

For a more entrepreneurial and prosperous Quebec

EXECUTIVE SUMMARY

To prosper, Quebec must be able to count on all of its driving forces. Businesses play a key role in this effort. This broad sector of economic activity is an extraordinary showcase of Quebec's vitality. However, its very visibility exposes its vulnerability, in that it spotlights the challenges that businesses face.

Myriad challenges

"This is how we must tackle the fact that Quebecers are less inclined toward entrepreneurship than other Canadians."

Everyone can list a few of the challenges businesses face, but one of this study's contributions is that it puts all of the challenges in a single picture. This is how we must tackle the fact that Quebecers are less inclined toward entrepreneurship than other Canadians. Another significant concern is that Quebec's ageing population raises the spectre of a problem with entrepreneurial succession. At the same time, Quebec has a lower business survival rate than the other Canadian provinces.

"Quebec businesses carry one of the heaviest tax burdens in Canada."

Moreover, it is a well-known fact that Quebec's labour productivity lags behind that of Canada as a whole and of numerous industrialized nations; furthermore, labour productivity is rising more slowly. At the same time, population ageing makes it very difficult to recruit staff, a particularly thorny issue as businesses in advanced economies such as Quebec are in sore need of skilled labour. Intensifying foreign competition and the development of new markets, especially in

emerging nations, add to the challenges Quebec businesses must take on. The adoption of sustainable, environmentally respectful practices is also necessary, as consumers are becoming more demanding in this area, and government regulations are being tightened. Quebec's would-be entrepreneurs and those launching start-ups think that access to financing is an obstacle to creating and developing new firms. Lastly, the tax burden on Quebec businesses and the cost of the regulations they must comply with are among the highest in Canada. In other words, there is no shortage of challenges.



Solid foundation needed to ensure productivity and competitiveness

To be productive and competitive, Quebec businesses must have solid ground to build on. This includes high-calibre public infrastructures. Businesses also need a strong metropolis that acts as a hub for both people and goods, and as a magnet for investment, ideas and innovation. Natural resource development is another tremendous springboard for Quebec and its businesses, as long as there is respect for the sustainability of that wealth, and of the environment itself.

Everyone's business

To ensure that everyone gets involved, this study sets out a division of responsibilities. The government's share is already quite considerable. It establishes the regulations and tax system to which businesses are subject and must ensure that the systems it institutes do not overly constrain business operations. The issues that relate to education, such as reducing the dropout rate and increasing the graduation rate, are primarily the government's jurisdiction. Management of public infrastructures and steering natural resource development are also in the government's portfolio, along with access to credit, particularly venture capital. Additional actions are also expected from government, including promoting entrepreneurship and reducing the administrative burden on business.

Even if the government provides them with all the required support, some actions depend on the drive of businesses to implement them. This means that businesses are responsible for improving productivity. To achieve that, they must foster innovation, as well as invest more in machinery and equipment, particularly information and communication technologies, and in workforce training. It is also up to business to develop new markets by becoming part of global value chains and breaking into emerging markets. Lastly, it is up to business to adopt sustainable development practices.

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Some responsibilities are shared. Fostering succession and improving the business survival rate are challenges that pertain to both government and business. Extending working life and better integration of immigrants into the labour force are two additional areas that require cooperation. Moreover, while it is up to businesses to comply with environmental regulations, the government must be able to help them, particularly SMEs, which have fewer resources than large firms to ensure compliance. Lastly, business and government must work together to make Montreal more competitive on the international stage.

“Citizens can make their own contributions in various ways, and every contribution matters.”

Other partners are also concerned by the challenges affecting businesses, including academia, business associations and unions. Quebec and its businesses cannot prosper without them. Citizens can also make their own contributions in various ways, and every contribution matters.



Priority challenges

The analysis highlights two priority challenges, selected because they will seriously compromise the Quebec economy's medium- and long-term performance if they are not dealt with immediately. These challenges are: stimulating entrepreneurship and improving productivity. In fact, prior to determining how to ensure business prosperity, first and foremost, we must stimulate the creation of businesses. Moreover, if they want to stay competitive, whether in the Quebec market or abroad, it is essential that businesses here improve their productivity.

In addition to promoting an entrepreneurial culture, the main avenues for stimulating business creation are facilitating access to financing and simplifying the regulatory framework. For improving productivity, the levers of choice are: improve the calibre and availability of labour, innovate, and invest more.

"If everyone rolls up their sleeves and gets down to work, we will succeed."

