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Moore UK Owner-managed business survey:

The confidence gap: why businesses are holding back on investment

November 2025

The business outlook for the year ahead

The owner-managed business survey from Moore UK asks business leaders across the country to share their aspirations for the next six months and track business confidence.

This year's survey of UK business owners presents a picture of cautious optimism tempered by persistent challenges. Confidence among UK business leaders has grown steadily over the past two years, reaching its highest level since the pandemic. Eight in ten business owners are confident about meeting their profit targets for the year ahead, an encouraging sign of resilience and ambition in a climate still defined by economic and regulatory uncertainty.

Taxation remains the biggest challenge for business owners

Taxation continues to dominate the concerns of business owners. As we look toward 2026 it stands out as the single greatest challenge cited by 40% of respondents. Frustration with the wider tax environment is also evident: although most business owners (55%) say they would never consider relocating overseas a significant 45% would contemplate doing so if tax rules remain unchanged. For those open to relocation the main drivers are reducing income tax (18%) and seeking a more supportive setting for business growth (12%). These findings show that while the UK remains an appealing base for many its long-term competitiveness will depend on how fiscal policy evolves to support entrepreneurship and investment.

Beyond tax, businesses continue to face a persistent set of operational pressures. Rising costs and interest rates remain among the top three challenges and reflect ongoing difficulties in balancing higher expenses with sustainable growth. At the same time nearly a third of respondents point to technology adoption and cyber security as pressing priorities. Both are essential to maintaining competitiveness but are increasingly complex and resource intensive to manage.

Recruitment challenges are easing

Recruitment activity has accelerated sharply, another encouraging sign of renewed confidence. Over half of business owners (57%) plan to increase headcount in the next three months, the highest proportion since the pandemic and a significant rise from 44% in late 2024. A majority (58%) also report that hiring has become easier than it was a year ago, suggesting improvements in labour market conditions and availability of skilled candidates. However, government policy changes are still influencing decisions: 69% of business owners say recent changes to national insurance contributions have had a significant or moderate impact on their hiring approach.

In response to both workforce and cost pressures, many businesses are rethinking how they deploy resources. Over a third (37%) have invested in technology to reduce reliance on headcount, while others are exploring flexible workforce strategies such as outsourcing (31%), using freelancers (25%) or adjusting salaries and benefits (33%). Despite this adaptability, nearly one in five (18%) report making redundancies, highlighting that for some, difficult trade-offs remain unavoidable.

A cautious approach to business investment

When it comes to future investment, caution continues to prevail. Only one in three firms plan to make significant investments in the next 12 months, while just over half (52%) expect only modest spending. Smaller owner-managed businesses are particularly restrained, with fewer than a quarter planning major investments. Economic uncertainty is the most cited barrier to growth (57%), followed by political and regulatory instability (40%) and limited cash flow or working capital (38%). These findings illustrate that even as confidence returns, uncertainty, both economic and political, continues to hold many businesses back from committing to long-term investment.

A call for policy action to support growth

Against this backdrop, business owners are clear about what they want from the next UK Budget. Top priorities include a reduction in business rates, greater support for investment and growth, and incentives around energy and sustainability, each cited by nearly half of respondents. Many are also calling for relief on labour-related expenses, such as reduced national insurance contributions and targeted support for employment costs.

Taken together, the survey results paint a nuanced picture of the UK business landscape: one of growing optimism and ambition, but also of fragility in the face of fiscal pressures, regulatory uncertainty and the ongoing challenge of adapting to technological change. The findings underline both the resilience of UK enterprise and the crucial role that supportive government policy will play in sustaining that momentum into 2026 and beyond.

To gather the data for this report, we surveyed 513 businesses with turnover between £1 million and £30 million in October 2025 prior to the 2025 Autumn Budget. Businesses were selected from across all sectors, throughout the UK and in proportion regionally in line with ONS statistics for VAT-registered and PAYE companies under 249 employees.

We'd like to thank everyone who took part – your feedback is much appreciated.

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Confidence in the general outlook

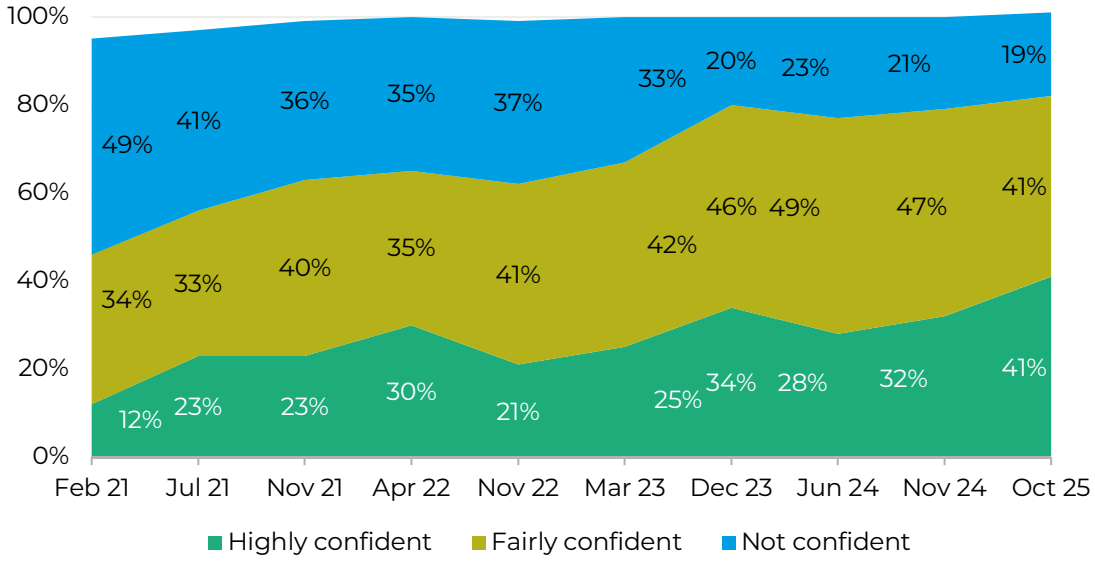
Overall business confidence has grown steadily over the past two years, reaching its highest level since the pandemic. 82% of respondents said they were either highly (41%) or fairly (41%) confident about the general business outlook for the next 12 months. This is up from 79% in November 2024 and just 55% in early 2021. The proportion of business owners who describe themselves as “highly confident” has risen particularly sharply, from 32% a year ago to 41% now.

It is encouraging to see business confidence rising, especially given how turbulent the past few years have been. But while the headline figure looks positive, it does not necessarily signal renewed optimism about the wider economy. What appears to be driving this confidence is a sense that businesses feel more in control of their own plans and targets for the year ahead. Many firms have already adjusted their expectations in response to higher costs, persistent inflation and shifting demand.

