

Agile management key for Indonesian businesses to remain competitive in the new normal

Investment in market, customer and competitor insights goes lockstep with building resilience

Securing supply chains is critical to future success

Jakarta 5 August 2020 – The pandemic poses challenges that are compelling businesses to operate with minimum mobility, execute with agility and stay focused on protecting their people. HSBC's recent [Navigator](#) report, *Building Back Better*, found that while Indonesian businesses are feeling the impact more strongly than markets around the world (80% vs 72%), they believe having an agile management structure (46%) is critical to being resilient – second only to mainland China (49%).

HSBC Navigator surveyed over 2,600 companies from 14 markets around the world. The survey found almost two-thirds (63%) of businesses in Indonesia have been continuing operations with modifications. On the flip side, less than a fifth (19%) of Indonesian businesses believe their infrastructure and culture are agile enough to ensure stability, lower than the global average (22%).

Building resilience

Even with lockdown restrictions in Indonesia easing, the challenges brought on by the pandemic are still present. More than a third of businesses are seeking new solutions to adapt to changes in office and production locations (40% vs. 38% all markets) in order to remain competitive in the new normal.

Eri Budiono, Commercial Banking Director of PT Bank HSBC Indonesia said, "It comes as no surprise that businesses in Indonesia are feeling the impact of COVID-19, as are companies across the globe. How they plan to build resilience for the future is where the differentiation lies. Those that develop an agile management structure will be best positioned to weather the storm and future-proof their operations."

In addition to agility, Indonesian businesses see four main platforms for resilience: valuing their customers (46%), a strong balance sheet (45%), treating employees well and adaptability to external events (both 44%).

Building on this sentiment, a considerably higher proportion of businesses in Indonesia (40% vs. 28% of all markets) plan to invest in market, customer and competitor insights to ensure they are resilient.

The survey found financing is the most top-of-mind development priority for Indonesian businesses over the next one to two years, followed by sufficient access to working capital (39%) – the highest ranked across all markets (28%). Businesses in Indonesia also identified new technology to support productivity of their workforce (37%), innovation (32%) and improving immediate communications (32%) as investment priorities over the same timeframe.

Collaboration is key

Businesses in Indonesia view the impacts of the pandemic slightly more positively than other markets, with greater collaboration emerging as one of the key characteristics. They feel even closer to their employees (89%), customers (92%), supply chain partners (91%) and than in other markets (83%, 82% and 80% respectively). This is more pronounced for customers and supply chain partners that are corporates and goods businesses operating domestically. They have shifted their focus to sharing information, premises and expertise with others (65% vs. 58% of all markets).

Indonesian businesses place more importance on securing their supply chains in the next one to two years than their global counterparts (73% vs. 67% all markets). This is particularly prominent among small to medium enterprises (79%) and companies in the services sector (80%). Nearly half (46%) of businesses in Indonesia identify this as a top priority, the highest across all markets. Of firms planning to optimise their supply chains, enabling long-term survival (41%), becoming more efficient (39%) and reducing uncertainty so they know they will receive the supplies they need (33%) ranked highest to sustain operations.

Ends / more

HSBC Navigator:

The Navigator survey is conducted on behalf of HSBC by Kantar. It is compiled from responses by decision-makers at 2,604 businesses, ranging from small and mid-market firms to large corporations, across a broad range of sectors. The respondents hold influence over their company's strategic direction and represent a broad range of roles: including c-suite, finance, procurement, supply chain, sales and marketing. A total of 14 markets were surveyed between 28 April and 12 May 2020.

- Americas: Canada, Mexico, USA
- Asia Pacific: Australia, Hong Kong, India, Indonesia, Mainland China, Malaysia, Singapore
- Europe: France, Germany, UK
- MENA: UAE

Results have been weighted to be representative of each market's international trade volume (World Trade Organization data for 2017-2018).

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