

HIE BUSINESS PANEL SURVEY

WAVE 16: RESPONDING TO COVID-19

This wave took place from 3 June to 1 July 2020, during the unprecedented disruption brought about by COVID-19. Lockdown restrictions were in place, though these were gradually being eased during the fieldwork period. Businesses were therefore operating in a unique and changing environment. This also made it more difficult to contact businesses than would normally be the case. In interpreting these findings, it should be noted that those that had permanently closed since COVID-19, and those that were unreachable at this time, were unable to take part.

CURRENT TRADING STATUS

At the time of taking part in the survey, 49% of businesses had continued to trade without pause since COVID-19, 37% were temporarily closed and 12% had restarted trading after a temporary pause.

Trading status at time of taking part in the survey



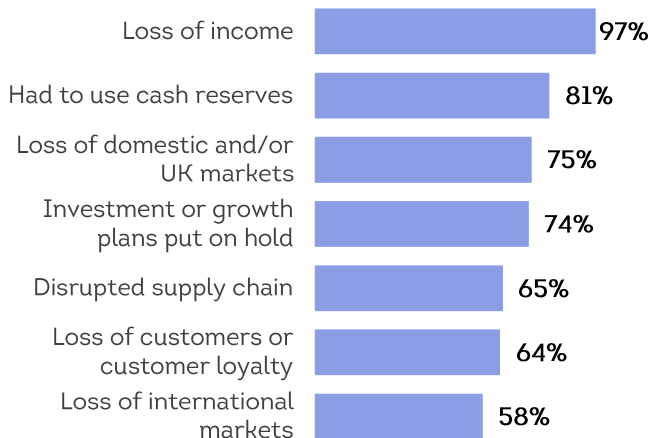
Businesses more likely to have:

Continued trading:	Temporarily closed:	Restarted trading:
- 5-10 staff	- 0-4 staff	- 25+ staff
- Orkney	- Lochaber, Skye & Wester Ross	- Inner Moray Firth
- Financial & business services	- Remote rural	
- Domestic only trade	- International and rest of UK trade	

Note: geographical differences noted throughout may reflect the profile of sectors in these areas

IMPACT ON THOSE THAT WERE TEMPORARILY CLOSED

Key impacts on those that were temporarily closed or had paused trading

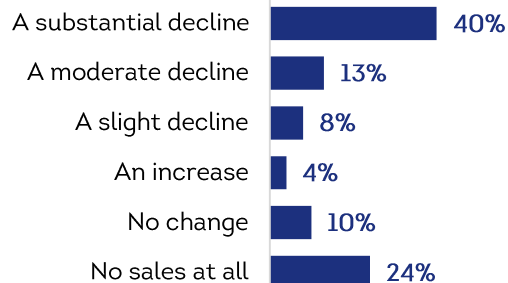


Those in remote rural areas were more likely than average to have lost domestic and/or UK markets (81%) and international markets (65%).

IMPACT ON SALES

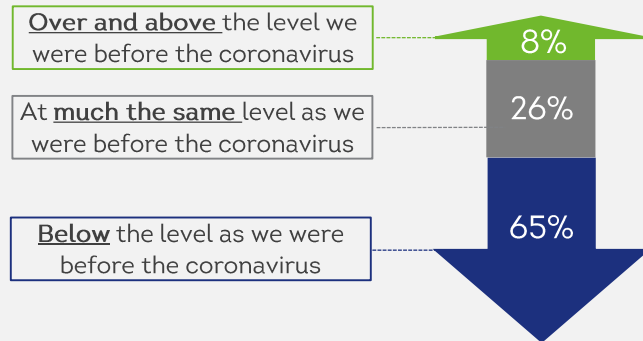
85% had seen reduced or no sales as a result of COVID-19.

Impact of COVID-19 on sales



CURRENT OPERATING LEVEL

Operating level at time of the survey

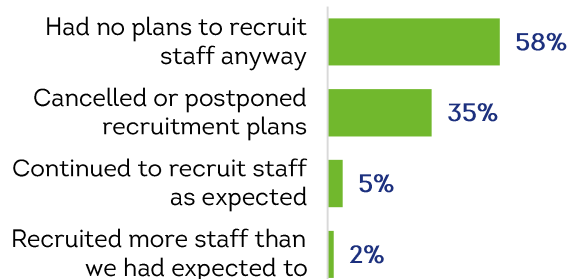


All those who had continued to or restarted trading (617)

IMPACT ON RECRUITMENT PLANS

While 58% had no plans to recruit, 35% had cancelled or postponed recruitment plans due to COVID-19.

