



HYUNDAI INVESTMENT ON ELECTRIC VEHICLES IN INDONESIA: A PUSH AND PULL FACTORS ANALYSIS

Achmad Ismail , Darynaufal Mulyaman

¹ International Relations Department, Universitas Jakarta; Indonesia: ismailachmad@rocketmail.com

² International Relations Department, Universitas Kristen Indonesia; Indonesia:
darynaufal.mulyaman@uki.ac.id

Abstrak

Artikel ini bertujuan untuk menganalisis alasan Hyundai memutuskan untuk membuat investasi langsung di Indonesia mengenai kendaraan listrik. Artikel ini mencoba untuk menjawabnya melalui melalui teori faktor pendorong dan penarik (the Push and Pull Factors) ntuk memberikan argumen tentang alasan Hyundai berinvestasi langsung di Indonesia. Metode yang digunakan dalam artikel ini ialah metode penelitian kualitatif dengan pendekatan eksplanatif. Artikel ini menyimpulkan bahwa ada 3 alasan yang menjadi faktor pendorong, yaitu fenomena mobil listrik, perluasan pangsa pasar di luar Korea Selatan dan rivalitas dengan Jepang di Indonesia, serta ada 4 alasan yang menjadi faktor penariknya, ialah stabilitas ekonomi, kepastian hukum, sumber daya alam di Indonesia serta strategi politik dari pemerintah Indonesia.

Kata Kunci: faktor pendorong-penarik, Hyundai, Indonesia, kendaraan listrik, Korea Selatan

Abstract

This article aims to analyze why Hyundai decided to make a direct investment in Indonesia regarding electric vehicles. This article tries to answer it through the push-pull factor theory to provide an argument about why Hyundai invests directly in Indonesia. The method used in this article is qualitative research method with explanative approach. This article concludes that there are 3 reasons that are the driving factors, namely the fenomena of electric cars, the expansion of market share outside South Korea and the rivalry with Japan in Indonesia, and there are 4 reasons that are the driving factors, namely economic stability, legal certainty, natural resources in Indonesia and political strategy of the Indonesian government.

Keywords: electric vehicle, Hyundai, Indonesia, push and pull factors, South Korea

Introduction

The trend of electric cars in many countries seized the attention of international community aligned with view of fact that many countries are gradually to switch from fossil-fueled cars to alternative (electric and gas)-fueled cars. Electric cars are electrically powered cars that use electric batteries as it driving machines. Actually, the presence of electric cars has been there for a long time in the automotive world long before gas fueled cars. Historically, the electric car was first discovered by Robert Anderson in 1832 but it was still difficult to use, and was developed by William Morrison in 1890 and began to be widely used by society, especially in New York (Guarnieri, 2012).

Then, Ferdinand Porsche initiated the next generation electric car in 1898 by creating the world's first hybrid car driven by electricity and gasoline. Later in 1914, Alva Edison and Henry Ford created the model T electric car, but the car was less desirable because the price was expensive as well as fossil fuel/petrol cars more affordable and that made the development of electric cars become stalled (Matulka, 2014). Until the end of 1996, General Motors alongside AeroVironment of California produced mass electric cars named EV1. Then, in the year 1997, the phenomenon of electric cars flourished to Japan, which was marked by Toyota produced in a car named Toyota Prius as its first hybrid car. While in 2001, Tesla Motors produced a more modern electric sports car called the Tesla Roadster (Nanda, 2021).

Some countries in Europe as well as other developed countries have already started to pay attention to electric cars and some other supporting facilities such as electric refueling. While, in Indonesia itself, electric cars have attracted attention since the year 2012 signed by an Indonesian youth expert in the field of electricity, Ricky Elson. He successfully made an electric car with the name is Selo. In 2018, President Joko Widodo reminds that the current trend of the world has been switched to electric cars (Nugroho, 2018). This statement particularly, not only fit for Indonesia but also mark Indonesia to welcome the trend and to prepare into a global player starts with the arrangement of regulation of sales, production of electric cars and so on.

As becoming a global trend, several countries in the world realizing the importance of alternative energy (electricity) as a fuel for vehicle. Some of the reasons is the combustion of fossil fuels are large enough for air pollution to be a serious problem that should be handled quickly. The reason is that air is the most important element for living creatures and have a very wide spillover effect if get polluted. The World Health Organization (WHO) notes that 9 out of 10 people breathe

in air with high levels of pollutants, there are even about 7 million people dying each year due to the exposure to polluted air (World Health Organization, n.d.). For animals and the environment, polluted air affected their habitat quality, environment, and their food reserves as all of it become polluted and reduced.

