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# Market Entry – Trust and Reputation

*Why communication is a strategic function in Indonesia, and how to resource it from day one. Prepared in collaboration Kiroyan Partners/KREAB.*

## In brief

A company can hold every permit it needs and still fail in Indonesia. Regulatory approval settles what a company may legally do; it does not settle whether officials, partners, communities, media, and staff are willing to work with it. That second permission is earned through communication, presence, and consistency, and it cannot be applied for.

For Swedish companies the gap is wider than it first appears. Scandinavian business culture is direct, low-context, flat, and document-based. Indonesian business culture is indirect, high-context, hierarchical, and relationship-based. Neither is better, but applying one unchanged in the other reliably produces stalled projects that look like execution failures and are in fact misunderstandings.

The practical conclusion is that communication belongs in the entry plan rather than the contingency plan. Trust compounds over years and is spent in days, so the work has to begin before it is needed — ideally before entry. Companies that resource it early build durable positions; companies that treat it as a support function often find Indonesia stays politely closed to them.

## Fast facts

This chapter concerns judgment rather than procedure, so the table below sets out the reference points that shape it rather than thresholds and deadlines.

| | |
|---|---|
| **Core concept** | The social licence to operate — the acceptance a company earns from those affected by its activities, which no authority issues and no application secures |
| **Communication style** | High-context: meaning carried in tone, relationship, seniority, and what is left unsaid |
| **Where trust sits** | In the person, not the document. The contract confirms the relationship; it does not create it |
| **Typical timeline** | Rapport in months; institutional reputation in years. A reputation can be lost in a single mishandled week |
| **What to resource** | Senior local communications capability, in-house or retained, before launch |

| | |
|---|---|
| **Most common failure** | Going silent when something goes wrong, leaving others to fill the vacuum |
| **Regional caution** | Practice varies across the archipelago; success in Jakarta does not transfer automatically to Surabaya, Medan, or Makassar |
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## 1. Why this matters

In many Western companies communication sits downstream of decisions: management decides, then communications announces. In Indonesia the order is reversed. Reputation and relationships sit upstream, and they determine whether a regulator gives a company the benefit of the doubt, whether a partner returns a call, whether a community accepts an operation, and whether the media treats the company fairly when something goes wrong.

The reason is cultural and structural at once. Indonesia is a relationship-first society in which trust precedes transaction and personal credibility carries more weight than institutional credentials. It is also among the most digitally connected societies in the world, which means reputations travel fast in both directions. For a newcomer the stakes are asymmetric: a good reputation takes years of consistency to build, while a damaged one can take a single mishandled incident. Indonesian business circles are also tighter than the size of the country suggests, so word of how a company conducts itself moves quickly between government, industry, and media.

The starting problem for an entrant is visibility rather than quality. An international university entering Indonesia's education market held genuinely strong academic credentials and was almost unknown locally; what changed its position was not a better prospectus but sustained communications work — localized messaging, media outreach, and a digital presence built for Indonesian audiences. The point generalizes. Being good is not the same as being known, and being known is not the same as being trusted.

## 2. The communication and reputation landscape

### *2.1 How Indonesian communication differs from Scandinavian*

Scandinavian business culture treats directness as a form of respect: say what you mean, briefly, and mean what you say. Indonesian communication is high-context, and meaning is carried in tone, relationship, and what is left unsaid. A flat no is rare. What arrives instead is “we will consider it,” “perhaps,” or a courteous change of subject. What reads as efficient in Stockholm can read as blunt in Jakarta, and what reads as gracious in Jakarta can be misread in Stockholm as agreement.

Preserving dignity is a core social value, captured in the phrase menjaga nama baik, guarding one's good name. Public disagreement, open criticism, or correcting someone in front of others can damage a relationship beyond repair however factually correct the speaker is; difficult messages are delivered privately and gently. Hierarchy matters in parallel. Swedish organizations are famously flat and Indonesian ones are not, so seniority shapes who speaks, who is addressed, and what may be said. Sending a junior representative to meet a senior counterpart signals, unintentionally, that the relationship is not a priority.