As a result, they feel more confident about achieving goals that have been pragmatically scaled to match current conditions, rather than because they expect a strong economic upswing.

Despite the increase in confidence, our survey highlights that business owners remain uneasy about the external environment. Taxation, business costs and interest rates continue to dominate as the main concerns for business owners. Nearly half say they would consider relocating abroad if the tax landscape does not improve. These pressures suggest that confidence is rooted more in internal resilience than in faith in economic policy or market stability. In other words, businesses may feel increasingly capable of navigating challenging circumstances, but they do not necessarily believe those circumstances are going to improve any time soon.

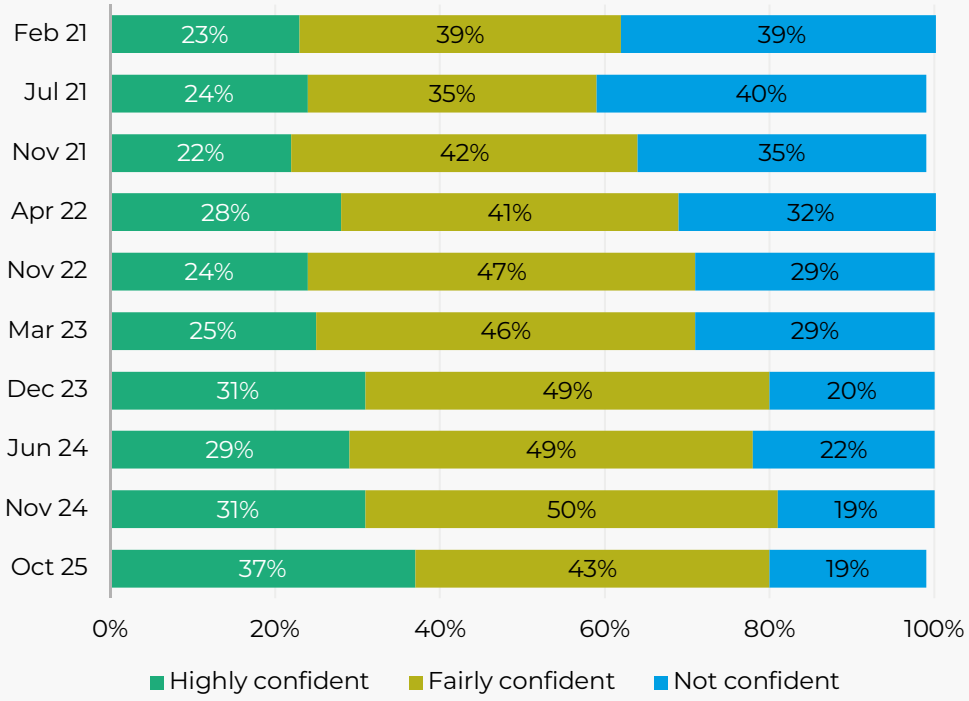
Confidence in the general outlook



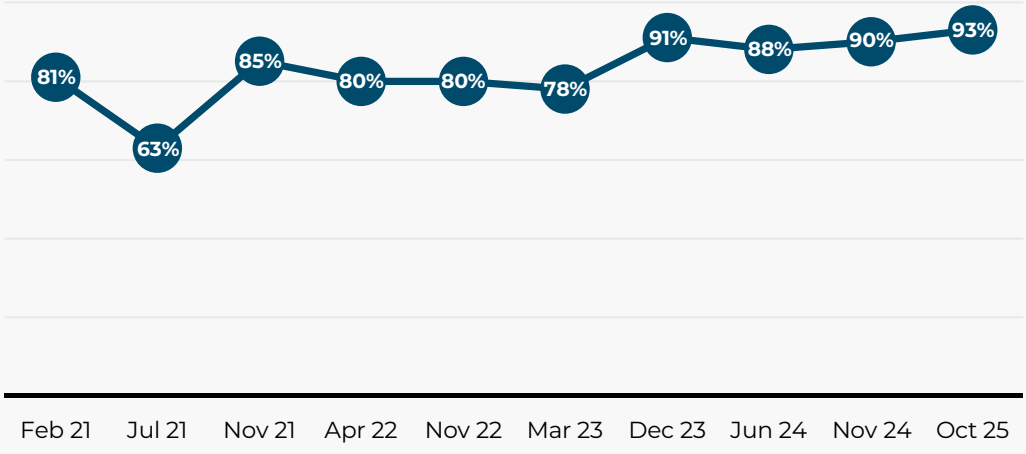
Profitability

Eight out of ten business owners say they are confident about meeting their profit targets in the year ahead with more than a third (37%) saying they are highly confident, the highest level since our survey began. 93% of OMBs expect their profitability in 2025 to be above 2024, up slightly from 90% in November 2024.

Confidence in meeting profit targets

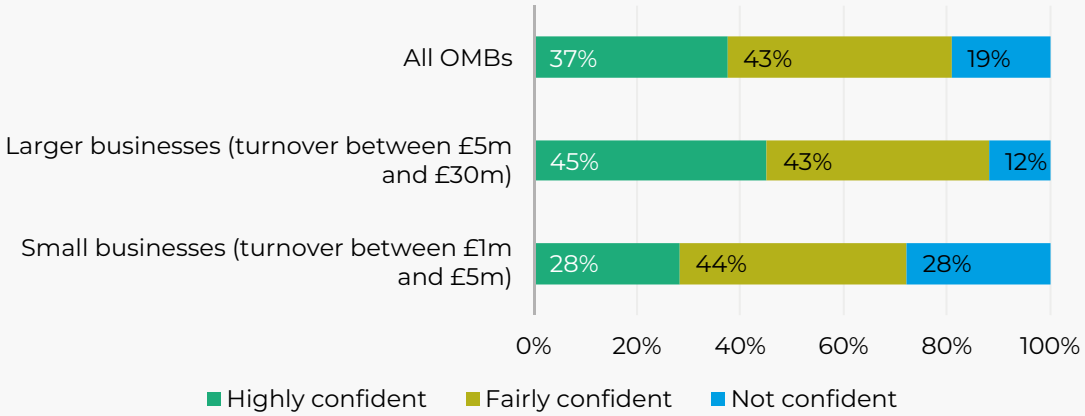


% of OMBs expecting profits to increase over next 12 months



Confidence lower among smaller businesses

Confidence in meeting profit targets over the next 12 months



Although overall 37% of respondents say they are highly confident in achieving their profit goals, almost half (45%) of larger firms (with turnover between £5 million and £30 million) are highly confident, compared with less than a third (28%) of smaller businesses (turnover between £1 million and £5 million).

