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Who would engage in unethical behavior? Should organizations bear the responsibility?

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Abstract Based on the findings of ethical research paradigms, this study aims to explore ethical issues pertaining to service offerings and verify the effects that individual and organizational factors can have on ethical crises. The participants are a sample derived from the actual rule-violation records of financial service salespeople from a listed life insurance company. In order to gather longitudinal data for this exploratory study on unethical behavior, this study gained 1 year of the rule violation record. Data were entered into SPSS to approach description of ethical problems, and an analysis of variance method is applied to diagnose hypotheses. The results indicate that individual age and job experience and organizational region (i.e. in the Chinese countryside) will have significant effects on unethical behavior. In addition, a consideration of the interaction between organizational scale and age shows that scale has the potential to incite unethical behavior among salespeople. Furthermore, according to the findings, this study depicts a taxonomic model. The contribution of this study is to propose essential indicators to certify an organizational warning system.

Keywords Ethics · Longitudinal data · Traditional Chinese region · Organizational scale · Financial service industry

1 Introduction

Unethical behavior among insurance salespeople has always been rampant (Howe et al. 1994; Cooper and Frank 2002; Haron et al. 2011). As seen in various countries, financial reform

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intensifies competition among financial institutions; for example, the expansion of the banking insurance industry resulted in higher competitive intensity among insurance salespeople to increase their new contract growth. Thus, insurance salespeople would have likely resorted to unethical sales and service behavior to close a deal (Wotruba 1990). Unethical behavior could easily lead to disputes between buyers and sellers, affecting a company's reputation and customer loyalty (Ingram et al. 2005). The insurance industry is experiencing an image problem due to the possibility for ethical lapses (Hoffman et al. 1991).

To successfully overcome these ethical problems, researchers suggest that managers should focus on key information to supervise behaviors. Cooper and Frank (1991, 2002), for example, identified the essential ethical issues that pertain to insurance professionals. Román and Munuera (2005) indicated that the age of a financial services salesperson proved to be a significant factor of ethical behavior. Lee et al. (2009) investigated the unethical behavior of salespeople in various industries in China and suggested that managers should pay attention to the thoughts of salespeople, such as the ideology of Confucius and Mencius, and to the basic details of the salespeople, such as age, experience, region, or the scale of the organization. Therefore, many recent studies consider salespeople's individual factors (e.g. age, experience, position) and organizational levels (e.g. the size of the organization) as essential information for explaining unethical behavior, implying that salespeople have higher ethical standards at a later stage in their careers or when they hold a senior position or stay in a large organization (Serwinek 1992; Román and Munuera 2005).

These results are valuable, but due to the industrial particularity, the ethical issue is still worthwhile for follow-up studies. First, Cooper and Frank (2002) focused only on insurance professionals, without exploring the behavior of field agents. The job profile of a field salesperson is different from a back office employee. After the financial crisis, many disputes occurred. This shows that the insurance company should pay more attention to nurturing ethical behaviors among its salespeople. Second, Lee et al. (2009) argue that salespeople in smaller firms may feel more pressure to use unethical tactics to compete in the marketplace. Therefore, salespeople working in smaller organizations are less likely to view unethical selling behaviors as negative, than salespeople working in larger organizations are. However, this hypothesis is not supported. Organizations need systems of discovery with formal and informal feedback mechanisms to monitor sales activities, especially after ethical transgressions (Ferrell et al. 2007). In small life insurance organizations, managers are pressured to achieve the breakeven point and maintain market position. It is important for managers to supervise sales-competitive behavior to prevent unethical incidents while achieving business scale or undertaking structural expansion. Research provided by Ingram et al. (2007) indicates that more needs to be done to focus on the effects of the structural dimensions of the organization on individual unethical behavior.

Thirdly, Cooper and Frank (2002) and Lee et al. (2009) did not collect information of the actual unethical behavior on a large scale. The use of longitudinal data could provide new insights into the antecedents of unethical behavior (Román and Munuera 2005; McClaren 2012). In the future, studies can be conducted to achieve an in-depth understanding of ethical issues in sales not only in a specific industry but also in different cultural backgrounds to improve generalization of the findings (McClaren 2000; Román and Munuera 2005; Lee et al. 2009). Furthermore, this study contends that interpersonal relationship is the foundation of life insurance marketing. Social relationship is profoundly affected by regional or subcultural factors (Luo and Chen 1997). It is worthwhile to investigate whether regional differences would impact the ethical behavior of the insurance salespeople.

