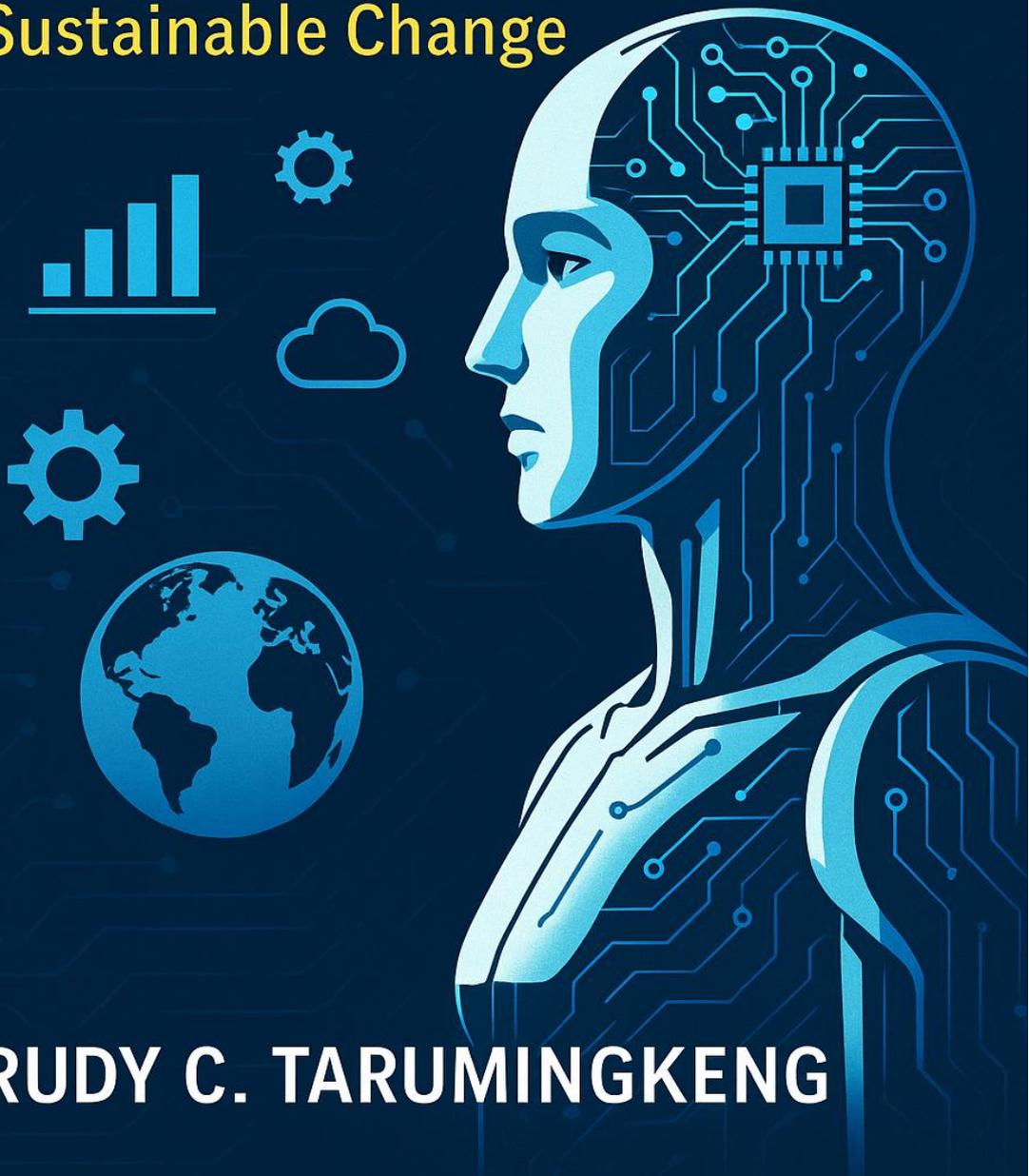


DIGITAL CHANGE IN AN AGE OF INTELLIGENT MACHINES

AI: Strategies for
Sustainable Change



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DIGITAL CHANGE IN AN AGE OF INTELLIGENT MACHINES

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Abstract

We are living in an era where “digital change” is no longer a series of isolated IT projects but an ongoing, structural transformation of how organizations live, think, and make decisions. At the heart of this transformation is Artificial Intelligence (AI)—a family of technologies that can learn, predict, generate, and automate in ways that exceed traditional information systems. AI-enabled systems are increasingly embedded in business processes, public services, education, healthcare, finance, logistics, and everyday life. They not only process data; they *shape* choices, behaviors, and even social expectations.

This paper, “**Digital Change in an Age of Intelligent Machines: AI – Strategies for Sustainable Change,**” explores how organizations can move beyond fragmented, short-term digital initiatives toward a coherent, long-term agenda that aligns AI with human flourishing, social inclusion, and environmental responsibility. It argues that the key

question is no longer merely *how to adopt AI*, but *how to guide AI-driven change so that it remains sustainable and just*.

First, the paper situates AI within the broader history of digitalization, highlighting what makes intelligent systems qualitatively different from earlier technologies: their ability to learn from data, to adapt dynamically, and to generate new content. It then analyzes key drivers of AI-enabled change—competitive pressures, regulatory shifts, societal expectations—and the barriers that often limit impact, such as legacy systems, cultural resistance, and capability gaps.

Second, the discussion develops a conceptual framework for **sustainable AI transformation**, integrating four dimensions: economic viability, human development, social equity, and environmental stewardship. AI is treated not only as a tool for efficiency, but as a strategic capability that must be governed by clear values, robust data strategy, and inclusive design. The paper emphasizes the need for human-centered AI, responsible data governance, and ethical imagination in deciding *what* to optimize and *for whom*.

Third, the paper proposes a pragmatic roadmap that moves through five phases: (1) awareness and assessment, (2) visioning and strategy design, (3) experimentation and capability building, (4) scaling and integration, and (5) continuous renewal. Each phase is illustrated with narrative examples that show how organizations can blend quick wins in efficiency with deeper changes in culture, leadership, and business models.

Finally, the paper invites reflection on the futures we are building with intelligent machines. AI can reinforce existing inequalities, or it can widen access to education, healthcare, finance, and opportunity. It can accelerate consumption, or it can help optimize resources and support climate goals. The difference lies not in the algorithms alone, but in the strategies, institutions, and moral commitments that guide their use. “Digital Change in an Age of Intelligent Machines” thus becomes not only a technological story, but a story about responsibility: how we, as

leaders, professionals, and citizens, choose to direct the power of AI toward sustainable change.

Introductory Overview

1. Living with Intelligent Machines

For most people, AI no longer feels like science fiction. It appears in daily life as a recommendation engine suggesting the next video to watch, a navigation app optimizing traffic routes, a chatbot answering questions at midnight, or a fraud-detection system quietly guarding digital transactions. In organizations, AI shows up in less visible but equally powerful ways: forecasting demand, scoring credit, screening job applications, detecting anomalies in industrial equipment, or moderating online content.

