

# HIE BUSINESS PANEL SURVEY

WAVE 21: FEB/MARCH 2022

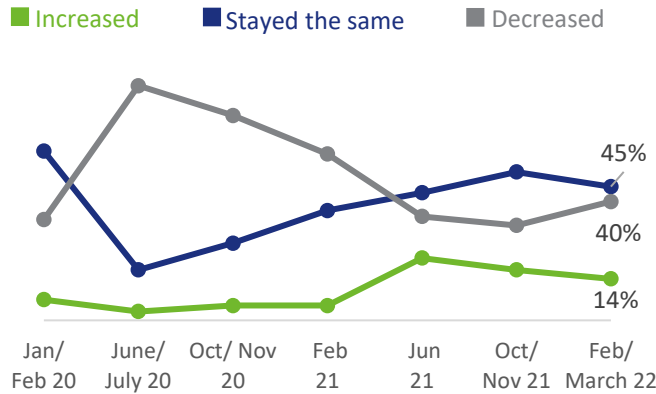


Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean

## ECONOMIC CONFIDENCE AND OUTLOOK

Thinking about the past 6 months, economic optimism was down slightly on the previous wave. Net confidence\* was -26, lower than the past two waves (-15 in Oct/Nov 21 and -14 in June/July 2021).

### Economic confidence in past 6 months



#### More confident:

- Operating above pre-COVID-19 levels
- Trading in rest of UK
- Striving for growth

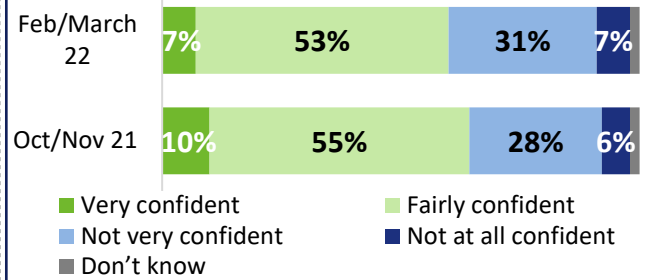
#### Less confident:

- Food & drink
- Operating below pre-COVID-19 levels
- Not optimistic about their prospects

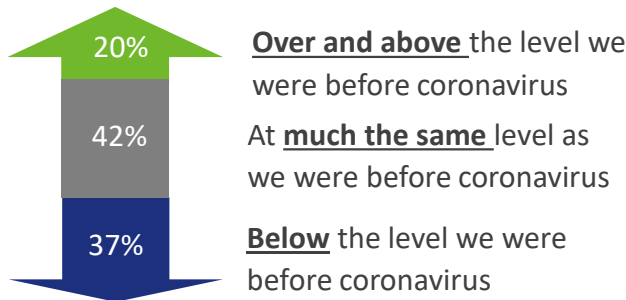
### Confidence in economic outlook for Scotland over next 12 months



Confidence was slightly lower than the previous wave (when 64% were confident and 34% not).



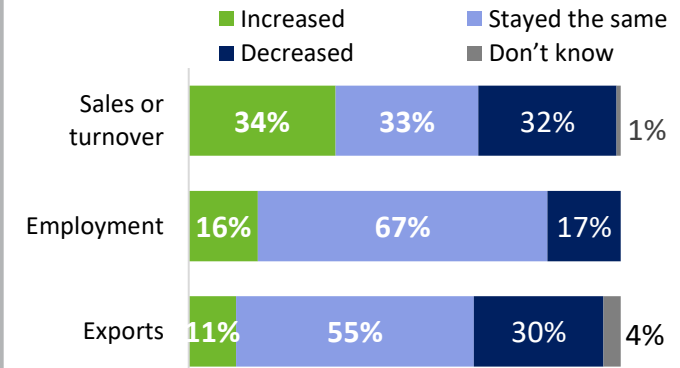
## CURRENT OPERATING LEVEL



Compared with the previous wave, there was a slight increase in those saying they were operating *below* their pre-COVID-19 levels (from 32% to 37%).

