HIE BUSINESS PANEL SURVEY

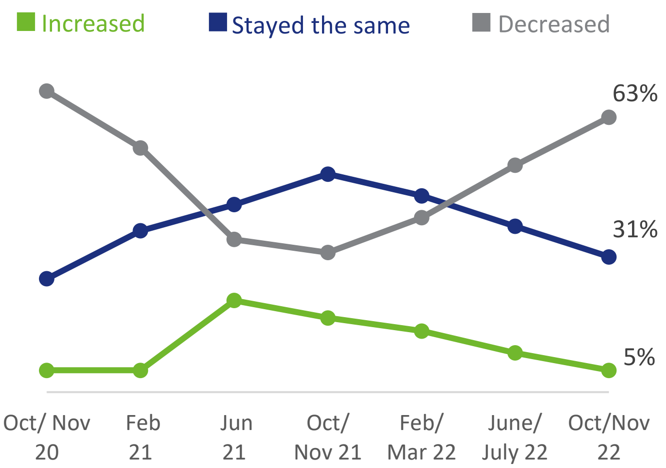
WAVE 23: OCT/NOV 2022

Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

ECONOMIC CONFIDENCE AND OUTLOOK

Economic optimism was at the lowest level seen in two years. Net confidence* was -58, the lowest it has been since October/November 2020 (when net confidence was -64).

Economic confidence in past 6 months



Confidence in economic outlook for Scotland over next 12 months

41% Very/fairly confident

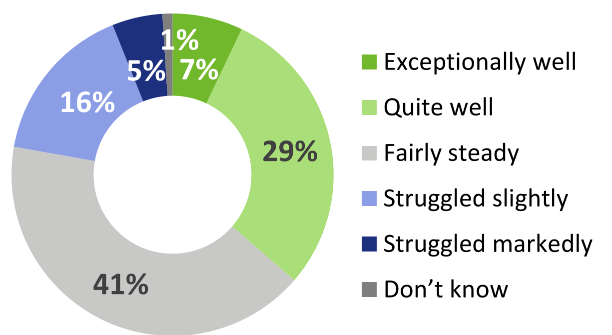
58% Not very/not at all confident

More confident:
- Tourism (13% increased)
- Performed well in last six months (10%)

Less confident:
- HIE-client engaged (77% decreased)
- Struggled in last six months (81%)
- Not confident in viability (87%)

PERFORMANCE OVER LAST SIX MONTHS

36% of businesses had performed well in the last six months, while 22% had struggled.



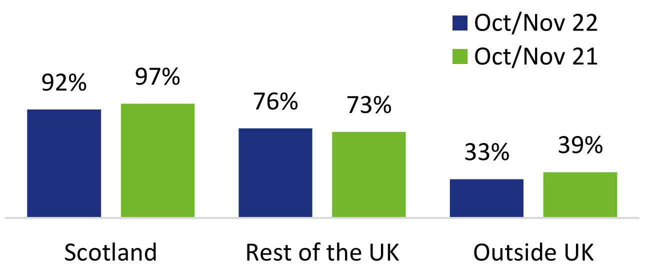
Performed well:
- 25+ staff (57%)
- Tourism (48%)
- Confident in viability (41%)
- Able to plan beyond next 12 months (54%)

Struggled:
- 0-4 staff (26%)
- Food and drink (27%)
- Not confident in viability (58%)
- Unable to plan more than a month ahead (31%)

MARKETS OF OPERATION

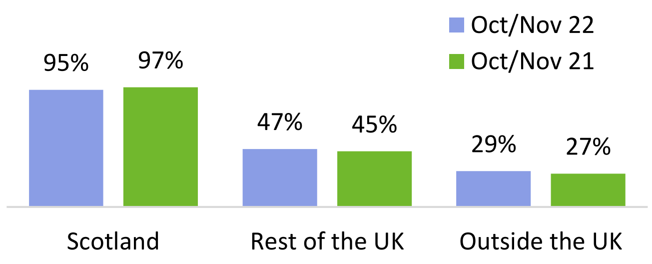
77% were importing from outside Scotland, with 33% importing from outside the UK.

