**Understanding of the Role of Digitalization to Business Model and Innovation: Economics and Business Review Studies**

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**Abstract**---This paper analyzed the role of the digitalization approach in innovating business operating models in Indonesia. We chose a review research approach on the findings of economic and business journals that we searched electronically based on Google application data. We focus on findings from international journals that discuss how digitalization plays a role in innovation models of profitable and sustainable business operations. We reviewed papers published in the last ten years (2010 to 2020) using data analysis, critical evaluation, and in-depth interpretation methods to find valid and reliable data. Our analysis focuses on business innovation models operating with digital services; production, distribution, and sales. We found that the role, implementation, and activities of digital applications in business are proven to overcome obstacles to business operations in the current multi-crisis and pandemic era. In other words, the digitalization trend has proven to be very helpful for operational business processes that follow an adaptation approach to the demands of technological convenience by companies and consumers. Furthermore, we believe that business innovation with a digitalization approach is an effort to improve services in all operational lines to achieve profitable and sustainable business goals.

**Keywords**---business model, cultural competence, cultural influences, digitalization, innovation, islamic cultured, organizational culture, pandemic era, profitable, sustainable.

**Introduction**

Technological innovations, primarily digital and computerization, are based on the principles of effectiveness and productivity in carrying out all business and life activities in the modern era (Gbadegeshin, 2019; Matveeva et al., 2020). This particular development in informatics and communication and the practically unlimited access to big data empowers businesses to continue to respond to the
challenges of an increasingly demanding and challenging time in the business operating cycle (Vasilev et al., 2020; Burkaltseva et al., 2020). Lately, all business activities tend to follow digital trends that can make information easy for all activities. Then the efficiency will be applied by the organization to maintain a good base and sustainability. The use of computerized technology innovation in business will significantly help all business operations, such as achieving innovation that helps smooth management and administration (Benitez et al., 2018; Braojos et al., 2019). Computerized ways of administration can occur and continue to evolve according to the needs of companies and business organizations (Morris et al., 2005; Ibarra et al., 2018).

In the management context, digital technology can give innovative strategies to combine administration with services that will enable businesses to achieve their ultimate goals because efforts in this way are a cycle to appreciate time which is the main factor in operating a business. Technological advances also consider linking business with business, consumers with other consumers that are better and more precise. Business managers are just an exemplary data flow for executives (Choudhuri, 2014). This offers an opportunity to cultivate a new but temporary type of collaboration with significant value process improvements and featured services that allow better responses to request side-use models to be created. With digitalization, advances in information mining empower businesses to expand their reach. At the same time, this digitalization technology will renovate business operations and form more modern business arrangements and services (Permatasari & Iqbal, 2019; Salimova et al., 2020; Putra et al., 2020).

Even though there is an overall concern about the problem of the role of digitization in all dark side aspects of life (Turel et al., 2019; Whelan et al., 2020). We will prove and compare the pros and cons to its users because limited investigations on this issue should continue to be studied, for example how specifically organizational administration oversees the challenges of digitization. Studies address the great need for research thinking about increasing digitalization assistance and support in many business and human life sectors in the 21st-century era (Buera & Kaboski, 2012). In this review, this article focuses on how to investigate a new understanding of the role of the increasingly trending digital approach in business model innovation in achieving the ultimate goal. Singh & Hess (2017), how the use of computerized innovation affects the functional scope of administration and organization in managing businesses to be ready to compete to serve the demands of a changing era. So, understanding how technology plays a role in innovating business models and organizations achieve what they want with a profit and sustainability orientation (Carayannis et al., 2015; Vrontis et al., 2017).

Furthermore, while understanding the benefits of digital technology such as tools has a growing capacity, manufacturing companies across all sectors today can increase collaboration, accelerate decision making, create and build new products, and gain more visibility across their activities (Brettel et al., 2017). That is why more and more companies should make the digital approach a targeted solution (Christensen & Raynor, 2013). Going digital will no longer cut business profits as a digital business strategy is seen as a method for transforming how companies continue to innovate, streamline operations and use digital technology.
to increase their links with more customers and staff while at the same time providing companies with new, enjoyable customer experiences extraordinary (Parise et al., 2016; Bolton et al., 2018).

When asked how crucial digital adoption is in the business model, the answer is that digital acceptance helps companies get the most out of their business investment in technology (Westerman et al., 2014). If consumers use only a portion of a business product, they do not experience its total value. Similarly, businesses will not experience the desired profits if workers only utilize the software provided (Sebastian et al., 2020; Vial, 2019). By having adequate digital processing goals, digital transformation can improve processes by refining skills and innovation. The operational model is improved continuously, and the company can feel-good results. Every aspect of the company can be affected by process improvement (Lee et al., 2020).

