

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 Indonesia. 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 Indonesia.

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 Indonesia's dynamic economy.



WHAT



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



Total of 111 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 IDR 6b to < 110b
Medium Enterprises - annual turnover IDR 110b to < 3t

INDUSTRIES



60
Consumer Goods



54
Manufacturing & Engineering



54
Business Services



53
Construction & Infrastructure



52
Wholesale Trade



50
Tech, Media & Telecom



50
Community & Personal Services



45
Real Estate & Hospitality



45
Healthcare & Medical Services



42
Professional Services



30
Industrials, Oil & Gas

Business sentiment has declined sharply after the recent US tariffs



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

93%



Positive in 2023

90%



Positive in 2024

50%



Positive in 2025 after US tariffs

Business outlook has dropped sharply after the recent US tariffs



However, over 1 in 2 businesses say the business outlook is positive after the recent US tariffs

92%



2024

88%



2025

54%



2025 after US tariffs

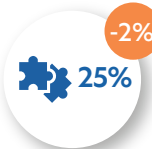
A growing priority for businesses is finding a new customer base



Find a new customer base



Digitalise to achieve business efficiencies



Review business strategy to differentiate from our competitors



Find new business partnerships for collaboration



Develop new sources of revenue

2024 Change vs. 2023

Sustainability adoption has stabilised, with the Consumer Goods sector taking the lead



About 1 in 2 businesses have started implementing some sustainability practices



Sectors where sustainability is most implemented



Cities where sustainability is most implemented



Differences by business size



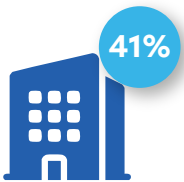
Businesses see sustainability as a way to attract investors, boost reputation, and partner with multinationals



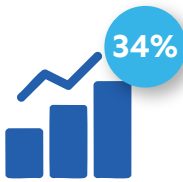
Helps to attract investors



Improved reputation or better branding of the company



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



Gives a competitive edge

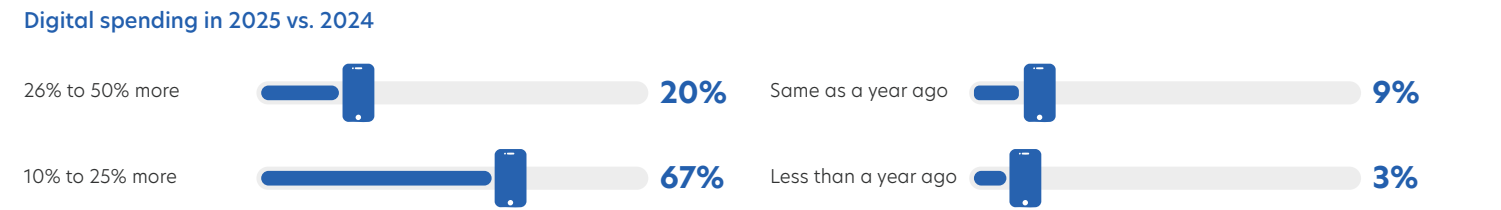


Customers prefer or demand it

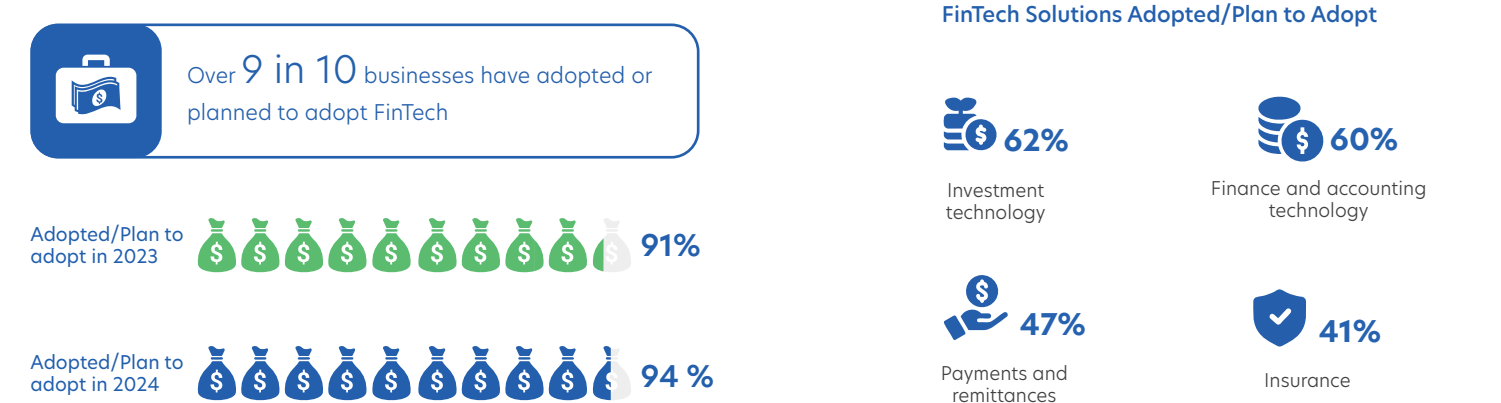
Digitalisation has led to better data protection and data security compared to a year ago