The other reason is given on why the depletion of the current fossil fuel is necessary because of its availability. In the last 200 years of human consumption of fossil fuel, the consumption has risen rapidly, leaving impact of fossil fuel reserve and climate change seriously, and at the same time, new reserves are difficult to find. Data from the Director general of Renewable Energy and Energy Conservation, Ministry of Energy and Mineral Resources (ESDM) of Indonesia, Rida Mulyana argue that the current coal reserves of about 7.3-8.3 billion ton are predicted to run out in 2036, for current oil reserves of 3.7 billion barrels are predicted to run out at 2028, while gas fuels, the reserves are 151.33 trillion cubic feet (TCF) and are predicted to run out at 2067 (Movanita, 2018). Looking at this, automotive manufacturers in different countries are competing to follow the electric car trend as a solution to the mentioned problems, including Hyundai.

The South Korean automotive manufacturer saw that the electric car trend had a positive business projection in the future. It was evidenced by the seriousness of Hyundai by investing 20 trillion won (USD 24.5 billion) in a five-year effort to become one of the world's top electric vehicle makers (Schmidt, 2019). It aims to increase competitiveness in the existing car market as a whole in accordance with market demand. The seriousness was increasingly seen on November 2019, Hyundai officially invested Rp. 21.8 T equivalent to USD 1.55 billion to build a plant for electric vehicle in Indonesia (Nasori, 2019b). It is part of a close bilateral cooperation between Indonesia and South Korea in the field of economic investment. Hyundai will build its electric car factory in Karawang with a capacity of 200,000 units/year at one time production. This will be the largest in the region of ASEAN because it also has a production base/full-manufacturing facilities, such as stamping and supply chain components (CNN Indonesia, 2018).

Historically in 2018, Hyundai's business began to feel depressed in China so that it sought a new market share by glancing ASEAN countries with a target of about 3.5 million units per year and other export markets. This chance was catapulted when with the President of the Indonesia's visit South Korea during the cooperation agreement IK-CEPA, even the Ministry of Industry of Indonesia said that Hyundai will invest USD 800 million to build factories in Indonesia (Mola,

2019). Then, on November 2019, president of Indonesia returned to South Korea to attract South Korean investors to invest in his country. Finally, Hyundai agreed to invest in Indonesia by building an electric car factory that started in December 2019 and became the first automotive manufacturer to make direct investments in Indonesia for electric vehicles. Hyundai's investment in Indonesia is very massive yet Indonesia's automotive industry is slowing recently. Gabungan Industri Kendaraan Bermotor Indonesia (GAIKINDO) said that this slowdown was due to the political year and the economic slowdown of Indonesia (CNBC Indonesia, 2019).

There were at least 31 car brands from January to October 2019 suffered a decline in production of 11.8 percent compare to same period in the previous year (Thomas, 2019). That was proven by Chevrolet automobile manufacturers, General Motors has ceased production as well as Datsun – under the Nissan flag – which ceased production on January 2020 for instance. Meanwhile, Hyundai was in 17th place with product sales as much as 1,177 units or 0.1 percent of Indonesia's market share (Thomas, 2019). Other factors are seen from the price of Hyundai products that are not able to compete with automotive products of Japan or China (Pablo, 2018). The high price factor is because the majority of Hyundai cars those being marketed in Indonesia are still in full import (Completely Built-Up/CBU) from South Korea, such as Santa Fe model. The CBU import scheme has an impact on the size of higher import duties, not to mention Hyundai currently has not been able to meet the car interest desired by the market in Indonesia. Another interesting fact when how big is the readiness of Indonesia to welcome Hyundai investment for electric car development can be seen from the supporting infrastructure of electric cars from the side of the battery facility, where the price is still expensive. The environmental impact when the battery needs to be replaced, battery charging stations, prices of relatively expensive products, and lack of interest from the Indonesian market also become few highlights that need to be assured for Hyundai in Indonesia (Sandi, 2019).

