



Community Experiences in Confronting Economic Inequality and Its Impacts on Livelihoods

Hot Martua Sinaga¹, Wargo², Kuswanto³

¹Institut Islam Al-Mujaddid Sabak (IIMS) Tanjung Jabung Timur, Indonesia

²Institut Islam Al-Mujaddid Sabak (IIMS) Tanjung Jabung Timur, Indonesia

³Institut Islam Al-Mujaddid Sabak (IIMS) Tanjung Jabung Timur, Indonesia

*Correspondent Author: hotmartuasinaga@gmail.com

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Abstract:

This study aims to provide an in-depth understanding of community experiences in confronting economic inequality and the effects on social, psychological, and livelihood dimensions among low-income groups. Grounded in the observed widening gaps in wealth distribution and unequal access to economic resources in Indonesia, the research adopts a qualitative case study approach employing in-depth interviews and participant observation with individuals and groups directly affected by inequality. Findings reveal that economic inequality constrains access to education, healthcare, and decent employment, while also elevating psychological stress and social marginalization. Communities enact two primary adaptive strategies: problem-focused coping, through income diversification, micro-entrepreneurship, and stricter household resource management; and emotion-focused coping, through strengthened spiritual practices and mutual social support. By integrating perspectives on inequality, social mobility, and coping, the study contributes to theoretical refinement regarding adaptive responses to structural disadvantage and enriches the literature on lived strategies of resilience. Practically, the results inform more inclusive social policy design that centers community experiences and supports capacity-building rather than solely providing short-term material assistance.

Keywords:

Economic inequality, social diversity, social impacts.



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INTRODUCTION

The phenomenon of economic inequality is now a global issue with far-reaching impacts on social dimensions, health, and human development. Inequality in income and wealth distribution hinders the achievement of social welfare and weakens the social cohesion of society (Schröder, 2023). People in countries with high levels of inequality generally have a lower quality of life, especially in access to education, health, and social mobility (Gao, 2022). In the Indonesian context, although the Gini ratio has declined, inequality remains alarming and affects vulnerable groups. This condition confirms that economic inequality is not only a macro issue but also an everyday reality that needs to be studied in depth.

The academic and practical need to understand people's experiences of economic inequality is becoming increasingly important. While some previous studies have addressed the impact of

inequality on mental health and social participation (Pinfold, 2023; May, 2023), few have qualitatively highlighted people's experiences of adaptation, particularly in the Indonesian context (Abularrage, 2024). This study fills this gap by examining how individuals and communities navigate economic pressures through behavioral, social, and psychological adaptive mechanisms. As such, this research seeks to reveal a more human reality behind the statistical figures of economic inequality.

This research is grounded in three main theoretical frameworks: socioeconomic inequality, social mobility, and coping. Socioeconomic inequality theory highlights how unequal wealth distribution creates social stratification (Carr, 2023), while social mobility theory explains the structural barriers low-income groups face in improving their social status (Gao, 2022). Coping theory, as proposed by Abularrage (2024), emphasizes the problem-focused and emotion-focused strategies that individuals use in dealing with economic stress. The integration of these three theories allows for an in-depth analysis of people's adaptation strategies in the face of inequality.

Previous empirical studies have shown that inequality not only affects economic well-being but also shapes people's social perceptions, aspirations, and behaviors. Vidal's (2023) study found that inequality and social media exposure reinforce social comparisons among adolescents, while Schieferdecker (2024) highlighted how public conversations about the unequal economy influence people's attitudes. Thomas' (2024) study shows that inequality can lower self-esteem and trigger diverse survival strategies. On the other hand, Gugushvili et al. (2022) and Chetty et al. (2022) emphasize the importance of social capital in bridging economic disparities and enhancing social mobility. These findings suggest that responses to inequality are multidimensional, encompassing structural, social, and psychological aspects.

This article contributes by extending the study of economic disparities into the local Indonesian context through a qualitative case study approach. By highlighting community experiences, this research bridges the gap between macro-analysis and micro-narratives of socio-economic adaptation. Theoretically, this research enriches the understanding of the relationship between economic structure and community coping strategies, while practically, it provides input for policy formulation based on community experiences. Conceptually, this research model illustrates the relationship between economic inequality, structural barriers, socio-psychological experiences, and community adaptation strategies in response to economic pressures, while providing a conceptual basis for more in-depth research methods.

