

**CUSTOMER-ORIENTATION BEHAVIOUR:
ANTECEDENTS AND ITS IMPACT ON SALES
PERFORMANCE OF LIFE INSURANCE AGENTS**

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PERFORMANCE OF LIFE INSURANCE AGENTS**

by

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**TINGKAHLAKU BERORIENTASIKAN PELANGGAN:
PENENTU DAN KESANNYA KE ATAS PRESTASI JUALAN AGEN
INSURANS HAYAT**

ABSTRAK

Tingka hlaku berorientasikan pelanggan yang merujuk kepada sejauhmana jurujual mengamalkan konsep pemasaran dengan menolong pelanggan membuat keputusan pembelian yang memenuhi keperluan dan kepuasan mereka telah dianggap sebagai ciri penting untuk menjadi jurujual yang berjaya. Kajian ini mengkaji hubungan antara tingka hlaku berorientasikan pelanggan yang diamalkan oleh jurujual dengan prestasi jualan mereka. Kajian ini juga mengkaji sejauhmana faktor organisasi, peranan dan peribadi dalam mempengaruhi jurujual mengamalkan tingka hlaku yang berorientasikan pelanggan. Seramai 445 agen insurans sepenuh masa yang bekerja dengan pelbagai syarikat insurans di Malaysia telah menyertai kajian ini dengan mengisi borang soal selidik secara sukarela. Keputusan kajian menunjukkan bahawa wujud hubungan yang signifikan dan positif antara tingka hlaku berorientasikan pelanggan yang diamalkan oleh responden dengan pendapatan tahunan dan penilaian prestasi yang dibuat secara subjektif oleh mereka. Kajian ini juga mendapati bahawa terdapat empat faktor yang mempunyai hubungan yang signifikan dengan tingka hlaku berorientasikan pelanggan iaitu penekanan pengurusan atasan terhadap orientasi pelanggan, motivasi dalaman, kekaburan peranan dan konflik peranan. Implikasi ke atas teori dan amalan serta cadangan kajian di masa hadapan dibincangkan.

CUSTOMER-ORIENTATION BEHAVIOUR: ANTECEDENTS AND ITS IMPACT ON SALES PERFORMANCE OF LIFE INSURANCE AGENTS

ABSTRACT

Customer-orientation behaviour, which refers to the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customers' needs and satisfaction has been acknowledged as an important characteristics of high performers. This study examined the relationship between customer-orientation behaviour and salespeople's performance. This study also investigated the influence of organizational, role and personal-related factors on customer-orientation behaviour of the salespeople. A total of 445 full-time insurance agents working in Malaysian insurance companies participated in this study by voluntarily completing the survey questionnaire. The study results indicated that customer-orientation behaviour has a positive influence on sales agent's annual income and subjective performance rating. Four major antecedent factors were found to have significant influence on customer-orientation behaviour, that is top management emphasis on customer-orientation, intrinsic motivation, role ambiguity and role conflict. Theoretical and practical implications of the study as well as suggestions for future research were discussed.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides an overview of the study background, problem statement, objectives of the study, research questions and definition of the key terms used in this study. These are followed with discussion on the contribution of this study. Finally, this chapter ends with a discussion on the organization of remaining chapters.

1.2 Background of the Study

Life insurance industry is gaining popularity and importance in many advanced, as well as developing nations such as Malaysia. In Malaysia in particular, the industry continued to record positive growth in spite of a challenging economic environment. As at June 2003, there are sixteen life insurance companies registered under the Life Insurance Association of Malaysia (LIAM) and a total of 83,720 registered life insurance agents working on full-time and part-time basis (Life Insurance Association of Malaysia [LIAM], 2003).

In the 21st century, customers' expectations towards life insurance products have changed with time. They no longer buy life insurance products blindly but will make comparison between various policies offered. Today, they expect life insurance agents to analyze their personal and family needs before designing the most suitable policies for them (Schultz & Good, 2000).

