

UOB Business Outlook Study 2025



(SMEs & Large Enterprises)

The UOB Business Outlook Study 2025, now in its sixth year, offers a comprehensive snapshot of the business landscape in Malaysia. Conducted in January 2025, this annual survey encompasses Small and Medium Enterprises, providing valuable insights into the current economic climate and future expectations among business decision-makers.

The study delves into several key areas crucial for business growth and adaptation in the evolving economic environment. These include Sustainability Adoption, Digitalisation, FinTech Adoption, Supply Chain Management, Overseas Expansion and Workforce Management. A notable addition to this year's study is the focus on the needs and preferences of Women in Business and Next Gen Leaders in Malaysia.

This new perspective offers insights into the future direction of businesses and the evolving priorities of emerging business leaders. By capturing robust insights across various sectors and business sizes, the UOB Business Outlook Study 2025 serves as a valuable resource for companies looking to understand the current business environment, plan for future opportunities, and address potential challenges in Malaysia's dynamic economy.



WHAT



Total of 535 interviews, 15-minute online survey, conducted in January 2025



Total of 124 interviews, 10-minute online survey, conducted in April 2025 after the US tariffs were announced

WHO



Covers both Small and Medium Enterprises across key industry verticals



Owners/C-suite/Management level who are involved with business decision-making



Classification of businesses
Small Enterprises – annual turnover < MYR 30m
Medium Enterprises – annual turnover MYR 30m to < MYR 900m

INDUSTRIES

65



Consumer Goods

58



Construction & Infrastructure

52



Manufacturing & Engineering

52



Tech, Media & Telecom

50



Business Services

50



Community & Personal Services

50



Professional Services

50



Real Estate & Hospitality

47



Healthcare & Medical Services

31



Wholesale Trade

30



Industrials, Oil & Gas

Business sentiment has declined sharply after the recent US tariffs



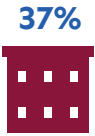
However, over 1 in 3 businesses say the business sentiment is positive after the recent US tariffs



Positive in 2023



Positive in 2024



Positive in 2025 after US tariffs

Business outlook has dropped sharply after the recent US tariffs



However, over 1 in 3 businesses say the business outlook is positive after the recent US tariffs



2024



2025



2025 after US tariffs

Businesses are prioritising growth by developing new revenue streams and refining strategy to stay competitive in the next 1-3 years



Develop new sources of revenue



Review business strategy to differentiate from our competitors



Find a new customer base



Digitalise to achieve business efficiencies



Reduce costs

2024 Change vs. 2023

Sustainability adoption has improved, with Manufacturing & Engineering and Tech, Media & Telecom sectors taking the lead



More than 2 in 5 businesses have started implementing sustainability practices



Sectors where sustainability is most implemented



Regions where sustainability is most implemented



Sustainability is recognised as a lever for reputation building, investor appeal, and competitive advantage



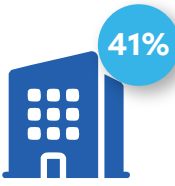
Improved reputation or better branding of the company



Helps to attract investors



Gives a competitive edge



Easier to work with MNCs which are increasingly establishing their sustainability goals



Customers prefer or demand it

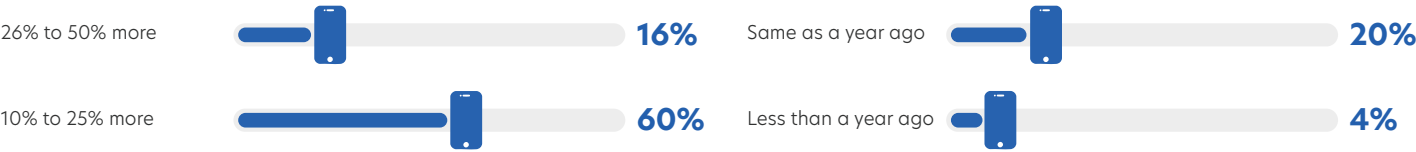
Digitalisation enhances productivity, outreach, and security, leading to better outcomes for businesses

Top impact areas from digitalisation



With positive outcomes clearly visible, businesses are planning to invest more in their digital efforts in 2025

Digital spending in 2025 vs. 2024

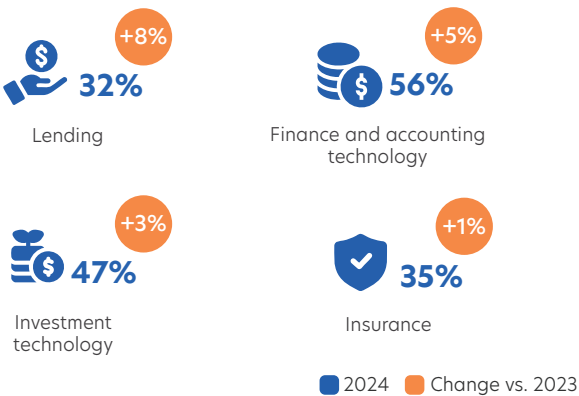


FinTech solutions for lending, finance, and accounting are driving overall FinTech adoption growth

Over 8 in 10 businesses have adopted or planned to adopt FinTech



FinTech Solutions Adopted/Plan to Adopt



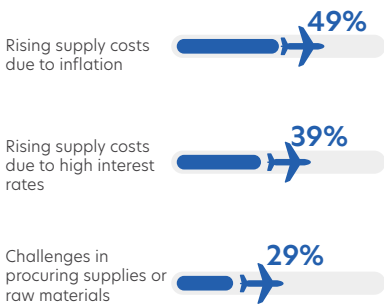
Supply chain disruptions continue to impact businesses and are expected to intensify after the recent US tariffs

45% of businesses expect supply chain disruptions to increase a lot after the recent US tariffs

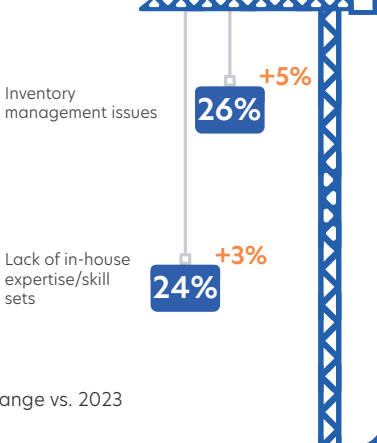


Beyond cost and procurement, businesses grapple with inventory challenges and a lack of expertise

