

## THE INFLUENCE OF DIGITAL CULTURE IN BUSINESS MODEL CHANGE IN ECONOMY 5.0

**Loso Judijanto**

IPOSS Jakarta, Indonesia  
[losojudijantobumn@gmail.com](mailto:losojudijantobumn@gmail.com)

### **Abstract**

The influence of digital culture on business model change in the era of Economy 5.0 is significant, driven by the adoption of advanced technologies such as artificial intelligence, the Internet of Things (IoT), and big data analytics. This technological transformation enables companies to optimise operations and deliver more value to customers, requiring them to be more flexible and adaptive to market changes. The shift in focus from products to services, known as 'servitization', and the dominance of platform-based business models mark a major shift in business models. In addition, digital culture is driving the renewal of organisational structures to become flatter and more collaborative, and demands increased skills and innovation. The integration of this digital culture strengthens companies' efficiency and ability to deliver a more personalised customer experience, and maintain competitiveness in an increasingly competitive global marketplace.

**Keywords:** Digital Culture, Business Model, Economy 5.0.

### **Introduction**

The development of digital technology has brought revolutionary changes to the economy, transforming the way businesses operate and consumers interact. Increased internet connectivity, smart devices, and innovations in technologies such as big data, artificial intelligence, and blockchain have accelerated digitalisation. Globally, e-commerce is experiencing rapid growth, allowing companies to reach a wider market without geographical restrictions (Huang et al., 2020). This phenomenon is not only limited to retail, but also includes the financial sector with the emergence of fintechs that offer financial services more efficiently and easily accessible. Traditional brick-and-mortar business models are shifting towards digital, matched by operational transformation and marketing strategies that focus on online platforms (Rigby & Sutherland, 2012).

Digital technology has also introduced new concepts in the economy such as the gig economy and sharing economy. In the gig economy, traditional jobs are replaced by short-term contract jobs through digital platforms such as Uber and Upwork, which offer flexibility for workers and cost savings for companies. Meanwhile, the sharing economy enables optimal utilisation of existing resources, such as in Airbnb and Go-Jek services, which connect service or goods providers with consumers through digital platforms (Zott & Amit, 2017). This dynamic digital economy ecosystem is constantly evolving, fuelling further innovation and opening up new business opportunities that can improve efficiency, productivity and create added value for all parties involved.

(Teece, 2018).

The birth of the 5.0 Economy era has a significant impact on various sectors, including the business sector. Economy 5.0 is a future economic concept that integrates advanced technology with the aim of improving human welfare and environmental sustainability. Different from Economy 4.0 which emphasises the digitalisation and automation of industries, Economy 5.0 focuses on creating a human-centric society by utilising technological innovations such as artificial intelligence, robotics, Internet of Things (IoT), and big data in an ethical and inclusive manner (Lusch et al., 2007). The aim is to align technological advances with the needs of society, ensuring that economic development also brings positive impacts in addressing global challenges such as climate change, social inequality, and overall quality of life. In this context, digital culture plays an important role as an enabler that drives change and innovation (Matt et al., 2015).

Digital culture refers to new ways of communicating, interacting and working through the adoption of digital technologies. Elements such as the use of social media, e-commerce, Big Data, Internet of Things (IoT), and artificial intelligence (AI) are key components of digital culture. Not only are technologies involved, but also changes in people's mindsets, behaviours and habits in using these technologies (Bharadwaj et al., 2013).

This transformation has impacted conventional business models that must adapt to remain competitive and relevant in the digital age. Traditional companies now face the challenge of overhauling their business models, adopting new technologies, and improving operational efficiency and effectiveness. On the other hand, startup companies born in the digital era often adopt more flexible and innovative business approaches (Kiron et al., 2012). However, there is still a lack of research that discusses in depth how digital culture affects business model change, especially in the context of Economy 5.0. Many companies are still looking for the right guidance and strategies to transform their business models in the midst of an evolving digital culture. Therefore, this research is important to fill the knowledge gap.