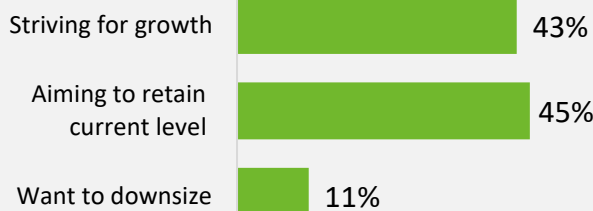
## PERFORMANCE

### Aspects of business performance over last 6 months



## GROWTH ASPIRATIONS

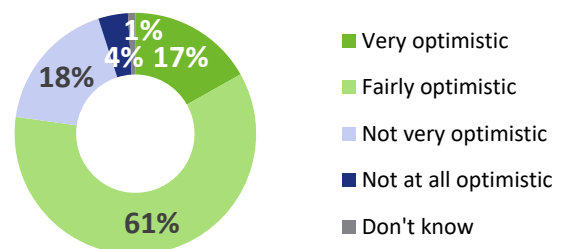
### Current aspirations for the business



Tourism, HIE-account managed and those trading internationally were more likely to be striving for growth.

## FUTURE PROSPECTS

77% of businesses were optimistic about their prospects in the next 12 months, 22% were not.

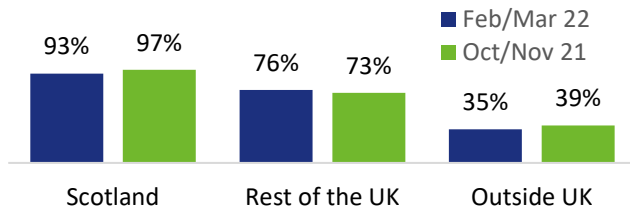


Optimism was lower than the previous wave (when 82% were optimistic and 17% not).

## MARKETS OF OPERATION

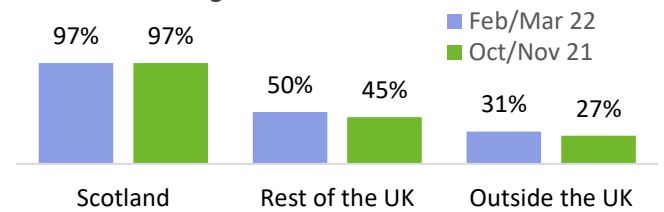
79% were importing from outside Scotland, with 35% importing from outside the UK

### Markets from which goods were sourced



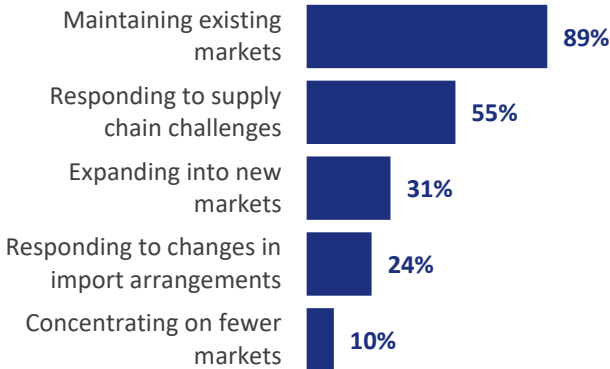
52% were exporting goods or services outside Scotland, with 31% exporting outside of the UK

### Markets to which goods were sold

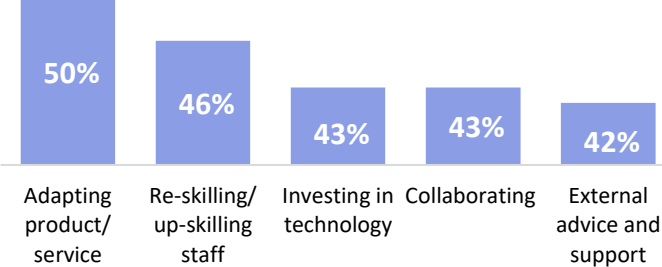


## MARKET ACTIVITY

98% of businesses were taking or planning action in relation to their markets.



