

Socio-Economic Gap in Indonesia: Analysis of Causes and Overcoming Efforts

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Abstract: Socio-economic inequality or in other words the socio-economic gap is an injustice that results in the creation of differences in levels in society. This difference takes the form of a financial imbalance. This financial imbalance divides social groups based on levels, such as the rich and the poor. This is caused by several factors. Some of these factors include differences in income, unfair community access to existing services, community ability to access natural resources or infrastructure, very low chances of someone being accepted into a job, unequal distribution of quotas for accepting new workers, few job opportunities. in certain areas which causes unemployment rates to increase. Apart from that, this inequality is caused by unequal access to education, health services and the digital divide, with impacts such as poverty, low social mobility and the potential for conflict. This paper analyzes the social and economic gap in Indonesia using a literature review method, taking references from various relevant sources such as Google Scholar, including causes, impacts and mitigation steps. The mitigation efforts discussed include social assistance programs, infrastructure development, and local economic empowerment. Policy recommendations focus on sustainable development and inclusive economic growth. This research aims to analyze factors regarding socio-economic problems that exist in Indonesia and to find and formulate solutions that can overcome the problem of socio-economic inequality that exists in Indonesia.

Keywords : inequality, social, economy, sustainable development

Abstrak: Ketimpangan sosial ekonomi atau dalam kata lain jurang pemisah sosial ekonomi merupakan ketidakadilan yang mengakibatkan terciptanya perbedaan tingkatan dalam masyarakat. Perbedaan tersebut berupa ketidakseimbangan finansial. Ketidakseimbangan finansial tersebut membagi kelompok masyarakat berdasarkan tingkatan, seperti masyarakat kaya dan masyarakat miskin. Hal tersebut diakibatkan oleh beberapa faktor. Faktor-faktor tersebut beberapa diantaranya adalah perbedaan pendapatan, ketidakadilan akses masyarakat terhadap layanan yang ada, kemampuan masyarakat dalam mengakses sumber daya alam atau infrastruktur, peluang diterimanya seseorang pada suatu pekerjaan yang sangat rendah, pembagian kuota penerimaan pekerja baru yang tidak merata, sedikitnya lapangan kerja di daerah tertentu yang menyebabkan angka pengangguran meningkat. Selain itu, ketimpangan ini disebabkan oleh ketidakmerataan akses pendidikan, layanan kesehatan, dan digital divide, dengan dampak seperti kemiskinan, rendahnya mobilitas sosial, serta potensi konflik. Makalah ini menganalisis jurang pemisah sosial dan ekonomi di Indonesia menggunakan metode literature review, mengambil referensi dari

berbagai sumber yang relevan seperti *Google Scholar*, mencakup penyebab, dampak, dan langkah penanggulangan. Upaya penanggulangan yang dibahas meliputi program bantuan sosial, pembangunan infrastruktur, dan pemberdayaan ekonomi lokal. Rekomendasi kebijakan difokuskan pada pembangunan berkelanjutan dan pertumbuhan ekonomi inklusif. Penelitian ini bertujuan untuk menganalisis faktor-faktor tentang masalah sosial ekonomi yang ada di Indonesia serta mencari dan merumuskan solusi yang dapat mengatasi masalah ketimpangan sosial ekonomi yang ada di Indonesia.

Kata kunci: ketimpangan, sosial, ekonomi, pembangunan berkelanjutan.

Introduction

The economy in Indonesia is currently in a condition of strong growth amidst the global economic stagnation that is volatile with the financial market. The Central Statistics Agency (BPS) stated that the current economic conditions in Indonesia were in the first quarter of 2024 reaching 5.11 percent. The results of the achievement of strong economic growth conditions have a positive impact on reducing the unemployment rate in Indonesia. Countries in the world currently have populations that are generally economically sufficient, but there are also those who still live below the poverty line of 2.5 dollars, a day has decreased from 72 percent in 1990 to 50 percent in 2010, but most are still included in the vulnerable poverty group. There are 89 percent of the population vulnerable to poverty with an income level below 10 dollars PPP a day (World Bank, 2014, p. 58).

In the current global economic uncertainty, Indonesia has been able to demonstrate its resilient economy which can be seen from the achievements, developments and growth in the first quarter. The growth situation is also of good quality with a significant increase with a picture reflected in the many open jobs so that it is able and can reduce the unemployment rate to below the pre-pandemic level. Economic stability will continue to be optimized by the APBN in maintaining economic stability to encourage growth acceleration and of course an increase in many open jobs (Minister of Finance, quoted from the Ministry of Finance (Kemenkeu) page, Wednesday (08/05/2024).)

Indonesia is a country with the largest economy in Southeast Asia and has good potential to face sustainable economic growth. However, unfortunately there are still complex obstacles and challenges faced by Indonesia. One of the main problems that still exists today and is difficult to overcome is the inequality or economic gap between the upper class, namely urban areas and the lower class, namely rural areas and different social groups. Although in recent times the socio-economic indicators in Indonesia have experienced a good increase such as the human development index and per capita income, there are still several problems or issues that need to be addressed for the sake of social welfare in Indonesia.

