

UOB Business Outlook Study 2026

(SMEs & Large Enterprises)

H1 2026

 Indonesia

 UOB



Introduction

The UOB Business Outlook Study, now in its seventh year, provides a comprehensive view of the business landscape in Indonesia, covering both Small and Medium Enterprises.

From 2026 onwards, the survey is being conducted every six months to better capture rapid geopolitical and economic shifts and provide timely insights for decision-makers.

This H1 2026 report features core and pulse topics. Core topics include Business Sentiment, Sustainability, Digitalisation, Supply Chain Management, and Overseas Expansion, which are tracked over time to gauge evolving conditions and how businesses respond to them.


Pulse topics such as AI Adoption, Energy Management, and Supply Chain Resilience focus on emerging areas that are expected to grow in significance for businesses. They offer a forward-looking view, helping firms anticipate their needs and better equip themselves in the future.


By examining these areas, the study aims to equip businesses with the insights needed to navigate challenges and seize opportunities in the years ahead.

What


 Total of 272 interviews, 15 mins online interviews conducted in January 2026


Who

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

 Small Enterprises, Medium Enterprises

Classification

 **Small Enterprises**
IDR 6b to < 110b

 **Medium Enterprises**
IDR 110b to < 3t

Coverage

 Manufacturing, Engineering & Industrials

 Construction & Real Estate

 Professional & Business Services

 Consumer Goods & Wholesale Trade

 Health, Community & Personal Services

 Tech, Media & Telecom



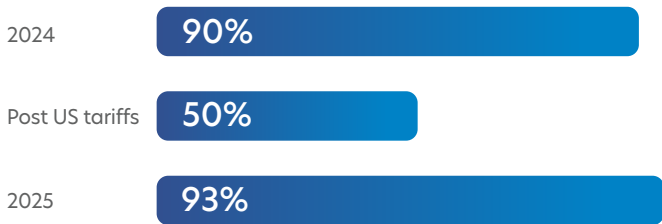
“In an increasingly uncertain global environment, Indonesian businesses are sharpening their focus on resilience and operational efficiency to sustain growth. Findings from the UOB Business Outlook Study 2026 show that companies are accelerating digitalisation to enhance productivity and agility, while sustainability is increasingly embedded in business strategies, particularly among medium-sized enterprises. These findings highlight how businesses are adapting to a rapidly evolving landscape and positioning themselves to capture growth opportunities in Indonesia and across ASEAN.”

Harapman Kasan

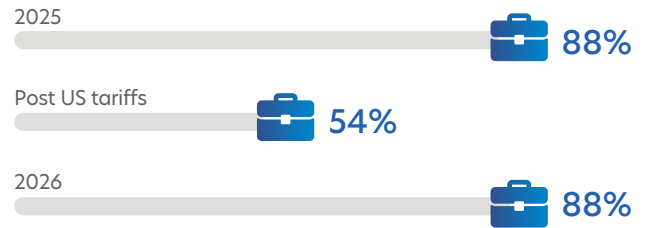
Wholesale Banking Director, UOB Indonesia

Business sentiment and outlook in Indonesia have recovered and returned to pre US tariffs levels

Positive about current business environment



Positive about business outlook



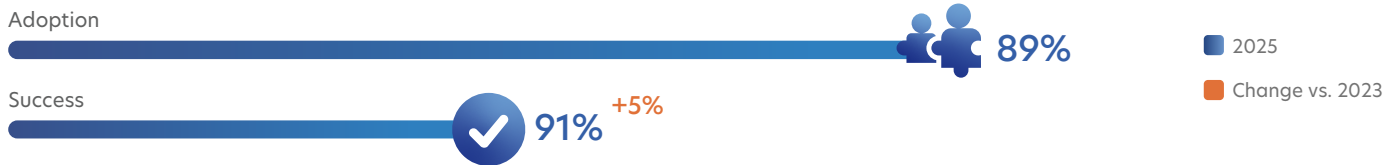
ESG is by far the most important priority for Indonesian businesses followed by digitalisation and developing new sources of revenue