Therefore, insurance sales agents must fully understand the customers' needs and requirements as well as build a trusting relationship between themselves and their clients to promote long-term mutually beneficial relationship (Crosby, Evans & Cowles, 1990). Furthermore, in marketing life insurance, insurance agents are often considered to be marketing complex services (Nik Kamariah, 1995). This is because insurance life insurance agents are involved in long-term commitments and a continual stream of interaction between buyer and seller. After the sale, agents provide follow-up service and help customers make policy changes in response to changing needs. This would justify the importance of continuous research to satisfy the customers in this dynamic marketing industry. Howe, Hoffman, and Hardigree (1994) demonstrated that trusting and mutually beneficial relationship can be promoted through customer-orientation behaviour exhibited by the life insurance agents. They further noted that life insurance agents should be actively engaged in customer-orientation behaviour in order to survive in this business. Given the above discussion, it is readily apparent that an investigation of customer-orientation behaviour in life insurance industry is warranted.

Conceptually, customer-orientation behaviour refers to the degree to which agents practice the marketing concept in their selling activities by trying to help their customers to make purchase decisions that will satisfy customers' needs (Saxe & Weitz, 1982). It involves the satisfaction of customer needs through the individual relationship between customer contact personnel (agent) and customers (Kelly, 1990).

Despite gaining acceptance among business organizations, a complete understanding of the process, and its antecedents and consequences is presently lacking (Martin & Bush, 2003). Little is known regarding the underlying factors that influence the adoption of customer-orientation behaviour (Flaherty, Dahlstrom, & Skinner, 1999; Martin & Bush, 2003; O'Hara, Boles & Johnston, 1991; William & Attaway, 1996) and how customer-orientation behaviour impacts individual sales performance (Keillor, Parker & Pettijohn, 2000). The underlying gaps lead many researchers to suggest for further empirical research in this area (Donovan, Todd, & Mowen, 2004; Flaherty et al., 1999; Keillor et al., 2000; Martin & Bush, 2003).

1.3 Problem Statement

Looking into the scenario in Malaysia, with the continued favourable growth of the economy, the life insurance industry has enormous potential for growth. In 2004, the life insurance industry continued to record positive growth in spite of a challenging economic environment, with business premium grew by 15% this year against 11.7% last year ("Insurance Sector", 2004). It is expected that life insurance growth in the coming years will continue to be positive in this region (LIAM, 2003).

Despite the potential growth, the industry is not without challenges. As mentioned in the official magazine of the Life Insurance Association of Malaysia (LIAM) namely *Update*, the standards of professionalism in the marketing of life insurance products should be raised in response to the shift in consumers' preferences for the insurance products for protection against contingent risk to that for savings and investment. Accordingly, managing

customers' expectations has become a major concern for life insurers due to various factors such as keen business competition from within and outside the industry, liberalization of the industry to foreign players and the fact that customers are more knowledgeable and have higher expectation on the services offered.

To remain competitive, the industry has emphasized that the insurance agents be more focus on sales techniques and after-sales services in order to improve persistency, a measure of customer retention in life insurance term. Thus, one way is to be more customer-oriented. With better sales technique such as customer-orientation, agents will focus on selling the right product according to the needs of the customers and providing excellent after-sales service. Unfortunately, empirical studies on customer-orientation particularly in Malaysian context have been less than encouraging. Therefore, empirical work is needed to overcome this shortcoming.

To date, the majority of literature on customer-orientation behaviour conducted in Western countries has focused on the role perception, organizational and personal factors that may influence the practice of this behaviour (Flaherty et al., 1999; O'Hara et al., 1991). However, findings of these studies in many cases produced very mixed results and are not consistent to each other (Flaherty et al., 1999). This leads to the conclusion that the influencing factors of customer-orientation behaviour may not be consistent across different selling environments and tends to be industry specific (Flaherty et al., 1999; O' Hara et al., 1991).

