PREDICTORS OF ETHICAL BEHAVIOUR AMONG INSURANCE AGENTS

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ABSTRACT: *The study examines the relationship between attitude, subjective norm, and intention on ethical behaviour among insurance agents by adopting the Theory of Reasoned Action (TRA). Respondents of the study comprised of 141 individual insurance agents from the southern region of Malaysia. The results of the study indicated that there were significant relationship between subjective norms and attitude towards ethical intention among insurance agents. Further analysis showed that subjective norms were stronger predictors of ethical intention than attitudes. Besides, the analysis also showed that ethical intention significantly predicted ethical behaviour. The findings of this study calls for the need for a constant monitoring by other stakeholders and continuous ethical-based training for insurance agents in order to strengthen their ethical behaviour.*

Key words: Insurance Agent, Ethical Behavior, Ethical Intention and Malaysian Insurance Institution.

INTRODUCTION

The insurance business in Malaysia was first established during the British administration with the formation of agency houses which acted as agents of the insurance companies incorporated in the United Kingdom. Since then, the insurance industry system in Malaysia has been largely influenced and patterned on the British system.

After independence in 1957, Malaysia started to introduce domestic insurance companies, but unfortunately a few life insurance companies were wound up instantly due to lack of sound operations and inadequate technical background. This unsavory sate resulted in the government's intervention through the enactment of the Insurance Act 1963 to regulate the insurance industry. The Ministry of Finance is responsible to supervise and monitor the insurance industry. The Insurance Act 1996 (replacing the previous Insurance Act 1963) which came into force on 1st January 1997 made a significant change on the legislative framework for improving the supervision and regulation of the industry in terms of operational and financial discipline, transparency of policies and practices, and protection of the policy holders.

Bank Negara Malaysia (BNM) is the regulatory authority responsible for the supervision of the insurance industry in Malaysia as per the Insurance Act 1996. Under the new act, BNM is empowered to issue administrative guidelines and circulars to implement supervisory and regulatory policies. Furthermore, the new act of 1996 has introduced more stringent financial requirement in the form of solvency margins, asset quality prescription, valuation standard, minimum capital level, and disclosures

All the insurers who transact general insurance business need to register under the General Insurance Association of Malaysia (PersatuanInsurans Am Malaysia-PIAM). PIAM was formed in May 1979 in compliance with Section 3(2) of the Insurance Act 1963. PIAM constituted the statutory association recognized by the government of Malaysia. In addition, the Life Insurance Association of Malaysia (PersatuanInsurans Hayat Malaysia - LIAM) is also an insurance-related trade association registered under the Societies Act 1966. LIAM was then registered under the name of Life Insurance Association on 26th March 1968. This association has a total of 18 members, of which 16 are life insurance companies and 2 life reinsurance companies. It is a statutory requirement under Section 22(1) of the Insurance Act 1996 for all the life insurers or life reinsurance companies to be members of LIAM.

As Malaysia is moving forward economically and socially, the government aims to increase insurance penetration rate among the people. Therefore, insurance agents play an important role in marketing insurance products. Indeed, insurance agents are the frontline of the insurance industry. An insurance agent is a state-licensed professional who represents an insurance company in selling and servicing policies. Every reliable insurance agent should fulfil the basic requirement. First, the agent must be at least 18 years old as it is the legal age since at this age an individual has matured thinking and able to make own decision. Second, he should undergo training programmes of Malaysian Insurance Institution (MMI) such as Basic Agency Management course (BAMC) and seminars to learn product knowledge. This is essential since an insurance agent should be very clear about the product before recommending or selling to clients. Third, after attending all the required courses, an agent-aspirant needs pass the examination namely Pre-Contract Examination for Insurance Agents (PCEIA).PCEIA is a compulsory entry requirement for all those who intend to be registered as insurance agents with PIAM and LIAM. The objective of PCEIA is to introduce the nature of insurance, provide a comprehensive introductory knowledge of the technical and other aspects of insurance including the appropriate skills of insurance selling, and to instill a sense of social and professional responsibility among future insurance agents. The examination consists of three parts. The first part covers the basic concept of insurance, while the second and the third parts cover general insurance and life insurance, respectively. If the agent-aspirants want to sell life insurance-related products, then they have to get

through the Certificate Examination in Investment Link Life Insurance (CEILI). Insurance agents continue to gain hands-on experience and practical knowledge through their work routine and they are also required by BNM to attend continuous knowledge enhancement courses in order to keep themselves abreast of latest developments and issues of insurance industry.