Top business priorities in next 1-3 years



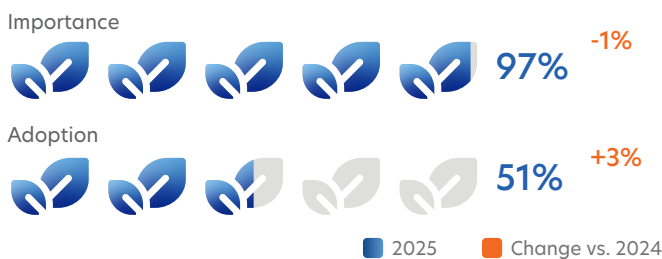
Digital adoption remains steady, with success rates showing improvement

Digital adoption and success

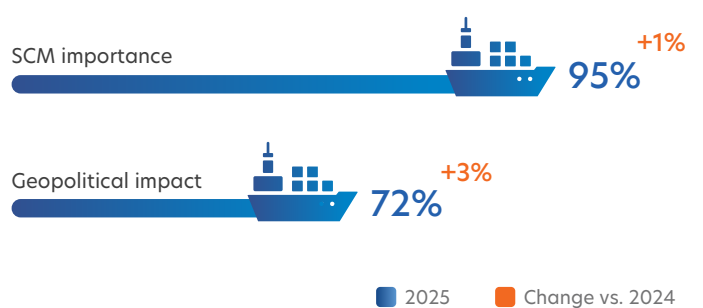


Sustainability is a priority, with half of businesses already integrating it into operations

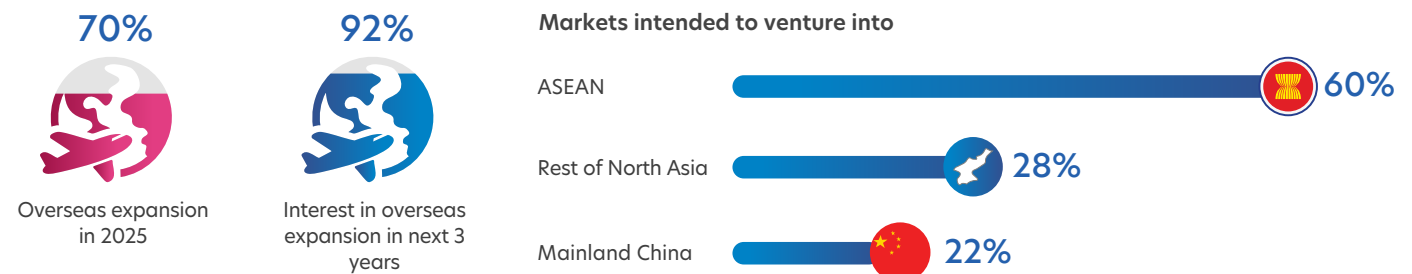
Sustainability implementation



Geopolitical tensions impact 7 in 10 businesses, sustaining strong focus on supply chain management

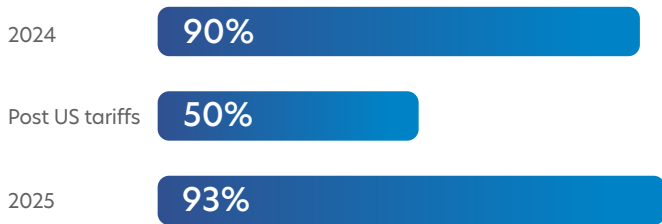


Businesses show stronger intent to expand overseas over the next three years, with ASEAN and the rest of North Asia identified as the key destinations

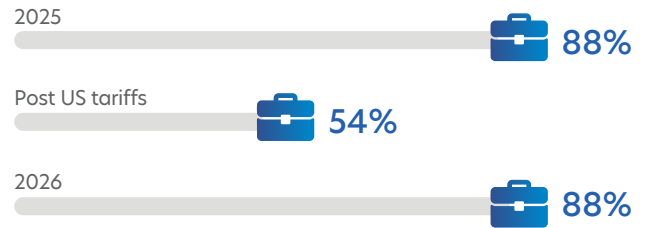


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Positive about current business environment

