
Presenting a Model in the Field of Risk Management Training in the Insurance Industry

Masoud Ghasemi¹, Parinaz Banisi^{2*}, Ferdos Yadegari³

1. Ph.D. Student, Department of educational administration, Faculty of Education and Counseling, Roudehen branch, Islamic Azad University, Roudehen, Iran
2. Assistant Professor of Department of educational administration, Faculty of Education and Counseling, Roudehen branch, Islamic Azad University, Roudehen, Iran
3. Assistant Professor of Department of educational administration, Faculty of Education and Counseling, Roudehen branch, Islamic Azad University, Roudehen, Iran

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Abstract

Purpose: This research conducted with the aim of presenting a model about risk management training in the insurance industry. Research method was practical in terms of objective; in terms of data collection method, it was descriptive-correlational; and considering the data type was quantitative. **Methodology:** The statistical population, consisted of all men and women working in the insurance industry (51882 individuals), from whom 384 individuals were selected as sample size, using a Stratified Random Sampling method and Morgan table. In order to collect data, made researcher questionnaire from available literature was used. Validity was approved by content validity according to academic experts and insurance industry viewpoint; and in order to calculate reliability, Cronbach's Alpha coefficient was used. **Finding:** Findings approved of the validity and reliability of the data collection tools. Analysis of data was conducted using SPSS and Lisrel software in two sections: descriptive statistics and inferential statistics (structural equations). **Discussion:** Findings showed that presented model consist of factors like principles of educational management, familiarity with risk management system, environmental factors, organizational resources, learning organization, social capital, and organizational culture had appropriate fitting.

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* Corresponding Author email: p-banisi@yahoo.com

1. Introduction

Enterprise risk management suggests that companies managed all your risks comprehensively and associated, but the behavior of some companies has led to doubts about the performance of risk management. For example, it can have noted to the structure of housing mortgage system in the United States that in 2007 was praised by institutions domestic audits and led to the bankruptcy of many of them in 2008, which in fact this financial crisis was represents some of shortcomings in risk management in 2008 that after this event, some changes were made for creating efficiency in risk management (Bromiley, McShane, Nair, & Rustambekov, 2015).

Environmental uncertainty and increasing the competition of organizations, managers are faced with multiple challenges. For effective management of these challenges, new approaches of management and specific competencies has been recommended. Identification and manage the risk is one of the new approaches that it used for strengthen and promote the effectiveness of organizations. Overall, the risk is known with the concept of loss probability or uncertainty that it has various types and classification. Uncertainty constitutes the main theme of risk and consists of doubt that person has in relation to occurrence of likely outcome from among possible outcomes. All forms of the risk are including common elements such as content, activity, conditions and outcome. Risk management is to concept of risk assessment and then it implies to adopt of strategies for risk management. Risks in terms of likelihood of occurrence and its effect are divisible into different types (Mazloomi, 2015: 168). Pure risk and speculative risk, diversification risk and lack of diversification risk, organization risk is one of this classifications (Rejda, & McNamara, 2014: 118).

All situations that could lead to the unfavorable actual results other than the institutions expectations would be indicative a risk for the organization. Such circumstances for institutions including the events and damages caused by them or total of annual damages that the organization has exposed (Afkhani, 2014: 28). The main essence of risk management lies in the fact that: While, fields that their outcome are not under the control reduce to possible minimum, fields that their outcome are partly under the control to maximize (Brown, Steen, & Foreman, 2009).

The risk management has several important goal. Purposes before the occurrence of damage involves the economic goals, reducing concern and legal disclaimer. Purposes after the occurrence of damages involves the continued survival of institution, the continued operations of production, revenues consolidation and growth consolidation and social responsibility (Afkhani, 2014: 54). Risk assessment is a process that requires experience, expertise, high precision and continuous training and should carried out in the form of team work and enjoying the expert's power of various scientific disciplines. Different individuals have different perceptions from a specified risk. Non-professionals and untrained individual's perception from the risk extent, perceived risk and scientific estimate based on statistical information of the risk rate is called actual risk. Subjective risk may be higher or lower than the actual risk.

To the consciously assessment of risk, there are factors that effect on people's judgment and should be identified and learned to improve the level of risk taking (Eling and Mark, 2014). The management development program of enterprise risk enables companies and institutions manage your organizational risks against specificity perspective and in frameworks of traditional risk management, in form of holistic approach (Gatzert & Martin, 2015).

