

# UOB Business Outlook Study 2025 (SMEs & Large Enterprises)



## Regional Report



# Foreword

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The global business environment in 2025 is increasingly defined by transformation and adaptability. The confluence of geopolitical dynamics, macroeconomic shifts and growing business imperatives such as digitalisation and sustainability, continue to shape how businesses operate and compete.

Against this backdrop, ASEAN is holding steadfast as a dynamic and strategically important region, and businesses that continue to innovate and stay nimble amid changing market conditions can still drive sustainable growth for the long term.

The UOB Business Outlook Study 2025, now in its sixth year, surveys key decision-makers in over 4,000 SMEs and large enterprises across ASEAN and Greater China to capture current business sentiments and provide businesses with strategic insights to seize opportunities, plan their next actions and navigate potential challenges.

Insights from this Study cover three key areas:

1. The trends that are shaping the growth of businesses, in the areas of Sustainability, Digitalisation, Supply Chain Management, Overseas Expansion, Next Generation Leaders, and more;
2. How companies are adopting growth strategies to adapt to an ever-evolving business landscape and shifting supply chains;
3. How UOB and industry partners can continue to partner businesses to drive their growth ambitions.

As the One Bank for ASEAN banking the world's fastest-growing trade bloc, we are well-positioned to drive business connectivity and cross-border trade within the region, and from ASEAN to the rest of the world. Our comprehensive regional footprint, unique combination of strong sector expertise and local market knowledge, advisory and solutions enable us to help businesses navigate market complexities, develop long-term resilience, and tap into growth opportunities both domestically and abroad.

Ready to connect to ASEAN's most extensive trade network? Speak with us to access new growth opportunities across the region and beyond.

## **Eric Lian**

Head, Group Commercial Banking  
Group Wholesale Banking

## **Kavita Bedi**

Head, Group Business Banking  
Group Wholesale Banking

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# Background & Methodology

The UOB Business Outlook Study 2025, now in its sixth year, offers a comprehensive snapshot of the business landscape in ASEAN and Greater China. Conducted in January 2025, this annual survey encompasses SMEs and Large 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 the region. 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 the region's dynamic economy.

## WHAT



Total of 4,197 interviews, 15-minute online survey, conducted in January 2025



Total of 792 interviews, 10-minute online survey, conducted in April 2025 after the US tariffs were announced

## WHO



Businesses in seven markets across the ASEAN and Greater China regions



Covers both SMEs and Large Enterprises across key industry verticals



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



C-suite Insights: 30 mins in-depth interviews with C-suite leaders

## WHERE



## INDUSTRY VERTICALS



491  
Consumer Goods



450  
Tech, Media & Telecom



441  
Manufacturing & Engineering



436  
Construction & Infrastructure



382  
Business Services



374  
Real Estate & Hospitality



358  
Healthcare & Medical Services



336  
Wholesale Trade



334  
Professional Services



326  
Community & Personal



269  
Industrials, Oil & Gas

# Business Classification

|                                                                                                 | Total | Small Enterprise | Medium Enterprise | Large Enterprise |
|-------------------------------------------------------------------------------------------------|-------|------------------|-------------------|------------------|
| Total:                                                                                          |       | 1206             | 2274              | 717              |
|  Mainland China | 600   | -                | 67%               | 33%              |
|  Hong Kong SAR  | 560   | -                | 62%               | 38%              |
|  Indonesia      | 535   | 43%              | 57%               | -                |
|  Malaysia       | 535   | 59%              | 41%               | -                |
|  Singapore      | 900   | 39%              | 50%               | 12%              |
|  Thailand       | 535   | 59%              | 41%               | -                |
|  Vietnam        | 532   | -                | 62%               | 38%              |

| Definitions                                                                                     | Small Enterprises     | Medium Enterprises    | Large Enterprises |
|-------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-------------------|
|  Mainland China | -                     | RMB 100m to < RMB 4b  | ≥ RMB 4b          |
|  Hong Kong SAR | -                     | HKD 100m to < HKD 4b  | ≥ HKD 4b          |
|  Indonesia    | IDR 6b to < IDR 110b  | IDR 110b to < IDR 3t  | -                 |
|  Malaysia     | < RM 30m              | RM 30m to < RM 900m   | -                 |
|  Singapore    | < SGD 10m             | SGD 10m to < SGD 300m | ≥ SGD 300m        |
|  Thailand     | THB 30m to < THB 400m | THB 400m to < THB7.5b | -                 |
|  Vietnam      | -                     | VND 200b to < VND 5t  | ≥ VND 5t          |

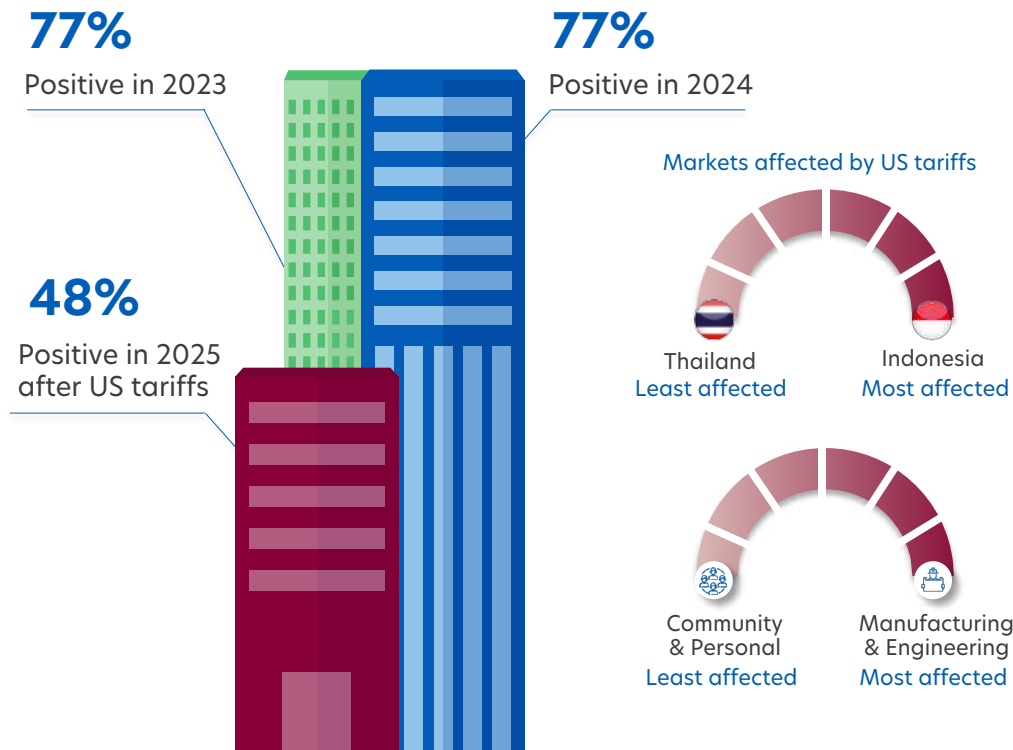
# **BUSINESS SENTIMENT & OUTLOOK**



# Business sentiment has declined sharply in the region after the recent US tariffs.

## Current business environment

However, **1 in 2** businesses say the business sentiment is positive despite the US tariffs



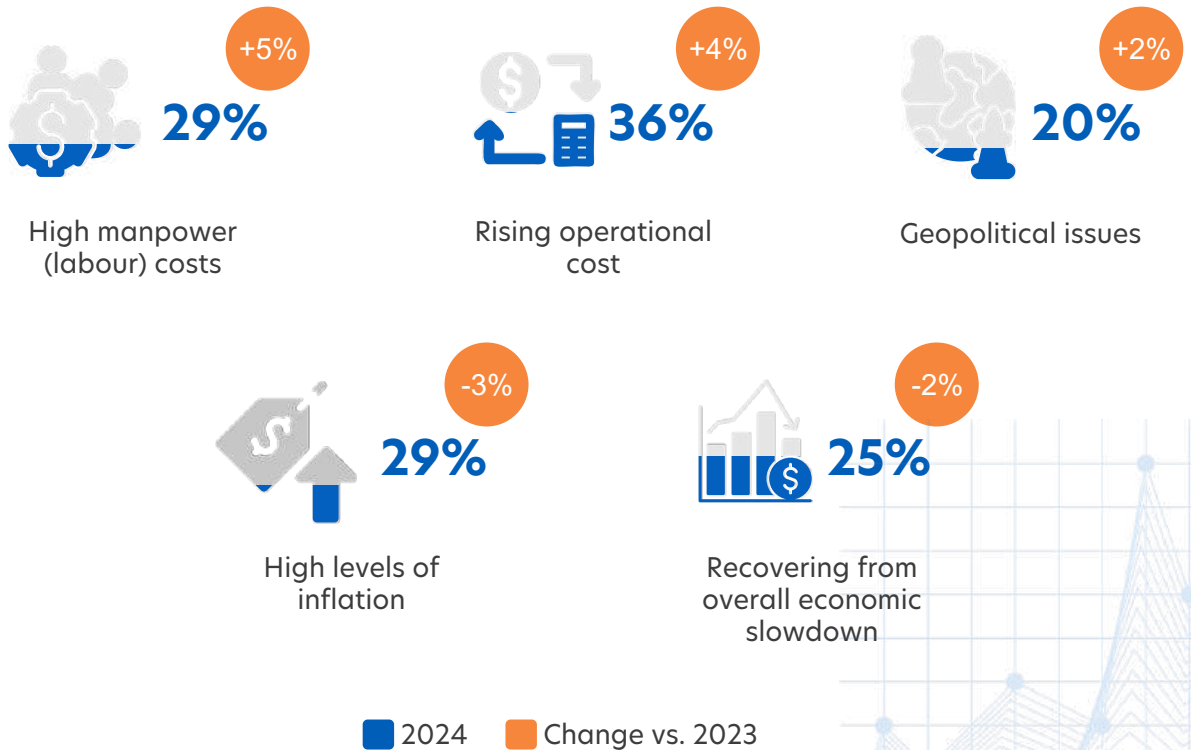
Q. How do you perceive the current business environment?  
Base: Total 2024 (4197), 2023 (4050)

# Business costs increased in 2024 and are expected to rise further with the recent US tariffs.

## Factors impacting businesses in 2024

**1 in 2** businesses expect raw material and production costs to increase a lot after the recent US tariffs

**1 in 2** businesses expect the level of inflation to increase a lot after the recent US tariffs



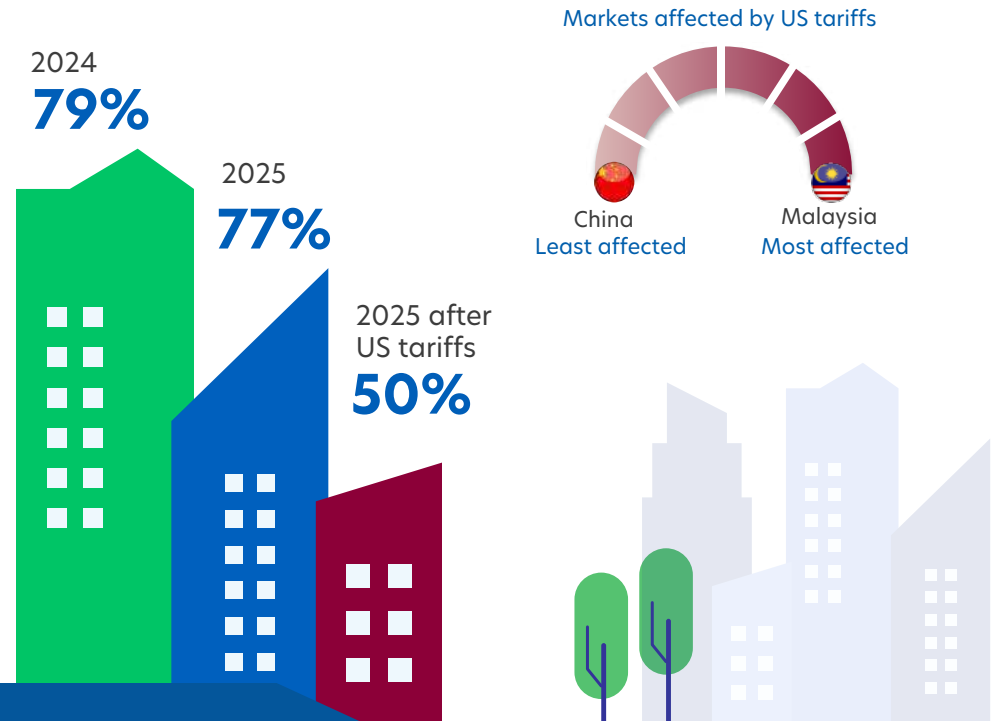
Q. Which of the factors below had the biggest impact on your business in 2024?  
Base: Total 2024 (4197), 2023 (4050)

# Business outlook has dropped sharply in the region after the recent US tariffs.

## Outlook for 2025

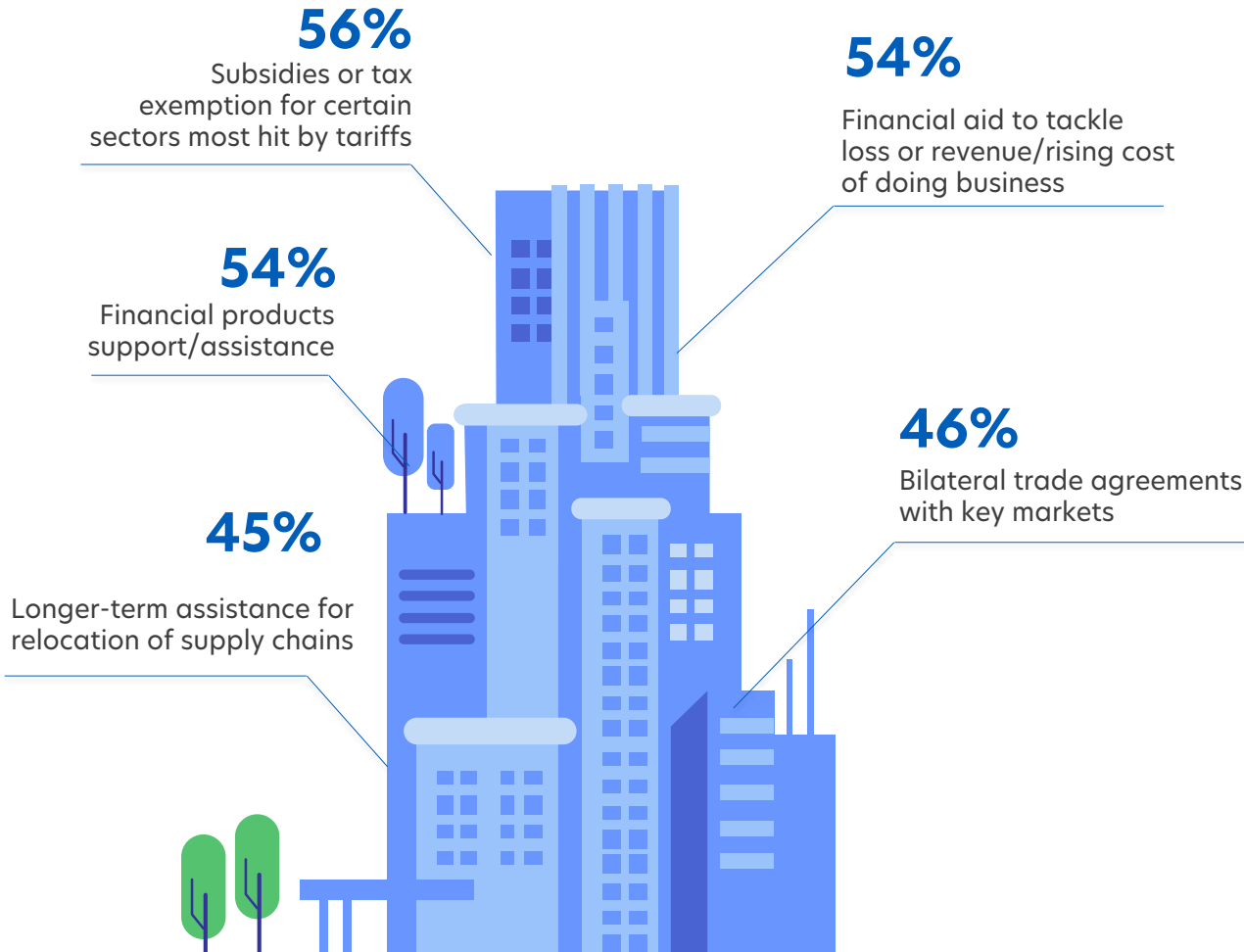


However, 1 in 2 businesses say the business sentiment is positive despite the US tariffs



