

2023 Manitoba Business Outlook Survey

Methodology

METHODOLOGY

The Manitoba Chambers of Commerce (MCC) retained Leger to conduct the 6th annual Manitoba Business Outlook survey of its members and partners. The primary purpose of the research was to provide MCC statistically reliable feedback from Manitoba businesses that can be used to develop policies and positions to approach the various levels of government on their behalf for effective business support and growth strategies.

Leger professionals worked with MCC in designing the survey instrument. MCC provided an initial outline of questions and topic areas for inclusion in the study which Leger crafted into a methodological sound questionnaire. The questionnaire consisted of approximately 35 questions, in addition to about 20 questions from the project sponsor organizations. In total, the survey took approximately 15 minutes to complete.

The survey was hosted on the Leger's web server to ensure confidentiality and anonymity of responses. Leger was responsible for the distribution of each member's unique survey link, which ensured that members were not able to complete the survey more than once. In addition, a separate open link was also generated to allow the survey to be shared with other business partners. Throughout the process, Leger maintained respondent confidentiality.

MCC provided the contact information for its members and shared an open link with partner organizations to encourage survey responses. From these sources, 288 Manitoba business decision-makers successfully completed the survey. Since much of the research was conducted from a list database, the sample is considered to be non-probability and therefore, margins of error are not applicable. For contextual purposes, a probability sample of a survey size of 288 cases with this sample frame theoretically carries a confidence interval of approximately +/- 5.7 percent, 19 times out of 20.

A pre-test of the survey was conducted November 14th, 2023. After the test, the survey tool was available online from November 15th through December 1, 2023. A total of 4 reminder emails were sent to members during the data collection period. MCC also encouraged survey participation.

If you have questions about the data presented in this report, please contact **Andrew Enns**, Executive Vice President, at the following email address: aenns@leger360.com

-
1. Business Optimism is Growing Despite Challenges

 2. Inflation Persisting as a Burden for Businesses

 3. Labour Market Struggles Continue

 4. Businesses Want Government Support on International Trade

Overview of Research Findings

Key
Insights

Businesses that are “Very Optimistic” Up
5% Since Last Year

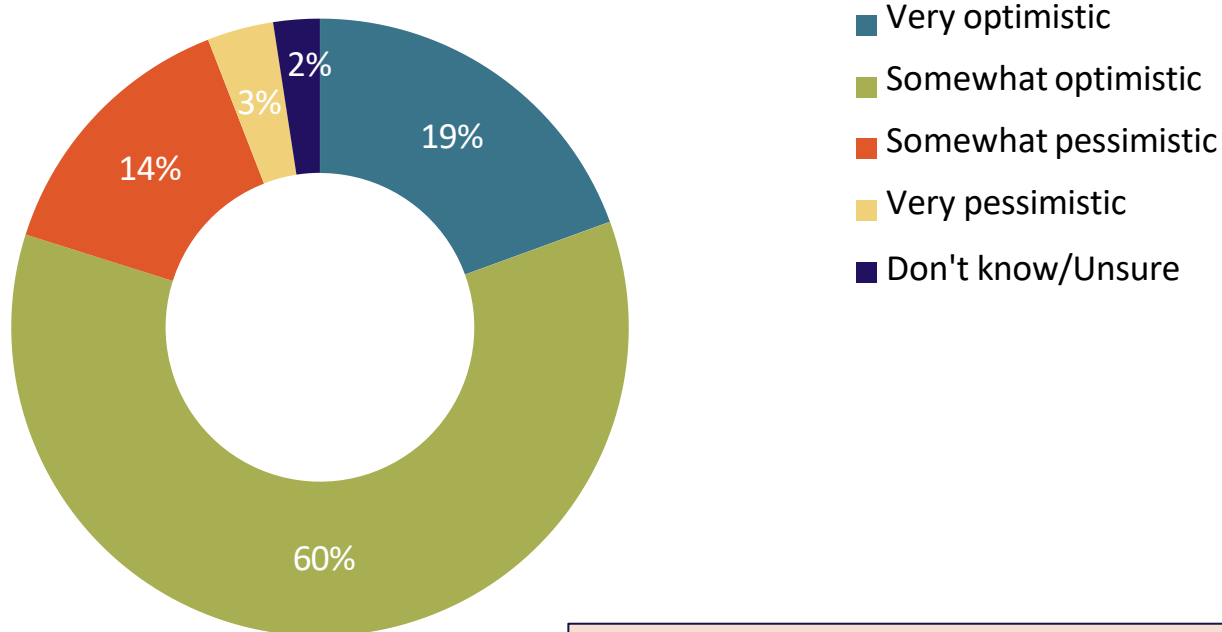
Half of Businesses Expecting to Grow
their Revenues by More than 5%

Highest Percentage of Businesses
Expecting to Hire Since 2018

Business Optimism Growing Despite Challenges

Business Optimism

At this point in time, how do you feel about your business and its performance? Are you generally optimistic or pessimistic? Base: All respondents (n=288)



- Very optimistic
- Somewhat optimistic
- Somewhat pessimistic
- Very pessimistic
- Don't know/Unsure

Total OPTIMISTIC, 80%

Total PESSIMISTIC, 18%

In the 2022 Business Outlook Survey:

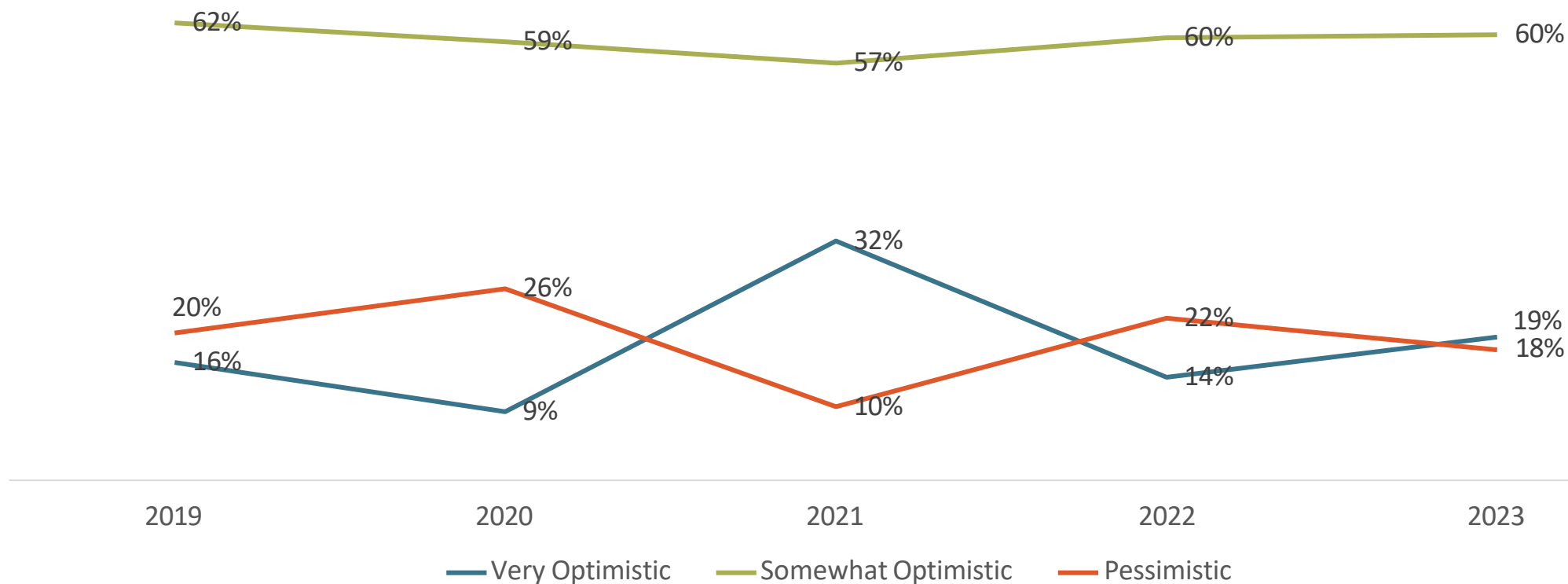
- Very Optimistic – 14%
- Cautiously Optimistic – 60%
- Somewhat Pessimistic – 18%
- Very Pessimistic – 5%
- Don't Know – 3%

Large businesses (100+ employees) are more optimistic compared to those with <100 employees (94% vs. 76%)

Those who believe the province is headed in the right direction are also more optimistic about their business and its performance (91% vs 57% of those who believe it is on the wrong track).

Business Optimism – Historical Comparison

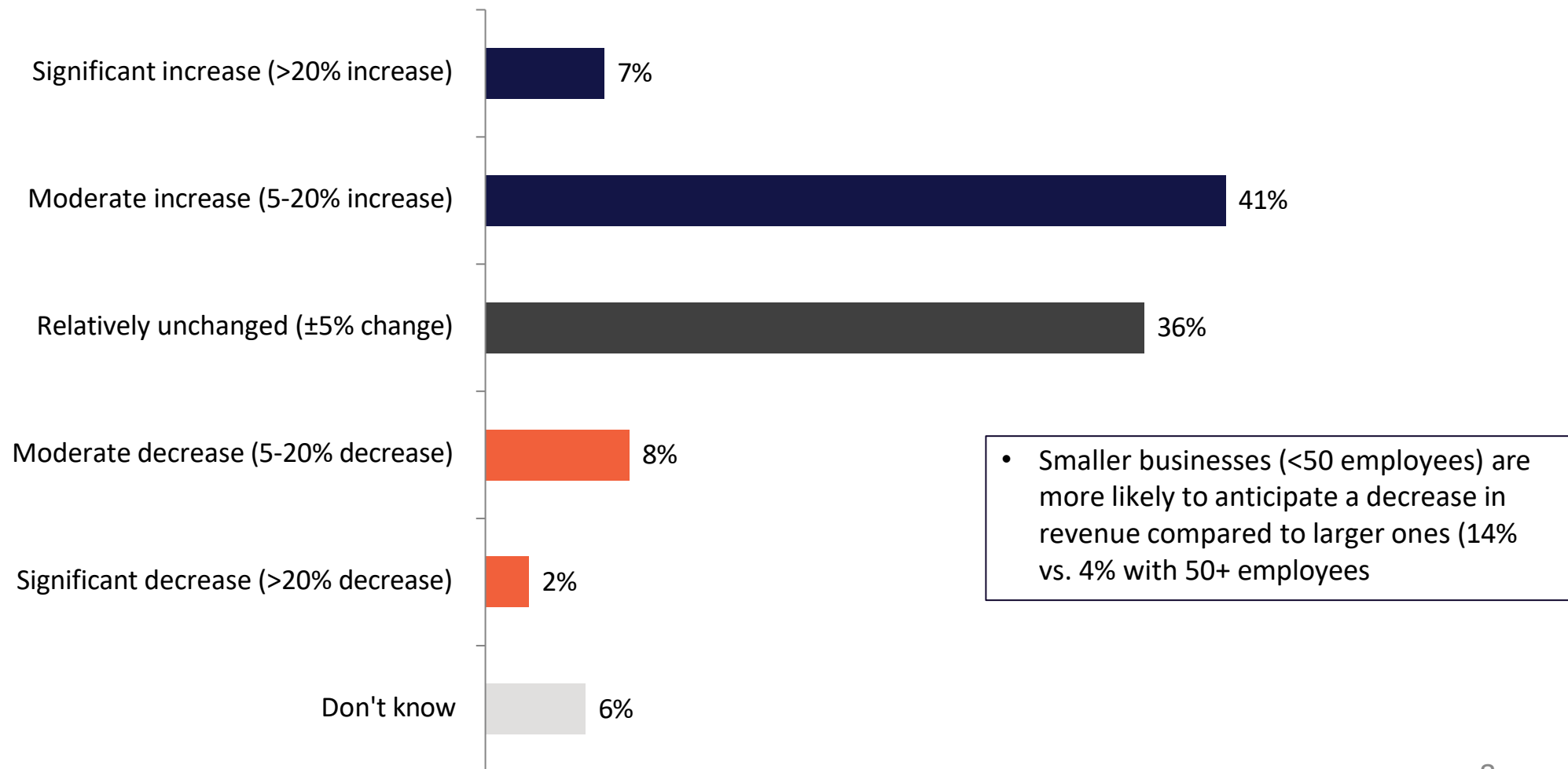
At this point in time, how do you feel about your business and its performance? Are you generally optimistic or pessimistic? Base: All respondents (N₂₀₂₃=288/ N₂₀₂₂=379/ N₂₀₂₁=419/ N₂₀₂₀=397)



Anticipated Changes in Annual Revenue

In the next twelve months, what changes in annual revenue is expected for your organization?

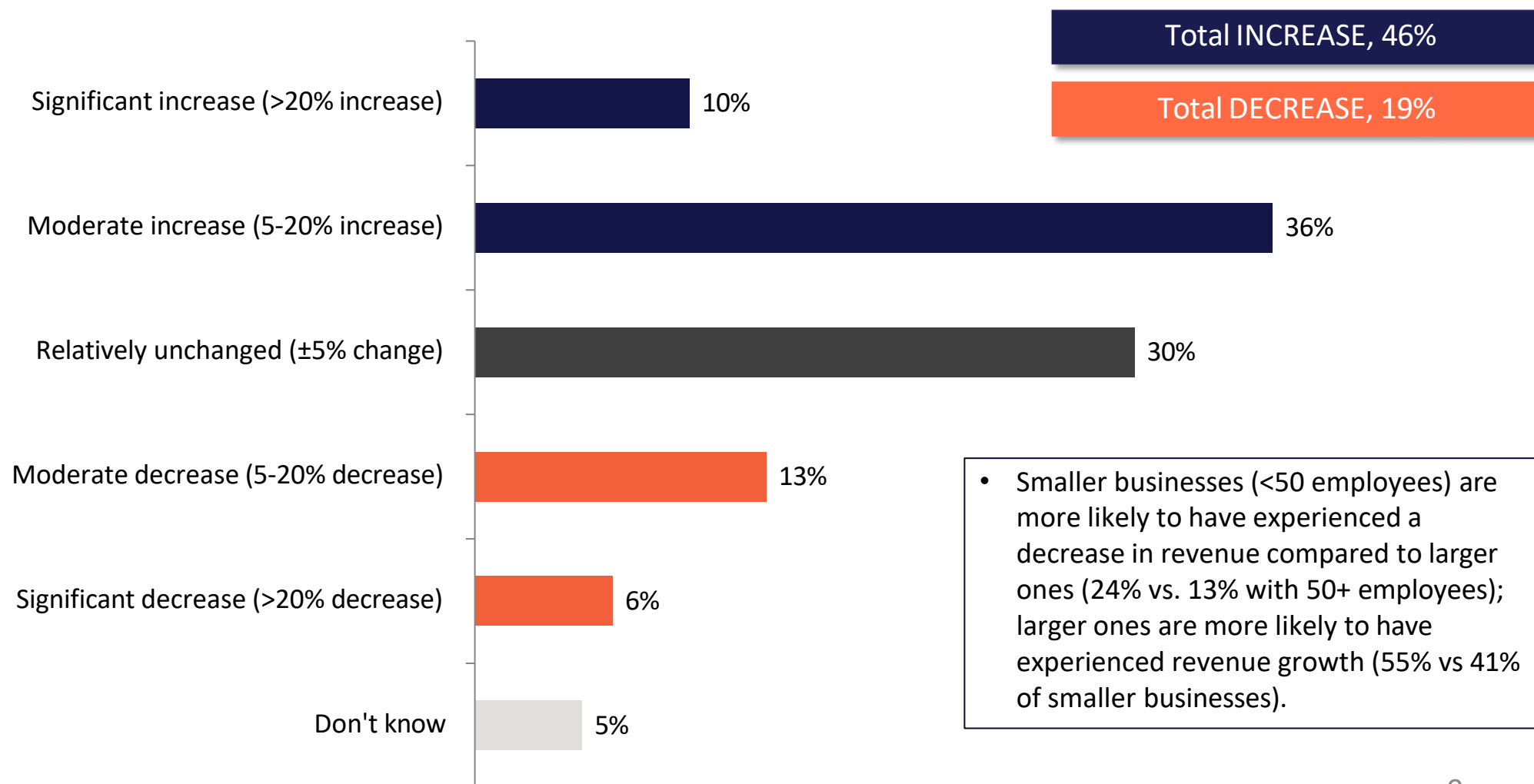
Base: All respondents (n=288)



Changes in Annual Revenue

CAFSB3: In the last twelve months, what changes in annual revenue has your organization observed?

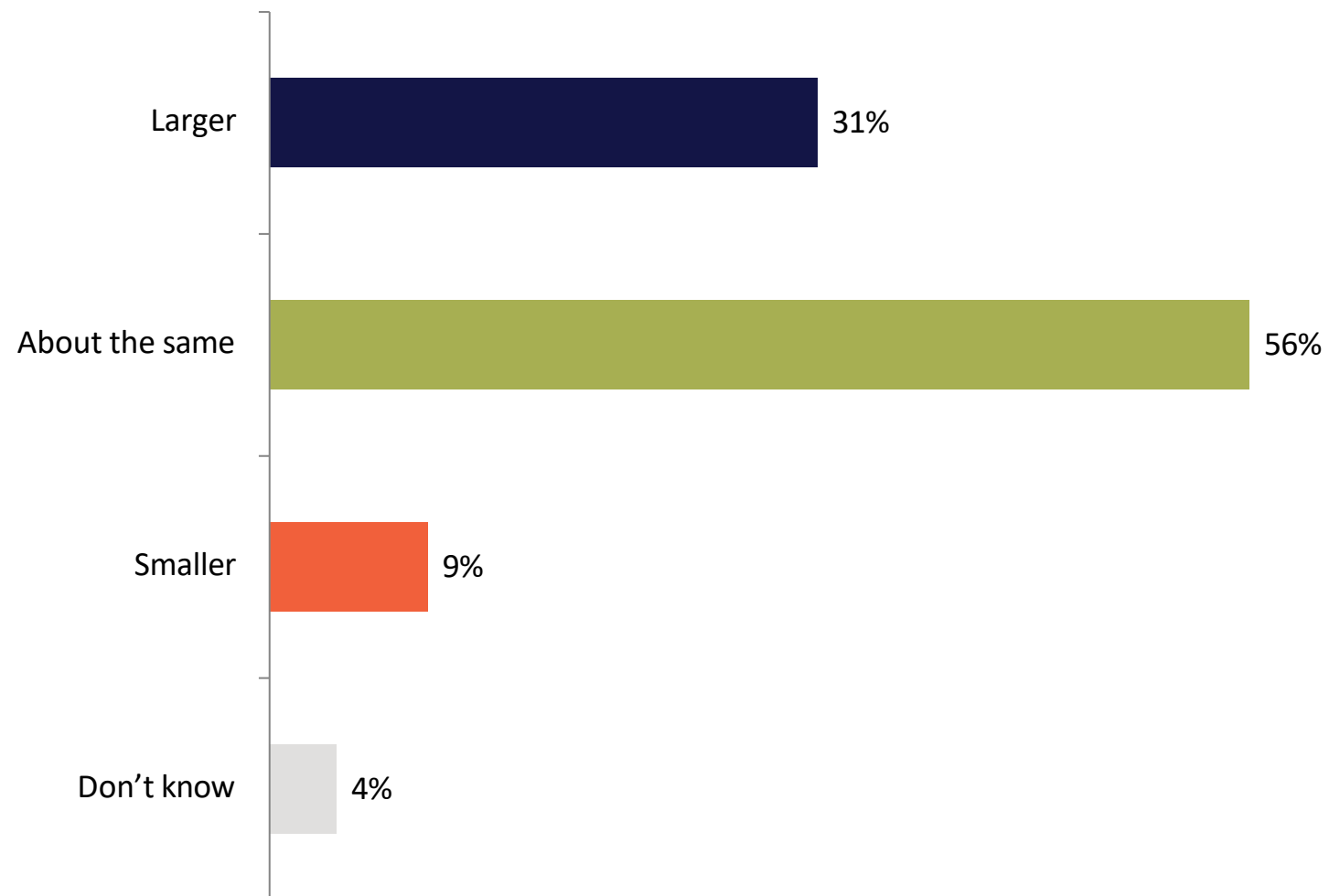
Base: All respondents (n=288)



Business Growth Expectations

Thinking about 12 months from now, do you expect the number of people employed by your company will be...?

