SOSE BUSINESS PANEL SURVEY

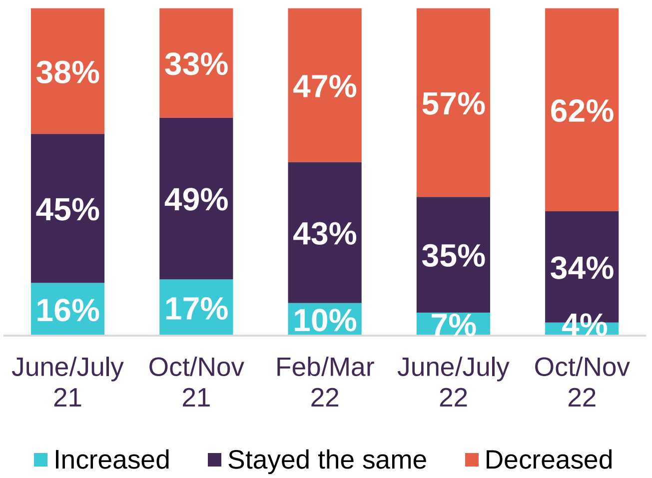
WAVE 5: October/November 2022

SOUTH of SCOTLAND ENTERPRISE

ECONOMIC CONFIDENCE AND OUTLOOK

Economic optimism was at the lowest level seen since the survey began. Net confidence* was -58 (lower than -50 in June/July 22, -33 in Feb/March 22, -16 in Oct/Nov 21 and -22 in June/July 2021).

Confidence in economic outlook for Scotland over last 6 months

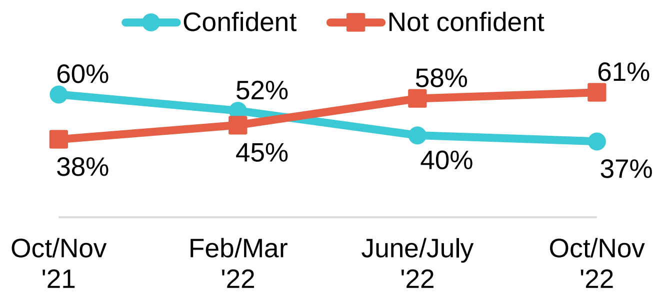


Thinking about the next 12 months, confidence was at its lowest level recorded in the survey: 37% were confident (compared with 40% in June/July 2022), while 61% were not (compared with 58%).

Confidence in economic outlook for Scotland over next 12 months

37% Very/fairly confident

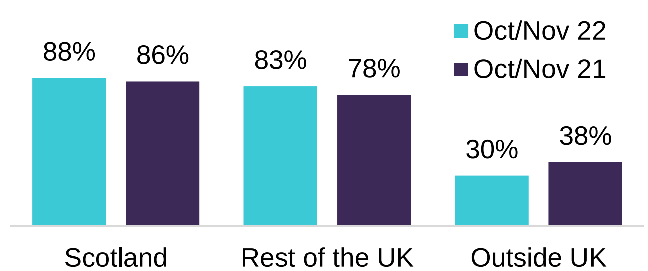
61% Not very/not at all confident



MARKETS OF OPERATION

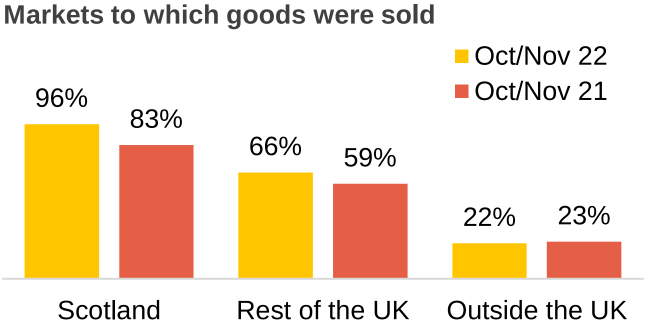
84% were importing from outside Scotland, with 30% importing from outside the UK

Markets from which goods were sourced



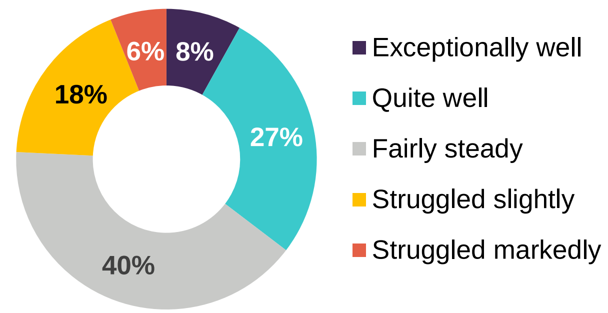
67% were exporting goods or services outside Scotland, with 22% exporting outside of the UK

