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Q2 2022 CPA Canada Business Monitor

Backgrounder document

On behalf of: Chartered Professional Accountants of Canada

August 2, 2022

Q2 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 Q2 2022 study, emailed surveys were completed by 412 of 5,830 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 17.2 per cent, with a margin of error associated with this type of study ± 5 per cent, with a confidence level of 95 per cent. The survey was conducted from June 22 to July 7, 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

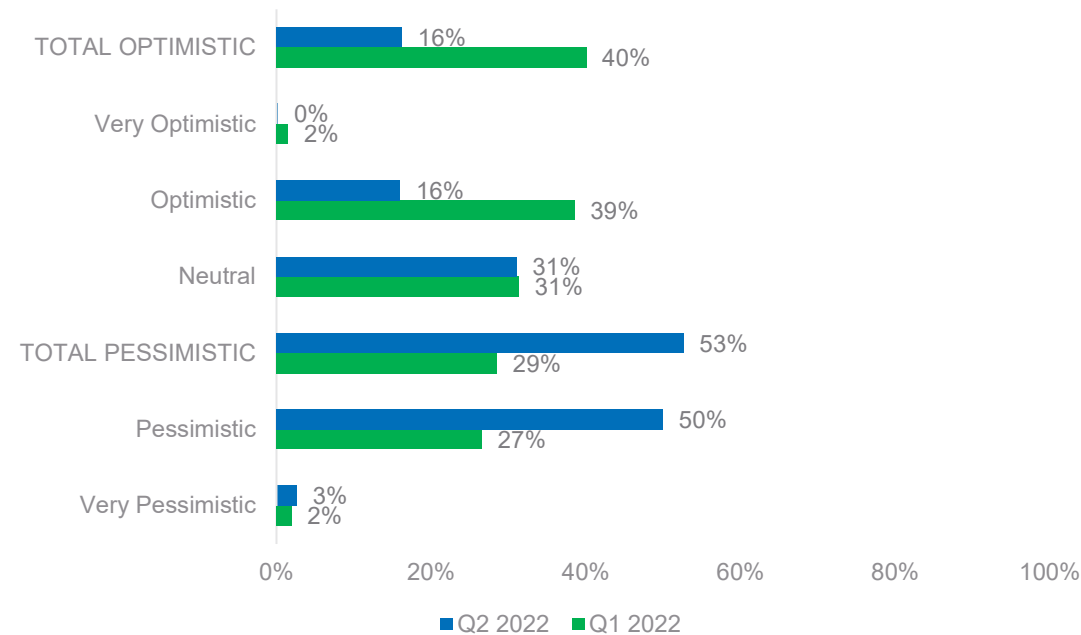
- Chartered Professional Accountants of Canada (CPA Canada) works collaboratively with the provincial, territorial and Bermudian CPA bodies, as it represents the Canadian accounting profession, both nationally and internationally. This collaboration allows the Canadian profession to champion best practices 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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Q2 2022 CPA Canada Business Monitor Backgrounder

- According to the CPA Canada Business Monitor (Q2 2022) survey, optimism about the national economy over the next 12 months plunged from 40 per cent in Q1 to just 16 per cent in Q2, with pessimism expressed by more than three times as many people (53 per cent).

Optimism About Outlook for Canadian Economy (Next 12 Months)



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 (412 in Q2 2022, 459 in Q1 2022)
Note: Due to rounding total may not add to 100%

Q2 2022 CPA Canada Business Monitor Backgrounder

- Respondents point to the rise in inflation as the top challenge to the growth of the economy. It was cited by 29 per cent, with supply chain issues trailing at 14 per cent and no other perceived challenges surpassing the ten per cent mark.