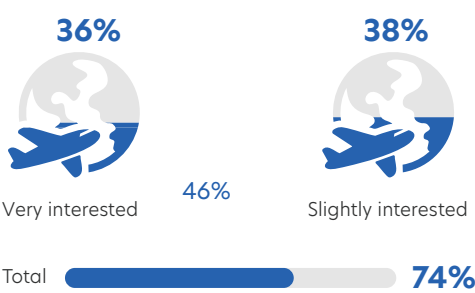
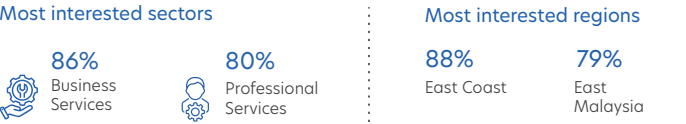
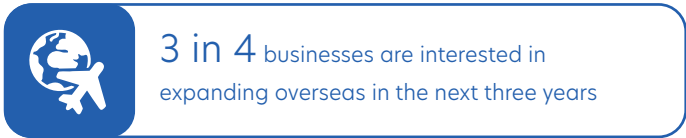
Top 3 challenges in supply chain management



Emerging supply chain challenges in 2024

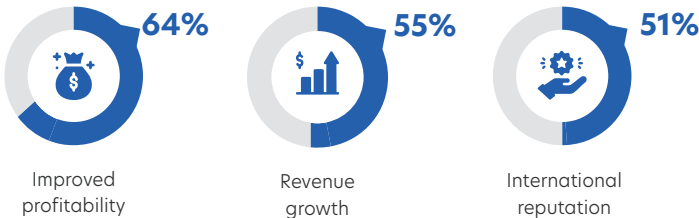


Interest in overseas expansion remains strong, especially among Business and Professional Services firms

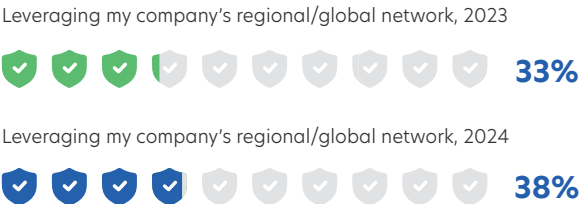


Profitability, revenue growth, and international reputation, are key drivers for overseas expansion

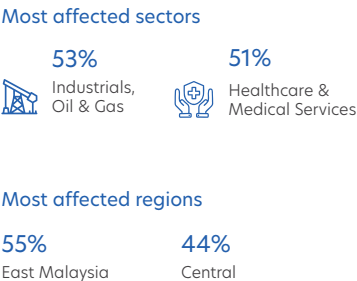
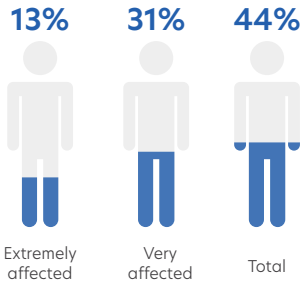
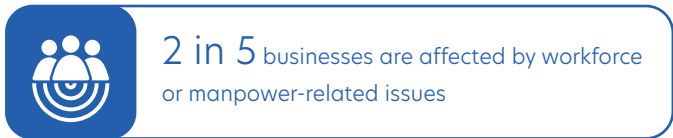
Top 3 motivators for expansion



Leveraging company's regional/global network also drives overseas expansion

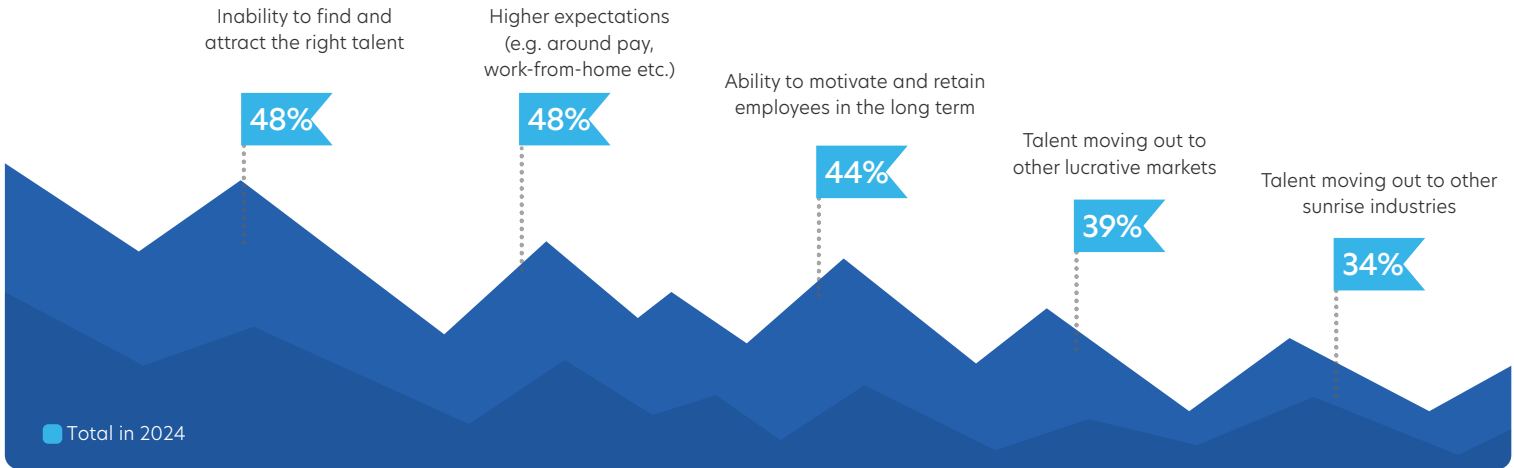


Workforce challenges have impacted many businesses



Attracting the right talent, managing higher expectations, and employee retention are key workforce challenges

