

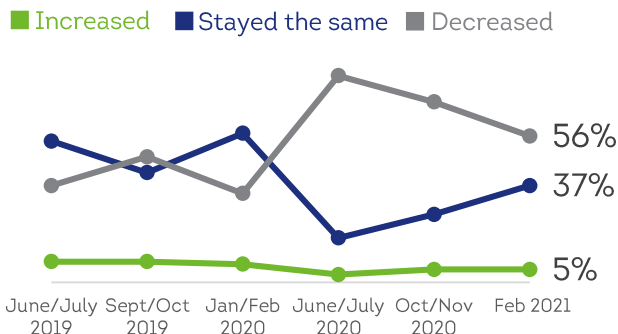
# HIE BUSINESS PANEL SURVEY

## WAVE 18: RESPONDING TO ECONOMIC CHALLENGE

### ECONOMIC CONFIDENCE

Confidence in the Scottish economy was low, but increasing. Net confidence\* was -51 (higher than -64 in Oct/Nov 2020 and -76 in June/July 2020).

#### Economic confidence: 2019-2021 trend

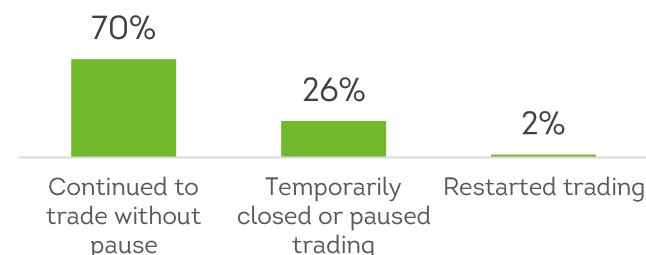


#### Lower than average confidence:

- Tourism
- HIE-account managed
- Temporarily closed/paused trading
- Trading internationally

### CURRENT TRADING STATUS

Since the Highlands and Islands moved to level 3 or 4 lockdown restrictions on 26th Dec 2020, 70% of businesses had continued to trade without pause, up from 49% in June/July 2020.



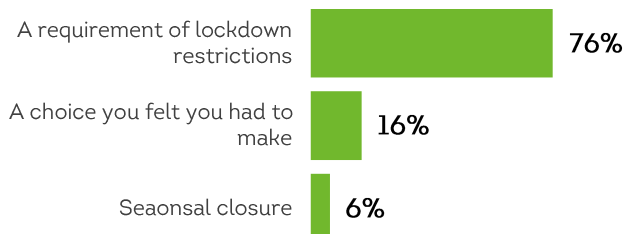
#### More likely to have continued trading:

- Food & drink
- Financial & business services
- Trading in Scotland only

#### More likely to have temporarily closed:

- Tourism
- 0-4 staff
- Trading internationally

#### Reason for having temporarily closed/paused trading

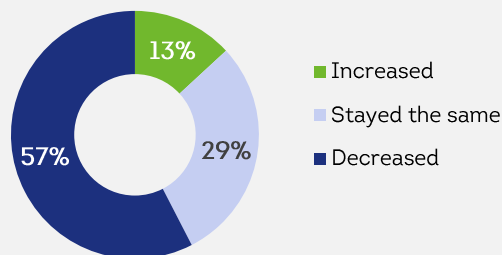


Base: All that had temporarily closed/paused trading (312)

### SALES OR TURNOVER

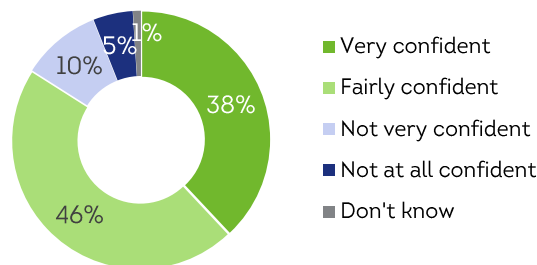
Over half (57%) of businesses had seen a decrease in sales or turnover in the last 6 months.

#### Sales/turnover performance in last 6 months



### FUTURE VIABILITY

84% were confident they would be viable over the next 6 months, 15% were not.



#### More confident

- 11-24 staff
- Food & drink
- Trading in Scotland only

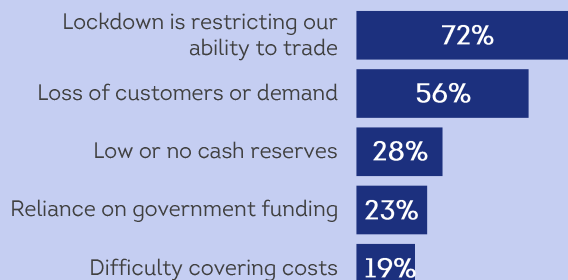


#### Less confident

- 0-4 staff
- Tourism
- Trading internationally



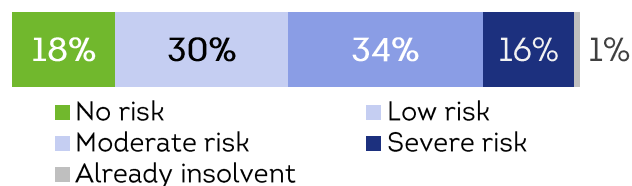
#### Reasons for not feeling confident (Top 5)



