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CANADA

Q4 2021 CPA Canada Business Monitor

Backgrounder document

On behalf of: Chartered Professional Accountants of Canada

January 18, 2022

Q4 2021 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 Q4 2021 study, emailed surveys were completed by 525 of 5,994 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 15.9 per cent, with a margin of error associated with this type of study ± 4 per cent, with a confidence level of 95 per cent. Further information regarding response rate calculations can be found in the survey's background document. The survey was conducted from December 10, 2021 to January 3, 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

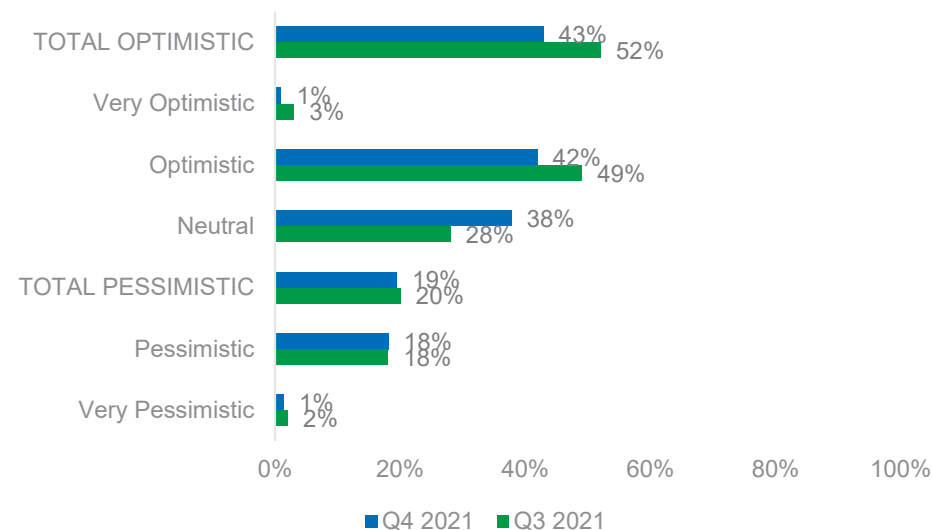
- Chartered Professional Accountants of Canada (CPA Canada) works collaboratively with the provincial, territorial and Bermudian CPA bodies, as it represents the Canadian accounting profession, both nationally and internationally. This collaboration allows the Canadian profession to champion best practices 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.

cpacanada.ca

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- Forty-three per cent of respondents surveyed in the fourth quarter were optimistic about Canada's economic prospects over the next 12 months, down significantly from 52 per cent the previous quarter.
- The number of survey participants expressing outright pessimism remains basically unchanged (19 per cent in Q4 versus 20 per cent in Q3) but the number who remained cautiously neutral has grown to 38 per cent from 28 per cent.

Next 12 Month Optimism For Canadian Economy

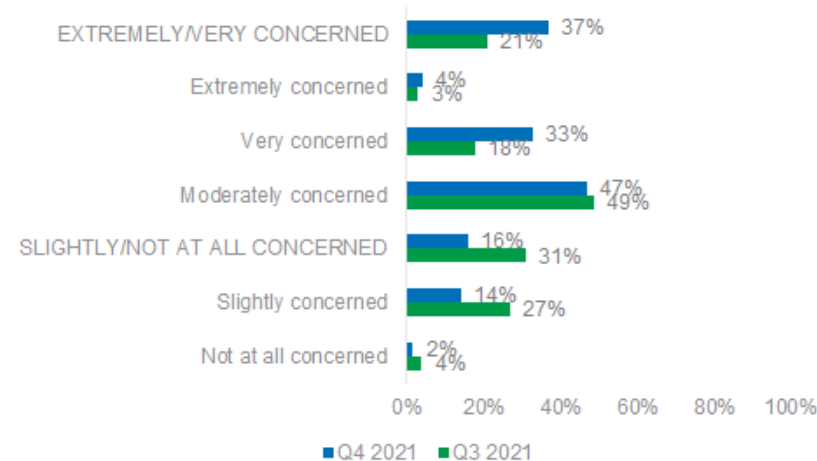


Q1a. Please select the rating that best describes your view for each of the following.... The economic outlook for Canada for the next 12 months
Base: Total Respondents (525 in Q4 2021, 475 in Q3 2021)
Note: Due to rounding total may not add to 100%

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- The number of respondents either extremely or very concerned about the effect COVID-19 might have on the economy in the coming year jumped to 37 per cent in the last quarter of 2021 from 21 per cent in Q3.

