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Company profile playing key role in business view of independence

How businesses are responding to the Scottish independence debate depends on where most of their customers are based and their ownership structure, research suggests.

Publically owned companies with headquarters in Scotland and a client base predominantly in the rest of the UK are more likely to be considering contingency plans in the event of a yes vote.

Scottish companies with global customers and foreign-owned businesses with Scottish branches appear to be not prioritising contingency planning to the same level.

The study is based on more than 60 interviews with senior business leaders in randomly selected medium – more than 50 employees - and large – more than 250 employees – companies. The interviewees worked in a range of strategically important industries across Scotland.

Industries include energy, engineering and manufacturing, electronics and technology, financial services and life sciences.

In these five sectors, six business leaders indicated that, at present, the opportunities presented by independence outweigh the risks, while 54 indicated that the risks currently outweigh the opportunities.

In all sectors, business leaders identified uncertainty as the main challenge they faced. They considered the key risks in the event of independence to be currency, new regulations, taxes - particularly income taxes, recruitment and retention of employees, and EU membership.

The perceived opportunities for businesses post-independence are government funding or subsidies, income tax decreases, liberal immigration policies, and corporation tax cuts.

The interviews took place between November 2013 and February 2014. The degree of contingency planning carried out by companies varies markedly. It ranged from none at all or preliminary discussions to drawing up plans to restructure the business and move economic activity elsewhere.

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Only five business leaders indicated that the debate had influenced their current business decisions, and 55 indicated that it was business-as-usual.

To protect confidentiality, individuals taking part in the study will not be named.

Brad Mackay, report author and Professor of Strategic Management at the University of Edinburgh Business School, said: “For many large businesses in Scotland, the potential risks presented by the independence referendum appear hard, but the perceived opportunities seem much softer.”

The report, *The Scottish Independence Debate: Evidence from Business*, is part of *The Future of the UK and Scotland* programme, funded by the Economic and Social Research Council. The Economic and Social Research Council (ESRC) is the UK's largest organisation for funding research on economic and social issues.

Details about the ESRC's *Future of the UK and Scotland* activities to inform the referendum debate are available at: www.futureukandscotland.ac.uk. Follow: @UK Scotland

Further work in the *Future of the UK and Scotland* programme includes publishing scenarios in April.

For further information, please contact:

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