Exploring the Impact of Digital Transformation on The Economic Growth of G7 and BRICS Nations

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DECLARATION

I hereby declare that the data presented in this Dissertation report entitled, "Exploring the Impact of Digital Transformation on The Economic Growth of G7 and BRICS Nations" is based on the results of investigations carried out by me in the Economics Discipline at the Goa Business School, Goa University under the supervision of Dr. Sarath Chandran and the same has not been submitted elsewhere for the award of a degree or diploma by me. Further, I understand that Goa University or its authorities will not be responsible for the correctness of observations / experimental or other findings given the dissertation. I hereby authorize the University authorities to upload this dissertation to the dissertation repository or anywhere else as the UGC regulations demand and make it available to anyone as needed as long as this work is cited as per the research community norms.

Place: Tiswadi, Goa.
Date: 04-05-2024

Maysa Jumabayeva

COMPLETION CERTIFICATE

This is to certify that the dissertation report "Exploring the Impact of Digital Transformation on The Economic Growth of G7 and BRICS Nations" is a bonafide work carried out by Ms Maysa Jumabayeva under my supervision in partial fulfillment of the requirements for the award of the degree of Master of Arts in the Economic Discipline at the Goa Business School, Goa University.

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Preface

Welcome to the exploration of one of the most dynamic and transformative phenomena shaping our modern world: the intersection of Information and Communication Technology (ICT) with economic growth. As we embark on this journey, it is imperative to acknowledge the profound impact of ICT on virtually every aspect of human life, from commerce and communication to education and healthcare. In this preface, we set the stage for delving into the intricacies of this relationship and its implications for global economic development.

At the heart of our inquiry lies a fundamental question: how does the adoption and diffusion of ICT influence the trajectory of economic growth, both at the macro and micro levels? This question serves as the guiding beacon for our exploration, propelling us to navigate through the vast expanse of academic literature, empirical studies, and theoretical frameworks.

Our preface serves as a compass, directing our attention toward the key themes, motivations, and objectives that underpin our research endeavor. Through the lens of ICT, we aim to unravel the complex dynamics of economic growth, trade, investment, and innovation, discerning the underlying mechanisms that drive progress and prosperity in an increasingly interconnected world.

As we delve deeper into the realm of ICT and economic growth, it becomes evident that this nexus is not merely a subject of academic curiosity but a pressing imperative for policymakers, businesses, and societies at large. The transformative potential of ICT holds the promise of unlocking new pathways to inclusive development, bridging digital divides, and fostering innovation-led growth in both developed and developing economies.

Acknowledgements

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To my beloved family members, whose unwavering support has been the cornerstone of my achievements, I owe an immense debt of gratitude. Your encouragement, understanding, and sacrifices have been the driving force behind every step I've taken towards this milestone. Thank you for being my pillars of strength and for believing in me when I doubted myself.

I extend my heartfelt thanks to the individuals, mentors, professors, and colleagues for their invaluable guidance, insightful feedback, and unwavering support throughout the research process. Your expertise and encouragement have enriched my understanding and shaped the trajectory of my work in meaningful ways.

Lastly, I express my gratitude to the academic community, non-teaching staff, and all those who have paved the way for scholarly pursuits. Your collective wisdom and dedication to the pursuit of knowledge have been a constant source of motivation and inspiration.

In conclusion, I acknowledge with deep appreciation the support, encouragement, and guidance I have received from all quarters. This dissertation stands as a testament to the collective effort and unwavering support of everyone mentioned and countless others who have been a support to this journey in their unique ways.

With heartfelt thanks,

Maysa Jumabayeva

Contents

List of Figures

List of Tables

Abbreviations

gdppcppp	**G**ross **D**omastic **P**roduct **P**er **C**apita **P**urchasing **P**ower Parity
netusers	**I**nternet **U**sers
mobsubs	**M**obile **C**ellular **S**ubscriptions
fixedbs	**F**ixed **B**roadband **S**ubscriptions
fixedbs	**F**ixed **T**elephone **S**ubscriptions
grosscapf	**G**ross **C**apital **F**ormation
(tradeinserv	**T**rade **I**n **S**ervice
BRICS	**B**razil **R**ussia **I**ndia **C**hina **S**outh Africa
G7	**G**roup **O**f **S**even
P-Value	**P**robability **V**alue
C.V	**C**oefficient **O**f **V**ariation
Pesaran CD	**P**esaran **C**ross-**S**ectional **D**ependence **T**est
ICT	**I**nformaiton **C**ommunication **T**echnology
GMM	**G**eneral **M**ethod **O**f **M**oment
FDI	**F**oreign **D**irect **I**nvestment
WDI	**W**orld **D**evelopment **I**ndicator
MFR	**M**ixed **F**ixed and **R**andom
IMF	**I**nternational **M**onetary **F**und

Abstract

The dissertation employs panel data analysis to investigate the influence of Digital Transformation on the economic growth of G7 and BRICS Blocs between 2004 and 2021. It aims to address the fundamental question: How does Digital Transformation impact the economic growth of these prominent blocs? The study tests the null hypothesis through rigorous quantitative analysis, suggesting no significant relationship between Digital Transformation and economic growth in both the G7 and BRICS Blocs, against the alternative hypothesis, proposing a significant positive relationship between the two factors. By examining various economic indicators and digital transformation metrics over time, the research seeks to uncover insights into the dynamic interplay between technological advancement and economic development within these influential global blocs. The findings of this study reveal a significant positive relationship between Digital Transformation and economic growth in both the G7 and BRICS Blocs, indicating that countries with higher levels of digital transformation tend to experience greater economic growth. These results underscore the importance of embracing digital technologies as a catalyst for economic advancement in today's interconnected world.

Chapter 1

Introduction

In today's fast-paced global economy, the digital revolution has become the driving force behind transformative changes, reshaping societies and economies alike [1]. From the bustling streets of New York to the vibrant markets of Mumbai, digital communication technologies have woven a tapestry of connectivity, blurring geographical boundaries, and opening up new vistas of opportunity. In this introduction, we embark on a journey to explore the profound impact of these technologies on the economic growth trajectories of both G7 and BRICS nations.

1.1 Background

Technological advancements have revolutionized nearly every aspect of human life, profoundly impacting economic systems worldwide [2]. The G7 and BRICS Blocs, as key players in the global economy, serve as prime examples of this digital transformation. With the widespread adoption of digital technologies such as the internet, mobile devices, and broadband connectivity, these blocs have experienced significant

shifts in their economic landscapes. Understanding the intricate interplay between Digital Transformation and economic growth within these influential blocs is essential for comprehending the broader implications of technological innovation on socio-economic development.

1.2 Aim and Objective

The primary aim of this dissertation is to delve deep into the relationship between Digital Transformation and economic growth within the G7 and BRICS Blocs spanning the period from 2004 to 2021. By employing robust panel data analysis techniques, the study endeavors to elucidate the nuanced dynamics through which digital advancements influence economic progress in these prominent global entities. The objective is to provide empirical evidence and insights that can inform policymakers, businesses, and other stakeholders about the implications of digitization for sustainable economic development.

1.3 Hypothesis

The research formulates the following hypotheses to guide the investigation:

- Null Hypothesis (H0): There is no significant relationship between Digital Transformation and economic growth in both the G7 and BRICS Blocs.
- Alternative Hypothesis (H1): There is a significant positive relationship between Digital Transformation and economic growth in both the G7 and BRICS Blocs

1.4 Research Question

The central research question guiding this study is: How does Digital Transformation influence the economic growth of G7 and BRICS Blocs? By delving into this question, the research seeks to elucidate the mechanisms through which digitization shapes economic outcomes, offering insights into the drivers of growth in an increasingly digitized global economy.

1.5 Scope

This research focuses on examining a range of key economic indicators and digital transformation metrics to discern the extent to which digitization influences economic growth. Key factors under scrutiny include internet usage, mobile subscriptions, fixed broadband penetration, and other pertinent variables. By delving into these factors, the study aims to provide a comprehensive understanding of the multifaceted relationship between Digital Transformation and economic progress.

1.6 Research Motivation

In recent years, the world has witnessed an unprecedented wave of technological innovation, ushering in an era of digital transformation that has permeated nearly every facet of society. The proliferation of digital technologies, including the internet, mobile devices, artificial intelligence, and big data analytics, has reshaped industries, disrupted traditional business models, and redefined how individuals interact and engage with the world around them [3]. This rapid pace of technological advancement has spurred a

growing recognition of the transformative potential of digitization in driving economic development and shaping the future trajectory of nations and regions.

Against this backdrop, the motivation to explore the impact of digital transformation on economic growth has become increasingly pertinent, particularly within the context of globally significant blocs like the G7 and BRICS. These blocs, comprising some of the world's largest and most influential economies, serve as microcosms of the broader global landscape, reflecting the dynamics of technological adoption, innovation, and economic progress on a large scale [2]. As digital technologies continue to evolve and proliferate, understanding their implications for economic growth within these blocs has emerged as a key priority for policymakers, businesses, and stakeholders alike.

Moreover, the COVID-19 pandemic has further underscored the importance of digitization in driving economic resilience and recovery [4] [5]. The unprecedented challenges posed by the pandemic, including widespread lockdowns, supply chain disruptions, and shifts in consumer behavior, have highlighted the critical role of digital technologies in enabling remote work, facilitating e-commerce, and supporting essential services [5]. As governments and businesses seek to navigate the post-pandemic landscape and build more resilient economies, there is a growing recognition of the need to leverage digital transformation as a strategic enabler of economic growth and competitiveness.

In this context, the motivation to research the impact of digital transformation on economic growth within the G7 and BRICS blocs is driven by a desire to provide empirical insights and actionable recommendations that can inform policy decisions, business strategies, and investment priorities. By understanding the complex interplay between digitization and economic development, policymakers can design policies that foster innovation, entrepreneurship, and inclusive growth, while businesses can identify opportunities to leverage digital technologies to drive productivity, efficiency, and competitiveness. Ultimately, this research seeks to contribute to a deeper understanding of

the transformative power of digitization and its implications for the future prosperity of nations and regions.

