

HIE BUSINESS PANEL SURVEY

WAVE 24: FEBRUARY/MARCH 2023

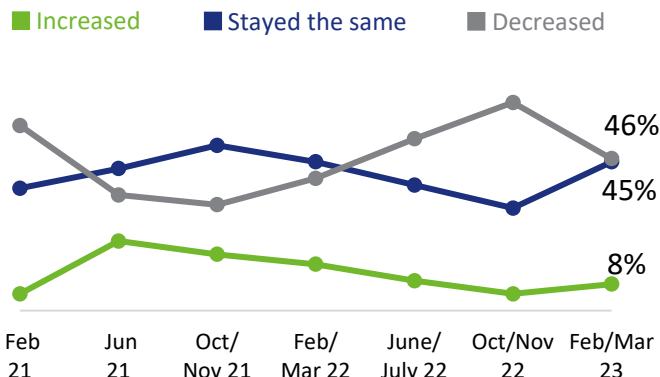


Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

ECONOMIC CONFIDENCE AND OUTLOOK

Economic optimism increased this wave. Net confidence* was -37, an improvement on Oct/Nov 2022 (-58) and June/July 2022 (-43) but still lower than in Feb/March 2022 (-26).

Economic confidence in past 6 months



Confidence in economic outlook for Scotland over next 12 months

50%

Very/fairly confident

(41% in Oct/Nov 2022)

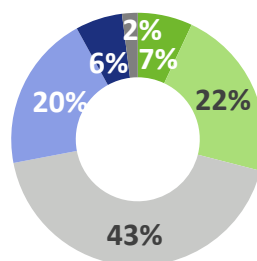
48%

Not very/not at all confident

(58% in Oct/Nov 2022)

PERFORMANCE OVER LAST SIX MONTHS

29% of businesses had performed well in the last six months, while 26% had struggled.



- Exceptionally well
- Quite well
- Fairly steady
- Struggled slightly
- Struggled markedly
- Don't know

More confident:

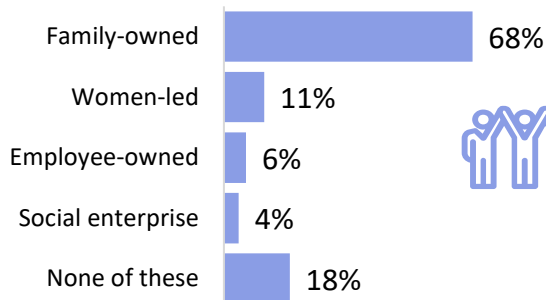
- 25+ staff (21% increased)
- Performed well in last six months (13%)
- Investing to support growth (12%)

Less confident:

- Struggled in last six months (64% decreased)
- Not confident in viability (64%)
- Scaling back (62%)

BUSINESS STRUCTURE

Types of business structure



Base: Women-led, social enterprise and none of these – all businesses (1,006); family or employee-owned – all employers (778)

More likely than average to be:

- Family-owned:** food and drink
- Employee-owned:** creative industries

Performed well:

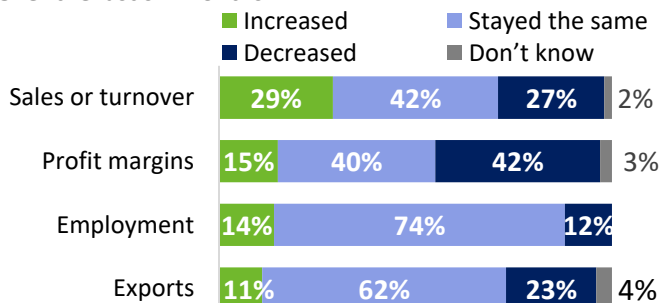
- 25+ staff (45%)
- Financial and business services (40%)
- Confident in viability (33%)
- Investing to support growth (42%)

Struggled:

- 0-4 staff (30%)
- Not confident in viability (73%)
- Scaling back (50%)
- Women-led (38%)
- Social enterprises (41%)

