



The Impact of Global Trade Policies on Economic Inequality in Developing Countries: A Subjective Perspective of Economic Actors

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ABSTRACT

Understanding the subjective experiences of individuals within multicultural communities is crucial for fostering social cohesion and cultural preservation. In the context of Indonesia's diverse population, religious and cultural identities play significant roles in shaping experiences of integration and coexistence. However, there remains a gap in exploring the lived experiences of these communities from a phenomenological perspective, especially in relation to the role of religious moderation in maintaining cultural harmony. This study aims to fill this gap by exploring the experiences of individuals in Mandailing Natal regarding religious moderation and its impact on cultural and linguistic diversity. We employ a phenomenological approach using in-depth interviews with community members, religious leaders, and local authorities to uncover the meanings they attach to religious and cultural interactions. The findings reveal that religious moderation plays a central role in mitigating tensions and fostering mutual respect among diverse ethnic groups, with participants expressing a strong connection to their cultural and religious identities. These results highlight the importance of adopting a deeper, more nuanced understanding of cultural and religious dynamics in multicultural settings, offering valuable insights for future research on community-based social policies and educational programs.



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INTRODUCTION

Global trade policies have long been a critical factor in shaping the economic landscapes of developing countries. These policies, designed to promote international trade and economic integration, can have profound effects on local economies, particularly in how they influence income inequality, market access, and sectoral development (Anderson dkk., 2023). The implementation of such policies often leads to a complex dynamic where certain sectors or regions may benefit while others experience significant setbacks, exacerbating existing social and economic disparities. While there is ample quantitative research examining the economic impacts of global trade, there is a notable gap in understanding how these policies are experienced and interpreted by the people directly affected—local economic actors, such as small business owners, farmers, and local government officials. These actors are not merely passive recipients of policy outcomes; rather, they actively negotiate their survival and success within the framework of these policies.

The theoretical foundation for understanding these dynamics typically involves concepts from international trade theory and economic development, which emphasize the flow of goods, capital, and labor across borders. However, these frameworks often overlook the subjective, lived experiences of those navigating these complex systems at the local level. Recent studies have begun to address this gap, yet much of the existing literature focuses on statistical analyses of trade policy outcomes rather than on the deeper, qualitative experiences of individuals. Therefore, there is a critical need for research that explores the nuanced, lived experiences of economic actors within the global trade system, shifting the focus from macroeconomic models to micro-level, human-centered perspectives.

Phenomenology, with its focus on uncovering the meaning-making processes of individuals, is particularly well-suited for this exploration. By prioritizing subjective experiences and perceptions, phenomenology enables a deeper understanding of how local actors interpret and respond to the effects of trade policies on their economic lives. This approach shifts away from abstract models of economic behavior and instead delves into the personal, often emotional experiences that define individuals' interactions with global markets (Chalise & Naranpanawa, 2023). Through this lens, the study aims to uncover how these actors make sense of their economic challenges and opportunities in the face of global trade policies, providing insights into the human side of economic disparity.

This research seeks to explore these subjective experiences in greater depth, contributing to a broader understanding of the social and personal impacts of global trade. By focusing on the meaning and significance of these experiences, the study aims to offer a richer, more nuanced perspective on the interplay between global trade policies and economic inequality in developing countries.

Research into the subjective experiences of individuals in relation to complex phenomena, such as the impacts of global trade policies, has increasingly become a vital area of study. Understanding how individuals perceive and interpret these policies at a personal level offers valuable insights that purely quantitative analyses often overlook. In particular, the experiences of local economic actors—those directly affected by trade policy—have been insufficiently explored, despite their critical role in the success or failure of these policies at the grassroots level.

One of the primary challenges in exploring these experiences is the methodological difficulty of capturing the depth and nuance of subjective perceptions. Traditional quantitative methods, such as surveys or econometric models, are valuable in assessing broad trends and outcomes but fail to provide a comprehensive understanding of the meanings individuals attach to their experiences. These approaches often reduce complex, multifaceted phenomena to numerical data, thereby missing the lived experience of those navigating these challenges. As a result, they fall short in capturing the emotional, social, and personal dimensions that are essential to understanding the full impact of global trade policies.

