

# **SECURING THE FUTURE : FROM PROFESSIONALISM TO PROFESSIONALIZATION**

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## **ABSTRACT**

Although the financial professions have always been subject to public criticism, recent times have seen increasing challenges to the actuarial profession worldwide. To assist national actuarial associations to deal with these challenges, the authors present the concept of professionalization, which is that all occupations have an evolving number and quality of professional aspects. It is submitted that by sorting these aspects into cognitive, normative and organisational strands, national actuarial associations may decide rigorously, explicitly and consensually on the positioning of their professional mission.

The authors argue further that, in order to achieve that mission, actuaries who are members of a national actuarial association must know, implement and review all the aspects of that mission. To this end, lifelong professional learning (as opposed to a single stand-alone professionalism course at the time of qualifying) must be a formal, planned aspect of an actuary's education.

## **KEYWORDS**

Professionalism, professionalization, professional education, lifelong learning, reflective practice.

*Professionals are not new to the world. But in the past, professionals have formed unprogressive castes. The point is that professionalism has now been mated with progress.* Alfred North Whitehead.

## 1 INTRODUCTION

The impetus for this paper was the simultaneous call by Slattery (2004) in South Africa and Martin *et al* (2004) in the UK that all professionally active actuaries should regularly attend professionalism courses. It is submitted that without a rigorous and progressive definition of the subject matter professional events are unlikely to succeed. Indeed, the professional mission of a national actuarial association may itself be difficult to achieve without a properly rigorous definition thereof.

A substantial amount of relevant professional studies already exist in the literature of actuarial professions around the world. The crucial insight presented in this paper is that the three categories of professional activity distilled by Bellis (2000) neatly order the canon into a dynamic and reflective model that actuaries can use to position their professional offering, and then market that offering to their consumers.

In section 2, the authors highlight how the traditional way in which many professions operated (the model of ‘technical rationality’) has been challenged both academically and in the marketplace, and that – faced with these challenges – the actuarial profession is already moving implicitly towards a reflective and dynamic professional model. In section 3, the authors present the concept of professionalization – ie that all occupations are semi-professions and may be appraised on both the number of professional aspects that they choose to offer, as well as the quality of each aspect.

In section 4, the authors integrate the concept of professionalization with the conceptual framework of Bellis (2000), which divides aspects of a profession into three strands. This leads the authors to suggest that national actuarial associations will benefit from defining and developing their particular professionalization model. Section 5 suggests what such a model might contain.

In section 6, the authors explore the essential role that lifelong professional learning by all actuaries must play in the successful implementation of the professionalization model. This would be in contrast to merely attending a professionalism course at the time of qualifying. A more detailed examination of objectives, appropriate curriculum and pedagogy is set out in the appendix.

## 2 THE REFLECTIVE PRACTITIONER

In this paper, the authors are not undertaking a thorough review of the contested recent history of professions. Bellis (2000) reviews a number of writers such as Larson (1979) and Sherris (1987) who have analysed the role of professions from a sociological or an economic viewpoint. Instead, in the section that follows, the authors highlight the work of Schon, describing the evolution of what he termed the reflective practitioner.

Schon (1983) describes as “technical rationality” the model by which professions such as engineering and accounting blossomed in the nineteenth century. Schon

defines technical rationality as instrumental problem-solving made rigorous by the application of scientific theory and technique. The technical rationality conception of professionalism informs much current actuarial professionalism education, as can be seen from slides presented at the 2000/2001 Professionalism Course of the UK actuarial profession (Faculty & Institute of Actuaries, 2000A):

*What qualifies professionals to be trusted?* – special knowledge, special powers, distinctive qualities, appropriate use of powers, stewardship  
*Clients get* – availability of skills, professional service, confidence, redress  
*What does the public gain?* – society needs actuaries, statutory roles, input into public debate.

As will be argued later in this paper, a technical rationality conception of professionalism may no longer be an adequate position from which to operate the actuarial profession in many countries. Schon points out that the technical rationality model ignores the practical setting of the professional task, in which a ‘problematic situation’ has to become a workable ‘problem’ with a potential solution. He notes the “subtle mismatch of professional knowledge to the complexity, uncertainty, instability, uniqueness and value conflicts which are increasingly perceived as central to the world of professional practice”. Schon points out that professional expertise has been involved in many of the disasters, as well as many of the successes, of recent times. Schon also cites social critics that identify the mystique of technical expertise as an instrument of social control of the have-nots by the elite.

Writing more than twenty years ago, Schon envisaged an alternative model of professional activity, which he called the ‘reflective model’. This model centres on the professional – client relationship. It recognizes

... that the professional’s technical expertise is embedded in a context of meanings; that his (*sic*) actions may have different meanings for his client than he intends them to have, and he gives himself the task of discovering what these are; and an obligation to make his own understandings accessible to the client, which means that he needs often to reflect anew on what he knows.

