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CANADA

Q1 2022 CPA Canada Business Monitor

Backgrounder document

On behalf of: Chartered Professional Accountants of Canada

May 4, 2022

Q1 2022 CPA Canada Business Monitor Backgrounder

Methodology

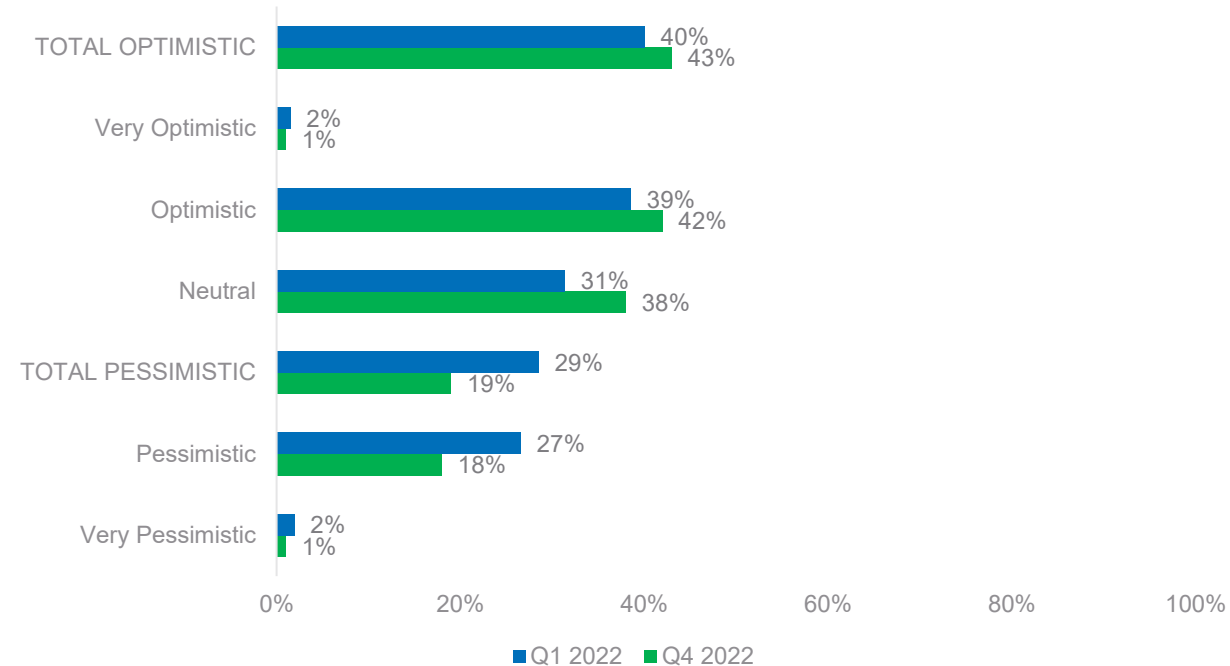
- The results are issued quarterly based on a survey commissioned by Chartered Professional Accountants of Canada (CPA Canada). The research draws upon business insights of professional accountants in leadership positions in privately and publicly held companies.
- For the Q1 2022 study, emailed surveys were completed by 459 of 5,528 people identified by CPA Canada as holding senior positions in industry (CFOs, CEOs, COOs and other leadership roles). Respondents work for a mix of small, medium and large companies, as determined by employee size. The response rate was 12.6 per cent, with a margin of error associated with this type of study ± 4 per cent, with a confidence level of 95 per cent. The survey was conducted from March 21 to April 6, 2022.
- The response rate calculation is calculated as follows: $\text{Response Rate} = \text{Survey Completes} / (\text{Completed Surveys} + \text{Incomplete Surveys} + \text{Estimated Other Eligible Members in Sample})$.

About Chartered Professional Accountants of Canada

- Chartered Professional Accountants of Canada (CPA Canada) works collaboratively with the provincial, territorial and Bermudian CPA bodies, as it represents the Canadian accounting profession, both nationally and internationally. This collaboration allows the Canadian profession to champion best practices that benefit business and society, as well as prepare its members for an ever-evolving operating environment featuring unprecedented change. Representing more than 220,000 members, CPA Canada is one of the largest national accounting bodies worldwide.