1.7 Significance of the Study

This research holds profound significance in shedding light on the complex relationship between Digital Transformation and economic growth within influential global blocs. By uncovering insights into this relationship, the study aims to inform policymakers, businesses, and other stakeholders about the implications of digitization for sustainable economic development[4] [5]. Additionally, the findings of this research can contribute to academic discourse and serve as a foundation for future research endeavors in this domain.

- Insight into Digital Economy Dynamics: By investigating the relationship between Digital Transformation and economic growth across two diverse blocs—the established economies of the G7 and the emerging powerhouses of the BRICS—the study offers novel insights into the dynamics of the digital economy [6]. In doing so, it contributes to a deeper understanding of how digital technologies shape economic structures, productivity levels, and competitiveness in different geopolitical contexts.

- Anticipating Future Trends: As digital technologies continue to evolve at a rapid pace, forecasting their impact on economic growth becomes increasingly crucial for policymakers, businesses, and investors [4]. This study provides a forward-looking perspective on the future trajectories of the G7 and BRICS economies in the digital age, helping stakeholders anticipate emerging trends, identify strategic opportunities, and mitigate potential risks associated with digital disruption.

- Informing Evidence-Based Policy: In an environment characterized by policy uncertainty and complex socio-economic challenges, evidence-based policy-making is essential for fostering inclusive and sustainable development [7]. By generating empirical insights into the linkages between Digital Transformation and economic growth, this research equips policymakers with the knowledge needed to design effective strategies, initiatives, and regulatory frameworks that harness the potential of digitization to drive socio-economic progress.

- Empowering Business Strategy: For businesses navigating the digital landscape, understanding the drivers of economic growth in the context of Digital Transformation is critical for formulating resilient and competitive business strategies [8]. This study offers valuable insights for businesses seeking to leverage digital technologies to enhance innovation, optimize operations, expand market reach, and capitalize on emerging opportunities in the digital economy.

- Contributing to Academic Discourse: By advancing scholarly understanding of the complex relationship between digital technologies and economic development, this research enriches academic discourse in fields such as digital economics, innovation studies, development economics, and international business [9]. Through rigorous analysis and empirical investigation, the study fosters interdisciplinary dialogue, stimulates further research inquiry, and contributes to the collective body of knowledge on the transformative potential of digitization.

  Overall, the significance of this study lies in its innovative approach, which blends empirical rigor with forward-looking analysis to elucidate the multifaceted impacts of Digital Transformation on economic growth in the G7 and BRICS Blocs. By addressing pressing questions at the intersection of technology, economics, and society, the research aims to inform decision-making, drive innovation, and pave the way for a more prosperous and inclusive digital future.

1.8 Dissertation Organisation

Chapter 1 provides an introduction to the research topic, outlining its background, aim, objective, hypotheses, scope, research motivation, and significance. Chapter 2 delves into the existing literature on Digital Transformation and its impact on economic growth. Chapter 3 elucidates the methodology employed in the study, including data collection, model selection, and analysis techniques. Chapter 4 presents the results and findings obtained from the empirical analysis. Chapter 5 offers a conclusive summary of the research and its contributions. Finally, Chapter 6 outlines potential avenues for future research in this domain.

The outline of the thesis is as follows:

- Chapter 1. Introduction.
- Chapter 2. Literature Review.
- Chapter 3. Methodology.
- Chapter 4. Results and Findings.
- Chapter 5. Conclusion.
- Chapter 6. Future Directions.

1.9 Conclusion

In conclusion, this chapter has provided an overview of the research context, objectives, hypotheses, scope, motivation, and significance. The digital transformation has emerged as a pivotal force reshaping economies and societies worldwide, prompting the need to understand its implications for economic growth within the G7 and BRICS blocs.

The primary objective of this research is to explore the relationship between digital transformation and economic growth and to address the fundamental question of how digitization influences the economic performance of these significant blocs.

By formulating null and alternative hypotheses, this research sets out to empirically investigate whether there is a significant positive relationship between digital transformation and economic growth, or if no such relationship exists. The scope of the study encompasses panel data analysis spanning from 2004 to 2021, allowing for a longitudinal examination of trends and patterns in digitization and economic indicators across multiple countries within the G7 and BRICS blocs.

The motivation behind this research is rooted in the recognition of the transformative potential of digitization in driving economic development and the pressing need to understand these dynamics to inform policy-making, business strategies, and investment decisions. The COVID-19 pandemic has further underscored the importance of digital technologies in enabling economic resilience and recovery, adding urgency to the study of digital transformation's impact on economic growth.

The significance of this research lies in its potential to provide empirical insights and actionable recommendations that can inform policy decisions, business strategies, and investment priorities in the context of digital transformation and economic development. By shedding light on the complex interplay between digitization and economic growth, this research aims to contribute to a deeper understanding of the transformative power of digital technologies and their implications for the future prosperity of nations and regions.

Overall, this introduction sets the stage for the subsequent chapters of this dissertation, which will delve into the literature review, methodology, results and findings, discussion,

conclusion, and prospects, offering a comprehensive analysis of the research topic and its implications.

Chapter 2

Literature Review

2.1 Background

The advent of the digital era has revolutionized global economies, sparking a surge of interest in the relationship between Digital Transformation and economic growth. Information and communication technology (ICT) now stands as a linchpin in driving economic development, with its impact spanning across industries, regions, and socioeconomic strata. The nexus between ICT adoption, innovation, and economic performance has emerged as a focal point for both academic inquiry and policy-making endeavors [10].

In recent years, the proliferation of high-speed internet, mobile communication, and other digital innovations has reshaped the landscape of economic activity. These technological advancements hold the promise of bolstering productivity, fostering innovation, and catalyzing inclusive growth. However, the precise dynamics of how Digital

Transformation influences economic growth remain nuanced and multifaceted, prompting scholars to delve deeper into the underlying mechanisms and contextual factors that shape this relationship [10].

This literature review seeks to delve into the extensive body of research exploring the impact of Digital Transformation on economic growth, with a specific focus on the G7 and BRICS Blocs. By synthesizing insights from studies conducted in diverse contexts, we aim to uncover the drivers, barriers, and implications of Digital Transformation for both developed and emerging economies. Through this analysis, we endeavor to identify critical gaps, methodological considerations, and avenues for future research, ultimately contributing to a more nuanced understanding of the role of Digital Transformation in fostering sustainable and inclusive economic development.

2.2 Related Work

In his dissertation [11], Stiglingh delves into the intricate relationship between financial development and economic growth across both BRICS and G-7 countries. By employing a panel data analysis spanning from 1996 to 2013, the study scrutinizes various economic indicators, including stock market capitalization, total investment growth, and interest rates. Utilizing secondary data from BRICS and G-7 nations, the analysis highlights a positive correlation between real interest rates, total investment, and economic growth in both groups. However, it also identifies nuances, such as certain variables like stock market size playing a significant role in explaining economic growth, while others like population growth show less influence. Despite shedding light on similarities between financial development and economic growth patterns among developed and developing nations, the study acknowledges limitations. Reliance on secondary data

and a restricted time frame might obscure deeper insights into long-term trends and structural shifts in this intricate relationship.

Saidi and Chebli's research [12] aims to dissect the causal relationship between education, research and development (R and D), information and communications technology (ICT), and economic growth in high-income countries. Through panel data analysis spanning from 1990 to 2015, the study scrutinizes various variables, including education, R and D expenditure, mobile cellular telephone, internet users, and ICT. Drawing on panel unit root tests and cointegration analyses, the study unveils a unidirectional causality from education and mobile cellular telephone to economic growth. It underscores the pivotal role of ICT, particularly education and mobile cellular telephone, in fostering economic growth, both in the short and long run. However, the study cautions against generalizing findings from high-income countries to other economic contexts and highlights potential limitations associated with panel data analysis, which may hinder in-depth exploration of country-specific factors influencing the relationship between ICT and economic growth.

Nabi et al.'s empirical analysis [13] delves into the dynamic interplay between foreign direct investment (FDI), ICT, international trade, financial development, and economic growth in N11 countries. Leveraging the pooled mean group estimator on a dynamic panel (ARDL) model, the study dissects the intricate relationships among these variables. Innovative ICT indices, incorporating fixed telephone lines, handheld wireless access, and internet penetration, underscore the technological landscape's impact on economic growth. The findings unveil a significant negative effect of ICT expansion on economic growth in the long run, alongside implications of financial development and trade on economic growth dynamics. Despite offering valuable insights, the study acknowledges limitations inherent in its analytical approach. The potential for endogeneity in the relationship between ICT expansion, financial development, and economic

growth remains a critical concern, necessitating further exploration for nuanced understanding.

Appiah-Otoo and Song undertook a comparative analysis [14] to determine the differential impact of Information and Communication Technology (ICT) on economic growth between rich and poor countries. Through panel data analysis covering 123 countries from 2002 to 2017, the study unveils a nuanced relationship between ICT and economic growth. While affirming the positive influence of ICT on economic growth in both rich and poor countries, the analysis reveals a more pronounced impact in less developed economies. This underscores the pivotal role of ICT in fostering economic development, particularly in resource-constrained environments. However, the study recognizes potential limitations, including omitted variable bias and the complexity of interpreting panel data analysis in capturing country-specific dynamics influencing the ICT-economic growth nexus.

