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Effects of Customer-Orientation Behavior on the Performance of Personal Insurance Agents: A Study for Life Insurance in Vietnam

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Abstract

This study's purpose is to evaluate and investigate aspects of the life insurance agent performance in the current times. The study was conducted in life insurance companies in Vietnam through online questionnaires. The data collected from the study were processed using SPSS analysis software. Through quantitative survey research using a convenient sampling sample with a small survey including 196 agents currently working for life insurance companies in Vietnam, this study used statistical tools, Cronbach's alpha analysis, factor analysis, and correlations analysis. Research results have shown that there is a positive association between adaptive sales and customer-oriented behavior on the performance of life insurance agents.

1. Introduction

In today's competitive market, personal selling has been seen by many companies and organizations as the key to success (Lawless and Anderson, 1996, Baldauf and Cravens, 2002, Román and Rodríguez, 2015) [12, 2, 18]. In the service business, sales are mainly based on the sales staff, and they are the main source of income. Accordingly, salespeople's performance has become a leading concern in many studies. Therefore, improving the performance of sales staff has become one of the urgent tasks managers face and has motivated many important research centers to understand salespeople's causes and operating systems (Boles *et al*., 2000) [3].

In an increasingly competitive business environment, managers often put pressure on sales staff to achieve higher sales targets to contribute to the organization's overall performance. In the insurance sector, salespeople are strategically important because they are in direct contact with customers, gather information, and often execute any strategic initiative or intent (Küster and Canales, 2011) [11]. The intangibility, inseparability, labor intensity, and complexity of the service delivery process create unique ways to develop and manage insurance sales (Peranginangin and Kusumawardhani, 2018) [17]. As a result, insurance companies often have to focus on their sales force (insurance agents) to strengthen customer relationships and achieve greater satisfaction and loyalty in the future.

Insurance agents are often considered to be marketing complex services (Nik Kamariah, 1995) [16]. This leaves life insurance agents with a long-term commitment and ongoing interaction between buyers and sellers. After-sales service agents monitor services and help customers make policy changes in response to changing business requests. Insurance agents must fully understand the needs and requirements of their clients and build a trusting relationship between them and their clients to establish a long-term, mutually beneficial relationship (Crosby *et al*., 1990) [4]. Therefore, to improve business performance, it is necessary to study the factors that affect agent performance in life insurance**.**

2. Literature Review

Performance of Life Insurance Agents

Salesperson performance refers to the financial and non-financial achievements that individuals achieve as salespeople concerning their roles and responsibilities as defined by the company. It indicates the extent to which a salesperson performs well in their sales-related duties while carrying out assigned job responsibilities (Babakus *et al*., 1996) [1]. According to Román *et al*. (2002) [19], a salesperson's performance includes behavioral and outcome performance. Dubinsky and Hartley (1986) [5] defined behavioral performance as what people do during work—performing sales-related conduct, which in turn involves

performing sales-related activities by way of a salesperson or salesperson's input or activity in their job (Baldauf and Cravens, 2002) [2]. On the other hand, performance results refer to the results obtained from the efforts and behavior of the salesperson and deal with the contribution of the salesman's results to the achievement of the organization's goals (Hartantoa *et al*., 2022) [8]. Logically, salespeople's resulting performance is a consequence of their efforts and performing various activities involved in generating sales results (e.g., sales, new customers, quota reached, and goals (Babakus *et al*., 1996) [1]. Thus, higher behavioral performance leads to higher resulting performance (Baldauf and Cravens, 2002) [2].

Customer-Oriented Behavior
Conceptually, customer-oriented behavior refers to the extent to which agents practice marketing concepts in their sales activities by trying to help their customers make purchasing decisions to satisfy their needs and meet customer needs (Saxe and Weitz, 1982) [20]. It is concerned with satisfying the customer's needs by addressing the personal relationship between the insurance agent and the client (Mohd Noor and Muhamad, 2005) [14].

Meanwhile, the most common definition scholars give of customer-oriented behavior is the intensity with which employees try to fulfill customers' needs and wants (Kim and Qu, 2020) [10]. Furthermore, Mohd Noor and Muhamad (2006) [15] believe that customer-oriented behavior is best described as the ability to identify, evaluate, understand, and fulfill a customer's needs client. Also, according to Saxe and Weitz (1982) [20], customer-oriented behavior is a behavioral performance aspect that determines a salesperson's level in marketing concepts to assist customers in making purchase decisions that best meet their needs (Lussier and Hartmann, 2017) [13]. Accordingly, this study hypothesizes:

Hypothesis 1: Customer-oriented behavior has a positive impact on the sales performance of life insurance agents

Adaptive Selling Behavior
Spiro and Weitz (1990) [21] defined adaptive selling behavior to include gathering information about potential customers, developing sales strategies, and assessing the impact of messages and adjustments (in sales presentations). Based on assessments of adaptive selling behavior, the seller can match his activities with the general needs of buyers (Keillor *et al*., 2000) [9]. Meanwhile, research conducted by Wong and Tan (2016) [22] shows that adaptive behavior has a significant effect on improving the performance of sales staff. A salesperson's ability or performance can be increased if the salesperson engages in highly adaptive sales behavior, namely by using different sales methods appropriately in the sales process dealing with customers and when making decisions during the sales transaction for different sales situations. Accordingly, this study hypothesizes

