

# Training Mutuals in Quebec: A Model to Be Strengthened or Emulated?

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## ABOUT THIS STUDY

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## SUMMARY

In the past few years, skills development for working age adults has become increasingly important, especially in the context of technological change and an aging population. Despite a range of policy incentives to encourage workers and firms to invest in training, less-qualified individuals and employees in small- and medium-sized enterprises (SMEs) are less likely to participate, even if they would benefit from it greatly. To improve the resilience and mobility of the workforce and increase business productivity, governments must address the barriers to training, such as lack of funding and fear of losing employees to competitors.

Since the early 2000s, training mutuals have been an innovative, Quebec-based approach whose aim is to reduce these barriers. In this study, Yves Blanchet examines this system, which helps SMEs and other businesses to pool and coordinate the resources they need to meet their training requirements and reduce costs. Looking at the trajectories of four training mutuals in operation between 2008 and 2017, Blanchet identifies the key factors that contributed to their success, especially in enlisting companies in a given sector to invest the time and resources in training.

The study shows that the trajectories of the training mutuals differ markedly – their objectives vary considerably, and they do not always orient training toward the employees or companies that need it the most. The ability of a training mutual to achieve its objectives depends on two key factors, among others: (1) the willingness of the institutional actors in the economic sector to become actively involved in its operation, and (2) its complementarity with other organizations in the area, on which the mutual depends for material, organizational and financial resources.

Blanchet points out that, compared with other training instruments, mutuals have the potential to be more successful in encouraging SMEs to invest in skills development. In order to reap greater benefit from this type of training, however, it would be in Quebec's interests to evaluate in more depth the factors that contribute to the success of some training mutuals, and learn from the failure of others. To this end, it should collect data on the mutuals' performance, particularly the potential benefits to employers and employees in terms of productivity, salaries and job retention. It is also important to understand what motivates companies to participate or not to participate in them.

As is the case in Quebec, training mutuals could complement training policies elsewhere in Canada, given that the stakeholders involved – the institutional actors, businesses and unions in the sectors targeted for the intervention – are motivated and prepared to make the necessary investment.

## RÉSUMÉ

Ces dernières années, le développement des compétences chez les adultes en âge de travailler devient un enjeu de plus en plus important, surtout dans un contexte de changements technologiques et de vieillissement de la population. Malgré un éventail de dispositifs politiques visant à inciter les travailleurs et les entreprises à investir dans la formation, les personnes peu qualifiées et les employés des petites et moyennes entreprises (PME) sont moins aptes à y participer, même si elles en bénéficieraient grandement. Pour améliorer la résilience et la mobilité de la main-d'œuvre ainsi que la productivité des entreprises, les gouvernements doivent s'attaquer aux obstacles à la formation comme le manque de financement et la crainte de perdre des employés aux mains des compétiteurs.

Depuis le début des années 2000, les mutuelles de formation constituent une approche innovante proprement québécoise qui vise à réduire ces obstacles. Dans cette étude, Yves Blanchet examine ce dispositif qui aide les PME et d'autres entreprises à mettre en commun et à coordonner les ressources nécessaires pour répondre à leurs besoins en formation, tout en réduisant les coûts qui y sont associés. En se penchant sur les trajectoires de quatre mutuelles en activité entre 2008 et 2017, l'auteur dégage les éléments essentiels à leur réussite, notamment la mobilisation des entreprises d'un secteur afin qu'elles investissent temps et ressources en formation.

L'étude montre que les trajectoires des mutuelles sont très différentes, leurs objectifs très variés et qu'elles n'orientent pas toujours la formation vers les salariés ou des entreprises qui en ont le plus besoin. La capacité d'une mutuelle à rencontrer ses objectifs dépend entre autres de deux éléments essentiels : la volonté des acteurs institutionnels d'un secteur économique à s'impliquer activement dans son fonctionnement, et la complémentarité avec d'autres organisations du milieu, dont la mutuelle dépend grandement en termes des ressources matérielles, organisationnelles et financières.

Selon l'auteur, en comparé à d'autres dispositifs de formation, les mutuelles ont le potentiel d'encourager plus efficacement les PME à investir en développement des compétences. Afin de mieux tirer parti de cette approche, le Québec aurait cependant intérêt à évaluer de plus près les facteurs qui ont contribué au succès de certaines mutuelles et à tirer des leçons de l'échec des autres. Pour ce faire, il faudrait collecter des données permettant de mesurer la performance des mutuelles, en particulier par rapport aux gains qu'elles peuvent apporter aux employeurs et aux employés en termes de productivité, de salaires et de rétention. Il serait aussi important de mieux comprendre ce qui motive les entreprises à participer ou non à des mutuelles de formation.

Comme c'est le cas au Québec, les mutuelles ont le potentiel de compléter les politiques de formations existantes ailleurs au pays, pourvu que toutes les parties prenantes – les acteurs institutionnels, les entreprises et les syndicats des secteurs visés par cette intervention – soient motivées et prêtes à s'y investir.



## INTRODUCTION

Workforce training has become a must. It offers companies and workers economic and social benefits, including increased wages and productivity (CEDEFOP 2011a, 2011b, 2011c, 2011d; Descy and Tessaring 2005; Healy, Côté and OECD 2001). Among other things, it enables companies to achieve greater success in meeting the challenges of economic (increased competition and globalization), technological (information, communication, robotics, artificial intelligence) and demographic (aging population, labour scarcity) changes in the labour market. However, not all workers and firms participate equally in training (Ballot, Fakhfakh and Taymaz 2006; Charest 2006). This is particularly true for low-skilled workers, who would benefit from training, and for small and medium-sized enterprises (SMEs), which invest a smaller proportion of their revenues in training than large firms do.

Faced with this reality, governments are developing and implementing public policies to encourage workers and firms to invest more in training, such as tax deductions and individual training accounts. However, these institutional training instruments are not necessarily directed at the workers and firms with the greatest training needs and inadequately address requirements for training to develop the target skills (Charest 2008).

In various countries, governments are also working with employers, unions and other actors to create mechanisms and incentives that better target specific training needs. In Quebec, training mutuals, introduced in the early 2000s have become one of the public policy instruments for skills development. Their objective is to encourage and promote investment in training activities by companies, mainly SMEs, by helping them pool and coordinate the resources needed to deliver training at a lower cost. However, Quebec's experience with them has so far received little attention from researchers. This study on training mutuals describes their place in the Quebec public policy ecosystem and aims to remedy, at least to some extent, the lack of data. Four mutuals will be compared through case studies conducted as part of the author's doctoral thesis (Blanchet 2017).

