



SOUTH of
SCOTLAND
ENTERPRISE

SOSE Business Panel Survey

November / December 2025



Executive summary (1)

Overview

This report presents the findings from the 11th business panel survey for South of Scotland Enterprise. It involved a survey of 600 businesses across the region, conducted in November / December 2025.

Confidence in the economy decreased this wave. Over the past six months, most businesses felt they had either performed well or had been fairly steady, but more than a quarter had struggled. Overall business performance was similar to the previous wave (June/July 2025).

Looking ahead, a similar proportion of business were striving for growth as were content with their current level of performance. Fewer businesses were wanting to downsize.

Most businesses were experiencing at least one significant challenge. The top cited issues were the increased cost of doing business, changing regulations, and reduced demand. As a result of these challenges, just over half of businesses were increasing prices.

Meanwhile the main reported impacts of the significant challenges facing businesses were delaying/postponing increases to staff wages or benefits and delivering new capital projects/investments.

This wave had a focus on cost and financial concerns. The top three aspects of finance of most concern were cashflow, lower or no profit margins and inflation. The top three cost increases cited as having the biggest impact on businesses were business rates, taxation and insurance, electricity and/or gas, and staff costs.

Among those who said that increased cost of doing business, or finance, were significant challenges, the most commonly cited impact of these challenges was reduced profit margins. This was followed by an inability to set prices for the coming year and a loss or reduction in customer demand.

This wave also had a focus on workforce and recruitment. Among businesses who said workforce was a significant challenge, recruiting staff was the top concern. This was followed by the cost of labour, and the ability to pay competitive wages.

Most businesses had enough staff to fill all the roles they needed and had the right level of skills in the business.

More than a third of businesses had sought to recruit in the past year. Among businesses who did not have the right level of staff, 72% said that they had not been recruiting because wage costs were too high.

Among businesses who had sought to recruit staff, more than half had recruited each of the following: skilled roles, young people and unskilled workers to train in-house. 19% had recruited apprentices and 10% had recruited into graduate positions.

The roles that businesses had found most difficult to fill were skilled trades and craftspeople and general labourers.

Among businesses who had encountered problems with the quality of applicants, around three-quarters said that these applicants had been lacking the skills they were looking for or that applicants tended to have poor attitude or motivation.

The most commonly reported impact experienced by businesses who did not have the right level of staff or skills was increased workload for existing staff.

Executive summary (2)

Business structure

- **Among employers (businesses with at least one employee), 74% described themselves as family-owned and 6% were employee-owned** (with employees owning a majority of the shares), and 5% were a co-operative (owned or controlled by its members). 13% of all businesses (including sole traders) were women-led, and 4% described themselves as a social enterprise.
- **14% of employers fell within one of the “inclusive ownership models”** of employee-ownership, social enterprise or co-operatives.

Optimism and performance

- **Confidence in the economic outlook for Scotland decreased this wave:** 35% of businesses were confident (compared to 48% in June/July 2025), while 63% were not confident (compared with 49% in June/July).
- **Reflecting on the past six months, half (51%) of businesses said their confidence had decreased, 4% said it had increased, and 45% said it had stayed the same.** Net confidence was -46, a decrease on the previous wave (-38).
- **Over the past six months, most businesses had either performed well (31%) or had been fairly steady (41%).** However, more than a quarter (28%) had struggled. Performance was slightly higher than the previous wave.

- **Among businesses that reported they had performed well in the past six months, the top reason cited for this was increased demand (66%),** followed by efficiency improvements (37%), and having made cost savings (26%).
- **Among businesses that reported they struggled** in the past six months, the top reason cited for this was costs (80%), followed by reduced demand (59%), and compliance with legislation and regulation (37%).
- **Over the past six months, sales or turnover performance was mixed (35% said it had increased, 28% decreased, and 36% remained the same).** Businesses had performed better on sales or turnover than on profit (22% said profit margins had increased, 35% decreased, and 39% remained the same).
- **Employment and exports had remained relatively stable** 77% and 69% respectively said these had stayed the same.
- **A somewhat higher proportion of business were striving for growth (46%) as were content with their current level of performance (36%).** Fewer businesses (14%) were wanting to downsize in the future.

Executive summary (3)

Workforce and recruitment

- **Among businesses who said workforce was a significant challenge, recruiting staff was the top concern (cited by 66%).** This was followed by the cost of labour (49%), then the ability to pay competitive wages (31%).
- **Around three quarters of employers (74%) had enough staff to fill all the roles they needed, while around a quarter (24%) did not.** A higher proportion (85%) currently had the right level of skills in the business, while 15% did not.
- **36% of businesses had sought to recruit in the past year,** while 62% had not.
- **Among businesses who were recruiting but still said they did not have the right level of staff or skills in their business, two thirds (67%) reported that this was because applicants had not been of sufficient quality.**
- Among businesses who had encountered problems with the quality of applicants, around three-quarters said that these applicants had been lacking the skills they were looking for (75%) or that applicants tended to have poor attitude or motivation (71%).
- **The roles that businesses had found most difficult to fill were skilled trades and craftspeople (31%) and general labourers (28%).**
- **The most commonly reported impact experienced by businesses who did not have the right level of staff or skills was increased workload for existing staff,** cited by 81% of these businesses.

Graduates and apprentices

- **Among businesses who had sought to recruit staff, more than half had recruited young people (57%), while 19% had recruited for apprentices.**
- **Businesses were, on the whole, more positive than negative about their experiences recruiting into graduate positions.** 56% were positive about recruiting into graduate positions whilst 30% were negative.

Executive summary (4)

Markets of operation

- **Eighty-five percent of businesses were importers** (sourcing goods from outside Scotland), with 83% importing from the rest of the UK and 32% from outside the UK. Most businesses (90%) sourced goods and materials from Scotland, with 12% sourcing only from Scotland.
- **Around two thirds (64%) of businesses were exporters** (selling to markets outside Scotland), with 63% selling to the rest of the UK and 20% internationally. Most (96%) of businesses sold goods or services within Scotland, with 34% selling only in Scotland.

Challenges

- **Most businesses (93%) were experiencing at least one significant challenge. The top challenge was cost of doing business, mentioned by 75% of businesses.** Half mentioned changing regulations as a significant challenge, while a third cited reduced demand.
- **Businesses who were experiencing at least one significant challenge most commonly reported having to delay or postpone increasing staff wages or benefits (27%) or new capital projects/investments (27%) as a result.**
- **Among businesses who reported that they were experiencing at least one of the significant challenges listed, more than half of those (51%) said they had, or were planning to, increase prices in response.** 39% had/were planning to make energy efficiency improvements, 36% had/were planning to use cash reserves.

Cost/financial concerns

- **Among businesses who said finance was a significant challenge (27%), the top three aspects of finance of most concern were cashflow (52%), lower or no profit margins (45%), and inflation (36%).**
- **The top three cost increases cited as having the biggest impact on businesses were business rates, taxation and insurance (52%), electricity and/or gas (46%), and staff costs (38%).**
- **Among those who said that increased cost of doing business, or finance, were significant challenges, the most commonly cited impact of these challenges was reduced profit margins (75%).** This was followed by an inability to set prices for the coming year (42%) and a loss or reduction in customer demand (37%).

01

Introduction

Introduction and context

Introduction

The South of Scotland Enterprise (SOSE) Business Panel was created to measure and monitor the economic health of the South of Scotland region through the experiences and opinions of businesses and social enterprises in the area, and to explore topical issues at a regional, sub-regional or sectoral level.

In June 2021, SOSE commissioned Ipsos to establish and manage the panel and run a survey with businesses and social enterprises, representative of the South of Scotland business base in terms of geographic area, organisation size and sector.

This report presents findings from the panel survey carried out in Nov/Dec 2025. As well as tracking questions exploring economic optimism, business performance, markets of operation and growth aspirations, the survey explored challenges facing businesses with a focus on cost increases and finance issues. There was also a focus on workforce with questions exploring recruitment experiences and impacts of staff/skills shortages.

Each wave, the survey is carried out in parallel with one for Highlands and Islands Enterprise (HIE), among members of the HIE Business Panel and other businesses in the Highlands and Islands region. Both surveys covered the same questions.

Context for this wave

This wave took place during a period when there were mixed signals in the economy. Businesses experienced some contraction in activity and orders, influenced by cautious consumer sentiment related to uncertainties around the UK Budget in late November. Economic growth was primarily supported by the service and construction sectors, while manufacturing experienced reduced output.

However, the labour market appeared stable, despite underlying concerns about wage growth. Inflation showed a modest decline*.

Methodology (1)

Survey fieldwork

The survey fieldwork was conducted between 28th October and 5th December 2025, using a combination of an online survey and telephone interviewing. In total, 600 surveys with businesses and social enterprises across the South of Scotland were achieved (505 by telephone, 95 online).

Within each participating organisation, the survey respondent was the owner or a senior manager able to comment on the performance and future prospects of the organisation.

Updates to methodology

Two changes to the methodology were introduced in May/June 23.

- First, an online element was used, allowing businesses the chance to complete the survey either online or by telephone interview.
- Second, a slight change was made to the sector categories used in the design of the survey sample (see overleaf).

In both cases, precautions were taken and quality checks carried out to ensure that findings remained as comparable as possible with previous survey waves.

Methodology (2)

Sampling

The survey sample was partly sourced from businesses that took part in previous waves of the survey and had indicated that they were willing to be re-contacted as part of their membership of the SOSE business panel. The remaining survey sample was sourced from the Market Location business databases and was stratified by sector and size to reflect the population of businesses in the South of Scotland.

Quotas were set so that the achieved sample reflect the population of eligible organisations as defined by the Inter-Departmental Business Register (IDBR).

The sectors referenced in the report are derived from a Standard Industry Classification (SIC) 2007 code applied to each business*. The following SIC 2007 Sections were excluded from the sampling:

- Public administration and defence; compulsory social security;
- Education and health and social work;
- Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use; and
- Activities of extraterritorial organisations and bodies.

In this report businesses are referred to in two ways:

- by the standard sector groupings defined by SIC 2007 code.
- by the growth sector categories used in previous waves.

The types of business covered by each category are shown in the appendix (slide 60).

Presentation and interpretation of the data

Interpretation of the data

The survey findings represent the views of a sample of businesses, and not the entire business population of the South of Scotland, therefore they are subject to sampling tolerances, meaning that not all differences will be statistically significant.

Throughout the report, differences between sub-groups are commented upon only where we are sure these are statistically significant, i.e. where we can be 95% certain that they have not occurred by chance. The typical sub groups reported on are:

- Size of business (grouped by 0-4, 5-10, 11-24 and 25+ staff)
- Sector (using SIC categories)
- Location (Dumfries and Galloway and the Scottish Borders)
- Rurality* (Remote rural, Accessible rural and urban)
- Other characteristics based on responses to the survey (e.g. the markets they trade with, their growth aspiration etc.)

Where percentages do not sum to 100%, this may be due to rounding, the exclusion of 'don't know' categories, or multiple answers. Aggregate percentages (e.g. "optimistic/not optimistic" or "important/not important") are calculated from the absolute values. Therefore, aggregate percentages may differ from the sum of the individual scores due to rounding of percentage totals.

Throughout the report, an asterisk (*) denotes any value of less than half a percent and a dash (-) denotes zero. For questions where the number of businesses is less than 30, the number of times a response has been selected (N), rather than the percentage, is given.

Weighting

The achieved sample was broadly representative of the population. Nonetheless, weighting was applied to correct for any differences between the achieved sample and the business population. A breakdown of the achieved profile of businesses is provided in the Appendix (slide 60).

02

Business Structure / Ownership Models

Key findings

- Among employers (businesses with at least one employee), 74% described themselves as family-owned, 6% were employee-owned (with employees owning a majority of shares), and 5% were a co-operative (owned or controlled by its members). 13% of all businesses (including sole traders) were women-led and 4% described themselves as a social enterprise.
- Overall, 14% of businesses with at least one employee fell within one of the “inclusive ownership models”* of employee-ownership, social enterprise or co-operatives.

14% of employers had an inclusive ownership model

74% described themselves as family-owned

Profile of business ownership

Among employers (businesses with at least one employee), 74% described themselves as family-owned, 6% were employee-owned (with employees owning a majority of shares), and 5% were a co-operative (owned or controlled by its members). 13% of all businesses (including sole traders) were women-led and 4% described themselves as a social enterprise.

Findings were very similar to the previous wave (June/July 2025) when 73% of employers were family-owned businesses, 5% co-operatives and 5% employee-owned. The proportion of women-led businesses remained the same (13%).

74% of employers (businesses with at least one employee) are family-owned. Types of employer more likely to be family-owned:

- Primary industries (89%)
- Food and drink growth sector (87%)

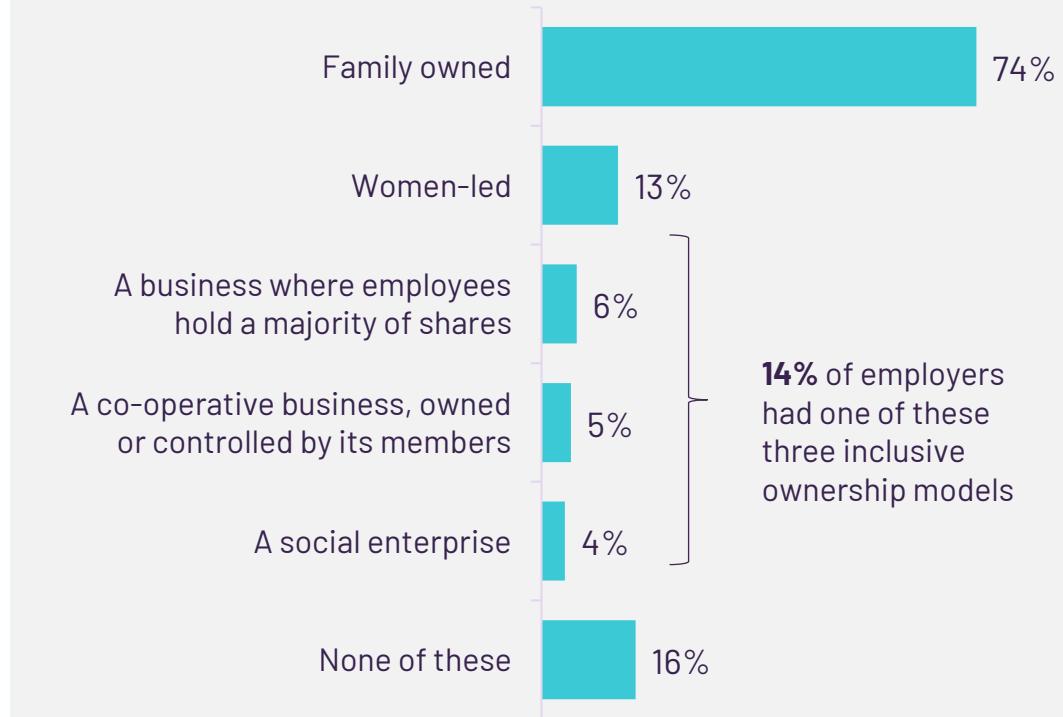
13% of businesses (all businesses including sole traders) are women-led. Types of business more likely to be women-led:

- Manufacturing (29%*)
- Arts and entertainment (28%)
- Creative industries growth sector (28%*)
- Sustainable tourism growth sector (25%)
- Accommodation and food services (25%*)
- Wholesale, retail and repairs (21%)

4% of businesses are social enterprises. Types of business more likely to be social enterprises:

- Arts and entertainment (14%*).