Top internal challenges in workforce management



Business sentiment has declined sharply after the recent US tariffs

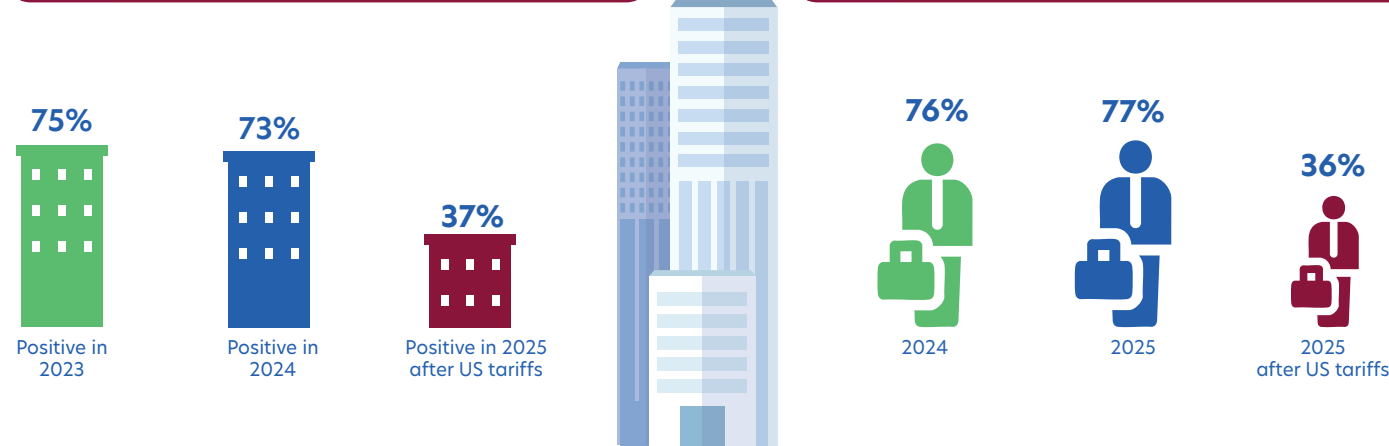


However, over **1 in 3** businesses say the business sentiment is positive after the recent US tariffs

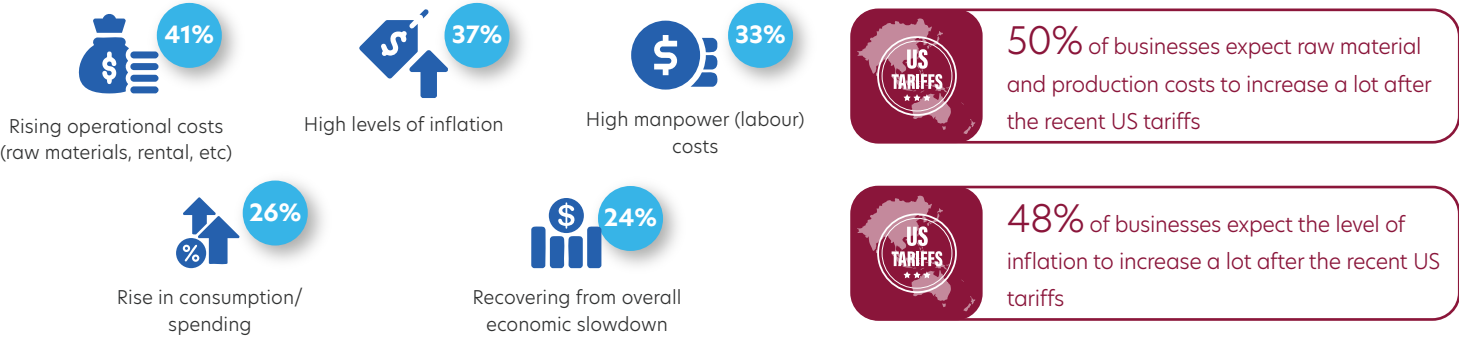
Business optimism has declined after the recent US tariffs



However, over **1 in 3** businesses say the business outlook is positive after the recent US tariffs



Businesses face challenges with rising business costs and high levels of inflation, which are set to increase after the recent US tariffs



Businesses are prioritising growth by developing new revenue streams and refining strategy to stay competitive in the next 1-3 years

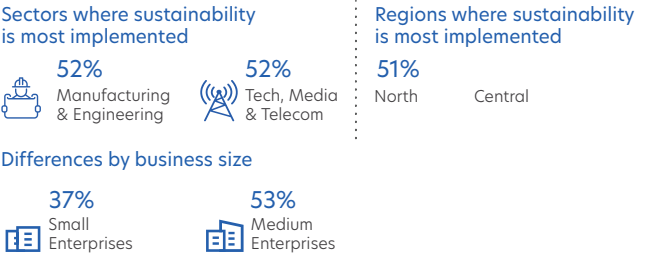
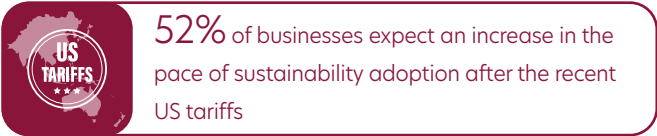


Businesses are looking for financial support measures that can provide immediate relief from the adverse impact of the recent US tariffs

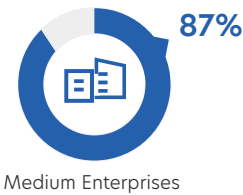
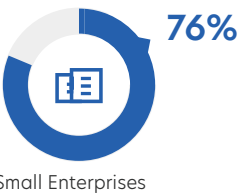
Support needed after the US tariffs were announced



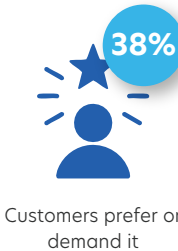
Sustainability adoption has improved in 2024, with the pace of adoption expected to increase after US tariffs



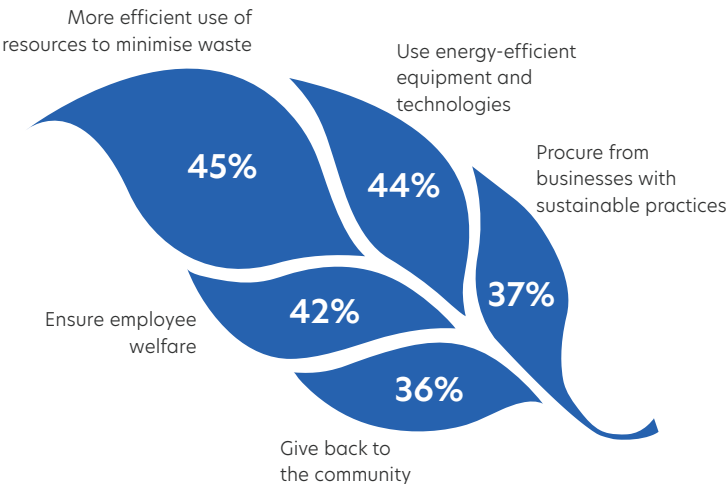
Sustainability adoption is prioritised more by Medium Enterprises



