

Digital Transformation: Opening Up Economic Opportunities in the Digital Era

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ABSTRACT

Digital transformation has become a key driver of economic change in the digital era, opening up new opportunities for growth and empowerment of communities. Leveraging technologies such as artificial intelligence (AI), the Internet of Things (IoT), big data, and cloud -based platforms, this transformation enables broader access to global markets, increases business efficiency, and creates new economic models. This article discusses how digital technologies support community empowerment, particularly through the development of MSMEs, financial inclusiveness, and providing access to technology-based education. Digital platforms such as e-commerce and fintech play a critical role in empowering communities previously isolated from the formal economic system. In addition, this transformation also drives innovation in traditional sectors such as agriculture and fisheries through smart technology. However, the adoption of digital transformation faces significant challenges, including gaps in internet access, low digital literacy, and resistance to change. Therefore, collaboration between the government, private sector, and communities is important to ensure inclusivity in the implementation of this technology. Through an integrated approach, digital transformation can not only increase economic competitiveness, but also create a more empowered and equitable society amidst the challenges of the digital era. This article provides an in-depth look at the opportunities, challenges, and strategies to maximize the positive impact of digital transformation on the people's economy.

Keywords:

Digital
Transformation,
Digital Economy,
Community
Empowerment

INTRODUCTION

In the fast-paced digital era, digital transformation has become a transformative force in various economic sectors. With the integration of technologies such as artificial intelligence (AI), the Internet of Things (IoT), and cloud-based platforms, people now have wider access to previously unreachable economic opportunities. Digitalization has reduced geographical barriers, opened up access to global markets, and provided effective tools to increase productivity and efficiency (Mastarida et al., 2022) .

The role of digital transformation is increasingly felt in empowering the community's economy, especially for MSMEs, farmers, and individuals in remote areas. Digital platforms such as e-commerce enable them to market their products on a wider scale, while technology-based financial services pave the way for financial inclusivity. In addition, digital-based education and technology literacy campaigns help people make the most of these opportunities (Sudiantini et al., 2023) .

Especially in developing countries, digital transformation is an opportunity to bridge economic and social gaps. With the existence of digital platforms, such as e-commerce marketplaces, digital payment services, and gig economy applications, people who were previously isolated from economic opportunities can now actively participate. MSMEs, as the backbone of the economy in many countries, are one of

the sectors that benefit most from this progress because they are able to expand their markets and increase their competitiveness.

While digital transformation offers great potential, its implementation faces various challenges. Some of the main barriers include unequal internet access, low digital literacy, and concerns about data privacy and security. In addition, this transformation requires a change in work culture and mindset, which sometimes takes significant time and effort (Maghfiroh et al., 2023).

However, this transformation also brings challenges, such as the unequal gap in access to technology and digital literacy. Therefore, joint efforts from the government, private sector, and society are important to ensure that the benefits of digital transformation can be felt fairly by all levels of society.

Digital transformation is not just about technology, but also about unlocking human potential and empowering communities to adapt and thrive in an era of constant change. In this context, it is important to see digital transformation not only as a technological trend, but also as a community empowerment strategy. With an inclusive approach and collaboration between the government, the private sector, and the community, digital transformation can be an effective tool to open up wider economic opportunities and improve the welfare of society as a whole (Rahayu et al., 2022).

METHOD

This study uses a descriptive research method. The descriptive method is a process in solving problems that can be investigated by providing a description of the state of the object and subject of research. This study is a qualitative study and aims to determine the transformation of the digital-based economy. The flow of techniques and methods that have been documented by the author in the literature, journals, papers, and other published sources that have been surveyed and identified. The qualitative method was chosen because it is the most suitable approach to explore and understand phenomena and answer questions that arise (Hikmawati, 2017).

RESULTS AND DISCUSSION

1. Digital Transformation in the Digital Age

Digital transformation or commonly known as digital transformation is an extraordinary process that utilizes existing resources and current digital technology to provide new experiences to outside organizations. Digital transformation can be described as a flow of digital technology utilization that focuses on virtual technology, cloud computing, big data, artificial intelligence, and the Internet of Things (IoT) which is used to change the way of working and interacting with various individuals who have certain interests. Not only that, this digital transformation includes transformations related to group culture, as well as the structure of the organization as a whole. So that every organization must be ready to make changes to adjust the way of thinking, communicating and working. In other words, digital transformation is not only adopting new technology, but also related to changes in paradigms or ways of working to achieve its goals in this digital era (Harry Saptarianto et al., 2024).

