



# **Examine the sale ethical impact at the trust and loyalty policyholders' life insurance (Case Study: Iran Insurance Company in Tehran)**

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## **Abstract**

The purpose of this study is to evaluate the effect of ethics on life insurance insurers' trust and loyalty in Iran Insurance Company in Tehran. This study is descriptive, and a standard questionnaire was used to collect data. The validity and reliability was confirmed by professors and experts, and also, it was confirmed using confirmatory factor analysis, and reliability of the questionnaire was confirmed using Cranach's alpha, ( $\alpha=0.811$  for ethics sale), ( $\alpha=0.766$  for trust), and ( $\alpha=0.850$  for loyalty). The sample of the study, involving 384 patients, and the availability random cluster sampling method was used. Kolmogorov-Smirnov test, and structural equation modeling, has been used to analyze the data. The results show that morality sales and confidence in the loyalty insurers life insurance, has positive and significant effect on Iran Insurance Company in Tehran, as well as ethics sale, has a significant positive effect on life insurance insurers' confidence, and the mediating role of trust insurers in the relationship between ethics, sales and loyalty, was confirmed.

**Key Words:** Iran Insurance Company, Loyalty, Sales Ethics, Trust.

## **Introduction**

Ethics is a community of values and norms rules, which is reflected in the behavior of people in the community. In fact, ethics is considered as one of the major problems for organizations because it is indicative of the interaction between economic performance (which it is measured by income, expenses, and profits), and social performance, (it is expressed in the form of its obligations towards others, both inside and outside) (Azar et al., 2008).

Science marketing efforts and witnessed considerable research on the subject of morality, due to the fact that the general

public and marketing, especially the buyer – seller relationship, an area that is a lot of moral problems that occur (Vazifehdoost and Memarian, 2013).

Marketing has been accused of lying, cheating, promote consumerism, and disregard for the poor and vulnerable segments of society, by people (Haghihi Kaffash et al., 2011). In such a society, to maintain and strengthen customer loyalty is a strategic challenge for companies that have the concern of maintaining and developing competitive position in the market. Those companies that pursue not only short-term sales, and trying to obtain long-term



customer satisfaction, through the provision of goods and services with superior value and distinctive, naturally, have more influence in the target market, and will loyal customers, compared to other competitors (Huber, 2001). On the other hand, consumer confidence is a key component of strong customer relationships, stable market share, and customer loyalty (Roman and Ruiz, 2005). In all markets, the sales network will always have a responsibility to generate revenue for the company, as a result, it is possible that they act in unethical behavior, in order to maintain their jobs and income (wortuba, 1990), and cause creating mistrust and lack of customer loyalty; thus, according to the relationship between ethics professional of the sales network, and trust insurers and their loyalty to the insurance company, which makes the stability of the relationship between the seller and the buyer, and profit and promotion of the insurance company, is very important.

### **Research literature**

Haghighi Kaffash et al (2011), in a study entitled "Review of ethical behavior in all, the loyalty of customers of life insurance" using Pearson method in study. The result of this research shows Along with the rise seller of ethical behavior, customer loyalty increases, and loyal customers play a role for active marketing, the company consciously or unconsciously.

Hazrati et al (2012), in a study entitled "Evaluation of the effects of ethical behavior seller on customer satisfaction, trust and commitment to our customers of electronic

products from Sony and Panasonic" using Structural equation method in study. The result of this research shows Seller ethical behavior has a great impact on satisfaction, trust, and commitment to the customer to the seller.

Vazifedoost and Memarian (2014), in a study entitled "Seller ethical behavior, and satisfaction, trust and loyalty, insurers, life insurance" using Pearson method in study. The result of this research shows Buy moral behavior has a direct impact on customer satisfaction, and customer confidence in the company. Customer satisfaction and customer trust the company, has a direct impact on customer loyalty.

Roman and Ruiz (2015), in a study entitled "Review of the role of ethical behavior seller on improving relations between the seller and the customer" using Pearson method in study. The result of this research shows Ethical behavior is perceived by the customer, plays an important role in relations between the customer and the seller, the impact on customer satisfaction, trust, and commitment to the seller.