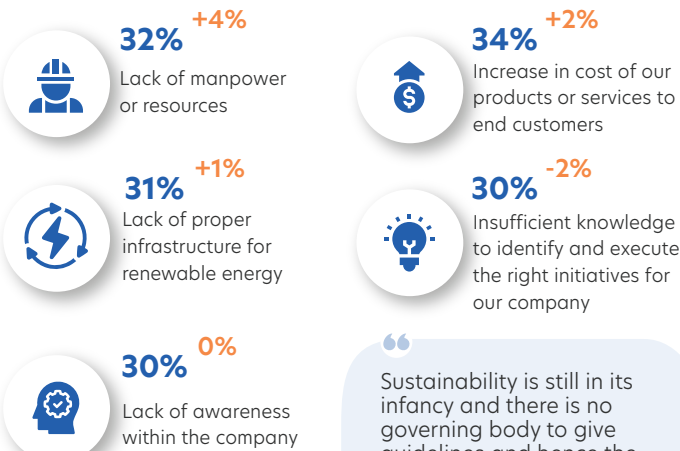
Businesses see sustainability as a way to boost reputation, attract investors, and gain a competitive edge



Initiatives with a tangible impact such as minimising waste and saving energy are prioritised



Lack of manpower and increase in end customer costs are top barriers to adoption



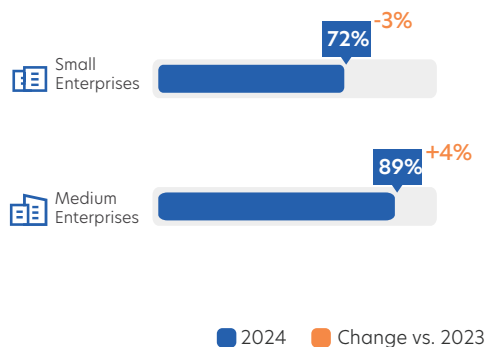
Change vs. 2023

“Sustainability is still in its infancy and there is no governing body to give guidelines and hence the challenge is creating awareness and finding the right framework to adopt sustainability.”

- Owner, Business Services sector

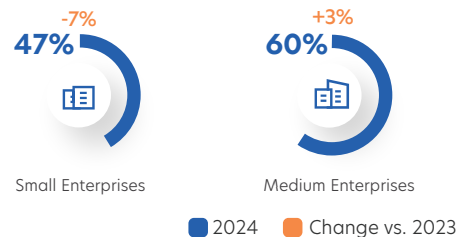
More Medium Enterprises have adopted digitalisation, with adoption expected to accelerate due to US tariffs

Digitalised at least one department



61% of businesses expect an increase in the pace of digital adoption after the recent US tariffs

Success with digitalisation



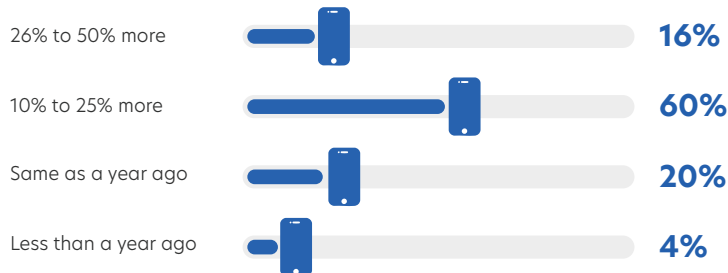
Digitalisation enhances productivity, outreach, and security, leading to better outcomes for businesses

Top impact areas from digitalisation



With positive outcomes clearly visible, businesses are planning to invest more in their digital efforts in 2025

Digital spending in 2025 vs. 2024

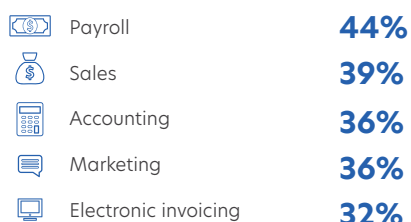


By end of year 2025, we're going to digitalise the whole company to at least 80%. All the processes like sales, procurement etc. will be digitalised. This will ease up a lot of paperwork.
- Owner, Consumer Goods sector

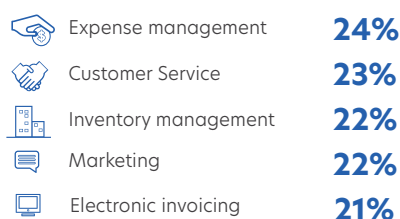


Having digitalised internal functions, future digital investments will extend to customer service and inventory management functions

Current processes digitalised (Top 5)



Future processes digitalised (Top 5)



FinTech solutions for lending, finance, and accounting are driving overall FinTech adoption growth