ASPECTS OF PERFORMANCE

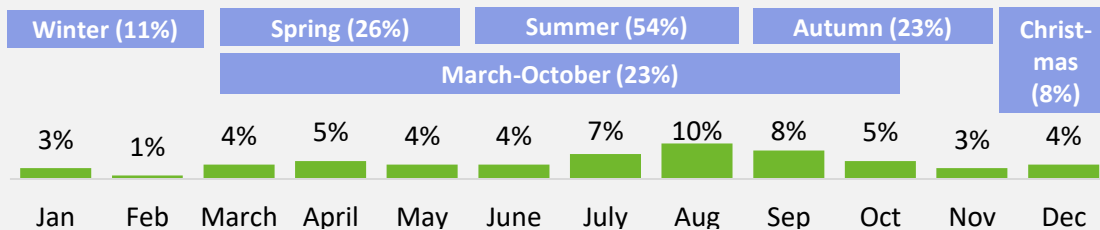
Over the last six months



SEASONALITY Times of year businesses said they were dependent on

54%

were strongly dependent on certain times of year

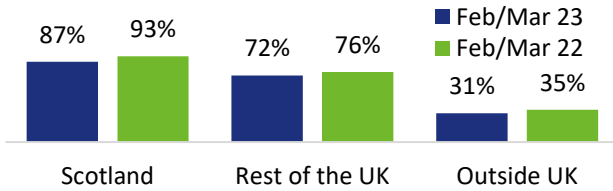


Base: All those strongly dependent on times of the year (560)

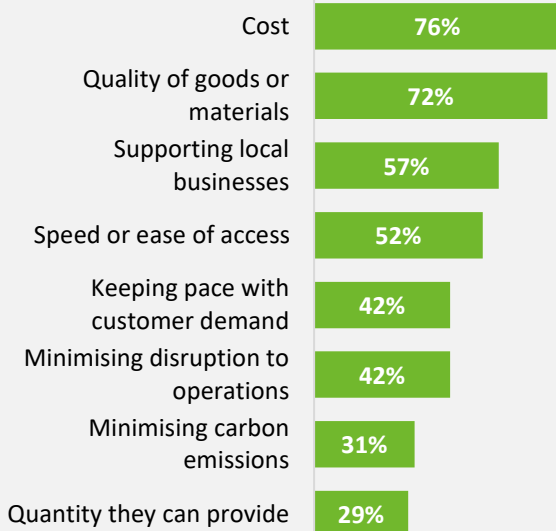
IMPORT MARKETS AND ACTIVITY

75% were importing from outside Scotland, with 31% importing from outside the UK.

Markets from which goods were sourced



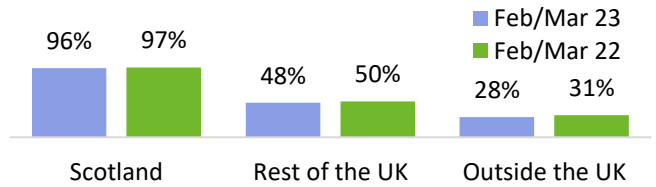
When choosing where you source goods or materials from, what factors are most important?



EXPORT MARKET AND ACTIVITY

50% were exporting goods or services outside Scotland, with 28% exporting outside of the UK.

Markets to which goods were sold

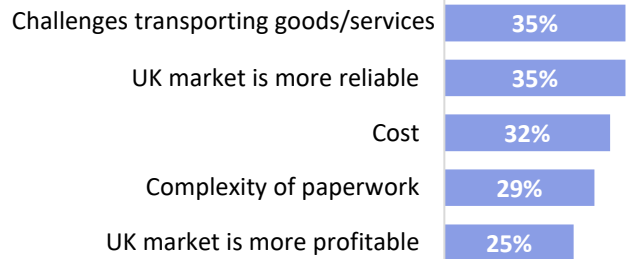


18% of businesses were taking steps to focus on selling within the UK instead of outside the UK

More likely to be changing focus:

- 25+ staff (36%)
- HIE-client engaged (30%)
- Struggled in past 6 months (23%) and not confident in viability (26%)
- Investing to support growth (24%)

Reasons for that change in focus (top 5)



