

# HIE BUSINESS PANEL SURVEY

WAVE 25: JUNE 2023



Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean

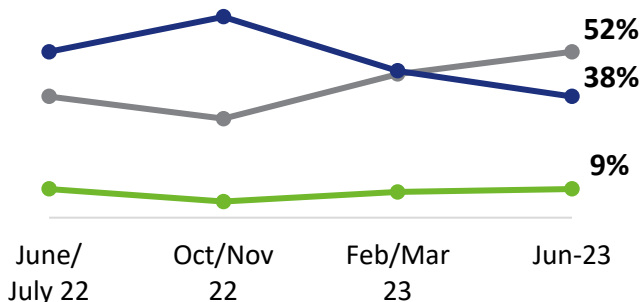
## ECONOMIC CONFIDENCE AND OUTLOOK

### Economic optimism increased this wave.

Net confidence\* was -29, higher than in Feb/Mar 2023 (-37) and Oct/Nov 2022 (-58) and almost back to the level seen in Feb/Mar 2022 (-26).

■ Increased ■ Stayed the same ■ Decreased

### Economic confidence in past 6 months



### More confident:

- Performed well in last six months (15% increased)

### Less confident:

- Struggled in last six months (57% decreased)
- Accommodation and food services (50%)
- Concerned about their finances (40%)

### Confidence in economic outlook for Scotland over next 12 months

55%

Very/fairly confident

(50% in Feb/Mar 2023)

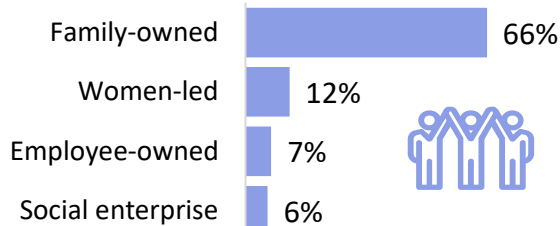
43%

Not very/not at all confident

(48% in Feb/Mar 2023)

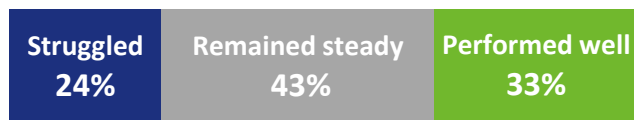
## BUSINESS STRUCTURE

### Types of business structure



Base: Women-led/social enterprise – all businesses (1,014); family/employee-owned – all employers (777)

## PERFORMANCE OVER LAST SIX MONTHS



### Had struggled:

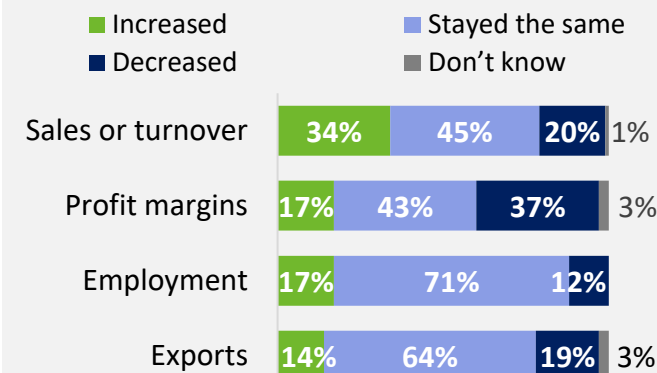
- Accommodation and food services (32%)

### Had performed well:

- 25+ staff (45%)
- In urban areas (41%)

