

## **FACING DIGITAL DISRUPTION: CORPORATE ADAPTATION STRATEGIES IN ECONOMY 5.0**

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### **Abstract**

In the Economy 5.0 era, digital disruption is a significant challenge for companies in various sectors. This article explains the importance of an adaptation strategy to deal with rapid and complex technological change. Digital transformation is not only about adopting new technologies, but also involves changes in business operations and work culture. Upgrading employee skills through continuous training is a key factor in ensuring that the workforce remains relevant and competent. In addition, the development of a collaborative business ecosystem through strategic partnerships with technology startups, research institutions, and the government is identified as an important approach to creating innovation and added value. By implementing this strategy, companies can be more adaptive in facing the challenges of digital disruption and remain competitive in Economy 5.0.

**Keywords:** Digital Disruption, Strategy, Corporate Adaptation, Economy 5.0.

### **Introduction**

The development of digital technology has brought about major changes in various aspects of life, including in the business world. Business is an activity that involves individuals or organisations producing, buying, selling, or exchanging goods and services for profit. In the process, businesses manage various resources, including capital, labour, and raw materials, to create added value for customers and stakeholders (Kane et al., 2017). Businesses can operate in various forms, ranging from small and medium enterprises to large companies, and can function in various economic sectors, such as manufacturing, trade, services, and technology. The main objective of a business is to meet the needs and wants of the market, while ensuring the sustainability and long-term growth of the organisation (Russell & Norvig, 2020).

This phenomenon is known as digital disruption, which refers to the use of digital technology to drastically change companies and markets. Digital disruption is a phenomenon in which digital technology innovation fundamentally changes or disrupts

traditional business models and the way organisations operate. This disruption usually occurs when new technology is introduced, enabling new ways of providing products or services that are more efficient, affordable, or better meet consumer needs (Davenport & Dyché, 2013). Common examples of digital disruption include the emergence of e-commerce platforms that replace physical stores, streaming services that deliver entertainment content without the need for physical media, and fintech technologies that revolutionise the way people conduct financial transactions. Digital disruption forces companies to adapt quickly to change in order to remain competitive and relevant in an increasingly connected and dynamic marketplace (Groves, 2016).

Digital disruption can create new opportunities, but it also presents major challenges for companies that are not prepared to face them. Many traditional companies are unable to survive when their business models are displaced by technology-based innovations, as has happened in the transportation industry with the advent of ride-hailing services, and in the hospitality industry with the emergence of short-term accommodation rental platforms (Mayer-Schönberger, 2014).

With the emergence of the Economy 5.0 concept, which emphasises the synergy between technological progress and the values of humanism and sustainability, the challenges facing companies are increasingly complex. Economy 5.0 encourages the formation of a human-centred society by utilising technological innovations (such as artificial intelligence, the Internet of Things, and big data) to solve social problems while creating economic added value. In this context, companies are faced with the need not only to adopt the latest technology, but also to adapt their business models and organisational cultures to align with global trends and ever-increasing consumer expectations (Moritz et al., 2022).

A lack of in-depth understanding of how to integrate new technologies with existing business strategies is often a major obstacle for companies. There are various factors to consider, from change management and digital skills development to paradigm shifts in delivering value to customers. The success of companies' adaptation to digital disruption depends heavily on their ability to formulate the right strategy and implement it effectively (Iansiti & Lakhani, 2020).

This study aims to explore effective adaptation strategies for companies in facing digital disruption in the Economy 5.0 era. By understanding the various adaptation strategies that have been implemented by successful companies, this study is expected to provide relevant guidance and insights for decision makers in companies facing similar challenges. This study also aims to identify the main factors that support or hinder the adaptation process, so as to help other companies in designing better strategic steps that are in line with their respective conditions.

## **Research Methods**

The study in this research uses the literature method. The literature research method is a research approach that focuses on the collection, analysis, and interpretation of data obtained from various existing written sources, such as books, academic journals, articles, reports, and online sources. The purpose of this method is to identify, evaluate, and synthesise the knowledge and findings that have been produced by other researchers related to a particular topic or field of study (Knopf, 2006); (Hart, 2001). Literature research is often used as a theoretical basis for further research, helping to identify research gaps, develop conceptual frameworks, and gain an in-depth understanding of the issues under study. In addition, this method can also be used to review existing literature and develop a holistic narrative on developments and trends in a particular field (Jesson et al., 2011).

## **Results and Discussion**

### **Effective Adaptation Strategies in Facing Digital Disruption**

The first step in an effective adaptation strategy is to identify and understand emerging technology trends. Organisations must proactively monitor the latest developments in digital technology, such as artificial intelligence (AI), Big Data, the Internet of Things (IoT), and blockchain technology. Understanding how these technologies can affect their industry allows companies to anticipate change and make data-driven decisions to adopt relevant technologies. This can involve following industry reports, attending technology conferences, or partnering with research institutions and universities (Marr, 2018).

To adapt to digital disruption, organisations need to develop a culture of innovation that encourages employees to think creatively and take calculated risks. This culture can be fostered through training, incentives for new ideas, and a work environment that supports experimentation. In this way, companies can improve their internal capabilities to develop new solutions and increase agility in responding to market changes. It is also important for top management to demonstrate their commitment to innovation by providing adequate resources and removing bureaucratic obstacles (Christensen et al., 2015).