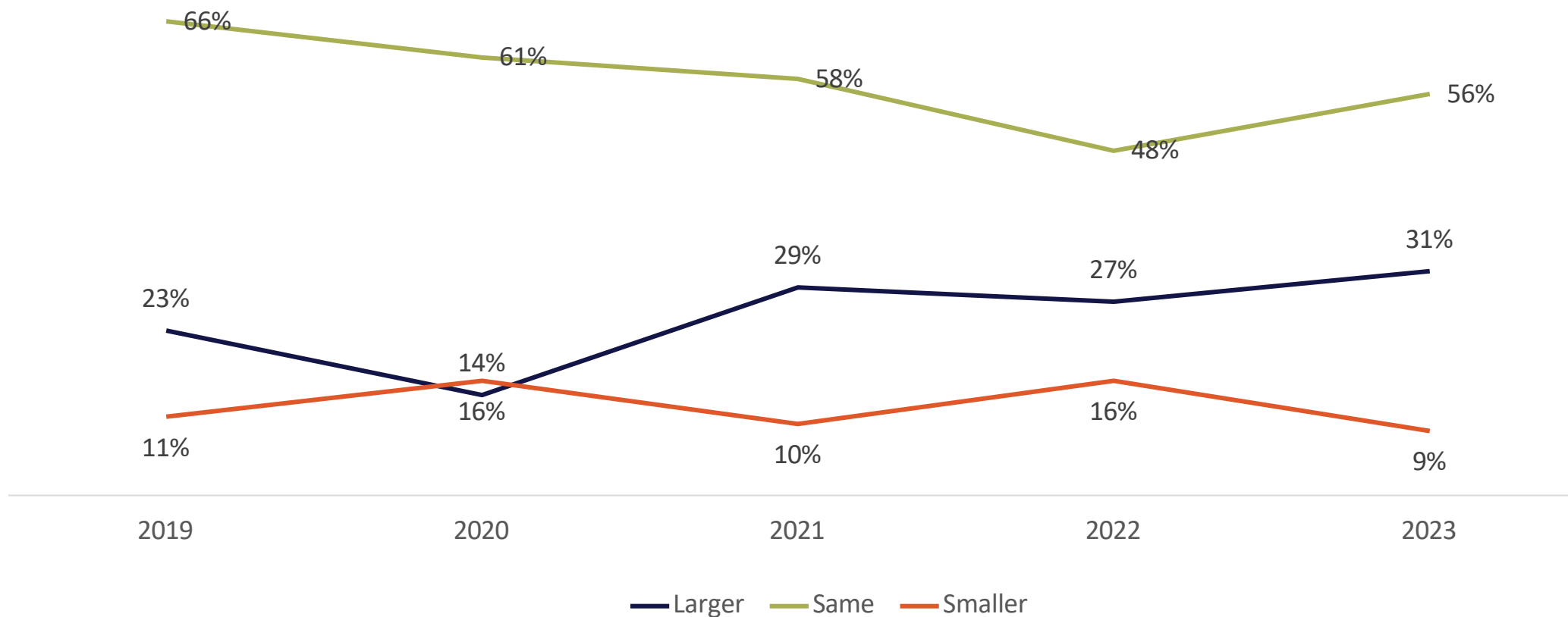
Base: All respondents (n=288)



Business Growth Expectations – Historical Comparison

Thinking about 12 months from now, do you expect the number of people employed by your company will be...?

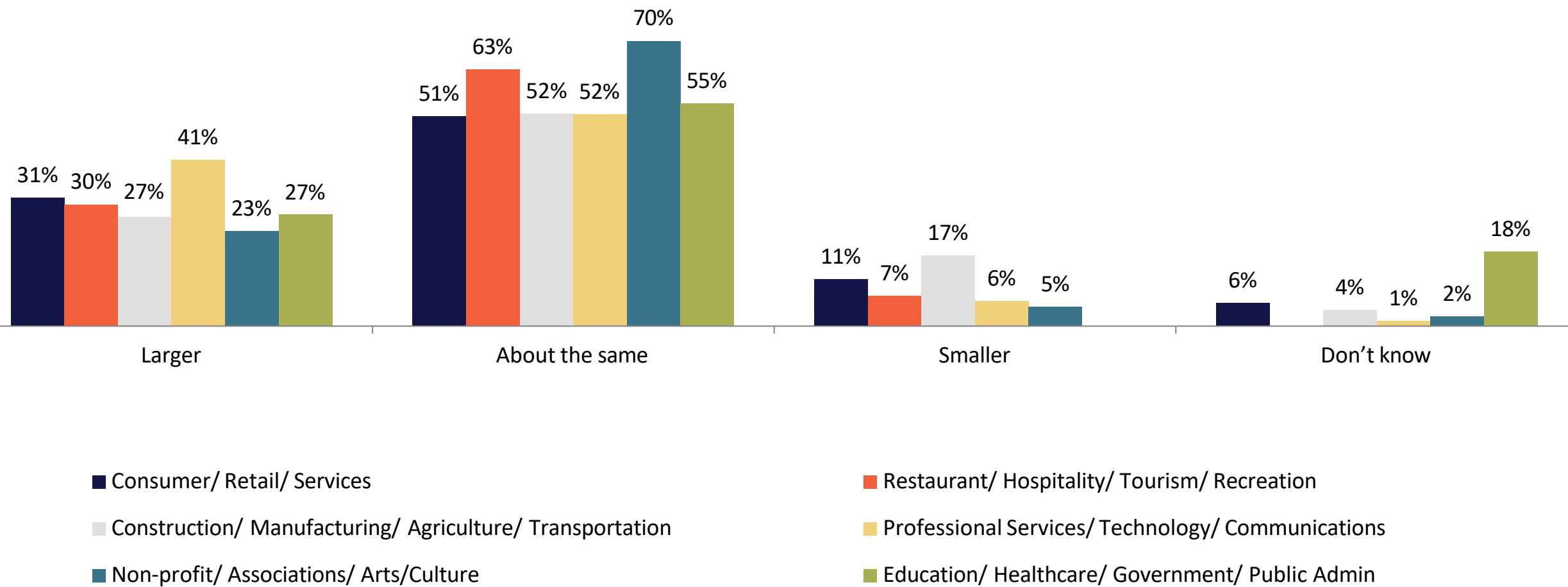
Base: All respondents (n=288)



Business Growth Expectations – By Sector

Thinking about 12 months from now, do you expect the number of people employed by your company will be...?

Base: All respondents (n=288)



*Caution, low base size (Restaurant/ Hospitality/ Tourism/ Recreation n=27, Education/ Healthcare/ Government/ Public Admin n=22)

Key Insights

Inflation and Cost Pressures Greater Challenge than Talent Shortages in Private Industries

Inflation Causing Delayed/Cancelled Investments

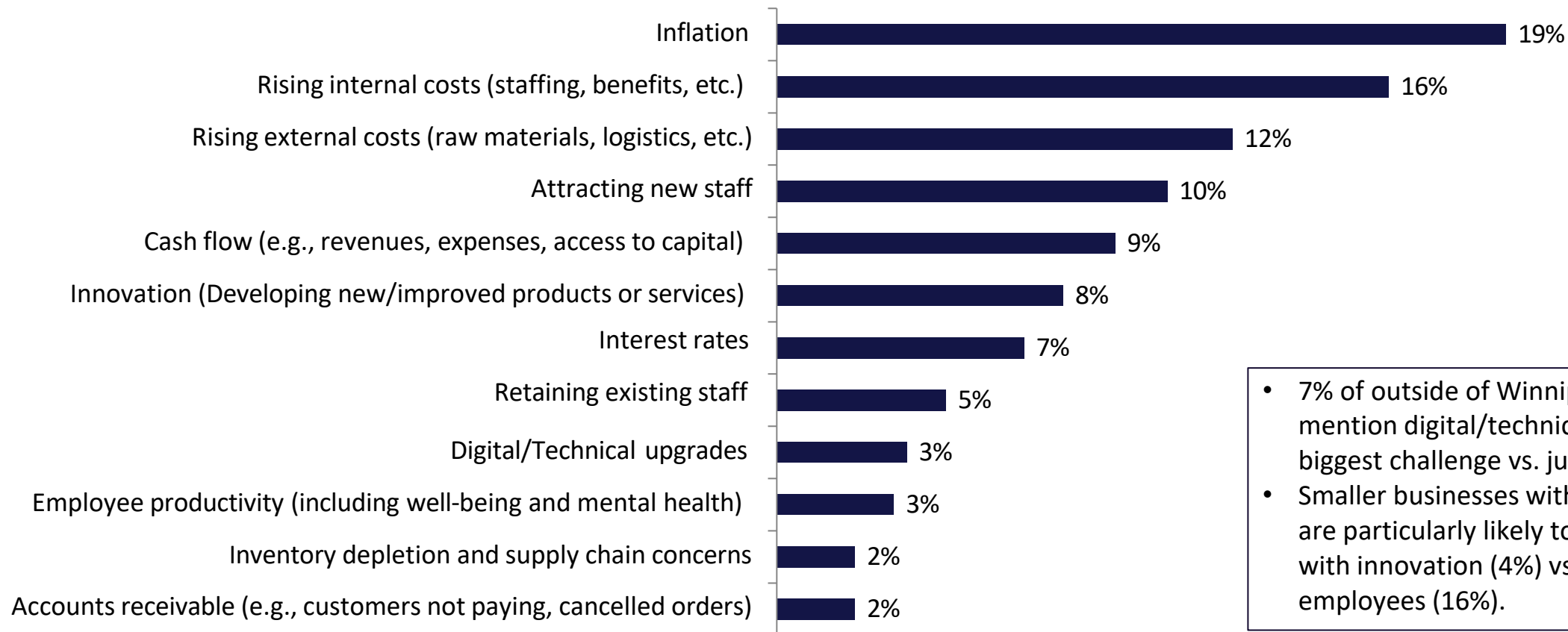
Half of Businesses Reduced Margins, Cut Costs, and/or Raised Prices in Response to Inflation

Inflation Affecting Businesses into 2024

Current Business Challenges

Please rank the items below according to what you are currently facing as your greatest business challenge

[RANKING EXERCISE: TOP MENTIONS] Base: All respondents (n=288)

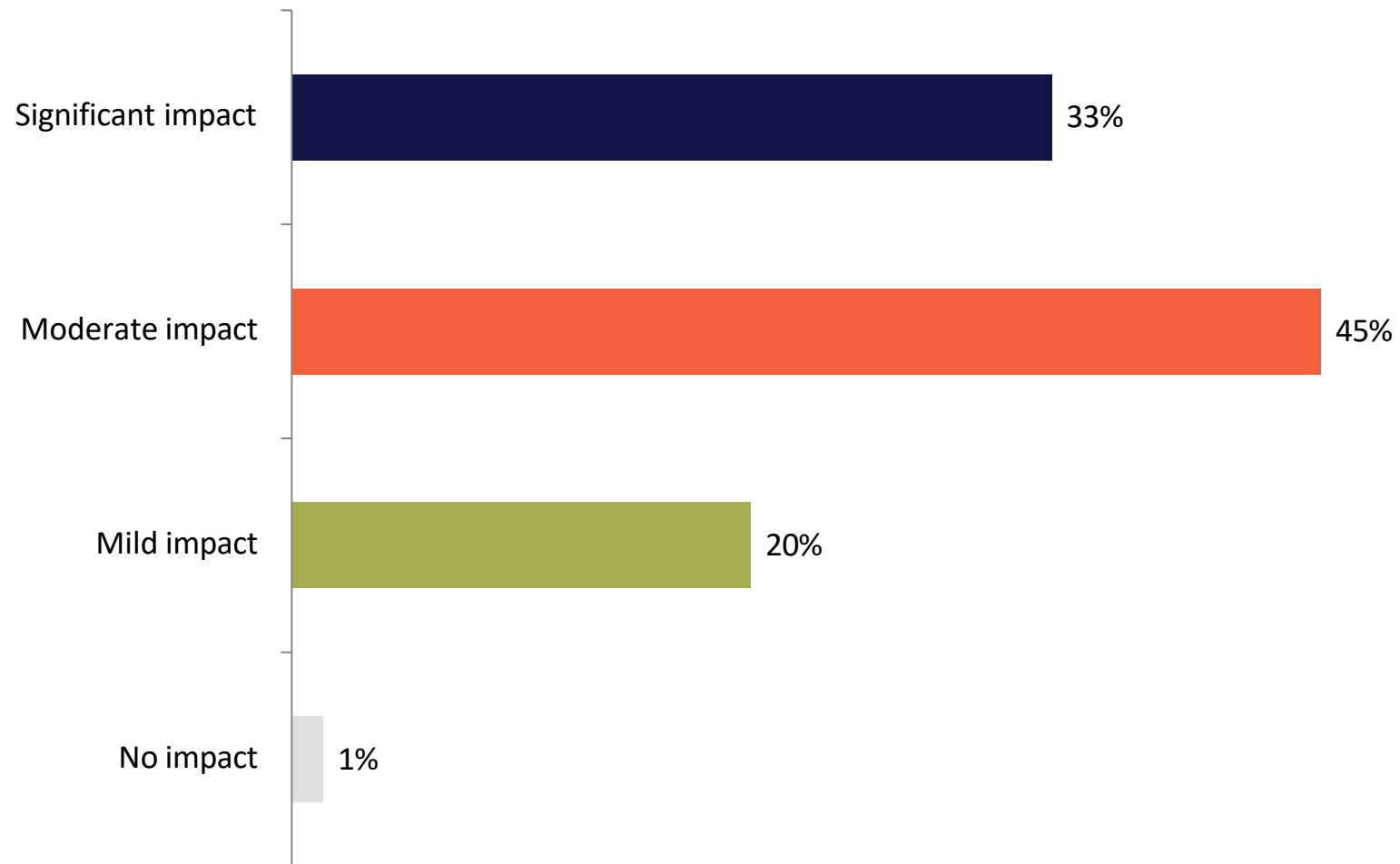


- 7% of outside of Winnipeg businesses mention digital/technical upgrades as the biggest challenge vs. just 1% in Winnipeg
- Smaller businesses with <50 employees are particularly likely to struggle the most with innovation (4%) vs. those with 50+ employees (16%).

Impact of the Past Year

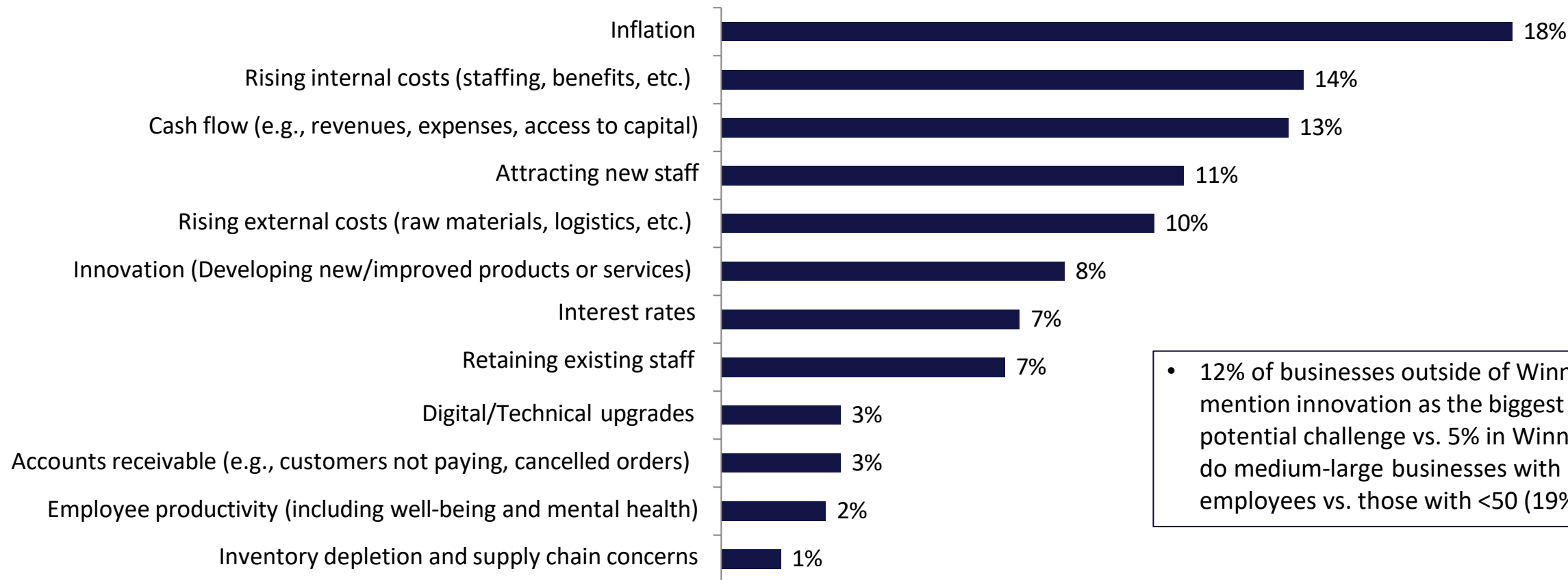
In the last 12 months how much impact, if any, has Inflation had on your organization?