Over **8 in 10** businesses have adopted or planned to adopt FinTech

Adopted/Plan to adopt in 2023



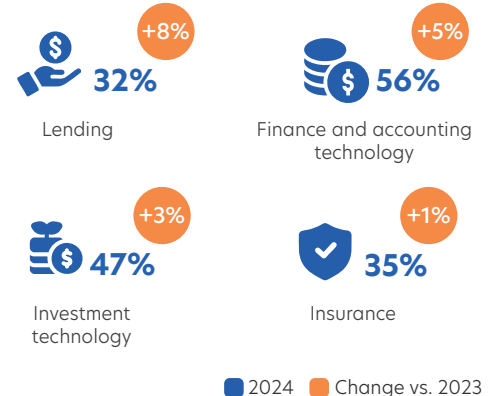
Adopted/Plan to adopt in 2024



Regions with highest FinTech adoption

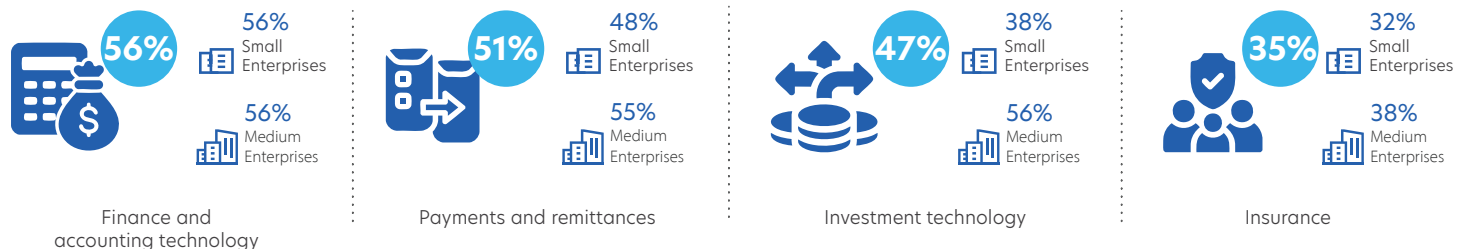
93% East Coast
83% South

FinTech Solutions Adopted/Plan to Adopt

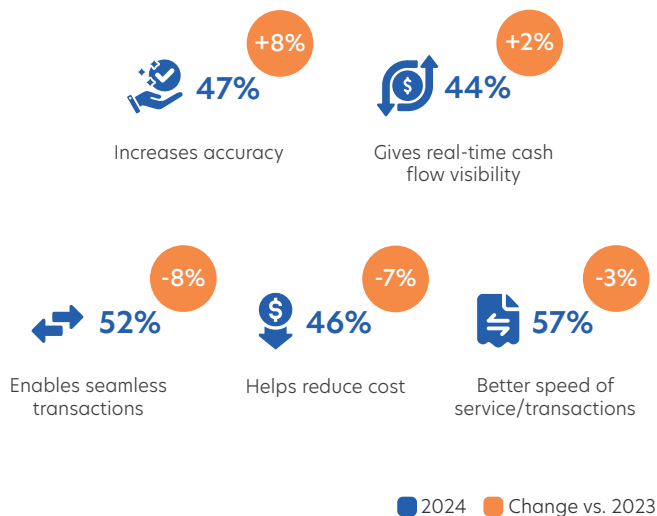


Medium Enterprises are leading in FinTech adoption across most solutions

FinTech Solutions Adopted



More businesses adopt digital payments for accuracy and real-time transactions



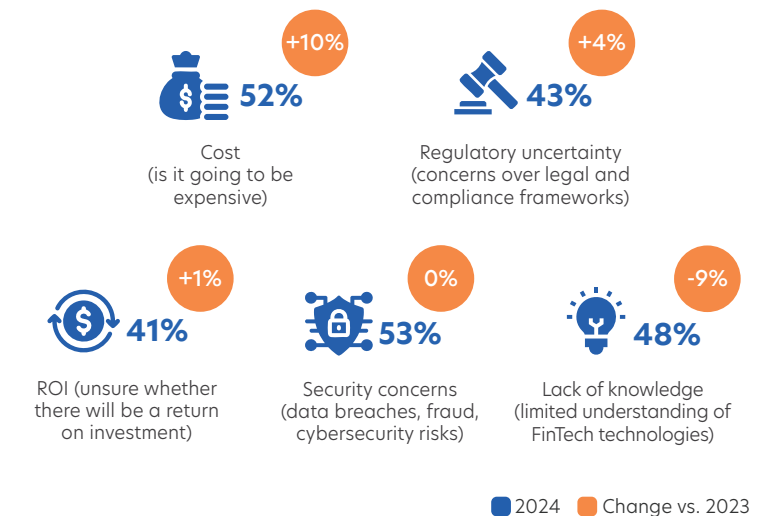
Sectors where accuracy is more important

61% Wholesale Trade
45% Consumer Goods

Regions where accuracy is more important

61% East Coast
50% East Malaysia

Cost and regulatory uncertainty are bigger concerns now as businesses continue adopting FinTech



Sectors where cost is a greater concern

73% Consumer Goods
65% Tech, Media & Telecom

Regions where cost is a greater concern

71% East Coast
57% East Malaysia

Supply chain disruptions continue to impact businesses and are expected to intensify after the recent US tariffs



Over **2 in 5** businesses say their supply chain has been affected



45% of businesses expect supply chain disruptions to increase a lot after the recent US tariffs

Affected in 2023



48%

Affected in 2024



42%



Most impacted sectors

60%
Industrials,
Oil & Gas

49%
Healthcare
& Medical

Differences by size

33%
Small
Enterprises

54%
Medium
Enterprises

Most impacted regions

50%
East
Malaysia

46%
South

Besides cost and procurement, businesses grapple with inventory challenges and a lack of expertise

Top 3 challenges in supply chain management



Emerging supply chain challenges in 2024

Inventory management issues

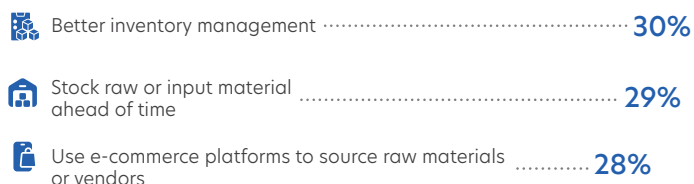
26%
+5%

Lack of in-house expertise/skill sets

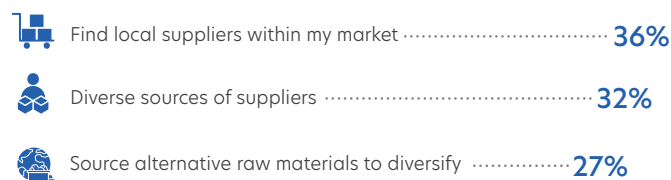
24%
+3%

■ 2024 ■ Change vs. 2023

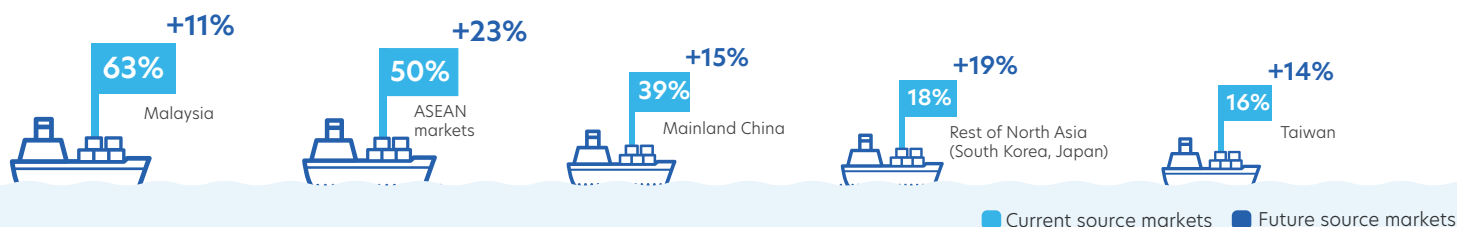
To stabilise supply chains, businesses are optimising inventory and planning proactively



Localisation and diversification are key strategies to ensure supply chain stability