Schon terms a professional who exhibits such behaviour a ‘reflective practitioner’. While such behaviour may be automatic personal practice for some individual professionals, Schon sees reflectivity as desirable for many professions. Further, he calls for such reflectivity to be institutionalised by professions, suggesting that professions encourage their members to become reflective practitioners. The move towards such a call in the actuarial profession is evident in the report of the Revalidation of Professional Competence Task Force (Martin *et al*, 2004). It can also be seen in calls by Daykin (2004) and Goford (2003) for the profession to be ‘open, transparent and accountable’. Daykin’s definitions of these terms are clearly part of Schon’s concept of ‘reflective’, as follows:

Openness implies clarity in terms of engagement and expectations, the avoidance of jargon, and the willingness to offer full explanations in language easily understood by the layman. It suggests a readiness to be challenged, indeed perhaps a willingness to provoke and encourage challenge, and a clear objective of seeking to limit any possibility of obfuscation.

Transparency involves placing all the cards on the table and not holding anything back. For a professional such as an actuary, with a complicated technical toolkit, transparency means coming out from behind the black box and demonstrating a willingness to explain what is going on and disclose the thought processes in full.

Accountability means acceptance of responsibility and responsiveness to the client's sensitivities and concerns. It implies taking unambiguous individual responsibility through personal signature of advice ... making available to the client an easy route to challenge and express concerns, and an easy mechanism to complain, and, if appropriate, seek redress.

In defining, and calling for, openness, transparency and accountability, Daykin indicates how reflectivity might be practiced.

### 3 STATIC VS DYNAMIC UNDERSTANDING OF PROFESSIONS

Schon (1983) anticipated a dynamic role for professionals. Writing at about the same time, Houle (1981) clarified the theoretical framework for such a model, using the concept of *professionalization*. Two concepts underpin Houle's theoretical framework – professions as dynamic, and the notion of semi-professionalism.

Houle (1981) draws a distinction between the traditional conceptualisation of professions as static, and a more relevant and innovative conceptualisation as dynamic. A static conceptualisation of professions suggests “professional attributes as a fixed standard which members must meet, turning the members into passive recipients of claimed wisdom, [while a dynamic conceptualisation] places the responsibility on the members to strive for continuous improvement and adaptation in their professional organisation as well as their own practice” (Bellis, pers. comm.).

The second useful concept that Houle (1981) offers for the development of a theoretical framework for understanding professional work is the notion of the *semi-profession*. To this end, he draws on the work of Vollmer and Mills (1966). Vollmer and Mills, in their eponymous work on professionalization, highlight the degree to which professions meet certain criteria as central to a functional definition of ‘being professional’:

We wish to avoid discussion of whether or not any particular occupational group is ‘really a profession’ or not. ... We feel that it is much more fruitful to ask ‘how professionalized’ or more specifically ‘how professionalized in certain identifiable respects’ a given occupation may be at some point in time.

The work of Vollmer & Mills led Houle (1981) to the insight that every occupation that is called a profession is, in reality, a semi-profession manifesting a number of professionalizing aspects. According to Houle, such an occupation can be appraised as to its success in applying a variety of aspects, as well as to the number of aspects it seeks to apply. It can even be compared with itself at different periods of time. For example, a professionalizing occupation might or might not offer a disciplinary process. If a disciplinary process is offered, it could be anywhere from dysfunctional to splendidly transparent, independent and effective. Similarly for a code of conduct,

a continuing professional development ('CPD') system, a public interest commitment, etc.

Hotel grading systems provide a paradigm for understanding the professionalization model.

- An hotel can choose to offer the number and quality of 'stars' or services it believes is appropriate for its market
- The content and delivery of the package will change from time to time
- Five stars will be appropriate for some markets and eras, and not others
- There is no upper limit to the number and quality of the services that could be offered

In this paper, the term 'professionalize' is used to describe the continuously evolving process whereby actuaries group together to develop and market their skill. The term 'professionalization' thus provides the rigour missing from many contemporary professionalism courses and seminars. The more commonly used term 'professionalism' appears to the authors as more appropriately applied to the static notion of a profession. Moreover, it is used by different people to mean differing and often vague concepts. For example, the Council on Professionalism of the actuarial profession in the USA (American Academy of Actuaries, 2002) clearly use the term to include the cognitive, normative and organisational strands expounded in 4 below. On the other hand, the objectives of the International Actuarial Association (2005) include separately 'Professionalism' (conduct, discipline, standards, public interest, etc), 'Education' and 'Actuarial Science'. Goford's (2004) address on the subject of 'Professionalism' to the pensions conference of the UK actuarial profession uses the term to refer to the quality of individual service delivery skills. Goford's interpretation is similar to that arrived at by Bayerische Ruck (1996) in its "attempt to unravel the concept of professionalism". Both seem to conclude that professionalism is akin to competence delivered with enthusiasm.

The authors of this paper argue that an understanding of how the *dynamic* concept of 'professionalization' evolved from earlier, *static* definitions of 'professionalism' needs to be made explicit in the actuarial profession. Such a clarification will allow actuaries to position their offering as a profession in the market. There is already such a move in the actuarial professional literature in such works as Martin *et al* (2004) with its obviously dynamic subject matter, the 'revalidation of professional competence'.

