

## PSYCHOLOGICAL FACTORS MILITATING AGAINST USAGE OF INSURANCE OPPORTUNITY IN NIGERIA

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**ABSTRACT:** Many Nigerians are indifferent about insurance industry, services and the benefits. The research therefore appraises the psychological factors militating against usage of insurance opportunities in Nigeria. Theory of Needs by McClelland associated with Achievement Needs, Affiliation Needs, Power Needs served as the theoretical background. Insurance opportunities played an important role in reducing challenges in Nigeria's socio-economic development by promoting financial stability, reduce anxiety, substituting for government security programmes, mobilizing national savings, and enabling risks to be managed. However, psychological factors such as attitude, motivation, perception, and personality militate against usage of insurance opportunities in Nigeria. It is recommended that there is the need to create awareness about opportunities that lies in usage of insurance policies among the general public. This awareness should be made in both rural and urban communities. With awareness, people will know of immense benefits associated insurance usage.

**KEYWORDS:** Psychological Factors, Insurance, Opportunity, Nigeria

### INTRODUCTION

Insurance may be said to be critical to a well-functioning economy. Hence the importance and the opportunities played by insurance usage cannot be over looked in Nigeria. One of the main reasons for this is because of the nature of this environment. In Nigeria, there is; high death rate, high theft rate, frequent occurrence of accidents of all kinds. The level of risk that one is being exposed to in Nigeria on a daily basis is high compare to other developing and developed countries in the World Fact Book by CIA, July 2009 est. (Pritchett et al. 2016). By taking up insurance policies and opportunities individuals and business entities (small and large corporations) can have reliable cover for their risk and be secured. Moreover, the weakness in the Nigerian usage of insurance opportunities is due to insurers delay in settling claims which should be based on trust but fraught with fraud are perpetrated by various actors in this sector (Ndubuisi, 2018; Obaremi 2017).

An opportunity is a favorable juncture of circumstances with a good chance for success or progress. Attractive opportunities combine good timing with realistic solutions that address important problems in favorable contexts. It is the job of the entrepreneur to locate new ideas, to determine whether they are actual opportunities,

and, if so, to put them into action. Thus, opportunity is a relativistic concept; opportunities vary among individuals and for individuals over time, because individuals have different desires and they perceive themselves with different capabilities...Perceptions of both desires and capabilities are only loosely connected to reality. Jackson and Dutton (2018) define opportunities as cognitive schema that are internally constructed by individuals. Specifically, they suggest that opportunities are perceived as "positive issues" representing a high potential for gain without loss and feelings of control over the issue at hand. However, the identification of an insurance opportunity is usually not very easy. Insurance opportunities are not always clear or obvious from the start and can be ignored by many insurers resulting in stunted opportunities. It therefore becomes paramount for insurers to learn how to identify and compare several alternatives so that they are able to tap on existing opportunities within their insurance horizon (Adetunji, Nwude & Udeh, 2018).

Since insurance help to add value to the insured for sustainability but requires to be made sustainable as well (Aguguom & Ehiogu, 2017). However, the main function of insurance concerns the risk management function of individuals, and organizations. Therefore,

insurance thrives on the ability to manage risks. Insurance opportunity is majorly based on the utilization of funds (premiums) not immediately required for expenditure for a specific period in order to be able to manage insurable risks. Positive asset management and economic growth results when insurance lend a hand through sale of their policies to mitigate risks for individuals, private entities or government agencies (Adetunji, et al, 2018; Oke, 2012).

Shwarka, and Odeniyi (2021) citing Osipitan (2009) noted that insurance firms pool premiums to form reserve fund which promotes opportunity such as financial stability by guaranteeing liquidity coverage to claims. This means that insurance firms serve as a financial risk management tool where potential financial losses are transferred by the insured to the insurance firm to mitigate in exchange for monetary compensations known as the premium (Stromberg, 2018). Martina and Kumar (2018) explain that insurance is a financial contract and risk transfer mechanism for managing consequences of insurable risks associated with personal and business activities. It is the process of pooling funds from many insured entities in order to pay for relatively uncommon but severely devastating losses which can occur to these entities (Martina & Kumar, 2018). The insured entities are therefore protected from risk for a fee, with the fee being dependent upon the frequency and severity of the event occurring.

However, the insurance market is one of the economic fields in which the mix of economic and psychological factors finds a direct and immediate utility (Institute, 2019). If from the perspective of insurance companies, or providers of insurance products and services, the correlation of social and financial elements with those of a psychological nature is a key element in assessing the degree of risk (and predictability of the potential amount of damage) , for each category of customers; for individuals, buyers and final consumers, purchasing an insurance policy is an important means of reducing stress about potential unpredictable risks that can affect their lives and property (Pantazi, 2021).

