

Revenue to surpass target

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The government is confident that it can surpass this year's revenue target as it hopes to maintain its improving record in tax collection.

Finance Minister Sri Mulyani Indrawati said the government is expected to book a surplus in revenue this year, thanks to positive trends in tax as well as non-tax revenues.

"With the current calculations, including the [projected] currency exchange rate in the second half, among others, we expect to book up to Rp 8 trillion [US\$557.8 million] more [than the target]," she said after a House of Representatives plenary meeting in Jakarta on Tuesday.

The government is targeting to secure an income of Rp 1.89 quadrillion this year, as outlined in the state budget, up from Rp 1.73 quadrillion targeted in the revised state budget last year.

The 2018 income target comprises Rp 1.42 quadrillion in tax revenue, Rp 275.4 trillion in non-tax revenue and Rp 194.1 trillion from customs. The government also expects up to Rp 1.2 trillion in *hibah* (grants).

During the first half, the tax authority collected Rp 581.54 trillion in tax revenue, or 40.84 percent of the full-year target. The figure is slightly higher than that of the same period last year, during which it collected 39 percent of its target.

Taxation Director General Robert Pakpahan said he would like to see tax revenue growth pick up in the second half.

"We are optimistic that [tax revenue] growth will be higher at the end of the year than in the first half. It would be good if we could record a growth of between 17 and 18 percent year-on-year [yoy]."

Robert added that increased tax revenue growth was primarily driven by better compliance from taxpayers this year, better monitoring by tax authorities and the positive effects of last year's tax amnesty.

Despite the positive outlook, the tax office's tax revenue and compliance director, Yon Aرسال, warned that a shortfall in tax revenue was still possible, although the current figures meant the

Govt eyes Rp 1.89 quadrillion in tax revenue this year

Revenue growth driven by better compliance

shortfall may not be as big as in previous years.

Income tax (PPH) was recorded at Rp 67.9 trillion during the first half, up 22.23 percent yoy, while corporate income tax stood at Rp 119.9 trillion in the same period, a growth of 23.79 percent yoy.

Eric Sugandi, an economic observer at the Asian Development Bank (ADB) Institute, said the government's bullish outlook may have been inspired by better-than-expected revenue collection in June.

He was sure the overall revenue target would be met if commodity prices continued its upward trend until the end of the year, which would eventually spur increases in non-tax revenue and oil and gas taxes, while greater economic activity would boost tax revenue.

While lauding the government's effort to boost tax collection, Gadjah Mada University economist Tony Prasetyantono said the aggressive approach could backfire at a time when household spending had yet to pick up.

"The 'success story' [of tax collection] would have a negative impact if the people's disposable income declined, which in turn could reduce people's purchasing power and lead to [consumers'] declining propensity to spend," he said.

The positive growth in tax revenue was recorded at a time when the government is trying to avoid the negative impacts of escalating trade tensions between the United States and China, which include the need to review fiscal incentives for the private sector.

"The incentives we offer [investors], such as a tax holiday or tax allowance, would be reviewed on whether they are interesting enough compared to [incentives offered by] other countries and if they are enticing enough to boost exports," Sri Mulyani said.

Danny Darussalam Tax Center managing partner Darussalam said trade tensions between the US and China would result in less room for the government to maximize its revenue collection.

PRESIDENTIAL ELECTION

Jokowi set to pick non-partisan for VP slot

Nurul Fitri Ramadhani and
Marguerite Afra Sapiie

THE JAKARTA POST/JAKARTA

President Joko "Jokowi" Widodo appears to have made up his mind regarding his running mate in the 2019 presidential election, especially following his meeting with Megawati Soekarnoputri, the chairperson of the Indonesian Democratic Party of Struggle (PDI-P), his largest backer in the race.

Figures within the PDI-P have indicated that Jokowi and Megawati have agreed on three possible candidates for the vice-presidential slot and none of them are party politicians.

