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The Effect of Personal Factors on the Customer-Orientation Behavior of Life Insurance Agents: A Study for Vietnam

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Abstract

The main objective of this study is to identify, evaluate, and analyze the customer-oriented behavior of agents in life insurance. Previous studies have examined the influence of factors on customer-oriented behavior, but demographic characteristics have yet to receive much attention. Through quantitative survey research using a convenient sampling sample with a small survey including 147 agents currently working for life insurance companies in Vietnam, this study used statistical tools, Cronbach's alpha analysis, factor analysis, and ANOVA analysis. Research results show no difference in customer-oriented behavior in different gender groups, but agents' ages, education levels, and working seniority are markedly different. The research results suggest some implications for life insurance companies to increase the performance of life insurance agents in the current context.

1. Introduction

Customer orientation has stimulated a great deal of research interest, partly because it is considered necessary in its own right and partly because of its association with a number of organizational activities (Franke and Park, 2006, Blocker *et al*., 2011)[4, 1]. Previous studies have also shown a significant correlation between employee customer orientation and customer satisfaction (Hennig-Thurau, 2004, Grizzle *et al*., 2009) [9, 6]. Customer orientation can lead to a more harmonious relationship between service workers and customers, providing a good basis for customer acquisition and generating positive word of mouth that is extremely beneficial to the company (Lin and Germain, 2003) [14]. Joshi and Randall (2001) [12] conclude that customer orientation increases mobility and growth by making customers more loyal. Homburg *et al*. (2011) [11] further argue that customer orientation is valuable to organizations because it maintains positive customer expectations. It has also been found that employees with a high degree of customer orientation have more positive attitudes than other employees towards personal attitudes related to their job satisfaction, job engagement, and work commitment (Singh and Koshy, 2011) [22]. In summary, customer orientation has been considered in many different fields and is widely adopted by companies to gain a competitive advantage (Rafaeli *et al*., 2008) [19]. 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 trusting relationships between them and their customers to foster a long-term relationship of mutual benefit (Crosby *et al*., 1990) [3]. Furthermore, in life insurance marketing, insurance agents are seen as marketing complex services (Nik Kamariah, 1995) [16] because of insurance agents engage in a long-term commitment and a constant stream of interactions between buyers and sellers. After the sale, the agency provides a follow-up service and helps the customer make policy changes in response to changing needs. This request will justify the importance of continuous research for customer satisfaction in this dynamic marketing industry. With the above criteria, it is clear that investigating customer-oriented behavior in the life insurance industry is necessary. Therefore, this study examined the customer-oriented behavior of life insurance agents of different ages, employment positions, and professional seniority.

2. Literature Review

Customer orientation refers to the extent to which salespeople strive to help customers and customers make decisions that will solve customer problems and satisfy high customer needs (Periatt et al., 2004, Schwepker Jr, 2003) [18, 21]. Customer-oriented salespeople aim to increase long-term customer satisfaction and avoid behaviors that can lead to customer dissatisfaction (Tseng and Su, 2013) [25].

Customer orientation is emphasized in the insurance industry as a key driver of long-term success and performance (Tseng and Su. 2013) [25]. There is much empirical evidence to support the relationship between customer orientation and salesperson performance (Cross et al., 2007) [3]; (Mehrabi et al., 2012, Wang and Miao, 2015, Singh and Venugopal, 2015)[15, 26, 24]. Singh and Koshy (2012) [23] have developed a new concept of customer orientation that goes beyond sales customer orientation originally developed by (O'Hara et al., 1991, Saxe and Weitz, 1982) [17, 20] to incorporate six aspects; Provide information to customers, meet customer needs, build customer satisfaction, maintain customer relationships, create value for customers and understand customer needs.

Based on a research review analysis, numerous studies on situational and organizational variables have been shown to influence the development of a customer-oriented approach. For example, organizational factors such as the company's market orientation, leadership style, incentive system, decision-making position, supporting work environment, and top management focus are among the factors positively related to the customer-oriented behavior of salespeople (Guenzi et al., 2011) [7]. However, studies have yet to examine the individual factors that may influence customer-oriented behavior among salespeople (Widmier, 2002) [27]. Identifying the factors influencing customer-oriented behavior can assist sales managers in recruiting and training salespeople is an important issue. Furthermore, the need to examine individual variables is vital as researchers suggest that behind an individual's behavior is a multitude of factors that influence a given choice (O'Hara et al., 1991) [17].

