

## Report on Pulse Business Survey for External Advisory Group on Economic Recovery

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## 1. Introduction

The Heriot-Watt Pulse survey was launched with the support of the Scottish Council for Development and Industry and attracted 206 responses. However, there were very small numbers of replies from hospitality, tourism, food and drink businesses. We would need further data before calibrating any of the findings below for those sectors, who have probably been disproportionately hit, so it may be worth doing that work.

## 2. Details about the survey

The below provides the details of the Pulse survey outlining the process and questions posed to business owners. After this there is a breakdown of the number of responses received by turnover, employee numbers and sector in order give greater clarity on the diversity of responses received.

### 2.1 Questions and process

The survey asked respondents their views between Strongly Agree and Strongly disagree on the following:

Over the next 3 years ...

1. We plan to revisit our space requirements (premises/office/estates/etc.)
2. We anticipate significantly higher levels of remote working in our workforce
3. We will be significantly reskilling to enable new ways of operating
4. We expect significantly more cashless transactions in our operation
5. We are concerned about our ability to access to credit
6. Our business model will be remain unchanged
7. We want to see a dramatic simplification in the mechanisms for delivering public funds
8. We anticipate significant governance challenges as a result of remote working

The survey's final two questions asked for headline reflections on the differences respondents think will prevail between the pre and post COVID-19 operating environment.

**Q9.** Reflecting on the medium term future of your own sector, are there organisational practices which you have had to introduce during the COVID-19 crisis which you plan to retain ? And are there key practices where you plan to revert to pre-COVID arrangements because your current remote practices are unsatisfactory ?

**Q10.** Reflecting on the medium term future of other sectors of the economy which organisational practices would you want to see retained from the period of lockdown and social distancing?

## 3. Responses and Breakdown

In total, 206 responses to the survey were received. Twenty-nine were from charities or social enterprises, 48 from the public sector and the remainder from private companies.

A breakdown by turnover is shown in the table below. For the purposes of analysis we have combined the "less than £100k" and £101k to 500k" groups due to the relatively small number of responses relative to the other categories.

Turnover	Number of responses
less than £100k	12
£101-500k	20
£501k-£5m	37
£5.1-£100m	58
+£100m	60
prefer not to say	18

In terms of formal employee based definitions of company size, the breakdown of responses by number of employees is shown in the table below:

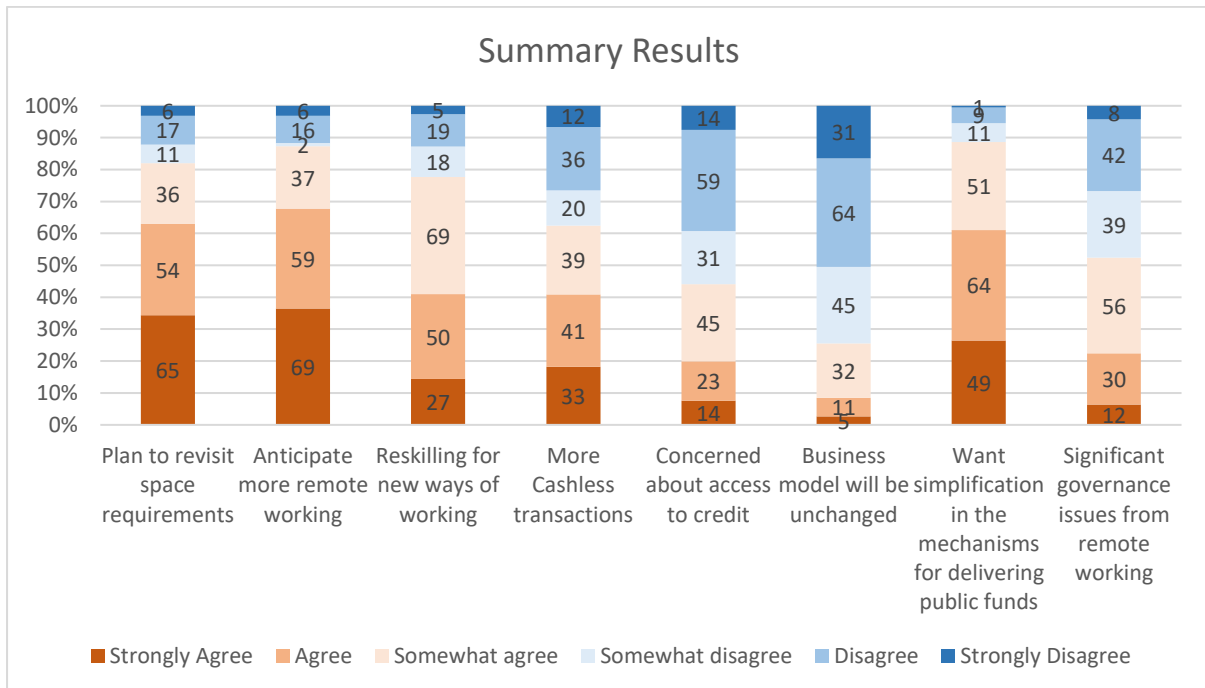
Employees	Number of responses
1-9	30
10-49	38
50-249	34
+250	103

There is thus an almost even split between SMEs (less than 250 employees) and larger companies.

Sectors represented and their sample size can be seen in the table below:

Sector	Sample
agriculture/fisheries	4
creative industries	5
education	28
energy & renewables	12
financial services	22
Health/life sciences	7
hospitality/tourism	8
manufacturing	22
other	34
other service sector	33
public sector	17
third sector	13
wholesale/retail	1

#### 4. Quantitative Results: Summary



This section outlines the results for each of the initial eight statements and respondents agreement or disagreement with each over the medium term.

In responding to statement 1: We plan to revisit our space requirements (premises/ office/ estates/ etc.) it became clear that respondents agreed this would be a requirement going forward. This is evidence by more than 60% of respondents agreeing that they plan to revisit space requirements as and when the opportunity arises e.g. end of their current lease. Bigger businesses and public and charitable organisations agreed more strongly with this sentiment highlighting a need to provide high quality, inclusive digital infrastructure, along with the need for creative solutions to large, unused office space in the medium term.

Even greater agreement can be seen in respondents answers to levels of anticipation in remote working practices within their workforce. Again it can be seen that the larger companies and those with larger turnovers hold the greatest anticipation for such working patterns, though strong agreement can be seen across sectors. The implications of this may be

societal change in work/life balance, child care provision and again further need for increased digital infrastructure.

New ways of working may also bring about a shift in the necessity for significant reskilling to enable new ways of working with the workforce. This can be seen in respondents broad agreement, more than 40%, that this will be a necessary development in the medium term. Again this was most prevalent in larger organisations and public and charitable organisations saw the greatest need for such action post crisis. This provides an insight into the possible need for greater connection of the business ecosystem in Scotland with its enterprise agencies and organisations such as Skills Development Scotland for the provision of programmes enabling such reskilling.

Interestingly, the move to more cashless transactions within business's operations remains relatively split. Respondents demonstrated both agreement and disagreement with the statement. This was also evident across business size with both SMEs and Larger companies in equal agree/disagreement over the issue. Had it been the case for smaller businesses only it may have

highlighted implications for improved tax compliance.

