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SOCIAL AND ECONOMIC TRANSFORMATION IN THE DIGITAL ERA

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Abstract

The advent of the information society is marked by the explosive penetration of information and communication technologies in all aspects of life and by a related fundamental transformation in organizations and society. Digital era can be seen as the development of an evolutionary system in which knowledge turnover is not only very high, but also increasingly out of the control of the humans, making it a time in which our lives become difficult to manage without digitalization. While there are many useful ways of describing and discussing the digital era, explanations of its existence are lacking. The digital era is characterized by technology which increases the speed and breadth of knowledge turnover within the economy and society. Evolutionary theory has stated that sustainability relies on knowledge turnover. In parts of the system which are relatively stable, knowledge turnover is low and new variation when produced is rarely retained. Mixing and matching rates of knowledge turnover makes for a dynamic but ever-lasting world. For example, in the second generation Internet, 'the semantic web', functionality, which understands meaning, replaces the search function of unknowingly matching words, which often have multiple meanings. In time, within this version of the Internet, software agents will exchange knowledge. This paper explains why it is so called digital era, socio-economic transformational functions, knowledge distribution differentials, effects of digital era in the economy, the impact of digital era in the social and economy and the expected transformation in future.

Keyword: *Digital Era, Social Transformation, Economic Transformation etc.*

Introduction

The digital era is characterised by intense socio-economic transformation on a scale similar to that of the industrial revolution. Everyday life involves socio-economic interaction which is more varied than before, causing faster turnover of socio-economic knowledge. The knowledge base of digital era is more abstract and theoretical than in the past, but is often also more trivial and more fickle. The era is ever more associated with information and communication technology, the functionality of which is increasingly able to mobilize knowledge, at faster speeds, and in ways that can be addictive or out of control, as well as productive. Innovation and analytical knowledge workers, as well as celebrities, move the

digital era forward faster in time. Knowledge workers have access to, also interact with more and more knowledge everyday people become celebrities through communication technology such as the internet and photo messaging, as well as traditional media.

Socio-Economic Transformation as a Function of Knowledge Distribution Differentials

Differential distribution of knowledge at the national, societal industry, organizational, and individual level can be argued to explain different types, rates and dynamics of socio-economic transformation. At a national level, although there is debate as to how knowledge relates to national economic productivity, it is widely accepted the national knowledge advantages for a worthy socio-economic goal. In America the industrial base that produces ICT has increased although whether this has led to a sustainable increase in productivity is debated. Malaysia and UK have launched government initiatives aimed at becoming more knowledge based. India has become a world leader in call centers and software house, and is moving onwards and upwards to chip design. Less developed countries see the digital era as a way of potentially 'leap-frogging' more developed, but more institutionalized nations.

In terms of a global world, India and South American counties find out difficult to protect national knowledge embedded in centuries-old herbal medicine against western pharmaceutical firms. Poor crop yields combined with poverty and corruption are forcing some African countries to consider the use of genetically engineered crops, which will alter their nation's organic knowledge base in ways that will affect their ability to sell to a non-GM-tolerant area such as Europe in the future.

At a social level, such differentials can lead to difficult ethical, moral, and political dilemmas. The new millennium has been characterized by terrorism and the transfer of information about the productions of weapons of mass destruction in part through the internet, and countered in part using satellite equipment and cross-institutional and national intelligence. The media reporting of the situation has been characterized by the internet. Reaction to such events results in the rapid creation of many new websites. The media is able to give the public repaired and direct assess to information relevant to the situation and debates surrounding the issues.

Above all, what evolutionary theory and the evolutionary perspective on the digital era questions is the extent to which man is at the centre of the activity that makes up the system he or she lives within what follows are cases of activity that we appear to be in control of, that are knowledge based, that exist at the interface of the economy and society in the digital era, that are managed in formal and informal ways, and that raise fundamental questions about the control of socio-economic transformation because they are part of a broader

system-universal evolution. These cases serve to illustrate the potential of evolutionary thinking to explain the digital era.

The Digital Era and Its Role in the Economy

The industrial revolution marked a turning point in economic history: there was a shift from the economic stagnation of several centuries to sustained growth in per capita income and an improvement in society's standards of living. This unprecedented change meant that, for example, per capita GDP in the United States grew by almost 50% in half a century. Although this is a huge increase, per capita GDP rose by the same amount in half the time as from 1980, boosted in part by the proliferation of digital technologies.