Based on the research paradigm mentioned above, the goal of this study is to explore how the different characteristics (e.g. the individual and organization-wide levels) impact unethical behavior by observing the actual unethical behavior. This study will discuss what kinds of salespeople are likely to engage in unethical behavior. Do organizations need to bear the responsibility for constructing monitoring systems? In pursuing its research objectives, this study expects to target the unethical issues of life insurance industry, observe agents' behaviors for 1 year, and obtain a large amount of data. In addition, this study attempts to generalize the ethical topics concerning life insurance selling and the key determinants of the unethical behavior.

2 Literature review

2.1 Unethical behavior

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 (Jones 1991; Rest 1986). Service is a conduct or performance provided by one party to another (Lovelock and Wirtz 2011). In this study, the unethical behavior of the salespeople includes unethical sales and service behavior. Such behavior includes a salesperson providing a product or completing a service process to satisfy the customer and in the process behaving in a manner that is against established ethical standards, which is unacceptable to society. Unethical behavior would negatively affect consumer expectations (Creyer and Ross 1997), attitude (Folkes and Kamins 1999), and satisfaction (Alexander 2002). Nevertheless, salespeople are often caught between the dilemma of striving for more profit and following ethical guidelines, because salespeople with high sales growth receive more sales commission as an incentive (Bellizzi and Hasty 2003).

The major unethical behavior of life insurance salespeople revolves around information disclosure and improper competition. Information disclosure covers false disclosure, deliberate distortion, or false statements to customers, which affects the information transparency of the transaction; improper competition involves malicious attacks against the competition, false comparison, or commission refunds to attract buyers (Cooper and Frank 1991; Howe et al. 1994; Haron et al. 2011). Cooper and Frank (2002) identified six issues in the life insurance industry, including (1) Products or service mistake or inaccurate description in marketing and sales efforts, (2) failure to identify the customer needs to provide the appropriate product and service, (3) failure to fulfill his/her responsibilities due to conflict of interests, (4) Inappropriate competition, (5) Lack of knowledge or skills to execute responsibility, and (6) The goods and services are provided in a wrong and obscure manner owing to the limitation of the individual's capabilities.

2.2 Factors that affect unethical sales practices

Bommer et al. (1987) proposed a moral decision model, which emphasizes environmental factors, besides personal characteristics, would affect the moral decision of an individual. In general, scholars agree that managers should consider the characteristics of the employees and observe the economic and competitive conditions to create a favorable business environment and encourage ethical behavior among employees (Bommer et al. 1987; Stead et al. 1990). In addition, Treviño (1986) believed that personal factors and organizational experience would affect the ethical decision making of managers and employees. Therefore, understanding the characteristics of employees and the organizational context provide a clear direction for managers to select the employees and shape the organization to reduce unethical behavior (Kish-Gephart et al. 2010; Pendse 2012).

2.2.1 Individual factors

2.2.1.1 Age Lee et al. (2009) believed that the Chinese are brought up with the ideologies of Confucius and Mencius, such as ethics and morality, which are important for moral education. Therefore, the older a person is, the longer she or he is being edified by the ideology of Confucianism. Compared to young people, old people are being edified by the code of ethics more deeply, and thus the code of ethics has a stronger impact on their behavior; they are more capable of making the right choice between ethics and profit (Lee et al. 2009). Lee et al. (2009) and Shafer et al. (2007) found that younger people are more likely not to take ethical behavior seriously. Chan et al. (2002) proved that young business executives are inclined to have a profit-oriented sales outlook and are prone to unethical behavior. However, some scholars found that age and unethical behavior are positively associated (Wotruba 1990), and some did not verify the relationship between age and unethical judgment (Dubinsky et al. 1992; Hunt and Vasquez-Parraga 1993).

McClaren (2000) argued that the lack of management actions contributes to unethical behavior. Managers should propose concrete actions to intervene with wrong behavior. At the same time, he proposed that salespeople from different age groups have different values; thus, the perception of unethical issues by different age groups should be identified and then supervision and guidance should be provided accordingly (McClaren 2012). Therefore, people from different age groups have different backgrounds, and thus, their evaluations on ethics would be discrepant, and lead to various ethical conducts. Thus, H1 is posited.

H1 Age groups differ from each other with regard to unethical behavior.