VIABILITY

Confidence in viability over the next six months

85% Confident
46% very/ 39% fairly

14% Not confident
10% not very/ 3% not at all

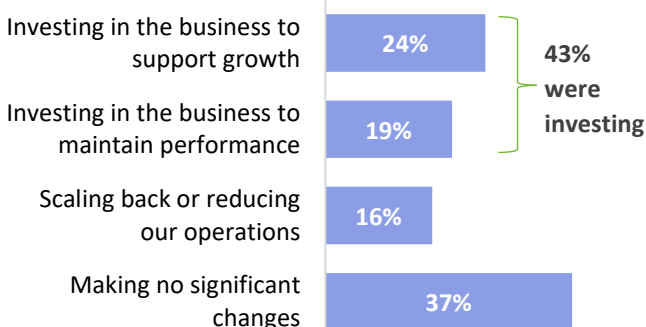
More confident average:

- Performed well in past six months (97%)
- Reported steady performance (93%)
- Urban areas (89%)

Less confident than average:

- Struggled in past six months (39%)
- Focussing more on selling to UK markets (20%)

Approach taken to help business remain viable:



CONCERNS

Top concerns for businesses over the next 6 months

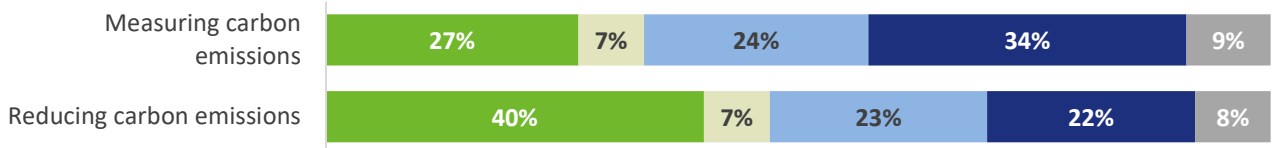


MEASURING AND REDUCING EMISSIONS

34% were measuring carbon emissions or planning to within six months.
47% were reducing carbon emissions or planning to within six months.

74% were well informed about their climate change responsibilities.

■ Already doing ■ Intend to within 6 months ■ Intend to but no specific timeframe ■ Don't intend to ■ Don't know



27% were both measuring and reducing their emissions (or planning to within six months).

Higher among: 25+ staff (48%), food and drink (39%), investing to support growth (42%), well informed of their climate change responsibilities (34%).

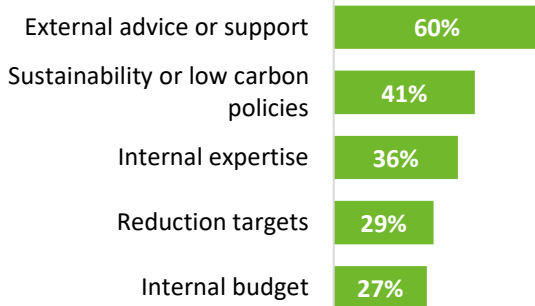
20% were neither measuring nor reducing their emissions, and did not intend to do either.

Higher among: 0-4 staff (23%), financial and business services (28%), creative industries (26%), not well informed about their climate change responsibilities (37%).

RESOURCES IN PLACE TO SUPPORT EMISSIONS REDUCTION

Of those already/planning to reduce emissions, 84% had resources or plans in place to support this

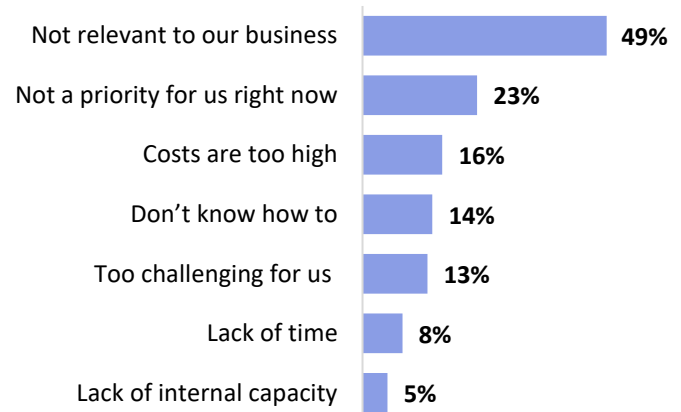
Resources in place (Top 5)



