

HIE BUSINESS PANEL

Wave 22: June/July 2022



EXECUTIVE SUMMARY (1)

Overview

This report presents findings from the most recent wave of the Highlands and Islands Enterprise business panel survey carried out in June and July 2022.

Once again this survey was conducted against difficult economic circumstances. This was the first wave carried out since the lifting of COVID-19 restrictions across Scotland. However, fieldwork took place in the midst of increased inflation, rising energy prices and widespread reports of a “cost of living crisis” with the Bank of England warning of a likely recession at the end of the year.

Against this background, businesses’ confidence in the economy had declined. This continued the downward trend in confidence seen in the previous two waves of the survey.

Rising cost were impacting most businesses to a least a small extent, with two in three being impacted to a large extent. This was higher still for businesses in remote rural areas. External factors such as COVID-19, the UK’S exit from the EU, and the Russia-Ukraine conflict are also impacting, with around a quarter citing marked impacts.

Businesses were generally in a stronger operating position than they were in earlier stages of the pandemic, and most were performing either in line with or over and above where they wanted to be on competitiveness, skills development, adoption of technology and productivity. However, sizeable proportions were behind where they want to be on these aspects – particularly in relation to productivity, with a third of businesses not meeting their expectations in this area.

Growth aspirations remained similar to those seen in recent waves, with over four in ten businesses striving for growth, a similar proportion wanting to retain their current level of performance, and around one in eight wanting to downsize.

The motivations behind these aspirations were multi-layered and included financial and corporate ambition, lifestyle factors, restrictions on capacity and ability to grow, market conditions, and a desire to avoid stress or risk.

In spite of falling confidence in the economy, businesses demonstrated a sense of confidence about their own future and most were confident they would be viable over the next six months. Rising costs was seen as the biggest risk to their viability, but most felt equipped to deal with this and other risks.

Similarly, while a range of workforce-related challenges were identified (such as ability to attract new talent), most felt they were equipped to deal with those risks to the business.

There was a mixed outlook for the 12 months ahead. While around a quarter of businesses were actively seeking out new ways of doing things, others were either open to change but not actively seeking it, or minimising changes and hoping to continue as they were.

EXECUTIVE SUMMARY (2)

Optimism and performance

- **Confidence in the economic outlook for Scotland was down this wave: 49% were confident while 50% were not.** 52% said their confidence had decreased, 9% said it had increased, and 38% said it had stayed the same.
- **Businesses were generally in a stronger operating position than they were in early stages of the pandemic.** Two thirds (67%) were operating at either the same level (46%) or over and above the level (21%) they were before COVID-19, while 32% were operating below their pre-pandemic levels.
- **Almost all businesses (95%) were being impacted by rising costs (to at least a small extent), with 62% being impacted to a large extent.** Three quarters (75%) were being impacted by COVID-19, 71% by EU Exit, and 62% by the Russia-Ukraine conflict to at least a small extent.
- **Over the past six months employment was fairly stable while sales or turnover performance was mixed** (31% said it had increased, 28% decreased, and 40% remained the same). Exports were more likely to have decreased than increased (25% vs 11%), but had remained stable for more than half (60%).
- **Most businesses were performing either in line with or over and above where they wanted to be on competitiveness (81%), skills development (77%), adoption of technology (70%) and productivity (66%).** However, a third (33%) were operating behind where they wanted to be in relation to productivity, 28% in relation to adoption of technology, 21% skills development and 16% competitiveness.

Markets

- **Over three quarters (77%) of businesses were importers** (sourcing goods from outside Scotland): 76% imported from the rest of the UK and 35% from outside the UK. The majority of businesses (93%) sourced goods and materials from Scotland.
- **Compared with 12 months ago, there was an increase in the proportion of businesses sourcing goods and materials from the rest of UK** (from 63% in June/July 2021 to 76% this wave).
- **Around half (49%) of businesses were exporters** (selling to markets outside Scotland), with 48% selling to the rest of UK and 28% outside the UK. The majority (96%) of businesses sold goods or services within Scotland, with 49% selling *only* in Scotland. The proportion of exporters was lower than that seen in June/July 2021 (62%).

EXECUTIVE SUMMARY (3)

Growth

- **The factors most commonly associated with “growth” were an increase in sales or turnover (79%), followed by a growing customer base (72%).** Half of businesses said they associated growth with new products or services (50%) or creating new jobs (50%), followed by expanding into new markets (45%).
- **Around four in ten (45%) businesses were striving for growth while around the same proportion (42%) were content with their current level of performance. Around one in eight (12%) wanted to downsize.** This is in line with the findings from February/March 2022.
- **The most common reasons for striving for growth were to make or increase profit (85%), to continually evolve (84%), to enhance resilience against economic uncertainty (81%) and to respond to changes in demand (80%).** Around three quarters mentioned supporting community sustainability (78%), enhancing skills and expertise (74%) and attracting or retaining staff (72%).
- **The main reason for wanting to retain current levels of performance was that the business was operating as planned (75%), followed by feeling content with financial performance (61%).** Other reasons included to reduce or avoid stress (53%), economic uncertainty (48%), to reduce or avoid debt/financial risk (41%) and not having enough staff (40%) or time (38%).
- **Among businesses that wanted to downsize, the top reason was that they were reaching retirement age (74%).** This was followed by wanting to work less (66%), wanting to avoid stress (51%), increased costs (46%) and economic uncertainty (35%).

Viability

- **The majority (91%) of businesses were confident they would be viable over the next six months, while 9% were not.**
- **The biggest perceived risk to viability was rising costs (85% said it was at least a medium risk and 53% a high or extremely high risk).** This was followed by ability to access supplies (60%), reduction in customer demand (56%) and workforce challenges (53%), low levels of stock (45%), low or no cash reserves (41%) and increased competition (39%). A third mentioned access to markets (33%) and finance (32%).
- **Most businesses (89%) felt equipped to respond to risks to their viability, while 10% did not.**

EXECUTIVE SUMMARY (4)

Workforce

- **Two thirds (64%) of employers cited ability to attract new talent as a risk to the business.** This was followed by staff working at capacity (59%), skills shortages (55%), lack of permanent staff (52%) and ability to pay competitive wages (50%). More than four in ten mentioned lack of temporary or seasonal staff (47%), lack of staff accommodation (45%) and lack of transport (42%) as risk factors for their business.
- **Employers in remote rural areas were more likely to perceive certain risks to their workforce:** lack of temporary or seasonal staff, ability to pay competitive wages, lack of accommodation, lack of transport and skills shortages.
- **Most employers (81%) felt equipped to respond to workforce-related risks,** while 18% did not.

Responding to change

- **Businesses were broadly split in their outlook for the next 12 months:** 38% were minimising change and hoping to continue as they were, 33% were open to change but not actively seeking to do so and 27% were actively seeking out new ways of doing things.
- **For all businesses, the most common actions in response to changes in working environment were using greener supply chains (51%) and upskilling or reskilling staff (49%),** followed by collaborating or sharing resources (42%), using more locally sourced supplies (42%), offering expertise to other businesses (38%) and diversifying products and services (37%).
- **Among those that were upskilling or reskilling their workforce, the most common approaches being used were on-the-job training (92%), giving continual feedback and performance reviews (83%) and mentoring or coaching (73%).** Two thirds were sending staff on external training courses (66%) or having them shadow other colleagues (65%).
- **The most sought after skills were use of new technologies (77%), digital skills (72%), specialist or technical skills (70%) or customer or client-facing skills (68%).** Fewer mentioned leadership and management (61%), sales and marketing (52%) or low-carbon (50%) skills.

A. INTRODUCTION

INTRODUCTION

Introduction

This report presents findings from wave 22 of the Highlands and Islands Enterprise (HIE) Business Panel survey. The survey fieldwork was conducted between 6 June and 29 July 2022, using telephone interviewing. In total 1,043 eligible interviews with businesses and social enterprises across the Highlands and Islands were achieved.

The survey covered a range of topics including: economic optimism, business performance, growth aspirations and motivations, viability, workforce and responding to change.

Context for this wave

The survey was carried out in the midst of increased inflation, rising energy prices and widespread reports of a “cost of living crisis”. The Office for National Statistics (ONS) reported that the UK economy contracted by 0.1% in the second quarter of 2022, leading the Bank of England to warn of a likely recession at the end of the year. This wave, businesses were therefore operating in very challenging economic circumstances.

In relation to the pandemic, this was the first wave of the survey carried out since the lifting of COVID-19 restrictions across Scotland (on 21 March). Businesses may have had their own arrangements in place to help limit the spread of the virus, but there was no legal requirement to do so.

In June and July, rail services across Scotland were impacted by reduced journeys due to a pay dispute, with a full day strike taking place on 27 July. This may have impacted on businesses in the region that were usually reliant on rail.

About the HIE Business Panel Survey

The HIE Business Panel was established to measure and monitor the economic health of the region through the experiences and opinions of businesses and social enterprises in the area, and to explore topical issues at a regional, sub-regional or sectoral level.

Following two waves of panel surveys in 2014 and 2015, HIE commissioned Ipsos Scotland to carry out regular business panel surveys with 1,000 businesses and social enterprises, representative of the Highlands and Islands business base in terms of geographic area, organisation size and sector. The surveys ran quarterly during 2016 and 2017, before changing to three times per year in 2018.

This wave was the third survey carried out as part of the Rural Scotland Business Panel, a survey of 2,719 businesses across rural Scotland commissioned by a partnership of HIE, South of Scotland Enterprise (SOSE) and the Scottish Government. The HIE and SOSE Business Panel surveys are distinct components of the overall survey. Findings from the SOSE Business Panel and the overall Rural Scotland Business Panel have been reported separately.

For more information about the HIE Business Panel Survey, and to view previous reports visit: www.hie.co.uk/businesspanel

Findings of the overall Rural Scotland Business Panel Survey are available at: <https://www.gov.scot/publications/>

Findings of the SOSE Business Panel Surveys are available at: <https://www.southofscotlandenterprise.com/business-surveys>

METHODOLOGY

Sampling

The survey sample was mainly sourced from businesses that took part in previous waves of the survey and had indicated that they were willing to be re-contacted. Additional HIE panel members and HIE account-managed businesses were also approached along with companies identified from the Dun and Bradstreet business database.

The sample was designed to match the structure of the Highlands and Islands business population in terms of sector, size, and geographical distribution. Quotas were set for recruitment and interviewing so that the achieved sample reflected the population of eligible organisations as defined by the Inter-Departmental Business Register (IDBR). Eligible organisations were defined by SIC (Standard Industrial Classification) code, with the following SIC 2007 Sections excluded from the sampling:

- Public administration and defence; compulsory social security;
- Education and health and social work;
- Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use; and
- Activities of extraterritorial organisations and bodies.

SIC codes were used to identify areas of economic activity considered to be growth sectors (as set out in the Government Economic Strategy) so that quotas could be set to ensure these were represented in the survey sample.

Within each participating organisation, the survey respondent was the owner or a senior manager able to comment on the performance and future prospects of the organisation.

Fieldwork

The survey fieldwork was conducted between 6 June and 29 July 2022, using telephone interviewing. In total 1,043 eligible interviews were achieved.

The achieved sample was broadly representative of the population, notwithstanding some differential non-response due to differences in availability and willingness to participate.

Weighting was applied to correct the distribution of sectors to match the sample counts. A breakdown of the achieved profile of businesses is provided in the Appendix.

PRESENTATION AND INTERPRETATION OF THE DATA

The survey findings represent the views of a sample of businesses, and not the entire business population of the Highlands and Islands, therefore they are subject to sampling tolerances, meaning that not all differences will be statistically significant.

Throughout the report, differences between sub-groups are commented upon only where we are sure these are statistically significant, i.e. where we can be 95% certain that they have not occurred by chance.

Where percentages do not sum to 100%, this may be due to rounding, the exclusion of 'don't know' categories, or multiple answers. Aggregate percentages (e.g. "optimistic/not optimistic" or "important/not important") are calculated from the absolute values. Therefore, aggregate percentages may differ from the sum of the individual scores due to rounding of percentage totals.

Throughout the report, an asterisk (*) denotes any value of less than half a percent and a dash (-) denotes zero. For questions where the number of businesses is less than 30, the number of times a response has been selected (N) rather than the percentage is given.

The profile of the businesses that took part in the survey covered a range of categories in the Scottish Government's six-fold Urban Rural Classification*. In this report, survey findings have been condensed into three categories: remote rural (category 6), accessible rural (5), and small towns and peripheral urban areas (2 to 4). Throughout, those in small towns and peripheral urban areas are referred to as "urban".

