

# PERCEPTIONS OF UNETHICAL PRACTICES IN INSURANCE INDUSTRY

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## INTRODUCTION

Currently, the issue of ethics has gained increasing prominence in management studies. It has received much attention among academics and practitioners. Ethics, which is seen as a theoretical luxury indulged by firms in the Western countries are now given greater attention by business leaders in Asia (McGrath, 1993). In Malaysia, the issue of ethics has gained the attention of public policy decision-makers and top managers in large organisations. The increasing number of incidences in 'white collar crimes' has also resulted in the Prime Minister directing the local universities to conduct appropriate courses in business ethics. In fact, one of the key aspirations of the Malaysian Vision 2020 is to ensure the prevalence of high moral values among the populace.

Ethics in business focuses on people, and how people should conduct themselves in an effort to fulfil the ethical requirements of their business lives. Business ethics encompasses a set of rules of right and wrong conduct, behaviour and judgement of a particular action in dealing with other people involved in a similar activity or business. As such, the question of business ethics may be sensitive to different people as they may have different views or perspectives. Since ethics can suggest varying degrees of human conduct or behaviour, it is important to clarify the level of ethical conduct or behaviour acceptable by one community as compared to another. This is reasonable as the conduct of a business or human activity may violate the basic conduct in another community or perspective. The major question is more related to those business practices which appear to be in the 'grey areas' or those practices that may be cultural bound.

With regards to the insurance industry in Malaysia, the growth rate has been very encouraging over the last decade. In 1980, the insurance industry contributed 1.8% of the total gross national product. By 1993, the industry contributed 3.3% of the gross national product. In terms of employment, there were more than 11,291 people employed in the insurance industry in 1989. In 1993, more than 15,000 people are employed in the industry, representing an increase of 40.7% over the last five years. The high growth rate in the insurance

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industry has also resulted in the increased number of written complaints by the general public (consumers) on various aspects of insurance business practices. In 1989, there were 2,107 written complaints against the general insurers. The number had increased to 2,721 (29.1% increase) written complaints in 1993. However, written complaints against life insurers had decreased from 235 in 1989 to 224 (4.3% decrease) in 1993. Considering the increasing number of written complaints, the Director General of Insurance (Annual Report of the Director-General of Insurance, 1993) had called for 'better claims practices and truth in selling'. One of the unethical practices relates to forcing policy holders of motor insurance to purchase non-motor insurance cover when purchasing or renewing their motor policies. In order to curb further improper and unethical practices, the Malaysian General Insurance Association had drawn up certain procedures and rules to be adhered by the member companies and their agents as from March 1, 1993.

In view of these development, it is the purpose of this research to study the perceptions of Malaysians working in the insurance industry on the nature of business practices. More specifically, this paper will examine the perceptions of the insurance employees on various aspects of unethical business practices, factors influencing ethical/unethical practices, and the extent of variations in the perceptions towards unethical practices according to job positions, job specialisation, ethnicity, gender and age.

### PREVIOUS RESEARCH

Kam Hon Lee (1981) examined the ethical standards of marketing management practices of Chinese and British managers in Hong Kong. He found that there were no differences in ethical standards between the Chinese and British managers. The implications is that the expatriates and local managers subscribe to the same moral standard. The findings also found that the relative ethical ratings of a set of morally difficult marketing situations by the top and middle managers were not significantly different. However, Kam Hon Lee found significant differences between the top and middle level managers on ethical statements relating to 'deceptive advertising', 'irritation in advertising', 'unethical sales practices', and 'defending healthfulness of cigarette smoking'. It was also found that the middle management was less ethical than top level managers. On the other hand, Mehta and Kau (1984) found that the hierarchical level in the organisation was positively related to the level of ethics. The higher the level of the executive, the more unethical were the situations perceived. Lincoln et.al. (1982) examined the differences in the level of ethics of top executives by their functional areas (finance, marketing or production). They found significant differences in ethical beliefs among different job specialisation. The marketing executives showed more ethical beliefs and personal values than finance or production executives. Finance executives were found to have the lowest level, while the production were found to be somewhere in between. This suggests the importance of job specialisation in influencing ethical behaviour.