We live, in short, in an **age of intelligent machines**—not in the sense that computers have consciousness or human-level general intelligence, but in the sense that they can perform narrow cognitive tasks at scale, speed, and consistency that no human team can match. These systems are plugged into vast flows of data and integrated with cloud platforms, sensors, mobile devices, and global networks. Their decisions and predictions ripple outward into the physical economy, the environment, and social life.

This reality forces organizations to reconsider not only *what* they do, but *how* they think:

- Strategy must be data-informed and adaptive.
- Operations must be capable of learning and improvement, not just repetition.
- Leadership must be comfortable with uncertainty, complexity, and cross-disciplinary collaboration.

- Ethics and governance must evolve quickly enough to keep pace with AI's expanding capabilities.

The central question is no longer whether organizations should "go digital," but how they should **navigate digital change responsibly** in the presence of intelligent machines.

2. From Digitalization to AI-Driven Transformation

The digital journey of most organizations has moved through three broad layers:

1. **Digitization** – Turning paper into data: scanning documents, digitizing archives, converting analog records.
2. **Digitalization** – Using technology to streamline existing processes: automating workflows, introducing online services, integrating basic analytics.
3. **Digital Transformation** – Rethinking business models and value creation: platform strategies, subscription models, data-driven services, and now AI-enhanced offerings.

AI accelerates the third layer. Whereas traditional systems followed fixed rules written by programmers, AI models infer rules from data. As data grows and environments shift, models can be retrained, refined, and redeployed. This makes digital systems more **adaptive** but also more **opaque** and difficult to govern.

The promise is substantial:

- More precise forecasting, reducing waste and downtime.
- Better personalization, improving user experience in education, healthcare, finance, and retail.
- Smarter automation, freeing humans from repetitive tasks and allowing focus on complex problems.

- New products and services that simply were not possible before.

Yet, the risks are equally real:

- Hidden bias and discrimination embedded in training data.
- Overreliance on opaque models, weakening human judgment.
- Concentration of data and power in a few platforms.
- Growing energy consumption and environmental impact.

This duality explains why strategies for digital change must explicitly include **sustainability** as a core design principle, not an afterthought.

3. Why “Strategies for Sustainable Change” Matter

The phrase “**Strategies for Sustainable Change**” carries three important ideas:

1. **Strategy** – AI adoption must be anchored in clear choices: which problems to solve, which capabilities to build, which risks to accept or avoid. Random pilots and isolated experiments rarely produce transformation.
2. **Change** – AI introduces not only new tools but new routines, roles, and relationships. Managing these shifts requires attention to culture, incentives, skills, and governance.
3. **Sustainability** – AI-driven change must support long-term health: of the organization, of its people, of the communities it serves, and of the environment it inhabits.

Without strategy, AI becomes a collection of disconnected gadgets. Without change management, even the best systems will be underused or resisted. Without sustainability, early gains can give way to burnout, backlash, regulatory sanctions, or reputational harm.

A sustainable strategy for AI-driven digital change therefore asks, very concretely:

- How will this AI initiative **create lasting value**, not only temporary efficiency?
- How will it **support and extend human capabilities**, rather than degrade skills or erode dignity?
- How will it **treat data and decision-making responsibly**, respecting privacy, fairness, and accountability?
- How will it **minimize environmental footprint**, or even contribute positively to climate and resource goals?

These questions must be integrated into project selection, design, implementation, and evaluation—not added at the end as a check-box.

4. The Structure of the Journey

In the fuller article and subsequent sections, the narrative unfolds along a journey:

- **Understanding the nature of digital and AI-enabled change**
- **Mapping drivers and barriers** at organizational and societal levels
- **Developing frameworks** for sustainable transformation
- **Reimagining culture, leadership, and capability** in an AI-rich environment
- **Designing governance and ethical guardrails** for intelligent systems
- **Embedding environmental and social responsibility** into AI portfolios

- **Building a practical roadmap** from early awareness to continuous renewal

Each part is illustrated not as abstract theory, but as a living conversation between technology, people, institutions, and values. The goal is to offer readers—whether they are leaders, educators, policy-makers, or students—a lens through which to see AI not simply as a technical upgrade, but as a **moral and strategic choice** about the kind of future we want to build.

In the twenty-first century, “change” is no longer an occasional project; it is the permanent condition of organizations. Markets are volatile, technologies accelerate, customer expectations shift, and global shocks—from pandemics to geopolitical tensions—can reshape entire industries within months. In this landscape, digital transformation has become a strategic imperative rather than an optional modernization program.

Artificial Intelligence (AI) is now at the core of this digital shift. Machine learning, natural language processing, computer vision, generative AI, and intelligent automation are reshaping how organizations create value, interact with customers, design operations, and make decisions. AI is not just another tool in the digital toolbox; it introduces qualitatively new ways of sensing, predicting, and acting that go beyond conventional IT systems.

However, AI-driven digital transformation is not automatically positive. Without thoughtful strategy, organizations can waste resources on fragmented AI pilots, deepen social inequality, compromise privacy, or even accelerate environmental degradation. The key challenge, therefore, is not merely to change, but to change **sustainably**: to harness

AI for long-term value creation that respects people, ethics, and the planet.

This text explores “Perubahan dan Transformasi Digital dengan AI – Strategies for Sustainable Change” from a multidisciplinary perspective. We will examine:

1. The nature of digital and AI-enabled transformation
2. Key drivers and barriers of sustainable change
3. Strategic frameworks for AI-driven transformation
4. Human and organizational dimensions (culture, skills, leadership)
5. Governance, ethics, and risk management
6. Environmental and social sustainability in AI adoption
7. A practical roadmap and narrative cases that illustrate how organizations can move from experimentation to embedded, sustainable transformation.

1. Understanding Digital Transformation and AI-Enabled Change

1.1 From “IT Projects” to Strategic Transformation

In earlier decades, digital initiatives were often framed as IT projects: implementing ERP systems, upgrading networks, or deploying office software. These projects were important, but they largely supported existing business models and processes. Digital transformation, by contrast, implies **a deeper, strategic reconfiguration** of how organizations operate and deliver value.

Digital transformation typically involves:

- **Digitization:** converting analog information into digital form (e.g., scanning paper records).

- **Digitalization:** using digital technologies to improve processes (e.g., online banking, e-invoicing).
- **Digital transformation:** rethinking business models, customer experiences, and organizational structures around digital capabilities (e.g., platform models, data-driven services, subscription business).

AI intensifies this transformation by enabling systems that **learn from data, adapt, and automate complex cognitive tasks**. Instead of simply storing or transmitting information, AI-enabled systems can recognize patterns, generate insights, and support decisions at scale.

