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The Influence of Demographic Characteristics on the Intrinsic Motivation of Life Insurance Agents: A Study in Vietnam

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Abstract

The main objective of this study is to identify, evaluate, and analyze agents' intrinsic motivation in the life insurance sector. Previous studies have examined the influence of factors on intrinsic motivation. Among them are differences in demographic characteristics. Through quantitative survey research using a convenience sampling method with a small survey including 251 agents working for life insurance companies in Vietnam, this study uses statistical tools,

Cronbach's alpha analysis, factor analysis, and ANOVA analysis. Research results show differences in agents' intrinsic motivation regarding gender, age, education level, and seniority of experience. The research results suggest some implications for life insurance businesses in agent recruitment and management activities in the current context.

Keywords: Intrinsic Motivation, Demographic, Life Insurance, Agent, Vietnam

JED Code: G00, G02, G22

1. Introduction

In increasingly competitive markets, personal selling has been considered by many companies and organizations as the key to success (Anderson, 1996, Baldauf and Cravens, 1999, Román and Iacobucci, 2010) ^[2, 4, 18]. This result is explained by the fact that sales rely heavily on salespeople, who play a significant role in income generation. Their performance is instrumental to the company. In the life insurance context, the salesperson is the life insurance agent. They are strategically important because they have direct contact with customers, collect information, and often implement any strategic initiatives or intentions (Küster and Canales, 2008) ^[11]. In the current market mechanism in Vietnam, life insurance agents are of great importance in developing the rural housing insurance market. For life insurance businesses, using and exploiting the advantages of agents will create the strengths of the insurance business itself. Based on the characteristics of life insurance, hazardous insurance products are intangible and unexpected.

Moreover, the consumption of life insurance products often takes place over a long period. Thus, increasing the product's perceived value to customers is difficult to measure and reflect accurately. Therefore, insurance sales agents must fully understand customers' needs and requirements and build trusting relationships between themselves and their customers to promote long-term, mutually beneficial relationships (Crosby *et al.*, 1990) ^[5]. Therefore, to achieve the desired goal, life insurance agents need the motivation to accompany customers and businesses from the exploitation stage to the stages of resolving customer benefits. Convincing customers to buy insurance is complicated, and maintaining the contract is even more difficult if you only care about rewards and do not come from love for the job and a sense of the agent's meaning and responsibility in the business work is very difficult to create high efficiency and sustainable performance (Rajaobelina and Bergeron, 2009) ^[17]. Therefore, studying the intrinsic motivation of life insurance agents is necessary to meet the increasing demands in this dynamic marketing industry.

2. Literature Review

Life Insurance Agent

In Vietnam, an insurance agent is an organization or individual authorized by an insurance enterprise based on an insurance agency contract to carry out activities related to the exploitation of life insurance, collection of insurance premiums, and other activities. Other actions within the framework of the agent's rights and responsibilities are stated in the agency contract.

Agency activity is a method of selling insurance in which the agent is responsible for arranging the signing of insurance contracts between the insurance enterprise and the insurance buyer as authorized by the insurance enterprise based on the contract agent to receive insurance commission.

Intrinsic Motivation

According to Ryan and Deci (2000) ^[19] intrinsic motivation originates within individuals. It can explain why people are intrinsically motivated to perform certain activities and not others. At the same time, only some are intrinsically motivated to accomplish any given activity or specific task. Since the existence of intrinsic motivation is closely related to the connection between an individual and the nature of the task, the terms describing the mission as enjoyable and task satisfying are used as ways popular to describe intrinsic motivation. Furthermore, Ryan and Deci (2000) ^[19] further note that high levels of intrinsic motivation require employees to experience competence and autonomy. When employees are intrinsically motivated, they do and complete tasks to enjoy performing those activities themselves, and they often show relatively high performance (Abuhamdeh and Csikszentmihalyi, 2009) ^[11].

Additionally, Ryan (1995) ^[19] commented that employees' cognitions, behaviors, and emotions are most likely influenced by their intrinsic motivation. In other words, if an individual is intrinsically motivated to have better behavior and performance at work, it is often observed that they can deliver better results in work performance work and job satisfaction (Ryan, 1995) ^[19]. In addition, Magidson *et al.* (2014) ^[13] also explains that an intrinsically motivated individual will work for a reason because they find the task enjoyable and challenging, which can bring them. There is a feeling of joy after solving it."

Recent studies have increased the claim that employees care more about what their job means to them than other external aspects such as salary, bonuses, and job security (Grant, 2007, Gagné and Deci, 2005, Pink, 2009, Ryan and Deci, 2000) ^[8, 6, 16, 20]. Therefore, studying the internal motivation of life insurance agents will be meaningful for insurance businesses in proposing effective methods of managing and recruiting their agents. That improves the business performance of these agents.