Lin and Wu (2012), in a study entitled "Sales of ethical behavior, taking into account the transaction cost theory: Who is loyal customer?" using Structural equation method in study. The result of this research shows Interests of customer confidence, seller of ethical behavior, are an important factor in determining customer satisfaction and loyalty.

Chen Mao (2009), in a study entitled "The relationship between ethical behavior seller, and loyal customers of life insurance Company's seller, and loyal customers of

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Chen Mao (2009), in a study entitled "The relationship between ethical behavior seller, and loyal customers of life insurance Company's seller, and loyal customers of



life insurance companies" using Pearson was confirmed by professors and experts, as well, with confirmatory factor analysis, and reliability of the questionnaire was verified, using Cranach's alpha ( $\alpha=0.811$  for ethics sale), ( $\alpha=0.766$  for confidence), and ( $\alpha=0.850$  for loyalty). The sample of the study, involving 384 patients, and randomized cluster sampling method was used and available. Kolmogorov-Smirnov test and structural equation modeling have been used to analyze the data.

To ensure the validity, in this study, the research questionnaire was sent out to several experts and professors, relevant research, and the final questionnaire was distributed among the population, based on the responses and comments of teachers, and with the approval of the supervisor and counselor.

Also, the validity of the questionnaire was confirmed using confirmatory factor analysis test, and all factor loadings were obtained over 0.5.

### Validity of variables, using confirmatory factor analysis

**Table 1. Questions the validity of research results variables**

Standardized coefficients Load factor	Loyalty	Standardized coefficients Load factor	Trust	Standardized coefficients Load factor	Ethics sale
0.81	V1	0.50	E1	0.81	Q1
0.77	V2	0.50	E2	0.55	Q2
0.70	V3	0.79	E3	0.75	Q3
0.78	V4	0.88	E4	0.80	Q4

### Reliability of the Measurement Tool

Cranach's alpha coefficient, which is achieved by SPSS software is used to determine the reliability of the test, that the closer the coefficient is to 1 (0.7 to 1 is

suitable) show acceptable reliability. Because, Cranach's alpha coefficient measures of the study, are greater than 0.7, is acceptable reliability.

**Table 2. Different parts of the questionnaire and their reliability**

coefficient alpha	Number of questions	variable	
0.811	4	Ethical behavior sale	Ethics sale
0.766	4	Trust	customers ' trust
0.850	4	Loyalty	customers ' Loyalty
0.888	Alpha-General	The entire questionnaire	

### Kolmogorov-Smirnov test results

The results of the test to determine the normality of the data showed that the values

of all components significant level of research is greater than 0.05. Therefore, normal distribution of data was confirmed.

**Table 3. Results of the one-sample Kolmogorov-Smirnov test to determine the normality of the data**

	<b>Positive oral advertising</b>	<b>brand commitment</b>	<b>Consumer identity - brand</b>
number	384	384	384
average	3.3861	3.3977	3.5950
Standard deviation	0.80872	0.66597	0.68093
Kolmogorov-Smirnov amount	1.074	0.891	1.205
Significance level	0.199	0.406	0.110

A structural equation model was used for testing the hypotheses, where, ethics sales were considered as independent variables, customer loyalty, as the dependent variable, and the trust of customers, as a mediator. The results of tests 1 to 3 are visible in Figure 2.

The numbers, as shown in Figure 2, are T-values. The hypothesis is confirmed if the value is not in the range (-1.96 and 1.96). As it is shown in Figure 2, all three hypotheses 1, 2 and 3 have been approved, and this

implies that both variables, sales of ethical behavior, and confidence in the loyalty of Iran Insurance Company, have a significant and positive impact, as well as sales of ethical behavior, has an impact on consumer confidence. Figure 3 are shown in the graph standardized coefficients, in fact, show the path coefficients or standardized factor loadings, between agent and markers.

