

An Empirical Investigation into Undergraduate Student Career Interest in Being an Insurance Agent

by Donald Bleich, Ph.D., Yanbo Jin, Ph.D. and David T. Russell, Ph.D.

Introduction

The purpose of this article is to determine which of several factors, if any, influence undergraduate student interest in a career as an insurance agent. The factors considered fall into four categories. The first category consists of student psychological profile and value system variables. These variables will be used to determine if interest in the insurance agent profession is driven by the psychological makeup of the students. The second category consists of academic performance, which will be used to assess the impact of grades on the level of interest in the insurance agent position as a career choice. The third category consists of anticipated financial reward and its influence on job choice. Finally, the fourth category measures the impact of insurance education and personal contact with insurance agents on career selection.

Methodology and Data

The sample consisted of 498 undergraduate students from the Department of Finance, Real Estate and Insurance at California State University, Northridge, who indicated that they intended to pursue a career in a finance related profession. In the first part of the questionnaire, the students pursuing a finance-related major were asked how likely it is that they will be working in numerous professions, including insurance agent. The students rated their responses from 0 to 10, with 0 indicating that there is no possibility that they will be working in that profession and 10 indicating that they certainly will be working in that profession. The results are listed in Table 1.

The results indicate that insurance agent is the second least popular selection amongst undergraduates when forecasting their profession five years into the future. Students who expressed a high interest in the insurance agent profession also had a high interest in the financial planning, financial analyst and banking professions.

To distinguish their own preferences from those they ascribe to the general public, all of the students were also asked how desirable, on a scale of 0 to 10, each profession is to the general public. The results are reported in Table 2.

Table 2 indicates that the students, as a whole, believed that a career as an insurance agent was very unattractive to the general public. However, students with a high interest in being an insurance agent were more positive about the general public's view of insurance agents than their low interest counterparts. Table 2 also indicates that despite years of unfavorable media coverage, corporate executive and lawyer topped the list. An inspection of Table 1 and Table 2 shows that students perceive slight differences between their own career plans and the career desirability perceptions of the general public. Students have a slightly different order of their own long term career objectives

Abstract

The success or failure of insurance companies ultimately will revolve around their ability to attract, train and retain the best people, including salespeople. Reports about the "graying" of the insurance industry suggest that the insurance industry must seek qualified replacements for the coming wave of retirements, especially among the agency force. This article examines the attitudes of undergraduate students majoring in a finance-related field toward a career as an insurance agent. Each student filled out a questionnaire that measured his or her psychological profile, value systems, financial reward expectations, academic performance, coursework and personal contact with insurance agents. Students were divided into two groups based on their interest (high or low) in the insurance agent career option.

The results indicate that, of the variables considered, coursework in insurance and personal contact with a professional in the field such as a CPCU Society member have the most consistently significant influence on student career plans. The results suggest that expanded insurance course offerings at the college level as well as personal recruiting efforts by CPCU Society members, chapters and others will bear fruit in a field that may not otherwise appeal to students.

Table 1

Five years from now, will you be working in the following professions?

(0=no possibility, 10=certainly will)

	All Students (n=498)	Student's Interest in Becoming an Insurance Agent	
		Low (n=399)	High (n=99)
Financial Analyst (not real estate)	6.61	6.53	6.98
Financial Planner	6.23	6.00	7.14
Corporate Executive	6.02	6.04	5.97
Consultant	5.66	5.50	6.32
Investment Banker	5.62	5.42	6.44
Banker	5.44	5.15	6.63
Portfolio Manager	5.34	5.20	5.92
Real Estate Financial Analyst	4.38	4.25	4.91
Real Estate Broker/Sales Person (Residential)	3.77	3.64	4.31
Real Estate Broker/Sales Person (Commercial)	3.71	3.58	4.21
Mortgage Broker/Banker	3.58	3.38	4.42
Real Estate Developer	3.41	3.39	3.49
Real Estate Appraiser	2.67	2.56	3.08
Insurance Agent	2.66	1.37	7.86
Lawyer	1.74	1.69	1.93

than those they ascribe to the general public, with the exception of lawyer — in this case, students have little interest in this career compared to what they believe is a very desirable career to the general public.

