A Comparison of Open and Closed Influencers: An Extension and Replication

By Subhra Chakrabarty and Robert E. Widing

Using agency theory as the theoretical lens, the difference in customer orientation between Open and Closed Influencers was studied using a national random sample of insurance agents. Results indicated that Open Influencers were more customer oriented than Closed Influencers. In addition, the study concluded that offering insurance agents an ownership in the agency could mitigate the agency problem of moral hazard in insurer – insurance agent relationships. This was the first empirical study that combined agency theory with influence strategies and discussed the implications for insurers and insurance agents. The study also replicated the findings of a prior study on the differences between Open and Closed Influencers with regard to customer oriented selling behaviors. The findings are a step towards establishing the external validity of the differences in customer orientation between Open and Closed Influencers by generalizing the findings in a different country and culture (US). Several directions for future research were proposed.

INTRODUCTION

A principal-agent relationship exists whenever one party (a principal) delegates some work to another party (an agent) (Eisenhardt, 1989) by employing them. In essence, the agent delivers value on behalf of the principal. When agents sell principals' products/ services, value maximization by agents may lead to profit maximization for both parties. Principal-agent relationships can exist in a variety of forms such as, supervisor-subordinate, insurer-insurance agent, etc. Agency theory has been used extensively to optimize the performance of firms (e.g., Koslow, Sameti, van Noort, Smit, and Sasser, 2022; Dong, Karhade, Rai, and Xu, 2021), and salespeople (e.g., Lawrence, Scheer, Crecelius, and Lam, 2021; Homburg, Vomberg, and Muehlhaeuser, 2020). In the insurance industry, insurer – insurance agent relationships exist where the principal (insurer) employs insurance agents to sell the principals' insurance products. Independent brokerage houses that sell insurance products for many carriers also employ insurance agents which results in insurer – insurance agent relationships. Thus, the distribution channel for both personal lines and commercial lines (e.g., property and casualty) consists of captive insurance agents representing one carrier and brokers' insurance agents representing multiple carriers.

The insurer – insurance agent relationship may suffer from agency problems. Agency theory posits that by establishing formal rules and procedures (Fama, and Jensen, 1983), agency conflicts can be reduced by contracts which lower "ex post costs through ex ante alignment" of principals' and agents' interests (Bergen, Dutta, and Walker 1992, p. 8). However, if insurers are unable to verify the agents' activities, the agents can violate the contracts by changing the agreed upon behaviors and shirk their responsibilities to maximize their own self-interests. This alteration of agents' behaviors after the insurer – agent contracts has been established is known as moral hazard, which "refers to lack of effort on the part of the agent" (Eisenhardt 1989, p. 61). According to Eisenhardt (1989, p. 61), "the agent may simply not put forth the agreed-upon effort. That is, the agent is shirking." To date, no studies have explored the role of selling behaviors in minimizing this moral hazard in insurer – insurance agent relationships. The purpose of the current study was to employ agency theory to explore the role of selling behaviors in mitigating moral hazard in insurer – insurance agent relationships.

The paper is structured into the following sections. First, a brief discussion on agency problems and

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selling behaviors is outlined followed by the theory and hypotheses. Next, the methodology is discussed followed by a description of the measures used to test the hypotheses. The third section discusses the analysis and results, and is then followed by discussions, conclusions, and directions for future research.

Agency Problems

Insurers typically use an outcome-based control system where agents are compensated on the outcomes of their behaviors usually by sales commissions. For captive insurance agents, it is difficult for insurers to ascertain the manner in which agents interact with potential customers. For independent brokers, monitoring insurance agents' selling behaviors may be possible by using a conventional sales organization where sales managers can use a behavior-based control system to control agents' selling behaviors.

When the selling behaviors of captive insurance agents are unobservable, opportunistic selling behaviors of agents might bypass the scrutiny of the underwriters. The outcome-based control system does not account for the selling behaviors. Hence, insurance agent behaviors often lead to opportunistic outcomes. In these situations, insurers may use sales performance metrics to compensate their agents. Thus, the performance implications of agents' unobservable selling behaviors should be of interest to academicians and practitioners.

