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Ferdous, Ahmed and Polonsky, Michael 2013, Predicting Bangladeshi financial salespeople’s ethical intentions and behavior using the theory of planned behavior: implications for developing countries, Asia Pacific journal of marketing and logistics, vol. 25, no. 4, pp. 655-673.

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Predicting Bangladeshi financial salespeople’s ethical intentions and behaviour using the theory of planned behaviour
Implications for developing countries
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Abstract

**Purpose** – The purpose of this paper is to examine whether the theory of planned behavior (TPB) can be used to explain financial salespeople’s ethical selling intentions and behaviour in developing countries. Understanding salespeople’s ethical intentions and behaviour is important as consumers in developing countries are more at risk of ethical abuse arising from higher information asymmetry, their lower levels of financial literacy and less effective services regulation relating to ethical sales practices. Developing countries also have fewer governmental social support mechanisms, making the purchase of insurance more important for protecting consumers’ financial well-being.

**Design/methodology/approach** – The paper examines 205 Bangladeshi financial salespeople’s ethical selling intentions and behaviour using the TPB. Structural equation modeling is used to analyze the constructs and overall model.

**Findings** – The findings identify that attitudes, subjective norms and perceived behaviour control (PBC) affect ethical selling intentions which, in turn, predict salespeople’s ethical sales behaviour. However, PBC does not directly relate to ethical sales behaviour.

**Research limitations/implications** – Understanding of the determinants of financial salespeople’s ethical selling intentions and behaviour is important for firms in developing countries and identifies that they need to develop effective management systems and foster organisational cultures that engender ethical behaviour. This is important in developing countries where ethical abuses and lapses will result in harm to consumers who have limited financial resources.

**Originality/value** – The results identify that the TPB applies to the selling of financial services in developing countries and, thus, broadens the applications and contexts of the TPB model. It also provides some managerial guidance as to how potential ethical breaches might be limited.

**Keywords** Ethics, Ethical selling, Theory of planned behavior, Financial services marketing, Developing country, Financial services

**Paper type** Research paper

Introduction

The global financial services industry is highly competitive and is facing a number of worldwide pressures, including, increased government regulation, a worldwide consolidation of firms, and higher customer expectations (Roman, 2003) as well as the global financial crisis of 2008-2009 (Tomasic, 2011; Walter, 2009). In a highly competitive market, growth is only possible through expanding the market or attracting competitors’ customers (Roman, 2003; Thornton and White, 2001). Thus, financial services firms, such as those marketing insurance products, might also need to expand their markets, including targeting consumers in developing countries. Marketing complex financial products can raise ethical issues as consumers in developing countries are more likely to have lower levels of financial literacy (Cole and Fernando, 2008; Xu and Zia, 2013). Consumers with low levels of financial literacy are more at risk of abuse through unethical selling practices as they are likely to rely heavily on salespeople’s recommendations (Andaleeb and Anwar, 1996; Reza and Iqbal, 2007). Low levels of financial literacy are especially problematic when marketing insurance (Cole et al., 2009), which is highly abstract and, consequently, difficult even for educated consumers to fully understand (Eastman et al., 1996; Kalra et al., 2003; Roman and Ruiz, 2005). Often there is also less governmental regulation of financial service products, which means policing of sales activities in developing countries is less likely to occur (Obalola and Adelopo, 2012).

There is some research on ethical practices within the banking and insurance industries (Cupach and Carson, 2002; Dunfee and Gunther, 1999; Hejase et al., 2013; Smith, 2010), but little examines the selling of insurance...
in developing countries (Al-Shaikh, 2003; Andaleeb and Anwar, 1996; Cooper and Dorfman, 2003; Obalola, 2010; Wood, 1995a). While business and sales ethics are important globally (Donoho et al., 2001), researchers have found there are generally more ethical business problems in developing countries (Akhter et al., 2009; Al-Khatib et al., 2004; Cuervo-Cazurral and Genc, 2008; Obalola and Adelopo, 2012). Ethical practices are important when selling insurance products, which are designed to protect consumers financially from unforeseen issues (e.g. health problems, disasters or death), especially in developing countries where consumers have less access to social security systems (van Ginneken, 2003). Insurance products, therefore, provide these consumers with some level of financial security (Browne and Kim, 1993; Kakar and Shukla, 2010; Li et al., 1996; Reza and Iqbal, 2007). This situation increases the importance of insurance goods for consumers in developing countries, while, at the same time, makes developing country consumers vulnerable to ethical abuses (i.e. firms have a greater ability to take advantage of consumers) (Andaleeb and Anwar, 1996; Obalola, 2010).