# Businesses are looking for both immediate financial support and longer-term assistance.

## Support needed due to US tariffs



# Prioritisation of growth and efficiency over cost reduction, is evident in future business priorities.

## Business priorities in the next 1-3 years



2024 Change vs. 2023

### High priority markets



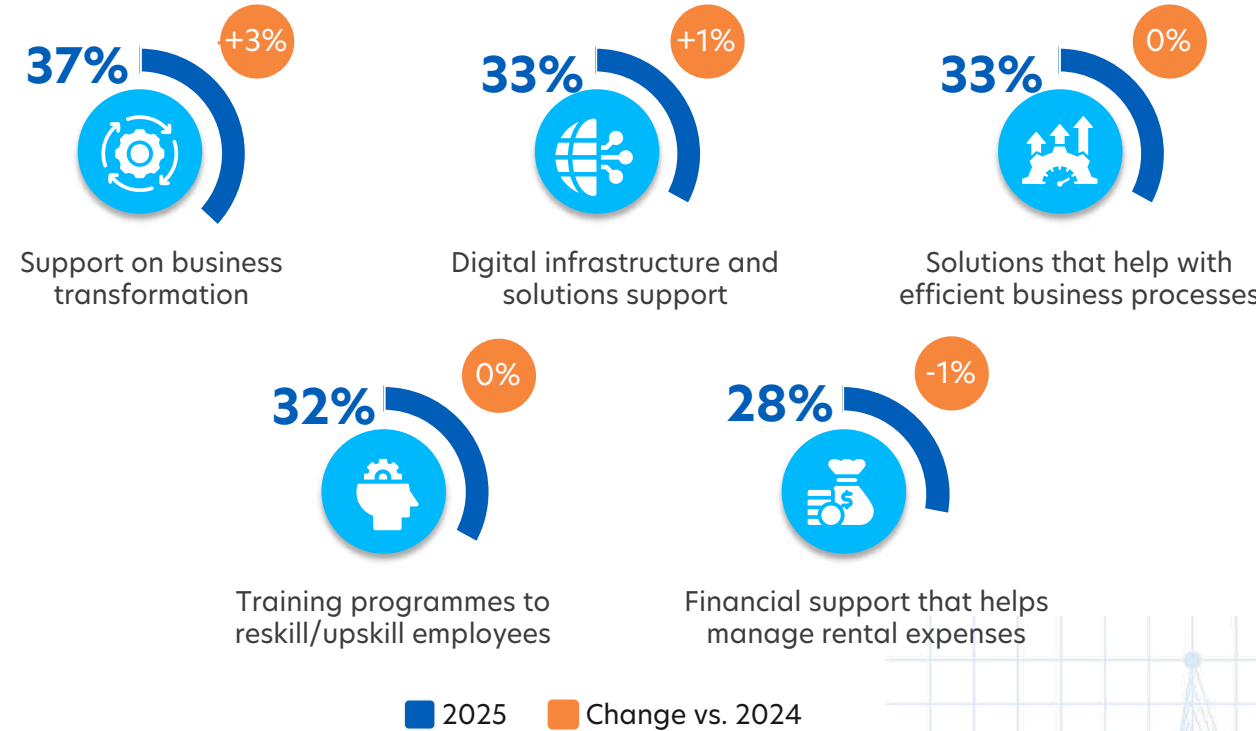
### High priority sectors



Q. What are your top business priorities for the next 1-3 years?  
Base: Total 2024 (4197), 2023 (4050)

# Businesses need greater support in business transformation and digital infrastructure solutions.

## Support needed

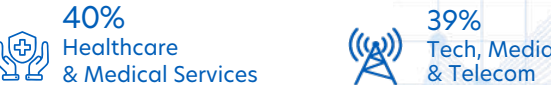


### Support on business transformation

#### Markets that need the most support



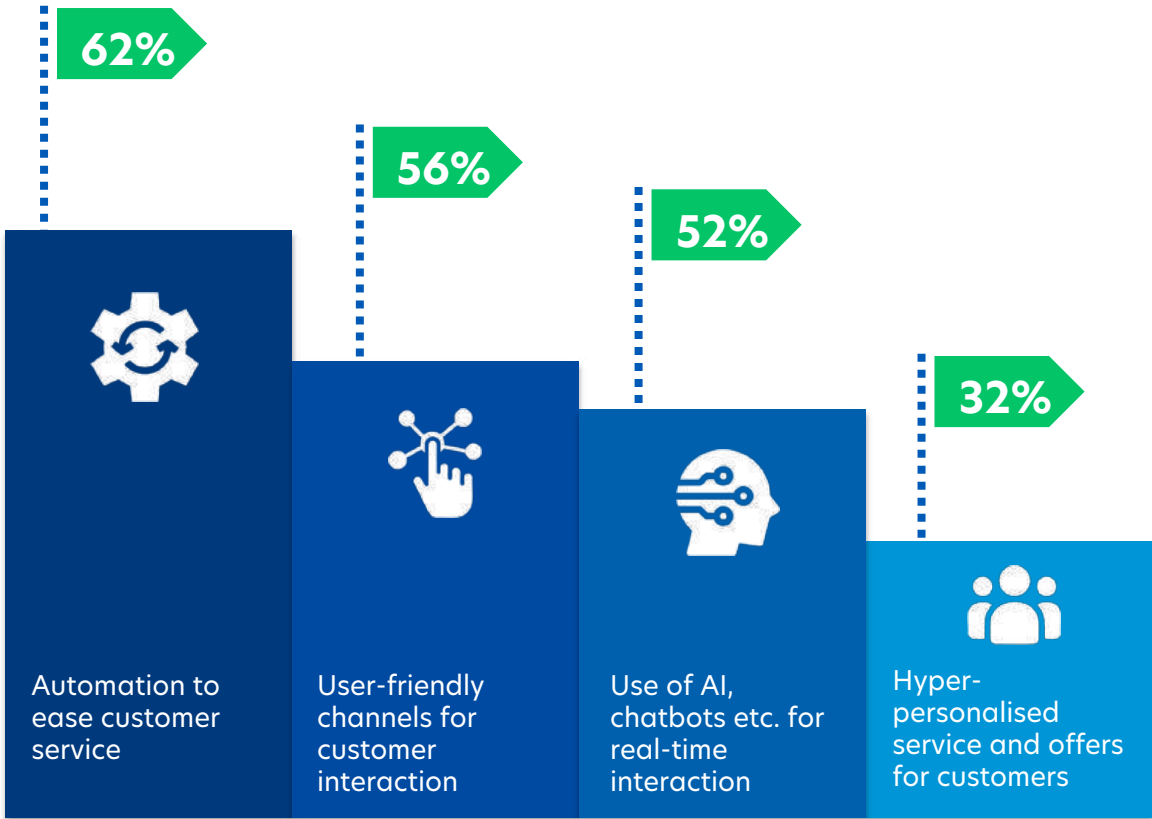
#### Sectors that need the most support



Q. What type of support would help your company towards business success in 2025 and beyond?  
This support could be from government, industry bodies etc. Base: Total 2024 (4197), 2023 (4050)

# To drive growth and efficiency, businesses seek to integrate automation and AI into their business model.

## Key capabilities businesses seek to improve



## How businesses are using these capabilities



Businesses are relying more heavily on automation and AI to streamline processes and deliver innovative products



“The textile industry is manually driven, but we are now trying to automate most processes using AI-driven technologies and by introducing new designs to the market.”

- CFO, Manufacturing sector, Hong Kong





“We are deploying a lot more AI technology ourselves and aim to spend substantial resources in deploying AI in our day-to-day operations, in order to streamline processes and address skill set gap.”

- GM, Technology sector, Singapore



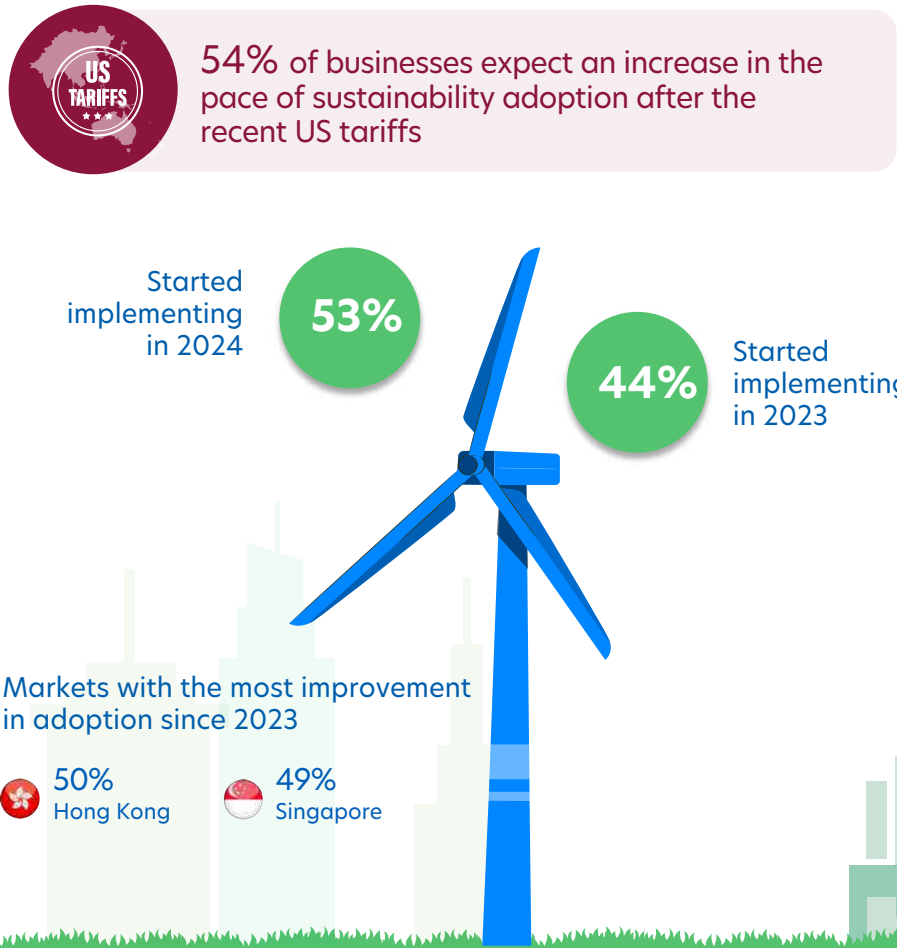
Q. Consumer expectations and interaction with businesses have changed. What are the key channels/capabilities that your business needs to improve, to handle this change in customer engagement expectations? Base: Total 2024 (4197), 2023 (4050)

# SUSTAINABILITY ADOPTION



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

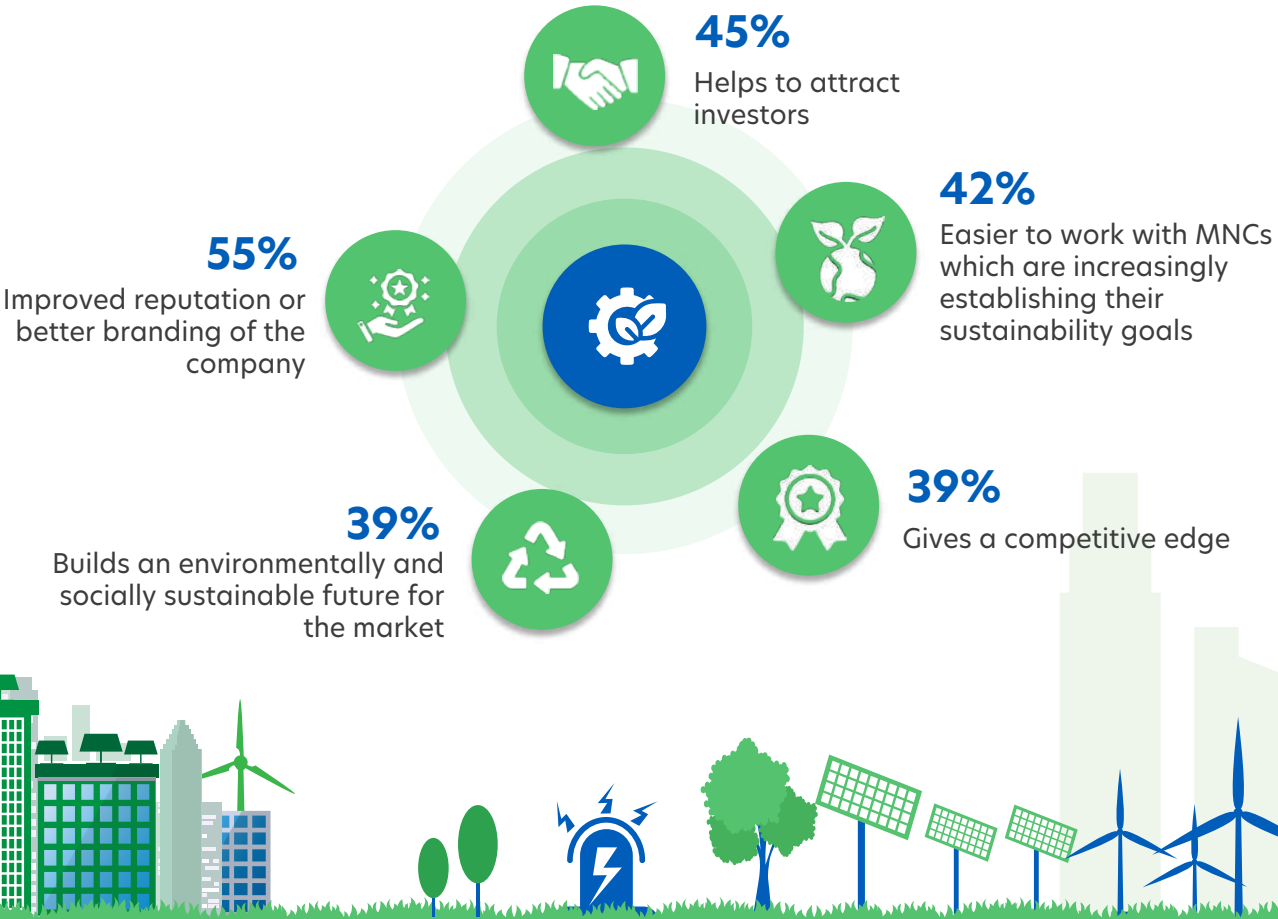
## Sustainability adoption



Q. What stage is your company at today in the adoption of sustainability practices?  
Base: Total 2024 (4197), 2023 (4050)

# The need to build reputation, attract investors, and collaborate with MNCs is driving sustainability adoption in the region.

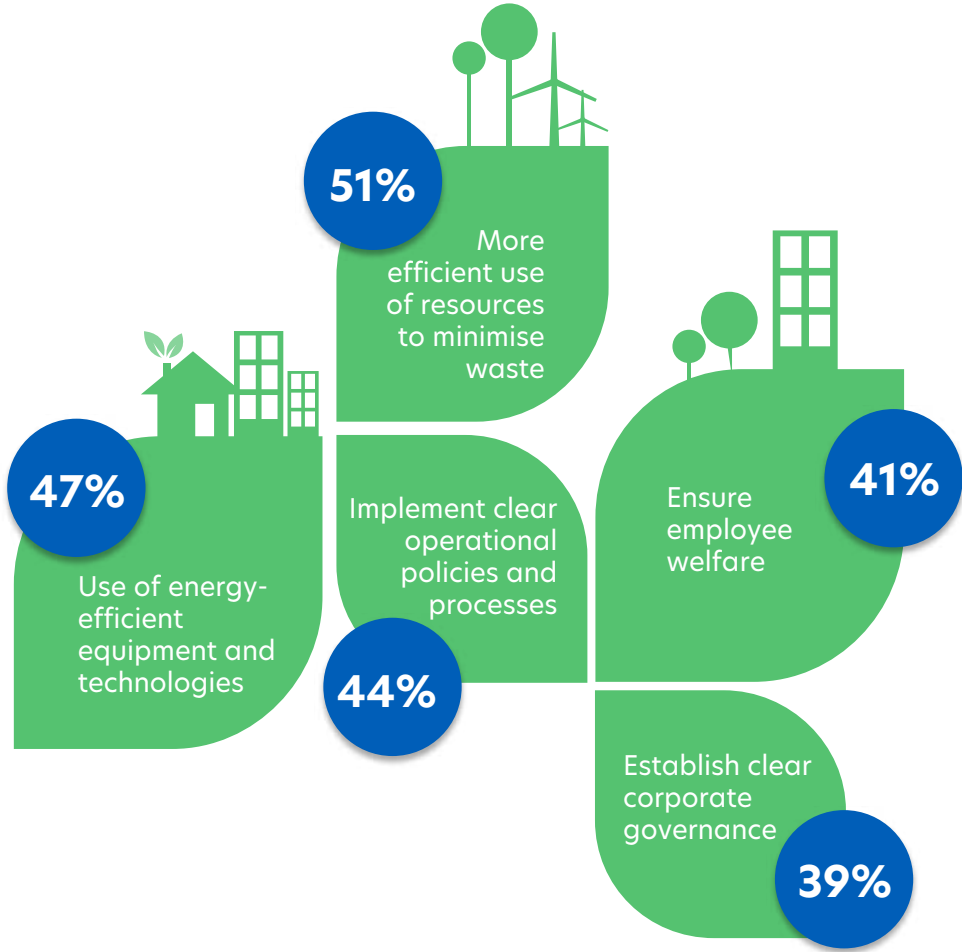
## Motivators for sustainability adoption



Q. Why is sustainability important to your business?  
Base: Those who regard sustainability as important, 2024 (3732), 2023 (3525)

# Adoption of sustainable practices such as waste reduction and clear operational policies are on the rise.

## Sustainable practices implemented



## Implementation by markets and sectors

### More efficient use of resources to minimise waste

#### Most implemented markets



#### Most implemented sectors



### Use of energy-efficient equipment and technologies

#### Most implemented markets



#### Most implemented sectors



”

“There is a growing emphasis on sustainability within the logistics sector. Companies are increasingly prioritising green initiatives, such as energy-efficient warehousing and eco-friendly transportation options, to meet regulatory requirements and consumer expectations.”