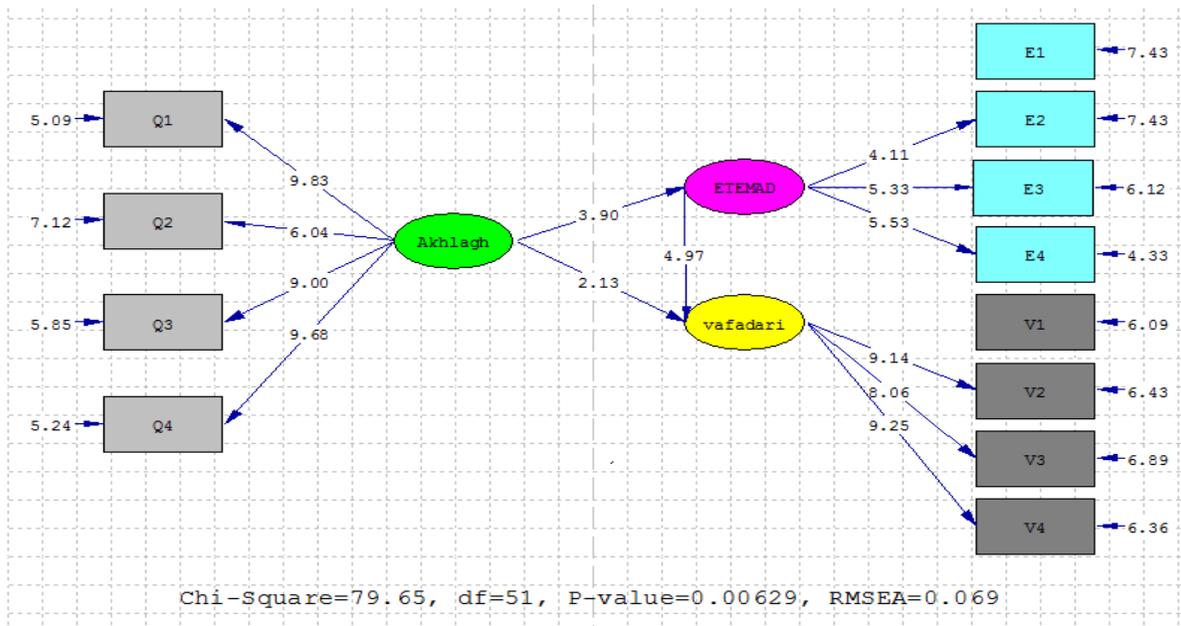


Figure 2. LISREL software model output values T- value

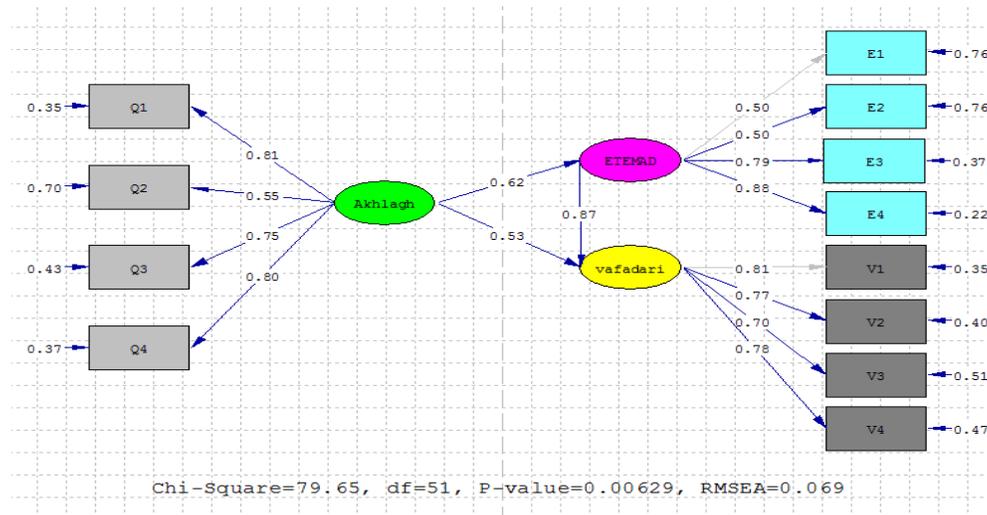


Figure 3. LISREL software with standard output model coefficients

### The fourth hypothesis

The relationship between the two variables X and Y is indirect, when X is the cause of Z, and Z also has an impact on Y. indirect effects, are calculated by multiplying of

coefficients of each track. (Kalantari, 2006) So, to test the fourth hypothesis, and examine the mediating role of life insurance insurers 'confidence in the relationship between ethically sales, and insurers' loyalty, the indirect effect will be calculated

by multiplying of Buy direct path of ethics and trust, and trust on a direct path loyalty, and then the number has been achieved, the mediating role of self-analysis. If the derived value was equal 0.02, 0.15, or more than 0.35, the amount of the effect of mediator, to be assessed as low, medium and strong (Azar et al., 2012). Therefore, the indirect effect should be larger or equal to 0.15, is a significant relationship.

