



VISTAGE

CEO CONFIDENCE INDEX SURVEY

Q3
2025

Response Rate: 92% (1265 responses / 1371 members)

Margin of error: 3.6%

Data Collect: 2 – 19 September 2025

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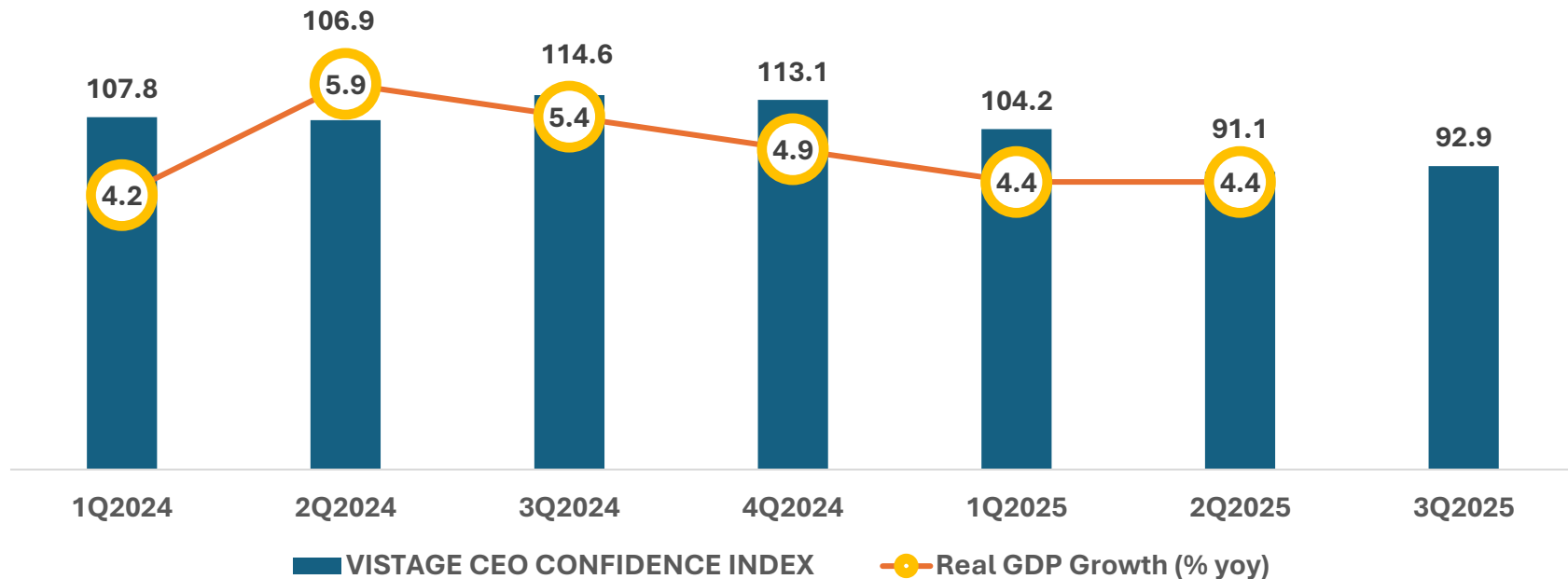
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CEO CONFIDENCE STABILIZES WITH CAUTIOUS OPTIMISM FOR FUTURE GROWTH

The Vistage CEO Confidence Index rose modestly by 1.8 points to 92.9 in 3Q2025, signaling a stabilization of business sentiment after a significant 13.1-point drop the previous quarter (Figure 1). This nascent recovery reflects a pivot in CEO outlook: while assessments of current conditions continued to soften, expectations for future performance improved across key metrics. However, the index remains 16% below its average level from the previous year, underscoring a persistent caution despite the quarterly improvement.

This stabilization was likely driven by two key factors. First, the announcement of Trump's revised 19% tariff for Malaysia and other ASEAN countries on July 31, 2025, provided clarity after a period of initial uncertainty. Second, the steady 4.4% year-on-year GDP growth of the Malaysian economy recorded in Q2, released on August 1, helped reassure CEOs amidst ongoing global uncertainties stemming from geopolitical conflicts and Trump's 2 April "Liberation Day" tariffs.

Figure 1. Vistage CEOs Confidence Index and Quarterly GDP Growth (% yoy)



Performance of Key Index Components

Five of the six index components recorded marginal improvements in 3Q2025 (Table 1), signalling a stabilization in confidence after the sharp 2Q2025 decline. The changes in sentiment are detailed in Figures 2 and 3, which track the proportion of CEOs expecting improvement and worsening conditions, respectively, across the first three quarters of the year.