Viewed from the point of view of priority goals and business interests, the digitalization approach in advancing the business follows experts who, among other reasons, argue that digitalization will allow businesses to follow the tastes of modern consumers (Alshawaaf & Lee, 2021; Appio et al., 2021). Will be easier to contact than ever. With the incorporation of tablets and smartphones into business operations, today, customers buy more things online than ever before (Lanza Blengini, 2020). Hence the digitization and introduction of social media and mobile applications/sites will ensure companies stay up to date with contemporary consumers and potential buyers and optimize customer profits and happiness (Kamalaldin et al., 2020).

Another reason, for example, the role of digital in business model innovation is the effort to increase corporate and brand awareness for the use of social media (Wang et al., 2016). Social media will attract younger and fresher potential customers into the company and retain them for marketing efforts. With the development of mobile technology, many potential consumers are now checking the company's social networks many times a day, and that is the company's advantage (Saravanakumar & Suganthalakshmi, 2012). So, this maximizes the profitability of the business and makes the business feel different from other competitors. It is much easier to connect with new and current consumers using digital devices. Using social media platforms such as Facebook and Twitter, consumers can provide feedback on their business experience and ensure that essential views are heard and understood (Lambert & Davidson, 2013; Chesbrough, 2010).

A further reason is that potential customers and employees in the business are accessible. Experts also argue that social media such as Facebook and Twitter do not only function as social media (van der Vlist & Helmond, 2021). Creating a business profile on LinkedIn is a fantastic method for exposing a business to potential new professionals and allowing businesses to describe the type, industry, and other relevant business information to potential buyers. Safko (2010), said that companies that use social media are humane and social media departs from the business image adopted by many contemporary companies. For these facts and reasons, the role of digital technology is very potential in efforts to innovate business operation models that have been successful in many
application contexts, so we want to continue this study with field evidence from a broader scope. So we want to formulate our questions and assumptions: How does digitalization play a role in renovating business models and approaches to operate to achieve profitable and sustainable goals in Indonesia successfully? (Ritter & Pedersen, 2020; Machado et al., 2019).

**Method**

To answer the problem of this study, which is very high in development and the complexity of the problem to be investigated, the researcher will use the method of review and analysis of the findings of previous studies that we searched electronically. When we carried out this study, the Indonesian government implemented the COVID-19 emergency as the Enactment of Restrictions on Community Activities. Then there are two focuses on the schedule in the given model. This empowers us to analyze data from international journals that actively voice digitization and business benefits in the computerized era in every organization, especially business (Schumacher et al., 2019; Shane, 1993).

To produce a valid answer, we seek to understand the main problem by reading preliminary literature and then gain an in-depth understanding of each data about the role of digitization in business operations involving business management and primary adjustments or interactions. Our study activities are focused on publications between 2010 and 2021 so that our findings are more reliable in updating information and administration. We conclude critical discussion under a phenomenological approach using qualitative study procedures and descriptive data (Rodrigues, 2020). In his study of digitizing business: a literature review and design research. The results show that computerization is carried out, and the company's mission through being digitized helps business administration innovate business models that beat ordinary business boundaries related to profit and business sustainability (Melkonyan & Gottschalk, 2017).

**Discussion**

**Digital approaching innovation**

Rayna & Striukova (2016), findings elevate high prototypes to home fabrication. They are proving the way 3D printing is innovating business models and approaches. This is an example of predicting technological sophistication and socioeconomic dynamics. Digital technologies enable business model innovation to accelerate service administrative tasks and separate computerized businesses from conventionally struggling businesses. According to Rayna and Striukova, the bottom line is that the digital technology approach has genuinely separated the old ways of doing business extraordinarily. In other words, digital technology in business services cannot be doubted between relying on manual methods of human labor with technological sophistication that is constantly ready to renovate all lines of business practice. With the presence of digitalization in business, companies can further develop accessibility and administrative skills. It is funny when humans are still reluctant to adopt digital business services,
especially companies based on information and communication (Kahn, 2018; Grilo & Mantalaris, 2019).

Moreover, the change in information premise applies exclusively to high-level data. The results of their study provide a deeper understanding of the benefits of applying digitization in administrative services and business operations. We corroborate their findings above with other findings that displaying digitization from top to bottom is possible so that digitization will become a grounded movement (Bhimani & Willcocks, 2014; Oshri et al., 2009).