Markets to which goods were sold



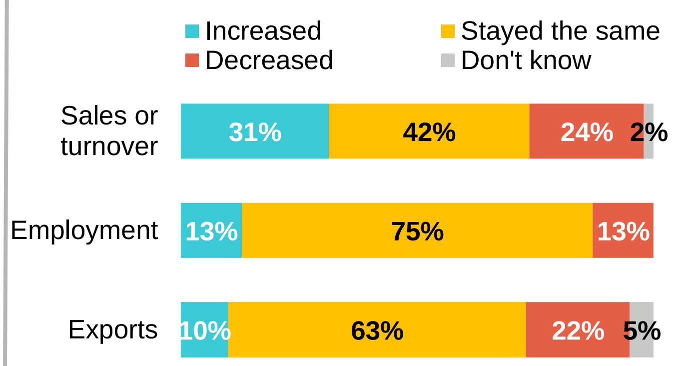
PERFORMANCE OVER LAST 6 MONTHS

36% of businesses had performed well in the last six months, while 24% had struggled.



ASPECTS OF PERFORMANCE

Over the last six months



Ipsos

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

VIABILITY

The majority (83%) of businesses were confident they would be viable in the next six months, while 16% were not. Confidence was down on June/July 2022, when 91% were confident and 9% not.

Confidence in viability over the next 6 months

83% Confident — 34% very/ 49% fairly

16% Not confident — 9% not that/ 6% not at all

More confident average:

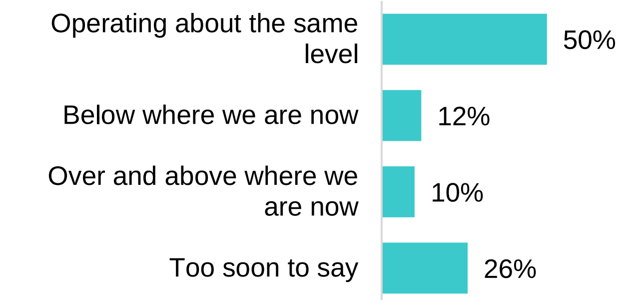
- Performed well in past six months (94%)
- Able to plan beyond next 12 months (96%).

Less confident than average:

- Tourism (27% not confident)
- Struggled in past six months (43%)
- Unable to plan more than a month ahead (25%).

OUTLOOK FOR THOSE CONFIDENT IN THEIR VIABILITY

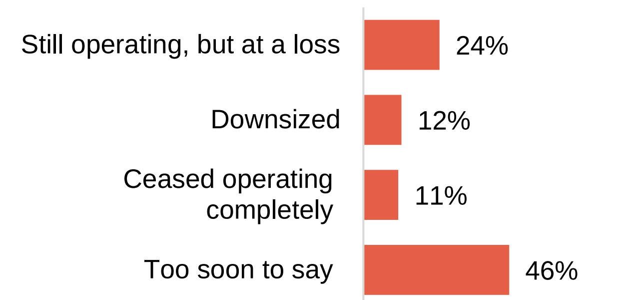
Expected performance in six months' time



Base: Those confident in their viability (508)

OUTLOOK FOR THOSE NOT CONFIDENT IN THEIR VIABILITY

Expected operating position in six months' time

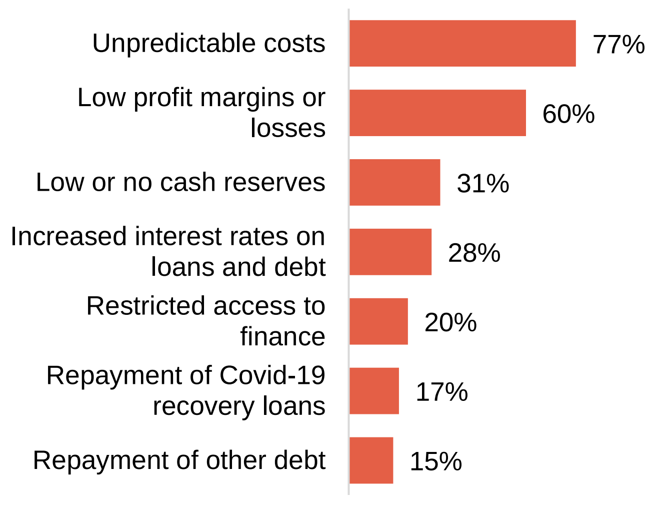


Base: Those not confident in their viability (93)

