

**FACTORS INFLUENCING THE TENDENCY TO SUBSCRIBE WITH TAKAFUL
AMONG MARTIAL ARTS PRACTITIONERS**

SITI HAJAR SALWA AHMAD MUSADIK

UNIVERSITI UTARA MALAYSIA

2011

**FACTORS INFLUENCING THE TENDENCY TO SUBSCRIBE WITH TAKAFUL
AMONG MARTIAL ARTS PRACTITIONERS**



SITI HAJAR SALWA AHMAD MUSADIK

(806136)

UNIVERSITI UTARA MALAYSIA

2011

**FACTORS INFLUENCING THE TENDENCY TO SUBSCRIBE WITH TAKAFUL
AMONG MARTIAL ARTS PRACTITIONERS**

**A thesis submitted to the Graduate School in partial
fulfillment of the requirement for the degree**

Master of Science (Management)

By

Siti Hajar Salwa Ahmad Musadik

DECLARATION

I certify that the substance of this thesis has not been already been submitted to any degree and is not currently being submitted for and other degree qualification.

I certify that any help received in preparing this thesis and all sources used have been acknowledged in this thesis.

Siti Hajar Salwa Ahmad Musadik

806136

Collage of Business (COB)

Universiti Utara Malaysia

06010 Sintok

Kedah

10 February 2011

PERMISSION TO USE

In presenting this thesis impartial fulfillment of the requirement for a postgraduate degree for University Utara Malaysia, I agree that the University Library may make it freely available for inspection. I further agree that permission for copying of this thesis in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor or in their absence, by the Dean of the Graduate School. It is understood that any copying or publication or use of this thesis or part thereof for financial gain not be allowed without my written permission. It is also understood that due recognition shall be given to me and to University Utara Malaysia for any scholarly use which may be made of any material for my thesis.

Request for permission to copy or to make other use of materials in this thesis, in whole or in part, should be addressed to:

Deputy Vice Chancellor of College of Business

Universiti Utara Malaysia

06010 UUM Sintok

Kedah Darul Aman

ABSTRACT

The main purpose of this study is to reveal the factors influencing the tendency to subscribe Takaful among martial arts practitioners. Specifically, three objectives established to compare the different in tendency to subscribe Takaful within demographic factors (age, gender, marital status, income, as well as education level). Beside that, this study also tried to clarify the relationship between four factors of knowledge, awareness, performance of Takaful operators, as well as Islamic religious belief with the tendency to subscribe Takaful and sought to determine whether that four factors of knowledge, awareness, performance of operators, as well as Islamic religious belief have a influence or not with the tendency to subscribe Takaful among martial arts practitioners. The study was conducted among 123 martial arts practitioners in Universiti Utara Malaysia (UUM). The finding of this study suggest that there are have significant different between gender, male and female with the tendency to subscribe Takaful, but in term of age, marital status, income, and education level there are no significant difference with the tendency to subscribe Takaful. Findings also reveal that there are have relationship between factors awareness and no relationship between factors of knowledge, performance of Takaful operator, and Islamic religious belief with the tendency to subscribe Takaful. Finally, the finding also found out that factor of performance of Takaful operator has significant influence with the tendency to subscribe Takaful and the rest did not have significant influence with it. As a conclusion, finding of this study clearly demonstrated that factor of awareness and performance of Takaful operator is the foremost factors that have relationship and influence with respect to tendency to subscribe Takaful.

