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**FACTORS INFLUENCING *TAKAFUL* PRODUCTS
ACCEPTANCE AMONG EXECUTIVE-LEVEL
WORKERS IN CMA CGM MALAYSIA SENDIRIAN
BERHAD
(I-CITY BRANCH)**



TEOH KUIH SEE

UUM
Universiti Utara Malaysia

**MASTER OF SCIENCE (MANAGEMENT)
UNIVERSITI UTARA MALAYSIA
December 2017**

**FACTORS INFLUENCING *TAKAFUL* PRODUCTS ACCEPTANCE AMONG
EXECUTIVE-LEVEL WORKERS IN CMA CGM MALAYSIA SENDIRIAN
BERHAD (I-CITY BRANCH)**



BY
TEOH KUIH SEE

UUM
Universiti Utara Malaysia

**Thesis Submitted to
Othman Yeoh Abdullah Graduate School of Business,
Universiti Utara Malaysia,
in Partial Fulfillment of the Requirement for the Master of Science (Management)**



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SCHOOL OF BUSINESS MANAGEMENT

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(Name of 1st Supervisor)

Tandatangan :
(Signature)

Nama Penyelia Kedua : **DR. BIDAYATUL AKMAL BINTI MUSTAFA KAMIL**
(Name of 2nd Supervisor)

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ABSTRACT

The purpose of the study is to investigate the factors of network expansion of agency distribution, awareness of consumers about *takaful*, consumers switching behaviour and product innovation influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). Quantitative research design that involved of questionnaire had been used in this study on testing factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). Simple random sampling method had been used in this study. Primary data were collected through series of questions in a questionnaire that were distributed among the executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). 80 sets of the questionnaire had been distributed and researcher got back 80 sets of the questionnaire. The response rate for this study was 100%. All the data collected from respondents were analysed based on the Statistical Package for Social Sciences (SPSS) Version 23 software. The data analysis involved both descriptive and inferential statistics. Besides that, correlation analysis and regression analysis had been used in this study. Findings indicated that there is no positive significant relationship between the factors of network expansion of agency distribution and consumer switching behaviour with *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). On the other hand, findings shown that the factors of awareness of consumers about *takaful* and product innovation are having positive significant relationship with *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). The findings of this research has become useful for *takaful* companies to focus and put more effort on the factors of awareness of consumers about *takaful* and product innovation in order to be successful in the insurance industry in the coming future.

Keywords: takaful, consumers

ABSTRAK

Tujuan kajian ini adalah untuk mengkaji tentang faktor rangkaian pengembangan agensi, faktor kesedaran pengguna mengenai *takaful*, faktor perilaku beralih pengguna dan faktor inovasi produk mempengaruhi penerimaan produk *takaful* di kalangan pekerja-pekerja eksekutif di CMA CGM Malaysia Sendirian Berhad (Cawangan I-City). Penyelidikan jenis kuantitatif yang melibatkan kaedah soal selidik telah digunakan dalam kajian ini untuk mengkaji faktor-faktor yang mempengaruhi penerimaan produk *takaful* di kalangan pekerja-pekerja eksekutif di CMA CGM Malaysia Sendirian Berhad (Cawangan I-City). Kaedah pensampelan rawak mudah telah digunakan dalam kajian ini. Data primer dikumpulkan melalui siri soalan dalam borang soal selidik yang telah diedarkan di kalangan pekerja-pekerja eksekutif di CMA CGM Malaysia Sendirian Berhad (Cawangan I-bandar). 80 set borang soal selidik telah diedarkan dan penyelidik dapat mengumpul balik 80 set borang soal selidik. Kadar respon untuk kajian ini adalah 100%. Semua data yang dikumpulkan dari responden telah dianalisis berdasarkan Pakej Statistik untuk Sains Sosial (SPSS) Versi 23. Data analisis melibatkan statistik deskriptif dan statistik inferensi. Selain itu, analisis korelasi dan analisis regresi telah digunakan dalam kajian ini. Keputusan menunjukkan bahawa tiada hubungan yang positif serta signifikan antara faktor rangkaian pengembangan agensi dan faktor perilaku beralih pengguna dengan penerimaan produk *takaful* di kalangan pekerja-pekerja eksekutif di CMA CGM Malaysia Sendirian Berhad (Cawangan I-City). Sebaliknya, keputusan menunjukkan bahawa faktor kesedaran pengguna tentang *takaful* dan faktor inovasi produk mempunyai hubungan positif serta signifikan dengan penerimaan produk *takaful* di kalangan pekerja-pekerja eksekutif di CMA CGM Malaysia Sendirian Berhad (Cawangan I-City). Penemuan kajian ini berguna kepada syarikat *takaful* supaya mereka boleh memberi tumpuan dan berusaha dari segi faktor kesedaran pengguna tentang *takaful* dan faktor inovasi produk agar dapat berjaya dalam industri insurans pada masa yang akan datang.

Kata kunci: takaful, pengguna

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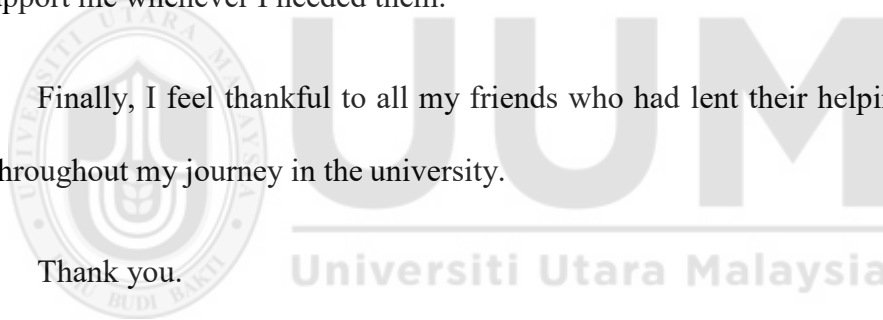


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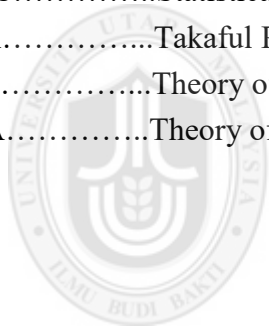
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LIST OF ABBREVIATIONS

AC.....	Awareness of Consumers about <i>Takaful</i>
AD.....	Network Expansion of Agency Distribution
AIA.....	American International Assurance
BNM.....	Bank Negara Malaysia
CSB.....	Consumer Switching Behaviour
FSMP.....	Financial Sector Masterplan
HSBC.....	Hongkong and Shanghai Banking Corporation
MIDFR.....	Malaysian Industrial Development Finance Berhad Research
MIFC.....	Malaysian International Islamic Financial Center
PBC.....	Perceived Behavioural Control
PI.....	Product Innovation
PruBSN.....	Prudential BSN <i>Takaful</i> Berhad
R-A Theory.....	Resource-Advantage Theory
SPSS.....	Statistical Package for Social Sciences
TPA.....	Takaful Products Acceptance
TPB.....	Theory of Planned Behaviour
TRA.....	Theory of Reasoned Action



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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Takaful has gradually become one of the essential pillars of the Islamic Finance in the global world. Islamic finance is not only restricted to banking but it covers from the modern financial areas, banking products to insurance based on the *Shariah* compliant practices. Besides that, *takaful* insurance has become visible to the current economic world. *Takaful* is an Islamic alternative to conventional insurance. *Takaful* is well-known with its unique *Shariah* principles. *Takaful* has gradually become a part and parcel in the Muslim and non-Muslim communities life. The growth of *takaful* insurance industry could lead *takaful* to become one of the choices of investment to the community in today world.

According to Rating Agency of Malaysia (2017), the Malaysian insurance market will continue to grow in the coming future as it seems to be stable on its track. Rating Agency of Malaysia also said that the insurance industry has a strong fundamental of capital and regulatory, which it can bring to the development of the insurance sector in the long run.

In Malaysia, *takaful* was established in 1984 by introducing to the public through Syarikat *Takaful* Malaysia Berhad (*Takaful* Malaysia, 2017). The forming of *takaful* industry in Malaysia was split into three different stages by the Central Bank of Malaysia (Bank Negara Malaysia, BNM). The first stage was from 1984 to 1992.

The *Takaful* Act of 1984 was started to use and the initial *takaful* operator was formed in the first stage. In the second stage (1993-2000), Bank Negara Malaysia formed the second *takaful* operator. In the third stage (2001-2010), Financial Sector Masterplan (FSMP) was introduced in order to increase the number of the operators of *takaful* in Malaysia. They try to enforce the supervision of *Shariah* framework in the third stage. In 2017, the Malaysian *takaful* industry consists of eleven operators, which are Zurich *Takaful* Malaysia Berhad, AmMetLife *Takaful* Berhad, *Takaful* Ikhlas Berhad, Etiqa *Takaful* Berhad, HSBC Amanah (Malaysia) *Takaful*, Hong Leong MSIG *Takaful* Berhad, Prudential BSN *Takaful* Berhad, Sun Life Malaysia *Takaful* Berhad, Great Eastern *Takaful* Berhad, Syarikat *Takaful* Malaysia Berhad, and AIA PUBLIC *Takaful* Berhad (Bank Negara Malaysia, 2017).

The strong connectivity of the *takaful* market participants such as agents, customers and infrastructure building has gradually brought to the growth of *takaful* industry in these 30 years (1984-2014). The asset of Malaysia's *takaful* industry has increased from RM1.4 million in 1984 to RM23 billion in 2014, stated by the Chairman of Malaysian *Takaful* Association, Ahmad Rizlan Azman (Malaysian *Takaful* Dynamics 2015). Ahmad Rizlan Azman also added that the market of family *takaful* is larger than the market of general *takaful* in Malaysia, whereby the gross contributions of family *takaful* was RM3.64 billion while the gross contributions of general *takaful* was RM2.3 billion in 2015 (New Straits Time, March 2016).

1.1.1 Executive-level Workers in CMA CGM Malaysia Sendirian

Berhad (I-city Branch) Overview

There are several reasons to choose CMA CGM Malaysia Sendirian Berhad (I-city Branch) executive-level workers as the respondents for this study. CMA CGM Malaysia Sendirian Berhad (I-city Branch) is a shipping company which is situated in Klang Valley. According to Business Dictionary (2017), definition of executive-level workers means a group of people who have appointed and given the responsibility to handle the routine of an organisation and having the power to make decisions within specified limitations. Executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) are the group of people who have given the responsibility to handle the routine of an organization and also the power to make decisions within specified limitations.

There are 3.2 billion out of 7.3 billion people of the world's go to work every day (International Labour Organization, 2015). A person will spend at least average of 90,000 hours working in their lifetime (Pryce-Jones, 2010). Globalization has brought to fast economic growth but the health of the global workforce is far from optimal. There were various issues across countries and industries – from the Asian investment banker who was dead due to exhausted after 14 working hours of work; to the American employee who had no sick leave. The evidence had shown that the overall wellbeing of the global workforce has worsen due to economic insecurity, stress, poor health, and

even workplace injuries and death. The increasing rate of chronic disease is increasing the health protection costs around the world. There are 75% of deaths cases related to chronic disease occurred in low-income and middle-income countries (Global Status Report on Noncommunicable Diseases 2014). Many countries in the world do not offer universal health coverage (especially in the developing world), and many multinational firms pay for the health costs of their workers.

According to a global workplace provider, Regus stated in the online survey 2015 that 70% of Malaysian workers are having more stress-related illnesses due to challenging global economic conditions. Majority of them are executive-level workers.

Asian countries workers from Malaysia, Bangladesh, Thailand and Sri Lanka tend to work long hours, which are more than 48 hours a week (Jon Messenger, an ILO expert on working hours as reported by the BBC in 2012). Majority of them are executive-level workers.