3. Methodology

Based on the research overview and suggestions of (Singh and Koshy, 2012) [23], this study has inherited the scale of customer-oriented behavior to test the level of customer orientation of life insurance agents in the context of Vietnam with the difference in terms of training conditions, seniority of experience and income of agents.

Accordingly, based on the scale of Singh and Koshy (2012) [23], with a 5-rank Likert scale, the research team conducted an online survey with 200 life insurance agents in Vietnam, but only 147 votes were obtained qualified. 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 customer-oriented behavior among different dealer groups.

Table 1: Scale of customer-oriented behavior

Code	Description	Sources
CO1	I try my best to assist customers in achieving their goals	(Singh and Koshy, 2012, Tseng and Su, 2013, Lanjananda and Patterson, 2009)[23],[25],[13]
CO2	I try my best to meet the requirements of customers	
CO3	I try my best to solve service problems encountered by customers	
CO4	I always seek for appropriate products whose features can meet the requirements of customers	
CO5	I always design and develop products with future demand of customers in my mind	
CO6	I try my best to fill the gap between the expectation of customers and the actual situation of the company	

4. Results

Descriptive Analysis

The results of descriptive statistical analysis showed that there was not much difference in gender between the surveyed subjects. The age group with the highest percentage of survey participation is 31-40, and the second is the group over 50. In addition, most survey subjects have college degrees or higher, and only 16.3% of agents have graduated from high school. Similarly, the proportion of agents with 3-5 years of seniority accounts for the highest rate with 40.8% and the second rate with more than 10 years with 21.8%.

Table 2: Descriptive Analysis

Variables	Category	Coding group	Frequency	Percentage (%)
Gender	Male	1	69	46.9
	Female	2	78	53.1
Age	20 – 30	1	15	10.2
	31 – 40	2	52	35.4
	41 – 50	3	34	23.1
	above 50	4	46	31.3
Educational level	High School Graduation	1	24	16.3
	College	2	51	34.7
	University Graduation	3	37	25.2
	Post graduate	4	35	23.8
Seniority	Under 3 years	1	30	20.4
	3 – under 5 years	2	60	40.8
	5 – under 10 years	3	25	17.0
	Above 10 years	4	32	21.8

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) [8]. In this research, the Cronbach's Alpha test is applied for one dependent variable. Table 2 demonstrates the result of Cronbach's Alpha test. Hair *et al*. (2010) [8] 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 analysis results with the initial six observed variables for Cronbach's Alpha is 0.899 and the observed variable CO6 with the content "I try my best to fill the gap between the expectation of customers and the actual situation of the company" for the coefficient Corrected Item-Total Correlation is 0.545 (< 0.7) and Cronbach's Alpha if Item Deleted is 0.909. Therefore, this variable will be removed to rerun Cronbach Alpha and increase the reliability of the study's scale (Hair *et al*., 2010) [8]. The peculiarities of the insurance industry can explain this. Insurance products are intangible products and are unexpected products. Moreover, the consumption of life insurance products often takes place over a long period, so customers' perceived value is difficult to measure and reflect accurately. Therefore, the observed variable CO6 is not accurately reflected in the context of this study. The study reruns Cronbach's alpha for the remaining five observed variables. The results are detailed in the following table:

Table 3: 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
CO1	10.15	16.635	.797	.884		
CO2	10.12	16.396	.751	.894		
CO3	10.07	17.598	.749	.894	.909	5
CO4	9.94	17.373	.707	.902		
CO5	10.09	15.999	.856	.870		

Exploratory Factor Analysis (EFA)

George and Mallery (2016) [5] 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 dependent variable is conducted as the result is illustrated in the Table 3. As shown, the KMO value is 0.787 ($0.5 < 0.787 < 1$) and the sig. value is 0.000 (<0.05), that means these values satisfied the conditions in the study (Hair *et al*., 2010) [8]. In addition, after implementing the matrix, we got the followings: every determinant with factor load > 0.5, and the Variance explained $= 73.582$ %. It demonstrates that the factor analysis of the research data is appropriate. After implementing the rotation matrix, five components of the customer orientation. These statistics demonstrate that research data analysis for factor discovery is appropriate.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.787
Bartlett's Test of Sphericity	Approx. Chi-Square	533.410
	Df	10
	Sig.	.000

Table 5: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.679	73.582	73.582	3.679	73.582	73.582
2	.593	11.855	85.437			
3	.387	7.731	93.168			
4	.189	3.785	96.953			
5	.152	3.047	100.000			

Extraction Method: Principal Component Analysis

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) [8, 10]. A comparison of assessment results on customer-oriented behavior between life insurance agents of a different gender is presented in Table 6.