The insurance agents' careers have changed over the years, but the essential job description remains the same. Insurance agents have to face multiple characters of clients with a cheerful and positive attitude. They have to enjoy working and connect with people in order to have a successful insurance agent career. It is also vital for them to enhance negotiating, selling, persuading, and communication skills. Insurance agents sell various types of insurance policies to businesses and individuals on behalf of insurance companies. It can be life and general insurance products. Normally insurance agents will make a contact, promote, and explain the policies' features, advantages and disadvantages before clients make a decision. In addition, insurance agents may need to customize insurance plans to suit client needs.

Insurance agents need to interview prospective clients to obtain data about the financial resources, the physical condition of the person or property to be insured, and to discuss any existing coverage. These are essential to ensure that clients get the policy that suits their needs and the premium matches their financial obligation. In order to increase the sales and gain career promotion, insurance agents seek out new clients and develop clientele by networking to find new prospects and generate list of prospective clients. Other than that, insurance agents, who sell life insurance, may schedule physical examination for clients, ensuring that policy requirements are fulfilled, including any necessary medical examinations and the completion of appropriate forms. Insurance agents must make themselves available to answer questions and to assist clients in filing claims. Like other professions, insurance agents can also choose to specialize in a specific field of expertise. They can choose to specialize in property, casualty, life, health, disability, or long term care insurance policies. Some of the insurance agents have offered comprehensive financial planning services through various pensions and investment plans.

Insurance agents are required to observe the existing ethical standards such as the seven principles of the Code of Ethics stipulated by LIAM in their job [1]. These seven principles include avoiding conflict of interest, avoiding misuse of position, preventing misuse of information, ensuring completeness and accuracy of relevant records, ensuring confidentiality of communication and transactions between the insurers (companies) and the policyholders, assuring fair and equitable treatment of all policyholders and others who rely on or who are associated with the insurers, and to conduct business with the utmost good faith and integrity. The Code of Ethics by LIAM also covers ethical practices regarding selling policies, explaining the contract, and disclosing underwriting information.

The Malaysian Insurance and Takaful Brokers Association (MITBA) has also formulated the Code of Ethics and Conduct which encompasses three fundamental ethical principles namely (i) agents shall at all times conduct their businesses with utmost good faith and integrity, (ii) agents shall do everything possible to satisfy the insurance and/or takaful requirements of their clients and shall place the interest of their clients above all other considerations and have proper regard for others, and (iii) agents shall not give misleading advertisements.

The Management Committee of PIAM has formed an Ethics Committee to address any complaints of unethical practices by members and their agents. The Committee also makes recommendations to the Management Committee in relation to such complaints as well as general recommendations arising from its investigation and review of the complaints to ensure that fair and ethical practices prevails in the insurance industry. The formation of the Committee is crucial as it helps solve the complaints and guide the members and their insurance agents to avoid unethical behaviour.

Despite stringent entry requirements to join the industry, and the formation of Code of Conduct and Ethics Committee, the industry does not draw back from multiple complaints and ethical-related issues surrounding insurance agents. According to Insurance Annual Report, 2005 [2], there was an increase of complaints related to conduct of agents and repudiation of liability. Referring to PIAM Report [3], a failure of insurance agents to turn over a premium to insurance companies is a frequently reported case. This dishonest act by insurance agents leaves the clients without coverage thus risking clients' safety and health while the agents pocket their premium payments.

The PIAM Report [3] also highlighted that the delay of claims is the biggest cause of dissatisfaction and generates the largest number of complaints from the policyholders. Most of the delaying is due to the lack of agreement or communication between the insurance agents and the policyholders. Besides, the report also highlighted the complaints of policyholders on the usage of medical card when presenting it at hospital. Misrepresentation and misinformation by insurance agents have caused policyholders to bear the huge medical expenses since some illnesses are not covered in the medical card and the agents have not informed the policyholders about this at the first point of contact.

Another issue among behaviour among insurance agents is selling of unnecessary policies by claiming that the clients need extra coverage. This happens mostly in life insurance policies. The intention of such an act is to gain more commission. Insurance agents do not care whether the clients can pay the premium for a long period. Some unethical insurance agents may encourage the clients to change to new policies or insurance companies without telling the consequences such a change. This action may be due to high commission payout in the first year of a policy and a lower one in the subsequent years. Commission payment system creates a potential conflict of interest among insurance agents. Kurland [4][5] argued that on the one hand, it rewards the insurance agents to act in the

insurers' interests, as well as their own interest, but on the other it fails to reward the insurance agents to act in the clients' interest. Furthermore, Kurland [4] argued that the agent may act unethically, in order to make the sale and earn the commission. In other words, Roma'n and Munuera[6] contended that commission-based compensation method might motivate the insurance agents to act in an unethical manner that will result in maximum sales.