This is the real gap, Hyundai investments in Indonesia for the development of electric cars yet Indonesia's automotive industry is experiencing a slowdown, readiness of Indonesia to do the development of electric cars fully also in big question mark, and the market share of Hyundai in Indonesia is still inferior to the automotive industry from Japan and China. So, the author formulates the problem, why Hyundai made direct investment in the field of electric cars in Indonesia, while the market share of Hyundai is less desirable even the Indonesian automobile industry is slowing down? This article argues that there is several pull and push factors as the

consideration of Hyundai to invest in Indonesia, especially the electric car that will be explained in the analysis. Hence, this paper focuses on the pull factor analysis as well as any push factor that makes Hyundai to invest in Indonesia for electric vehicles.

In order to give a better scope for this paper, a literature review was conducted from some academic articles regarding push and pull factors. Generally, some articles using push and pull factors is being focused on international migration phenomenon. This is made sense since there is driver for some society on why they migrate from one country to other country. Yet, some articles use a push and pull factors model to analyze migrant workers and even investment. Some of the push model & pull model studies are analyze international migrant workers. Then, academic articles about Indonesian migrant workers to Malaysia (Djafar & Hassan, 2012); Case study of Indonesian migrant workers to South Korea (Yazid, 2017); Rural case studies to urban areas in China (Hare, 1999); from or to South Africa (Rasool et al., 2012); and from or to India (Kainth, 2010) explained push and pull factors as determinant points for migrants on why they did migration.

Therefore, the use of the push and pull factors, push model is not only applied to international migrations. Some other articles elaborating push and pull factors with economic phenomenon in the form of financial crisis and foreign direct investment (FDI). Some of them are push and pull factors model about investment explained that factors in investment explained as push and pull factors which often welcomes and encourages investment in host or investor countries of origin (Chan & Mason, 1992). Then, Global Financial Crisis (Fratzcher, 2012); FDI China Case Study in Europe (Schüler-Zhou et al., 2012); As well as FDI case studies in Indonesia (Bado et al., 2018).

In general, some of the above articles about international migrant workers and economy agree that there are several points that become push and pull factors, such as geographical distance of host country, strategic location of host country, technological advancement, market expansion, intercompany competition, labor force, law condition, lack of employment, high cost of living (remittance), high unemployment rate, crime, decline in education standards, socio-economic and political instability, excess labor, workers, higher income, better protection, globalization, family ties, socio-economic and political stability, government policy, specific incentives, actors, interactions, world economic growth, foreign interest rates, low production costs, the company's

profit in the search for assets, domestic economic growth, exchange rate, internal risk indicators and so on.

From literature review above, in general, the push and pull factors theory is more often used as an analysis tool in the case of international migration and economic activity, especially the decision to conduct FDI. However, there are no articles that analyze the reason Hyundai did FDI in the field of electric cars in Indonesia. Thus, this article is interesting because in this case using the push and pull factors model to know the reason, in addition, this Hyundai decision occurred in the year 2019 so that there is no scientific article focusing on that phenomenon. This point is the novelty of this article and fills the gap of some existing literature.

The Push and Pull Factors Theory

The decision of Hyundai to conduct FDI in Indonesia was presented in 2019, coinciding with the moment of President Joko Widodo made a visit to South Korea as well visit to Hyundai central factory. This is interesting because to achieve the decision to do FDI by Hyundai, surely there has push factor and pull factor that plays important role to drive the motivation of Hyundai. Though push and pull factors are more commonly used in international migration phenomena describing the causes of population displacement from the country of origin to the destination country (Angelina & Blagojce, 2012), but in the context of economic activity, especially FDI, push and pull factors can be used on the explanation of the cause of an actor on why they invest into the destination country and what factors that pull them to do it.

In a simple form, the push and pull factors theory consists of a number of factors derived from a country of origin called push factor, combined with several factors originating from a destination country called a pull factor that attracts investments to the destination country (Schoorl et al., 2000). The fundamental assumption is that increasingly a destination has a great opportunity or comparative advantage to conduct FDI as market expansion as well as driven with conditions in the home country, like there is no additional opportunity, will automatically occur FDI to the destination country. Hence the push and pull factors combination will then determine the size and direction of the flow (Portes & Böröcz, 1989). Some factors that can be used as push and pull factors, such as economic factors, political factors, social-cultural factors (Angelina & Blagojce, 2012); and Legal factor (Bado et al., 2018). Moreover, there is also the endowment/resources (natural & human) factor. Then, in economic factors, closely related to the intensity of competition

between companies as push Factor (Chan & Mason, 1992). Many companies increasingly perceive this fierce competition that happened like a "follow-the-leader" syndrome.