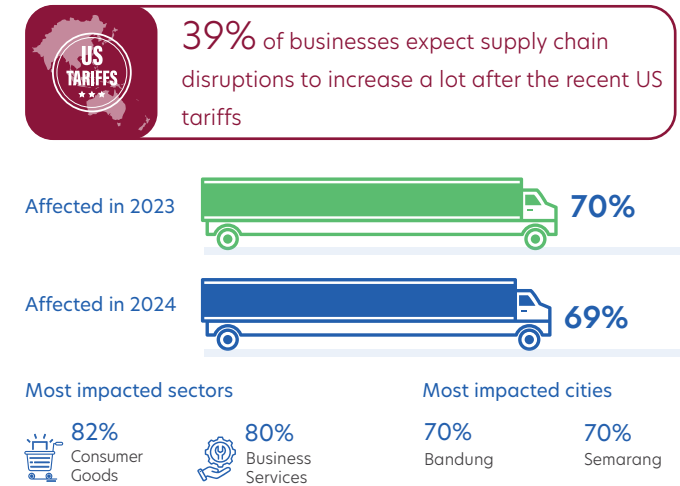
With positive outcomes clearly visible, businesses are planning to invest more in their digital efforts in 2025



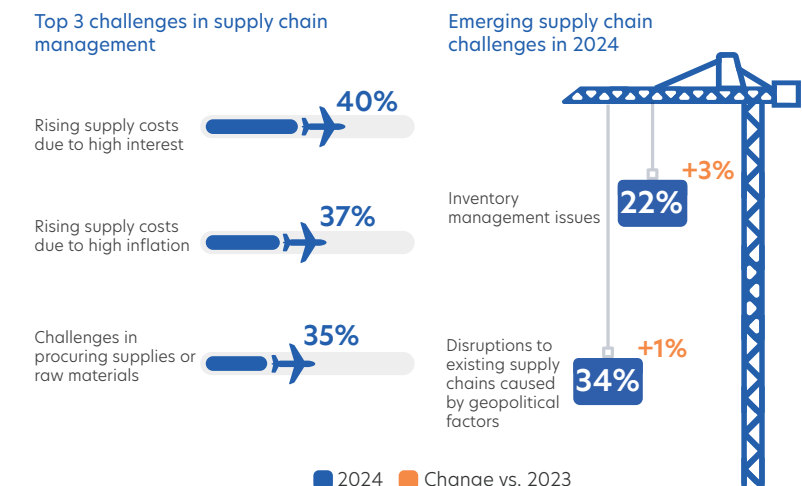
FinTech solutions for investment, finance, and accounting are driving overall FinTech adoption



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



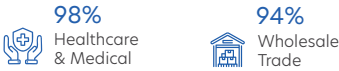
Beyond rising costs led by high interest rates and inflation and procurement challenges, businesses also face inventory management issues



Interest in overseas expansion remains high, especially among the Healthcare & Medical Services and Wholesale Trade sector and Medium Enterprises



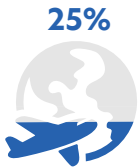
Most interested sectors



Differences by size



Very interested



Slightly interested



Revenue growth, profitability, and international reputation are key drivers for overseas expansion

Top 3 motivators for expansion



Revenue growth



Improved profitability



International reputation

Reducing business risk is also creating greater interest in expansion

Reducing business risk by diversifying into other markets, 2023



Reducing business risk by diversifying into other markets, 2024



Workforce challenges have impacted many businesses



33%



Extremely affected

47%



Very affected

80%



Total

Most affected sectors

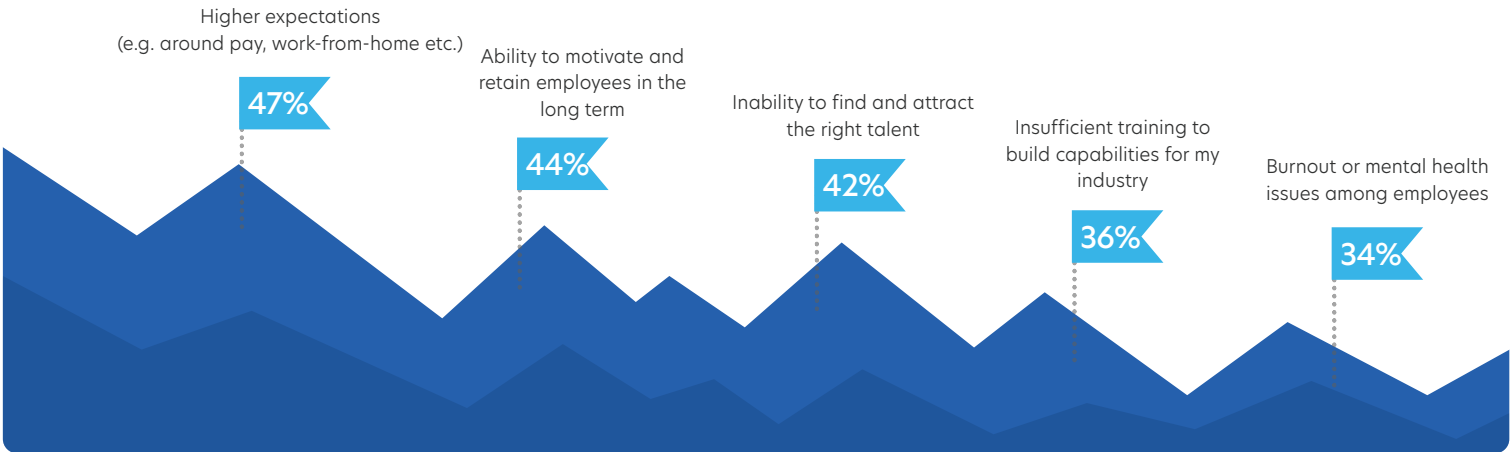


Most affected city



Higher employee expectations, along with retention and attraction, are top workforce challenges

