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### THE RELATIONSHIP BETWEEN AGENTS' ETHICAL BEHAVIOR AND CUSTOMERS ATTITUDE, SATISFACTION TRUST AND COMMITMENT

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#### **ABSTRACT:**

The aim of this quantitative, cross-sectional, survey research was to determine the relationship between agents' ethical behavior and customers' attitude, satisfaction, trust and commitment. An online questionnaire was used to collect quantifiable data from bank customers in Jeddah, KSA, who were subscribed to the Takaful insurance plan. A total of 52 validly completed questionnaires were garnered and data analyzed using SPSS version 21 to address four objectives. The findings showed no statistically significant correlation between Takaful agents' ethical behavior and customer attitude towards Takaful insurance companies ( $r=.240$ ,  $p=.086$ ). Similarly, no statistically significant relationship was found between Takaful agent's ethical behavior and customer commitment towards Takaful insurance companies ( $r=.172$ ,  $p=.224$ ). However, a statistically significant positive correlation between Takaful agents' ethical behavior and customer satisfaction with Takaful was established ( $r=.463$ ,  $p=.001$ ). Likewise, a comparatively stronger, statistically significant relationship was reported between Takaful agent's ethical behavior and customer trust in Takaful insurance companies ( $r=.822$ ,  $p=.000$ ).

#### **INTRODUCTION:**

By nature and tradition, insurance is usually sold by agents. These are sales representatives who interact with the customers directly, explain the nature of the product and signs up the customers under the various policies. In Islamic insurance, the process is still the same. Unethical behavior among insurance

agents has been of major concern in conventional life insurance due to the direct interaction that agents have with the customers and the almost non-existent interaction that the customer has with the insurance company [1]. This process is replicated in Islamic life insurance. However, in Islamic life insurance, there are very limited data on the implications of the ethical behavior of the agent to the customer due to the relative newness of the industry. A major factor that is often pointed out as creative incentives for agents to act unethically is the commission based compensation system [2, 3]. Annuar [4] as well as Salleh and Kamaruddin [1] observe that the ethical behavior of the agent is highly critical in determining the response of the customer. This is mainly due to the direct contact the agent has with the customer. In selling insurance, the agent has to interview the customer on a variety of highly personal matters and make recommendations based on how they judge the customer. This implies that the customer and the agent get very close, where the relationship they develop is the main determinant of how the customer is to respond. Salleh and Kamaruddin [1] also observed that regardless of the other factors pointed out, the most important determinant of whether a customer responded positively to life insurance sales agents was the trust they had in them. This is a clear indicator that the ethical behavior of the agent has significant implications for the customers [5].

In perception, it has been observed that the ethical behavior of the agent has a direct effect. This is through the way communication is handled and the knowledge about the product and its appropriateness that the agent portrays. A highly ethical agent is expected to communicate effectively and with respect and take time to understand the circumstances of the customer before trying to pitch for the product. Unethical agents have been found to hide some aspects of the product that increases the cost of the product or even disregard some aspects of the customer that would make the product inappropriate for them [6]. It is therefore clear that the ethics of the agent have a direct relationship with perception of the customer. The level of satisfaction is always a major concern for insurance companies since it facilitates the selling of more products to the customer and generation of referrals. Satisfaction can be linked directly to the ethical behavior of the agent through efficiency in handling the customers' queries and professionalism in the presentation of the product [7, 8]. A reliable level of due diligence before recommending the product is also common with highly ethical agents and this has also been found to promote the level of satisfaction. The efficiency of the insurance company, however, can affect the level of satisfaction of the customers in ways that the ethical behavior of the agent cannot. A loyalty which is similar to commitment has also been linked directly to the ethical behavior of the agent. Loyalty has been observed to be affected by the ethical behavior of the agent through honesty, and reliability [9]. Honesty and reliability are values that the agent adopts depending on their ethical inclinations. For the Islamic life insurance product customers, these values are highly important and they are the basis of a long term relationship [10]. The commission incentive however can influence the agents to become unethical and as a consequence affect the loyalty they are given by the clients. Due to the high importance that the customers attach to

honesty and reliability, the loyalty given to agents has been witnessed to even influence the customers to shift with them to new companies when agents become independent [11].

Trust is closely related to honesty and is an element of the customers' response that has been found to be closely linked to the ethical behavior of the agents. The challenge with trust is that there are no obvious behavioral attributes apart from honesty that can be pointed as the determinants of the level of trust that agents receive [12]. Trust is developed over time through a highly intuitive process according to customers of Islamic life insurance products have often pointed to the time they have been working together with an agent in determining how much they can trust them [13].