In order to give better sight on "follow-the-leader", this example may help us to understand better, if one company does FDI as the first company to do that so, then another company in the same industry will follow. In addition, Multi National Corporation (MNC) tend to invest in production bases overseas with the aim to expand the market share of the industry as products and technology become more common as the product cycle (Vernon, 1966). While in social factors, the presence of social pressure can be used as a push factor (Chan & Mason, 1992). This context explains that control of the domestic market from the MNCs. Then it is reasonable to tell that social and other pressures to do the expansion are rational. Moreover, the social condition sometimes give its want to push a national MNC company in order to open up competition with MNCs from other countries. This special pull factor is a "recruitment package" of developing countries to make the country more attractive to other countries in their investments index. Moreover, new industrialized countries also can evolve into a big economy as its interest aligned with its economy and company growth (Chan & Mason, 1992).

Developing countries utilize its stable economic potential, large market, and so on for the main reason of attracting overseas investors. Geographical distance as well as the strategic relationship of country host is also a deciding pull factor in another sense (Chan & Mason, 1992). As such, it is in essence that the geographical, ideological and strategy factors demonstrate the Government's capacity of the host country to motivate while mobilizing overseas investments. Through a push and pull factors model, this article aims to identify the driving factor of Hyundai and the Indonesian traction factor which decides Hyundai to conduct FDI in Indonesia in the field of electric car development.

Research Method

This article uses qualitative research methods with an explanative approach. Qualitative research aims to obtain understanding and understanding of a human event or behavior in an organization or institution (Rukajat, 2018). While an explanative approach used to outline the reasons for research object. The data collection techniques in this article are sourced on secondary data obtained from books, scientific journals, documents, online media relating to Hyundai direct

investment in Indonesia in the field of electric car development. With this method, the researcher can draw conclusions from the collected data to answer the above research question.

Hyundai to Indonesia Investment

In this section, an in-depth and comprehensive analysis of the reason why Hyundai is investing (FDI) in the field of electric car development in Indonesia is presented. This was examined through push and pull factor that made Hyundai to invest (FDI) in Indonesia. The sources of this push and pull factors are identified into economic, socio-cultural, legal, resource and political points.

Push Factor Analysis

This sub section of discussion identifies the related factors that affecting Hyundai's push factor for doing FDI related to the development of electric cars in Indonesia. The points in the push factor sub-discussion here are the incline of global electric vehicle conditions as well as in the country of origin, or can be also the activity of its competitors in a region as a form of competition.

The first point is the electric car phenomenon that has become a global issue or trend. The presence of electric cars is increasingly gaining more attention by the international world after policymakers realize that the problem of carbon-based emissions and greenhouse gases (GHGs) is increasingly worrying. Then no wonder, electric cars nowadays have become a global trend or issue. The President of Indonesia has confirmed, in the recent time many countries adopt electric cars, the world trend is increasingly clear. The world switched to electric cars seen in terms of sales from 2010 to 2017, total electric cars already sold all over the world (all brands) reached 3 million units (Nugroho, 2018). Therefore, some governments and automotive companies have assessed the existence of an Alternative Fuel Vehicle (AFV) for green transportation and have implemented economic policy to support the Electric Vehicle (EV) Market (Jing et al., 2016). Looking at this, many countries are competing to switch to electric cars and their infrastructure. For example, the Netherlands is the most dominant country in terms of charging stations with an average of 29.3 electric battery-charging stations per 100 km (Dahwilani, 2019). Other countries such as France and the UK announce that from 2040, non-electric vehicles or oil-fueled cars will be banned for sale in both countries (Nugroho, 2018).

This phenomenon becomes a business opportunity for automotive industry players to develop their electric car products as well as export them to various countries. Hyundai captures the phenomenon as a good business opportunity. In 2009, Hyundai Motor Company launched its first electric car called Blue-On at Germany International Motor Show with an investment value of about 40 billion won (US \$34.3 million) while producing 2,500 units at the end of 2012 with sales on the domestic market of South Korea (Stenquist, 2010).