Phenomenological research, by contrast, focuses on the essence of human experience and is uniquely suited to addressing these limitations. However, even within phenomenology, the challenge remains to adequately represent the complexities of individual and collective perceptions, particularly in socio-economic contexts. Exploring the subjective experience of economic actors requires a nuanced understanding of how individuals make sense of their place within larger economic systems, and how these systems shape their daily lives. This research therefore builds on the growing recognition of the need for qualitative methods that uncover the rich, detailed perspectives of individuals living at the intersection of global policy and local economic realities.

In this context, it becomes clear that the limitations of earlier approaches—especially those relying solely on quantitative data—make it difficult to grasp the full essence of the experience of trade policy impacts (Chen dkk., 2024). The current study aims to address these gaps by providing a more holistic, phenomenological understanding of how global trade policies are experienced by local economic actors, offering insights that can inform more effective and inclusive policy-making.

While much of the existing research on global trade policies in developing countries has focused on quantitative analyses, such as economic modeling and statistical evaluation, these approaches often fail to capture the depth of human experience and the subjective meaning that individuals attach to these policies. These methods provide valuable insights into macroeconomic trends and broad policy outcomes but do not address the nuanced ways in which local economic actors experience the impacts of such policies on their livelihoods. The practical, often quantitative, solutions in the existing literature are limited in their ability to represent the emotional, social, and personal dimensions of trade policy impacts. This results in a lack of understanding of how these actors interpret the policies on a day-to-day basis, how they navigate economic inequality, and how they make sense of their changing economic environments.

The gap in knowledge, therefore, lies in the inability of current research to provide a rich, holistic understanding of the lived experiences of individuals directly affected by trade policies. While

general models and frameworks may offer guidance on the macroeconomic effects, they are inadequate when it comes to exploring the subjective experiences of those who live within the systems these policies create. This highlights the need for alternative approaches—specifically, phenomenological methods—that are better suited to uncovering the essence of human experience. Phenomenology, with its focus on subjective meanings and lived experiences, offers a unique opportunity to delve deeper into the personal and collective experiences of economic actors (Chindok, 2023). It allows for a more comprehensive exploration of how individuals experience and interpret the effects of global trade policies, moving beyond surface-level data to explore the emotional and contextual layers that define these experiences.

By adopting a phenomenological approach, this study seeks to fill the gap in understanding by providing a detailed exploration of the meaning-making processes of local economic actors, offering a deeper, more nuanced understanding of the interplay between global trade policies and economic inequality at the local level.

Previous research has primarily focused on the economic outcomes of global trade policies, often utilizing quantitative methods to measure the effects on GDP, market access, and income distribution. However, these studies overlook the personal experiences of those directly affected, particularly local economic actors. There is a growing body of literature in phenomenology that explores how individuals navigate complex socio-economic systems, emphasizing subjective experiences and the meaning attached to these experiences. The theoretical foundation of this study draws on phenomenological concepts, particularly those related to the lived experiences of individuals and how they make sense of economic change within their local contexts. This theoretical lens is critical for understanding the impacts of global trade policies on the local level, especially regarding economic disparity and the individual's response to it.

The phenomenological approach was selected for this study because it allows for a deeper exploration of the subjective experiences of local economic actors, something that traditional quantitative methods fail to capture. By focusing on the meanings individuals attach to their experiences with trade policies, phenomenology enables a richer, more nuanced understanding of how these policies affect them personally (Hossain & Delin, 2021). This approach directly addresses the knowledge gap identified earlier by shifting the focus from macroeconomic trends to micro-level experiences. In doing so, it uncovers how economic actors interpret their position within the global market system and the personal significance of their economic challenges. The study aims to provide insights that are more aligned with the human experience of navigating economic inequalities shaped by trade policy.

The structure of this article follows a clear, logical progression to address the research questions. It begins with an introduction to the context and significance of the phenomenon under investigation. The methodological approach, specifically phenomenology, is then detailed, followed by a description of the data collection process and analysis techniques (Huang, 2024). The results are presented thematically, focusing on the lived experiences of the participants, and are followed by a discussion that ties these findings to the existing literature. Finally, the article concludes by synthesizing the findings, offering recommendations for future research, and highlighting the implications for policy and practice.