ABSTRAK

Tujuan utama kajian ini dilakukan adalah untuk mendedahkan faktor-faktor yang mempengaruhi kecenderungan untuk melanggan Takaful insuran di kalangan pengamal seni mempertahankan diri di Universiti Utara Malaysia. Tiga objektif kajian dirangka untuk membandingkan perbezaan di dalam kecenderungan untuk melanggan Takaful iaitu dari segi umur, jantina, taraf perkahwinan, pendapatan, dan tahap pendidikan. Kajian ini juga turut menghuraikan hubungan diantara pengetahuan responden, kesedaran responden, pelaksanaan syarikat Takaful serta kepercayaan agama Islam responden dengan kecenderungan untuk melanggan Takaful dan kajian ini juga turut menentukan samada faktor-faktor pengetahuan responden, kesedaran responden, pelaksanaan syarikat Takaful, dan kepercayaan agama Islam responden mempunyai pengaruh atau tidak dengan kecenderungan untuk melanggan Takaful. Keputusan kajian ini telah menunjukkan bahawa terdapat perbezaan di antara lelaki dan perempuan, dan tiada perbezaan di antara umur, taraf perkhawinan, pendapatan, dan tahap pendidikan responden dengan kecenderungan untuk melanggan Takaful. Sementara itu, terdapat hubungan di antara faktor kesedaran dengan kecenderungan untuk melanggan Takaful dan tiada hubungan bagi faktor pengetahuan, pelaksanaan syarikat Takaful, dan kepercayaan agama Islam responden. Untuk faktor yang mempunyai pengaruh ke atas responden untuk melanggan Takaful, kajian menunjukkan bahawa faktor pelaksanaan syarikat Takaful mempunyai pengaruh ke atas kecenderungan untuk melanggan Takaful. Jelas di sini bahawa faktor kesedaran di kalangan responden dan pelaksanaan syarikat Takaful merupakan faktor yang terpenting dan utama di dalam mempengaruhi responden untuk melanggan Takaful.

ACKNOWLEDGEMENT

With the name of Allah The Most Gracious and The Most Merciful, Praise to Allah S.W.T with His Blessing and Present me the strength, creative and wide ideas, health, peace, and opportunity to complete this study smoothly and successfully.

With love and peaceful, I would like to wish a lots of thank for everybody who always together and be in my side along this project writing process. First and foremost, I would like to pay my thanks and appreciation to my supervisor, En.Mohammad Naim Abd Halim, Lecturer in Universiti Utara Malaysia (UUM) for his greatest support, his kind guidance, constructive comments, positive motivation, as well as encouragement in the whole study writing process as well as for Assoc.Prof Dr.Abdullah Abd Ghani and Dr.Muhammad Nasri Hussain, thanks a lots for your cooperation, advice, and knowledge sharing. May the Mighty Grace and Blessing of Allah be upon both of you and yours family forever.

My special thanks also granted to my beloved father Ahmad Musadik Samsudin and my lovely mother Ros Maini Abd Halim for their supports and loving care and for my siblings (Mustaqeem, Shakireen, Habeeb, Aina, Muiz, Azeem, Kholili, and Miqdad), friends, lectures, Universiti Utara Malaysia management as well as all martial arts practitioners in Universiti Utara Malaysia, thanks for your cooperation, supports, and guidance given throughout this study writing process.

Last but not least, my greatest thankful to Allah S.W.T for his granted and blessing ever and forever. May all knowledge and output in this study will be usable and spread widely, God Willing.

Siti Hajar Salwa Ahmad Musadik (806136)
Master of Science (Management), UUM

TABLE OF CONTENT

Declaration	i
Permission to Use	ii
Abstract	iii
Abstrak	iv
Acknowledgement	v
Table of Content	vi
List of Table	viii
List of Figure	ix

CHAPTER ONE INTRODUCTION

1.0	Introduction	1
1.1	Background of Study	4
	1.1.1 The Growing of Takaful in Malaysia	4
	1.1.2 Martial Arts Overview	8
1.2	Problem Statement	12
1.3	Research Question	14
1.4	Research Objective	15
1.5	Hypotheses Statement	16
1.6	Significant of Research	17
1.7	Scope of Research	18
1.8	Organization of the Research Project	19

CHAPTER TWO LITERATURE REVIEW

2.0	Introduction	20
2.1	Customer Buying Behavior	21
2.2	Customer Buying Behavior Model	23
	2.2.1 Types of Customers Buying Behavior	28
2.3	Buying Decision Making Process	29

2.4	Demographic Factors	
2.4.1	Age	34
2.4.2	Gender	37
2.4.3	Marital Status	40
2.4.4	Education Level	43
2.4.5	Income	46
2.5	Performance	49
2.6	Awareness	51
2.7	Knowledge	52
2.8	Islamic Religious Belief	54
2.9	Theoretical Framework	55