Jokowi and Megawati held a private meeting on Sunday at the Bogor Palace, West Java, to narrow down the list of potential vice-presidential candidates.

The two are expected to deliberate with leaders of political parties in the ruling coalition regarding the final pick for the slot before July 15.

Analysts have speculated that Jokowi is likely to pick someone who is not a political party member to join his ticket to ensure fair

treatment for all the parties within his coalition.

Spokesperson for the Presidential Office Ali Mochtar Ngabalin said it was highly unlikely that Jokowi's running mate would be a party-political figure.

"[The candidate will be] a national figure with a good intellect, bright future and will be very compatible with Jokowi," said Ngabalin.

Speculation was rife that the top-three figures on Jokowi's list are Presidential Office chief Moeldoko, who is also a former Indonesian Military (TNI) commander, former Constitutional Court chief justice Mahfud MD and two-time governor of West Nusa Tenggara Muhammad Zainul Majdi, affectionately known as Tuan Guru Bajang.

Two other figures, Finance Minister Sri Mulyani Indrawati and Indonesian Ulema Council (MUI) chairman Ma'ruf Amin are also still being considered.

Moeldoko is regarded as a likely candidate, especially after he was appointed to his current post earlier this year. With his background in the military, he is ex-

pected to bring in support from service personnel, who supported Gerindra Party presidential candidate Prabowo Subianto in 2014.

However, according to political analyst Syamsuddin Haris of the Indonesian Institute of Sciences, even with his military background, Moeldoko has only a slight chance of joining Jokowi's ticket. "Because he's unlikely to boost Jokowi's Islamic credentials," Syamsuddin said.

Mahfud, meanwhile is said to have the best chance, given his background as a member of the country's largest and most influential Muslim organization Nahdlatul Ulama.

An opinion poll conducted by the Populi Center showed Mahfud ranked fifth in the list of most popular vice-presidential candidates, with a popularity rating of 4.8 percent, beating Moeldoko and political-party figures — National Awakening Party (PKB) chairman Muhaimin Iskandar and United Development Party (PPP) chairman Muhammad Romahurmuziy.

"[Mahfud] is quite close to the Muslim community and he also has expertise in the law," Syam-

suddin said.

As for Tuan Guru Bajang, his decision to announce his support for Jokowi drew the ire of the Democratic Party, as he sits on that party's central board.

The Democratic Party leadership has described this as a personal decision and not representative of the party's stance.

On Tuesday, Democrats chief patron Susilo Bambang Yudhoyono held a meeting with Golkar Party chairman Airlangga Hartarto. The Dems have worked to promote Yudhoyono's son Agus Harimurti as a leading candidate for a vice-presidential slot in the race, including the idea of pairing him with Jakarta Governor Anies Baswedan.

Democratic Party secretary-general Hince Panjaitan said no deal was reached during the meeting.

With Jokowi ready to opt for a non-partisan figure as running mate, Golkar may have second thoughts about joining Jokowi's ticket.

Golkar executive Muhammad Sarmuji said the party still expected Jokowi to run with Airlangga.

Parties look for more than token female candidates

Karina M. Tehusjarana

THE JAKARTA POST/JAKARTA

Political parties preparing to submit their candidate lists for the 2019 legislative elections are looking to ensure that they not only meet the legal female representation requirement in each electoral district, but do so with high-quality candidates.

There are 575 House of Representative seats up for grabs in 80 electoral districts across the country next year, with a further 19,817 seats open for contest in 2,478 regional, regency and municipal legislative council electoral districts.

As part of the effort to increase women representation in politics, the 2017 General Elections Law applies a gender quota that requires political parties to ensure at least 30 percent of legislative candidates are women.

A 2008 law regulating political parties also requires parties have at least 30 percent female representation on their central executive board in order to contest general elections.

Despite the requirements, the proportion of women in the legislature remains lower than in many neighboring Southeast Asian countries.

