



Canadian  
Chamber of  
Commerce

Chambre de  
Commerce  
du Canada



Business  
Data Lab

Laboratoire de données  
sur les entreprises

# Canadian Business Trends and Insights

*Analysis powered by a quarterly survey of over  
15,000 Canadian businesses*

June 2022 (Q2)





## Message from the Chief Economist

For many of us, life is finally starting to feel more “normal.” But sadly, the latest *CSBC* reveals that the recovery remains incomplete for one-third of businesses, representing over 361,000 companies. Small and minority-owned businesses as well as high-contact services are lagging behind. Debt that piled up during the pandemic is becoming a bigger constraint. The top operating concern is unrelenting cost pressures, which are being exacerbated by the recent energy price spike. Over the next quarter, a record 39% of firms expect to raise prices. Central banks are quite worried about inflation and are quickly raising interest rates to bring it back under control. Companies are dealing not only with this “cost crunch,” but also with difficulties recruiting and retaining labour, and supply chain pains.

It’s not all bad news, though. In this challenging environment, Canadian companies are cautiously optimistic about the near-term outlook, with sales expected to pick up in Q3. Businesses are looking to hire in a very tight labour market, so wage pressures likely will build. To address supply chain problems, which are now expected to persist well into 2023, companies are seeking new, more local suppliers and substituting inputs. This survey shows that businesses innovated their processes during the pandemic, and more organizational changes are planned for the year ahead. With the acceleration in online activity, retailers are investing in e-commerce, and businesses are enhancing their cyber security defences. Finally, high-tech, professional services, and finance are defining the new equilibrium of hybrid work.

We hope you like what follows in this expanded analytical report. Let me know if you have ideas for further improvements. The Chamber’s new *Business Data Lab* has just started to unlock the full power of these surveys. Be sure to check back next quarter for more business insights!

A handwritten signature in black ink, appearing to read 'Stephen Tapp'.

**Stephen Tapp** ([STapp@Chamber.ca](mailto:STapp@Chamber.ca))  
Canadian Chamber of Commerce Chief Economist

# ○ Top 10 findings

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- 1** | More than 361,000 Canadian businesses (one-third) still have not recovered fully from the pandemic.
- 2** | Businesses' ability to take on debt continues to decline, with smaller firms being most constrained along with businesses in high-contact services, construction, health and social sectors.
- 3** | Rising input costs remain the top business obstacle.
- 4** | Inflationary pressures on businesses are broadening, with the recent surge in energy prices adding fuel to the fire and a record-high share of firms expect to raise prices next quarter.
- 5** | The competition for talent is a major pain point, with around one-third of businesses expecting labour difficulties in the next quarter; high inflation is expected to add further upward wage pressure.

# Top 10 findings

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- 6 | **As COVID concerns subside, flexible work arrangements might be stabilizing**, with between 6% and 12% of the workforce exclusively working remotely for businesses located in Canada's major cities.
- 7 | **Many companies expect supply chain problems to persist well into 2023; businesses are partnering with new and/or local suppliers and substituting inputs to address these challenges.**
- 8 | **As sales have shifted online, retailers are looking to invest in e-commerce capabilities, while larger firms are enhancing cybersecurity.**
- 9 | **During the pandemic, larger businesses continued to innovate. Organizational changes are coming in the year ahead for arts, entertainment and recreation, information and culture, and manufacturing businesses.**
- 10 | **Canadian businesses are cautiously optimistic about short-term sales, hiring and investment, while increased costs are expected to squeeze profitability.**



# Incomplete Recovery

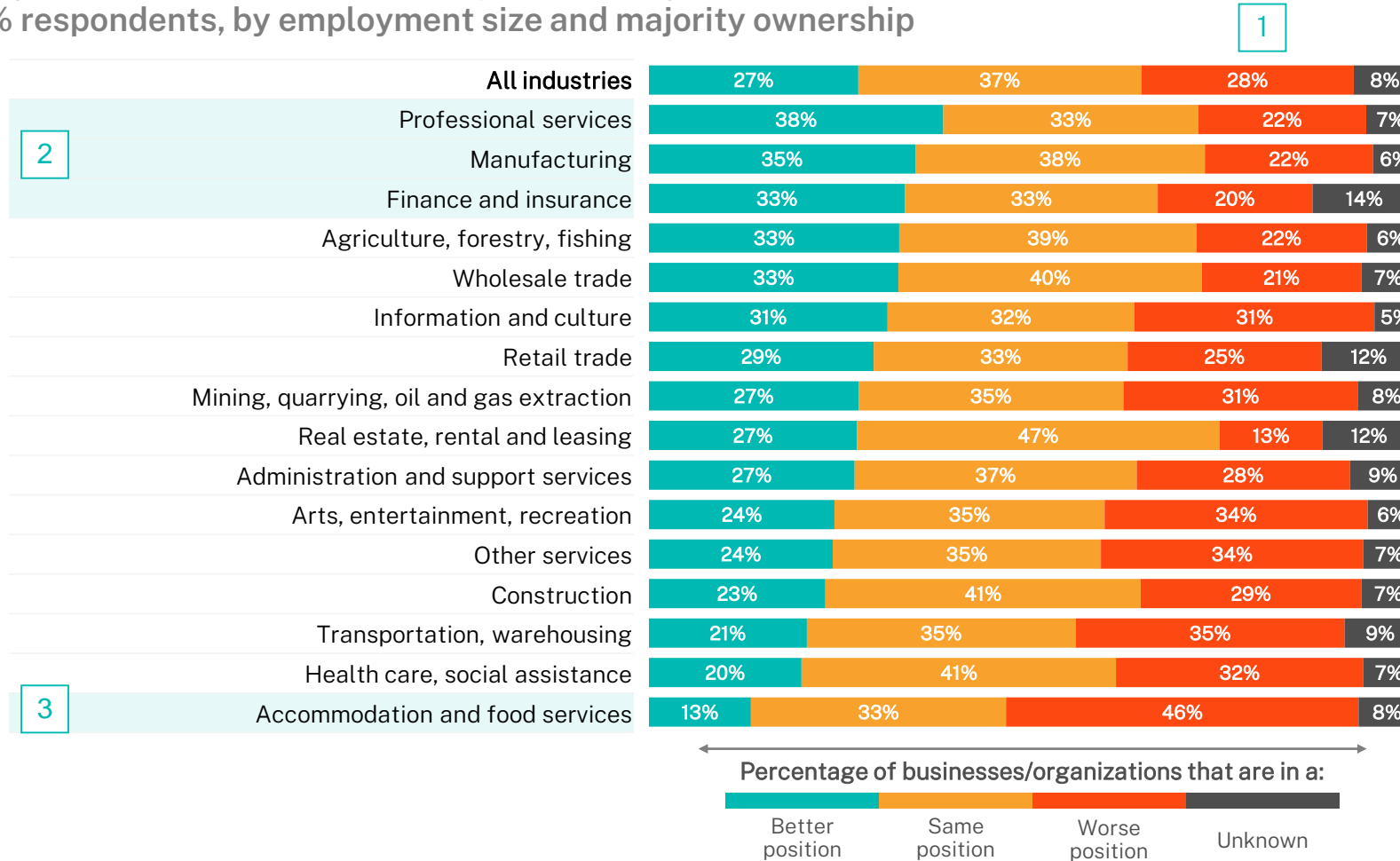
More than 361,000 Canadian businesses still have not recovered fully from the pandemic.



# One-third of Canadian businesses still have not recovered fully from the pandemic; problems are most acute for accommodation and food services

Is your business in a better overall position today than it was in 2019?

% respondents, by employment size and majority ownership



1 Almost **30% of businesses** are in a worse overall position than they were in 2019

2 **Professional services, manufacturing, finance and insurance** industries are leading the recovery

3 With almost half of businesses in a worse position than in 2019, **accommodation and food services** have been hit hardest by the pandemic



# Smaller and minority-owned businesses are lagging behind

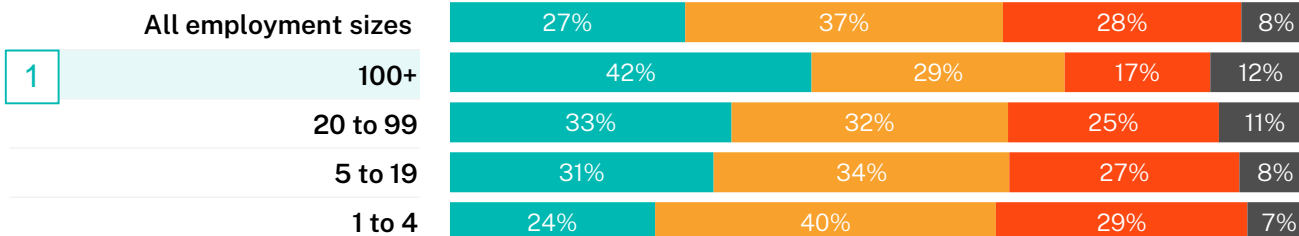
Is your business in a better overall position today than it was in 2019?

% respondents, by employment size and majority ownership

1

With **71% of businesses** in a better or similar position relative to 2019, larger firms with **100+ employees** have recovered fastest

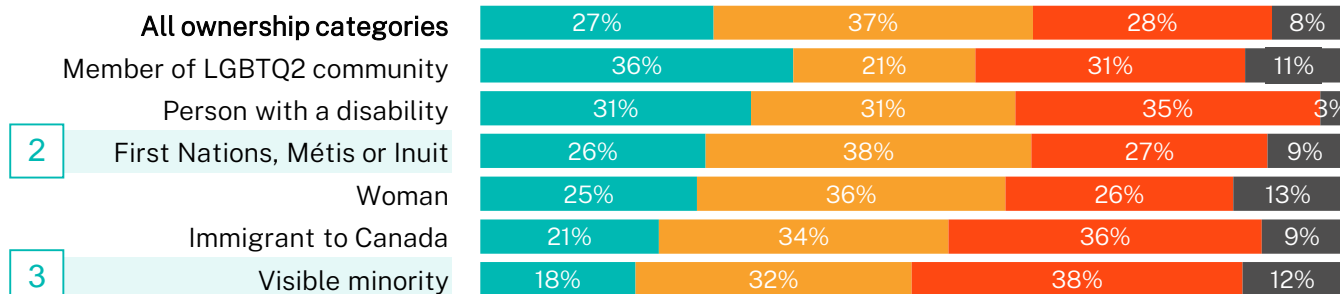
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2

Except for **First Nations, Métis or Inuit majority-owned businesses**, minority-owned businesses are recovering more slowly than the average Canadian business

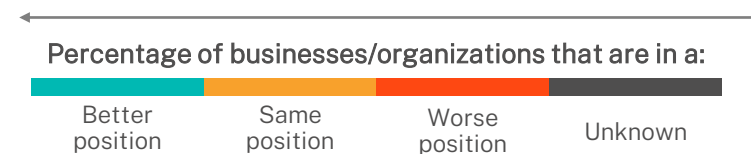
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3

Among visible minority-owned businesses, **Southeast Asian and Filipino** are recovering slowest