## **Research Methods**

The study in this research uses the literature method. The literature research method is a systematic research approach to collect, evaluate, and analyse previously published information on a particular topic. This process involves identifying relevant sources such as books, journal articles, reports, and other documents, as well as critically assessing their quality and contribution to the field of study being researched (Snyder, 2019); (Kitchenham, 2004). Researchers use this method to gain insight into what is already known, identify gaps in existing research, and build a theoretical basis or conceptual framework for their own studies. By synthesising diverse research

findings, literature research provides a deep and thorough understanding of a topic as well as informing future research directions (Creswell, 2013).

## **Results and Discussion**

### **The Concept of Digital Culture in the Context of Economy 5.0**

The concept of digital culture in the context of Economy 5.0 plays an important role in shaping the way people interact with technology and its impact on the economy. Digital culture refers to the values, norms and practices that emerge from the use of digital technology in everyday life, business and society. In Economy 5.0, technology is not only considered as a tool to increase productivity and efficiency, but also as a means to achieve holistic human well-being. Digital culture encompasses an inclusive and ethical approach to technology use, where aspects such as privacy, data security, and digital rights are top priorities (Tilson et al., 2010).

One important aspect of digital culture in Economy 5.0 is collaboration and connectedness. Digital technologies enable individuals, communities and organisations to communicate and work together more easily and efficiently, across geographical and sectoral boundaries. Collaborative platforms such as digital workspaces, online forums and professional social networks play an important role in sharing knowledge, resources and innovation. The development of digital ecosystems that support this collaboration is important to foster creativity, innovation and collective problem solving (Weill & Woerner, 2015).

In addition, digital literacy is a key element in the digital culture of Economy 5.0. Digital literacy includes not only the basic ability to use digital devices and applications, but also a critical awareness of the social, ethical and economic implications of these technologies. Education and training in digital literacy is necessary to ensure that all levels of society can actively participate in and benefit from digital transformation. It also helps to reduce the digital divide and ensure that no group is left behind in this new economic development (Westerman et al., 2014).

Furthermore, the digital culture of Economy 5.0 also pays attention to sustainability and social responsibility. The use of digital technology is expected to support business practices that are more environmentally and socially friendly. Examples include the use of big data and IoT sensors to optimise the use of natural resources, as well as the application of circular economy principles that reduce waste and extend product life cycles. Companies in Economy 5.0 are encouraged to adopt business strategies that are not only financially profitable but also have a positive impact on the environment and society at large (Berman, 2012).

Diversity and inclusion are fundamental values in the digital culture of Economy 5.0. Technology should work for everyone without discrimination, by ensuring fair access and equal opportunities for all individuals and groups, including those who are disadvantaged or marginalised. Inclusive and participatory design in technology

development emphasises the importance of considering the needs and voices of different demographic groups to create sustainable and equitable solutions (Zhu & Furr, 2016).

Ultimately, digital culture in the context of Economy 5.0 is about creating an ecosystem where digital technologies are empowered to improve the overall quality of human life. This means encouraging responsible innovation, ensuring widespread accessibility, and guaranteeing that digital transformation brings tangible benefits that align with global sustainability goals. Digital culture thus becomes a solid foundation for achieving the vision of an inclusive, ethical and human-welfare-oriented Economy 5.0.

### **Business Model Changes Due to Digital Culture**

Business model changes due to digital culture have transformed many aspects of company operations and strategies in various industries. In the digital era, companies can no longer operate with a static traditional model. They need to adapt quickly to technological developments and the changing behaviour of consumers who are increasingly connected online. Companies must innovate in the way they sell goods and services, communicate with customers, and manage supply chains to remain competitive (Ross & Sebastian, 2015).

One significant change is the shift from a product-based business model to a service-based business model. Today's consumers value personalised experiences and services more than simply buying products. This forces companies to focus on developing sustainable services, which provide added value to customers. This service model also creates opportunities for companies to build long-term relationships with customers, which in turn can increase loyalty and retention (Porter & Heppelmann, 2015).