CHAPTER THREE RESEARCH METHODOLOGY

3.0	Introduction	56
3.1	Population and Sampling Procedure	57
3.2	Research Instrument	58
3.3	Data Collection Procedures	59
3.4	Techniques of Data Analysis	60
3.5	Conclusion	66

CHAPTER FOUR DATA ANALYSIS AND INTERPRETATION

4.0	Introduction	67
4.1	Analysis of Respondent's Demographic Characteristics	68
4.2	Cronbach's Alpha	70
4.3	Research Finding and Hypotheses Testing	72

CHAPTER FIVE

CONCLUSION AND DISCUSSION

5.0	Introduction	89
5.1	Discussion	89
5.2	Limitation	94
5.3	Contribution	95
5.4	Recommendation	96
5.5	Conclusion	100

REFERENCES

APPENDIXES

Appendix A: Cover Letter

Appendix B: Questionnaire

LIST OF TABLES

- Table 2.5 : Types of Consumer Buying Behavior**
- Table 3.1 : Reliability result of Pilot and Final Tes**
- Table 3.2 : Interpretation of the Correlation Coefficient by Mc Burney**
- Table 4.1 : Respondent's Profile**
- Table 4.2 : Cronbach's Alpha**
- Table 4.3 : Result of T-Test on Gender of Respondents**
- Table 4.4 : Result of One Way ANOVA on Age of Respondents**
- Table 4.5 : Result of One Way ANOVA on Education Level of Respondents**
- Table 4.6 : Result of T-Test on Marital Status of Respondents**
- Table 4.7 : Result of One Way ANOVA on Income of Respondents**
- Table 4.8 : Result of Correlation on Knowledge of Takaful of the respondents**
- Table 4.9 : Result of Correlation on Awareness of Takaful of the respondents**
- Table 4.10 : Result of Correlation on Performance of Takaful of the respondents**
- Table 4.11 : Result of Correlation on Islamic Belief of Takaful of the respondents**
- Table 4.12 : Result of Regression**

LIST OF FIGURES

- Figure 2.2: Model of Buyer Behavior**
- Figure 2.3: Black Box model of Consumer Buying Behavior**
- Figure 2.4: Major Influences on Industrial Buying Behavior**
- Figure 2.5: Types of Consumer Buying Behavior**
- Figure 2.6: Five Stage Model of the Consumer Buying Process**
- Figure 2.7: Theoretical Framework**

CHAPTER 1

INTRODUCTION

Nowadays, Takaful industry has been expanded widely to the entire world. Takaful not only viable and burgeoning in Malaysia but Takaful was booming ground in the Middle East, South East, and South East Asia like in Bahrain, Saudi Arabia, Syria, Indonesia, China, as well as in European and Western countries such as United Kingdom, United State of America and Canada.

Furthermore, forecast total Takaful contribution globally in 2015 estimated about US\$7.4 billion who claim that 42% (US\$3.1 billion) contribution are from Asia Pacific (Malaysia / Indonesia US\$ 1.4 billion), 31% (US\$2.3 billion) from Europe, Turkey, China, as well as India, and 27% (US\$2 billion) from Gulf Cooperation Council (GCC) countries (Kingdom Saudi Arabia (KSA) \$900 million, United Arab Emirates (UAE) \$480 million, and Egypt \$467 million) (Islamic Finance News, 2007).

This reflects that Takaful operators worldwide have a big change to spread their business in future as well as strive to perform well. Based on data provided by Ernst & Young reported that by the end of 2010, Takaful premiums are expected to grow around \$8.8 billion globally contrast with \$3.4 billion in 2007 (Ernst & Young, June 28, 2010).

