

WAVES OF INCREASE AND DECREASE IN THE WORLD OF ECONOMIC BUSINESS

Amirah Andika Rifdayanti *¹

UIN Raden Fatah, Indonesia
amirahandikarifdayanti_uin@radenfatah.ac.id

Safira Elfadhilah

UIN Raden Fatah, Indonesia
safiraelfadhilah_uin@radenfatah.ac.id

Abstract

In the world of economic business, there are waves of increases and decreases that can affect various aspects of a country's economy. Several factors influence this wave including government policies, global conditions, and technological changes. In global business dynamics, corporate wave ideas reflect a series of transformations, innovations and evolutions that cut across various industry sectors. The concept of corporate waves has become a representation of technological advances, social changes, and economic policies that induce significant changes in companies' business strategies and operational models. Corporate waves are often related to technological advances that open up new opportunities and change a company's operational methods. This wave reflects the pattern of change and transformation that occurs in companies amidst changes in markets, technology and consumer preferences. Corporate waves refer to the cyclical patterns of change that occur in the business world. In this context, companies go through phases of growth, stagnation, decline, and potential for revitalization or innovation. This research in-depth investigates the waves of increase and decrease in the world of economic business using a literature review approach. This research discusses the dynamics of modern business in analyzing the waves of increase and decrease in companies, company waves: transformation in the modern business world, and moving forward in the wave of global transformation.

Keywords: waves of increase and decrease, economic business world

¹ Correspondence author

INTRODUCTION

The wave theory of the firm is an economic theory that describes patterns of change in the business cycle. This theory describes that the economy experiences a cycle consisting of four phases: expansion, peak, contraction, and bottom. Each of these phases has different characteristics and influences the economic policies taken by the government (Montgomery, J., 2017).

According to Kose et al., (2021) The business cycle is something that organizations genuinely require in the realm of business and economics. This situation of periodic fluctuation is usually required because it can have a favorable impact on a business entity's profitability. In addition, businesses require a business cycle in order to grow their operations and lower their risk of failure. The expansion and contraction of economic growth that naturally takes place in a nation over a specific amount of time is known as the business cycle. The country's GDP (gross domestic product) values rise and fall at the beginning and conclusion of this condition, which is often referred to as the economic cycle.

The expansion and contraction of economic activity over time is typically taken into consideration by the business cycle itself. With a variety of instruments and media, the government can also control this condition. For instance, the central bank can lower interest rates through monetary policy (Choudaha, R., 2017). This may directly promote different investments and expenses. The fiscal policy of the legislature can also be used to accelerate or decelerate the nation's economic expansion. Productivity metrics are what a corporate entity needs to consider when it comes to growth and contraction. For instance, companies require more staff when their output quantities rise. There will be more jobs created as a result, and more money to spend. On the other hand, the company will make more money and be able to concentrate on expanding in the future.

The business cycle is essentially a period of consecutive economic expansion and decline. The four stages of a full business cycle are expansion, peak, contraction, and trough. Rather of occurring at regular intervals or times, each of these stages has distinguishable signs. Every stage of the economic cycle is caused by three factors: the degree of supply and demand, the accessibility of capital, and the confidence of investors and consumers (Storper, M., 2018). The most crucial factor, though, is confidence in the future, which includes confidence in lawmakers, investors, and consumers, and the likelihood that the economy will grow.

The expansion phase is a phase of rapid economic growth, where demand and production increase. In this phase, the government can take economic policies that encourage growth, such as loose fiscal and monetary policies. However, if economic growth is too fast, inflation and excess production can occur. As per The Balance, at this point, there are unambiguous and steady signs of improvement in the economy. Gains in income, employment, supply, demand, and profitability are some of these indicators. Additionally, investment frequency tends to rise during the expansion stage. In general, companies and individuals who operate as commercial entities are able to make their debt payments on schedule (Hampden-Turner et al., 2020).

The peak phase is the phase where economic growth reaches its peak and begins to slow down. In this phase, the government can take economic policies that stabilize the economy, such as tight fiscal and monetary policies. However, if this policy is too strict, recession and unemployment could occur. This phase, as its name implies, denotes an economic growth situation that is unsustainable. Wages, benefits, employment rates, and the cost of products and services all rise as a result. All economic indices stop rising further at this point. Consequently, companies and individuals working for corporate entities must review their budgets in preparation for a slowdown in the economy.

