

Business Baseline Report

December 2025



HIE
Highlands and Islands Enterprise
Iomairt na Gàidhealtachd's nan Eilean



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1. Executive Summary

The following report summarises findings from the most recent Business Baseline Survey, a survey of business owners in Scotland. The research was conducted by the Improvement Service (IS) on behalf of Business Gateway and partners to understand how business owners view the prospects for their businesses, the goals and challenges they have, and what need there is for business and financial support. This is the second year the survey has been carried out, and, where possible, responses have been compared between years to reflect how business owners' views have changed.

A total of 502 responses were received from a wide range of businesses covering various sectors and areas across Scotland. Most of these businesses were well-established, with 48% having traded for more than five years. Additionally, a majority of the responses were from self-employed individuals (50%). Among the various sectors represented, creative industries emerged as the most prominent, accounting for 15% of respondents.

1.1 Key Findings

1.1.1 Business Growth, Confidence, and Views on Scotland's Economy

- Just over half of respondents (55%) anticipated growth in their business over the next 12 months. The largest proportion of respondents anticipated moderate growth (42%) with an average expected growth rate of 36%. Respondents within the Education, Training, and HR sector were the most optimistic, with 68% of these respondents anticipating growth. However, across most sectors respondents were less optimistic about growth than those who responded to the survey in 2024, particularly in the Construction and Food and Drink sectors.
- Confidence has also declined amongst respondents. In the current survey 67% of respondents expressed confidence in their business prospects over the next 12 months. This compares with 74% in last year's survey. Reduced confidence appears to be more common in businesses that have been trading for a longer time period.
- This year, respondents were asked about their views on Scotland's economy. Respondents were more likely to say they were not confident than confident in Scotland's economy, the preparedness of Scottish businesses to meet challenges, and whether the outlook for Scottish businesses was improving.

1.1.2 Goals, Challenges, and Support Needs

- Respondents in this year's survey shared similar goals to those who responded in 2024. Increasing sales (42%) and improving profit (41%) were the most often selected by respondents as goals for their business in the next 12 months.
- Rising costs remain the most common challenge facing Scottish businesses. Sixty-three percent of respondents selected this as a challenge in the 2025 survey, similar to the 64% in 2024. A larger proportion of respondents identified the current political climate and proposed or existing regulations as challenges facing their business in the next 12 months than had in 2024 (40% in 2025 compared to 25% in 2024).
- A sizeable proportion of businesses expressed a need for financial support, knowledge, and expertise. Thirty-four percent of respondents anticipated requiring financial support and 58% business support. This is similar to rates seen in 2024, however there were higher proportions of respondents in the Hospitality, Catering and Event Management sector who anticipated needing financial support and business support.
- Grants were the most likely source of financial support to be sought (61%). Business Gateway was more likely to be selected as a source of business support in this iteration of the survey, with 78% selecting this option compared with 53% in 2024.
- The majority of respondents anticipated the prices they charge for their product or service will increase in the next 12 months (56%). However, a greater proportion thought prices would remain stable compared to those who thought this in last year's survey (35% in 2025 compared to 30% in 2024).

1.1.3 Innovation and Technology, Environmental and Fair Work Practices

- Respondents were asked for the first time in this year's survey to share their views on innovation and technology in their business. Respondents were predominantly positive about this area. Sixty-five percent agreed that innovation was critical to their business and 50% said they embrace new technology including AI in their business. A large proportion (58%) said that their business could do more to embrace new technologies, however.
- When compared to the previous survey, a smaller proportion of businesses had plans in place to reduce their environmental impact (47% in 2025 compared to 55% in 2024). Respondents from the Food and Drink sector now lead in this regard (70%).

- There was also a smaller proportion of respondents whose business had adopted fair work measures. In 2025 63% of respondents had these in place compared with 74% in 2024.

2. Introduction and Methodology

2.1 Introduction and Context

One of the four priority areas of The Scottish Government's 2025/26 Programme for Government is economic growth, with a range of initiatives intended to develop and support businesses across Scotland. This includes support across a number of themes, such as financial support, skills development, innovation and use of new technology, and protecting businesses and individuals from economic uncertainty.

In Scotland, public sector business support is delivered by Business Gateway, Scottish Enterprise, Highlands and Islands Enterprise (HIE), South of Scotland Enterprise (SOSE), Skills Development Scotland, VisitScotland, and other sector-specific organisations. Advice can take a range of forms including online information and training events, one-to-one support, such as how to develop a business plan, or help to access funding opportunities. Business Gateway alone helps over 50,000 customers a year to start or grow.

2.2 Aims of the Research

The objective of this survey was to engage businesses in order to gain insight into the opportunities and challenges they encounter, as well as the types of support they may require. The overarching aim is to enhance and inform the guidance provided to these organisations.

The Improvement Service, Scotland's national improvement body for local government, conducted this survey on behalf of several advice and support providers: Business Gateway, Highlands and Islands Enterprise (HIE), Scottish Enterprise, Scottish Government, Skills Development Scotland (SDS), South of Scotland Enterprise (SOSE), and VisitScotland.

This marks the second cycle of the survey, which is designed to be conducted annually. As a result, this iteration allows business advice providers to monitor changes over time and further refine their services.

2.3 Methods

An online survey was distributed between the 4th of September and the 3rd of October 2025. The survey contained 33 questions, with two new questions added this year. Responses were sought from owners and representatives of businesses operating across Scotland. The survey was distributed through the networks of Business Gateway and partners, including social media and newsletters.

The survey included questions covering business and respondent demographics, business growth and obstacles preventing this, confidence and goals, challenges and support, net zero plans, fair work practices, and new questions relating to respondents' views of Scotland's economy and innovation and technology in their business.

3. Business Characteristics

The survey received 502 responses.

Respondents were initially asked a series of questions to establish the different characteristics of their business, and a mix of sectors, locations, and sizes were represented. The largest proportion for each of these questions said they were:

- Within the creative industries sector (15% of respondents)
- Based in South Ayrshire (10%)
- Had been trading for more than five years (48%)
- Were self-employed businesses (50%)

A detailed breakdown of these characteristics is outlined below.

Respondents' businesses operated in a range of different sectors. As shown in Figure 1, the most common sectors were Creative Industries (15%); Retail and Wholesale (14%); Education, Training and Human Resources (HR) (13%); and Tourism (10%). The remaining sectors were all represented by less than 10% of respondents. Respondents were able to select more than one sector, and individual respondents may therefore be represented in more than one group. A large proportion of respondents said their business was in an "other" sector (16%). Some of these respondents' businesses operated in one of the listed sectors but used the "other" option to specify more detail.

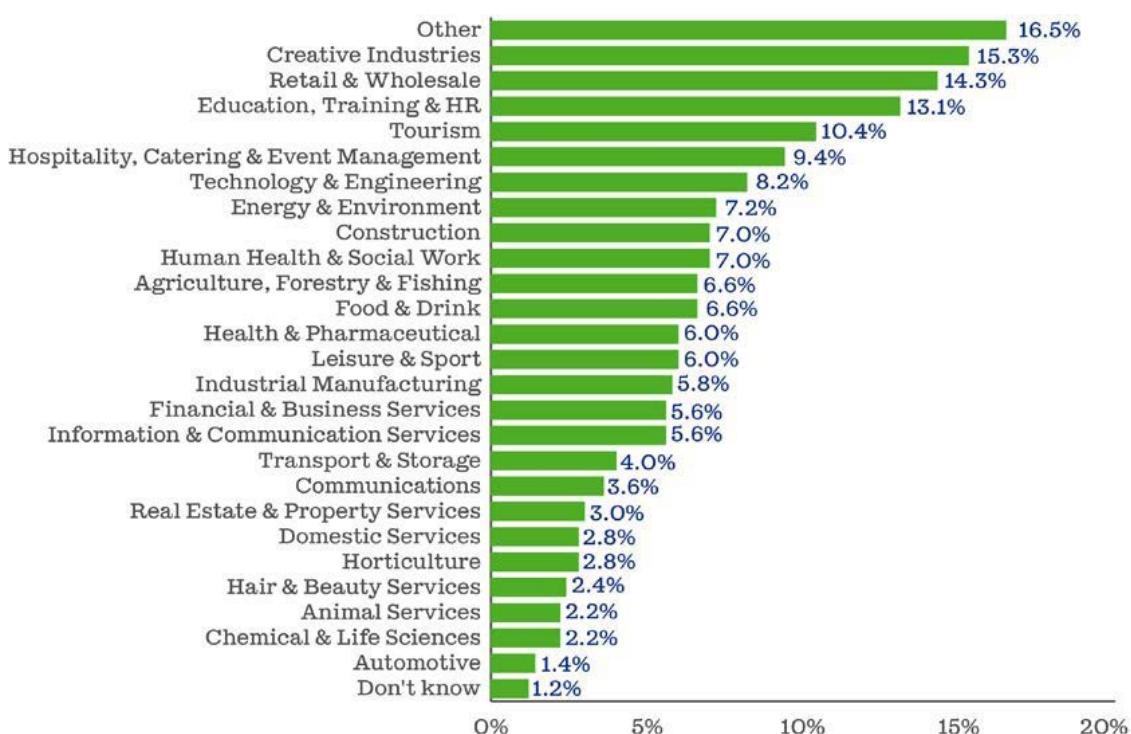


Figure 1 - Proportion of responses by sector 2025

Table 1 shows how the proportion of responses by sector has changed between surveys. There was little change in the most common sectors represented. The Energy and Environment sector had the largest increase in proportion of respondents representing 7% in the 2025 survey, compared with 4% in the 2024 survey.

Table 1 - Proportion of responses by sector

Sector	2024	2025
Other	15.4	16.5
Creative Industries	16.9	15.3
Retail and Wholesale	15.3	14.3
Education, Training and HR	10.9	13.1
Tourism	10.2	10.4
Hospitality, Catering and Event Management	9.1	9.4
Technology and Engineering	6.5	8.2
Energy and Environment	4.5	7.2
Construction	6.7	7.0
Human Health and Social Work	4.5	7.0
Agriculture, Forestry and Fishing	4.1	6.6
Food and Drink	9.4	6.6
Health and Pharmaceutical	3.7	6.0
Leisure and Sport	4.7	6.0
Industrial Manufacturing	3.7	5.8
Financial and Business Services	5.7	5.6
Information and Communication Services	5.7	5.6
Transport and Storage	2.8	4.0
Communications	3.1	3.6
Real Estate and Property Services	2.3	3.0
Domestic Services	2.1	2.8
Horticulture	1.8	2.8
Hair and Beauty Services	2.3	2.4
Animal Services	1.8	2.2
Chemical and Life Sciences	1.5	2.2
Automotive	1.1	1.4
Don't know	0.3	1.2

Responses were received from businesses based in all 32 local authority areas of Scotland. Figure 2 shows a breakdown of respondents by where their business is based, defined as their headquarters, head office, or main place of business. The largest proportions of businesses were based in South Ayrshire (10%), City of Edinburgh (8%) and Highland (8%).

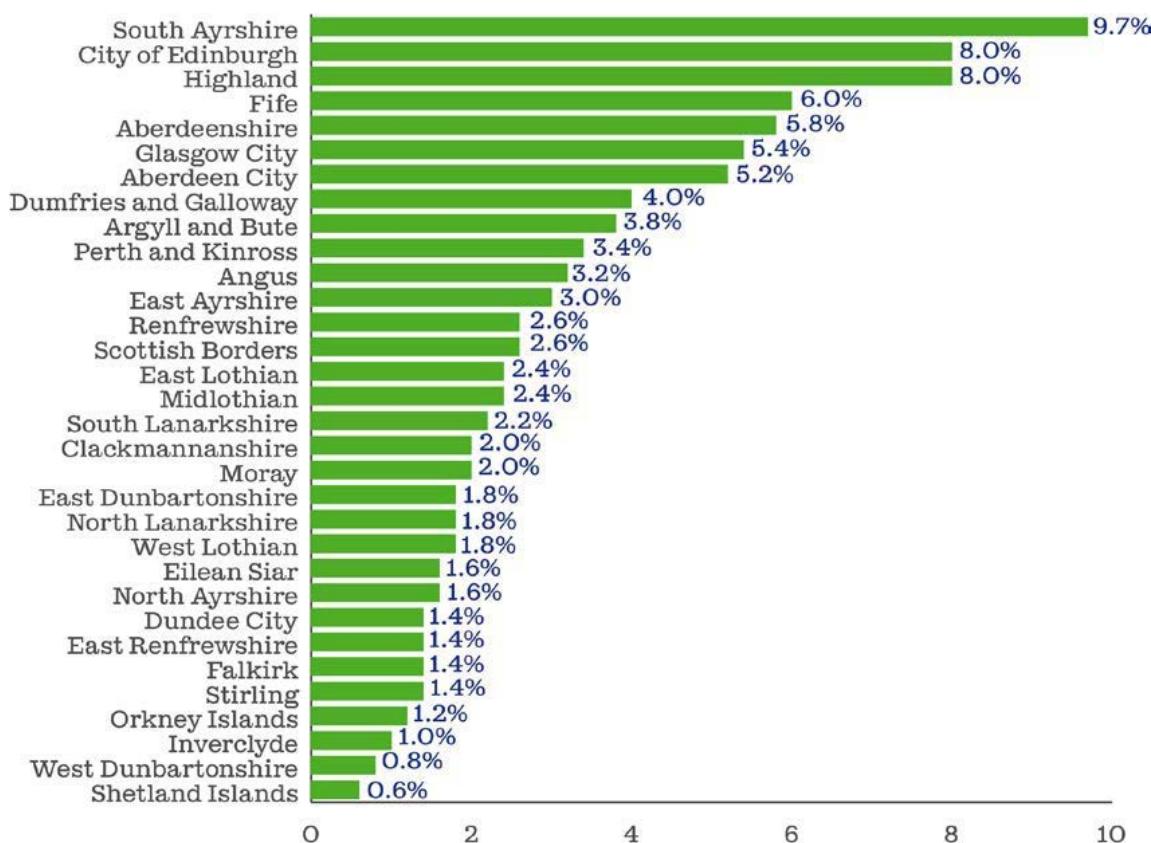


Figure 2 - Proportion of responses by business base region, 2025

Compared with the previous survey, the current survey received a greater proportion of responses from businesses based in South Ayrshire. As shown in Table 2, these businesses made up 10% of respondents in 2025 compared with 1% in 2024. Businesses in Glasgow made up a smaller proportion of responses at 5% compared with 9% last year.