Current Economic Conditions

The sub-index for current conditions dropped a further 3 points to 79, placing it nearly 30% below the previous year's level of 111 and underscoring deepening near-term concerns. This deterioration is reflected in a widening pessimism gap, as the proportion of CEOs forecasting a deterioration rose to 39% (from 37%), while those expecting improvement declined marginally to 18% (from 19%).

Expected Economic Conditions Over The Next 12 Months

CEO optimism for future economic conditions strengthened in the third quarter, driving the corresponding sub-index up 4% to 102 points. This gain was underpinned by a positive shift in expectations: the share of CEOs forecasting an improvement edged up to 29% (from 27%) while the proportion anticipating a deterioration declined to 27% (from 29%). Despite the improvement, the sub-index remains substantially weak, remaining 23% below the previous year's level of 133.

Planned Fixed Investment

The fixed investment sub-index rose 4% to 128 points, indicating a recovery from the previous quarter's 123, though it remains 12% below the year-ago level of 145. This quarterly improvement aligns with a stronger intention to invest, as 43% of CEOs now plan to increase capital expenditure—up from 40%—while those planning cutbacks fell to 15% from 17%.

Planned Employment And Workforce Changes

Mirroring the rise in fixed investment, hiring intentions also strengthened in the third quarter. The corresponding sub-index rose 2% to 131, driven by an increase in the share of CEOs expecting to add staff (43%, up from 41%), while the proportion anticipating cuts held steady at 12%. Despite this quarterly improvement, the index remains 11% below the previous year's level of 147, indicating that hiring confidence has not fully recovered.

Revenue Growth Expectations

CEO optimism for revenue growth improved marginally in the third quarter, with the index rising 1% to 137. Although this reading remains 13% below the previous year's level of 158, the underlying sentiment was stable, marked by a slight increase in CEOs from 51% to 52% forecasting an improvement and a steady proportion anticipating a decline (15%).

Profit Growth Expectations

Mirroring the trend in revenue, profit growth expectations improved modestly in the third quarter, with the sub-index rising 3% to 125. This was driven by a positive shift in sentiment, as the share of CEOs forecasting higher profits rose to 44% while those anticipating a deterioration declined to 19%. Despite this improvement, the index remains 12% below the previous year's level of 142.

Performance of Key Index Components

Table 1. CEO Confidence Index and Component Scores

	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025	3Q 2025	% change from previous quarter	1Q-3Q 2025 Trend
VISTAGE CEO CONFIDENCE INDEX	107.8	106.9	114.6	113.1	104.2	91.1	92.9	↑ 2%	
Current Economic Conditions	104	103	122	116	107	82	79	↓ -4%	
Expected Economic Conditions	124	125	147	135	115	98	102	↑ 4%	
Expected Change in Employment	146	145	149	148	141	129	131	↑ 2%	
Planned Fixed Investment	143	144	146	146	138	123	128	↑ 4%	
Expected Revenue Growth	158	155	158	162	152	136	137	→ 1%	
Expected Profit Growth	140	136	144	148	135	121	125	↑ 3%	

Figure 2. Proportion of CEOs Who Expect Improvement

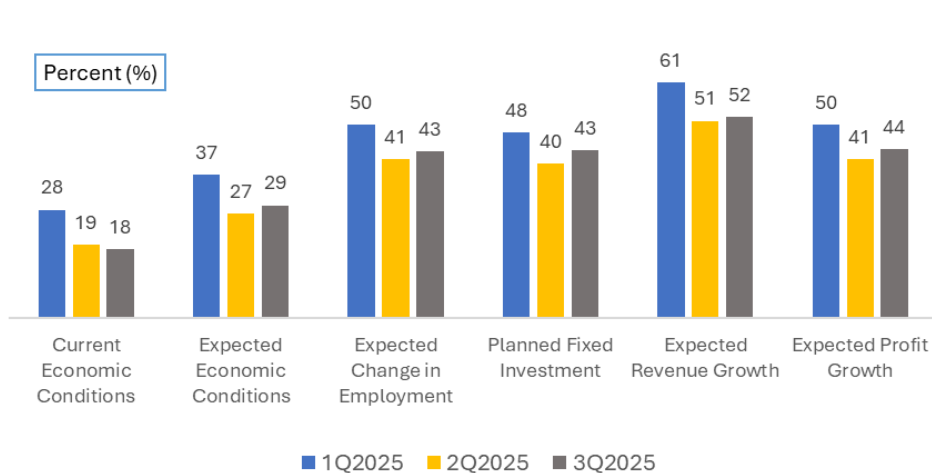
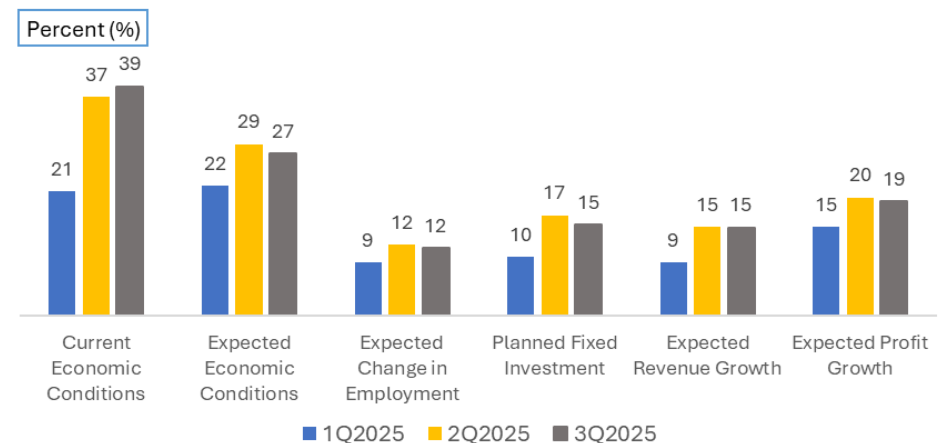