The contents of
the thesis is for
internal user
only

REFERENCES

- Ab Mumin Ab Ghani (1999), *Sistem Kewangan di Malaysia*. Kuala Lumpur: Jabatan Kemajuan Islam Malaysia
- Al-Ajmi (2009), "Client of conventional and Islamic banks in Bahrain: how they choose which bank to patronize", *International Journal of Social Economic*, Vol.36 No.11, pp.1086-1112
- Almanza and Donovan (2005), Motivational factors of gender, income, and age on selecting a bottle of wine, *International Journal of Wine Marketing*, Vol. 18, No. 3, pp. 218-232
- Alimen and Cerit (2010), Dimensions of brand knowledge: Turkish university student's consumption of international fashions brands, *Journal of Enterprise Information Management*, Vol. 23, No. 4, pp. 538-558
- Amin, H (2008), "Choice criteria for Islamic home financing: empirical investigation among Malaysian bank customers", *International Journal of Housing Markets and Analysis*, Vol.1 No.3, pp.256-274
- Andrea Wells (2010) retrieved 16 January 2011 from http://www.insurancejournal.com/magazines/mag_features/2010/12/20/160591.htm
- Atmanand, (2003), Insurance and disaster management: the Indian context, *Disaster Prevention and Management*, Vol. 12, No. 4, pp. 286-304
- Bank Negara Malaysia Annual Report (2009), retrieved 13 January 2010 from <http://www.bnm.gov.my/index.php?ch=12&pg=683&ac=79&yr=2009>
- Bank Negara Malaysia (2010), retrieved 13 January 2010 from <http://www.bnm.gov.my/>
- Business Dictionary (2010), retrieved 12 October from <http://www.businessdictionary.com/search-terms.php?q=customer+buying>
- Bryce (2010) ,The Effect of Race, Sex, and Insurance Status on Time-to-Listing Decisions for Liver Transplantation, *Journal of Transplantation*, Volume 2010, Article ID 467976, 13 pages
- Carpenter (2008), Demographic and patronage motive of supercenter shoppers in the United States, *International Journal of Retail and Distribution Management*, Vol. 36, No. 1, pp. 5-16

- Helgesen (2009), Marketing Perceptions and business performance: Implication for marketing education, *Marketing Intelligence and Planning*, Vol. 27, No. 1, pp. 25-47
- Hoyer and MacInnis (2007), *Consumer Behavior*, Fourth Edition, Houghton Mifflin, U.S.A
- Isa (2009), *Perkembangan Sistem Takaful Di Malaysia: Keprihatinan Di Kalangan Siswazah*, Research Paper, Universiti Utara Malaysia
- Islamic Finance News (2007), retrieved 23 October 2010, from amicfinancenews.com/pdf/takaful_guide.pdf
- Issuance of New Family Takaful Licenses (October 09, 2010), retrieved 24 October, 2010 from <http://www.bnm.gov.my/index.php?ch=8&pg=14&ac=2117>
- J.D. Power and Associates Reports, Despite Widespread Premium Increases, dissatisfaction with Auto Insurance Providers in Canada Improves from 2009, retrieved 20 January 2011 from <http://businesscenter.jdpower.com/JDPACContent/CorpComm/News/content/Releases/pdf/2010170-cain.pdf>
- Jenkins D, (2010), Death Rates in Combat Sports (February 12, 2010), retrieved October 28, 2010 from http://www.associatedcontent.com/article/2695609/death_rates_in_combat_sports.html?cat=14
- Juyal and Singh (2009), Role of Females in Family Buying Decision Making: A Study among Females in Uttrakhand, *the Journal of Business Perspective*, Vol.13, No. 4, October-December
- Kaplen,(2009) Brain Injury News and Information Blog, retrieved November 15, 2010 from <http://braininjury.blogs.com/braininjury/2010/08/ban-mixed-martial-arts.html>
- Kotler, P. and Armstrong, G. (2002), *Principles of Marketing*, 8th ed., Prentice-Hall, Englewood Cliffs, NJ, Chs. 7, 8.
- Kotler (2004) Chapter 7, pp. 242-244, 'Consumer behavior' and 'A model of consumer behaviour'.
- Kotler (2009), *Principles of Marketing: A Global Perspective*, Prentice Hall, Pearson

