

THE IMPACT OF AN INCLUSIVE DIGITAL ECONOMY

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ABSTRACT

This research aims to determine the impact of the digital economy. The method used is a descriptive research method. The research results show that the impact of the digital economy has greatly changed the way we work, do business, interact and access services. On the one hand, the digital economy offers great opportunities to increase efficiency, innovation and economic growth. On the other hand, this also brings challenges, especially in terms of access gaps, data protection and changes in the labor market. Countries and the business world need to respond with adaptation measures so that the benefits of the digital economy can be felt evenly.

Keywords: Digital Economy

INTRODUCTION

There are quite a lot of macro analyzes at the national and regional levels which state that the potential for Indonesia's digital economy in the future is very promising. However, until now, there are still many doubts regarding the contribution of the economic value of digital economic activities to the overall national economy. A number of parties have tried to estimate this with different figures. The Ministry of Finance (2018) wrote that the contribution of digital economic activities to GDP is only 6%. Jayani (2019), citing data from the Coordinating Ministry for the Economy, stated that the contribution of digital economic activities to GDP was only 2.9%. Meanwhile, Cahyani (2019) reported that according to the Ministry of Communication and Information, the contribution of digital economic activities in 2018 was 8.5%, and that figure increased to around 9% in 2019. The calculations for each ministry are different, but all the figures show that the contribution value is consistent. digital economy to GDP is still not real (Bachtiar et al., 2020).

Digital economic transformation is fundamentally not about technology but about strategy. While it may require upgrading your IT architecture, the more important upgrade is your strategic thinking (Wibowo, 2022).

Based on the 2023 eCommerce survey business data (listing) in 4,252 Census Blocks spread across 302 Regencies/Cities, it was found that there are still many businesses that have not implemented eCommerce in 2022. The biggest reason (78.12 percent) is because it

is more convenient to sell directly (offline).), 29.94 percent are not interested in selling online, and 27.83 percent of businesses lack knowledge or expertise (Badan Pusat Statistik, 2023).

From a geographic perspective, 76.38 percent of eCommerce businesses are located on the island of Java. The largest number of eCommerce businesses is in West Java Province at 21.45 percent, East Java Province 19.09 percent, Central Java Province 18.06 percent, DKI Jakarta Province 8.45 percent, DI Yogyakarta Province 5.81 percent, and Banten Province 3.52 percent.

Meanwhile, 23.62 percent of the number of eCommerce businesses is spread across provinces outside Java, namely on the island of Sumatra 11.03 percent, Kalimantan 4.41 percent, Bali and Nusa Tenggara 4.19 percent, Sulawesi 3.66 percent and Maluku & Papua is only 0.34 percent (Badan Pusat Statistik, 2023).

Based on the background above, the author is interested in seeing the impact of an inclusive digital economy.

LITERATURE REVIEW

The digital economy can be interpreted as human behavior regarding how to choose to fulfill their unlimited needs using only their fingers or the digital economy can also be interpreted as human activities related to production, consumption and distribution using only their fingers. The definition of digital economy above means that people no longer need to go to the market to get goods and services, but simply use their smartphone and goods can arrive at home to fulfill their desires (Permana & Puspitaningsih, 2021).

As an economic actor, you must be able to utilize technology as a tool that has positive impacts and activities to carry out transactions. These positive activities in carrying out transactions are the ability to increase the product capacity of the industrial world in producing economic transactions (Maria & Widayati, 2020).

The development of Indonesia's digital economy is quite good, contributing to Indonesia's GDP; increasing productivity, accelerating production, consumption and distribution flows; economic growth in various sectors and the ability to survive the economy amidst the Covid-19 pandemic. However, the digital economy also poses a threat

to national defense where digitalization causes all data to be connected to servers which are prone to misuse and utilization of data; unsafe transactions due to malware-based cyber attacks, fraudulent transactions or hacking by hackers, and infrastructure problems that do not yet reach all regions of Indonesia (Aprilia, 2021).

The digital economy has business resilience and is significantly able to make a positive contribution to economic growth (Nizar & Sholeh, 2021).

The positive impact of the digital economy is that contributions to PDP increase every year, encouraging the growth of young entrepreneurs through start-up businesses. Meanwhile, the negative impact is that unemployment will increase because it is replaced by automatic machines, many new jobs will emerge that have never existed before (Prastyaningtyas, 2019).

RESEARCH METHOD

The research method used is descriptive research method. In general, systematics is narrative in nature and collect secondary data from BPS, APJI, expert opinions, magazines, books and online published texts related to the digital economy.

RESULT AND DISCUSSION

An inclusive digital economy has great potential to reduce economic and social inequalities, create new opportunities for different levels of society, and increase access to essential services. However, to achieve maximum impact, governments, the private sector and society must work together to address infrastructure, skills and digital inclusion challenges.

The impact of an inclusive digital economy is enormous and far-reaching. The following are some of the significant impacts of the digital economy on the economy:

1. Change in Business Model

The digital economy makes businesses more efficient and effective in their management, including increasing productivity. The emergence of buying and selling sites started from forums on the internet. Then shift to online buying and selling sites. Not only that, the transportation sector has also changed from a base to an application that can be ordered

from anywhere. Marketing can also reach all groups with little capital by utilizing social media.

2. Digitalization of Trade

Buying and selling sites such as Shopee, Tokopedia, and Bukalapak allow consumers to buy goods online, facilitating global transactions and speeding up the distribution of goods. The digital economy connects consumers and suppliers around the world, creating larger and more diversified markets. Companies can conduct business transactions (B2B) digitally, increasing the speed and efficiency of supply chains and production.