#### 4. SORTING ASPECTS OF A PROFESSION

While Houle (1981) suggests that various principles are characteristic of professionalizing occupations, it is Bellis (2000) who fleshes out these principles with regard to the actuarial profession. Bellis (2000) carried out a thorough review of the origins and nature of professions from the actuary's viewpoint. She describes her work as an attempt to understand what being a profession may mean for actuaries both now and in the future. The authors believe that the conceptual framework distilled by Bellis is far too valuable to be left as an academic exercise.

Bellis posits that the actuarial profession has three main strands:

Cognitive – the skills that the group have and develop  
Normative – the way in which the skills will be delivered to users  
Organisational – a body that will ensure that the cognitive skills are indeed delivered in the normative way.

As mentioned in the introduction, the expounding and development of aspects of the actuarial professional ‘product’ (such as CPD, public interest, compliance with professional guidance, etc) already exist in the literature of the actuarial profession around the world. What the current paper adds is the crucial insight that Bellis’ framework orders this canon into three strands of professional aspects; and that it is reviewing their positioning on each strand that will move actuaries along the professionalization process, and towards becoming a reflective profession and marketing themselves as such. The authors therefore suggest, drawing on Bellis’s three-strand model, that national actuarial associations adopt a professionalization model along the following lines:

Today’s actuaries inherit and develop the three strands of the profession.

The cognitive strand is the actuary’s technical skill, the analysis and modelling of situations involving financial risk and contingent events, and the matching of assets with liabilities.

The normative strand is the manner in which each actuary undertakes to deliver these skills, by adhering to the evolving code of professional conduct, its associated technical standards, and the ethical requirements of the profession.

The organisational strand is our professional body, which we task with ensuring that the skills are delivered in the agreed manner, as well as participating in public debate on matters within its field of expertise.

Bellis quotes Brint (1994) who observed a contemporary shift from so-called ‘trustee professionalism’ to so-called ‘expert professionalism’. This shift happened as the ideology of some professions moved further from serving the public good and closer to providing services to clients. The authors note this shift as an example of such professions shrinking their normative and organisational strands. A related movement in contemporary society, as observed by O’Neill (2002), Morris (2005) and others, is the increase in regulation of professional activities, and even professional organisations themselves – as in the oversight role over the UK actuarial profession that their Financial Reporting Council will start to play.

The benefits to national actuarial associations of adopting such a professionalization model include not only positioning the association’s ‘product’ in the market, but also ensuring that each member of that association knows what is required of them in the professional arena. This could even be reinforced by a Hippocratic-type oath on inception of membership.

However, there are potential disadvantages in this standard setting process. If the professional claims are too stringent, then members will have difficulty complying, and the profession may be seen as hypocritical or incompetent. And even attainable claims will not always be attained – Gawande (2003) argues that the obvious

fallibility of surgeons must be allowed for in the professional claims of the medical profession, which he describes as an “imperfect science”. Furthermore, actuaries work in a variety of areas, in which the ‘purely’ actuarial input might be anywhere on a continuum from zero to one hundred percent. If the professionalization claims are too stringent, actuaries in the wider fields may be tempted to leave the profession.

Houle (1981) envisages that a profession would need to go through an extensive process before reaching sufficient consensus for its professionalization model. The authors note that not only would the lifelong professional learning discussed in Section 6 below inform members of the model, but also it would be an opportunity for maintaining and evolving consensus concerning the model.

To some extent, many national actuarial associations may already have a professionalization model. For instance, the UK profession has its Vision & Values document (Faculty & Institute of Actuaries, 2000B). However, the authors argue that professionalization models need to be understood as such, made rigorous, sorted by the Bellis framework, and then used to inform lifelong professional learning. Bellis (2000) also cautions that it is society, and not the profession, which recognises a profession as such. Society must believe that the three strands will be provided. Ward (an accountant) commented in the discussion of Bellis’ paper at Staple Inn that actuaries must therefore *show* this professionalization by their actions, and not only *tell* society “our noble professional sentiments”.

## 5 POPULATING THE PROFESSIONALIZATION MODEL

In this section, the authors sketch out which professional aspects sort under Bellis’ three categories.

### 5.1 The first strand – developing and maintaining actuarial skills

The cognitive strand of the professionalization model deals with developing, maintaining and expanding skills. The first step would be a description or understanding of the nature of actuarial science – such as can be found in Gutterman (1998) and Pemberton (1999) – and why the provision of a service built upon these principles and competencies is of use to consumers.

There could be a reference to the way in which pre-qualifying actuarial education is carried out, although it would not be appropriate to cover technical actuarial material. Many national associations, however, also require that their members engage in continuous professional development (‘CPD’) after initial qualification. Bellis (2000) believes that CPD is the unique offering of a profession. The cognitive strand of the professionalization model should therefore also refer to the national association’s conception of CPD – for instance, the UK profession defines CPD as the maintenance, improvement and broadening of knowledge and skill and the development of the personal and professional qualities needed throughout an actuary’s working life (Morris, 2005).