Base: All respondents (n=288)



Greatest Business Challenges in Next 12 Months

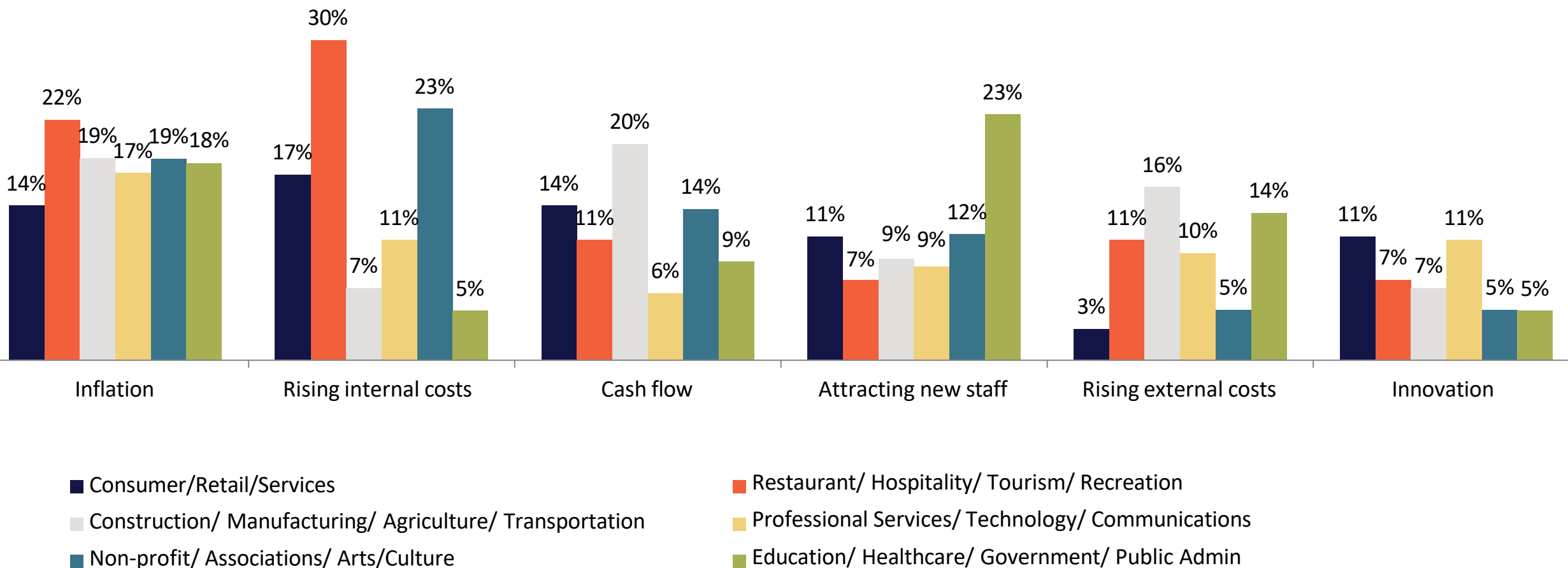
Please rank the items below according to what you expect as your greatest business challenge in the next twelve months. [RANKING EXERCISE: TOP MENTIONS] Base: All respondents (n=288)



• 12% of businesses outside of Winnipeg mention innovation as the biggest potential challenge vs. 5% in Winnipeg, as do medium-large businesses with 50+ employees vs. those with <50 (19% vs. 3%)

Greatest Business Challenges in Next 12 Months – By Sector

Please rank the items below according to what you expect as your greatest business challenge in the next twelve months. (TOP SIX CHALLENGES) [TOP MENTIONS] Base: All respondents (n=288)

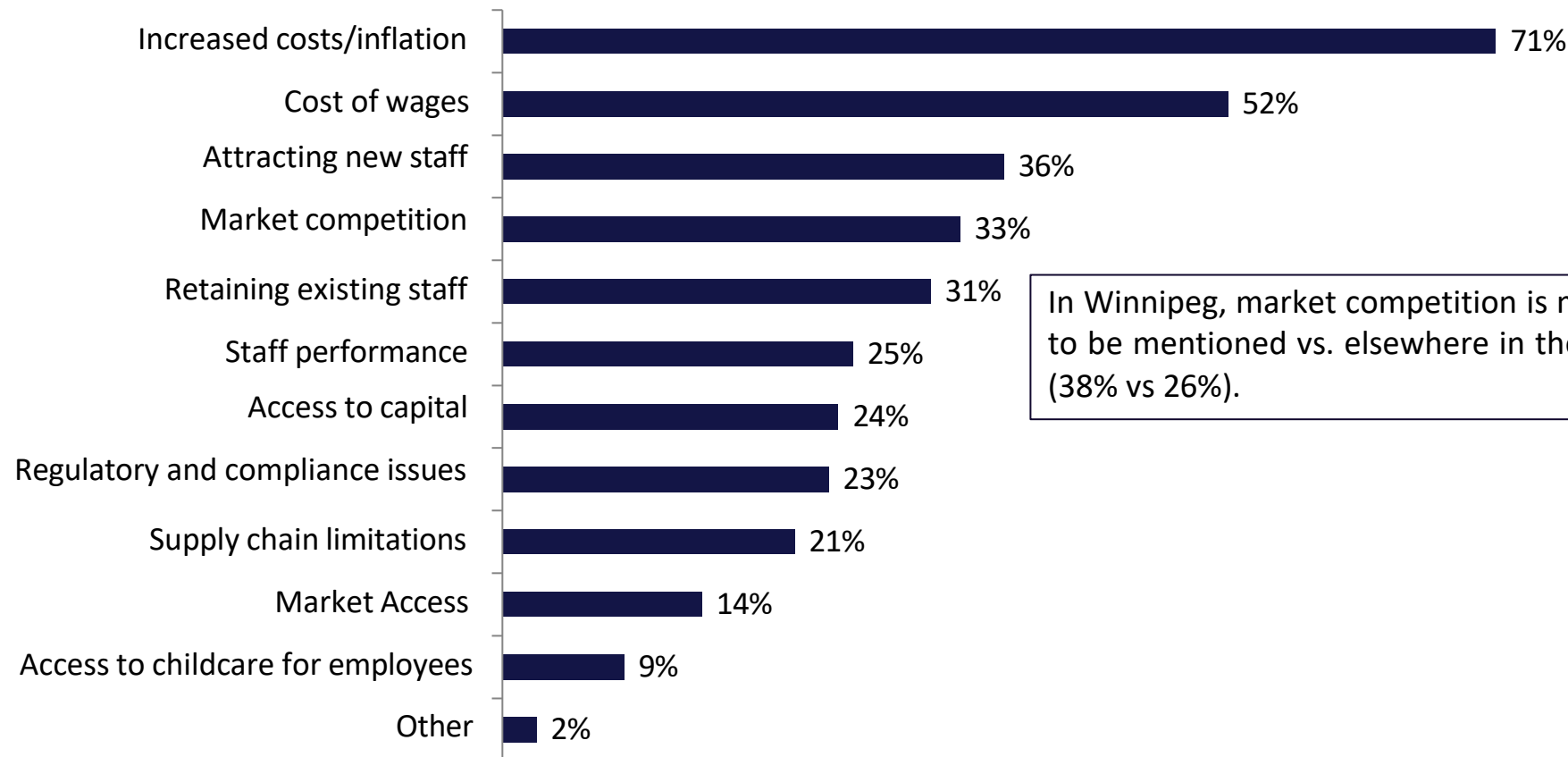


*Caution, low base size (Restaurant/ Hospitality/ Tourism/ Recreation n=27, Education/ Healthcare/ Government/ Public Admin n=22)

Barriers to Growth

In your opinion, what are the biggest barriers to growth for your organization?

Base: All respondents (n=288)



In Winnipeg, market competition is more likely to be mentioned vs. elsewhere in the province (38% vs 26%).

Actions Taken to Combat Inflation

In the last 12 months, what has your organization done in response to inflation?

Base: Excluding “No Impact” at FIN1 (n=284)



Medium-large businesses with 50+ employees are twice as likely to have responded by changing their supply chain structure (27% vs. 12% of those with <50 employees).

Key
Insights

No Progress Made on Skilled Labour Shortage in Last 3 Years

Larger Businesses Improve Attraction by Offering Non-Traditional Compensation

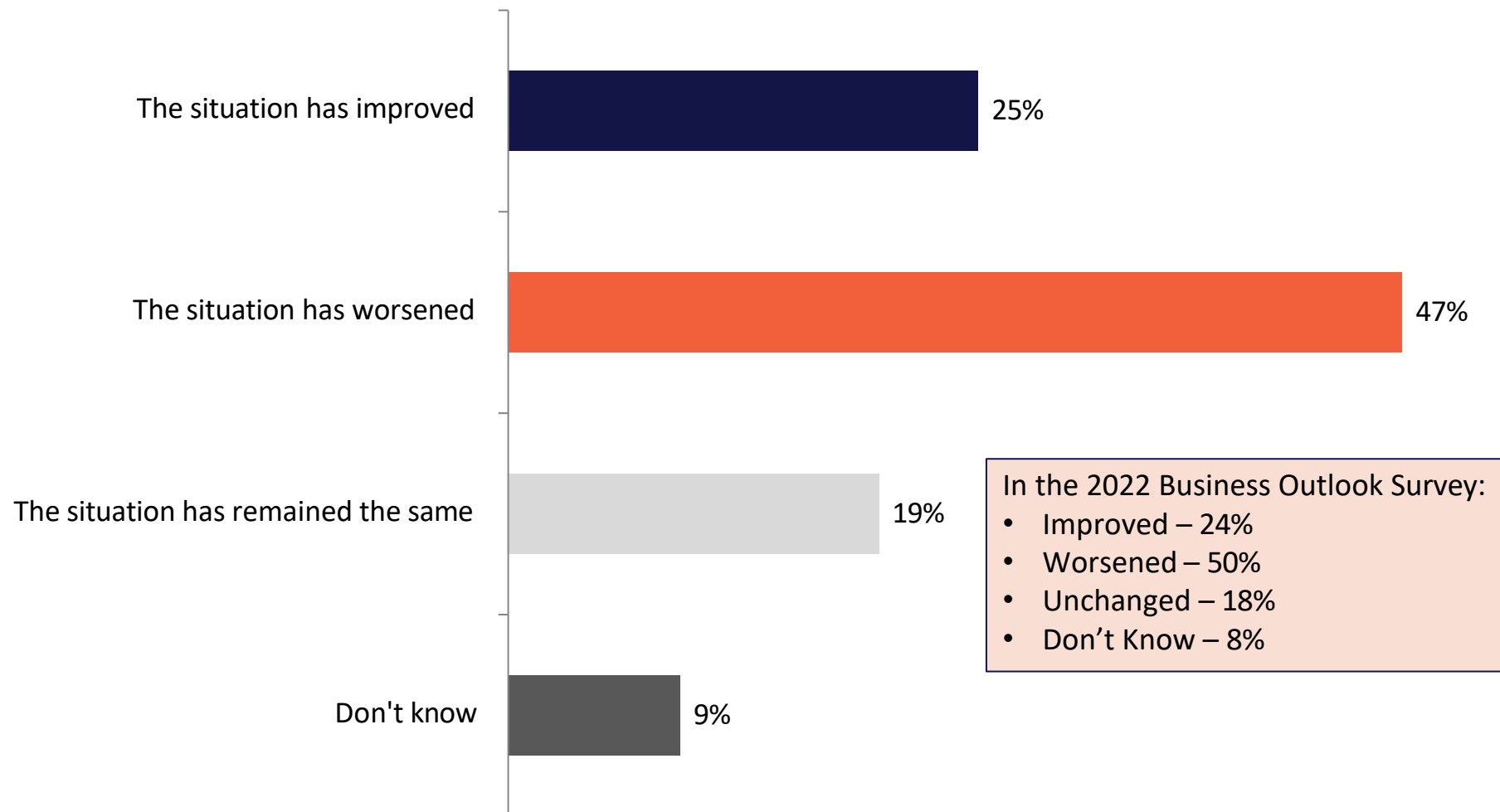
Small Businesses Disadvantaged by a Smaller Hiring Pool

Labour Market Challenges Continue

Access to Skilled Labour

In your opinion, has access to skilled labour in Manitoba improved, worsened, or stayed the same compared to 2 years ago?

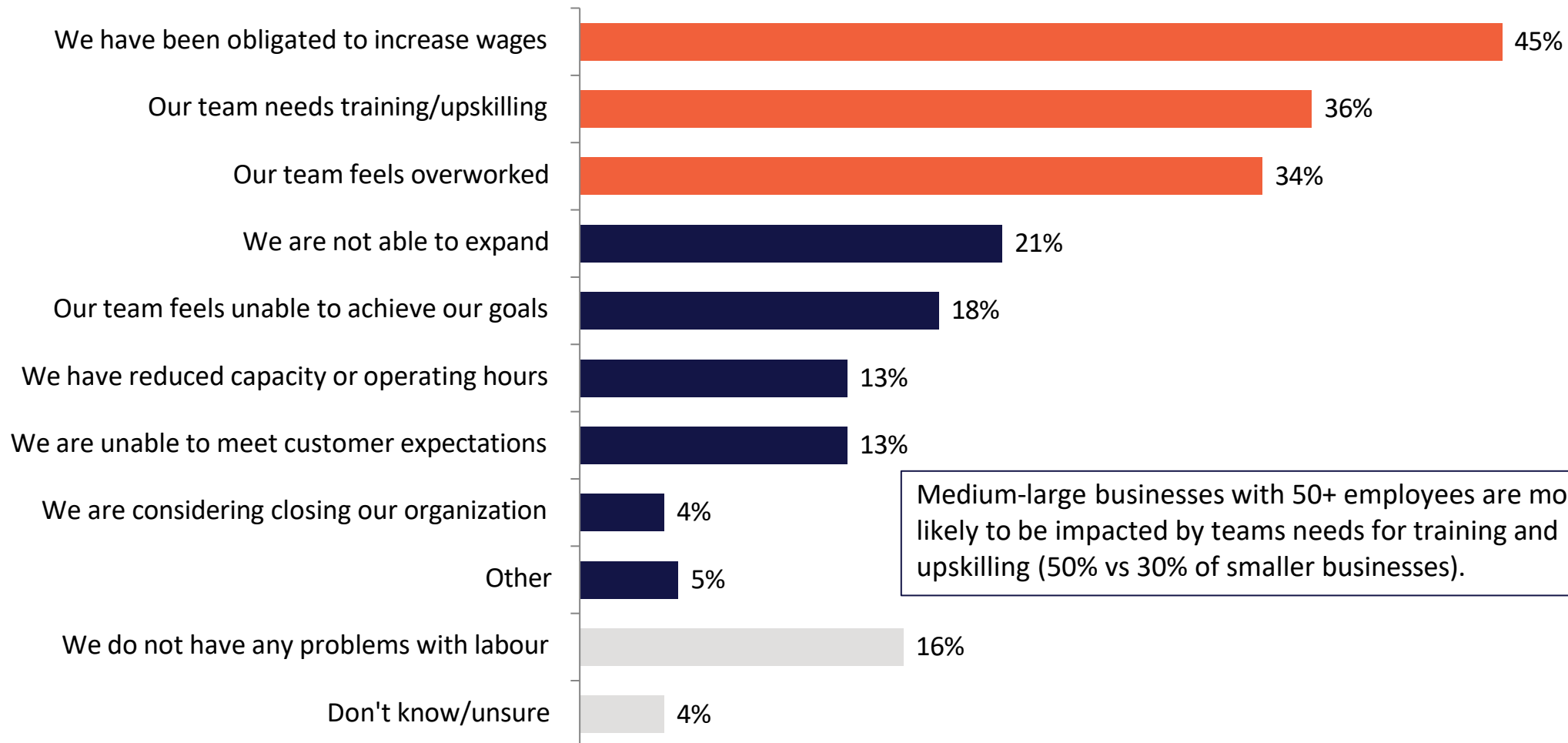
Base: Respondents (n=288)



Impact of Labour Shortages

Q1L: What impacts are current labour force conditions having on your organization?

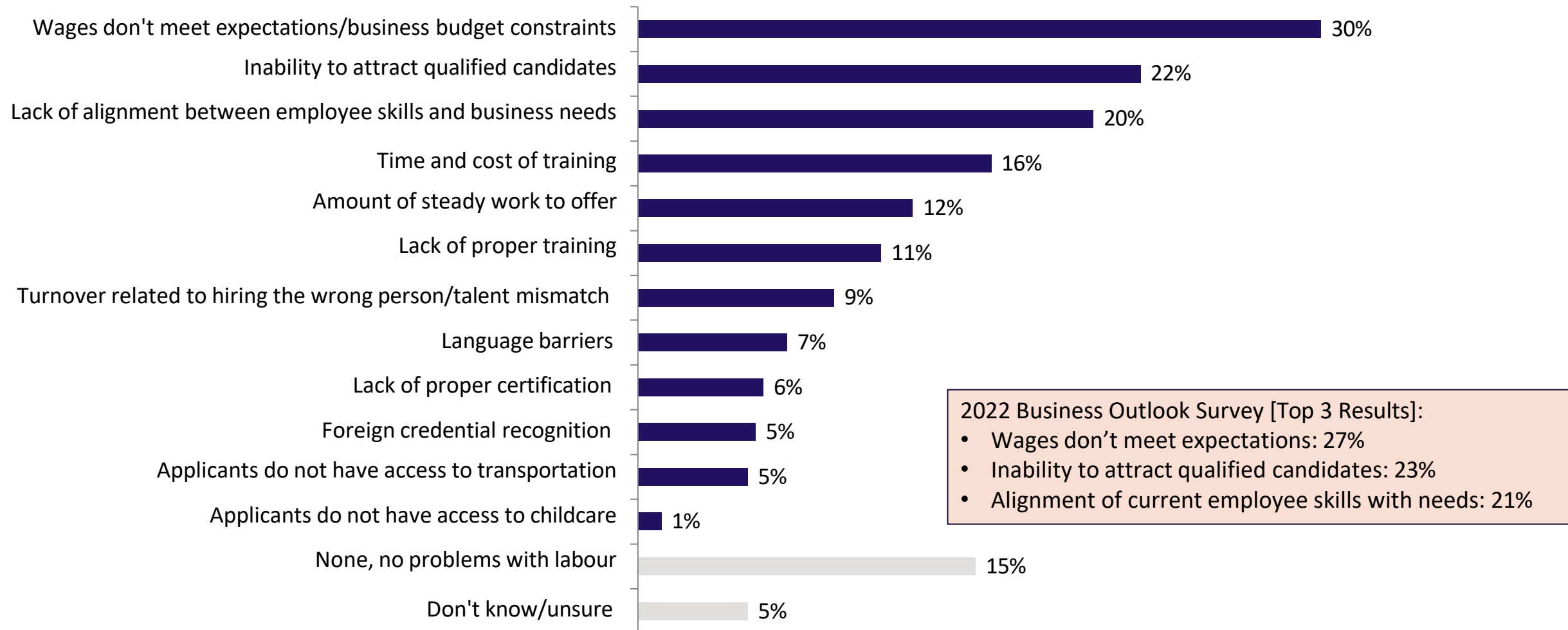
Base: Respondents (n=288)



Barriers to Hiring Qualified Employees

Q20: What are the most significant barriers to hiring qualified employees for your organization? (TOTAL MENTIONS)

Base: Respondents (n=288)



Difficult to Fill Positions

What positions is your organization having the most difficulty filling? [TOP TWO RANK]

Base: Respondents (n=288)



