



Received: 07-04-2023
Accepted: 17-05-2023

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

Customer-Oriented Behavior of Life Insurance Agents: A Study for Vietnam

¹ Thi Huong Mai, ² Thi Thanh Tran

^{1, 2} University of Labor and Social Affairs, Hanoi, Vietnam

Corresponding Author: **Thi Huong Mai**

Abstract

The customer-oriented topic is increasingly attracting academic and practical marketing research attention. In recent years, many companies have invested significant resources in programs to enhance the customer orientation of their employees when dealing with their customers (Stock and Hoyer, 2002) ^[21]. Salespersons are encouraged to implement customer-oriented behavior in their sales operations to enhance performance. In life insurance marketing, insurance agents are seen as marketing complex services. Today, customer expectations for product life insurance have changed. Customers expect life insurance

agents to analyze individual and family needs before designing the most suitable policies. Much research has been done on customer-oriented behavior, but research in the insurance field still needs to be completed. Therefore, this study aimed to examine the association of factors, including organizational commitment, self-monitoring, and intrinsic motivation, on customer-oriented behavior of life insurance agents based on a research review. Research and provide policy implications for life insurers in Vietnam in the current context.

Keywords: Behavior, Customer Orientation, Life Insurance, Agents, Vietnam

JEL Code: G02, G22, M31

1. Introduction

Customers' expectations for life insurance products have changed in today's life insurance industry. Customers no longer buy life insurance products passively and will compare different policies. Today, they expect life insurance agents to analyze their individual and family needs before designing the most suitable policies. Therefore, life insurance agents must fully understand the needs and requirements of their customers as well as build a trusting relationship between them and their customers to foster a long-term relationship of mutual benefits (Crosby *et al.*, 1990) ^[4]. Furthermore, insurance agents are seen as marketing complex services in life insurance marketing (Mohd Noor and Muhamad, 2005) ^[17].

However, despite much research on customer-oriented behavior, a complete understanding of its precursors needs to be improved (Flaherty *et al.*, 1999, Martin and Bush, 2003) ^[5, 16]. Vietnam's life insurance market has been growing hot recently, leading to the demand for quality and quantity of sales staff and insurance service consultants. Therefore, studying the factors affecting the customer-oriented behavior of life insurance agents will directly impact promoting the efficiency of the insurance business in the current context.

2. Literature Review

Customer-Oriented Behavior

Customer-oriented behavior, which refers to the tendency or inclination of employees to meet customer needs in the workplace, has become a primary concern for the organization to promote products or services. Kinds of literature have shown the importance of customer-oriented behavior in an organization (Chien *et al.*, 2008, Chelangat *et al.*, 2017) ^[3, 2]. Customer-oriented behavior helps organizations to design new or improved service solutions by improving their understanding of customers to meet their needs (Kirkland *et al.*, 2021) ^[12]. According to Saxe and Weitz (1982) ^[20], customer-oriented behavior is a behavioral performance aspect that determines a salesperson's level of practice in marketing concepts to assist customers in making purchasing decisions that best meet their needs (Lussier and Hartmann, 2017) ^[15]. Meanwhile, the most common definition given by academics of customer-oriented behavior is the intensity with which employees strive to meet customer needs and wants (Kim *et al.*, 2014, Lee *et al.*, 2010) ^[11, 13].

In the life insurance industry, customer-oriented behavior is defined as the extent to which agents practice marketing concepts in their sales operations by trying to help their clients decide. It involves meeting customer needs through a personal

relationship between the customer contact officer (life insurance agent) and the client (Mohd Noor and Muhamad, 2005) [17]. The characteristics of life insurance products are intangible products, which are promises and commitments of life insurance enterprises to customers. Hence, customers' impressions and beliefs about life insurance activities depend significantly on the agent's capacity, behavior, and attitude (Thi Huong Mai *et al.*, 2020) [22].

Thus, life insurance agents have an essential role in building the trust and reputation of insurers with customers, strongly affecting the propaganda and marketing of life insurance products. They help customers understand the benefits of life insurance to participate and multiply their participation in life insurance more and more, contributing to dominating the market and increasing revenue and profit for insurers. Therefore, customer-oriented behavior plays an increasingly important role.

Organizational Commitment

Organizational commitment is defined as a belief and acceptance of the organization's goals and values and a willingness to exert considerable effort on behalf of the organization (Leong *et al.*, 1994) [14]. It is the individual and stable attitudinal component.

