



Jurnal Intelek

URDC UiTM Perlis

Volume 4 No. 2

2006

ISSN 1675-9885

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JURNAL INTELEK

(A Publication of Unit for Research, Development and Commercialisation,
UiTM Perlis)

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Organizational Factors as Driver of Salespeople Customer-orientation Behaviour: A Look at Malaysian Life Insurance Agents

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Customer-orientation behaviour, defined as a selling behaviour in which salespeople assist customers to satisfy their long-term wants and is undeniably important in today's selling environment. However, a complete understanding of the process and its antecedents is presently lacking and has received relatively little attention from marketers. This study seeks to identify the impact of three organizational-related factors on customer-orientation behaviour, that is, the firm's degree of market-orientation, top management emphasis on customer-orientation, and a supportive work environment. Hypothesized relationships were tested using survey responses from a sample of 445 life insurance agents in Malaysia. The results suggest that top management emphasis positively influences insurance agents customer-orientation behaviour. It was also found that the firm's degree of market-orientation and customer-orientation behaviour is positively related. A supportive work environment was found to be unrelated to the adoption of customer-orientation behaviour. The results are compared with earlier findings and implications for further research are discussed.

INTRODUCTION

Undeniably, in today's competitive market environment, a substantial number of studies have demonstrated that customers in this decade have more information, demand higher levels of service and have higher expectations (Roman *et al.*, 2002). Therefore, many companies encourage their salespeople to adopt customer-orientation behaviour in the selling practices. Customer-orientation behaviour is defined as the application of the marketing concept at the salesperson-customer level (O'Hara *et al.*, 1991). In this case, salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs (Saxe and Weitz, 1982). Customer-orientation behaviour has been advocated for years (Pettijohn *et al.*, 2002). Yet seemingly little is known about the influencing factors that may impact the salesperson to engage in such behaviours (Flaherty *et al.*, 1999; Pettijohn *et al.*, 2002; Martin and Bush, 2003) and inconsistent results were found across different selling environments (Flaherty *et al.*, 1999). Recognition of the need to bridge these gaps in knowledge regarding customer orientation is apparent in many calls for further empirical research in this area (Deshpande *et al.*, 1993; Flaherty *et al.*, 1999; Saxe and Weitz, 1982). We propose to build on this Saxe and Weitz (1982) observation and to investigate a selected number of organizational variables that may act as influencing factors on customer-orientation behaviour.

HYPOTHESIS DEVELOPMENT

The market orientation is the philosophical foundation of a marketing concept (Jaworski and Kohli, 1993). Market-orientation is commonly defined as a business culture that commits the organization to a continuous improvement of superior value for the customer (Langerik, 2001; Slater and Narver, 1994). According to Siguaw *et al.*, (1994), the behaviour of the company explicated through the components of market-orientation are indicative of the level of meaningful support provided to the salespeople, the capability of salespeople to provide superior value to customers and a philosophical orientation to help the salesperson conduct business. Beatty *et al.*, (1996) argue that the perception employees have about the extent to which their company values employees and customers influences their actual behaviour. This is also supported by William and Attaway (1996) who demonstrated that the higher the level of a company's supportive organizational culture, the higher the level of the salesperson's customer-orientation behaviour. Empirical evidence indicates that it is reasonable to expect the market-orientation of the firm have a strong influence on the customer-orientation of its salespeople. Thus, we hypothesize the following:

H1: The greater the firm's degree of market-orientation as perceived by the sales agent, the greater is the sales agent's customer-orientation behaviour.

Top management's emphasis on customer-orientation is defined as being those signals from a company's management about the importance of being responsive to customer needs (Jaworski and Kohli, 1993). The role of the top management has emerged as an essential prerequisite to fostering both an internal customer-orientation and market-orientation (Conduit and Mavondo, 2001; Gronroos, 1990). As mentioned by Conduit and Mavondo (2001), the top management is responsible for establishing a climate to encourage and commend customer-oriented behaviours among employees. Top management reinforcement of the importance of customer-orientation is likely to encourage individuals in the organization to consider customer needs as their primary focus (Menguc, 1996), and without this continual reinforcement of customer-oriented ideas, employees will revert to their former attitudes and behaviours (Gronroos, 1990). Focusing on the case of insurance agents, this implies that unless the top management give clear indicators about the magnitude of being responsive to customer's needs and satisfaction, the sales agent is unlikely to perform customer-orientation behaviour. Therefore, we hypothesize that:

H1: The greater the top management emphasis on customer-orientation as perceived by the sales agent, the greater is the sales agent's customer-orientation behaviour.