Until the year 2020, Hyundai continued to innovate by developing other electric car products named Hyundai Ionic, Hyundai Kona, Hyundai Nexo, and Hyundai Sonata. In 2019, Hyundai Motor was ranked fifth in the global electric vehicle market, rising four levels from last year. Besides, Hyundai took 6.5 percent of the world's electric car market share in the first half of 2019, the Hyundai electric car sales increased more than doubled from the previous year to about 45,000 units (Ilbo., 2019). It is obvious that the electric car phenomenon globally became the driving factor for Hyundai to continue maximizing momentum by consistently producing electric cars that have become the world's trends as well as exporting to different countries, especially in Indonesia as the largest market share in ASEAN.

The next point of push factor is Hyundai has dominated the market share of electric cars in South Korea, therefore expansion of markets outside of South Korea, especially Indonesia is a natural thing. As the oldest automobile manufacturer in South Korea, Hyundai is undoubtedly the dominant in the South Korean vehicle market. Data noted that Hyundai maintained their dominance in the South Korean vehicle market in January 2018 by 38.5%, followed by Kia (Hyundai affiliate) by 29.3%, then occupied by imported cars (Mercedes-Benz and BMW), General Motors (GM) Korea, SsangYong, was last occupied by Renault Samsung (Amir, 2018). The above Data indicates that the affiliated Hyundai and Kia still dominate the market share of the vehicle in South Korea compared to other import or domestic producers. While the market share of electric cars in South Korea is still dominated by Hyundai with sales of 12,135 units, followed by Kia amounting to 6,098 units then followed by an import electric car manufacturer of 4,061 units (Shahan, 2019).

Based on the data from Shahan, it can be analyzed that Hyundai not only dominates the market share of conventional cars but also as well as electric cars in South Korea (Shahan, 2019). No wonder when looking at the data of the national electric car production, Hyundai dominates the electric car market in South Korea. This is due to South Koreans have the principle to be proud

and love towards its national products, including automobiles. However, for the people of South Korea an affordable price for Hyundai products become another factor (Andika, 2017).

However, this does not make the South Koreans do not like non-South Korean cars, there are several automakers like BMW and Mercedes-Benz that are in demand but not for Japanese production cars, besides because there is a bad history between the two countries. When analyzed more deeply, the market share of South Korean electric cars that have been dominated by Hyundai plus a love of its citizens to its national production, makes Hyundai to look for other market share outside South Korea for market expansion. The market expansion carried out by Hyundai to several countries especially ASEAN and Indonesia in particular, became the FDI driving factor of Hyundai to maximize profits as well as searching for wider market.

Another point of push factor of why Hyundai invest in Indonesia is to rival the dominance of other automotive manufacturers. In this context, Japan's automotive industry in the ASEAN region, especially in Indonesia, still dominated by them. Data from GAIKINDO noted that Toyota remains the best-selling car brand in Indonesia with sales throughout January to November 2019 reached 305.7 thousand units (Jayani, 2019a). However, it is different from electric cars, where electric cars in Indonesia are still dominated by Tesla and BYD. The taxi company of Blue Bird in 2019 officially used Tesla and BYD for its electric car vehicles armada (Suzuki, 2019). However, this condition makes Hyundai not scared of Japanese domination as well as other electric car manufacturers by conducting FDI related to the development of electric cars in Indonesia. Competition for automotive market dominance in Indonesia by Japan and South Korea is increasingly attractive with the presence of this FDI to rival the dominance of Japanese automotive manufacturers and anticipate the decline of their sales in the world due to the trade war (Yunianto, 2019).

On the other hand, Indonesia also expects that one automotive company does not only dominate Indonesia's automotive market. In other words, Japanese domination of Indonesian automotive market should be careful with the presence this FDI by Hyundai in Indonesia, especially the development of electric cars. Of course, with the presence of FDI of Hyundai in Indonesia, it causes production costs become cheaper and result in cheaper selling price. This moment was made by Hyundai as a push to rival the dominance of Japanese automotive producers or other countries in Indonesia. Seeing such conditions of the phenomenon of electric cars has become an issue or trend of the international world, Hyundai's dominance in the South Korean

market is supported by the love of its citizens, as well as the desire to rival Japanese automotive products and other countries in Indonesia can be said to be push factors.