Q. Would you describe your business as any of the following?



Note: Businesses could select more than one of these options

Base: Family-owned, co-operative, employee-owned: all employers (443); all others: all businesses (600)

03

Markets

Key findings

- The majority of businesses (85%) were importers¹, with 83% importing from the rest of the UK and 32% from outside the UK.
- Nine in ten (90%) businesses sourced goods and materials from Scotland, with 12% sourcing only from Scotland.
- Around two thirds (64%) of businesses were exporters¹, with 63% exporting to the rest of the UK and 20% to outside the UK.
- The majority of businesses (96%) sold goods and services to Scotland, with a third (34%) selling only in Scotland.

85% were importers
64% were exporters

Import Markets

The majority of businesses (85%) were importers¹, with 83% importing from the rest of the UK and 32% from outside the UK. Nine in ten (90%) businesses sourced goods and materials from Scotland, with 12% sourcing only from Scotland.

The proportion importing from outside the UK was very similar the previous wave (also 31% in June/July 2025). This was lower than the levels seen in 2021 (of between 37% and 38%).

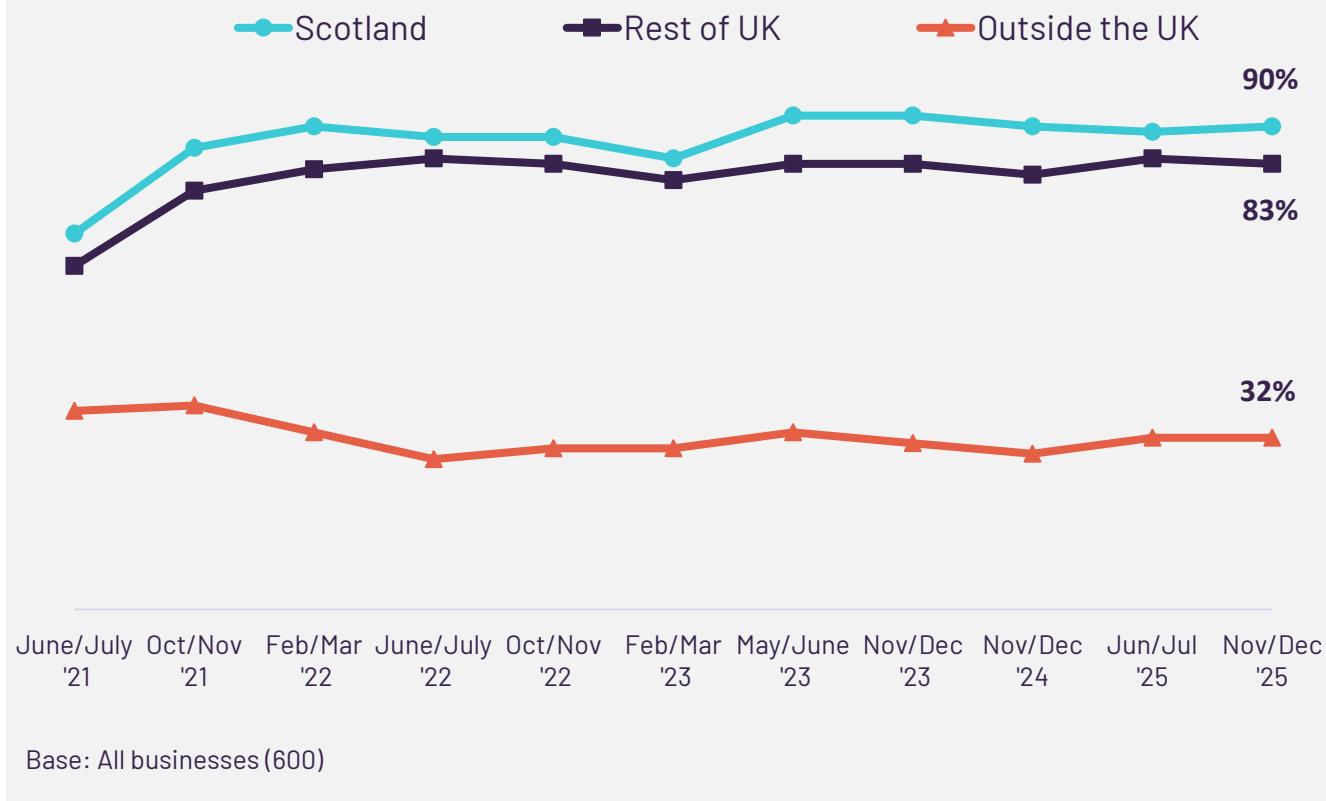
More likely than average to be importing

- Manufacturing (99%*)

More likely than average to be sourcing goods and materials only in Scotland

- Construction (22%)

Q. From which of these markets do you currently source goods and materials?



Export Markets

Around two thirds (64%) of businesses were exporters¹, with 63% exporting to the rest of the UK and 20% to outside the UK.

Almost all businesses (96%) sold goods and services to Scotland, with a third (34%) selling only in Scotland.

The proportion exporting to outside the UK was similar to the previous wave (20% compared to 19% in June/July 2025). This was lower than the levels seen in 2021 (of between 37% and 38%).

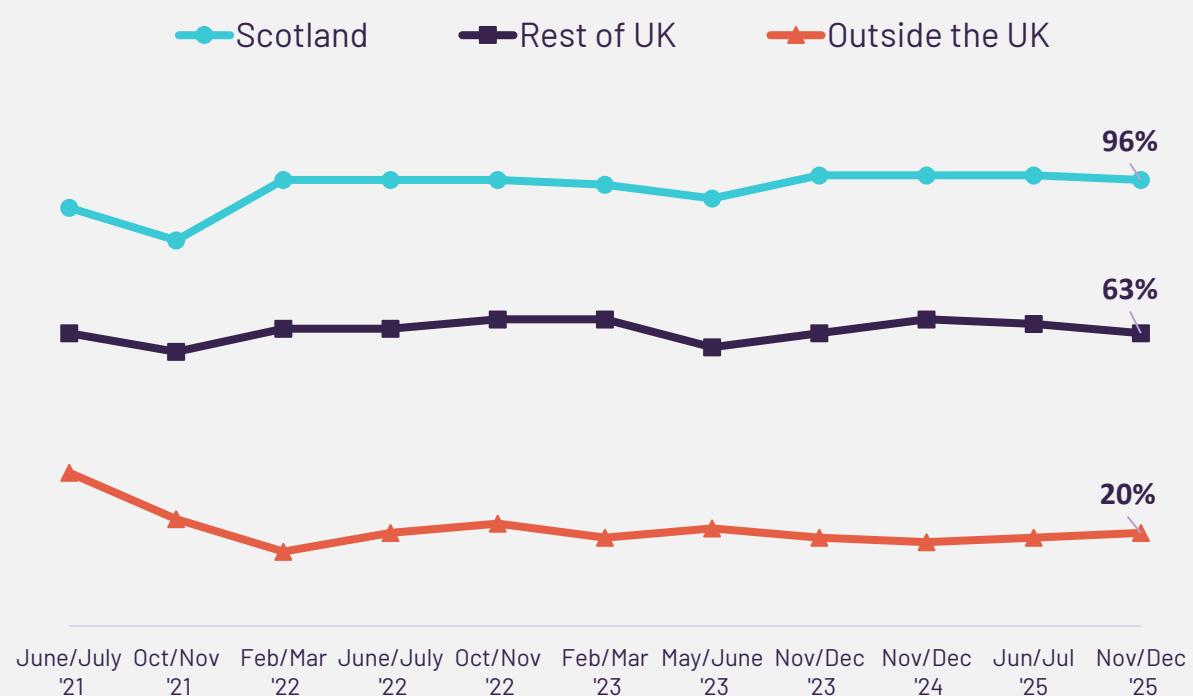
More likely than average to be selling goods and service in Scotland only

- Construction (51%)
- Wholesale, retail and repairs (49%)
- Arts and entertainment (48%)

More likely than average to be exporting

- Manufacturing (92%*)
- Creative industries growth sector (86%)
- 25+ staff (85%)*
- IT, finance and real estate (84%*)
- Professional, scientific and technical (83%)
- Financial and business services growth sector (78%)
- Accessible rural (72%)

Q. In which of these markets do you currently sell goods or provide services?



Base: All businesses (600)

04

Optimism and performance

Key findings

- Confidence in the economic outlook for Scotland decreased this wave: 35% of businesses were confident (compared to 48% in June/July 2025), while 63% were not (compared with 49%).
- Reflecting on the past six months, half (51%) of businesses said their confidence had decreased, 4% said it had increased, and 45% said it had stayed the same.
- Views on business performance over the last six months were mixed, with 31% saying their business had performed well, 41% saying business had been fairly steady, and 28% saying they had struggled.
- Among businesses who had performed well in the past six months, two thirds (66%) said that increased demand was one of the main reasons for this. 37% said that this was due to efficiency improvements, and 26% cited cost savings as a reason.
- Among businesses who had struggled in the past six months, eight in ten (80%) said that costs were one of the main reasons for this, while six in ten (59%) cited reduced demand and almost four in ten (37%) cited compliance with legislation and regulation.
- Over the past six months, sales or turnover performance was mixed (35% said it had increased, 28% decreased, and 36% remained the same). Businesses had performed better on sales or turnover than on profit (22% said profit margins had increased, 35% decreased, and 39% remained the same). Employment and exports had remained relatively stable (77% and 69% respectively said these had stayed the same).
- A slightly higher proportion of business were striving for growth (46%) than were content with their current level of performance (36%). Fewer businesses (14%) wanted to downsize.

Confidence in Scotland's economy was down on the previous wave:

35% were confident.

63% were not

Over the past six months:

31% had performed well

28% had struggled

The top reasons mentioned by businesses as to why they had struggled:

80% costs

59% reduced demand

37% compliance with legislation and regulation

Economic Outlook for Scotland

Confidence in the economic outlook for Scotland decreased this wave: 35% of businesses were confident (compared to 48% in June/July 2025), while 63% were not (compared with 49%). Levels of confidence were more in line with findings from November/December 2024, when 37% were confident, and 61% were not.

Decreased confidence this wave appears to follow the pattern of decreasing confidence observed in the autumn waves since Oct/Nov 2022.

Confidence was lower in the South of Scotland, compared to the Highlands and Islands (35% confident compared to 47%).

More confident than average:

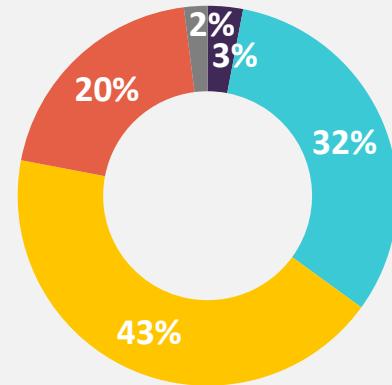
- Performed well in past six months (56%)
- Creative industries growth sector (53%*)
- Content with current level of performance (42%)

Less confident than average:

- Wanting to downsize (80%).
- Struggled in the past six months (83%)
- Accommodation and food services (76%*)

Q. How confident are you in the economic outlook for Scotland over the next 12 months?

November / December 25



■ Very confident ■ Fairly confident
■ Not very confident ■ Not at all confident
■ Don't know

Base: All businesses (600)

2021-2025 Trend



Economic Optimism Over Past Six Months

Reflecting on the past six months, half (51%) of businesses said their confidence had decreased, 4% said it had increased, and 45% said it had stayed the same.

Net confidence* was -46, showing a decrease since June/July 2025 (-38).

Net confidence was lower in the South of Scotland than the Highlands and Islands (-36).

