

Boardroom Sentiment

Survey of Business Leaders

Second Report

November 15th, 2023

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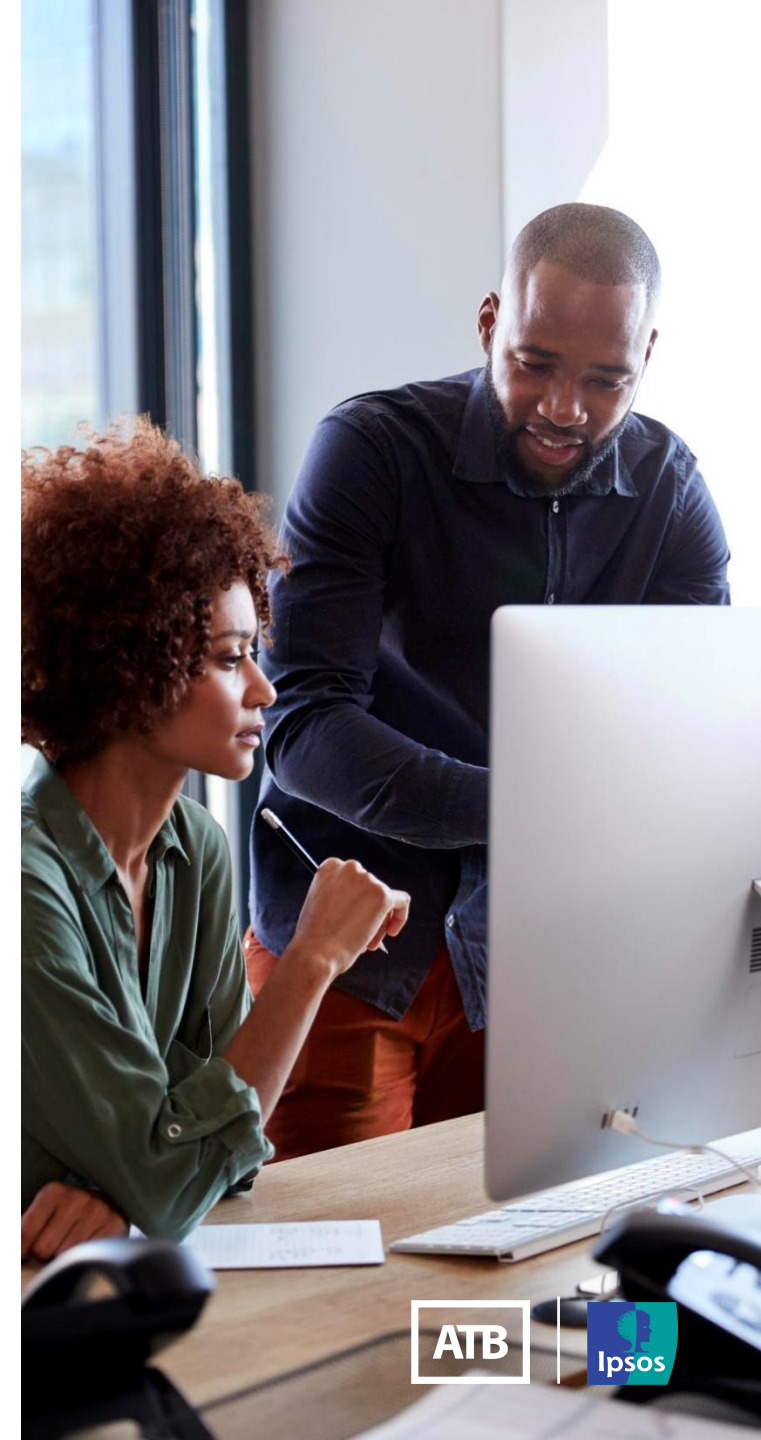
BACKGROUND AND METHODOLOGY

Background

Ipsos conducted a study for ATB Financial among financial decision-makers across Alberta and Canada with companies earning \$10 million or more in revenue per year.

The purpose of this study was to establish a baseline of “what’s on the minds” of Canadian medium and large-sized business leaders.

This report and its findings are the second wave of the study. The first being conducted in March and April of 2023 and findings of that study can be found [here](#)



Methodology



METHODOLOGY

- These are the findings from the Boardroom Sentiment: A Survey of Canadian Business Leaders. For this study, 150 interviews were conducted online between September 11 and September 28, 2023.
- As this was not a representative sample, no weighting was applied to the results, and therefore no credibility interval (margin of error) can be applied.
- In order to better understand the economic outlook of businesses based in Alberta, the province was oversampled with 30 of the 150 responses coming from Alberta.

Interpreting the Results

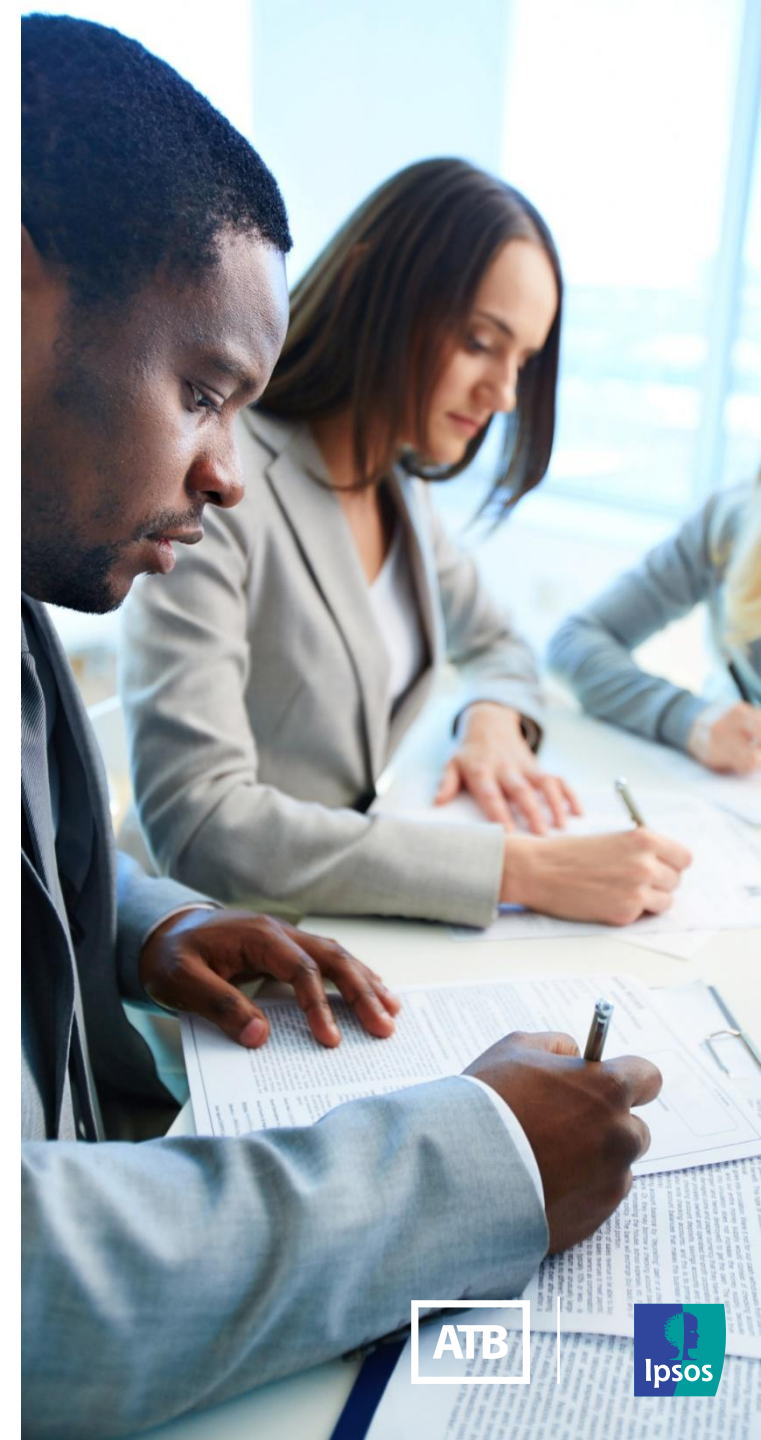
- Subgroup differences between Alberta and the Rest of Canada are presented on some slides.
- Please note that some totals in this report may not add up due to their component parts being rounded.

EXECUTIVE SUMMARY

Key Findings

Explore ATB's survey analysis featuring insights from ATB's Chief Economist Marc Parsons and Group Head of ATB Business Chris Turchansky. [Here](#)

- **Canadian business leaders are optimistic** overall about the state of the Canadian economy and their firms. **Leaders of businesses in Alberta express more optimistic sentiment** about their companies and Canadian economy overall than the rest of Canada.
- **Economic uncertainty is the number one challenge** that Canadian business leaders report they are facing. For those based in **Alberta, lack of skilled labour appears to be less of an issue** while **technological advances are more pressing**.
- Business leaders' **optimism is reinforced** by **increasing profits, firms continuing growth** and **outperforming their competition**.
- While common in Rest of Canada (RoC), **Albertan businesses are less likely to have business plans**. Among those with a business plan, **access to advances in new technology** is the most relevant factor to its successful implementation.
- **ESG and DEI are prominent concerns** for businesses across the country with the majority saying they've spent more attention on ESG and DEI issues this year. Leaders of Alberta based businesses are more likely to feel their firms outperform on ESG and DEI.

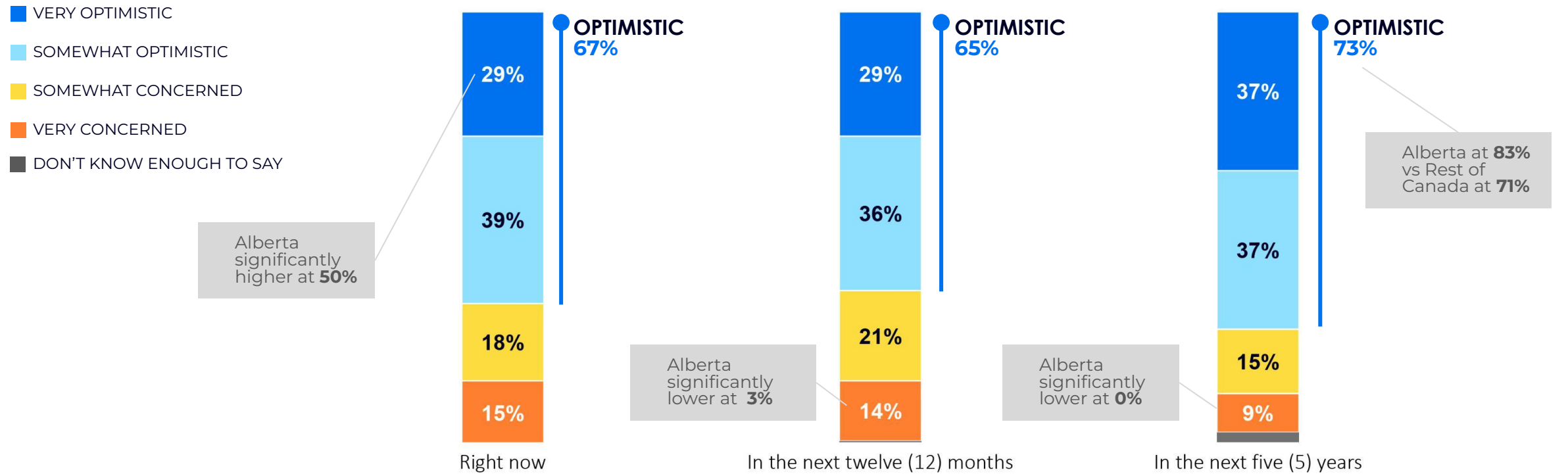


PRIORITIES AND WORRIES

Economic outlook is high across the country, stronger in the long term.

