



Business  
Data Lab

Laboratoire de données  
sur les entreprises

Q4 2023

# Canadian Survey on Business Conditions Report



# Message from the Senior Director

The outlook for Canadian businesses deteriorated further in the fourth quarter of 2023, according to Statistics Canada's latest *Canadian Survey on Business Conditions* (CSBC). Business pessimism has reached its highest point in two years. Sales and hiring are expected to turn negative to start the new year, while cost-related challenges remain the top obstacles for businesses.

With consumer confidence at its lowest level outside the pandemic, our latest [Local Spending Tracker](#) data show that real consumer spending growth continues to be negative on an annual basis. The latest CSBC further illustrates that businesses are also feeling the impact of higher rates – specifically by raising their borrowing costs and reducing their sales.

This quarter's report includes new and timely insights on loans from the Canadian Emergency Business Account (CEBA), regulatory challenges of hiring workers from other provinces and territories, and businesses' intended actions to address employee skill gaps.

Our [Survey Insights Generator](#) is always on to help you explore this survey and other historic CSBC data and to generate customized results by geography and firm characteristics.

We'll be back in 2024 with the latest on Canadian business conditions. Until then, follow our monthly [Data Commentaries](#) to monitor Canada's economic performance.

**Patrick Gill** ([PGill@Chamber.ca](mailto:PGill@Chamber.ca))  
Senior Director, Business Data Lab  
Canadian Chamber of Commerce



# Key findings

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## Business Outlook:

- The outlook deteriorated further with sales and hiring expected to fall.
  - **By sector:** The outlook is weaker for sectors sensitive to higher interest rates or discretionary spending.
  - **By size:** Micro firms have the weakest outlook, expecting sales and employment to shrink, while all sizes expect slimmer profits.
  - **By ownership:** Underrepresented owners are less optimistic about their businesses in the year ahead than the national average.
  - **By region:** Business optimism is lowest in Ontario and British Columbia. We find a strong link between business optimism and housing (un)affordability.

# Key findings (continued)

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## Business Obstacles:

- Cost-related challenges remain the most pervasive near-term business obstacles. Higher interest rates are exacerbating financial concerns, particularly for micro firms, who are the most debt-constrained.
- Facing cost pressures, firms' pricing behavior still hasn't normalized. Despite slower headline inflation, the share of companies expecting to raise prices next quarter remains elevated at 24%.
- Industries experiencing more acute labour challenges are more likely to raise prices.
- The labour market is loosening, although there are still significant challenges in health-care, accommodation and food services, manufacturing and construction.
- Most businesses are significantly impacted by higher interest rates – specifically affecting their borrowing costs and sales.

# Key findings (continued)

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## CEBA Loans:

- Roughly half of businesses received a CEBA loan. So far, 28% of CEBA borrowers have fully repaid their loan. Three quarters (76%) of CEBA loans are likely to be repaid by end of 2026.
- Construction, accommodation and food services, and mining, oil and gas have highest shares of outstanding CEBA borrowers.
- Two thirds (66%) of outstanding CEBA borrowers say they'll be in the position to repay their loan by the end of 2026.

## Labour Markets:

- Labour challenges are easing but remain a concern for all businesses, except micro firms.
- Businesses expect wage growth to slow on net over the coming year.

# Key findings (continued)

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## Labour Mobility:

- A quarter of businesses that employ regulated occupations thought about hiring individuals from another province or territory.
- Time, cost and effort are cited challenges to hiring individuals in regulated occupations from another province or territory.

## Skill Gaps:

- The majority (68%) of businesses have some sort of skill gap among employees.
- Over the coming year, businesses intend to address skill gaps predominantly through internal mechanisms, such as in-house training, performance monitoring and coaching.



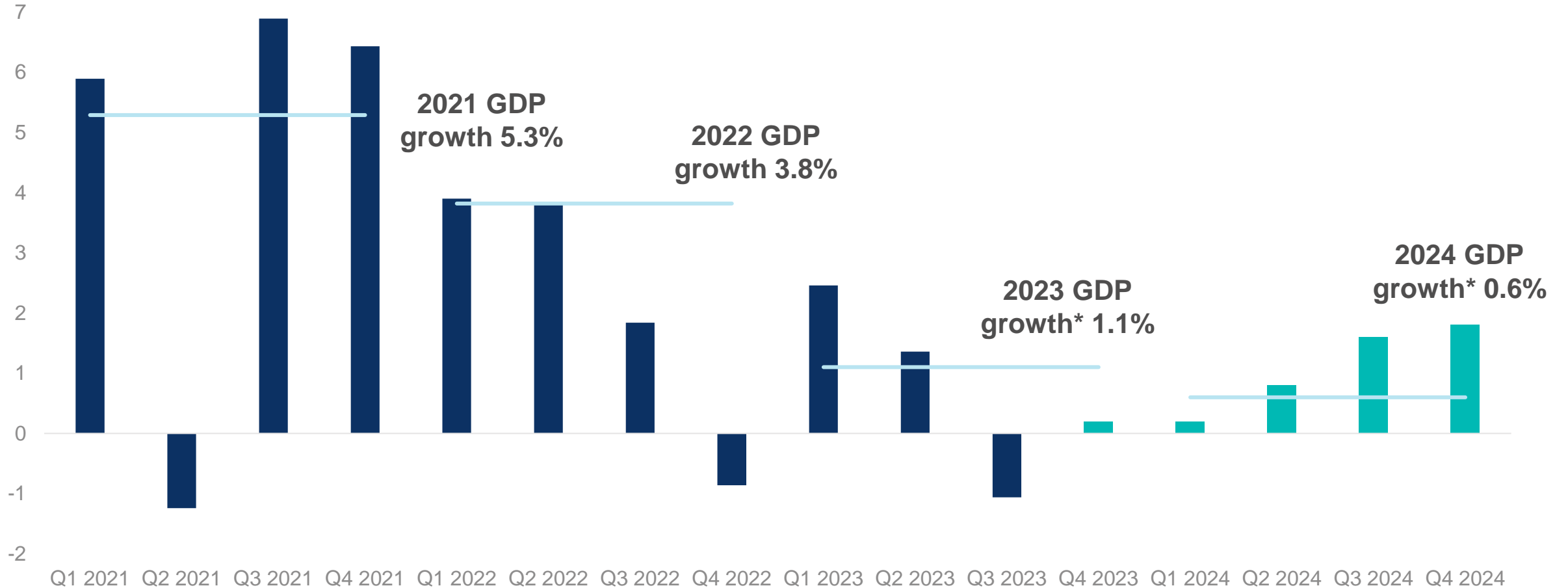
# Outlook according to Canadian businesses

Q4 2023



# Context: Canada's economy contracted in the third quarter. Growth is expected to remain weak as higher interest rates have their full effect.

Canadian real gross domestic product (GDP) growth  
Chained 2012 dollars, annualized quarterly percent change



\* Denotes current consensus forecast.

Sources: Business Data Lab analysis, based on Statistics Canada; Bloomberg

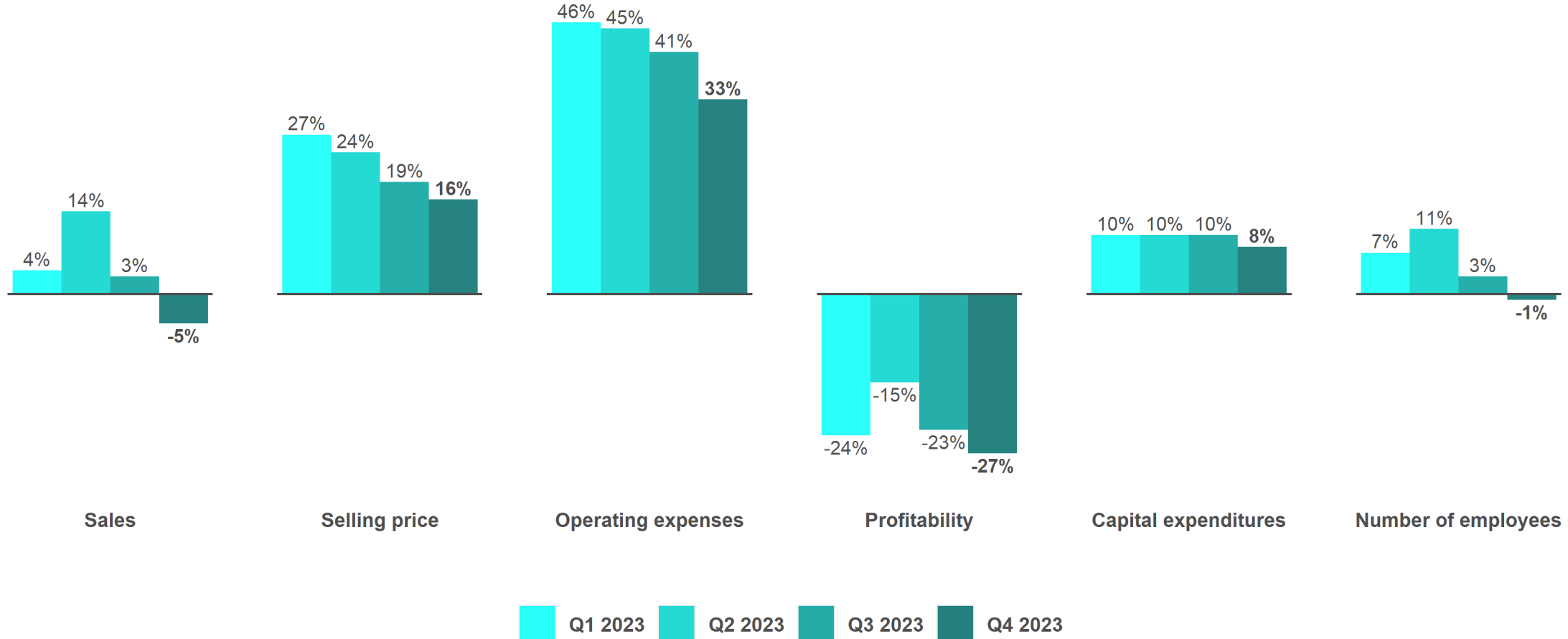




# Next quarter: Businesses expect near-term sales and hiring to be slightly negative on net.

## Expected changes for your business, next three months

Balance of opinion\*



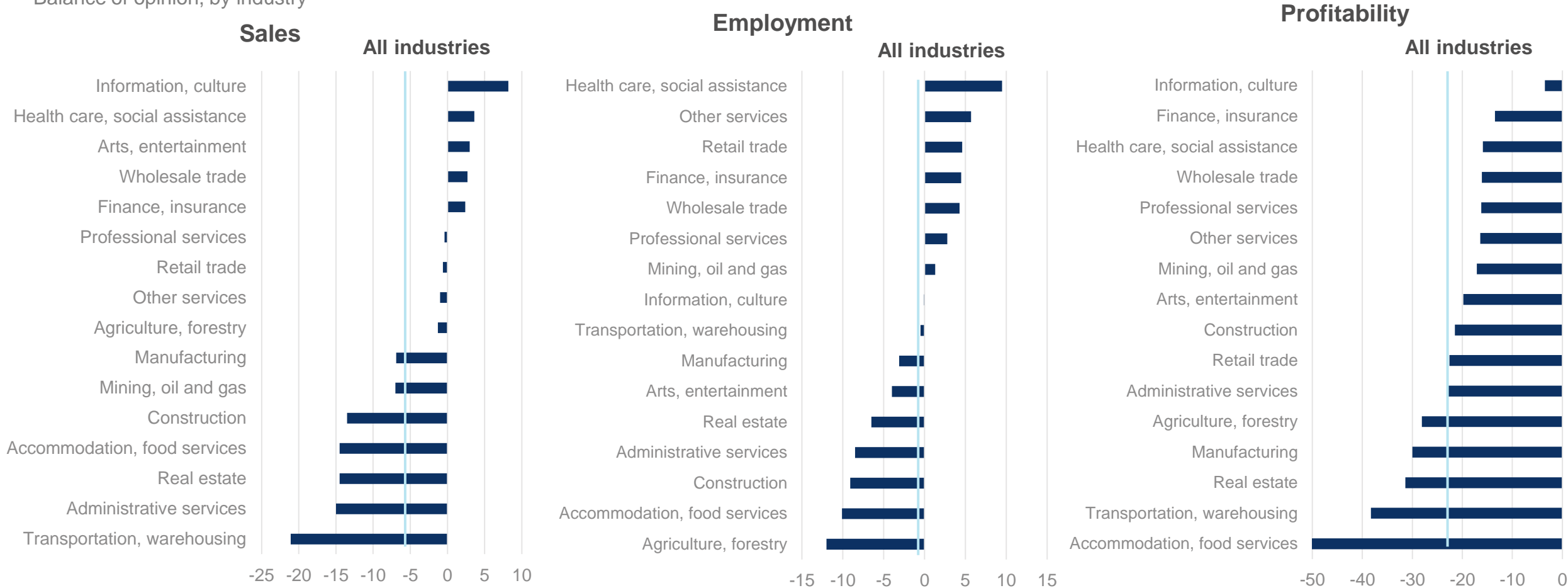
\* Percent of of respondents that answered “increase” less percent that answered “decrease,” by metric.  
Source: Business Data Lab analysis, based on Statistics Canada, Canadian Survey on Business Conditions;  
15,976 business responses in October and November 2023.