Level of Concern of Impact of COVID-19 on Economy in Next Year



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

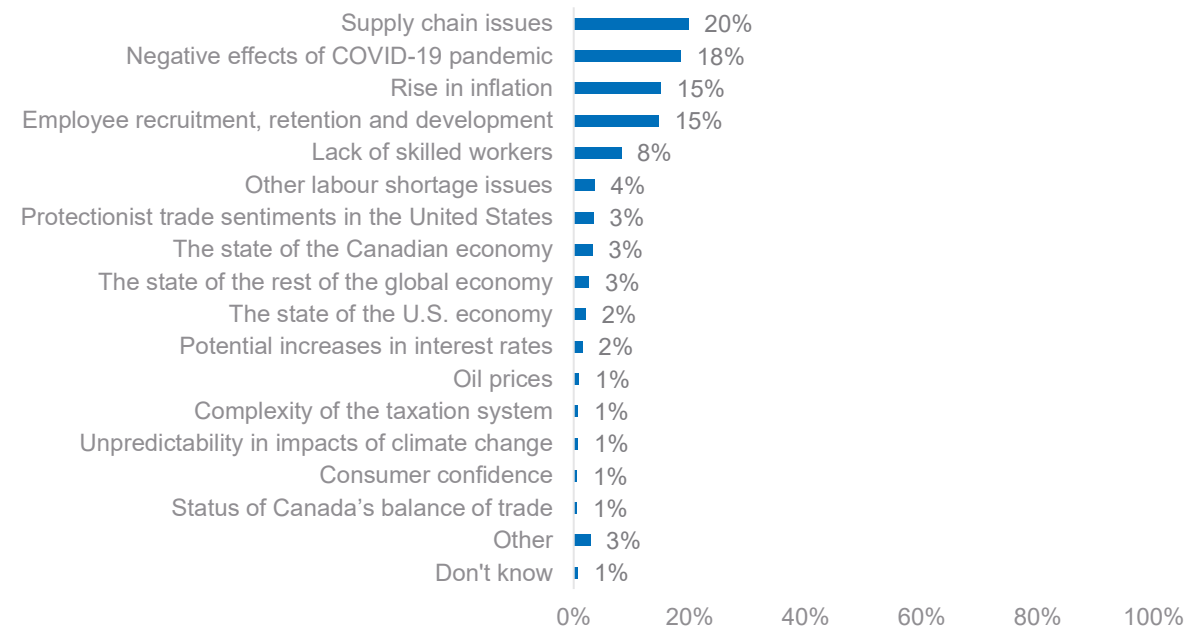
Base: Total Respondents (525 in Q4 2021, 475 in Q3 2021)

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

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- The top five challenges to Canadian economy identified by respondents in Q4 were supply chain issues (20 per cent), negative effects of COVID-19 (18 per cent), the rise in inflation (15 per cent) and employee recruitment, retention and development (15 per cent) and a lack of skilled workers (eight per cent).