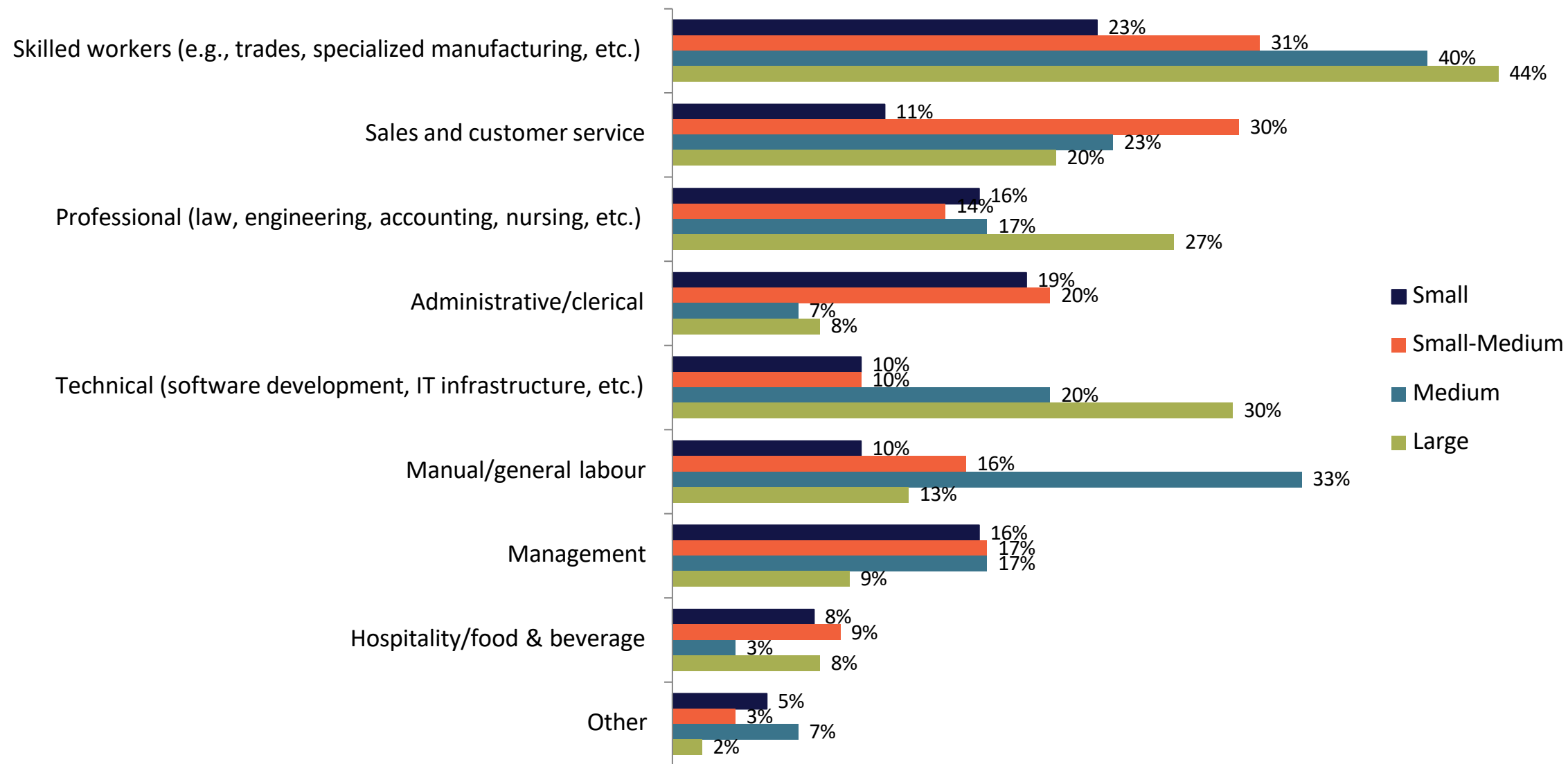
2022 Business Outlook Survey [Top 3 Results]:

- Skilled workers: 30%
- Administrative: 23%
- Professional: 20%

Difficult to Fill Positions – By Employee Size

What positions is your organization having the most difficulty filling? [TOP TWO RANK]

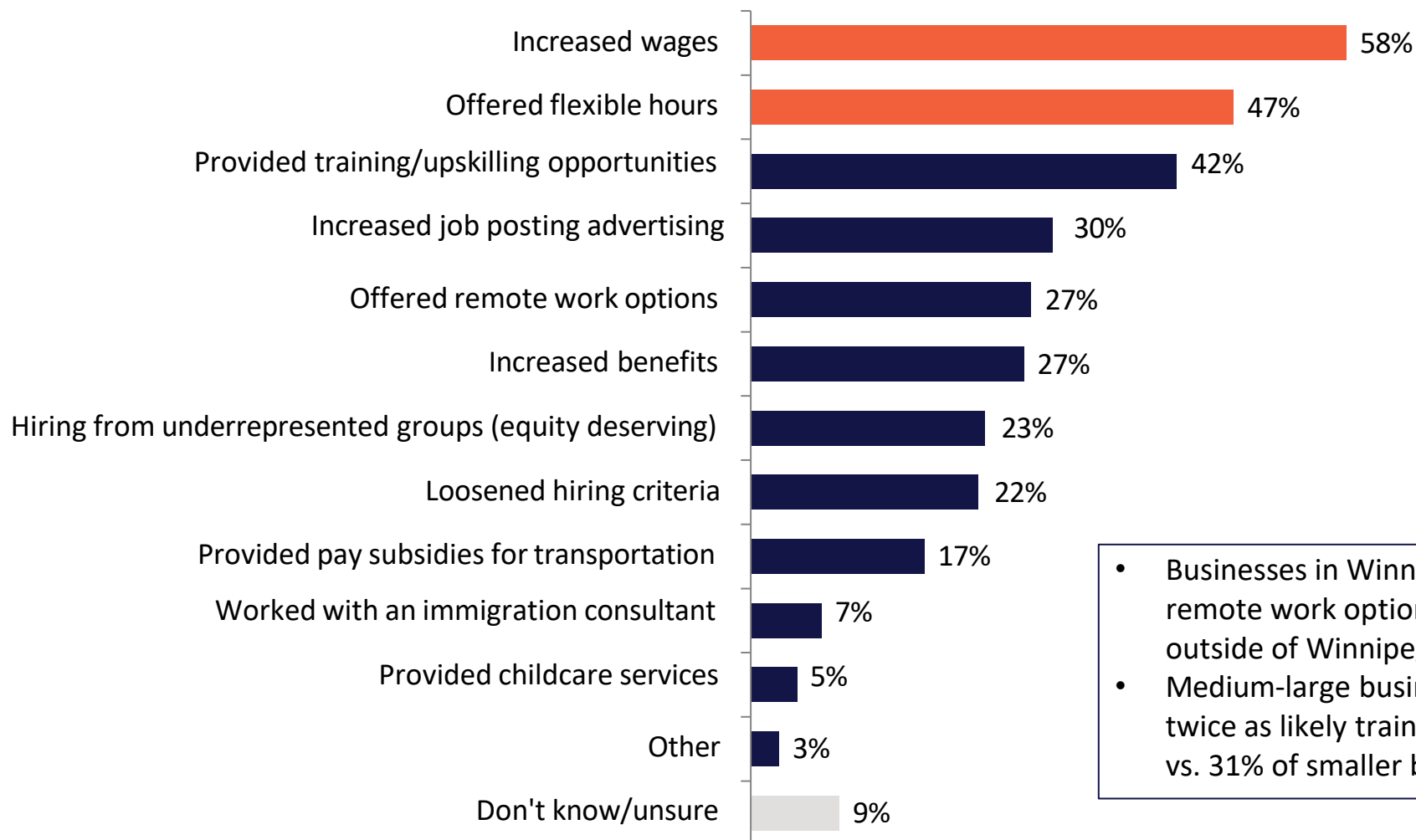
Base: Respondents (n=288)



Actions to Retain Employees

What actions has your organization taken in the last 12 months to recruit and retain employees?

Base: Respondents (n=288)

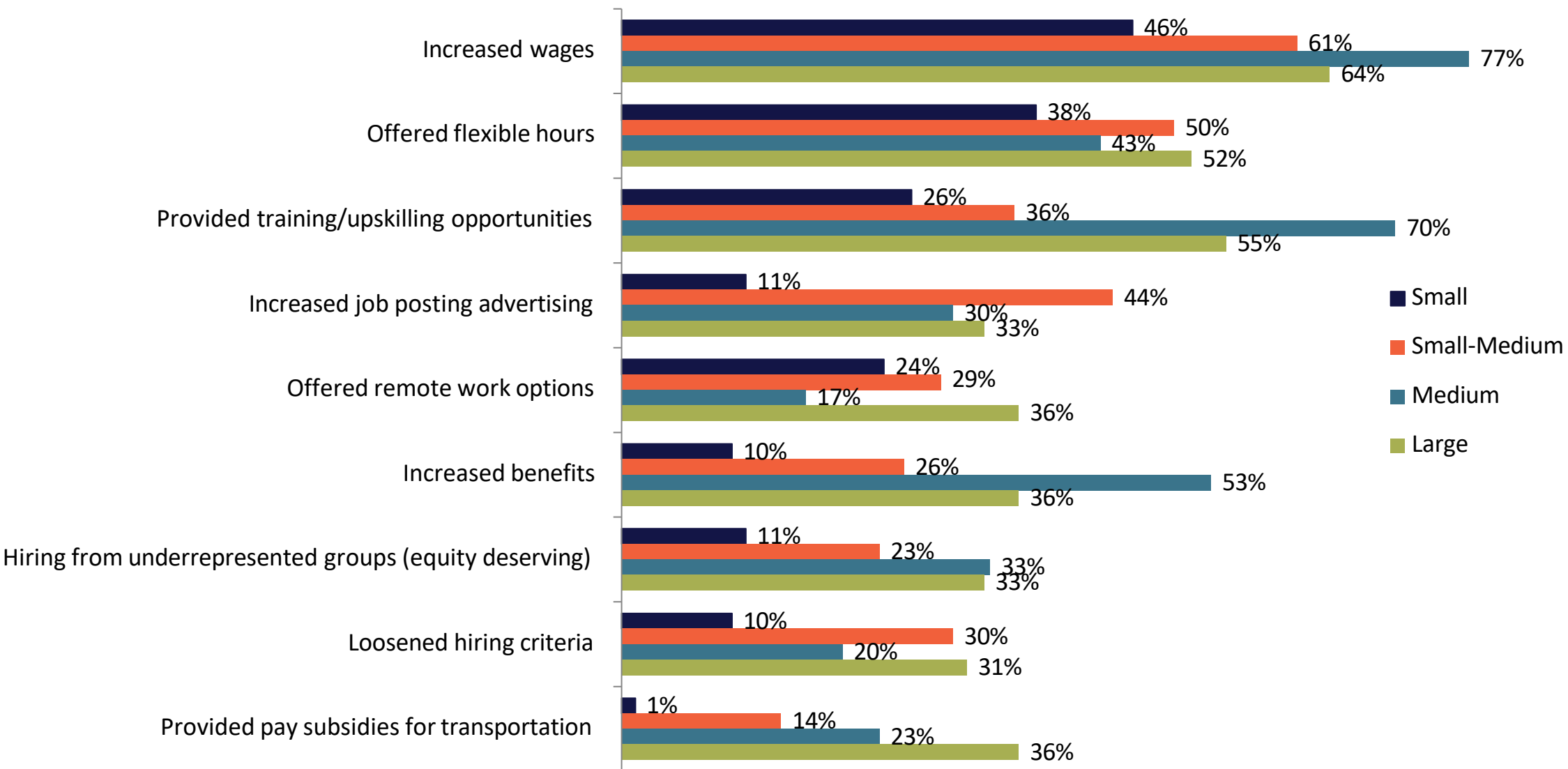


- Businesses in Winnipeg are twice as likely to offer remote work options (35% vs. 17% of businesses outside of Winnipeg).
- Medium-large businesses with 50+ employees are twice as likely training/upskilling opportunities (60% vs. 31% of smaller businesses).

Actions to Retain Employees – By Employee Size

What actions has your organization taken in the last 12 months to recruit and retain employees?

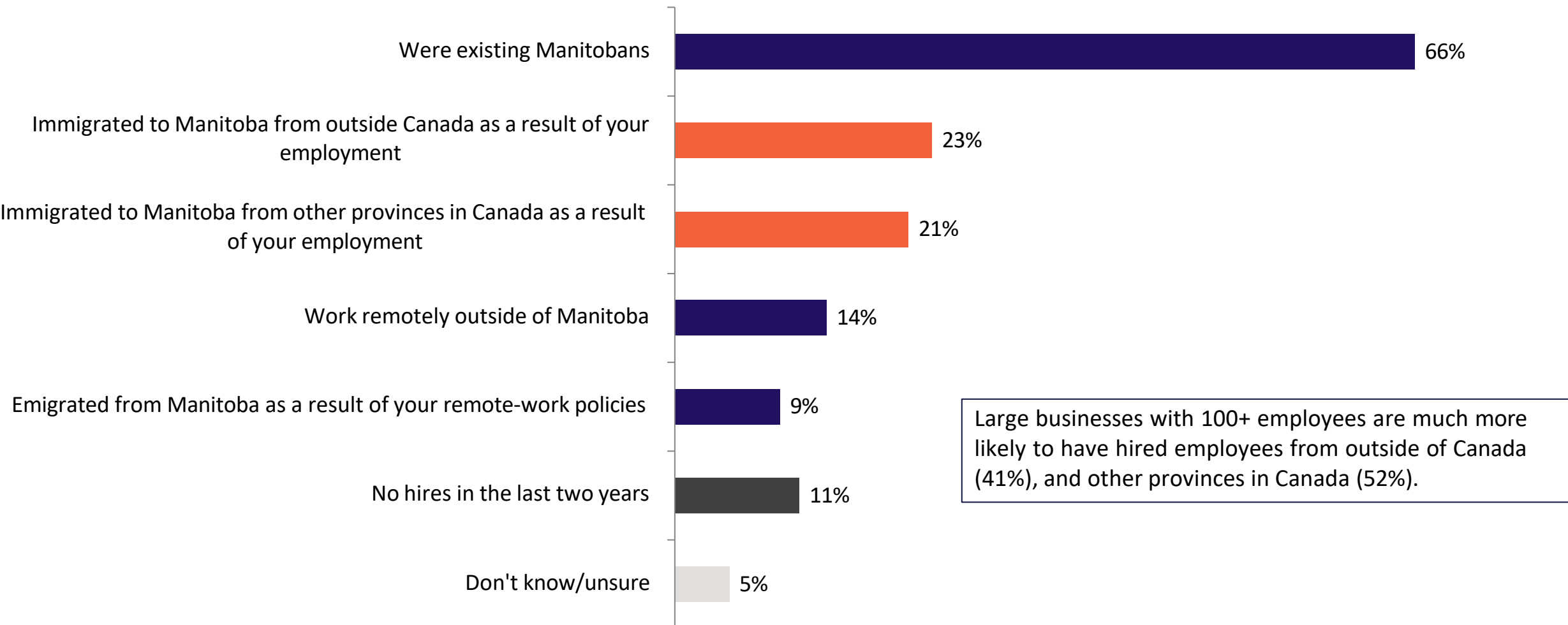
Base: Respondents (n=288)



Hiring of New Employees

In the last two years, your organization has hired new employees that...

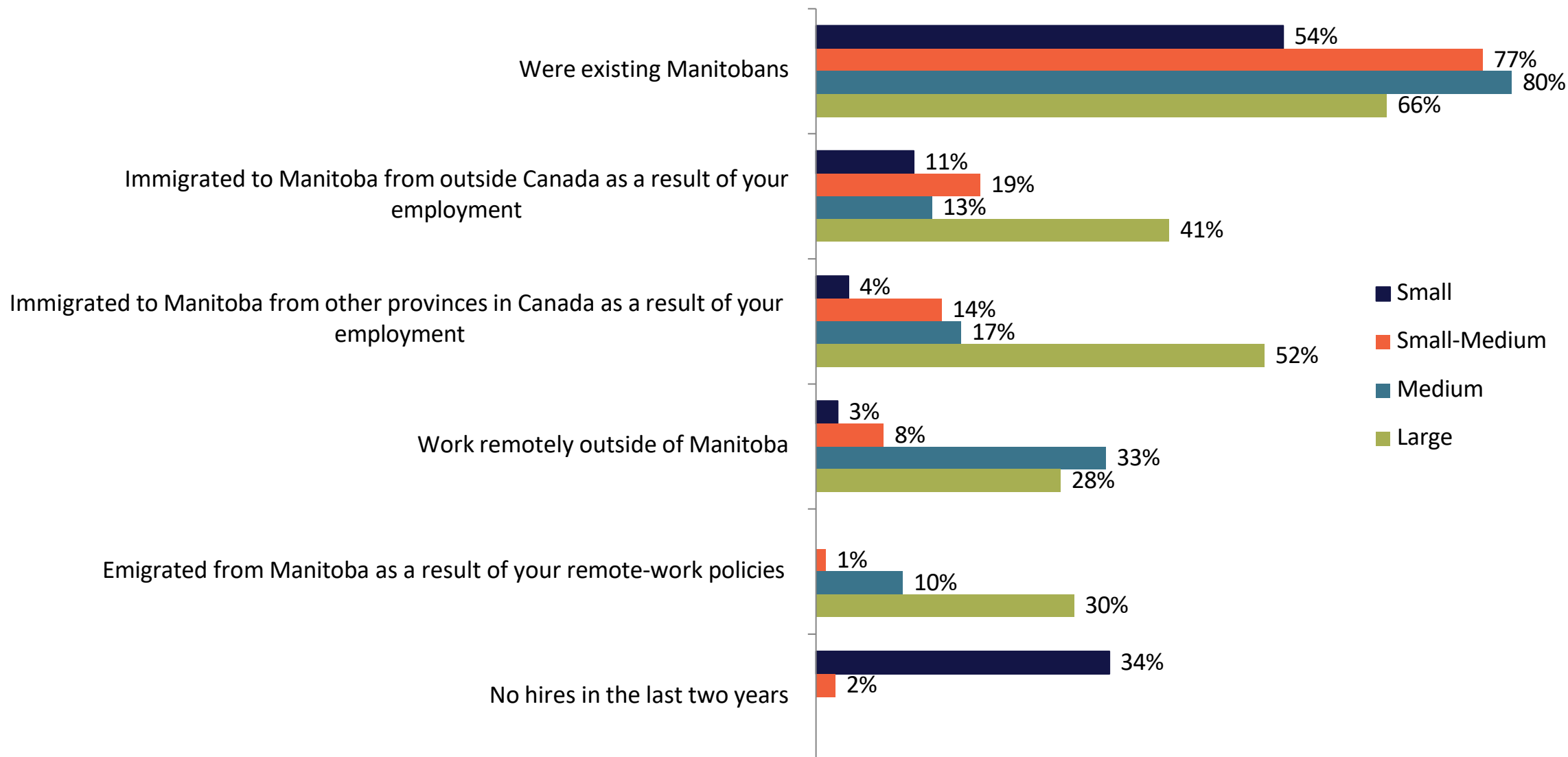
Base: All respondents (n=288)



Hiring of New Employees - By Employee Size

In the last two years, your organization has hired new employees that...