The economic and social status in Indonesia of course still has many obstacles that need to be faced and is a challenge for the Indonesian people. The main challenge in socio-economics that has not been solved until now is the income gap. Most of the income earned by the community has a very significant difference.

Income in urban areas is generally very sufficient, while in rural areas on average still face economic difficulties. This inequality also has an impact and affects access such as education, health and infrastructure development properly which are actually the rights of all people in Indonesia. In addition to economic inequality, there are other challenges, namely poverty and unemployment. Limited access to health will increase the chances of people suffering from diseases that are experienced even to death, especially for low-income or disadvantaged groups, lack of cognitive abilities due to lack of nutrition, especially for children. Lately the poverty rate has decreased, but in general there are still many people who are poor, especially in rural areas due to limited economic opportunities for jobs that are few.

Therefore, the unemployment rate must also be considered by the government, especially for young people who are looking for work. In addition, increasing inequality causes an increasing opportunity for criminal acts to arise (Kelly, 2000). Significant socio-economic differences trigger people to steal or take other people's property for their own benefit. Rapid technological developments are one of the ways bullying, SARA violence, sexual violence, information theft and others occur. (Bhuller et al., 2013; Chan et al, 2013; Nolte, 2017; Reisig, et al., 2009; Salifu, 2008; Schechtman et al., 2006).

Research Method

Based on the article and description above, the author uses the Literature review method. Literature review is a framework or research method by conducting an evaluation summary containing concepts or orientations to conduct in-depth analysis and collect relevant fact classifications in the research conducted. Literature review contains the results of a summary or summary of the results of the analysis, comparing the results of one study with another and the results of identifying relevant sources such as Google Scholar, collecting data from these sources, and a systematic and structured literature review writing report. The purpose of this study is to provide information on the analysis of the causes, impacts, and efforts to overcome social and economic disparities in Indonesia.

Results and Discussion

Indonesia is a country with the largest economy in Southeast Asia and has good potential to face sustainable economic growth. However, unfortunately there are still complex obstacles and challenges faced by Indonesia. One of the main problems that still exists today and is difficult to overcome is the inequality or economic gap between the upper class, namely urban areas and the lower class, namely rural areas and different social groups. Although in recent times the socio-economic indicators in Indonesia have experienced good improvements such as the human development index and per capita income, there are still several problems or issues that need to be addressed for the sake of social welfare in Indonesia.

The cause of the socio-economic gap is of course due to the significant difference in income between urban and rural areas, the lack of employment is also a cause of low income. In addition, there are also differences in natural resources, differences in natural resources between one region and another cause differences in income and differences in the types of quality of goods produced. Inequality in access to education is also one of the causes. A person who has a good or high education often has a greater chance of getting a job and earning a high income, in other words, someone who has a higher educational background will have good quality human resources compared to people who are not educated or have low education.

Injustice in the tax system and public policy, this factor is one of the causes of socio-economic inequality in Indonesia. For example, an unfair tax policy where people still have time to not pay taxes. Lack of public understanding of tax payments also makes people not take care of their obligations. The government does not provide strong sanctions for delays in tax payments for the community so that people still have the intention to violate tax payment deadlines. Another thing that causes socio-economic inequality is the low level of education in less accessible and/or remote areas.

Uneven infrastructure development is one of the causes of social and economic injustice for all people in Indonesia, especially in rural areas. Some areas in Indonesia are only in the city where tall buildings are built along with adequate facilities for the community around the city so that they can facilitate the facilities and infrastructure for needs, both clothing, food, primary, secondary and tertiary needs. The existence of infrastructure also encourages the level of productivity for production materials which also makes the income level much higher. However, in rural areas, infrastructure development is much different from development in cities. Economic development in rural areas is still relatively small, which makes production activities not as expensive or as expensive as the level of productivity in urban areas so that the income of rural communities is still relatively low or even below the normal general income line or UKT.

Socio-economic disparities or inequalities certainly have a detrimental or negative impact on society, especially for the lower class or economically disadvantaged. The impact is that many people are unemployed or have difficulty getting jobs and poverty because there are few jobs. If a country is dominated or too many poor and unemployed people, then the country's income will also be very low. Furthermore, there is the impact of an unclear target market. If a company has a target market for the lower middle class, of course the company will experience losses because people's income is uncertain or uncertain, unlike the upper class, although most can afford to buy the product, most upper class people like to buy high-quality products from abroad. Another impact is the scarcity of competent workers, although in Indonesia there are still many unemployed people, many companies still have difficulty finding competent workers. The gap in society also

affects the quality of education which makes it difficult to find work. Crime cases are also included in the impact of socio-economic disparities, of course the closest factor is the problem of financial economy. not developed and can only meet a person's basic needs.