Top internal challenges in workforce management



Business sentiment has declined sharply after the recent US tariffs



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

Business outlook has dropped sharply after the recent US tariffs



However, over 1 in 2 businesses say the business outlook is positive after the recent US tariffs



Positive in 2023



Positive in 2024



Positive in 2025 after US tariffs



2024



2025



2025 after US tariffs

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



High levels of inflation



Rising operational costs (raw materials, rental, etc)



Higher interest rates



Changes made by the government in laws/regulations



Rise in consumption/spending



51% of businesses expect the level of inflation to increase a lot after the recent US tariffs

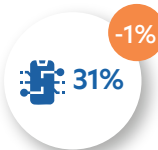


52% of businesses expect raw material and production costs to increase a lot after the recent US tariffs

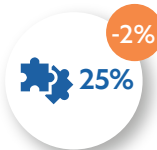
A growing priority for businesses is finding a new customer base



Find a new customer base



Digitalise to achieve business efficiencies



Review business strategy to differentiate from our competitors



Find new business partnerships for collaboration



Develop new sources of revenue

2024 Change vs. 2023

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



Financial products support/assistance



Financial aid to tackle loss or revenue/rising cost of doing business



Subsidies or tax exemption for certain sectors most hit by tariffs

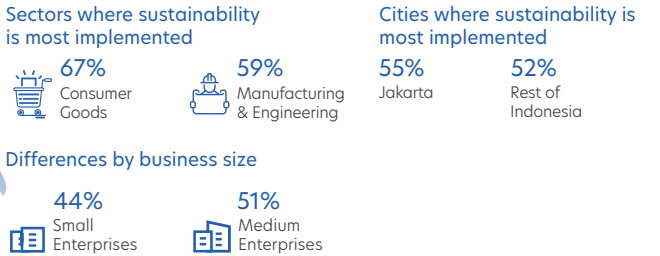


Bilateral trade agreements with key markets

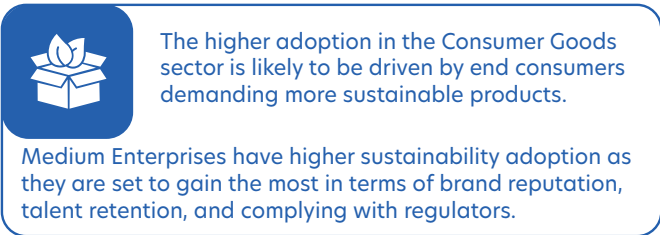
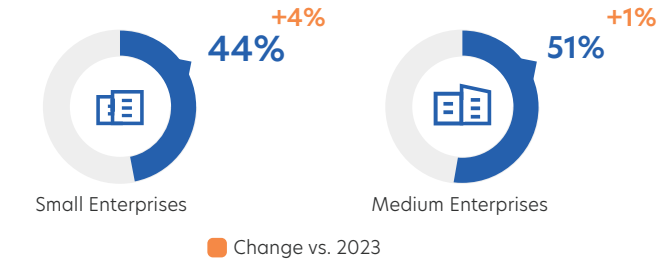


Advisory, legal/administrative support on how to navigate the tariffs

Sustainability adoption was stable in 2024, with the pace of adoption expected to increase after US tariffs



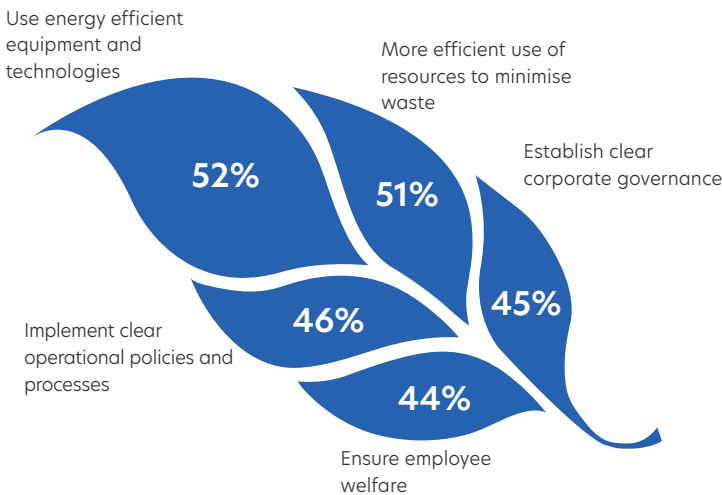
Sustainability adoption is gaining more importance for Small Enterprises



Businesses increasingly see sustainability as a way to attract investors and improve company's reputation



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

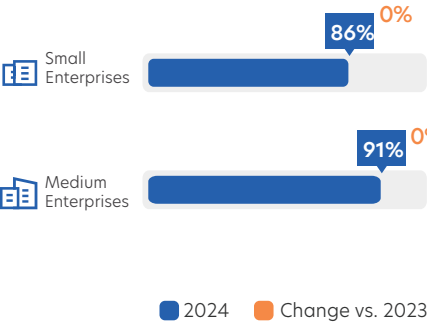


Rising costs to customers is a growing challenge in sustainability adoption



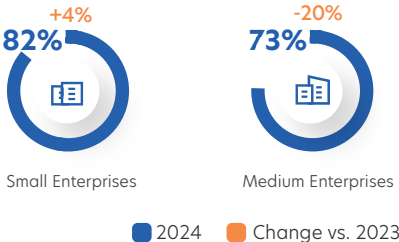
More Medium Enterprises have adopted digitalisation, with adoption expected to accelerate due to US tariffs

