ECONOMIC AND SOCIAL INEQUALITY IN THE DIGITAL ERA: A LITERATURE REVIEW OF OPPORTUNITIES AND CHALLENGES

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Abstract
Digital transformation has become a global trend that provides many conveniences and opportunities for society. However, several studies have shown that these changes can also widen economic and social disparities if not handled properly. This paper aims to review recent research on the potential and challenges of digital technology in dealing with inequality issues. The literature review shows that digital technologies have the ability to increase inclusion and access to resources, but also potentially pose risks of exclusion for vulnerable groups, bias in algorithms, and concentration of power by giant digital companies. Successfully harnessing the benefits of digital transformation to achieve socio-economic justice requires collaboration between the government, private sector and civil society in developing comprehensive policies and regulations. Only with a planned and sustained collective effort can digitalisation become a catalyst for a more just and inclusive society.
Keywords: inequality, digital transformation, digital inclusion, algorithmic bias, concentration of power

Introduction

The rapid development of digital technology has brought significant changes in various aspects of life, including in the economic and social fields. Advances in information and communication technology have created new opportunities for society, but on the other hand can also trigger the emergence of various challenges related to economic and social inequality.

Economic and social inequality refers to significant gaps or differences in the distribution of resources, wealth, income, access, and opportunities among individuals or groups within a region. Economic inequality can be seen from indicators such as income distribution, wealth gap, and access to economic services. Meanwhile, social inequality includes aspects such as differences in accessibility to education, health, infrastructure, and participation in decision-making (Bahn et al., 2020)

Economic and social inequality can negatively impact social stability, economic growth and community cohesion. In addition, inequality can also trigger various social problems such as poverty, unemployment, discrimination and social conflict. Therefore, addressing economic and social inequality is an important issue in the inclusive and sustainable development agenda (Corbera et al., 2020) .

Economic and social inequality is an issue that continues to be of global concern. Advances in digital technology that are not matched by equitable access and utilisation

can widen the gap between those who are able to make good use of technology and those who are left behind. This can be seen from gaps in access to information, education, employment, and economic welfare (Sinfield, 2020) .

On the one hand, digital technology has opened up new opportunities for society, such as easy access to information, entrepreneurial opportunities, and financial inclusion. But on the other hand, technology can also pose a threat to traditional livelihoods and trigger polarisation of the labour market, especially for those who lack digital skills (Danish & Senjyu ., 2023)

Therefore, it is important to delve deeper into the dynamics of economic and social inequality in the digital era, and identify the opportunities and challenges that arise in relation to these technological developments. This study aims to conduct a comprehensive literature review on issues related to economic and social inequality in the digital era, and the implications for more inclusive development policies and strategies.

Research Methods

This research uses a literature study approach to examine the dynamics of economic and social inequality in the digital era. This method is conducted by systematically reviewing various relevant literature sources, including scientific journals, books, research reports, and mass media articles. The literature search and analysis process focused on topics such as trends and patterns of inequality, the factors that influence them, and the implications and challenges arising from the development of digital technology. In addition, the literature study was also conducted to identify best practices and policy strategies that can be applied to reduce economic and social inequality. Through this approach, it is expected that a comprehensive understanding of the complexity of inequality issues in the current digital transformation era can be obtained (Setiowati ;, 2016) (Syahran ;, 2020) (Helaluddin ., 2019)

Results and Discussion
Digital Technology Opportunities in Reducing Inequality

The current development of digital technology opens up new opportunities to reduce economic and social inequality. Digital technology can be an effective tool in promoting inclusion and equity. One example is through the utilisation of digital platforms to improve people's access to financial services. Mobile banking, digital wallets and other fintech applications have enabled people in remote areas to save, borrow and transfer money more easily and affordably. This helps integrate them into the formal economic system and increases financial inclusion (Czymara et al., 2021) .

In addition, digital technology can also expand access to quality education. With online learning, video tutorials and digital learning resources, people in various regions, including those in disadvantaged areas, have greater opportunities to acquire

knowledge and skills. This can certainly encourage education equity and open up opportunities for those who were previously limited in accessing education services (Bywaters et al., 2020).

In healthcare, telemedicine and digital health applications also have the potential to expand the reach of healthcare services to remote areas. Through remote consultation, health monitoring, and online access to medical information, disparities in accessing quality healthcare can be reduced. This is especially important for people who have difficulty reaching health facilities (Esping-Andersen, 2024).