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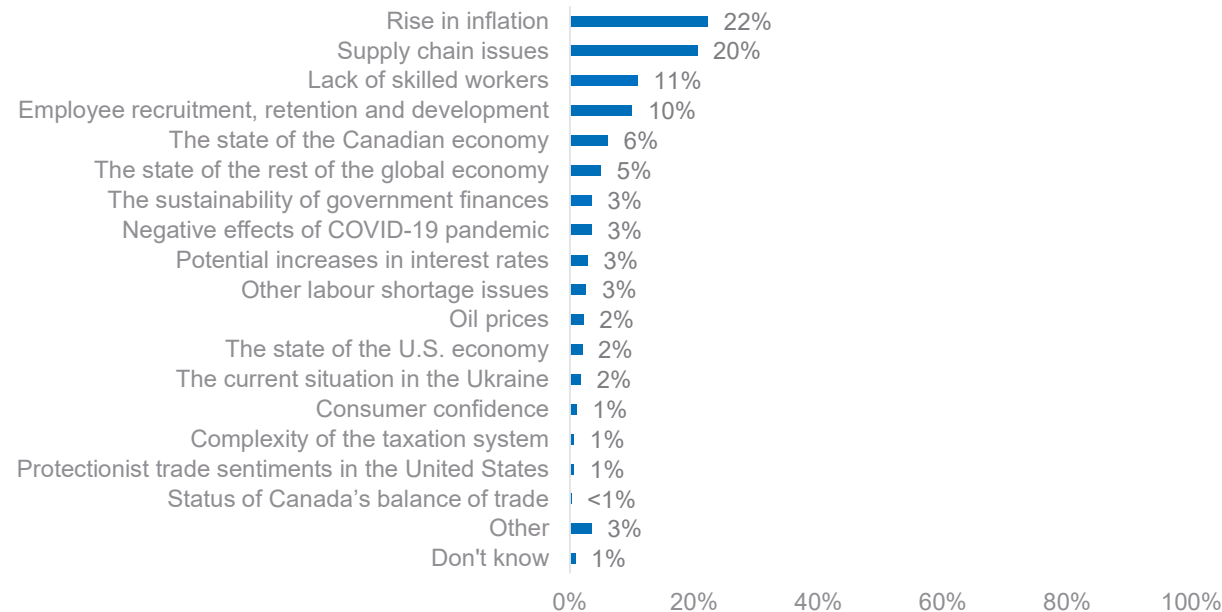
- Forty per cent of respondents surveyed in the first quarter were optimistic about Canada's economic prospects over the next 12 months, compared to 43 per cent in Q4 2021. However, pessimism jumped sharply from 19 per cent last quarter to 29 per cent in Q1.



Q1a: Please select the rating that best describes your view for each of the following: The economic outlook for Canada for the next 12 months
Base: All respondents (459 in Q1 2022, 525 in Q4 2021)
Note: Due to rounding total may not add to 100%

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- Inflation (22 per cent) and supply chain issues (20 per cent) were seen as the top challenges to the growth of the Canadian economy in the coming 12 months, with lack of skilled workers (11 per cent) and employee recruitment, retention and development (10 per cent) the next two on the list.