Enterprise risk management is a comprehensive risk management program that covers pure, speculative, strategic and operational risks of an organization. Most projects are leaving behind events and with a comprehensive effort of risk management, risk events prior to the occurrence are

identified and controlled or program is prepared in order to deal with them at the time of these events occurrence.

To the development of a society, attention to risk management in its various fields is very important including in the insurance industry, financial and banking industries, investment industry, holdings, oil and power industries, manufacturing industries, information technology, health industry, medication and treatment, government and community macro management, road and building industry, tourism industry, urban management. By considering this basic concepts, possibility of deal with the risk is created. Risk management is the systematic application of management policies, procedures, and processes related to the activities of analysis, evaluation and risk control. Risk management including the process of documenting of adopted final decisions, and identifying and applying criteria that could be used to minimize the risk to an acceptable level (Eling & Marek, 2014).

After more than seven centuries from the starting of Insurance professional activity in the Europe and more than seventy years in Iran, still fewer commercial or insurance company in the country can be found that with the problem of risk management was dealt effectively and structured and this fundamental task performed scientifically and in accordance with accepted principles and modern advanced techniques.

Hence, for various causes including the absence of identification of relevant standards and inefficiencies of information systems, performed efforts has been passively and not active and has been limited to monitoring and controlling after operation. Of course, social, cultural factors and structural problems of national economy particularly the banking and insurance industry and insufficiency of monetary and financial markets and also the diversity and complexities of insurance activities had a negative impact on the risk management performance in the insurance industry in our country.

For experts are not covered particular importance of insurance industry in the field of the national economy and the role and its basic functions in the growth and efflorescence and economic development of society and its close relationship with Risk management (Afkhani, 2014: 117).

So, in order to reduce the cost of trial and error in the risk management and the use of scientific experiences of other communities in this field, we need to the pattern for risk management training in the organizations and insurance industry. Strongly is requires a suitable pattern for risk management training to the your specialists and experts in this industry, because it as other institutions and organizations is requires risk management in the deal with the challenges and crises and due to the fact that one of their fundamental missions is reduction and risk management at the community level and social and economic organizations.

By considering to a study was performed in the field of factors affecting on the risk management training in the literature and inside and outside background, some effective factors included educational management principles, understanding risk management system, environmental factors, organization resources, learning organization, social capital and organizational culture that In the following table illustrated some of the research that has been done in the this field:

Table1. Effective factors in risk management Training. Extracted from the literature and history research

	components	Pundits
1	Learning	Benson et al (2016), Gao et al. (2013)
2	Social capital	Gao et al. (2013)
3	Firms extent, ownership structure and Communications	Brustbuar (2016)
4	risk management	smalman (1996), Lai and Lau (2012), Hanson & oven (2014)
5	Risk Management Training	Lundin and Jonson (2002)

Risk is situation which there are probability of deviation from favorable outcome that expected to occur (Vaughan & Vaughan, 2007). Risk management have defined as process of obvious risks identification that organization be faced with them and select the most appropriate techniques for the dealing with these risks (Raja, & McNamara, 2014: 121). Finally, risk management training is kind of systematic effort that its main purpose is coordinate and aligning of wishes, interests and future needs with the needs and goals of the organization in the form of risk management (Rajab salahi, Mosavi, Jahedi & Rasooli, 2011).

Principles of educational management at the technical level (curriculum, teaching methods, educational evaluation, etc.) and managerial (provision of resources for the implementation of the educational operations) is examined (Allaghe band, 2011: 24).

Familiar with risk management system is include familiarity with identification process, assessment, control measures and correcting of potential accident risks that Specifically its possible events is damage with lack of change in the present situation (Kim, Yi, K., Yoo, Chong & Ko, 2015).

Environmental factors are a set of elements and components of outside from the scope of any enterprise system, which associated with it, in other words, include set of environmental factors that have a direct link to the organization and set of requirements are imposed on the organization in various fields (Jiang, Cowell & Nakazawa, 2015). Organization resources include finance, accounting, human resources, supply chain and customer's management that is available in an organization (Mache, Vitzthum, Klapp & Danzer, 2014).