Canadian business leaders are optimistic overall when it comes to their economic outlook for Canadian businesses. Meanwhile, leaders of Alberta based businesses are slightly more optimistic as they are more likely to be very optimistic about the economy right now and significantly less likely to be very concerned for the economy over the course of the next 12 months or 5 years.

ECONOMIC OUTLOOK FOR CANADIAN BUSINESSES

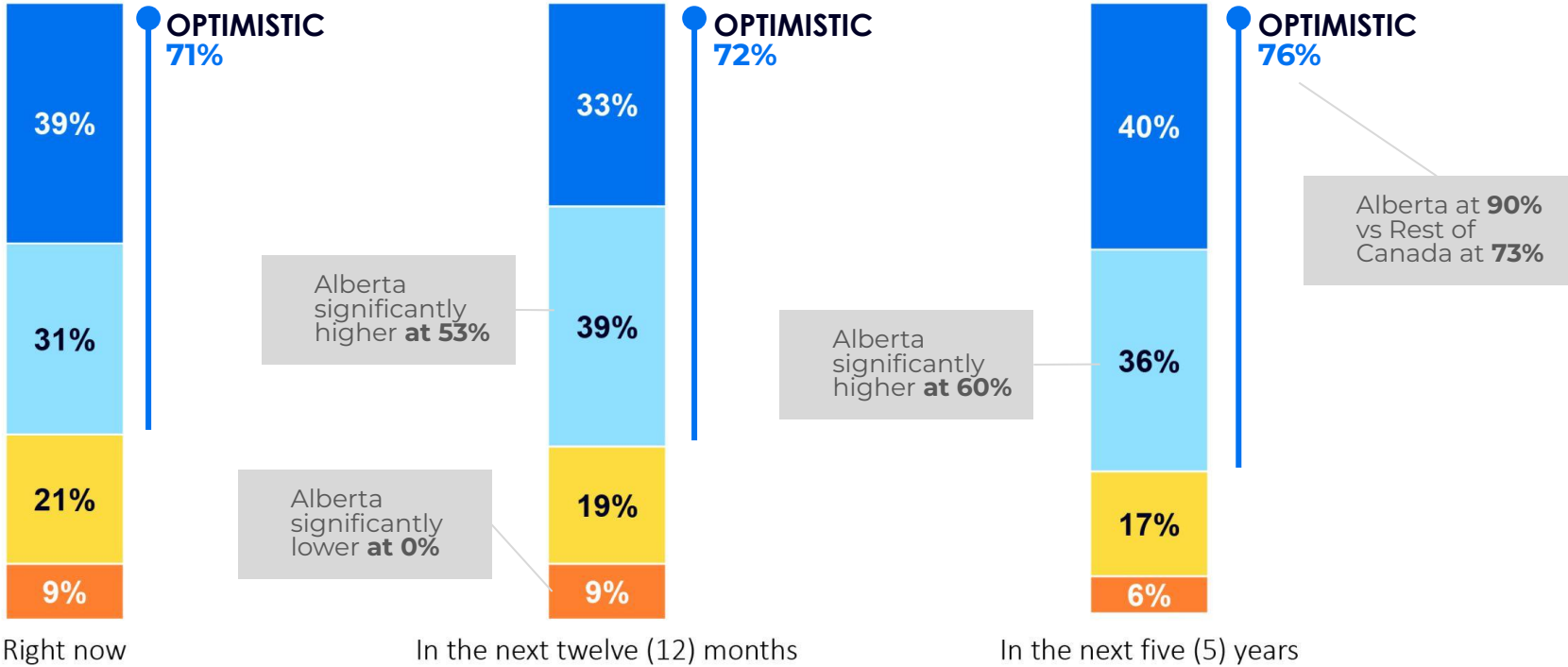


Canadian businesses report solid optimism for their firm's performance.

Over seven in ten Canadian business leaders are optimistic about their business's performance right now (71%), in the next 12 months (72%) and in the next 5 years (76%). Leaders of Alberta based businesses are more likely to express optimism for their business performance in the next 5 years (90%).

BUSINESS PERFORMANCE OUTLOOK

- VERY OPTIMISTIC
- SOMEWHAT OPTIMISTIC
- SOMEWHAT CONCERNED
- VERY CONCERNED
- DON'T KNOW ENOUGH TO SAY

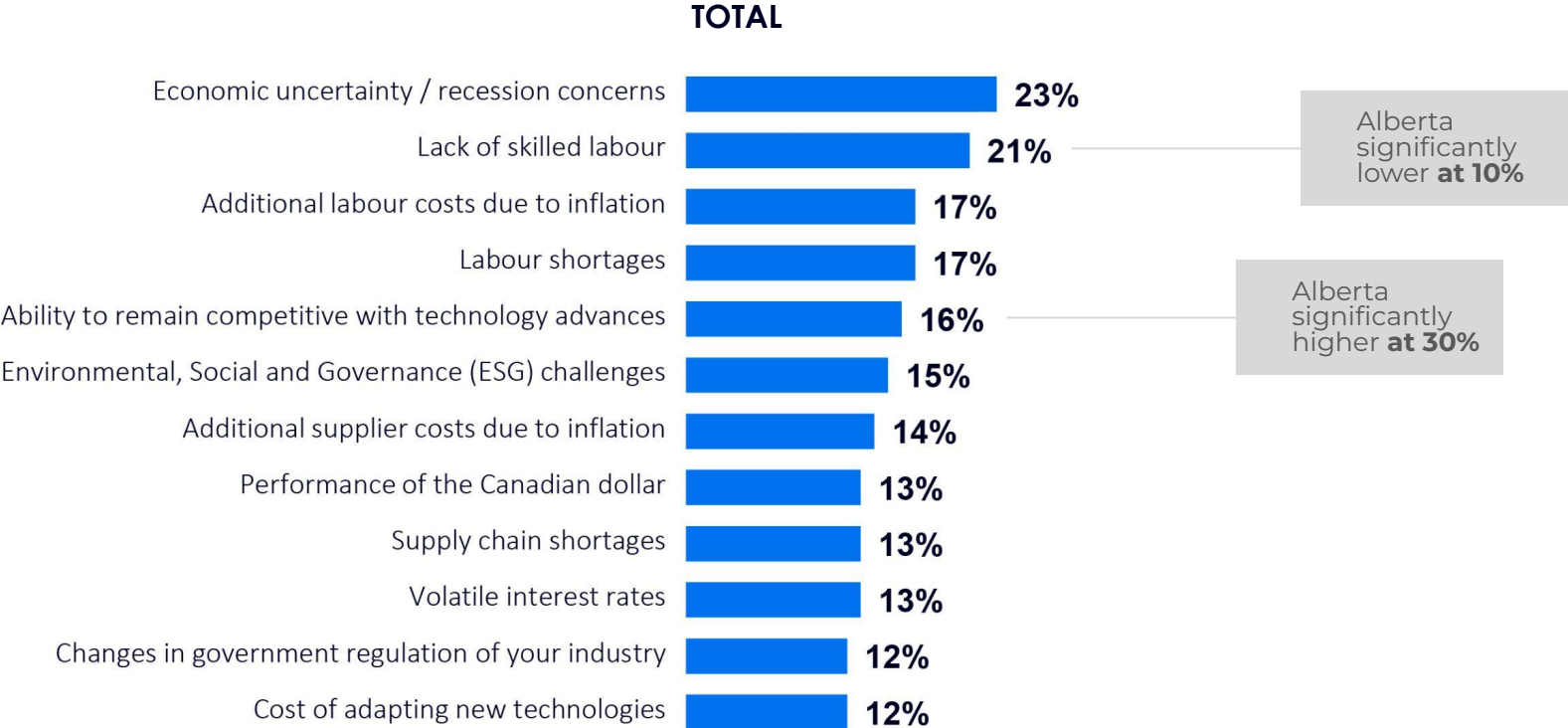


*Data labels <3% not shown
 Base: All respondents (Wave 2 n=150)
 P2. Thinking specifically about your business overall health, how optimistic or pessimistic are you about your business performance right now, in the next 12 months and in the next 5 years?

Despite optimism, economic concerns tops list of biggest challenges along with labour related issues.

Canadian business leaders report that economic uncertainty (23%) is the biggest challenge facing their business right now. Labour related concerns, such as lack of skilled labour (21%) and labour shortages (17%) are also top of mind. Meanwhile, for Alberta based businesses, challenges around remaining competitive with technological advances are more pressing (30%).

BIGGEST BUSINESS CHALLENGES



Despite optimism, economic concerns tops the list of biggest challenges along with labour related issues. (Cont.)

Just one in ten (11%) Canadian business leaders consider additional borrowing costs one of their biggest challenges. Among the other less pressing concerns are lack of access to capital (10%), hybrid work challenges (9%), and changes in government stimulus programs (7%).

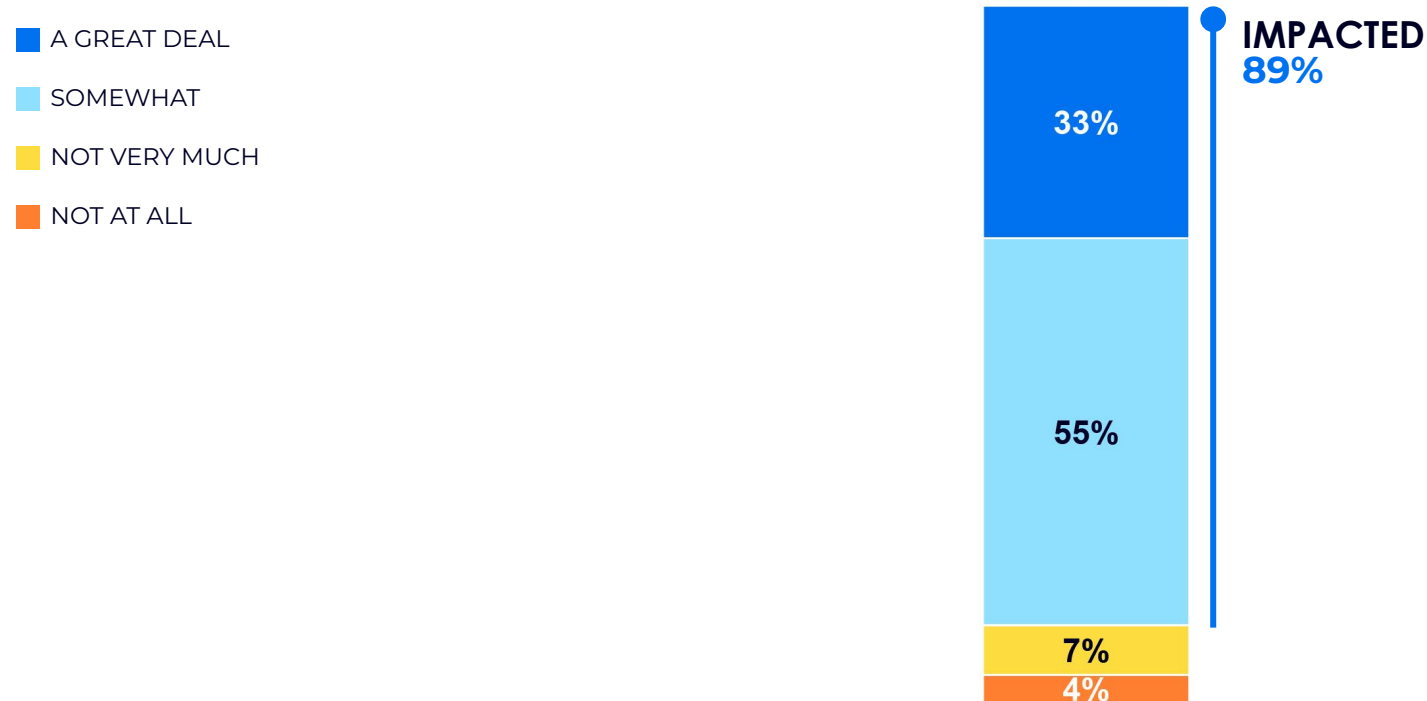
BIGGEST BUSINESS CHALLENGES (CONT.)