Perhaps providing some confidence in businesses' ability to access the financial resources they may need for recovery were the responses received to question 5 which asked whether businesses were concerned about access to future credit. Overall there was strong agreement that this was not a concern in the medium term. In fact responses agreeing that this would be an issue for them remained below 35% across turnover ranges and perhaps unsurprisingly large companies demonstrated least concern.

Pre and post COVID-19 business models look set to change amongst businesses as can be seen in survey responses. Over 70% of respondents disagreed with the statement that their business model would remain unchanged post crisis. This sentiment was most prevalent amongst the larger, higher turnover businesses with Micro and Medium sized enterprises demonstrating more uncertainty. This may highlight supply chain implications for larger companies that smaller firms do not experience. Other implications of this may be related

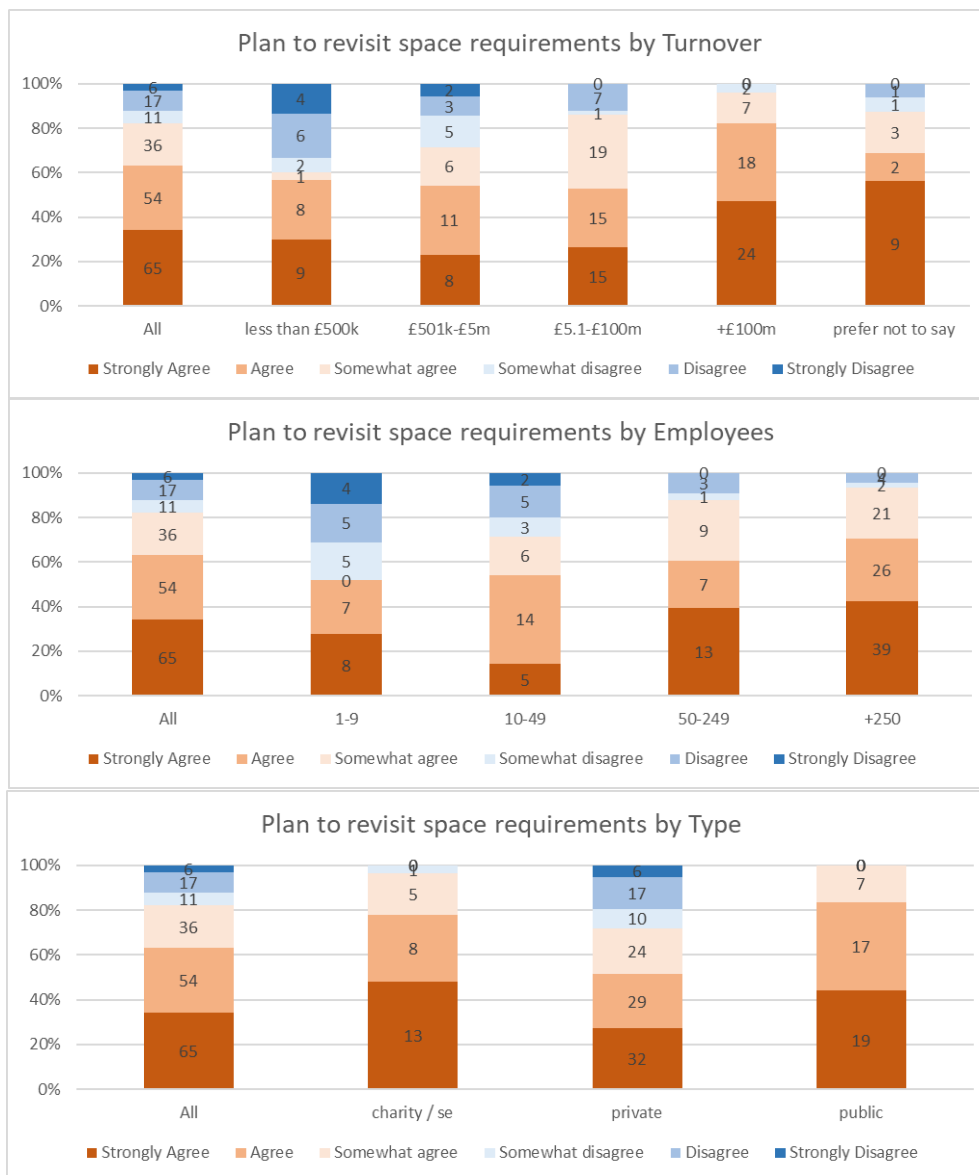
directly to staffing numbers within larger organisations and their ability to maintain such levels after the pandemic with greater financial strain.

Public funding mechanisms were widely agreed to be in need of simplification with over 60% of responses agreeing with the statement. This was most evident in Micro enterprises who demonstrated the strongest agreement. This point to the possible need for rebalancing the dispersal of public funds and the decision making processes related to public funding mechanisms.

Survey responses to governance challenges arising from remote working provided a mixed response that showed no strong leaning either agreeing or disagreeing with the issue. Larger organisations demonstrated the highest level of agreement perhaps suggesting that higher employee numbers leads to greater procedural investment and monitoring with companies not always able to apply current governance structure to, relatively, new ways of working. Again, this may necessitate in a change in organisational policy and structure.

## 5. Quantitative Results: Detailed

### 5.1 Plan to revisit space requirements



### Results Summary

This section outlines responses to question 1, companies' intentions to revisit space requirements post crisis over the next three years.

Overall responses to this question highlighted a number of key insights. Notably more than 60% of respondents said they plan to revisit space requirements as and when the opportunity arises e.g. end of their current lease. This was truer for bigger businesses and notably truer for

public and charitable organisations than it was for private business. The need to provide high quality, inclusive digital infrastructure flows from this, as does the need for creative solutions to large, unused office space in the medium term

### Turnover

Looking at responses broken down by turnover it was apparent that larger companies with a turnover of over £100m were the set of respondents who most strongly agreed with the statement with nearly half of these companies

stating their intentions to consider space requirements going forward.

Of respondents those companies that demonstrated the biggest disagreement with question 1 were those with a turnover of between £101-500k and those of less than £100k with 33% each. However, both of these turnover categories the majority of responses stated they would revisit space requirements over the next three years with 58% and 56% respectively.

### **Employees**

As noted above company responses were broken down to reflect common company size models e.g. Micro, Small, Medium and Large

Across company size there was wide agreement that firms would be revisiting space requirements with 63% stating so. Overall there was higher agreement from the Medium to Larger companies.

Large enterprises, with 250+ employees, most strongly agreed they would be revisiting space requirements over the next three years with over 70% of respondents agreeing this would be something they will be considering.

Micro firms showed the most disagreement here with around 30% of respondents noting they would not be revisiting space requirements over the next three years

### **Type**

Company responses have also been broken down by company type. What follows are some

insights into sectoral attitudes to the need to address space requirements post crisis.