1.2 What Makes AI Different in the Change Landscape?

AI changes the logic of digital transformation in several ways:

1. Prediction and pattern recognition

Machine learning models detect patterns in large, noisy datasets that humans would struggle to see. This improves forecasting (e.g., demand, risk, equipment failure) and enables personalized services (e.g., targeted recommendations, individualized learning).

2. Autonomy and adaptation

AI systems can adjust their outputs when new data becomes available. While they still require human oversight, they are less static than traditional coded systems. This adaptive behavior supports rapid responses to environmental changes, but also introduces complexity in governance.

3. Intelligent automation

Robotic Process Automation (RPA) combined with AI yields “smart automation”: software robots that not only execute rules but also interpret text, classify images, summarize documents, or even engage in conversational interactions. This touches both routine administrative tasks and more complex knowledge work.

4. **Generativity**

Generative AI (text, images, code, design) can create new content, simulate scenarios, and support innovation processes. This changes how organizations develop marketing content, educational materials, software prototypes, and strategic scenarios.

Because of these properties, AI is not just an efficiency tool; it is a **strategic capability** that can reshape entire sectors. Yet this power also amplifies risks—ethical, social, environmental, and organizational—which is why sustainability must be placed at the center of any AI-driven change agenda.

2. Drivers and Barriers of AI-Driven Digital Transformation

2.1 External Drivers: Competitive, Technological, and Societal Pressures

Several external forces push organizations toward AI-enabled digital transformation:

1. **Competitive pressure and customer expectations**

Customers expect seamless digital experiences, real-time responses, personalized offers, and transparent information. Competitors adopting AI for pricing, recommendation, or logistics gain cost and speed advantages that can quickly erode the position of lagging firms.

2. **Technological convergence**

AI is converging with cloud computing, Internet of Things (IoT), 5G networks, and blockchain. This convergence enables new ecosystems (e.g., smart factories, smart grids, digital marketplaces) that raise the “minimum digital capability” required to participate in the market.

3. Regulatory and policy frameworks

Governments are introducing AI strategies, data protection regulations, cybersecurity standards, and sometimes AI-specific legislation. Organizations need to adapt to these frameworks not only to comply but also to access new incentives, grants, or public contracts.

4. Societal and environmental expectations

Stakeholders increasingly demand responsible, inclusive, and green innovation. There is rising scrutiny over algorithmic bias, job displacement, and the carbon footprint of data centers and AI training. This creates both risk (reputation, regulation) and opportunity (ESG-oriented investment, green innovation).

2.2 Internal Barriers: Legacy Systems, Culture, and Capability Gaps

Despite strong external drivers, many organizations struggle to move beyond pilot projects. Common barriers include:

1. Legacy systems and fragmented data

Data is often scattered across unintegrated systems, stored in inconsistent formats, or locked in departmental silos. This undermines AI initiatives that rely on robust, high-quality data.

2. Short-term focus and “pilotitis”

Organizations may launch multiple proofs-of-concept that never scale, because they lack a coherent strategy, clear sponsorship, or integration into core processes. This phenomenon—sometimes called “pilotitis”—consumes resources without delivering transformative value.

3. Cultural resistance and fear

Employees may fear job loss, surveillance, or deskilling as AI is introduced. Managers may be reluctant to trust algorithmic recommendations or share data across departments. A culture that punishes experimentation further discourages innovation.

4. **Capability and talent gaps**

Successful AI adoption requires not only data scientists and engineers but also domain experts, product owners, change managers, ethicists, and leaders who understand both technology and strategy. The scarcity of such hybrid talent is a critical bottleneck.

5. **Lack of governance and ethical frameworks**

Without clear rules on data governance, model validation, explainability, accountability, and ethics, organizations risk deploying AI systems that are untrustworthy, biased, or non-compliant.

Understanding these drivers and barriers is the first step in designing **sustainable strategies**: strategies that balance ambition with realistic assessment of organizational readiness, and that integrate human, ethical, and environmental dimensions from the beginning.

3. Conceptual Foundations: From Change Management to Sustainable Transformation

3.1 Classic Change Management and Its Limits

Classic change-management models—such as Lewin’s unfreeze–change–refreeze, Kotter’s 8-step process, or ADKAR—focus on guiding people through transitions in a structured way. These frameworks emphasize creating urgency, forming guiding coalitions, crafting a vision, communicating, removing obstacles, and anchoring new behaviors.

While these models remain useful, they encounter limitations in AI-enabled transformation:

- Change is continuous rather than episodic.
- Technology evolves faster than formal change cycles.

- AI introduces opaque, probabilistic systems that are harder for stakeholders to understand.
- Multiple transformations (digital, sustainability, organizational design) happen simultaneously.

As a result, organizations need to move from **project-based change management** to **capability-based, systemic transformation**.

3.2 Sustainable Change: A Multi-Dimensional Concept

Sustainable digital transformation with AI must be sustainable in at least four senses:

1. Economic sustainability

The transformation must create enduring value, not only short-term cost cutting. Investments in AI should contribute to resilient revenue streams, adaptive capabilities, and long-term competitiveness.

2. Human sustainability

It should preserve and enrich human capabilities, not merely replace them. This includes reskilling, upskilling, meaningful work design, and psychological safety for experimentation and learning.

3. Social sustainability

It must avoid exacerbating inequality, discrimination, or exclusion. AI systems should be designed to be fair, inclusive, and accessible, and to consider wider societal impacts.

4. Environmental sustainability

It should minimize environmental footprint (e.g., energy-intensive data centers) and, where possible, support green innovation (e.g., optimizing energy use, enabling circular economy, predictive maintenance that prolongs asset life).

Sustainable change, therefore, is not just a technical optimization exercise; it is a **value-laden, normative project** about the kind of future an organization wants to create.

4. Strategic Approaches to AI-Enabled Digital Transformation

4.1 Building a Clear AI-Transformation Vision

Effective transformation begins with a compelling vision that connects AI capabilities to organizational mission and stakeholder needs. This vision should address questions such as:

- What problems are we trying to solve with AI?
- How will AI enhance our value proposition for customers, citizens, patients, or students?
- How does AI support our long-term strategy and sustainability objectives?
- What kind of organization do we want to become—more data-driven, more collaborative, more customer-centric, more innovative?

A good vision is **aspirational and concrete**: it paints a desirable future (e.g., “personalized and equitable access to financial services for underserved communities”) and identifies strategic domains where AI can contribute (e.g., credit scoring with alternative data, fraud detection, financial-literacy chatbots).

4.2 Portfolio Thinking: From Quick Wins to Transformational Bets

Not all AI initiatives are equal. A sustainable transformation strategy manages a **portfolio** of projects with different horizons and risk profiles:

1. Efficiency and quick wins

These projects focus on cost reduction and process optimization

(e.g., automating invoice processing, intelligent customer routing). They deliver short-term benefits and build confidence in AI.