The report highlights where responses to the Rural Scotland Business Panel survey differ between businesses in the Highlands and Islands and those elsewhere in Rural Scotland. To do so, findings have been grouped into three geographic categories:

- Highlands and Islands (HIE Business Panel) – including Argyll and the Islands, Caithness and Sutherland, the Inner Moray Firth, the Outer Hebrides, Lochaber, Skye and Wester Ross, Moray, Orkney and Shetland.
- South of Scotland – including Dumfries and Galloway and the Scottish Borders.
- Rest of Rural Scotland – all other parts of rural Scotland not already covered above. This includes categories 2 to 6 of the Scottish Government's Urban Rural Classification, excluding any parts of category 2 within travel to work areas for Large Urban areas (so those within commuting distances from Glasgow, Edinburgh, Aberdeen or Dundee, which share some of the infrastructure and operating environments of those large urban centres).

NOTES:

*The Scottish Government's six-fold Urban Rural Classification is described on the Scottish website available [here](#).

B. OPTIMISM AND PERFORMANCE

KEY FINDINGS

- **Confidence in the economic outlook for Scotland was down this wave: 49% of businesses were confident while 50% were not.** 52% said their confidence had decreased, 9% said it had increased, and 38% said it had stayed the same, with net confidence the lowest it has been since February 2021.
- **Businesses were generally in a stronger operating position than they were in the early stages of the pandemic.** Two thirds (67%) were operating at either the same level (46%) or over and above the level (21%) they were before COVID-19, while 32% were operating below their pre-pandemic levels (down from 37% in the previous survey wave).
- **The vast majority of businesses (95%) were being impacted by rising costs (to at least a small extent).** More than three fifths (62%) were being impacted to a large extent, higher still for tourism and food and drink businesses and those in remote rural areas.
- **Three quarters (75%) of businesses were being impacted, to at least a small extent, by COVID-19, 71% by the UK's Exit from the EU, and 62% by the Russia-Ukraine conflict.**
- **Over the past six months employment was fairly stable while sales or turnover performance was mixed** (31% said it had increased, 28% decreased, and 40% remained the same). Exports were more likely to have decreased than increased (25% vs 11%), but had remained stable for more than half (60%).
- **Most businesses were performing either in line with or over and above where they wanted to be on competitiveness (81%), skills development (77%), adoption of technology (70%) and productivity (66%).** However, a third (33%) were operating behind where they wanted to be in relation to productivity, 28% in relation to adoption of technology, 21% skills development and 16% competitiveness.
- **As in previous waves, tourism businesses were more likely to be operating below their pre-pandemic levels** and to have seen decreases in employment. They were also more likely to be impacted by rising costs, COVID-19 and EU Exit.
- **Food and drink businesses were more likely to be operating at about the same level as they were before COVID-19,** reflecting findings from the previous wave. However, they were less confident in the economy and more likely to be impacted by rising costs, EU Exit and the Russia-Ukraine conflict.

CURRENT ECONOMIC CONFIDENCE

Confidence in the economic outlook for Scotland was down this wave: 49% of businesses were confident (compared with 60% in February 2022), while 50% were not (compared with 38%).



Food and drink businesses were less confident than average (40% confident, 60% not).

Confidence in the economy was also linked to confidence in business viability, operating level and perceived impact of external factors:

More confident than average

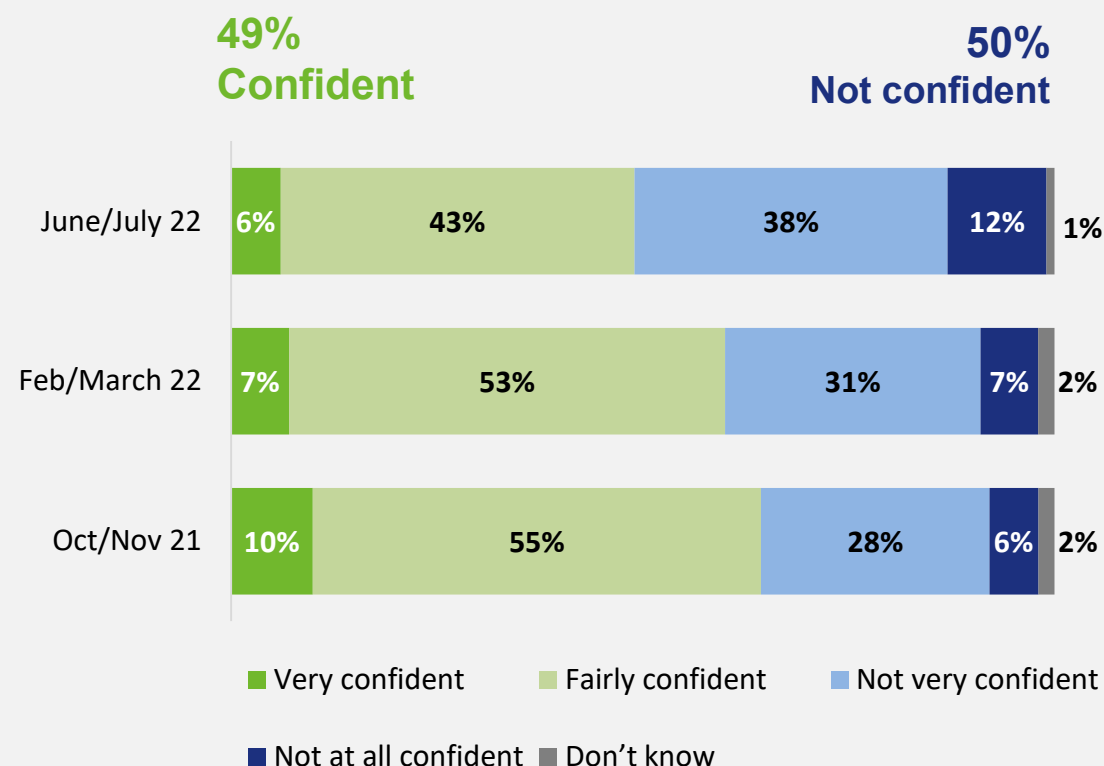
- Those confident about their future viability (52%).
- Operating above pre-pandemic levels (66%).

Less confident than average

- Not confident about their viability (82% not confident).
- Operating below pre-pandemic levels (61%).
- Those impacted* by the Russia-Ukraine conflict (58%) and EU Exit (55%).

Businesses in the Highlands and Islands were more confident (49%) than those in the South of Scotland (40%) and the rest of rural Scotland (40%).

Q. How confident are you in the economic outlook for Scotland over the next 12 months?



Base: All businesses (1,043)

NOTES:

*Based on those saying their businesses was being impacted to at least a small extent by these factors

ECONOMIC CONFIDENCE OVER PAST 6 MONTHS

Reflecting on the past six months, 52% said their confidence had decreased, 9% said it had increased, and 38% said it had stayed the same. Economic confidence was down on the previous wave.

Net confidence* was -43, the lowest it has been since Feb '21 when the Highlands and Islands were still in the midst of COVID-19 lockdown restrictions (when net confidence was -51) but higher than in the South of Scotland (-50) and rest of rural Scotland (-52).

More likely to report increased confidence:

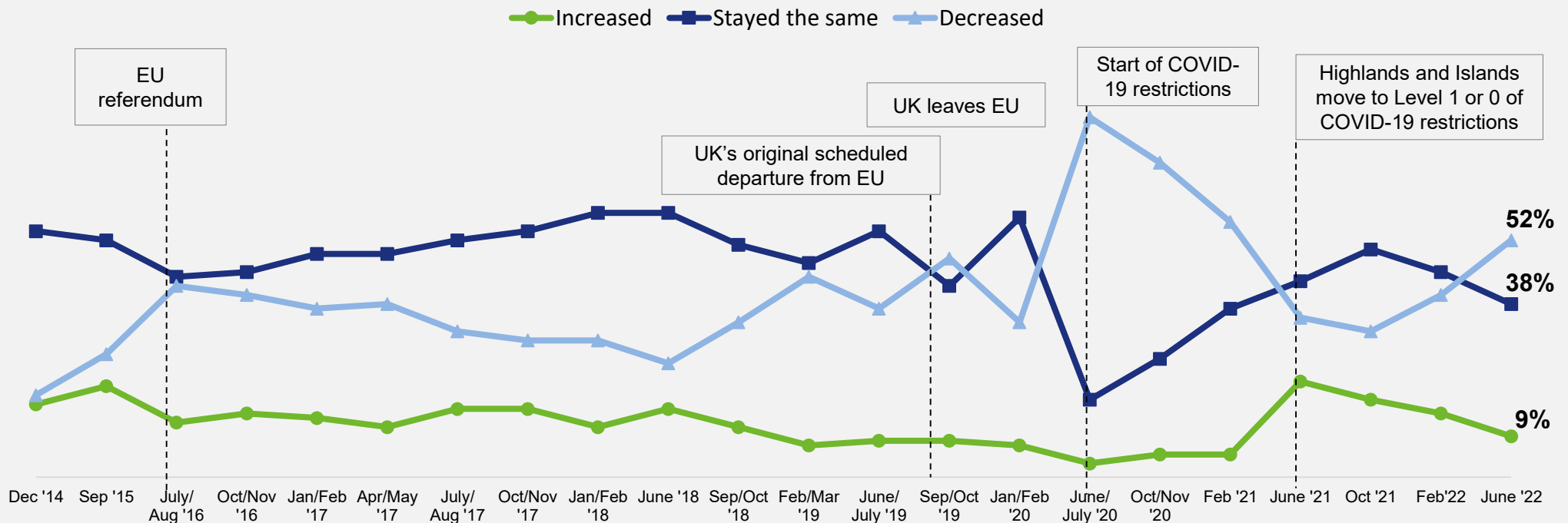
- **Tourism** businesses (14%).
- Operating above pre-pandemic levels (20%).



More likely to report decreased confidence:

- Operating below pre-pandemic levels (61%).
- Not confident about their viability (79%).
- Being impacted by the Russia-Ukraine conflict (63%), EU Exit (57%) and rising costs (56%).

Q. Over the past six months, has your level of confidence in the economic outlook in Scotland increased, decreased or stayed the same?



Base: All businesses

NOTES:

*The net figure is the difference between 'increased' and 'decreased' assessments at each wave. Net scores are positive when positive assessments exceed negative

LEVEL OF CURRENT OPERATION

Two thirds (67%) of businesses were operating at either the same level (46%) or over and above the level (21%) they were before COVID-19, while 32% were operating below their pre-pandemic levels.

Operating levels were similar to those seen in the previous wave, though the proportion saying they were operating below pre-pandemic levels has fallen (from 37% to 32%). Continuing the trend seen in the previous two waves, findings suggest that businesses were in a stronger position than they were in early stages of the pandemic.

More likely to be operating above pre-COVID-19 levels

- Those with 25+ staff (39%).
- Striving for growth (29%).
- Actively seeking out new ways of doing things (25%).
- In urban parts of the region (27% vs 17% in remote and 18% in accessible rural locations).

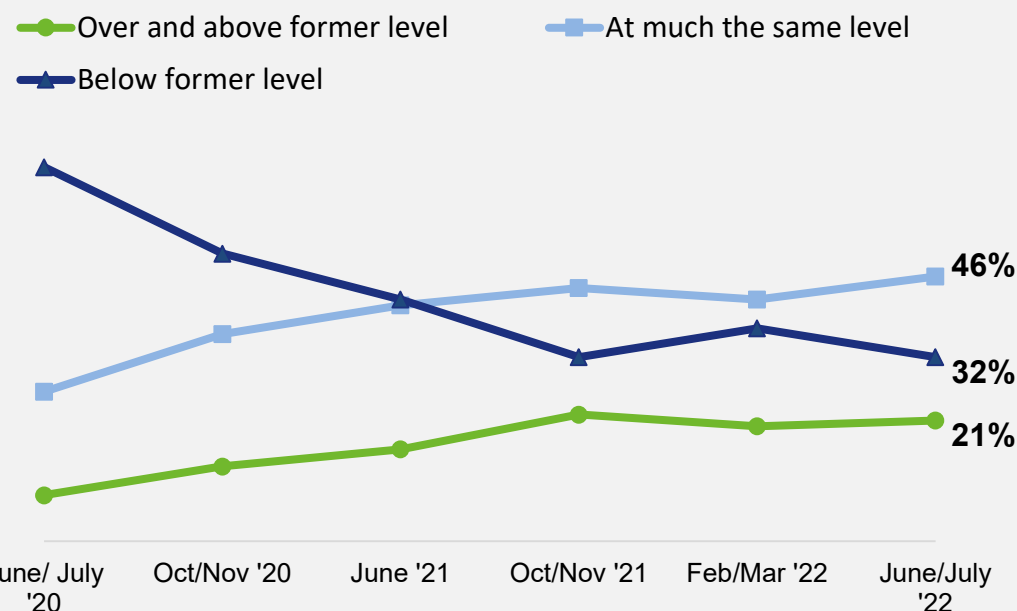
More likely to be operating at same level as pre-COVID-19

- Food and drink businesses (62%).
- In remote rural areas (50%).
- Content with their current level of performance (56%).
- Open to change but not actively seeking it (51%).