Top Challenge to Growth of Canadian Economy



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

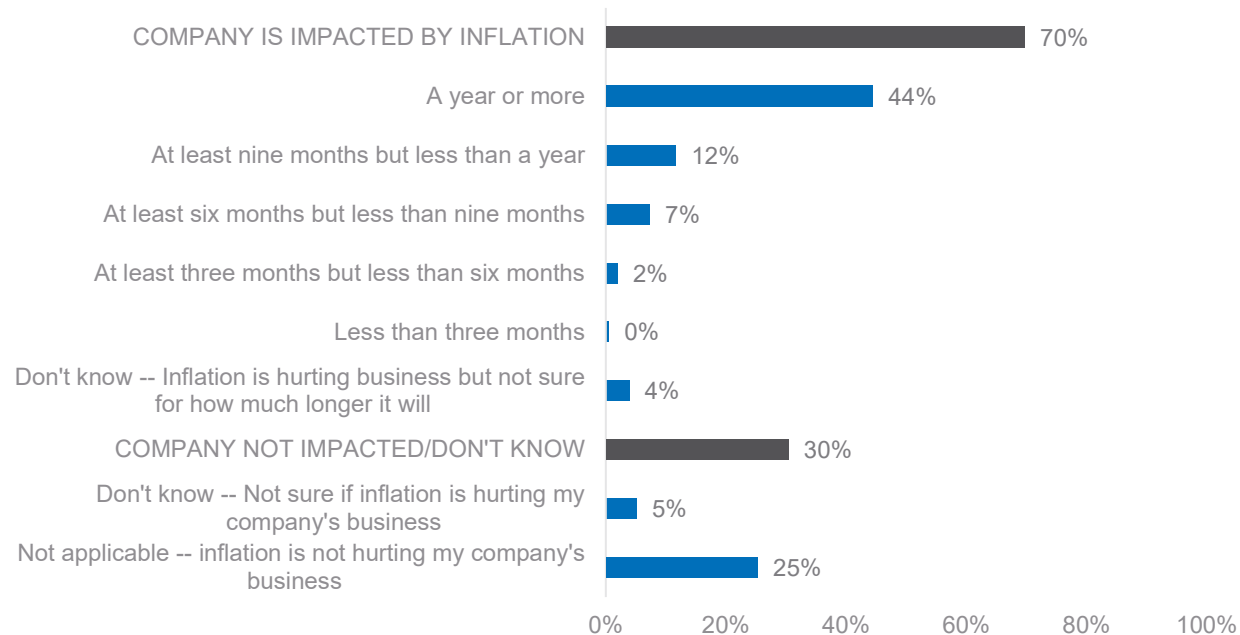
Base: All respondents (412)

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

Q2 2022 CPA Canada Business Monitor Backgrounder

- Seventy per cent of business leaders say inflation is currently hurting their businesses and 44 per cent expecting that to continue for a year or more.

Expected Length of Time Inflation Will Impact Company



Q9: Is inflation currently hurting your company's business?

Q10: For how long do you expect inflation to continue hurting your company's business?

Base: Q9 -- All respondents (412), Q10 -- Respondents saying inflation is hurting their company's business (287).

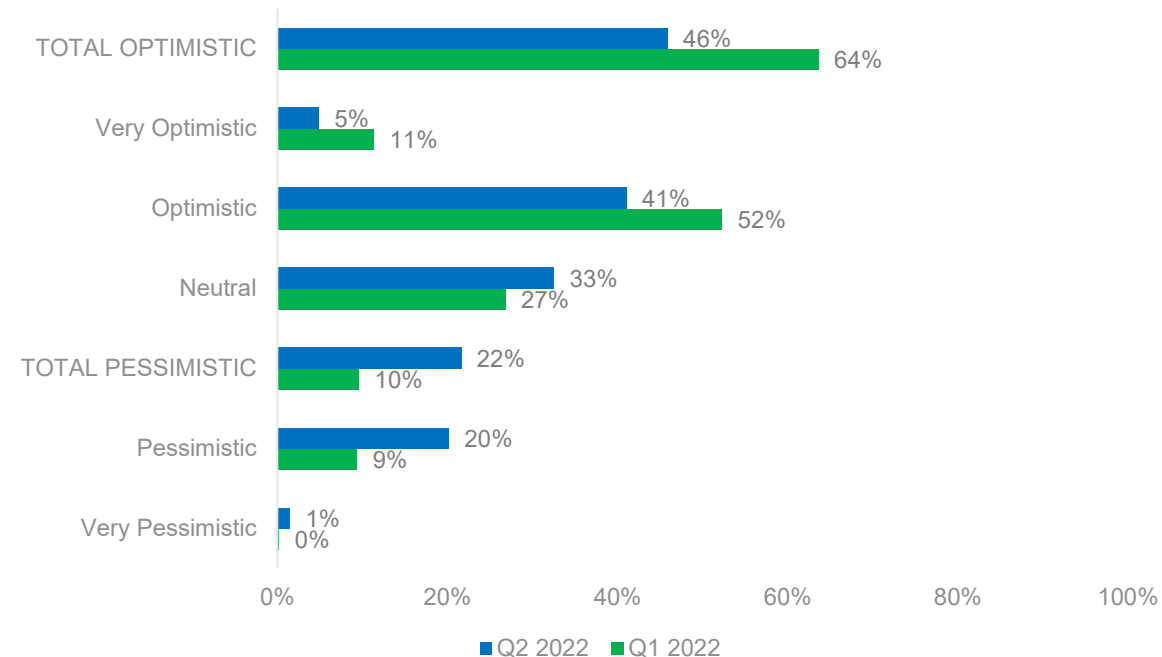
Data in graph combined from Q9 & Q10. See slide 25 for more details.