Conceptual Framework

In order to investigate the factors that influence career choice, the students pursuing finance-related careers were divided into two groups based on their interest in the insurance agent profession. Those students that expressed an interest level of 6 or higher were classified as having a high interest in that profession. Those students with scores of 5 or less were classified as having a low interest. To analyze the factors that influence student interest, we must examine those variables that influence choice behavior. This section of the paper will identify potentially important variables that must be considered in the development of the model. The variables identified can be divided into four categories: psychological attributes, academic performance, financial reward and personal contact with the insurance professions.

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Table 2

How desirable are the following professions to the general public?

(0=people would not go into that profession even if they were qualified and compatible with the demands of the profession, 10=most people would want to enter that profession if they were qualified and compatible with the demands of the profession)

	All Students (n=495) ¹	Student's Interest in Becoming an Insurance Agent	
		Low (n=397)	High (n=98)
Corporate Executive	8.78	8.82	8.62
Lawyer	8.19	8.24	7.97
Investment Banker	7.51	7.55	7.33
Portfolio Manager	7.17	7.13	7.30
Financial Analyst (not real estate)	7.09	7.15	6.85
Financial Planner	7.04	7.02	7.11
Consultant	6.91	6.93	6.85
Banker	6.90	6.84	7.17
Real Estate Developer	6.54	6.58	6.37
Real Estate Broker/Sales Person (Commercial)	6.48	6.40	6.85
Real Estate Broker/Sales Person (Residential)	6.47	6.35	6.98
Real Estate Financial Analyst	6.07	6.02	6.27
Mortgage Broker/Banker	6.06	5.99	6.37
Insurance Agent	5.22	4.94	6.34
Real Estate Appraiser	5.14	5.08	5.39

Psychological Attributes

The first set of variables examines whether or not student interest in the insurance agent profession is determined by the internal psychology of the student.² For each psychological attribute, except locus of control, the students' responses to a series of statements were analyzed and scored on a basis of 1 to 6, with 6 indicating strong agreement. The scoring for locus of control is discussed later in this section.

Our values and beliefs toward work often determine the occupations we select and the type of employer we choose. The first 12 variables examine the psychological makeup of the students. Students who have a high interest in becoming an insurance agent will be compared to those with low interest. Each of these 12 variables is explained below and the results are summarized in Table 3.

Leisure Ethic: A person who approaches work driven by a leisure ethic regards work as a means to personal fulfillment through a job's ability to allow the worker to pursue leisure activities. Those students who scored high on this attribute expressed the belief that leisure time was more interesting than work and that they measured success by how much time was freed up for leisure time pursuits.

Work Ethic: A person who is driven by the work ethic believes that work is good in itself, offers dignity to a person, and that success is a result of personal effort. Students with a high score in this category expressed the belief that work was more enjoyable

than leisure, that hard work was a test of one's character, that they received great satisfaction from hard work and that hard work could overcome all obstacles.

Humanistic Belief System: The humanistic belief system holds the view that individual growth and development in the job is more important than output. Students who scored high in this category expected their job to be a source of new experiences and a means for self-expression, and were willing to trade-off income for personal development.

Organizational Belief System: An organizational belief system espouses the view that work takes on meaning only as it affects the organization and contributes to one's position at work. Those students who followed an organizational belief system placed a high importance on conformity, preferred to work together in a group even if they received less credit for their work, and felt that decisions made by a group were probably better than those made by individuals.

Social Status: For some people, career choice is driven by social status; that is, the desire to gain the respect and admiration of other people. Students who scored high on this scale expressed the opinion that the type of job one held was an important and necessary component in gaining social status.

Social Needs: In addition to providing income, some people look to their jobs to provide them with a social network. Other people draw a sharp line between work and pleasure and prefer to have limited contact with their fellow workers outside of work-related activities. The students were asked a series of questions to measure whether they wanted their job to provide them with social opportunities.

Upwardly Striving: Should the job you select be thought of as merely a stepping-stone to a better job or should you find a job you are happy with and stick with it? The students who scored high on this question were willing to take less money if the job offered opportunities for advancement, felt that a person should always be looking for a better job and believed that one should strive for higher goals rather than accept life as it is.

Attitude Toward Earnings: For some people, motivation for work originates from a desire to increase lifestyle and accumulate wealth. Students who scored high on this scale expressed the opinion that job selection should be based primarily on higher income and that the amount of money one earns was the most important reason for work.