More likely to be operating below pre-COVID-19 levels

- Those with 0-4 staff (35%).
- Tourism businesses (45%).
- Not confident about their viability (65%).
- Aiming to downsize (46%).

Q. Which of the following best describes the way in which you are currently operating in relation to how you had been before the coronavirus outbreak?



Base: All businesses (1,043)

Note: This question was not asked in the February 2021 survey, hence there is no data shown for that wave

NOTES:

In this report "domestic markets only" means those trading only in Scotland and no markets outside of Scotland; "international" means those trading with any markets outside of the UK

EXTERNAL FACTORS

The vast majority of businesses (95%) were being impacted by rising costs (to at least a small extent). Three quarters (75%) were being impacted by COVID-19, 71% by Brexit, and 62% by the Russia-Ukraine conflict.

Around three in five (62%) businesses were being impacted to a **large extent** by rising costs, while around a quarter were being impacted to a large extent by COVID-19 (28%), the Russia-Ukraine conflict (24%) and Brexit (23%).

Businesses in the Highlands and Islands were more likely to be impacted (to at least a small extent) by Brexit (71%) than those in South of Scotland (63%) or rest of rural Scotland (61%).

Variation by sector

Tourism

More likely than average to be impacted by

- COVID-19 (40% to a large extent, 84% to any).
- EU Exit (30% to large extent).



Food and drink

More likely than average to be impacted by

- Rising costs (73% to large extent, 99% to any).
- EU Exit (30% to large extent).
- Russian-Ukraine conflict (45%, 77%).



Less likely to be impacted by

- COVID-19 (38% no impact at all).

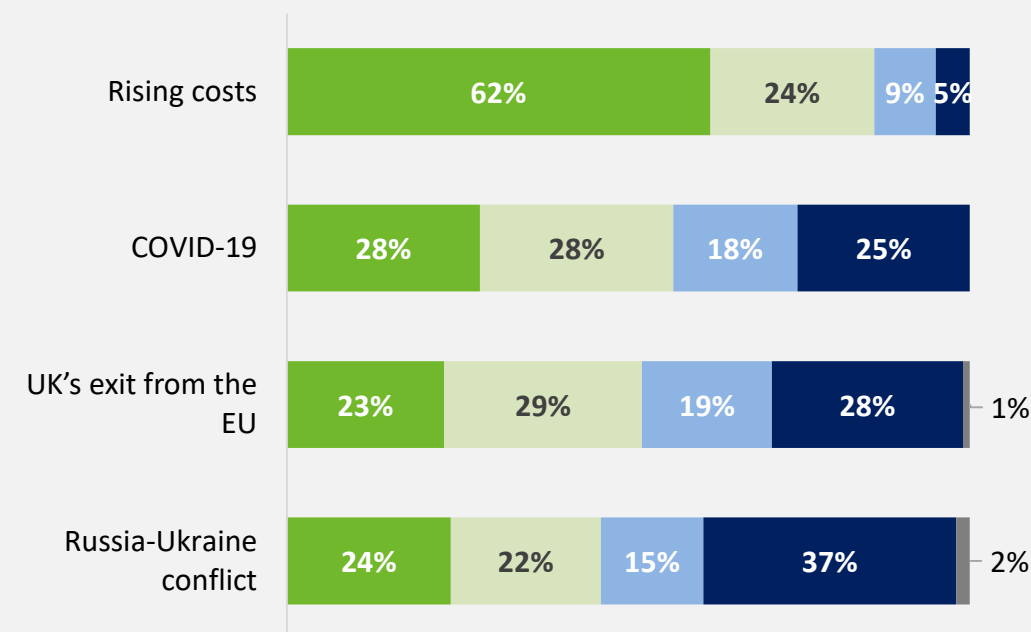
Variation by rurality

Remote rural businesses were more likely than average to be impacted to a **large extent** by:

- Rising costs (67%).
- Russia-Ukraine conflict (30%).
- EU Exit (26%).

Q. To what extent, if at all, are the following currently impacting on your business?

■ Large extent ■ Some extent ■ Small extent ■ Not at all ■ Don't know



Base: All businesses for whom each applied

Further variation

Other businesses more likely to be impacted by each factor to **at least a small extent**:

- those with 25+ staff.
- those selling to and importing from outside the UK.
- striving for growth.
- actively seeking out change.

ASPECTS OF BUSINESS PERFORMANCE

Over the past six months sales or turnover performance was mixed (31% said it had increased, 28% decreased, and 40% remained the same). Employment had remained relatively stable (71% said it remained the same). Exports were more likely to have decreased than increased (25% vs 11%), but had remained stable for more than half (60%).

Sales or turnover

↑ **Increases** more common than average among: tourism (41%), those with 25+ staff (52%), striving for growth (43%) and selling goods outside of the UK (40%).

↓ **Decreases** more common among: those not confident in their future viability (59%) and behind where they want to be in terms of productivity (50%) and competitiveness (50%).

Employment

↑ **Increases** more common than average among: those with 25+ staff (38%), HIE-account managed (29%) and striving for growth (23%).

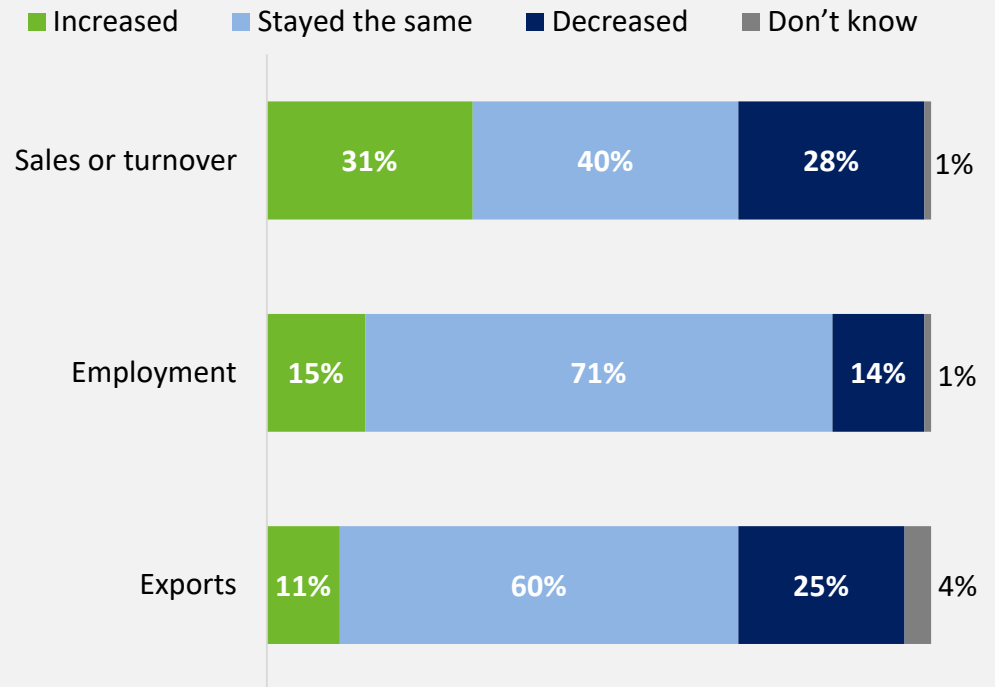
↓ **Decreases** more common among: tourism (28%), not confident in their viability (26%), and behind where they want to be in terms of productivity (24%) and skills development (22%).

Exports

↑ **Increases** more common than average among those striving for growth (14%).

↓ **Decreases** more common among: those not confident in their viability (46%), and behind where they want to be in terms of productivity (32%).

Q. Please tell me if the following has increased, stayed the same or decreased over the last six months?



Base: All businesses to whom each applied

On all three measures, those operating above pre-pandemic levels were more likely to have seen increases, while those operating below former levels were more likely report decreases.

PERFORMANCE AGAINST KEY MEASURES

Most businesses were performing either in line with or over and above where they wanted to be on competitiveness (81%), skills development (77%), adoption of technology (70%) and productivity (66%).

However, a third (33%) were operating behind where they wanted to be in relation to productivity, 28% in relation to adoption of technology, 21% skills development and 16% competitiveness.

On each measure, performance aligned with **operating level**:

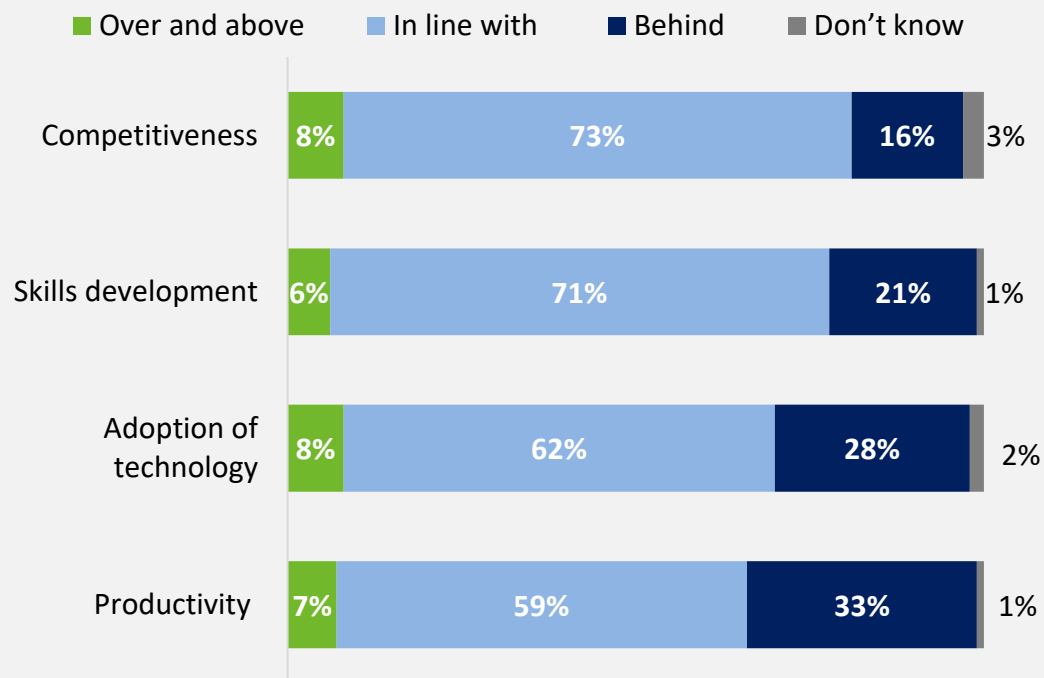
- those operating **below** pre-COVID-19 levels were more likely to say they were performing behind where they wanted to.
- those operating **in line with or above** their former levels were more likely to also be performing in line with or over and above expectations.

Businesses seeking new ways of doing things were more likely to say they were **performing behind where they wanted to be** on productivity (40%) and competitiveness (20%).



Financial and business services businesses were more likely than average to be performing over and above their expectations on adoption of technology (17%) and skills development (14%).

Q. For the following aspects of your business, please tell me if you are behind, in line with, or over and above where you would like to be?



Base: All businesses to whom it applied

C. MARKETS

KEY FINDINGS

- **Over three quarters (77%) of businesses were importers** (sourcing goods from outside Scotland): 76% imported from the rest of the UK and 35% from outside the UK. The majority of businesses (93%) sourced goods and materials from Scotland.
- **Compared with 12 months ago, there was an increase in the proportion of businesses sourcing goods and materials from the rest of UK** (from 63% in June/July 2021 to 76% this wave).
- **Around half (49%) of businesses were exporters** (selling to markets outside Scotland), with 48% selling to the rest of UK and 28% outside the UK. The majority (96%) of businesses sold goods or services within Scotland, with 49% selling *only* in Scotland. The proportion of exporters was lower than that seen in June/July 2021 (62%).