In the big dictionary of the Indonesian language (KBBI), Digitalization means the process of providing or using a digital system. Digital comes from the Greek word *Digitus* which means fingers. The number of human fingers is generally ten, the

number 10 is a number consisting of the number one and the number zero. So it can be concluded that digital is a picture of a condition that can be interpreted as the number 0 meaning off and the number 1 meaning on (binary numbers) (Muljono, 2018).

All systems on a computer use a digital system as its database. Digital is a complex method or unity consisting of several interconnected and dependent parts, and easy to organize so that it becomes something basic in human life. Digital Theory is a concept of understanding technology to make it easier to understand Technology and Science, from everything that is manual to automatic, and so on with everything that is complicated to easy (Kotler, 2019).

Digitalization is centered on information applications used in performing various technological functions and other problem solving or computing (Chakti, 2019). The development of modern or current communication technology that is interconnected makes mass media increasingly well-known. Digital theory is inseparable from social media, because the development of social media goes hand in hand with the development of technology from old media to the latest media, so that it can make it easier for people to search for everything through social media.

According to Lasa Hs in his book entitled Indonesian librarian dictionary has defined the meaning of digitalization. According to him, digitalization is a process of managing documents, both printed or printed documents, into electronic documents. Digitalization is the process of changing media from printed form to electronic form. (Irwansyah, 2014).

Digital technology is a technology that is not operated manually. However, the operating system of digital technology tends to be automatic using a computer system (Rusmanto, 2017). Networks are very important in digital technology because of the connection between one network and another, so that the information obtained will continue to be distributed or will continue to run. Communication and information technology networks have several levels. The level of communication and information networks is local, national, or global. The existence of an "information highway" also contributes to the improvement of making the reach of information wider and better (Savitri, 2019).

2. Strategy to Maximize Digital Transformation

Digital transformation in strategic management is a critical response to rapid changes in the global business environment triggered by the development of information and communication technology. This study focuses on how companies integrate digital technology into their management strategies to remain competitive and adaptive to the dynamics of modern business. Digital transformation has changed the paradigm of strategic management from a traditional static approach to a more dynamic and flexible one. Companies now need to be more responsive to market changes, customer needs, and technological developments. The study found that companies that succeed in digital transformation have more agile organizational structures, allowing for faster and more efficient strategic decision-making (Ackley, 1986).

One of the key findings is the importance of integrating digital technologies into all aspects of business processes. The application of technologies such as data analytics, artificial intelligence, and the Internet of Things (IoT) allows companies to gain deeper insights into customer behavior and market trends, supporting more

accurate decision-making and more targeted strategies. Digital transformation involves not only technological change, but also organizational cultural change. This study shows that the success of digital transformation is highly dependent on the company's ability to change the mindset of its employees and leaders. A culture of innovation, collaboration, and continuous learning must be adopted to support digital initiatives (Fajri, 2023).

Digital transformation strategy addresses digital platforms as a strong foundation for digital initiatives, consisting of technology-enabled processes, data, analytics, solution delivery, and relationship capabilities that can be scaled as needed. Thus, information technology is a fundamental component of an organization's digital capabilities. Hidayat et al. (2022) explains that digital transformation is one of the opportunities identified as a tool to promote products and services. Digital transformation is reflected in the launch of the Digital Palembang program for startup business actors. Next, Evangelista et al. (2023) explains that Digirati is a combination of digital activities with strong leadership to turn technology into transformation.

The development of the digital economy, marked by the increasing number of internet user penetrations every year, has created new breakthroughs and innovations in the economic sector, making many people want to become entrepreneurs because they feel they have the opportunity to run a business in the digital era. This can increase the number of entrepreneurs in Indonesia, if the number of entrepreneurs and business sectors increases, it will drive the economy and create new jobs that can increase income or foreign exchange for the country's economy. However, to become a successful entrepreneur, having talent alone is not enough, but you must also have knowledge of all aspects of the business that you will pursue (Royyana, 2020).

One of them is knowledge and awareness of digital economic products that must be improved by entrepreneurs to increase the competitiveness of the businesses they run. In the midst of the development of digitalization, competition in all business fields is becoming increasingly tight. To deal with this, companies must always be oriented towards marketing where all company activities are directed to fulfill consumer desires so that satisfaction is created, with the fulfillment of desires ultimately providing satisfaction to consumers, companies do not need to be afraid of losing consumers even in the midst of many competitors.

Therefore, business actors must really pay attention to this phenomenon and know and master digital marketing related to the digital economy in order to be able to face increasingly tight business competition in terms of the digital economy which has become real with the increasing development of technology. However, various technological advances do not only create competition in business. The presence of various technological advances also makes it easier for business actors to run their businesses. Therefore, business actors' skills must be required to be able to operate a business that allows the availability of technology to increase income. Revenue is the most important element of business, because revenue determines the development of the company. Without revenue, it is impossible for a business to grow (Sugiarto, 2016).

