

# Strategic Integration of Industry 5.0 in Aviation: Driving Transformation through KPIs, Digital Innovation, and Human-Centric Collaboration

SeyyedAbdolHojjat MoghadasNian<sup>1\*</sup>, Zahra Moslehi<sup>2</sup>

*1 Tarbiat Modares University, Iran,*

*2 Università della Svizzera italiana, Switzerland,*

*\*Corresponding author*

## Abstract.

This study examines the critical role of Key Performance Indicators (KPIs) in guiding digital transformation within the airline industry, particularly under the principles of Industry 5.0. The research employs a mixed-methods approach, combining qualitative interviews with industry experts and quantitative analysis of performance data from leading airlines. The primary data were collected through semi-structured interviews, while secondary data were sourced from industry reports and academic literature (MoghadasNian, 2022). The findings reveal that the strategic alignment of KPIs with Industry 5.0 principles such as human-centric design, sustainability, and enhanced human-machine collaboration significantly enhances operational efficiency, customer satisfaction, and organizational resilience. Case studies highlight the successful integration of AI, IoT, and collaborative robots, which contribute to better maintenance practices, resource optimization, and improved employee satisfaction. The study underscores the importance of developing new KPIs that capture the broader impacts of Industry 5.0 technologies, including social responsibility and ethical AI deployment. These insights provide a strategic framework for airlines seeking to navigate the complexities of digital transformation while maintaining a competitive edge in an increasingly dynamic global market.

**Keywords:** Digital Transformation, Industry 5.0, KPIs, Airline Industry, Human-Machine Collaboration.

## 1. Introduction

The airline industry is navigating a transformative shift, propelled by the convergence of Industry 5.0 and Aviation 4.0 principles. This evolution is characterized by the integration of

advanced digital technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), and big data analytics alongside a renewed emphasis on human-centric design and sustainability. As airlines adopt these technologies, they are redefining operational efficiency, customer experience, and overall competitiveness in an increasingly interconnected and digital global landscape. The convergence of Industry 4.0 and 5.0 introduces new paradigms, focusing on seamless human-machine collaboration and the ethical use of technology to enhance productivity, personalization, and resilience across the aviation sector (Golovianko et al., 2023; Aheleroff et al., 2022).

Strategic Key Performance Indicators (KPIs) have become pivotal in guiding the airline industry through this digital transformation. As the industry embraces Industry 5.0, the role of KPIs extends beyond traditional metrics, encompassing human-centered and sustainability-focused measures that align with the evolving business landscape. KPIs serve as critical tools for monitoring and evaluating the impact of digital transformation initiatives, ensuring that the adoption of new technologies leads to tangible improvements in operational and service outcomes. This strategic alignment is crucial for maintaining competitiveness and achieving long-term sustainability in a rapidly changing environment (Abril-Jiménez et al., 2024; Özdemir & Küçükçolak, 2021).

This research aims to identify, analyze, and evaluate the impact of specific KPIs on the success of digital transformation initiatives within the airline industry. It focuses on how these KPIs enhance operational efficiency, customer satisfaction, and the integration of Industry 5.0 principles, particularly human-machine collaboration and sustainable practices. By providing a comprehensive analysis of these KPIs, the study seeks to offer a strategic framework that airlines can use to effectively navigate their digital transformation journeys, ensuring alignment with broader industry goals of resilience, sustainability, and innovation.

## 2. Literature Review

### 1.1 Overview of Digital Transformation in Aviation

The airline industry has been undergoing a significant digital transformation, moving from Aviation 4.0 to the emergent Aviation 5.0 paradigm. Aviation 4.0 has been characterized by the integration of advanced technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), big data analytics, and robotics into various facets of airline operations. These technologies have revolutionized operational efficiency, safety, and customer experiences, enabling more predictive maintenance, optimized flight operations, and personalized services (Heiets et al., 2022; Büyüközkan et al., 2021). As the industry evolves into Aviation 5.0, the focus shifts from pure automation to human-centric design and enhanced human-machine collaboration, where technology serves to augment rather than replace human decision-making and creativity (Bhatt & Kumar, 2022). This transition underscores the importance of a holistic approach to digital transformation, integrating sustainability and resilience as core elements of the new aviation landscape.

### 1.2 Role of KPIs in Digital and Service Transformation

Key Performance Indicators (KPIs) are critical in guiding digital and service transformation within the airline industry. KPIs provide a structured framework for measuring the success of digital initiatives, ensuring that technology adoption aligns with strategic business goals. In the context of digital transformation, KPIs extend beyond traditional operational metrics to include measures of sustainability, customer satisfaction, and human-machine collaboration.