## 5.2 The second strand – actuaries’ conduct

### 5.2.1 Conduct versus Ethics

The distinction between conduct and ethics needs to be clarified. Webley (2003) quotes the Highway Code as an example of a code of conduct. The implication is that a Code of Conduct is a list of specific behaviours that can be identified and must be exhibited. On the other hand, ethics, as defined by Carmichael (1995), is “a set of values practised by an organisation which should meet the expectations of stakeholders”. She sees ethics applying in the grey areas where right and wrong are debatable – that is, where required conduct cannot be adequately identified.

The second strand of the professionalization model needs to make provision for requirements with regard to both conduct and ethics. With regard to conduct, the model should refer to the specific behaviours required of members of a national actuarial association. These will normally be found in

- a general code of conduct, such as the UK Professional Conduct Standards (‘PCS’) (Faculty & Institute of Actuaries, 2003)
- specific guidance notes on technical or professional matters
- the constitution and bye-laws of the society.

Separately from conduct, the model should refer to any ethical claims that the national actuarial association wishes to make. For example, both the Faculty and Institute (1999) and the Institute of Actuaries of Australia (Knox, 1999) claim that their members act with integrity. Goford (2003) and Daykin (2004) seek for openness, transparency and accountability.

It should be noted that ethical requirements are mixed in with conduct issues in the UK PCS – such as “members must maintain and observe the *highest* standards of conduct” and “in formulating advice, a member ... is expected to exercise *best* judgment”.

### 5.2.2 Business skills

There are a number of desirable behaviours that are not usually included in a code of conduct. The need for personal hygiene would be taken for granted by most economically active people – but what about business management or communication skills? Goford (2004) includes a number of business skills in his understanding of professionalism for UK pensions actuaries and Martin *et al* (2004) give a similar list of what they term professional management skills. Morris (2005) calls for these work-based skills to be included in initial and ongoing professional education. National actuarial associations need to record exactly which behaviours are required and consider whether to include them as such in the professionalization model.

## 5.3 The third strand – the professional body

In the application of Bellis’ model as envisioned in this paper, each national actuarial association is created and maintained by its members to ensure that the skills (the first strand) are indeed delivered according to the agreed standards (the second strand). The association needs to set up the infrastructure to carry out its ‘third strand’ duties, including for example

- ensuring that a code of conduct and guidance notes are created and maintained
- ensuring that any public interest duties of members are spelt out in the code of conduct and guidance notes in a measurable manner
- ensuring compliance by members with the code of conduct and guidance notes
- ensuring that a process exists for problems and developments to be evaluated by the profession, and guidance to be altered as appropriate
- ensuring that complaints against members progress smoothly through the disciplinary system
- encouraging research and ensuring that the education curriculum is up to date
- ensuring (but not necessarily providing) undergraduate and continuing professional education
- having a process for engaging the regulator and the public on matters where the profession can be expected to have valuable insights
- encouraging members to voluntary community service, such as access to actuarial advice by those unable to pay.

## 6 FROM PROFESSIONALISM COURSES TO LIFELONG PROFESSIONAL LEARNING

Having defined its professionalization model, the national actuarial association needs to make it happen. For this, it is essential that each member understands and practices the model – which, the authors would argue, requires more than working through the odd ethics case study.

A service provider who makes no claim to normative and organisational deliverables can theoretically develop and deliver their skills completely alone. On the other hand, professional people can only make normative and organisational claims when they join together as a profession. One cannot claim to be an actuary without a minimum level of interaction with the group. The national actuarial association's desired level of interaction may be set out in the professionalization model. Ongoing professional education is therefore needed to empower actuaries to make this interaction happen. As Bridgeland & Reece (2000) put it, CPD is for life, not just for certificates.

In a general discussion of CPD, Martin *et al* (2004) suggested that UK actuaries be required to attend what they refer to as a professionalism course every ten years. The work of Martin *et al* formed a large part of the submission of the UK profession to the Morris Review (2005). Morris made the following response:

... the review noted the greater emphasis being placed by the Profession on professionalism requirements. This is clearly desirable ... .

As a result of Martin *et al*'s recommendation, a requirement that professionally active actuaries practising in the UK should attend a so-called 'professionalism event' every ten years is currently being written into the bye-laws of the UK actuarial profession. At their Sydney meeting in 2002, the Professionalism Committee of the International Actuarial Association first discussed the need for such events, and they are to compile a list of individuals who will be responsible in each country for the implementation of such events.

For some years, a number of national actuarial associations have offered professionalism courses to newly qualified actuaries. The UK profession has previously offered (on a voluntary basis) such events for experienced actuaries. Other national actuarial associations offer *ad hoc* seminars on professional issues. And a very simplified professionalization section is included in the new 'Business Awareness' module of the examinations of the Faculty and Institute of Actuaries. It is the opinion of the authors that all of the above interventions need to be rationalised into the paradigm of lifelong professional learning.

