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INTERNATIONAL BUSINESS CONFIDENCE INDEX 2020

SUPPORTED BY:



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ONE PLANET. ONE HEALTH



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Artificial Intelligence Video Analytics



Global reach
Local knowledge

SAMPLE SIZE & RESEARCH METHODOLOGY



108

Respondents

35% more than last year

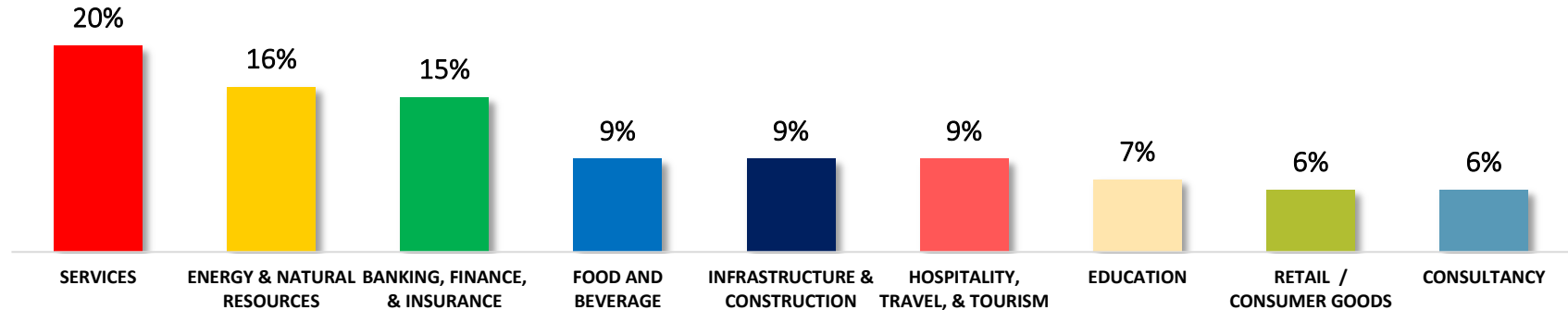


SELF COMPLETION VIA
ONLINE SURVEY



16th Sep – 9th Oct 2020
FIELDWORK CONDUCTED

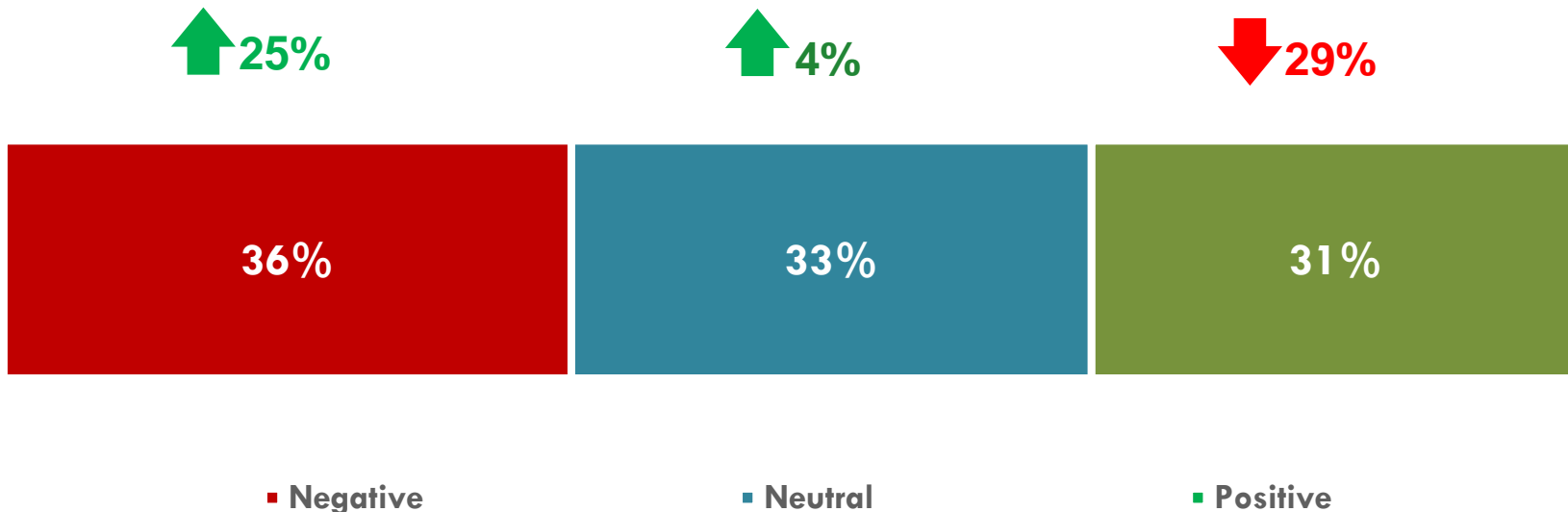
KEY BUSINESS SECTORS OF COMPANIES



OUTLOOK TOWARDS THE BUSINESS ENVIRONMENT

SIGNIFICANT CHANGE TO NEGATIVE FOR OUTLOOK IN INDONESIA.

TOP 2 BOX : THOSE WHO ANSWERED POSITIVE/ VERY POSITIVE



: Significant increase/decrease with 95% confidence



“How would you describe your outlook on your business in Indonesia over the next 12 months?”

Reff: Q7 | Base: 108

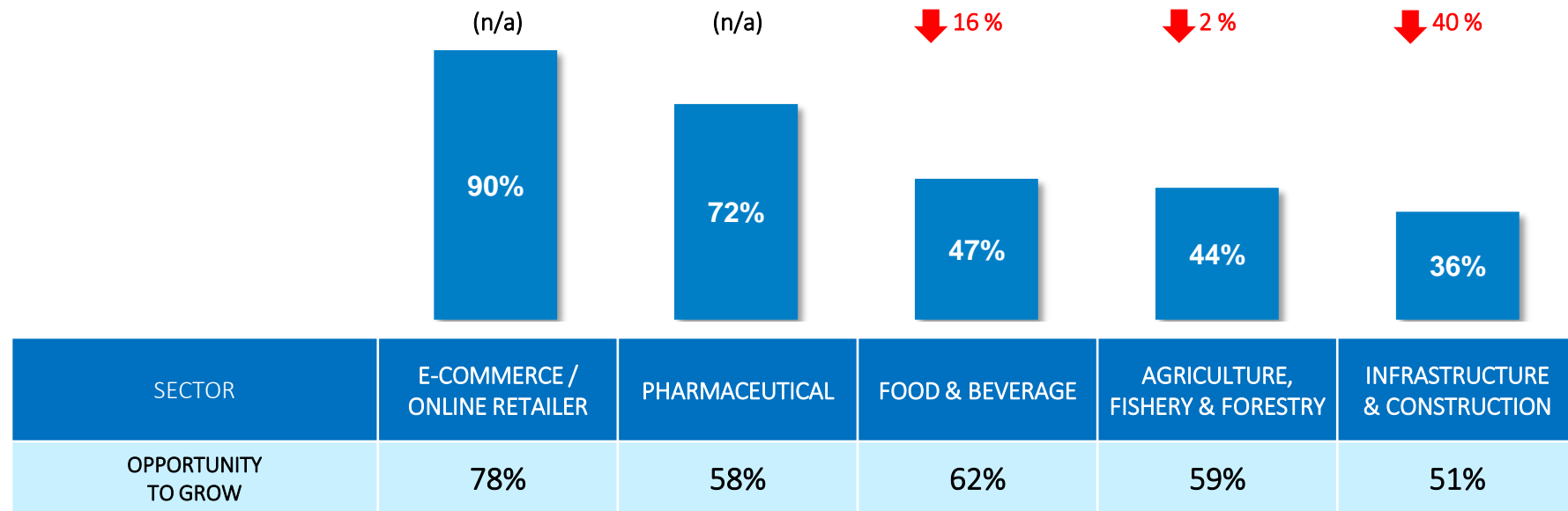


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E-COMMERCE HAS THE MOST POSITIVE OUTLOOK ALONG WITH A HIGH PERCEPTION OF GROWING OPPORTUNITY.