Markets from which goods were sourced



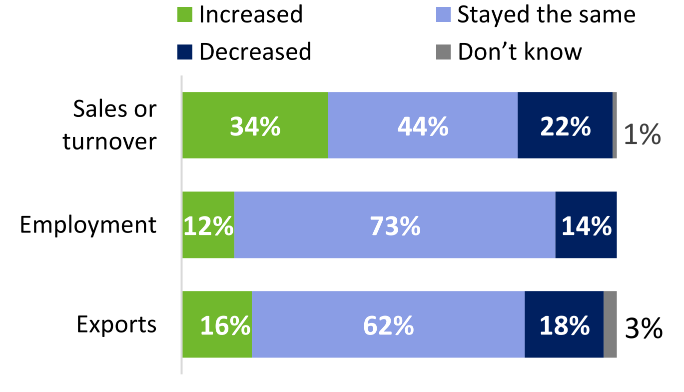
49% were exporting goods or services outside Scotland, with 29% exporting outside of the UK.

Markets to which goods were sold



ASPECTS OF PERFORMANCE

Over the last six months



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

Ipsos

VIABILITY

The majority (85%) of businesses were confident they would be viable in the next six months, while 13% were not. Confidence was down on June/July 2022, when 91% were confident and 9% not.

Confidence in viability over the next six months

85% Confident
38% very/ 47% fairly

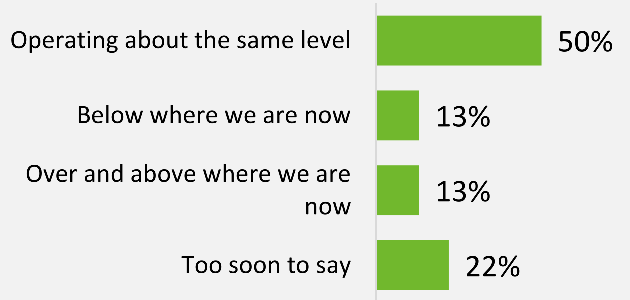
13% Not confident
10% not very/ 3% not at all

More confident average:
- 25+ staff (94% confident)
- Performed well in past six months (95%)
- Accessible rural (92%)
- Employee-owned (95%)

Less confident than average:
- Tourism (25% not confident)
- 0-4 staff (15%)
- Struggled in past six months (36%)
- Family-owned (15%)

OUTLOOK FOR THOSE CONFIDENT IN THEIR VIABILITY

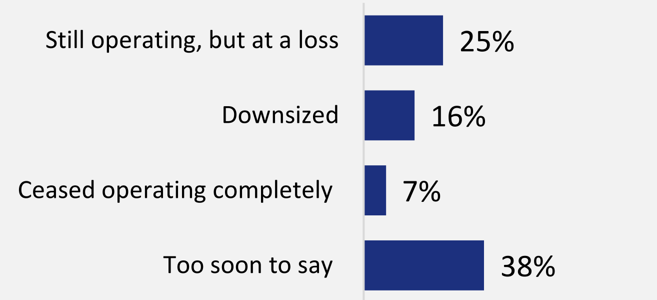
Expected performance in six months' time



Base: Those confident in their viability (854)

OUTLOOK FOR THOSE NOT CONFIDENT IN THEIR VIABILITY

Expected operating position in six months' time

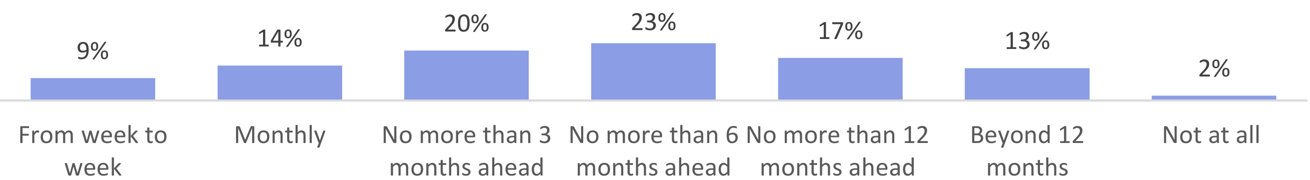


Base: Those not confident in their viability (137)

ABILITY TO PLAN AHEAD

How far ahead do you feel able to plan at the moment?

