



Your Voice

Omnibus Survey

Key final results for August 2024

August Omnibus Survey Insights

Navigating Challenges and Investment Decisions for SMEs

The CFIB's August Your Voice survey was conducted to gather insights into the key challenges and priorities of small and medium-sized enterprises (SMEs) across Canada. The survey aimed to identify the most pressing concerns affecting business operations, investment decisions, and future growth prospects, offering valuable data to inform policymakers and stakeholders about the current state of the SME sector.

Business challenges

The findings reveal that taxes, operational costs—including rent, utilities, insurance, and inputs—and labor costs are the most significant challenges facing small businesses today. These issues highlight the ongoing pressures within the SME sector. Interestingly, the impact of these challenges varies by business size, with smaller businesses disproportionately burdened by taxes and operational expenses, while larger firms contend more with labor costs.

Capital investment

Investment intentions among small businesses present a mixed outlook. Looking ahead to the next two years, 43% of SMEs plan to maintain their current level of investment in capital purchases, such as machinery, equipment, software, and buildings. However, a concerning trend is emerging, with one-third of businesses expecting to reduce their capital expenditures. This potential downturn in investment poses a significant risk to Canada's productivity growth, particularly in key sectors such as agriculture and wholesale, where 43% and 35% of businesses, respectively, are expected to cut back on capital purchases.

These investment challenges are further compounded by broader economic and policy conditions. A substantial 71% of businesses cite the current economic environment, and 62% highlight policy challenges as key deterrents investing in machinery and equipment. The main driver to investment in machinery and equipment is to maintain operational stability, such as the maintenance and replacement of existing assets. Equipment costs remain the top concern, cited by 69% of businesses, followed by the overall high cost of doing business (56%) and cash flow constraints (50%).

Understanding and addressing the challenges SMEs face is crucial for ensuring their continued success and growth, while safeguarding their role in driving Canada's economy.



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Methodology

Your Voice August 2024

Type: An omnibus, controlled-access online CFIB survey.

Active dates: August 8 - 21, 2024.

Final results: Based on responses from 2,331 CFIB members who are owners of Canadian independent businesses, from all sectors and regions of the country.

For comparison purposes, a probability samples with the same number of respondents would have a margin of error of +/-2.03%, 19 times out of 20.

Highlights

Business Challenges

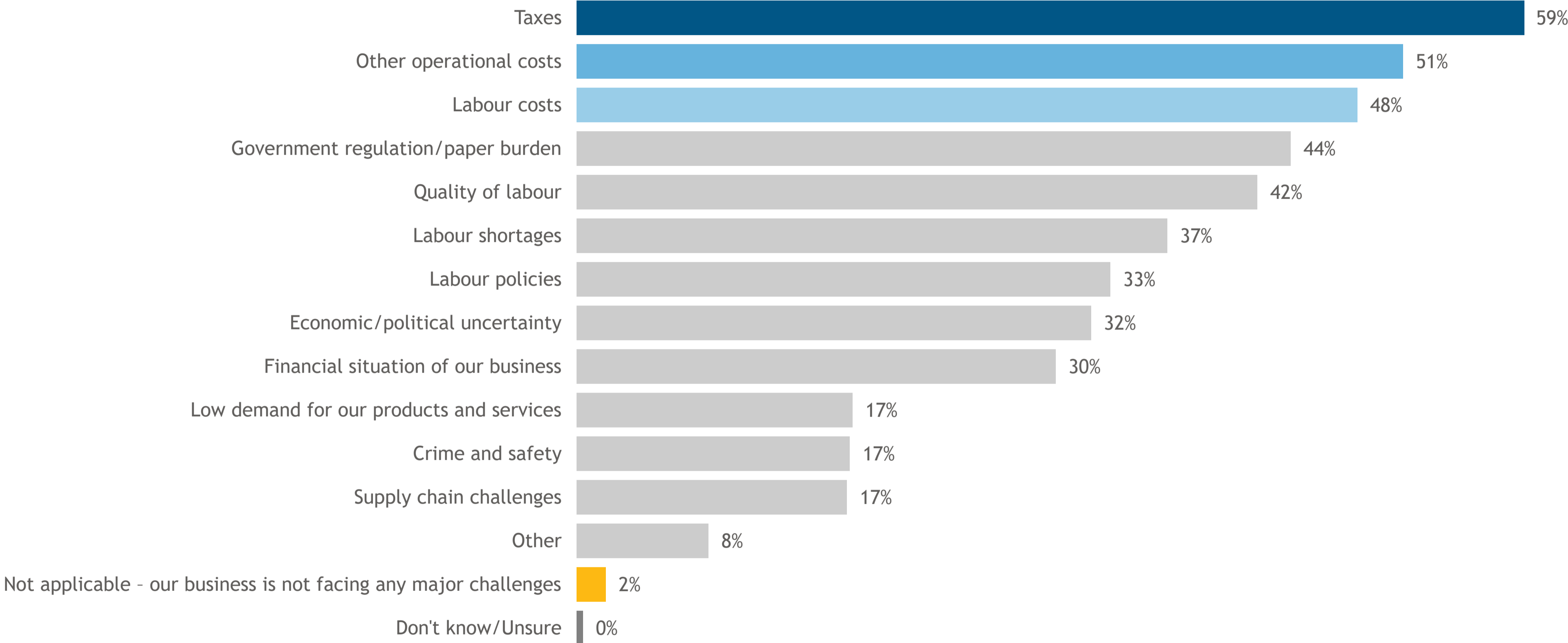
- Taxes (59%), operational costs (51%), and labour costs (48%) are the biggest challenges small businesses are currently facing.

Capital Investment

- 2 in 5 businesses anticipate their capital purchases to remain steady over the next 2 years, while nearly a third (32%) anticipate a decrease compared to the previous 2 years, and nearly 1 in 5 foresee an increase.
- The current economic (71% net agree) and policy environments (62% net agree) are strong deterrents for businesses considering additional investment in machinery and equipment. More than half (55% net agree) of SMEs invest in machinery and equipment primarily to maintain operational stability.
- Equipment costs (69%), the high costs of doing business (56%) and cash flow constraints (50%) are the primary challenges businesses face when deciding to invest in machinery and equipment.

Business challenges

Biggest challenges currently facing small businesses: taxes (59%), operational costs (51%), and labour costs (48%).