In comparing the variations of ethics among racial groups, Becker and Fritzsche (1987) found that the French were more optimistic (than the Germans or American managers) on the effectiveness of formal business codes in their business world. There were significant differences between the French, German and American managers on four of the eight business practices. There was strong disagreement with the statement on 'good ethics with good business'. Further, it was found that the French and US managers were in disagreement on 'no concern of moral consequences on businessman's action', while the German managers showed partial agreement. In the study by Dolechek and Dolechek (1987), they found significant differences in percentage responses for seven of the eight ethical circumstances posed. McDonald and Zepp (1987) found significant difference in ethical perceptions between Australian and Hong Kong Chinese managers. Md. Zabid Abd. Rashid (1989) found significant differences in two of the thirteen ethical statements between the Malays and Chinese executives in the banking sector. These findings suggests the possible variations of ethical values in terms of cultural differences.

In relation to influence of age on ethical perceptions, McDonald and Zepp (1988) found that age has much effect on ethical perceptions and in several situations. Managers beyond 30 years old more readily agreed to unethical practices. Md. Zabid Abd. Rashid (1989) found significant differences between the young and old managers on two of the thirteen unethical practices: irritation in advertising, and taking longer than necessary to do the job.

With regards to the variations on ethical practices by gender, Md. Zabid Abdul Rashid (1989) found significant differences in three of the thirteen unethical practices between the male and female managers: irritation in advertising, deceptive advertising and falsifying reports.

As for the factors influencing managers to behave unethically, Brenner and Molander (1977) found that the behaviour of superior is more important in contributing towards such a conduct. Dolechek and Dolechek (1987), and Zabid and Alsagoff (1993) also found similar results. Brenner and Molander (1977), however, found that 'ones' personal financial need as least important factor contributing towards unethical behaviour, while Dolechek and Dolechek (1987) found that 'society's moral climate' was least important factor in the US and Hong Kong. Zabid and Alsagoff (1993), however, found that the behaviour of one's equal was the least important factor contributing towards unethical behaviour in Malaysia.

## METHODOLOGY

A questionnaire was developed based on the studies by McDonald and Zepp (1988), Kam Hon Lee (1981), and Zabid and Alsagoff (1993). The questionnaires were given to the participants of the various executive and non-executive programmes conducted by the Malaysian Insurance Institute in June through September 1993. A total of 116 respondents agreed to participate and returned the questionnaires.



In the questionnaire, the respondents were asked to rate the hypothetical ethical situations (HES) on a seven point scale ranging from strongly disagree (1) to strongly agree (7). The questions on factors influencing unethical behaviour were on a six point scale ranging from most influential (1) to least influential (6).

The Cronbach alpha value for the HES was 0.69, while the coefficient for the influencing factors towards unethical behaviour was 0.71, suggesting a fair level of reliability.

Table 1 summarises the profile of the respondents.

Table 1: Profile of Respondent

| <u>Job Title</u>             | <u>Percent</u> |
|------------------------------|----------------|
| Manager/Ass. Manager         | 16.4           |
| Executive                    | 31.0           |
| Non-Executive                | 52.6           |
| <u>Job Specialisation</u>    | <u>Percent</u> |
| General Management           | 16.4           |
| Human Resources              | 0.9            |
| Marketing                    | 22.7           |
| Accounting                   | 6.4            |
| Finance                      | 3.6            |
| Others                       | 50.0           |
| <u>Sex</u>                   | <u>Percent</u> |
| Male                         | 34.5           |
| Female                       | 65.5           |
| <u>Ethnicity</u>             | <u>Percent</u> |
| Malay                        | 36.2           |
| Chinese                      | 47.4           |
| Indian                       | 12.1           |
| Others                       | 4.3            |
| <u>Marital Status</u>        | <u>Percent</u> |
| Single                       | 51.7           |
| Married                      | 48.3           |
| <u>Highest Qualification</u> | <u>Percent</u> |
| SPM/MCE                      | 38.6           |
| STPM/HSC                     | 11.4           |
| Diploma                      | 10.5           |
| University Degree            | 14.0           |
| Others                       | 25.4           |
| <u>Age</u>                   | <u>Percent</u> |
| Below 35 Years               | 74.1           |
| More than 35                 | 25.9           |
| <u>Salary</u>                | <u>Percent</u> |
| Below RM 2,000               | 76.7           |
| More than RM 2,000           | 23.3           |

RESULTS AND DISCUSSION

Table 2 shows the perceptions of insurance employees on ethical practices. The results showed that the respondents perceived 'taking longer than necessary to do a job' (mean = 4.21) as most ethical. This is followed by 'irritation in advertising'



(mean = 4.02), 'gaining of competitor information' (mean = 3.93), 'deceptive advertising' (mean = 3.91), and 'unethical sales practices' (mean = 3.70). On the other hand, the respondents perceived 'calling in sick to take a day off' (mean = 2.15) as most unethical. The other unethical practices perceived by insurance employees are 'padding out expense account' (mean = 2.26), 'taking credit for another's work' (mean = 2.38), 'favouritism in insurance cover' (mean = 2.46), and 'using company time for personal use' (mean = 2.69).