Worryingly, over a quarter of small businesses (28%) admit they are not confident about meeting their targets, more than double the proportion of larger businesses (12%). This gap highlights the continued pressure smaller firms face from rising costs, weaker margins and economic uncertainty, which are undermining their short-term financial optimism.

What are your main business goals for the next six to 12 months?

"My main business goal for the next 6-12 months is to grow revenue by expanding into new markets and increasing customer retention through improved products and services."

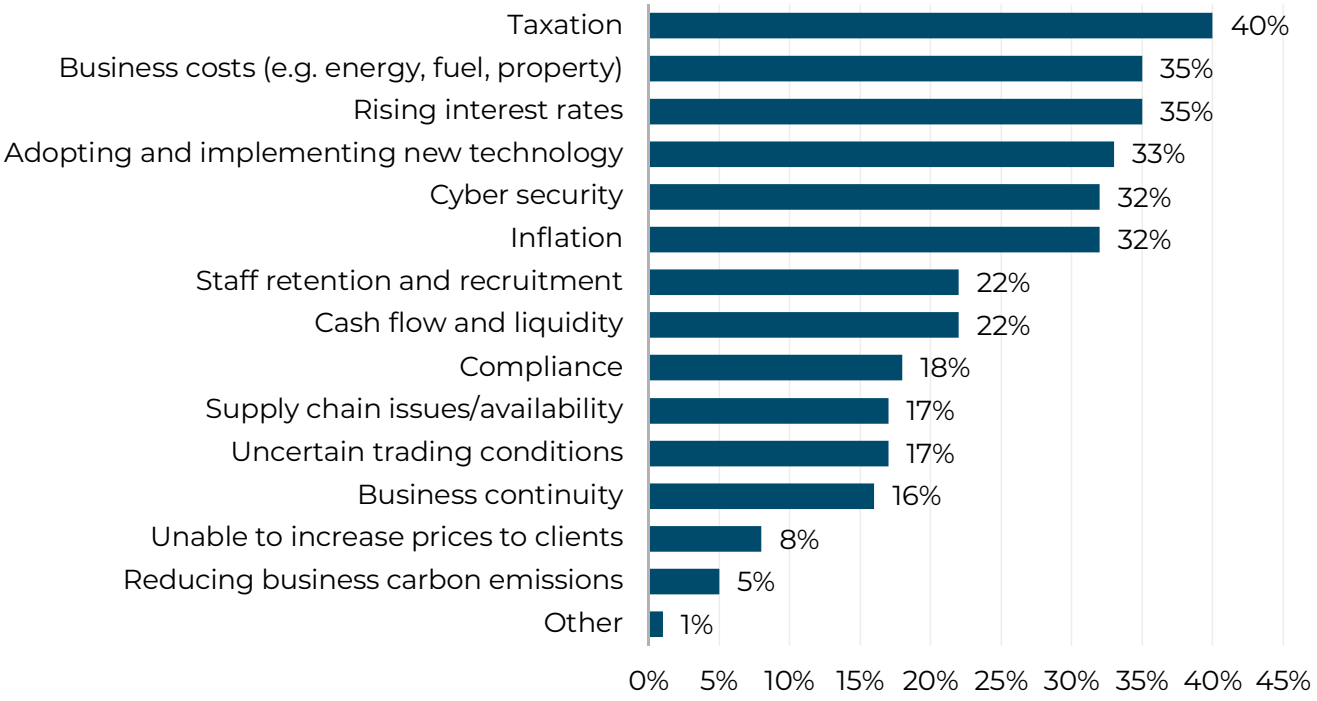
"To survive by reducing headcount and increasing usage of AI."

"To increase our target market and delve into new business opportunities, ensuring growth and development for all our staff and clients."

"To maximise profit as much as we can by minimising costs as much as possible."

The challenges facing OMBs going into 2026

What are the biggest challenges facing your business in the next three months?



Taxation, rising costs and interest rates remain the most pressing challenges for business owners in the short term. Taxation tops the list at 40%, up from 37% a year ago, reflecting growing concerns about fiscal pressures and potential policy changes. Close behind are business costs (35%) and rising interest rates (35%), both of which continue to impact on profitability and cash flow. Inflation remains a significant issue for nearly a third of businesses (32%), showing that cost pressures persist despite some signs of economic stabilisation.

Adopting and implementing new technology has become a bigger challenge, rising to 33% from 30% last year. This suggests that, while businesses recognise the need for digital transformation, they are struggling with the pace and complexity of change. Cyber security (32%) is also a prominent concern, reflecting the growing awareness of digital threats and the increasing reliance on technology in day-to-day operations.

Meanwhile, traditional challenges such as staff retention (22%) and cash flow (22%) remain important but have eased slightly compared to last year. Notably, environmental priorities have slipped down the agenda, with only 5% citing carbon reduction as a key challenge, compared to 14% in 2024, possibly reflecting a shift in focus towards immediate financial and operational pressures.

What are your main business goals for the next six to 12 months?

"My main business goal is to increase revenue by 20% through optimising existing customer retention efforts and deploying a new product package. Additionally, I want to improve operational efficiency by reducing costs by 10% via streamlining processes and adopting automation where possible."

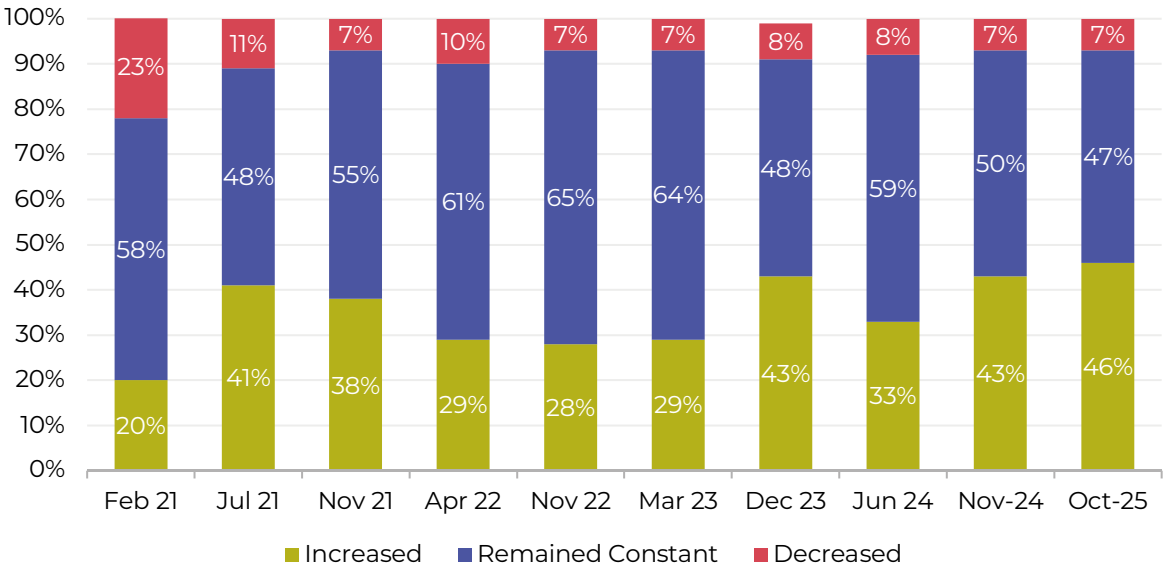
"Due to the challenges of increased taxes and difficulty recruiting we would be happy to break even."