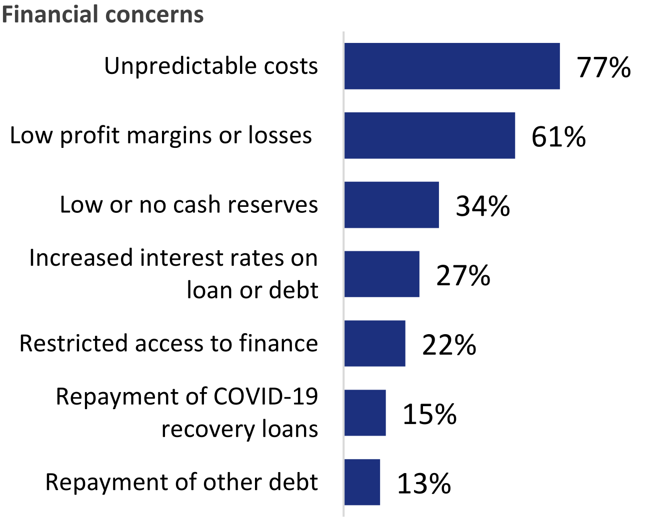
23% of businesses felt unable to plan more than a month ahead



FINANCIAL CONCERNS

87% of businesses were concerned about at least one of these aspects of their finance:

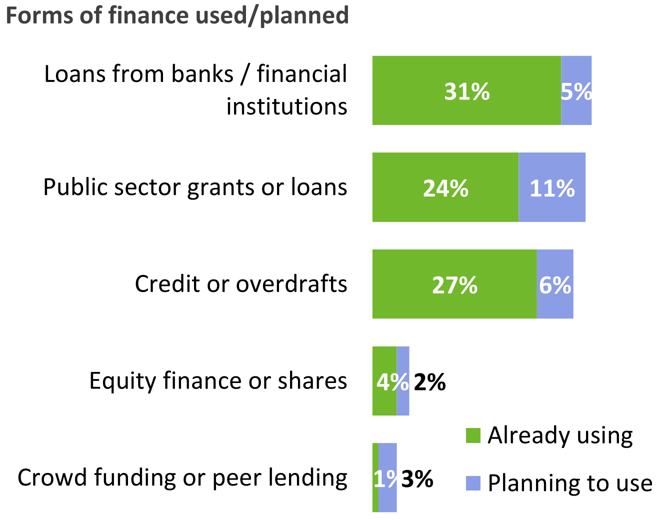
Financial concerns



ACCESS TO FINANCE

51% of businesses were currently using or planning to use some form of finance.