Psychological factors are not tangible but still play a key role in the human experience and usage of insurance opportunities. These factors

are formulated in the mind, most commonly referred to as thoughts, but they can also be other abstract concepts, such as desire or interest. The main characteristics of psychological factors are to be considered in this study include attitude, personality, and motivation. Several meaningful factors like attitude, personality, and motivation are opportunities in usage of insurance which may be identified in literature about insurance opportunities. Numerous studies have demonstrated the positive effect of attitude, personality, and motivation on insurance opportunities outcomes (Summers, Coffelt, & Horton, 2018; Zaccaro, 2017). According to Feldman (2018), decline in usage of insurance is generated by attitude, personality, and motivation; this however decreases peoples' usage and opportunities.

Moreover, factor of usage of insurance opportunities actually changes in upward status within the framework of insurance if benefits such as personality, and motivation are well communicated, this invariably will reduce pessimism among the people. Since usage of insurance opportunities creates the opportunity for peoples' self-advancement, increased levels of responsibility and a higher social standing according to his or her abilities, skills and capacities (Stephen, 2019). Though, usage of insurance opportunity may increase where people perceive the opportunities of to move upwards within the society hierarchy. People expect to use insurance opportunity that provide them with opportunities to be ascending higher instead of descending irrespective of the challenging positions (Jane, Mike, & Namusonge, 2012).

### **Statement of the Problem**

Anybody who has spoken to the average Nigerian about insurance can give a firsthand experience of how Nigerians generally have a negative attitude toward insurance. This accounts for the low usage of insurance companies in Nigeria. The negative attitude of Nigerians might not be unconnected to the poor attitude of the insurers as regards non-payment of claims. Some insurance companies are very notorious of defaulting in payment of claims which has adversely affected the publicity for the industry and consequently the confidence in the industry buy the prospective assured (Osinuga, 2016).

Also, there are clauses in policy documents which escalates the distrust in Nigerians. The regulatory framework for insurance is very weak. National Insurance Commission is empowered to ensure the effective administration, supervision, regulation and control of insurance business in Nigeria. As funny as it may seem, there is a huge shortfall of skilled professionals (underwriters, brokers, actuaries, etc.) in the entire insurance industry. Insurance companies inadequately train their staffs. Majority of the insurance companies attract low-skilled personnel due to inadequate remuneration package thus, there is always the inability to retain competent employees. Further, the insurance culture in Nigeria is very low. This may not be unconnected to the lack of knowledge about life insurance products. Many educated Nigerians still do not see a reason for insurance. Scholars have stated that there is an urgent need for insurance companies to renew their communication strategy that should be based on creating awareness and informing the consumers of the benefits inherent to insurance. Hence, this study attempted to know psychological factors militating against usage of insurance opportunities in Nigeria.

## **LITERATURE REVIEW**

### **Conceptual Review**

**Psychological Factors:** Psychological factors include the processes operating at an individual level, which impact the mental state of an individual. Psychological factors refer to the elements present in one's personality that can either enhance or weaken the ways one might think and behave. For instance, something that is as simple as a conversation can be affected by one's psychological factors, in that it can be easy or difficult depending on them.

**Attitude:** In psychology, an attitude is an evaluation of an object, ranging from extremely negative to extremely positive. An attitude can belong to both or either a conscious and unconscious mental state (Sherman, & Klein, 2021). Most contemporary perspectives on attitudes permit that people can also be conflicted or ambivalent toward an object by simultaneously holding both positive and negative attitudes toward the same object. This has led to some discussion of whether an individual can hold

multiple attitudes toward the same object (Wood, 2000). Additionally, attitude can be defined as a set of emotions or beliefs towards a person, place or event (Marcinkowski, & Reid, 2019).

Attitude can have many different variations of characteristics each one unique in different ways. Researchers suggest that some attitudes are inherited via genetic transmission from our parents (Stangor, Jhangiani, & Tarry, 2022). Attitude can also be referred to evaluations in terms of a preference for or against an object. This is commonly in terms such as like, dislike, prefer or hate. When individuals express their attitudes such as "I like to go hiking," or "I hate bugs," individuals are expressing the relationship between the object and oneself and this can be identified as either positive or negative. Attitudes are an important part of how we perceive our behaviors and unique characteristics. Likewise, attitudes can have a profound effect on a person's behavior. An attitude can be a positive or negative evaluation of people, objects, events, activities, and ideas.

Several researchers agree that attitude can be described as a settled and unchanging way of thinking, feeling, or observing people, places, events, or objects (Leandre, & Fabringar, 2015). Attitude may influence the attention to attitude objects, the use of categories for encoding information and the interpretation, judgement and recall of attitude-relevant information (Vogel, Bohner, & Wanke, 2014). These influences tend to be more powerful for strong attitudes which are accessible and based on elaborate supportive knowledge structure. The durability and impact of influence depend upon the strength formed from the consistency of heuristics (Vogel et al., 2014). Attitudes can guide encoding information, attention and behaviors, even if the individual is pursuing unrelated goals.