2.2.1.2 Experience Lee et al. (2009) debated that in contemporary Chinese enterprises, there is too much temptation to earn profit, and thus, the ethical values of the enterprises are distorted (Chan et al. 2002; Shafer et al. 2007). The salespeople that have just begun to work in society (with less work experience), tend to use the profit-only or the competition-oriented approach to contact customers as compared to experienced salespeople (Lee et al. 2009). The junior salespeople consider immoral behavior to be acceptable (Lee et al. 2009). However, researchers do not reach a consensus on the impact of work experience towards unethical behavior (Dubinsky et al. 1992; Loe et al. 2000; Lee et al. 2009).

Senior salespeople receive training and education in the organization for a longer time; the internalization of selling and service skills are dissimilar. Especially, life insurance agents have to attend various training courses in various stages of their career development; besides professional knowledge, they also receive ethics education. Life insurance salespeople could only be promoted after they completed a package of training classes and reached a particular performance standard. Training could provide specific ethical standards to the salespeople and reduce moral conflict (McClaren 2000). Training is a tool that could engrave professionalism into a salesperson (DeConinck and Lewis 1997; McClaren 2000). Therefore, the internalization of expertise knowledge and ethics varies across insurance salespeople's work experience, and thus, they have different ethical behaviors. Thus, H2 is posited.

H2 Groups with different levels of work experience differ from each other with regard to unethical behavior.

2.2.1.3 Position Employees can be affected by unethical behavior based on their responsibilities in sales management activities (or trading relations activity development). For example, if a worker is responsible for setting up the sales tactics and upgrading the ethical code of the sales and purchase parties, this could closely link the worker to the organizational system and group ethics, and thereby reduce unethical behavior (McClaren 2000; Ferrell et al. 2007).

The managers in the industry have a higher degree of specialization, which enhanced the confidence in the ethical performance (McClaren 2000). Schneider and Johnson (1992) found that the increasing level of professionalism in the industry has a positive effect on ethical standards, because as the level of the manager increased, he/she understands the difference in ethical behavior among employees, and could be in a position to fully describe unethical behavior in the industry. At the same time, since he/she is limited by the organizational system as a result of pressure of a highly specific standard, there would be a reduction in unethical behavior (Singhapakdi and Vitell 1992; McClaren 2000).

In the life insurance industry, salespeople that have managerial roles are mainly responsible for employee recruitment and organizational development; the performance appraisal of the non-managerial salesperson is based on first year commission (FYC), and thus, the pressure of fulfilling performance goal is relatively high. Therefore, this study concludes that the job position of life insurance agents has an impact on unethical behaviors. Salespeople in different positions have different levels of authority and responsibility in the organization; therefore, they have different understandings of ethics, which produces variations in ethical behavior. Thus, H3 is posited.

H3 Groups in different job positions differ from each other with regard to unethical behavior.

2.2.2 Organizational factors

2.2.2.1. Region One of the main reasons that led to unethical sales practice comes from a strong profit-making motive held by managers and employees (Sims and Brinkman 2002). Most of Taiwan's economic activities are focused in the northern region, and therefore most of the enterprises and employed population are concentrated in areas with a higher degree of urbanization. The life insurance correspondence office (agency) is located in sparsely populated areas and the market potential is limited. Thus, the source of commission becomes a larger problem for the salespeople. Difficulty in generating income and competitive pressures further encourage unethical behaviors (Hoffman et al. 1991; McClaren 2000).

In addition, the customs of the northern and southern region in Taiwan are different; the urbanization of the southern region is limited, and thus, traditional Chinese customs have been retained, people pay more attention to human feelings and have more sympathy, and there is a strong sense of social identity as compared to modern or westernized society (Taifel and Turner 1979). Furthermore, human relations (guanxi) may lead to a collusion of people engaged in corrupt behavior (Li and Wright 1999; Snell 1999), or it could make it difficult to reject inappropriate requests from the other party in a business deal (Tsang 1998; Chan et al. 2002). Thus, it is more likely that the life insurance salespeople in the southern region use human relationships to sell insurance policies while ignoring the reasonable procedures of the sales and service process. For example, owing to performance pressure, without understanding the needs of the customer, the salespeople could sell unsuitable insurance policies. Therefore, the difference in the region may affect the unethical behavior of life insurance salespeople. Thus, this study proposes H4.