Figure 3. Proportion of CEOs Who Expect A Deterioration



Orders and Selling Prices

More CEOs Expect Increasing Local And Export Orders

CEO expectations for order growth rebounded in 3Q2025, signaling a recovery from the heightened pessimistic outlook experienced in 2Q2025. Optimism for export orders led the way, with the proportion of CEOs anticipating an increase climbing 4 percentage points to 46%, compared to a two-point rise to 45% for local orders (Figure 4).

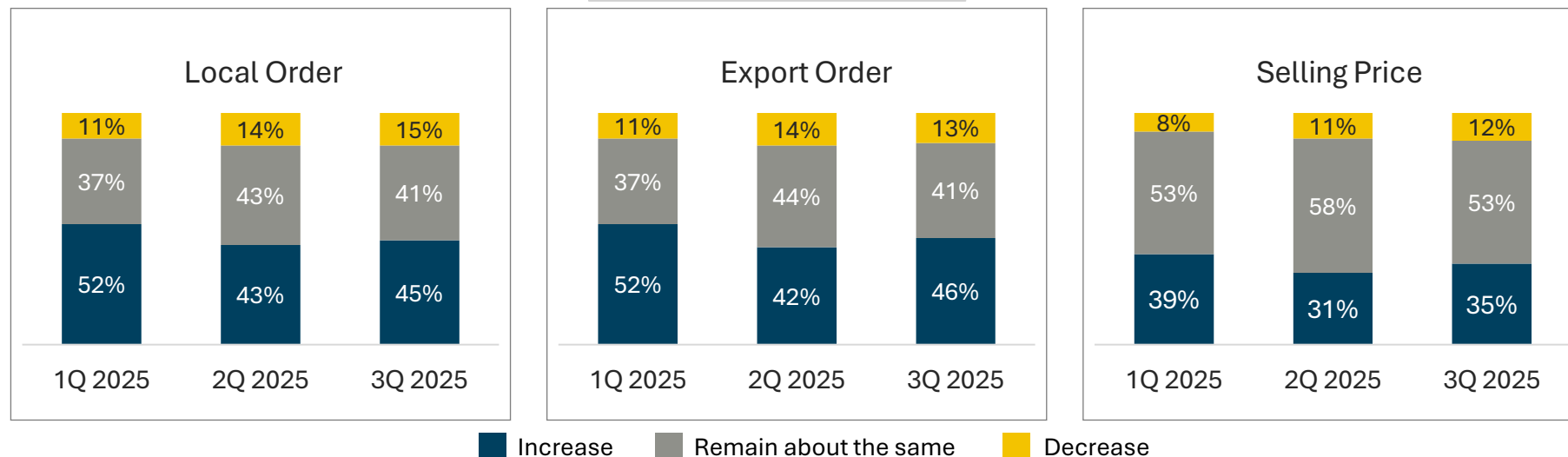
This positive shift was further underscored by a decline in the share of CEOs expecting no change, which converged at 41% for both order types after falling from higher levels in the previous quarter. Underlying this overall improvement, however, is a notable divergence in risk sentiment. Pessimism regarding export orders decreased, with those forecasting a decline falling to 13%. In contrast, the proportion expecting a decline in local orders edged up to 15%.

Consequently, while the outlook has improved from the previous quarter's low, the recovery remains partial. Sentiment for both local and export orders is significantly below the levels observed in 1Q2025, prior to Trump's "Liberation Day" tariff shocks, indicating a market that is stabilizing but has yet to fully recover its previous confidence.