An influential model of attitude is the multi-component model, where attitudes are evaluations of an object that have affective (relating to moods and feelings), behavioral, and cognitive components (the ABC model) (Breckler, 1984). The affective component of attitudes refers to feelings or emotions linked to an attitude object. Affective responses influence attitudes in a number of ways. For example, many people are afraid or scared of spiders. So, this

negative affective response is likely to cause someone to have a negative attitude towards spiders. The behavioral component of attitudes refers to the way an attitude influences how a person acts or behaves. The cognitive component of attitudes refers to the beliefs, thoughts, and attributes that a person associates with an object. Many times, a person's attitude might be based on the negative and positive attributes they associate with an object. As a result of assigning negative or positive attributes to a person, place, or object, individuals may behave negatively or positively towards them.

**Motivation:** Motivation is a process that is responsible for initiating, guiding, and sustaining behaviors that are goal-directed. These behaviors can range from drinking water to quench the thirst to gaining knowledge by reading books. Motivations have many other factors acting on them – from biological and social, to other psychological factors such as cognition and emotion. However, there are two types of motivation are intrinsic motivation and extrinsic motivation.

**Intrinsic motivation:** Intrinsic motivation can arise from the self-generated factors that influence people's behaviour. It is not created by external incentives. It can take the form of motivation by the opportunity itself when individuals feel that their work is important, interesting and challenging and provides them with a reasonable degree of autonomy (freedom to act), opportunities to achieve and advance, and scope to use and develop their skills and abilities. Deci and Ryan (1985) suggested that intrinsic motivation is based on the needs to be competent and self-determining (that is, to have a choice). Intrinsic motivation can be enhanced by opportunity or role design. According to an early writer on the significance of the motivational impact of job design (Katz, 1964): 'The opportunity itself must provide sufficient variety, sufficient complexity, sufficient challenge and sufficient skill to engage the abilities of the Nigerian.'

**Extrinsic motivation:** Extrinsic motivation occurs when things are done to or for people to motivate them. These include rewards, such as incentives, increased pay, praise, or promotion;

and punishments, such as disciplinary action, withholding pay, or criticism. Extrinsic motivators can have an immediate and powerful effect, but will not necessarily last long. The intrinsic motivators, which are concerned with the 'quality of working life' (a phrase and movement that emerged from this concept), are likely to have a deeper and longer-term effect because they are inherent in individuals and not imposed from outside in such forms as incentive pay.

**Perception:** The sensory experience of the world is referred to as perception. It includes the working of the five senses through which one recognizes the stimuli present in the environment, and also the actions one performs in response to these stimuli. Perceptions enable us to create our understanding of the world, and act accordingly. The perception process consists of three stages: selection, organization, and interpretation.

**Selection:** Selection is the first stage in the process of perception, during which we convert the environment stimuli into meaningful experience. In daily life people are bombarded constantly by such a large variety of information that at a blink moment we may encounter these stimuli: the words people are hearing, the witness of an accident, the ticking of a clock, to name but a few. Since our world embraces everything, these are countless stimuli arriving at people's sensory organs simultaneously and waiting to be processed. However, people cannot perceive all the information available to them, because in doing so people would experience information overload and disorder.

Therefore, people perceive only part of the information from the environment through a selective process, just as Singer (1987, p.9) notes: "People experience everything in the world not as it is but only as the world comes to people through their sensory receptors." A lot of researchers have paid great attention to this selection stage of perception. Bruner (1958, p.85), for instance, posits that "In the interest of not overloading ourselves with too much information, people limit their attention to those aspects of strangers or the situations that are essential to what people are doing". Also, Watts (1966, p.29) points out that to notice is to select, to regard some bits of perception, or some

features of the world, as more noteworthy, more significant than others.

Of these, people attend, and the rest people ignore for which reason attention is the same time ignorance despite the fact that it gives us a vividly clear picture of what people choose to notice. Physically, people see, hear, smell, taste, and touch innumerable features that others never notice. Some people make an analogy of this selective process to make a map. According to them, one cannot put everything into it when making a map, instead, they have to make generalizations and deletions, so that the unnecessary or unimportant information will be deleted or generalized, with the important information being marked in the map unproportionately. Otherwise, it would be impossible to draw a map. Similarly, when being surrounded by many competing stimuli, people only pay attention to those stimuli which others are familiar with or interested in through the selective process of perception. Thus, the existence of perception's partiality, which will possibly cause misunderstandings in communication, just as Chen and Starosta says (2007, p.34) "The partiality of perception is the origin of misunderstanding in interactions, especially when people are from different cultural backgrounds with diverse perception systems."

**Organization:** The second stage in perception process is organization. After selecting information from the outside world, people need to organize it in some way by finding certain meaningful patterns. This organization stage is accomplished by putting things or people into categories, and that is why it is also termed categorization by some researchers. In this stage of perception, the social and physical events or objects we encounter will immediately have shape, color, texture, size, etc.