RESEARCH METHODS

Study Design

This study employs a phenomenological approach to explore the subjective experiences of local economic actors in developing countries regarding the impact of global trade policies on economic inequality. Phenomenology is chosen for its focus on understanding how individuals perceive and make sense of their lived experiences (Jacinto, 2023). The approach is particularly relevant to this study as it allows for a deep exploration of participants' personal experiences, highlighting the meanings they assign to the phenomenon of trade policy and economic disparity. By

focusing on individual perspectives, phenomenology helps uncover the essence of how these economic actors navigate the complex dynamics of global trade and its effects on their livelihoods. The interpretative phenomenological approach is specifically applied to interpret how participants make sense of their experiences in the context of broader economic and policy-related changes, providing rich insights into the personal and societal dimensions of the issue.

Participants

Participants in this study include local economic actors, specifically small and medium-sized entrepreneurs, government officials, and economic experts who have direct experience with global trade policies in developing countries (Kalafsky & Graves, 2020). A purposive sampling strategy was employed to select individuals who meet the criteria of involvement in international trade over the past few years and who possess first-hand knowledge of the impacts of trade policies on local economies. The study included 12 participants, with a gender distribution of 6 males and 6 females. The participants' ages ranged from 35 to 58 years. While this sample size is relatively small, it was chosen to allow for an in-depth exploration of individual experiences rather than generalization to a broader population. The participants' diversity ensured a wide range of perspectives from various sectors directly affected by trade policies, such as agriculture, manufacturing, and retail. However, it is important to note that the small sample size limits the generalizability of the findings, and the conclusions drawn are specific to the experiences of the participants involved. The inclusion criteria specifically targeted those with substantial experience in sectors directly affected by trade policies, such as agriculture, manufacturing, and retail. Exclusion criteria included individuals without direct involvement in international trade or those who had not been active in economic roles for a minimum of two years.

Data Collection

Data were collected through semi-structured interviews conducted face-to-face in the participants' work environments or at mutually agreed-upon locations that ensured comfort and confidentiality. Each interview lasted between 45 minutes and 1.5 hours. A semi-structured interview guide was used to facilitate open-ended discussions while allowing flexibility to explore emergent topics (Lin dkk., 2023). The interviews focused on understanding participants' personal experiences, perceptions, and the impact of global trade policies on their businesses and economic well-being. Additionally, observational data were gathered through visits to local markets and businesses to complement the interview data and provide a contextual understanding of the economic dynamics at the local level. Prior to the interviews, participants were informed about the study's purpose, and measures were taken to create a comfortable environment for open discussions.

Data Analysis

Data were analyzed using thematic analysis, a common technique in phenomenological research, to identify recurring patterns and themes that emerged from the participants' narratives. The analysis process involved several stages: first, the data were transcribed verbatim, then systematically read to gain an overall sense of the content. Themes were identified based on participants' descriptions of their lived experiences, focusing on the meanings they attached to trade policies and economic disparities (Liu dkk., 2021). The analysis followed a step-by-step approach, beginning with initial coding, followed by the categorization of these codes into broader themes. NVivo software was used to assist in organizing and managing the data, but the core analysis remained deeply grounded in the interpretation of the participants' personal accounts. The goal of this analysis was to uncover the essential structures of participants' experiences, providing a rich understanding of how global trade policies are perceived and experienced at the local level.

Ethics

Ethical approval for this study was obtained from the relevant research ethics committee. Informed consent was secured from all participants prior to data collection, and they were provided with detailed information about the study's purpose, procedures, and their right to withdraw at any time without consequence (Rodríguez-Pose & Sotiriou, 2021). Participants' anonymity and confidentiality were strictly maintained throughout the study, with all personal identifiers removed

from the final dataset. Data were stored securely and were only accessible to the research team. The research adhered to both international and local ethical standards, ensuring that participants' rights and dignity were protected at all stages of the study.

