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Rural Scotland Business Panel Survey June 2022



AGRICULTURE, ENVIRONMENT AND MARINE



Rural Scotland Business Panel Survey

June 2022

Undertaken by Ipsos

In collaboration with Highlands and Islands Enterprise
and South of Scotland Enterprise



SOUTH of
SCOTLAND
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Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

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Executive summary

This report presents findings from the second Rural Scotland Business Panel survey carried out in February and March 2022.

Overview and key findings

Key findings

- In the midst of rising costs and a challenging economic outlook, rural businesses were less confident in the economy that they had been at the end of last year. They remain largely optimistic about their future prospects, though to a lesser extent than in the previous wave.
- Costs were a big issue for businesses. Almost all were concerned about increasing costs, particularly to the cost of energy and fuel. In response, around half were increasing their own prices.
- Against this context, the main areas of focus for rural businesses were their resilience, enhancing their productivity, and compliance with regulations or legislation.
- Workforce was seen as a key factor in helping businesses achieve their plans. However, workforce-related challenges were common, including cost of labour, skills shortages, vacancies and absences.
- There was fairly high use, or intended use, of new forms of technology. Most businesses had also taken steps to move to low carbon ways of working. However, cost remained a key barrier in both these areas.

Optimism and performance

- Just over half (53%) of businesses were confident in the economic outlook for Scotland over the next 12 months, while 44% were not. Economic optimism was down on the previous wave: 42% said their confidence had decreased (vs 34% the previous wave), while 45% said it had stayed the same (vs 48%) and 13% said it had increased (vs 17%).
- Almost three fifths of businesses were operating at either the same level (38%) or over and above the level (20%) they were before COVID-19. Two fifths (40%) were operating below their pre-pandemic levels.
- Over the past six months, sales or turnover performance was mixed, while employment had remained relatively stable. Exports were more likely to have decreased than increased but had remained stable for a majority of businesses.
- Most (73%) businesses were optimistic about their prospects in the next 12 months, but about a quarter (26%) were not.

- In terms of their current aspirations, just over two-fifths were striving for growth (43%) or were content with their current level of performance (45%). Around one in ten (11%) wanted to downsize.

Costs

- Almost all businesses (93%) were concerned about rising costs, with just 7% not concerned.
- Businesses were most concerned about the costs of energy (65%) and fuel (62%). A third were concerned about the cost of goods sourced from within the UK (34%) and around a fifth by the cost of labour (22%), the cost of imported goods (20%) and the cost of transporting goods (18%).
- To help respond to cost increases, around half of businesses were increasing their prices (54%), while over a third were exploring new markets (37%), collaborating with other businesses (35%), and working with new suppliers (34%).

Planning ahead

- At least half of businesses were currently focussing on their resilience (55%), enhancing productivity (51%) and compliance with regulation or legislation (50%).
- The most important factor in helping businesses achieve their plans was their workforce (42%), followed by new technology (33%) and adapting their product or processes (30%).

Workforce

- Almost two-thirds of employers (65%) were experiencing workforce related challenges. The most common challenge was the cost of labour (38%), followed by skills gaps (28%), unfilled vacancies (23%) and staff absences (22%).
- The top three issues contributing to workforce related challenges were: a lack of candidates (51%), difficulties accessing specific skillsets (46%) and being unable to offer competitive pay (29%).
- The top actions employers were taking in relation to their workforce were: upskilling or re-skilling current workforce (50%), investing in new technology (39%), making pay and rewards more competitive (36%) and collaborating with other businesses (30%).
- Two-thirds of employers were confident they could address their workforce challenges (64%), while one third were not (35%).

New technology

- Almost three quarters (72%) of businesses were using or planning to use new technologies, the common being low carbon technology (34%) and the Internet of things and sensor technologies (34%).
- The most frequently mentioned barriers to adopting new approaches and technologies were: the cost of new technology (52%), the lack of time (44%) and more pressing priorities (39%).

Low carbon

- Two thirds (66%) of businesses were taking action to help them move to low carbon working. The most common actions were: investing in premises (33%), making a plan or updating business plans (33%), investing in low carbon technology (31%), and bringing in external advice and support (37%).
- Most (85%) businesses were taking or planning actions to improve their energy efficiency.
- The most frequently mentioned barriers to moving to low carbon ways of working were: cost of making changes (61%), lack of green transport options (45%) and difficulty making existing premises more energy efficient (44%).

Markets

- Over three quarters (79%) of businesses were importers (sourcing from outside Scotland) and around half (52%) were exporters.
- Almost all (98%) businesses were taking, or planning, action in relation to their markets. Most businesses (95%) were either maintaining their existing markets (87%) or expanding into new market (31%), while 11% were concentrating on fewer markets.
- Around three quarters (77%) of businesses were taking actions relating to their supply chains and around half (51%) were taking actions specifically in response to supply chain challenges. The most common actions were using more locally sourced supplies (48%) and using more supplies from inside the UK (47%).

Taking action

- Looking across three of the topics covered in the survey, around half of businesses (51%) were taking action relating to their workforce, were embracing new technology, and taking action to help them move to low carbon ways of working – this subset of businesses can be considered “**proactive**”.
- These proactive businesses tended to be larger (68% of those with 11-24 staff, 74% of those with 25+ staff), in the Highlands and Islands (57%), operating over and above the level they were before COVID-19 (61%) and in the food and drink sector (59%).

Variation by location and rurality

- Business in the Highlands and Islands were more confident in the economy than those in the South of Scotland and the rest of rural Scotland. They were also more optimistic about their future prospects and more likely to be currently focussing on their resilience, productivity, reducing carbon emissions, supporting growth, succession planning and addressing labour challenges.
- Remote rural businesses were more likely than average to be operating at the same levels as they were pre-COVID-19, and to want to downsize. Businesses in small towns and peripheral urban areas, on the other hand, were more likely to be striving for growth.

- Both remote rural, and islands businesses, were more likely to experience a range of issues related to their workforce, including poor transport connections, unattractive working hours or conditions, and a lack of accommodation, childcare or opportunities for partners. They were least likely to be confident in their ability to address workforce challenges.
- While remote rural businesses were more likely to be taking a number of actions to help them move to low carbon ways of working, they were also more likely to mention a range of barriers to doing so.

Sector summaries

Findings for two of the largest sectors covered in the survey (tourism and food and drink) are summarised below (based on areas where findings were different from the average).

Sector summary: Tourism

Tourism businesses were more likely than other sectors to still be operating **below their pre-pandemic levels** and to have seen decreases in sales or turnover, employment and exports in the last six months. However, they were more likely than average to be **striving for future growth**.



Rising costs were of particular concern for tourism businesses, especially the costs of energy, goods sourced within the UK and labour. In response to cost increases they tended to be increasing prices, using cash reserves, changing their product or service, or scaling back production or services.

Cost of labour, unfilled vacancies and staff leaving the business were all more common among tourism businesses, and **addressing labour challenges** was one of their current areas of focus. They put their labour challenges down to poor transport connections, being unable to recruit from the EU, unattractive hours or conditions, and a lack of accommodation and childcare. In response, they were more likely to be recruiting staff from different markets and providing accommodation.

On **new technologies**, they were more likely than average to be using the Internet of Things and data analytics, but they were more likely to say that keeping pace with new developments was a barrier.

To help them move to **low carbon working**, tourism businesses were more likely to be investing in their premises, bringing in external advice and support, or recruiting staff with green skills. However, they were more likely to cite a number of barriers to making these changes: cost, difficult making premises more efficient, access to greener technology, access to skills and lack of knowledge.

Tourism businesses were more likely to be **trading outside of Scotland**. To help support their market activity, they were adapting their product or service, re-skilling or up-skilling their staff, or recruiting staff with new or different skills.

Sector summary: Food and drink

Food and drink businesses had seen relatively **stable financial performance** over the last six months and were more likely than average to be operating at the same level as before COVID-19. They wanted stability in the future, but were **less optimistic than average** about their own prospects.



Like tourism businesses, they were more concerned than average about **rising costs**. Costs of fuel, imported goods and transporting goods were of particular concern. In response to cost increases, food and drink businesses were more likely to be postponing their investment plans and seeking external finance.

Food and drink businesses felt that their **workforce challenges** were driven by poor transport connections, unattractive working hours or conditions, a lack of accommodation and being unable to recruit from the EU.

Low carbon was a particular area of focus for food and drink businesses, and they were more likely than average to be making a plan/updating business plans, bringing in external advice and support and investing in technology to help them move to low carbon ways of working. However, they were also more likely to cite cost and speed or reliability of digital connectivity as barriers to low carbon working.

Specific **technologies** they were using included low carbon technology, automation and mobile app development. They were more likely to cite costs and concerns over data security as barriers to using new technology.

Food and drink businesses were more likely to be responding to **supply chain challenges and changes to import arrangements**. To help them achieve their market plans, they were more likely to be bringing in external advice and support and investing in research and development.

1. Introduction

The Rural Scotland Business Panel Survey

The Rural Scotland Business Panel was established to measure and monitor the economic health of rural Scotland through capturing the experiences and opinions of rural businesses and social enterprises. It was commissioned through a partnership of the Scottish Government, Highlands and Islands Enterprise (HIE) and South of Scotland Enterprise (SOSE).

This report presents the findings from the second wave of the Rural Scotland Business Panel survey, the first having taken place in October/November 2021. The aim of the survey is to ensure that the voices of rural businesses are represented at regional and national level. Survey findings will help address existing data gaps by providing consistent and comparable data on businesses in each region and across rural Scotland overall, allowing the Scottish Government, HIE and SOSE to explore emerging opportunities and challenges and to track change over time. Findings will help inform resource prioritisation and policy development within and across the public sector. The HIE and SOSE Business Panel surveys are distinct components of the overall survey, with findings reported on separately as well as within this report¹.

The survey covered a range of topics including: economic optimism, current priorities and concerns, concerns about costs, what businesses are focussing on and how they are planning ahead, workforce, new technology, low carbon and markets.

Context

The survey was carried out against the backdrop of challenging economic circumstance for businesses in the region, and across the UK.

Though widespread COVID-19 lockdown restrictions had eased, some businesses were still operating in a different way than they had been pre-pandemic.

The first quarter of the year saw reports of increased inflation, interest rates and record fuel prices. These challenges were compounded during February and March 2022 by the invasion of Ukraine by Russian forces. The resulting economic sanctions and reduced supply chains increased prices in some sectors. The survey therefore captured concerns in these areas.

November 2021 saw the UN Climate Change Conference (COP26) take place in Glasgow, with the attention of global media turned to Scotland and its response to the climate emergency. Reflecting this, the survey captured business views on net zero and moving to low carbon ways of working.

¹ The HIE Business Panel report is available on the HIE website [here](#); the SOSE Business Panel report is available on the SOSE website [here](#).

Methodology

Fieldwork

The survey was conducted with businesses and social enterprises across rural Scotland between 7 February and 5 April 2022, using telephone interviewing. In total 2,723 eligible interviews were achieved.

Geographic coverage

The survey covered three geographic areas:

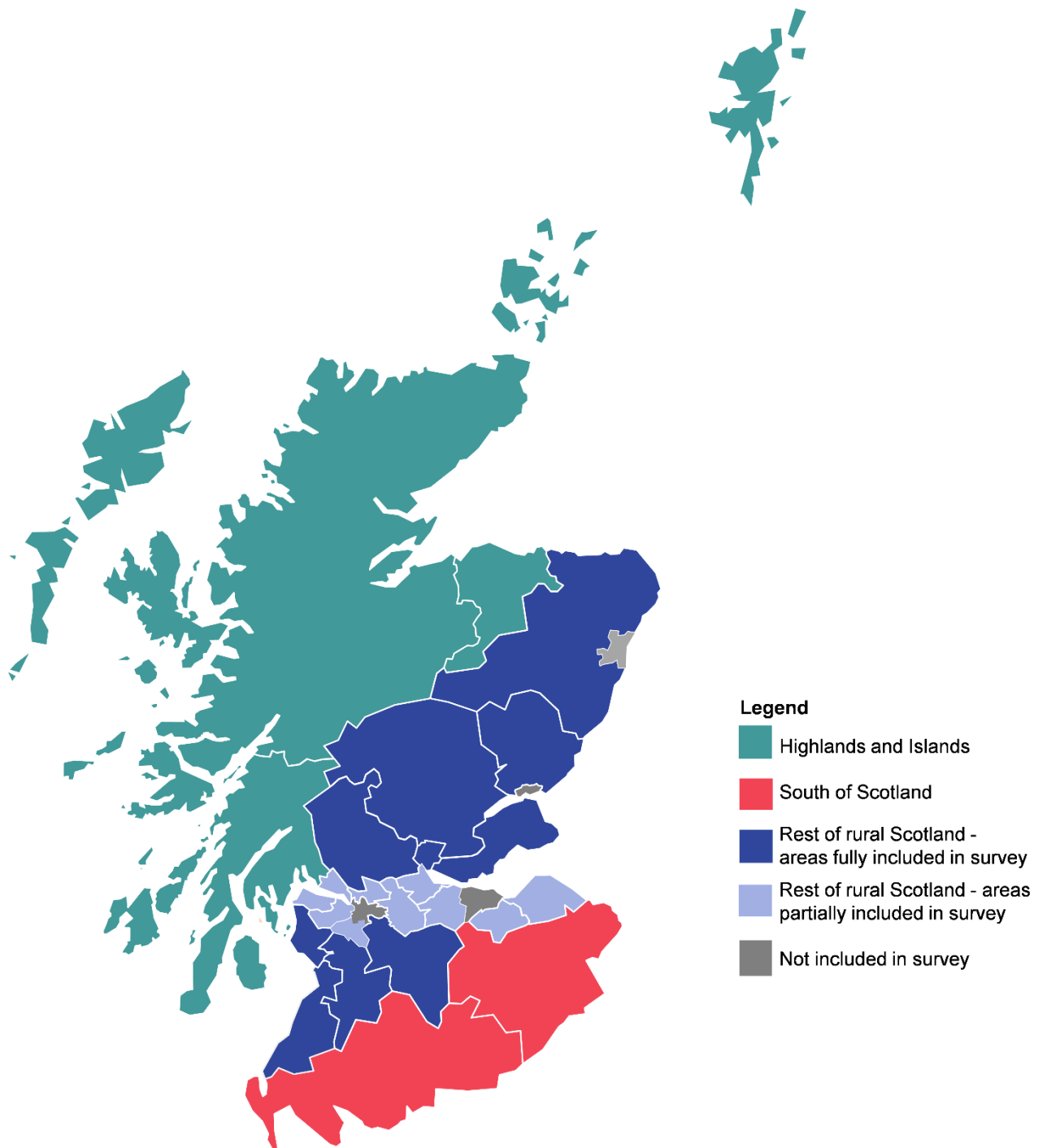
- Highlands and Islands (the area covered by HIE), including: Argyll and the Islands, Caithness and Sutherland, the Inner Moray Firth, the Outer Hebrides, Lochaber, Skye and Wester Ross, Moray, Orkney and Shetland.
- South of Scotland (the area covered by SOSE), consisting of Dumfries and Galloway and the Scottish Borders.
- The rest of rural Scotland. This area included all other parts of rural Scotland not already covered by the HIE and SOSE samples. For the purposes of this survey, 'rural' was defined as categories 2 to 6 of the Scottish Government's six-fold Urban Rural Classification² (see Table 1.2), excluding any parts of category 2 that were within travel to work areas³ centred on Large Urban area (therefore excluding category 2 areas that are within commuting distances from Glasgow, Edinburgh, Aberdeen or Dundee, which share some of the infrastructure and operating environments of those large urban centres).

The map in Figure 1.1 shows the broad areas covered by the survey.

² The Scottish Government's six-folder Urban Rural Classification is described on the Scottish website available [here](#).

³ Travel to Work Areas (TTWAs) are a statistical tool used by UK Government and local authorities to indicate an area where the population would generally commute to a larger town, city or conurbation for the purposes of employment. The TTWAs were developed in 2011 by Newcastle University using an algorithm to identify community patterns.

Figure 1.1 – Map showing the areas covered by the survey



The number of achieved interviews in the three areas is shown in Table 1.1.

