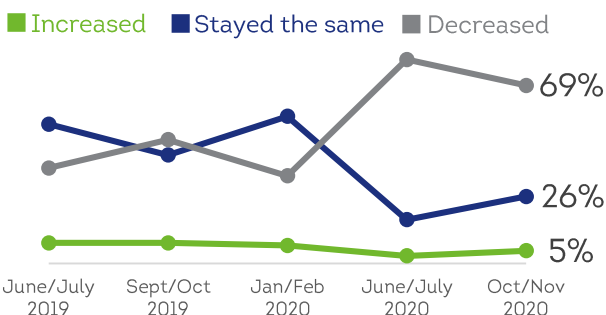


ECONOMIC CONFIDENCE AND OUTLOOK

Net confidence* in the Scottish economy was -64, the second lowest level recorded (the lowest being in June/July 2020). Confidence in the Highlands and Islands economy fell to 37% confident (down from 53% in Oct 2019).

Economic confidence: 2019-2020 trend

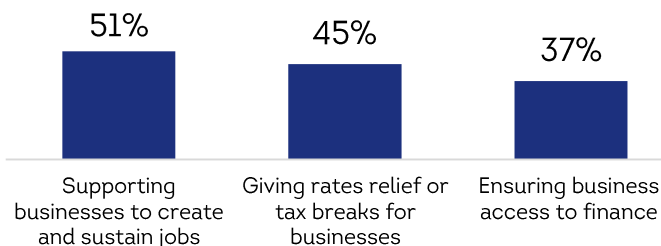


Lower than average confidence:
 Tourism
 HIE-account managed
 Operating below pre-COVID levels
 International businesses

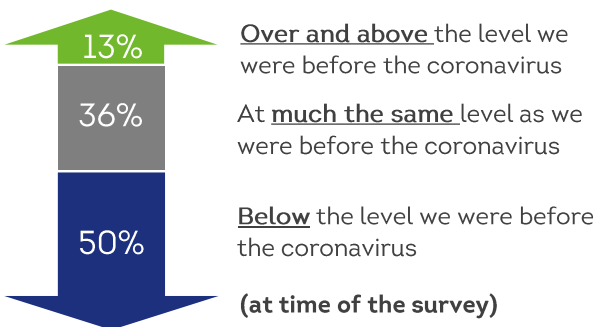
Confidence in Highlands and Islands economic outlook for next 12 months



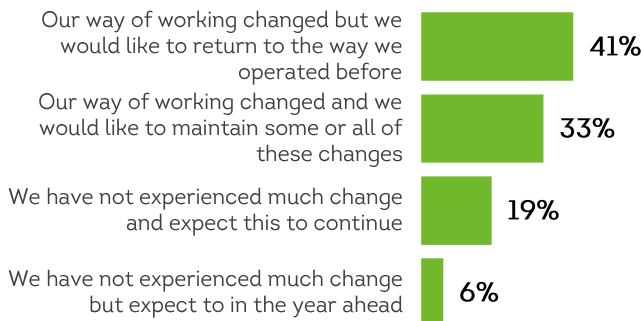
Top 3 priorities for economy recovery from COVID-19



CURRENT OPERATING LEVEL

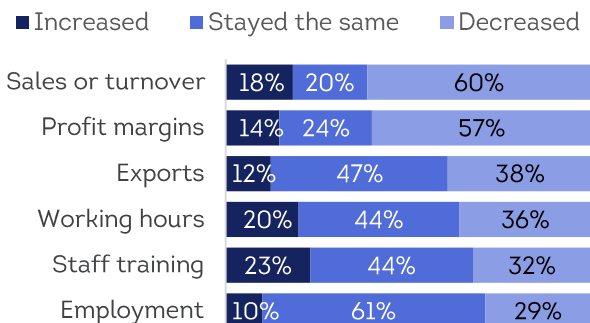


IMPACT OF COVID-19 ON OUTLOOK



BUSINESS PERFORMANCE

Most reported decreases in sales/turnover and profit margins in last 6 months



Base: All those to whom each applied

FUTURE GROWTH

Over half (54%) of businesses were striving for growth, but just over a third (37%) expected to grow.