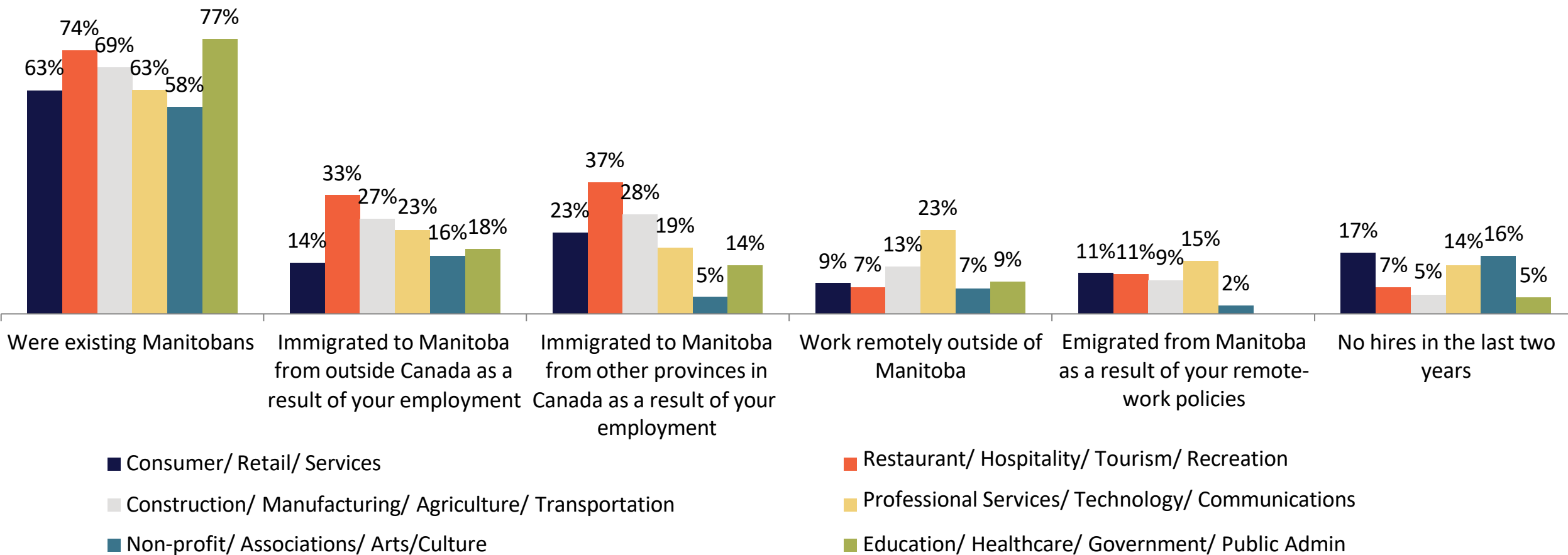
Base: All respondents (n=288)



Hiring of New Employees – By Sector

Q4L: In the last two years, your organization has hired new employees that...

Base: All respondents (n=288)



*Caution, low base size (Restaurant/ Hospitality/ Tourism/ Recreation n=27, Education/ Healthcare/ Government/ Public Admin n=22)

Key
Insights

Half of Businesses Feel Province is
Uncompetitive

Small Businesses More Likely to think
Province is Uncompetitive

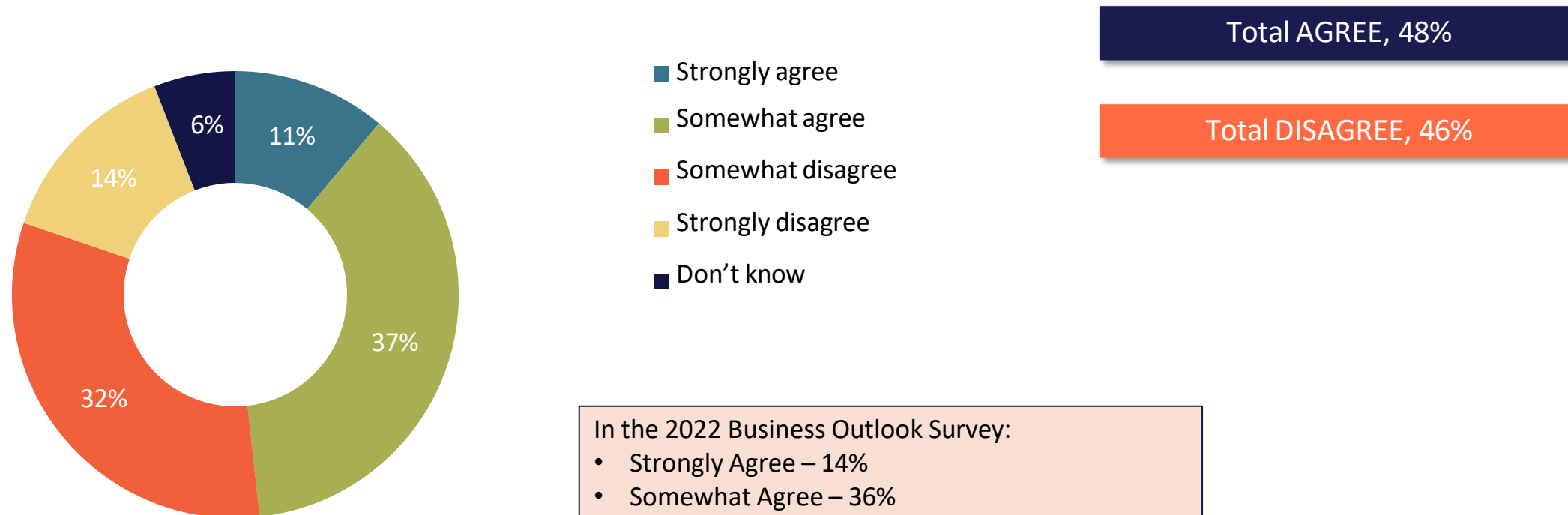
Payroll Tax an Area of Opportunity

Provincial Competitiveness Lags

Competitiveness of Manitoba Business Climate

Do you agree or disagree with the following statement: Manitoba's business climate is competitive with other provinces?

Base: All respondents (n=288)



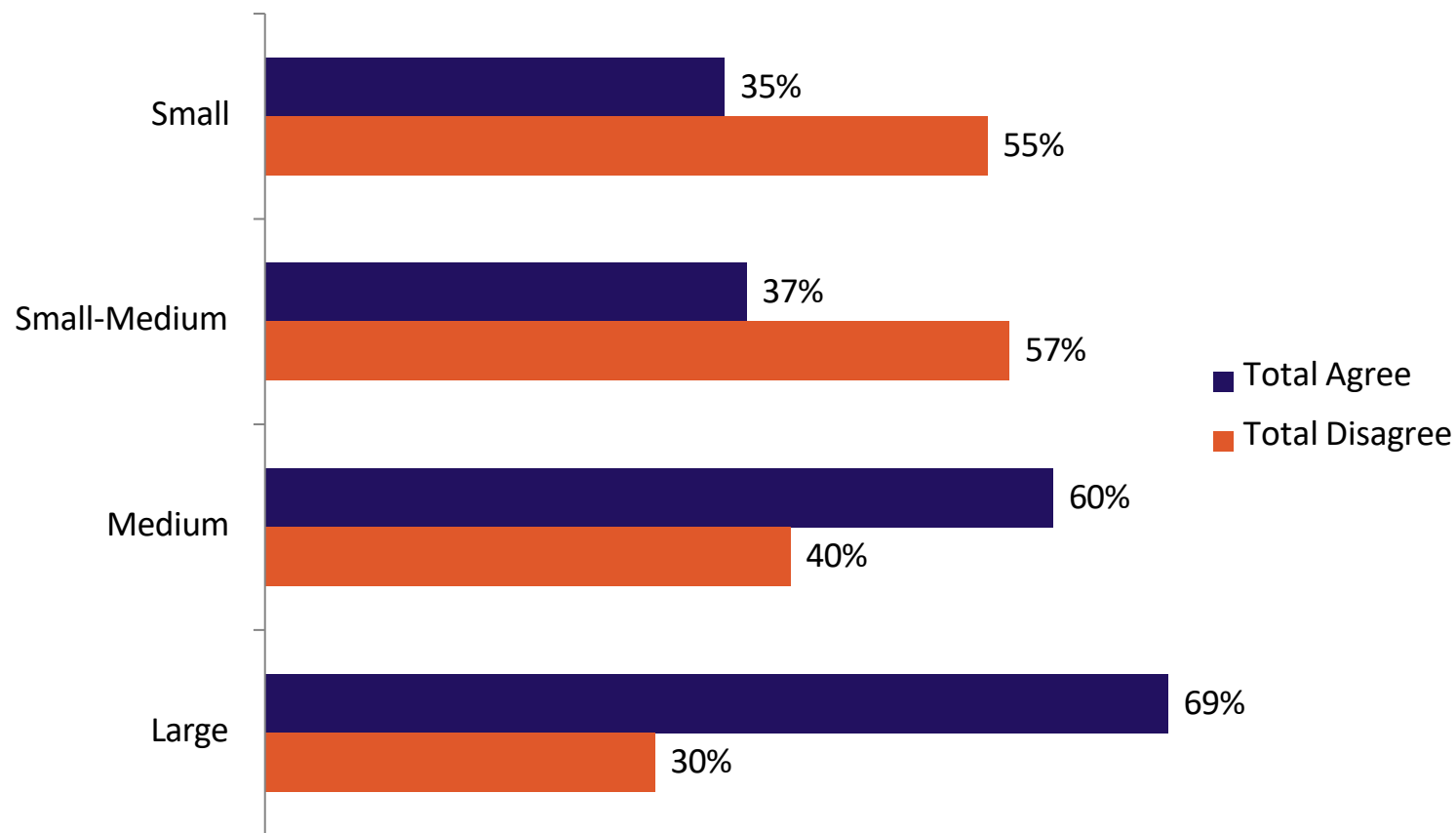
In the 2022 Business Outlook Survey:

- Strongly Agree – 14%
- Somewhat Agree – 36%
- Somewhat Disagree – 29%
- Strongly Disagree – 13%
- Don't Know – 7%

Competitiveness of Manitoba Business Climate – By Employee Size

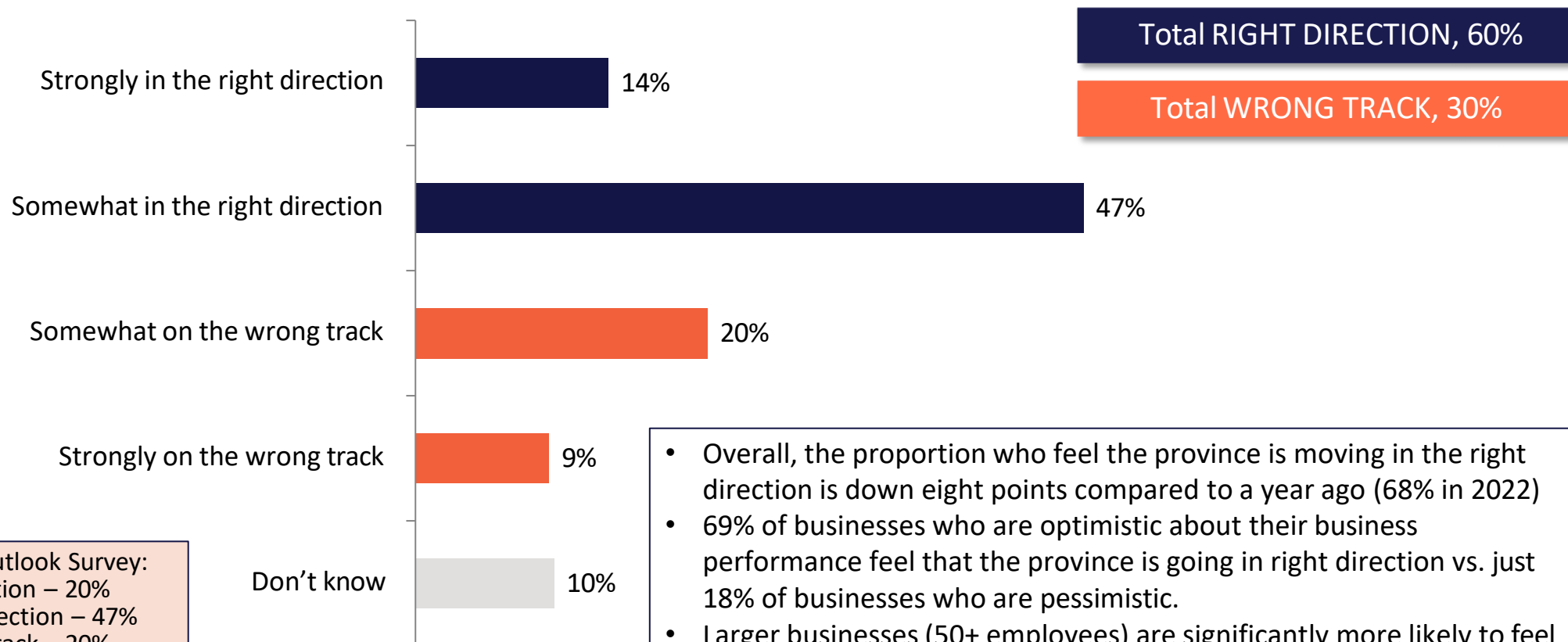
Do you agree or disagree with the following statement: Manitoba’s business climate is competitive with other provinces?

Base: All respondents (n=288)



Province: Right Direction / Wrong Track

Q13: In your opinion, do you feel things overall in the province are still heading in the right direction or is Manitoba on the wrong track? Base: All respondents (n=288)



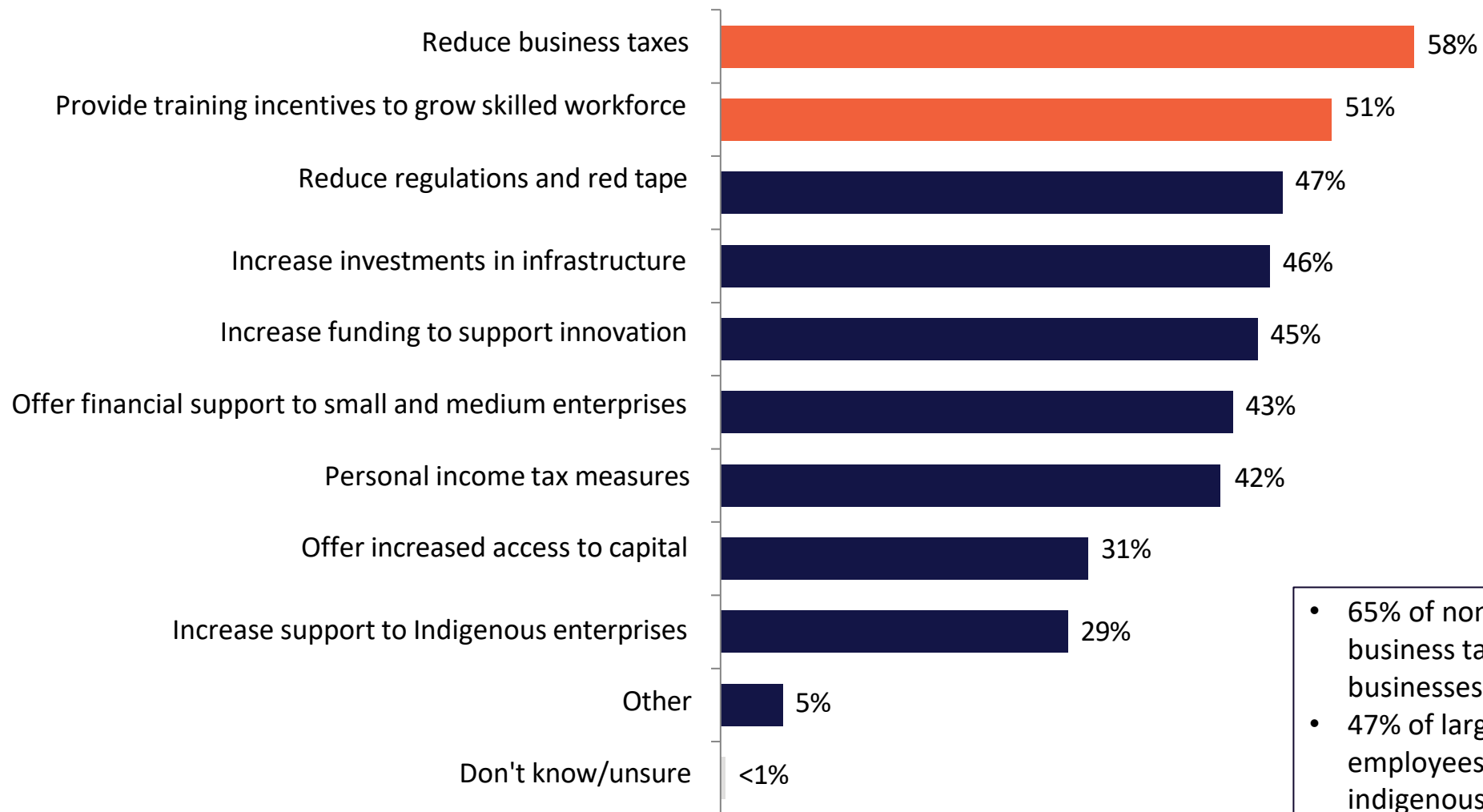
In the 2022 Business Outlook Survey:

- Strongly Right Direction – 20%
- Somewhat Right Direction – 47%
- Somewhat Wrong Track – 20%
- Strongly Wrong Track – 7%
- Don't Know – 6%

- Overall, the proportion who feel the province is moving in the right direction is down eight points compared to a year ago (68% in 2022)
- 69% of businesses who are optimistic about their business performance feel that the province is going in right direction vs. just 18% of businesses who are pessimistic.
- Larger businesses (50+ employees) are significantly more likely to feel the province is headed in the right direction (72% vs. 53% with <50 employees).
- Businesses in the North of the province are particularly likely to believe the province is moving in the right direction (88%).

Actions to Improve Manitoba's Competitiveness

In your opinion, which of the following provincial government measures would most significantly improve the competitiveness of Manitoba's business climate? Base: All respondents (n=288)



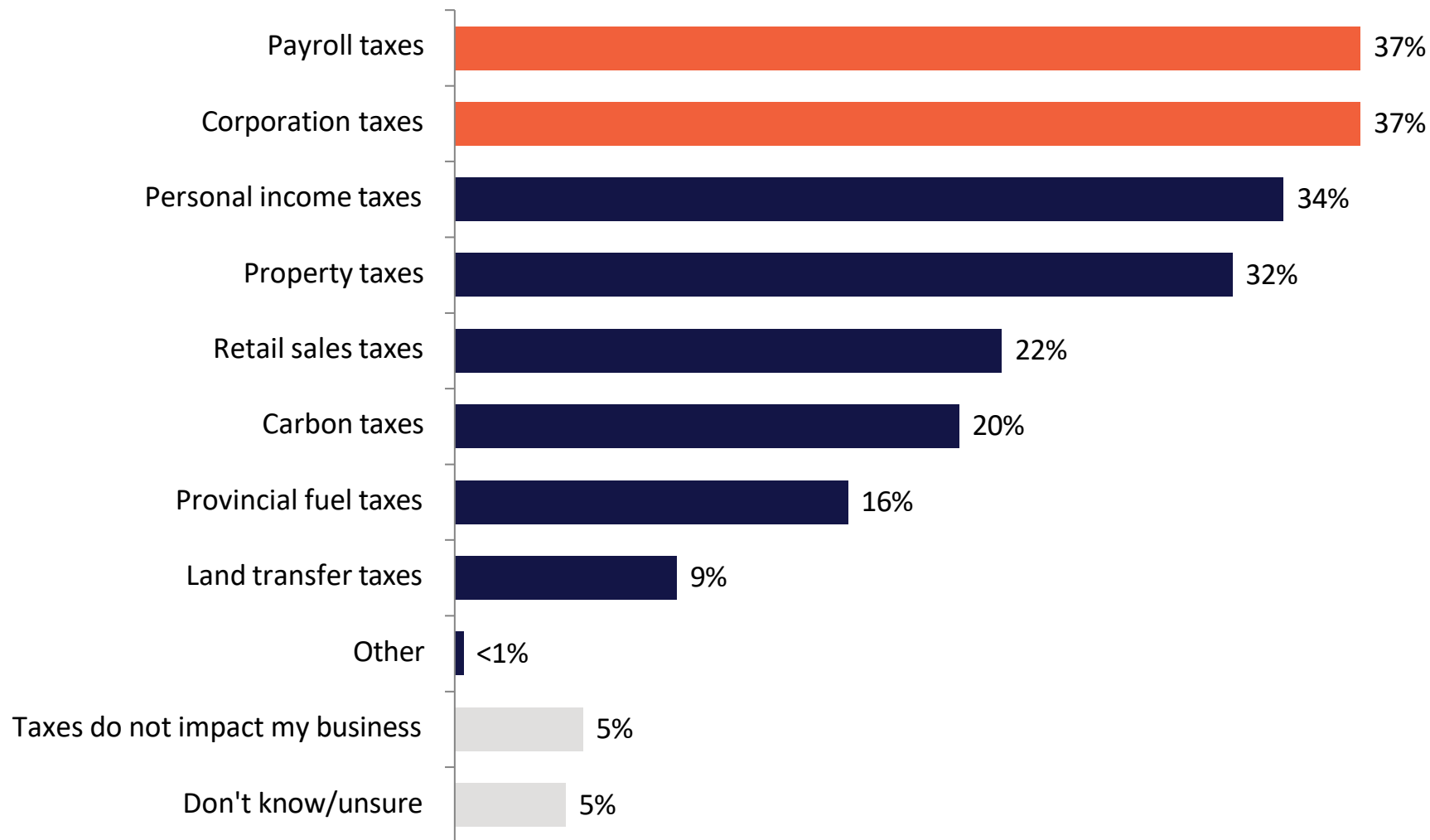
- 65% of non-Winnipeg businesses want business taxes reduced vs. 53% businesses in Winnipeg.
- 47% of large businesses (100+ employees) want increased support to indigenous enterprises vs. 24% of smaller businesses (<100 employees).