Table 1.1 – Number of interviews by geographic area

Area	Number of interviews
Highlands and Islands	1,017
South of Scotland	604
Rest of rural Scotland	1,102
Total	2,723

The profile of the businesses that took part in the survey covered a range of categories in the six-fold Urban Rural Classification (Table 1.2), with more than half (57%) being in either a remote or accessible rural area. Further details of the profile of the survey sample are shown in Appendix B and a map of the six-fold Urban Rural Classification is provided at Appendix C.

Table 1.2 – Profile of survey sample by Urban Rural classification

Category	% of participating businesses
1 (Large urban)	-
2 (Other urban areas)	22
3 (Accessible small towns)	9
4 (Remote small towns)	11
5 (Accessible rural areas)	26
6 (Remote rural areas)	31
Total	2,723

In this report, survey findings have been condensed into three categories: remote rural (category 6), accessible rural (5), and small towns and peripheral urban areas (2 to 4). Grouping categories 2, 3 and 4 together allows more statistically significant variations between groups to emerge because of the larger sample size involved.

Sampling

The survey sample was based on an overall business base of 94,275 businesses across rural Scotland.

The survey sample was sourced from two sources. First, contact was made with members of the existing HIE, SOSE and Rural Scotland business panels, that had taken part in previous waves and indicated they were willing to be re-contacted. The remaining sample was sourced from the Dun and Bradstreet business

database and was stratified by sector and size to reflect the population of businesses in rural Scotland.

Quotas were set for recruitment and interviewing so that the achieved sample reflected the population of eligible organisations as defined by the Inter-Departmental Business Register (IDBR)⁴. Eligible organisations were defined by SIC (Standard Industrial Classification) code, with the following SIC 2007 Sections 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.

SIC codes were used to identify areas of economic activity considered to be growth sectors⁵ (as set out in the Government Economic Strategy) so that quotas could be set to ensure these were represented in the survey sample. These growth sectors are derived from the longer list of SIC code categories (as outlined in Table 1.3) and are used for analysis throughout the report. Where businesses do not fall within one of these categories, they are classed as “non growth sector”, a collective term that covers a range of individual SIC categories (see breakdown of the sample in Appendix B).

⁴ UK Business Counts enterprises by industry and employment size band available [here](#).

⁵ Scotland’s Economic Strategy identifies growth sectors are available [here](#).

Table 1.3 – Growth sector categories

Growth sector	Includes parts of the following SIC 2007 categories
Food and drink	A – Agriculture C – Manufacturing (e.g. of food and beverages)
Creative industries (including digital)	C – Manufacturing (e.g. of furniture, ceramics, textiles, etc.) G – Wholesale and retail J – Information and communication M – Professional, scientific and technical activities (e.g. architecture, advertising, design etc.) N – Administrative and support services R – Arts, entertainment and recreation
Tourism	I – Accommodation and food service activities N – Administrative and support services R – Arts, entertainment and recreation
Energy (including renewables)	B – Mining C – Manufacturing (e.g. of chemicals, petroleum) D – Electricity and gas E – Water M - Professional, scientific and technical activities
Financial and business services	K – Financial and insurance activities M – Professional, scientific and technical activities N – Administrative and support services
Life sciences	C – Manufacturing (e.g. of medical supplies) M – Professional, scientific and technical activities

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.

The achieved sample was broadly representative of the population, notwithstanding some differential non-response due to differences in availability and willingness to participate. Weighting was applied to the data so that it matched the business population by broad geographic area (Highlands and Islands, South of Scotland and rest of rural Scotland), sector and size of business.

Presentation and interpretation of the data

The survey findings represent the views of a sample of businesses, and not the entire business population of rural 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, as in 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 sole trader⁶, 1-4, 5-10, 11-24 and 25+ staff),
- location (one of the three broad areas shown in Table 1.1),
- sector (using the growth sector categories in Table 1.3),
- rurality (grouped into three categories of remote rural, accessible rural, and urban), and
- other characteristics based on responses to the survey (for example the markets they trade with, or their growth aspiration).

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 (for example "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.

⁶ In this report sole trader refers to any business that said they had no employees at the time of the survey (though it is recognised that the term sole trader can also include businesses that have employees but who retain sole ownership of the business).

2. Optimism and performance

Key findings

Just over half (53%) of businesses were confident in the economic outlook for Scotland over the next 12 months, while 44% were not. Economic optimism was down on the previous wave: 42% said their confidence had decreased, while 45% said it had stayed the same and 13% said it had increased.

Almost three fifths of businesses were operating at either the same level (38%) or over and above the level (20%) they were before COVID-19. Two fifths (40%) were operating below their pre-pandemic levels.

Over the past six months, sales or turnover performance was mixed, while employment had remained relatively stable. Exports were more likely to have decreased than increased but had remained stable for a majority of businesses.

Most (73%) businesses were optimistic about their prospects in the next 12 months, but about a quarter (26%) were not.

In terms of their current aspirations, just over two fifths were striving for growth (43%) or were content with their current level of performance (45%). Around one in ten (11%) wanted to downsize.

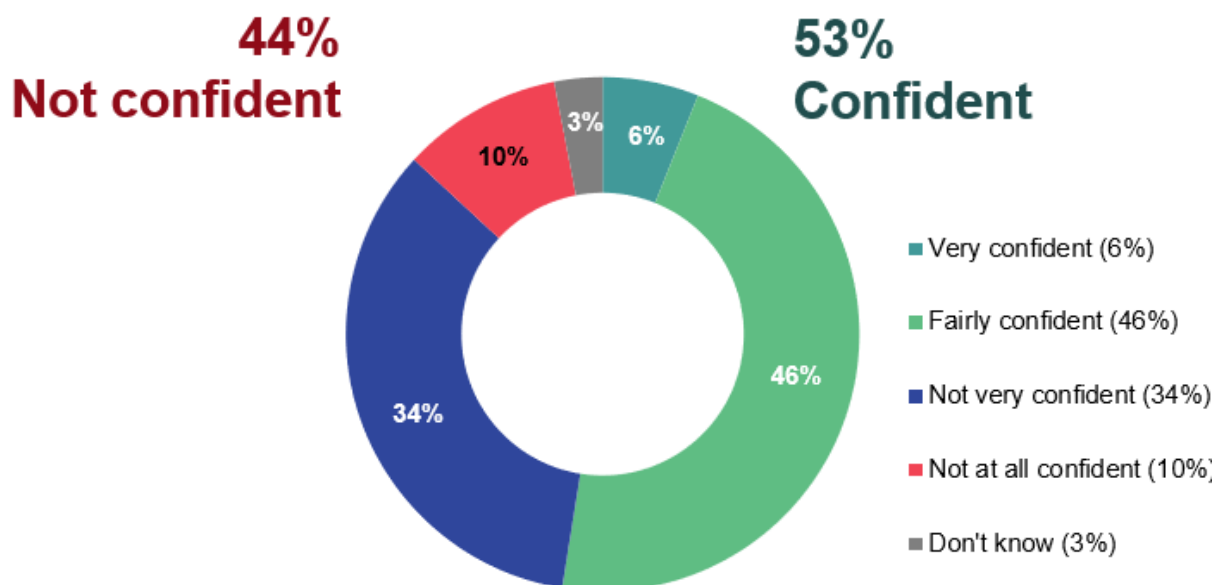
Current economic optimism

Just over half (53%) of businesses were confident in the economic outlook for Scotland over the next 12 months, while 44% were not (Figure 2.1).

Confidence was lower than in the previous wave (October/November 2021) when 60% were confident and 38% were not.

Figure 2.1 – Current economic optimism

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



Base: All businesses (2,723)

Variation in economic optimism

As seen in the previous wave, businesses in the Highlands and Islands were more confident (60%) than those in South of Scotland (52%) and the rest of rural Scotland (50%).

Confidence in the economy was also higher than average among:

- large businesses with 25+ staff (61%),
- those operating above the level they were before COVID-19 (70%), and
- those striving for growth (57%).

Confidence was lower than average among:

- food and drink businesses (53%),
- sole traders and microbusinesses with 0-4 staff (46%),
- those in accessible rural areas (50%), and
- those operating below the level they were before COVID-19 (56%).

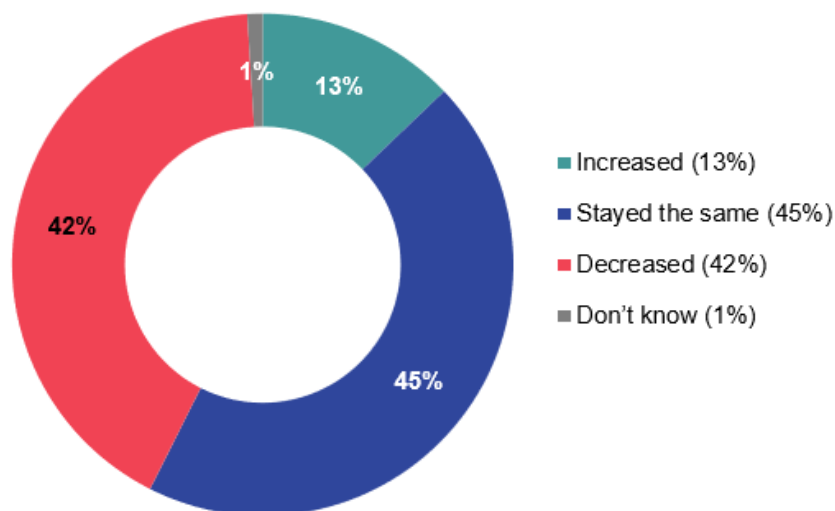
Economic optimism over the past six months

Thinking about the preceding six months, 42% of businesses said their confidence had decreased while 45% said it had stayed the same and 13% said it had increased (Figure 2.2). Overall confidence⁷ has decreased since the previous wave: net confidence was -29, compared with -17 in October/November 2021.

⁷ The net confidence figure is the difference between 'increased' and 'decreased'. Net scores are negative when negative assessments exceed positive.

Figure 2.2 – Economic optimism over past six months

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



Base: All businesses (2,723)

Variation in optimism over past six months

This wave, net confidence was higher among businesses in the Highlands and Islands (-26) than in the South of Scotland (-33) and the rest of rural Scotland (-30).

Businesses more likely than average to say their confidence had **increased** were:

- creative industries businesses (20%),
- businesses located on islands (18%),
- those operating above their pre-pandemic levels (22%), and
- those selling to markets outside the UK (17%).

Those more likely to report **decreased** confidence were:

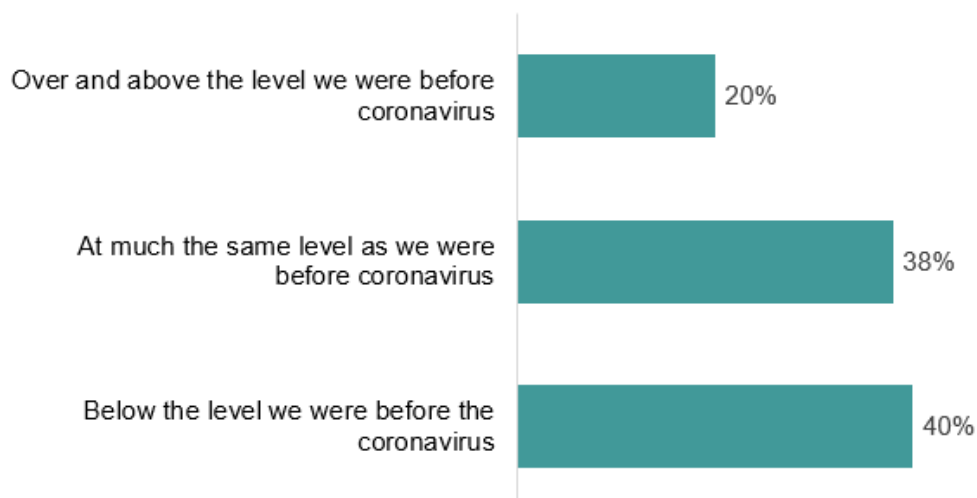
- food and drink businesses (52%), and
- those operating below pre-pandemic levels (52%).

Level of current operation

Just under three fifths (58%) of businesses said they were now operating at either the same level (38%) or over and above the level (20%) they were before the COVID-19 pandemic. Two fifths (40%) were operating below their pre-pandemic levels (Figure 2.3). Findings were in line with those seen in October/November 2021, suggesting some stability in business' recovery from the pandemic.

Figure 2.3 – Current operating level

Q. Which of the following best describes the way in which you are currently operating?



Base: All businesses (2,723)

Variation in level of operation

As seen in the previous wave, businesses in the rest of rural Scotland were more likely to be operating **below** their former levels (43%) than those in the Highlands and Islands (37%) and South of Scotland (32%) (Table 2.1).

Table 2.1 – Operating level by area

Operating level in relation to before the coronavirus	Highlands and Islands (%)	South of Scotland (%)	Rest of rural Scotland (%)	Total (%)
Over and above	20	21	20	20
At much the same level	42	46	36	38
Below	37	32	43	40
Base	1,017	604	1,102	2,723

Other types of business more likely than average to be operating **below** pre-pandemic levels were:

- tourism businesses (61%),
- those who aimed to downsize (52%),
- those selling outside the UK (49%).

Those more likely to be operating **over and above** their former levels were:

- businesses with 5-10 (25%) and 25+ staff (31%), and
- those striving for growth (29%).

Businesses in food and drink (64%) and financial and business services (48%), as well as those in remote rural areas (46%), were more likely than average to be operating at the same level as they were before.

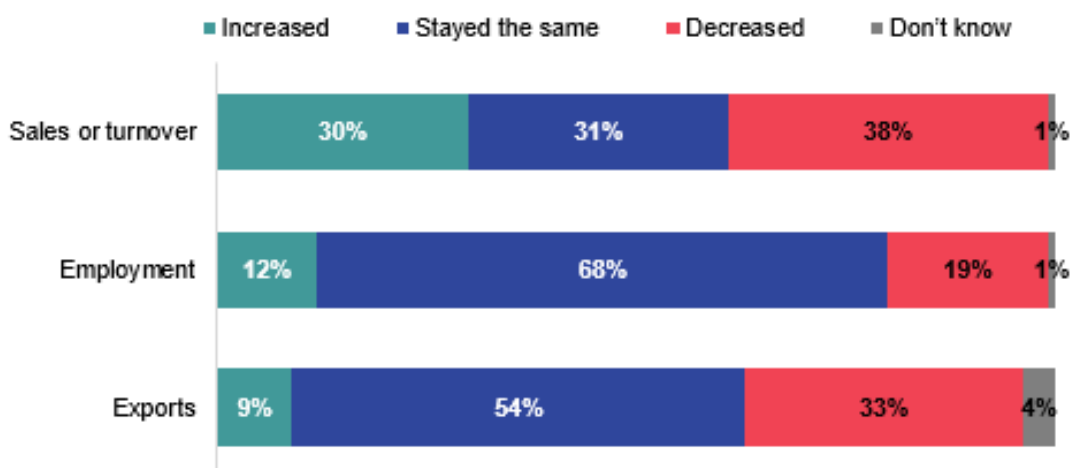
Aspects of business performance

Over the past six months, sales or turnover performance was mixed: it had increased for 30% of businesses, decreased for 38%, and stayed the same for 31%.

In the same period, employment had remained relatively stable for most businesses (68%). Exports were more likely to have decreased than increased (33% vs 9%) but had remained stable for more than half of businesses (54%) (Figure 2.4).

Figure 2.4 – Aspects of business performance in past 6 months

Q. Please tell me if the following has increased, stayed the same or decreased over the last six months?



Base: All businesses for whom each applied

Variation in aspects of business performance

As seen in the previous wave, businesses in the Highlands and Islands (34%) and the South of Scotland (35%) were more likely than those in the rest of rural Scotland (28%) to report an increase in sales and turnover. Highlands and Islands businesses were also more likely than average to report an increase in employment (16%) (Table 2.2).

Table 2.2 – Aspects of business performance by area

Aspects of business performance	Highlands and Islands	South of Scotland	Rest of Rural Scotland	Total
	% saying 'increased'			
Sales or turnover	34	35	28	30
Employment	16	12	11	12
Exports	11	7	8	9

Base (All businesses for whom each applied in each area)

Variations in sales or turnover:

- Tourism businesses were more likely to report a decrease (56%).
- Food and drink businesses were more likely to report stability (45%).