The positive effects of the digital economy can be seen on countless fronts, from increased economic activity to improved quality of life in society. The flagship of the digital revolution has been the invention of the internet, interconnecting the world and promoting globalisation. By way of example, to quantify the significance of the digital revolution for the economy, the relative weight of the internet and related sectors reached 3.4% of GDP in 2009 for a group of 13 countries. This role now played by the internet and the rest of the digital technologies in economic activity has not only appeared in the «pure» sectors born in the digital revolution (for example Google and Facebook) but its impact has been felt even further, affecting all sectors. According to a report by the OECD the capital of information and communication technologies (ICTs) helped to increase the value added of economic sectors as a whole by between 0.4 and 1.0 annually between 1995 and 2007. In addition to the direct effect of this capital as a production factor, digitalisation has also played its part in considerably improving total factor productivity, helping to generate more production with the same units of capital and labour.

The second pillar of the digital ecosystem is human capital. While, during the first industrial revolution, a large amount of unskilled labour was required to work in factories, the quality of human capital has become more important in the new digital revolution. A knowledge of ICTs and the internet has become a basic requirement for most jobs. Specifically, in 2012, 55% of the jobs in Spain demanded a basic knowledge of computing. This change in the skills of labour in demand could accentuate polarisation in the labour market, making it difficult for some workers to find jobs, especially unskilled workers and those with skills related to very specific sectors such as construction.

The last pillar of the digital ecosystem is institutional quality. Continuing our comparison with the industrial revolution, one key element in its success was a legal regime that guaranteed the right to private property and provided suitable incentives for all economic agents. Today the function of institutions must still be one of establishing the rules of play

and, in particular, safeguarding certain rights that have become even more important in the digital economy, such as protecting privacy and copyright, as well as ensuring the suitable environment to promote investment and innovation in the digital ecosystem In short, to be able to make the most of digitalisation there must be commitment to long-term growth of the digital economy, eliminating the obstacles to expanding its infrastructures and modernising policies and regulations in order to boost investment and innovation in the digital ecosystem. Aware of its importance.This initiative is likely to be the first of many. The digital revolution has come to stay and will transform the economy as a whole.

Socio-Economic Impact

Positive aspects include greater interconnectedness, easier communication, and the exposure of information that in the past could have more easily been suppressed by totalitarian regimes. Michio Kaku wrote in his books Physics of the Future that the failure of the Soviet coup of 1991 was due largely to the existence of technology such as the fax machine and computers that exposed classified information. The Revolutions of 2011 were enabled by social networking and smart phone technology; however these revolutions in hindsight largely failed to reach their goals as hardcore Islamist governments and in Syria a civil war have formed in the absence of the dictatorships that were toppled.

After initial concerns of an IT productivity paradox, evidence is mounting that digital technologies have significantly increased the productivity and performance of businesses. Negative effects include information overload, Internet predators, forms of social isolation, and media saturation. In a poll of prominent members of the national news media, 65 percent said the Internet is hurting journalism more than it is helping [35] by allowing anyone no matter how amateur and unskilled to become a journalist; causing information to be muddier and the rise of conspiracy theory in a way it didn't exist in the past.

In some cases, company employees' pervasive use of portable digital devices and work related computers for personal use- email, instant messaging, computer games were often found to, or perceived to, reduce those companies' productivity. Personal computing and other non-work related digital activities in the workplace thus helped lead to stronger forms of privacy invasion, such as keystroke recording and information filtering applications (spyware and content-control software).

Future Expected Transformation in the Digital Era

Is it really possible to predict the future of organizations in this Digital Era? Yes, because all organizations will eventually be transformed by social and digital technologies. It is not a question of if, but when. We are living in an exciting time. Organizations have to recognize

there will be no foreseeable slowdown in the pace of technology changes and prepare themselves to harness and utilize relevant technologies if they intend on remaining relevant. To achieve this means investing in resources that are able to gather disparate strands of information from a variety of sources and apply them to the organization's purpose, aspirations and objectives to see what their future could look like. Such insight will allow businesses to ultimately begin to see how they will have to adapt and change if they are to thrive in this Digital Era. Then of course we've only just begun to scratch the surface of the impact of robots and robotics on businesses. For the majority of businesses, the thought of how artificial intelligence will impact how they function and do business is currently not even a consideration. However, it will not be long before they become an integral part of how business is done.

Conclusion

In general, I believe that if existing organizations are to have a future they can no longer pursue growth and returns simply for the benefit of the organization and a few select stakeholders. Trends show that the advantages large organizations have had since the beginning of the Industrial Era are being eroded as a result of digital technologies and new and different approaches to businesses are springing up everywhere. One just needs to consider new currencies such as Bitcoin or the collaborative economy which is becoming stronger daily.

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