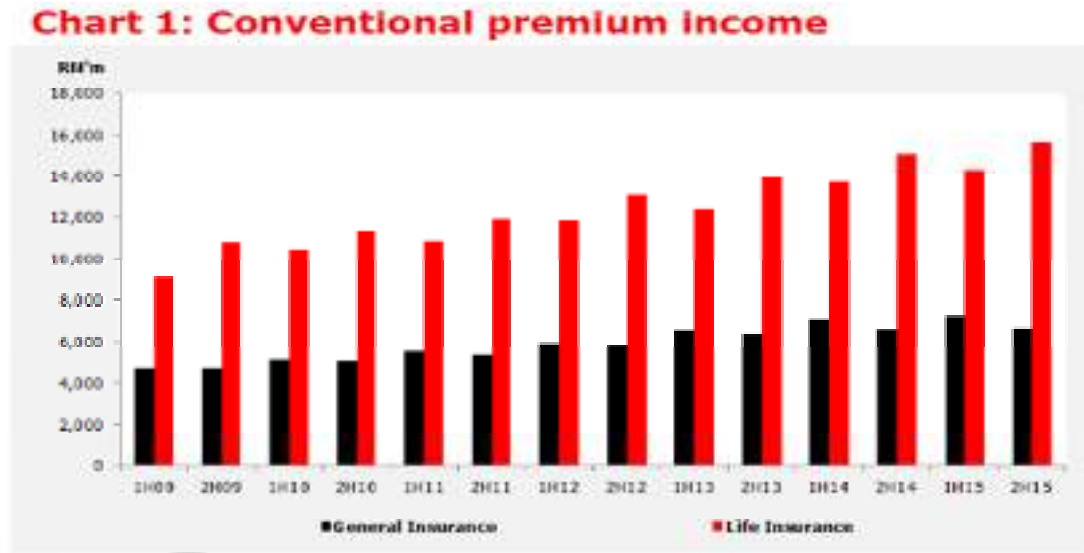
CMA CGM Malaysia Sendirian Berhad (I-city Branch) provide their executive-level workers with a medical coverage of RM30000 per year while managers with a medical coverage of RM50000 to RM100000 per year (Human Resource Department of CMA CGM Malaysia Sendirian Berhad, 2017).

The RM30000 insurance coverage per year from the CMA CGM Malaysia Sendirian Berhad itself is still not enough to protect the executive-level workers when they face with chronic diseases as executive-level workers have more risk in engaging with stress-related illnesses and they tend to work long hours according to the surveys as stated above. The increased risks which associated with the stress-level illnesses and long working hours, the insurance role become crucial. Some of the executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) are still subscribing conventional insurance instead of *takaful* insurance. The purchase of health insurance is motivated by the assumption that the individual is risk averse (Zweifel, 2009). If the degree of risk aversion is high, then willingness to purchase life insurance will be more. Hence, CMA CGM Malaysia Sendirian Berhad (I-city Branch) executive-level workers have to protect themselves by purchasing *takaful* products in order to have a better secure in the long run. *Takaful* insurance is another alternative towards conventional insurance.

1.2 Problem Statement

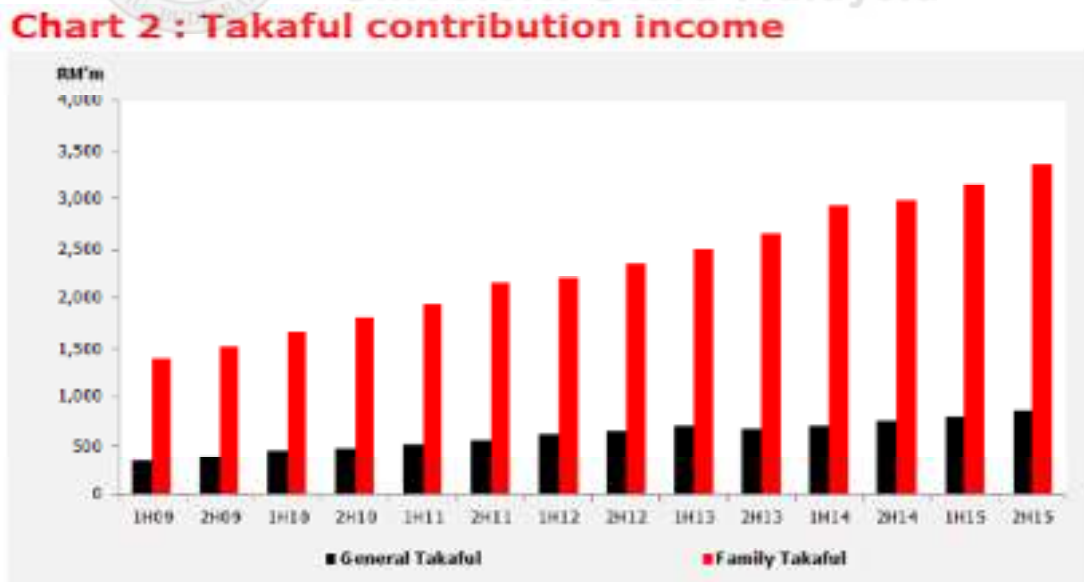
Researcher can see from the charts below that the percentage of Malaysians buying *takaful* products was relative low compared with the percentage of Malaysians buying conventional insurance products from the 2009 to 2015 (MIDFR, Bank Negara Malaysia, 2016). The reasons behind of it are Malaysia's *takaful* companies have to face competitive competition from the conventional insurance companies which have longer history in the insurance industry. The conventional insurance companies are having better advantages from the aspects of products, capacity, skills,

opportunities and benefit of large scale if compared with the *takaful* insurance companies.



Source: BNM, MIDFR

Figure 1.1
Conventional Premium Income in the Period 2009 – 2015 (RM million)
 Source: BNM, MIDFR, 2016



Source: BNM, MIDFR

Figure 1.2
Takaful Contribution Income in the Period 2009 – 2015 (RM million)
 Source: BNM, MIDFR, 2016

The managing director of Syarikat *Takaful* Malaysia Berhad, Datuk Seri Mohamed Hassan Kamil stated in The Star Online (2016) that the growth of Malaysia's *Takaful* industry has reduced 8.3% in 2013 due to the slow expansion of agency distribution, lack of awareness of customers and the unwillingness switching behaviour. Datuk Seri Mohamed Hassan Kamil stated in The Star Online (2016) that the lack of awareness among the public are in terms of the concept and knowledge towards *takaful* insurance.

Datuk Seri Mohamed Hassan Kamil also expressed that the Malaysia's *Takaful* industry has to take initiative to improve on their agency distribution channel if they aim to achieve 8.5 million numbers of *takaful* policies by 2020 (The Star Online, 2016). According to Odierno and Ismail (2009), although agency distribution has become the main part of business for the conventional insurance companies in Malaysia and in Asia, there is still relatively less focus on this channel for the *takaful* industry in Malaysia and in Asia.

The Chief Executive Officer of Zurich *Takaful* Malaysia Berhad, Salim Majid Zain said to the public in The Malaysia Reserve (2017) that the Malaysia's *takaful* industry sales might be slower down in the short term. He felt that the Malaysia's *takaful* companies have to improve on its agency distribution channel, enhance consumers' awareness and making effort in their product innovation. PricewaterCoopers Malaysia (2008) stated in the "*Takaful*: Growth opportunities in a dynamic market" report that Malaysia's *takaful* companies have to able to understand the customer needs by renewing their consumer benefit packages through product innovation.

Although *takaful* industry is well-known with its reputation in Malaysia and around the world, it is sad to tell that most of the Muslims in Malaysia are still unaware of the existence of *takaful* (Shamsuddin, Eng, & Lajim, 2016). Swiss Reinsurance Company Ltd did a customer survey in 2011 and the result shown that only 30% from the Muslim respondents in Malaysia have a good knowledge of *takaful* insurance. From the survey result, it is to say that most of the Muslims consumers in Malaysia are still lack of awareness towards *takaful* insurance. On the other hand, Loo (2010) stated that non-Muslims in Malaysia are unaware of the ethical principles bring by *takaful*. This is one of the phenomena to show that lack of knowledge awareness of *takaful* insurance among Muslims and non-Muslims in Malaysia. Other than that, there is also a statement that mentioned in the “*Takaful: Growth opportunities in a dynamic market*” report by PricewaterhouseCoopers Malaysia (2008) that the customer awareness factor has become one of the greatest obstacles in Malaysia’s insurance industry.

Network expansion of agency distribution was selected as an independent variable because by focusing on the factor of building relationships between agents with customers, companies can actually enhance customer loyalty and customer acceptance (Bugel, Buunk, & Verhoef, 2010).

Besides that, awareness of consumers about *takaful* was chosen as one of the independent variables as awareness has a great influence on an individual to buy products and services (Hoyer & Brown, 1990; Tyagi & Kumar, 2004).

Furthermore, consumer switching behaviour had been chosen as an independent variable as in the insurance industry, the switching costs can be very high

for the customers if they would like to switch to a new insurance company. Most of the time, there will be a lower chance for customers to switch to another insurance company due to the high switching costs (Gwinner, Gremler, & Bitner, 1998).

The last independent variable which had been chosen was product innovation. Archer and Wesolowsky (1996) stated the intention to purchase of consumers in automobile industry affected by the product and service innovation.

In this research study, researcher has to determine the factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). It is essential for *takaful* operators to know the reasons of Malaysian consumers engage in buying *takaful* insurance. In other words, what are the factors influencing executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) in purchasing *takaful* products? This study identify these factors based on the independent variables such as network expansion of agency distribution, awareness of consumers about *takaful*, consumer switching behaviour and product innovation. The findings of this paper are able to help *takaful* operators to improve their products and service quality, in return to attract more Malaysian consumers to accept and buy *takaful* scheme.

1.3 Research Questions

There are four research questions in this research paper, which are stated as below:

1: Is the network expansion of agency distribution factor influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch)?

2: Is the awareness of consumers about *takaful* factor influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch)?

3: Is the consumer switching behaviour factor influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch)?

4: Is the product innovation factor influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch)?

1.4 Research Objectives

The intentions of this research paper are for readers to be aware of the factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). The present study had been carried out based on the following research objectives:

- i. To identify the network expansion of agency distribution factor influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).
- ii. To determine the awareness of consumers about *takaful* factor influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).
- iii. To establish the consumer switching behaviour factor influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).
- iv. To develop the product innovation factor influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

1.5 Scope and Limitations of the Study

Researcher focused on the factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) in this study. The self-administered questionnaires were distributed to the executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). The respondents were selected from Klang Valley area. The respondents were different from the aspects of educational level, marital status, age and gender. The independent variables that researcher had chosen for this research paper were network

expansion of agency distribution, awareness of consumers about *takaful*, consumer switching behaviour and product innovation.

Researcher had found out some of the limitations regarding this thesis, which were as below:

a) Small study scope

The area that researcher had researched was slightly small. Hence, the final findings may not suitable to be applied to other companies or organisations.

The research only took part in a small company branch in Klang Valley of Malaysia. The self-administered questionnaires were only distributed to the executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). Therefore, in order to be more representable, the sample size of the future research needs to cover entire Malaysia. This will provide an unbiased data for the analysis.

b) Small numbers of respondents

In this research, researcher was having relatively less numbers of respondents. The number of respondents in our research was 80 persons, who are the executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). The result can be more precise and trustworthy if researcher would have more respondents in this study.

c) Small numbers of independent variables

Researcher only used four independent variables for the research. The four independent variables that researcher had chosen for this research paper were network expansion of agency distribution, awareness of consumers about *takaful*, consumer switching behaviour and product innovation. Researcher will get various findings if researcher would have used various other independent variables in this research.

1.6 Significance of the Study

First of all, this research can benefit the respondents of the study. The respondents of this research are executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). They are selected as the respondents for this research because researcher wants to determine the factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). The RM30000 insurance coverage per year from the CMA CGM Malaysia Sendirian Berhad itself is still not enough to protect the executive-level workers when they face with chronic diseases as executive-level workers have more risk in engaging with stress-related illnesses and they tend to work long hours according to the surveys. Besides that, some of the executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) are still subscribing conventional insurance instead of *takaful* insurance. Hence, CMA CGM Malaysia Sendirian Berhad (I-city Branch) executive-level workers have to protect themselves by purchasing *takaful* products in order to have a better secure in the long run. *Takaful*

insurance is another alternative towards conventional insurance for CMA CGM Malaysia Sendirian Berhad (I-city Branch) executive-level workers.

The public are able to open their eyes to the importance, principles and benefits of *takaful* products through this research paper. The *takaful* insurance participants can actually be beneficial through the spirit of cooperation and joint-responsibilities among the participants. They can gain two forms of benefits: the monetary benefits through the *takaful* plan and spiritual benefits through the act of *Tabarru'* (donation). The Muslims *takaful* participants will receive God's grace and blessings in life hereafter. The *takaful* system does not differentiate colour or religion; it is there to benefit all participants, irrespective of their religious beliefs.

Furthermore, this research can definitely bring great benefits to the *takaful* insurance companies in Malaysia towards developing and expanding their future business in the *takaful* insurance industry. The *takaful* insurance companies get to explore and know depth into the factors that actually influence the public to take up the *takaful* insurance. The growth of *takaful* insurance companies in Malaysia can definitely become one of the choices of investment to the community in today world.