## COMPARISON OF KEY INSTITUTIONAL INSTRUMENTS FOR WORKFORCE TRAINING IN CANADA AND INTERNATIONALLY

Before examining the Quebec experience with training mutuals in greater depth, it would be useful to review the main training instruments in Canada and around the world. In general, their goal is to remove or lower significant barriers to training, such as cost and lack of time to participate. Note also that they differ in the approaches and skills they seek to promote. On the one hand, instruments targeting the workforce, for example, encourage individuals to acquire skills in order to improve their employment conditions, change jobs (or careers) or even learn something that interests them and which may not be directly usable in the labour market. On the other hand, instruments targeting companies are designed to encourage them to provide training for their employees with a view to developing relevant and specific skills the company needs.

In this respect, the various training instruments can be seen as complementary, and it is not uncommon for a variety of such instruments to coexist in a given country.

## Training instruments for the workforce

Most workforce training instruments are incentive-based, not coercive, and generally involve voluntary requests for training by workers (OECD 2005). Examples include individual training accounts and training leave, outlined below.

### Individual training accounts

An individual training account is a savings instrument designed to fund participation in training activities (OECD 2005). Funding formulas can vary depending on the contribution formula for the individual account. Contributions can come from a variety of sources, including the government, companies and account holders themselves. The accumulated savings are used exclusively to pay for participation in training activities. These types of instruments that provide a savings incentive are a relatively new phenomenon.

The advent of individual training accounts nearly 20 years ago corresponds to a shift in government thinking about workforce skills development from an approach based on state-assured welfare to one focused on individual and financial autonomy (Monchatre and Tallard 2013). The goal is to encourage account holders to take training, and the state plays a central role in the implementation of this instrument by providing the necessary upstream conditions for individuals to take financial control of their training and participate in training activities (Gautié and Perez 2010). The advantage of individual accounts is that the state can modify them on the basis of specific allocation criteria to benefit categories of workers who may not have the financial means to participate in training activities. For example, a financial contribution from the state could target low-income workers or offer a tax credit to firms that contribute to these accounts (Charest 2006). Conversely, individual accounts, which are universal in nature, are likely to be used primarily by workers who are already highly skilled and more likely to be able to afford the costs of training without undue hardship (Dostie and Montmarquette 2007), as the example of individual learning accounts (ILAs) in the United Kingdom has shown. Highly skilled workers benefit more from ILAs because they are highly educated, better informed about these programs and more likely to seek out their benefits.

In fact, low-income segments of the UK workforce have not benefited financially from ILAs. There are, of course, many reasons why low-skilled workers do not invest in training, such as lack of financial literacy and understanding of how to enrol. Nonetheless, the inability to pay for training remains a significant barrier. Where the state contribution to the individual account is very low or nonexistent, as in the UK, the low-income workforce is disadvantaged by its inability to save (OECD 2005).

In Canada, the federal government implemented the Canada Training Credit in its March 2019 budget (Canada 2019). This is a new measure that gives working Canadians a tax

credit of \$250 per year, up to a cumulative amount of \$5,000, to help pay for up to 50 percent of the cost of their training. In addition to the new allowance, individuals who are eligible for employment insurance (EI) benefits will soon be able to access up to four weeks of benefits per four-year cycle to participate in training activities. This benefit will be equal to 55 percent of their average weekly insurable earnings. The purpose of this top-up is to provide income support during training and to protect their jobs.<sup>1</sup>

Individual training accounts have been heavily criticized in a number of countries because they enjoy limited success in achieving their purpose when the state fails to tailor them to the groups of workers who would benefit more.

Critics also point to the difficulties that some less affluent groups have in accessing information and counselling services in order to set up an individual training account (Gautié and Perez 2010). According to Heckman and Smith (2003), substantial costs are generally incurred simply to learn about this instrument and the terms and conditions governing access to it. As a result, workers with fewer resources to devote to finding and processing this information are less likely to participate in training. At the same time, providing counsellors who can assist workers in assessing their training needs and accessing training programs would be costly to the state.

Moreover, individual learning accounts are complex to administer and therefore require a high level of quality control to prevent the risk of fraud and error. Indeed, the ILA in the UK was terminated as a result of financial malpractice (Gautié and Perez 2010): because employers shared responsibility for the ILA, many used it as a new tool to fund their own in-house training activities rather than to promote employee empowerment and needs-based training.

### Training leave

Training leave provides a break or reduction in work time so workers can participate in training activities, and guarantees that they can return to their jobs. For example, as mentioned earlier, the Canada Training Credit complements the EI program and provides up to four weeks of benefits (and therefore time off work) per four-year cycle to participate in training activities.

Unlike the individual training account, in which the state plays a key role, it is the company itself that plays the central role in training leave, particularly by authorizing leave for employees. In Canada and France, where training leave instruments exist, employees must obtain prior authorization from their employer to participate. In general, employers will authorize training leave for activities that foster the development of skills that benefit them. The central role of employers also stems from their responsibility for monitoring operations within the company, ensuring the redistribution of work and paying a portion of the costs of training.

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<sup>1</sup> However, in most countries where individual training accounts have been introduced, this measure does not complement government programs such as employment insurance.

OECD studies show that, in practice, training leave is mainly for categories of workers in permanent positions who have been supported by their employers for some time (OECD 2005). In addition, the duration of training leave can vary considerably, from five days to a full year, depending on the employees' skill level (OECD 2005). However, the length of time required to train low-skilled holders without academic qualifications must be considered in relation to their ability to acquire basic skills (Maxwell 2006). Indeed, the low level of interpersonal skills and very low literacy rates often found among low-skilled individuals without academic qualifications have been shown to make short training periods insufficient (Maxwell 2006). Given that training leave generally requires employer approval and that employers usually give priority to their highly skilled employees for reasons of economic efficiency, employers are less likely to authorize long-term leave for employees in the low-skilled workforce.

For all these reasons, training leave tends to benefit highly skilled workers and those in permanent positions, just as individual training accounts do. It therefore seems ill suited to the low-skilled workforce. It also appears to be very poorly suited to SMEs, which are often unable to let employees go on leave, even for a short period.

## **Training instruments for companies**

Some of the instruments for businesses are incentive-based, while others are coercive. I will examine two kinds of instruments for companies: one based on tax deductions and the other on mandatory levies on the company's payroll.

### **Instruments based on tax deductions**

A number of countries, including Austria, France, Italy, Luxembourg and Poland, allow firms to deduct training costs from their taxable profits as an incentive to provide more training (OECD 2005). This type of instrument is the most widespread, as it is easy to implement within existing tax systems.

The research also shows that it is the larger companies that tend to benefit from these tax deductions. Furthermore, since they already have the resources to invest in training without this support, this type of measure does not generally increase their level of investment in training, even though it is partially reimbursed by the state through the tax incentive (Charest 2006). The literature describes this phenomenon, known as the "deadweight loss" effect, as a subsidy for large companies (Charest 2006). In addition, this kind of instrument exerts little influence on SMEs' training investment decisions, because it does not solve the operational challenge they face: the amount saved in taxes (owing to an SME's investment in training activities) rarely justifies the costs incurred through employees' absences on leave (Charest 2006).