Given the above scenario, the current study, therefore, attempts to answer the questions as to what are the factors that cause insurance agents to behave ethically. The objectives of the study are (i) to examine whether attitudes and subjective norms have an influence on intention to perform ethically and (ii) to assess whether intention will have an influence on ethical behaviour.

LITERATURE REVIEW
This section discusses the ethical challenges among insurance agents and factors that may influence their ethical/unethical behaviour. It also brings out the theoretical framework, research framework and hypothesis formulation.
Ethical challenges among insurance agents
Cheng, Hsieh and Yang [7] explained five types of unethical behaviour among life insurance salesperson such as (i) providing incorrect or false information, or intentionally hide information of the product or service, (ii) inability to identify customer needs, thus fail to provide relevant product or service, (iii) poor understanding towards concept, knowledge, or skills to implement responsibility, which result in defects in sales or service jobs, (iv) failure to fulfill responsibilities due to conflict of interest, and (v) other misconduct that affects the insurance company's reputation. The study also showed that the largest reported unethical behaviour was concealing information, and then followed by poor delivery of responsibility and other kinds of misconduct.

Ahmad and Sungip [8] reported unethical conduct among insurance agents involved unfair and unreasonable delay in settlement claims, collusion, price fixing, poor service, providing incomplete or false information, and lack of professionalism.

Marcum and Robin [9] described ethical challenges among insurance agents in four areas, viz. (i) the settlement of a claim for an significantly different from normal or market rate, (ii) involving in other part time job, without intimating the superior, (iii) declining new claim from customer with whom the agent had bad experience and (iv) failure of superior to curb potential facilitating payments.

Cooper and Frank [10] identified four ethical issues among insurance agents namely (i) failure to be objective, (ii) failure to provide prompt and honest reply to clients' requests, (iii) failure to provide quality insurance products and services, and (iv) conflict of interest involving business and financial relationship with clients or third parties.

Howe, Hoffman, and Hardigree [11] reported nine ethical issues among insurance agents such as misrepresenting, down selling, letter, twisting, rebating, non-licensed, equivalent, lowball, and false information. The study further

highlighted that the two major ethical issues were down selling and twisting.

In an earlier investigation, Cooper and Frank [12] identified six areas of moral concern among insurance agents which were (i) false or misleading information in marketing of insurance products or services, (ii) failure to identify clients' needs and match them with appropriate insurance products or services, (iii) incompetence, (iv) conflict of interest, (v) misrepresentation and (vi) bad mouthing towards competitors' insurance products or services.

Factors influencing ethical/unethical behaviour
Ferdous and Polonsky [13] investigated several factors that could influence financial salesperson's ethical intentions and behaviour. The study found that attitudes, subjective norms, and perceived behavioural control predicted ethical selling intentions, and furthermore, intention influenced ethical sales behaviour.

Haron, Ismail and Abdul Razak [14] examined the influence of attitude and subjective norms in determining ethical intention among insurance agents. The findings corroborated with earlier findings by Cooper and Frank [12] in which factors like family and friends, superiors, company management, and personal moral valuation predicted ethical intention among insurance agents.

In a related study, Leonard, Cronan and Kreie [15] found that attitude and subjective norms influenced ethical intention among information technology professionals. Similarly, Bellizzi and Hasty [16] and Kurland [4] showed the roles of managers in influencing ethical intention among insurance agents by insisting too much on sales target at the expenses of ethical behaviour.

Roma'n and Munuera [6], Ross and Robertson [17], and Kurland [5] indicated that reward and incentives set by superiors did influence ethical intention among insurance agents. Cheng, Lam and Hsu [18] also found evidence on the influence of attitude and subjective norms towards ethical intention. Armitage and Conner [19] found that a subjective norm was a weak predictor towards ethical intention.

Theoretical framework: Theory of Reasoned Action
The Theory of Reasoned Action (TRA) developed from the previous research which is known as the Theory of Attitude that related to the study of attitude and behaviour of an individual in ethical decision making. TRA is a prediction of behavioural intention, spanning the predictions of attitude and the predictions of behaviour of an individual. According to Ajzen and Fishbein [20], the separation of behavioural intention from behaviour allows for explanation of limiting factors on attitudinal influence. TRA suggests that an individual behaviour intention depends on the individual's attitude about the behaviour and subjective norms of the individual perception which are related to the people whom are close to them in making an ethical decision making.