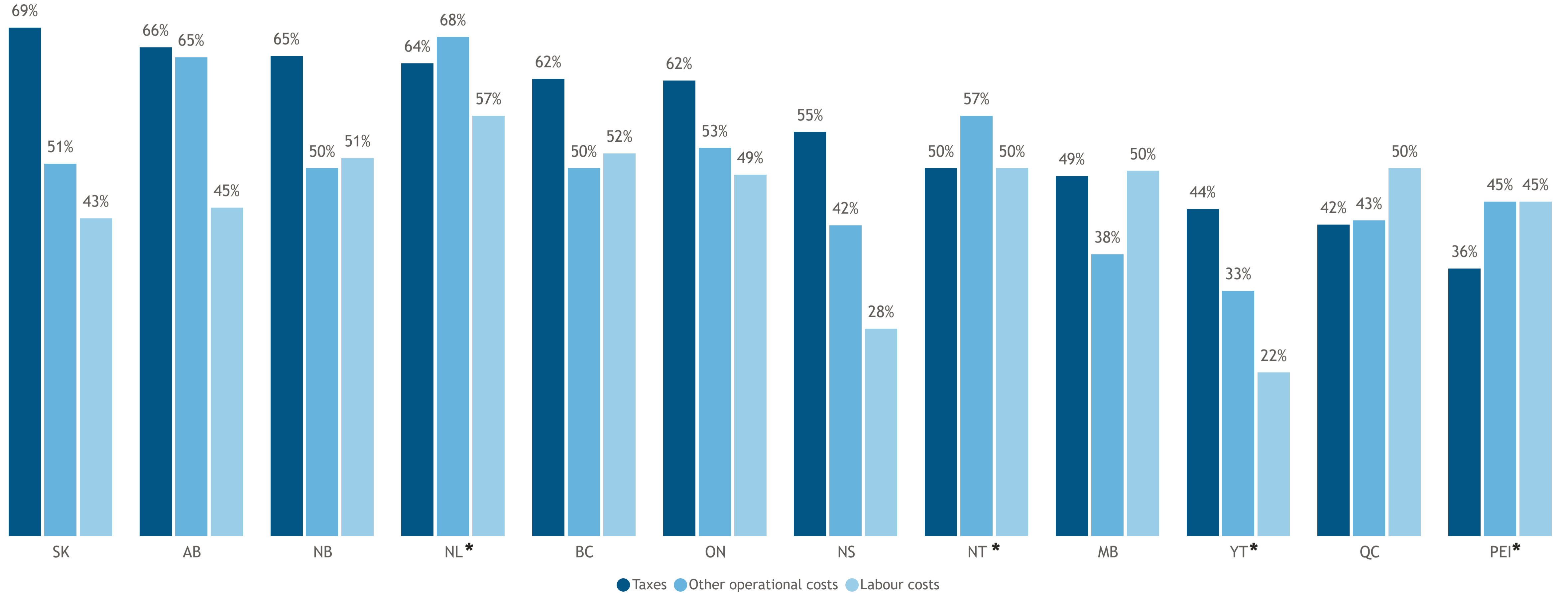
Question: What are the biggest challenges your business is facing right now? (Select all that apply)

Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

2,329 Responses



Taxes are particularly challenging for small businesses in Saskatchewan (69%), Alberta (66%), and New Brunswick (65%).



Question: What are the biggest challenges your business is facing right now? (Select all that apply)

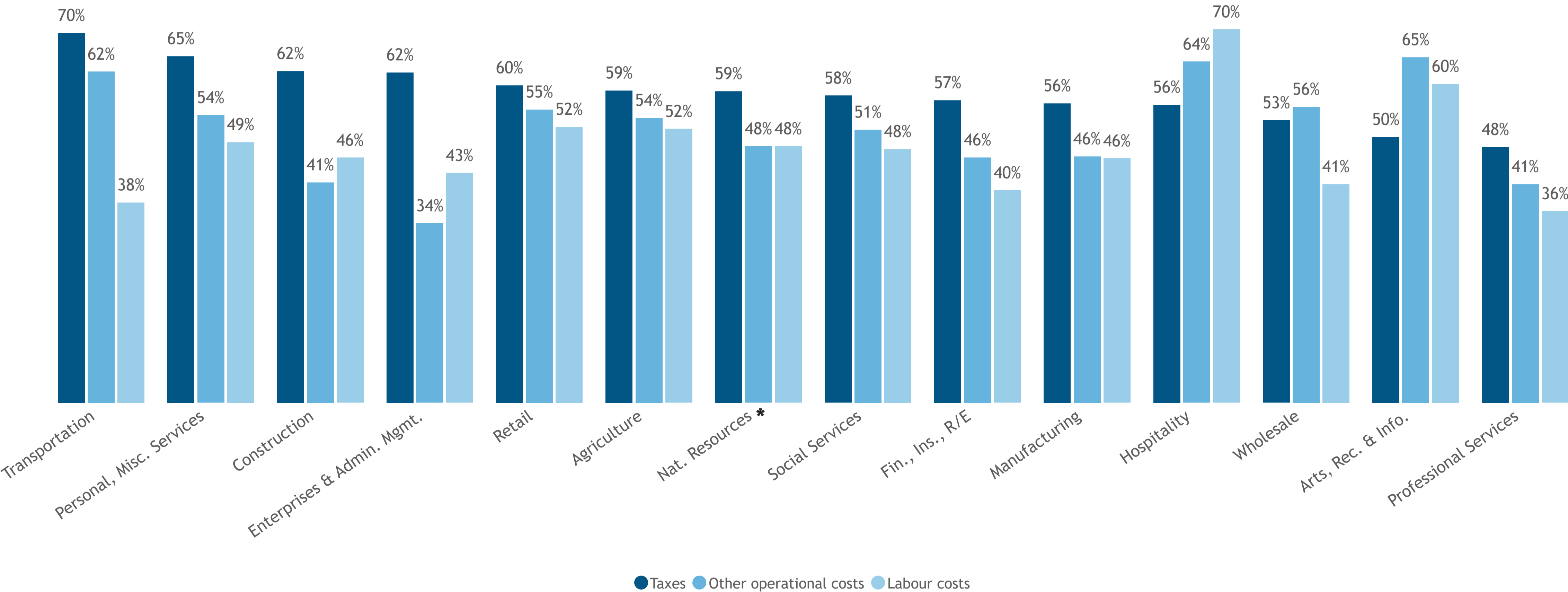
Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

Note: *Small sample size (<40)

2,329 Responses



Predominant sectors stating taxes as their top challenge include transportation (70%), personal, misc. services (65%), construction (62%) and enterprises and admin management (62%). Labour costs are highest in the hospitality (70%), and arts, recreation & information (60%) sectors.