"In the next 6-12 months, we are aiming to advance in technology and eliminate the cyber security threat."

"Surviving, decreasing costs, having to charge customers more due to increasing overheads."

Recruitment and retention

Over the past three months, has your workforce increased, decreased or remained constant?



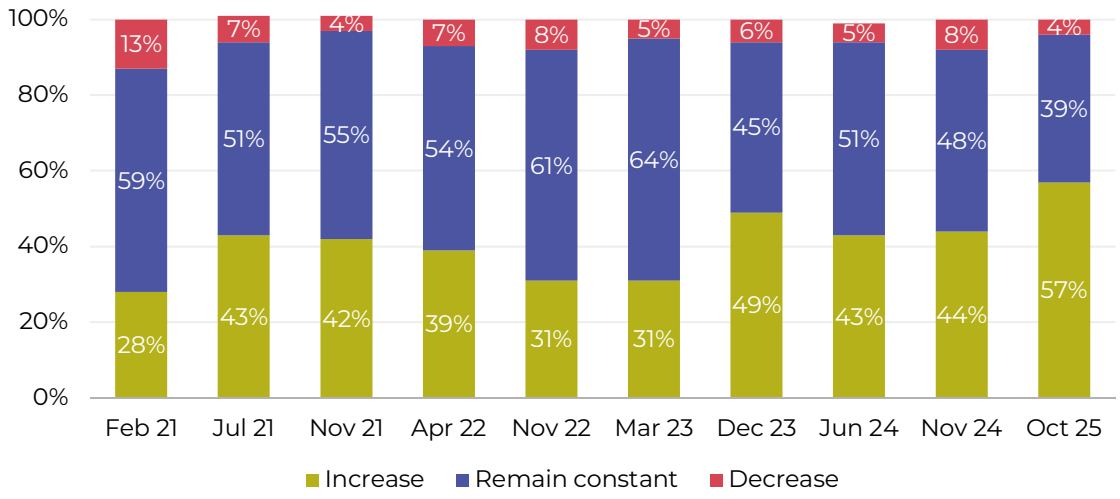
46% of businesses reported an increase in headcount in the past three months, the highest since our survey started. This marks a steady rise from 43% in November 2024 and a significant improvement compared to just 20% in early 2021, when many businesses were still grappling with pandemic-related uncertainty. At the same time, the proportion of businesses reducing staff has remained consistently low at 7%.

Future recruitment plans

57% of business owners plan to increase headcount in the coming months, which again is the most positive result since the pandemic.

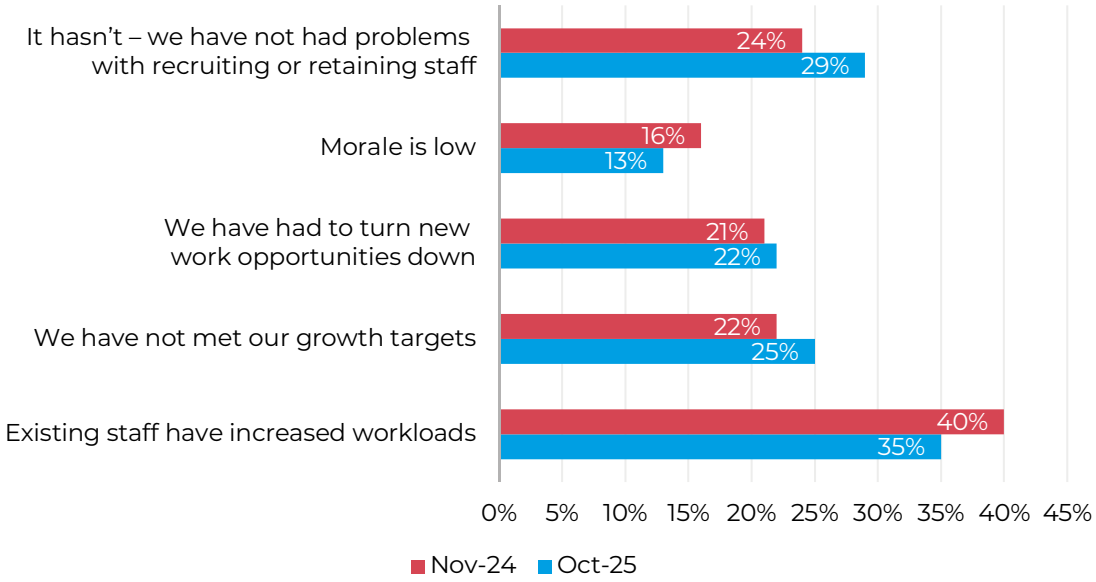
This marks a significant rise from 44% in November 2024 and is almost double the 28% seen in early 2021, reflecting growing confidence in business growth and market stability. At the same time, only 4% expect to reduce staff, while 39% plan to maintain current levels, suggesting that downsizing is no longer a major concern for most businesses.

Over the next three months, do you expect your headcount to increase, decrease or remain constant?



Recruitment challenges

To what extent have challenges with recruiting and retaining staff impacted on your business?



While recruitment and retention challenges continue to affect around two thirds of businesses, the impact appears to be easing. 35% of respondents report that existing staff have increased workloads as a result of recruitment challenges, down from 40% in November 2024.

However, these challenges are still influencing growth, with 25% saying they have not met their growth targets and 22% having to turn down new work opportunities due to staffing constraints.

What are your main business goals for the next six to 12 months?

