Scottish Business and International Trade –
Perceptions of the Scottish Business Diaspora
January 2020

MOMENTOUS CHANGE
LTD.

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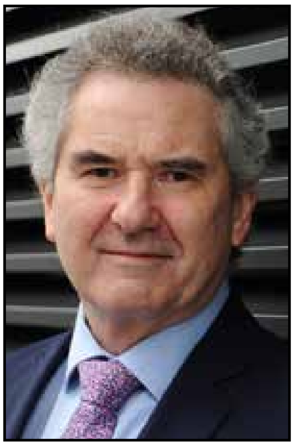
Professor Roger Mullin



Roger is an Honorary Professor at the University of Stirling's Management School, a former member of the Sustainable Growth Commission, a Founding Director of Momentous Change and a vastly experienced researcher. Before entering parliament, he undertook 29 international assignments for UN agencies, the World Bank and Asian Development Bank and directly for governments. Since leaving parliament in 2017 he has been appointed Chair of the Board for the Revive Campaign which supports the All Party Parliamentary Group for Explosive Threats and is a Board member of the Scottish African Business Association.

Michelle Thomson

Michelle is a business woman, board member, consultant, investor, mentor, advisor, conference speaker and Founding Director of Momentous Change. As an MP she was a key member of the Business, Energy & Industrial Strategy Select Committee, leading on a range of inquiries which achieved national prominence. Since stepping down from parliament in 2017, she has been appointed as an Ambassador for the All Party Parliamentary Group for Fair Business Banking, a board member for Revive Campaign and was a finalist in the Institute of Directors 2019 'Director of the Year'.

EXECUTIVE SUMMARY

This study surpassed initial targets and received responses from 1,067 business diaspora Scots in 74 countries. This included strong participation from the Scottish Government's Priority 1 and 2 countries.

Our respondents covered all major sectors of the economy, with significant representation from those working in micro, small, medium and large scale businesses. In addition to those born in Scotland or with Scottish ancestry, we also had significant representation from affinity Scots.

The Scottish business diaspora has, in the main, a positive view of Scotland, seeing it as a friendly, resilient and entrepreneurial place. However, there is also a significant minority view that points to a cautious, risk averse and inward looking community.

Scottish business people are largely viewed positively too, with key characteristics described as ethical, trustworthy, friendly, hard working and well educated, with the only critical view with any significant presence being inward-looking.

In assessing the strengths and weaknesses of Scotland, and the Scottish brand, the quality of our people was prominent in comments. However, there was also a strong perception that the Scottish diaspora are poorly mobilised and that we do not compare well in this regard with Ireland. The quality of our products and services, combined with the ethical and trustworthy nature of the Scots were pointed to as issues that should be used to enhance Scotland as a brand.

Understanding local cultures was very strongly identified as an important part of being able to trade effectively. This should be part of early preparations for market entry. There are particular aspects of culture that are important to consider. These include corruption levels, how easy it is to do business and how peaceful the environment is. Medium sized countries of similar scale to Scotland tend to dominate positive ratings in a range of international incidences for these factors.

However, amongst the Scottish Government's priority countries, there is huge variation across all three domains. Thus, some of the least and most corrupt countries are present, as are some of the easiest and most difficult business environments and some of the most peaceful and least peaceful societies. Consideration too must be given to local traditions and practices. Examples include local business etiquette for greeting, meetings and such like.

At the time of the study in the autumn of 2019 and prior to the UK General Election of December 2019, there was considerable uncertainty surrounding Brexit. Views at the time saw Brexit as a negative for business and for international trade given concerns about future trading relationships.

However, we did not find any strong correlations between attitudes towards Brexit and attitudes to other issues discussed in this report. Thus, it would seem demand for such matters as trade missions for SMEs and finding trading partners are unlikely to be affected one way or the other by

> **Scottish business people are viewed positively in the main too, with key characteristics including ethical, trustworthy, friendly, hard working and well educated.**

the continuing coming and goings around Brexit.

A desire to see Scottish businesses increase their trade around the world is very evident. Many in the business diaspora are willing to assist Scottish businesses by sharing expertise and opinion. They are not only able to provide advice regarding the country within which they are located, but also in regard to those countries with which they trade. As a group, the respondents to this study trade with every country in the world, opening up the opportunity to create an effective international network of advisers that goes considerably beyond the Global Scot programme in terms of reach and expertise.

There are a number of interventions that our respondents believe would assist in supporting businesses trade. These range from establishing a community of interest network, to providing detailed market intelligence. The Scottish Government, the Scottish Business Network and other business groupings would be wise to consider their respective contributions towards supporting Scottish businesses trade, with reference to the findings of this study.

We conclude that there are very good prospects for developing engagement with the Scottish business diaspora. This could assist Scottish businesses accessing international markets by providing additional advice and intelligence to that already available.

The following are our proposals:

1. The Scottish Business Network should consult its current membership, both domestically and internationally, with a view to further developing its operational strategy in the light of this report.

2. The Scottish Government should further develop country briefings, at the very least for all 26 priority countries, to supply information of practical benefit to individual businesses.

   Such briefings should include considerations of cultural issues including those elucidated in this report; a review of current trading conditions such as tariffs, regulations and matters associated with "ease of business"; signposting to market intelligence information, and useful contacts in both the public and private sectors.

3. The Scottish Business Network and other business organisations should consider conducting a detailed review of how best to "brand" Scotland in terms of international trade, perhaps in conjunction with the Scottish Government.

   This should include (but not be restricted to) a consideration of positioning Scottish business in relation to key values such as being trusted, ethical, reliable and entrepreneurial in character.

4. The Scottish Government should seek to significantly extend its Global Scot network, and review whether its current approach to seeking membership is optimal.

5. The Scottish Business Network, and other business organisations in Scotland, should work together with the purpose of creating a single global network of Scotland's business diaspora. This will be a major undertaking given the likely scale and reach of the diaspora.

6. The Scottish Business Network and other business organisations should consider piloting a trade mission or missions for SMEs. This could usefully involve a focus on priority countries in Europe.

   Besides presenting a showcase for Scottish products and services, it should also encourage participation from the Scottish business diaspora in the host country, and have a focus too on seeking possible in-country trading partners.

7. The Scottish Business Network should seek to raise funds to commission further research focused on the Scottish business diaspora. There is also scope for extending the survey approach to include research interviews to maximise qualitative insights.

FOREWORD

The concept of this study was first muted in June 2019 in London at the inaugural gathering of Celtic Diaspora organisations. At this international event, organised by Christine Esson, CEO Scottish Business Network (SBN), we looked at the approaches taken in countries such as Australia, New Zealand, Ireland as well as the home nations, on how best to engage with a diaspora. It was clear that what Scotland lacked was current data on our diaspora and insights into how best to engage and support them.

We define the Scottish business diaspora as those who are born Scottish, have worked, studied or have family connections with Scotland. The members of the community tend to be business owners, founders, directors or senior executives – the C-suite. Member businesses are found in all sectors and company sizes range from SME to global conglomerate.

Since we launched SBN in 2016 it has been our passion to support the leaders of Scottish businesses and organisations to secure new opportunities beyond the Scottish border and to build a bridge linking members of the diaspora with the business community in Scotland.

For me the findings of the research found in this document provides a unique view into how best we can service the needs of these two communities and as such is the building block for our international strategy.

It was clear at the outset that this research was no small task and we were delighted to be led through the process by SBN members Michelle Thomson and Roger Mullin of Momentous Change. From the development of the initial questionnaire, identifying target recipients, through to the detailed analysis and final completion of the report I have nothing but praise for the work delivered by Michelle and Roger. I would also like to thank them for so graciously opening up their own personal international connections to us to ensure the

“We define the Scottish business diaspora as those who are born Scottish, have worked, studied or have family connections with Scotland.”

widest possible selection of views was secured.

At the initial questionnaire stage, we set targets for the project which required to be regularly revisited as the number of responses received exceeded all our expectations. By the time the survey part of the project was closed we had received over 1,000 responses, from individuals based in 74 countries: a quite incredible result.

I must thank those Scottish diaspora members who gave up their time to provide such valuable insights captured in this report. It is clear that there is a significant community of passionate Scots and friends of Scotland around the globe who are keen to support Scottish companies' access to new markets.

This report arrives at a critical time for the UK as we look to redefine our relationships in terms of trade with other countries. I would hope that the analysis provided in this report proves useful in this process. Scottish Business Network remains a non-political not for-profit-organisation looking to share the results of this research freely with all.

I believe that this inaugural report is the first step in a journey of discovery as we look to better understand those who comprise the global Scottish Business community and how to engage with them. If you are interested in keeping abreast of this project or find out more about us, I would ask you to engage through either the Momentous Change or SBN websites. I would also welcome the opportunity to hear your thoughts on the findings of this report; I can be contacted at russell@sbn.scot and would love to hear from you.

Russell Dalgleish, Chair,
Scottish Business Network

Russell Dalgleish

As one of the most connected Scottish businessmen Russell is a high-profile influencer and connector, as well as a serial entrepreneur. He is the founding Managing Partner of the advisory group Exolta Capital Partners as well as an angel investor. In his earlier career he held board leadership positions with International companies achieving turnover in excess of £200m.

The authors thank Momentous Change's international advisers and the Scottish Business Network staff without whose assistance this study would not have been possible.

CHAPTER 1: INTRODUCTION

“

While the value of exports has grown in recent years other data shows that we haven't internationalised our economy to the extent that we can and should and that exports as a percentage of GDP have remained largely flat over the past 20 years.

Ivan McKee MSP
Minister for Trade, Investment and Innovation

”

In May 2019, The Scottish Government launched *'Scotland: a trading nation'*[1]. It presented a new government strategy aimed at boosting Scotland's export performance and focusing that effort on key countries and sectors. Fifteen countries were identified as Priority 1 countries and a further eleven countries as Priority 2 numbering 26 in total. We note here that the geographic focus of the strategy is an exclusive country approach, rather than also incorporating a regional one that could have focused on significant regional groupings of countries such as the European Union (EU) countries or Southern African Development Community (SADC) countries for example. We therefore, in the main, also report at country level although on some occasions we choose to report at regional group level, and in particular regarding the EU.

As Ivan McKee MSP, Minister for Trade, Investment and Innovation explained about the need to improve Scotland's export performance in his foreword to the report:

"While the value of exports has grown in recent years other data shows that we haven't internationalised our economy to the extent that we can and should and that exports as a percentage of GDP have remained largely flat over the past 20 years."

Early conversations

The report helped spark initial conversations between Momentous Change Ltd and the Scottish Business Network. We recognised that this was a government strategy backed by considerable and impressive analysis. It used a wide variety of metrics to draw conclusions as to where best the Scottish Government should focus its efforts.

However, we also recognised that businesses do not restrict themselves to preferred government targets. Gaining a £100,000 export contract in a non target country such as New Zealand may be just as valuable to a business as a £100,000 contract in a target country such as China.

Our early fact finding in the summer of 2019 suggested that there were around 660 members of the Scottish Government's Global Scot[2] programme spread across 52 countries. This programme was cited in the Scottish Government's strategy, particularly in relation to their 15 Priority 1 countries. The Global Scot programme has been in existence for over 18 years and is a network of business contacts who are experts in their field and committed to helping Scottish businesses expand in international markets.

We were also aware that the Scottish business diaspora is spread far and wide across the globe, indeed both Momentous Change and the Scottish Business Network already had business contacts in many countries.

In late summer 2019, we took on the task of designing a survey of the Scottish business diaspora and during the autumn of 2019 promoted it amongst the diaspora.

