CHAPTER 5
CONCLUSION, IMPLICATIONS, LIMITATIONS,
& RECOMMENDATIONS

5.1 Conclusion

To conclude this research, this section refers to the research question that is established in chapter 1 that stems from the research problem where the ease of business rank doing is 73 out of 190 economies. Below is the research question: “How do foreign investors cope and manage doing business in Indonesia?”, the research objective is “To obtain foreign investors views on how they handle the business environment in Indonesia and how they cope on doing it so that the readers that want to do FDI in Indonesia can get an idea on how to do foreign direct investment in Indonesia by seeing how current FDI is done by current players despite the challenges and the ease of doing business score is 73 out of 190”. The research method is qualitative research and the philosophy is qualitative interpretivism. From the findings, 8 codes were developed and from the 8 codes, 2 themes were developed which theme 1 is business process and theme 2 is business culture.

To answer the research question “How do foreign investors cope and manage with the bureaucracy and business processes in Indonesia?, it can be answered below:

To conclude there are a lot of hassle for foreign investors doing business in Indonesia such as the complex regulations and a huge amount of red tape that can be seen in the company incorporation as well as in the offices that handle paperwork and legalities such as licenses and permits, corruption should not be part on the Indonesian culture as it doesn’t occur in everyday life however in the business world it is very much present and foreign investors should learn how to cope and deal with corrupt related situations in a way that corruption shouldn’t be a reason to halt business procedures by finding a win-win solution. Indonesia is still profitable in the end and a nation with an ever-growing market with a big population.
Secondly foreign investors should learn to adapt with the current business environment and culture and learn to include to use intermediary agencies as a way to get things done in Indonesia, from opening companies to processing legalities, it’s all much faster rather than doing it by themselves and it makes sense to use intermediary agencies as the increase of efficiency changes drastically as time is money, foreign investors should also understand and adapt towards the terrain of Indonesia and its supply chain issues as Indonesia is an archipelago therefore logistics is mixed between sea and land and also including Indonesia has a lack of infrastructure in some regions which makes it longer for some instances.

Lastly, for upcoming foreign direct investors who are interested in doing business in Indonesia, they should first come to Indonesia and do further research on the business environment to see if the environment is suited to them or not because at first Indonesia seems to be a foreign investors paradise for doing business where it’s an emerging nation, abundant natural resources and a growing economy, however as mentioned in chapter 1 Indonesia is ranked 73 out of 190 economies in the ease of doing business index which means it’s not an easy place to conduct business in, even though there is an investment plan that could be regarded as an high cost, foreign investors can evaluate further, make better judgements, find ways around obstacles, at the end Indonesia is definitely still a profitable destination. Foreign direct investors should rely on third party agencies to handle business bureaucracy and procedures as it’s the most effective and simple way for foreigners to get things done in Indonesia

5.2 Managerial and Theoretical implications

Too make Indonesia a healthy business environment for foreign investors, the negative list can reduce time by time and open the sectors where for instance can require foreign knowledge, regulations cannot be inconsistent and change from time to time as it doesn’t show that the Indonesian government is consistent and may portray negative thoughts to new inwards FDI. Regulations and requirements also cannot be too demanding as for example the investment plan is quite difficult to achieve for the low income foreign investors and this portrays that Indonesia only wants to attract the wealthy investors which makes it unfriendly to the low income foreign investors, furthermore regulations must be more reasonable to help ease business processes.
Red tape in Indonesia is a lot and this needs to be seen to as it’s a hassle for foreign investors to deal with hence that there is a lot of intermediary agencies to handle the bureaucracy of Indonesia, it implies that there is a problem within the system itself. As for corruption maybe the government can try to focus on corrupt workers more often because that is where foreign and local businessmen/woman occur most of their corruption as of now Indonesia seems to tend to focus on high end corrupt government officials which is also good but it is also important to take care of the whole tree and not only its roots.

For mid to high end projects that foreign investors are bringing to the nation should get some tax incentives and loan benefits as it seems fair that they are also helping the nation by giving more jobs towards the locals and also FDI gives benefit towards the country’s GDP

For theoretical implication, it can be proven that DiMaggio & Powell’s (1983) Institutional theory can shed light on the business environment in Indonesia by Incorporating the 3 changes of isomorphism in coercive, normative and mimetic point of view. It can also give an understanding on the corruption in Indonesia.

5.3 Limitations

There are some limitations when conducting this research for instances the time duration, due to the time duration, a sample of only 8 foreign investors was achieved and only locations that were covered were mostly from Jakarta and Bali, the limitations are below:

- If the author had more time other places could be covered as well, furthermore trying to get investors to speak about their company was difficult as the research might be sensitive to some investors especially on the basis of corruption.
- Other limitations are that some of the research only focuses on data from Indonesia which results in data cannot be applied to other nations and the research only focused on foreign investors therefore data and information cannot be applied to local investors.
• Other limitations are language barriers as there were some difficulties with one respondent as it was difficult to understand their accent, other limitations would be the limited variety of research that is conducted in this particular area of research.

• Since the research has been conducted in the time period of covid19, the initial plan was to interview the Indian embassy and other foreign companies in Indonesia to obtain information but since lockdown hit the author couldn’t obtain views to increase validity.

5.4 Recommendation

To improve the results for this research study, there are some recommendations that can be imposed on for the future research. The recommendations will be the limitation of this research study:

• such as the number of respondents, the amount of time spent on the research study and to broaden the location of the research to make it more reliable.

• increasing the variety of participants will increase the credibility of the research study given that there will be more information collected to reduce predisposition in the research study and to make sure the neutrality of the research study

• More participants that will address the survey will increase the quantity of information which causes more difference that might make the research study result much better.

• Increasing the quantity of time invested for the research study is really advised since to comprehend more about the research study and to comprehend the information, it requires a great deal of time to find out whatever information appropriately.

• By having more time to do the research study, it will increase the quantity of information collected which will causes more comprehensive information and it will increase the reliability and validity of the information.

• Given that this research study just covers Indonesia as the area of the research study, it is advised to expand the place of the research study such as other nations because for now, this research study can just be conducted for FDI that is running their company in Indonesia
For future research, other researchers can interview local players to obtain their view on the matter and compare the local point of view with the foreign point of view further analyze the business environment in Indonesia.