35

Tax with Most Significant Impact

In your experience, which tax has the most significant impact on your business or organization?

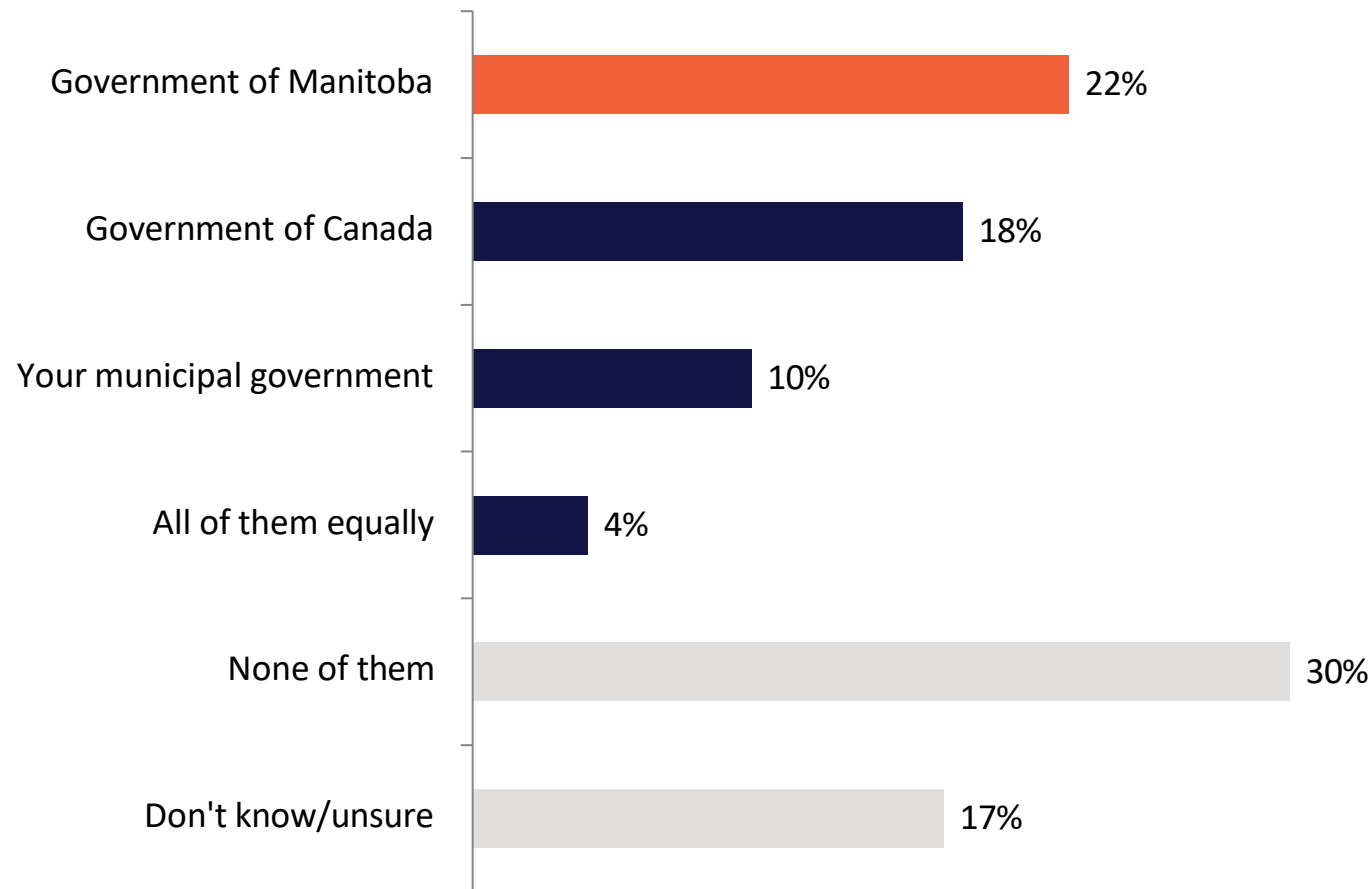
Base: All respondents (n=288)



Level of Government Driving Economic Growth

Q5RR: Which level of government is doing the best job at creating conditions for economic and business growth?

Base: All respondents (n=288)



Businesses with <50 employees (34%) are more likely to believe that none of the governments are doing a good job in driving economic recovery (vs. 17% large businesses with 100+ employees).

34% of Winnipeg businesses believe that none of the governments are doing a good job in driving economic recovery (vs. 23% outside of Winnipeg).

31% of large businesses (100+ employees) believe the federal government is doing the best job vs. 9% of small businesses.

Key Insights

Businesses Over 50 Employees Twice as Likely to be Interested in International Expansion

Europe the Top Destination for Government to Establish Trade Opportunities

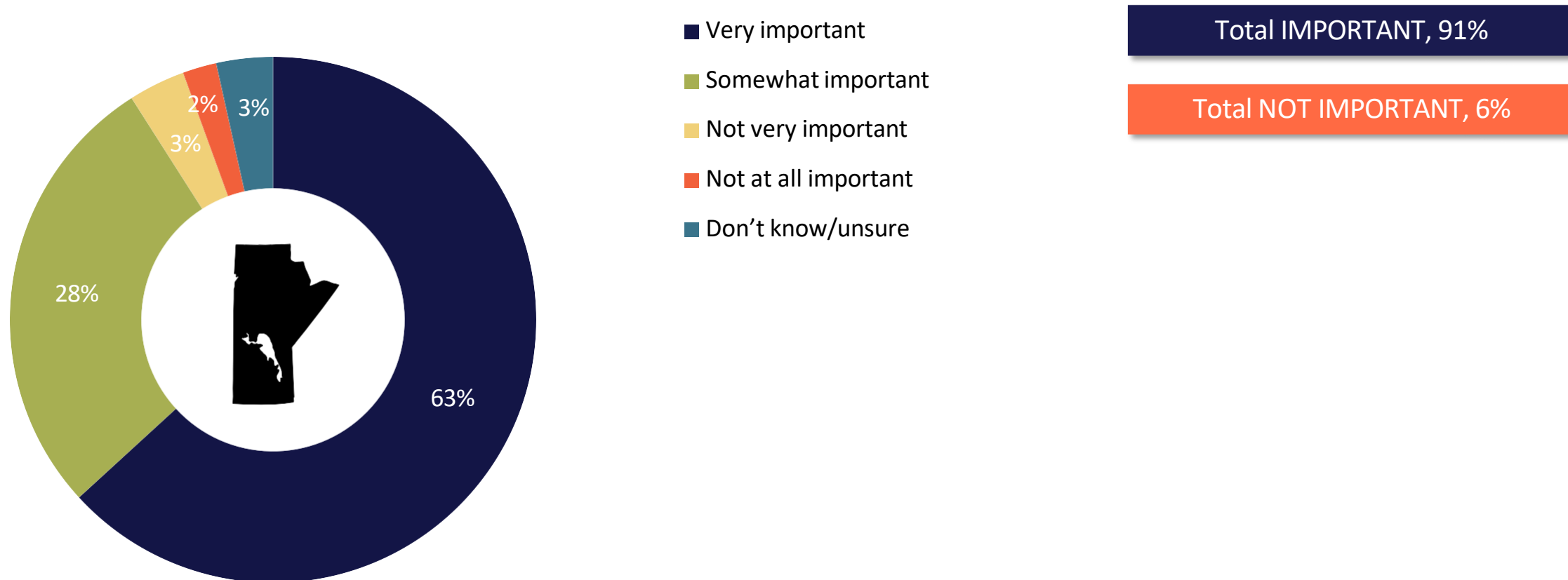
Nearly all Businesses in Favour of Building an International Trade Strategy for the Province

Businesses Looking to Grow Internationally

Manitoba Government's Role in International Trade Opportunities

Regardless of how important international trade is for your organization, how important is it for the provincial government to have a clear strategy to build international trade opportunities for Manitoban businesses?

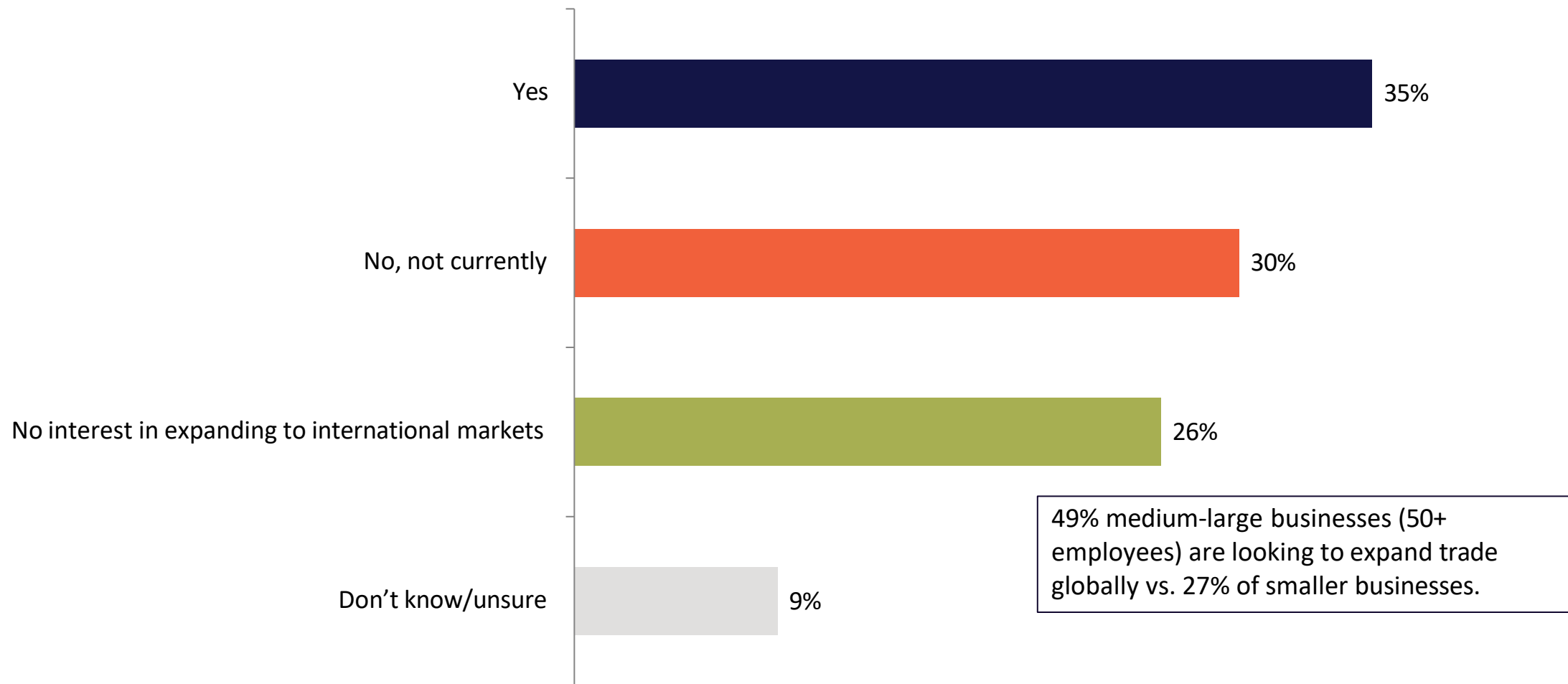
Base: All respondents (n=288)



Interest in Expanding Business Activities Globally

The Canadian government has emphasized the need to diversify Canada's trade with other countries beyond the US. Is your organization seeking to expand its activities to new international markets?

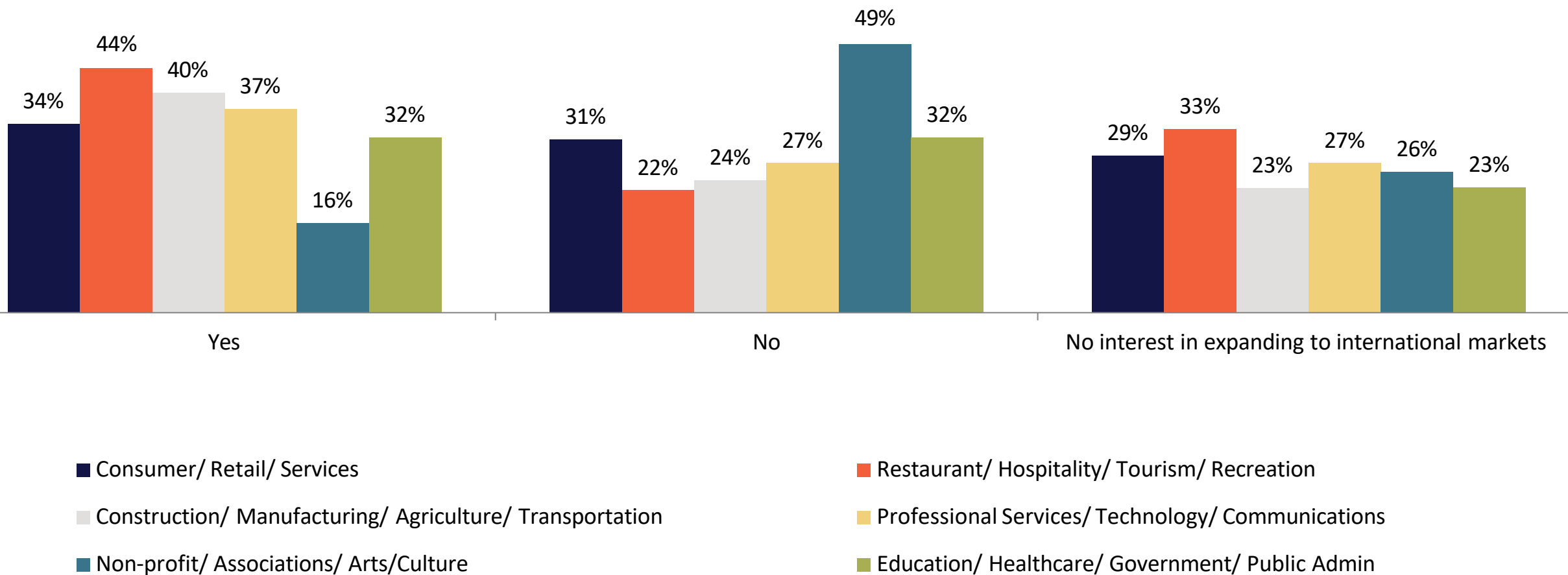
Base: All respondents (n=288)



Interest in Expanding Business Activities Globally – By Sector

The Canadian government has emphasized the need to diversify Canada's trade with other countries beyond the US. Is your organization seeking to expand its activities to new international markets?