Although the selling behaviors of captive agents are unobservable, and since both the insurer and the agent stand to lose by being opportunistic to each other, the norm of reciprocity (Gouldner, 1960) might act as a buffer against the agency costs of moral hazard. The psychological ownership might make agents feel responsible for the agency and make them "invest time and energy to advance the cause" of the agency (Pierce, Kostova, and Dirks 2001, p. 303). The agents may enact the dual role of being psychological owners and agents (Pouryousefi, and Frooman, 2017). This role dualism may inhibit the opportunistic behaviors of agents resulting in a reduction in moral hazard. Tosi, and Gomez-Mejia (1989) argued that perceived ownership would affect the positive relationship between the effects of incentive control on performance.

Selling Behaviors

Two selling behaviors as customer orientation and adaptive selling have been the focus of an extensive stream of research in the sales force literature (Franke, and Park, 2006). Based on past psychological research, Bagozzi et al. (2012, pp. 641-642) concluded that highly customer-oriented salespeople have a "natural curiosity and a readiness to uncover particular customer needs" whereas highly selling oriented salespeople "seek mainly to persuade customers." Thus, a customer-oriented agent will uncover customer needs and sell insurance products that are best suited to satisfy the identified customer needs, whereas a selling oriented agent is likely to persuade customers to purchase insurance products that maximizes the agents' self-interest. Although an agent can be both customer and selling oriented to satisfy customer needs and maximize account profitability, maximizing commissions based on selling insurance products that are not needed creates the conflict.

Adaptive selling has been defined as "the altering of sales behaviors during a customer interaction or across customer interactions based on perceived information about the nature of the selling situation (Weitz, Sujan, and Sujan 1986, p. 175). A highly adaptive insurance agent will be adroit in adjusting their selling behaviors regardless of whether they are customer oriented or selling oriented.

Regardless of their orientation, agents are attempting to close the sale for the insurance program by persuading potential customers to move forward with recommendations. That is, agents will use their social bases of power, namely, Legitimate, Expert, Referent, Ingratiation, and Impression Management (French, and Raven, 1959) to recommend insurance products to potential customers. Spiro and Perreault (1979) argued that the use of Legitimate and Expert power bases represent an Open Influence strategy, whereas the use of Referent, Ingratiation, and Impression Management power bases represent a Closed Influence strategy. The authors asserted that since Legitimate and Expert influence is based of salespersons' reputation, experience, and expertise, the motive behind salespersons' use of them is known to the customers. Therefore, agents who use Legitimate and Expert influence are Open Influencers. In contrast, Referent, Ingratiation, and Impression Management influences are based on salespersons' friendship, their attempts to obligate customers by offering personal favors, gifts, and entertainment, and their attempts to manipulate customers with false and deceptive impressions, respectively. Since customers may be unaware of the motives behind salespeople's use of such strategies, insurance agents using Referent, Ingratiation, and Impression Management are Closed Influencers (Spiro, and Perreault, 1979).

Theory and Hypotheses

The notion that customer-oriented selling is beneficial for the selling firm in the end has been empirically supported (e.g., Zablah, Franke, Brown, and Bartholomew, 2012; Homburg, Müller, and Klarmann, 2011; Jaramillo, and Grisaffe, 2009; Donavan, Brown, and Mowen, 2004). Highly customer-oriented agents will be implementing the marketing concept at individual agent – customer level (Saxe and Weitz, 1982) by identifying their insurance needs and recommending the best insurance products to satisfy those needs. Hoffman, Vowe, and Hardigree (1991, p.13) argued that "due to the convoluted nature of insurance products, many consumers of insurance will never fully understand exactly what they have purchased." This information asymmetry between the agents and the customers will increase customers' dependence on their agents. Since highly customer-oriented agents will "avoid actions which sacrifice customer interest to increase the probability of making an immediate sale" (Saxe and Weitz, 1982, p. 344), these agents will avoid "deceptive or manipulative influence tactics." Consequently, for the long-term profitability of insurers, agents need to be customer oriented.

