

Group 2- Argentina/ Indonesia

Executive Summary of Argentina

The product we are introducing to one of these two countries is a casual sneaker such as everyday wear Nike and Adidas shoes. The sociocultural aspects of a country are all of the ways that individuals interact with one another and how their culture affects these interactions. The geographic characteristics of Argentina are very diverse and include plains, deserts, forests, mountains, and the Atlantic ocean accessible on the eastern coast. Furthermore, it is known as a dry country that does not receive much precipitation. These geographical characteristics all present the need for durable closed toe shoes. According to data from the World Bank, Argentina has a total population of 45,748,193 people with a 0.95% growth rate, a median age of 31 among its citizens, and a labor force of 19,191,447 people.

In Argentina, the ideal of a strong family bond and personal relationships is extraordinarily important, allowing citizens of each community to share a warm and honest connection with each other. Due to their focus on family, Argentinian children typically live at home until a change in lifestyle, such as marriage. Despite the common theme of harmony in Argentina, there is a large disparity between each social class. The upper class consists of only 3% of the population, the middle class accounts for 30% of the population, and the lower class makes up 33% of the population. Citizens who reside in urban areas typically live in high-rise apartments and those who reside in rural areas live in concrete ranch-style houses. When considering what goods to purchase, rural consumers tend to be more selective of new products and usually only buy what is necessary. On the other hand, urban customers tend to be more willing to accept high prices for necessary goods.

In Argentina, all foreign companies must follow the same tax system as domestic companies. The corporate tax rate currently stands at 30%. The current GDP is \$383.1 billion and was down 9.9% in 2020. However, the GDP is predicted to rise 7.5% by the end of 2021, and this is a total increase of 17.4% over the last 12 months. In recent years, Argentina was the United States' 33th largest exporter and the 48th largest supplier of imports in 2019 alone. There are two exchange rates in Argentina, the USD and the Argentine Peso. One Argentine Peso is worth one cent in the United States currency.

Most of the clothing market is controlled by large retailers that have a large scale of operations. Large retailers account for about seventy two percent of total sales. In Argentina, the retail sector is the second-largest component of Argentina's GDP, contributing thirteen percent. This country has many transportation methods available in order to support a growing business. These methods include roads, railways, rivers, and air travel, but the biggest service offered in Argentina is Air Travel. Every major city, including some small ones, have an airport, and nearly all the largest cities have international airports. The most important one being Ezeiza, located outside of Buenos Aires. They offer rail and road transportation but are used way less compared to air travel.

Summary of Indonesia

The cultural and social aspects are all of the ways that individuals interact with one another in the geographic location of Indonesia. In Southeast Asia, Indonesia is the largest country and the largest Muslim country in the world. Indonesians have a group-think mindset, meaning they value community and support one another. Ethnicities and culture depend on the land and traditions of each island, leading to different ways of life based on location. The regional music natively combines harmony and strong beat. This is prevalent in the genre of Dangdut, which is primarily performed barefoot, showing a lack of

necessity for a casual sneaker by locals. There is a strong emphasis on family relationships that reflects on Indonesia's other priorities as a nation. The younger generations in the family are responsible for looking after the older ones, such as grandparents, and will maintain responsibility for their parents as they age. Parental duties mainly focus on providing for the family and keeping the family intact, meanwhile children can be responsible for everything from chores to raising younger siblings.

Social classes in Indonesia are reflective of the economic state of the country. The middle class is responsible for most of economic growth. Indonesia is located on one of the world's major trade routes and has extensive natural resource wealth. It is critical to have an understanding of Indonesian culture and consumer preferences to get into this market. A major obstacle of doing business in Indonesia is getting the permits and licences that you need because it can take a lot of time. Many businesses in Indonesia mirror their strong family values. Overall, harmony and peace are important with business and productivity.

Indonesia is a country with a rich culture. In Indonesia, football (soccer) is the most popular sport. In Indonesia, around twenty to 20%-26% of the average income is spent on leisure activities such as sports, movies, and shopping. The retail sector in Indonesia is one of the most promising markets in Asia. Yet, many parts of Indonesia have not been adequately served by the transportation network. In Indonesia, water transport is the main service offered. There are numerous ports, which mostly allow larger vessels to load/unload goods. Indonesia does have a couple of airports but very few of them offer international travel.

Normal corporate tax rates fall at 25% in Indonesia. While several markets are vulnerable to trade barriers, they will not impact our chosen field. Regarding tariffs, Indonesian law states tariffs will not surpass 40% of customs worth. Keeping production domestic is a goal of the government and they will show preference to companies who do so. Indonesia has a high appeal for foreign direct investment (FDI) due to its strong domestic demand, stable political situation, and well-regarded macroeconomic policy. However, several foreign investors have complained about vague and conflicting regulations, bureaucratic inefficiencies, ambiguous legislation in regards to tax enforcement, poor existing infrastructure, rigid labor laws, sanctity of contract issues, and corruption. In order to conduct business in Indonesia, foreign investors must be incorporated as a foreign-owned limited liability company (PMA) through the Ministry of Law and Human Rights.

