

# Canadian Survey on Business Conditions, first quarter 2022

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Employment fell by 200,000 (-1.0%) in January and the unemployment rate rose 0.5 percentage points to 6.5%. The Consumer Price Index (CPI) rose 4.8% on a year-over-year basis in December 2021, up from 4.7% in November. In an effort to combat the spread of the Omicron variant of COVID-19, many jurisdictions had implemented stricter public health measures during the fourth quarter of 2021 and continuing through the first quarter of 2022. The combination of inflationary pressures, labour challenges, public health measures and supply chain issues have impacted businesses in a variety of different ways.

From January to early February 2022, Statistics Canada conducted the Canadian Survey on Business Conditions. The survey collects information on the environment businesses are currently operating in and their expectations moving forward.

Businesses expect to face a variety of obstacles over the next three months (see Note to readers) related to rising costs, hiring and recruitment as well as those related to supply chains. Many businesses that are facing challenges maintaining inventory levels or acquiring inputs, products and supplies, either domestically or abroad, expect these challenges to worsen in the short term. Over the next three months, half of businesses expect their profitability to remain relatively unchanged, over one-third expect to increase the prices they charge and over three-quarters expect their number of employees to remain the same.

## Businesses expect to face challenges related to rising costs

Businesses are faced with a variety of obstacles and future unknowns. The rising cost of inputs, including labour, capital, energy and raw materials, was the most commonly expected obstacle over the next three months (see Note to readers) with just over half (50.3%) of businesses expecting it to be an obstacle, up from 42.5% of businesses in the fourth quarter of 2021. The rising cost of inputs was expected to be an obstacle for nearly three-quarters of businesses in manufacturing (73.7%), over two-thirds of businesses in accommodation and food services (70.9%) and over three-fifths of businesses in agriculture, forestry, fishing and hunting (64.3%).

Over one-third (35.6%) of businesses expect cost of insurance to be an obstacle over the next three months. This was expected by nearly half of businesses in transportation and warehousing (46.2%), construction (46.0%) and mining, quarrying, and oil and gas extraction (45.2%).

Over one-third (34.6%) of businesses expect transportation costs to be an obstacle over the next three months. This was expected by over half of businesses in wholesale trade (59.7%), transportation and warehousing (56.5%), manufacturing (53.3%) and construction (53.2%).



**Table 1**  
**Business or organization expected obstacles over the next three months, by select industries, first quarter of 2022**

	All businesses	Manufacturing	Wholesale trade	Retail trade	Arts, entertainment and recreation	Accommodation and food services
	% of businesses					
Rising cost of inputs	50.3	73.7	58.5	55.6	41.4	70.9
Recruiting skilled employees	38.5	50.8	33.7	41.1	36.0	46.2
Shortage of labour force	37.0	48.1	41.0	45.7	32.4	64.9
Cost of insurance	35.6	32.2	31.5	32.3	32.7	44.2
Transportation costs	34.6	53.3	59.7	47.5	17.5	32.8
Difficulty acquiring inputs, products or supplies domestically	32.1	53.2	44.2	45.3	18.3	42.1
Retaining skilled employees	30.4	37.9	26.5	30.9	25.2	47.4
Cost of personal protective equipment (PPE), additional cleaning or implementing distancing requirements	29.0	25.4	22.5	27.6	29.3	42.6
Fluctuations in consumer demand	23.6	26.0	23.0	30.4	31.0	37.1
Attracting new or returning customers	22.8	20.6	21.1	25.9	41.9	41.6
Maintaining sufficient cash flow or managing debt	22.1	24.8	15.1	18.5	25.9	40.3
Maintaining inventory levels	20.8	30.1	42.7	44.2	8.7	34.1
Travel restrictions and travel bans	20.5	24.0	31.8	20.7	28.2	26.3
Increasing competition	19.8	16.8	22.8	20.0	11.2	22.0
Difficulty acquiring inputs, products or supplies from abroad	18.1	32.5	45.7	29.8	10.9	20.7
Insufficient demand for goods or services offered	15.8	15.2	12.2	13.4	24.3	25.9
Obtaining financing	11.6	11.3	6.4	7.0	15.1	22.0
Shortage of space or equipment	9.8	14.5	14.0	16.1	11.4	5.8
Entry to new markets	7.5	11.5	9.7	5.5	7.2	9.9
Challenges related to exporting goods and services	3.1	8.6	9.9	4.1	3.0	1.7
Other	2.3	1.4	2.4	3.1	5.4	2.4
None	16.3	6.7	9.0	11.1	11.3	6.5

Source(s): Table 33-10-0469-01.