Customer-oriented selling requires agents to acquire customer need knowledge (Homburg, Müller, and Klarmann, 2011) and determine the optimum level of customer orientation (Homburg, Wieseke, and Bornemann, 2009) for each potential policyholder. This requires agents to be highly customer oriented so that their intuitive and deliberative accuracy of customers' judgments (Hall, Ahearne, and Sujan, 2015) maximizes their sales performance. Consequently, customer-oriented selling is likely to be quite demanding for agents, and they need to draw upon their resources of Expertise and Legitimate influence. Customers expect agents to use their reputation, experience, and expertise to sell. The information asymmetry between agents and customers, as agents are much more knowledgeable about insurance products, may significantly increase the customers' dependence on the integrity and expertise of the agents. Consequently, Open Influencers who use their expertise, knowledge, and experience to sell insurance products are expected to be more customer oriented. However, Closed Influencers will attempt to manipulate and ingratiate their clients to sell more than what clients need in order to maximize their commission income. The difference in premiums and resulting commissions received between new policies and renewals may also motivate Closed Influencers to manipulate customers and sell more than what the customer needed. The self-interest of Closed Influencers may not bind them to the norms of reciprocity and fairness (Bosse, and Phillips, 2016), resulting in them being less customer oriented than Open Influencers. Chakrabarty, Brown, and Widing (2011) found empirical support for this difference in customer orientation between Open and Closed Influencers. Formally stated,

> H1: Open Influencers will be more customer oriented than closed influencers.

Agents who have ownership in their insurer's agency may be more aligned with the goals and objectives of the insurers since they have a vested interest in the insurers' success. This ownership may affect their selling behaviors (Pierce, Kostova, and Dirks, 2001) as they have a higher stake in the success of the agency compared to non-owners. For example, agents who own their agency may become more customer oriented than their counterparts, and this may be reflected in a difference in their performance.

The literature on agency theory has proposed incentive alignment as a means of minimizing agency costs due to moral hazard (e.g., Martin, Wiseman, and Gomez-Mejia, 2019). Incentive alignment establishes a reward structure where the agents have incentives to make decisions in the best interest of the insurers. That is, if the incentives of the agents are aligned with the goals, objectives of the insurers, the likelihood of moral hazard may be reduced (Bergen, Dutta, and Walker, Jr., 1992). Consequently, agents who have ownership may become more productive than the agents who do not. Thus, there might be a relationship between agency ownership and commission income. Therefore,

H2: There will be a significant association between agency ownership and commission income.

Method

The data were obtained by an email survey of the members of the National Alliance for Insurance Education and Research, an organization that creates, develops, and delivers continuing education programs for insurance and risk management professionals. The survey recipients were randomly drawn from National Alliance for Insurance Education and Research's membership database which included more than 150,000 insurance professionals. A random sample of 9735 respondents were selected from this database and email surveys were sent to these respondents. A follow up survey was sent after three weeks. Out of the 9735 email surveys, 324 responses were obtained resulting in a response rate of 3.3%. The study sponsor was unwilling to provide any incentives to increase the response rate.

While the response rate was low, non-response bias was unlikely to affect the study findings since a comparison of early and late respondents on the study variables indicated no statistically significant difference (Armstrong and Overton, 1977). Chi-square tests of association between early/late respondents, Open/Closed Influence strategies, agency ownership, and commission level were non-significant. For customer orientation, an Independent Samples T test between early and late respondents showed no significant differences. Thus, despite the low response rate, non-response bias did not affect the study results and the number of usable responses was sufficient to conduct the analysis. On average, the agencies represented by the respondents had three to four million dollars in annual revenues. Of the respondents, 66% were male, 61% had college degrees, and their average age and selling experience were 49 years and 19 years, respectively. In addition, 41.3% of the respondents had ownership in their agency.