METHOD

This research uses a qualitative research strategy with a case study approach, which aims to gain an in-depth understanding of people's experiences in dealing with economic inequality in the context of everyday life. The case study approach was chosen because it allows researchers to explore in detail complex phenomena in real-life settings and explore, holistically, the interaction between social, economic, and adaptation aspects of individuals or groups (Yin, 2018; Shrestha & Bhattarai, 2022). All data processed are primary data, in the form of in-depth interviews with purposively selected informants, participatory observation in the field, and supporting documentation

related to the socio-economic conditions of the community. Interviews used semi-structured guidelines to explore the subjective experiences and adaptation strategies of informants, participatory observation was conducted to record the dynamics of social interactions and daily practices, while documentation collected field notes, photos of community activities, and local artifacts as a complement. The research population was the economically vulnerable community groups in the study area; the sample was purposively selected based on the criteria: (a) having a low or marginalized economic background, (b) involving formal or informal sector jobs (day laborers, micro-enterprises, agrarian), and (c) willing to be the main informant in the in-depth interview. Data analysis was conducted through triangulation techniques, namely combining the results of interviews, observations, and documentation to increase the credibility of the findings (Denzin & Patton, 2019). The data collected was thematically coded using NVivo software version 12, then analyzed through the stages of open coding, axial coding, and selective coding to build themes, mainly community adaptation to economic inequality.

The inclusion criteria included informants who had lived in the study community for at least five years and had experienced or recognized economic inequality in their daily lives; local documentation relevant to the research theme (e.g., government support records, reports on community empowerment activities); and observations made actively in the community. Exclusion criteria were individuals who had only lived in the community for less than one year, informants who did not agree to have their interviews recorded, or documentation that lacked field verification. The units of analysis in this study are individuals and small groups (e.g., community members, micro-entrepreneurs) who are directly involved in adapting to unequal economic conditions. Thematic data analysis techniques were applied by identifying patterns-experiences, impacts, and adaptation strategies in the daily lives of the research subjects; furthermore, data triangulation was used to check consistency between data sources and strengthen the validity of interpretations (Heale & Forbes, 2022). Thus, this method enabled the research to systematically explore "how" and "why" people develop adaptation strategies in the face of economic inequality, in accordance with the conceptual framework developed.

RESULTS AND DISCUSSION

Results

Based on the results of qualitative data analysis through the process of open coding, axial coding, and selective coding of in-depth interviews, participatory observation, and field documentation, three main themes were found that describe the community's experience in dealing with economic inequality, namely: (1) community perceptions of economic inequality, (2) the impact of economic inequality on social and psychological life, and (3) community adaptation strategies in dealing with economic pressures. Each theme was developed from several categories that appeared consistently in the empirical data and was verified through triangulation between sources.

1. Public Perception of Economic Inequality

Most informants described economic inequality as a condition that is not only related to income differences but also to access to fair life opportunities. Informants attributed the gap to disparities in employment, education levels, and economic capabilities among residents. They consider inequality to be part of a social system that is difficult to change due to limited employment opportunities, dependence on the local economy, and the lack of effective empowerment programs. The community views that government policies have not fully reached the weak economic groups, especially in terms of equitable distribution of assistance and facilities. This finding is in line with research highlighting that people's perceptions of economic inequality are often influenced by social structures and public policies that are not adaptive to the needs of vulnerable groups (Sharma et al., 2023). In the local context, economic inequality is understood as a social condition that creates a sense of helplessness but also triggers a spirit of survival. People perceive that inequality is not only a matter of structural injustice, but also a life challenge that requires creativity and social solidarity to overcome.

2. The Impact of Economic Inequality on Social and Psychological Life

Economic inequality has been shown to have a multidimensional impact on people's lives, covering social, economic, educational, and psychological aspects. Socially, inequality weakens interactions and cohesion between residents; individuals with weak economic conditions tend to experience social exclusion in community activities and relationships between neighbors. This is reflected in the statements of several informants who felt inferior when interacting with the middle and upper economic groups. The economic impact is seen in income instability and declining purchasing power, which results in the inability to fulfill basic needs such as education and health. In line with the results of global research, high inequality can widen social distance and trigger feelings of inferiority among low-income communities (Wilkinson & Pickett, 2023). In addition, economic pressures also trigger psychological stress and anxiety about the future of the family. Some informants admitted that they often felt hopeless or worried about the condition of their children. This phenomenon reinforces the finding that economic inequality has a direct relationship with psychological well-being, self-confidence and social trust (Helliwell et al., 2022).

