Factors Affecting Salesforce Unethical Behavior: Evidence from Life Insurance Industry

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Abstract

As a service-providing business that deals with the customers directly, the progress of the life insurance industry depends highly on the behavior of the salesforce. Unethical salesforce behavior can be attributed as one of the prominent reasons for the life insurance lower penetration rate and higher lapse rate prevail in Sri Lanka. Therefore, the main objective of this study is to identify the factors affecting salesforce unethical behavior in life insurance industry. To investigate the factors, 152 life insurance agents in Badulla district were surveyed. Quantitative research design along with snowball sampling were employed to collect the data. Using multiple regression analysis, results indicate that selling pressure and competitive intensity have a significant positive relationship with salesforce unethical behavior. Thus, practitioners and regulators are suggested to reduce sales pressure by means of reducing sales targets and discouraging anti-competitive behavior via code of conduct and provision of guidelines for fair competition.

*Keywords-***:** Life Insurance, Organizational Factors, Product Factors, Salesforce, Unethical Behavior

1. INTRODUCTION

The link between insurer and insured is the insurance agent who is also known as the insurance advisor or the wealth planner. Insurance agents are persons registered with an insurer or an insurance broker registered under the act who in consideration of a commission solicits or procedures insurance business for such insurer or insurance broker (IRCSL, 2020). Agents play an important role as a liaison between consumers and the company. In Sri Lankan context, the insurance agents play not only the role of introducing life insurance policies but also the role of collecting the premium and accounting the premium for the relevant policy. Life insurance companies are in fact service providing companies and largely depend on the behavior of insurance salesforce since they directly transact with the clients. In the case of marketing insurance products, it is a combination of commission-based selling and imperfect information which leads to many significant opportunities for unethical or ethically questionable behavior (Diacon and Ennew, 1996). According to Diacon and Ennew (1996), ethical dilemmas exist more in distribution and promotion arenas compared to product and price arenas.

Insurance industry in Sri Lanka has a long history of over seven decades started with the operation of foreign insurance firms even before the independence in 1948. The industry was nationalized in 1961 with the incorporation of Sri Lanka Insurance and held a monopoly until the establishment of the National Insurance Corporation in 1980. Nonetheless, gate was opened for the private entrants in the same decade. Initially, both life and non-life insurance businesses were carried compositely. However, by 2015, all the insurers were obliged to segregate their life and general arms as two different legal entities. As a consequence, Sri Lanka's insurance sector consists of 27 insurance companies including 13 independent life insurance companies by 2019. The Insurance Regulatory Commission of Sri Lanka (IRCSL) acts as the main body regulating the insurance industry in Sri Lanka. It also safeguards the policyholders via supervisory control of insurance companies. As far as the protection of the policyholders is concerned, significant malpractices are being reported in the market still. IRCSL has received 107 complaints related to unethical behavior of agents in 2019 including but not limited to inadequacy of explanations, payment of and misappropriation of premiums by sales staff, frauds, misrepresentation, lack of clarification (misunderstanding) and way of functioning branch offices (IRCSL, 2020). There were 32 referrals reported regarding the unfair termination, backlisting and related to educational qualifications of

agents too (IRCSL, 2020). As the major distribution channel in the insurance industry, around 85% of sales are generated through life insurance agents. Nevertheless, a lapse rate of 7.34% as a percentage of total insurance policies in force and new policy lapses of 11.69% as a percentage of new policies issued can be witnessed still in life insurance market (IRCSL, 2020). Companies' deceptive marketing and mis-selling of policies have resulted in this higher lapsation (Talwar and Ali, 2016). The number of active life insurance policies amounted to 15.61% of the total population by 2019 (IRCSL, 2020). The total insurance penetration of Sri Lanka stands at 1.26% of GDP while South Asian penetration of peer countries remains at 2.93% of GDP (KPMG, 2019). Sri Lankans' negative perceptions on insurance have contributed to this underpenetrated life insurance market (KPMG, 2019). Negative perception amplified by the life insurance agents' behavior and lack of integrity can be attributed as one of the dominant reasons for low penetration rates as well as higher policy lapse rate.

