

Doing Business in Indonesia: Same Goals, Different Playbook

A SwedCham Indonesia guide to cultural aspects of doing business in Indonesia

Most Swedish and Nordic companies arrive in Indonesia well prepared on law, permits, tax and market data. The harder challenges tend to be human: how trust is built, how decisions are made, and how communication is understood. Indonesian and Nordic companies usually share the same goals. The way to reach them differs.

At a glance

The points below summarize what Nordic managers most often need to adjust.

- **Relationship before transaction.** Trust and personal rapport are part of business, not separate from it. Indonesian partners prefer to work with people who show respect and genuine interest.
- **Harmony and face come first.** No one should be made to feel *malu* (ashamed or embarrassed). Raise problems indirectly and in private.
- **"Yes" is not always agreement.** "Yes", "noted" and "we'll try" often acknowledge a conversation rather than commit to it.
- **Silence is not agreement.** It may signal reflection, respect for rank or a concern not voiced.
- **Hierarchy matters.** Seniority and age shape who speaks and who decides. Staff expect clear direction from leaders.
- **Speed comes from alignment.** Decisions take time because stakeholders are consulted out of sight. Pressure slows the process; once aligned, Indonesia moves fast.
- **Build systems, not just trust.** Clear roles, procedures and reporting lines make delegation and initiative possible.
- **Negotiation takes patience.** Bargaining is expected and opening positions can be far apart.
- **A permit is not a social licence.** Communities, local government and other stakeholders need to be engaged early.
- **Indonesia is not one market.** Practice varies between regions, sectors and generations.

Two operating systems

Nordic and Indonesian organizations run on different operating assumptions. Neither is superior; problems arise when one is applied to the other without adjustment.

Nordic management grew out of high-trust societies with flat structures, direct communication and distributed accountability. These traits are so familiar that many Nordic managers do not see them as cultural at all. Indonesian organizations, equally professional and often highly entrepreneurial, tend to be more hierarchical and relationship-based, with communication that relies on context.

Nordic logic	Indonesian logic
Flat structure; manager as first among equals	Hierarchy; respect for seniority and age
Direct communication; disagreement seen as healthy	Contextual communication; harmony and face protected
Trust in people and institutions as the default	Trust built through relationships over time
Individual initiative and ownership	Initiative weighed against personal risk
Speed through delegation	Speed through alignment and consensus
Clear line between work and private life	Personal rapport part of business
Contracts and rules define conduct	Relationships and face define conduct
Persuasion through argument	Persuasion through finding common ground

Core values that shape Indonesian business life include courtesy, gentleness, family, hospitality, respect for age, unity and avoidance of open confrontation. Islam is the religion of the large majority, but the state recognizes six religions: Islam, Protestantism, Catholicism, Hinduism, Buddhism and Confucianism. The state ideology, Pancasila, and the national motto, *Bhinneka Tunggal Ika* (unity in diversity), place this pluralism at the center of national identity. Bali is predominantly Hindu, and large parts of North Sumatra, North Sulawesi, East Nusa Tenggara and Papua are predominantly Christian. Local customary law (*adat*) also influences daily conduct.

The companies that do best combine the two: Nordic structure, transparency and long-term thinking, together with Indonesian strengths in relationship-building, adaptability and reading context.

Indonesia is its own market

Experience from Singapore, China or elsewhere in Southeast Asia is useful but does not transfer directly. Indonesia's scale, decentralization and cultural mix make it a market of its own, and the country itself is far from uniform.

Not Singapore, not China

Many Nordic companies approach Indonesia through a regional office in Singapore or with experience from China. Several common assumptions then fail.

Assumption from elsewhere	Indonesian reality
Rules are clear and applied the same way everywhere (Singapore)	Regulations are interpreted at national, provincial and district level, and practice can differ from the text
English works for business and government (Singapore)	Bahasa Indonesia is the language of government, and agreements involving Indonesian parties must be drawn up in Indonesian (Law No. 24/2009). Indonesian courts have declared English-only agreements void, and bilingual contracts are standard practice
A regional office can manage Indonesia through visits	Relationships and government access require local presence and visible senior commitment
Once the top decides, execution follows quickly (China)	Decisions need broad consensus, and authority is spread between Jakarta and the regions
Similar language and religion mean a similar business culture (Malaysia)	The roots are shared, but the legal system, politics and business practice differ
One Southeast Asia playbook covers the region	With more than 280 million people across 17 000 islands, Indonesia needs its own strategy

Regional differences within Indonesia

Business culture also varies within Indonesia, between regions, ethnic communities and types of organization. Practice that works in Jakarta may not work in other parts of the country. Companies operating outside the capital should take local customs, local authorities and local stakeholders into account, and draw on people with experience of that region.