Vast majority say interest rate hikes impacted their confidence in the economy.

The ongoing interest rate hikes are having a noticeable effect on Canadian business leader's confidence in the economy as nearly nine in ten (89%) say rate increases impacted their confidence at least somewhat.

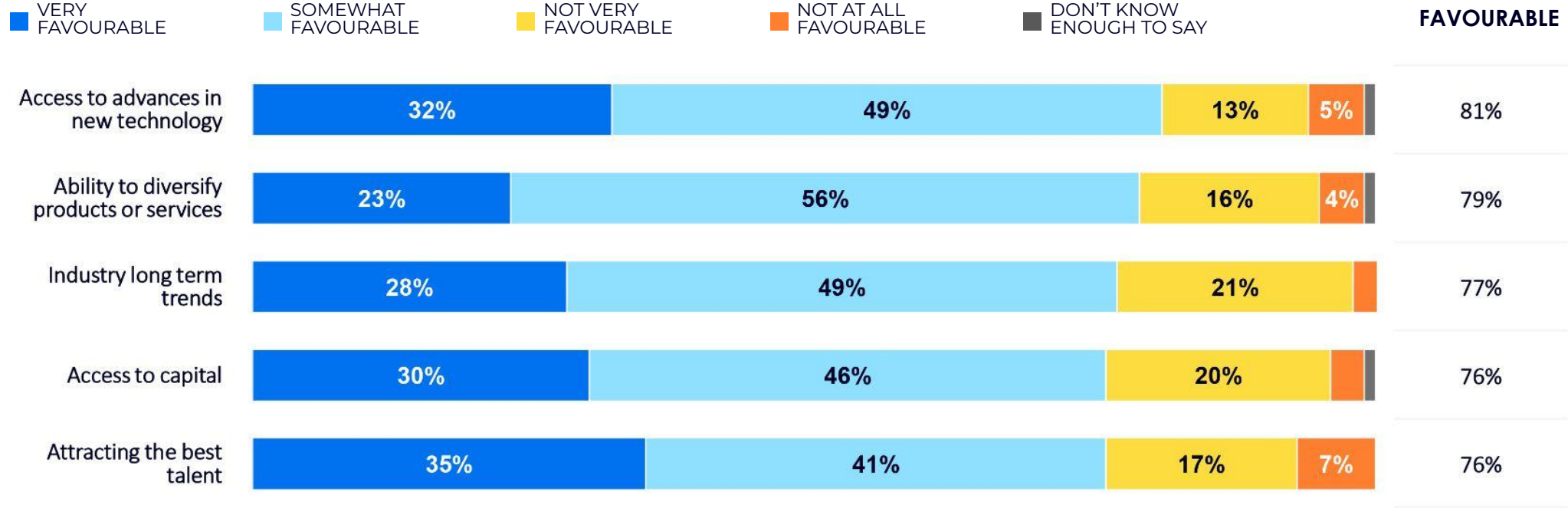
IMPACT OF INTEREST RATES ON ECONOMIC CONFIDENCE



Conditions are most favourable for technology to create value.

Eight in ten (81%) business leaders feel conditions are favourable for advances in new technology to create financial value for customers and shareholders. A similar proportion (79%) of business leaders say the conditions are favourable for the diversification of products or services to create value.

OPPORTUNITIES TO CREATE VALUE

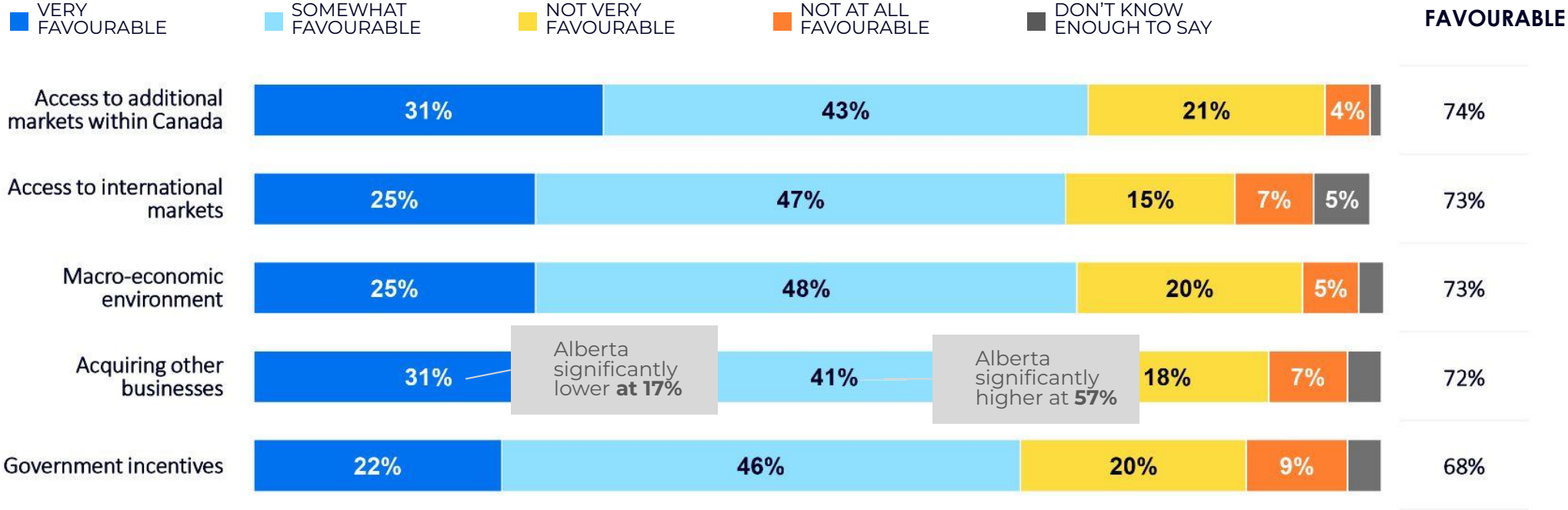


*Data labels <4% not shown
 Base: All respondents (Wave 2 n=150)
 P5. How favourable or unfavourable are the following right now when it comes to your business's ability to create financial value for customers and shareholders?

Conditions are most favourable for technology to create value. (Cont.)

Though remaining favourable overall, some areas where Canadian business leaders see conditions as relatively less favourable for creating financial value include accessing markets within Canada (74%) and internationally (73%) as well as the macro-economic environment (73%), acquisition of other businesses (72%) and government incentives (68%).

OPPORTUNITIES TO CREATE VALUE (CONT.)



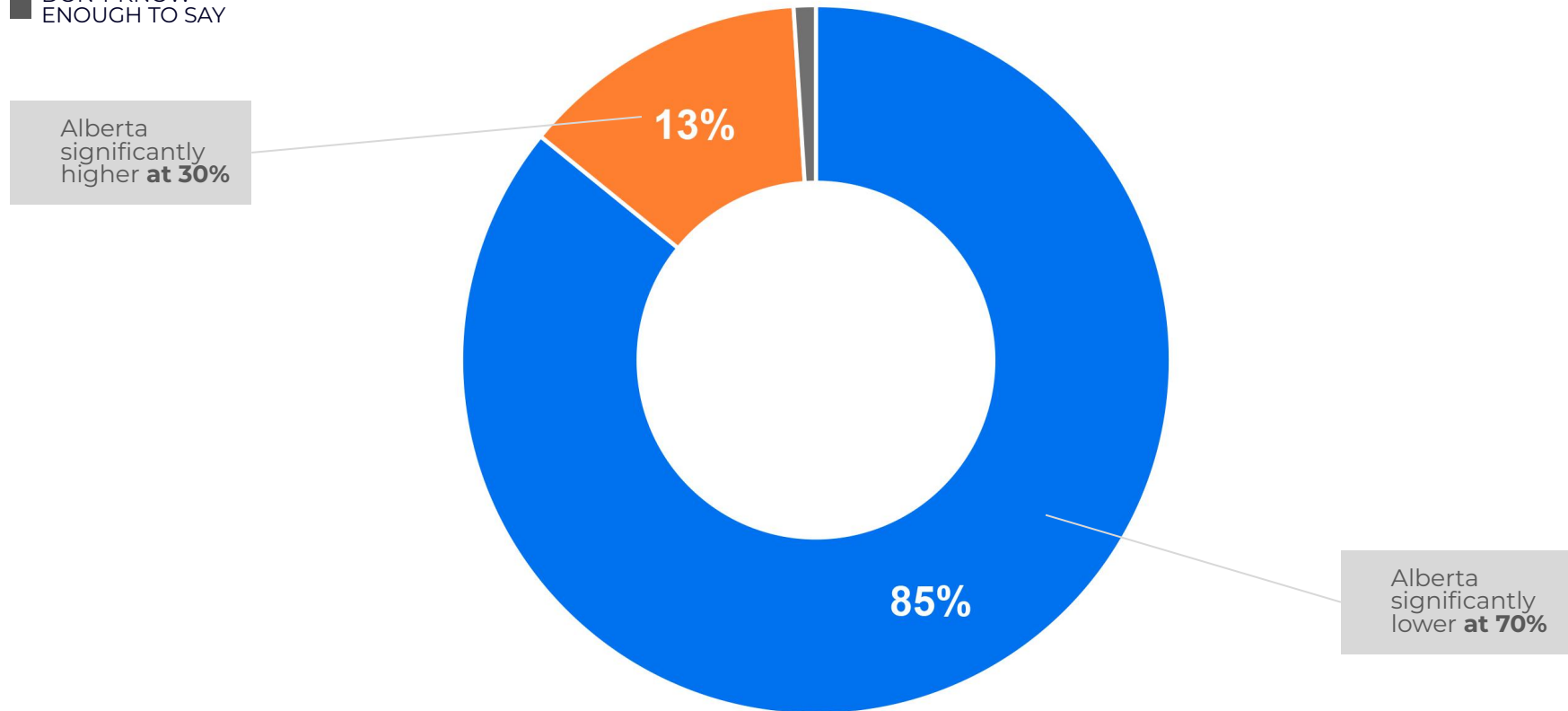
*Data labels <4% not shown
 Base: All respondents (Wave 2 n=150)
 P5. How favourable or unfavourable are the following right now when it comes to your business's ability to create financial value for customers and shareholders?

The majority of Canadian businesses are guided by a three to five year business strategy.

The vast majority of Canadian business leaders (90%) say their firm has a three to five year business strategy. Businesses based in Alberta are significantly less likely to have a plan than those in rest of the country (70%).