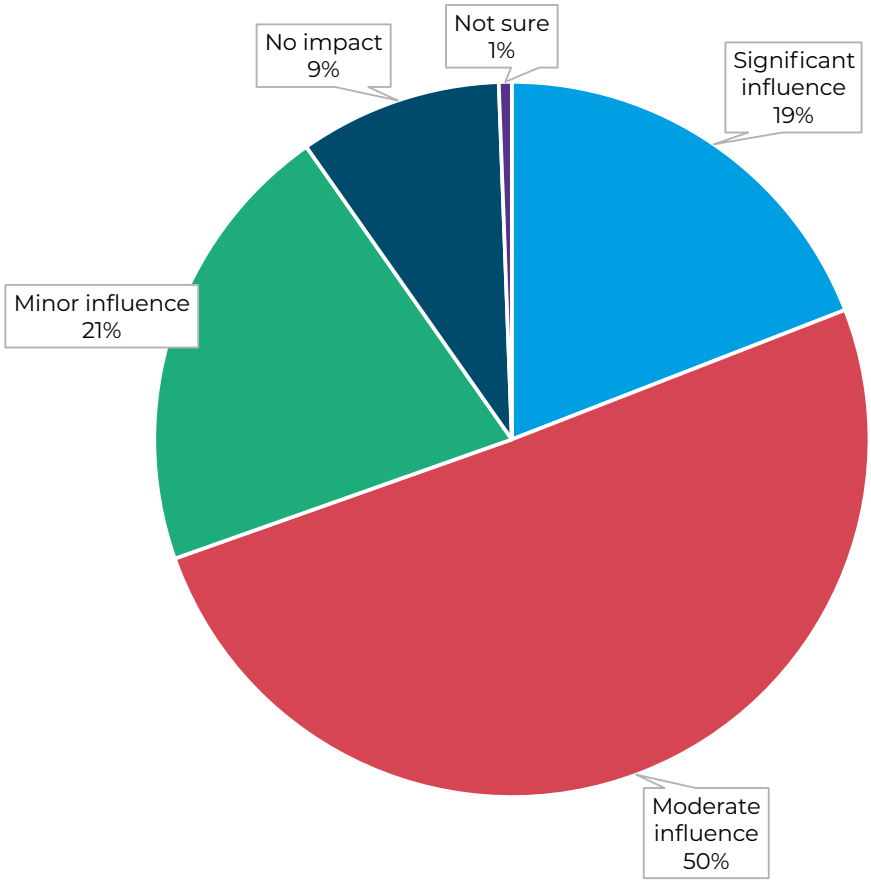
"To increase profits and hire more staff to lighten the workload for current employees."

"We aim to take a significant investment and buy out competition which will help boost our production and will require more staff."

"My main business goal is to utilise technology in the most advantageous way, reducing the number of permanent staff."

Impact of NIC changes on hiring decisions

To what extent have recent changes to National Insurance Contributions (NICs) influenced your approach to hiring?



Recent changes to NICs appear to have had a significant impact on the hiring decisions of UK business owners. Nearly seven in ten respondents (69%) say the changes have had either a significant (19%) or moderate (50%) influence on their approach to recruitment.

This suggests that shifts in NIC rates are playing a meaningful role in how businesses plan and manage their workforce costs. Only 9% say the changes had no impact at all, indicating that for most, the adjustments have at least prompted a review of their hiring strategies.

What are your main business goals for the next six to 12 months?

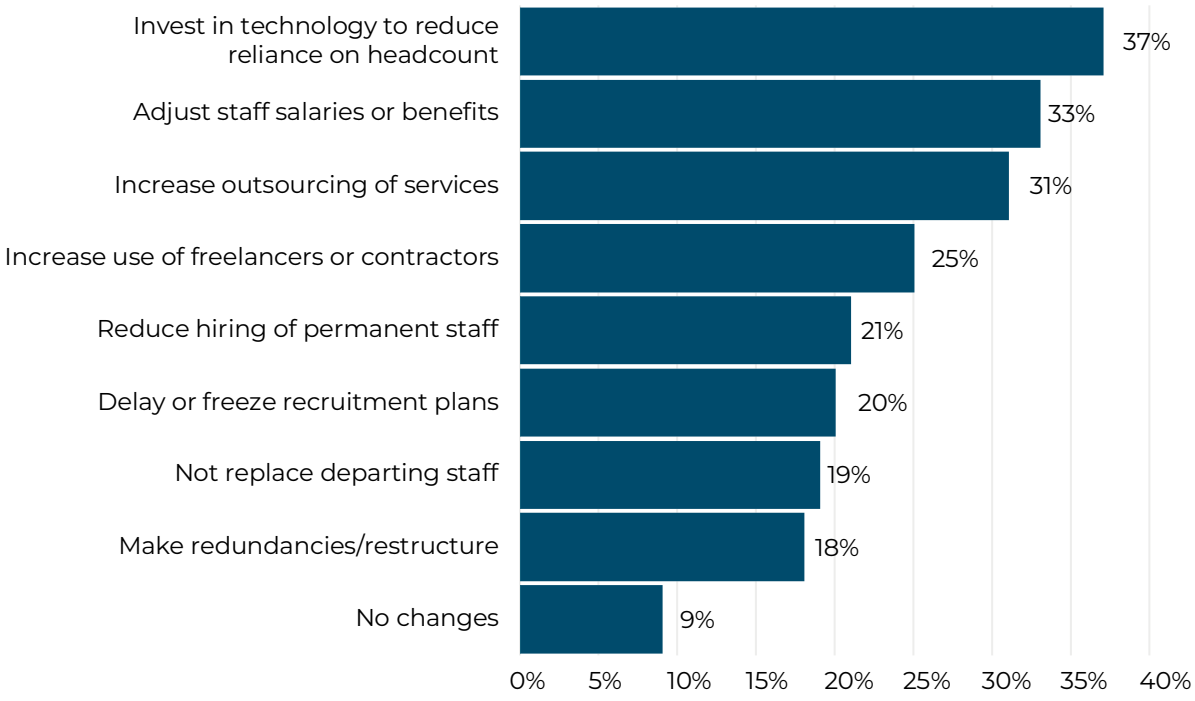
"Increase the adoption of new technologies to automate tasks and reduce the need for hiring new staff."

"The main goal is to remain afloat in these troubled times. As long as we stick to the goals for this year we should be able to avoid going under and come out of it slightly better than last year. To do this we will outsource to more freelancers to help improve our workflow."

"To maintain and increase the level of growth and try to make do with not hiring additional staff."

Workforce strategy

Which of the following workforce or resourcing changes have you made in the last 12 months?



Most UK OMBs have had to adapt their workforce strategies over the past 12 months amid ongoing economic and operational pressures, with only 9% reporting making no changes at all.

