

DIGITAL TRANSFORMATION IN BUSINESS MANAGEMENT: OPPORTUNITIES, CHALLENGES AND IMPLICATIONS

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ABSTRACT

This research aims to analyze about digital transformation driven by rapid technological advancements that have revolutionized the global business landscape in business management. With the digital transformation of the business world, of course, there are opportunities and challenges faced by companies, whether small, medium or upper scale companies. The research method used in this study is an analytical descriptive method using literature studies (Library Research) which is associated with the phenomena that occur. Les résultats de cette étude montrent que la transformation numérique qui peut ouvrir de nouvelles opportunités pour accroître l'efficacité, l'innovation et l'accès au marché dans l'industrie, avec la numérisation, affectera la gestion des entreprises. Il y a deux influences, à savoir les opportunités et les défis, tandis que les opportunités sont de faciliter l'accès rapide, les services, les marchés, de réduire les coûts de production et peuvent être largement connus. Le défi réside dans les installations, les politiques et les ressources humaines qui ne sont pas prêtes.

Keyword: Transformation; Digital; Management; Business

INTRODUCTION

The development of technology and digital transformation (digitalization) has affected various sectors of life. Almost all business sectors almost all business sectors are required to follow the digital trends that are currently developing. Digital transformation is now a business model that is currently being integrated with technology.

Digital disruption, triggered by rapid advances in technology, has revolutionized the global business landscape over the past few decades. (Chusumastuti, Elisabeth, Suryadharma, Sinaga, & Takumi, 2023). In today's digital era, technology has changed many aspects of human life, including in the fields of economics and business (Ardiansyah, 2023). This digital transformation affects every sector, be it small businesses to large corporations, as well as governments and the general public. The rapid and growing development of technology has brought great impact in various aspects of human life, including in the economic and business fields.

But behind the ease of digitalization in the business world, it also has challenges that need to be overcome. transformation in this digital era will also make management unsteady. as a result, massive layoffs threaten the industrial world. This will affect the business world and business management.

About 70 percent of digitization processes in companies end up failing. In addition to the workforce not being ready to become operators of sophisticated tools, management is not necessarily ready to make these changes (Adha, 2020). Digital transformation will affect the competitiveness of micro and small businesses (Firmansyah, Saepuloh, & Dede, 2022). In the face of technological advances and global competition, companies must be able to manage their assets, including digital innovation capabilities that keep up with the times (Saepulloh & Susila, 2021).

Enterprises are increasingly adopting opportunities such as analytics, big data, cloud, social media and mobile platforms in an effort to build a competitive digital business strategy. (Kurniawan, Rahayu, & Wibowo, 2021). Digital transformation is both an area of opportunity and challenge (Latifah & Ngalmun, 2023). The digital transformation process is complex, difficult and high-risk. Failure can be costly to the organization as it requires huge investments in material and human resources (Oktaviani et al., 2023).

Therefore, digital technology in management and accounting is required to improve its performance (Fauzi, Leni Rahmayana, Ika Wulandari, & Bagus Hari Sugiharto, 2023). To

ensure the momentum of digital transformation continues, it needs to be managed properly. (Prihanto, 2018). Digital transformation has become a global trend that affects all aspects of human life. In Indonesia, digital transformation acceleration policies can accelerate economic growth, especially in the creative economy sector. (Bangsawan, 2023).

The digital economy in Indonesia can indeed bring many positive impacts, but this is also a challenge for the government in making policies. The development of the digital economy can enable the emergence of new business models, integration between business sectors, and changes in business models in existing sectors.

Previous research studies only cover a broad discussion and are still limited, especially those that examine the importance of digital in carrying out their business activities. Thus this study aims to determine the digital transformation of business management in its opportunities and challenges to anticipate the impact of digitalization in a positive direction.

RESEARCH METHOD

This research is also a qualitative research using library research. The method of this research uses descriptive analytical method, namely by describing the phenomena that occur as a result of the times. With this method the author gets a clear understanding of the opportunities and challenges faced by the business world with the transformation of digitalization, due to technological developments. This is certainly very impactful on the business management of a company, both macro and micro companies.

The literature reviewed in this research are books on digital journalism. The collection method used in this library research is collecting documentation in the form of journals, books, transcripts, other records related to organizational communication and leadership (Fauzi, 2021).

Meanwhile, data validity techniques are needed to obtain valid data by checking. In this study, the triangulation used is data source triangulation. Triangulation of data sources, which is done by looking for data from many data sources, namely literature reviews that have a relationship with digital, as the research context.

RESULT AND DISCUSSION

Digitalization Transformation in Business Management

Information dissemination has undergone major changes with the development of digital technology. The development of digital technology has a major impact on the industry (Fauzi, 2021). Digital innovation in general and the digital economy in particular certainly have an impact on economic activity. (Harahap, Paundralingga, Cinditya, & Kusuma, 2018).