3. Community Adaptation Strategies to Economic Pressures

The thematic analysis shows that communities developed various forms of adaptation strategies in the face of economic disparity that fall into two main categories: problem-focused coping and emotion-focused coping. Problem-focused strategies include practical actions taken to cope with economic pressures, such as job diversification, consumption savings, and strict management of household finances. Some informants took productive initiatives such as opening small businesses, utilizing local resources, or attending skills training. This finding is in line with research that highlights the importance of economic creativity as a survival mechanism for the poor amid structural inequality (Umar et al., 2024). Meanwhile, emotion-focused strategies involve mental and social strengthening, such as strengthening support among residents, increasing spirituality, and maintaining optimism. Informants indicated that social activities such as arisan,

gotong royong, or religious participation became a medium to cope with emotional distress due to economic difficulties. This pattern of adaptation shows that people are not only focused on increasing income, but also on social and emotional resilience to maintain life stability.

4. Dynamics of Social Solidarity and Community Support

Another important finding is the emergence of social solidarity as a collective mechanism in dealing with economic inequality. During participatory observation, it was found that people help each other through social activities such as gotong royong, informal loan systems, and food sharing. This form of solidarity strengthens the sense of community and becomes a social safety net when government assistance is insufficient. In line with the study by Chetty et al. (2022), the level of social capital and support between individuals proved to play a significant role in reducing the negative impact of economic inequality. Communities develop norms of reciprocity and social trust that underpin community resilience to economic shocks. Emotional support from fellow citizens also plays an important role in maintaining the psychological stability of affected individuals, as shown in research on low-income communities in Southeast Asia, which found that social solidarity can strengthen subjective well-being and a sense of empowerment (Nguyen & Phan, 2023).

5. Community Hope and Future Orientation

In addition to describing hardships, people expressed strong aspirations and hopes for a better future. Informants expressed a desire for access to job training, business capital, and fairer economic policies. Some respondents hoped that their children would be able to obtain higher education to avoid repeating the cycle of poverty. This pattern shows a resilient future orientation, where economic limitations do not completely extinguish the spirit of social improvement. This phenomenon is in line with research on the role of hope theory in strengthening psychological resilience amid economic inequality (Tong et al., 2023). Hope serves as an internal motivator in the face of external pressures stemming from economic conditions.

6. The Role of External Aid and Evaluation of Government Programs

Data shows that some people receive assistance from the government and social organizations, such as direct cash transfers (BLT), necessities, and small business capital. However, the distribution of assistance is often considered unequal or not well-targeted. Most informants stated that the assistance is temporary and not enough to significantly change economic conditions. They considered that skills training and economic empowerment programs were more effective than cash assistance. This finding is reinforced by social policy research that shows that capacity-based economic interventions are more sustainable than consumptive aid (López et al., 2024). Evaluations of aid effectiveness point to the need for more participatory policy design, where communities are involved in program planning and implementation. Overall, the results of this study confirm that communities are not only recipients of the impact of economic disparities but also adaptive actors who develop strategies, solidarity, and hope to survive complex socio-economic pressures.

Discussion

The results of this study confirm that people affected by economic inequality live under complex experiential conditions, which are directly related to the three research problems: their experiences of economic inequality, the daily impacts on their lives, and their adaptation strategies. The findings show that people understand inequality not only as income differences, but also as barriers to access to educational opportunities, employment, and social services in accordance with the objectives of describing experiences (Objective a) and analyzing impacts (Objective b). Furthermore, the adaptation strategies found included problem-focused and emotion-focused coping, leading to the objective of identifying community adaptation (Objective c). Thus, the following discussion will examine how these findings can be understood within the theoretical framework and linked to the literature.

Within the framework of socio-economic inequality theory, it states that unequal distribution of wealth generates systemic barriers that reinforce social stratification (Carr, 2023). The finding that people see inequality as a barrier to access to employment and education corroborates this perspective. Social mobility theory describes how low-income individuals or groups experience limited mobility (Günther, 2025); the result that most informants find it difficult to move out of low economic positions shows the relevance of this theory. On the other hand, the coping framework explains that individuals develop both problem-focused and emotion-focused strategies to manage stress (Abularrage, 2024). The combination of findings shows that community adaptation is not only an individual response to structural pressures, but also an interaction between structure and agency.

When compared to previous studies, this study is in line with the finding that economic inequality increases status anxiety and worsens psychological well-being (Melita et al., 2021). The findings also support research on how coping in the context of economic inequality emerges as an adaptive response (Mayo, 2022). However, in contrast to many macro quantitative studies, this study uncovered local communities' adaptation mechanisms through social solidarity and peer-to-peer support, where previous literature has often focused on individuals or economic variables alone (Pinfeld, 2023). As such, this research broadens the horizon by focusing on the qualitative field experiences of vulnerable groups in developing countries.