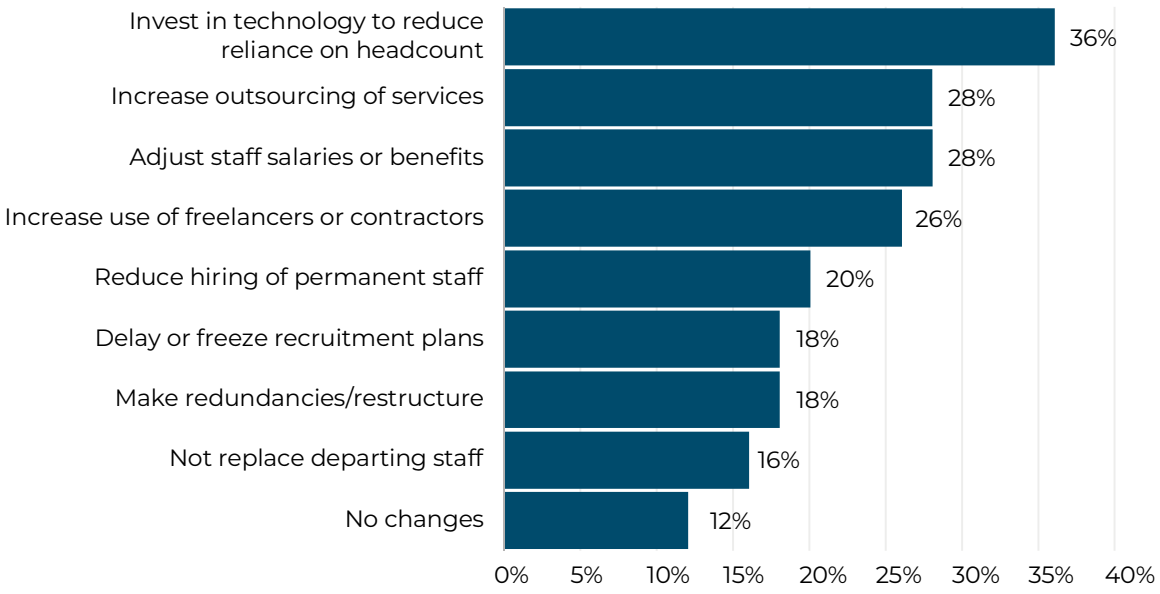
One in three businesses have invested in technology to reduce reliance on headcount (37%), a trend particularly strong among larger businesses (44%) compared to smaller ones (29%). Similarly, adjusting staff salaries or benefits was reported by 33% of respondents, indicating ongoing efforts to manage costs and retain talent.

One in five businesses have delayed or frozen recruitment plans, reflecting a cautious approach to long-term commitment as businesses navigate uncertainty and seek to remain agile in a challenging environment.

Larger businesses were more likely to have outsourced their services (38%) and used freelancers or contractors (30%), reflecting a shift toward flexible resourcing models.

Overall, the results highlight a dual strategy: controlling costs through restructuring and outsourcing, while investing in technology to drive efficiency and reduce long-term dependency on headcount.

Which of the following workforce or resourcing changes will you make in the next 12 months?



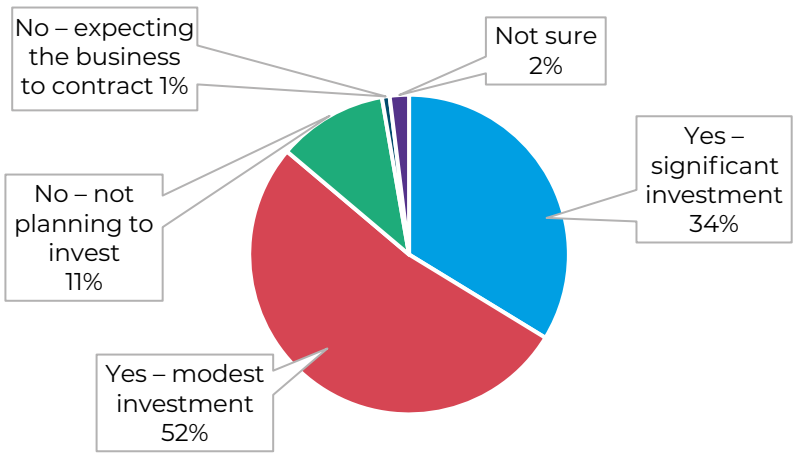
OMBs' cautious approach to workforce management looks set to continue over the next 12 months.

More than a third of business owners (36%) plan to invest in technology to reduce reliance on headcount, indicating a strong focus on improving efficiency and productivity rather than expanding teams. Significant proportions also plan to increase outsourcing (28%) or adjust staff salaries and benefits (28%), reflecting efforts to manage costs. The growing use of freelancers and contractors, (26%) slightly higher amongst larger businesses, further reinforces this trend towards more agile, project-based resourcing models.

However, the findings also point to ongoing caution in hiring and retention. Around one in five businesses intend to reduce permanent staff recruitment (20%), while 18% plan to delay or freeze hiring or make redundancies/restructures. Only 12% say they expect to make no changes at all, suggesting that most businesses anticipate the need to adjust their workforce strategies in response to continued economic uncertainty, rising costs and shifting market demands.

Investment outlook

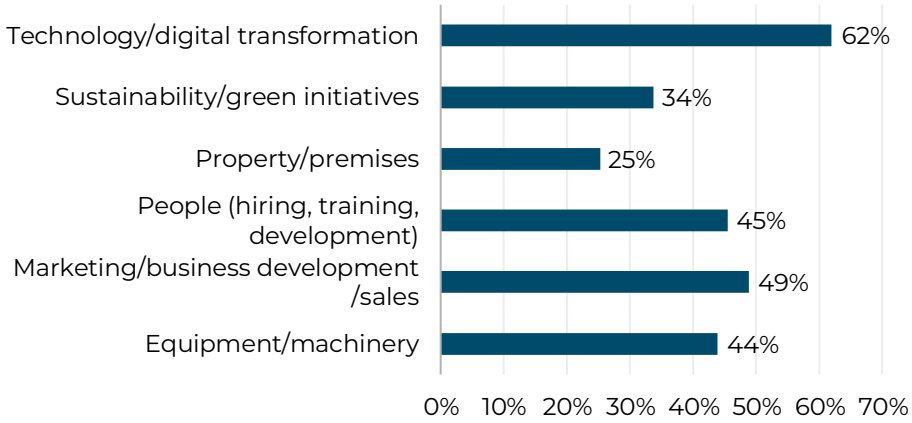
Do you plan to invest in your business over the next 12 months?



Only one in three firms (34%) plan to make significant investments, while more than half (52%) say they'll limit spending to modest levels. This suggests that many business owners are taking a restrained approach, prioritising stability over growth. Smaller OMBs, in particular, appear more hesitant, just 23% intend to make major investments, compared with 43% of larger firms. This gap points to a confidence divide, where smaller businesses may be constrained by tighter cash flow or greater uncertainty about the economic environment.

Meanwhile, a notable share of businesses are holding back altogether: 11% say they are not planning to invest at all, rising to 17% among smaller OMBs. Very few expect to contract, but the overall picture is one of caution rather than ambition. The findings indicate that, while most businesses are maintaining some level of investment, the appetite for bold or transformative spending remains limited, reflecting ongoing concerns about costs, demand and future market conditions.