The contraction phase is a phase where economic growth decreases and demand and production decrease. In this phase, the government can take economic policies that encourage growth, such as loose fiscal and monetary policies. However, if this policy is too loose, inflation and excess production could occur. This phase is the end of the peak stage, where the economic growth trend begins to reverse because the economy has contracted. The contraction stages occur in two different phases, namely recession and depression. As soon as the expansion comes to an end and the economy starts to contract, the recession stage starts. This stage lasts until the GDP reaches the level at which the expansion phase started. Demand begins to fall during a recession. Additionally, producers don't change their output until the market is oversupplied. When GDP drops below the stable growth line or pre-expansion level, the depression stage starts. Throughout the Great Depression, economic development slowed down and unemployment rates skyrocketed. Depression persists until there is no further decline in economic activity (Markoff, 2015).

The base phase is the phase where economic growth reaches its bottom and begins to increase again. In this phase, the government can take economic policies that encourage growth, such as loose fiscal and monetary policies. The business cycle enters the trough stage when the depression stage hits its

lowest point. The nation is currently experiencing negative economic growth as a result of the lowest feasible level of supply and demand. After the GDP reaches its lowest point, recovery will start right away. The economy will eventually start to improve and buck the current downward trend. Supply will eventually catch up with the rising demand. Eventually, investment picked back up as well, leading to an increase in output and employment.

In the context of digital transformation, the wave theory of companies is also undergoing changes. Digital transformation allows companies to increase operational efficiency and improve service quality through automation and the use of digital technology. However, digital transformation can also strengthen the position of large companies and reduce competition in the market. Therefore, the government needs to pay attention to the impact of digital transformation on market competition and take action to encourage healthy and fair competition. In this case, the government can regulate regulations and policies that promote competition and encourage innovation, as well as provide support and incentives for small and medium-sized companies to carry out digital transformation. Thus, digital transformation can provide greater benefits for society and the economy as a whole (Porter, M. E., & Kramer, M. R., 2018).

RESEARCH METHOD

This research in-depth investigates the waves of increase and decrease in the world of economic business using a literature review approach. The results include a thorough understanding of the rising and falling waves in the economic world of business. Literature analysis involves an in-depth review of literature related to corporate wave theory, challenges and opportunities, dynamics in modern business, as well as an exploration of the concepts of waves of increase and decrease in the world of economic business. With a strong conceptual foundation, this research makes an important contribution to enriching the discussion regarding the theory of corporate waves in the rise and decline of the economic business world in this article.

RESULT AND DISCUSSION

Modern Business Dynamics in Unraveling the Waves of Company Improvement and Decline

In the ever-changing business world, the concept of corporate waves is becoming increasingly important. This wave reflects the pattern of change and transformation that occurs in companies amidst changes in markets,

technology and consumer preferences. Corporate waves refer to cyclical patterns of change that occur in the business world (Decker et al., 2020). In this context, companies go through phases of growth, stagnation, decline, and potential for revitalization or innovation.

Growth Phase: The growth phase is the peak of a company's success. At this point, the business is growing rapidly, expanding markets and increasing profits. The main focus is on expansion, investment and strengthening the brand.

Stagnation Phase: After the growth phase, many companies experience a period of stagnation where growth slows. This can be triggered by increasingly fierce competition, changes in market trends, or an inability to adapt quickly.

Decline Phase: The decline phase occurs when a company faces a significant decline in performance and business continuity. This can be caused by technological changes, policy changes, or strategic errors.

Revitalization and Innovation: Some companies are able to recover from a decline phase through revitalization or innovation. Product innovation, internal restructuring, or a change in marketing strategy can be the key to reviving a company.

Taliento, M., & Netti, A. (2020).

According to Hacker, J. S. (2019) there are several challenges to the waves of increase and decrease in the economic business world, namely:

Technological Dynamics: Companies must be able to keep up with technological developments to remain relevant.

Global Competition: Globalization brings intense competition, requiring robust strategies.

Response to Consumer Trends: Companies must be able to respond quickly to changes in consumer trends and preferences.

Economic Uncertainty: Economic fluctuations can affect a company's financial stability.

Foresight: Companies that succeed in the modern era are those that can identify and respond quickly to corporate waves. Innovation, adaptability and readiness to change are the keys to remaining relevant and growing.

In business and investors can use an understanding of corporate wave theory or economic cycles in designing and making more careful investment decisions. Businesspeople can anticipate cycle stages and adjust company strategies according to current economic conditions. The government can use the corporate wave theory to overcome economic problems. The government

can design regulations relevant to the corporate wave theory or stages of the economic cycle to stimulate growth or mitigate contraction (Zhang et al., 2020).