To understand the drivers of insurance salespeople’s ethical behaviour, we use Ajzen’s (1991) theory of planned behaviour (TPB). The TPB uses social norms, attitudes, and perceived behaviour control (PBC) as predictors of ethical intentions to explain the underlying processes that lead people (including salespeople) to engage in ethical or unethical behaviour (Henle et al., 2010; Park and Blenkinsopp, 2009). By using the TPB model in the present study, we extend Dubinsky and Loken’s (1989) model of salespeople’s ethical decision-making. Some past research has suggested that behavioural intentions may not always lead to actual behaviour (Carrington et al., 2010; Davies et al., 2002), thus, our study tests whether salespeople’s ethical intentions predict their behaviour.

There are three objectives of this research. First, the research seeks to determine whether the TPB can be applied to understand ethical sales behaviour in a developing country context. Second, the study examines whether insurance salespeople’s intentions to behave ethically predict ethical sales behaviour. Third, the research uses the results to identify ways that organisations selling insurance in developing countries could potentially manage salespeople’s ethical intentions and behaviour (Cherry, 2006; DeConinck, 1992; Mulki et al., 2009).

Theoretical background

Financial services and ethical vulnerability in developing countries

Developing countries have recently been experiencing growth in their financial services sector (Kefela, 2010), with insurance companies targeting developing countries for expansion (Arena, 2008; Outreville, 1996). This market has huge potential for expansion as the majority of developing country consumers are not covered by governmental social welfare (van Ginneken, 2003), thus making them likely to buy insurance products that protect their financial security (Kakar and Shukla, 2010; Ward and Zurbruegg, 2002). However, financial products are also complex which can disadvantage consumers in developing countries especially if they have lower levels of financial sophistication or financial literacy (Cole and Fernando, 2008; Cole et al., 2009; Kefela, 2010; Xu and Zia, 2013). As a result, the consumers are frequently ill-equipped to fully appreciate their rights and responsibilities when purchasing financial products (Kefela, 2010; Obalola, 2010).

Research has also suggested that the commission compensation system used in the insurance industry can create an agency problem (Kurland, 1991), as the salespeople’s personal interests are in conflict with the customers’ interests. The impact of commissions is even more important in developing countries where wages are comparatively lower than in developed countries (Liu et al., 2011) and, thus, the relative benefits to salespeople of personal ethical breaches (i.e. through generating higher sales) are greater.

It is, therefore, not surprising that ethical issues arise when selling financial products in developing countries (Bhatt and Tang, 2001; Kefela, 2010; Obalola, 2010).

In practical terms, it may also mean that poorer consumers in developing countries are paying with their already limited financial resources for products that do not adequately meet their needs, which, in turn, increases their financial vulnerability (Amin et al., 2003). Insurance providers in developing countries, therefore, need to understand the underlying determinants of salespeople’s intentions to act ethically when dealing with local consumers. The TPB may be a helpful framework for assisting in understanding and managing intentions, as it examines how attitudes, subjective norms and PBC predicts intentions and behaviours, including those related to ethical selling (Kurland, 1991, 1996).

Ethical sales behaviour using the TPB approach

Ethics is the branch of moral philosophy that deals with moral judgments, standards, and rules of conduct (Hansen and Riggle, 2009), and society requires individuals to behave according to those rules (Gundlach et al., 2003). Ethical sales behaviour has been depicted as behaviours on the part of the salesperson that promote
the welfare of the customer (Roman and Ruiz, 2005), and have been measured in a range of ways such as fair play, honesty and full disclosure (Hansen and Riggle, 2009; Kurland, 1996; Roman, 2003; Roman and Munuera, 2005). Researchers have found that there are both individual and organisational factors driving ethical behaviour (Ferrill et al., 2007; McClaren, 2000, 2013).

Dubinsky and Loken (1989) used Ajzen and Fishbein’s (1980) theory of reasoned action (TRA) to analyze the determinants of salespeople’s intention to behave ethically. The TRA does not include PBC on intention, which was later integrated into Ajzen’s (1991) TPB. The TPB has been applied in a number of countries and employee contexts for evaluating ethical behaviour. For instance, in the employee context, the TPB has been used to predict the time-theft behaviour of employees (Henle et al., 2010), employees’ willingness to report unethical organisational behaviour (Park and Blenkinsopp, 2009), unethical financial reporting (Carpenter and Reimers, 2005), employees’ willingness to deal with ethical IT issues (Leonard et al., 2004), managers’ willingness to undertake unethical behaviours (Cherry, 2006), as well as predicting salespersons’ ethical intentions (Kurland, 1995, 1996; Schwepker, 1999).