All in all, this kind of instrument is not binding enough and is not particularly successful in targeting the right people. In order to respond more appropriately to the low rates of participation in training, it should be modified according to the size of the company, the economic sector and training needs. In other words, training costs indirectly paid

by the government should be more effectively targeted to help reduce the disparity in training investment between SMEs and large companies.

### **Instruments based on mandatory payroll taxes**

With this type of instrument, a portion of a company's payroll is made available for training activities. The rationale for this is based not only on the principle of shared responsibilities but also on the conditions required for companies to offer training to their employees.

The first model entails requiring companies governed by this tax arrangement to spend a certain percentage of their payroll on training activities for their employees or to remit this contribution to the government to invest in the promotion of training. In Quebec, companies with a payroll of more than \$2 million are required to invest a minimum of 1 percent in training activities or in the Workforce Skills Development and Recognition Fund. The aim of this policy is to increase the level of investment in training by these large companies and thus enhance the qualifications and skills of the Quebec workforce. However, it does not impose any requirements on the distribution of training activities among the different types of employees in a company. As a result, certain types of employees, such as managers and executives, receive more training, proportionally speaking, than other employees, such as administrative assistants and clerks (Dostie and Montmarquette 2007; Ministère de l'Emploi, de la Solidarité sociale et de la Famille 2005). As a result, inequality of training participation persists, with training opportunities depending on the job category and the company's size (Charest 2006).

The second model also involves mandatory deductions from the company's payroll. However, all the money collected goes into a fund or account and is then redistributed by a government agency in the form of business training subsidies. The advantage is that the allocation of subsidies to firms can be guided by specific criteria set by the government as a means of more effectively ensuring equal access to training for all occupational categories (managers, professionals, technicians, clerks, etc.), as is the case in Spain (OECD 2005).

Whichever model is implemented, this type of instrument can be costly to administer both for the government and for SMEs because of the monitoring and quality control of subsidy applications that are required. It can also cause inequities among companies or economic sectors. The research shows that, in order to be fairer to companies struggling to pay for training, it is preferable to base the mandatory levy on a company's profitability rather than on its payroll.

In short, whether they are aimed at the workforce or at businesses, the instruments presented in this section do little or nothing to increase participation in training activities. As the OECD studies show, the failure of these instruments to increase training participation appears to be due to their often weak, one-size-fits-all nature and their inadequacy in meeting the training needs of the workforce (Charest 2006).

## HISTORICAL AND INSTITUTIONAL CONTEXT OF THE WORKFORCE SKILLS DEVELOPMENT SYSTEM IN QUEBEC

Training mutuals are part of the institutional system of workforce skills development in Quebec, including legislation, institutions and instruments. In recent decades, the main partners in Quebec's labour market, entrepreneurs and unions, have been conducting experiments in cooperation in an effort to develop the workforce and catch up with the other Canadian provinces.

From 1992 to 1997, in a context of high unemployment, labour market training measures were the shared responsibility of the federal and Quebec governments. In 1992, the Quebec government created the Société québécoise de développement de la main-d'œuvre (Quebec workforce development corporation), which reported to a board of directors composed of employer and union partners, with the aim of addressing the economic challenges facing the workforce.

Since 1995, in the wake of its repatriation of active employment measures from the federal government, the Quebec government has established an ecosystem of semipublic intermediary institutions promoting workforce development. One of them is the Commission des partenaires du marché du travail (CPMT; Labour market partners commission), a consultative body that brings together all the partners in Quebec's labour market, such as employers, unions, the community and the education sector (Figure 1).

Sectoral workforce committees (SWCs) have been established as intermediaries between the CPMT and businesses. They are composed of labour market partners, such as employers, unions and CPMT representatives operating in a variety of business sectors. The goal of SWCs is to mobilize social actors and groups in a given sector to meet labour market needs more effectively. They develop sector diagnoses and training requests, as well as occupational standards, which they also certify, and they deliver certain types of continuing education.<sup>2</sup>

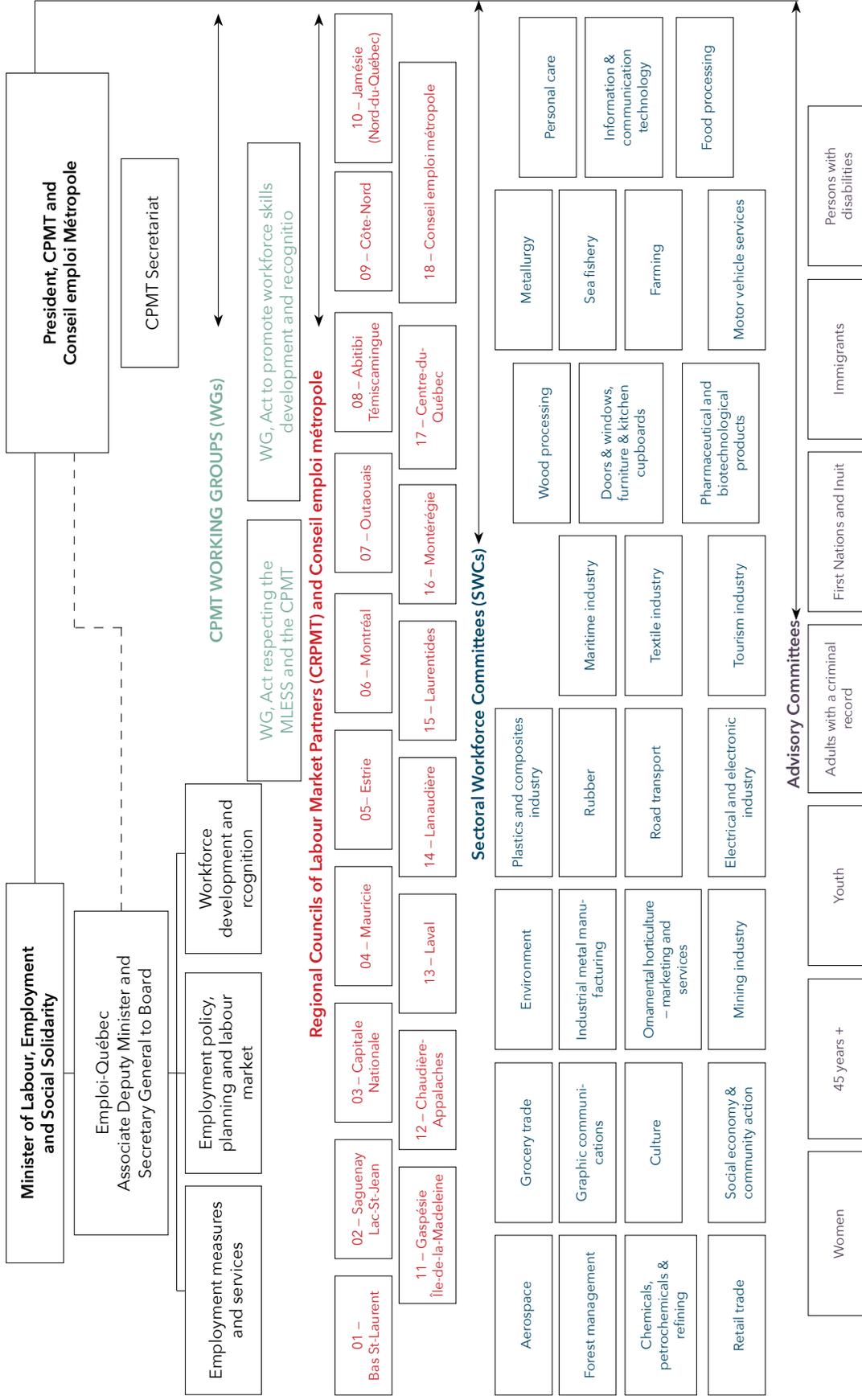
In addition to the CPMT and the SWCs, Quebec's institutional skills development system includes regional councils of labour market partners, local employment centres and training mutuals. This institutional system carries out a normative function in guiding and coordinating the work of a variety of actors with different interests in order to meet labour market needs adequately.