Proportion Of CEOs Expecting Sale Price Increases Edged Up

The outlook for selling prices improved in parallel with the recovery in orders. The most significant change was a 5-percentage-point drop to 53% in the share of CEOs expecting no price change. This was driven by a notable jump in pricing confidence, with those planning increases rising 4 percentage points to 35%. However, the trend was not universally positive, as the proportion anticipating price declines also inched up to 12%, indicating soft demand or lingering competitive pressure in some segments.

Figure 4. Orders and Selling Prices



Involvement In ASEAN Business

Vistage CEOs demonstrate extensive and growing interest in the ASEAN region, building on the 2Q2025 survey where over 50% reaffirmed their focus on intra-ASEAN expansion. Current involvement is highest in Singapore (40%) and Indonesia (35%), followed by Thailand (28%), Vietnam (22%), and Cambodia (21%). Looking forward, Indonesia is the top investment destination (40%), ahead of Vietnam (36%), Singapore and Thailand (both 33%) (Figure 5).

This broad interest across countries at varying development stages reflects the diverse sectors in which Vistage CEOs operate. As shown in Table 2, the sectoral composition of Vistage CEOs' businesses mirrors that of the national GDP, indicating their representativeness of the broader Malaysian economy.

Figure 5. Involvement In ASEAN Business

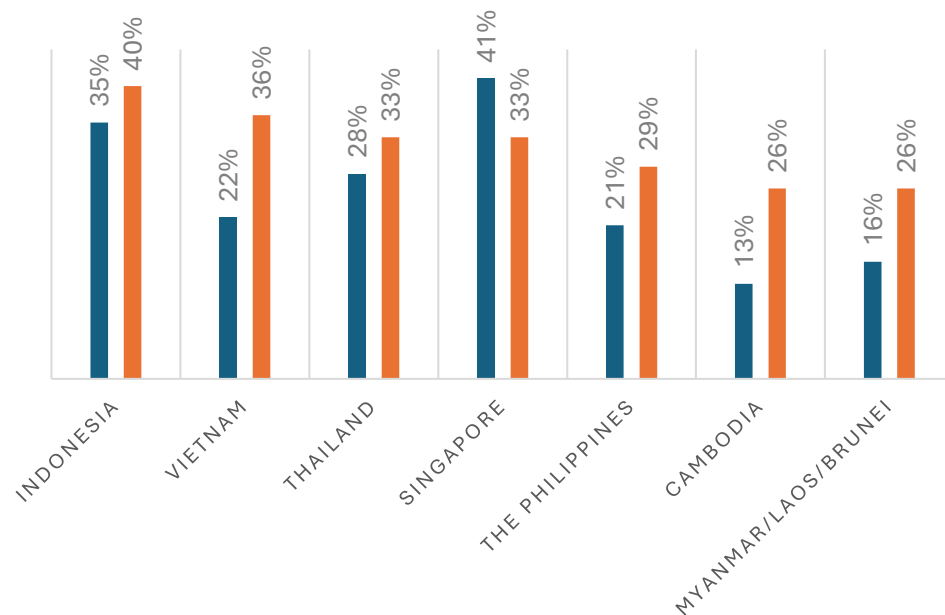


Table 2. Sectoral Composition of Vistage CEOs' Businesses

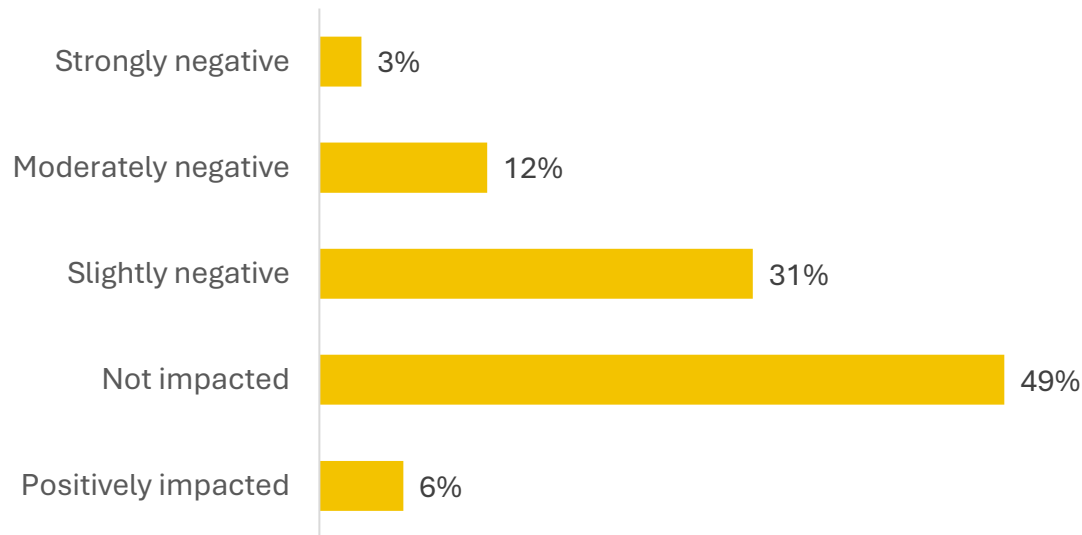
Sector	Sub-sector	Share of total number of respondents
Agriculture	Agriculture - Rubber, oil palm, livestock, fisheries & forestry	2%
	Sub-total	2%
Mining	Mining & quarrying - Crude oil, natural gas, other mining, quarrying supporting services	1%
	Sub-total	1%
Manufacturing	Vegetable oils, food, beverage, tobacco	5%
	Textile, leather, wearing apparel, wood, paper, printing	1%
	Refined petroleum, chemicals, pharmaceuticals	3%
	Rubber, plastics, non-metallic mineral, basic metals, fabricated metal	6%
	Machinery, equipment, computers, electronics and electrical, medical, precision & optical, watches and clocks	6%
	Motor vehicles	1%
	Furniture	1%
	Other, M&E repair & installation	3%
	Sub-total	27%
Construction	Residential, non-residential, civil engineering, specialized construction activities	10%
	Sub-total	10%
Services	Electricity, gas, water, sewerage, waste treatment	3%