From the previous studies, the researcher has defined three components of the theory which consists of the attitude, which is the overall of beliefs on the particular behaviour, weighted by the evaluations of the beliefs. In subjective norms, it consists of influence of people in one social

environment on the individuals' behavioural intentions. In the behavioural intention context, both attitudes towards behaviour and subjective norms towards that behaviour are expected to predict the actual behaviour. Ajzen and Fishbein [20] assumed that individuals are usually quite rational and make systematic use of the information available to them. People consider the implications of their actions before they could decide whether or not to engage in that given behaviour. In TRA, the theories provide a framework to study attitudes towards behaviour. The determinant of a person's behaviour is the behaviour intent. The individual's intention to perform the behaviour is a combination of the

attitude towards performing the behaviour and subjective norms.

TRA complies successfully when it is applied with the behaviour that is under a person's volitional control. If behaviour is not fully under volitional control, even though a person may be highly motivated by his own attitude and subjective norm, he may not voluntarily perform the behaviour due to the intervening environmental conditions or by other factors. The following Figure 1 illustrates the framework of Theory of Reasoned Action developed by Fishbein and Ajzen, [21].
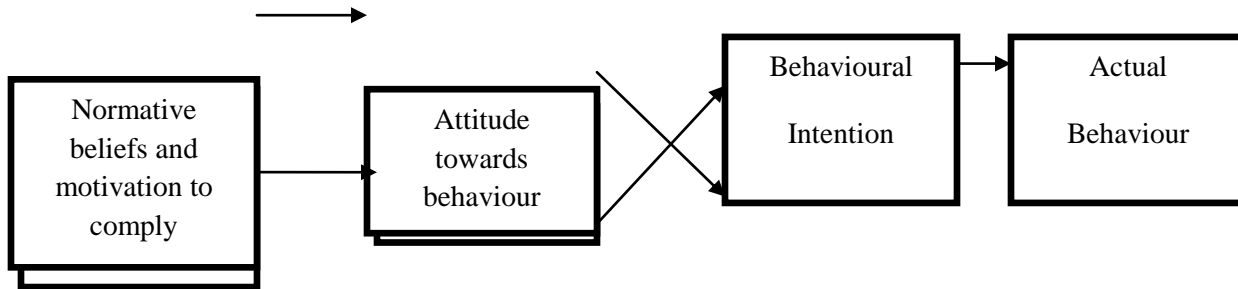

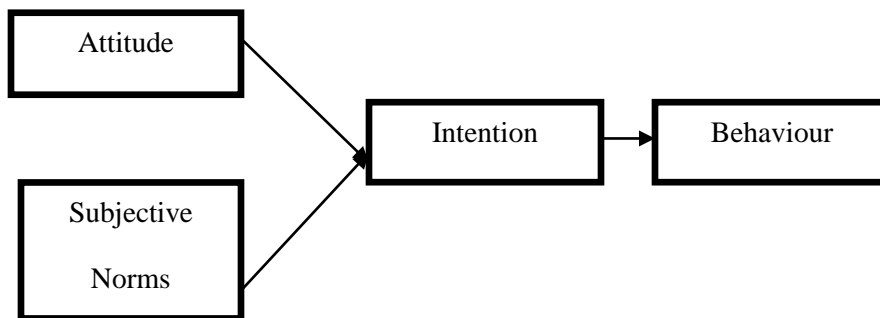**Figure 1: Theory of Reasoned Action (source: Fishbein and Ajzen [21])**

Figure 2: The Research Framework
(Adapted from Theory of Reasoned Action by Fishbein and Ajzen,[21])

Table 1: Description of Variables

Variable	Definition	Measurement
Ethical behaviour	Perceived ethical behaviour among insurance agents	5 items using 6 point Likert Scale
Ethical intention	Perceived ethical intention among insurance agents	4 items using 6 point Likert scale
Attitude	Perceived evaluation of the outcome of behaviour among insurance agents	3 items using 6 point Likert scale
Subjective norms	Perceived others' point of view towards the behaviour among insurance agents.	3 items using 6 point Likert scale

Research framework and Hypotheses formulation
Referring to the objectives of the study and the literature review provided, Theory of Reasoned Action was used as a basis of constructing the framework. Figure 2 shows the

study's research framework with ethical behaviour as the dependent variable; attitude and subjective norms as independent variables; and intention as the mediating variable. Table 1 summarizes the definition and the measurement of variables used in the study.