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

Q2 2022 CPA Canada Business Monitor Backgrounder

- Business optimism shrank from 64 per cent in Q1 to just 46 per cent in the last quarter.

Optimism About Outlook for Business (Next 12 Months)



Q1a: 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 (412)

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

Q2 2022 CPA Canada Business Monitor Backgrounder

- Sixty-one per cent felt revenues would increase over the next 12 months, down from 74 per cent in Q1. Forty-five per cent thought profits would increase, down from 63 per cent three months ago, and 44 per cent thought the number of employees would go up, down from 56 per cent.

Projected Year over Year Change in Key Company Metrics

Projected Change in Following Year	Q2 2022			Q1 2022		
	Revenue	Profits	Employees	Revenue	Profits	Employees
Total Who Project an Increase	61%	45%	44%	74%	63%	56%
Increase by over 10%	20%	14%	8%	28%	20%	12%
Increase by 5 to 10%	23%	14%	11%	27%	18%	17%
Increase by less than 5%	18%	17%	25%	18%	25%	26%
No Change	13%	15%	39%	9%	12%	33%
Total Who Project a Decrease	24%	37%	15%	14%	22%	9%
Decrease by less than 5%	9%	15%	9%	5%	8%	6%
Decrease by 5 to 10%	8%	11%	3%	6%	8%	2%
Decrease by over 10%	6%	10%	2%	3%	5%	1%
N/A & Don't Know	2%	3%	2%	3%	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

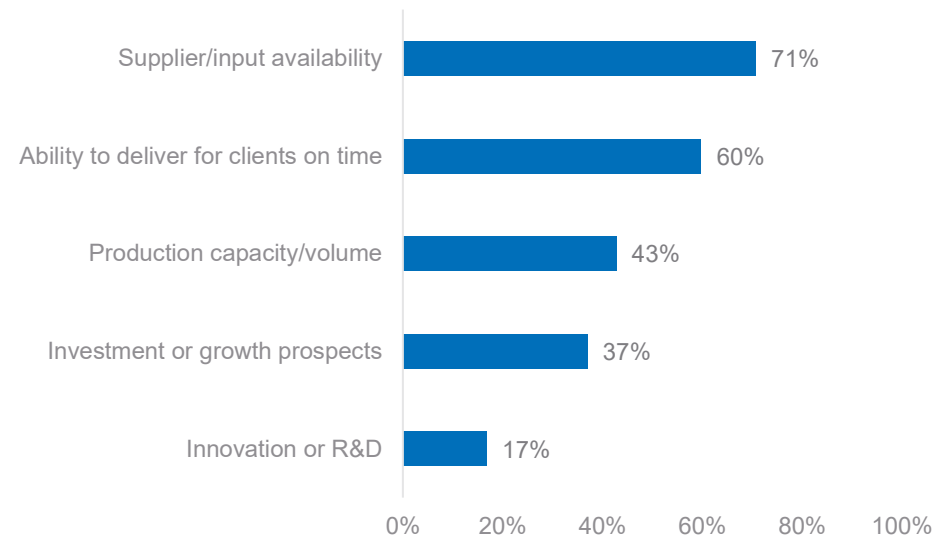
Base: All respondents (412 in Q2 2022, 459 in Q1 2022)

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

Q2 2022 CPA Canada Business Monitor Backgrounder

- Supply chain problems negatively affected respondents' businesses in terms of supplier input availability (71 per cent), their ability to deliver for clients on time (60 per cent) and their overall production capacity/volume (43 per cent).