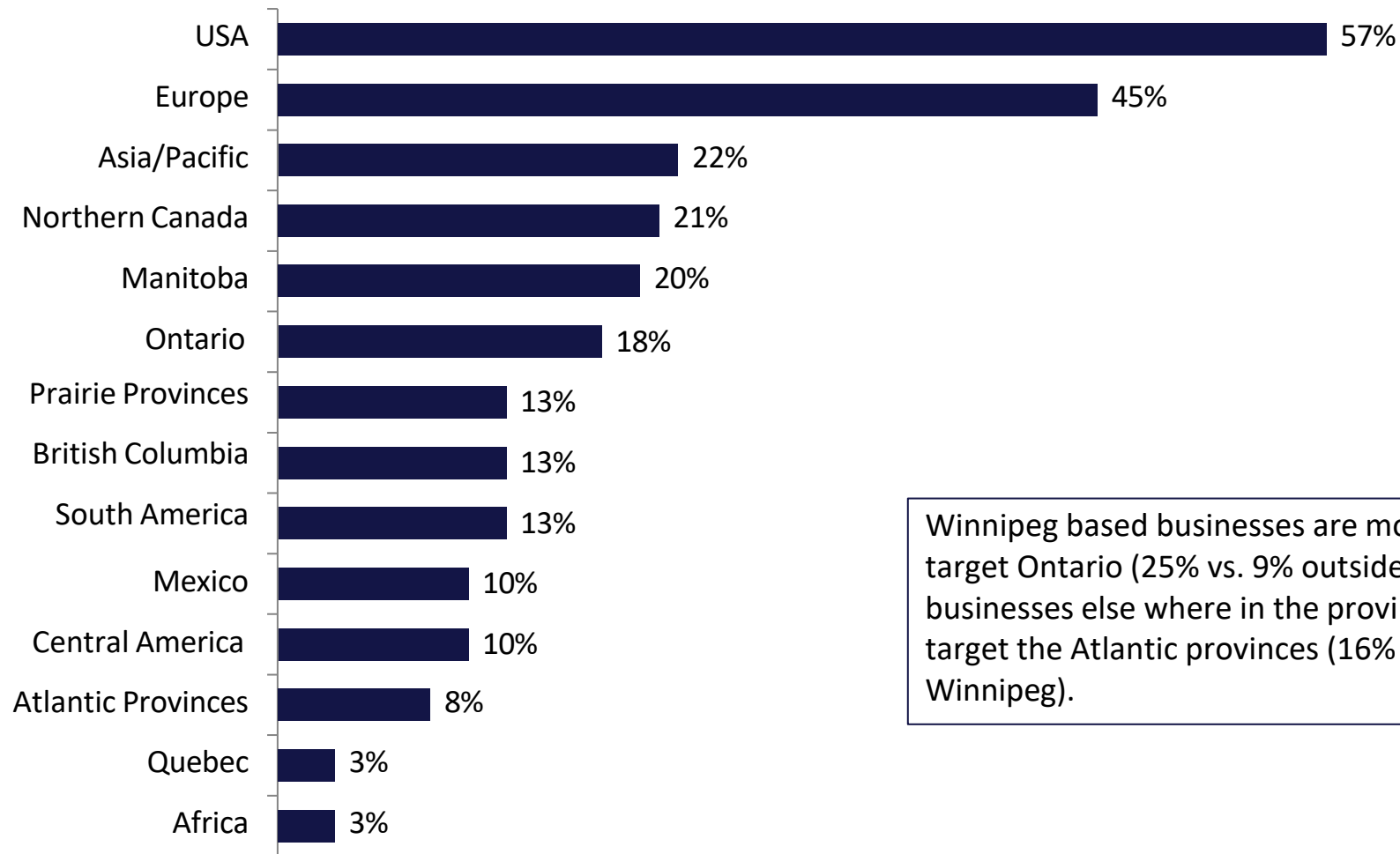
Base: All respondents (n=288)



Priority New Export Markets

If you are looking for new export markets, what are your top 3 priorities? [TOP 3 MENTIONS]

Base: Those looking to expand to new export markets (n=96)

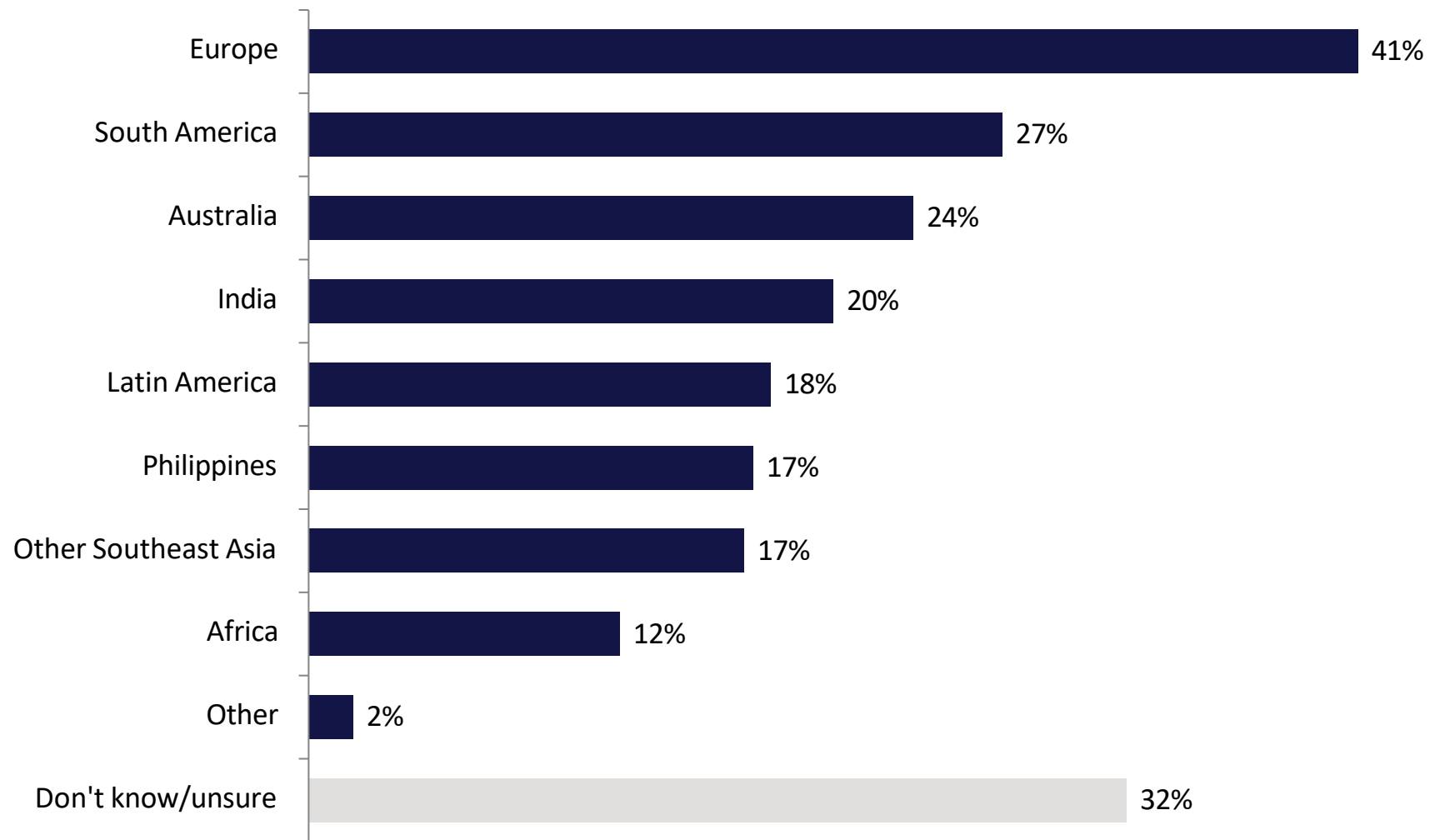


Winnipeg based businesses are more likely to want to target Ontario (25% vs. 9% outside of Winnipeg) while businesses elsewhere in the province are more likely to target the Atlantic provinces (16% vs just 2% in Winnipeg).

Potential New Trade Partners

Where should the federal and provincial governments focus their efforts on establishing new trade partners?

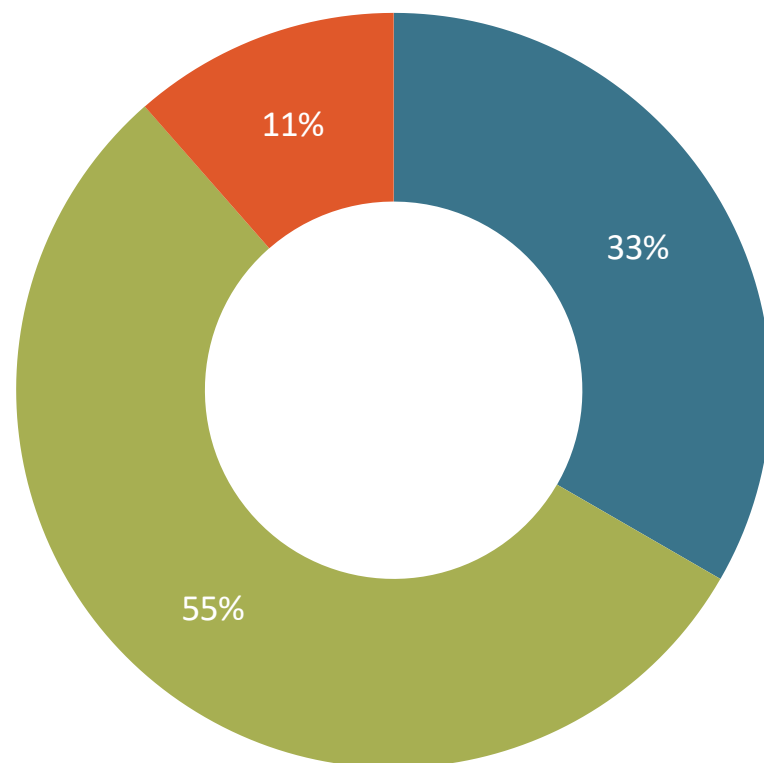
Base: All respondents (n=288)



Seeking New Export Markets

Q6T: Are you seeking new export markets in the next 18 months?

Base: All respondents (n=288)



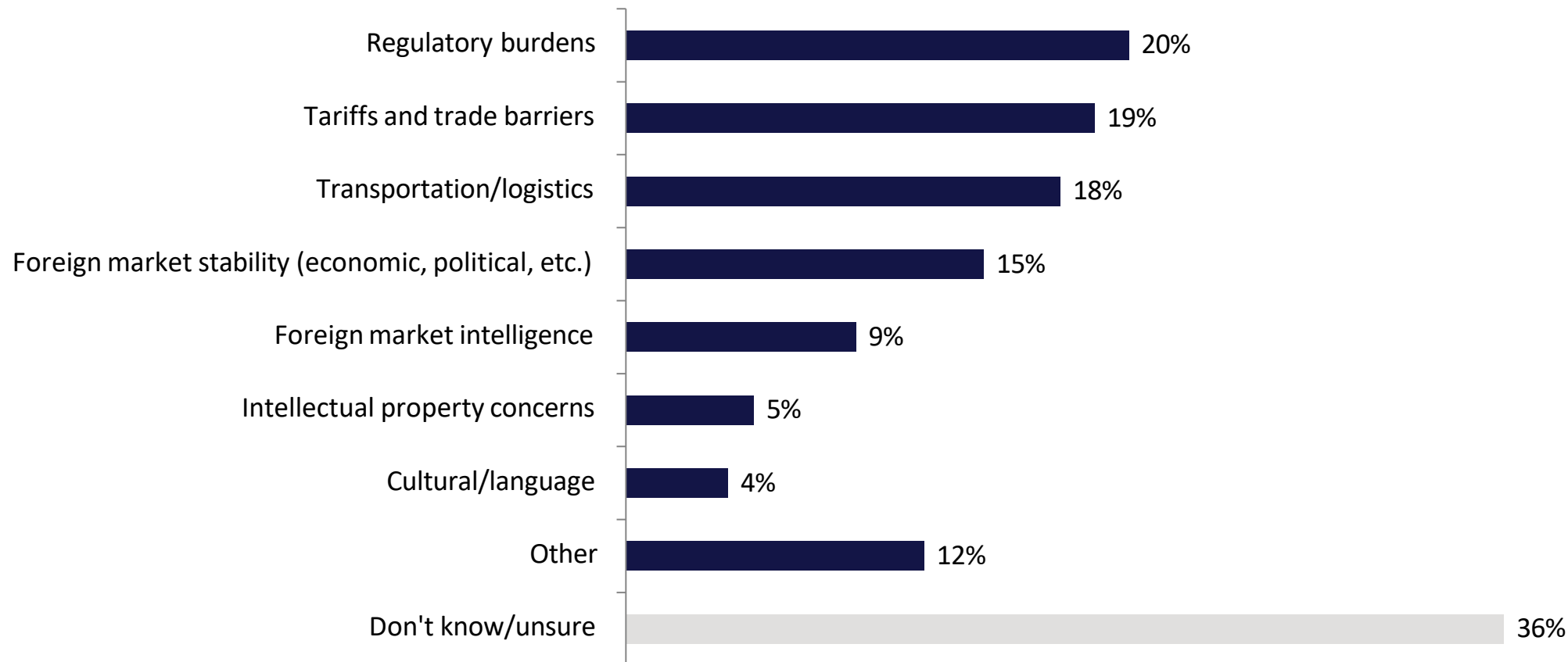
■ Yes ■ No ■ Don't know

New export markets are more likely to be pursued by larger businesses with 50+ employees (49% vs 23% of smaller businesses).

Barriers to Foreign Trade

Q8: What are the biggest barriers to foreign trade for your organization?

Base: All respondents (n=288)

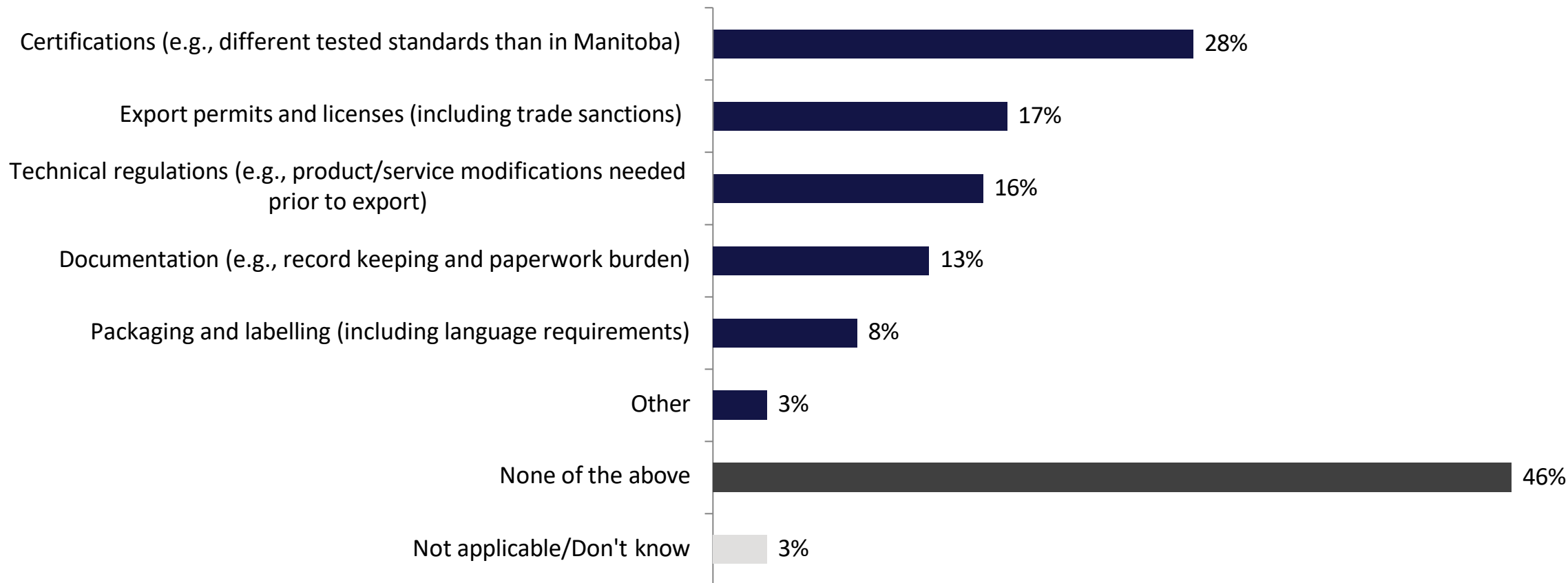


Medium-large businesses with 50+ employees are twice as likely to mention tariffs/trade barriers and foreign market stability as the biggest barrier (31% vs. 12% and 21% vs. 8% of smaller businesses, respectively).

Foreign Trade Regulatory Burdens

Q9: What are the biggest foreign trade regulatory burdens faced by your organization?

Base: All respondents (n=288)



Medium-large businesses with 50+ employees are more likely to mention certifications (35% vs. 22%), export permits and licenses (30% vs. 11%), and technical regulations (23% vs. 11%) compared to smaller businesses with <50 employees.

Key Insights

20% of Businesses Accessed Government Funding as a Source of Capital

Nearly Half of Respondents Want 20% of Government Funding Allocated to Businesses Owned by Women and Underrepresented Entrepreneurs

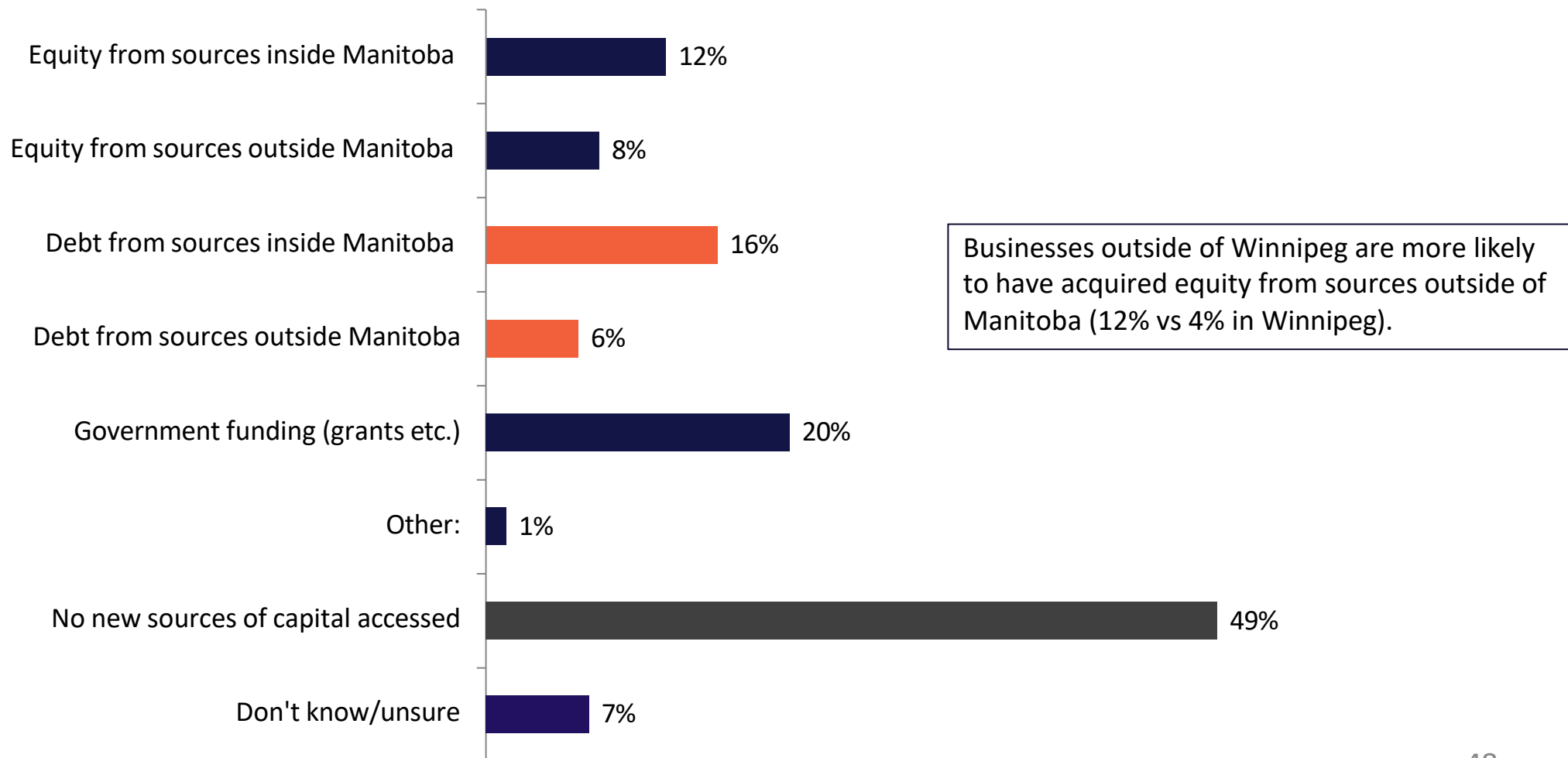
The Manitoba Small Business Venture Capital Tax Credit is Significantly Underutilized due to Lack of Awareness

Government Support for Business

Access to New Sources of Capital

In the last twelve months, has your organization accessed new capital from any of the following sources

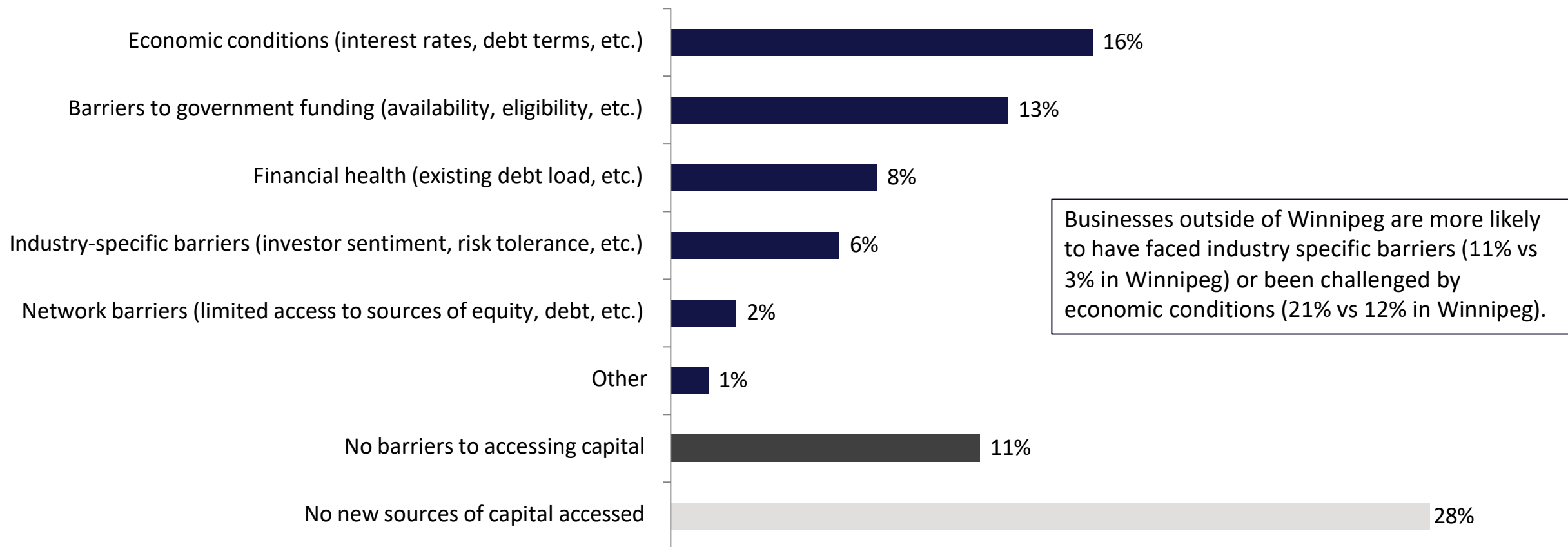
Base: All respondents (n=288)



Main Barrier When Accessing Capital

FIN4: In the last twelve months, what was the main barrier (if any) faced by your organization when accessing capital?

