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Integrating Sustainability and Digitalization to Increase Profit in the Digital Age

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Abstract: The Role of Sustainability Integration and Digitalization to Increase Profit in the Digital Age is a scientific article of literature study within the scope of business management. The purpose of this article is to build a hypothesis that Sustainability Integration and Digitalization play a role in Increasing Profit in the Digital Age. The research object comes from online libraries such as Google Scholar, Mendeley, and other online academic media. The method used is library research, which is sourced from e-books and open access e-journals. The analysis is done descriptively qualitative. The results of this article show that: (1) The implementation of sustainability strategies plays a role in increasing company profits, and (2) The use of digital technology supports the implementation of sustainability in business.

Keywords: sustainable business, profitability, digital age, green technology, business strategy

INTRODUCTION

Amidst the rapid changes taking place in the digital age, companies are faced with the challenge of not only achieving profits but also maintaining sustainability in their operations. Global awareness of environmental and social issues is increasing, encouraging companies to adopt sustainable business practices. Sustainable business emphasizes a company's responsibility to the environment and society, potentially enhancing reputation and consumer trust (Elkington, 1999; Porter & Kramer, 2011).

Sustainable business is no longer just considered an option, but rather a strategic necessity for companies that want to survive and thrive in an increasingly competitive market. Research has shown that companies that integrate sustainability practices in their operations tend to be more efficient, attract more investors, and build stronger consumer loyalty (Eccles, Ioannou, & Serafeim, 2014). In the context of the digital age, the use of technology enables companies to implement sustainability strategies more effectively, whether through process automation, more efficient resource management, or through

innovation of environmentally friendly products and services (Bocken, Short, Rana, & Evans, 2014).

On the other hand, digital transformation offers opportunities for companies to improve efficiency, optimize processes and create innovation. The integration of sustainability with digital technology is crucial to increase profitability in this competitive era (Brynjolfsson & McAfee, 2014). Sustainability strategies supported by digital technology not only help companies meet social and environmental demands but also potentially open up new opportunities for innovation and operational efficiency.

In this context, this study aims to explain how the integration of sustainability and digitalization can help companies increase their profits. However, there are challenges in implementing this strategy, especially in understanding how these two aspects can complement each other and have a positive impact on profitability. Therefore, this research will examine and analyze the relationship between sustainability and digitalization in a business context (Kamble et al., 2020).

Based on this background, the purpose of writing this article is to build further research hypotheses, namely:

- 1) Analyze the role of sustainable business in improving corporate profitability in the digital era; and
- 2) Analyzing the role of effective digital strategies in increasing company profits in the digital era.

METHOD

This scientific article is written using a literature review method. The references used come from online analysis sources such as Google Scholar and other online journals. Because of its exploratory nature, this research was conducted. The data used in this research is literature on the Impact of Digitalization on the Industrial sector; the data was obtained through online media and other sources. Used as supplementary data for research issues. By using literature studies, the researcher will elaborate on and analyze the data and information that has been collected

RESULTS AND DISCUSSION

Results

The results show that companies that adopt sustainable business approaches and digital technologies simultaneously are not only able to improve operational efficiency but also achieve significant long-term profits.

Increase Profit

Increasing profits is one of the main focuses for companies in the face of increasingly fierce competition in the digital era. Research shows that companies that integrate sustainability practices with digital strategies tend to achieve better financial performance. Here are some key aspects that explain the research results in this context:

- 1) Operational Efficiency, Implementation of sustainability strategies focuses on the efficient use of resources, which can result in cost savings. For example, companies that implement better energy management practices can reduce electricity bills and production costs. According to Porter & Kramer (2011), innovations in environmentally friendly production processes not only help reduce environmental impacts but can also increase profitability.