Learning organization is an organization has skill in the create, acquisition, and knowledge transfer and in changing and modifying their behavior acts to the help acquired new knowledge. In this definition of the learning organization, knowledge creation and innovation and be creative constitute fundamental pillar (Alvani, 2006: 336), and social capital is features of social life, networks, norms and trust that participants enables to chase your common purposes to effectively manner. Finally, organizational culture is a system of common deduction that members have to an organization and this feature caused separation the two organizations each other (Hau, Kim, Lee & Kim, 2013).

So, according to what was said in this research, researcher is looking for to answer these questions:

- What pattern can be provided to identification the factors affecting on the risk management training in the insurance industry?
- What size is degree of presented pattern appropriateness with regard to the identified factors?

2. Research method

This research in terms of environment dimension, is a library and field study. In library section paid to review of articles, books and thesis in the field of factors affecting on the risk management training and in field section, using a questionnaire paid to data collection. This study in terms of target was applied, as well as in terms of type of collected data was qualitative because to paid the questionnaires distribution. The statistical population included all the men and woman employees employed in the insurance industry that their number in 1395, according to statistics obtained from the department of design and development of central insurance of Islamic Republic of Iran is approximately 51882 people.

That from this number, 498 people are employed in central insurance, 17754 people in insurance companies, 32942 people are representatives of insurance companies, 501 people are natural and legal formal agent of insurance and 187 people are insurance damages assessor. The

sample size was obtained 384 persons by using the stratified random sampling method (The categories was included employees of central insurance, employees of insurance companies, employees of agencies of insurance companies, natural formal agents and insurance damages assessors) and Morgan table.

In order to data collection used from researchers' questionnaire. In the design of questions have been tried as much as possible, questionnaire questions are understandable to respondents. All questions were designed based on 5 point Likert scale: very low (1), low (2), partly (3) high (4) very high (5). In the following table is given information related to research questionnaire.

Table2. Given information related to research questionnaire

	Components	Questions	Count of Questions	Reliability coefficient
Risk Management Training	principles of educational management familiarity with risk management system	34,37,47,48,50,52,55,56,57,59,66,68,69,70,71	15	0.736
	Environmental factors	34,37,47,48,50,52,55,56,57,59,66,68,69,70,71	14	0.838
	Organizational Resources	14,15,16,17,18,36,39,40,45,46,58,60,61,62	12	0.779
	learning organization	8,9,10,11,31,32,38,41,42,67	10	0.794
	social capital	1,22,24,25,26,29,30,33,35	9	0.836
	organizational culture	4,5,19,21,27,44	6	0.825
		2,3,43,49,51	5	0.879

To enhance the validity of research was tried to design interview questions related to the subject that for this purpose was used from the academic experts and insurance industry, also in this research is used from outward and content validity practices to confirm the validity questionnaire. So, research questionnaire was placed at the disposal of 14 experts and outward and content validity was approved. In order to evaluation of reliability was used from the Cronbach's alpha coefficient that its results is visible in the above table and in the all components, the value of this coefficient was obtained above 0.7 which demonstrated the reliability of the measurement tool. The data analysis was performed in two parts of descriptive and inferential statistics (structural equations) by using the Spss and Lisrel software.

3. findings

In this section, the research data analyzed and evaluated by using quantitative methods. At first, paid to descriptive analysis of demographic variables and then paid to the content analysis of obtained data of questionnaire collecting. 32.2% of subjects were female and 67.8 % were male, 12.50% of subjects have less than 30 years, 59.40 % between 31 and 40 years, 18.20 % between 41 to 50 years and 9.9 % above 51 years of age, 7.03% of the subjects have an associate degree, 85.94 % have a bachelor's degree, 5.99 % are masters and 1.04 % are doctors, 71.4% of subjects have

working experience less than 10 years, 21.6% between 11 and 20 years and 7 % are more than 21 years.

Statistical description of research variables:

In this section, central indexes and dispersion for the 7 factors affecting on the risk management training has been reported in the following table:

Table3. Central and dispersion parameters for factors affecting risk management training in the insurance industry

Criterion	principles of educational management	familiarity with risk management system	Environmental factors	Organizational Resources	learning organization	social capital	organizational culture
Average	3.2792	3.2908	3.1970	3.0408	3.2896	3.2064	3.3893
Standard deviation	0.44281	0.36638	0.40125	0.39760	0.51350	0.54294	0.60511
Skewness	-0.179	0.141	-0.014	-0.047	0.085	-0.067	0.000
Elongation	0.360	-0.017	-0.080	0.588	-0.135	-0.127	0.410
The minimum amount	2	2	2	2	2	2	1
The maximum amount	4	5	4	4	5	5	5

As you can see in the above table, the highest mean is related to the organizational culture and the lowest mean is related to organization resources. In terms of skewness and kurtosis, the above factors are placed in acceptable range and can claimed that their distribution is normal.