Overall there was wide agreement that firms from across sectors would be revisiting space requirements over the next three years with over 60% of companies agreeing. However, Social Enterprises demonstrated the strongest agreement with the question with over 65% 'strongly' agreeing this is something they will be accounting for going forward. Charities and public sector also agreed with 75% and 84% respectively stating their intentions to revisit space requirements.

Private sector and sole traders demonstrated less agreement than the other types with however private sector responses still showed agreement with over 50% noting this would be a consideration over the next three years. Sole traders demonstrated a high level of disagreement with over 65% highlighting this would not be a consideration.

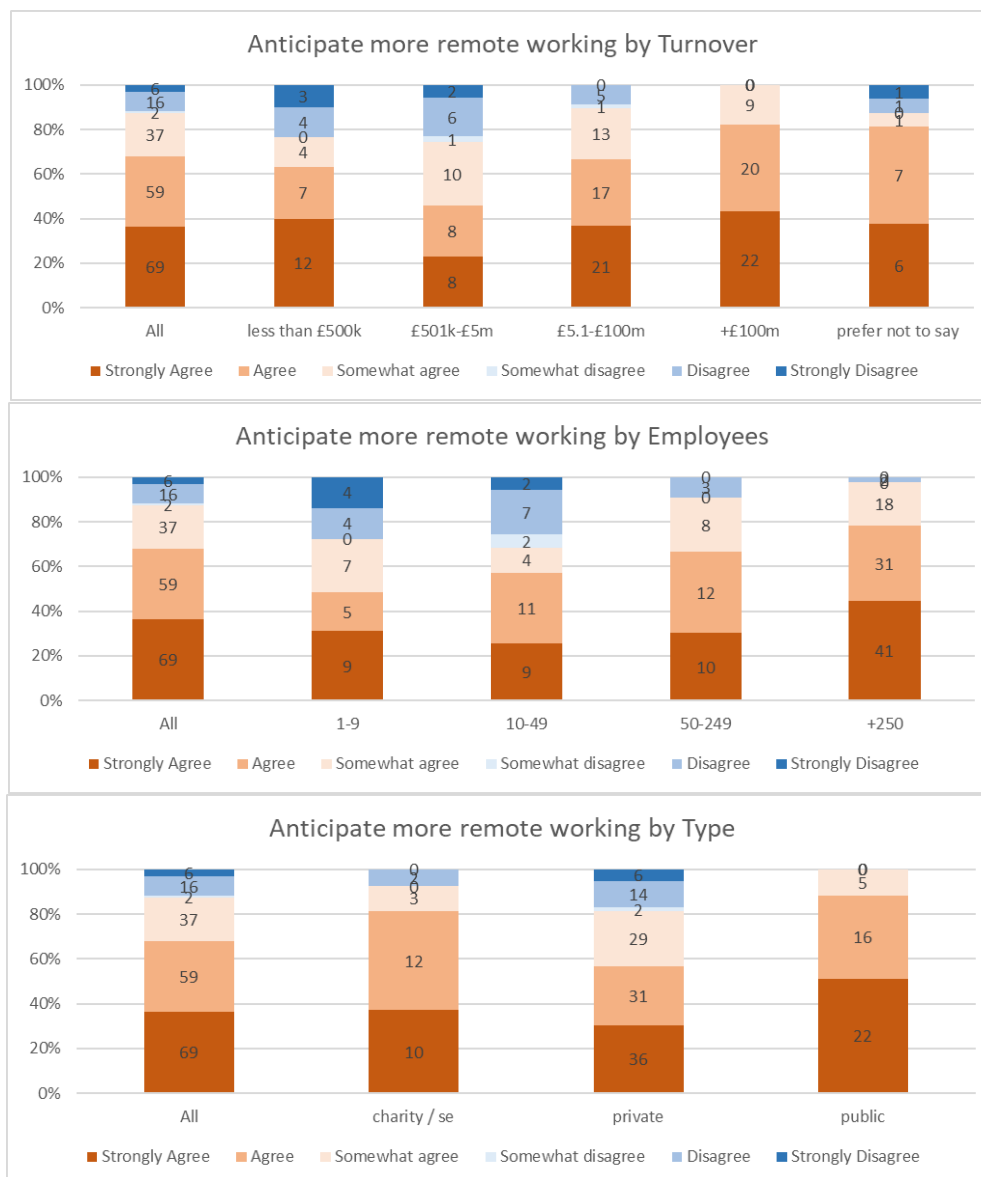
### **Gender**

There is little difference between genders when addressing question 1 with both male and female business owners responses over 60% in agreeing the need to revisit space requirements such as premises, offices, and estates.

### **Age**

Age highlights that though there is an overall strong agreement that businesses will need to revisit their space requirements this is most prominent in those under 40 years of age with 85% of respondents under 40 agreeing the need to do so. Strongest disagreement comes from respondents over 70 years old with 100% disagreeing.

## 5.2 Anticipate more remote working



### Summary Results

Following the same group breakdowns question 2's responses highlighted that companies with larger turnovers anticipate greatest increase in remote working practices with those with smaller turnover anticipating less change. Larger companies also showed greatest anticipation of increased remote working practices while smaller companies less so. Of the types of companies public sector, social enterprises and charities anticipate greater change than private sector though private sector also anticipate a change in working practices post COVID-19 crisis.

### Turnover

When asked about the prospect of more remote working practices within their workforce becoming a part of their business practice nearly 60% of businesses with turnover less than £100k strongly agreed that they anticipate more remote working post COVID-19 crisis. Companies with a higher turnover of £5.1-100m and +£100m also most strongly anticipate an increase in remote working practices with 68% and 82% agreeing this is likely to become a greater part of the way their business operates.



Of those responses received it was firms with a turnover of £101-500k and £501k-£5m that demonstrated highest levels of disagreement with 27% and 23% of respondents stating they would not anticipate higher levels of remote working. It should be noted however that overall their responses were in agreement with the statement.

### **Employees**

Large enterprises, with over 250 employees showed greatest anticipation of more remote working practices within their business with 80% of respondents in agreement. Micro firms showed the highest level of disagreement in their anticipation of an increase of remote working practices within their business with nearly 30% noting they don't anticipate such a change.

### **Type**

Organisations by type can be seen to overall agree that this will be a development of future working practices within their business. It is however Public sector organisations and Social Enterprises that can be seen to display the greatest anticipation of more remote working practices with no respondents disagreeing with this question and over 50% strongly agreeing and 100% respectively agreeing they would anticipate this change post COVID-19 crisis.

Charities also anticipate a change in working practices of this nature with over 40% of respondents strongly agreeing

Private sector and sole traders though overall agreeing that they anticipate more remote working showed the highest level of disagreement with 15% and 33% anticipating little increase in remote working practices post COVID-19 crisis.

### **Gender**

Again, there is a wide consensus among respondents of all genders that there is likely to be higher levels remote working in their workforce with a combined agreement of over 65%. Once again, female respondents agree more strongly with this statement with 80% in agreement compared to 60% of male responses.

### **Age**

There is overall agreement across age groups in anticipating higher levels of remote working in the medium term. There is widest agreement in ages 26-39 with nearly 90% respondents agreeing this will likely be the case. Again, this diminishes as age increase though there is still high levels of agreement apart from in the 70+ range who 100% disagree.