Impact of COVID-19 on recruitment plans



Of those that had planned to recruit, 82% cancelled or postponed recruitment plans, 11% recruited as expected, and 4% recruited more staff than expected.

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WORKFORCE-RELATED MEASURES TAKEN IN RESPONSE TO COVID-19

Most employers had taken some measures for their staff in response to COVID-19, the most common being placing staff on furlough.

Measures taken for staff as a result of Covid-19



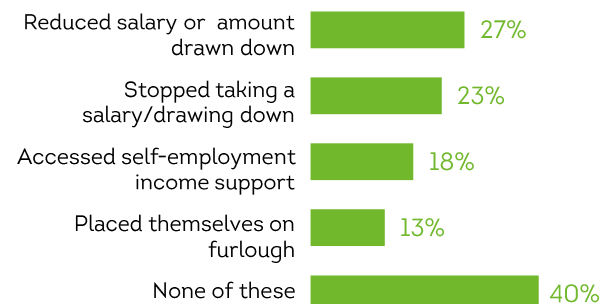
More likely to have placed staff on furlough

- Those with a decline in sales
- Large businesses (25+ staff)
- HIE-account managed

Small businesses (1-4 staff) were more likely to have taken none of these actions.

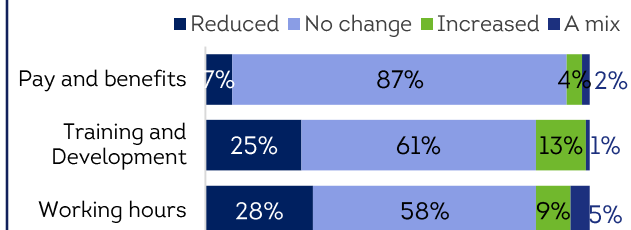
Half of business owners had reduced or stopped their own salary/income.

Measures taken by business owners themselves



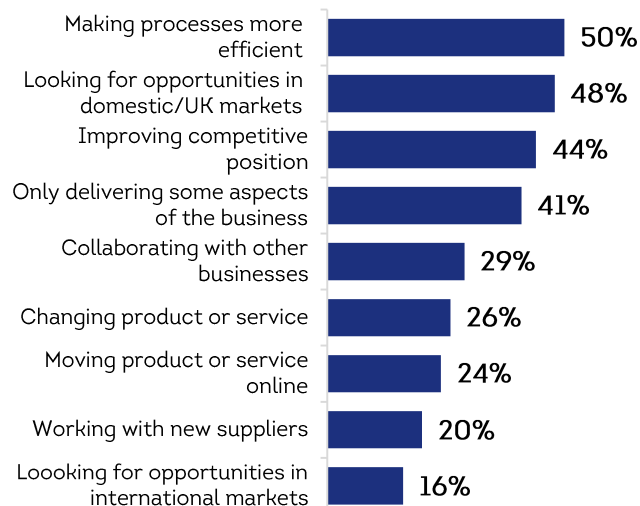
Most employers (that had continued or restarted trading) had made no changes to staff pay or benefits.

Changes for staff that had continued to work

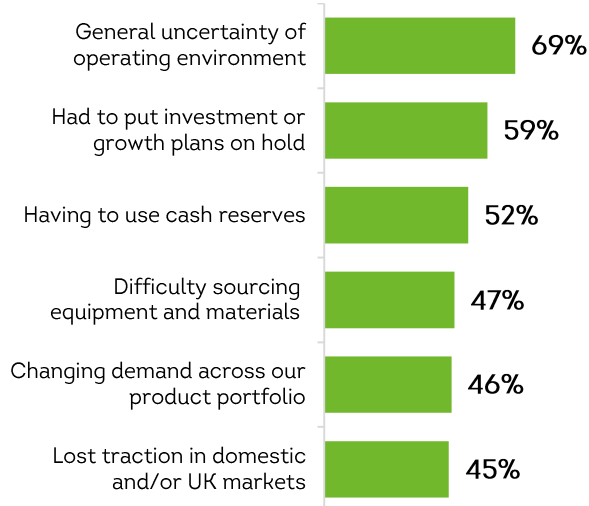


ADAPTING TO THE NEW WORKING ENVIRONMENT DUE TO COVID-19

Actions taken by businesses to continue trading in the current working environment



Challenges faced by businesses when trying to adapt to new working environment (top 6)



COLLABORATION

Top 3 ways businesses were collaborating with others:

59%

On distribution channels or sales platforms

52%

On marketing activity

50%

Sharing resources

All those who were collaborating (171)