- Kolodinsky *et al* (2004), The Adoption of electronic banking technologies by US consumers, *The International Journal of Bank Marketing*, Vol. 22, No. 4, pp. 238-259
- Laroche (2001), Targeting consumer who are willing to pay more for environmentally friendly products, *Journal of Consumer Marketing*, Vol. 18, No.6, pp. 503-520
- Lee (2010), The influence of consumer traits and demographics on intention to use retail self-service checkout, *Marketing Intelligent & Planning*, Vol. 28, No. 1, pp. 46-58
- Lin and Chen (2006), the influence of the country-of-origin image, product knowledge and product involvement on consumer purchase decisions: an empirical study of insurance and catering services in Taiwan, *Journal of Consumer Marketing*, Vol. 23, No.5, pp. 248-265
- List of martial arts (October 21, 2010), retrieved October 27, 2010 from http://en.wikipedia.org/wiki/List_of_martial_arts
- Lye (2005) Decision waves: consumer decision in today's complex world, *Europe Journal of Marketing*, Vol 39.No ½, pp. 216-230
- McNeal (2007), On Becoming a Consumer: Development of Consumer Behavior Patterns in Childhood, Butterworth-Heinemann (BH), Elsevier
- Manab (2004), Awareness and ownership of Family Takaful Scheme among Muslim community in Malaysia, *Journal of Muamalat and Islamic Finance Research*, Vol. 1, No. 1, pp. 121-136
- Martial arts injuries - when males and females take up martial art, who gets hurt? (October 2010), retrieved October 27, 2010 from <http://www.sportsinjurybulletin.com/archive/0418.htm>
- Mc Burney, D.H (2001). "Research Method", (5th ed). California: Wardsworth
- Meneely (2009), Age associated change in older consumes retail behavior, *Journal of Retail & Distribution Management*, Vol. 37 No. 12, pp. 1041-1056
- Moerbeek and Casimir (2005), Gender difference in consumers' acceptance of genetically modified foods, *International Journal of Consumer Studies*, Vol. 29, No.4, pp. 308-318

- Moore (2001), Till shopping us to do part –the service requirements of divorced male fashion shoppers, *International Journal of Retail & Distribution Management*, Vol.29, No.8, pp. 399-406
- Muhammad,N and Mizerski,D, (2010), “The constructs mediating religions influence on buyers and consumers”, *Journal of Islamic Marketing*, Vol. 1 No. 2, pp. 124-135
- National Women’s Law Centre (2008), Retrieved 20 January 2011 from <http://www.sfexaminer.com/local/healthy-balance-new-measure-aims-gender-equality-health-insurance>
- Navaro and Conesa (2007), E-business through knowledge management in Spanish telecommunication companies, *International Journal of Manpower*, Vol. 28, No. ¾, pp. 298-314
- Ngan (2011), Linking sports team sponsorship with purchase intentions: team performance, stars, and the moderating role of team identification, *European Journal of Marketing*, Vol. 45, Iss: 4
- Olson (1998) A comparison of parametric and semiparametric estimated of the effect of spousal health insurance coverage on weekly hours worked by wives, *Journal of Applied Econometrics*, 543-565
- O’Sullivan (2009), Marketing performance measurement and firm performance: Evidence from the European high-technology sector, *European Journal of Marketing*, Vol. 43, No. 5/6, pp. 843-862
- Patel (2002), Perspective: Raising Awareness of Consumers' Options in the Individual Health Insurance Market, retrieved 20 January 2011, from <http://content.healthaffairs.org/content/suppl/2003/12/04/hlthaff.w2.367v1.DC1>
- Potluri (2010), Young Kazakhstan consumer: catch them if you can, *Research Paper*, Vol 11. No 1, pp. 47-56
- Quaye (2007), Health care financing in Uganda: the role of social health insurance, *International Journal of Health Care Quality Assurance*, Vol.20. No.3, pp. 232-239
- Razzouk (2007), A comparison of consumer decision making behavior of married and cohabiting couples, *Journal of Consumer Marketing*, Vol. 24, No. 5, pp. 264-274
- Riquelme and Rios, (2010) the moderating effect of gender in the adoption of mobile banking, *International Journal of Bank Marketing*, Vol. 28, No. 5, pp. 328-341