Nair-Reichert and Weinhold's research [15] introduces a novel approach to examining the causal relationship between Foreign Direct Investment (FDI) and economic growth in developing countries. By proposing the Mixed Fixed and Random (MFR) estimator, the study accounts for heterogeneity in panel causality tests, offering a nuanced perspective on the FDI-growth nexus. Through panel data analysis spanning 24 developing countries, the research uncovers substantial heterogeneity in the causal relationship between FDI and growth. While traditional estimators suggest a significant impact of FDI on growth, the MFR estimator reveals nuanced dynamics, with domestic investment exhibiting varying degrees of correlation with growth across contexts. Despite offering valuable insights, the study acknowledges the intricacies associated with the MFR estimator and the focus on developing countries, underscoring the need for further research to refine understanding.

Wang and Choi's study [16] investigates the influence of Information and Communication Technology (ICT) on international trade volume, with a focus on BRICS countries. Through panel data analysis spanning from 2000 to 2016, the research highlights the differential impact of ICT on export and import volumes across BRICS nations. Additionally, the analysis underscores the nuanced relationship between ICT adoption and trade volume, with labor-intensive economies exhibiting distinct patterns compared to resource-intensive counterparts. While shedding light on the ICT-trade nexus, the study acknowledges potential limitations, including omitted variable bias and the focus on panel data analysis, which may overlook country-specific dynamics shaping the relationship between ICT and trade volume.

Birinci and Kirikkaleli [17] explore the macro-level impact of mobile telephone and broadband use on economic growth in G7 countries. Through rigorous econometric analysis employing Pedroni and Kao cointegration tests, as well as panel Granger causality tests, the study elucidates the causal and long-run effects of ICT adoption on economic growth. The empirical findings reveal a positive association between mobile telephone, broadband use, and economic growth in the long run. Moreover, changes in mobile telephone and broadband use significantly lead to corresponding changes in economic growth. Despite providing valuable insights, the study acknowledges the complexity of econometric techniques employed and the potential limitations associated with focusing exclusively on G7 countries, underscoring the need for further research to refine understanding.

Chen et al. [18] investigate the theoretical and empirical relationship between Internet access and access to external finance for small and micro-businesses. Through the development of a theoretical model and empirical analysis utilizing household finance data from the China Household Finance Survey, the study uncovers the positive role of Internet access in alleviating financing difficulties for small enterprises. Moreover, the

research reveals evidence suggesting a reduction in borrowers' reliance on physical bank branches with increased Internet access for loan applications. Despite offering valuable insights into the Internet-finance nexus, the study acknowledges potential limitations associated with its focus on China and the reliance on household finance data, which may overlook firm-level dynamics shaping the relationship between Internet access and access to finance.

Audi and Ali [19] delve into the impact of ICT advancement on economic development across developed and developing countries. Through panel least squares analysis, the study uncovers nuanced relationships between ICT advancement and economic development, with significant implications for both developed and developing economies. While highlighting the positive and significant role of ICT advancement in promoting economic development in developing countries, the study underscores the need for further exploration to address potential omitted variable bias and refine understanding of country-specific dynamics influencing the ICT-economic development nexus.

Soomro, Kumar, and Kumari [20] investigate the dynamic relationship between Foreign Direct Investment (FDI), Information and Communication Technology (ICT), trade openness, and economic growth in BRICS countries. Leveraging Generalized Methods of Movement (GMM) analysis, the study unravels complex interactions among these variables, offering insights into policy implications for fostering economic growth. Despite providing valuable insights into the FDI-ICT-trade-growth nexus, the study acknowledges potential limitations associated with the complexity of econometric techniques employed and the focus on BRICS countries, underscoring the need for further research to refine understanding and address potential biases.

Khalili, Lau, and Cheong [21] delve into the causal relationship between Total Factor Productivity (TFP), ICT contribution, and real GDP for a panel of six countries.

Through Generalized Method of Moment (GMM) analysis, the study uncovers unidirectional Granger causality running from ICT contribution to TFP and economic growth in the long run. Despite providing valuable insights into the ICT-economic growth nexus, the study acknowledges potential limitations associated with the focus on a specific set of countries and the analysis covering a relatively short time.

Nipo et al. [22] examine the impact of Information and Communication Technology (ICT) on economic growth in Asia using panel data analysis. Through a panel Fixed Effect model and Panel Feasible Generalized Least Squares method, the study unravels the positive influence of fixed telephone subscriptions, mobile cellular subscriptions, and Internet users on economic growth in Asia. Despite providing valuable insights into the ICT-economic growth nexus in Asia, the study acknowledges potential limitations associated with the exclusion of certain Asian countries from the analysis and the reliance on panel data analysis, underscoring the need for further research to refine understanding and address potential biases. Tables 2.1,2.2,2.3 and 2.4 illustrate the summary of the literature reviewed.

Serial No.	Paper Title	Authors	Journal Name	Year of Publication	Key Variables	Data Source	Method Used	Findings	Limitations
1	Financial Development and Economic Growth in BRICS and G-7 Countries: A Comparative Analysis	Stiglingh [11]	North-West University	2015	Economic growth, stock market capitalization, total investment growth, interest rates, population growth	Secondary data from BRICS and G-7 countries	Panel data analysis	Positive relationship between real interest rates, total investment, and economic growth in both BRICS and G-7 countries. Similarities in financial development and economic growth patterns between developed and developing nations.	Reliance on secondary data, limited analysis of long-term trends and structural changes.
2	The Effect of Education, R&D, and ICT on Economic Growth in High-Income Countries	Saidi and Chebli [12]	Economic Bulletin	2018	GDP, education, R&D, mobile cellular telephone, internet users, ICT	Panel data from high-income countries	Panel unit root test, panel cointegration	Unidirectional causality from education and mobile cellular telephone to economic growth. The positive influence of ICT on economic growth in the short and long run.	Generalization of findings to other economic contexts, potential limitations in panel data analysis.
3	Impact of Information and Communication Technology, Financial Development, and Trade on Economic Growth: Empirical Analysis on N11 Countries	Nabi et al. [13]	Journal of Knowledge Economy	2023	FDI, ICT, international trade, financial development, economic growth	ICT index, data from N11 countries	Pooled mean group estimator, dynamic panel (ARDL) model	Negative effect of ICT expansion on economic growth in the long run. Financial development slows down economic growth in the short and long run. Positive relationship between FDI, trade, and economic growth in the long run.	Endogeneity in the relationship between ICT expansion, financial development, and economic growth. Simplification of ICT impact through an ICT index.

TABLE 2.1: Literature Review Insight (1/4)

Serial No.	Paper Title	Authors	Journal Name	Year of Publication	Key Variables	Data Source	Method Used	Findings	Limitations
4	The Impact of ICT on Economic Growth: Comparing Rich and Poor Countries	Appiah-Otoo and Song [14]	Telecommunications Policy	2021	ICT, economic growth	Panel data from 123 countries	Panel data analysis	Positive impact of ICT on economic growth in both rich and poor countries, with a greater effect observed in less developed economies.	Omitted variable bias, complexity of panel data analysis.
5	Causality Tests for Cross-Country Panels: A New Look at FDI and Economic Growth in Developing Countries	Nair-Reichert and Weinhold [15]	Oxford bulletin of economics and statistics	2001	FDI, economic growth	Panel data from 24 developing countries	Mixed Fixed and Random (MFR) estimator	Heterogeneous causal relationship between FDI and growth across developing countries. Domestic investment exhibits varying correlations with growth.	Complexity of the MFR estimator, focus on developing countries.
6	How Information and Communication Technology Affects International Trade: A Comparative Analysis of BRICS Countries	Wang and Choi [16]	Information Technology for Development	2019	ICT, international trade volume	Panel data from BRICS countries	Panel data analysis	Differential impact of ICT on export and import volumes across BRICS nations. Nuanced relationship between ICT adoption and trade volume.	Omitted variable bias, focus on panel data analysis.
7	Modeling Broadband, Mobile Telephone, and Economic Growth on a Macro Level: Empirical Evidence from G7 Countries	Birinci and Kirikkaleli [17]	Accounting	2021	Mobile telephone, broadband use, economic growth	Annual data from G7 countries	Pedroni cointegration, Kao cointegration, FMOLS, DOLS, panel Granger causality tests	Positive association between mobile telephone, broadband use, and economic growth in the long run. Changes in mobile telephone and broadband use lead to corresponding changes in economic growth.	Complexity of econometric techniques, focus on G7 countries.

TABLE 2.2: Literature Review Insight (2/4)

Serial No.	Paper Title	Authors	Journal Name	Year of Publication	Key Variables	Data Source	Method Used	Findings	Limitations
8	Access to the Internet and Access to Finance: Theory and Evidence	Chen et al. [18]	Sustainability (MDPI)	2018	Internet access, access to finance	China Household Finance Survey	Theoretical model, empirical analysis	Positive role of Internet access in alleviating financing difficulties for small enterprises. Reduction in borrowers' reliance on physical bank branches with increased Internet access.	Focus on China, reliance on household finance data.
9	The Advancement in Information and Communication Technologies (ICT) and Economic Development: A Panel Analysis	Audi and Ali [19]	MPRA University	2019	ICT advancement, economic development	Panel data from 87 developed and developing countries	Panel least squares analysis	Positive impact of ICT advancement on economic development in developing countries. Limited significance of ICT advancement on economic development overall.	Omitted variable bias, complexity of panel data analysis.
10	The Dynamic Relationship Between FDI, ICT, Trade Openness, and Economic Growth: Evidence from BRICS Countries	Soomro, Kumar, and Kumari [20]	The Journal of Asian Finance, Economics and Business	2022	FDI, ICT, trade openness, economic growth	Panel data from BRICS countries	Generalized Methods of Movements (GMM)	Positive impact of ICT on economic growth in certain countries. Negative impact of trade openness and FDI on economic growth.	Complexity of econometric techniques, focus on BRICS countries.
11	ICT as a Source of Economic Growth in the Information Age: Empirical Evidence from ICT Leading Countries	Khalili, Lau, and Cheong [21]	Research Journal of Economics, Business and ICT	2014	ICT, Total Factor Productivity (TFP), real GDP	Panel data from six countries	Generalized Method of Moment (GMM)	Unidirectional causality from ICT contribution to TFP and economic growth in the long run. Limited short-run causality relationship with economic growth.	Focus on a specific set of countries, short period analysis.