Ways in Which Changes in Supply Chain Have Impacted Company in Past 12 Months (% Indicating Negative)



Q5: Compared to last year, how have changes in your supply chain impacted each of the following?

Possible answers: positively impacted, no change, negatively impacted, have not had changes in our supply chain, not applicable.

Base: All respondents (412)

See slide 21 for detailed responses.

Q2 2022 CPA Canada Business Monitor Backgrounder

- Over half indicated they think that improving business processes (72% extremely/very important), improving technical skills of employees (59% extremely/very important) and integrating existing technologies (56% extremely/very important) are effective ways to promote innovation in their businesses.

Importance of Various Factors in Promoting Innovation

	Investing in research and development	Improving technical skills of employees	Integrating existing technologies	Developing new technologies	Improving business processes
TOTAL EXTREMELY/VERY IMPORTANT	31%	59%	56%	41%	72%
Extremely important	5%	10%	10%	7%	22%
Very important	26%	49%	46%	34%	50%
Somewhat important	31%	35%	38%	36%	25%
Not very important	22%	4%	4%	18%	2%
Not important at all	16%	1%	1%	5%	1%

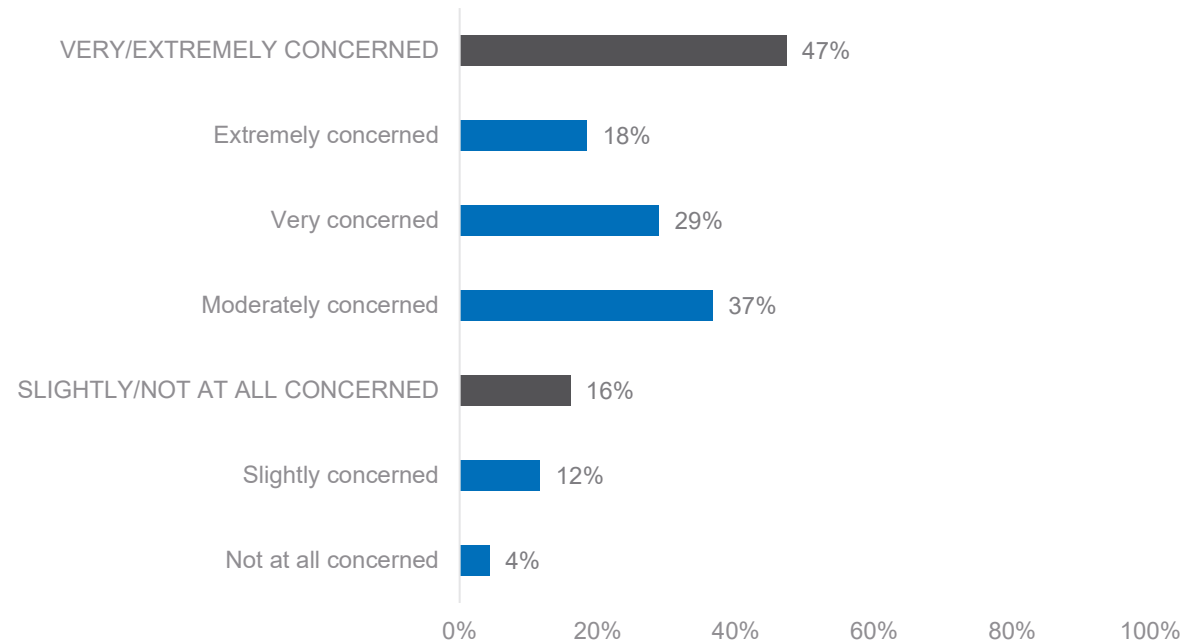
Q8: How important are each of the following to promote innovation in your business?

Base: All respondents (412)

Q2 2022 CPA Canada Business Monitor Backgrounder

- Forty-seven per cent reported feeling extremely or very concerned about the state of federal finances with only 16 per cent reporting being slightly or not at all concerned.

Concern About State of Federal Finances



Q11: To what extent are you concerned about the federal government's fiscal position?

