

Setting the Context

Development after passing through various phases has reached a stage where the desire to become a nuclear economy has been replaced by the desire to become a knowledge economy. ICT has revolutionized the entire structure and functioning of economic opportunities, international funds transfer and living standards of people across the globe. ICT is an amalgam of tools that facilitate communication and transfer of information via electronic means, internet and then connect the stored information with the global setup from where it can be easily retrieved. It is because of ICT that economies are no more bound to rely on their own resources alone. They produce and sell only what they are specialized in and buy the goods they have a lesser comparative advantage on i.e., labor abundant countries trade consumer goods in the international market whereas, capital abundant countries expand their market by offering capital goods there. Sometimes capital abundant countries even install the business units in labor abundant countries in order to take advantage of their inexpensive manpower. This fuels technology transfer.

Additionally, a lot of firms and individuals are offering consultancy services across the globe. Information and communication technology have also minimized opportunity costs associated with information asymmetry consequently enhancing the productive and allocation efficiencies. World Bank Report (2006) categorized the development of ICT into three different phases: 1) during its first phase (between the 1960s and 1970s), telecommunication emerged as an important tool that assisted in the delivery of public service and public administration; 2) In its second phase (1980s), knowledge turned out to be an important factor of production and; 3) In the third and final phase (started in 1990s), ICT proved itself to be a major contributing factor to economic growth and international competitiveness.

Empirical literature also gives evidence of a significant positive association between ICT and economic growth (Colecchia et al., 2002; Avgerou, 2003; Lutz, 2005; Niebel & Mannheim, 2014; Samimi et al., 2015) yet the magnitude and momentum of this association changes due to the fluctuations in economic structure and performance of a country. The economies that adopt the latest information and communication technologies tend to contribute more in terms of global trade (Toader, Firtescu, Roman, & Anton, 2018) and attract a larger proportion of FDI (Gholami et al., 2005). ICT is referred to as General Purpose Technology which triggers efficient use of human, physical and social capital that eventually creates economy-level gains (Bresnahan & Trajtenberg, 1995). General-purpose technology is defined as a technology used in different