3





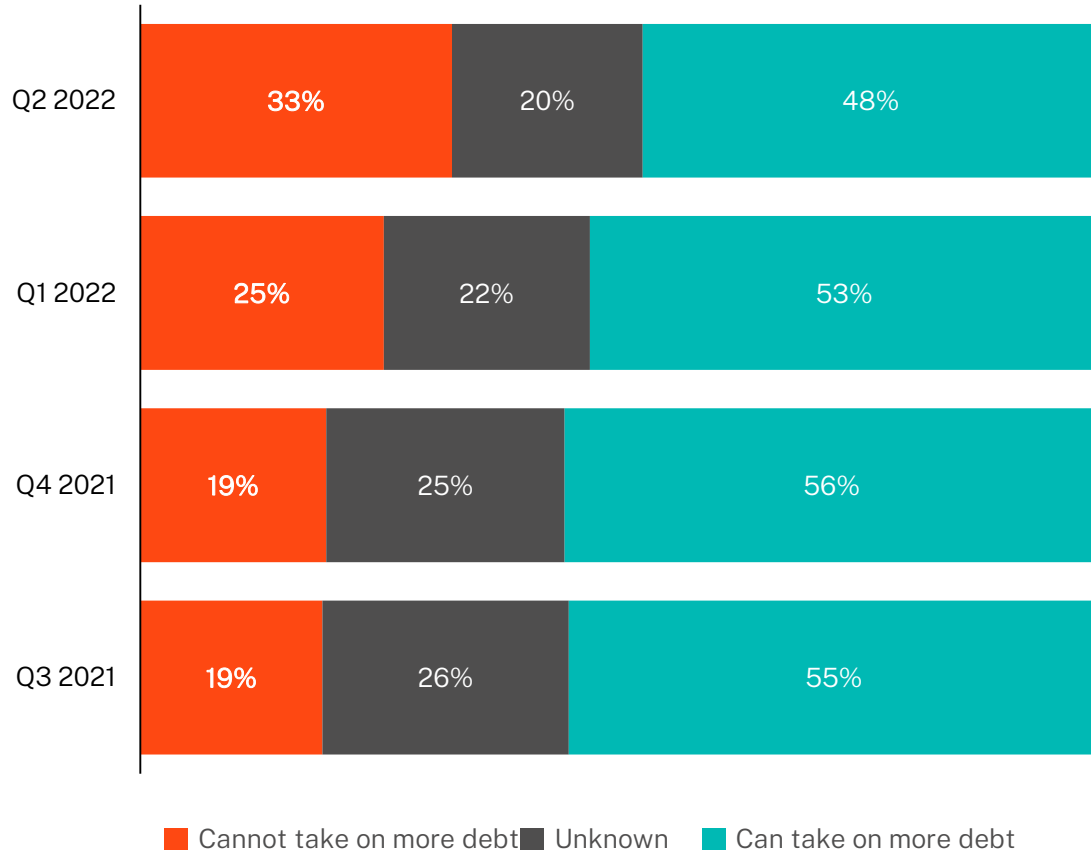
# Debt constraints

Over half of businesses (52%) reported they either cannot take on more debt or do not know if they can — up from 47% last quarter.

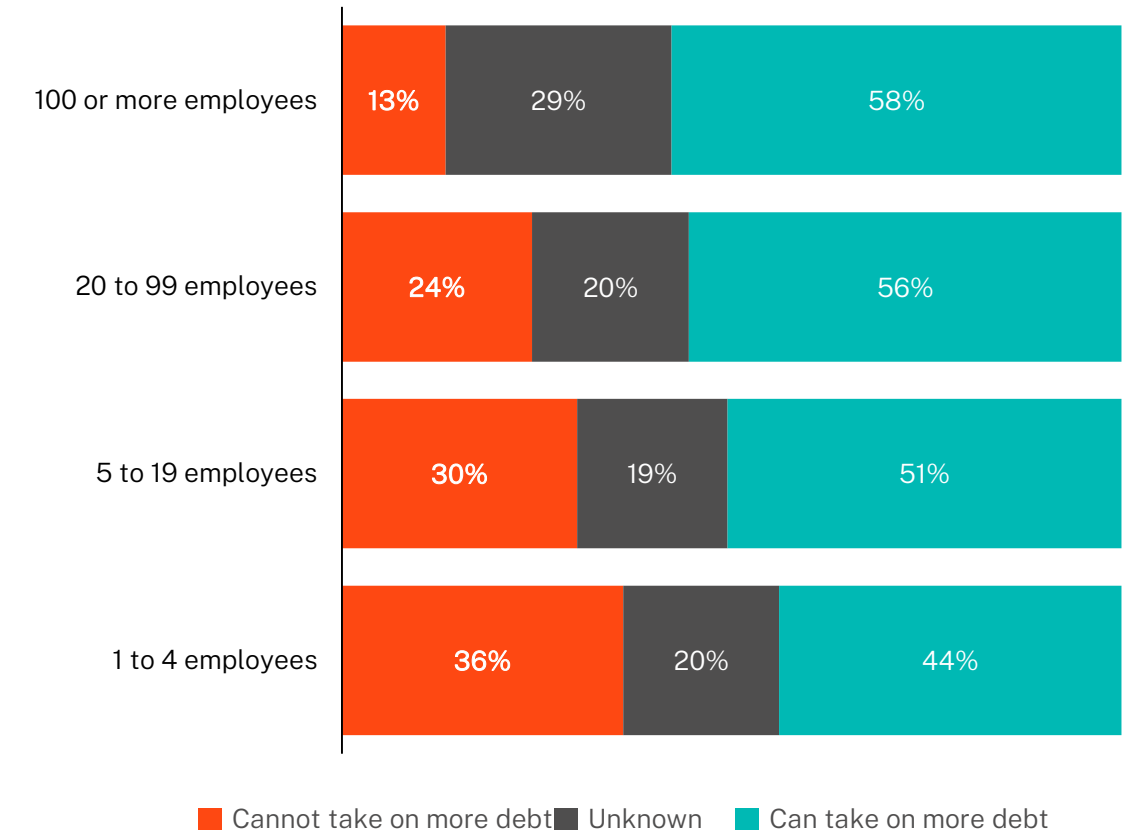


# Businesses' ability to take on debt continues to decline, with small firms being most constrained

Does your business have the ability to take on debt?  
% of respondents, by quarter of survey



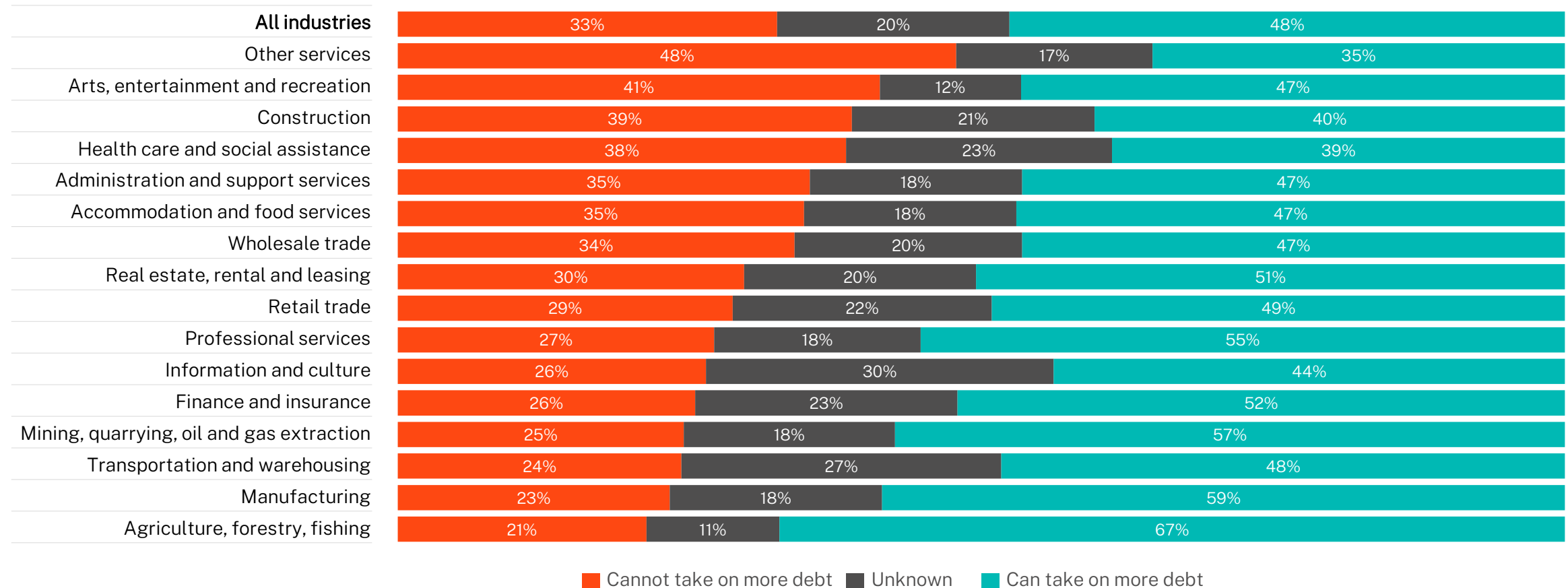
Does your business have the ability to take on debt?  
% of respondents, by employment size





# Debt constraints are most significant in high-contact services, construction, health and social sectors

Does your business have the ability to take on debt?  
% of respondents, by industry





