

## Regional businesses eyeing ASEAN in overseas expansion plans: UOB Study

*Around less than half of businesses have implemented sustainability practices*

**Singapore, 23 April 2024** – Despite the ongoing economic uncertainties, small and medium-sized enterprises (SMEs) and large enterprises in the Southeast Asian and Greater China regions are eager to venture overseas in search of a boost to their profits and reputation. In particular, they have their sights set on the ASEAN region.

The UOB Business Outlook Study 2024 (SMEs & Large Enterprises), which surveyed more than 4,000 businesses in seven key markets across the ASEAN and Greater China regions, found that more than 80 per cent of businesses want to expand overseas. This interest is most keenly felt in Indonesian and Vietnamese companies. The top two sectors looking to expand are manufacturing and engineering, as well as tech, media and telecom.

Overall, the study, which is into its fifth year, found that almost eight in 10 businesses are positive about the current business environment, with one in four expecting business performance to vastly improve this year. However, many businesses said they are still watchful of the impact of inflation, higher operating costs and are recovering from the overall economic slowdown. Businesses said they plan to focus on reducing costs and adopting digital solutions to improve productivity.

### Venturing overseas still key part of growth plans

Around three in five businesses highlighted ASEAN as the top market which they want to expand to within the next three years. In contrast, only one in three companies said they wanted to enter Mainland China. Within ASEAN, Malaysia is the most important country that businesses want to venture into, followed by Singapore, Thailand and Indonesia.

However, businesses face several challenges such as:

- difficulty in finding the right partners to work with (39%);





- lack of in-house talent/expertise to drive overseas expansion (36%);
- and inadequate financial support or funds (35%).

Most companies are seeking more support for funding or grants to enter new markets, connections to large corporations, as well as tax incentives. Around four in five companies said they are keen to use cross-border digital trade platforms for their overseas expansion.

### Sustainability an imperative for most businesses, but more help needed with implementation

The study also found that nearly 90 per cent of businesses believe that sustainability is important, however, only 44 per cent have implemented sustainability practices. Only 38 per cent of SMEs in Singapore have these practices in place, compared with around half in both Thailand and Mainland China.

In the survey, businesses cited the increase in costs to customers, the impact it will have on their profits and lack of proper infrastructure for renewable energy as barriers to implement sustainable practices. Businesses said they want more support in the form of tax incentives, sustainable financing options and easier access to funding/grants to adopt sustainable practices.

Mr Eric Lian, Head of Group Commercial Banking, UOB, said, “Insights from the study validate and solidify our business strategies as we partner SMEs for their long-term growth. For SMEs with cross-border ambitions, our network connects them to the right partners for strategic insights and solutions, and also expertise to spot emerging trends which may lead to new business opportunities across ASEAN and Greater China – the top two regions that businesses aspire to expand to.”

“SMEs also recognise that sustainability is a business imperative, but face challenges in getting started. Incorporating ESG considerations into business strategies will better position SMEs to unlock growth opportunities and build resilience for the long-term. To advance SMEs’ green initiatives, the UOB Sustainability Compass is an enabler for companies to overcome obstacles and kick-start their sustainability journey, in addition to our efforts to simplify sustainable financing for businesses.”





### Supply chain management remain a challenge for businesses

About 90 per cent of businesses surveyed recognised the importance of supply chain management to their business, particularly among businesses in Mainland China, Indonesia, Thailand and Vietnam. However, many businesses are feeling the pressure from the effects of high inflation and interest rates, which have led to rising supply costs and challenges in procuring supplies or raw materials.

To ensure supply chain stability, around three in 10 businesses are taking steps to diversify their supply chain, adopt better inventory management practices and utilise data analytics for faster decision-making. Companies said they would like more support for tax incentives/rebates, easier access to funding/grants and opportunities to collaborate with industry bodies, government-linked companies or large businesses to help overcome their ongoing supply chain challenges.

### Strong impetus for digitalisation among businesses

Around four in five of businesses said they have digitalised operations in at least one department and expect to spend more on digitalisation this year. However, businesses expect to face several challenges including cybersecurity concerns, high implementation costs and the lack of digital skillsets among employees in their digitalisation journey.

Businesses said they want more training programmes to reskill/upskill employees, connections to the right technology and solution providers and tax incentives/rebates to adopt digitalisation.

The UOB Business Outlook Study 2024 (SMEs & Large Enterprises) aims to understand the business outlook and key expectations among SMEs and large enterprises across seven markets in ASEAN and Greater China – Singapore, Indonesia, Malaysia, Thailand, Vietnam, Mainland China and Hong Kong SAR. Since 2020, the study has been conducted annually in Singapore. Last year, the scope of the study was extended to include ASEAN and Greater China markets.

To get a copy of the full insights from the UOB Business Outlook Study 2024 (SMEs & Large Enterprises), please visit: <https://www.uobgroup.com/asean-insights/articles/uob-business-outlook-study-2024-regional.page>.

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### **About UOB**

UOB is a leading bank in Asia. Operating through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, UOB has a global network of around 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. Today, UOB is rated among the world's top banks: Aa1 by Moody's Investors Service and AA- by both S&P Global Ratings and Fitch Ratings.

For nearly nine decades, UOB has adopted a customer-centric approach to create long-term value by staying relevant through its enterprising spirit and doing right by its customers. UOB is focused on building the future of ASEAN – for the people and businesses within, and connecting with, ASEAN.

The Bank connects businesses to opportunities in the region with its unparalleled regional footprint and leverages data and insights to innovate and create personalised banking experiences and solutions catering to each customer's unique needs and evolving preferences. UOB is also committed to help businesses forge a sustainable future, by fostering social inclusiveness, creating positive environmental impact and pursuing economic progress. UOB believes in being a responsible financial services provider and is steadfast in its support of art, social development of children and education, doing right by its communities and stakeholders.

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