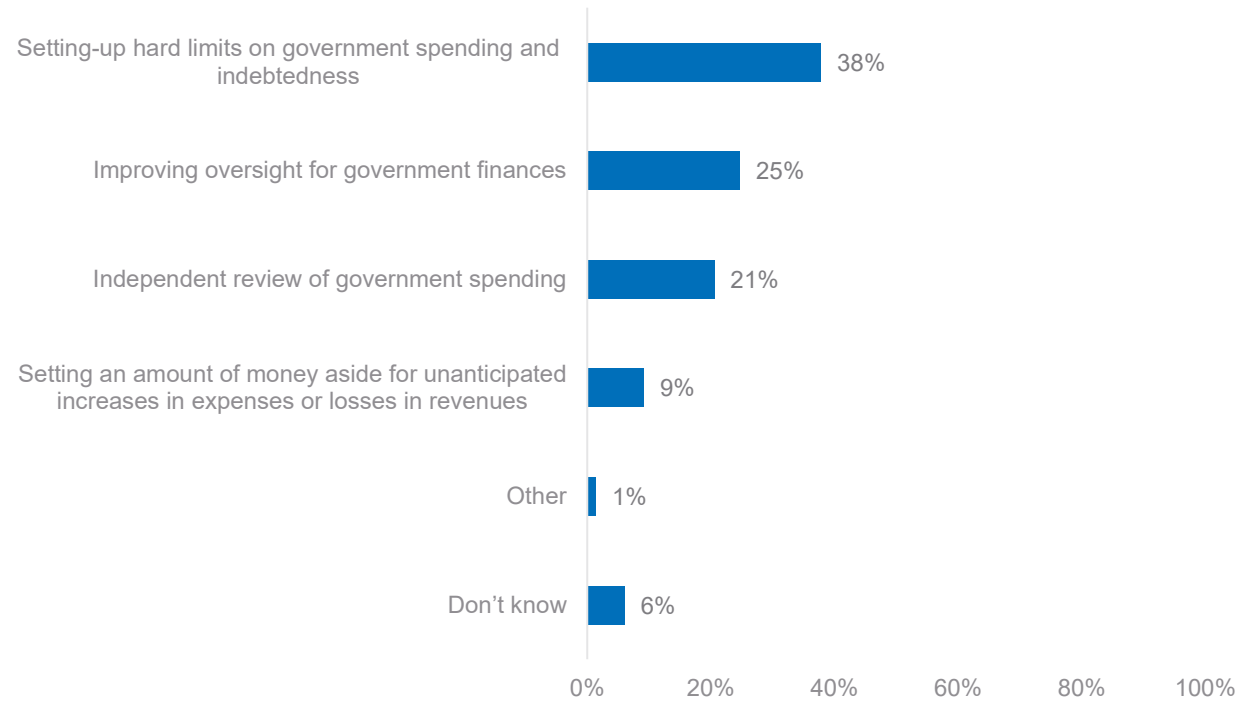
Base: All respondents (412)

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

Q2 2022 CPA Canada Business Monitor Backgrounder

- To ensure responsible fiscal management, the largest group (38 per cent) called for setting-up hard limits on government spending and indebtedness, while 25 per cent are looking for improved oversight and 21 per cent cite the need for an independent review of government spending.

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



Q13: What is the most important factor to ensure responsible fiscal management of Canada's finances?