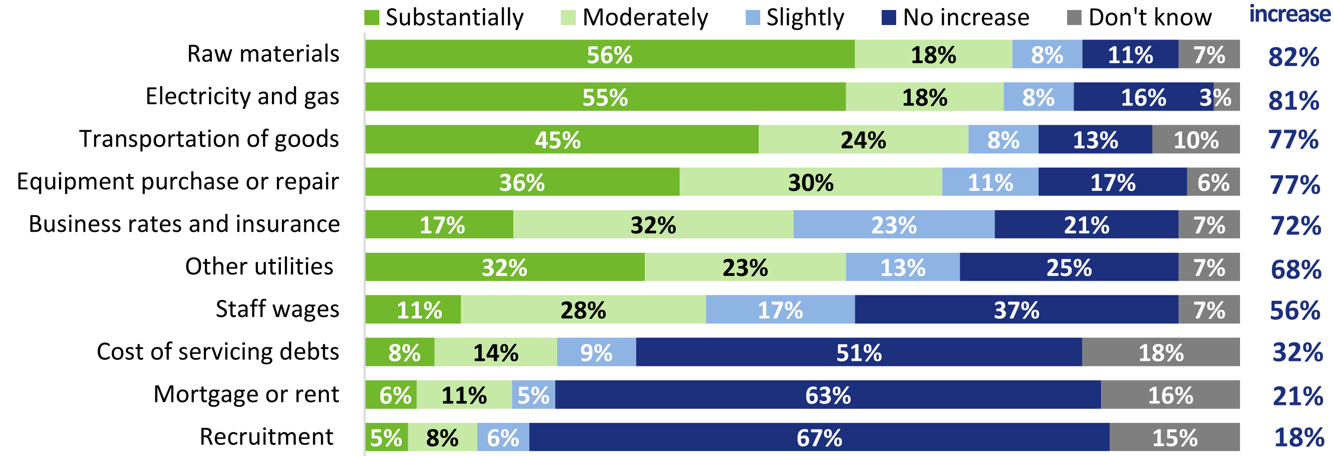
Forms of finance used/planned



COST INCREASES

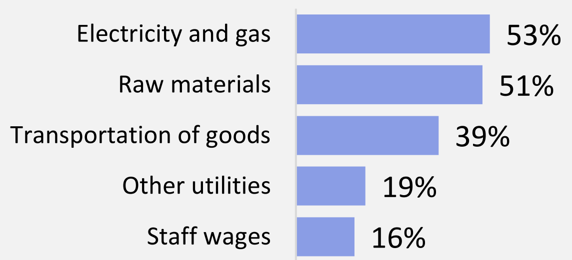
Almost all businesses (99%) had experienced cost increases in the past 12 months, with 83% experiencing substantial cost increases.

Over the past 12 months, how much have these costs increased for your business?



MOST IMPACTFUL COST INCREASES

Cost increases having the biggest impacts (top 5)

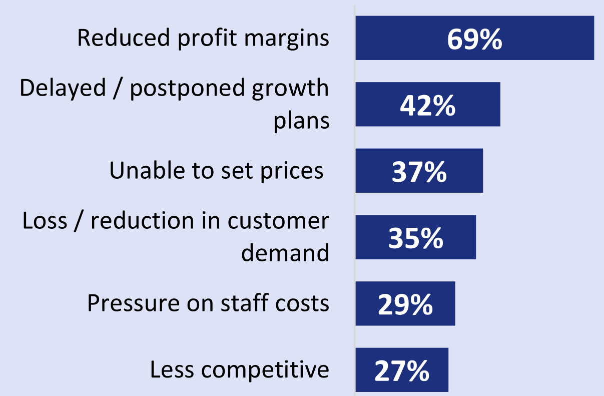


Sectors with higher than average impacts:

- **Food and drink:** raw materials, transportation of goods, and equipment purchase/repair
- **Tourism:** electricity and gas, other utilities, staff, wages and mortgage/rent
- **Financial and business services:** staff wages

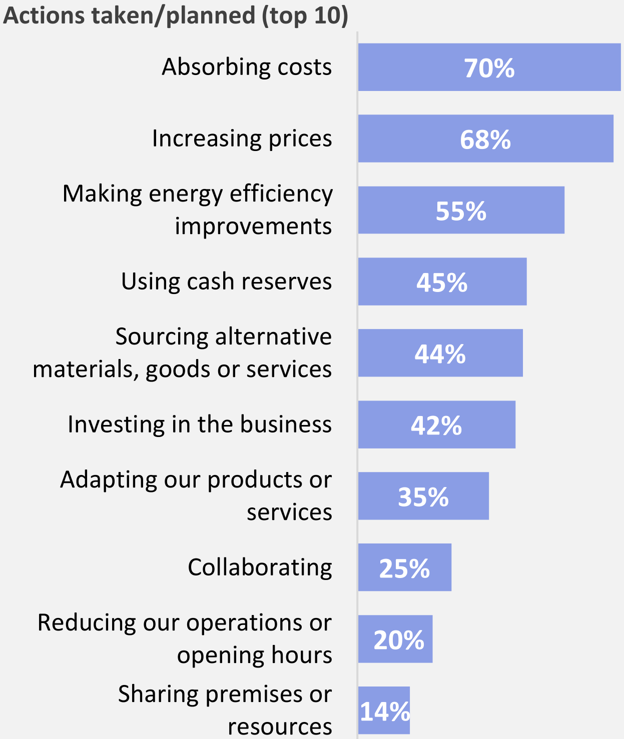
IMPACTS OF COST INCREASES

Impacts on businesses (top 6)