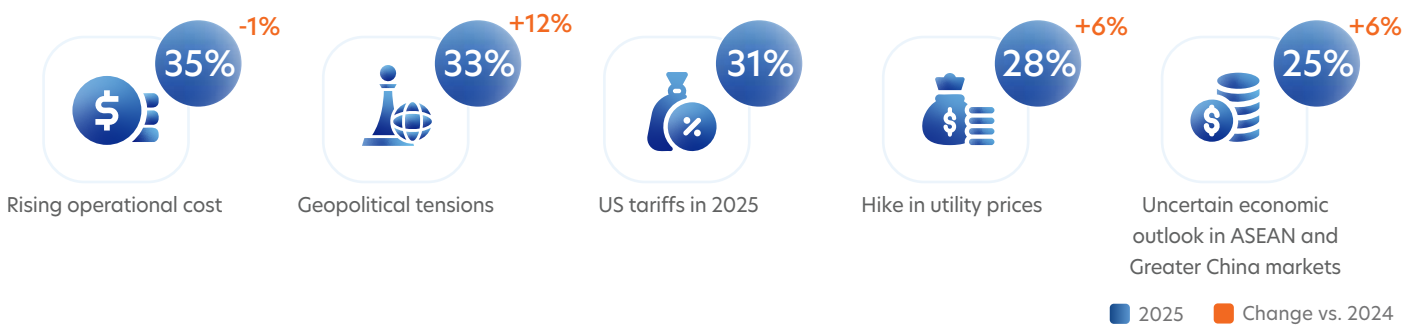


Positive about business outlook



Geopolitical tension impact increased by 12 points, while rising operational cost and US tariffs continue to affect businesses

Macro factors impacting businesses in 2025



ESG is by far the most important priority for Indonesian businesses followed by digitalisation and developing new sources of revenue

Top business priorities in next 1-3 years



Business transformation, digital infrastructure support, and efficiency focused solutions are the key areas of support

Support sought for business success in 2026 and beyond



Consumer Goods & Wholesale Trade businesses and Medium Enterprises need stronger digital infrastructure to support omnichannel logistics, enabling real-time inventory tracking and proactive, personalised shopping experiences to stay competitive



Medium Enterprises and the Consumer Goods sector are accelerating digitalisation to manage larger inventories, more complex logistics, and leverage economies of scale