IMPORT MARKETS

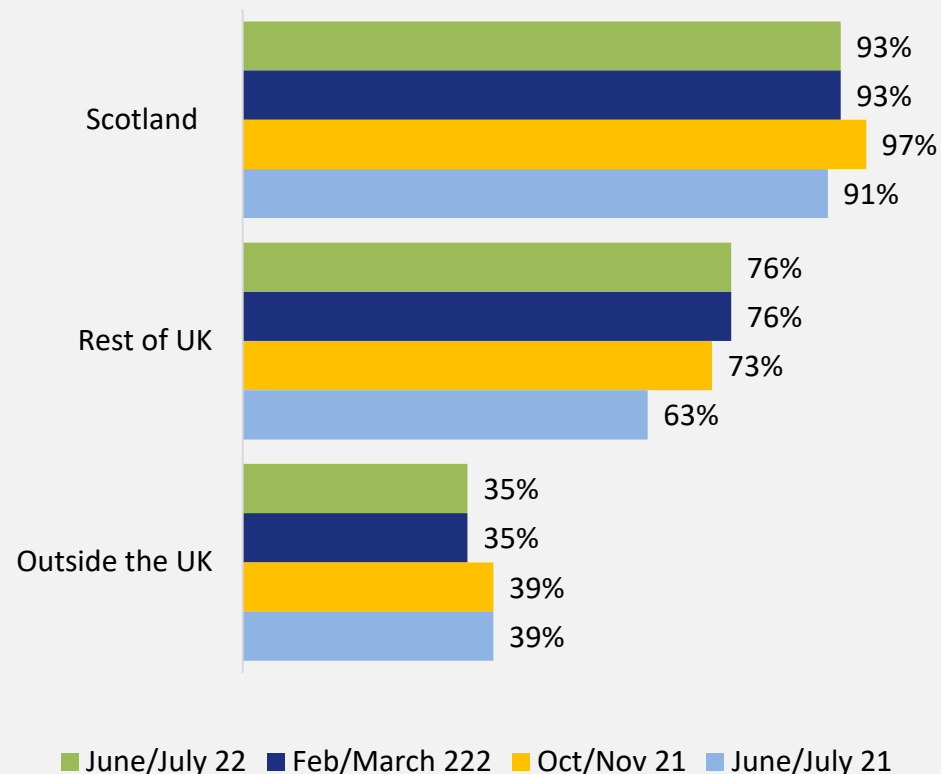
77% of businesses were importers*, with 76% importing from the rest of the UK and 35% from outside the UK. The majority of businesses (93%) sourced goods and materials from Scotland.

Findings were in line with those seen in the previous wave. **Compared with 12 months ago, there was an increase in the proportion of businesses sourcing goods and materials from the rest of UK** (from 63% in June/July 2021 to 76% this wave) and a slight decrease in those importing from outside the UK (from 39% to 35%).

Variation

- **Tourism** and **food and drink** businesses were more likely than average to source goods from Scotland (99% and 96% respectively).
- Businesses in **urban** areas were more likely to source from the rest of UK (80%).
- The following were more likely to source goods and materials from each market outside of Scotland:
 - **Large businesses** (25+) (90% from rest of UK , 62% from outside the UK)
 - Those **striving for growth** (81% and 43%).

Q. From which of these markets do you currently source goods and materials?



Base: All businesses (1,043)

*For Oct/Nov 21 and June/July 21, rest of UK is based on combining those saying Northern and Ireland and England and Wales, and outside the UK is based on combining the EU and outside the EU.

NOTES

*In this report, "importers" are defined as those that source goods or materials from any market outside of Scotland

EXPORT MARKETS

Around half (49%) of businesses were exporters (selling to markets outside Scotland), with 48% selling to the rest of UK and 28% outside the UK. The majority (96%) of businesses sold goods or services within Scotland, with 49% selling *only* in Scotland.

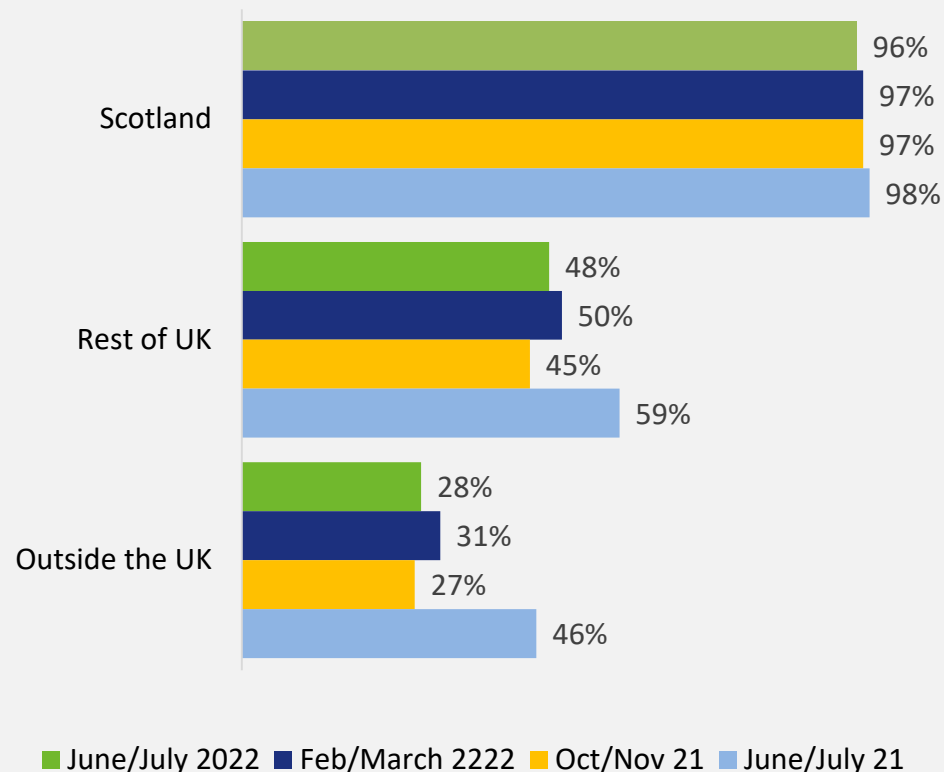
Findings were similar to the previous wave, with the proportion of exporters in line with that seen in October/November 2021 (52%). However, the proportion of exporters was lower than that seen in June/July 2021 (62%).

Variation

- As in previous waves **tourism** and **creative industries** businesses were both more likely to sell to the rest of UK (70% and 70%) and outside the UK (61% and 58%).
- **HIE-account managed** businesses were more likely to sell to rest of UK (64% vs 46% non-account managed), and outside the UK (45% vs 26%).

Highlands and Islands businesses were more likely to export outside the UK (28%) compared with those in South of Scotland (20%), and the rest of rural Scotland (22%).

Q. In which of these markets do you currently sell goods or provide services?



Base: All businesses (1,043)

* For Oct/Nov 21 and June/July 21, rest of UK is based on combining those saying Northern and Ireland and England and Wales, and outside the UK is based on combining the EU and outside the EU.

NOTES

In this report, “exporters” are defined as those that sell good or services to any market outside of Scotland

C. GROWTH

KEY FINDINGS

- **When thinking about their own business, the factors most commonly associated with “growth” were an increase in sales or turnover (79%), followed by a growing customer base (72%).** Half of businesses said they associated growth with new products or services (50%) or creating new jobs (50%), followed by expanding into new markets (45%).
- **Around four in ten (45%) businesses were striving for growth while a similar proportion (42%) were content with their current level of performance. Around one in eight (12%) wanted to downsize.** This is in line with the findings from February/March 2022.
- **The most common reasons for striving for growth were to make or increase profit (85%), to continually evolve (84%), to enhance resilience against economic uncertainty (81%) and to respond to changes in demand (80%).** Around three quarters cited supporting community sustainability (78%), enhancing skills and expertise (74%) and attracting or retaining staff (72%) as factors underpinning growth aspiration.
- **The main reason for wanting to retain current levels of performance was that the business was operating as planned (75%), followed by feeling content with financial performance (61%).** Other reasons included to reduce or avoid stress (53%), economic uncertainty (48%), to reduce or avoid debt/financial risk (41%) and not having enough staff (40%) or time (38%).
- **Among businesses that wanted to downsize, the top reason was that they were reaching retirement age (74%).** This was followed by wanting to work less (66%), wanting to avoid stress (51%), increased costs (46%) and economic uncertainty (35%).



FACTORS ASSOCIATED WITH GROWTH

When thinking about their own business, the factors most commonly associated with “growth” were an increase in sales or turnover (79%), followed by a growing customer base (72%).

Half of businesses said they associated growth with new products or services or creating new jobs (50%), followed by expanding into new markets (45%). Fewer mentioned new or bigger premises (27%), accessing and using external finance (22%), or merging with or acquiring other businesses (20%).

Businesses in the Highlands and Islands were more likely than businesses in Rural Scotland overall to associate the following with growth: creating new jobs (50% vs 46%), expanding into new markets (45% vs 42%), accessing and using external finance (22% vs 18%)

Variation

The following sectors were more likely than average to associate specific factors with growth:

- **Tourism** –growing customer base (81%).
- **Food and drink** –accessing and using external finance (29%).



The following businesses were more likely than average to mention each of the factors associated with growth:

- Larger businesses (25+ staff).
- Those striving for growth.
- Those actively seeking out new ways of doing things.
- Those in urban parts of the region.

Q. When you think about your own business, which of the following do you associate with “growth”?



Base: All businesses (1,043)

GROWTH ASPIRATIONS

Around four in ten (45%) businesses were striving for growth while around the same proportion (42%) were content with their current level of performance. Around one in eight (12%) wanted to downsize.

Growth aspirations were in line with those seen in February 2022, when 43% wanted to grow, 45% were content, and 11% wanted to downsize.

More likely to strive for growth:

- HIE-account managed (65%, vs 43% of non-account managed).
- Urban businesses (52%).
- Those seeking new ways of doing things (70%).
- Importing from (56%) and selling to (58%) international markets.

More likely to want to maintain current performance:

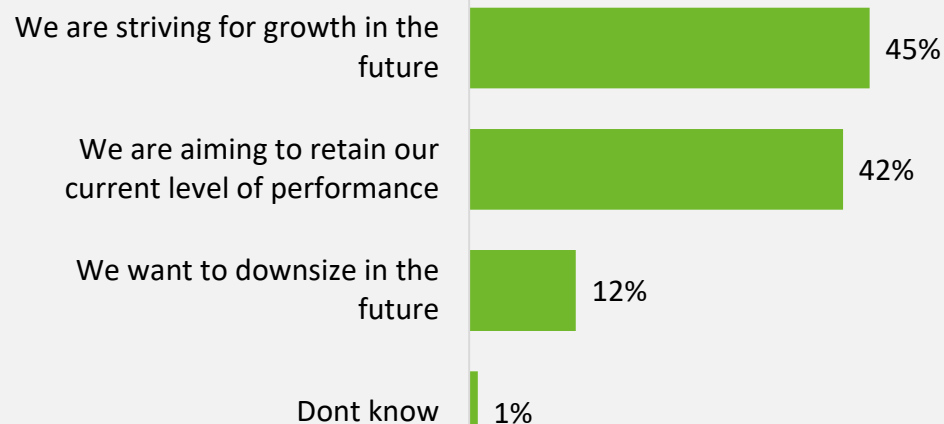
- Food and drink (49%).
- Small businesses (0-4 staff) (46%).

More likely to want to downsize:

- Small businesses (0-4 staff) (18%).
- Not confident in their viability (22%).
- Minimising changes to their business practices (18%).

Growth aspirations were again linked to operating levels (see table to the right). Those operating above pre-COVID-19 levels were more likely than average to be striving for growth, while those operating below pre-COVID-19 levels were more likely to want to downsize. Those operating at much the same level were more likely to want to remain at that level.

Q. Which of these statements best describes your current aspirations for the business?



Base: All businesses (1,043)

Growth aspiration	Level of current operation compared to pre-pandemic levels		
	Over and above	Same	Below
We are striving for growth in the future	65	37	44
We are aiming to retain our current level of performance	28	51	38
We want to downsize in the future	7	11	17
Base	216	463	345