Digitization and digitalization emphasize technology, while digital transformation has more to do with overall strategy and business models. Digital transformation is the action taken by organizations to stay adapted to emerging and spreading digital innovations in the external environment. (Bangsawan, 2023)

According to Gartner IT Glossary, digitization is the process of changing from analog to digital form. While Hess et al. (2016), and Horváth and Szabó (2019) view process automation through information technology as digitization. (Putri & Hariyanti, 2022). Digital business transformation is an objective process that responds to changes in the business environment. (Firmansyah et al., 2022). Digital transformation is the use of digital tools in all areas of an organization to change the way they operate for the better. (Larasati, Havidz, Atmaja, & Fadli, n.d.). digital transformation is a crucial step to achieve success in the face of technological change (Harto et al., 2023).

The main goal of digital transformation is to redesign the organization's business through the introduction of digital technologies and beneficial achievements, such as productivity, cost reduction, and increased innovation. Digital transformation leads to the functional use of the internet in designing, creating, selling, displaying, and data-driven modeling management. (Sukarmi, Kurniaty, Dewantara, & Ikaningtyas, 2021). Digital transformation can be defined as the integration of digital technologies into all aspects and operations of an organization, which in turn leads to infrastructural changes in the way the organization is operated and delivers

value to its customers. (Putri & Hariyanti, 2022).

Facing the digital era, among the various capabilities required is the ability to design and present new business models. (Prihanto, 2018). The application of digital technology encourages organizations to have new capabilities so as to improve system performance (Panjaitan, 2023). However, to benefit from digital transformation, companies need to align information technology in their business strategy and also have adequate capabilities.

The role of digitization in procurement, and its role in the field of supply chain management, explores potential barriers to procurement and supply chain digitization, and ways to overcome them. (Putri & Hariyanti, 2022). Digitalization helps the business planning process Flexible production and management planning in response to market needs (Latifah & Ngalmun, 2023).

In adopting technology, companies must identify these challenges and take appropriate action to overcome them. In many cases, this requires a well-thought-out strategic plan, support from management, and collaboration with technology experts and providers (Ardiansyah, 2023).

Adapting to change is a very important necessity in today's business world. Here are some reasons why adapting to change is important:

- a. Change is Constant, Change is a part of life and also the business world. Businesses that are able to adapt quickly to change have a huge competitive advantage.
- b. Increased Efficiency, Adapting to change can help companies improve their efficiency and productivity. New technologies, new processes, and new strategies can help companies achieve their goals in a more effective way.
- c. Innovation, adapting to change can trigger innovation. When companies continuously adapt to technological and market developments, they can find new ways to meet customer needs and increase the value of their products or services.
- d. Competing in the Global Market, adapting to change can help companies to compete in the global market. Businesses that can adapt quickly to changes in the global market have a greater competitive advantage and can win a wider market share, Opening New Opportunities, Adapting to change can open up new business opportunities.

Thus, in the era of the digital economy, digitization is now a strategic management issue for companies rather than a technical issue Companies can find new opportunities in emerging markets or find new opportunities in the market. (Kementrian Komunikasi dan Informasi, 2019). Each digital transformation strategy has differences in its implementation. This is due to the different needs and conditions in each organization, so the implementation of digital transformation has many variations. (Oktaviani et al., 2023). This information can be used to identify areas for improvement and make adjustments to the business strategy. (Fauzi et al., 2023).

At the organizational level, it is argued that companies should find ways to innovate with these technologies by devising a "strategy that embraces the implications of digital transformation and drives performance". (Kurniawan et al., 2021). For this reason, companies must have a cohesive strategy to integrate digital and physical elements in order to transform their business model and set the direction for the entire industry. (Prihanto, 2018).

Some strategies that companies can do to be more effective and faster in carrying out digital transformation:

1. Not only the provision of technology facilities, training on technology adoption should be conducted continuously.
2. Must follow online marketing trends. Among them, WhatsApp is used by almost all Indonesian respondents and the percentage of TikTok users consistently and significantly increases from year to year, even Tiktop is a popular marketing media in Indonesia during 2022.
3. Information literacy of government programs must be increasingly socialized because

one of the obstacles to digital transformation is cost. in addition to digital literacy that continues to be carried out to support the quality of human resources.

4. To reach the global market, we must start entering Global E-Commerce which is widely used by the global community. In addition, improvements in product quality according to export standards must continue to be carried out so that local products have global competitiveness. Penggunaan strategi digital untuk mendukung strategi bisnis, sekarang digunakan sebagai rasa kebutuhan antara bisnis dan strategi digital. Fase penyelarasan strategi digital ini bila tercapai, dapat mengantisipasi tanda-tanda perubahan yang terjadi di dunia bisnis dengan cepat, dan menjadi inovasi untuk perusahaan kecil maupun perusahaan besar dalam mengembangkan usahanya. Teknologi digital telah menciptakan penerapan strategi model bisnis yang memberikan manfaat besar kepada para pelaku usaha.
5. Digital Transformation in Business Opportunities and Challenges

Digital business transformation is an objective process that responds to changes in the business environment. (Firmansyah et al., 2022). Stakeholders can navigate the challenges and capitalize on the opportunities presented by digital disruption, ultimately contributing to economic transformation and sustainable development. (Chusumastuti et al., 2023).