The practical consequence is a failure mode worth naming: false alignment, where every party leaves a meeting believing agreement has been reached while holding materially different interpretations of what was decided. A foreign executive believes a project is approved and implementation can begin; Indonesian counterparts regard the proposal as promising but still under consultation. Neither side is misleading the other. Phrases such as “yes,” “noted,” or “we will try” may acknowledge the conversation rather than commit to it, and silence may signal careful consideration or respect for hierarchy rather than either assent or objection. Many problems that look like execution failures are alignment failures. The remedy is unglamorous: ask participants to summarize next steps, confirm who is responsible for what, and revisit decisions rather than assuming them.

## 2.2 How trust is built

Trust in Indonesia is earned in a sequence that cannot be reordered or hurried. It begins with personal rapport — showing up, repeatedly and in person, before anything is needed. Indonesians describe this as *silaturahmi*, maintaining the bonds of a relationship through visits, contact, and small courtesies. To a Scandinavian sensibility it can feel commercially unproductive; it is the foundation the rest stands on.

Rapport is then confirmed by consistency: doing what was promised, at the pace promised, over enough time for a pattern to become visible. Only after that does trust become institutional — a reputation that travels ahead of the company, opens doors it has not yet knocked on, and gives it standing when problems arise. Two implications follow. A strong deck and a quarterly visit will not substitute, because visits without continuity read as transactional. And because trust compounds, the best time to start is before entry, through partners, chambers, industry associations, and early presence, so that goodwill exists before it is needed. Communication is an investment account rather than a payment method.

## 2.3 Social licence and the stakeholder landscape

Foreign companies entering Indonesia devote considerable attention to permits and regulatory compliance, which is reasonable, but legal compliance alone is rarely sufficient. A company may hold every required permit and still encounter serious difficulty for reasons that are social rather than regulatory. What it lacks in those cases is a social licence to operate: the acceptance and support of the stakeholders affected by its activities, which cannot be obtained through an application.

As Indonesia has become more democratic and decentralized, the number of parties with a stake in any significant project has expanded. Local communities, industry associations, media, civil society, professional bodies, religious leaders, business networks, and local governments all shape perceptions and influence outcomes. A common assumption is that once regulatory approval is secured implementation should proceed smoothly; in practice approval is one stage of a longer process, and stakeholders who were not consulted tend to raise their concerns later. This usually reflects a wish to understand how decisions affect them rather than opposition to investment. The useful reframing is from “who do we need to inform?” to “who do we need to understand, and who needs to understand us?” For any company whose operations touch land, environment, or livelihoods, this is core business rather than corporate charity.

### 2.4 Engaging government

Indonesia has improved its investment climate considerably over the past decade, and digital licensing has simplified procedures that were once cumbersome. Government engagement nonetheless remains demanding for companies unfamiliar with the institutional landscape. Authority is distributed across national ministries, provincial and regency governments, regulatory agencies, and state-owned institutions, and formal authority and practical influence do not always sit in the same place. Establishing where decision-making power actually lies is often the first task.

Two habits help. Match seniority, because officials often expect to engage at a corresponding level and sending a senior representative signals respect for the institution. And treat engagement as continuous rather than transactional: companies that appear only when they need something are at a disadvantage against those that have invested over time. What looks from outside like delay frequently reflects consultation and coordination taking place within the institution. Pressure rarely accelerates it and often has the opposite effect, since stakeholders who feel rushed become more cautious. Indonesia can move quickly once alignment exists — in Scandinavian organizations speed comes from delegation, while in Indonesia it tends to be a consequence of alignment.

## 3. Five disciplines to resource

Treating communication as a strategic function means resourcing five distinct disciplines from the outset rather than assembling them in response to events. They are summarized below and discussed after the table.

| Discipline | What it covers | Cost of neglecting it |
|---|---|---|
| **Corporate communication and reputation** | One consistent account of who the company is and why it is in Indonesia, told the same way to every audience and matched by behavior | Inconsistency between what is said in Jakarta and done in the regions is noticed and remembered |

| Discipline | What it covers | Cost of neglecting it |
|---|---|---|
| **Media relations** | Knowing the editors and correspondents who cover the sector before there is news to announce; offering expertise, not only announcements | A release from a company no journalist knows is an email, not a story — and no goodwill exists when coverage turns difficult |
| **Stakeholder engagement** | Listening and two-way contact with government, communities, associations, and civil society, integrated into strategy rather than following it | Concerns surface late, after decisions are final and positions have hardened |
| **Internal communication** | A deliberate rhythm of briefings, town halls, and genuine two-way channels with the Indonesian workforce | Staff hear company news from outsiders or rumor and disengage; their networks notice |
| **Crisis preparedness** | A written plan, trained spokespeople, and rehearsed scenarios, in place before they are needed | Others define the story first, and the company buys in a crisis what it could have built in calm |