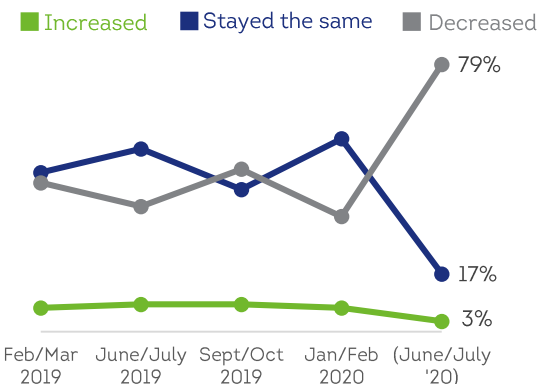
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OPTIMISM AND BUSINESS VIABILITY

Confidence in the Scottish economy fell to the lowest level ever recorded in the survey, with net confidence of -76*. Despite this, three quarters of businesses were confident in their own future viability.

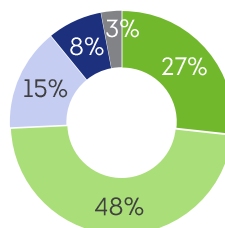
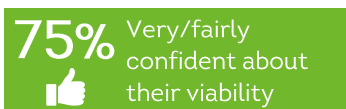
Economic optimism in last 6 months



Lower than average confidence

- Tourism
- Remote rural locations
- Temporarily closed or paused trading
- HIE-account managed

Confidence in business viability over next six months



- Very confident
- Fairly confident
- Not very confident
- Not at all confident
- Don't know

Higher than average confidence

- Those with increased sales
- Continued trading
- Financial & business services
- Orkney and Moray
- Those confident accessing financial resources needed

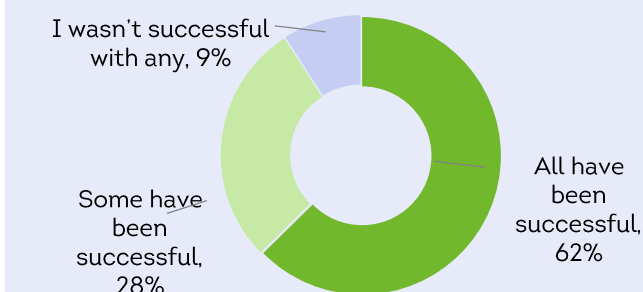
Lower than average confidence

- Those with no sales
- Temporarily closed
- Lochaber, Skye & Wester Ross
- Remote rural and fragile areas

SUPPORT PACKAGES FROM GOVERNMENT

70% of businesses had applied for government support packages designed to help those affected by the COVID-19 crisis. Of those that applied, 91% were successful.

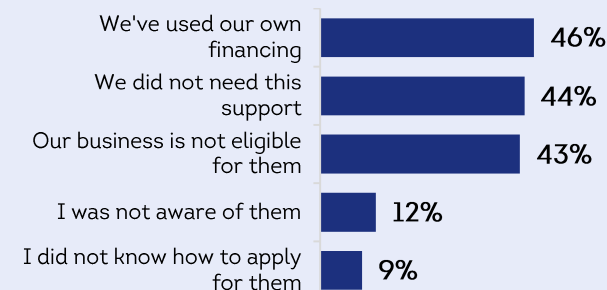
Success with applications for support



All those who had applied (699)

25% of businesses had not applied for any support packages from government. (The remaining 5% did not know if they had applied or not).

Reasons given for not applying

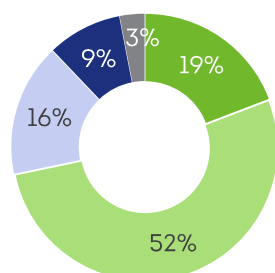


All those who had not applied (254)

ACCESS TO FINANCIAL RESOURCES TO GET THROUGH THE CRISIS

71% of businesses were confident in accessing financial resources they needed to get through the COVID-19 crisis

Confidence in accessing financial resources



- Very confident
- Fairly confident
- Not very confident
- Not at all confident
- Don't know

Higher than average confidence

- Large businesses (25+)
- Those with increased sales
- Trading above pre-COVID-19 levels
- Confident about viability

Lower than average confidence

- Those with no sales
- Trading below pre-COVID-19 levels
- Not confident about viability

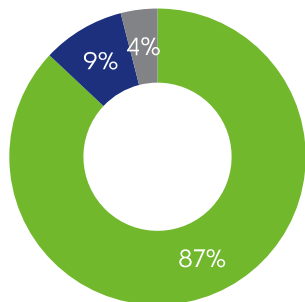
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ADHERING TO GOVERNMENT GUIDELINES

Most businesses were confident in their ability to adhere to government guidelines as lockdown eases.