Table 2 - Proportion of responses by business base region

Business base region	2024	2025
South Ayrshire	1.1	9.7
City of Edinburgh	8.3	8.0
Highland	7.3	8.0
Fife	6.0	6.0
Aberdeenshire	6.0	5.8
Glasgow City	8.9	5.4
Aberdeen City	4.1	5.2
Dumfries and Galloway	3.1	4.0
Argyll and Bute	3.9	3.8
Perth and Kinross	5.7	3.4
Angus	2.3	3.2
East Ayrshire	1.0	3.0
Renfrewshire	1.3	2.6
Scottish Borders	2.4	2.6
East Lothian	4.2	2.4
Midlothian	3.1	2.4
South Lanarkshire	2.4	2.2
Clackmannanshire	0.6	2.0
Moray	2.8	2.0
East Dunbartonshire	1.6	1.8
North Lanarkshire	2.4	1.8
West Lothian	3.4	1.8
Eilean Siar	2.1	1.6
North Ayrshire	2.3	1.6
Dundee City	1.9	1.4
East Renfrewshire	1.9	1.4
Falkirk	1.5	1.4
Stirling	2.6	1.4
Orkney Islands	2.3	1.2
Inverclyde	1.0	1.0
West Dunbartonshire	0.5	0.8
Shetland Islands	1.6	0.6
Don't know	0.3	

Most respondents had well established businesses, with 72% of respondents stating their business has been trading for over a year in 2025, including 48% who had been trading for more than five years. As shown in Figure 3, there was an increase in the proportion of respondents who had been trading for a shorter period of time. In 2025, 11% of respondents had not yet started trading.

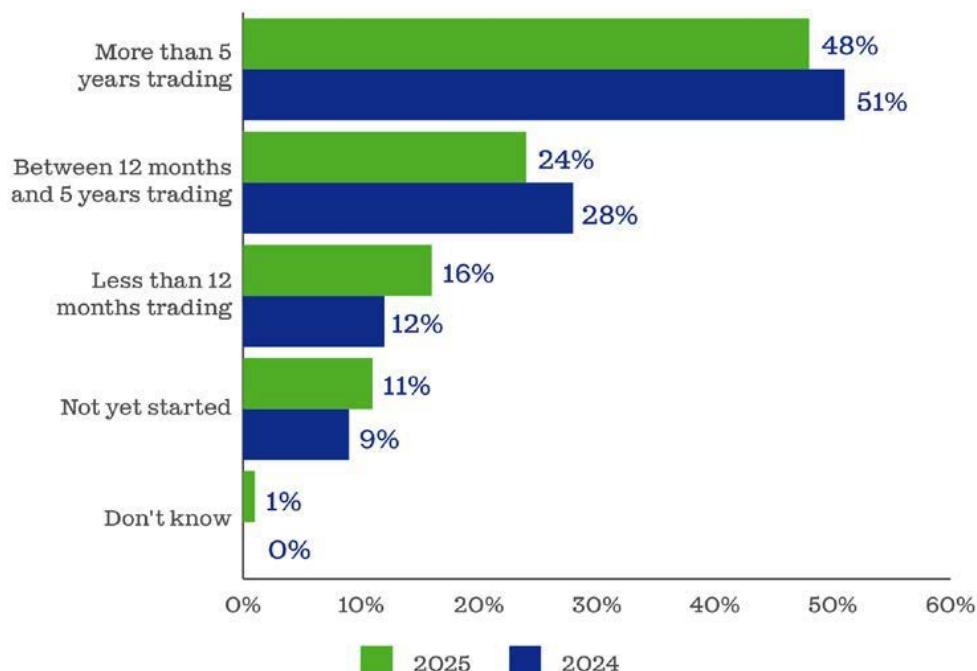


Figure 3 - Proportion of responses by business stage

Figure 4 highlights the proportion of responses by the size of the respondent's business. In both years the majority of respondents were self-employed with no employees. Respondents from businesses with employees were predominantly smaller businesses. In 2025 only 9% of respondents were from businesses with 11 or more employees.

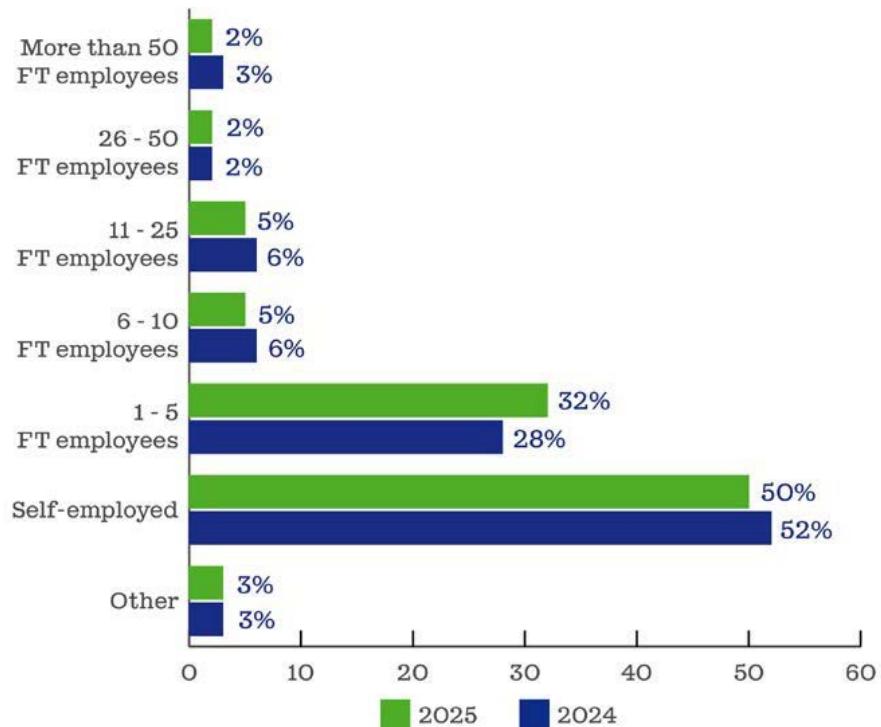


Figure 4 - Proportion of responses by business size

Respondents were also asked about their role within the business. As was the case in the 2024 survey, the majority of respondents in 2025 were the owner of their business (71%). Eighteen percent of respondents said they were a director. Figure 5 shows a breakdown of responses by the respondent's role in the business.

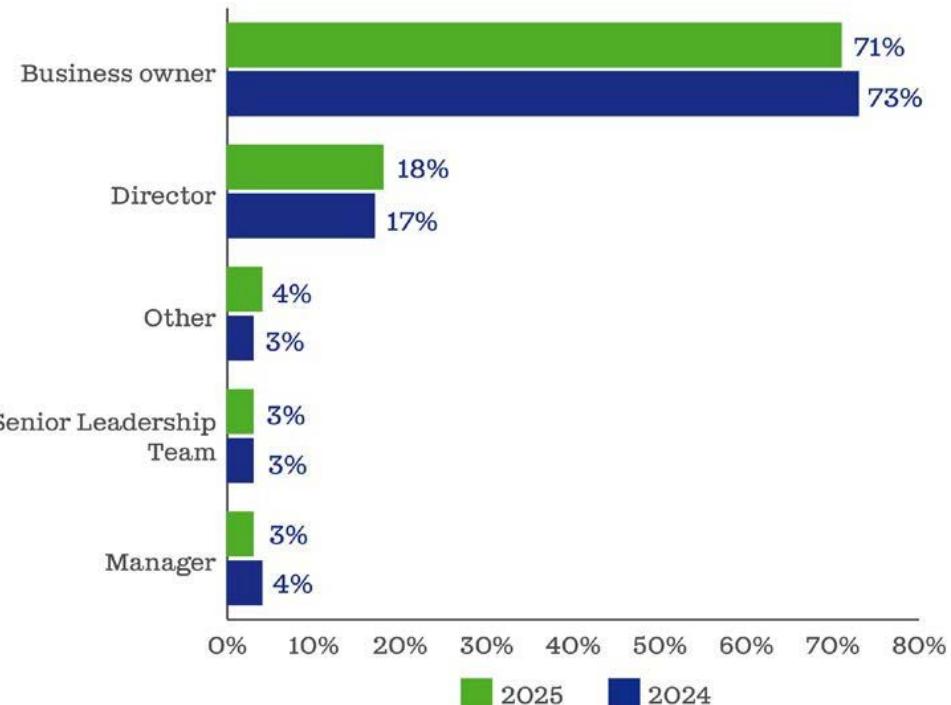


Figure 5 - Proportion of responses by role in the business

Figure 6 shows a breakdown of respondents by the regions their business trades in. The results showed that respondents' businesses trade in a variety of regions, with similar patterns seen in both 2024 and 2025. Whilst 43% of respondents noted that their business trades only in their local regions in 2025, there were also large proportions who trade across Scotland (31%) and UK-wide (36%). Respondents were able to select more than one option for this question and were asked to select all the regions they trade in. Only 23% of respondents selected more than one region in 2025.

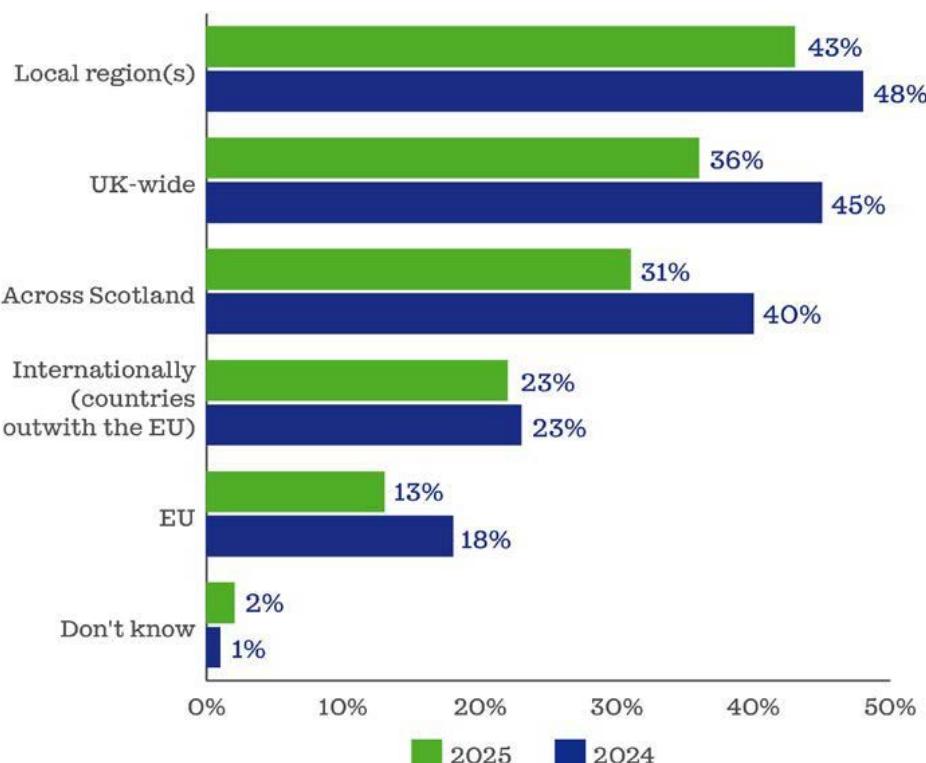


Figure 6 - Proportion of responses by trade region

4. Respondent Characteristics

Respondents were asked a series of questions relating to their personal characteristics. These characteristics are outlined below.