- GM, Construction & Infrastructure sector, China

# However, sustainability adoption differs by sector and size of enterprise.

## Sustainability adoption by sector and size



Businesses in Industrials, Oil & Gas, and Manufacturing & Engineering sectors have prioritised sustainability more than other sectors

Sectors with the most sustainability adoption





Sustainability adoption is higher among Large Enterprises while Small Enterprises lag behind

Differences in adoption by business size



Q. What stage is your company at today in the adoption of sustainability practices?  
Base: Total 2024 (4197)

# Adoption is hindered by concerns over increased costs to end customers and impact on profits.

## Key barriers to adopt sustainability





The moment you say your product is more sustainable and therefore it has a small price increase, it is unacceptable for customers. They immediately choose the cheaper option.

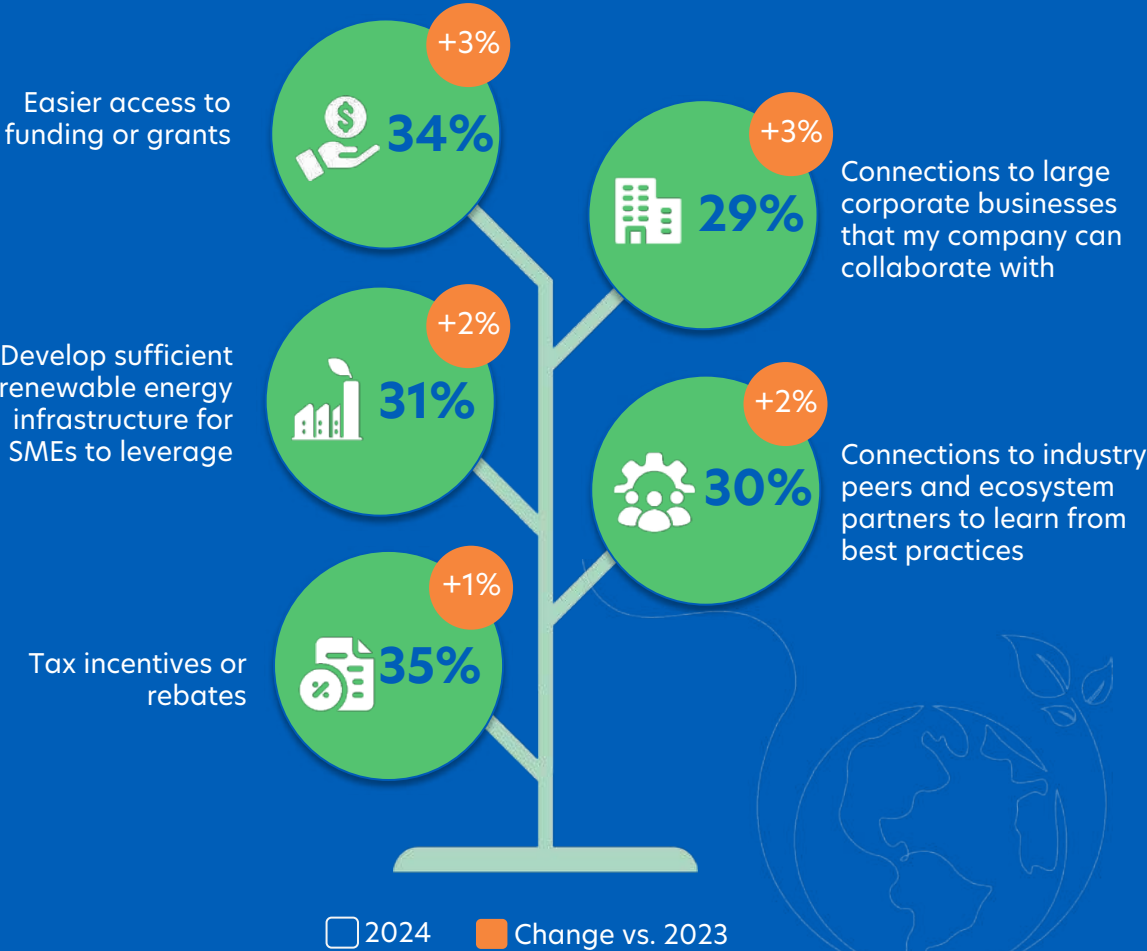
- Owner, Consumer Goods sector, Indonesia



Q. What are the major barriers to implementing sustainability practices in your company?  
Base: Total 2024 (4197), 2023 (4050)

# There is a growing demand for support through easier funding, collaboration and renewable energy infrastructure.

## Preferred support for sustainable practices



## Support by markets and sectors

### Easier access to funding or grants

#### Markets most needed in



#### Sectors most needed in



### Connections to large corporates that my company can collaborate with

#### Markets most needed in



#### Sectors most needed in



### Develop sufficient renewable energy infrastructure for SMEs to leverage

#### Markets most needed in



#### Sectors most needed in



# DIGITALISATION

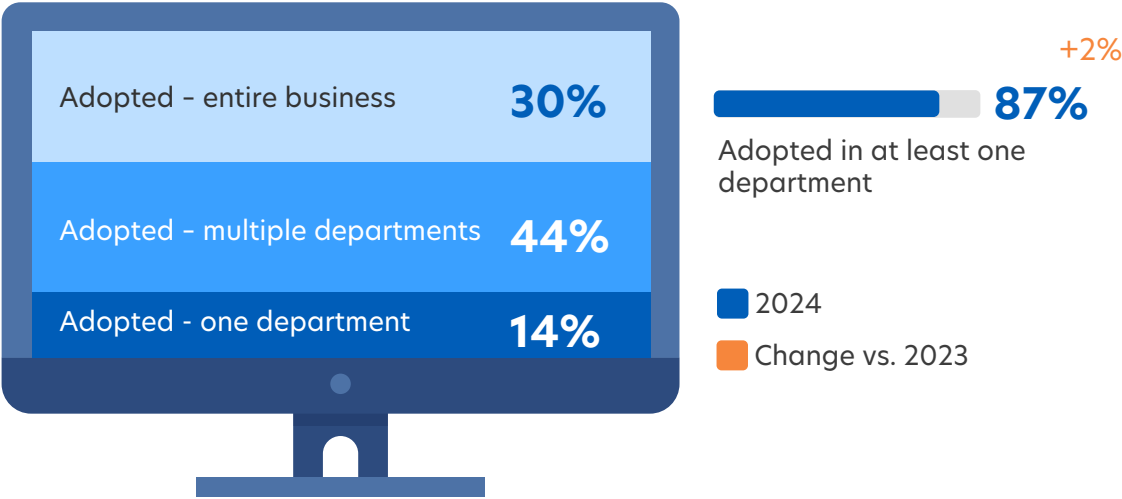


# Digitalisation has been widely embraced across the region.

## Current state of digital adoption



60% of businesses expect an increase in the pace of digital adoption after the recent US tariffs



## Most digitalised (one or more departments) - markets and sectors

Most digitalised markets

94%  
Vietnam

90%  
China

Most digitalised sectors

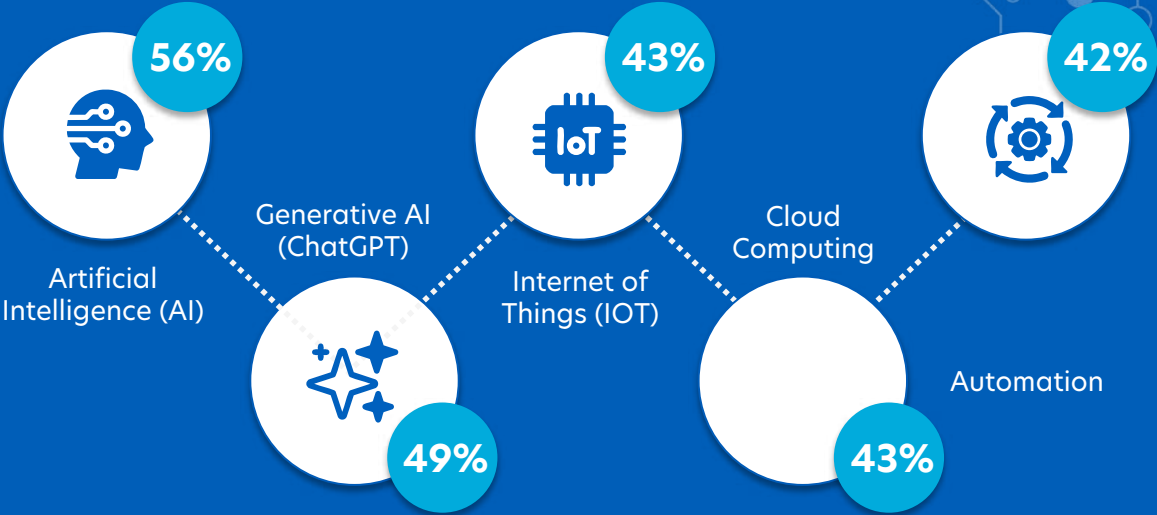
92%  
Healthcare & Medical Services

91%  
Professional Services

Q. What is the current state of digital adoption in your company?  
Base: Total, 2024 (4197)

# Businesses are advancing their digitalisation journey by adopting new technologies.

## Top new technologies currently used in business



## Top new technology currently used - markets and sectors

Artificial Intelligence (AI) - top markets

67%  
China

62%  
Vietnam

Artificial Intelligence (AI) - top sectors

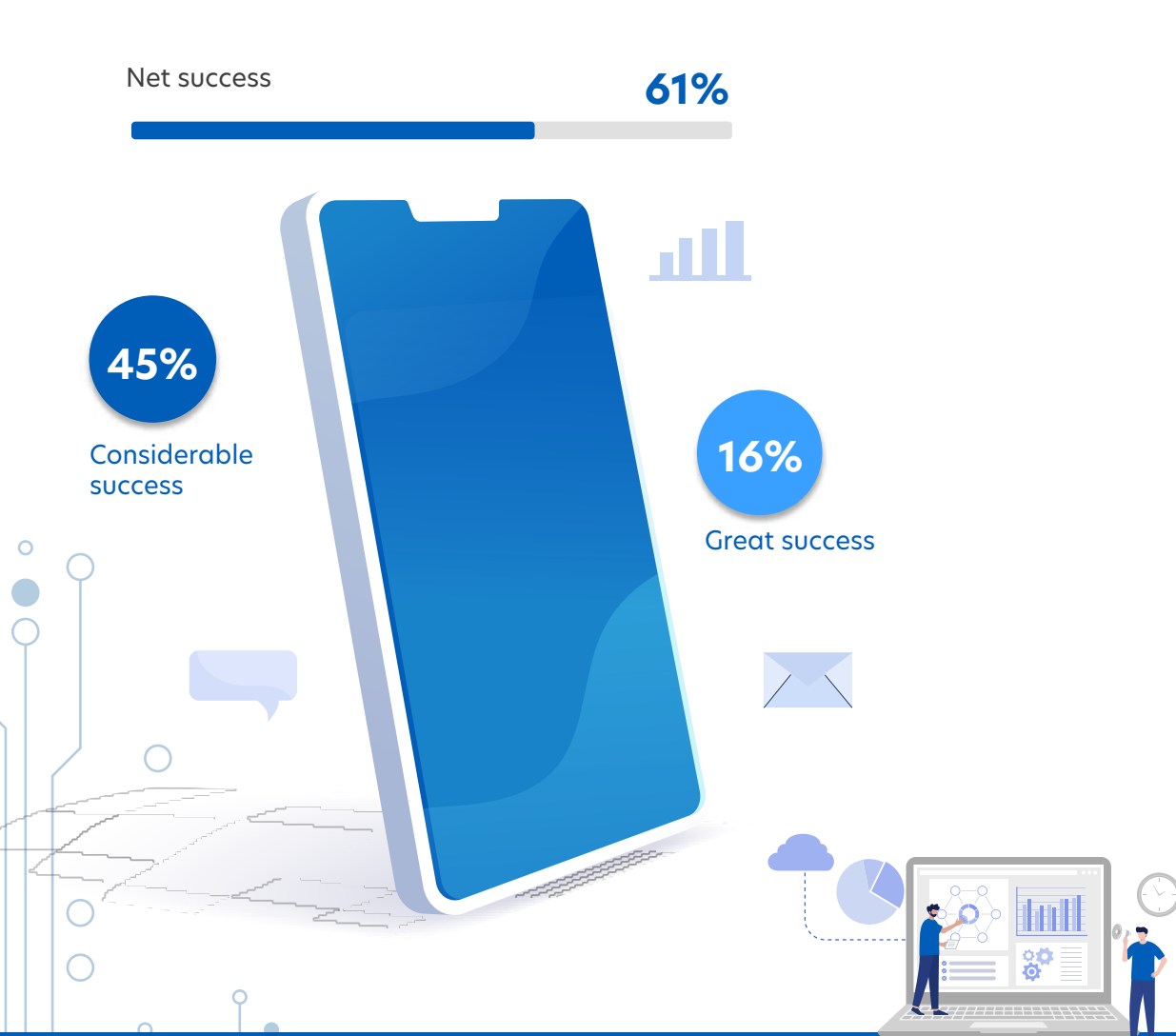
64%  
Tech, Media & Telecom

60%  
Industrials, Oil & Gas

Q. Which of these new technologies are currently used in your business?  
Base: Total, 2024 (4197)

# Over 6 in 10 businesses have succeeded in their digitalisation efforts.

## Success in digital adoption



## Most success with digitalisation - markets and sectors



“By end of year 2025 we’re going to digitalise the whole company to at least 80%, where all processes like sales, procurement, everything is going to be digitalised. This is going to ease up a lot of paperwork.”

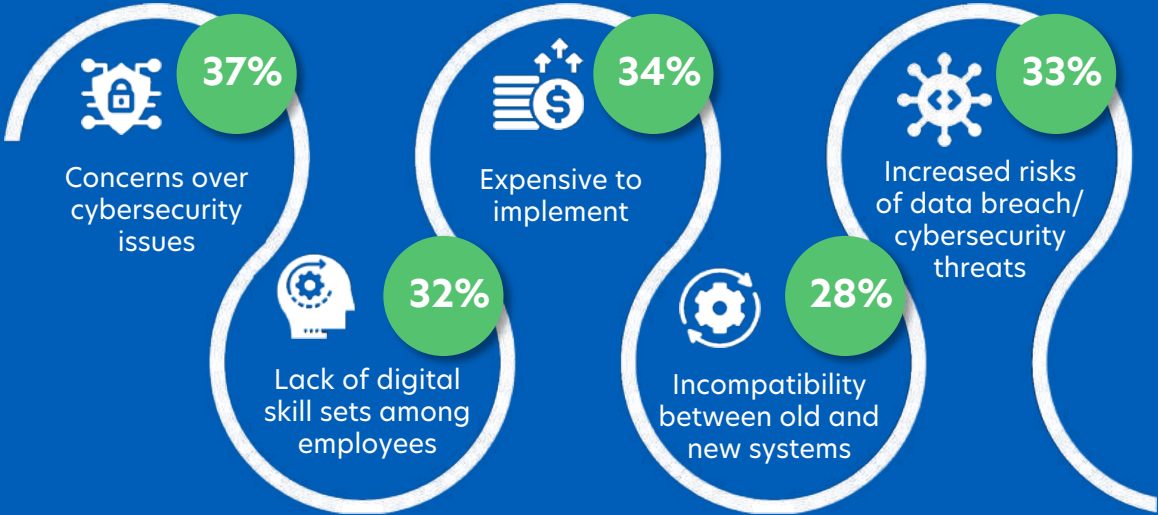
- Owner, Consumer Goods sector, Malaysia

“Our sales force is enabled with WhatsApp orders and we’re also selling through other online market platforms that are there. And we basically said we just want to try everything.”

- CEO, Consumer Goods sector, Indonesia

However, a third are burdened by cybersecurity issues, high implementation costs, and increased data breach risks.

Expected challenges for digital adoption



Top challenges - markets and sectors

Markets most concerned over cybersecurity issues



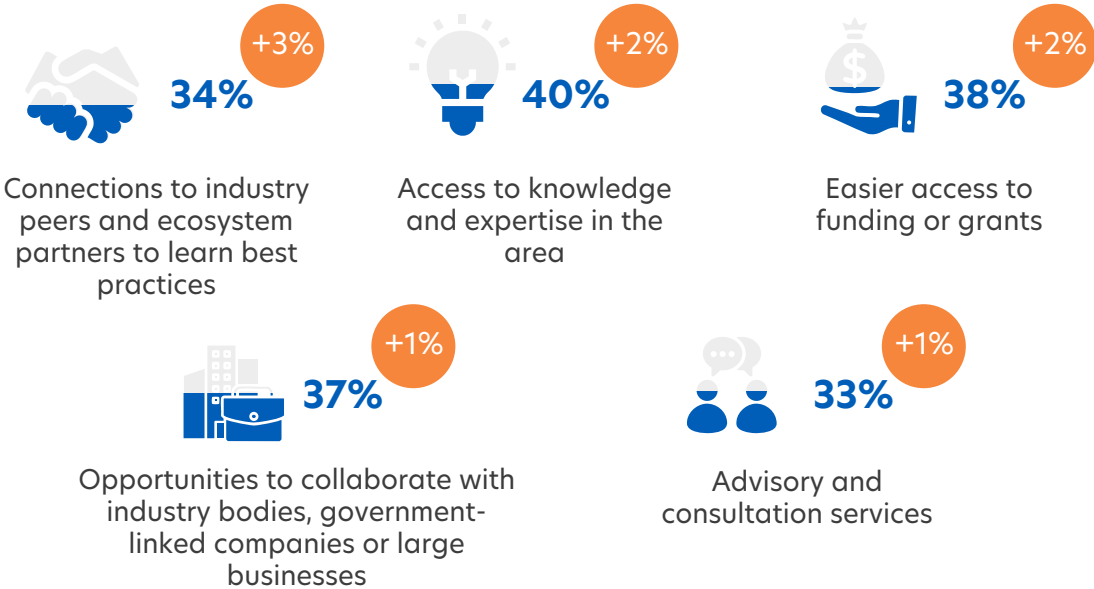
Sectors most concerned over cybersecurity issues



Q. What challenges have you faced or expect to face in your digital adoption journey?  
Base: Total 2024 (4197)

To overcome these, businesses seek both financial and non-financial forms of support.