# Business obstacles

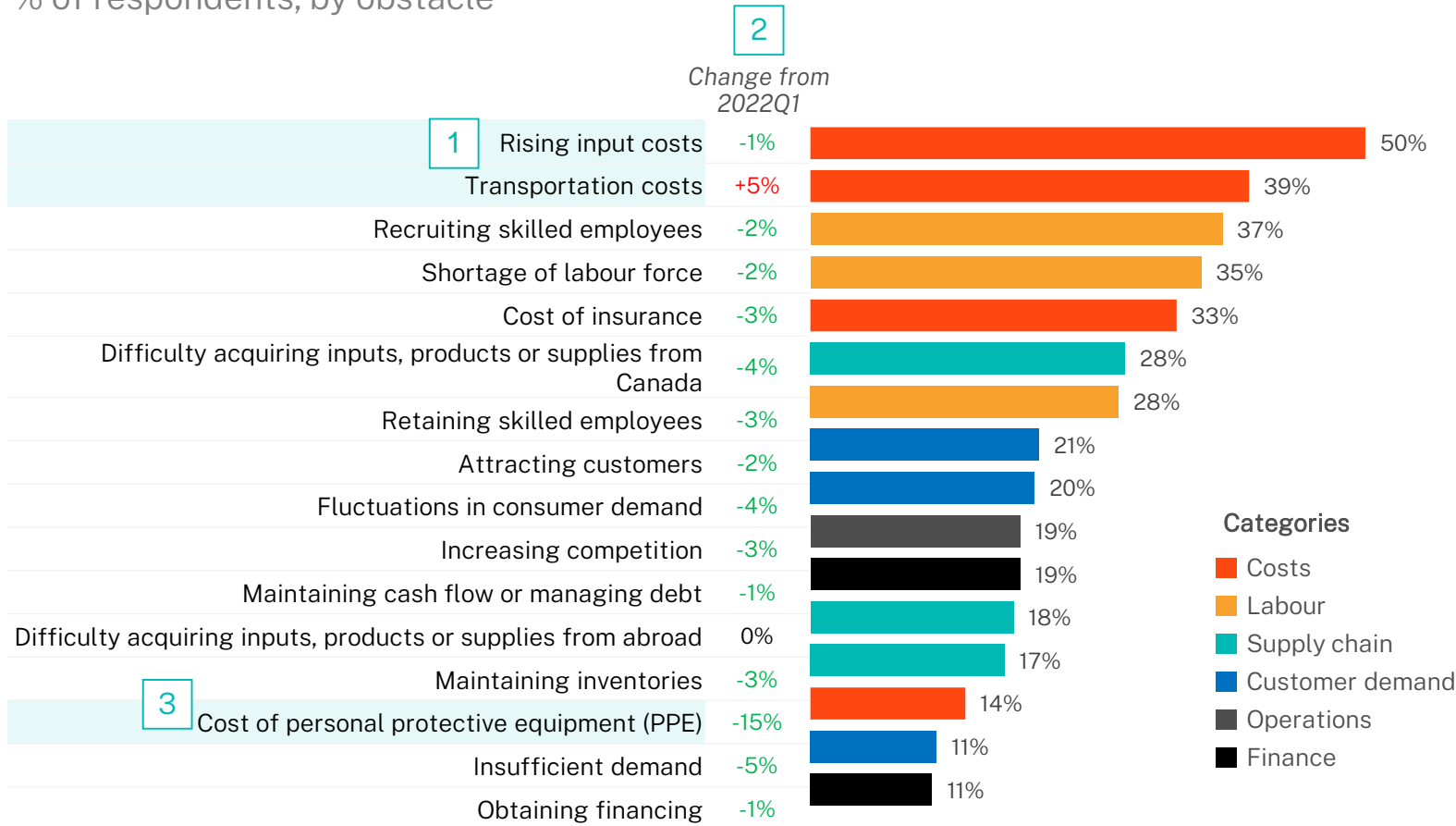
The top business obstacles continue to be rising input costs, labour and supply chain challenges.



# Rising input costs remain by far the top business obstacle

Over the next three months, which of the following are expected to be obstacles for your business?

% of respondents, by obstacle\*



1 Half of businesses expect **rising input costs** to be an obstacle in the next three months

2 There are **modest improvements across most categories**; **transportation costs** are the only obstacle that **worsened**

3 As COVID-19 restrictions ease, the **biggest improvement** is from a large drop in the **cost of PPE** as an obstacle

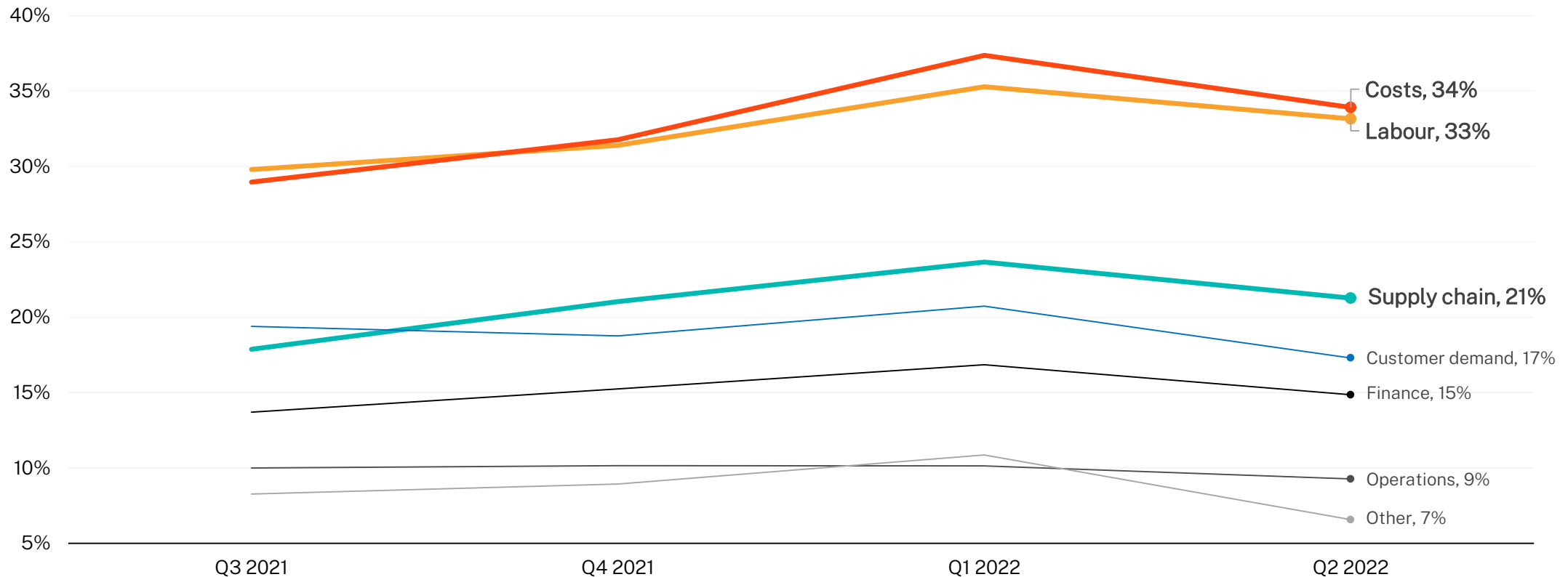
\*Obstacles selected by less than 10% of respondents are not reported.



# Cost and labour concerns remain quite elevated, but expected obstacles have moderated slightly across categories since the last quarter

Over the next three months, which of the following are expected to be obstacles for your business?

% of respondents, by obstacle\*



\*These results average across categories reported in the previous slide. Categories of obstacles selected by less than 5% of respondents are not reported

\*\* The decrease in PPE as an obstacle is the main reason for the costs category to decrease



# Rising cost pressures

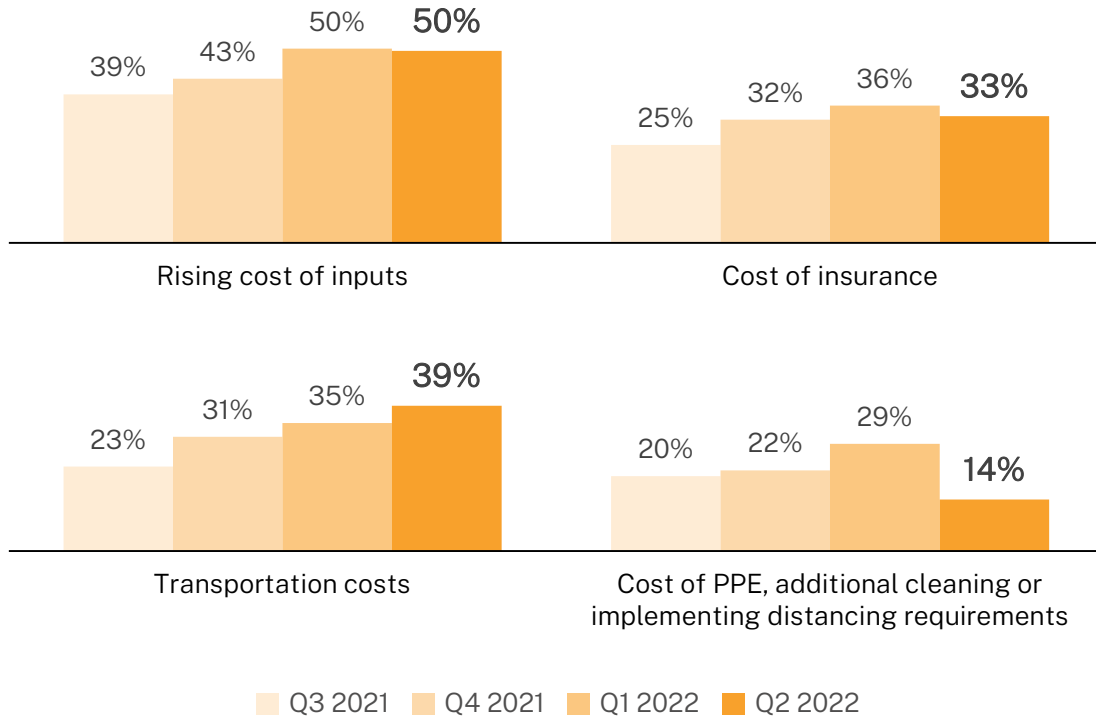
Inflation pressure on businesses is broadening, with the recent surge in energy prices adding fuel to the fire.



# Business face broad cost pressures, driven by transportation costs and energy prices, which are highest on the East and West coasts and in the Prairies

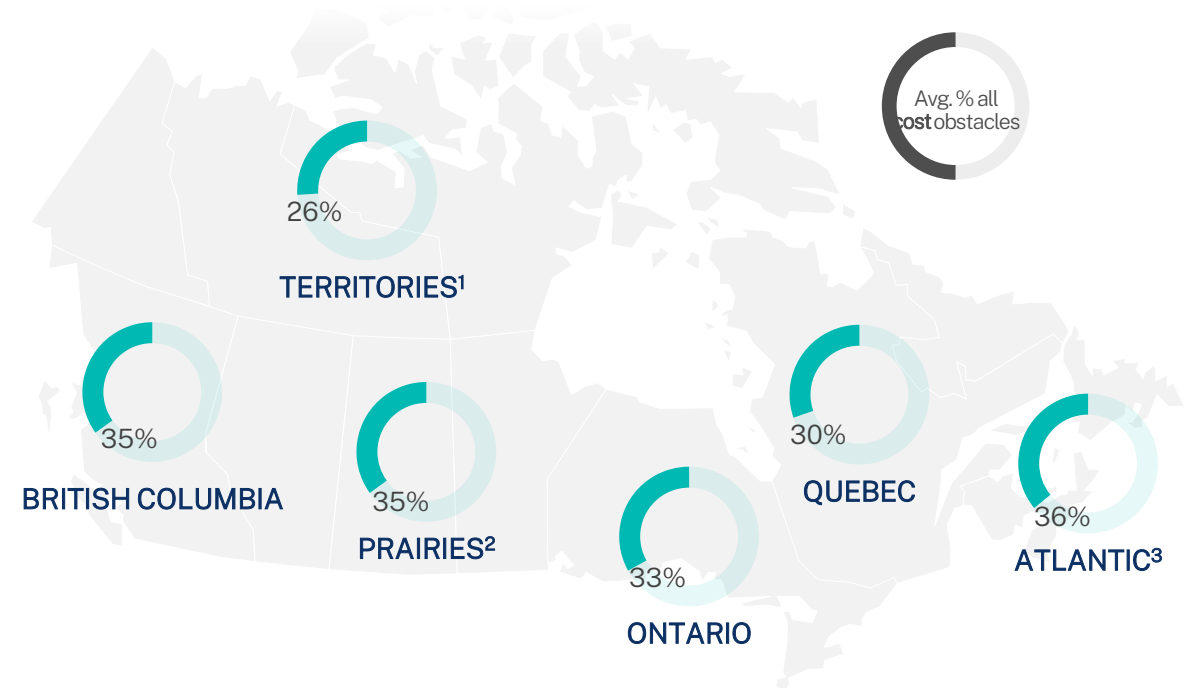
Over the next three months, which are expected to be obstacles for your business?