Confidence in ability to adhere to guidelines

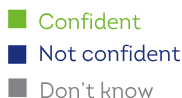


More likely to be confident:

- Continued or restarted trading
- Financial and business services
- Inner Moray Firth
- Non-fragile areas

More likely to **not** be confident:

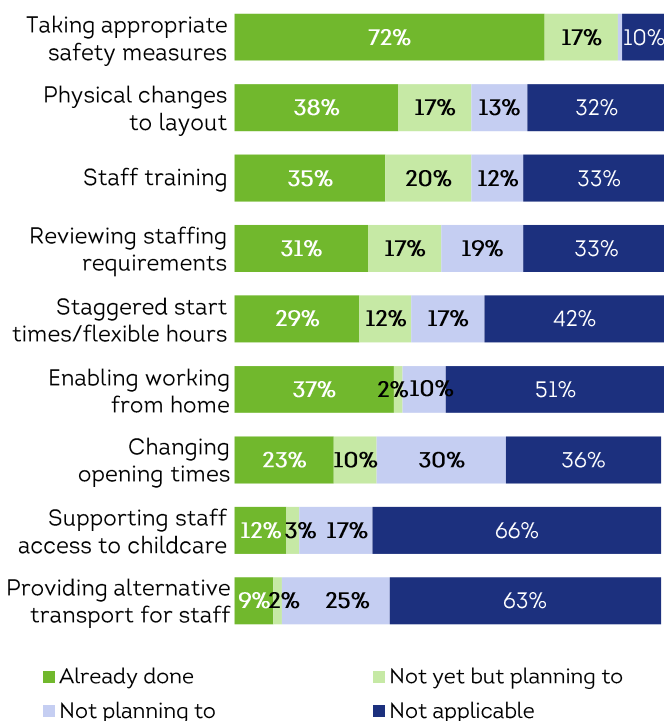
- Temporarily closed or paused trading
- Fragile areas



MEASURES TAKEN

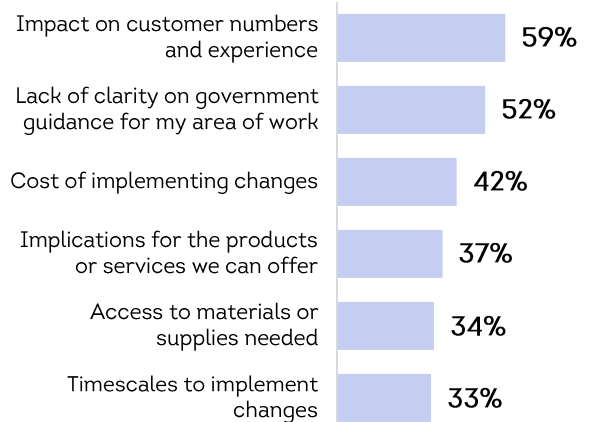
Almost all (93%) businesses had already taken or planned to take at least one measures to follow government guidelines on physical distancing and other public health guidelines.

Measures taken or planning to take



CONCERNS ABOUT COMPLYING WITH GUIDELINES

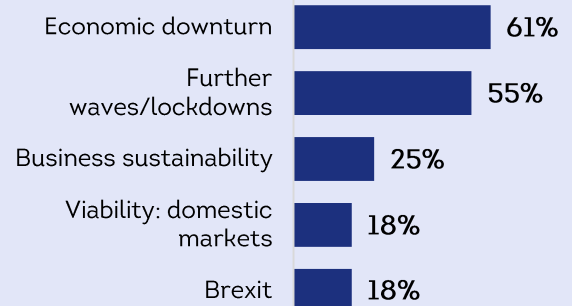
Main concerns about measures taken/planned to adhere to government guidelines (top 6)



CONCERNS ABOUT FUTURE

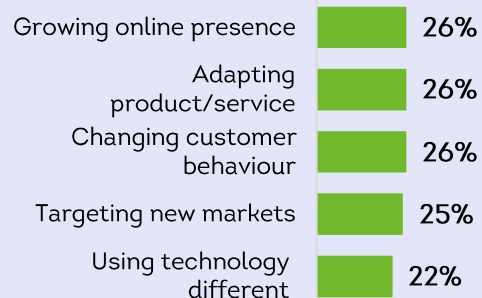
Economic downturn and future waves of coronavirus/further lockdown were the main concerns facing businesses in the next 6 months.

Top five business concerns for next six months



OPPORTUNITIES FOR FUTURE

Top five business opportunities for next six months



A fifth (19%) of businesses said "don't know" when asked about the opportunities for the next six months.

NOTES: Survey fieldwork was conducted between 3 June and 1 July 2020 using telephone interviewing. In total 1,002 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.