The Inter-Parliamentary Union's "Women in Politics" report puts Indonesia 99 out of 193 countries, with 19.8 percent female representation in

Elections Law applies gender quota to boost women's participation in legislature

New parties race to recruit quality women candidates

the legislature, ranking below Timor-Leste at 38.5 percent, the Philippines at 29.5 percent and Singapore at 23.8 percent.

Several parties have expressed difficulty in recruiting quality female candidates, with some citing problems in persuading women to take public stage in what remains a very patriarchal society.

Indonesia Parliamentary Women's Caucus head and Prosperous Justice Party (PKS) lawmaker Dwi Septiawati Djafar said deficiencies in the party recruitment process were among the factors contributing to the lack of quality female candidates.

"Parties that do not have a proper member regeneration and education process will have a harder time," she said, claiming that her own party had little problem in finding capable female candidates.

She added that larger and more established parties like the Indonesian Democratic Party of Struggle (PDI-P) and the Golkar Party were also unlikely to face too much difficulty with regard to

recruitment.

"The problem is that for legislative candidates, it is not only competence and capability that is important but also electability and popularity," she said. "Political parties also need to win."

She said competence and electability were two qualities that were difficult to find in a single candidate and were often inversely related to each other.

"Gaining popularity requires a different skill set than being a competent legislator, with candidates needing to be better at personal branding," she said.

She pointed to examples from her own party, where many women members who were very active at the subdistrict and district level failed to gain traction when running at the provincial level.

"Many of our female members are active in local majelis taklim [Islamic study groups] and Posyandu [integrated health services posts], and that is usually enough to win at the regency or municipal level," she said. "But at the provincial or central level, it requires more social capital."

NasDem secretary-general Johnny Plate agreed, saying that looking for qualified and viable female candidates was not simple but that the party had fulfilled the requirements ably.

"We also have a small surprise with regard to female candidates," he said, adding that there were a number of locally and nationally

recognized figures on NasDem's candidate list, but he declined to elaborate further.

New parties have also gone to special lengths to ensure that they meet the 30 percent threshold without sacrificing candidate quality.

The United Indonesia Party (Perindo), for example, reached out to several women's organizations during its recruitment process.

"We provided as many opportunity as possible for such organizations to propose candidates and for prominent female figures to register with us," Perindo secretary-general Ahmad Rofiq said.

He cited Indira Jusuf Ismail, the wife of popular Makassar Mayor Ramdhan "Danny" Pomanto, and Erlinda, a former Indonesian Child Protection Commission commissioner, as examples of female candidates on Perindo's list.

The Indonesian Solidarity Party (PSI), which boasts the highest ratio of female representation on its central executive board at 66 percent, is also confident about meeting the requirement.

"It's true that it is challenging and we faced difficulties in some regions but overall we have many strong female candidates," PSI board chairman Tsamara Amanya said, adding that most of the party's executive board members, including herself, would be running.

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US, RI to discuss bilateral trade

BATAM: United States Ambassador to Indonesia Joseph R. Donovan Jr. has said that he has talked to a number of Indonesian ministers about 124 Indonesian products listed in the Generalized System of Preferences (GSP).

"What we are doing is to increase trade with Indonesia, both exports and imports," said Donovan at Hotel Best Western Panbil in Batam, Riau Islands, on Monday evening on the sidelines of a celebration for US Independence Day.

"The important thing is that we work together to increase trade and economic ties between the two countries. I spoke today to a number of ministers. [...] I believe there is much we can do together."

Previously, Sofjan Wanandi, an expert staff member to Vice President Jusuf Kalla, said President Donald Trump had warned the government about Indonesia's trade surplus with the world's largest economy.

Trade Minister Enggartiasto said the country was reviewing how Indonesia benefited from export tariff cuts through the GSP. Roughly 10 percent of Indonesian products would be affected if the US went ahead with its plan to remove 124 products from the system, he added.