According to the TPB, intentions to carry out a given behaviour are a function of three types of underlying beliefs:

1. attitude toward the behaviour;
2. the subjective norm; and

These underlying beliefs are directly related to organisational sales force management (McClaren, 2000, 2013), as they apply to individual characteristics such as whether individuals’ attitudes are consistent (or not) with organisational values. While the TPB model works well to predict intentions, it is also important to understand how the variables relate to self-reported behaviour (Armitage and Conner, 2001). Unfortunately, most ethics-related studies using the TPB focus on individuals’ intentions and assume that ethical intentions predict ethical behaviour (Leonard et al., 2004). It has also been suggested that intentions may not always be related to actual behaviour (Carrington et al., 2010; Davies et al., 2002). This study applies the TPB model to predict ethical selling intentions and behaviour, using a sample of Bangladeshi life insurance salespeople. The hypotheses are discussed in the next section (Figure 1).

**Figure 1. The conceptual framework**

**Hypotheses development**

**Determinants of behavioural intention**

Ajzen’s (1991) TPB suggests that attitudes toward an activity predict a person’s intention to participate in that activity, although the application of the model generally has focused on behavioural intentions rather than actual behaviour (Armitage and Conner, 2001). In the model, attitudes refer to the degree to which a person has a favourable or unfavourable evaluation of the behaviour in question. If a person perceives that there are positive outcomes from an activity, his or her attitude toward that behaviour is likely to be positive (Ajzen and Madden, 1986). Some of the previous research in ethical behaviour at the organizational level demonstrates that attitudes are strong predictors of behavioural intentions (Cherry, 2006; Henle et al., 2010; Leonard et al.,
2004; Park and Blenkinsopp, 2009), including salespersons’ intentions to act unethically (Kurland, 1996). Consequently, we hypothesize that salespeople’s attitudes toward ethical selling will empirically be related to their ethical selling intentions, thus:

H: Salespeople’s attitudes toward ethical sales behaviour is positively related to their intention to act ethically.

There is considerable research showing that people are influenced by subjective norms, which is the behaviour or attitudes of others (Ajzen, 1991). Subjective norms occur in society, the family, work, or respected others (Ajzen, 1991). Subjective norms form social pressures that either encourage or discourage specific intentions. Within the research on ethically-related activities, a number of authors have found that subjective norms influence intentions (Carpenter and Reimers, 2005; Cherry, 2006; Henle et al., 2010; Leonard et al., 2004; McClaren et al., 2010; McClaren, 2013; Park and Blenkinsopp, 2009).

In the area of ethical sales it has been suggested that corporate norms are important in shaping and regulating employee behaviours (Cherry, 2006; Henle et al., 2010; McClaren, 2000, 2013; McClaren et al., 2010; Mulki et al., 2009; Roman and Munuera, 2005; Sims, 1992). While TPB research suggests there should be a link between norms and intentions, Kurland (1996) found an insignificant relationship between subjective norms and sales agents’ intentions to act unethically. On the other hand, several studies have found that a positive corporate culture assists in managing the risk of unethical acts by financial services employees (Baglini, 2001; Herndon et al., 2001). Social norms may be especially important in developing countries, if high levels of collectivism exist (Bianchi and Saleh, 2010; Husted and Allen, 2008; Wasti, 1998). Within this study, it is proposed that there is a positive relationship between subjective norms and salespeople’s ethical selling intentions. Thus:

H2. Subjective norms are positively related to salespeople’s intentions to undertake ethical sales behaviour.

The TPB advanced the TRA, by incorporating the fact that people’s actions and intentions are also based on the individual’s belief that they can control their own behaviour (i.e. PBC) (Ajzen, 1991). Researchers have suggested that PBC has both a direct and indirect influence on behavioural intentions (Armitage and Conner, 2001). Previous studies looking at ethically-related behaviours have found that PBC is indeed related to behavioural intentions (Cherry, 2006; Henle et al., 2010; Kurland, 1996; Park and Blenkinsopp, 2009), but have not examined how PBC is linked to behaviour (Henle et al., 2010; Park and Blenkinsopp, 2009). Given the equivocal results across studies related to PBC and intentions, as well as the fact that the TPB is ultimately concerned with behaviour, we propose that PBC is likely to impact on salespeople’s ethical selling intentions. Thus:

H3. Salespeople’s PBC is positively related to their intention to undertake ethical sales behaviour.