**Table 2: Perceptions of Unethical Practices**

| Unethical Practices                      | Mean  | Standard Deviation |
|--|-------|--------------------|
| Obtaining Trade Secrets                  | 3.539 | 1.798              |
| Unethical Sales                          | 3.704 | 1.928              |
| Irritation in Advertising                | 4.017 | 1.801              |
| Using Company's Time for Personal Use    | 2.693 | 1.668              |
| Taking Credit for Another's Work         | 2.377 | 1.582              |
| Deceptive Advertising                    | 3.913 | 1.795              |
| Taking Longer than Necessary To Do a Job | 4.211 | 1.627              |
| Padding Out Expense                      | 2.263 | 1.488              |
| Gaining of Competitor Information        | 3.930 | 1.842              |
| Exposure of Personal Error               | 2.895 | 1.582              |
| Falsifying Report                        | 2.737 | 1.704              |
| Bribery                                  | 3.649 | 2.035              |
| Discriminating Against Woman             | 2.832 | 1.837              |
| Calling in Sick to Take a Day Off        | 2.149 | 1.541              |
| Divulging Confidential Information       | 3.322 | 1.765              |
| Favouritism in Insurance Cover           | 2.461 | 1.585              |
| Kickback Bribery                         | 3.600 | 1.886              |
| Performance Against Solvency             | 3.148 | 1.743              |

The results also showed that only two of the eighteen HES (i.e. above 4.0 score) were endorsed by the respondents to be as ethical. The other sixteen HES were perceived as unethical. This means that the respondents realised the importance of good business practices. Further, the findings of this study also revealed that 55.6% of the respondents felt that the ethical standards in business is higher today than 15 years ago. Less than one-quarter felt that it was lower today, and 18.5% felt that it was about the same. Nonetheless, nearly 64% of the respondents felt that there are a few unethical practices in the insurance industry. Only 15.8% felt that there are many unethical practices. Among the activities that the respondents felt it should be eliminated are unfairness to employees (53%), deceiving customers (41%), fraudulent report (40%), gifts, bribes (39.1%), and dishonesty in making a contract (37.4%).

In relation to the findings of Zabid and Alsagoff (1993), there were differences in the perceptions towards unethical practices. In that study, 'gaining of competitor information' was least unethical. However, in both studies 'calling in sick to take a day off' was rated as most unethical. While there are variations in perceptions on unethical practices, there are also similarities on perceived unethical practices. This may suggest that the level of ethical perceptions may



vary in terms of industry type or business sector. The endorsement by the respondents on the potentially unethical practices may be due to poor working terms and pressure in competition in the insurance industry. For example, in 1993, there were 59 insurance companies compared to 58 in 1992. Further, the number of insurance agents had increased by 23.6%.

**Table 3: Perceived Factors Influencing Business Practices**

| Factors                             | Mean  | Standard Deviation |
|-------------------------------------|-------|--------------------|
| Behaviour of Superior               | 2.960 | 1.509              |
| Formal Policy Or Lack There Of      | 3.351 | 1.458              |
| Industrial Ethical Climate          | 3.320 | 1.550              |
| Behaviour Of One's Equal In Company | 3.768 | 1.449              |
| Society's Moral Climate             | 3.604 | 1.401              |
| One's Personal Financial Needs      | 4.235 | 1.532              |
| Desire To Meet Corporate Objectives | 3.280 | 1.484              |