Digitization in business and life is concluded as a very significant change from simple data preparation to high-level data and complexity (Kharlamov & Parry, 2021). However, this may also happen a bit in the business environment in Indonesia. The short reason is that the essential focal point of some business people still results from orientation, not to sacrifice in the process for significant results in the end. Therefore, the same study will advance one stage to the next to provide an in-depth understanding of computerized innovation as a sophisticated innovation to create extra measurable value (Chandrashekar & Hillemane, 2018). The idea and introduction of the Internet of Things Xia et al. (2012), which is generally recognized as a result of the reasons discussed in the business climate, are the use of advanced innovations to accelerate business practices for-profit and safety. Such a program is characterized thoroughly as a hardware network that incorporates collaborative correspondence innovation and detects or interacts with internal or external conditions (Yildirim & Guvenc, 2005; Mathur & Khanna, 2017).

So, experts need to emphasize that the Internet of Things (IoT) does not characterize what innovations in this space matter. It is the interconnection of intelligent things from advanced innovations (Qin et al., 2013). So that the use of modern tools from things that were previously non-existent and difficult but becomes available and accessible in terms of the industrial Internet for life and business in the modern and dynamic era. Moreover, the change in information premise applies exclusively to high-level data. The results of their study provide a deeper understanding of the benefits of applying digitization in administrative services and business operations. We corroborate their findings above with other findings that displaying digitization from top to bottom is possible so that digitization will become a grounded movement (Bhimani & Willcocks, 2014).

Higher development on digitalization in this business model will offer new prospects for the business model. Bouwman et al. (2018), because digitalization in business is a process that changes the pattern of communication, interaction, and all the benefits in business to digital. This process includes many things, from production, distribution, transactions to how business actors manage their business, and aims to make the performance of business actors more efficient, practical, and productive (Branca et al., 2020). Furthermore, innovation and business digitization will impact business because digital technology allows business people to get new sources of information about consumers that was never obtained before when business was still the conventional way. Yardley et al. (2015), also support that in-depth information in the digital world can also be used to predict behavior, find suitable target consumers, or can even be used as a basis for new solutions providing the foundation for the creation and
transformation of administrative, organizational financial models because innovations empower administrations to be accelerated and further for new advancements. The idea of administrative arrangements has fundamentally changed (Mergel et al., 2021).

**Administration and services**

Administrative digitization is understood as a digital change in correspondence services designed to react to incoming or outgoing information and make it easier for human resources to complete tasks. Gruia et al. (2020), believe that the digitalization approach in many modern organizations is a product management solution. A digital admin system will simplify communication where companies and organizations can get an administrative management system according to productive principles (Legner et al., 2017; Werdistira & Purnama, 2020). The digital mailing system, or in its application, supports the realization of a paperless administration, is a system created to manage the administration of companies and government agencies to use a minimum of paper and digitize documents with available technology (Orantes et al., 2015; Suroso et al., 2021). Thus, technology in the corporate sector is carried out using digital applications for company administration. This digital correspondence application makes administrative matters easier, more efficient and eases the work of staff and consumers. The importance of computerized administrative affairs is to make it easier for secretaries or administrative HR to take care of filing, administrative processes, and communications within and outside the company (Satish, 2019). The use of digital applications for correspondence is very fortunate to be used because it has excellent benefits and influences on companies. The digital administration application makes digital administration easy to handle and do, thereby reducing the potential for letter loss and damaged letters, and other management errors (Amerta et al., 2018; Biletska et al., 2021).

In this way, in contrast to the earlier organizations, which focused on manual and paper manufacturing administration organizations, we say that digital administration arrangements do not have the nature of the material waste (Orantes et al., 2015). Administrative organizations that are not yet digital may not normalize their contributions just as consumers. In contrast to today's organizations with complete computerization, administrative organizations do not face the problem of creating and using asynchronous administration (De Guzman, 2020). Administrative firms also need to consider their level of supply. Vargo & Lusch (2004), which makes it difficult to store their goods compared to assembly firms. Digital administration experts. Karenko (2018), underlined the development of digital administration and items since digital entered the business with no boundaries between digitalized administrative organizations and cannot be broken with organizations that do not use digital nowadays. Those who have gone into digital endeavors provide administration of changes to their items very quickly (Guo, 1998). Many findings describe the digital arrangement of the company's administrative tasks as a workforce through innovative products (Wirawan et al., 2017). In the field of administrative digitization, reliable crossover settings are of paramount importance.
Innovation in plans of activity and game plans

Efforts to seek a deep understanding of the role of integrating digital applications into business innovation with the latest innovation models are also proven by Parida et al. (2019), where he and his friends have reviewed many papers on digitalization, action plans, and supporting industries. Digitalization has innovated the way businesses are led in modern value chains using Internet of Things (IoT) solutions, increased information commerce, and current investigations. The benefits of digitization require developing an action plan, for example, making progress to an up-to-date administrative action plan. Many studies in this field have also been carried out to understand how modern organizations can use digitalization to transform their business operations to achieve optimal benefits (Saarikko et al., 2020).