For instance, when asked what a human being is, some people may describe it from the perspective of skin color, others from that of race or nationality. If people close their eyes and think what university library is, people experience an organized environment with an internal and external structure. Organization allows "people to structure and give coherence to general knowledge about others and the social world, providing typical patterns of behavior and the

range of likely variation between types of people and their characteristic actions and attributes" (Cantoret al., 1982, p.34). Perception at this stage enjoys two characteristics. First, the organizing process gives human perception structure. We always put raw stimuli from the outside world into structured meaningful experience. Second, the process shows that human perception possesses stability. That is to say, after people select stimuli and put them into categories, the selected stimuli become durable.

**Interpretation:** The third stage in perception is interpretation, which refers to the process of attaching meaning to the selected stimuli. Once the selected stimuli have been categorized into structured and stable patterns, people try to make sense of these patterns by assigning meanings to them. But different people may give different interpretations of the same stimulus. For instance, a police officer's arriving at the crime spot can be interpreted differently the victim may regard it as soothing and relief-giving, but the criminal will definitely be frightened by it. Another example, a kiss or a big hug in public is a common way of greeting each other in some western countries, which has the function of saying "Hello!", whereas in many other countries they are always considered to be "lovemaking" behaviors. Such interpretation differences arise because "Culture provides people with a perceptual lens that greatly influence show people interpret and evaluate what they receive from the outside world" (Samovar et al., 2000, p.57). When confronting a physical object or event, almost everybody agrees on its objective part of meaning, but what it means to any unique individual varies according to that individual's past experiences and cultural background. Different experiences and backgrounds will result in people's attributing different meanings to the same stimulus, so perception diversity appears.

In order to understand how we develop structure, stability, and meanings for the selected stimuli, namely, how perception takes place, people must take the two fundamental dimensions of perception into account: the physical and the psychological. Working together with one another, these two dimensions are responsible for people's perceptual outcomes.

### **The Physical Dimension of Perception:**

People's physical mechanisms of perception are much the same we all have such sensory organs as eyes, ears, and nose, which permit us to sense the environment. These sensory organs receive stimuli, which are routed through the nervous system to the brain, where they are created with the structure and stability and attributed meanings. Although the physical dimension is important, it is the initial phase and provides little help in improving their ability in intercultural communication (hereafter referred to as IC), that is why people only examine a few concepts here.

The physical dimension of perception is mainly about the conversion of a stimulus into a usable form, and it functions in people's acquisition of information or knowledge about the outside world. It includes not only the energy characteristics of stimuli, the nature and functions of human sensory organs, but also the transmission of stimuli through nervous systems to brains. This physical dimension of perception causes little difficulty in IC because physical differences that exist between one person and another are inconsequential when compared with psychological ones.

**Psychological Dimension of Perception:** When IC is concerned, the psychological dimension becomes more significant. It is because people's beliefs, values, attitudes, needs, interests, etc. have much greater impact on how they perceive the outside world. It is during this phase that people give interpretations of selected stimuli and by doing so they have their unique personal touch on the outside world. For instance, as to parents' living together with their children, Chinese and American people tend to interpret it differently. In China, it is natural and quite usual for parents to live together with their children, so in Chinese, there is such an expression "living under the same roof". Because children are always told by their education that it is their responsibility or obligation to take care of their parents and living together with the old and seeking advice from them is regarded as an asset as well as a blessing.

Nevertheless, Americans would rather live independently because of their privacy is of high priority and they don't want others to interfere in their personal life. This kind of

difference is due to their different cultural values or attitudes towards life. Consequently, it is people's values, attitudes or motives (the psychological dimension) rather than their sensory organs (the physical dimension) that determine what stimuli will attract people's attention and hence receive meanings.

**Personality:** Personality in itself, which encompasses stable thoughts, feelings, and behavioral patterns, is a psychological construct. However, it tends to possess physiological aspects as well. Personality is a measurable trait, which can be deciphered by how people rank on openness, conscientiousness, extroversion, agreeableness, and neuroticism. Measurement of the personality provides a unique insight into the person's thoughts and behaviors.

**Extroversion:** Extroverts are sociable, lively, and gregarious and seek outward interaction. Such individuals are likely to be most successful working in marketing division, public relations etc. where they can interact face to face with others. Introverts are quiet, reflective, introspective and intellectual people, preferring to interact with a small intimate circle of friends. Introverts are more likely to be successful when they can work on highly abstract ideas (accountant, R&D work etc) in a relatively quiet atmosphere.

**Agreeableness:** This refers to the extent to which individuals agreeing and cooperating with others. Highly agreeable people are cooperative, warm and trusting. People who score low on agreeableness are cold, disagreeable and antagonistic. This characteristic is very important and critical in attaining a successful achievement in their life.

**Conscientiousness:** This refers to the extent to which people are responsible and dependable in their work and life. A highly conscientiousness person is responsible, organized, dependable and persistent. They are likely to move upward direction very quickly and attain remarkable achievement in their life. Those who score low on this dimension are easily distracted, disorganized and unreliable.