Variations in employment:

- Tourism businesses were more likely to report a decrease (31%).
- Those operating above pre-pandemic levels were more likely to report an increase (29%), while those operating below former levels were more likely to report a decrease (37%).

Variations in exports:

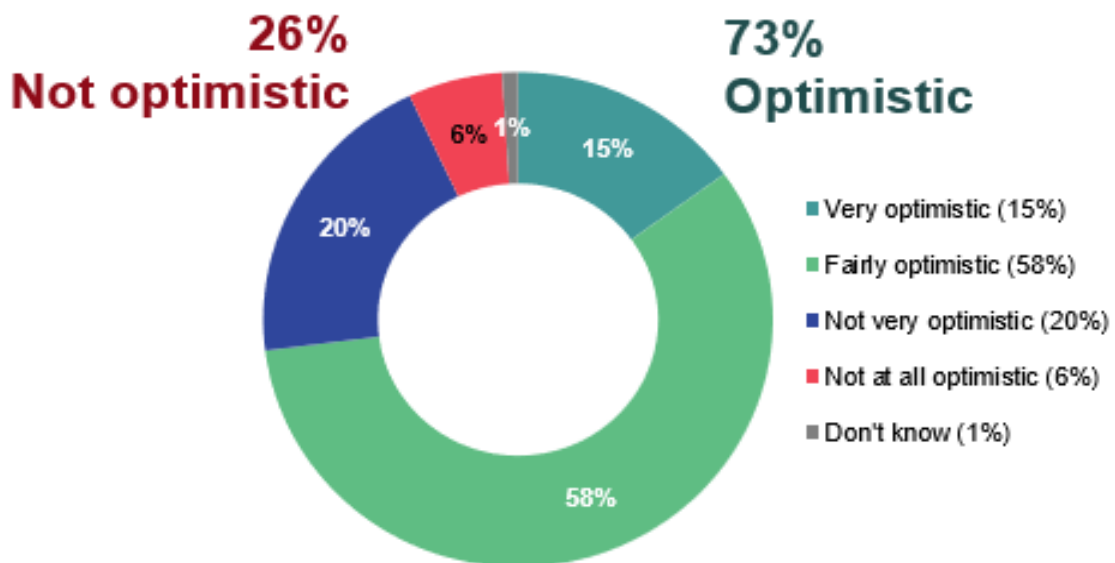
- Tourism businesses were more likely to report a decrease (31%).
- Those operating above pre-pandemic levels were more likely to report an increase (22%), while those operating below former levels were more likely to report a decrease (57%).
- Those selling to markets outside the UK were more likely to see either an increase (15%) or a decrease (45%).

Future prospects

Around three quarters of businesses (73%) were optimistic about their prospects in the next 12 months, while 26% were not (Figure 2.5). Businesses were slightly less optimistic than in October/November 2021, when 77% were optimistic.

Figure 2.5 – Optimism

Q. How optimistic are you for your business's prospects in the next 12 months?



Base: All businesses (2,723)

Variation in optimism

Optimism was higher among businesses in the Highlands and Islands (77% optimistic) and in the South of Scotland (77%) than the rest of rural Scotland (71%).

Other businesses **more optimistic** than average were:

- financial and business services (79%),
- large businesses (25+ staff) (85%),
- those operating above their pre-pandemic levels (91%), and
- those striving for growth (80%).

Businesses which were **less optimistic** than average included:

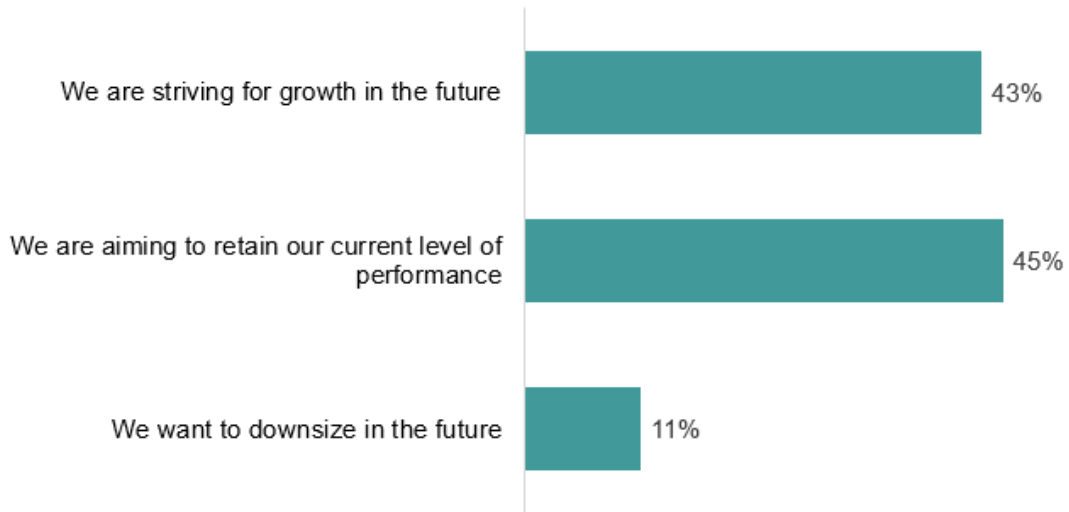
- food and drink (35% not optimistic),
- those in accessible rural areas (30%), and
- those operating below pre-pandemic levels (42%).

Growth aspirations

Similar levels of businesses were striving for growth (43%) and were content with their current level of performance (45%). Around one in ten (11%) wanted to downsize (Figure 2.6).

Figure 2.6 – Growth aspirations

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



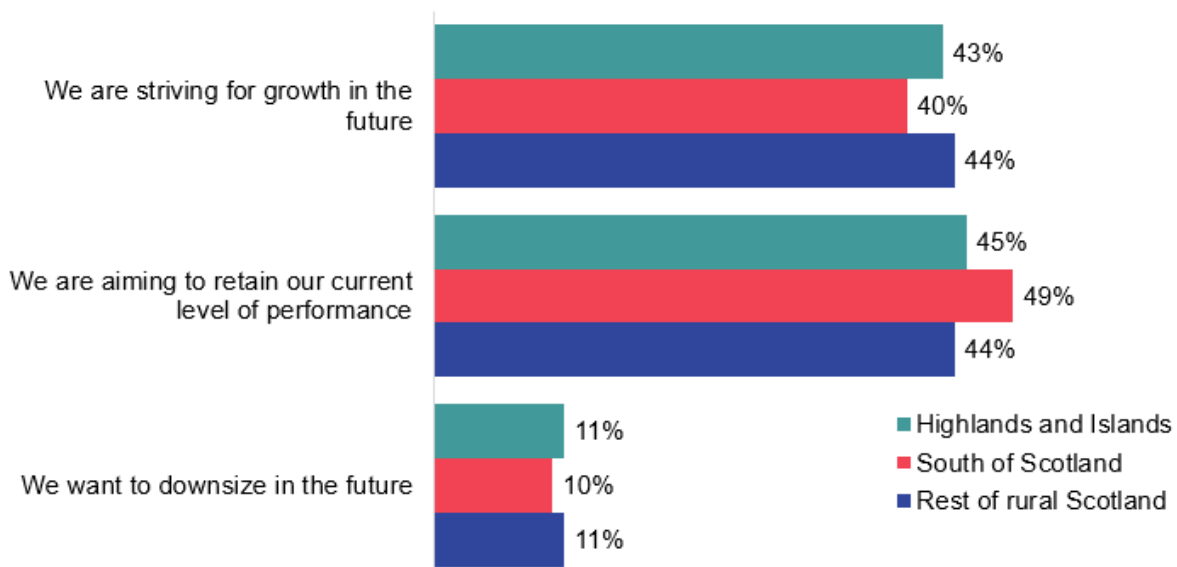
Base: All businesses (2,723)

Variation in growth aspiration

Growth aspirations were similar across the three regions. However, those in the South of Scotland were more likely to say they wanted to retain their current level of performance (Figure 2.7).

Figure 2.7 – Growth aspirations by area

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



Base: All businesses (2,723)

In terms of further variation:

- Tourism businesses were more likely than average to be striving for growth (53%), while food and drink were more likely to want stability (53%) and creative industries to want to downsize (16%).
- Women-led businesses were more likely to want growth (49%) than non-women led businesses (41%).
- Businesses in small towns and peripheral urban locations more likely to strive for growth (48%) but those in remote rural areas were more likely to want to downsize (14%).
- Those operating above pre-pandemic levels were more likely to aim for growth (62%), while those operating below pre-pandemic levels were more likely to want to downsize (14%).
- Growth aspirations were higher than average among businesses importing from (52%) and exporting to (54%) international markets.

3. Costs

Key findings

Almost all businesses (93%) were concerned about rising costs, with just 7% not concerned.

Businesses were most concerned about the costs of energy (65%) and fuel (62%). A third of businesses were concerned about the cost of goods sourced from within the UK (34%) and around a fifth by the cost of labour (22%), the cost of imported goods (20%), and the cost of transporting goods (18%).

To help respond to cost increases, around half of businesses were increasing their prices (54%), while over a third were exploring new markets (37%), collaborating with other businesses (35%), and working with new suppliers (34%).

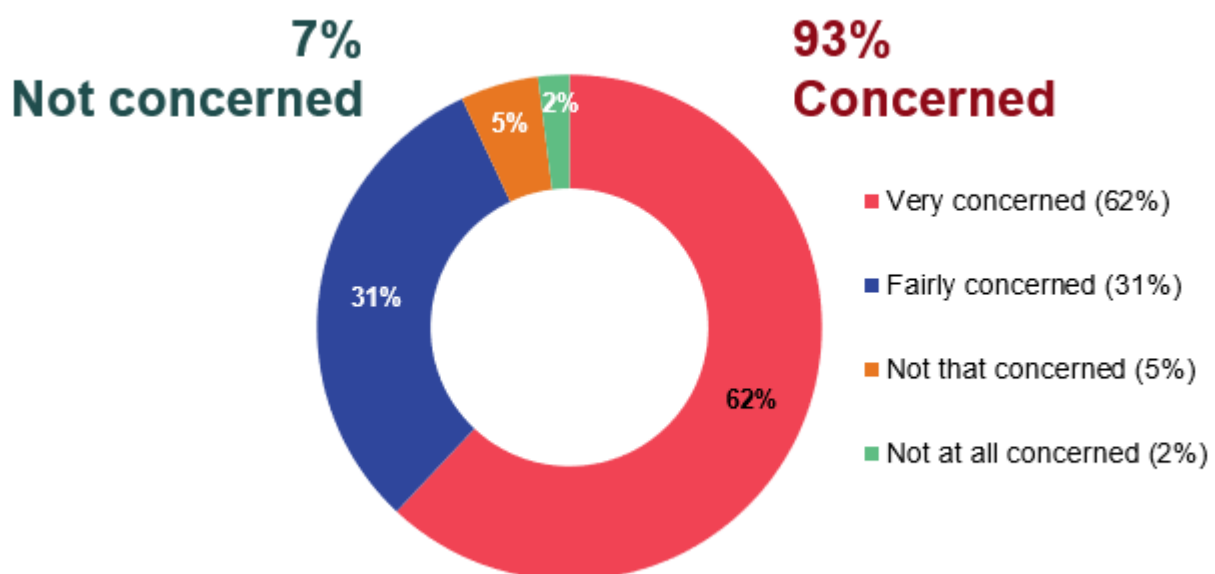
Rising costs

The vast majority (93%) of businesses were concerned about rising costs (62% very concerned and 31% fairly concerned). Just 7% were not concerned (Figure 3.1).

Findings reflect the economic context at the time of the survey, with cost increases for both businesses and households being widely reported in Scotland and across the UK. They also echo the findings from the previous wave (October/November 2021) where the most significant concern for businesses was increased costs.

Figure 3.1 – Concern about rising costs

Q. How concerned, if at all, are you about rising costs at the moment?



Base: All businesses (2,723)

Variation in concern

Concern about rising costs was high across the board. However:

- tourism (98%) and food and drink (96%) businesses were slightly more concerned than average, whereas
- creative industries and financial and business services businesses were less concerned than average (19% and 14% respectively said they were not concerned).

Cost concerns

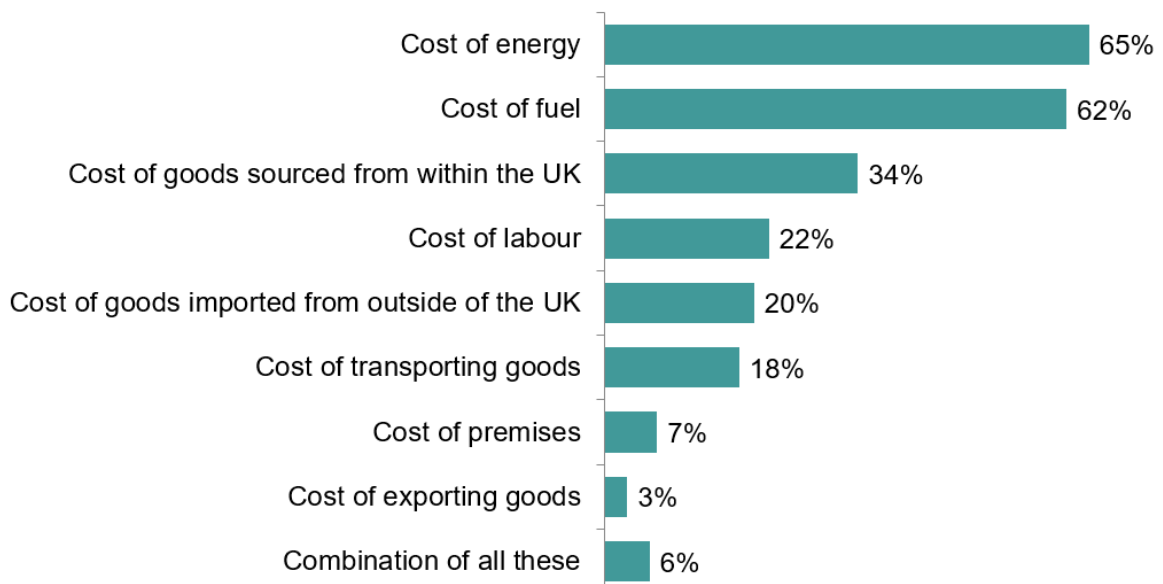
Of those concerned about rising costs, the top concerns were the cost of energy (65%) and fuel (62%). A further third (34%) were concerned with the cost of goods sourced from within the UK.

Around one in five were most concerned with costs of labour, goods imported from outside the UK, and transporting goods. Fewer than one in ten were most concerned with cost of premises and exporting goods.

Findings again reflect the economic context for the survey, with fuel and energy costs both increasing and due to increase further (for example, energy firms increased prices in April 2022, with further increases expected to come in October 2022).

Figure 3.2 – Concerns for businesses

Q. Which two or three of the following are you most concerned about?



Base: Businesses concerned about rising costs (2,548)

Variation in cost concerns

Businesses in the Highlands and Islands (22%) and those in island locations specifically (24%) were more likely than average to be concerned about the cost of transporting goods.

Those in remote rural and accessible rural areas were more likely than average to say cost of fuel was a concern (67% for both).

Some concerns were more prevalent in certain sectors:

- Food and drink – fuel (70%), goods imported from outside the UK (28%), and transporting goods (22%).
- Tourism – energy (82%), goods sourced from within the UK (41%), and labour (32%).
- Creative industries – transporting goods (25%).
- Financial and business services – energy (75%) and premises (17%).

Sole traders and microbusinesses (0-4 staff) were less likely than average to be concerned about cost of labour (17%) but were more likely to be concerned about cost of fuel (64%).