Indonesia has consistently recorded a trade surplus with the US. In 2017, its trade surplus was US\$9.67 billion, 9.89 percent higher than the \$8.84 billion surplus recorded in 2016. From 2013 to 2017, Indonesia's surplus grew at a rate of 8.47 percent per year. — JP

PATIMBAN PORT

Govt preps for new RI-Japan project

Farida Susanty

THE JAKARTA POST/JAKARTA

The government is gearing up for the development of Patimban Port, a Japan-Indonesia flagship infrastructure project in the northern coast of West Java, which is expected to kick off this month.

The port is intended to ease traffic in the country's main trade port, Tanjung Priok Port, in North Jakarta.

"We will conduct the project's groundbreaking [...] in the fourth week [of July]," said Transportation Minister Budi Karya Sumadi, adding that the port is expected to reach completion within a year.

In the first of two phases of development, the port will largely be used to export automotive products, he said.

In this phase, it is expected to accommodate 3.5 million twenty-foot equivalent units (TEUs) and 600,000 vehicles (CBU).

In the second phase, the government plans to increase capacity to 5.5 million TEUs and later to 7.5 million TEUs.

The port will also be equipped with a backup area of 356 hectares to support logistics.

Patimban Port will be located about 70 kilometers from the Karawang Industrial Estate and Bekasi in West Java, where many Japanese industrial firms operate, particularly automotive manufacturers.

The government previously stated that the new port would help lower the exporting costs of automotive products from Indonesia. Estimated to cost US\$3 billion, it is among the national strategic projects between Indonesia and Japan, in which the latter will provide loans.

Last November, Japan inked an agreement to fund the port's initial development through the Japan International Cooperation Agency (JICA) with loans amounting to 118.9 billion yen (\$1.1 billion).

The loan will benefit from JICA's Special Terms for Economic Partnership (STEP), including a

fixed interest rate of 0.1 percent with a 40-year maturity period.

The funds will be used to finance the first phase of the project, which will comprise a 8.1-km road to access the port, a new terminal, a bridge and a backup area.

In May, the government appointed five contractors to handle the project, three of which are from Japan, including Penta Ocean, TOA Corporation and Rinkai. The other two are state-owned construction companies Wijaya Karya and Pembangunan Perumahan (PP).

Budi added that given the timeline of the port's development, the ministry will open the bid for an operator in September. He ensured that the Indonesian operator would have a majority share.

However, the government has remained vague on whether the private enterprise will rule over the state enterprise, which was reportedly requested by Japan.

"We will put it out to tender. [The dominant enterprise] does not have to be a state enterprise," Budi said.

Previously, state port operator Pelindo II, which manages Tanjung Priok Port, announced it had signed a memorandum of understanding (MoU) with several Japanese companies, including Mitsui Group. It maintained its ambition to be the majority shareholder.

Publicly listed cargo transportation and logistics firm Samudera Indonesia said it had also filed letter of intent to operate Patimban and join the bidding.

While conceding that it had signed an MoU with an undisclosed private company, Samudera Indonesia assured it has not established a fixed consortium with other firms.

"We have prepared the capex [capital expenditure] for the bidding," said Samudera Indonesia director Bani M. Mulia.

He said the port did not have to be connected to Tanjung Priok in terms of operations, as it can boost capacity for the West Java area and serve as an option.

China's BRI has perception problem, experts say

Agnes Anya and
Riza Roidila Mufti

THE JAKARTA POST/JAKARTA

China should fix its perception problem in Indonesia if it wants to persuade Southeast Asia's largest economy to back its flagship Belt and Road Initiative (BRI), experts say, as reports of Beijing's ideological bent and inconsistency in delivering on mega-projects cast a shadow over its grand ambitions.

Indonesia and China enjoy outstanding bilateral ties and are poised to see them grow into "four-dimensional cooperation" through the BRI scheme, said Xu Liping of the National Institute of International Studies and Chinese Academy of Social Sciences.

