

TRANSFORMATIONAL TALENT

The impact of the Great Resignation on digital transformation in Indonesia's SMEs

SAP polled 1,363 small and medium business leaders in Asia Pacific and Japan, including 210 in Indonesia, to uncover insights into how SMEs are juggling key global challenges and opportunities almost two years after the onset of the COVID-19 pandemic.

What they told us shines a light on the relationship between the Great Resignation and digital transformation in Southeast Asia's SMEs for the very first time.

Indonesia's SMEs have rebounded from the pandemic, yet are challenged by a volatile workforce

Two years on from the onset of the pandemic, SMEs have adapted. But things continue to change quickly, even from just a year ago:

62%

said their business revenues were better last year than in the first year of the pandemic, significantly higher than APJ's average of 47%.

50%

said costs and expenditure had increased in the past year.

72%

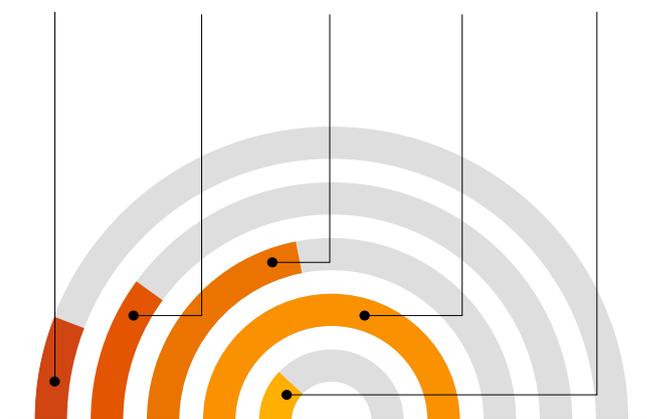
said their workforce stayed the same size or increased compared to a year ago.

Indonesia's SMEs have proven their resilience – and are looking toward growth

The change in environment has prompted businesses to move from a reactive footing based on resilience, to one looking to enable future growth.

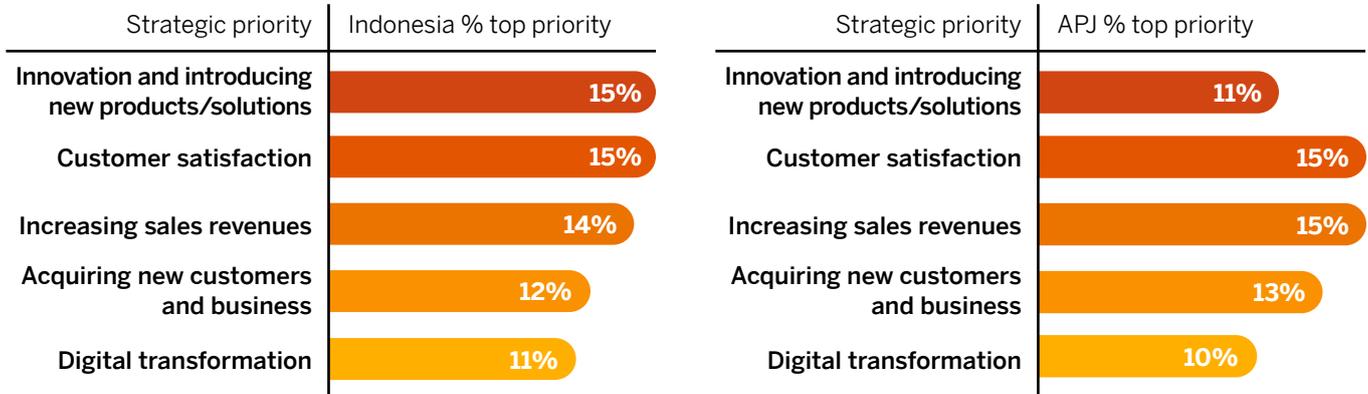
How well do you rate your organisation's current state in weathering the pandemic's impact?

Not resilient at all	Low resilience	Neutral	High resilience	Fully resilient
6%	10%	22%	50%	12%



84% of SMEs in Indonesia said they are either neutral, highly, or fully resilient in dealing with the challenges of the pandemic. That has led to 93% of respondents noting they are moderately, very, or extremely optimistic about growth over the next 12 months. SMEs in Indonesia understand tech is key to drive that growth. Innovation is the top strategic for SMEs, along with customer satisfaction, and increasing sales revenues.