# Next quarter: The outlook is weaker for sectors sensitive to higher interest rates or discretionary spending.

## Expected changes for your business, next three months

Balance of opinion, by industry\*

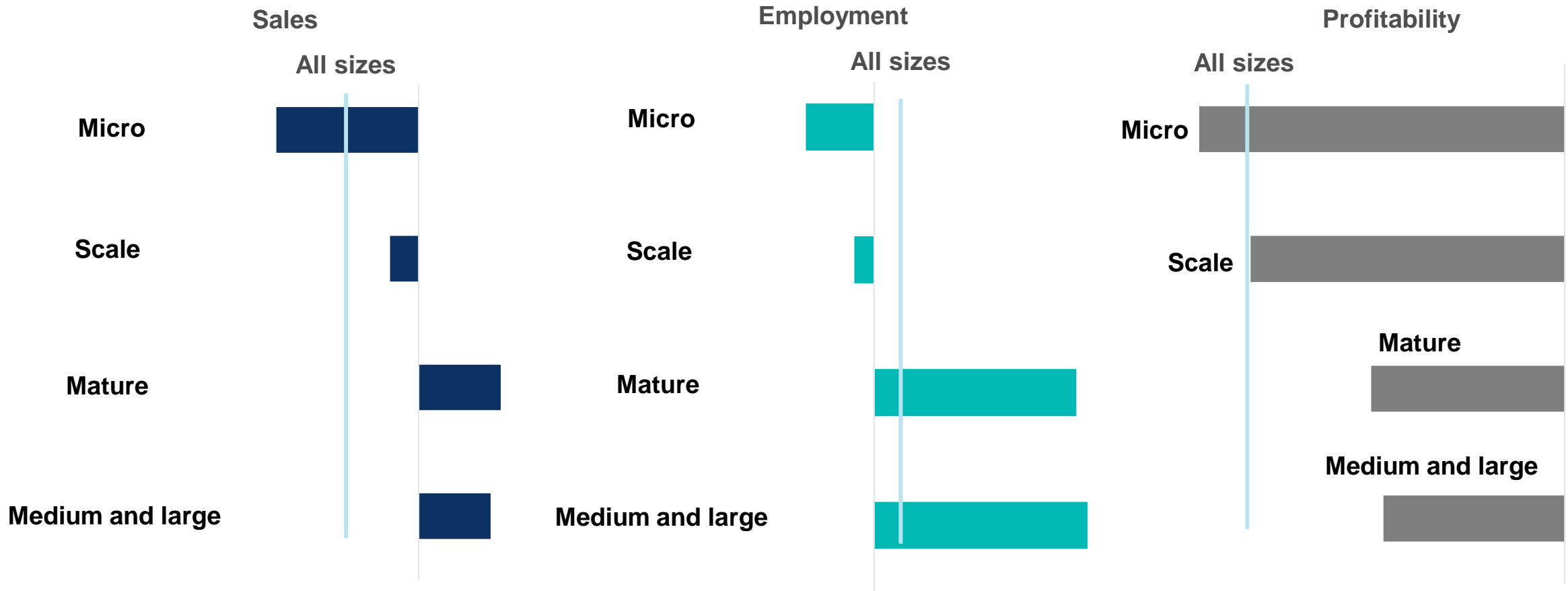


\* Percent of respondents that answered "increase" less percent that answered "decrease," by metric.  
Source: Business Data Lab analysis based on Statistics Canada's Canadian Survey on Business Conditions; 15,976 business responses in October and November 2023.



# Next quarter: Micro firms have the weakest outlook, expecting sales and employment to shrink, while all sizes expect slimmer profits.

Expected changes for your business, next three months  
Balance of opinion, by employment size\*



Micro = 1 – 4 employees; Scale = 5 – 19 employees; Mature = 20 – 99 employees; Medium and Large = 100 + employees.

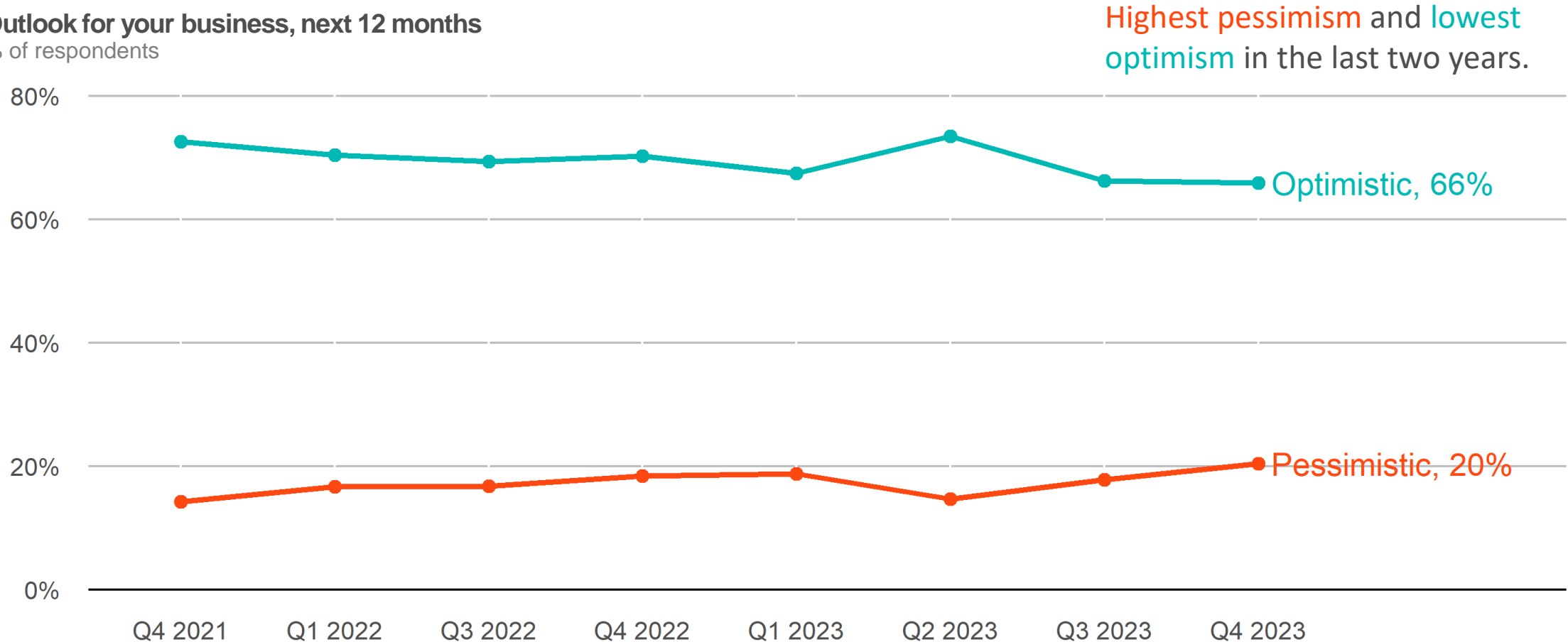
\* Percent of respondents that answered “increase” less percent that answered “decrease,” by metric.  
Source: Business Data Lab analysis based on Statistics Canada’s Canadian Survey on Business Conditions;  
15,976 business responses in October and November 2023.



# Year ahead: The business outlook has softened since the last survey.

## Outlook for your business, next 12 months

% of respondents



\* Optimistic includes “somewhat” and “very optimistic”; pessimistic includes “somewhat” and very pessimistic. Responses do not sum to 100% because of “unknown” responses and rounding.

Note: Question was not included in Q2 2022.

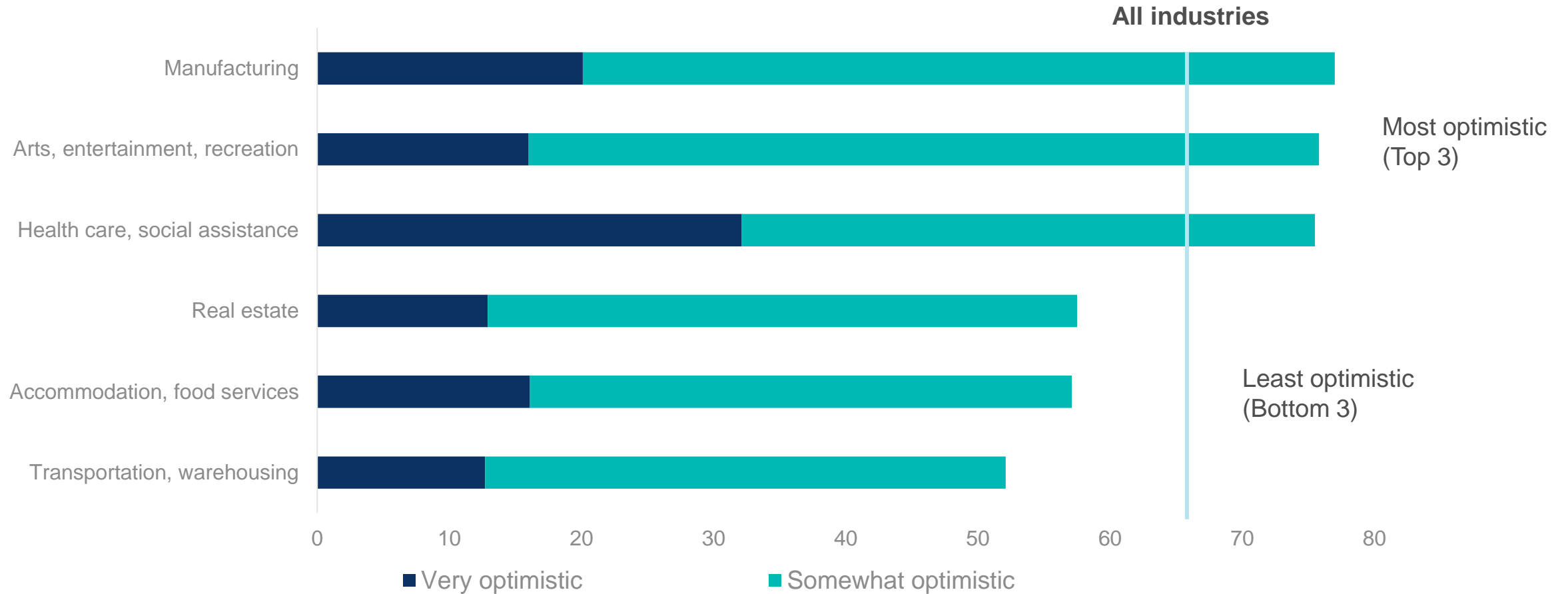
Source: Business Data Lab analysis based on Statistics Canada’s Canadian Survey on Business Conditions; 15,976 business responses in October and November 2023.



# Year ahead: Manufacturing, entertainment and health care are upbeat, while optimism is lowest for transportation, accommodation and food services and real estate.

## Business outlook, next 12 months

% of respondents, by top 3 most optimistic and bottom 3 least optimistic industries

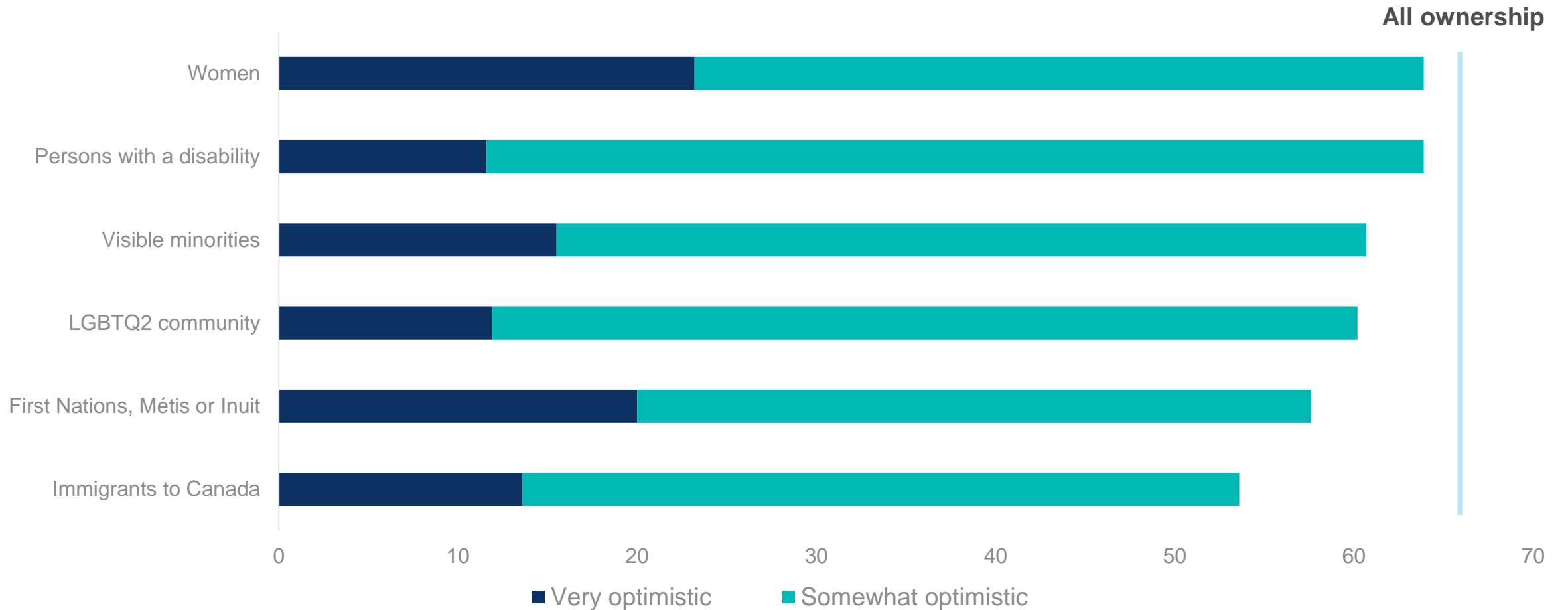




# By ownership: Underrepresented groups are less optimistic about the outlook for their businesses in the year ahead, especially immigrants and Indigenous people.

