

For presentation at the WRIEC 2015 (Munich, Germany)

An Empirical Study on the effectiveness of  
Risk management & Insurance(RMI) education  
for university students in Korea

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# Chapter 1 Introduction

1. Background
2. Purpose of the study

# 1. Background

- Insurance industry has been playing an important role of economics development in Korea, in volume(Gross written premium) 8<sup>th</sup> , in insurance penetration 5<sup>th</sup> in the world(CY2013).
- Even though insurance industry contribution for the economic and financial industrial development is very large, negative image has been sustained.
- Improved insurance literacy can bring proper utilization of insurance and policyholders' satisfaction.
- In order to strike a balance between qualitative development and quantitative growth in the insurance industry, we need to develop and grow RMI education.
- As Tennyson (2011) notes, insurance literacy has attracted less attention from researchers than financial literacy, remaining much to study across countries.
- By the way, although we believe that qualified training program is required , there is no relevant program in University and Graduate school in Korea, also there have been few or no researches to prove the effectiveness of these programs.

## 2. Purpose of the study

- Main purpose of this paper is to explore educational effects of Risk management & insurance education for university students in Korea (to see how those students change after taking the RMI courses)
- To analyze a causal relation among factors, We test a structural equation model consisting of four latent variables: learner characteristics(self efficacy, achievement motivation, risk tolerance, favorable image), teaching competency(professionalism, enthusiasm, interaction) environment(education system, physical), learning flow and RMI competency(knowledge, attitude, behavior).
- 1. SEM model : Learner characteristics, teaching competency, environment and learning flow and educational effect factors.
- 2. Analysis of RMI competency between before and after RMI education
- 3. Analysis of educational effect for group
  - by grade
  - by gender
  - by regional(Seoul & other cities)

## Chapter 2 Literature Review

1. Status of RMI education in university
2. Related factors for educational effects
3. Educational effect

# 1. Status of RMI education in Korean university

- Risk management & insurance majors are established in other cities except Seoul (Jeonju, Mokpo, Sangmyung, Daegu, Kyungnam, Hongik, Changwon, Soonchunhyang, Dongseo, Mokwon, Hyupsung, Seowon, Dongeui).
- It offered just fundamental subject of RMI major in the business school in Seoul (Sungkyunkwan, Hongik, Yonsei, etc.).
- RMI majors have been established in the some graduate school.
- As the importance of Risk Management is getting emphasized, companies are managing their risk more spontaneously.
- Accordingly we are expecting the higher demand for the specialized manpower for risk management area.

## 2. Related factors for educational effects

### 2. 1. Learner characteristics

#### 2.1-1. Self-efficacy

- Self-efficacy is the extent or strength of one's belief in one's own ability to complete tasks and reach goals.
- Bandura(1986) : Self-efficacy as the belief one has in being able to execute a specific task successfully in order to obtain a certain outcome.

#### 2.1-2. Achievement motivation

- Achievement motivation is regarded as the need to perform well or the striving for success.
- Collins(2004) : the relationship of achievement motivation to entrepreneurial behavior. achievement motivation was significantly correlated with both choice of an entrepreneurial career and entrepreneurial performance.
- Wilke(2000) : the effects active learning strategies had on college students' achievement motivation, and self–efficacy.

#### 2.1-3. Favorable image of insurance industry

- Favorable image is a subjective judgments, the degree of positive or negative with respect the subject.
- Jeong & Kim(2002) insisted on the need and importance of insurance education through the analysis of insurance image, product preference and sales channel preference.



## 2. Related factors for educational effects

### **2.2. Teaching competency** – clarify, passion, communication, professionalism, attitude, etc.,

- Teaching and learning activity is important between professor and students in school education. The objective of teaching and learning is educational achievement of students.
- CHOI(2013) : professionalism, collaboration, sustained participation
- Kwon(2006) : Knowledge(specialty, clarity, relevance, organization, disclosure), skill(interaction, speech, leadership, sense of humor), attitude(enthusiasm, rapport, learning centered, flexibility, pacing)

2.2-1. Professionalism : a wide knowledge, skills etc.

2.2-2. Enthusiasm : attitude, voice, gesture, speed control etc.

2.2-3. Interaction with students: reflect idea, group discussion, effort to expression opinion

### **2.3. Environment**

2.3-1. Education system – organization of textbook etc.

2.3-2. Physical - facility, size of class.