Table 6: 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
CO	Equal variances assumed	.339	.562	.722	145	.472	.12107	.16774	-.21045	.45259
	Equal variances not assumed			.719	139.578	.474	.12107	.16850	-.21208	.45422

According to Table 6, Sig Levene test = 0.562> 0.05, so variance between the ages did not differ. sig value of T-Test = 0.474 > 0.05; no statistical significance. Therefore, there is no difference in customer orientation behavior of survey subjects with different gender (Hair *et al*., 2010) [8].

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) [8].

Results Anova for Age Groups

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

Table 7: Results Anova for age groups

Levene Statistic	df1	df2	Sig.
12.495	3	143	.000
Robust Tests of Equality of Means			
	Statistic^a	df1	df2	Sig.
Welch	12.125	3	57.503	.000
ANOVA			
	Sum of Squares	df	F	Sig.
Between Groups (Combined)	40.543	3	17.672	.000
Within Groups	109.357	143		
Total	149.900	146		

a. Asymptotically F distributed

Table 7 shows that the Levene sig statistic is Sig Levene test equals 0.000 < 0.05, and there is a difference in variance between age groups. We will use Welch test results in Robust Tests of Equality of Means. The Welch or Brown-Forsythe coefficients provide the results of the mean difference test in the case of differences in variance between groups of values (Hoàng Trọng and Chu Nguyễn Mộng Ngọc, 2005) [10]. These two tests have the same purpose, but the approach is different, so there will be cases where the two tests give inconsistent results. Often researchers use Welch more. In this case, Sig's Welch test = 0.000 < 0.05 proves that there is a significant difference in customer-oriented behavior between groups of subjects of different ages (Hair *et al*., 2010) [8]. Research results show that, in older age groups, customer-oriented behavior is also better performed. This can be explained by the fact that older people have more experience and experience. Therefore, customer orientation will be better than the younger age group. The detailed illustration is shown in Fig 1 below:
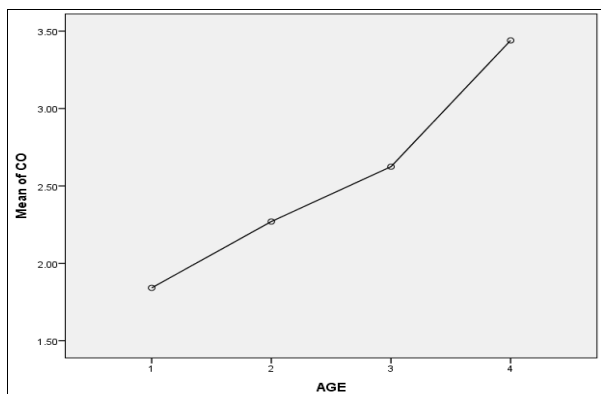

Fig 1: Mean plots of Customer orientation between age groups

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 8: Results Anova for educational Level groups

Levene Statistic	df1	df2	Sig.
41.372	3	143	.000
Robust Tests of Equality of Means			
	Statistic^a	df1	df2	Sig.
Welch	12.740	3	72.697	.000
ANOVA			
	Sum of Squares	df	F	Sig.
Between Groups (Combined)	9.524	3	3.234	.024
Within Groups	140.376	143		
Total	149.900	146		