Just over half of respondents were aged over 55 in 2025. Figure 7 shows a full breakdown of respondents' age. There were fewer younger respondents in 2025, only 3% were aged 25-34 and none were aged 18-24.

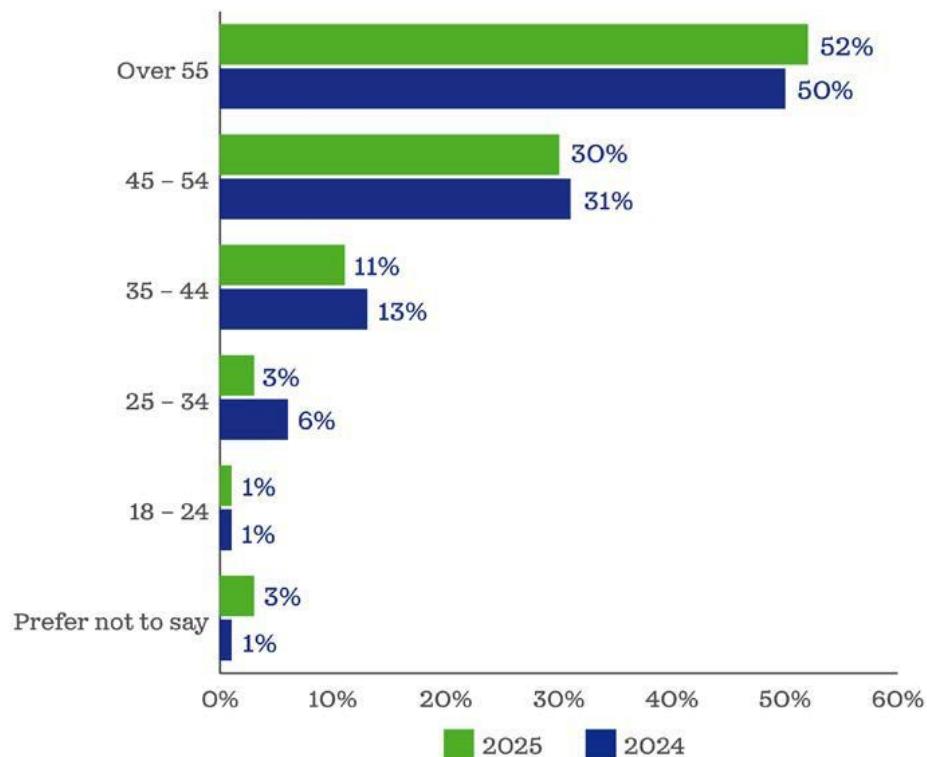


Figure 7 - Proportion of respondents by age

Respondents were predominantly female with 52% of respondents stating this as their sex in 2025. Figure 8 shows the full breakdown of respondents' sex.

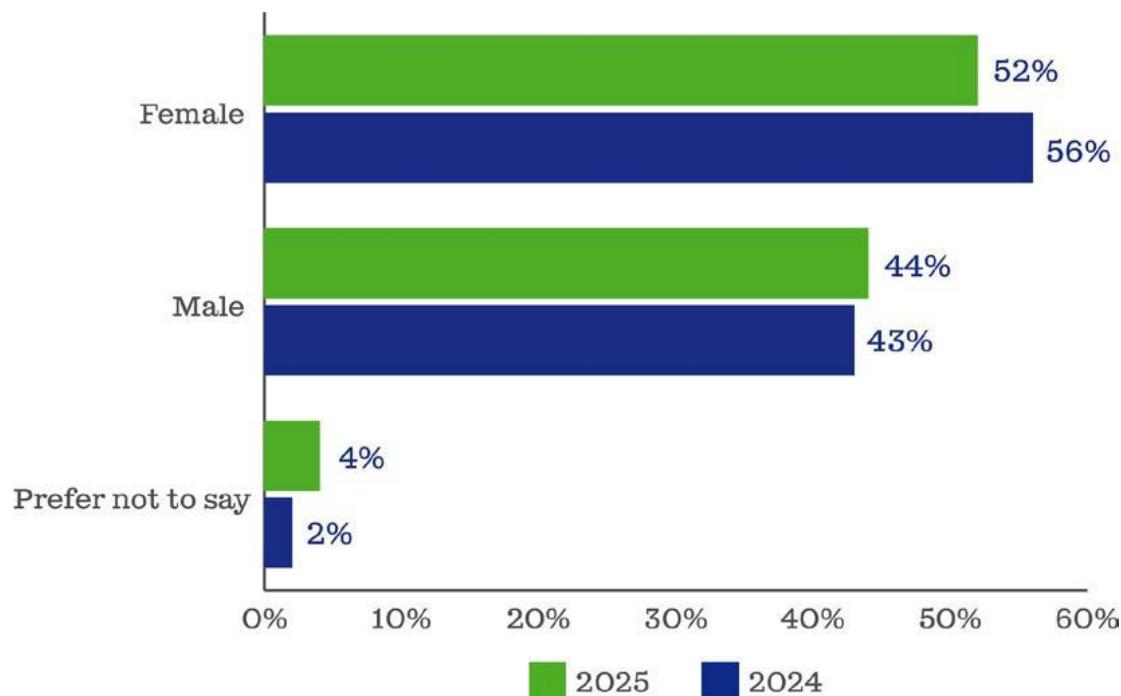


Figure 8 - Proportion of respondents by sex

5. Business Growth

In this year's survey respondents were asked how they anticipated their business to perform in the next 12 months. A full breakdown of responses is shown in Figure 9. Just over half of respondents said that they anticipate growth, with the largest proportion of respondents anticipating moderate growth (42%). Respondents who stated they did anticipate growth were then asked roughly what percentage growth they anticipated. The average growth anticipated by those who chose to respond was 36%.

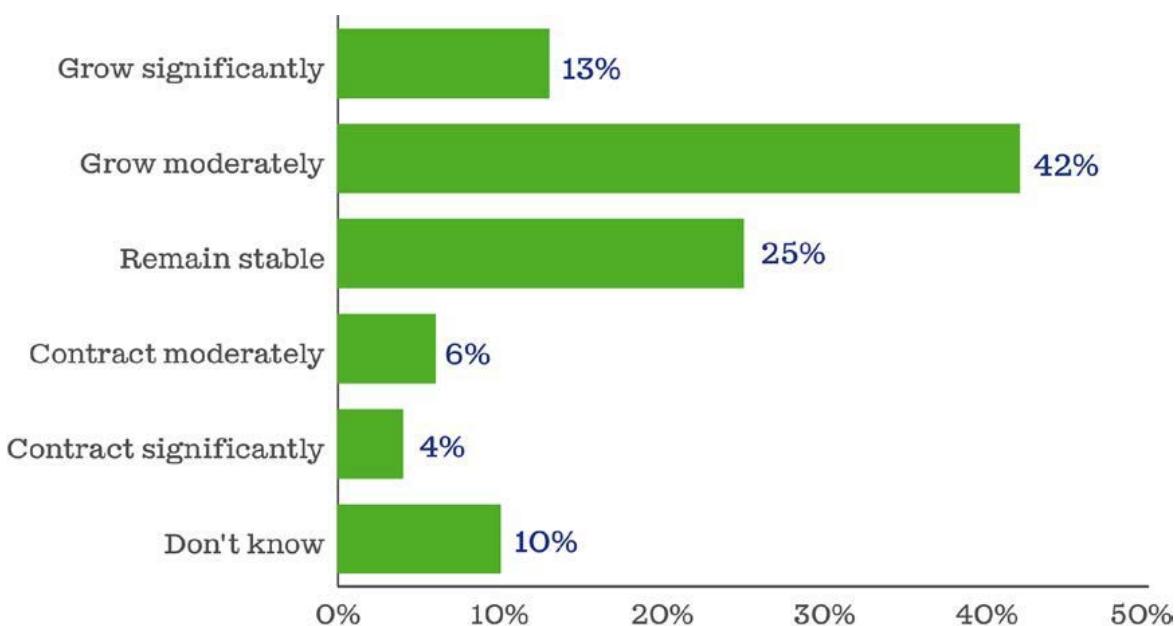


Figure 9 - Anticipated business performance in the next 12 months

The overall proportion of respondents who anticipated some kind of growth in their business has reduced since the previous survey. In 2024 respondents were asked simply if they anticipated any growth, to which 60% agreed, meaning a reduction of five percentage points in 2025.

Although the overall proportion who anticipated growth has reduced, the type of growth anticipated shows similar breakdowns in both surveys. The majority of respondents who anticipated growth expected this to be domestic at 86% in 2025. International growth was anticipated by 22%. There were also 14% who anticipated both domestic and international growth. Respondents who anticipated international growth were also asked which public sector organisations, if any, they would seek support from to help achieve this. As shown in Figure 10, in 2025 the largest proportion of respondents said they would seek support from Business Gateway (53%). However, a smaller proportion of respondents selected this option compared with the 2024 survey.

Comparatively, a larger proportion of respondents said they would seek support from Scottish Government. In 2025 35% selected this compared with 13% in 2024.

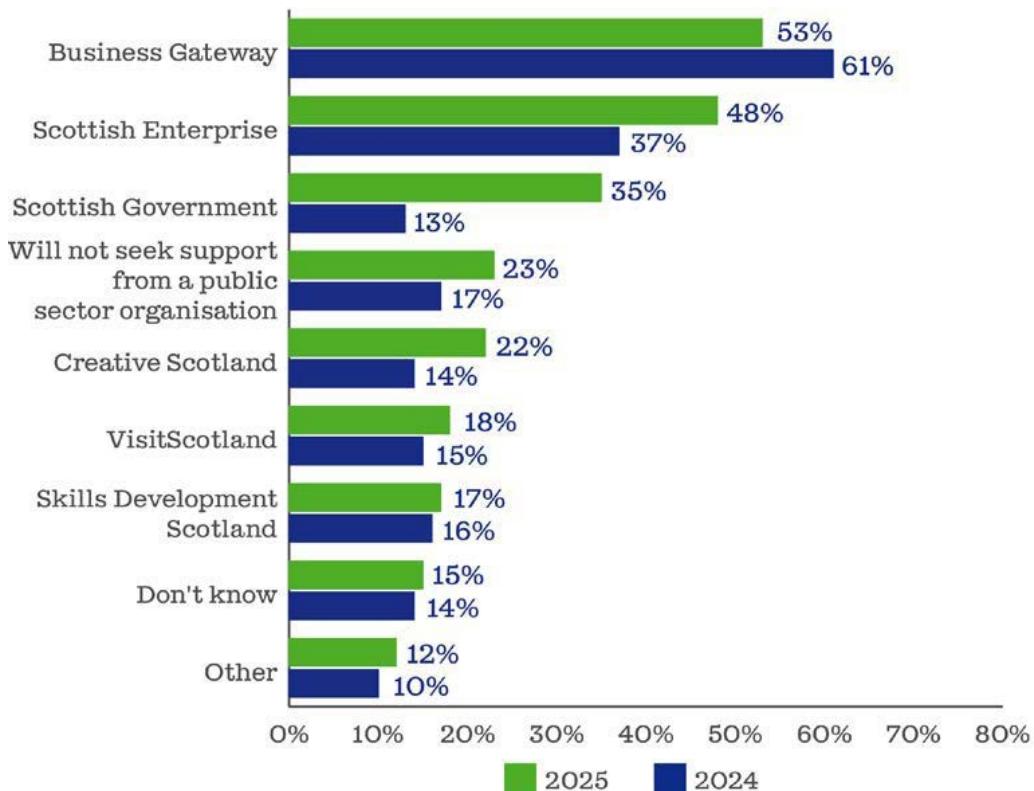


Figure 10 - Respondents who anticipated international growth by the public sector organisation they would seek support from

Sector is a factor in growth expectations. Figure 11 shows the sectoral breakdown of the proportion of respondents who anticipated their business to grow in the next 12 months. The percentages varied less between sectors in 2025 compared with 2024, but the proportions anticipating growth have changed over time across sectors. In 2025 the Education, Training and HR sector had the largest proportion of respondents who anticipated growth (68%), an increase of 11 percentage points since the previous year. Most sectors saw a reduction in the proportion of respondents who anticipated growth. The largest reductions were seen for the Construction sector which reduced 22 percentage points and the Food and Drink sector which reduced 20 percentage points.

Note: Figure 11 only includes proportions for sectors that received at least 30 responses in both surveys, excluding the “other” sector category.