It is essential for *takaful* operators to know the reasons of Malaysian consumers engage in buying *takaful* insurance. In other words, what are the factors influencing executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) in purchasing *takaful* products? This study identify these factors based on the independent variables such as network expansion of agency distribution, awareness of consumers about *takaful*, consumer switching behaviour and product innovation. The

findings of this paper are able to help *takaful* operators to improve their products and service quality, in order to attract more Malaysian consumers to accept and buy *takaful* scheme.

Furthermore, this research is very useful to the people who work in the *takaful* insurance industry, especially in the country where Muslims are majority, for example Malaysia. These research findings could be used to design their marketing campaigns and also allocating resources.

Besides that, this research can be beneficial to the future researchers, academicians and students who are interested to do their research about the *takaful* insurance industry in order to provide them with the reference data and give them an overview about the factors influencing *takaful* products acceptance. Researcher believes that the future researcher, academician and students can definitely make full use of this research data findings and analyses. The future researchers, academicians and students can gain knowledge from this research paper.

1.7 Definition of Key Terms

The key terms in this study are useful to provide their definitions in this introduction chapter to the readers.

Takaful – “*Kafala*” is the original term for “*takaful*”. The meaning of “*takaful*” is guarantee (Billah, 2003). The other name of *takaful* insurance is also known as Islamic insurance. *Takaful* emphasises on the concept of collectiveness (*ta’awun*) and

donation (*tabarru'*). Participants can benefit from sharing the risk together in order to protect each another during the hard times (Redzuan, Zuriah, Rahman, & Aidid, 2009; Dusuki, 2011). *Takaful* insurance consists of many precious values whereby Muslims are giving a right path in taking out their daily routine life. Prohibition of uncertainty (*gharar*), interest (*riba*) and gambling (*maysir*) in *takaful* scheme differentiate it from conventional insurance. Conventional insurance is prohibited because it is related with uncertainty (*gharar*), interest (*riba*) and gambling (*maysir*) (Ayub, 2013). *Maysir* refers to the easy acquisition of wealth by luck, whether or not it deprives the other's right. Gambling (*maysir*) is totally forbidden in Islam and in *takaful* insurance. *Riba* is derived from the word "*raba-wa*". It means to increase or to exceed. Charging interest (*riba*) can lead to some sort of exploitation in the economic and Islam eliminates this element, same goes to *takaful* insurance. The Arabic word *gharar* means risk, uncertainty or hazard that might lead to destruction or loss. The element of uncertainty (*gharar*) is also forbidden in Islam and in *takaful* insurance in order to protect the *takaful* customers.

Acceptance – Acceptance is an agreeable behaviour towards concept, person or company (Nugent, 2013). Consumer acceptance can be a complicated process which involve of the social attitudes. According to Silberer and Wolfahrt (2001), acceptance research shown that acceptance can be one of the important elements in leading a product towards success of failure. Acceptance is also a measurement tool to get to know whether a product or a service can satisfy a huge volume of customer in order to continue its business for the current and for the future.

Influencing – Influence is the capability to lead to some wanted results (Brian Solis,

2010). *Takaful* insurance consumers have many reasons that lead them to purchase *takaful* insurance. Based on Gopy and Ramayah (2007), there are many factors to be revealed on *takaful* insurance customers preferences towards *takaful* insurance.

1.8 Organisation of the Thesis

In the Chapter One of the research paper, researcher mentioned about the *takaful* insurance in Malaysia. Researcher also stated out the problem statement, research questions and also research objective to find out on how were the factors can actually influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). Besides that, researcher included the scope and limitations of the study, significance of the study and definitions of key terms in our Chapter One.

Researcher discussed on the previous research that had been done by the other researchers and had a literature overview on the topic in the Chapter Two. Researcher discussed on the theories that were related to this research as well.

Furthermore, researcher had presented the research framework, hypotheses development, methodology, data collection procedures and techniques of data analysis in the Chapter Three.

In the Chapter Four, researcher analysed the data findings. Hence, the result of the findings can show the whole picture of the topic. Besides that, researcher had discussed on some of the points based on the analysis.

In Chapter Five, researcher summarised based on the research objectives. Researcher added in recapitulation, recommendations and contributions for the research.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This literature review stretch out the leading judgment of studies that were conducted to test the factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). The factors are network expansion of agency distribution, awareness of consumers about *takaful*, consumer switching behaviour and product innovation. These are few factors which are highlighted here that influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). Researcher will do more research on this study to discuss and make a little contributions to *takaful* insurance industry in Malaysia.

2.2 The Concept of *Takaful*

The word of “*takaful*” is taken from the Islamic word of “*Kafala*”, meaning of a kind of guarantee (Billah, 2003). *Takaful* is an insurance system that based on Islamic principles such as *ta’awun* (helping each other) and *tabarru’* (donation). *Takaful* insurance focus more on the concept of social cooperation and sharing the loss of the *takaful* members. *Takaful* insurance principle is free from the factors of uncertainty (*gharar*), interest (*riba*) and gambling (*maysir*). Conventional insurance is prohibited because it is related with uncertainty (*gharar*), interest (*riba*) and gambling (*maysir*) (Ayub, 2013). Muhammad Muslehuddin (1982) said that insurance is just

like a tool to accumulate the desired amount at the ending period of a policy and at the same time to protect their customers from any unwanted disaster. *Takaful* insurance is another alternative towards conventional insurance. The main objective of the *takaful* insurance is to treat every of their members fair under the scheme and to help each another among the members during their hard times.

Takaful insurance consists of many precious values whereby Muslims are giving a right path in taking out their daily routine life. Prohibition of uncertainty (*gharar*), interest (*riba*) and gambling (*maysir*) in *takaful* transactions differentiate it from conventional insurance. Conventional insurance is prohibited because it is related with uncertainty (*gharar*), interest (*riba*) and gambling (*maysir*) (Ayub, 2013). *Maysir* refers to the easy acquisition of wealth by luck, whether or not it deprives the other's right. Gambling (*maysir*) is totally forbidden in Islam and in *takaful* insurance. *Riba* is derived from the word "*raba-wa*". It means to increase or to exceed. Charging interest (*riba*) can lead to some sort of exploitation in the economic and Islam eliminates this element, same goes to *takaful* insurance. The Arabic word *gharar* means risk, uncertainty or hazard that might lead to destruction or loss. The element of uncertainty (*gharar*) is also forbidden in Islam and in *takaful* insurance in order to protect the *takaful* customers.

The principles of *takaful* are as follow (International Cooperative and Mutual Insurance Federation, 2017):

- i. Policyholders cooperate for their mutual benefit.
- ii. Policyholders' contributions are donations to the fund.

- iii. Every policyholder pays the fund to help those who need assistance.
- iv. Losses and liabilities are divided according to the pooling system.
- v. Uncertainty is eliminated.
- vi. It does not gain advantage at the cost of others.

There are two different types of *takaful* insurance services in Malaysia. Firstly, the family *takaful* can provide protection and long-term savings. If one meets with an accident or disaster, the *takaful* participant and the beneficiary will get financial compensation. Besides that, the *takaful* participant can get investment return because a part of the contribution is deposit for saving purpose. There is maturity period and there is no forfeiture if one would like to cancel the scheme. The family *takaful* products offered by Syarikat *Takaful* Malaysia Berhad in Malaysia are *Takaful myTerm*, *Takaful myHealth Protector*, *Takaful myMortgage* and Group Credit Family *Takaful*.

Secondly, the general *takaful* is to protect the *takaful* participant from risks such as accident, fire, flood, liability and burglary. *Takaful* participant will be cover for something happens to the items that have been covered. The general *takaful* products offered by Syarikat *Takaful* Malaysia Berhad in Malaysia are *Takaful myMotor*, *Takaful myFire*, *Takaful myHouseowners & Hoseholders*, *Takaful myHome Content*, *Takaful myTravel Partner*, *Takaful myUmrah*, *Takaful myPA Care*, *Takaful myElite PA* and *Takaful myHealth Plus*.

2.3 History of *Takaful*

Muslim jurists confirmed that the mutual insurance (*takaful* insurance) was built through the system of "*aquila*" which has practised between Muslims in Mecca and Medina. The "*aquila*" is based on the principle of sharing responsibility. Islamic insurance (*takaful* insurance) was formed in the early second century of the Islamic era when Muslim Arabs expanding their business into Asia. These Muslim Arabs businessmen mutually promise to contribute to a fund in order to compensate anyone in the group that face disaster or robberies along the journey on the sea (marine insurance).

European Council for Fatwa and Research stated that conventional insurance is actually *haram* (forbidden) as agreed by the modern scholars. There are *takaful* insurance companies in many of the non-Islamic countries. It is unlawful for a Muslim who lives in a country which has *takaful* insurance companies to take up conventional insurance. In the case of the absence of *takaful* insurance, one may subscribe conventional insurance by way of necessity.

2.4 Development of *Takaful* in Malaysia

Sudan was the country which started the first *takaful* fund by forming the Islamic Insurance Company of Sudan in 1979 (Ajmi, 2005). The Islamic Arab Insurance Company of Saudi Arabia was formed in 1979 as well (Ernst & Young, 2012). Since that, the *takaful* insurance had spread throughout the world from east to west. The first Malaysia *takaful* fund was started in 1984 (Laldin, 2008).

The development of the *takaful* industry in Malaysia in the early 1980s was to serve Muslims public as a *Shariah* compliant product. Malaysia National Fatwa Committee stated that the conventional product was *haram* (forbidden) due to the elements of *gharar* (uncertainty), *riba* (interest) and *maysir* (gambling). In 1982, a Special Task Force was formed by the government to study to set up a *takaful* fund. The *Takaful* Act was enacted in 1984 and the first *takaful* operator was formed in November 1984. In these 33 years, Malaysian *takaful* has gradually growth and transformed. It has grown from a single player (1984) to eleven operators (2017). This achievement was due to the effort and collaboration between Bank Negara Malaysia (BNM) and the *takaful* operators. In order to develop *takaful* in Malaysia, Bank Negara Malaysia (BNM) has developed it through three phases. In Phase I (1982-1992), Bank Negara Malaysia (BNM) formed the enactment of regulatory law (*Takaful* Act 1984), controlled the conduct of *takaful* funds, established the *Shariah* committees, and formed the first *takaful* operator (*Syarikat Takaful* Malaysia). In this period, their main focus was forming the basic infrastructure. In Phase II (1993-2000), Bank Negara Malaysia (BNM) added in another *takaful* operator (*Takaful* National Sendirian Berhad), followed by the formation of ASEAN *Takaful* Group in 1995 and the forming of ASEAN *Retakaful* International (L) Ltd in 1997. *Takaful* Malaysia and *Takaful* National (*Etiqa Takaful*) developed a Code of Ethics together in 2000. In Phase III (2001-2010), Bank Negara Malaysia (BNM) introduced Financial Sector Master Plan (FSMP) in 2001 in order to enhance the capacity of the *takaful* operators and to strengthen the *Shariah* legal law and regulatory framework. The Malaysian *Takaful* Association (MTA) was formed in 2002 for *takaful* operators to standardize the market practices and encourage cooperation among the *takaful* operators. Malaysian International Islamic Financial Center (MIFC) was established in 2006 to

develop intermediary linkages to the global market place. The market of family *takaful* is larger than the market of general *takaful* in Malaysia, whereby the gross contributions of family *takaful* was RM3.64 billion while the gross contributions of *general takaful* was RM2.3 billion in 2015 (New Straits Time, March 2016).

2.5 *Takaful* Business Models in Malaysia

Takaful operators use various models to carry out their roles as *takaful* providers in Malaysia. The main models are *tabarru*, *wakalah*, *mudharabah*, *waaf* and hybrid model (Alhabshi, 2012).

The *tabarru* (donation) - based model is the most fantastic model. This model is based on solidarity, responsibility and brotherhood among the *takaful* participants. The participants are willing to donate to the *takaful* fund with heartfelt intention in order to support other participants while facing difficulties. This model does not provide return for the *takaful* operators and the participants.

The *mudharabah* (profit-sharing) - based model is that the participants make contributions to participants' fund while the shareholders make contributions to the shareholders' fund. *Mudharabah* is an Arabic term that derived from *darb fil-ard* meaning to journey through the earth seeking the Bounty of Almighty Allah. The *takaful* operator acts as *mudharib* who invests the participants' fund in *Shariah* compliant instruments. Profits that gained from the investment are to be shared between the participants and the *takaful* operator as per agreed ratio. The loss is charged on the participants' fund while operational expenses that are related to

investment are charged on the shareholders' fund. Operational general and administrative expenses that are not related to the investment are charged on the participants' fund. Once the claim is valid, the beneficiaries will be paid upon their loss. When there is surplus, the participants will receive full refund but have to make extra contributions if a deficit exists.

