

Global Crisis Survey 2021

Building resilience
for the future

The Indonesia Update
April 2021



pwc



Charting a resilience roadmap for 2021

Are you ready for what's next?

We're pleased to introduce PwC's Global Crisis Survey 2021, an assessment of the global business community's response to unprecedented social, economic and geopolitical disruption.

Between 20 August 2020 and 25 January 2021, more than 2,800 business leaders shared company data and personal insights on the impact of the crisis. Representing 73 countries and 29 industries, 112 of Indonesia C-suite and No C-suite participated in the survey, their observations create a compelling portrait of the tactics, tools and processes organisations put in place, and what's worked, what hasn't and why.

From altering corporate strategy to swiftly reshaping production capabilities, how did organisations react? What common threads are there among companies that are emerging stronger — and those that are struggling to tread water? How are businesses integrating what they've learned into a strategy for long-term resilience?

This year's Global Crisis Survey is our second collection of corporate crisis data and analysis. The first, published in 2019, revealed that 95 percent of respondents believed a crisis was imminent within the next two years. But our list of potential crises didn't include *pandemic*, which had dropped altogether from the threats business leaders said they feared. Until last year, the notion of a deadly virus igniting disruption worldwide wasn't showing up on many radar screens, underscoring the very nature of crisis.

But the challenge of crisis management is not to predict or measure every specific incident that could impact your business.

Rather, as 2020 dims in the rearview mirror, the inevitability and unpredictability of disruption have never been more clear. Businesses that prioritise and invest in building a foundation of resilience to address *any* type of crisis will be better positioned to weather what comes next.

74%
of Indonesia
(73% of Global)
respondent said
their business
was negatively
impacted by the
crisis

20%
of Indonesia
and Global
respondents
said they're in
a better place
today than
before the start
of the pandemic

PwC's Global Crisis Survey 2021 examines the worldwide business community's response to the most disruptive global crisis of our lifetime: the COVID-19 pandemic. Find out how companies reacted, what they've learned and how they're preparing for what's next.

Profile of Indonesia respondents:



More than 50% of the companies have around \$100 million until \$10 billion annual global revenue.

- 58%** privately owned companies participated in the survey
- 29%** of publicly traded company
- 2%** portfolio company
- 6%** government/ SOE
- 1%** sole trader

3 takeaways

We heard from more than 2,800 business leaders around the world. What stood out in their responses? Preparation, agility, an integrated crisis response plan and resilience have been essential as organisations continue to deal with the crisis — and will remain critical when we move into the post-pandemic period.

1.

Organisations with a strategic crisis response plan in place can mobilise more swiftly, stabilise business operations and respond effectively to the shockwaves of disruption.

Two years ago, 95 percent of respondents to the first PwC Global Crisis Survey said they expected a crisis to hit within the next two years. But when the COVID-19 pandemic struck, more than 30 percent of respondents to this year's survey did not have a designated core crisis response team in place.

After living through the past year, organisations are getting the message. Overwhelmingly, nearly the same, more than 95% of business leaders both Indonesia and Global report that their crisis management capabilities need improvement.

Thorough, thoughtful, strategic planning matters.

Despite the massive disruption wrought by the pandemic, 20 percent of Indonesia and Global respondents said they had a positive effect on their business. Some of that success is sector-driven.

But more than half of global respondents of those who said they're better off in terms of financial position and shareholder value were significantly more likely to have relied on a dedicated crisis team to drive their response, reinforcing the importance of preparation, familiarity with team members' roles and responsibilities, and scenario testing.

And even with a well-defined team, organisations need an agile program that can flex to address various contingencies and types of crises. Only 35 percent of global respondents had a crisis response plan that was 'very relevant,' which means the majority of organisations didn't design their plans to be 'crisis-agnostic' — a hallmark of a resilient organisation.

What should businesses do today to prepare for the next inevitable disruption?