Given this backdrop, the integrity of the salesforce is crucial since the product mis-selling, misleading the customers and frauds cause to destroy the trust placed upon the insurance companies. A perception of insurance as a scam has sunk into society due to the recent questionable incidents reported in the industry. Hence, it is high time to identify the causes for malpractices in order to ensure the confidence of the general public and to create favorable industry. In Sri Lankan context, there is a paucity of studies on unethical behavior of insurance salespeople. Empirical studies of developing countries plus developed countries, suggest that numerous factors affect the salesforce unethical behavior. To the best of our knowledge, in Sri Lankan context, researchers have studied only the organizational factors that affect unethical behavior of salesforce (e.g.: Chandrarathne and Herath, 2020). In light of this gap, the objective of this study is to examine factors affecting unethical behavior of salesforce in Sri Lankan life insurance industry with a wider perspective.

The paper consists of five sections. Section two provides the methods, including the data collection and sampling. Section three and four present results and discussion respectively. The final section is conclusion of the study.

1.1 Literature review

Unethical behavior is referred to as someone who uses illegal or morally unacceptable conduct to sell products or someone whose behavior is contrary to the widely accepted code of ethics in society (Rest, 1986). According to Cravens et al. (1993), unethical behaviors give rise to disputes between buyer and seller and even the most committed consumers could leave the company. There is

a positive relationship between the conduct of business and ethics (Baglione and Zimmener, 2007). Previous scholars have shed some light on the unethical practices of life insurance salespeople. For instance, down selling and twisting (Howe et al., 1994), false or misleading representation, failure to identify customer needs & wants, bad recommendations (Cooper and Frank, 2002), improper competition (Cooper and Frank, 1991), intentionally delaying the settlement of claims, providing incomplete or incorrect information and lack of professionalism (Ahmad and Sungip, 2008). According to Diacon and Ennew (1996), even the most successful agents engage more frequently in down selling, lowball pricing and providing false information. Cheng, et al. (2014) have constructed five types of common unethical behaviors of life insurance salespeople namely, incorrect description or deliberately concealed information of the product or service, inability to identify customer needs to provide the appropriate products and services, lack of concept, knowledge, or skills to implement responsibility, failure to fulfill responsibilities due to conflict of interests and misconducts that affects the company's reputation.

The Takaful industry also has suffered a shock associated with ethical problems of agents (Ghani and Shaari, 2016). Hamid et al. (2012) argue that the prominent issues of the Takaful industry are lacking the skill to attract participants and retain consumers, inability to communicate, inability to disclose about Takaful products and failure to persuade consumers. Abdullah (2018) analyses the studies on Takaful agents' behavior against consumers and pointed out that providing false information, inability to understand consumers' needs and lack of professionalism are the core unethical behaviors of insurance agents.

1.1.1 Organizational factors

A plethora of studies has hypothesized various factors affecting unethical behavior in sales literature. Organizational factors are more common among them. According to Adinan et al. (2013) and Schwepker and Schults (2013), leaders' characteristics shape up the followers' sales behavior and there is a highly significant relationship between leader's characteristics and sales ethical behavior such as trust. Ethical leadership is a broad construct which comprises of altruism, compassion, honesty, fairness, justice etc. A behavior reflecting these qualities can be distinguished as ethical leadership (Yukl et al., 2013). Al Halbusi et al. (2021) stated that positive relationship exists between the ethical behavior of leaders and the ethical conduct of employees. Ethical leaders hold followers accountable for their unethical actions (Yukl et al., 2013). Therefore, ethical supervision can create ethical practices within

their team. A supervision reflects these qualities is termed as supervisory role in current study. Haron et al. (2011) show that there is a relationship between supervisory influence and unethical behavior of insurance agents. Similarly, supervisory role significantly predicts the unethical behavior of insurance agents (Chandrarathne and Herath, 2020). Thus, the below hypothesis was formulated.