In addition, digital platforms can also create new job opportunities and more entrepreneurial opportunities. With the gig economy, e-commerce, and various other digital-based applications, people can earn additional income or even start their own business without being limited by geographical location. This can be a solution to overcome the problem of unemployment and increase income, thereby reducing economic inequality (Fisher et al., 2020).

In addition, digital technology also enables increased transparency and accountability in various sectors. With e-government systems, open data, and digital-based public monitoring applications, the public can more easily monitor resource allocation and government performance. This can boost the effectiveness of poverty alleviation and inequality reduction programmes run by the government (Armitage & Nellums, 2020).

However, to optimally utilise the opportunities of digital technology in reducing inequality, more comprehensive efforts are needed. This includes equitable access and digital literacy at all levels of society, equitable development of technology infrastructure, and synergy between the government, private sector and civil society. Only with strong and well-planned collaboration, the potential of digital transformation can be truly utilised to encourage social inclusion and reduce disparities that have been a fundamental problem in Development (Bapuji et al., 2020).

Overall, digital technology opens up many new opportunities to strengthen economic and social inclusion and reduce inequality, which has been a major challenge for many countries. Through proper utilisation of digital platforms in various sectors, inequality can be gradually reduced and better equity achieved. However, this effort requires commitment and cooperation from various stakeholders to be effectively implemented.

The Challenge of Digital Technology in Confronting Inequality

On the other hand, digital technology also poses several challenges in reducing inequality. One of them is the risk of digital exclusion for people who lack digital access and literacy. If not addressed, this could exacerbate inequality, as vulnerable groups such as the poor, elderly and disabled will be further left behind from the benefits of digital transformation (Paremoer et al., 2021).

In addition, the use of algorithms and artificial intelligence in decision-making systems can also potentially lead to bias and discrimination. If the development process does not pay attention to issues of justice and equality, this technology can actually strengthen the marginalisation of certain groups. This needs to be anticipated so that digital transformation does not widen existing inequalities (Fortier, 2020) .

Another challenge is the possible loss of many jobs due to automation and digitalisation. This shift in economic structure may result in unemployment, especially for low-skilled workers. If not accompanied by strong empowerment and social protection strategies, labour displacement due to technological disruption could lead to increased income inequality (Holst et al., 2021) .

On the other hand, the concentration of wealth and power in the hands of a few giant technology companies is also an issue that needs to be watched out for. The dominance of digital platforms by a few large actors can threaten fair competition and hamper equitable distribution of the benefits of the digital economy. More stringent policies are needed to prevent monopolies and encourage a more inclusive digital ecosystem (Blundell et al., 2022) .

Therefore, the benefits of digital transformation in reducing inequality can only be achieved if these challenges are addressed with the right strategies and policies. Collaboration between the government, private sector and civil society is key to ensure digitalisation can drive social and economic inclusion in a sustainable manner.

In addition, the regulation and protection of personal data is also an important issue in ensuring digital justice. If not managed properly, personal data collected by digital platforms can be misused to benefit certain groups or even exacerbate discrimination. Strong rules are needed to protect citizens' digital rights, especially for those in vulnerable positions (Watson et al., 2020) .

Broadly speaking, the challenges of digital technology in reducing inequality include the risk of digital exclusion, bias in algorithms, job losses, concentration of power, and personal data protection issues. Successfully utilising technology to achieve socio-economic justice requires political will, policy innovation, and close partnerships between the government, private sector, and civil society. Only with a planned and sustained collective effort can digital transformation truly become a tool to strengthen inclusion and reduce existing inequalities in society.

Conclusion

Overall, the literature reviewed shows that digital transformation has great potential to reduce economic and social inequality, but also presents challenges that need to be addressed. On the one hand, digital technologies can open up greater access to information, public services and economic opportunities for groups that have been marginalised. But on the other hand, the risks of digital exclusion, bias in algorithms, and concentration of power by tech giants can widen the gap if not properly addressed.

Successfully harnessing the benefits of digital technology to achieve socio-economic justice requires close collaboration between the government, private sector and civil society. Comprehensive policies and regulations are needed to ensure digital inclusion, avoid algorithmic discrimination, protect citizens' digital rights, and encourage healthy competition in the digital ecosystem. In addition, social empowerment and protection efforts are also important to ensure that the benefits of digital transformation can be enjoyed equally by all levels of society.

Ultimately, digitalisation will only be an effective tool for reducing inequality if it is accompanied by comprehensive, people-centred policy strategies that address issues of justice and equality. With the right collaboration and innovation, digital technology can be a catalyst for a more just and inclusive society in the future.

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