- 2) Customer Loyalty, Sustainability practices can strengthen a company's image in the eyes of consumers, who are increasingly concerned about social and environmental issues. When companies are seen as socially responsible, they can build stronger customer loyalty. Elwisam (2019) emphasizes that companies active in sustainability often experience an increase in sales, as consumers are more likely to buy from brands that they perceive as caring for the environment.
- 3) Data Analytics and Decision Making, Digital technology plays an important role in increasing profits by giving companies the tools to analyze data effectively. By using data analysis tools, companies can better understand market trends, customer behavior, and product performance. Ningrum et al. (2020) showed that companies that utilize data analysis tend to be more responsive to market changes, allowing them to make faster and more accurate strategic decisions.
- 4) Product and Service Innovation, Companies that integrate sustainability with digitalization focus not only on efficiency but also on product and service innovation. By utilizing digital technology, companies can develop new products that are more environmentally friendly and meet evolving market needs. This can open up new revenue channels and increase market share.
- 5) Increased Competitiveness, Sustainability and digitalization can also improve a company's competitiveness in the global market. By adopting more sustainable practices, companies can differentiate themselves from competitors who do not implement similar measures. In an era where consumers are increasingly savvy, companies committed to sustainability will benefit more in terms of reputation and brand image.

Increasing this profit has been studied by many previous researchers including (Oktaviana, S. Y. B., Ali, H., & Priyati, R. Y. 2023), (Septiowati, R., Sari, S., Purwatiningsih, P., Dyatmiko, R., & Widayat, W. 2021), dan (Arista, A., Yuliana, I., & Kustiningsih, N. 2021).

Sustainable Business

A sustainable business approach is a framework that integrates social, environmental and economic considerations into a company's operational and managerial strategies. It focuses not only on short-term profits, but also on long-term impacts on society and the environment. Here are some key points related to this approach:

- 1) Integration of the Three Pillars of Sustainability, The sustainable business approach prioritizes the integration of three main pillars: social, environmental, and economic. Yanto (2019) explains that companies that adopt sustainability principles do not only focus on profit, but also consider the social and environmental impacts of their business activities. By adopting this approach, companies can meet society's expectations, improve brand image, and encourage customer loyalty.
- 2) Corporate Social Responsibility (CSR), Companies committed to sustainability tend to be more active in running Corporate Social Responsibility (CSR) programs. These programs may include various initiatives, such as waste reduction, efficient use of resources, and support for local communities. Moha & Loindong (2016) point out that involvement in CSR activities can enhance a company's reputation, which in turn can attract more customers and improve relationships with stakeholders.

- 3) **Improving Reputation and Brand Image**, A good reputation is an important asset for a company. When companies demonstrate a commitment to sustainability, they can build a positive brand image in the eyes of consumers. Porter & Kramer (2011) emphasize that companies that succeed in building a strong reputation in terms of sustainability will gain the trust of customers and the wider community, thereby increasing customer loyalty.
- 4) **Positive Impact on Profitability**, Implementing a sustainable business approach not only benefits the environment and society, but also has the potential to improve the long-term profitability of the company. By reducing waste and improving efficiency, companies can reduce operating costs. In addition, by meeting consumer expectations regarding sustainability, companies can increase sales and expand their market share. Ningrum et al. (2020) noted that companies that implement effective sustainability practices tend to have better financial performance compared to those that do not.
- 5) **Sustainable Innovation**, A sustainable business approach encourages companies to innovate in products and processes. Companies committed to sustainability often look for ways to develop more environmentally friendly products and utilize digital technology to improve operational efficiency. These innovations can be a significant competitive advantage in a market that is increasingly concerned with sustainability issues.

This Sustainable Business Approach has been studied by many previous researchers including (Ashshidiqy, N., & Ali, H. 2019), (Lawu, S. H., & Ali, H. 2022), dan (Sjioen, A. E., Amaludin, A., Rukmana, A. Y., Syamsulbahri, S., & Wahyudi, I. 2023).

Digital Strategy

A digital strategy is a comprehensive plan that leverages technology to improve business performance, enhance customer interactions, and optimize internal processes. In today's business context, the ability to adapt to digital technologies is critical to a company's success. Here are some important aspects of a digital strategy:

- 1) **Utilization of Modern Technology**, In the digital era, companies are faced with a variety of advanced technologies that can support their operations. Andalusi (2018) mentioned that technologies such as big data, artificial intelligence (AI), and the Internet of Things (IoT) offer great opportunities for companies to improve efficiency and effectiveness.
- 2) **Improved Customer Experience**, Digital strategy also focuses on improving customer experience. Companies that apply digital technology in interactions with customers tend to gain a competitive advantage. Elwisam (2019) emphasizes that digitalization can improve customer experience in various ways.
- 3) **Improved Customer Experience**, Digital strategy also focuses on improving customer experience. Companies that apply digital technology in interactions with customers tend to gain a competitive advantage. Elwisam (2019) emphasizes that digitalization can improve customer experience in various ways.
- 4) **Business Process Optimization**, Digitalization allows companies to optimize their business processes, which in turn can reduce costs and increase profitability.
- 5) **Broader Market Reach**, One of the significant advantages of a digital strategy is the ability to reach a wider market. With online platforms, companies can market their products globally. Elwisam (2019) notes that digitalization allows companies to reach customers in previously unreachable locations, increasing sales opportunities and profitability. It also provides an opportunity for small companies to compete with large companies in a wider market.