### 5.3 Reskilling for new ways of working



#### Summary Results

More than 40% respondents saw the need for significant reskilling in the medium term. Again, this was most prevalent in larger organisations. There was broad agreement across companies by turnover with those in the £101-500k range noting greatest need and companies with less than £100k and the £501k-£5m range noting least need. However, all agree with need for reskilling and new ways of working. In terms of company type, charities and Public Sector demonstrated highest levels of need for reskilling and new ways of working with private sector also agreeing though to a lesser extent.

#### Turnover

There was also broad agreement across companies by turnover that there was a need for reskilling to enable new ways of working. Firms in the £101-500k turnover range saw the greatest need for reskilling with nearly 45% in agreement that they will be addressing this in the future to enable new ways of operating.

Of those respondents that disagreed with this and saw little need for reskilling within their business it was those with a turnover of less than £100k and within the £501k-£5m range

that noted the highest level of disagreement for such action with 25% and 19% respectively. However, overall firms in these turnover ranges agreed with the need for reskilling to enable new ways of working in the future. This can be seen with 66% agreement in firms with turnover less than £100k and 66% of firms within the £501k-£5m range.

### **Employees**

Firms by employee number demonstrated that it is Large enterprises with +250 employees that saw greatest need for reskilling to enable new ways of working with half of respondents agreeing there will be a need post COVID-19 crisis.

Micro enterprises also highlighted a need for reskilling and new ways of working with nearly 40% agreeing that this would be necessary for their business practices in the future.

### **Type**

Again there is broad agreement across business type in relation to question 3 but private sector demonstrates more disagreement with a need to reskill to enable new ways of working with 18% of respondents disagreeing with any need

for such change in their business practices. However, it is sole traders that showed most disagreement with over 30% seeing no need for reskilling and new ways of working.

Charities and Public Sector demonstrated greatest agreement with the need for reskilling to enable new ways of working within business types with 48% and 56% of respondents agreeing there will be need for this form of action.

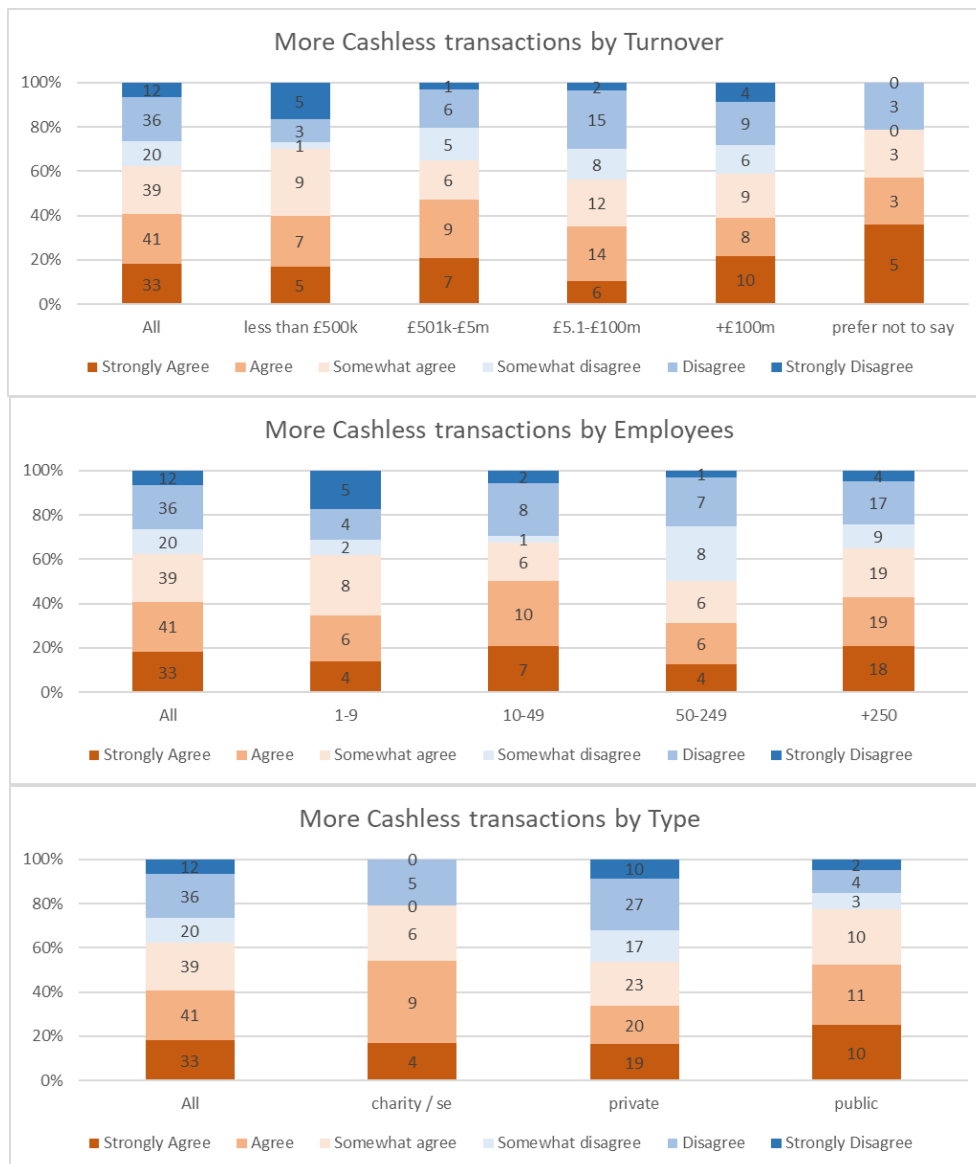
### **Gender**

With over 40% agreement across genders it is clear that respondents are likely to invest in reskilling their workforce to enable new ways of operating. Again, women agree more strongly than men but both response levels are around 40%.

### **Age**

Overall agreement of the need for reskilling can be seen in 40% of responses demonstrating this through their answers. Agreement is highest in 26-39 year olds at 55% with those above 40 agreeing less, 43% and 34%. Over 70's once again do not agree with the need to reskill their workforce.

## 5.4 More Cashless transactions



### Summary Results

Though there was overall agreement with the expectation of more cashless transactions, 41%, there was also higher levels of disagreement with this question with nearly 30% of respondents stating they did not agree this would be the case.

An increase in cashless transactions within business's operations remains relatively split. Respondents demonstrated both agreement and disagreement with the statement. This was also evident across business size with both

SMEs and Larger companies in equal agree/disagreement over the issue

Charities and public sector organisations foresee the greatest increase in cashless transactions within their business models and private sector again demonstrated greater disagreement than firms from other sector types.

### Turnover

When looking at question 4 broken down by turnover it can be seen that companies with a higher turnover, above £5m expect to see less

of an increase in cashless transactions than those companies with a turnover below this level. Companies in this turnover range also demonstrate higher levels of disagreement than those turnover ranges below with 27% disagreeing that there would be an increase. However it is firms with a turnover in the range of 101-500k that shows greatest disagreement to this question with 33% not expecting more cashless transactions within their operations.