Top Challenge to Growth of the Canadian Economy



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

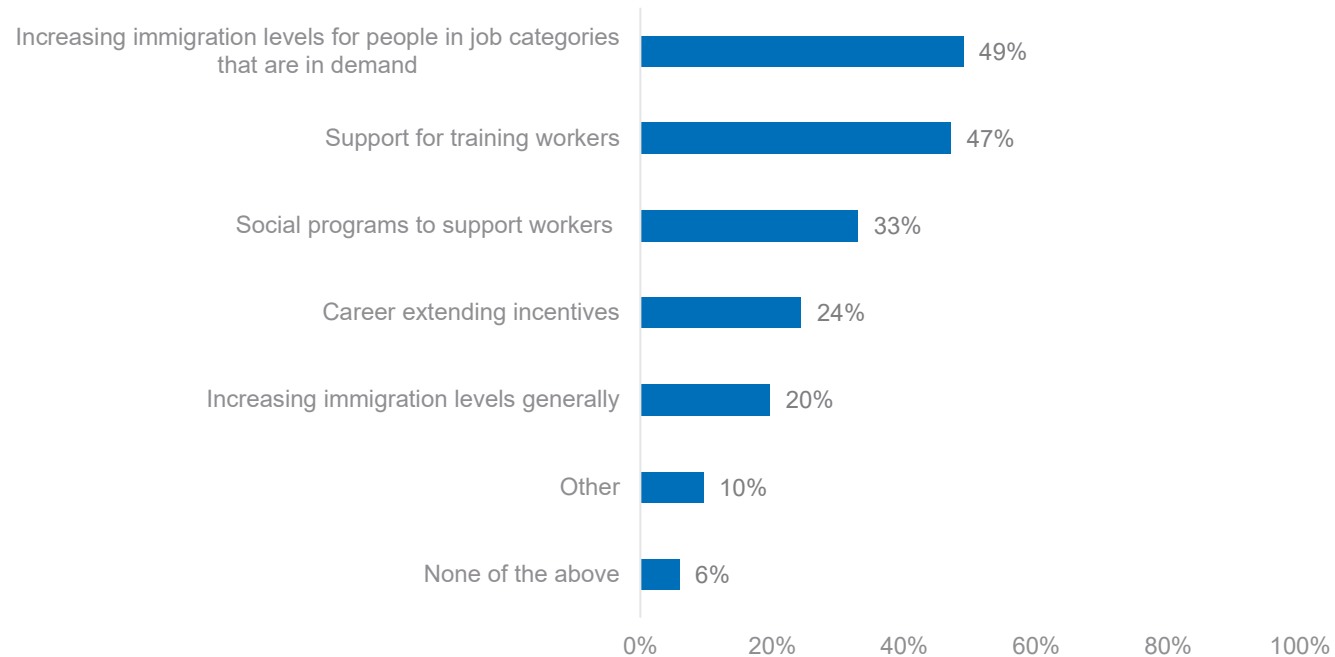
Base: Total Respondents (525)

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

Q4 2021 CPA Canada Business Monitor Backgrounder

- To help Canadian businesses attract skilled workers, survey participants want the federal government to increase immigration levels for people in job categories that are in demand (49 per cent) and better support training for workers (47 per cent).

Ways Federal Government Should Help Businesses Obtain Skilled Employees



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

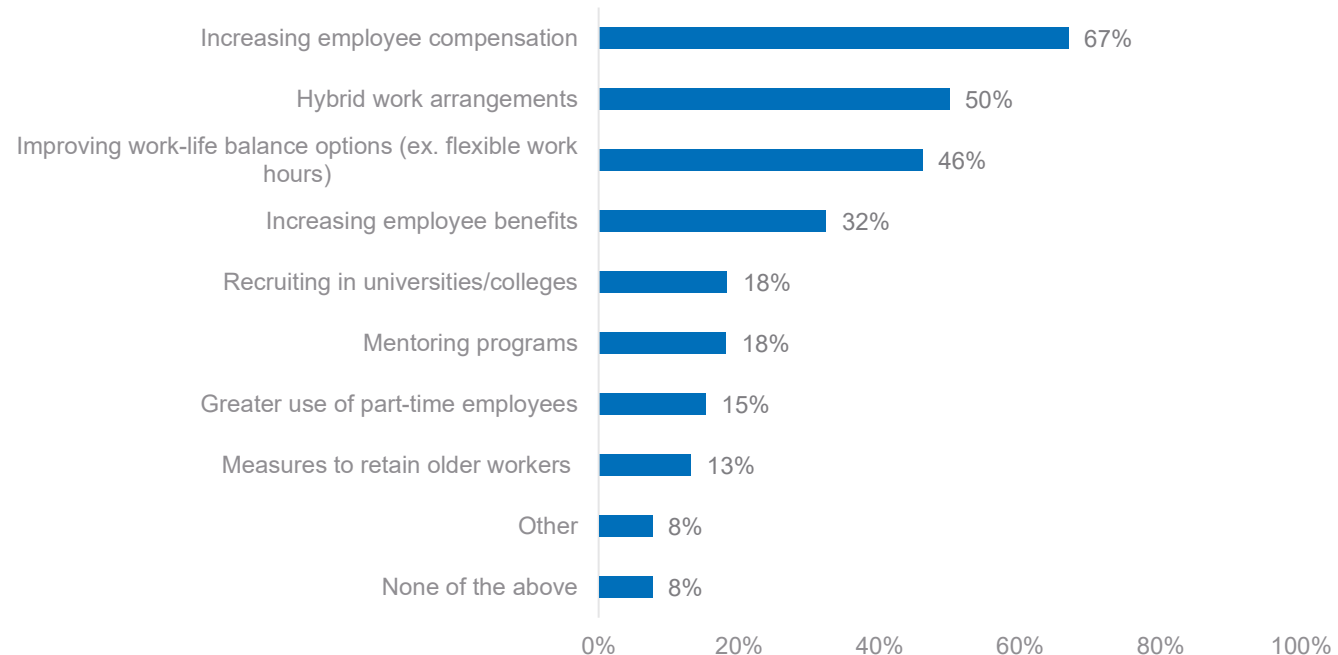
Base: Total Respondents (525)