**Neuroticism:** This refers to the extent to which people have the ability to withstand stress. People

with positive emotional stability tend to be calm, self-confident and secure. Those with highly low level of emotional stability tend to be nervous, anxious, depressed and insecure.

**Openness to experience:** This refers to the extent to which people are more imaginative, artistic sensitivity and intellectualism. Individuals tend to vary widely ranging from conservative to creative or artistic. Extremely open people are creative, and artistically sensitive. Whereas not so open category personnel are very conservative and find comfort in the familiar or routine activities. However, there are several factors that determine the formation or shaping of personality. Among them the three major factors are:

**Heredity:** The genetic components inherited from our parents at the time of conception determine strongly the personality characteristics of an individual. The color, height, physical statutory, facial attractiveness, gender, temperament, muscle composition, inheritable diseases etc are considered to be inherited from parents.

**Environment:** The culture in which people are brought up in their lives and they type of socialization process such as family's child rearing practices, socio economic status of the family, number of children in a family, birth order, education of the parents, friends and peer group pressures, religious practices, the type of schooling and recreational activities, pastime behavior etc play a critical role in shaping people's personalities.

**Situation:** The type of specific situation which a person encounters also equally shapes the type of personality characteristics. For example, an individual's exposure to a job interview and the type of experiences encountered during that time will shape certain personality characteristics. Similarly, going for a picnic with friends and encountering the type of experiences whether pleasant and unpleasant will shape the personality characteristics of individuals.

### **Insurance Opportunity**

**Opportunity** is an occasion or situation that makes it possible to do something that you want

to do or have to do, or the possibility of doing something. The most common characteristic is that opportunities have some form of value, either perceived or actual. Value is usually in the eye of the beholder who can see or identify the value, however in many cases actual value can be calculated (Kapeleris, 2019). Opportunities also have a time basis or window where the opportunity can produce the maximum value. Furthermore, when the opportunity presents itself, it also has a limited shelf life. Hence, an insurance opportunity is what makes some people succeed while others fail. People are successful because they see opportunities before other people spot them, make plans then build to capitalize on those opportunities (Pahwa, 2022).

### **Characteristics of Insurance Opportunities**

Insurance opportunities are the core of every successful user. They help in identifying problems and in creating solutions that can potentially help user and insurance firm grow. Here are some characteristics of a good insurance opportunity:

**Clarity:** Good opportunities are clear, well defined, and straightforward. They allow businesses to accurately and completely identify problems and create solutions that can maximize their potential.

**Relevance:** Good opportunities are relevant to the scenario in which they exist. They provide added value to customers, markets, and industries. This means they do not only represent potential but also relevance for solving existing problems or creating added value for others.

**Feasibility:** Good opportunities are realistic and feasible. They help businesses achieve their goals while making them more efficient, productive, and profitable.

**Profitable:** A good opportunity is capable of providing returns on investment. It is able to achieve its objectives while capitalizing on the available resources, strategies, and assets more efficiently.

**Scalable:** A good opportunity is scalable. This means it can be expanded to a big or a wide scale. It can extend to various markets and industries

while maximizing the results of investments in terms of time, human resources, and money.

### **Opportunities for Usage Insurance by Richa (2018)**

**Majority of young population:** - Rise in number of professionals, emergence of prosperous middle class and increase in awareness leads to rise in demand for insurance. Increasing per capita GDP is a huge opportunity for insurers with their varied products in every segment.

**Lot of potential:** Increasing urbanization of rural areas and growth in new bankable households are of great opportunity for insurers, to offer customized life insurance products (Negi & Singh, 2012). Though increase in number of insurers over last fifteen years, and yet to insure more than 50% of insurable population of Nigeria, shows still there is lot to do.

**Different products to offer:** Increase in life expectancy of individual, favorable savings and employment opportunities in private sector gives greater demand for pension plans. Majority of employees have no formal pension system to choose from, thus greater opportunity to insurers.

**Rising income levels:** Globalization and economic reforms in the country have raised people's income levels and Indians naturally good at saving for future needs, gives great opportunity to insurers. The insurers channelize the savings into innovative insurance and annuity plans.

**Technology:** Technology has been great boon for the insurance industry in boosting infrastructure for growth, scalability and reach in every sphere (Cummins & Santomero, 2002). New generation employees are keen in discussing products and services on social media reviews and comments about companies and their products. Companies have lot of scope to offer their present and future customers by this media.

**Customer expectations:** Competition among various distribution channels leads to fall of premium and help to improve customer service standards economically. In terms of Customer service there is a lot to do by insurance firms, as increase in channels, expectations of

customers will increase (Krishnamurthy & Cotham, 2009).

**Distribution channels:** With the spread and depth of various distribution channels would help greatly in expanding footprint of the life insurance industry. The traditional mode of selling insurance is slowly changing, today most of the insurance firms are using data collected by distribution channels and exchanged with other financial service providers to provide customized products.

