

## Aspects of Life Insurance Agents' Performance in Vietnam: A Study from the Impact of Customer-Oriented Behavior



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**ABSTRACT:** This study examined the influence of life insurance agents' customer-oriented action research on aspects of agents' personal sales performance. In particular, the agent's performance is considered in terms of behavioral effectiveness and outcome performance. The research was conducted through interviews and surveys of insurance agents of life insurance businesses in Hanoi city, with 158 feedback forms received. Data collection is group processed through supporting software support SPSS and PLS-SEM. The study results show that customer-oriented behavior substantially impacts life insurance agents' behavioral performance more than outcome performance. At the same time, behavioral performance also plays a mediating role in providing the performance of customer-oriented behavior to the performance outcomes of life insurance agents. The research results are the basis for the authors to propose some key tips for life insurance businesses in the current context of Vietnam's insurance market.

**KEYWORDS:** life insurance agents, performance, customer-oriented behavior, Vietnam.

**JEL 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 (Baldauf and Cravens, 2002, Eling and Luhn, 2010). This result is explained by the fact that sales rely heavily on salespeople, who contribute to generating income. Their performance is instrumental to the company. The issue of salesperson performance has become a top concern. Therefore, improving salesperson performance has become one of the urgent tasks facing managers (Boles et al., 2000) and has motivated the interest of many managers to investigate the antecedents and consequences of salesperson performance. Therefore, evaluating the performance of salespeople always arouses the interest of researchers and business owners.

Customer Orientation is emphasized in life insurance as a critical driver of long-term success and performance (Tseng and Su, 2013). There is extensive empirical evidence to support the relationship between customer orientation and salesperson performance (Singh and Das, 2013, Singh et al., 2021). Accordingly, sales staff in the insurance field are life insurance agents. 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). The intangibility, inseparability, labor intensity, and complexity of the service delivery process create unique challenges for developing insurance sales and marketing strategies. Therefore, managing insurance customer relationships is influenced by agents' relationships with companies and their customers (ELSamen and Akroush, 2018). From a practical perspective, the most important theme that managers and stakeholders in the service industries in general and insurance in particular agreed on is that adopting marketing is one of the fundamental keys. The most basic version can increase the premium volume and improve its performance. Therefore, studying the influence of customer-oriented behavior on performance aspects of life insurance agents is necessary to meet the increasing demands in this dynamic marketing industry.

### 2. LITERATURE REVIEW

Customer-oriented behavior (COB) refers to the specific behaviors of service staff during the delivery service process – such behaviors lead to customer satisfaction (Frazer Winsted, 2000). The term "customer orientation" is widely used in marketing literature. It can be used to describe a type of organizational orientation in which customer needs are the basis for corporate strategic planning and design (Gil Saura et al., 2005).

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At the individual level, customer orientation is a willingness to serve providers that tailor their service delivery to the customer's situation (needs, problems, unique circumstances) (Saxe and Weitz, 1982, Daniel and Darby, 1997). COB terms refer to specific behavior of sales staff during service encounters – such behaviors that lead to customer satisfaction ((Farrell and Oczkowski, 2009, Frazer Winsted, 2000).

In the life insurance industry, customer-oriented behavior is defined as the degree to which agents practice the marketing concept in their sales activities by trying to help their customers make decisions to purchase (life insurance products) to satisfy customer needs. It involves meeting customer needs through a personal relationship between the customer-facing employee (life insurance agent) and the customer (Noor and Mohamed, 2007).

### **Performance**

By definition, salesperson performance results from performing several unobtrusive and specific activities that can vary significantly across different job types and sales situations (Churchill Jr et al., 1979). Salesperson performance includes behavioral and outcome aspects. Sales researchers have established this conceptual distinction and consider behavioral performance to be the input or activity of salespeople in their work. Salesperson performance outcomes consider the contribution of salesperson outcomes to organizational goals (Anderson and Oliver, 1987, Babakus et al., 1996). Outcome performance is understood as a result of their efforts and skills, producing results (sales, new customers) that include outcome performance. The higher behavioral performance will lead to higher outcome performance (Babakus et al., 1996).

Over the past decade, salesperson performance has received increased attention from scholars and practitioners alike (Singh and Das, 2013, Guenzi et al., 2016). Much of the previous research has used quantitative methods to understand the drivers of salesperson performance in different industries and business contexts.

According to Verbeke et al. (2011), sales performance is used to evaluate a salesperson's sales contribution to achieving company goals. Performance is the behavior of salespeople, with different strategies as a form of accountability for their work. The strategies used by salespeople dictate the behavior of the sales force and the results obtained from the sales effort. The aspect of salesperson experience and expertise as a driving factor in sales performance positively influences sales performance. Expertise in sales operations/activities is a necessity that salespeople must possess because expertise is an important issue in dealing with consumers and companies.

