

# **SIX IN TEN CEOs (60%) ARE CONFIDENT THEIR WORKFORCE WILL EXPAND OVER NEXT TWO YEARS (UP 9 POINTS FROM LAST YEAR)**

*And Most Expect Their Company To Do “Financially Better Next  
Year” (68%) And “Plan To Increase Business Spending” (55%)  
But Four In Ten CEOs (40%) Expect Inflation To Increase In 2005,  
With Globalization And Taxes Being The Most Serious Issues  
Facing Canadian Business Today*



**Public Release Date: January 26<sup>th</sup>, 2004 at 6:00 a.m. (EST)**

---

*Ipsos-Reid is Canada's market intelligence leader and the country's leading provider of public opinion research. With operations in eight cities, Ipsos-Reid employs more than 300 researcher professionals and support staff in Canada. The company has the biggest network of telephone call centres in Canada, as well as the largest pre-recruited household and on-line panels. Ipsos-Reid's*

*Canadian marketing research and public affairs practices are staffed with seasoned research consultants with extensive industry-specific backgrounds, offering the premier suite of research vehicles in Canada – including the Ipsos Trend Report, the leading source of public opinion in the country – all of which provide clients with actionable and relevant information. Ipsos-Reid is an Ipsos company, a leading global survey-based market research group. To learn more, visit*

*[www.ipsos.ca](http://www.ipsos.ca)*

*For copies of other news releases, please visit*

*<http://www.ipsos-na.com/news/>*

---

© Ipsos-Reid

*Washington • New York • Minneapolis • San Francisco  
Vancouver • Edmonton • Calgary • Winnipeg • Toronto • Ottawa • Montreal*

## **SIX IN TEN CEOs (60%) ARE CONFIDENT THEIR WORKFORCE WILL EXPAND OVER NEXT TWO YEARS (UP 9 POINTS FROM LAST YEAR)**

***And Most Expect Their Company To Do “Financially Better Next  
Year” (68%) And “Plan To Increase Business Spending” (55%)***

***But Four In Ten CEOs (40%) Expect Inflation To Increase In 2005,  
With Globalization And Taxes Being The Most Serious Issues Facing  
Canadian Business Today***

**Toronto, ONTARIO** – Despite a climbing dollar, escalating oil prices, and other concerns about the future of the Canadian economy, six in ten CEOs in Canada (60%) say their workforce is likely to expand over the next two years (up sharply from 51% of CEOs who said this last year), and only 10% expect their workforce to be downsized. One-third (31%) say that their national workforce expectations remain unchanged.

Further, a good majority of Canadian CEOs (68%) are also confident that their own company is likely to do financially better in 2005 than it did last year (although this is down slightly from 72% who expressed this same view in 2003 about the 2004 outlook).

And over half (55%) of CEOs plan to increase business spending in the coming year, (consistent with the 53% who in 2003 indicated they would be increasing business spending in 2004). Only 6% of CEOs indicate that their business spending is likely to decrease, and 38% indicate that their business spending will likely remain the same.

But there are some underlying anxieties within the Canadian CEO community, as four in ten CEOs (40%) say that they expect the rate of inflation in Canada to “increase” in 2005, up by an impressive 24 points from the 16% of CEOs who thought this last year about 2004. And, while still a majority, a much smaller proportion of CEOs (58%) feel that inflation will “stay

about the same" during 2005 (down 17 points from 75% who thought this last year about 2004).

*These are the findings from the Tenth Annual Canada's Most Respected Corporations Survey sponsored by KPMG and conducted by Ipsos-Reid. The survey was conducted between September and November, 2004. The survey involved interviews of 263 of the leading CEOs in Canada.*

### ***Six In Ten CEOs (60%) Feel Their Workforce Will Likely Expand Over Next Two Years – Up Sharply From 51% Who Said This Last Year...***

When considering their Canadian workforce over the next two years, 60% of CEOs indicate that they will likely be expanding, up 9 points from 51% in 2003. As for downsizing, 10% of CEOs see this in their plans for the next two years – almost exactly the same number for the last six years.

### ***Seven in Ten (68%) Confident That Their Company Will Do Financially Better Than Last Year...***

A majority (68%) of CEOs expect that their company will do financially better in 2005 than it did in 2004. This is down slightly from the 72% who held this view in 2003 looking forward to 2004.

Only 6% indicate that the financial outlook is likely to be worse than last year (5% in 2003) while 25% indicate the financial outlook will likely be the same as last year (up slightly from 20% in 2003).

The remaining 1% of CEOs "don't know" how their company will do next year.