USE OF A BUSINESS STRATEGY

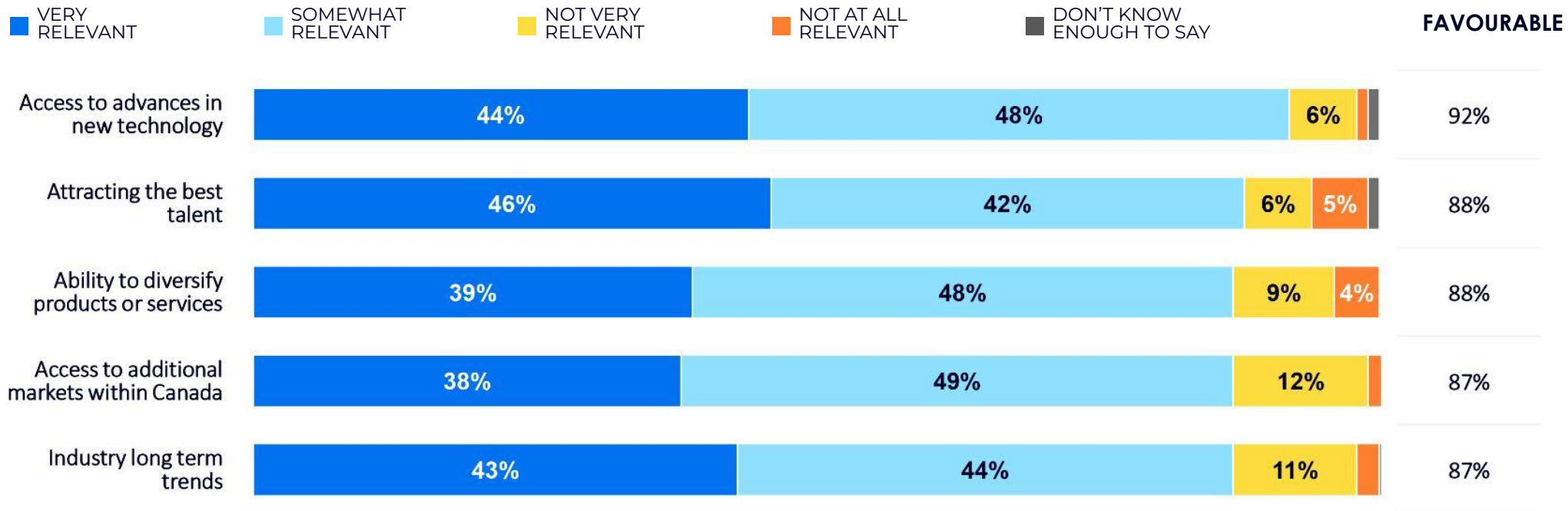
■ YES ■ NO ■ DON'T KNOW ENOUGH TO SAY



Technological advances are the cornerstone of most strategic plans.

Most (92%) business leaders report access to new technology being relevant to successfully implement their firm's current strategy. Attracting the best talent (88%) and the ability to diversify products or services (88%) round out executives' top three most relevant factors to successfully implementing their business strategy.

FACTORS CONSIDERED IN BUSINESS PLAN

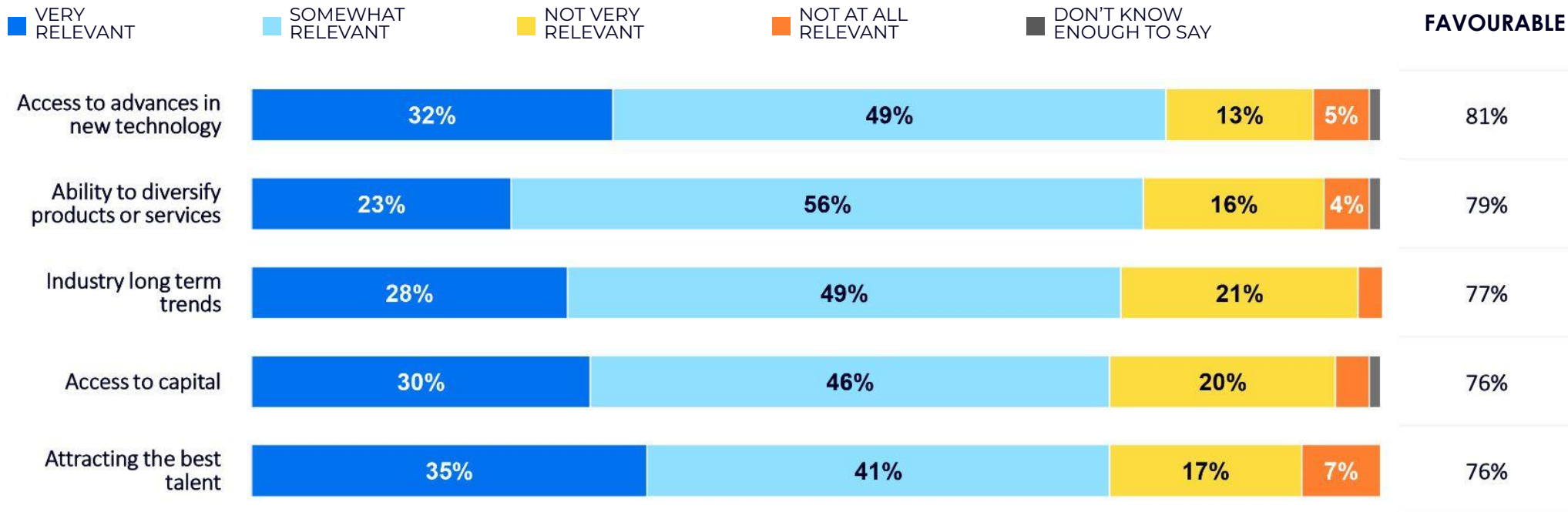


*Data labels <4% not shown
 Base: All respondents (Wave 2 n=128)
 P7. How relevant are the following activities to successfully implementing your current three to five (3 – 5) year business strategy?

Technological advances are the cornerstone of most strategic plans. (Cont.)

Government incentives (66%) are the least relevant factor when it comes to successful implementation of business leaders' strategic plans. Access to international markets is considered to be very relevant to four in ten (41%), which indicates the importance of international growth to some firms' strategic plans.

FACTORS CONSIDERED IN BUSINESS PLAN (CONT.)



*Data labels <4% not shown
 Base: All respondents (Wave 2 n=128)
 P7. How relevant are the following activities to successfully implementing your current three to five (3 – 5) year business strategy?

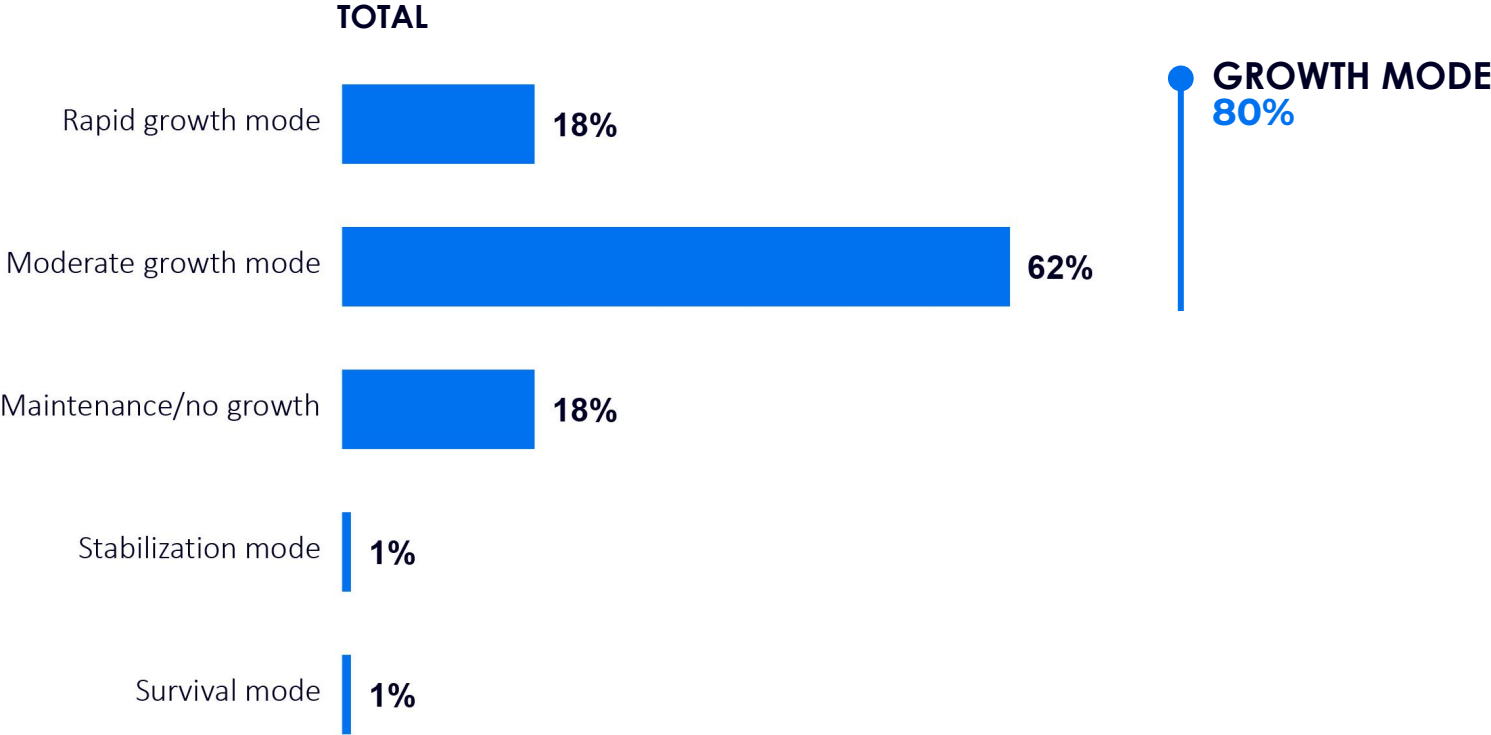
FIRM/BUSINESS PERFORMANCE



Most businesses across the country are in growth mode.

Eight in ten (80%) businesses nationwide are in growth mode of some form, with six in ten (62%) in moderate growth mode and two in ten (18%) in rapid growth mode.

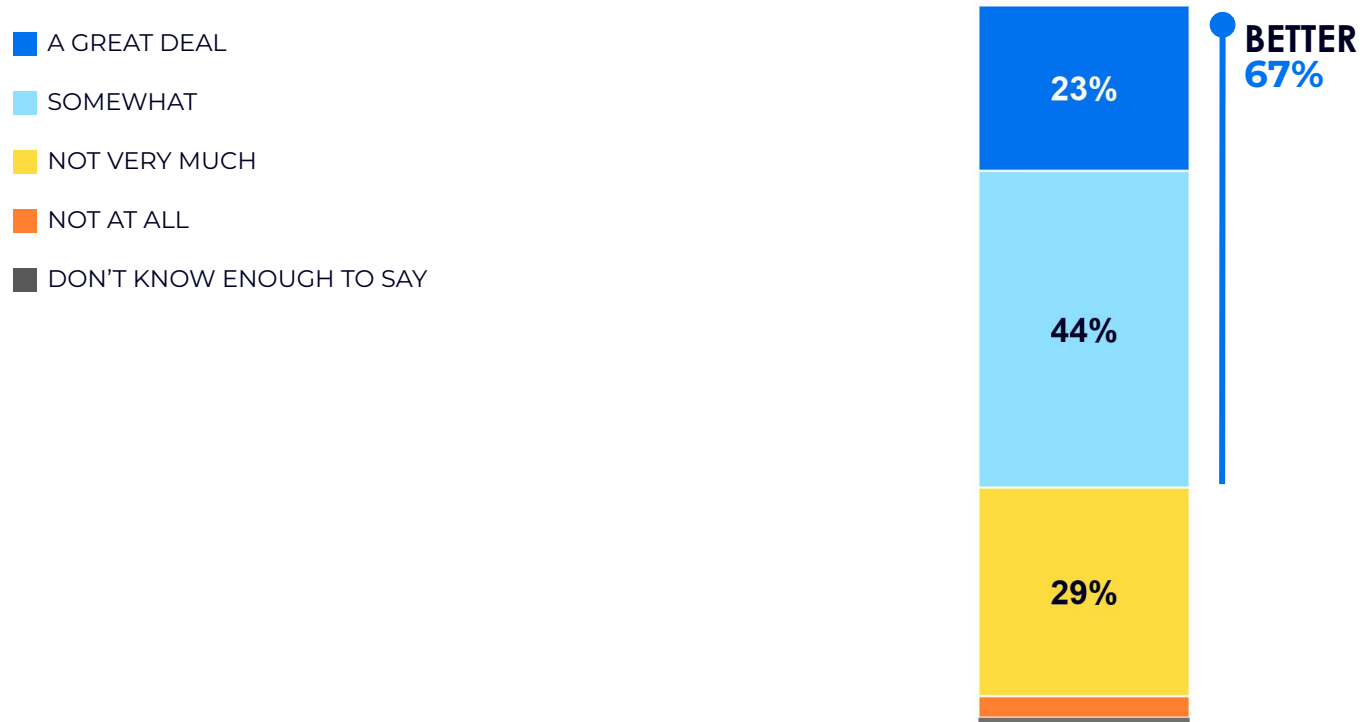
CURRENT STATE OF BUSINESS



Businesses leaders feel they are outperforming the competition.