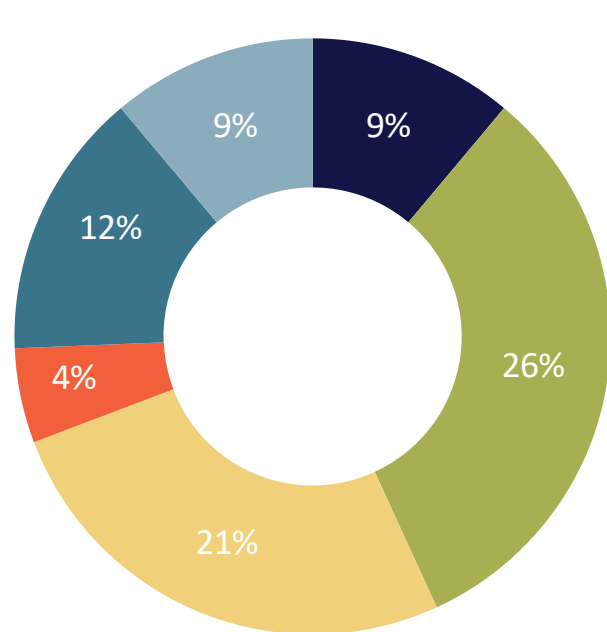
Base: All respondents (n=288)



Allocation of Government Funding

In general, what portion of government funding should be allocated to businesses that are majority-owned by women and/or underrepresented groups?

Base: All respondents (n=288)

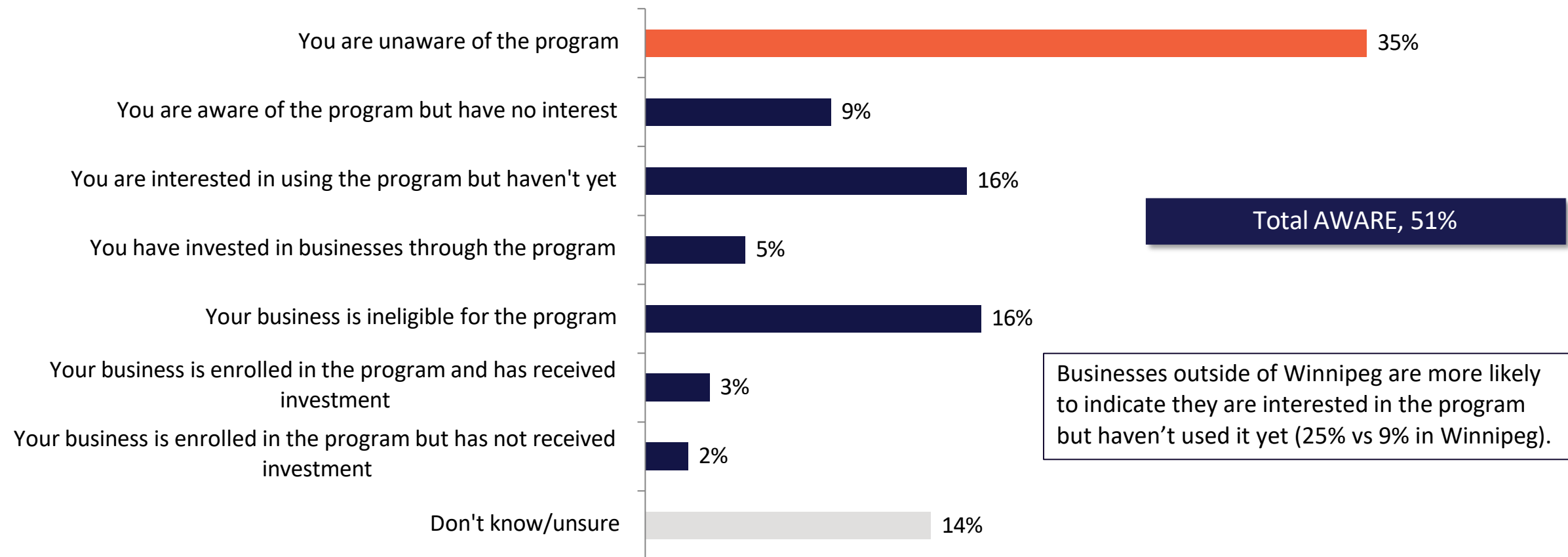


Total 0-20%, 35%

Total 21%+, 46%

Opinion of Manitoba Business Venture Capital Tax Credit

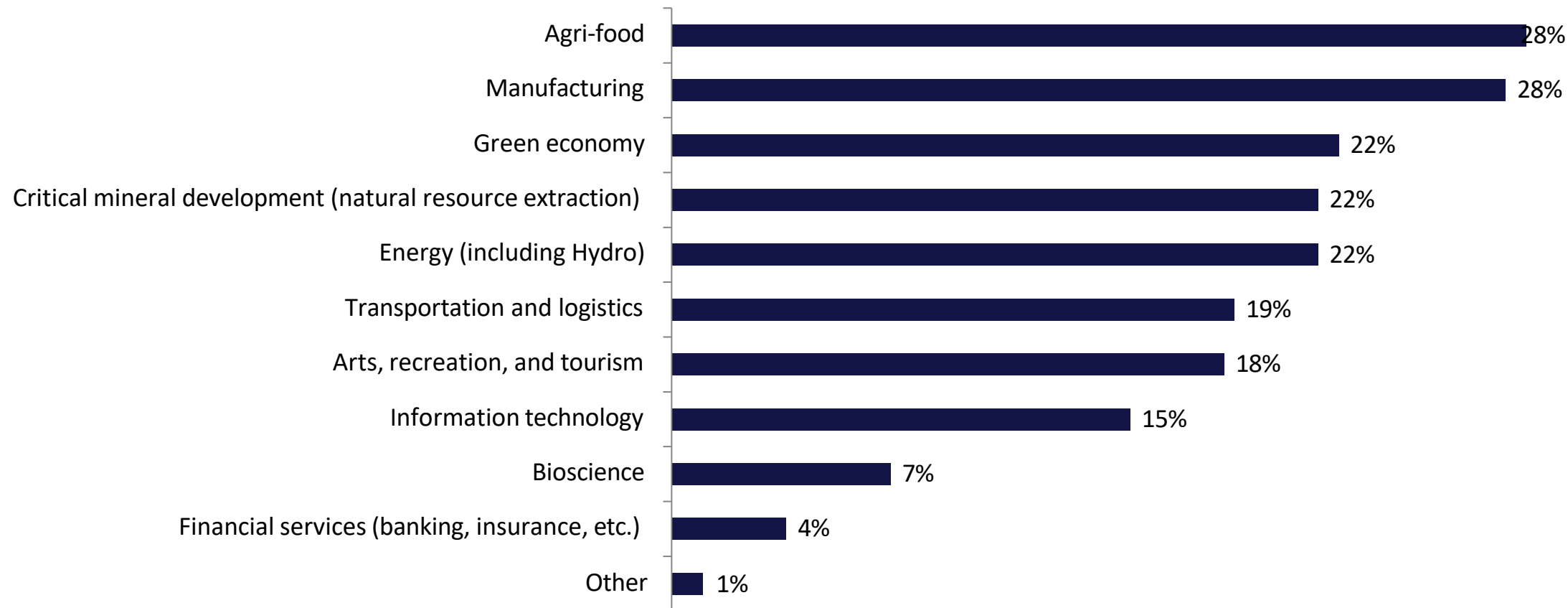
From the following options regarding the Manitoba Small Business Venture Capital Tax Credit, please select the one that applies to you. Base: All respondents (n=288)



Key Industries for Provincial Economic Growth

Q1: Which industry should Manitoba focus on to grow the provincial economy? [TOTAL MENTIONS]

Base: All respondents (n=288)



Medium-large businesses with 50+ employees are twice as likely to believe Manitoba should focus on energy (34% vs. 15% of those with <50 employees). Smaller businesses are four times as likely to believe arts, recreation and tourism should be the focus (25 vs. 6% of those with 50+ employees).

Respondent Profile

SURVEY RESPONDENT PROFILE

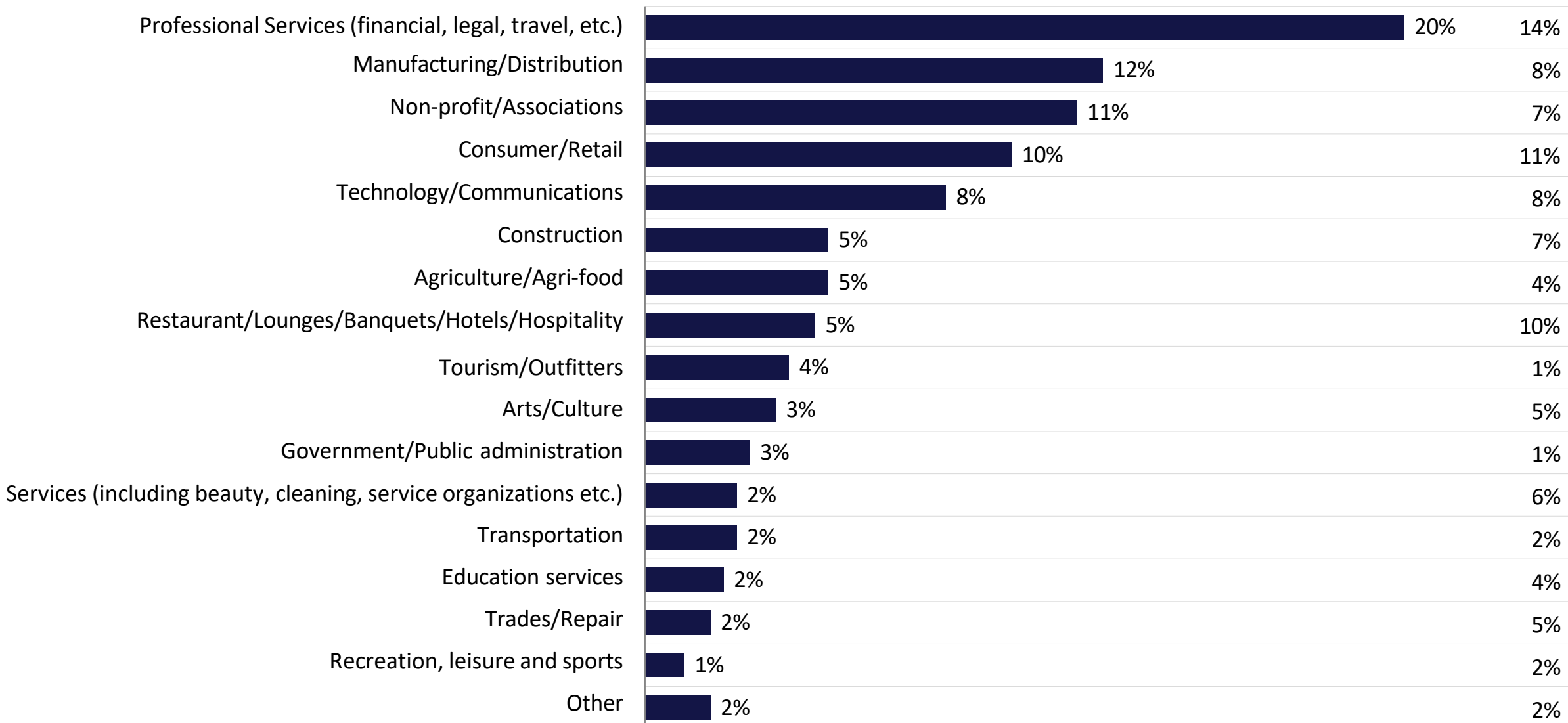
| Variable | % of n=288 (2023) | % of n=379 (2022) | Variable | % of n=288 (2023) | % of n=379 (2022) | Variable | % of n=288 (2023) | % of n=379 (2022) |
|-------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
| <u>Region</u> | | | <u>Employee Size – Full Time</u> | | | <u>Employee Size – Part Time</u> | | |
| Winnipeg | 58 | 46 | 0 to less than 10 | 36 | 33 | 0 to less than 10 | 57 | 47 |
| Northern Manitoba | 12 | 17 | 10 to less than 50 | 27 | 21 | 10 to less than 50 | 20 | 20 |
| Eastern Manitoba | 13 | 14 | 50 to less than 100 | 10 | 9 | 50 to less than 100 | 8 | 5 |
| Western Manitoba | 11 | 17 | 100+ | 17 | 14 | 100+ | 7 | 5 |
| Southern Manitoba | 7 | 6 | Unsure/ No answer | 8 | 22 | Unsure/No answer | 8 | 22 |
| | | | | | | | | |
| Winnipeg | 58 | 46 | <u>Head Office Location</u> | | | <u>Unionized</u> | | |
| Non-Winnipeg | 42 | 54 | Manitoba | 82 | 65 | Yes | 27 | 33 |
| | | | In Canada | 16 | 32 | No | 72 | 59 |
| | | | Outside Canada | 2 | 3 | Unsure/No answer | 2 | 8 |

SURVEY RESPONDENT PROFILE

Q1ND: Which of the following categories best describes the principal type of business conducted by your organization?

Base: All respondents (n=288)

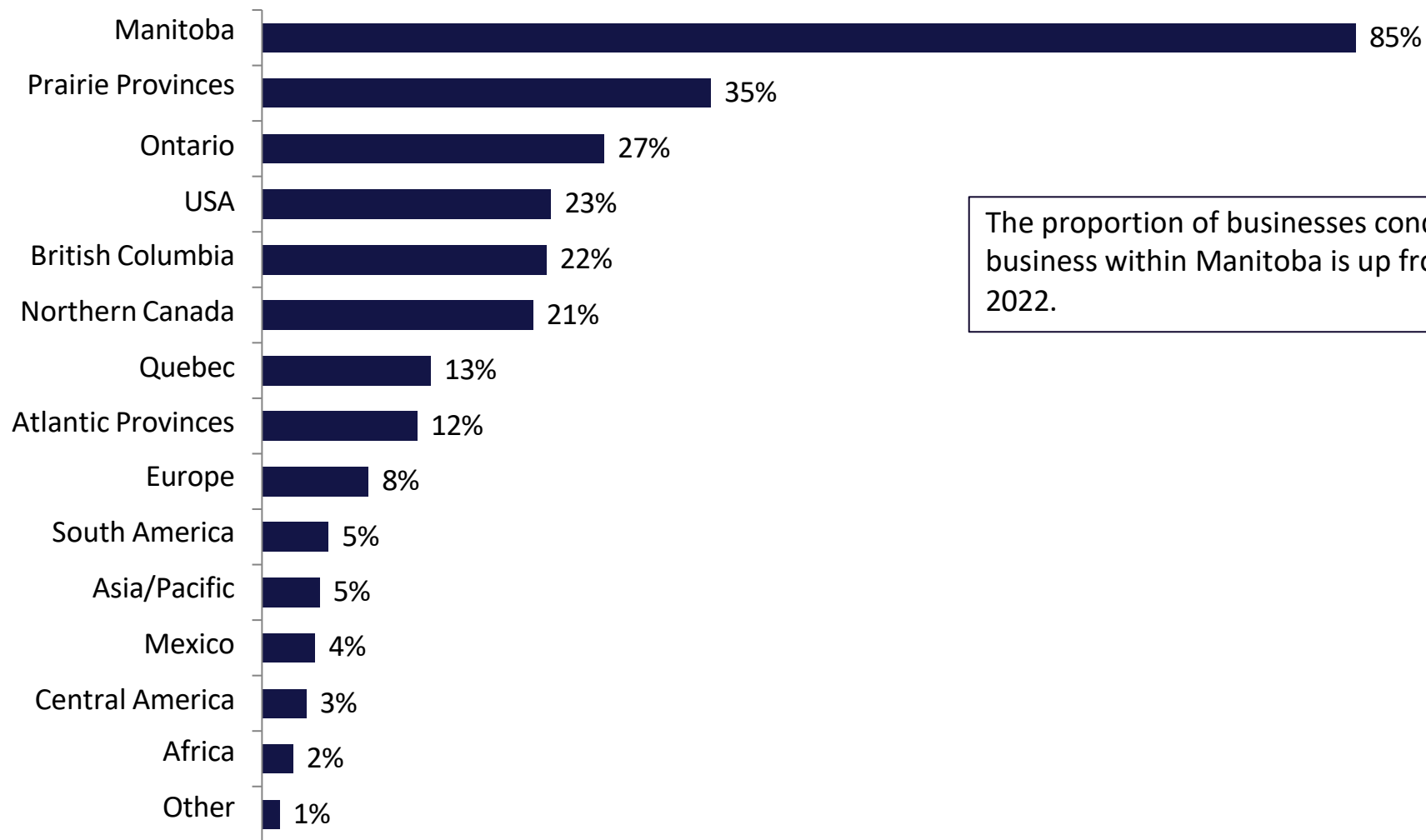
2022



SURVEY RESPONDENT PROFILE

Q5T: Where do you currently conduct business?

Base: All respondents (n=288)



The proportion of businesses conducting business within Manitoba is up from 61% in 2022.

2023 Manitoba Business Outlook Survey