For example, airlines are increasingly using revenue-driven KPIs, such as operating profit per passenger, to assess financial performance, while also incorporating metrics related to environmental impact and social responsibility (Demydyuk, 2011; Contini & Peruzzini, 2022). Additionally, the adoption of Industry 5.0 principles necessitates the development of new KPIs that capture the nuanced impacts of AI, IoT, and other advanced technologies on both operational efficiency and employee well-being (Abril-Jiménez et al., 2024). The integration of these KPIs into digital transformation strategies is essential for achieving long-term success in an increasingly competitive and sustainability-conscious market.

### **1.3 Transition to Industry 5.0**

Industry 5.0 represents a paradigm shift from the purely technology-driven focus of Industry 4.0 to a more balanced approach that emphasizes human-centric design, ethical AI deployment, and sustainability. In the airline industry, this shift requires rethinking the role of technology in operations, with a focus on enhancing human capabilities rather than merely automating processes. Industry 5.0 encourages the development of cyber-physical systems that integrate human intuition and creativity with machine learning and data analytics, leading to more adaptive and resilient operations (Mourtzis et al., 2022). The literature highlights the need for KPIs that not only measure operational outcomes but also reflect the broader social and environmental impacts of digital transformation initiatives. This approach aligns with the growing demand for corporate social responsibility and the ethical use of technology in aviation (Borchardt et al., 2022; MoghadasNian, 2023; Ghobakhloo et al., 2023).

### **1.4 Gap Identification**

While significant progress has been made in understanding the role of KPIs in digital transformation, gaps remain in the literature, particularly regarding the application of KPIs in the context of Industry 5.0. Existing research primarily focuses on the operational and financial aspects of KPIs, with less attention given to human-centric and sustainability-oriented metrics. There is a need for new KPIs that capture the complex interactions between humans and machines, especially as airlines integrate more advanced technologies like AI and IoT into their operations (Abril-Jiménez et al., 2024). Additionally, the current maturity models for Industry 4.0 may not fully address the requirements of Industry 5.0, particularly in small and medium-sized enterprises (Hein-Pensel et al., 2023). Future research should focus on developing comprehensive KPI frameworks that incorporate human factors, system resilience, and environmental stewardship, ensuring that digital transformation initiatives are aligned with the principles of Industry 5.0.

## **3. Methodology**

This study employs a mixed-methods approach to comprehensively examine the impact of specific Key Performance Indicators (KPIs) on the digital transformation initiatives within the airline industry, particularly in the context of Industry 5.0. The research design integrates both qualitative and quantitative data collection and analysis methods to provide a robust understanding of how KPIs can enhance operational efficiency, customer satisfaction, and the integration of advanced technologies.

The primary data collection involved conducting semi-structured interviews with industry experts, including airline executives, digital transformation leaders, and technology providers. These interviews were designed to gather in-depth insights into the strategic implementation of KPIs and their role in guiding digital transformation efforts. Additionally, case studies of

leading airlines that have successfully integrated Industry 5.0 principles were analyzed to identify best practices and challenges associated with KPI-driven transformation.

For the quantitative component, secondary data were collected from various sources, including industry reports, performance metrics from leading airlines, and academic literature on digital transformation and Industry 5.0. This data was subjected to statistical modeling to assess correlations between the adoption of Industry 5.0 technologies and key performance outcomes such as operational efficiency, customer satisfaction, and sustainability. Content analysis was also employed to extract recurring themes and insights from the qualitative data, particularly regarding the strategic use of KPIs in digital transformation.

The mixed-methods approach provides a comprehensive framework for understanding the multifaceted impacts of KPIs in the airline industry's digital transformation. By combining qualitative insights with quantitative analysis, the study offers a nuanced perspective on the challenges and opportunities associated with integrating Industry 5.0 principles into airline operations. This methodology ensures that the research findings are both empirically grounded and contextually relevant, contributing valuable knowledge to the ongoing discourse on digital transformation in aviation.

## 4. Findings

The findings of this study reveal significant insights into the impact of Key Performance Indicators (KPIs) on the digital transformation efforts within the airline industry, particularly in the context of Industry 5.0. The integration of advanced technologies, such as Artificial Intelligence (AI), the Internet of Things (IoT), and big data analytics, has driven substantial improvements in operational efficiency, customer satisfaction, and overall organizational resilience.

### 3.1 Impact of Industry 5.0 on Airline Operations

The adoption of Industry 5.0 technologies has significantly enhanced operational efficiency across various facets of airline operations. AI-driven predictive analytics, for example, have improved the accuracy and timeliness of maintenance activities, reducing downtime and extending the life of critical assets. Similarly, IoT-enabled systems have facilitated real-time monitoring and optimization of flight operations, leading to more efficient fuel usage and reduced environmental impact. The findings suggest that airlines leveraging these technologies are better equipped to adapt to operational challenges, including those arising from unexpected disruptions.