3. Changes in the World of Labor

As the use of digital technology increases, there is greater demand for skills in information technology (IT), data analytics, artificial intelligence (AI), and cybersecurity. Jobs that are not tied to a physical location (remote working) are increasingly common.

4. Financial Inclusion and Access to Services

Access to financial services is increasingly open through digital platforms, such as mobile banking applications and digital wallets (e-wallets), which allow transactions without having to visit a physical bank.

Digital technology enables innovation in financial services such as peer-to-peer (P2P) lending, technology-based investment, and data-based insurance that are more easily accessible to people, especially those previously unreachable by traditional financial services.

5. Influence on Policy and Regulation

The development of the digital economy forces governments to design and update policies accordingly. This includes regulations regarding personal data (such as GDPR in Europe), e-commerce taxation, as well as consumer protection in online transactions.

Reliance on digital infrastructure increases the importance of cybersecurity. Cyber attacks and data theft are serious threats, so stricter monitoring of digital systems needs to be implemented.

6. Social Change and Community Interaction

Consumers increasingly rely on the internet to obtain product information, make purchases, and interact with brands. Online shopping, streaming content, and interaction on social media have become an important part of everyday life.

Streaming platforms such as Netflix, Spotify and YouTube have changed the way people access entertainment, shifting the business models of traditional media such as television and radio. Social media and instant messaging applications allow people to interact more quickly and widely without being bound by time and space, but also bring challenges in terms of privacy and the spread of false information.

7. Growth of the Technology and Innovation Sector

Innovations in the field of digital technology, such as artificial intelligence (AI), blockchain, internet of things (IoT), and cloud computing, are increasingly increasing economic opportunities. Technology companies are one of the main pillars of the global economy.

The digital economy is also driving the growth of the startup ecosystem, with various new technology companies emerging and growing rapidly. The existence of incubators, accelerators and venture capital increasingly supports this development.

8. Impact on the Environment

Digitalization allows reducing the use of paper and other physical equipment, which has a positive impact on reducing deforestation and waste. However, the digital sector also has a large environmental impact in terms of energy use, especially in terms of data centers and cloud computing.

9. Economic Inequality and the Digital Divide

Although the digital economy provides many opportunities, not everyone has equal access to technology. Some regions, especially in developing countries or remote areas, may lag in access to the internet or digital devices, leading to economic inequality.

There is a glaring skills gap, with the majority of the workforce lacking the skills needed to compete in an increasingly digital world.

Sectors impacted by the digital economy include e-commerce, fintech, transportation, education and health services. The rapid growth of e-commerce is changing the way we shop from physical products to digital services. The financial industry is also

witnessing digital transformation with the emergence of various technology-based financial services such as digital payments, peer-to-peer lending and robo-advisors. Online transportation applications such as Gojek and Grab have revolutionized the transportation industry. Online education is becoming increasingly popular, making education more flexible and affordable. Digital technologies are used to improve health services, such as telemedicine and electronic health records.

To maximize the positive impact of the digital economy, efforts are needed to support this, including infrastructure, regulations and most importantly security factors.

Firstly, good regulations are very important in supporting the development of the digital economy. Regulations are guidelines that ensure that nothing is arbitrary and users and providers can feel safe and comfortable. Infrastructure development that supports the development of the digital economy is also very important, such as internet access in all corners of the region, affordable internet and even free public facilities. Then the last one is related to personal data security. The government must be able to guarantee security and enforce the law firmly and without favoritism. Because leaking personal data can provide access for individuals to commit crimes in any form.

In general, an inclusive digital economy can offer great opportunities for various levels of society, including groups that have been marginalized. Here are some of the impacts: increased access to economic opportunities, dissemination of information and knowledge, increased financial inclusion, increased productivity and efficiency, reduction of social and economic inequalities

Increased access to economic opportunities is characterized by the opening of new opportunities for individuals to work from home or do business online without geographic restrictions. By using digital platforms, people can start businesses at lower costs and reach world markets. Then access to markets through e-commerce and digital marketing, small and medium businesses can access a wider market and be more connected with consumers, without having to rely on expensive physical infrastructure.

The dissemination of information and knowledge is marked by the emergence of digital education platforms which enable people from various backgrounds to gain easier

access to education and training without having to go anywhere. This reduces educational disparities between regions and social groups.

Increased financial inclusion is marked by the emergence of digital banking platforms and fintech which facilitate access to financial services for those previously unreachable by conventional banks, such as people in rural areas or those who do not have a bank account.

Increased productivity and efficiency are marked by the emergence. Digital technology that enables various sectors to increase productivity through automation and artificial intelligence. Digital technology helps increase efficiency in global supply chains, allowing companies to adapt products more quickly to market demand.

Even though there are many benefits, building an inclusive digital economy requires efforts to overcome several challenges, including: the digital divide, namely access to technology and the internet is still unequal, especially in rural areas and developing countries. This gap can increase inequality. Then security and privacy, namely people who do not understand technology are at risk of cybercrime and misuse of their personal data. Furthermore, digital skills, namely not everyone has the digital skills needed to make the most of technology. Therefore, training and skills development are needed.

CONCLUSION

The impact of the digital economy has profoundly changed the way we work, do business, interact and access services. On the one hand, the digital economy offers great opportunities to increase efficiency, innovation and economic growth. On the other hand, this also brings challenges, especially in terms of access gaps, data protection and changes in the labor market. Countries and the business world need to respond with adaptation measures so that the benefits of the digital economy can be felt evenly.

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