In 1995, the Quebec government also implemented the *Act to promote workforce skills development and recognition*, the aim of which is to promote, through training activities, the skills development of employees of large companies. This piece of legislation, better known as the "1 Percent Training Law," requires companies with a payroll of more than \$2 million to invest a minimum of 1 percent annually in training activities or in the Workforce Skills Development and Recognition Fund, which is the responsibility of the CPMT.<sup>3</sup>

<sup>2</sup> There are currently 30 legally recognized SWCs in Quebec.

<sup>3</sup> The money raised is used to fund initiatives to promote in-house training, innovations and training projects such as training mutuals developed by companies and/or SWCs and to fund an applied research program.

Figure 1: Functional Organization Chart of Commission des partenaires du marché du travail (CPMT)



Source: [https://www.cpmt.gouv.qc.ca/includes/composants/telecharger.asp?fichier=/publications/pdf/AUTRES\\_organigramme\\_reseau\\_partenaires.pdf](https://www.cpmt.gouv.qc.ca/includes/composants/telecharger.asp?fichier=/publications/pdf/AUTRES_organigramme_reseau_partenaires.pdf).

Since its inception, the CPMT has participated in the implementation of the Labour Market Development Agreement between the governments of Quebec and Canada. The policy functions and action plan of the CPMT are the joint responsibility of the Ministère du Travail, de l'Emploi et de la Solidarité sociale (MTESS; Ministry of Labour, Employment and Social Solidarity) and the CPMT. However, the task of monitoring implementation of training policies is primarily the responsibility of the ministry itself, and specifically of Emploi-Québec (Employment Quebec). The CPMT, which is partly financed by the above-mentioned fund, has inherited an advisory and guidance mandate for training policies and has made the improvement of workplace skills its focus.

One of the fundamental principles of Quebec's institutional system of skills development is that the state does not intervene directly in the day-to-day management of workforce training in companies; instead, it facilitates the mobilization of resources by establishing and funding this institutional partnership arrangement through the CPMT, SWCs and other organizations in the system. The state delegates the delivery and supervision of training to these semipublic intermediary institutions. These "collective actors," which are closer to companies and economic sectors, are more effective than government institutions in bringing together local labour market actors in an institutional partnership and addressing training needs (Monchatre and Tallard 2013; Bernier 2011).

## Training mutuals

Training mutuals are one of the collective institutional instruments introduced to encourage companies to invest in their employees' skills. They are defined as groups of companies that seek to share resources and services to meet their training needs. By pooling training and ensuring its quality, a training mutual enables companies, especially SMEs, to benefit from economies of scale and give their employees readier access to training.

One of the objectives of mutuals is to identify the common training challenges facing a group of companies in the same business sector and to offer a variety of solutions. Because of their role, general managers of new mutuals will therefore contact the companies in the sector concerned to get a clear picture of their training needs. They will then identify available training programs or launch programs that will meet these needs. The general manager will then try to encourage companies and employees in the sector to participate in the training activities.

The first training mutuals were established between 2002 and 2007 due to the commitment of local actors. The first one, FormaPlus, was created somewhat unofficially in 2002 to meet the common needs of the employees of all SMEs in every sector in the Sud-Ouest borough in Montreal. It received funding from the CPMT to operate, but it was not yet recognized under the 1 Percent Training Law. In the years that followed, three other mutuals were created in the same way. Since they were not yet legally recognized, the government was not obliged to supervise and fund them or to ensure their deployment and sustainability.

A portion of the Workforce Skills Development and Recognition Fund, which generated about \$35 million annually, was used to finance the creation of mutuals. The idea was to redistribute this money to businesses in the form of wage subsidies for training projects involving a group of companies. In short, training mutuals owe their existence to the commitment of the CPMT, and they are designed primarily to serve companies and their employees.

On February 7, 2008, the CPMT adopted its first official policy, the *Politique d'intervention sectorielle* (sectoral intervention policy), which set out the main skills development directions. At the same time, the status of training mutuals was embedded in legislation to ensure their deployment and sustainability. Since then, in order to justify their funding, the mutuals are required to report to the CPMT by submitting an annual report of their activities, evaluations and results, as well as a detailed statement of their annual revenues and expenses. A training mutual's recognition is renewed every three years if it continues to respond effectively to a common set of issues and meet the conditions outlined above. A mutual may decide on its own to cease its activities. The CPMT can also suspend and revoke the recognition of a mutual if it no longer meets the conditions. In addition, the mutual must be administered by a multiparty board of directors, the majority of whom are representatives of the member companies and their workforce. Accordingly, the mutual must propose a democratic process for selecting the representatives from among the employees, and the selected individuals cannot be replaced under any circumstances (e.g., by human resources managers). In unionized companies, the union could be involved in the process.

In short, a training mutual is established on the initiative of companies that want to join forces to offer training to their employees. They must apply to the CPMT to create a mutual. Once the application has been evaluated and approved, the companies and the CPMT undertake to fund a portion of the mutual's start-up costs.<sup>4</sup> In the three years following recognition in 2008, the CPMT launched training mutuals in almost all sectors of economic activity in Quebec: more than 20 mutuals were created in as many sectors. They were of various types: companies joining together to provide common resources and services; mutuals attached to one of the 30 SWCs that manage them; and provincial or regional mutuals bringing together companies from all sectors that want to pool their training under a single banner.