Critical to such learning, according to Houle (1981), will be understanding the nature of the learners throughout their careers, setting measurable outcomes, using appropriate educational techniques, evolving the curriculum and assuring quality. These issues are explored in the annexure, titled Lifelong Professional Learning.

The authors have acknowledged in Section 4 above that the process by which a national actuarial association reaches agreement on its professional claims may require a number of consultative steps before sufficient consensus is reached. The authors believe however that the lifelong professional learning will itself form part of the ongoing refinement of the professionalization model. Personal experience of one of the authors as presenter of a professionalism course, as well as informal feedback from other presenters, underlines how such events not only educate attendees about existing practice, but also encourage attendees and presenters to challenge and review what they as a profession aim to achieve – to behave, in fact, as reflective practitioners.

## 7. CONCLUSION

In many countries today, the actuarial profession is being challenged to become more reflective. The authors argue that by using the dynamic concept of professionalization – which is that all occupations are semi-professions with an evolving number and quality of professional aspects – and by sorting these aspects into cognitive, normative and organisational strands, national actuarial associations may decide rigorously, explicitly and consensually on the positioning of their professional mission. The authors argue further that, in order to achieve that mission, members must know, implement and review its aspects, and must therefore engage in lifelong professionalization learning.

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## ANNEXURE – LIFELONG PROFESSIONAL LEARNING

*“No one has ever done the right thing because of taking an ethics course in dental school” Bertolami (2004)*

### 1 INTRODUCTION

The attached paper “Securing the Future : From Professionalism to Professionalization” sets out the authors’ case for national actuarial associations to institute lifelong professional learning. In this annexure, the authors suggest how this learning might successfully be carried out. The discussion presented in this annexure is based on a number of premises argued in the attached paper:

- lifelong education is a professional necessity
- professional aspects may be sorted into three strands (cognitive; normative; organisational)
- professional education needs to be co-ordinated and owned by the profession.

Three key areas regarding professional education are addressed in this annexure – target audience, curriculum, and methodology. To this end, Section 2 of the annexure surveys professional education for actuaries in a variety of countries. The target groups for such education are examined, together with the nature of these interventions. Section 3 places actuarial professional education in the context of lifelong learning. The need for professional education to be career phase specific is discussed. Section 4 makes use of the ‘three-stand model’ suggested by Bellis (2000) to propose foci in a professionalization curriculum for actuaries. In Section 5, the significance of sound educational delivery of professional education is discussed. Modes of presentation and kinds of assessment are evaluated.

### 2 SNAPSHOTS OF EXISTING PROFESSIONAL EDUCATION

Rather than attempting a review of professional education worldwide – a formidable task – this section highlights practices in the UK actuarial profession, together with some observations of other countries. Discussion will highlight the target groups for such education and the nature of these interventions. The purpose of this review is to examine whether any of these interventions might serve as models for planning and implementing an integrated and systematic programme of actuarial professional education in other countries.

The UK actuarial profession presents a ‘professionalism course’ for newly qualified actuaries. The concept was pioneered in the 1980s, and regular revisions and improvements in the programme have followed. A substantial part of the development, review and presentation of the course is carried out by an actuary specifically employed by the profession for this purpose. This work is also overseen by a committee from the profession. The 2004 professionalism course for newly qualified actuaries in the UK was a two day seminar covering the following topics:

- introduction to professionalism and corporate governance
- professional conduct standards and UK regulation
- generic case studies
- legal liability

- the disciplinary scheme
- current affairs and challenges
- area specific case studies
- continuing professional development.

Recently, professional education has been extended to actuarial students prior to professional qualification. A selection of the topics listed above are now included as a brief section in the new Business Awareness module to be taken by actuarial students midway through the UK examinations.

The UK actuarial profession has recently also proposed a one-day compulsory professionalism event for professionally active actuaries. The draft agenda for the event differs substantially from the programme offered to newly qualified practitioners and students, and is as follows:

- current professionalism issues for actuaries, other professions, and globally
- ethics case studies
- area specific case studies
- general discussions.

The nature of this programme is a significant shift from previous UK courses for experienced actuaries. In the past, to some extent, a ‘one size fits all’ programme was delivered – for both newly qualified and for experienced actuaries. An awareness amongst professional education co-ordinators in the UK regarding the need for different education for different career stages has clearly driven the differentiation. The need for diversity in professional education will be discussed later in this annexure.

Outside the UK, a number of national actuarial associations, such as Australia and South Africa, offer professionalism courses for newly qualified actuaries. These courses were modelled on the UK course, although the Australian course is now longer, and includes business skills. The authors’ enquiries have failed to reveal any other ‘advanced’ courses for experienced actuaries. Particular professional issues are, however, addressed on an *ad hoc* basis at regional and national sessional meetings, and at conventions, in many national actuarial associations.