Determinants of ethical sales behaviour

The TPB also proposes that PBC directly influences intentions and actual behaviour (Armitage and Conner, 2001), as effort expended is likely to increase with PBC (Cordano and Frieze, 2000). Thus, salespeople who perceive they can act ethically, act on that belief. None of the past studies on ethics (managers or salespeople) has examined the direct relationship between PBC and behaviour. However, other research has found significant links between PBC and behavior for consumers (Carrington et al., 2010) and employees (Ferdous, 2010). Given that behaviour is the ultimate construct of interest within the TPB, we suggest that there is also a direct positive link between PBC and reported ethical sales behaviour. Thus:

H4. Salespeople’s PBC is positively related to their ethical sales behaviour.

Ethical selling intention is the extent to which salespeople willingly try to behave ethically, which is consistent with the TPB view that intentions are an antecedent to behaviour (Ajzen, 1991). A meta-analysis of TPB by Armitage and Conner (2001) found empirical support for the link between intentions and behaviour, which was also supported in two works that have looked at ethical employee behaviour and intentions (Henle et al., 2010; Park and Blenkinsopp, 2009), although they were not sales related. Other researchers, however, have questioned the link between intentions and behaviour, although they relate to consumer rather than employee contexts (Carrington et al., 2010; Davies et al., 2002).
Most of the previous studies on salespersons’ ethical intentions have not examined whether intentions translate to ethical behaviour (Cherry, 2006; Leonard et al., 2004), but this should occur according to the TPB (Henle et al., 2010; Park and Blenkinsopp, 2009). Therefore, we hypothesize that there will be a link between salespersons’ ethical intentions and their ethical selling practices. Thus:

Hs. Salespeople’s intention to undertake ethical selling is positively related to their ethical sales behaviour.

Methodology
Data collection
This research focuses on understanding insurance salespeople’s ethical intentions and behaviour in Bangladesh, a developing country. Bangladesh is an appropriate country to study as its insurance industry has experienced double-digit growth (22 per cent) over the last decade (Ahmed, 2011; Habib, 2007). Macro- and micro-economic indicators and performance vary across developing countries. There are at least three such factors that occur, to differing degrees across developing countries, that place consumers at risk from unethical selling practices:

1. consumers in many developing countries face a high level of information asymmetry about insurance products and have lower levels of financial sophistication (Kefela, 2011; Reza and Iqbal, 2007; Xu and Zia, 2013);
2. developing countries often have less regulation in regard to ethical selling and, even when regulations exist, they are not well enforced (Obalola and Adelopo, 2012); and
3. developing countries often have lower levels of social security thus placing consumers at risk from high pressure or unethical selling practices (Andaleeb and Anwar, 1996; Cole et al., 2009).

After receiving university ethics clearance and approval from the targeted organisation, surveys were distributed to full-time salespeople working for a large Bangladeshi life insurance company. The self-administered questionnaire was distributed at the company’s half-yearly sales meeting, an approach that has been used in earlier financial sector research (Boorum et al., 1998; Kelley, 1992; Roman and Munuera, 2005). The cover letter assured respondents that the survey was voluntary and data were confidential, and that individual data would not be passed on to the organisation. In total, 219 completed surveys were returned from a total sample of 245 salespeople. To address potential social responsibility bias (Podsakoff and Organ, 1986), respondents who scored more than 85 per cent on Haghighat’s (2007, 2008) social desirability scale were excluded (i.e. 14 responses). The final usable sample was 205 (83.7 per cent of the population).

Sample characteristics
As shown in Table 1, the usable sample (205) consisted of 167 (81 per cent) males and 38 females (18 per cent), reflecting the heavy male orientation within the insurance company. Within this sample, 35 per cent of respondents were between the ages of 26 and 29 years, 44 per cent were aged between 30 and 33 years, while 21 per cent were between the ages of 34 and 37 years. The organisation only hires people who have a successful track record, thus, younger salespeople do not exist in this firm, whereas older more experienced salespeople tend to shift into managerial positions. The firm requires that all salespeople have a university degree, therefore, 54 per cent of participants had a bachelor’s degree and 46 per cent had a masters degree.