Two thirds (67%) of Canadian business leaders believe that, compared to other firms in their industry, they are performing at least somewhat better, with a quarter (23%) thinking they are doing a great deal better.

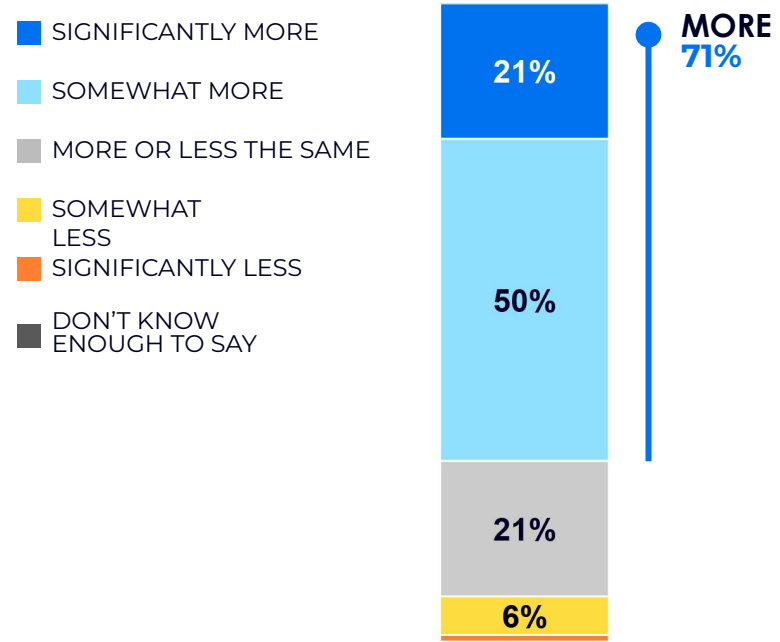
RELATIVE BUSINESS PERFORMANCE



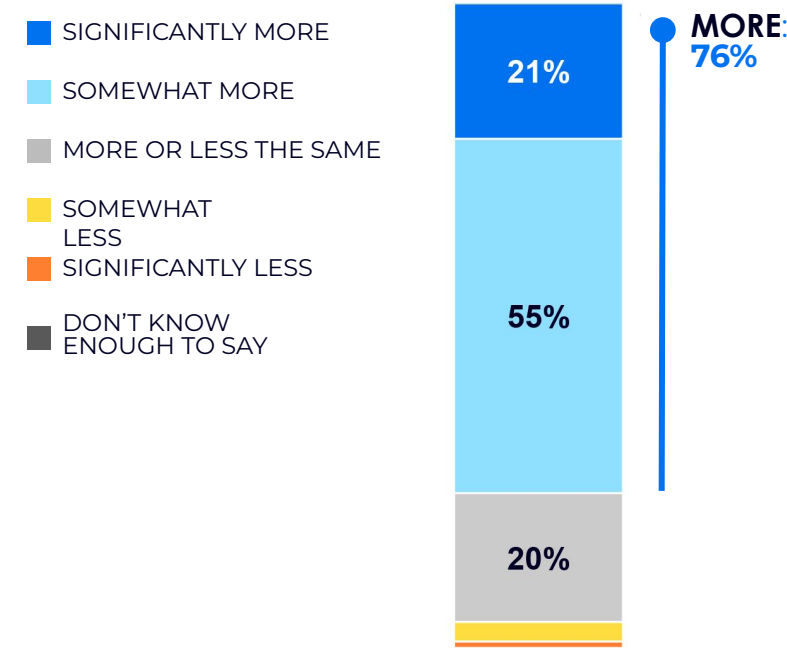
Profits grew in 2021 and are expected to keep growing for 2023.

Seven in ten (71%) business leaders say their profits increased in 2022 compared to 2021 and three-quarters (76%) project higher profits in 2023 compared to 2022.

ANNUAL PROFIT CHANGE FROM 2021



PROJECTED ANNUAL PROFIT CHANGE FOR 2023



*Data labels <3% not shown
 Base: All respondents (Wave 2 n=150)
 F3. Over the past 12 months, (that is, during the entire year of 2022) did your business realize more or less profit than it did over the 12 months previous (the entire year of 2021)?

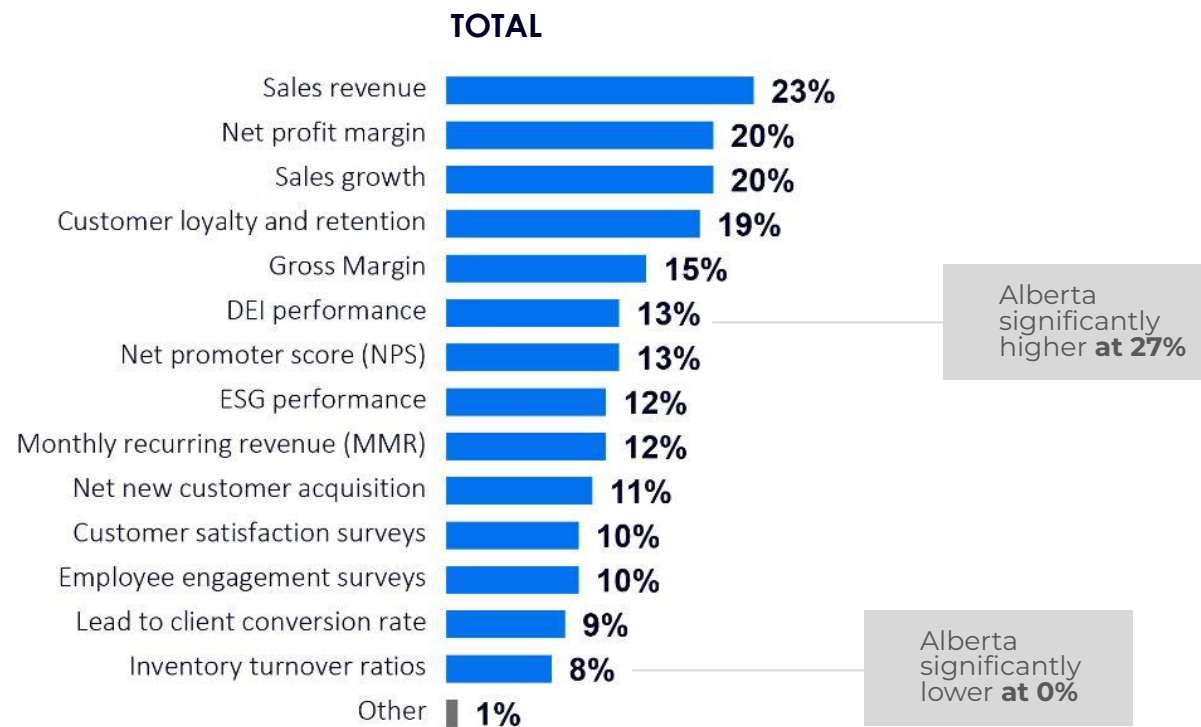
*Data labels <3% not shown
 Base: All respondents (Wave 2 n=150)
 F4. Over the next 12 months, (that is, during the entire year of 2023) do you expect your business to realize more or less profit than it did over the 12 months previous?



Revenue, margins and growth are the most common metrics for success.

The most common metrics that business leaders cite as the best indicator of their firm's performance include sales revenue (23%), net profit margin (20%), sales growth (20%) and customer retention (19%). Leaders of Alberta based businesses are more likely to consider DEI performance to be a good indicator of their business's success (27%).

BUSINESS SUCCESS/PERFORMANCE METRICS

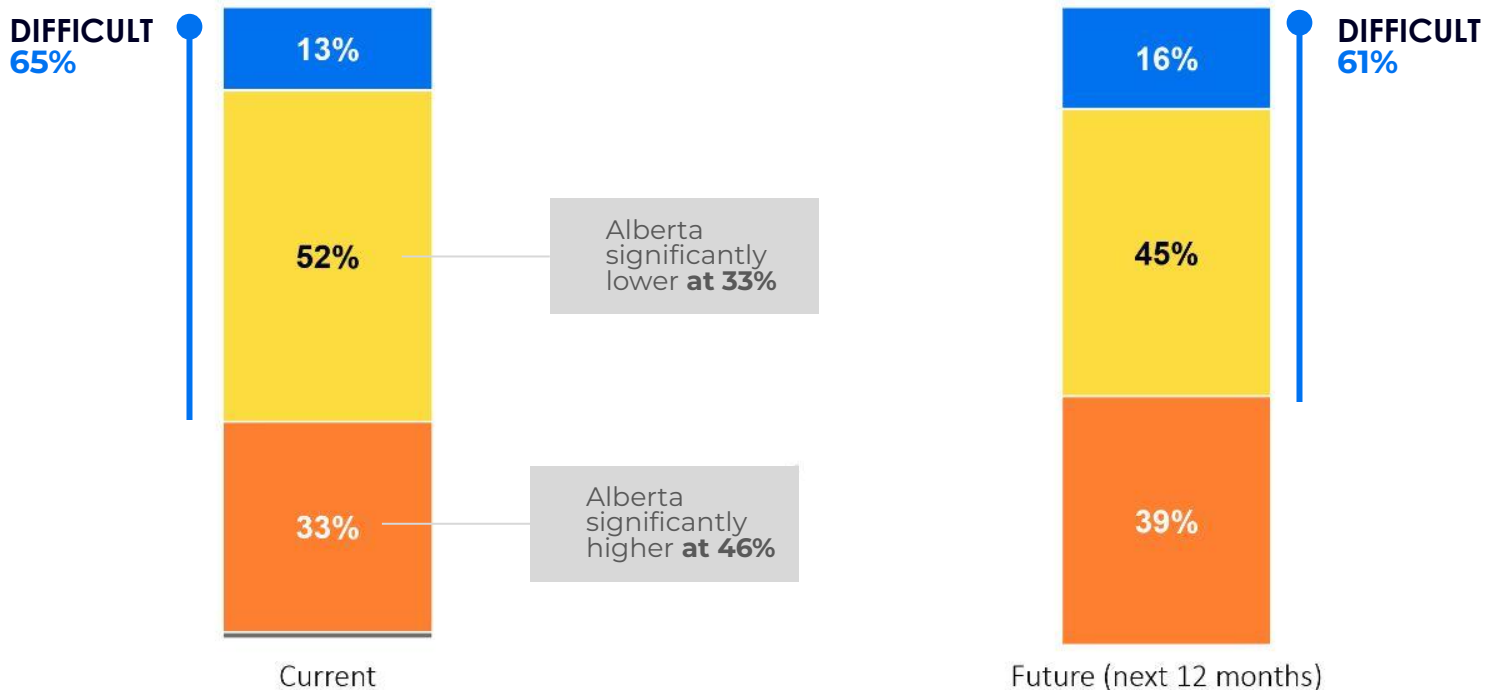


Businesses are at capacity, as over half would have difficulty meeting an unexpected increase in demand.

Two thirds (65%) of Canadian business leaders report their business currently would have at least some difficulty meeting an unexpected increase in demand and six in ten (61%) say they would still have at least some difficulty over the next year. Executives at Alberta based firms are significantly more likely to say that they would have no difficulty at all meeting an unexpected increase in demand currently (47%).