**Table 4: Perceptions of Unethical Practices By Job Title**

| Variable                                    | Manager | Executive | Non-Executive | F-Ratio | Results |
|---|---------|-----------|---------------|---------|---------|
| Obtaining Trade Secrets                     | 2.8947  | 3.8333    | 3.5667        | 1.7310  | n.s     |
| Unethical Sales Practices                   | 2.7895  | 3.9444    | 3.8500        | 2.6639  | n.s     |
| Irritation in Advertising                   | 4.2632  | 3.5833    | 4.2000        | 1.5447  | n.s     |
| Using Company's Time<br>for Personal Use    | 1.7368  | 2.6667    | 3.0169        | 4.5037  | 0.0132  |
| Taking Credit for anothers' Work            | 2.1053  | 1.9444    | 2.7288        | 3.2056  | 0.0443  |
| Deceptive Advertising                       | 4.0000  | 3.5833    | 4.0833        | 0.8984  | n.s     |
| Taking Longer Than<br>Necessary To Do A Job | 3.5789  | 4.1944    | 4.4237        | 1.9745  | n.s.    |
| Padding Out Expense Account                 | 2.1053  | 2.3333    | 2.2712        | 0.1457  | n.s     |
| Gaining of Competitor Information           | 4.1053  | 3.9167    | 3.8814        | 0.1058  | n.s     |
| Exposure of Personal Error                  | 3.2632  | 2.7778    | 2.8475        | 0.6360  | n.s     |
| Falsifying Report                           | 2.5263  | 2.6389    | 2.8644        | 0.3657  | n.s     |
| Bribery                                     | 2.8947  | 4.1111    | 3.6102        | 2.2954  | n.s     |
| Discriminating Against Woman                | 2.6842  | 2.8611    | 2.8621        | 0.0726  | n.s     |
| Calling in Sick to Take a Day Off           | 1.5789  | 1.8333    | 2.5254        | 4.0174  | 0.0207  |
| Divulging Confidential Information          | 3.5789  | 2.9722    | 3.4500        | 1.0674  | n.s     |
| Favouritism in Insurance Cover              | 2.1579  | 2.5833    | 2.4833        | 0.4559  | n.s     |
| Kickback Bribery                            | 3.2632  | 3.8611    | 3.5500        | 0.6650  | n.s     |
| Performance Against Solvency                | 2.4211  | 3.0833    | 3.4167        | 2.4498  | n.s     |

With regards to the key factors influencing managers to make unethical decisions, the behaviour of superior (mean = 2.96) was rated as the most influential factor. The least influential factor was 'one's personal financial need' (mean = 4.24). The present findings appeared to be consistent with Brenner and Molander (1977). However, there are differences with the findings of Dolechek and Dolechek (1987) and Zabid and Alsagoff (1993). The differences in the findings may be due to the nature of business practices in the insurance industry. Since the 'desire to meet corporate objectives' appear to be quite an important



factor contributing towards unethical practices, it implies that unethical practices may be the result of corporate/organisation work related pressure.

**Table 5a: Perceptions of Unethical Practices by Job Specialisation**

| Variable                                    | General | Human Resource | Marketing | F-Ratio | Results |
|---|---------|----------------|-----------|---------|---------|
| Obtaining Trade Secrets                     | 2.9444  | 2.0000         | 3.8800    | 1.6514  | n.s     |
| Unethical Sales Practices                   | 3.6667  | 4.0000         | 3.8000    | 0.3717  | n.s     |
| Irritation in Advertising                   | 3.6111  | 4.0000         | 4.4000    | 0.8237  | n.s     |
| Using Company's Time<br>for Personal Use    | 2.1667  | 1.0000         | 3.2400    | 1.8526  | n.s     |
| Taking Credit for Others' Work              | 2.2222  | 7.0000         | 2.6400    | 2.5390  | 0.0329  |
| Deceptive Advertising                       | 3.8889  | 7.0000         | 3.9600    | 0.7581  | n.s     |
| Taking Longer Than<br>Necessary To Do A Job | 4.0000  | 4.0000         | 4.3750    | 0.1562  | n.s     |
| Padding Out Expense Account                 | 2.0556  | 1.0000         | 2.7200    | 0.7963  | n.s     |
| Gaining of Competitor Information           | 3.9444  | 1.0000         | 4.2000    | 1.0400  | n.s     |
| Exposure of Personal Error                  | 3.3889  | 1.0000         | 3.1600    | 1.3942  | n.s     |
| Falsifying Report                           | 2.8333  | 1.0000         | 3.0000    | 2.2623  | 0.0538  |
| Bribery                                     | 3.6667  | 6.0000         | 4.3600    | 1.2670  | n.s     |
| Discriminating Against Woman                | 2.1667  | 1.0000         | 2.8800    | 1.4339  | n.s     |
| Calling in Sick to Take a Day Off           | 1.8333  | 1.0000         | 2.2000    | 0.4836  | n.s     |
| Divulging Confidential Information          | 3.0000  | 1.0000         | 3.4400    | 0.8142  | n.s     |
| Favouritism in Insurance Cover              | 2.8889  | 1.0000         | 2.5200    | 1.2743  | n.s     |
| Kickback Bribery                            | 3.6111  | 2.0000         | 3.6800    | 0.2293  | n.s     |
| Performance Against Solvency                | 2.7778  | 1.0000         | 3.1600    | 0.4758  | n.s     |