**Innovative process:** After fifteen years of private life insurers in the field, there is drastic change in terms of people perceptions regarding insurance firms and their services. Joint ventures with seasoned insurers will help to share their knowledge; processes will help to bridge the huge gap in insurance penetration. Challenges: Those interviewed discussed many challenges, some of which are unique to one company or common to just a few. However, the most widely shared, consequential challenges the industry faces now include:

**Technology and big data:** Turning to the promise of new technology and big data into commercial successes. This includes capitalizing on the opportunities in mobile and web-based services, using big data and predictive analytics effectively, and overcoming the problems associated with legacy technologies.

**Customer focus:** The need to create better, more comprehensive customer relationships and make it easier for customers to do business with insurance companies.

**Regulation:** Operating under multiple regulatory jurisdictions and complying with changing rules with regard to such things as capital requirements, transparency and reporting, and customer interaction.

**Alternative investments:** Managing more complex portfolios with nontraditional assets in a low interest rate, low economic growth environment.

**Leadership:** Discomfort regarding the adequacy of talent pipelines for effective leadership in the future.



**Modern Technology:** New technologies investments which are totally a risk in the insurance business. More policy contracts mean technology optimal use. Hence, the usability of modern technology is essential.

**Work Management:** Insurance business Comprise distinct tasks like claims settlement, policy administration, commission management and management of such is really important which is again not simple due to different client's scenario and sale teamwork.

**Back-office Structure:** As it will be simple, it is more useful. Documentation, policy contracts management, endorsements need to manage in a global manner. So, everyone can understand.

**Customer Motivation:** Insurance is long-term promise, which is realized on contingency. Motivating customer to buy and getting valid and useful information for is itself a unique task. The insurance firms have great challenge in terms of collection of customer's information, regarding the product and to offer other required products accordingly.

**Insurance awareness:** Early years of private life insurers resulted great expectations and lot of disappointments from the customer perspective. The customer anticipation has to be meeting by innovative means. HR leaders naturally are at the forefront of responsibility for meeting the challenges of leadership development. It is believed HR's role in the remaining challenges will be quite critical, because success will so heavily depend on attracting and managing the right human capital. Insurance has always been an industry that relies heavily on expertise and specialized skills in its workforce. And while some advancements will disembody human expertise and embed it in systems (for example, automated underwriting and web-based customer self-service), the shape of the workforce will be critical to driving innovation and adaptation to change.

## LITERATURE REVIEW

**Theory of Needs by McClelland (1985)** served as framework for the study, needs theory contends that individuals are motivated by three basic drivers: achievement, affiliation, and power. Winter (1992) argued that these needs not

only motivate individuals, but also include many of the most important human goals and concerns. This research attempts to demonstrate that each of these dimensions affects the level of insurance opportunities one feels for both himself/herself and others.

**Achievement Needs:** McClelland's (1961, 1985) need for achievement describes a person's drive to excel with respect to some established set of standards. Individuals' achievement needs are satisfied when they are able to actualize their own purposes relative to and regardless of the situations of others (Yamaguchi, 2003). Those high in achievement needs dislike succeeding by chance and seek personally identifiable sources for their success or failure rather than leaving the outcome to probability (Robbins, 2003; Weiner, 1979).

Furthermore, individuals high in achievement needs experience joy or sadness contingent upon the identifiable outcomes of their efforts (McClelland & Koestner, 1992). McClelland (1961, 1975, 1985) noted that individuals high in this dimension differentiate themselves from others by their desire to perform at a more advanced level than their peers. Although achievement could be measured in terms of mastery and competitiveness, it also reflects individuals' desires to excel relative to themselves (Heintz & Steele-Johnson, 2004). High achievement needs motivate individuals to seek relatively difficult vocations (McClelland & Koestner, 1992). Further, high achievement individuals are more satisfied in jobs that involve both high skill levels and difficult challenges (Eisenberger, Jones, Stinglhamber, Shanock, & Randall, 2005). Similarly, individuals high in achievement needs more frequently seek feedback enroute toward goal completion (McAdams, 1994; Emmons, 1997).

McClelland (1961, 1985) noted that high in achievement needs individuals seek situations in which they can obtain personal responsibility for finding novel solutions to problems. One underlying driver of such actions is partly the alleviation of trepidations about their future in the organization. These individuals tend to be very persistent with respect to solving problems (McClelland & Koestner, 1992). Research indicated that individuals with high achievement

needs are, generally, more effective leaders (McNeese-Smith, 1999; Henderson, 1993, 1995).

Unfortunately, however, the motivation to behave opportunistically while trying to satisfy this need has been empirically validated (Treadway, Hochwarter, Kacmar, & Ferris, 2005). Brunstein and Maier (2005) noted that two separate but interacting dimensions' drive achievement needs: implicit and explicit motives. Implicit motives energize spontaneous impulses to act. The degree of effective usage of insurance opportunities, of course, related to the degree to which the individual behaves accountably in his/her life. Explicit motives, on the other hand, are manifest by deliberate choice behaviors to either use or not use insurance opportunities. As such, high achievement needs map appropriately onto a drive to insurance opportunities.