TOP 2 BOX : THOSE WHO ANSWERED POSITIVE/ VERY POSITIVE

OUTLOOK ON BUSINESS SECTORS IN INDONESIA



↑ ↓ : Significant increase/decrease with 95% confidence



“How would you describe your outlook on the following business sectors in Indonesia over the next 12 months?”

“Which are the following sectors below you think have the opportunity to grow in Indonesia?”

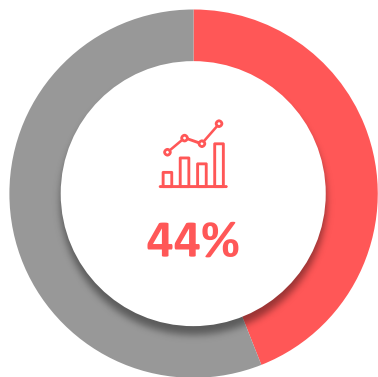
Ref: Q8 & Q57 | Base: 108



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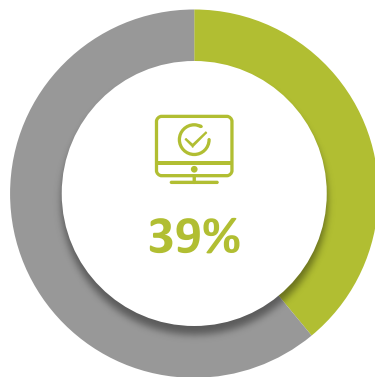
LESS OPTIMISM FOR INCREASES IN REVENUE, PROFIT, WORKFORCE AND INVESTMENT.

TOP 2 BOX : THOSE WHO ANSWERED INCREASE/ SIGNIFICANT INCREASE



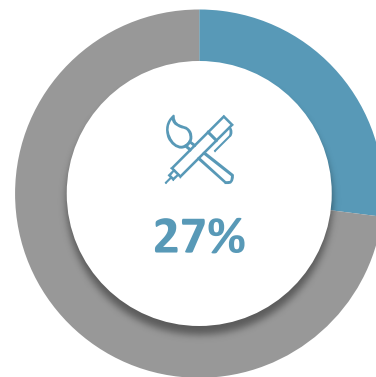
REVENUE

↓ 16%



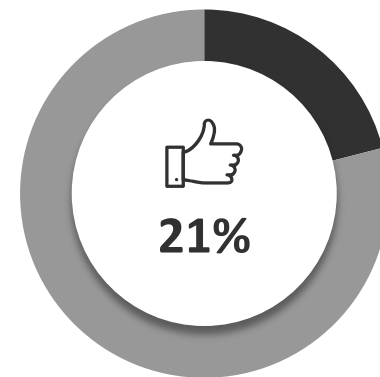
PROFIT

↓ 5%



INVESTMENT

↓ 13%



WORKFORCE

↓ 22%



“Over the next 12 months, what actions will your business take in the following areas?”

Reff: Q19 | Base: 108

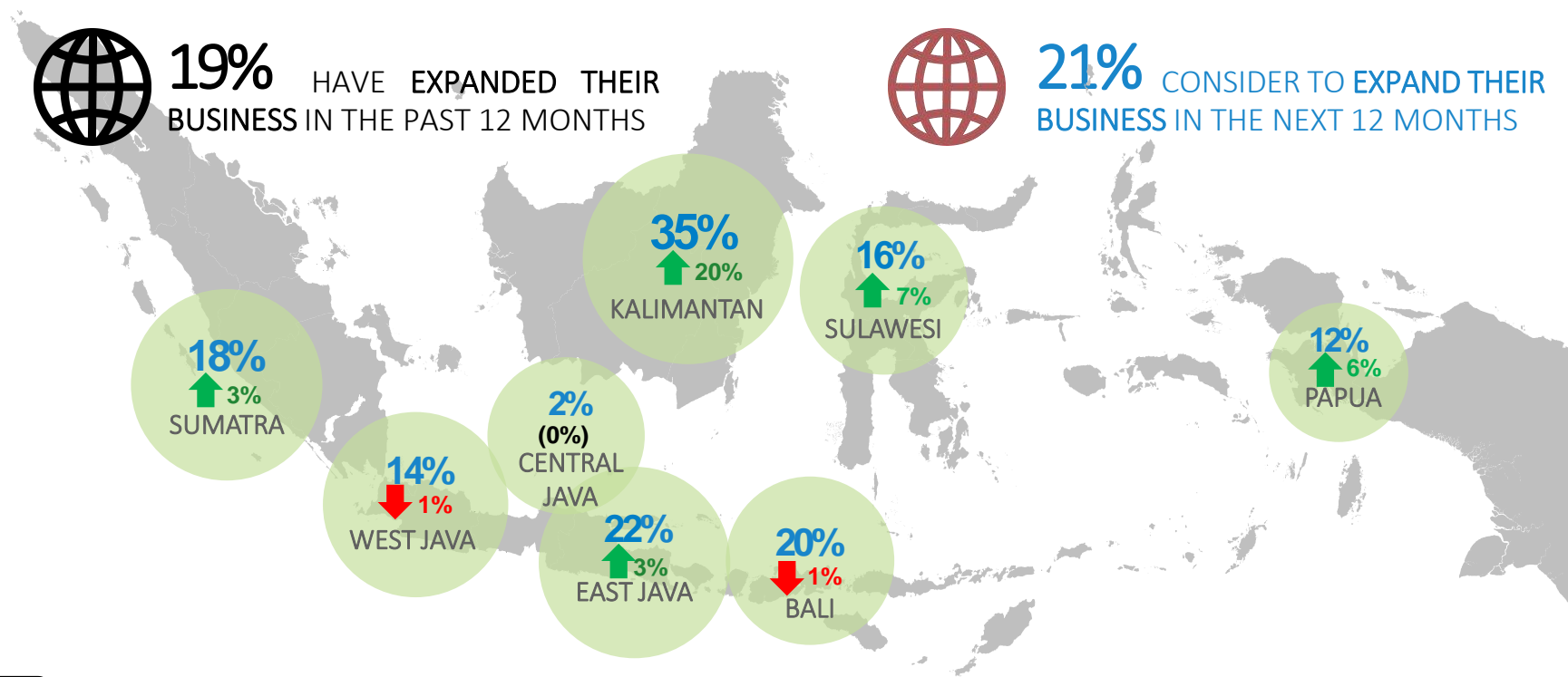
BUSINESS EXPANSION IN THE REGIONS CONSIDERABLY LESS THAN PLANNED — KALIMANTAN, NOW THE FAVOURITE.



19% HAVE EXPANDED THEIR BUSINESS IN THE PAST 12 MONTHS



21% CONSIDER TO EXPAND THEIR BUSINESS IN THE NEXT 12 MONTHS



“Are you considering expanding to other provinces/cities/regions within Indonesia in the next 12 months?”
 “If yes or maybe, which region are you considering expanding to?”
 “Have you expanded to other provinces/cities/regions within Indonesia in the last 12 months?”