Two shortcomings are evident from analysis of current professional education for actuaries. Firstly, while the professional development of actuarial students and new professionals is increasingly addressed by current models of actuarial professional education, the needs of experienced professionals has been neglected. Secondly, actuarial professional education appears to be fragmented and, at times, *ad hoc* – with no unifying thread to structure all professional education.

The model for professional education presented in “Securing the Future : From Professionalism to Professionalization” offers the potential to address both of these shortcomings. The three strands of professionalization organise all professional competencies into an integrated structure. The demand to engage all actuarial professionals in reflective practice with regard to these strands provides a theoretical framework for lifelong professional learning.

### 3 LIFELONG PROFESSIONAL LEARNING

Lifelong professional actuarial education is directed at encouraging members to know, implement and review the positioning of their profession with regard to the three strands of professionalization. How – and even whether – professionals engage in professional education, according to Houle (1981), will depend on career stage and other related factors.

Three phases to engagement are identifiable – as a student, as a new professional, and as an experienced professional. Bertolami (2004) defines the student phase as a ‘golden period’ when students are thinking most idealistically. Constructs of professionalization by students draw little on experience and are frequently idealised. However, this is a significant period as the frameworks for professional knowledge, skills, and values are laid down. Houle (1981) describes the professionalization challenges for new graduates, “[they] have knowledge, technique and attitudes; now they must learn the art of blending the elements of their competence required to deal with each new situation they confront”. Synthesis of idealism and reality, and application of knowledge, skills, and values are the sites for professionalization engagement for this phase. Finally, experienced actuaries are required to engage with new contexts (including social, political and policy) which bring fresh challenges.

Houle (1981) suggests that other factors, beyond career phase, also affect both the needs of lifelong learners and their willingness to engage. These factors include the setting of the professional’s practice (eg entrepreneurial, collective, hierarchical, etc), changes in career path, quality of professional’s work-life (eg problems, crises, collegial support), as well as age.

Any course that is conceived to develop actuarial professionalization should therefore take into account the career stage of the actuary, as well as the individual circumstances of the learner if it is to be effective. Educational courses that neglect to do so will result in a mismatch of content with learner needs, and effective learning will be compromised. A negative attitude towards ongoing professional development may also result. As Houle (1981) points out, the practitioner must experience the value of continuing education, if he/she is to make a habit of participating in it.

A blueprint for professionalization education needs to target professionals at each stage of their career. The implicit model for lifelong professional learning evolving in the UK provides a potential framework for elaboration. Currently consisting of a few hours of ‘professionalism’ education in the Business Awareness Module, a two day course on qualifying, two hours of professional CPD per annum, and a ten-yearly seminar, the outline may valuably be elaborated to include attention at all phases of the professional career. It might include:

(a) Student phase:

i) Exposure at various stages of university studies

It would be important to include these studies as part of the required credits for the university degree. There could even be pre-curriculum studies.

ii) The Business Awareness Module

The current content of the UK course could be expanded.

(b) New actuary phase:

Existing courses presented to actuaries at the time of qualifying could be extended to a series of workshops. Format will be discussed in Section 5.

(c) Experienced actuary phase:

There could be a variety of interventions thereafter. Possible options are discussed in Section 5.

Central to the effective delivery of this tranche of professionalization interventions will be a carefully co-ordinated over-arching blue-print. Outcomes for each level, taking into account the specific aspects of the curriculum to be addressed, as well as the specific needs of the learners at their career stage, need to be developed by an education subcommittee, assisted by an expert education consultant.

## 4 CURRICULUM

A draft curriculum for lifelong actuarial professional learning is set out in the attached paper. Ensuing discussion will flesh out potential content for all three strands of the professionalization model. Since such education is a lifelong project, aspects should be covered at different depths at different stages of an actuary's professional career.

### 4.1 Cognitive strand

The cognitive strand deals with developing, maintaining and expanding skills. While this aspect usually refers to technical competencies, understanding the nature of professionalization and the resulting need for ongoing professional education is also part of the cognitive strand. In other words, the cognitive strand of the curriculum will serve to develop both field specific competencies and an understanding of:

- the nature of professionalization
- the difference between static professionalism and dynamic professionalization
- the way in which aspects of the profession can be organised into three strands of ongoing lifelong professional education
- the need to be, and remain, current in all three strands.

### 4.2 Normative strand

The attached paper distinguishes three aspects to the normative strand – conduct, ethics, and business skills.

#### 4.2.1 Conduct

Using the UK as an example, actuaries have the following specifically defined and enforceable duties.

(a) The Professional Conduct Standards, which “give guidance on professional conduct to which all members must conform” including:

- do not denigrate the profession
- decline or qualify advice required with inadequate time constraints

- have same standards for internal or external advice
- maintain confidentiality
- observe guidance notes, or disclose non-compliance
- do not give advice unless competent
- investigate the accuracy and completeness of data
- give sufficient information for the recipient to assess the advice
- disclose author and terms of engagement
- take action on discovering a material breach by another member
- consider potential conflicts of interest, and notify clients
- disclose own financial interests
- contact the previous incumbent when taking on new work
- no unfair criticism of members
- no unjustified advertising.

