

***Educating in order to better intervene***

**Evaluation of the FTQ's Education Programme  
"The Negotiation and Administration of Pension plans"**

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## **An Evaluation Model Focused on Utilization**

- Inspired by Patton (1997)
  - ▶ Evaluation must be judged by: "how useful is it for the users ?"
  - ▶ Evaluator aims to facilitate judgement and decision-making by users
  - ▶ Users' values form the basis of the criteria for evaluation
  - ▶ **Therefore**
    - Users' active involvement in describing the programme and its objectives, identifying key questions as well as indicators, interpreting results and formulating recommendations
    - Users consulted on methodology to ensure realism and adherence to results
    - Evaluation committee's composition
      - Denise Gagnon, Service de l'éducation, FTQ
      - Michel Lizée, Service aux collectivités, UQAM
      - Alain Dunberry, evaluator
      - Regular communication with Jack Quarter, OISE/PAW
- Evaluation funded by
  - ▶ Fondation de la formation économique du Fonds de solidarité (FTQ)
  - ▶ Pensions at Work (PAW) Research Alliance
- English version of the entire Report should be available in a few months

# The context

1. For the last 30 years, union education programmes of FTQ's affiliated unions, have been co-ordinated by the Education department of the FTQ
  - ▶ development of new course material to be offered by unions/regional councils,
  - ▶ training union educators for these courses and
  - ▶ direct delivery of more advanced/specialized courses
  - ▶ Partnership signed in 1976 between the labour confederations (incl. FTQ) and Service aux collectivités de l'UQAM to facilitate participation of University professors and resources in educational programs requiring their expertise
2. 1990: new Supplemental Pension Plans Act requires all pension plans to be administered by a pension committee with at least 2 elected plan participants (1 active, 1 "inactive")
  - ▶ As of 2002, 946 DB plans (429 000 members) and 780 DC plans (100 000 members) under this jurisdiction
  - ▶ Between 1 000 and 1 300 FTQ members act as trustees
  - ▶ Education programme on the negotiation and administration of pension plans organized twice a year from 1993 onwards by FTQ and Service aux collectivités (UQAM)
  - ▶ Typical situation in the private sector: 2 elected participants on a 7-member pension committee that meets once or twice a year
    - Better balance typical in municipal-sector pension committees
3. In 2000: FTQ embarks on a more ambitious programme with UQAM and adds a third partner: the *Fondation de la formation économique du Fonds de solidarité (FTQ)*

## The program's objectives, as defined by users

1. Increase understanding by FTQ members of concepts and principles of pension plan negotiation and administration
  - ▶ to ensure retirement income security based on union values and principles
2. Strengthen ability to act as trustees and negotiators
3. Further the establishment of a support network around pension trustees to break their isolation and support their involvement
4. Increase access to educational opportunities in unions and regions by setting up a team of union educators, and thus ensure continuity and regular updating in knowledge transfer
5. Define, put in place and promote collective strategies concerning socially responsible investments in line with union values, especially regarding proxy voting policy

## 12 specific objectives, as defined by users \*

1. Improve general understanding of **Canadian retirement system**
2. Improve understanding and ability to communicate why **DB > DC**
3. **Know key benefits** of their pension plan, assess to what degree they are sufficient and identify **bargaining priorities**
4. Improve understanding of **legal framework** and be able to assess the administration of their plan with regard to their **fiduciary duty**
5. Understand basic principles of **pension plan funding**
6. **Develop critical reading of an actuarial valuation and a projective outlook to ensure viable plans**