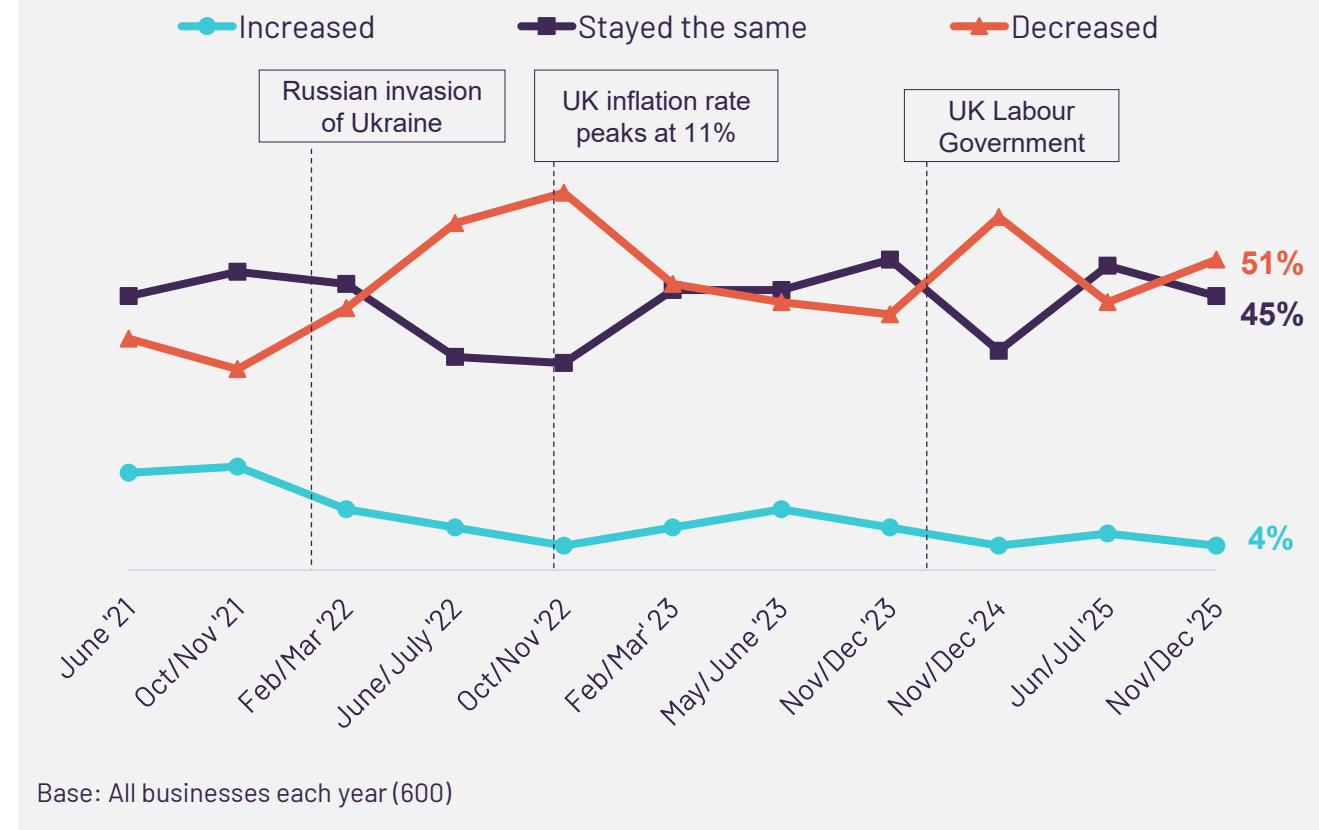
More likely to report increased confidence:

- Performed well in past six months (10%).

More likely to report decreased confidence:

- Struggled in the past six months (72%).
- Wanting to downsize (65%).

Q. In the past six months has your level of confidence in the economic outlook in Scotland increased, decreased or has it stayed the same?



*The net figure is the difference between 'increased' and 'decreased' assessments at each wave. Net scores are positive when positive assessments exceed negative

Performance

Views on business performance over the last six months were mixed, with 31% saying their business had performed well, 41% saying business had been fairly steady, and 28% saying they had struggled.

Views on performance were very similar to the previous wave in June/July 2025 (when 31% had performed well, 40% had reported steady performance, and 28% had struggled).

There was no significant difference in performance in the South of Scotland compared to the Highlands and Islands.

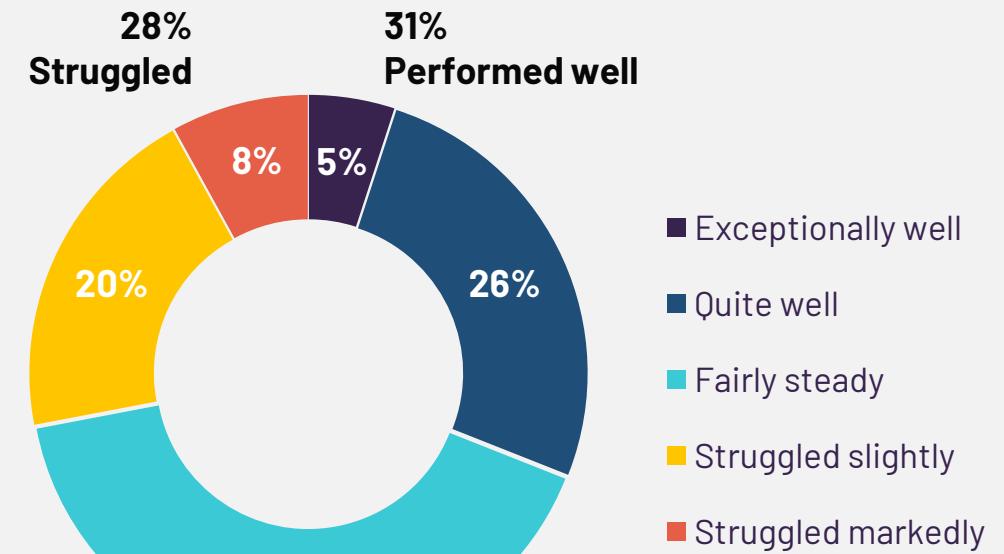
More likely to have performed well:

- Primary industries (39%)
- Confident in the economic outlook for Scotland (49%)
- Food and drink growth sector (42%)

More likely to have struggled:

- Manufacturing (48%*)
- Wholesale, retail and repairs (37%)
- Not confident in the economic outlook for Scotland (37%)
- Wanting to downsize (45%)

Q. Overall, how has your business performed in the last six months?



Base: All businesses (600)

Reasons for Strong Performance

Among businesses who had performed well in the past six months, 66% said that increased demand was one of the main reasons for this. 37% said that this was due to efficiency improvements, and 26% cited cost savings as a reason.

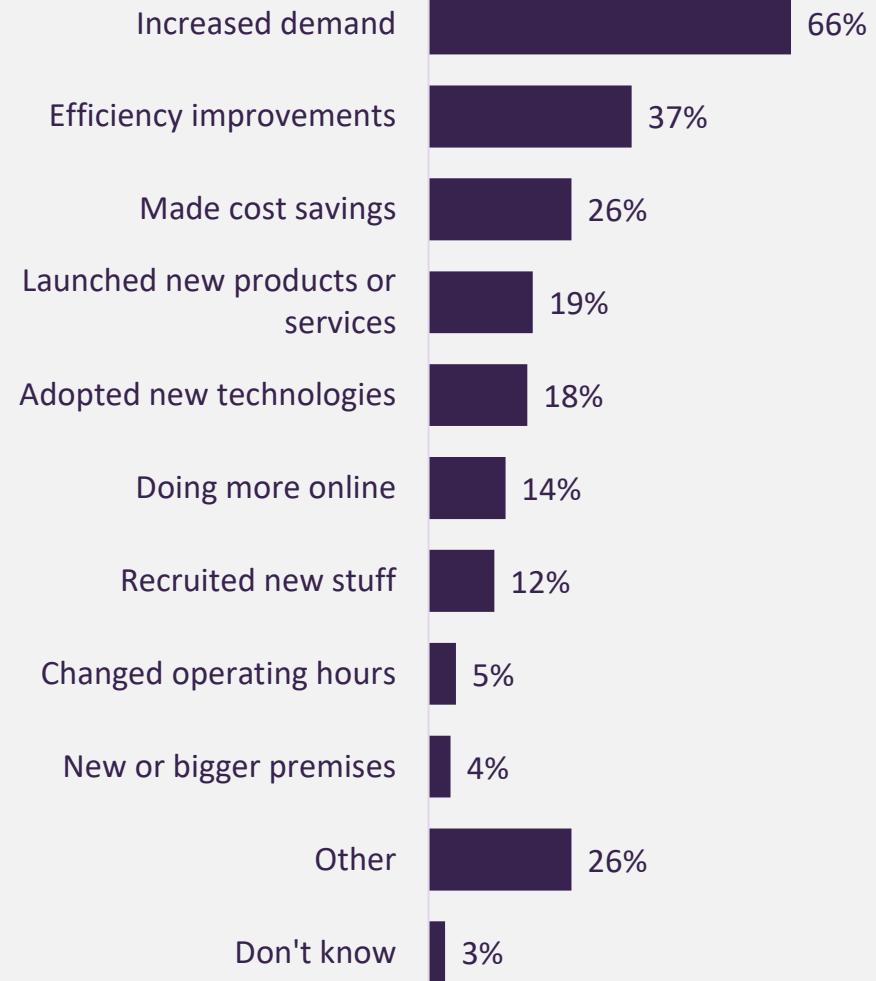
Around a fifth cited the launch of new products and services (19%) or the adoption of new technologies (18%). Few businesses said that changing their operating hours or having new or bigger premises were reasons for strong performance (5% and 4% respectively).

Around a quarter (26%) of these businesses said that there was another reason for their performance, which was not listed.

More likely than average to cite specific reasons:

- **Urban** – adopting new technologies (29%), doing more online (25%)
- **Striving for growth** – efficiency improvements (46%), launched new products or services (27%), recruited new staff (22%), doing more online (21%), new or bigger premises (7%)
- **Have sought to recruit staff** – efficiency improvements (49%), recruited new staff (34%), doing more online (23%)

Q. What are the main reasons why your business has performed well in the last 6 months?



Base: All businesses who performed well in past 6 months (177)

Reasons for Having Struggled

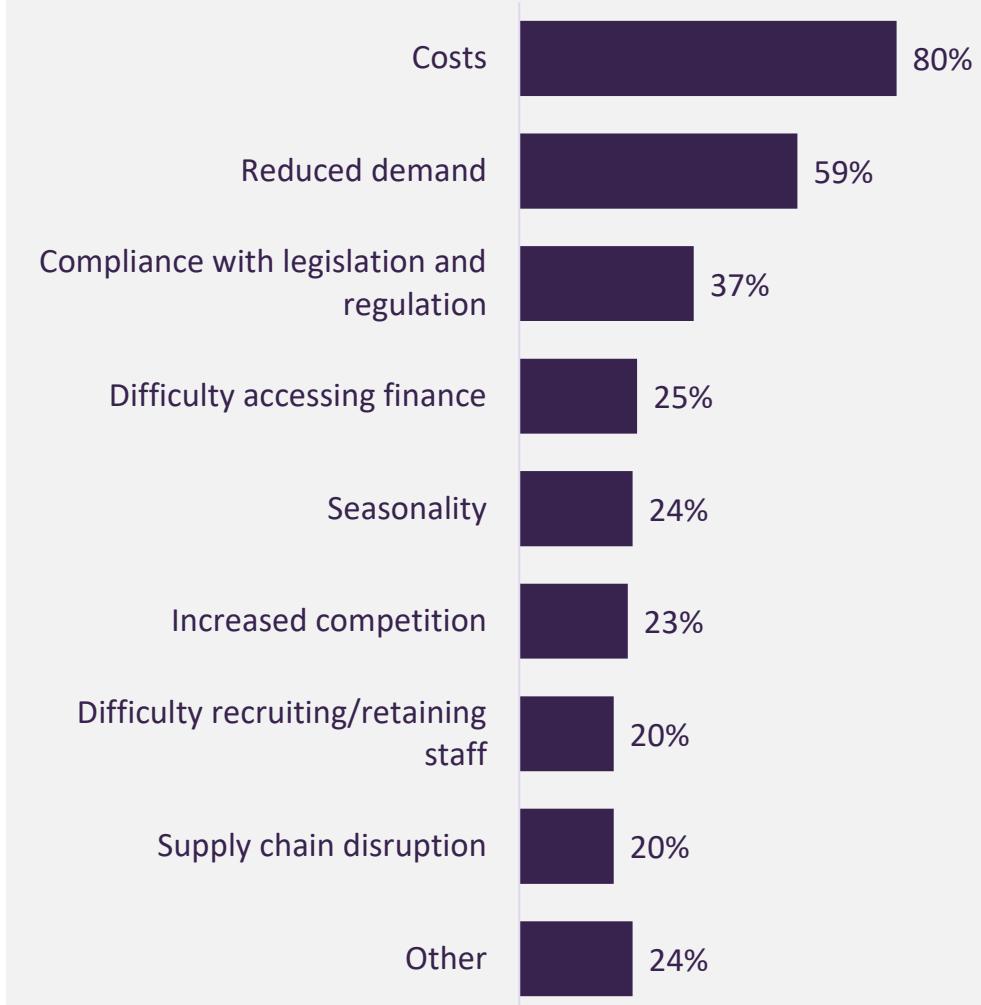
Among businesses who had struggled in the past six months, 80% said that costs were one of the main reasons for this, while six in ten (59%) cited reduced demand and around four in ten (37%) cited compliance with legislation and regulation.

Around a quarter said that the main reasons why their business had struggled were difficulty accessing finance (25%), seasonality (24%) or increased competition (23%). 20% said this was due to difficulties in recruiting or retaining staff, or supply chain disruption.