Furthermore, little systematic effort has been devoted to understand the underlying factors by which customer-orientation could be developed at the individual level (Puledran, Speed & Widing, 2000). Most of the studies conducted tend to focus on the impact of this orientation on business performance (Jaworski & Kohli, 1993; Narver & Slater, 1990), customer satisfaction (Golf, Boles, Bellenger & Storjack, 1997; Michaels & Day, 1985) and buyer-seller relationship (Williams, 1998). As far as the performance of salespeople is concerned, no clear understanding exists on the impact of this type of behaviour on a given salespeople's performance, particularly in the life insurance industry (Keillor et al., 2000).

Consequently, the problem that this research seeks to address is "What is the relationship between customer-orientation behaviour and life insurance agent's sales performance and what are the underlying factors influencing life insurance agents to perform customer-orientation behaviour in their selling activities?"

1.4 Research Objectives

The general objective of this study is to investigate the antecedents and consequences of customer-orientation behaviour. The specific objectives are as follows:

1. To determine the level of customer-orientation behaviour performed by life insurance agents in Malaysia.
2. To identify the relationship between customer-orientation behaviour and life insurance agent's outcome sales performance.

3. To identify the underlying organizational, role perception and personal related factors that may influence life insurance agent's tendency to perform customer-orientation behaviour.

1.5 Research Questions

Based on the research background and to achieve the research objectives, this study seeks to address the following research questions:

1. What is the level of customer-orientation behaviour amongst agents in the Malaysian life insurance industry?
2. Does customer-orientation behaviour of the life insurance agents impact their outcome sales performance?
3. What are the organizational, role perception and personal related factors that influence life insurance agents to perform customer-orientation behaviour in their selling activities?

1.6 Definition of Key Terms

Some important terms appearing repeatedly in this study are briefly defined as follows:

1. Insurance is defined as a way of handling risks faced by people (Varatharaju, 1999).
2. Life insurance agent means a person who solicits or obtain proposals for insurance on behalf of an insurer; offers or assumes to act on behalf of an insurer in negotiating a policy or doing any other act on behalf of an insurer in relation to the

issuance; and renewal or continuance of a policy (Varatharaju, 1999).

3. Life insurance agents outcome performance is defined as outcomes (e.g. dollars, volume) resulting from sales agents behaviour and involves the contribution of the agent's results to organizational objectives (Baldauf & Cravens, 2002).
4. Life insurance agents behavioural performance refers to success in execution of selling-related activities by agents in performing their jobs (Baldauf & Cravens, 2002; Plank & Reid, 1984).
5. Customer-orientation behaviour refers to selling behaviour in which life insurance agents assist customers to satisfy their long-term wants and needs (Jones, Busch & Dacin, 2003).
6. Company's degree of market-orientation is defined as the extent to which life insurance agents perceive the company as being concerned with satisfying customers' needs and implements the company's market-oriented strategy (Jones et al., 2003).
7. Top management emphasis on customer orientation is defined as the extent to which life insurance agent perceives top management reinforces the importance of being responsive to market needs and customers' interest (Jaworski & Kohli, 1993).
8. Supportive work environment is defined as life insurance agent perception regarding the degree of support and commitment he or she receives from supervisors and colleagues within the company (Boles, Babin, Brashear & Brooks, 2001).

9. Organizational commitment refers to life insurance agents belief in and acceptance of the company's goals and values and their willingness to exert considerable efforts on behalf of the company (Porter, Steers, Mowday & Boulin, 1974).
10. Role ambiguity refers to the situation where life insurance agents do not have clear direction about the expectations of their role in the job or company (Rizzo, House & Lirzman, 1970).
11. Role conflict is defined as incongruity or incompatibility of expectations associated with the sales role of life insurance agents (Siguaw & Honneycutt, 1995).
12. Self-monitoring refers to social psychological construct related to the propensity to regulate one's self-presentation (Eppler, Honeycutt, Ford & Markowski, 1998).
13. Intrinsic motivation is defined as motivation to seek rewards derived directly from or inherent in the task or job of life insurance agents (Weitz, Sujan & Sujan, 1986).