H1: There is a negative relationship between supervisory role and salesforce unethical behavior in Sri Lankan life insurance industry.

A properly communicated and well-established reward and appraisal system helps to enhance employees' citizenship behavior, encourage work ethics and generate a healthy work environment (Abbasi and Rana, 2012). Life insurance business from its nature consists of higher commission rates. Sales commissions are considered to be best to motivate salespeople to enhance sales. A larger fraction of compensation based on sales commission in salesperson compensation provides an intention to behave unethically (Kalra et al., 2003). Therefore, reward system (method of compensation) is considered to be an important variable of ethical behavior (Román and Munuera, 2005). According to Tseng et al. (2016), sales workers possess an attitude towards inappropriate product recommendations once

they perceive manipulation of sales compensation by insurers. Similarly, Diacon and Ennew (1996) revealed that commission-based selling causes unethical behavior. A high commission structure (compared with a low commission structure), is more likely affected by heuristic biases and makes an ethically questionable choice (Hsu et al., 2009). Hence, the below hypothesis was posited.

H2: There is a negative relationship between rewarding system and salesforce unethical behavior in Sri Lankan life insurance industry.

Selling pressure is the degree of pressure that appeared on the salesperson as a consequence of lack of time and greater expected performance. Sales targets are constant reminders to salespersons regarding the performance that can produce selling pressure (Hair et al., 2009) plus unethical behavior (Chandrarathne and Herath, 2020) (Haron et al., 2011). Mitchell, et al. (2018) also evidence that employees who are demanded high performance elicit performance pressure and consequently lead to unethical behavior. Thus, the below hypothesis was formulated.

H3: There is a positive relationship between selling pressure and salesforce unethical behavior in Sri Lankan life insurance industry.

Ethical climate refers to the salespersons' perception of ethical standards (Mulki et al., 2006). The dimensions of ethical climate shape the ethical behavior of the salespeople (Nebo and Chinbuwa, 2017) (Weeks and Nantel, 1992). Organizational ethical climate plays a salient role in recognizing and addressing ethical issues and in turn this ethical sensitivity reduce unethical behavior (Zhang and Zhang, 2016). Yi et al. (2012) show ethical climate is inversely related to mis-selling. Therefore, the below hypothesis was formulated.

H4: There is a negative relationship between ethical climate and salesforce unethical behavior in Sri Lankan life insurance industry.

The culture of an organization is the shared set of assumptions, values, norms, beliefs and behavior patterns that are practiced in the organization to cope with the external and internal environment (Chandrarathne and Herath, 2020). This is a broader and deeper construct than organizational climate which stimulates ethical conduct (Scholz, 1987) and this creates a huge impact on ethical decision making (Shafer and Wang, 2010). In line with this, the findings of Kaptein (2008b) show that organizational culture negatively related to unethical behavior among workgroups. Thus, the below hypothesis was formulated.

H5: There is a negative relationship between organizational culture and salesforce unethical behavior in Sri Lankan life insurance industry.

1.1.2 Environmental factors

In Sri Lankan context, competition among top life insurance companies is very much fierce where they hold above 75% of the market (IRCSL, 2020). Therefore, competitive intensity which is beyond the companies' control was incorporated into the model as an environmental factor. Competitive intensity is a key element in an industry which influences the ethical attitudes of salespeople (Wotrubaa, 1990). Therefore, in comparison with other external factors, competitive intensity stands predominant to explore since it can encourage unethical conducts. A situation where competition is fierce due to the presence of numerous competitors and the lack of opportunities for further growth is termed as competitive intensity (Auh and Menguc, 2005). Yi et al., (2012) categorized competitive intensity as an environmental factor that affects mis-seling. Life insurance agents tend to provide misleading information about competitors considering themselves more ethical than competitors (Diacon and Ennew, 1996). Prior works claim that unethical behavior is triggered by high market competition. For instance, Cooper and Frank (1991) identified improper competition as a salient unethical behavior of life

insurance salespeople. According to Wotrubaa (1990), competitors being situational moderators can impact outcomes in the ethical decision/ action process. Moreover, sales agents tend to act opportunistically where competition is intense. Thus below hypothesis was formulated.