Base: All those planning or taking action to reduce emissions (702)

BARRIERS TO REDUCING EMISSIONS

Reasons for not reducing carbon missions



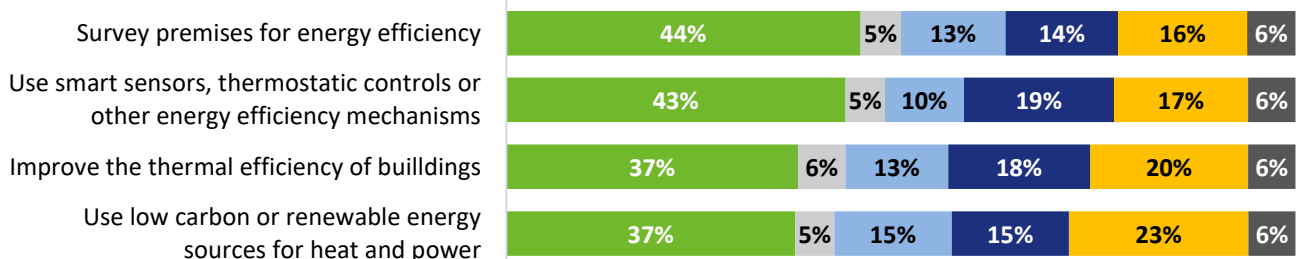
Base: All those not planning or taking action to reduce emissions (221)

IMPROVING ENERGY EFFICIENCY OF PREMISES

68% of businesses were taking action in relation to the energy efficiency of their premises, or planning to within six months

Actions to improve energy efficiency of premises

■ Already doing ■ Intend to within 6 months ■ Intend to but no specific timeframe ■ Don't intend to ■ Not within our control ■ Don't know



More likely than average to be taking action

- 25+ staff (77%).
- Tourism (78%) and food and drink (76%).
- Remote rural (73%).
- Investing to support growth (79%)
- Well informed of their climate change responsibilities (73%).

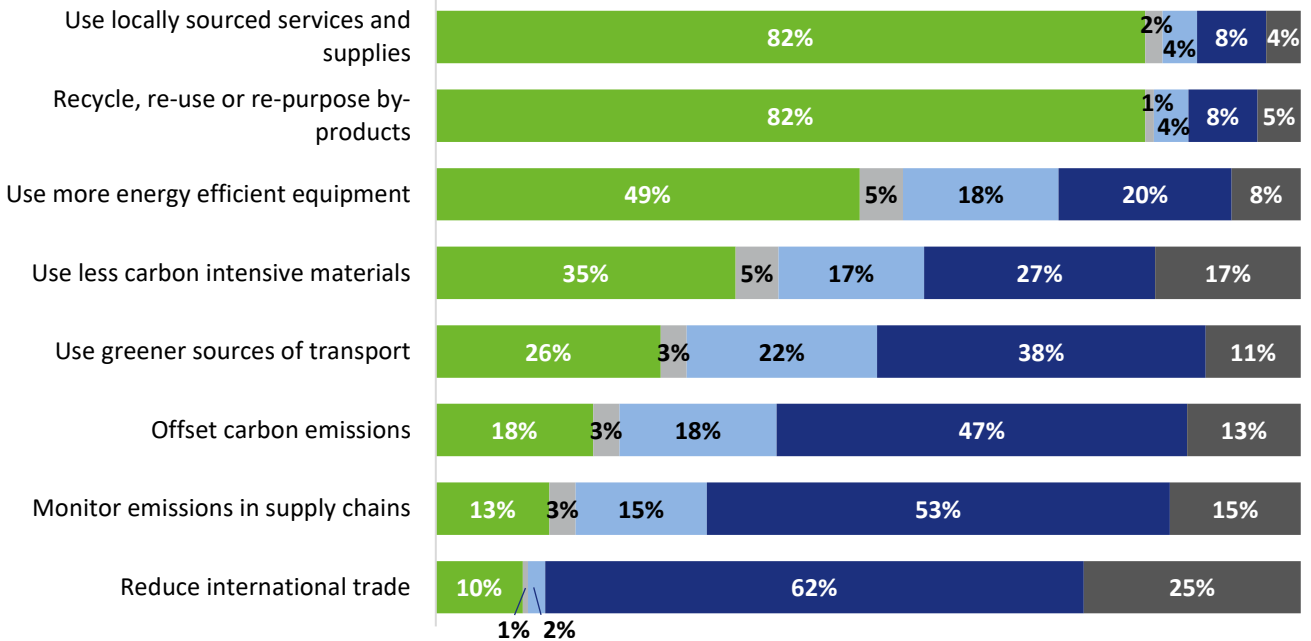
Less likely than average to be taking action