## ASPECTS OF PERFORMANCE

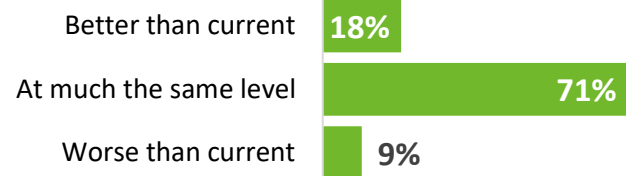
### Over the last six months



Base: All businesses to whom each applied

## EXPECTED PERFORMANCE

### Expected performance over next six months

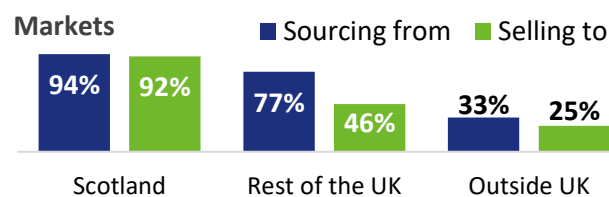


### More likely to expect performance to be:

- **Better:** 25+ staff; manufacturing; wholesale and retail; accommodation and food services; tourism growth sector; HIE-client-engaged, exporters.
- **Much the same:** 0-4 staff; construction; those not concerned about finances.
- **Worse:** those that had struggled.

## MARKETS

79% were importers and 47% were exporters\*.



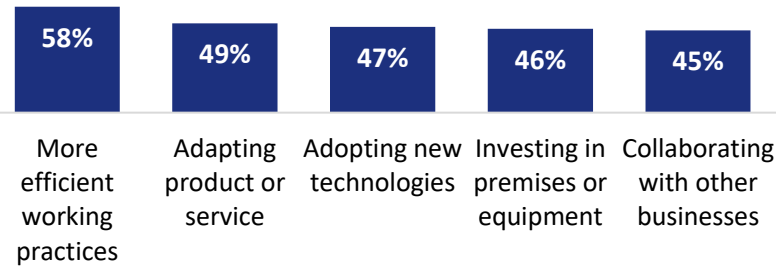
\* Selling to/sourcing from any market outside of Scotland.

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

## ADAPTING TO CHANGE

### Top 5 actions

**89%** were taking actions to improve their productivity and competitive position.

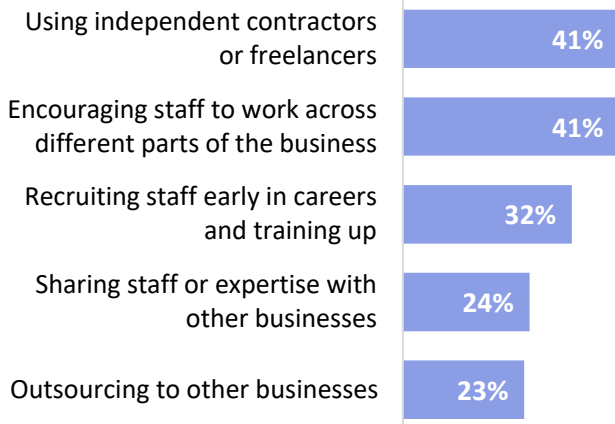


### More likely to be taking action:

- 25+ staff
- Arts and entertainment
- Tourism growth sector
- HIE-client-engaged
- Expecting improved performance

**79%** were taking action to access required skills and resources.

### Top 5 actions

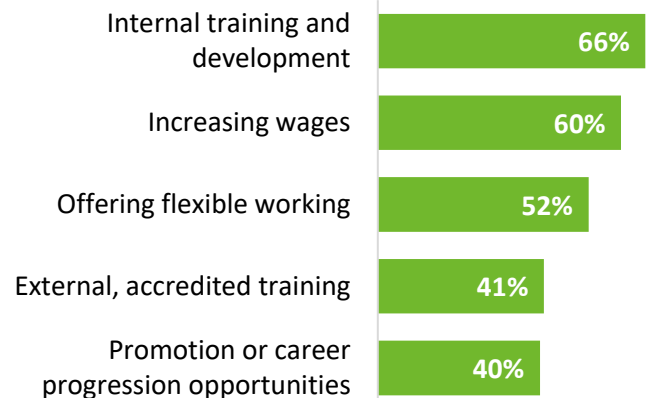


Base: All businesses (1,014) or all employers (777)

**More likely to be taking action:** 25+ staff; arts and entertainment; HIE-client-engaged; performed well; expecting improved performance.