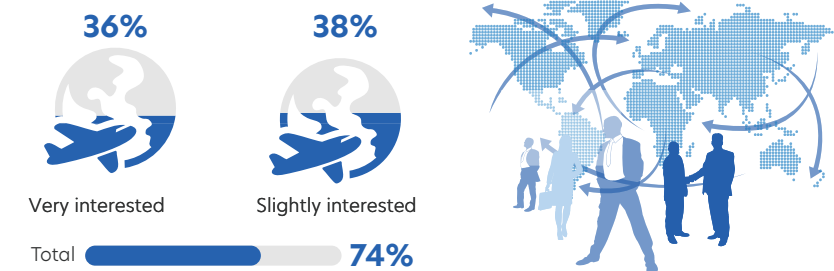
With diversification, future sourcing is set to expand into ASEAN and rest of North Asia



Businesses seek financial support and collaboration for supply chain stability

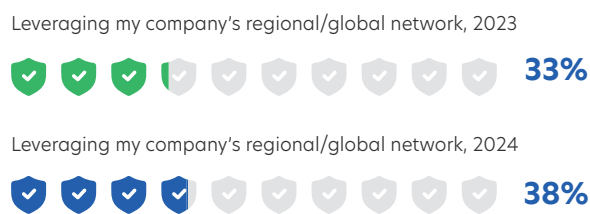
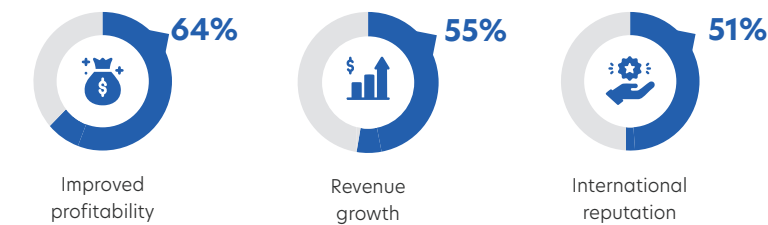


Interest in overseas expansion remains high after US tariffs, with intra-ASEAN trade expected to grow

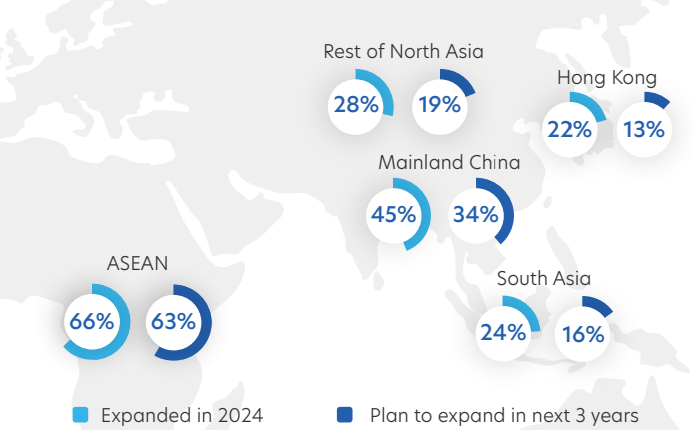


Profit, growth, and global reputation drive overseas expansion

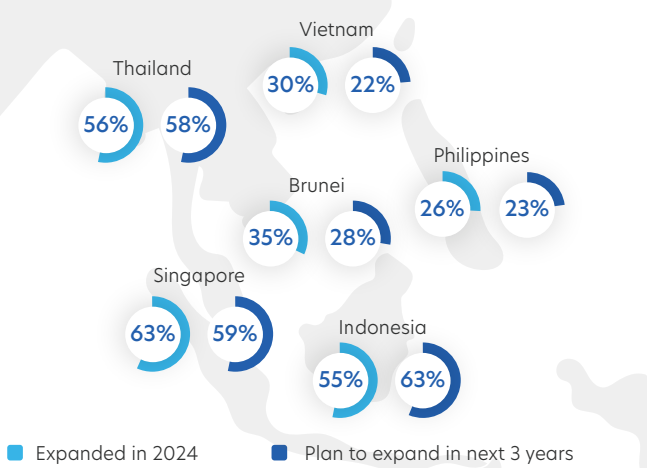
More businesses are also leveraging their network to expand overseas



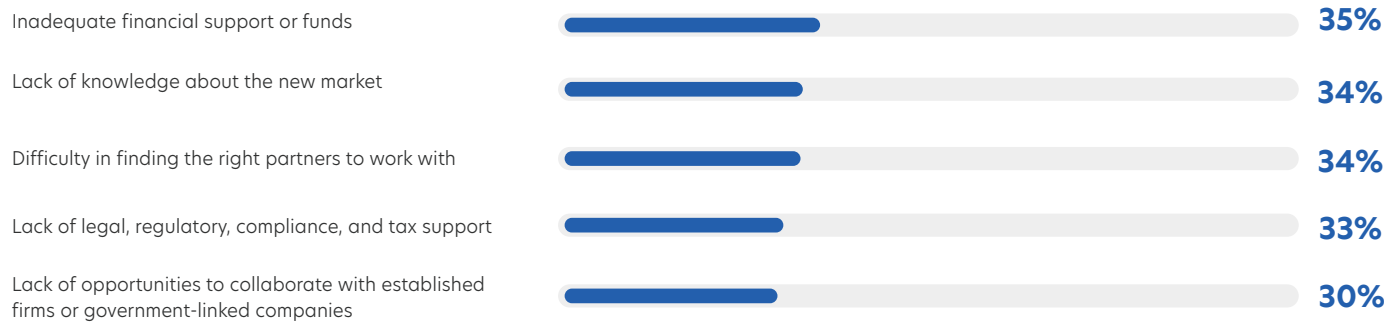
ASEAN and Mainland China continue to be the focus for current and future expansion efforts



Within ASEAN, Singapore, Thailand, and Indonesia are key priority markets



Inadequate funding, lack of knowledge, difficulty in finding the right partners are key barriers to overseas expansion



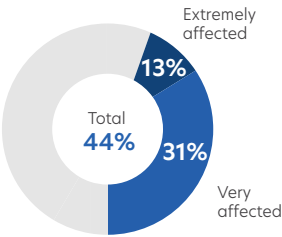
Businesses are experiencing manpower challenges, which are expected to escalate after US tariffs



Over 2 in 5 businesses are affected by workforce or manpower-related issues



32% of businesses expect workforce challenges to increase a lot after the recent US tariffs driven by inflation and higher cost to business