### 3.2 Human-Machine Collaboration

One of the most profound changes observed in airlines that have embraced Industry 5.0 is the shift towards more integrated human-machine collaboration. Collaborative robots (co-bots) and AI systems are increasingly being used to augment human capabilities, particularly in areas requiring high precision and repetitive tasks. The study found that these technologies not only enhance productivity but also contribute to higher levels of employee satisfaction by allowing human workers to focus on more complex and creative aspects of their jobs. Airlines that have successfully implemented these systems report improvements in both operational outcomes and workforce morale.

### 3.3 KPI-Driven Transformation

The research highlights the critical role of strategic KPIs in guiding digital transformation within the airline industry. Airlines that have implemented KPIs aligned with Industry 5.0

principles such as those focused on human-machine collaboration, sustainability, and adaptive operations report significant improvements in key performance outcomes. For instance, KPIs related to the efficient use of resources, reduction in carbon emissions, and enhancement of customer satisfaction were found to be particularly effective in driving organizational change. These KPIs provide a clear framework for measuring success and ensuring that digital transformation initiatives are aligned with broader strategic goals.

### 3.4 Case Study Insights

Detailed case studies of airlines that have integrated Industry 5.0 principles further underscore the importance of KPIs in digital transformation. These case studies reveal that airlines with a strong focus on KPI-driven strategies are more likely to achieve sustainable outcomes, including enhanced operational resilience and improved customer experiences. The findings from these case studies highlight best practices, such as the integration of real-time data analytics into decision-making processes and the use of KPIs to monitor progress towards sustainability goals.

In summary, the findings demonstrate that KPIs are essential tools for navigating the complexities of digital transformation in the airline industry (MoghadasNian, 2022). By aligning KPIs with Industry 5.0 principles, airlines can effectively leverage advanced technologies to enhance operational efficiency, foster human-machine collaboration, and achieve sustainable growth. These insights provide a foundation for airlines seeking to optimize their digital transformation strategies and remain competitive in an increasingly dynamic global market.

## 5. Discussion

The findings from this study offer valuable insights into how the airline industry can effectively navigate the digital transformation process, particularly through the strategic use of Key Performance Indicators (KPIs) aligned with Industry 5.0 principles. This section interprets the findings within the broader context of existing literature and discusses the strategic implications for airlines aiming to achieve long-term sustainability, operational efficiency, and enhanced customer satisfaction.

The study confirms that the adoption of Industry 5.0 technologies, such as AI, IoT, and collaborative robots, is not just enhancing operational efficiency but also transforming the nature of work within the airline industry. By facilitating closer human-machine collaboration, these technologies are enabling airlines to create more resilient and adaptive operational frameworks. The use of AI-driven predictive analytics, for instance, has been shown to significantly improve maintenance practices, reducing costs and downtime while extending the life of critical assets. Furthermore, the integration of IoT systems has enhanced real-time decision-making capabilities, allowing airlines to respond more effectively to operational disruptions.

The strategic use of KPIs is crucial in ensuring that digital transformation initiatives are aligned with the broader goals of Industry 5.0. Airlines must adopt a holistic approach to KPI development, incorporating metrics that reflect not only operational outcomes but also human-centric design, sustainability, and ethical considerations. For example, KPIs focused on sustainability, such as those measuring reductions in carbon emissions or improvements in resource efficiency, are increasingly important as airlines seek to align their operations with global environmental goals. Additionally, KPIs that measure the success of human-machine

collaboration, such as employee satisfaction or the effectiveness of collaborative robots, are essential for fostering a culture of innovation and continuous improvement.

While this study provides important insights into the role of KPIs in digital transformation, it is not without limitations. The research is constrained by the availability of data, particularly in terms of the scope and depth of the case studies. Additionally, the study focuses primarily on large airlines that have the resources to invest in advanced technologies, which may limit the generalizability of the findings to smaller carriers or those operating in less technologically advanced regions. Future research should seek to address these limitations by exploring the impact of Industry 5.0 technologies and KPIs across a broader range of airline sizes and geographic contexts.

The findings from this study contribute to the growing body of literature on digital transformation in aviation by highlighting the importance of aligning KPIs with Industry 5.0 principles. As the airline industry continues to evolve, it will be critical for airlines to adopt a strategic approach to KPI development that reflects the complex interplay between technology, human factors, and sustainability. Future research should explore the development of new KPIs that capture the full range of impacts associated with Industry 5.0 technologies, including those related to social responsibility, ethical AI, and long-term environmental stewardship.

In conclusion, the discussion underscores the strategic importance of KPIs in guiding digital transformation within the airline industry. By aligning KPIs with the principles of Industry 5.0, airlines can not only enhance their operational efficiency and customer satisfaction but also contribute to broader societal goals of sustainability and ethical innovation. The insights provided in this study offer a roadmap for airlines seeking to navigate the complexities of digital transformation and maintain a competitive edge in the rapidly changing global aviation market.