This prospect could, however, be challenged by negative perceptions about China that are implicit in Indonesian media and public opinion in general, Xu said during a roundtable discussion hosted by the Centre for Strategic and International Studies (CSIS) and Tenggara Strategics.

"Many negative images about China [dominate] in Indonesia — that is a misunderstanding and I think we should work on that," he

said in Jakarta on Tuesday.

Many observers feel that the BRI agenda is well-aligned with President Joko "Jokowi" Widodo's priority development programs in connectivity and infrastructure, but concerns have been raised about inconsistent implementation in earlier projects and unmanageable debt, and other unflattering opinions of China have translated into a lack of Indonesian BRI projects.

The US\$5.1 billion high-speed rail project between Jakarta and Bandung, West Java, which is roughly 75 percent funded by China Development Bank, has recently come under fire for a delay in loan disbursements.

Indonesia also has issues with the arrival of Chinese migrants flown in to work on existing joint projects. In November last year, *The Jakarta Post* reported that PT Indonesia Morowali Industrial Park in Morowali, Central Sulawesi, which is 75 percent owned by China-based Shanghai Decent Investment group, hired 1,000 Chinese construction workers with "permits pending".

Xu said afterward that it was essential for both countries to work on their people-to-people

exchanges, particularly among journalists, social media influencers and other opinion makers, so as to prevent misunderstandings.

He noted that there was no official Chinese cultural center in Indonesia, which made it hard for Indonesians to have a complete understanding of China and its potential. "China will not dominate Indonesia because Indonesia is a big

country and located far from China," he said. However, he acknowledged that Indonesia might not want to take part in the BRI initiative.

Similarly, Wang Yiwei from China's Renmin University said that negative perceptions of the BRI were normal, considering the ambitious mega-project was "only a five-year-old baby".

"This is caused by the fact that

we do not know each other well. The best way to change that is through [exchanges of experiences]," Wang said on Tuesday.

One of his suggestions was that China should improve its "public relations" work.

Meanwhile, CSIS executive director Phillips Vermonte said such negative perceptions were not new in Indonesia.

In the 1970s, riots broke out following a state visit by then Japanese prime minister Kakuei Tanaka to Indonesia. The demonstrations, which Philips described as a "harsh reaction", occurred as a form of protest at Japanese investment.

"After that, the Japanese learned very quickly that cultural aspects mattered a lot and they set up a Japanese cultural center," he said.

"I agree that we need this kind of arrangement to have people-to-people connections."

The BRI was launched by Chinese President Xi Jinping in 2013 to build an overland road and rail network, as well as maritime routes, oil and natural gas pipelines and other infrastructure projects in 65 countries from Central China through South, Southeast and Central Asia and Europe.

Indonesia has expressed an openness to the initiative, but proposals have yet to materialize, with talks about projects in North Sumatra, North Kalimantan, North Sulawesi and Bali. However, the Indonesian government says that the cooperation must, among other things, ensure there is Indonesian labor utilization and transfers of technology.



JP/Seto Ward

Strategic meeting: Xu Liping (center), a senior research fellow at the Chinese Academy of Social Sciences (CASS), speaks during a roundtable discussion on China-ASEAN strategic cooperation at the Centre for Strategic and International Studies (CSIS) in Jakarta on Tuesday. Also present as speakers were CSIS executive director Phillips J. Vermonte (left) and Wang Yiwei, director of the Institute of International Affairs at Renmin University of China.

Pertamina to help LPG subsidy with new program

Stefanno Reinard Sulaiman
THE JAKARTA POST/JAKARTA

State energy giant Pertamina expects that its new strategy to market nonsubsidized liquefied petroleum gas (LPG) in small canisters will help improve the distribution of the subsidized ones as targeted by the government.

Since more than a decade ago, the government has been distributing 3-kilogram LPG canisters, which are mostly used for cooking by lower-income residents and popularly known as "LPG melons" due to their green color.