However, some of them were short-lived, lasting only two to three years because they were not financially viable. Thus, despite the political will and the financial resources of the CPMT that were harnessed to launch training mutuals, some employers did not show much interest and failed to invest enough – by providing financial support, managing operations or participating in training activities – to ensure the mutuals' success.<sup>5</sup> As a result, several mutuals had to close shortly after opening. At the time of writing, there were seven active training mutuals recognized under the *Act to promote workforce skills development and recognition* (Commission des partenaires des marchés du travail 2022).

<sup>4</sup> Since the inception of mutuals, the proportions of start-up funding provided by the CPMT and by employers have varied over time.

<sup>5</sup> The lack of interest by actors should be further investigated.

## CASE STUDIES OF TRAINING MUTUALS

Four case studies of training mutuels operating in Quebec between 2008 and 2017<sup>6</sup> will be used to illustrate the province's experience in setting up instruments encouraging businesses to invest in training. In particular, I will examine whether these mutuels have achieved this objective. I will also analyze two of the conditions that may contribute to the effectiveness of these instruments: the role of the actors involved and the role of institutional complementarity.

### Description of the four training mutuels

The selected training mutuels operated in three sectors of economic activity: manufacturing, construction and services (related to private seniors' residences and to educational childcare<sup>7</sup>). This variety of sectors enriches the data gathered by broadening the range of actors and organizations involved with mutuels. In addition, each sector of activity has its own operational logic and is distinguished by its size, its public or private nature, its presence in Quebec and the role of management and unions. These characteristics are in turn reflected in the training mutuels concerned.

Two of the mutuels were linked to their SWCs and two were not. The SWCs have extensive knowledge of their sectors of activity that they can share with mutuels. They conduct sector diagnoses every five years and know the companies in their sectors and their training needs. In addition, the SWCs can obtain subsidies from the CPMT to offer continuing and customized training. These subsidies are very significant because, without financial incentives, many companies are reluctant to invest in training, which is why the link between SWCs and mutuels in the Quebec skills development system is so important. The SWCs maintain special ties with the mutuels. Table 1 presents the main characteristics of the four training mutuels studied.

**Table 1. Description of training mutuels analyzed in the study**

Training mutual	Sector	Linked to its SWC or not	Years of existence
Centre d'excellence en formation de l'Association de la construction du Québec (CEFACQ)	Construction	No	Since 2012
Formarez	Private seniors' residence services	No	2010-2016
Graphi'Com	Manufacturing, graphic communications	Yes	2008-2017
Parcours	Educational childcare services	Yes	2010-2017

Source: The author's interviews with community stakeholders.

<sup>6</sup> Data were collected between July 2015 and January 2016.

<sup>7</sup> These two types of organization represent not only different players but also different types of businesses. Private seniors' residences are private, for-profit enterprises, while public educational childcare centres are publicly funded, not-for-profit and managed by a tripartite board of directors.

The first mutual, the Centre d'excellence en formation de l'Association de la construction du Québec (CEFACQ; Centre for training excellence of the Quebec construction association), was launched in 2012. Since then, it has been offering training services to "exempt" managers and administrative staff<sup>8</sup> of construction companies. CEFACQ's main partner is the Association de la construction du Québec (ACQ; Quebec construction association). It represents 17,000 entrepreneurs in the institutional, commercial and industrial sectors, who employ more than 120,000 construction workers. The ACQ is made up of 11 regional associations in 15 cities across Quebec.

The second mutual, Formarez, was created in 2010 to offer customized training programs for workers in Quebec's private seniors' residences. Provided in collaboration with recognized educational institutions, these programs involved teaching the standards and practices of the field in order to improve the quality of services. Formarez was designed for all categories of employees in residences, from care and maintenance workers and nurses to support staff, food service workers and managers. Starting in 2011, Formarez developed its training programs in cooperation with its institutional partners, mainly Formation Québec en réseau (FQR; Network training Quebec), a consortium of school boards offering services to businesses, including training in all sectors of activity throughout Quebec.

The third mutual, Graphi'Com, was set up in 2008 for companies in the graphic communications sector, an industry that was, and still is, undergoing rapid technological change. Graphi'Com was administered by the SWC responsible for Quebec's graphic communications sector and received a start-up subsidy of \$300,000 over three years. Its mandate was to provide continuing education in the graphic communications and printing industry, which included more than 25,000 workers in over 1,200 companies across Quebec.<sup>9</sup> The mutual worked with the Institut des communications graphiques (Graphic communications institute), Collège Ahuntsic and the vocational training centres at school boards in six regions of Quebec.

The fourth mutual, Parcours, was created in 2010 with the mandate to design, structure and deploy training activities and services for all categories of employees working in the educational childcare services sector – in both public (early childhood centres, or CPEs, and family daycares) and private centres – throughout Quebec. The need to provide the educational childcare network with a permanent structure for the strategic management of training and development for all categories of employees was dictated by regional and inter-regional disparities in the nature, content, quantity and quality of existing training. However, the establishment of a training mutual in the educational childcare sector led to the duplication of the development and delivery of training services offered by the Regroupement des centres de la petite enfance (RCPEQC), an association of CPEs, and the mutual needed to address this issue. In 2015-2016, Parcours offered an expanded range of training activities to all categories of workers in the sector, which included more than 2,000 CPEs and

<sup>8</sup> Managers and office workers who are not required to be unionized.

<sup>9</sup> In 2012, this segment included the following subsectors: printing and related support activities (17,200 employees) and graphic design services (8,823 employees).

**Table 2. Indicators of training mutuals' effectiveness**

Indicator	CEFACO	Formarez	Graphi'Com	Parcours
Number of members	In March 2015: 5,800, number stable for several years	In 2011: 200 In 2015: 1 900	In 2011-2012: 30 In 2015: 150	In 2015: 31
Amount invested	Since 2013: \$300,000 per year	From 2010 to 2015: \$4.5 million in total	From 2011 to 2015: \$200,000 per year In 2013-2014: \$450,000 per year In 2014-2015: \$280,000 per year	Since April 2015: \$25,000
Number of training activities per year	20	3	In 2011-2012: 4 In 2013-2015: 30	16
Number of certificates	3,200 per year	In 2010-2015: 4,228	In 2011-2015: 200 per year In 2013-2014: 478 In 2014-2015: 300	In 2015: 100
Sectoral scope	Training for managers and administrative staff in construction industry	Training for unionized and nonunionized employees in sector	Training for all companies in sector	Training for all for-profit and not-for-profit childcare networks in Quebec
Regional scope	Throughout Quebec	-	-	Priority given to remote areas

Source: The author's interviews with community stakeholders.

public educational childcare centres employing over 35,000 people, 15,000 family childcare providers recognized by a coordinating office, and their staff. Parcours also offered its services to the network of private educational childcare services, which employ over 50,000 people.