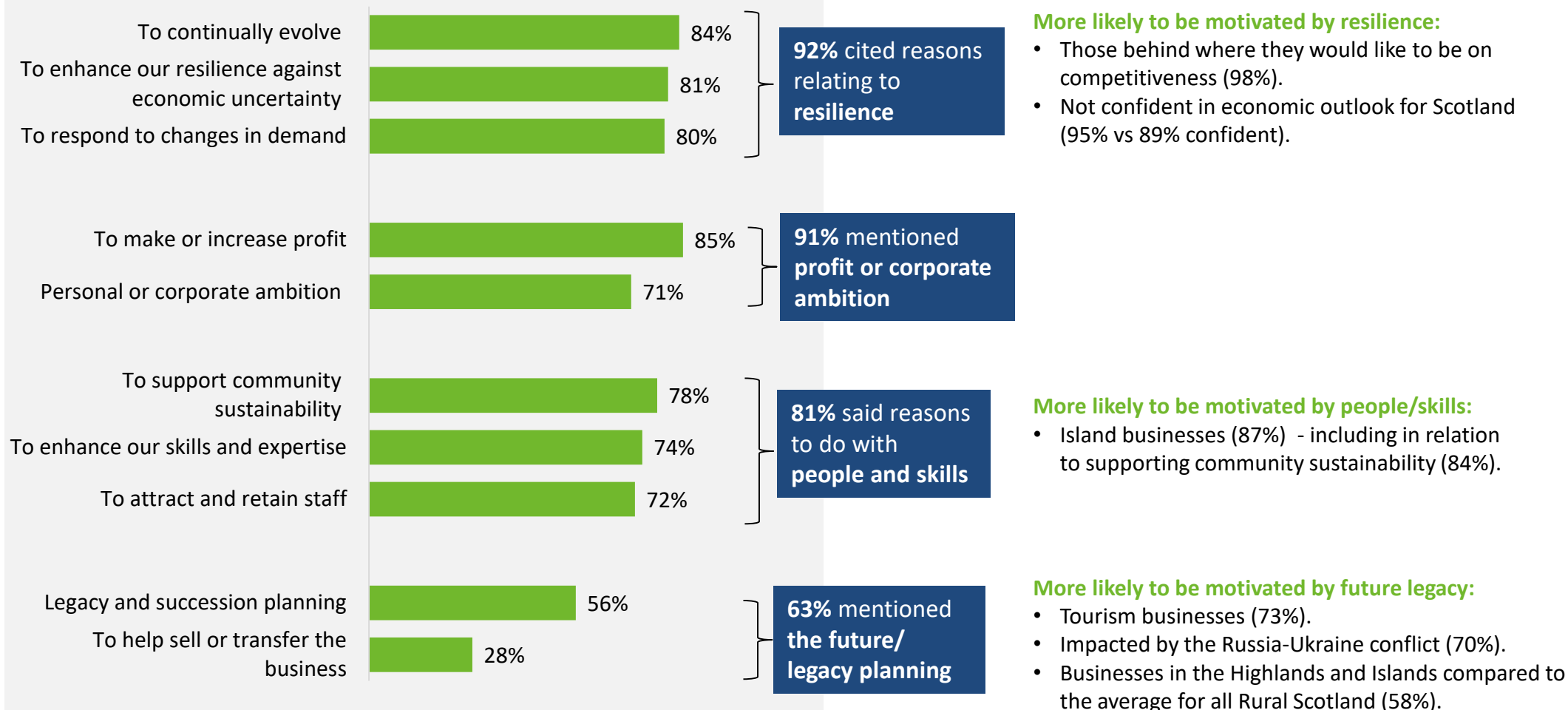
*figures that are significantly higher than the average are highlighted in green

MOTIVATIONS FOR GROWTH

The most common reasons for striving for growth were to make or increase profit (85%), to continually evolve (84%), to enhance resilience against economic uncertainty (81%) and to respond to changes in demand (80%). Around three quarters mentioned supporting community sustainability (78%), enhancing skills and expertise (74%) and attracting or retaining staff (72%).

These **motivations can be grouped into four broad areas**: those related to aspects of business resilience (92%), those related to profit and corporate ambition (91%), those related to people and skills (81%), and those related to the future or legacy of the business (63%).

Q. What are your main motivations for striving for growth?



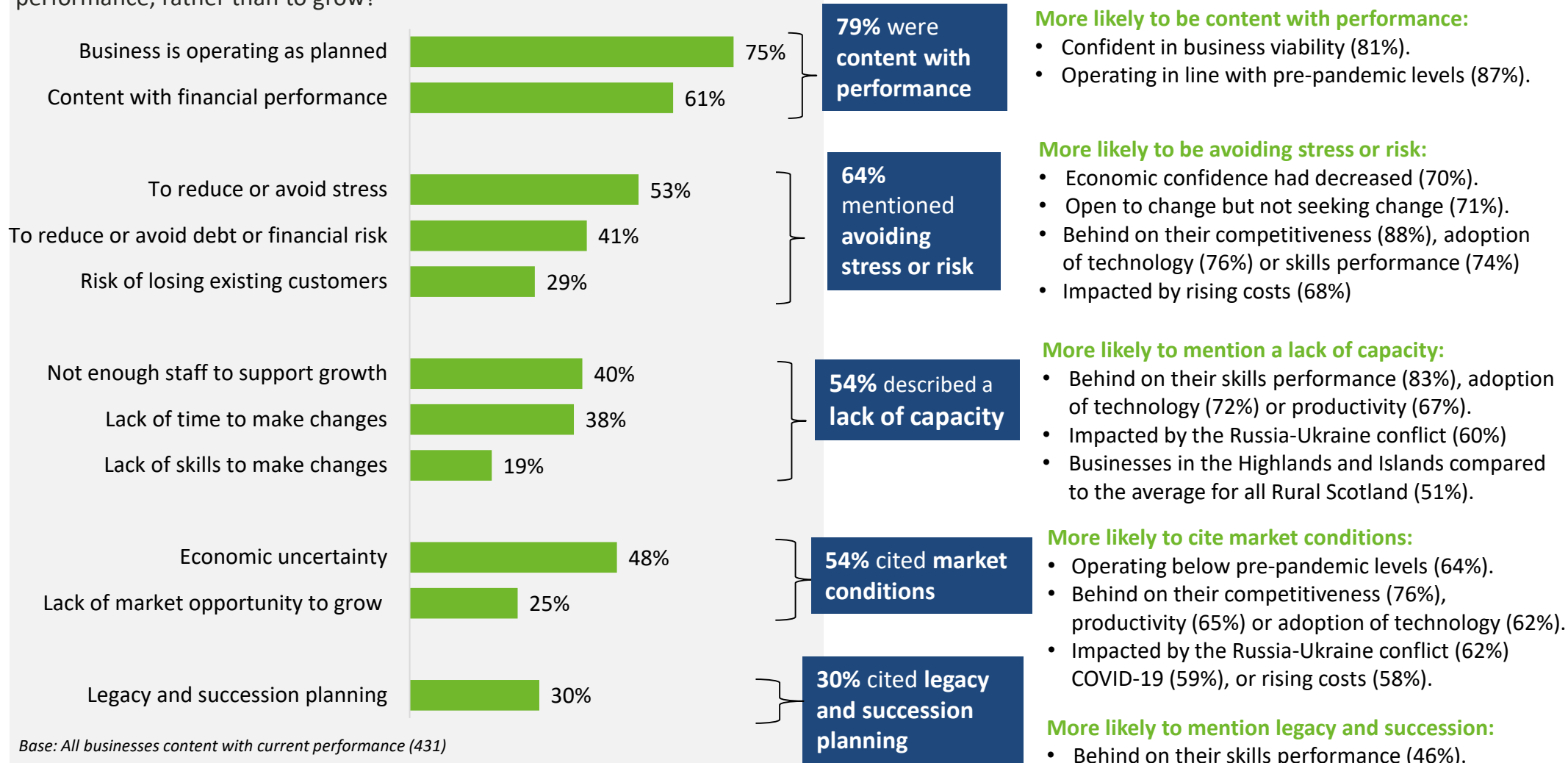
Base: All businesses striving for growth (487)

MOTIVATIONS FOR RETAINING CURRENT LEVEL OF PERFORMANCE

The main reason for wanting to retain current levels of performance was that the business was operating as planned (75%), followed by feeling content with financial performance (61%). Other reasons included to reduce or avoid stress (53%), economic uncertainty (48%), to reduce or avoid debt/financial risk (41%) and not having enough staff (40%) or time (38%).

Motivations can also be summarised by grouping into five themes: being content with performance (79%), avoiding stress or risk (64%), lack of capacity (54%), market conditions (54%), and legacy (30%).

Q. What are your main reasons for wanting to retain your current level of performance, rather than to grow?

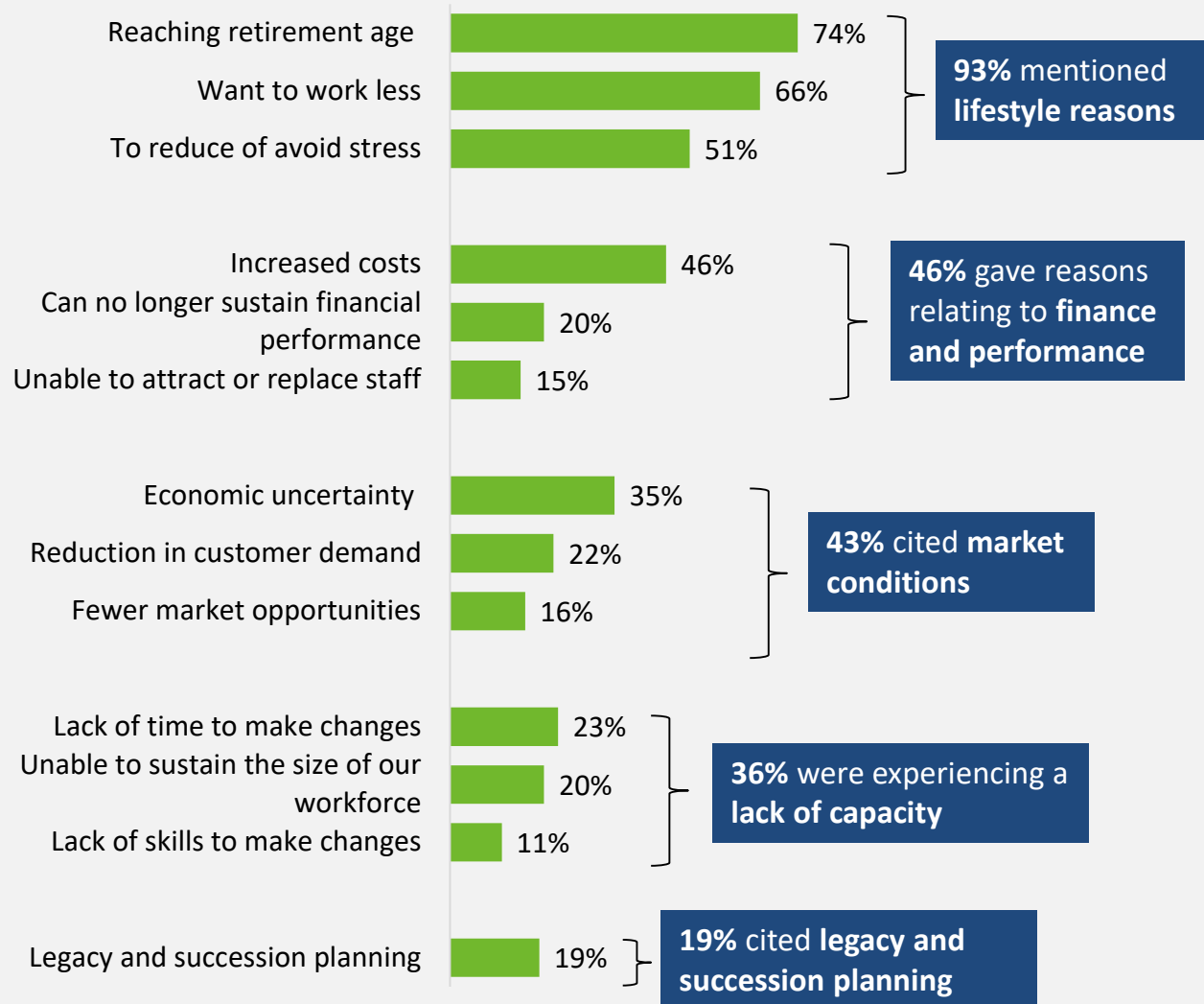


MOTIVATIONS FOR DOWNSIZING

Among businesses that wanted to downsize, the top reason was that they were reaching retirement age (74%). This was followed by wanting to work less (66%), wanting to avoid stress (51%), increased costs (46%) and economic uncertainty (35%).

For analysis purposes, **motivations have been grouped into five themes**: lifestyle (93%), finance and performance (46%), market conditions (43%), lack of capacity (36%), and legacy (19%).

Q. What are your main reasons for wanting to downsize?



More likely to mention lifestyle reasons:

- Confident in their viability (96%) and in the economic outlook (99%).

More likely to mention finance/performance:

- Operating below pre-pandemic levels (61%).
- Behind on their productivity (70%).
- Impacted by the Russia-Ukraine conflict (61%).

More likely to cite market conditions:

- Operating below pre-pandemic levels (61%).
- Behind on their productivity (63%).

More likely to be experiencing a lack of capacity:

- Behind on their productivity (60%).

More likely to say legacy/succession planning:

- Behind on their productivity (31%).
- Businesses in the Highlands and Islands compared to the average for all Rural Scotland (12%).

D. VIABILITY

KEY FINDINGS

- **The majority (91%) of businesses were confident they would be viable** over the next six months, while 9% were not.
- **The biggest perceived risk to viability was rising costs (85% said it was at least a medium risk and 53% a high or extremely high risk).** This was followed by ability to access supplies (60%), reduction in customer demand (56%), workforce challenges (53%), low levels of stock (45%), low or no cash reserves (41%) and increased competition (39%). A third mentioned access to markets (33%) and finance (32%).
- **Most businesses (89%) felt equipped to respond to risks to their viability,** while 10% did not.



VIABILITY

The majority (91%) of businesses were confident they would be viable over the next six months, while 9% were not.