Likewise, the findings of Rachinger et al. (2019), look at the adaptation of digitalization and its impact on the progress of the company's plans. According to them, expanded digitalization has affected business activities resulting in different services, including organizations serving operations. Digitization has also driven the contribution of new items and administrations and new types of digitizing associations with consumers and workers. However, a fundamental study gap exists because the exact number of bits of knowledge is limited. This study adds to the current information collection by providing little knowledge about digitization (Khan et al., 2015). The progress of digitization marked by the presence of the stages of the Industrial revolution 4.0 is also proven to be successful (Ibarra et al., 2018). The study of action development plans through Industry 4.0 was found to have broadened the horizons of technology users about what Industry 4.0 means in the study of action plans and to distinguish the progress of action plans based on many different highlights, problems, and needs. For this reason, three unique methods have been recommended to bring the company closer to achieving excellence. It combines help directives, organized biological systems, and consumer directives. Significant effects on the creation, delivery, and capture of value through business model reconfiguration are also computerized (Mohd Sam et al., 2012).

Happonen et al. (2020), investigate and analyze action plans related to the digitalization approach of organizing higher education SMEs. SMEs represent considerable authority in water supply allocation on a mechanical scale, telemetry, and sensor information-based water circulation checking. By adding more digitization, sensor advancements, and data analysis, it is possible to measure the actual value of the development. Likewise Rofi et al. (2020), with their findings on high-level changes to action plans in universities, address the difficulties of computerized services. Higher education services in higher education see the cause of computerization that overwhelms all business matters continuously measured by computerized changes for sustainable profit efficiency. Little thought remains about how the action plan was developed due to the effects of computerized changes on higher education foundations due to digitalization on the higher education action plan, through dissecting the example of a conventional university that did not adopt digital technology, considered unwilling to advance. The principal innovation of this paper is in treating the exploratory
gap on the convergence of digital literacy in higher education governance (Lapovsky, 2013).

We use the review study method on secondary data to understand the objective of this study which seeks to gain an in-depth understanding of the role of digitalization in the development of innovation and business models in the digital era (Johnston, 2017). We manage unknown issues such as how digitalization leads to new business innovations that help achieve profitable and sustainable business goals (Morioka et al., 2018). Such data analysis techniques have also helped us gain a specific understanding of the role of digital applications in many industries and organizations today. This was answered after we reviewed dozens of publications and revealed that business managers are now increasingly convinced that digital is not new for today’s business practices, wherein the role of digitalization now seems to stretch beyond every business that was previously still rare. Furthermore, we need to ensure that the think-tank becomes a digital administration company, and we evaluate reality independently based on the organization’s size and distribution (Rabah et al., 2018). We systematically reviewed fifty papers on digital business studies. We have carried out our formal review of papers published ten years ago in-depth, we have found the advantages and advantages of entrepreneurs interested in digitalization into industry and business. All think tanks face problems in the interaction of digitization, but our findings have guaranteed that the results of this study can be helpful for business development and practice in the era of computerization (Schinckus, 2018).

Conclusion

Our review shows that digitalization is influencing business operational model innovation efforts has answered the question. The role of digital technology, which is now getting more and more attention in all business fields, is not too foreign to many companies. This is following our hypothesis. Administrative organizations seem to use digitalization as a technique to develop profitable and sustainable value creations further. Indeed, digitization in the business context in many developing countries such as Indonesia has not reached a high level with a particular impression that adjusting and following company arrangements with business models must adapt to the steps for digitization. The trend of changing the way business is now exciting, where the response to changes in business operations looks very dynamic. The reason digitization is becoming increasingly trendy is none other than because businesses easily accept the substance of digitization because it has the principle of benefit and its ability to renovate the model and way business is driven in an era full of competition. Our findings, however, are very different from those found among Indonesian businesses. Talking about the need for digitalization to adapt to Indonesia’s conditions and business systems, this would need to coordinate with changes in business conditions and the business environment. However, the increasingly dynamic process and role of digitalization in many contexts is still a concern for business people. We have seen whether the role of digitization in creating a model of an organization operating with computerized administration is feasible. Since the role of digitization can be considered as a continuous interaction – a component that needs to be investigated further is referring to new findings. A prime example
of a computerized business action plan handled by a support business illustrates
the different strategies for significant business-level digitization.

The limitations of computerized information are displayed by digital information. We
see that the role of technology in business administration is getting closer to
digitalization, how it seems that this role influences business decisions. This
finding deserves to be expressed by highlighting the role of digital in business
innovation which is currently in the incubation period due to crises and
pandemics engulfing the world, which burdens human psychological limits to
deal with them. However, with the presence of digital, what is considered a severe
obstacle but is no longer a barrier that can risk catastrophic changes in business
and operational models.

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