Support anticipated to overcome these top challenges



2024 Change vs. 2023

Top support expected - markets and sectors

Markets that seek training programmes to reskill/upskill employees the most



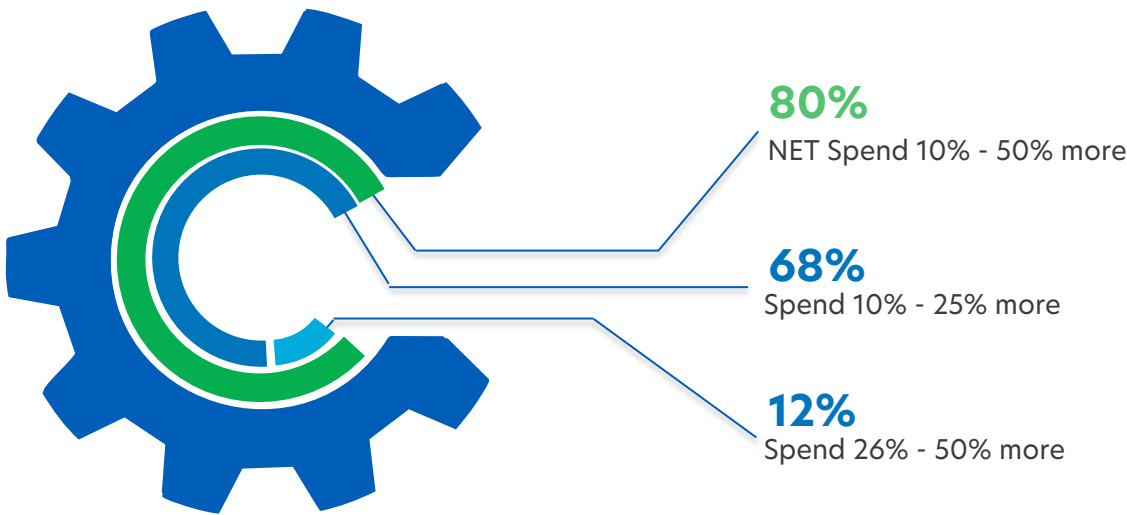
Sectors that seek training programmes to reskill/upskill employees the most



Q. What support measures should be available to businesses in their digital adoption journey?  
Base: Total 2024 (4197), 2023 (4050)

# Most businesses plan to increase digital spending this year, undeterred by the obstacles they have faced.

## Digital spending in 2025 vs. 2024



## D Higher expenditure - markets and sectors

By markets



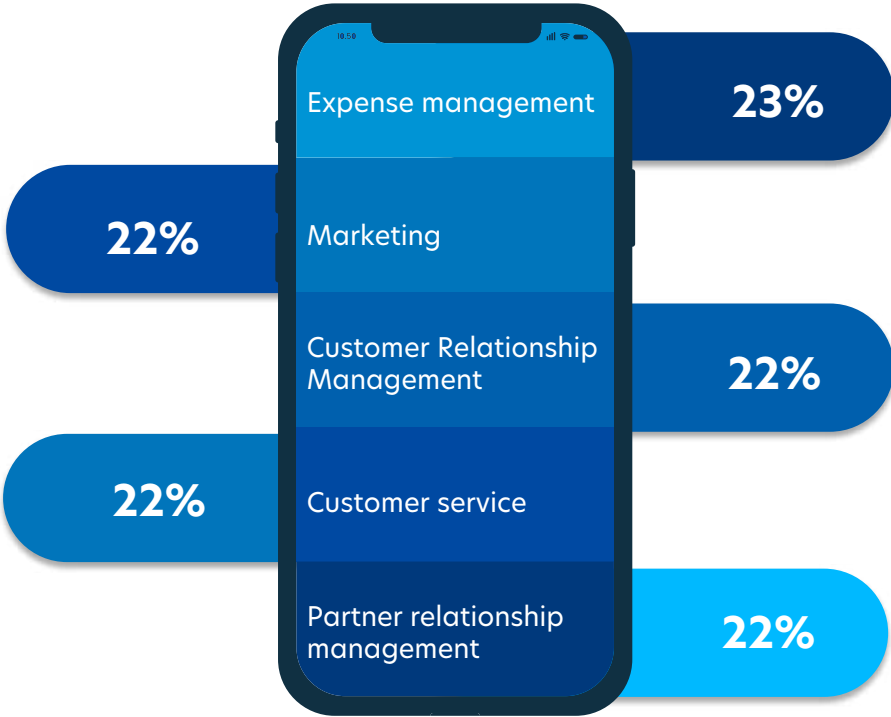
By sectors



Q. Do you foresee spending more on digital solutions and/or technology in 2025 compared with 2024?  
Base: Total 2024 (4197)

# The focus will be on deepening digitalisation to include both internal and external functions.

## D Future business processes to digitalise



## D Plan to digitalise expense management the most - markets and sectors



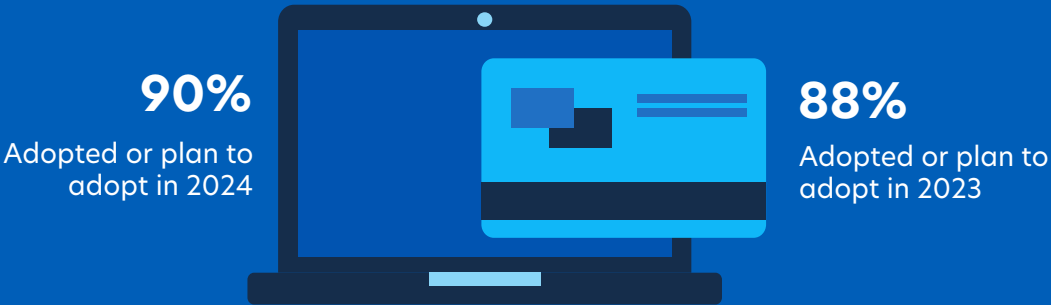
Q. Which of these processes has your company already digitalised and which processes are planned for digitalisation in 2025, to help your business perform better? Base: Total 2024 (4197)

# FINTECH ADOPTION



# FinTech adoption has grown, especially for finance, accounting, and investment solutions.

## Status of FinTech adoption



Markets where FinTech is most adopted/planned      Sectors where FinTech is most adopted/planned



## Top FinTech solution adopted or planned

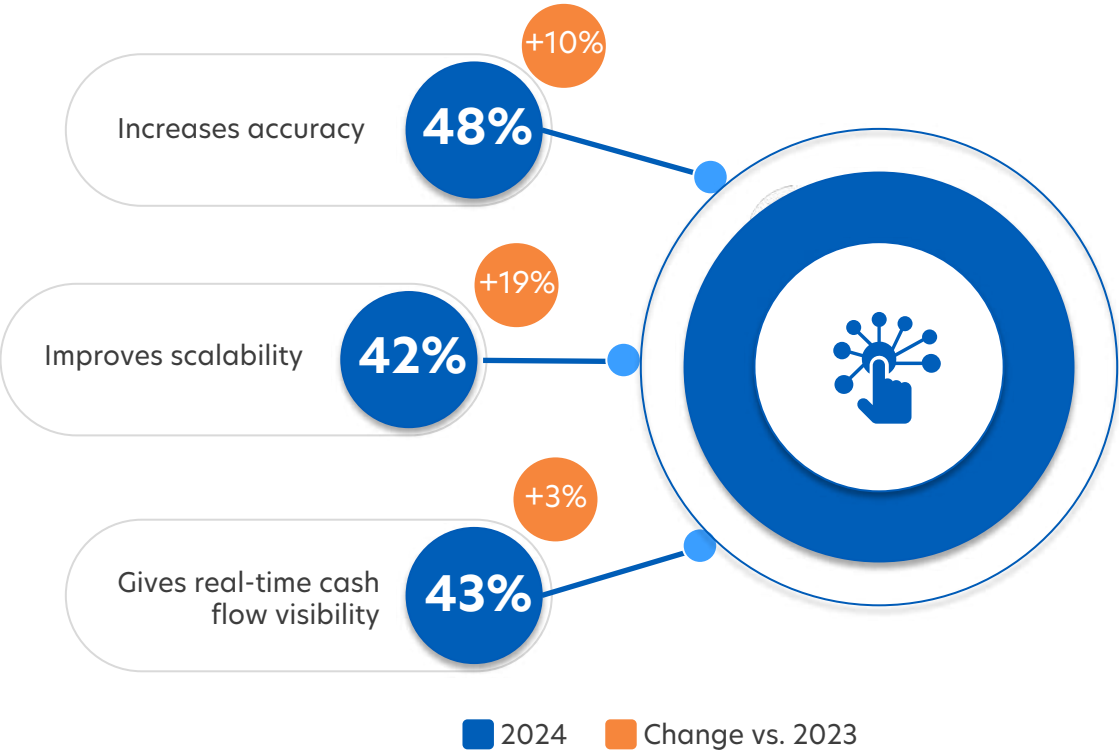


Q. What is the status of FinTech adoption in your business? Base: Total 2024 (4197)

Q. Which of these FinTech solutions have you adopted or plan to adopt? Base: Adopted or planning to adopt FinTech (3789)

# Driven by an increased need for accuracy, real-time visibility, and scalability.

## Motivators in adopting digital payments



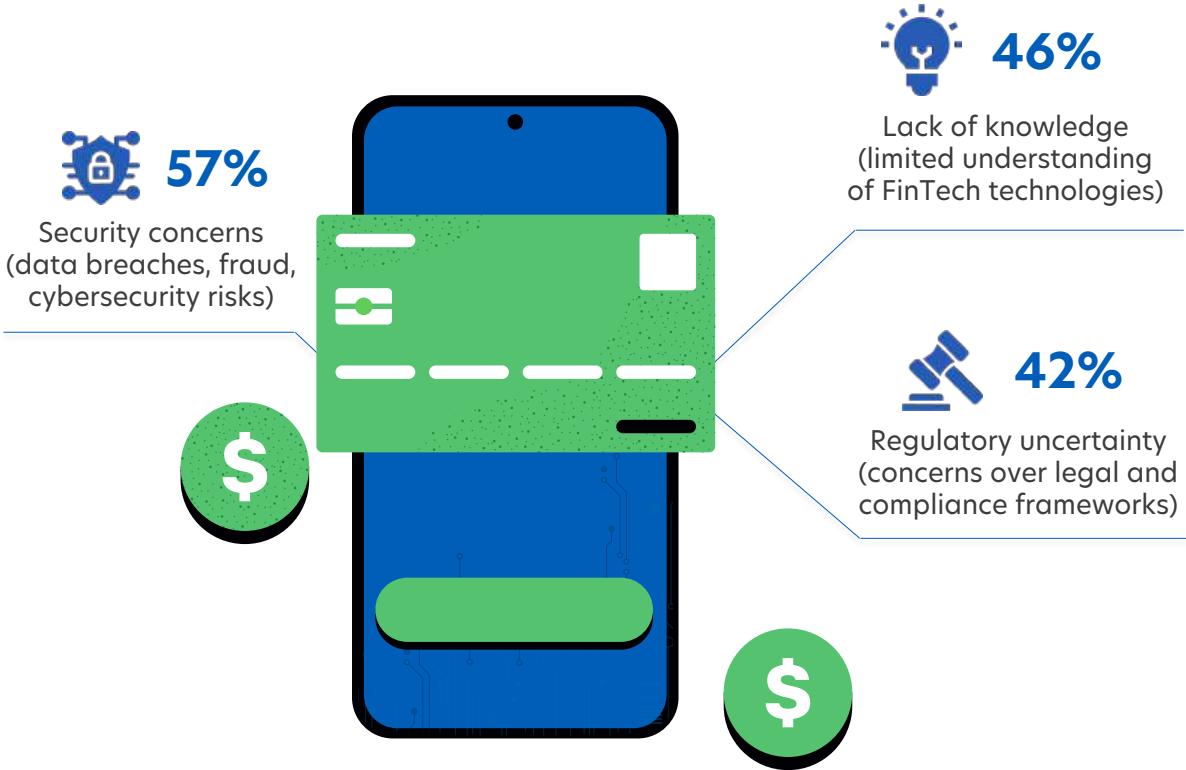
Markets where accuracy is more important      Markets where scalability is more important



Q. What factors motivate you to adopt digital payments? Base: Adopted or planning to adopt digital payments (4197)

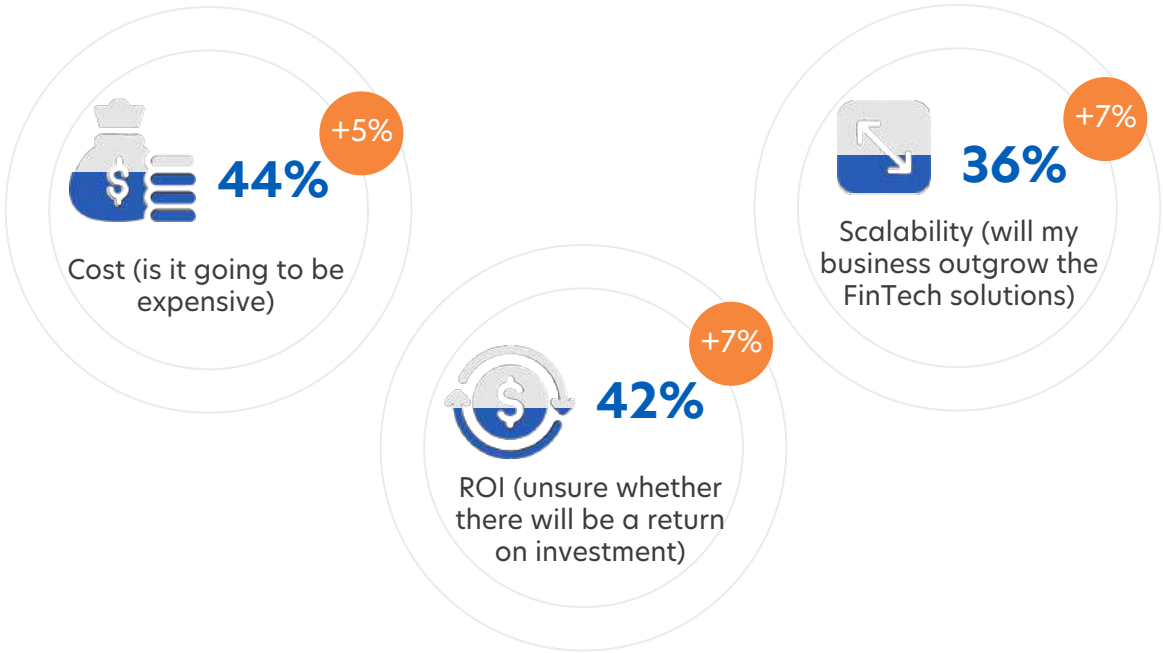
# Businesses face security concerns, knowledge gaps, and regulatory uncertainty in adopting FinTech.

## Top challenges in adopting FinTech solutions



# Increasingly, businesses also encounter challenges due to costs, ROI, and scalability.

## Emerging challenges



2024 Change vs. 2023

## Most challenged by security concerns - markets and sectors



Q. What are some of the barriers you faced/expect to face in adopting FinTech solutions?  
Base: Adopted or planning to adopt FinTech (3789)



# SUPPLY CHAIN MANAGEMENT



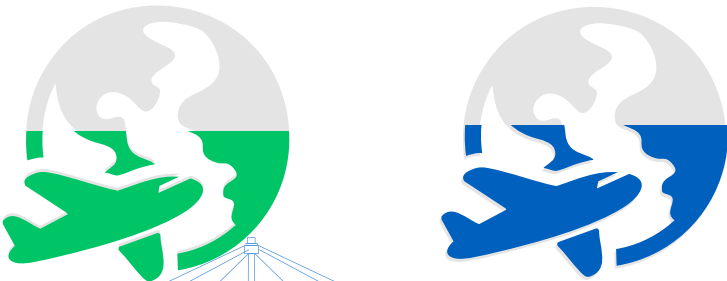
# Geopolitical tensions continue to impact the supply chain, with many businesses anticipating greater disruptions due to the US tariffs.

## Impact on supply chain



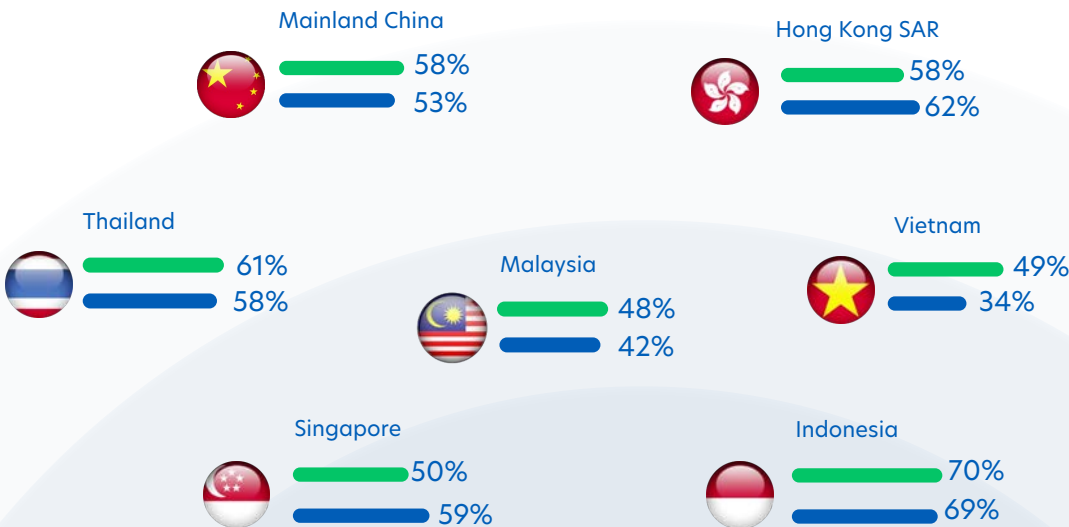
56%

54%



Affected in 2023      Affected in 2024

## Impact on supply chain by market



# Beyond cost and procurement challenges, supply chains face disruptions due to limited network and inventory management issues.