2. **Experience and differentiation**

Projects in this category enhance user experience or service quality (e.g., personalized learning paths, predictive maintenance, adaptive pricing). They generate competitive advantage and deepen customer loyalty.

3. **New business models and ecosystems**

These are more radical innovations (e.g., AI-driven platforms, data-as-a-service, digital twins for infrastructure). They carry higher risk but can reshape the organization's role in its ecosystem.

Balancing this portfolio requires governance mechanisms that evaluate not only financial return but also human impact, ethical risks, and environmental consequences. A purely opportunistic or siloed approach often leads to duplication, inconsistency, and stakeholder fatigue.

4.3 Data Strategy as the Foundation

AI depends on data. Sustainable AI transformation therefore requires a robust **data strategy**, including:

- **Data architecture:** integrated, interoperable systems with well-defined data pipelines.
- **Data governance:** clear roles, policies, and standards for data quality, security, and access.
- **Metadata and lineage:** understanding where data comes from, how it is processed, and how it feeds models.
- **Responsible data practices:** privacy-by-design, consent management, anonymization where appropriate, and transparency for data subjects.

A common mistake is to start with complex AI models while ignoring the underlying data foundations. Sustainable transformation inverts this: it invests heavily in **data readiness**, recognizing that many benefits can be achieved through better data collection, integration, and descriptive analytics even before advanced AI is deployed.

4.4 Human-Centered Design and Co-Creation

Successful AI systems are not imposed; they are co-designed with the people who will use them and be affected by them. Human-centered design applies methods such as:

- Ethnographic observation and interviews
- Journey mapping and persona development
- Co-creation workshops with cross-functional stakeholders
- Rapid prototyping and iterative testing

This approach helps ensure that AI tools align with **real workflows**, respect human needs, and enhance rather than undermine professional judgment. It also helps to identify unintended consequences early, such as stress from constant monitoring or new forms of exclusion.

5. Organizational Culture, Capabilities, and Leadership

5.1 From Hierarchical Control to Learning Organization

AI-enabled transformation thrives in organizations that behave as **learning systems** rather than rigid hierarchies. A learning organization:

- Encourages experimentation and tolerates smart failures
- Shares knowledge across boundaries
- Reflects on outcomes and adapts
- Invests in continuous development of people

Introducing AI often surfaces tensions between **control** (standardization, compliance, risk avoidance) and **learning** (experimentation, innovation, iterative improvement). Sustainable strategies require balancing these forces: ensuring robust governance while preserving space for exploration.

5.2 Skills and Roles in an AI-Enabled Organization

AI transformation reshapes skill requirements. In addition to technical roles (data engineers, ML engineers, AI product managers), organizations need:

- **Data-literate leaders** who can interpret analytics, question models, and make informed decisions.
- **Translators or integrators** who bridge business domains and AI teams, ensuring that solutions address real problems and can be integrated into operations.
- **Ethics and compliance experts** who understand AI-specific risks (bias, explainability, accountability).
- **Change agents and facilitators** who help teams adapt to new ways of working.

Reskilling programs are essential. Instead of framing AI as a threat to jobs, sustainable strategies frame it as an opportunity to **elevate human work**: offloading repetitive tasks to machines while developing higher-order capabilities in creativity, empathy, complex problem-solving, and cross-disciplinary collaboration.

5.3 Leadership for Sustainable AI Transformation

Leaders play a crucial role in setting the tone and direction. Effective AI-era leaders:

1. Articulate a clear and ethical purpose

They link AI-driven transformation to the organization's mission and societal contribution, not only to efficiency or profit.

2. Model data-driven and reflective behavior

They use evidence to inform decisions but also acknowledge uncertainty and limitations of models. They ask critical questions rather than blindly trusting algorithms.

3. Cultivate psychological safety

They encourage employees to voice concerns about AI, report errors, and share alternative perspectives, thus preventing silent compliance with problematic systems.

4. Champion inclusivity and diversity

Diverse teams are better at identifying biases in data and models. Inclusive leadership contributes to more robust, fair, and creative AI solutions.

5. Commit to long-term capacity building

They invest in training, interdisciplinary collaboration, and infrastructure rather than chasing purely symbolic or short-term AI projects.

6. Governance, Ethics, and Risk Management in AI-Driven Change

6.1 Principles of Responsible AI

Many organizations and policymakers converge on a set of core principles for responsible AI, including:

- **Fairness and non-discrimination**
- **Transparency and explainability**
- **Accountability and contestability**
- **Privacy and data protection**

- **Safety and robustness**
- **Human oversight and autonomy**

These principles should not remain abstract declarations; they must be translated into **operational practices**: guidelines for data selection, model development, validation protocols, documentation, user interfaces, monitoring, and feedback mechanisms.

6.2 Practical Mechanisms of AI Governance

AI governance structures can include:

- **Ethics or AI review boards** that assess high-impact use cases.
- **Model risk management** processes similar to those used in finance, including independent validation and stress testing.
- **Impact assessments** (e.g., algorithmic impact assessments) that analyze effects on different stakeholder groups.
- **Documentation standards** (e.g., "model cards" or "datasheets for datasets") to record purpose, training data, performance metrics, limitations, and appropriate use contexts.
- **Continuous monitoring** to detect drift, performance degradation, or new bias patterns as the environment changes.

Sustainable transformation requires embedding these mechanisms into everyday practice rather than treating them as one-off compliance exercises.

6.3 Managing Strategic and Operational Risks

AI introduces multiple categories of risk:

- **Strategic risk**: misalignment between AI projects and organizational goals; dependency on external vendors; reputational damage from failures or scandals.

- **Operational risk:** model errors; integration failures; data breaches; system outages.
- **Legal and regulatory risk:** violations of data protection law; non-compliance with sector-specific regulations; liability for decisions partially driven by AI.
- **Ethical risk:** unfair outcomes; loss of trust; invisibility of marginalized groups in training data.

Risk management in AI-driven change is not about eliminating risk but about **identifying, prioritizing, and mitigating** it, while recognizing that some degree of uncertainty is inherent in innovative transformation.

7. Environmental and Social Sustainability in AI-Enabled Transformation

7.1 Environmental Footprint of AI

Training large AI models and operating data centers consume significant energy and resources. Sustainable strategies must address:

- **Energy efficiency:** choosing energy-efficient hardware and algorithms, optimizing model architecture and training cycles.
- **Green data centers:** using renewable energy, optimizing cooling systems, and considering geographic location relative to energy grids.
- **Lifecycle thinking:** considering the environmental impact of hardware manufacturing, deployment, and disposal.

At the same time, AI can **enable environmental benefits** by improving energy management, optimizing logistics, supporting smart agriculture, and enabling predictive maintenance that extends asset lifespans.

