

# The Role of Bank Mega's Strategic Management in Facing the 2023 Global Economic Recession

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## Abstract

This research aims to analyze the role of strategic management in facing the 2023 global economic recession at Bank Mega. The global economic recession that will occur in 2023 will have a significant impact on the banking sector, including Bank Mega. Strategic Management has an important role in managing the negative impact of this recession and ensuring the strategic continuity of the bank. Some of the strategic steps taken by strategic management include increasing strategic efficiency, better risk management, diversifying products and services, developing new marketing strategies, and increasing the use of information technology. Apart from that, collaboration with external parties such as international financial institutions and regulators is also carried out to obtain advice and assistance in dealing with a recession.

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## 1. INTRODUCTION

The COVID-19 pandemic has changed the world drastically in various aspects, including the economic sector (Sulistyan, 2020). The COVID-19 pandemic has caused many countries around the world to implement lockdowns and social restrictions to slow the spread of the virus. This action has a direct impact on economic activities, both in terms of production and consumption (Yamali & Putri, 2020).

When economic activity slows down, many businesses and companies experience difficulties and lay off employees (Ghofur et al., 2020). This has an impact on increasing the number of unemployed in many countries around the world. Consumers also reduced their spending due to concerns about the future and economic uncertainty, which in turn worsened economic conditions. As a result, many countries experienced an economic recession due to the COVID-19 pandemic. Several sectors that were badly affected included tourism, hospitality, transportation and other service sectors. However, several sectors such as information technology, e-commerce and the health sector have actually experienced growth due to increased demand during the COVID-19 pandemic (Arianto, 2020).

Governments around the world are taking action to help reduce the negative impact of the COVID-19 pandemic on the economy, such as providing financial assistance, encouraging consumption and investment, and reducing interest rates (Sulistyan et al., 2022; Rusdianti et al., 2022). However, the impact of the COVID-19 pandemic on the economy is still being felt today and the recovery process is still ongoing.

The global recession that occurred as a result of the Covid-19 pandemic is a deep and widespread economic phenomenon, where various countries and regions around the world experienced a significant decline in economic activity. The Covid-19 pandemic caused a severe impact because it required the implementation of drastic restrictive measures to control the spread of the virus, such as lockdowns, border closures, school closures, and restrictions on mass gatherings.

The first impact of the pandemic was the disruption of global production and supply chains.

Countries that rely on imports for raw materials and manufacturing components are experiencing difficulties due to travel restrictions and factory closures. This caused a drastic reduction in production and manufacturing activities. Additionally, service industries such as tourism, hospitality, and the retail sector experienced a sharp decline in revenue. Travel restrictions and business closures have caused these sectors to lose significant income, and some small and medium businesses have even been forced to close down.

The increase in the number of unemployed is also one of the big impacts of this recession. Many companies have been forced to lay off or reduce employee working hours due to declining demand and revenue. Millions of people around the world lost their jobs, causing a serious employment crisis. In addition, household consumption experienced a decline due to economic uncertainty and concerns about the future. People tend to save their money rather than spend it, hampering economic recovery.

This crisis also has an impact on global financial markets. The stock market experienced high volatility and experienced a sharp decline in value, while commodity prices experienced a decline due to decreased demand. Facing this global recession, various countries are trying to respond with fiscal and monetary stimulus to cushion its impact. However, the Covid-19 pandemic and the resulting recession have shown the importance of international cooperation and coordination to overcome this serious global challenge. The role of management accountants in facing this recession at Bank Mega.

However, in general, management accountants have an important role in helping companies deal with economic recessions. Management accountants are responsible for managing financial and non-financial information that can help management make informed business decisions. In an economic recession situation, management accountants can help companies reduce costs, increase efficiency, and identify opportunities to increase revenue (Nasution et al., 2020).

Apart from that, management accountants can also help companies plan short-term and long-term financial strategies to deal with economic recessions. This includes identifying financial risks and managing those risks, planning budgets carefully, and monitoring the company's financial performance continuously.