Fair distribution of wealth is needed to overcome insignificant income. In a society that has more income, it is necessary to pay higher taxes. Social awareness is also needed to support the overcoming of insignificant income in society. Taxes are used to serve the community evenly without forgetting small and/or remote areas. The government, private sector, and society need to coordinate in creating jobs with equal wages.

The main effort in overcoming the differences in natural resources is by conducting international trade. The advantages that exist in our country need to be utilized. Like us as a maritime country that has abundant marine products, we can export natural resources from our country to countries that are lacking. The shortcomings in our country can also be met by importing the natural resources needed so that we can overcome the differences in natural resources in our country. In addition to overcoming differences in natural resources, international trade also has other positive impacts in the form of increasing foreign exchange and expanding access to jobs.

Some strategies and initiatives that can be applied to overcome the problem of difficult access to education include developing educational infrastructure, such as improving facilities in remote areas and internet connectivity. Educational support and subsidies, such as scholarship programs, transportation assistance, and provision of learning resources, are also important to reduce financial barriers. Training and recruitment of qualified teachers are needed to improve the quality of education and ensure the availability of teachers in areas with shortages. In addition, inclusion and equity policies are essential to ensure equal access for children with special needs. Working with local communities and NGOs to design alternative education programs and distance learning can help reach hard-to-reach groups. Sources such as the World Bank, UNESCO, and the American Research Association (AIR) believe that education reform is based on equity and inclusion, so that all students have equal access, regardless of social or geographic background. To be effective in the long term, these steps require careful measurement and collaboration between stakeholders.

Some efforts that can be made to address the injustice of the tax system based on research from the Taxation Journal by Darussalam (2019) are to reform the tax system as a whole. The government needs to implement a fairer progressive tax system, where taxpayers with higher incomes pay a larger percentage of tax. In addition, according to a World Bank study (2020), transparency in tax management must be improved through a better reporting system and stricter audits of high-income taxpayers. The provision of tax incentives also needs to be more targeted so that it does not only benefit certain groups.

Based on a study by the Center for Indonesia Taxation Analysis (CITA) in 2021, the government needs to strengthen tax law enforcement by imposing strict sanctions for tax avoidance. The tax information technology system must also continue to be improved to prevent tax data leaks and manipulation. Another important thing according to research from the University of Indonesia (2022) is to increase tax awareness and compliance through intensive education and outreach to the public. Tax officers also need to be equipped with adequate training and competencies in order to provide optimal service.

Finally, harmonization of various tax regulations is needed to avoid overlapping policies that can create gaps in injustice. Coordination between agencies related to taxation must also be strengthened to create a more integrated and equitable system. According to a study by Bappenas (2023), overcoming uneven infrastructure development can be done through the implementation of an accurate and comprehensive data-based development planning system. The government needs to map infrastructure needs throughout Indonesia by considering the potential and characteristics of each region.

Based on research from the World Bank (2022), the involvement of the private sector through the Public-Private Partnership (KPBU) scheme needs to be increased to overcome the government's budget limitations. However, its implementation must still pay attention to aspects of justice and equitable development between regions. The Ministry of PUPR in its annual report (2023) emphasized the importance of strengthening coordination between the central and regional governments in planning and implementing infrastructure development. Synchronizing development programs between levels of government can prevent overlapping and disparities in development.

A study by the Asian Development Bank (2021) recommends the development of an effective monitoring and evaluation system to ensure that infrastructure development runs according to plan and is on target. Technology such as geographic information systems can be utilized to monitor development progress directly. According to research by the Bandung Institute of Technology (2023), empowering local communities in infrastructure development is also important to ensure sustainability and suitability to local needs. Community involvement can be done through development planning discussions to project implementation supervision. The Center for Strategic and International Studies (CSIS) in its 2022 study suggested the need for regulatory reform to facilitate the implementation of infrastructure projects in underdeveloped areas. Simplifying licensing and land acquisition procedures can accelerate development in areas that are still lagging behind in terms of infrastructure.

Conclusion

Social and economic disparities remain a serious challenge in Indonesia, despite having the largest economy in Southeast Asia. This problem is rooted in a

variety of interrelated factors, ranging from the striking income gap between urban and rural communities, unequal access to education, to unbalanced infrastructure development. Unfair tax systems and differences in access to natural resources also worsen the situation, coupled with limited job opportunities. To address employment issues, the government and the private sector need to collaborate in creating quality jobs, especially in areas with high unemployment rates. Vocational training and skills development programs must be improved to prepare a competent workforce. In terms of international trade, the government needs to optimize export potential from various regions while ensuring an even distribution of benefits throughout the region. The implementation of information technology in public services also needs to be strengthened to increase transparency and efficiency of government programs. All of these recommendations need to be supported by an effective monitoring and evaluation system to ensure the achievement of the goal of reducing social and economic disparities in Indonesia.

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