HIE BUSINESS PANEL SURVEY

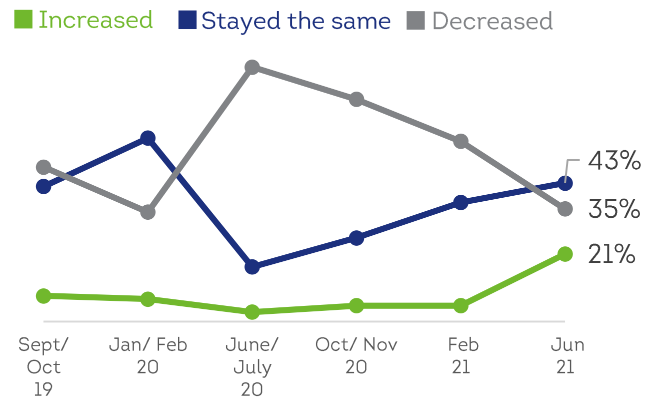
WAVE 19: LOOKING BEYOND RECOVERY FROM COVID-19

Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

ECONOMIC CONFIDENCE AND OUTLOOK

Confidence in the Scottish economy improved significantly from the low levels seen in recent waves. Net confidence* was -14 (higher than -51 in Feb 2021, -64 in Oct/Nov 2020 and -76 in June/July 2020). Confidence in the Highlands and Islands economy rose to 67% confident (up from 37% in Oct 2020).

Economic confidence: 2019-2021 trend



More confident:
- Tourism
- 25+ staff
- Operating above pre-COVID-19 levels
- Trading outside the EU

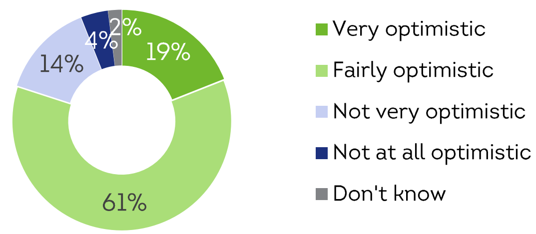
Less confident
- Food & drink
- Operating below pre-COVID-19 levels
- Trading only domestically

Confidence in Highlands and Islands economic outlook for next 12 months

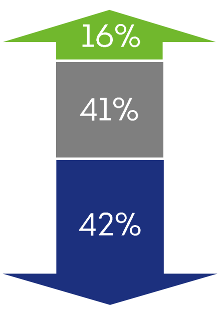
67% Very/fairly confident

31% Not that/not at all confident

80% of businesses were optimistic about their prospects in next 12 months, 18% were not.



CURRENT OPERATING LEVEL



Over and above the level we were before the coronavirus

At much the same level as we were before the coronavirus

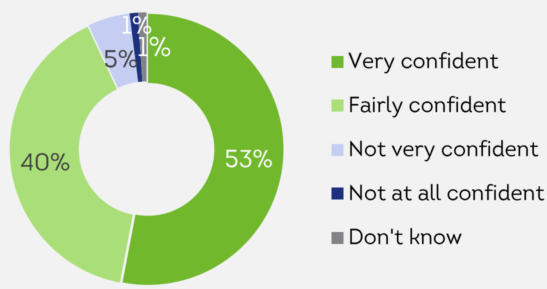
Below the level we were before the coronavirus

(at time of the survey)

Fewer this wave reported operating below pre-COVID-19 levels than in Oct/Nov 2020 (50%) or June/July 2020 (65%).

FUTURE VIABILITY

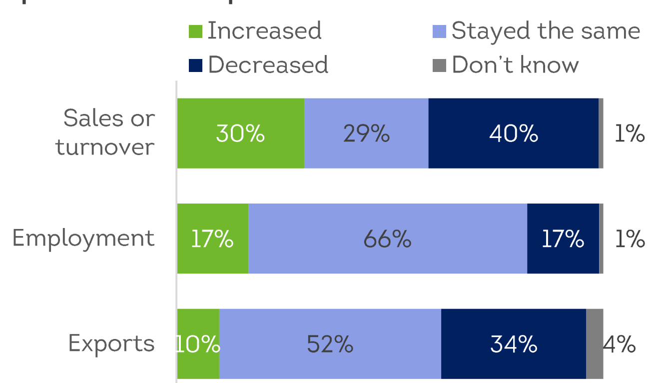
93% were confident they would be viable over the next 6 months, 6% were not.