Table 1.1. Summary of Push Factor Analysis

Push Factor Hyundai to Indonesia	
1	EV Phenomenon
2	Korean Market Dominance
3	Japan's Rivalry in Indonesia

Source: Writers Analysis

In other word for this case, push factors not only come from national conditions, but can also come from a specific regional and business competition. It is reasonable for Hyundai to make FDI in Indonesia regarding the development of electric cars. This Push factor is very important for Hyundai as a consideration for not only gain the economic benefit only, but also market expansion, yet there is competition power that Hyundai pursue too.

Pull Factor Analysis

This sub section of discussion analyzes several factors affecting Hyundai's pull factor for investing FDI related to the development of electric cars in Indonesia. In other word, pull factor here is dominated by the positive condition of Indonesia that decided Hyundai to do FDI related to the development of electric cars. The pull factor in this sub-chapter points economic, legal, socio-cultural, and other points of Indonesia.

The first point as a pull factor against Hyundai is economic. Economy of Indonesia is felt increasing as time goes by; hence the urge to dominate Indonesian market by Hyundai is translated into the need to do FDI related to the development of electric cars in Indonesia. Hyundai saw that Indonesia has the largest automotive market share in Southeast Asia (ASEAN) region. Indonesia, in the year 2018, mastered 1/3 of ASEAN automotive market share. Another data mentioned that Indonesia's contribution worth 1 T USD from total market demand of ASEAN that valued 2.3 T USD (Idhom, 2017). In addition, Indonesia is also the country with the most population in the ASEAN region with a total of 264 million inhabitants (Jayani, 2019b). Thus, Hyundai has a desire that Indonesia will serve as a hub/liaison to fill the ASEAN market. So, when looking at the data since Indonesia has the most population in ASEAN as well as the widest automotive market share

is giving positive signal for Hyundai to be able to catching up sales of Hyundai production in Indonesia and export it to the countries of the ASEAN region.

In addition, Indonesia's automotive markets share for Hyundai was wider following automotive companies, such as Chevrolet and Ford ceased production in Indonesia in 2020. This positive signal is good for Hyundai. Moreover, the market share left by the Chevrolet and other equivalent is relied on high technology as well as prioritizing the upper middle market (Thomas, 2019), and this reason can be filled with Hyundai. Although the market share of Chevrolet in Indonesia is not very large, with sales of 1,237 units in the year 2019, but only Hyundai who dare to withdraw market share that is abandoned by Chevy. Most of the specs of the Chevrolet are equivalent to Hyundai products, so in the end Hyundai is not too difficult to take over the market share left by the Chevrolet.

In this case, due to fact of the market share in Indonesia that still promising for Hyundai especially for the ASEAN region makes Hyundai dare to do FDI in Indonesia. President Director of Hyundai Motors Indonesia, Sung Jong Ha who assessed that the electric car market in Indonesia is actually very positive and promising, signed this positive signal. The Indonesian government is also urging the presence of electric vehicle (EV) through Hyundai's investment for new factory in Indonesia that dedicated for only electric vehicle (Hastuti, 2020). Not to mention, combined with Indonesia's demand and other promising ASEAN countries. Meanwhile, the executive director of the Center of Reform on Economics (CORE) Indonesia, Mohammad Faisal stated that Hyundai's business prospects in Indonesia are still quite positive, it is based on comparison to other brands, Hyundai sales to date still relatively stable and only dropped 0.3 percent of the same period of the previous year recorded by 1,181 units (Thomas, 2019).

In addition to the prospects of Hyundai business in Indonesia that has been proven quite positive, Hyundai decision to make direct investment (FDI) in Indonesia related to the development of electric cars because this is the first thing in Indonesia. It seems that Hyundai eyeing business opportunities, because Hyundai became the first electric car investor in Indonesia directly or in other words, the sector is not seen yet by other countries, including Japan. As executive director of CORE Indonesia, Mohammad Faisal added, "*this sector is not owned by Japan, this was shot by Hyundai*" (Thomas, 2019). When looking at such conditions, then Hyundai is not unlikely to be a "player number one" electric car in Indonesia with the price of products more affordable effect of the cost of production is cheaper.