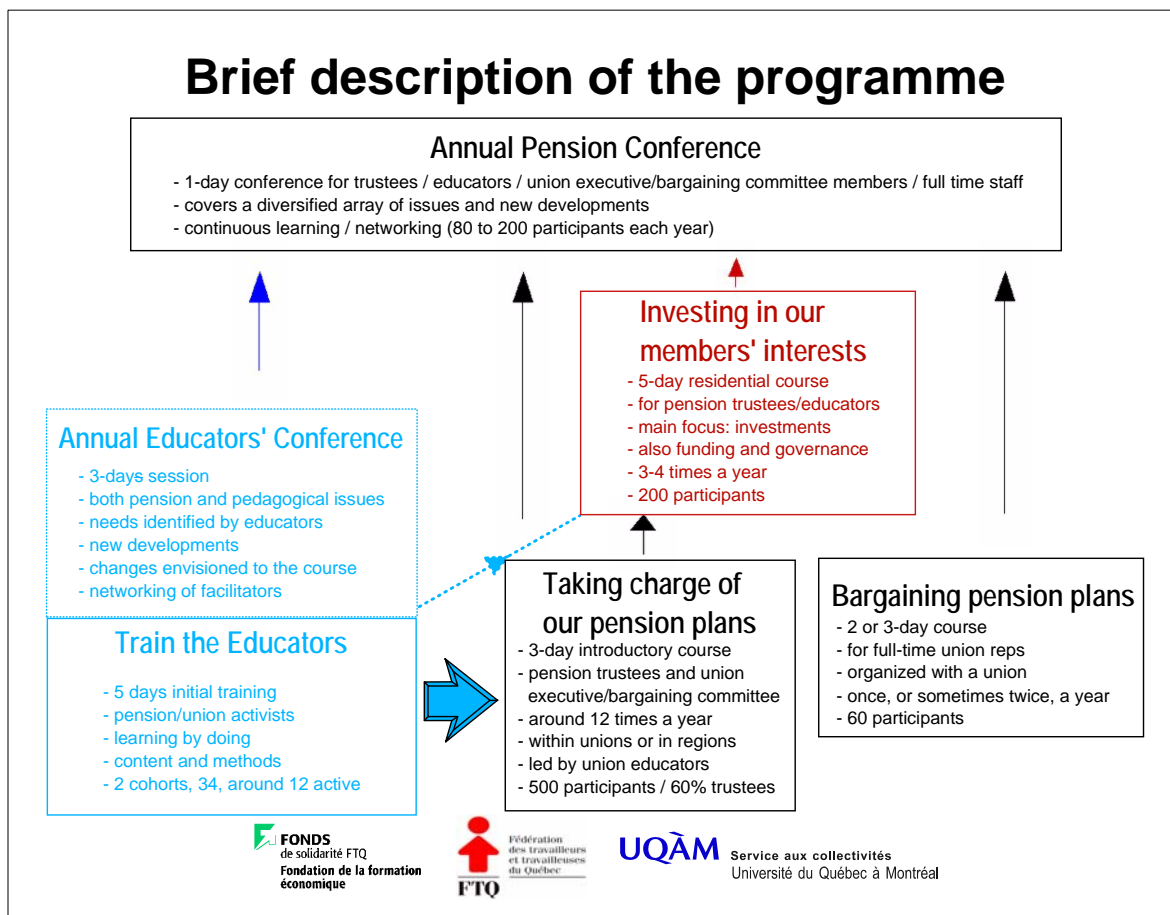
\*In red: Objective specific to- the level 2 Investment Course

## 12 specific objectives, as defined by users \*

7. **Demystify Investment principles and vocabulary** to enable trustees to actively participate in pension committee discussions
8. Be able to analyse **investment policy** to check whether relevant factors appear to have been taken into account (type of benefits, demography, sponsor's or participants' risk tolerance)
9. Understand importance of **monitoring fund managers** by the pension committee and how to do it
10. Know the legal duties of a pension committee of a **proxy voting policy** and be able to intervene to take into account **social and environmental factors**. Therefore, identify actions so that the committee becomes more involved and the manager becomes more **accountable** / votes delegated. Thus reinforce the link between **local and global** issues.
11. Become more proactive towards **socially responsible investments**: attack myths (underperformance, fiduciary duty) and understand the importance of taking into account social and environmental factors that have an impact on long term performance of the plan, provide collateral benefits to plan members and their community and correspond to the values and interests of plan members
12. Understand the collective dimension of involvement on the pension committee: **members' interest is the cement** between representation on the pension committee and union action and requires regular attention from the union with an objective of **individual and collective empowerment**,