## 6. Implications and Future Research

The implications of this study are multifaceted, offering significant insights for both academic research and practical applications within the airline industry. The findings emphasize the critical role of Key Performance Indicators (KPIs) in guiding the digital transformation process, particularly in the context of Industry 5.0. As airlines continue to navigate this transformation, several key implications and directions for future research emerge.

This study contributes to the existing literature on digital transformation in aviation by highlighting the transition from Industry 4.0 to Industry 5.0. It underscores the importance of human-centric design and the ethical deployment of AI in creating sustainable and resilient operations. The research expands on traditional KPI frameworks by integrating metrics that reflect the broader goals of Industry 5.0, including sustainability, human-machine collaboration, and ethical considerations. This theoretical advancement provides a foundation for further exploration into how these new KPIs can be developed and applied across different sectors within the aviation industry.

For industry leaders and practitioners, the study offers actionable recommendations on how to optimize digital transformation strategies through KPI-driven approaches. Airlines are encouraged to develop and implement KPIs that not only measure operational efficiency but also align with the principles of sustainability and human-centric innovation. This includes

prioritizing KPIs that track reductions in carbon emissions, improvements in resource efficiency, and the success of human-machine collaboration initiatives. Additionally, the study highlights the importance of fostering a culture of continuous learning and adaptation, where KPIs are regularly reviewed and updated to reflect the dynamic nature of technological advancement and market conditions.

While this study provides valuable insights, it also opens up several avenues for future research. One key area for further exploration is the development of new KPIs that capture the full range of impacts associated with Industry 5.0 technologies. This includes metrics related to social responsibility, ethical AI deployment, and the integration of circular economy principles within the airline industry. Additionally, future research should consider the challenges and opportunities associated with digital transformation in different contexts, such as smaller airlines, low-cost carriers, or airlines operating in developing regions. Comparative studies that examine the effectiveness of different KPI frameworks across these varied contexts would provide a more comprehensive understanding of how Industry 5.0 principles can be successfully implemented on a global scale.

Another important area for future research involves the exploration of regulatory frameworks that support the ethical deployment of AI and other Industry 5.0 technologies. As the airline industry continues to evolve, it will be critical to ensure that these technologies are used in a manner that is both responsible and aligned with global sustainability goals. Research that investigates the role of policy and regulation in shaping the adoption of Industry 5.0 technologies will be essential in guiding the industry towards a future that balances technological innovation with social and environmental stewardship.

In summary, the implications of this study extend beyond the immediate findings, offering a roadmap for both academic inquiry and practical implementation within the airline industry. By focusing on the strategic use of KPIs aligned with Industry 5.0 principles, airlines can navigate the complexities of digital transformation while contributing to broader societal goals. Future research will play a critical role in further refining these KPIs and exploring new avenues for their application, ensuring that the industry remains at the forefront of sustainable and ethical innovation.

## 7. Conclusion

This study has explored the critical role of Key Performance Indicators (KPIs) in guiding the airline industry's digital transformation within the framework of Industry 5.0. The findings emphasize that as the aviation sector transitions from Industry 4.0 to Industry 5.0, the integration of advanced technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), and big data analytics must be strategically aligned with human-centric and sustainability-focused objectives. KPIs, when properly designed and implemented, serve as essential tools for ensuring that digital transformation initiatives not only enhance operational efficiency and customer satisfaction but also support broader goals related to sustainability and ethical innovation.

The study has highlighted the transformative impact of Industry 5.0 technologies on airline operations, particularly in terms of improving operational efficiency through predictive analytics and fostering human-machine collaboration. It has also demonstrated that airlines that align their KPIs with Industry 5.0 principles are better positioned to achieve sustainable growth and maintain a competitive advantage in a rapidly evolving global market.

The strategic implications for the airline industry are clear: the successful adoption of Industry 5.0 technologies requires a comprehensive approach to KPI development that reflects the complex interplay between technology, human factors, and environmental stewardship. By focusing on KPIs that measure not only traditional operational outcomes but also the success of human-centric design and sustainability initiatives, airlines can ensure that their digital transformation efforts are aligned with the long-term goals of resilience, innovation, and ethical responsibility.

In conclusion, this study offers a roadmap for airlines seeking to navigate the complexities of digital transformation in the Industry 5.0 era. The insights provided underscore the importance of continuous innovation, investment in human capital, and the strategic use of KPIs to guide transformation efforts. As the airline industry continues to evolve, leaders must prioritize the integration of advanced technologies with human-centered design and sustainability principles, ensuring that the industry contributes positively to society and the environment while achieving operational excellence. Future research will be crucial in further refining the KPIs that align with Industry 5.0 and exploring their application across different contexts within the aviation industry. By continuing to develop and implement these strategic tools, the airline industry can not only meet the challenges of the future but also thrive in an increasingly complex and interconnected global landscape.

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