Most respondents (98 per cent) had between three and five years’ experience as insurance salespeople, with four years being the average length of service, reflecting the organisation’s hiring practices of attracting people with industry experience. Self-reported sales performance was assessed using the organisation’s performance review criteria, with which all their salespeople are regularly provided. Our sample comprised 105 (51 per cent) acceptable and 100 (49 per cent) high-performing salespersons. There were no people in the unsatisfactory category, which might reflect the fact that, in this organisation, people achieving an unsatisfactory rating would have their position terminated.

Prior to undertaking the structural model, the demographics were examined to determine whether age, gender, education, experience or performance influenced the five TPB constructs (i.e. intentions, subjective norms, PBC, attitudes and behaviour). The examination was undertaken to determine whether these factors should be integrated into the model, as past research has provided equivocal results in terms of the impact of demographics on ethical behaviour (Leonard et al., 2004; Obalola, 2010; Roman and Munuera, 2005). The results (using t-tests and one-way analysis of variance) indicated that the demographic characteristics had no effect (Table 1), thus, these factors were excluded from the model.
Measures
The survey questionnaire used was composed of three sections:
(1) items measuring the predictor constructs (attitude, subjective norm, and PBC) of the TPB;
(2) items for measuring intentions and ethical behaviour; and
(3) items designed to assess respondents’ social desirability and respondents’ demographics.

Table I. Means (standard deviation) of TPB constructs across demographic characteristics

Table II shows the TPB items used in this study and standardized factor loadings of the items within each construct. The three items for measuring attitudes toward ethical selling were drawn from the work of Kurland (1996). Subjective norms were measured using three items based on the studies of Ajzen and Madden (1986) and Randall and Gibson (1991). Three items were adapted from Ajzen and Madden (1986) to measure the PBC.
of salespeople. Behavioural intentions were measured, using three items also adapted from Ajzen and Madden (1986). To measure ethical sales behaviour, three scale items were adapted from Roman and Munuera (2005). To access social responsibility bias, four items developed by Haghighat (2007, 2008) were used. All TPB constructs were measured using five-point Likert scales. Social responsibility was assessed using dichotomous scales, and demographics using categorical scales.

**Measurement reliability and validity**

SPSS and AMOS 17 were used to test for item reliability, construct validity and to assess the overall structural model. The Cronbach’s a values of all the composite constructs were equal to or higher than the cut-off value of 0.7 (Table II) (Bagozzi and Yi, 1988; Bollen, 2005; Nunally and Bernstein, 1978), thus indicating acceptable internal consistency for the measures.

**Table II. Measurement scales**

<table>
<thead>
<tr>
<th>Constructs</th>
<th>SFL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attitude</strong> (Cronbach’s α = 0.71)</td>
<td></td>
</tr>
<tr>
<td>ATT1: good-bad</td>
<td>0.75</td>
</tr>
<tr>
<td>ATT2: beneficial-detrimental</td>
<td>0.60</td>
</tr>
<tr>
<td>ATT3: pleasant-unpleasant</td>
<td>0.67</td>
</tr>
<tr>
<td><strong>Subjective norm (Cronbach’s α = 0.71)</strong></td>
<td></td>
</tr>
<tr>
<td>SUB1: it is expected of me to act ethically</td>
<td>0.66</td>
</tr>
<tr>
<td>SUB2: most of my colleagues who are important to me think that I should act ethically with my clients</td>
<td>0.66</td>
</tr>
<tr>
<td>SUB3: most colleagues whose opinion I value would approve of my behaviour to act ethically with my clients</td>
<td>0.72</td>
</tr>
<tr>
<td><strong>Perceived behavioural control (Cronbach’s α = 0.75)</strong></td>
<td></td>
</tr>
<tr>
<td>PHB1: for me to act ethically is always possible if I want</td>
<td>0.80</td>
</tr>
<tr>
<td>PHB2: if I wanted to I could act ethically</td>
<td>0.63</td>
</tr>
<tr>
<td>PHB3: it is mostly up to me whether or not I behave ethically</td>
<td>0.70</td>
</tr>
<tr>
<td><strong>Control</strong> (Cronbach’s α = 0.73)</td>
<td></td>
</tr>
<tr>
<td>INT1: I will intend to act ethically with my clients</td>
<td>0.71</td>
</tr>
<tr>
<td>INT2: I will plan to act ethically with my clients</td>
<td>0.70</td>
</tr>
<tr>
<td>INT3: I will make an effort to act ethically with my clients</td>
<td>0.65</td>
</tr>
<tr>
<td><strong>Ethical Sales behavior (Cronbach’s α = 0.74)</strong></td>
<td></td>
</tr>
<tr>
<td>ESB1: I will make an effort to act ethically with my clients</td>
<td>0.76</td>
</tr>
<tr>
<td>ESB2: if I am not sure a product is right for a client, I will still apply pressure to get the client to buy</td>
<td>0.70</td>
</tr>
<tr>
<td>ESB3: I provide misleading information about the products or services in order to make the sale</td>
<td>0.62</td>
</tr>
<tr>
<td><strong>Multifactor CFA result:</strong> $\chi^2 (82) = 75.15, (p = 0.63),$ GFI = 0.95, AGFI = 0.93, CFI = 1.0, TLI = 1.01 and RMR = 0.03, RMSEA = 0.03.</td>
<td></td>
</tr>
</tbody>
</table>