Tourism businesses were more likely than average to say they were not confident (14%)

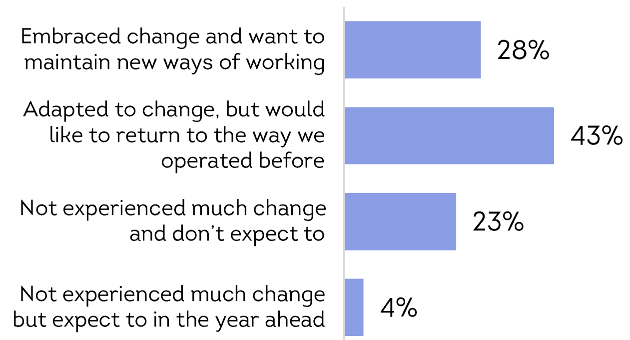
PERFORMANCE

Aspects of business performance over last 6 months



ATTITUDE TO CHANGE

Experience of change as a result of COVID-19



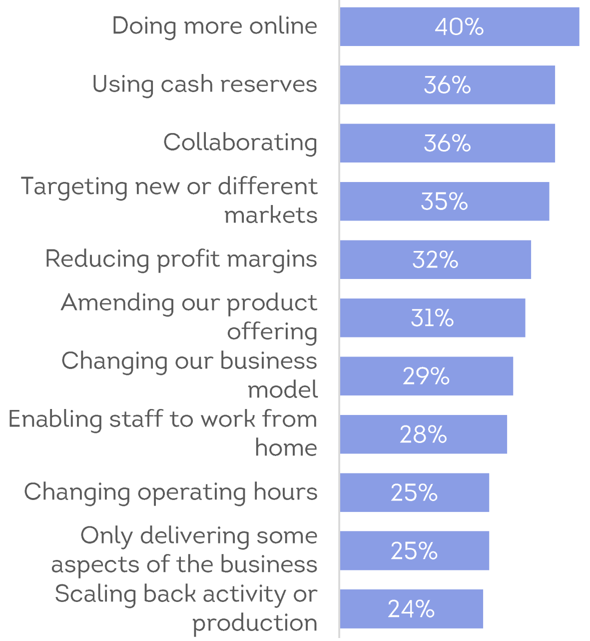
Ipsos MORI

*The net figure is the difference between 'increased' and 'decreased' levels of confidence

TAKING ACTION

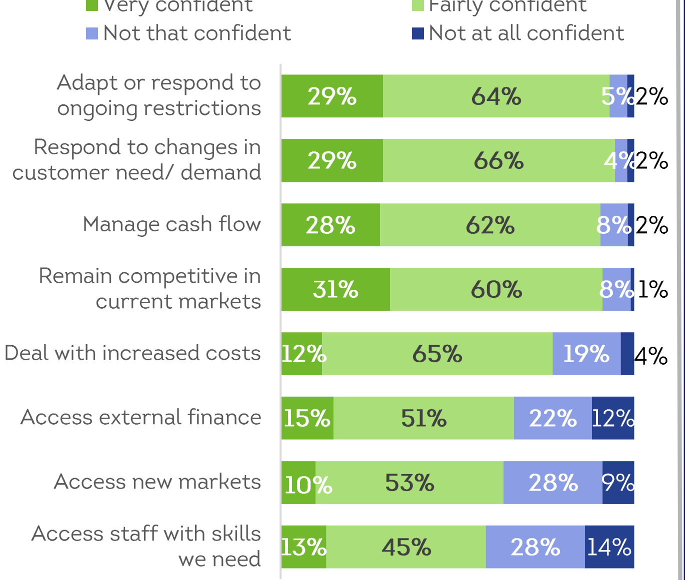
87% had taken some action to help them respond to change.

Actions taken in response to change



RESPONDING TO FUTURE CHANGE

Confidence in ability to respond to changes to working environment over coming months



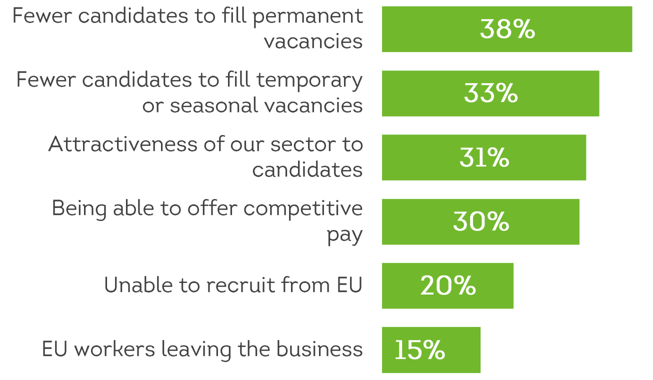
PRIORITIES

Top 3 priorities for businesses over coming months (aside from financial viability)

WORKFORCE CONCERNS

46% of employers were concerned about some aspect of their workforce.