- **Designate a crisis response team to lead your response.**
When a crisis hits, your team can mobilise and adapt quickly, execute a plan you've tested and refined, and keep your critical operations moving.
- **Design a crisis response plan aligned to your strategy, goals and purpose.**
A clearly delineated crisis strategy, shared with your entire organisation, signals the importance of moving beyond a check-the-box plan. With a fully socialised crisis response program, your people won't waste time and resources figuring out who's supposed to do what — particularly in the early hours of a crisis, when every moment is precious. And they'll understand the *why* of your plan as integral to your organisational vision and purpose.
- **Focus on continuous improvement and building an integrated resilience program.**
Review and refine your response in real-time and in after-action assessments. Incorporate what you're learning and adjust your actions so that you emerge stronger from this crisis — and ready for whatever may come next.

96%

of Indonesia (95% of Global) business leaders report that their crisis management capabilities need improvement

Slightly higher from Global (82%),

87%

of Indonesia organisations said they had a shared vision and purpose for their efforts

‘Forming a crisis response team as early as possible — by learning from our sister company in China — helped our company prepare for the worst [and] keep manufacturing and supply chain in operation mode, while ensuring drug supply and availability.’

Pharmaceuticals and life sciences chief financial officer, Indonesia

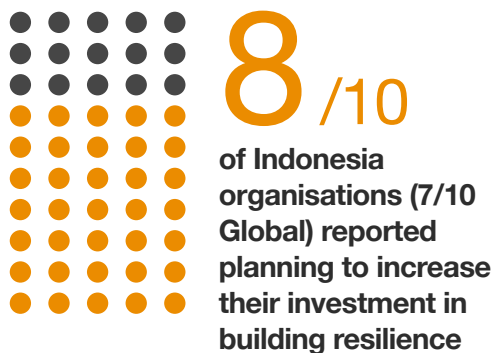
2.

Break down silos. An integrated response is essential to executing a successful crisis management program and to building resilience.

Before the COVID-19 pandemic upended life worldwide, many companies addressed resilience planning as somewhat of a spreadsheet exercise: 'Crisis plan. Communication plan. Business continuity plans. Check, check, check.'

That approach exposed many businesses to unnecessary risk when faced with the ravages of 2020. Structured in silos, resilience competencies and teams were disjointed, vulnerable and unequipped to coordinate the tactics, tools and technologies needed for an effective response.

Business leaders have taken notice.



Compared to Global (7/10), eight out of 10 organisations in Indonesia reported they're planning to increase their investment in building resilience. And there's plenty of room to run: only both Indonesia and Global, 22 percent of our respondents felt their various crisis management functions are very well integrated.

Where to start?

Among respondents who said they were negatively impacted by the crisis or in a worse position financially, **crisis management, business continuity and emergency planning** top the list of resilience strategy priorities.

Business leaders who reported being in a better place financially were significantly more likely to say that their organisation's resilience functions were very well integrated.

'Effective communication and collaboration cannot be emphasised enough,' said the chief information officer of a healthcare company in the United States. 'Breaking down silos has been difficult but worthwhile.'

How to get there? Examine your existing resilience landscape.

Think holistically about how to build resilience.

Begin to break down the silos and integrate your core resilience competencies. And put the spreadsheet back on the shelf.

3.

Organisational resilience is critical — not just to succeed, but to survive.



Carrying out transformation processes using the latest technology by investing amid the pandemic period.'

Industrial Products and Manufacturing Senior Vice President/Vice President/Director, Indonesia

Amid the upheaval of the past year, a new focus on resilience is taking shape. Facing unpredictable disruption, business leaders recognise that a foundation of resilience can make the difference between faltering or flourishing — in crisis and in peace time.

'Everyone is now aware of the evolution of resilience at the organisation,' reported the operations leader for a Swiss industrial products company, 'and we're now ready to take preventative actions against a future threat.'

Organisations in a better place today were significantly more likely to say they'd already given substantial attention to organisational resilience.

What does *resilience* mean, exactly? In simplest terms, it's the ability to bounce back from disruption. To persevere. But it's also about being prepared to enable and secure new possibilities. As the post-pandemic period begins to take shape in the coming months, organisations have an opportunity to rethink opportunities for the future.