Base: All not confident in their future viability (171)

### INSOLVENCY RISK

Among the 15% that were not confident, 81% felt they faced at least some risk of insolvency

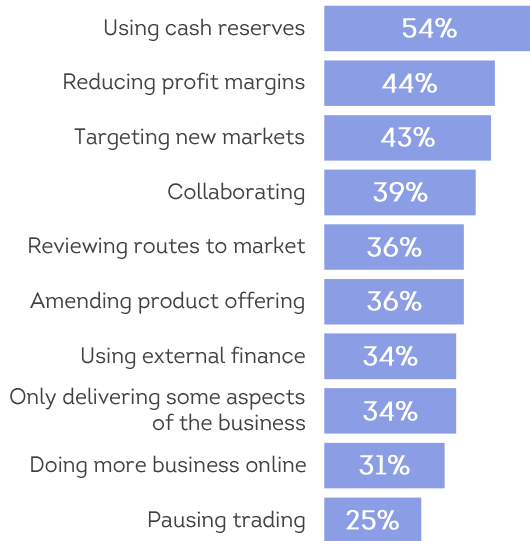


Base: All not confident in their future viability (171)

## ACTIONS TO SUPPORT VIABILITY

90% were taking action to support their viability over the next 6 months

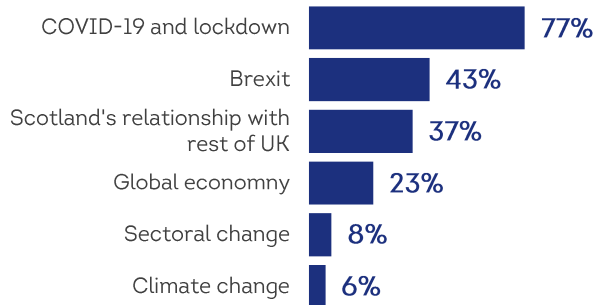
### Actions to support viability



Those who had temporarily paused trading were more likely to be taking finance-related actions - using cash reserves (75%), reducing profit margins (52%), and using external finance (47%).

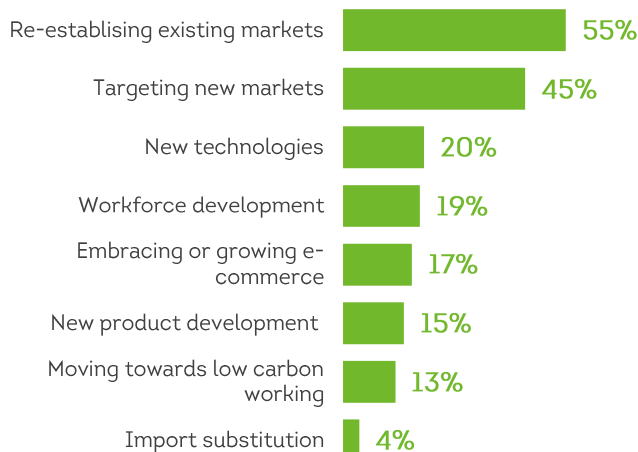
## RISKS

What 2 or 3 of the following are the biggest risks facing your business over the next 6 months?



## OPPORTUNITIES

What 2 or 3 of the following are the biggest opportunities for your business over the next 6 months?



## WORKFORCE ACTIONS

87% of employers were taking some action in response to COVID-19 restrictions

### Workforce-related actions



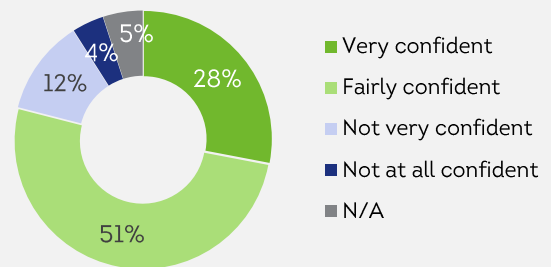
All employers (724)

Those who had temporarily paused trading were more likely to have placed staff on furlough (72%) put recruitment on hold (63%) and asked staff to take unpaid leave (8%)

## CONFIDENCE ACCESSING STAFF

Most employers (78%) were confident in their ability to access staff with the skills they need post-lockdown.