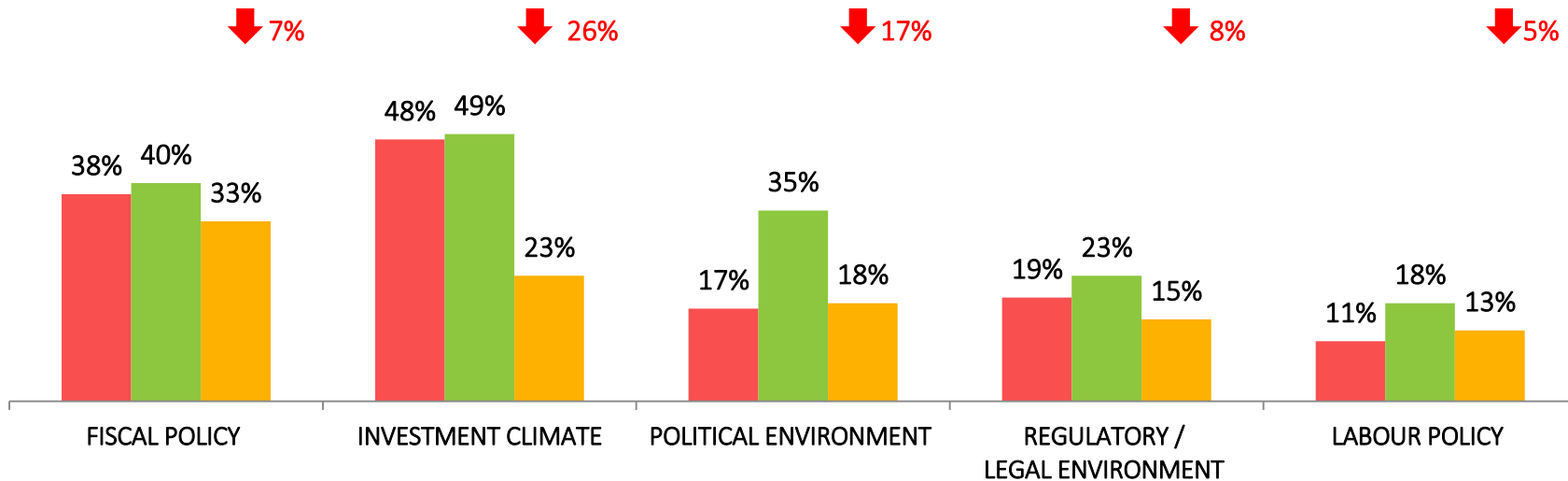
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FACTORS AFFECTING INDONESIA AND BUSINESS

OUTLOOK ON MACROECONOMIC FACTORS IN INDONESIA IS SIGNIFICANTLY REDUCED THIS YEAR, ESPECIALLY FOR INVESTMENT CLIMATE & POLITICAL ENVIRONMENT.

TOP 2 BOX : THOSE WHO ANSWERED POSITIVE/ VERY POSITIVE

■ 2017/2018 ■ 2018/2019 ■ 2019/2020



↑ ↓ : Significant increase/decrease with 95% confidence

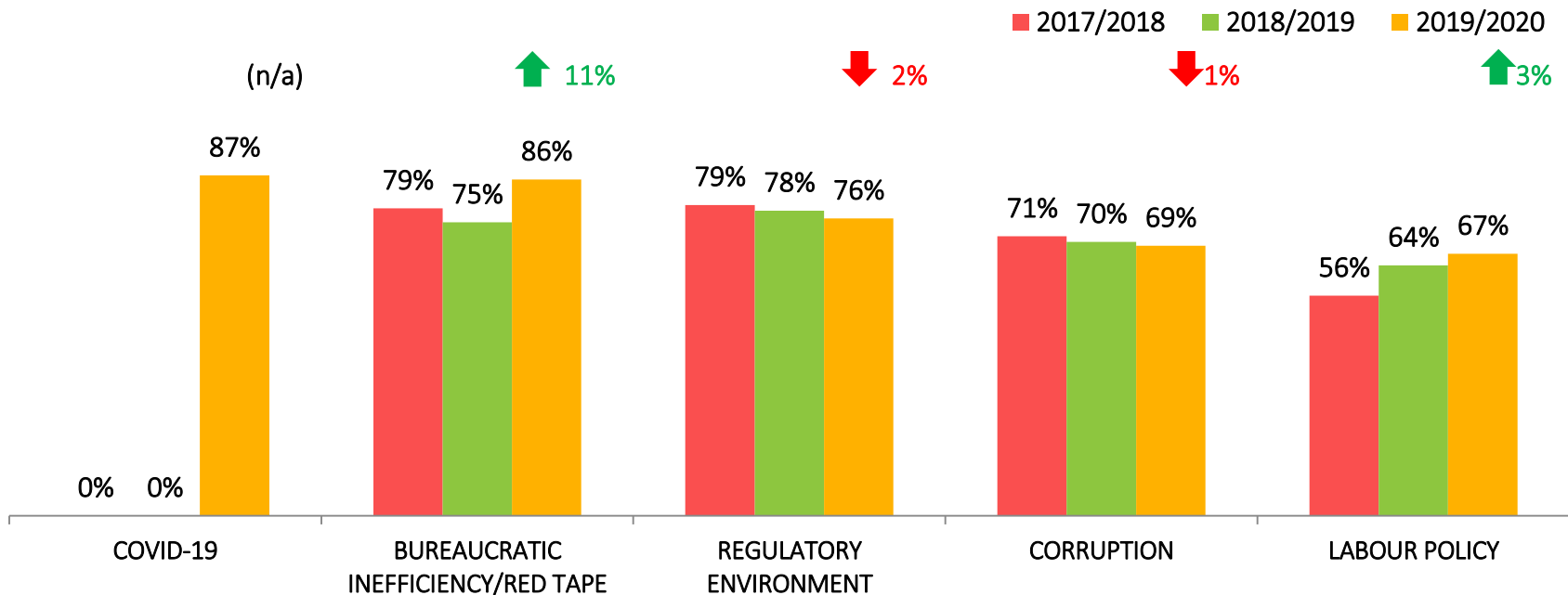


“How would you describe your outlook on the following macroeconomic factors in Indonesia over the next 12 months?”

Reff: Q9 | Base: 108

OTHER THAN COVID-19, BUREAUCRATIC INEFFICIENCY MOST LIKELY TO IMPACT INDONESIA IN THE NEXT 12 MONTHS. CONCERNS REMAIN ON LABOUR POLICY.