Companies with a turnover between 501k-£5m show highest expectation for more cashless transactions within their operations with 45% of respondents agreeing this to be the case.

### **Employees**

It is small firms, with between 10 and 49 employees, that we can see expect the greatest increase in cashless transactions within their operations with 50% of respondents agreeing this will be a future development.

Micro enterprises however showed the highest level of disagreement with this expectation as over 30% of respondents noting they do not expect an increase in cashless transactions within their operations.

### **Type**

Again, when broken down by business type it is private sector that demonstrates the greatest disagreement with this question with over 30% of noting they do not expect an increase in cashless transactions within their operations.

It is charities and public sector that demonstrate the widest agreement in regards to any expectations related to an increase in cashless transactions within their operations with over half of charities and public sector organisations (57% and 53% respectively) agreeing this is something they will see in the future.

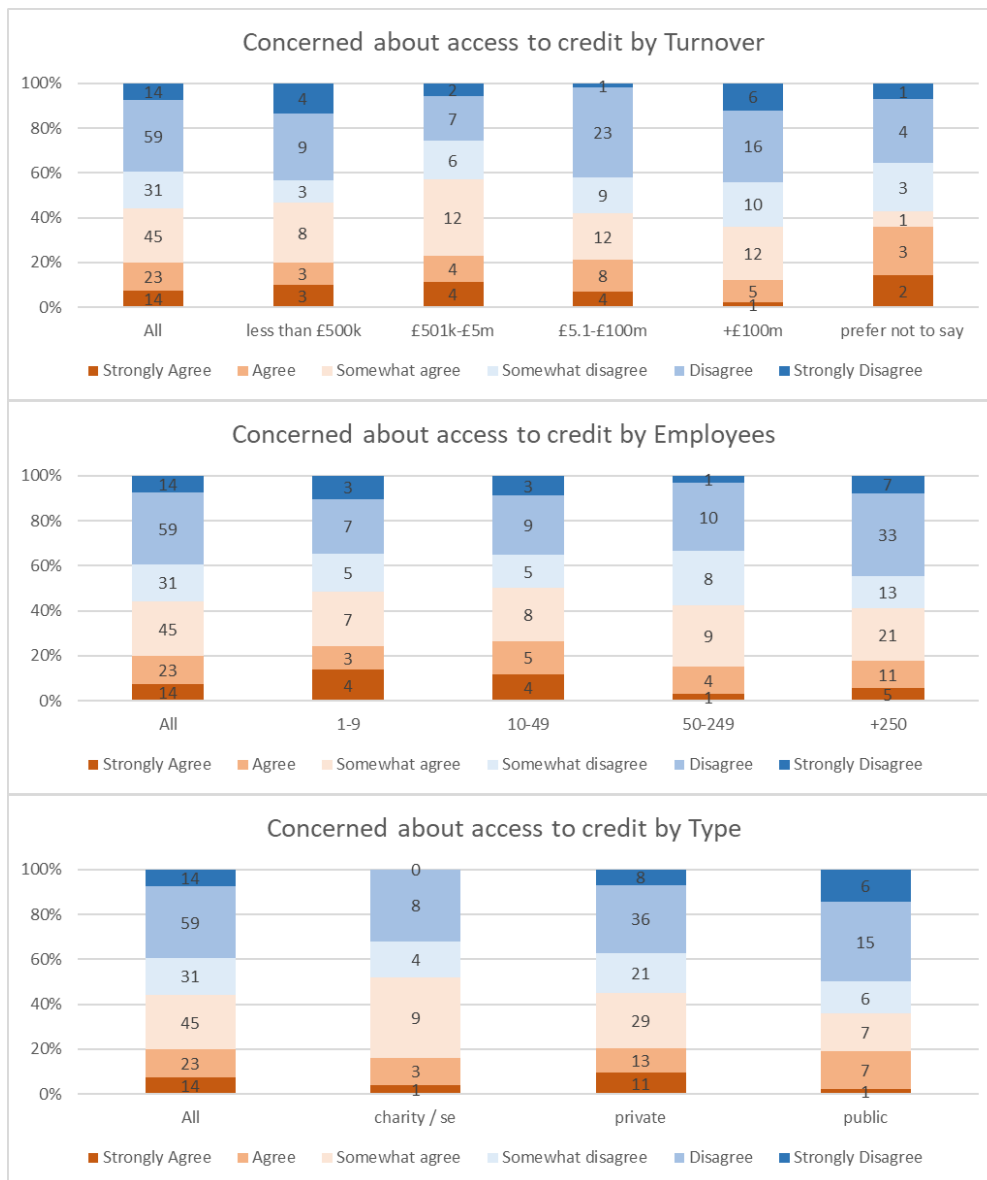
### **Gender**

With over 40% agreement across genders it is clear that respondents are likely to invest in reskilling their workforce to enable new ways of operating. Again, women agree more strongly than men but both response levels are around 40%

### **Age**

Highest levels of agreement again came from the 26-39 age range with over 50% foreseeing higher levels of cashless transactions in their business practices. This falls to just over 40% in the 40-55 range and just over 30% in the 56-69's. Over 70's are split on this question with 50% each in agreement and disagreement.

## 5.5 Concerned about access to credit



### Summary Results

Company responses noted little concern about access to credit in the medium term with less than 20% stating they thought this would be an issue. When broken down, companies across turnover ranges respondents concerned about access to credit remained below 35% with large companies showing least concern with this issue.

### Turnover

Those most concerned with access to future credit were those companies within the

turnover ranges of £101-500k and £501k-£5m with 22% and 23% respectively agreeing this would be concern post crisis.

Companies with a high turnover of +£100m showed least concern about access to credit with only 12% of respondents agreeing and 48% highlighting they were not.

### Employees

Companies most concerned about access to credit were small enterprises with between 10-49 employees of whom 26% felt this may be an issue in the future. As noted above it is large

firms that are least concerned about access to credit with 44% disagreeing that this would be an issue for them in the future. Across firm size responses that agreed they were concerned about access to credit in the future remained below 30% and indeed below 20% for companies with over 50 employees,

### **Type**

Of those who responded it was sole traders who demonstrated most concern over future access to credit with over 30% agreeing this was a worry for their business. Private sector also showed concern with 20% of respondents agreeing with this question.

It was public sector that demonstrated least concern for this issue with 50% of respondents

disagreeing that it would be a concern for their business.