7.2 Social Inclusion and Equity

AI systems can either mitigate or amplify social inequalities. For sustainable change:

- Data collection must be **inclusive**, representing diverse populations.
- Model performance should be evaluated across subgroups to detect disparate impacts.
- Access to AI-enhanced services (education, healthcare, finance) should be broadened, not restricted to privileged groups.
- Public–private collaborations can support inclusive AI applications for social good, such as early-warning systems for disasters, digital health triage in underserved areas, or adaptive learning for disadvantaged students.

Sustainable strategies, therefore, treat AI not only as a profit driver but also as a tool for **social empowerment**.

8. A Roadmap for Sustainable AI-Driven Digital Transformation

Bringing all these dimensions together, we can outline a practical roadmap.

8.1 Phase 1: Awareness and Assessment

1. Strategic sensing

- Map external trends in AI, regulation, customer expectations, and sustainability.
- Benchmark peers and leading organizations.

2. Internal maturity assessment

- Evaluate data readiness, digital infrastructure, culture, leadership, skills, and governance.

- Identify strengths and gaps.

3. Stakeholder dialogue

- Engage employees, unions, customers, partners, and regulators in discussions about expectations, concerns, and opportunities.

The outcome of this phase is a **shared understanding** of why AI-driven transformation is necessary and what conditions must be addressed.

8.2 Phase 2: Visioning and Strategy Design

1. Define aspiration and boundaries

- Clarify mission-aligned goals (e.g., improve access, reduce waste, enhance resilience).
- Specify ethical boundaries (e.g., no high-risk use without stringent safeguards).

2. Identify priority domains

- Select business processes, customer journeys, or societal challenges where AI can make a meaningful difference and where data is available.

3. Design portfolio and governance

- Craft a balanced portfolio of AI initiatives.
- Establish governance structures for decision-making, oversight, and evaluation.

This phase produces a **living strategy** document that links AI initiatives to organizational objectives, sustainability commitments, and governance mechanisms.

8.3 Phase 3: Experimentation and Capability Building

1. Run pilots with purpose

- Design experiments with clear hypotheses, success metrics (including human and environmental indicators), and scalable architectures.
- Involve cross-functional teams, including end-users and ethics advisors.

2. Develop capabilities and learning routines

- Launch training programs for data literacy and AI awareness across the organization.
- Establish communities of practice for AI developers, product owners, and change agents.

3. Iterate based on feedback

- Collect qualitative and quantitative data on pilot outcomes.
- Adjust models, interfaces, workflows, and governance rules accordingly.

The goal is not just to produce “successful pilots” but to build **organizational muscles** for experimentation, evaluation, and learning.

8.4 Phase 4: Scaling and Integration

1. Standardize and industrialize

- Once pilots prove value and robustness, integrate AI solutions into core systems and processes.
- Develop shared platforms, APIs, and reusable components that reduce duplication.

2. Embed governance and monitoring

- Ensure that scaled solutions comply with data governance policies, ethical standards, and regulatory requirements.

- Create dashboards for ongoing monitoring of performance, fairness, and environmental impact.

3. Transform roles and workflows

- Redesign job descriptions, performance metrics, and incentive systems to reflect AI-enabled workflows.
- Support employees through training, mentoring, and change-management support.

Scaling is where AI projects cease to be isolated experiments and become part of the **organizational DNA**.

8.5 Phase 5: Continuous Renewal and Sustainability

1. Monitor external and internal changes

- Track technological advances, regulatory shifts, stakeholder expectations, and environmental constraints.
- Periodically review AI systems for drift, obsolescence, or unintended consequences.

2. Review and update strategy

- At regular intervals, revisit the AI and digital transformation strategy, adjusting priorities, portfolios, and governance as necessary.

3. Institutionalize reflection and ethics

- Build regular forums for ethical reflection and strategic dialogue.
- Encourage whistleblowing and critical feedback mechanisms for AI systems.

Sustainable change is **never finished**. The goal is to create an organization that can continuously adapt, learn, and renew itself while holding firm to its ethical and sustainability commitments.

9. Illustrative Narrative: An AI-Enabled Sustainable Transformation Journey

To make these concepts concrete, imagine a mid-sized energy-distribution company operating in a rapidly urbanizing region. The company faces rising demand, aging infrastructure, pressure to reduce carbon emissions, and increasing expectations for reliability and customer service.

9.1 Starting Point

The company's data systems are fragmented across departments. Field maintenance is reactive: crews respond to outages rather than preventing them. Customer service is handled via call centers with long waiting times. Regulators are introducing stricter performance and sustainability requirements.

Leaders realize that incremental improvements are insufficient. They decide to embark on an AI-enabled digital transformation with explicit sustainability goals: reduce outages, cut energy losses, lower emissions, and improve customer satisfaction.

9.2 Vision and Portfolio

The leadership team articulates a vision of becoming a “**smart, resilient, and green grid operator**”. They identify several AI-enabled initiatives:

1. **Predictive maintenance** using machine-learning models trained on sensor data, maintenance logs, and weather information.
2. **Demand forecasting** to improve load balancing, reduce reliance on carbon-intensive peak-generating assets, and integrate renewable sources.

3. **Customer-engagement platform** with AI-driven chatbots to handle routine queries and personalized suggestions to reduce energy consumption.
4. **Energy-loss detection** using anomaly detection algorithms to identify leaks, theft, or inefficient equipment.

They also commit to **ethical and environmental guidelines**: models must be explainable, data use must respect privacy, and computing infrastructure must transition toward renewable energy sources.

9.3 Building Foundations and Capabilities

The company invests in:

- Installing additional sensors and smart meters to generate high-quality data.
- Integrating data into a unified platform with governance policies.
- Training engineers and managers in AI basics, data literacy, and human-machine collaboration.
- Setting up a cross-functional AI innovation team including data scientists, operations managers, IT specialists, and ethics advisors.

Change-management efforts involve workshops where field crews, call-center staff, and managers discuss fears and hopes related to AI. Leaders emphasize that AI is meant to **augment**, not replace, human expertise.

9.4 Experimentation and Learning

In the first phase, they run a pilot for predictive maintenance on a subset of substations. Models identify equipment with high failure probability, and maintenance crews test whether pre-emptive interventions reduce outages. Parallel pilots test AI-driven chatbots with a small group of customers.

Results are mixed: predictive models reduce outages but sometimes recommend unnecessary interventions; chatbots handle simple queries

well but struggle with complex billing issues. Rather than declaring success or failure, the team **iterates**: they refine models, adjust thresholds, and redesign conversation flows. They also incorporate feedback from maintenance crews and customers.

9.5 Scaling and Integration

Once performance stabilizes and benefits are clear—reduced outages, lower reactive maintenance costs, improved customer satisfaction indices—the company scales:

- Predictive maintenance models cover all substations and key distribution elements.
- Demand forecasting models are integrated into operational planning and procurement.
- The customer-engagement platform becomes the default interface for most routine interactions, with clear escalation paths to human agents.