Notes:  Source used for developing construct items: Karland (1996), Ajzen and Madden (1996), Randall and Gibson (1991) and Roman and Munuera (2005); SFL = standardized factor loadings

Descriptive statistics and correlations among the key study variables are provided in Table III. Convergent and divergent validity of the instrument were examined using the three-step procedure outlined by Bollen (2005). First, each of the constructs was modelled as a multi-factor first-order measure using correlated variables, and indicated good fit ($x^2 (82) = 75.15, (p = 0.63)$, GFI = 0.95, AGFI = 0.93, CFI = 1.0, TLI = 1.01 and RMR = 0.03, RMSEA = 0.03). Second, all items within the constructs had loadings over 0.60, thereby demonstrating convergent validity. Third, the inter-construct correlations were found to be not large (the highest being 0.48), thus providing further evidence of discriminant validity (Bollen, 2005; Salisbury et al., 2001) (Table II).

**Results and discussion**

The statistical power of our analysis using MacCallum et al.’s (1996) guidelines suggests a minimum sample of 16 respondents is needed to obtain a standard 0.80 power level (based on the exact fit and with 82 degrees of freedom at the 0.50 alpha levels). With a usable sample of 205, the power of our model approaches one, indicating adequate power for the assessment. As all data were self-reported, we tested for common method variance (CMV) bias (Podsakoff and Organ, 1986) by comparing the fit of our structural model with and without the introduction of a latent CMV factor (Podsakoff et al., 2003). The results of this test indicated that all the paths that were significant when CMV was not introduced remained significant when CMV was introduced and, thus, support our model not being affected by CMV.
The fit statistics for the structural model (Figure 2) indicate that the theoretical model fits to the data, with GFI = 0.95, AGFI = 0.93, TLI = 0.99, CFI = 1.00, RMR = 0.03 and RMSEA = 0.03. The \( x^2 \) value is 81.3 with 82 degrees of freedom and \( p \) equal to 0.50. The structural model explains 34 per cent variance in ethical selling intention, and 25 per cent in self-reported ethical behaviour, suggesting that a reasonable part of the variance is explained in the model (Cohen, 1992). The unexplained variance is consistent with Park and Blenkinsopp (2009) and Kurland (1996) and, thus, any other variables that should be integrated in the future (McClen (2000, 2013), for a review of other possible variables).

All the structural paths are significant at \( p < 0.05 \), except for the path between PBC and ethical sales behaviour (H4) (Table IV). All other paths are significant attitudes (b (beta) = 0.19, CR (critical ratio) = 2.52, \( p \) (alpha) = < 0.05), subjective norms (b = 0.26, CR = 2.72, \( p < 0.05 \)), and PBC (b = 0.37, CR = 3.74, \( p < 0.05 \)) predicted ethical selling intentions. Thus, H1-H4 were accepted. Ethical selling intention (b = 0.48, CR = 3.80, \( p < 0.05 \)) is also positively and significantly related to ethical sales behaviour (i.e. H5 is supported).