Which areas are you planning to invest in over the next 12 months?



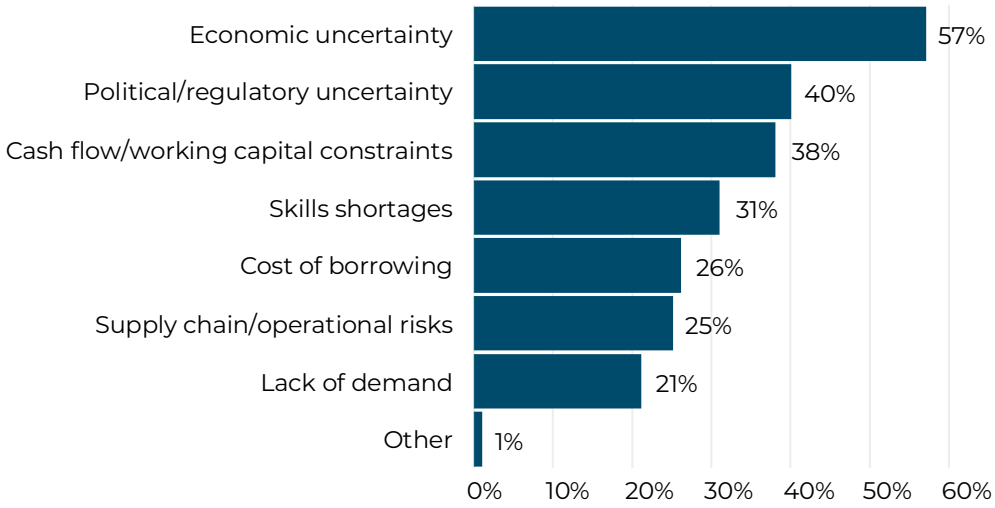
For those OMBs who are planning to invest, technology is the top priority, with 62% planning to invest in technology or digital transformation over the next 12 months.

Marketing and business development (49%) and people-related investment such as hiring, training and development (45%) also rank highly, suggesting that businesses are balancing technology upgrades with efforts to drive growth and strengthen their workforce.

Other areas attract less attention, with 44% planning to invest in equipment or machinery, 34% in sustainability or green initiatives, and just 25% in property or premises.

Barriers to investment

What do you see as the main barriers to investment or expansion for your business at this time?



Economic uncertainty is the single biggest barrier to investment or expansion, cited by 57% of all businesses. Political and regulatory uncertainty is also a major concern, impacting 40% of respondents, with larger businesses (45%) feeling this pressure more than smaller ones (33%). These findings suggest that broader macroeconomic and policy instability remain the dominant factors holding businesses back from committing to growth.

Operational and financial constraints also play a significant role. Cash flow and working capital limitations are reported by 38% of businesses, while cost of borrowing was a barrier for 26%, reflecting the ongoing impact of high interest rates. Skills shortages (31%) and supply chain risks (25%) further compound these challenges, particularly for sectors reliant on specialist talent or complex logistics.

Interestingly, lack of demand was cited by only 21%, indicating that many businesses see growth opportunities but are constrained by uncertainty and resource limitations rather than market appetite.

What are your main business goals for the next six to 12 months?

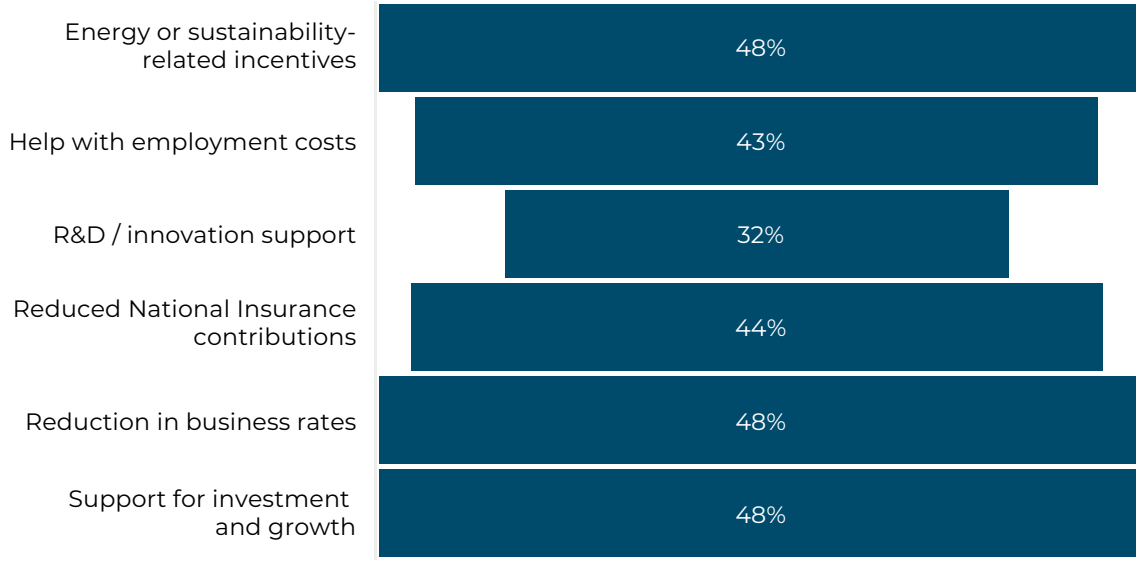
"Trying to remain slightly profitable without having to make people redundant."

"Our main business goal is to maintain steady growth by investing in the business. The main areas for investment will be staff recruitment and training, sales & marketing and information technology, especially AI."

"To expand our client base by 30% through enhanced cloud solutions and cyber security services, while investing in the hiring and upskilling of staff, adopting sustainable practices, and streamlining operations with AI-driven automation."

Budget priorities

What are the top three things you would like to see in the next UK Budget to support your business?