More likely than average to cite specific reasons:

- **Remote rural*** – increased competition (36%), supply chain disruption (34%)
- **Striving for growth** – costs (87%), difficulty recruiting/retaining staff (28%), supply chain disruption (26%)
- **Dumfries and Galloway** – costs (86%)
- **Have sought to recruit staff** – difficulty recruiting/retaining staff (48%), seasonality (35%)

Q. What are the main reasons why your business has struggled in the last 6 months?

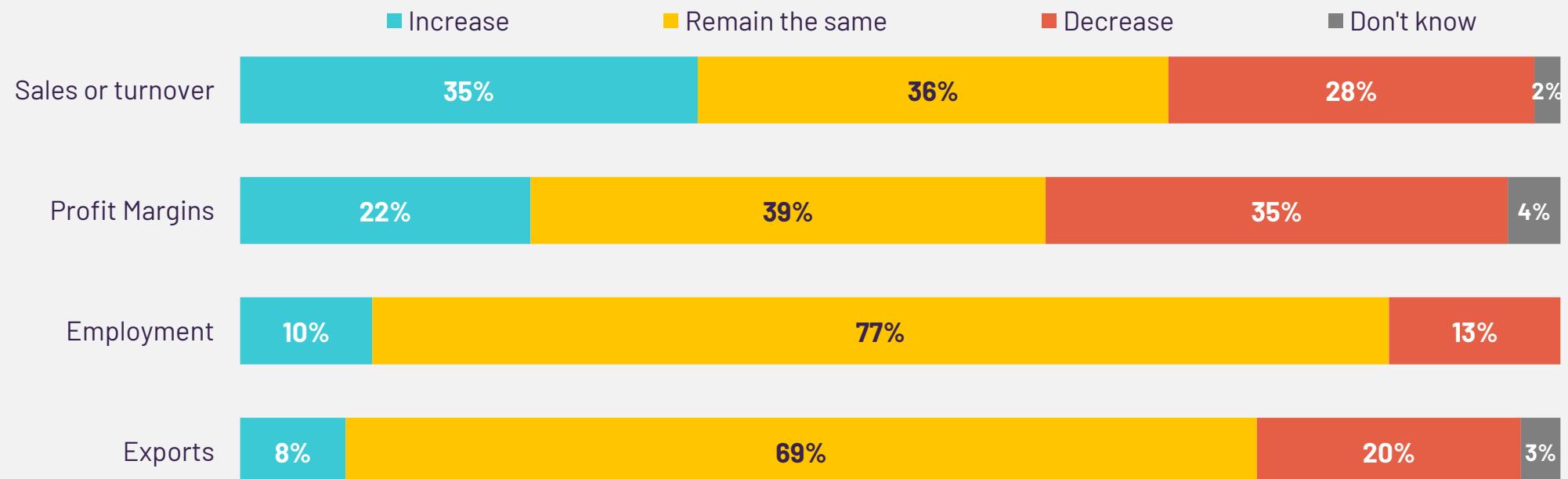


Base: All businesses who struggled in past 6 months (172)

Aspects of Business Performance

Over the past six months, sales or turnover performance was mixed (35% said it had increased, 28% decreased, and 36% remained the same). Businesses had performed better on sales or turnover than on profit (22% said profit margins had increased, 35% decreased, and 39% remained the same). Employment and exports had remained relatively stable (77% and 69% respectively said these had stayed the same).

Q. Has the following increased, stayed the same or decreased in the last six months?



Base: All businesses for whom each applied: Sales (598), Profit margins (593), Exports (208), Employment (547).

Aspects of business performance (2)

Increases were more common among:

- **25+ staff:** Employment (25%)*, sales or turnover (48%)*
- **Construction*:** Employment (20%)*, profit margins (34%)*
- **Confident in the economic outlook for Scotland:** Employment (16%), sales or turnover (47%), profit margins (35%)
- **Have sought to recruit staff:** Employment (23%)
- **Primary industries:** Sales or turnover (47%)
- **Remote rural:** Sales or turnover (48%)
- **Accessible rural:** Profit margins (29%)
- **Performed well in past six months:** Sales or turnover (71%), profit margins (54%)
- **Food and drink growth sector:** sales or turnover (52%), profit margins (30%).

Decreases were more common among:

- **Wholesale, retail and repairs:** Employment (22%), profit margins (47%)
- **Accommodation and food services:** Employment (27%)*, profit margins (62%)*
- **Manufacturing:** Sales or turnover (44%)*
- **Sustainable tourism growth sector:** Profit margins (56%)
- **Not confident in the economic outlook for Scotland:** Sales or turnover (37%), profit margins (46%).
- **Wanting to downsize:** employment (24%), sales or turnover (47%), profit margins (49%)
- **Struggled in the past six months:** employment (27%), exports (50%), sales or turnover (62%), profit margins (76%).
- **Do not have enough staff:** Employment (27%), exports (35%)
- **Selling outside the UK:** exports (32%)
- **Urban businesses:** Sales or turnover (34%)

Aspirations

A somewhat higher proportion of business were striving for growth (46%) than were content with their current level of performance (36%). Fewer businesses (14%) wanted to downsize.

Growth aspirations were very similar to the previous wave in June / July 2025 (when 42% were striving for growth, 38% were content, 17% were wanting to downsize).

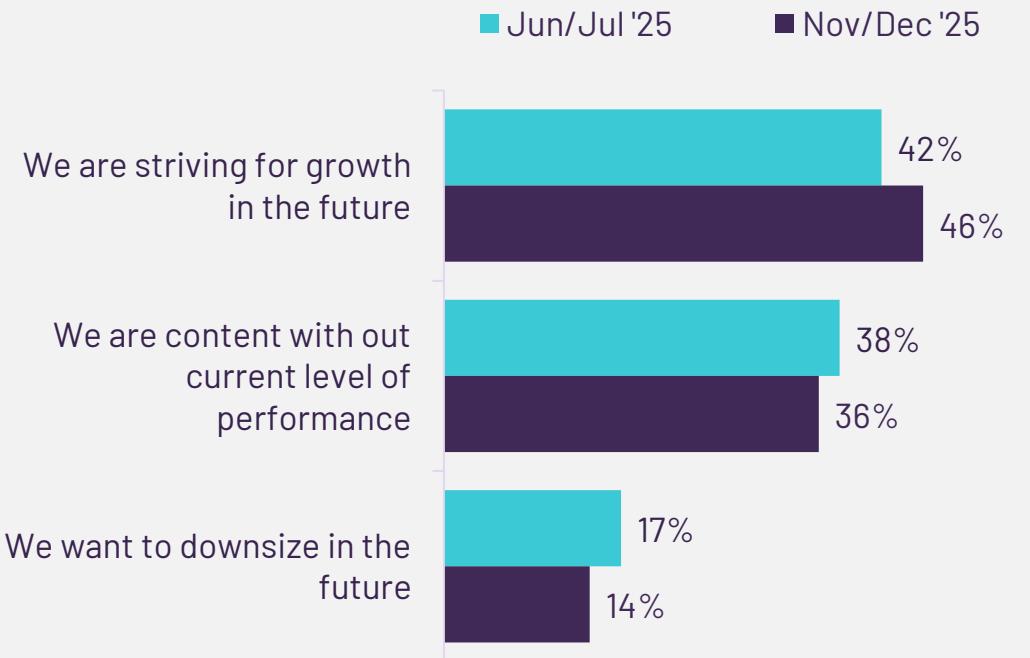
More likely to be striving for growth:

- 25+ staff (78%)*
- Manufacturing (70%)*
- Have sought to recruit staff (63%)
- Sustainable tourism growth sector (59%)
- Struggled in the past 6 months (56%)

More likely to want to downsize:

- Not confident in the economic outlook for Scotland (18%)
- Struggled in the past six months (23%)
- Have not sought to recruit staff (18%)

Q. Which of the following best describes your current aspirations for your business?



Base: All businesses June/July 25 (599), All businesses November/December 25 (600)

05

Challenges and Concerns

Key findings

- Most businesses (93%) were experiencing at least one significant challenge. The top challenge was cost of doing business, mentioned by 75% of businesses. Half of businesses (50%) mentioned changing regulations as a significant challenge, while a third (33%) cited reduced demand.
- The top three issues that businesses were most concerned about were: increased cost of doing business (40% most concerned), followed by reduced demand (12%) and changing regulations (12%).

93% of businesses were experiencing at least one significant challenge

Top challenges:

75% increased cost of doing business

48% changing regulations

31% workforce issues

Challenges

Most businesses (93%) were experiencing at least one significant challenge. The top challenge was cost of doing businesses, mentioned by 75% of businesses. Half of businesses (50%) mentioned changing regulations as a significant challenge, while a third (33%) cited reduced demand.

This was followed by moving to Net Zero ways of working (29%), supply chain issues / logistics (28%), and financial challenges (27%). Fewer mentioned international trading conditions (21%) or new technologies (18%).

Those who had cited more than one significant challenge were asked which of these challenges they were most concerned about. Among these businesses (467), 40% said that the increased cost of doing business was their top concern, followed by reduced demand and changing regulations (12% each).

Q. Which of the following, if any, is currently a significant challenge for your business?



Base: All businesses (600)

Challenges (2)

Certain challenges were more commonly mentioned by:

Size

- 25+ staff* – Increased cost of doing business (92%), workforce issues (68%), changing regulations (66%)

Sector

- Primary industries – Changing regulations (62%), moving to Net Zero ways of working (41%), international trading conditions (32%)
- Wholesale, retail and repairs – Increased cost of doing business (86%), reduced demand (49%), supply chain issues / logistics (38%)
- Accommodation and food – Increased cost of doing business (96%), changing regulations (64%), workforce issues (42%)
- Administrative and support services* – Changing regulations (66%)
- Arts and entertainment – Finance (40%)
- Manufacturing* – International trading conditions (39%)
- IT, finance and real estate* – New technologies including AI and automation (34%)

Rurality

- Remote rural – Changing regulations (59%), supply chain issues / logistics (39%), international trading conditions (29%)

Growth aspiration

- Striving for growth – Workforce issues (34%), finance (32%), international trading conditions (26%)

Economic outlook

- Not confident in the economic outlook for Scotland – Increased cost of doing business (80%), changing regulations (56%), reduced demand (42%), moving to Net Zero ways or working (34%), finance (32%)

Performance

- Struggled in past six months – Increased cost of doing business (82%), reduced demand (57%), finance (34%)

Staff

- Do not have enough staff – Increased cost of doing business (88%), workforce issues (55%), finance (42%), supply chain issues / logistics (38%)

Skills

- Do not have right level of skills – Increased cost of doing business (92%), workforce issues (64%), finance (39%)

The following businesses were more likely to say that none of the listed options were a significant challenge:

- Confident in the economic outlook for Scotland (10%, compared with 7% overall), content with current level of performance (10%)

06

Cost / Financial Concerns

Key findings

- Among businesses who said that the increased cost of doing business was a significant challenge, the top three cost increases having the biggest impact were business rates, taxation and insurance (cited by 52%), electricity and/or gas (46%), and staff costs (38%).
- Three quarters (75%) of businesses who said that the increased cost of doing business or finance were a significant challenge said that this had impacted on their business by reducing profit margins.
- Two thirds (66%) of businesses who said that workforce issues were a significant challenge were most concerned about recruiting staff, followed by 49% citing the cost of labour as a concern, and 31% citing their ability to pay competitive wages.

Top financial concern:
52% cashflow

Top cost concern:
52% business rates,
taxation and insurance

Impacts of cost / financial challenges:
75% reduced profit margins
42% inability to set prices
37% loss/reduction in demand

Financial Concerns

Half (52%) of businesses who said finance was a significant challenge said they were most concerned about their cashflow, along with lower or no profit margins (45%), and inflation (36%).

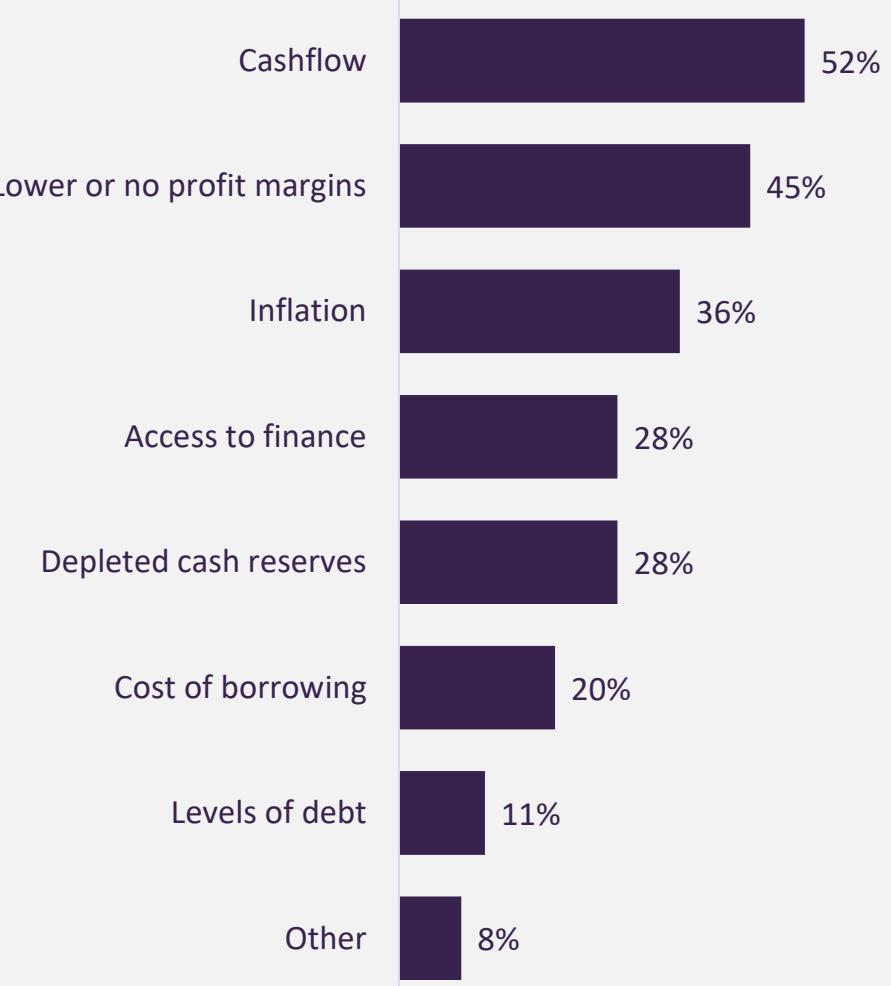
Approaching a third (28%) were most concerned about inflation or their access to finance, while 20% were concerned with the cost of borrowing and 11% were concerned about their levels of debt. 8% had other concerns not listed.