## Rising supply costs due to high inflation

41%



Rising supply costs due to inflation

36%



Rising supply costs due to high interest rates

31%



Challenges in procuring supplies or raw materials

## Actions to stabilise SCM

30%



Have more diverse sources of suppliers and from different markets

30%



Digitalise supply chain management for real-time information on inventory status

29%



Use data analytics and insights for faster decision-making and execution

29%



Invest in stronger supplier relationships

## Emerging supply chain challenges in 2024

29%

Disruptions to existing supply chains caused by geopolitical factors

26%

Limited business networks to tap into for collaborations and supply chain solutions

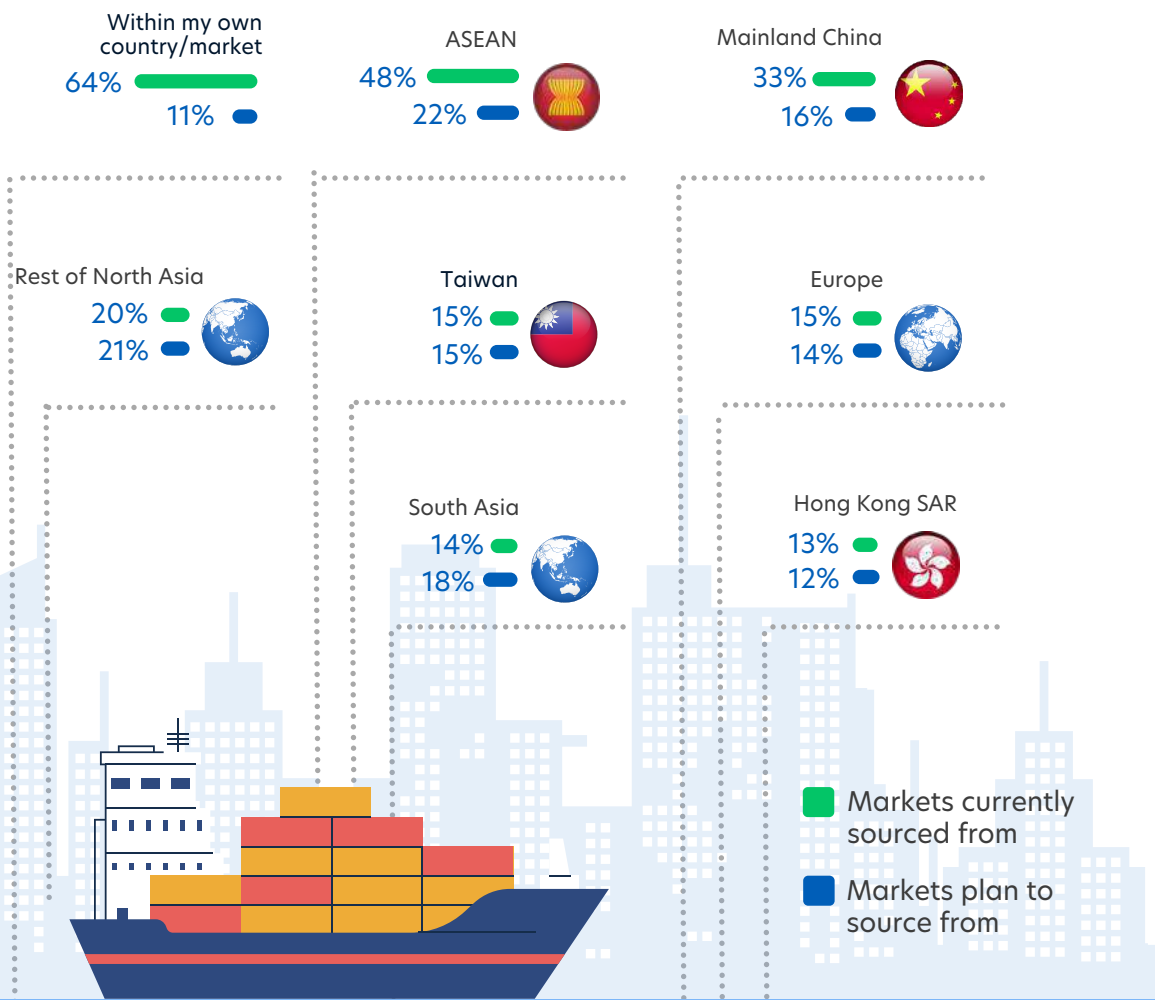
25%

Inventory management issues

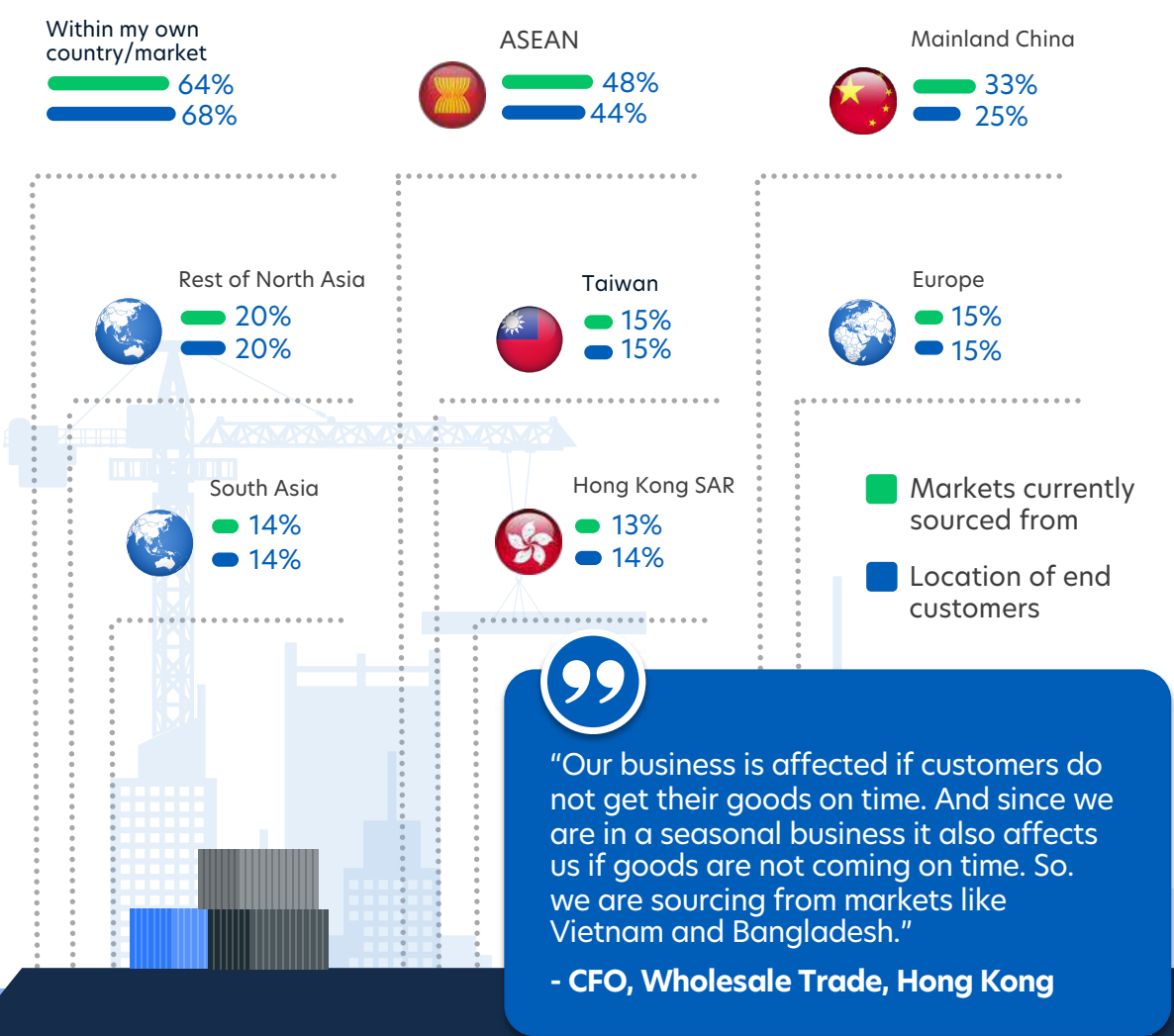


Diversifying suppliers is good strategy that businesses have adopted, particularly in Vietnam. Finding local suppliers or near-shoring of supply chain is emerging across most SEA markets in 2025.

# Most businesses currently source locally, but plan to diversify sourcing more in ASEAN, Rest of North Asia and South Asia.



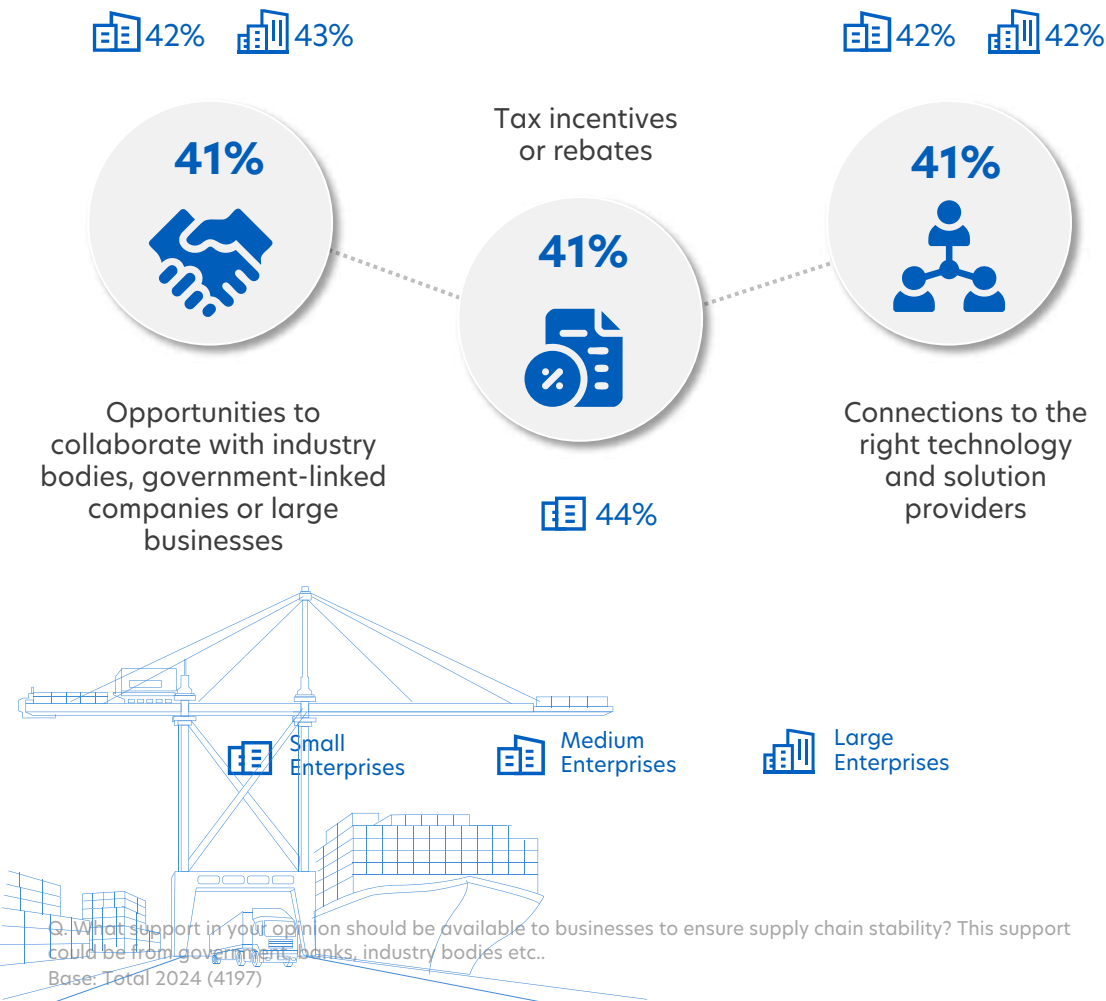
# Source markets for raw materials are closer to end-customer markets to manage costs and supply bottlenecks.



Q. From which markets does your business source raw materials, inputs etc. needed to produce its goods and services? Base: Total 2024 (4197)  
Q. Besides these markets, is your business planning to source from any other market in 2025? If so, from which markets? Base: Total 2024 (4197)

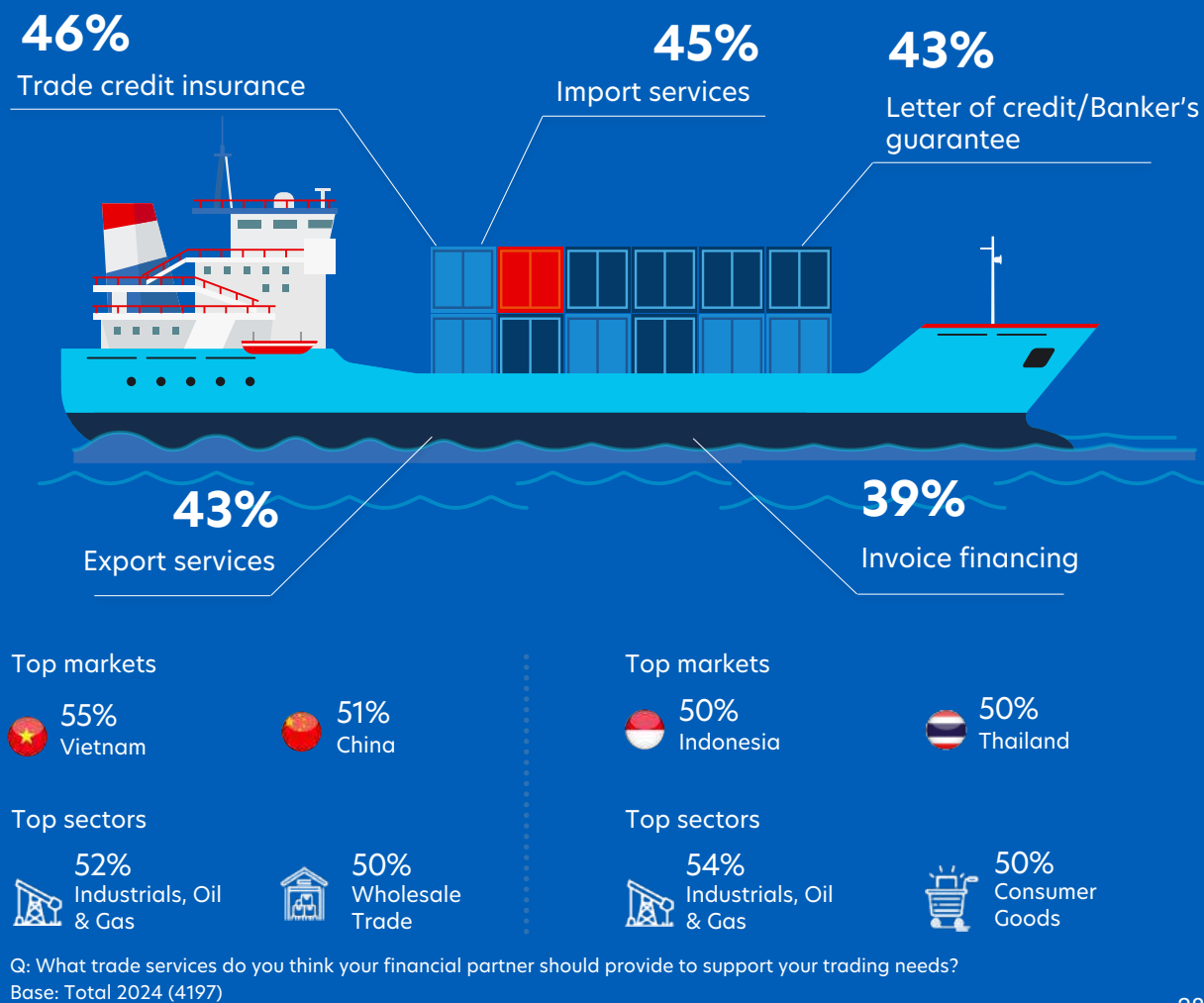
# Businesses seek a mix of financial measures, collaboration opportunities and connections to right technology partners.