This Digital Strategy has been widely studied by previous researchers including (Salim, E., Ali, H., & Yulasma, Y. 2022), (Pratiwi, N. P., & Ali, H. 2023), dan (Irawan, D. F., Ali, H., & Hadita, H. 2024).

Review of Relevant Articles

Reviewing relevant articles as a basis for determining research hypotheses by explaining the results of previous studies, explaining the similarities and differences with the research plan, from relevant previous studies such as Table 1 below.

Table 1: Relevant Research Results

No	Author (Tahun)	Previous Research Results	Similarities with this article	Differences with this article	H
1	Porter & Kramer (2011)	Environmentally friendly product and process innovations improve the company's financial performance.	Sustainable Business Approach in Improving Company Profitability in the Digital Era	This research focuses more on product innovation, while this article discusses the overall sustainable business approach in the context of profitability in the digital era.	H1
2	Yanto (2019)	The integration of the three pillars of sustainability (social, environmental, economic) in corporate strategy improves the company's image and reputation.	Sustainable Business Approach in Improving Company Profitability in the Digital Era	The focus of this research is more on the integration of the three pillars, while this article discusses the synergy between sustainability and digitalization to create efficiency and competitiveness.	H1
3	Elwisam (2019)	Companies committed to sustainability experience increased sales due to increased customer loyalty.	Effective Digital Strategies to Increase Company Profits through Sustainability Practices	This research focuses more on customer loyalty, while this article emphasizes the importance of effective digital strategies to increase profits through sustainability practices.	H2
4	Andalusi (2018)	The utilization of modern technology (big data, AI, IoT) can improve the efficiency and effectiveness of company operations.	Effective Digital Strategies to Increase Company Profits through Sustainability Practices	While these studies focus more on specific technologies, this article addresses the integration of digital technologies with sustainability practices in overall corporate strategy.	H2

Discussion

Based on the theoretical study, the discussion of this literature review article is to review relevant articles, analyze the role between variables and make a conceptual thinking research plan:

The Role of Sustainable Business in Improving Company Profitability in the Digital Age

A sustainable business approach is becoming increasingly important in improving corporate profitability, especially in today's digital era. The concept of sustainability in business emphasizes not only on environmental aspects, but also on social and economic well-being, all of which have a direct impact on the company's long-term performance and profitability. Sustainable business focuses on the efficient use of resources, which reduces the company's operational costs. By adopting digital technologies such as the Internet of Things (IoT) and big data, companies can better monitor the use of energy, raw materials and other resources, thereby minimizing waste. This efficiency not only reduces operational costs, but also improves the company's reputation in the eyes of consumers who are increasingly concerned about environmental issues.

The implementation of sustainability strategies is often followed by an increase in reputation and public trust. Companies that are known for their social and environmental responsibility are more likely to attract loyal consumers. With digitalization, companies can more easily promote their sustainability values through social media platforms, websites and other online campaigns. Consumers who are increasingly concerned with sustainability will prefer brands that they perceive as socially and environmentally responsible.

Businesses that adopt a sustainability approach can more easily attract investors who are focused on sustainable investments. With the emergence of ESG (Environmental, Social, and Governance) as one of the key investment criteria, sustainable companies have a greater chance of securing capital from investors who value responsible business practices. In addition, many global markets now impose regulations that require companies to comply with sustainability standards, so companies that do not will be left behind.

Digitalization enables companies to implement sustainability strategies more effectively and reach a wider audience. By using digital technology, companies can expand the distribution network of sustainable products to global markets, increasing their competitiveness. On the other hand, companies' ability to adapt to international sustainability regulations is also a competitive advantage, especially in meeting sustainability standards in developed countries.