Communication

Communication causes more misunderstanding between Nordic and Indonesian colleagues than any other area. Meetings are cordial and seem constructive, yet agreed actions do not follow.

In Indonesia, a conversation does more than pass information. It also preserves the relationship, shows respect, acknowledges rank and avoids confrontation. Tone, timing, who is present and what is left unsaid carry meaning. Indonesians tend to speak quietly and without visible emotion. Problems are alluded to rather than stated, and people may avoid admitting they do not know an answer.

What is said or done	Nordic intent	How it may be received
"This won't work. We need to change direction."	Efficient, solution-oriented	The discussion is closed
"Yes", "noted", "we'll try"	Read as a commitment	An acknowledgement; the decision is still being processed
Silence in a meeting	Read as agreement or disengagement	Reflection, respect for rank, or concern not voiced
"Is that clear?"	A genuine check	Answered "yes" to avoid embarrassment

False alignment. The common result is that both sides leave a meeting believing they agree while holding different interpretations. A foreign executive may think a project is approved; the Indonesian side may see it as promising but still under consultation. Neither is misleading the other. Many apparent execution failures are in fact alignment failures.

Channels. Much business communication runs on WhatsApp rather than email, including with senior managers and officials. Messages are answered faster than email, and a short message before or after a meeting is normal. Formal decisions and agreements are still confirmed in writing through official channels.

From meeting to action

In Indonesia, a meeting often serves to confirm a relationship and show that views have been heard. Commitments are usually formed before and after it, in one-to-one conversations. Companies that want actions to follow should therefore work on what happens around the meeting as much as in it.

Before the meeting



- Brief key people individually in advance. Concerns surface in private that will not surface at the table, and the meeting can then confirm what has already been aligned.
- Identify who actually decides, and make sure that person attends or has been briefed.
- Send the agenda and material ahead of time, in Bahasa Indonesia where useful, so participants can consult internally.

In the meeting

- Do not press for a decision in the room. Pressure produces a polite "yes" without commitment.
- Ask questions that are easy to answer honestly: "What would need to happen for this to move forward?", "Who else should be involved?", "What could make this difficult on your side?"
- Offer options rather than yes/no questions. "Would A or B work better for you?" lets people steer without having to refuse.
- Ask "How does this land on your side?" rather than "Is that clear?"
- Agree on one small, concrete next step with a named owner and date, rather than broad agreement on the whole plan.
- Speak slowly and clearly, and repeat key points when a misunderstanding seems possible.

After the meeting

- Send a short written summary within a day, listing actions, owners and dates. Frame it as "to make sure we understood correctly" and invite corrections, so adjustments can be made without loss of face.
- Follow up personally by phone or WhatsApp. This is often where the real response comes. "We'll try" usually signals a problem worth exploring.
- Ask a trusted Indonesian colleague to help read what was meant and what was left unsaid.
- Treat the first "yes" as a step, not the final answer, and revisit key decisions at the next meeting.

Over time

- Build the relationship with the senior counterpart. Commitments made at that level tend to hold.
- Make it safe to bring bad news early. Thank people for raising problems and never assign blame in front of others.
- Give your own team clear roles and owners, so follow-through does not rely on goodwill alone (see *Systems and organization*).

Hierarchy and leadership

Indonesian staff generally expect a leader who gives clear direction and takes personal interest in the team. Nordic participative leadership works, but only once trust and structure are in place.

What is expected of a leader. Leadership in Indonesia is often paternalistic in the positive sense: the leader is gentle, sincere and supportive, including with personal matters. Consensus is sought before decisions are announced. Recognition and rewards work better at team level than for individuals.

Why invitations to challenge fall flat. "Feel free to challenge me" and "You own this" are standard Nordic tools. In Indonesia they can leave a team supportive but unresponsive. Disagreeing with a manager in a group setting feels inappropriate to many, even when they have useful input. This is rarely disengagement.

Psychological safety is built, not announced. Openness develops through repeated interactions in which people see that feedback is welcome and carries no penalty. One-to-one conversations often surface more than group meetings.

Removing hierarchy can create uncertainty. When it is unclear where authority lies, staff escalate decisions. Effective leaders stay open but also provide clarity and structure.

Freedom with accountability needs preconditions. It depends on clear expectations, defined responsibilities, known decision rights and safety to make mistakes. Without these, caution is a rational response, not a lack of ownership. Ownership is best extended step by step as people gain experience.

Foreign managers often go through a similar path: idealist, frustrated, controller and finally builder. Lessons that recur:

- Hire slower, and test mindset as well as qualifications.
- Build systems earlier.
- Invest in middle management.
- Keep tone in mind: it often decides the impact of a message.
- Accept a period of confusion as part of learning the market.