Most affected sectors



Most affected regions

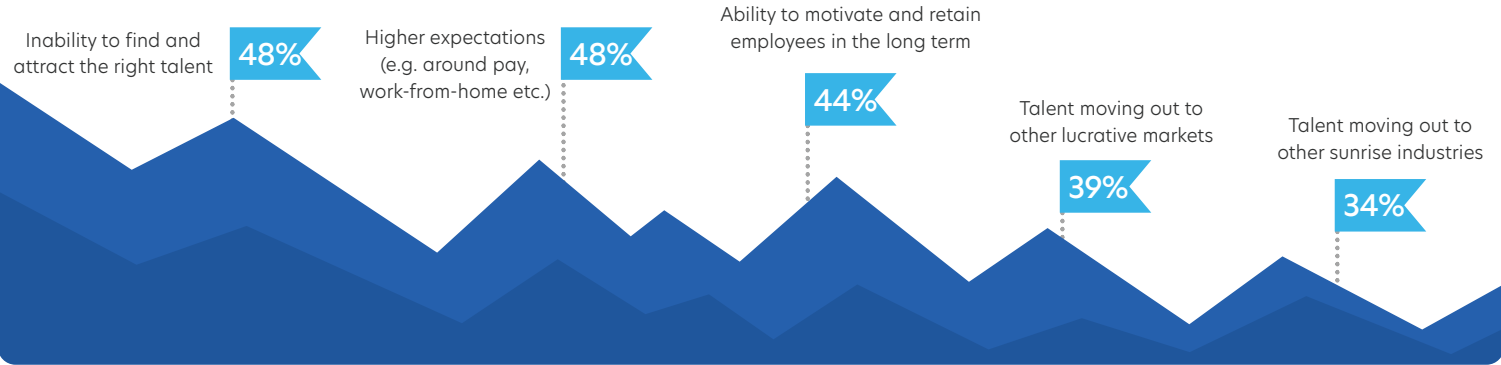


Differences by size



Attracting the right talent, managing higher expectations, and employee retention are key workforce challenges

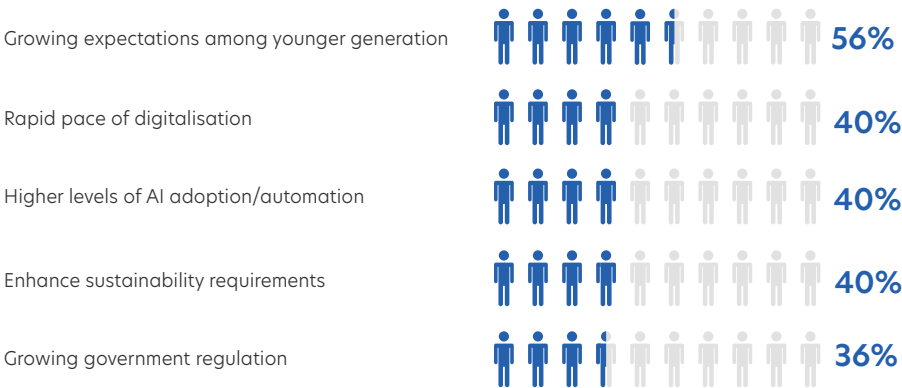
Top internal challenges in workforce management



External factors such as growing demands from younger generation, rapid digitalisation, and AI adoption have intensified workforce challenges

Top external challenges in workforce management

Total in 2024



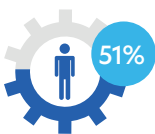
“The government doesn’t allow foreigners to come and work in the dairy farm side of my business. I have a restaurant business too and the local guys don’t want to do the dangerous and dirty jobs. So, we still have to bring in foreigners for that.”

- Owner, Consumer Goods sector

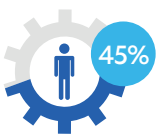


Businesses address workforce challenges through higher pay, training employees, and digital transformation

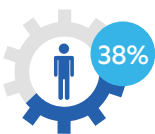
Top actions to address workforce challenges



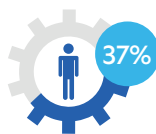
Offering higher pay and benefits



Providing reskilling or upskilling



Digital transformation or automation initiatives



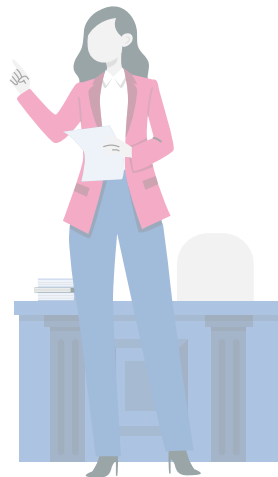
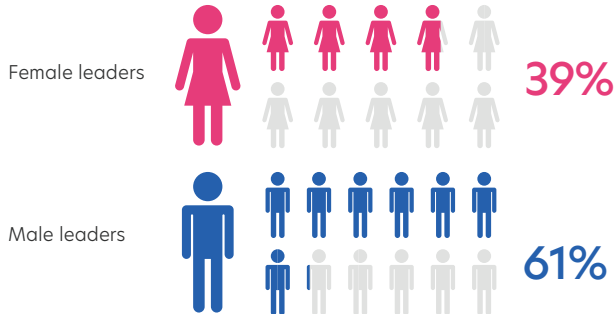
Offering flexi-work arrangements (including work-from-home)



Offering roles or job rotation opportunities across departments or markets

2 in 5 of all business leaders are women, with a stronger presence in customer-facing or service industries and Small Enterprises

 **4 in 5** women in leadership roles within the business world are leading Small Enterprises



Spread by sectors



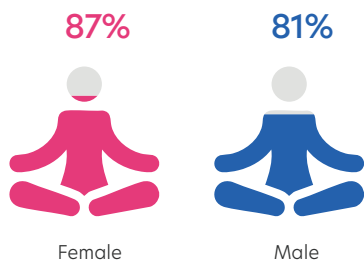
Spread by business size



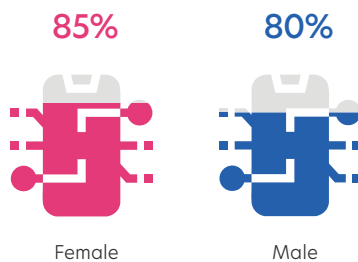
Women in business are prepared to implement well-being programmes and embrace digitalisation but require support to restructure loan obligations