The *wakalah*-based model, the *takaful* operator acts as the agent of the participants and is qualified for service fee for that. The participants make contributions to participants' fund while the shareholders (agent) make contributions to the shareholders' fund. The *takaful* operator (agent) invests the participants' fund in *Shariah* compliant instruments. All operational general and administrative expenses are charged on the participants' fund. The *takaful* operator (agent) will receive an agency fee from a percentage from the gross contributions received. Once the claim is valid, the beneficiaries will be paid upon their loss. When there is surplus, the participants will receive full refund but have to make extra contributions if a deficit exists.

The *waqf* model is formed by the *takaful* operator through the contribution of a "ceding amount" (part of the capital) to compensate the beneficiaries. The ceding amount of the *waqf* will remain invested. The *takaful* fund which consists of the *tabarru'* contributions will be invested by the operator. Those who sign the proposal for contributing *waqf* and subscribe the *takaful* documents will become a member of *waqf*. They will become owner of the contributions and act as legal entity for investment, compensation and dealing with the surplus. The agent will manage the *waqf* fund and, become operator and trustee.

The hybrid model is the combination of *wakalah* and *mudharabah*. The *takaful* operator has two funds: one for the shareholders and one for the participants. A *wakalah* contract is used to underwrite activities while *mudharabah* contract is used to invest. The *takaful* operator acts as an agent on behalf of the participants to manage their funds in underwrite activities. The *takaful* operator (agent) will receive a fee (*wakalah* fee or agency fee) which is a percentage of the contributions by the participants. *Takaful* operator (agent) will get an incentive fee if there is surplus in the participants' fund as a reward of managing the fund well. In common, the surplus will be invested in various Islamic instruments according to *mudharabah* contract, whereby the *takaful* operator (agent) acts as *mudharib* on behalf of the participants. Profits that gained from the investment are to be shared between the participants and the *takaful* operator as per agreed ratio.

2.6 *Takaful* Products Acceptance

The dependent variable of this research is *takaful* products acceptance. Product acceptance is a complicated process which involves of the social attitudes and perception. Based on Kotler and Armstrong (2004), perception can affected the way of people interpret information in order to make a decision whether to buy or not to buy a product. A person with perception is ready to act. We as a human being receive the information through our five senses: sight, hearing, smell, touch and taste. However, different individual receive and interpret this information in a different way. Hence, different perception of the individual will lead to different product acceptance in this *takaful* case.

Md Taib, Ramayah, and Abdul-Razak (2008) found that there is a significant relationship between intentions and choosing *takaful* products. Attitudes are used to predict intention and behaviour of a human (Phau, Sequeira, & Dix, 2009). The theory of planned behaviour (TPB) is one of the most common applied behaviour theories. It uses cognitive aspect to explain behaviour which focuses on individuals' beliefs and attitudes. The theory of planned behaviour (TPB) (Ajzen 1985, 1991; Ajzen & Madden, 1986) came from the theory of reasoned action (TRA) (Fishbein & Ajzen, 1975) which used intention to take action as the best predictor of behaviour.

The theory of planned behaviour (TPB) has been shown to be more successful in predicting the factors that affect consumers to choose among the various choices. The theory of planned behaviour (TPB) (Fishbein & Ajzen, 1975) stated that individual behaviour can be explained by intention. This intention is actually affected by attitude, subjective norms, and perceived behavioural control (PBC). The stronger of the intention of an individual to buy *takaful* products, the greater acceptance it will be.

Ajzen (1991) said attitude is the psychological way that shows like or unlike evaluation. In common, if a person likes *takaful* products, he will tend to do it more by purchasing Takaful products. Huda, Rini, Mardoni, and Putra (2012) stated that attitude has a positive and significant effect on the intention to purchase *takaful* products. If the customer likes Takaful products so much, he will accept *takaful* product as his attitude has leads his intention to accept *takaful* products. Hence, attitude can influence individual intention to participate in *takaful* scheme.

Based on Silberer and Wolfahrt (2001), acceptance research has provided essential information in connecting to the success or failure of product or services. Product acceptance also reflected on the customers' experience after using a product.

The network expansion of agency distribution factor can influence *takaful* products acceptance. Bugel et al. (2010) have studied in various industries such as health insurance, banking industry, large self-service store, mobile telecommunication suppliers and the motor vehicles industry, said that by focusing on the factor of building relationship between agents and customers (network expansion of agency distribution), companies can actually enhance customer loyalty and customer acceptance towards the products.

On the other hand, awareness has a great influence on an individual to buy products and services (Hoyer & Brown, 1990; Tyagi & Kumar, 2004). When the customers are aware of the *takaful* products, it will highly influence them to purchase *takaful* products. Mohammed and Ortmann (2005) indicated that lack of awareness on the insurance prohibits the motive to purchase insurance. Mohammed and Ortmann (2005) stated that the public's awareness of *takaful* insurance increase the probability of *takaful* insurance adoption. Hence, researcher can see that awareness factor tends to play an essential role in influencing the customers whether to accept and buy a product.

Consumer switching behaviour means consumers stop buying a product and turn to buy competitor's product. The theory of planned behaviour (TPB) (Fishbein & Ajzen, 1975) stated that individual behaviour can be explained by intention. This

intention is actually affected by attitude, subjective norms, and perceived behavioural control (PBC). The relationship between consumer switching behaviour and *takaful* products acceptance can be explained through the theory of planned behaviour (TPB) (Fishbein & Ajzen, 1975). In this research, intention is the key that will lead a customer's behaviour whether to switch to accept and buy *takaful* products.

Another point that researcher will discuss here is related to product innovation. Product innovation is the development of new product or an improvement of an existing product. Product innovation factor consists of efficiency, speed and quality. Bastos and Gallego (2008) proved that product innovation directly bring effect to the buying intention. The new or existing *takaful* innovation products can directly influence the customers' buying intention.

2.7 Network Expansion of Agency Distribution

Networking is a powerful process in the business relationships, especially to the players who have involved in the business circle. There is over 95% of insurance and *takaful* business currently acquired through agents and intermediaries (Insurance and *takaful* sector - Financial Stability and Payment Systems Report 2016). In the *takaful* industry, the relationship between customer and agent are developed automatically as the agent is the one who knows all about the knowledge of the *takaful* products and services. The *takaful* insurance agents work hard to create valuable resources for their customers. The valuable resources are the knowledge, experience and unique information of the agent itself. The networking process is developed gradually over time. The networking process is learned and improved

progressively by different aspects of commitment and interaction between *takaful* agent and customer involved within the network (Anderson & Weitz, 1992; Blankenburg-Holm, Eriksson, & Johanson, 1999). Researcher can say that the networking process is built and developed over time as the relationships between the *takaful* agent and customers become mature. The aspect of network expansion of agency distribution provides the agents and the *takaful* customers in the network to have more chance to know each other's needs, generate resources and strategies to form stronger relationships and a more stable network. This networking process requires *takaful* agent and customer great commitment towards the connection (Anderson & Weitz, 1992; Blankenburg-Holm et al., 1999). The strong relationship between the *takaful* agent and customer may benefit the *takaful* insurance industry in the long run.



2.7.1 Network Expansion of Agency Distribution is related to *Takaful* Products Acceptance

Many researchers who are doing research in the financial field stated that relationship marketing can actually bring customer trust, commitment, loyalty, acceptance and other great outcomes. For example, based on Shamsudin, Kassim, Hassan, and Johari (2010) mentioned that marketing which builds customer relationship between *takaful* agents and customers can increase consumers' trust, loyalty and satisfaction. Trust is also known as 'brand credibility' in product acceptance (Keller & Aaker, 1992). The relationship and trust that built between *takaful* agent and customers are to say influence customers to accept *takaful* products.

Mohd Noor and Maznah (2010) said that marketing which build customer relationship between *takaful* agents and consumers can attract new customers and maintain the relationship with the current customers. Bugel et al. (2010) have studied in various industries such as health insurance, banking industry, large self-service store, mobile telecommunication suppliers and the motor vehicles industry, said that by focusing on the factor of building relationship between *takaful* agents and customers (network expansion of agency distribution), companies can actually enhance customer loyalty and customer acceptance towards products of the company. The expansion of network relationship of *takaful* agents is essential in order to enhance customer acceptance towards *takaful* products. Abdul Rahman and Abdul Hamid (2011) mentioned that the function of an agent is essential to lead to a well performance for *takaful* business in Malaysia.

Furthermore, the effective *takaful* agent distribution channels have enable the different segmentation of people have the opportunity to access and accept *takaful* products and are able to take up the protection scheme according to their needs. Prudential BSN Takaful Berhad (PruBSN) CEO, Azim Mithani said that the network expansion of agency distribution can help *takaful* to increase their penetration rate in the local market as *takaful* agents are able to access to a wider segment of the population and benefit from the economies scale (The Star Online, 2010). When *takaful* agents are reaching to a wider segment of population through networking, the chances of customers' products acceptance will become greater.

Some 74.4% (shown in Figure 2.1) believe that new distribution channels will be the biggest driver of revenue for *takaful* agents, according to industry perceptions in an article “Business Conditions and Global Outlook” published in a global *takaful* report (The Finance Forward World *Takaful* Report, 2016). *Takaful* agents are likely to make use of the efficiency of digital technology and online marketing in order to achieve their targets by reaching out to consumers who are unserved or underserved through new distribution channels.

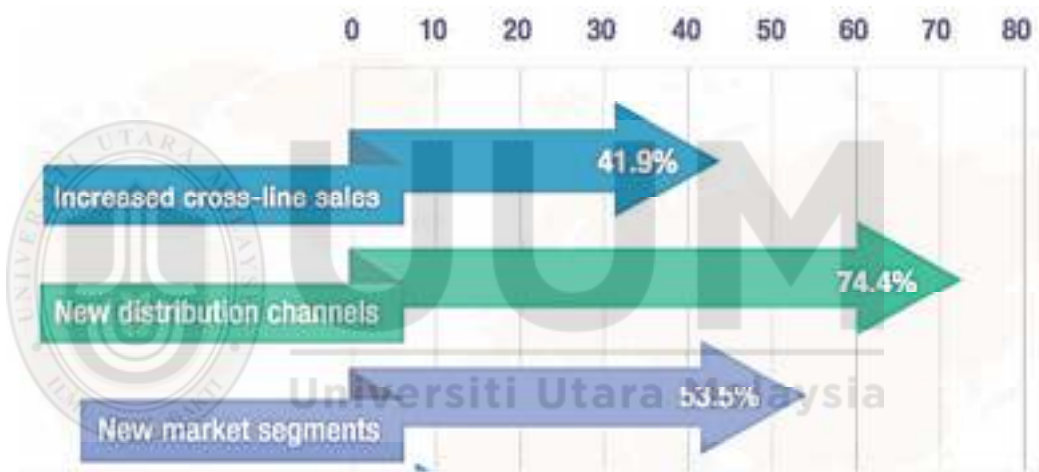


Figure 2.1
Which of the Following Channels or Segments will be the Biggest Drivers of your Company’s Revenue Growth in the Next One to Three Years?
 Source: The Finance Forward World *Takaful* Report, 2016

An extensive distribution network can provide *takaful* agents to access a large number of prospective customers and to form a great agent-customer relationship from there in order to increase *takaful* products acceptance from the customers through trust.

The high levels of internet and smartphone usage in Malaysia together with the advancements in payment technology, online platforms and mobile

insurance make it possible to outreach to the underserved segments (Insurance and *takaful* sector - Financial Stability and Payment Systems Report 2016). *Takaful* operators should also have partnerships with other organisations which have large distribution networks including retail chains and agent banks in order to have much consumer connection points (Insurance and *takaful* sector - Financial Stability and Payment Systems Report 2016). *Takaful* operators who have direct access to consumers are more understand the specific needs of consumers and it increases *takaful* products acceptance (Insurance and *takaful* sector - Financial Stability and Payment Systems Report 2016).

By explaining in the text of customer behaviour, when the consumer buy or accept services such as *takaful* insurance, the interpersonal connection between the agent and the customer through maintaining a good relationship is very important (Nguyen & Gaston 2002; Swan, Bowers, & Richardson, 1999; Tam & Wong, 2001).