	Wholesale and retail trade	17%
	Food, beverage, hotel and accommodation	4%
	Transport & storage	4%
	Information & communication	10%
	Finance & insurance	3%
	Business, private education, private health, others	17%
	Sub-total	59%
Total		100%

Near-term Impact of US Import Tariffs

More Than Half Of The CEOs Reported No Or Positive Impact

Despite the disruption to international trade and supply chains from Trump's tariffs—including a 19% levy on imports from Malaysia—a majority (55%) of Vistage CEOs report no or even a positive impact on their businesses. Specifically, 49% saw no impact, while 6% experienced a positive effect. However, a significant minority (46%) reported negative impacts, ranging from slight to strong (Figure 6). This mixed but resilient response suggests a notable portion of Malaysian businesses are weathering the initial tariff shock.

Figure 6. Impact of Trump's Tariff War On Vistage CEOs' Businesses

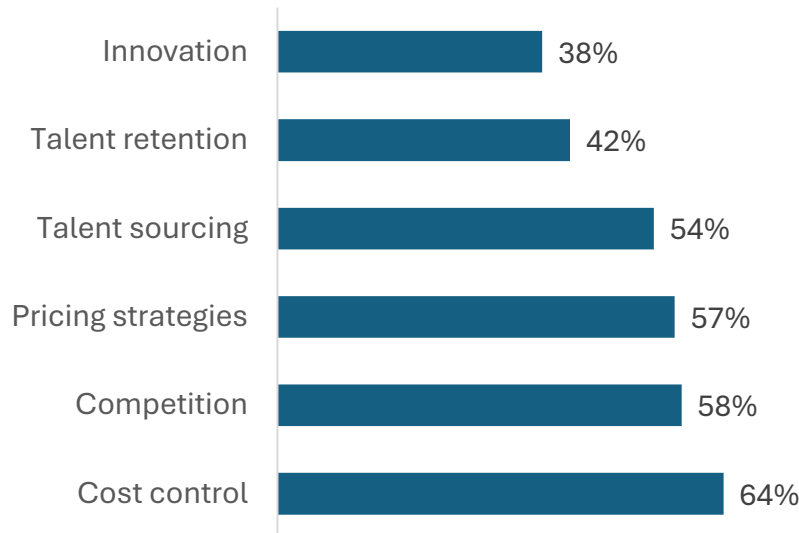


Stresses Related To Declining Revenue and Profit Growth

Cost Control, Competition and Pricing Top CEO Stress List

Despite slight quarterly improvements, the revenue and profit growth indices remained 13% and 12% below their 2024 levels, respectively. When asked to identify the primary stresses from this slowdown, Vistage CEOs cited a range of pressures, led by cost control (64%), competition (58%), and pricing pressures (57%), as shown in Figure 7.

Figure 7. Specific Stresses Caused By Declining Revenue And Profit Growth



Beyond the primary stresses, Vistage CEOs highlighted a range of firm-specific challenges across key business areas:

- **Macroeconomic and market conditions:** Navigating weak consumer demand, declining purchasing power, and volatility in exchange rates.
- **Government policy and regulation:** Adapting to policy uncertainty, tax changes, compliance burdens, and restrictions on foreign labor.
- **Competitive pressures:** Facing intense competition from imports and agile foreign entrants, particularly from China, leading to severe price pressure.
- **Technological disruption:** Managing the impact of AI and the consequent need to evolve business models.
- **Strategic shifts:** Pursuing growth through overseas expansion, M&A, and operational flexibility, such as shifting from fixed to variable costs.
- **Operational management:** Addressing cash flow constraints, late payments, and balancing employee interests with company needs.