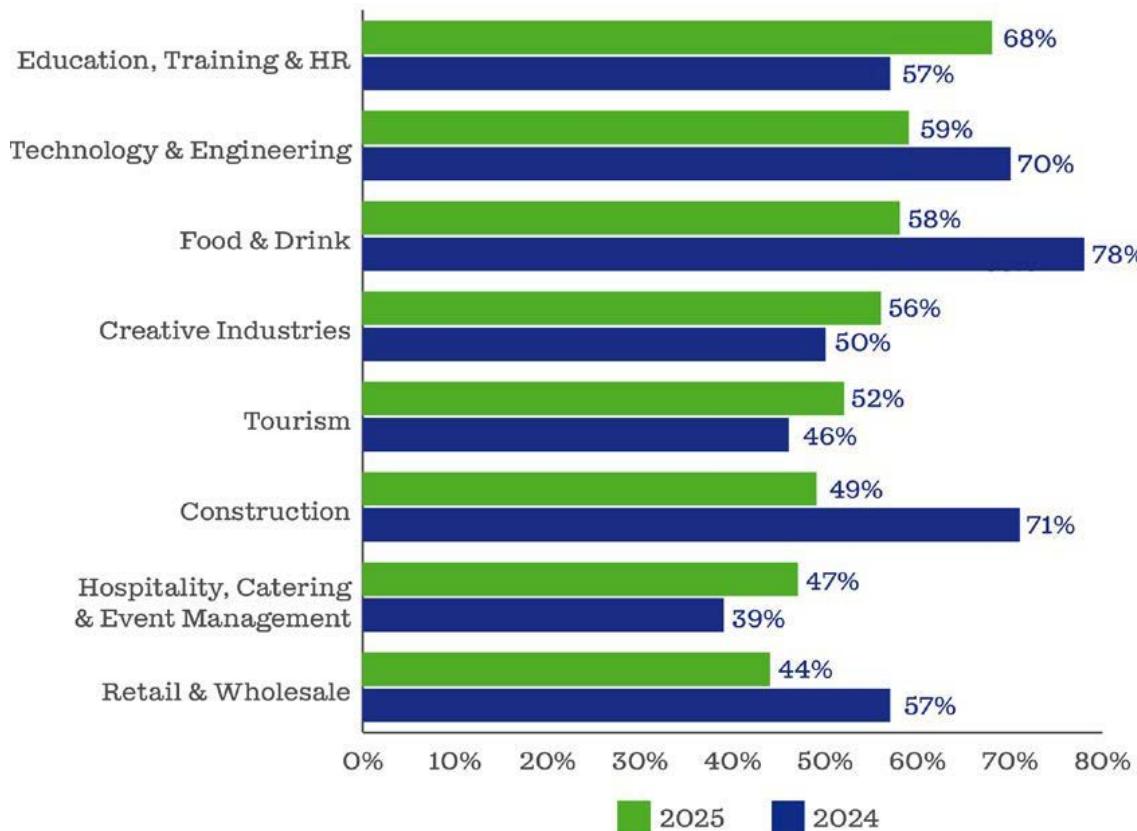


Figure 11 - Proportion of respondents, by sector, who anticipated growth

Respondents who expected their business to contract or not experience growth were asked why they had said this. A range of challenges were cited. As was the case in the 2024 survey, the most common theme was economic conditions and uncertainty. Respondents highlighted high costs, low consumer spending, and market competition as factors limiting business growth. Respondents also highlighted operational challenges such as difficulty recruiting skilled staff and increased costs for overheads and raw materials. Government policies and regulations were also seen as a barrier with some respondents noting the potential impact of a visitor levy. The impact of AI was also cited by a few respondents who noted the specific impact this can have on online visitor traffic.

Examples of comments from respondents include:

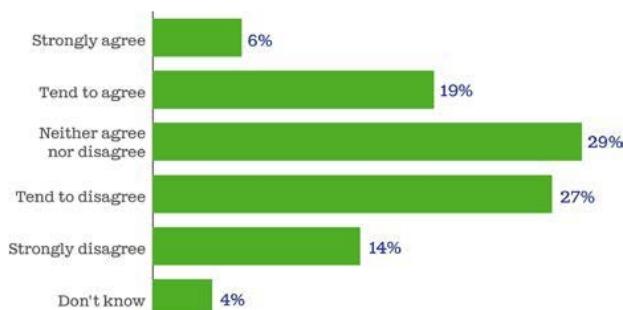
- “The economy is not favourable to ‘luxury’ goods at the moment, people want to spend on essentials and save.”
- “Local economy suffering due to financial crisis. Less spending on quality clothing and non-essential items.”
- “Increasing pressure on budgets due to high build costs and labour shortage in the region.”

- “Increased overheads rates, raw material and staff costs have all, and continue, to rise. The rural road infrastructure in our area is appalling.”
- “Government legislation on short term lets, visitor levy etc working against growth”
- “The growth of ChatGPT and AI search results during 2025, combined with changes to the Google search results algorithm has decimated the volume of traffic visiting my website, and thus my sales have fallen by around 80% in the space of a year.”

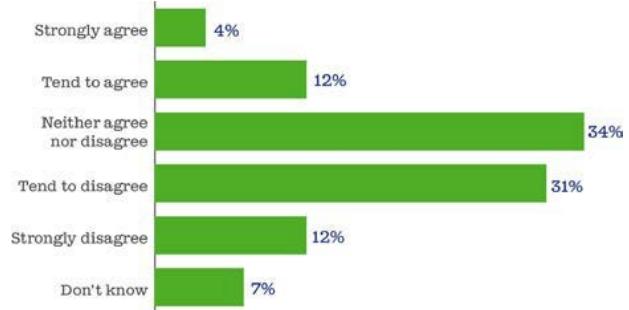
6. Views on Scotland's Economy

This year's survey included an additional set of questions asking for respondents' views on Scotland's economy. Figure 12 shows a breakdown of responses for each of the related statements. Agreement was highest for the statement "I feel confident in Scotland's economy" with a quarter of respondents who stated they "Tend to agree" or "Strongly agree". In comparison, respondents were less likely to agree that Scottish businesses are well-prepared to meet the challenges of the future. Respondents who "Tend to agree" or "Strongly agree" accounted for 16% of responses to this statement.

I feel confident in Scotland's economy.



Scottish businesses are well-prepared to meet the challenges of the future



The outlook for Scottish businesses is improving

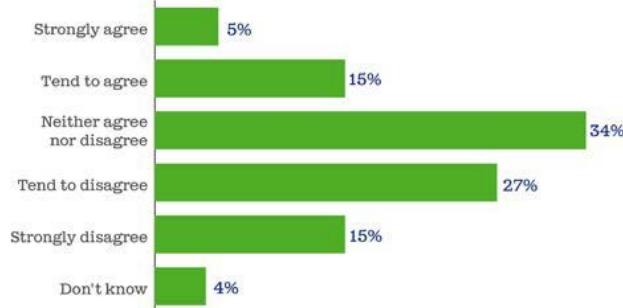


Figure 12 - Proportion of respondents by their views on Scotland's economy, 2025

7. Confidence

The 2025 survey shows that a smaller proportion of respondents were confident in the prospects for their business in the next 12 months. In 2024 74% of respondents said they were confident, but this has reduced to 67% in 2025. Although confidence has reduced overall, this was driven by reduced confidence amongst businesses at a later stage. As shown in Figure 13, respondents with a business at an earlier stage had similar proportions who were confident in their business prospects in both the 2024 and 2025 survey, whereas proportions dropped for those whose business had been trading for more than a year.

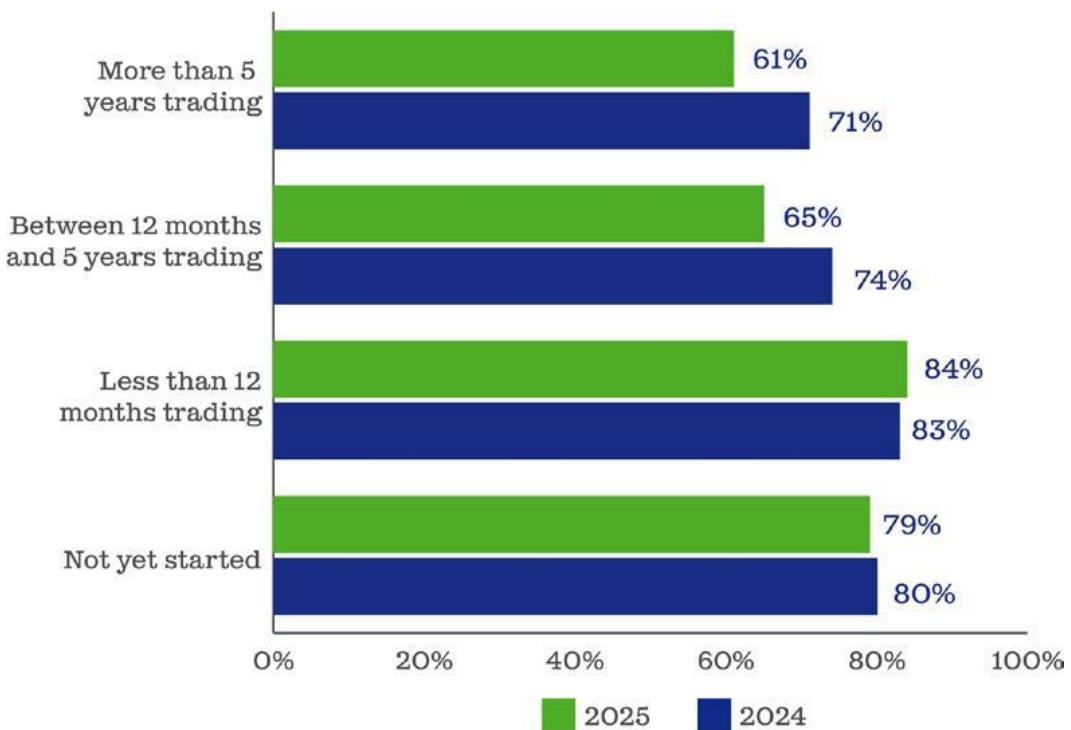


Figure 13 - Proportion of respondents, by business stage, who were confident in the business prospects

As a follow up to this question, respondents were also asked to explain why they said they were confident or not confident.

Amongst those who were confident, several respondents highlighted their existing strong customer base which has grown demand and enabled previous growth. These respondents felt confident that this trend is likely to continue. Respondents also noted support and resources available that enables them to be proactive and remain positive.

Examples of comments from respondents include:

- “We have a strong customer base who use our services regularly”
- “I have a positive, proactive attitude. Support is available, sign posting is important and ensuring business owners interact with their local authorities and business gateway business advisors.”
- “Costs are increasing massively. The only way we can grow steadily is invest in young people. There is no funding for apprenticeships which means the future in the industry is bleak.”
- “The economy is poor and profits are very low so growing a business is very difficult.”
- “It’s hard to find new outlets that are economical for me to keep stocked now that sales on the internet have declined.”

8. Goals

Respondents were asked to select the goals they had for their business in the next 12 months. Figure 14 shows the breakdown of the proportion of respondents who selected each goal. The same trends were seen in both surveys, with the largest proportions of respondents selecting goals related to sales and profit whilst those related to workforce and premises were less frequently selected. The most commonly selected goals in 2025 were increasing sales (42%) and improving profit (41%), however both were selected by lower proportions of respondents compared with the 2024 survey.

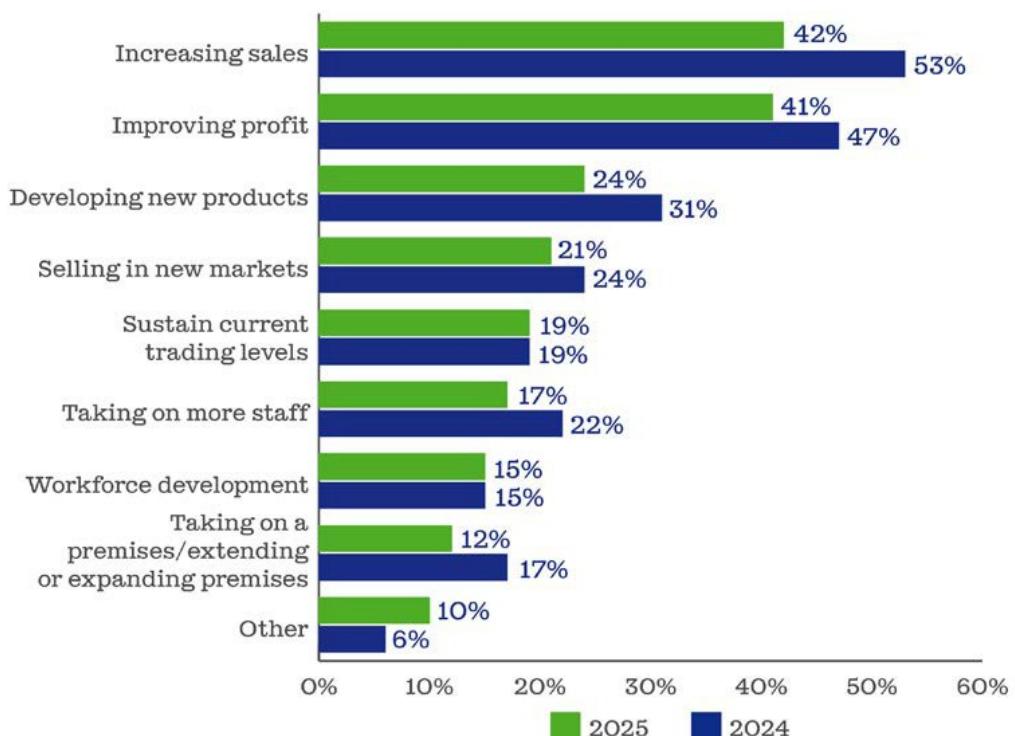


Figure 14 - Proportion of respondents by the goals they have for their business in the next 12 months

9. Challenges

Rising costs was the most common challenge facing respondents' businesses in the next 12 months. As shown in Figure 15, the current political climate and proposed or existing regulations were seen as challenges by a greater proportion of respondents in 2025 compared to 2024. Political climate was selected as a challenge by 40% in 2025, an increase of 15 percentage points from 2024.