Question: What are the biggest challenges your business is facing right now? (Select all that apply)

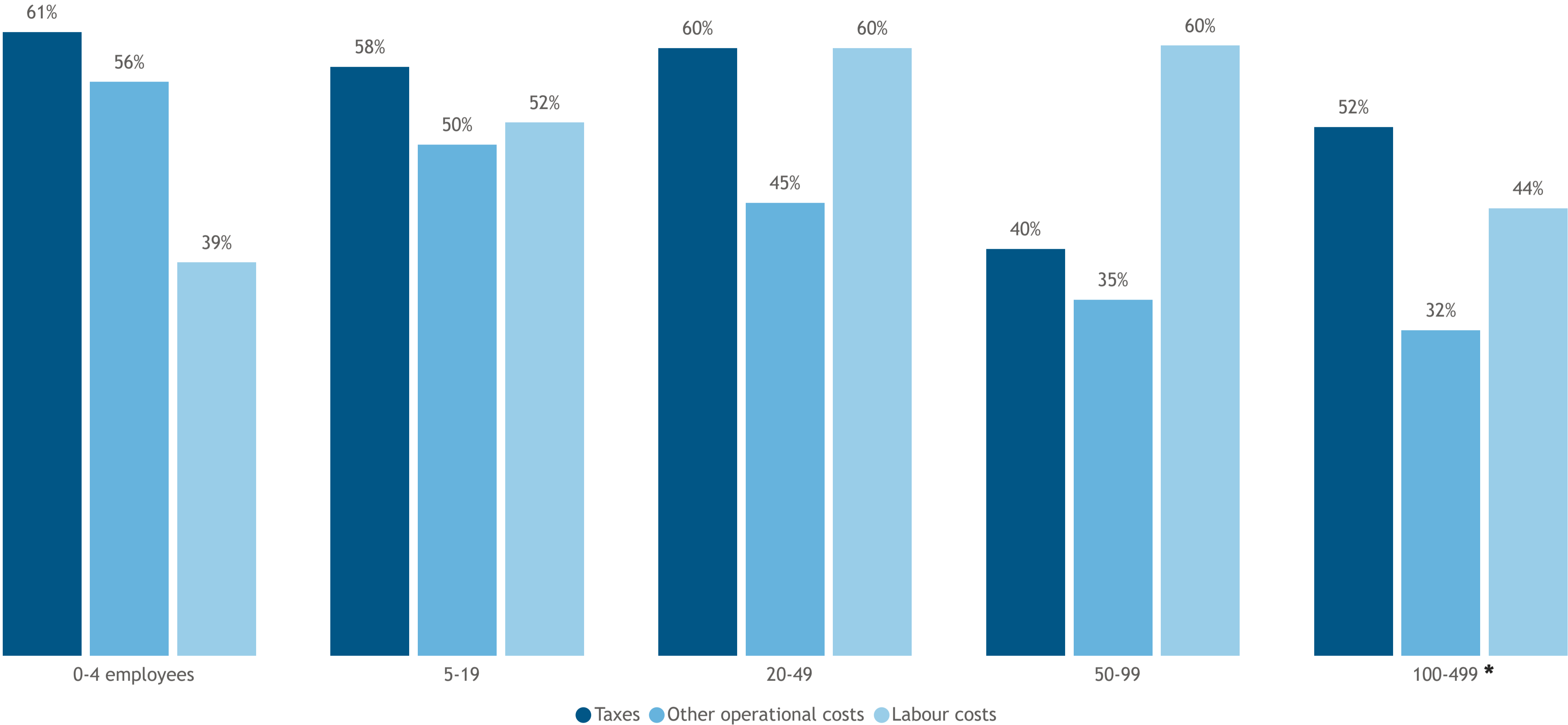
Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

Note: *Small sample size (<40)

2,329 Responses



Tax challenges decrease with business size: **61%** of micro businesses (0-4 employees) find it challenging, compared to **40%** of those with 50-99 employees. The larger the business, the less challenging their operational costs, but the higher their labour costs.



Question: What are the biggest challenges your business is facing right now? (Select all that apply)

Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

Note: *Small sample size (<40)

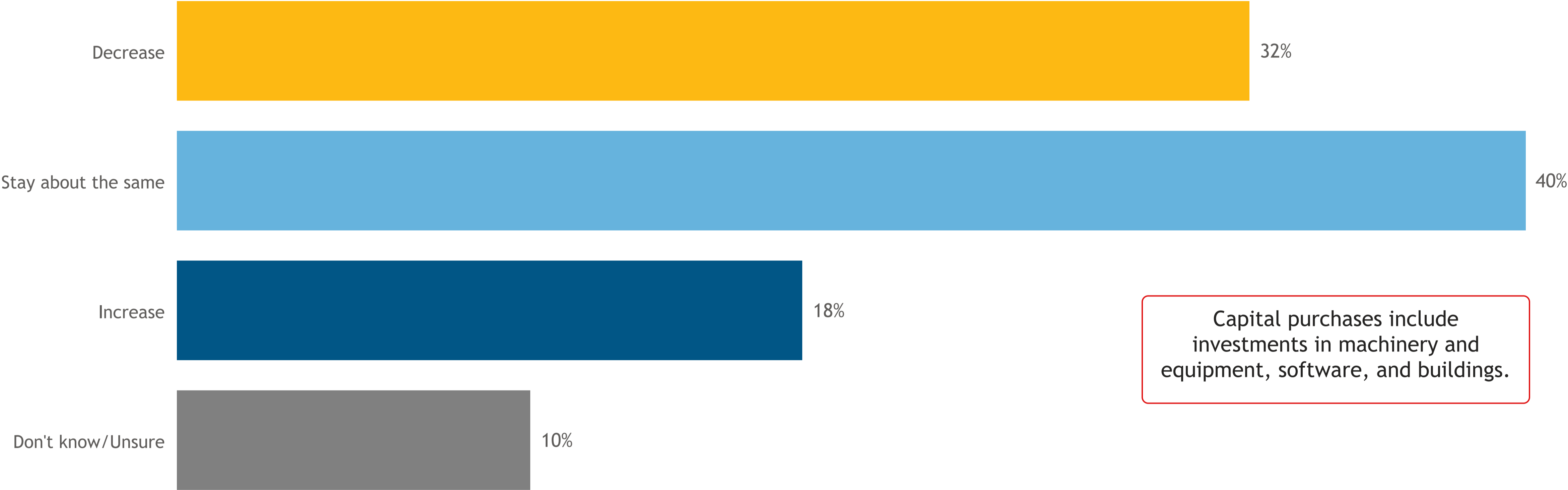
2,329 Responses



Capital investment

Regarding capital purchases over the next 2 years, **2 in 5** businesses anticipate purchases to remain steady, while a third (**32%**) anticipate a decrease.