Digital adoption remains steady, with success rates showing improvement

Digital adoption and success

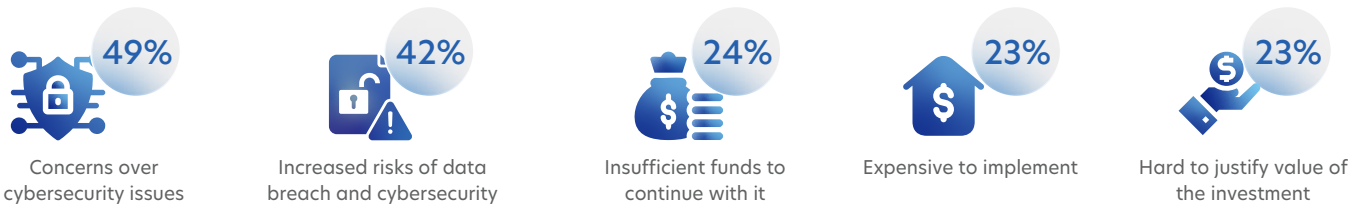


Higher in adoption



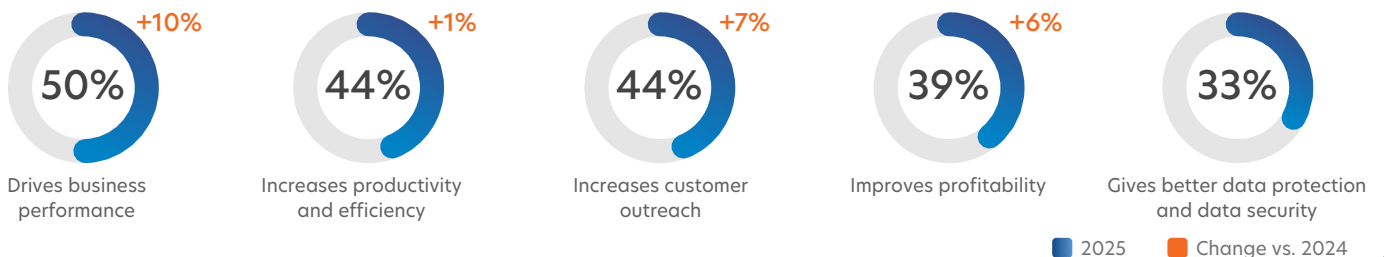
Despite success, cybersecurity and data breach concerns continue to hinder further digitalisation

Reasons for limited success of digital efforts



Digitalisation continues to drive business performance, enhance productivity, and improve customer outreach

Impact of digitalisation



On the back of strong success and impact, 9 in 10 businesses are planning higher investment in 2026

Future expenditure on digital solutions vs previous year



Nearly half of businesses are in the early stages of AI adoption, while a quarter of businesses are advanced AI adopters

AI adoption



47%

Early adoption



26%

Advanced adoption



74%

Total adoption

Higher in

Total adoption



82%

Tech, Media & Telecom



77%

Medium Enterprises

Advanced adoption is taking place among businesses with direct or hands-on leadership by top management

Top management involvement



57%

Early AI adopters



86%

Advanced AI adopters



68%

Total AI adopters



In the Consumer & Wholesale Trade sector, 82% of businesses report higher top management involvement in AI implementation, as it is seen as a strategic lever for pricing, demand forecasting, and supply chain resilience

Half of businesses are seeing clear ROI from AI through gains in productivity, revenue, customer satisfaction, and cost reduction

Expected ROI from AI deployment



50%

Productivity gains



48%

Revenue increase



47%

Improved customer satisfaction and customer engagement



47%

Cost reduction

AI is increasing revenue for 68% of Consumer Goods & Wholesale Trade businesses by identifying cross sell opportunities and ensuring the right product reaches the right customer at the most profitable price

9 in 10 businesses are planning higher budgets for 2026, with 2 in 5 allocating 50% more to AI compared to 2025

AI budget planned for 2026

Total increase



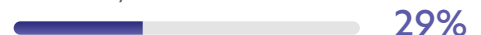
90%

Increase by up to 25%



23%

Increase by 26% to 50%



29%

Increase more than 50%



38%

Nearly all businesses view sustainability as important, and 1 in 2 have already integrated it into their operations

Sustainability implementation

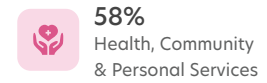
Importance



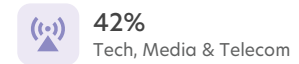
Adoption



Top adopter



Bottom adopter



■ 2025 ■ Change vs. 2024

Sustainability adoption is moving beyond reputation towards competitive advantage and future readiness

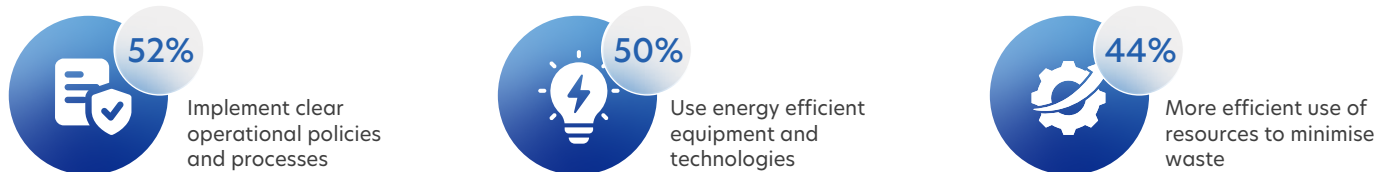
Top reasons for sustainability importance