## Business outlook, next 12 months

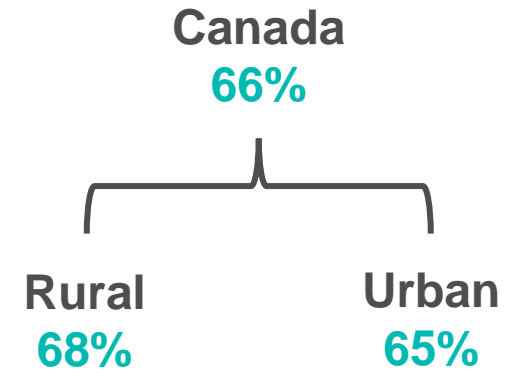
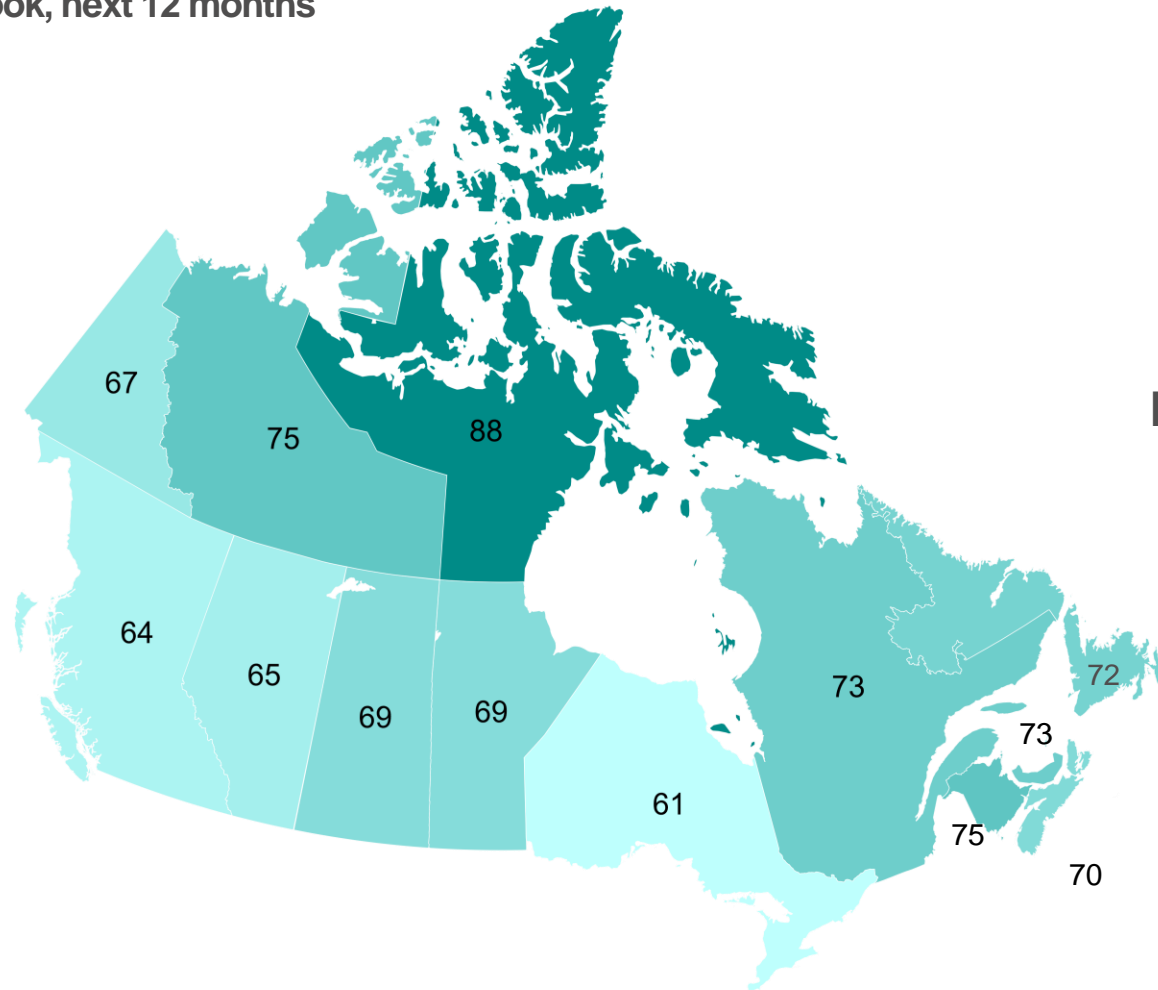
% of respondents, by ownership





# By region: Business optimism is highest in the Territories, Quebec and Atlantic Canada and lowest in Ontario and British Columbia.

Businesses with an optimistic outlook, next 12 months  
% of respondents

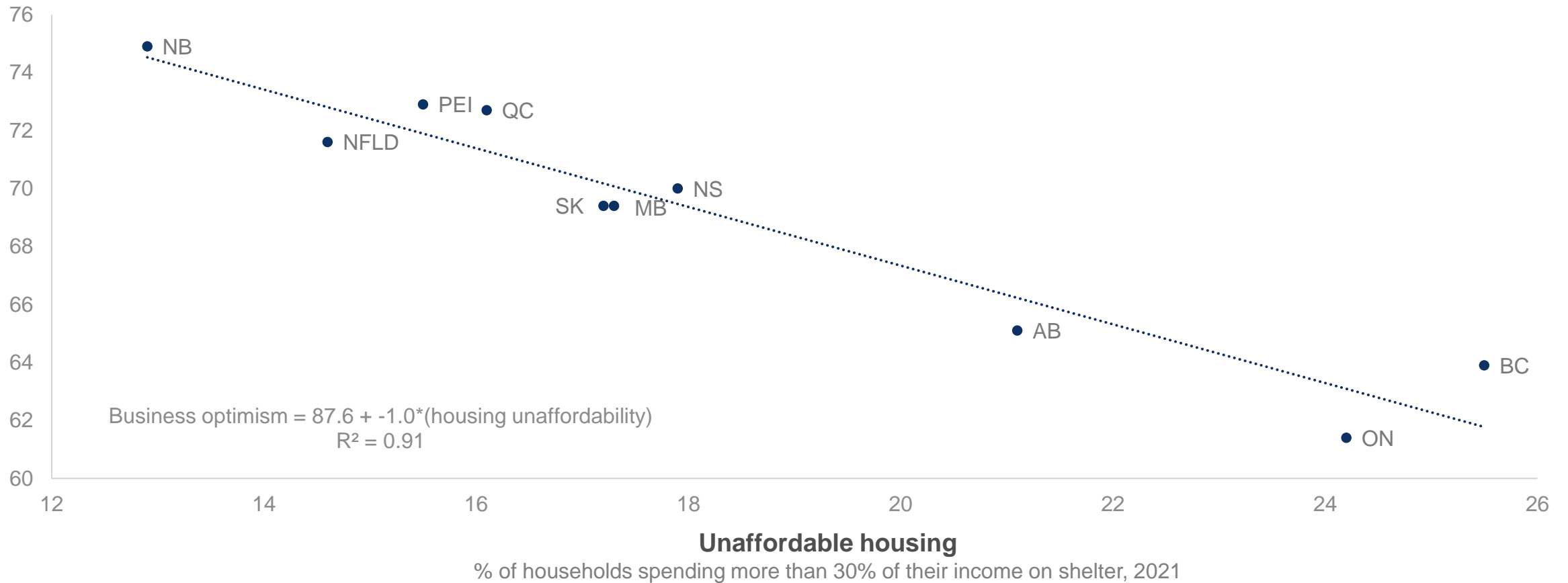




# Businesses located in less affordable housing markets are less optimistic about their overall outlook for the year ahead.

## Business optimism, 2023 Q4

% of respondents with an optimistic outlook for their business over the next 12 months