**Table 5b: Perceptions of Unethical Practices by Job Specialisation**

| Variable                                    | Accounting | Finance | Others | F-Ratio | Results |
|---|------------|---------|--------|---------|---------|
| Obtaining Trade Secrets                     | 4.8771     | 2.7500  | 3.5273 | 1.6514  | n.s     |
| Unethical Sales Practices                   | 4.0000     | 2.5000  | 3.6000 | 0.3717  | n.s     |
| Irritation in Advertising                   | 3.2857     | 2.7500  | 4.1273 | 0.8237  | n.s     |
| Using Company's Time<br>for Personal Use    | 3.1429     | 1.5000  | 2.5185 | 1.8526  | n.s     |
| Taking Credit for Others' Work              | 2.4286     | 2.7500  | 2.0741 | 2.5390  | 0.0329  |
| Deceptive Advertising                       | 3.2857     | 4.0000  | 3.9273 | 0.7581  | n.s     |
| Taking Longer Than<br>Necessary To Do A Job | 4.4286     | 4.0000  | 4.1455 | 0.1562  | n.s     |
| Padding Out Expense Account                 | 2.4286     | 1.7500  | 2.1852 | 0.7963  | n.s     |
| Gaining of Competitor Information           | 4.4286     | 2.7500  | 3.8889 | 1.0400  | n.s.    |
| Exposure of Personal Error                  | 3.0000     | 1.7500  | 2.7037 | 1.3942  | n.s.    |
| Falsifying Report                           | 4.2857     | 1.7500  | 2.4259 | 2.2613  | 0.0538  |
| Bribery                                     | 3.7143     | 3.0000  | 3.2963 | 1.2670  | n.s     |
| Discriminating Against Woman                | 3.0000     | 1.7500  | 3.2264 | 1.4339  | n.s     |
| Calling in Sick to Take a Day Off           | 1.8571     | 1.5000  | 2.2222 | 0.4836  | n.s     |
| Divulging Confidential Information          | 3.2857     | 4.5000  | 3.3455 | 0.8142  | n.s.    |
| Favouritism in Insurance Cover              | 3.1429     | 2.7500  | 2.1091 | 1.2743  | n.s.    |
| Kickback Bribery                            | 3.1429     | 3.7500  | 3.6000 | 0.2293  | n.s.    |
| Performance Against Solvency                | 3.1429     | 2.7500  | 3.2000 | 0.4758  | n.s.    |



In examining the differences among insurance employees perceptions towards unethical practices, the one-way analysis of variance (anova) showed significant differences in three HES: using company time for personal use ( $p \leq 0.01$ ), taking credit for another's work ( $p \leq 0.05$ ), and calling in sick to take a day off ( $p \leq 0.05$ ), among managers, executives and non-executives. In terms of 'using company time for personal use', the managers perceived it as more unethical than the executives or non-executives. However, the executives perceived 'taking credit for another's work' as more unethical than the managers or non-executives. The managers also perceived 'calling in sick to take a day off' as more unethical than the executive or non-executive. Thus, managers have higher ethical standards than executives or non-executives.