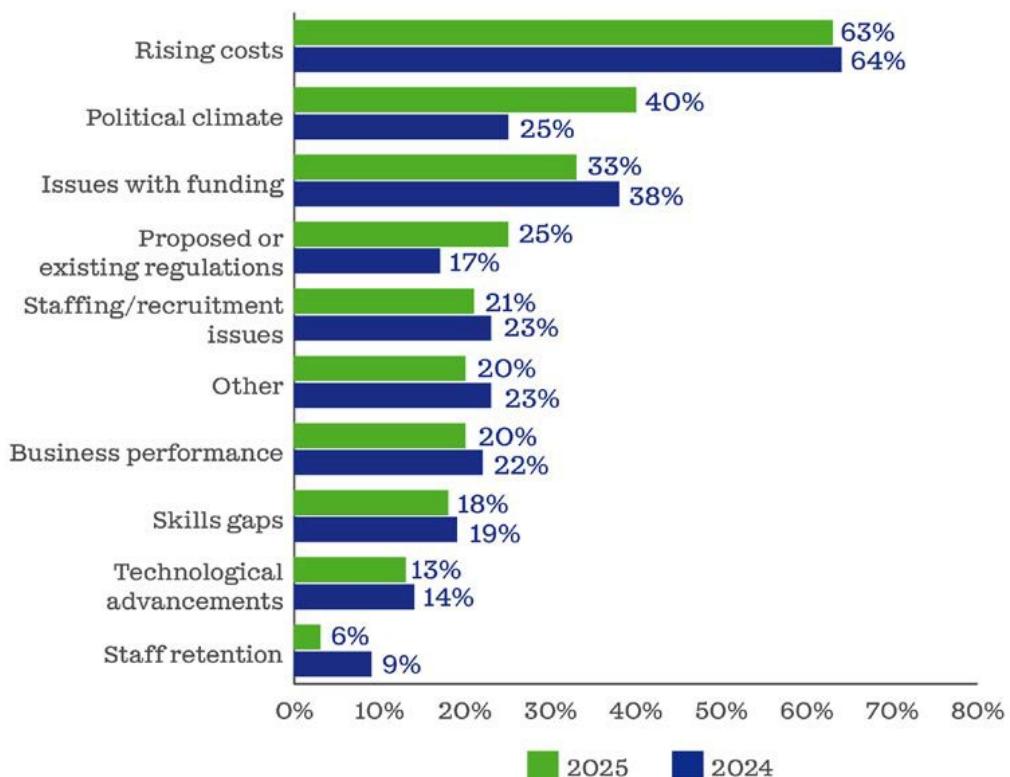


Figure 15 - Proportion of respondents by what they see as the biggest challenges facing their business in the next 12 months

The political climate appears to be a more common challenge across all sectors. Figure 16 shows the breakdown of the proportion of respondents by sector who selected political climate as one of their biggest challenges. The figure only includes proportions for sectors that received at least 30 responses in both surveys, excluding the “other” sector category. The food and drink sector showed the largest increase in proportion who said this was one of their biggest challenges increasing 39 percentage points between 2024 and 2025.

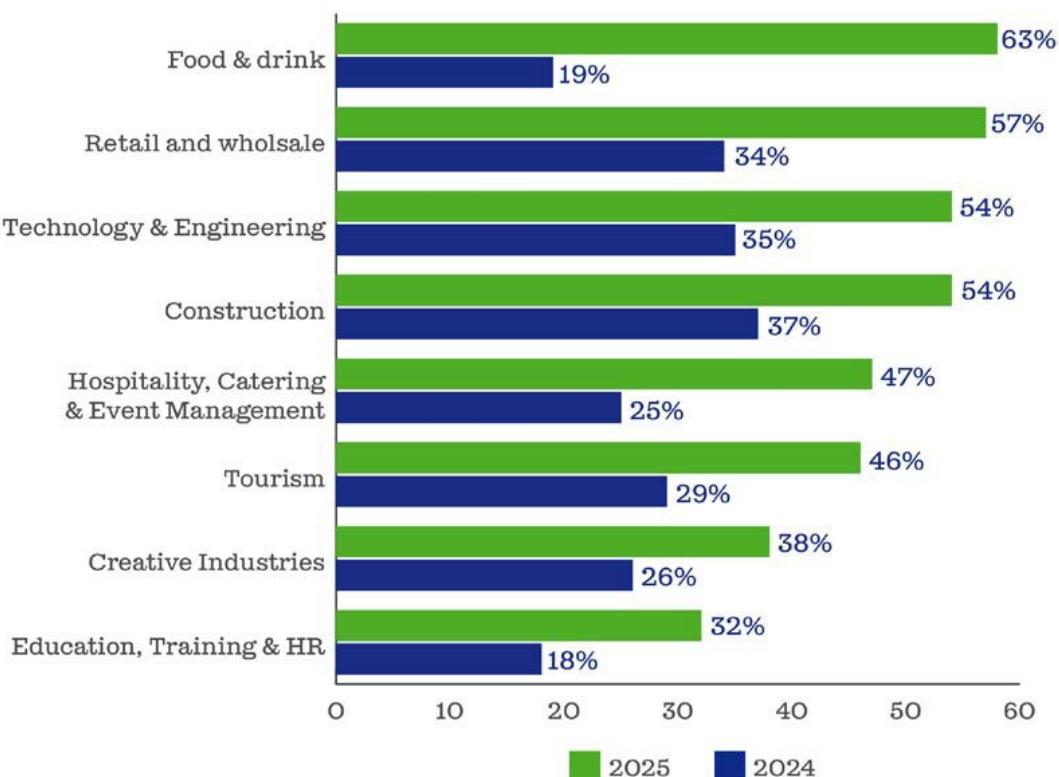


Figure 16 - Proportion of respondents, by sector, who selected political climate as one of the biggest challenges facing their business

Proposed or existing regulations were also seen as a challenge by a greater proportion of respondents in 2025, however this varies by the stage of the business. As shown in Figure 17, respondents who have been trading for more than five years were most likely to see this as a challenge for their business, and increasingly so since the previous survey. The proportion selecting proposed or existing regulations as a challenge increased at the same rate for respondents from businesses that had not yet started, with an increase of 13 percentage points between 2024 and 2025.

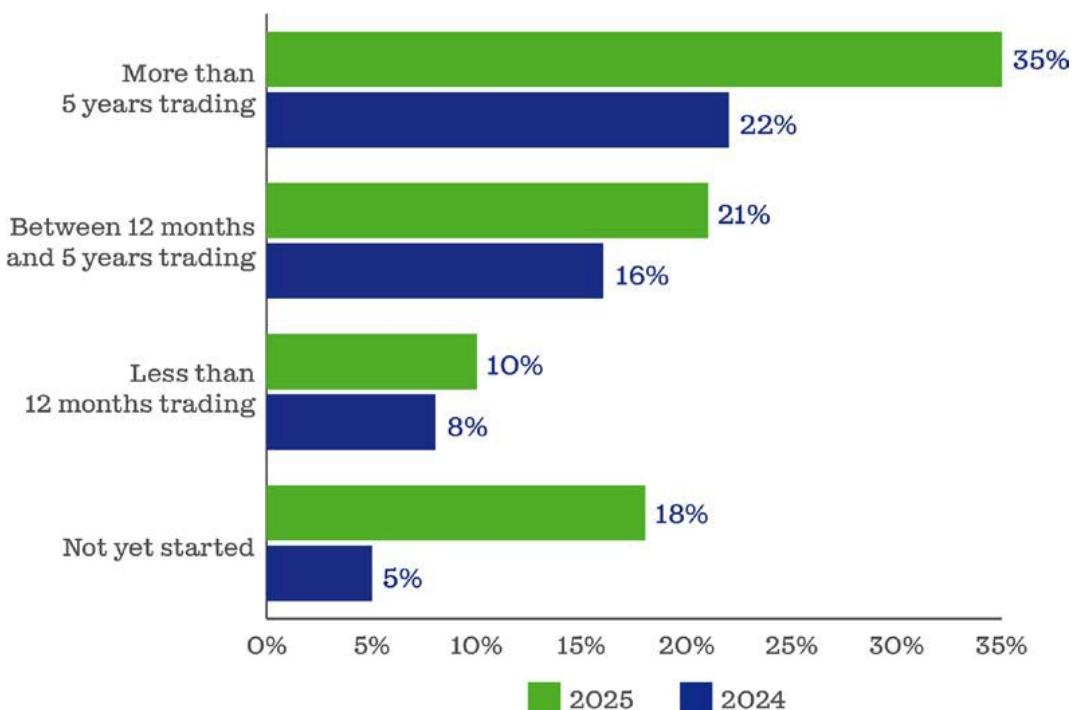


Figure 17 - Proportion of respondents, by business stage, who selected proposed or existing regulations as one of the biggest challenges facing their business

Respondents were asked to rate how prepared they felt for the challenges they had selected, rating on a scale from 1 to 5, with 1 being completely unprepared and 5 completely prepared. Almost half of respondents (49%) rated themselves as 3, or neither prepared nor unprepared. Nevertheless, a greater proportion of respondents rated themselves on the prepared side of the scale compared to the unprepared side, with 32% selecting 4 or 5 compared with 19% selecting 1 or 2. There was however a small increase from the previous survey in the proportion selecting 1 or 2 (five percentage points).

The survey also asked what would help respondents feel more prepared for the challenges they selected. The 2025 results show similar patterns to the 2024 results where knowledge and finances were the most common areas of support selected. A breakdown of responses is shown in Figure 18.

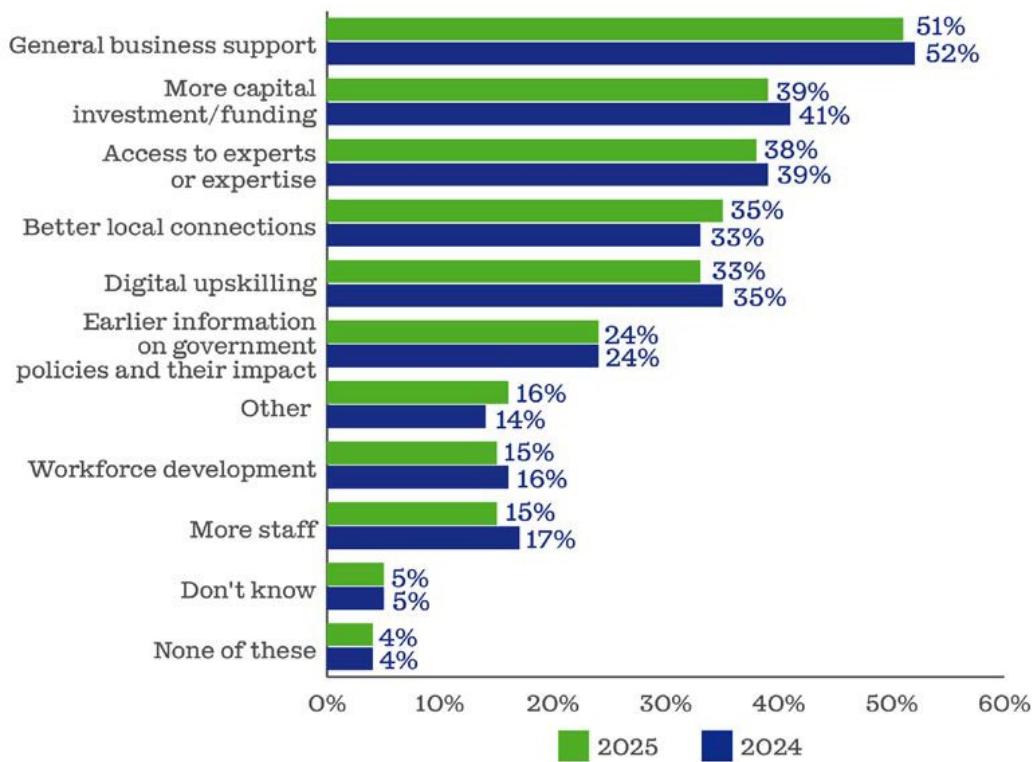


Figure 18 - Proportion of respondents by what would help them prepare for the biggest challenges facing their business

10. Financial Support

When asked whether they anticipated needing financial support in the next 12 months, 34% of respondents said “yes”. This reflects a small reduction since the previous survey where 37% said “yes”.