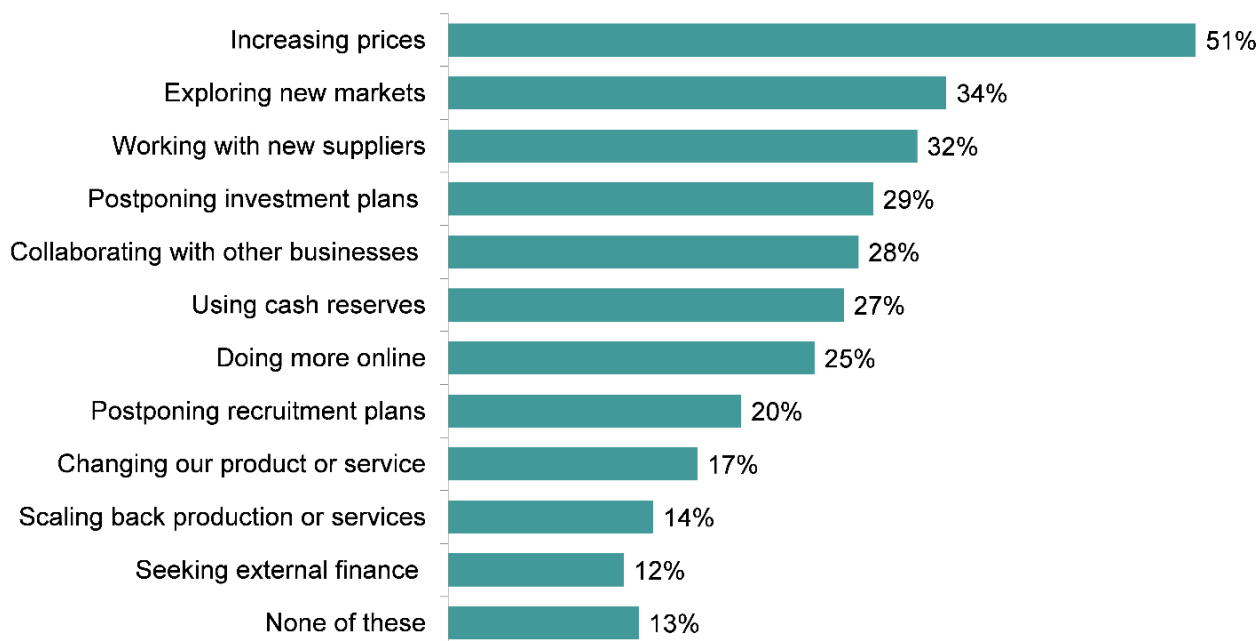
Cost of labour was a top concern for around a quarter (26%) of employers, but also for one in ten (10%) businesses without staff (suggesting that cost of labour may be restricting the latter group of businesses from employing staff or be off-putting to them doing so in future).

Response to cost concerns

To help respond to cost increases, around half of businesses were increasing their prices (51%). Around a third were exploring new markets (34%) or working with new suppliers (32%). Other actions included postponing investment plans (29%), collaborating with other businesses (28%), using cash reserves (27%), and doing more online (25%) (Figure 3.3).

Figure 3.3 – How businesses are responding to cost increases

Q. What if anything, are you doing differently to help respond to cost increases?



Base: All businesses (2,723)

Variation in response to cost increases

The following sectors were more likely than average to take certain actions:

- Food and drink – postponing investment plans (36%), seeking external finance (16%).
- Tourism – increasing prices (86%), using cash reserves (33%), changing our product or service (22%), scaling back production or services (19%).
- Creative industries – doing more online (41%) and changing product/service (25%).
- Financial and business services – doing more online (42%).

Large businesses (25+ staff) were more likely than average to be exploring new markets (61%), working with new suppliers (48%), and seeking external finance (21%).

Businesses in remote rural areas were more likely than average to be postponing investment plans (35%) and collaborating with other businesses (35%).

Those operating above pre-COVID-19 levels, were more likely to be taking actions involving changes to their working practices, including: increasing prices, exploring new markets, collaborating, and doing more online.

On the other hand, those operating below pre-pandemic levels were more likely to be scaling back, postponing recruitment or investment plans, or using their cash reserves (Table 3.1).

Table 3.1 – Operating level by area

(figures marked with * are higher than the average)

	Operating level compared with pre-COVID-19		
	Above (%)	The same (%)	Below (%)
Increasing prices	64*	44	53
Exploring new markets	40*	29	36
Working with new suppliers	36	29	32
Postponing investment plans	17	26	37*
Collaborating with other businesses	35*	27	26
Using cash reserves	17	19	39*
Doing more online	31*	22	25
Postponing recruitment plans	13	13	31*
Changing our product or services	20	12	19*
Scaling back production or services	8	8	23*
Seeking external finance	13	9	13
None of these	9	19*	10
<i>Base</i>	<i>550</i>	<i>1,037</i>	<i>1,093</i>

A number of actions were also more common among those striving for growth, and those importing and exporting from particular markets (see Appendix A).

4. Planning ahead

Key findings

At least half of businesses were currently focussing on their resilience (55%), enhancing productivity (51%), and compliance with regulation or legislation (50%). Fewer than half were currently focussing on reducing carbon emissions (41%), supporting growth (38%), succession planning (32%), and addressing labour challenges (28%).

The most important factor in helping businesses achieve their plans was their workforce (42%), followed by new technology (33%), and adapting their product or processes (30%). Other important factors included market and consumer insights (27%), external advice and support (21%), and financial investment (20%).

Areas of focus

At least half of businesses were currently focussing on their resilience (55%) enhancing productivity (51%), and compliance with regulation or legislation (50%).

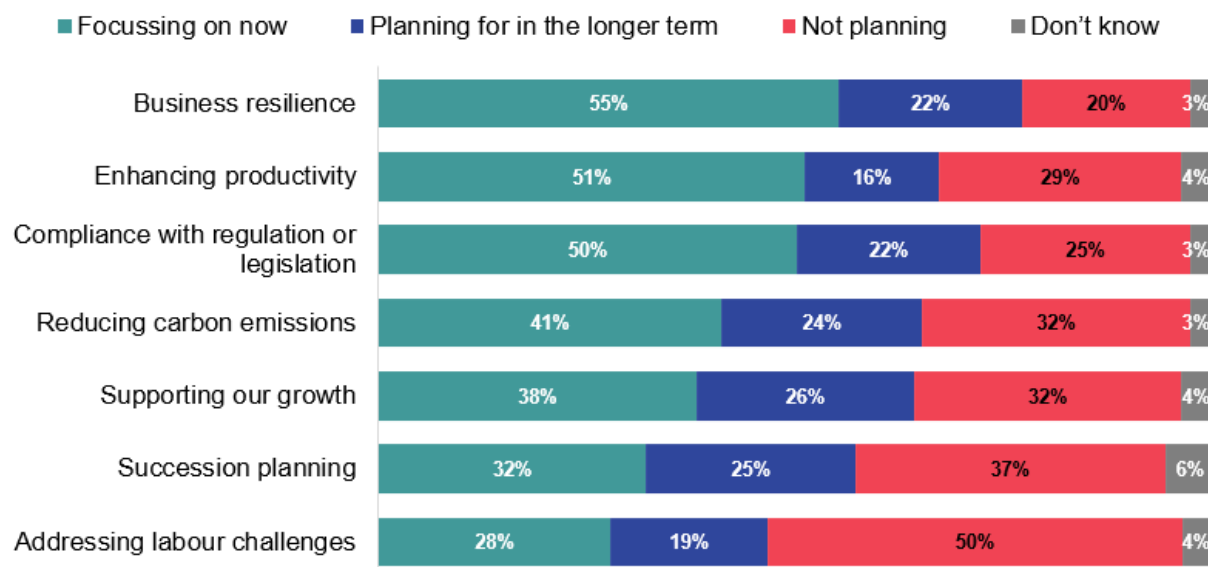
Fewer than half of businesses were currently focussing on reducing carbon emissions (41%), supporting growth (38%), succession planning (32%), and addressing labour challenges (28%) (Figure 4.1).

For around a quarter of businesses, supporting growth (26%), succession planning (25%), and reducing carbon emissions (24%) were areas they were planning for in the longer term. Around one in five businesses were making longer term plans for the other areas (compliance with regulation or legislation, resilience, labour challenges, and enhancing productivity).

The areas that businesses were least likely to be planning for at all were addressing labour challenges (50% were not planning) and succession planning (37%).

Figure 4.1 – Areas of focus

Q. Is this something you are focussing on now, planning for in the longer term, or not planning for at all?



Base: All businesses (2,723)

Variation in areas of focus

Businesses in the Highlands and Islands were more likely than those in the South of Scotland and rest of rural Scotland to be focussing on each area. The exception was compliance with regulation or legislation, which was more of a focus for businesses in the South of Scotland (55%).

Large businesses (25+ staff) were more likely to be focussing on all areas, while Sole trader and microbusinesses (0-4 staff) were more likely to not be planning for these areas at all.

Certain sectors showed different priorities in terms of their areas of focus:

- Tourism – more likely to be focussing on business resilience (64%) and addressing labour challenges (39%).
- Financial and businesses services – focussing on compliance with regulation and legislation (57%), but not planning for addressing labour challenges (61%) and reducing carbon emissions (49%).
- Food and drink – focussing on enhancing productivity (58%), reducing carbon emissions (52%), and succession planning (46%).
- Creative industries – not planning at all for addressing labour challenges (69%), supporting growth (44%), or reducing carbon emissions (40%).

Women-led businesses were more likely than those led by men to be focussing on supporting their growth (44% vs 35%).

Businesses operating above pre-pandemic levels, those optimistic about their future, and those striving for growth more likely to be focussing on most areas.

Labour challenges

As might be expected, addressing labour challenges was more of a focus for those that currently employed staff, than for those with no staff.

- Among employers, 33% were currently focussing on addressing challenges, while 21% were planning for this in the longer term (and 43% were not planning at all).
- Most (73%) of those with no staff were not planning on addressing labour challenges. However, 10% said this was a current area of focus for them, and 10% were planning for it in the longer term.

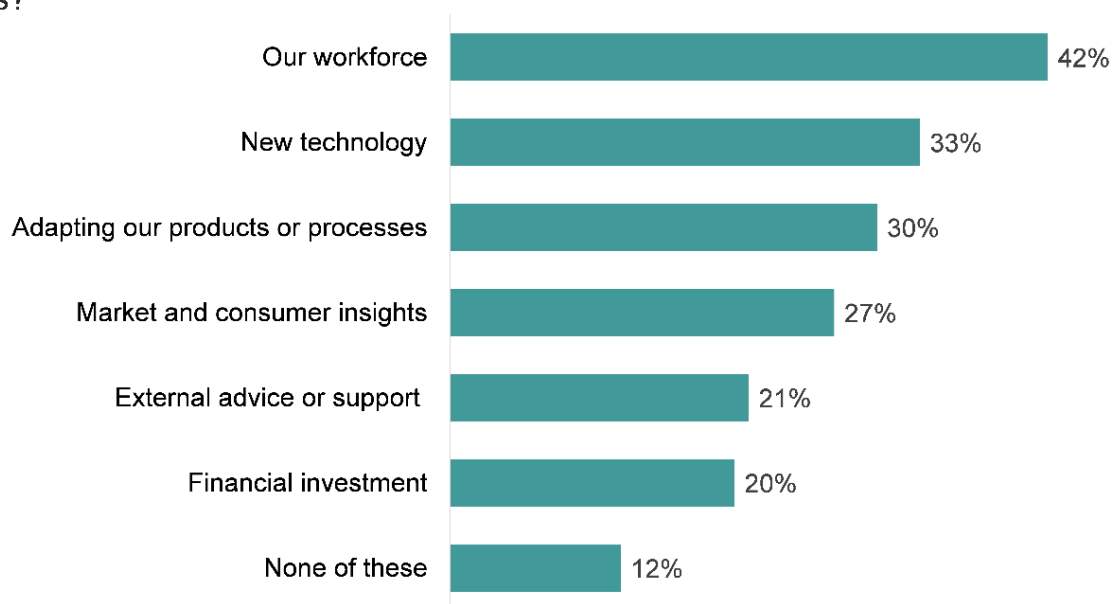
Among those that were experiencing workforce-related issues (see chapter 5), 43% were currently focussing on addressing labour challenges, while 26% were planning to do so in the longer term. However, 29% of those experiencing workforce-related issues were not planning to address those challenges (and this group were also more likely than average to say they were not planning for any of the aspects listed).

Helping business achieve plans

The most important factor in helping businesses achieve their plans was their workforce (42%), followed by new technology (33%) and adapting product or processes (30%). Other important factors included market and consumer insights (27%), external advice and support (21%) and financial investment (20%). Around one in ten (12%) said none of these factors were important in helping them achieve their plans (Figure 4.2).

Figure 4.2 – Helping businesses achieve plans

Q. Which two or three of the following will be most important for helping your business achieve its plans?



Base: All businesses (2,723)

Variation in helping business achieve plans

The following types of business were more likely to say certain factors were important to helping them achieve their plans.

- Food and drink – new technology (38%), financial investment (29%) and external advice and support (28%).
- Tourism – market and consumer insights (37%).
- Financial and business services – new technology (43%).
- Creative industries – new technology (42%) and adapting product or processes (41%).
- Islands businesses – workforce (51%), financial investment (25%), and external advice and support (26%).
- Large businesses (25+ staff) – workforce (83%), new technology (43%) and financial investment (28%).

Businesses striving for growth were more likely to say most factors were important, while those looking to downsize were more likely to say none of the factors were important.

5. Workforce

Key findings

Almost two-thirds of employers (65%) were experiencing workforce related challenges. The most common challenge was the cost of labour (38%), followed by skills gaps (28%), unfilled vacancies (23%) and staff absences (22%).

The top three issues contributing to workforce related challenges were: a lack of candidates (51%), difficulties accessing specific skillsets (46%) and being unable to offer competitive pay (29%).

The top actions employers were taking in relation to their workforce were: upskilling or re-skilling current workforce (50%), investing in new technology (39%), making pay and rewards more competitive (36%) and collaborating with other businesses (30%).

Two-thirds of employers were confident they could address their workforce challenges (64%), while one third were not (35%).

Women-led business

A quarter (24%) of businesses described themselves as women-led, while 74% did not⁸.

Women-led businesses were higher than average among the tourism sector (32%), those operating below pre-pandemic levels (26%), and those striving for growth (27%) (though these latter two differences may be driven by tourism businesses, who themselves were more likely to be operating below their former levels and striving for growth).

Workforce-related challenges

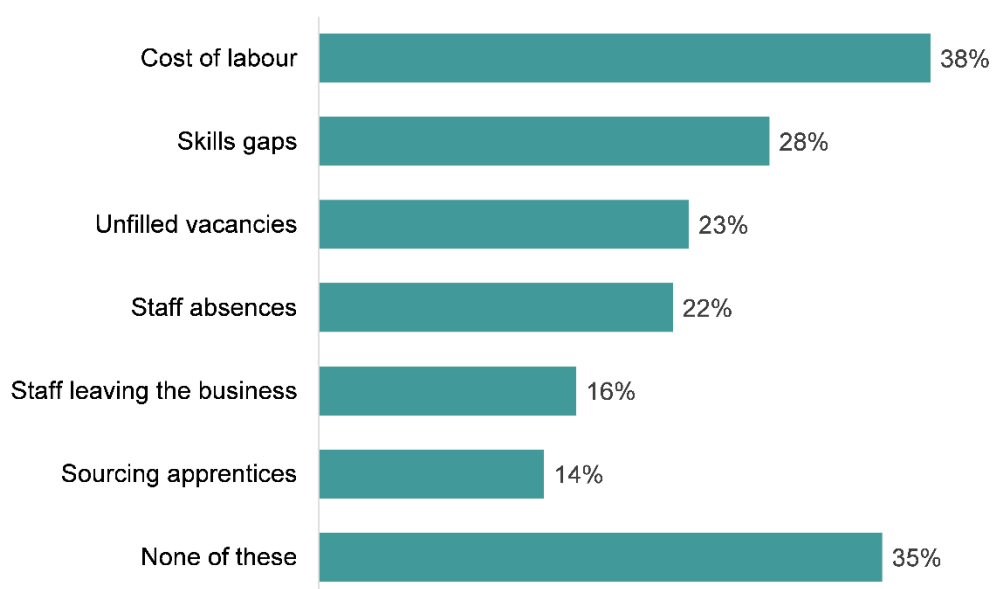
Almost two-thirds of employers (65%) were experiencing workforce-related challenges. The most common challenge was the cost of labour (38%)⁹, followed by skills gaps (28%), unfilled vacancies (23%), staff absences (22%), staff leaving the business (16%) and sourcing apprentices (14%) (Figure 5.1).