H4 Regional distinctions can account for differences in the unethical behavior of subordinated salespeople.

2.2.2.2 Scale Deng and Dart (1999) argued that the survival of small-sized companies comes from ongoing sales success. To obtain market share, small businesses engage in intense competition and tolerated unethical sales practices. Vitell and Festervand (1987) advocated that a small-scale company salesperson would feel more pressure to use unethical sales tactics in order to gain competitive advantage, and therefore unethical activities are common in small companies. Thus, the scale of the company may have an impact on the unethical practice of the salespeople (Ford and Richardson 1994; Weber 1990).

Lee et al. (2009) believed that China is in the stage of being an emerging free market economy, and the scale of Chinese enterprises is relatively small. It is possible that the companies competed with each other through unethical practices, but the study's findings have not been confirmed. Chan et al. (2002) found that employees of private small- and medium-sized enterprises (SMEs) in China used unethical methods to earn profit. Recently, the life insurance market in Taiwan has reached close to its saturation point, and many life insurance companies use 'multiple marketing channels,' such as bancassurance and telephone marketing. The channel of the agent is under considerable threat, and small-scale companies or agencies in particular would bear greater competitive pressure. Thus, the difference in organization scales may have an effect on the unethical behavior of the agent. Thus, this study proposes H5.

H5 Differences in organizational scale may produce differences in the unethical behavior of subordinated salespeople.

3 Methodology

3.1 Samples

The samples came from the rule-violation records of salespeople at one of the top five life insurance companies in Taiwan. The studied company established a strategic alliance with MassMutual financial group for nine years to develop new business models and management systems. Recently, this company received an enterprise innovation award and was listed on the Taiwan Stock Exchange (TSE) in 2012.

This company made a list of unethical behavior based on Insurance Agent Management Rule Article 19 as well as the company's practical experience. The company had a standard regular assessment of the salesperson's sales and service behavior in accordance to that standard. This study gained 1 year of the rule violation record. A total of 957 salespeople violated the sales and service code of ethics. During the one-year observation period, some salespeople had committed unethical behavior more than once. A total of 1,256 violation records were found.

3.2 Measurement

Unethical behavior is measured according to the important ethical issues in the life insurance profession as described in Cooper and Franks's (1991) study and the code of ethics of the studied company that recorded the number of ethical violations of its salespeople. The larger the value, the higher the number of rule violations.

The salesperson's *age* is calculated based on the actual age. Work *experience* is assessed according to the actual years of individual job tenure. The larger the value, the more experience the agent has. Regarding the measurement of job *position*, a sales agent will be coded as 0 and an agent with business executive works will be ranked as 1.

With reference to organizational factors affecting unethical behavior, the *region* where an agency is located will be used as the standard; non-southern districts (North and Central) will be recorded as 0, and the southern region will be recorded as 1; the *scale* of an agency's spread is based on the number of people already register in the agency (and solicit state still remained in effect). The higher the number of people logged in, the larger the scale of an agency.

3.3 Analytical techniques

In this study, a descriptive analysis is used to understand the basic characteristics of the agents and the type of unethical sales practices. Secondly, a T-test (such as the job *position* and *region*) and analysis of variance (ANOVA) are used to examine the impact of different personal and organizational factors (such as *age*, *experience*, and *scale*) on unethical behavior. Finally, a two-way ANOVA is applied to diagnose the effect of the interaction between personal (e.g. an agent's *age*) and organizational (e.g. the *scale* of the agency) factors on ethical conduct.

4 Results

The people who engaged in unethical behavior consisted more of women than men (60 %). Age groups of 20–29, 30–39, and 40–49 years accounted for more than 90 % of unethical behavior. The groups of people with a work experience of 1–5, 6–10, and 11–15 years are more likely to commit unethical behavior, accounting for up to 89 % of all the sample groups. Nearly 62 % of the salespersons have college or university education (Table 1).

4.1 The types of unethical behavior

Five types of unethical behavior were discovered in this study (Table 2). The behaviors are listed in sequence: (1) In the product or service process, incorrect or false description, or deliberately concealed information of the product or service. (2) Inability to identify customer needs to provide the appropriate products and services. (3) Lack of concept, knowledge, or skills to implement responsibility, which generates defects in sales or service jobs. (4) Failure to fulfill his/her responsibilities because of conflict of interests. (5) Misconduct that affects the company's reputation. The first one accounted for 39 % of the unethical behavior. The fourth and fifth accounted for 27 and 24 % of the unethical behavior, respectively.