Figure 19 shows how the proportion of respondents who anticipated needing financial support varies by sector. The figure only includes proportions for sectors that received at least 30 responses in both surveys, excluding the “other” sector category. The proportions of respondents who anticipated needing financial support reduced across all but two sectors between the 2024 and 2025 surveys. The proportion that said they anticipate needing support increased five percentage points for the Hospitality, Catering and Event Management sector and eight percentage points for the Education, Training and HR sector.

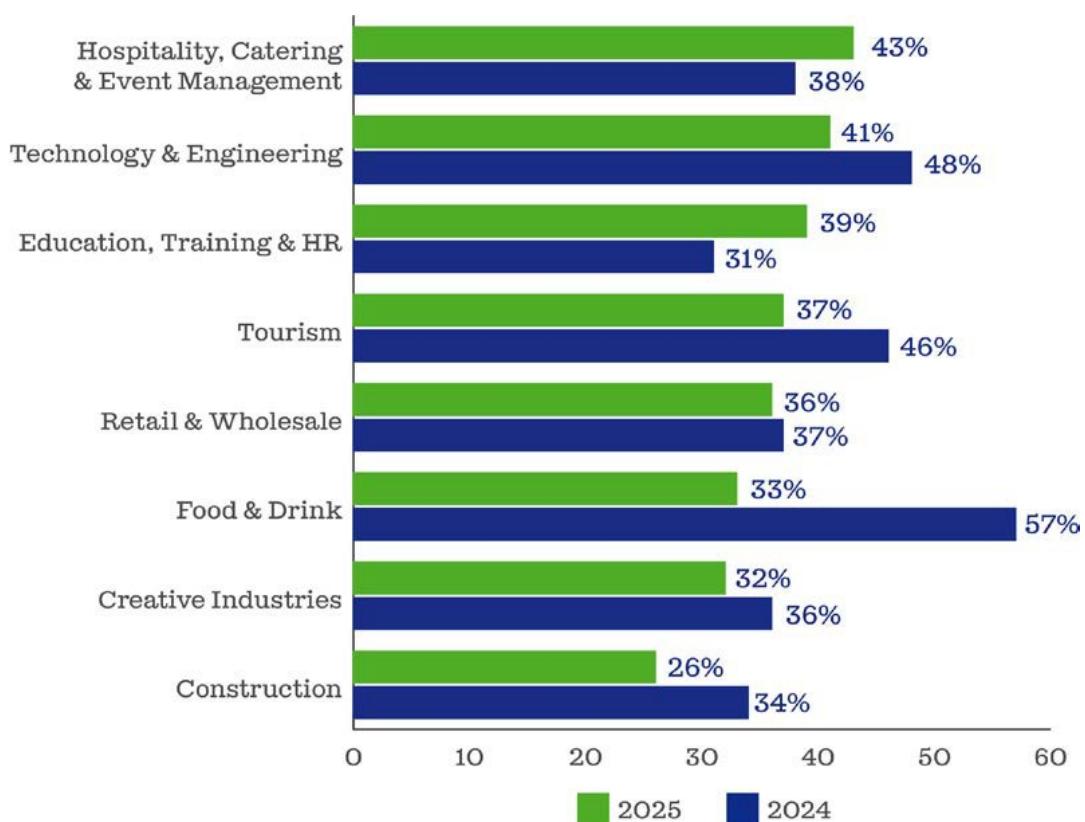


Figure 19 - Proportion of respondents by sector who anticipate needing financial support in the next 12 months

The proportion of respondents who anticipated needing financial support also reduced across respondents in all stages of their business, however proportions still vary widely by business stage. Figure 20 shows a breakdown of the proportion of respondents who anticipated needing financial support by business stage. Amongst respondents who had not yet started their business, 56% anticipated needing financial support compared with 26% of respondents with businesses that had been trading for more than five years.

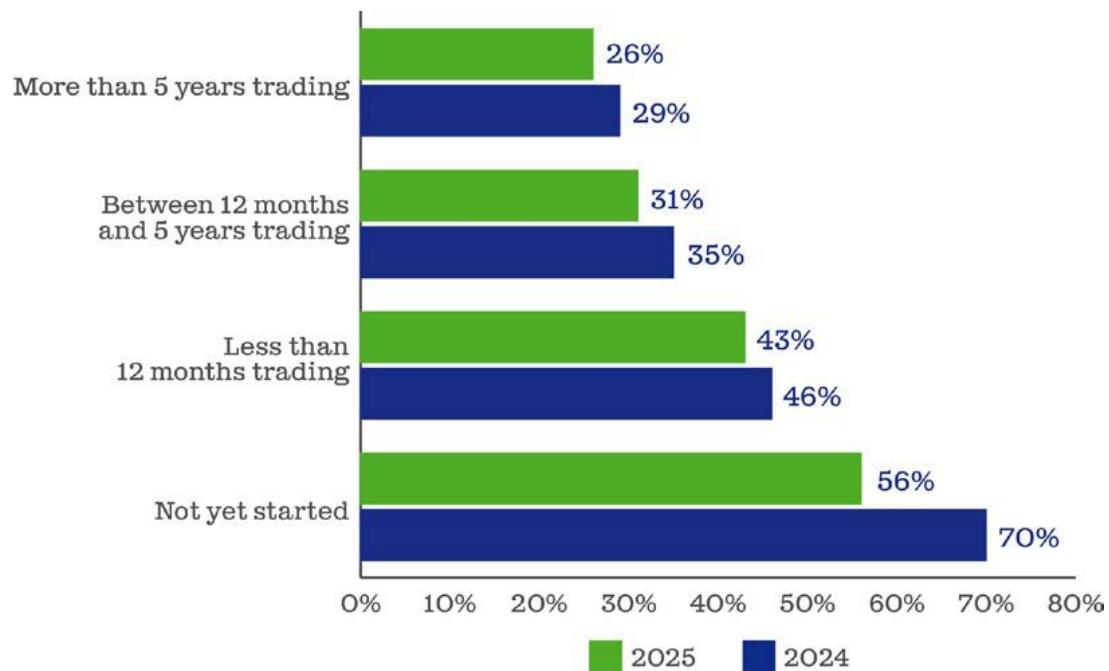


Figure 20 - Proportion of respondents by business stage who anticipate needing financial support in the next 12 months

Respondents who said they anticipate needing financial support in the next 12 months were asked to expand on where they would be likely to look for this support. As was the case in 2024, the largest proportion of respondents in 2025 said they would look for a grant (61%). Compared with the 2024 survey a smaller proportion of respondents said they would look for support through bank loans or investment. There was an increase in the proportion who selected “other” with comments from several respondents highlighting that they would likely use their own personal savings. Figure 21 shows a full breakdown of responses.

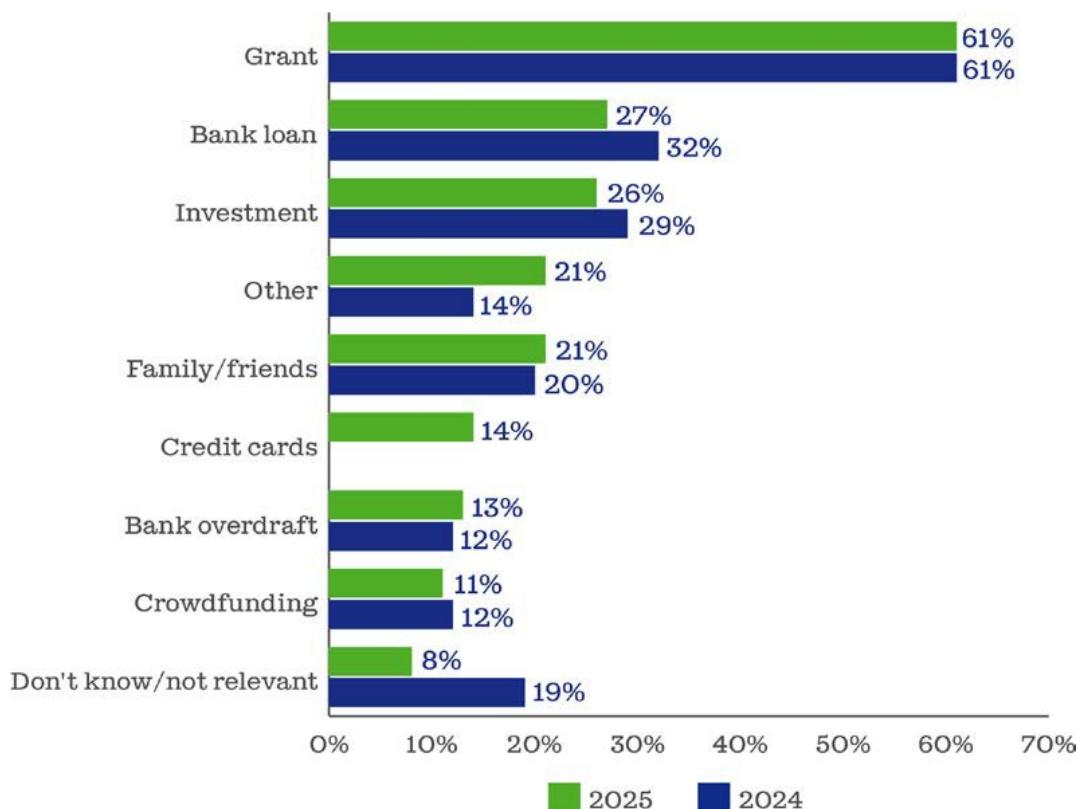


Figure 21 - Proportion of respondents who anticipated needing financial support by where they are likely to look for support

11. Business Support

Respondents were next asked whether they anticipate needing business support in the next 12 months. Business support could include advice and consultancy services, training, guidance, information and research, and direct financial support or signposting to funding sources. A greater proportion of respondents said they anticipated requiring business support than financial support in the next 12 months, however the proportion reduced slightly since the previous survey. In 2025 58% said they anticipated requiring business support compared with 61% in 2024.

In 2025, there was less variation by sector in the proportions of respondents who anticipated requiring business support. Figure 22 shows the breakdown of the respondents by sector who anticipated requiring business support, including only sectors that received at least 30 responses in both surveys, excluding the “other” sector category. Similar to what was seen in relation to financial support, there was an increase in the proportion of respondents from the Hospitality, Catering and Event Management sector who anticipated requiring business support. This increased 17 percentage points between 2024 and 2025.

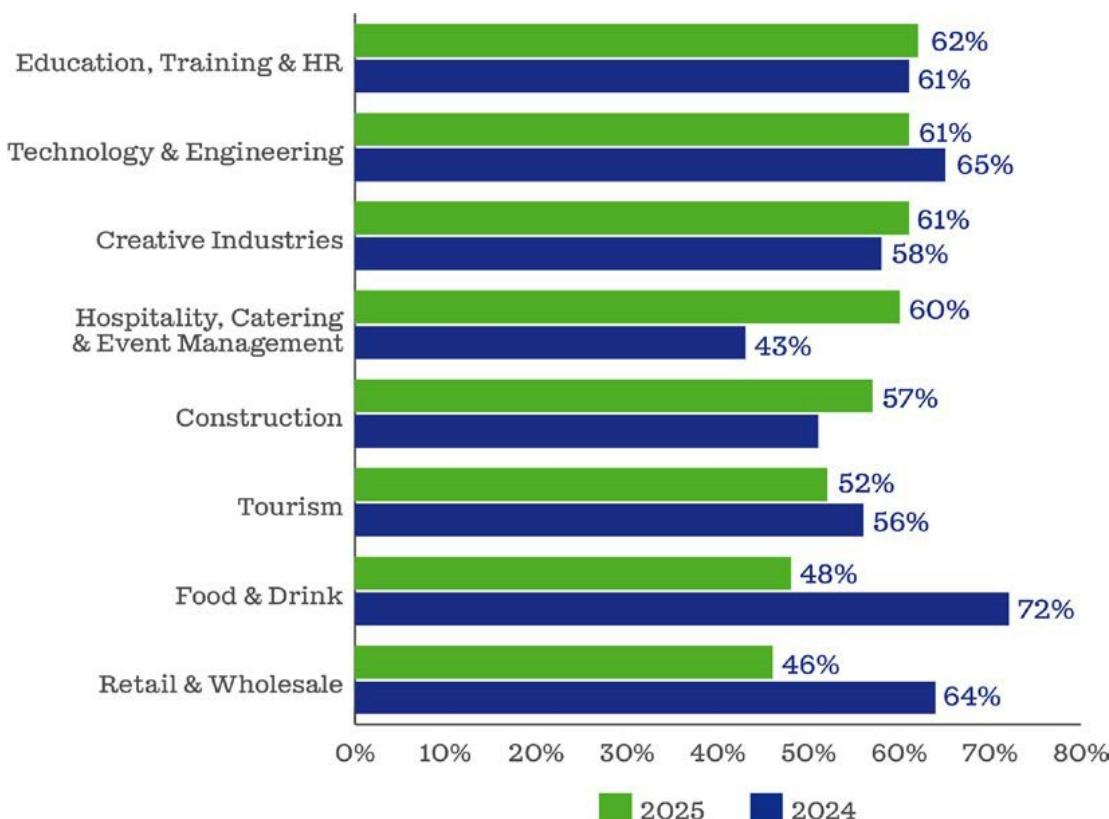


Figure 22 - Proportion of respondents by sector who anticipate requiring business support in the next 12 months

Compared with the 2024 survey, the proportion of respondents anticipating requiring business support reduced for respondents from all business stages except for those whose business had been trading for less than 12 months. As shown in Figure 23, these respondents were more likely to anticipate requiring business support, with 82% stating this was true compared with 67% in 2024.