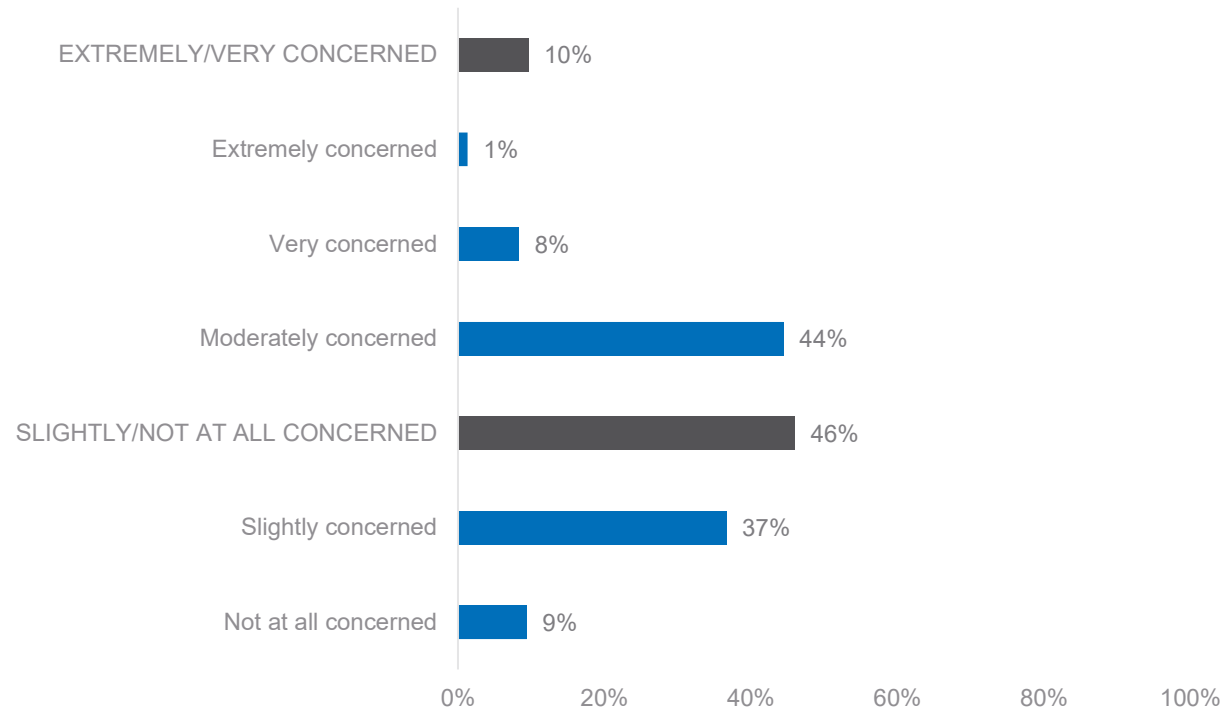
Q3: Please select the rating that best describes your view for each of the following: The economic prospects facing your company over the next 12 months

Base: All respondents (459)

Note: Due to rounding total may not add to 100%

Q1 2022 CPA Canada Business Monitor Backgrounder

- Worries about the effect of COVID-19 dropped sharply, with the number of respondents who are either extremely or very concerned about the economic impacts of the pandemic falling to ten per cent in Q1 2022, well down from 37 per cent in the final quarter of 2021.



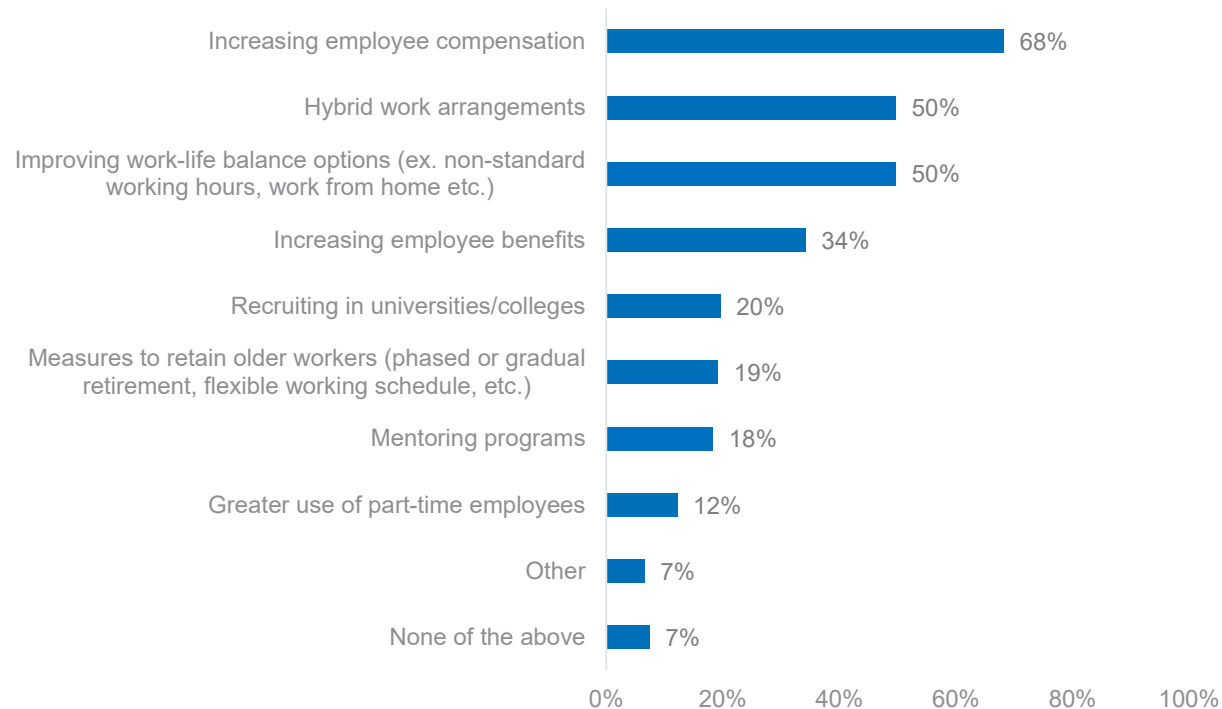
Q6: To what extent are you concerned with the role COVID-19 may have on the economy in the next year?