Despite the strong relationship that has been found between the ethical behavior of the agent and the perceptions, attitude, satisfaction and commitment to the customer, these same attributes have also been found to be affected by conventional factors such as, efficiency, reputation, communication strategies and size of the firm. The implication is that while the behavioral attributes of the agent with regard to ethics are important in determining the responses of the customer, conventional factors cannot be ignored and must be taken into account if a comprehensive view of the Islamic life insurance customers' perception and attitude is to be developed. Therefore, this study determines the relationship between agents' ethical behavior and customers' attitude, satisfaction, trust and commitment. The problem addressed in this study is the scarcity of empirical evidence concerning the relationship between agents' ethical behavior and customers' attitude, satisfaction trust and commitment. This is despite the impressive statistics on the growth and adoption of Takaful Insurance services around the world and the acknowledged role of Takaful agents in influencing customer willingness to purchase Takaful products.

## **METHODOLOGY**

This study used quantitative methods and online questionnaire survey is used to gather the primary data from all Takaful customers from the Kingdom of Saudi Arabia (KSA). The collected data was analysed using software SPSS version 21.

### ***Research Design***

Quantitative methods were used in this study because as the nature of the research questions required the measuring of relationships (correlations) and the strengths of such relationships between different variables. Cross-sectional and web-based survey research designs were utilized and this complemented the application of the quantitative research methods. A cross-sectional research design has been described as involving data collected from and about more than one case at any given instance in a particular time period [14]. Furthermore, a cross-section research design allows the researcher to retain the objective of collecting data that are either quantifiable or quantitative with regards to over two variables at the specified time period [14].

The survey research design also consists of a facet that is closely related to the cross-sectional research design, which involves the domineering collection of data through structured interviews or questionnaires [15, 16]. In addition, Hair, Money, and Chichester [16] contended that the survey research design deals with more than one particular case at any given point with a view to garnering quantitative or quantifiable data, which implicates multiple variables. Combining the cross-sectional, and web survey research design allowed for data collection online, which compensated for the limitations encumbering this research such as time and financial constraints.

### *Sampling*

The target population in this study comprised of all Takaful customers from the Kingdom of Saudi Arabia (KSA). Non-probability judgmental or purposive sampling, which includes the selection of study participants considered to be most relevant to the study objectives [17].

In this study, a total of 100 questionnaires were distributed, 52 were returned suitable for the analyses. Boolean type questions (yes/no) were included in the design to investigate the attitude and perception of the family Takaful plan customers. Prompts concerning customers' satisfaction, trust and commitment to the Takaful plan were 5-point Likert scale where 1= "Very Dissatisfied" and 5= "Very Satisfied".

### *Data collection*

Facts that are collected through numerical encoding must be analyzable statistically in their natural forms, as the focus regions of a particular research as stated by Hair, Money, and Chichester [16]. Conversely, qualitative data collection instruments usually collect data, which necessitates and favors descriptive analyses without the need for direct assignment of numerical values to the target regions of a research [15]. The achievement of the research objectives in the current research required the application of statistical operations of data that represent otherwise a non-statistically analyzable item of data, the use of a questionnaire was most ideal for relevant collection of data. The data were collected from bank customers in Jeddah, KSA, who were subscribed to the Takaful insurance plan. The data of this research were collected by a designed online questionnaire. The first section of the questionnaire focused on the demographic variables and age, gender and other personal information. The second section of the questionnaire focused on questions about the dependent and independent variables proposed in the research model. The questionnaire also contained questions to investigate the awareness, knowledge and understanding of the concepts of Takaful plan, beside the satisfaction, attitude, perception, trust and commitment to the customers. The software SPSS version 21 is used to analyses the collected data.

**Objective of Study**

- To investigate the relationship between Takaful agents' ethical behavior and customer attitude towards Takaful insurance companies
- To examine the relationship between Takaful agents' ethical behavior and customer satisfaction with Takaful insurance companies
- To explore the relationship between Takaful agent's ethical behavior and customer trust in Takaful insurance companies
- To investigate the relationship between Takaful agent's ethical behavior and customer commitment towards Takaful insurance companies

**RESULT AND DISCUSSION**

**Demographic Results**

There are more female (67.3%) than male (32.7%) respondents taking part in the current study. Most of these respondents are aged between 31 and 50 years about 48.1%, whereas those aged 51 and over about 3.8% are the least in this study. The highest number of respondents is Saudi nationals about 88.5%. Concerning education, most respondents have bachelors' degrees about 44.2%, while respondents with master's degrees are the fewest about 5.8%. The highest frequency in terms of occupation is registered from employees about 63.5%, while retirees about 3.8% are the fewest. There are more respondents working in the private sector about 48.1% than those in the government about 38.5%, and those dabbling in both the government and private sectors are 13.5%. Respondents with monthly incomes of between 3,000 and 10,000 Saudi Riyals recorded the highest frequency by 65.4% while only one respondent has a monthly income of between 25001 and 40000 Saudi Riyals. Finally, married respondents are 73.1% which is more than the single ones about 26.9%.