Hypotheses development
Attitude is postulated to be the first antecedent of behavioural intention. It is an individual's positive or negative belief about performing a specific behaviour. These beliefs are called behavioural beliefs. According to Ajzen and Fisbein [20], an individual will intend to perform certain behaviour when he or she evaluates it positively. Attitudes are determined by the individual's beliefs about the consequences of performing the behaviour (behavioural beliefs), weighted by his or her evaluation of those consequences (outcome evaluations). Those attitudes are believed to have a direct effect on behavioural intention and are linked with subjective norms.

In the context of this study, behavioural beliefs and outcome evaluations will not be considered as the objective is focusing on the possible influence of attitudes towards

intention from the perspective of insurance agents. In performing their duties, insurance agents actively engage in multiple forms of evaluation and weighing potential consequences before finalizing certain decision and before committing certain behaviour. For instance, insurance agents need to evaluate the impact and the outcome of not acknowledging clients on material information that may affect their insurance claims in future. It is expected that, such attitude will significantly influence ethical intention among insurance agents, thus leading to the formulation of the first hypothesis of the study, that is

H_1: Attitudes significantly influence ethical intention.

Subjective norms are also assumed to be the function of beliefs that parents, peers and superiors approve or disapprove. Beliefs that underlie subjective norms are termed as normative beliefs. An individual will intend to perform certain behaviour when he or she perceives that other important individuals think he or she should perform. However, it is not the main aim of this study to evaluate those normative beliefs. Subjective norms are normally assessed by asking respondents to judge how likely it is that most people who are important to them would approve or disapprove of their performing a given behaviour.

In the context of this study, insurance agents are social factors who interact with multiple groups of individuals like parents, siblings, friends, peers, superiors or subordinates who may influence their decision and conduct. While performing duties as insurance agents, these groups of individuals may indicate approval or disapproval towards certain decision made by insurance agents or they may also indicate pleasure or displeasure towards certain conduct of insurance agents. Thus, it is expected these significant groups of individuals will influence ethical intention of insurance agents. This leads to the formulation of the second hypothesis of the study, namely,

H_2: Subjective norms significantly influence ethical intention.

Intentions are known to be the first step in performing a particular behaviour. They are a function of salient beliefs and information about the likelihood that performing a particular behaviour will lead to a specific outcome. It is believed that the stronger a person's intention to perform a particular behaviour, the more successful he or she is expected in performing the behaviour. However, intentions can also change over time. The longer the time period between intention and behaviour, the greater the likelihood that unforeseen events will produce changes in intention.

In the context of this study, intention is a motivation of insurance agents to perform certain conduct while performing their duties. Intention is influenced by attitude and subjective norm and intention itself is expected to influence behaviour. It is expected that stronger the intention to perform certain behaviour, higher shall be the tendency that insurance agents will perform the behaviour. This leads to the third hypothesis of the study, which is,

H_3: Ethical intention significantly influences ethical behaviour.

RESEARCH METHOD

This section describes the methods adopted in investigating the relationship of attitude and subjective norms towards ethical intention and also ethical behaviour. It covers topic like research design, data collection, sampling design, and research instrument development.

Research Design

The data needed for the study was primary in nature and questionnaire method was used to collect the same. The questionnaire consisted of statements covering ethical behaviour, behavioural intention, attitude, and subjective norm. Demographic pieces of information, though, were not utilized for data analysis, nevertheless were helpful to understand the pattern of the agents. The relationship between dependent variable and independent variables was tested using the hierarchical multiple regression technique. Before performing the analysis, tests on the assumptions on normality, reliability, and validity were also conducted.

Data Collection

A packet containing the questionnaire, a letter that described the nature and the importance of the study as well as a request asking assistance was mailed to managers at each insurance company's office in the southern region. Stamped and self-addressed envelope was also attached to each packet to encourage greater reply from respondents. Questionnaires were expected to take about less than 30 minutes for filling up.

Sampling Design

It was difficult to determine the exact number of insurance agents in the southern region. Among the explanation was an absence of complete database of insurance agents under the monitoring of a single authority. Secondly, the number changed rapidly due to the dynamic change in the industry. Thus, this study adopted the sampling design of Haron et al. [14]. In total, 14 insurance companies which were part of Life Insurance Association of Malaysia (LIAM) were considered as the population of the study. The offices of each company at southern region were evaluated. It yielded 13 offices in Melaka, 38 offices in Johor, and 12 offices in Negeri Sembilan or collectively 63 offices at southern region. Addresses of these offices were obtained from companies' websites or annual reports. Ten packets of questionnaire were sent to managers at each office seeking their assistance to distribute the questionnaire to their respective insurance agents. It was up to the manager at each office how to determine and distribute the questionnaire. In total, 630 packets of questionnaires were dispatched.