Base: All respondents (459)

Note: Due to rounding total may not add to 100%

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- Respondents report that their organizations are recruiting and retaining employees by using tactics like increasing compensation (68 per cent), hybrid working arrangements (50 per cent) and improving work-life balance options (50 per cent as well).



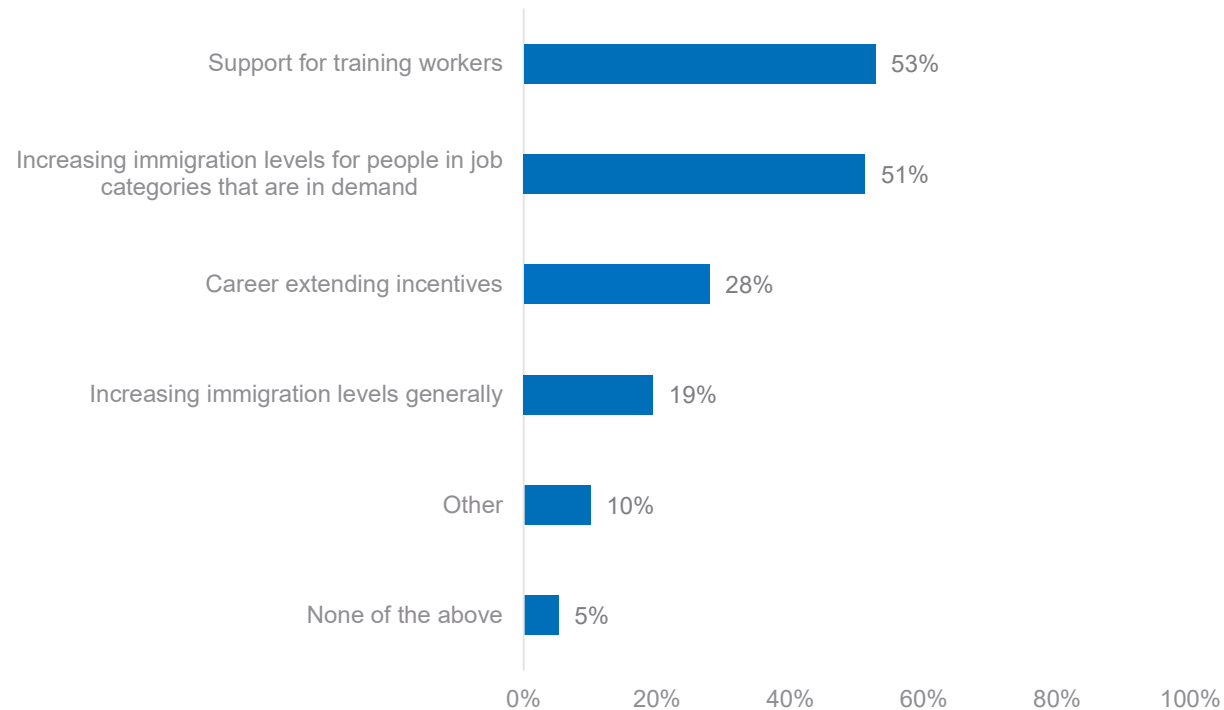
Q4: Which, if any, of the following are you currently doing to recruit or retain employees?

Base: All respondents (459)

Note: Total exceeds 100% as respondents were allowed to give multiple responses.

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- Respondents believe the federal government could help increase the number of skilled employees in Canada by supporting worker training (53 per cent) and increasing immigration levels for people in job categories that are in demand (51 per cent).