ABILITY TO MEET INCREASED DEMAND

- SIGNIFICANT DIFFICULTY
- SOME DIFFICULTY
- NO DIFFICULTY AT ALL
- DON'T KNOW ENOUGH TO SAY

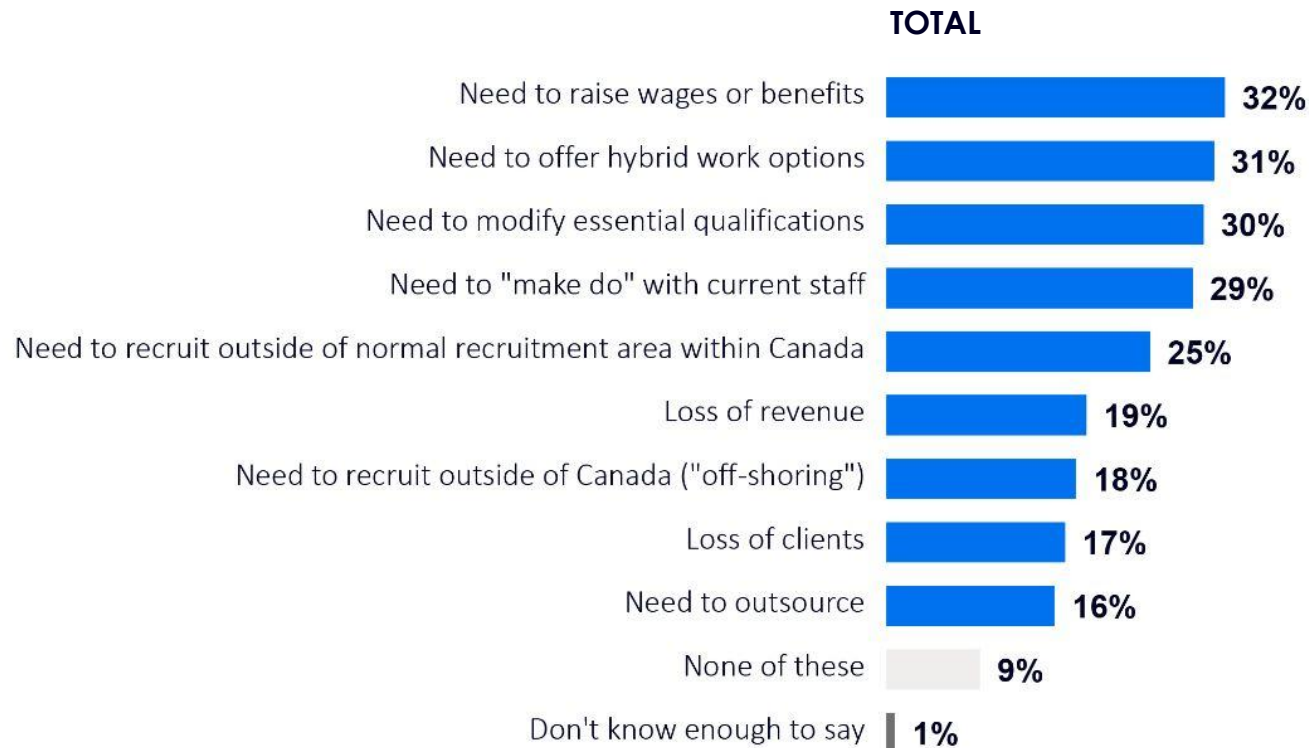


*Data labels <3% not shown
Base: All respondents (Wave 2 n=150)
F6. How would you rate your business's current and future (next 12 months) ability to meet any unexpected increase in demand for your products or services?

Wages, benefits and remote work are on the rise due to labour shortages.

Around three in ten leaders of Canadian businesses report that labour shortages caused them to raise wages or benefits (32%), offer hybrid work options (31%), modify essential qualifications (30%) and “make do” with current staff (29%) over the past year.

EFFECTS OF LABOUR SHORTAGES



Businesses look to diversifying supply routes because of lack of market access.

The most common impacts of a lack of market access includes finding new or different supply routes (36%), raising prices (33%) and losing revenue (31%). For business leaders of Alberta based firms the need to seek alternative markets is more likely to be an impact of lack of market access (33%).

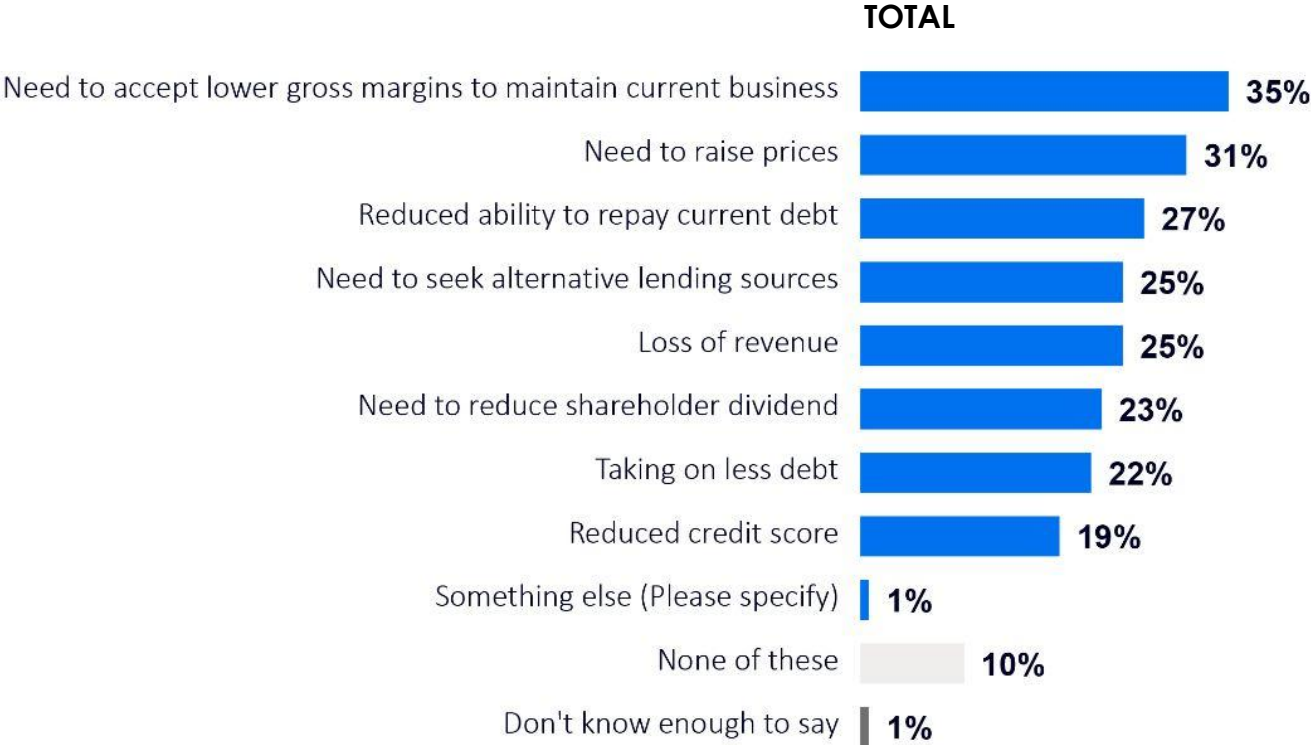
EFFECTS OF LACK OF MARKET ACCESS



Businesses feel the hit of inflation as they start accepting lower margins.

In response to rising interest rates business leaders report that the top two impacts on their business are accepting lower gross margins (35%) and raising prices (31%). A quarter also report reduced ability to repay debt (27%), seeking alternative lending sources (25%) and loss of revenue (25%) as effects their firms have felt because of rate hikes.

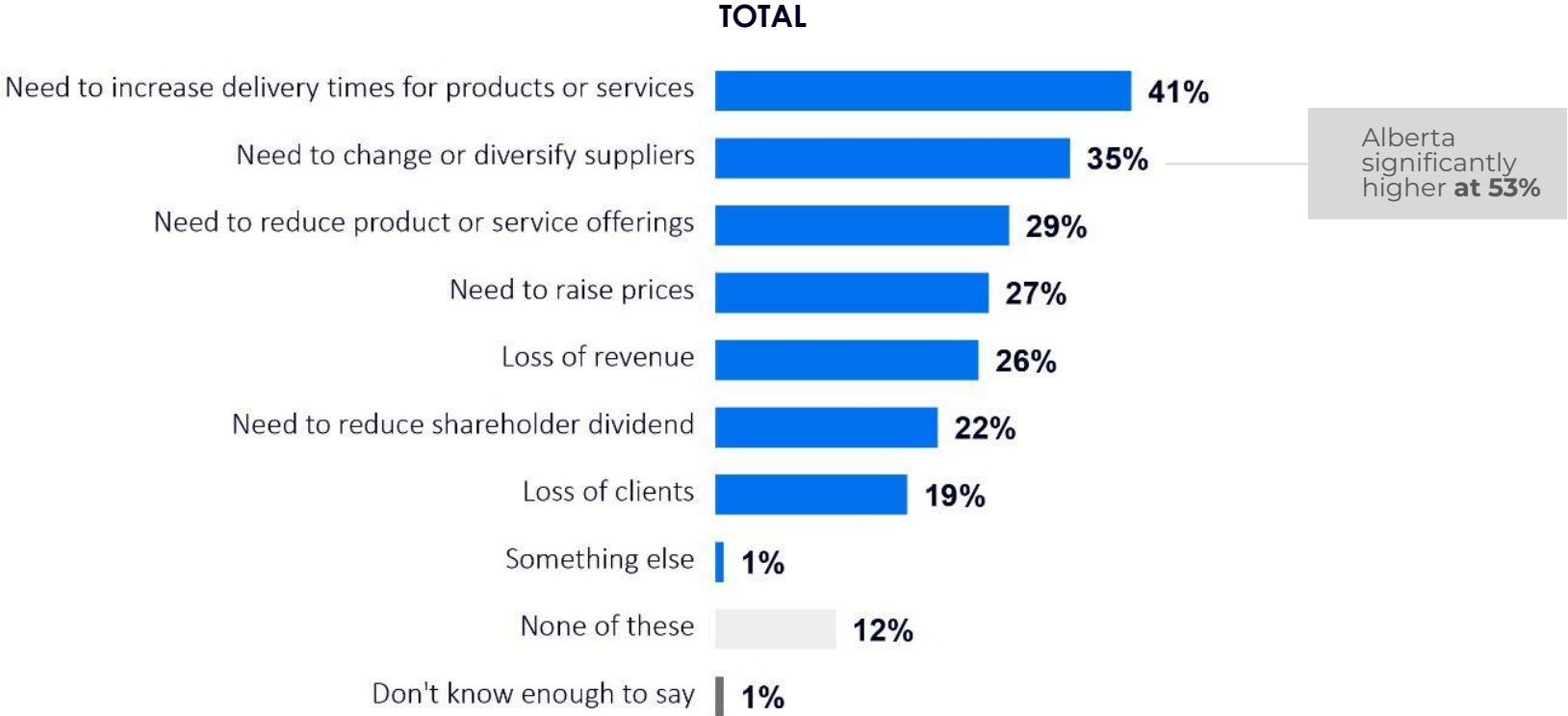
EFFECTS OF RISING INTEREST RATES



Delays are the most common effect of supply chain issues.

The need to increase delivery times for products or services (40%) is the most common impact that supply chain issues are causing for Canadian businesses according to executives. The need to change or diversify suppliers (35%) is also a common issue that firms are facing especially those based in Alberta (53%).