TOP 2 BOX : THOSE WHO ANSWERED LIKELY / VERY LIKELY



↑ ↓ : Significant increase/decrease with 95% confidence

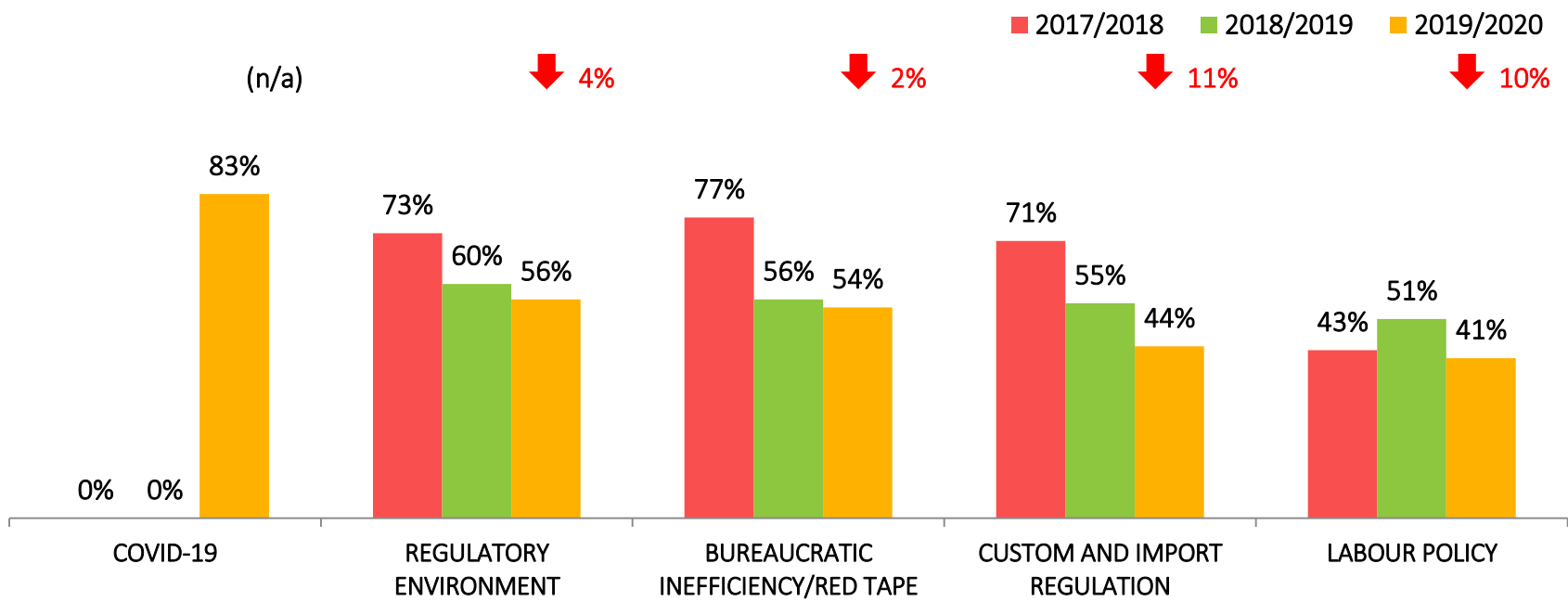


“How likely are the following challenges going to affect Indonesia over the next 12 months?”

Reff: Q10 | Base: 108

THE IMPACTS OF COVID-19 PANDEMIC ARE THE MAIN FACTORS AFFECTING BUSINESS OVER THE NEXT 12 MONTHS.

TOP 2 BOX : THOSE WHO ANSWERED LIKELY / VERY LIKELY



↑ ↓ : Significant increase/decrease with 95% confidence

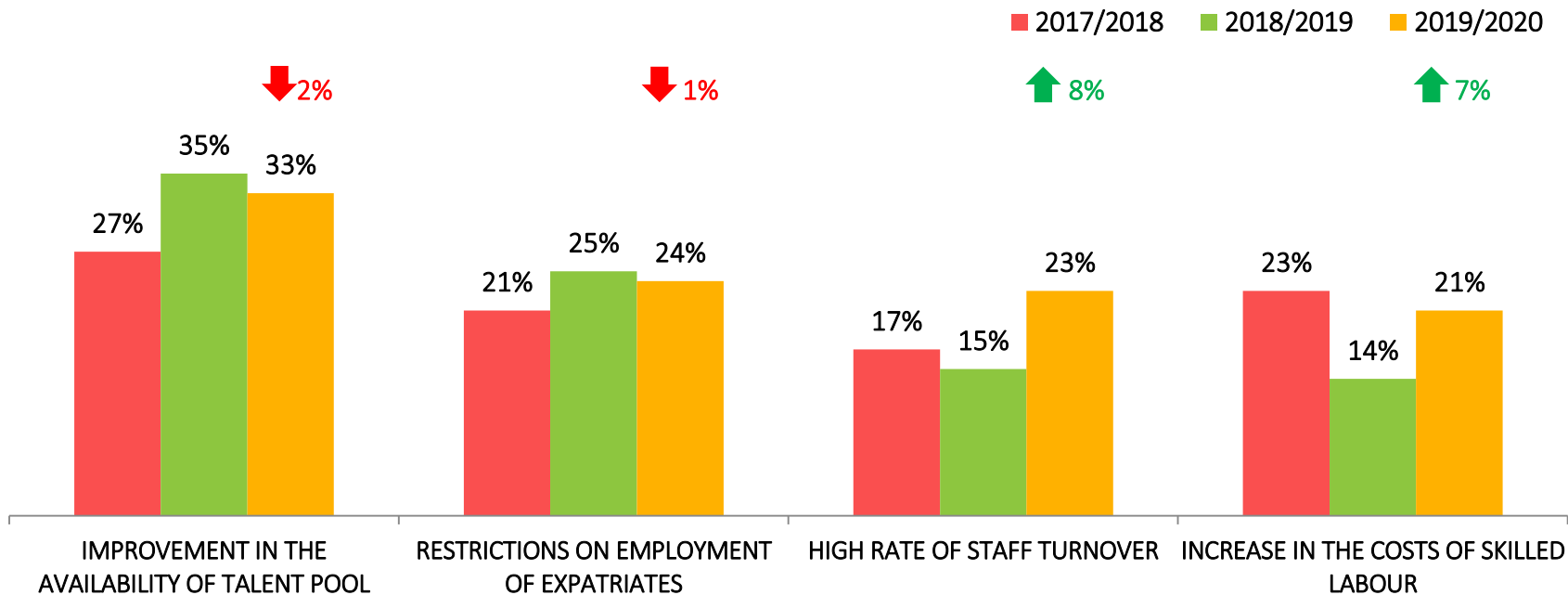


“How likely are the following challenges going to affect your business over the next 12 months?”

Reff: Q11 | Base: 108

EXPECTATION OF BETTER TIMES IN RELATIONS TO STAFF TURNOVER & COST OF SKILLED LABOUR

TOP 2 BOX : THOSE WHO ANSWERED WILL IMPROVE / WILL IMPROVE A LOT



↑↓ : Significant increase/decrease with 95% confidence

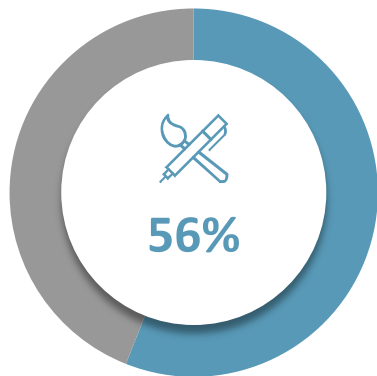


“How would you describe your outlook on the following labour issues over the next 12 months? “

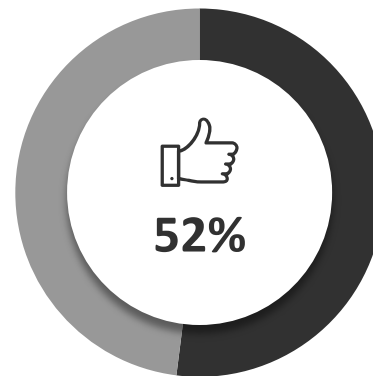
Reff: Q18 | Base: 108

IN TERMS OF INVESTMENT & WORKFORCE, AT LEAST HALF OF THE RESPONDENTS WILL BE INFLUENCED BY COVID-19.