Impact of Inflation on Business Costs

The 3Q2025 survey reveals the extent of the price increases impacting Vistage CEOs' businesses, after 80% reported being affected by inflation in the previous quarter. For major cost components, the distribution of price hikes was as follows:

- 5-10% increase: The most common range, affecting 33-51% of businesses.
- 1-5% increase: Affected 21-35% of businesses.
- 10-15% increase: Affected 13-22% of businesses.
- 15-20% increase: Affected 4-8% of businesses.
- >20% increase: Affected 2-7% of businesses.

A breakdown of the inflation impact by cost component is shown in Table 3. The data confirms that inflationary pressure is not only widespread but also significant in magnitude for a large portion of firms.

Table 3. Inflation Impact On Business Cost Components (% Of Total Respondents)

Cost component	Price increase				
	1-5%	>5-10%	>10-15%	>15-20%	>20%
Wages	21%	41%	22%	8%	7%
Raw materials	29%	35%	15%	6%	5%
Logistics	30%	37%	16%	4%	3%
Utilities	35%	36%	15%	5%	3%
SST	23%	51%	13%	3%	3%
Compliance	34%	33%	16%	4%	3%
Others	19%	14%	5%	1%	1%

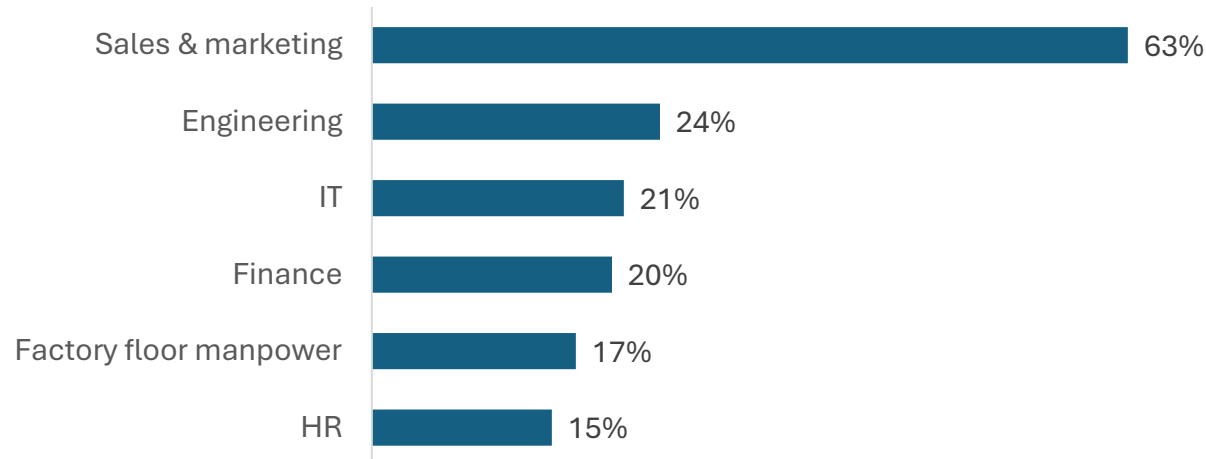
Beyond major business costs, Vistage CEOs reported significant pressure from a range of other expenses. Labour costs remained a primary concern, driven by salaries, mandatory contributions (EPF), and productivity impacts. Investments in technology also contributed heavily, with rising expenses for software subscriptions, IT infrastructure, and specialized overseas tech support.

Furthermore, companies faced increased professional and compliance fees, including legal services and IPO-related costs. Financial burdens such as insurance, bank financing, and currency fluctuations added to the strain. General overheads for marketing, maintenance, and administration continued to rise, alongside specific government taxes like SST on construction and outsourced services.

Addressing Manpower and Skills Challenges

More than 40% of Vistage CEOs expect to grow their headcount. When asked about the hiring challenges, 63% find difficulty in recruiting sales and marketing staff, followed by engineering (24%), IT (21%), finance (20%), factory floor manpower (17%) and human resource personnel (15%) (Figure 8).

Figure 8. Difficult-to-fill Positions



Reflecting Vistage CEOs' wide-ranging business portfolios, the survey question on hiring needs reveal a focus on talent across all levels of the organization. Demand is particularly strong for strategic management and leadership to steer operations and for technical and engineering specialists to maintain competitive advantage.