### Indicators of training mutuals' effectiveness

The objective of the mutuals is to mobilize and bring together companies and to strengthen the linkages between them and their employees with a view to making training more accessible and less costly. Several indicators make it possible to determine whether each mutual has achieved this objective: the number of employers who invest in training, the amounts invested, the types of training offered, the number of training certificates issued to employees, sectoral scope (adequacy of response to the needs of the workforce in a sector) and regional scope (extent of training supply in a region where a sector operates<sup>10</sup>). This analysis identified the multifaceted support that training mutuals provide to employees and businesses for workforce skills development.<sup>11</sup> For example, mutuals can provide organizational and financial support

<sup>10</sup> Some of these indicators are drawn from the obligations set out for training mutuals by the CPMT. The others were identified during my data collection.

<sup>11</sup> To date, no study has evaluated the impact of training mutuals on companies and employees in Quebec. This topic is a promising area for future research.

to companies to ensure better access to training. Organizational support can include assistance in identifying and developing appropriate training and in preparing applications for training subsidies. Financial support takes the form of subsidies that companies can receive through the mutual to reduce their training costs. Table 2 shows the diversity of characteristics of the four training mutuals examined in this study.

### Members of training mutuals

In 2015, CEFACQ had 5,800 member companies – far more than the numbers for the other three mutuals under study. This is due to CEFACQ’s partnership with the ACQ, whose 5,800 member companies in the commercial subsector are automatically members of the mutual. These companies pay membership fees, enabling their employees to register for training activities. The other mutuals in the study did not have this type of partnership agreement and therefore had to convince companies in their sector to join one by one. They were therefore much smaller than CEFACQ: for example, Parcours had only 31 members out of nearly 16,000 educational childcare facilities in Quebec.

Consequently, training mutuals face the twofold challenge of recruiting members and obtaining funding. Their success in this regard varies widely. Formarez topped the list with \$4.5 million received from the CPMT between 2010 and 2015 so that it could train industry employees to work in compliance with new health and safety regulations respecting seniors’ residences. Parcours was at the bottom of the list, receiving \$25,000 from the CPMT during its period of operation.

The number of training activities also varies greatly, from 30 per year at Graphi’Com to three at Formarez.

### Sectoral scope of mutuals

The sectoral scope also differs from one mutual to another. The training offered by CEFACQ is specialized and corresponds to a particular segment of its sector (exempt administrative staff and managers) that was not well served. The other mutuals did not have a clearly defined objective regarding which training needs should be filled and which categories of workers should be targeted. They were trying to meet the multiple needs of all the workforce categories in their sector. For example, when Parcours was created, the Ministère de la Famille (Family ministry) and the MTESS required it to cover all of Quebec’s for-profit and not-for-profit educational childcare networks in order to promote training in all Quebec daycares.

For its part, Formarez contributed to the training of union and nonunion employees in its sector, even though they did not provide financial support for the mutual’s operations. This approach proved costly, primarily in terms of administrative work, especially when the Ministère de la Santé et des Services sociaux (MSSS; Health and social services ministry) introduced new private residence certification regulations in 2013 requiring a new training program for all unionized and nonunionized private residences.

Graphi'Com stood out in its sector by trying to meet all workforce training needs. Employees from several companies in the same sector were trained together in order to create synergy. Employees who participated in training outside their company met people in the same field whom they would not have met otherwise, so all participants could benefit from sharing and discussing issues and ideas.

### Regional scope of mutuals

Through its association with the ACQ, which has offices in 11 regions of Quebec, CEFACQ offers training almost everywhere in the province. In order to train the workforce throughout Quebec, the mutual also agrees to absorb the financial losses incurred by training activities that generate lower revenues in remote regions with a smaller client base.

Parcours achieved better market penetration in remote areas than in large urban centres. The budget cuts imposed on the regional associations of CPEs in 2014 forced some of them to cease their training activities, whereas the associations in urban centres kept them going. Accordingly, Parcours offset the lost revenues in remote regions by offering training to the CPEs that had become members.

Graphi'Com and Formarez were mainly active in large urban centres, where it was easier to find larger numbers of companies and employees willing to participate in training. However, both had trouble mobilizing companies and employees in remote areas.

### Conditions for training mutuals' effectiveness

By bringing together SMEs in a given industry that are interested in training their employees, training mutuals can harness more resources and mobilize more actors and organizations to reduce the costs of training activities and make them more accessible. Research shows that the success of training mutuals depends on key actors who can mobilize and use the resources required and on the ability of mutuals to establish positive (or beneficial) complementarities with other organizations (Crouch 2005; Lawrence, Suddaby and Leca 2009; Morissette and Charest 2010). How do the four mutuals in this study differ in this respect?<sup>12</sup>

As part of my research (Blanchet 2017), I conducted 14 interviews with 15 different stakeholders, including the general managers of mutuals, union and employer representatives and the official representative of the CPMT.<sup>13</sup> I asked them about their knowledge of training issues, the resources devoted to training, and the importance they place on training institutions, participation in training, opportunities to access information, networks and financial and strategic resources.

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<sup>12</sup> My work is based on the neo-institutionalist approach, which makes it possible to study the contribution of these instruments to the development of workforce skills and to conduct an analysis based on the concepts of "institutional entrepreneur" and "institutional complementarity." The analytical model is based on these two concepts and seeks to show whether, and how, institutional entrepreneurs and institutional complementarities influence the contribution of training instruments to workforce skills development.

<sup>13</sup> The interviews took place in Montreal, Beloeil, Gatineau, and Quebec City between July 1, 2015, and January 7, 2016. The semistructured interviews lasted an average of 90 minutes.

## Actors in the environment

The general managers of training mutuals, human resources managers, union representatives and business managers interacting with mutuals are institutional and noninstitutional actors who are continually seeking opportunities to influence their organizations (Streeck and Thelen 2005). As such, they are strategically positioned at the confluence of social, organizational and institutional networks with a capacity to provide opportunities, generate even more innovative ideas and mobilize financial and other resources, including political support. Such strategic positioning, coupled with their political skills, enables them to bring about innovations, influence organizational trajectories and adapt more readily to contextual changes by turning those changes into opportunities.

### Actors' visions, interests and capacities

My work shows that institutional actors interacting with mutuals pursue their own vision and interests based on the capacities available to them in a particular sector. Their *vision* relates to the importance they place on institutions and participation in training; their *interests* reflect their motivation to pursue opportunities to access information, resources and networks; and their *capacities* are what is available to them to act. I seek to understand how the visions, interests and capacities of these actors to access and secure resources and to mobilize stakeholders in a sector may influence the contribution of training mutuals to workforce skills development.

According to the interviews I conducted, the actors (the mutual's general managers and the ACQ representative) in the CEFACQ mutual's environment share visions that are aligned, concise and clear, particularly of the groups of employees targeted by the mutual and its scope in the sector of activity concerned and throughout Quebec. The visions of the Parcours actors also seemed to be aligned, particularly with regard to improving the quality of training. In the case of the Formarez and Graphi'Com mutuals, however, there seemed to be almost as many visions as there were actors, and this seems to have undermined the clarity of their action plans for workforce training in their respective sectors.