TABLE 2.3: Literature Review Insight (3/4)

Serial No.	Paper Title	Authors	Journal Name	Year of Publication	Key Variables	Data Source	Method Used	Findings	Limitations
12	Information and Communication Technology (ICT) on Economic Growth in Asia: A Panel Data Analysis	Nipo et al. [22]	International Journal of Business and Management	2022	ICT, economic growth	Panel data from 20 Asian countries	Panel Fixed Effect model, Panel Feasible Generalized Least Squares method	Positive influence of fixed telephone subscriptions, mobile cellular subscriptions, and Internet users on economic growth in Asia.	Exclusion of certain Asian countries from analysis, reliance on panel data analysis.

TABLE 2.4: Literature Review Insight (4/4)

2.3 Conclusion

In summary, the literature review illuminates the intricate interplay between Information and Communication Technology (ICT) and economic growth, shedding light on its multifaceted impacts and implications across diverse global settings. The findings underscore the transformative potential of ICT in driving economic development, trade facilitation, and financial inclusion, particularly in both advanced and emerging economies.

Our research endeavors are motivated by the discerned gaps and opportunities delineated within the existing scholarship. The observed positive correlation between ICT adoption and economic growth, particularly in less developed nations, underscores the pivotal role of technology in fostering inclusive progress. Moreover, the nuanced dynamics elucidated in the relationship between ICT, trade openness, and foreign direct investment (FDI) emphasize the imperative of tailored policy frameworks to harness ICT's potential effectively.

Furthermore, the literature underscores the significance of context-specific analyses,

methodological rigor, and comprehensive data frameworks in advancing empirical inquiry. By building upon the foundational knowledge and addressing the identified lacunae in prior studies, our research aspires to provide a nuanced understanding of how internet facets influence economic growth within the G7 and BRICS nations.

Looking ahead, our study will employ sophisticated econometric methodologies and robust data analytics to unravel the intricate mechanisms underpinning the internet's impact on economic dynamics in G7 and BRICS contexts. By bridging extant research gaps and leveraging insights gleaned from prior scholarship, our endeavor aims to offer actionable policy directives and strategic insights for policymakers, industry stakeholders, and businesses seeking to harness ICT for sustainable economic advancement.

Chapter 3

Methodology

3.1 Methodology

Digital transformation plays a pivotal role in shaping the economic stand of G7 and BRICS countries, with significant implications for growth and competitiveness [23]. This study delves into the impact of digitization on economic development within the G7 and BRICS bloc from 2004-2021 via Panel Data Analysis [23–25], focusing on key indicators such as GDP Per Capita Purchasing Power Parity, internet users, mobile subscriptions, fixed broadband penetration, and trade-in services. By employing a rigorous methodology, the research aims to unravel the intricate relationship between digital transformation variables and economic growth. Through Panel Data Analysis, data collection, descriptive statistics, correlation analysis, panel data setup, fixed effect model estimation, diagnostic tests, and robustness checks, this study seeks to provide valuable insights into how digitization influences the economic performance of G7 nations.

The utilization of advanced statistical techniques and diagnostic tests ensures the reliability and validity of the findings, shedding light on the nuanced dynamics between digital transformation and economic prosperity in the G7 and BRICS contexts. In our research, we embark on an investigation into the impact of digital transformation on the economic growth of G7 and BRICS nations. To achieve this, we employed a quantitative research methodology, utilizing various statistical techniques to analyze data. This approach allowed us to systematically examine the relationship between digital transformation indicators and economic growth metrics over a specific period from 2004-2021. Figure 3.1 illustrates the roadmap we are following to reach our objective.

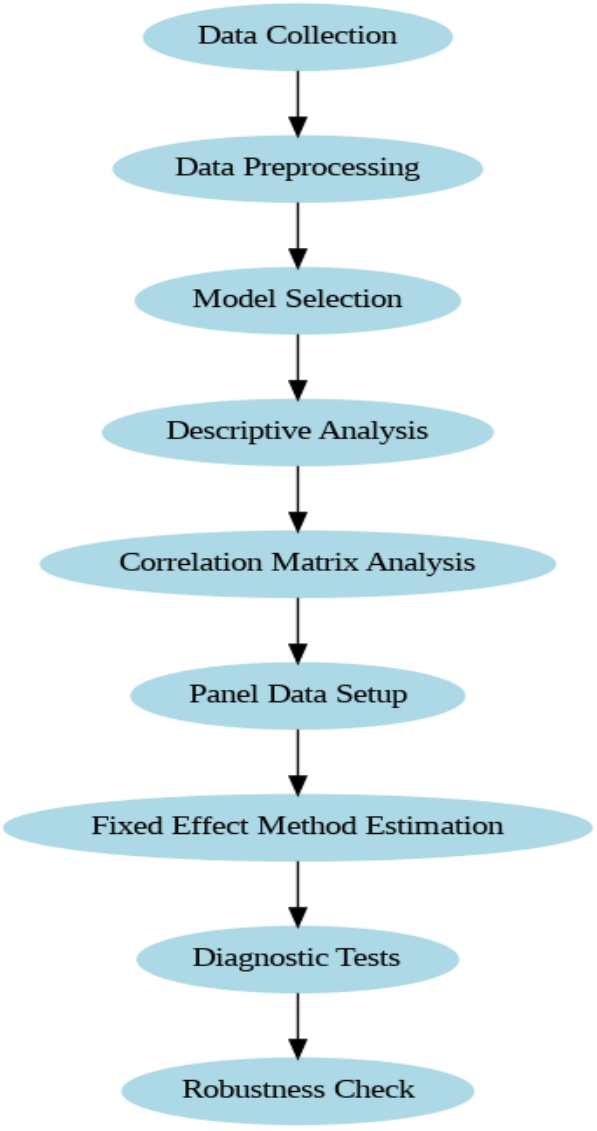

FIGURE 3.1: Research Methodology Roadmap

3.1.1 Data Collection and Variable Selection:

The first step involved collecting data from the World Development Indicators(WDI) [26] as long as the independent variables for both blocs are concerned, and IMF [27] as the dependent variable is concerned on key variables such as GDP Per Capita Purchasing Power Parity (gdppcppp), internet users (netusers), mobile subscriptions (mobsubs), fixed broadband (fixedbs), fixed telephone subscriptions (fixedtelsbs), gross capital formation (grosscapf), and trade in services (tradeinserv) for the G7 and BRICS countries. This step is crucial as it lays the foundation for the analysis by providing the necessary data to study the relationship between digital transformation variables and economic growth. Summary statistics for key variables in G7 countries are collected, including GDP Per Capita Purchasing Power Parity, internet users, mobile subscriptions, fixed broadband subscriptions, fixed telephone subscriptions, gross capital formation, and trade-in services. Table 3.1 describes the collected variables(Dependent and Independent), their measurement units, and their reference.

TABLE 3.1: Description of Variables

Variables	**Symbols**	**Measurement**	**Data Sources**
Dependent Variable	GDP Per capita PPP	Current price in $	IMF
Independent Variables			
Telephone subscriptions	fixedtesbs	Fixed telephone subscriptions (per 100 people)	WDI
Mobile subscriptions	mobusers	Mobile cellular subscriptions (per 100 people)	WDI
Broadband subscriptions	fixedbs	Fixed broadband subscriptions (per 100 people)	WDI
Internet subscribers	netusers	Individuals using the internet (% of the population)	WDI
Trade in services	tradeinserv	Trade in services (% of GDP)	WDI
Gross Capital Formation	grosscapf	Gross Capital Formation (% of GDP)	WDI

3.1.2 Descriptive Statistics

Descriptive statistics are calculated for the variables, including mean, median, minimum, maximum, standard deviation, coefficient of variation, skewness, and excess kurtosis . Descriptive statistics help in understanding the distribution and characteristics of the variables, providing insights into their central tendency and variability.

3.1.3 Correlation Analysis:

A correlation matrix is created to examine the relationships between the variables. Positive correlations are indicated in blue, negative correlations in red, and no correlation in white. Correlation analysis helps in understanding the strength and direction of relationships between variables, which is essential for identifying potential multicollinearity issues.

3.1.4 Panel Data Setup:

The data is structured into a balanced panel format with 7 countries, 18 time periods, and a total of 126 observations for G7 Nations while the data is structured into a balanced panel format with 5 countries, 18 time periods, and a total of 90 observations for BRICS Nations. Panel data setup allows for the analysis of both cross-sectional and time-series dimensions, providing more robust and comprehensive insights into the relationships under study.

3.1.5 Fixed Effect Model Estimation:

The fixed effect method is applied to estimate the coefficients of the model while controlling for individual effects [28]. This method helps to account for unobserved heterogeneity across countries and provides more reliable estimates of the relationships between the variables [28, 29]. The fixed effect model is run to analyze the relationship between the digital transformation variables (netusers, mobsubs, fixedbs, fixedtelsbs, grosscapf, tradeinserv) and GDP per Capita Purchasing Power Parity (gdppcppp). The model takes the form as shown in (3.1):

$$gdppcppp_{it} = \beta_0 + \beta_1 netusers_{it} + \beta_2 mobsubs_{it} + \beta_3 fixedbs_{it} + \beta_4 fixedtelsbs_{it} + \beta_5 grosscapf_{it} + \beta_6 tradeinserv_{it} + u_{it} \tag{3.1}$$

- $gdppcppp_{it}$ represents the GDP Per Capita Purchasing Power Parity (gdppcppp) for country i in period t.
- β_0 denotes the intercept, indicating the baseline level of (gdppcppp) growth when all independent variables are zero.
- β_1 reflects the effect of internet users (% of population) on (gdppcppp) growth.
- β_2 represents the impact of mobile cellular subscriptions per 100 people on (gdppcppp) growth.
- β_3 signifies the influence of fixed broadband subscriptions per 100 people on (gdppcppp) growth.
- β_4 indicates the effect of fixed telephone subscriptions per 100 people on (gdppcppp) growth.
- β_5 and β_6 respectively depict the effects of gross capital formation (% of GDP) and trade in services (% of GDP) on (gdppcppp) growth.
- u_{it} represents the error term, capturing unobserved factors affecting (gdppcppp) growth.