H6: There is a positive relationship between competitive intensity and salesforce unethical behavior in Sri Lankan life insurance industry.

1.1.3 Product factors

A product that offers a large number of options or that consists of a large number of steps in use is typically complex. When products are more complex and difficult to understand, the product leads to greater uncertainty and risk (Holak and Lehman, 1990). Imperfect information, information asymmetry coupled with a low level of financial literacy leads to ethical lapses in developing nations (Diacon and Ennew, 1996) (Ferdous and Polonsky 2013). Product variety is the measured mixture of products offered by an organization to the marketplace (Randall and Ulrich, 2001). There are four dimensions of product variety namely width (number of product lines), length (number of items in the mix), depth (variants of each product) and consistency (closeness of the relationship between products) (Kotler and Keller, 2006). As product variety increases customer's examination of information becomes more

selective, information processing can bias the person's judgment and limit the evaluation of interrelated items. Thus, there is a possibility of customers being selected adversely because of the limited memory capacity of individuals (Moe, 1991).

Previous studies evidence that both product complexity and product variety can trigger unethical behavior. For example, Gibbs (1993) suggests that product complexity & product variety can give rise to mis-selling especially in financial services due to the information asymmetry. According to Yi et al. (2012) both the product complexity and product variety are positively related to mis-selling of life insurance products among telemarketers. Thus, the below hypotheses were formulated.

H7: There is a positive relationship between product complexity and salesforce unethical behavior in Sri Lankan life insurance industry.

H8: There is a positive relationship between product variety and salesforce unethical behavior in Sri Lankan life insurance industry.

2. METHODS

2.1 Data collection

The present study employed quantitative research design. As this study is concerned about the perceptions, attitudes and

behaviors of the people, primary data collection method was employed. Data was collected through a questionnaire distributed among the life insurance agents. The questionnaire was initially prepared in English and then translated into Sinhala. Afterwards, clarity and understandability of the statements were ensured in response to discussions with several practitioners. Subsequently, the pilot study was conducted using 10 percent of the sample representing an equal percentage from each company. Validity & reliability of this preliminary version of the questionnaire were checked using Cronbach's alpha coefficient. Finally, several questions were removed to ensure the same and questionnaire was employed to the total sample.

The first part of the questionnaire contains demographic information of the insurance agents and the second part contains the statements regarding each construct coded in a five-point Likert scale. Supervisory role was measured using seven items from Ethical Leadership Questionnaire (ELQ) (Yukl et al., 2013). The ELQ provides more important ethical supervision attributes such as setting an example of ethical behavior by the supervisor. Scale for rewarding system was based on four items adapted from Abbasi and Rana (2012) and Tseng et al. (2016) covering items like, company doesn't providing extra incentives in the sales compensations to promote specific products. Selling pressure was operationalized using five-item scale adapted from Palmer and Bejou (1994) covering items like, company applies pressure to sell the insurances. Five items for ethical climate was utilized from the study by Schwepker (2001) which demostrates the code of ethics and ethical policies of the company. Three-item sacle for organizational culture was adopted from the corporate ethical virtues model (CEV) (Kaptein, 2008a). The CEV represents an ethical organizational culture embedded with ethical standards, norms and a culture which considers unethical acts seriously. Using the works of Jaworski and Kohli (1993) and Lusch and Laczniak (1987), competitive intensity was assessed. The aggressive nature of the competition like "promotion wars" was taken in to account when filtering the four items. Four- item scale for product complexity and three-item scale for product variety were extracted using the studies of Burnham et al. (2003) and Yi et al. (2012) respectively. Product complexity focuses on the complicated nature of the insurance service and product variety on the wide range of choices available. Finally, unethical sales behavior was based on the studies of Román and Munuera (2005), Ferdous and Polonsky (2013) and Cheng et al. (2014). Ten items were used covering a broad range of

unethical conducts including misleading, setting pressure on customers, lying and reccommending products that do not suit for the customers.