3. Methodology

Based on the research overview and suggestions of Noor and Mohamed (2007) ^[14], this study has inherited the scale of intrinsic motivation to test the level of intrinsic motivation of life insurance agents in the context of Vietnam with the difference in terms of training conditions, seniority of experience of agents.

Intrinsic motivation was measured using a four-item scale developed by Anderson and Oliver (1987) ^[2] and later reviewed by Oliver and Anderson (1994), Low *et al.* (2001) ^[15, 12] and this measure evaluates a salesperson's motivation for work, such as personal satisfaction from doing a good job). Accordingly, based on the scale of Anderson and Oliver (1987) ^[2], with a 5-rank Likert scale, the research team conducted an online survey with 251 life insurance agents in Vietnam includes:

IM1: When I do my job well, it gives me a sense of accomplishment.

IM2: I feel satisfied when I do my job well.

IM3: When I do my job well, it contributes to my personal growth and development

IM4: My job increases my sense of self-esteem.

Data after being cleaned were processed by SPSS 22.0 software with descriptive statistical analysis techniques, Cronbach alpha reliability analysis, EFA factor analysis, and ANOVA test to analyze the difference in intrinsic motivation among different groups.

4. Results

Descriptive Analysis

Genders: The results showed that 174 male and 77 female participants responded to the questionnaire. The number of women is higher but not significant (66.2% and 29.3%). The gender gap in this survey is suitable for life insurance sector in Vietnam context.

Age: According to analysis results, the most significant proportion of people surveyed was between 31 and 40. The age groups of 20–30 and 41–50 have similar rates and are lower in the age group over 50.

Education level: According to the table of education structure, we see the highest proportion of people belonging to graduated and college. This figure also reflects the educational level of Hanoi area with the majority of intellectual and business labor.

Seniority: From the interview data, it can be seen that the highest proportion of seniority is in the range of 3-under 5 years (41.8%). This income is also considered the average income of life insurance agents working part-time.

Table 1: Descriptive analysis

Variables	Category	Frequency	Percentage (%)
Gender	Male	174	66.2
	Female	77	29.3
Age	20 – 30	48	18.3
	31 – 40	126	47.9
	41 – 50	46	17.5
	above 50	31	11.8
Educational level	High School Graduation	35	13.3
	College	138	52.5
	University Graduation	64	24.3
	Post graduate	14	5.3
Seniority	Under 3 years	72	27.4
	3 – under 5 years	110	41.8
	5 – under 10 years	39	14.8
	Above 10 years	30	11.4

Cronbach's Alpha-Reliability

In order to conduct the reliability test, Cronbach's Alpha is used as the most popular and effective tool in SPSS analysis (Hair *et al.*, 2010) ^[9]. In this research, the Cronbach's Alpha test is applied for one dependent variable. Table 3 demonstrates the result of Cronbach's Alpha test. Hair *et al.* (2010) ^[9] also note that the Cronbach's Alpha result should be equal to or higher than 0.7 (≥ 0.7) to be reliable enough for research. The results are detailed in the following table:

Table 2: Cronbach’s Alpha Analysis

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha	N of Items
IM1	7.57	7.878	.582	.381		
IM2	7.52	8.299	.566	.329		
IM3	7.52	7.019	.700	.507	.801	4
IM4	7.49	7.931	.616	.411		

Exploratory Factor Analysis (EFA)

George and Mallery (2016) [7] emphasize that one of the most crucial steps when analysing data with SPSS is Exploratory Factor Analysis (EFA), which identifies the correlation among observed variables and examine the validity of the set of items.

KMO and Bartlett’s Test

In this research, the KMO and Bartlett’s Test for dependent

variable is conducted as the result is illustrated in the Table 3. As shown, the KMO value is 0.757 ($0.5 < 0.757 < 1$) and the sig. value is 0.000 (< 0.05), that means these values satisfied the conditions in the study (Hair *et al.*, 2010) [9]. In addition, after implementing the matrix, we got the followings: every determinant with factor load > 0.5 , and the Variance explained = 62.709 %. It demonstrates that the factor analysis of the research data is appropriate. After implementing the rotation matrix, four components of the intrinsic motivation. These statistics demonstrate that research data analysis for factor discovery is appropriate.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.757	
Bartlett's Test of Sphericity	Approx. Chi-Square	314.633
	Df	6
	Sig.	.000

Table 4: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.508	62.709	62.709	2.508	62.709	62.709
2	.632	15.807	78.516			
3	.516	12.902	91.419			
4	.343	8.581	100.000			

Extraction Method: Principal Component Analysis.