⁸ This question was asked openly, allowing businesses to interpret “women-led” for themselves. However, for those that asked for clarification of what this meant, they were provided with the Scottish Government’s definition: “controlled by a single woman or having a management team composed of a majority of women.”

⁹ Note this is a different measure to the earlier question (in figure 3.2) which showed those saying that cost of labour was the increase they were most concerned about. The figure here is among employers only, the earlier one was among all businesses.

Figure 5.1 – Workforce-related challenges

Q. Which of these workforce-related challenges is your business currently experiencing?



Base: All employers (2,184)

Variation in workforce related challenges

Overall, workforce related challenges were most common among those in the Highlands and Islands (70% were experiencing challenges), tourism businesses (73%) and employers with 11-24 (88%) and 25+ staff (92%).

Furthermore, specific challenges were more common than average among:

- Highlands and Islands businesses – cost of labour (42%), staff absences (25%), staff leaving the business (19%), unfilled vacancies (25%), and sourcing apprentices (19%).
- Island businesses – sourcing apprentices (20%).
- Tourism – cost of labour (50%), unfilled vacancies (33%) and staff leaving the business (22%).
- Those striving for growth - skills gaps (34%), unfilled vacancies (28%) and staff absences (23%).
- Those importing from outside the UK – cost (43%), skills gaps (33%) and staff absences (27%).
- Women-led businesses – staff absences (27% vs 20% of non-women led businesses).

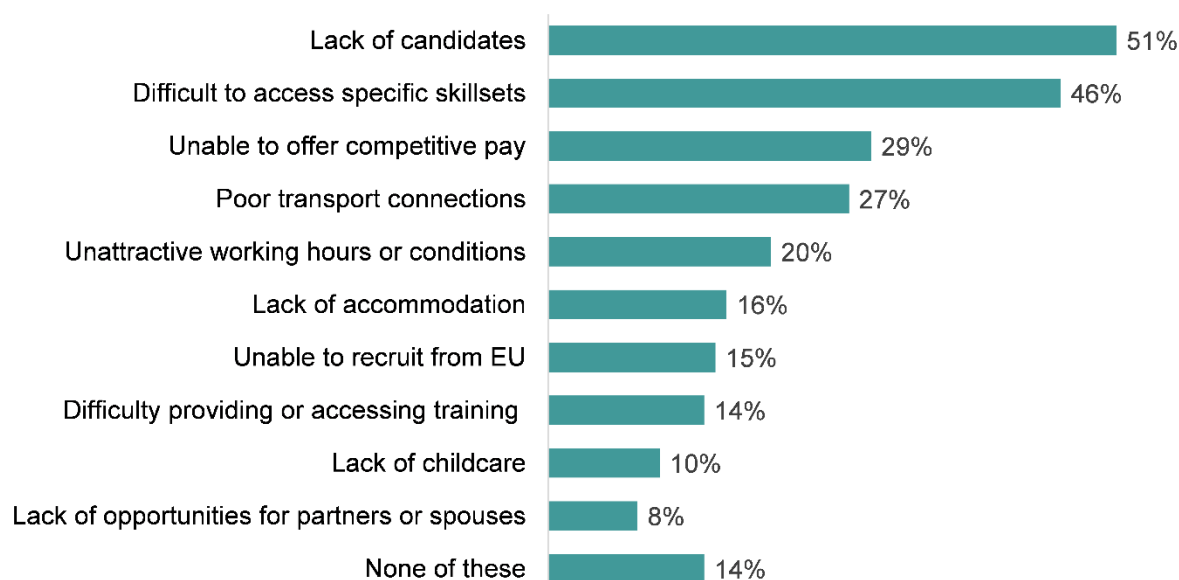
Those businesses that were currently focussing on addressing labour challenges (see Figure 4.1) were also more likely to be experiencing each challenge, including: cost of labour (54%), skills gaps (42%), unfilled vacancies (38%), staff absences (33%), staff leaving (29%) and sourcing apprentices (22%).

Factors contributing to workforce challenges

The top three issues contributing to workforce related challenges were: a lack of candidates (51%), difficulties accessing specific skillsets (46%) and being unable to offer competitive pay (29%) (Figure 5.2).

Figure 5.2 – Factors contributing to workforce challenges

Q. What in particular is contributing to those [workforce-related] challenges?



Base: Businesses who are facing workforce challenges (1,468)

Variation in factors contributing to workforce related challenges

Remote rural businesses were more likely than average to say a number of factors had an influence: poor transport connections (40%), lack of accommodation (32%), unattractive working hours or conditions (26%), being unable to recruit from the EU (20%), lack of childcare (16%) and lack of opportunities for partners and spouses (12%).

Each of these factors listed for remote rural businesses were also higher than average for businesses in the Highlands and Islands, and among island businesses specifically.

Further variation was seen among the following businesses:

- Food and drink – poor transport connections (33%), unattractive working hours or conditions (32%), lack of accommodation (26%), and unable to recruit from EU (25%).
- Tourism – poor transport connections (38%), unattractive working hours or conditions (36%), unable to recruit from EU (28%), lack of accommodation (24%), lack of childcare (18%).
- Financial and business services – difficult to access specific skillsets (60%).
- Creative industries – lack of childcare (27%).

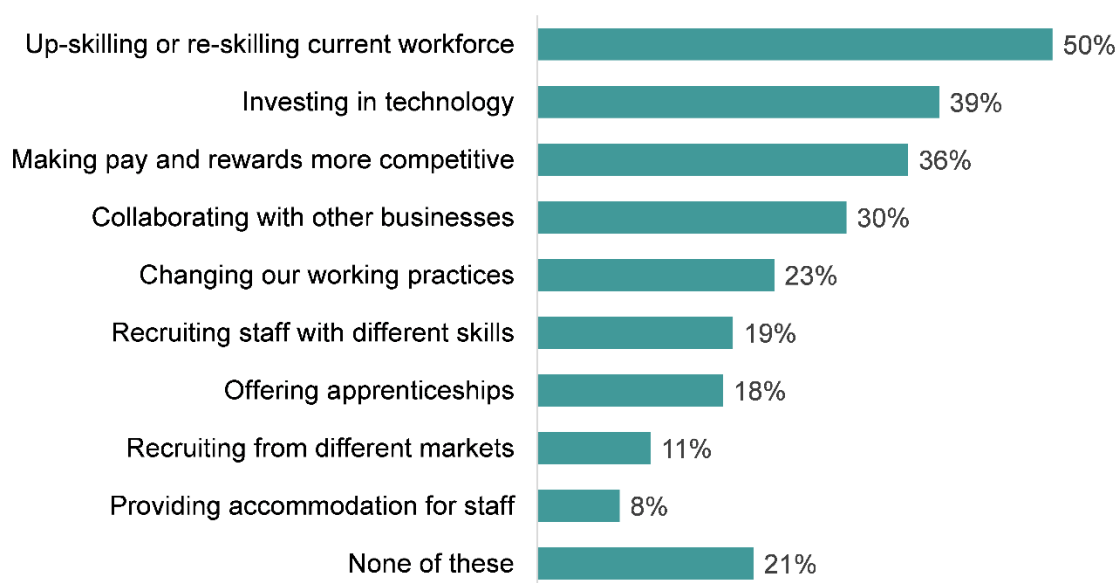
- Large business (25+ staff) – unable to recruit from EU (25%).
- Businesses selling outside the UK – lack of candidates (57%), being unable to recruit from EU (22%) and lack of accommodation (21%).

Workforce actions

Most employers (79%) were taking actions in relation to their workforce. The top actions were: upskilling or re-skilling current staff (50%), investing in new technology (39%), making pay and rewards more competitive (36%), and collaborating with other businesses (30%) (Figure 5.3).

Figure 5.3 – Workforce actions

Q. What actions are you currently taking in relation to your workforce?



Base: All employers (2,184)

Variation in workforce actions

Businesses in the Highlands and Islands were more likely to be taking most of these actions, while businesses in the South of Scotland were more likely to say they were taking none of these actions (27%).

There were some differences in approach by level of rurality:

- Remote rural businesses were more likely to be recruiting from different markets (14%) and providing accommodation for staff (14%), and
- Businesses in small towns and peripheral urban areas were more likely to be recruiting staff with different skills (22%) and offering apprenticeships (21%).

In terms of further variation, the following businesses showed significant differences from the average:

- Tourism – recruiting staff from different markets (17%) and providing accommodation (15%).
- Food and drink – providing accommodation (21%).
- Women-led businesses – changing working practices (27%).
- Those operating above pre-pandemic levels – recruiting from different markets (16%), and making pay and rewards more competitive (46%).

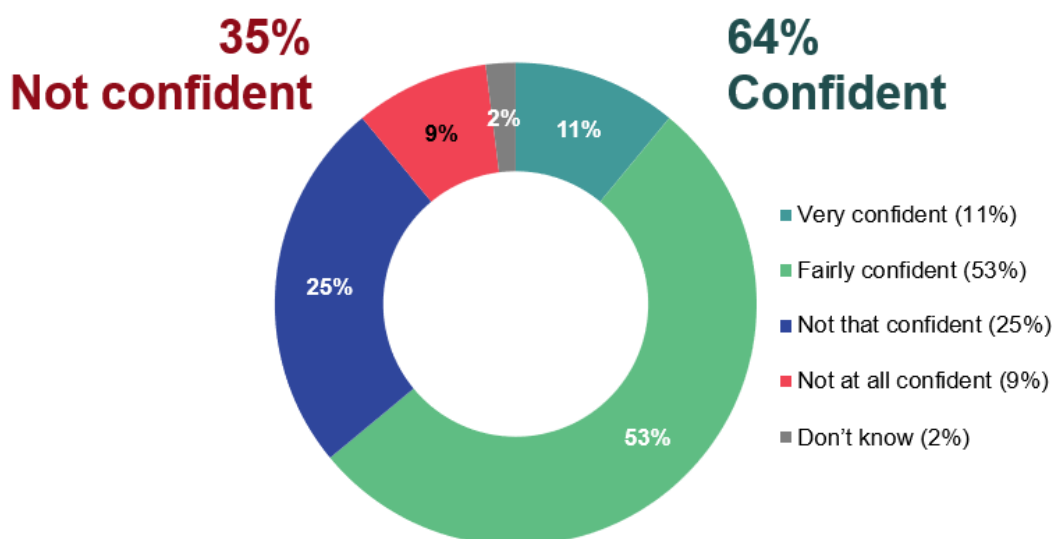
A number of workforce-related actions were also more common than average among businesses importing and exporting outside the UK and those striving for growth (see Appendix A).

Confidence in ability to address workforce challenges

Two thirds of employers were confident they could address their workforce challenges (64%), while one third were not (35%) (Figure 5.4).

Figure 5.4 – Confidence in ability to address workforce challenges

Q. Overall, how confident are you that you can address the workforce challenges you are facing?



Base: Businesses who are facing workforce challenges (1,468)

Confidence varied depending on the specific challenges businesses were facing. Those that were experiencing unfilled vacancies (52% not confident), staff leaving the businesses (43%) and skills gaps (41%) were more likely to say there were not confident they could address workforce challenges.

Businesses least likely to be confident were:

- in remote rural locations (43% not confident),
- operating below pre-pandemic levels (39%),
- not optimistic about their prospects (56%), and
- looking to downsize (48%).

6. New technology

Key findings

Almost three quarters (72%) of businesses were using or planning to use new technologies, the common being low carbon technology (34%) and the Internet of things and sensor technologies (34%). The other technologies asked about were being used, or planned to be used, by around a quarter of businesses.

The most frequently mentioned barriers to adopting new approaches and technologies were: the cost of new technology (52%), the lack of time (44%) and more pressing priorities (39%).

New technologies used

Almost three quarters (72%) of businesses were using or planning to use new technologies. Use (or planned use) of new technologies was higher than average among:

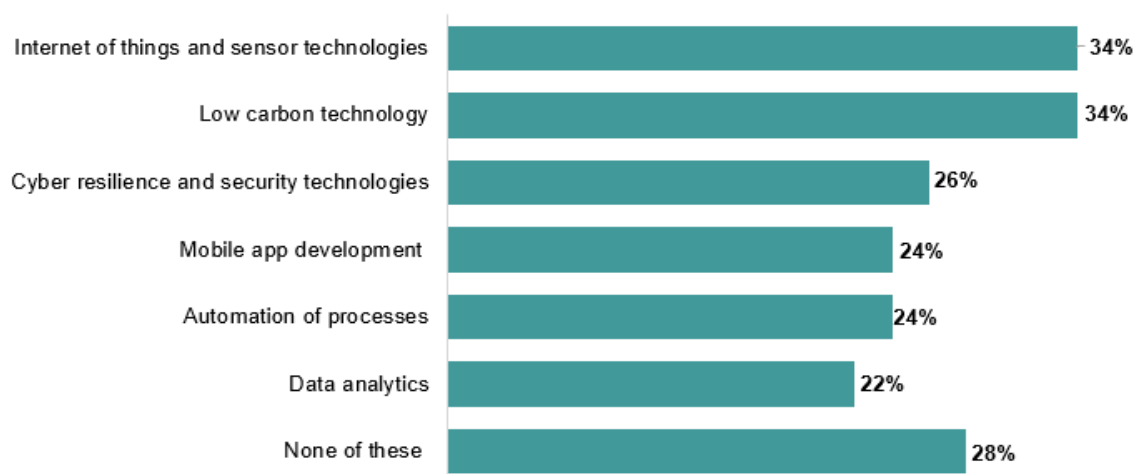
- financial and business services (80%),
- those with 25+ staff (82%), and
- those selling to markets outside the UK (78%).

New technology use (or planned use) was also higher than average among those that were currently focusing on addressing labour challenges (81%), compliance with regulation or legislation (79%), enhancing productivity (78%), and supporting growth (78%).

The top technologies mentioned were low carbon technology (34%) and the Internet of Things and sensor technologies (34%). Around a quarter were using, or planning to use, cyber resilience and security technologies (26%), mobile app development (24%), automation of processes (24%), or data analytics (22%) (Figure 6.1).

Figure 6.1 – New technologies in use or in plans to be used

Q. Which of the following technologies are you using or planning to use?



Base: All businesses (2,723)

Variation in technologies used or planned to use

Businesses in the Highlands and Islands were more likely than average to be using, or planning to use, low carbon technology (41%), Internet of Things (36%), automation (27%), mobile app development (26%), and data analytics (25%).

Other businesses more likely than average to use, or plan to use, certain technologies were:

- Food and drink – low carbon (49%), automation (29%) and mobile app development (27%).
- Tourism – Internet of Things (39%) and data analytics (30%).
- Creative industries – cyber resilience and security (41%) and data analytics (30%).
- Financial and business services – cyber resilience and security (41%), automation (32%), and data analytics (27%).
- Those in remote rural areas - low carbon technology (41%).

Businesses striving for growth and those importing and exporting goods from outside the UK were more likely than average to be using or planning to use most of the technologies¹⁰.

Those not using, or planning to use, any technologies were more likely to be: non-growth sector businesses (33% were not using any), those aiming to downsize (39%), and those not optimistic about their futures (34%).

¹⁰ The exception was businesses exporting goods and services outside the UK using or planning to use mobile app development – this was in line with the average.

Barriers faced in adopting new technologies

The most frequently mentioned barriers to adopting new approaches and technologies such as those discussed above were: cost of new technology (52%), lack of time (44%) and more pressing priorities (39%) (Figure 6.2).

Figure 6.2 – Barriers faced when adopting new technologies

Q. What barriers might your business face in adopting new approaches and technologies such as those we discussed?



Base: All businesses (2,723)

Variation in barriers to adopting new technologies

The following businesses were more likely than average to be facing specific barriers to adopting new technologies:

- Tourism – ability to keep pace with new development (41%).
- Food and drink – cost of new technology (61%) and concerns over data security (25%).
- Large businesses (25+ staff) – cost of new technology (64%) and more pressing priorities (50%).
- Remote rural businesses – more pressing priorities (47%).
- Island businesses – more pressing priorities (47%), lack of time (56%) and ability to keep pace with new developments (40%).
- Those striving for growth – lack of knowledge or skills (41%), lack of time (50%) and cost of new technology (57%).
- Those importing from outside the UK – lack of time (48%), access to equipment (23%), lack of knowledge of what is required or where to seek advice (21%).
- Those exporting goods to outside the UK – more pressing priorities (43%).