Q4 2023

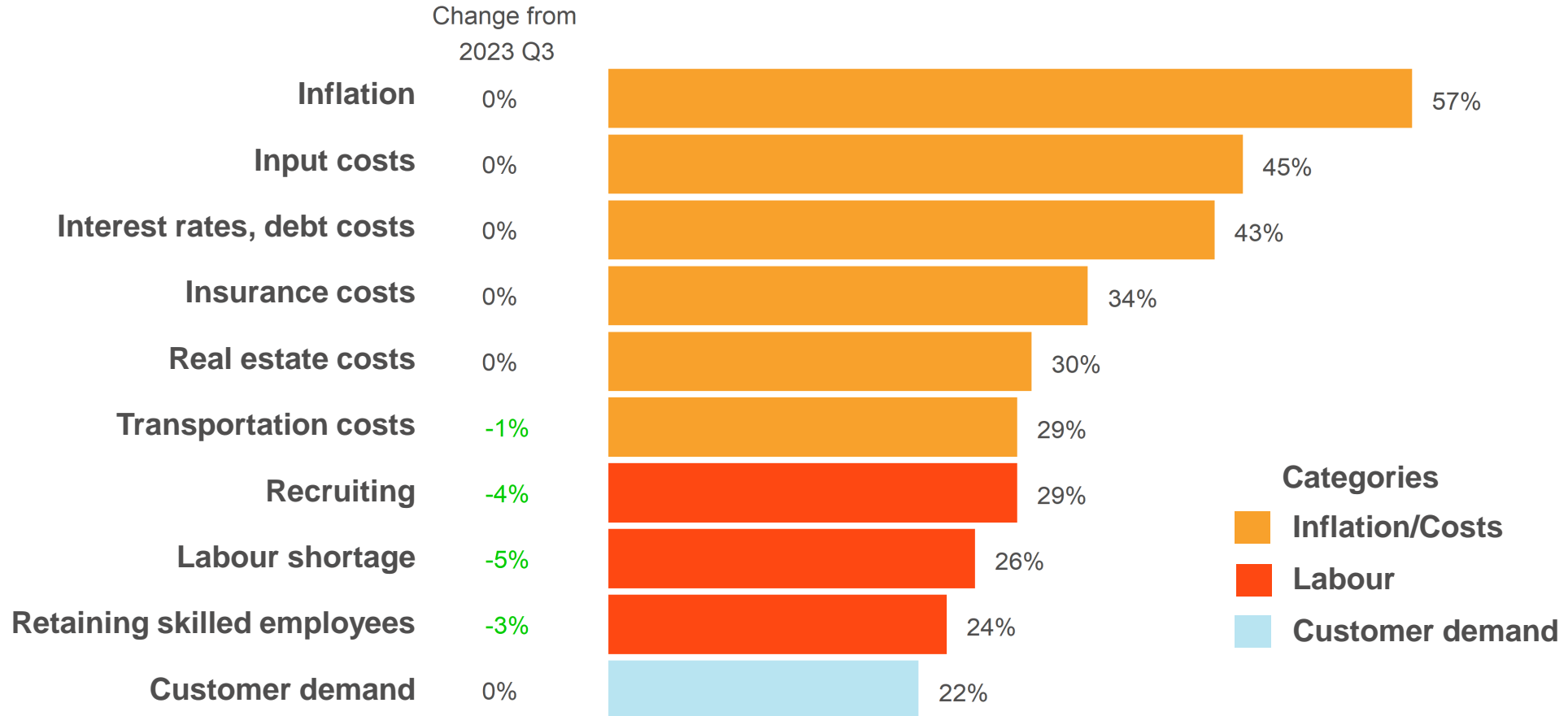
# Business obstacles



# Cost-related issues are the top six business obstacle over the next quarter, while labour concerns eased.

## Top 10 business obstacles expected, next three months

% of respondents, all industries

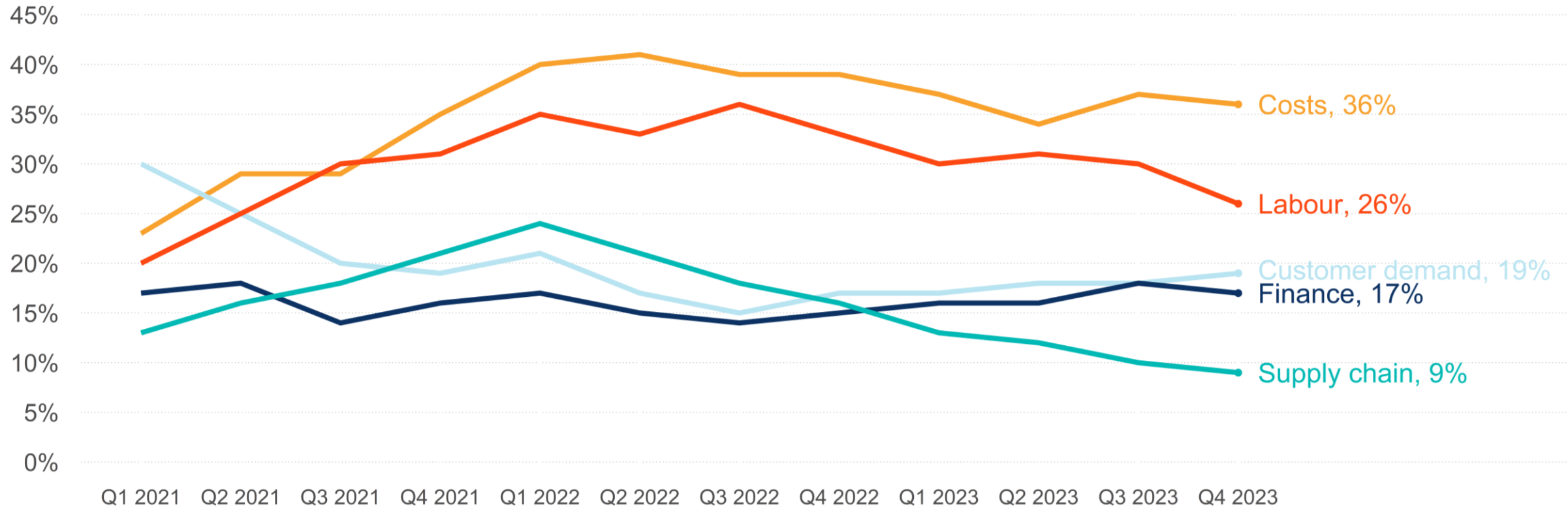




# Several challenges eased, including labour and supply chain issues, but worries about customer demand continue to rise.

## Business obstacles expected, next three months

% of respondents, grouped by category\*



\* Simple averages of related responses within categories, based on consistent response options over surveys; not estimates of the proportion of impacted businesses for each category.



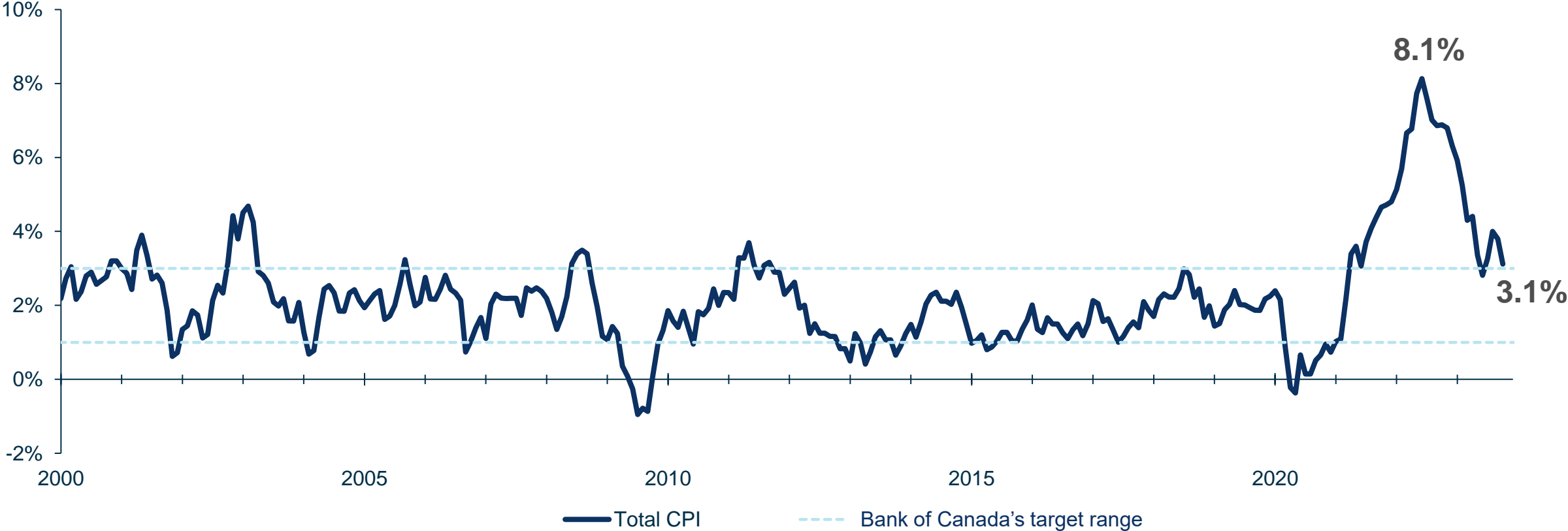
# Inflation, interest rates, borrowing costs and debt constraints

Q4 2023



# Context: Inflation peaked at over 8% last summer; it has slowed significantly but remains above the Bank of Canada's 2% target.

Canadian consumer price index (CPI)  
% change, year-over-year



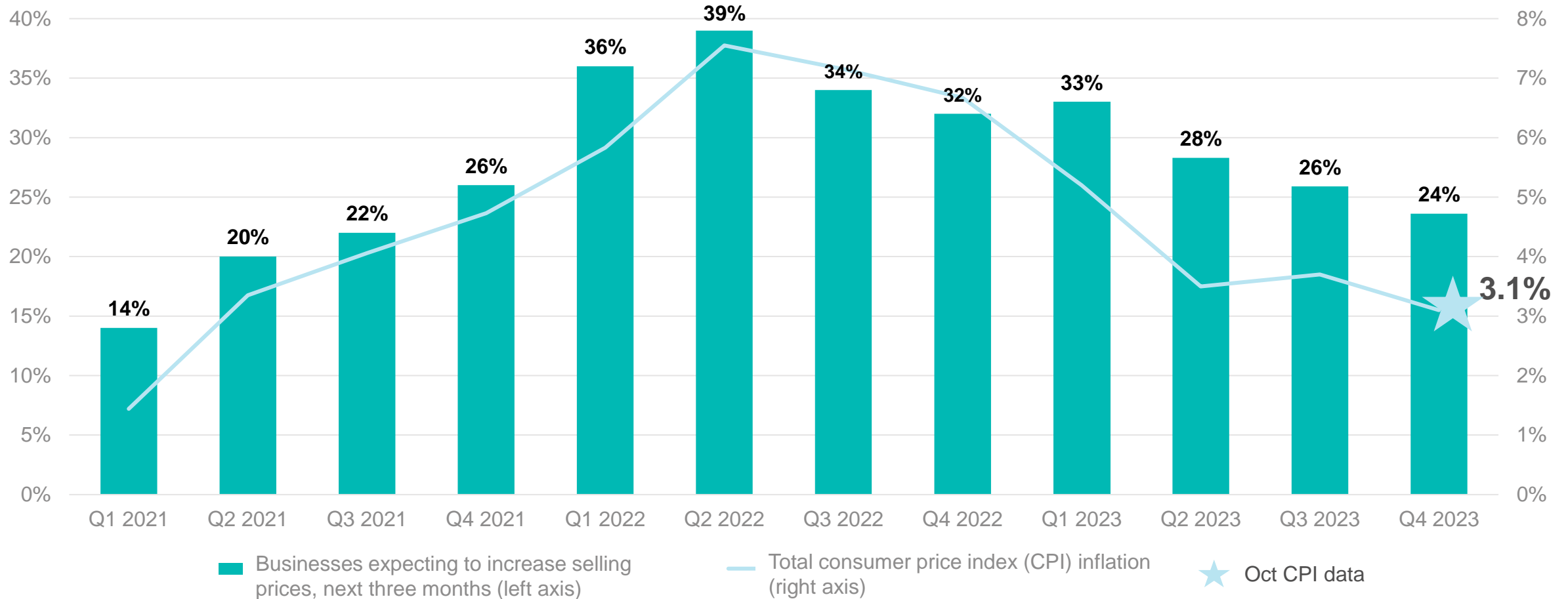
Source: Business Data Lab analysis based on Statistics Canada, Consumer Price Index.



# Despite slowing inflation, the share of companies expecting to raise prices next quarter remains elevated.

## Businesses expecting to raise their selling prices, next three months and CPI inflation

Left axis % of respondents; right axis year-over-year % change



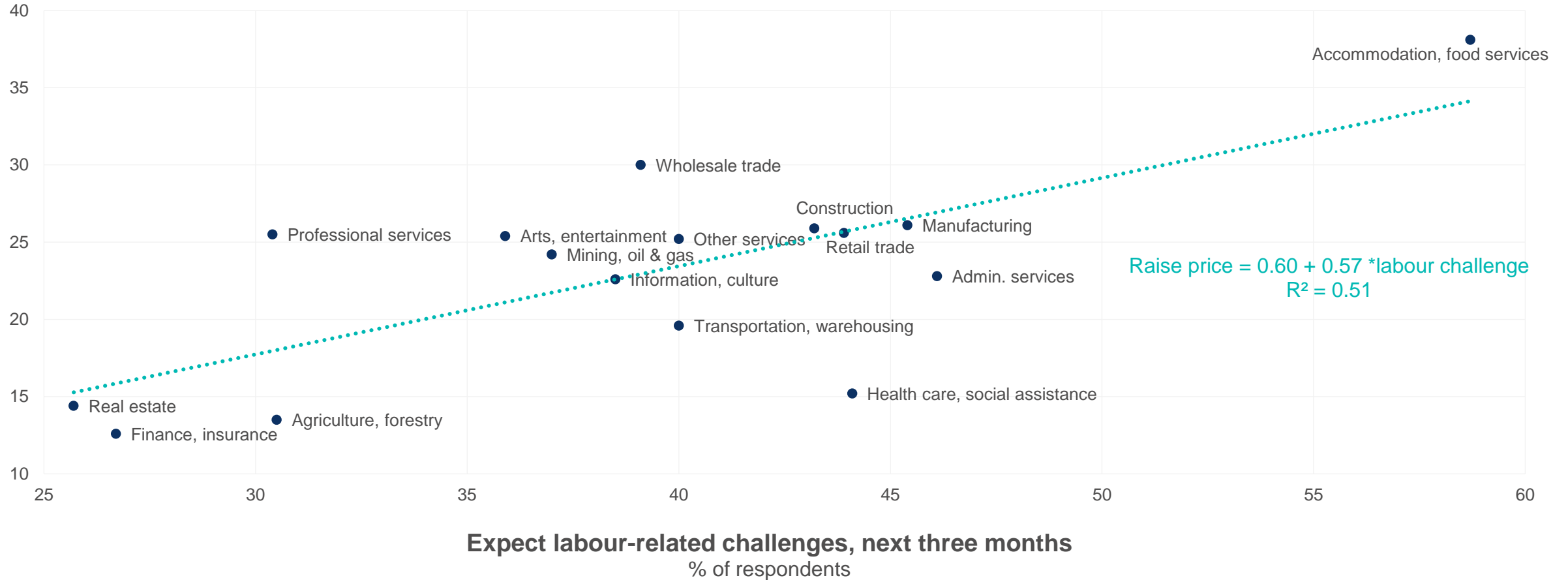
Source: Business Data Lab analysis based on Statistics Canada's Canadian Survey on Business Conditions; 15,976 business responses in October and November 2023.



# Industries facing stronger labour challenges, such as accommodation and food services, are more likely to raise prices.