TOP 2 BOX : THOSE WHO ANSWERED SIGNIFICANTLY



INVESTMENT



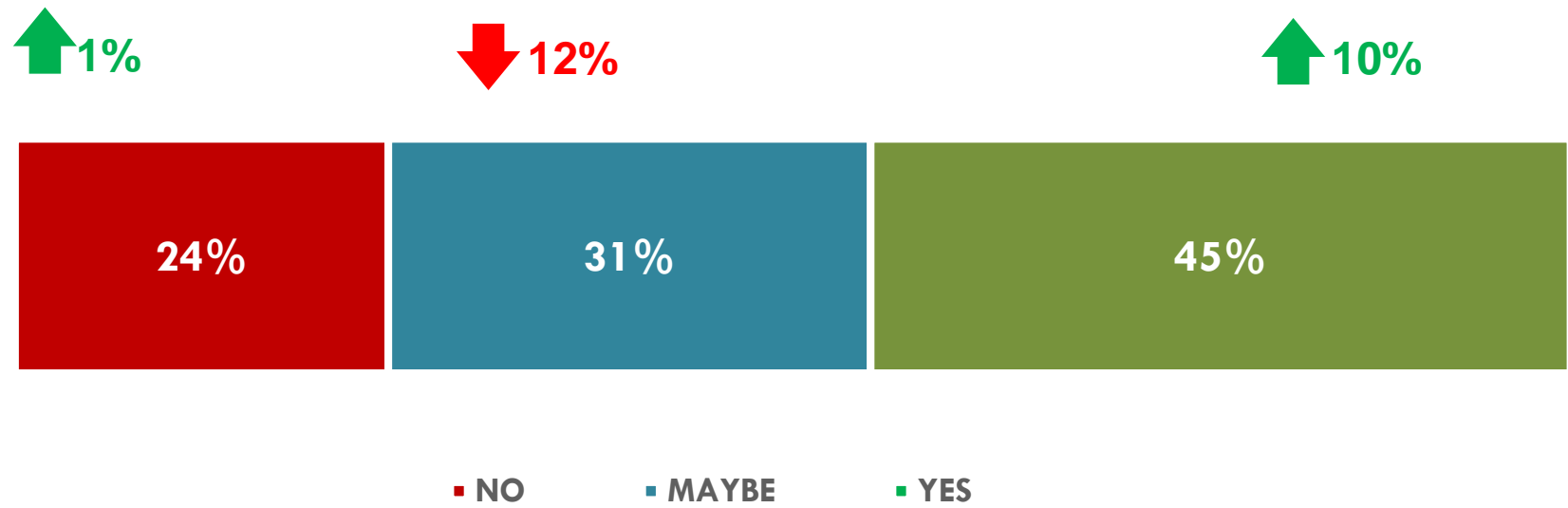
WORKFORCE



“To what extent has COVID-19 influenced the actions that your business will take over the next 12 months?”

Ref: Q63 | Base: 108

IN SPITE OF MANY INFLUENCING FACTORS, THE OUTLOOK FOR MAJOR INVESTMENTS OVER THE NEXT 2 YEARS REMAIN STRONG.



: Significant increase/decrease with 95% confidence



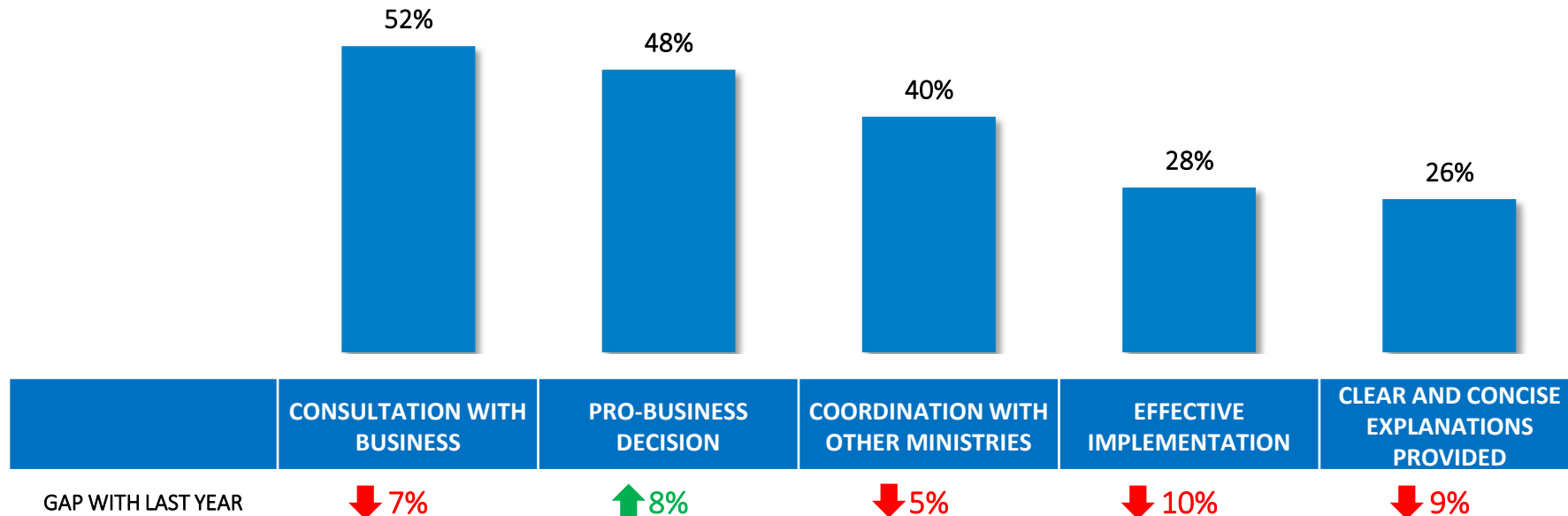
“Is your company considering any major investments in Indonesia in the next 2 years?”

Ref: Q6 | Base: 108

GOVERNMENT POLICY

THE EXPECTATION TOWARDS GOVERNMENT'S ATTITUDE WORSENS, IN SPITE OF MORE PRO-BUSINESS DECISIONS.

TOP 2 BOX : THOSE WHO ANSWERED WILL IMPROVE/WILL IMPROVE A LOT



↑↓: Significant increase/decrease with 95% confidence



“How would you describe your view on government's attitude towards business and business regulation in Indonesia over the next 12 months?”

Ref: Q13 | Base: 108

BUSINESSES ARE ENCOURAGED BY THE JOB CREATION & TAXATION BILLS IN OMNIBUS LAW.



JOB CREATION BILLS IN OMNIBUS LAW TO HELP BUSINESS'S SUCCESS

AGREE



NEUTRAL



DISAGREE



DO NOT KNOW



TAXATION BILLS IN OMNIBUS LAW TO HELP BUSINESS'S SUCCESS

AGREE



NEUTRAL



DISAGREE



DO NOT KNOW

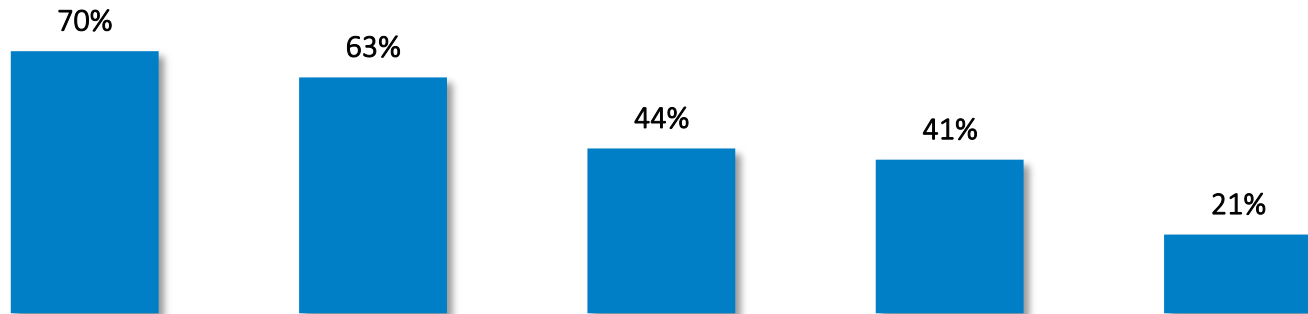


“To what extent do you agree or disagree that the Job Creation bills in Omnibus Law are likely going to help your business's success? “

“To what extent do you agree or disagree that the Taxation bills in Omnibus Law are likely going to help your business's success? “

Ref: Q59 | Base: 108

EMPLOYMENT & THE EASE OF DOING BUSINESS CHOSEN AS THE MOST LIKELY TO POSITIVELY IMPACT THE BUSINESS.



