

Canadian Survey on Business Conditions

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As a result of the widespread measures taken to contain the spread of COVID-19, the Canadian economy contracted 11.6% in April, following a 7.5% drop in March. By the end of May, many businesses had begun to adapt to the new reality by shifting to teleworking, reducing hours, laying off staff, applying for government funding or seeking rent relief. As pandemic-related restrictions were gradually lifted throughout the summer, the business climate began to improve slightly. For example, real gross domestic product grew 1.2% in August, the fourth consecutive monthly increase, which continued to offset the steepest drops in Canadian economic activity on record that were observed in March and April.

Nevertheless, challenges remain, especially in light of the resurgence of COVID-19 and a return to partial shutdowns in several provinces.

From mid-September to late October, Statistics Canada conducted the Canadian Survey on Business Conditions to collect information the pandemic's impact on businesses throughout the summer, and on businesses' expectations moving forward.

Although almost two-fifths of businesses had laid off staff since the start of the pandemic, around three-quarters expected to retain the same number of employees over the next three months, and had the cash or liquid assets required to operate.

Conversely, over two-fifths of businesses could not take on more debt. Nearly one-fifth of businesses expected to raise prices, and 5.2% reported that they were actively considering bankruptcy or closure.

Layoffs during the pandemic

Almost two-fifths (36.5%) of businesses had laid off at least one employee since the start of the pandemic. Of businesses that had laid off at least one employee, almost two-thirds (64.3%) had laid off half or more of their workforce. Of businesses that reported layoffs, the majority in the arts, entertainment and recreation (84.0%), health care and social assistance (80.6%), and accommodation and food services (74.0%) sectors reported laying off half or more of their workforce. Just over half (53.8%) of businesses that had laid off staff reported hiring back 50% or more of their workforce.

The majority of businesses expect to retain the same number of employees over the next three months

Nearly three-quarters (74.1%) of businesses expected their number of employees to remain the same over the next three months, while 10.4% expected their number of employees to decrease. Over one-quarter of businesses in the arts, entertainment and recreation sector (28.9%) and almost one-quarter of businesses in the accommodation and food services sector (22.5%) expected to reduce their number of employees over the next three months, the highest proportions among all sectors.



Table 1
Expectations of number of employees employed by business or organization over the next three months, by sector, Canada, fall 2020

	Increase	Stay about the same	Decrease	Unknown
	% of businesses			
All sectors	7.0	74.1	10.4	8.6
Agriculture, forestry, fishing and hunting	5.2	69.7	16.1	9.0
Mining, quarrying, and oil and gas extraction	4.5	78.8	10.3	6.5
Construction	7.2	66.9	14.5	11.3
Manufacturing	10.3	72.4	8.8	8.5
Wholesale trade	4.1	80.6	7.9	7.4
Retail trade	10.1	75.8	8.8	5.3
Transportation and warehousing	6.8	70.5	11.5	11.2
Information and cultural industries	7.0	74.5	8.8	9.7
Finance and insurance	6.8	81.6	2.5	9.1
Real estate and rental and leasing	5.9	78.6	6.4	9.1
Professional, scientific and technical services	6.3	82.8	5.0	6.0
Administrative and support, waste management and remediation services	7.4	63.0	18.4	11.2
Health care and social assistance	6.7	81.1	4.2	8.0
Arts, entertainment and recreation	5.6	59.1	28.9	6.3
Accommodation and food services	7.1	60.9	22.5	9.5
Other services (except public administration)	5.9	76.7	7.7	9.7

Source(s): Table [33-10-0276-01](#).

Some businesses expect to raise prices over the next three months

Almost one-fifth (18.1%) of businesses expected to raise prices over the next three months, including over one-quarter of businesses in the retail trade (31.1%) and construction (27.8%) sectors. In contrast, 5.1% of all businesses expected to lower prices.

Liquidity and ability to take on more debt

Over three-quarters (76.9%) of businesses had the cash or liquid assets required to operate. Over two-fifths (43.9%) of businesses reported that they were unable to take on more debt, while nearly one-fifth (19.4%) could not say whether they could take on more debt. Close to three-fifths (57.0%) of businesses in the accommodation and food services sector reported that they were unable to take on more debt.

Outlook on business operations

Close to one-third (30.4%) of businesses did not know how long they could continue to operate at their current level of revenue and expenditures before considering further staffing actions, closure or bankruptcy, while nearly one-fifth (17.5%) reported they could continue for less than six months. Approximately one-third of businesses in the arts, entertainment and recreation (29.4%) and accommodation and food services (29.2%) sectors reported that they could continue to operate at their current level of revenue and expenditures for less than six months before considering further staffing actions, closure or bankruptcy.

Business revenues

Almost one-third (30.8%) of businesses reported that their revenues from August 2020 were down 30% or more, year over year. Less than one-fifth (15.5%) of businesses reported that their revenues were down by half or more.

Nearly half (46.9%) of businesses in the arts, entertainment and recreation sector reported that their revenues were down 40% or more. Conversely, over half of businesses in the agriculture, forestry, fishing and hunting (54.2%), real estate and rental and leasing (53.7%), and finance and insurance (53.0%) sectors reported either no change or an increase in revenue.

Just over one-third (36.4%) of businesses did not expect their revenues to be higher over the next three months compared with the previous three months. Over half of the businesses in the accommodation and food services (55.6%) and arts, entertainment and recreation (54.9%) sectors did not expect their revenues to be higher. Over one-quarter (27.5%) of businesses were uncertain about their revenues over the next three months.

Special accommodations for employees who are parents

Nearly three-fifths (59.4%) of businesses where not all work could be performed on a flexible schedule or where schools and child-care facilities were not expected to have a normal schedule during the fall were providing or considering providing special accommodations for parents. Over two-fifths (41.8%) of these businesses allowed or would allow parents to change their schedules; over one-quarter (27.5%) allowed or would allow parents to telework or work remotely; and close to one-quarter (23.7%) allowed or would allow parents to switch to part-time status on a temporary or limited basis.

Teleworking or working remotely during and after the pandemic

Teleworking and working remotely have become more prevalent since the start of the pandemic. Over one-third (35.3%) of businesses reported that teleworking or working remotely was a possibility for their employees. Of these businesses, over one-quarter (27.2%) reported that all of their workforce was teleworking or working remotely on August 31, 2020. Once the pandemic is over, 14.7% of businesses anticipate that all of their workforce will continue to primarily telework or work remotely.

For businesses that indicated that teleworking was potentially applicable to their workforce, over one-quarter (28.3%) reported being likely or very likely to permanently offer more employees the possibility of teleworking or working remotely once the pandemic is over, while 12.7% were likely or very likely to require it.

Note to readers

Data from the Canadian Survey on Business Conditions are now available. The tables provide data at the national, provincial and territorial level by industrial sector, employment size, type of business and majority ownership.

Data in this release are from Statistics Canada's Canadian Survey on Business Conditions. Results from this iteration of the survey are applicable to employer businesses in Canada. This survey will be conducted on a quarterly basis to collect information from businesses in Canada more efficiently and rapidly compared with traditional survey methods.

This survey collected data from businesses on the current economic situation and will be used to effectively assess their needs for the implementation of support measures both during and after the COVID-19 pandemic. Statistics Canada would like to thank Canadians who took the time to answer questions for this survey to enable a more robust understanding of COVID-19's impact on Canadian businesses and the economy.

Definitions, data sources and methods: survey number [5318](#).

Available tables: [33-10-0273-01](#) to [33-10-0297-01](#) .

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).