**Table 6: Perceptions of Unethical Practices by Ethnicity**

| Variable                                    | Malay | Chinese | Indian | Others | F-Ratio | Results |
|---|-------|---------|--------|--------|---------|---------|
| Obtaining Trade Secrets                     | 4.071 | 3.400   | 2.615  | 3.000  | 2.751   | 0.0461  |
| Unethical Sales Practices                   | 4.286 | 3.400   | 2.846  | 4.400  | 2.948   | 0.0360  |
| Irritation in Advertising                   | 4.024 | 4.000   | 4.077  | 4.000  | 0.007   | n.s     |
| Using Company's Time<br>for Personal Use    | 3.244 | 2.364   | 2.385  | 2.600  | 2.451   | n.s     |
| Taking Credit for Another's Work            | 2.415 | 2.346   | 2.154  | 3.000  | 0.354   | n.s     |
| Deceptive Advertising                       | 3.762 | 3.873   | 4.462  | 4.200  | 0.549   | n.s     |
| Taking Longer Than<br>Necessary To Do A Job | 4.238 | 4.222   | 4.154  | 4.000  | 0.037   | n.s     |
| Padding Out Expense Account                 | 2.463 | 2.236   | 1.539  | 2.800  | 1.519   | n.s     |
| Gaining of Competitor Information           | 4.073 | 3.764   | 4.077  | 4.200  | 0.289   | n.s     |
| Exposure of Personal Error                  | 3.000 | 2.800   | 2.538  | 4.000  | 1.165   | n.s     |
| Falsifying Report                           | 3.000 | 2.582   | 2.538  | 2.800  | 0.532   | n.s     |
| Bribery                                     | 3.609 | 3.618   | 3.923  | 3.600  | 0.087   | n.s     |
| Discriminating Against Woman                | 2.925 | 2.909   | 2.000  | 3.400  | 1.119   | n.s     |
| Calling in Sick to Take a Day Off           | 2.707 | 1.709   | 2.231  | 2.200  | 3.521   | 0.0175  |
| Divulging Confidential Information          | 3.667 | 3.182   | 3.385  | 1.800  | 1.942   | n.s     |
| Favouritism in Insurance Cover              | 2.595 | 2.509   | 1.923  | 2.200  | 0.655   | n.s     |
| Kickback Bribery                            | 3.785 | 3.454   | 3.615  | 3.600  | 0.240   | n.s     |
| Performance Against Solvency                | 3.452 | 2.782   | 3.538  | 3.600  | 1.589   | n.s     |

In terms of job specialisation, there are significant differences in two HES: taking credit for another's work ( $p \leq 0.5$ ), and falsifying report ( $p \leq 05$ ). The marketing respondents perceived the former HES as more unethical than the finance respondents. However, the finance respondents perceived the latter HES as more unethical than the marketing executives.

These findings supports and refutes the findings of Lincoln et.al. (1982) to a certain extent. The influence of job title and job specialisation has limited impact on perceived unethical practices. In other words, the general or universal principles of moral conduct applies to all levels or job speciality.

In relation to ethnic groups, there are significant differences in three HES among the Malays, Chinese and Indians: obtaining trade secrets ( $p \leq 05$ ), unethical sales practices ( $p \leq 05$ ), and calling in sick to take a day off ( $p \leq 05$ ). The



Indians perceived obtaining trade secrets and unethical sales practices as more unethical than the Malays or Chinese respondents. However, the Chinese respondents perceived calling in sick to take a day off as more unethical than the Malays and Indians.

**Table 7: Perceptions of Unethical Practices By Se**

| Variable                                    | Male   | Female | T-Value | Results |
|---|--------|--------|---------|---------|
| Obtaining Trade Secrets                     | 3.6500 | 3.4800 | 0.48    | n.s     |
| Unethical Sales Practices                   | 3.0750 | 4.0400 | 2.62    | 0.010   |
| Irritation in Advertising                   | 4.0750 | 3.9867 | 0.25    | n.s     |
| Using Company's Time<br>for Personal Use    | 2.2750 | 2.9189 | 1.99    | 0.049   |
| Taking Credit for Anothers' Work            | 2.0500 | 2.5541 | 1.64    | n.s     |
| Deceptive Advertising                       | 3.7000 | 4.0267 | 0.93    | n.s     |
| Taking Longer Than<br>Necessary To Do A Job | 3.5897 | 4.5333 | 3.04    | 0.003   |
| Padding Out Expense Account                 | 2.1250 | 2.3378 | 0.73    | n.s     |
| Gaining of Competitor Information           | 2.8571 | 3.0000 | 0.42    | n.s     |
| Exposure of Personal Error                  | 2.8500 | 2.9189 | 0.22    | n.s     |
| Falsifying Report                           | 2.2000 | 3.0270 | 2.53    | 0.013   |
| Bribery                                     | 3.6750 | 3.6351 | 0.10    | n.s     |
| Discriminating Against Woman                | 2.8500 | 2.8219 | 0.08    | n.s     |
| Calling in Sick to Take a Day Off           | 1.7500 | 2.3649 | 2.06    | 0.042   |
| Divulging Confidential Information          | 3.5250 | 3.2133 | 0.90    | n.s     |
| Favouritism in Insurance Cover              | 2.4750 | 3.2133 | 0.90    | n.s     |
| Kickback Bribery                            | 3.8250 | 3.4800 | 0.93    | n.s     |
| Performance Against Solvency                | 2.8000 | 3.3333 | 1.57    | n.s     |