Not only that, but also the presence of the Indonesia-Korea trade Agreement Comprehensive Economic Partnership (IK-CEPA) which has been agreed to the two countries is another stimulus for Hyundai to decide direct investment (FDI) in Indonesia. Even Hyundai can enjoy import duties up to zero percent (Thomas, 2019). Although it was delayed from the target of the 2014 agreement, but in 2019, both sides signed the deal. Though initially targeted in 2020, the process of ratification of IK-CEPA can be done earlier. In other words, Hyundai's direct investment momentum is very precise with the birth of IK-CEPA so that Hyundai can utilize it to its fullest. Then, with the existence of IK-CEPA, it catapulted the benefits of both parties to improve the welfare of the community (Ismail & Mulyaman, 2018). As Indonesian market share in the ASEAN market that notably big, Hyundai being the "first player" in Indonesia and ASEAN, value of investment of factory that also the largest in ASEAN, and supported by the ease of IK-CEPA trade agreement are considered sufficient as important pull reasons for Hyundai to invest (FDI). Especially seeing Hyundai's prospect in the world and Indonesia is still positive in the field of electric cars.

The second point as a pull factor for Hyundai is legal certainty. This point is no less important with economic point. It is common, when investors want to invest in a country, then the country must ensure that the legal certainty to make investments is valid. So that investors will provide an investment with a sense of ease, safe and comfortable. This is what the Indonesian government seeks by legalizing some regulations against Hyundai related to the development of electric cars in Indonesia. On 08 August 2019, President Joko Widodo signed the Presidential Regulation (Perpres) No. 55 year 2019 about the acceleration of the electric vehicle based on battery (Battery Electric Vehicle) for road transport consists of chapter 5 in article 37.

In addition, several ministries/institutions have issued regulations to support the development of electric cars in Indonesia, as regulation of the Minister of Finance (Permenkeu) number 150/2018 that regulates investment in the motor vehicle industry above Rp 30 T can enjoy the facility of tax holiday or income tax exemption (PPh) for 20 years as well as some tax incentives, and reduction of import duties on importation of machinery, capital goods, and materials in the framework of investment through sales tax on luxury goods (PPnBM) (Thomas, 2019). In other words, the Indonesian Government giving supports as well as tax incentives and so on in order to provides legal certainty comprehensively. This makes Hyundai investment in the development of electric cars in Indonesia is easy and safe.

The third point as a pull factor for Hyundai is a resource owned by Indonesia. In this context, there are at least 2 resources owned, namely human resources and also natural resources. On the human resource side, Indonesia has a large amount of manpower, especially for the automotive sector. Minister of Industry at that time, Airlangga Hartarto said that the number of Indonesian workers in the automotive sector currently reached 1 million workers and when combined with other supporting industries, the number can be more than 5 million workforces (Idhom, 2017). Of course, Indonesian automotive workforce is a skilled workforce. It is conveyed that Indonesia is improving the quality of skilled workforce through vocational education (SMK), Polytechnic (university), community academy, as well as education and regional training facilities (Raharja, 2019). Thus, Hyundai does not have to worry about labor shortage while investing directly in the field of electric cars (automotive). This reason is secured by Indonesian workers, especially in the automotive field, that is very abundant hence can be used as a production base for automotive manufacturers. The Indonesian workforce, in the automotive field, has been equipped with various trainings, so this abundant workforce is not unskilled.

On the other side of natural resources, Indonesia has natural resource for electric vehicle production, which is, a large reserve of nickel ore. Nickel ore is the main ingredient used for lithium-ion batteries (Wibowo, 2018). The lithium-ion as an important component of electric vehicles as used for the power source and material of the battery. Most of the time, some companies have developed the battery industry capacity for electric cars such as in Morowali (Nasori, 2019a). In 2013, according to the Directorate General of Mineral and Coal (DJMB) explained that lithium resources in Indonesia reached 3,565 million ton of ore (more than 3.5 billion ton) while the number of the reserves reached 1,168 million ton of ore (more than 1.1 billion ton) (Prasetyo, 2016). Through this fact, Indonesia becomes one of the world's largest basis for nickel and lithium reaching 43 percent of the world's total. Therefore, the big amounts of natural resources and abundant skilled human resources in Indonesia becomes another consideration that is important for Hyundai as a part of raw material/production base so that the production price can be more affordable. Aligned with Ramadhan said, the presence of natural resources supported by economic aspects becomes the source of the attractiveness of the country (Ramadhan, 2018).