Governance structures ensure that model performance is regularly monitored and that ethical guidelines are applied, especially concerning data privacy and fairness (e.g., ensuring that low-income communities are not disproportionately affected by automated decisions).

9.6 Sustainability Outcomes

Over several years, the company achieves:

- Significant reductions in unplanned outages, leading to improved reliability scores.
- More efficient energy use, reducing carbon emissions and energy losses.
- Enhanced customer satisfaction and trust, particularly as the company introduces personalized “green” suggestions (e.g., time-of-use tariffs and energy-saving tips generated by AI).

Crucially, employees experience **evolving roles** rather than sudden displacement: maintenance crews focus more on diagnosing complex issues and collaborating with AI systems, while customer-service agents handle higher-value interactions that require empathy and negotiation.

This narrative demonstrates that AI-enabled digital transformation, when guided by a clear vision, robust governance, and a commitment to human and environmental sustainability, can produce **integrated benefits**: economic, social, and ecological.

10. Conclusion: Principles for Sustainable AI-Enabled Transformation

“Perubahan dan Transformasi Digital dengan AI – Strategies for Sustainable Change” is ultimately about aligning powerful technologies with enduring human and planetary values. From the analysis above, we can distill several guiding principles:

- 1. Purpose before technology**

Begin with mission and strategy, not with tools. Ask how AI can support your purpose, customers, and societal contribution.

- 2. Data as a strategic asset**

Invest in data quality, governance, and literacy. Without robust data foundations, AI will remain a fragile, patchy layer.

- 3. Human-centered and inclusive design**

Co-create AI systems with the people who will use them and be affected by them. Make sure transformation expands, rather than narrows, opportunities for meaningful work and social inclusion.

- 4. Ethics and governance by design**

Embed principles of fairness, transparency, accountability, and privacy into every stage of AI development and deployment.

Governance is not a barrier to innovation; it is a condition for sustained trust and legitimacy.

5. Long-term capability building

Treat AI transformation as an ongoing capability-building journey, not a one-off project. Invest in reskilling, interdisciplinary collaboration, and leadership development.

6. Environmental responsibility

Acknowledge and mitigate the environmental footprint of AI infrastructure, while leveraging AI to support green innovation and resource efficiency.

7. Portfolio and ecosystem thinking

Balance quick wins with transformative bets, and recognize that value often emerges from ecosystems—partners, regulators, communities—not from isolated organizational efforts.

8. Continuous reflection and learning

Establish routines for monitoring, reflection, and adaptation. Treat failures as sources of learning. Encourage critical voices and ethical reflection.

Sustainable AI-driven digital transformation is challenging, but it is also a unique opportunity. Organizations that navigate this journey with clarity, humility, and responsibility can not only improve efficiency and productivity, but also contribute to a more just, resilient, and sustainable world.

REFLECTION AND DISCUSSIONS

1. Rethinking “Change” in the Age of AI

The article has emphasized that digital transformation with AI is not only a technical shift but a deep, systemic reconfiguration of how organizations create value. A first point for reflection is therefore: **what do we actually mean by “change” and “transformation”?**

In many organizations, “change” is still understood as:

- A bounded project with a start and end date
- A set of deliverables, milestones, and KPIs
- A process to be “managed” so that people comply

AI-enabled transformation challenges this view. AI systems are not static; they learn, adapt, and interact with evolving environments. This means:

- The **end state** is never fully fixed; models must be updated, data pipelines refined, governance rules revised.
- The **organization itself** must become more fluid: structures, roles, and practices continually evolve as technology and context change.
- “Change management” is less about **pushing people** to accept a new system, and more about **cultivating a culture and capability for ongoing learning.**

Reflective questions:

1. If change is continuous, what does “stability” mean for your organization?
2. Are your existing management and planning processes compatible with a world of constant AI-driven adjustment?

3. Where do you still treat digital transformation as a one-off project instead of a continuous capability?
-

2. Efficiency, Productivity, and the Meaning of Work

A central promise of AI is improved efficiency and productivity. AI can:

- Automate repetitive tasks
- Reduce errors
- Accelerate decision-making
- Enable 24/7 services

However, efficiency is never neutral. It changes:

- The **content of work** (what people do daily)
- The **distribution of work** (who does what)
- The **meaning of work** (why it matters to the person)

There is a tension:

- On the one hand, automation can **free human beings** from tedious tasks, allowing them to focus on creativity, empathy, complex judgment, and relationship-building.
- On the other hand, if pursued narrowly, automation can **deskilling**, job loss, or the reduction of humans to "operators" of opaque systems.

The sustainability of AI-driven change therefore hinges on how organizations **redesign roles and careers**:

- Are employees invited to participate in designing AI tools?
- Are they offered credible pathways to reskill and upskill?

- Are new forms of meaningful work being created, not only tasks being eliminated?

Reflective questions:

1. In your context, which tasks could AI realistically automate? Which tasks should remain firmly human?
 2. How do employees perceive AI: as a threat, a tool, or a partner? Why?
 3. What policies or programs would you need to introduce so that productivity gains also translate into **better work** for people, not just higher profit or cost savings?
-

3. Power, Inequality, and the Geography of AI Benefits

AI does not arrive in a vacuum. It lands in societies already marked by differences in:

- Wealth and income
- Education and digital literacy
- Infrastructures (connectivity, devices, data centers)
- Regulatory capacity and institutional strength

Without deliberate strategies, AI can **amplify existing inequalities**:

- Organizations with access to high-quality data and expertise gain competitive advantages that smaller players cannot easily match.
- Communities with poor connectivity or low digital literacy may be excluded from AI-enhanced services.
- Global power asymmetries may grow as a few countries or corporations dominate AI research, infrastructure, and platforms.

At the same time, AI offers possibilities to **reduce inequality**:

- Personalized learning for students in remote or under-resourced schools
- Telemedicine and AI-assisted diagnostics in rural or underserved areas
- Digital financial services for the unbanked or underbanked
- Smart agriculture tools for smallholders

The difference between these two futures is not technical; it is **political and ethical**.

Reflective questions:

1. Who gains and who loses from AI initiatives in your sector or country?
2. Are there groups whose data is used to train systems but who receive little of the benefits?
3. How can public policy, regulation, and cross-sector partnerships help ensure that AI supports **inclusion and social justice**, not only competitiveness?

4. Responsibility, Governance, and the Question “Who is Accountable?”

When AI systems are involved in decisions—whether about loans, treatments, benefits, hiring, grading, or resource allocation—the question of **responsibility** becomes complex:

- Engineers may say: “We only built the model.”
- Managers may say: “We only approved the system.”
- Operators may say: “We just follow the system’s recommendations.”

- Vendors may say: “We only provide the platform; the client is responsible for use.”