## Preferred support for supply chain stability



# China seeks more financial support, while import services are needed in Indonesia and Thailand.

## Trading needs from financial partners

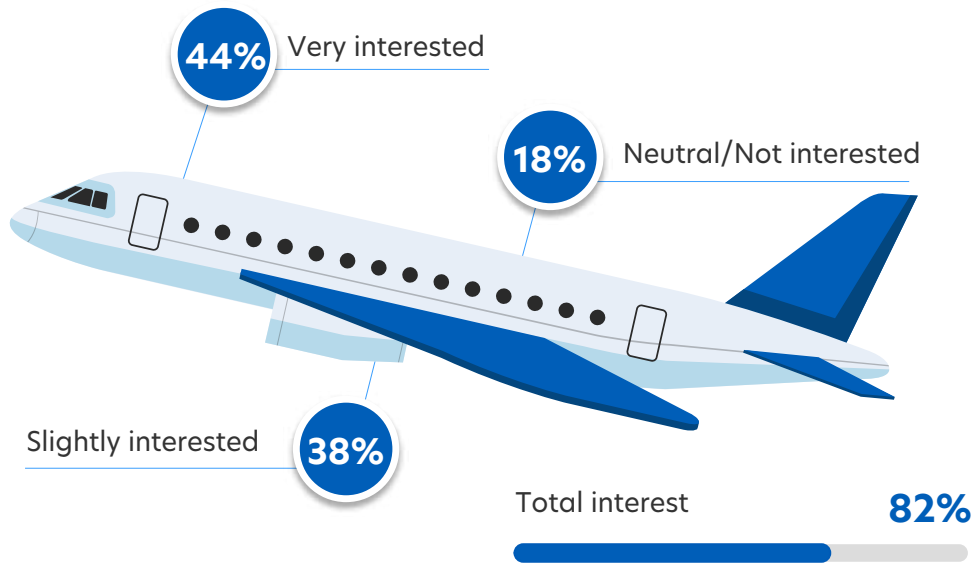


# OVERSEAS EXPANSION



# Profit and growth goals drive 8 in 10 regional businesses to expand overseas, with pace of expansion and intra-ASEAN trade set to rise after the US tariffs.

## Level of interest in overseas expansion



47% of businesses in the region expect an increase in the pace of overseas expansion after the recent US tariffs

64% of businesses in the region expect an increase in the level of intra-ASEAN trade after the recent US tariffs

### Most expansion interest

#### Most interested markets



#### Most interested sectors



Q. How interested is your business in expanding overseas in the next three years?  
Base: Total 2023 (4197)

## Motivation for overseas expansion



The Southeast Asian companies are getting more confident and ambitious. Everybody wants to operate in a multi-national environment. So, I see more global companies wanting to set up offices in Southeast Asia and at the same time, the reverse is also true where we see Southeast Asian companies going abroad."

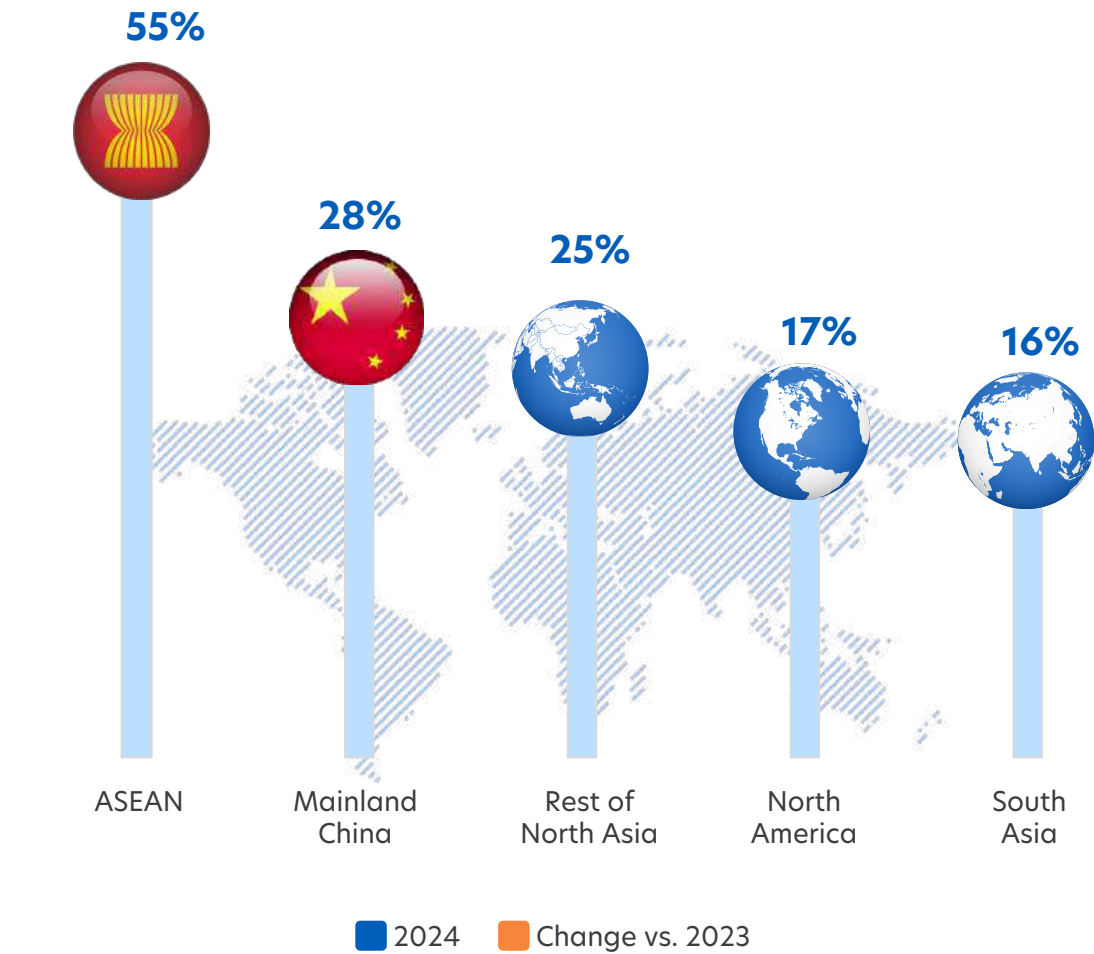
- VP & Head of Emerging Markets, Tech sector, Singapore



Q. What are the key motivators in your effort for overseas expansion?  
Base: Interested in overseas expansion (3542)

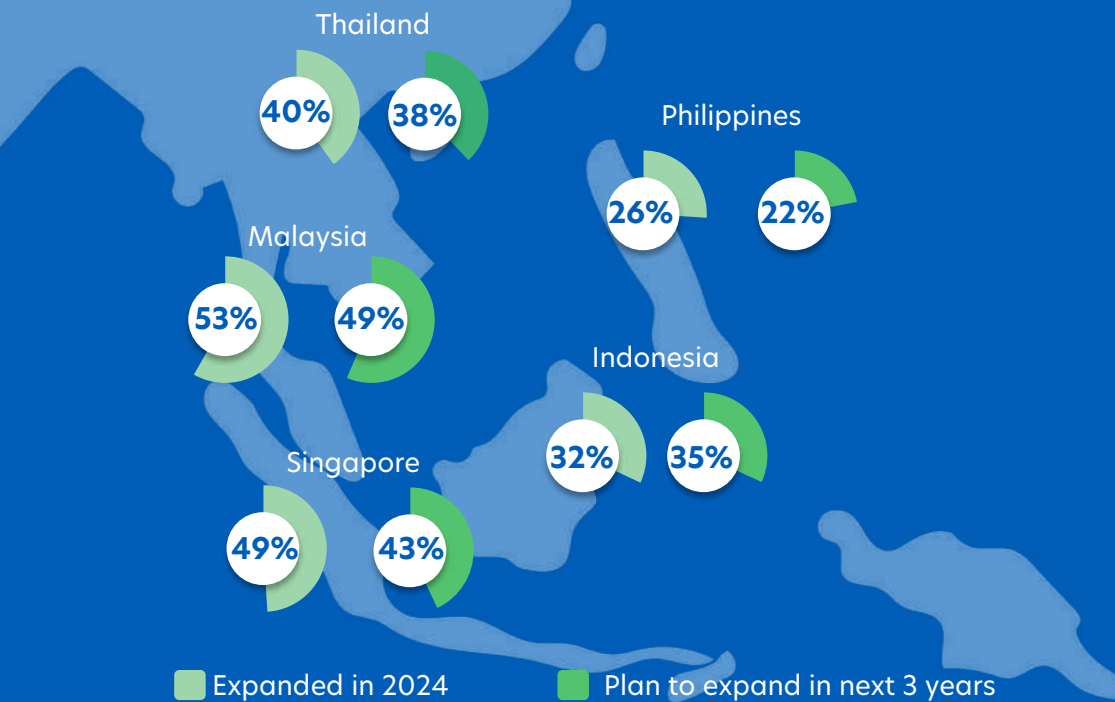
# Businesses expect to expand their footprint beyond Asia Pacific.

ASEAN and Mainland China remain top expansion destinations, with increasing interest in North America



Q. Which of these markets is your company intending to venture into within the next 3 years (by 2026)?  
Base: Interested in overseas expansion (3443)

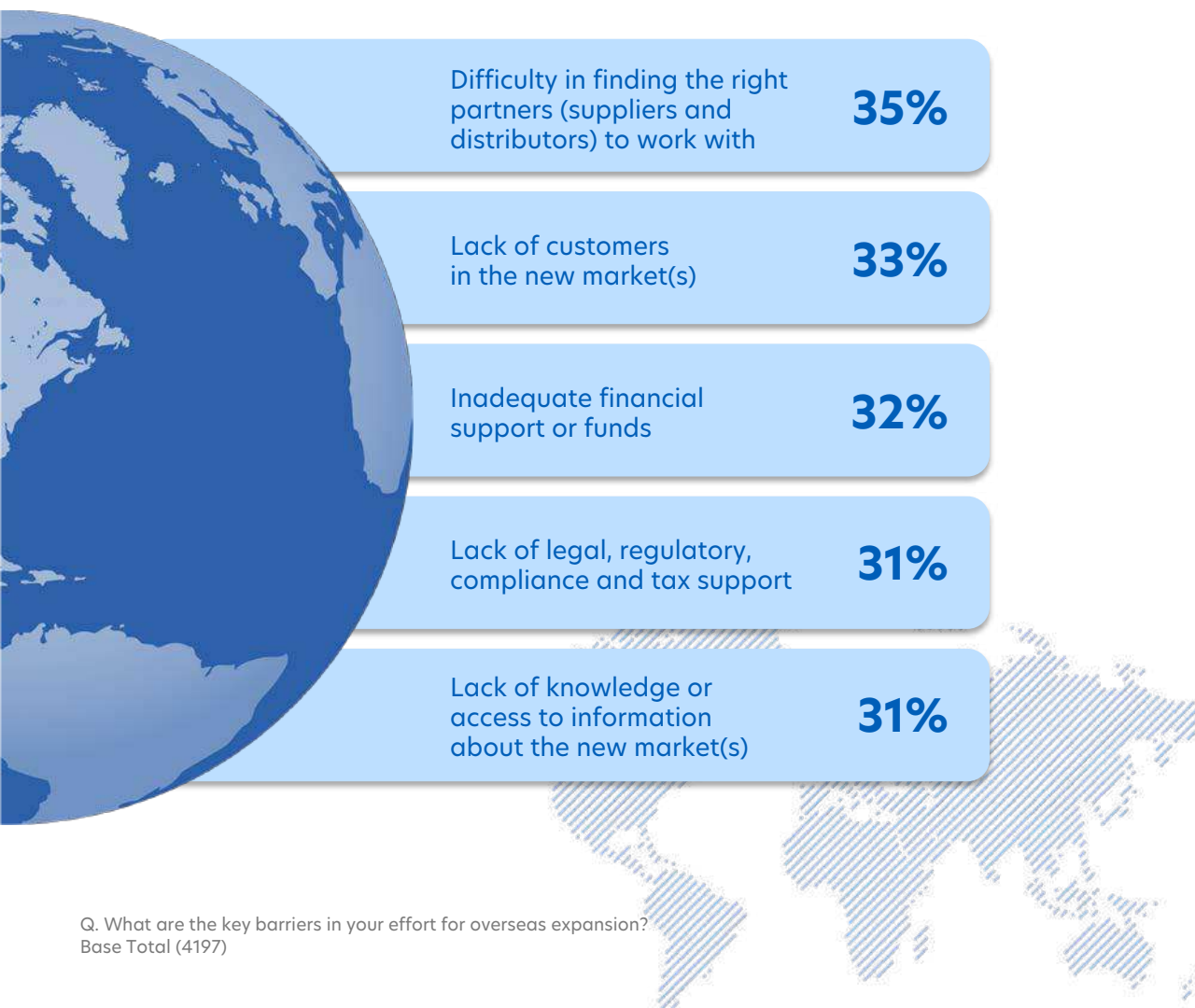
Malaysia, Singapore, and Thailand are priority markets for expansion within the ASEAN region



Q. Please select the countries in ASEAN that your company ventured into in 2024? Base: (1500)  
Q. Please select the most important countries in ASEAN that your company is intending to venture into within the next 3 years.  
Base: Interested in expanding within ASEAN 2024 (1877)

# Overseas expansion is hindered by the inability to find the right local partners, a lack of customers in new markets, and inadequate financial support.

## Top challenges for overseas expansions



Q. What are the key barriers in your effort for overseas expansion?  
Base Total (4197)

## Expected support for overseas expansions



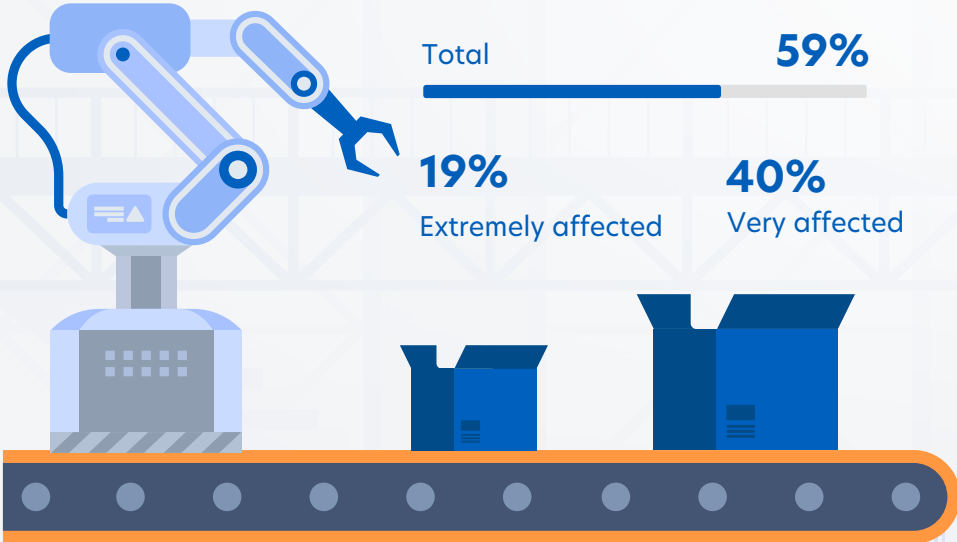
Q. What support does your business require to expand overseas? This support could be from government, banks, industry bodies etc.  
Base: Interested in overseas expansion (3542)

# WORKFORCE MANAGEMENT

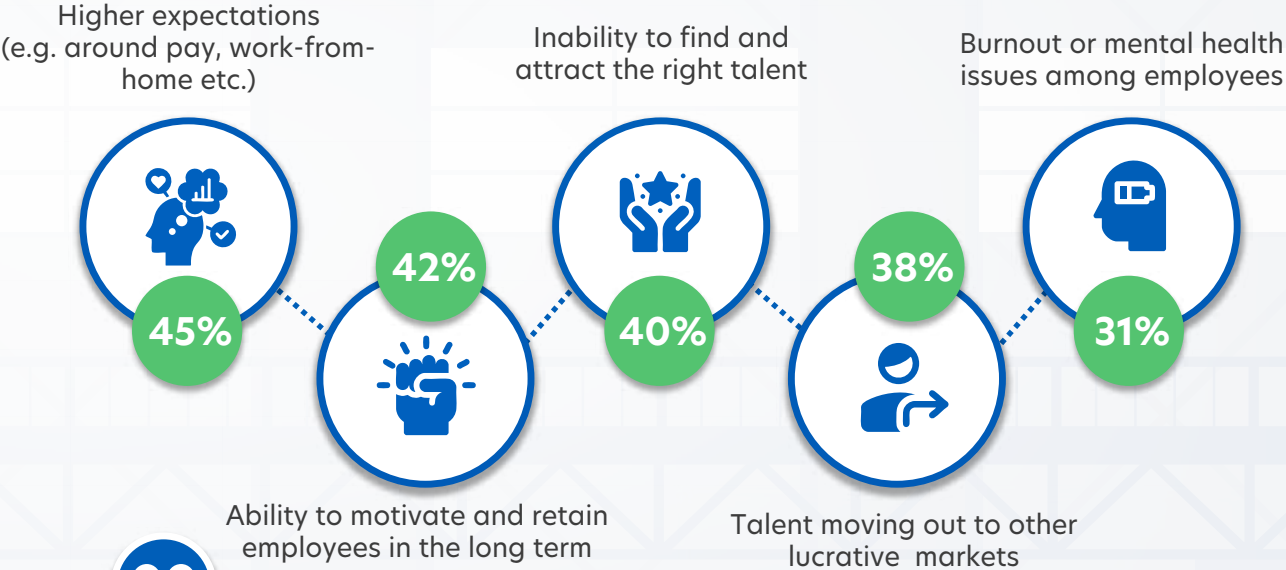


# Workforce management issues impact most businesses, but are felt most in Indonesia and Hong Kong.

**US TARIFFS**  
37% of businesses in the region expect workforce challenges to increase a lot after the recent US tariffs, driven by inflation and higher costs to business