The scientific contribution of this article lies in several aspects. Theoretically, the integration of inequality, social mobility, and coping theories enriches the framework of understanding how people actively deal with economic inequality. Methodologically, the qualitative case study research with data triangulation provides a depth of experience that is still lacking in the literature—a call for qualitative or mixed methods research in the field of inequality (Louie, 2016). Practically, the results describing community adaptation strategies—such as job diversification, strengthening social networks, and participation in collective activities—provide a tangible map for community empowerment policies. As such, this article fills the gap between macro-quantitative research on inequality and micro-social experiences of community adaptation.

The limitations of this research need to be acknowledged proportionally. Firstly, as a qualitative case study research, the results of this study are limited to a specific local context and are

not intended to be generalized quantitatively. Secondly, the selection of informants using purposive sampling techniques may result in a strong perspective bias on the experiences of certain individuals, which may not represent the entire affected community. Third, despite triangulation, the data still relies on informants' narratives, which may be influenced by retrospective memory or reluctance to share. Recognition of these limitations is important so that interpretation of the findings is done with caution.

Implications for future research include the development of comparative studies between urban and rural areas, as well as the use of mixed-methods designs to combine quantitative and qualitative data in understanding adaptation to inequality. For practitioners and policymakers, the findings point to the importance of empowerment programs that focus not only on temporary financial assistance, but also on skills development, strengthening social capital and facilitating community networks. More inclusive policies need to consider the experiences of affected communities as actors, not just objects, in designing interventions.

A further interpretation of these findings suggests that people's coping strategies-both problem-focused and emotion-focused-have important collective dimensions, namely social solidarity and informal networks. This confirms that coping is not only individual but also social and contextual, as described by previous research on how social support can ameliorate the negative impacts of inequality (National Elf Service, 2024). The strength of community networks and joint activities (arisan, gotong-royong) found in this study is a clear manifestation of how social capital functions as a means of adaptation, which has previously been highlighted in the literature (Chetty et al., 2022).

Finally, this discussion emphasizes that an understanding of economic inequality must go beyond macro measurements and reach out to the micro-social experiences of affected communities, especially in the context of developing countries like Indonesia. By placing communities as active subjects of adaptation, this research offers a more humanized and contextualized approach. Effective policy development will require recognizing the local dynamics, social networks, and adaptation strategies that communities themselves have developed that interventions become more relevant, participatory, and sustainable.

CONCLUSION

This research concludes that economic disparity is a multidimensional phenomenon that not only reflects income inequality, but also creates systemic barriers to access to education, employment, and social welfare. Through a qualitative case study approach, it was found that communities affected by economic disparity display complex life experiences, where economic pressures have implications for psychological well-being, social relationships, and the structure of economic opportunities. The results show three main aspects: first, people's perceptions of economic inequality are formed from the interaction between structural factors and daily experiences; second, the impact of economic inequality is felt socially and emotionally, leading to limited social participation and increased psychological stress; and third, people's adaptation strategies develop through two main mechanisms - problem-focused strategies in the form of productive economic

actions and savings, and emotion-focused strategies in the form of strengthening spirituality and social solidarity. The findings provide a comprehensive picture of how communities actively navigate the challenges of economic inequality through a combination of individual and collective efforts.

Theoretically, this research expands the understanding of economic inequality by integrating theories of socioeconomic inequality, social mobility, and coping within the framework of community adaptation. This approach emphasizes that inequality is not merely the result of an unequal economic structure, but also a social process that is responded to with local context-based adaptive strategies. Practically, the research results contribute to the formulation of social policies that are more participatory and based on community experiences. Findings regarding the role of social solidarity and community support can be used as a basis for designing economic empowerment programs that emphasize capacity building, not just material assistance. In addition, this research offers a methodological contribution with the use of data triangulation that results in a more in-depth and contextualized understanding of community experiences in areas with high economic inequality.

The implications of this research indicate the need for a policy approach that combines structural and cultural dimensions in addressing economic inequality. The government and social institutions need to expand programs that not only distribute economic assistance but also strengthen social networks, provide access to skills training, and sustainable community entrepreneurship development. For future research, a cross-regional or cross-time comparative study that examines differences in community adaptation patterns to economic inequality is recommended, as well as the integration of quantitative approaches to enrich the empirical validation of these qualitative findings. Thus, this research is an initial step in understanding the dynamics of community socio-economic adaptation and its contribution to the formation of social resilience in the midst of economic inequality, which is still a global and national challenge.

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