% saying they were very/fairly concerned about:

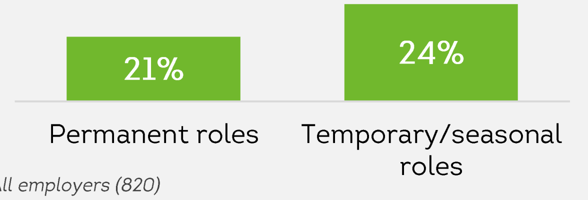


All employers (820)

STAFFING LEVELS

While most businesses said they had the staff they needed, substantial minorities did not.

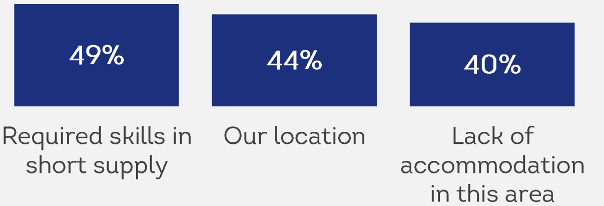
% that did not have the level of staff needed for…



All employers (820)

Tourism businesses were more likely than average to say they did not have the permanent (30%) or temporary/seasonal (42%) staff they needed.

Main barriers to accessing staff needed (top 3):

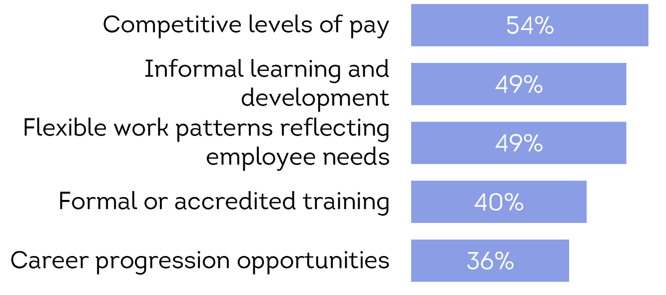


All employers without staff they needed (261)

Lack of accommodation was a particular barrier for tourism (58%) food and drink (54%) and remote rural (51%) businesses.

ATTRACTING STAFF

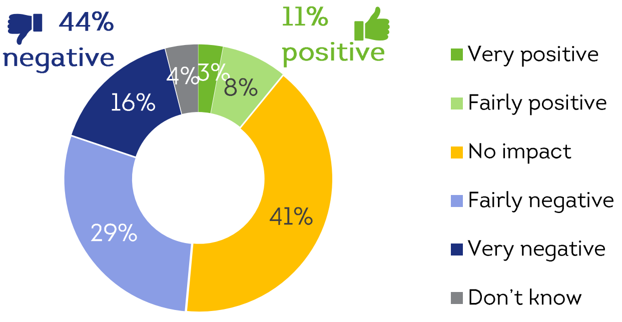
Actions taken to attract staff (top 5)



All employers (820)

IMPACT OF UK LEAVING THE EU

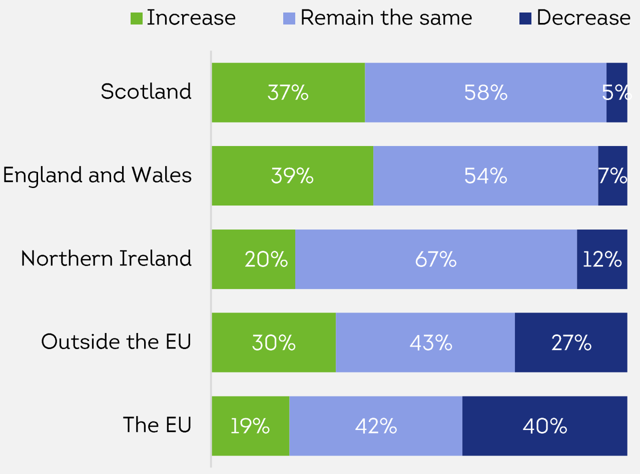
Perceived impact of the UK's exit from the EU on businesses so far



SALES AND EXPORTS

Thinking about the next 12 months, businesses were most optimistic about sales within Great Britain, and least optimistic about sales to the EU.