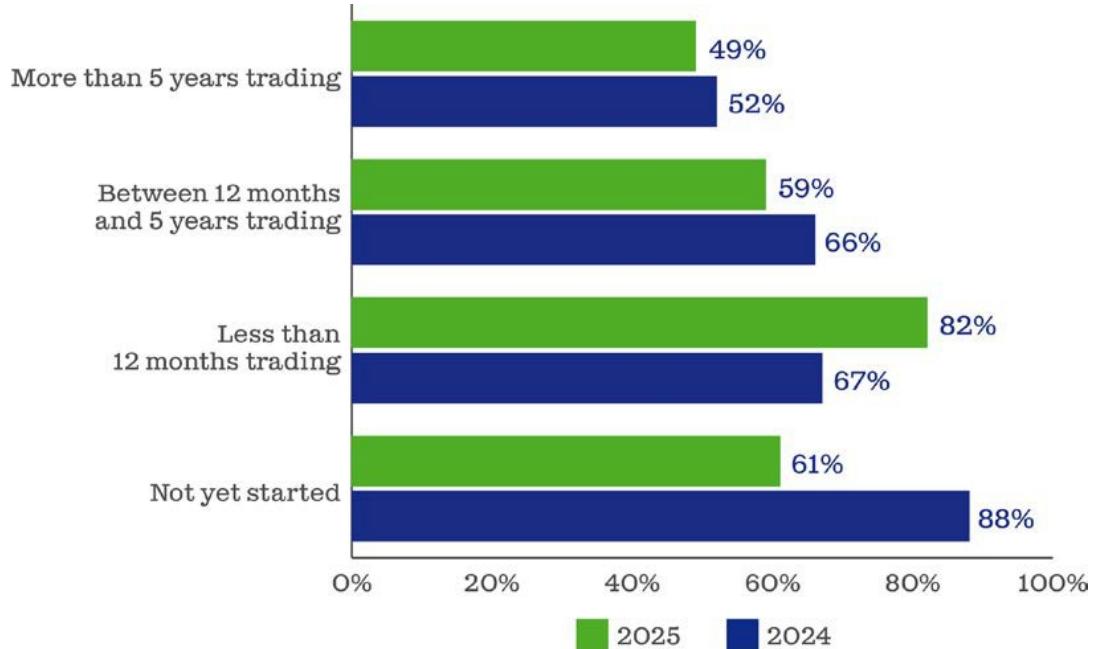


Figure 23 - Proportion of respondents who anticipated requiring business support by business stage

Respondents who said they did not anticipate requiring business support were asked if they have a clear sense of where to go for support if this was required. These responses were split almost equally by whether the respondent knew where to go or not. There was however a small reduction in the proportion who knew where to go, with 47% of respondents in 2025 stating they knew where to go for business support compared with 50% in 2024.

For respondents who did anticipate requiring support or said they knew where they would go for this, the survey asked them to select the organisations they were likely to seek support from. A breakdown of those responses is displayed in Table 3. Business Gateway was the most common response, with 78% of respondents selecting this. Respondents were more likely to select this in 2025. The proportion of respondents who said they were likely to seek support from Business Gateway increased 25 percentage points between 2024 and 2025.

Table 3 - Proportion of respondents who anticipated requiring business support in the next 12 months or knew where they would be likely to go, by source

Support provider	2024	2025	
Business Gateway	53	78	*
Scottish Enterprise	16	25	
Federation of Small Businesses	12	17	
Other	10	17	
Chamber of Commerce	11	16	
Scottish Government	8	14	
Skills Development Scotland	8	14	
Creative Scotland	9	13	
Professional service firm	9	13	
Find Business Support*		12	
Don't Know	5	10	
Highlands and Islands Enterprise	6	9	
South of Scotland Enterprise	2	7	
VisitScotland	5	7	
None of these	1	2	

12. Prices

Most respondents anticipated the prices they charged for their product or service would increase (56%) in the next 12 months. However, compared with last year's survey, a larger proportion of respondents anticipated their prices would stay the same. In 2025, 35% selected this option compared with 30% in 2024. Figure 24 shows the breakdown of responses to this question.

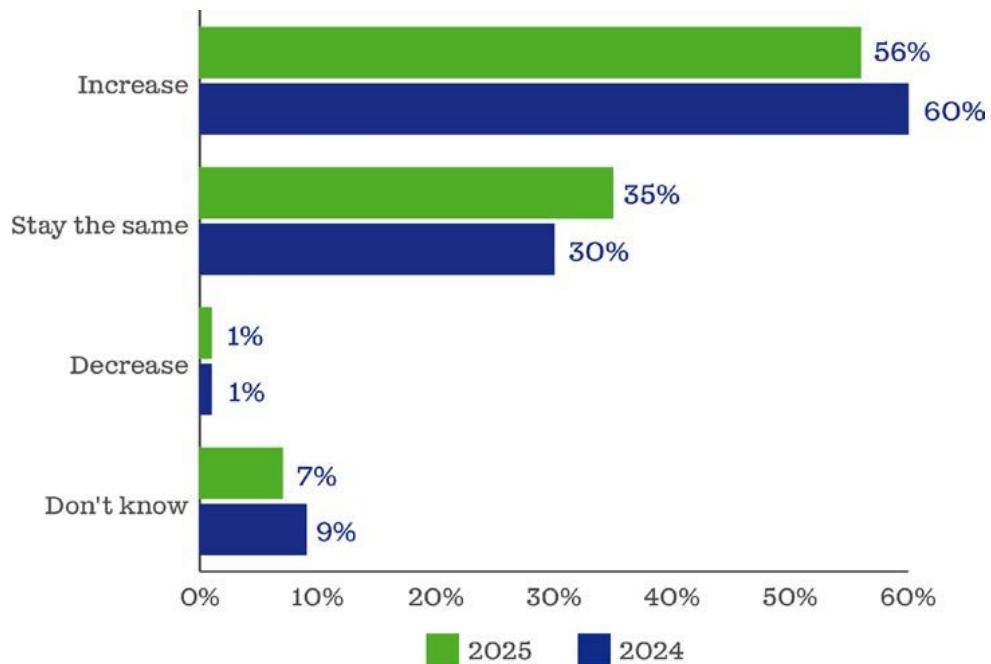
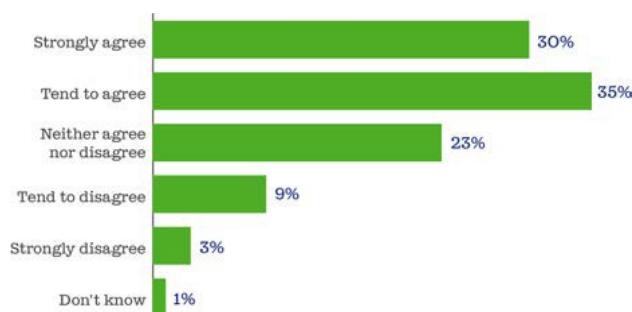


Figure 24 - Respondents by how they anticipated the price of their product to change in the next 12 months

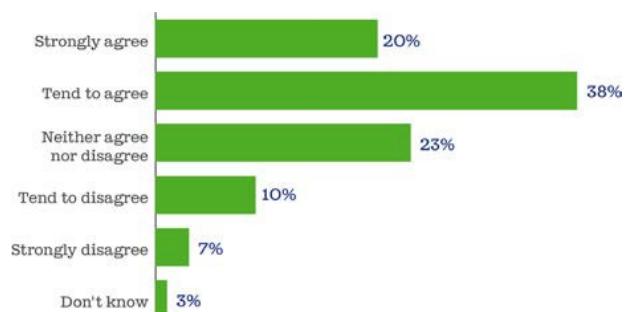
13. Views on Innovation and Technology

This year's survey asked a new series of questions focusing on respondents' views of innovation and technology in their businesses. Respondents were asked whether they agreed with the following statements: "Innovation is critical for my business", "My business could do more to embrace technological advances", and "My business is embracing the use of the latest technology such as AI". A breakdown of responses to these statements is shown in Figure 25. Across all three statements, the majority of respondents strongly agreed or tended to agree. The highest rate of agreement was for the statement, "Innovation is critical for my business" with 65% who strongly agreed or tended to agree. The statement, "My business is embracing the use of the latest technology such as AI" received the highest rate of disagreement, 31% tended to disagree or strongly disagreed with this statement.

Innovation is critical for my business



My business could do more to embrace tech advances



My business is embracing use of the latest tech such as AI

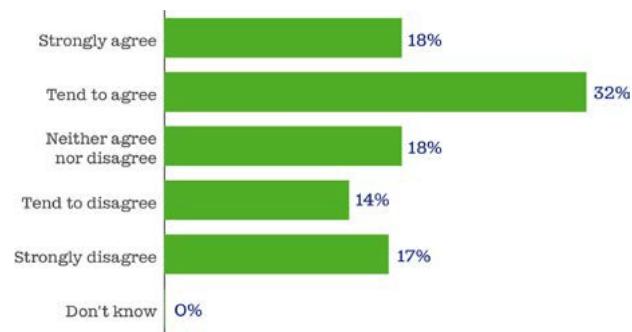


Figure 25 - Proportion of respondents by their views on innovation and technology, 2025

14. Environmental Plans

The following section of the survey asked respondents how their businesses were planning to respond to the climate crisis. Respondents were first asked whether their business had plans in place to reduce its environmental impact. Just under half of respondents (47%) said their business had a plan in place. Since the previous survey there was an increase of five percentage points in the proportion of respondents who said they did not have plans in place.

There was variation in results by sector. Respondents from the Food and Drink sector were most likely to have a plan in place to reduce their environmental impact, with 70% saying they had this. Figure 26 shows the proportion of businesses with plans in place by sector. The figure only includes proportions for sectors that received at least 30 responses in both surveys, excluding the “other” sector category. All but two sectors had a reduction in the proportion of respondents with environmental plans in place. In the 2024 survey the Tourism sector had the largest proportion of respondents with environmental plans, however the proportion fell by 23 percentage points in 2025.