Research Instrument

The questionnaire was designed to obtain the primary data. For ethical behaviour, intention, attitude and subjective norm, respondents were asked to rank from 1 being strongly disagree to 6, being strongly agree based on 6 point Likert scale. For demographic information such as age, education, working experience, and gender, the respondents were asked to tick the respective boxes.

Analysis and findings

The following section discusses the analysis and the findings of the study. It covers discussion on descriptive analysis,

normality, validity, and reliability assumptions. It also presents the findings from the hierarchical regression analysis.

Descriptive analysis

In total, 630 questionnaires were distributed. From the 220 questionnaires returned, only 141 were found usable for further analysis. Thus, the usable rate was approximately at 22 per cent. Out of 141 respondents, 74 were from Melaka, 52 from Johor, and 15 from Negeri Sembilan. The descriptive analysis shows that 67 agents are females and 74 are males. In terms of age, 48.2 agents are between 20 and 29 years, indicating that majority of them are young. This is further supported by working experience, which shows that 49.6 per cent of respondents are with less than five years of experience and 35.5 per cent have working experience

between 5 and 10 years. In terms of education, 46.1 per cent of the agents have completed the first degree study, but 44.7 per cent have only completed the school certificate level since this is the minimum requirement to take up the qualifying exam in order to become licensed insurance agents. Furthermore, 53.9 per cent of the agents are single, and the remaining agents are married. In terms of income, 56 per cent of the agents collectively receive less than RM 5,000 monthly, while the remaining earn more than RM 5,000, with 23.4 per cent of the agents earning more than RM 8,000 a month. Most of the agents have served with Prudential (46.8 %) followed by Great Eastern (20.6%) and Allianz (9.2%). Table 2 shows the descriptive analysis of the responses obtained.

Table 2: Descriptive Analysis of Agents

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	female	67	47.5	47.5	47.5
	male	74	52.5	52.5	100.0
	Total	141	100.0	100.0	

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-29	68	48.2	48.2	48.2
	30-39	53	37.6	37.6	85.8
	40 and above	20	14.2	14.2	100.0
	Total	141	100.0	100.0	

Location		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Melaka	74	52.5	52.5	52.5
	Johor	52	36.9	36.9	89.4
	Negeri Sembilan	15	10.6	10.6	100.0
	Total	141	100.0	100.0	

Income		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<RM2000	16	11.3	11.3	11.3
	RM2000-RM3500	42	29.8	29.8	41.1
	RM3501-RM5000	21	14.9	14.9	56.0
	RM5001-RM6500	20	14.2	14.2	70.2
	RM6501-RM8000	9	6.4	6.4	76.6
	RM8001 and above	33	23.4	23.4	100.0
	Total	141	100.0	100.0	

Marital		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	single	76	53.9	53.9	53.9
	married	65	46.1	46.1	100.0
	Total	141	100.0	100.0	

Working experience		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<5 years	70	49.6	49.6	49.6
	5-10 years	50	35.5	35.5	85.1
	11-15 years	12	8.5	8.5	93.6
	16-20years	6	4.3	4.3	97.9
	> 20 years	3	2.1	2.1	100.0
	Total	141	100.0	100.0	

Education		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	certificate	63	44.7	44.7	44.7
	tertiary	65	46.1	46.1	90.8
	higher degree	5	3.5	3.5	94.3
	others	8	5.7	5.7	100.0
	Total	141	100.0	100.0	

Company		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Great Eastern	29	20.6	20.6	20.6
	Zurich	7	5.0	5.0	25.5
	HLA	5	3.5	3.5	29.1
	Prudential	66	46.8	46.8	75.9
	AIA	8	5.6	5.6	81.5
	Etiqa	1	0.7	0.7	82.2
	AM Assurance	7	5.0	5.0	87.2
	MCIS	2	1.4	1.4	88.6
	AXA Affin	3	2.1	2.1	90.7
	Allianz	13	9.3	9.3	100.0
	Total	141	100.0	100.0	