Businesses more likely than average to cite specific aspects of finance they were most concerned about:

Access to finance (28% overall):

- Struggled in the past 6 months (39%)
- Striving for growth (36%)

Q. You said finance was a significant challenge. Which two or three aspects of finance are you most concerned about?



Base: All businesses who said finance is a significant challenge (161)

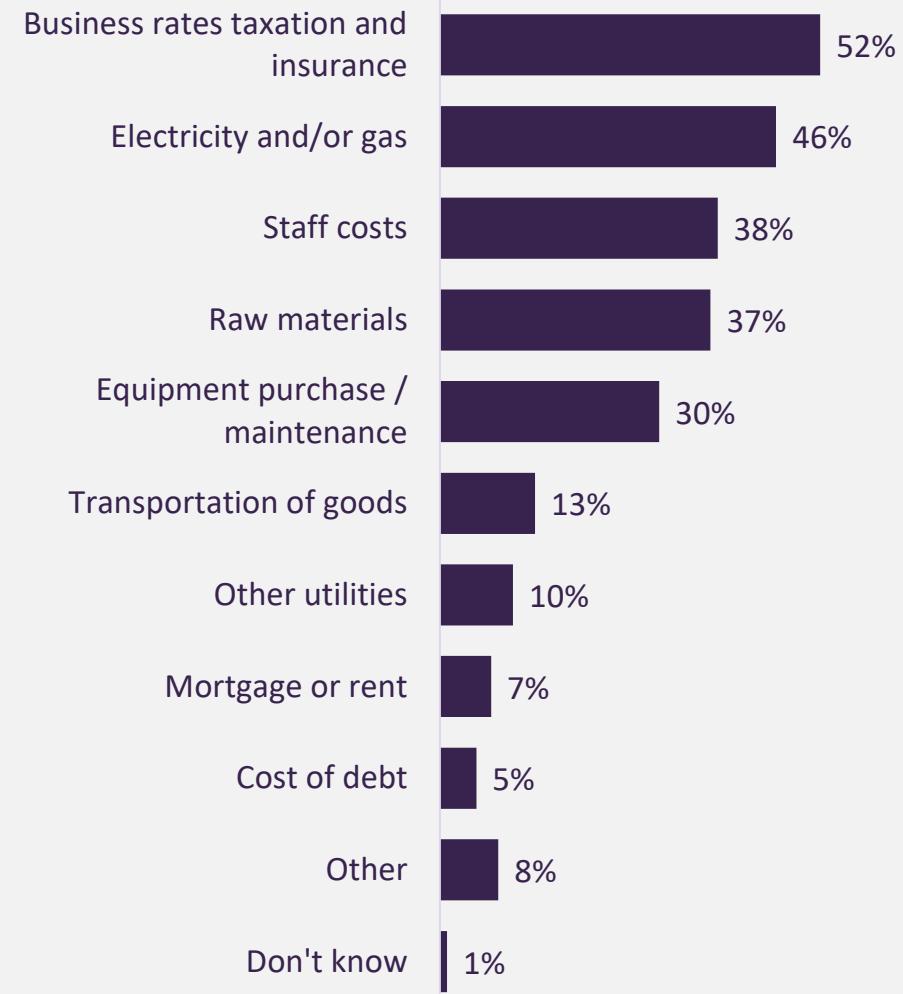
Impact of Cost Increases

Among businesses who said that the increased cost of doing business was a significant challenge, the top three cost increases having the biggest impact were business rates, taxation and insurance (cited by 52%), electricity and/or gas (46%), and staff costs (38%).

Raw materials and equipment purchase / maintenance were also cited by 37% and 30% of these businesses respectively.

Fewer businesses said that the transportation of goods (13%), other utilities (10%) mortgage or rent (7%) or the cost of debt (5%) were having the biggest impact on them. 8% of businesses said that other cost increases not listed were having the biggest impact on them.

Q. Which two or three cost increases are having the biggest impact on your business?



Base: All businesses who said increased cost of doing business is a significant challenge (462)

Impact of Cost Increases (2)

Certain businesses were more likely than others to say that certain cost increases were having the biggest impact on their business

Specific actions were more commonly mentioned by:

Business Size

- 25 + staff* - Staff costs (86%)

Sector

- Primary industries – Raw materials (49%), Equipment purchase / maintenance (46%).
- Manufacturing* – Electricity and / or gas (63%), Transportation of goods (24%)
- Wholesale, retail and repairs – Staff costs (55%)
- Accommodation and food* -Other utilities (19%)
- Professional, scientific and technical* – Staff costs (57%)
- Arts and entertainment* – Electricity and / or gas (64%)

Growth sector

- Food and drink- Raw materials (49%), Equipment purchase / maintenance (45%)
- Sustainable tourism – Staff costs (50%)

Rurality

- Urban – Staff costs (45%)

Economic confidence

- Not confident in the economic outlook for Scotland – Business rates, taxation and insurance (58%)

Business performance

- Performed well in the past 6 months –Equipment purchase and / or maintenance (38%)
- Struggled in the past 6 months – Mortgage or rent (11%), Cost of debt (10%)

Growth aspiration

- Striving for growth – Staff costs (47%)
- Wanting to downsize – Other utilities (19%)

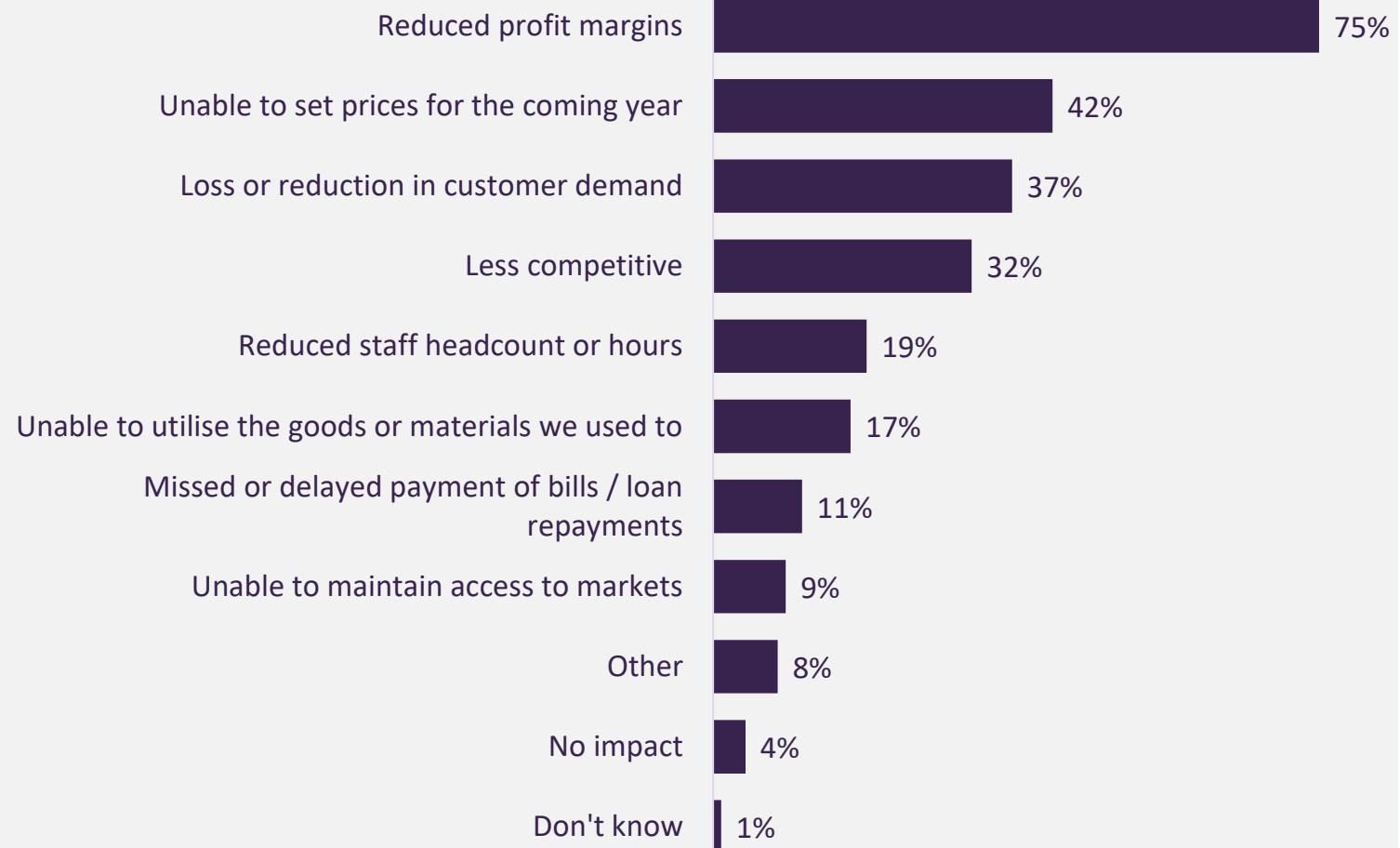
Impact of Finance/Increased Cost of Doing Business

Three quarters (75%) of businesses who said that the increased cost of doing business or finance were a significant challenge said that this had impacted on their business by reducing profit margins.

Other commonly selected impacts included being unable to set prices for the coming year (42%), a loss or reduction in customer demand (37%), or being less competitive (32%).

Just 4% of these businesses said that the significant challenges faced had no impact on them.

Q. In what ways have finance/increased cost of doing business challenges impacted on your business?



Base: All businesses who said increased cost of doing business or finance were a significant challenge (478)

Impact of Finance/Increased Cost of Doing Business (2)

Certain businesses were more likely than others to cite specific impacts of facing challenges relating to finance or the increase cost of doing business. Specific actions were more commonly mentioned by:

Business Size

- 25 + staff* - Less competitive (48%), Reduced staff headcount or hours (31%)

Sector

- Primary industries - Unable to set prices for the coming year (57%)
- Manufacturing* - Loss or reduction in customer demand (58%)
- Construction* - Missed or delayed payment of bills / loan repayments (26%)
- Wholesale, retail and repairs - Reduced profit margins (87%)
- Accommodation and food services* - Reduced profit margins (90%), Reduced staff headcount or hours (37%)

Growth sector

- Food and drink - Unable to set prices for the coming year (58%)
- Sustainable tourism - Reduced profit margins (87%)

Rurality

- Remote rural - Reduced profit margins (83%)
- Accessible rural - Unable to set prices for the coming year (49%), Other (12%)
- Urban - Missed or delayed payment of bills / loan repayments (17%),

Economic confidence

- Not confident in the economic outlook for Scotland: Loss or reduction in customer demand (43%), Less competitive (38%)

Growth aspiration

- Striving for growth - Less competitive (37%), Missed or delayed payment of bills / loan repayments (15%)

Skills

- Do not have the right level of skills - Reduced profit margins (86%), Reduced staff headcount or hours (41%)

Business performance

- Performed well in the past 6 months - no impact (10%)
- Struggled in the past 6 months - Reduced profit margins (90%), Loss or reduction in customer demand (55%), Less competitive (39%), Reduced staff headcount or hours (25%), Missed or delayed payment of bills / loan repayments (19%)



07

Workforce and Recruitment

Key findings

- Two thirds (66%) of businesses who said that workforce issues were a significant challenge were most concerned about recruiting staff, followed by 49% citing the cost of labour as a concern.
- Around three quarters (74%) of employers had enough staff to fill all the roles they needed to, while around a quarter (24%) did not. Most employers (85%) had the right level of skills in their business, but 15% did not.
- Six in ten (62%) businesses had not sought to recruit staff in the past year, while 36% had.
- Among businesses who were recruiting but did not have the right level of staff or skills in their business, two thirds (67%) reported that this was because applicants had not been of sufficient quality.
- Among businesses who said they had applicants who were not of sufficient quality, three quarters (75%) said that applicants had been lacking the skills they were looking for. Seven in ten (71%) said that applicants tended to have poor attitude or motivation, while six in ten (60%) said that they lacked the required work experience.
- Eight in ten (81%) businesses who did not have the right level of staff or skills reported that this had led to increased workload for existing staff.

74% of employers had enough staff to fill the roles they needed

85% of employers had the right level of skills

81% who did not have the right level of staff or skills said that this had increased workload for existing staff

Workforce Concerns

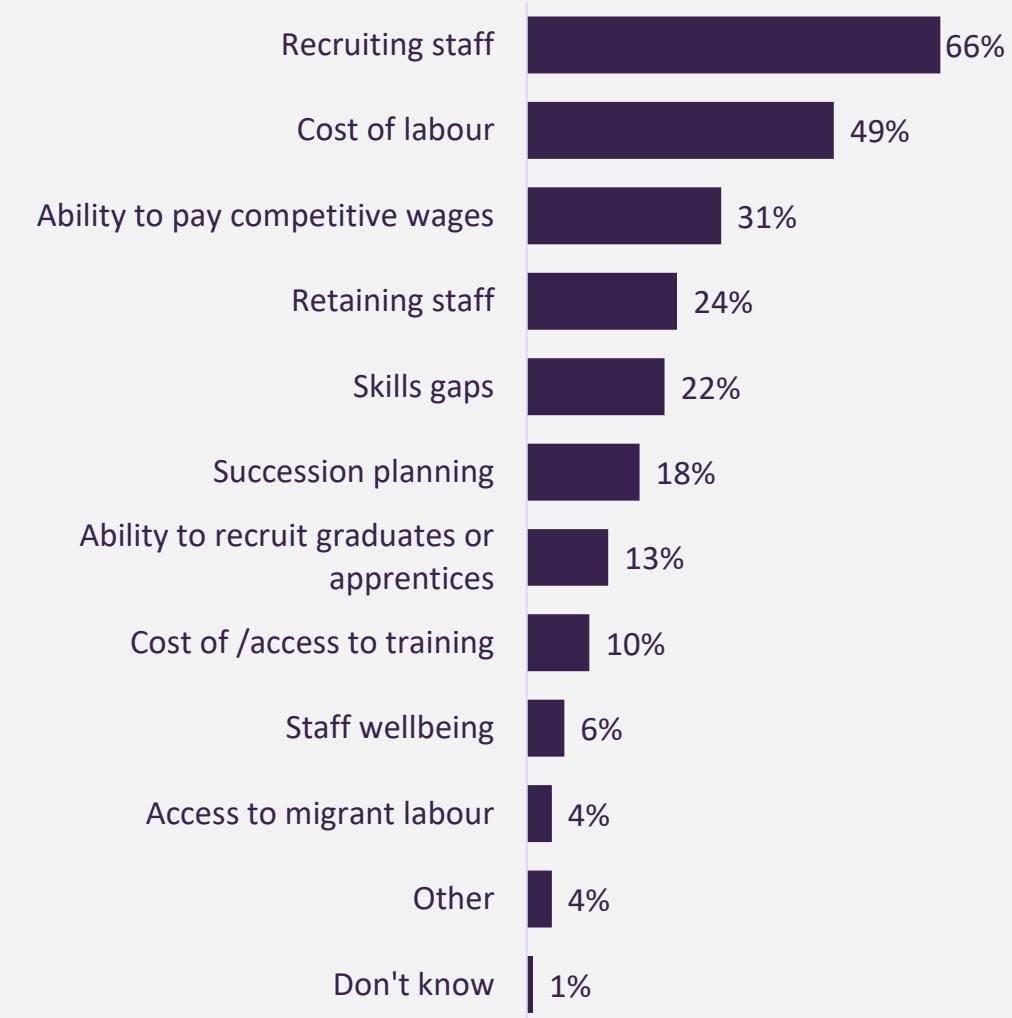
Two thirds (66%) of businesses who said that workforce issues were a significant challenge were most concerned about recruiting staff, followed by 49% citing the cost of labour as a concern, and 31% citing their ability to pay competitive wages.