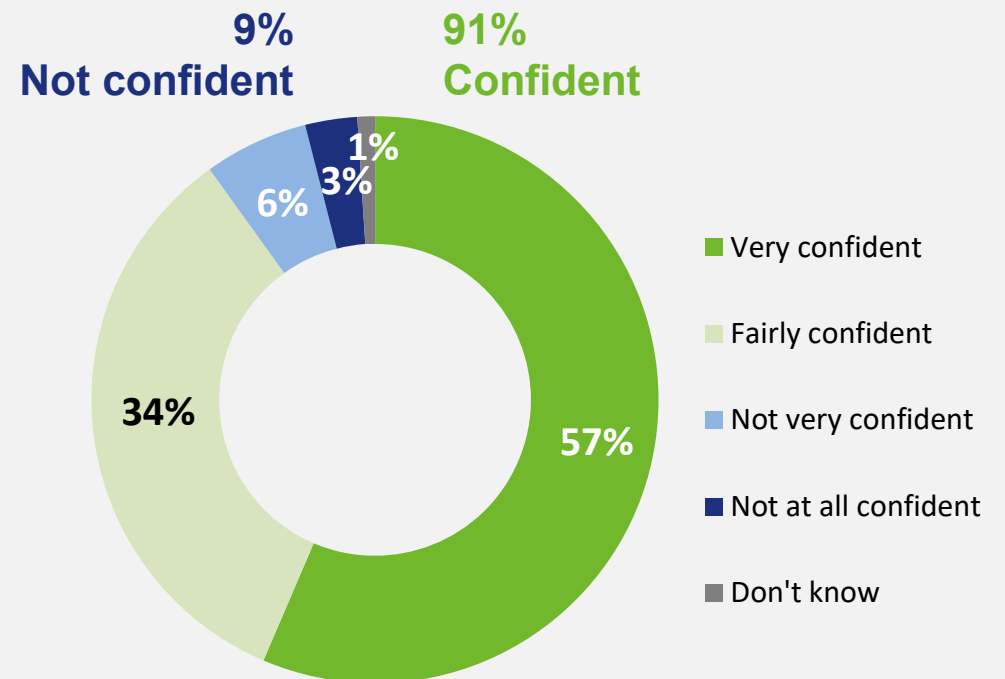
Financial and business services organisations were more confident than average in their viability (99% confident).

Businesses in the Highlands and Islands were more confident in their viability than those in the South of Scotland (91%) and rest of rural Scotland (87%).

Less confident than average:

- Small businesses (**0-4 staff**) (11% not confident).
- Businesses in **remote rural** areas (10%).
- Those operating **below pre-pandemic** levels (17%).
- Those **behind where they wanted to be** on productivity (15%), competitiveness (20%) and skills development (13%).

Q. How confident are you that your business will be viable over the next 6 months?

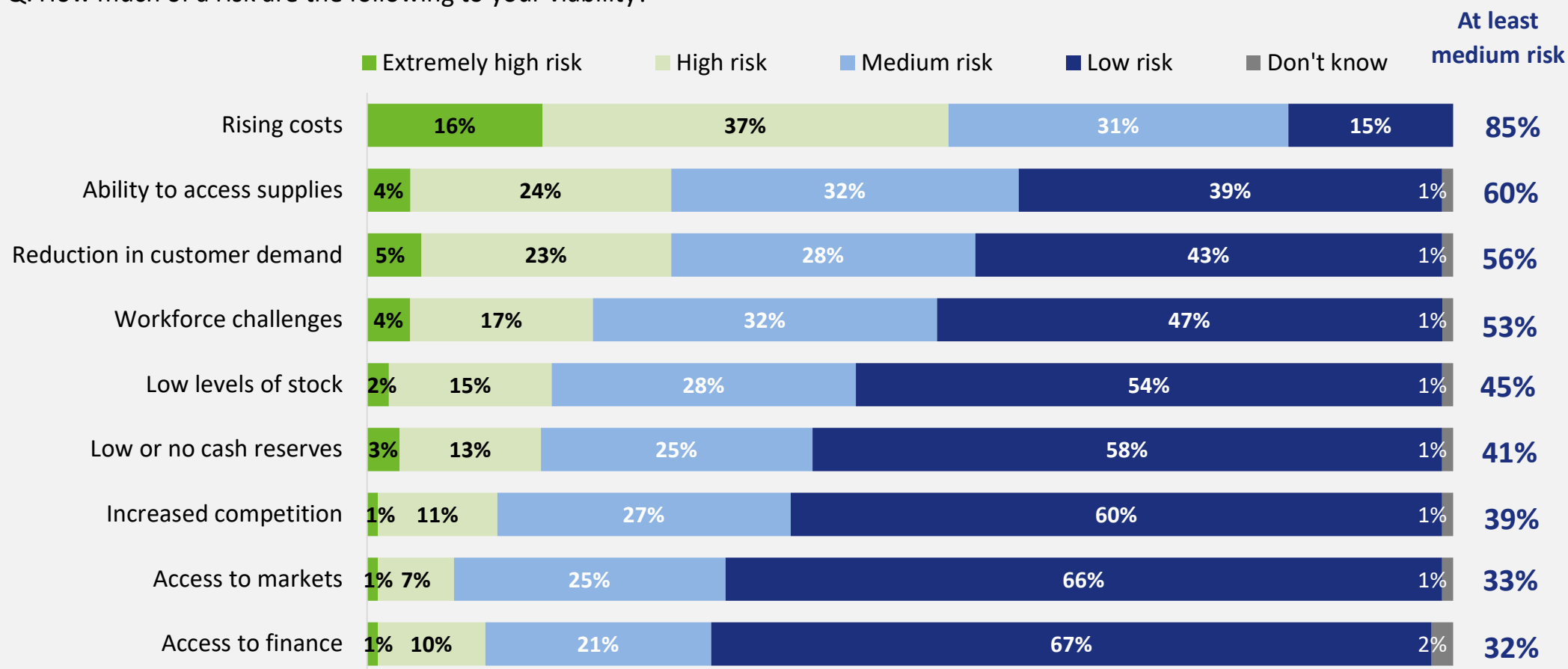


Base: All businesses (1,043)

RISKS TO VIABILITY (1)

The biggest perceived risk to viability was rising costs (85% saw this as at least a medium risk and 53% a high or extremely high risk). Other risks included ability to access supplies (60%), reduction in customer demand (56%), workforce challenges (53%), low levels of stock (45%), low or no cash reserves (41%) and increased competition (39%). A third cited access to markets (33%) and finance (32%).

Q. How much of a risk are the following to your viability?



Base: All businesses for whom each applied

RISKS TO VIABILITY (2)

Variation by:

Sector

- **Tourism** –
 - *High/extremely high risk* – workforce challenges (31% vs 21% overall).
 - *At least medium risk* – rising costs (91% vs 85%) and reduction in demand (64% vs 56%).
- **Food and drink** –
 - *High/extremely high risk* – rising costs (68% vs 53% overall).
 - *At least medium risk* – ability to access supplies (70% vs 60%).

Location

- **Remote rural** –
 - *At least medium risk* – ability to access supplies (64% vs 60% overall) and finance (35% vs 32%)
- **Urban areas** –
 - *At least medium risk* – increased competition (45% vs 39%).

Operating level

- **Below pre-pandemic** –
 - *High/extremely high risk* – rising costs (60% vs 53% overall), reduction in customer demand (42% vs 28%), low or no cash reserves (19% vs 16%), increased competition (17% vs 12%) and access to markets (11% vs 8%).
 - *At least medium risk* – rising costs (90% vs 85%), reduced demand (72% vs 56%), low or no cash reserves (46% vs 41%), increased competition (44% vs 39%) and access to markets (44% vs 33%).

Markets

- **Importing from outside the UK** –
 - *High/extremely high risk* – rising costs (58% vs 53% overall), ability to access supplies (36% vs 28%), reduction in customer demand (33% vs 28%), low or no cash reserves (20% vs 16%).
 - *At least medium risk* – rising costs (88% vs 85%), ability to access supplies (71% vs 60%), reduction in demand (61% vs 56%), low levels of stock (54% vs 45%), and access to markets (41% vs 33%).
- **Exporting to outside the UK** –
 - *At least medium risk* – access to markets (41% vs 33%).

Performance and outlook

Each risk was also more likely to be mentioned by those who were:

- **performing behind their expectations** (on productivity, competitiveness, skills and technology).
- **being impacted by external factors** (COVID-19, rising costs, EU Exit and Russia-Ukraine).
- **striving for growth and seeking out new ways of doing things.**

ABILITY TO RESPOND TO RISKS

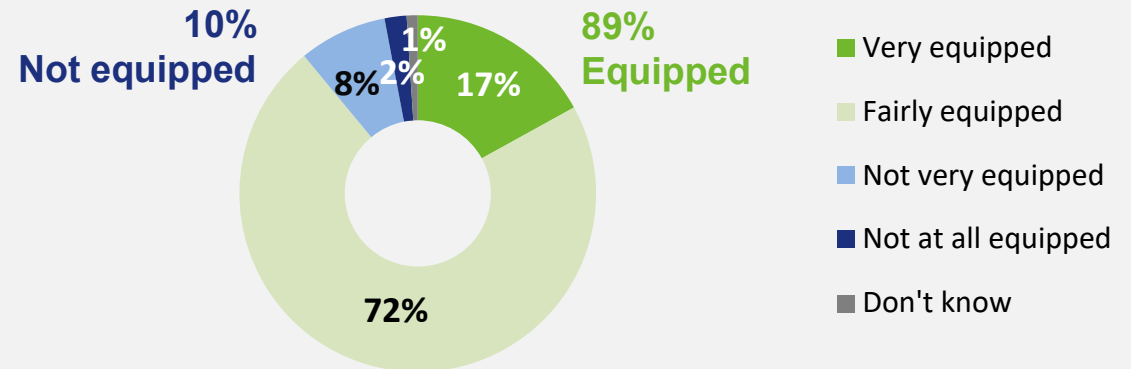
Most businesses (89%) felt equipped to respond to risks to their viability, while 10% did not feel equipped.

More likely to feel not equipped:

- Those operating **below pre-pandemic** levels (16%).
- Businesses who are **behind where they would like to be** on productivity (17%), competitiveness (27%), technology (18%) and skills (18%).

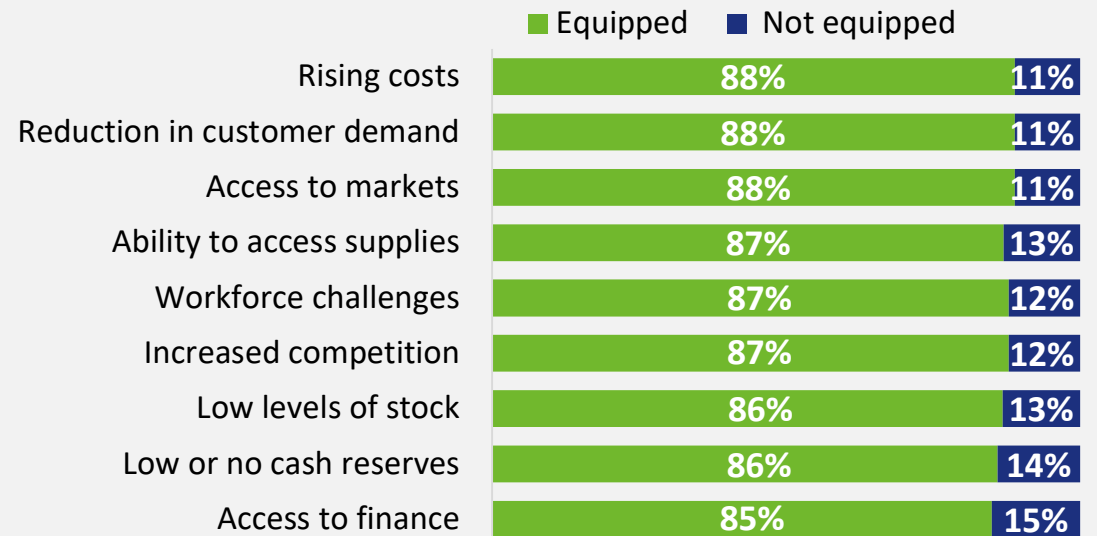
Ability to respond to risk was similar for each of the individual risks that businesses were experiencing. Most businesses (at least 8 in 10) felt they were very or fairly well equipped to respond to each one.