Our approach

Our approach was not based on the notion that it is possible to pick winners, but rather we set about attempting to identify the willing: willing to help improving Scotland's export performance by sharing views and sharing a commitment to help. This idea of seeking to identify the willing rather than identify winners was borrowed from the report *A Mission Oriented Framework for the Scottish National Investment Bank*[3] co-authored by Professor Mariana Mazzucato and Laurie Macfarlane.

This initial report provides an overview of the information that has been gathered. We believe it adds new insights into the issues involved in developing business export performance, and in many respects adds richness to the government's strategy.

In particular, the report addresses some major areas, including:

1. How the Scottish diaspora view Scotland and Scottish business people
2. What those businesses that already export have learned from their experience
3. What the cultural issues are that need to be addressed
4. What the perceived barriers are to trade
5. What those businesses seeking to export require in terms of intelligence
6. What initiative(s) can be taken to encourage more exporting

> **It is clear from our study that there are a great variety of challenges faced by business when seeking to trade with different countries.**

We report our findings through the eyes of the diaspora. Much of what we have captured are perceptions and therefore subjective in nature. However, we would argue such perceptions are highly valuable and a useful guide to further activity.

As a result of our survey, and strong participation from countries that are on the Scottish Government's priority list, we had cause to reflect further on the government's strategy.

Export strategy

The Scottish Government's report *'Scotland: a trading nation'*, is both well supported by extensive evidence and a sophisticated methodology[4], and is a very timely contribution to the development of government policies in support of international trade. However, no research and no reports are ever going to be the final word on the issue of international trade and we would argue that different perspectives are useful in supporting policy and practice as it develops. We also note that the Minister for Trade, Investment and Innovation Ivan McKee MSP makes the point in his foreword[5] to the report that,

"I'm also very clear that this needs to be a living plan that will be kept updated and relevant."

Our hope is that our report makes a contribution by providing some relevant insights from the Scottish business diaspora.

Policy and practice

Our view is that, quite properly, the type of analysis undertaken to support the production of the government's export plan is of particular value to policy makers who must decide where priorities lie in terms of countries and sectors. All governments have limited resources, and it is therefore sensible to prioritise where and how such resources could be deployed. This, however, we would argue is different from the type of analysis needed to directly support individual businesses and their business focus.

Individual businesses may have greatest opportunity in non-priority countries. We note, for example, that the Scottish Africa Business Association[6] is currently pursuing business opportunities in countries such as Algeria, Cameroon, Cote d'Ivoire, Egypt, Kenya, Morocco, Namibia, Senegal, Sierra Leone, South Africa, Tanzania and Tunisia, although the only priority country in Africa for the Scottish Government is Nigeria.

Similarly, some businesses operate in sectors that are not of sufficient scale to feature in the Scottish Government's strategy, but are nonetheless critical to a range of individual businesses. For example, we have a senior respondent who works for a business that specialises in dealing with Improvised Explosive Devices (IEDs), and whose main countries with which it trades are necessarily those that have faced significant conflict, such as Iraq, Angola and Libya.

This study has sought to capture the views of the Scottish business diaspora with a view to assessing how Scottish businesses might choose to compete in export markets, and, particularly if seeking to break into new markets, to understand what types of behaviours and support will be helpful. Our study does not seek to make any priority assessment of which countries or sectors should be the focus of attention.

We do, however, recognise the importance of the Scottish Government's strategy and that is why throughout this report we make regular reference to their priority countries. It is our contention that some of our findings, conclusions and proposals could further strengthen the government's approach to encouraging exporting. In particular, it is clear from our study that there are a great variety of challenges faced by business when seeking to trade with different countries and this includes the Scottish Government's priority countries.

Summary report

This report is summary in nature. We hold a considerable amount of information that can be analysed in different ways. Our intention here however is, at a more general level, to see where opinions lie and where opportunities to enhance business support exist. We would hope to be in a position to undertake further detailed interrogation of the large amount of data we hold in the future.

Any errors of fact or interpretation are entirely the responsibility of Roger Mullin and Michelle Thomson of Momentous Change.

CHAPTER 2: METHODOLOGY

In setting out to conduct this study, we adopted three main research methods.

1. A desk top study mainly in the form of a review of government reports, international comparative data, specialist publications and a small number of academic articles. These have been used to inform the design of our survey, and the interpretation of the survey results.

2. We designed an online survey, and conducted a small pilot amongst business leaders before finalising the design.

3. We conducted a series of informal discussions with individuals with expertise in business and exporting, including at SBN network events. The main benefit of these informal discussions has been to help us reflect more deeply on survey findings.

In addition to the above, we had the major task of attempting to contact senior business leaders throughout the world who could be described as part of the Scottish business diaspora. Both Momentous Change and SBN had many existing contacts to approach, but we had to utilise other approaches such as using social media; in particular LinkedIn and in some instances Twitter.

Given these circumstances, it was not possible to conduct any form of targeted or cluster sampling. Rather, our survey is highly likely to reflect motivational bias on the part of our respondents: that is to be biased towards those with a significant interest in the development of trade amongst Scottish businesses. We would argue such a bias is helpful given the focus of this study.

As referenced in the introduction, we were aware that the Global Scot programme involved approximately 660 individuals in 52 countries (including Scotland) in mid 2019. We therefore set ourselves the target of conducting a survey for the Scottish business diaspora that would achieve as close to such numbers as possible. We have, in fact, achieved significantly higher number of returns than our initial target, with no less than 1,067 respondents across 74 countries.

Our analysis of survey returns has taken two forms. Firstly, a statistical analysis of responses and secondly, a content analysis of the many thousands of words of textual comment received.

> It came as a complete surprise to me to learn from this book that there are more than twenty clan societies, two hundred pipe bands and one hundred and thirty Highland Games in northern Europe, not to mention several dozen societies commemorating and/or re-enacting Scottish history... this Scotomania is widespread in north-western Europe in French, Dutch and German-speaking countries; it is a unique phenomenon. There is no requirement for Scottish ancestry to become a member, one can become an 'affinity Scot'.
>
> **Dr Sean Damer**
> **University of Edinburgh**

CHAPTER 3: SCOTTISH BUSINESS DIASPORA: THE PARTICIPANTS

This chapter describes the scope and nature of our survey participants. As mentioned in the methodology chapter, the number of respondents (1,067) and geographical spread (74 countries) has come as a pleasant, if daunting, surprise.

Table 30 in the appendix lists the countries and the number of respondents.

Just as the Global Scot programme includes a significant number of senior business leaders based in Scotland, so we too set out to capture a significant number of contributors from Scotland, to use as a comparison group.

This comparison group from Scotland is 297 contributors strong, spanning all sectors of the economy and all sizes of business from micro businesses to large corporations.

Respondent countries

Table 1 on the right lists the 20 countries from where the majority of respondents from beyond Scotland are located. As can be observed, these top respondent countries span every continent.

Table 1: Number of respondents by country of residence

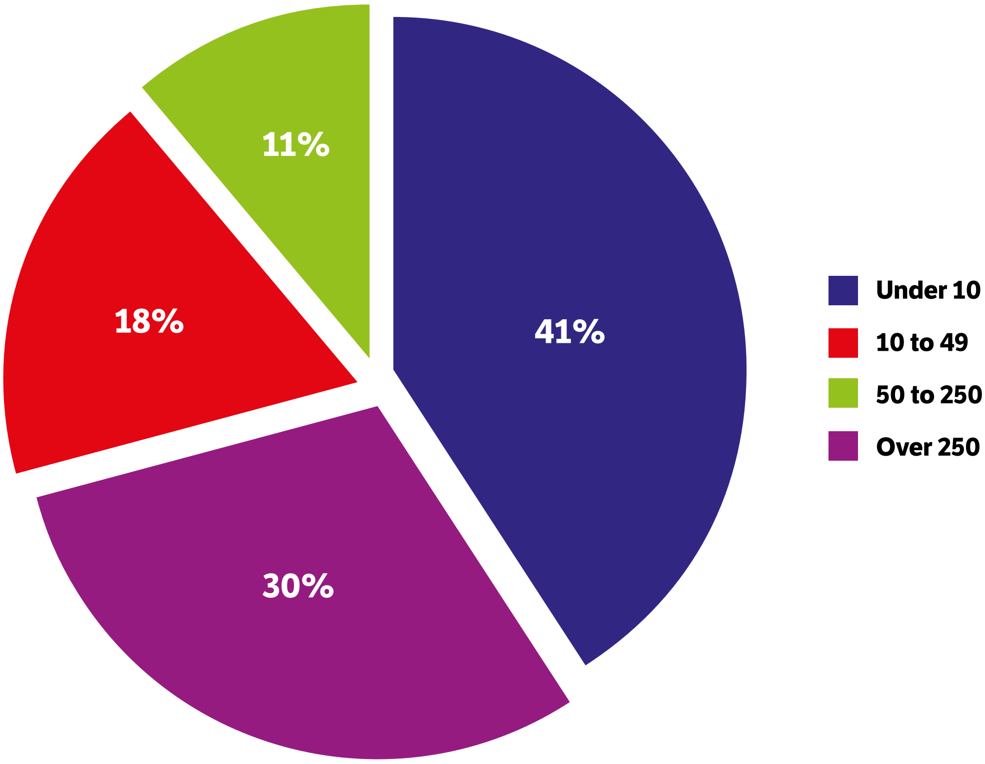
Country	Number of respondents to survey
USA	194
England	127
Brazil	39
United Arab Emirates	29
Australia	27
Canada	27
France	27
China (including Hong Kong)	26
Singapore	21
Germany	20
Switzerland	17
India	14
South Africa	14
Republic of Ireland	11
Poland	10
Spain	10
Italy	8
New Zealand	8
Netherlands	7
Japan	6

It was, however, not merely country of residence that interested us, but also the scale of businesses that they led.

Respondents by size of business

As can be observed we attained significant representation by all sizes of businesses

Chart 1: Respondents scale of business by employee numbers



Respondents by business sector

We also aimed to capture participants from each of the major industrial sectors.

Table 2 indicates this has been achieved, but we draw attention to the particular prominence of *'Professional, scientific and technical activities'; 'Information and communication'; 'Financial and insurance activities'* and *'Manufacturing'* sectors, although all sectors have a presence in our survey.

Methodologically, we invited respondents to indicate the main sectors of their business activity, rather than to identify only one main sector. The following table indicates the percentage of occasions in which each sector was identified.

Table 2: Percentage of respondents by sector of business activity

Sector	Percentage of overall presence
Agriculture, Forestry, Fishing.	2.93%
Mining and quarrying	2.35%
Manufacturing	8.27%
Electricity, gas, steam and air conditioning	2.99%
Water supply; sewerage, waste management and remediation activities	1.81%
Construction	2.93%
Wholesale and retain trade; repair of motor vehicles and motor cycles	2.51%
Transport and storage	2.19%
Accommodation and food service activities	2.45%
Information and communication	13.17%
Financial and insurance activities	8.32%
Real estate activities	2.67%
Professional, scientific and technical activities	14.08%
Administration and support service activities	3.57%
Public administration and defence; compulsory social security	2.67%
Education	5.33%
Human health and social work activities	3.41%
Arts, entertainment and recreation	3.95%
Other service activities	5.23%
Activities of households as employers	0.11%
Activities of extraterritorial organisations and bodies	1.12%
Not classified	7.95%

We are content that we have achieved our aim of attracting participants across all industrial sectors.

Given our reference earlier to the Scottish Government's Priority 1 and Priority 2 countries, later in this report we pay particular attention to this group. The following tables describe the extent of our coverage in these individual countries. We list the countries, the number of Global Scots in each country as reported by the Scottish Government in '*Scotland: a trading nation*' and the number of respondents to our survey. We note that the Scottish Government only reported on the number of Global Scots for their Priority 1 countries.

Priority countries

In the following tables, the order in which we have presented the countries reflects the Scottish Government's own rank order.