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

Q4 2021 CPA Canada Business Monitor Backgrounder

- To address recruitment and retention, respondents reported that their respective companies are increasing compensation (67 per cent), supporting hybrid work arrangements (50 per cent) and improving work-life balance options (46 per cent).

Ways Businesses Are Recruiting/Retaining Employees



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

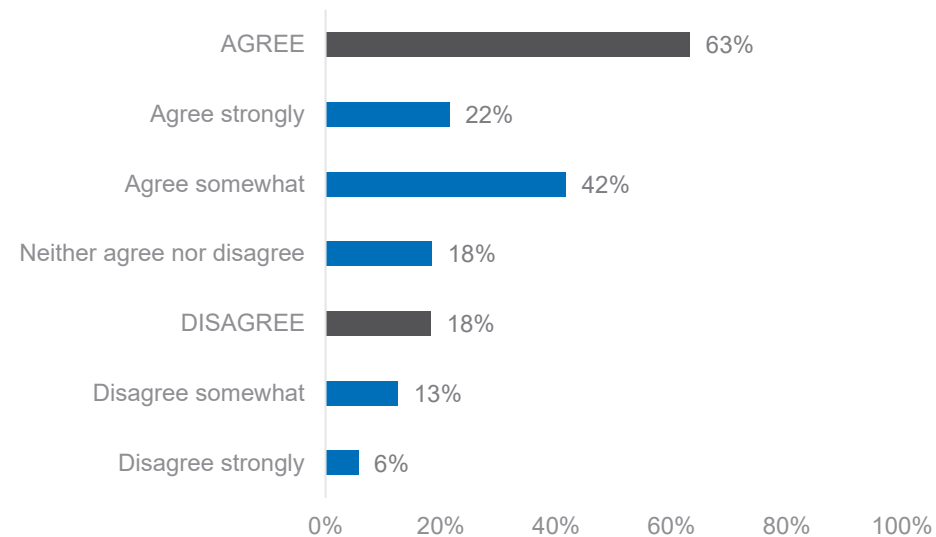
Base: Total Respondents (525)

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

Q4 2021 CPA Canada Business Monitor Backgrounder

- Sixty-three per cent agree that the federal government should focus on mitigating climate change.

Extent to Which Agree Federal Government Should Focus on Mitigating Climate Change



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

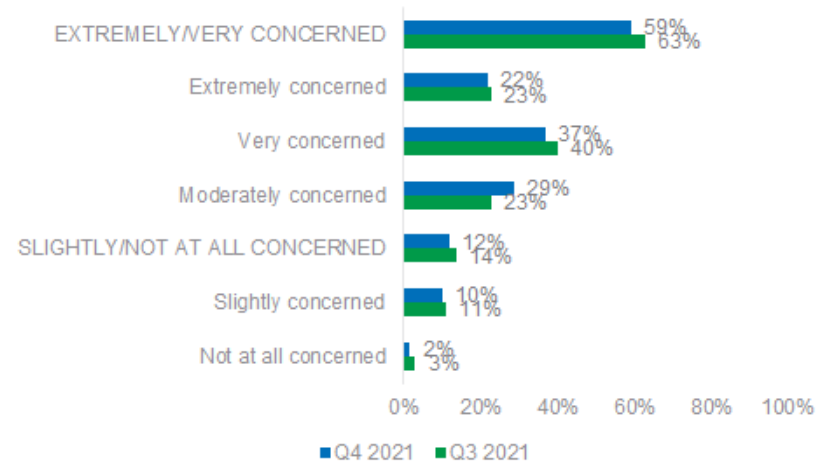
Base: Total Respondents (525)

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

Q4 2021 CPA Canada Business Monitor Backgrounder

- Business leaders also continue to be worried about the federal government's fiscal position, with 59 per cent of the respondents either extremely or very concerned, down marginally from 63 per cent in Q3.