Table III. Descriptive statistics and correlations for study variables

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>ATT</th>
<th>SUB</th>
<th>PBC</th>
<th>INT</th>
<th>ESB</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATT</td>
<td>4.52</td>
<td>0.48</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUB</td>
<td>3.82</td>
<td>0.77</td>
<td>0.20*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PBC</td>
<td>3.73</td>
<td>0.75</td>
<td>0.22*</td>
<td>0.21*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INT</td>
<td>4.02</td>
<td>0.74</td>
<td>0.32*</td>
<td>0.26*</td>
<td>0.36*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>ESB</td>
<td>3.80</td>
<td>0.62</td>
<td>0.26*</td>
<td>0.27*</td>
<td>0.22*</td>
<td>0.35*</td>
<td>1</td>
</tr>
</tbody>
</table>

*Note: Correlation is significant at the *0.01 level (two-tailed test)*

Figure 2. Structural model and standardised path results

Table IV. Standardised structural path results

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Standardised estimate</th>
<th>Critical ratio</th>
<th>( p )-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>( H_1 ) Attitude → ethical intentions</td>
<td>0.19</td>
<td>2.52</td>
<td>0.03</td>
</tr>
<tr>
<td>( H_2 ) Subjective norm → ethical intentions</td>
<td>0.26</td>
<td>2.72</td>
<td>0.00</td>
</tr>
<tr>
<td>( H_3 ) PBC → ethical intentions</td>
<td>0.37</td>
<td>3.74</td>
<td>0.00</td>
</tr>
<tr>
<td>( H_4 ) PBC → ethical sales behaviour</td>
<td>0.03</td>
<td>0.29</td>
<td>0.76</td>
</tr>
<tr>
<td>( H_5 ) Ethical intentions → ethical sales behaviour</td>
<td>0.48</td>
<td>3.80</td>
<td>0.00</td>
</tr>
</tbody>
</table>

*Note: PBC = perceived behavioural control*

There are two significant findings from this research. First, the TPB model successfully explains the determinants of salespeople’s ethical selling intentions in a developing country situation, even though ethical lapses might be more likely to occur (Akhter et al., 2009; Al-Khatib et al., 2004; Cuervo-Cazurral and Genc, 2008), because of higher levels of information asymmetry and low levels of financial literacy (Andaleeb and
Anwar, 1996; Reza and Iqbal, 2007). The structural path results of our study identify that salespeople’s ethical intentions are predicted by their attitude, subjective norm and PBC. The significant link between PBC and ethical intentions, therefore, directly extends MacCallum’s (1989) results, which stopped at examining salespeople’s ethical intentions. The results are also consistent with findings of previous studies that used the TPB to explain the determinants of intentions in various ethically-related contexts (Henle et al., 2010; Park and Blenkinsopp, 2009).

Second, the model identifies that ethical selling intentions predict salespeople’s ethical behaviour, which has not been examined in past research (Cherry, 2006; Leonard et al., 2004). Results indicate that the model accounted for 34 per cent variation in intentions and 25 per cent variation in behaviour, which is consistent with Armitage and Conner’s (2001) study, which found that the TPB explained intentions more strongly than behaviour.

The analysis identifies that PBC has the strongest effect (b ¼ 0.37) on ethical intentions, However, PBC is not directly related to behaviour. This indicates that the relationship between PBC and ethical behaviour is mediated by ethical intentions (e.g. see Little et al., 2007), for details on the SEM mediation affect). This is an additional contribution as past research on sales ethics has not examined the direct relationship between PBC and behaviour (Kurland, 1995, 1996). Additionally, path results of attitudes and subjective norms reveal a direct and significant effect on ethical selling intentions, which, in turn, have a strong effect (b ¼ 0.48) on ethical sales behaviour. The path results also identify that ethical intentions fully mediated the relationship between predictors (i.e. attitude and subjective norm) and behaviour in our hypothesized model.

Implications
Given that governmental social support is virtually non-existent in many developing countries, consumers are likely to increase their purchases of insurance products to protect against negative life consequences (van Ginneken, 2003; Kakar and Shukla, 2010). Thus, protecting a developing country’s at-risk consumers (Andaleeb and Anwar, 1996; Cole et al., 2009; Obalola, 2010; Reza and Iqbal, 2007) from unethical sales practices is important. It is, therefore, pleasing that insurance salespeople in a developing country appear to behave ethically (mean value of 3.79).

The results of our study support the fact that the TPB can predict the ethical selling of financial services in developing countries, thereby broadening the applications and contexts of the model. The results also suggest that there are important drivers (i.e. antecedents) of ethical practices that might be leveraged by organisations operating in developing countries, a result which is consistent with suggestions in past research (Akhter et al., 2009; Al-Khatib et al., 2004).