Table 3: Global Scots and survey returns by Priority 1 countries

***Scotland: a trading nation* – Priority 1 target countries in rank order of priority**	**Number of Global Scots cited in *Scotland: a trading nation***	**Number of survey returns**
USA	191	194
Germany	13	20
France	8	27
Netherlands	4	7
Switzerland	17	17
Norway	2	5
Poland	3	10
China	5	26
Ireland	3	11
Denmark	3	3
Sweden	1	5
Italy	4	8
Canada	21	27
Spain	5	10
Belgium	3	3

The above indicates strong coverage across Priority 1 countries with most countries having more survey returns than Global Scots. As the following table demonstrates, although we do not have the number of Global Scots with which to compare, it is encouraging that we also have responses from all (bar one) Priority 2 countries.

Table 4: Survey returns by Priority 2 countries

***Scotland: a trading nation* – Priority 2 target countries in rank order of priority**	**Number of survey returns**
Japan	6
Australia	27
Turkey	3
Mexico	1
India	14
Singapore	21
United Arab Emirates	29
Nigeria	4
South Korea	0
Brazil	39
Indonesia	3

The tables overleaf illustrate the breadth of participation in this study by country, sector and scale of business. The level of participation in a survey that was live for only a matter of weeks is indicative, we would argue, of a Scottish business diaspora that is willing to contribute to research aimed at enhancing Scotland's trading performance.

Before leaving this section we turn to one final aspect of our study. What is the nature of our diaspora?

One of the most interesting aspects, in our view, is the type of diaspora contributor. We were keen to see if, in addition to people who identify themselves as part of the business diaspora because of their birth or ancestry, there were others who had broader perceptions of their "affinity" to Scotland.

If so it would mean we have captured more than a crude "ethnic" basis for our diaspora. Our interest in this was sparked by recent sociological studies into what has been termed "affinity Scots".

Affinity Scots

Writing in Scottish Affairs[7] in a 2015 review of David Hesse's remarkable book Warrior Dreams: *Playing Scotsmen in Mainland Europe*[8], Dr Sean Damer of the University of Edinburgh notes that:

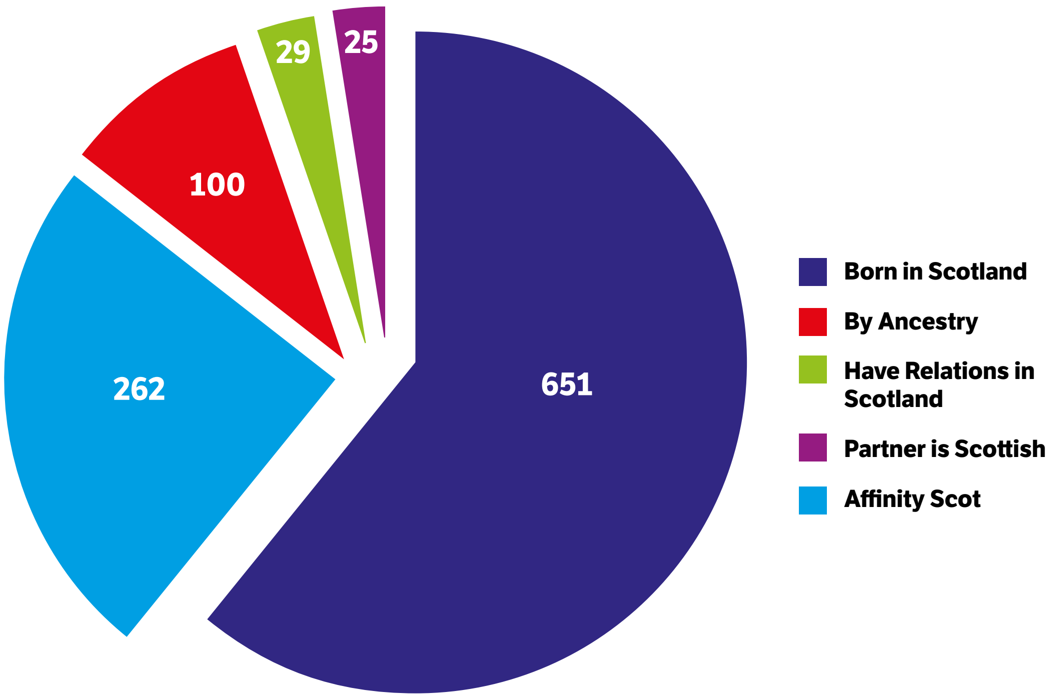
"It came as a complete surprise to me to learn from this book that there are more than twenty clan societies, two hundred pipe bands and one hundred and thirty Highland Games in northern Europe, not to mention several dozen societies commemorating and/or re-enacting Scottish history... this Scotomania is widespread in north- western Europe in French, Dutch and German-speaking countries; it is a unique phenomenon. There is no requirement for Scottish ancestry to become a member, one can become an 'affinity Scot,'"

We therefore included categories in our questionnaire that would allow people to identify themselves as part of an affinity diaspora. As the following chart demonstrates we have in fact captured a significant number of affinity Scots.

Our categorisation of affinity Scot was not based on playing in pipe bands or taking part in Highland games, but, more precisely is made up of those without any ancestral links but who were educated in Scotland, have worked in Scotland or have some other form of non-ethnic relationship to Scotland.

That such a grouping chose to participate in our study indicates the strong warmth towards Scotland.

Chart 2: How individual respondents identify with Scotland



The above chart suggests that Scotland's diaspora may be usefully thought of as a "civic diaspora" rather than solely an ethnic one. This would perhaps be an interesting topic for further research.

In addition to those matters reported above, we also captured other characteristics that would allow us to analyse our data through other lenses. However, for the purpose of this initial report, the above are the major characteristics reported on throughout.

CHAPTER 4: PERCEPTIONS OF SCOTLAND AND SCOTTISH BUSINESS

> **It is important to understand the extent to which Scotland is viewed positively or negatively.**

In this study we sought to capture perceptions the diaspora had of Scotland. Why? It would be argued by many that it is the perceptions of others, and particularly prospective customers that would be of prime importance. While we accept that logic, we believe it is important to capture views from amongst the diaspora for the following reasons.

Importance of considering perceptions of Scotland

First, it is important to understand the extent to which Scotland is viewed positively or negatively. This is likely to influence the extent to which a Scottish "brand" could be shaped that would gather the support of the diaspora internationally.

Second, it is important to understand any difference in perception comparing key groups, such as those domiciled in Scotland and those elsewhere in the world. The more similar the perceptions, the easier it should be to construct a meaningful dialogue between the Scottish domiciled diaspora and those based elsewhere.

Third, understanding perceptions of Scotland provide a useful backdrop to other areas of this study, as will be referenced in subsequent chapters.

Descriptors

We explored perceptions of Scotland by presenting participants with 20 descriptions in ten pairs. Each pair provided a descriptor and its antonym descriptor such as optimistic/ pessimistic, asset rich/asset poor.

Respondents were invited to select the 5 descriptors they felt most strongly and accurately described Scotland. Thus, if overall our respondents viewed all descriptions as equally valid, each descriptor would be selected by respondents on 25% (5 of 20) occasions.

Key descriptors

Given this was a diaspora group willing to contribute it was hypothesised that Scotland would be viewed positively, but we were interested to see which descriptors were more regularly selected.

Table 5 lists the top five descriptors and gives the percentage of respondents so selecting.

Table 5: Top 5 positive descriptors selected by all respondents

Descriptor	Percentage of respondents selecting
Friendly	72%
Resilient	45%
Entrepreneurial	44%
Progressive	35%
Outward Looking	29%

Table 5 points to strongly positive views of Scotland, with the predominant view of Scotland being a friendly place. We find it interesting from a business perspective that the terms resilient and entrepreneurial also feature strongly.

However, although overall views were positive, we should not shy away from some of the most prominent descriptors that may present a less positive view. Table 6 presents the top 5 views that may be considered more critical of Scotland.

Table 6: Top 5 critical descriptors selected by all respondents

Descriptor	Percentage of respondents selecting
Cautious	28%
Risk averse	22%
Inward looking	21%
Pessimistic	13%
Old fashioned	13%

Compared to Table 5, it is clear that positive views of Scotland were more likely to be selected, but there are nonetheless a significant number of respondents who hold some more critical views. It is interesting that the descriptors listed in Table 6 above speak to a Scotland that may be described as highly conservative. This is particularly interesting given later data in this study suggesting that our respondents see considerable scope for Scottish businesses to be more active in pursuit of international trade.

The above were views from all our participants. Comparing views from Scotland and elsewhere, we find come interesting variations. Table 7 and 8 reveal responses from Scottish domiciled respondents, and Tables 9 and 10 from respondents from the Scottish Government's 26 priority countries.

Table 7: Top five positive descriptors selected by Scottish domiciled respondents

Descriptor	Percentage of respondents selecting
Friendly	65%
Entrepreneurial	50%
Resilient	37%
Outward Looking	36%
Progressive	33%

The above indicates the same top 5 descriptors compared to Table 5, albeit in a different rank order. Scottish domiciled respondents see Scotland in particular as friendly and entrepreneurial.

Table 8: Top five critical descriptors selected by Scottish domiciled respondents

Descriptor	*Percentage of respondents selecting*
Cautious	32%
Risk averse	29%
Inward looking	25%
Pessimistic	15%
Old fashioned	10%

Table 8 presents exactly the same descriptors in exactly the same rank order, suggesting that overall those more critical descriptors selected point to a highly conservative perception of Scotland.

Table 9: Top five positive descriptors by priority country respondents

Descriptor	*Percentage of respondents selecting*
Friendly	76%
Resilient	49%
Entrepreneurial	43%
Progressive	35%
Business-like	26%

Table 9 from respondents in the Scottish Government's 26 target countries, presents a slightly different picture. The first thing we draw the reader's attention to is that outward looking is not present, being replaced by business like. Furthermore, Scotland is viewed as friendly by a particularly high 76% of respondents

Table 10: Top 5 critical descriptors by priority country respondents

Descriptor	*Percentage of respondents selecting*
Cautious	28%
Inward looking	20%
Risk averse	19%
Pessimistic	12%
Old fashioned	12%

Table 10 retains a consistent view of the top 5 more critical perceptions of Scotland.

We also compared the views of "ethnic" Scots with affinity Scots, but have not reported in detail here as the differences were very slight and in keeping with the views of our respondents overall.

Reputation descriptors

Using a similar methodology (but with a mainly different set of descriptors), we sought views on the reputation of business people from Scotland. Again, we hypothesized correctly that positive attributes would predominate from our diaspora audience: Nonetheless there were some very interesting findings which we consider of value to note below.

Since friendly featured so highly in perceptions of Scotland and was included amongst our reputation descriptors, it might have been thought it would similarly dominate here. Although it remains a very high perception, it does not dominate in the same manner as the following table indicates.

Table 11: Top 5 positive reputation descriptors selected by all respondents

Descriptor	*Percentage of respondents selecting*
Trustworthy	74%
Friendly	62%
Hard-working	53%
Well educated	52%
Ethical	48%

Compared to perceptions of Scotland, this presents an even stronger perception of reputation of Scottish business people from Scotland.

It speaks to a perception of not merely friendly business people, but also of business people with strong values of trustworthiness, who are hard-working and ethical.

Ethics can span a range of approaches. We would argue that in trade and business terms, ethics covers at least two main areas.

First, dealings at both a personal and individual business level where interactions between individuals and individual businesses are being carried out conscientiously and in a manner that builds trust.

These imply what ethicists would term a deontological approach to ethics[9] as the primary focus is on process and activity. We note this is only sustainable if reciprocated by all parties.