4.2 ANOVA

The findings show that age ($F = 2.41$, $p < 0.05$) and experience ($F = 5.72$, $p < 0.01$) of the salespeople have a significant influence on unethical behavior. However, the scale of an agency has no significant impact on unethical behavior ($F = 1.56$, $p > 0.1$) (Table 3). H1 and H2 are supported, but H5 is not.

From the aspect of age, after the verification of Scheffe test, the results reveal that different age levels do influence unethical behavior. It is found that age has a higher impact on unethical

Table 1 Characteristics of the sample ($n = 957$)

Characteristics	Number	Percentage
Age (year)		
20–29	228	24
30–39	429	44
40–49	225	24
50–59	67	7
60–69	8	1
Sales experience (year)		
1–5	437	46
6–10	239	25
11–15	172	18
16–20	87	9
Missing	22	2
Education		
Junior high school	24	2
Senior high school	324	34
College	278	29
University	317	33
Graduate degree	14	2
Gender		
Male	383	40
Female	574	60

Table 2 The types of unethical behavior

No.	Description	Number	Percentage
1	In the product or service process, incorrect or false description, or deliberately concealed information of the product or service. (1, 5)[a]	496	39
2	Inability to identify customer needs to provide the appropriate products and services. (2)	95	8
3	Lack of concept, knowledge, or skills to implement responsibility, which generates defects in sales or service jobs. (3)	25	2
4	Failure to fulfill his/her responsibilities because of conflict of interests. (4, 6)	343	27
5	Misconduct that affects the company's reputation.	297	24
Total		1, 256	100

[a] Cooper and Franks' (2002) 6 issues of concern

1. False or misleading representations of productions or services in marketing, advertising, or sales efforts
2. Failure to identify the client needs and recommend products and services that meet those needs
3. Lack of knowledge or skills to competently perform one's duties
4. Conflicts between opportunities for personal financial gain or other personal benefits and proper performance of one's responsibilities
5. Misrepresenting or concealing limitations in one's abilities to provide services
6. Making disparaging remarks about competitors, their products or their employees or agents

Table 3 ANOVA results for the age, experience, and organizational scale differences

Between group	Unethical behavior				
	Sum of square	df	Mean square	*F*	Sig.
Age	3.33	5	0.67	2.41	0.04**
Experience	4.74	3	1.58	5.72	0.001***
Organizational scale	1.29	3	0.43	1.56	0.20

Post hoc test (Scheffe test)

1. Age has more impact on unethical behavior for people older than 50 years than for people between 20–30 years ($p < 0.05$); age has more impact on unethical behavior for people older than 60 years than on people between 20–30, 30–40, 40–50 years ($p < 0.05$), and more than 50 years ($p < 0.1$)
2. Experience has more impact on unethical behavior for those with an experience of 6–10 years than those with 1–5 years ($p < 0.05$), and more impact for those with 16–20 years than those with $1 \sim 5$ years ($p < 0.01$)

behavior for people older than 50 years than for people of 20–30 years ($p < 0.05$); age has more impact on unethical behavior for people older than 60 years than on people of 20–30, 30–40, 40–50 years ($p < 0.05$), and more than 50 years ($p < 0.1$).

Post hoc tests reveal that different experience levels have a significant influence on unethical conduct. Experience has a higher impact on unethical behavior for those with an experience of 6–10 years than those with 1–5 years ($p < 0.05$), and more impact for those with 16–20 years than those with 1–5 years ($p < 0.01$) (Table 3).

4.3 T-test

The results display that whether the salesperson is in a managerial position or not has no significant difference ($t = 1.38$, $p > 0.1$) to the chance to committing unethical behavior. However, the region has a significant effect ($t = 1.73$, $p < 0.1$). The findings do not support H3 but support H4.

4.4 Further analysis

This study makes use of a two-way ANOVA to explore the interactive effects of personal and organizational factors. The results show that age has an impact on unethical behavior ($F = 3.89$, $p < 0.05$), and the organizational scale of the impact does not reach the level of significance ($F = 0.001$, $p < 0.97$). However, after considering the interaction between age and organizational scale, the influence of both factors towards unethical behavior reaches a significant level ($F = 2.62$, $p < 0.10$), which means that age and scale are mutually reinforced. Figure 1 describes the combined effect of different age levels (young versus old) and the various scales of the agencies (large versus small) on unethical conduct.