And the outlook is positive: In [PwC's 24th Annual Global CEO Survey](#), a record-high 76 percent of CEOs believe global economic growth will improve in 2021. Meanwhile, Indonesia recorded higher with 81 percent of CEO has the same believe.

That optimism aligns with Global Crisis Survey data revealing that four out of five Indonesia, as well as three out of four global, companies are confident they can successfully integrate what they've learned through the crisis and invigorate their organisational resilience.

How to get there?

First, **elevate resilience** within the organisation. Many business leaders have told us that their resilience-focused teams, prior to the pandemic, were too far removed from the C-suite. Organisations are shifting to establish governance around resilience at the highest levels: designating a senior leader to 'sponsor' the resilience program and creating steering committees to oversee the program's funding, resources and authority to be successful.

Second, take a snapshot of your crisis management structure. Where are your strengths? Is your program thorough? Is it aligned with your **strategic priorities**? Design an integrated program that clearly defines roles and responsibilities for crisis management. And critically — your program should not be treated as merely a backup plan in case of emergency. It's important that your program is operating and improving 365 days a year. This means developing an integrated governance model and providing the right investments for resources, technology and maintenance.

Third, begin to foster a **culture of resilience** throughout your enterprise. Position organisational resilience over your core competencies and across your technology and operations, data, workforce and financial domains.

And finally, at the tactical level: Examine your **crisis response** strategy across your organisation. Do severity levels and escalation triggers align through all functions? Is the chain of responsibility well defined? Are all roles socialised throughout your teams? When you understand your risks and build in the correct plans, protocols and trainings, you're better equipped to launch a coordinated response to disruption.

Resilience can serve as a guiding force for your organisation, helping you recover from a crisis more quickly — and, in peace time, bolster your strength and open **new opportunities** as you conduct everyday business.

65%

of Indonesia respondents have altered corporate strategy in response to the crisis. Meanwhile, Global is much higher with 77% respondents said the same.

68%

Indonesia (62% Global)

More than two third of global and Indonesia companies used a crisis response plan during the pandemic

Indonesia COVID-19 Timeline

16

MUI issued fatwa concerning worship during the outbreak.

17

Foreign Minister closes access to visits from 10 countries.

26

Papua implementing Extended Social Restrictions.

31

President issued Government Regulation on Large-Scale Social Restrictions (PSBB).

5

Jakarta starts transitional PSBB.

8

Greater Surabaya starts to transition to a New Normal.

15

Government releases Guidelines for Implementation of Learning in the 2020/2021.

26

West Java to lift PSBB and implement "New Normal Adaptation".

7

President issued President Regulation concerning Vaccines Procurement and Vaccination Implementation.

12

Jakarta back to transitional PSBB.

27

Government sets the tariff-ceiling for RT-PCR test.

1

Temporary closure for the arrival of foreign citizens (WNA).

11

Implementation of restrictions on community activities (PPKM) across Java and Bali.

15

Bogor-Depok-Bekasi starts PSBB.

18

Greater Tangerang area starts PSBB.

22

Greater Bandung area starts PSBB.

28

Greater Surabaya area starts PSBB.

11

Sinovac vaccine test on volunteers in Bandung.

23

Confirmed positive cases exceeds 500 thousand.

March

April

May

June

July

August

September

October

November

December

January

10

WHO asking President to declare a national emergency.

11

WHO declares COVID-19 a pandemic

14

Jakarta closes schools and tourist attractions.

2

Indonesia reports first COVID-19 case.

10

The spread of COVID-19 to 34 provinces. Jakarta starts PSBB.

13

The COVID-19 Task Force was formed. Declaration of COVID-19 as a national disaster.

18

Prohibition of homecoming (mudik) for Eid-Fitr.

20

The creation of a committee for the handling of COVID-19 and National Economic Recovery.

27

Confirmed positive cases exceeds 100 thousand.

31

Bali opens up for domestic tourists.

11

Bali opens up for international tourists.

