

STAFF SELECTION AND TRAINING

- A. What steps are being taken by companies, Government departments, and Consultants to recruit (a) clerical staff of a nontechnical nature, and (b) new actuarial students?
- B. How are these staffs being trained while "on the job" and what facilities for study are being offered?
- C. What methods have been found successful for selecting satisfactory nontechnical clerical employees for various types of actuarial work?

MR. F. B. GERHARD reviewed the Prudential's program for persons other than actuarial students. He stated that research is necessary to furnish the tools and techniques needed to accomplish the objectives of a sound program. The real backbone of their selection system is the aptitude test and a number of these have been developed which point directly to the needs of the particular job. Two kinds of tests have proved to be especially good indices of ability for many kinds of advanced work and are used to measure general capability. These are tests on vocabulary and arithmetic reasoning, and they have been prepared in two grades, one for college people and one for high school graduates.

In recent years the Prudential found a great need for very capable men as prospects for advancement to superior positions in many departments. Prospects are secured as a result of visits to a large number of colleges, and the most promising candidates are invited to the home office at company expense. In order to qualify they must make high scores in the vocabulary and arithmetic reasoning tests. Those selected for employment are put through a special orientation program and are then given a year's training on the job in four different assignments in line divisions. The work is chosen so as to give the men as broad a general background as possible. In addition, they are given a special two week training period in group insurance, classes on "methods" including I.B.M. installations, and one week in a district office. At the end of the year they are given permanent assignments after a careful review of their background and record and special tests taken at that time. They are also required to pass the L.O.M.A. examinations. The whole program has proved to be very successful.

The vast majority of jobs are filled by recent high school graduates. For many of these jobs a special "battery" of tests is used. One requirement for hiring is that an applicant qualify on tests for at least two different kinds of jobs. With this requirement and with the use of tests in placement, it has been found possible to eliminate a large part (frequently

over 50%) of the potential failures on the job. The tests used have been validated by studies of the correlation between test performance and actual job performance. Applicants rating high on tests for a particular job (for example "general clerical" or "I.B.M. card punching") nearly always do better than average in job performance. Only a very small percentage of applicants who rate low on the tests do better than average in job performance.

MR. R. L. MILLER outlined the Prudential's program for actuarial students. One of its main objectives is to select and develop practical actuaries, another to make as few mistakes as possible in launching men on an actuarial career. It is very important to get the cooperation of colleges in steering the right kind of people into the profession as early as possible. (See *TSA I*, 85-88 for the company's summer program for undergraduates.)

Their brochure on job opportunities includes a brief description of its actuarial training program. Then it has a booklet "Do You Want to Be an Actuary?" which contains more detailed information. Men interviewed for actuarial work must have a really high scholastic average, otherwise they are poor risks for passing examinations. An applicant must also rate high in the company's vocabulary and arithmetic reasoning tests. An applicant for permanent employment who has not passed Part 2 must prove his mathematical ability by passing a two hour examination. Applicants are interviewed by several members of a committee and are hired on the understanding that they will pass the actuarial examinations.

Students who come in during June are given a series of weekly classes on the fundamentals of insurance, talks by various officers, and tests from time to time. Classes in Parts 2, 3, and 4 are given once a week from September to May. Study groups are formed for the later examinations to discuss subjects and hear talks by experienced men. Training on the job is accomplished through a program of rotation, assignment not being confined to strictly actuarial divisions. As a student proves his ability in office work and passing examinations, he is given longer assignments in supervision, research, or other responsible duties. The general aim is to bring the student along to the point where he can assume responsibilities at a level equivalent to assistant division manager by the time he becomes an Associate and equivalent to those of division manager by the time Fellowship is attained.

MR. A. O. GROTH said that for new actuarial students the Equitable of Iowa usually turns to schools that offer special actuarial courses. Students meeting certain standards are allowed two hours of study each day for six weeks preceding each examination. He believes their recruiting

methods have been satisfactory, as all actuarial positions have been filled from its trained staff. He also said that girls who have majored in mathematics in college have been found satisfactory for nontechnical positions in the actuarial department.

During the first month of employment new nontechnical employees attend a class devoted to elementary matters, make a quick tour of the home office, and are given a booklet covering the information given in the class. Two or three months later the employee is included in a training class which meets for three sessions and covers matters in greater detail. A thorough tour of the home office is then made during which the function of each department is explained. The employee is then given the complete home office manual. The company encourages employees to take L.O.M.A. examinations and conducts classes once a week from fall until spring. These classes are one and one-half hours long and are conducted during office hours, except that twenty minutes of each class is taken from the lunch hour. The company pays half the L.O.M.A. examination fee and reimburses the employee for the other half if he passes.

MR. D. M. ELLIS stated that the problem of recruiting clerical staff of a nontechnical nature is giving the Canada Life increasing concern. Toronto has a high concentration of insurance companies and other financial institutions. The female population in the age group from which staff is drawn has declined in recent years. With the current high level of economic activity there is, therefore, increased demand coupled with a reduced number of prospective employees. Experience has shown that increased starting salaries on the part of insurance companies result in still higher offers from industries which are in position to quickly adjust the selling price of their products.

For permanent staff his company is relying, without much success, on long standing friendly relationships with school principals, and on the security and "atmosphere" of working conditions in an insurance office. At the same time it is to an increasing degree using part time staff, mostly married women who work four hours a day either morning or afternoon. Their work has been very satisfactory with a turnover rate about the same as that of junior permanent employees. Turnover among permanent employees has been a problem. A job evaluation has just been completed by which it is hoped to bring up remuneration more quickly for the more important jobs, thus reducing turnover. The company conducts classes for new nontechnical employees, starting after one or two months of employment, and involving several hours a week for three to four weeks.

The company has been able to meet its requirements for actuarial students by keeping in close contact with universities. As an aid in selection,

they hire several mathematics undergraduates each summer. The Canadian Association of Actuaries sponsors a correspondence course for Parts 2, 3, and 4, and arranges study groups for the later parts. The company pays fees for the correspondence courses and allows time to take part in the study groups. In addition, it allows office time for study, varying from 6 half days for early parts to sixteen for the final examinations. As far as possible, students are put on the type of work most closely related to the examinations for which they are preparing.

MR. H. F. ROOD said that two years ago the Lincoln National put on a night shift now numbering 100 employees. Hours are 4:45 to 11:45 with a half hour for lunch. The staff has been recruited mainly through newspaper advertising or from former daytime employees and consists mostly of wives of men working nights in factories. Only routine jobs are done at night, such as filing and posting premiums. The company likes the arrangement, as it has speeded up the flow of work. The absentee rate has not been too high.

MR. R. G. STAGG stated that in the Northwestern National the night shift has had a heavy turnover rate. This has raised the question as to whether it is wise to continue the night shift.

MR. G. E. IMMERWAHR, who until recently was with the Federal government, said it recruits from Civil Service registers and it is not possible to go directly to universities to recruit actuarial students. The greatest difficulty is getting persons from the outside who have passed some examinations, because the Civil Service Commission has not fully awakened to the necessity of meeting competition for these persons. Another difficulty is that the Civil Service register is compiled only every four or five years and soon becomes out of date. Much recruiting has, therefore, been done, with the permission of the Commission, by more or less direct methods such as locating individuals who may be interested in open positions, and then getting the Commission's approval of them. Government actuarial staffs find it difficult to train students, because the staffs are not large enough to permit those who have passed examinations to devote much time to training others, and also because in government work the student cannot gain experience in some important examination subjects. Nevertheless, the number of actuarial examinations passed by Federal employees has been encouragingly large.