Second, dealings that have particular outcomes for wider society, implying what ethicists would call a consequentialist approach to ethics. Thus, we have amongst our respondents many that lead businesses that contribute to the United Nations Sustainable Development Goals[10], ranging from the renewable energy sector seeking outcomes that have a positive impact on climate change issues, to financial advisers focused on facilitating ethical investment that has wider social benefits.

There is growing evidence of the importance of ethics in business that should be kept in mind for further development of "Scotland the brand".

As we did earlier, we also sought to understand the extent of any critical perceptions. As Table 12 indicates compared to earlier data on perceptions of Scotland, this time we find many fewer references to critical factors.

Table 12: Top 5 critical descriptors selected by all respondents.

Descriptor	*Percentage of respondents selecting*
Inward looking	13%
Unimaginative	4%
Difficult to work with	3%
Arrogant	2%
Selfish	1%

It is interesting that inward looking presents as the most regularly cited critical description given it also appeared as a factor in critical views of Scotland.

However, overall critical descriptors were selected by a very small percentage of respondents. It is also the case that critical descriptors do not feature strongly when disaggregated by other characteristics.

We therefore focus now simply on understanding more fully the positive descriptors. As before, we analysed by Scottish domiciled and Scottish Government priority countries.

Table 13: Top 5 positive reputational descriptors by Scottish domiciled respondents

Descriptor	*Percentage of respondents selecting*
Trustworthy	72%
Friendly	59%
Hard-working	57%
Well educated	50%
Entrepreneurial	48%

The rank order of top four descriptors is identical compared to table 11. However, entrepreneurial replaces ethical as a top 5 descriptor. This can be compared with the Scottish Government target country respondents in table 14.

Table 14: Top 5 positive reputational descriptors by priority countries

Descriptor	*Percentage of respondents selecting*
Trustworthy	74%
Friendly	63%
Well educated	55%
Ethical	51%
Hard working	49%

Table 14 points to priority country respondents being slightly stronger in terms of positive ethical values.

There is a good degree of similarity based on location of respondents compared to all respondents, but interesting to note that those based in the Scottish Government's priority countries were the most positive about the reputation of Scottish based business people in terms of ethical values.

We also found some variation when comparing responses between "ethnic Scot" and "affinity Scot" as tables 15 and 16 reveal.

Table 15: Top 5 positive reputational descriptors by ethnic Scots

Descriptor	*Percentage of respondents selecting*
Trustworthy	79%
Friendly	61%
Hard-working	58%
Well educated	55%
Ethical	47%

Table 16: Top 5 positive reputational descriptors by affinity Scots

Descriptor	*Percentage of respondents selecting*
Friendly	65%
Trustworthy	62%
Entrepreneurial	49%
Ethical	49%
Well educated	43%

Comparing tables 15 and 16 we find that ethnic Scots are particularly positive about themselves in terms of trustworthiness and that affinity Scots give greater prominence to Scots being entrepreneurial. Overall however, they broadly agree on predominant characteristics, and that these are positive in nature.

Discussion

Amongst the Scottish business diaspora generally, and those resident in both Scotland and the Scottish Government's 26 target countries, positive perceptions of Scotland predominate, but it would be foolish not to recognise that there is a significant if less strong perception of Scotland as highly conservative, risk averse and a somewhat inward looking culture amongst the Scottish business diaspora.

In terms of the reputation of Scottish business people there are particularly strong positive perceptions, with a keen focus on values.

These values we would argue are particularly important as issues of business ethics and trustworthiness are increasingly a focus in modern society.

If Scottish business can position itself as a trustworthy, ethical partner, with a friendly face it would not only play to the concerns of modern society, but would also be viewed as an authentic representation with which most Scottish business leaders could align.

CHAPTER 5: STRENGTHS AND WEAKNESSES

Scotland being an outward looking country that is friendly and honest is a nation that the world has come to know as resilient, trustworthy, and fearless.

This chapter considers the question; *"In your own words, what do you think are the main strengths and weaknesses of Scotland as a trading nation?"*

The revered Scottish poet Burns wryly noted; *"O wad some Power the giftie gie us, to see oursels as ithers see us"*. Our survey has provided unique feedback on how our global diaspora view both the Scots and Scotland as a trading nation from the outside looking in.

It also provides a perspective from our home-based Scottish contributors.

Given the motivational bias of our contributors it is not surprising that a question regarding the strengths and weaknesses of Scotland as a trading nation elicited much positive commentary.

People characteristics

Many of our respondents referred to how they perceive the people characteristics of the Scots when they answered this question.

Looking initially at the strengths of Scots business people, most respondents chose to reply with a short list of adjectives. Here are some examples:

determination, outward-looking, co-operative, open-minded, courageous, reliable, honest, direct, resilient, adventurous, aspirational, good ideas, ambition, great inter-personal skills, integrity, systematic, trustworthy, hard-working, problem solvers, probity, decency, reliability, no nonsense, talented, leadership, warm, held in affection, spirited, energetic, easy-going, patient, long-term focus, international/global outlook, dynamic, optimistic, smart, work ethic, adaptable, motivated, sense of humour, practical , progressive, professional, tenacious, reliable, work ethic, adaptive, collaborative, intelligent, dedication, strategy, power, distinctive, supportive, strength of character, *inventiveness, flexibility, well-liked, good values, desire to help others, social justice, prudence, realistic, humility, attention to detail, proud, great thinkers and planners, can-do attitude.*

There were many more adjectives used to describe strengths – but a theme that was reiterated in a number of ways was around probity. Words such as *"reliable, honest, integrity, hard-working, decent, smart work ethic, professional, straight talking, open and authentic"* were repeatedly used.

An optimistic contribution from an affinity Scot based in the United States noted:

"Openness and overall approach-ability of those that I have met and worked with. The world over, people know those from Scotland are unique and welcoming".

This too, from a Scot who works mainly outside Scotland but in the United Kingdom, who stated:

"Scotland being an outward looking country that is friendly and honest is a nation that the world has come to know as resilient, trustworthy, and fearless"

Our respondents clearly believed that Scottish values, particularly around trust and honesty were not only part of our national psyche but influence how we are seen to conduct our business around the world. Perhaps this was best summed up from a Scottish-based respondent in saying:

"We are honest, trustworthy and deliver".

How does the above compare to our contributor's views on the people characteristics that they saw as weaknesses? Again, most respondents chose to reply with a short list of adjectives such as:

shy, weak, victims, negative, lacking self-confidence, inward-looking, lack of commitment, indecisive, fearful, lack of ambition, no vision beyond borders, poor intercultural awareness, parochial, lack of self-worth, second-class citizen syndrome, operate separately, sheepishness, easily led by London, too picky, lacking big picture, aversion to change, don't think big enough, timid, miss opportunities, glass is half empty, negative, too risk averse and cautious, we don't push ourselves, very conservative, and old fashioned. Not having a global outlook, scared (to be independent), humble/modest, suffer from a "make do" acceptance of constraints and limitations.

It was in those adjectives around being cautious and risk-averse that saw most repetition in the answers. This included further perceptions such as *"lacking self-confidence, fearful, aversion to change, lack of belief, pessimistic, introverted* and *self-deprecating"*.

One business owner based in Sierra Leone, who describes himself as a friend of Scotland, considered that Scots were:

"Inward looking, lack of confidence, lacking big picture or ambition".

This theme was amplified by a senior manager based in Scotland who described her perception as a lack of *"confidence and willingness to self-promote"*.

Perhaps most telling was the comment from an editor-in-chief from Italy who noted:

"Individually Scots are adventurous and have a 'we'll give it a go' outlook – but collectively the reverse tends to be true".

We explored to what extent these people characteristics were described differently dependant on whether they were resident in Scotland or outwith and found that they were broadly similar regardless of the geographical location of the respondent. This was also true of the 26 target countries of the Scottish Government's *'Scotland: a trading nation'* strategy.

A place to do business

A proportion of responses to our question expressed both strengths and weaknesses about Scotland as a place to do business. Of particular interest were personal connections or *"deep networks"* as one respondent referred to them. The size of Scotland as a country was seen as a positive to support the utilisation of these connections.

We note that elsewhere in this report we point out that countries of similar size to Scotland perform well by a series of international measures relevant to trade. At the same time however, size was seen as a negative from some respondents based overseas in large trading blocs such as the United States and Asia. One of our diaspora, now a manager in Canada noted that size can be expressed in relative terms: *"little understanding of how small it (Scotland) is to bigger markets"*.

Entrepreneurialism and innovation were mentioned as strengths and were repeated in a number of responses. Some even gave examples of what they meant such as this from someone living in Scotland:

"As a hub for data science, Scotland's opportunities in technology continue to advance and make the country look desirable to trade with on that front"

And below is another example from someone living and working in the United States:

"Innovative offshore technologies that do not exist in other regions of the world"

Access to capital in relation to how businesses can grow was noted, described by this US–based respondent as a *"dearth of growth capital restricting growth of scalable business"*.

That said, most of the comments in this area came from Scottish-based respondents such as this from a business owner who trades mainly with US-based companies:

"Although good at growing companies in their early stages, growing mature companies or being able to handle infrastructure for 'unicorns' may be slightly lacking, as for many foreign acquisition can be the optimum longer term strategy".

Politics and government(s)

The authors of this report were surprised to note the amount of commentary on government (be it the UK Government or the Scottish Government) from our Scottish-based respondents. Comments specifically aimed at the UK Government or the Scottish Government were in the main very critical. Critics of the UK Government tended to stress a

> **Scottish businesses are swallowed and struggle to compete with dominating brands from other parts of the UK.**

lack of understanding of Scotland's needs or UK government incompetence, while critics of the Scottish Government were more likely to claim it was anti-business.

Some comments were overtly political and reflected both sides of the constitutional debate stemming from the independence referendum of 2014. Typical of such comments were, firstly this view from someone opposed to further constitutional change:

"Government obsession with independence"

And this from someone on the other side of the debate:

"Being ruled by a UK government"

It is worth noting, however. that similar commentary was not received from our diaspora based in the other 73 contributing countries. Their contributions were more strongly focused on business and trade issues and set apart from the arena of political dispute.

However, perhaps inevitably there were many from across all our geographic locations who spoke to Brexit as a weakness (and it should be noted that there were no respondents within the strengths and weaknesses section of our survey who commented that Brexit should be viewed as a strength). Typical of such comments was the perception of the:

"high price (of) Brexit"

We devote a short chapter later in this report to the issue of Brexit.

Education

Another theme that was perceived as a positive is Scotland's education. This was often noted as a key strength. We note that on occasions comment was about the strengths of our universities in particular, where, although Scotland has a mere 0.07% of the world's population, it has 1.6% of the world's top 500 universities (8 out of 500)[11]. We note that there are over 25,000 universities world wide[12]. Similarly, we note our college sector is seen to perform well by a range of measures. For example, for the last seven years it has been a Scottish College that has topped UK rankings at the annual World Skills competitions[13].

Scotland the brand(s)

Finally, in trading terms, Scotland is viewed positively through the prism of its products & services. Our contributors understood that Scotland's products and services were more than whisky and oil. A wide range of other products and services were noted such as the arts, IT/gaming software, engineering, finance, life-sciences, food & drink, tourism, green/renewable energy, wool/kiltwear with the dominant commentary praising their quality and, in some cases, the fact that they were unique.

That said, when it came to the matter of Scotland the brand, Scotland's identity, or how it is seen on the world stage, our respondents presented a variety of perceptions. There were many positive responses which relate to the key themes already set out in this chapter – but it was also noted that there could be confusion as to *'what is Scotland'* expressed in terms of brand identity.

For example this respondent from Poland noted:

"My perception is that Scottish achievements are usually told in a British context by Embassy and Chamber of Commerce".