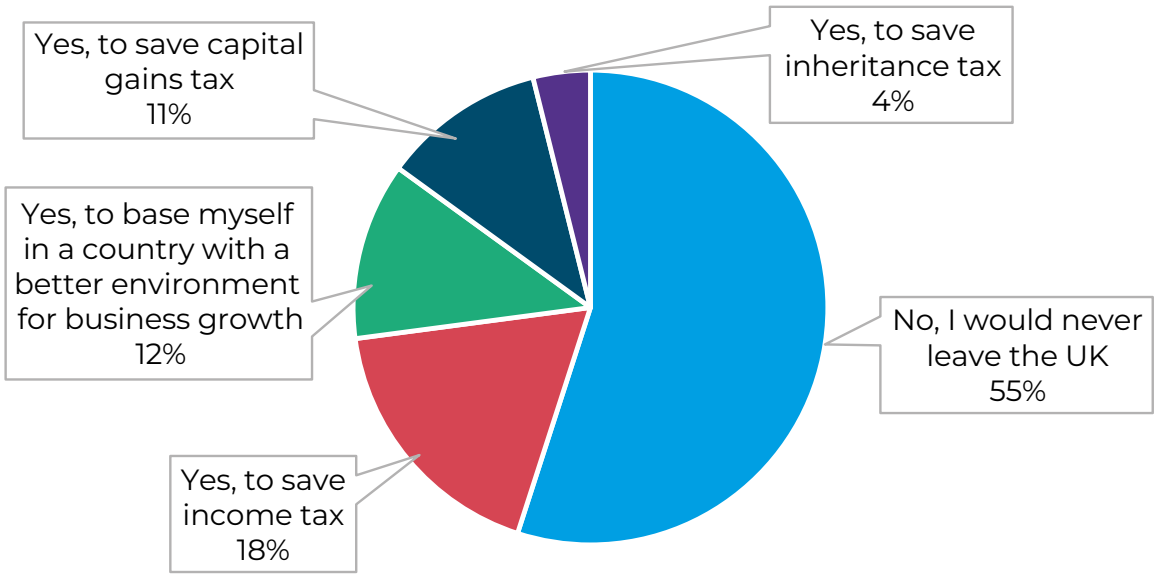


UK OMBs are calling for clear, practical measures in the next Budget to help ease cost pressures and encourage growth. The top priorities are a reduction in business rates (48%), support for investment and growth (48%), and energy or sustainability-related incentives (48%) – all areas that directly impact operating costs and long-term competitiveness.

At the same time, many firms are looking for relief on labour-related expenses, with 44% asking for reduced NICs and 43% seeking help with employment costs.

Taxation

If the tax rules remain as they are, would you consider leaving the UK?



There is a growing frustration among some UK business owners with the current tax environment. While a majority, 55%, say they would never consider leaving the UK, a substantial 45% indicate that they might relocate if tax rules remain unchanged.

The leading motivation for potential relocation is to save income tax (18%), followed by the desire to find a more supportive environment for business growth (12%). This points to a perception that the UK's tax and regulatory framework may be holding back enterprise and competitiveness, particularly among more growth-oriented or internationally minded business owners.

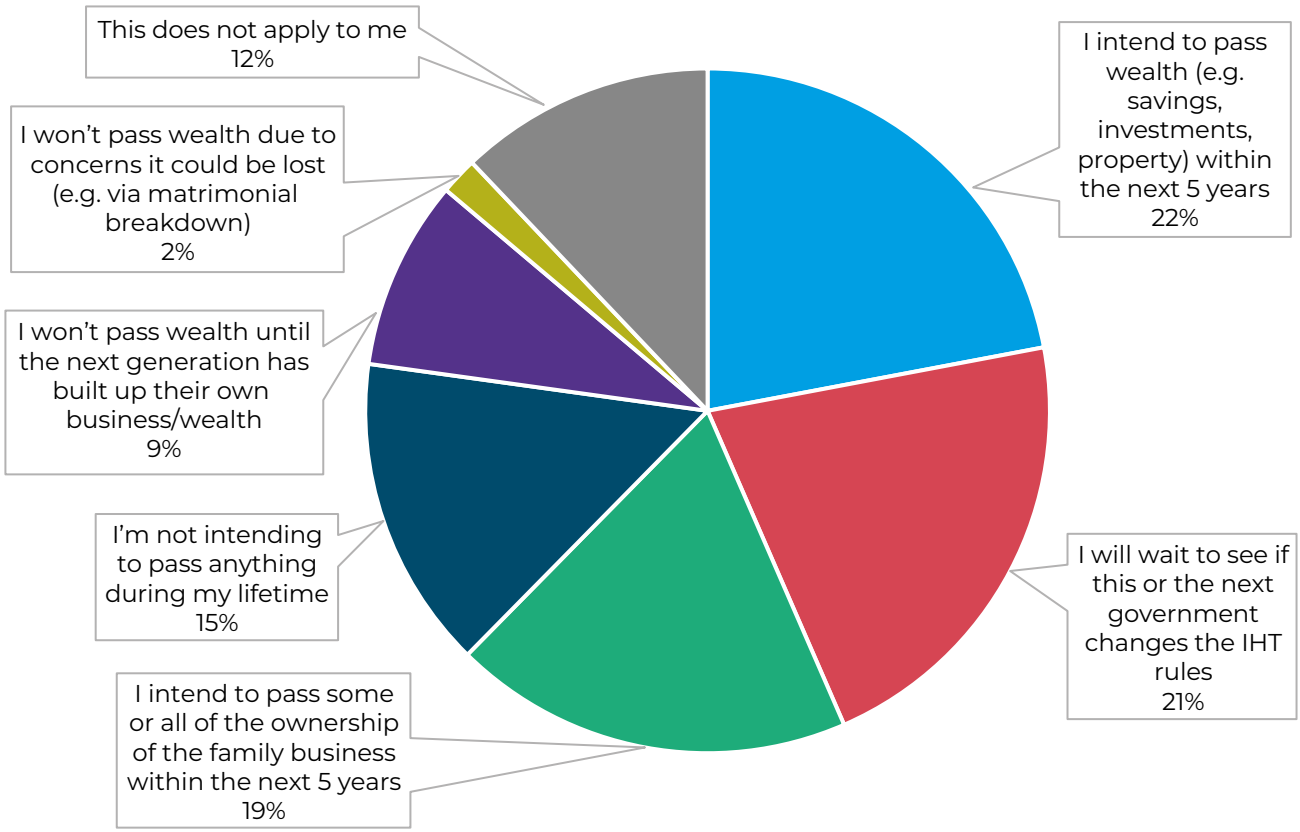
What are your main business goals for the next six to 12 months?

"Our main business goal is to keep afloat and keep our business ticking over amid economic and tax challenges."

"We aim to survive. The taxation from the current government has made our business impossible to continue."

IHT and succession planning

How likely are you to pass wealth or ownership of a family business to the next generation within the next five years as part of your inheritance tax (IHT) planning?



UK business owners are divided in their approach to succession and inheritance tax (IHT) planning over the next five years. Only around one in five (22%) intend to pass on wealth such as savings, investments, or property within that timeframe, while a similar proportion (21%) are holding off to see whether the current or next government makes changes to IHT rules.

This uncertainty suggests that shifting tax policy and political instability are discouraging longer-term planning. Another 19% of respondents say they plan to transfer some or all ownership of a family business, but overall, many appear to be delaying major intergenerational wealth decisions.

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