Yet from the perspective of affected citizens, customers, or employees, this diffusion of responsibility is deeply unsatisfactory. Sustainable transformation requires **clear lines of accountability**:

- Who is responsible when the system is wrong?
- Who has the authority to override AI-generated recommendations?
- Who monitors the long-term, systemic effects of AI deployment?

Moreover, organizations must reflect on what it means to **retain human agency** in the age of algorithmic decision-making:

- “Human in the loop” is not just a technical pattern; it is a moral and organizational commitment.

Reflective questions:

1. In your AI projects, is it clear who is accountable for decisions that affect human lives?
2. How do you ensure that human operators are empowered—not pressured—to challenge or override AI outputs?
3. What governance structures (e.g., ethics boards, impact assessments, model documentation) do you have, and are they genuinely influential or merely symbolic?

5. Environmental Reflection: AI and the Planet

The main article noted that AI has an environmental footprint—data centers, model training, hardware manufacturing. It also highlighted AI’s potential to support environmental goals: energy optimization, smart grids, predictive maintenance, climate modeling, and more.

A mature reflection on sustainable change asks at least three questions:

1. **Footprint** – How much energy and material does our AI ecosystem consume? Can we reduce this through leaner models, greener data centers, or improved efficiency?
2. **Handprint** – How much positive environmental effect do our AI applications create (e.g., emissions avoided, waste reduced, resources optimized)?
3. **Direction** – Are we using AI primarily to accelerate consumption and throughput, or to **support a shift toward more sustainable patterns** of production and living?

AI could be used, for example, to:

- Optimize the speed and volume of same-day deliveries—possibly increasing emissions.
- Or to design more efficient shared logistics networks—reducing total trips and waste.

The technology is the same; the **direction of use** differs.

Reflective questions:

1. How do you measure the environmental impact (positive and negative) of your digital and AI infrastructure?
2. Are sustainability metrics part of your AI project evaluation criteria, or are they considered only after deployment?
3. Can you identify one AI project that should be **redesigned** to better align with environmental goals?

6. Learning from Failure: Safe-to-Fail in AI Transformation

No AI transformation will proceed without mistakes. Models will underperform, pilots will fail, biases will appear, and users will reject

poorly designed systems. The deeper question is: **what does the organization do with these failures?**

Two possible patterns:

- **Defensive pattern:** hide problems, blame individuals, cancel projects, and become more risk-averse.
- **Learning pattern:** investigate openly, share lessons, refine models and governance, and use failure as fuel for organizational learning.

Because AI is often expensive and reputationally sensitive, leaders may be tempted towards the defensive pattern. Sustainable change, however, requires:

- Psychological safety to report problems honestly.
- Mechanisms to collect and disseminate lessons learned.
- The humility to admit that complex socio-technical systems rarely work perfectly from the start.

Reflective questions:

1. Think of a recent technology or AI project that did not deliver what it promised. How was that failure handled?
2. Do people in your organization feel safe to report issues with models, data, or AI behavior—even if it delays deployment?
3. What concrete practices (after-action reviews, learning logs, communities of practice) could strengthen your organization's ability to **learn from AI-related failures?**

7. Ethical Imagination and the Futures We Are Building

AI-driven transformation is not only about reacting to external pressures; it is also about choosing between different **possible futures**. Ethics is not just compliance with rules; it is the exercise of **moral imagination**:

- Which forms of life and work are we encouraging?
- Which values are we embedding into our systems (e.g., speed vs. fairness, profit vs. health, personalization vs. privacy)?
- Which groups are being heard and represented when these choices are made?

Here, organizations—and societies—can use **scenario thinking**:

- A scenario where AI primarily serves the goals of surveillance, control, and short-term profit.
- A scenario where AI is shaped to enhance human flourishing, strengthen communities, and protect the environment.

Both scenarios are technologically plausible. The difference lies in **choices** and **governance**.

Reflective questions:

1. If your current AI and digital strategies were fully successful, what kind of organization and society would they create in 10–20 years?
2. Whose voices are missing from the conversation about AI futures (e.g., gig workers, patients, rural communities, students, people with disabilities)?
3. How can you deliberately include these perspectives in planning and governance processes?

8. Discussion Prompts for Different Stakeholders

To support teaching, workshops, or strategic retreats, the following discussion prompts can be used.

8.1 For Business and Organizational Leaders

1. **Strategic Alignment**

- In which specific ways does our AI strategy support our mission and long-term sustainability goals?
- Are there AI projects that we should stop because they conflict with our ethical or environmental commitments?

2. **Human-Centric Transformation**

- What is our plan to reskill and support employees affected by automation?
- How can we ensure that AI tools are co-designed with front-line staff and not imposed on them?

3. **Governance and Trust**

- How do we communicate about AI with customers, employees, and partners to build trust?
- What would an AI-related scandal look like in our context, and what steps are we taking now to prevent it?

8.2 For Public Sector and Policy Makers

1. **Regulation and Innovation**

- How can regulation provide **clear boundaries** that protect citizens while leaving space for innovation and experimentation?
- Which public services could benefit most from AI, and what safeguards are necessary?

2. **Inclusion and Public Value**

- How will AI-enabled digitalization affect marginalized groups in terms of access, surveillance, or bias?
- What role should the state play in ensuring that AI supports **public value** rather than only private interest?

3. National Capacity

- What investments are needed in education, research, and infrastructure to build **national AI capacity** that aligns with development and sustainability goals?

8.3 For Educators and Academic Institutions

1. Curriculum and Competencies

- How should curricula in management, engineering, health, law, and social sciences be redesigned to reflect AI, data, and digital transformation?
- Beyond technical skills, how do we cultivate ethical reasoning, critical thinking, and interdisciplinary collaboration?

2. Institutional Transformation

- Are universities themselves modeling responsible AI use (e.g., in admissions, assessment, resource allocation)?
- How can academic institutions become **living laboratories** for sustainable digital transformation?

8.4 For Individuals and Professionals

1. Personal Development

- Which aspects of my current work are most likely to be transformed by AI in the next decade?
- What new skills, attitudes, or habits should I cultivate to remain relevant and contribute positively?

2. Ethical Agency

- When I encounter AI systems in my work or daily life, do I ask questions about data, fairness, and impact—or do I simply accept them as given?

- How can I use my role, however small, to influence AI adoption toward more just and sustainable outcomes?

9. Closing Reflection: From “Can We?” to “Should We—and How?”

The core message of this reflection section is a shift in questions:

- From **“Can we use AI to optimize X?”**
- To **“Should we use AI to transform X, for whom, and under what conditions?”**

Digital transformation with AI is technically feasible in an increasing number of domains. The more urgent questions are ethical, political, educational, and organizational:

- What do we want AI to optimize—speed, profit, convenience, fairness, resilience, human development, ecological balance?
- Who participates in answering that question?
- How do we build institutions capable of steering AI in the direction of **sustainable change**, rather than merely reacting to the strongest short-term interests?