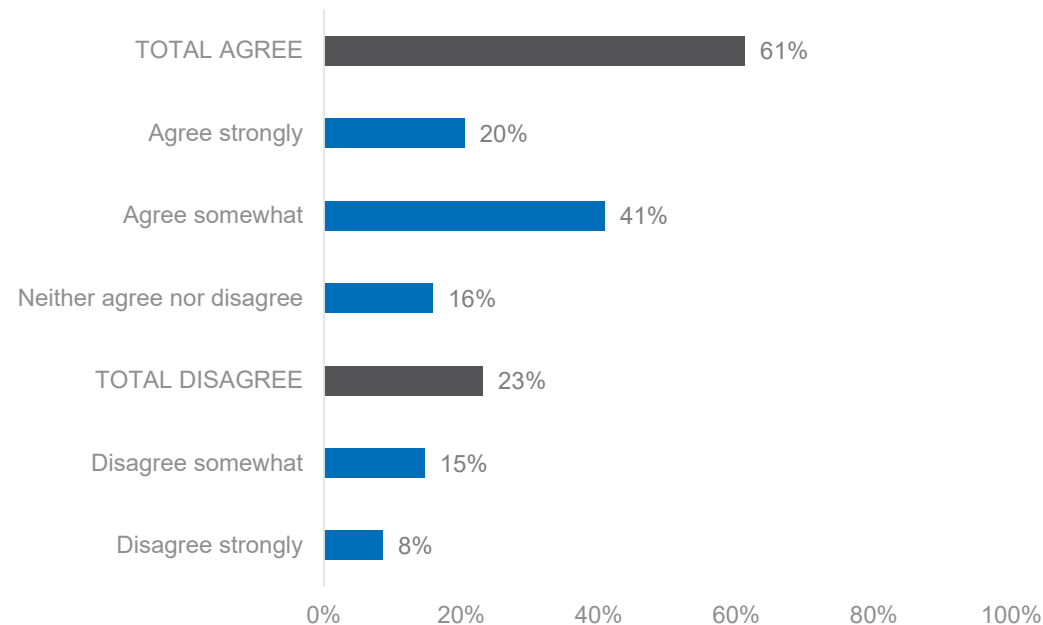
Base: All respondents (412)

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

Q2 2022 CPA Canada Business Monitor Backgrounder

- More than twice as many of these business leaders (61 per cent) said the federal government should focus on mitigating climate change versus the 23 per cent who disagreed. Only 16 per cent took no position on the issue.

Whether Federal Government Should Focus on Mitigating Climate Change



Q12: To what extent do you agree or disagree with the following statement: The federal government should focus on mitigating climate change

Base: All respondents (412)

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

Appendix

Q2 2022 CPA Canada Business Monitor Backgrounder

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables (Qualifying Questions) -

SQ1a. Please tell us where you reside?

Province	%	Number
	100%	412
Ontario	42%	173
Quebec	28%	114
Alberta	11%	44
British Columbia	9%	36
Saskatchewan	4%	18
Manitoba	4%	17
New Brunswick	2%	7
Nova Scotia	1%	3

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

Base: All respondents.

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

Q2 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.

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables (Qualifying Questions) -

SQ1c. What is your Job Title?

Title	%	Number
	100%	412
Controller	35%	144
CFO	33%	134
VP	12%	49
CEO	5%	22
President	5%	19
EVP	2%	8
COO	2%	7
Chair	0%	1
Other Senior Executive Position	7%	28

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.

Q2 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%	412
Very Optimistic	<1%	1
Optimistic	16%	66
Neutral	31%	128
Pessimistic	50%	206
Very Pessimistic	3%	11

Business Economic Optimism

Optimism response	%	Number
	100%	412
Very Optimistic	5%	20
Optimistic	41%	169
Neutral	33%	134
Pessimistic	20%	83
Very Pessimistic	1%	6

Base: All respondents.

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

Q2 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%	412
Total Who Project an Increase	61%	252
Increase by >10%	20%	82
Increase by 5-10%	23%	95
Increase by <5%	18%	75
Not Changed	13%	53
Total Who Project a Decrease	24%	97
Decrease by <5%	9%	39
Decrease by 5-10%	8%	33
Decrease by >10%	6%	25
N/A	1%	6
Don't Know	1%	4

Estimated Profits Next 12 Months

Projection	%	Number
	100%	412
Total Who Project an Increase	45%	177
Increase by >10%	14%	54
Increase by 5-10%	14%	56
Increase by <5%	17%	67
Not Changed	15%	60
Total Who Project a Decrease	37%	150
Decrease by <5%	15%	63
Decrease by 5-10%	11%	46
Decrease by >10%	10%	41
N/A	2%	6
Don't Know	1%	5

Estimated Employee Numbers Next 12 Months

Projection	%	Number
	100%	412
Total Who Project an Increase	44%	183
Increase by >10%	8%	34
Increase by 5-10%	11%	47
Increase by <5%	25%	102
Not Changed	39%	162
Total Who Project a Decrease	15%	60
Decrease by <5%	9%	39
Decrease by 5-10%	3%	13
Decrease by >10%	2%	8
N/A	0%	0
Don't Know	2%	7

Base: All respondents.