Concern Over Federal Government's Financial Position



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

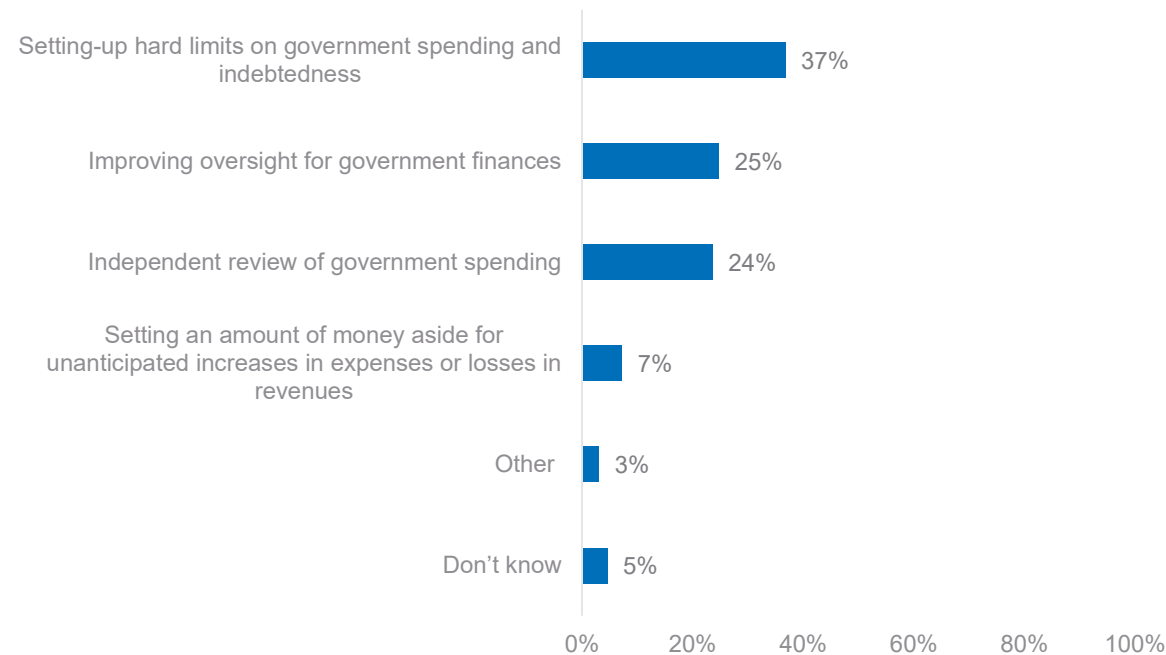
Base: Total Respondents (525 in Q4 2021, 475 in Q3 2021)

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

Q4 2021 CPA Canada Business Monitor Backgrounder

- Thirty-seven per cent feel the most important factor to ensure responsible fiscal management of Canada's finances is to set hard limits on government spending and indebtedness. Other solutions cited were improving oversight of government finances (25 per cent) and conducting an independent review of government spending (24 per cent).

Most Important Factor to Ensure Responsible Fiscal Management of Canada's Finances



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

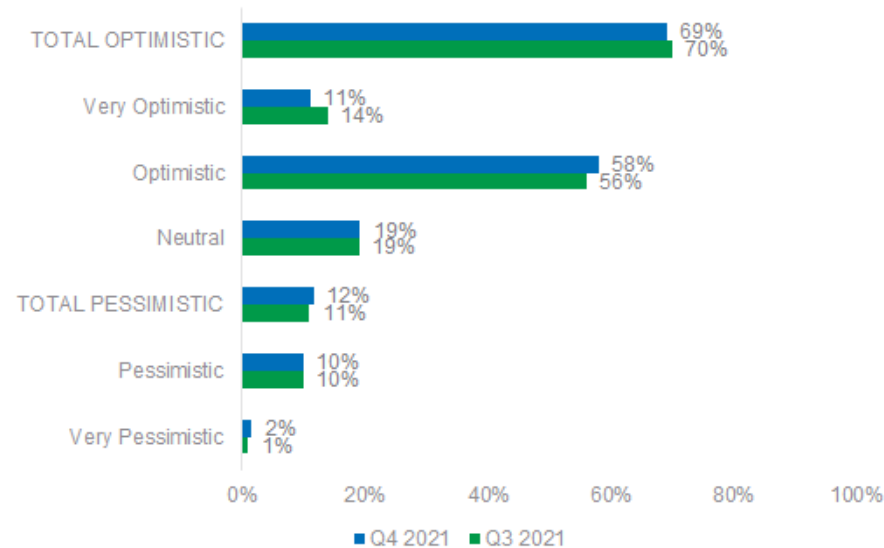
Base: Total Respondents (525)

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

Q4 2021 CPA Canada Business Monitor Backgrounder

- While concerns about the overall economy have risen, optimism about their own businesses remains high at 69 per cent, which is essentially unchanged from the previous quarter (70 per cent).