Two of these are routinely underestimated by entrants. The first is internal communication. Indonesian organizations are hierarchical and often geographically dispersed, and messages do not cascade by themselves; employees are also a company's most credible ambassadors to their families, communities, and networks. An Indonesian energy company with more than 10 000 employees across remote sites found that headquarters priorities dissolved before reaching the field, and what changed engagement was structure rather than volume — a defined internal communication framework and an employee-advocate program that gave trusted staff at each layer a communicating role. For a market entrant the lesson scales down: even a twenty-person office needs a deliberate internal rhythm from the start.

The second is crisis preparedness. In Indonesia a crisis is a communications event before it is a legal one. Issues escalate quickly, move between platforms and jurisdictions, and are shaped by whoever speaks first. A multinational energy company facing a prolonged crisis after an alleged offshore oil spill held its position through preparation and discipline: verified facts before statements, trained spokespeople, consistent messaging, and sustained engagement with media and stakeholders over many months. The outcome was determined less during the crisis than in the readiness and relationships built before it.

## 4. Practical considerations

### *4.1 Structure, trust, and the workplace*

Scandinavian companies often try to replicate the high-trust, low-structure organization they know: empowered teams, minimal bureaucracy, decisions pushed downward. The intention is sound and the result is frequently inconsistency, because tasks are interpreted differently, responsibilities overlap, and information fails to reach the right people. The usual correction — centralize, add approvals, increase reporting — overshoots in the other direction.

The workable position is structure that supports trust rather than replacing it. Clear responsibilities, defined reporting lines, and explicit expectations are not monitoring devices; they create the shared understanding that makes autonomy possible, and they matter more in multicultural organizations where the same instruction can be read several ways. Employees take initiative more readily when they know where their authority begins and ends. Ownership is built gradually rather than granted in a single announcement, and psychological safety cannot be declared — staff need to see over time that raising concerns carries no cost. Expectations around working hours deserve the same explicitness: the friction usually comes from ambiguity rather than from whichever model a company chooses.

## 4.2 Regional and generational variation

Indonesia is not one market, and it is not one culture. It spans more than 17 000 islands and hundreds of ethnic groups and languages, and local cultures shape communication styles, leadership expectations, and stakeholder relationships. An approach that works in Jakarta may not produce the same result in Surabaya, Medan, or Makassar, and success in one region does not transfer automatically to another.

Nor is the workforce uniform in outlook. Indonesia has undergone one of Asia's most significant transformations in a generation, with a rapidly expanding middle class, rising education levels, and a young professional cohort that is internationally minded and comfortable in multinational environments. Global exposure has not displaced local cultural values, however. The same colleague may be entirely at ease with international business practice while holding expectations about hierarchy, harmony, and relationships that differ from those of foreign counterparts. Companies that treat modernization and tradition as opposing forces tend to misread their own staff.

## 4.3 Where to seek outside support

Most entrants need local capability they cannot build quickly. Public affairs and strategic communications consultancies provide media relationships, stakeholder mapping, and crisis planning that take years to assemble in-house. Local communications hires bring judgment about register and timing that no briefing document conveys. Where operations touch land, environment, or livelihoods, specialists in community engagement and social impact are worth engaging before a site is selected rather than after. Whichever route is chosen, the capability should be senior: this is judgment work, and junior staff cannot be expected to tell an executive that a planned approach will not land.

The timing point matters more than the choice of provider. Support engaged during a crisis is bought at many times the price of support engaged in calm, and it arrives without the relationships that make it effective. SwedCham Indonesia can help members identify qualified specialists within its network and offers a platform for early presence before entry; SwedCham itself does not provide communications, legal, or regulatory advice.

## Checklist

The steps below apply from the planning stage through the first year of operation in Indonesia.