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 customer-oriented behavior between different educational groups (Hoàng Trọng and Chu Nguyễn Mộng Ngọc, 2005) [10]. Thus, there are differences in customer-oriented behavior among different educational groups. The detailed results are shown in the following figure:
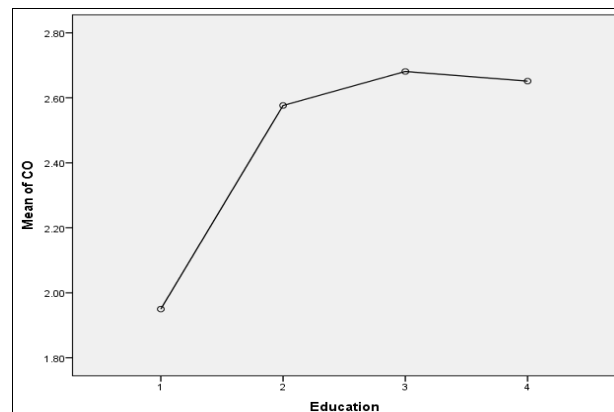

Fig 2: Mean plots of Customer orientation between educational level groups

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 customer-oriented behavior between different seniority groups (Hair *et al*., 2010) [8]. Thus, there are differences in customer-oriented behavior among different seniority groups. The detailed results are shown in Table 9 below:

Table 9: Results Anova for seniority groups

Levene Statistic	df1	df2	Sig.
20.149	3	143	.000
Robust Tests of Equality of Means			
	Statistic^a	df1	df2	Sig.
Welch	11.772	3	60.611	.000
ANOVA			
	Sum of Squares	df	F	Sig.
Between Groups (Combined)	43.368	3	19.405	.000
Within Groups	106.532	143		
Total	149.900	146		

In addition, the graph analysis results show that the higher the seniority, the more positive the customer-oriented behavior is and significantly increases in the group with five years of seniority or more. The life insurance industry is different from the regular product business. The sale of life insurance products cannot be made through revenue boosting or signing through mixed promotions or conventional advertising because of the specific nature of the risk. Therefore, only when the agent accumulates experience and the more years, he/she works, the more customer-oriented behavior becomes effective. The detailed results are shown in the following figure:
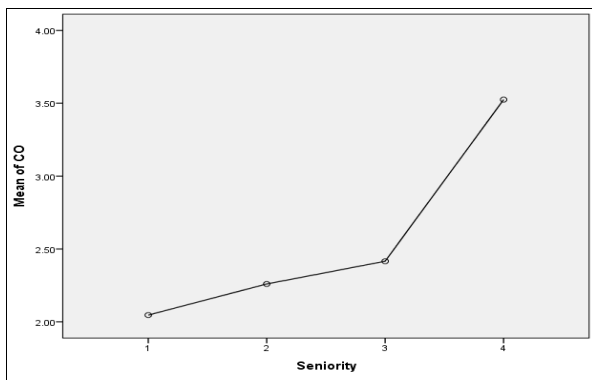
Fig 3: Mean plots of Customer orientation between seniority groups

5. Discussion

Research results show that although there is no difference in the customer-oriented behavior of agents with different gender and age, there is a clear difference in the customer-oriented behavior of different groups with different levels of education and professional seniority.

This result agrees with the studies of O'Hara *et al.* (1991) [17] about the requirements in the recruitment and training process that can affect the customer-oriented behavior of life insurance agents. Accordingly, personal insurance businesses focus on improving the qualifications of their agents through training and retraining activities.

Therefore, agents must be regularly trained and retrained to understand the company's products. Only when the agent realizes the role and meaning of each term and the difference between his company's products and other businesses can he confidently advise customers and confidently own force. Then, intrinsic motivation will help the agent to have the necessary skills and abilities to enhance his sales performance through customer orientation. In addition, each agent has the right capabilities and skills. Only when done with each person's suitable capacity and ability, the intrinsic motivation can exist and develop. Therefore, in recruiting agents, it is necessary to arrange for agents to do appropriate work because each agent has its strengths but, at the same time, has certain limitations. Therefore, arranging the proper work for the agent will increase the productivity of the life insurance agent. To do this, life insurers often use evaluation methods according to different standards. However, they must know how to take advantage of the results obtained in recruiting and selecting agents.

6. Conclusion

There are many studies on customer-oriented behavior in different fields. This study contributes to a conclusion about the differences among groups of life insurance agents with different ages, education, and seniority in customer-oriented behavior. The research results can help insurers orient their recruitment and training activities of life insurance agents in Vietnam today. However, this study did not penetrate the potential reasons for customer-oriented behavior because of time and budget constraints. Therefore, in conjunction with further studies, it is essential to suggest comprehensive recommendations for practical management.

7. References

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