Statistical analysis of data:

In order to determine the factors affecting on the risk management teaching in the insurance industry have been used from confirmatory factor analysis model.

Figure 3 shows the path diagram of fitted to the data. As the Chi-square and RMSEA indexes showed, the modified model provided suitable fitting to the data. The Model outputs is examined in the following table.

Table4. indexes of Path analysis on modified model

Index's	Modified Index's	
	amount	Limit
Chi-square/df	1.240	<3
RMSEA	0.064	<0.1
CFI	0.985	>0.9
NFI	0.943	>0.9
GFI	0.966	>0.9
AGFI	0.959	>0.9

As the can be observed, indexes of model fitting is placed in desirable status. Since in the above tested model, paths between variables are to be effective of considered factors In Figure 2, the estimates of the paths standardized coefficients along with the factor loading each of the variables is given.

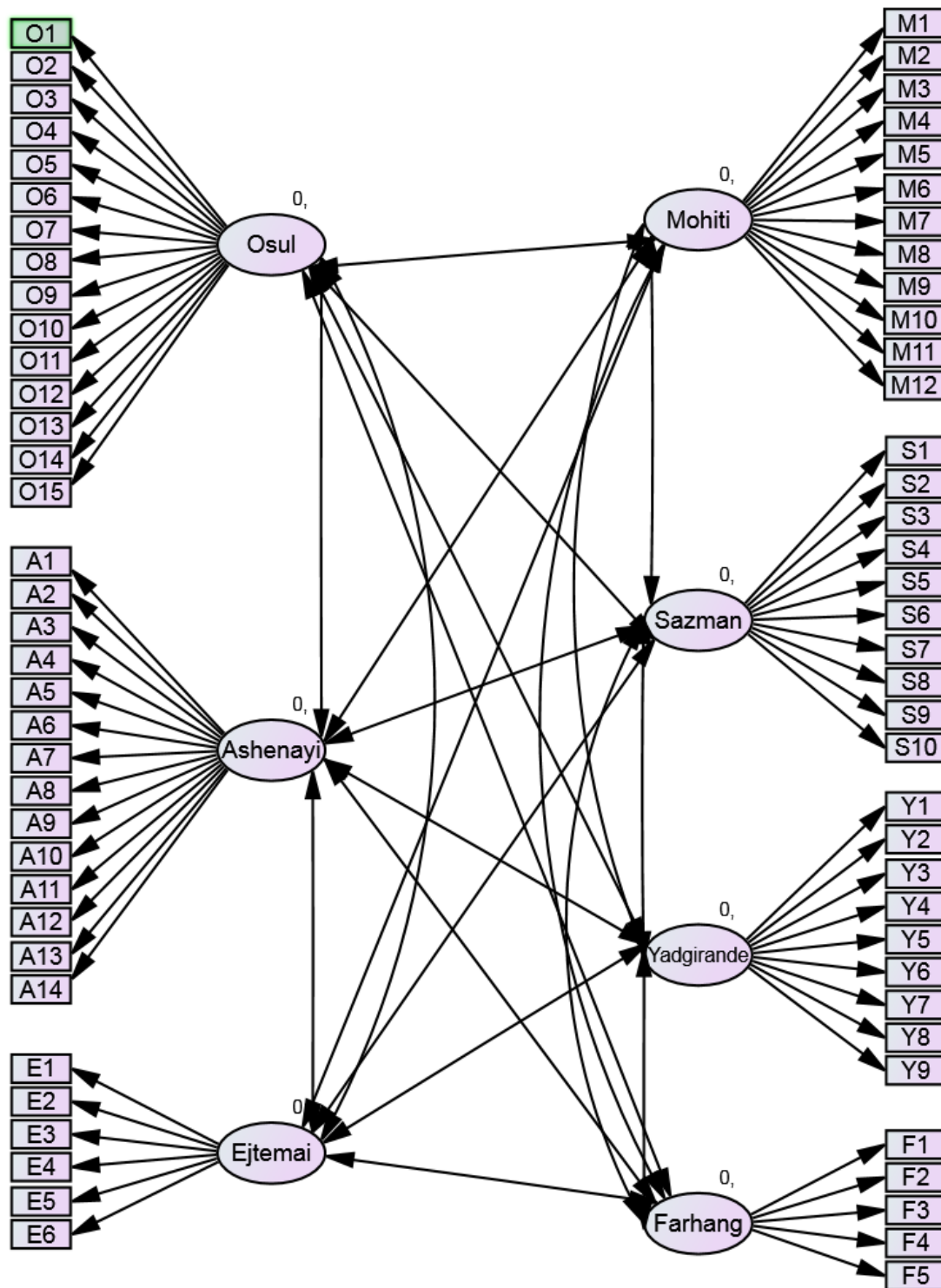


Figure 1. Factors affecting theoretical model of risk management training in the insurance industry