2.2 Sampling procedure

A sample of 152 sales agents was selected with a 95% response rate from selected top five performing Life insurance companies. The research site was Badulla district. Five companies were spotted as top performers in terms of market share and percentage of insurance agents (IRCSL, 2020). A considerable percentage from each company was included for the sample. Snowball sampling technique was used in finding research subjects. Snowball sampling is useful especially in studies where a high degree of trust is required to initiate the contact or hard to involve the sample (Baltar and Brunet, 2012). Respondents were confirmed that their responses would be kept highly confidential since the research instrument includes the statements about their own behavior.

3. RESULTS

3.1 Characteristics of the sample

The respondents constitute 15% - 30% respondents from each company. Males represent 55.3% of the sample. Large majority of respondents have education up to advanced level (52%) and the lowest percentage recorded as up to O/L (21.7%). Most of the sales agents are in age level of below 30

(35.5%) and the lowest represents the age level of between 61 and 70 (2%). The majority of the sample consists of agents having experience above 5 years (47.4%) (see table 1).

3.2 Descriptive statistics

According to the descriptive statistics, the highest minimum value and highest mean are recorded for the "salesforce unethical behavior" and the lowest maximum value and lowest mean are recorded for "ethical climate". Moreover, "competitive intensity" shows the highest standard deviation. Table 2 shows the descriptive statistics of each independent variable and the dependent variable.

3.3 Reliability

Cronbach's alpha values were used to measure the reliability of the constructs. Reliabilities less than 0.6 are considered to be poor, those in the 0.70 range are acceptable and those over 0.80 are good (Sekaran, 2003). According to Hair et al. (2010), Cronbach's alpha above 0.6 is also considered to be satisfactory. Therefore, reliability of all scales was verified by the Cronbach's alpha values above recommended (see table 3).

3.4 Validity

Kaiser -Meyer-Olkin (KMO) test and Bartlett's Test of Sphericity (BTS) were used to check the validity. If the KMO > 0.05 (0.08-1) and BTS Sig <0.05, the data set falls within the adequacy range.

KMO values were above 0.05 and BTS values were 0.000 for all the constructs. Therefore, Validity was verified (see table 4).

3.5 Correlation analysis

To measure the directions and the strength of the relationship between two variables, Pearson's correlation coefficient was used. P-values below 0.05 are considered to be correlated. Correlation coefficient values range from +1 to -1 [(above 0.5= higher positive), (0.5 to 0= lower positive), (0 to -0.5= lower negative), (-0.5 to -1= higher positive)]. Accordingly, Only supervisory role (-.173), ethical climate (-.219), selling pressure (.367) and organizational culture (-.267) have a significant correlation with salesforce unethical behavior. In addition, supervisory role, ethical climate and organizational culture have significant negative law degree of correlation and selling pressure has a significant positive low degree of correlation with salesforce unethical behavior (see table 5).

3.6 Regression analysis

The regression coefficient, which was depicted by R-square can be defined as the amount of variance explained in dependent variable by the predictors (Sekaran, 2003). R-square was reported as 0.225 (see table 6). Therefore, it can be concluded that only 22.5% of the variance of unethical salesforce behavior can be explained by the model. This might be due to the demographic variables and other external forces that were not explored and tested. As claimed by Frost (2017), small R-square values are not always a problem especially when outcome variable like human behavior which is very hard to predict. In such instances, a small R-square does not mean the predicted model is useless.

ANNOVA table (see table 7) shows the significance of the regression model. Output p-value than 0.05 is considered to be significant. The output p-value reported is 0.000. Hence, the model was significant.