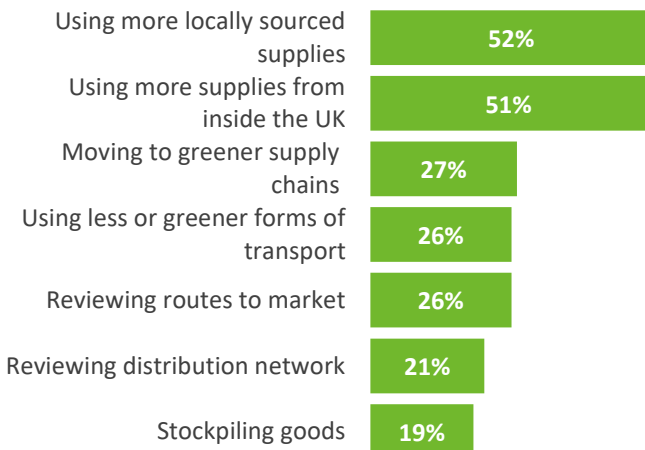
### Most important factors in helping achieve market plans (Top 5)



Base: Those with a strategy for their markets (992)

## SUPPLY CHAIN ACTIONS

82% of businesses were taking action relating to their supply chain.



## COSTS

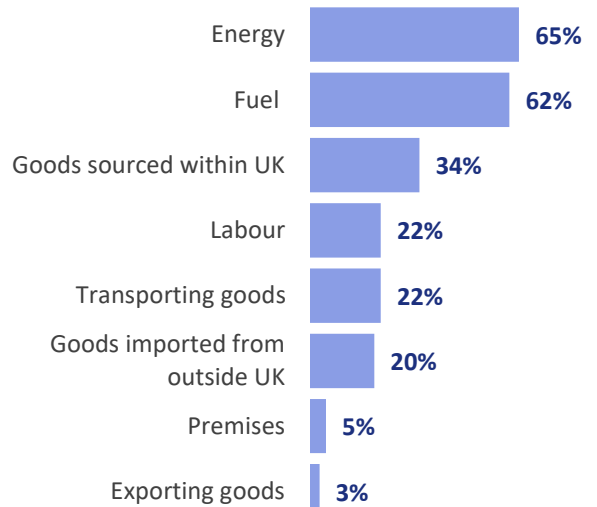
Concern about rising costs:



**94%**  
Very/fairly concerned

**6%**  
Not that/not at all concerned

Costs businesses were most concerned about:



Base: Those concerned about rising costs (957)

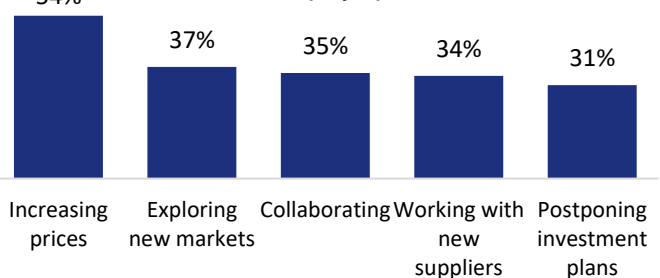
Variation in concerns among:

- **Tourism** – cost of energy (77%)
- **Food and drink** – transporting goods (29%)
- **Financial and business services** - premises (13%)
- **Remote rural areas** – goods sourced from within the UK (38%) and transporting goods (25%).