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



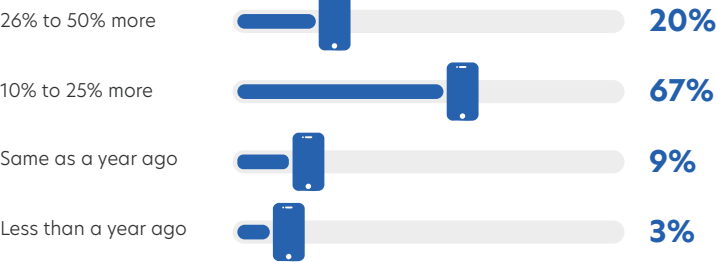
Digitalisation has led to better data protection and data security compared to a year ago

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

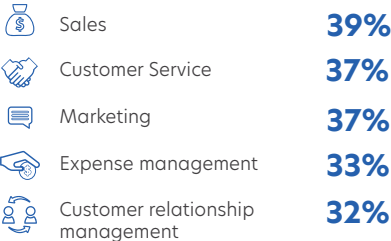


Our sales force is enabled with WhatsApp orders and we are also selling through other online market platforms that are there. And we basically want to try everything.
- CEO, Consumer Goods sector

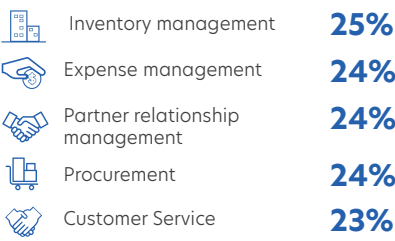


Having digitalised customer facing functions, future digital investments will focus on inventory and partner relationship management processes

Current processes digitalised (Top 5)



Future processes digitalised (Top 5)



FinTech solutions for investment, finance and accounting are driving overall FinTech adoption



Over **9 in 10** businesses have adopted or planned to adopt FinTech

Adopted/Plan to adopt in 2023



Adopted/Plan to adopt in 2024



Cities with highest FinTech adoption



FinTech Solutions Adopted/Plan to Adopt



Investment technology



Finance and accounting technology



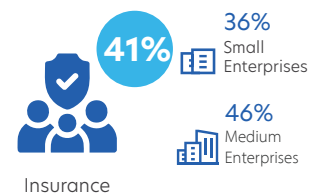
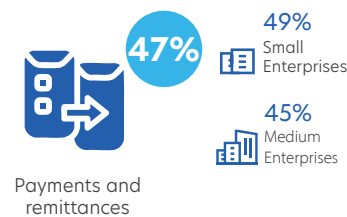
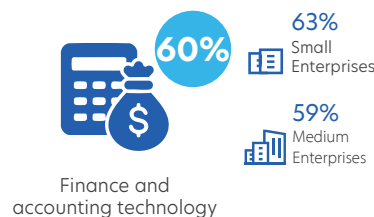
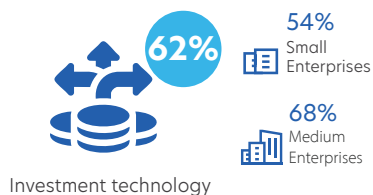
Payments and remittances



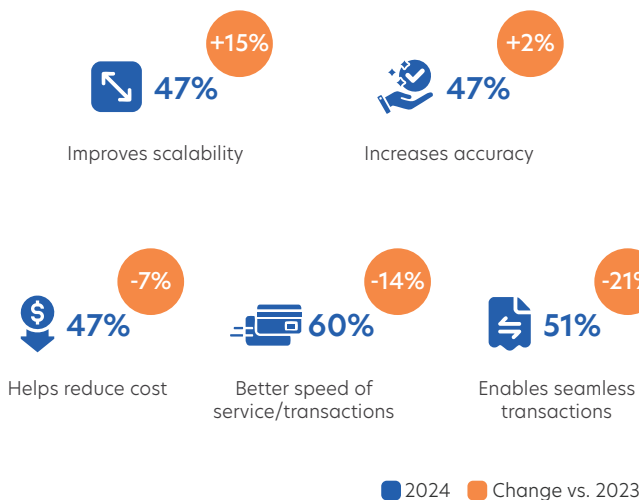
Insurance

Medium Enterprises favour investment and insurance while Small Enterprises prefer finance, accounting, and payments technology

FinTech Solutions Adopted



Businesses are increasingly adopting digital payments for scalability



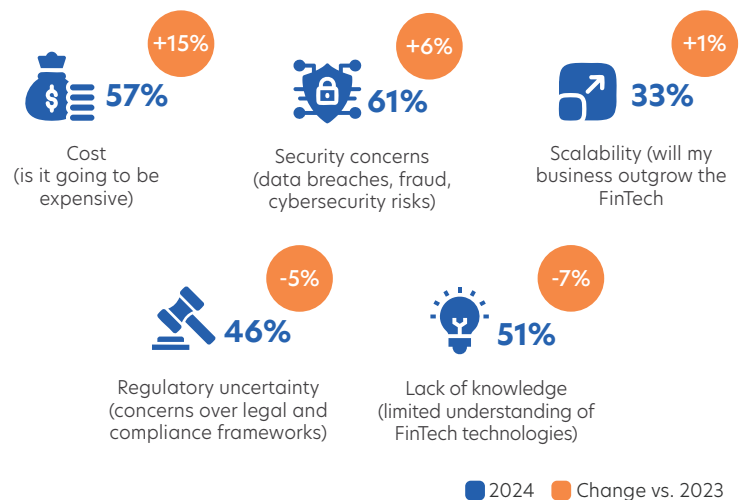
Sectors where scalability is more important