% of respondents, by obstacle associated with costs



Over the next three months, which are expected to be obstacles for your business?

% of respondents averaged by cost obstacles, by region



<sup>1</sup> Northwest Territories, Nunavut and Yukon

<sup>2</sup> Alberta, Manitoba and Saskatchewan

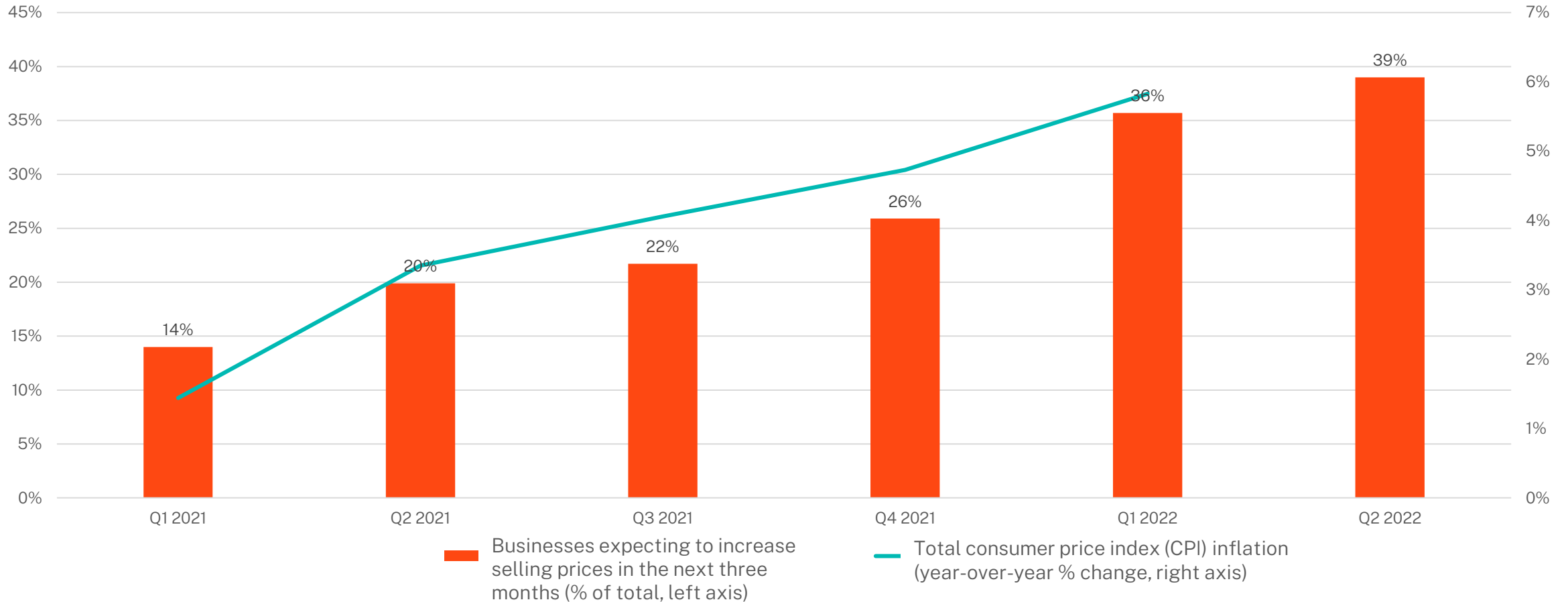
<sup>3</sup> Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island



# The share of businesses expecting to raise prices over the next quarter continues to rise

Over the next three months, what is the expected change in the selling price of goods and services offered by your business?

% of respondents that answered "Increase"



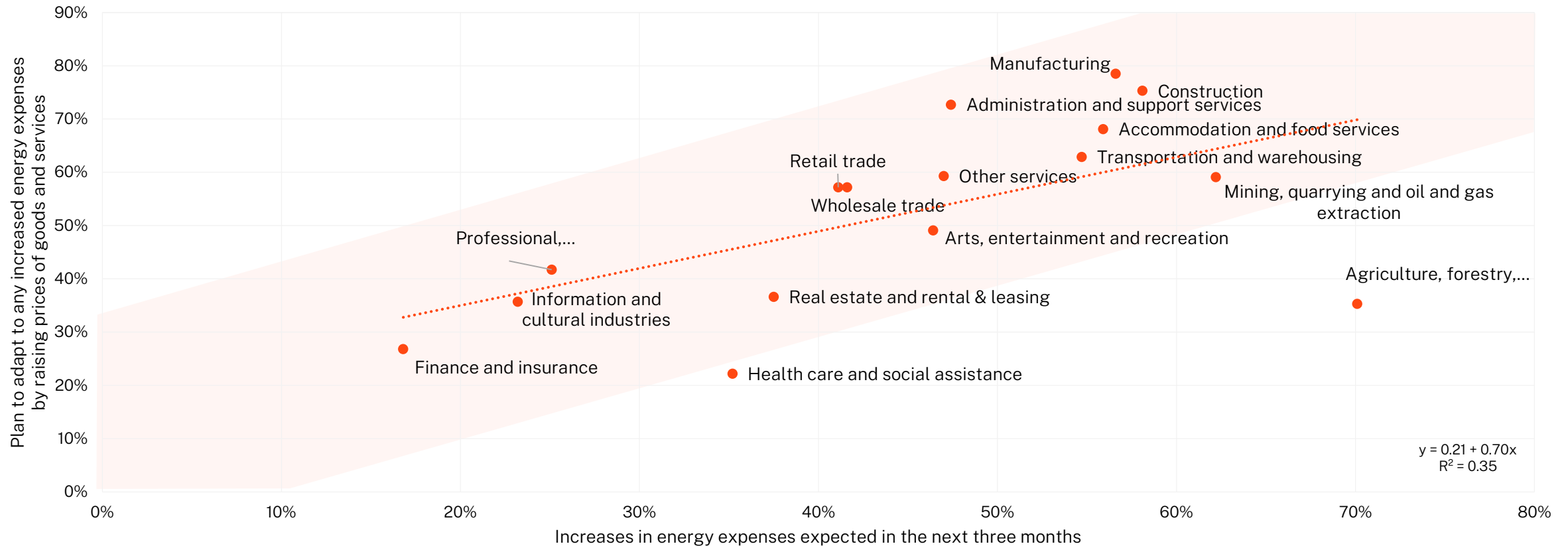


# The recent surge in energy prices is adding to the burden of cost pressures for businesses, a significant portion of which likely will be passed on to consumers

- (1) Over the next three months, does your business expect any increases in its energy expenses?
- (2) If yes, how does the business plan to adapt to any increases in energy expenses?

X-axis: % of respondents that answered 'Expects increases in its energy expenses,' by industry

Y-axis: % of respondents that answered 'Raise prices of goods and services offered,' by industry





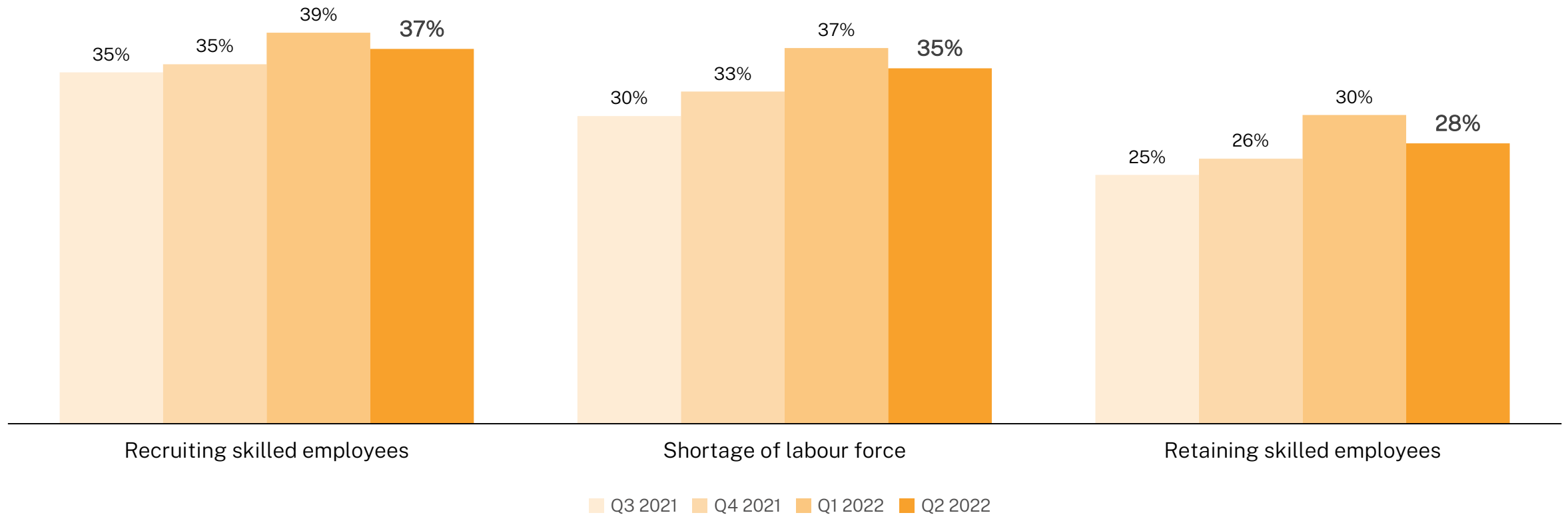
# Competition for talent

The competition for talent is a major pain point for many Canadian businesses, with around one-third expecting labour difficulties in the quarter ahead. **High inflation is also expected to put upward pressure on wages.**



# Businesses are still experiencing significant labour challenges, despite a slight improvement from the previous quarter

Over the next three months, which are expected to be obstacles for your business?  
% of respondents, by labour obstacle