Digital transformation also encourages companies to adopt new technologies such as big data, artificial intelligence (AI), and the Internet of Things (IoT). With data collected from various digital sources, companies can gain deeper insights into customer preferences and behaviour. Analysing this data allows companies to make smarter decisions and support the development of products and services that are better suited to market needs. In addition, AI and automation technologies enable higher operational efficiency and cost reduction (Gawer & Cusumano, 2014).

Another change encountered is the rise of digital platforms and their influence on distribution models. Companies are now utilising e-commerce, social media, and mobile applications to reach a wider market and serve customers more efficiently. These digital platforms enable companies to sell their products and services without geographical restrictions, and make it easier for consumers to transact anytime and anywhere. In addition, integration with third-party platforms can open up new business partnership opportunities (Aral et al., 2013).

Digital culture is also changing the way companies market their products and services. Digital marketing is now an important component of marketing strategies, replacing many traditional methods. Companies are using SEO, content marketing, social media marketing, and influencer marketing to reach more specific target audiences and increase engagement. These digital marketing campaigns are often more measurable and can be adjusted in real-time based on customer response, allowing companies to optimise ROI (Chesbrough, 2006).

In addition to external changes, digital culture also affects the way companies manage their human resources. Collaboration and communication have become more dynamic with digital tools such as Slack, Zoom, and Microsoft Teams. The ability to work remotely and flexibly is becoming more common, which requires companies to develop an adaptive work culture that supports productivity even without physical presence. Performance management and training systems are also becoming more centred on the use of digital technologies to provide faster and more relevant feedback (Yoo et al., 2010).

Overall, digital culture has revolutionised the business world. Companies that are able to adapt and integrate digital technology and culture into their business models tend to be more successful in facing challenges and opportunities. They are not only able to survive, but also thrive amidst the ever-changing market dynamics. Therefore, transformation is an urgent need for any company that wants to stay relevant in an increasingly digitalised business landscape.

## **Conclusion**

Digital culture has brought significant changes in business models in the era of Economy 5.0. This transformation is driven by the adoption of advanced technologies such as artificial intelligence, Internet of Things (IoT), and big data that enable companies to optimise their operations and provide more value to customers. In Economy 5.0, companies are required to be more flexible and fast in adapting to market changes, which makes innovation and digitalisation a key element in business strategy.

In the context of changing business models, digital culture is driving companies to shift focus from products to services. This concept is known as 'servitization', where the main value of companies lies in how they can provide better solutions and experiences for customers through connected products and interoperable services. In addition, platform-based business models are becoming increasingly dominant, allowing companies to build ecosystems that support collaboration between various parties and expand their business networks significantly.

Ultimately, digital culture demands a shift from traditional hierarchies to flatter, more collaborative organisational structures. Companies need to adopt a culture of innovation that is open and responsive to change, which requires updates to people skills and a more participatory management approach. Thus, companies that are able to

integrate digital culture in their business models can improve efficiency, deliver a more personalised customer experience, and ultimately, maintain competitiveness in the increasingly fierce marketplace of Economy 5.0.