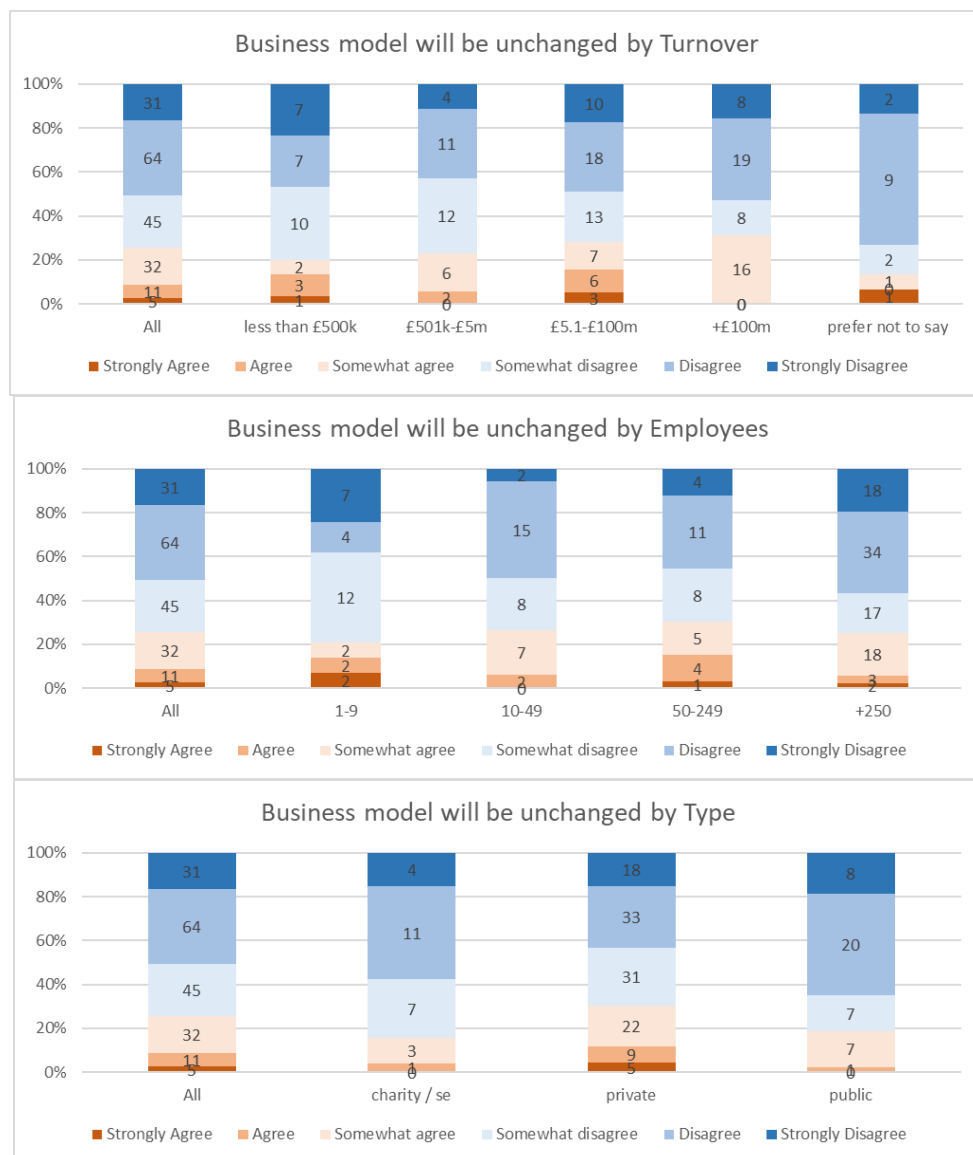
### **Gender**

There is little concern about access to credit across genders with both male and female responses agreeing with the statement just below 20%.

### **Age**

Concern over access to credit is greatest on the over 70's responses with 100% showing concern. The next most concerned age range is the 26-39's with nearly 30% demonstrating agreement with the statement. Groups between 40-55 and 56-69 show least concern over access to credit with agreement from respondents in both ranges below 20%.

## 5.6 Business model will be unchanged



### Summary Results

Almost all responses agreed that there would be changes to their business models post crisis. Companies with higher turnover most clearly agreed that there would be changes to their business model and large enterprises also showing high levels of agreement. Micro and Medium businesses demonstrated some degree of uncertainty though overall there is an assumption that changes will be necessary. Again, though an overall agreement that changes would occur private sector showed less assumption of change than responses from

charities, public sector, social enterprises and sole traders.

### Turnover

Companies with a high turnover of +£100m demonstrated greatest assumption of change within their business model with 53% disagreeing that models would remain unchanged and no respondents noting a definite agreement for the assumption they would remain unchanged.

Showing the highest level of agreement with the notion of unchanged business models were companies within the £101-500k and £5.1-



£100m turnover ranges with around 17% of respondents noting things will likely remain the same.

### **Employees**

Large firms with +250 employees demonstrated most disagreement with this statement with 57% of responses assuming changes in business models post crisis. Responses from Micro and Medium sized businesses showed most agreement (14% and 15%) with the statement however overall disagreed and demonstrated a presumption of changes within their business models

### **Type**

Of companies across sectoral type private sector responses demonstrated highest level of agreement with the statement with just over 10% of respondents agreeing business models would remain unchanged.

This is in contrast to all other types of organisation who's responses remained below

5% with social enterprises and sole traders demonstrating a 0% agreement with the statement.