- Salleh M.M (2010), Consumer's Perception and Purchase Intention towards Organic Food Products: Exploring Attitude among Academician, *Canadian Social Science*, Vol.6, No.6, pp. 119-129
- Sakaran and Bougie (2010), *Research Method for Business: A skill Building Approach*. Fifth Edition, Wiley
- Sezen B (2005), The role of logistics in linking operations and marketing and influence on business performance, *The Journal of Enterprise Information Management*, Vol. 18, No.3, pp. 350-356
- Solomon *et al* (2006), *Consumer Behavior: A European Perspective*, Third Edition , Prentice Hall, Pearson
- Solomon (2009), *Consumer Behavior: Buying, Having, and Being*, Prentice Hall. Pearson
- Stanchart to sell Allianz Takaful's insurance products (01 July, 2010), retrieved 23 October, 2010, from <http://www.gilanifoundation.com/homepage/126/Global%20Islamic%20Finance%20126.pdf>
- Stolze E. (2010) Do I Have Control Over Every Factor That Increases My Auto Insurance Premium? Retrieved 20 January 2011 from <http://www.brighthub.com/money/personal-finance/articles/16320.aspx>
- Takaful: Penyertaan Umat Islam Dingin. (February 3, 2003). Utusan Malaysia. Retrieved July 20, 2010 from http://www.utusan.com.my/utusan/date_search.asp
- Takaful growing 35% faster than conventional insurance, (17 August, 2010), retrieved October 23, 2010 from <http://www.gilanifoundation.com/homepage/126/Global%20Islamic%20Finance%20126.pdf>
- Takaful the fastest growing segment in Saudi insurance (06 Sept, 2010), retrieved October 24, 2010 from <http://www.cpifinancial.net/v2/News.aspx?v=1&aid=5973&sec=Insurance>
- The Social Issues Research Centre, August 2004, retrieved 30 January 2011 from http://www.sirc.org/SircSearch/search.asp?zoom_query=INSURANCE&Button=Search

- The Star (2009), Syarikat Takaful on track to meet target. (Thursday October 22, 2009). Retrieved July 10, 2010 from biz.thestar.com.my/news/story.asp?file=/2009/10/22/business/
- The World Takaful Report 2010, retrieved 23 October, 2010 from [http://www.ey.com/Publication/vwLUAssets/World_Takaful_Report_2010/\\$FILE/EY-WTR-2010-Report.pdf](http://www.ey.com/Publication/vwLUAssets/World_Takaful_Report_2010/$FILE/EY-WTR-2010-Report.pdf)
- United State Government Accountability Office, retrieved 31 December 2010 from <http://www.gao.gov/>
- UEA issues Takaful law to regulate industry (28 June, 2010), retrieved October 23, 2010, from <http://www.gilanifoundation.com/homepage/126/Global%20Islamic%20Finance%20126.pdf>
- Utusan Malaysia Online (2009), RHB Islamic Bank buka cawangan (7 November ,2009), retrieved 20 July, 2010, from http://www.utusan.com.my/utusan/info.asp?y=2009&dt=1107&pub=Utusan_Malaysia&sec=Sabah_%26_Sarawak&pg=wb_06.htm
- Wang (2010), A comparison of rural and urban healthcare consumption and health insurance, *China Agricultural Economic Review*, Vol.2, No. 2, pp. 212-227
- Wikipedia (2010), Statistical Package Science Social (SPSS), retrieved 29 December 2010 from <http://en.wikipedia.org/wiki/SPSS>
- Wikipedia (2010), List of countries by Muslim population, retrieved 20 December 2010 from http://en.wikipedia.org/wiki/List_of_countries_by_Muslim_population
- Yang (2005), Brand Choice of Older Chinese Customer, *Journal of International Consumer Marketing*, Vol.17, No.4, pp. 65-81
- Zhao (2008), Perceived risk and Chinese consumers' internet banking services adoption, *International Journal of Bank Marketing*, Vol. 26, No.27, pp. 505-525