Measures

Respondents were asked to indicate their agreement or disagreement on a variety of statements. The endpoints ranged from 1 (strongly disagree) to 7 (strongly agree). Influence strategy mixes were measured using the 20-item influence strategy scale developed by Spiro (1979). The 10-item revised SOCO (Saxe, and Weitz, 1982) scale proposed by Thomas, Soutar, and Ryan (2001) was used to measure respondents' level of customer orientation. This behavioral measure of customer orientation has been widely used in scholarly research (e.g., Mullins, Menguc, and Panagopoulos (2020); Böhm, Eggert, Terho, Ulaga, and Haas (2020); Mullins, and Syam (2014); Hansen, Lund, and DeCarlo (2016); Menjuc, Auh, Katsikeas, and Jung (2016).

Analysis and Results

Since all the constructs were measured using the same method, common method bias may affect the true relationship between the constructs (Podsakoff, MacKenzie, Lee, and Podsakoff, 2003). This was assessed using Harman's Single Factor Test where all the items loaded on a single factor. This factor explained only 25.14% of the total variance. Consequently, common method bias was unlikely to affect the results.

The psychometric properties of the customer orientation measure were judged by confirmatory factor analyses in AMOS. The data fit the model well (Hair, Babin, Black, and Anderson, 2019). According to Hair et al. (2019, p. 647), "no single "magic" value for the fit indices separates good from poor models." Hair et al. (2019, p. 637) recommended that for Comparative Fit index (CFI), which ranges between 0 and 1, higher values indicate better fit. In addition, for Root Mean Square Error of Approximation (RMSEA), lower values indicate good fit and "drawing an absolute cut-off for RMSEA is inadvisable."

For the customer orientation dimension of the SOCO scale (Thomas, Soutar, and Ryan, 2001), the fit indices (CFI = 0.97, RMSEA = 0.09) met the criteria (CFI ≥ 0.95, RMSEA ≤ 0.10) for a good fit (Hooper, Coughlan, and Mullen, 2008). The Cronbach's α value of 0.85 was satisfactory (Nunnally, 1978). The average variance extracted (AVE) and construct reliability (CR) of the customer orientation measure was 0.63 and 0.84 respectively. Hair et al. (2019, p. 676) recommended that “an AVE of 0.5 or higher is a good rule of thumb suggesting adequate convergence” and “high construct reliability (≥ 0.7) indicates that internal consistency exists meaning that the measures all consistently represent the same latent construct.” Thus, the customer orientation scale was reliable and valid.

A factor analysis with principal component extraction and varimax rotation was performed on Spiro’s (1979) 20-item influence strategy scale. Table 1 presents the initial factor loadings of the rotated component matrix.

Table 1: Initial Exploratory Factor Analysis Results[1]

Items	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
I imply to my customer that I do special favors for him/her that I generally do not do for other customers.	**0.769**	-0.011	0.008	-0.167	0.045	0.125
I go out of my way to do personal favors for my customer so that he/she would be indebted to me.	**0.762**	0.043	-0.079	0.073	-0.018	-0.066
Some of my comments appear to be made casually, but are actually “planted” with the intent of gaining favorable impressions.	**0.750**	0.041	-0.154	0.136	-0.175	-0.026
I exaggerate the extent to which I would have to bend company policy to help my customers.	**0.693**	-0.098	0.054	-0.036	0.054	-0.007
I make efforts to entertain my customer or provide him/her with promotional items so that he/she feels an obligation to me.	**0.585**	-0.065	-0.219	0.009	0.134	0.217
My customer is aware that I expect special consideration because of our friendship.	**0.552**	-0.045	-0.233	-0.319	0.132	-0.053
I discuss quite a bit of product information.	-0.128	**0.747**	0.002	-0.038	-0.021	0.272
I try to influence my customer by drawing on my expertise concerning the product.	0.053	**0.727**	0.053	0.026	-0.059	-0.086
I try to demonstrate my knowledge of how my product would be useful for my customer.	-0.064	**0.620**	-0.070	0.199	-0.023	-0.274
I stress the general quality of my products and services relative to that of other agents.	0.110	**0.567**	0.177	0.069	0.072	-0.358
I do not use my friendship with my customer to get him/her to buy insurance from me.	-0.146	0.085	**0.758**	0.032	-0.142	-0.065
I rarely make any effort to ingratiate my customer.	-0.154	0.062	**0.668**	0.057	0.233	0.104
I do not use my congenial relationship with my customer to my advantage.	-0.093	0.115	**0.665**	0.009	-0.058	0.085
I do not stress my reputation, or how my experience will help my customer.	0.064	-0.307	**0.624**	-0.079	0.065	0.023
Even when talking about important business topics, I am very friendly and personal with my customer.	0.102	0.190	.046	**0.794**	0.169	0.021
My customer thinks that my activities on his/her behalf requires more effort than they really did.	**0.415**	0.026	0.062	-0.561	**0.325**	0.073
I use more general than detailed facts in trying to sell my customer.	0.224	-0.306	0.121	-0.019	**0.718**	-0.145
I stress my company’s reputation to my customer.	-0.199	**0.451**	-0.133	0.111	**0.620**	0.070
I do not compare the characteristics of my product with those of my competitors.	-0.012	-0.377	0.131	0.179	-0.012	**0.703**
In sales calls it is useful to give my customer the impression that I did not have the authority to act on one of his/her requests.	0.363	0.120	0.127	-0.267	-0.078	**0.534**