ACTIONS IN RESPONSE TO THE COST CRISIS

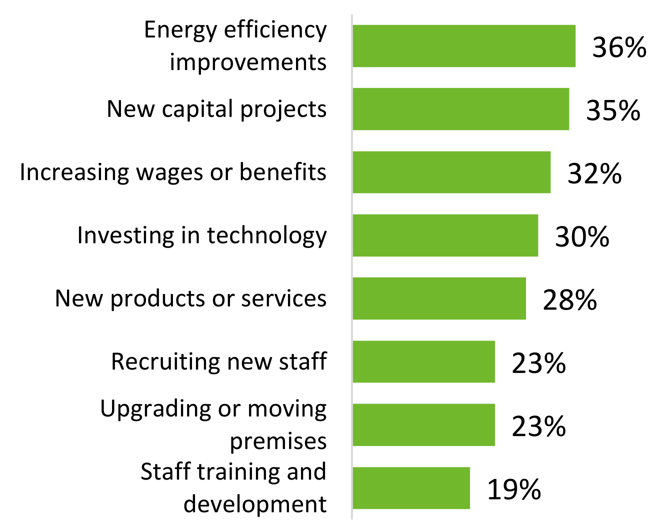
Actions taken/planned (top 10)



DISRUPTION TO PLANS

75% of businesses had delayed or postponed plans because of cost increases.

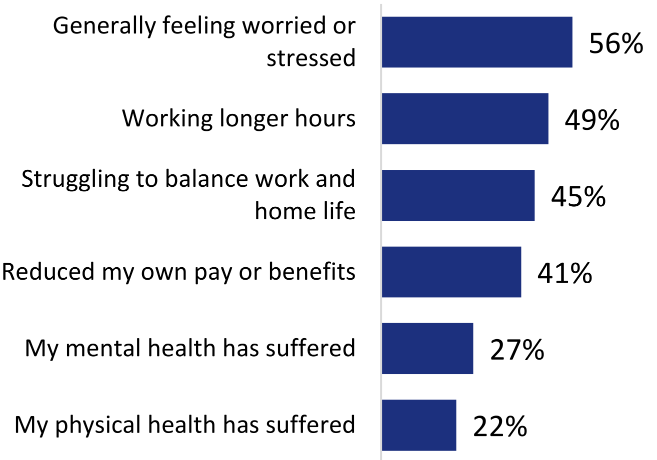
Plans disrupted due to cost increases



PERSONAL IMPACTS OF COST CRISIS

79% of business owners/senior managers reported impacts on their own wellbeing.

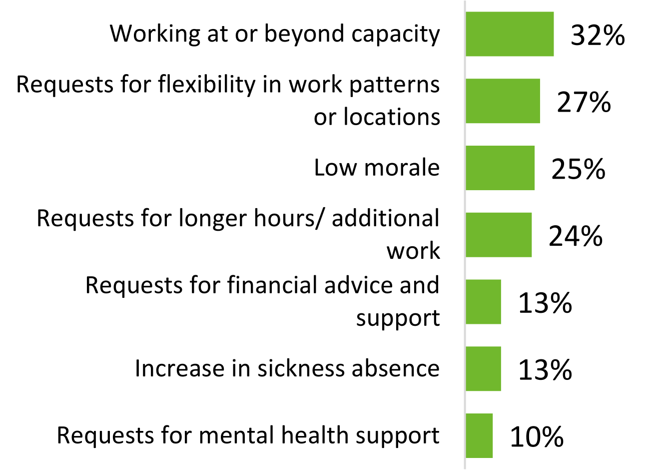
Impacts on business owners/senior managers



IMPACTS OF THE COST CRISIS ON STAFF

62% of employers reported impacts the cost crisis was having on their staff.