Table 3: Correlations

		Intention	Behaviour	Subjective norms	Attitude
Intention	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	141			
Behaviour	Pearson Correlation	756[**]	1		
	Sig. (2-tailed)	.000			
	N	141	141		
Subjective norms	Pearson Correlation	711[**]	648[**]	1	
	Sig. (2-tailed)	.000	000		
	N	141	141	141	
Attitude	Pearson Correlation	663[**]	773[**]	656[**]	1
	Sig. (2-tailed)	000	000	000	
	N	141	141	141	141

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

Table 4A: Regression

Model Summary[b]

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.757[a]	.573	.567	.46836	.573	92.732	2	138	.000	2.303

a. Predictors: (Constant), attitude, subjective norms
b. Dependent Variable: intention

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.683	2	20.342	92.732	.000[b]
	Residual	30.272	138	.219		
	Total	70.955	140			

a. Dependent Variable: intention
b. Predictors: (Constant), attitude, subjective norms

Coefficients[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.998	.304		3.289	.001		
	subjective norms	.462	.070	.485	6.588	.000	.570	1.754
	attitude	.344	.074	.345	4.681	.000	.570	1.754

a. Dependent Variable: intention

Table 4B: Regression

Model Summary[c]

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.711[a]	.506	.502	.50235	.506	142.165	1	139	.000	
2	.757[b]	.573	.567	.46836	.068	21.911	1	138	.000	2.303

a. Predictors: (Constant), subjective norms
b. Predictors: (Constant), subjective norms, attitude
c. Dependent Variable: intention

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.877	1	35.877	142.165	.000[b]
	Residual	35.078	139	.252		
	Total	70.955	140			
2	Regression	40.683	2	20.342	92.732	.000[c]
	Residual	30.272	138	.219		
	Total	70.955	140			

a. Dependent Variable: intention
b. Predictors: (Constant), subjective norms
c. Predictors: (Constant), subjective norms, attitude

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.659	.288		5.755	.000		
	subjective norms	.677	.057	.711	11.923	.000	1.000	1.000
2	(Constant)	.998	.304		3.289	.001		
	subjective norms	.462	.070	.485	6.588	.000	.570	1.754
	attitude	.344	.074	.345	4.681	.000	.570	1.754

a. Dependent Variable: intention

Table 4C: Regression

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.756[a]	.571	.568	.47532	.571	185.050	1	139	.000	2.006

a. Predictors: (Constant), intention

b. Dependent Variable: behaviour

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.807	1	41.807	185.050	.000[b]
	Residual	31.404	139	.226		
	Total	73.211	140			

a. Dependent Variable: behaviour

b. Predictors: (Constant), intention

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.188	.288		4.122	.000	.618	1.758		
	intention	.768	.056	.756	13.603	.000	.656	.879	1.000	1.000

a. Dependent Variable: behaviour

Normality, Validity, and Reliability

The mean values for attitude, subjective norms, intention, and behaviour are 5.02, 5.05, 5.06, and 5.07 respectively. Besides, normality is assumed in this study since the skewness and kurtosis of the data are within the accepted range of +/-1 to +/-3. Thus, further analysis like correlation and regression are permissible. Validity is achieved by asking Group Sales Manager of one of the insurance companies to review the draft of questionnaire. Further refinement has been made after receiving the comments and suggestion. Reliability of the instrument has been checked using the Cronbach's Alpha analysis. Nunnally [22] recommended that reliable instruments used in research should achieve 0.70 or above. For this study, reliability of ethical behaviour is 0.848, intention is 0.821, attitude is 0.767, and subjective norms is 0.809, thus fulfilling the recommendation by Nunnally [22].

Correlation analysis

Table 3 shows the results of correlation analysis of the variables under study. It shows that intention is significantly correlated with behaviour, attitude, and subjective norms. It also shows that behaviour is significantly correlated with attitude and subjective norms. Additionally, a subjective norm is also significantly correlated with attitude. Furthermore, there is a strong correlation between intention and behaviour ($r = 0.756$) and subjective norm ($r = 0.711$) respectively. Besides, there is also a strong correlation between behaviour and attitude ($r = 0.773$).

Regression analysis

The outcomes of the regression analysis through the enter method show that attitude and subjective norms significantly predict intention. Table 4A reports that the *t* value for attitude and subjective norms is 4.681 (significant *t*-value: 0.000) and 6.588 (significant *t*-value: 0.000), respectively. Besides, beta for attitude is 0.345 and beta for subjective norms is 0.485, respectively. It indicates that subjective norms serve as better predictors than attitude. Both predictors explain 57.3 per cent of intention. Both predictors also have a strong correlation with ethical intention with R = 0.757. The *F*-ratio of the model is 92.732 and the significant *F*-ratio is 0.000. It shows that the regression model fits the data, thus there is a significant relationship between attitudes, subjective norms and ethical intention. The model free from multicollinearity problem since VIF and tolerance are within the acceptable range.