Various opportunities that can be utilized in the development of the creative economy in Indonesia through digital transformation acceleration policies (Bangsawan, 2023). Today, Indonesia still has great opportunities to increase the utilization of digital technology in various aspects of life, but there are also many challenges. Creative economy opportunities and potential: This phenomenon covers the growth potential and opportunities that the creative economy sector in Indonesia has in the context of digital transformation. This includes improved global market access, increased product and service innovation, and expanded reach and distribution through digital platforms.

The potential of technologies that enable digitization and facilitate digitization plays an important role in the context of digital transformation. Today, products are manufactured with mechanical and electronic components and represent complex systems that allow for the interconnectedness of hardware, software, and data storage. This makes products more intelligent and interconnected. In addition to products, new business models require services, processes, and value chains to be digitized.

For companies whose success was achieved pre-digital, digital technology represents an opportunity for change. Digital transformation not only provides opportunities to empower staff and improve operations, but also has the potential to make managing staff more challenging. (Panggabean. A. N, 2021).

Digital transformation opens up new opportunities in the field of information technology. The curriculum of the new study program is structured to include areas of digital transformation such as cloud computing, big data, AI and machine learning. This is supported by research conducted by Smetanina and friends, that digital transformation opens up opportunities in the field of information technology. (Marwati, Wahyudin, Utomo, Iza, & Halwa, 2021).

Some of the steps that companies can take to achieve their goals are:

1. Awareness and Commitment from Leadership: Company leaders must be the key drivers of digital transformation. They must realize the importance of digital transformation, be committed to it, and set an example for the rest of the organization.
2. Education and Training: Educating and training all employees on the benefits and goals of digital transformation is an important step. This will help them understand the changes that will occur and reduce resistance to change.
3. Building a Culture of Innovation: Changing the company culture to be more innovative is key in digital transformation. Allowing room for experimentation and failure, quickly celebrating innovative achievements, and rewarding new ideas are ways to build a

culture of innovation.

4. Open and Transparent Communication: Open and transparent communication about digital transformation plans, challenges faced, and expected benefits will help address employee concerns and confusion.
5. Collaboration Between Teams and Departments: Encouraging collaboration between teams and departments will facilitate the exchange of ideas and knowledge. This will help solve complex problems and drive adoption of digital solutions across the organization.
6. Strengthen Flexibility and Responsiveness: The corporate culture should encourage flexibility and responsiveness to market and technology changes. This allows the company to be more agile (Tahir. Et.all, 2023).

By applying these best principles, organizations can minimize risks and increase the chances of success in integrating technology and business processes. Integrating technology and business processes. It is important to understand that every organization has unique needs and challenges, so adapting these principles to the business context is key. Digitalization. This brings new challenges for businesses, in the not-too-distant future as market needs accelerate. This can be interpreted as providing benefits or challenges to the companies that run the business.

1. Digital transformation faces several challenges, namely: Culture, culture, habits
Culture, culture or often called habits is the first challenge when organizations will carry out digital transformation, because there are habits and comforts that will be lost. One way that must be done to anticipate it is by open socialization, including conducting training and improving HR competencies.
2. Policy still addresses macro matters. There are differences in policy levels ,
3. Resistance to change Change is triggered by technological developments as the main driver. Adaptation to technology is not without constraints but business processes must follow technological developments. To suppress or even eliminate resistance, it is necessary to do things such as planning for change, socializing change, involving staff in the change process, and setting an example by superiors in implementing change.

A key challenge facing companies is the optimal combination of physical and digital resources to create value for their customers. Companies that manage this process effectively can achieve an advanced competitive advantage by improving customer experience, optimizing commercial and logistics processes, and generating new business models. (E. Martinelli. G. Tagliacruzchi and G. Marchi, 2018).

With digital leadership competencies, you have the ability to decide direction, influence and have the ability to influence and be proficient in building relationships in anticipating the challenges of changes in the business environment faced by the organization. (Noki, Ukkas, Goso, 2023). This condition is an extraordinary challenge, where the flexibility of structure and management must be supported by fast adaptability.

But whatever the obstacles and challenges, the commitment of all parties is needed to create a digital organization. A question that must be answered: "Do we not want to change for a good result". In addition to utilizing information technology, there are many non-technical things that must be done in building a digital organization, including the challenges that must be faced. The urgency of these emerging challenges must be acted upon immediately.

CONCLUSION

Based on the statistical analysis previously described, it can be concluded that digital transformation can open up new opportunities to increase efficiency, innovation, and market access in the industry, with digitalization will affect business management. There are two influences, namely opportunities and challenges, while the opportunities are to facilitate fast access, services, markets, reduce production costs and can be widely recognized. The challenges are infrastructure, policies and human resources that are not ready, as well as

negative influences that can affect the business world, due to the interests of someone who is not responsible.

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