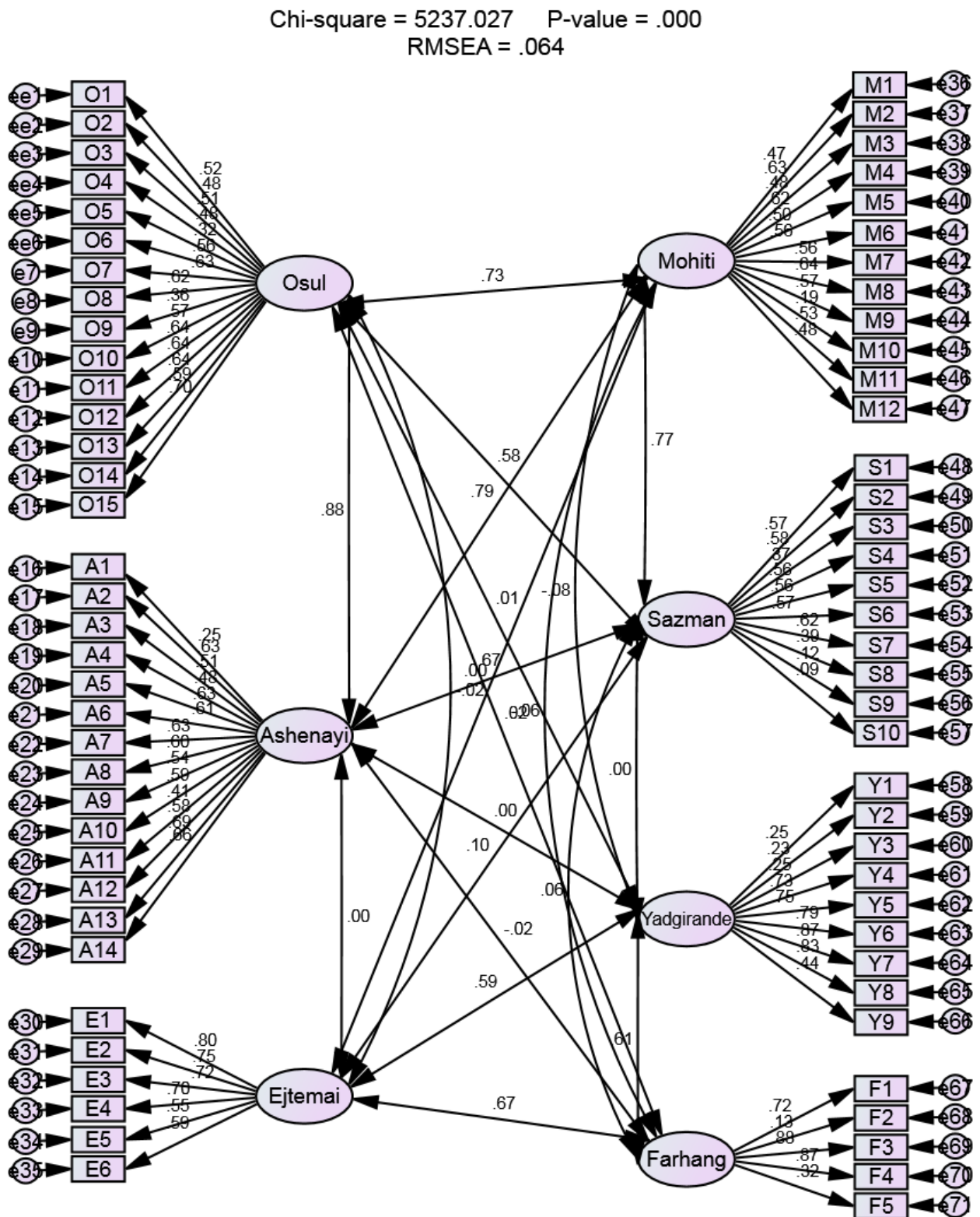


Figure 2. Output of the modified model by AMOS software.

As shown in Figure 2, all values of parameters related to factors affecting on the risk management training along with the factor loadings and path coefficients is shown that in the table below is summarized.

Table5. Estimates of principles of educational management

path	Question number	factor loading
principles of educational management	34	0.523
“	37	0.476
“	47	0.512
“	48	0.483
“	50	0.321
“	52	0.561
“	55	0.632
“	56	0.620
“	57	0.362
“	59	0.566
“	66	0.645
“	68	0.637
“	69	0.637
“	70	0.595
“	71	0.697

Table6. Estimates of familiarity with risk management system

path	Question number	factor loading
familiarity with risk management system	14	0.246
“	15	0.632
“	16	0.510
“	17	0.481
“	18	0.631
“	36	0.606
“	39	0.631
“	40	0.603
“	45	0.536
“	46	0.591
“	58	0.409
“	60	0.581
“	61	0.688
“	62	0.662

Table7. Estimates of social capital

path	Question number	factor loading
social capital	4	0.801
“	5	0.747
“	19	0.717
“	21	0.703
“	27	0.552
“	44	0.587

Table8. Estimates of organizational culture

path	Question number	factor loading
organizational culture	2	0.324
“	3	0.867
“	43	0.884
“	49	0.126
“	51	0.716

Table9. Estimates of learning organization

path	Question number	factor loading
learning organization	1	0.440
“	22	0.834
“	24	0.867
“	25	0.787
“	26	0.751
“	29	0.732
“	30	0.249
“	33	0.233
“	35	0.252

Table10. Estimates of Organizational Resources

path	Question number	factor loading
Organizational Resources	8	0.091
“	9	0.122
“	10	0.388
“	11	0.616
“	31	0.571
“	32	0.563
“	38	0.561
“	41	0.374
“	42	0.577
“	67	0.574

Table11. Estimates of Covariance between each factors, standard deviation, Critical rate and p value