1.7 Significance of the Study

This study is expected to contribute to the theoretical, methodological and practical use of customer-orientation behaviour in life insurance industry. From the theoretical perspective, Flaherty et al. (1999); Martin and Bush (2003); O'Hara et al. (1991) and Puledran et al. (2000) highlighted that empirical studies on understanding the antecedents of customer-orientation is lacking and not consistent across different selling environments. In recognition of the need to bridge these gaps in knowledge pertaining to customer-

orientation, this study contributes to the body of literature by responding to the need for empirical research on the antecedents of customer-orientation and to validate the previous findings in life insurance setting.

Various organizational, personal and role perception factors have been investigated as antecedents to customer-orientation behaviour (Boles, Brashear, Bellenger & Barksdale, 2000; Flaherty et al., 1999; Martin & Bush, 2003; O'Hara et al., 1991; Roman, Ruiz & Munuera, 2002). However, to our knowledge, there is no single study that has simultaneously investigated factors from each of the above domains and built a multivariate model of customer-orientation behaviour of salespeople. The unique contribution of this study in our opinion is that, we assess the relative influences of organizational, role perception and personal related factors by including them simultaneously in the customer-orientation behaviour model. Simultaneous inclusion of antecedent variables provide information on their relative utility, which may be especially useful in directing efforts toward those factors that elicit higher customer-orientation behaviour.

While it is held that customer-orientation is mandatory for the professional salespeople (MacKay, 1988), existing research do not empirically address the critical issue on the impact of one's customer-orientation behaviour on that individual's sales performance (Keillor et al., 2000). A better understanding on the impact of customer-orientation behaviour on salespeople's performance in life insurance industry should give a clearer theoretical perspective on the nature of effective selling in sales setting, particularly in an environment where salespeople works autonomously or semi autonomously, as in the life insurance industry.

Furthermore, Ling and Meng (1990) suggested that the scope of sales research must be extended outside the Western countries to fill a serious gap in the literature. This study attempts to contribute to an expanding research stream that already includes findings from America, United Kingdom and Australia by adding the Malaysian perspective. It is important to investigate this issue in the Malaysian setting in response to the criticism that empirical findings developed with data from Western countries may not be valid in other countries and further research is required to demonstrate their applicability (Aizzat, 2000; Lunjew, Sail & Silong, 1994; Menguc, 1996).

From the methodological perspective, Thomas, Soutar and Ryan (2001) argued that their shortened (selling-orientation-customer-orientation) instrument for the measurement of customer-orientation provides an adequate means for the measurement of this behaviour. However, the important work in the development of this instrument was done in America and was tested only on business salespeople. To show robustness and validity of this measurement, they further suggested that the instrument be tested with different groups and in different settings. In response to their suggestion, this study will assess the broader applicability of Thomas et al. (2001) customer-orientation behaviour scale and test it in the Malaysian context and in the insurance industry.

From the practical perspective, the findings of this study are important to the development of life insurance industry in the Asian region, where little research has been carried out before (Kok, 1996; Nik Kamariah, 1995). As an integral part of the financial system, life insurance industry in Malaysia is an economically important sector and has shown a marked improvement in its

performance in recent years ("Insurance Sector", 2004). It continues to evolve in an increasingly dynamic business environment. By focusing on the sales insurance agents, this research hopes to contribute further to the effectiveness of this industry since life insurance companies depended almost entirely on the agents to deliver their product to the public (Hock Lock, 1997).

1.8 Organization of Remaining Chapters

This thesis comprises of five chapters. The first chapter provides background of the study, the problem statement, objectives of the study, research questions, and the potential contributions of the study.

The second chapter focuses on a review of the existing literature related to the variables considered in this study including the concept of customer-orientation, its antecedents and consequences. Based on the literature reviewed, this chapter subsequently discusses theoretical framework adopted and hypotheses generated for this study.

The third chapter discusses research methodology. This includes research design, variables measurements, population and sample involved, data collection procedure, questionnaire design and result of pilot test. Statistical techniques used for inference of this study are explained at the end of this chapter.