The fixed effect model helps account for individual country-specific effects, allowing for a more accurate estimation of the impact of digital transformation on economic growth.

3.1.6 Diagnostic Tests:

Diagnostic tests are conducted to check for collinearity and heteroscedasticity. The Breusch-Pagan test [30] is used to detect serial correlation, and the Pesaran CD test [31] is employed to identify cross-sectional dependence.

3.1.7 Robustness Checks:

Robust standard errors are calculated to ensure the reliability of the coefficient estimates in the fixed effect model. By following these steps, the research can analyze the impact of digital transformation on the economic growth of the G7 and BRICS countries and identify any potential issues in the data or model specifications.

Chapter 4

Results and Findings

4.0.1 Panel Data Analysis for BRICS Bloc:

provides valuable insights into the relationship between digital transformation and economic growth, addressing the research question and objective as well as testing the hypothesis.

4.0.1.1 Descriptive Statistics

The descriptive statistics provide valuable insights into the key variables analyzed in our panel data analysis for BRICS countries. Looking at the mean values, we can observe that the (gdppcppp) growth rate is around 13432, indicating a moderate level of economic growth. The mean percentage of internet users stands at approximately 39.893, suggesting a considerable portion of the population has access to the internet. In terms of mobile cellular subscriptions per 100 people, the average is approximately 99.165, indicating widespread mobile phone usage across these countries.

Moving on to fixed broadband subscriptions, the mean value is 8.4469, indicating a relatively lower penetration compared to mobile subscriptions. The mean for fixed telephone subscriptions per 100 people is 15.180, showing a moderate level of fixed telephone usage. Looking at the control variables, gross capital formation as a percentage of GDP has a mean value of 27.476, indicating a significant portion of the GDP is attributed to capital investment.

Trade in services as a percentage of GDP has a mean value of 8.0110, suggesting a notable contribution of services to the overall GDP. Examining the standard deviation and coefficient of variation (C.V.), we see variations in the data distribution for each variable. Skewness and excess kurtosis provide insights into the distribution's shape, indicating whether the data is symmetrically distributed and the presence of outliers, respectively.

Overall, these descriptive statistics offer a comprehensive overview of the economic and technological landscape across BRICS countries, shedding light on the key variables' distribution and characteristics. Table 4.1 explains the Descriptive Statistics results for BRICS Countries.

4.0.1.2 Correlation Analysis

The correlation analysis reveals the relationships between variables in the BRICS countries dataset. Notably, the correlation between fixed broadband subscriptions and (gdp-pcppp) is examined to understand the association between digital infrastructure and economic performance. These findings are crucial for assessing how digital transformation influences economic growth in the BRICS Bloc, aligning with the research question on the impact of digital transformation on economic growth. Looking at the correlation matrix Figure 4.1 displays a positive correlations are denoted by shades of blue, indicating that as one variable increases, the other tends to increase as well.

TABLE 4.1: Descriptive Statistics for BRICS Nations

	Mean	Median	Minimum	Maximum
gdppcppp	13432	13511	2459.8	31271
netusers	39.893	41.650	1.9761	88.214
mobsubs	99.165	95.966	4.5958	168.98
fixedbs	8.4469	3.6465	0.020682	37.576
fixedtelsbs	15.180	16.137	1.4360	31.790
grosscapf	27.476	22.878	12.538	46.660
tradeinserv	8.0110	8.1350	4.1551	13.608
	Std. Dev.	C.V.	Skewness	Ex. kurtosis
gdppcppp	6724.7	0.50065	0.47654	-0.16132
netusers	25.288	0.63389	0.10823	-1.2651
mobsubs	44.125	0.44496	-0.13573	-0.89225
fixedbs	9.0886	1.0760	1.1903	0.64619
fixedtelsbs	9.4602	0.62322	0.023794	-1.2483
grosscapf	10.600	0.38580	0.51689	-1.2606
tradeinserv	2.5775	0.32174	0.32316	-0.90465

For instance, the correlation coefficient between GDP Per Capita Purchasing Power Parity growth (gdppcppp) and internet users (netusers) is 0.771623, signifying a strong positive relationship. This suggests that an increase in the percentage of internet users in the population is associated with higher GDP Per Capita Purchasing Power Parity growth. Similarly, the correlation coefficient between GDP Per Capita Purchasing Power Parity growth and mobile cellular subscriptions (mobsubs) is 0.803428, indicating another robust positive relationship. This implies that an increase in mobile cellular subscriptions tends to coincide with higher GDP Per Capita Purchasing Power Parity growth.

Conversely, negative correlations are depicted by shades of red. For instance, the correlation coefficient between (gdppcppp) growth and gross capital formation (grosscapf) is -0.44309, suggesting a moderate negative relationship. This implies that as the percentage of gross capital formation in GDP increases, (gdppcppp) growth tends to decrease. In this correlation matrix, no correlation is represented by white cells. For example, the correlation coefficient between (gdppcppp) growth and trade in services (tradeinserv)

is 0.14082, indicating little to no correlation between these variables.

In summary, the correlation matrix reveals several significant relationships among the variables. Positive correlations exist between GDP Per Capita Purchasing Power Parity growth and internet users, as well as between GDP Per Capita Purchasing Power Parity growth and mobile cellular subscriptions. Conversely, a negative correlation is observed between GDP Per Capita Purchasing Power Parity growth and gross capital formation. These correlations provide valuable insights into the interplay between different factors influencing economic growth and development.

	gdppcppp	*netusers*	*mobsubs*	*fixedbs*	*fixedtelsbs*	*grosscapf*	*radeinserv*
gdppcppp	1						
netusers	0.771623	1					
mobsubs	0.803428	0.800793	1				
fixedbs	0.6322	0.74234	0.450284	1			
fixedtelsbs	0.553804	0.229879	0.182611	0.332862	1		
grosscapf	-0.44309	-0.30005	-0.48405	0.209692	-0.08168	1	
tradeinser	-0.35493	-0.44403	-0.20209	-0.47201	-0.52877	0.14082	1

FIGURE 4.1: BRICS Correlation Matrix

4.0.1.3 Fixed Effect Method:

The fixed effect method estimates the coefficients of the model while controlling for individual effects in the BRICS countries' dataset. The results indicate significant relationships between variables such as internet users, mobile subscriptions, fixed broadband subscriptions, gross capital formation, and trade-in services with GDP Per Capita Purchasing Power Parity. Specifically, fixed broadband subscriptions and gross capital formation show statistically significant positive impacts on (gdppcppp). These findings support the alternative hypothesis of a significant positive relationship between digital

transformation and economic growth in the BRICS Bloc, providing evidence that digital transformation plays a crucial role in driving economic growth in these countries. Table 4.2 shows the significance level resulting from the Fixed Effect Method execution on BRICS data.

TABLE 4.2: Fixed Effect Method for BRICS Nations

Variables	**Estimate**	**Std. Error**	**P-value**
netusers	16.6044	12.4007	0.18441
mobsubs	24.7675	5.9589	$8.135e-05$
fixedbs	257.9927	30.1583	$7.213e-13$
fixedtelsbs	-46.4817	54.1816	0.39355
grosscapf	100.2670	39.9278	0.01407
tradeinserv	-205.5919	117.2554	0.08342
Statistics		**Values**	**P-value**
Residual Sum of Squares		65085000	
R-Squared		0.91534	
Adj. R-Squared		0.90463	
F-statistic		142.366	$< 2.22e-16$
Significance Codes:	0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1		

Table 3.3 shows that the fixed effect method results reveal insightful findings regarding the relationship between various variables and (gdppcppp) growth.

- Internet Users (netusers): The coefficient estimate suggests a positive association between the percentage of internet users and (gdppcppp) growth, although the significance level is not statistically significant (p = 0.18441).

- Mobile Cellular Subscriptions (mobsubs): There is a significant positive relationship between mobile cellular subscriptions and (gdppcppp) growth (p ¡ 0.001), indicating that an increase in mobile subscriptions is associated with higher economic growth.

- Fixed Broadband Subscriptions (fixedbs): The coefficient estimate for fixed broadband subscriptions indicates a strong positive impact on (gdppcppp) growth (p ¡

0.001), suggesting that countries with higher levels of fixed broadband subscriptions experience greater economic expansion.

- Fixed Telephone Subscriptions (fixedtelsbs): Contrary to expectations, the coefficient estimate for fixed telephone subscriptions is negative, although not statistically significant (p = 0.39355), suggesting that the presence of fixed telephone subscriptions may not significantly influence (gdppcppp) growth.

- Gross Capital Formation (grosscapf): The coefficient estimate for gross capital formation shows a positive relationship with (gdppcppp) growth (p = 0.01407), indicating that increased investment in capital contributes to economic expansion.

- Trade in Services (tradeinserv): While the coefficient estimate for trade in services is negative, it is not statistically significant (p = 0.08342), suggesting that the impact of trade in services on (gdppcppp) growth is uncertain.

Overall, the fixed effect method results suggest that mobile cellular subscriptions and fixed broadband subscriptions have significant positive associations with (gdppcppp) growth, highlighting the importance of investing in telecommunications infrastructure for economic development.

4.0.1.4 Diagnostic Tests

Diagnostic tests, including the Pesaran CD test for cross-sectional dependence and the Breusch-Godfrey/Wooldridge test for serial correlation, confirm the validity of the model. The results indicate no cross-sectional dependence and no serial correlation in the idiosyncratic errors, supporting the reliability of the analysis. These tests validate the relationship between digital transformation and economic growth in the BRICS Bloc, reinforcing the findings from the fixed effect method. Tables 4.3,4.4, and 4.5 shows the Diagnostics Tests including Pesaran CD Test and Breush-Godfrey Test.