Similarly, this manager from Malaysia said:

"Some people in Malaysia are unsure about what Scotland is and its relationship with UK/EU/Ireland. Some Scottish brands marketed here as British so any distinction can be unclear for consumers"

And from a respondent working mainly in the rest of the UK:

"Scottish businesses are swallowed and struggle to compete with dominating brands from other parts of the UK".

Perhaps this respondent based in the United Arab Emirates, with his comment on differentiation adds insight:

"Small nation in a big world. Needs to differentiate on key services to the global and more locally wider UK and Europe".

As might be expected given the nature of our study, it was noted that Scotland was poor at utilising its' global diaspora, particularly when compared to Ireland. Ultimately, one of our most effective weapons to help differentiate Scotland is the effective use of our diaspora. There is much work to be done as this respondent notes:

"Previously under-utilised/unconnected Scottish diaspora in target destinations".

In summary, it's worth noting once more that the earlier chapter on perceptions makes the case for Scottish values being appreciated. Perhaps the path to clear differentiation in identity can make the link with provenance and quality in Scotland's products and services underpinned by trust and ethics in how Scotland's does her business – all of which are increasingly valued commodities on the global stage.

CHAPTER 6: THE IMPORTANCE OF CULTURE

> **Businesses must understand and adapt their engagement to align with other cultures as without doing so distrust and business failure will follow.**

An issue that was regularly commented upon by our respondents was the issue of culture. As one respondent typical of many observed:

"Businesses must understand and adapt their engagement to align with other cultures as without doing so distrust and business failure will follow".

This theme of the importance of culture was very frequently cited in text based responses to multiple questions in our survey.

What do we mean by culture?

Culture is a shared, learned, symbolic system of values, beliefs and attitudes that shapes and influences perception and behaviour. According to Schein[14] *"culture is the way in which a group of people solves problems and reconciles dilemmas"*. In the context of our study, it includes those factors that affect business decision making regarding trade, and the practical issues that present a context for business activity.

In keeping with this understanding of culture, our respondents focused on a wide variety of issues. Some of the key issues were the extent of corruption and particularly relating to government and governance; the difficulty of language barriers; complexity of regulation; local taxation; visa requirements and government bureaucracy.

It is important to note that the Scottish Government's own plans for exporting make such concerns about culture important from a policy perspective. As the Minister responsible for Scotland's export strategy, Ivan McKee MSP has stated[15],

"We want to ensure that this investment to support export activity – not just in terms of the money we spend but how we deploy the people we have on the ground – is targeted on where it will have the biggest impact by driving growth in exports, <u>while maintaining our commitment to promoting democracy, the rule of law and human rights across the world.</u>" (The emphasis is the authors).

Corruption

Many examples were given of difficulties relating to corruption in individual countries. We have therefore explored the global context of corruption stimulated by our survey respondents.

One of the most regularly referenced sources of information on corruption, including by the World Economic Forum[16], is the annual reporting of Transparency International and its index of corruption[17]. The Corruption Perceptions Index ranks 180 countries and territories by their perceived levels of public sector corruption, according to experts and businesspeople. The involvement of business in the creation of the index makes it a particularly relevant source for our study.

The table below lists the top ten least corrupt countries and also their estimated 2020 population size according to Worldometers[18] based on United Nations population data. (There are no projections by Worldometers for Scotland). For comparison purposes, Scotland's population in 2018 was estimated by the National Records of Scotland[19] at 5.44 million, and was on a slowly rising trend.

Table 17: Top ten least corrupt countries in rank order and by population size

Country	Rank order for least corrupt countries	Estimated 2020 population size
Denmark	1	5.8 million
New Zealand	2	4.8 million
Switzerland	= 3	8.6 million
Sweden	=3	10.1 million
Singapore	=3	5.9 million
Finland	=3	5.5 million
Norway	7	5.4 million
Netherlands	8	17.1 million
Luxembourg	=9	0.6 million
Canada	=9	37.7 million

It is very noticeable that seven of the ten countries that are least corrupt have populations under 10 million and in most cases populations similar in size to Scotland. It is unfortunate that there is not a separate classification to allow a direct comparison with Scotland. The United Kingdom as a whole ranks at 11.

Of particular interest to us was where the Scottish Government's priority countries lie in terms of corruption. Table 18 lists priority countries in terms of the Scottish Government's ranking, and presents their ranking in terms of corruption. The results we believe make for interesting reading.

Table 18: Corruption ranking of Scottish Government (SG) priority countries

SG Rank *(1-15 are Priority 1 countries. The remainder Priority 2)*	***Priority Country***	***Corruption ranking*** *(lower the ranking the lesser the corruption)*
1	United States of America	22
2	Germany	=11
3	France	21
4	Netherlands	8
5	Switzerland	=3
6	Norway	7
7	Poland	36
8	China	87
9	Ireland	=18
10	Denmark	1
11	Sweden	=3
12	Italy	=53
13	Canada	=9
14	Spain	=41
15	Belgium	17
16	Japan	=18
17	Australia	13
18	Turkey	=78
19	Mexico	=138
20	India	=78
21	Singapore	=3
22	United Arab Emirates	=23
23	Nigeria	144
24	South Korea	=45
25	Brazil	=105
26	Indonesia	=89

It seems clear from the table 18 that some priority countries may present specific challenges for businesses seeking to engage in trade. For example, the priority country of Nigeria with a ranking as high as 144 in terms of corruption is specifically mentioned by a number of respondents. One respondent, for example says based on specific experience, there is a *"lack of transparency and corruption – Azerbaijan, Nigeria, Angola"*, while another says, *"Corruption is a problem in some countries. I had to stop working in Nigeria for that reason."*

Other priority countries too were mentioned in terms of corruption, with another example being the respondent who averred that in *"Indonesia and India corruption is still rife"*. The difference in rank order represents individual country scores on a 0 to 100 scale.

No country is measured as corruption free. Denmark which is ranked 1 attracts the highest (least corrupt) score of 87, compared for example to 80 for the United Kingdom but only 27 for Nigeria.

Thus, in terms of corruption, some of the Scottish Government's priority countries appear to present specific challenges according to both our respondents and Transparency International.

Our view is that country briefings provided by the Scottish Government as part of its *'Scotland: a trading nation'* report need to take account of this and other challenges. We do not argue that trading should be avoided with specific countries, but rather that specific intelligence and advice would be highly beneficial for business. We also have sympathy with the view of Efoso Ojomo[20] who has argued that,

"Societies don't develop because they've reduced corruption. They're able to reduce corruption because they've developed,"

Ease of business

Another working culture issue raised relates to the ease with which business can be carried out in specific countries. As with the issue of corruption, we found that the troubles expressed by our respondents, such as difficulties with bureaucratic processes, slowness in decision making and so forth is mirrored in international research. The World Bank Group flagship report *'Doing Business 2020'*[21], discusses in some depth the ease of doing business in every country and dependency in the world (although again we only have data for the United Kingdom, not for Scotland itself).

The analysis reflects many of the issues raised by our respondents including registering property, getting credit, paying taxes, trading across borders, enforcing contracts and other regulatory issues. It should be stressed that the analysis does not presume regulation is bad – far from it. What it is concerned with is appropriate and efficient regulations and their effective implementation. Good regulation is good for business. Overly bureaucratic and poorly focused regulation is not. As the President of the World Bank Group Jim Yong Kim put it in the Foreword to the 2019 report[22],

"Governments have the enormous task of fostering an enabling environment for entrepreneurs and small and medium-size enterprises. Sound and efficient business regulation is critical for entrepreneurship and a thriving private sector"

Table 19 presents the top 10 countries by the *"Ease of Doing Business"* index for 2020.

Table 19: Top 10 countries for Ease of Doing Business 2020

Country	***Rank order for least Ease of Doing Business***	***Estimated 2020 population size***
New Zealand	1	4.8 million
Singapore	2	5.9 million
Hong Kong	3	7.5 million
Denmark	4	5.8 million
South Korea	5	51.3 million
United States	6	331 million
Georgia	7	4 million
United Kingdom	8	67.9 million
Norway	9	5.4 million
Sweden	10	10.1 million

We note that 5 of the top 10 for ease of doing business are also in the top 10 for least corruption. Although population sizes vary much more than in table 17, it is the case that the majority of countries for ease of doing business have populations below 10 million. There is no evidence therefore that being a relatively small or medium sized country is a disadvantage in terms of creating an environment that makes for a positive business environment.

Of specific interest to us is the ease of doing business ranking for Scottish Government priority countries. Table 20 presents us with a particularly interesting picture.

Table 20: Ease of doing business ranking of Scottish Government (SG) priority countries 2020

SG Rank *(1-15 are Priority 1 countries. The remainder Priority 2)*	***Priority Country***	***Ease of doing business ranking***
1	United States of America	6
2	Germany	22
3	France	32
4	Netherlands	42
5	Switzerland	36
6	Norway	9
7	Poland	40
8	China (Mainland/Hong Kong)	31/3
9	Ireland	24
10	Denmark	4
11	Sweden	10
12	Italy	58
13	Canada	23
14	Spain	30
15	Belgium	46
16	Japan	29
17	Australia	14
18	Turkey	33
19	Mexico	60
20	India	63
21	Singapore	2
22	United Arab Emirates	16
23	Nigeria	131
24	South Korea	5
25	Brazil	124
26	Indonesia	73

As the above table indicates, relative ease of doing business varies very considerably amongst priority countries. This matters for business. The higher the rank, the more challenges to trading can be expected. This is entirely in line with comments we have received from our respondents. Note, for example, the following series of quotes, all of which speak to issues of ease of doing business:

"(problems with)… Russia and Ukraine invoicing requirements", "(daunting)… labour and regulatory issues in…. Latin America, India, Asia", "legal issues around payment recovery – Bulgaria, Kuwait".

> **There is no evidence therefore that being a relatively small or medium sized country is a disadvantage in terms of creating an environment that makes for a positive business environment.**

In Europe some respondents complained of late payments being almost the norm from private sector clients, as for example this comment:

"(In France) my largest client paying me 7 weeks late… despite a law in place to prevent this… similar problems in Italy and Spain"

Some respondents claimed specific issues that present in different jurisdictions, such as:

"Sanctions (Iran), Piracy (China/ Taiwan/South Korea), VAT rules (EU), Income Tax (USA)"

These are only a small number of comments offered to indicate that all countries present some hurdles in terms of ease of doing business.

Having addressed issues of corruption and ease of doing business we turn now to another area of interest raised by respondents.

Measuring peace

A further and very important matter setting a context for a free and tolerant society is the extent of peace and absence of violent conflict.

Some of our respondents have claimed that the rule of law, peace and stability are important characteristics of Scotland as for example when one business owner in Italy claimed Scotland is *"A place you can trust. Friendly. Rule of law. Solid"*, while a Director in England pointed to positive features as: *"Innovation, Quality, Stability"*.

The rule of law, being solid and dependable, being a place that is stable while being able to innovate and change, aids business. Hence the importance of considering how far such features are present in countries with which trade may take place.

For the last thirteen years, the Institute for Economics and Peace has produced an annual report on the extent of peace throughout the Globe in the form of a peace index[23].

It uses a sophisticated multi-criteria methodology, and is the most respected index of its type. The latest report for 2019 compares 163 countries representing over 99% of the world's population.

Given some of our respondents commented on the importance of law and order, stability and such like it has been very instructive to set such comments in the context of the Global Peace Index for 2019.

In similar style to earlier tables, table 20 that follows lists the top countries for peace. This time we list the top thirteen rather than 10, as these 13 countries as a group are considered *"very high"* in terms of state of peace by the Institute.