From a practical perspective, the research provides a number of suggestions for organisations operating in developing countries seeking to ensure sales people behave ethically (Sims, 1992). Subjective norms are clearly important (McClaren et al., 2010; McLaren, 2013), thus, organisations need to focus on creating environments that are supportive of ethical behaviour, and to socialise new employees into these values. Management, therefore, needs to communicate the organisation’s ethical values to new employees during sales training, and in meetings to its existing employees. Additionally, the induction program targeted to new employees can include interactive sessions where an experienced salesperson highlights their ethical selling practices and how the organisation has valued their ethical practices. This would make sense in developing countries that have higher levels of collectivism, as salespeople would be attuned to working towards a group benefit (Bianchi and Saleh, 2010; Husted and Allen, 2008; Wasti, 1998). Any sales organisation must, therefore, have a strong moral compass to set appropriate standards (Mulki et al., 2009; Rossouw and van Vuuren, 2003), which are then fostered in employees. The importance of attitudes also means that firms should focus on hiring employees who are ethically-oriented, as individuals’ values have been found to shape employees’ ethical attitudes (Obalola, 2010) and, therefore, their intentions and behaviour. Simply having good policies in place (i.e. organisational norms) would not be sufficient to shape behaviour, unless the norms become integrated into the individual’s psyche (Akhter et al., 2009; Wood, 1995b). Therefore, financial organisations may use various internal communications tools such as company newsletters, newspapers, noticeboards and conferences in an integrated fashion to better “communicate” and “sell” the organisation’s ethical norms and values to its salespeople (Ferdous, 2008). Additionally, tracking the antecedents of salespeople’s ethical intentions and behaviour through conducting employee surveys and focus group discussions would aid organisations to develop corporate cultures and management systems that inculcate ethically-oriented employee attitudes and behaviours (Akhter et al., 2009; DeConinck, 1992; Ferrell et al., 2007; McClaren, 2000; Sims, 1992).

The fact that ethical selling intentions are significantly related to self-reported behaviour in developing countries is important, as it indicates that financial services salespeople who intend to behave ethically do so, even in situations where there may be many opportunities for ethical abuses. In contexts where salespeople...
work in a relatively unsupervised setting (Kurland, 1996), it is harder to manage their interactions with customers (Bellizzi and Hite, 1989) and ensure that agency issues do not eventuate. Such interactions can be regulated, however, through disclosure statements for customers, although disclosures may not be effective if consumers have low financial literacy as well as low traditional literacy, as occurs in many developing countries (Cole et al., 2009; Kakar and Shukla, 2010). This further underlines the importance of having an ethical organisational environment that provides norms where ethical behaviour is supported and expected, with employees who have positive attitudes and intentions in regard to ethical behaviour. Organisations also need to monitor sales behaviour to ensure that salespeople behave in appropriate ways. In addition, firms need to take action when salespeople breach norms and guidelines, which should include imposing significant sanctions such as termination of employment. Such actions would reinforce the importance placed on ethical sales practice and would limit the potential negative impacts of information asymmetry (Akhter et al., 2009; Andaleeb and Anwar, 1996; Kefela, 2010).

Future research
The study collected data from a single firm within a single developing country. While other research has also used single firm data (Mulki et al., 2009; Park and Blenkinsopp, 2009; Roman and Munuera, 2005), it would be valuable to extend this research to other countries and/or multiple firms. A multiple firm perspective would be especially important if research sought to integrate the role of differences in organisational orientation, which could not be captured within a single firm. Replicating the research within firms in developed countries and in other developing countries would also allow the generalisability of the relationships to be validated. The TPB model could also be expanded to include institutional factors such as the organisational ethical climate (Ferrell et al., 2007; McClaren et al., 2010), the rigour of the monitoring process, the reward systems (Roman and Munuera, 2005), and the consequences of breaching ethical standards (DeConinck, 1992). Other salespeople’s characteristics could also be included (McClaren, 2000), such as individual ethical orientation (Ferrell et al., 2007) or moral judgment (Leonard et al., 2004). Finally, in this paper we have focused on the salespersons’ perspectives. It would also be valuable to assess how customers in developing countries view sales behaviours, in terms of perceived ethical behaviour, as well as measuring their satisfaction with the encounter. Educational programs (corporate or governmental) might be needed if consumer research identifies that consumers do not fully understand the products being purchased or the sales process.

References


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