■ 2025 ■ Change vs. 2024

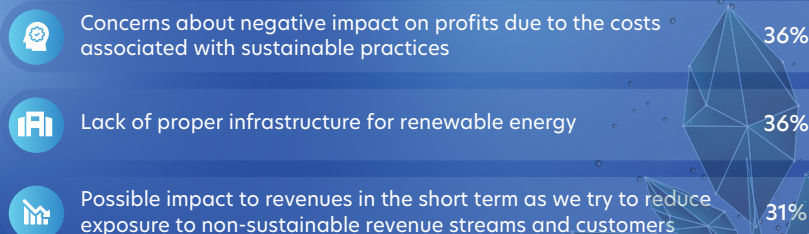
Half of businesses have implemented clear operational policies and energy efficient equipment

Sustainable practices incorporated

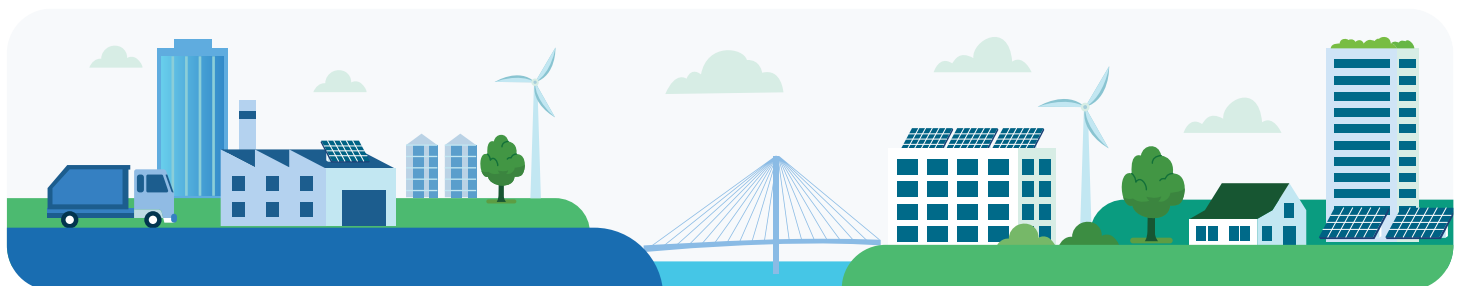


Concerns about profits and the lack of proper infrastructure for renewable energy slow down sustainability adoption

Top barriers

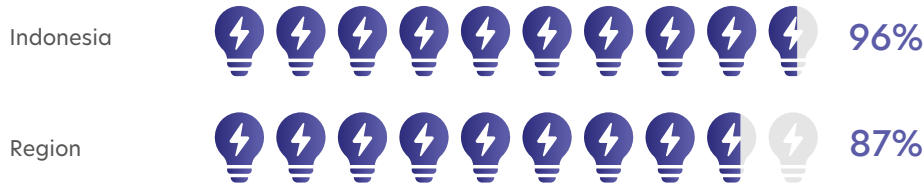


58% of Tech firms may face short-term profit pressure as they shift to sustainable practices and align their brands with future green regulations



Energy management is important to nearly all businesses, especially medium-sized enterprises