Table 21: Top 13 countries for state of peace

Country	***Rank order for Peace***	***Estimated 2020 population size***
Iceland	1	0.34 million
New Zealand	2	4.8 million
Portugal	3	10.2 million
Austria	4	9 million
Denmark	5	5.8 million
Canada	6	37.7 million
Singapore	7	5.9 million
Slovenia	8	2.1 million
Japan	9	126.5 million
Czech Republic	10	10.7 million
Switzerland	11	8.6 million
Ireland	12	5 million
Australia	13	25.5 million

The above group of countries come from many parts of the world, but again we find the majority (8 of 13) are from countries with populations of less than 10 million.

It is worth acknowledging that Iceland has been ranked the most peaceful country in the world for each of the last 12 years.

Once again, there is no separate ranking for Scotland, but the United Kingdom ranks at position 45.

Table 22 below displays all the indices presented in this chapter, including the peace index, by Scottish Government priority countries to provide a convenient source for comparative comment.

Table 22: Scottish Government (SG) Priority countries by corruption, ease of business and peace indices rank orders

SG Rank	Priority Country	Corruption rank	Ease of business rank	Peace rank
1	United States of America	22	6	128
2	Germany	=11	22	22
3	France	21	32	=60
4	Netherlands	8	42	17
5	Switzerland	=3	36	11
6	Norway	7	9	20
7	Poland	36	40	29
8	China	87	31/3	110
9	Ireland	=18	24	12
10	Denmark	1	4	5
11	Sweden	=3	10	=18
12	Italy	=53	58	39
13	Canada	=9	23	6
14	Spain	=41	30	32
15	Belgium	17	46	=18
16	Japan	=18	29	9
17	Australia	13	14	13
18	Turkey	=78	33	152
19	Mexico	=138	60	140
20	India	=78	63	141
21	Singapore	=3	2	7
22	United Arab Emirates	=23	16	53
23	Nigeria	144	131	148
24	South Korea	=45	5	=55
25	Brazil	=105	124	116
26	Indonesia	=89	73	41

> **Trading is an economic activity with a heavy cultural element that needs to be understood in advance.**

For table 21 we listed the 13 countries considered "very high" for the state of peace. In table 22 however, two priority countries, Turkey and Nigeria are considered by the Institute for Economics and Peace to be "very low" for state of peace.

Of course, the nature of conflicts varies considerably. The USA is heavily impacted by high murder rates in some of its states, often associated with less restrictive gun laws, whereas Syria is affected by war and severe inter-group conflict of various types. Different types of conflicts present different types of potential hazards. This does not deter our respondents from trading, nor should it. However, it does require some awareness and subsequent management of different situations.

Trade, of course, can promote some forms of peace, and can in fact reduce it at nation state levels. As Jong-Wha Lee and Ju Hyun Pyun argued when reporting on their major study of trade and state level conflict, *"an increase in bilateral trade interdependence significantly promotes peace... More importantly, we find that not only bilateral trade but global trade openness also significantly promotes peace."*[24]

The tables in this chapter confirm concerns articulated by our survey respondents regarding the challenges some states provide in terms of Scottish businesses developing effective trade.

We do not argue that countries with low ranking should be ignored, but we would argue that what is needed is effective intelligence and good quality briefing for Scottish businesses seeking to extend their trading links to other countries with which they are unfamiliar.

Knowing cultural habits

There is of course much more to culture as our respondents know. Many comments point to the broader importance of knowing the broader cultural norms to aid engagement with people from different countries. Some comments were critical in this regard, well summed up by a business owner in Poland who states that,

"As with all of the UK – very poor inter-cultural awareness"

Others stressed in a more positive vein that doing some cultural homework helps as this affinity Scot who owns a business in England claims:

"Trading is not that complicated but you need to do your homework... Trading is an economic activity with a heavy cultural element that needs to be understood in advance."

In a discussion around this theme of cultural awareness with the Namibian High Commissioner in London in December 2019, we were shown some recently produced literature covering a range of very practical and easy to learn points. Many of our respondents who stressed the need to understand local cultures at the personal level would be very sympathetic to the views contained in the literature. One of the documents developed by the Namibian High Commission is entitled *"The Essential Guide to Business Etiquette in Namibia"*[25]. It contains 20 bullet points. As an example, here are three of them:

- *Because Namibians respect authority, seniority and age, it is prudent to pay special attention to the most senior or eldest person present at business and social events.*
- *Although much has been written about "African Time", punctuality is valued in Namibia, so don't come late to business meetings. It is polite to greet everybody in the room, preferably with a handshake. It is best to start with the most senior person in the room.*
- *Business people usually greet one another with a firm handshake while making eye contact with each other. Some Namibian professionals engage in a traditional African handshake, in which the hands are clasped in the same way as a handshake in the Western world, but the individuals lock their thumbs and point them upwards before returning to the Western handshake"*

Knowledge of such cultural norms can be very helpful, particularly in establishing relationships from the outset. As a director of a medium sized company in the USA put it, business people,

"Need to be able to adapt to local culture."

Discussion

A very clear message has been delivered by our respondents. There is a very strong need to understand places in their context and to understand their cultural requirements.

At what we may consider macro level factors, issues of corruption (or hopefully the lack of it), ease of doing business and peace and stability are important. But so too are much more localised, even individual personal norms, such as how to greet people. None of this is overly difficult to learn and use.

We agree with our respondents that issues of culture are critical to successful trading. In our judgment the Scottish Government would be wise to consider producing country briefings that include effective reviews of cultural issues.

The Scottish Business Network may also wish to consider how it effectively informs its members of such matters.

CHAPTER 7: ATTITUDES TO BREXIT

> **Regardless of how Brexit unfolds there will still be a strong demand for action on other fronts to grow Scottish businesses international trade.**

Given how Brexit dominated the business and political media during 2019 we asked our respondents to score the following statement for agreement using a scale of 0 to 10 where 0 represented complete disagreement and 10 complete agreement. The statement reads:

"I have serious concerns about the impact of Brexit on Scottish based businesses"

Extent of Brexit concern

The range of scores varied from 0; those who have no serious concerns at all about Brexit, through to 10; those with very serious concerns. However, despite the full range of scores being utilised, the mean score was a high 7.7 suggesting significant concern.

There were differences in mean score dependant on geographic location. The following sections outline those areas of particular note.

Our Scottish-based respondents had a mean score of 8.0, while respondents from the 26 priority countries of the Scottish Government presented a mean score of 7.9.

The highest score for concern was that of the respondents from EU 27 members with a mean score of 8.7, suggesting the Scottish business diaspora based in the EU beyond the UK are particularly concerned about the impact of Brexit on Scottish Business.

Perhaps reflecting the fact that the rest of the UK (rUK) (England, Wales and Northern Ireland) was significantly more pro-Brexit overall than Scotland, the mean score for our respondents from rUK was 7.4, still demonstrating concern, but less so than other respondent groupings named above.

We had hypothesised that since medium and large sized businesses were more likely to engage in international trade, that they may have higher concerns about Brexit than smaller companies. However, although respondents from medium and large businesses expressed most concern, the differences were not large.

Respondents from micro businesses had a mean score of 7.5, from small business 7.6 and from both medium and large scale businesses 8.0.

We noted in a previous chapter, there was specific mention of Brexit in our question regarding the strengths and weaknesses of Scotland as a trading nation. Brexit was overwhelmingly described as a weakness throughout our study.

Describing Brexit

Most respondents simply used the term Brexit alongside other adjectives rather than offering further insights. Where more information was offered it pointed to the uncertainty that Brexit has caused such as this from a Senior Manager in the United Arab Emirates:

"Politically unsettling as a nation and in terms of Brexit impact"

A respondent from India claimed Scotland needed to:

"Position our uniqueness away from wider UK but I doubt if anything can be done until the Brexit mess is sorted."

And this Government official from Croatia asked:

"Do we know on what terms we will be doing business with Scotland?"

A small number of respondents linked the uncertainty to the possibility of another Scottish independence referendum such as this manager based in England:

"Political volatility and uncertainty of policy direction due to medium and long term political risk (Brexit or Indy?)".

Given the extent of the concern regarding the potential impact on Scottish-based business we looked for possible correlations as to whether this has caused our respondents to take action.

We ran correlation coefficients for the Brexit statement alongside other statements relating to the need to do more to trade with other countries, making efforts to seek new international markets, the need to search out international partners and the need for trade missions.

However, correlation coefficients in all cases were close to 0. This also held true when the data was considered at Scotland only level. This suggests that concerns over Brexit are not the driver for those other areas we have explored.

In other words, regardless of how Brexit unfolds there will still be a strong demand for action on other fronts to grow Scottish businesses international trade.

Planning for Brexit

In our Momentous Change research *Brexit and Scottish Business*[26] published in 2018, we noted that despite our Scottish-based businesses expressing their concern regarding Brexit, this concern was not matched by action in terms of planning.

Given both the nature of comments on Brexit, and the data discussed above, it suggests that Brexit is not driving significant change at the present time for many of our respondents' businesses. Whether this will pose further problems in the future remains to be seen.

Elsewhere in this report we consider some of the challenges and barriers to international trade. We note here our respondents who currently trade internationally nominated *'import policies reflected in tariffs, other import charges, quotas or certifications'* and *'currency instability'* as barriers to trade.

We wait to see how far Brexit and subsequent trading arrangements with the EU 27 will in fact drive change as a result of movements in these areas.

The UK General Election of 2019 saw a return of a Conservative-led Government with a significant majority and legislation has already been passed to confirm the departure of the UK from the EU on 31 January 2020, around the time of publication of this report.

There will be considerable work required to agree a trade deal with the EU. Regardless of the outcome (and it remains highly uncertain and unclear as we write), the need for planning and preparation we would contend remains high particularly for those business who already trade internationally.

We repeat a statement made in our earlier work on Brexit – *"It seems that while concern about Brexit is high, this concern has not, as yet, fuelled action by way of risk mitigation or planning"*.

It will, in our judgment, be increasingly important in the coming months as trading conditions become clearer, for Scottish businesses and the UK and Scottish Governments to give urgent attention to planning for the future.

CHAPTER 8: SUPPORTING BUSINESSES AND TRADE

> **Companies of all sizes have considerable expertise in trading internationally.**

This chapter explores some of the issues raised by respondents about matters of importance in trading with countries beyond Scotland. The insights discussed have been drawn from a number of questions.

Global trade

Respondents were asked to list the countries with which their business traded. Collectively, our respondents have trading experience with every country in the world (that is with every country/state officially recognised by the United Nations).

Some of our respondents from large corporations trade globally. Even in very small countries half way around the world from Scotland, such as the Marshall Islands, products such as whisky and shortbread and some types of professional services have a presence.

Microbusinesses

However, we were particularly intrigued by the number of small companies that traded widely. The Scottish business diaspora has a very wide trading reach. For example, one Scottish based respondent leading a micro company (less than 10 employees) within the last three years had traded with the USA, Norway, Azerbaijan, United Arab Emirates, Saudi Arabia, Kenya, Ghana, South Africa, Nigeria and Angola. Another respondent from a micro company based in India traded with Russia, Japan, South Korea, France and United Arab Emirates. And yet another respondent from a micro based company in China, traded with Malaysia, Singapore and Vietnam.

Expertise

The point we would make is that the Scottish business diaspora respondents from companies of all sizes have considerable expertise in trading internationally. This includes not only large global trading corporations but also very small micro companies, scattered throughout the world. We would also observe the following. Large corporations tend to have a wide range of specialists who are involved in international trade, from marketing to finance, regulatory specialists to quality assurance and so on. Small companies, particularly micro companies, will not have specialist roles to the same degree but will have individuals with responsibility for all or most aspects of international trade.

Thus, in some situations, insights into international trade may be just as valuable, perhaps even more valuable, from individuals in small companies with a broad scope of responsibility as from specialist individuals within large companies. This would be particularly true when it is a small company seeking advice and support.