Cities where scalability is more important



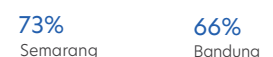
Businesses are more worried about cost and security concerns for FinTech adoption



Sectors where cost is a greater concern



Cities where cost is a greater concern



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



Nearly **7 in 10** businesses say their supply chain has been affected



39% of businesses expect supply chain disruptions to increase a lot after the recent US tariffs

Affected in 2023



70%

Affected in 2024



69%



Most impacted sectors

82%
Consumer Goods

80%
Business Services

Most impacted cities

70%
Bandung

70%
Semarang

Differences by size

68%
Small Enterprises

69%
Medium Enterprises

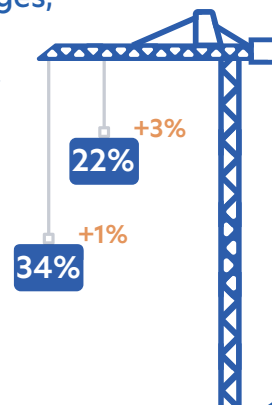
Beyond rising costs led by high interest rates and inflation and procurement challenges, businesses also face inventory management issues

Top 3 challenges in supply chain management



Emerging supply chain challenges in 2024

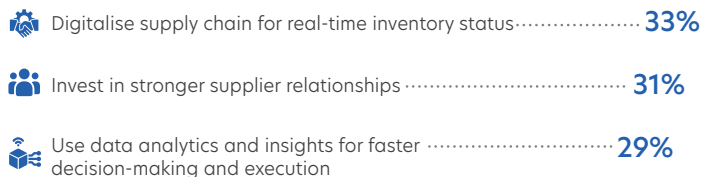
Inventory management issues



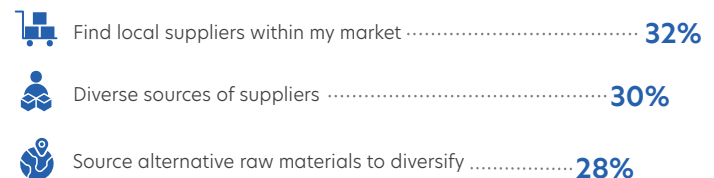
Disruptions to existing supply chains caused by geopolitical factors

■ 2024 ■ Change vs. 2023

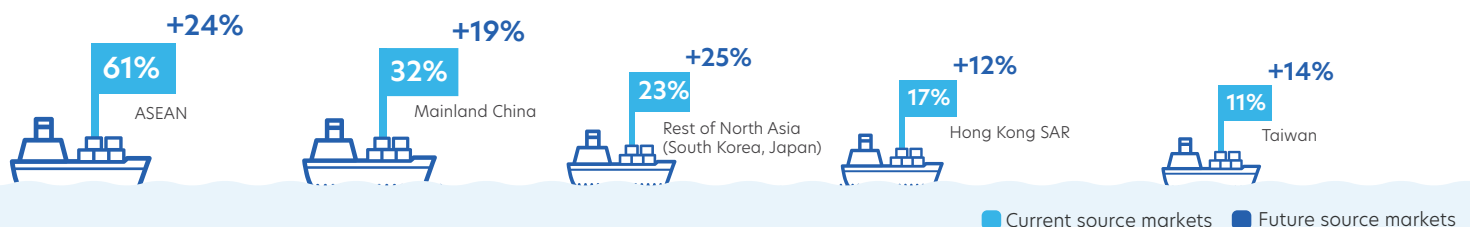
To stabilise supply chains, businesses are optimising inventory and supplier relationships



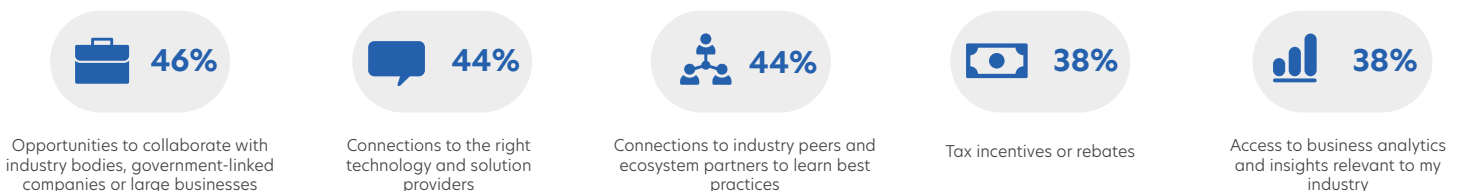
Localisation and diversification are additional strategies to enhance supply chain stability



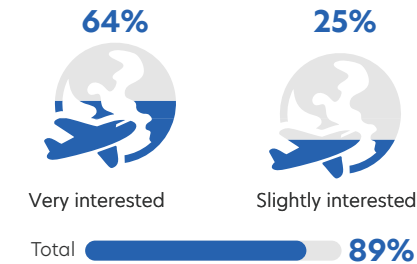
With diversification, future sourcing is set to expand into ASEAN and rest of North Asia