## RESPONSE TO COST INCREASES

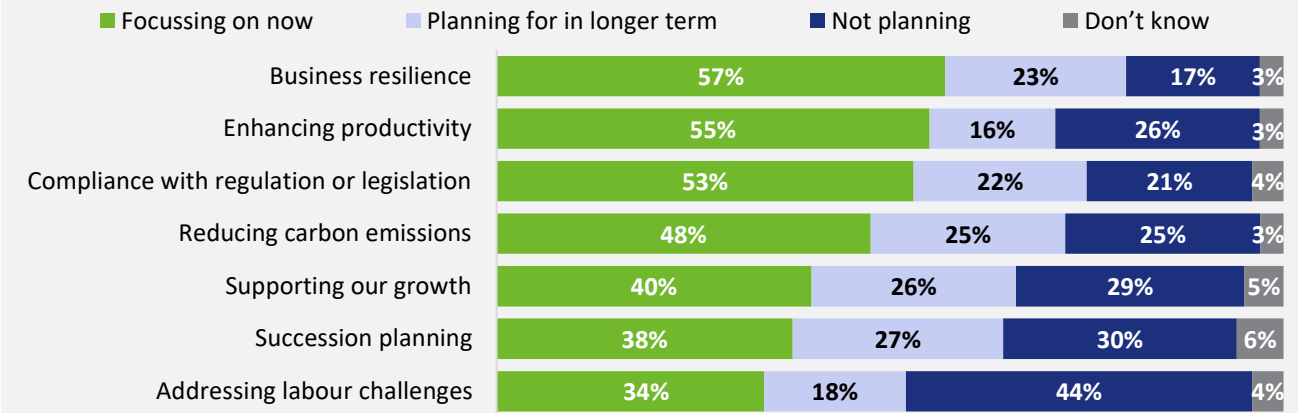
**54%** were increasing their prices in response to rising costs.

Actions being taken in response to cost increases (Top 5)

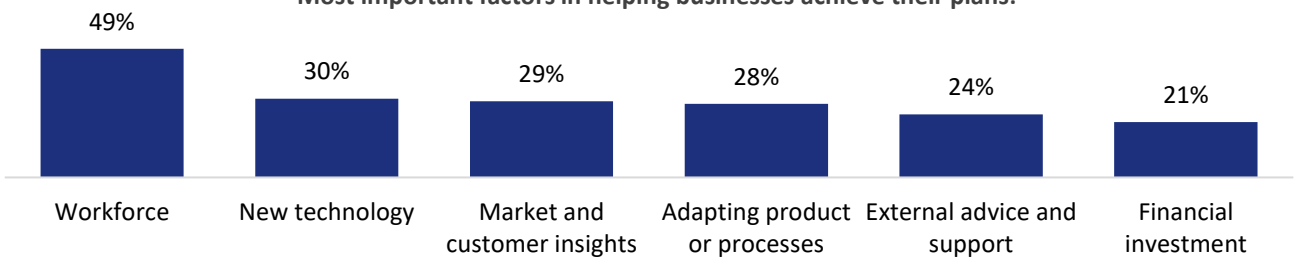


## AREAS OF FOCUS

Aspects businesses were focussing on now, in the longer term, or not at all.



Most important factors in helping businesses achieve their plans:



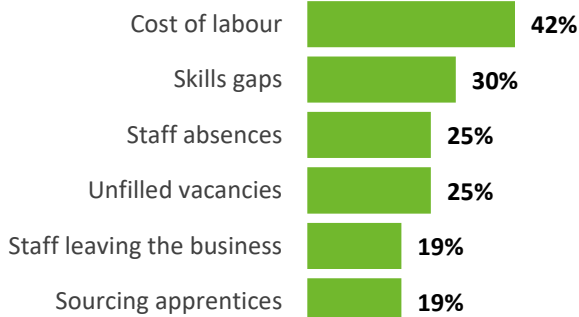
## WORKFORCE

24% of businesses described themselves as women-led.