Capital purchase decisions over the next 2 years, compared to the last 2 years

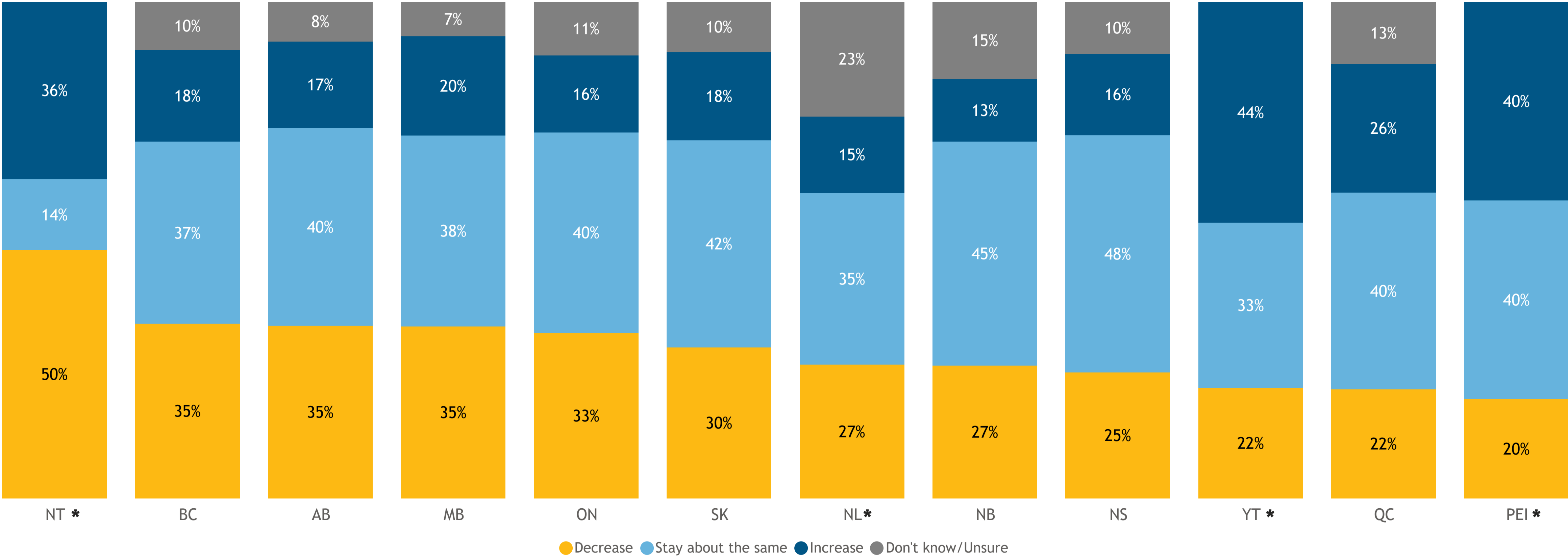


Question: Compared to the past 2 years, how do you anticipate your capital purchases will change over the next 2 years? (Select one)

Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

2,213 Responses

British Columbia (35%), Alberta (35%), Manitoba (35%), Ontario (33%) are expected to see the most significant decreases in capital purchases over the next two years.



Question: Compared to the past 2 years, how do you anticipate your capital purchases will change over the next 2 years? (Select one)

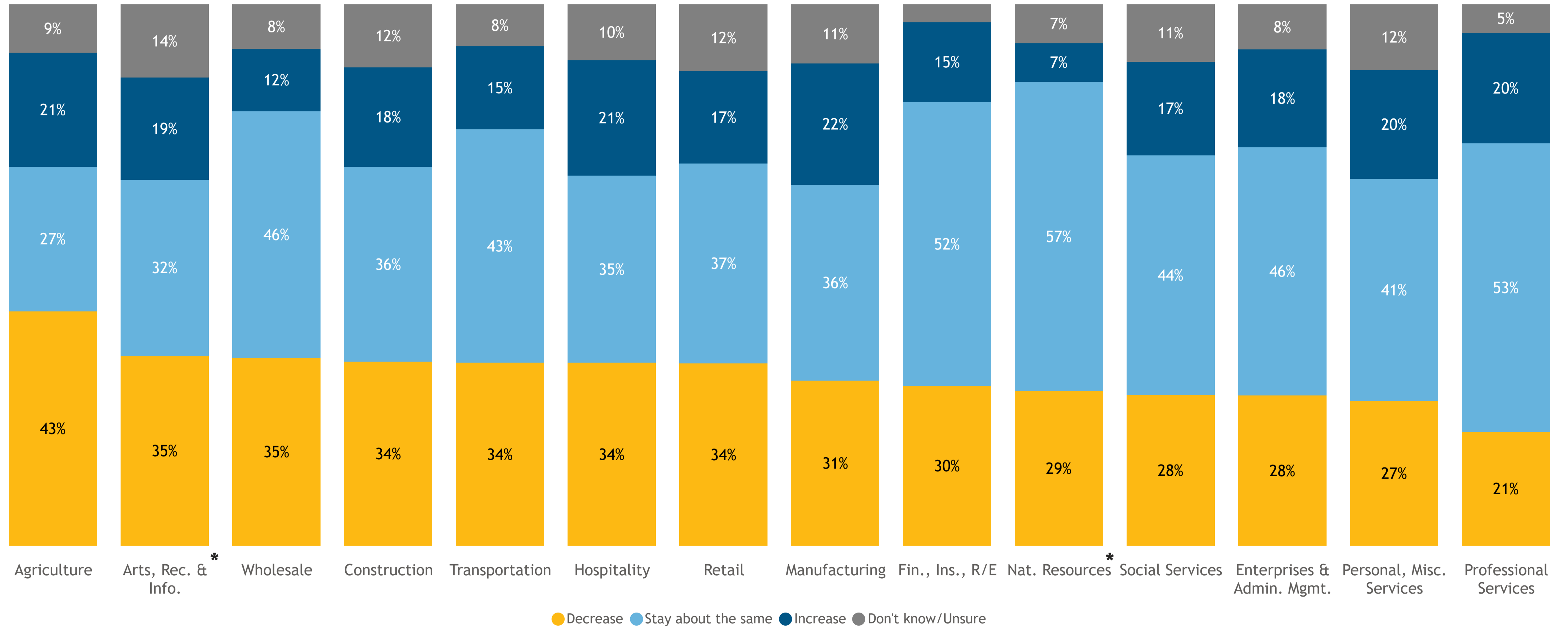
Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

Note: *Small sample size (<40)

2,213 Responses



The agriculture (43%) and wholesale (35%) sectors are expected to see the most significant decreases in capital purchases over the next two years.