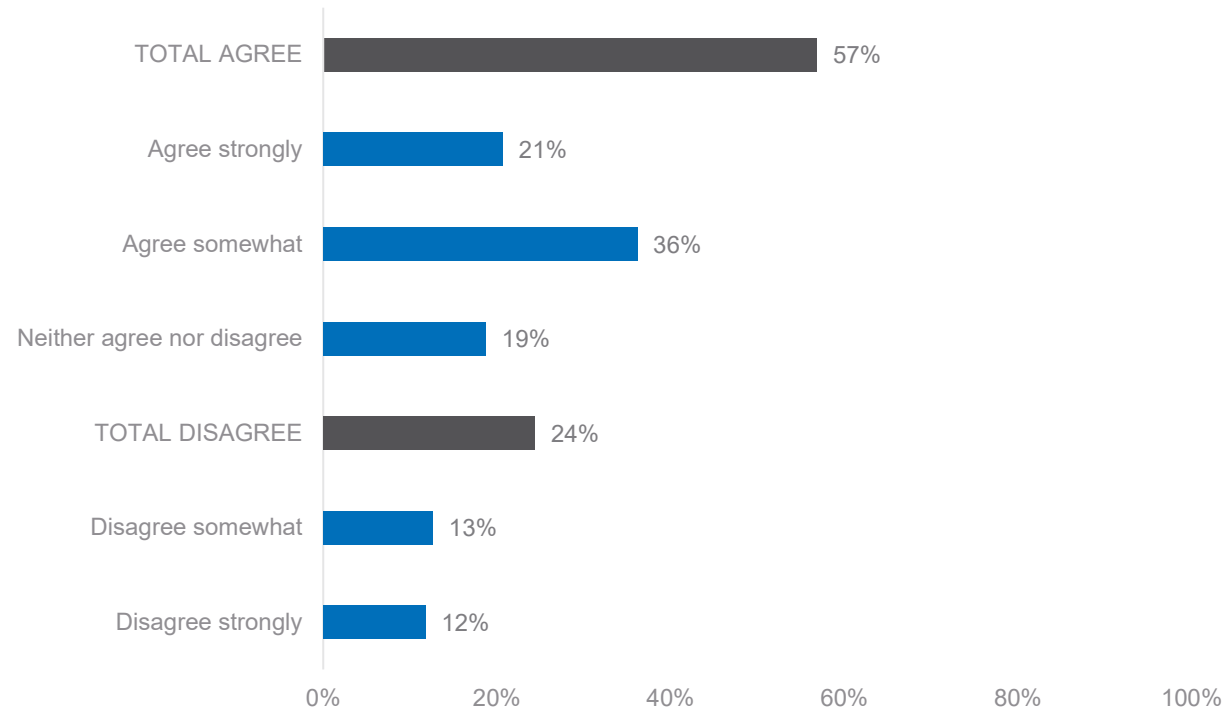
Q5: Which, if any, of the following actions do you think federal government should take to assist Canadian business in obtaining skilled employees?

Base: All respondents (459)

Note: Total exceeds 100% as respondents were allowed to give multiple responses.

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- More than half (57 per cent) of the business leaders surveyed agreed that the federal government should focus on mitigating climate change, versus 24 per cent who disagreed and 19 per cent who took no position.