FINANCIAL CONCERNS

86% of businesses were concerned about at least one of these aspects of their finance:

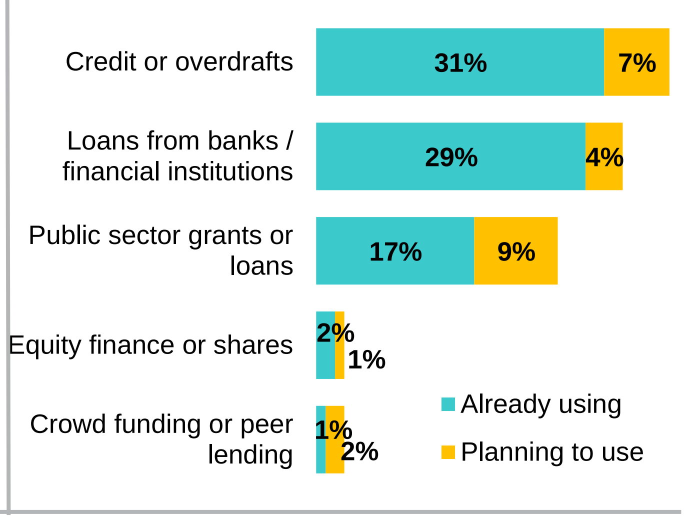
Financial concerns



ACCESS TO FINANCE

48% of businesses were currently using or planning to use some form of finance

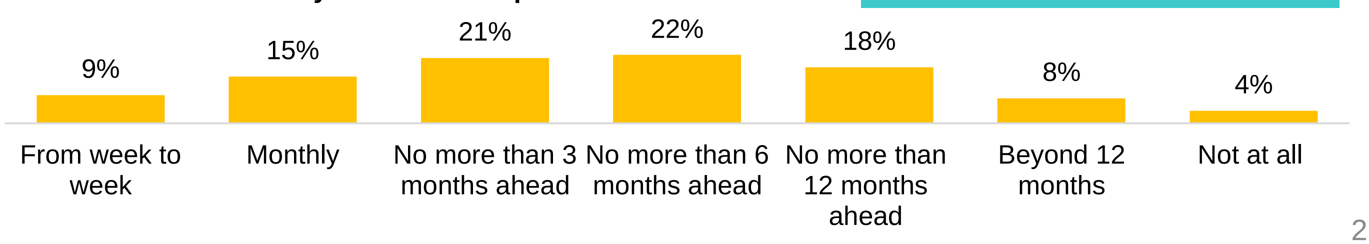
Forms of finance used/planned



ABILITY TO PLAN AHEAD

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

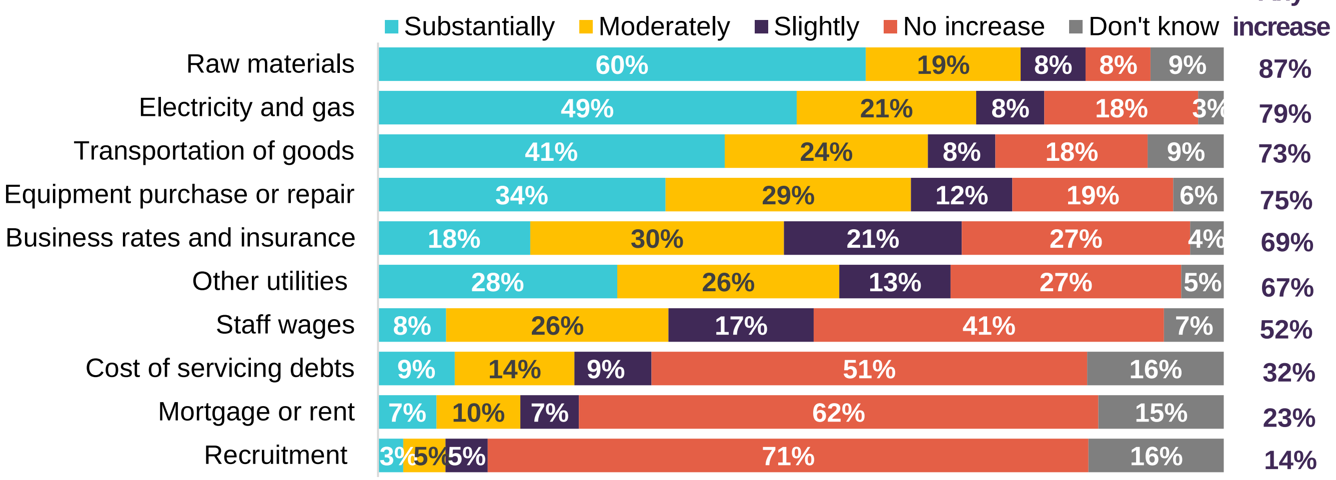
24% of businesses felt unable to plan more than a month ahead



