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But Workforce Hiring Outlook Softening as 50% of CEOs Indicate They'll Expand Workforce, 14% Say They'll Downsize



Canada's Most
Respected
Corporations

8th Annual Survey, 2002

Public Release Date: Wednesday, January 22nd, 2003 - 6:00 a.m. EST

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But Workforce Hiring Outlook Softening as 50% of CEOs Indicate They'll Expand Workforce, 14% Say They'll Downsize

Toronto, ONTARIO (Wednesday, January 22nd, 2003) – A majority of Canada's CEOs (71%) are confident that their own company is likely to do financially better in 2003 than it did last year – up from 64 percent who expressed the same view in 2001 about the 2002 outlook. Many CEOs are also confident that their workforce will continue to expand – 50 percent say this is likely over the next two years with only 14 percent expecting their workforce to be downsized. Thirty-five percent say that their national workforce expectations remain unchanged. While encouraging, this expansion optimism has been steadily in decline – down from 62 percent in 1999.

These are the findings from the Eighth Annual Canada's Most Respected Corporations Survey sponsored by KPMG and conducted by Ipsos-Reid. The survey was conducted between August 6th and November 30th, 2002. The survey involved a randomly selected sample of 314 of the leading CEOs in Canada. With a sample of this size, the results are considered accurate to within ± 4.7 percentage points, 19 times out of 20. The margin of error will vary within regions and for other sub-groupings of the survey population.

Majority (71%) Confident That Their Company Will Do Financially Better Than Last Year

A majority (71%) of CEOs indicate that they will do financially better in 2003 than they did in 2002. This is up from 64 percent in 2001, but continues to be lower than the 85 percent who expressed this view in 2000 and 75 percent who did so in 1999. Only eight percent indicate that the financial outlook is likely to be worse than last year (down from 18% in 2001) while

21 percent (up from 18% in 2001) indicate the financial outlook will likely be the same as last year.

Workplace Expansion Steady But in Long Term Decline

In terms of their Canadian workforce over the next two years, 50 percent of CEOs indicate that they will likely be expanding. This represents a continued and steady decline in expectations since 1999 when 62 percent indicated workplace expansion plans, followed by 63 percent in 2000 and 57 percent in 2001. As for downsizing, 14 percent of CEOs see this in their plans for the next two years – almost exactly the same number for the last four years. The bottom line: half expect to hire more, about a third are likely to stand pat and one-in-ten are likely to trim the ranks.

But Workers are Still Tough To Find

In a business economy which has boomed in the last year and produced some of the lowest unemployment rates in the last decade, Canada's CEOs continue to feel the pinch of a scarce employment marketplace. Seven-in-ten (68%) indicate that it's difficult to find people who have the skills they need for their company. This is consistent with the trend established in 1999 where 55 percent had this point of view (growing to 61% in 2000 and topping out at 70% in 2001). This year's results indicate 32 percent that don't have any difficulty finding people compared with 29 percent in 2001, 38 percent in 2000 and 44 percent in 1999.

Increased Business Spending Anticipated By 46% of CEOs - Down from 52% Last Year

Spending intentions soften compared with last year as 46 percent of CEOs indicate that they'll be increasing their business spending over the next 12 months (down from 52% in 2001). This contrasts with 16 percent who indicate that business spending is likely to decrease (statistically unchanged from 17% in 2001), and 37 percent who indicate that their business spending will likely remain the same, up from 29 percent in 2001.

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