Retaining staff was a top concern for around a quarter (24%) of these businesses, with skills gaps and succession planning cited by 22% and 18% respectively. Few businesses were most concerned about staff wellbeing (6%), or their access to migrant labour (4%).

More likely than average to cite specific concerns:

- Recruiting staff (66% overall)** - Have sought to recruit staff (75%), Do not have enough staff (75%)
- Cost of labour (49%)** - Have enough staff (59%), Not confident in the economic outlook for Scotland (56%)
- Ability to pay competitive wages (31%)** - Urban (43%)
- Retaining staff (24%)** - 25+ staff (49%), Have right level of skills (32%), Have sought to recruit staff (29%)
- Skills gaps (22%)** - Performed well in the past 6 months (40%)*, Scottish Borders (36%), Confident in the economic outlook for Scotland (36%), Do not have right level of skills (35%)
- Succession planning (18%)** - Struggled in the past 6 months (33%)*, Accessible rural (28%)
- Staff wellbeing (6%)** - 25+ staff (18%)*

Q. You said workforce issues were a significant challenge. Which two or three aspects of your workforce are you most concerned about?



Base: All businesses who said that workforce issues were a significant challenge (168)

Workforce Numbers and Skills

Around three quarters (74%) of employers had enough staff to fill all the roles they needed to, while around a quarter (24%) did not.

Most employers (85%) had the right level of skills in their business, but 15% did not.

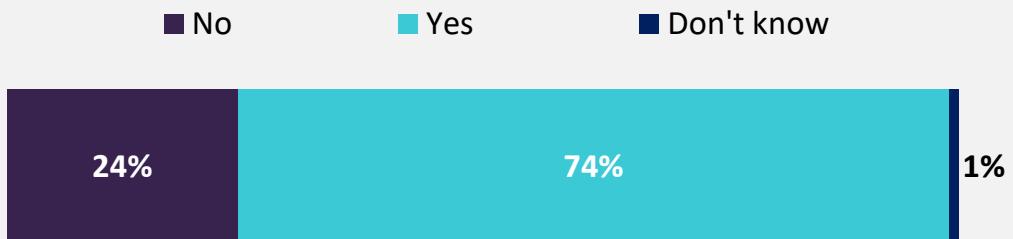
More likely than average not to have enough staff:

- Do not have the right level of skills (54%)
- Accommodation and food services (40%*)
- Sustainable tourism growth sector (40%)*
- 25+ staff (38%)
- Have sought to recruit staff (37%)

More likely than average not to have the right level of skills:

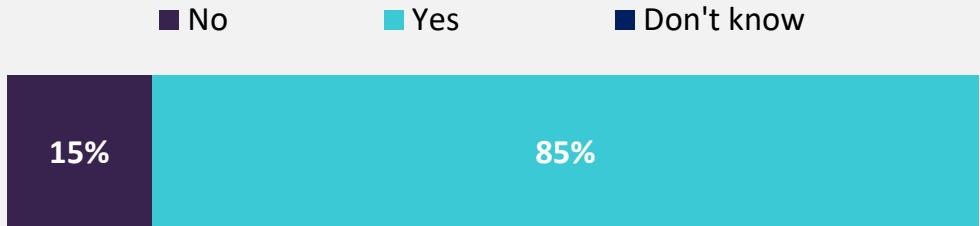
- 25+ staff (36%)*
- Do not have enough staff (33%)
- Have sought to recruit staff (24%)
- Striving for growth (19%)

Q. Do you currently have enough staff to fill all the roles you need?



Base: All employers: (443)

Q. Do you currently have the right level of skills in the business?



Base: All employers: (443)

Recruitment

Six in ten (62%) businesses had not sought to recruit staff in the past year, while 36% had.

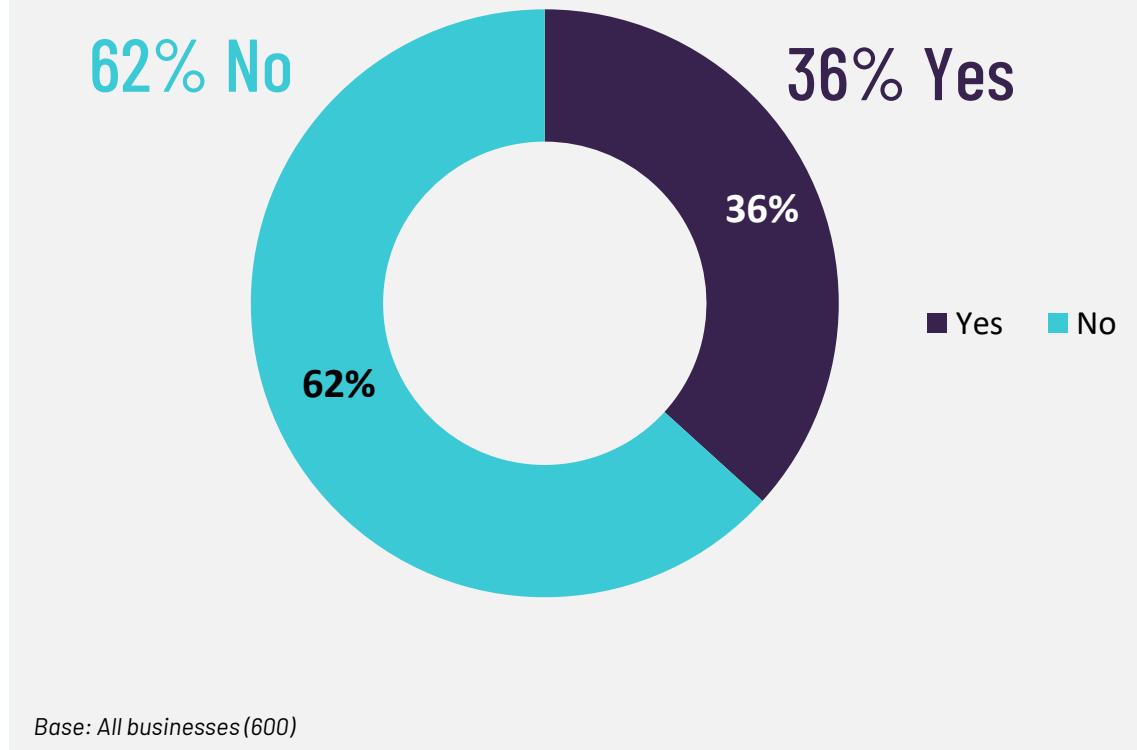
More likely than average to have sought to recruit staff:

- 25+ staff (92%)*
- Do not have right level of skills (76%)
- Do not have enough staff (72%)
- Accommodation and food (51%)*
- Sustainable tourism growth sector (50%)
- Striving for growth (49%)
- Wholesale, retail and repairs (47%)

More likely than average not to have sought to recruit staff:

- 0-4 staff (71%)
- Wanting to downsize (77%)
- Content with current level of performance (72%)

Q. Over the past year since October 2024 have you sought to recruit staff?



Reasons for not Recruiting

Note that the information on this slide is based on a low number of respondents (base size =38) and should therefore be treated with caution.

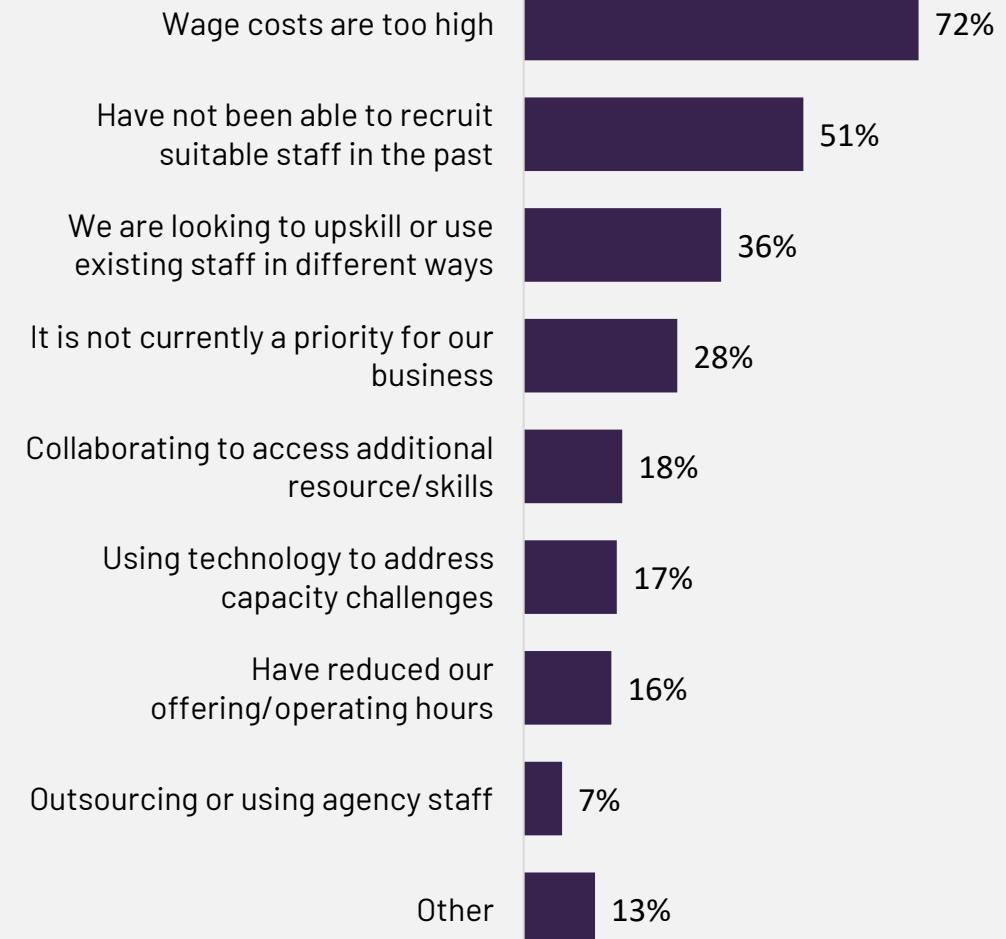
Seven in ten (72%) businesses who were not recruiting and did not have the right level of staff or skills reported that high wage costs was the reason why they had not sought to recruit staff*, while half (51%) said that this was because they had not been able to recruit suitable staff in the past.

Other reasons given for not recruiting including looking to upskill existing staff in different ways (36%), and that this was not a priority for their business (28%).

Few businesses were outsourcing or using agency staff (7%), while 13% selected other reasons not listed.

The base size for this question (38) is too low for further subgroup analysis.

Q. You said that you don't currently have the required level of staff or skills in your business and have not sought to recruit in the past year. What are the reasons you have not sought to recruit staff?



Base: All businesses who do not have the right level of staff or skills and have not been recruiting (38)*

Reasons for not having required level of staff or skills

Among businesses who had been recruiting but still said they did not have the right level of staff or skills, two thirds (67%) reported that this was because applicants had not been of sufficient quality.

56% noted that there had been few or no applicants and 46% said that recruitment was still ongoing.

Fewer businesses (19%) said that applicants had not accepted positions offered to them or said that none of the reasons listed explained why they didn't have the right level of staff or skills (12%).

The base size for this question (111) is too low for subgroup analysis.

Applicants turning down positions offered to them:

Note that the information in this section is based on a low number of respondents (base size =19) and should therefore be treated with caution.

Among businesses who said they had applicants who had turned down positions offered to them, the most commonly understood reasons for this were that working hours or patterns were not appealing (48%), a lack of accommodation in their area (45%), or reasons relating to their location (43%).

Q. You said that you had sought to recruit staff in the last year but also that you don't currently have the required level of staff or skills in your business. What are the primary reasons for this?