### **Behavioral performance of life insurance agents**

In life insurance, the behavioral performance of life insurance agents refers to the success in carrying out sales-related activities in their jobs (Baldauf and Cravens, 2002, Noor and Mohamed, 2007).

### **Outcome performance of life insurance agents**

Outcome performance of life insurance agents is defined as the results (e.g., dollars, volume, policies) from behavioral sales agents and is related to the agency's contribution of results to the goals of the organization (Baldauf and Cravens, 2002).

## **3. METHODOLOGY**

### **Research model**

This study is based on the research of Tseng (2018) and Baldauf and Cravens (2002), in which the personal performance of life insurance agents is considered in behavioral performance and outcome performance. The research model is shown in the following diagram:

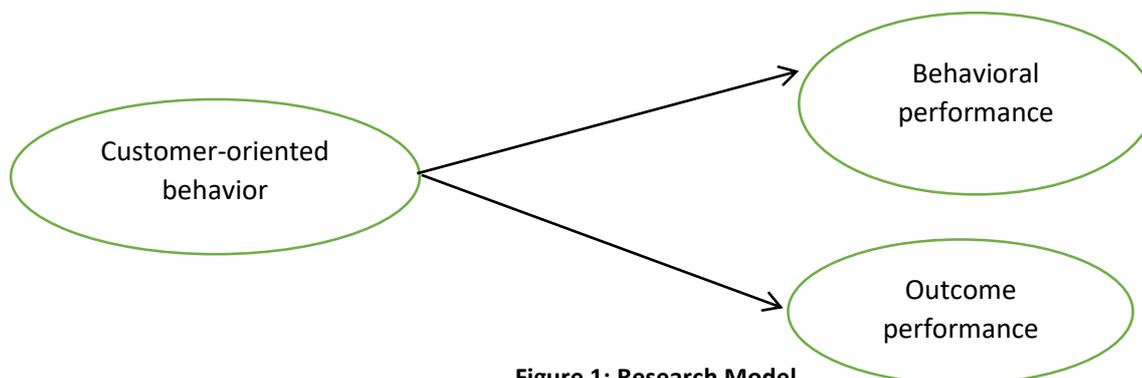


Figure 1: Research Model

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## Hypothesis

*Hypothesis 1 (H1): Customer-oriented behavior has a positive impact on the behavioral performance of life insurance agents*

*Hypothesis 2 (H2): Customer-oriented behavior has a positive impact on the outcome performance of life insurance agents*

The survey process was carried out with 158 life insurance agents through customer conferences. The questionnaire was designed based on the theories introduced in the literature review. All the items used include 11 observation variables adopted from the validated scales of (Baldauf and Cravens, 2002, Habeeb, 2020) and adapted for the life insurance sector. The data collected through the survey is processed by SPSS 22.0 software and PLS-SEM (Hair et al., 2010), coded, and cleaned, then the theoretical model will be tested.

## 4. RESULTS

### Descriptive analysis

The descriptive statistical analysis results show that female respondents mainly use the ratio. This is also a common situation regarding the gender structure of life insurance agents in Vietnam today. In addition, respondents whose ages were concentrated in the 31–40 age group (51.3%) used the highest rate. Regarding education level, most insurance agents have a college degree or higher, and the typical work experience is 3–5 years.

**Table 1: Descriptive analysis**

Variables	Category	Frequency	Percentage (%)
Gender	Male	114	72.2
	Female	44	27.8
Age	20 – 30	21	13.3
	31 – 40	81	51.3
	41 – 50	38	24.1
	above 50	18	11.4
Educational level	High School Graduation	14	8.9
	College	81	51.3
	University Graduation	42	26.6
	Post graduate	15	9.5
Seniority	Under 3 years	33	20.9
	3 – under 5 years	68	43.0
	5 – under 10 years	37	23.4
	Above 10 years	20	12.7

### Construct Reliability and Validity

The reliability of the structures is determined by the indicator reliability and the internal consistency reliability Wong (2013) defined the reliability of the index as the square of the factor loading of each indicator. The study also recommends that if this value is greater than 0.4, the reliability of the index can be ensured. In addition, internal consistency reliability for all latent variables was evaluated using Cronbach's Alpha and composite reliability (CR) (Hair Jr et al., 2016). In this study, the test applied to latent variables shows that the factor loading coefficients were all greater than 0.5 and the combined reliability coefficients were all greater than 0.7. The average variance extracted AVE of the concepts were all greater than 0.5, so they all ensure the convergence value of the scale (Hair Jr et al., 2017). Besides, the AVE of each latent variable was larger than the square of the correlation of that variable with the remaining latent variables; therefore, the scale ensures discriminant validity (Sarstedt et al., 2014). The variance inflation factors VIF were all less than 3.3, which means there was no multicollinearity phenomenon, and the scale therefore is suitable to apply the structural equation model (Hair Jr et al., 2016). The results of composite reliability analysis as follows:

**Table 2: Construct Reliability and Validity**

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Customer-oriented behavior (COB)	<b>0.920</b>	<b>0.925</b>	<b>0.944</b>	<b>0.808</b>
Behavioral performance (BP)	<b>0.700</b>	<b>0.705</b>	<b>0.833</b>	<b>0.624</b>
Outcome performance (OP)	<b>0.753</b>	<b>0.757</b>	<b>0.844</b>	<b>0.575</b>

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The above results show that all variables make sure the composite reliability and are eligible to carry out the next analysis. Next, the relevance of the research model is evaluated through research data. The results of the model fit test are shown in the following table:

**Table 3: Model fit**

	Saturated Model	Estimated Model
SRMR	0.075	0.096
d_ ULS	0.369	0.602
d_ G	0.178	0.221
Chi-Square	163.240	187.638
NFI	0.844	0.821

The results show that the research model is consistent with the research data. Therefore, the closer the NFI is to 1, the better the fit. According to Lohmöller and Lohmöller (1989), NFI values above 0.9 generally represent an acceptable fit. In addition, SRMR reaching a value of less than 0.1 or 0.08 in the conservative version is considered a good fit to avoid errors in the model when analyzed using PLS-SEM (Henseler, 2018). Accordingly, the research model is suitable for analyzing and applying the factors related to the performances. After completing the basic assumptions of PLS-SEM, bootstrapping is executed. This technique has been implemented to test the hypotheses. The results of bootstrapping PLS show that all hypotheses are accepted because the t-value is  $> 1.96$  and the P-value  $< 0.05$ . Details are as follows:

### Hypothesis test results

Hypothesis testing was performed using Bootstrapping (Henseler, 2018). The analysis results show that the relationship in the research model is at the 5% significance level. Thus, the hypotheses are accepted with the adjustment coefficient R<sup>2</sup> of the impact of customer-oriented behavior on behavioral performance and the outcome performance of life insurance agents being 48.4% and 40.6%, respectively. In addition, the impact coefficient of customer-oriented behavior on behavioral performance and outcome performance is also similar, with beta coefficients of 0.698 and 0.64, respectively. The analysis results are shown in the following table:

**Table 4: Hypothesis test results**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
COB -> BP	0.698	0.704	0.036	19.259	0.000
COB -> OP	0.640	0.649	0.047	13.639	0.000

The research results in Table 4 show that the proposed model hypotheses are all accepted and statistically significant. Although many factors influence the performance of life insurance agents, customer-oriented behavior in relation to aspects of performance has a substantial impact on the coefficient's significant movements. This effect was also slightly more pronounced on behavioral performance than on outcome performance. Therefore, insurance businesses need to focus on sales skills training for insurance agents in the current context.

## 5. DISCUSSION

The study's results demonstrate the role and importance of customer-oriented behavior on the performance aspects of life insurance agents. This result can be understood because customer expectations for life insurance products have changed over time in the current life insurance field. Customers no longer passively purchase life insurance products and will make comparisons between the different policies on offer. Today, customers expect life insurance agents to analyze their personal and family needs before designing the most suitable policies. Therefore, life insurance agents must fully understand their customers' needs and requirements and build trusting relationships between themselves and their customers to foster mutually beneficial long-term relationships. Furthermore, in life insurance marketing, insurance agents are considered to market complex services. This is because insurance agents engage in long-term commitment and a continuous flow of interactions between buyers and sellers. Post-sale agents provide follow-up services and help customers make policy changes in response to changing needs, thereby driving the resulting performance of agents in the personal insurance sector longevity. Accordingly, this study contributes to

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clarifying the specific impact of customer-oriented behavior on life insurance agents' behavioral and outcome aspects. From there, insurance businesses should focus more on training and improving skills for new sales teams to increase sales and satisfy customers.

### 6. CONCLUSION

Although the study was carried out with great effort, the overall study still shows a few limitations that should be taken into account for further research.

First, the lack of previous studies on Vietnam in this field has caused limited analysis of the Vietnamese context in the literature review. As mentioned, this field is still new and unfamiliar to most Vietnamese organizations. Therefore, it leads to a need for more research on this topic in the Vietnamese market.

In addition, this study investigated the extent to which personal factors influence the customer-oriented behavior of life insurance agents; however, it did not penetrate the underlying reasons that cause this variation influence of each factor because of time and budget constraints. Therefore, combining with further studies to propose comprehensive recommendations for practical management is essential.

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