SCOPE	EMPLOYMENT (LABOUR/HR SCHEME)	EASE OF DOING BUSINESS	IMPROVEMENT ON THE INVESTMENT ECOSYSTEM AND BUSINESS ACTIVITIES	HUMAN CAPITAL DEVELOPMENT	EASE, PROTECTION AND EMPOWERMENT ON SME & COOPERATION
AGREE	70%	81%	71%	82%	78%
NEUTRAL	20%	12%	21%	9%	13%
DISAGREE	6%	6%	6%	9%	5%
DON'T KNOW	4%	1%	2%	0%	4%



“On Job Creation Bills in Omnibus Law, which are the following scopes below do you think are likely going to affect your business?”

“To what extent do you agree or disagree each scopes are likely going to affect your business?”

Ref: Q60 | Base: 108



DIGITAL DEVELOPMENT

MAJORITY OF THE RESPONDENTS HAVE ALREADY EXPANDED INTO NEW DIGITAL INDUSTRIES OR SERVICES.

68%

73 out of 108 respondents' businesses have expanded into new digital industries or services.
Below are breakdowns of consideration into new digital industries or services:

29%

YES

37%

MAYBE

34%

NO

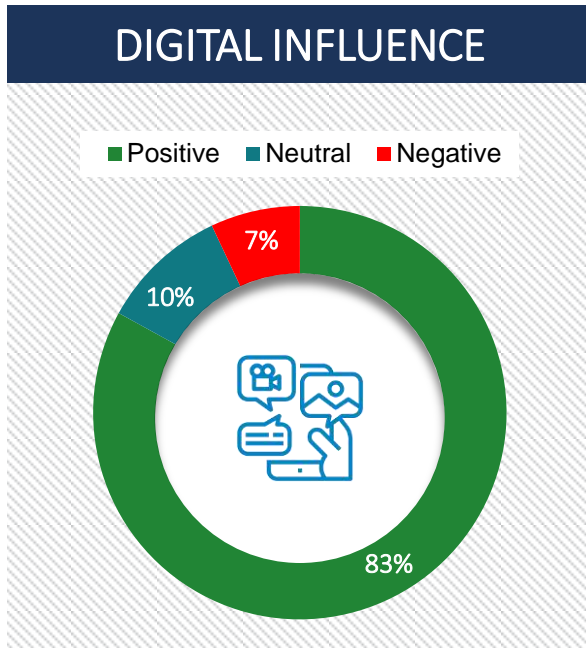


"Is your company currently already expanding into new digital industries or services?"

"Are you considering expanding into new digital industries or services in the next 12 months?"

Ref: Q55 | Base = 108 & Q56 | Base = 35

AT LEAST 8 OUT OF 10 RESPONDENTS FIND POSITIVE INFLUENCES FROM DIGITAL DEVELOPMENT.



POSITIVE INFLUENCES FROM DIGITAL DEVELOPMENT

Easier to communicate with all stakeholders	78%
Ease the communication gap between company and consumer	64%
Quick access to unlimited information	58%
Creating more effective communication between company and employee	52%
Act as a new channel for making more revenue	51%
Easier to targeting the consumer	47%
Making market access easier	39%
New and cheap advertising platforms	37%
Decreasing company budget on advertising	23%



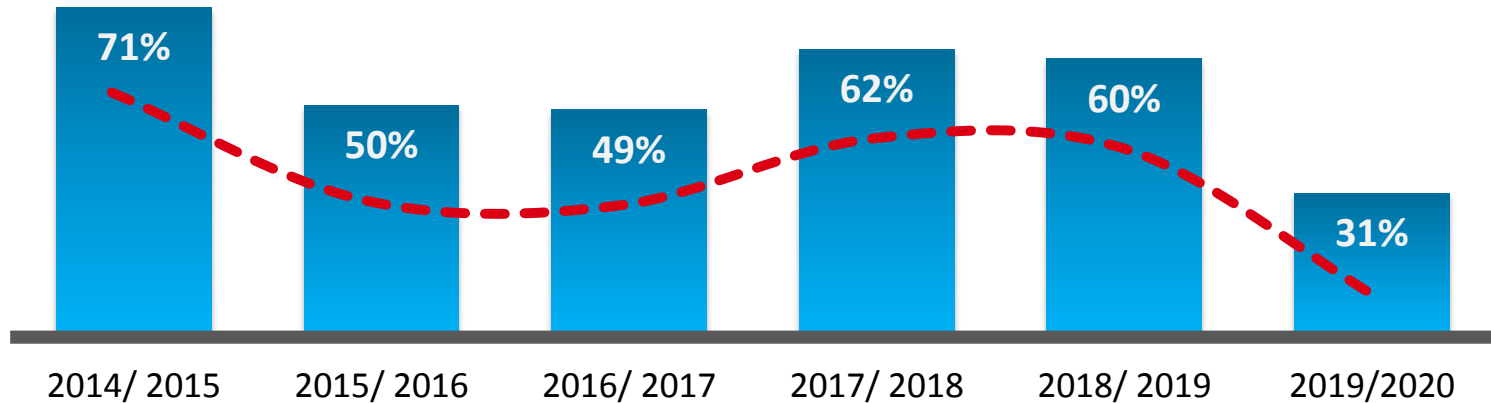
“How is the rapid growth of digital influence affecting your company's business?”

“What are the positive influences that come from digital development?”

Ref: Q52 | Base = 108 & Q54 | Base = 90

SUMMARY

MULTIPLE FACTORS, INCLUDING COVID IMPACTS, DAMPENING CONFIDENCE



“How would you describe your outlook on your business in Indonesia over the next 12 months?”

Ref: Q7 | Base: 108



BUSINESS OUTLOOK

- **More negative business outlook** compared to last year
- **E-commerce** has the most positive outlook along with a high perception of growing opportunity.
- In spite of all, **businesses plan further major investment over the next two years.**



FACTORS AFFECTING BUSINESS

- **COVID-19 & Bureaucratic Inefficiency** will continue to dampen sentiment in the next 12 months.
- Macroeconomic factors in Indonesia are a concern. Business are not convinced by **investment climate & political environment**