COST INCREASES

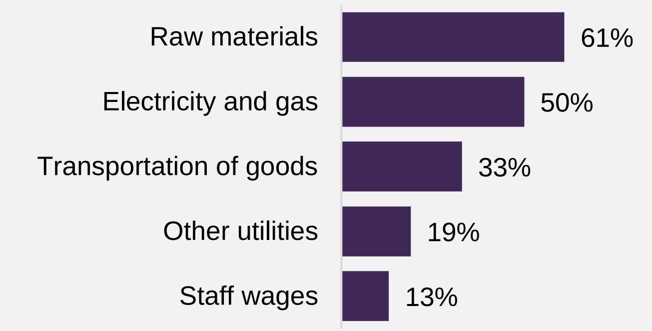
Almost all businesses (99%) had experienced cost increases in the past 12 months, with 84% experiencing substantial cost increases.

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



MOST IMPACTFUL COST INCREASES

Cost increases having the biggest impacts (top 5)

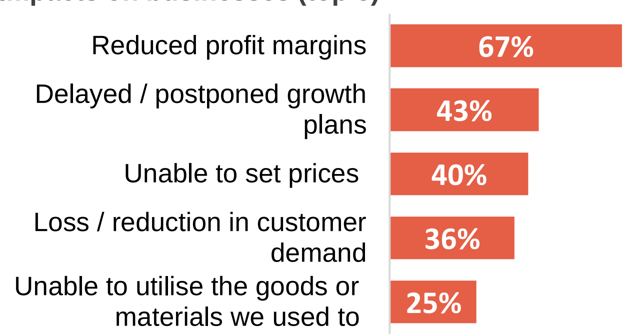


Sectors with higher than average impacts:

- **Food and drink:** raw materials
- **Tourism:** electricity and gas, staff wages and mortgage/rent

IMPACTS OF COST INCREASES

Impacts on businesses (top 5)



DISRUPTION TO PLANS

70% of businesses had delayed or postponed plans because of cost increases.

Plans disrupted due to cost increases

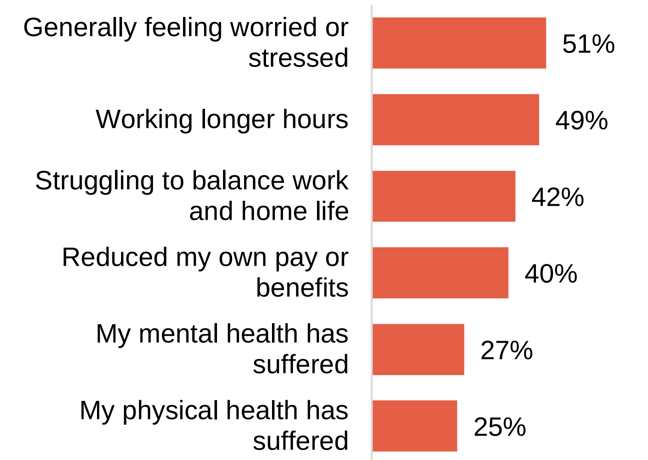
ACTIONS IN RESPONSE TO COST CRISIS

Actions taken/planned

PERSONAL IMPACTS OF COST CRISIS

78% of business owners/senior managers reported impacts on their own wellbeing

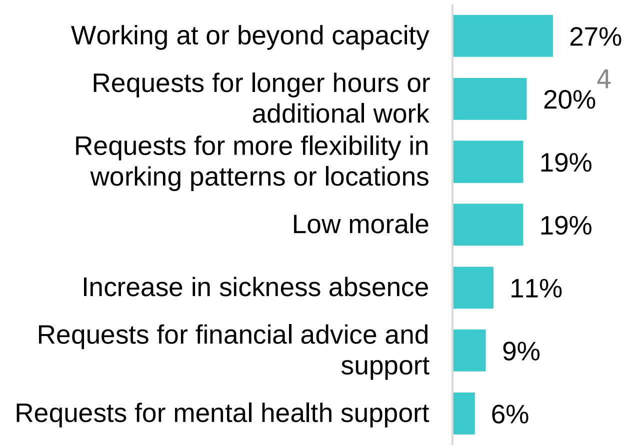
Impacts on business owners/senior managers