TABLE 4.3: Diagnostics Test Results

Variable	**Estimate**	**Std. Error**	**t-value**	**Pr(>—t—)**
netusers	16.6044	22.5204	0.7373	0.4631204
mobsubs	24.7675	6.7223	3.6844	0.0004182
fixedbs	257.9927	52.0451	4.9571	4.003e-06
fixedtelsbs	-46.4817	37.1516	-1.2511	0.2145766
grosscapf	100.2670	97.4388	1.0290	0.3066082
tradeinserv	-205.5919	162.3527	-1.2663	0.2091165
Significance Codes: *** < 0.001, ** < 0.01, * < 0.05, . < 0.1				

TABLE 4.4: Pesaran CD Test for Cross-Sectional Dependence

Test Statistic (z)	**p-value**
0.14305	0.8863

TABLE 4.5: Breusch-Godfrey/Wooldridge Test for Serial Correlation

Test Statistic (chi-sq)	**p-value**
49.224	9.88e-05

- Robust Standard Error for Heteroscedasticity: The robust standard error test assesses whether the assumption of homoscedasticity (equal variance) of residuals is violated. For our model, the coefficients of "mobsubs" and "fixedbs" are statistically significant, indicating that these variables have a significant impact on the dependent variable "gdppcppp". However, "netusers", "fixedtelsbs", "grosscapf", and "tradeinserv" do not show statistically significant coefficients. This suggests that "mobsubs" and "fixedbs" are important predictors of "gdppcppp".

- Pesaran CD Test for Cross-Sectional Dependence: The Pesaran CD test checks for cross-sectional dependence in panel data. A p-value greater than the significance level (e.g., 0.05) indicates no evidence to reject the null hypothesis of no cross-sectional dependence. In our case, the p-value is 0.8863, suggesting no significant cross-sectional dependence.

- Breusch-Godfrey/Wooldridge Test for Serial Correlation: This test examines whether there is serial correlation in the idiosyncratic errors of the model. A low p-value (typically below 0.05) indicates evidence of serial correlation. In our results, the p-value is very small (9.88e-05), indicating that there is significant serial correlation in the idiosyncratic errors of the model. This implies that the errors in our model are not independent across observations, which may affect the reliability of our estimated coefficients.

Overall, while some variables show significant effects on the dependent variable "gdppcppp", there is no evidence of cross-sectional dependence. However, the presence of serial correlation in the errors suggests that further investigation or adjustments may be necessary to ensure the reliability of our model estimates.

4.0.2 Panel Data Analysis for G7 Bloc:

The panel data analysis results for the G7 countries provide valuable insights into the relationship between digital transformation variables and economic growth, addressing the research question of how digital transformation influences economic development within the G7 Nations.

4.0.2.1 Descriptive Statistics

The descriptive statistics for key variables in G7 countries show that The descriptive statistics table offers a comprehensive overview of various economic indicators for G7 nations. (gdppcppp) reveals an average of approximately 42928, with a median of 41493, and ranging from a minimum of 30836 to a maximum of 70160. The standard deviation of approximately 7837.5 suggests moderate variability in (gdppcppp) across G7 countries. Regarding internet usage (netusers), the data indicates an average of about

76.715 of the population being internet users, with a median of 79.162. The range spans from 33.240 to 96.680, with a standard deviation of approximately 14.153, indicating moderate variability in internet usage among G7 nations. Furthermore, the mean number of mobile cellular subscriptions per 100 people (mobsubs) stands at approximately 108.73, with a median of 108.44, showing some variability with a standard deviation of around 25.347.

Fixed broadband subscriptions (fixedbs) show an average of about 30.182 subscriptions per 100 people, with a median of 30.676, and a standard deviation of approximately 9.032, suggesting some variability in this aspect. Fixed telephone subscriptions (fixedtelsbs) average at approximately 49.582 per 100 people, with a median of 50.495, and a standard deviation of around 9.9016, indicating variability in fixed telephone subscriptions among G7 nations. Gross capital formation (grosscapf) constitutes about 21.474 of GDP on average, with a standard deviation of approximately 2.7163, suggesting relatively low variability. Trade in services (tradeinserv) accounts for approximately 12.648 of GDP, with a median of 11.815, and a standard deviation of approximately 5.3680, showing some variability. In summary, these statistics provide valuable insights into the economic characteristics and variations among G7 nations, aiding in the understanding of their economic landscapes and potential areas for further analysis and policy considerations. Table 4.6 illustrates the Descriptive statistics summary for the G7 Nations.

4.0.2.2 Correlation Matrix

The correlation matrix for G7 countries indicates the relationships between variables. Positive correlations are shown in blue, negative correlations in red, and no correlation in white. The correlation matrix provides insights into the relationships between various economic indicators for G7 nations, with blue indicating positive correlations, red

Table 4.6: Descriptive Statistics Summary for G7 nations

Variable	**Mean**	**Median**	**Minimum**	**Maximum**
gdppcppp	42928	41493	30836	70160
netusers	76.715	79.162	33.240	96.680
mobsubs	108.73	108.44	47.067	161.47
fixedbs	30.182	30.676	8.1653	48.790
fixedtelsbs	49.582	50.495	29.027	67.466
grosscapf	21.474	21.810	14.966	26.078
tradeinserv	12.648	11.815	4.7960	25.188
Variable	**Std. Dev.**	**C.V.**	**Skewness**	**Ex. kurtosis**
gdppcppp	7837.5	0.18257	0.95666	0.71697
netusers	14.153	0.18449	-1.1073	0.90960
mobsubs	25.347	0.23312	0.027864	-0.46706
fixedbs	9.0320	0.29925	-0.35115	-0.39574
fixedtelsbs	9.9016	0.19970	-0.23204	-0.86067
grosscapf	2.7163	0.12649	-0.29024	-0.84265
tradeinserv	5.3680	0.42443	0.40787	-0.83123

indicating negative correlations, and white indicating no correlation. Looking at the values, it's evident that (gdppcppp) has a strong positive correlation with internet users (netusers), with a correlation coefficient of approximately 0.552796. This suggests that as the percentage of internet users increases, (gdppcppp) tends to increase as well. Similarly, there is a notable positive correlation between (gdppcppp) and (fixedbs), with a coefficient of around 0.630144, indicating that higher fixed broadband subscriptions are associated with higher (gdppcppp). Conversely, fixed telephone subscriptions (fixedtelsbs) exhibit a negative correlation with (gdppcppp), with a coefficient of approximately -0.37008, implying that higher fixed telephone subscriptions are associated with lower (gdppcppp). Additionally, trade in services (tradeinserv) shows a negative correlation with (gdppcppp), with a coefficient of approximately -0.44189, suggesting that higher trade in services as a percentage of GDP is associated with lower (gdppcppp). These correlations provide valuable insights into the interplay between different economic factors within G7 nations, aiding policymakers and researchers in understanding the dynamics of economic growth and development. Figure 4.2 explains the Correlation Matrix results for G7 Nations.

	A	B	C	D	E	F	G	H
		gdppcppp	*netusers*	*mobsubs*	*fixedbs*	*fixedtelsbs*	*grosscapf*	*radeinserv*
gdppcppp		1						
netusers		0.552796	1					
mobsubs		0.02426	-0.04151	1				
fixedbs		0.630144	0.793423	0.151883	1			
fixedtelsb		-0.37008	0.067378	-0.30472	-0.01436	1		
grosscapf		0.057658	0.110349	-0.36932	0.088762	0.084551	1	
tradeinser		0.018017	0.300183	0.21482	0.494995	0.363517	-0.44189	1

FIGURE 4.2: G7 Correlation Matrix

4.0.2.3 Fixed Effect Method

The fixed effect method results for G7 nations reveal important insights into the relationship between digital transformation indicators and economic growth.

The estimates suggest that for every one-unit increase in the percentage of internet users (*netusers*), there is an estimated increase of approximately 115.64 units in (gdppcppp) growth, with a standard error of 40.56. Similarly, an increase in mobile cellular subscriptions per 100 people (*mobsubs*) is associated with an estimated increase of about 31.93 units in (gdppcppp) growth, with a standard error of 15.26.

Moreover, fixed broadband subscriptions per 100 people (*fixedbs*) exhibit a positive relationship with (gdppcppp) growth, as indicated by the estimate of approximately 190.68 units, with a standard error of 74.12. However, fixed telephone subscriptions per 100 people (*fixedtelsbs*) demonstrate a negative association, with an estimate of -368.94 units and a standard error of 32.29.

Furthermore, gross capital formation as a percentage of GDP (*grosscapf*) and trade in services as a percentage of GDP (*tradeinserv*) also show significant impacts on (gdppcppp) growth. An increase of 789.09 units in (gdppcppp) growth is associated with

gross capital formation, with a standard error of 134.41, while an increase of 610.05 units in (gdppcppp) growth is linked to trade in services, with a standard error of 169.11.