Decisions, meetings and negotiation

Nordic organizations tend to decide first and align afterwards. Indonesian organizations tend to align first and then act. What looks like delay is often consultation.

Decision-making. Decisions involve relationships, formal authority and informal networks of influence. Before a decision is implemented, senior stakeholders are briefed, departments are consulted and consensus is built, largely out of view of the foreign partner. This works as risk management: people who have been consulted support the decision later. Pressure tends to make people more cautious and can slow the process further. Once key stakeholders are on board, implementation can be fast and flexible.



Meetings.

Bring printed business cards to every meeting. Exchanging cards is standard business practice, usually at the start of the meeting, and arriving without them makes a poor impression. Present and receive cards with the right hand or both hands, read the card you receive, and keep it on the table during the meeting. The card should state your title, which signals rank and helps the other side match seniority. Indonesian cards often carry academic or professional titles (Dr., Ir., S.H.), which are also used in correspondence.

- Small talk before business is expected. Questions about family are welcome.
- Delegations can be large. Some members attend mainly to get to know the other side.
- Senior members usually lead the discussion.
- Meetings can be long and repetitive, especially with interpretation, and may end with open points.

Negotiation.

- Bargaining is expected, and firm but polite negotiators are respected.
- Opening positions can be far from the final outcome.
- Indonesian teams often negotiate as a group and are rarely aggressive.
- Bluntness, bluffing and alternating tough and friendly tactics undermine trust.

Time. Time is treated flexibly, sometimes called *jam karet* (rubber time). Punctuality varies, particularly outside international business settings. Plan longer lead times for decisions, approvals and contracts, and build slack into project schedules.

Religious calendar. Daily prayer times and the Friday midday prayer shape the working day, and meetings are best not scheduled across them. During the fasting month of Ramadan, working hours are often shortened and business entertaining moves to the meal that breaks the fast (*buka puasa*), a valued occasion for relationship-building. Around Idul Fitri (*Lebaran*), which ends Ramadan, much of the country travels home (*mudik*) and business activity slows for one to two weeks or more. Employers must pay a religious holiday allowance (*THR*), normally one month's salary, no later than seven days before the holiday. The dates follow the lunar calendar and move about eleven days earlier each year. In Bali, Nyepi closes the island, including the airport, for 24 hours. Approvals, deliveries and launches should be planned around these periods.

Systems and organization

Nordic companies often set up in Indonesia on trust and unwritten assumptions. The better approach is to build systems that support trust rather than replace it.

A recurring pattern: an organization built on trust alone gets inconsistent results. Tasks are interpreted differently, responsibilities overlap and deadlines slip. Management then swings to control, with more reporting and approvals. Neither extreme works well.

The middle path:

- Standard operating procedures, clear reporting lines and defined responsibilities, used to create shared understanding rather than to monitor.
- Explicit expectations instead of assumed ones, which matters most in teams of mixed nationality.
- Clear boundaries of authority, so people know where they can decide on their own.

People take more initiative when they know the limits within which they can act. Trust without structure creates confusion; structure without trust creates rigidity. Nordic strengths in systems, compliance and long-term thinking stand out quickly in Indonesia, and the market is moving in that direction.

Stakeholders and government

A permit gives the formal right to operate. Acceptance from the people affected, often called a social licence to operate, has to be earned separately.

Stakeholders. Since democratization and decentralization, more parties shape business outcomes: local communities, local government, industry associations, media, civil society, religious leaders and business networks. Concerns raised after approval usually reflect a wish to be heard, not opposition to investment.

- Build stakeholder engagement into strategy from the start, not as communication after decisions are made.
- Ask "Who do we need to understand?" and "Who needs to understand us?" rather than "Who do we need to inform?"
- Keep relationships active. Companies that engage only when problems arise have little goodwill to draw on. This matters most in mining, energy, infrastructure and natural resources.

Government. Reforms and the Online Single Submission (OSS) system have simplified licensing considerably. Authority is still spread across ministries, provincial and local governments, agencies and state-owned enterprises, and formal authority and practical influence do not always sit in the same place.

- Match seniority. Officials expect a counterpart of similar rank, and sending a senior representative signals commitment.
- Treat government relations as long-term, not transactional. Repeated contact and visible commitment to Indonesia carry weight.

- Expect layers of review. Patience and realistic timelines produce better results than pressure.

Work expectations

The main source of friction over working hours is unclear expectations, not the model a company chooses.