Businesses seek opportunities for collaboration and connections for supply chain stability



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



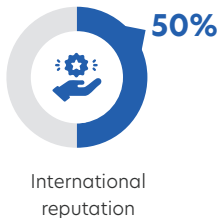
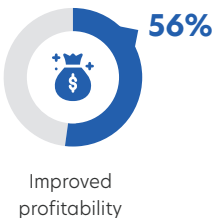
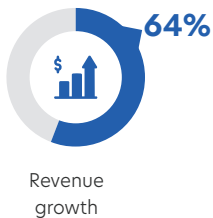
Most impacted sectors



Differences by size



Revenue growth, profitability and international reputation are key drivers for overseas expansion



Risk reduction by diversification is leading to higher interest in overseas expansion

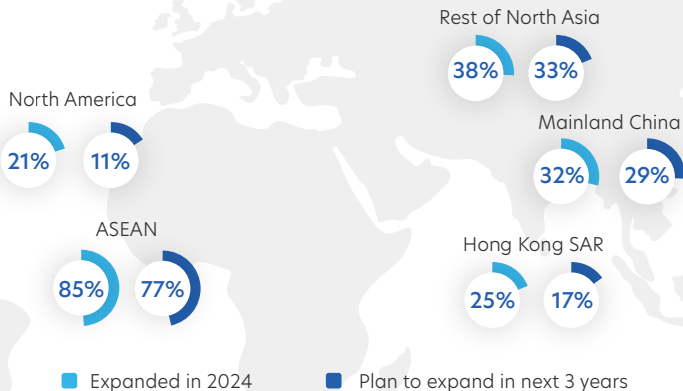
Reducing business risk by diversifying into other markets, 2023



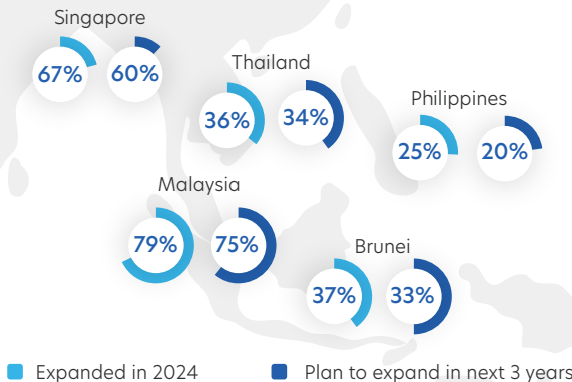
Reducing business risk by diversifying into other markets, 2024



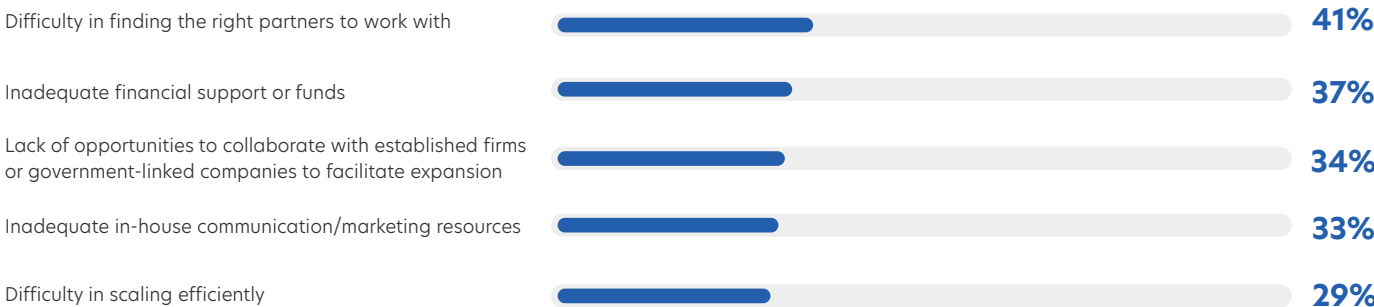
ASEAN and rest of North Asia continue to be the focus for current and future expansion efforts



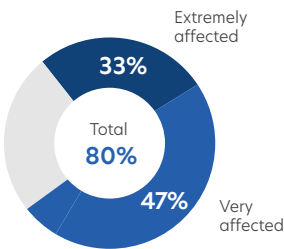
Within ASEAN, Malaysia and Singapore are key priority markets



Difficulty in finding the right partners, inadequate funding, and limited opportunities are key barriers to overseas expansion



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



Most affected sectors



By business type

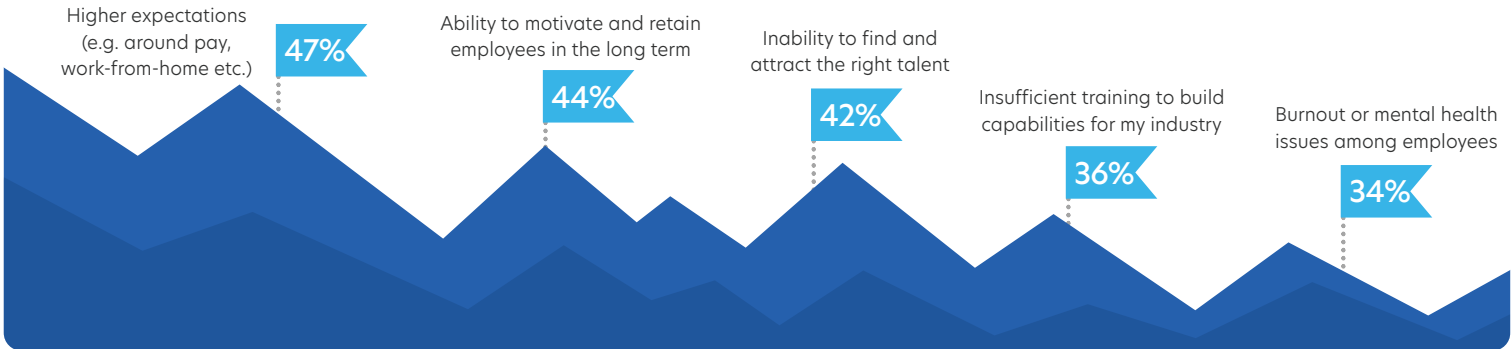


By city



Higher expectations, talent attraction, and retention are the top workforce challenges