The role of Business Continuity in Improving Company Profitability in the Digital Age has been widely researched: (Ashshidiqy, N., & Ali, H. 2019), (Lawu, S. H., & Ali, H. 2022), dan (Sjioen, A. E., Amaludin, A., Rukmana, A. Y., Syamsulbahri, S., & Wahyudi, I. 2023).

The Role of Digital Strategy in Increasing Company Profit in the Digital Age

An effective digital strategy can play an important role in improving corporate profitability, especially when integrated with sustainability practices. The use of digital technology allows companies to optimize operational processes. For example, through the use of supply chain management software, companies can better monitor and manage inventory, reduce waste, and save costs. These efficiencies directly impact higher profit margins. Digital strategies support the development of greener products and services. Companies can use data analytics to understand consumer needs and preferences, allowing them to create products that not only meet market demand, but also contribute to sustainability. This kind of innovation can attract more customers who care about environmental issues.

In the information age, company reputation is becoming increasingly important. Through digital strategies, companies can promote their sustainability efforts more

effectively, both through social media and other digital platforms. When consumers see companies committed to sustainability, they tend to be more loyal and willing to pay more for those products or services. Companies that adopt sustainable practices often find it easier to obtain funding from investors. Many investors are now looking for opportunities that are not only financially rewarding but also have a positive environmental and social impact. Thus, companies that implement sustainability strategies have a greater chance of attracting investment.

As sustainability regulations become increasingly stringent, companies that employ digital technologies to ensure compliance can avoid fines and a negative reputation. Additionally, the ability to meet international sustainability standards can provide a competitive advantage, especially in global markets. Digital strategies allow companies to quickly adapt to market changes. By leveraging data and analytics, companies can respond to changing consumer trends, so they can stay relevant and increase sales. Overall, effective integration of digital strategies with sustainability practices can help companies not only to increase profitability but also to contribute to environmental and social sustainability. This approach creates a synergy between economic profit and social responsibility, ensuring business sustainability in the future.

The role of digital strategy in increasing company profits in the digital era has been widely studied: (Salim, E., Ali, H., & Yulasmi, Y. 2022), (Pratiwi, N. P., & Ali, H. 2023), dan (Irawan, D. F., Ali, H., & Hadita, H. 2024).

Conceptual framework

Based on the relevant article's problem formulation and discussion, the conceptual framework of this article is as shown in Figure 1.

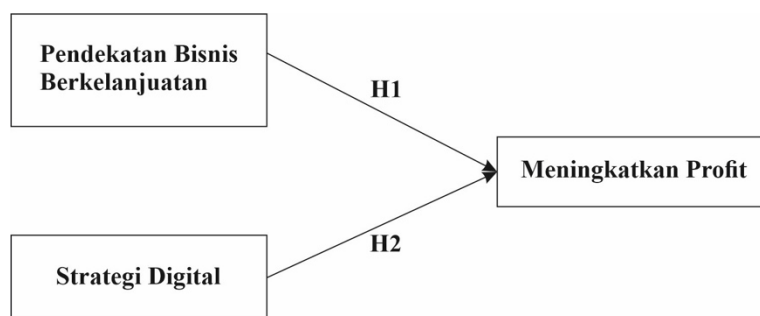


Figure 1: Conceptual framework

Based on the conceptual framework above, of the two exogenous variables that play a role in increasing profits, namely the Sustainable Business Approach and Digital Strategy. Apart from the two variables, sustainable business approach and digital strategy, there are still many variables to increase profits, including:

- 1) Product Innovation: (Hia, A. M., Ali, H., & Sumartyo, F. D. S. 2022), Saputra, F., Ali, H., & Mahaputra, M. R. 2023), Putri, T. N., & Ali, H. (2024), Anom, S., & Ali, H. (2024).
- 2) Location: (Ali, M. K., & Ali, H. 2024), (Irawan, D. F., Ali, H., & Hadita, H. 2024), dan (Musyafa, M. A., & Ali, H. 2024) .
- 3) Employee Knowledge: (Mulyana, A. P., & Ali, H. 2024), (Pusparini, Z. E., & Ali, H. 2023), dan (Hazni, E., & Ali, H. 2024).

CONCLUSION

Based on the objectives, results and discussion, the conclusion of this article is to formulate a hypothesis for further research, namely:

- 1) Sustainable Business Approach plays a role in Increasing Company Profitability in the Digital Era;
- 2) Effective Digital Strategy plays a role in Increasing Company Profits in the Digital Era

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