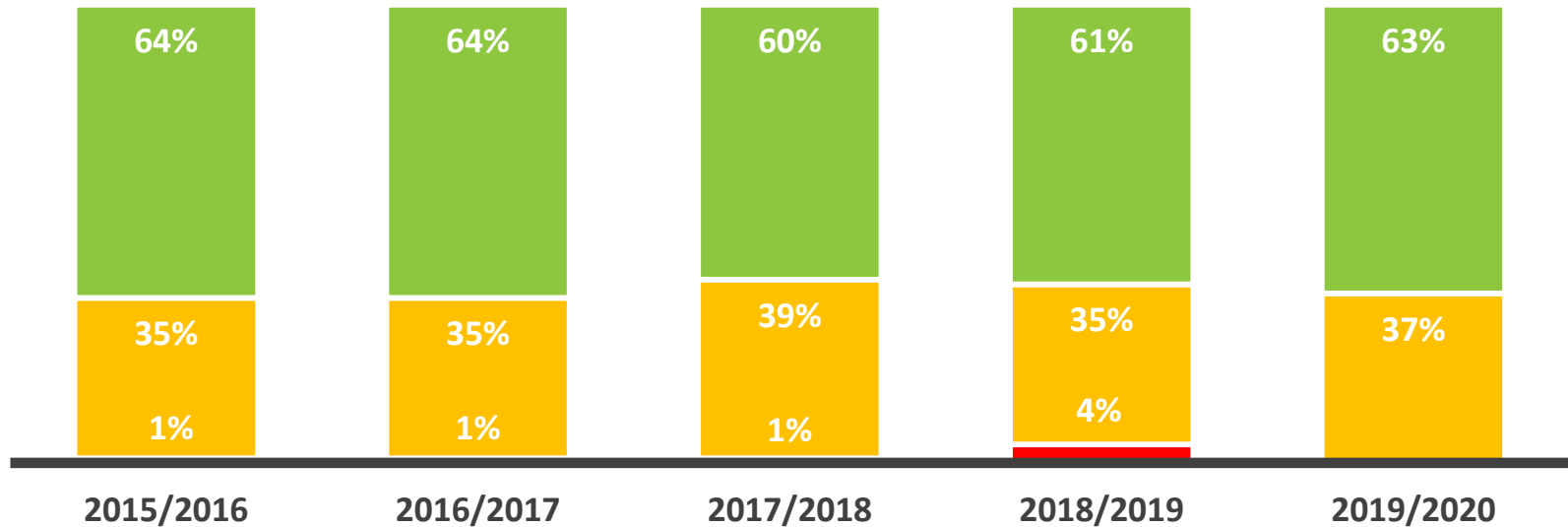
GOVERNMENT POLICY

- **Government policy and regulations** drive more negative sentiments.
- Business is looking for more than just **pro-business decisions** from the government
- Optimism prevails for **job creation and ease of doing business from the Omnibus Law.**

THE ROLE & WORK OF THE CHAMBERS OF COMMERCE REMAINS EXTREMELY USEFUL TO MEMBERS

TOP 2 BOX : THOSE WHO ANSWERED POSITIVE IMPACT/ VERY POSITIVE IMPACT

■ Negative impact ■ Neutral ■ Positive impact



“How would you evaluate the work of the Chambers of Commerce in supporting your business?”

Ref: Q26 | Base = 108

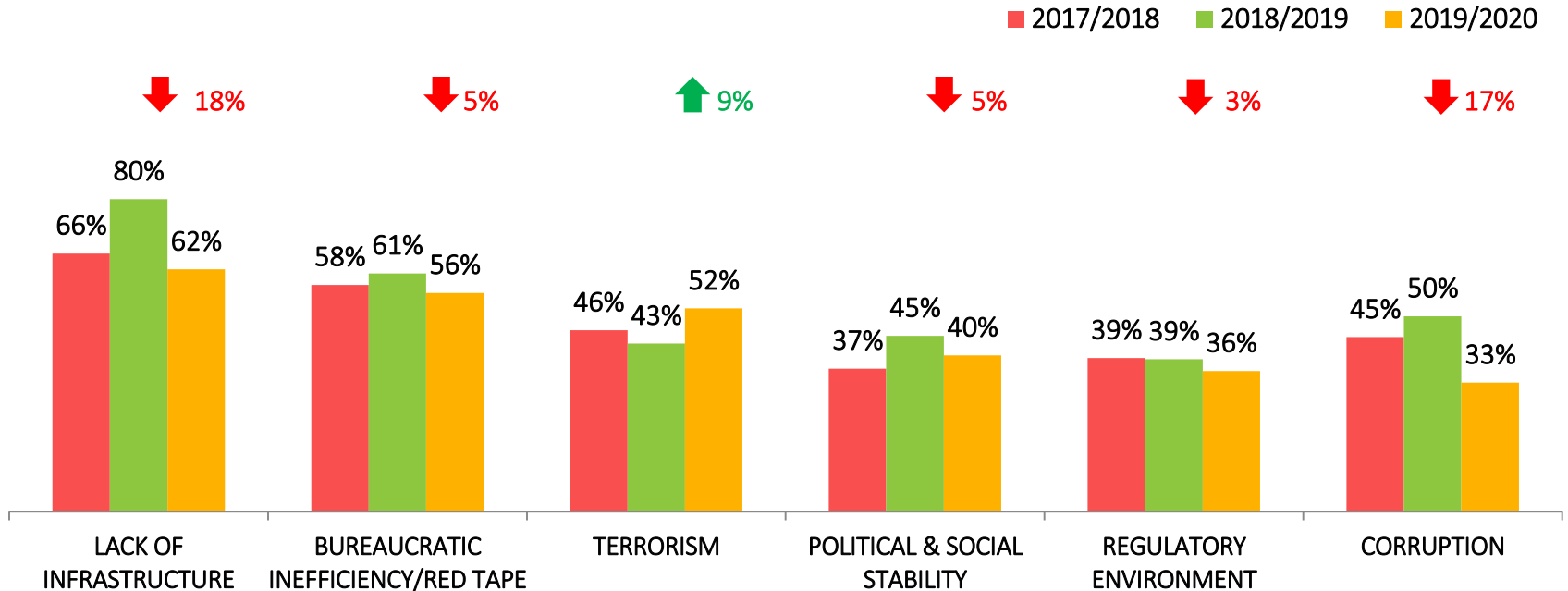


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APPENDIX

POSITIVITY SOFTENS REGARDING PROGRESS IN MOST INDICATORS, EXCEPT FOR TERRORISM

TOP 2 BOX : THOSE WHO ANSWERED IMPROVED/ IMPROVED A LOT



↑ ↓ : Significant increase/decrease with 95% confidence

“To what extent has Indonesia made positive progression in the below areas over the past 2 years?”