\*In red: Objective specific to -the level 2 Investment Course

## Brief description of the programme



## The evaluation: 5 questions

1. To what extent do pension plan trustees understand key concepts in the administration or negotiation of pension plans dealt with in the course ?  
▶ Gap between experimental group and control group at learning tests
2. To what extent does the training prepare participants to act with regards to plan administration or negotiation in their respective organization ?  
▶ Results at learning tests, self-efficacy test and discussion groups regarding participation
3. To what extent does the training contribute to modifying participants' practices in administering or negotiating pension plans in their respective organizations ?  
▶ Changes identified by participants in discussion groups
4. What are the factors that facilitate or are an impediment to the modification of participants' practices regarding administration or negotiation of plans?  
▶ Factors identified by participants in discussion groups
5. What are the changes that should be implemented, either in the educational programme or in the participants' environment, to support and improve their ability to take charge of and influence pension plans ?  
▶ Changes identified by participants in discussion groups

## 2 key concepts: empowerment and self-efficacy

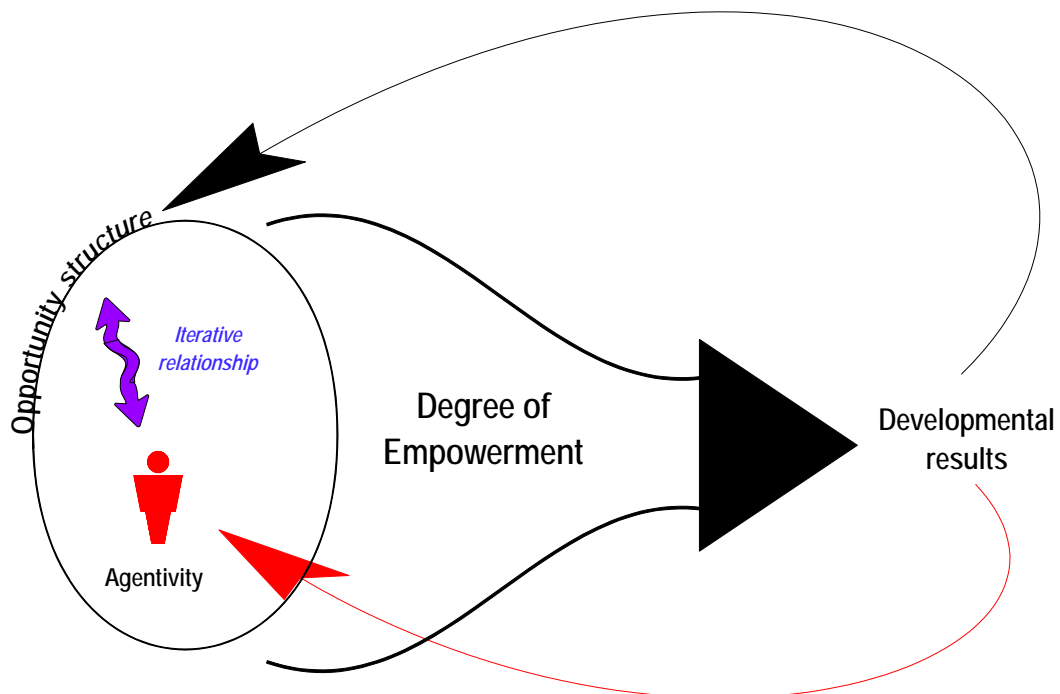
Empowerment is a "process by which an individual or a community appropriates to itself the power and develops skills and tools to exercise it autonomously" (Ninacs and Leroux, 2002)

### 4 components

<b>Participation</b> (Silent - Discussions - To be heard in the debate - Decide and agree/disagree)	<b>Technical skills</b> (To what extent do participants master the objectives/skills ?)
<b>Self-efficacy</b> (Takes technical skills into account, but reflects the individual's evaluation of his/her ability to use them successfully)	<b>Critical conscience</b> (Collective - Social - Political)

Source: Ninacs (2003), as amended by Dunberry)

**Empowerment, resulting from the relation between agentivity and opportunity structure, leads to developmental results, which in turn have an impact on agentivity and opportunity structure**



Source: Alsop, 2006

# The Results

## ***'Taking charge of our pension plans' Course***

### **1. Increased understanding of concepts and principles**

#### **Results of the test**

***Average result of experimental group (mean=0,675, n=26) exceeds at a statistically significant level (p<,01) that of control group (mean=0,458, n=24)***