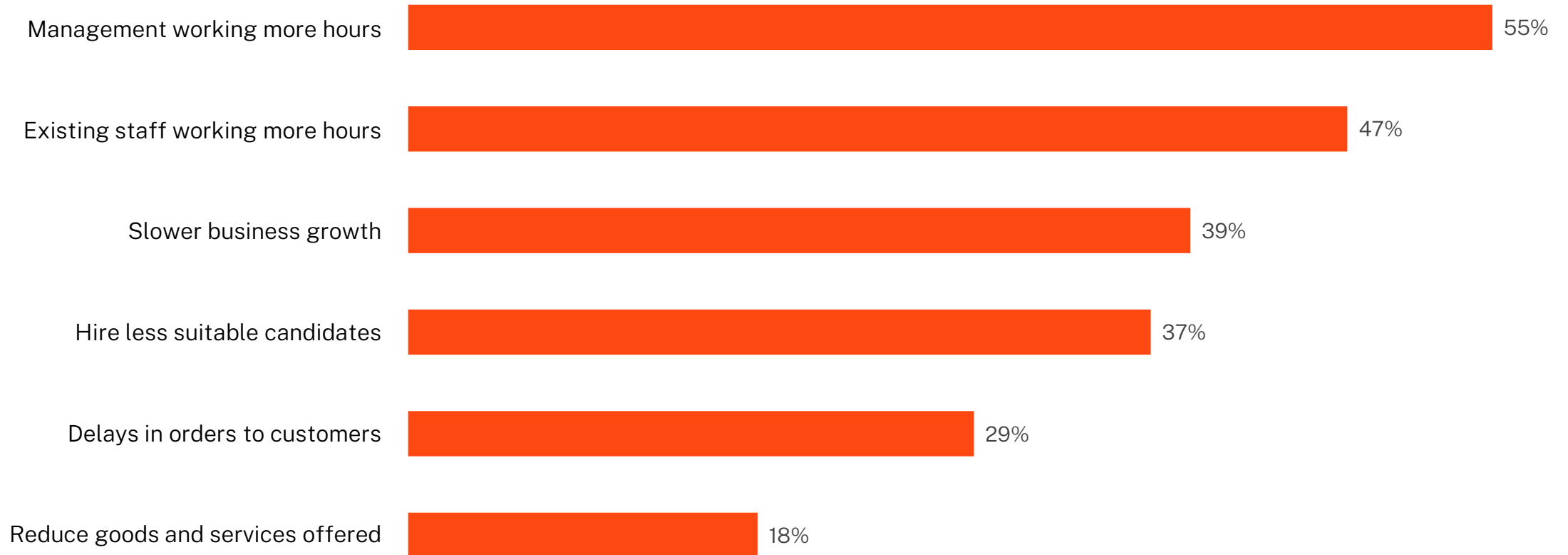




# The consequences of labour challenges include working longer hours, slower growth and hiring less suitable candidates

Over the next three months, what are the expected effects of labour-related obstacles for your business?

% of respondents that identified a labour-related issue as an obstacle

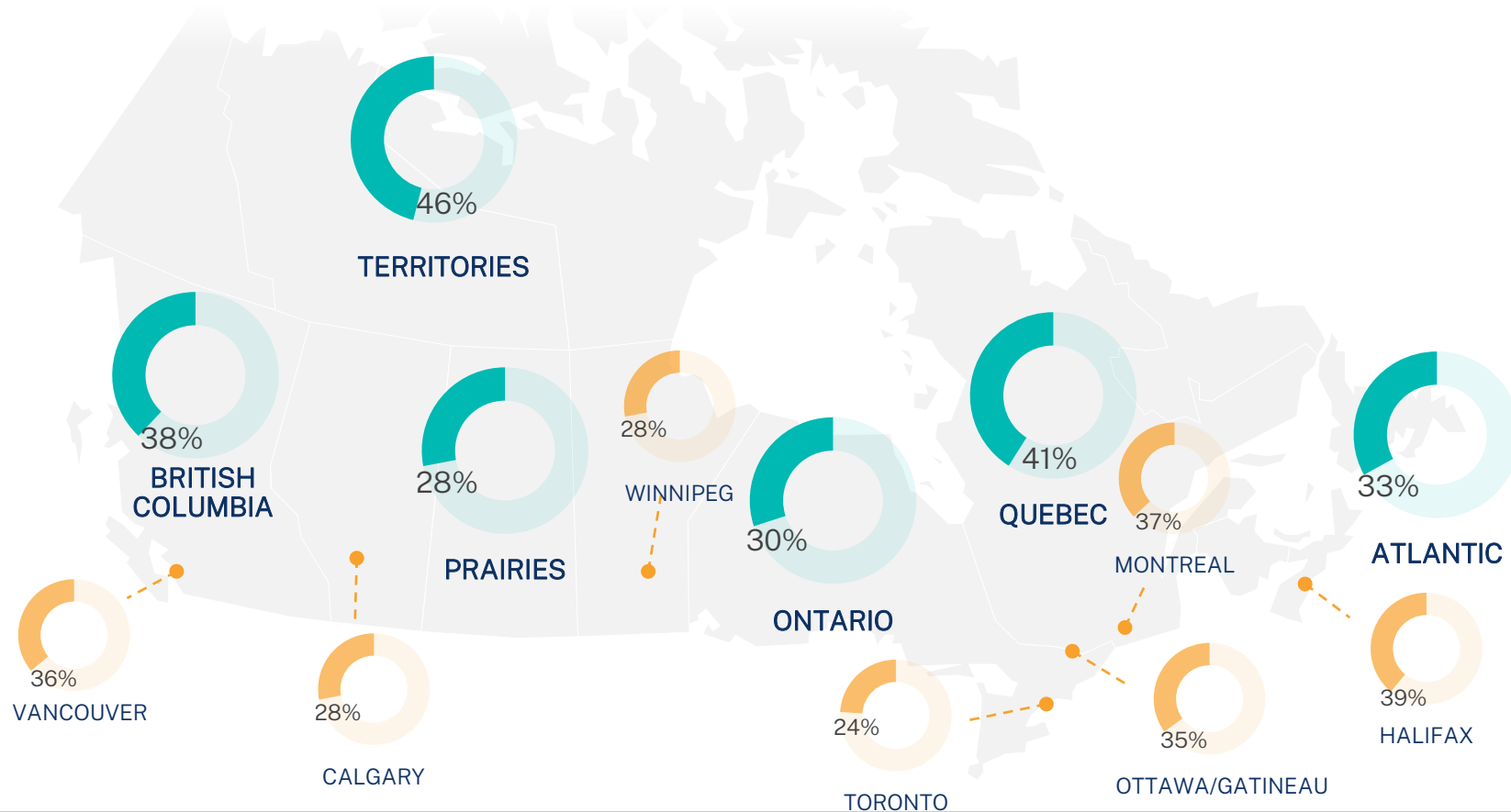




# Businesses in the territories, Quebec and BC are struggling most with labour issues; among large cities, the talent market in Toronto might be the healthiest

Over the next three months, which of the following obstacles are expected for your business?

% of respondents averaged by obstacles associated with labour, by region and census metropolitan area





# Accommodation and food services remain the most affected by labour challenges as they struggle to scale up after the pandemic shock

Over the next three months, which of the following are expected to be obstacles for your business?

% of respondents, by industry

	Recruiting skilled employees	Shortage of labour force	Retaining skilled employees
All industries <sup>1</sup>	37%	35%	28%
1 Accommodation and food services	46%	64%	42%
Construction	50%	45%	32%
Manufacturing	47%	44%	32%
Retail trade	39%	43%	32%
Arts, entertainment, recreation	41%	40%	31%
Health care and social assistance	41%	35%	34%
Administration and support services	37%	43%	28%
Other services	37%	30%	28%
Information and culture	32%	27%	28%
Wholesale trade	32%	31%	21%
Agriculture, forestry, fishing	28%	32%	22%
Transportation and warehousing	28%	33%	21%
Mining, quarrying, oil and gas extraction	30%	27%	25%
Finance and insurance	28%	20%	25%
2 Professional services	29%	19%	17%
Real estate, rental and leasing	19%	16%	16%

1 Two-thirds of businesses in accommodation and food services see labour force shortages as a significant short-term challenge; construction and manufacturing are also expecting major recruiting challenges

2 Real estate is the least likely to expect workforce-related challenges

<sup>1</sup> Industries sorted in descending order based on the average % across the three responses

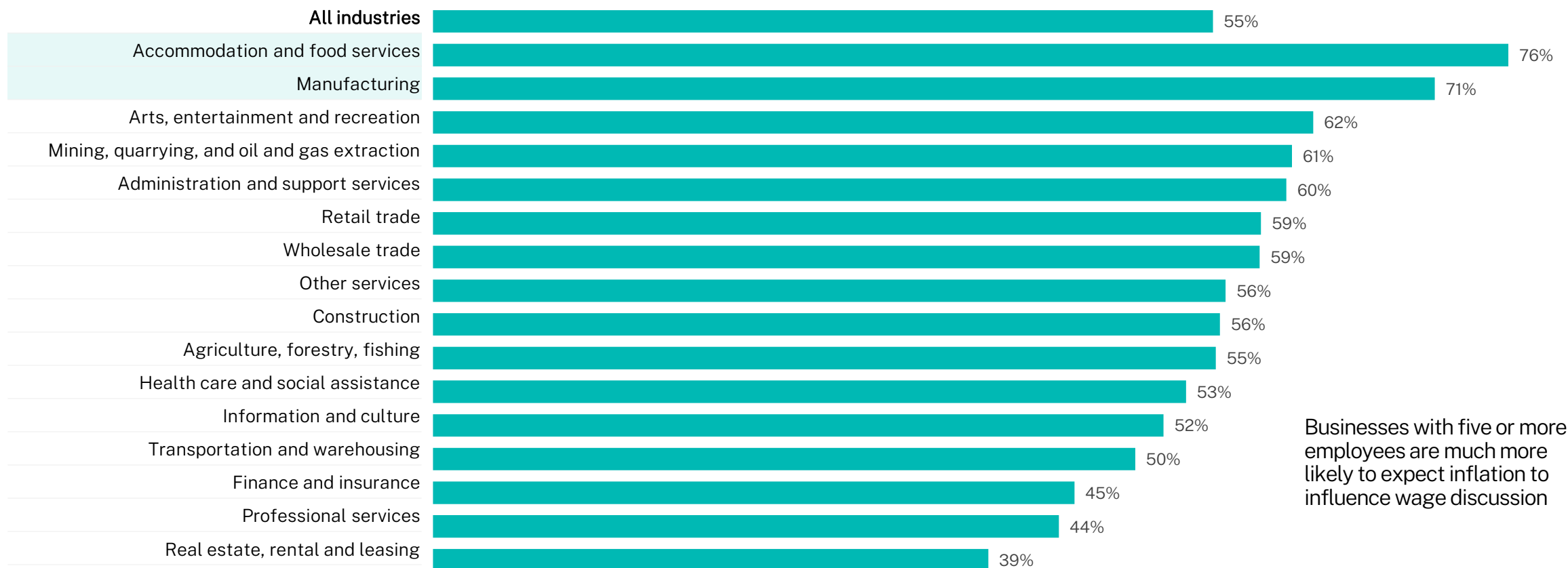
Lower % of businesses Higher % of businesses



# Inflation pressures are likely to affect wage discussions for most businesses, especially those in accommodation and food services and manufacturing

Over the next 12 months, does your business expect inflation to be a bigger issue when discussing wage increases with employees?