**88%** of employers were taking actions to support their workforce.

### Top 5 actions



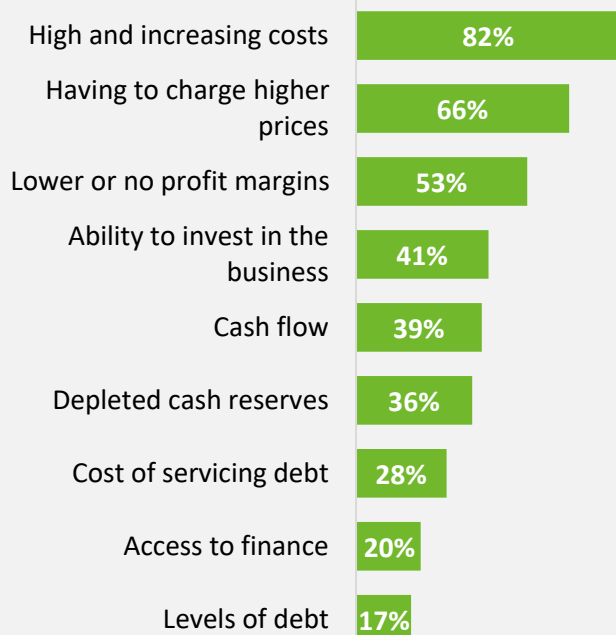
Base: All employers (777)

**More likely to be taking action:** 25+ staff; arts and entertainment; professional, scientific and technical; financial and business services growth sector; performed well; expecting improved performance.

## FINANCIAL CONCERNS

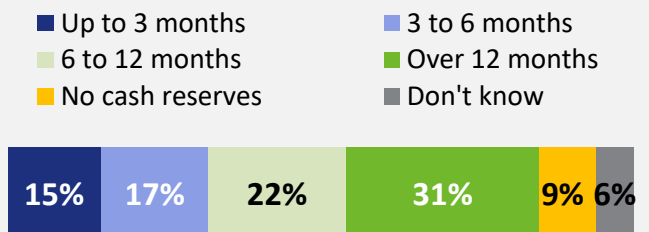
**92%** were concerned about their finances.

### Significant financial concerns



## FINANCIAL VIABILITY

Assuming you had no additional funding, how long could your business keep operating on your current cash reserves?



### More likely to say:

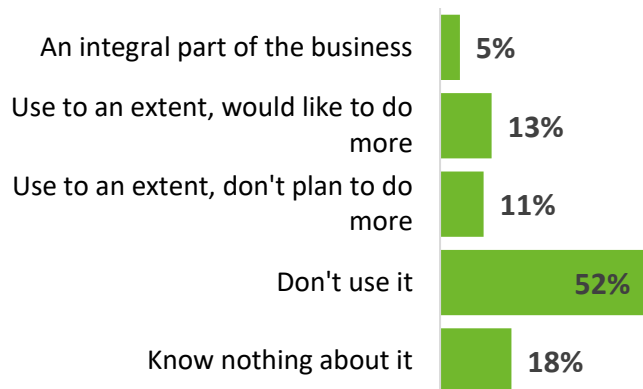
- **No more than 3 months:** wholesale and retail; construction; professional, scientific and technical.
- **3 to 6 months:** accommodation and food services.
- **No cash reserves:** women-led businesses; those that struggled in past six months.

## USE OF AUTOMATION

30% used automation, 70% did not.



### Current approach to automation



### More likely to use automation:

- 25+ staff; professional, scientific and technical; accommodation and food services; financial and business services growth sector; HIE-client-engaged.

### Less likely to use automation:

- 0-4 staff; construction; transport and storage; non-HIE client-engaged.