*Improvements at a statistically significant level*

*Notions less well understood*

- |   |   |
|---|---|
| 1. Calculating the income replacement rate (p<,01)  | 1. Impact of 10 years without income on the initial amount of CPP/QPP benefit                 |
| 2. Value of a career-average plan (p<,01)   | 2. Calculating the income replacement rate  |
| 3. Impact on cost of plan of improved returns (p<,01)   | 3. Contributions required in a DC plan for a target income replacement rate                   |
| 4. Relationship between fiduciary duty and union action in the context of collective bargaining (p<,05) | 4. Impact on total contribution of a simultaneous capitalization surplus and solvency deficit |

## 2. Self-efficacy

### Measuring self efficacy from participants to the education programme (6 point Likert-type scale)

**Overall, with the resources they have and within a short time, participants feel able to perform behaviour aimed for in the program**

*Where they feel most able  
(5,21 to 4,95)*

*Where they feel less able  
(3,58 to 4,39)*

- |  |  |
|--|--|
| <ol style="list-style-type: none"><li>1. Explain superiority of DB plans over DC plans</li><li>2. Communicate to membership the importance of fighting cuts in public and employer pension plans</li><li>3. Explain to members the personalized statement produced by the pension plan</li><li>4. Develop good communication with members about the pension plan</li></ol> | <ol style="list-style-type: none"><li>1. Identify contribution rate required to obtain adequate replacement rate</li><li>2. Explain the splitting of family assets (the portion applicable to the pension plan) in case of divorce</li><li>3. Propose or develop strategies with union structures concerning bargaining priorities</li><li>4. Explain what the law says about beneficiaries and their rights in the case of death</li><li>5. Compute the income replacement rate at retirement taking into account public pension plans at 60 and 65 years</li></ol> |
|--|--|

## 2. Self-efficacy

### Comparing self efficacy before and after training

- Average result of experimental group (mean=4,40, n=20) exceeds at a statistically significant level ( $p < ,01$ ) that of the control group (mean=2,88, n=21)
- This difference is statistically significant for all items except the following:
  - ▶ Explain to members what language should be added to the collective agreement to better protect members
    - However, this was the question where the control group got the highest score
  - ▶ Identify the contribution rate required in a DC plan to aim for a given income replacement rate at retirement

# The Results

## 'Investing' Course

### 1. Increased understanding of concepts and principles Results of the test (*Investment course*)

*Based on a small sample, average result of experimental group (mean=0,773, n=10) exceeds that of the control group (mean=0,58, n=8) at a statistically significant level ( $p < ,05$ )*

*Improvements at a statistically significant level*

*Concepts less well understood*

1. Direction of the relationship between interest rates and the price of a bond ( $p < ,05$ )

1. Comparison of annualized returns and volatility over 5 years of 3 managers
2. Correlation of portfolio with a new asset class and diversification
3. Quantification of a change of the price of a bond resulting from a change in interest rates

## 2. Self-efficacy

### Measuring self efficacy from participants to the education programme

(6 point Likert-type scale)

**Overall, participants feel able, with the resources they have and within a short time, to have the behaviour aimed for in the program**

*Where they feel most able*  
(4,91 to 4,65)

*Where they feel less able*  
(3,87 to 3,93)

- |  |  |
|--|--|
| 1. Argue for the necessity of a quarterly meeting of the pension committee   | 1. Intervene, as a trustee, to ensure that social and environmental dimensions are taken into account  |
| 2. Read an actuarial valuation in order to find the capitalization, the solvency, the normal cost and the required employer contribution | 2. Argue against the idea that socially responsible investments necessarily imply lower returns and therefore are not compatible with fiduciary duty |
| 3. Ask all questions of the actuary necessary to have an idea of the financial situation of the plan                                     |  |

## Participation

- Focus groups: 5 groups of trustees (n=19), 1 group of bargaining committee members (n=3), 3 full time staff
  - ▶ Better understanding and awareness of several dimensions of pension plan administration
  - ▶ From passive to being able to ask questions and intervene
  - ▶ Getting greater transparency from the employer
  - ▶ Collective bargaining: improving the plan, from DC to DB