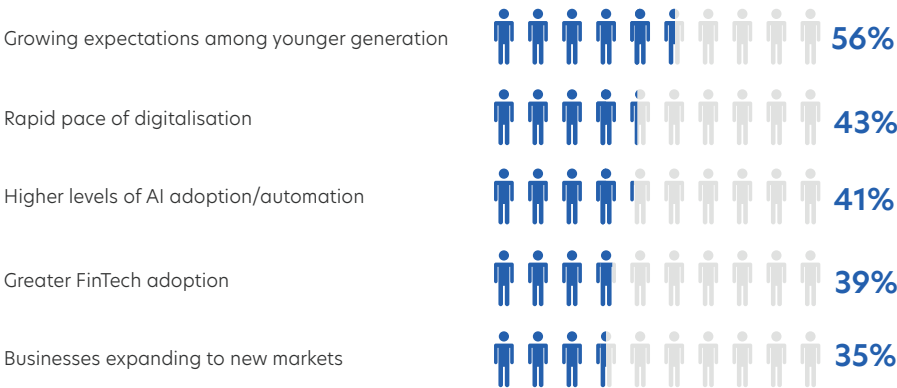
Top internal challenges in workforce management



External factors such as growing expectations among the younger generation and rapid AI/technological advances intensified workforce challenges

Top external challenges in workforce management

Total in 2024

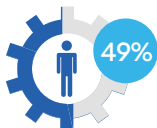


“It’s a competition between technology and people, and the gap is too wide. The workforce’s education level and ability to adapt to technological advancements create challenges in implementation. For job seekers and individuals, it is a constant struggle to compete with the technology businesses are adopting.”
- Director, Oil, Gas & Chemicals sector

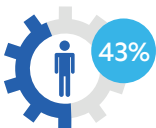


Businesses are addressing workforce challenges through skill development, better pay, and digital transformation

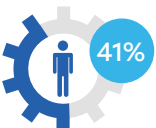
Top actions to address workforce challenges



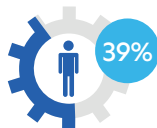
Providing reskilling/ upskilling training



Offering higher pay and benefits



Initiating digital transformation/automation



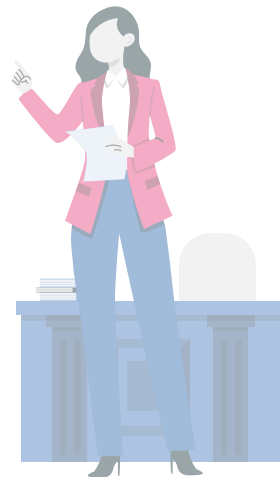
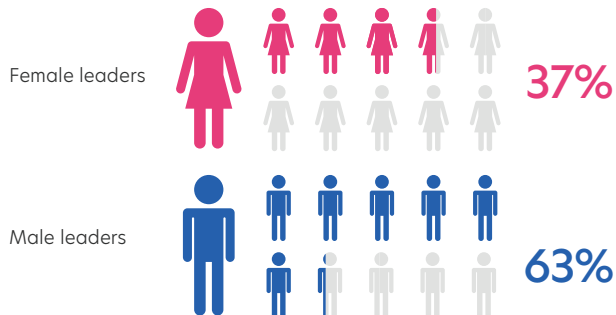
Offering flexi-work arrangements (including work-from-home)



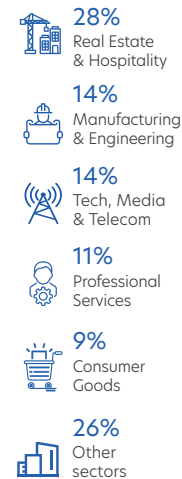
Creating a more purpose driven organisation

Close to 2 in 5 of all business leaders are women, with a stronger presence in the Real Estate & Hospitality sector

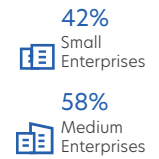
Nearly **3 in 5** women in leadership roles within the business world are leading Medium Enterprises



Spread by sectors



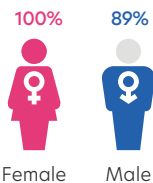
Spread by business size



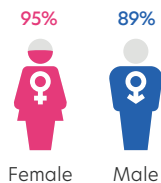
Women in business are ready to boost well-being and reach new customers but need support to reduce carbon emissions

Women in business are more prepared on

Implementing well-being programmes

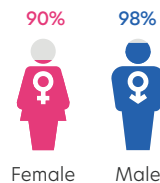


Finding a new customer base



But less prepared on

Reducing carbon emissions

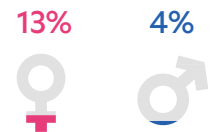


Women leaders prioritise sustainability to ease MNC collaboration, retain talent, and ensure regulatory compliance