## Expect to raise prices, next three months

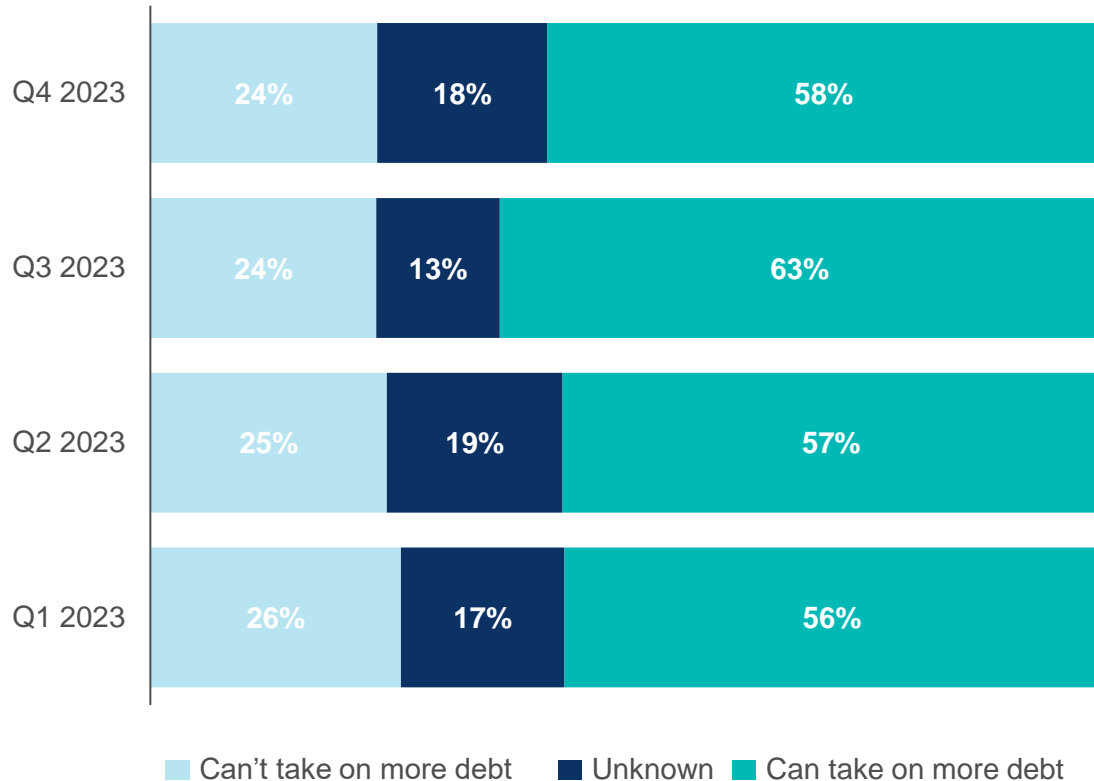
% of respondents, by industry



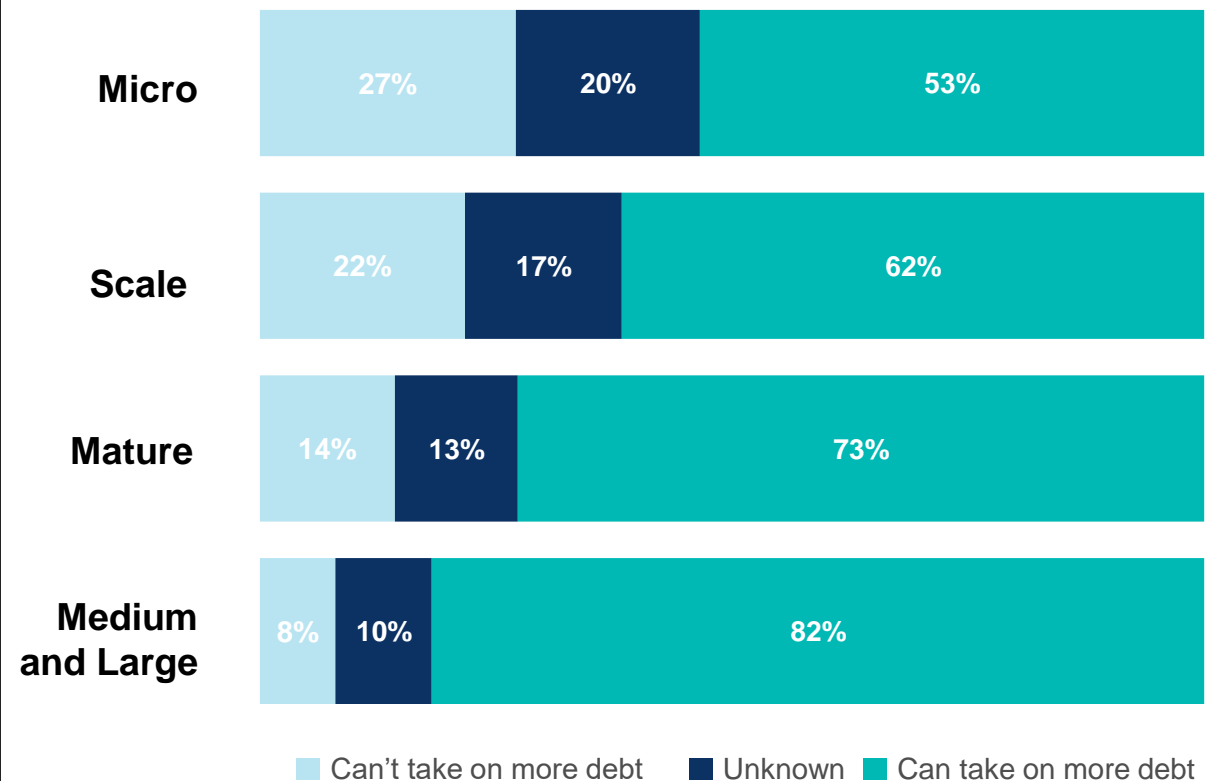


# There is more uncertainty around businesses' ability to take on debt; smaller firms are most constrained.

**Ability to take on more business debt**  
% of respondents, by quarter of survey



**Ability to take on more business debt**  
% of respondents, by employment size in Q4 2023



Micro = 1 – 4 employees; Scale = 5 –19 employees; Mature= 20 – 99 employees; Medium and Large = 100 + employees.

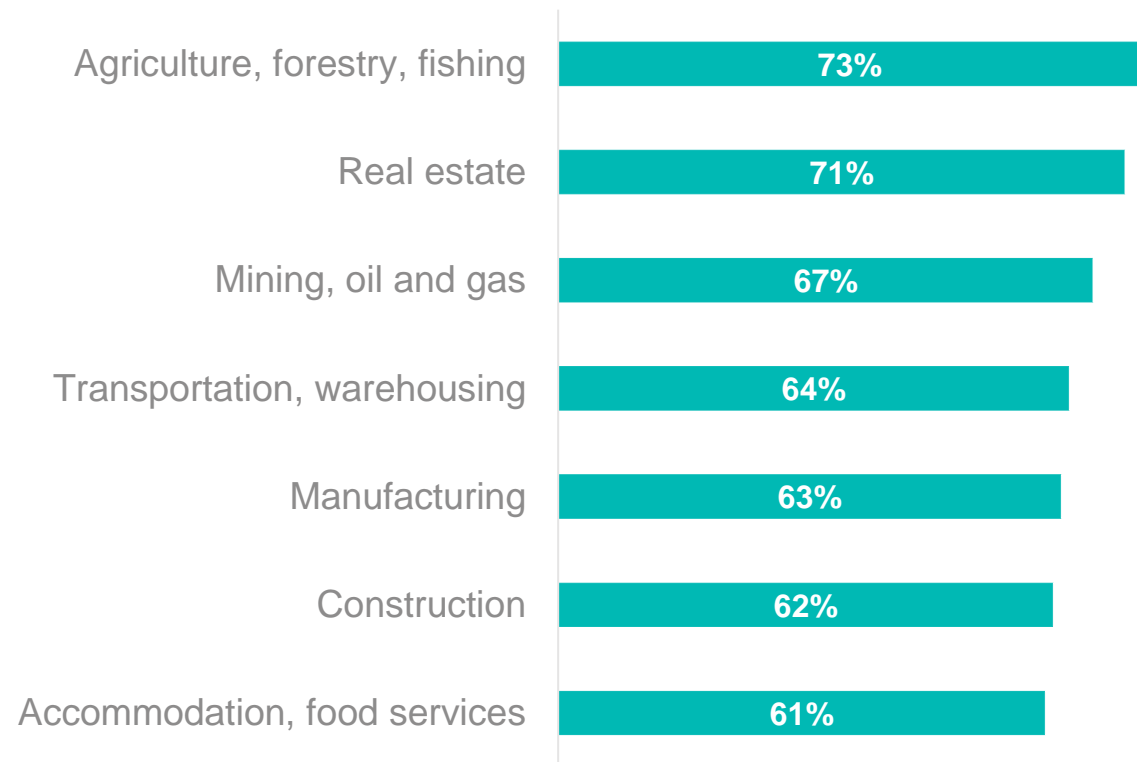
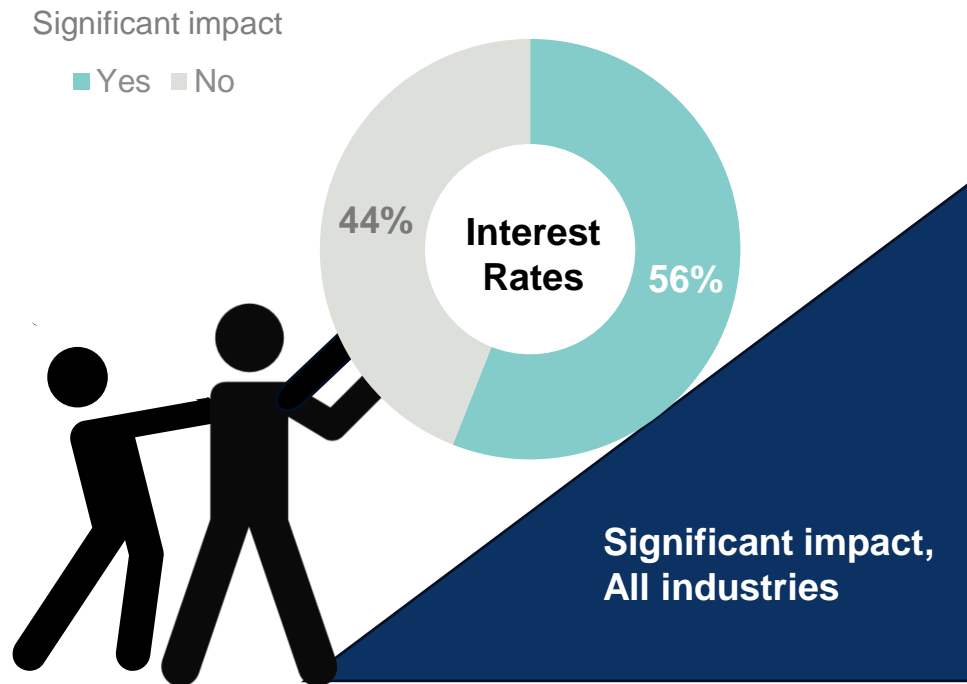




# Most businesses (56%) are significantly impacted by higher interest rates, with several sectors even more impacted.

## Impact interest rates are having on the business or organization

% of respondents indicating a significant (“medium” or “high”) impact, all and top 7 industries