Very or somewhat important

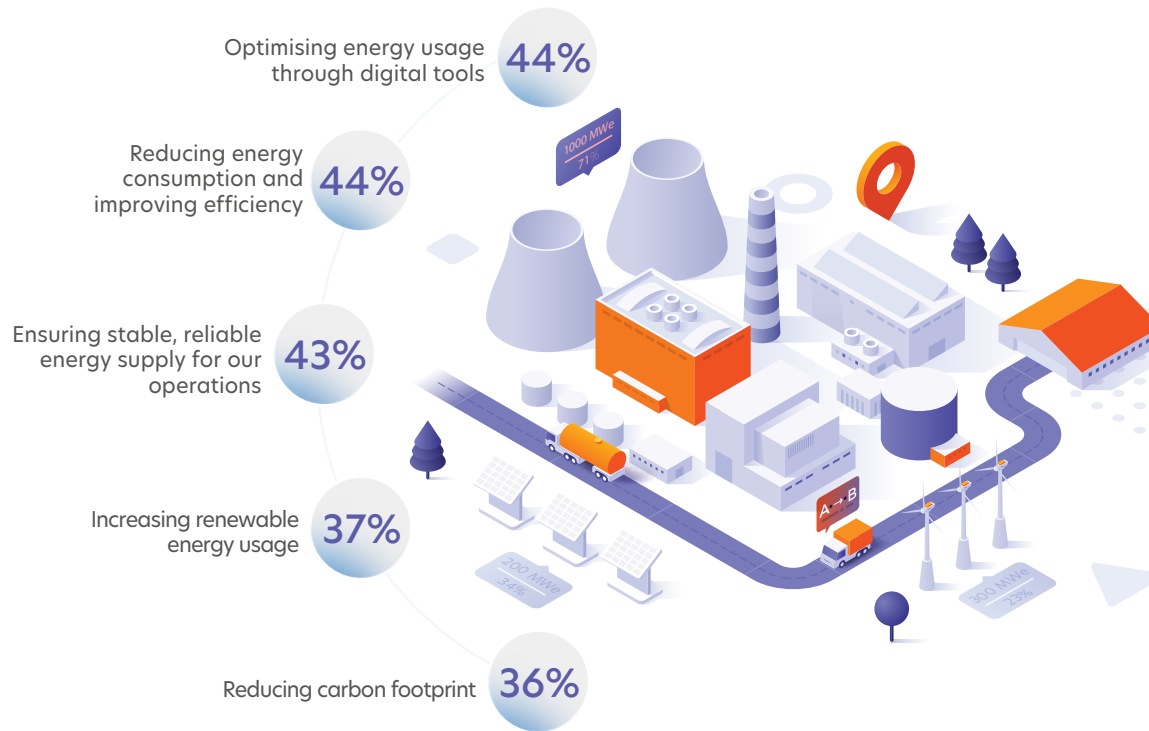


Medium Enterprises have larger facilities and higher power loads, making energy savings more impactful to their bottom line than for small, low-consumption businesses

Optimising energy usage, reducing energy consumption, and ensuring a stable supply of energy are key areas of interest to businesses

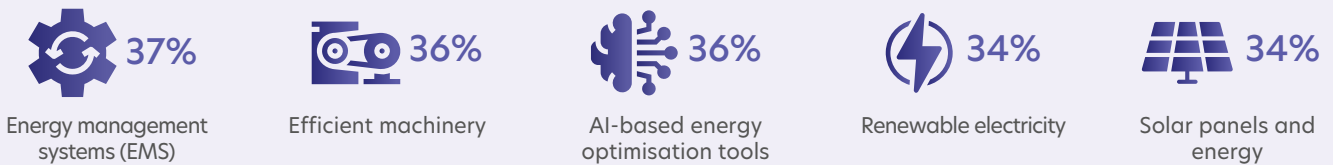
Top interest areas

Half of Construction & Real Estate businesses are using digital tools for energy management to reduce operational carbon, lower utility costs through AI powered fault detection, and meet stricter 2026 net zero building regulations



Energy management systems, efficient machinery, and AI-based optimisation tools are top energy management solutions adopted by businesses

Energy Management solutions adopted

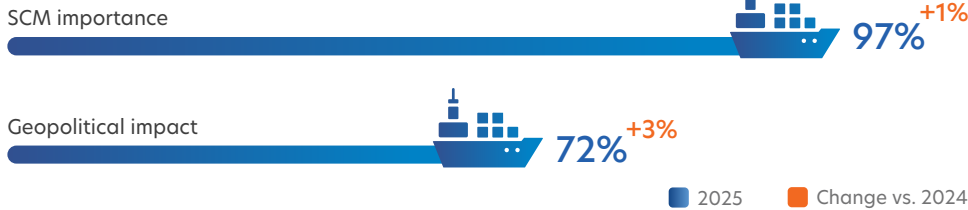


Businesses need a balanced mix of technology, policy, and reporting support to meet their energy management goalst

Top support areas



Geopolitical tensions impact 7 in 10 businesses, sustaining strong focus on supply chain management