Women are more prepared on

Implementing well-being programmes

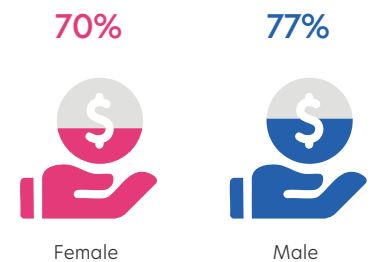


Digitalisation to achieve business efficiencies



But less prepared on

Restructuring loan obligations with the bank

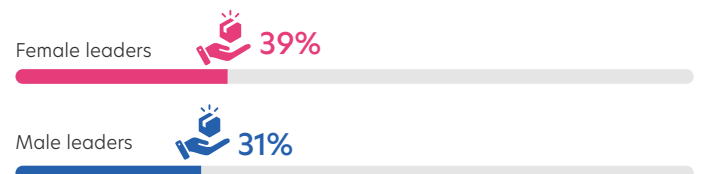


Women leaders are more driven to improve their customer-centric capabilities to meet changing customer expectations

User-friendly channels for customer interaction



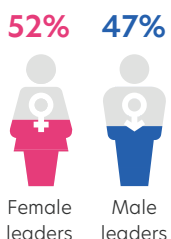
Hyper-personalised services or offers to customers



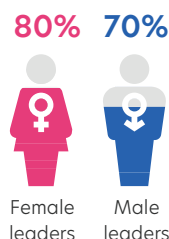
Women-led businesses have expanded their business overseas and are keen to expand further

Expansion interest

Expanded in 2024

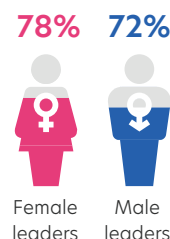


Interested in future expansion

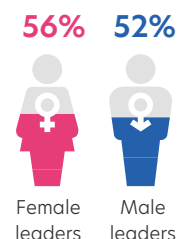


Cross-border trade platforms

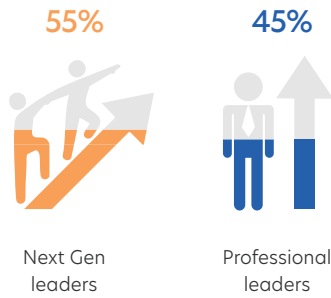
Very interested in cross-border trade platform



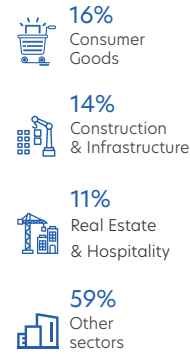
Connecting with industry peers as support measure



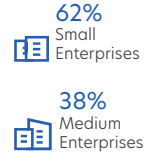
Half of business leaders are Next Gen, with a stronger presence in the Consumer Goods sector and Small Enterprises



Spread by sectors

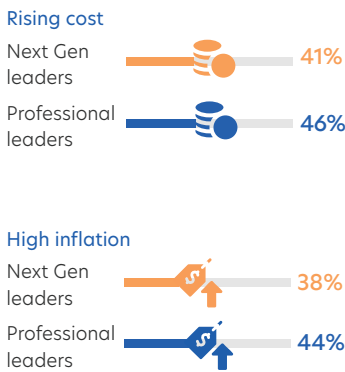


Spread by business size

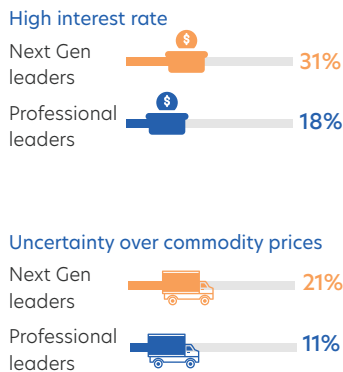


Next Gen leaders prioritise strategic challenges over short-term concerns

Short term concerns

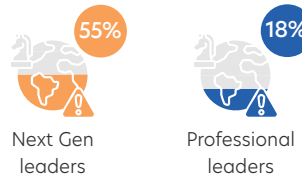


Strategic concerns

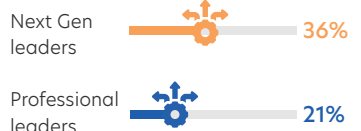


Wary of supply chain disruptions, Next Gen leaders adopt analytics and smart inventory practices

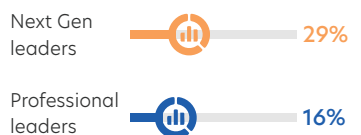
Affected by geopolitical impact on supply chains



Use data analytics and insights for faster decision-making

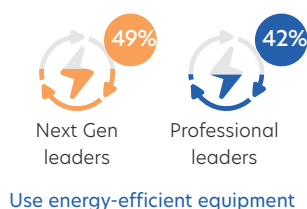


Better inventory management practices



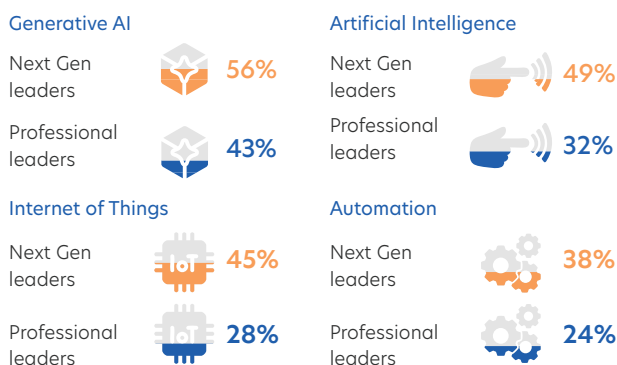
Next Gen leaders adopt sustainable practices through energy-efficient equipment and employee welfare

Sustainability practices



Next Gen leaders are at the forefront of tech adoption

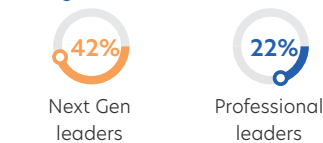
Technologies used



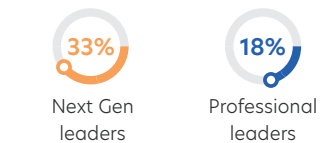
They pursue customer-centricity through digitalisation and automation

Areas of deployment

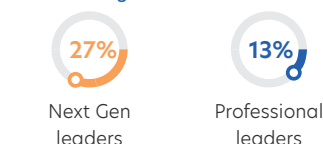
Digitalisation of inventory management



Automation for customer service



Digitalisation of logistics and supply chain management



Digitalisation of Customer Relationship Management