RESULTS AND DISCUSSION

Disparities Between Local and Global Market Dynamics

One of the most significant findings of this study was the perception among local economic actors that global trade policies have deepened economic disparities. Several participants expressed frustration with how international trade regulations often favor larger, multinational companies over smaller, local businesses. As one small business owner put it, “The high tariffs on our products make them more expensive compared to imported goods, which puts us at a disadvantage. We can't compete with the prices of foreign products, and it's killing us slowly.” This sentiment was echoed by other participants who observed a growing divide between sectors that benefit from global trade and those that struggle to keep up.

A government official noted, “We are trying to align our policies with international standards, but the local economy is suffering. The local businesses are not able to scale in the same way as global competitors, and this creates a significant gap.” This sentiment reflects the challenge of balancing international trade agreements with the need to support domestic industries, a struggle that many developing countries face.

The local economic actors viewed these disparities not just as a result of unfavorable policies, but as a broader reflection of the structural inequality within the global economic system. Participants described a sense of helplessness in trying to adapt to these larger, global forces, which are often out of their control.

The Impact of Trade Policy on Price Inflation and Consumer Accessibility

A recurring theme throughout the interviews was the effect of global trade policies on the pricing of goods in local markets. Many participants observed that, as foreign products flood local markets, domestic goods become less competitive due to higher production costs and import tariffs. One local trader shared, “The cost of local products has risen because of the tariffs. This makes everyday items more expensive for consumers, and they prefer cheaper imported alternatives.”

Observations in local markets further validated these claims, with many areas showing significant price disparities between local and imported goods. In one market visited during the field research, the price difference was so stark that consumers often opted for imported goods, leaving local vendors with less business. The social implications of these price disparities were clear: the gap between those who could afford imported goods and those who could not was widening, leading to a greater economic divide within the community.

Local Actors' Perception of Policy-Induced Inequity

Participants highlighted the perceived inequities induced by trade policies, particularly in terms of how different sectors are affected. While large industries in sectors such as technology and energy may thrive under trade liberalization, smaller sectors like agriculture and local manufacturing often suffer. As a small farmer stated, “We can't compete with the imports that come in, and even with government support, the difference in quality and price is too great. We are being left behind.” This perception of inequity was not limited to small business owners and farmers but was also shared by government officials who acknowledged the gap between sectors that benefit from global trade and those that do not.

The growing frustration among local actors was palpable, with many calling for more protective trade policies that could help level the playing field. A government official reflected, “Our priority should be on finding a balance—ensuring that trade policies do not harm the people who depend on local industries for their livelihoods.”

In conclusion, the results of this study underscore the profound impact of global trade policies on economic inequality in developing countries, as perceived by local economic actors. The main themes that emerged—disparities between local and global market dynamics, the inflationary impact on consumer prices, and the perception of inequity caused by trade policies—highlight the challenges faced by local businesses and communities in adapting to the global trade environment. These findings provide crucial insights into how trade policies, while beneficial to some sectors, can exacerbate existing inequalities at the local level.

The findings of this study reveal that the experience of local economic actors in response to global trade policies is marked by a deep sense of economic dislocation and inequality. Participants highlighted how the policies, although intended to foster growth, often exacerbated economic disparities at the local level, leaving certain sectors and individuals at a distinct disadvantage. These experiences, when analyzed phenomenologically, reveal how trade policies are not merely economic tools but also sources of significant personal and social meaning for those who must live with their consequences.

This study directly addresses the question raised in the introduction: how do local economic actors perceive and respond to the impacts of global trade policies on their livelihoods? The data gathered provides a nuanced and detailed exploration of the personal experiences of individuals, shedding light on the subjective meanings they attach to these experiences (Sone & Ko, 2024). The findings indicate that participants felt marginalized by policies that they viewed as disproportionately benefiting larger, international stakeholders, while overlooking the needs of smaller, local enterprises. This insight offers a valuable contribution to the existing literature, which has largely focused on the broader economic impacts of trade policy, by emphasizing the lived, personal experiences of those most directly affected. By using phenomenology, this research moves beyond traditional economic analysis and captures the emotional, social, and psychological dimensions of economic inequality.