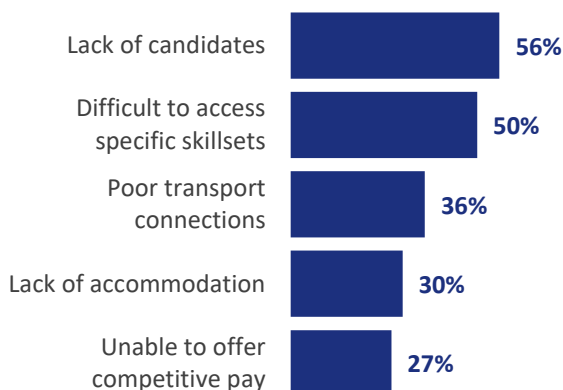
70% of employers were experiencing workforce-related challenges.

Workforce-related challenges



Base: All employers (841)

Factors contributing to workforce challenges (top 5)



Base: All employers facing workforce challenges (595)

Of those employers facing workforce challenges, 65% were confident they could address them, while 33% were not.

Least likely to be confident:

**Tourism:**

77% faced challenges; 56% were confident, 42% not.

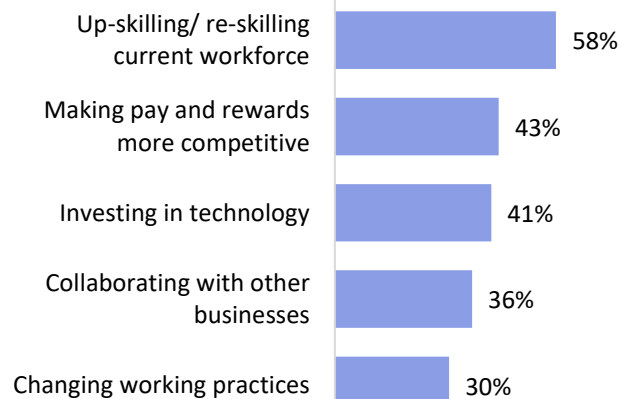
**Remote rural businesses:**

69% faced challenges; 59% were confident, 40% not.

**Those operating below pre-COVID-19 levels:**

74% faced challenges; 57% were confident, 41% not.

## WORKFORCE ACTIONS (Top 5)



Base: All businesses facing workforce challenges (595)

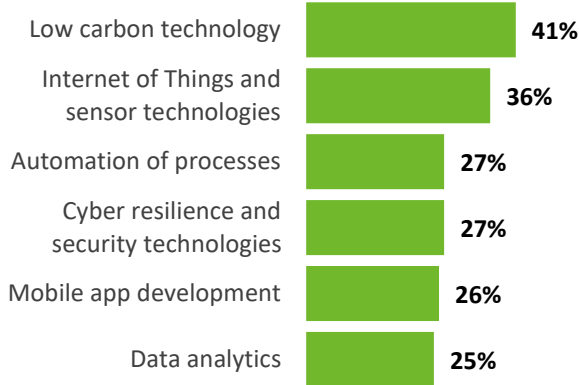
## NEW TECHNOLOGY

74% of businesses were using or planning to use new technology

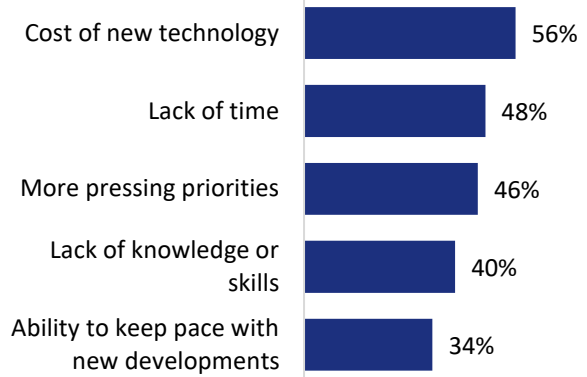
Cost was the most common barrier to adopting new technology