(b) Those technical and professional guidance notes which require specific behaviour that can be identified and exhibited. (Learning interventions in this regard might include discussions regarding personal tracking systems for keeping up to date with the continual changes and additions to guidance notes.)

(c) Conduct required by the constitution and bye-laws, including:

- obtain practising certificates
- obtain continuing professional development certificate
- distinction between mandatory and recommended guidance
- do not engage in 'unprofessional conduct' (and the definition thereof)
- housekeeping issues such as paying fees, notifying addresses.

#### 4.2.2 Ethics

Ethics might be understood as the grey areas where specific conduct is difficult to define. Debate exists whether ethical behaviour can be taught in the same way as professional field specific competencies and codes of conduct. In the dental field, Bertolami (2004) challenges that an automatic link exists between overt teaching and ethical practice, "No one has ever done the right thing because of taking an ethics course in dental school". Sharp and Thomas (1998) argue that ethics are 'caught not taught'. Ferguson (1997) suggests the sources from which individuals might 'catch' their ethical principles, "our families, various mentors in school, university or business life, and groups to which we belong, whether church (sic), social or business". Ferguson's position suggests that the actuarial profession might have a significant role to play as a source from which professionals might 'catch' appropriate ethical values. Planning how such educational opportunities are structured is the challenging preserve of the national actuarial association. It should be borne in mind, however, that values, rather than being universal, are culture specific (see for example Wilkie (1997) and McLeod (2005) on the mutuality versus solidarity debate).

#### 4.2.3 Business Skills

An example of the types of generic business skills which the national actuarial association might wish to include in the normative strand of their professionalization model would be those listed by Goford (2004) as follows:

- take account of the business context

- take account of the legal, tax and accounting context
- think, ask, listen, be aware
- state the problem and agree a form of response
- communicate and demonstrate the solution.

Legal competencies could also be covered in the business strand curriculum. The legal liability of actuaries (see, for example, Lowther and Mort, 2002) is addressed in Australian and South African courses for newly qualified actuaries. The fiduciary duty of the actuary as “trustee professional” (Brint, 1994) is another legal aspect for which ongoing education could be offered.

Different aspects need to be taught at different stages of the actuary’s career, and for differing fields of actuarial work. In other words, new skills may be required with increasing responsibility, when commencing new kinds of professional work, and as new fields open up to the actuarial profession.

#### 4.3 Organisational strand

The organisational strand revolves around ensuring that the cognitive skills are delivered in the normative way – in other words, ensuring that actuarial skills are delivered according to the agreed standards. Topics in this regard include issues around any public interest and/or whistleblowing role for individual actuaries and/or the profession as a whole (see, for example, Lowther *et al*, 2005).

### 5 DELIVERING SOUND EDUCATION

The best intentioned professional interventions – even carefully targeted to the career phase needs of practitioners – are unlikely to succeed if they are not delivered according to sound educational principles (Houle, 1981). Brownfield *et al* (1997), with specific regard to the development of actuarial education, suggest that course planners need to understand how people learn, what factors (like appropriate levels of guidance, and making use of learners’ experience) influence appropriate teaching methodology, and to make use of education professionals to assist in the design and delivery of appropriate learning opportunities. These three points have been used to structure the ensuing discussion.

#### 5.1 Take account of educational findings

Current theories of learning understand the learner as actively constructing knowledge (Biggs, 2003). The learner is actively engaged in the learning process - unlike the traditional approach where the learner is perceived as a passive ‘empty vessel’ waiting to be filled up with the wisdom of the teacher. With specific regard to lifelong professional learning, Wilcox (2005) goes even further, placing responsibility for the learning with the learner. Noting that professional learning occurs in the workplace as much as on courses, Wilcox suggests that the learner must “decide what needs to be learned or un-learned, how to learn it, and how to test and assess the learning”. The role of the professional body and its education adviser should therefore include helping the members to acquire the skills, strategies and methodologies for successful lifelong professional learning.

Current educational theories also emphasise the role that time plays in learning. If learners are adequately to construct new knowledge, they need time. Real understanding, unlike rote learning, cannot be achieved in an hour or two, or even in a day. It is a process of integrating new understandings into existing frameworks.

Assessment is understood to play a significant role in learning. Cannon and Newble (2000) and Biggs (2003) argue that assessing whether learning has taken place is essential. In the context of actuarial professional learning, then, it is arguable that an assessment should be put in place that tests whether professional learning has occurred. However, theories of assessment also argue that assessment must be perceived by the learner as relevant if it is to be taken seriously. Indeed, many educational theorists (Cannon & Newble, 2000; Biggs, 2003) argue that inappropriate assessment compromises quality learning. Thus, for example if actuaries are assessed on their ability to implement what they have learned at lectures or workshops in ways that they perceive as ‘police-ing’, they are more likely to engage in window-dressing and compliance rather than real behavioural awareness or change (Stephenson, 2003).