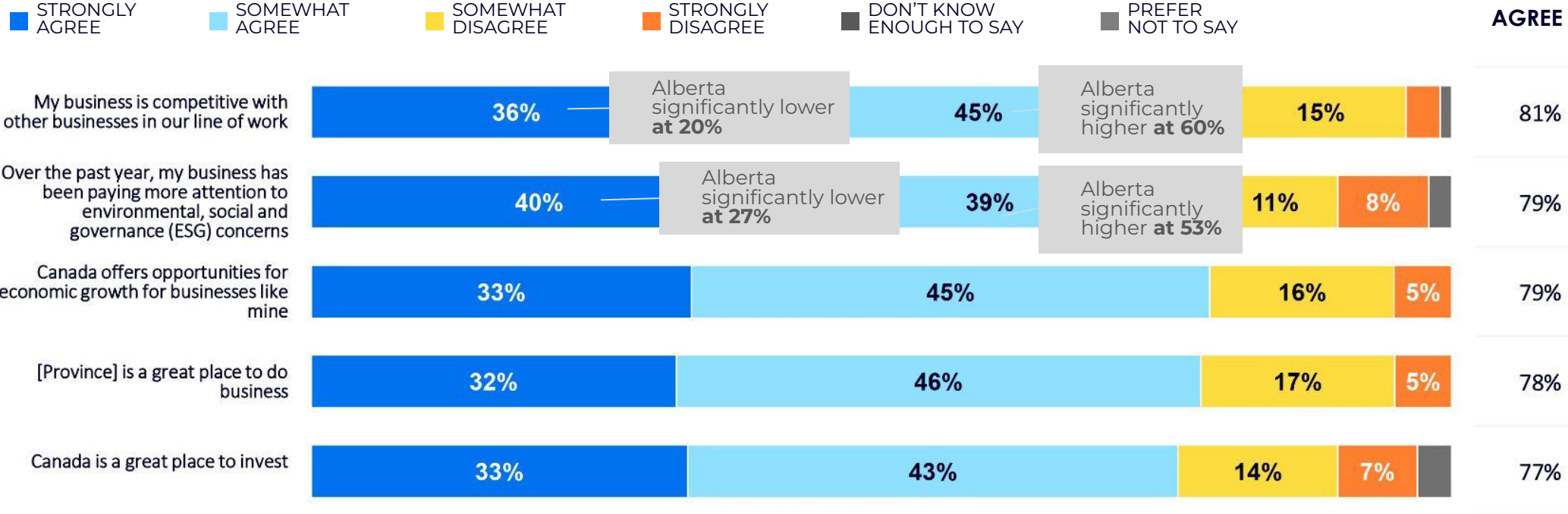
EFFECTS OF SUPPLY CHAIN ISSUES



Canadian business leaders express optimism about their firms and the economy overall

About eight in ten Canadian business leaders say they are competitive with other firms (81%), paid more attention to ESG in the past year (79%), Canada offers growth opportunities for their business (79%) and that the province they're based in is a great place to do business (78%). A solid three quarters (77%) also report they think Canada is a great place to invest.

ECONOMIC SENTIMENT AND OUTLOOK



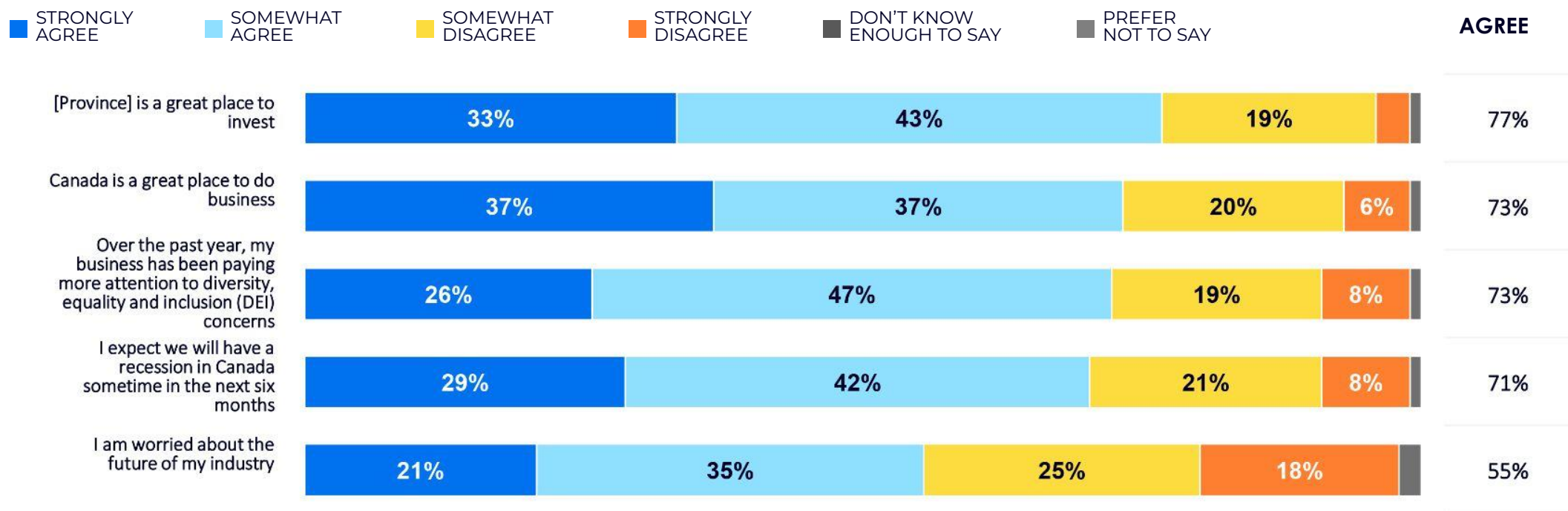
*Data labels <4% not shown
 Base: All respondents (Wave 2 n=150)
 F12. Do you agree or disagree with the following statements?



Canadian business leaders express optimism about their firms and the economy overall (cont.)

Three quarters of business leaders feel the province their firm is headquartered in is a great place to invest (77%), Canada is a great place to do business (73%) and that their firm has paid more attention to DEI concerns in the past year (73%). Seven in ten (71%) expect there will be a recession in Canada in the next six months and just over half (55%) express worry at their industry's future.

ECONOMIC SENTIMENT AND OUTLOOK (CONT.)



*Data labels <4% not shown
 Base: All respondents (Wave 2 n=150)
 F12. Do you agree or disagree with the following statements?

ESG AND DEI

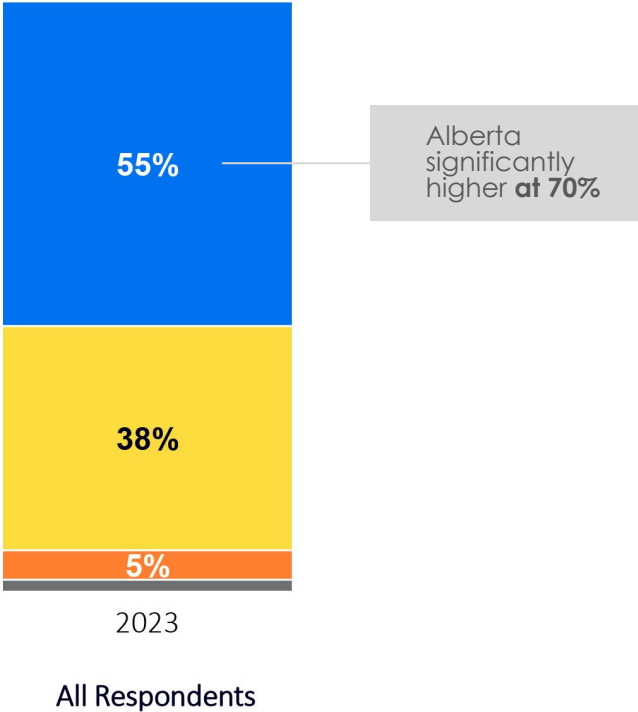


Over half of business leaders feel they outperform on ESG.

Over half (55%) of Canadian business leaders believe that their business is performing better on ESG than their peers. This is especially true for executives of Alberta based businesses who are significantly more likely to report feeling this way (70%).

BUSINESS PERFORMANCE ON ESG

- BETTER
- SAME
- WORSE
- DON'T KNOW ENOUGH TO SAY

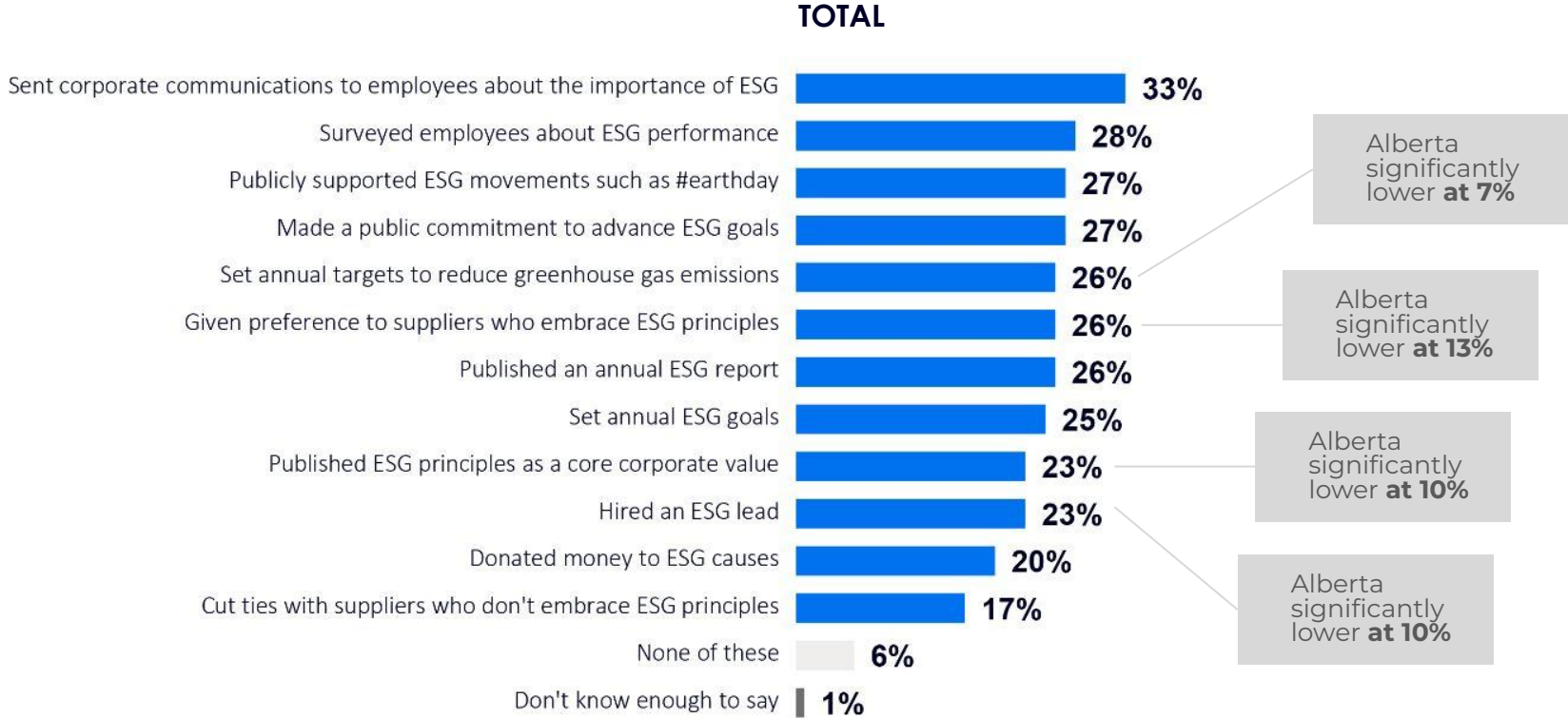


*Data labels <5% not shown
Base: All respondents (Wave 2 n=150), Marginalized Respondents (Wave 2 n=50)
ED1. Compared to peers in your industry, how would you rate your business's performance on ESG?

Most common ESG actions are more performative than concrete.

The most common ESG action Canadian businesses took in the past 12 months was communicating ESG's importance to employees (33%). Other common actions include employee ESG surveys (28%), public support for ESG movements (27%) and public commitment to ESG goals (27%). Alberta based businesses are significantly less likely to take part in some ESG actions like setting annual targets (7%), prefer suppliers who embrace ESG (13%), make ESG a core value (10%) or hire an ESG lead (10%).