Strategic management is a planned and holistic approach in managing an organization or company to achieve its vision, mission and long-term goals. In this context, strategic management involves a process of in-depth analysis of the organization's external and internal environment to identify the opportunities and challenges it faces. Next, appropriate strategies are formulated and implemented to maximize the potential for success and deal with risks that may arise. The strategic management process involves steps such as data collection, resource evaluation, competitor analysis, as well as understanding changes in market and industry trends. Apart from that, strategic management also focuses on utilizing the organization's internal strengths and minimizing existing weaknesses. In this case, organizational structure and company culture are also important factors in directing strategy towards achieving goals (Kusumawardani, 2020).

Implementing strategic management requires effective collaboration and communication at all levels of the organization, so that all parts can move in line to achieve a common vision. In addition, strategic management is also an iterative process, where regular evaluations and adjustments to strategies are carried out to remain relevant to dynamic changes in the business environment. By implementing strategic management well, organizations can gain competitive advantage, improve operational performance, take advantage of market opportunities, and overcome challenges more efficiently. The importance of strategic management as a guide to the company's direction makes it a critical component in achieving long-term success and organizational sustainability.

In the context of Bank Mega, as one of the largest banks in Indonesia, management accountants play an important role in ensuring the continuity of the bank's business during the economic recession. They can assist bank management in identifying areas that can be optimized, managing financial risks, and ensuring that the bank remains profitable during difficult times.

## **2. METHOD**

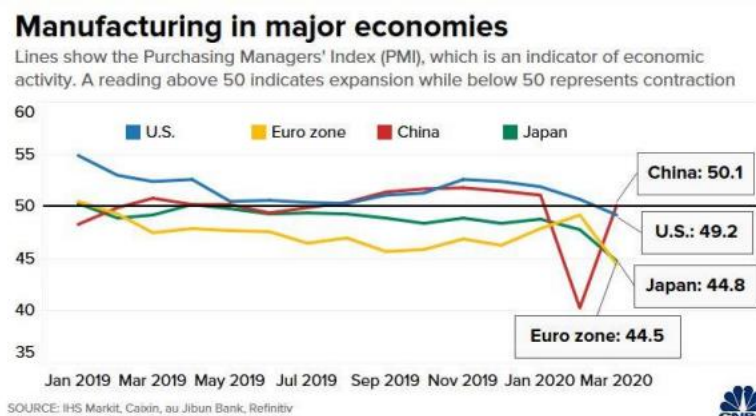
This research uses a qualitative analysis method by collecting data through interviews with top level management of Bank Mega and through a review of literature related to strategic

management and economic recession. The research results show that Strategic management at Bank Mega has taken strategic steps to face the 2023 global economic recession.

### 3. RESULTS AND DISCUSSION

PT Bank Mega Tbk., or better known as Bank Mega, is one of the largest banks in Indonesia. Established on 15 August 1969, Bank Mega has carried out its role as a financial institution that provides various banking products and services to its customers. Led by the company's founder, Chairul Tanjung, Bank Mega has its head office in Jakarta, but its extensive branch network reaches various large cities and strategic areas throughout Indonesia. As an open private bank, Bank Mega has been committed to providing innovative and diverse financial solutions for its customers. The products and services offered include savings such as savings, time deposits, current accounts and checking accounts, as well as various types of consumer and corporate credit. Bank Mega also offers a variety of credit card options with special benefits for its holders. Bank Mega not only focuses on conventional services, but also invests in technology and digital services. With internet banking, mobile banking and other electronic banking services, customers can access their accounts easily and carry out various transactions efficiently. Apart from its business activities, Bank Mega also takes an active role in corporate social responsibility by being involved in various social and humanitarian activities to help the community and the surrounding environment.

With decades of experience, Bank Mega continues to strive to become a trusted financial partner for the Indonesian people. Through innovation, quality service and commitment to sustainability, Bank Mega continues to maintain its position as one of the leading banks in Indonesia and contributes to the development of the financial sector in this country. The following is a graph of the destruction of the global economy due to the Covid-19 pandemic.



**Figure 1.** Graph of the destruction of the global economy due to the Covid-19 pandemic  
Source: CNBC (2023)

The problems faced by the world due to the Covid-19 pandemic are very diverse and have a global impact. The coronavirus disease that emerged in Wuhan, China, has spread to 185 countries and regions, infected more than 2.7 million people, and caused more than 190,000 deaths. Lockdown measures implemented by various countries to stem the spread of the virus have caused significant economic impacts.