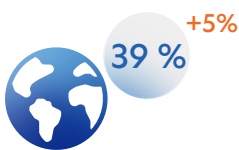


Effective SCM is critical to preventing stock outs and project delays, ensuring that fluctuating material costs do not erode profit margins in high volume industries



2 in 5 companies faced disruptions to their existing supply chain due to geopolitical factors

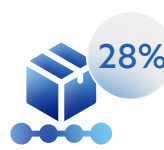
Top challenges in supply chain management



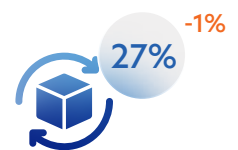
Disruptions to existing supply chains caused by geopolitical factors



Challenges in procuring supplies or raw materials



Concentration of supply chain to a single supplier



Requirement of just-in-case supply

■ 2025 ■ Change vs. 2024

In addition, country of origin ambiguity is a key supply chain issue, driven by unclear local qualification criteria and fragmented trade rules



Country of Origin ambiguity

Drivers of ambiguity

The percentage of value-add required to qualify as "local" 49%

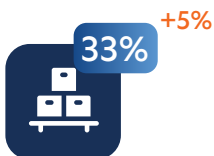
The definition of "Substantial Transformation" 48%

Lack of harmonisation between US, EU, and Asian trade pact requirements 43%

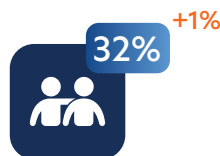
Frequent changes to these regulations 35%

To stabilise SCM, businesses are sourcing alternative materials and investing in stronger supplier relationships

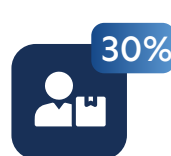
Steps to stabilise supply chain management



Source alternative raw materials to diversify risk



Invest in stronger supplier relationships



Diverse sources of suppliers from different markets



Source from neighbouring countries to shorten supply



Adopt better inventory management practices

■ 2025 ■ Change vs. 2024



More than 8 in 10 businesses are diversifying suppliers, while 7 in 10 are also expanding manufacturing capacity

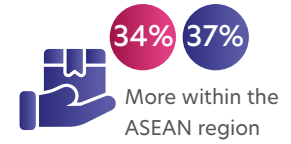
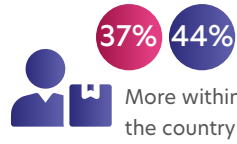
Supplier diversification plans



Manufacturing expansion



Primary goal of expansion

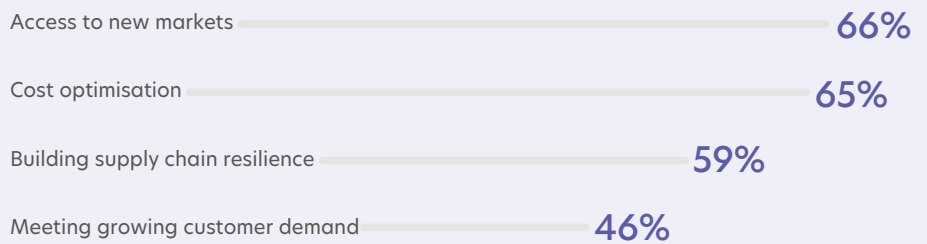


Suppliers Manufacturing

Access to new markets and cost optimisation are the primary drivers for expansion

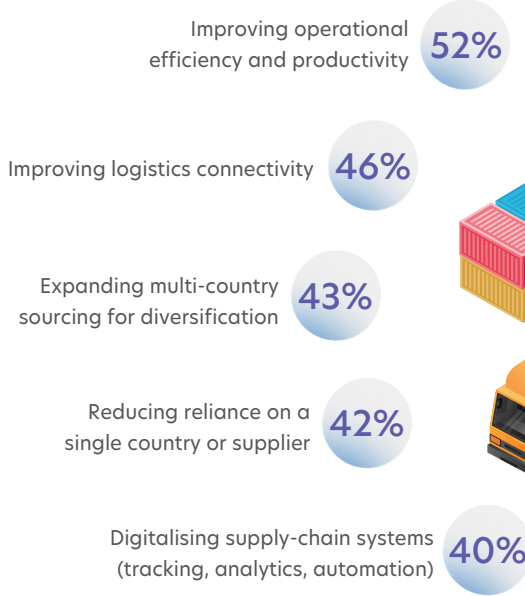
61% of businesses in Construction & Real Estate are expanding supply chains to secure power-ready logistics spaces and specialised materials needed for the massive surge in data center and infrastructure projects