BUSINESS VALUES

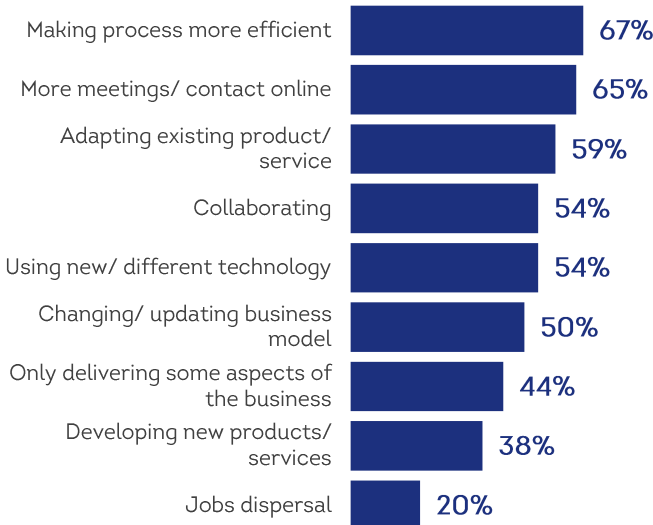
Which would you say are most integral to your business? (top 5)



RESPONDING TO NEW WORKING ENVIRONMENT

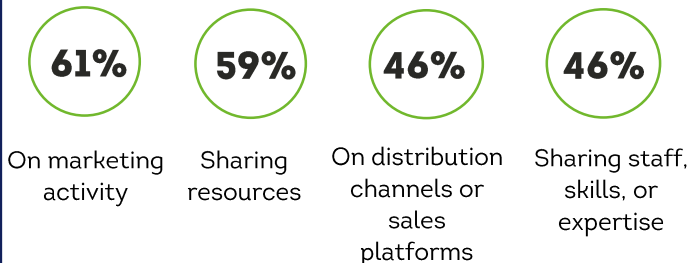
95% were taking some action to help them operate in the new working environment

Actions to help businesses operate



COLLABORATION

Top 4 ways businesses were collaborating with others:

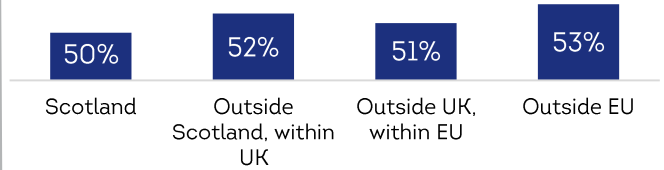


All those who were collaborating (561)

FUTURE MARKETS

Thinking 12 months ahead, around half expected sales to remain the same in each of their markets of operation:

% expecting sales to remain the same:



Those selling to EU markets and outside the EU were more confident than domestic-only businesses about their ability to access new markets (66% and 65% confident, compared with 56%).

SALES AND MARKET ACCESS

91% were taken some action to support their sales and market access

Actions to help sales and market access



WORKFORCE

86% of employers were taking some action in relation to their staff in the current working environment

Workforce-related actions

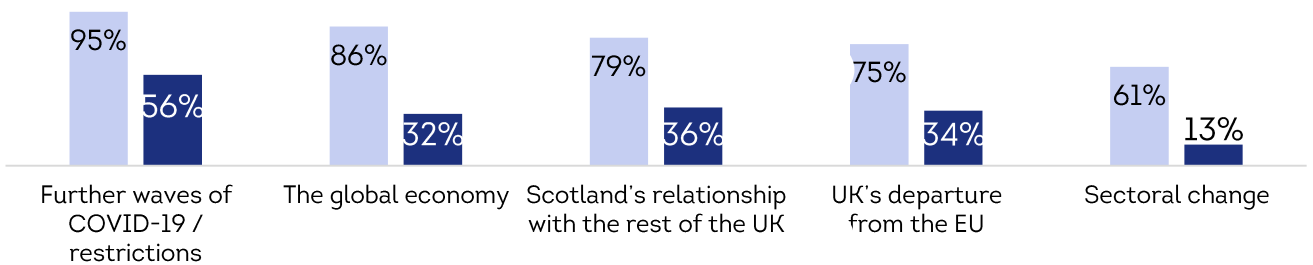


All employers (820)