- Increase in unemployment:** Lockdown measures have resulted in many companies being forced to close or reduce their operations, causing many people to lose their jobs. The United States, Australia and South Korea are some of the countries that have recorded significant increases in unemployment rates.
- Disruption of the service industry:** The service industry which is the main source of growth and employment for many countries is experiencing a sharp decline in retail sales. Lockdown measures forced many shops and service businesses to close, leading to a decline in activity and sales.
- Decline in manufacturing activity:** Manufacturers around the world are hurting due to falling demand and difficulties in obtaining supplies of semi-finished goods and materials. Factories

in various countries reported falling output.

- d. Global trade challenges: Global trade, which was already slow in 2019, has been further burdened this year due to the Covid-19 pandemic. The World Trade Organization (WTO) estimates that global trade volume could experience a double-digit decline.
- e. The global economy is shrinking: The pandemic has caused many institutions to cut their global economic growth forecasts. The IMF estimates the global economy will shrink 3% this year, with projections of only a partial recovery next year.
- f. Economic impact of millions of trillions of dollars: The cumulative impact of the Covid-19 pandemic on global GDP is estimated at millions of trillions of dollars, exceeding the economic size of several large countries such as Japan and Germany.

The role of Strategic management in facing the global economic recession, especially at Bank Mega, has an important meaning in ensuring Strategic continuity and good performance amidst difficult economic conditions. The following is an explanation of the role of Strategic Management in dealing with an economic recession:

- a. Concept and Role of Strategic Management in the Banking Context: Strategic Management is a management function that is responsible for planning, organizing and controlling strategic processes in an organization, including banks. The aim is to achieve optimal efficiency, productivity and quality in implementing Strategic activities. In the banking context, Strategic management involves managing core processes such as customer service, banking operations, risk management, financial management, and internal control. The role of Strategic management is to ensure that these processes run effectively, efficiently, and in accordance with established policies and standards.
- b. The Importance of Strategic Management in Facing a Global Economic Recession: The global economic recession has had a significant impact on the banking sector, including Bank Mega. In recession conditions, demand for decreased credit, increased credit risk, decreased income, and increased liquidity pressure are challenges faced by banks. This is where the role of Strategic management becomes important. Strategic Management plays a role in responding to changing economic conditions by optimizing the use of resources, reducing unnecessary Strategic costs, increasing the efficiency of Strategic processes, and better managing risks. This can help banks continue to operate effectively and maintain financial stability in the midst of a recession.
- c. Help reduce the negative impact of the recession on Bank Mega: In facing the global economic recession, strategic management can help Bank Mega reduce the negative impact that may arise. Some steps that can be taken are:
  - 1) Increased Strategic Efficiency: Strategic Management can evaluate existing Strategic processes and identify areas that can be optimized. For example, implementing more efficient information technology, reducing redundancy in operations, or improving work flow to increase productivity.
  - 2) Better Risk Management: Strategic Management can help banks manage credit risk, liquidity risk and Strategic risk which may increase during a recession. This involves establishing appropriate policies (Keban, 2010).

The role of management accountants as Strategic Managers at Bank Mega in facing the global economic recession in 2023 is very important, especially in managing financial risks, planning budgets, and developing short-term and long-term financial strategies. Some of the key roles of management accountants in facing the global economic recession at Bank Mega, including:

- a. Help manage costs effectively Management accountants can help Bank Mega in managing costs, including minimizing waste and increasing efficiency. In an economic recession situation, effective cost management can help banks continue to generate profits and survive in the market.
- b. Identifying financial risks Management accountants can assist Bank Mega in identifying financial risks during an economic recession, such as an increase in bad debts, a decrease in income, and exchange rate fluctuations. By correctly identifying financial risks, Bank Mega can develop effective risk management strategies to reduce the negative impact of the economic recession.
- c. Plan a careful and realistic budget Management accountants can assist Bank Mega in planning a careful and realistic budget during an economic recession. In this situation, budget planning

becomes very important to ensure that the bank can continue to generate profits. Management accountants can assist banks in the development of short-term and long-term financial strategies, including effective cash management and development of recovery plans.

- d. Produce accurate and relevant financial reports. Management accountants are responsible for producing accurate and relevant financial reports for Bank Mega management and stakeholders. In an economic recession situation, financial reports become more important because bank management must make quick and appropriate business decisions. Therefore, management accountants must ensure that financial reports are prepared thoroughly and accurately.