The effect of a supportive work environment on employee attitudes and behaviour has been studied extensively in a variety of sales settings (Boles *et al.*, 2001). Previous studies have shown that supportive work environments have significant effect on a number of constructs of interest in sales force management. Supportive supervisors were found to significantly reduce employees' role stress and in turn improve salesperson performance (Babin and Boles, 1996). Supportive supervision is also related to a positive influence on job satisfaction (Teas, 1983). While the role of peers has been less often examined, in sales research peer feedback has been linked with improved behavioural performance, role clarity, and greater satisfaction with co-workers (Kohli and Jaworski, 1990). Conditions in a supportive work environment are consistent with a selling approach that considers customer needs and not just those of the firm (Boles *et al.*, 2001). In contrast, work environments perceived as not supportive may be related to greater use of selling-orientation. This is because in non-supportive environments, an employee tends to increase sales, improve his/her performance, and avoid negative sanctions from the management that might be feared to a greater degree than in a more supportive work environment. Therefore, we hypothesize that:

H1: The greater the work environment is perceived as supportive by the sales agent, the greater is the sales agent's customer-orientation behaviour.

METHODOLOGY AND ANALYSIS

Sample for this study consists of full-time life insurance agents. Sixteen major life insurance companies were sent a brief explanation of the study. The questionnaires, along with a cover letter, were sent to 1000 life insurance agents through each company. Of these, 520 were returned representing a response rate of 52 percent. In total, 445 questionnaires were deemed useful for data analysis. The agents were primarily male (72.0%), less than 40 years old (66.4%), acquired the Malaysian Education Certificate (SPM) or a diploma (83.2%), and have had working experience of less than 5 years in the life insurance industry (60.2%).

The operationalization of each construct consisted of multi-item scales based on scales typically used in the past studies. Cronbach's alpha is most used to test the reliability of a multi-item scale (Kim and Cha, 2002). The cut off point is generally 0.6 (Hair *et al.*, 1998). For the purpose of this study, a proposed shortened version of Saxe and Weitz (1982) selling-orientation-customer-orientation (SOCO) scale as modified by Thomas *et al.*, (2001) consisting of 10 items, is used. The Cronbach alpha (α) of 0.65 was found in the present study.

The firm's degree of market-orientation was assessed through the use of fifteen-item scale developed by Narver and Slater (1990). The scale measures the firm's orientation toward customer, its competitors and its inter functional coordination. It has been widely used in the sales setting (Boles *et al.*, 2001; Menguc, 1996; Siguaw *et al.*, 1994). In this study, the scale reliability for the instrument, as measured by coefficient α was found to be 0.78. Top management emphasis on customer-orientation was measured using a four-item scale developed by Jaworski and Kohli (1993). The α coefficient obtained in this study was 0.71. The ten items of the supportive work environment scale, developed by Moos (1981), was used to measure the extent of the respondents' perception of their work environment as being supportive. The α coefficient found in the present study was 0.67. Since all the scale α values were in between 0.65 and 0.78 and all above the cut off limit, the constructs used are considered reliable. To ensure consistency, all the measure-

Table 1: Means, Standard Deviations and Reliabilities of Measures

Variable	M	SD	Reliability
Customer-orientation behaviour	4.41	0.39	0.65
Firm's degree of market-orientation	3.98	0.41	0.78
Top management emphasis on customer-orientation	4.30	0.46	0.71
Supportive work environment	4.00	0.41	0.67

ments used were based on the 5-point Likert scale. The means, standard deviation and reliabilities of these scales are reported in Table 1.

RESULTS

The hypotheses regarding the impact of organizational factors on customer-orientation behaviour were tested using multiple regressions following the guidelines established by Hair *et al.*, (1998). Prior to perform the actual hypotheses tests, correlations between the constructs were derived. This is shown in Table 2. The individual hypotheses were then tested using a multiple regression prediction model (Hair *et al.*, 1998) with customer-orientation behaviour as the dependent variable. The results obtained, as shown in Table 3, revealed that only two of the three hypotheses were found to be significant in the prediction model. The results provide support for hypotheses H1 and H2, that is, the relationship between the firm's degree of market-orientation ($b=0.11$; $p<0.01$) and top management emphasis on customer-orientation ($b=0.30$; $p<0.01$) with customer-orientation behaviour. H3 was rejected due to the insignificant relationship that exists ($b=0.04$; $p>0.01$) between a supportive work environment and customer-orientation behaviour.