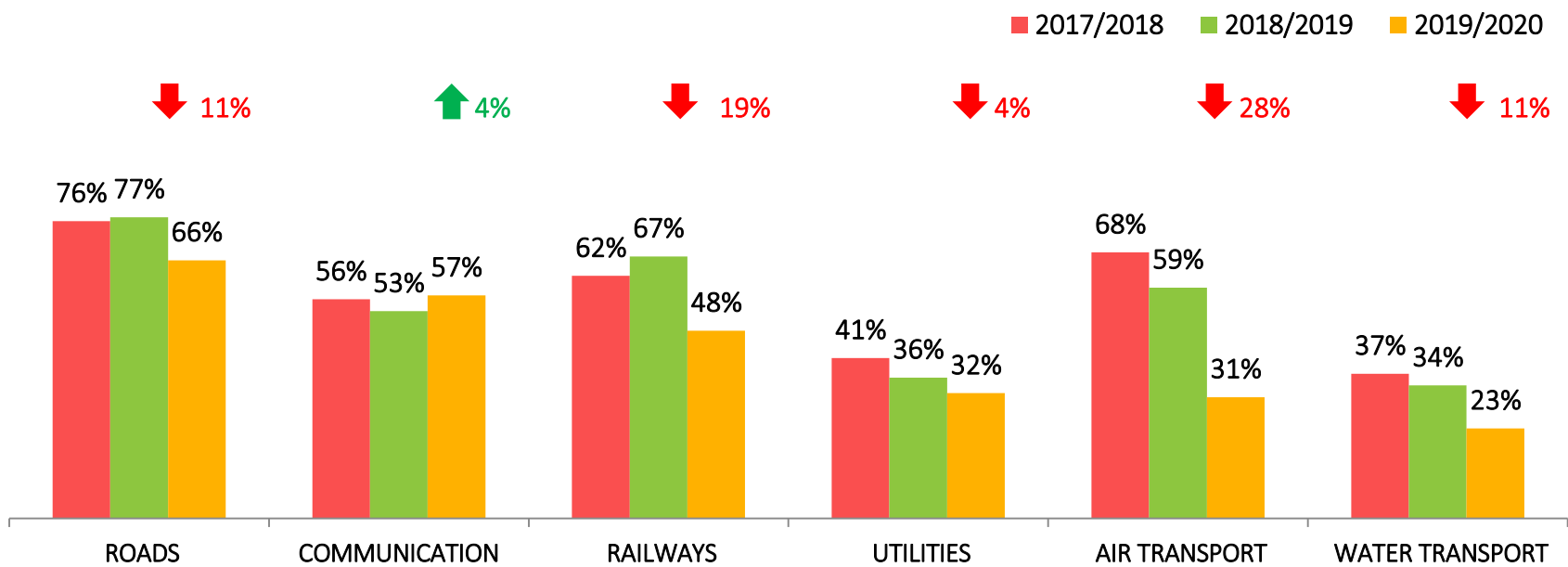
Ref: Q12 | Base: 108



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WITH THE EXCEPTION OF COMMUNICATION, ACCEPTANCE OF REDUCED INFRASTRUCTURE DEVELOPMENT OVER THE NEXT 12 MONTHS

TOP 2 BOX : THOSE WHO ANSWERED WILL IMPROVE/ WILL IMPROVE A LOT



: Significant increase/decrease with 95% confidence



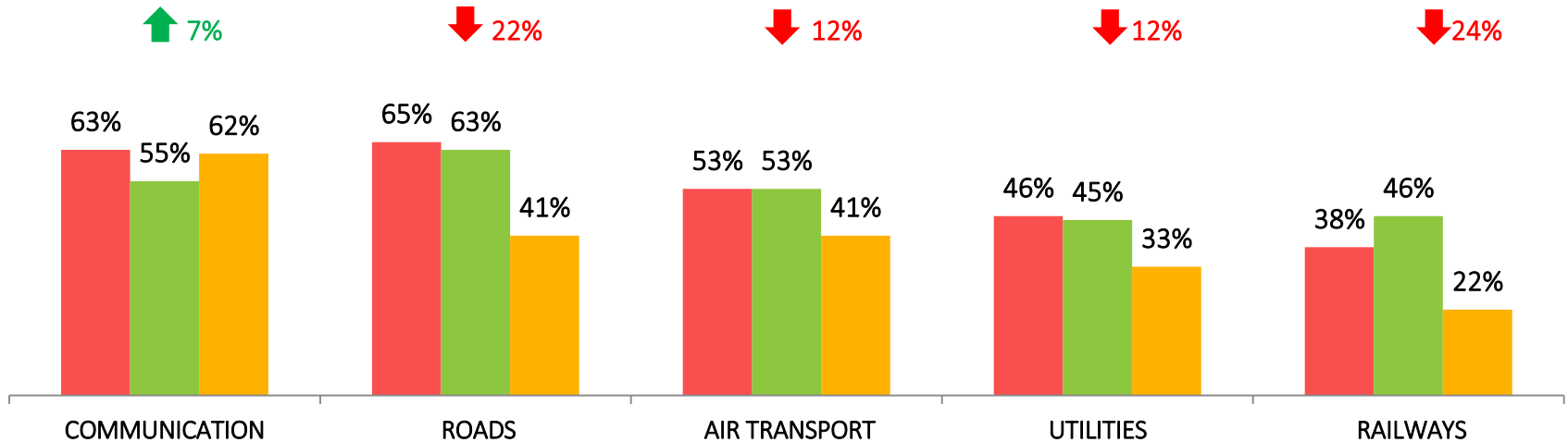
“How would you describe your outlook on the provisions of the following infrastructure and services areas in Indonesia over the next 12 months?”

Ref: Q16 | Base: 108

COMMUNICATION DEVELOPMENT IS THE KEY POSITIVE IMPACT FOR BUSINESS

TOP 2 BOX : THOSE WHO ANSWERED POSITIVE IMPACT/ VERY POSITIVE IMPACT

■ 2017/2018 ■ 2018/2019 ■ 2019/2020



↑↓: Significant increase/decrease with 95% confidence

“How would the provisions of the following infrastructure and services areas impact your business over the next 12 months?”

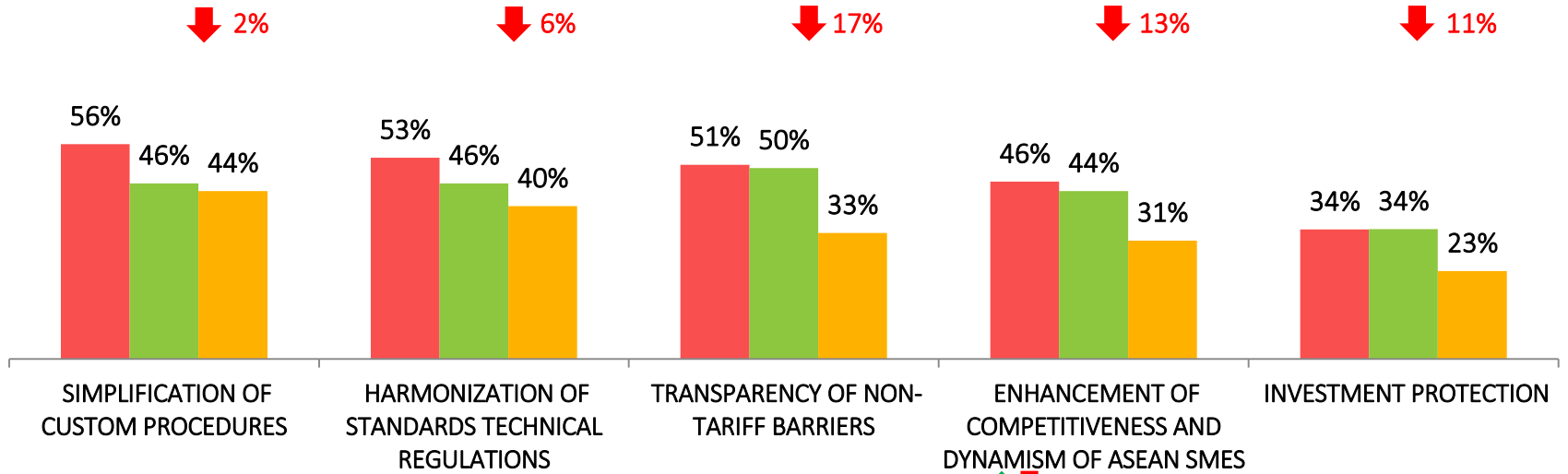
Ref: Q17 | Base: 108



IN GENERAL, THE AEC DEVELOPMENT IS HAVING LESS IMPACT ON BUSINESS

TOP 2 BOX : THOSE WHO ANSWERED POSITIVE IMPACT/ VERY POSITIVE IMPACT

■ 2017/2018 ■ 2018/2019 ■ 2019/2020



▲ ▼ : Significant increase/decrease with 95% confidence



“How do you anticipate the ASEAN Economic Community will impact upon your business in relation to the following areas?”

Ref: Q23 | Base: 108



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