**Takaful Agents' Ethical Behavior and Customer Attitude Towards Takaful**

To determine the relationship between Takaful agents' ethical behavior and customer attitude towards Takaful, a bivariate Pearson correlation test was performed between the means of the attitude prompts and perceived agents' ethical behavior. The first step is to compute new variables for the respective means. The results in Table 1 reveals a Pearson correlation coefficient ( $r=.240$ ) that is in excess of the significance threshold value of 0.05 at 0.086. The implication of this result is that there exists no statistically significant relationship between Takaful agents' ethical behavior and customer attitude towards Takaful.

**Table 1:** Takaful agents' ethical behavior and customer attitude towards Takaful correlation

		Attitude (Mean)	Agents' Ethical Behavior (Mean)
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Attitude (Mean)	Pearson Correlation	1	.240
	Sig. (2-tailed)		.086
	N	52	52
Agents' Ethical Behavior (Mean)	Pearson Correlation	.240	1
	Sig. (2-tailed)	.086	
	N	52	52

***Takaful Agents' Ethical Behavior and Customer Satisfaction***

A Pearson, bivariate correlation tests was performed between the computed variable on agents' consumer behavior and the data obtained from the satisfaction with Takaful questionnaire prompt. Table 2 indicates the correlation test yielded a positive Pearson correlation coefficient (r=.463), that is statistically significant (p= 0.001). This is because the p-value was below the 0.05 statistical significance threshold based on a 95% confidence interval. This led to the inference that there exists a statistically significant positive correlation between Takaful agents' ethical behavior and customer satisfaction with Takaful. Thus, the better the Takaful agents' ethical behavior, the higher the satisfaction level of Takaful customers.

**Table 2:** Takaful agents' ethical behavior and customer satisfaction correlation

		Agents' Ethical Behavior (Mean)	Satisfaction of Takaful
Agents' Ethical Behavior (Mean)	Pearson Correlation	1	.463**
	Sig. (2-tailed)		.001
Satisfaction of Takaful	Pearson Correlation	.463**	1
	Sig. (2-tailed)	.001	
**. Correlation is significant at the 0.01 level (2-tailed). b. Listwise N=52			

***Takaful Agents' Ethical Behavior and Customer Trust in Takaful***

To examine any potentially underlying relationship between Takaful agents' ethical behavior and customer trust in Takaful, a bivariate Pearson correlation test was undertaken involving the mean on all reflective indicators of Takaful agents' ethical behavior and customer trust based on their evaluation of honesty as implicated in Takaful. The results in Table 3 reveals a considerably strong, positive Pearson correlation coefficient (r=.822) that is statistically significant (p=.000). This result confirms that there exists a strong, positive, statistically significant correlation between Takaful agents' ethical behavior

and customer trust towards Takaful. In other words, the more customers perceive Takaful agents to be ethical, the more they trust Takaful.

**Table 3:** Takaful agents' ethical behavior and customer trust towards Takaful correlation

		Agents' Ethical Behavior (Mean)	Trust in Takaful Based on Honesty
Agents' Ethical Behavior (Mean)	Pearson Correlation	1	.822**
	Sig. (2-tailed)		.000
Trust in Takaful Based on Honesty	Pearson Correlation	.822**	1
	Sig. (2-tailed)	.000	
** . Correlation is significant at the 0.01 level (2-tailed).			
b. Listwise N=52			

***Takaful Agents' Ethical Behavior and Customer Commitment***

A bivariate Pearson correlation test was performed between the computed mean variable for Takaful agent's ethical behavior and commitment. Commitment was measured using one questionnaire item, which prompted respondents to indicate their intention to continue with their Takaful insurance plans. The results in Table 4 reveals a weak, positive Pearson correlation coefficient ( $r=.172$ ). However, the Pearson correlation coefficient has a significance value ( $p=.224$ ) that is in excess of the .05 significance threshold. Effectively, this meant that there did not exist a statistically significant correlation between Takaful agents' ethical behavior and customer commitment towards Takaful insurance plans. Simply put, the ethical behavior of Takaful agents or otherwise unethical behavior has no direct impact on customer commitment to Takaful insurance plans.

**Table 4:** Takaful agent's ethical behavior and commitment correlation results

		Agents' Ethical Behavior (Mean)	Preference to continue? (Commitment)
Agents' Ethical Behavior (Mean)	Pearson Correlation	1	.172
	Sig. (2-tailed)		.224
Preference to continue? (Commitment)	Pearson Correlation	.172	1
	Sig. (2-tailed)	.224	

a. Listwise N=52

## CONCLUSION

The findings revealed that there does not exist a statistically significant correlation between Takaful agents' ethical behavior and customer attitude towards Takaful insurance companies. Similarly, no statistically significant relationship was found for Takaful agent's ethical behavior and customer commitment towards Takaful insurance companies. However, the findings of this study showed that there exists a statistically significant positive correlation between Takaful agents' ethical behavior and customer satisfaction with Takaful. Likewise, a comparatively stronger, statistically significant relationship was reported between Takaful agent's ethical behavior and customer trust in Takaful insurance companies.

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