The fourth chapter is devoted to the findings of this study. The profiles of respondents, goodness of measures, descriptive analyses and the result of hypotheses testing are presented. At the end of this chapter, a summary of results is presented.

The fifth chapter recapitulates the study findings followed by their discussion. Implications and limitations of the present study are also discussed. It then goes on to recommend areas for future research and conclusion.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents an overview of salespeople's performance. This is followed by a discussion on general concept of customer-orientation and various factors that have been investigated as antecedents of customer-orientation behaviour. The antecedent variables chosen as the independent variables for this study were then discussed. Last but not least, this chapter reviews a wide range of previous studies on the consequences of customer-orientation behaviour and finally, the research framework and hypotheses were proposed.

2.2. Salespeople Performance and Behaviour

In today's competitive market place, personal selling has been considered as the key to success by many firms and organizations (Anderson, 1996; Baldauf & Cravens, 1999; Roman et al., 2002). This is due to the fact that sales rely mostly on salespeople who play a major role in generating income. Their performance is instrumental to the company. So much so, the issue of salespeople's performance has become the main concern. Therefore, enhancing the performance of salespeople has become one of the most urgent tasks that managers face (Boles et al., 2000) and has spark the interest of many researchers to investigate the antecedents and consequences of salespeople's performance.

By definition, salespeople's performance is the result of carrying out a number of discreet and specific activities which may vary greatly across different types of selling jobs and situations (Walker, Churchill & Ford, 1979). Specifically, it comprises of behavioural and outcome performance (Roman et al., 2002). Walker et al. (1979) defined behavioural performance as what people do in the course of working. Behavioural performance with respect to sales, therefore involves the execution of selling-related activities by salespeople or inputs or activities of salespeople in their jobs (Baldauf & Cravens, 2002; Plank & Reid, 1994). Outcome performance on the other hand refers to outcomes resulting from salespeople effort and behaviour and involves contribution of the salespeople's result to the achievement of organizational objectives (Anderson & Oliver, 1987; Behrman & Perrault, 1982; Jaworski & Kohli, 1993). Logically, salespeople, as a consequence of their efforts and execution of various selling-related activities produce results (e.g. sales, new customers, achievement of quotas) that comprise outcome performance (Babakus, Cravens, Grant, Ingram & LaForge, 1996). Thus, higher behavioural performance leads to higher outcome performance (Baldauf & Cravens, 2002).

Compared to outcome performance, the notion of behavioural performance as Churchill, Ford, Hartley and Walker (1985) noted, was not examined thoroughly and did not explicitly deal with behavioural dimensions. Researchers focusing on explaining the variance of salespeople's outcome performance have either considered only a few behavioural dimensions or have neglected such dimensions entirely (Baldauf & Cravens, 2002).

Accordingly, knowledge on the determinants of salespeople's overall performance is limited. The failure to consider salespeople's behavioural performance dimensions as possible predictors of salespeople's outcome performance provide a logical reason for the small amount of explained variance (Brashear, Bellenger, Barksdale & Ingram, 1997; Churchill et al., 1985). This situation necessitates empirical work to overcome this shortcoming.

In the era of 1980s, only one empirical article employing Walker, Churchill and Ford (1977) perspective has appeared to address the relationship of salespeople's behavioural performance to outcome performance. This study was conducted by Avila, Fern and Mann (1988) who examined the relationship between sales activities and sales performance measured by percentage of quota met and net gain. The findings suggested that few sales activities were linked to performance. Later, a contingency framework proposed by Weitz (1981) attempted to link selling behaviour to salespeople effectiveness in the dyad. The relative effectiveness of various salespeople behaviour such as adapting to customers, establishing influence bases, using influence techniques and controlling the sales interaction were found to directly impact sales effectiveness.

