

HIE Business Panel Survey

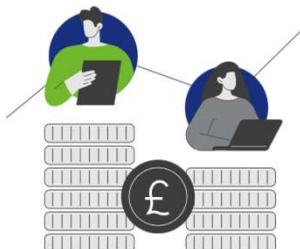


Wave 29: November / December 2025

Economic confidence

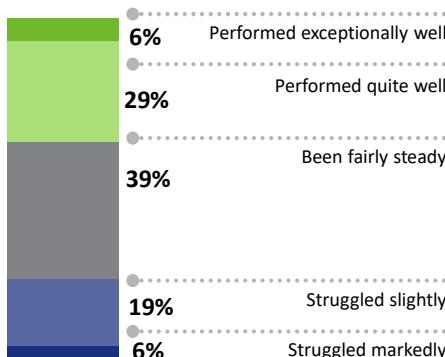
47%

of businesses **were confident** in the economic outlook for Scotland, **51%** were **not confident** – lower than the previous wave in May / June 25, when 53% were confident.



Performance

Businesses' perceptions of their own performance over past six months



69%

of those who had performed well said this was due to increased demand.

77%

of those who had struggled said this was because of **costs**, followed by 60% citing **reduced demand**.

Significant challenges

93%

of businesses were experiencing a significant challenge

Top 5 challenges facing businesses:
Increased cost of doing business



Just over a quarter of businesses cited **moving to Net Zero ways of working** (26%) or **finance** (26%) as significant challenges.

Aspirations



48%

of businesses were **striving for growth**.

36%

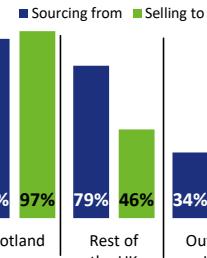
were **content with their performance**.

13%

were **looking to downsize**.

Markets

80% were importers* and 48% were exporters*



Sectors more likely than average to be exporting were **Accommodation and food services** (76%), **Manufacturing** (70%), and **IT, finance and real estate** (60%).

Cost increases

Top 3 cost increases having biggest impact on businesses:



Business rates, taxation, and insurance

51%



Electricity and / or gas

46%



Staff costs

44%

Responses to Challenges

74%

of businesses who said that the cost of doing business, or finance, were significant challenges, said that this **reduced profit margins**.

Around four in ten had experienced a **loss or reduction in customer demand** (38%) or were **unable to set prices for the coming year** (37%), and around a third had become **less competitive** (34%).

Top 3 actions taken or planned, in response to challenges:

Increasing prices

55%

Making energy efficiency improvements

41%

Using cash reserves

36%

Base: businesses citing cost increases as a significant challenge (755)

Base: all businesses experiencing a significant challenge (932)

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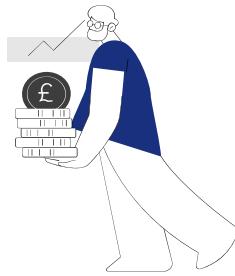


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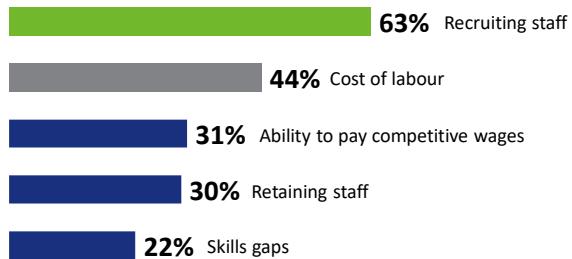
Workforce Concerns

31%

said workforce issues were a significant challenge



Top 5 concerns relating to their workforce:



Staff and Skills



30%

of employers* did not have enough staff

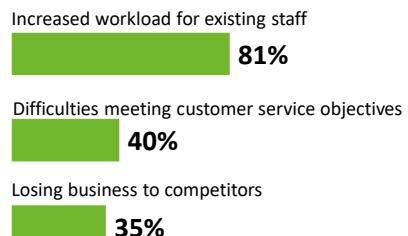


20%

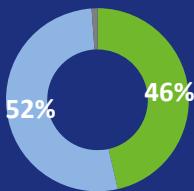
of employers* did not have the right level of skills

37% of employers* either did not have enough staff or the right level of skills in their business. 12% had neither.

Top 3 impacts of not having the right level of staff or skills:



Recruitment



52%

had **not** sought to recruit staff in the past year

46%

had sought to recruit staff in the past year



Top 3 reasons for not having sought to recruit staff, despite not having the right level of staff or skills:

63% Wage costs are too high

43% It is not currently a priority for the business

41% We are looking to upskill or use existing staff in different ways

Top 3 reasons for not having right level of staff or skills, despite seeking to recruit staff:

Few or no applicants **61%**

Applicants not of sufficient quality **61%**

Recruitment still ongoing **50%**

Applicants have not accepted positions offered to them **20%**

Around three quarters of businesses who said that applicants had not been of sufficient quality said this was because applicants **lacked required skills** (cited by 74%) or had **poor attitude or motivation** (73%). More than half said applicants didn't have the work experience required (55%).

Among the small number of businesses** who said applicants had turned down positions, the most commonly reported reasons for this were: a **lack of accommodation in their area** (48%), **location of the business** (44%), **poor transport connections** (38%), **unappealing working hours/patterns** (38%) or **level of pay** (33%).

Top 3 roles that businesses had struggled to recruit for were **skilled trades and craftspeople** (36%), **general labourers** (27%), **hospitality and service workers** (18%).

Graduates and Apprentices

Among businesses who had sought to recruit in the last six months...



sought to recruit into **graduate positions**



sought to recruit into **apprenticeships**

Around six in ten had sought to recruit **young people aged under 25** (63%), **unskilled workers to train in-house** (61%), or **skilled roles** (61%).

Overall, businesses were more positive than negative about their experiences recruiting into graduate positions and apprenticeships:

■ Positive ■ Neither positive nor negative ■ Negative

Apprentices **46%** **20%** **33%**

Graduate positions **41%** **31%** **25%**

Sectors more likely to have sought to recruit into graduate positions were **Professional, scientific and technical** (44%), **Finance and business services growth sector** (34**), and **Administrative and support services** (28%). The construction sector was more likely to have sought to recruit apprentices (63%).

40% of those who had recruited in the past year, but who had not sought to recruit into graduate positions or apprenticeships, said they were **upskilling existing staff instead**.