Therefore, based on the above literature, this study further investigates the impact of organizational commitment as one of the predictor variables for salespeople's customer-oriented behavior by considering the conditions of work differently (O'Hara *et al.*, 1991) [18]. Accordingly, the research hypothesis is proposed:

Hypothesis 1: Organizational commitment is positively related to customer-oriented behavior.

Self-Monitoring

Besides organizational commitment, self-monitoring is another individual factor selected as a variable in the present study. Although several personality traits were found to be associated with customer-oriented behavior, self-monitoring was chosen as a personality variable examined in this study. Self-monitoring has been found to be an appropriate personality trait of insurance agents, where they need to adjust to different situations and client needs (Mohd Noor and Muhamad, 2005) [17]. Working in various socio-cultural environments requires insurance agents to adapt to separate and distinct customer groups. Besides, they have to work independently without a supervisor or ask fellow agents to supervise them if they want to be successful. As a result, sales agents with self-monitoring characteristics are better at dealing with a wide range of customers. Accordingly, the research hypothesis is proposed:

Hypothesis 2: Self-monitoring is positively related to customer-oriented behavior.

Intrinsic Motivation

In customer-oriented behavior, in particular, various aspects of motivational orientation, such as stimulus of effort, direction, and internal and external motivation, have been examined for behavior customer orientation (Babin *et al.*, 2000) [1]. Previous researchers found that employee drive and effort stimulation were important aspects of motivation (Weitz *et al.*, 1986) [23].

From the discussion above, it can be seen that intrinsic

motivation often produces supporting evidence for a relationship with customer-oriented behavior. However, there may be differences since most of these studies have been conducted in Western countries (Grant *et al.*, 2001) [8]. Therefore, this study understands motivation as a potential antecedent of customer-oriented behavior. Thus, the hypothesis put forward is:

Hypothesis 3: Intrinsic motivation is positively related to customer-oriented behavior.

3. Methodology

Based on the literature review analysis, the research team used the model proposed by Mohd Noor and Muhamad (2005) [17] to examine the impact of three factors on organizational commitment, intrinsic motivation, and self-monitoring on the customer-oriented behavior of life insurance agents in the Vietnamese market.

The survey process was carried out with 260 questionnaires collected, but only 251 questionnaires met the requirements. The questionnaire was designed based on the theories introduced in the literature review. All the items used include 14 observation variables adopted from the validated scales of (Mohd Noor and Muhamad, 2005) [17]. The data collected through the survey is processed by SPSS 22.0 software (Hair Jr *et al.*, 2016) [10], coded, and cleaned, then the theoretical model will be tested.

Research Model

Based on the literature review, the conceptual model research framework of this study is depicted in Fig 1.

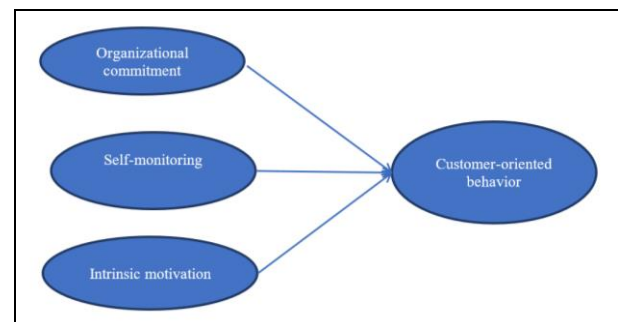


Fig 1: Research Model

4. Results

Descriptive Analysis

From the descriptive analysis, we can see that:

Genders: The results showed that 198 male and 53 female participants responded to the questionnaire. The number of women is higher but not significant (78.88% and 21.11%). The gender gap in this survey is suitable for life insurance sector in Vietnam context.

Age: According to the analysis results, the number of surveyed people aged from 31 to 40 years old accounts for the largest proportion. The second is from 41 to 50 years old, the third from 20 to 30 and the last is from 50 years old. The age structure of the surveyed subjects is similar to the potential buyers of insurance that insurance enterprises need to exploit.

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.

Income: From the interview data, it can be seen that the highest proportion of income is in the range of 9-15 million (44.4%). This income is also considered the average income of life insurance agents working part-time.

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 and three independent variables. Table 2 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 Cronbach’s Alpha results in table 2 all meet these standard requirements, which means that every item in the questionnaire has a good level of reliability and can be accepted to use for this research.