Reasons for supply chain expansion



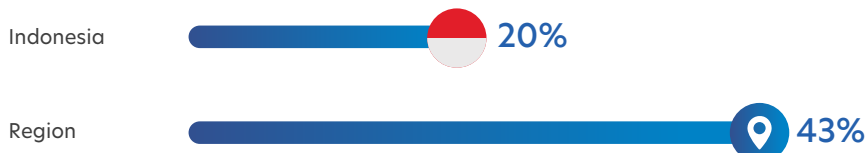
Operational excellence through improved efficiency and connectivity is a key resilience strategy for many businesses

Top supply chain resilience strategies



A fifth of businesses identify digital innovation as critical to supply chain resilience, but this remains below the regional average

Digital innovation in supply chain resilience

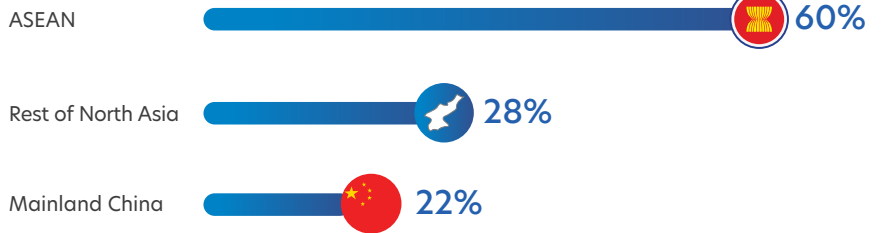


Nearly a third of businesses in the Consumer Goods & Wholesale Trade sector see digital innovation as critical to supply chain resilience

Businesses show a stronger intent to expand overseas over the next three years, with ASEAN and the rest of North Asia identified as the key destinations

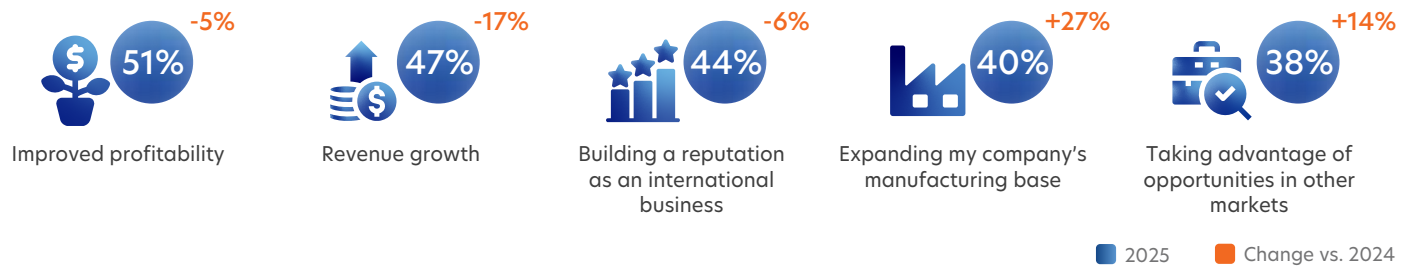


Markets intended to venture into



Expansion is increasingly driven by manufacturing strength and market opportunity, rather than financial considerations

Top drivers for overseas expansion

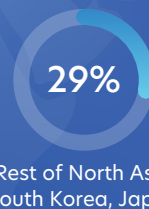


Over 4 in 5 businesses intend to invest overseas with ASEAN being a primary FDI destination

FDI plans



Markets



China+1 diversification, lower operating costs, and talent availability are the key drivers of FDI

Reasons for FDI