2.8 Awareness of Consumers about *Takaful*

Hall, George, and Rutherford (1977) defined awareness as a little concern which the individual expresses about the product or services. Awareness has been proven as one of the important factors in influencing market preference. Literature revealed that awareness positively affects preference (5metacom, 2006). It means that when the customers are aware of the *takaful* product, they tend to prefer *takaful* products more. It is found that as awareness of *takaful* customers increase, market

preference towards Takaful products increases more quickly than the increase in the awareness of the *takaful* customers. However, this result can be achieved after one has putting a lot of effort in raising the awareness of the other party. Most of the companies start to increase awareness in their initial stage in order to gain a little achievement in the market preference. The action of increasing awareness of the public towards the *takaful* products can bring benefits to the Takaful industry in the long run.

2.8.1 Awareness of Consumers about *Takaful* is related to *Takaful*

Products Acceptance

Akhter and Hussain (2012) stated that there is a significant relationship between the degree of *takaful* awareness and perception of the customers about *takaful*. Awareness has a great influence on an individual to buy *takaful* products and services (Hoyer & Brown, 1990; Tyagi & Kumar, 2004). When the customers are aware of the *takaful* products, the chances for the customers to accept and buy *takaful* products can be increased. For the part of buying insurance, Mohammed and Ortmann (2005) indicated that lack of awareness on the insurance prohibits the motive to purchase insurance. Mohammed and Ortmann (2005) stated that the public's awareness of *takaful* insurance increase the probability of *takaful* insurance adoption. When the public who do not have idea on what is *takaful* products are all about, they will most probably show no interest in this product and end up do not buy this product. Awareness is the key for people to buy *takaful* scheme. Ayinde (2012) found out that people in Malaysia can actually trust and buy *takaful* products and the

reason is due to awareness. Swartz and Coetzer (2010) also mentioned that *takaful* products have attracted non-Muslim communities too.

It is very essential to place awareness of *takaful* product in the heart of current customers and potential customers to influence their purchase decisions. Asif and Anjum (2012) stated that awareness is one of the important factors for the public to accept the *takaful* insurance products. Customers who have awareness within themselves know about the value of the *takaful* products and can make full use of the products and services. Akbar, Shah and Kalmadi (2012) found out that the relationship between awareness and perception and he stated that well aware consumers are attracted towards *takaful* products.

2.9 Consumer Switching Behaviour

According to Zikiene and Bakanauskas (2006), the consumer switching behaviour is known as the behaviour of customers in shifting their attitude from one product brand to another product brand. Consumer switching behaviour also means consumers stop buying a product and turn to buy competitor's product. For an instance, consumer transferred from one bank to another bank if he felt unhappy with the bank's services.

In the first scenario, the switching costs can be very high for the customers if they would like to switch to a new insurance company. The reason is that they are getting older by the time they switch to another insurance company. Besides that, the

customers can be penalized for withdrawing themselves from the life insurance products. Most of the time, there will be a lower chance for customers to switch to another insurance company due to the high switching costs (Gwinner et al., 1998).

In another scenario, according to Zikiene and Bakanauskas (2006), the consumer switching behaviour exists between insurance company and their customers as the consumer switching behaviour can make it hardly for them to sustain a long term relationship between each other and also to spoil the pre-developed long term relationship. For example, Mr. Terrence was using Samsung Galaxy, but when there is a new launch of Apple iPhone, Mr. Terrence switched to buy Apple iPhone. There are many different factors, which lead Mr. Terrence to change his phone, for example, features, speed, price and so forth.



2.9.1 Consumer Switching Behaviour is related to *Takaful* Products

Acceptance

The consumer behaviour is always one of factors which simulates the behaviour of consumers towards either remain loyal with existing brand or switch towards other brands.

The theory of planned behaviour (TPB) is one of the most common applied behaviour theories. It uses cognitive aspect to explain behaviour which focuses on individuals' beliefs and attitudes. The theory of planned behaviour (TPB) (Ajzen 1985, 1991; Ajzen & Madden, 1986) came from the theory of reasoned action (TRA) (Fishbein & Ajzen, 1975) which used intention to take

action as the best predictor of behaviour.

The theory of planned behaviour (TPB) has been shown to be more successful in predicting the factors that affect consumers to choose among the various choices. The theory of planned behaviour (TPB) (Fishbein & Ajzen, 1975) stated that individual behaviour can be explained by intention. This intention is actually affected by attitude, subjective norms, and perceived behavioural control (PBC).

According to Ajzen (1991), attitude of an individual can be either positive or negative. According to Ajzen (1991), subjective norm is the individual's perceptions affected by how the family or friends think. According to Ajzen (1991), perceived behavioural control (PBC) is an individual beliefs based on the resources and opportunity availability to him or her.

Ajzen (1991) mentioned that the main element in the theory of planned behaviour (TBP) is the intention to take an action. Intention can lead to motivation to influence behaviour. The stronger of the intention of an individual to buy *takaful* products, the greater acceptance it will be.

Ajzen (1991) said attitude is the psychological way that shows like or unlike evaluation. In common, if a person likes *takaful* products, he will tend to do it more by purchasing Takaful products. Huda et al. (2012) stated that attitude has a positive and significant effect on the intention to purchase

takaful products. In another study, Syed and Nazura (2011) stated that attitudes towards purchasing *takaful* products affect *takaful* products purchasing intention. Many previous financing service researches that used theory of planned behaviour (TPB) model mentioned that attitude is an essential sign of individual's intentions (Hanudin, Abdul Rahim, Stephen, & Ang, 2011; Hanudin, 2012; Syed, Hawati, Zanariah, Che Aniza, & Mst. Nilufar, 2012; Echchabi & Hassanuddeen, 2012). Lada, Tanakinjal, and Amin (2009) proved that attitude is an essential factor in making choice of insurance. According to Amin, Ghazali, and Supinah (2010) stated that attitude plays an important role in making choice of insurance products. Alam and Sayuti (2011) revealed that attitude is significant in determining one's acceptance on *takaful* insurance. Gopi and Ramayah (2007) stated that attitude have positive significant influence on behavioural intentions in order for the customers to accept *takaful* products. Amin, Abdul-Rahman, and Abdul-Razak (2013) mentioned that attitude has direct influence on the *takaful* products acceptance. If the customer likes *takaful* products so much, he will tends to switch from conventional insurance products to *takaful* products even though switching costs can be very high as his like attitude has leads his intention to accept *takaful* products. Hence, attitude can influence individual intention for an individual to participate in *takaful* scheme.

Ajzen (1991) defined subjective norms related to the social pressure to perform behaviour. How their family members thinks are important to them. There are many previous theory of planned behaviour (TPB) studies shown that subjective norms is the essential predictor of individual's intentions

(Pedersen, 2005; Hanudin & Rosita, 2011; Echchabi & Olaniyi, 2012). The relationship between subjective norms and intentions has been shown in the financial industry (Razak & Abduh, 2012; Saad et al., 2010; Siang & Weng, 2011). A study by Gopi and Ramayah (2007) stated that subjective norms have positive relationship with intention. For example, if their family members feel that *takaful* products are good, they will also think in the same way and switch from conventional insurance products to *takaful* products even though the switching costs can be very high as they have influenced by their subjective norms to change their intention to accept *takaful* products. Taylor and Todd (1995) categorised subjective norm into friends influence and employers influence, and also word-to-mouth influence and mass media influence. Word-of-mouth means interpersonal influence, such as family members and peers influence while media influence refers to the effects of mass media in affecting one's intention towards behaviour (Zolait & Sulaiman, 2009). The parents and friends may encourage an individual to participate in a *takaful* plan or television or radio may encourage an individual to participate in the *takaful* scheme. Subjective norms have a significant relationship with intention towards the purchase of insurance (Omar & Frimpong, 2007). Hence, subjective norms can influence individual intention for an individual to participate in *takaful* scheme.

Perceived behavioural control (PBC) refers to a person's perceptions whether easy or hard to handle a task. The confidence level of a person can influence intention and behaviour (Ajzen, 1991). Jin and Kang (2011) had a survey on the purchase intentions of consumers and found that perceived

behavioural control is an essential factor of purchase intentions. In the case of participation in *takaful* plan, when individual knows they have more resources support, they know that they have much control power and their intention will get higher. Taylor and Todd (1995) categorised perceived behavioural control (PBC) into self-efficacy, resources facilitating condition and technology facilitating condition. Researcher only considers self-efficacy and resources facilitating condition in this research. Self-efficacy means an individual perform certain behaviour based on his skills or capabilities (Bandura, 1986). Resource facilitating conditions refer the resources which they have such as money and time to carry out the intended behaviour (Taylor & Todd, 1995). When the customer has more money, he has more intention in switching from conventional insurance to *takaful* insurance products by getting what he wants even though the switching costs can be very high as he get influenced by his perceived behavioural control (PBC) to change his intention to accept *takaful* products. Salamah (2012) stated that perceived behavioural control is an important factor of the intention towards *takaful* products acceptance. Echchabi and Abdul Aziz (2012) stated that perceived behavioural control is an essential factor of the intention towards *takaful* scheme acceptance. The research result had shown positive impact of perceived behavioural control on a person's intentions towards buying *takaful* products (Armitage, 2005; Leng, Lada, Muhammad, Ibrahim, & Tamrin, 2011). Hence, perceived behavioural control can influence individual intention for an individual to participate in *takaful* scheme.

2.10 Product Innovation

The innovation is a process that changes the current situation for the better; bringing positive changes, satisfying specific needs and improving the quality of life of people. Innovation is one of the key factors that affect competitiveness, same as in *takaful* industry, innovation plays a crucial role in attracting customers. In simple terms, innovation related to the exploitation of new ideas. Innovation plays an important role in the rapid changing market conditions. The *takaful* industry is still new compared with the long existing conventional insurance in the insurance industry. Hence, *takaful* is considered as innovation in the insurance industry. It brought insurance solutions for the public who has conventional insurance as their only choice previously. The evolutions of innovation in *takaful* are in the form of their products and services and these values are able to satisfy their customers. The ability to innovate has definitely increases the ability to compete at the individual, organisations or even national level. The outcomes created by innovations are often leaded to wealth. When *takaful* insurance companies are able to put more effort in product innovation, it will increase their ability to compete with the conventional insurance companies in the insurance industry as well.

A product is build up from one or more of features, attributes, functionality and consumption experience. Product innovations are necessary for all firms in order to compete with the competitors, to satisfy the population needs and changing preferences and the technological advancement. According to Resource-Advantage Theory of Competition (R-A Theory), the customers' choices always change. Hence, Hunt and Morgan (1995) stated that the organisations which wish for great

performance have to involve in innovations as a weapon to compete in the competitive market. When having a new product or service, consumers will compare among the attributes and experiences of the new products with the existing products (Rogers, 1983).

2.10.1 Product Innovation is related to *Takaful* Products Acceptance

Rogers (2003) stated that the “newness” characteristic is a process consists of three main steps, which are knowledge, persuasion and decision. Firstly, people expose to the innovation and to get the knowledge from it. The knowledge about the innovation can lead to either a positive or negative attitude about the innovation, and finally the potential customers decide either to buy or reject the innovation of the *takaful* products.

Innovations diffusion theory (IDT) (Rogers, 2003) included of five main dimensions: relative advantage, compatibility, complexity, trialability and observability. Rogers (2003, p. 229) defines relative advantage as “the degree to which an innovation is seen as being better than the idea that it had replaced.” Definition of compatibility is “the degree to which an innovation is seen as consistent with the existing values, past experiences, and needs of potential adopters” (Rogers, 2003, p. 15). Complexity means “the extent to which an innovation is perceived as relatively difficult to understand and use” (Rogers, 2003, p. 15). Trialability means “the degree to which an innovation may be tried out before final use” (Rogers, 2003, p. 16). Finally, observability

is known as “the degree to which the results of an innovation are visible to others” (Rogers, 2003, p. 16).

Many product-specific factors such as product features affects product acceptance (Helsen & Schmittlein, 1994). The company can show a good image to their consumers by producing a good product that will bring good product experience to the consumers (Soderlund, 1998). There are some studies said that most of the consumers love Islamic products and services (Naser, Jamal, & *Al-Khatib*, 1999; Ahmed & Haron, 2002; *Al-Ajmi*, Hussain, & *Al-Saleh*, 2009; Mansour, Abdelhamid, Masood, & Niazi, 2010; Rustam, Bibi, Zaman, Rustam, & Haq, 2011). Steve Jobs stated that customer participation is not important to the design of innovation as there is a lot of times people do not know what they want until you show it to them (Isaacson, 2011).