A further point we would observe is that, in our early conversations prior to designing our survey, some individuals made the assumption that members of the diaspora would be providers of comment and advice relating only to the country within which they are based.

Thus the diaspora, say, in Austria would be seen as providing advice related to trading with Austria. While true, our study suggests this is far too limited an understanding. The diaspora are not only based in a particular location, many of them trade from that base internationally and have much expertise that could be shared.

Thus, using the earlier example from a respondent whose business is based in India, she/he would potentially be able to advise Scottish based companies seeking to get involved in trading with Russia, Japan, Korea, France or United Arab Emirates.

Survey data

We sought to explore specific issues relating to trade using different questioning techniques. This has provided us with some interesting insights regarding where our respondents see future priority areas. We were surprised by some of our findings. A willingness to be surprised is, as Donald Schön would argue, an essential trait for anyone conducting research.[27]

Two techniques we used were, first, presenting our respondents with statement reacting items and, second, presenting various questions to seek clarification as to how our Scottish business diaspora could best be supported in their trading activities. We anticipated we would find significant differences dependant on geographical location, size of business or key sectors. However, we were surprised to find common themes emerging regardless of how the data was disaggregated.

International partners

We presented the following statement and asked our respondents to rate it using a 0-10 scale with the higher the number, the stronger the agreement.

"There is a need to search out international partners for businesses like mine".

The results are presented in the following table. With mean scores well above the neutral pivot of 5, all groups agree with the statement with the EU27 countries particularly strongly positive.

Table 23: Mean agreement scores for a need to seek international partners by location

Location	Mean score
All	6.9
Scotland	6.9
SG Priority 1 countries	6.7
SG Priority 2 countries	6.9
SG combined Priority 1 and 2 countries	6.8
EU27	7.6

Table 23 above shows a surprising commonality between the different locations, especially bearing in mind that the priority countries considered in *'Scotland: a trading nation'* span the United States and Canada, European countries and the Far East. This suggests a clear belief that international partners are likely to be an important part of a business trading strategy.

We then assessed whether there was any significant difference depending on the size of the business.

Trade missions

International partners can be sought in various ways and one approach might be to use trade missions. We therefore presented the following statement to assess how far our respondents agreed there was a need for trade missions and particularly for SMEs.

"There is a need for trade missions involving small and medium sized Scottish businesses".

Table 24: Mean agreement scores for a need to seek international partners by size of business

Size of business by number of employees	Mean score
Under 10	6.8
10-49	7.4
50-250	7.3
>250	6.5

Again, we noted that although there were variations, respondents from all sizes of business agree there is a need to seek international partners, with those leading small and medium sized enterprises being particularly positive.

Once again we find strongly positive ratings, indeed even higher than was the case with the earlier statement. We note too particularly strong ratings from EU27 countries.

Table 25: Mean agreement scores for a need for trade missions by location

Location (Change as previous table)	Mean score
All	7.5
Scotland	7.6
SG Priority 1 countries	7.3
SG priority 2 countries	7.7
SG combined	7.4
EU27	8.4

We had hypothesised that our respondents from businesses with greater than 250 employees would not have the same interest in trade missions for their smaller counterparts – but the results only show a marginal difference in view. They too are highly positive.

With the imminent departure of the UK from the EU, and Scotland as part of this, utilising partners in the EU may be an effective route to ensuring a continued market presence in the future.

To what extent can this desire for international partners be assisted

Table 26: Mean agreement scores for a need for trade missions by size of business

Size of business by number of employees	Mean score
Under 10	7.7
10-49	7.7
50-250	7.6
>250	7.3

So what are we to make of these mean responses?

It is a common approach in business to seek partners when entering new international markets. Although some locations will allow a so-called 'fly in fly out' approach or the setting up of a local entity to be adopted, there could be significant restrictions as is the case with the United Arab Emirates. An agreement with an agent or distributor lowers both cost and risk and is often the recommended approach[28].

by utilising our global Scottish diaspora? Ireland has done this extraordinarily successfully.
On June 18 2019, the Scottish Business Network hosted an event in London where representative of diaspora bodies presented their views on how they had gone about developing their diaspora. The major presentation was from Kingsley Aikens[29] a leading figure in the Irish diaspora movement which is one of the most effective diaspora movements in the world. There remains much to learn from experience elsewhere.

Lessons learned

When asked *"Please comment on the main lessons you have learned from trading internationally"*, this from a Senior Manager based in Scotland who trades with the US and Germany was in tune with many views:

"Benefit from the warm feeling and connections of the diaspora (est. 50 m worldwide) they may even love Scotland more than you do!"

We have noted throughout this report on the motivational bias of our contributors – all have some connection and warmth towards Scotland. All want to see Scottish businesses succeed. Trust is crucial in business relationships – but there already exists a base level of trust between our global diaspora as earlier data suggests – even if they have not met.

Add this to the shared sense of ethics and integrity outlined earlier in this report and the effective utilisation of our Scottish diaspora becomes even more essential.

Trade missions

Turning now to trade missions – these are undertaken on a regular basis and are often supported by the Scottish Government or by UK Trade & Industry (UKTI). Given our findings, we would emphasise the importance of seeking to develop trade missions that have a particular concern to enable the involvement of SMEs.

Not all trade missions are government led. Indeed, there have been occasions where government led trade missions have been compromised by geo-political circumstances[30] such as in a recent trade mission to China. There is, therefore, space for trade missions led by business organisations or clusters of businesses. This is a matter the Scottish Business Network should bear in mind.

Clusters

The Scottish Government recognises the importance of clusters[31], and gives particular attention to the following:

- Food & Drink (including agriculture & fisheries)
- Creative Industries (including digital)
- Sustainable Tourism
- Energy (including renewables)
- Financial & Business Services
- Life Sciences

We disaggregated our data by key industrial sectors including those from which we gained the highest number of responses which were:

1) Professional Scientific & Technical
2) Information & Communication
3) Financial & Insurance Activities
4) Manufacturing
5) Education

Regardless of sector, the mean scores were broadly in line with that for our various geographical locations and our size of business (See table 32 in the appendix for full details). In other words, regardless of location, size or sector our respondents broadly agreed that they would highly value international partners and trade missions for our SME businesses. We consider this an important finding and it is reflected in our proposals.

Trading issues

As we point out elsewhere in this report, many of our Scottish respondents have significant experience of trading successfully around the world. We sought to understand what difficulties they had encountered and asked what the main barriers to their ability to trade were. We offered our respondents a list and asked them to select all that applied. The results are set out in the tables below. The question they were specifically asked to reflect upon was posed as follows:

'Given your experience of trading over the last 3 years, what have been the main barriers to trade you have faced?'

The percentages represent how frequently each option was selected by those completing each question. The top two percentages are highlighted with the top ranked having (1) after the percentage and the second top ranked having (2) after the percentage.

Table 27: Percentage of respondents identifying specific barriers to trade by geographic location

Barriers	All	Scotland	SG 15	SG 16-26	SG All	EU 27	Key sectors
Import policies reflected in tariffs, other import charges, quotas or certifications.	21%	17%	25%	24%	25%	11%	20%
Lack of copyright or trademark protection	7%	3%	11%	7%	10%	1%	9%
Currency instability	26%	29%	21%	29%	23%	17%	24%
Lack of market knowledge/ intelligence prior to market entry	40% (1)	38% (2)	40% (1)	32% (1)	37% (1)	49% (1)	41% (1)
Lack of appropriate skills to support sustainable market entry	23%	21%	21%	24%	22%	31%	23%
Lack of financial resources to support sustainable market entry	35% (2)	39% (1)	29% (2)	31% (2)	29% (2)	40% (2)	34% (2)
Lack of human resources to support sustainable market entry	27%	29%	25%	30%	26%	31%	31%
Other	25%	26%	28%	25%	27%	30%	25%

The above presents a picture that would benefit from further research to fully understand the views of respondents. It is of considerable note however that, rather than for example resourcing or tariffs, the biggest barrier perceived relates to lack of market knowledge and intelligence prior to market entry.

In light of this, we reviewed the country briefings that are part of *'Scotland: a trading nation'*. Our view is that the current country briefings are weak, and give insufficient attention to key matters of importance to businesses including a lack of sufficient market intelligence and, reflecting an earlier chapter, a lack of cultural awareness issues.

When the data was disaggregated by size of business, we find similar patterns.

Currency instability on the other hand is a more dominant issue for larger business, perhaps a reflection of their exposure to market movements in many jurisdictions.

However, once again, we find lack of market knowledge and intelligence the main perceived barrier.

What then did our respondents feel would consider the most valuable to them?

Again, we gave them a list and asked them to select all that applied. The specific question they were invited to respond to was as follows:

Table 28: Percentage of respondents identifying specific barriers to trade by size of business

Barriers	Under 10	10-49	50-250	>250
Import policies reflected in tariffs, other import charges, quotas or certifications.	19%	22%	18%	23%
Lack of copyright or trademark protection	8%	3%	8%	8%
Currency instability	27%	18%	32%	28% (2)
Lack of market knowledge/intelligence prior to market entry	40% (2)	38% (1)	52% (1)	37% (1)
Lack of appropriate skills to support sustainable market entry	21%	28%	25%	20%
Lack of financial resources to support sustainable market entry	42% (1)	34% (2)	41% (2)	20%
Lack of human resources to support sustainable market entry	28%	30%	26%	25%
Other	27%	23%	18%	28%

There are a number of features of the above worthy of further comment. Micro businesses are most concerned about the lack of financial resources to support sustainable market entry.

'Which of the following options would you consider the most valuable for you?'

Table 29: Percentage of respondents choosing specific options by geographic location

Options	All	Scotland	SG 15	SG 16-26	SG All	EU 27	Key sectors
Creating a Scottish diaspora community for sharing information on trade issues.	57% (2)	60%	56% (1)	60% (1)	58% (1)	56% (2)	56% (2)
Creating an informal web based network.	43%	40%	45%	42%	44%	48%	46%
Introductions to key market influencers	53%	65% (= 1)	49%	49%	49%	49%	55%
Trade Missions	35%	39%	28%	40%	32%	39%	32%
Introductions to possible buyers	40%	65% (= 1)	30%	35%	31%	43%	40%
Market Intelligence newsletter	33%	39%	30%	35%	32%	27%	36%
Identifying business partners in new markets	60% (1)	65% (= 1)	52% (2)	59% (2)	54% (2)	66% (1)	61% (1)
Other (please specify)	12%	12%	13%	15%	13%	15%	13%

The above highlights significant demand for all options, but with a particular priority for identifying business partners and creating a Scottish business diaspora community for the sharing of information on trade issues.

These priorities strike us as very understandable in the light of our study as a whole, and should provide the Scottish Government, the Scottish Business Network and other business organisations with a useful steer in regard to their own strategies.

As before, we have disaggregated the data by size of business, the results of which are presented in the following table.

Table 30: Percentage of respondents choosing specific options by size of business

Barriers	Under 10	10-49	50-250	>250
Creating a Scottish diaspora community for sharing information on trade issues.	56% (= 2)	52%	59% (1)	61% (1)
Creating an informal web based network.	48%	42%	38%	37%
Introductions to key market influencers	56% (=2)	60% (2)	52%	46%
Trade Missions	37%	40%	34%	29%
Introductions to possible buyers	42%	49%	48%	27%
Market Intelligence newsletter	30%	32%	31%	39%
Identifying business partners in new markets	66% (1)	66% (1)	56% (2)	47% (2)
Other (please specify)	14%	11%	10%	12%

Again, there is a similarity in the desire for help in identifying business partners and this is particularly strong from respondents representing SMEs.

We note too a desire for a Scottish diaspora community for the sharing of information. We therefore have reflected on the extent to which our respondents would be willing to contribute their knowledge and expertise, rather than simply be seekers of support from others. What we found is very encouraging.