7. Low carbon

Key findings

Two thirds (66%) of businesses were taking action to help them move to low carbon working. The most common actions were: investing in premises (33%), making a plan or updating business plans (33%), investing in low carbon technology (31%), and bringing in external advice and support (37%).

85% businesses were taking or planning actions to improve their energy efficiency. The most common action was reducing energy consumption (64%), followed by installing more energy efficient systems (46%), using greener sources of energy (41%), and improving building insulation (39%).

The most frequently mentioned barriers to moving to low carbon ways of working were: cost of making changes (61%), lack of green transport options (45%) and difficulty making existing premises more energy efficient (44%). These top three barriers were the same as those seen in the previous wave.

Actions to support low carbon working

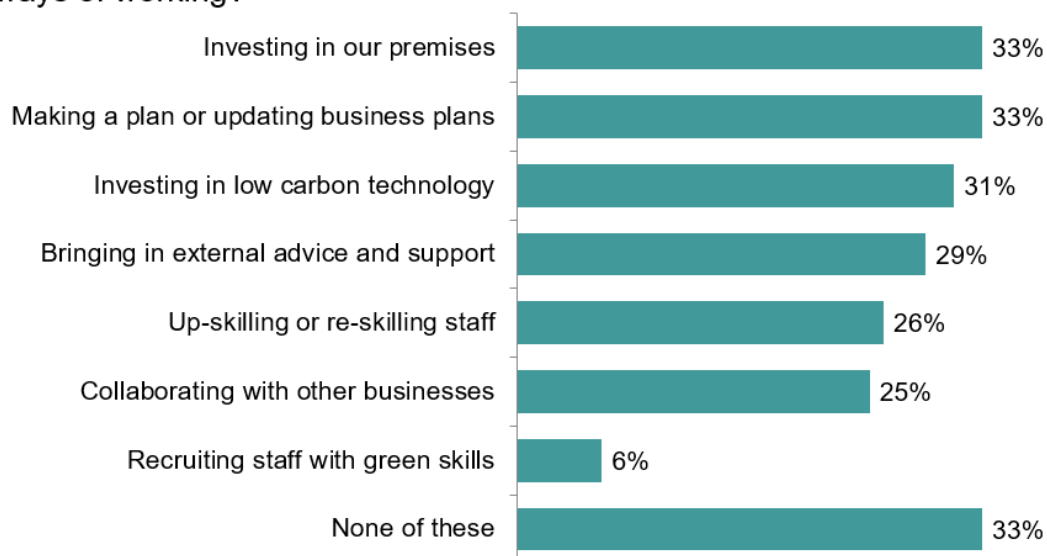
Two thirds (66%) of businesses were taking action to help them move to low carbon working. Overall, taking action was more common than average among:

- food and drink (76%),
- tourism (75%)
- those with 25+ staff (86%) and
- those selling to markets outside the UK (71%).

The most common actions were: investing in premises (33%), making a plan or updating business plans (33%), investing in low carbon technology (31%), and bringing in external advice and support (37%) (Figure 7.1).

Figure 7.1 – Actions to support low carbon working

Q. What actions, if any, are you taking to help equip the business for a move to low carbon ways of working?



Base: All businesses (2,723)

Variation in actions to support low carbon working

Businesses in the Highlands and Islands (73%) and the South of Scotland (71%) were more likely than those in the rest of rural Scotland (64%) to be taking actions to help them move to low carbon ways of working.

Some actions were more common among certain sectors:

- Food and drink – making a plan or updating business plans (49%), investing in low carbon technology (42%), and bringing in external advice and support (44%).
- Tourism – investing in premises (42%), bringing in external advice and support (36%) and recruiting staff with 'green' skills (11%).
- Those in the financial and business services sector were more likely than average to be taking none of the actions listed.

Businesses in remote rural areas and island businesses were both more likely to be taking the following actions:

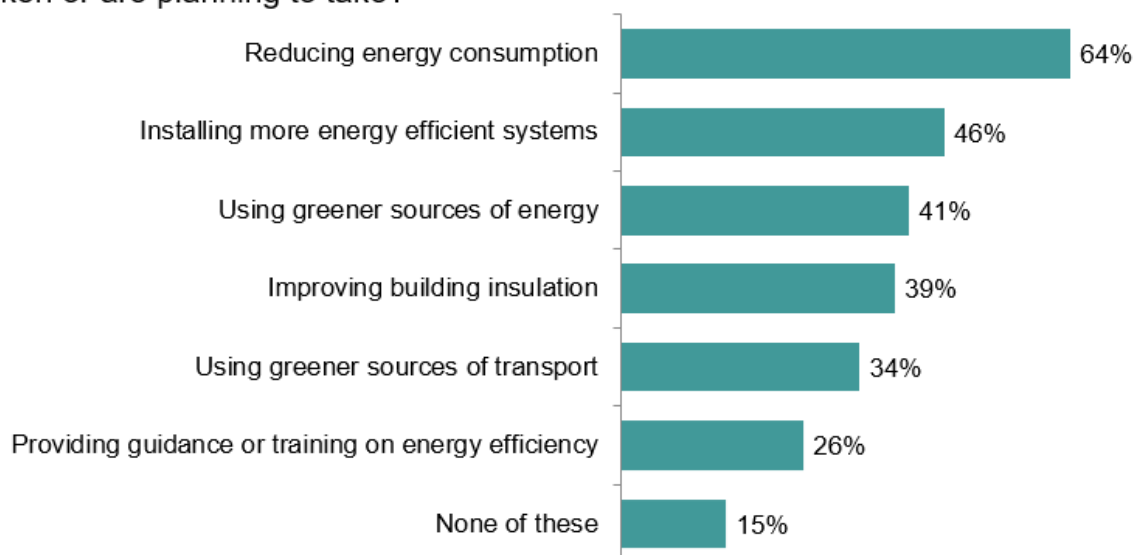
- investing in low carbon technology (38% and 41%),
- investing in our premises (41% and 44%),
- making a plan or updating our business plan (38% and 41%),
- bringing in external advice and support (35% and 38%), and
- collaborating with other businesses (30% and 32%).

Energy efficiency

The majority (85%) of businesses were taking or planning actions to improve their energy efficiency. The most common was reducing energy consumption (64%), followed by installing more energy efficient systems (46%), using greener sources of energy (41%) and improving building insulation (39%) (Figure 7.2).

Figure 7.2 – Actions planned or taken relating to energy efficiency

Q. Thinking specifically about your energy efficiency, which of these activities have you taken or are planning to take?



Base: All businesses (2,723)

Variation in actions relating to energy efficiency

Tourism businesses were more likely than average to be taking each action (apart from using greener sources of transport), while food and drink businesses were more likely to be installing more energy efficient systems (53%), using greener sources of energy (50%) and improving building insulation (45%).

Large businesses (25+ staff) were also more likely than average to be taking several actions, specifically:

- installing more energy efficient systems (63%),
- using greener sources of energy (50%),
- using greener sources of transport (47%), and
- providing guidance or training on energy efficiency (44%).

Echoing the findings on low carbon working, remote rural businesses and island businesses were more likely to be taking a number of actions on energy efficiency, including:

- installing more energy efficient systems (51% and 58% respectively),
- using greener sources of energy (49% and 50%), and

- improving building insulation (44% and 50%).

International importers and exporters were both more likely to be using greener sources of energy (46% and 48% respectively) and greener transport (each 38%).

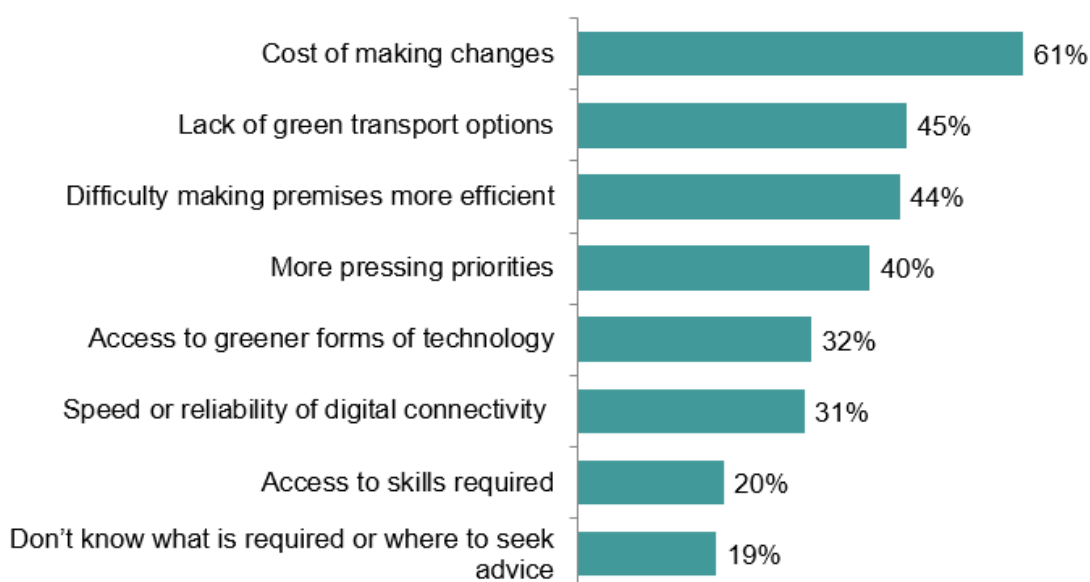
Businesses in the financial and business services sector were less likely to be taking any energy efficiency actions (18% were not taking any action).

Barriers faced when moving to low carbon ways of working

The most common barrier to moving to low carbon working was the cost of making changes (61%), followed by lack of green transport options (45%) and difficulty making existing premises more energy efficient (44%) (Figure 7.3). These top three barriers were the same as those seen in the previous wave (when businesses were asked about barriers to reducing their greenhouse gas emissions).

Figure 7.3 – Barriers faced when moving to low carbon ways of working

Q. What barriers might your business face in moving to low carbon ways of working?



Base: All businesses (2,723)

Variation in barriers to moving to low carbon ways of working

Remote rural businesses and island businesses were both more likely than average to mention most of the barriers listed (with the exception of lack of knowledge).

Other businesses were more likely to face specific barriers:

- Tourism – cost (72%), difficulty making premises more efficient (60%), access to greener technology (42%), access to skills (27%) and lack of knowledge (25%).
- Food and drink – cost (66%) and speed/reliability of digital connectivity (43%).

- Creative industries – speed/ reliability of digital connectivity (42%).
- Large businesses (25+ staff) – cost (73%), lack of green transport options (55%) and more pressing priorities (54%).

8. Markets

Key findings

Over three quarters (79%) of businesses were importers, sourcing goods from either the rest of UK (75%) or outside the UK (35%). Around half (52% were exporters), selling to the rest of the UK (50%) or outside the UK (24%).

Almost all (98%) businesses were taking, or planning, action in relation to their markets. Most businesses (95%) were either maintaining their existing markets (87%) or expanding into new market (31%), while 11% were concentrating on fewer markets.

The most important actions for helping businesses achieve their market plans were: adapting their product or service (49%), investing in technology (41%), up-skilling or re-skilling staff (40%), collaborating (39%) and bringing in external advice and support (36%).

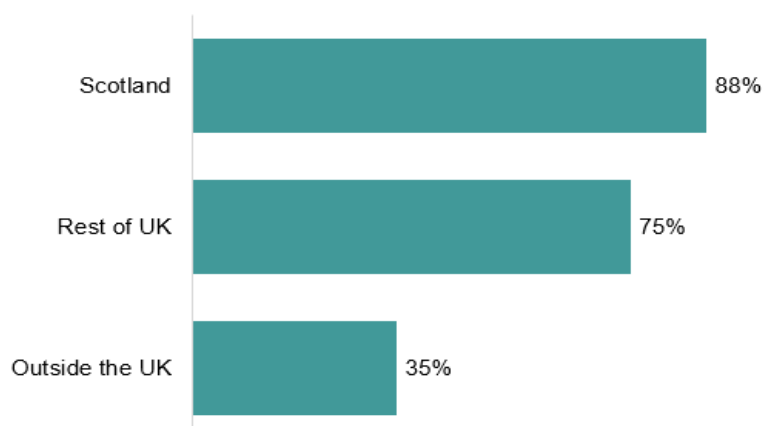
Around three quarters (77%) of businesses were taking actions relating to their supply chains and around half (51%) were taking actions specifically in response to supply chain challenges. The most common actions being taken were using more locally sourced supplies (48%) and using more supplies from inside the UK (47%).

Import markets

Over three quarters (79%) of businesses were importers, sourcing goods from either the rest of UK (75%) or outside the UK (35%). The majority of businesses sourced goods and materials from Scotland (88%) (Figure 8.1).

Figure 8.1 – Markets from which goods were sourced

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



Base: All businesses (2,723)

Variation in import markets

Businesses in the South of Scotland (82%) were more likely than those in the Highlands and Islands (76%) and the rest of rural Scotland (74%) to source goods from the rest of the UK.

Businesses more likely than average to source from Scotland were: food and drink (96%), tourism (92%) and remote rural businesses (92%).

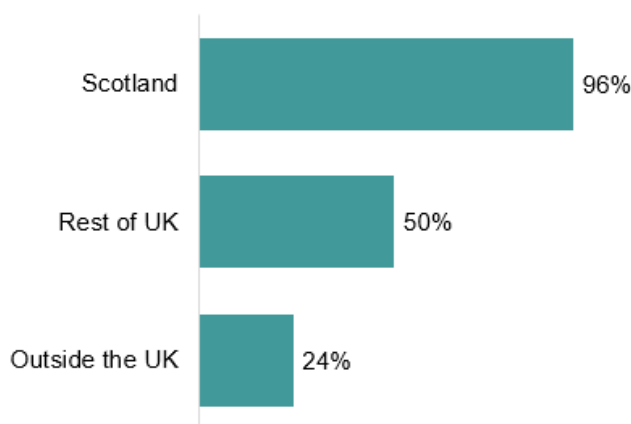
Those more likely to source from both markets outside of Scotland included: large businesses (25+ staff) (88% from rest of UK, 82% from outside the UK) and businesses striving for growth (81% and 41%).

Export markets

Almost all businesses (96%) sold goods or services within Scotland, with 47% selling only within Scotland. Around half (52%) of businesses were exporters, selling to the rest of the UK (50%) and outside the UK (24%) (Figure 8.2).

Figure 8.2 – Markets to which goods or services were sold

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



Base: All businesses (2,723)

Variation in export markets

Highlands and Islands businesses were more likely to export outside the UK (31%, compared with 16% in South of Scotland, and 22% in rest of rural Scotland). South of Scotland businesses were more likely to sell to the rest of UK (64%, compared with 50% in the Highlands and Islands and 47% in rest of rural Scotland).

Certain types of business were more likely than average to sell to both markets outside of Scotland:

- Tourism – 58% to rest of UK and 44% to outside the UK.
- Creative industries – 72% and 40%.
- Financial and business services – 70% and 31%.
- Large businesses (25+ staff) – 70% and 51%.
- Businesses striving for growth – 56% and 29%.

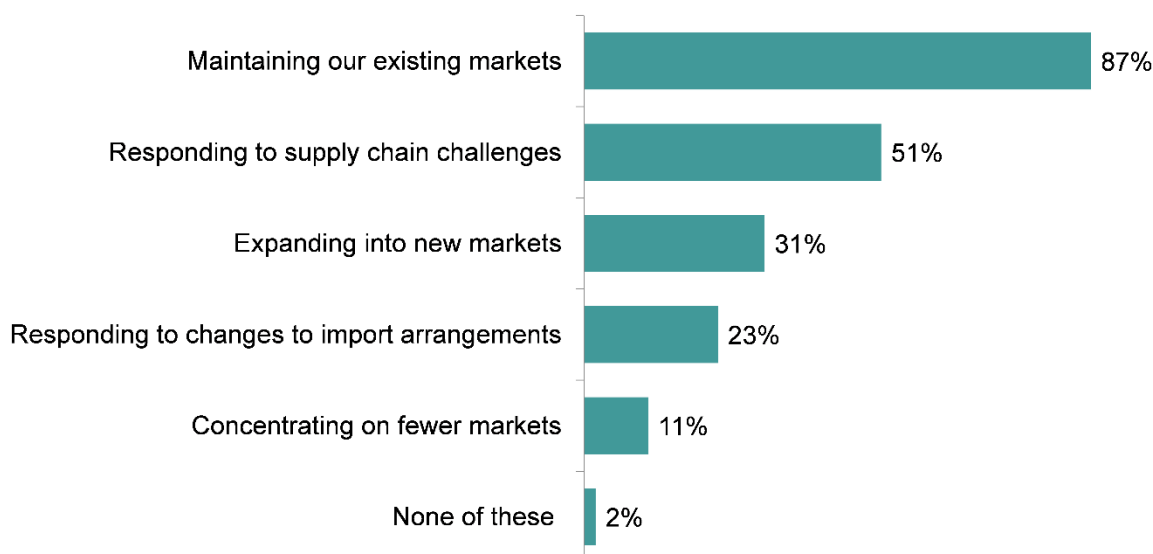
Market activity

Almost all (98%) businesses were taking, or planning, action in relation to their markets. Most businesses (95%) were either maintaining their existing markets (87%) or expanding into new markets (31%), while 11% were concentrating on fewer markets.