Bastos and Gallego (2008) proved that product innovation directly bring affect to the buying intention. Archer and Wesolowsky (1996) stated that the intention to purchase of consumers in automobile industry affected by the product and service innovation. Product innovation from the consumer’s perspective is related with the ability of a product to meet consumer acceptance (Archibald, Haulman, & Moody, 1983; Gilmore, 1974; Grocock, 1986). Hence, when the product innovation process leads to a more quality product and it may directly increases the *takaful* consumer satisfaction and affects the positive behavioural intentions of an individual in buying *takaful* scheme.

New innovation insurance products give more different opportunities to the customers in accepting *takaful* products (Calvert, Gonzalez-Firas, & Sodini, 2004). Insurance companies that can provide the innovative products that can meet the needs and requirement of the customers can build competitive advantage and to gain customers' acceptance. Besides that, the innovation products have to fulfil the market value and can be accepted by the customers (Moore & Pessemier, 2004; Wheelwright & Clark, 1992).

2.11 Summary

The factors of network expansion of agency distribution, awareness of consumers about *takaful*, consumer switching behaviour and product innovation are discussed as above in order for us to find out on how are these independent variables can actually influence *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter explains the methodology that researcher used in this research on factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). Respondents of the study were among those living in Klang Valley. The participation of the respondents was very helpful towards our findings to evaluate the *takaful* products acceptance. Correlation analysis and regression analysis had been used in this study.

3.2 Research Framework

The main intention of this research is to examine the factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). The research framework is shown in Figure 3.1 as stated as below.

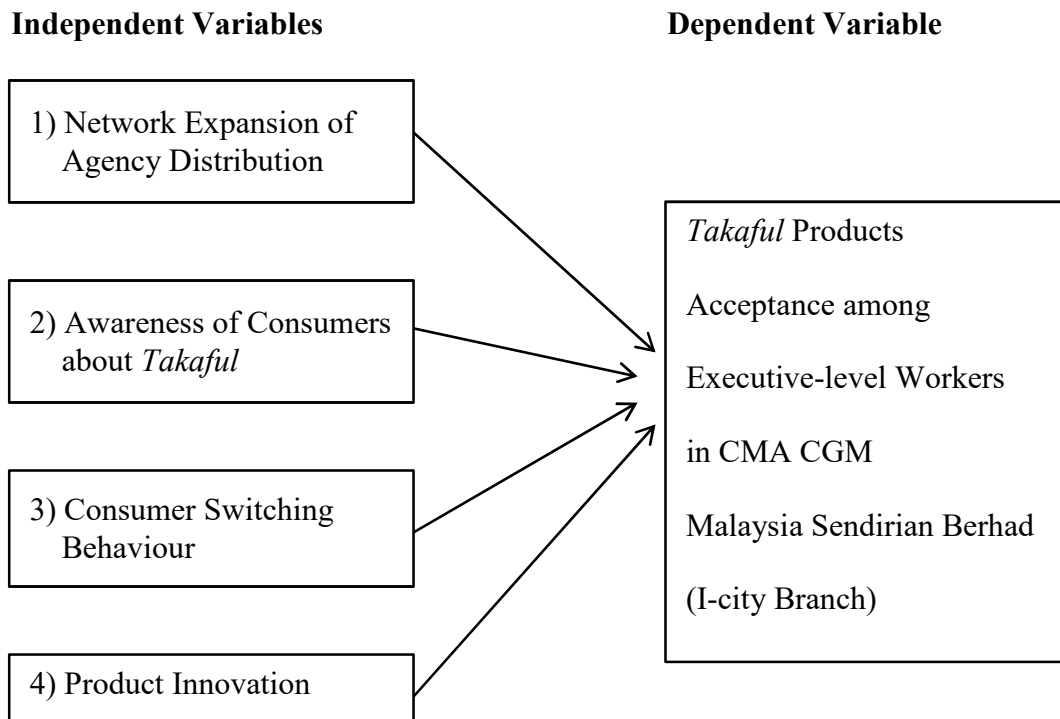


Figure 3.1
Research Framework

3.3 Hypotheses Development

Welman and Kruger (2001, p. 11) define a hypothesis as “a preliminary assumption about the relationship between two or more things that needs to be tested.”

H1 (Alternative Hypothesis 1): There is a positive significant relationship between network expansion of agency distribution and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

H2 (Alternative Hypothesis 2): There is a positive significant relationship between awareness of consumers about *takaful* and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

H3 (Alternative Hypothesis 3): There is a positive significant relationship between consumer switching behaviour and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

H4 (Alternative Hypothesis 4): There is a positive significant relationship between product innovation and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

3.4 Research Design

Kerlinger (1978) stated that a research design is the investigation plan or strategy in order to gain answers for the research questions and independent variables. Researcher used quantitative method for this research. Quantitative research is a systematic and reliable way to get quantifiable data and it is included of numerical, statistic and the relationships between the variables.

3.5 Operational Definition

Operational definition defined the frame that needs to be measured then change into measurable component to expand an index of dimension of ideas (Sekaran, 2013).

Network Expansion of Agency Distribution – An expansion of interconnected system where the agents provide service and building relationships with customers that can increase customer satisfaction and brand loyalty (Shamsudin, et al., 2010).

Awareness of Consumers about Takaful – It is a little concern which the individual expresses about the product or services whereby awareness can bring purchase intention of an individual (Hall et al., 1977).

Consumer Switching Behaviour – Consumer switching behaviour means give up on a product and turn into competitor's product. Consumer switching behaviour is able to change an individual buying intention (Ajzen 1985, 1991; Ajzen & Madden, 1986).

Product Innovation – The development and market introduction of a new or improved product or service. Product innovation can satisfy consumers' need and bring purchasing intention (Bastos & Gallego, 2008).

Takaful Products Acceptance – *Takaful* product acceptance is a complicated process involving societal attitudes. It involves of perception and intention of an individual in order to accept the *takaful* products (Silberer & Wolfahrt, 2001).

3.6 Measurement of Variables / Instrumentation

Researcher can use various instruments to gain information. In this research, questionnaire forms were used. Researcher used questionnaire forms in the research which were more effective and easier in getting result. Researcher used questionnaires due to few reasons stated as below:

- i. It reduces time and money.

- ii. Respondents are more cooperate. Respondents can answer the questionnaire without any pressure because there is no face-to-face session and the information of the respondents is confidential.
- iii. The researcher can reach out to more respondents.

Other than that, researcher used Likert scale which consists of five point scale in the questionnaire. Researcher chose to use Likert scale with five point scale because:

- i. It is easier to handle.
- ii. Researcher can get more data.
- iii. It is easier to analyse the information obtained from respondents.
- iv. It is easier for respondents to response.

The 5-point Likert scale (Likert, 1932) is a psychometric scale that helps people to measure public's attitudes. The likert scaling that researcher used in the research are as below:

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree

4. Agree
5. Strongly agree

The questionnaire had two different sections consists of Section A and Section B. Section A is the questions on the respondent's background while Section B is questions on the factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

This research had two types of variables, which were independent variables and dependent variable. There are four independent variables, which are network expansion of agency distribution, awareness of consumers about *takaful*, consumer switching behaviour and product innovation. The dependent variable is *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

Table 3.1 consists of the measurement of variables for the research. The measured items were adapted from Musadik (2011); Lee and Majid (2014); and Lassar (1998) as stated in the table as below. There are 5 measured items for network expansion of agency distribution, 5 measured items for awareness of consumers about *takaful*, 4 measured items for consumer switching behaviour, 4 measured items for product innovation and 4 measured items for *takaful* products acceptance.

Table 3.1
Measurement of Variables

Variables Names	Number of items	Measured Items	Sources	Scales
Network Expansion of Agency Distribution (AD)	5	I know <i>takaful</i> products through online advertisement by <i>takaful</i> agent (AD1).	Musadik (2011)	Likert Scale 1-5 (Likert, 1932)
		<i>Takaful</i> agent assists in promoting <i>takaful</i> products through digital technology (AD2).	Musadik (2011)	Likert Scale 1-5 (Likert, 1932)
		I think that online service provided by <i>takaful</i> agent is more efficient (AD3).	Musadik (2011)	Likert Scale 1-5 (Likert, 1932)
		<i>Takaful</i> agent responds promptly to any of my questions or concerns through online (AD4).	Lee & Majid (2014)	Likert Scale 1-5 (Likert, 1932)
		<i>Takaful</i> agent provides clear information about <i>takaful</i> products through online (AD5).	Lee & Majid (2014)	Likert Scale 1-5 (Likert, 1932)

Table 3.1 (Continued)

<p>Awareness of Consumers about <i>Takaful</i> (AC)</p>	<p>5</p>	<p>The existence of <i>takaful</i> gives me the opportunity to choose Islamic insurance products (AC1).</p>	<p>Musadik (2011)</p>	<p>Likert Scale 1-5 (Likert, 1932)</p>
		<p>I am confident that <i>takaful</i> business practices are based on <i>Shariah</i> principles (AC2).</p>	<p>Musadik (2011)</p>	<p>Likert Scale 1-5 (Likert, 1932)</p>
		<p>I am concerned about the form of <i>takaful</i> investment that is free of <i>gharar</i> (uncertainty), <i>riba</i> (interest) and <i>maysir</i> (gambling) elements (AC3).</p>	<p>Musadik (2011)</p>	<p>Likert Scale 1-5 (Likert, 1932)</p>
		<p><i>Takaful</i> encourages the spirit of mutual assistance and cooperation between members for common good (AC4).</p>	<p>Musadik (2011)</p>	<p>Likert Scale 1-5 (Likert, 1932)</p>
		<p><i>Takaful</i> encourages the <i>tabarru'</i> concept (donation) (AC5).</p>	<p>Musadik (2011)</p>	<p>Likert Scale 1-5 (Likert, 1932)</p>

Table 3.1 (Continued)

Consumer Switching Behaviour (CSB)	4	I feel that it is important to know all the available alternatives before buying insurance products (CSB1).	Musadik (2011)	Likert Scale 1-5 (Likert, 1932)
		I will continue to buy insurance products again when I have found the insurance company that I like (CSB2).	Lee & Majid (2014)	Likert Scale 1-5 (Likert, 1932)
		I am very careful in choosing and buying <i>takaful</i> products (CSB3).	Musadik (2011)	Likert Scale 1-5 (Likert, 1932)
		<i>Takaful</i> insurance company is my favourite insurance company and I will faithfully buy insurance from it (CSB4).	Lee & Majid (2014)	Likert Scale 1-5 (Likert, 1932)
Product Innovation (PI)	4	I feel that the quality improvement of the <i>takaful</i> product satisfies me (PI1).	Lassar (1998)	Likert Scale 1-5 (Likert, 1932)
		Takaful's new product stimulates and assures me (PI2).	Musadik (2011)	Likert Scale 1-5 (Likert, 1932)
		A wide range of new Takaful products satisfies me (PI3).	Lee & Majid (2014)	Likert Scale 1-5 (Likert, 1932)

Table 3.1 (Continued)

		The new special package of <i>takaful</i> products impresses me (PI4).	Lee & Majid (2014)	Likert Scale 1-5 (Likert, 1932)
Takaful Products Acceptance (TPA)	4	I am interested in subscribing <i>takaful</i> products (TPA1).	Musadik (2011)	Likert Scale 1-5 (Likert, 1932)
		I get satisfaction from buying <i>takaful</i> products (TPA2).	Musadik (2011)	Likert Scale 1-5 (Likert, 1932)
		The benefits of <i>takaful</i> products outweigh the risks (TPA3).	Lee & Majid (2014)	Likert Scale 1-5 (Likert, 1932)
		I will recommend <i>takaful</i> products to my family and friends (TPA4).	Lee & Majid (2014)	Likert Scale 1-5 (Likert, 1932)

3.6.1 Pilot Test

A pilot test had been carried out before the real questionnaire sets were distributed out to the respondents. The pilot test was carried out in the CMA CGM Malaysia Sendirian Berhad (I-city Branch). 30 sets of pilot test questionnaires were distributed to the managers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) randomly. The respondents for the pilot test were excluded in the real questionnaire distribution. The pilot test had been

conducted to determine the reliability of the instrument used and to ensure that respondents can understand the questions been asked in the questionnaires. The questionnaire was set in Bahasa Melayu and English which consisted of two sections which were Section A and Section B. Researcher carried out the Cronbach's alpha analysis after the data collection for the pilot test. The Cronbach's alpha analysis had been used to determine the reliability of this questionnaire. The rule of thumb for interpreting Cronbach's alpha (Lee Cronbach, 1951) can be explained in the Table 3.2. Table 3.3 is the reliability result of pilot test for the research.