Only in the 1990s and 2000 onwards that a substantial number of studies was conducted to specifically relate salespeople behavioural performance and outcome performance. Brown and Peterson (1994) for example demonstrated that salespeople's effort is directly related to superior sales performance. Similarly, Macintosh, Szymanski and Gentry (1992) reported that top performing salespeople spend more time in the initial sales

call in building rapport and starting relationship with buyers. Spiro and Weitz (1990) in their study reported that adaptive selling, which is the degree to which salespeople alter their sales behaviours during a customer interaction or across customer interactions is linked positively with salespeople's self-assessment and managers evaluation on sales performance. In another context, Boles et al. (2000) demonstrated that sharing of personal and organizational information between buyers and salespeople have significant impact on salespeople annual income.

To summarize, from 1990s onwards, a number of salespeople behaviour have been investigated and it varies across studies. Babakus et al. (1996); Baldauf and Cravens (2002) and Weitz (1981) demonstrated that a variety of salespeople behaviour performance affect outcome performance such as the use of technical knowledge, adaptive selling, teamwork and making sales presentation. Examining these behaviours may be of great importance in determining salespeople overall performance (Boles et al., 2000; Castleberry & Shepherd, 1993; Plank & Reid, 1994). Thus, it would seem imperative that empirical research be conducted that examines in detail the issues regarding the behavioural performance.

Today, increasing emphasis is given on relational aspects of buyer-seller interaction through long-term and customer-oriented strategies (Donovan et al., 2004; Roman et al., 2002). In today's market place, the role of salespeople has expanded beyond the generation of sales and move towards relationship development with customers. It is within this context that salespeople's customer-orientation behaviour as the behavioural performance is to be investigated in the present study. This type of behavioural

performance involves the activities and actions of salespeople in solving customers' problems, providing opportunities and adding value to the customer's business over an extended period of time (Flaherty et al., 1999; Saxe & Weitz, 1982).

To face future challenges, Ingram (1990) argues that salespeople must adopt a customer-oriented approach that employs truthful, non-manipulative tactics which satisfy the long-term needs of both the customer and the selling firm. Swan and Nolan (1985) highlighted that firms seeking relationships with their customers should acknowledge the important role of salespeople in helping to build these relationships (Keillor et al., 2000). Therefore, investigation on customer-orientation behaviour is justified.

To fill this gap, this study focuses on customer-orientation behaviour as behavioural performance and its ability to predict outcome performance. Study on this type of behavior is relevant in salespeople's interactions with customers in insurance selling environment (Boles et al., 2000; Howe et al., 1994).

2.3 The Concept of Customer-Orientation Behaviour

As a mean for achieving customers' satisfaction and quality services, many firms have encouraged their salespeople to engage in customer-orientation behaviour. According to Saxe and Weitz (1982), customer-orientation behaviour is a behavioural performance construct that refers to the extent to which salespeople adopt marketing concept in their selling practices by trying to help their customers make purchase decisions that will satisfy

customers' needs. Through this behaviour, they aimed their selling activities towards customers' satisfaction and avoid dissatisfaction.

The origin of customer-orientation can be traced to the development of marketing concept introduced in the early 1950s (Saxe & Weitz, 1982). It is basically a business philosophy or policy statement which holds that an organization should strive to satisfy the needs of consumers through a coordinated set of activities which allows the organization to achieve its objectives (McGee & Spiro, 1988). It calls for an integrated, company wide approach in which all of the firm's activities are directed toward providing customers' satisfaction and establishing mutually beneficial, long-term relationship with its market (Kotler, 1980).

The marketing concept requires an organization to identify the needs of a target market, and adapt itself to satisfy those needs better than competitors. Therefore, through this practice, an organization aims to generate customer satisfaction as the key to satisfy its goals. It is contrasted to selling concept, where an organization seeks to generate demand for whatever products it produces, rather than producing products in response to the needs of the customers (Saxe & Weitz, 1982). It is through this concept of customer-orientation that customer satisfaction and service quality provided by salespeople and sales departments could be enhanced.