Different age levels are different from each other with regard to committing unethical behavior. With larger agencies in particular, the tendency toward unethical behavior abruptly increases at higher age levels. The slope of the large-scale group is greater than that of the small group, which means that in the large-scale organization (agency), there is a trend of increasing unethical behavior among the old agents; the slope of small-scale group is smaller, which means that the agents in the small-scale organizational office do not have a rapid increase of bad behavior because of the age growth. Therefore, the scale of an agency could be an organizational factor that evokes the impact of age on unethical behavior. The compiled graphs will be constructed further in this study (Fig. 2).

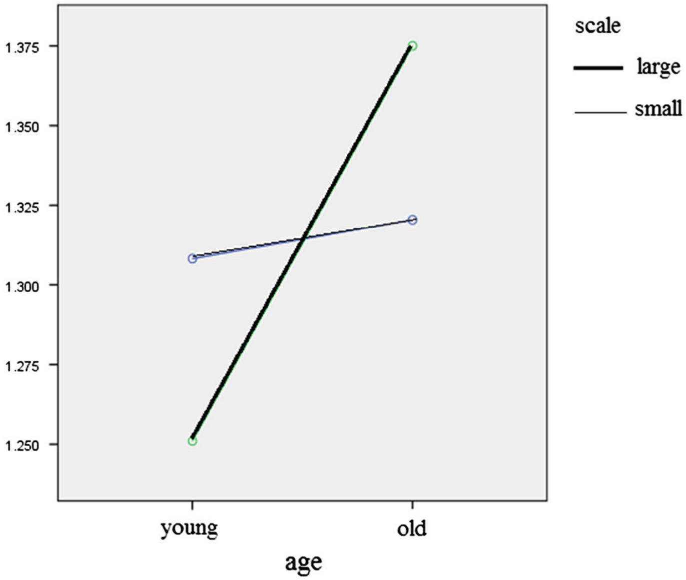
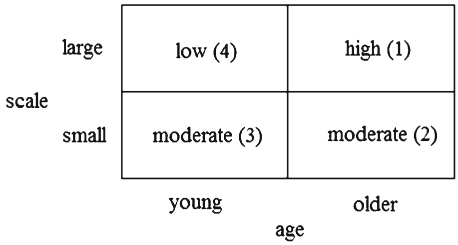


Fig. 1 The interaction of age and scale on unethical behavior

Fig. 2 The classification of the effect of age and scale on unethical behavior



5 Conclusions and recommendations

The purpose of this study is to investigate the personal and organizational factors that affect the unethical behavior of life insurance salespeople. This study discovered that the difference of age and experience among salespeople will have significant effects on unethical behavior. Also, the salespeople in the southern region are more likely to commit unethical behavior. After considering the interaction between organizational scale and age, the scale of the organization (agency) has the potential to evoke unethical behavior among older salespeople.

Based on the findings, this study advocates that the insurance company should pay more attention to the sales activities and ethics development of the salespeople in their agencies, because the unethical behavior rapidly increases in the large-scale organization. Accordingly, the authors claim that sales managers in headquarters should be responsible for establishing appropriate standards to control the expansion of the agency.

The contribution of this study is to acquire longitudinal data to conduct quantitative analysis and propose essential management indicators to verify an organizational warning system.

5.1 Discussion and implications

The results confirm that the five ethical issues are broadly in line with the ones in previous studies. Unethical behavior focused on 'the mistakes on product or service process, false description or deliberately concealed information of the product or service,' which belong to issues 1 and 6 discussed in Cooper and Frank (2002). The findings show that issues concerning salespeople's inappropriate behavior constitute 'misconduct that affects the company's reputation', which is not revealed in previous studies.

This study finds that unethical behavior among the older group is more frequent as compared to that of the younger group; the unethical behavior of the more experienced group is more frequent as compared to that of the less experienced group (Table 3). The findings of this study are different from that of Lee et al. (2009) and Chan et al. (2002). They found that the young salespeople in China thought that unethical behavior is inconsequential, which means that the younger group is more likely to be involved in unethical behavior. However, in their study the hypothesis about the negative relationship between experience and unethical behavior is not supported.