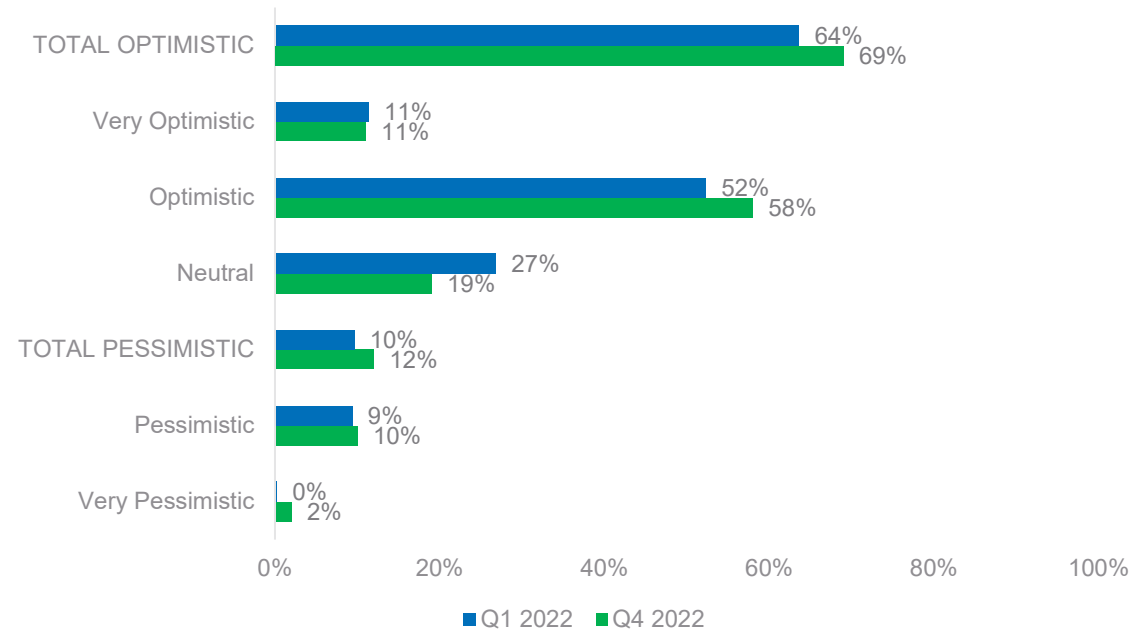
Q8: To what extent do you agree or disagree with the following statement: The federal government should focus on mitigating climate change

Base: All respondents (459)

Note: Due to rounding total may not add to 100%

Q1 2022 CPA Canada Business Monitor Backgrounder

- Business leaders' optimism about their own businesses has softened since the Q4 2021 Business Monitor, dropping from 69 to 64 per cent. Only 10 per cent report feeling pessimistic but 27 per cent are on the fence.



Q1b: Please select the rating that best describes your view for each of the following: The economic prospects facing your company over the next 12 months

Base: All respondents (459 in Q1 2022, 525 in Q4 2021)

Note: Due to rounding total may not add to 100%

Q1 2022 CPA Canada Business Monitor Backgrounder

- Seventy-four per cent of respondents expect revenue growth over the next year, down from 78 per cent last quarter. That slight downward trend, however, has not been reflected in expectations around hiring as 56 per cent expect to increase the number of employees over the next year, basically the same as last quarter's 57 per cent forecast. Similarly profit expectations are consistent compared with last quarter: 63 per cent expect increased profits over the next year, last quarter the proportion was 64 per cent.

Projected Year over Year Change in Key Company Metrics

Projected Change in Following Year	Q1 2022			Q4 2021		
	Revenue	Profits	Employees	Revenue	Profits	Employees
Total Who Project an Increase	74%	63%	56%	78%	64%	57%
Increase by over 10%	28%	20%	12%	29%	22%	11%
Increase by 5 to 10%	27%	18%	17%	29%	21%	20%
Increase by less than 5%	18%	25%	26%	20%	21%	26%
No Change	9%	12%	33%	9%	13%	33%
Total Who Project a Decrease	14%	22%	9%	11%	20%	8%
Decrease by less than 5%	5%	8%	6%	4%	7%	5%
Decrease by 5 to 10%	6%	8%	2%	3%	6%	2%
Decrease by over 10%	3%	5%	1%	4%	7%	2%
N/A & Don't Know	3%	4%	2%	2%	4%	2%

Q2. Thinking about the next 12 months, please indicate how you expect the following to change, if at all, compared to the last 12 months for your company

Base: All respondents (459 in Q1 2022, 525 in Q4 2021)

Note: Due to rounding total may not add to 100%

Appendix

Q1 2022 CPA Canada Business Monitor Backgrounder

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables (Qualifying Questions) -

SQ1a. Please tell us where you reside?

Province	%	Number
	100%	459
Ontario	42%	193
Quebec	25%	116
Alberta	12%	54
British Columbia	8%	37
Manitoba	4%	18
New Brunswick	3%	14
Nova Scotia	3%	14
Saskatchewan	2%	9
Newfoundland and Labrador	1%	4

Note: Members working outside of Canada excluded from completing survey.

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables (Qualifying Questions) -

NOTE: QS1b asked respondents, “Which of the Following Best Describes Your Place of Work?”