Easier to work with MNCs



Industry body/government requirement



Enables talent retention/attraction



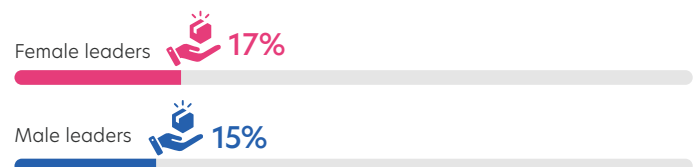
Female leaders Male leaders

Women leaders show a strong commitment to advancing customer-centric capabilities to meet evolving expectations

User-friendly channels for customer interaction



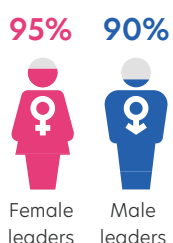
Hyper-personalised services/offers to customers



With a clear focus on overseas expansion, women leaders are engaging with cross-border trade platforms and require support through training and networking resources

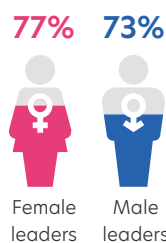
Expansion Interest

Interested in future expansion



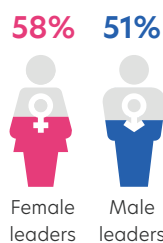
Cross-border trade platforms

Very interested

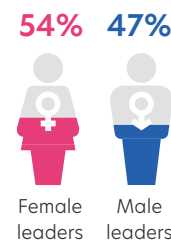


Support needed

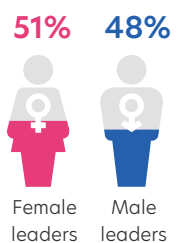
Opportunities to network with overseas business



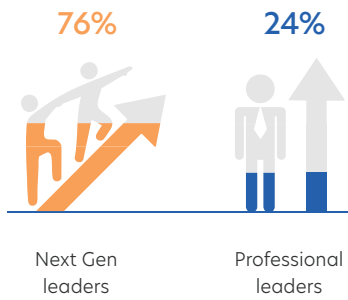
Connecting with industry peers and ecosystems



Training to use digital platforms



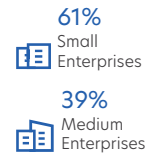
Over 3 in 4 of all business leaders are Next Gen, with a stronger presence in the Wholesale Trade sector and Small Enterprises



Spread by sectors



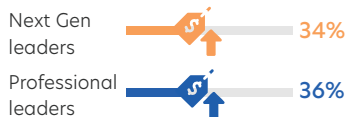
Spread by business size



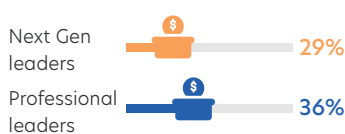
Next Gen leaders prioritise strategic challenges like high interest rates and business uncertainties over short-term concerns

Short term concerns

High levels of inflation

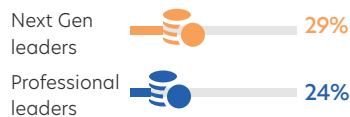


Rising operational cost

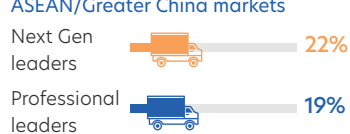


Strategic concerns

High interest rates

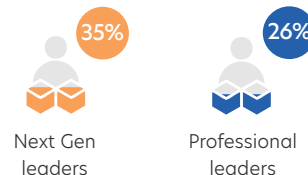


Uncertain economic outlook in ASEAN/Greater China markets



To navigate an uncertain economic outlook, Next Gen leaders turn to local sourcing, import financing solutions, and digital platforms

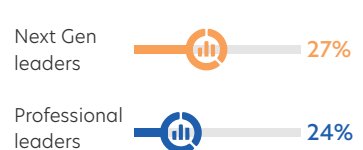
Finding local suppliers within my market



Apply for import financing facilities



Place orders online



Next Gen leaders practice sustainability by giving back to the community and support mental

Sustainability practices



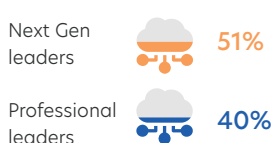
Next Gen leaders are at the forefront of tech adoption

Technologies used

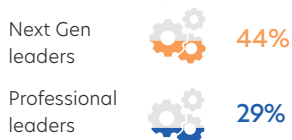
Internet of Things



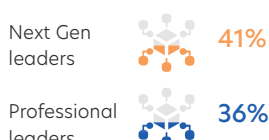
Cloud Computing



Machine Learning



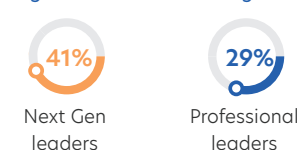
Blockchain



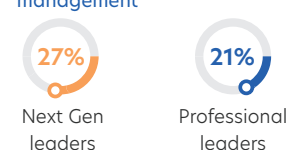
Next Gen leaders practice sustainability by giving back to the community and support mental wellness

Areas of deployment

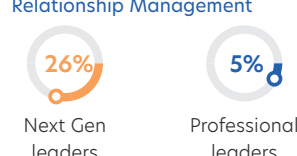
Digitalisation of marketing



Digitalisation of inventory management



Digitalisation of Customer Relationship Management



Electronic payments for payables and receivables