**Table 8: Perceptions of Unethical Practices by Age**

| Variable                                    | Less than<br>35 years | 35 years<br>and above | T-Value | Results |
|---|-----------------------|-----------------------|---------|---------|
| Obtaining Trade Secrets                     | 3.7529                | 2.9333                | 2.18    | 0.031   |
| Unethical Sales Practices                   | 4.0000                | 2.8667                | 2.85    | 0.005   |
| Irritation in Advertising                   | 4.0353                | 3.9667                | 0.18    | n.s     |
| Using Company's Time<br>for Personal Use    | 2.8095                | 2.3667                | 1.25    | n.s     |
| Taking Credit for Anothers' Work            | 2.4048                | 2.3000                | 0.31    | n.s     |
| Deceptive Advertising                       | 4.0706                | 3.4667                | 1.60    | n.s     |
| Taking Longer Than<br>Necessary To Do A Job | 4.2738                | 4.0333                | 0.69    | n.s     |
| Padding Out Expense Account                 | 2.2381                | 2.3333                | 0.30    | n.s     |
| Gaining of Competitor Information           | 4.0476                | 3.6000                | 1.14    | n.s     |
| Exposure of Personal Error                  | 2.8571                | 2.7778                | 0.23    | n.s     |
| Falsifying Report                           | 2.9048                | 2.2667                | 1.78    | n.s     |
| Bribery                                     | 3.7262                | 3.4333                | 0.67    | n.s     |
| Discriminating Against Woman                | 2.9643                | 2.4483                | 1.31    | n.s     |
| Calling in Sick to Take a Day Off           | 2.3059                | 1.6897                | 1.88    | n.s     |
| Divulging Confidential Information          | 3.4118                | 3.0667                | 0.92    | n.s     |
| Favouritism in Insurance Cover              | 2.5529                | 2.2000                | 1.05    | n.s     |
| Kickback Bribery                            | 3.8353                | 2.9333                | 2.29    | 0.024   |
| Performance Against Solvency                | 3.4118                | 2.4000                | 2.81    | 0.006   |



With regards to significant differences among male and female respondents on the HES, there were significant results on five HES: unethical sales practices ( $p \leq 01$ ), using company time for personal use ( $p \leq 05$ ), taking longer than necessary to do a job ( $p \leq 01$ ), falsifying report ( $p \leq 01$ ) and calling in sick to take a day off ( $p \leq 05$ ). In all these five HES, the male respondents perceived it as more unethical than the female respondents. This implies that the male respondents have lower level of tolerance on unethical practices than the female. This findings supports partially the findings of Zabid and Alsagoff (1993) on 'falsifying reports'.

### CONCLUSION

The results showed that the insurance respondents have high ethical values. They perceived sixteen HES as unethical (i.e. below the score of 4.0). As such, it supports the view that the ethical standards are higher today. One implication of the findings is that to continue maintaining higher standards of ethical practices in the insurance industry, superiors need to play an important role in developing appropriate ethical values in the organisation. 'Leadership by Example' should be the maxim of all insurance organisations. While the number of written complaints had increased from 1989 to 1993, the actual figures had actually decreased from 3,405 written complaints in 1992 to 2,945 in 1993 (13.5% reduction). Perhaps, this findings is valid in view of the continuous effort by various organisations towards enhancing ethical standards in the industry.

Another implication of this findings is that more research is needed to be conducted in relation to the extent of perceived unethical practices according to the income level, educational level, job tenure, and organisational size. While the present research suggest limited variations on perceived unethical practices in terms of job level, job specialisation, race, age, and gender, it does suggest the existence of differences or influence of such factors on ethical perceptions. This means that the nature of training and development of ethics in business need to be contingent to the situation.

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