According to research by Irfan et al., (2018). Wave theory of the firm can help individuals and organizations in long-term economic planning. By understanding the economic cycle, you can prepare yourself for all changes and economic uncertainty in the future. Although the wave theory of the firm has value in understanding economic cycles, it has also had its critics. Some critics argue that the cyclical patterns identified in this theory do not always occur regularly or reliably. In addition, global factors and rapidly developing technology can influence economic dynamics that are difficult to predict.

Modern business dynamics involve various factors that influence the rise and fall of companies. Some factors that can influence modern business dynamics include digital transformation, investment in one's own business, increased collaboration and work teams, and the influence of the business environment. The digital revolution has ushered in a new era of business characterized by digital transformation (Neamtu, D. M., & Scurtu, 2016). Companies that embrace this change experience the benefits of increased efficiency, improved customer experience, and increased competitiveness. Investing in your own business is a strategic step that can open up opportunities for expansion and innovation. Business leaders should consider reinvesting profits into new product development, increased production capacity, or expansion into new markets. This not only strengthens the business' position in the market, but also creates long-term value.

Collaboration and teamwork have become increasingly important behavioral patterns in modern business organizations. In a complex and changing environment, effective teamwork is the key to achieving success. Organizations that encourage collaboration through knowledge sharing, open communication, and the creation of cross-departmental teams tend to achieve better performance. The dynamics of the business environment can also affect the company. Digital transformation, policy changes, and global economic conditions can be factors that influence the rise and fall of companies. By paying attention to these factors, business leaders can identify trends, face challenges, and exploit opportunities to strengthen the business's position in the market and create long-term value (Dimitrova, Y. P., 2015).

Corporate Waves: Transformation in the Modern Business World

In global business dynamics, corporate wave ideas reflect a series of transformations, innovations and evolutions that cut across various industry

sectors. The concept of corporate waves represents technological progress, social change, and economic policies that induce significant changes in companies' business strategies and operational models (Legner et al., 2017).

Corporate waves are often related to technological advances that open up new opportunities and change a company's operational methods. For example, the industrial revolution, the emergence of the internet, and the application of artificial intelligence are concrete examples of corporate waves that have triggered major transformations in various sectors. The corporate wave also includes changes in business models, such as a shift from conventional businesses to subscription models or platform-based businesses.

An example of a company wave according to Aalbers, M. B. (2019) is as follows:

1. Industrial Revolution 4.0

Revitalizing factories through automation, the Internet of Things (IoT), and artificial intelligence is part of the latest wave of companies. Companies that adopt this technology can increase production efficiency, quality and reduce operational costs.

2. E-Commerce and Electronic Commerce

The paradigm shift from conventional sales to e-commerce and electronic commerce is creating a wave of companies that are changing the way companies interact with customers and operate in the global marketplace.

Companies that are able to adapt quickly to corporate waves have a competitive advantage. Flexibility in responding to market changes and the ability to adopt new innovations are the keys to success. Corporate waves often trigger corporate restructuring, including the use of more flexible and adaptive organizational models, such as team-based organizations and the use of technology to increase collaboration (Hampden-Turner et al., 2020).

While the wave of companies is opening up global opportunities, companies are also faced with the challenges of competing globally, managing risks, and complying with different regulations. The corporate wave also brings opportunities for digital inclusivity, allowing companies to reach broader markets and engage customers in more effective ways.

Corporate waves have become an inevitable phenomenon in the modern business world. For companies that are able to understand, respond to, and even lead these waves, there are opportunities to survive and develop amidst constant change. In facing the era of corporate waves, adaptation and innovation are the keys to optimizing opportunities and overcoming emerging challenges (Toffler, 2022).

Digital transformation in business refers to the use of digital technology to better serve customers. It includes the use of technology, people, and business to create a customer-focused business. Examples of digital transformation of companies in Indonesia that have successfully brought their businesses to glory while becoming market leaders in their industry include the use of digital technology to create new digital offerings and revenue streams to grow with the market.

The process towards the business transformation stage can be carried out by going through 3 stages, namely planning, implementation and transformation. One of the actions that business actors might take to continue operating is business transformation. by shifting the business to an industry that, given the challenges it is currently facing, is thought to be more lucrative.

In the world of economic business, according to Diamandis, P. H., & Kotler, S. (2020) there are waves of increases and decreases that can affect various aspects of a country's economy. Several factors influence this wave including government policies, global conditions, and technological changes.