14

Reimplementation of the PSBB in Jakarta.

6

1.2 million dosages of COVID-19 vaccines have arrived.

13

Vaccination campaign begin, with President being the first one to receive the vaccination.

26

Confirmed positive cases exceeds 1 million.

Data per 26 April 2021

| | Total | % of population |
|------------------|------------|-----------------|
| 1 dose | 11.844.579 | 4,4% |
| Fully vaccinated | 6.998.304 | 2,6% |

A powerful catalyst for positive change

Being optimistic but also realistic allows us to be positive and clear-sighted in our observations. Disruption is inevitable, but the most important question is how you react to it.

This section examines how the 20% companies improved their positions by reacting skilfully, learning from the past and preparing for the future.



Emerging stronger from disruption

Some organisations are better off now than before the crisis began. How'd they do it?

Given the ongoing economic and political turbulence as the pandemic stretches into 2021, it might be surprising to find that 20 percent of Indonesia and Global Crisis Survey respondents reported they're in a stronger position than before the crisis began. The reasons are myriad, including sector and region-specific factors. But a crisis can be a powerful catalyst for positive change.

What are those organisations doing differently?

Broadening their approach to risk and crisis, and applying a holistic strategy to organisational resilience by:

- Thoroughly examining their response to the crisis
- Incorporating insights and lessons learned into their long-term corporate strategy
- Actively building muscle memory to strengthen preparation and response capabilities

At the tactical level, organisations that experienced positive impact from the crisis share several commonalities.

They were significantly more likely to say they'd given substantial attention to discussing organisational resilience.

Acting on those discussions is the next step. Not surprisingly, the better-off respondents were more likely to have taken action already on gaps or inconsistencies the crisis uncovered. Overall, one-fourth of Indonesia respondent (two-fifths global) had not yet conducted a full after-action review, but 85 percent of Indonesia respondents (69 percent Global) said they will have one in place for the next crisis.

Top three areas for improvement identified by organisations that conducted an after-action review:

86%
Environment
Health and Safety



85%
Business Continuity
Management

81%
Physical Security



Global:

- Crisis Management (77%)
- Business Continuity Management (69%)
- Enterprise Risk Management (66%)

Source: PwC's Global Crisis Survey 2021

Another benefit of self-examination?

Confidence. Companies that conducted an after-action review were significantly more likely to say they are very confident of their ability to implement lessons learned. On the flip side, only 4 percent (12 percent Global) of those who did not conduct a review shared that assuredness.

Every crisis presents its own challenges — particularly a once-in-a-generation disruption. But with clear-eyed self-evaluation and a willingness to change, an organisation can build resilience to weather any kind of crisis and emerge stronger on the other side.

20% of both Indonesia and Global organisations said the crisis has had a positive impact on their business.

Who are they?

Data Driven



How did they do?

Strategic, data-focused and committed to building resilience through training and integrating lessons learned, *Data Driven* organisations said they're in a better place in terms of:

- Financial position
- Shareholder value
- Marketshare
- Trade/global engagement
- Operations/supply chain
- Brand/reputation

How did they do it?

These organisations were most likely to have:

- Established a pandemic plan prior to COVID-19
- Sought external support from forensics/investigations professionals
- Significantly altered their corporate strategy
- Designated a crisis response team prior to COVID-19
- Dedicated a team focused on the impact of long-term strategy

How can we get there?

- Crisis planning and preparation
- Forensics
- Crisis strategy and scenario planning
- Crisis response team
- Business resilience

In It Together



How did they do?

Prepared to examine their response to the crisis and attentive to the needs of their people, *In It Together* organisations said they're in a better place in terms of:

- Morale
- Diversity and inclusion
- Culture

How did they do it?

These organisations were most likely to have:

- Established an after-action review or lessons-learned process prior to the pandemic
- Considered the wellness and physical/emotional needs of their employees

How can we get there?

- After-action review
- Leading in crisis
- Crisis communication
- Simulations and exercises
- Crisis recovery
- Stakeholder mapping and engagement

Resilience Pioneers



How did they do?