ACTIONS TAKEN TO IMPLEMENT ESG PRACTICES

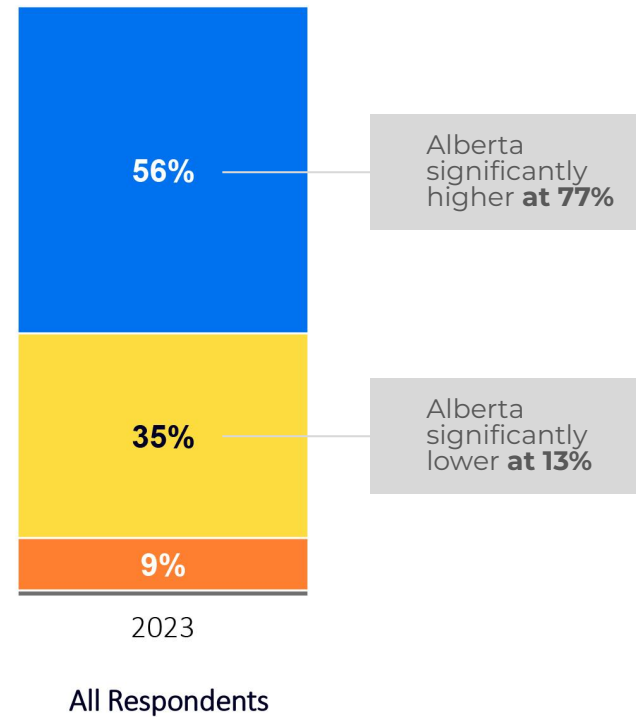


A slim majority of business leaders say they're doing better on DEI.

Just over half (56%) of business leaders think their business is performs better on DEI than their peers. This is higher among business leaders at Alberta based firms (77%).

BUSINESS PERFORMANCE ON DEI

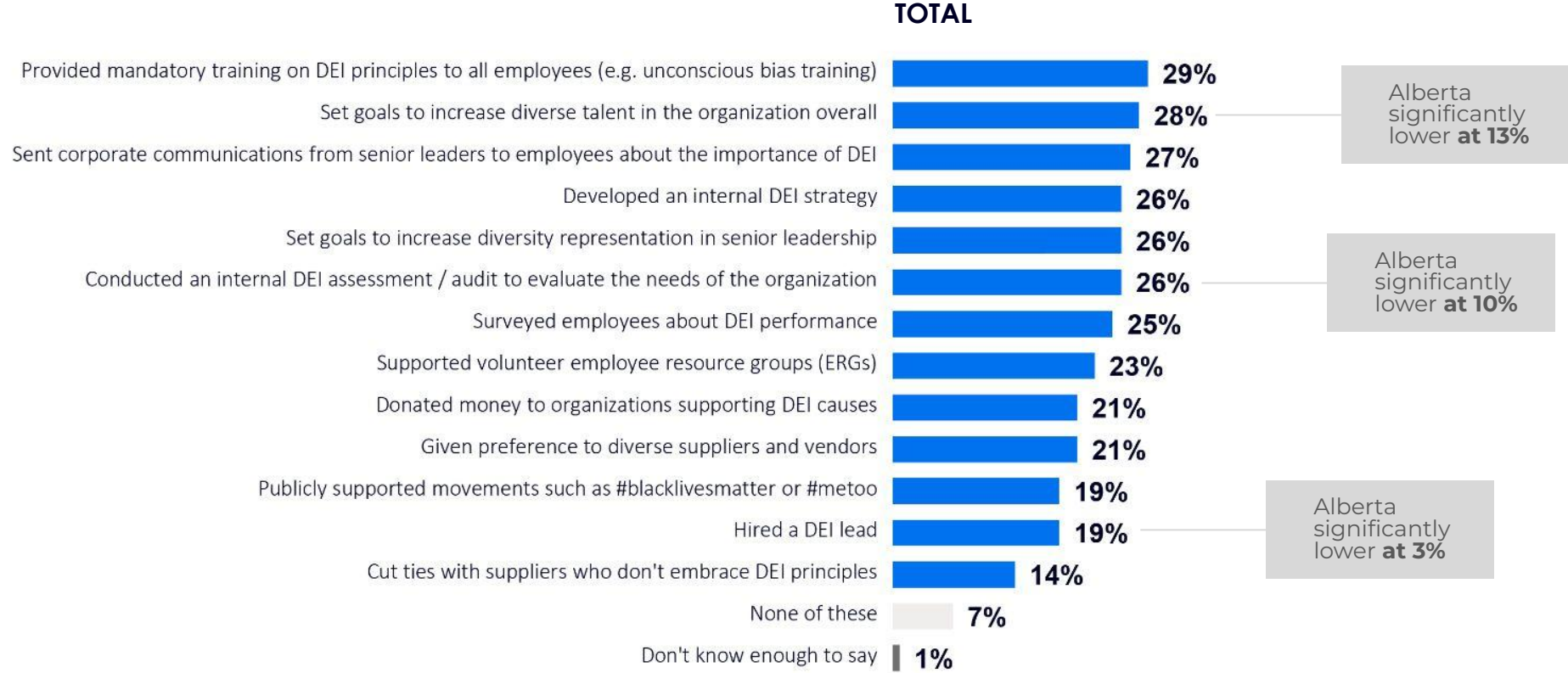
- BETTER
- SAME
- WORSE
- DON'T KNOW ENOUGH TO SAY



Business leaders turn to training as cornerstone of DEI actions.

The top three actions Canadian businesses are taking with respect to DEI are providing mandatory training (29%), setting diversity goals for talent (28%) and communicating DEI's importance to employees (27%). Leaders of Alberta based business report their firms are less likely to set goals to increase diversity (13%), conduct an internal DEI audit (10% vs. 30%) and hire a DEI lead (3%).

ACTIONS TAKEN TO IMPLEMENT DEI PRACTICES

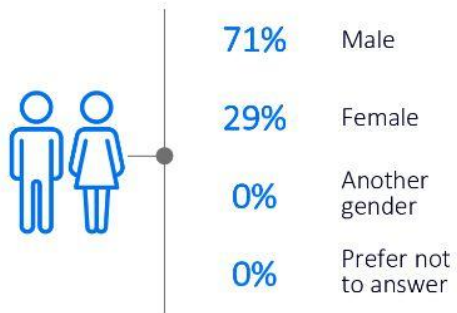


DEMOGRAPHICS

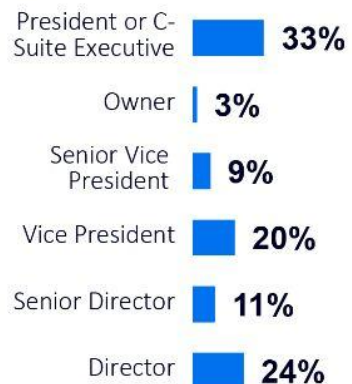


Respondent Demographics

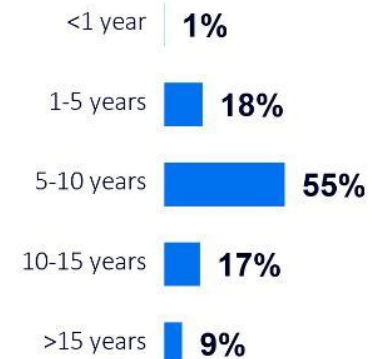
GENDER



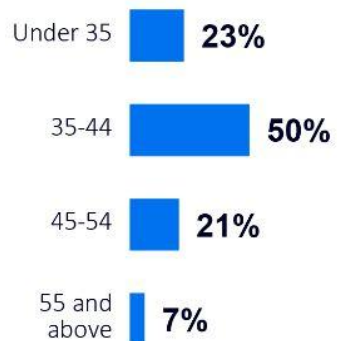
JOB TITLE



CURRENT POSITION TENURE

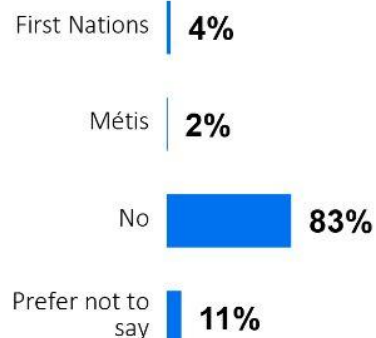


AGE

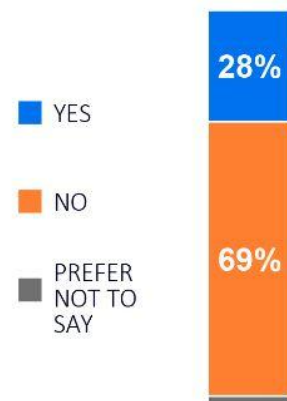


Average age: 40.6

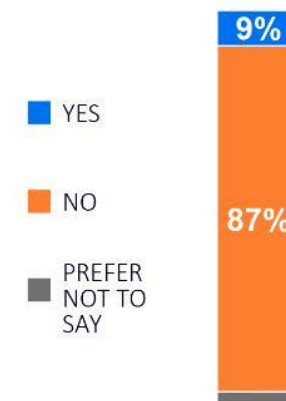
INDIGENOUS PEOPLE



PERSON OF COLOUR



LGBTQ2S+



Business Demographics

BUSINESS TYPE

Publicly traded	31%
Privately owned	63%
Co-operative	5%
Something else (Please specify)	1%

EMPLOYEES NUMBER

Small (10-99)	15%
Medium (100-499)	27%
Large (500+)	59%

CUSTOMER BASE

Business-to-business (B2B)	82%
Business-to-consumer (B2C)	69%

BUSINESS'S PRIMARY SECTOR

Finance and insurance	28%
Manufacturing	27%
Professional, scientific and technical services	10%
Retail trade	7%
Construction	4%
Administrative and support, waste management and remediation services	3%
Health care and social assistance	3%
Information and communications	3%
Real estate and rental and leasing	3%
Arts, entertainment and recreation	2%
Transportation and warehousing	2%
International services	2%
Accommodation and food services	2%
Other	2%

WHERE BUSINESS OPERATE

Ontario	55%
Alberta	30%
Quebec	29%
British Columbia	20%
Nova Scotia	11%
Saskatchewan	11%
Newfoundland and Labrador	10%
Manitoba	9%
New Brunswick	9%
Nunavut	8%
Prince Edward Island	7%
Outside of Canada	7%
Northwest Territories	6%
Yukon	5%

HEAD OFFICE LOCATION

Ontario	49%
Alberta	20%
Quebec	17%
British Columbia	11%
Manitoba	1%
Nova Scotia	1%
Saskatchewan	1%

About ATB

With \$58.5 billion in assets, ATB Financial is an Alberta-built financial institution that is a catalyst for economic growth in our province. We got started in 1938 to help Albertans through tough economic times. Today, ATB Financial's more than 5,000 team members love to deliver exceptional experiences to nearly 800,000 clients through our many branches and agencies, our 24-hour Client Care Centre, four entrepreneur centres and our digital banking options. ATB powers possibility for our clients, Alberta and beyond.

We deliver world-class expertise, deep sector knowledge, and tailored financial solutions to our business, corporate and investment banking clients. With a genuine passion for knowing our clients, shaping their vision for the future and providing specialized expertise, we understand the unique industries our clients work in, and we work alongside them to find the best solutions for their businesses. Discover more at www.atb.com

About Ipsos

Ipsos is the third largest market research company in the world, present in 90 markets and employing more than 18,000 people.

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“Game Changers” – our tagline – summarises our ambition to help our 5,000 clients to navigate more easily our deeply changing world.

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Game Changers

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So that our clients can act faster, smarter and bolder. Ultimately, success comes down to a simple truth:
You act better when you are sure.