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Companies in Indonesia in the vortex of global economic disruption

Abstract

The best choice for Indonesian companies to survive in the global economic uncertainty is to carry out business and human resource transformation, keeping in mind that with the exponential growth of information technology, changes in business concepts are strongly encouraged and imitated. However, the innovation innovation step must refer to good corporate governance as the basis of operations and assurance of stakeholder trust. The era of economic turmoil requires Indonesian companies to always create new value in all aspects so that their performance can be improved and the company can survive in the market by obtaining positive benefits. Human resource management is also very important, especially when employees are involved in responding to threats from the external environment.

Various efforts to improve the ranking of ease of do-ing business in Indonesia throughout 2018 are still restrained by exports and imports that have consist-ently tended to decline since 2015. 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 busi-ness in Indonesia is expected to have no significant impact on investment, both domestically and inter-nationally. (Tayibnapis, Wuryaningsih, & Gora, 2019)

The global economic situation in 2018 tended to be sluggish and unbalanced, followed by high global financial uncertainty. The US economy appears to be growing strongly, but inflation expectations are still high, so the Fed tends to choose the benchmark interest rate. The economies of Europe and China are also growing slowly. In addition, due to the deterioration of trade relations between countries, the volume of world trade is also expected to be lower.

In an era of economic disruption that is predicted to be in 2020, business players in Indonesia must continue to update, innovate and diversify in order to survive in the market. The increasingly fierce market competition faced by business people makes company leaders tend to

change, each of which must be an important pillar to support the company's vision and mission, including optimizing the strategy that has been set to maximize profits.

The reality shows that there are still many companies in Indonesia that are losing money. Many companies have tried the latest management systems to deal with global economic turmoil, with the hope that the company can continue to grow and adapt to the trends of the times.

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).

Basically, GCG is a set of rules used to regulate, manage and oversee the relationship between company managers and company stakeholders in an effort to increase company value and market value. By implementing GCG, the company will get many benefits, such as ensuring the formation of a corporate culture, information disclosure, an effective audit system, and risk control that always refers to GCG standards. Likewise, companies need to issue a GCG statement in accordance with the guidelines officially issued by the National Governance Policy Committee and explain the implementation of GCG.

The implementation of GCG and the creation of added value is expected to achieve three aspects, namely compliance, consistency and performance. From an operational perspective, GCG is carried out by building awareness, socializing ethics, implementing GCG standards, evaluating GCG, full transparency and complete transparency, as well as 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. Companies that have capability can create useful values by exploiting opportunities or neutralizing threats in the company's external environment. Similarly, companies can understand the position of costs and identify ways that can be used to facilitate the implementation of their business-level strategies. (Hitt et al., 2001)

The implementation of GCG turns out to be able to encourage companies to continue to strive to create and introduce new values in the aspects of products, operations, and services that have an impact on improving company performance, and ultimately benefit stakeholders. The consistency of a system of sustainable GCG implementation, in the perspective of value creation, is very much needed in the capital market. This shows that the system is expected not only to drive the pace of business, but also to increase stakeholders' trust so that investors are interested in their shares, or in other words, issuers always improve the quality of GCG to become an investor's choice, and GCG is an important consideration in the investment decision-making process. (Tayibnapis, Wuryaningsih, & Gora, 2019)

Employee engagement is very important in companies that are currently in the vortex of global economic disruption. Employee engagement provides access for management to be able to improve the conditions of employees' say, stay, and strive through efforts to build high commitment and accommodate aspects of employee satisfaction with the company better, which in turn can be implemented into daily operational activities. Employee engagement is expected to foster passion, motivation and proactive encouragement for employees to provide optimal efforts in every business activity. (Tayibnapis, Wuryaningsih, & Gora, 2019)

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. (Tayibnapis, Wuryaningsih, & Gora, 2019)

Economic disruption has made company leaders face very difficult challenges. The leaders have to strive to be more adaptive in facing the future that is full of volatility, uncertainty, complexity, and imbiuity (VUCA), including being able to bring a positive aura to all employees. Furthermore, the performance target needs to be lowered from the top level to the individual so that each employee can move in the same direction. In addition, they must be able to foster shared value within individual employees and become a role model for all employees. (Tayibnapis, Wuryaningsih, & Gora, 2019)

The implementation of GCG in companies proves to be able to increase company value, market value, culture value, the openness of information, effectiveness of the audit system, and risk control. Profit maximization can be obtained if the governance runs well and is always in line with the compliance and suitability of ethics and norms. (Tayibnapis, Wuryaningsih, & Gora, 2019).

DAFTAR PUSTAKA

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