Base: All businesses who do not have the right level of staff or skills and have been recruiting (111)

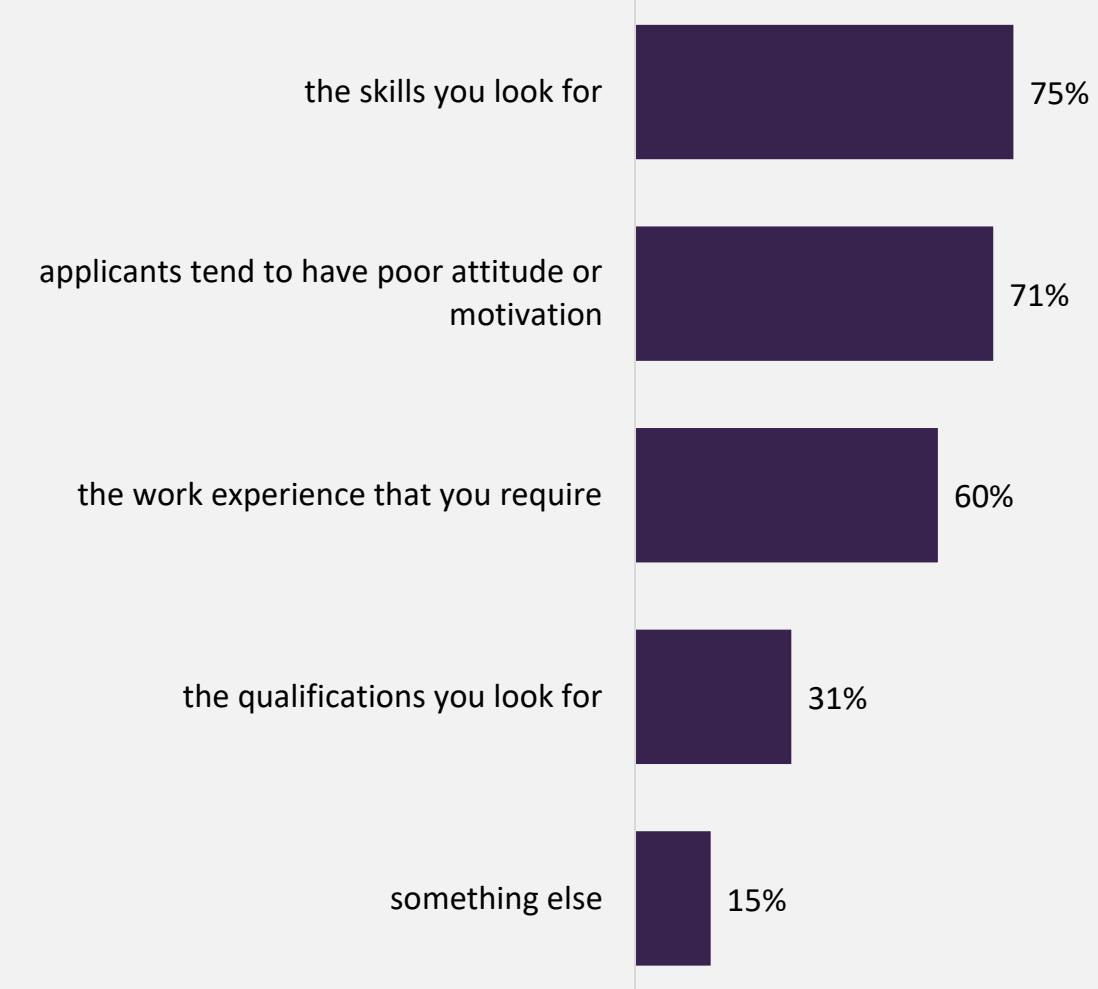
Quality of Applicants

Among businesses who said they had applicants who were not of sufficient quality, three quarters (75%) said that applicants had been lacking the skills they were looking for.

Seven in ten (71%) said that applicants tended to have poor attitude or motivation, while six in the (60%) said that they lacked the required work experience. Fewer businesses (31%) said that applicants were lacking qualifications.

The base size for this question (74) is too low for subgroup analysis.

Q. You said that you have had problems with the quality of applicants. Would you say that they have been lacking...



Base: All businesses who had applicants who have not been of sufficient quality (74)

Roles Difficult to Fill

Businesses who were recruiting staff were most likely to say that they found it difficult to fill roles requiring skilled tradespeople and craftspeople (31%) or general labourers (28%).

This was followed by sales and customer service staff (14%), hospitality and service workers (14%) and machine or process operatives (12%). However, around one in five (19%) of those recruiting said that they had not found it difficult to fill any of the roles listed.

These figures may reflect how commonly businesses had tried to fill particular roles, but we do not have details on this.

More likely than average to have found it difficult to recruit into specific roles:

Size:

- 25+ staff* – skilled trades and craftspeople (46%), finance and accounting staff (17%), technical and IT support staff (14%), marketing and communications experts (12%)

Sector

- Primary industries* – general labourers (47%),
- Wholesale, retail and repairs* – sales and customer service staff (32%)

Rurality

- Remote rural – general labourers (42%), operations managers and team leaders (14%),

Q. Which if any of the following roles have you found difficult to fill when recruiting staff?



Base: All businesses who have sought to recruit staff (251)

Impacts of not having required level of staff or skills

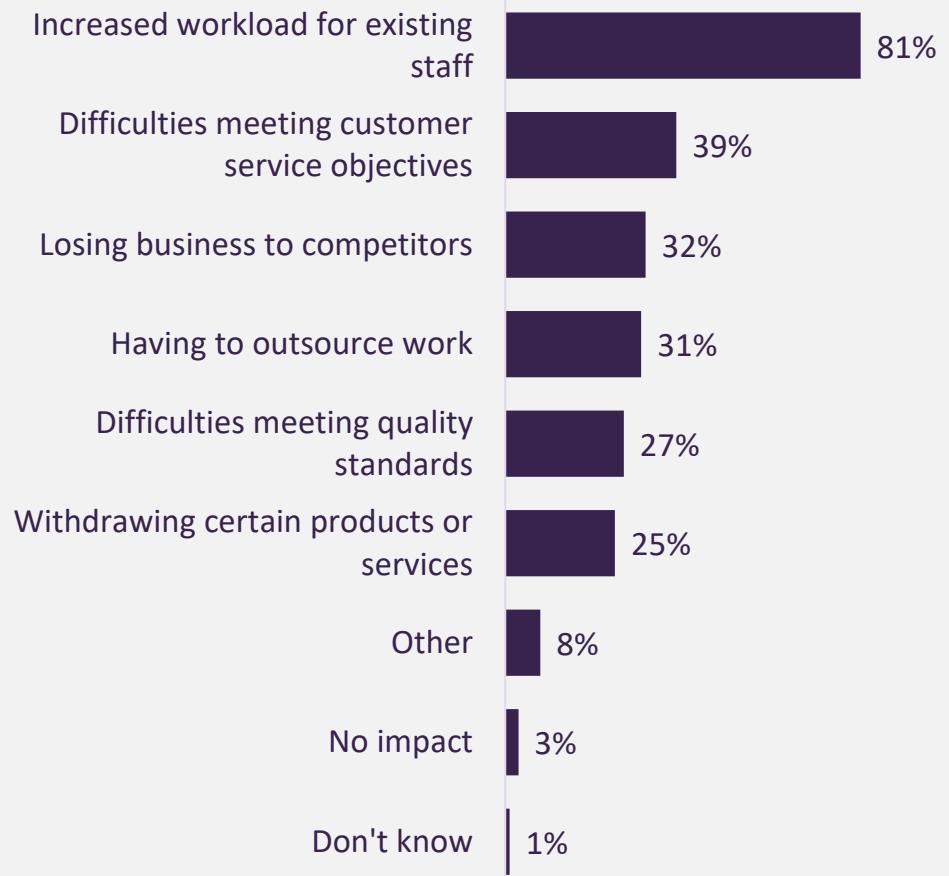
Eight in ten (81%) businesses who did not have the right level of staff or skills reported that this had led to increased workload for existing staff.

Businesses also reported that this had caused difficulties meeting customer service objectives (39%), losing business to competitors (32%), and having to outsource work (31%). Around a quarter said that they had difficulties meeting quality standards (27%) or had withdrawn certain products or services (25%). Just 3% said that not having the right level of staff or skills had had no impact.

Businesses who did not have the right level of skills were more likely than average to say that this had led to difficulties meeting customer service objectives (50%) or difficulties meeting quality standards (39%).

There were no other significant subgroup differences for this question.

Q. Which if any of the following impacts is your business experiencing as a result of not having the required level of staff or skills in your business?



Base: All businesses who do not have the right level of staff or skills (150)

08

Graduates and Apprentices

Key findings

- Among businesses who had sought to recruit staff, more than half had recruited skilled roles (57%), young people (57%), or unskilled workers to train in-house (51%).
- One in five (19%) had tried to recruit apprenticeships and one in ten had tried to recruit into graduate positions (10%).
- More than half businesses who had offered graduate positions* reported having positive experiences (56%), while three in ten (30%) had negative experience. 14% were neither positive nor negative.
- Views among businesses who had offered apprenticeships were more mixed, with 32% having had positive experiences, 45% negative, and 23% neither positive nor negative.
- Among businesses who were recruiting but had not tried to recruit for graduate positions or apprenticeships in the past year, six in ten had not needed them (61%).
- Around a third (35%) were looking to upskill existing staff instead, while around a quarter were concerned about the time taken to train them (24%) or had a limited training budget (23%).

19% had tried to recruit apprenticeships

10% had tried to recruit into graduate positions

32% had positive experience of recruiting into apprenticeships

56% had positive experiences of recruiting into graduate positions

Recruitment Levels

Among businesses who had sought to recruit staff, more than half had recruited skilled roles (57%), young people (57%), or unskilled workers to train in-house (50%).

One in five (19%) had tried to recruit apprenticeships and one in ten had tried to recruit int graduate positions (10%).

More likely than average to have recruited specific staff:

Business size:

- 25+ staff – unskilled workers (79%), skilled roles (78%), young people (72%), apprenticeships (48%), graduate positions (32%)

Sector

- Wholesale, retail and repairs* – apprenticeships (34%), none of these (25%)

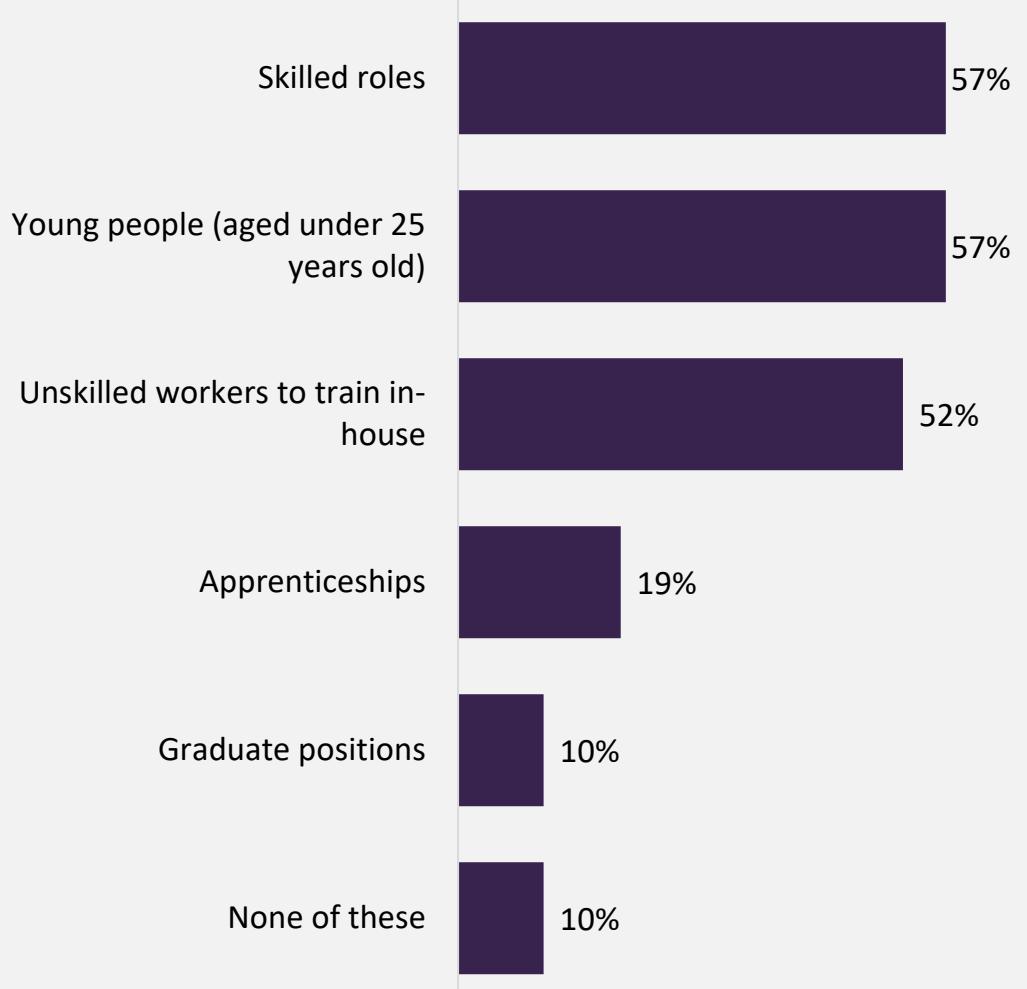
Growth sector

- Sustainable tourism* – young people (78%)

Skills

- Do not have right level of skills – unskilled workers (70%), apprenticeships (30%)

Q. Have you tried to recruit for any of the following in the past year?



Base: All businesses who have sought to recruit staff (251)

Recruitment of Graduates and Apprentices

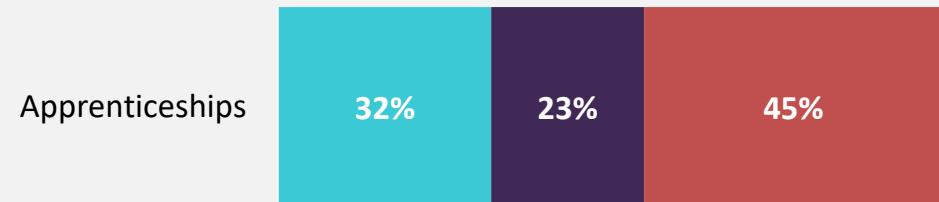
More than half businesses who had offered graduate positions* reported having positive experiences (56%), while three in ten (30%) had negative experience. 14% were neither positive nor negative.

Views among businesses who had offered apprenticeships were more mixed, with 32% having had positive experiences, 45% negative, and 23% neither positive nor negative.

*The base for this question (57 for apprenticeships, 34 for graduate positions) is too low for subgroup analysis.

Q. To what extent are you positive or negative about your experiences of recruiting into graduate positions/apprentices?

■ Positive ■ Neither positive nor negative ■ Negative



Reasons for not Recruiting Graduates or Apprentices

Among businesses who were recruiting but had not tried to recruit for graduate positions or apprenticeships in the past year, six in ten had not needed them (61%).