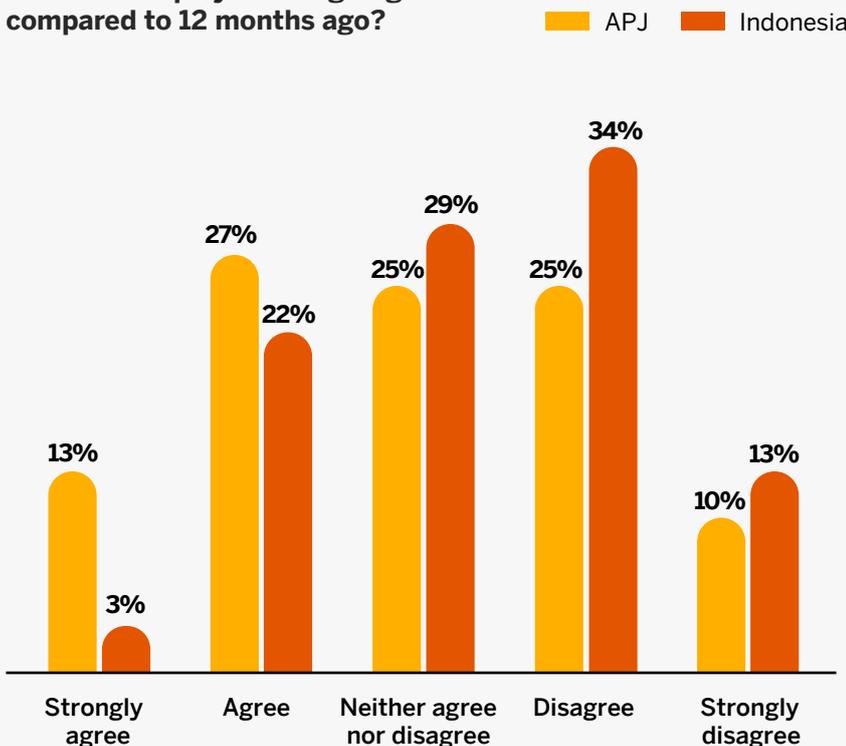
What are your organisation's top strategic priorities in the next 12 months?



The Great Resignation is real for Indonesia's SMEs

First coined in 2021 in the United States, the Great Resignation refers to a global workforce trend where millions of employees are voluntarily leaving their jobs. Indonesia's SMEs are experiencing the Great Resignation a little less than the rest of Asia Pacific and Japan. 25% of Indonesian SMEs say more staff are resigning now compared to a year ago.

Are more employees resigning now compared to 12 months ago?



And it's having a real impact on business:

63% said they aren't finding it easy to deal with the Great Resignation

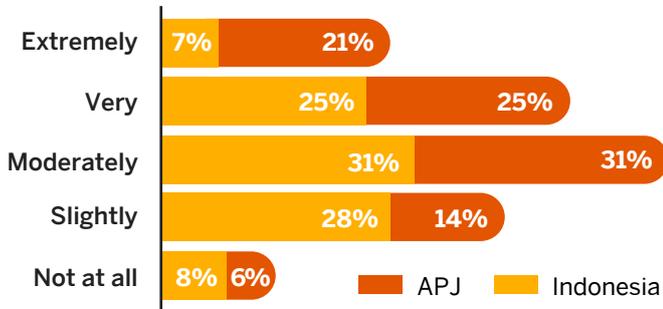
33% found it difficult to hire or find replacements compared to a year ago

47% said they see few or no qualified applicants when they try to hire

The Great Resignation is impacting digital transformation

The Great Resignation isn't only impacting workforces, it is also having a real effect on SMEs' ability to digitally transform their businesses.

To what extent is workforce volatility (e.g. talent leaving) impacting your organisation's ability to innovate and its digital transformation plans?

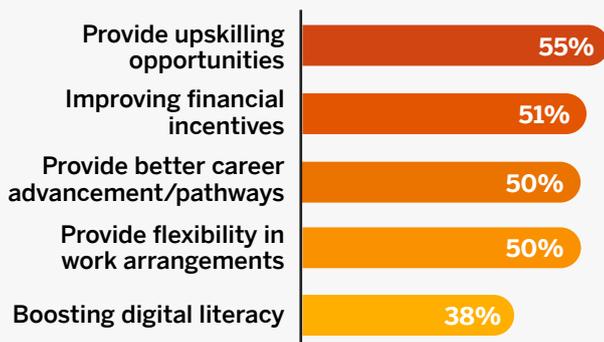


In fact, lack of skilled talent to drive digital transformation is ranked top of Indonesian SMEs' digital transformation challenges (52%), ahead of traditional insecurities about cybersecurity or lack of budget. This is important because 81% of SMEs in Indonesia say digital transformation is very or extremely important to their organisation's survival for the next year.

Indonesia's SMEs are investing in flexibility and training to mitigate the Great Resignation

So, how are Indonesia's SMEs retaining talent? We found improving training and financial incentives are twin strategies in starving off the Great Resignation.

What strategies will you invest in to boost talent retention in the next 12 months?



SMEs in Indonesia have turned to training and education to retain staff and bolster their organisations' ability to deliver digital transformation:

86% agreed they need to upskill and train employees urgently to support digital transformation

82% will focus on digital training and development over the next 12 months

So, SMEs are considering partnership to supplement their teams

As SMEs face up to the Great Resignation, it's no surprise that many are increasingly looking beyond their own organisations to collaborate with trusted partners on their digital transformation.

72% agreed that external partners who can help with digital transformation are an absolute must for the future growth of their business.

54% however, a significant number of SMEs said they considered finding an external services provider but didn't know where to start

Choosing a partner is an important commitment and shouldn't be taken lightly. Platforms like the [SAP Partner Finder](#) are one way to do that. Be sure to consider a range of options and take the following considerations into account:

- Service level commitments
- Expertise across enterprise applications and cloud platforms
- Partner ecosystem
- Track record of success
- Industry experience
- Innovation credentials