Table 3.2
The Rule of Thumb for Interpreting Cronbach's Alpha

Cronbach's Alpha	Internal Consistency
$a \geq 0.9$	Excellent
$0.9 > a \geq 0.8$	Good
$0.8 > a \geq 0.7$	Acceptable
$0.7 > a \geq 0.6$	Questionable
$0.6 > a \geq 0.5$	Poor
$0.5 > a$	Unacceptable

Table 3.3
Reliability Result of Pilot Test

Independent Variables	Cronbach's Alpha
i) Network Expansion of Agency Distribution	0.895
ii) Awareness of Consumers about <i>takaful</i>	0.882
iii) Consumer Switching Behaviour	0.739
iv) Product Innovation	0.871

Table 3.3 (Continued)

Dependent Variable	Cronbach's Alpha
i) <i>Takaful</i> Products Acceptance	0.739

Cronbach's alpha is a figure that shows us how good the items in a group linking to each another. According to Lee Cronbach (1951), Cronbach's alpha is to measure reliability and internal consistency. According to the rule of thumb for interpreting Cronbach's alpha (Table 3.2), if the Cronbach's alpha coefficient is above 0.80 means it is good. If the Cronbach's alpha coefficient is above 0.70, it is considered as acceptable. If the Cronbach's alpha coefficient is below 0.60, it is considered as poor.

In the Table 3.3, the Cronbach's alpha coefficients of the pilot test for the network expansion of agency distribution is 0.895. It is considered as good. The Cronbach's alpha coefficients of the pilot test for the awareness of consumers about *takaful* is 0.882. It is also considered as good. The Cronbach's alpha coefficients of the pilot test for the consumer switching behaviour is 0.739. It is considered as acceptable. The Cronbach's alpha coefficients of the pilot test for the product innovation is 0.871. It is considered as good. The Cronbach's alpha coefficients of the pilot test for the *takaful* products acceptance is 0.739. It is considered as acceptable.

3.7 Data Collection

There are two types of data collection techniques, which are primary and

secondary data collection techniques. The researcher decided to use primary data collection in this study.

3.7.1 Population

The target population of the executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) was 100 persons. The target population was living in Klang Valley. They were from diverse background in terms of gender, age, marital status, monthly income and educational level. According to Business Dictionary (2017), definition of executive-level workers means a group of people who have appointed and given the responsibility to handle the routine of an organisation and having the power to make decisions within specified limitations. Executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) are the group of people who have given the responsibility to handle the routine of an organisation and also the power to make decisions within specified limitations.

The reasons for the executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) to be chosen as respondents for this study because the RM30000 insurance coverage per year from the CMA CGM Malaysia Sendirian Berhad itself is still not enough to protect the executive-level workers when they face with chronic diseases due to stress-related illnesses and long working hours. Executive-level workers have more risk in engaging with stress-related illnesses and they tend to work long hours according to the survey. Some of the executive-level workers in CMA CGM

Malaysia Sendirian Berhad (I-city Branch) are still subscribing conventional insurance instead of *takaful* insurance.

3.7.2 Sampling

The population of executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) was 100 persons. Hence, by using Krejcie and Morgan Table, researcher got to know that the target sample size for 100 persons from the population will be 80 persons.

Researcher used probability sample method in this research. According to the glossary of statistical terms (2017), probability sample method means each person in the population has likelihood to be selected. There will be no bias on the population.

Simple random sampling method was used by the researcher in this study. According to Investopedia (2017), simple random sample method means each of the samples from the population has an equal probability to be selected. The executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) have a fair and known chance of being selected. Researcher used Research Randomizer computer software (Version 4.0) to generate random numbers (Urbaniak & Plous, 2013). Research Randomizer computer software (Version 4.0) is a "pseudo-random number generator" as the numbers are generated through using a complex algorithm that gives the appearance of randomness.

The unit of analysis in this study was individual. The data for this study was collected through self-administered structured questionnaires distributed to selected respondents in CMA CGM Malaysia Sendirian Berhad (I-city Branch). The researcher focused on the respondents which were different in income, age, sex and perceptions towards Takaful insurance.

3.7.3 Data Collection Procedures

Questionnaires were distributed by the researcher to the representative of CMA CGM Malaysia Sendirian Berhad (I-city Branch). Prior to the conduct of the study, the researcher sought permission by sending a letter to the branch manager of CMA CGM Malaysia Sendirian Berhad (I-city Branch). Once the company's management approved, the researcher contacted the representative in the branch office and passed the questionnaires to the representative. The questionnaires were then distributed to the respondents by the representative and collected one month after they had answered. The researcher continued to follow up with the representative for those respondents who had yet to pass back their questionnaires.

3.8 Techniques of Data Analysis

All the data collected from respondents were analysed based on the Statistical Package for Social Sciences (SPSS) Version 23 software. The approach used to analyse data was in line with the research questions and research objectives. The data

analysis involved both descriptive and inferential statistics. Furthermore, correlation analysis and regression analysis had been used in this study. The techniques of data analysis that had been used in this research is shown as below in Table 3.4.

Table 3.4
Techniques of Data Analysis

Hypotheses Statement	Techniques of Data Analysis
H1 (Alternative Hypothesis 1): There is a positive significant relationship between network expansion of agency distribution and <i>takaful</i> products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).	Correlation analysis and regression analysis.
H2 (Alternative Hypothesis 2): There is a positive significant relationship between awareness of consumers about <i>takaful</i> and <i>takaful</i> products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).	Correlation analysis and regression analysis.
H3 (Alternative Hypothesis 3): There is a positive between consumer switching behaviour and <i>takaful</i> products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).	Correlation analysis and regression analysis.

Table 3.4 (Continued)

<p>H4 (Alternative Hypothesis 4): There is a positive significant relationship between product innovation and <i>takaful</i> products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).</p>	<p>Correlation analysis and regression analysis.</p>
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3.9 Summary

Quantitative research design that involved of questionnaire had been used in this study on testing factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). The respondents were cooperating well in contributing to the findings for this research. Hence, the researcher can evaluate the *takaful* products acceptance based on the findings. The data analysis involved both descriptive and inferential statistics. Furthermore, correlation analysis and regression analysis had been used in this study.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, researcher will discuss the result that researcher had done through the Statistical Package for Social Sciences (SPSS) Version 23 software. Researcher will be answering the hypotheses that researcher had developed in Chapter 3. The result shown consists of two parts which are respondents' description and the hypotheses testing. In the first part, researcher will discuss about response rate, the profile of respondents, reliability test and descriptive analysis. In the second part, researcher will explain about the correlation analysis and hypotheses testing.

4.2 Response Rate and Profile of Respondents

The response rate for this study among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) was 100%. 80 sets of the questionnaire had been distributed and researcher got back 80 sets of the questionnaire.

Table 4.1
Profile of Respondents

Gender	Frequency	Percentage (%)
Male	59	73.8
Female	21	26.3
Total	80	100.0

Table 4.1 (Continued)

Marital Status	Frequency	Percentage (%)
Single	29	36.3
Married	50	62.5
Divorced/Widowed	1	1.3
Total	80	100.0
Highest Educational Level	Frequency	Percentage (%)
Diploma	39	48.8
Degree	41	51.2
Total	80	100.0
Race	Frequency	Percentage (%)
Malay	57	71.3
Chinese	7	8.8
India	16	20.0
Total	80	100.0
Age	Frequency	Percentage (%)
20-29	27	33.8
30-39	33	41.3
40-49	17	21.3
50 and above	3	3.8
Total	80	100.0

Table 4.1 (Continued)

Income	Frequency	Percentage (%)
RM1001-RM2000	11	13.8
RM2001-RM3000	35	43.8
RM3001-RM4000	23	28.7
RM4001 & above	11	13.8
Total	80	100.0

From Table 4.1, it shown 59 persons (73.8%) are male respondents and 21 persons (26.3%) are female respondents. In this research, the majority respondents are male.

29 (36.3%) respondents are still single, 50 respondents (62.5%) are married and 1 of the respondents (1.3%) is divorced or widowed. The majority of the respondents are married.

39 respondents (48.8%) are graduated from diploma and 41 respondents (51.2%) are graduated from degree. Researcher can see that the majority of the respondents in this research are highly educated, which the majority of the respondents are graduated from degree.

57 respondents (71.3%) are Malay, 7 respondents (8.8%) are Chinese and 16 respondents (20%) are Indian. The majority respondents are Malay.

27 respondents (33.8%) are 20 to 29 years old, 33 respondents (41.3%) are 30 to 39 years old, 17 respondents (21.3%) are 40 to 49 years old and 3 persons (3.8%) are 50 years old and above. The majority of the respondents are between 30 to 39 years old.

11 of the respondents (13.8%) are earning RM1001 to RM2000 per month, 35 respondents (43.8%) are earning RM2001 to RM3000 per month, 23 respondents (28.7%) are earning RM3001 to RM4000 per month and 11 respondents (13.8%) are earning RM4001 and above. The majority of the respondents are having income between RM2001 to RM3000 per month.

4.3 Reliability Test

Table 4.2
Reliability Test

Independent Variables	Item	Cronbach's Alpha
i) Network Expansion of Agency Distribution	5	0.975
ii) Awareness of Consumers about <i>takaful</i>	5	0.981
iii) Consumer Switching Behaviour	4	0.968
iv) Product Innovation	4	0.983
Dependent Variable		Cronbach's Alpha
v) <i>Takaful</i> Products Acceptance	4	0.993

Table 4.3
The Rule of Thumb for Interpreting Cronbach's Alpha

Cronbach's Alpha	Internal Consistency
$a \geq 0.9$	Excellent
$0.9 > a \geq 0.8$	Good
$0.8 > a \geq 0.7$	Acceptable
$0.7 > a \geq 0.6$	Questionable
$0.6 > a \geq 0.5$	Poor
$0.5 > a$	Unacceptable

Cronbach's alpha is a figure that shows us how good the items in a group linking to each another. According to the rule of thumb for interpreting Cronbach's alpha (Table 4.3), the Cronbach's alpha coefficient is above 0.90 means excellent. If the Cronbach's alpha coefficient is below 0.60, it is considered as poor.

Table 4.2 shown that the Cronbach's alpha for the network expansion of agency distribution is 0.975. It means that Cronbach's alpha coefficient for the network expansion of agency distribution is excellent as it is above 0.90. The Cronbach's alpha coefficient for the awareness of consumers about *takaful* is 0.981. It means that Cronbach's alpha coefficient for the awareness of consumers about *takaful* is excellent as it is above 0.90. The Cronbach's alpha coefficient for the consumer switching behaviour is 0.968 and the Cronbach's alpha coefficient for the product innovation: 0.983. It means that the Cronbach's alpha coefficients for these variables are excellent, which are above 0.90. The Cronbach's alpha coefficient for the *takaful* products acceptance: 0.993. It means that Cronbach's alpha coefficient for the awareness of consumers about *takaful* is excellent as it is above 0.90.

4.4 Descriptive Analysis (Mean and Standard Deviation)

Table 4.4
Descriptive Analysis

Frequencies

		Statistics				
		AD	AC	CSB	PI	TPA
N	Valid	80	80	80	80	80
	Missing	0	0	0	0	0
Mean		4.0775	4.1725	4.1313	4.2469	4.4844
Std. Deviation		.76737	.77410	.75680	.77388	.76756
Minimum		3.00	3.00	3.00	3.00	3.00
Maximum		5.00	5.00	5.00	5.00	5.00

Table 4.4 shown the mean for the network expansion of agency distribution variable is 4.0775, the mean for the awareness of consumers about *takaful* variable is 4.1725, the mean for the consumer switching behaviour variable is 4.1313 and the mean for the product innovation variable is 4.2469. The mean for the *takaful* products acceptance variable is 4.4844. The highest mean is the *takaful* products acceptance variable, which the mean is 4.4844. The second highest mean is the product innovation variable, which is 4.2469 while the third highest mean is the awareness of consumers about *takaful* variable, which the mean is 4.1725.

Table 4.4 shown the standard deviation for network expansion of agency distribution is 0.76737, the standard deviation for awareness of consumers about *takaful* is 0.77410, the standard deviation for consumer switching behaviour is 0.75680 and the standard deviation for product innovation is 0.77388. The standard

deviation for *takaful* products acceptance is 0.76756. The highest standard deviation is the awareness of consumers about *takaful* variable, which is 0.77410. The second highest standard deviation is the product innovation variable, which is 0.77388. The third highest standard deviation is the *takaful* products acceptance variable, which is 0.76756.