### ***Business Spending Is Buoyant As 55% Of CEOs Prepare To Increase Spending (Up From 53% In 2003 And 46% In 2002)...***

With over half (55%) of CEOs planning to increase business spending in the coming year, it would seem that CEOs are maintaining their spending levels from last year (when 53% indicated they would be increasing spending in 2004). This contrasts with the 6% of CEOs who indicate that business spending is likely to decrease (down from 12% in 2003 projections for 2004), and 38% who indicate that their business spending will likely remain the same (up

5 points from 33% in 2003 projections for 2004). The remaining 1% of CEOs “don’t know” their company’s spending will increase or decrease.

### ***Four In Ten CEOs (40%) Expect Inflation To “Increase” In 2005 – Up 24 Points From 16% Who Thought The Same Last Year About 2004...***

Four in ten CEOs (40%) say that they expect the rate of inflation in Canada to “increase” in 2005, up by an impressive 24 points from the 16% of CEOs who thought this last year about 2004.

While still a majority, a much smaller portion of CEOs (58%) feel that inflation will “stay about the same” during 2005 (down 17 points from 75% who thought this last year about 2004).

Of remaining CEOs, 2% believe that inflation will “decrease” during 2004 and 1% don’t know if it will increase or decrease.

### ***Globalization And Taxes Top Issues List For CEOs...***

When asked what they think is the most serious issue facing Canadian business, the top two responses have not changed from this year to last year. “Globalization/international competitiveness” (21%) tops the most serious issues list (unchanged from last year), while “taxation/corporate taxation” is the second most commonly mentioned choice (18%, also unchanged from last year).

The next four issues which are the most substantive on the list are “value of the Canadian dollar” at 17% (essentially unchanged from 16% in 2003); followed by “educated skilled workforce” at 17% (up from 10% in 2003); and “productivity” at 14% (up from 13% in 2003) and “fluctuation in the value of the currency” also at 14% (up from 7% in 2003).

## ***Canadian CEOs Modestly Optimistic On National Economy...***

Each year CEOs are given a choice of three potential economic scenarios, and this year's survey found that three-quarters of Canadian CEOs (74%) believe that, over the next year, the economy "will slow down but continue to have some growth" (73% felt this way in 2003), 24% think the economy will "grow strongly" in the coming year (23% said this in 2003), and only 1% believe that the national economy is likely to enter a recession (compared to 3% in 2003). The remaining 1% of CEOs "don't know" how they expect the economy to do in the next year.

In fact, CEOs are quite confident that there will not be a major economic downturn in the next two years. Eight in ten CEOs (79%) disagree with the statement that "I think there will be a major economic downturn in the next two years" (26% "strongly disagree", 53% "somewhat disagree") – down slightly from the 86% who disagreed with this statement in 2003.

Of the opposite opinion, are the 20% of CEOs who agree with this statement (16% "somewhat agree", 4% "strongly agree"). And the remaining 1% of CEOs "don't know" if they agree or disagree with this statement.

## ***Most CEOs (59%) Feel Federal Government Has Created A Good Business Environment For Economic Growth And Development...***

Most CEOs (59%) agree with this statement that "the Federal Government has created a business environment conducive to economic growth and development" (1% "strongly agree", 58% "somewhat agree"). This represents a slight rise in positive feelings towards the Federal Government over last year, when just half (50%) of business leaders agreed that the Federal Government had created a good business environment.

However, four in ten CEOs (41%) disagree with this statement – with 7% who “strongly disagree” and 33% who “somewhat disagree”.

The remaining 1% of CEOs don’t know if they agree or disagree with this statement.

## ***Shareholders Have The Largest Gain Over Last Year In The Eyes Of CEOs...***

When CEOs are asked who they think has benefited most during the past 12 months – in terms of management, shareholders, or employees – responses are varied.

Just over half of CEOs (53%) think that the collective group of management, shareholders and employees have all benefited the most during the past 12 months (up 19 points from the 34% who last year said this).

According to one in five Canadian CEOs (21%), “shareholders” have benefit most from the relatively good national economic performance of the past 12 months, down slightly from the 24% who last year thought shareholders had benefited the most from the previous 12 months.

One in ten CEOs believe that “management” (13%) have benefited the most during the past 12 months” (down 11 points from 24%), and 8% believe that “employees” have benefited the most during the past 12 months (down 6 points from 14%).

The remaining 5% of CEOs “don’t know” who has benefited the most during the past 12 months.

-30-

*For more information on this news release, please contact:*

**John Wright**  
**Senior Vice President**  
**Ipsos-Reid Public Affairs**  
**(416) 324-2900**

*For full tabular results, please visit our website at [www.ipsos.ca](http://www.ipsos.ca). News Releases are available at: <http://www.ipsos-na.com/news/>*