Impacts on staff

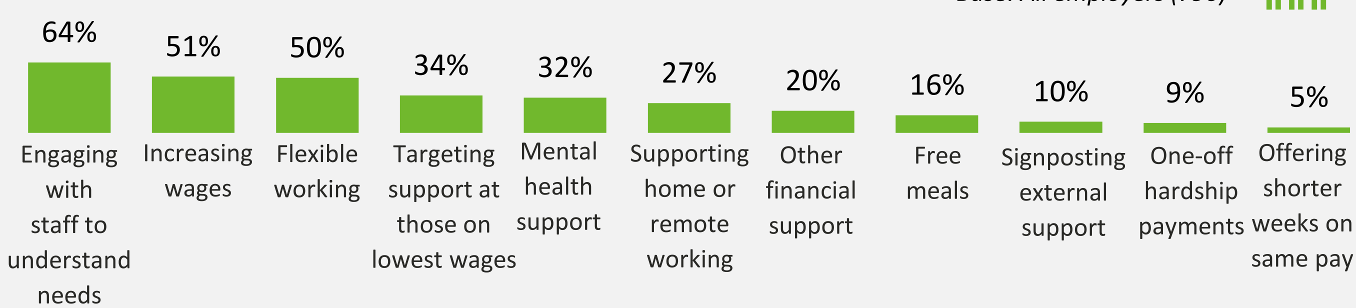


Base: All employers (790)

SUPPORT FOF STAFF IN RESPONSE TO THE COST CRISIS

Actions being taken/planned

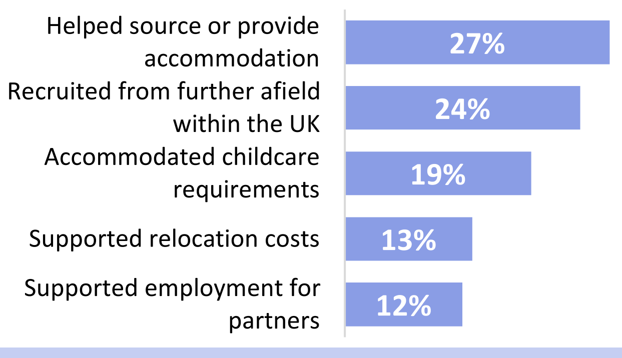
Base: All employers (790)



RECRUITMENT

32% **of businesses had recruited staff in the last six months.**

Approaches taken to help recruit staff (top 5)

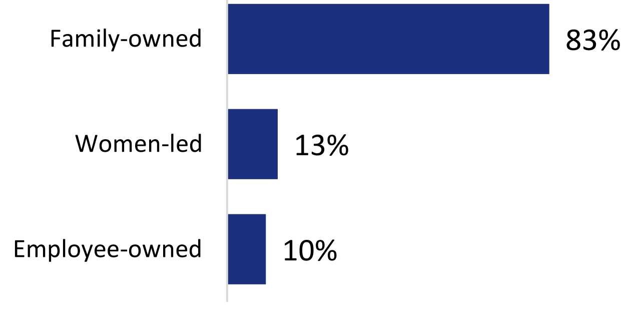


Tourism businesses and those in **remote rural areas** were more likely to have helped source accommodation and supported employment for partners .

Word of mouth or personal recommendation was seen as the most effective recruitment method (by 74%).

BUSINESS STRUCTURE

Types of business structure



Base: For women-led – all giving an answer (841); for family or employee-owned – all employers giving an answer (631)

More likely than average to be:

- **Family-owned:** food and drink
- **Women-led:** tourism, creative industries and financial and business services
- **Employee-owned:** 25+ staff, creative industries and financial and business services

NOTES: Survey fieldwork was conducted between 5 October and 30 November 2022, using telephone interviewing. In total 1,009 businesses and social enterprises participated. For more detail visit [www.hie.co.uk/businesspanel.](http://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.