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Indonesian businesses overwhelmingly bullish on growth in comparison with global peers, HSBC research

Jakarta – Business optimism is on the rise in Indonesia, with 98 percent of companies expecting to grow in the next one to two years, surpassing global sentiment [79 percent]. Shifting their gaze to the future, Indonesian companies identified enhancing their customer base [32 percent], and upskilling their workforce [29 percent] as the top drivers of growth, according to a new global survey by HSBC.

These are key findings from *'Navigator: Made for the Future'*, HSBC's latest survey of more than 2,500 companies across 14 markets globally in Asia Pacific (Australia, mainland China, Hong Kong, India, Indonesia, Malaysia and Singapore), Europe (France, Germany and the UK), the Middle East and North Africa (UAE) and North America (Canada, Mexico and the US).

Business Outlook

According to the survey, *"nearly half of Indonesian companies [45 percent] are projecting growth in excess of five percent, which is the highest level across all markets surveyed,"* said **Sumit Dutta, President Director, PT Bank HSBC Indonesia**.

Trailing closely behind customer centricity and upskilling, improvement in logistics and transportation are identified by 24 percent of businesses as the third-most important growth driver, a sentiment shared by the companies surveyed in Mexico and Hong Kong.

Future of Business

Regarding the future of their businesses, about 74 percent of Indonesian respondents said opportunities in the future will outweigh the threats.

Relatively similar to its fellow Asia Pacific neighbors, Indonesian businesses see improving productivity as their top opportunity [33 percent]. This compares to 35 percent of mainland Chinese businesses and 34 percent of Indian businesses.

The expansion of online markets for products and services is a top opportunity for businesses in Indonesia [31 percent], which is double the global average [15 percent].

"On the downside, Indonesian businesses identified three obvious threats, most notably the political environment [36 percent], followed by new competitors and competitor performance [33 percent] and exchange rates [26 percent]," added Dutta.

The survey also showed Indonesian businesses were the second-most upbeat about investment plans after India. Executives surveyed said their companies are more likely to fund investment plans from existing profits. Similar views were echoed from the West, mainly the UK, US and Mexico.

From the survey, we can understand that *“Indonesian businesses will pursue a wide range of investment opportunities, ranging from research, innovation and technology [81 percent] to selling more products or services online [74 percent] and in skills and training [74 percent],”* said Dutta.

The survey also revealed that Indonesian businesses demonstrated the broadest range of investment plans across the markets surveyed. The level of their investments is also on the high side, with 70 percent claiming they plan to increase their investment by 5 percent or more in each area.

Business Innovation and Workforce

More Indonesian executives consider innovation imperative to their businesses, “to serve as a growth engine,” as said by 54 percent respondents, rather than a “prerequisite for survival” according to 38 percent of the respondents.

The “innovation as a growth engine” perspective is shared by the majority of businesses surveyed in India and the United States – 70 percent and 59 percent respectively.

Meanwhile, the survey found that “costs are the universal barrier to innovation across all markets and Indonesia is no exception.”

Specifically for Indonesian markets, skill shortages and under investment in technology are considerably higher barriers for Indonesian businesses than those in other markets.

“The earlier emphasis on sourcing new skills is a reflection of the level of concern seen in the extent of the biggest barrier,” the survey said.

Internet of Things (“IoT”), 5G and Artificial Intelligence (“AI”) are the most mentioned opportunities for Indonesian businesses in the next couple of years – the highest across markets.

These technologies are expected to improve productivity, increase speed to market, improve customer experience, advance supply chain management as well as the quality of products and services. Nine in ten businesses believe innovation will lead to a need to upskill their workforce and hire different skills but will help the workforce better understand their customers for the near future.

The new and different skills required are in digital marketing – uniquely needed by Indonesian businesses – technological knowledge and skill, and innovation.

Success for the future

With a focus on innovation, Indonesian businesses regard leveraging technological innovation as a top requirement for future business success – at a proportion above all other markets.

About 40 percent of respondents believe that being more agile and responsive to change is the second highest factor for future success. Meanwhile, 21 percent believe that delivering a consistent financial performance is crucial to securing the future success of a business.

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Note to Editors:

About Navigator: Made for the future

HSBC's '*Navigator: Made for the future*' report is based on research commissioned by HSBC and conducted by Kantar. It surveyed over 2,500 businesses with turnover of USD5m or above from 14 key markets globally, including: Australia, Canada, mainland China, France, Germany, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, UAE, UK, USA.

Survey respondents were key decision makers and those having significant input into the decision making of their company's strategic direction. The survey gauges sentiment and expectations of the businesses in the near to midterm future, and covers business outlook, future of business in terms of opportunities & threats, investment priorities and changes foreseen in the future; as well as business innovation and workforce, sustainability and success factor for the future.

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About PT Bank HSBC Indonesia

HSBC has operated in Indonesia since 1884 and now the Bank serves its customer through more than 80 branches in 28 cities across Indonesia. Supported by more than 4,000 employees, today PT Bank HSBC Indonesia has grown into Indonesia's international bank, offering services in Commercial Banking and Global Banking for Corporate and Institutional Banking, Global Markets for treasury capital Markets as well as Retail Banking and Wealth Management business.