

# HIE Business Panel Survey

Wave 29: November / December 2025

## Economic confidence

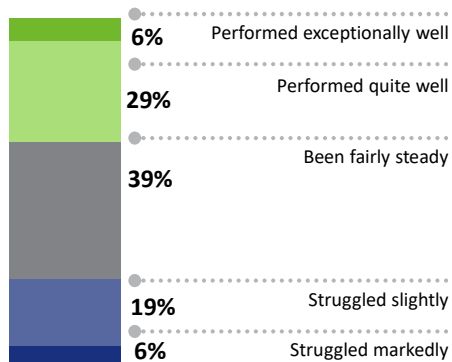
**47%**

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 **75%**

Changing regulations **48%**

Workforce issues **31%**

Supply chain / logistics **30%**

Reduced demand **29%**

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%**

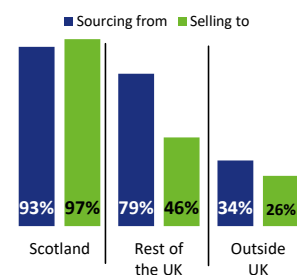
were **content with their performance**.

**13%**

were **looking to downsize**.

## Markets

**80%** were importers\* and **48%** were exporters\*



\*Sourcing from / selling to any market outside of Scotland

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%**

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

## 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 delayed or postponed by all businesses due to challenges:

Increasing staff wages or benefits **29%**

Recruiting new staff **26%**

Delivering new capital projects / investments **25%**

Base: all businesses experiencing a significant challenge (932)

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

Increasing prices **55%**

Making energy efficiency improvements **41%**

Using cash reserves **36%**

Base: all businesses experiencing a significant challenge (932)

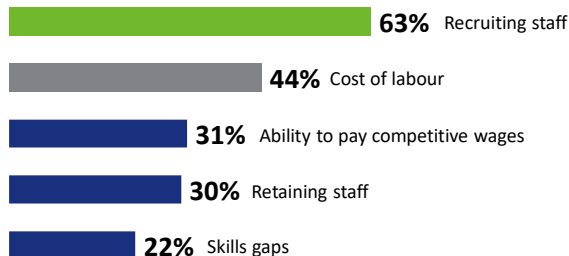
## Workforce Concerns

**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:

Increased workload for existing staff

**81%**

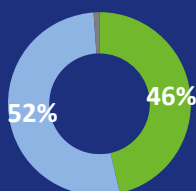
Difficulties meeting customer service objectives

**40%**

Losing business to competitors

**35%**

## 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:



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...



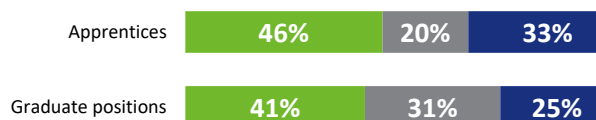
sought to recruit into **graduate positions**



sought to recruit into **apprenticeships**

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

■ Positive ■ Neither positive nor negative ■ Negative



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%).

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 for graduate positions or apprenticeships, said they were **upskilling existing staff instead**.