### Among businesses not using automation

90% 

Unlikely to use in future

9% 

Likely to use

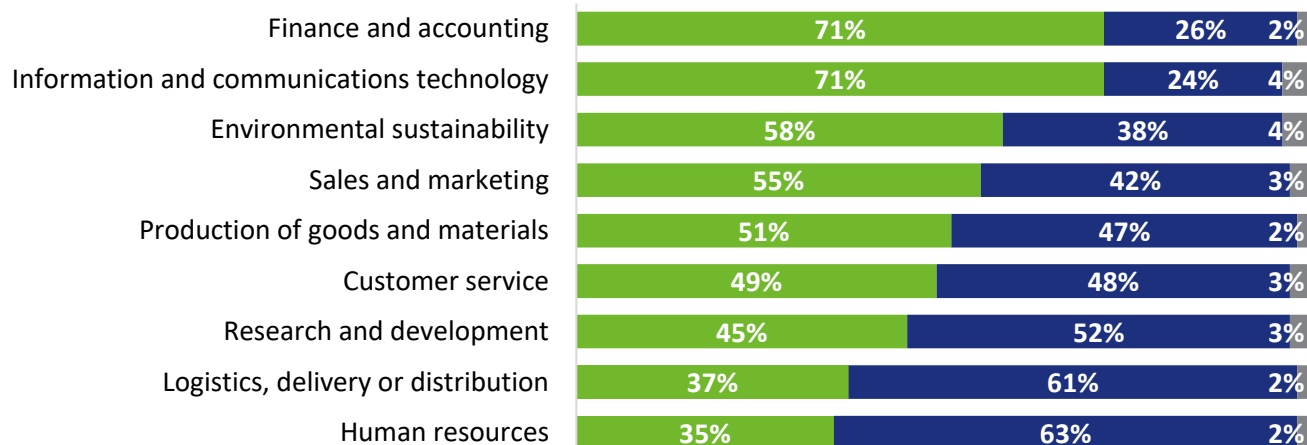
Base: All businesses that had some knowledge of automation but were not using it (529)

## AREAS AUTOMATION WAS USED IN THE BUSINESS

■ Already using or plan to use

■ Don't intend to use

■ Don't know



Base: All businesses using automation to whom it applied

## APPLICATIONS OF AUTOMATION

### Applications of automation (top 5)

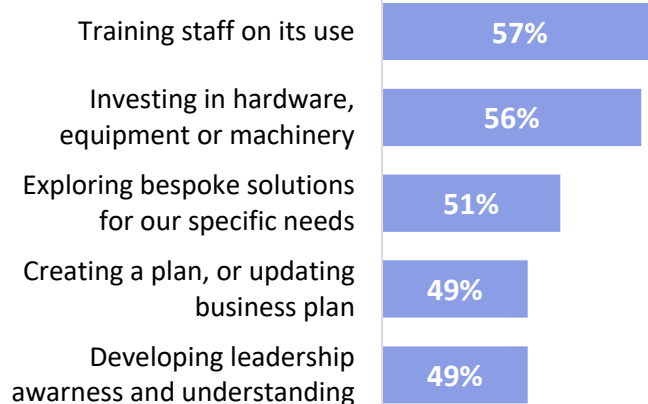


## ACTIONS TO SUPPORT USE OF AUTOMATION

Among current users, 89% were taking steps to support use of automation.



### Actions to support current use of automation (top 5)



Base: All businesses using or likely to use automation (352)

Base: All businesses using automation (304)