## Empowerment

- Overall (tests and focus groups) programme seems to empower participants
  - ▶ increased understanding of concepts essential for the administration and negotiation of pension plans
  - ▶ increased self-efficacy level
  - ▶ increased level of participation in the debates and, in some cases, in the decisions
- Nevertheless, improvement needed on socially responsible investments: understanding, participation and self-efficacy

## Impact on practices

- Training program appears to lead to changes in practices
- Pension trustees
  - ▶ better understanding leads to more active search for information and, in some cases, participation in debate and decision
  - ▶ better relations with the bargaining committee
  - ▶ better quality in communication with members which leads to greater trust from them
  - ▶ confronted with more knowledgeable trustees, some employers appear to change their behaviour
- Members of bargaining committees and union reps
  - ▶ Better understanding and familiarity imply they feel more at ease when bargaining on pension issues
  - ▶ Improved communication and relations with members

## Change: Key factors identified by discussion groups

### *Factors that facilitate change*

- Courses
  - ▶ approach and content
  - ▶ plan comparisons
  - ▶ trainers
  - ▶ exchanges between participants
- Annual conference
- Environment
  - ▶ support (e.g.:Steelworkers)

### *Obstacles to change*

- Courses
  - ▶ too much content given the length
- Environment
  - ▶ Feeling isolated and without support from the union
  - ▶ minority position on the committee
  - ▶ Low support, interest from members
  - ▶ employer's behaviour/attitude
  - ▶ uneven knowledge and lack of co-ordination between union actors/structures

## Conclusion

- Both courses appear to contribute significantly to a better understanding of key concepts
- In their immediate environment and with the resources they have, participants feel they could have the behaviour aimed for in the program
- Based on a comparison of the self-efficacy test results, the course, '*Taking charge of our pension plans*', improves the participants' self-perceived ability to intervene in the negotiation and administration of pension plans
- On the basis of comments in discussion groups
  - ▶ Increased level of participation of some participants in their respective roles (trustees, bargaining committees and executive, staff)
  - ▶ Transfer of knowledge has occurred, therefore increasing ability to act
    - Looking for technical information and participate in discussions or improved relations with bargaining committee
    - Better communication with members, therefore increasing members' trust
- Training contributes in an important way to participants' empowerment
  - ▶ Technical knowledge
  - ▶ Participation
  - ▶ Self-efficacy
- Development results observed

## Conclusion (foll.)

- Aspects that could be improved
  - ▶ Uneven level of training between pension trustees, local executive or bargaining committee members, as well as limited co-ordination. Necessity therefore to act at all levels in a balanced way to ensure better synergies
  - ▶ Course content should be lightened or spaced out in time
  - ▶ Isolation of individual members once they come back from education is an issue
    - Lack of Interest or understanding from plan members
    - Very limited resources and tools available (technical issues as well as exchanges with peers)
      - Critical role of post training follow up in order to achieve knowledge transfer as well as sustainable involvement in action (Baldwin and Ford, 1998)
    - Predominance of inhibiting factors, including minority position on the committee as well as the attitude on the part of employers and service providers
  - ▶ In a context of rising incidence of DC plans, issues specific to DC plans are less covered and therefore self-efficacy appears lower
  - ▶ 'Investing' course falls short on its objectives related to Socially responsible investments, in part maybe because of the lack of ~~practice~~ precedents
  - ▶ Training as such meets its goal, but there is a need to work on the environment, the "opportunity structure", if we want to successfully develop union activity in negotiating and administering pension plans and promote socially responsible investments
    - Better post training follow-up and support
    - Promotion of integrated training and co-ordination strategies among union staff and local union leaders to ensure broadened involvement as well as better synergies

## Concluding remarks

This evaluation clearly demonstrates the very positive contribution of the education programme for the various trade unionists interviewed. However, the context can be qualified as "hostile". This highlights the necessity of systemic interventions aiming at making all people involved in unions more aware of what is at stake in pension plans. It also stresses the importance of mobilizing and equipping them so that each one, at the local union level, can fully play his or her role. This requires continued educational efforts, but also more activities aimed at stimulating and supporting local communities of practice. Among other things, this could be achieved by the broad dissemination of accessible educational materials among the members so that they can better understand and take charge of their own pension plan.

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