	Estimates	Standard deviation	Critical rate	P-value
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principles of educational management	<-->	Environmental factors	0.241	0.045	5.346	***
Organizational Resources	<-->	principles of educational management	0.215	0.041	5.293	***
learning organization	<-->	principles of educational management	0.003	0.013	0.191	0.849
organizational culture	<-->	principles of educational management	0.006	0.022	0.288	0.773
social capital	<-->	principles of educational management	-0.009	0.034	-0.264	0.792
familiarity with risk management system	<-->	principles of educational management	0.158	0.044	3.620	***
familiarity with risk management system	<-->	Environmental factors	0.131	0.037	3.497	***
Organizational Resources	<-->	familiarity with risk management system	0.125	0.035	3.537	***
learning organization	<-->	familiarity with risk management system	0.000	0.007	-0.031	0.975
organizational culture	<-->	familiarity with risk management system	-0.003	0.011	-0.265	0.791
social capital	<-->	familiarity with risk management system	0.001	0.017	0.069	0.945
organizational culture	<-->	social capital	0.314	0.043	7.376	***
learning organization	<-->	social capital	0.165	0.045	3.705	***
Organizational Resources	<-->	social capital	0.051	0.038	1.354	0.176
social capital	<-->	Environmental factors	0.000	0.032	0.002	0.998
learning organization	<-->	organizational culture	0.114	0.031	3.696	■■■■■
Organizational Resources	<-->	organizational culture	0.022	0.025	0.901	0.367
organizational culture	<-->	Environmental factors	-0.019	0.021	-0.918	0.359
Organizational Resources	<-->	learning organization	0.000	0.015	-0.029	0.977
learning organization	<-->	Environmental factors	-0.015	0.013	-1.15	0.250

Conclusion and Recommendations:

After analyzing the data in the present study and examine of each of the research questions, the results were obtained that in this section with mention of either of these questions, we tried to interpret the results exactly. In fact, in this section, results of the research analyzed with respect to collected data from the statistical test were presented in detail in the previous section. Research literature showed, factors affecting on the risk management training include educational management principles, introduction to risk management systems, environmental factors, and organization resources, learning organization, social capital and organizational culture that paid to explain and interpret each of them. Because one of the strategies best for the development of employee knowledge and promotion of employee performance and organization is training and this training will not be constructive and effective without correct education management principles Considering the complexity and dynamics of insurance industry environment, organizations in this field should have special attention to the educational management effects that mainly caused by of risks that can affect an organization's survival.

With the analysis of data in the fourth chapter became clear that appropriateness degree of presented model with regard to the research components is suitable. The final proposed model in this research is scientific and it have strong theoretical foundation and also have strong fitting and fitting model suitable measures. In fact, calculated values showed suitable fitting of research model, also all path coefficients were significant and explained variance was acceptable and structures Internal consistency. Finally, the proposed pattern with regard to identified components is as follows:

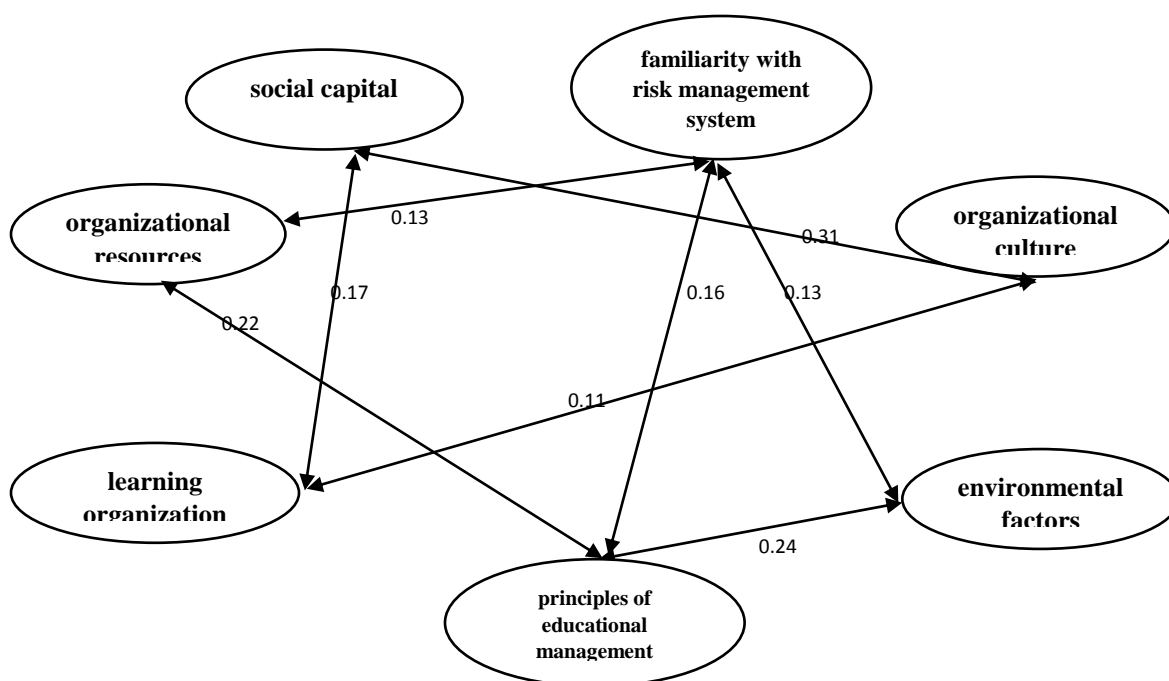


Figure3. Relations between components of Risk Management Training in the Insurance Industry