Table 5: Independent Samples Test

		Levene's Test for Equality of Variances		T-Test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper	
IM	Equal variances assumed	44.924	.000	-5.754	249	.000	-.66762	.11603	-.89615	-.43909
	Equal variances not assumed			-4.791	101.294	.000	-.66762	.13935	-.94404	-.39120

Independent T-Test

Independent Sample T-Test is often applied to test the mean difference in the case of qualitative variables with two values (Hair *et al.*, 2010, Hoàng Trọng and Chu Nguyễn Mộng Ngọc, 2005) [9, 10]. A comparison of assessment results on Intrinsic motivation between life insurance agents of a different gender is presented in Table 5.

According to Table 5, the Sig Levene test = $0.000 < 0.05$, so the variance between ages is different. The sig value of the T-test is $0.000 < 0.05$, which is statistical significance. Therefore, there are differences in the intrinsic motivational behavior of survey subjects of different genders (Hair *et al.*, 2010). Accordingly, male agents' intrinsic motivation is higher than that of female agents. This is also wholly consistent with the socio-economic characteristics of Vietnam today.

ANOVA

ANOVA helps to solve the problem of the Independent Sample T-Test. This method helps us to compare the mean of two or more groups. Therefore, the ANOVA analysis technique is applied. First, the Homogeneity of variance test will be performed to give the results of testing the difference in the variance of the groups by the Levene test coefficient (Hair *et al.*, 2010) [9].

Results Anova for age groups

It is necessary to perform an ANOVA test to compare intrinsic motivation assessment results: reliability in intrinsic motivation among four groups of subjects of different ages. The detailed results are shown in the following table:

Table 6: Results Anova for age groups

Levene Statistic	df1	df2	Sig.	
9.452	3	247	.000	
Robust Tests of Equality of Means				
	Statistic ^a	df1	df2	Sig.
Welch	23.162	3	85.697	.000
ANOVA				
	Sum of Squares	df	F	Sig.
Between Groups (Combined)	62.799	3	36.949	.000
Within Groups	139.935	247		
Total	202.734	250		

a. Asymptotically F distributed

Table 6 shows that the Levene sig statistic is tested to be equal to $0.000 < 0.05$, and there is a difference in variance between age groups. In addition, Sig's Welch test = $0.000 < 0.05$ demonstrates significant differences in intrinsic motivation between groups of subjects of different ages (Hair *et al.*, 2010) [9]. In this case, research results show that,

in older age groups, intrinsic motivation is also expressed better. This can be explained by the fact that older people have more experience and often have achieved specific goals because of their income. Therefore, passion for work and dedication will be greater than younger age groups. A detailed illustration is shown in Fig 1 below:

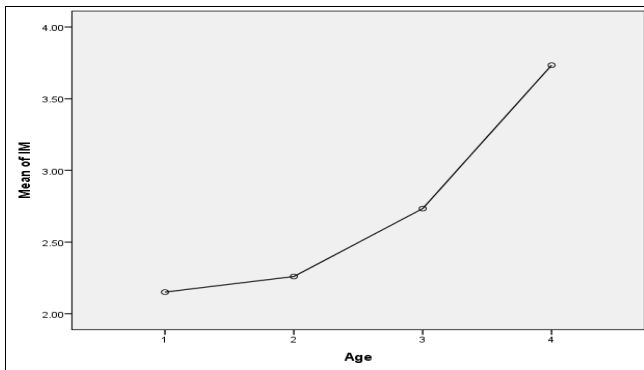


Fig 1: Mean plots of Intrinsic motivation between age groups

Results Anova for Educational Levels

Accordingly, the research team continued to perform ANOVA analysis with survey subjects at different educational levels. The detailed results are shown in Table 8 below:

Table 7: Results Anova for educational Level groups

Levene Statistic	df1	df2	Sig.	
7.411	3	247	.000	
Robust Tests of Equality of Means				
	Statistic ^a	df1	df2	Sig.
Welch	8.477	3	48.810	.000
ANOVA				
	Sum of Squares	df	F	Sig.
Between Groups (Combined)	26.983	3	12.641	.000
Within Groups	175.751	247		
Total	202.734	250		

Sig test Levene is equal to $0.000 < 0.05$, which means that is a variance difference between different educational attainment groups. The study continues to use the Welch test results in the Robust Tests of the Equality of Means table. Sig's Welch test is equal to $0.000 < 0.05$, which means that there is a mean difference in intrinsic motivation between different educational groups (Hoàng Trọng and Chu Nguyễn Mộng Ngọc, 2005) [10]. Thus, there are differences in intrinsic motivation among different educational groups. The detailed results are shown in the following figure:

