



## Indonesia

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### Indonesian business sentiment strong

- 77 per cent of local businesses expect their revenue to grow this year
- Improving innovation and technology, business efficiency and cost management are the top three focus areas for Indonesian businesses
- Staff costs followed by taxes and material costs are of most concern to businesses of all sizes

Seventy-seven per cent of Indonesian businesses expect their revenue will grow this year, with 13 per cent expecting it to remain similar to their 2023 performance, according to a joint survey by the ASEAN Federation of Accountant (AFA) and CPA Australia.

This follows a similarly positive 2023, where 70 per cent reported their revenue increased, and 19 per cent said it remained largely the same.

The Indonesia Business Sentiment 2023 Report was launched at a joint webinar with AFA, CPA Australia and the Institute of Indonesia Chartered Accountants or Ikatan Akuntan Indonesia (IAI) represented on the panel.

The survey included 208 accounting and finance professionals working in Indonesia, with 64 per cent employed by organisations with 100 or more employees. Twenty-five per cent of respondents held c-suite or other senior management positions.

In 2023, Indonesian businesses were focused on improving innovation and technology, business efficiency and cost management, with ninety per cent stating a strong focus on sustainability initiatives.

Fifty per cent believe that technology and e-commerce sectors have the highest growth potential in the next five years.

Citing salary costs as among the main challenges, 64 per cent of firms expected to increase their headcount in 2023, with 75 per cent of individual respondents expecting a salary increase.

Regulatory change and compliance costs were equally challenging for businesses in 2023, with taxes and material costs being the biggest cost concerns.

Respondents further cited improvements to key infrastructure, greater support for innovation and technology and upskilling/reskilling initiatives as key to improving Indonesia's international competitiveness.

Free Trade Agreements (FTAs), in particular, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Economic Partnership (RCEP) were seen to have a positive impact on businesses.

According to Priya Terumalay, CPA Australia's Regional Head for Southeast Asia, it augurs well that 60 per cent of Indonesian businesses experienced an increase in profitability from ASEAN's economic integration.



ASEAN Federation of Accountants

“Indonesia’s network of free trade agreements is having a positive impact on many Indonesian business. However, with smaller businesses being more likely to struggle in the face of increased competition due to their domestic focus, appropriate resources should be made available to raise awareness of opportunities from free trade agreements.”

“We recommend that Indonesian businesses continue to invest into digital transformation, technology and innovation to improve efficiency and build on their competitive advantages.”

Aucky Pratama, Executive Director of the ASEAN Federation of Accountants, said the positive outlook from Indonesian businesses and stakeholders needs to be supported by the commitment of the accountancy profession to continue building its capacity as trusted partners and advisers.

“The joint report and webinar exemplify the accounting profession’s support to provide useful data for both businesses and the government to make informed decisions on Indonesia’s economic progress,” said Aucky.

“Indonesian businesses should also identify, diversify and expand into new markets leveraging existing ASEAN economic integration and the various FTAs that Indonesia is a member of.”

The full [Indonesia Business Sentiment Report can be viewed here](#).

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#### **About AFA**

AFA was organised on 12 March 1977, to serve as the umbrella organisation for the recognised national Professional Accountancy Organisations (PAOs) of the Association of Southeast Asian Nations ([ASEAN](#)) Member States. Our ten Primary Members collectively represent a regional network of more than 200,000 accountants in ASEAN jurisdictions, supported by a global network of Associate Members with more than 2 million members and students worldwide. AFA is an accredited Civil Society Organisation of ASEAN recognised under the ASEAN Charter and a Regional Network Partner of the International Federation of Accountants ([IFAC](#)).

#### **About CPA Australia**

CPA Australia is one of the largest professional accounting bodies in the world, with more than 173,000 members in over 100 countries and regions, including more than 21,000 members in South-East Asia. Our Indonesian office, located in Jakarta, opened in 2011. Our core services include education, training, technical support and advocacy. CPA Australia provides thought leadership on local, national and international issues affecting the accounting profession and public interest. We engage with governments, regulators and industries to advocate policies that stimulate sustainable economic growth and have positive business and public outcomes. Find out more at [cpaustralia.com.au](http://cpaustralia.com.au)