Innovative, tech-driven and able to adapt to changing conditions, *Resilience Pioneers* said they're in a better place in terms of:

- Technology
- Organisational resilience
- Third-party risk management

How did they do it?

These organisations were most likely to have:

- Established a crisis response and business continuity plan prior to the pandemic
- Enhanced technology
- Agreed that the organisation can learn from the way it has responded to the pandemic

How can we get there?

- Business continuity
- Crisis preparedness assessment
- Crisis management
- Root cause analysis
- Ready Command

‘What is the single most important action your organisation has taken so far in its response to COVID-19?’

A focus on wellness was the leading answer by a landslide to this survey question. From moving to remote work and implementing safety protocols, to assisting workers with personal hardship, organisations put the spotlight on supporting health and safety.

Some industries were hard-hit; others managed to innovate and thrive. Some countries, cities and towns have suffered exponentially more upheaval than others.

Overwhelmingly, though, business leaders across all sectors and territories said their most consequential move was to protect their teams: **Indonesia** 88 percent agreed (34 percent strongly), **Global** 80 percent agreed (32 percent strongly) that their response to the crisis took into consideration the physical and emotional needs of their employees.

In Singapore, a technology company endured significant financial losses but retained 100 percent of its employees. ‘The company has invested so much in our workforce,’ said the senior vice president, ‘and they continue to be an integral part of our company’s recovery going forward.’

Organisations around the globe echoed that sentiment. In Australia, an industrial products firm launched a mental health program. A German automotive company’s assurances that jobs wouldn’t be cut, along with stronger organisational support, tightened the bonds between management and employees.

To be sure, promoting staff health is good business. As a pharmaceuticals and life sciences company executive put it: ‘We need to motivate the employees and make them sure that we can overcome the crisis together.’

But with the entire world experiencing the collective trauma of illness and grief, lockdowns and quarantine, companies needed to adapt swiftly to keep business moving. For some organisations, that meant keeping their people safe at home — in some instances a wholly unfamiliar way of working.

A new personal resilience emerged as people dealt with unprecedented challenges: remote work and school, isolation from friends and extended family, and the endless adjustments, minor and monumental, wrought by the pandemic. That ability to adapt, to manage fundamental shifts in the way we live and work, is at the heart of individual and organisational resilience.



Employee focus and digital transformation.’

Banking and Capital Market, Head of Department, Indonesia

80% agree

(both Indonesia and Global)
that their organisation has considered
the wellness, physical and emotional
needs of employees during the
pandemic

Source: PwC's Global Crisis Survey 2021

At one of telecommunication firm in Indonesia, business leaders found value in acknowledging employees' need for the 'wellbeing, safety and health of workforce are the most important things.' And a telecommunication leader said that 'We must continue providing our employees with their salaries as their fundamental rights.'

How we fully emerge from the pandemic has yet to be written. But the common thread of organisations focusing on the wellness of their workers should continue when life — and business — gets back to normal.



Building resilience

Continuous improvement:

92%

of organisations that had an established after-action review process in place prior to COVID-19 and that have conducted a formal after-action review of their pandemic response also plan to have a process in place for future disruptions.

Indonesia
TOP **5**

What action did you take when you realised the pandemic was going to have a major impact?

1 Improved ability to conduct **operations remotely** **65%**

2 Enhanced technology **55%**

3 Modified **communication/stakeholder engagement** **40%**

4 Deferred major investments **38%**

5 Carried out **headcount reductions** **36%**

Global:

1. Improve ability to conduct operations remotely (**65%**)
2. Enhanced technology (**55%**)
3. Carried out headcount reductions (**40%**)
4. Modified communication/stakeholder engagement (**38%**)
5. Deferred major investments (**36%**)

Indonesia
TOP **5**

What action are you planning to take now?