If organizations and societies can keep these reflective questions alive—through continuous dialogue, transparent governance, and deliberate learning—then AI-driven digital transformation can become not just a source of disruption, but a catalyst for a **more humane, just, and sustainable future**.

GLOSSARY

Agile IT Governance

An approach to governing IT and digital initiatives that emphasizes adaptability, short feedback cycles, and cross-functional collaboration. It aims to align technology decisions with organizational strategy while remaining flexible in the face of rapid change.

Algorithmic Bias

Systematic and repeatable errors in an AI system that create unfair outcomes for certain individuals or groups, often arising from biased data, modeling choices, or deployment contexts.

Algorithmic Impact Assessment (AIA)

A structured process for evaluating the potential effects of an AI system on individuals, groups, and society—especially regarding fairness, privacy, transparency, and human rights—before and after deployment.

Artificial Intelligence (AI)

A field of computer science focused on creating systems that perform tasks normally requiring human intelligence, such as perception, reasoning, learning, language understanding, and decision-making.

Business Ecosystem (Digital/Innovation Ecosystem)

A network of organizations—suppliers, customers, partners, regulators, platform providers—whose interactions, data flows, and joint innovation shape value creation and competitive advantage in a digital environment.

Change Management

A set of structured processes, tools, and leadership practices used to support individuals and organizations as they move from a current state to a desired future state, including communication, training, stakeholder engagement, and resistance management.

Data Governance

The collection of policies, standards, roles, and processes that ensure data is accurate, secure, accessible, and used ethically. It defines who can access which data, for what purpose, and under what conditions.

Data Literacy

The ability of individuals across an organization to understand, interpret, question, and use data appropriately in their roles—recognizing limitations, uncertainties, and ethical implications.

Data Strategy

A long-term plan for acquiring, managing, sharing, and using data as a strategic asset. It connects data capabilities (infrastructure, quality, skills) to business goals and AI initiatives.

Deep Learning

A subset of machine learning that uses multi-layer neural networks to automatically learn representations from large amounts of data, achieving high performance in tasks such as image recognition, speech processing, and natural language understanding.

Digitization

The process of converting analog information (e.g., paper documents, physical records) into digital form that can be stored, processed, and transmitted by computers.

Digitalization

The use of digital technologies to improve existing processes, products, or services—for example, automating manual workflows or enabling online access to services.

Digital Transformation

A strategic, organization-wide reconfiguration of business models, processes, customer experiences, and culture around digital capabilities (data, platforms, AI, connectivity) rather than merely deploying new IT tools.

Digital Twin

A virtual representation of a physical asset, system, or process that is kept continuously updated with real-world data. It allows simulation, monitoring, and optimization of the physical counterpart.

Environmental Footprint of AI

The total environmental impact of AI systems across their lifecycle, including energy used by data centers and training, cooling, networking, hardware production, and disposal.

ESG (Environmental, Social, and Governance)

A framework used by organizations and investors to assess non-financial performance and risks related to environmental impact, social responsibility, and governance practices.

Explainable AI (XAI)

Methods and techniques that make the behavior, logic, and output of AI systems understandable to humans, helping stakeholders trust, audit, and appropriately challenge AI-generated recommendations.

Generative AI

AI models that can create new content—such as text, images, audio, video, or code—based on patterns learned from training data. They are used for content creation, design, prototyping, and simulation.

Human-Centered AI (HCAI)

An approach to AI design and deployment that prioritizes human values, agency, and well-being. Systems are built to augment human capabilities, preserve meaningful work, and respect ethical and societal norms. ([Taylor & Francis](#))

Human-in-the-Loop (HITL)

A design pattern in which humans remain actively involved in the AI lifecycle—training, validating, and overseeing systems, and retaining the authority to revise or override algorithmic decisions.

Industry 4.0

A term describing the current wave of industrial innovation characterized by cyber-physical systems, IoT, AI, cloud computing, and advanced analytics that transform manufacturing and related sectors.

Intelligent / Smart Automation

The combination of Robotic Process Automation (RPA) with AI capabilities (e.g., natural language processing, computer vision) to automate not only rule-based, but also perception and judgment-intensive tasks.

Learning Organization

An organization that systematically acquires, creates, and shares knowledge, and modifies its behavior in response to new insights. It supports experimentation, reflection, and continuous improvement.

Machine Learning (ML)

A subset of AI where systems learn patterns from data to make predictions or decisions without being explicitly programmed with rules for every scenario.

Model Drift

The phenomenon where an AI model's performance degrades over time because the environment, data patterns, or user behavior change relative to the conditions it was trained on.

OECD AI Principles

Internationally recognized guidelines issued by the OECD that promote innovative, trustworthy, and human-rights-respecting AI, including principles such as transparency, fairness, robustness, and accountability. ([OECD AI](#))

Predictive Analytics

The use of statistical and machine-learning techniques to analyze historical and real-time data in order to forecast future events or behaviors (e.g., equipment failure, customer churn, demand).

Predictive Maintenance

An application of predictive analytics in asset management, where sensor and operational data are used to anticipate when equipment will likely fail so that maintenance can be performed proactively.

Responsible AI

The practice of designing, developing, and deploying AI in ways that are lawful, ethical, and aligned with societal values, considering fairness, privacy, safety, explainability, and accountability throughout the lifecycle. ([OECD](#))

Robotic Process Automation (RPA)

Software “robots” that automate structured, rule-based digital tasks—such as copying data between systems—by mimicking human interactions with user interfaces.

Smart City

An urban environment that uses digital technologies, data, and AI to improve services, resource efficiency, sustainability, and quality of life (e.g., traffic management, energy, public safety). ([unimma.press](#))

Society 5.0

A Japanese-origin concept describing a “super-smart” human-centered society in which digital technologies and AI are deeply integrated to solve social challenges while prioritizing human well-being. ([journal2.upgris.ac.id](#))

Stakeholder

Any individual or group that can affect, or is affected by, an organization’s activities and decisions—such as employees, customers, suppliers, communities, regulators, and shareholders.

Sustainable Digital Transformation

Digital transformation that not only enhances economic performance but also strengthens human capabilities, social inclusion, and environmental stewardship over the long term. ([MDPI](#))

Sustainable Development Goals (SDGs)

A set of 17 global goals adopted by the United Nations, covering poverty, health, education, inequality, climate, and more, intended as a shared blueprint for peace and prosperity by 2030.

Sustainability (in AI Context)

The capacity of AI-enabled systems and transformations to deliver lasting value while preserving or enhancing ecological, human, and social systems, rather than creating short-term gains at long-term cost.

Transformation Portfolio (AI Portfolio)

A managed set of AI and digital initiatives that range from incremental improvements (“quick wins”) to more radical, long-term innovations, balanced to deliver value, manage risk, and build capabilities.

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