### **2.4. Learning flow**

- Webster & Hackley(1997) emphasized the importance of learning flow, that is education can be achieved the best results through learning flow with active participation
- Lim(2008) find that learning flow directly affects the participation outcome

## 3. Educational effect

### 3.1. Concept and evaluation of the effectiveness education

- Educational effect, the concept refers to achieve the educational purpose, the degree of improvement of change and development of student by educational treatment and resources (Ahn, 2011)
- Previous studies regarded that educational effect is simply the improvement of knowledge and intellectual ability educational effect. On the other hands, education effect should considered non-cognitive areas such as personality, attitudes, emotional.
- There are many studies to determine that the educational effect is limited to the cognitive area, this is because it can be measured easily and maintain objectivity.

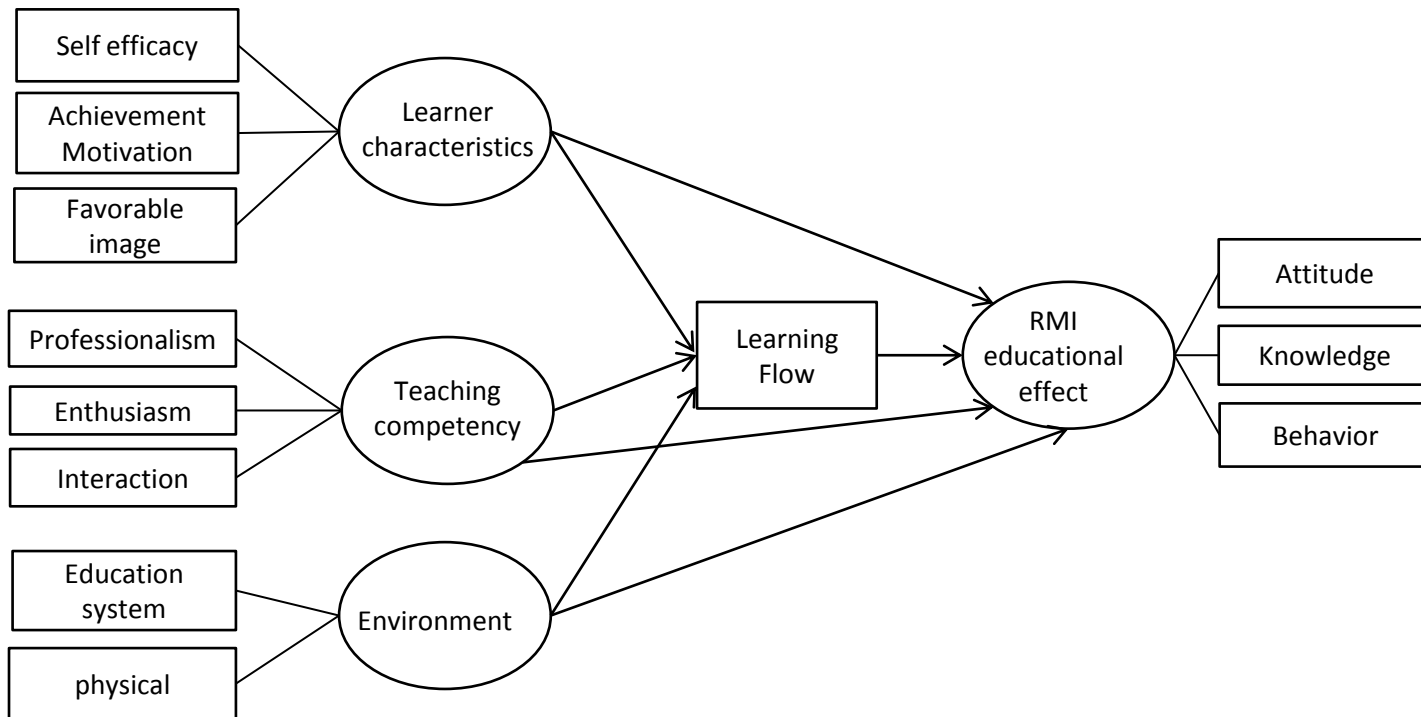
### 3.2. Educational effect(RMI competency)

- As we have seen the previous studies, educational effects include knowledge, attitude and behavior factors.

# Chapter 3. Methods

1. Research model
2. Research design

# 1. Research model : Structural Equation Model



## 2. Research design

### 2.1. Participant

- University students who are taking the class of RMI in 2014 autumn semester, were selected.
- A total of 960 Questionnaires were sent out for the survey, and returned 760 in the first survey, followed by about the same number of the second round survey

### 2.2. Data collection

- Self-administered questionnaire survey method is adopted, and distributed directly.
- Questionnaire survey was conducted in the beginning of and the end of the semester with the same questionnaire (Before and After comparison)

### 2.3. Methods

- SPSS12.0, AMOS 18.0
- Descriptive analysis, Frequency analysis
- Reliability and validity of measurement(Crombach's alpha, factor analysis, correlation analysis)
- Mediating effect
- Paired T-test

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