Table 8 shows the regression coefficients of the regression analysis. The results show that, for the hypotheses that reflect relationships between unethical behavior and other independent variables, the relationships were not significant on supervisory role (B= -0.070; P> 0.05), rewarding system (B= 0.014; P> 0.05), ethical climate (B= -0.163; P> 0.05), organizational culture (B= -0.125; P> 0.05), product complexity (B= 0.004; P> 0.05) and product variety (B= -0.020; P> 0.05). Only relationships of selling pressure (B= 0.214; P< 0.05) and competitive intensity (B= 0.103; P< 0.05) with unethical behavior were significant. Therefore, Only H4 and H6 was supported

4. DISCUSSION

The significance of the current study lies in exploring the reasons for unethical behavior and

providing measures to mitigate the same. According to the results, only H4 and H6 were supported. Looking closely at each variable in the model, selling pressure was the only organizational factor to influence unethical behavior. Sales pressure originated from the top management by means of monthly targets generates a significant burden on salespeople which drives them towards unethical acts. For instance, holding the agents' license due to the continuous failure to reach monthly sales targets. However, previous findings of Yi et al. (2012) do not confirm the results of present study. Possible explanation is that they have selected the life insurance companies with a rewarding system consists with high basic salary and low level of commissions (Yi et al., 2012). Nevertheless, our sample consists with the companies with a rewarding systems of solely a straight commission plan which nurture the selling pressure.

All the other hypothesized relationships of organizational factors were not supported. Prior researches analyzing the relationship between unethical behavior and organizational factors have led to mixed findings. Some previous works are in line with findings of the current study. Despite the fact that, life insurance business consists of higher rates of commissions, Kurland (1996) found that rewarding system (commission earning) does not significantly regress unethical behavior. Cooper and Frank (1991) highlight that organizational ethical culture does not encourage insurance agents to act ethically. Chandrarathne and Herath (2020) stated that organizational culture of Sri Lankan life insurance companies does not affect the unethical behavior of insurance agents. However, our findings are also not consistent with some prior studies which provides evidences for the significant causal relationship of rewarding system, organizational culture, and ethical climate with unethical behavior (Hsu et al., 2009) (Hair et al., 2009) (Baglione and Zimmener, 2007) (Shafer and Wang, 2010) (Yi et al., 2012). More importantly, in Sri Lankan setting, supervisory role and reward system significantly influenced unethical behavior (Chandrarathne and Herath, 2020). Therefore, our findings have contributed to a debate in this domain.

We witness very strict competition prevails within the top performing companies in life insurance market. When the competition is intense, misconducts are triggered against the rivalry in order to grab the market share. Confirming the same, our findings show that competitive intensity significantly affects the unethical behavior of insurance agents. Nonetheless, some previous findings are contrary to our findings (McCLaren, 2013) (Schwepker, 1999). Yi et al. (2012) argued that competitive intensity is unrelated

with mis-selling of life insurance because the financial services sales agents should establish and develop the long-term relationships. However, their findings were entirely based on the telemarketing which represents a very small percentage of sales in Sri Lankan context. But our findings are based on highly competitive distribution channel which is direct sales agents.

Present findings do not align with the results of Gibbs (1993) and Yi et al. (2012). Both product complexity and product variety are positively influenced on mis-selling of life insurance products via telemarketing (Yi et al., 2012). As per our results, both the product factors do not have a significant relationship with the unethical behavior of life insurance agents. Possible reason for this might be the face to face interaction provided by the direct sales agents enable customers to clarify wordings and understand various products. Therefore, it can be concluded that, complex nature of the life insurance policies due to the policy terms, conditions and warranties along with the wide range of products does not give rise to unethical behavior.

5. CONCLUSION

The current study investigates the factors affecting unethical behavior of the life insurance agents in Sri Lanka. The variables for the study were identified through a comprehensive reading of previous literature and they were categorized as organizational factors, environmental factors and product factors. Eight hypotheses were posited based on the identified variables. Multiple regression analysis was employed to investigate the relationship between independent variables and dependent variable. According to the results, only selling pressure and competitive intensity have a significant positive relationship with salesforce unethical behavior. All the other hypotheses were rejected. Furthermore, selling pressure has a strong relationship with unethical behavior rather than competitive intensity. The value of the adjusted R-square of the final developed model was 0.225. Therefore, sales pressure and competitive intensity count for 22.5% of the variance of salesforce unethical behavior. The other 77.5% of the variance of salesforce unethical behavior was explained by other variables that are ignored in the study. These determinants include organizational scale, sales persons' age, sales persons' education, salespersons experience, professional accreditation, managerial position, gender and sales orientation (Cheng et al., 2014) (Román and Munuera, 2005) (Kurland, 1996) (Tseng et al., 2016). Sitting on the results, it can be concluded that there are numerous antecedents which impact on salesforce unethical behavior to be examined.