Since salespeople has a very close contact with customers, the implementation of marketing concept at the organizational level needs cooperation from salespeople. In essence, the objective of customer-orientation behaviour is to operationalize the marketing concept at the level of salespeople and customers (Dunlap, Dotson & Chambers, 1988). It is through

the behaviour of salespeople, marketing concept is presented to the customers. This is evidence in Kurtz, Dodge and Klompmarker (1976) argument in Saxe and Weitz (1982) which explicitly relates marketing concept to the behaviour of salespeople:

In the marketing concept, all parts of an organization are oriented toward solving customer problems and meeting the needs of the marketplace. Sales personnel no longer specialize solely in increasing sales volume; rather, the prospect's real needs become the basis of the marketing plan... company wide acceptance of a customer orientation requires the sales force to become thoroughly professional in its dealings with prospects and customers. A mark of professionalism in sales is that sellers adopt a problem-solving approach to their work. A professional salespeople does not wonder, "what can I sell this individual?" but instead asks, "how can I best solve this person's problems?" (Saxe & Weitz, 1982, p. 343)

As an element of marketing concept, customer-orientation behaviour necessitates that salespeople should concern with the customers, able to diagnose customers' needs, strive to establish long-term customers satisfaction, and actively assist customers when problems or questions arise (Martin & Bush, 2003).

Although customer-orientation is highly encouraged, there are certain characteristics of sales situation where customer-orientation is likely to occur. According to Saxe and Weitz (1982), the adoption of customer-orientation behaviour among salespeople is more likely to occur in the situation when (i) salespeople can offer a range of alternatives and have the expertise to assist customer; (ii) customers are engaged in complex decision buying tasks; (iii) a cooperative relationship exists between the salespeople and customers, and (iv) referral and repeat sales are important sources of business.

A key benefit of customer-orientation is that customer's best interest is made paramount in the process of making a sale (Dunlap et al., 1988). As Kurtz et al. (1976) mentioned in Saxe and Weitz (1982), "sales personnel should no longer specialize solely in increasing sales volume; rather, the prospect's real needs became the basis of the marketing plan" (p. 343). In essence, this implies that customer-orientation should be regarded vital to sustain healthy long-term relationships with customers.

While long-term benefits result from customer-orientation behaviour, Keilor et al. (2000) noted that at least two types of costs are often incurred when salespeople engage in customer-orientation behaviour. First, salespeople adopting customer-orientation behaviour would defer short-term returns for long-term dividends. Short-term sales are sacrificed to maintain customer satisfaction and increase the probability of future sales (Saxe & Weitz, 1982).

Secondly, additional efforts are required from salespeople who adopt customer-orientation behaviour compared with those who are not customer-oriented. They must spend time collecting information about customers' needs and designing products that provide the ultimate benefits to the customers. The time spent engaging in these activities might be spent more productively on attempting to persuade the customers or in calling on other customers (Saxe & Weitz, 1982).

Depicted as the implementation of the marketing concept, customer-orientation behaviour of marketing personnel has also become the activities through which the relationships can be nurtured and managed (Crosby et al., 1990; Dunlap et al., 1988; Williams, 1998). In fact, customer-orientation has

been recognized as one of the four concepts of relational selling (Darby & Daniel, 1999; Dunlap et al., 1988; Keillor, Parker & Pettijohn, 1999; Parsons, 2002). Thus, in addition to satisfy needs and satisfaction of the customers, salespeople with customer-orientation behaviour are expected to be better at developing and maintaining buyer/seller relationships than salespeople without these skills (Williams & Attaway, 1996).

In contrast to Saxe and Weitz's (1982) definition, some argue that customer-orientation behaviour goes beyond behaviour and activity. Brown, Mowen, Donovan and Licata (2002) defined customer-orientation as an employee's tendency or predisposition to meet customer needs in an on-the-job context. They regard customer-orientation as a deep personality trait, which in turn influenced worker performance. Similarly, Donovan et al. (2004) treated customer-orientation as a surface level personality trait, that is an enduring disposition to act within context-specific situations.

Apart from the adoption of customer-orientation at individual level, the concept of customer-orientation also applies at the organization level. Customer-orientation includes organizational activities involved in acquiring information about the buyers in the target market and disseminating it throughout the business unit for appropriate responses to fulfill customers' needs and preferences (Chee & Peng, 1996).