1. Map the audiences that matter — government, media, communities, partners, employees — and what each needs to hear.
2. Secure senior local communications capability, in-house or retained, before launch rather than after a problem.
3. Begin building presence before entry, through partners, chambers, and industry associations.
4. Identify and meet the journalists and editors covering the sector before there is news to announce.
5. Write a crisis-communication plan, name the spokespeople, and train them.
6. Establish an internal communication rhythm with the Indonesian team from the first week.
7. Brief every visiting executive on high-context communication, seniority, and face before they travel.
8. Close each significant meeting by confirming next steps, owners, and open questions aloud.
9. Review quarterly whether what the company says matches what it does, in every location where it operates.

## Common pitfalls

The errors below recur among newcomers to the Indonesian market, and each carries a predictable consequence.

- Treating communication as a cost center until trouble arrives, which means buying in a crisis what could have been built in peacetime, at many times the price.
- Importing a blunt, low-context style unchanged, which costs relationships that are then difficult to recover; adapting register is a skill rather than a compromise of values.
- Trusting the paper trail over presence, which stalls follow-up, because contracts and emails confirm relationships rather than create them.
- Reading “yes,” “noted,” or silence as agreement, which produces false alignment and projects that appear approved but are still under consultation.
- Going silent when something goes wrong, which leaves a vacuum that others fill. A conservation organization whose cooperation agreement with the government was

abruptly terminated found that initial silence left the story to speculation, and only a structured response stabilized perceptions.

- Treating media transactionally, which yields no coverage in good times and no benefit of the doubt in bad ones.
- Overlooking the company's own workforce, whose members disengage when they hear company news from outsiders — and whose networks notice.

## Attribution

This chapter was prepared with contributions from Kiroyan Partners/KREAB, a public affairs and strategic communications consultancy and a member of SwedCham Indonesia. Input was provided by Verlyana Hitipeuw, CEO of Kiroyan Partners and Managing Partner at KREAB Worldwide Indonesia.

Kiroyan Partners is a Jakarta-based, research-driven consultancy that has advised international and Indonesian organizations on Indonesia's policy and stakeholder landscape since 2006. Its work spans corporate communication and reputation management, media relations, stakeholder engagement and social licence, internal communication, and crisis preparedness. The firm is affiliated with KREAB Worldwide, a communications and public affairs network founded in Stockholm.

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## About SwedCham Indonesia and this series

The Swedish Chamber of Commerce Indonesia is a non-profit, member-driven organization that brings together Swedish companies, Indonesian businesses with ties to Sweden, and professionals connected to both markets. SwedCham supports trade, investment, and knowledge exchange between Sweden and Indonesia, giving members access to local networks and advocacy platforms.

This document is a part of the SwedCham Indonesia Market Entry Guide, a series of practical briefings for Swedish companies entering the Indonesian market. It should be noted that SwedCham Indonesia connects members to qualified specialists; it does not provide legal, tax, or regulatory advice.

Acknowledgement of contributing member firms does not constitute endorsement by SwedCham Indonesia. The information in this chapter is general in nature and reflects the position at the date of publication. Companies should seek professional advice before acting on it.

All are welcome to share information from SwedCham publications; a reference to SwedCham Indonesia is appreciated.

# Appendix: Terms and concepts

The terms below appear in the chapter and recur in Indonesian business practice. They are included here so the main text can use them without interrupting itself to explain them.

| Term | Meaning |
|---|---|
| **Silaturahmi** | Maintaining the bonds of a relationship through visits, contact, and small courtesies, independently of whether anything is being asked for. The practice underpinning how business relationships are sustained. |
| **Menjaga nama baik** | Guarding one's good name. The social obligation to preserve dignity — one's own and a counterpart's — which is why criticism is delivered privately and disagreement rarely stated flatly. |
| **High-context communication** | Communication in which meaning is carried substantially by tone, relationship, seniority, and what is left unsaid, rather than by the literal words. Scandinavian communication is low-context by comparison. |
| **False alignment** | The situation in which all parties leave a discussion believing they agree, while holding materially different understandings of what was decided, who is responsible, and what remains open. |
| **Social licence to operate** | The acceptance and support a company earns from the communities and stakeholders affected by its activities. It is granted informally, can be withdrawn, and is issued by no authority. |