

Manufacturing Convergence of ASEAN: Too Good to Be True?

A. M Dayang Affizzah, Mohd Khairul Hisyam H., Haslan O.

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v11-i14/8568> DOI:10.6007/IJARBSS/v11-i14/8568

Received: 09 December 2020, Revised: 07 January 2020, Accepted: 15 January 2020

Published Online: 27 January 2020

In-Text Citation: (Affizzah et al., 2021)

To Cite this Article: Affizzah, A. M. D., Hisyam, M. K. H., & Haslan, O. (2021). Manufacturing Convergence of ASEAN: Too Good to Be True? *International Journal of Academic Research in Business and Social Sciences*, 11(14), 211–221.

Copyright: © 2021 The Author(s)

Published by Human Resource Management Academic Research Society (www.hrmars.com)

This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: <http://creativecommons.org/licences/by/4.0/legalcode>

Special Issue: Contemporary Business and Humanities Landscape Towards Sustainability, 2021, Pg. 211 – 221

<http://hrmars.com/index.php/pages/detail/IJARBSS>

JOURNAL HOMEPAGE

Full Terms & Conditions of access and use can be found at
<http://hrmars.com/index.php/pages/detail/publication-ethics>



INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



Manufacturing Convergence of ASEAN: Too Good to Be True?

A. M Dayang Affizzah, Mohd Khairul Hisyam H., Haslan O.
Faculty of Economics and Business, Universiti Malaysia Sarawak, Kota Samarahan, Sarawak
Email: amdaffizah@unimas.my

Abstract

Manufacturing sector was one of the main drivers of economic growth at ASEAN and it is expected to expand. Although ASEAN is said to be the monetary area with various types of financial improvements and experiencing financial development, majority of the ASEAN countries are classified as a lower centre wage nation. The study uses the non-linear time varying factor approach on finding structural convergence of value added of manufacturing sectors in ASEAN. Alternatively, if the result shows there are convergence among the country, it could be an indicator of possible deeper economic integration and perhaps feasibility of monetary union. Countries that converges with other countries show that the ability of its to catch up with the higher one despite having different magnitude to converge. As stated in the ASEAN Economic Community (AEC), as a member the country must have the equitable of its economic growth and full integrated region in the global economic. The results indicate that there is no structural convergence in manufacturing sector in ASEAN, however, there are subgroup that converges to three club convergence with core group consist of Philippines and Singapore. The study concludes that manufacturing sector in ASEAN experiences strong similarity in its manufacturing sector and better prospect for convergence in the future.

Keyword: Manufacturing Convergence, Non-Linear Factor Model, Transition Path

Introduction

ASEAN has encountered the high financial development for a couple of decades in monetary exercises, for example, producing area, mining part, development division and horticulture segment. Yet, at that point, the areas are expanding and having changed commitment to GDP since there are numerous difficulties that organizations must face. For instance, its division has confronted an expanding in return rates, expansion, monetary standards, and decrease in resource cost. It's thoroughly influencing the financial segments through their sources of info, assets, capitals, exchanges and imports sends out in every nation. In any case, financial coordination could consolidate to create chances to ASEAN nations. It could likewise make challenges, to be specific