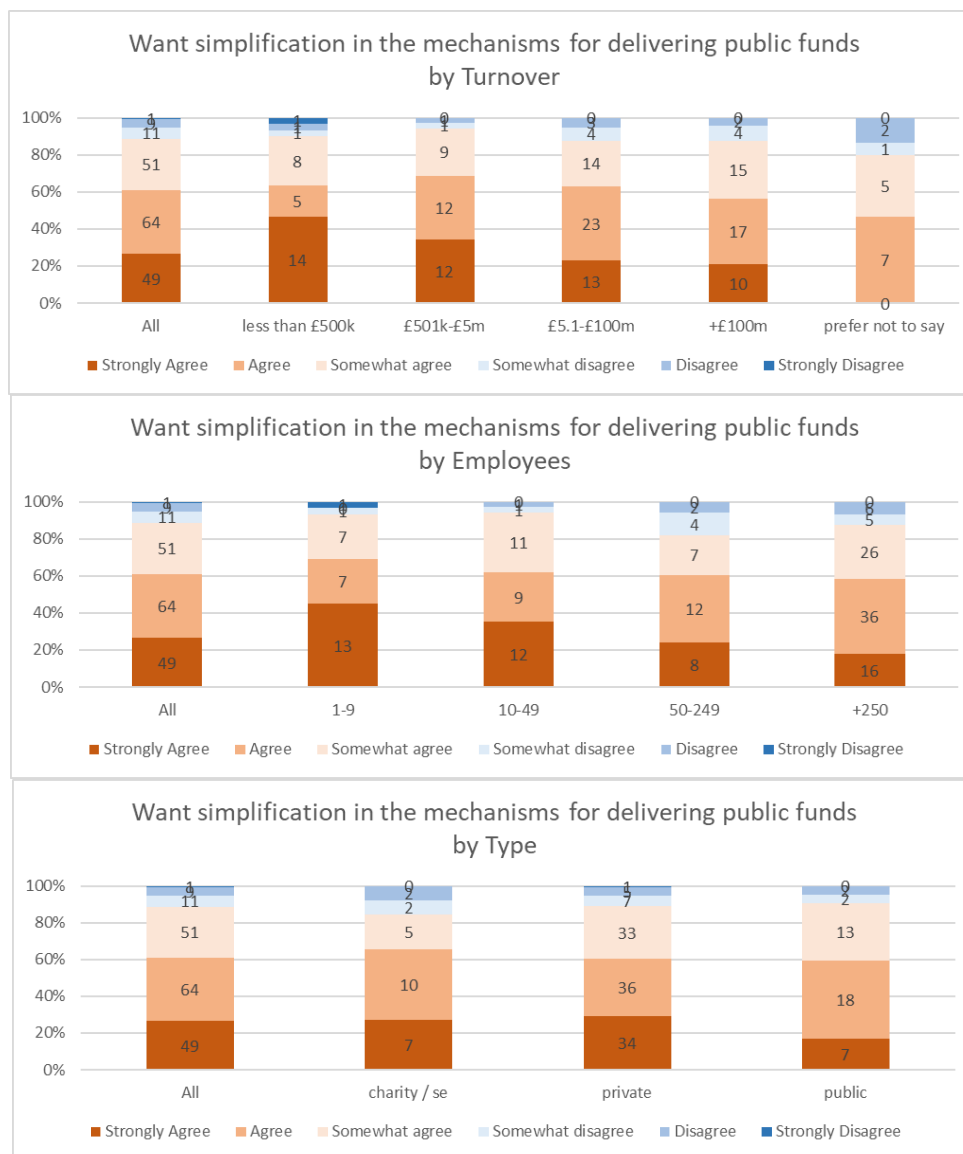
### **Gender**

Very few respondents agreed with the statement that their business model would remain unchanged over the medium term. This is reflected across genders also with only 9% of respondents agreeing with the statement. Female respondents can be seen to agree less with only 6% agreeing there would be no change to their business model compared to 10% of male respondents.

### **Age**

Again there is low levels of agreement that business models will remain unchanged across age groups. No respondents below 40 or over 70 agreed with this statement and those within the 40-55 and 56-69 ranges agreement remained below 10%.

## 5.7 Want simplification in the mechanisms for delivering public funds



### Summary Results

Overall there was wide agreement in the responses received that there is a need to simplify the mechanisms for delivering public funding with over 60% agreeing with this statement. Companies with higher turnovers demonstrated slightly less agreement with the statement but largely agreed overall and Micro enterprises demonstrated the strongest agreement with the statement. Organisations across employee levels however remained in agreement with most at or above 60% agreement rate.

Disagreement with the statement remained below 10% of all respondents across organisational type with Public Sector showing least but still in strong agreement.

### Turnover

As noted above, companies with higher turnovers demonstrated slightly less agreement with the statement but largely agreed overall with a 55% agreement rate. Companies with a smaller turnover of below £100k demonstrated a high level of agreement with the statement with 58% of responses stating so. Companies with a turnover of between £101-500k also

strongly agreed that there should be a simplification of funding mechanisms with 67% of responses in agreement. However it was companies with a turnover of between £501k-£5m that demonstrated the greatest agreement with the need for simplification with 69% of respondents highlighting this.

### **Employees**

Micro enterprises, with between 1-9 employees, demonstrated the highest level of agreement with the need for a simplification to funding mechanisms with 69% of responses strongly agreeing.

Large organisations demonstrated the lowest level of agreement to this question though even their responses agreed at a rate of 58%. Small and Medium sized enterprises also agreed with the need for simplification with 62% and 61% respectively agreeing this should be addressed.

### **Type**

Social enterprises and sole traders agreed most strongly with the need to simplify funding mechanisms with both sectoral type responses over 65% in agreement. Perhaps unsurprisingly

it was public sector organisations that showed least agreement with the statement however still largely agreed with the need for change with 60% of responses stating so.

Disagreement with the statement remained below 10% of all respondents across organisational type.

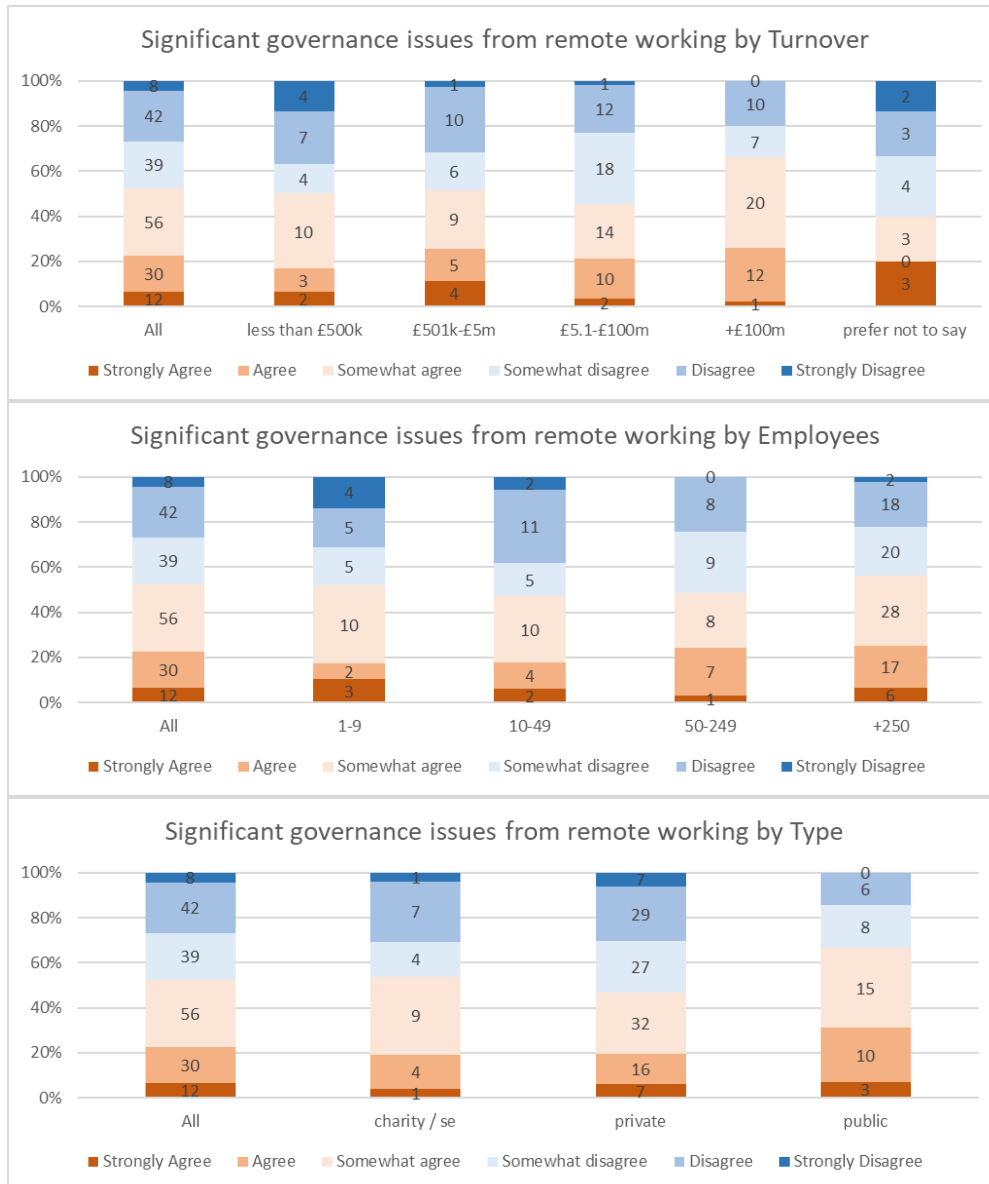
### **Gender**

As above there was agreement across genders with the need for a simplification of funding mechanisms with a combined response of over 60% in agreement. This remains largely the same across male and female responses with female respondents showing a stronger agreement with over 30% in the 'strongly agree' category.