# Higher expectations from employees, and ability to retain and attract talent are key challenges.

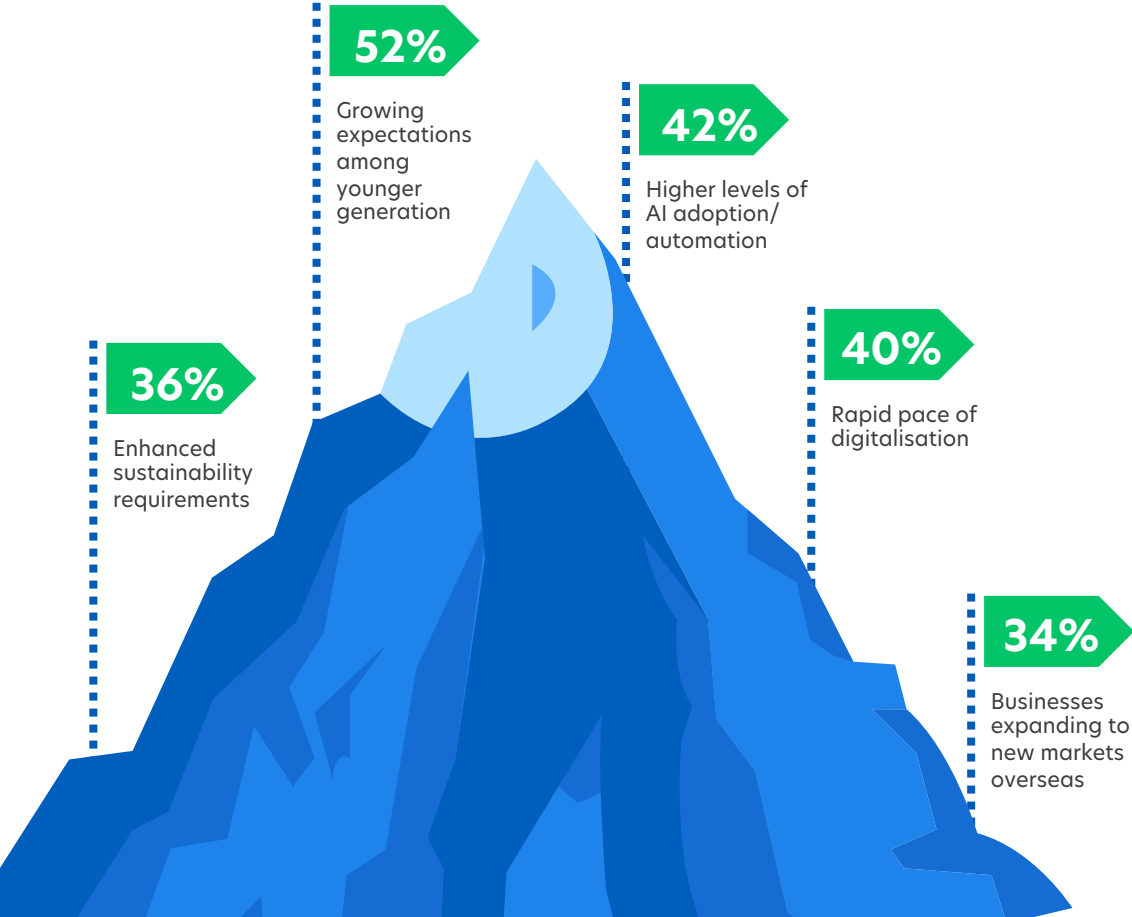


Vietnam and Thailand struggle with higher employee expectations, China faces long-term retention challenges and Malaysia is unable to attract the right talent.



# Rising expectations among the younger generation are clearly visible across markets.

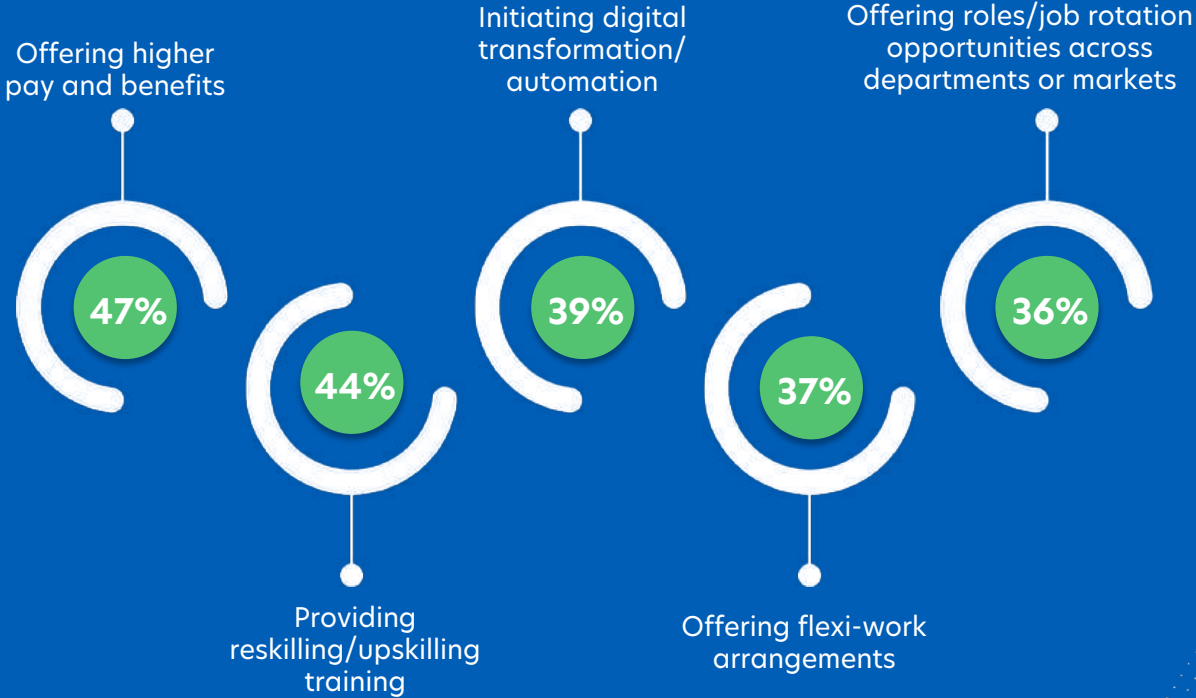
## External challenges in workforce management



Q. Which of these external factors are contributing to the workforce challenges in your industry?  
Base: Total (4197)

# Higher pay, employee training and digital transformation are key actions to address workforce challenges.

## Actions to address workforce challenges

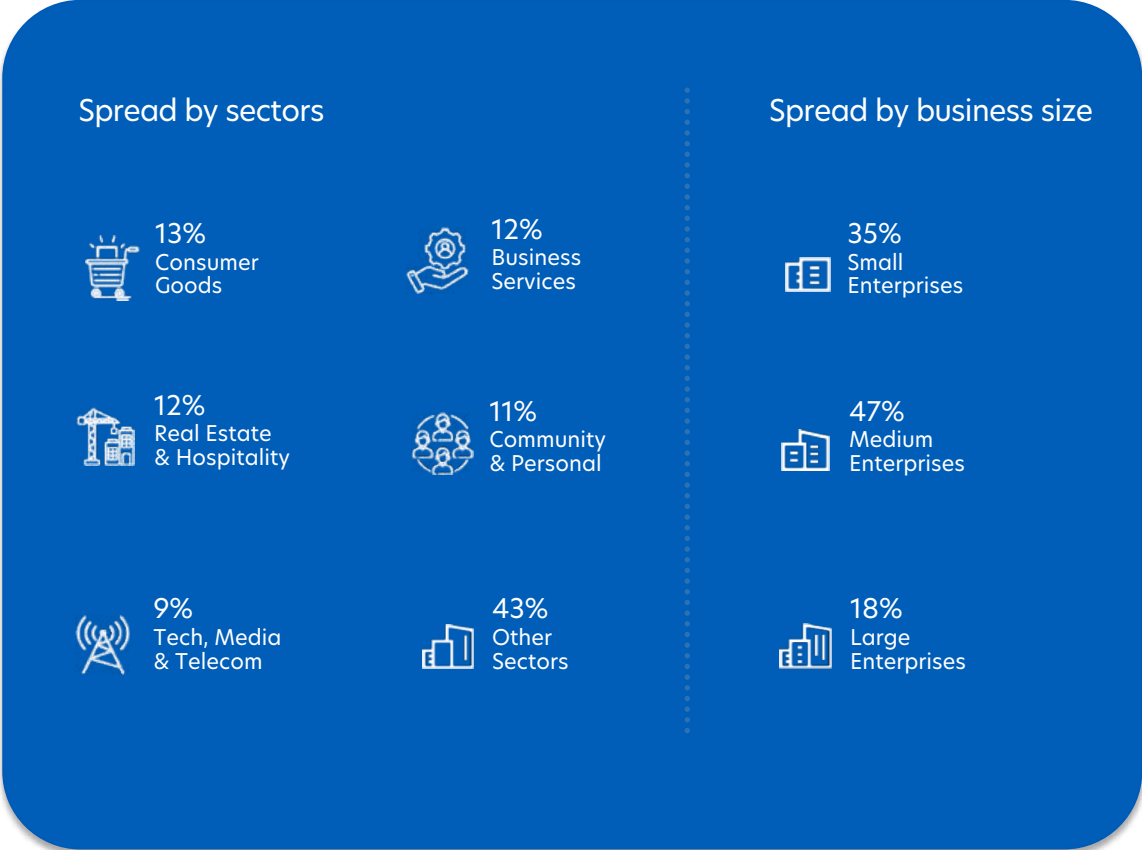
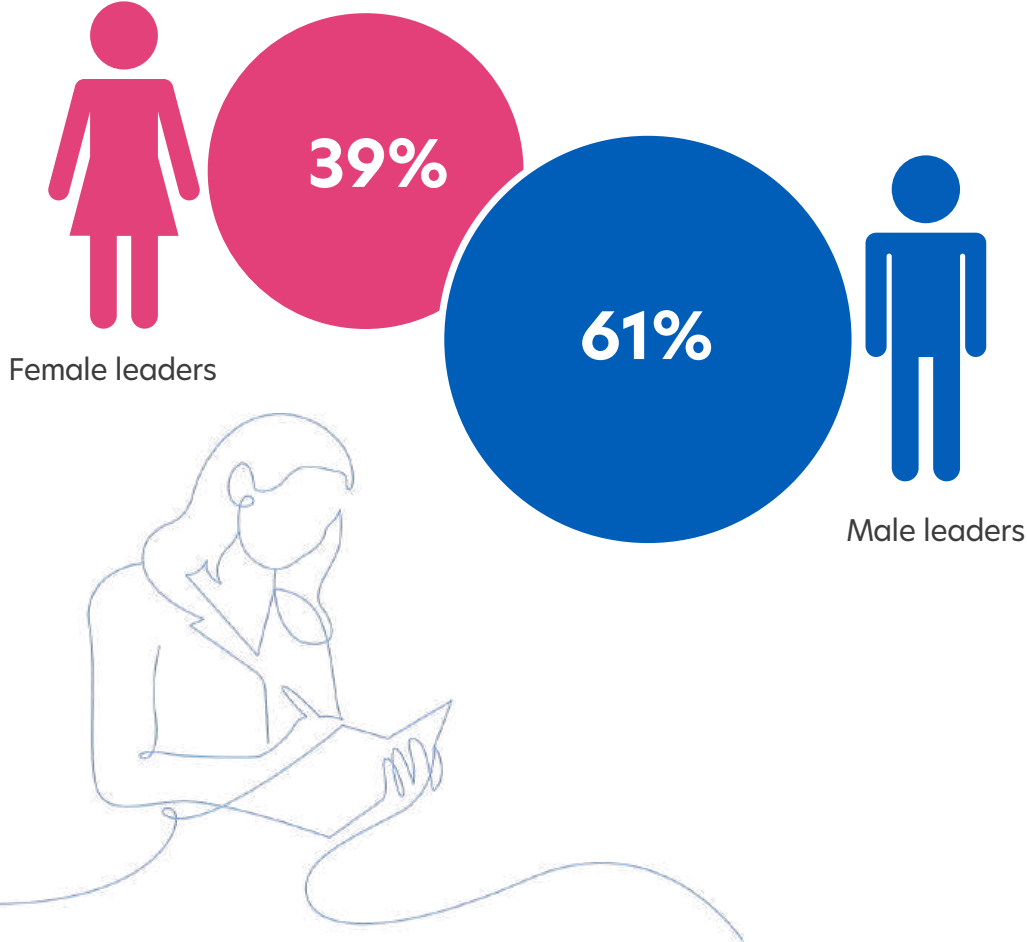


Q. How is your company addressing these challenges?  
Base: Total (4197)

# WOMEN IN BUSINESS

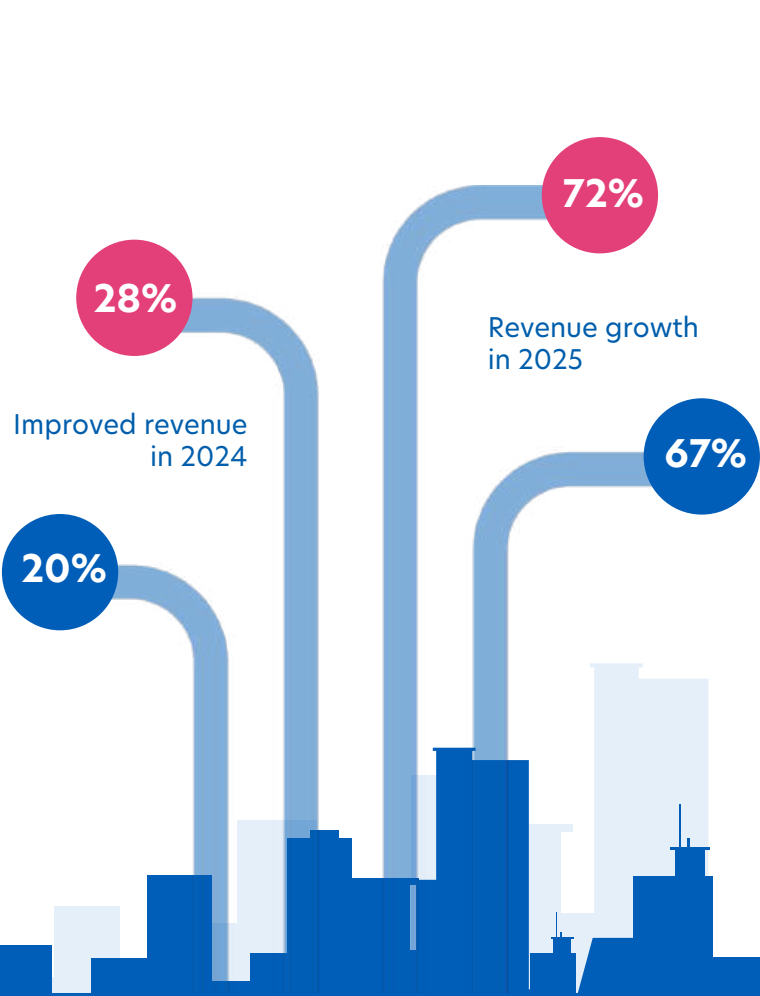


**Around 2 in 5 business leaders are women, with a stronger presence in customer-facing or service industries.**



# Women-led businesses outperformed those led by men in 2024.

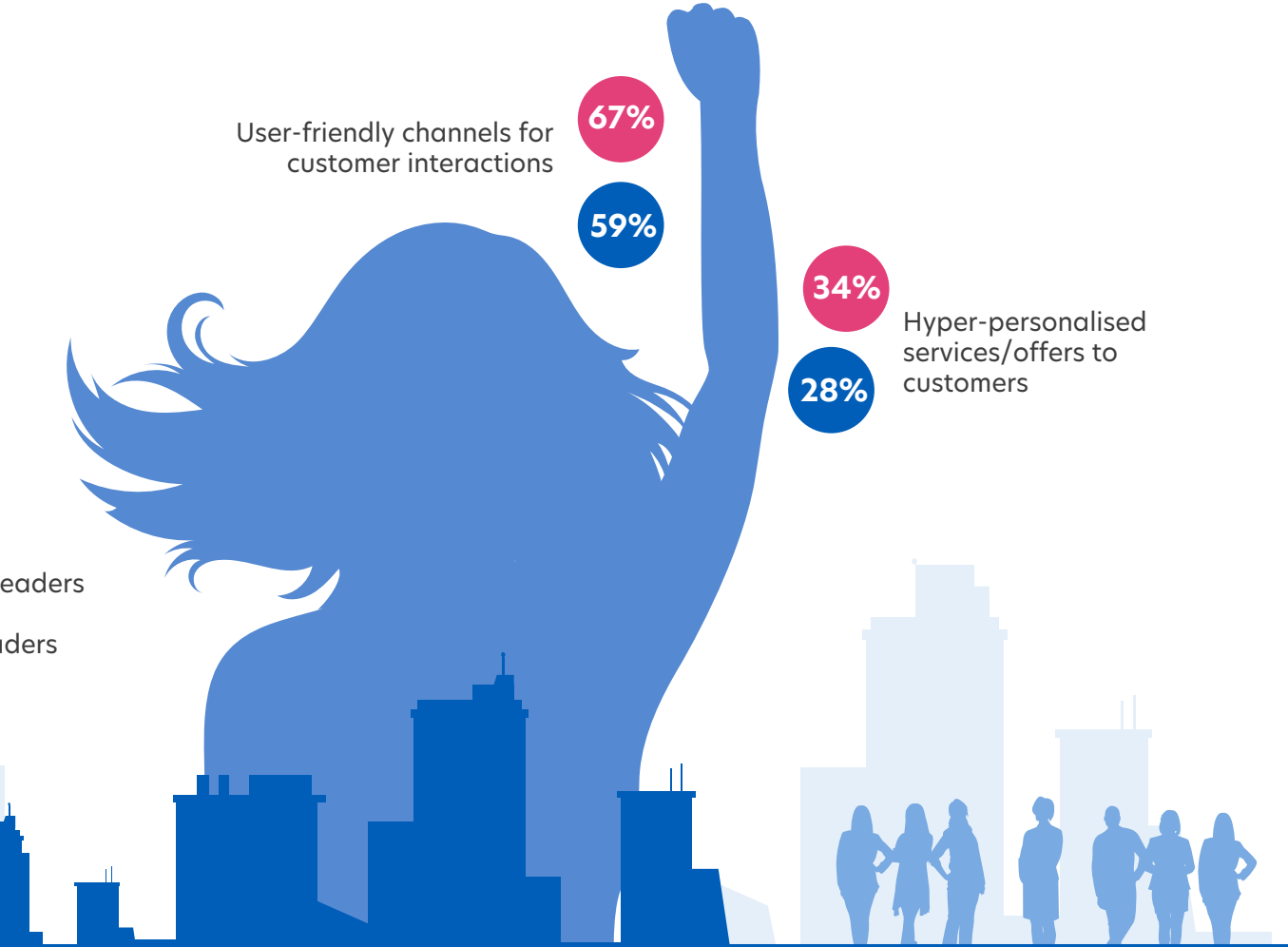
Revenue in 2024 and outlook for 2025



Q. How has your company's revenue changed in 2024 as compared to the previous year?  
Q. How much do you expect your company's revenue to change over the next 3 years?  
Base: Women (483), Men (766)