In comparing these findings to existing literature, it is evident that previous studies have often overlooked the subjective experiences of local actors. The work of scholars such as Stiglitz (2002) and Sachs (2005) provides important insights into the economic effects of trade policies, but these works focus primarily on macroeconomic analysis, neglecting the micro-level, human experiences that are central to understanding the true impact of such policies (Standardi, 2023). The findings of this study align with and extend the work of phenomenological scholars like van Manen (1990), who emphasizes the importance of exploring lived experiences to uncover deeper meanings. By focusing on the personal narratives of local economic actors, this study contributes to a broader, more comprehensive understanding of the social and personal dimensions of global trade policy. It affirms that while economic data and models are crucial for understanding trade impacts, they are insufficient without considering the subjective experiences of those who must navigate these systems daily.

Implications of Findings

The findings of this study have significant implications, both academically and practically, in understanding the effects of global trade policies on local economic actors. From a social and cultural perspective, the results suggest that trade policies are not neutral economic instruments; rather, they have deep personal and communal significance for those who are directly impacted by them. The experiences of economic actors, especially small and medium enterprises, highlight the cultural and social dimensions of economic hardship, emphasizing the need for policies that consider not only economic metrics but also the lived experiences of individuals (Sylvester, 2024). In practical terms, these findings suggest that trade policy reforms should involve greater engagement with local actors to ensure that the policies are designed in a way that is inclusive and considerate of their economic realities. This research contributes to a broader understanding of economic inequality by adding a human-centered perspective to policy debates, suggesting that addressing economic disparities requires more than just economic adjustments—it demands a rethinking of how policies are crafted and implemented to ensure fairness and inclusivity.

Limitations of the Study

Despite the valuable insights provided by this research, it is important to acknowledge its limitations. The study's phenomenological design, while effective in capturing the lived experiences of a specific group of economic actors, does not allow for the generalization of its findings to all local economies or global trade contexts (Tetteh dkk., 2024). The sample size was relatively small (10-15 participants), and the study was geographically limited to a specific region, which may not fully represent the diverse experiences of other communities or industries. While the phenomenological approach focuses on deep exploration of individual experiences, the small sample size limits the generalizability of the findings to other regions or sectors. Additionally, the qualitative nature of the study means that the findings are subjective and cannot be directly compared with quantitative economic models. These limitations should be considered when applying the findings to other contexts, and they point to the need for future research that examines a broader range of participants across different regions and economic sectors to further validate and expand upon these findings.

Prospective Directions for Future Research

This study opens several avenues for future research in the field of global trade policy and economic inequality. First, future studies could explore the experiences of other stakeholders, such as policymakers, international business leaders, and consumers, to gain a more comprehensive understanding of how global trade policies are perceived across different levels of society. Additionally, further research could examine the long-term effects of trade policies on local communities, particularly in terms of social cohesion and cultural preservation. Given the dynamic nature of global trade, it would also be valuable to investigate how shifts in trade policies—such as changes in tariffs or trade agreements—affect the experiences of local economic actors over time. Finally, comparative studies between countries or regions with varying levels of economic development and trade integration could provide deeper insights into the universal and context-specific aspects of the phenomenon, contributing to the broader academic discourse on the social implications of global trade.

CONCLUSION

This study examined the impact of global trade policies on economic inequality in developing countries, focusing on the subjective experiences of local economic actors. The research revealed that global trade policies often exacerbate economic disparities, with small and medium enterprises facing significant challenges in adapting to international market dynamics. Key findings include the sense of economic marginalization felt by local entrepreneurs, who struggle with the increasing competition from imported goods, as well as the lack of supportive domestic policies. This study uniquely contributes to the literature by providing a phenomenological perspective on the personal experiences of local economic actors, an aspect that has been underexplored in prior research. These insights contribute to a deeper understanding of how trade policies affect not only economic outcomes but also the lived experiences of individuals, addressing gaps in previous research that largely focused on economic metrics. The study highlights the need for more inclusive policy frameworks that take into account the social and economic realities of local actors. Future research could expand on these findings by exploring the long-term effects of trade policies across different regions and industries, providing further insights into how such policies can be made more equitable.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

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