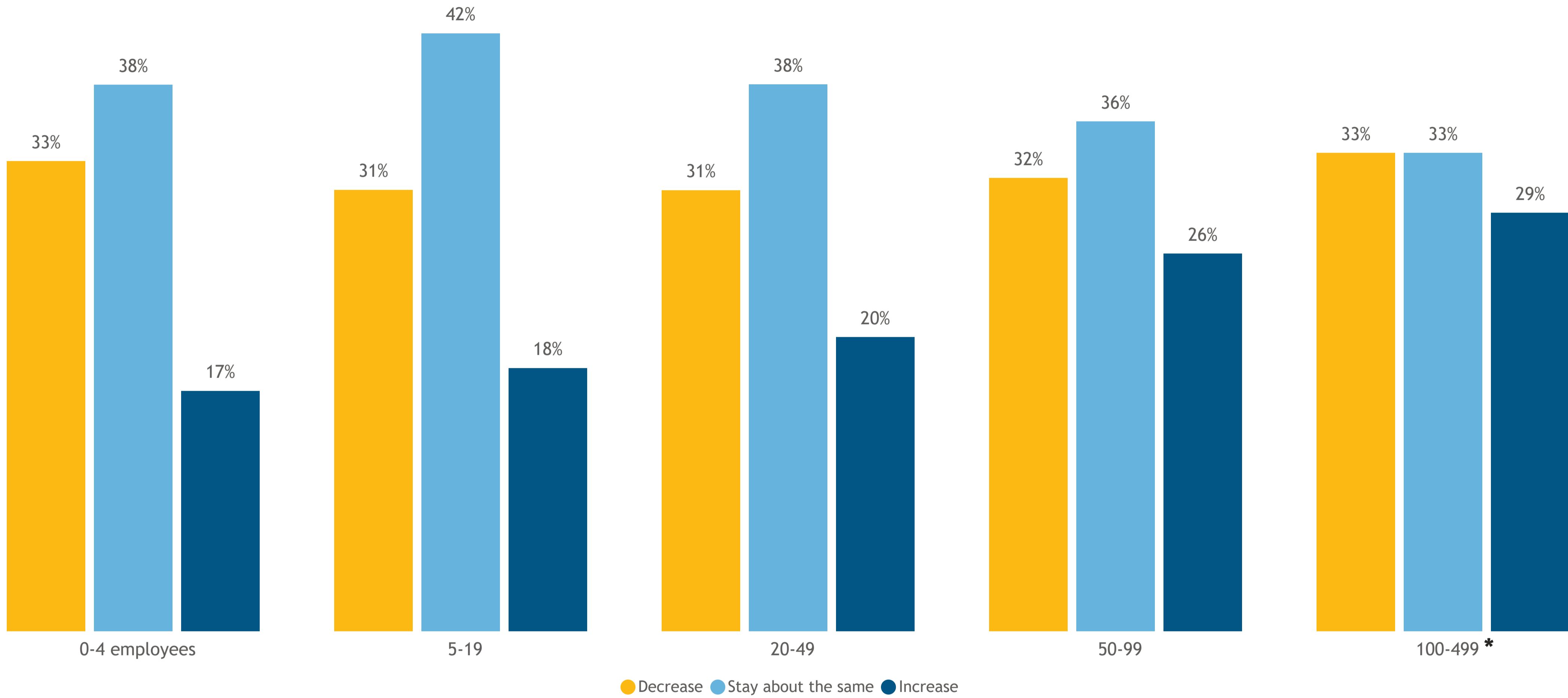
Question: Compared to the past 2 years, how do you anticipate your capital purchases will change over the next 2 years? (Select one)

Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

Note: *Small sample size (<40)

2,213 Responses

Decreases in capital purchases are consistent across business size. While larger businesses are more likely to anticipate an increase.



Question: Compared to the past 2 years, how do you anticipate your capital purchases will change over the next 2 years? (Select one)

Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

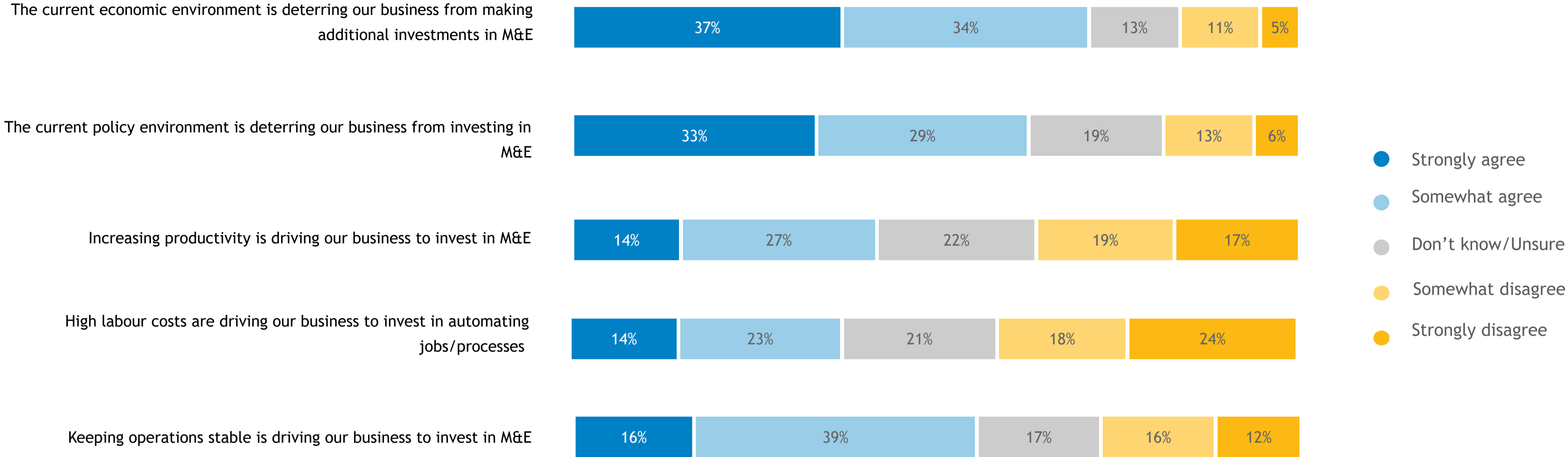
Note: *Small sample size (<40)

2,213 Responses



Deterrents to investments in machinery and equipment (M&E) include the current economic (**71% net agree**) and policy environments (**62% net agree**). **Drivers** to investments in M&E include maintaining operations stable (**55% net agree**), increasing productivity (**41% net agree**), and high labour costs (**37% net agree**).

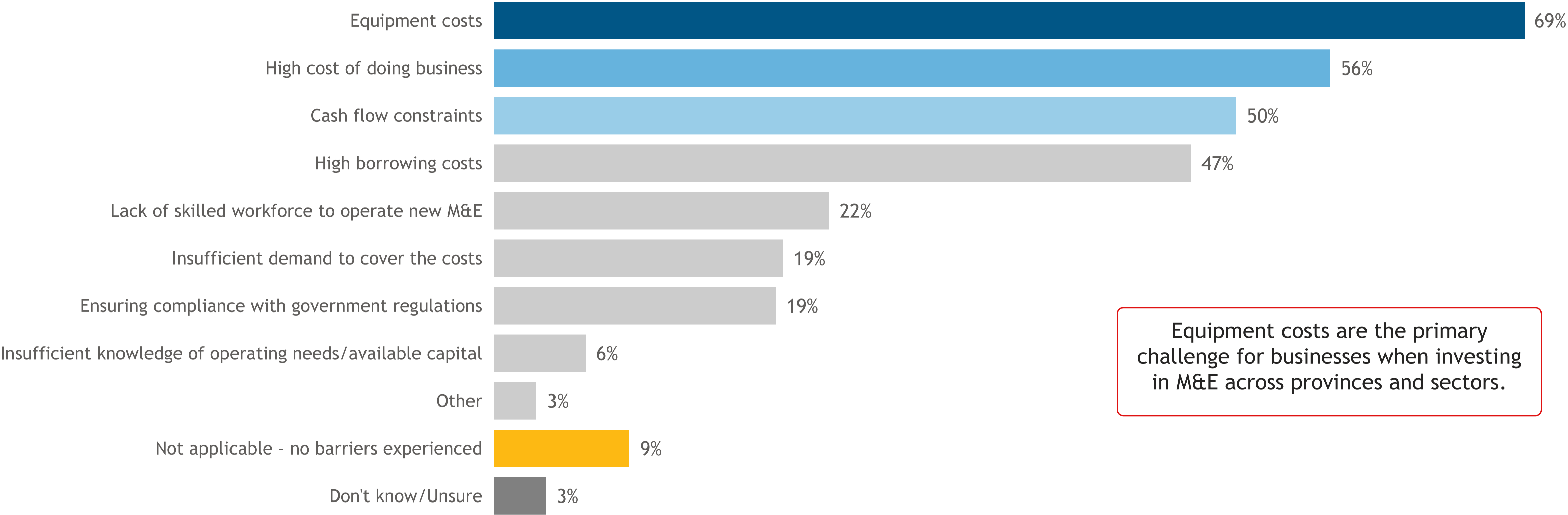
Small business perspective on investments in machinery and equipment