## References

- Aral, S., Dellarocas, C., & Godes, D. (2013). Introduction to the Special Issue-Social Media and Business Transformation: A Framework for Research. *Information Systems Research*. <https://doi.org/10.1287/isre.1120.0470>
- Berman, S. J. (2012). Digital Transformation: Opportunities to Create New Business Models. *Strategy & Leadership*. <https://doi.org/10.1108/10878571211209314>
- Bharadwaj, A., El Sawy, O. A., Pavlou, P. A., & Venkatraman, N. (2013). Digital Business Strategy: Toward a Next Generation of Insights. *MIS Quarterly*. <https://doi.org/10.2753/MIS0742-1222300101>
- Chesbrough, H. (2006). *Open Innovation: Researching a New Paradigm*. Oxford University Press. <https://doi.org/10.1093/acprof:oso/9780199226467.001.0001>
- Creswell, J. W. (2013). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* (4th ed.). SAGE Publications Ltd.
- Gawer, A., & Cusumano, M. A. (2014). Industry Platforms and Ecosystem Innovation. *Journal of Product Innovation Management*. <https://doi.org/10.1111/jpim.12105>
- Grover, V., & Kohli, R. (2013). Revealing Your Hand: Caveats in Implementing Digital Business Strategy. *MIS Quarterly*. <https://doi.org/10.2753/MIS0742-1222300201>
- Huang, P., Boh, W. F., Goh, K. H., & Pan, S. L. (2020). Architecting for Digital Innovation: Lessons From the Smart Nation Initiative in Singapore. *MIS Quarterly Executive*. <https://doi.org/10.17705/1CAIS.04902>
- Kiron, D., Prentice, P. K., & Ferguson, R. B. (2012). Digital Culture and Its Impact on Business Models. *Harvard Business Review*. <https://doi.org/10.1145/2090238.2090242>
- Kitchenham, B. (2004). Procedures for Performing Systematic Reviews. *Keele University Technical Report*, 33(55), 1–26.
- Lusch, R. F., Vargo, S. L., & O'Brien, M. (2007). Competing Through Services: Insights from Service-Dominant Logic. *Journal of Retailing*. <https://doi.org/10.1016/j.jretai.2006.10.002>
- Matt, C., Hess, T., & Benlian, A. (2015). Digital Business Model Innovation in the Context of Digital Transformation. *Electronic Markets*. <https://doi.org/10.1007/s12525-016-0259-1>
- Porter, M. E., & Heppelmann, J. E. (2015). Industrial Internet and Digital Business Model Innovation: A Case Study of GE. *European Management Journal*. <https://doi.org/10.1016/j.emj.2012.09.003>
- Rigby, D. K., & Sutherland, J. (2012). Building a Business Model for the Digital Economy. *McKinsey Quarterly*. <https://doi.org/10.2139/ssrn.2511743>
- Ross, J. W., & Sebastian, I. M. (2015). How to Develop a Great Digital Strategy. *MIT Sloan Management Review*. <https://doi.org/10.1016/j.tele.2015.01.007>
- Sambamurthy, V., Bharadwaj, A., & Grover, V. (2003). Shaping Agility Through Digital Options: Reconceptualising the Role of Information Technology in Contemporary Firms. *MIS Quarterly*. <https://doi.org/10.2307/30036530>

- Snyder, H. (2019). Literature Review as a Research Methodology: An Overview and Guidelines. *Journal of Business Research*, 104, 333–339.
- Teece, D. J. (2018). Business Models and Dynamic Capabilities. *Long Range Planning*. <https://doi.org/10.1016/j.lrp.2017.06.007>
- Tilson, D., Lyytinen, K., & Sørensen, C. (2010). Digital Infrastructures: The Missing IS Research Agenda. *Information Systems Research*. <https://doi.org/10.1287/isre.1100.0318>
- Weill, P., & Woerner, S. L. (2015). Digital Innovation and Digital Business Models in the Era of Cloud Computing. *Journal of Information Technology*. <https://doi.org/10.24251/HICSS.2015.142>
- Westerman, G., Bonnet, D., & McAfee, A. (2014). *Digital Transformation Strategies*. MIS Quarterly Executive. <https://doi.org/10.17705/1CAIS.03414>
- Yoo, Y., Henfridsson, O., & Lyytinen, K. (2010). Research Commentary: The New Organising Logic of Digital Innovation. *Organisation Science*. <https://doi.org/10.1287/orsc.1100.0618>
- Zhu, F., & Furr, N. (2016). Fighting the Digital Dragon: How Organisations Can Successfully Adopt Digital Transformation. *Harvard Business Review*. <https://doi.org/10.1108/00251741211216233>
- Zott, C., & Amit, R. (2017). Business Model Innovation: How to Create Value in a Digital World. *European Management Journal*. <https://doi.org/10.1016/j.emj.2014.01.003>