% of respondents that answered 'Yes,' by industry





# Flexible work arrangements appear to be stabilizing, with between 6% and 12% of the workforce exclusively working remotely in Canada's largest cities

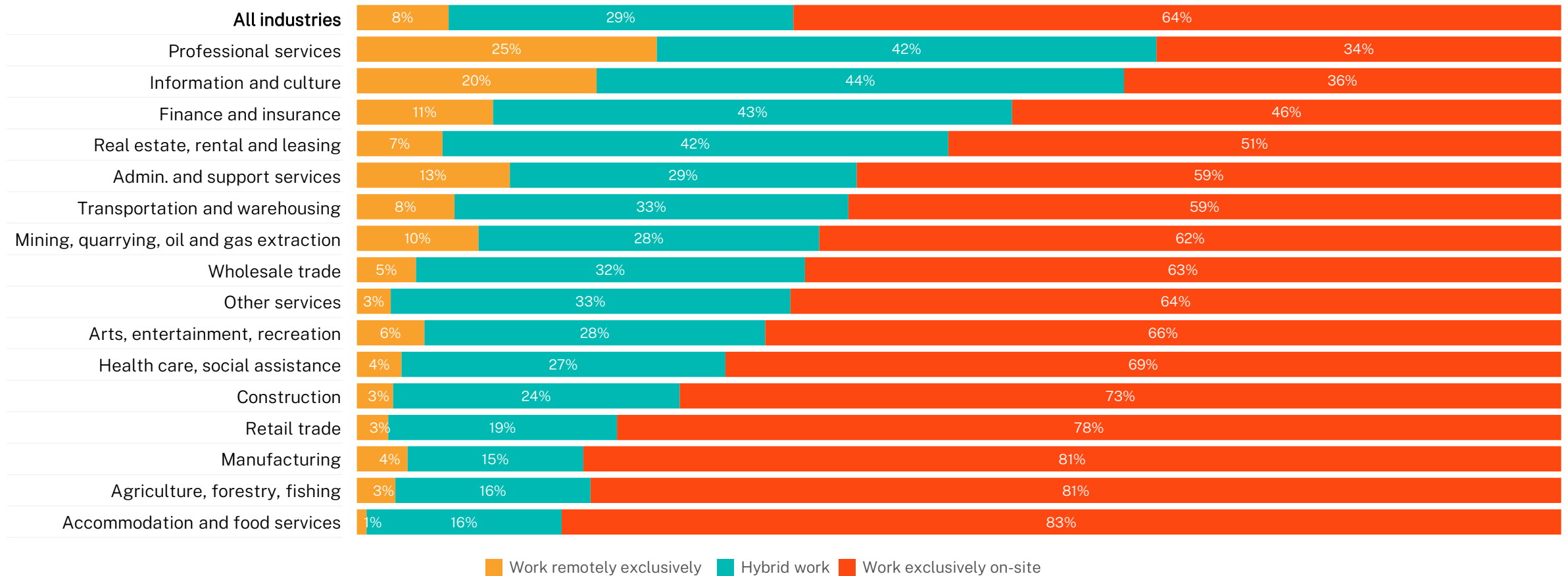
Over the next three months, what percentage of the employees of your business is anticipated to do each of the following?  
% of respondents, by census metropolitan area





# Professional services, information and culture, and finance and insurance are leading the way for hybrid and remote work

Over the next three months, what percentage of the employees of your business is anticipated to do each of the following?  
% of respondents, by industry





# Supply chain challenges

Expected short-term supply chain obstacles have stabilized, but many companies forecast problems to persist. Businesses are partnering with new and/or local suppliers and substituting inputs to address these challenges.

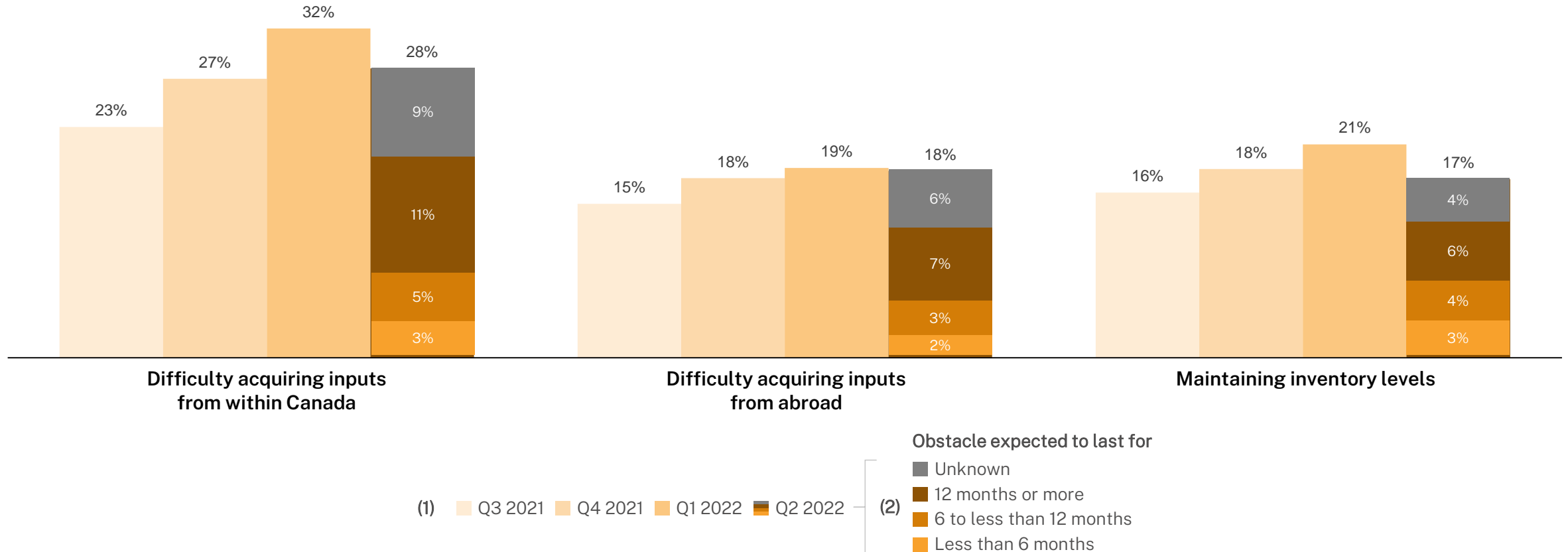


# Expected short-term supply chain obstacles have stabilized, but many businesses forecast problems will persist into 2023

(1) Over the next three months, which of the following are expected to be obstacles for your business?

(2) How long does your business expect the following to continue to be an obstacle?

% of respondents, by supply chain obstacle

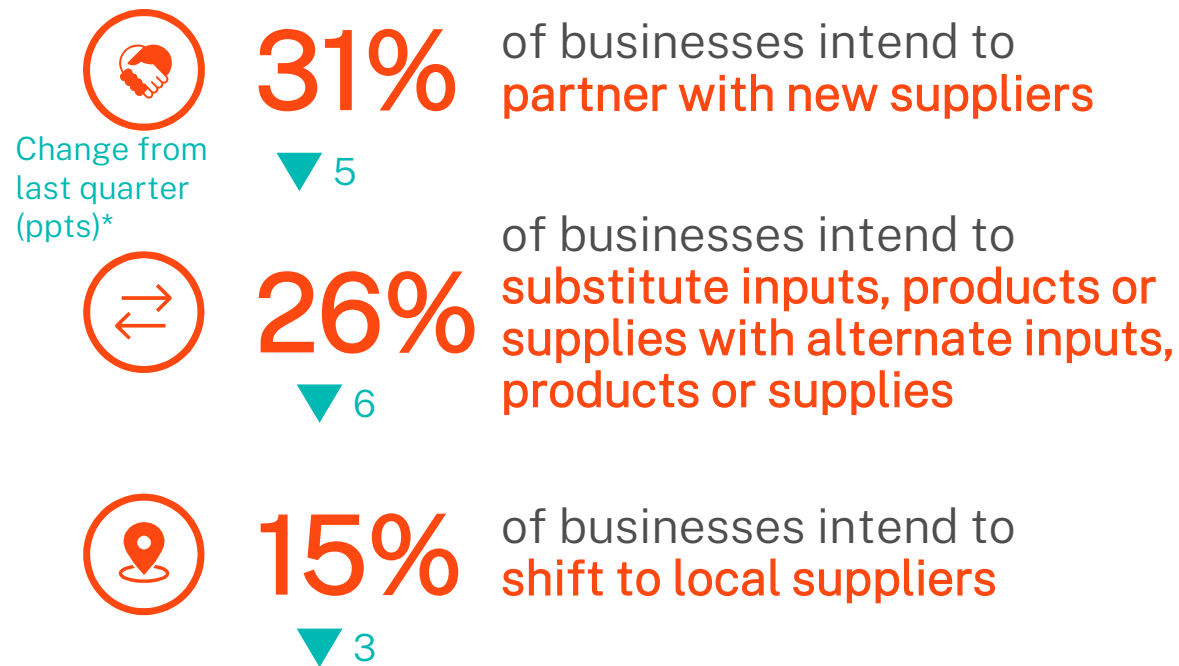




# To address supply chain issues, businesses are looking at partnering with new and/or local suppliers and substituting inputs, products or supplies

Over the next 12 months, does your business plan to make any of the following adjustments to its supply chain?

% of respondents of those that identified a supply chain obstacle



\* Ppts denotes percentage points



# Digital

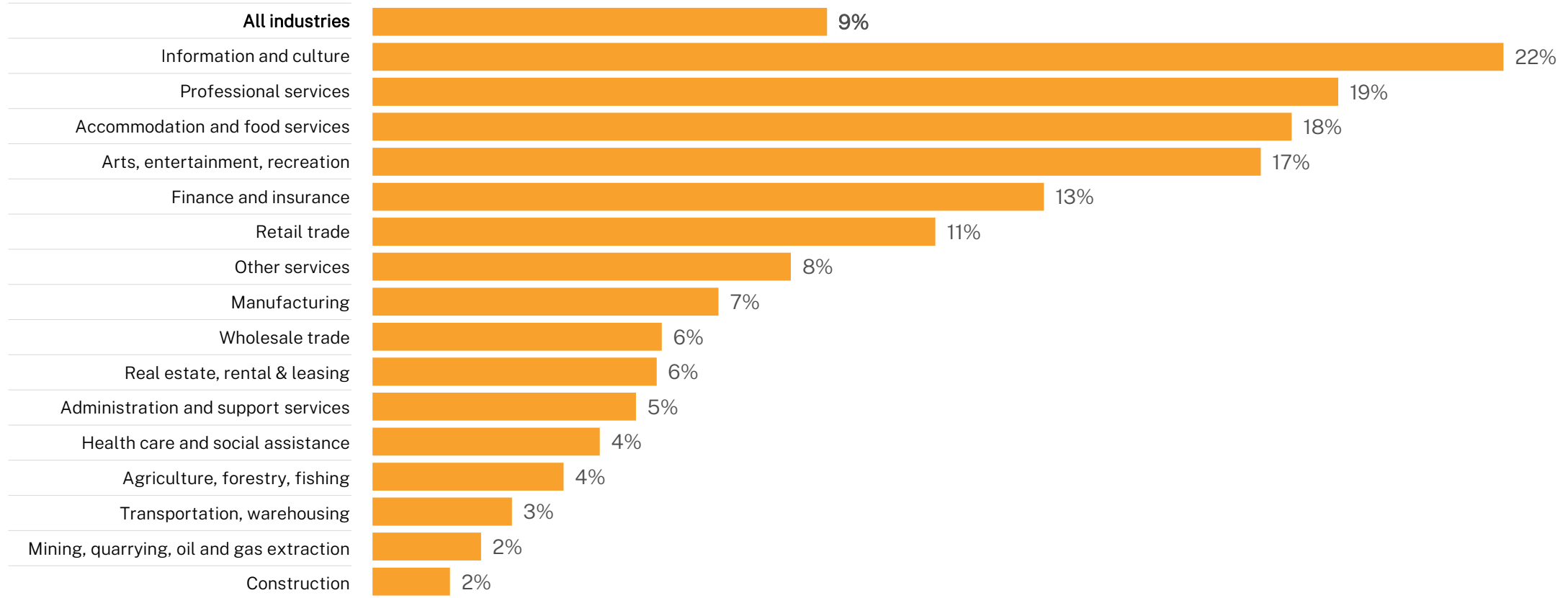
Almost 10% of total sales were made online, with significant differences across industries. Retailers, in particular, will be investing in ecommerce capabilities in the year ahead, while large companies are enhancing cybersecurity.