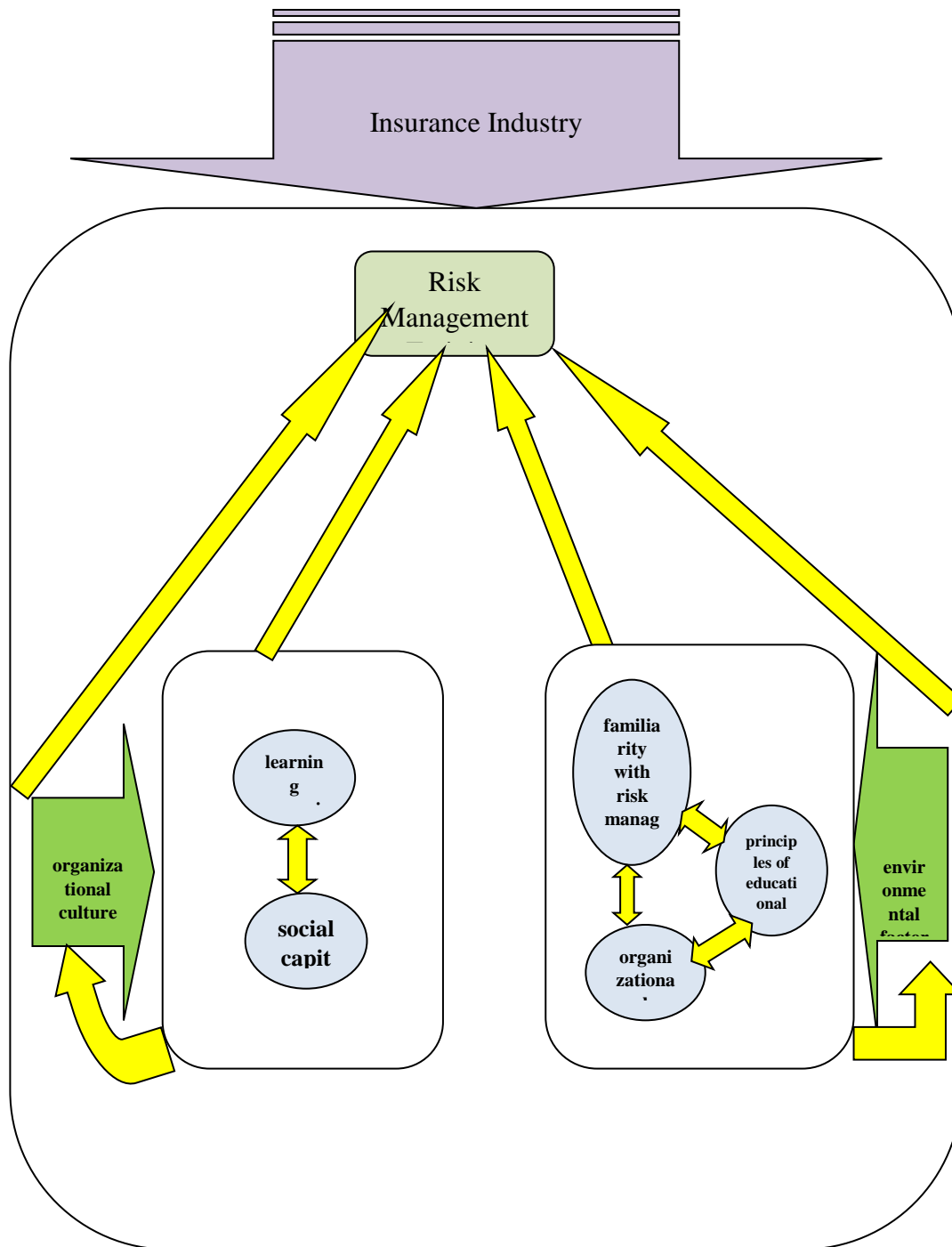


Figure 4. Pattern in the Field of Risk Management Training in the Insurance Industry

According to what was said, following suggestions presented:

1. According to the obtained results and interest rate of employees to use risk management virtual periods due to occupational and in order to compatibility the use of innovative technologies used in education, this can have significant effects in the increase of expertise and up to date staff and finally avoid from wasting time and cost.
2. Accurate and useful culture-building of risk management training take place especially for scientific purposes and training of staff, and to improve

the skills of cooperation and interaction.3. Allocation of sufficient organizational and financial resources in order to facilitate of promotion of training goals of risk management and highlight the importance among insurance company's managers is proposed.4. Correction the structure of the insurance industry companies in order to coordinate with new training methods o risk management used in in order to be more success and determine the strengths and weaknesses of mentioned method is proposed.5. Finally, the preparation of guidelines and current methods for proper and optimal implementation of risk management training with attention to detail and features of the insurance industry review.

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