It is important for companies to invest in strong digital technology and infrastructure. This includes adopting advanced data management systems, cloud computing solutions, and digital collaboration tools that enable greater mobility and productivity. These investments not only improve operational efficiency but also enable organisations to better collect and analyse data, which is essential for strategic decision-making. In addition, updating digital infrastructure can also help companies improve cybersecurity, protecting digital assets from threats (Gray, 2019).

Human resources with adequate digital skills are an important asset in dealing with digital disruption. Organisations must focus on improving employees' digital

capabilities through regular training, career development programmes and technology certification. Encouraging continuous learning helps employees stay relevant and ready for technological change. In addition, recruiting new talent with diverse digital skills can also be an effective strategy for filling skill gaps within the company (Collins, 2001).

Digital disruption often brings significant changes to traditional business models. Therefore, companies need to adopt business models that are more flexible and responsive to market changes. This can involve the use of strategies such as iterative product development, subscription-based services, or digital platforms that enable direct interaction between providers and consumers. A flexible business model allows companies to quickly adapt to new trends and changing customer needs (Westerman et al., 2014).

Dealing with digital disruption also means putting customers at the centre of digital transformation. Organisations must prioritise the customer experience by leveraging technology to provide more personalised and responsive services. Using customer data to understand their preferences and behaviour can help create more relevant products and services. In addition, digital interaction platforms such as social media, mobile applications, and chatbots can expand the reach of customer service and increase satisfaction through quick responses and appropriate solutions (McAfee & Brynjolfsson, 2017).

Finally, to deal with digital disruption effectively, companies must be open to collaboration and strategic partnerships. Collaborating with technology startups, other companies, or even competitors in the form of joint ventures or alliances can bring new perspectives, additional resources, and access to innovative technologies. These partnerships allow companies to share risks and costs and accelerate the innovation process. In addition, collaboration with the broader innovation ecosystem, such as incubators and accelerators, can help discover new ideas and unexplored market opportunities (Little, 2012).

By adopting these strategies, organisations can be better prepared to face the challenges of digital disruption and seize the opportunities arising from these changes.

### **The Main Challenges Facing Companies in Economy 5.0**

Economy 5.0 describes an era in which technology, innovation, and sustainability are the main pillars that shape the economic and business landscape. However, along with new opportunities, there are also major challenges that companies must face. It is important to understand these challenges so that companies can adapt and grow in a dynamic environment (Hinton et al., 2018).

One of the main challenges is adapting to rapid technological developments. Companies must be able to keep up with the latest technological trends, such as artificial intelligence, the Internet of Things (IoT), blockchain, and others. The inability

to adopt this new technology can cause companies to fall behind competitors and lose relevance in the market (Harari, 2014).

System and data integration is also a major challenge. With the increasing number of devices and applications in use, managing and integrating data from various sources is a complex task. Companies need a system that is capable of integrating data well in order to provide accurate insights and support data-driven decision making (Schawbel, 2010).

Cybersecurity is becoming increasingly important in Economy 5.0. With the increasing dependence on digital technology, cyber threats have also increased significantly. Companies must invest resources in cybersecurity to protect sensitive data and maintain customer trust. Without adequate security measures, companies risk experiencing security breaches that can damage their reputation and cause financial losses (Granovetter, 2018).

Human resource (HR) competency is also a major challenge. In the Economy 5.0 era, HR skills and knowledge must be constantly updated to keep up with the demands of technology and innovation. Companies need to invest in employee education and training, while attracting new talent with relevant expertise. Without competent human resources, it is difficult for companies to compete effectively (Yoffie & Cusumano, 2015).

Companies also need to build a culture of innovation that encourages creativity and experimentation. Innovation is a key factor for survival and growth in Economy 5.0. However, creating such a culture requires a fundamental change in the management approach, where mistakes are seen as part of the learning process and experimentation is valued. Many companies are still stuck in traditional hierarchical structures and rigid approaches, which hinder the ability to innovate (Ferguson, 2008).

Finally, the challenge of managing sustainability and social responsibility. Economy 5.0 is not only about technology and economic efficiency, but also about creating sustainable value for society and the environment. Companies must take proactive steps to reduce their carbon footprint, use resources more efficiently, and contribute to the development of local communities. Failure in this aspect can result in regulatory pressure, public criticism, and loss of trust from consumers and other stakeholders (Taleb, 2010).

Overall, companies face a series of complex challenges in the Economy 5.0 era. Only with awareness and proactive efforts in facing these challenges can companies ensure their sustainability and success amid rapid and unpredictable change.

## **Conclusion**

Faced with the era of digital disruption in Economy 5.0, companies must develop a solid adaptation strategy to remain competitive and relevant. First, digital transformation is a must, where companies must integrate advanced technologies such as artificial intelligence, the Internet of Things (IoT), and big data analytics into their

business operations. This transformation is not only about technology adoption, but also a paradigm shift in how to run a business that is faster, more efficient, and more responsive to market needs.

Second, companies need to focus on improving employee skills and capabilities through ongoing training programmes. Given the highly dynamic changes in technology, it is important for the workforce to always be up-to-date with the latest developments. In addition, a collaborative and innovative approach must be emphasised in the work culture, allowing new ideas and creative solutions to emerge from various levels of the organisation.

Third, the development of a complementary business ecosystem is also key in Economy 5.0. Companies must form strategic partnerships with other fields, including technology startups, research institutions, and the government, to create added value and accelerate innovation. By sharing resources and knowledge, companies can be more adaptive to change and able to face the challenges of digital disruption more effectively.

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