### **Age**

Overall there is widespread agreement across the age ranges for the simplification of funding mechanisms with over 60% in agreement. Agreement is highest in those above 40 with over 60% agreeing the need for changes to the funding mechanisms, compared to 50% of those under 40.

## 5.8 Significant governance issues from remote working



### Summary Results

Organisations were relatively split in their responses to this question with no significant leanings either way. Companies with a turnover below £5m see significant governance issues from remote working as less likely as are Micro and Small businesses. Large firms foresee more issues related to remote working, however this is a low level of agreement. Again, perhaps surprisingly public sector organisations expect most significant governance issues from remote working.

### Turnover

Companies broken down by turnover demonstrated that firms with a turnover range of £501k-£5m most strongly agreed with the statement with 26% of respondents answering in this way.

There was a higher level of disagreement within companies with a turnover below £5m with all responses between 30-40% disagreement highlighting that companies with lower

turnovers expect less governance issues from remote working post crisis.

### **Employees**

Responses by company size highlighted that Micro and Small businesses foresee less governance issues from remote working with 31% and 38% disagreeing respectively.

Large enterprises' responses highlighted that they foresee more governance issues from remote working with 25% agreeing this will be a problem. However, this is still a low number of responses that agree.

### **Type**

Responses by organisational type highlights that most agreement with the notion of more governance issues related to remote working can be seen in public sector firms' responses with over 30% agreeing this will be an issue post crisis. In contrast sole traders do not see this as an issue at all with no respondents agreeing.

Charities, private and social enterprises largely disagree with the statement and see less significant governance issues from remote working post crisis with disagreement from all types respondents over 30%.

### **Gender**

There is little agreement that businesses will see significant governance issues from remote working practices when analysed across gender with just over 20% in agreement that this is likely to be an issue. Men are more concerned with over 20% in agreement and around 15% of women agree this to be true.

### **Age**

Concern over governance issues from remote working practices are highest in the over 70's range with 50% agreeing this could be an issue. This is followed by 26-39 year old respondents at nearly 30% with 40-55 and 56-69 responses at around 20% agreement.

## 6. Discursive results

The brief analysis below demonstrates the key data points from questions 9 and 10 through the use of word clouds to represent recurring terms and themes.

**Q9.** *Reflecting on the medium term future of your own sector, are there organisational practices which you have had to introduce during the COVID-19 crisis which you plan to retain? And are there key practices where you plan to revert to pre-COVID arrangements because your current remote practices are unsatisfactory?*

Organisational practices that are likely to remain can be seen to include:

- More flexible working

- Home working
- Remote working
- Reduced travel
- Video calls
- Business model

Such practices and developments may be key to organisational change across businesses allowing for greater societal change also. The reduction in travel time and mode has implications for the environments but also for productivity in business practices. These changes also have policy implications in relation to the role out of digital infrastructure and digital equality across Scotland. These practices have been shown to be effective as is evidenced in the responses below.



**Q10.** *Reflecting on the medium term future of other sectors of the economy which organisational practices would you want to see retained from the period of lockdown and social distancing?*

Question 10 also highlights many of the same insights as before with a focus on the social elements of lockdown and social distancing outlined. These can be seen to include:

- Life balance
- Mental health
- Cultural shift
- Efficiency
- Rural areas
- Greater opportunities

The implications of these insights can be seen to highlight the potential and opportunity for change. With Scotland already recognising the need for an economy more focused on the

nations wellbeing, as can be seen in Scotland's establishment of the Wellbeing Economy Governments Group and the vision of the National Performance Framework, it is of key

importance that Scottish businesses are also aligning with this course of action.



## 7. Conclusions and Recommendations

### 7.1 Conclusions

The overall response from the Pulse survey highlights several key areas of insight into the way in which business practices across size and sector may change in the medium term and more immediately post COVID-19 crisis. From the responses we can conclude that there is agreement in the lasting impact of the pandemic on working practices, digital equality and skill requirements going forward.

Firstly it is apparent that there is uniform agreement of the requirement and likelihood of increased remote working, even when it is deemed safe to return to office environments. This as noted above can be seen in nearly 70% of responses noting agreement with this change in working practices.

Related to this, more than 60% of respondents plan to revisit space requirements as and when the opportunity arises e.g. end of their current lease. This was truer for bigger businesses and notably truer for public and charitable organisations than it was for private business. The need to provide high quality, inclusive digital infrastructure flows from this, as does the need for creative solutions to large, unused office space in the medium term.

Reskilling also demonstrates the impact of the pandemic with many respondents noting they expect it necessary to change their business model and invest in significant reskilling of their workforce to enable new ways of working.

The continued rise of cashless transactions does not seem to be something that respondents feel will dramatically increase within their operations though there is also wide agreement that it is not likely to diminish post crisis.

As noted in the introduction to this report there appears to be little concern to access to finance in the medium term and this can be seen across business size, turnover and sector.

### 7.2 Recommendations

From a government policy perspective the outputs of this survey provide insight into developments within future business practices and the possible support needed to accommodate such shifts. Such actions could include:

- A simplification of funding mechanisms to aid in the provision of support as well as ongoing access to finance for businesses. This is likely to be particularly important to Micro and Small firms who may not have the resources held by larger enterprises to apply for such funding.
- Increased connectivity between enterprise agencies, organisations such as Skills Development Scotland and Higher Education Institute business education and research to foster rapid increased knowledge transfer.
- An inclusive approach to IT infrastructure to ensure social mobility as both study and work feature higher use of digital platforms
- Creative solutions to unused office space in the medium term, and a proactive approach to the consequent drop in business rates which will impact local authority budgets, as remote working patterns normalise
- Developing solutions geared towards vocational skills and apprenticeship outcomes, mimicking aspects of the German Higher Education model.
- A requirement where government holds a stake in businesses (e.g. to maintain sector presence, support employment or to retain key skills) that structured help is provided with relevant academic expertise supervising student-led internships to address business improvement. This would (a) help businesses professionalise and (b) give valuable skills/experience to a student/graduate population who will face greater challenge securing work

The insights put forward within this report can provide practical policy guidance on ways in which to support businesses and the changing environment post COVID-19 crisis. The above recommendations are a starting point to address these needs and should be aligned closely with the work of the Advisory Group for Economic Recovery.



### **Further Details**

Anyone wishing further details of the Pulse Survey or its findings should contact Professor Robert MacIntosh or Professor Heather McGregor at the Edinburgh Business School, Heriot-Watt University.