- 0-4 staff (64% vs 68% overall).
- Financial and business services (54%).
- Urban areas (60%).
- Making no significant changes to remain viable (62%).
- Not well informed about their climate change responsibilities (56%).

IMPROVING ENERGY EFFICIENCY OF OPERATIONS

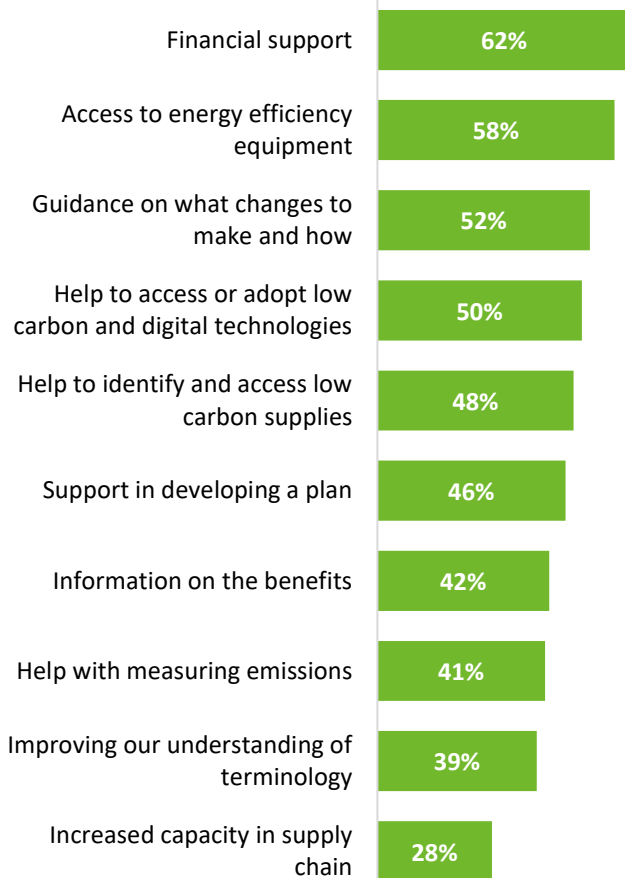
95% of businesses were taking action related to the environmental impacts of their operations or planning to within six months

■ Already doing ■ Intend to within 6 months ■ Intend to but no specific timeframe ■ Don't intend to ■ Don't know



HELP WITH LOWERING EMISSIONS

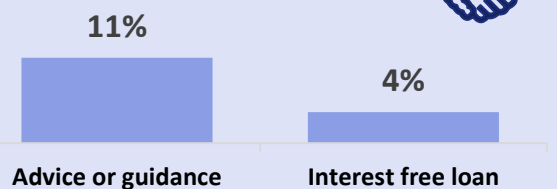
Which of the following would help you to lower your emissions?



BUSINESS ENERGY SCOTLAND

12% Had accessed support from Business Energy Scotland

Types of support



More likely to have accessed support or guidance:

- Tourism businesses (21%)
- Social enterprises (22%)
- Those investing in the business for growth (16%)

NOTES: Survey fieldwork was conducted between 6 February and 13 March 2023, using telephone interviewing. In total 1,006 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.