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

Q2 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%	412
Rise in inflation	29%	121
Supply chain issues	14%	57
Employee recruitment, retention and development	8%	34
Lack of skilled workers	8%	34
Increases in interest rates	7%	30
The state of the Canadian economy	4%	18
The state of the rest of the global economy	4%	17
The state of the U.S. economy	3%	14
The sustainability of government finances	3%	13
Other labour shortage issues	3%	13
Situation in Ukraine/Russia	3%	11
Consumer confidence	2%	10
Oil prices	1%	5
Negative effects of COVID-19 pandemic	1%	5
Complexity of the taxation system	<1%	2
Protectionist trade sentiments in the US	<1%	2
Status of Canada's balance of trade	<1%	1
Other	5%	22
Don't know	1%	3

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q4. 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%	412
Extremely concerned	<1%	2
Very concerned	5%	21
Moderately concerned	28%	116
Slightly concerned	48%	198
Not at all concerned	18%	75

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q5. Compared to last year, how have changes in your supply chain impacted each of the following?

Response	%	Number
Ability to deliver for clients on time		
Total	100%	412
Positively impacted	1%	3
No change	19%	77
Negatively impacted	60%	246
Have not had changes in our supply chain	9%	38
Not applicable	12%	48

Response	%	Number
Production capacity/volume		
Total	100%	412
Positively impacted	3%	11
No change	26%	108
Negatively impacted	43%	176
Have not had changes in our supply chain	10%	41
Not applicable	18%	76

Response	%	Number
Supplier/input availability		
Total	100%	412
Positively impacted	0%	2
No change	12%	48
Negatively impacted	71%	291
Have not had changes in our supply chain	7%	29
Not applicable	10%	42

Response	%	Number
Investment or growth prospects		
Total	100%	412
Positively impacted	8%	32
No change	39%	159
Negatively impacted	37%	152
Have not had changes in our supply chain	7%	27
Not applicable	10%	42

Response	%	Number
Innovation or R&D		
Total	100%	412
Positively impacted	4%	16
No change	43%	176
Negatively impacted	17%	69
Have not had changes in our supply chain	6%	24
Not applicable	31%	127

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q6: At your company, to what extent have each of the following changed, if at all, in the past year?

Response	%	Number
Prices		
Total	100%	412
Increased significantly	34%	141
Increased somewhat	48%	199
Neither increased nor decreased	14%	58
Decreased somewhat	3%	12
Decreased significantly	0%	2

Response	%	Number
Employees wages		
Total	100%	412
Increased significantly	25%	105
Increased somewhat	63%	261
Neither increased nor decreased	10%	40
Decreased somewhat	1%	5
Decreased significantly	0%	1

	%	Number
Variety of goods and services offered		
Total	100%	412
Increased significantly	2%	8
Increased somewhat	17%	71
Neither increased nor decreased	64%	262
Decreased somewhat	15%	63
Decreased significantly	2%	8

Response	%	Number
Productivity		
Total	100%	412
Increased significantly	2%	7
Increased somewhat	21%	88
Neither increased nor decreased	55%	227
Decreased somewhat	20%	84
Decreased significantly	1%	6

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q7: How would you think your business is performing relative to your peers on the following elements?

Response	%	Number
Productivity		
Total	100%	412
Better than peers	23%	93
Comparable to peers	65%	266
Less than peers	8%	32
Don't know	5%	21

Response	%	Number
Development of new products or services		
Total	100%	412
Better than peers	16%	66
Comparable to peers	62%	254
Less than peers	11%	44
Don't know	12%	48

Response	%	Number
Integrating technologies		
Total	100%	412
Better than peers	22%	89
Comparable to peers	50%	208
Less than peers	19%	77
Don't know	9%	38

Response	%	Number
Mobilization around innovation		
Total	100%	412
Better than peers	20%	81
Comparable to peers	53%	219
Less than peers	15%	63
Don't know	12%	49

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q8: How important are each of the following to promote innovation in your business?