## Supply chain challenges continue

Nearly one-third (32.1%) of businesses expect difficulty acquiring inputs, products or supplies domestically in the next three months. Of these businesses, over half (52.4%) expect these challenges to continue for six months or more, similar to the fourth quarter of 2021 (51.8%). Meanwhile, one-third (33.1%) are uncertain how long these challenges will persist. Over half of businesses in construction (57.7%) and manufacturing (53.2%) expect difficulty acquiring inputs, products or supplies domestically over the next three months.

Of businesses that expect supply chain challenges (difficulty maintaining inventory levels, or acquiring inputs, products or supplies domestically or abroad) over the next three months, nearly three-quarters (71.9%) reported that challenges experienced by the business have worsened over the last three months. Leading factors that contributed to worsened supply chain challenges were increased delays in deliveries of inputs, products or supplies (84.7%), increased prices of inputs, products or supplies (76.3%) and supply shortages resulting in fewer inputs, products or supplies being available (75.8%).

While few businesses expect supply chain challenges to improve (8.7%) over the next three months, nearly half (48.0%) expect the situation to remain about the same. Over two-fifths (43.4%) of businesses expect supply chain challenges to worsen.

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## More businesses expect to raise prices over the next three months compared with the fourth quarter of 2021

The CPI rose 3.4% on an annual average basis in 2021, the fastest pace since 1991 (+5.6%), following an increase of 0.7% in 2020. When asked about their expectations over the next three months, over one-third (35.7%) of businesses expect to raise prices, up from just over one-quarter (25.9%) of businesses that expected to do so in the fourth quarter of 2021. Businesses in accommodation and food services (56.7%), manufacturing (55.7%), wholesale trade (52.8%) and retail trade (51.7%) are most likely to expect to raise prices.

Nearly half (49.6%) of businesses expect profitability to remain relatively unchanged. Over one-third (34.6%) expect their profitability to decrease over the next three months, while 12.9% expect their profitability to increase. Expectations on future profitability differ by industry. Over half (53.2%) of businesses in accommodation and food services and over two-fifths (41.3%) of businesses in transportation and warehousing expect profitability to decrease. Meanwhile, nearly one-quarter (23.7%) of businesses in finance and insurance and nearly one-fifth (18.6%) of businesses in arts, entertainment and recreation expect profitability to increase.

Over three-quarters (77.8%) of businesses expect to retain the same number of employees over the next three months, similar to 77.4% in the fourth quarter of 2021. Conversely, 8.1% of businesses expect their number of employees to decrease, down from 9.7% in the fourth quarter of 2021. In accommodation and food services, 17.2% of businesses expect a decrease in the number of employees over the next three months.

In terms of vacant positions, 9.3% of businesses expect to have more job vacancies over the next three months. However, nearly one-quarter (22.9%) of businesses in accommodation and food services and 14.0% of businesses in manufacturing expect to have more vacant positions.

**Table 2**  
**Business or organization expectations over the next three months, fourth quarter of 2021 and first quarter of 2022**

	Expected change, fourth quarter of 2021				Expected change, first quarter of 2022			
	Increase	Stay about the same	Decrease	Not applicable	Increase	Stay about the same	Decrease	Not applicable
	% of businesses							
Number of employees	12.9	77.4	9.7	0.0	14.1	77.8	8.1	0.0
Vacant positions	8.6	51.4	7.0	33.1	9.3	49.5	6.4	34.8
Sales of goods and services offered by the business or organization	16.2	61.1	18.9	3.7	19.8	59.6	17.2	3.5
Selling price of goods and services offered by the business or organization	25.9	62.7	7.3	4.1	35.7	55.4	5.1	3.9
Demand for products and services offered by the business or organization	22.8	61.9	15.3	0.0	26.2	60.2	13.6	0.0
Profitability	10.4	52.9	33.6	3.0	12.9	49.6	34.6	2.9

Source(s): Tables [33-10-0399-01](#) and [33-10-0468-01](#).