By taking on these roles, management accountants can help Bank Mega in facing the global economic recession in 2023. Management accountants can also assist bank management in making the right business decisions and taking the necessary actions to ensure the success of the bank's business in the future. Roles Management accountants are very important in facing the global economic recession in 2023 at Bank Mega. Some of the roles of management accountants in facing the global economic recession include:

- a. Helps in making strategic financial decisions: Management accountants can provide accurate and detailed financial information, so that Bank Mega management can make strategic financial decisions to overcome the global economic recession.
- b. Increase cost efficiency: Management accountants can help Bank Mega improve cost efficiency by analyzing and evaluating business processes and costs incurred, so that they can find areas that can be optimized and reduce unnecessary costs.
- c. Managing financial risks: Management accountants can help Bank Mega manage financial risks by monitoring and controlling credit, strategic, market and liquidity risks. This can help Bank Mega to minimize the risk of losses during the global economic recession.
- d. Preparing financial reports: Management accountants are responsible for preparing accurate and transparent financial reports. Accurate and transparent financial reports will help Bank Mega management to know the bank's actual financial condition and make the right financial decisions.

With the effective role of management accountants, Bank Mega can better face the global economic recession in 2023, maintain financial stability, and achieve long-term financial goals. To help Bank Mega continue to generate profits during the global economic recession in 2023, management accountants can designing short-term and long-term financial strategies, including:

- a. Short-term financial strategy
  - 1) Increase cost efficiency to optimize income
  - 2) Improve receivables and inventory management to improve cash flow
  - 3) Maintain sufficient liquidity so that the bank can meet financial obligations when they fall due
  - 4) Review the bank's capital structure to find cheaper and more stable funding sources
  - 5) Strengthen credit and non-credit risk monitoring to prevent losses which is undesirable
- b. Long-term financial strategy
  - 1) Diversify bank products and services to reduce dependence on one type of business
  - 2) Building networks and relationships with business partners to increase involvement in potential markets
  - 3) Increase digitalization and technology to increase Strategic efficiency, improve customer experience, and increase employee productivity
  - 4) Maintain asset quality and improve risk management to minimize losses and strengthen the bank's reputation
  - 5) Maintain good relations with regulators and other stakeholders to strengthen bank trust and reputation

With short-term and long-term financial strategies designed by management accountants, Bank Mega can survive the global economic recession in 2023 and even thrive in the future. In facing the global economic recession in 2023, the role of Strategic management in Bank Mega is very important. Strategic Management has responsibility for planning, organizing and controlling Strategic processes within the bank. In the context of a recession, Strategic management has a crucial role in reducing the negative impacts that may arise. The importance of Strategic management lies in its ability to improve Strategic efficiency, better manage risks and ensure the

Bank's Strategic continuity. In an effort to deal with a recession, strategic steps such as increasing efficiency, diversifying products and services, controlling strategic costs, and developing employees are the focus of Strategic management. Collaboration with external parties such as international financial institutions and regulators is also a strategy used to obtain advice and assistance in dealing with a recession. By implementing these steps, Strategic management can help Bank Mega maintain financial stability, minimize risks, and maintain good Strategic performance (Dera Kristianti, 2021).

#### 4. CONCLUSION

In facing the global economic recession in 2023, Bank Mega requires effective financial strategies, and management accountants play a crucial role in designing and implementing these strategies. Their responsibilities include assisting in strategic financial decision-making, enhancing cost efficiency, managing financial risks, and providing accurate and transparent financial reports. With effective management accounting, Bank Mega can minimize the risk of losses during the global economic downturn and maintain financial stability.

To tackle the global economic recession in 2023, Bank Mega could take several actions: First, enhancing collaboration between the finance and business departments to ensure mutually supportive financial and business strategies. Second, adopting effective financial technologies to improve cost efficiency and streamline business processes. Third, increasing financial risk monitoring and control by involving management accounting teams in decision-making processes. Fourth, evaluating the product and service portfolio to align with customer needs and preferences during the economic downturn. Finally, maintaining open communication with customers and other stakeholders about Bank Mega's financial condition and strategies to overcome the global recession. With the right strategy implementation and the effective role of management accountants, Bank Mega can better navigate the global economic recession in 2023 and secure long-term benefits.

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