[1]Significant factor loadings are highlighted and underlined.

As Table 1 indicates, the exploratory factor analysis yielded six factors. The initial factor loadings were evaluated based on Hair et al.'s (2019) guidelines. Items that cross loaded on more than one factor (loadings ±0.30 to ±0.40), or did not load significantly on any of the factors (loadings less than ±0.50) were deleted. Table 1 shows that the item "I stress my company's reputation to my customer" cross loaded on Factors 2 and 5 and needed to be deleted. In addition, the item "My customer thinks that my activities on his/her behalf requires more effort than they really did" was deleted since it cross-loaded on Factors 1 and 5. A factor analysis was done on the remaining 18 items and the items that did not meet Hair et al.' (2019) criteria were deleted. This process was continued until a 13-item 3 factor model emerged. Table 2 presents the final factor analysis results.

Table 2: Factor Analysis Results

Items	Factor 1 (Closed Influencers)	Factor 2 (Negatively worded factor)	Factor 3 (Open Influencers)
I imply to my customer that I do Special favors for him/her that I generally do not do for other customers.[5]	0.77		
I go out of my way to do personal favors for my customer so that he/she will be indebted to me.[5]	0.77		
Some of my comments appear to be made casually but are actually "planted" with the intent of gaining favorable impressions.[4]	0.71		
I exaggerate the extent to which I would have to bend company policy to help my customer.[4]	0.71		
I make efforts to entertain my customer or provide him/her with promotional items so that he/she feels an obligation to me.[5]	0.63		
[*]My customer is aware that I expect special consideration because of our friendship.[3]	0.62		
**I do not use my friendship with my customer to get him/her to buy insurance from me.[3r]		0.76	
**I rarely make any effort to ingratiate my customer.[5r]		0.69	
[**]I do not use my congenial relationship with my customer to my advantage.[3r]		0.67	
**I do not stress my reputation, or how my experience will help my customer.[2r]		0.62	
I try to influence my customer by drawing on my expertise concerning the product.[1]			0.77
I stress the general quality of my products and services relative to that of other agents.[2]			0.72
I try to demonstrate my knowledge of how my product would be useful for my customer.[1]			0.71

[1] Expertise, [2] Legitimate, [3] Referent, [4] Impression Management, [5] Ingratiation, [r] Reverse worded.

[*]Loaded on the incorrect factor.

[**]Negatively worded items.

[1]We thank an anonymous reviewer for this suggestion.

As displayed in Table 2, Factor 1 clearly represents Ingratiation and Impression Management strategies. Thus, this factor represented Closed Influencers. One item of Factor 1 representing Referent power base was excluded since it does not belong with the remaining items, which measure Closed Influence strategy (i.e., Ingratiation and Impression Management).