Specifically, high achievement needs might drive individuals to seek insurance opportunities for others because the successful coordination of others' activities might translate directly into better motivation. In addition, those who claim informal accountability for others and are effective in this capacity, appear to others as more proactive, appealing, employees. Appearing to be an effective leader is, thus, an explicit motive (Brunstein & Maier 2005).

**Power Needs:** The need for power denotes individuals' desires to be influential. This could manifest itself in attempts to make others behave, as one would like, or in a manner that they might not have otherwise (McClelland, 1961, 1975, 1985). In other words, individuals high in this need seek position power so that they can compel the actions of others. Those high in power needs prefer being in competitive, status-driven situations, and actively seek the trappings of status (Veroff, 1992). Additionally, they are concerned with ensuring that the methods they choose to influence others are within their control (Veroff, 1992; McAdams, 1994; Emmons, 1997). However, in order to maintain viable interdependent relationships with others, individuals with high power needs must often restrain these desires (Yamaguchi, 2003). Central to one's need for power is gaining influence over others (McClelland, 1961, 1975, 1985; Robbins, 2003; Yamaguchi, 2003).

Individuals with influence can then parlay insurance opportunities for others into the accumulation of additional resources that serve to enhance their status. Prior research indicated that expression of power needs might have a mixed effect on how others are perceived. For example, direct subordinates often react negatively to leaders high in power needs whereas clients and others more distal in the organization view them more positively (McNeese-Smith, 1999; Henderson, 1993, 1995). However, despite these findings, interpersonal failings caused by excessive displays of power seeking tend to derail managers (Van Velsor & Leslie, 1995).

**Affiliation Needs:** The need for affiliation reflects the desire to have close, friendly, relationships with others (McClelland, 1961, 1985; Robbins, 2003). Those high in this dimension tend to spend considerable time seeking interactions with others (McClelland & Koestner, 1992). Further, those with strong affiliation needs pursue team activities in which interdependence and cooperation with others are paramount (Yamaguchi, 2003). Affiliation needs have garnered relatively less critical scholarly attention than the other two of McClelland's needs theory (Robbins, 2003), but they still warrant discussion with respect to insurance opportunities.

For those who value friendship and prefer cooperation over competition, demonstrating a willingness to meet stated standards of conduct, and to accept insurance opportunities for others might be taken as a sign of organizationally desired civility (McClelland, 1961, 1975, 1985). High levels of affiliation motivate individuals to be both sympathetic and accommodating toward (i.e., needs for power, achievement, and affiliation) others (McClelland & Koestner, 1992). Prior research noted the influence of affiliation on leadership. Specifically, McNeese-Smith (1999) demonstrated a positive relationship between high affiliation needs and enabling others to act in ways deemed desirable.

McNeese-Smith (1999) further suggested those high in affiliation needs lead others in desirable directions and that in doing so, they feel answerable to the same ethical codes of

conduct common to their peers. In the course of social interaction, individuals pass along important information about how to behave. The norm of reciprocity (Gouldner, 1960; Meyer & Allen, 1997) contends that people might exchange useful information because they sense a debt of obligation. An understanding of the expectations associated with insurance opportunities for others are well developed in those high in affiliation needs because such individuals are strongly motivated to foster social ties.

Building on this discussion it is likely that those high in affiliation needs will seek insurance opportunities. Although doing so can be risky (because sometimes a desired complicit reaction fails to occur), seeking insurance opportunities for others may be attractive to those with high affiliation needs because it offers the opportunity to build informal teams and “feel a part of something (i.e., needs for power, achievement, and affiliation).”

Those seeking to use insurance opportunities must demonstrate the need, since personality, perception, and motivation, fosters strong interpersonal associations attractive to high affiliation types (McClelland, 1961, 1975, 1985) and helps increase usage of insurance opportunities (McClelland & Koestner, 1992).

### **Empirical Review**

Asuming, and Gaisie (2022) investigated how risk attitudes drive demand for different types of insurance amongst Ghanaians. The study uses data from a nationally representative survey of Ghanaian households (Ghana Living Standards Survey Round 7). Risk aversion is measured following the approach of Holt and Laury (2002) in the use of hypothetical questions about investment. Probit regressions are used to estimate the effect of risk aversion on insurance outcomes. The study found evidence that supports the theory that risk attitudes influence insurance demand. Specifically, risk aversion is positively related to the uptake of insurance in general and in particular, public health insurance. Unlike previous literature, the authors do not find the sex of the respondent to affect the relationship between risk aversion and insurance demand except for private health insurance. Socio-economic factors such as wealth, age and

education were found to strongly predict insurance demand.

Shwarka, and Odeniyi (2021) determined the severity of challenges militating against insurance investment in the Nigerian construction sector. The study was conducted among 20 insurance practitioners and 46 construction clients and contractors in Kaduna and Abuja, Nigeria. Data gathered was evaluated by means of a four-point sliding scale. Severity indexes of challenges were computed and ranked. Findings showed five most severe challenges were lack of trust in the ability of the insurers to pay claims, changes in construction client needs and expectations, financial constraints of construction contractors to purchase insurance policies, lack of expert risks/failure analysts for construction projects and economic instability with severity indexes of 33.6%, 31.2%, 29.2%, 28.8% and 28.6% respectively.