However, as Pertamina has no clear supervision mechanism to control the buyers of the subsidized LPG canisters, the supply has become scarcer in the market.

Based on Pertamina's findings on the ground, the subsidized 3-kg LPG canisters are also used by people who are not eligible for the subsidy because of the wide distribution, indicating that the government's gas supply subsidy is missing its target.

Theoretically, people ineligible for the LPG subsidy should buy the nonsubsidized 12-kg canisters.

Pertamina then decided to distribute the nonsubsidized 3-kg gas canister to cater to the growing demand among the upper-middle class, which is not eligible for the subsidy, but in favor of

Company starts piloting to sell nonsubsidized 3-kg LPG canisters

New product expected to improve distribution of existing subsidized LPG

smaller canisters compared to the 12-kg ones widely available on the market.

In order to differentiate them from the subsidized ones, Pertamina made the nonsubsidized 3-kg canisters pink in color and named them Bright Gas. They are complemented with double spindle valves, a new technology that prevents leakage.

Pertamina corporate secretary Syahril Mukhtar said the company decided to create the new program as it wanted to fulfill demand for 3-kg LPG canisters — which are deemed practical as they are easy to handle compared to 12-kg ones — while also reducing possibilities of the government subsidy missing its target.

He said the new program was still in the pilot project phase as Pertamina had only disbursed 5,000 3-kg nonsubsidized canisters since July 1 in Jakarta and Surabaya, each receiving 3,000 and 2,000, respectively.

Syahril said Pertamina needed three to six months to deter-

mine whether the new product was well received in the market as targeted before deciding to implement it nationwide.

"Once the pilot [project] is finished, we will know how big the impact of this product is to help reduce the problem of subsidized LPG missing its target," he said.

Pertamina acting president director Nicke Widyawati said previously that many people living in cities, particularly those who reside in apartments, needed 3-kg LPG canisters due to their practicality for daily use, but they were ineligible for the government subsidy.

Pertamina set the price of refilling the canisters at Rp 39,000 (US\$2.73), more than double the retail price of refilled subsidized ones, which is around Rp 16,000 per canister. Meanwhile, the price for a new canister is set at around Rp 180,000.

As of May, the realization of 3-kg subsidized LPG had reached around 2.6 million metric tons (MT), or 41 percent of this year's quota at 6.45 million MT. The number is likely to have jumped to date as during the holy month of Ramadhan, which falls in June, household gas consumption is usually at its peak rate.

As for 2019, the Energy and Mineral Resources Ministry has proposed to increase the volume

of subsidized LPG up to 6.9 million MT, or around 500,000 MT higher than 6.45 million MT outlined in the 2018 state budget.

Aside from pinning its hopes on Pertamina's new product, the government is also seeking a better method to improve the distribution of subsidized LPG next year through digitization.

Djoko Siswanto, director general of oil and gas at the ministry, said the government was currently considering distributing the gas subsidies either through a closed-distribution or a cash-transfer (BLT) program, the latter of which had historically been deemed unfair to people in outermost regions.

"If we use the first option, then we should determine who the recipients are; it means we need to supply [them] with [recipient] cards [to identify them]," he said, referring to a card similar to a Social Affairs Ministry program for people in need called the Family Hope Program (PKH).

However, Bhima Yudhistira Adhinegara, an economist at the Institute for Development of Economics and Finance (Indef), doubted that Pertamina's nonsubsidized LPG program would effectively reduce the number of ineligible consumers buying subsidized canisters as the price gap was too high.

Anticipating skill gaps

Bobby Hermanus

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There are many changes affecting various processes and activities that humans do today. In the industry, change also continues to happen, affecting the current business model. The main driver is the massive advancement in technology, including the ability to analyze data with super large dimensions to imitate human cognition through a very complicated algorithm.