### Types of technology being used/planned:



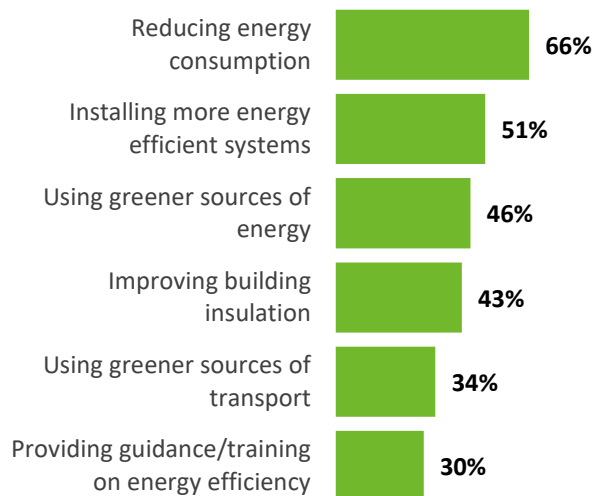
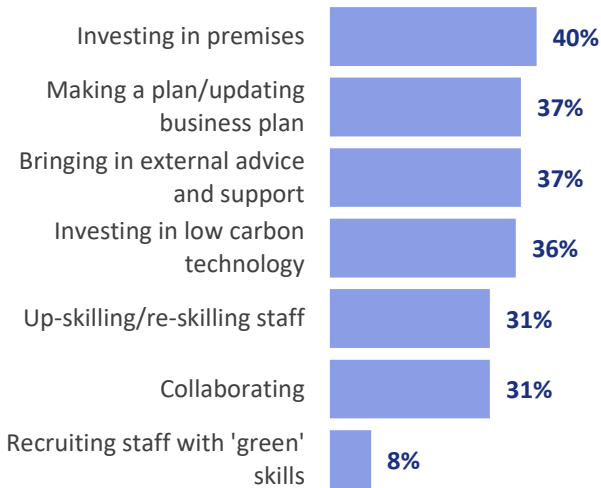
### Barriers to adopting new technology (Top 5):



## LOW CARBON

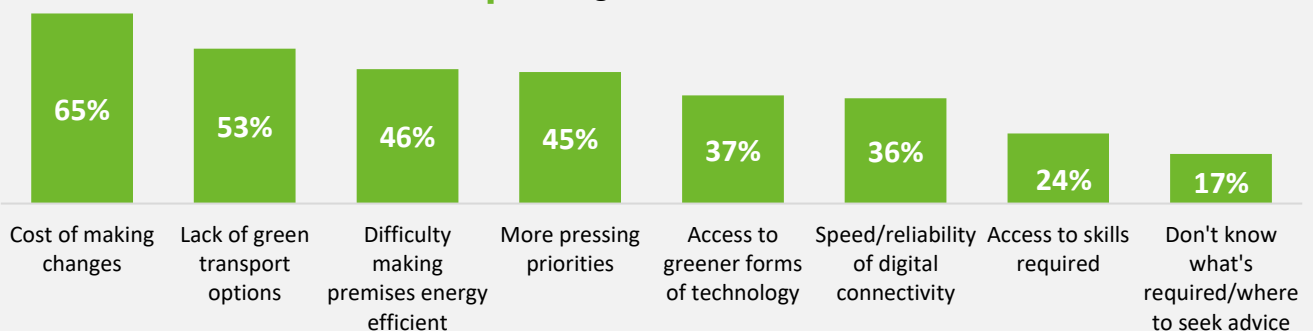
73% of businesses were taking action to help them move to low carbon working

85% were taking or planning to take actions to improve their energy efficiency



### Barriers to low carbon working

Cost was the biggest barrier to moving to low carbon ways of working



NOTES: Survey fieldwork was conducted between 7<sup>th</sup> February and 22<sup>nd</sup> March 2022, using telephone interviewing. In total 1,017 businesses and social enterprises participated. For more detail visit [www.hie.co.uk/businesspanel](http://www.hie.co.uk/businesspanel). Findings are weighted to ensure a representative sample of the regional business base. Where percentages do not sum to 100%, this may be due to rounding, the exclusion of 'don't know' categories, or multiple answers