Comparison and Recommendation

The topography and geographical characteristics of Argentina present the need for durable sneakers more than Indonesia because of the abundance of mountains. However, the corporate tax rate in Argentina is 30% compared to only 25% in Indonesia. Over half of Argentina households are in the middle class, and this class has doubled in size over the last ten years. The durable shoes we are introducing will be predominantly purchased by the middle class. Indonesia has a middle class that consists of 20% of the population, and we expect to sell more per capita in Argentina. The primary form of dance in Argentina is the tango, which requires quick movement of the feet. However, the numerous styles of dance in Indonesia are performed barefoot for the most part. This proves a need for casual sneakers more in Argentina than Indonesia. Furthermore, the unified representation of culture in Argentina makes for a more approachable market. With Indonesia's vast number of islands, and thus different cultures per island, there is a strong barrier when it comes to a simplified marketing and distribution plan. Indonesia also has an extremely underdeveloped transportation system with minimal opportunities for foreign trade. This would prove to be an unyielding issue with regards to supply chain

processes and force a company to work primarily within local parameters. When it comes to business communication and behavior, the two countries show great similarities in how they value personal connection in their professional conversations. It remains a common theme in both nations that business and personal lives regularly overlap, alluding to the fact that both would make for an easy networking community. Although, when honing in on the specific product of a casual sneaker, Argentina has a clear upper hand with their approachable market, product necessity, and smooth application of foreign trade.

Sources of Information

Argentina GDP growth RATE2021 DATA: 2022 forecast: 1993-2020 historical. Argentina GDP Growth Rate | 2021 Data | 2022 Forecast | 1993-2020 Historical. (n.d.). Retrieved November 9, 2021, from <https://tradingeconomics.com/argentina/gdp-growth>.

*Argentina - market entry Strategy*argentina-market-entry-strategy. Argentina - Market Entry Strategy | Privacy Shield. (n.d.). Retrieved November 9, 2021, from <https://www.privacyshield.gov/article?id=Argentina-market-entry-strategy>.

Argentine retailers aim to keep pace with changing demand and online shopping. Oxford Business Group. (2019, September 19). Retrieved November 10, 2021, from <https://oxfordbusinessgroup.com/overview/shifting-landscape-retailers-aim-keep-pace-changing-consumer-demand-and-rise-online-shopping>.

Department, S. R. (2021, July 13). *Topic: Internet usage in Argentina*. Statista. Retrieved November 10, 2021, from <https://www.statista.com/topics/6709/internet-usage-in-argentina/#dossierKeyfi>

Eidt, R. (n.d.). *Argentina*. Encyclopædia Britannica. Retrieved November 9, 2021, from <https://www.britannica.com/place/Argentina>.

European Commission Directorate-General for Trade. Argentina - Trade - European Commission. (n.d.). Retrieved November 10, 2021, from <https://ec.europa.eu/trade/policy/countries-and-regions/countries/argentina/>.

GDP (current US\$) - Argentina. Data. (n.d.). Retrieved November 9, 2021, from <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=AR>.

Indonesia balance of TRADE2021 DATA: 2022 forecast: 1960-2020 historical. Indonesia Balance of Trade | 2021 Data | 2022 Forecast | 1960-2020 Historical. (n.d.). Retrieved November 10, 2021, from <https://tradingeconomics.com/indonesia/balance-of-trade>.

O'Neill, A. (2021, October 13). *Argentina - budget balance in relation to GDP 2010-2020*. Statista. Retrieved November 10, 2021, from <https://www.statista.com/statistics/316916/argentinas-budget-balance-in-relation-to-gdp/>.

Statista Research Department. (2021, April 12). *APAC: Broadband subscribers by country 2020*. Statista. Retrieved November 10, 2021, from <https://www.statista.com/statistics/1226194/apac-broadband-subscribers-by-country/>.

Department, S. R. (2021, July 13). *Topic: Internet usage in Argentina*. Statista. Retrieved November 10, 2021, from <https://www.statista.com/topics/6709/internet-usage-in-argentina/#dossierKeyfi>