Age is related to the individual's career phase in the industry, and therefore age and career experience would have a positive correlation. As the age of a salesperson increased, the moral cognition among the colleagues in the organization would affect each other (Hoffman et al. 1991), and thus, managers must pay careful attention to unethical behavior among salespeople (McClaren 2000). Browning and Zabriskie (1983) discovered that young purchasing managers used moral perspectives more often to handle marketing affairs as compared to older people. Confucianism advocates that people by nature are good. Young people who enter the work force have less experience, and they do not know the rules and expertise of this industry; thus, they need to be taught carefully. Moreover, the complexity of insurance products is high and the types of service operations are aplenty, and thus, it takes time to accumulate the professional knowledge and selling skills of a salesperson. Therefore, the salesperson needs to reach a certain age or experience to take advantage of the system.

With regard to the region that an agency is located in, the results show that the unethical behavior of salespeople in the southern region is more frequent in comparison to other regions. Lee et al. (2009) found that a region had no effect on a salesperson's unethical behavior. Lee et al. (2009) compared the difference of the moral perception between the salespeople in the eastern and western societies, while this study contrasted the difference of the insurance salespeople between urban and rural areas. The authors argue that the southern part of Taiwan focused more on human feelings and guanxi, and the findings of this study suggest that the unethical behavior in the southern region is higher than the average. This is because most of the Taiwanese with higher education are concentrated in the northern region; there is a loss of employed population in the southern region, and people who stay in the countryside are older and normally they have been able to retain the traditional customs of the Chinese. Therefore, they are easily affected by the method of selling based on human feelings and guanxi (Chan et al. 2002). In practical management, the company should reinforce the correct sales attitude among the salespeople in the southern region.

In terms of organizational scale, after the interactive effects of age and agency scale have been taken into consideration, the scale of an organization could be an essential element that intensifies the positive relationship between age and a salesperson's unethical behavior. This could be due to the strict hierarchy of the agency's development in the life insurance industry. Some scholars took the organization's point of view, and stated that it is more likely that the employees think of each other as the accomplice of a chain mechanism in a bigger organization with a bureaucratic system, and possibly they may use a lower moral standard (Browning and Zabriskie 1983; Weber 1990; Ford and Richardson 1994).

In management practice, when the organizational scale of the agency increases steadily, managers would usually ask the head office to give considerable resources to the agency. The head office should increase its supervision; for example, the head office should include unethical behavior in performance appraisals as part of the basis for resource application. The head office should follow up on the individual's performance, bad behavior of agents, and the interpersonal relations structure, and the head office should also use the influence of the old agents in the agency to prevent setting a wrong example to the newcomers.

5.2 Limitations and future research directions

This study found that the agents in the southern region committed more unethical behavior than the average. However, the author does not explore the impact of human feelings and relationships (guanxi) on unethical behavior in the southern region. In recent years, scholars have begun to pay attention to the relationship between specific Chinese relationship dimensions and ethical behavior (Standifird and Marshall 2000; Chan et al. 2002). In future studies, the social relationships of salespeople in different regions can be explored further. This would help the head office to implement contingency management through targeted agencies that have strong local characteristics or Chinese traditions.

The organizational scale of this study has not been measured by premium income; the income of new contracts is an important index of market share in the insurance industry. It is also a performance indicator that the head office uses to assess the development of an agency. Revenue and competitive pressure are closely related (Bellizzi 1995; McClaren 2000). Insurance premium income can be considered as a substitute variable for scale in future studies to clarify the direct relationship between the scale of the organization and unethical behavior.

This study finds that age has a gradually enhanced effect on unethical behavior in larger organizational groups, but it does not propose specific management methods for organizational expansion. The organizational development of the agency has a clear authority system, which also contains abundant interpersonal relationships. In recent years, scholars have advocated the use of social networks to limit the occurrence of unethical behavior (Melé 2009; Brass et al. 1998; Seevers et al. 2007), and they also stressed on timely administrative intervention and the cognitive effects on unethical behavior between peers (Hoffman et al. 1991; McClaren 2000). However, some scholars adopt the viewpoint of bureaucratic organizations, and believed that large-scale organizations lead to an organizational accomplice structure (Weber 1990). In future studies, the network perspective (or a different type of network) can be used to understand whether a positive force of the network (social norms) or a negative force (collusion) conduce to the behavioral change among the agents when the scale of the agency increased. Also, a deep understanding of the relationship between an agency's network and its salespeople's unethical behavior can be analyzed.

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