Concurrently, there is a significant push to secure expertise in digital, data and technology innovation to drive future growth. This is supported by ongoing needs in core professional and administrative services and sales and marketing functions. Employers are also actively recruiting for specialized roles in the healthcare and education sectors, as well as for critical operational roles in supply chain, logistics, and customer-facing retail and hospitality positions. This diverse range of hiring intentions highlights the broad-based competition for skilled talent in the current market.

Corruption and Crime Perception

Two-thirds Of Vistage CEOs See No Change In Corruption Perception

A strong majority (68%) of Vistage CEOs perceive no change in the country's corruption level over the last 8 months, an assessment that aligns with Malaysia's unchanged score of 50 on Transparency International's 2024 Corruption Perception Index. Among the remainder, a slightly larger share sees improvement (18%) than deterioration (14%) (Figure 9).

Figure 9. Vistage CEOs' Corruption Perception

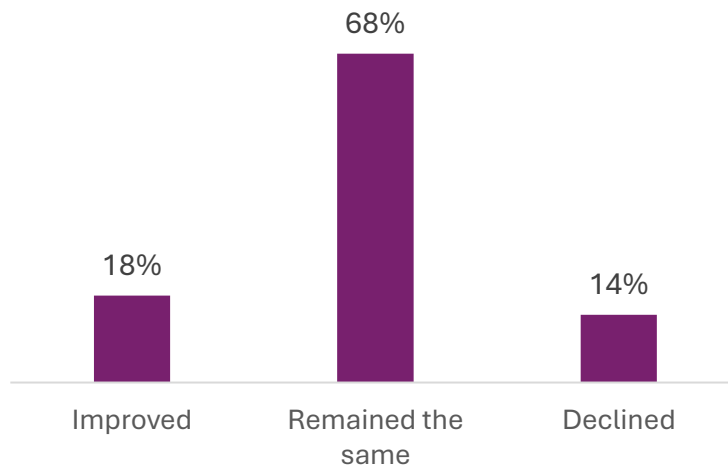
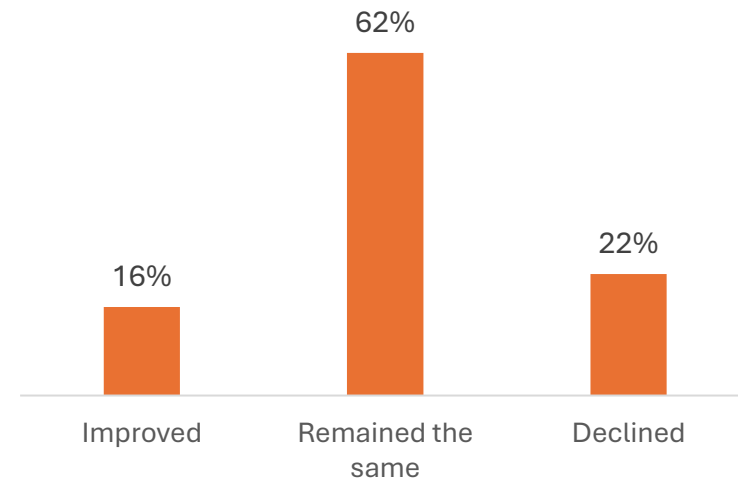


Figure 10. Vistage CEOs' Perception on Crime



On Crime, 62% Of CEOs Perceived No Change Over The Past 8 Months

According to Bukit Aman statistics, both index crimes involving violence (e.g., murder, rape, robbery) and non-index crimes (e.g., vehicle theft, house break-ins) rose in 2024, by 6% and 12% respectively. When asked about their perception of crime, a majority of CEOs (62%) felt the situation was unchanged. However, among those who perceived a change, more reported a deterioration (22%) than an improvement (16%), which may reflect concern over the official data (Figure 10).

Viewpoints on Government Plans and Initiatives

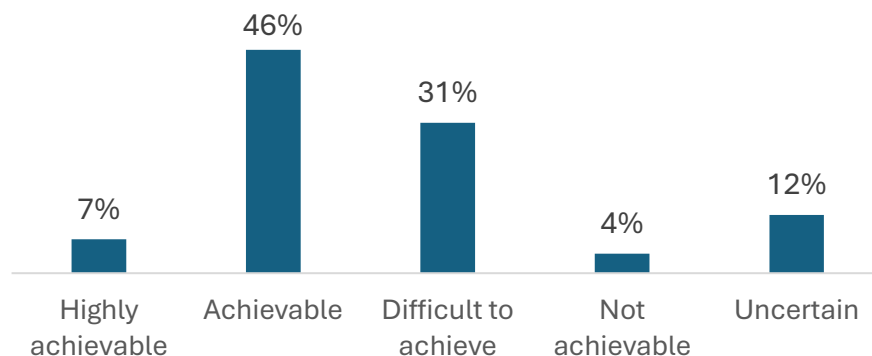
A Slight Majority Of Vistage CEOs Expressed Confidence In Achieving The 13MP Growth Targets

To keep pace with the 13th Malaysia Plan (2026-30)'s targets of 4.5–5.5% real GDP growth and 2–3% inflation, businesses would need to achieve nominal income growth of 6.5–8.5% annually. When surveyed, 53% of CEOs expressed confidence in achieving this equivalent growth at their firms, while 31% found it difficult, 4% deemed it unachievable, and 12% were uncertain (Figure 11).