Around half of businesses (51%) were responding to supply chain challenges, and a quarter (23%) were responding to changes in import arrangements¹¹ (Figure 8.3).

Figure 8.3 – Actions or plans of businesses in the markets they operate in

Q. Thinking about the markets you operate in, which of the following are you currently doing or planning to do?



Base: All businesses (2,723)

Variation in market plans

Responding to supply chain challenges was more common among businesses in the Highlands and Islands (55%) and the South of Scotland (56%) than in the rest of rural Scotland (49%).

¹¹ Changes to import arrangements were not defined, but would include changes such as additional customs processes and checks on goods being imported into Great Britain from the EU

Certain types of businesses were more likely to be taking, or planning, these actions:

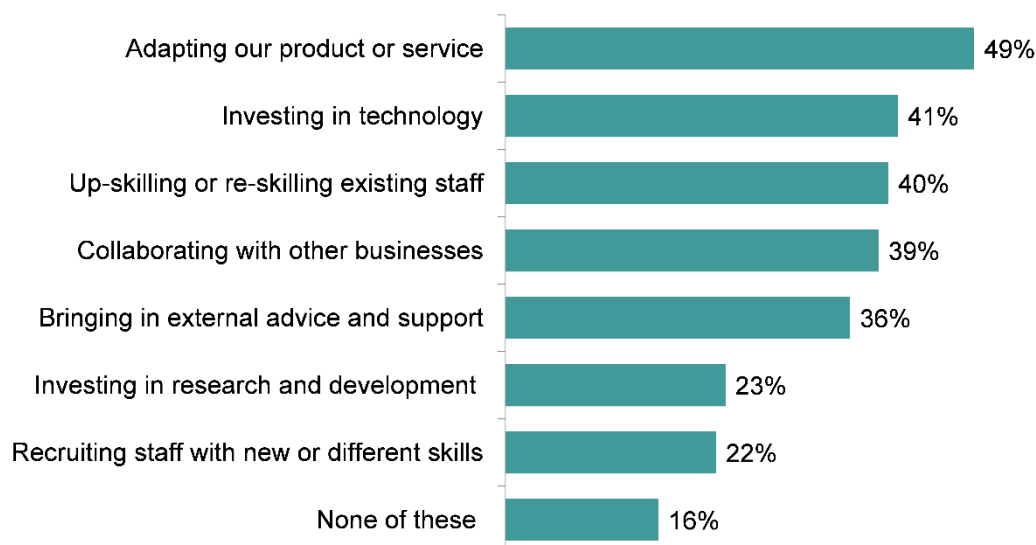
- Food and drink – responding to supply chain challenges (60%) and changes to import arrangements (27%).
- Tourism – responding to supply chain challenges (58%).
- Creative industries – expanding into new markets (41%).
- Those operating above pre-pandemic levels and those striving for growth – expanding into new markets (43% and 58% respectively).
- Those operating below pre-pandemic levels and those aiming to downsize – focusing on fewer markets (13% and 25%).
- Those importing from outside the UK – responding to supply chain challenges (65%), responding to changes to import arrangements (44%) and expanding into new markets (44%).
- Those exporting outside the UK – expanding into new markets (48%).

Supporting marketing activity

The most important actions for helping businesses achieve their market plans were: adapting their product or service (49%), investing in technology (41%), up-skilling or re-skilling existing staff (40%), collaborating (39%) and bringing in external advice and support (36%) (Figure 8.4).

Figure 8.4 – Actions of businesses to achieve their market plans

Q. Which of these will be most important in helping to achieve those plans?



Base: All businesses (2,723)

Variation in actions

Those that were expanding into new markets (in Figure 8.3) were more likely to say that the following actions were important: adapting their product or service (67% said this was important), re-skilling or up-skilling staff (56%), investing in technology (56%), investing in research and development (38%) and recruiting staff with new or different skills (34%).

Actions that were higher than average among certain sectors were:

- Food and drink – bringing in external advice and support (47%), and investing in research and development (32%).
- Tourism – adapting product or service (58%), re-skilling or up-skilling staff (46%), and recruiting staff with new or different skills (28%).
- Financial and business services – investing in technology (47%), and collaborating (46%).
- Creative industries – adapting product or service (57%), collaborating (48%), and investing in research and development (33%).

There was further variation among:

- Large businesses (25+ staff) – re-skilling or up-skilling staff (64%), investing in technology (58%), recruiting staff (43%), and investing in research and development (34%).
- Those importing from outside the UK – adapting product or service (57%), collaborating (43%), and investing in research and development (32%).

- Those exporting outside the UK – collaborating (47%), investing in technology (46%), investing in research and development (32%), and recruiting staff (26%).
- Business operating above pre-pandemic levels – using less or greener forms of transport (29%) and stockpiling (25%).

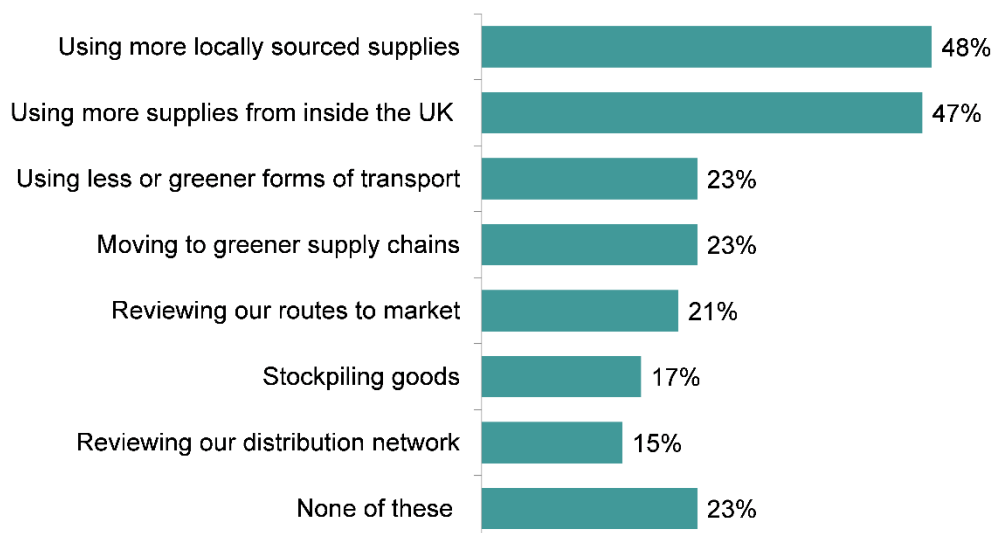
Those striving for growth were more likely to be taking each action (see Appendix A).

Supply chain actions

Around three quarters (77%) of businesses were taking action relating to their supply chains. The most common actions were using more locally sourced supplies (48%) and more supplies from inside the UK (47%) (Figure 8.5).

Figure 8.5 – Actions taken relating to supply chain

Q. What actions, if any, are you taking in relation to your supply chain?



Base: All businesses (2,723)

Variation in actions

Businesses in the Highlands and Islands (82%) and the South of Scotland (80%) were more likely than those in the rest of rural Scotland (75%) to be taking actions in relation to their supply chain.

Each action was more common among those that were responding to supply chain challenges (in Figure 8.3), including:

- using more supplies from inside the UK (62%),
- using more locally sourced supplies (55%),
- moving to greener supply chains (33%),
- using less or greener forms of transport (29%),

- reviewing routes to market (32%) and distribution networks (24%), and
- stockpiling (24%).

Certain actions were more common among:

- Food and drink – reviewing their routes to market (28%) and distribution network (21%).
- Tourism – using more locally sourced supplies (62%) and more suppliers from inside the UK (54%).
- Remote rural businesses – using more locally sourced supplies (54%) and stockpiling goods (21%).
- Large businesses (25+ staff) – using less or greener forms of transport (32%), reviewing routes to market (32%) and distribution network (26%) and stockpiling goods (26%).
- Those importing from outside the UK – using more suppliers from the UK (51%), using less or greener forms of transport (26%), moving to greener supply chains (28%), reviewing routes to the market (28%), reviewing distribution network (20%) and stockpiling goods (23%).
- Those exporting outside the UK – using less or greener forms of transport (27%), reviewing routes to the market (28%), and reviewing their distribution network (21%).

9. Conclusion

This wave the survey took place against a backdrop of rising costs and economic uncertainty. Though widespread COVID-19 lockdown restrictions had eased, some businesses were still operating in a different way than they had been pre-pandemic. The first quarter of the year saw reports of increased inflation, interest rates and record fuel prices. These challenges were compounded during February and March 2022 by the invasion of Ukraine by Russian forces. The resulting economic sanctions and reduced supply chains increased prices in some sectors.

Against this background, the survey highlighted some key findings in relation to the attitudes, behaviours and priorities for rural businesses at this time:

- 1. Rural businesses were less confident in the economy and less optimistic than they had been at the end of last year.** Just over half were confident in the economic outlook for Scotland, while just over two fifths were not, and overall economic optimism was down on the previous wave. Most businesses were still optimistic about their own prospects for the next 12 months, though to a lesser extent than in the previous wave.
- 2. Recovery from COVID-19 seemed to have stabilised, with levels of operation broadly similar to those reported at the end of last year.** Most businesses were operating at, or above, the level they were before COVID-19, while around two fifths were still operating below their pre-pandemic levels
- 3. Costs were a big issue for businesses, reflecting the widespread cost increases being reported at the time of survey.** Almost all were concerned about increasing costs, particularly to the cost of energy and fuel. Costs of goods, transporting goods, and labour were also mentioned as areas of concern. In response to rising costs, around half of businesses were increasing their own prices.
- 4. The main areas of focus for rural businesses were their resilience, enhancing their productivity, and compliance with regulations or legislation.** Fewer than half were currently focussing on reducing carbon emissions, supporting their growth, succession planning, and addressing labour challenges.
- 5. Workforce was seen as a key factor in helping businesses achieve their plans.** However, workforce-related challenges were common, including cost of labour, skills shortages, vacancies and absences.
- 6. There was fairly high use, or intended use, of new forms of technology and most businesses had taken steps to move to low carbon ways of working.** However, cost remained a key barrier in both these areas.

Appendix A – Additional variation

2. Optimism and performance

Table A.1 – Employment performance in last six months – by size
(figures marked with * are higher than the average)

	Number of staff			
Employment change	0-4	5-10	11-24	25+
Increased	7	20*	28*	40*
Decreased	19	18	24	20
Stayed the same	73*	62	48	40
Don't know	1	-	-	-
<i>Base</i>	1,534	506	284	178

Table A.2 – Employment performance in last six months – by growth aspiration
(figures marked with * are higher than the average)

	Growth aspiration		
Employment change	Striving for growth	Aiming to stay the same	Aiming to downsize
Increased	19*	7	6
Decreased	20	15	30*
Stayed the same	61	77*	63
Don't know	-	1	-
<i>Base</i>	1,174	1,086	219

Table A.3 – Employment performance in last six months – by markets sold to
(figures marked with * are higher than the average)

Employment change	Markets sold to		
	Scotland	Rest of UK	Outside the UK
Increased	12	14*	12
Decreased	19	19	24*
Stayed the same	68	67	63
Don't know	-	-	-
<i>Base</i>	2,422	1,373	706

3. Costs

Table A.4 – Response to cost increases – by markets sourced from
(figures marked with * are higher than the average)

Response to cost increases	Markets sourced from		
	Scotland	Rest of UK	Outside the UK
Increasing prices	53	55*	57*
Scaling back production or services	14	14	15
Changing our product or services	18	19*	22*
Doing more online	24	26	26
Using cash reserves	28	28	33*
Postponing investment plans	30	31*	31
Postponing recruitment plans	21	22*	25*
Exploring new markets	35	38*	45*
Working with new suppliers	33	37*	42*
Collaborating with other businesses	29	30*	32*
Seeking external finance	12	13*	14
None of these	12	11*	10
<i>Base</i>	2,423	2,112	979

Table A.5 – Response to cost increases – by markets sold to
(figures marked with * are higher than the average)

Response to cost increases	Markets sold to		
	Scotland	Rest of UK	Outside the UK
Increasing prices	52	51	57*
Scaling back production or services	14	13	13
Changing our product or services	17	20*	19
Doing more online	25	31*	32*
Using cash reserves	27	25	29*
Postponing investment plans	29	28	29
Postponing recruitment plans	20	19	21
Exploring new markets	34	40*	47*
Working with new suppliers	32	34*	34
Collaborating with other businesses	28	33*	33*
Seeking external finance	12	12	14*
None of these	13	12	10
<i>Base</i>	2,626	1,488	755

5. Workforce

Table A.6 – Workforce actions
(figures marked with * are higher than the average)

Actions	Growth aspirations			Total
	Striving for growth	Content	Aiming to downsize	
Up-skilling or re-skilling current workforce	58*	44	29	50
Investing in technology	46*	36	18	39
Making pay and rewards more competitive	45*	31	17	36
Collaborating with other businesses	34*	27	18	30
Changing our working practices	26	22	16	23
Recruiting staff with different skills	27*	11	9	19
Offering apprenticeships	23*	14	6	18
Recruiting from different markets	17*	5	6	11
Providing accommodation for staff	10	6	3	8
None of these	12	27*	43*	21
Base	1086	908	166	2184

Table A.7 – workforce actions

(Figures shown are those that are higher than the average)

Actions	Markets imported from			Markets sold to			Total
	Scotland	Rest of UK	Outside the UK	Scotland	Rest of UK	Outside the UK	
Up-skilling or re-skilling current workforce	50	52	54*	49	53*	56*	50
Investing in technology	39	42*	47*	39	47*	48*	39
Making pay and rewards more competitive	37	40*	42*	36	36	38	36
Collaborating with other businesses	30	32	32	30	35*	35*	30
Changing our working practices	23	25	26	23	26*	27*	23
Recruiting staff with different skills	20	20	22	19	22*	23*	19
Offering apprenticeships	18	19	21*	17	18	19	18
Recruiting from different markets	11	12	13	10	11	14*	11
Providing accommodation for staff	8	8	10	8	10*	12*	8
None of these	20	18	17	21	18	17	21
Base	1969	1738	818	2210	1205	622	2184

Table A.8 – Actions relating to supply chains – by growth aspiration
 (figures marked with * are higher than the average)

Employment change	Growth aspiration		
	Striving for growth	Aiming to stay the same	Aiming to downsize
Using more locally sourced supplies	52*	45	44
Using more supplies from inside the UK	51*	45	43
Using less or greener forms of transport	26*	21	19
Moving to greener supply chains	28*	19	21
Reviewing our routes to market	26*	17	14
Reviewing our distribution network	20*	12	13
Stockpiling goods	20*	16	10
None of these	17	27*	27
<i>Base</i>	1,236	1,199	256

Appendix B – Profile of survey sample

Table B.1 – Urban Rural classification

Category	% of participating businesses (weighted)
1 (Large urban)	-
2 (Other urban areas)	22
3 (Accessible small towns)	9
4 (Remote small towns)	11
5 (Accessible rural areas)	26
6 (Remote rural areas)	31
Base	2,723