Question: To what extent do you agree or disagree with the following statements regarding your business’s investment(s) in machinery and equipment (M&E)? (Select one for each line)

Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024. N = 2,032 to 2,050

The primary challenges businesses face when deciding to invest in machinery and equipment (M&E) are equipment costs (69%), the high costs of doing business (56%) and cash flow constraints (50%).



Equipment costs are the primary challenge for businesses when investing in M&E across provinces and sectors.

Question: What challenges does your business encounter when deciding to invest in new machinery and equipment? (Select all that apply)

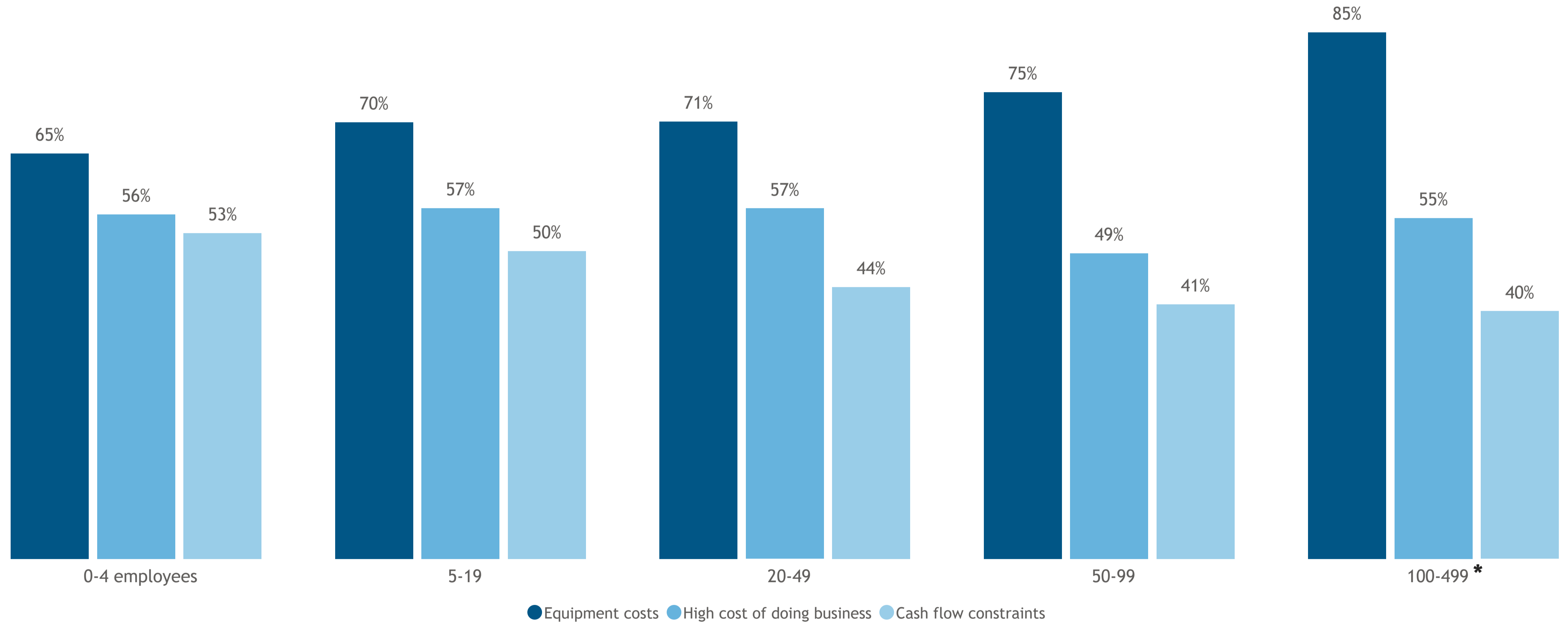
Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

Note: Inability to write off PST is not shown.

2,035 Responses



The larger the business the more likely it is to face higher equipment costs but the less likely it is to experience cash flow constraints.



Question: What challenges does your business encounter when deciding to invest in new machinery and equipment? (Select all that apply)

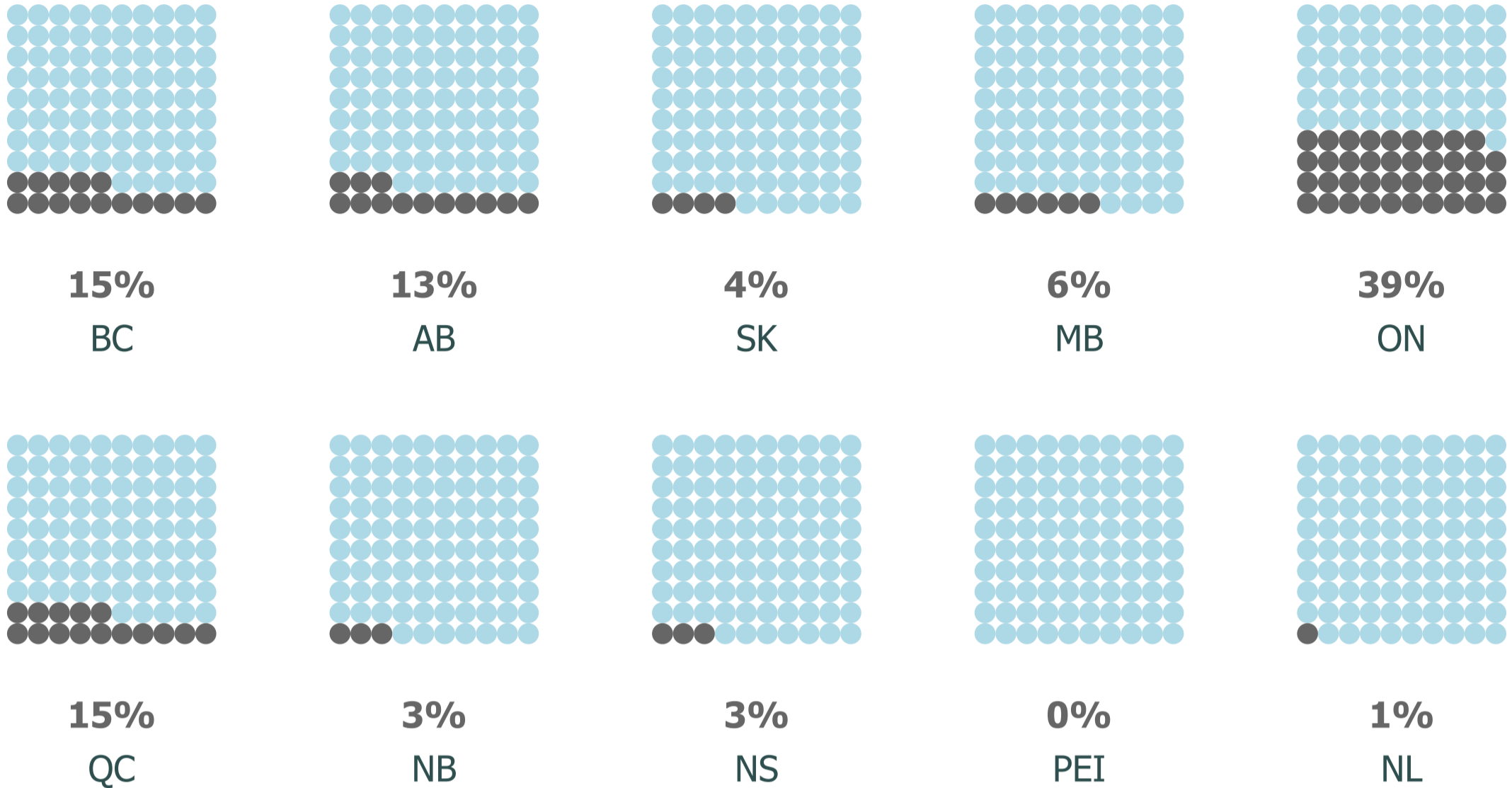
Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

