

SME Confidence Index - Fonds de solidarité FTQ

Most SMEs That Don't Offer Pension Plans Don't Intend to Do So in the Next Three Years

Montréal, October 28, 2011 – Retirement planning will remain a major issue for workers of Québec SMEs that don't offer pension plans.

According to the latest *SME Confidence Index - Fonds de solidarité FTQ*, 54% of SMEs do not offer pension plans or other forms of contribution to employees' pension plans. What is especially striking is that of this number, 93% do not intend to do so in the next three years.

SME Confidence Index stands at 67.4 – The economic sluggishness plaguing Europe and the U.S. is affecting Québec SME leaders, pushing the index down by more than 2 points from May. That month, the reading was up slightly from February (+1 point).

Sales and hiring expected to increase but... - While the majority of SMEs are still projecting a sales increase in the next 12 months, there is a sharp decrease of 7.1 points compared to three months ago, indicating much greater concern about sales.

SME owners generally anticipate a net increase in their number of employees in Québec but more than 25% expect it to stay the same or decrease. Down just 1.1 points, this indicator has remained fairly stable since May.

A labour shortage and retiring baby-boomers – Luc Godbout, a professor at Université de Sherbrooke and lead researcher in public finance at the Research Chair in Taxation and Public Finance, is especially interested in the labour shortage and the baby-boomer departure from the workforce.

"It's astonishing how despite the fact that 40% of SMEs are already feeling the effects of the labour shortage on sales and believe that the imminent departure of the baby-boomers will affect their business, they are not clamouring to take advantage of the incentives offered by the Québec government to encourage experienced workers to remain in the workforce. The fact is that only 1 out of 4 favours holding onto workers by deferring their retirement. In-house training is a much more popular strategy, and sourcing is preferred to integrating immigrant workers," said Mr. Godbout.

Summary of Survey Results – September 2011

	Optimistic	Pessimistic	Neutral	Average out of 100
Outlook for Québec SMEs in the next 12 months	77%	18%	4%	68.1
	Optimistic	Pessimistic	Neutral	Average out of 100
Outlook for your company in the next 12 months	84%	13%	3%	75.0
	More Hiring	Layoffs	No Change	Average out of 100
Net increase or decrease in the number of employees in Québec in the next 12 months	72%	17%	11%	63.8
	Investment	Disinvestment	No Change	Average out of 100
Investment or disinvestment in equipment modernization in the next 12 months	78%	15%	7%	66.5
	Favourable	Unfavourable	Same	Average out of 100
Credit conditions in the next 12 months	74%	22%	4%	63.7

Main Short-Term Issues for SMEs (more than one answer permitted)	
Recruitment	52 %
Operating costs	42 %
Cost of raw materials	15 %
Rise of the Canadian dollar	14 %
Access to and cost of credit	8 %
Competition from emerging markets	8 %
Deflation	7 %
U.S. protectionism	7 %

Methodology – The online survey polled 215 Québec SMEs with 10 or more employees and sales of \$5 million and up. Respondents were invited to complete the survey between August 29 and September 8, 2011, on Léger Marketing’s secure Web site. The following five indicators make up the index:

- Outlook concerning Québec SMEs in general
- Outlook concerning respondent’s business
- Capital spending intentions
- Hiring plans for Québec;
- Perception of credit conditions.

About the Fonds de solidarité FTQ

The Fonds de solidarité FTQ helps drive our economy. With net assets of \$8.2 billion as at May 31, 2011, the Fund is a development capital investment fund that channels the savings of Quebecers into investments in all sectors of the economy to help further Québec's economic growth. The Fund is a partner, either directly or through its network members, in 2,129 companies. With its 583,235 owner-shareholders, it has helped, on its own or with other financial partners, to create, maintain and protect 160,789 jobs. For more information, visit www.fondsftq.com.

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