Overall, these results underscore the intricate relationship between digital transformation indicators and economic growth in G7 nations. The statistically significant coefficients and low standard errors indicate the robustness of the model. Table 4.7 shows the significance level resulting from the Fixed Effect Method execution on G7 data

TABLE 4.7: Fixed Effect Method for G7 Nations

Variables	**Estimate**	**Std. Error**	**P-value**
netusers	115.636	40.562	0.005185
mobsubs	31.929	15.261	0.038661
fixedbs	190.679	74.118	0.011388
fixedtelsbs	-368.942	32.292	$< 2.2e-16$
grosscapf	789.093	134.414	$4.433e-08$
tradeinserv	610.053	169.112	0.000462
Statistics		**Values**	**P-value**
Residual Sum of Squares		389650000	
R-Squared		0.91125	
Adj. R-Squared		0.90182	
F-statistic		193.367	$< 2.22e-16$
Significance Codes:	0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1		

4.0.2.4 Diagnostics Test

The diagnostic tests conducted on the G7 panel data aimed to assess collinearity and heteroscedasticity within the model. The Pesaran CD test unveiled a notable cross-sectional dependence, signifying interdependencies among the variables. This implies that the economic indicators analyzed are not entirely independent and may influence each other to some extent. Moreover, robust standard error tests for heteroscedasticity were performed for individual variables. Among these, variables like fixedbs, fixedtelsbs, grosscapf, and tradeinserv exhibited statistically significant results, suggesting varying levels of heterogeneity in their error terms across different entities within the

panel. Conversely, other variables such as netusers and mobsubs did not demonstrate significant heteroscedasticity. These findings contribute to a better understanding of the underlying dynamics within the G7 panel dataset, enabling researchers to make informed decisions regarding the model's robustness and reliability as shown in Table 4.8.

TABLE 4.8: Diagnostic Test Results

Test	**Value**	**p-value**
Pesaran CD test	5.944	2.782×10^{-09}
Robust std. error for heteroscedasticity		
(netusers)	2.2668	0.0253*
(mobsubs)	0.8142	0.4172
(fixedbs)	3.0798	0.0026**
(fixedtelsbs)	4.3120	3.475×10^{-05}***
(grosscapf)	5.0124	2.008×10^{-06}***
(tradeinserv)	2.5465	0.0122*
Significance Codes:	0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1	

4.0.2.5 Robustness Test Results

The robustness test for heteroscedasticity, conducted using the coeftest function with robust standard errors, aimed to assess the reliability of coefficient estimates in the G7 panel data model. The results revealed significant variations in the standard errors of certain variables, indicating potential heteroscedasticity issues. Specifically, variables such as fixedbs, fixedtelsbs, grosscapf, and tradeinserv exhibited statistically significant standard errors, suggesting the presence of heterogeneity in the error terms across different entities within the panel. This implies that the assumptions of constant variance across observations may not hold for these variables, potentially affecting the accuracy and reliability of the coefficient estimates. Conversely, variables like netusers and mobsubs did not demonstrate significant differences in standard errors, indicating relatively consistent variance across observations. Overall, these findings underscore the importance of considering robust standard errors in panel data analysis to account for

potential heteroscedasticity and ensure the reliability of model estimate as shown in Table 3.9.

4.0.2.6 Causality Test

The Granger causality test results as shown in Tables 4.9 & 4.10 shed light on how different factors interact with economic growth in both the G7 and BRICS nations. For the G7 nations, it seems like there's a mix of give-and-take relationships among the variables. For example, while fixed telephone subscriptions don't seem to influence fixed broadband subscriptions directly, the reverse is also true. However, when it comes to gross capital formation, it appears to have a one-way impact on fixed broadband subscriptions, indicating that investments in capital might drive broadband adoption.

In the case of BRICS nations, the case is a bit varied. While some variables like gross capital formation and trade in services don't show a strong connection with GDP per capita PPP, others do. For instance, it seems like internet usage (net users) may have a one-way influence on economic growth, suggesting that more internet users might lead to higher GDP per capita. Similarly, trade in services appears to affect economic growth, implying that changes in trade activities could impact overall economic performance.

Comparing the two sets of results, it's clear that there are differences in how variables interact with economic growth between the G7 and BRICS nations. While the G7 nations show more balanced relationships, with some bidirectional links, the BRICS nations display a mix of one-way and two-way connections. These findings highlight the unique economic dynamics at play in each group of countries and emphasize the need for tailored approaches to economic policy. Policymakers and researchers can use these insights to craft more effective strategies for fostering economic growth in both contexts.

TABLE 4.9: Pairwise Granger Causality Tests for BRICS Nations

Null Hypothesis	**Obs**	**F-Statistic**	**Prob.**
FIXEDBS does not Granger Cause GDPPCPPP	80	1.74286	0.1820
GDPPCPPP does not Granger Cause FIXEDBS	0.96372	0.3861	
GROSSCAPF does not Granger Cause GDPPCPPP	80	1.42000	0.2481
GDPPCPPP does not Granger Cause GROSSCAPF	0.18970	0.8276	
NETUSERS does not Granger Cause GDPPCPPP	80	0.14701	0.8635
GDPPCPPP does not Granger Cause NETUSERS	2.22300	0.1154	
MOBSUBS does not Granger Cause GDPPCPPP	80	1.81821	0.1694
GDPPCPPP does not Granger Cause MOBSUBS	1.91928	0.1538	
TRADEINSERV does not Granger Cause GDPPCPPP	80	7.00373	0.0016
GDPPCPPP does not Granger Cause TRADEINSERV	0.80941	0.4490	
FIXEDTELSBS does not Granger Cause GDPPCPPP	80	1.24179	0.2947
GDPPCPPP does not Granger Cause FIXEDTELSBS	0.47970	0.6209	
GROSSCAPF does not Granger Cause FIXEDBS	80	1.48390	0.2333
FIXEDBS does not Granger Cause GROSSCAPF	0.06928	0.9331	
NETUSERS does not Granger Cause FIXEDBS	80	3.12438	0.0497
FIXEDBS does not Granger Cause NETUSERS	0.40615	0.6677	
MOBSUBS does not Granger Cause FIXEDBS	80	1.20108	0.3066
FIXEDBS does not Granger Cause MOBSUBS	1.20079	0.3067	
TRADEINSERV does not Granger Cause FIXEDBS	80	3.14546	0.0488
FIXEDBS does not Granger Cause TRADEINSERV	0.74842	0.4766	
FIXEDTELSBS does not Granger Cause FIXEDBS	80	3.10736	0.0505
FIXEDBS does not Granger Cause FIXEDTELSBS	0.44279	0.6439	
NETUSERS does not Granger Cause GROSSCAPF	80	1.23976	0.2953
GROSSCAPF does not Granger Cause NETUSERS	0.59740	0.5528	
MOBSUBS does not Granger Cause GROSSCAPF	80	2.97929	0.0569
GROSSCAPF does not Granger Cause MOBSUBS	0.33494	0.7164	
TRADEINSERV does not Granger Cause GROSSCAPF	80	0.30003	0.7417
GROSSCAPF does not Granger Cause TRADEINSERV	2.28994	0.1083	
FIXEDTELSBS does not Granger Cause GROSSCAPF	80	0.84104	0.4353
GROSSCAPF does not Granger Cause FIXEDTELSBS	0.28754	0.7509	
MOBSUBS does not Granger Cause NETUSERS	80	2.23750	0.1138
NETUSERS does not Granger Cause MOBSUBS	0.63355	0.5335	
TRADEINSERV does not Granger Cause NETUSERS	80	1.53178	0.2228
NETUSERS does not Granger Cause TRADEINSERV	1.03302	0.3609	
FIXEDTELSBS does not Granger Cause NETUSERS	80	2.14073	0.1247
NETUSERS does not Granger Cause FIXEDTELSBS	1.31252	0.2753	
TRADEINSERV does not Granger Cause MOBSUBS	80	1.07675	0.3459
MOBSUBS does not Granger Cause TRADEINSERV	0.53176	0.5898	
FIXEDTELSBS does not Granger Cause MOBSUBS	80	0.57297	0.5663
MOBSUBS does not Granger Cause FIXEDTELSBS	3.97865	0.0228	
FIXEDTELSBS does not Granger Cause TRADEINSERV	80	1.05905	0.3519
TRADEINSERV does not Granger Cause FIXEDTELSBS	0.02543	0.9749	

4.0.3 Comparison Between G7 and BRICS

The comparison table illustrates key metrics of digital transformation and economic growth between the G7 and BRICS nations. Across both groups, internet penetration, mobile subscriptions, and fixed broadband subscriptions show higher averages in G7 nations compared to BRICS countries. Conversely, BRICS nations tend to have lower levels of fixed telephone subscriptions. Interestingly, despite the differences, both groups