# Information and culture, professional services, accommodation and food, and arts, entertainment and recreation had the largest shares of online sales

What percentage of your total sales was made online in 2021?

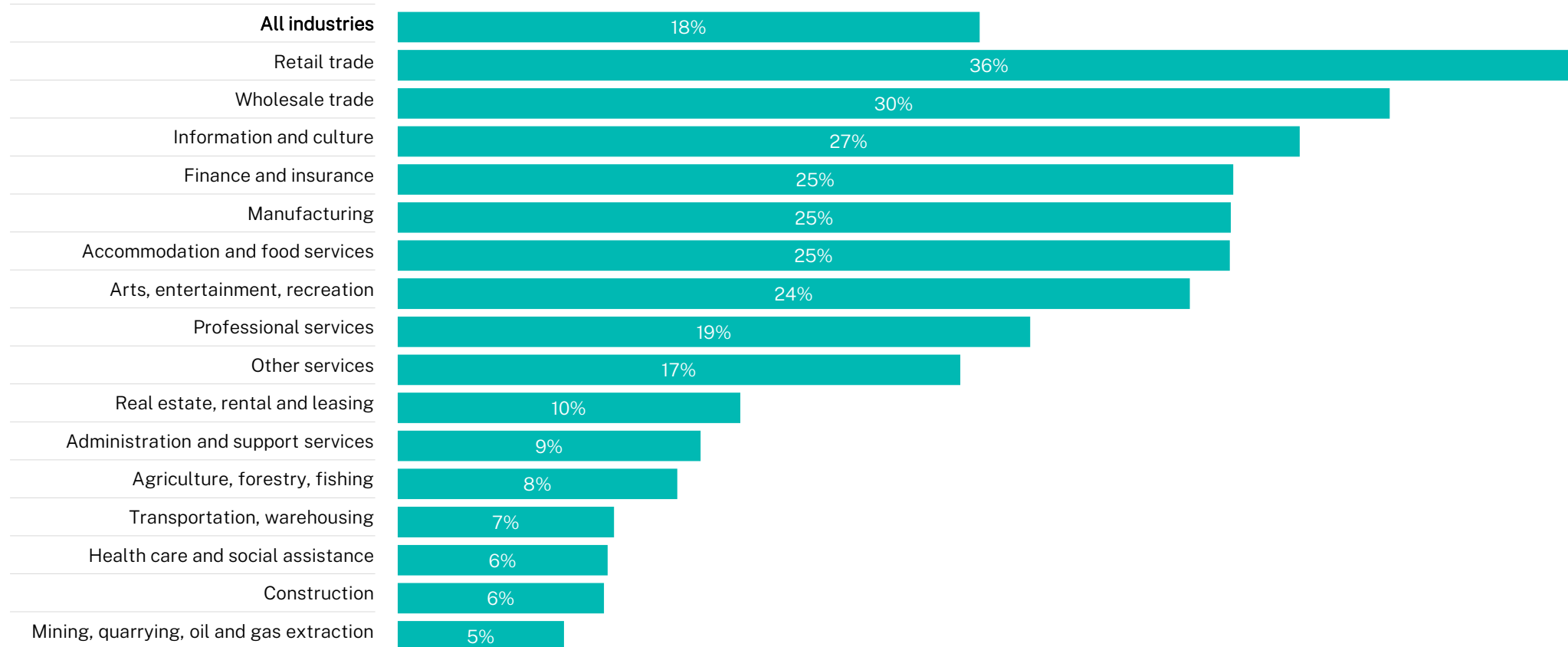
Average % of total sales online in 2021, by industry





# Retail and wholesale trade businesses are the most likely to invest in ecommerce in the coming year

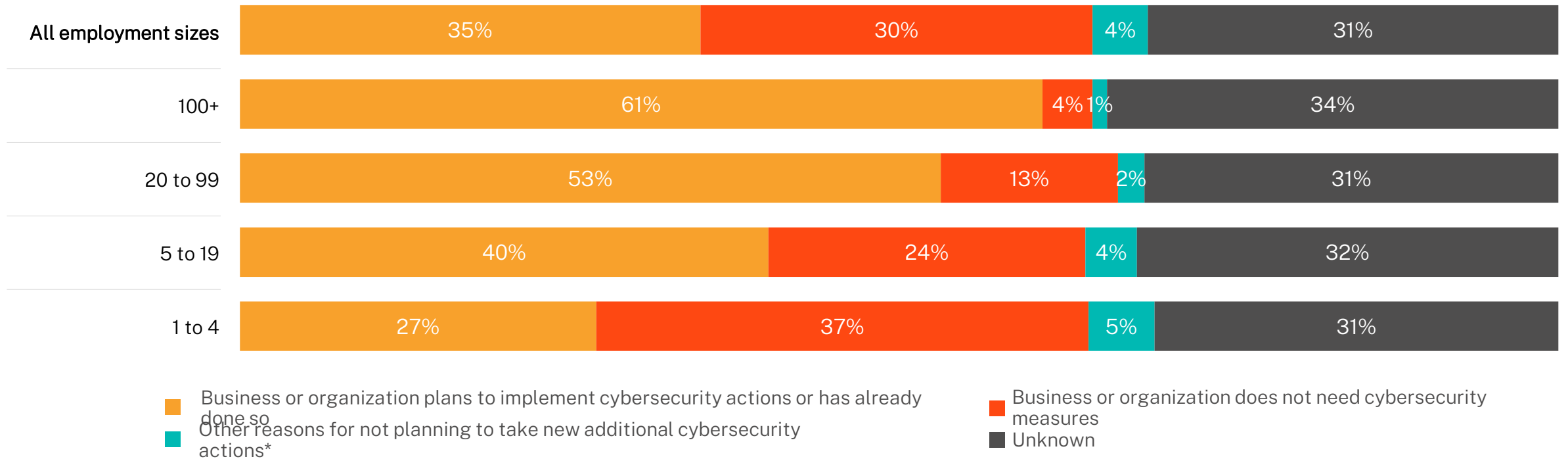
Over the next 12 months, how likely is your business to make investments in online sales or ecommerce capabilities?  
% of respondents answering “Very likely” or “Somewhat likely,” by industry





# More than one-in-three businesses have implemented cybersecurity measures or plan to do so in the coming year; larger firms are leading the way

Over the next 12 months, does your business plan to take any new or additional cybersecurity actions?  
% of respondents, by employment size



\* Includes: "COVID-19 has delayed the business's or organization's cybersecurity plans," "Business or organization does not have the necessary financial resources" and "Other"



# Business strategy

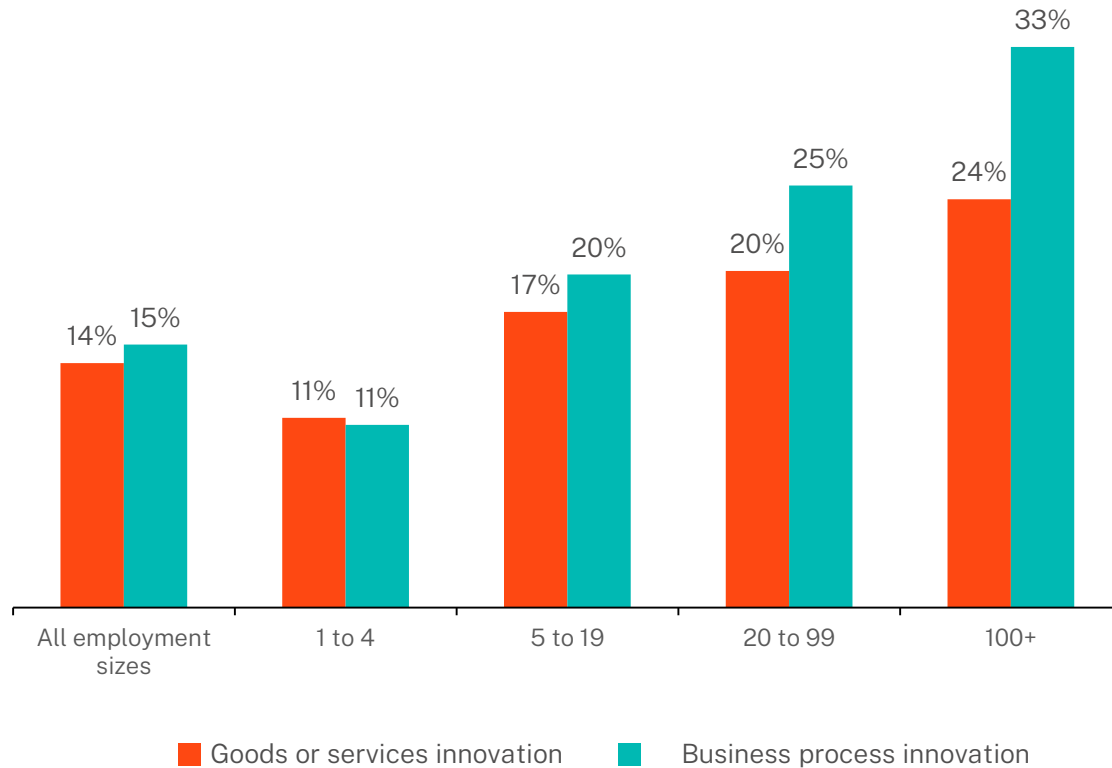
During the pandemic, larger businesses continued to innovate. Organizational changes are coming in arts, entertainment and recreation, information and culture, and manufacturing businesses in the year ahead.