1. Ups and Downs in the Economy: Waves of ups and downs in the economy can be influenced by various factors, such as government policies, global conditions, and technological changes. For example, an increase in Covid-19 cases can trigger a decrease in people's mobility and a contraction in spending, which in turn can affect economic growth.
2. Global Influence on the Indonesian Economy: Indonesia is also affected by global economic dynamics, especially in the energy, food and trade sectors. Rising global energy and food prices can trigger inflation and affect the Indonesian economy. In addition, Indonesia's involvement in the global economy tends to be rather low, perhaps due to less open policies compared to other countries in the region
3. Economic Recession: A substantial drop in economic activity that persists for several months or even years is referred to as an economic recession. A recession can occur if a country records minus growth in two consecutive quarters. Signs of a recession can be seen from the number of people losing their jobs, a decline in company sales, and a decline in the country's overall economic spending

Thus, waves of increase and decrease in the world of economic business can be influenced by various factors, and understanding these dynamics is important to anticipate their impact on a country's economy.

Moving Forward on the Wave of Global Economic Transformation

Seeing the rapid growth of the digital economy in Indonesia, it seems that we are on the verge of an era of extraordinary transformation. The potential that Indonesia has in this sector is not just wishful thinking, but is a reality that increasingly strengthens this country's position on the global economic stage. With a significant increase in the number of internet users, real support from the government, and solid development in the startup ecosystem, we are truly witnessing impressive progress (Kahn, 2019).

When we see so many people connected digitally, innovation in all fields is increasingly widespread, and various new platforms emerge, it is clear that Indonesia is undergoing a transformation that involves all aspects of life. A progressive government in supporting the digital economy is a catalyst for this change, creating a conducive environment for the growth and development of this sector.

The development of a strong startup ecosystem is a strong indicator that the entrepreneurial and innovative spirit of Indonesian society is growing rapidly. This phenomenon not only presents new business opportunities, but also paves the way for wider economic inclusion. Digital literacy and investment in infrastructure development are not just options, but crucial foundations in riding the wave of the digital economic revolution. The success of this transformation is not only related to the emergence of new business opportunities, but also presents a bridge to wider financial inclusion. Digital literacy is a key point because it empowers people with a better understanding of technology. With this understanding, individuals from all walks of life can actively engage in the digital ecosystem, taking advantage of the services and opportunities on offer (Baloch et al., 2021).

Investment in digital infrastructure is a key driving element to ensure that the accessibility and quality of digital services can be enjoyed by as many people as possible. With the development of adequate infrastructure, including fast and reliable internet connectivity, more people can be involved in the digital economy without obstacles. It also creates conditions that support digital business growth and strengthens national competitiveness. By combining digital literacy and infrastructure investment, we not only open the door to diverse business opportunities, but also ensure that the benefits of the digital economy can be felt by all of society.

With the emergence of a number of successful startups, especially in the fintech and e-commerce sectors, we can clearly observe that the creativity and innovation of the Indonesian people have proven themselves to be a force that

can compete globally. It's time for us, as active consumers and competitive business people, to actively support this progress and also actively use and support local products and services. Meanwhile, for business people, collaborating with startups and supporting the innovation ecosystem will create a stronger environment for digital economic growth (Prideaux et al., 2020).

Through this support, we not only encourage the progress of local businesses, but also build a strong foundation for Indonesia to become a key player in the global digital economy. In this way, we can jointly achieve greater opportunities, increase competitiveness, and make a positive contribution to overall economic growth.

The importance of collaboration between government, the private sector and society in creating an environment that supports digital economic growth cannot be ignored. The government has a crucial role in creating policies that support the development of the digital ecosystem, such as regulations that facilitate innovation and protect consumers. On the other hand, the private sector needs to continue to encourage innovation, invest in research and development, and collaborate with the government and other stakeholders. However, the role of society is also no less important. Active involvement in adopting digital technology, increasing digital literacy, and supporting local businesses can be the main drivers of digital economic success. With strong collaboration between these three parties, Indonesia can accelerate the growth of its digital economic sector, create new jobs, and bring positive benefits to all of society (Leigh, N. G., & Blakely, 2016).

Moving forward with full confidence is not only about achieving economic success, but also making a positive contribution to the nation's progress and ensuring that Indonesia remains a major player on the global digital economic map.

CONCLUSION

Modern business dynamics involve various factors that influence the rise and fall of companies. Some factors that can influence modern business dynamics include digital transformation, investment in one's own business, increased collaboration and work teams, and the influence of the business environment. The digital revolution has ushered in a new era of business marked by digital transformation. Companies that embrace this change experience the benefits of increased efficiency, improved customer experience, and increased competitiveness. Investing in your own business is a

strategic step that can open up opportunities for expansion and innovation. Business leaders should consider reinvesting profits into new product development, increased production capacity, or expansion into new markets. This not only strengthens the business' position in the market, but also creates long-term value.