## 5.2 Teaching methodology

The pointers of Brownfield *et al* (1997) suggest that teaching methodologies are important to effective learning. In the section that follows, a variety of teaching methodologies will be evaluated for their potential to facilitate quality learning.

### 5.2.1 Lectures

Lectures, where experts address a forum of passive learners, are a very common teaching methodology. However, Canon and Newble (2000) suggest that lectures are not a very effective method for facilitating learning. The learner is not actively engaged in the learning process. There is insufficient time to integrate new insights into existing frameworks. A superficial approach to learning is usual – compliance to the demand to attend the lecture, rather than engagement with the meaning of the content.

### 5.2.2 Distance learning

Distance learning (for example, e-learning and student assignments) is increasingly popular as learners from a variety of different locations can be serviced. These types of structured learning have the advantage that they can be performed at the time and place chosen by the learner. Quality learning may occur when time is no constraint, and the resources can be revisited. A disadvantage is that the learner is alone, and does not have the opportunity to discuss insights with peers.

### 5.2.3 Workshop

Workshops are characterised by active small group learning around *carefully structured* tasks (for example, group discussions, role plays and case studies). The leader/ teacher acts as facilitator of learning rather than expert in control of the knowledge. Participants are required to think about issues and to discuss the relevance of these issues to their own professional practice. A deep approach to learning is encouraged by the context.

However, a single once-off workshop may not provide adequate time for new insights to be integrated into existing knowledge. It is arguable that a series of workshops, spread over a period of time, would better allow the development of understanding, the integration of new insights into existing knowledge, and the framing of theoretical constructs for understanding the new knowledge, skills, and values. While such a model has the disadvantage of extended time commitment – and consequent cost – for both facilitators and participants, the advantages for quality learning are significant. In this regard, it is the view of the authors that the existing concentrated two-day professionalism courses do not adequately allow for integration of new insights into existing knowledge. To achieve this goal, arguably, it is necessary to have a series of interventions over a period of time. However, the length of each leg might be reduced to only one day, or part thereof.

#### 5.2.4 Portfolios

A portfolio is a focused, purposeful collection of learner's work that documents evidence of learning, progress, and achievement over time. Portfolio compilation has already been incorporated into the technical side of pre-qualification training by the UK actuarial profession. In the portfolio, the learner assembles, presents, explains and evaluates his or her learning in relation to the objectives of the learning programme and his or her own purposes (Cannon & Newble, 2000). The learner makes a selection of evidence that s/he believes best demonstrates his or her learning with regard to the current task. A portfolio approach allows the learner to add and remove evidence as his/her insights change, as new contexts challenge accepted norms, and as the learner applies his/her learning to new and varied contexts. This approach leads to quality learning as learners are required to integrate new learning into existing frameworks in order to make, or change, the selection.

On the negative side, portfolios are time consuming, and unlikely to be undertaken by busy actuaries without strong motivation. It is here that assessment plays a significant role. Because portfolios are such a powerful teaching and learning tool, their compilation has more chance of being taken seriously by learners than the more traditional forms of assessment like essays, tests and examinations. However, the way in which the portfolio is assessed will have a further effect on the quality of learning. For example, the UK actuarial profession has proposed that CPD records (which are a simplified form of a portfolio approach to assessment) be examined on a sample basis. The apparent advantage of such an option is that practitioners are forced to engage with the focus of the portfolio. Implicit is the assumption that completing a portfolio equates to improved practice. Evidence from the higher education quality control context (Stephenson, 2003) is that most practitioners perceive outside initiated quality assurance as irrelevant and engage with the task only in as far as it is necessary to demonstrate compliance. Thus little real change or quality learning takes place.

An alternative option, and more educationally sound, might be to ask actuaries to take responsibility for the compilation and updating of their own portfolios. They might be requested to submit their portfolio once each year to a peer for review.

### 5.3 Use of full-time educators and outside resources

The argument presented in this annexure is that strategies for professionalization are *educational* interventions – and should therefore be overseen by a dedicated committee from the professional body under the guidance of an advisor with educational expertise. Their mandate should be to design educationally appropriate interventions for each phase of the actuary's professional life. Outcomes for each phase should be designed by the team to structure the nature and content of these interventions. Furthermore, such a committee should consider which aspects of the learning programme are best outsourced to commercial providers (a good example would be business management skills), which taught by actuarial educationists at universities, and which presented by suitably mentored professionally active actuaries (for example, ethics case studies).

## 6 CONCLUSION

The attached paper sets out the authors' case for national actuarial associations to institute lifelong professional learning. This annexure has given form to this position – highlighting the need to address professionalization education at every stage of the actuary's professional career. The specific nature of the curriculum has been outlined, as well as considerations for designing educationally appropriate interventions. Steare (2004) argues that it is hypocritical for an organisation to make professional claims – for example, regarding integrity – without “every stakeholder taking personal and collective responsibility for their actions, and for achieving exemplary standards of behaviour”. Professionalization education could serve not only as the actuarial profession's commitment to reflective practice, but also as defence against criticisms that what it shows is not what it tells.

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