Table B.2 – Growth sector categories

Category	% of participating businesses (weighted)
Food and drink	16
Financial and business services	13
Life sciences	*
Energy	3
Tourism	9
Creative industries	5
Non-growth sectors	54
Base	2,723

Table B.3 – Legal status of company

Category	% of participating businesses (weighted)
Sole trader	29
Limited Liability Partnership	8
Legal Partnership	10
Company Limited by Guarantee	5
Limited Company by Shares	28
Scottish Charitable Incorporated Organisation	2
Constituted Community Group	*
Unconstituted Community Group	*
Community Interest Company	*
Trust	*
Base	2,723

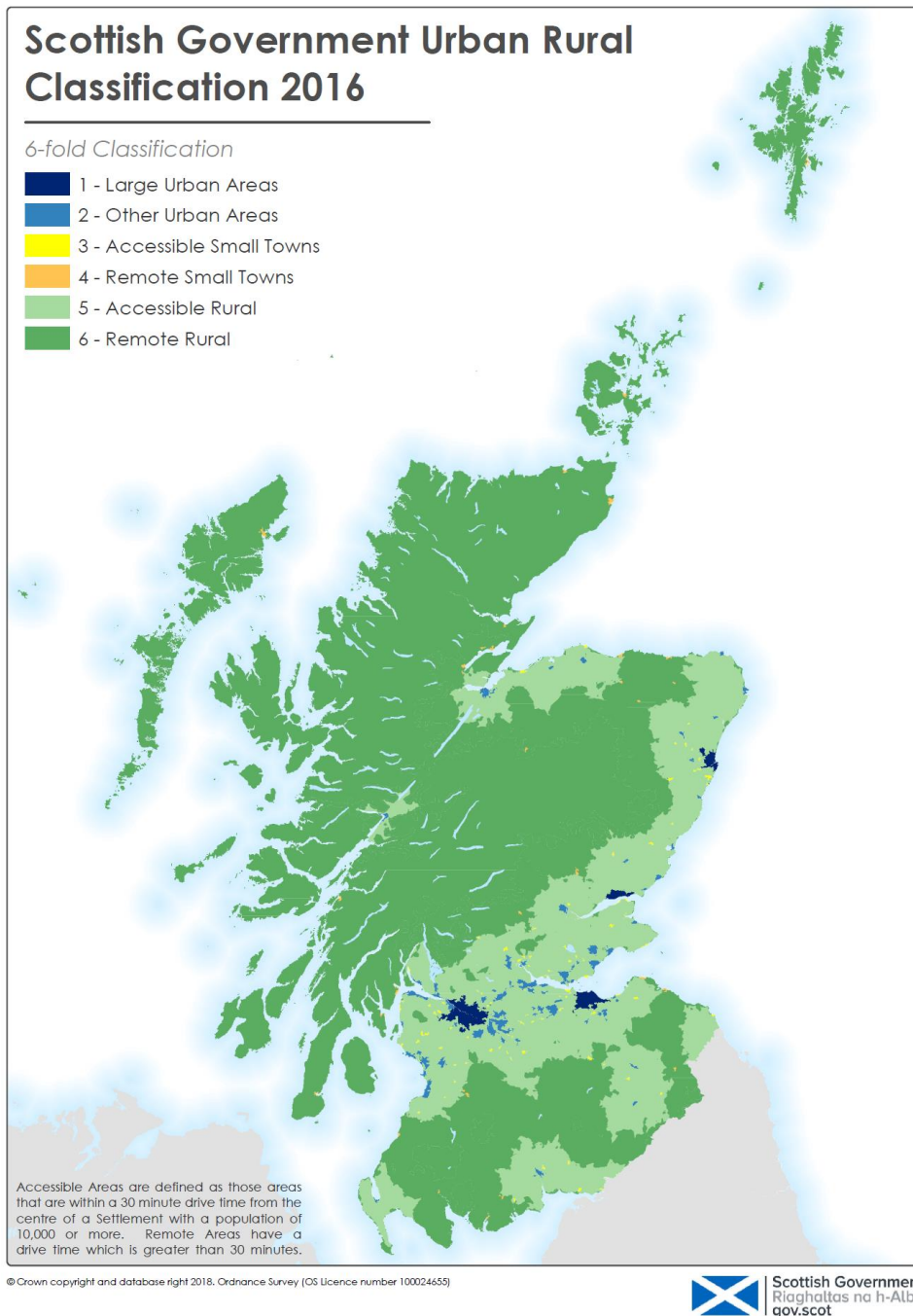
Table B.4 – Women-led business

Category	% of participating businesses (weighted)
Yes	24
No	74
Don't know	2
Base	2,723

Table B.5 – Business size

Number of staff	% of participating businesses (weighted)
Sole trader	23
1-4	51
5-10	13
11-24	7
25+	5
Base	2,723

Appendix C – Map of urban-rural classifications



The map shows 6-fold Scottish Government Urban Rural Classification which distinguishes between urban, rural, and remote areas through six categories. The map shows that 70% of Scotland's land area is remote rural (category 6), and 28% is accessible rural (category 5). Only 2% of the land area is classified as a small town or urban area (categories 1-4).¹²

¹² Rural Scotland Key Facts 2021 – available [here](#).

Appendix D – Questionnaire

Good morning/afternoon/evening. My name is ... I'm calling from Ipsos MORI Scotland, the independent research organisation, on behalf of <Highlands and Islands Enterprise><South of Scotland Enterprise><the Scottish Government>.

We are conducting a short survey to monitor business confidence, and identify the challenges and opportunities currently presenting themselves <across the region and the rest of rural Scotland> <across the region and the rest of rural Scotland> <across rural Scotland>. Findings of the survey will be <shared with><shared with><used by> the Scottish Government to ensure that the voices of businesses in <the region><the region><rural Scotland> are heard, and will help to inform planning and decision making. <within Highlands and Islands Enterprise><within South of Scotland Enterprise>.

Screening questions

Ask all

Q1. I need to speak with the owner or a senior manager at <company_name> at that address. Are you the best person to talk to?

Yes - continue

1 (go to Q2)

No - ask to be transferred to correct person

2 (go back to Q1)

Check sample file: if field “entity_attribute” is empty, ask Q2. Otherwise skip to Q3.

Ask all

Q2. Which of the following best describes the legal status of {company_name}?

Single code

Read out, code first that applies.

Sole trader

1

Limited liability partnership

2

Legal partnership

3

Company limited by guarantee

4

Limited company by shares

5

Scottish charitable incorporated organisation

6

Constituted community group

7

Unconstituted community group

8

Community interest company

9

Trust

10

Ask all

Q3. Would you describe your business as women-led?
single code

Yes

1

No

2

Don't know (do not read out)

3

Ask all

Q4. Other than yourself, how many employees does your business directly employ at the place where you work?

If DK probe for best estimate. Code DK as last resort.
Pre-code none, otherwise open numeric.

None	1
Don't know (do not read out)	2

Ask all

Q5. From which of these markets do you currently sources goods or materials?

Scotland
Rest of UK
Outside the UK

Single code each row.

Answer codes:

Yes	1
No	2
Don't know (do not read out)	3

Ask all

Q6. And in which of these markets do you currently sell goods or services?

Single code

Scotland
Rest of UK
Outside the UK

Single code each row.

Answer codes:

Yes	1
No	2
Don't know (do not read out)	3

Optimism and performance

Ask all

Q7. How confident are you in the economic outlook for Scotland over the next 12 months?

Single code. Read out.

Very confident	1
Fairly confident	2
Not very confident	3
Not at all confident	4
Don't know (do not read out)	5

Ask all

Q8. And over the previous six months, since **August 2021**, has your level of confidence in the economic outlook in Scotland increased, decreased or has it stayed the same?
Single code.

- Increased 1
- Decreased 2
- Stayed the same 3
- Don't know (do not read out) 4

Ask all

Q9. Which of the following best describes the way you are currently operating in relation to how you had been before the coronavirus outbreak?
Single code. Read out.

- At much the same level as before coronavirus 1
- Over and above the level before coronavirus 2
- Below the level before coronavirus 3
- Other (please specify) (do not read out) 4
- Don't know (do not read out) 5
- Prefer not to say (do not read out) 6

Ask all

Q10. Please tell me if the following has increased, stayed the same or decreased over the last six months.
Single code each row. Randomise order.

		Increased	Decreased	Stayed the same	Don't know	N/A
A	Employment	1	2	3	4	5
B	Exports	1	2	3	4	5
C	Sales or turnover	1	2	3	4	5

Ask all

Q11. How optimistic are you for your business's prospects in the next 12 months?
Single code. Read out.

- Very optimistic 1
- Fairly optimistic 2
- Not very optimistic 3
- Not at all optimistic 4
- Don't know (do not read out) 5

Ask all

Q12. Which of these statements best describes your current aspirations for the business?
Single code. Read out.

We are striving for growth in the future	1
We are aiming to retain our current level of performance	2
We want to downsize in the future	3
Don't know (do not read out)	4

Costs

Ask all

Q13. How concerned, if it all, are you about rising costs at the moment?

Very concerned	1
Fairly concerned	2
Not that concerned	3
Not at all concerned	4
Don't know (do not read out)	5

If concerned

Q14. Which two or three of the following are you most concerned about?
randomise. Multicode.

Cost of labour	1
Cost of premises	2
Cost of fuel	3
Cost of energy	4
Cost of transporting goods	5
Cost of goods sourced from within the UK	6
Cost of goods imported from outside of the UK	7
Cost of exporting goods	8
Combination of all of these (do not read out)	9
None of these (do not read out)	10
Don't know (do not read out)	11

Ask all

Q15. What, if anything, are you doing differently to help respond to cost increases?

Increasing prices	1
Scaling back production or services	2
Changing our product or service	3
Doing more online	4
Using cash reserves	5
Postponing investment plans	6
Postponing recruitment plans	7
Exploring new markets	8
Working with new suppliers	9
Collaborating with other businesses	10
Seeking external finance	11
None of these (do not read out)	12
Don't know (do not read out)	13

Planning ahead

Ask all

Q16. For each of the following, please tell me if this is something you are focusing on now, planning for in the longer term, or not planning for at all.

Compliance with regulation or legislation

Addressing labour challenges

Supporting our growth

Business resilience

- If necessary: business resilience means the ability to adapt and respond to challenging circumstances

Reducing carbon emissions

Enhancing productivity

Succession planning

Answer codes:

Focussing on now

Planning for in the longer term

Not planning

Don't know

Ask all

Q17. Which two or three of the following will be most important for helping your business achieve its plans?

Our workforce	1
New technology	2
Adapting our product or processes	3
Financial investment	4
Market and customer insights	5
External advice and support	6
None of these (do not read out)	7
Don't know (do not read out)	8

Workforce

Ask employers (from answer at Q4)

Q18. Which of these workforce-related challenges is your business currently experiencing?

Staff absences	1
Staff leaving the business	2
Unfilled vacancies	3
Skills gaps	4
Cost of labour	5
Sourcing apprentices	6
Other (do not read out)	7
None of these (do not read out)	8

Don't know (do not read out) 9

If any challenges faced (codes 1-7 at Q18)

Q19. What in particular is contributing to those challenges?

Lack of candidates	1
Unable to recruit from the EU	2
Difficult to access specific skillsets	3
Unable to offer competitive pay	4
Unattractive working hours or conditions	5
Lack of accommodation	6
Lack of childcare	7
Lack of opportunities for partners or spouses	8
Poor transport connections	9
Difficulty providing or accessing training	10
None of these (do not read out)	11
Don't know (do not read out)	12

Ask employers (from answer at Q4)

Q20. What actions are you currently taking in relation to your workforce?

Up-skilling or re-skilling current workforce	1
Recruiting staff with different skills	2
Recruiting from different markets	3
Changing our working practices	4
Making pay and rewards more competitive	5
Investing in technology	6
Collaborating with other businesses	7
Offering apprenticeships	8
Providing accommodation for staff	9
Other (do not read out)	10
None of these (do not read out)	11
Don't know (do not read out)	12

If any challenges faced (codes 1-7 at Q18)

Q21. Overall, how confident are you that you can address the workforce challenges you are facing?

Very confident	1
Fairly confident	2
Not that confident	3
Not at all confident	4
Don't know (do not read out)	5

New technology

Ask all

Q22. Which of the following technologies are you using or planning to use?

Automation of processes	1
Internet of things and sensor technologies	2
Mobile app development	3
Cyber resilience and security technologies	4
Data analytics	5
Low carbon technology	6
None of these (do not read out)	7
Don't know (do not read out)	8

Ask all

Q23. What barriers might your business face in adopting new approaches and technologies such as those we just discussed?

Lack of knowledge or skills	1
Lack of time	2
Ability to keep pace with new developments	3
Cost of new technology	4
Access to equipment	5
Access to external advice and guidance	6
Concerns over data security	7
More pressing priorities	8
Don't know what is required or where to seek advice	9
Other (please specify) (do not read out)	10
None of these (do not read out)	11
Don't know (do not read out)	12

Low carbon

Ask all

Q24. What actions, if any, are you taking to help equip the business for a move to low carbon ways of working?

Making a plan or updating our business plan	1
Investing in low carbon technology	2
Investing in our premises	3
Up-skilling or re-skilling existing staff	4
Recruiting staff with 'green' skills	5
Collaborating with other businesses	6
Bringing in external advice and support	7
None of these (do not read out)	8
Don't know (do not read out)	9

Ask all

Q25. Thinking specifically about your energy efficiency, which of these actions have you taken or are planning to take?

Reducing energy consumption	1
-----------------------------	---

Improving building insulation	2
Installing more energy efficient systems	3
Using greener sources of energy	4
Using greener sources of transport	5
Providing guidance or training on energy efficiency	6
None of these (do not read out)	7
Don't know (do not read out)	8

Ask all

Q26. What barriers might your business face in moving to low carbon ways of working?

Difficulty making premises energy efficient	1
Lack of green transport options	2
Access to skills required	3
Don't know what is required or where to seek advice	4
Cost of making changes	5
Access to greener forms of technology	6
Speed or reliability of digital connectivity	7
More pressing priorities	8
Other (specify) (do not read out)	9
None of these (do not read out)	10
Don't know (do not read out)	11

Markets

Ask all

Q27. Thinking about the markets you operate in, which of the following are you currently doing or planning to do?

Expanding into new markets	1
Maintaining our existing markets	2
Concentrating on fewer markets	3
Responding to supply chain challenges	4
Responding to changes to import arrangements	5
None of these (do not read out)	6
Don't know (do not read out)	7

Ask codes 1-5 at Q27

Q28. Which of these will be most important in helping to achieve those plans?

Investing in technology	1
Investing in research and development	2
Adapting our product or service	3
Up-skilling or re-skilling existing staff	4
Recruiting staff with new or different skills	5
Collaborating with other business	6
Bringing in external advice and support	7
None of these (do not read out)	8

Don't know (do not read out) 9

Ask all

Q29. What actions, if any, are you taking in relation to your supply chain?

- Using more locally sourced supplies 1
- Use more suppliers from inside the UK 2
- Using less or greener forms of transport 3
- Moving to greener supply chains 4
- Reviewing our routes to market 5
- Reviewing our distribution network 6
- Stockpiling goods 7
- Other (specify) (do not read out) 8
- None of these (do not read out) 9
- Don't know (do not read out) 10

Ask any panel members not already asked first screener question and where the email field in the sample is blank

Q30. To update our records, can i make a note of your email address? This is so that we can send you the findings from the survey.

Enter email address and read back to confirm

Recontact section

The Scottish Government/HIE/SOSE wants to carry out regular research to understand the issues facing businesses and social enterprises across rural Scotland. Would you be willing to join the panel of rural businesses? As a panel member you will be invited to take part in regular research, including telephone surveys like this one a few times a year. As well as these surveys, the Scottish Government may also contact panel members to take part in other forms of research. All information collected will be held securely in accordance with the general data protection regulation 2018, and will only be used for the activities we have outlined to you.

- Willing to join panel..... 1
- No / refused 2

Any who are willing to join either HIE or SOSE or Rural Scotland panels

I just need to collect some contact details from you so that we can send out more details of the panel

On behalf of <HIE> <SOSE> <The Scottish Government> and Ipsos MORI, I'd like to thank you for your time today. If you have any queries regarding the survey or our company, I can give you the number of the company or the market research society freephone number.



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