Company Optimism



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: Total Respondents (525 in Q4 2021, 475 in Q3 2021)

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

Q4 2021 CPA Canada Business Monitor Backgrounder

- Expectations for growth over the next 12 months saw 78 per cent of respondents believing revenues will increase at their respective organization (74 per cent in Q3), while 57 per cent forecast an increase in the number of employees (52 per cent in Q3). In terms of profits, 64 per cent of those surveyed are expecting a rise, which is stable compared to Q3 (62 per cent).

Projected Year over Year Change in Key Company Metrics

Projected Change in Following Year	Revenue	Profits	Employees
Total Who Project an Increase	78%	64%	57%
Increase by over 10%	29%	22%	11%
Increase by 5 to 10%	29%	21%	20%
Increase by less than 5%	20%	21%	26%
No Change	9%	13%	33%
Total Who Project a Decrease	11%	20%	8%
Decrease by less than 5%	4%	7%	5%
Decrease by 5 to 10%	3%	6%	2%
Decrease by over 10%	4%	7%	2%
N/A & Don't Know	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: Total Respondents (525)

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

Appendix

Q4 2021 CPA Canada Business Monitor Backgrounder

Q4 2021 CPA Canada Business Monitor Study

- Detailed Tables (Qualifying Questions) -

SQ1a. Please tell us where you reside?

Province	%	Number
	100%	525
Ontario	47%	248
Quebec	22%	114
Alberta	10%	55
British Columbia	9%	49
Manitoba	5%	25
Saskatchewan	3%	16
Newfoundland and Labrador	1%	7
New Brunswick	1%	6
Nova Scotia	1%	3
Northwest Territories	<1%	1
Yukon	<1%	1
Prince Edward Island	0%	0
Nunavut	0%	0

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

Base: All respondents.

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

Q4 2021 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.

Q4 2021 CPA Canada Business Monitor Study

- Detailed Tables (Qualifying Questions) -

SQ1c. What is your Job Title?

Title	%	Number
	100%	525
Controller	35%	186
CFO	29%	153
VP	11%	60
President	7%	35
CEO	6%	31
COO	2%	13
EVP	1%	5
Chair	<1%	2
Other Senior Executive Position	8%	40

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.

Q4 2021 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%	525
Very Optimistic	1%	5
Optimistic	42%	220
Neutral	38%	198
Pessimistic	18%	95
Very Pessimistic	1%	7

Business Economic Optimism

Optimism response	%	Number
	100%	525
Very Optimistic	11%	58
Optimistic	58%	305
Neutral	19%	101
Pessimistic	10%	53
Very Pessimistic	2%	8

Base: All respondents.

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

Q4 2021 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%	525
Total Who Project an Increase	78%	409
Increase by >10%	29%	153
Increase by 5-10%	29%	152
Increase by <5%	20%	104
Not Changed	9%	46
Total Who Project a Decrease	11%	58
Decrease by <5%	4%	22
Decrease by 5-10%	3%	15
Decrease by >10%	4%	21
N/A	1%	7
Don't Know	1%	5

Estimated Profits Next 12 Months

Projection	%	Number
	100%	525
Total Who Project an Increase	64%	335
Increase by >10%	22%	117
Increase by 5-10%	21%	109
Increase by <5%	21%	109
Not Changed	13%	66
Total Who Project a Decrease	20%	106
Decrease by <5%	7%	38
Decrease by 5-10%	6%	33
Decrease by >10%	7%	35
N/A	2%	9
Don't Know	2%	9

Estimated Employee Numbers Next 12 Months

Projection	%	Number
	100%	525
Total Who Project an Increase	57%	301
Increase by >10%	11%	58
Increase by 5-10%	20%	106
Increase by <5%	26%	137
Not Changed	33%	175
Total Who Project a Decrease	8%	43
Decrease by <5%	5%	24
Decrease by 5-10%	2%	11
Decrease by >10%	2%	8
N/A	1%	3
Don't Know	1%	3

Base: All respondents.