Intrinsic Motivation: The extent to which a person is motivated by the subjective rewards or internal feelings one expects as a result of performing well is called intrinsic motivation. Students who displayed strong intrinsic motivation expressed a sense of satisfaction when they do their job well and unhappiness when they do not perform to their usual standard.

Variety: Some people like a job that is predictable even if that means that they are doing the same thing every day. On the other hand, some people are attracted to jobs that offer a wide variety of experiences. The students were tested on their desire for job variety. On the questionnaire those who wanted job variety expressed the desire to have a job, which enabled them to meet different people, provided them with different problems, did not have set work hours, and did not have a set routine.

Qualifications: Students with a high score for this attribute indicated that they were ready to perform their job at a high level. Those students with low scores indicated that they required significant amounts of training to reach a high level of performance.

Locus of Control: People experience both positive and negative experiences in their life. How they react and adapt to these experiences will often depend upon how strongly they believe that they are in control of their own destiny. If they interpret their experiences to be contingent upon their own actions, they have an internal locus of

control. In other words, individuals with a strong internal locus of control would believe that they are the cause of their own successes and failures. If people believe that their lives are a product of outside forces that are beyond their control, they have an external locus of control. Studies have indicated that most successful managers have a strong internal locus of control. A study by Bleich and Davidson (2003) showed that new real estate agents had very strong internal scores. According to Rotter (1966) people with a high internal locus of control are more likely to be attentive to aspects of the environment that provide useful information for the future, engage in actions to improve their environment, place greater emphasis on striving for achievement, are more inclined to develop their own skills, ask more questions and remember more information than people with an external locus of control. Internals are also better equipped to handle stressful situations (Anderson, Hellreigel & Slocum, 1977) and more likely to engage in entrepreneurial activity (Durand & Shea, 1974). On the other hand, research has also found that an internal locus of control is not always a positive attribute. For example, individuals with an external locus of control have been found to be more inclined to initiate structure as leaders and to show consideration to people (Durand & Shea, 1974). Internals are less likely to comply with leader directions and are less accurate in processing feedback about successes and failures than externals (Cravens & Worchel, 1977). Internals also had more difficulty arriving at decisions when those decisions had serious consequences for someone else (Wheeler & Davis, 1979).

Each of the students was given a standard questionnaire to measure his/her locus of control. The range of possible scores varies from a minimum of 0 to a maximum of 23. A low score indicates an internal locus of control.

Table 3
Psychological Profile Attributes
Mean Scores

	Interest in Becoming an Insurance Agent	
	Low (n=398)	High (n=99)
Belief Systems	3.94	3.89
Leisure	4.02	4.10
Work Ethic	4.76	4.81
Humanistic	4.00	4.07
Organizational		
Social Status	3.25	3.32
Social Needs	4.30	4.47(*)
Upwardly Striving	4.00	4.05
Earnings	3.44	3.53
Intrinsic Motivation	5.23	5.27
Variety	3.74	3.62
Qualifications	4.73	4.81
Locus of Control ³	6.55	6.17

(*)Significant at the .05 level

The scores for each of these psychological profile variables are shown in Table 3. Those variables that were significantly different between the two groups are indicated with asterisks.

Only one variable out of the 12 variables, Social Needs, showed a significant difference between the high and low interest groups. This indicates that students who indicated high interest in a career as an insurance agent have a higher interest in mixing their business relationships with activities outside the workplace.

Academic Performance

The data in Table 1 indicates that the insurance agent profession is the second least desired by those students pursuing a career in finance-related areas. The financial analyst and financial planner professions were the most popular. Will the less desirable professions attract students with poor grades? In this section we will compare the grade point averages of students with high and low interest in the insurance agent profession. The results are summarized in Table 4.

Table 4
Grade Point Average (Maximum = 4.0)
Mean Scores

	Interest in Becoming a Insurance Agent	
	Low (n=384)	High (n=96)
Grade Point Average	3.01	2.89
Minimum	2.00	2.00
Maximum	4.00	4.00
Standard Deviation	0.414	0.373

Differences are not statistically significant.

There were no statistically significant differences in the grade point average. Students with high interest in the insurance agent profession had similar grade point averages to those with low interest. This suggests that the level of student interest in the insurance agent professions cannot be explained by academic performance.