Factor 2 comprised of Referent, Legitimate, and Ingratiation influences. All the items loading on Factor 2 were reverse worded. This result might have been due to reversed item bias, where respondents tend to process negatively keyed items similarly, resulting in the reverse worded items becoming an individual factor. Therefore, negative framing, as has been shown in past research (Weitjers, Baumgartner, and Schillewaert, 2013), may solely drive this factor. Further, the reversed items of Factor 2 do not clearly represent either Open Influence or Closed Influence strategy since they combine Legitimate, Referent, and Ingratiation power bases. This further supports the notion that those items were construed similarly due to negative wordings rather than substantive issues. Consequently, Factor 2 items were not considered for further analysis.

As Table 2 indicates, the items in Factor 3 represented Expertise and Legitimate influence strategies. Thus, Factor 3 represented Open Influencers. The factor structure of the remaining eight items was evaluated by a confirmatory factor analysis, where five items loaded on Closed Influence strategy and three items loaded on Open Influence strategy. The data fit the models well (CFI = 0.93, RMSEA = 0.06).

Open and Closed Influencers were identified by a hierarchical cluster analysis of the remaining eight influence strategy items. The agglomeration schedule indicated that there were two underlying groups. The difference in customer orientation between Open and Closed Influencers was assessed by an Independent Samples T-test. Open Influencers (6.65) were significantly more customer oriented ($t = 5.624$, $p < 0.01$) than Closed Influencers (6.21). Thus, H1 was supported.

H2 was tested by a chi-square test of association between agency ownership and commission income. Forty one percent of the respondents indicated that they had ownership in their agency. Respondents also indicated their total annual commission income by selecting a commission income range. A 3-way split ($50,000 or less, $50,001 - $90,000, and greater than $90,000) created three groups: high, medium, and low commission income. The χ^2 statistic between agency ownership and high/medium/low commission income was significant ($\chi^2 = 14.75$, $p<0.01$). Thus, H2 was supported. The cell values indicated that agency owners who had high commission incomes (greater than $90,000) outnumbered non-owners.

Discussion and Conclusions

When agents sell insurance products on behalf of insurers, principal – agent relationships are formed. Agency theory posits that principal – agent relationships are fraught with two problems; the divergent goals and objectives of the principal and the agent, and the inability of the principal to monitor the activities of the agent (Eisenhardt, 1989). Agents' selling behaviors are unverifiable and the insurer faces a moral hazard. The probability of moral hazard is even greater in insurance sales due to the intangibility of the service, and the need for the seller and the buyer to be present during the transaction. Kim et al. (2019) found empirical evidence of sales performance – moral hazard tradeoffs among insurance salespeople. Using agency theory as a guide, the current study concluded that the customer orientation of Open Influencers might mitigate the moral hazard inherent in insurer – agent relationships.

The current study also concluded that, instead of measuring customer orientation as a surface trait, as CBW did, the 10-item revised SOCO scale (Thomas, Soutar, and Ryan, 2001) is more appropriate. Measuring customer orientation as a surface trait is questionable since there is no consensus of how many items of the 24-item SOCO scale (Saxe, and Weitz, 1982) to use. For example, while Brown et al. (2002) used six items, Licata et al. (2003) used four items, and Donavan, Brown, and Mowen (2004) developed a 13-item four-dimensional measure of customer orientation as a surface trait. With different operationalizations of customer orientation as a surface trait, the auxiliary theory of the relationship between customer orientation as a surface trait and its measures might become ambiguous (Edwards, and Bagozzi, 2000). In addition, the conceptualization of customer orientation as a surface trait considers it as a psychological phenomenon rather than a behavior (Zablah, Franke, Brown, and Bartholomew, 2012). Since influence strategies represent behaviors of salespeople, and Saxe and Weitz (1982) developed the SOCO scale as a behavioral measure, the 10-item measure of customer orientation proposed by Thomas, Soutar, and Ryan (2001) should be used.