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

Q4 2021 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%	525
Supply chain issues	20%	104
Negative effects of COVID-19 pandemic	18%	97
Rise in inflation	15%	79
Employee recruitment, retention and development	15%	77
Lack of skilled workers	8%	43
Other labour shortage issues	4%	19
Protectionist trade sentiments in the United States	3%	18
The state of the Canadian economy	3%	17
The state of the rest of the global economy	3%	14
The state of the U.S. economy	2%	11
Potential increases in interest rates	2%	8
Oil prices	1%	5
Complexity of the taxation system	1%	4
Unpredictability in impacts of climate change	1%	4
Consumer confidence	1%	3
Status of Canada's balance of trade	1%	3
Other	3%	15
Don't know	1%	4

Base: All respondents.

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

Q4 2021 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%	525
Increasing employee compensation	67%	351
Hybrid work arrangements	50%	262
Improving work-life balance options (ex. flexible work hours)	46%	242
Increasing employee benefits	32%	170
Recruiting in universities/colleges	18%	96
Mentoring programs	18%	95
Greater use of part-time employees	15%	80
Measures to retain older workers (ex. phased or gradual retirement)	13%	69
Other	8%	40
None of the above	8%	40

Base: All respondents.

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

Q4 2021 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%	525
Increasing immigration levels for people in job categories that are in demand	49%	257
Support for training workers	47%	247
Social programs to support workers (childcare, immigration employment programs, etc.)	33%	173
Career extending incentives	24%	128
Increasing immigration levels generally	20%	103
Other	10%	50
None of the above	6%	31

Base: All respondents.

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

Q4 2021 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%	525
Extremely concerned	4%	22
Very concerned	33%	172
Moderately concerned	47%	246
Slightly concerned	14%	76
Not at all concerned	2%	9

Base: All respondents.

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

Q4 2021 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%	525
Extremely concerned	22%	116
Very concerned	37%	194
Moderately concerned	29%	152
Slightly concerned	10%	54
Not at all concerned	2%	9

Base: All respondents.

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

Q4 2021 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%	525
Agree strongly	22%	113
Agree somewhat	42%	219
Neither agree nor disagree	18%	97
Disagree somewhat	13%	66
Disagree strongly	6%	30

Base: All respondents.

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

Q4 2021 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%	525
Setting-up hard limits on government spending and indebtedness (ex: expenditure-to-GDP-ratio, deficit-to-GDP ratio)	37%	193
Improving oversight for government finances	25%	130
Independent review of government spending	24%	124
Setting an amount of money aside for unanticipated increases in expenses or losses in revenues (also referred to as a prudence reserve)	7%	38
Other	3%	16
Don't know	5%	24

Base: All respondents.

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

Q4 2021 CPA Canada Business Monitor Study

- Detailed Tables -

Q10. How many individuals does your company employ globally?

Number of employees	%	Number
	100%	525
Less than 10	9%	46
10-25	10%	51
26-50	11%	59
51-100	16%	85
101-250	17%	91
251-500	8%	42
501-999	7%	38
1,000 or greater	22%	113

Base: All respondents.

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

Q4 2021 CPA Canada Business Monitor Study

- Detailed Tables -

Q11. Which of the following industry sectors describes your company's primary business?

Sector	%	Number
	100%	525
Manufacturing	18%	95
Construction	9%	46
Financial Services	8%	43
Transportation, Distribution	6%	34
Retail	6%	33
Wholesale	6%	33
Real Estate/Building Management	6%	31
Professional Services	5%	28
Agriculture, Forestry, Fisheries	4%	19
Business Services	3%	18
Hotels and Restaurants	3%	17
Software	3%	17

Sector	%	Number
	100%	525
Oil & Gas	3%	16
Mining	2%	9
Telecommunications	2%	8
Arts, Entertainment, Leisure	1%	7
Media, Communications, Publishing	1%	7
Hospitals/Healthcare	1%	6
Pharmaceuticals and Chemicals	1%	6
Utilities	1%	6
Holding, Conglomerate	1%	3
Education	<1%	2
Other	8%	41

Base: All respondents.

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

Q4 2021 CPA Canada Business Monitor Study

- Detailed Tables -

Q12. Is your company traded on a stock exchange?

Whether traded on stock exchange	%	Number
	100%	525
Yes	15%	78
No - but we are a subsidiary of a publicly traded company	6%	29
No	80%	418

Base: All respondents.

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