The findings of the study also hold significant implications for the practical context of insurance industry in Sri Lanka. Since the sales pressure is an organizational factor, insurance companies themselves have to pay more attention on reducing the selling pressure created on insurance agents. Sales target is a vital source of sales pressure (Hair et al., 2009). So that, decreasing the sales targets of the company reduces the unethical behavior of insurance agents. Inability to cover the sales targets can hinder the employability of the agents. Hence, the struggle to cover the sales targets ends up with misconducts. There is a considerable number of inactive life insurance agents remain in the market yet. Part-time basis employees also give rise to unethical activities because employees struggling with limited time to make sales. Therefore, recruiting agents solely on a full-time basis enable reducing the sales pressure. The competition is very much intense in Sri Lankan insurance market among the market leaders as they have almost equal market shares. The competition should be win-win that benefits both insured and insurer. Therefore, it is necessary to focus on creating healthy competition by refraining from exaggeration of own products over competitors and disparaging competitors which might remain a black mark for the entire industry.

Towards this end, the role of regulators should be to demotivate the anti-competitive behavior in the market by means of encouraging the observance of voluntary code of conducts incorporated by IRCSL and issuance of guidelines for fair competition. Moreover, insurance policies must be in line with the principle of fairness which is referred to as both the parties to the insurance contract understand the same thing in the same sense. This enhances the clarity of the offering and convenience of selecting best suited product.

Despite insightful implications, the current study is not without few limitations. First, only few independent variables from the existing literature were concerned to present the model. Second, quantitative research approach was used. Thus, future studies can adopt other personal factors (e.g.: age, education, experience, subjective norms), organizational factors (e.g.: organizational scale) and environmental factors (e.g.: community culture) which are to be empirically tested in Sri Lankan context yet. Consequences of unethical behavior are also another promising field. Future studies can validate our findings using qualitative approaches too. Finally, investigation of the factors using the customer perspectives is another research arena.