Q. How equipped do you feel to respond to the risks we just discussed?



Base: All businesses experiencing risks to their viability (985)

Q. How equipped do you feel to respond to the risks we just discussed?



Base: All businesses saying each was at least a medium risk

E. WORKFORCE

KEY FINDINGS

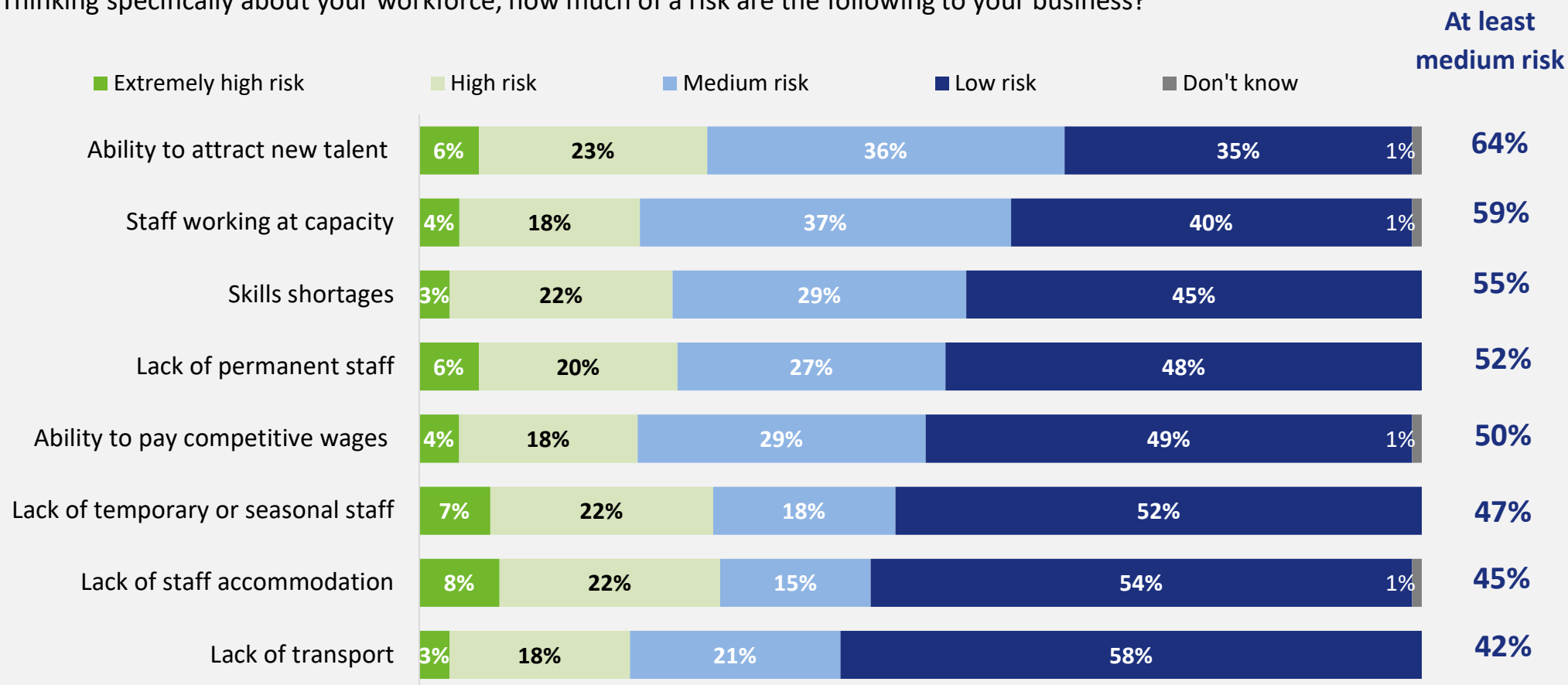
- **Among employers, 64% cited ability to attract new talent as a risk to the business.** This was followed by staff working at capacity (59%), skills shortages (55%), lack of permanent staff (52%) and ability to pay competitive wages (50%). More than four in ten mentioned lack of temporary or seasonal staff (47%), lack of staff accommodation (45%) and lack of transport (42%).
- **Employers in remote rural areas were more likely to perceive certain risks to their workforce:** lack of temporary or seasonal staff, ability to pay competitive wages, lack of accommodation, lack of transport and skills shortages.
- **Most employers (81%) felt equipped to respond to workforce-related risks,** while 18% did not.



WORKFORCE RISKS (1)

Among employers, 64% cited ability to attract new talent as at least a medium risk to the business. This was followed by staff working at capacity (59%), skills shortages (55%), lack of permanent staff (52%) and ability to pay competitive wages (50%). More than four in ten mentioned lack of temporary or seasonal staff (47%), lack of staff accommodation (45%) and lack of transport (42%).

Q. Thinking specifically about your workforce, how much of a risk are the following to your business?



Base: All employers for whom each applied

WORKFORCE RISKS (2)

Variation by:

Sector

- **Food and drink –**
 - *High/extremely high risk* – lack of staff accommodation (42% vs 30% overall) and ability to pay competitive wages (32% vs 22%).
 - *At least medium risk* – lack of temporary or seasonal staff (56% vs 47%) and lack of accommodation (55% vs 45%).
- **Tourism –**
 - *High/extremely high risk* – lack of temporary or seasonal staff (47% vs 29% overall), lack of permanent staff (38% vs 25%), and staff working at capacity (33% vs 22%).
 - *At least medium risk* – lack of temporary or seasonal staff (69% vs 47% overall), lack of transport (66% vs 42%) and lack of accommodation (62% vs 45%).

Operation

- **Below pre-pandemic**
 - *High/extremely high risk* – ability to attract new talent (35% vs 28% overall), ability to pay competitive wages (32% vs 22%) and skills shortages (32% vs 26%).
 - *At least medium risk* – ability to pay competitive wages (59% vs 50%), lack of transport (54% vs 42%) and lack of accommodation (53% vs 45%).

Account management

- **HIE-account managed –**
 - *At least medium risk* – ability to attract new talent (76% vs 63% of non-account managed), lack of permanent staff (63% vs 51%) and lack of accommodation (63% vs 43%).

Location

- **Remote rural –**
 - *High/extremely high risk* – lack of accommodation (39% vs 30%), lack of temporary or seasonal staff (33% vs 29%), lack of permanent staff (29% vs 25%), and lack of transport (26% vs 21%).
 - *At least medium risk* - skills shortages (59% vs 55%), ability to pay competitive wages (55% vs 50%), lack of temporary or seasonal staff (54% vs 47%), lack of accommodation (54% vs 45%), and lack of transport (48% vs 42%).

Markets

- **Importing from outside the UK –**
 - *High/extremely high risk* – staff working at capacity (26% vs 22%).
 - *At least medium risk* - ability to attract new talent (69% vs 64%), staff working at capacity (64% vs 59%), skills shortages (60% vs 55%), lack of permanent staff (59% vs 52%), and lack of accommodation (52% vs 45%).
- **Exporting to outside the UK –**
 - *High/extremely high risk* – lack of transport (27% vs 21%).
 - *At least medium risk* - lack of accommodation (53% vs 45%) and lack of transport (48% vs 42%).

Performance and outlook

Each risk was more likely to be mentioned by those who were:

- **performing behind their expectations** (on productivity, competitiveness, skills and technology).
- **being impacted by external factors** (COVID-19, rising costs, EU Exit and Russia-Ukraine).
- **striving for growth and seeking out new ways of doing things.**

ABILITY TO RESPOND TO WORKFORCE RISKS

Most businesses (81%) felt equipped to respond to workforce-related risks, while 18% did not feel equipped.

More likely to feel equipped:

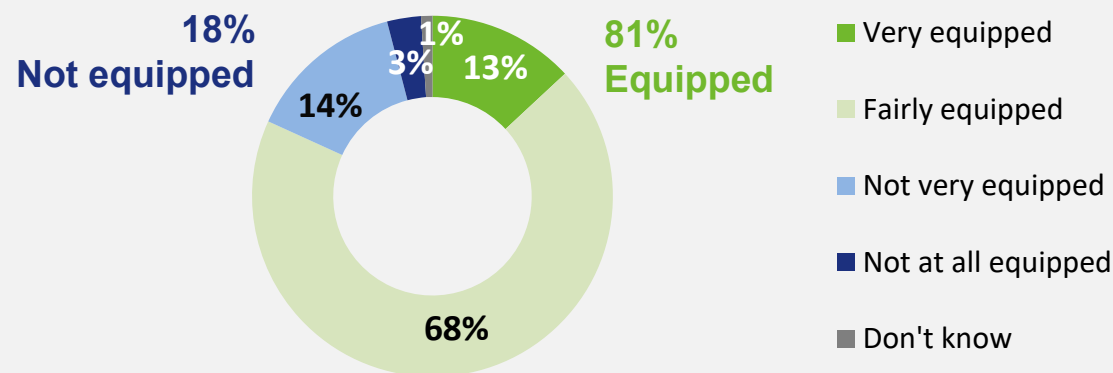
- Businesses in **urban** areas (87%).

More likely to feel not equipped:

- Tourism** businesses (27%).
- Businesses in **remote rural** areas (22%).
- Operating **below** pre-pandemic levels (23%).
- Behind where they would like to be** on productivity (26%), competitiveness (28%), adoption of technology (27%), and skills development (31%).



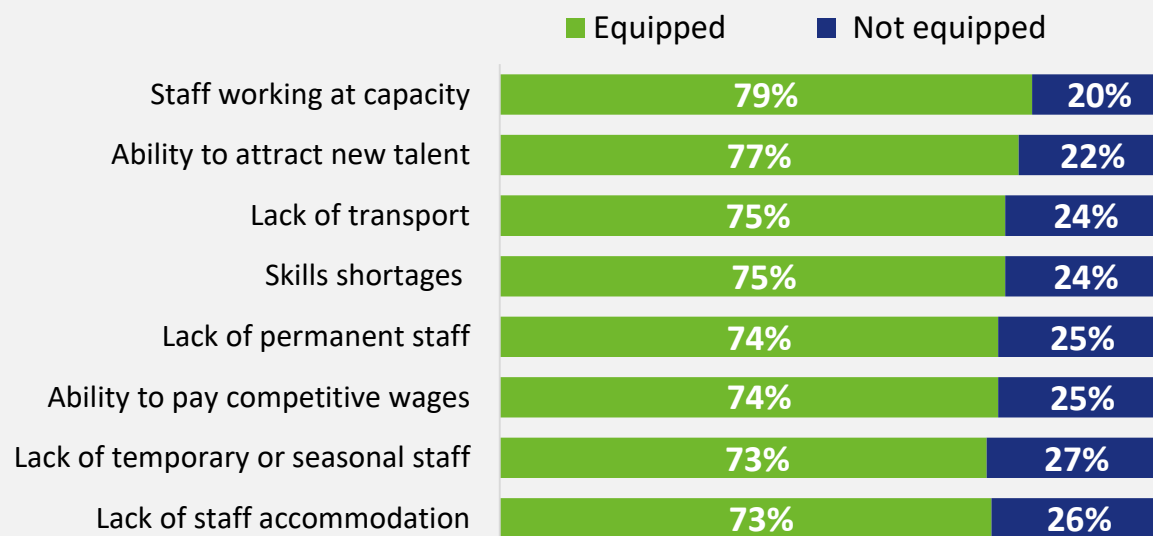
Q. How equipped do you feel you are to respond to the workforce-related risks we just discussed?



Base: All businesses facing at least one workforce risk (725)

As with general risks to the business, most businesses (around three quarters) felt they were very or fairly well equipped to respond to each one.

Q. How equipped do you feel to respond to the risks we just discussed?



Base: All businesses saying each was at least a medium risk

G. RESPONDING TO CHANGE

KEY FINDINGS

- **Businesses were broadly split in their outlooks for the next 12 months:** 38% were minimising change and hoping to continue as they were, 33% were open to change but not actively seeking it and 27% were actively seeking out new ways of doing things.
- **Most businesses (85%) were taking at least one action in response to changes in their working environment.**
- **The most common actions in response to changes in working environment were using greener supply chains (51%) and upskilling or reskilling staff (49%).** This was followed by using more locally sourced supplies (42%), collaborating or sharing resources (42%), offering expertise to other businesses (38%) and diversifying products and services (37%). Just under a third were recruiting new talent (32%) or offering apprenticeships (30%).
- **Among those that were upskilling or reskilling their workforce, the most common approaches being used were on the job training (92%), giving continual feedback and performance reviews (83%) and mentoring or coaching (73%).** Two thirds were sending staff on external training courses (66%) or having them shadow other colleagues (65%). Over half were moving staff into different roles (57%) or bringing in external workplace training (56%), while around one in five were offering secondments (18%).
- **Among those that were upskilling or reskilling their workforce, the most sought after skills were use of new technologies (77%), digital skills (72%), specialist or technical skills (70%) or customer or client-facing skills (68%).** Fewer mentioned leadership and management (61%), sales and marketing (52%) or low-carbon (50%) skills.



OUTLOOK FOR NEXT 12 MONTHS

Thinking about their outlook for the next 12 months, 38% of businesses were minimising change and hoping to continue as they were, 33% were open to change but not actively seeking it and 27% were actively seeking out new ways of doing things.

More likely to be minimising change:

- Small businesses (0-4 staff) (44%).
- **Creative industries** (53%).



More likely to be open to change:

- **Financial and business services** (47%).
- Those operating at pre-pandemic levels (37%).