# Women leaders are keen to develop a customer-centric business to meet changing customer expectations.

Capabilities to be improved



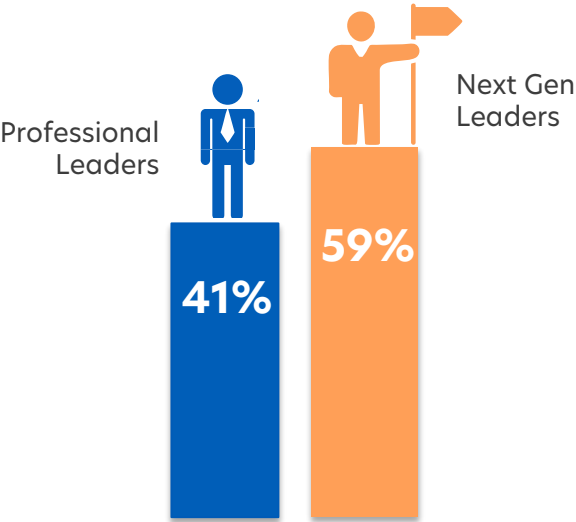
Q. Consumer expectations and interaction with businesses have changed. What are the key channels/capabilities that your business needs to improve, to handle this change in customer engagement expectations?  
Base: Women (483), Men (766)

# NEXT GEN LEADERS



# More than half of the business leaders are Next Gen leaders, with a majority in SMEs and in the Business Services sector.

## Next Gen leaders' profile



## Markets with more Next Gen leaders



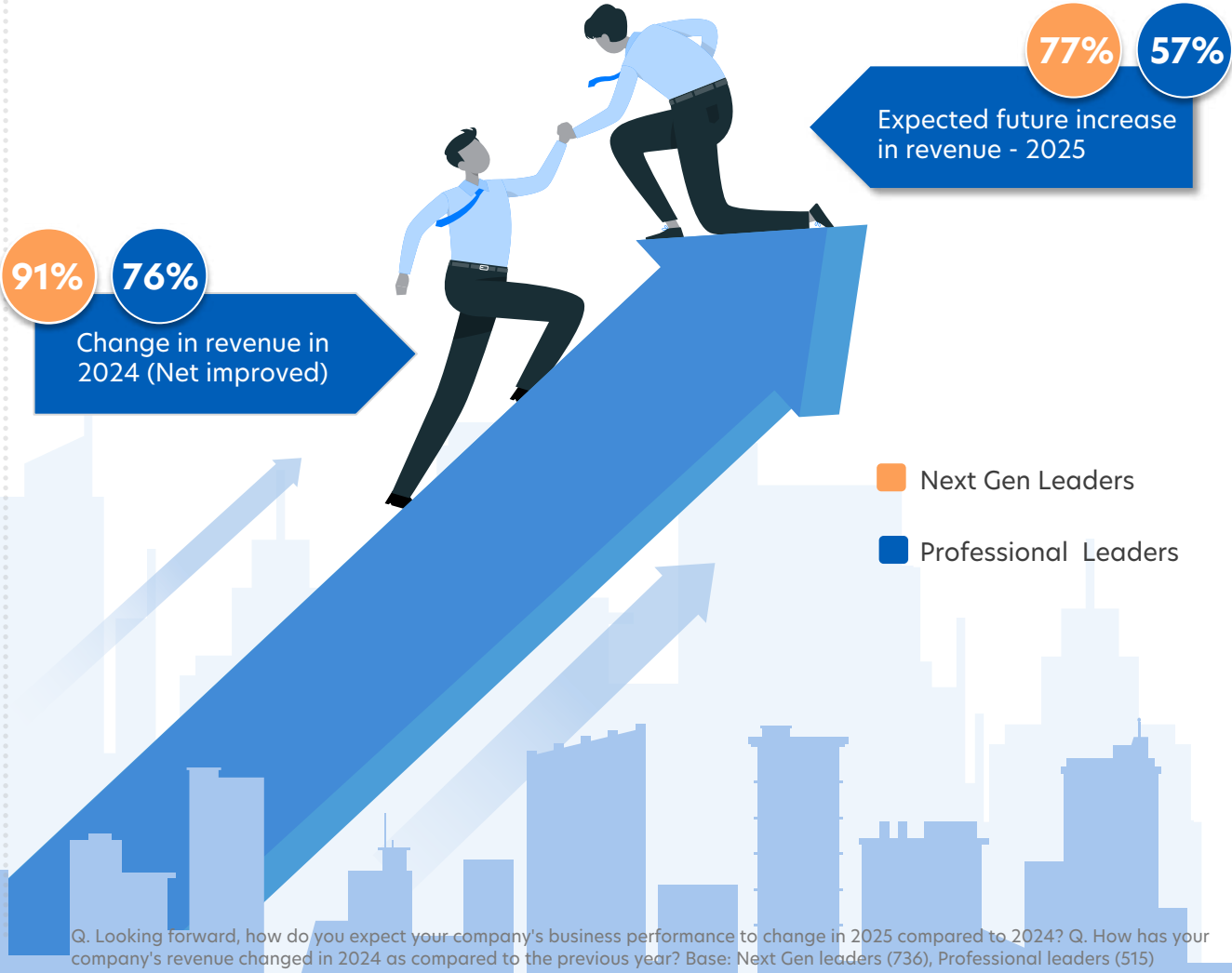
## Sectors with more Next Gen leaders



Q. Are you a next generation business leader?  
Base: Business Leaders 2024 (1251), Next Gen leaders (736)

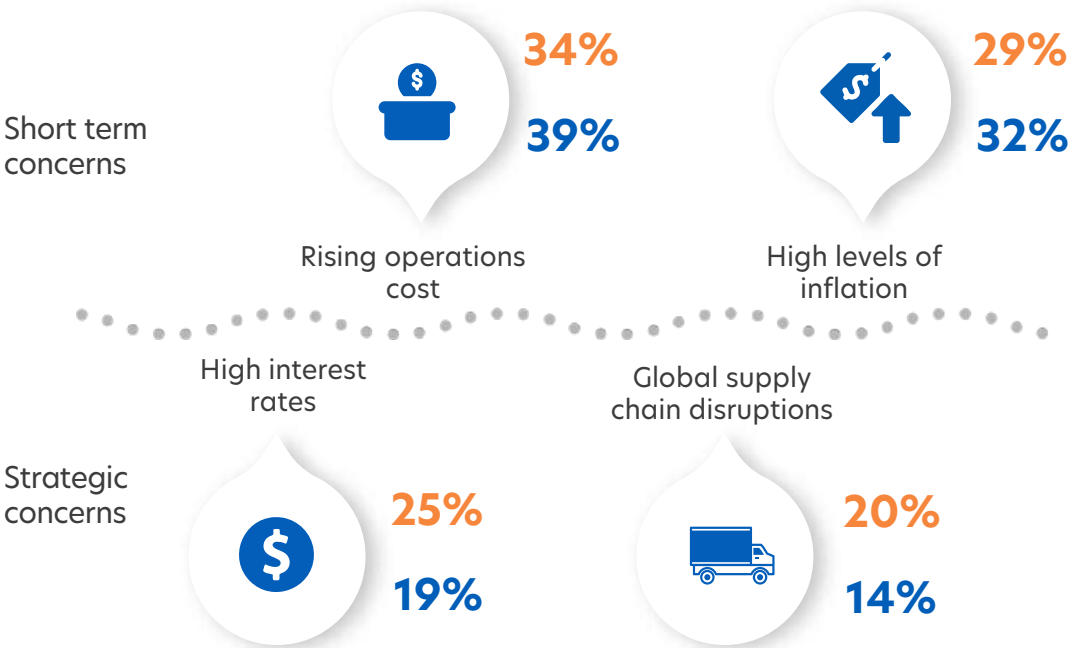
# Next Gen leaders have achieved higher revenues in 2024 and are more optimistic about the future.

## Business sentiment and outlook



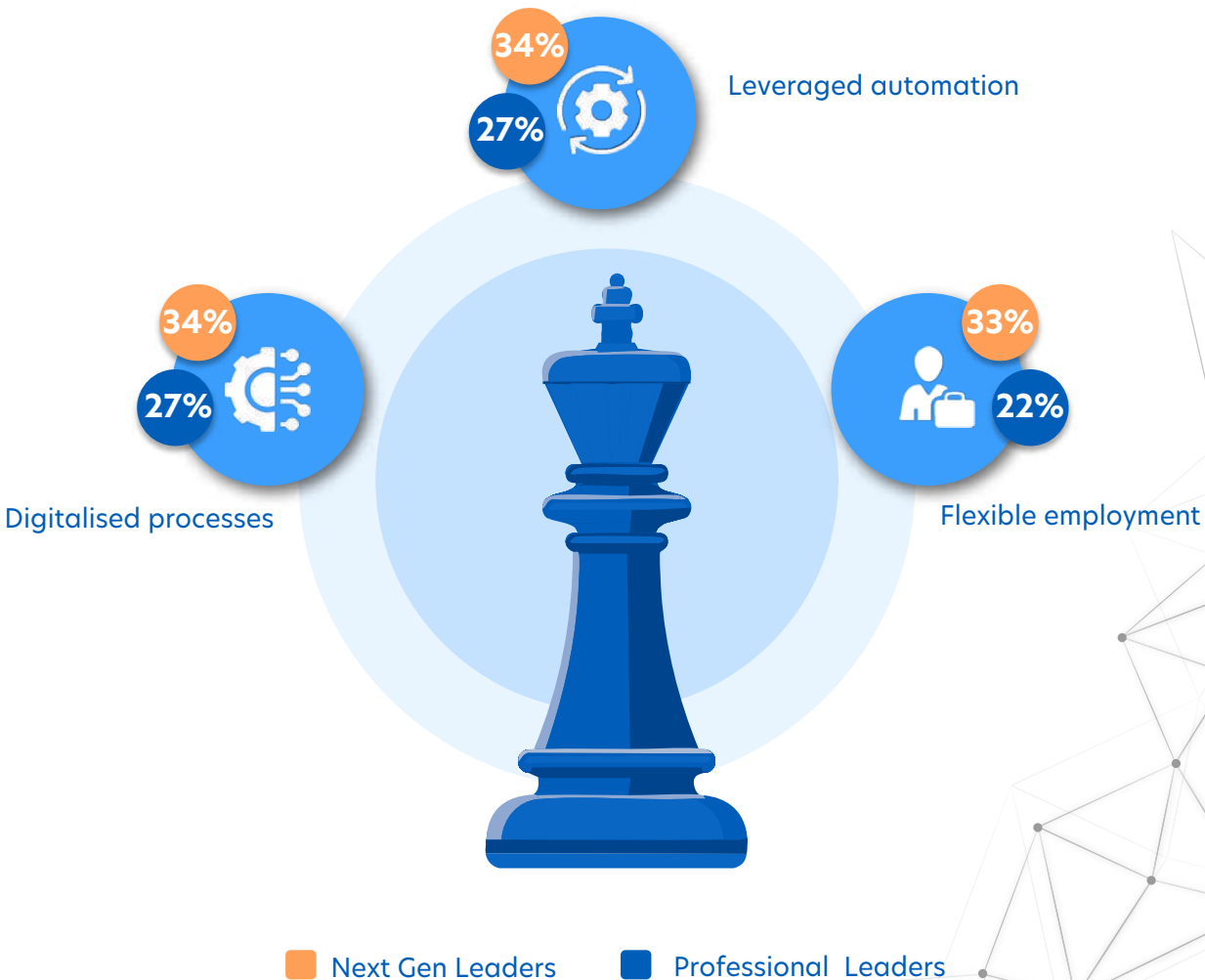
Q. Looking forward, how do you expect your company's business performance to change in 2025 compared to 2024? Q. How has your company's revenue changed in 2024 as compared to the previous year? Base: Next Gen leaders (736), Professional leaders (515)

# Next Gen leaders prioritise strategic challenges over short-term concerns.



# For this, digitalisation, automation and flexible employment are key enablers.

How they address their strategic concerns



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“The Indonesian economy will keep growing very fast over the next two to three years. We also expect more focus on Indonesia from foreign investors, which will also contribute to further economic growth.”

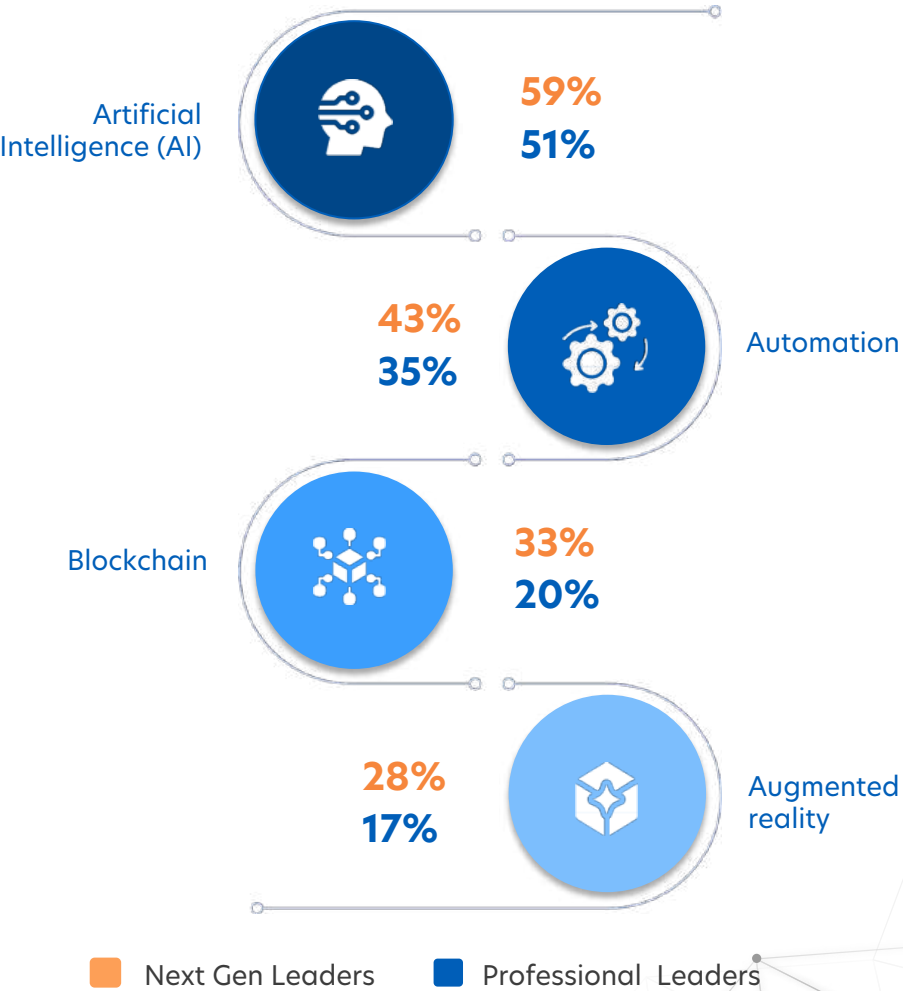
- Next Gen (CEO), Consumer Goods sector, Indonesia

Q. Which of the factors below had the biggest impact on your business in 2024? Q. How have the above factors affected your business in 2024? Base: Next Gen leaders (736), Professional leaders (515)

Q. What is your company doing to mitigate the impact of high inflation on your business? Base: Next Gen leaders (736), Professional leaders (515)

# Next Gen leaders are more tech-savvy and are at the forefront of tech adoption.

New technologies currently used in the business



Q. Which of these new technologies are currently used in your business?  
Base: Next Gen leaders (736), Professional leaders (515)

# Sustainability is crucial for Next Gen leaders, and it is well integrated into their business.

Importance of Sustainability and its implementation



Q. What sustainable practices (based on the ESG considerations) have you already incorporated within your business at present? Base: Next Gen leaders (385), Professional leaders (260)



**Right By You**

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