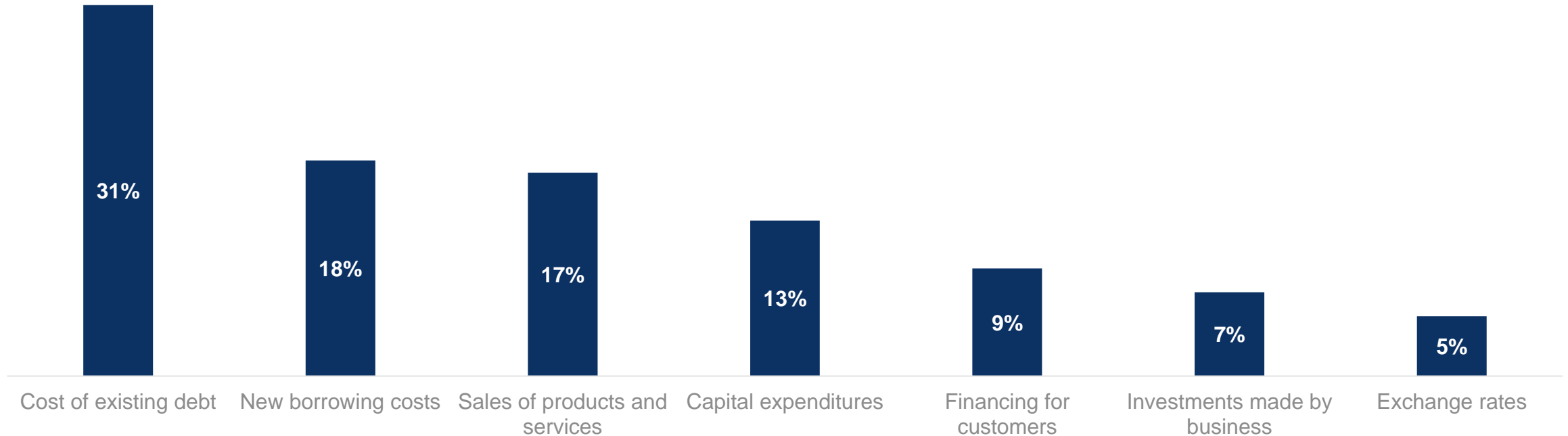




# Interest rates have affected businesses' debt and borrowing costs, and sales the most.

## Aspects of the business or organization most impacted by interest rates

% of respondents that indicated an impact (low, medium or high), all industries





Q4 2023

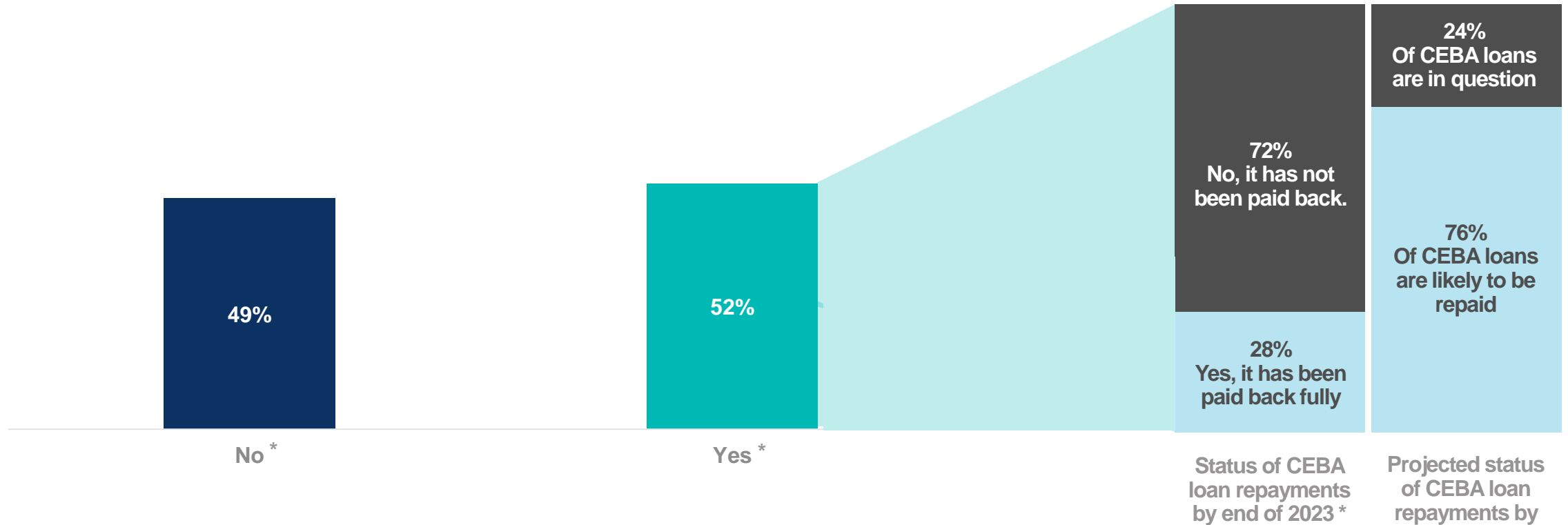
# CEBA loans



# Roughly half of businesses received a CEBA loan. So far, 28% of CEBA borrowers have fully repaid their loan. 76% of CEBA loans are likely to be repaid by end of 2026.

**Did organization receive a repayable loan from the CEBA**  
% of respondents; All industries

**Status of loan repayment from the CEBA**  
% of respondents; All industries



\* Not actuals. Percentages based on survey responses.

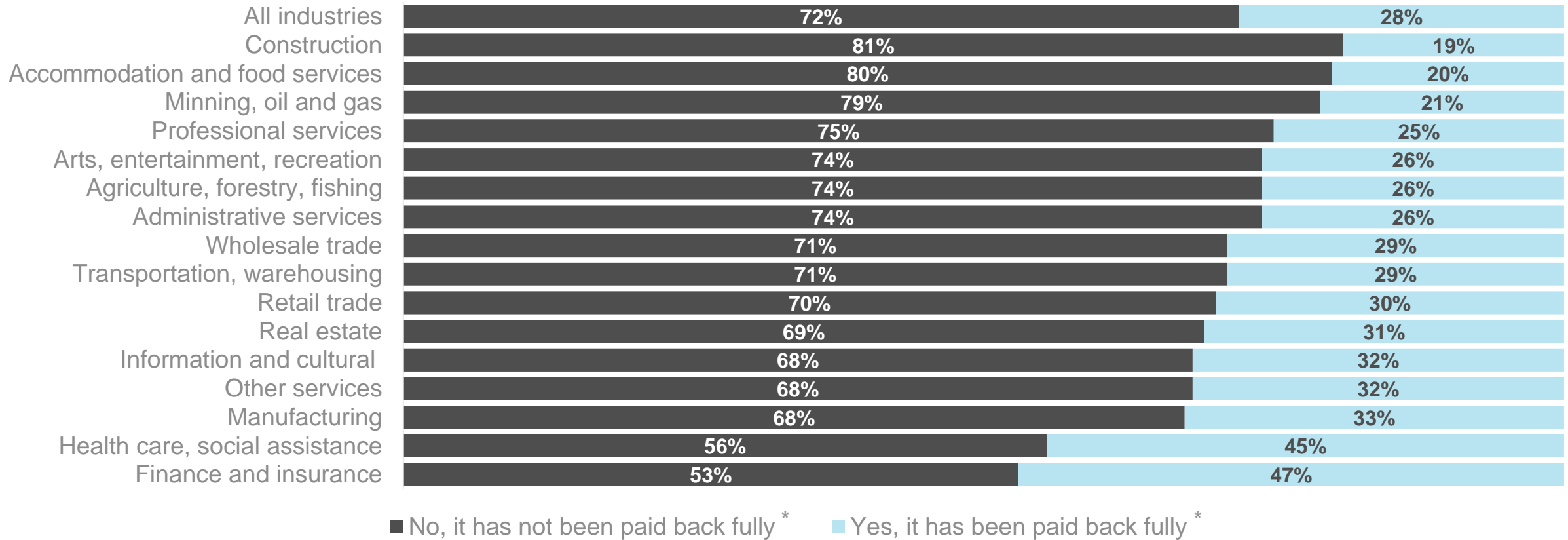
\*\* Projections. Estimates based on survey responses (status + anticipation).



# Construction, accommodation and food services, and mining, oil and gas have highest shares of outstanding CEBA borrowers.

## Status of loan repayment from the CEBA

% of respondents, by industry



Source: Business Data Lab analysis based on Statistics Canada's Canadian Survey on Business Conditions; 15,976 business responses in October and November 2023.



# 66% of outstanding CEBA borrowers say they'll be in the position to repay their loan by the end of 2026.

Anticipation that active borrowers will have the liquidity or access to credit to repay their CEBA loan by December 31, 2026  
% of respondents that took a CEBA loan and haven't repaid it in full



Yes, 66%

Of borrowers say they will repay their loan\*



No, 15%

Of borrowers say they will not have the liquidity or access to credit to repay their loan\*



Unknown, 19%

Of borrowers say they do not know if they will have the liquidity or credit to repay their loan\*