Options were:

For Profit Business/Industry
Not-for-profit
Other Professional Service Firm
Government
Academia
Other
Retired/On Leave/Not Working

Only respondents providing the answer: “For Profit Business/Industry” were able to continue to the next question, since the survey is of CPAs in executive level positions for businesses.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables (Qualifying Questions) -

SQ1c. What is your Job Title?

Title	%	Number
	100%	459
Controller	34%	156
CFO	30%	139
VP	15%	70
CEO	7%	34
President	5%	22
COO	2%	8
EVP	1%	4
Chair	0%	1
Other Senior Executive Position	5%	25

Note: Members not working in one of the positions above excluded from completing survey.

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q1. Please select the rating that best describes your view for each of the following

Canadian Economic Optimism

Optimism response	%	Number
	100%	459
Very Optimistic	2%	7
Optimistic	39%	177
Neutral	31%	144
Pessimistic	27%	122
Very Pessimistic	2%	9

Business Economic Optimism

Optimism response	%	Number
	100%	459
Very Optimistic	11%	52
Optimistic	52%	240
Neutral	27%	123
Pessimistic	9%	43
Very Pessimistic	0%	1

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q2. Thinking about the next 12 months, please indicate how you expect the following to change, if at all, when compared to the last 12 months for your company.

Estimated Revenue Next 12 Months

Projection	%	Number
	100%	459
Total Who Project an Increase	74%	338
Increase by >10%	28%	130
Increase by 5-10%	27%	126
Increase by <5%	18%	82
Not Changed	9%	40
Total Who Project a Decrease	14%	65
Decrease by <5%	5%	23
Decrease by 5-10%	6%	26
Decrease by >10%	3%	16
N/A	1%	6
Don't Know	2%	10

Estimated Profits Next 12 Months

Projection	%	Number
	100%	459
Total Who Project an Increase	63%	287
Increase by >10%	20%	90
Increase by 5-10%	18%	81
Increase by <5%	25%	116
Not Changed	12%	54
Total Who Project a Decrease	22%	101
Decrease by <5%	8%	39
Decrease by 5-10%	8%	38
Decrease by >10%	5%	24
N/A	2%	7
Don't Know	2%	10

Estimated Employee Numbers Next 12 Months

Projection	%	Number
	100%	459
Total Who Project an Increase	56%	256
Increase by >10%	12%	55
Increase by 5-10%	17%	80
Increase by <5%	26%	121
Not Changed	33%	153
Total Who Project a Decrease	9%	42
Decrease by <5%	6%	27
Decrease by 5-10%	2%	9
Decrease by >10%	1%	6
N/A	0%	1
Don't Know	2%	7

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q3. Which of the following do you think is the top challenge to the growth of the Canadian economy?

Top challenge	%	Number
	100%	459
Rise in inflation	22%	102
Supply chain issues	20%	94
Lack of skilled workers	11%	50
Employee recruitment, retention and development	10%	46
The state of the Canadian economy	6%	28
The state of the rest of the global economy	5%	23
The sustainability of government finances	3%	16
Negative effects of COVID-19 pandemic	3%	16
Potential increases in interest rates	3%	13
Other labour shortage issues	3%	12
Oil prices	2%	10
The state of the U.S. economy	2%	9
The current situation in the Ukraine	2%	8
Consumer confidence	1%	5
Complexity of the taxation system	1%	3
Protectionist trade sentiments in the United States	1%	3
Status of Canada's balance of trade	0%	1
Other	3%	16
Don't know	1%	4

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q4. Which, if any, of the following are you currently doing to recruit or retain employees?

Methods used	%	Number
	100%	459
Increasing employee compensation	68%	313
Hybrid work arrangements	50%	228
Improving work-life balance options (ex. non-standard working hours, work from home etc.)	50%	228
Increasing employee benefits	34%	157
Recruiting in universities/colleges	20%	90
Measures to retain older workers (phased or gradual retirement, flexible working schedule, etc.)	19%	88
Mentoring programs	18%	84
Greater use of part-time employees	12%	56
Other	7%	30
None of the above	7%	34

Base: All respondents.

Note: Total exceeds 100% as respondents were allowed to give multiple responses.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q5. Which, if any, of the following actions do you think federal government should take to assist Canadian business in obtaining skilled employees?

Actions think federal government should use	%	Number
	100%	459
Support for training workers	53%	242
Increasing immigration levels for people in job categories that are in demand	51%	235
Career extending incentives	28%	128
Increasing immigration levels generally	19%	89
Other	10%	46
None of the above	5%	24

Base: All respondents.