Table 1: Cronbach’s Alpha Analysis

Variables and coding	Cronbach’s Alpha	No. of items
Organizational commitment (OC)	0.829	4
Self-monitoring (SM)	0.769	3
Intrinsic motivation (IM)	0.862	4
customer-oriented behavior (COB)	0.810	3

Factor Analysis

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 Barlett’s Test

In this research, the KMO and Barlett’s Test for independent variables is conducted as the result is illustrated in the Table

3. As shown, the KMO value is 0.802 ($0.5 < 0.802 < 1$) 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 rotation matrix, we got the followings: every determinant with factor load > 0.5 , Eigenvalues is $1.672 > 1$, and the Variance explained = 71.117 %. It demonstrates that the factor analysis of the research data is appropriate.

Table 2: KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,745
Bartlett’s Test of Sphericity	Approx. Chi-Square	2117.062
	Df	45
	Sig.	0.000
Total variance Explained		71,117
Total Eigenvalues		1,672

Correlations

The results of Pearson correlation analysis showed a close linear correlation between the model's dependent and independent variables (Hair *et al.*, 2010)^[9]. The results show that these variables all have correlation coefficients with statistical significance. In, the independent has a reasonably close correlation, as shown in the Pearson coefficient of 0.703, with the intrinsic motivation, showing that the expectation about the impact of this factor is numerous. Self-monitoring and Organizational commitment with correlation coefficients with the intention of 0.521 and 0.520 show that both variables have statistical significance in the relationship affecting purchase intention in the model. In addition, intrinsic motivation is also significantly correlated with self-monitoring and organizational commitment at the correlation level of 0.375 and 0.511 units, respectively. At the same time, self-monitoring and organizational commitment are also positively related by 0.295. The detailed results are shown in the following table:

Table 3: The results of correlations

		IM	OC	SM	COB
IM	Pearson Correlation	1	.511**	.375**	.703**
	Sig. (2-tailed)		.000	.000	.000
	N	251	251	251	251
OC	Pearson Correlation	.511**	1	.295**	.520**
	Sig. (2-tailed)	.000		.000	.000
	N	251	251	251	251
SM	Pearson Correlation	.375**	.295**	1	.521**
	Sig. (2-tailed)	.000	.000		.000
	N	251	251	251	251
COB	Pearson Correlation	.703**	.520**	.521**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	251	251	251	251

** . Correlation is significant at the 0.01 level (2-tailed).

5. Discussion

The research results show that intrinsic motivation is the factor most strongly associated with the customer-oriented behavior of life insurance agents. Intrinsic motivation exists when agents are aware of the meaning of their work and the effectiveness of that work for customers. Because of that, agents must be regularly trained and retrained to understand the company's products. Only when the agents realize the role and meaning of terms and the difference between their company's products and other businesses, they confidently

advise customers and their force. Then, intrinsic motivation will help agents have the skills and abilities needed to enhance their sales performance through customer orientation. As the insurance business is overgrowing and becoming more competitive, this study can provide a better insight into the influence of corporate management systems on the motivation and performance of the life insurance agent. The results of this study are consistent with San *et al.* (2012)^[19] and Mohd Noor and Muhamad (2005)^[17] when considering that the organizational commitment strategy and

the organizational commitment system play an essential role in delivering maximum profit through understanding the needs of employees, in addition, Gazzoli *et al.* (2013)^[6] further mentioned that an increased commission rate to the organization would promote the development of personal abilities in performance and encourage employees to act on goal setting, action, and achievement - be targeted - a valuable organizational commitment that satisfies specific needs for dealers. This level of commitment can manifest itself in reward strategies and in compliance with implementing agency support strategies. This core policy motivates agents to achieve better customer-oriented behavior and fulfill business goals.

Although each life insurance agent's activities are individual, negotiating, signing, and following up insurance contracts for customers is interactive with many other members in the group. Therefore, insurers need to develop an appropriate operation monitoring mechanism to promptly detect the agents' limitations and shortcomings to overcome them through additional training and quick changes in tools and policies to suitable the business context.

6. Conclusion

This study takes a different approach by placing the three factors in the same context to examine individual factors' various degrees of impact on the customer-oriented behavior of personal insurance agents. Although the study was conducted with diligence, the lack of previous research on Vietnam in this area caused limitations in analyzing the Vietnamese context in the literature review. In addition, this study investigates the extent to which individual factors influence the customer-oriented behavior of life insurance agents; however, it did not penetrate the hidden reasons that affect the customer-oriented behavior of life insurance agents due to time and budget constraints. Follow-up research may approach to clarify these issues.