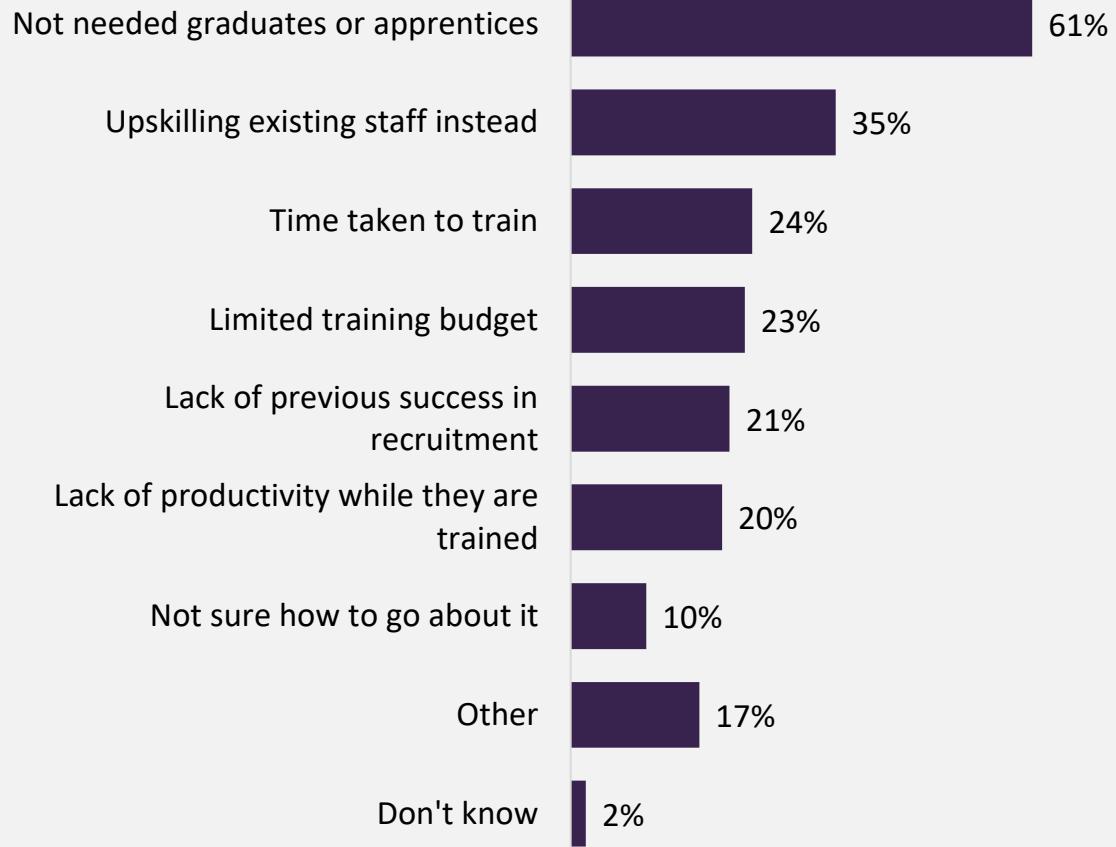
Around a third (35%) were looking to upskill existing staff instead, while around a quarter were concerned about the time taken to train them (24%) or had a limited training budget (23%).

One in five (21%) said they had experienced a lack of previous success in recruiting graduates or apprentices, and a similar proportion (20%) were concerned about the lack of productivity while they were trained.

One in ten (10%) were not sure how to go about recruiting graduates or apprentices.

There were no significant differences within subgroups.

Q. What are the main reasons you have not tried to recruit for graduate positions or apprenticeships in the past year?



Base: All businesses not recruiting graduate positions or apprenticeships (174)

09

Response to challenges

Key findings

- Businesses who were experiencing a significant challenge most commonly reported having to delay or postpone increasing staff wages or benefits (27%) or new capital projects / investments (27%).
 - Around one in five said that they had delayed or postponed moving to net zero ways of working (22%), recruiting new staff (22%), or developing new products or services (21%).
- Among businesses who reported that they were experiencing at least one of the significant challenges listed (93%), around half (51%) said they had, or were planning to, increase prices in response.
 - 39% had/were planning to make energy efficiency improvements, and 36% had/were planning to use cash reserves. 28% had/were planning to adapt their products or services or put a freeze on hiring staff.

27% of businesses experiencing a significant challenge said that they had delayed or postponed increasing staff wages or benefits

93% of businesses had experienced at least one significant challenge
51% of these said that they had, or were planning to, increase prices as a response

Plans delayed or postponed due to challenges

Businesses who were experiencing a significant challenge most commonly reported having to delay or postpone increasing staff wages or benefits (27%) or new capital projects investments (27%).

Around a fifth said that they had delayed or postponed moving to Net Zero ways of working (22%), recruiting new staff (22%), or developing new products or services (21%).

However, a third (33%) said that they not had delayed or postponed any of the options listed.

12% of these businesses said that they had postponed or delayed investment into AI automation or other digital technologies.

Q. Which of the following if any had you planned but are having to delay or postpone because of the significant challenges you are experiencing?



Base: All businesses experiencing a significant challenge (561)

Plans delayed or postponed (2)

Certain businesses were more likely than others to say that the challenges they faced had meant delaying or postponing certain actions.

More likely than average to cite specific impacts of challenges:

Size

- 25+ staff* – Recruiting new staff (47%), increasing staff wages or benefits (46%), delivering new capital projects / investments (40%), staff training and development (37%), moving to Net Zero ways of working (34%), upgrading or moving premises (28%), investing in AI, automation, or other digital technologies (24%).

Sector

- Primary industries – Delivering new capital projects / investments (35%)
- Manufacturing – Developing new products or services (34%), staff training and development (31%)
- Accommodation and food services* – Recruiting new staff (40%), developing new products or services (36%), upgrading or moving premises (31%)

Growth sector

- Food and drink – Delivering new capital projects / investments (36%)
- Sustainable tourism – Recruiting new staff (36%), developing new products or services (34%), upgrading or moving premises (27%)
- Creative industries* – Developing new products or services (33%)

Rurality

- Accessible rural – Moving to Net Zero ways of working (28%)

Economic outlook

- Not confident in the economic outlook for Scotland – Increasing staff wages or benefits (31%), delivering new capital projects / investments (30%)

Growth aspiration

- Striving for growth – Increasing staff wages or benefits (35%), delivering new projects / investments (34%), staff training or development (23%), upgrading or moving premises (22%), investing in AI, automation, or other digital technologies (16%)

Business performance

- Struggled in the past 6 months – Delivering new capital projects / investments (37%), developing new products or services (29%), upgrading or moving premises (22%)

Staff

- Do not have enough staff – Recruiting new staff (53%), increasing staff wages or benefits (44%), developing new products or services (32%), staff training and development (32%), upgrading or moving premises (24%), investing in AI, automation, or other digital technologies (20%)

Skills

- Do not have the right level of skills – Staff training and development (47%), recruiting new staff (45%), increasing staff wages or benefits (39%), developing new products or services (39%), upgrading or moving premises (26%)

More likely than average to have experienced none of the listed impacts:

- IT, finance and real estate (56%*, compared with 33% overall), Content with current level of performance (47%), Performed well in the past 6 months (44%), 0-4 staff (37%)

Responding to challenges

Among businesses who reported that they were experiencing at least one of the significant challenges listed (93%), around half (51%) said they had, or were planning to, increase prices in response.

39% had/were planning to make energy efficiency improvements, and 36% had/were planning to use cash reserves. 28% had/were planning to adapt their products or services or put a freeze on hiring staff.

Q. Which of the following actions if any are you taking or planning to take in response to the challenges you are experiencing?



Base: All businesses experiencing a significant challenge (561)

Responding to challenges (2)

Certain businesses were more likely than others to say that they were responding to the challenges they faced in certain ways

Specific actions were more commonly mentioned by:

Size

- 25+ staff* - Increasing prices (67%), using cash reserves (62%), making energy efficiency improvements (60%), exploring the use of AI / automation (54%), sourcing alternative materials, goods or services (53%), adapting products or services (47%), making staff redundant (14%).

Sector

- Wholesale, retail and repairs- Reducing operations or opening hours (26%)
- Professional, scientific and technical- Exploring the use of AI / automation (36%)
- Manufacturing* - Adapting products or services (49%), making staff redundant (12%).
- Construction* - Increasing prices (71%)
- Accommodation and food* - Increasing prices (68%), using cash reserves (49%), reducing operations or opening hours (44%)
- IT, finance and real estate* - Exploring the use of AI / automation (46%)

Growth sector

- Sustainable tourism - Increasing prices (66%), reducing operations or opening hours (43%)
- Financial and business services* - Exploring the use of AI / automation (33%)
- Creative industries* - Exploring the use of AI / automation (30%)

Economic outlook

- Not confident in the economic outlook for Scotland - Using cash reserves (41%), a freeze on hiring staff (34%), reducing operations or opening hours (22%)

Growth aspiration

- Striving for growth - Increasing prices (56%), making energy efficiency improvements (45%), using cash reserves (45%), adapting products or services (39%), sourcing alternative goods or services (35%), freeze on hiring staff (32%), exploring the use of AI / automation (26%), collaborating / sharing premises or resources (16%)
- Wanting to downsize - Reducing operations / opening hours (31%)

Business performance

- Struggled in the past 6 months - Using cash reserves (48%), freeze on hiring staff (41%), adapting products or services (37%), reducing operations or opening hours (26%), making staff redundant (12%)

Staff

- Do not have enough staff - Using cash reserves (45%), reducing operations or opening hours (25%)

Skills

- Do not have the right level of skills - Adapting products or services (45%), reducing operations or opening hours (28%)

Location

- Scottish Borders - Increasing prices (59%)

Rurality

- Remote rural - Making energy efficiency improvements (47%)
- Urban - Increasing prices (60%)

10

Appendix

Export markets – by sector¹

		Sector			
	Average (%)	Primary industries	Manufacturing	Construction	Wholesale, retail and repairs
Scotland	96	94	100	99	98
Rest of UK	63	66	92	47	49
Outside the UK	20	7	64	5	13
Net: exporter	64	68	92	49	50
Net: domestic only	34	29	8	51	49
Base (n)	600	133	42*	58	98

Export markets – by sector 2

		Sector				
	Average (%)	Accommodation and food services	IT, finance and real estate	Professional, scientific and technical activities	Administrative and support services	Arts and service activities
Scotland	96	100	97	95	97	90
Rest of UK	63	56	84	79	70	42
Outside the UK	20	45	39	31	24	23
Net: exporter	64	56	84	83	70	42
Net: domestic only	34	44	16	17	30	48
Base (n)	600	51	37*	66	43*	54

Export markets – by growth sector

		Sector			
	Average (%)	Food and drink	Financial and business services	Tourism	Creative industries
Scotland	96	94	96	99	100
Rest of UK	63	67	74	56	86
Outside the UK	20	4	30	44	54
Net: exporter	64	67	78	56	86
Net: domestic only	34	30	22	43	14
Base (n)	600	124	54	66	51

Sector categories included in the survey sample

SIC 2007 categories

The sector categories referred to in the report, and examples of the types of sectors covered by these categories, are summarised below.

Sector title uses in report	Types of sectors covered
Primary industries	Agriculture, forestry, fishing; Mining and quarrying; Electricity, gas and air supply; Water and sewerage
Manufacturing	Manufacturing
Construction	Construction
Wholesale and retail	Wholesale and retail sales and repairs
Transport and storage	Transport activity and storage of goods used for transport activities
Accommodation and food services	Accommodation and food services service activities
IT, finance and real estate	IT, telecommunications, financial services, insurance, and real estate
Professional, scientific and technical	Legal, accounting, advertising, architectural and scientific research.
Administrative and support services	Office administration, human resources, services to buildings and landscapes, travel, and security services.
Arts and entertainment	Creative and arts activities; Libraries, museums and cultural activities; Sports and recreation

Growth sector categories

The growth sector categories referred to in the report, and the types of SIC 2007 sectors they partially cover are summarised below.

Growth sector category	SIC 2007 categories partially covered
Creative industries	Manufacturing; Wholesale and retail; Professional, scientific and technical; Administrative and support services; Arts and entertainment.
Energy	Primary industries; Manufacturing; Professional, scientific and technical.
Financial and business services	IT, finance and real estate; Professional, scientific and technical; Administrative and support services;
Food and drink	Primary industries; Manufacturing.
Life sciences	Manufacturing. Professional, scientific and technical;
Tourism	Accommodation and food services; Administrative and support services; Arts and entertainment.

Profile of businesses interviewed

Size (no of employees)	Weighted %
Sole trader	29
1-4	48
5-10	13
11-24	6
25+	3

Location	Weighted %
Dumfries and Galloway	57
Scottish Borders	43

Urban/Rural	Weighted %
Remote rural	25
Accessible rural	37
Urban	38

Sector	Weighted %
Primary industries	31
Manufacturing	5
Construction	12
Wholesale and retail	13
Transport and storage	3
Accommodation and food services	8
IT, finance and real estate	5
Professional, scientific and technical	10
Administrative and support services	6
Arts and entertainment	6



Ipsos Standards & Accreditations

Ipsos' standards & accreditations provide our clients with the peace of mind that they can always depend on us to deliver reliable, sustainable findings. Moreover, our focus on quality and continuous improvement means we have embedded a 'right first time' approach throughout our organisation.



ISO 20252 – is the international market research specific standard that supersedes BS 7911 / MRQSA & incorporates IQCS (Interviewer Quality Control Scheme); it covers the 5 stages of a Market Research project. Ipsos was the first company in the world to gain this accreditation.



MRS Company Partnership – By being an MRS Company Partner, Ipsos endorse and support the core MRS brand values of professionalism, research excellence and business effectiveness, and commit to comply with the MRS Code of Conduct throughout the organisation & we were the first company to sign our organisation up to the requirements & self regulation of the MRS Code; more than 350 companies have followed our lead.



ISO 9001 – International general company standard with a focus on continual improvement through quality management systems. In 1994 we became one of the early adopters of the ISO 9001 business standard.



ISO 27001 – International standard for information security designed to ensure the selection of adequate and proportionate security controls. Ipsos was the first research company in the UK to be awarded this in August 2008.



The UK General Data Protection Regulation (UK GDPR) & the UK Data Protection Act 2018 (DPA) – Ipsos is required to comply with the UK General Data Protection Regulation and the UK Data Protection Act; it covers the processing of personal data and the protection of privacy.



HMG Cyber Essentials – A government backed and key deliverable of the UK's National Cyber Security Programme. Ipsos was assessment validated for certification in 2016. Cyber Essentials defines a set of controls which, when properly implemented, provide organisations with basic protection from the most prevalent forms of threat coming from the internet.



Fair Data – Ipsos is signed up as a 'Fair Data' Company by agreeing to adhere to ten core principles. The principles support and complement other standards such as ISOs, and the requirements of Data Protection legislation.

This work was carried out in accordance with the requirements of the international quality standard for market research, ISO 20252 and with the Ipsos Terms and Conditions

Thank you