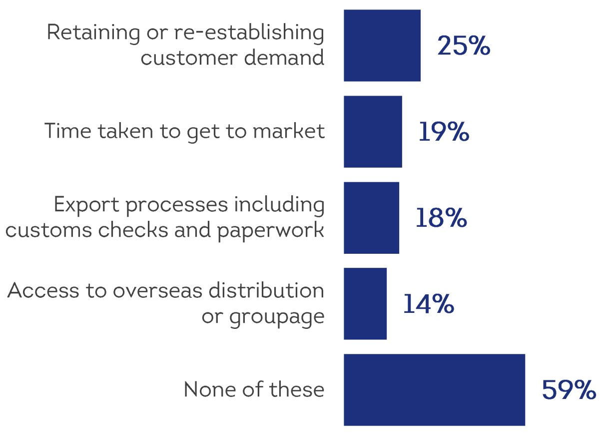
Sales expectation for next 12 months



All to whom each applied

Of those exporting outside of Great Britain, 40% were experiencing issues doing so.

Issues faced exporting outside Great Britain

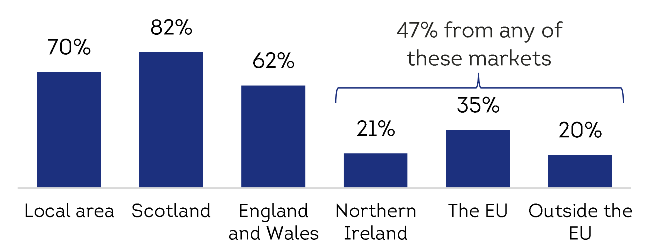


All those exporting outside GB (515)

SUPPLY CHAINS AND IMPORTING

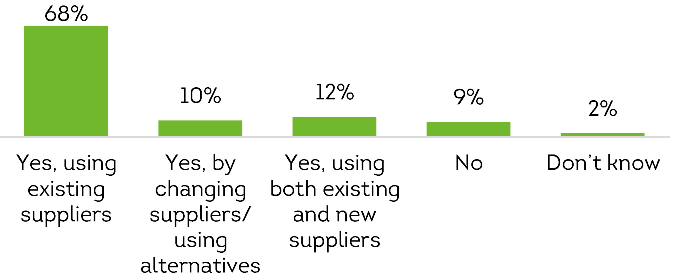
Just under half (47%) were importing goods or services from outside Great Britain

Markets from which goods were sourced



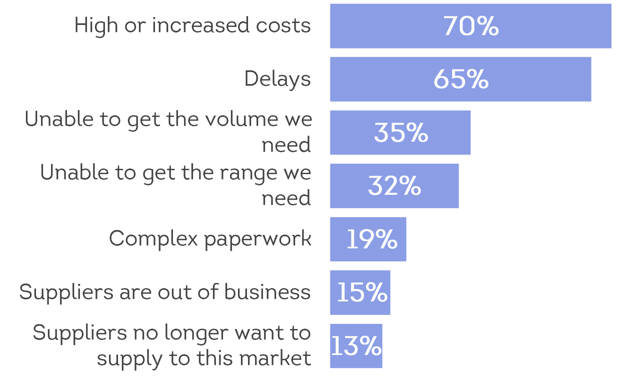
The majority (89%) were able to access the goods/services they needed.

Ability to access materials, goods or services needed



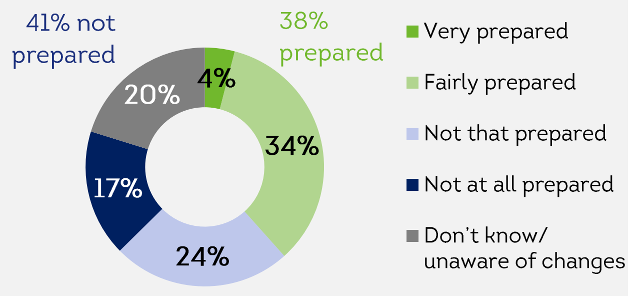
Despite most being able to access the goods/services they needed, a majority (84%) faced issues when doing so.

Issues when accessing goods/services



Delays when accessing goods/services were more common among food & drink businesses (73%) and those importing from the EU (81%) and outside the EU (79%).

