Article: Companies in Indonesia in the vortex of global economic disruption

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Abstract

The best alternative for companies in Indonesia to survive in the midst of global economic uncertainty is by transforming their business and human resources, given that changes in business concepts are highly driven and patterned by advances in information technology that are exponentially increasing. The innovative steps of transformation, however, should refer to Good Corporate Governance, as an operational foundation and guarantee trust from stakeholders. The era of economic disruption requires companies in Indonesia to always generate new values in all aspects so that performance can increase and the companies are able to survive in the market by gaining positive profits.

Introduction

The World Bank's report on the ease of doing business 2018 places Indonesia on 73rd out of 190 countries. This position was down one position compared to 2017 of 72nd position. The downgrade of ease of doing business in Indonesia is expected to have no significant impact on investment, both domestically and internationally. The condition of the global economy in 2018 tends to be sluggish and unbalanced, followed by high global financial uncertainty. In the era of economic disruption, which is expected to happen until 2020, business people in Indonesia are required to constantly renew, innovate, and create diversification so that they can survive in the

market. The growing competition in the market faced by business people makes company leaders tend to make changes continuously where each element must be an important pillar in order to support the company's vision and mission, including optimizing the strategies that have been determined to obtain profit maximization. The reality in the field shows that many companies in Indonesia still do not know what to do. Many companies are trying out the latest management systems to deal with the global economic disruption with an expectation that the companies will be sustainable and adaptive to the times.

From 2016 to 2018, economic and business developments have experienced rapid development with tighter business competition. All companies strive to demonstrate their respective advantages, but some fail. The company strives to make adjustments by creating change, experimenting with new business capital, transforming businesses and human resources, and adjusting to the industrial revolution 4.0. In order to realize sustainable competitiveness, the company management needs to build a system and mechanism for corporate governance that directs and controls the transformation of corporate resources to create ethical and beneficial added value for all stakeholders. The implementation of quality Good Corporate Governance (GCG) enables the creation of added value for stakeholders, and in turn, will create sustainable business success (Effendi 2009). GCG is essentially a set of rules that regulate, manage, and supervise the relationship between company managers and stakeholders in the company in an effort to increase company value and market valuation. By implementing GCG, companies will get many benefits, such as ensuring the establishment of corporate culture, the existence of information disclosure, an effective audit system, and risk control that always refers to GCG standards.

GCG practices and value added creation are expected to meet three dimensions: compliance, conformance, and performance. Operationally, GCG is carried out by building

awareness, disseminating a code of conduct, and implementing GCG standards, GCG assessment, full disclosure and full transparency, and action plans. In addition to the need for employee engagement, companies also need a clear framework so that the direction of the organization becomes clear and measurable, and the execution of the strategies becomes appropriate and sustainable, given that efforts to build organizational capabilities are basically describing the current state of the organization and formulating the future according to the visions and missions that have been set together.

The research belongs to the qualitative category with the interpretive paradigm, that is, to study the phenomena and the methods used in the research and then interpret findings. The purpose of the interpretative approach is to analysis the reality of global economic uncertainty and the fluctuations of the IDR (Indonesian Rupiah) against the US Dollar and their effect on the lives of companies in Indonesia in order to survive in the market through the power of competitiveness. By using primary data and secondary data, the researchers tried to explore how business people perceive economic disruption and how business people save and shape their own reality so that they are familiar with the economic disruption

Result and Discussions

At present, the industrial sector that is closely associated with the use of high technology tends to be aggressive in opening up recruitment of new workers. The same thing also happens in the mining sector and mining services, considering that there is so much labour migration because the old companies have low value and the stress levels during work tend to be high. The workforce that is sought after by companies is data analysis and business intelligence, general digital or internet-based marketing, and software programming experts. The development of the digital

economy turns out to stimulate the search for new workers by prioritizing information technology skills.

The quality of workforce development in Indonesia seems to be not maximal, as reflected in the Labour Development Index which only reached 60.81 in 2018. The Central Government and Regional Governments are trying to realize various infrastructure projects, but at the same time, digital technology is growing massively which has an impact on the creation of new employment as reflected in the indicator of employment opportunities which rose from 8.56 in 2017 to 11.23 in 2018. Digital trends create many job opportunities, but most are informal and have no official legal status. So, fast-moving digital technology actually demands a change of expertise, considering that the skills currently possessed by workers may not be needed in the future, so new competencies are needed. The competitiveness of companies in Indonesia in facing economic disruption and industrial revolution 4.0 is actually very dependent on the ability to take advantage of changes along with technological advancement that has been increasing exponentially in order to survive, develop, and provide significant added value to all stakeholders.

In general, the organizational goals are represented by vision, mission, and strategy. Similarly, the organizational structure is always aligned with the organizational strategy where each work unit should have a clear function and contribute to the achievement of the organizational goals. One issue that often arises in companies when executing a new strategy is the organizational readiness in terms of aligning the strategy that will be executed with the business processes carried out within the organization, organizational structure, human resource competencies, and culture.

Business transformation and human resource transformation are important agendas in many companies. Companies that have succeeded in carrying out business and human resource transformation are PT. BNI, Tbk and PT. Hartono Plantation Indonesia (HPI-Agro). Nowadays,

more and more companies in Indonesia are implementing GCG not as a regulatory obligation or something that is burdensome, but as part of the company's tools and guidelines in getting to know the business transformation process.

Conclusion

Competitive advantage has become a necessity for every company in Indonesia in facing economic disruption when the company wants to survive in the domestic and global markets through a massive transformation at all levels and business units operated as well as continuous innovation. Companies that have implemented GCG are proven to be able to carry out all strategies and management systems properly and correctly and bring trust from stakeholders. GCG is an important consideration in the investment decision-making process. The effectiveness of an organizational structure to produce superior performance is greatly influenced by the quality of leadership and the management system implemented. When the organization is out of focus, it is very difficult to realize superior products and services as expected by the market. Employee engagement is very important in companies that are currently in the vortex of global economic disruption. Employee engagement is expected to foster passion, motivation and proactive encouragement for employees to provide optimal efforts in every business activity.