## Larger businesses continued to innovate during the pandemic, focusing on processes; BC, the Prairies and Quebec recorded the highest shares of innovating businesses

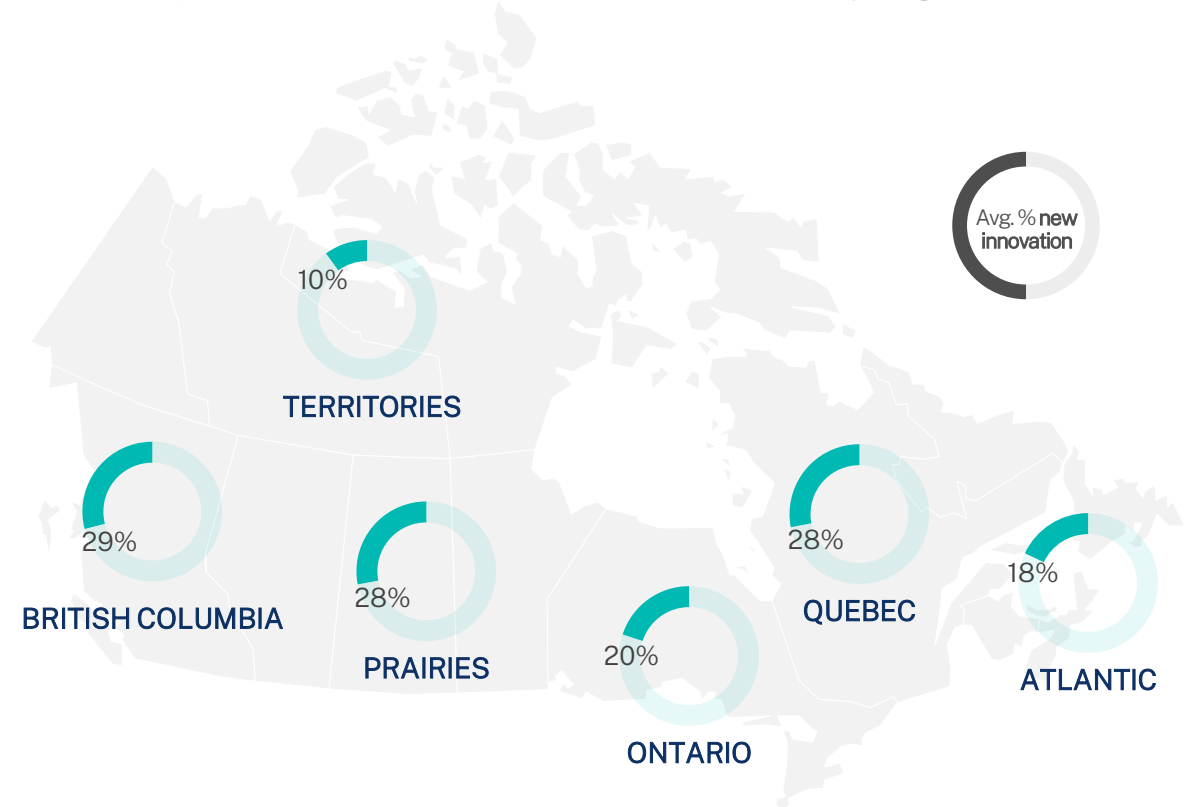
Since 2020, has your business introduced any new goods or services innovations or any new business process innovations?

% of respondents, by employment size



Since 2020, has your business introduced any new goods or services innovations or any new business process innovations?

% of respondents that did not answer "None," by region

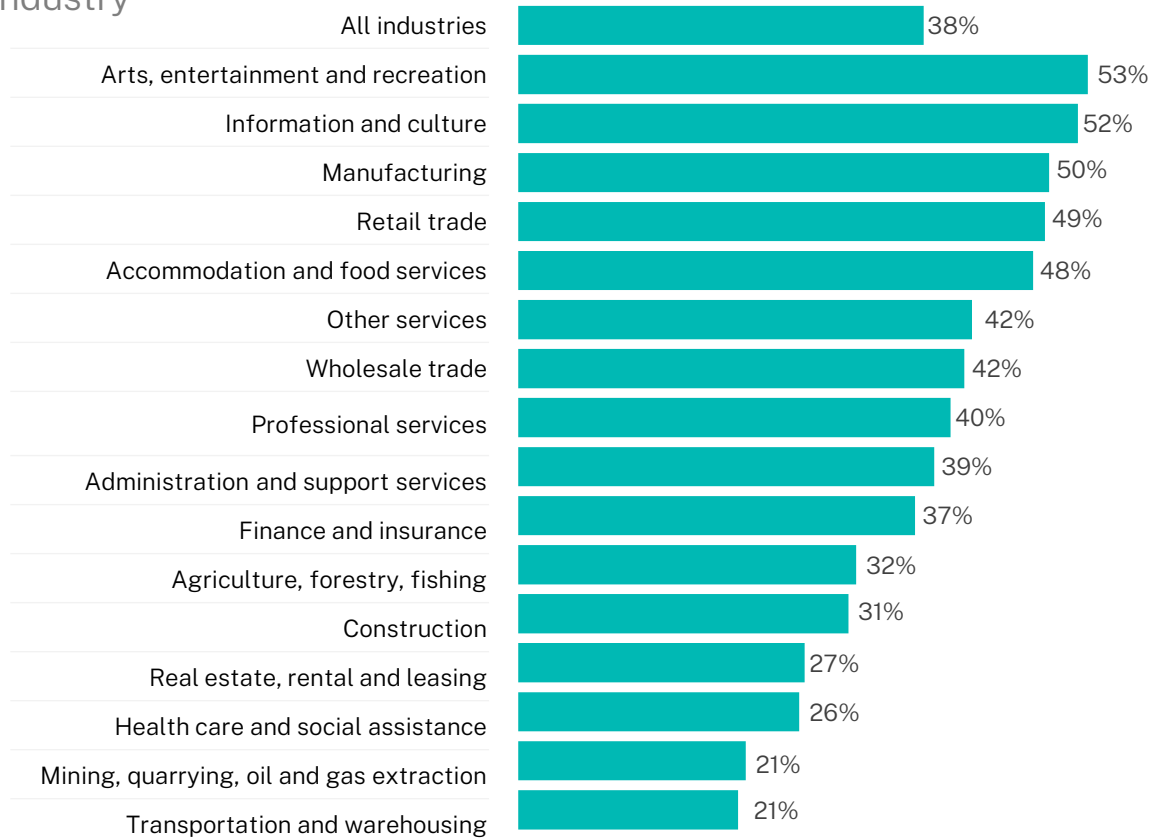




# Half of arts, entertainment and recreation, information and culture, and manufacturing businesses plan to make organizational changes in the year ahead, including improving or expanding product offerings

Over the next 12 months, which of the following changes does your business plan to make?

% of respondents that did not answer “None” or “Unknown,” by industry



Over the next 12 months, which of the following changes does your business plan to make?

% of respondents, by change



**23%**  
of businesses plan to **improve**  
**their products or services** over  
the next 12 months

**Top 3 industries (% of businesses)**  
1. Information and culture (**41%**)  
2. Arts, entertainment and recreation (**37%**)  
3. Other services (**31%**)



**15%**  
of businesses plan to **expand**  
**their product or service**  
**offerings** over the next 12  
months

**Top 3 industries (% of businesses)**  
1. Wholesale trade (**24%**)  
2. Retail trade (**24%**)  
3. Manufacturing (**23%**)



# The outlook according to Canadian businesses

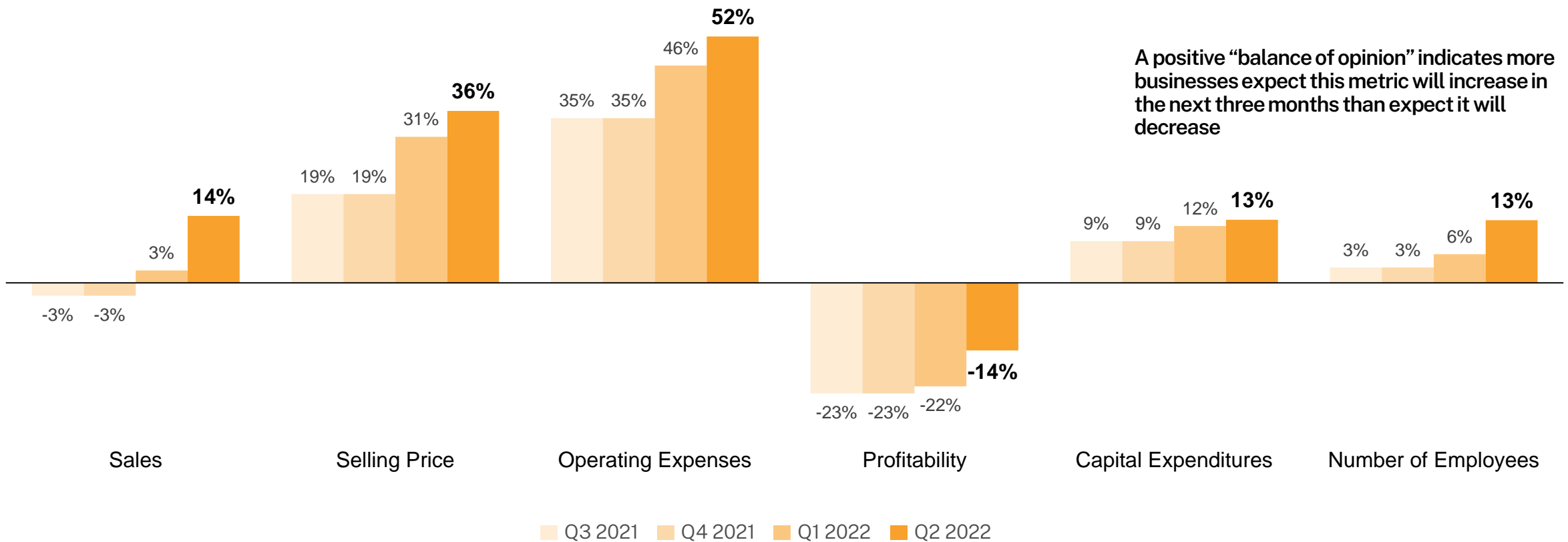
Canadian businesses are cautiously optimistic about the quarter ahead.



# Canadian businesses are cautiously optimistic about short-term sales, hiring and investment, while increased expenses are expected to squeeze profitability

Over the next three months, how are the following expected to change for your business?

% of respondents that answered “Increase” less % that answered “Decrease”, by metric





# Appendix



# Methodology

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- **Survey Objectives:** The Canadian Survey on Business Conditions (CSBC) was created in the spring of 2020 by Statistics Canada in partnership with the Canadian Chamber of Commerce to provide timely, relevant data on business conditions in Canada, as well as business expectations and views on emerging issues. These data are used by governments, chambers of commerce, business associations and analysts to monitor evolving business conditions and devise policies to support Canadian business.
- **Survey Period:** The 2022 Q2 CSBC was collected from April 1 to May 6, 2022.
- **Survey Approach:** The survey was conducted by Statistics Canada via electronic questionnaire, using a stratified random sample of business establishments with employees, classified by geography, industry sector and size. Population totals are estimated using calibration weights. The survey is based on responses from 16,678 businesses.
- **Note:** Charts might not sum to 100% due to rounding.
- **Contact:** This report presents analysis of the CSBC conducted by the Canadian Chamber of Commerce Business Data Lab. For questions, please contact Stephen Tapp, Chief Economist ([STapp@Chamber.ca](mailto:STapp@Chamber.ca)).



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