Willmott, Pang, and Rundle-Thiele (2021) examined capability, opportunity, and motivation: an across contexts empirical examination of the COM-B model. A cross-sectional survey research design was employed to empirically test the COM-B model in the contexts of young adult's eating and physical activity behaviours. Informed by the Theoretical Domains Framework, pre-validated measures appropriate for capturing the latency of the COM (Capability, Opportunity, and Motivation) constructs were sourced. Both surveys (eating and physical activity) were administered online to two independent samples of young adults aged 18–35 years.

Models were specified and tested using structural equation modelling. A total of 582 (mean age = 22.8 years; 80.3% female) and 455 (mean age = 24.9 years; 80.8% female) participants were included in the physical activity and eating analyses, respectively. The COM-B model explained 31% of variance in physical activity behaviour and 23% of variance in eating behaviour. In the physical activity model ( $N = 582$ ), capability and opportunity were found to be associated with behaviour through the mediating effect of motivation. In the eating model ( $N = 455$ ), capability was found to be associated with behaviour through the mediating effect of motivation. Capability was also found to

mediate the association between opportunity and motivation. Consistencies and variations were observed across both models in terms of COM indicators.

Aduloju (2020) investigated the ways a salesperson's personality traits could impact on his effectiveness in selling insurance products in Nigerian. Traits theories including those of Carl Jung, Duckworth, Five Factor theory and HEXACO were briefly discussed but the work is essentially on the five-factor personality traits. The survey data obtained were analyzed to disaggregate the specific effects of each factor on the productivity of insurance salespersons. Data were obtained from 125 sales managers across insurance companies via a structured questionnaire and we tested the five formulated propositions with least square method. Among the five attributes examined, the most important determinants of salesperson's productivity were their openness to experience and his emotional stability.

Owuor (2016) examined an analysis of perception and uptake of insurance products among medium-low-income earners in Kenya. The study was designed to analyze perception and uptake of insurance products among medium-low-income earners in Kenya on the basis that insurance penetration in Kenya is severely limited, which could have been as a result of the insured perception. The study was conducted using the explanatory research design. Primary data was collected using questionnaires administered to teachers using the drop and pick method. Quantitative data analysis was done using multiple response analysis techniques, mean, mode, standard deviation, percentages and frequencies. The study found out that perceptions on insurance played a key role in insurance uptake as the industry was marred by negative perceptions among potential customers hence low penetration.

## **DISCUSSION**

From the empirical studies there is evidence that psychological factors such as attitude, motivation, perception, and personality militate against usage of insurance opportunities in Nigeria. These observations denote that people seek situations in which they can obtain personal responsibility for finding novel solutions to

problems. Since, rising inflation and market turmoil have exacerbated the struggles that people were already facing due to high commoditization and competition. However, insurance opportunities played an important role in reducing these challenges in Nigeria's socio-economic development by promoting financial stability, reduce anxiety, substituting for government security programmes and mobilizing national savings and enabling risks to be managed.

## **Implications of the Research**

The study has established that insurance opportunity is a key to success when integrated with psychological factors, without it, insurance cannot begin, expand, or succeed. Since the main purpose of an opportunity is to serve as the basis for any action that results in profit and growth. Opportunities allow people to create and implement ideas and innovations and improve their attitude, motivation, perception, and personality (Pahwa, 2022). From the review, it was obvious that only those who spot opportunities in insurance earlier can take the best advantage of them and capitalize on them. Here are some implications of this research:

1. The research showed that an insurance opportunity can resolve an existing unsolved psychological problem in the people's life or a new problem arising from current trends, which is the chance to build their life after any insured issues.
2. The research indicated that people's life is likely to fail without insurance opportunities. This is because insurance is essential for implementing ideas and innovations that can make a life better and successful. The scheme allows people to take the right decision at the right time.
3. The outcome also showed that insurance opportunities allow people to create and implement ideas and innovations. It is also a chance to improve life by solving existing problems better, providing a more refined value proposition to the people, and building a more efficient life model.
4. The findings of the discussion indicated that attitude, motivation, perception, and personality involve favourable conditions that can be used to increase insurance usage,

and opportunity maximization. The goal is to find solutions that can potentially maximize profits while solving life problems.

### Recommendations

1. There is need to create awareness about opportunities that lies in usage of insurance policies among the general public. This awareness should be made in both rural and urban communities that cut across the country. With awareness, people will know of immerse benefits associated insurance usage.
2. Insurance employees should be train on human relation, this will enable the firm perform optimally and even motivate to people to use insurance scheme available.
3. The general public should maximize the opportunity of using insurance programmes; this will help the users to have something to fall back any time they have life challenges.

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