As seen in Table 4B, further regression analysis using step-wise approach indicates that subjective norms explains 50.6 per cent of intention, and with the inclusion of attitude, the explanatory power has increased by 6.8 per cent. Even though the increase is marginal, still it is significant (sig *F* change = 0.000). Besides, the VIF and tolerance outcomes show that the model is without multicollinearity problem, and the model indeed is significant.

Finally, in Table 4C, analysis evidences that intention significantly predicts behaviour with beta of 0.756 and the *t*-value of 13.603 (significant *t*-value: 0.000). It also shows that the model is significant (*F*-ratio is 185.050 and significant *F*-ratio is 0.000). It indicates that the regression model fits the data and there is a significant relationship between intention and ethical behaviour. Multicollinearity is absent, since tolerance and VIF are within the accepted range.

CONCLUSION

This section summarizes the conclusion drawn from the study. It covers discussion on findings, implications and limitations of the study as well as recommendations for future study.

Discussion on findings

The analysis has found that attitudes and subjective norms significantly predict ethical intention among insurance agents. Thus, it supports hypotheses 1 and 2. The regression analysis using step wise approach also finds that subjective norms predict intention stronger than attitudes. This indicates the roles of important people around insurance agents to influence them towards ethical intention. Since attitudes also significantly predict, future ethical training and development in insurance industry shall lay emphasis on shaping appropriate attitude that can influence ethical intention among insurance agents. Further, the analysis also reveals that intention significantly predicts the ethical behaviour among insurance agents. This lends support to hypothesis 3.

Implications of Study

There are several implications which have been discovered throughout this study toward the insurance industry, society,

and also the government. First, the findings assist Malaysian Insurance Institution (MII), PIAM, and LIAM to implement effective educational or training and development program to improve agent's ethical behaviour and help the agents better understand the importance of upholding ethical principles and ethical values while performing their duties.

The findings also help government especially the BNM as a regulator, to constantly monitor ethical conduct among insurance agents. Having ethically compliant insurance agents is also the main pre-requisite to ensure the sustainability of insurance industry. Ethical insurance agents also provide reasonable assurance to clients and potential clients that their investments are well-governed and constantly monitored.

Lastly, the findings indicate that there is a need to increase the positive perception and awareness of the public towards insurance agents. Public would be secured and protected if they purchase insurance policies. Eventually, a better public perception helps to increase insurance penetration rate across the country.

Limitations of Study

Several limitations have been identified in the current study regarding the ethical behaviour among insurance agents. One of the limitations is the fact that this study is conducted in the southern region of Malaysia. Although 630 questionnaires have been distributed to three states at the southern region on Malaysia only 141 have been returned with complete response. Unfortunately, half of the sample is from Melaka. It indicates that the response could be geographically biased, thus generalization should be conducted with caution.

There is also a possible ethnicity-biased limitation in this research since 86.5 per cent of the agents of the research are Chinese. Therefore, the results might not reflect fair evaluation regarding the factors influencing ethical behaviour among insurance agents.

Besides, respondents are from life insurance companies that form part of LIAM. Thus, feedback from insurance agents from general insurance companies is not obtained. Due to the limitations explained, it is recommended that the sample group for future should be wider in order to obtain a better generalization and applicability.

Scope for Further Research

A study with more formulated hypothesis and larger sample can be conducted in future. It may provide greater avenue to further strengthen the understanding of more factors that may possibly influence ethical behaviour among insurance agents. Besides, a larger sample will lead to stronger generalization. Another study may employ Structural Equation Modelling (SEM), which may enable to determine to what extent intention plays its role as a mediator in the relationship between attitude, subjective norms, and ethical behaviour.

Future research can also consider other factors that can possibly influence the ethical intention and behaviour among insurance agents in Malaysia. Thus, by adding new variables, one can further improve the understanding on the predictors of ethical behaviour among insurance agents in Malaysia. A similar study can also be conducted in other

countries. This is to enable comparison of ethical conduct among insurance agents under multiple jurisdictions. Such a study will enhance the understanding of the possibility of a unique factor that may influence ethical behaviour of insurance agents in a specific jurisdiction.

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