IMPACTS OF COST CRISIS ON STAFF

52% of employers reported impacts the cost crisis was having on their staff

Impacts on staff

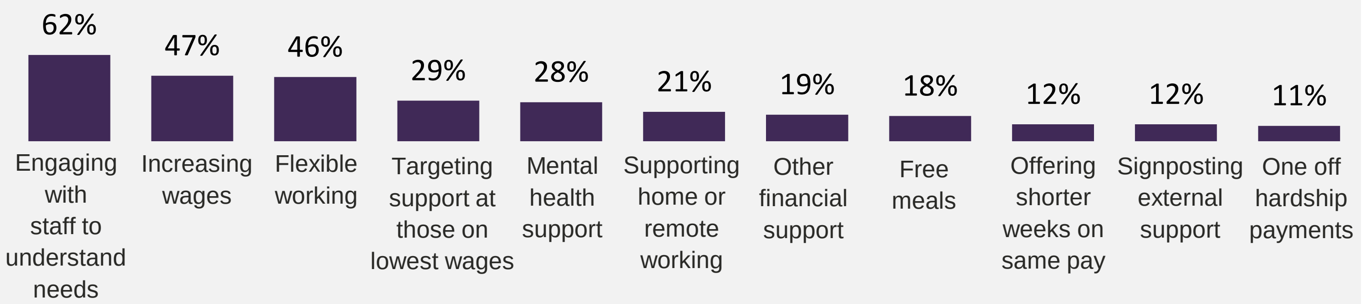


Base: All employers (459)

SUPPORT FOF STAFF IN RESPONSE TO THE COST CRISIS

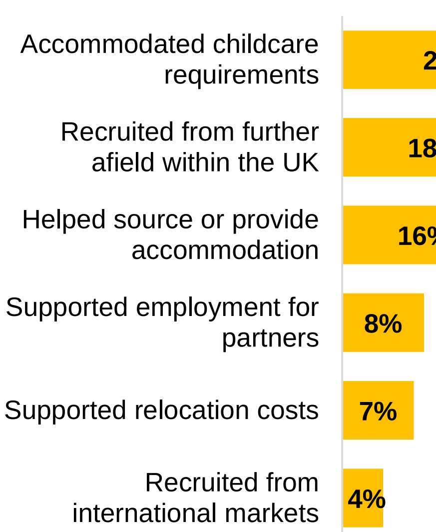
Actions being taken/planned

Base: All employers (459)



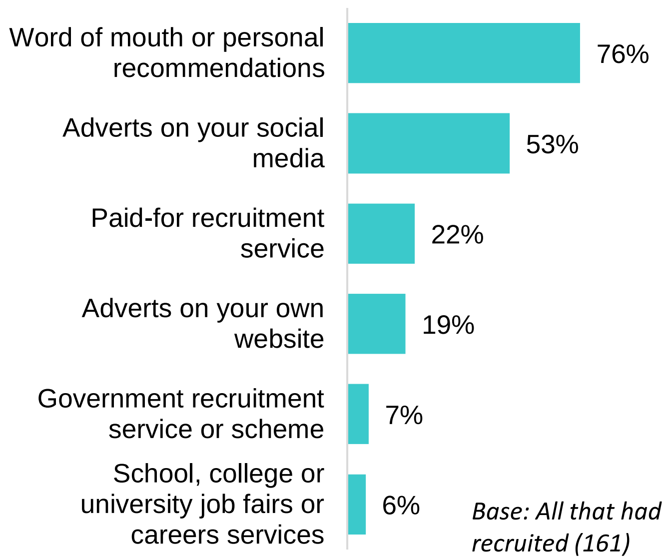
RECRUITMENT | 21% of businesses had recruited staff in the last six months.

Approaches taken to help recruit staff



Base: All that had recruited (161)

Most effective recruitment methods



Base: All that had recruited (161)

NOTES: Survey fieldwork was conducted between 5 October and 30 November using telephone interviewing. In total 610 businesses and social enterprises participated. Findings are weighted to ensure a representative sample of the regional business base. Where percentages do not sum to 100%, this may be due to rounding, the exclusion of 'don't know' categories, or multiple answers