Calculate the indirect effect of "morality Buy" on "loyalty", according to "trust" as a mediator:

$$\text{Trust} \rightarrow \text{loyalty} \times (\text{Ethics of sales} \rightarrow \text{Trust}) = (0.5394 = 0.87 \times 0.62)$$

The results show that the relative value of the path coefficient (B) (indirect effect on sales of ethics, loyalty) is 0.54, and because of that, the path coefficient greater than 0.15, thus:

Ethical behavior sale, brokered trust, affects the loyalty, and the mediating role of trust in the relationship between moral behavior, sales, and loyalty is confirmed. The results of four research hypotheses are listed in Table 4.

**Table 4. The results of hypothesis testing**

	<b>A significant number</b>	<b>Standardized coefficients</b>	<b>Test result</b>
1. Observe the sale of ethics by the sales network has a significant impact on the trust insurers of life insurance in Iran Insurance Company.	<b>3.90</b>	0.62	confirm
2. Uphold the ethical standards of sales by the sales network have a significant impact on loyalty insurers of life insurance, in Iran Insurance Company	<b>2.13</b>	0.53	confirm
3. Life insurance insurers' trust has a significant impact on their loyalty to Iran Insurance Company	<b>4.97</b>	0.87	confirm
4. The life insurance insurers' confidence has the role of mediator in the relationship between ethically sales and insurers' loyalty.	0.54 Indirect effect		<b>confirm</b>

**The fit of the model using structural equation modeling**

In this section, the indicators that were identified for analysis fitness model, the

LISREL, the indicators and AGFI GFI and RMSEA were used. Stock Inserts fit model indicates that the model is in good condition, to fit and fit indices.

**Table 5. Results of the test model**

<b>amount</b>	<b>index</b>
0.069	RMSEA
0.93	GFI
0.91	AGFI



## **Result**

The first hypothesis results showed that Observe the sale of ethics by the sales network has a significant impact on the trust insurers of life insurance in Iran Insurance Company and this result is consistent with previous results Roman and Ruiz (2005), Chen and Mao (2009) Hazrati et al and friend (2012).

The second hypothesis results showed that Uphold the ethical standards of sales by the sales network have a significant impact on loyalty insurers of life insurance, in Iran Insurance Company and This result is consistent with previous results that was done by Chen Mao (2009), Lin and Wu (2012), Hagihi Kaffash et al (2011).

The third hypothesis results showed that Life insurance insurers' trust has a significant impact on their loyalty to Iran Insurance Company and this result is consistent with previous results that was done by Chen and Mao (2009), Vazifehdust (2014) and Hazrati et al and friend (2012).

the fourth hypothesis results showed that The life insurance insurers' confidence has the role of mediator in the relationship between ethically sales and insurers' loyalty This result is consistent with previous results Chen and Mao (2009), Vazifehdust (2014) and Hazrati et al and friend (2012).

The results show that morality sales and confidence have positive and significant effect on life insurance insurers' loyalty, the Iran Insurance Company in Tehran, as well as the ethics of selling has a significant

positive effect on life insurance insurers' confidence, the mediating role of insurers' confidence in the relationship between ethics was approved sales and loyalty.

## **Conclusion**

1. This research has examined the relationship between morality Buy, trust, and loyalty, the Iran Insurance Company. We propose to other researchers, to examine these relationships in other companies in the service industry, and the industry of goods and commodities.

2. The relationship between ethics sales can be monitored, with other variables, such as their love, commitment consumer - they tend to pay more and more, the Iran Insurance Company, and other companies of the financial services market, therefore, identify other important variables, and research on them is recommended.

3. It is recommended that the role of other variables, such as personality of the brand identity of consumer - brand, commitment consumer - brand and so, as a mediator variable in the Iran Insurance Company to be examined in future research.

4. It is suggested that a comparative study, in conjunction with the variables, sales ethics, trust, and loyalty between two or more insurance companies, to be carried out in future research.

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