Note: *Small sample size (<40)

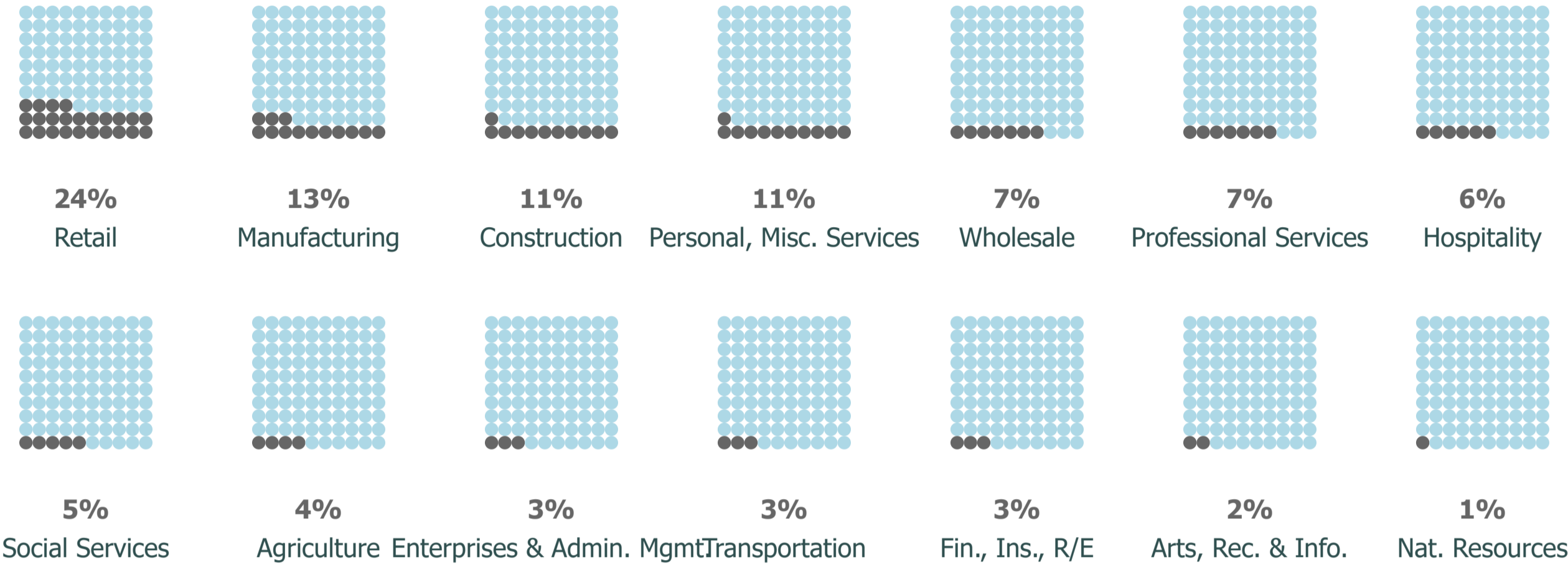
2,035 Responses

Sample distribution

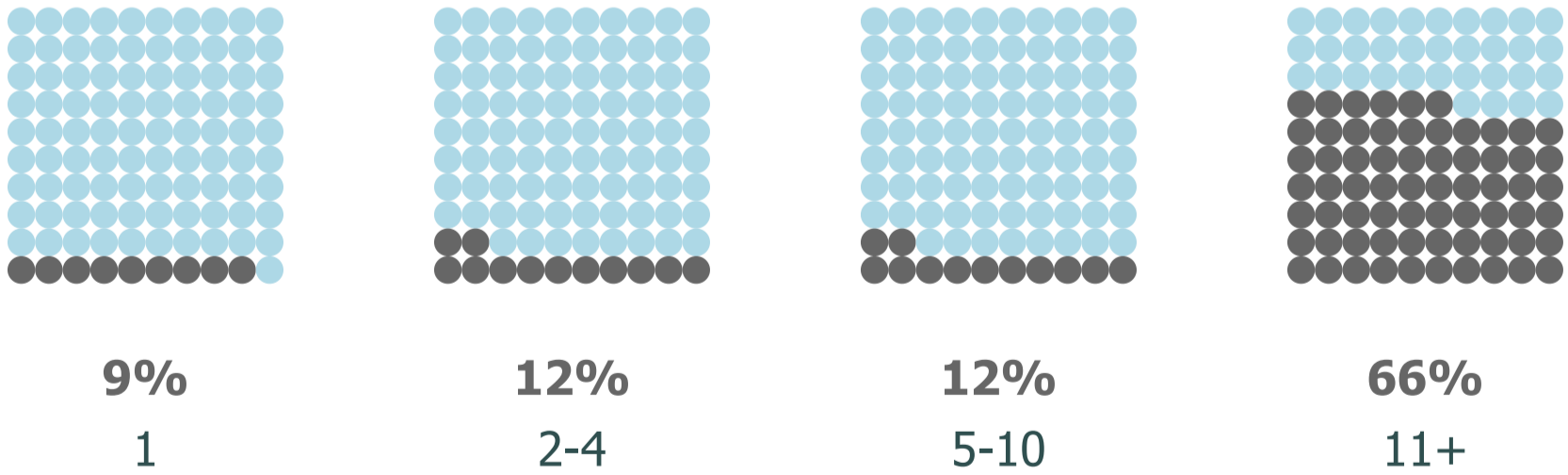
By province



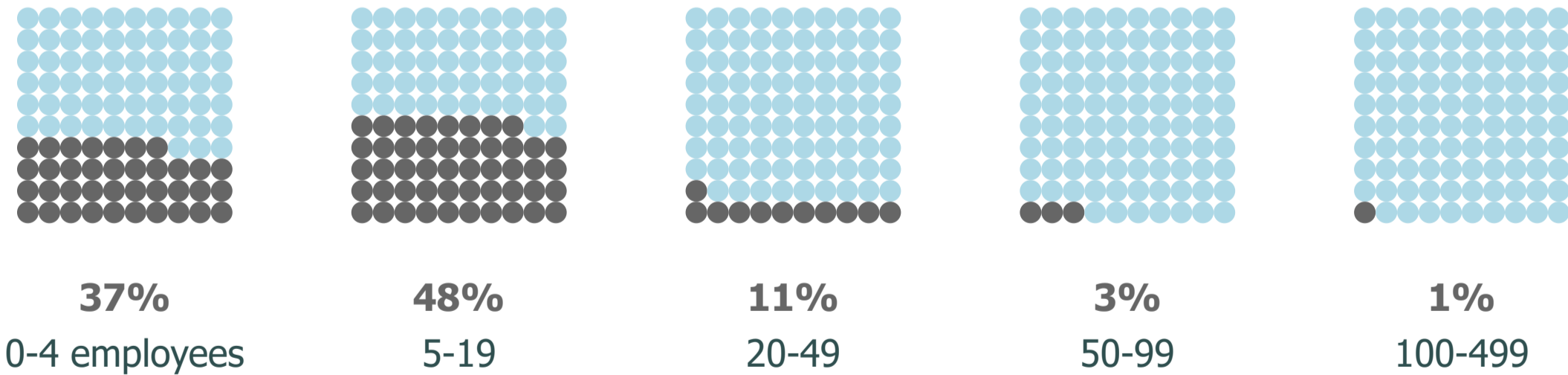
By sector



By year(s) in business

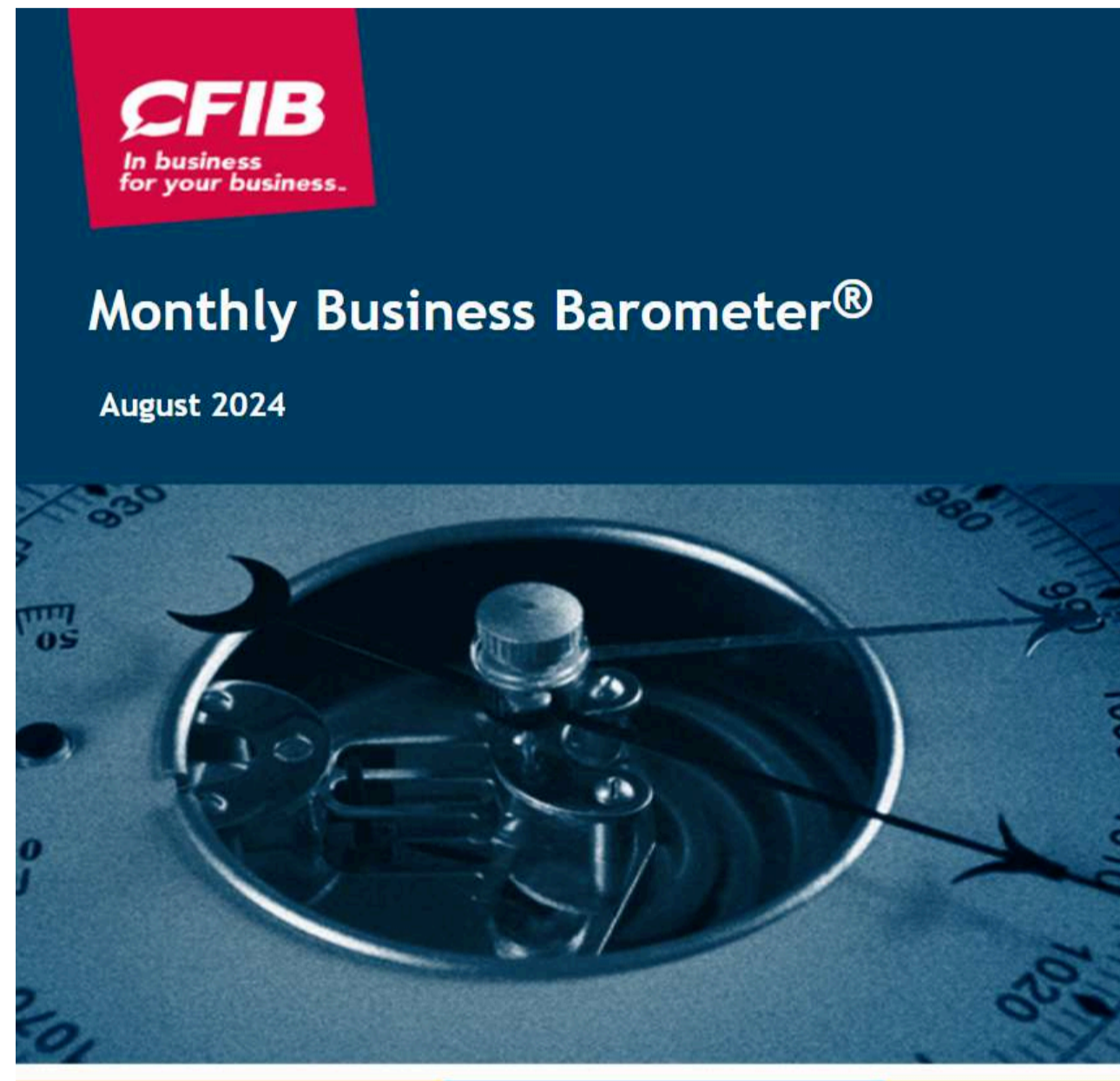


By no. of employees



Source: CFIB, Your Voice - August 2024 survey, August 8-21, 2024.

CFIB Research Publications and Business Stats



Monthly Business Barometer®

Our monthly survey tracks small business confidence, expectations and operating conditions in Canada.



Enterprise Pulse

Q2 2024 - Entrepreneurship in Canada is improving, but still not fully back to pre-pandemic strength.



Private Sector Job Vacancies in Canada

The job vacancy rate in Canada's private sector in Q1 2024 dropped to 3.5%, slowly approaching its 2019 level (3.3%).

Questions or data requests

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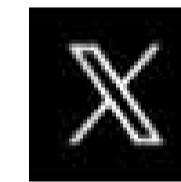


Additional information

All CFIB research



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