## BENEFITS OF AUTOMATION

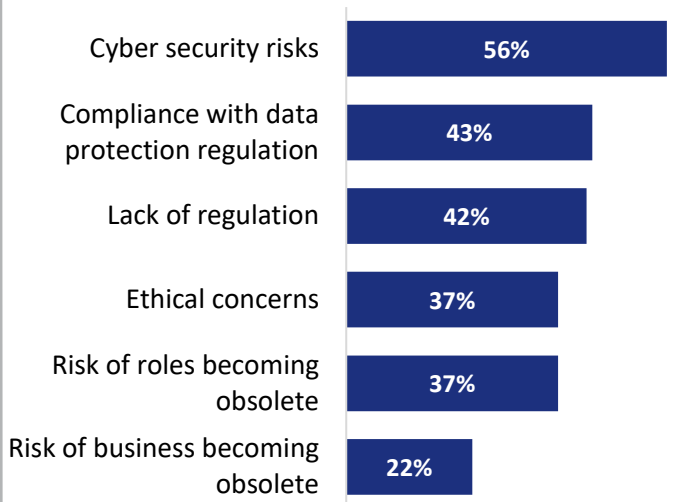
Among businesses with at least some knowledge of automation, 72% felt it offered benefits.



Base: All businesses with some knowledge of automation (840)

## CONCERNS ABOUT AUTOMATION

Among businesses with at least some knowledge of automation, 75% had concerns.



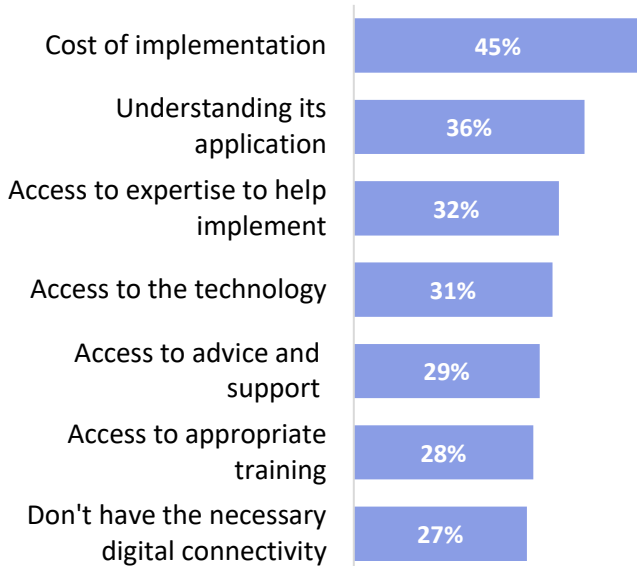
Base: All businesses with some knowledge of automation (840)

### More concerned with:

- Those **already using automation**: cyber security risks, compliance with data protection regulation.
- Those **likely to use automation** in future: cyber security risks, compliance with data protection regulation, lack of regulation, ethical concerns.

## BARRIERS TO USING AUTOMATION

Among businesses with at least some knowledge of automation, 67% cited barriers to its use.



Base: All businesses with some knowledge of automation (840)

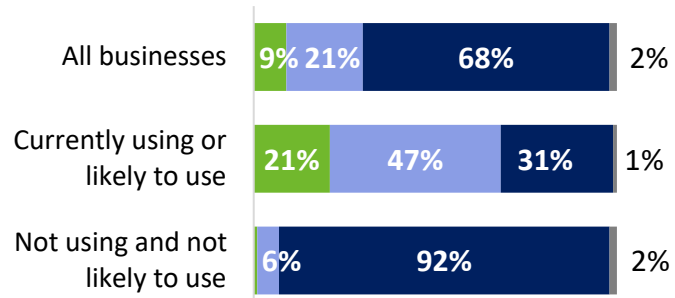
### More likely to face certain barriers:

- **25+ staff**: understanding its application, access to expertise, advice and support, and training.
- **Remote rural businesses**: digital connectivity.
- **Struggled in past 6 months**: cost of implementation.

## IMPORTANCE OF AUTOMATION

Importance of automation to future of business

■ Essential ■ Important ■ Not important ■ Don't know



### More likely to say:

- **Essential or important**: exporters; professional scientific and technical; those concerned about finances.
- **Not important**: 0-4 staff; construction; those not concerned about finances.

NOTES: Survey fieldwork was conducted between 30 May and 30 June 2023, using telephone interviewing. In total 1,014 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.