Response	%	Number
Investing in research and development		
Total	100%	412
Extremely important	5%	20
Very important	26%	107
Somewhat important	31%	127
Not very important	22%	92
Not important at all	16%	66

Response	%	Number
Improving technical skills of employees		
Total	100%	412
Extremely important	10%	42
Very important	49%	201
Somewhat important	35%	146
Not very important	4%	18
Not important at all	1%	5

Response	%	Number
Integrating existing technologies		
Total	100%	412
Extremely important	10%	42
Very important	46%	190
Somewhat important	38%	158
Not very important	4%	18
Not important at all	1%	4

Response	%	Number
Developing new technologies		
Total	100%	412
Extremely important	7%	30
Very important	34%	139
Somewhat important	36%	148
Not very important	18%	75
Not important at all	5%	20

Response	%	Number
Improving business processes		
Total	100%	412
Extremely important	22%	92
Very important	50%	206
Somewhat important	25%	101
Not very important	2%	9
Not important at all	1%	4

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q9: Is inflation currently hurting your company's business?

Response	%	Number
Total	100%	412
Yes	70%	287
No	25%	104
Don't know	5%	21

Q10: For how long do you expect inflation to continue hurting your company's business?

Response	%	Number
Total	100%	287
A year or more	64%	183
At least nine months but less than a year	17%	48
At least six months but less than nine months	10%	30
At least three months but less than six months	3%	8
Less than three months	1%	2
Don't know	6%	16

Q9/Q10 (combined)

Response	%	Number
Total	100%	412
A year or more	44%	183
At least nine months but less than a year	12%	48
At least six months but less than nine months	7%	30
At least three months but less than six months	2%	8
Less than three months	0%	2
Don't know -- Inflation is hurting business but not sure for how much longer it will	4%	16
Don't know -- Not sure if inflation is hurting my company's business	5%	21
Not applicable -- inflation is not hurting my company's business	25%	104

Base: Q9 -- All respondents, Q10 -- Respondents who indicated inflation is hurting their company (287).

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q11: To what extent are you concerned about the federal government's fiscal position?

Level of agreement	%	Number
	100%	412
Extremely concerned	18%	76
Very concerned	29%	119
Moderately concerned	37%	151
Slightly concerned	12%	48
Not at all concerned	4%	18

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q12. 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%	412
Agree strongly	20%	84
Agree somewhat	41%	168
Neither agree nor disagree	16%	65
Disagree somewhat	15%	60
Disagree strongly	8%	35

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q13. What is the most important factor to ensure responsible fiscal management of Canada's finances?

Most important factor	%	Number
	100%	412
Setting-up hard limits on government spending and indebtedness (ex: expenditure-to-GDP-ratio, deficit-to-GDP ratio)	38%	156
Improving oversight for government finances	25%	102
Independent review of government spending	21%	85
Setting an amount of money aside for unanticipated increases in expenses or losses in revenues (also referred to as a prudence reserve)	9%	38
Other	1%	6
Don't know	6%	25

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q14. How many individuals does your company employ globally?

Number of employees	%	Number
	100%	412
Less than 10	11%	46
10-25	12%	49
26-50	12%	51
51-100	14%	59
101-250	15%	63
251-500	9%	38
501-999	5%	20
1,000 or greater	21%	86

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q15. Which of the following industry sectors describes your company's primary business?

Sector	%	Number
	100%	412
Manufacturing	20%	82
Financial Services (including banks, trusts, insurance, credit unions, etc.)	11%	45
Construction	9%	36
Retail	8%	34
Real Estate/Building Management	7%	27
Professional Services	4%	18
Wholesale	4%	16
Transportation, Distribution	4%	16
Agriculture, Forestry, Fisheries	4%	15
Software	4%	15
Business Services	3%	14

Sector	%	Number
	100%	412
Oil & Gas	3%	12
Hotels and Restaurants	2%	10
Pharmaceuticals and Chemicals	2%	8
Utilities	2%	8
Media, Communications, Publishing	2%	7
Arts, Entertainment, Leisure	1%	6
Hospitals/Healthcare	1%	6
Mining	1%	5
Holding, Conglomerate	1%	3
Telecommunications	0%	2
Other	7%	27

Base: All respondents.

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

Q2 2022 CPA Canada Business Monitor Study

- Detailed Tables -

Q16. Is your company traded on a stock exchange?

Whether traded on stock exchange	%	Number
	100%	412
Yes	12%	48
No - but we are a subsidiary of a publicly traded company	8%	31
No	81%	333

Base: All respondents.

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