7. References

- Babin BJ, Boles JS, Robin DP. Representing the perceived ethical work climate among marketing employees. *Journal of the Academy of Marketing Science*. 2000; 28:345-358.
- Chelangat D, Flaherty K, Korir M. Do customers all respond the same? Generational differences on customer orientation and satisfaction, 2017.
- Chien CC, Chou HK, Hung ST. A conceptual model of nurses' goal orientation, service behavior, and service performance. *Nursing Economics*. 2008; 26:p374.
- Crosby LA, Evans KR, Cowles D. Relationship quality in services selling: An interpersonal influence perspective. *Journal of Marketing*. 1990; 54:68-81.
- Flaherty TB, Dahlstrom R, Skinner SJ. Organizational values and role stress as determinants of customer-oriented selling performance. *Journal of Personal Selling & Sales Management*. 1999; 19:1-18.
- Gazzoli G, Hancer M, Kim BP. Explaining why employee-customer orientation influences customers' perceptions of the service encounter. *Journal of Service Management*, 2013.
- George D, Mallery P. *IBM SPSS statistics 23 step by step: A simple guide and reference*, New York, Routledge, 2016.
- Grant K, Cravens DW, Low GS, Moncrief WC. The role of satisfaction with territory design on the motivation, attitudes, and work outcomes of salespeople. *Journal of the Academy of Marketing Science*. 2001; 29:165-178.
- Hair J, Anderson R, Babin B, Black W. *Multivariate data analysis: A global perspective*: Pearson Upper Saddle River. NJ, 2010.
- Hair Jr JF, Hult GTM, Ringle C, Sarstedt M. *A primer on partial least squares structural equation modeling (PLS-SEM)*, Sage publications, 2016.
- Kim KE, Hsu SL, Woo SL. Tensile properties of the medial patellofemoral ligament: The effect of specimen orientation. *Journal of Biomechanics*. 2014; 47:592-595.
- Kirkland JCR, Edwards BD, Flaherty KE. The effect of honest and humble leadership on salesperson customer orientation. *Journal of Business Research*. 2021; 130:49-58.
- Lee OF, Tan JA, Javalgi R. Goal orientation and organizational commitment: Individual difference predictors of job performance. *International Journal of Organizational Analysis*, 2010.
- Leong SM, Randall DM, Cote JA. Exploring the organizational commitment-Performance linkage in marketing: A study of life insurance salespeople. *Journal of Business Research*. 1994; 29:57-63.
- Lussier B, Hartmann NN. How psychological resourcefulness increases salesperson's sales performance and the satisfaction of their customers: Exploring the mediating role of customer-oriented behaviors. *Industrial Marketing Management*. 2017; 62:160-170.
- Martin CA, Bush AJ. The potential influence of organizational and personal variables on customer-oriented selling. *Journal of Business & Industrial Marketing*, 2003.
- Mohd Noor NA, Muhamad A. Individual factors that predict customer-orientation behaviour of Malaysian life insurance agents. *Jurnal Pengurusan*. 2005; 24:125-149.
- O'hara BS, Boles JS, Johnston MW. The influence of personal variables on salesperson selling orientation. *Journal of Personal Selling & Sales Management*. 1991; 11:61-67.
- San OT, Theen YM, Heng TB. *The Reward Strategy and Performance Measurement (Evidence from Malaysian Insurance Companies)*, 2012.
- Saxe R, Weitz BA. The SOCO scale: A measure of the customer orientation of salespeople. *Journal of marketing research*. 1982; 19:343-351.
- Stock RM, Hoyer WD. Leadership style as driver of sales peoples' customer orientation. *Journal of Market-Focused Management*. 2002; 5:355-376.
- Thi Huong Mai, Thi Chinh Nguyen, Le Lam Vu, Van Hung Bui, Thi Thu Cuc Nguyen, Duc Tai Do. A study on behaviors of purchasing life insurance in Vietnam. *Management Science Letters*. 2020; 10:1963-1700.
- Weitz BA, Sujan H, Sujan M. Knowledge, motivation, and adaptive behavior: A framework for improving selling effectiveness. *Journal of Marketing*. 1986; 50:174-191.