Financial Reward

One possible reason for selecting a profession is the maximization of income. Can student interest in the insurance agent profession be explained by student expectations of their future salary? Students were asked what they expected to be earning after five years of work experience. The results are presented in Table 5. Interestingly, students with a high interest in the insurance agent profession had lower expectations on the mean expected salary. However, students with a low interest in the insurance agent profession show a much wider range of expected salary than those with a high interest.

Students with a high interest in the insurance agent profession were also asked how much someone with five years of work experience would earn in each of the professions. The results are summarized in Table 6.

The mean expected salary by profession ranged from a low of \$58,000 for a banker to \$182,600 for a corporate executive. The mean expected salary of an insurance agent is \$58,400, and ranked the second lowest among all the professions.

Table 5

Student Financial Reward

After five years, how much money will you be making annually from your job?

Mean Expected Salaries (In Thousands)

	Interest in Becoming a Insurance Agent	
	Low (n=384)	High (n=94)
Mean	109.58	90.55
Median	85.0	77.5
Minimum	20	40
Maximum	1,000	350

Results are significant at the 5 percent level. (p=.011)

Table 6

For each of the professions listed below, indicate what would be a typical salary for an employee with five years of work experience (in thousands)⁴

	Students with HIGH Interest in Becoming an Insurance Agent (n=95)		
	Mean	Median	Range
Corporate Executive	182.6	100.0	40-200
Real Estate Developer	141.5	77.5	18-5000
Lawyer	103.0	87.0	20-500
Portfolio Manager	92.2	75.0	10-1100
Investment Banker	88.3	75.0	10-500
Real Estate Broker/Sales Person (Commercial)	82.0	80.0	18-200
Real Estate Financial Analyst	71.8	70.0	15-300
Financial Analyst (not real estate)	71.7	65.0	15-200
Mortgage Broker/Banker	71.7	70.0	10-200
Real Estate Broker/Sales Person (Residential)	68.6	60.0	18-160
Financial Planner	67.2	65.0	18-200
Consultant	62.8	60.0	18-100
Real Estate Appraiser	58.5	60.0	10-120
Insurance Agent	58.4	50.0	20-160
Banker	58.0	45.0	15-300

Exposure to the Insurance Agent

In this section of the study, student interest in the insurance agent career choice is tested against each student's exposure to the profession.

There are different ways that students can learn about a career as an insurance agent. One way is to take insurance courses. In the survey, students were asked if they have completed the Principles of Insurance course. The results are summarized in Table 7. Among students who had not completed the Principles of Insurance class only

Table 7
Insurance Education

	Interest in becoming an insurance agent			
		Low	High	Total
Did the student complete the Principles of Insurance course?	Yes	151 (75.1%)	50 (24.9%)	201 (100%)
	No	248 (83.5%)	49 (16.5%)	297 (100%)
			Total	498

Results are significant at the 5 percent level. (p=.022)

16.5 percent expressed a high interest in becoming an insurance agent. On the other hand, for those students who completed the class, the high interest percentage rose to 24.9 percent. This difference is statistically significant at the 5 percent level (p=.022).

The primary method of learning about any profession is to have contact with people in the profession. Students were asked if they had personal contact with insurance agents. The students were then divided into two groups, those who knew at least one person in the profession and those who had no personal contact with anyone working in that profession. These two groups were then subdivided into those with a high interest in the profession and those with a low interest in the profession.

Table 8
Contact with Insurance Agents

		Interest in becoming an insurance agent		
		Low	High	Total
Does the student know someone in the insurance agency force?	Yes	304 (78.4%)	84 (21.6%)	388 (100%)
	No	95 (86.4%)	15 (13.6%)	110 (100%)
			TOTAL	498

Results are significant at the 10 percent level. (p=.063)

Table 8 presents perhaps the most useful result of this study. The student survey results indicate that contact with an insurance agent has a meaningful impact on student interest in that profession. Among students who knew at least one person in the profession, 21.6 percent had a high interest in the insurance agent career choice. This is in sharp contrast with students who did not know anyone in the profession. Only 13.6 percent of the students who did not know an insurance agent expressed a high interest in becoming an insurance agent. The results are significant at the 10 percent level (p=.063). This suggests that CPCU Society members might make a difference through personal recruiting efforts if the goal is to encourage students to take an interest in agency.