Contributing expertise

We explored what the diaspora would be willing to contribute, should a formal diaspora community be established for the sharing of information. The responses we have received have been remarkable in scope. There have been many hundreds of precise offerings. The following is a small sample of areas of expertise our respondents have, which they are willing to contribute in support of others via a diaspora community:

"Legal, financial, strategic engagement", "Market intelligence, local contacts, marketing", "New market entry...international oil and gas", "digital retail", "International trade (especially logistics and operations)", "Business in the oil and gas sector particularly in Asia Pacific and Middle East", "Due diligence advice as well as physical risk advice for more challenging jurisdictions", "Trade partnerships in Finland", "shared services and outsourcing", "Scientific industries and doing business in Australasia", "Industrial decarbonisation", "Business networking", "Business culture", Knowledge of the Brazilian market", "High level corporate (advice)", "Marketing and cultural (advice)", "Coping with the digital world", "Creating, financing and operating small biotech businesses", "Biotech research and development", "Commercial structuring and business development", "customs and international trade", "Digital marketing/SAAS sales/Contemporary art market", "Intellectual property", "Food and beverage market entry"...

We emphasise the above is only a small sample of the types of expertise our respondents are willing to contribute should a Scottish business diaspora community be established. This expertise spans every continent, and a majority of countries in the world. It ranges from high level corporate to small scale start up advice; from cultural to technical expertise, from research and development to production, and across a very wide range of industrial sectors.

If this is the result of an initial survey conducted over a period of a few weeks in the autumn of 2019, it suggests that with additional research effort a very considerable body of willing expertise is available to be tapped into.

Our judgment is therefore that there is a willing Scottish business diaspora spread across the world with expertise they are willing to deploy in support of Scottish businesses seeking to trade internationally. This presents a significant opportunity, although we do not underestimate the considerable efforts that will be needed to establish an effective community of interest that works.

CHAPTER 9: DISCUSSION AND CONCLUSIONS

> **Whatever the outcome of Brexit, we would expect the desire to increase trade to remain strong.**

Despite this being a report based primarily on an initial survey of views amongst willing contributors to an online survey, there is already considerable evidence emerging of a Scottish business diaspora keen to contribute to developing Scottish business capability in international trade.

Our study did not review current provision via existing bodies such as Scottish Enterprise or various business organisations, but we trust the key insights in this study will be of interest.

The following are our key conclusions which support our main proposals presented in the next chapter.

1. This study has demonstrated there is a significant Scottish business diaspora willing to take part in research aimed at assisting Scottish businesses to trade internationally. Furthermore, over half of those who participated indicated their willingness to take part in further research.

2. Across all areas, there is little difference in diaspora opinion regardless of location in the world, sector of the economy, or the size of business our respondents lead.

3. The Scottish business diaspora has experience of trading with every country in the world, has an involvement in every sector of the economy and holds leading positions in businesses of all sizes. This suggests that the Scottish Government's Global Scot network has considerable scope for development both in terms of number of Global Scots and the range of countries within which they are based. We understand there is already work underway within the Scottish Government to enrich the Global Scot programme.

4. Scotland is viewed as a positive place for business by the diaspora, with key descriptors including

being friendly, resilient, entrepreneurial, progressive and outward looking.

5. Where criticisms were made, it was mainly related to the perception of being cautious, risk averse and inward looking at times.

6. Scottish business people are viewed positively by the diaspora, with key descriptors including being trustworthy, friendly, hard working, well educated and ethical.

7. Key strengths of Scottish business were centred on the characteristics of the people involved and echoed the descriptors identified above. There was a particularly strong focus on their probity, commitment, talent, education and ability to deliver.

8. Other strengths related to the quality of products and services.

9. Some weaknesses reflected respondent political beliefs including attitudes towards both the UK and Scottish Governments, and the positions they took in terms of Scotland's constitutional future. This included perceiving Brexit as a particular challenge.

10. Other weaknesses included perceptions of a risk averse culture amongst some businesses, and too many businesses being inward looking.

The above suggests that the Scottish business diaspora has a mainly positive view of Scottish business, with a significant element of that being associated with having strong business ethics. This is an issue of increasing significance in the modern world, and should be considered as "Scotland the brand" continues to be developed.

11. There was extensive comment on the importance of being sensitive to other cultures in developing trade. This included a strong focus on how individual businesses and business people should conduct themselves in a manner that builds trust.

12. Issues of corruption, ease of doing business and peacefulness of societies vary considerably amongst countries and are factors that need to be kept in mind in pursuit of new markets and extending international trading.

13. Countries with a similar size of population to Scotland are able to perform well in terms of absence of corruption, ease of doing business and having relatively peaceful societies, according to a range of international indices.

14. At present, country briefings within *'Scotland: a trading nation'* are weak on the issue of cultural conditions.

The issue of culture is viewed as particularly important. Trade is not seen as simply about the quality of products, services, marketing or regulations, but also about the social process of engaging with people and building trust, and about the wider cultural conditions prevalent in each country. This aspect calls for effective advice and support being offered to businesses seeking to enhance or start international trading.

15. Particular concerns exist regarding the possible impact of Brexit with the Scottish Diaspora within European member states displaying particular concern.

16. Concerns about Brexit are not strongly correlated with the desire to increase international trading or with desires to see particular initiatives such as trade missions for SMEs.

The desire to find ways of expanding Scottish businesses capacity to undertake international trade and the desire to see a range of supporting initiatives are not driven by concerns about Brexit. Thus, whatever the outcome of Brexit, we would expect the desire to increase trade to remain strong. Brexit is an important and significant challenge for many, but may be best understood as a contextual issue supplying a challenging context, rather than in itself being a key driver for change.

17. There is a significant desire to seek international partners, including from Scottish based businesses and businesses across key economic sectors, and SMEs in particular.

18. There is a very strong desire to see trade missions for SMEs being undertaken, including from Scottish businesses and businesses of all sizes. This was a view held even by respondents in very large businesses.

19. There is significant recognition of a range of barriers to trade. Particularly important to Scottish business are a lack of financial resources to support sustainable market entry, and a lack of market intelligence prior to market entry. These are also seen as key barriers amongst SMEs in particular.

20. There is a strong desire to see particular initiatives taken to support businesses wishing to develop international trading. More than half of Scottish business respondents want to see the creation of a Scottish diaspora community for the sharing of information on trade issues, the identification of business partners and key influencers, as well as introductions to potential buyers.

21. Many in the Scottish Diaspora are willing to contribute their knowledge and experience to support the growth of international trade. Their knowledge is extensive both in terms of the range of expertise they have to offer, and their experience of trading with countries throughout the globe.

It is particularly encouraging to note that our respondents not only have a desire to see a range of initiatives undertaken, but also are willing to contribute this experience and expertise to make them a success.

We turn now to the concluding chapter of this report, where we make what we hope are constructive and important sets of proposals based on our studies to date.

> **There is indeed much more to explore from existing data, as well as using the data for the basis for further inquiries into the role the Scottish Diaspora might play in the development of Scottish trade.**

Notwithstanding the fact there is much purposeful research and work that should be undertaken to enable us to fully understand how best the business diaspora might be mobilised and understood, on the basis of this study and our analysis of the data thus far, our proposals for action are as follows.

A. The Scottish Business Network should consult its current membership, both domestically and internationally, with a view to further developing its operational strategy in the light of this preliminary report.

B. The Scottish Government should further develop country briefings, at the very least for all 26 priority countries, to supply information of practical benefit to individual businesses. Such briefings should include considerations of cultural issues including those elucidated in this report; a review of current trading conditions such as tariffs, regulations and matters associated with "ease of business"; signposting to market intelligence information, and useful contacts in both the public and private sectors.

C. The Scottish Business Network and other business organisations should consider conducting a detailed review of how best to "brand" Scotland in terms of international trade, perhaps in conjunction with the Scottish Government. This should include (but not be restricted to) a consideration of positioning Scottish business in relation to key values such as being trusted, ethical, reliable and entrepreneurial in character.

D. The Scottish Government should seek to significantly extend its Global Scot network, and review whether its current approach to seeking membership is optimal.

E. The Scottish Business Network, and other business organisations in Scotland, should work together with the purpose of creating a single global network of Scotland's business diaspora. This will be a major undertaking given the likely scale and reach of the diaspora.

F. The Scottish Business Network and other business organisations should consider piloting a trade mission or missions for SMEs. This could usefully involve a focus on priority countries in Europe. Besides presenting a showcase for Scottish products and services, it should also encourage participation from the Scottish business diaspora in the host country, and have a focus too on seeking possible in-country trading partners.

G. The Scottish Business Network should seek to raise funds to commission further research focused on the Scottish business diaspora. There is also scope for extending the survey approach to include research interviews to maximise qualitative insights.

The above proposals are by no means the only ones that could be suggested in the light of this report. We are also very aware that this report has been fairly general in nature, and that there will be merit in conducting further data analysis to inform some of the above proposals. For example, some of the Scottish Government's priority countries are clustered in specific regions of the world, such as the USA and Canada. Possibly the best regional example involving priority countries is the European Union not least due to the influence in particular of the Single Market and Customs Union; hence, our proposal G.

However, it is not merely priority countries that could usefully be researched in a more regional manner. In population terms the fastest growing continent is Africa where many countries have strong cultural links with Scotland. There are some strong regional fora such as the Southern African Development Community (SADC)[32] with which to engage. It is a grouping of 16 countries with a population of 345million and in 2018 a GDP of £721.3billion and has a strong focus on trade. There is also the highly ambitious African Continental Free Trade Agreement[33] which came into force on May 30 2019.

There is indeed much more to explore from existing data, as well as using the data as a basis for further inquiries into the role the Scottish Diaspora might play in the development of Scottish trade.

This study is likely therefore to be a mere hors d'oeuvre for more substantial studies in the future.

Table 31: Number of respondents (Resps) by country of residence outwith Scotland

Country	Resps	Country	Resps	Country	Resps
Argentina	2	Armenia	2	Australia	27
Austria	3	Bahamas	1	Bahrain	5
Bangladesh	1	Belgium	5	Brazil	39
British Virgin Islands	1	Bulgaria	1	Cameroon	1
Canada	27	Cayman Islands	3	Chile	2
China (including Hong Kong)	26	Colombia	1	Croatia	3
Czech Republic	2	Denmark	3	Ecuador	1
Egypt	2	England	127	Estonia	4
Finland	3	France	27	Germany	20
Greece	5	Guyana	1	Hungary	2
India	14	Indonesia	3	Ireland	11
Israel	1	Italy	8	Japan	6
Kenya	1	Kuwait	1	Lithuania	3
Luxembourg	4	Malaysia	5	Mexico	1
Monaco	1	Myanmar	1	Namibia	2
Netherlands	7	New Zealand	8	Nigeria	4
Northern Ireland	5	Norway	5	Pakistan	2
Philippines	1	Poland	10	Portugal	4
Romania	2	Russia	3	Saudi Arabia	2
Sierra Leone	1	Singapore	21	Slovakia	1
Slovenia	3	South Africa	14	Spain	10
Sweden	5	Switzerland	17	Thailand	5
Turkey	3	United Arab Emirates	29	United Republic of Tanzania	1
United States of America	194	Uruguay	1	Vietnam	1
Wales	2				

In addition, we had 297 respondents from within Scotland.

Table 32: Mean rating on a 0 to 10 scale by sector for key approaches

Sector	Mean rating for *"There is a need to search out international partners for businesses like mine"*	Mean rating for *"There is a need for trade missions involving small and medium sized Scottish businesses"*
Professional Scientific & Technical	7.3	7.5
Information & Communication	6.9	7.2
Financial & Insurance Activities	6.9	7.3
Manufacturing	7.4	7.7
Education	6.7	7.4

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