Table 2: Construct Correlation Matrix

	Customer-orientation behaviour	Firm's degree of market-orientation	Top management emphasis on customer-orientation	Supportive work environment
Customer-orientation behaviour	1.0			
Firm's market-orientation	0.22 **	1.0		
Top management emphasis on customer-orientation	0.36 **	0.32 **	1.0	
Supportive work environment	0.22 **	0.27 **	0.52 **	1.0

Note: ** $p<0.01$

Table 3: The Influence of Organizational Factors on Customer-Orientation behaviour (N=445)

Factors	B	SEB	B
Firms degree of market-orientation	0.11	0.04	0.11 **
Top management emphasis on customer-orientation	0.25	0.04	0.30 **
Supportive work environment	0.04	0.5	0.0.4

Note: R²=0.14; F= 23.74; Sig. F=0.00

**p<0.01; B=Unstandardized Beta Coefficients; SEB=Unstandardized Coefficients Standard Error; b =Standardized Beta Coefficients

DISCUSSION

Several important conclusions have emerged from these findings. First, it can be concluded that the drivers of customer-orientation behaviour are diverse in their nature. In the present study, the level of customer-orientation behaviour among insurance agents is driven by the firm’s degree of market-orientation and top management emphasis on customer-orientation. This supports findings from earlier studies (Flaherty *et al.*, 1999; Menguc, 1996; Siguaw *et al.*, 1994). This implies that the management can be very influential, through its recruitment, training, evaluation and reward systems in moulding the orientation of its sales force to conform to the company’s selected orientation. In other words, the company can elect to provide the resources and motivation to encourage, rather than discourage customer-orientation behaviour performed by their employees (Siguaw *et al.*, 1994).

The present study found that the top managers’ emphasis on customer-orientation has a positive impact on the level of customer-orientation behaviour perform by the insurance agents. This probably happened through role modelling effect, where leaders are directly or indirectly instrumental in shaping and reinforcing the behaviour of employees through communication of certain guidelines and to encourage contributions from employees (Jaworski and Kohli, 1993). In the case of insurance agents, although they work independently and are less involved in communication with the management level, commitment shown by the top management such as providing training on customer-oriented approach for agents might encourage them to be more customer-oriented. This finding validates the work of earlier studies by Beatty *et al.*, (1996), Boles *et al.*, (2001), Jaworski and Kohli (1993) and Puledran (2000) on the important role of top management in shaping values and orientation of the employees. The findings

indicate that management can be very influential, through its recruitment, training, evaluation, and reward systems, in moulding the orientation of its salespeople to conform to the firm's selected orientation. In other words, top management level can provide the resources and motivation to encourage rather than discourage customer-oriented selling. The top management's actions can foster customer-oriented activity through the provision of necessary training and resources, employee motivation and support, informal meetings with a focus on customer-oriented activity, and suggestion boxes to encourage the sharing of customer-orientation based ideas. Being customer-oriented begins with the top management's commitment and focus on customers. Consequently, the importance of being customer-oriented needs to be communicated throughout an organization.

The finding in the present study indicates that the degree to which an insurance agent perceives his/her work environment as being supportive is not significantly related to the customer-orientation behaviour. Specifically, the results show that perception of increased support in a working environment is not associated with the adoption of customer-orientation behaviour among insurance sales agents. One plausible explanation for the non-significant relationship between supportive work environment and customer-orientation behaviour is related to the independent nature of the insurance agent's work. In the insurance industry, agents operate with a relative lack of close supervision and with a high degree of autonomy which requires self-motivation and control (Matteson *et al.*, 1984). An agent often works independently and receives less support from his/her workplace. Therefore, the relative "independence" inherent in the job of the insurance agent may reduce their supervisors' and colleagues' roles in influencing their customer-orientation behaviour. The finding contradicts with Boles *et al.*, (2001) who found that employees with a more positive work environment are more likely to go to extra lengths to satisfy the customer needs by being customer-oriented in their work.

LIMITATIONS OF THE STUDY

The sample of salespeople was taken from only a single industry. It has been noted that job attitudes and selling behaviours may not be congruous across different selling environments. Consequently, the results of this study cannot be generalized for all industries. This study did not control the characteristics of the sales job. O'Hara *et al.*, (1991) suggests that customer-oriented selling performance may vary based on other characteristics of the sales job.

CONCLUSION

The present study does provide insight into the organizational factors that may predict the predisposition of salespeople to engage in customer-orientation behaviour. The findings also provide insight for sales managers regarding the ways to encourage their agents to adopt customer-oriented approach in their selling activities.

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