More likely to be seeking out new ways of doing things:

- **Tourism** businesses (35%).
- HIE-account managed businesses (43%).
- Those operating above pre-pandemic levels (33%).
- Striving for growth (42%).
- Businesses impacted by Brexit (33%), COVID-19 (32%) and rising costs (29%).
- Businesses selling to the rest of the UK (33%) or outside the UK (36%).
- Businesses who are behind where they would like to be on productivity (33%), competitiveness (36%) and skills development (34%).



Q. Which of these statements best describes your outlook for the next 12 months?

We are minimising change and hoping to continue as we are

38%

We are open to changing our ways of working, but not actively seeking to do so

33%

We are actively seeking out new ways of doing things

27%

Base: All businesses (1,043)

ACTIONS IN RESPONSE TO CHANGE (1)

Most businesses (85%) were taking at least one action in response to changes in their working environment. The most common actions were using greener supply chains (51%) and upskilling or reskilling staff (49%), followed by using more locally sourced supplies (42%), collaborating or sharing resources (42%), diversifying products and services (37%), and offering expertise to other businesses (38%). Just under a third were recruiting new talent (32%) or offering apprenticeships (30%).

Businesses in the Highlands and Islands were more likely than businesses in the rest of rural Scotland to be taking each action (with the exception of using more locally sourced supplies and offering expertise to others).

Variation (more likely to cite actions listed):

Size

- **Large businesses** (25+ staff) – upskilling or reskilling (80%), recruiting new talent (75%), using greener supply chains (69%) and offering apprenticeships (60%).
- **Small businesses** (0-4 staff) were more likely to be taking none of these actions (20%).

Sector

- **Tourism** – using greener supply chains (65%) and more locally sourced supplies (61%).
- **Financial and business services** – offering expertise (54%).

Location

- **Remote rural** – using more locally sourced supplies (46%).
- **Urban** – recruiting new talent (36%).
- **Islands** – using greener supply chains (57%).

Account management

- **HIE-account managed** – upskilling or reskilling (64%), collaborating (55%), recruiting new talent (55%), offering expertise (49%) and apprenticeships (46%).

Q. Thinking about possible changes to your working environment, which of the following actions are you taking or planning to take?



Base: All businesses (1,043)

ACTIONS IN RESPONSE TO CHANGE (2)

Operating level

- **Above pre-pandemic** – using greener supply chains (57%), upskilling or re-skilling (63%) and recruiting new talent (41%).
- **Below pre-pandemic** – diversifying products and services (42%).

Performance

- Businesses behind their expectations on **productivity** were more likely to be – upskilling or reskilling (56%), diversifying products and services (44%), recruiting new talent (38%) and offering apprenticeships (35%).
- Behind on **competitiveness** – diversifying products and services (48%).
- Behind on **adoption of technology** – upskilling or reskilling (56%) and collaborating (49%).
- Behind on **skills development** – upskilling or reskilling (61%), diversifying products and services (43%) and recruiting new talent (45%).

External factors and outlook

Each action was also more likely to be mentioned by those who were:

- being impacted by external factors (such as COVID-19, rising costs, EU Exit and Russia-Ukraine)
- striving for growth, with the exception of using more locally sourced supplies

Those actively seeking new ways of doing things were more likely to be taking most actions (with the exception of with the exception of using more locally sourced supplies). Businesses minimising change were more likely to be taking none of these actions (26%).

ACTIONS TO UPSKILL OR RESKILL WORKFORCE

Among those that were upskilling or reskilling their workforce, the most common approaches being used were on-the-job training (92%), giving continual feedback and performance reviews (83%) and mentoring or coaching (73%).

Two-thirds were sending staff on external training courses (66%) or having them shadow other colleagues (65%). Over half were moving staff into different roles (57%) or bringing in external workplace training (56%). Around one in five were offering secondments (18%).

Variation by:

Sector

- **Food and drink** – bringing in external training (67%).
- **Tourism** – moving staff into different roles (71%), shadowing colleagues (76%) and offering secondments (27%).
- **Financial and business services** – sending staff on external training courses (87%).

Location

- **Urban areas** – review and feedback (87%).

Account management

- **HIE-account managed** – bringing in external workplace training (69% vs 55% non-account managed).

Performance and outlook

- **Operating above pre-pandemic level** – review and feedback (90%), shadowing colleagues (73%) and moving staff into different roles (65%).
- **Striving for growth and seeking new ways of doing things** – review and feedback (86% and 87% respectively), mentoring and coaching (76% and 79%) and moving staff into different roles (65% and 68%).

Q. Which specific actions are you taking to help upskill or reskill your existing workforce?



Base: All businesses upskilling or reskilling staff (522)

SKILLS NEEDED

Among those that were upskilling or reskilling their workforce, the most sought after skills were use of new technologies (77%), digital skills (72%), specialist or technical skills (70%) and customer or client-facing skills (68%). This was followed by leadership and management (61%), sales and marketing (52%) or low-carbon (50%) skills.

Variation by:

Size

- **Larger businesses** (25+ staff) – leadership/management (73%); though they were *less likely* to need technology (63%) or digital (62%) skills.

Sector

- **Food and drink** – low carbon (66%).
- **Tourism** – customer/client facing (88%).



Account management

- **HIE-account managed** – leadership/management (74% vs 59% non-account managed) and low carbon (63% vs 49% non-account managed).

Performance and outlook

- **Operating below pre-pandemic level** – customer/client facing (77%) and sales/marketing (61%).
- **Not confident in business viability** – sales/marketing (68%).
- **Behind where they'd like to be on competitiveness** – sales/marketing (66%).

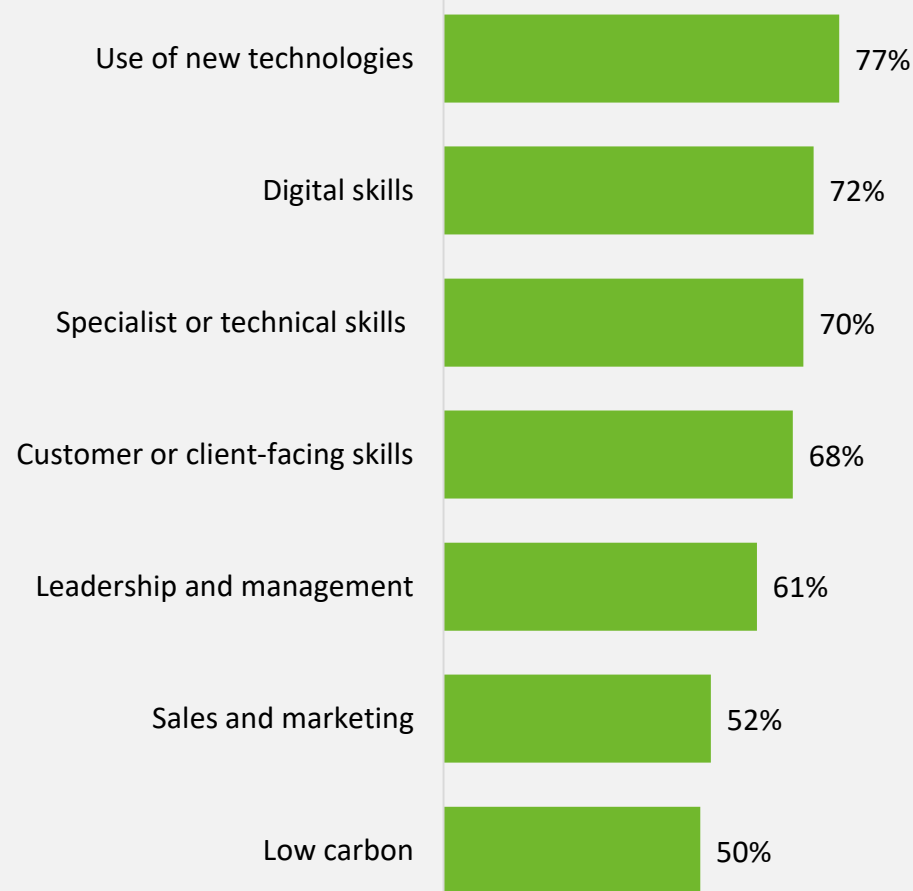
Markets

- **Importing from outside UK** – specialist/technical skills (75%).
- **Exporting to outside UK** – digital skills (79%), leadership/management (70%), sales/marketing (61%) and low carbon (57%).

Region

- **Businesses in the Highlands and Islands** compared to the average for all Rural Scotland – digital skills (72% vs 69%), leadership and management (61% vs 56%) and low carbon (50% vs 44%).

Q. And what sorts of skills are you most looking to develop in your workforce?



Base: All businesses upskilling or reskilling staff (522)

I. APPENDIX

ADDITIONAL VARIATION

Impact of external factors – by size of business

	EU exit	COVID-19	Russia-Ukraine	Rising costs
Size	% impacted to at least a small extent			
0-4	65	71	57	93
5-10	76	83	67	97
11-24	84	78	67	99
25+	85	85	78	100

Impact of external factors – by markets goods were sourced from

	EU exit	COVID-19	Russia-Ukraine	Rising costs
Market	% impacted to at least a small extent			
Scotland	72	76	63	96
Rest of UK	74	78	63	95
Outside the UK	81	85	71	97

Impact of external factors – by markets goods were sold to

	EU exit	COVID-19	Russia-Ukraine	Rising costs
Market	% impacted to at least a small extent			
Scotland	71	76	62	95
Rest of UK	74	79	60	95
Outside the UK	75	82	60	93

Impact of external factors – by growth aspiration

	EU exit	COVID-19	Russia-Ukraine	Rising costs
Growth aspiration	% impacted to at least a small extent			
Striving for growth	76	81	66	97
Content with current level of performance	69	71	58	95
Wanting to downsize	59	66	59	86

Impact of external factors – by outlook

	EU exit	COVID-19	Russia-Ukraine	Rising costs
Outlook	% impacted to at least a small extent			
Seeking new ways of doing things	80	84	66	99
Open to change but not actively seeking it	73	74	65	95
Minimising change	62	70	55	93

NOTES

*Darker shaded cells are figures that are higher than the average

PROFILE OF BUSINESSES INTERVIEWED

Size (no of employees)	%
Sole trader	19
1-4	44
5-10	17
11-24	11
25+	9

Growth sector	%
Creative industries	5
Energy	2
Financial and business services	8
Food and drink	18
Life sciences	*
Tourism	14
Non-growth	54

Relationship with HIE	%
Account-managed	10
Non-account managed	90

Location	%
Argyll and the Islands	19
Caithness and Sutherland	8
Inner Moray Firth	26
Lochaber, Skye and Wester Ross	13
Moray	13
Orkney	7
Outer Hebrides	7
Shetland	7

Fragile status	%
Fragile area	19
Non-fragile area	81

Urban/rural	%
Remote rural	54
Accessible rural	9
Other (urban)	37

Ipsos Standards & Accreditations

Ipsos' standards & accreditations provide our clients with the peace of mind that they can always depend on us to deliver reliable, sustainable findings. Moreover, our focus on quality and continuous improvement means we have embedded a 'right first time' approach throughout our organisation.



ISO 20252 – is the international market research specific standard that supersedes BS 7911 / MRQSA & incorporates IQCS (Interviewer Quality Control Scheme); it covers the 5 stages of a Market Research project. Ipsos was the first company in the world to gain this accreditation.



MRS Company Partnership – By being an MRS Company Partner, Ipsos endorse and support the core MRS brand values of professionalism, research excellence and business effectiveness, and commit to comply with the MRS Code of Conduct throughout the organisation & we were the first company to sign our organisation up to the requirements & self regulation of the MRS Code; more than 350 companies have followed our lead.



ISO 9001 – International general company standard with a focus on continual improvement through quality management systems. In 1994 we became one of the early adopters of the ISO 9001 business standard.



ISO 27001 – International standard for information security designed to ensure the selection of adequate and proportionate security controls. Ipsos was the first research company in the UK to be awarded this in August 2008.



The UK General Data Protection Regulation (UK GDPR) & the UK Data Protection Act 2018 (DPA) – Ipsos is required to comply with the UK General Data Protection Regulation and the UK Data Protection Act; it covers the processing of personal data and the protection of privacy.



HMG Cyber Essentials – A government backed and key deliverable of the UK's National Cyber Security Programme. Ipsos was assessment validated for certification in 2016. Cyber Essentials defines a set of controls which, when properly implemented, provide organisations with basic protection from the most prevalent forms of threat coming from the internet.



Fair Data – Ipsos MORI is signed up as a 'Fair Data' Company by agreeing to adhere to ten core principles. The principles support and complement other standards such as ISOs, and the requirements of Data Protection legislation.

This work was carried out in accordance with the requirements of the international quality standard for market research, ISO 20252 and with the Ipsos Terms and Conditions

FOR FURTHER INFORMATION:

Ciaran Mulholland, Research Director, Ipsos Scotland
ciaran.mulholland@ipsos.com

Catriona Millar, Senior Research Executive, Ipsos Scotland
catriona.millar@ipsos.com

HIE Research Team
hieresearch@hient.co.uk