Hypothesis 2: Adaptive selling behavior has a positive impact on the sales performance of life insurance agents

3. Methodology
The review of previous studies shows that many factors affect the performance of life insurance agents to look at from different perspectives. Based on the suggestion of

(Franke and Park, 2006) [6], this study aims to examine the relationship between the behavioral performance dimension and the life insurance agent's outcome performance dimension to understand better the efficiency of life insurance agents. of sales activities in life insurance enterprises in Vietnam today. This study is collecting quantitative data to test the hypotheses generated from previous theories to demonstrate the relationship between specific variables (customer-oriented behavior, adaptive sales behavior, personal performance of life insurance agents). This study applies a non-probability sampling technique because the author selects the subjects based on specific criteria.

The questionnaire was designed based on the theories introduced in the literature review. It includes 11 observed variables with a 5-point Likert scale. All categories used in each section are applied from validated scales of previous studies by Franke and Park (2006) [6], (Mohd Noor and Muhamad, 2006) [15]. The collected data will be analyzed by SPSS software.

4. Results
Descriptive Analysis
The results showed that 63 male and 189 female participants responded to the questionnaire. The number of women is higher at 71.9%. The gender gap in this survey is consistent with statistics of the agents in these insurance companies in Vietnam, in which the number of respondents aged from 31 to 40 years old accounts for the largest proportion. The second is agents aged from 40 to 50 years old, the third is from 20 to 30 years old and the last one is from 50 years old and above. The age structure of agents surveyed is quite similar to the characteristics of the sales force in the life insurance market.

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

Income: The interview data shows 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) [7]. In this research, the Cronbach's Alpha test is applied for one dependent variable and two independent variables. Table 1 demonstrates the result of Cronbach's Alpha test. Hair *et al*. (2010) [7] also note that the Cronbach's Alpha result should be equal to or higher than 0.7 ($\geq$0.7) to be reliable enough for research. The Cronbach's Alpha results in table 1 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
Performance of agents (AP)	0.810	4
Adaptive selling behavior (AS)	0.774	3
Customer-orientation behavior (CO)	0.853	4

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 2. As shown, the KMO value is 0.856 (0.5 < 0.856 < 1) and the sig. value is 0.000 (<0.05), that means these values satisfied the conditions in the study (Hair *et al*., 2010) [7]. In addtion, after implementing the rotation matrix, we got the followings: every determinant with factor load > 0.5, Eigenvalues is 1.023> 1, and the Variance explained 68.254 %. 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		0.856
Bartlett's Test of Sphericity	Approx. Chi-Square	942.159
	Df	55
	Sig.	0.000
Total variance Explained		68.254
Total Eigenvalues		1.023

Correlations

The results of Pearson correlation analysis showed a close linear correlation between the model's dependent and independent variables (Hair *et al*., 2010) [7]. 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 0.533, with the Adaptive selling behavior of life insurance agents, showing that the expectation about the impact of this factor is numerous. Customer-orientation behavior factor with correlation coefficients with the peformance of 0.514 show that the variable has statistical significance relationship in the model.

In addition, Adaptive selling behavior is also significantly correlated with Customer-orientation behavior at the correlation level of 0.339. The detailed results are shown in the following table:

Table 3: The results of correlations

		AS	CO	AP
AS	Pearson Correlation	1	.339	.533
	Sig. (2-tailed)		.000	.000
	N	196	196	196
CO	Pearson Correlation	.339	1	.514
	Sig. (2-tailed)	.000		.000
	N	196	196	196
AP	Pearson Correlation	.533	.514	1
	Sig. (2-tailed)	.000	.000	
	N	196	196	196

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

5. Discussion

The research results show that Adaptive selling behavior is the factor most strongly associated with the performance of life insurance agents. This result agrees with the research of Franke and Park (2006) [6] in the service sector in general and Mohd Noor and Muhamad (2005) [14] in the life insurance sector in particular.

The purchase of life insurance products in Vietnam today is mostly passive, and the products are usually sold instead of being bought. Therefore, to achieve the desired performance, life insurance agents often have to change the methods of approaching customers accordingly and flexibly to achieve the desired goals. In addition, customers participating in life insurance in Vietnam currently do not have much knowledge about insurance products in particular, so sales effectiveness often comes from appropriate sales strategies instead of satisfying customer service requirements to meet financial goals or customer needs, as in the studies of Peranginangin and Kusumawardhani (2018) [17] and Franke and Park (2006) [6] Accordingly, insurance businesses should now focus on training and re-training sales skills and strategies for agents to improve behavioral performance, which in turn leads to higher performance for agents in particular and businesses in general.

6. Conclusion

This study takes a different approach by studying aspects of behavioral performance, including adaptive selling behavior and customer-oriented behavior of individual insurance agents in life insurance businesses. Although the study was conducted with care, 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 investigated the influence of these factors. However, it did not delve into the potential causes affecting these behavioral performances due to time and budget constraints. Further research may approach to clarify these issues.

7. References

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