The four mutuals and their managers shared the same interests: accessing more information, financial and strategic resources, and networks to provide training. However, their strategies for accessing them were different. For example, CEFACQ relies primarily on its partner, the ACQ (the employer association), and on its regional associations to access information about their activities, networks, human resources, organizational services and funds for the purchase of technological equipment (e.g., new software). At the same time, this mutual is also looking for other sources of funding as well as opportunities to access other networks, such as university partners, the Canadian Construction Association and the Régie du bâtiment du Québec (Quebec construction board), in order to expand its training activities.

Formarez's management worked with a number of actors, including FQR, the MSSS, the Quebec Seniors' Housing Group (QSHG) and the Table des grands groupes de

résidences (Consultative table for major seniors' residence groups). These partners could not only identify training needs in the sector but also provide access to information, networks and resources. For example, FQR, which works with 29 SWCs, gave Formarez privileged access to its business networks. However, Formarez was not able to mobilize these organizations in order to build the capacity to provide training to all private residences, which partly explains its demise.

In 2015, the CPMT requested that Graphi'Com be overseen by its SWC, which coordinated the mutual's main policy directions. The goal was to allow for some control and avoid decisions that could have created unnecessary competition with sector partners, such as the Institut des communications graphiques, which is a major player in the sector, and to foster greater participation in training activities. The SWC also offered opportunities for networking with companies in the sector and shared its offices with the mutual, resulting in a pooling of material resources. Graphi'Com was also linked up with two employer associations through partnership agreements on training and membership, and this enabled it to increase the number of member companies. Despite this synergy, Graphi'Com did not manage to convince enough companies in its sector to become members and to invest in the operation of the mutual and in training. Since companies were in competition with one another, they were not very interested in bringing their employees together to participate in the same training activities.

The general management of Parcours struck a committee of experts representing the network of educational childcare services in Quebec. The purpose of this committee was to refine the training mutual's analysis of the training supply, to evaluate its quality and to determine its impact on the quality of childcare services. The committee comprised representatives of employers and employees, a training organization, a university and the Association des enseignantes et des enseignants en techniques d'éducation à l'enfance (AEETÉE; Association of teachers of childhood education techniques). It was a forum that gave the mutual opportunities to access information and networks, such as the RCPEQC. The SWC played a crucial role too in the creation and development of Parcours by collaborating on its funding applications, preparing a resolution to support it<sup>14</sup> and helping to train its board of directors. At the same time, the SWC did not oversee the mutual, preferring it to be an independent entity with its own board of directors, on which one SWC representative served. In the end, Parcours was unable to harness the financial resources of its sector and did not build the capacity to offer training to all the educational childcare service networks in Quebec.

#### **Summary of the role of actors in the training mutual's environment**

The institutional actors in the training mutual's environment can provide access to financial resources and organizational networks, encourage investment by entrepreneurs and foster the participation of trade unions not only in training activities but also in the management of the training mutual itself, thus ensuring its success. A mutual

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<sup>14</sup> Document drafted and approved by the SWC's board of directors. It recommended that the CPMT provide the mutual with financial support.

that does not benefit from the input of such actors may not enjoy access to the resources that would enable it to mobilize all the stakeholders in its sector.

However, my research showed that the actors involved with the four training mutuals under study did not always have compatible visions and convergent interests. In addition, the actors' capacities and strategies for obtaining multiple resources varied considerably: some relied primarily on their SWC or employer associations, while others seemed not to have any strategies or capacities.

### **Complementarity between training mutuals and other organizations**

The complementarity between the training mutuals and the organizations interacting with them demonstrates the degree to which they do or do not receive support in terms of information, cooperation and resources. This complementarity takes shape between two or more interacting institutions that may receive different kinds of support simultaneously from a variety of other institutions, such as the state, employers, unions, etc. This means that institutional complementarity is continuously renegotiated and challenged by actors. No mechanism guarantees its stability, and it depends on the sustained political support of stakeholders to survive in the long run (Busemeyer and Trampusch 2012). It is not necessarily the result of a rational process where actors try to achieve optimal complementarity, nor is it intentional or planned by government or the business community.

In short, complementarity tends to depend on the political forces at work. These can give rise to cooperation between a mutual and organizations providing support for skills development or, on the contrary, to competition that can undermine it. The effects of institutional complementarity on training mutuals can be positive or negative. For example, in the case of government tenders, training mutuals and private training providers compete for lucrative contracts. In other circumstances, mutuals have been able to establish positive complementary relations with private providers to offer training to companies.

### **Operationalizing institutional complementarity**

To fully understand institutional complementarity, I applied this concept along three dimensions: purpose, resources and power. *Purpose* is what the training mutual seeks to accomplish. It has two indicators: an overall mandate and specific objectives. For example, one of the underlying objectives of training mutuals is to support companies that do not have the resources necessary to develop and launch activities aimed at developing the skills of their workforce (Emploi-Québec 2011). Given that training mutuals fall within the normative framework of the 1 Percent Training Law, it is important to understand how their overall mandate complements those of other organizations.

An analysis of the financial or strategic *resources* deployed specifically at the board of directors and human resources levels helps us to understand whether training mutuals are self-sufficient or depend on complementarity with other institutions.

Finally, an analysis of *power* relations in terms of the levers used sheds light on the cooperation or competition that can exist between mutuals and organizations. For cooperation, two indicators have been identified: information sharing and joint activities. For competition, the indicator selected is institutional hierarchy.

My analysis shows that CEFACQ is not in competition with the ACQ – which exerts a great deal of influence – but in fact serves it. Naturally, the mutual accedes to requests from the ACQ and accepts certain ways of doing things, but it has the latitude to offer training to the greatest number of companies and employees. In addition, CEFACQ enjoys some degree of financial autonomy thanks to subsidies from the Workforce Skills Development and Recognition Fund, the CPMT, annual employer contributions, training registration fees and the 1 percent contribution from certain businesses. The ACQ provides the mutual with human resources, organizational services and material resources, and the two organizations share the same board of directors, which is representative of all the relevant actors in the construction industry. The makeup of the board of directors also provides for greater coherence and consistency with the ACQ's regional associations and with the mutual. Complementarity with the employers' association facilitates access to training at lower costs throughout Quebec, thus promoting the development of skills in the construction industry workforce.