One of the implementations is the automation process in various fields of work. This has been borne out by research. In its research last year, McKinsey found that 60 percent of the 80Q jobs reviewed could potentially be automated.

Of these jobs, at least one-third can be replaced by machines. The most potential automated activities are those related to physical labor in a stable environment, such as in manufacturing and commerce, as well as data collection and processing.

In the United States, the proportion of such activity accounts for half of the total employment

activity in the economy with a wage value of US\$2.7 trillion or about 2.8 times the value of Indonesia's GDP.

In fact, the technological factor is just one driver that influences changes in business and work models. In its 2016 survey of business leaders from various industries around the world, the World Economic Forum (WEF) stated that at least 18 factors influenced the change of business models in the industry, divided into two major groups: demography-and-socioeconomics and also technology.

Demography and socioeconomics include such things as the growth of the middle class, increasing urbanization, more flexible ways of working, the younger population in emerging markets, and so on. While technological factors include things like robot technology, big data, artificial intelligence, cloud computing, the Internet of Things, mobile internet, sharing economy, and so on.

There are drivers whose impacts are felt today, such as robotic technology in manufacturing or big data utilization in the business model of a sharing economy, but some are predicted to be more influential in the coming years.

The implications faced by workers regarding the changes in the business model at work will lead to three things. First, the loss of jobs, because some types of work are just gone or even if they are still there they are being replaced by machines. Second, adjusting to new skills needed for work. Third, doing a new job that never existed before.

Take for example the financial services sector. According to the WEF survey, the main drivers affecting the business model changes in this sector are advancements in computing capabilities along with big data, middle-class growth and mobile internet supported by cloud computing. This phenomenon is clearly visible today.

Conventional financial institutions, such as banks, are facing challenges due to the disruptions caused by alternative financial service providers such as fintech

companies. Fintechs are able to provide basic services normally provided by banks, such as loans and payments.

Using a digital platform, a fintech company provides services with simpler, seamless, fast, mobile and easy procedures. Of course, all this is made possible by technological support and consumer characteristics, generally of the millennials who are not only more literate in technology but also want practicality.

In relation to jobs, the obvious implication is the change in needed skills. The need for data scientists and security analysts in the financial industry will increase. That means the needed key skills will also change.

Previously, financial management and banking operation capabilities were much sought after by recruiters. However, in the future, skills like complex problem solving, programming, logical problem solving and creativity will be in demand.

Thus, employees with educational backgrounds in mathematics, statistics and computer science will increasingly be needed. As an illustration, employees with

bachelor degrees who work in the financial sector with mathematics or computer science backgrounds in Indonesia are less than 4 percent, with the majority coming from economics and related majors such as finance, accounting and management reaching 53 percent. For master and doctoral graduates, the number is even lower, as only about 0.3 percent of them have computer science majors. Most of the graduates come from management, economics and law backgrounds.

Companies are often late in anticipating changes in the industry. The main cause is a lack of understanding about the occurring changes and their drivers. As a result, the workforce strategy is not in line with the innovation strategy, which is really needed by a company. If a company lacks employees with the appropriate skills, then productivity will decline. On a larger scale, low productivity would undoubtedly affect the overall output of the national economy.

So, how to anticipate the potential changes in skills at work? At the corporate level, this can be done by reskilling employees.

This means there is an investment related to system and technology, training, job rotation, encouraging job mobility for employees to accelerate the acquisition of new skills and collaborating with educational institutions. But this often cannot be done immediately because the learning process takes time.

Faster measures can be done by creating a workforce strategy that already anticipates the changing trends of the industry. That is, the company plans to recruit employees with the required skills already. The weakness is this strategy makes the company recruit employees excessively and this would lead to increased labor costs.

The best way is to combine these two strategies. Reskilling should be accompanied by incentives to accelerate the learning process while acquiring outside talent that not only fills the skill gaps but also help expand the mastery of the skills within the company.

The writer is a researcher at the Mandiri Institute.