### Confidence in ability to access staff post-lockdown



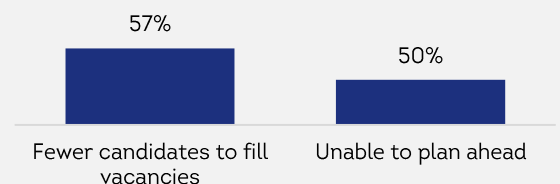
All employers (724)

### Top 2 biggest workforce opportunities



All those confident they can access the skills they need (570)

### Top 2 biggest workforce challenges



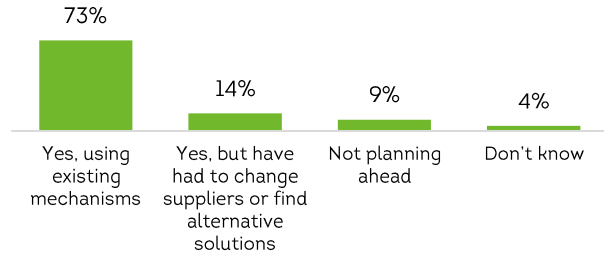
All those not confident they can access the skills they need (104)

## IMPORTS

**62% of businesses were importers.**

Of these, 87% were still able to access the materials, goods or services they needed.

### Ability to import materials, goods or services needed



All importers (621)

### Actions taken in response to importing challenges

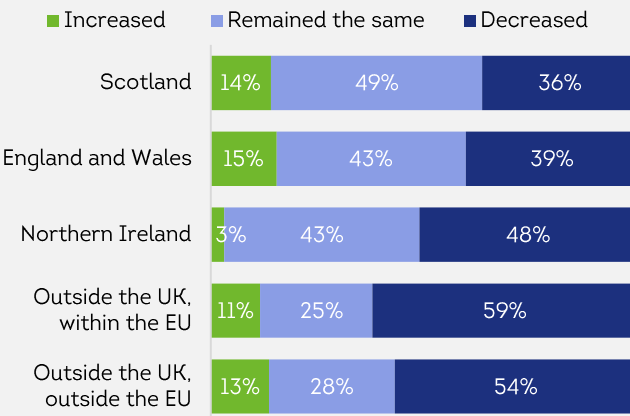


All those unable to import what they need (62)

## EXPORT SALES

Among those who sold to each market, sales were more likely to have decreased than increased. Sales were stronger in domestic than international markets

### Sales in market of operation in past 6 months

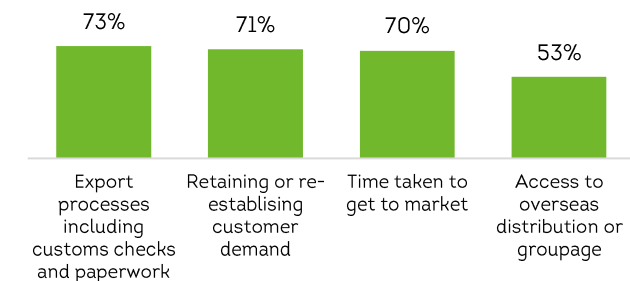


### More likely to have decreased sales in each market

- Tourism
- Temporarily closed/paused trading
- Not confident in future viability

## LONG TERM EXPORT CONCERNS

Most (85%) exporters that were experiencing issues felt these might last beyond the next few months.

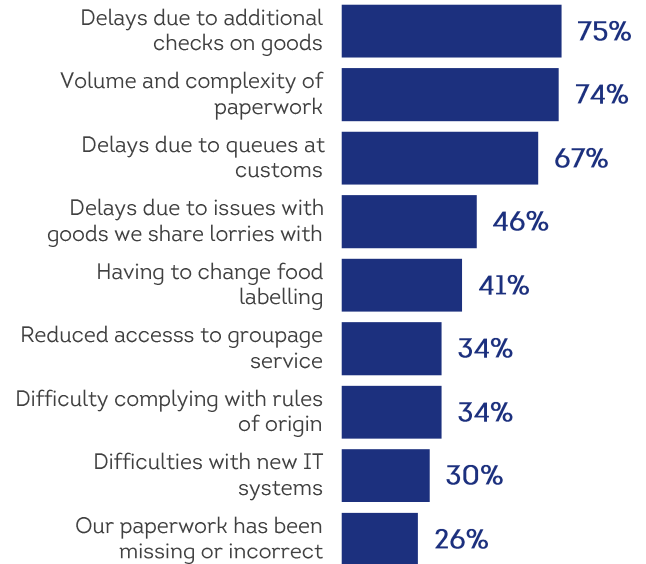


All those exporting outside GB and experiencing issues (115)

## EXPORT ISSUES

Of those exporting outside of Great Britain, 27% were experiencing issues, rising to 51% among food and drink businesses.

### Issues faced exporting outside GB



All those exporting outside GB and experiencing issues (115)

Increased costs and delays were the most common impacts of issues with exports

### Impact of issues with exports (top 4)



All those exporting outside GB and experiencing issues (115)

NOTES: Survey fieldwork was conducted between 2<sup>nd</sup> and 19<sup>th</sup> February 2021, using telephone interviewing. In total 1,000 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.