3. Digital Transformation and Economic Opportunities

In the digital era like today, technology has become one of the important factors in economic and business transformation. Rapid technological developments have changed the way businesses work and think and provide new opportunities and

challenges for business people. This article will discuss the role of technology in economic and business transformation in the digital era. Technology has become an integral part of human life. Technology has not only impacted the way humans communicate, but has also brought significant changes in the economic and business fields. Technological transformation has brought many changes, such as enabling businesses to utilize digital platforms to sell their products and services, making business processes more efficient, increasing productivity, and providing other significant benefits. This article will discuss the role of technology in economic and business transformation in the digital era (Oktaviani et al., 2023) .

Digital transformation is intended to facilitate and accelerate economic growth, but at the same time it can be a factor inhibiting growth if the right framework for its integration is not in place. While some companies are still trying to resist the changes, digital transformation technologies and models are increasingly gaining ground in this context by generating ideas and creating prototypes. The organizational work system that successfully implements digital transformation can increase work efficiency, minimize costs, increase customer satisfaction levels, and develop new products and types of services. On the other hand , organizations that are unable to carry out digital transformation may lose their competitiveness and find it difficult to survive in an increasingly competitive market. Digital transformation is a must for organizations that want to continue to compete in this digital era (Maghfiroh et al., 2023) .

Digital transformation has changed the behavior of humans and organizations in managing their businesses. In the current condition, we can see that digitalization has almost touched all aspects of human life, starting from shopping, transportation, education, and various aspects of human life. Digital economic transformation is not only about people, but is the unification of people, business and technology.

Changes in the economic system are cultural changes in society, so that in conducting analysis based on sociology and anthropology, it can be seen that economic phenomena have undergone rapid and sophisticated changes. The change is marked by a decrease in conflicts between traders in conventional markets, especially regarding the issue of sales areas that they sometimes debate. The digital economy era shows that the market arena is no longer located in an ideally profitable market location such as close to the city center , residential areas, and others. However, the arena has changed with the struggle for ratings, price competition to the quality of goods through online shopping applications such as Shoope, Tokopedia, Lazada, Zolora, and others. (Nobleman, 2023) .

Before this online shopping application was widely known by all generations of mankind, changes in this economic system began to be seen since the presence of the term rekber (joint account) at the beginning of this long-distance shopping, where both parties, sellers and buyers, trusted a third party as an account holder to act as an intermediary for buying and selling so that there were no elements of fraud and so on in that era. Although that era has not been widely studied by economic, social and cultural researchers. However, we must not forget that it was the early history of the digital economic transformation in Indonesia (Muhammad Kamil Jafar N, 2022) .

Digital transformation is carried out to improve operational skills and efficiency. By utilizing technologies such as AI and LoT, it is hoped that it can improve business strategies in an organization. Automation can lighten the workload of workers so they

can focus more on more strategic tasks. Digital transformation can improve employee performance for the better in an organization.

Changes in human behavior that are internalized in an organizational culture become an important process in a transformation, business strategies will then also support digitalization after being able to develop new business models in the current era. Finally, the integration of technology in the digital economy era is an important note, the presence of artificial intelligence (AI) and Cloud Computing and the Internet of Things (IoT) by understanding how this technology works can accelerate the transformation towards the digital economy era (Mastarida et al., 2022) .

The digital economy has facilitated the emergence of new entrepreneurship. Someone with a creative idea or unique service can develop and market their product at a relatively low cost through online platforms. This opens up opportunities for individuals to become independent entrepreneurs and create jobs for others. Examples include app developers or creative content on platforms such as the Google Play Store, Apple App Store, or YouTube. For business people, the internet and social media provide powerful tools to market products or services to a wider audience, including at a global level. This opens up opportunities for small businesses to sell their products internationally and gain significant profits (Fajri, 2023).

The digital economy has allowed the concept of remote work to become more common. Individuals can work for companies in multiple locations without having to physically move. This gives more flexibility in managing time and work environment. The online platform provides access to a variety of educational and training resources. People can take advantage of online courses, tutorials, and webinars to improve their skills in various fields, including technology. This helps reduce the skills gap and helps individuals prepare for the challenges of a changing economy (S et al., 2024).

CONCLUSION

Digital transformation is a fundamental process that involves using digital technologies to change the way businesses, governments, and societies operate. In this digital era, digital transformation opens up huge opportunities to drive economic growth, increase efficiency, and create innovation. Overall, digital transformation is the key to accelerating economic growth in the digital era. However, its success depends on collaboration between the government, private sector, and society in creating an inclusive and sustainable digital ecosystem.

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