In the current study, Open Influencers were significantly more customer oriented than Closed Influencers, and agents who had ownership in the agency earned more commission income than non-owners did. Consequently, agents should be encouraged to use Open Influence strategies by using Legitimate and Expert social bases of power and Insurers should allow agents to become owners and enable them to perceive psychological ownership of the agency. Thus, using Open influence strategies and offering ownership to agents could be unique solutions to the moral hazard in the insurance industry.

Besides analyzing the consequences agents' selling behaviors in the insurance industry, the current study also replicated CBW's (2011) where the authors examined the relationship between influence strategies and customer oriented selling behaviors on a sample of pharmaceutical salespeople in India and concluded that Open Influencers were more customer oriented than Closed Influencers. Since the results of the current study in the US supported CBW's (2011) findings in India, the current study is a step towards establishing the external validity of the statistically significant difference in customer orientation between Open and Closed Influencers.

Although replication research has been neglected in marketing, Tsang and Kwan (1999, p. 761) noted that the "principle of replicability is the hallmark of science." Thus, for marketing to be considered a science, scholarly research on replications are needed. To guide researchers, typologies of replications have been proposed. Tsang and Kwan (1999) proposed that a replication on a different population with different measurements and/or analysis is a generalization and extension of the original study and their typology has received scholarly support (e.g., Bettis, Helfat, and Shaver, 2016).

The paucity of replications of empirical research in marketing has been attributed to the reluctance of journal editors and reviewers to publish replications of past studies (Easley, Madden, and Dunn, 2000; Hubbard, Vetter, and Little, 1998), unless there is a new twist or angle of the previous work. This might have discouraged scholars from publishing their replication research conducted in other countries and cultures, especially if the results did not make incremental contributions to the original study. Scholars have argued that "without proper replications, sweeping generalization of research results should be avoided (Tsang, and Kwan, 1999, p.772). The paucity of replications has resulted in numerous theories, which are not being tested for generalizability, and the original study findings may not be generalizable. The current study replicated CBW and began to establish the external validity of their findings.

Directions for Future Research

This study concluded that agency ownership makes a difference in the commission income of agents. However, the degrees of ownership may have an effect on the outcomes of Open Influence strategies. As the agents' ownership increases, perceived psychological ownership will be stronger and the role dualism may discourage agents to become selling oriented and use Closed Influence strategies. Consequently, the degree of ownership may moderate the effect of influence strategies on moral hazard.

Future research can determine the optimal degree ownership that minimizes the moral hazard in insurer – agent relationships. While legal ownership is asserted formally, psychological ownership is a state of mind in which "individuals feel as though the target of ownership (material or immaterial) or a piece of it is "theirs" (Pierce, Kostova, and Dirks 2001, p. 299). Insurance agents with a psychological ownership of the agency will consider the agency's products/services as their possessions; an extension of their own selves. Psychological ownership has been found to promote stewardship behavior (Peck, Kirk, Luangrath, and Shu, 2021), prosocial behavior (Jami, Kouchaki, and Gino, 2021), and in-role performance and organizational citizenship behaviors (Wang, Law, Zhang, Li, and Liang, 2019). Based on multiple studies, Sharma, Tully, and

Cryder (2021, p. 508) concluded that "psychological ownership is a distinct construct." In the insurer – agent context, psychological ownership is important since it can enhance the effects of equity ownership in reducing moral hazard especially for agents who own a relatively small percentage of the agency. Based on Pierce, Kostava, and Dirks'(2003) theory of psychological ownership, insurance agents who have some control over the agency, will invest more time and effort in the agency, and intimately know the agency.

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APPENDIX

Customer Orientation

I keep the best interests of the customer in mind.

I take a problem-solving approach with my customers.

I try to figure out what a customer's needs are.

I offer the product of mine that is best suited to the customer's problem.

I try to find out what kind of product would be most helpful to my customer.

I try to sell as much as I can rather than to satisfy a customer.

It is necessary to stretch the truth in describing a product to a customer.

I try to sell a customer all I can convince him/her to buy, even if I think it is more than a wise would buy.

I paint too rosy a picture of my products, to make them sound as good as possible.

I decide what products to offer on the basis of what I can convince customers to buy, not on the basis of what will satisfy them in the long run.