Note: Total exceeds 100% as respondents were allowed to give multiple responses.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q6. To what extent are you concerned with the role COVID-19 may have on the economy in the next year?

Level of concern	%	Number
	100%	459
Extremely concerned	1%	6
Very concerned	8%	38
Moderately concerned	44%	204
Slightly concerned	37%	168
Not at all concerned	9%	43

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q7. To what extent are you concerned about the federal government's fiscal position?

Level of concern	%	Number
	100%	459
Extremely concerned	19%	88
Very concerned	35%	159
Moderately concerned	32%	147
Slightly concerned	13%	60
Not at all concerned	1%	5

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q8. To what extent do you agree or disagree with the following statement: The federal government should focus on mitigating climate change?

Level of agreement	%	Number
	100%	459
Agree strongly	21%	95
Agree somewhat	36%	166
Neither agree nor disagree	19%	86
Disagree somewhat	13%	58
Disagree strongly	12%	54

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q9. What is the most important factor to ensure responsible fiscal management of Canada's finances?

Most important factor	%	Number
	100%	459
Setting-up hard limits on government spending and indebtedness (ex: expenditure-to-GDP-ratio, deficit-to-GDP ratio)	37%	168
Improving oversight for government finances	24%	112
Independent review of government spending	24%	109
Setting an amount of money aside for unanticipated increases in expenses or losses in revenues (also referred to as a prudence reserve)	7%	30
Other	4%	18
Don't know	5%	22

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

- Detailed Tables -

Q10. To what extent do you agree or disagree with each of the following statements?

Tax credits and deductions add complexity to Canada's tax system

Level of agreement	%	Number
	100%	459
Agree strongly	21%	97
Agree somewhat	42%	191
Neither agree nor disagree	19%	85
Disagree somewhat	14%	63
Disagree strongly	5%	23

The federal government should evaluate all current tax credits and deductions before adding any new ones

Level of agreement	%	Number
	100%	459
Agree strongly	35%	161
Agree somewhat	41%	190
Neither agree nor disagree	13%	61
Disagree somewhat	8%	36
Disagree strongly	2%	11

Finance Canada should evaluate all tax credits and deductions periodically and release the results publicly

Level of agreement	%	Number
	100%	459
Agree strongly	36%	163
Agree somewhat	48%	219
Neither agree nor disagree	14%	65
Disagree somewhat	2%	9
Disagree strongly	1%	3

The federal government should try to streamline tax credits and deductions

Level of agreement	%	Number
	100%	459
Agree strongly	46%	211
Agree somewhat	40%	185
Neither agree nor disagree	10%	46
Disagree somewhat	3%	13
Disagree strongly	1%	4

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q11. How many individuals does your company employ globally?

Number of employees	%	Number
	100%	459
Less than 10	8%	39
10-25	9%	40
26-50	12%	57
51-100	15%	69
101-250	18%	81
251-500	13%	59
501-999	5%	24
1,000 or greater	20%	90

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q12. Which of the following industry sectors describes your company's primary business?

Sector	%	Number
	100%	459
Manufacturing	19%	86
Construction	14%	63
Financial Services (including banks, trusts, insurance, credit unions, etc.)	8%	36
Wholesale	7%	32
Transportation, Distribution	6%	28
Real Estate/Building Management	6%	27
Retail	5%	25
Professional Services	4%	20
Agriculture, Forestry, Fisheries	3%	16
Business Services	3%	14
Oil & Gas	3%	14

Sector	%	Number
	100%	459
Arts, Entertainment, Leisure	3%	13
Software	3%	12
Hospitals/Healthcare	2%	9
Media, Communications, Publishing	2%	9
Hotels and Restaurants	1%	6
Pharmaceuticals and Chemicals	1%	6
Mining	1%	5
Utilities	1%	4
Holding, Conglomerate	1%	3
Telecommunications	1%	3
Other	6%	28

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.

Q1 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q13. Is your company traded on a stock exchange?

Whether traded on stock exchange	%	Number
	100%	459
Yes	10%	47
No - but we are a subsidiary of a publicly traded company	6%	27
No	84%	385

Base: All respondents.

Note: Percentages may not add to 100% due to rounding.