> How prepared do you feel for changes to import procedures expected later this year?



Those importing from the EU were slightly less prepared than average (38% prepared, 45% not)

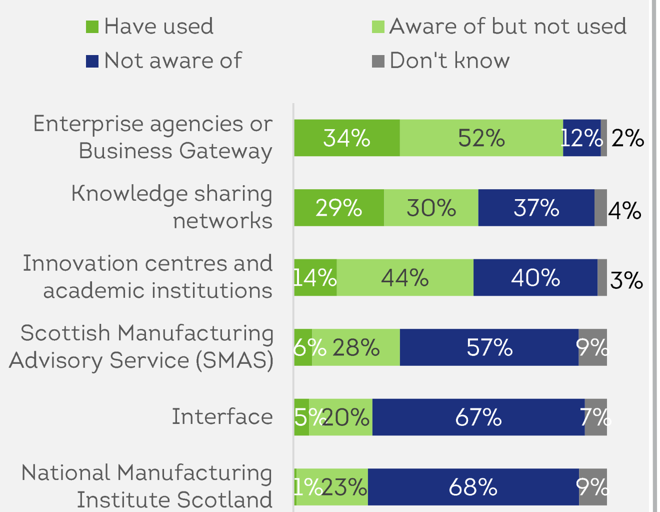
APPROACHES TO INNOVATION

Most businesses (84%) were innovating in some way

Types of innovative approaches taken

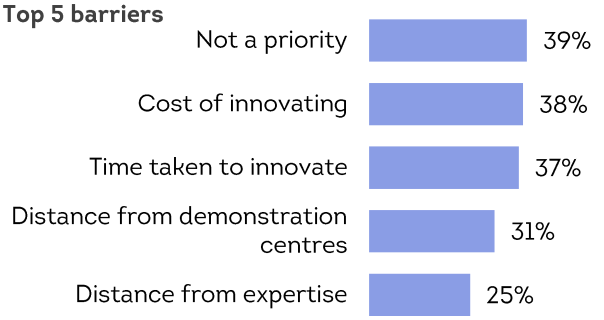
INNOVATION SUPPORT

"Are you aware of and have you used any of the following for innovation support?



BARRIERS TO INNOVATION

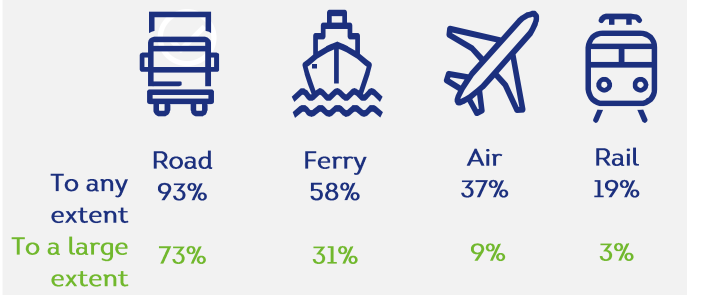
Top 5 barriers



DEPENDENCE ON TRANSPORT

95% relied on some form of transport for their day-to-day operations

Forms of transport relied on by businesses



Findings highlight the crucial role that ferry and air transport play for island communities. A majority (71%) of island businesses relied on ferries and around one in five (17%) relied on air to a large extent.

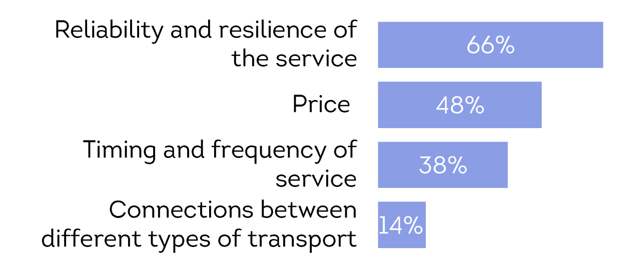
USE OF TRANSPORT

Delivery of supplies was the main reason businesses were dependent on transport

Reasons for depending on transport

All those dependent on transport (949)

IMPORTANT FACTORS FOR USE OF TRANSPORT



All those dependent on transport (949)

For those reliant on ferries, resilience and reliability of services was particularly important (75%). Connections between different types of transport was more important for those reliant on air (25%).

NOTES: Survey fieldwork was conducted between 2nd June and 2nd July 2021, using telephone interviewing. In total 1,002 businesses and social enterprises participated. For more detail visit **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