The last point of pull factor against Hyundai is a political strategy by Indonesian government. Indonesian government lobbying South Korea, in particular Hyundai, in order to make direct investment (FDI) in Indonesia was very intensive. Beyond the market potential, the

Indonesian government lobby can also be said to be one of Indonesia's pull factors so that Hyundai will invest into a realized deal (Thomas, 2019). The intensity of the Indonesian lobby was seen on September 2018, when the President of Indonesia visited South Korea as well as meeting several potential investors such as Hyundai, Lotte, and others. This fact signed that Indonesia is really eager and determined to pull Korean companies to open their business in Indonesia. Then, unsurprisingly, the moment is very precise. While Hyundai is looking for new market opportunities after their market in China is a bit depressed, Hyundai want to make ASEAN as the target for the new Hyundai market with business growth.

On 30 June 2019, the Minister of Industry upon returning from South Korea reported that Hyundai would build a factory in Indonesia with a production capacity of 250,000 units per year, of which 53% of the total production would be directed for production, the remaining 47% for the domestic market (Mola, 2019). Finally, on 24 November 2019, the President of Indonesia went to South Korea, one of his agenda was to completed the sustainability of IK-CEPA as well as signing the Hyundai investment in Indonesian related to the development of electric cars.

From the historical coherency mentioned above, there are 3 visits conducted by the Indonesian Government to ensure the seriousness of Indonesia to receive investments from Hyundai by preparing facilities, legality and so on. In these actions, it was done twice by the president, and followed by the relevant ministers. It also signifies that Indonesia has a large collective power for Hyundai to invest in Indonesia. In other words, the presence of electric cars that have become the current global trend, plus the Hyundai market in China began is dormant, and Hyundai has mastered the domestic market forcing Hyundai to find new market share (market expansion) namely ASEAN, especially Indonesia.

Table 1.2. Summary of Pull Factor Analysis

Pull Factor Indonesia for Hyundai	
1	Indonesia Economic
2	Legal Certainty
4	Indonesia's Natural Resources
5	Political Strategy by Indonesian Government

Source: Writers Analysis

Moreover, Hyundai decision is also rational in term of business to business, such as to compete with some conventional automobile manufacturers or other electricity globally as well as in ASEAN based from explanation above. Therefore, Hyundai decided to make direct investment (FDI) in Indonesia. As we know, Hyundai competes closely with automotive producers from Japan and Europe in the competition of conventional cars and electric cars in the ASEAN region, especially Indonesia.

Conclusion

The presence of electric cars today has become a global trend for the community. Public awareness of this trend is very important, in line with the impact of the use of fossil-fueled cars such as the impact on nature, health, environment, economics, and other spillover effects. This fact became a momentum for some of the world's automotive manufacturers in competing to produce electric cars for all, including Hyundai. Hyundai seriousness is signed by making direct investments (FDI) in Indonesia by establishing a factory as their production base.

Hyundai's investment phenomenon is quite interesting, the reason some contradictory things are obvious, such as Hyundai invest where Indonesia is experiencing economic steady growth, then the price of Hyundai production cars is still high compared to the price of other car manufacturers in Indonesia. Thus, in Indonesia, Hyundai still less in demand by the Indonesian market. In Indonesia's readiness side, Indonesia seems not so ready for welcoming electric car trends globally as the infrastructure of it also not ready yet. Therefore, this article concluded that Hyundai make direct investment (FDI) in Indonesia for electric cars is determined at least by two factors, namely, push factor and pull factors. Push factor are generally understood as domestic conditions of the country of origin (home country) that support an MNC to expand in other countries. Though not only that, regional and global conditions that are full of business competition become another push factor as well.

The Push factor in this article means that Hyundai has mastered the South Korean domestic market therefore Hyundai felt the need to expand market share outside of South Korea. Further in the context of global competition, Hyundai eyeing business opportunities that the current global trend is moving towards electric cars as well as to rival manufacturers of automotive from other countries especially in the ASEAN region (Indonesia).

While the pull factor is generally an effort or condition made by the Indonesian Government (host country) to convince Hyundai to invest their capitals in Indonesia. In this article there are 4 points that become pull factor from Indonesia that are Hyundai's determination, economy, resources, and law and politics. The points on the pull factor indicate that Indonesia's seriousness to welcome direct investments from Hyundai by preparing regulations and resources, like raw material and labor. The combination of push factor and pull factor models is a fitting combination in order to answer Hyundai's reason for direct investment (FDI) in Indonesia related to the development of electric cars.

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