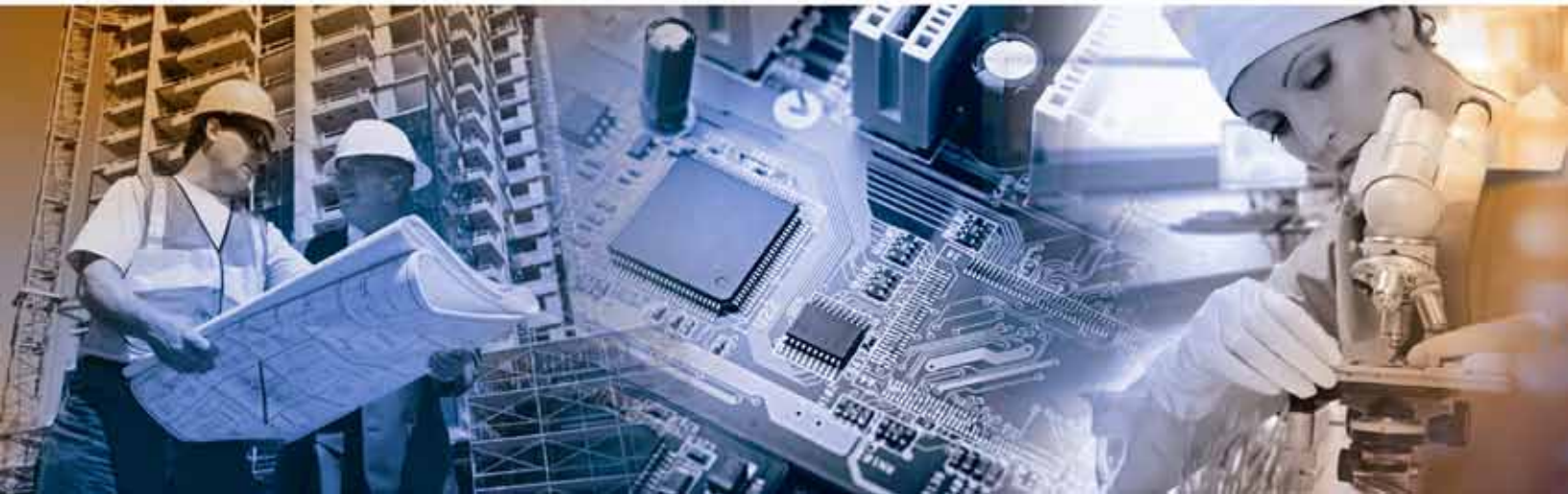
These levers also make it possible to deal with other challenges, such as entrepreneurial succession and improving the business survival rate. This is a call to action. If everyone rolls up their sleeves and gets down to work, we will succeed. This study confirms that we need to take action, and take it now.

To view

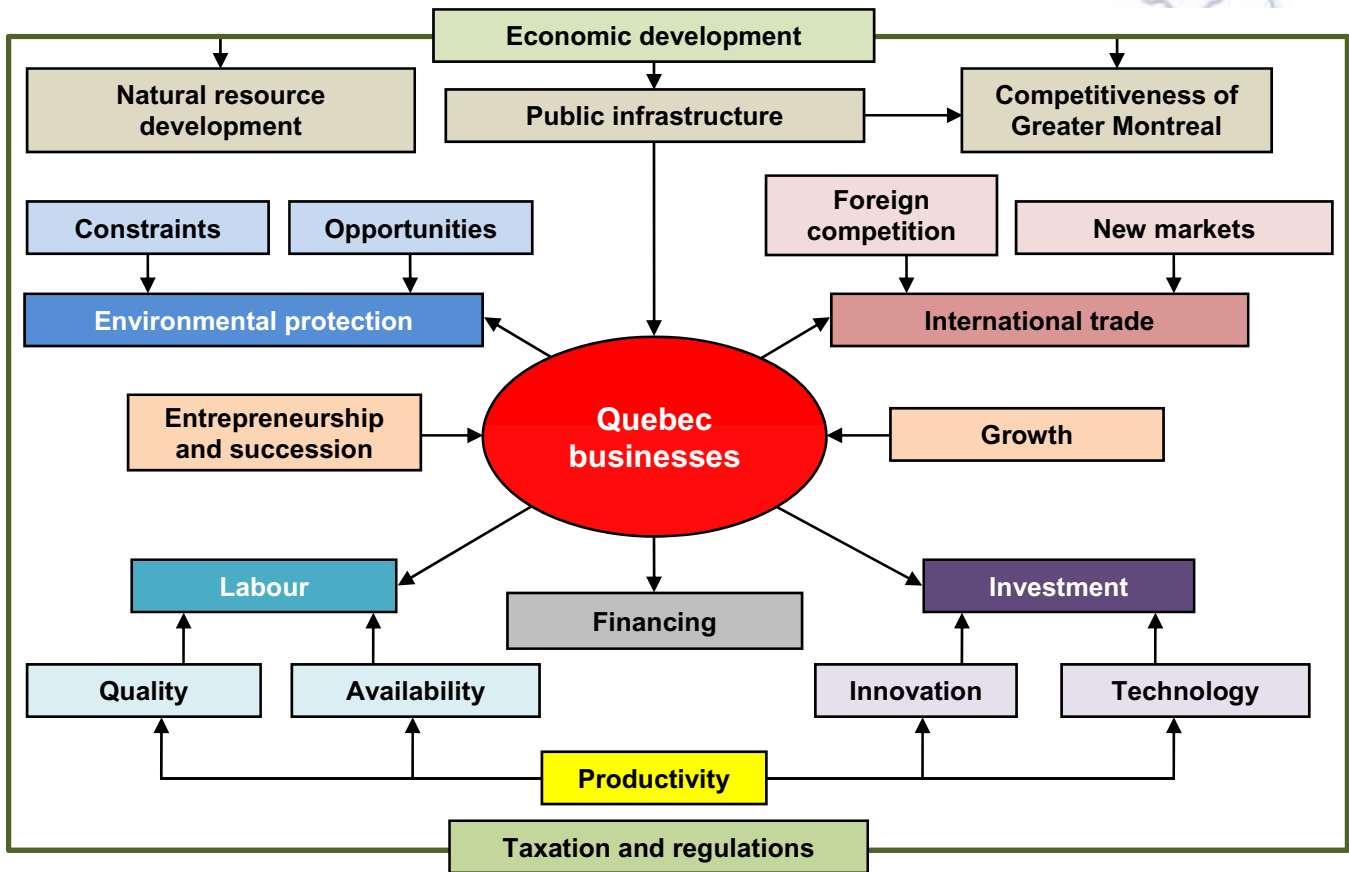
THE COMPLETE STUDY

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Challenges to be met to ensure the prosperity of Quebec businesses



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