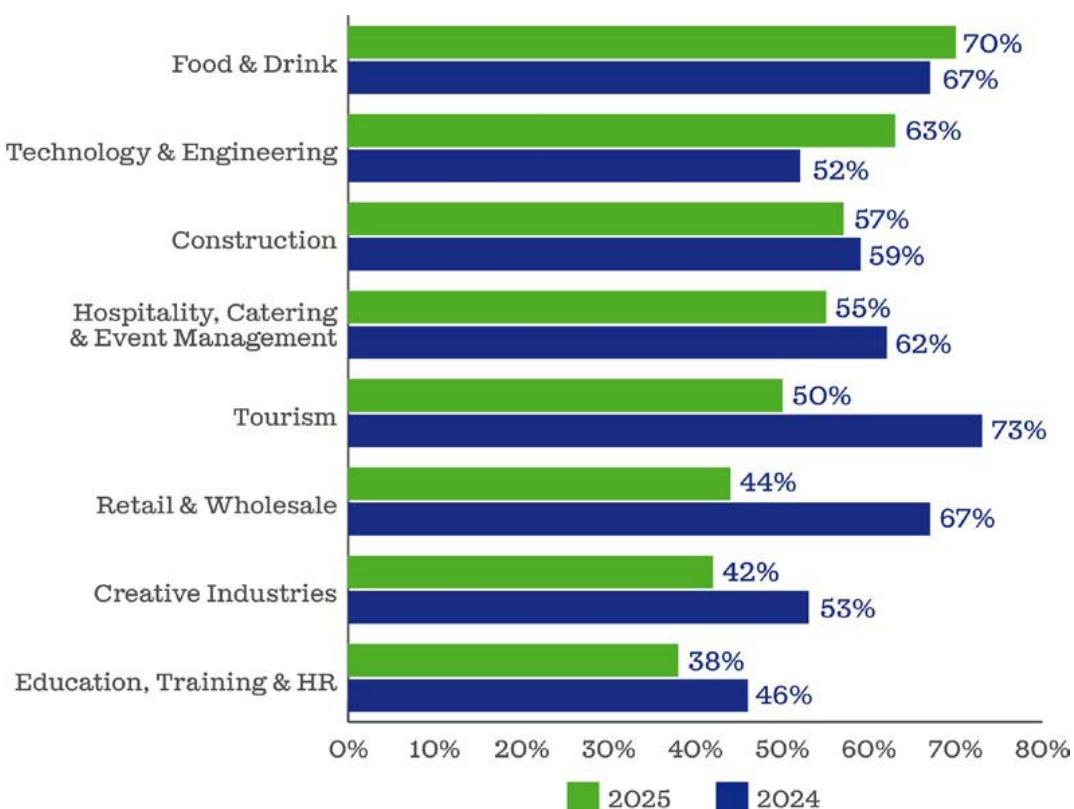


Figure 26 - Proportion of respondents by sector whose business had plans to reduce its environmental impact

Figure 27 shows how respondents rate their confidence that their business can become more energy efficient or sustainable. Respondents generally had high confidence, with 42% saying they were confident or very confident. This proportion has reduced since the previous survey, however this is in part due to the introduction of another option in this year's survey - "Not relevant to my business" - which accounted for 17% of responses.

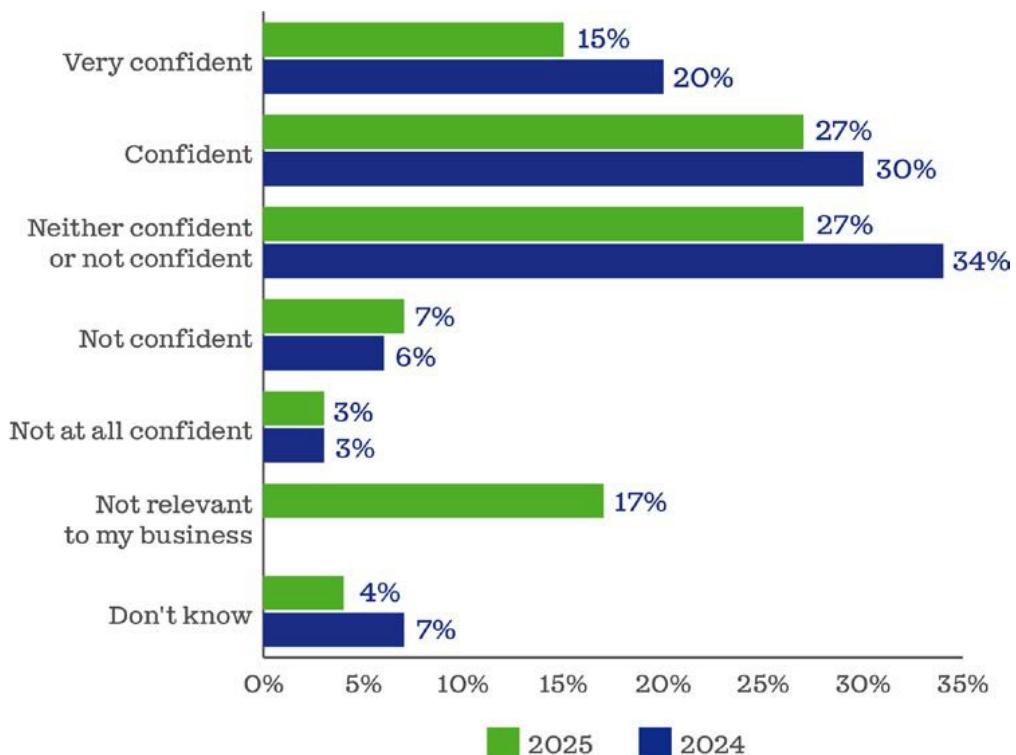


Figure 27 - Proportion of respondents, by how confident they were that their business can become more energy efficient/sustainable

The survey went on to ask what support could help increase confidence in becoming more energy efficient. Many respondents indicated that financial assistance, such as grants or funding, would help. Respondents said this could enable them to invest in renewable energy solutions and other energy efficiencies.

Respondents also highlighted the need for access to information, expertise, training and advice to help them improve their energy efficiency and sustainability practices.

Examples of comments from respondents include:

- “Government grants for sustainable energy which are very expensive.”
- “Grants on renewables, especially wind and more favourable planning regulations on developing renewables in rural areas for rural businesses.”

- “Funding for retro-fitting is essential, but we can't create a new wave of environmentally unfriendly buildings through lack of funding.”
- “Specific detailed information regarding requirements, materials, opportunities for recycling and reusing.”
- “Access to expertise, advice and probably CPD.”
- “Easy to understand info. on a website with a contact for specific personalised advice.”
- “Workshops on net-zero practices, food waste reduction, and efficient logistics planning to cut costs and emissions.”

Respondents were then asked about the challenges to reducing carbon emissions for their business. Costs were the most common challenge for respondents at 38%. The proportions of respondents selecting each challenge reduced since the previous survey, however the second most commonly selected option was a new option introduced in the current survey, “Not relevant to my business” (28%). Figure 28 shows a full breakdown of responses.

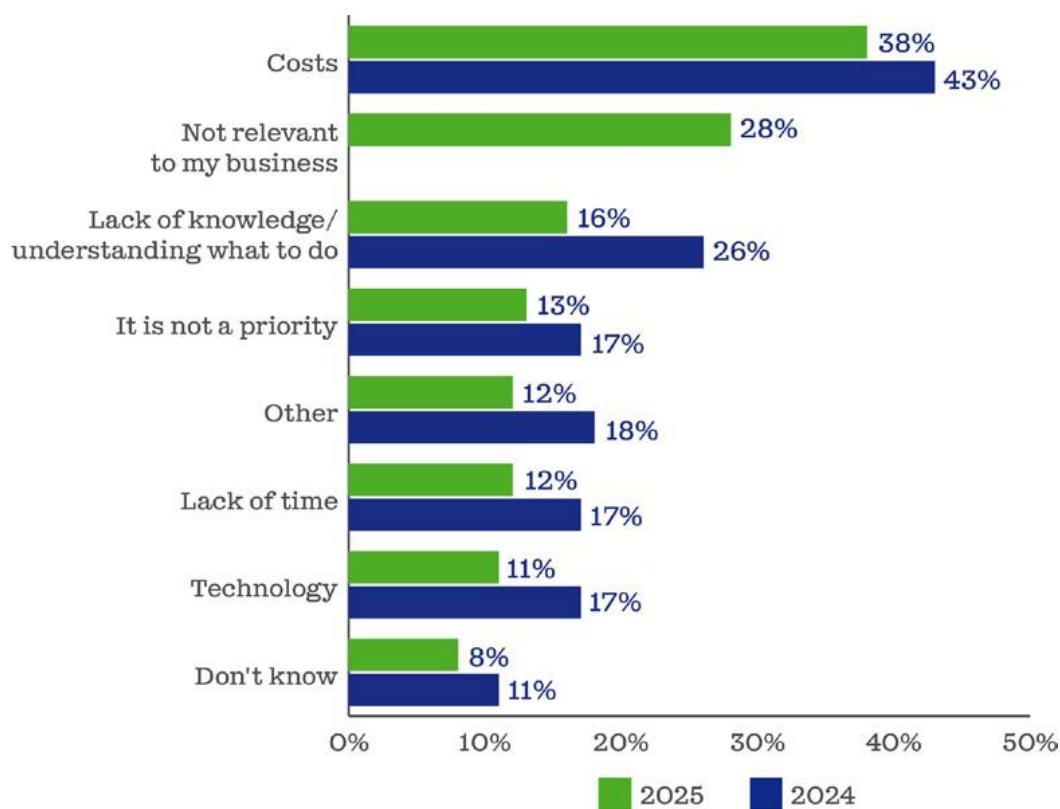


Figure 28 - Proportion of respondents by the main challenges their business faces in reducing carbon emissions

15. Fair Work

Respondents from businesses with at least one employee were asked whether they had adopted fair work measures within their businesses. Fair work means secure employment with fair pay and conditions, where workers are heard and represented, treated with respect, and have opportunities to progress. In 2025, 63% said their business had adopted fair work measures, a reduction of 11 percentage points from the survey in 2024. Those respondents with at least one employee who had not adopted fair work measures were asked whether they had plans to introduce this in future. Only a small number of respondents answered this question (16) of which 31% of respondents said they did plan to introduce this. Reasons why some respondents had not introduced these measures already included a lack of awareness and uncertainty of affordability of such measures.

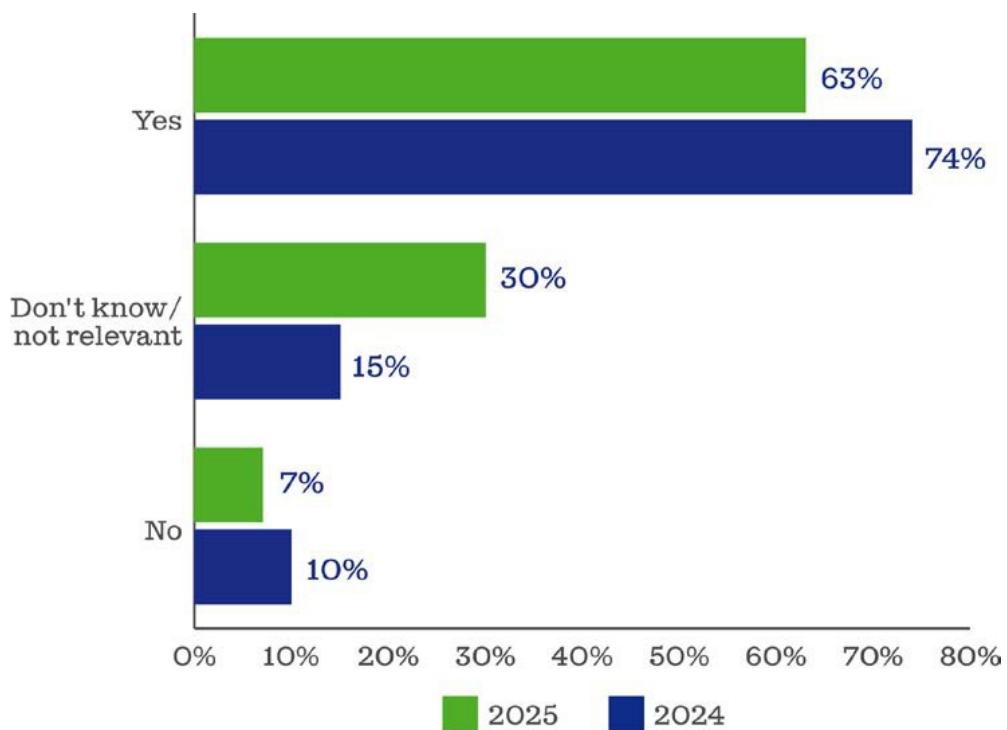


Fig 29 - Proportion of respondents by whether the business has adopted fair work measures

16. Conclusion

The results of this survey show that whilst most businesses in the survey were confident about the future and expect to grow, this confidence has reduced since the last survey. Rising costs continue to present challenges for many of the businesses surveyed which is reflected in large proportions of respondents who did not feel confident in Scotland's economy and did not feel that the outlook for businesses was improving. Many businesses are also increasingly concerned by the current political climate and the regulatory environment.

Within the context of these challenges, business and financial support has a key role to play. Although confidence has reduced over time, demand for financial support or business support has not increased. This does, however, vary by sector and business stage. The Hospitality, Catering and Event Management sector in particular showed greater demand for this support. Results suggest respondents are likely to seek financial and business support from a range of sources and Business Gateway appears to be a more common choice for those seeking business support compared to the previous year.

Businesses in this year's survey said they were less likely to plan to achieve net zero and adopt fair work measures. Whilst the majority of respondents did have plans in place to reduce their emissions and had already adopted fair work measures, the proportions of respondents reduced over time for both these measures. Again, cost implications were seen as a barrier to adopting such practices with respondents suggesting these are areas where financial support may be needed.

This year's survey also asked about businesses' views on innovation and technology. Businesses appear to be positive about the role of innovation and are keen to further embrace technological advancements, however many are still at earlier stages in terms of embracing AI.

This survey has pinpointed key areas where targeted business support could help businesses overcome challenges and capitalise on emerging opportunities. These findings will be used to inform and enhance the services provided by organisations. Subsequent iterations of the survey will continue tracking of trends over time and refine support offerings to better meet evolving business needs.