### Businesses have recruitment, retention and training plans to address workforce related obstacles

Businesses have been facing obstacles related to the workforce. The labour force participation rate—that is, the share of the population aged 15 and older who are either employed or unemployed—dipped in January, down 0.4 percentage points to 65.0%. Shortage of labour force was expected to be an obstacle over the next three months for nearly two-fifths (37.0%) of all businesses, led by those in accommodation and food services (64.9%), construction (48.9%), manufacturing (48.1%) and retail trade (45.7%). In addition, recruiting skilled employees was also expected to be an obstacle for nearly two-fifths (38.5%) of businesses, while retaining skilled employees was expected to be an obstacle for 30.4%.

Just over three-fifths (60.8%) of businesses indicated having some plans over the next 12 months related to recruitment, retention and training. Over two-fifths (44.9%) of businesses plan to increase wages offered to existing employees over the next 12 months, with over three-fifths (61.2%) of businesses in accommodation and food services and over half in wholesale trade (55.0%) and manufacturing (50.1%) planning to do so.

Nearly one-quarter of businesses plan to increase wages offered to new employees (23.7%) or plan to offer flexible scheduling (23.3%). In terms of training, nearly one-fifth (19.9%) of businesses plan to encourage employees to participate in on-the-job training.

### Majority of businesses have the cash or liquid assets required to operate

Over three-quarters (76.6%) of businesses had the cash or liquid assets required to operate over the next three months. Just over one-quarter (25.4%) of businesses reported that they could not take on more debt, up from nearly one-fifth (19.4%) of businesses in the fourth quarter of 2021.

Nearly one-quarter (23.3%) of businesses have plans to expand or restructure or to acquire, merge with, or invest in other businesses in the next year. Up slightly from the fourth quarter of 2021, 4.3% of businesses have plans to transfer or sell their business within the next year. Meanwhile, 2.2% of businesses have plans to close, relatively unchanged from 2.1% in the fourth quarter of 2021.

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## 2021 revenues compared to 2019 revenues

Nearly half (48.1%) of businesses reported revenues that were higher or the same in 2021 compared with 2019. Of these businesses, nearly half (48.6%) reported that their revenues were not affected or had been higher in the context of the COVID-19 pandemic, while nearly two-fifths (38.8%) reported that revenues were affected by the pandemic, but had recovered in 2021. While 11.7% of businesses reported revenues were down by 50% or more in 2021 compared with 2019, over one-quarter of businesses in arts, entertainment and recreation (29.8%) and accommodation and food services (25.5%) reported the same.

## Women and men in senior management positions

On average, nearly two-fifths (36.8%) of employees in senior management positions in the first quarter of 2022 were women, while 63.2% were men. In comparison, in other management positions, the average percentage of employees that were women and men were almost equal.

### 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, by employment size, by type of business and by majority ownership. Data are also available for the 20 largest cities in Canada by request.*

*Data in this release are from Statistics Canada's Canadian Survey on Business Conditions. Results from this survey are applicable to employer businesses in Canada. This survey is carried out on a quarterly basis to collect information from businesses in Canada more efficiently and rapidly compared with traditional survey methods.*

*The most recent survey was conducted from January 4 to February 7, 2022, and respondents were asked what their expectations would be over the next three-month period. As a result, those three months could range from January 4 to May 7, 2022, depending on when the business responded.*

*Statistics Canada would like to thank Canadians who took the time to answer questions for this survey at this time and enable a more robust understanding of Canadian businesses and the economy.*

**Available tables:** [33-10-0468-01](#) to [33-10-0492-01](#) .

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

The infographic "[Business Conditions in Canada, first quarter of 2022](#)," part of the series *Statistics Canada—Infographics* ([11-627-M](#)), is available.

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; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).