At highest risk

24% of immigrant business owners

20% of visible minority business owners



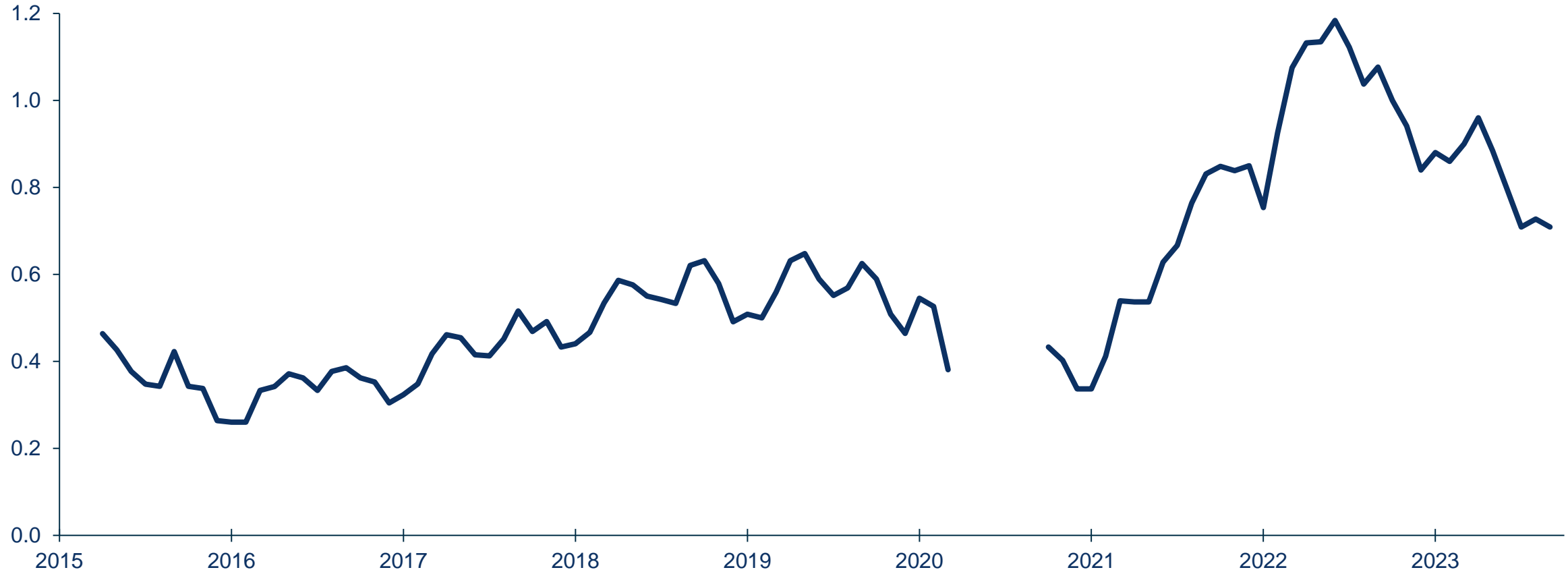
Q4 2023

# Labour markets



# Context: Canada's labour market tightened significantly earlier in the pandemic, but has loosened over the past year.

**Labour market tightness**  
Job vacancies per unemployed

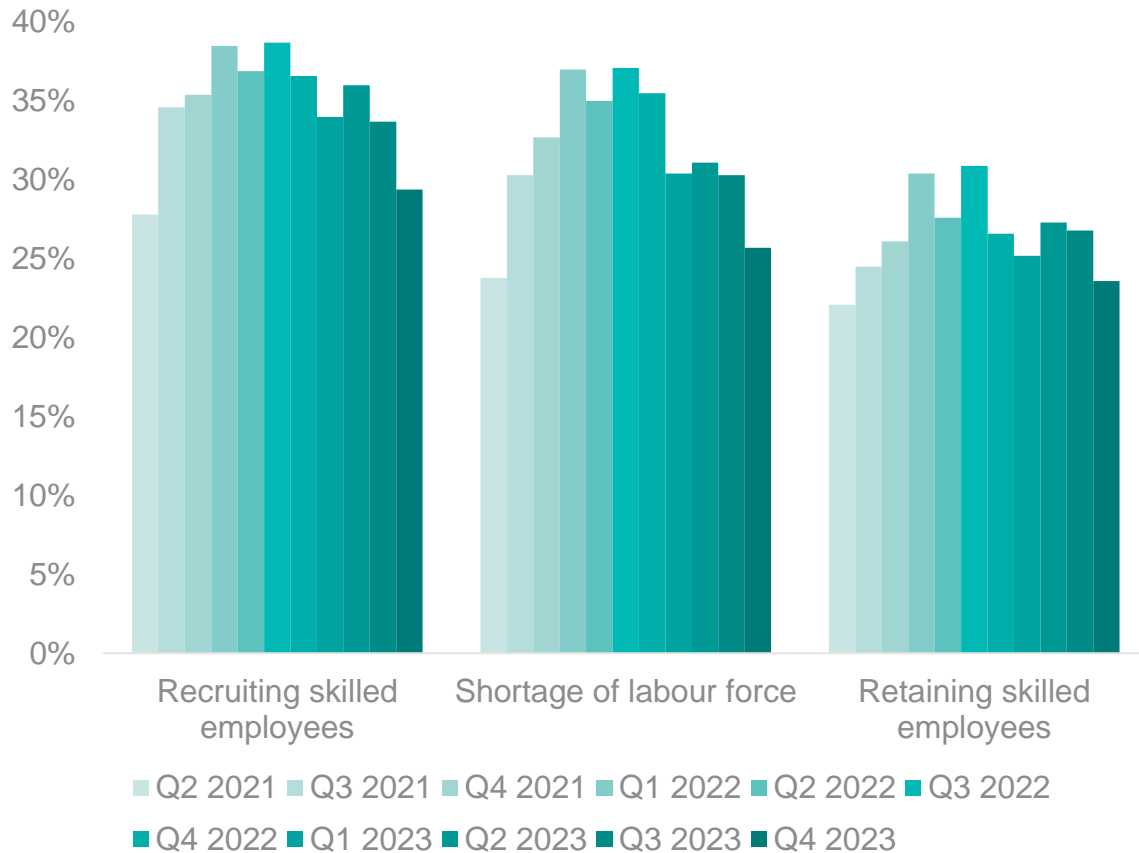




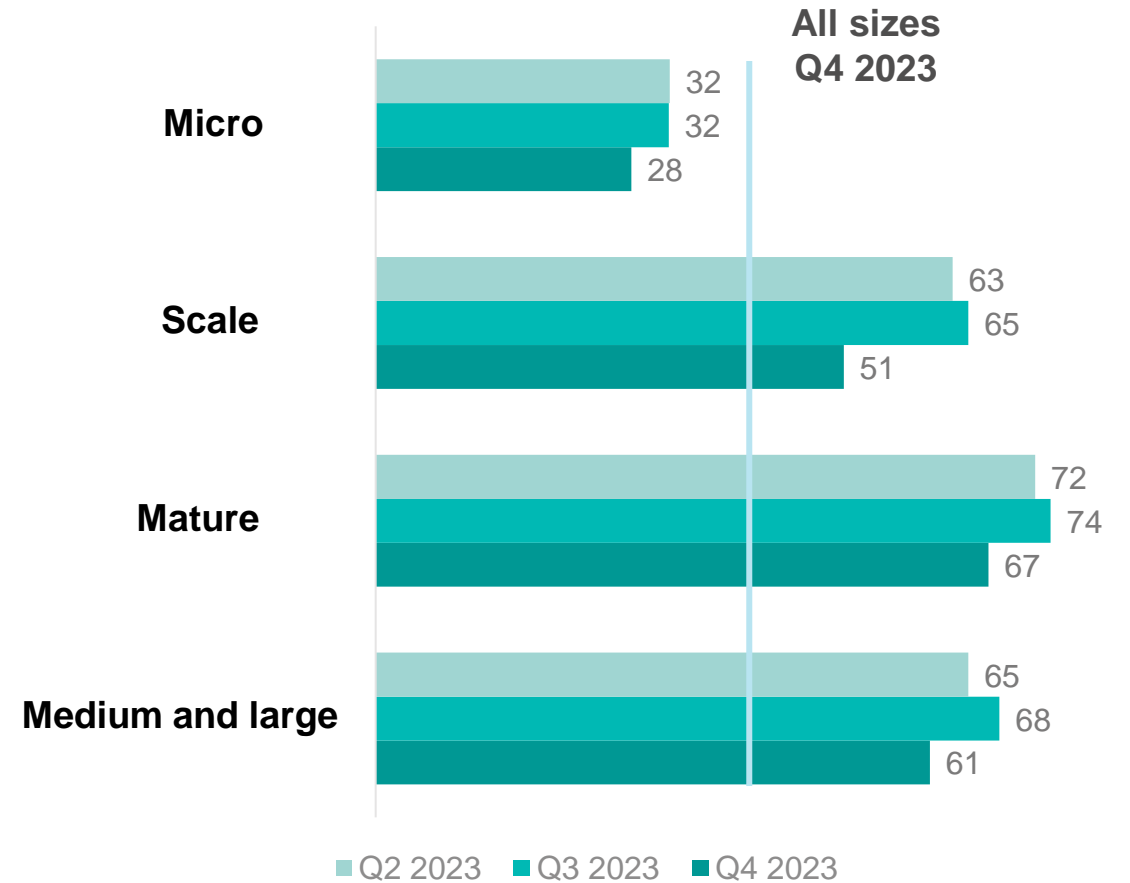


# Labour challenges are easing, but remain a top-of-mind concern for all businesses, except the smallest firms.

**Expect labour obstacles, next three months**  
% of respondents



**Expect labour obstacles, next three months**  
% of respondents by firm size in Q4 2023



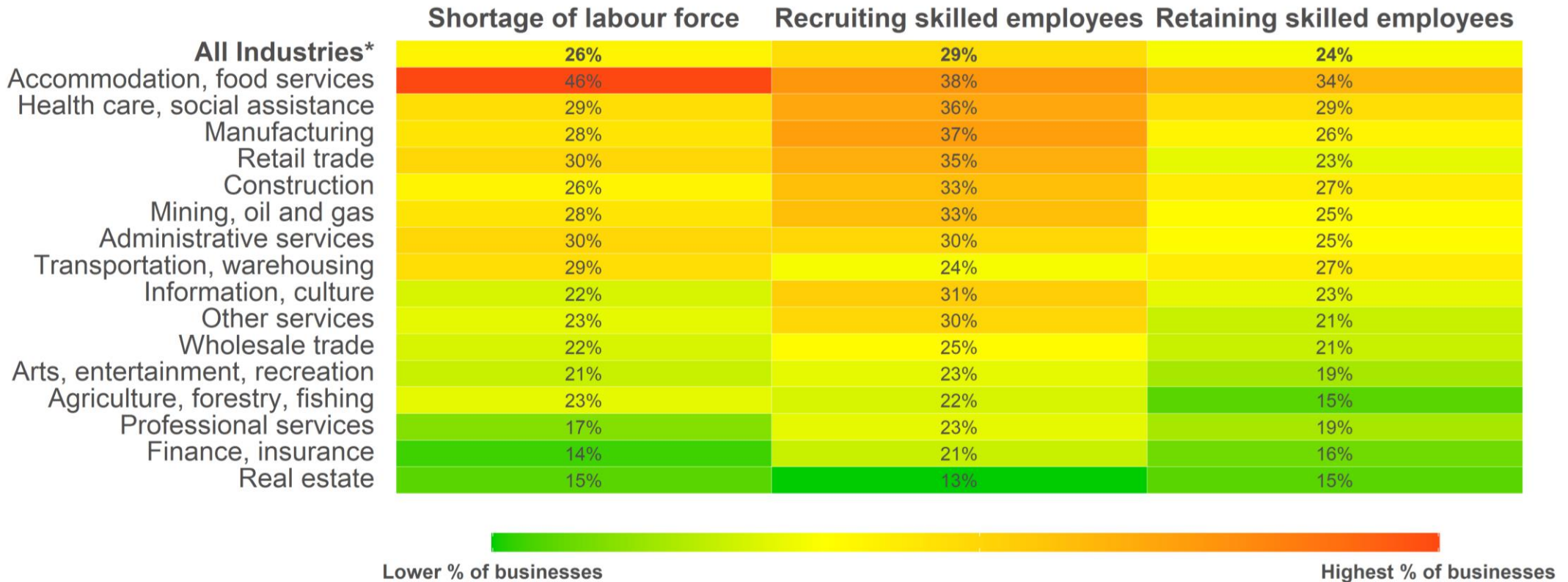
Micro = 1-4 employees; Scale = 5-19 employees; Mature = 20-99 employees; Medium and large = 100+ employees

Source: Business Data Lab analysis, based on Statistics Canada, Canadian Survey on Business Conditions. 15,976 business responses in October and November 2023.



# Labour challenges are most acute in accommodation and food services, health-care, manufacturing, retail and construction.

Labour challenges expected, next three months  
% of respondents by industry

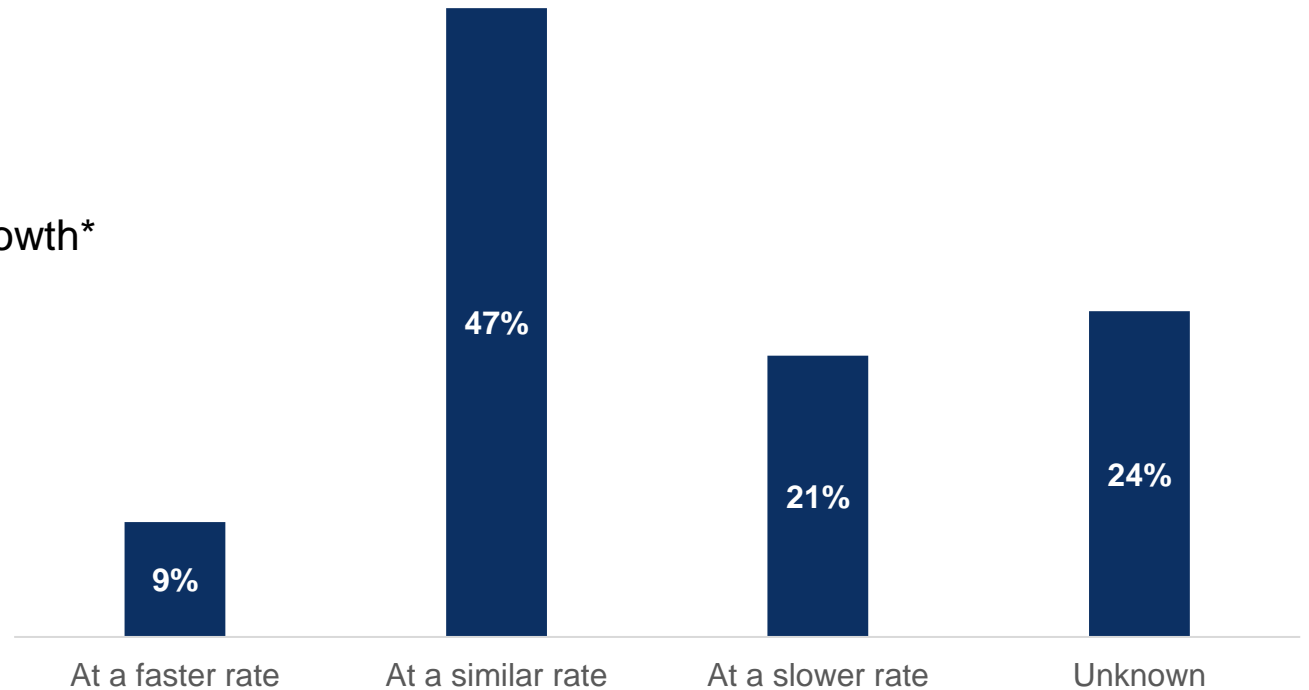
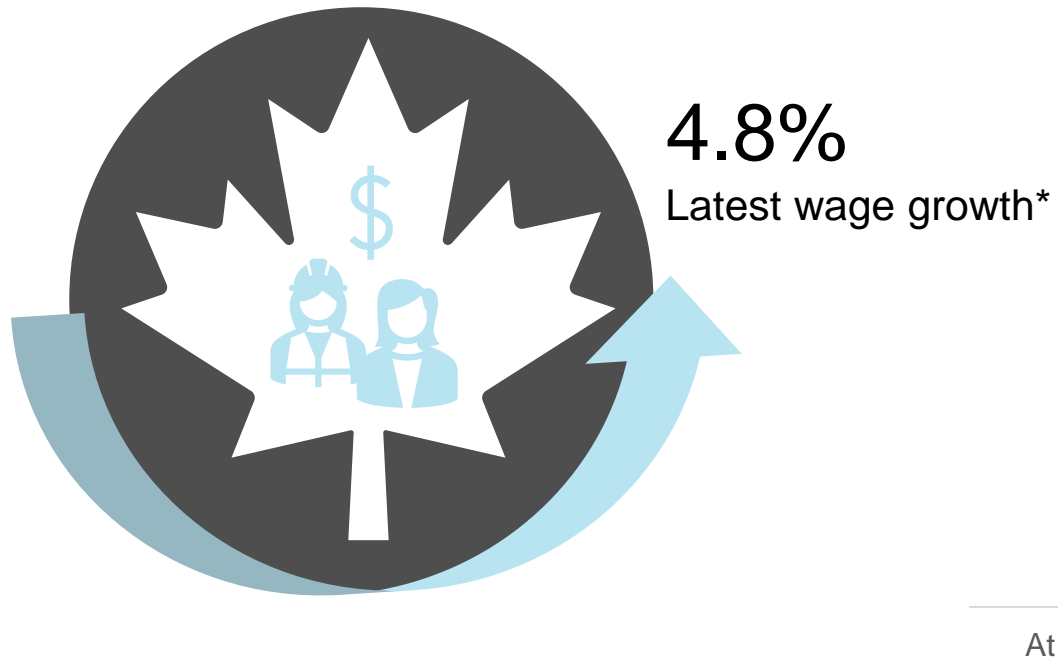


Note: Industries sorted in descending order based on average across the three responses.

Source: Business Data Lab analysis based on Statistics Canada's Canadian Survey on Business Conditions; 15,976 business responses in October and November 2023.