The significant proportion of CEOs (47%) who are uncertain or pessimistic about achieving this growth benchmark suggests a potential headwind for the national targets. If a large segment of the business sector lacks confidence in its own growth trajectory, the 13MP's ambitious goals may be difficult to realize without further policy interventions to improve the business environment and bolster private sector confidence.

Another implication of the survey results is that the nearly even split between confident and non-confident CEOs points to a bifurcated business landscape. The economy may see a growing performance gap between a resilient, high-growth segment of firms and a larger cohort that is struggling to keep pace. This underscores the need for targeted support for SMEs and less competitive industries to prevent a wider economic divergence.

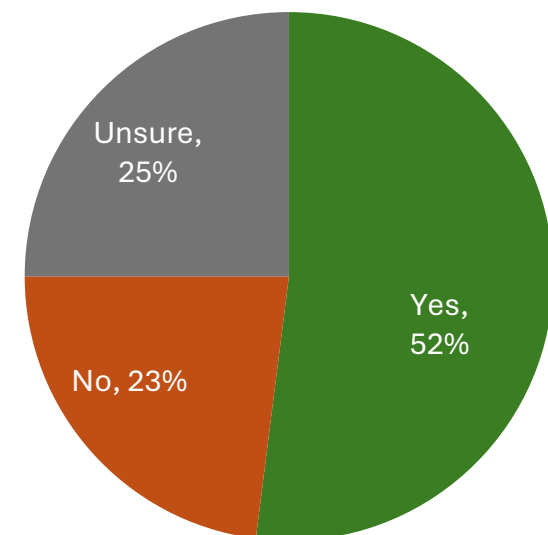
Figure 11. Confidence In Achieving 13mp's Growth Target



Raising The Mandatory Retirement Age

Malaysia became an 'ageing society' in 2020 when 7% of its population was aged 65 and above. It is projected to become an 'aged nation' by 2040, when that share reaches 20%. In response to these demographic pressures—including longer life expectancy and inadequate retirement savings—the proposal to raise the retirement age from 60 to 65 is gaining traction. While a majority (52%) of Vistage CEOs agree with the proposal, significant reservations remain, as 23% object and 25% are unsure (Figure 12). This indicates that nearly half of the business leaders need further convincing for the policy to secure broad support.

Figure 12. Should The Mandatory Retirement Age Be Raised To 65?



VISTAGE

CEO CONFIDENCE INDEX

Leveraging off the sentiments of Small and Mid-sized CEOs and Business Owners since 2003

ABOUT THE VISTAGE CEO CONFIDENCE INDEX

Vistage Malaysia is a fully owned subsidiary of Vistage International, USA—the world's most trusted resource for CEOs, business owners, and key executives of small and medium-sized businesses. Vistage helps leaders become better decision-makers and deliver better results through monthly peer advisory group meetings, one-on-one business coaching, expert speaker presentations, and a global network spanning more than 40 countries with over 45,000 members worldwide.

In Malaysia, more than 1,500 Vistage members represent a combined annual revenue of RM90 billion and employ over 140,000 people. Vistage member companies grow, on average, 2.2 times faster than they did prior to joining Vistage.

In 2Q2025, Vistage Malaysia engaged Professor Dr Yeah Kim Leng as its Advisor and Collaborator for the quarterly Vistage CEO Confidence Index (CCI). Dr Yeah is a distinguished Malaysian economist with extensive experience in academia, policy advisory, and economic research. He currently serves as a Professor of Economics and Director of the Economic Studies Programme at the Jeffrey Cheah Institute on Southeast Asia, Sunway University. Dr Yeah was the Group Chief Economist at RAM Holdings Bhd for two decades. He also served as a senior analyst at the Institute of Strategic and International Studies (ISIS) Malaysia. In addition to his academic roles, Dr Yeah holds several notable positions:

- President of the Malaysian Economic Association (MEA)
- Trustee of the Malaysia Tax Research Foundation
- Member of the National Consumer Advisory Council at the Malaysian Ministry of Domestic Trade and Consumer Affairs
- Former External Member of Bank Negara Malaysia's Monetary Policy Committee

In April 2025, he was appointed as one of four advisers in the Policy Advisory Committee to the Prime Minister of Malaysia.

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