At the organizational level, the benefits sought from the adoption of customer-orientation encouraged many organizations today to practice customer-oriented approach through the implementation of market orientation (Slater & Narver, 1994). In fact, customer-orientation is regarded as the most important component of market-orientation (Narver & Slater, 1990). Market-

orientation on the other hand consists of three behavioural components namely customer-orientation, competitor-orientation and inter-functional coordination within two decisions criteria, that is long-term focus and profitability (Chee & Peng, 1996).

Due to its acceptance as a business philosophy, customer-orientation has been defined in various ways and has been used inter-changeably with market-orientation, marketing concept and "customer first" (Appiah-Adu & Singh, 1998; Sony, 1998). For example, Apiah-Adu and Singh (1998) and Shapiro (1988) described customer-orientation as organization-wide emphasis on evaluating and addressing customer needs, dissemination of information about customers throughout an organization and achievement of sense of company-wide commitment to meet customers' needs. This is consistent with Ruekert (1992) who described this orientation as the degree to which the organization obtains and uses information from customers, develops strategies to meet customers' needs, and implement the strategies by being responsive to customers' needs and wants.

Consistent with Shapiro (1988), Kohli and Jaworski (1990) view customer-orientation as the organization-wide information generation and dissemination of appropriate responses related to current and future needs and preferences of customers. This is in line with Naver and Slater (1990) who state that customer-orientation as the sufficient understanding of one's target buyers to be able to create superior value for them continuously, or to create continuously an "augmented product".

Other view on customer-orientation comes from Desphande, Farley and Webster (1993) who conceptualize customer orientation as a set of beliefs that put the customers interest first while not excluding other stakeholders such as owners, managers and employees in order to develop a long-term profitable enterprise. According to them, customer-orientation is an integral component of a general, underlying organizational culture and thus, attention to information about customers' needs should be considered along with the basic values and beliefs that are likely to reinforce customers focus. This is also supported by Day and Wensley (1988) who indicated that customer-orientation requires a seller to understand a buyer's entire value chain, not only as it is today, but also as it evolves over time due to internal and market dynamics.

To summarize, at the organizational level, customer-orientation is described as a philosophy and behaviour directed towards determining and understanding the needs of the target customers and adapting the selling organization's response in order to satisfy those needs better than the competition; thereby creating competitive advantage.

As the foregoing discussions demonstrate, it can be concluded that customer-orientation is a concept that applies at both the organizational and individual levels. However, since the unit of analysis for the present study involved individual salespeople, the focus is on the perspective of customer-orientation at the individual level of the salespeople.

2.4 Antecedents of Customer-Orientation Behaviour

A review of work in the area of customer-orientation indicates a substantial number of studies have examined the antecedents of this selling style (Brown, Widing & Coulter, 1991; Dunlap et al., 1998; Hoffman & Ingram, 1991; Kelly, 1992; Michaels & Day, 1985; O'Hara et al., 1991; Siguaw et al., 1994). These researches focus on three areas: organizational, personal and role perception antecedents (Boles et al., 2001; Flaherty et al., 1999) which are discussed briefly in the following sub-sections. However, despite the extensive studies undertaken, results of these studies indicate that the antecedent factors being analyzed were inconclusive, and tend to vary across different selling environment in terms of their impact on customer-orientation behaviour (Martin & Bush, 2003). Recognition of the need to bridge these gaps in knowledge regarding the antecedents of customer-orientation behaviour is apparent in many calls for further empirical research (Boles et al., 2001; Flaherty et al., 1999; Widmier, 2002; Williams & Attaway, 1996). As a response to these calls for research, this study investigates the antecedents of customer-orientation behaviour.

2.4.1 Organizational Factors

A large amount of research was carried out in an attempt to identify the influence of organizational elements on salespeople customer-orientation behaviour. Within this context, variables such as structure of incentive system, leadership style and locus of decision making have been shown to influence salespeople customer-orientation behaviour. For example, studies by Dunlap et al. (1988), Moynahan (1986) and Wiener (1982) have found that