APPENDIX
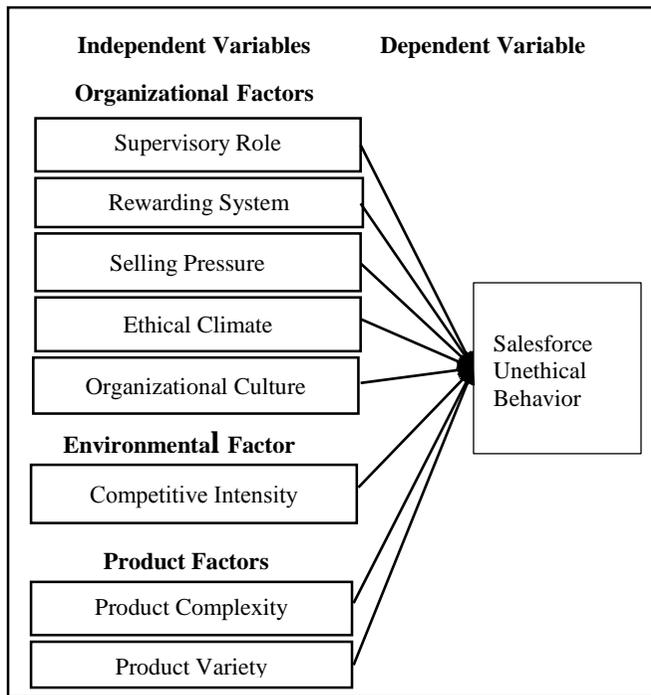
Figure 1: Conceptual framework

Table 1: Characteristics of the sample

		Frequency	**Percentage**
Gender	Male	84	55.3%
	Female	68	44.7%
Age	Below 30	54	35.5%
	Between 31 and 40	45	29.6%
	Between 41 and 50	34	22.4%
	Between 51 and 60	16	10.5%
	Between 61 and 70	3	2.0%
Education	Up to O/L	33	21.7%
	Up to A/L	79	52.0%
	Degree or Diploma	40	26.3%
Experience	Below 3	49	32.2%
	Between 3 and 5	31	20.4%
	Above 5	72	47.4%

Source: Survey data, 2020

Table 2: Descriptive statistics

	Minimum	Maximum	Mean	Standard Deviation
Supervisory Role	1.00	3.14	1.6274	.4881
Reward System	1.00	3.75	1.7815	.7113
Selling Pressure	2.00	5.00	3.9301	.7278
Ethical Climate	1.00	3.00	1.5762	.5143
Organizational Culture	1.00	3.33.	1.6200	.5432
Competitive Intensity	1.00	5.00	2.5338	.9771
Product Complexity	1.00	4.00	2.2710	.7722
Product Variety	1.00	4.00	2.0932	.7826
Salesforce Unethical Behavior	2.50	5.00	4.5217	.4791

Source: Survey data, 2020

Table 3: Reliability

Construct	No of items	Cronbach's Alpha
Supervisory Role	7	0.800
Reward System	4	0.666
Selling Pressure	6	0.768
Ethical Climate	5	0.841
Organizational Culture	3	0.621
Competitive Intensity	5	0.889
Product Complexity	4	0.807
Product Variety	3	0.639
Salesforce Unethical Behavior	10	0.909

Source: Survey data, 2020

Table 4: Validity

Construct	Measurement	KMO	BTS
Supervisory Role	SR	0.761	0.000
Reward System	RS	0.609	0.000
Selling Pressure	SP	0.800	0.000
Ethical Climate	EC	0.838	0.000
Organizational Culture	OC	0.628	0.000
Competitive Intensity	CI	0.881	0.000
Product Complexity	PC	0.746	0.000
Product Variety	PV	0.545	0.000
Salesforce Unethical Behavior	UB	0.856	0.000

Source: Survey data, 2020

Table 5: Correlation table

Variable	N	Pearson's Correlation Coefficient	P-Value
Supervisory Role vs Salesforce Unethical Behavior	143	-.173	.038
Reward System vs Salesforce Unethical Behavior	143	-.051	.545
Selling Pressure vs Salesforce Unethical Behavior	143	.367	.000
Ethical Climate vs Salesforce Unethical Behavior	143	-.219	.009
Organizational Culture vs Salesforce Unethical Behavior	143	-.267	.001
Competitive Intensity vs Salesforce Unethical Behavior	143	.92	.276
Product Complexity vs Salesforce Unethical Behavior	143	.49	.560
Product Variety vs Salesforce Unethical Behavior	143	.025	.765

Source: Survey data, 2020

Table 6: Model summary

Model	R	R-Square	Adjusted R-Square	Std.Error of the Estimate
1	0.475[a]	.225	.179	.43413

Source: Survey data, 2020

Table 7: ANNOVA table

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	7.348	8	.918	4.873	.000[b]
Residual	25.255	134	.188		
Total	32.603	142			

Source: Survey data, 2020

Table 8: Coefficient table

Model	Unstandardized B	Coefficients Std.Error	Sig.
(Constant)	3.999	0.320	0.000
Supervisory Role	-0.070	0.084	0.411
Rewarding System	0.014	0.054	0.798
Selling Pressure	0.214	0.053	0.000
Ethical Climate	-0.163	0.089	0.068
Organizational Culture	-0.125	0.079	0.117
Competitive Intensity	0.103	0.044	0.019
Product Complexity	0.004	0.049	0.092
Product Variety	-0.020	0.051	0.701

Source: Survey data, 2020

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