Combination of Education and Personal Contact. Tables 7 and 8 indicate that either insurance education or personal contact will have a positive impact on student interest in the insurance agent profession. The study next examines whether there is a stronger impact if the students have taken an insurance course and have contact with an insurance agent. In Table 9 the students are divided into four groups: those who neither took the insurance course nor know an insurance agent, those who took the insurance course but do not know an insurance agent, those who know an insurance agent but did

Table 9

Insurance Education & Contact With Insurance Agents

	Interest in becoming an insurance agent		
	Low	High	Total
Neither Insurance Course nor Contact with Insurance Agent	61 (87.1%)	9 (12.9%)	70 (100%)
Insurance Course Only	34 (85.0%)	6 (15.0%)	40 (100%)
Insurance Agent Contact Only	187 (82.4%)	40 (17.6%)	227 (100%)
Insurance Course and Insurance Agent Contact	117 (72.7%)	44 (27.3%)	161 (100%)

Results are significant at the 5 percent level ($p=.028$)

not take the insurance course, and those who took the insurance course and also know an insurance agent.

The results presented in Table 9 indicate that although only taking the insurance course or only knowing an insurance agent will have a significant positive impact on student interest, the two together have an even greater impact. Students who took the insurance class and also know an insurance agent were more than twice as likely to have a high interest in becoming an insurance agent (27.3 percent) as compared to those who had neither (12.9 percent). Of course, it is impossible to determine whether the interest in a career as an agent predates or postdates insurance coursework. CPCU Society chapters and others may target their recruiting efforts toward students in insurance courses, at a minimum, to reinforce an interest that may already be there, if not simply to recruit and encourage newly interested students.

Conclusions

When drawing conclusions from this study, it is important to emphasize that the conclusions apply to a specific segment of the population: undergraduate business students majoring in a finance-related field at an urban public university. Insurance agent professionals come from a pool well beyond the limits of urban business school students. However, insurance firms would benefit from knowing the perceptions of any populations that are highly likely and well suited to enter their workforce. Undergraduate business students represent such a population.

The results of this study show that, of all the variables considered, coursework in insurance and personal contact with a professional in the field have the most consistently significant influence on student career plans to become an insurance agent.

The results suggest that an effective way to attract students to the insurance agent profession is to increase their exposure to that profession. Besides offering more classes in the insurance area, we have some suggestions to the insurance industry and the professional organizations such as the CPCU Society:

- Insurance professionals should teach classes at local universities. Many universities are looking for adjunct professors to complement the work done by the full-time faculty.
- Insurance professionals can provide real world material for use in university classes. After the class completes an assignment related to the material, the professional can then visit the class and discuss the assignment work product.

- Insurance professionals can mentor students who might be looking for mentors from outside the universities. This can be very effective for attracting those students that are considering the insurance agent profession but do not know anyone in the profession.
- Insurance professionals should provide internships to students. This will serve the interests of both the students and the insurance industry. An internship can serve as a three-month interview after which both the employer and student can decide, without a major commitment, if it should lead to permanent employment.
- CPCU Society chapters and other insurance organizations should invite students to their monthly meetings or I-Day functions. This can provide networking opportunities for students that are considering a career in the insurance industry.
- CPCU Society chapters and other insurance organizations can provide fee waivers to students to cover the costs of attending classes and seminars offered by the organization. The recently announced President's CPCU Scholarship program of The Institutes is one such example.
- CPCU Society chapters and other insurance organizations should provide academic scholarships and awards to top students to attract the best young people.

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Endnotes

- (1) The number of observations varies in each table due to missing data.
- (2) The psychological attribute questionnaire was originally compiled by Bleich & Davidson (2003). The categories and the questions utilized in the questionnaire were taken from published psychological studies.
- (3) The locus of control consists of 23 pairs of statements. One statement in the pair indicates an internal locus of control. The other statement indicates an external locus of control. For each pair, the students were asked which of the two statements they most agree with. If the student selected the external statement, they received a score of 1. The selection of the internal statement is equal to 0. The scores for the 23 questions are added together to get a total, which has a maximum value of 23. This results in a higher mean for the locus of control variable than the other variables that carry a maximum value of 6.
- (4) The wide range of responses to the expected salary question may indicate a number of issues amongst the survey respondents, including misperceptions about the marketplace and/or assuming the questions referred to monthly salaries. Because some students may have responded with abnormally high salaries that would offset abnormally low ones, no responses have been omitted from the data.