- Argentina*. Encyclopedia of the Nations. (n.d.). Retrieved November 10, 2021, from <https://www.nationsencyclopedia.com/Americas/Argentina.html>.
- Topic: Internet usage in Argentina*. Statista. (n.d.). Retrieved November 10, 2021, from <https://www.statista.com/topics/6709/internet-usage-in-argentina/#dossierKeyfigures>.
- Argentina (ARG) exports, imports, and trade partners*. OEC. (n.d.). Retrieved November 10, 2021, from <https://oec.world/en/profile/country/arg>.
- Indonesia balance of TRADE2021 DATA: 2022 forecast: 1960-2020 historical*. Indonesia Balance of Trade | 2021 Data | 2022 Forecast | 1960-2020 Historical. (n.d.). Retrieved November 10, 2021, from <https://tradingeconomics.com/indonesia/balance-of-trade>.
- Setiyadi, D. (2021, November 4). *Investing in Indonesia: Best Industries for foreigner (2021)*. Permitindo. Retrieved November 10, 2021, from <https://www.permitindo.com/news/investing-in-indonesia-6-best-industries#:~:text=The%20healthcare%2C%20manufacturing%20industry%2C%20e,infrastructure%20in%20this%20country%20evolves>.
- Grainger, J. (2021, July 29). *WTO: Argentina among top 15 countries with most import barriers*. Buenos Aires Times. Retrieved November 10, 2021, from <https://www.batimes.com.ar/news/economy/argentina-among-top-15-countries-with-most-import-barriers-says-wto-report.phtml>.
- Pier. (n.d.). *Argentine culture - business culture*. Cultural Atlas. Retrieved November 10, 2021, from <https://culturalatlas.sbs.com.au/argentine-culture/argentine-culture-business-culture#argentine-culture-business-culture>.
- Argentina Destination Guide*. Diversity Abroad. (n.d.). Retrieved November 10, 2021, from <https://www.diversityabroad.com/articles/travel-guide/argentina>.
- World Bank Group. (2020, January 30). *Aspiring Indonesia: Expanding the middle class*. World Bank. Retrieved November 10, 2021, from <https://www.worldbank.org/en/country/indonesia/publication/aspiring-indonesia-expanding-the-middle-class>.
- Social inequality in contemporary Argentina*. Global Dialogue. (2017, October 28). Retrieved November 10, 2021, from <https://globaldialogue.isa-sociology.org/social-inequality-in-contemporary-argentina/>.
- Indonesian cultural habits and idiosyncrasies*: Indonesian Cultural Habits and Idiosyncrasies - Do's and Don'ts for visitors. (n.d.). Retrieved November 10, 2021, from <https://www.expat.or.id/info/culturalhabits-idiosyncrasies.html>.
- Investments, I. (n.d.). *Tax system of Indonesia*. Indonesia. Retrieved November 10, 2021, from <https://www.indonesia-investments.com/finance/tax-system/item277>.

- Argentina: Tax system.* Argentinian tax system - Santandertrade.com. (n.d.). Retrieved November 10, 2021, from <https://santandertrade.com/en/portal/establish-overseas/argentina/tax-system>.
- Resources.* Commisceo Global Consulting Ltd. (n.d.). Retrieved November 10, 2021, from <https://www.commisceo-global.com/resources/country-guides/argentina-guide>.
- Argentina: Government.* >> globalEDGE: Your source for Global Business Knowledge. (n.d.). Retrieved November 10, 2021, from <https://globaledege.msu.edu/countries/argentina/government>.
- Argentina inflation RATE2021 DATA: 2022 forecast: 1944-2020 historical: Chart.* Argentina Inflation Rate | 2021 Data | 2022 Forecast | 1944-2020 Historical | Chart. (n.d.). Retrieved November 10, 2021, from <https://tradingeconomics.com/argentina/inflation-cpi>.
- Indonesian language - structure, writing & alphabet - mustgo.* MustGo.com. (n.d.). Retrieved November 10, 2021, from <https://www.mustgo.com/worldlanguages/bahasa-indonesia/>.
- What languages do people speak in Argentina? (n.d.). Retrieved November 10, 2021, from <https://worldpopulationreview.com/languages/argentina>.
- Pariona, A. (2020, September 21). *What languages are spoken in Argentina?* WorldAtlas. Retrieved November 10, 2021, from <https://www.worldatlas.com/articles/what-languages-are-spoken-in-argentina.html>.
- Indonesia inflation RATE2021 DATA: 2022 forecast: 1997-2020 historical: Calendar.* Indonesia Inflation Rate | 2021 Data | 2022 Forecast | 1997-2020 Historical | Calendar. (n.d.). Retrieved November 10, 2021, from <https://tradingeconomics.com/indonesia/inflation-cpi>.
- Indonesia (IDN) exports, imports, and trade partners.* OEC. (n.d.). Retrieved November 10, 2021, from <https://oec.world/en/profile/country/idn?compareImports0=comparisonOption5>.
- Kovachek, M. (n.d.). *Average Salary in Indonesia.* Destination Scanner. Retrieved November 10, 2021, from <https://destinationscanner.com/average-salary-in-indonesia/>.
- Published by Statista Research Department, & 4, O. (2021, October 4). *Indonesia: Contribution to GDP by industry 2020.* Statista. Retrieved November 10, 2021, from <https://www.statista.com/statistics/1019099/indonesia-gdp-contribution-by-industry/>.
- 2021 Investment Climate Statements: Indonesia.* U.S Department of State. (n.d.). Retrieved November 10, 2021, from <https://www.state.gov/reports/2021-investment-climate-statements/>.
- Encyclopædia Britannica, inc. (n.d.). *History of Indonesia.* Encyclopædia Britannica. Retrieved November 1, 2021, from <https://www.britannica.com/place/Indonesia/History>.

Pier. (n.d.). *Indonesian culture*. Cultural Atlas. Retrieved November 10, 2021, from <https://culturalatlas.sbs.com.au/indonesian-culture>.

International Trade in goods and services in Indonesia ... (n.d.). Retrieved November 10, 2021, from <https://uk.practicallaw.thomsonreuters.com/w-017-5557?contextData=%28sc.Default%29>.