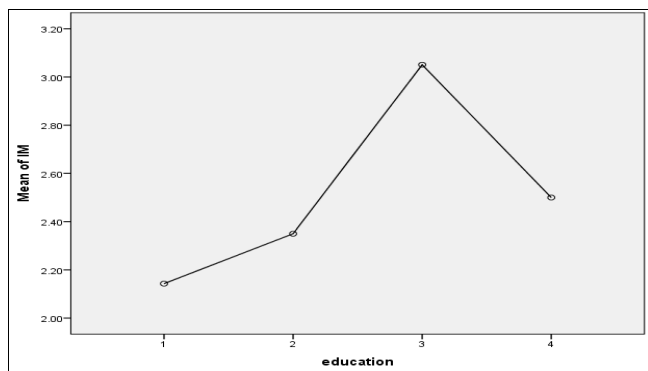


Fig 2: Mean plots of intrinsic motivation between educational level groups

Results Anova for Seniority

Sig test Levene is equal to $0.000 < 0.05$, which shows a difference in variance between groups of agents with different seniority. The study continues to use the Welch test results in the Robust Tests of the Equality of Means table. Sig test Welch is equal to $0.000 < 0.05$, which means that there is a mean difference in Intrinsic motivation between different seniority groups (Hair et al., 2010) [9]. Thus, there are differences in Intrinsic motivation among different seniority groups. The detailed results are shown in Table 8 below:

Table 8: Results Anova for seniority groups

Levene Statistic	df1	df2	Sig.	
10.770	3	247	.000	
Robust Tests of Equality of Means				
	Statistic ^a	df1	df2	Sig.
Welch	19.469	3	86.665	.000
ANOVA				
	Sum of Squares	df	F	Sig.
Between Groups (Combined)	55.476	3	19.405	.000
Within Groups	147.258	247		
Total	202.734	250		

In addition, the results of the graphical analysis show that the higher the seniority, the greater the intrinsic motivation, and it increases significantly in the group with five years of seniority or more. The life insurance industry is different from the regular product business. Selling life insurance products cannot be done through increasing sales or signing through mixed promotions or conventional advertising because of the unique nature of the risk. Therefore, only when the representative accumulates experience, and the more years he works, intrinsic motivation becomes more effective. Detailed results are shown in the following figure:

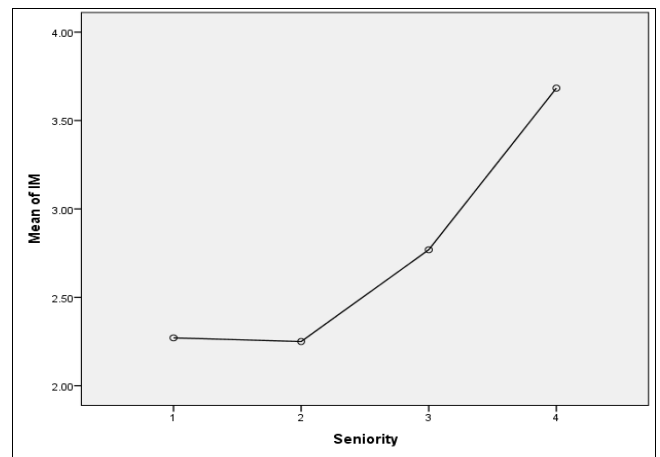


Fig 3: Mean plots of Intrinsic motivation between seniority groups

5. Discussion

Research results show that demographic characteristics related to gender, age, and qualifications have led to differences in the intrinsic motivation of life insurance agents. Accordingly, life insurance businesses should have orientations in agent management and recruitment focusing on aspects such as:

Build a win-win working environment so that agents are motivated to try to complete their tasks. The life insurance business includes many stages, such as product introduction and sale, payment collection, money management, initial

risk assessment and acceptance insurance, changing contract conditions, appraisal stage to resolve insurance benefits, and cooperation stage with partners. All of these stages contribute to the insurance company's professionalism, reliability, and strong financial capacity. These factors, in turn, affect agents' compensation, promotions, discipline, and ethical behavior. Therefore, building mechanisms so that agents can develop their abilities and achieve certain benefit commitments will promote the internal motivation of this team. Improving agent productivity is a central content in agent management and development because when talking about agent productivity, it means training quality, remuneration policies, and programs. Support, encouragement, and programs significantly impact the performance of agents' work to orient toward the overall goals of the insurance enterprise.

In addition, the level of training is the factor that leads to the most significant difference in intrinsic motivation. Therefore, businesses need to focus on improving the amount of agent training and regularly innovating training programs.

In addition, in managing and developing agents, one must continuously closely monitor and organize agents to comply with the terms committed in the agent contract, especially those stipulating responsibilities. Obligations of agents such as regulations when consulting customers, handing over contracts, collecting and paying life insurance premiums, performing customer care services, and performing daily activities. Recording, reporting, depositing, paying taxes, terminating and liquidating contracts.

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