The offices of Formarez were housed on the QSHG's premises, thus facilitating contacts with the Association des propriétaires de résidences (Association of residence owners). However, Formarez was operating in a competitive environment. Specifically, it was in competition with FQR. Positive institutional complementarity with this organization, which is active throughout Quebec through the school boards, would have made it possible to avoid duplication of tasks and eliminate some of the costs incurred in identifying needs and providing training. In addition, the industry is composed mainly of small private seniors' residences that compete with one another. These employers were reluctant to participate in the mutual's training activities, fearing that they would lose employees to large public sector residences that tend to offer better wages. The large seniors' residences did not join the mutual either, because they trained their own staff. As a result, Formarez faced difficulty getting private residences to participate and obtaining any funding beyond CPMT subsidies. Employers on the Formarez board of directors did not grasp the value of investing financially in training and putting effort into the mutual. The political will and financial resources of the CPMT were not sufficient to ensure that Formarez was successful. Indeed, interest on the part of seniors' residences would have been required to generate the necessary investment in training and in the management of the mutual. Moreover, it was not surrounded by institutional actors who could have given it access to financial resources, organizational networks and the capacity to mobilize private residences and partners.

The other two mutuals, Graphi'Com and Parcours, which complemented their SWCs and their unions, received support from the latter, such as consulting services and tools for communicating with employers or employees in their sector, in order to encourage actors to invest in training. For example, Parcours had the opportunity to contact a large number of educators through one of the unions involved. In addition, its

SWC gave it advice and supported and approved its requests for financial support. Finally, representatives of their respective SWCs sat on their boards of directors.

However, both training mutuals were in direct competition with organizations in their respective sectors. For example, Parcours competed with CPE associations that were located in urban centres and were already offering training. In addition, given the budget cuts imposed on the CPEs, the context was not conducive to investment in training. For its part, Graphi'Com was in competition with the Institut des communications graphiques, from which it purchased training services. Like Formarez, Graphi'Com was dealing with companies that refused to invest in training because they were afraid of losing employees to their competitors. These situations created tension and undermined the mutuals' work in supporting the skills development of employees in those companies.

My overall finding is that training mutuals are often in a position of hierarchical and financial dependence from which they find it difficult to escape. Consequently, the benefits of the complementarities established between mutuals and other organizations generally depend on the latter's goodwill. Once again, despite the CPMT's political will and financial resources, interest on the part of companies was not sufficient to induce them to invest time and money in the mutuals and thereby ensure the success of Parcours, Graphi'Com and Formarez.

### **Summary of conditions for the effectiveness of training mutuals**

One of the foundations of Quebec's skills development system is the idea that semi-public intermediary institutions in a sector, training mutuals, are better able than government to bring together local actors, harness a range of resources and meet businesses' training needs.

My analysis of the trajectory of four training mutuals in different sectors indicates that, in order to foster workforce development most effectively, these intermediary institutions must be able to surround themselves with institutional actors who can

- properly identify needs and types of training;
- clearly define the objectives to be achieved;
- avoid unnecessary competition and duplication; and
- optimize the sources of complementarity and existing resources.

Moreover, responsibility for the success of mutuals lies largely with the actors and stakeholders in the sector who interact with them. For example, the presence of several committed actors on the board of directors of a mutual makes it possible to adopt a more holistic, long-term training vision for the sector in question than would a private training centre. A mutual can offer a more comprehensive set of services and training at lower cost to its members, while being attentive to new training needs identified by the members of its board of directors, who are committed to the institution's success.

## CONCLUSION

The need for government policies to improve investment in skills development is a matter of public debate not only in Quebec but also at the federal level and in the other provinces. Existing training instruments in Canada and around the world, whether for the workforce or for businesses, do not adequately address the needs of SMEs and low-skilled workers. It would therefore be useful to examine the Quebec experience with training mutuals, the aim of which is to encourage businesses, particularly SMEs, to meet training needs in specific sectors of economic activity where the available supply of training is inadequate.

Training mutuals were created in the early 2000s with the aim of making training more accessible to workers, mainly those in SMEs, by pooling the training supply and taking advantage of the resulting economies of scale. These semipublic intermediary institutions have been part of the Quebec workforce skills development system since that time, the rationale being that in this area they are more likely to be effective than government institutions.

In this study, I examined four training mutuals in order to determine whether they achieved the objective of mobilizing Quebec companies to invest in training and in order to understand what conditions contribute to their effectiveness and success. Two factors in particular caught my attention: the role of institutional actors and complementarity with other organizations in the field.

My research shows that training mutuals do not all follow the same trajectory.

Indeed, the main objectives of mutuals vary considerably and do not always match their capacity to achieve them or to meet the sometimes unrealistic expectations of some unions and companies. As with the other training instruments reviewed at the beginning of this study, some mutuals do not define their key objective precisely enough, and that objective should be to offer training that accurately targets specific needs and specific categories of employees and companies. As a result, these mutuals do not achieve concrete results, while others, such as CEFACQ, do.

Furthermore, the training mutuals examined here varied in their capacity to achieve their objectives. According to my analysis, the success of mutuals depends primarily on:

- The willingness of institutional actors in the target sectors of economic activity to become actively involved in the operation of mutuals and to invest in training;
- The complementarity of mutuals with other organizations in their environment with the means to provide them with material, organizational and financial resources to support the development of SME employees' skills.

Of the mutuals analyzed, only one – CEFACQ – was supported by actors with aligned visions who had the political skills required to position themselves strategically so as to obtain the necessary financial and material resources, mobilize sector leaders and

use them as levers. Of particular importance in this regard are the boards of directors of training mutuals, which are composed of a variety of sector actors. The directors should have an in-depth understanding of training needs and services in their sector and play an active role in helping mutuals achieve success.

Training mutuals can therefore be an effective way to encourage SMEs to invest in training and to make it more accessible to the workers who need it most. Under the right conditions, mutuals can offset some of the weaknesses of other instruments. With the active involvement of institutional actors, a mutual is in a better position to identify the most critical training needs and the categories of employees with the greatest needs. In addition, positive complementarities with other institutions provide various types of support for mutuals: financial resources, networking and capacity building. With these conditions in place, a mutual can exert a considerable impact on the development of workforce skills at the sectoral and regional levels.

In order to make appropriate adjustments and reap greater benefits from this innovative approach, it would be in Quebec's interest to make a more detailed assessment of the factors that have contributed to the success of some mutuals and to learn from the failure of others. To do this, it would be necessary to collect the data required to measure mutuals' performance and effectiveness, including the gains they can generate for employers and employees in terms of productivity, wages and job retention. It would also be important to gain a deeper understanding of what motivates companies to participate or avoid participating in training mutuals.

Provincial governments, which are also seeking to increase investments in training, could consider setting up training mutuals to complement other existing measures. Before doing so, however, they would need to ensure that the actors, companies and unions in the sectors targeted by this instrument are motivated and interested, as they will have to invest in training mutuals to ensure their success. If the right conditions are met, training mutuals could make a significant contribution to skills development in various sectors of activity in the country and, in particular, meet the pressing needs of SMEs and low-skilled workers.

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