1 Quickly **adapt strategy** to respond nimbly to major interruptions & implement changes **87%**

2 Implement an 'after action' review process in place for future incidents **85%**

3 Actively work on **increasing resilience** in the near future **81%**

4 Make **changes to corporate strategy** in response to COVID-19 **73%**

5 Accelerate the **transformations** in areas identified as opportunities as a result of COVID-19 **70-91%**

Global:

1. Make changes to corporate strategy in response to COVID-19 (**77%**)
2. Quickly adapt strategy to respond nimbly to major interruptions & implement changes (**77%**)
3. Actively work on increasing resilience in the near future (**69%**)
4. Implement an 'after action' review process in place for future incidents (**69%**)
5. Accelerate the transformations in areas identified as opportunities as a result of COVID-19 (**50-82%**)

Rules of engagement are radically different as stakeholder communication needs evolve.

Nearly 100 percent (76 percent Global) of Indonesia organisations surveyed said they communicated effectively with their external partners during their crisis response - a very healthy majority. But there's a vast difference between a periodic data-share and truly engaging with stakeholders.

Companies who fared better overall dug a bit deeper than routine communique. These organisations were more likely to:

- Identify relevant information in a timely manner
- Tailor stakeholder initiatives based on their response strategy and priorities
- Engage frequently to understand the impact stakeholders were experiencing

Internal communication performed even stronger, with 84 percent (81 percent Global) of Indonesia respondents confident their organisation communicated effectively with employees throughout the pandemic.

Some unexpected benefits can arise from more interaction, as well. In Hungary, a professional services provider said that pre-crisis, all-hands sessions had been rare. But with the onset of remote working, the firm successfully launched a new series of enterprise-wide meetings and workshops.

'We always ensure communication to all' said the respondent. 'and we also try our best to protect the employees and families.'



Digitisation, predictive analytics, artificial intelligence:

Data tools and capabilities are critical, particularly as remote work feeds the need for clear decision-making channels and fuels the risk of cyber attacks.

90% of Indonesia respondents (75% Global) said technology as facilitated the coordination of their organisation's crisis response team.

“Crisis management in response to the pandemic has been properly and effectively executed. As a result, the impact that is experienced is not too severe, and the company managed to operate despite its limitations.”

Financial Services Chief Operating Officer, Indonesia

How sectors have fared

Which sectors have taken the hardest hit?

Hospitality and Leisure

86%

Higher Education

83%

Organisations in these sectors experienced 'negative' and 'significant negative' impact:

Industrial Manufacturing and Automotive

80%

Government and Public Services

77%

Financial Services

76%

Energy, Utilities and Resources

76%

Consumer Markets

72%

Health Industries

65%

Technology, Media and Telecommunications

61%

Source: PwC's Global Crisis Survey 2021

The return

Is ROI quantifiable in a crisis — even a disruption as devastating as the COVID-19 pandemic?

PwC's Global Crisis Survey 2021 reinforces what we've learned over decades of supporting clients across every sector and through all types of disruption:

With organisational resilience built into your DNA, you can emerge from a crisis stronger, prepared to secure new possibilities and ready to take on what's next.

Organisational resilience: your ROI

- ▶ Ability to anticipate and identify threats
- ▶ Faster response activation
- ▶ Clarity of roles and plans
- ▶ Confidence through muscle memory
- ▶ Access to critical data and insights
- ▶ Reinforced purpose and values
- ▶ Strengthened trust with stakeholders
- ▶ Ability to emerge stronger

Our service offerings:

Global Crisis Centre (GCC)

- Crisis preparedness maturity assessment
- Crisis program building and enhancements
- Integrated response management and crisis coordination
- Operational response and fact finding
- Recovery strategy
- Operational remediation
- Lessons learned and integration

Financial crime, Cyber and Forensics

- Investigations and litigation support
- Global Intelligence Operations Centre (GIOCC)
- Fraud and Forensics data analytics
- Digital forensics and e-discovery
- Cyber resiliency framework
- Fraud risk management and anti-fraud programs
- AML & Sanctions assessment, remediation and operations

To learn more

Visit our [Global Crisis Centre](#) to assess how you can be confident in your ability to turn crisis into opportunity.



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