POLITICAL AND ECONOMIC UNCERTAINTY

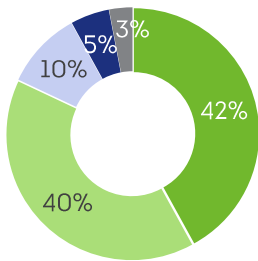
Perceived political and economic risks to businesses

■ % saying this posed a risk
■ % saying this posed a significant risk



CONFIDENCE IN FUTURE VIABILITY

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



Higher than average confidence

- Large businesses (25+ staff)
- Food & drink
- Shetland

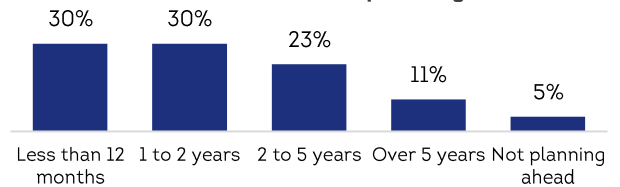
Lower than average confidence

- Tourism
- Lochaber, Skye & Wester Ross
- International businesses

PLANNING AHEAD

30% were planning less than 12 months ahead and 60% less than 2 years ahead

How far ahead businesses were planning



Around a third (36%) of businesses had changed the length of time they were planning ahead for.

Compared to our typical approach, we are planning...

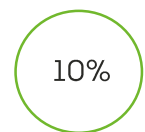
About the same as usual



Less far ahead



Further ahead



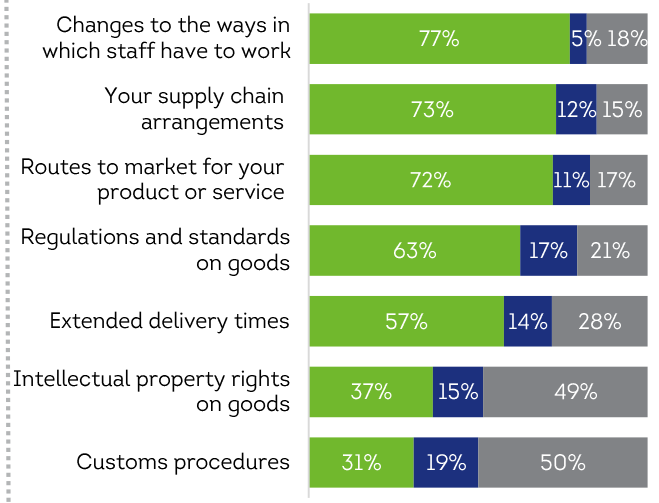
CONFIDENCE AND PREPAREDNESS FOR FUTURE CHANGES

Businesses generally felt confident about and prepared for changes that may occur over the coming months, though tourism businesses generally felt less confident and less prepared for changes.

Confidence in ability to:

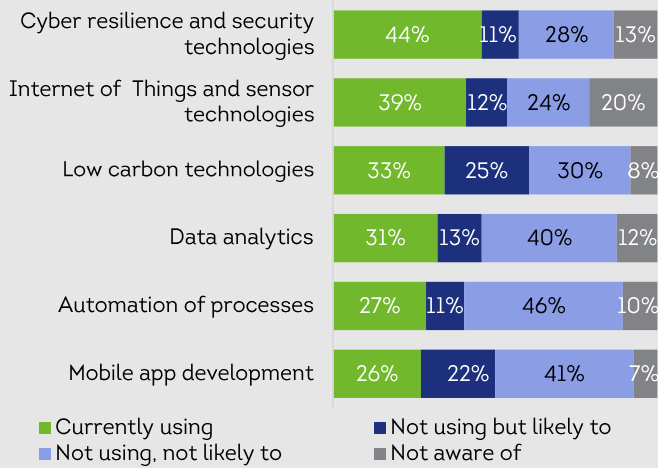


Preparedness for:



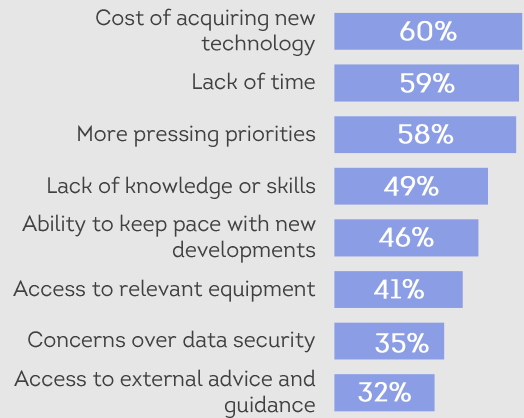
NEW APPROACHES AND TECHNOLOGY

Use of new approaches and technology



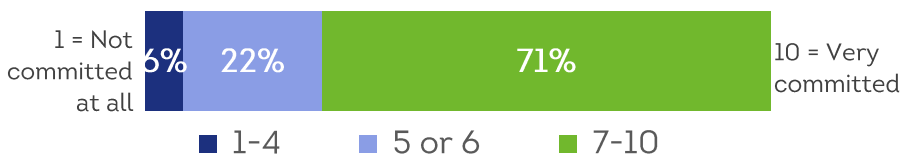
87% of businesses anticipated some barriers to adopting new approaches and technology

Barriers to adopting new approaches and technology



REDUCING ENVIRONMENTAL IMPACTS

On a scale of 1 to 10, how committed would you say your business is to reducing its environmental impacts....



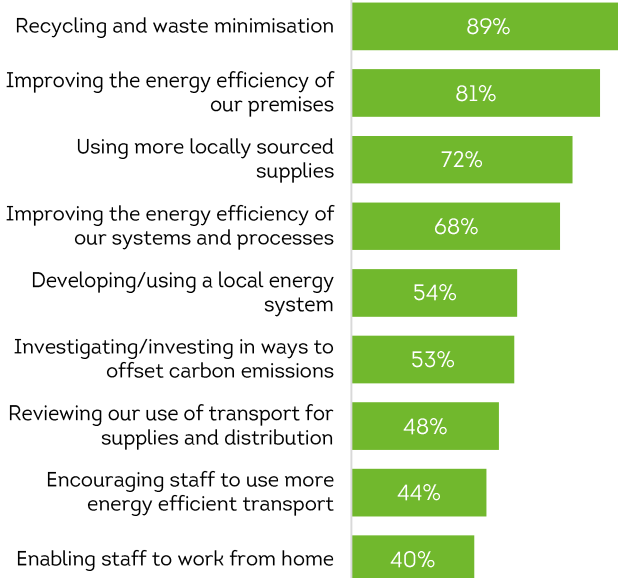
Mean overall score

7.3 / 10

ENVIRONMENTAL ACTIONS

97% were anticipating taking actions to reduce or respond to environmental impacts

Planned actions to reduce or respond to environmental impacts



GREEN RECOVERY

Most businesses (81%) supported a green recovery from COVID-19, while 18% did not

In the economic recovery after COVID-19, it is important that government actions prioritise climate change



Government should focus on helping the economy first and foremost, even if that means taking some actions that are bad for the environment



■ Strongly agree ■ Somewhat agree
■ Somewhat disagree ■ Strongly disagree

NOTES: Survey fieldwork was conducted between 6th October and 3rd November 2020, using telephone interviewing. In total 1,000 businesses and social enterprises participated. For more detail visit www.hie.co.uk/business-panel. Findings are weighted to ensure a representative sample of the regional business base.