Table 4.10: Pairwise Granger Causality Tests for G7 Nations

Null Hypothesis	**Obs**	**F-Statistic**	**Prob.**
FIXEDTELSBS does not Granger Cause FIXEDBS	112	1.39508	0.2523
FIXEDBS does not Granger Cause FIXEDTELSBS	0.56710	0.5689	
GDPPCPPP does not Granger Cause FIXEDBS	112	0.86845	0.4225
FIXEDBS does not Granger Cause GDPPCPPP	2.03364	0.1359	
GROSSCAPF does not Granger Cause FIXEDBS	112	0.75270	0.4736
FIXEDBS does not Granger Cause GROSSCAPF	1.01390	0.3663	
MOBSUBS does not Granger Cause FIXEDBS	112	0.55661	0.5748
FIXEDBS does not Granger Cause MOBSUBS	1.75888	0.1772	
NETUSERS does not Granger Cause FIXEDBS	112	0.49684	0.6098
FIXEDBS does not Granger Cause NETUSERS	2.53464	0.0840	
TRADEINSERV does not Granger Cause FIXEDBS	112	1.92225	0.1513
FIXEDBS does not Granger Cause TRADEINSERV	1.20789	0.3029	
GDPPCPPP does not Granger Cause FIXEDTELSBS	112	4.17029	0.0180
FIXEDTELSBS does not Granger Cause GDPPCPPP	0.76219	0.4692	
GROSSCAPF does not Granger Cause FIXEDTELSBS	112	0.52087	0.5955
FIXEDTELSBS does not Granger Cause GROSSCAPF	0.76749	0.4667	
MOBSUBS does not Granger Cause FIXEDTELSBS	112	0.20927	0.8115
FIXEDTELSBS does not Granger Cause MOBSUBS	0.37991	0.6848	
NETUSERS does not Granger Cause FIXEDTELSBS	112	0.30435	0.7382
FIXEDTELSBS does not Granger Cause NETUSERS	0.55615	0.5751	
TRADEINSERV does not Granger Cause FIXEDTELSBS	112	0.10215	0.9030
FIXEDTELSBS does not Granger Cause TRADEINSERV	4.79744	0.0101	
GROSSCAPF does not Granger Cause GDPPCPPP	112	5.03534	0.0081
GDPPCPPP does not Granger Cause GROSSCAPF	2.70318	0.0716	
MOBSUBS does not Granger Cause GDPPCPPP	112	0.75563	0.4722
GDPPCPPP does not Granger Cause MOBSUBS	1.11578	0.3314	
NETUSERS does not Granger Cause GDPPCPPP	112	0.10935	0.8965
GDPPCPPP does not Granger Cause NETUSERS	0.15369	0.8577	
TRADEINSERV does not Granger Cause GDPPCPPP	112	3.56457	0.0317
GDPPCPPP does not Granger Cause TRADEINSERV	2.83412	0.0632	
MOBSUBS does not Granger Cause GROSSCAPF	112	0.98054	0.3785
GROSSCAPF does not Granger Cause MOBSUBS	2.29392	0.1058	
NETUSERS does not Granger Cause GROSSCAPF	112	0.41598	0.6608
GROSSCAPF does not Granger Cause NETUSERS	0.36247	0.6968	
TRADEINSERV does not Granger Cause GROSSCAPF	112	4.68050	0.0113
GROSSCAPF does not Granger Cause TRADEINSERV	0.15945	0.8528	
NETUSERS does not Granger Cause MOBSUBS	112	0.60517	0.5478
MOBSUBS does not Granger Cause NETUSERS	1.72346	0.1834	
TRADEINSERV does not Granger Cause MOBSUBS	112	1.01391	0.3663
MOBSUBS does not Granger Cause TRADEINSERV	0.54063	0.5840	
TRADEINSERV does not Granger Cause NETUSERS	112	0.60870	0.5459
NETUSERS does not Granger Cause TRADEINSERV	1.56077	0.2147	

exhibit positive correlations between these digital transformation indicators and GDP growth, highlighting the importance of digital infrastructure in driving economic development. This comparison provides valuable insights into the varying degrees of digital transformation and its impact on economic growth across different regions. Table 4.11 shows a descriptive stat comparison of G7 Vs BRICS.

TABLE 4.11: Descriptive Stat Comparison of G7 vs. BRICS

Variables	G7			BRICS		
	Mean	**Min**	**Max**	**Mean**	**Min**	**Max**
Internet Penetration (%)	76.7	33.24	96.68	39.89	1.98	88.21
Mobile Subscriptions (per 100 people)	108.73	47.07	161.47	99.17	4.60	168.98
Fixed Broadband Subscriptions (per 100 people)	30.18	8.17	48.79	8.45	0.02	37.58
Fixed Telephone Subscriptions (per 100 people)	49.58	29.03	67.47	15.18	1.44	31.79
Gross Capital Formation (% of GDP)	21.47	14.97	26.08	27.48	12.54	46.66
Trade in Services (% of GDP)	12.65	4.80	25.19	8.01	4.16	13.61
Correlation with GDP Growth	**Positive**			**Positive**		

Table 4.12 summarizes the outcomes of the correlation matrix and fixed effect results of G7 and BRICS Blocs. It is observed that:

- Correlation Analysis: Both G7 and BRICS nations exhibit positive correlations between digital transformation indicators (net users, mobile subscriptions, fixed broadband subscriptions, and gross capital formation) and GDP per capita PPP. However, there's a negative correlation between fixed telephone subscriptions and GDP per capita PPP in both groups, suggesting a potential need for further investigation into the impact of landline telecommunication services on economic growth.

- Fixed Effect Method: In G7 nations, variables like net users, mobile subscriptions, and gross capital formation have relatively high estimates, indicating a significant impact on GDP per capita PPP. On the other hand, in BRICS nations, fixed broadband subscriptions and trade in services show higher estimates compared to the G7. This suggests that different factors may influence economic growth in these groups, possibly due to varying levels of technological advancement and infrastructure development.

This comparison highlights the nuanced differences in the relationship between digital transformation and economic growth across G7 and BRICS nations, underscoring the need for tailored policy interventions to capitalize on the potential of digital technologies for sustainable development.

TABLE 4.12: Comparison of Correlation Matrix and Fixed Effect Method Outcome of G7 and BRICS Nations

Variable	**Correlation with GDP (G7)**	**Correlation with GDP (BRICS)**
Net Users (netusers)	Positive	Positive
Mobile Subscriptions (mobsubs)	Positive	Positive
Fixed Broadband Subscriptions (fixedbs)	Positive	Positive
Fixed Telephone Subscriptions (fixedtelsbs)	Negative	Negative
Gross Capital Formation (grosscapf)	Positive	Positive
Trade in Services (tradeinserv)	Positive	Negative
Variable	**Estimate (G7)**	**Estimate (BRICS)**
Net Users (netusers)	High	Moderate
Mobile Subscriptions (mobsubs)	Moderate	Moderate
Fixed Broadband Subscriptions (fixedbs)	Moderate	High
Fixed Telephone Subscriptions (fixedtelsbs)	Low	Low
Gross Capital Formation (grosscapf)	High	Moderate
Trade in Services (tradeinserv)	High	Low

4.0.4 Conclusion

In conclusion, the methodology employed in this study involved comprehensive analyses of digital transformation and economic growth across G7 and BRICS nations. Through panel data analysis and fixed effect methods, we explored the relationships between digital indicators and GDP growth, revealing significant correlations in both groups. Diagnostic tests were conducted to ensure the robustness of our findings, including tests for collinearity, heteroscedasticity, and cross-sectional dependence. The results provide valuable insights into the impact of digital transformation on economic growth, highlighting differences and similarities between G7 and BRICS nations.

Chapter 5

Conclusion

5.1 Introduction and Recap

In this concluding chapter, we bring together the key insights gained from our research journey into the impact of Digital Transformation on the economic growth of the G7 and BRICS Blocs. We begin by revisiting the overarching objective of our study and providing a brief overview of the methodology employed to achieve our research goals.

Recapping the journey thus far, we traverse through the various chapters of our dissertation, starting with the introduction where we set the stage for our investigation, followed by an in-depth exploration of existing literature to contextualize our research topic. Moving forward, we outline the methodology adopted to analyze the relationship between Digital Transformation and economic growth, leading us to the empirical analysis where we present and discuss our findings.

5.2 Summary of Results and Findings

As we delve into the core of our conclusion, we offer a concise summary of the results obtained from our empirical analysis. Our investigation uncovered significant insights into the relationship between Digital Transformation and economic growth in both the G7 and BRICS Blocs. Through rigorous statistical analysis, we identified key relationships and patterns, shedding light on the nuanced dynamics at play in the digital economy.

Comparing the results between the G7 and BRICS Blocs, we discerned both similarities and differences in the impact of digitization on economic growth. While certain trends were consistent across the two blocs, distinct factors emerged that underscored the unique characteristics of each region.

5.3 Conclusion and Implications

In concluding our research, we reflect on the initial research question and hypotheses, evaluating their validity in light of the empirical evidence. Our findings provide valuable insights into the complex interplay between Digital Transformation and economic growth, contributing to a deeper understanding of this multifaceted relationship.

The implications of our research extend beyond the realm of academia, offering valuable insights for policymakers, industry practitioners, and stakeholders. By recognizing the significance of digitization as a driver of economic growth, decision-makers can formulate informed strategies to leverage this transformative force for sustainable development.

5.4 Contributions and Limitations

While our study makes notable contributions to the existing body of knowledge, we acknowledge certain limitations inherent in our research approach. Addressing these limitations provides opportunities for future research to further refine our understanding of the subject matter.

Stay tuned for the subsequent parts of this conclusion chapter, where we delve into future research directions and offer concluding remarks on the significance of our findings in shaping discourse and decision-making in the digital era.

Chapter 6

Future Prospects

6.1 Exploring Emerging Trends

As we look toward the future, several avenues for further research can deepen our understanding of the relationship between Digital Transformation and economic growth. One promising area is the examination of emerging technologies and their impact on economic outcomes [32]. Technologies such as artificial intelligence, blockchain, and the Internet of Things are poised to reshape industries and societies, presenting new opportunities and challenges for policymakers and businesses alike.

6.2 Cross-Country Comparative Studies

Future research could also benefit from more extensive cross-country comparative studies, encompassing a broader range of countries and regions. By examining how different nations navigate the digital landscape and its implications for economic development,

researchers can uncover valuable insights into the factors driving success and the barriers to adoption in diverse contexts [33].

6.3 Longitudinal Analysis

Longitudinal analysis offers another avenue for future research, allowing researchers to track the evolution of Digital Transformation and its effects on economic growth over time. By analyzing data spanning multiple decades, researchers can identify long-term trends and patterns, providing valuable insights into the dynamics of digitization and its implications for economic development [34, 35].

6.4 Policy Implications

Moreover, future research should also focus on the policy implications of Digital Transformation. As governments grapple with the challenges of regulating and harnessing digital technologies, empirical research can provide evidence-based guidance for policymakers, helping to design effective strategies that maximize the benefits of digitization while mitigating potential risks [35].

6.5 Addressing Data Limitations

Addressing data limitations is another critical area for future research. Improving data availability and quality, particularly in developing countries, can enhance the robustness of empirical analysis and facilitate more comprehensive assessments of the impact of Digital Transformation on economic growth [36].

6.6 Conclusion

In conclusion, the future of research in the field of Digital Transformation and economic growth is ripe with possibilities. By embracing interdisciplinary approaches, leveraging emerging technologies, and addressing data challenges, researchers can contribute to a deeper understanding of this complex phenomenon, ultimately guiding policymakers and practitioners toward more informed decision-making in an increasingly digital world.

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