Nordic companies emphasize work-life balance and judge staff on outcomes. In many Indonesian sectors, particularly services, clients and colleagues expect replies outside office hours, and working relationships extend beyond the office. Time spent over lunch or informal conversation is often relationship-building rather than lost time. Practice varies by industry, company, generation and manager.

Whatever the policy on availability and flexibility, state it openly and apply it consistently.

Etiquette

Courtesy, a calm manner and visible respect go a long way. The table lists common points.

Do	Avoid
Be friendly and courteous; accept and return hospitality	Pressing for quick decisions
Make small talk before business; ask about family	Criticizing anyone in front of others
Speak quietly and calmly	Raising your voice or showing irritation
Show respect for the size and potential of the Indonesian market	Commenting on national shortcomings or domestic politics
Learn the basics of Islam and local customs, and respect them	Assuming alcohol or pork is acceptable at business meals
Give and receive items with the right hand, or both hands	Using the left hand to give, receive or eat; pointing with the index finger
Dress neatly and conservatively	Touching anyone's head, including children's
Address seniors with titles such as <i>Bapak</i> (Mr.) or <i>Ibu</i> (Mrs./Ms.)	Standing with hands on hips, which can read as aggressive
Recognize and reward teams	Singling out individuals for public praise or blame



Bring printed business cards and exchange them at the start of meetings	Putting a received card away without looking at it, or writing on it
Use the given name with the title, e.g. <i>Pak</i> Budi or <i>Bu</i> Sri; many Indonesians have only one name	Assuming the last name is a family name
Let the other person decide whether to shake hands, particularly between men and women; a hand to the chest is an accepted alternative	Insisting on a handshake when one is not offered

Indonesia today

The Indonesia many Europeans imagine differs from the one they find. The country has gone through one of Asia's largest economic and social transformations in a generation.

Market and workforce. Indonesia has more than 280 million people, a growing middle class, a young workforce and rising education levels. Jakarta is a leading Southeast Asian business center, and Indonesia is one of the world's largest digital markets. Many younger professionals have studied or worked abroad. Global exposure has not weakened core values such as harmony, family and respect for relationships. The workforce is neither wholly traditional nor wholly Westernized, and employees in multinational settings may still hold different expectations from their foreign colleagues. Women hold senior positions across business, government and the professions, and Nordic visitors should expect to meet female counterparts at the highest levels.

Opportunities. Domestic consumption gives the economy resilience. Indonesia holds large reserves of nickel, copper, cobalt and bauxite, and policy favors processing them in the country. Growth sectors match Nordic strengths: energy transition, industrial technology, infrastructure, manufacturing, digital services, healthcare and professional services. The market remains underappreciated in much of Europe, which can mean less competition.

Integrity. Corruption remains a risk in some areas, although digital licensing has reduced the opportunities. Facilitation payments are illegal under Indonesian law and are pursued by the Corruption Eradication Commission (KPK). Swedish anti-bribery law also applies to Swedish companies and their employees abroad, and makes no exception for facilitation payments. A clear and consistently applied compliance policy is both a legal requirement and, increasingly, a competitive advantage.

Gifts and hospitality. Gifts are part of relationship-building, particularly around religious holidays, when food hampers (*parcel*) are customary. With private partners, modest gifts and hospitality are normal. Civil servants and employees of state-owned enterprises are covered by



the gratification rules (*gratifikasi*) and must report gifts they receive to the KPK. Many foreign companies limit gifts to officials to items of nominal value, or avoid them altogether.

Partners and intermediaries. Much of the economy is shaped by family-owned business groups, and introductions often run through personal networks. Intermediaries who offer access to officials or promise faster approvals carry particular risk. Background checks on partners, agents and distributors, and clear compliance terms in contracts, are standard practice among foreign companies.

Further reading

SwedCham publishes reports, fact sheets, case stories and other material on doing business in Indonesia at www.swedcham.id.

Members also receive *SwedCham Insights*, a newsletter with in-depth updates on regulatory, legal and other issues relevant to Swedish companies in Indonesia.

SwedCham Indonesia

The Sweden Chamber of Commerce Indonesia is an independent, member-driven, non-profit organization strengthening business, trade and professional relations between Sweden and Indonesia. SwedCham serves as a connector for Swedish companies operating in or entering the Indonesian market — linking members to relevant networks, insights and partners across sectors.

- Introductions to relevant stakeholders
- Connections to trusted service providers
- Market insights and sector reports
- Peer learning from Swedish companies already operating in Indonesia
- Networking events and industry dialogues
- Access to EuroCham advocacy and working groups
- Connections to universities, talent and research ecosystems

How SwedCham Indonesia can help. SwedCham can support initial market orientation, identify relevant local stakeholders and advisers, and connect Swedish companies with established businesses and institutional counterparts in Indonesia.

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



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