In the world of economic business, there are waves of increases and decreases that can affect various aspects of a country's economy. Several factors influence this wave including government policies, global conditions, and technological changes.

1. Increases and decreases in the economy
2. Global influence on the Indonesian economy
3. Economic recession

In global business dynamics, corporate wave ideas reflect a series of transformations, innovations and evolutions that cut across various industry sectors. The concept of corporate waves has become a representation of technological advances, social changes, and economic policies that induce significant changes in companies' business strategies and operational models. Corporate waves are often related to technological advances that open up new opportunities and change a company's operational methods.

REFERENCES

- Aalbers, M. B. (2019). Introduction to the forum: From third to fifth-wave gentrification. *Tijdschrift voor economische en sociale geografie*, 110(1), 1-11.
- Baloch, M. A., Ozturk, I., Bekun, F. V., & Khan, D. (2021). Modeling the dynamic linkage between financial development, energy innovation, and environmental quality: does globalization matter?. *Business Strategy and the Environment*, 30(1), 176-184.
- Choudaha, R. (2017). Three waves of international student mobility (1999–2020). *Studies in Higher Education*, 42(5), 825-832.
- Decker, R., Flaaen, A., & Tito, M. (2020). *Unraveling the Oil Conundrum: Productivity Improvements and Cost Declines in the US Shale Oil Industry*. SSRN.
- Diamandis, P. H., & Kotler, S. (2020). *The future is faster than you think: How converging technologies are transforming business, industries, and our lives*. Simon & Schuster.
- Dimitrova, Y. P. (2015, September). NEW MEDIA-OPPORTUNITIES AND CHALLENGES OF MODERN BUSINESS ORGANIZATION MANAGEMENT.

In A Paper Presented at the Second International Scientific Conference:
Social Change in the Global World, Shtip.

- Hacker, J. S. (2019). *The great risk shift: The new economic insecurity and the decline of the American dream.* oxford University press.
- Hampden-Turner, C., Trompenaars, F., & Hampden-Turner, C. (2020). *Riding the waves of culture: Understanding diversity in global business.* Hachette UK.
- Irfan, M., Hassan, M., & Hassan, N. (2018). Unravelling the fuzzy effect of economic, social and environmental sustainability on the corporate reputation of public-sector organizations: A case study of Pakistan. *Sustainability*, 10(3), 769.
- Kahn, H. (2019). *World economic development: 1979 and beyond.* Routledge.
- Kose, M. A., Nagle, P., Ohnsorge, F., & Sugawara, N. (2021). *Global waves of debt: Causes and consequences.* World Bank Publications.
- Legner, C., Eymann, T., Hess, T., Matt, C., Böhmman, T., Drews, P., ... & Ahlemann, F. (2017). Digitalization: opportunity and challenge for the business and information systems engineering community. *Business & information systems engineering*, 59, 301-308.
- Leigh, N. G., & Blakely, E. J. (2016). *Planning local economic development: Theory and practice.* SAGE publications.
- Markoff, J. (2015). *Waves of democracy: Social movements and political change.* Routledge.
- Montgomery, J. (2017). *The new wealth of cities: City dynamics and the fifth wave.* Routledge.
- Neamtu, D. M., & Scurtu, L. E. (2016). The need of using knowledge management strategy in modern business organizations. *The USV Annals of Economics and Public Administration*, 15(2 (22)), 157-165.
- Porter, M. E., & Kramer, M. R. (2018). Creating shared value: How to reinvent capitalism—And unleash a wave of innovation and growth. In *Managing sustainable business: An executive education case and textbook* (pp. 323-346). Dordrecht: Springer Netherlands.
- Prideaux, B., Thompson, M., & Pabel, A. (2020). Lessons from COVID-19 can prepare global tourism for the economic transformation needed to combat climate change. *Tourism Geographies*, 22(3), 667-678.
- Storper, M. (2018). Separate worlds? Explaining the current wave of regional economic polarization. *Spatial Transformations*, 136, 247-270.
- Taliento, M., & Netti, A. (2020). Corporate social/environmental responsibility and value creation: reflections on a modern business management paradigm.

Toffler, A. (2022). *Powershift: Knowledge, wealth, and power at the edge of the 21st century*. Bantam.

Zhang, Y., Wei, J., Zhu, Y., & George-Ufot, G. (2020). Untangling the relationship between Corporate Environmental Performance and Corporate Financial Performance: The double-edged moderating effects of environmental uncertainty. *Journal of Cleaner Production*, 263, 121584.