# **Businesses expect wage growth to slow on net.**

**Expected rate of annual increase in wages over the next 12 months**  
% of respondents, all industries



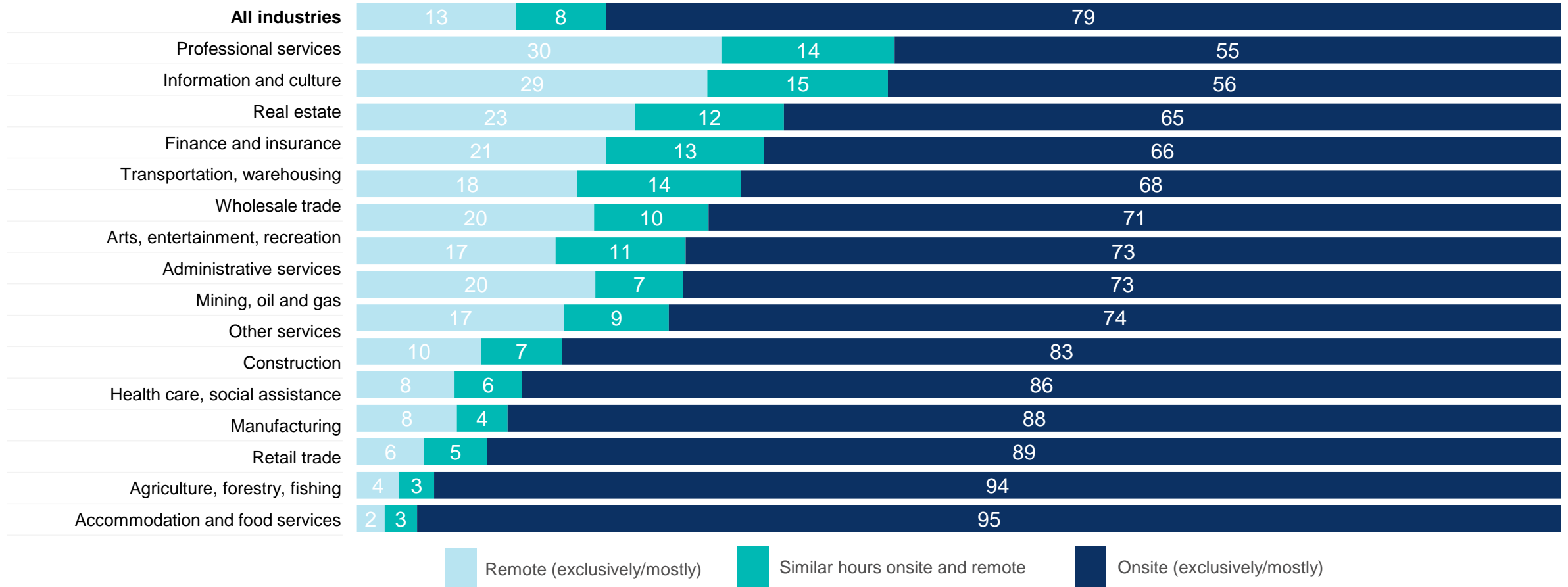
\* Statistics Canada's Labour Force Survey, November 2023.  
Source: Business Data Lab analysis based on Statistics Canada, Canadian Survey on Business Conditions;  
15,976 business responses in October and November 2023.



# More than one-in-five workers engage in remote or hybrid work, with professional services, information, real estate and finance leading the way.

## Share of employees' anticipated working arrangements, next three months

% of respondents, by industry





# Labour mobility and skill gaps

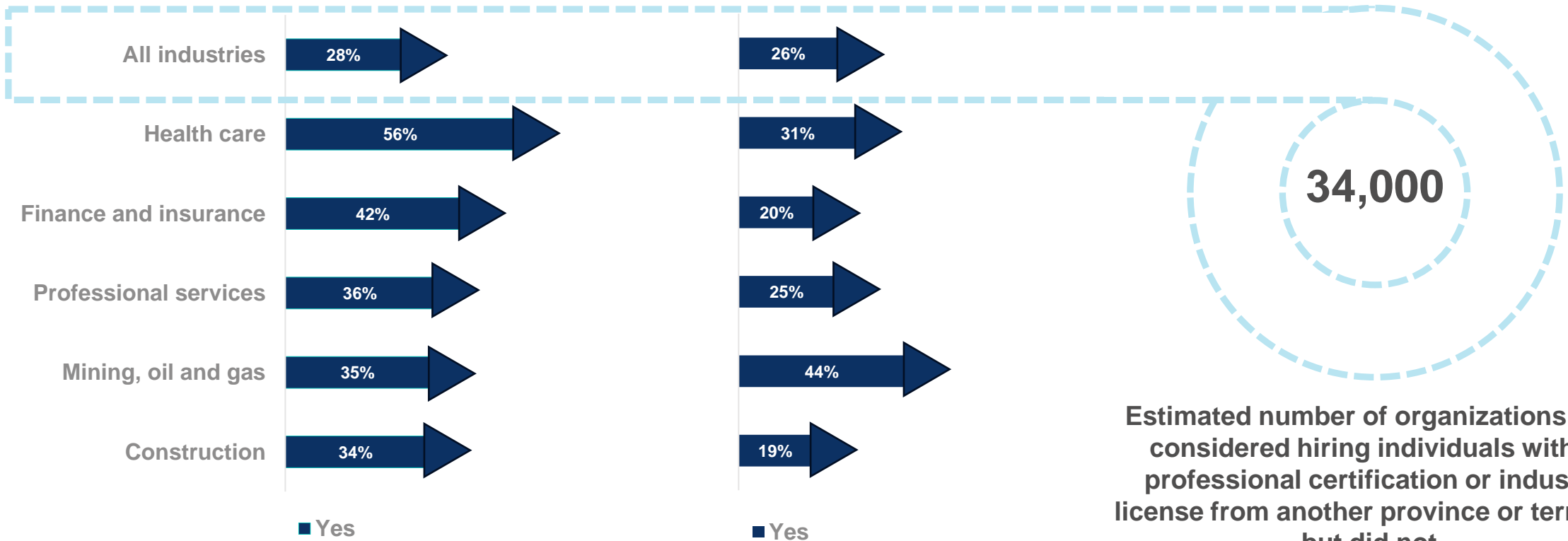
Q4 2023



# One quarter of businesses that employ regulated occupations considered hiring workers from another province or territory.

**Did your organization employ regulated occupations in the past 12 months**  
% of respondents; all and top 5 industries

**Did your organization hire or consider hiring individuals with a professional certification or industry license from another province or territory**  
% of respondents that employed regulated occupations

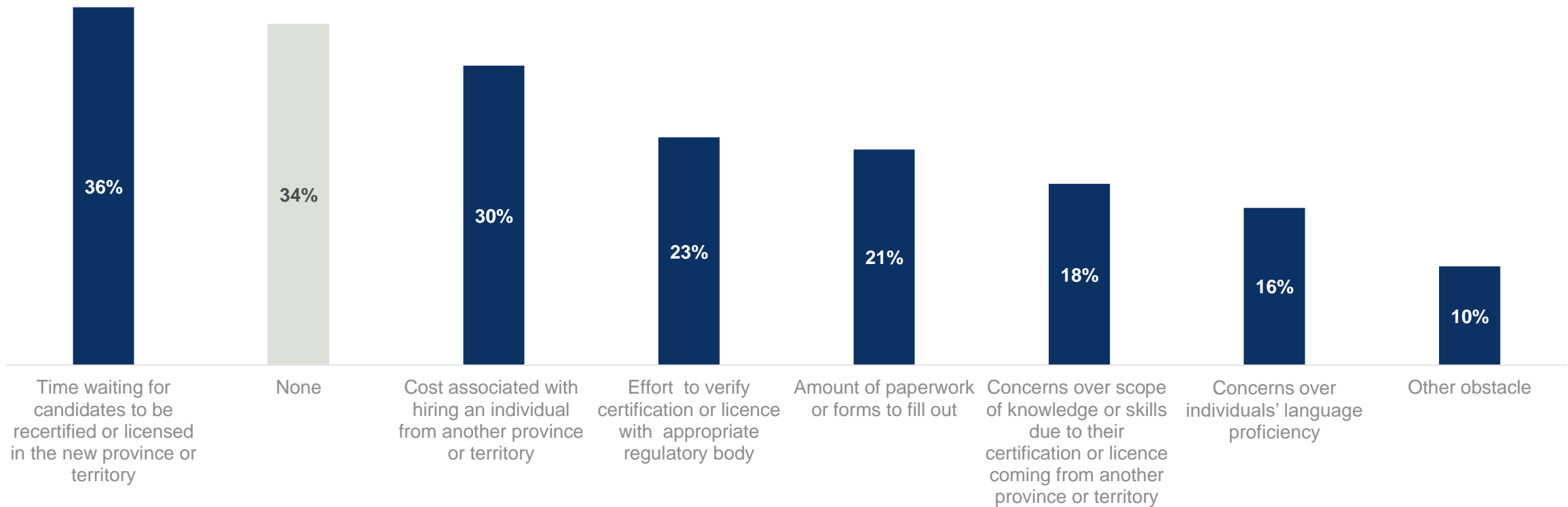




# Time, cost and effort all cited as challenges when hiring individuals in regulated occupations from another province or territory.

Obstacles experienced during the hiring or consideration process of individuals with a professional certification or industry license from outside of the province or territory where the business is located over the last 12 months



% of respondents that employed regulated occupations

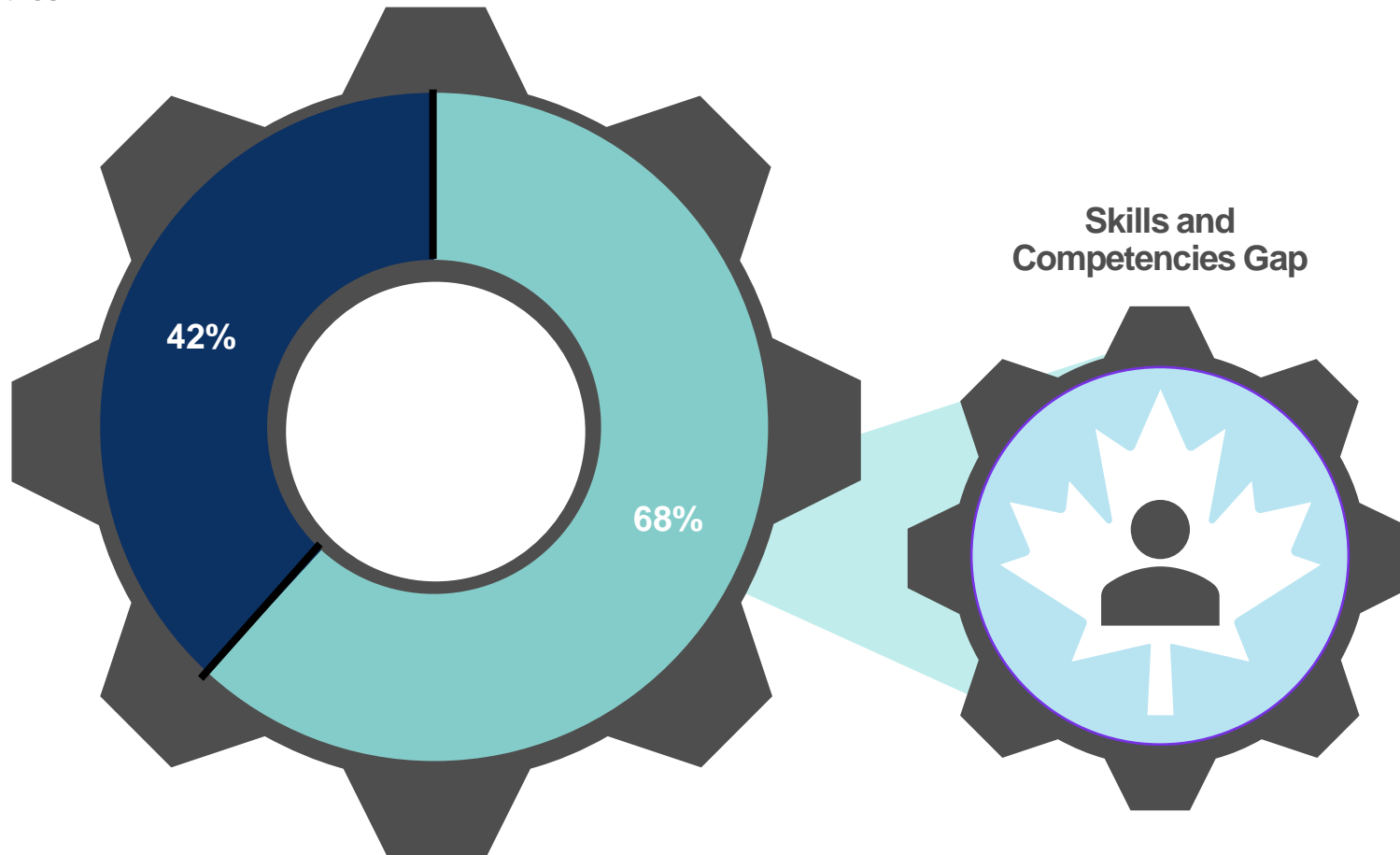


# 68% of businesses have some sort of skills gap among employees.

Are all employees fully proficient in terms of skills needed to do their current job?

% of respondents, all industries

-  All employees are **fully** proficient
-  All employees are **not fully** proficient





# **Businesses are addressing skills gaps by correcting and investing.**

Planned actions by businesses to address skills gaps or employee skill deficiencies over the next 12 months  
% of respondents; all industries



**62%**

Provide in-house training



**40%**

Provide feedback to staff



**30%**

Recruit new staff with qualifications, skills and competencies



**27%**

Increase performance monitoring



**24%**

Implement mentoring or coaching



**23%**

Provide external training



# Appendix



# Survey methodology

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- **Survey objectives:** The Canadian Survey on Business Conditions (CSBC) was created in spring 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 businesses' expectations and views on emerging issues. These surveys are used by governments, business associations and analysts to monitor evolving business conditions and devise policies to support Canadian business.
- **Survey period:** The Q4 2023 CSBC data collection period was October 3 to November 6, 2023.
- **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 15,976 businesses or organizations.
- **Note:** Charts might not sum to 100% due to rounding.
- **Contact:** This report presents CSBC analysis conducted by the Canadian Chamber of Commerce Business Data Lab. For questions, comments or media inquiries, contact Patrick Gill, Senior Director ([PGill@Chamber.ca](mailto:PGill@Chamber.ca)).

The BDL is made possible through our collaboration with Statistics Canada and financial support from Innovation, Science and Economic Development Canada.