4.5 Correlation Analysis

Table 4.5
Correlations

		Correlations				
		AD	AC	CSB	PI	TPA
AD	Pearson Correlation	1	.736**	.756**	.661**	.533**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	80	80	80	80	80
AC	Pearson Correlation	.736**	1	.827**	.777**	.691**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	80	80	80	80	80
CSB	Pearson Correlation	.756**	.827**	1	.829**	.676**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	80	80	80	80	80
PI	Pearson Correlation	.661**	.777**	.829**	1	.774**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	80	80	80	80	80
TPA	Pearson Correlation	.533**	.691**	.676**	.774**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	80	80	80	80	80

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.5 shown the highest relationship between independent variable and dependent variable is between product innovation and *takaful* products acceptance with the Pearson correlation coefficient of 0.774 (77.4%).

4.6 Hypotheses Testing (Regression Analysis)

Table 4.6
Hypotheses Testing

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788 ^a	.621	.600	.48523

a. Predictors: (Constant), PI, AD, AC, CSB

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.884	4	7.221	30.669	.001 ^b
	Residual	17.659	75	.235		
	Total	46.543	79			

a. Dependent Variable: TPA

b. Predictors: (Constant), PI, AD, AC, CSB

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.083	.332		3.266	.002		
	AD	-.066	.114	-.066	-.581	.563	.390	2.565
	AC	.258	.137	.260	1.884	.063	.265	3.773
	CSB	.004	.160	.004	.025	.980	.203	4.923
	PI	.607	.132	.612	4.603	.000	.286	3.491

a. Dependent Variable: TPA

In Model Summary Table, R square is 0.621. It means that 62.1% of the variation in dependent variable (*takaful* products acceptance) is explained by the 4 independent variables (network expansion of agency distribution, awareness of consumers about *takaful*, consumer switching behaviour and product innovation).

In Anova Table, the significant level of 0.001 means that the model is fit, whereby the model has good independent variables. If the significant level is less than 0.05 means that the model is fit.

In Coefficient Table, VIF for network expansion of agency distribution is 2.565, VIF for awareness of consumers about *takaful* is 3.773, VIF for consumer switching behaviour is 4.923 and VIF for product innovation is 3.491. According to Hair's statement, VIF must not more than 10.

In Coefficient Table, the highest Standardized Coefficients Beta value is the product innovation factor, which is 0.612. It means that product innovation is the most important factor in influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) in this study.

4.6.1 Network Expansion of Agency Distribution Factor

H1 (Alternative Hypothesis 1): There is a positive significant relationship between network expansion of agency distribution and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

In Coefficient Table, the t value for network expansion of agency distribution is -0.581 (t value is less than 1.645) means that there is no significant relationship between network expansion of agency distribution and *takaful* products acceptance among executive-level workers in CMA CGM

Malaysia Sendirian Berhad (I-city Branch).

Hence, H1 (Alternative Hypothesis 1): “There is a positive significant relationship between network expansion of agency distribution and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch)” is rejected.

4.6.2 Awareness of Consumers about *Takaful* Factor

H2 (Alternative Hypothesis 2): There is a positive significant relationship between awareness of consumers about *takaful* and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

In Coefficient Table, the t value for awareness of consumers about *takaful* is 1.884 (t value is more than 1.645 but less than 2.33) means that there is a significant relationship between awareness of consumers about *takaful* and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) at 0.05 confident level.

In Correlations Table, the Pearson correlation coefficient (r) for awareness of consumers about *takaful* is 0.691. Researcher can know that there is a strong positive relationship between awareness of consumers about *takaful* and *takaful* products acceptance. The awareness of consumers about *takaful* increases, the *takaful* products acceptance also increases. The Pearson

correlation coefficient (r) is used to measure the direction and strength of a linear relationship between two variables.

Hence, the H2 (Alternative Hypothesis 2): “There is a positive significant relationship between awareness of consumers about *takaful* and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch)” is accepted.

4.6.3 Consumer Switching Behaviour Factor

H3 (Alternative Hypothesis 3): There is a positive significant relationship between consumer switching behaviour and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

In Coefficient Table, the t value for consumer switching behaviour is 0.025 (t value is less than 1.645) means that there is no significant relationship between consumer switching behaviour and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

Hence, H3 (Alternative Hypothesis 3): “There is a positive significant relationship between consumer switching behaviour and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch)” is rejected.

4.6.4 Product Innovation Factor

H4 (Alternative Hypothesis 4): There is a positive significant relationship between product innovation and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

In Coefficient Table, the t value for product innovation is 4.603 (t value is more than 2.33) means that there is a significant relationship between product innovation and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) at 0.01 confident level.

In Correlations Table, the Pearson correlation coefficient for product innovation is 0.774. Researcher can know that there is a strong positive relationship between product innovation and *takaful* products acceptance. The product innovation increases, the *takaful* products acceptance also increases. The Pearson correlation coefficient (r) is used to measure the direction and strength of a linear relationship between two variables.

Hence, H4 (Alternative Hypothesis 4): “There is a positive significant relationship between product innovation and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch)” is accepted.

4.7 Summary of Findings

H₁ (Alternative Hypothesis 1): There is a positive significant relationship between network expansion of agency distribution and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

Finding for H₁ (Alternative Hypothesis 1): There is no positive significant relationship between network expansion of agency distribution and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). H₁ (Alternative Hypothesis 1) is rejected.

H₂ (Alternative Hypothesis 2): There is a positive significant relationship between awareness of consumers about *takaful* and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

Finding for H₂ (Alternative Hypothesis 2): There is a positive significant relationship between awareness of consumers about *takaful* and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). H₂ (Alternative Hypothesis 2) is accepted.

H₃ (Alternative Hypothesis 3): There is a positive significant relationship between consumer switching behaviour and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

Finding for H₃ (Alternative Hypothesis 3): There is no positive significant relationship between consumer switching behaviour and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). H₃ (Alternative Hypothesis 3) is rejected.

H₄ (Alternative Hypothesis 4): There is a positive significant relationship between product innovation and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

Finding for H₄ (Alternative Hypothesis 4): There is a positive significant relationship between product innovation and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). H₄ (Alternative Hypothesis 4) is accepted.

4.8 Discussion

Findings shown from the above analysis indicated that there is no positive significant relationship between network expansion of agency distribution and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

Besides that, findings shown from the above analysis indicated that there is no positive significant relationship between consumer switching behaviour and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

On the other hand, findings had shown us that awareness of consumers about *takaful* is having positive significant relationship with Takaful products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). Awareness has a great influence on an individual to buy *takaful* products and services (Hoyer and Brown, 1990; Tyagi and Kumar, 2004). Alamsi (2010) said that there are many consumers are still buying conventional insurance and do not realized about the existence of *takaful* products. Mohammed and Ortmann (2005) indicated that lack of awareness on the insurance prohibits the motive to purchase. Hence, *takaful* companies should make great effort in increasing the awareness of public towards *takaful* products in the coming future.

Furthermore, findings had shown us that product innovation is having positive significant relationship with *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). Bastos and Gallego (2008) proved that product innovation directly bring affect to the buying intention. New innovation insurance products give more different opportunities to the customers in accepting *takaful* products (Calvert et al., 2004). Chakib (2007) said the world is changing rapidly every day and *takaful* companies should get to know the customers' needs. Hence, *takaful* companies should focus more on product innovation in order to provide the exclusive *takaful* products to the customers in the near future.

4.9 Summary

The factors of awareness of consumers about *takaful* and product innovation have become the essential factors in affecting *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

Table 4.7 shows to us the summary of the hypotheses testing. The product innovation factor has become the most important factor in influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) in this study as it achieved the highest Standardized Coefficients Beta value, which is 0.612.

Table 4.7
Summary of Hypotheses Testing

Hypotheses	Results	Remark
H1	i. $t = -0.581$ ($t < 1.645$: the relationship is not significant)	Rejected
H2	i. $t = 1.884$ ($1.645 < t < 2.33$: the relationship is significant at 0.05 confident level) ii. $r = 0.691$ ($0.60 < r < 0.79$: there is a strong positive relationship)	Accepted
H3	i. $t = 0.025$ ($t < 1.645$: the relationship is not significant)	Rejected
H4	i. $t = 4.603$ ($t > 2.33$: the relationship is significant at 0.01 confident level) ii. $r = 0.774$ ($0.60 < r < 0.79$: there is a strong positive relationship)	Accepted

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Researcher will be mentioned about the recapitulation, recommendations and conclusion for this research in this chapter.

5.2 Recapitulation

The purpose of the study is to examine the factors of network expansion of agency distribution, awareness of consumers about *takaful*, consumers switching behaviour and product innovation influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

Quantitative research design that involved of questionnaire had been used in this study on testing factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). Simple random sampling method had been used in this study. Primary data were collected through series of questions in a questionnaire that had been distributed among the executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). 80 sets of the questionnaire had been distributed and researcher got back 80 sets of the questionnaire. The response rate for this study was 100%. All the data collected from respondents were analysed based on the Statistical Package for Social Sciences (SPSS) Version 23 software. Besides that, correlation analysis and regression analysis

had been used in this study.

In Coefficient Table, the highest Standardized Coefficients Beta value is the product innovation factor, which is 0.612. It means that product innovation is the most important factor in influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) in this study.

The finding shown that there is no positive significant relationship between network expansion of agency distribution and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) ($t=-0.581$).

Based on the research findings, there is a positive significant relationship between awareness of consumers about *takaful* and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) at 0.05 confident level ($t=1.884$ and $r=0.691$). Awareness has a great influence on an individual to buy *takaful* products and services (Hoyer and Brown, 1990; Tyagi and Kumar, 2004).

According to the research finding, there is no positive significant relationship between consumer switching behaviour and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) ($t=0.025$).

From the findings, there is a positive significant relationship between product

innovation and *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) at 0.01 confident level ($t=4.603$ and $r=0.774$). Bastos and Gallego (2008) proved that product innovation directly bring affect to the buying intention.

5.3 Recommendations

Takaful is playing an essential role to the human being life, every person needs be insured in order to recover when they face loses. Natural disasters and misfortune often bring negative impact to the life of the human being. In order to recover from these problems, human being should have considered purchasing *takaful* products.

From the findings, researcher realised that Malaysian are still lack of awareness of *takaful* products. Furthermore, product innovation is the key factor for *takaful* industry to success in today global world as well. Many steps need to be taken by *takaful* companies in order to compete with conventional insurance in Malaysia.

First of all, the previous studies stated that some of the public misunderstanding that *takaful* insurance system is actually same as conventional insurance system. The reason behind of it is due to lack of *takaful* marketing events and campaigns to the public. Marketing is one of the good ways to identify and explore the needs of target market and meet those needs cost-effectively by offering product or services that satisfies the customers (Sanchez, 1999). *Takaful* companies can try to come out with more advertisement through media electronic to introduce and explain to the public about *takaful* products. Various *takaful* campaigns can also

be held in order to spread the awareness of how important and how good about *takaful* products can bring into their life. It is important for *takaful* operators to provide relevant and essential information to prospective users and also to the existing customers through media electronic. *Takaful* operators have to educate the existing and prospective customers on the advantages of *takaful* products. It is a must to instil positive attitude in the public towards the *takaful* products. *Takaful* operators need to be well train to become knowledgeable in order to influence the public with their knowledge. The information must be credible and reliable to make the customers feel comfortable with the Islamic insurance products.

Secondly, *takaful* companies have to always be creative in creating their products by adding in more attractive benefits according to the needs of the public in this 21st century. *Takaful* companies can develop innovative *takaful* products for example universal life products. *Takaful* companies should launch more of these products. *Takaful* operators must be able to effectively respond to customers' needs and demands as consumers have increasingly demanding on better product choices. In order for *takaful* companies to develop good innovation strategies, the process of developing an innovation strategy should start with a clear understanding and specific objectives in order to help the company to achieve a sustainable competitive advantage. Product innovation can create value in many ways to the *takaful* industry. It might make a product perform better, more reliable, cheaper, and so on. The value-creating innovations can attract customers. So that, *takaful* insurance will not be lag behind from the conventional insurance.

Thirdly, the future researcher can conduct qualitative research in order to

expose and reveal on more factors that influencing public to choose *takaful* insurance but not conventional insurance. The future researcher can also approach to a new dimension of *takaful* products research which is not only limited to qualitative, but also to theory testing and theory confirmation. Therefore, more new studies pertaining to *takaful* products could be generated in the future.

5.4 Contributions

This research finding brings contribution to the *takaful* operators in Malaysia with respect to factors that influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). This research finding can benefit the *takaful* operators in Malaysia from the aspects of developing new products in the market. Besides that, this study contributes in reminding *takaful* operators in Malaysia to raise awareness of consumers towards *takaful* products. It is important for *takaful* operators to realise about the above aspects in order to compete with conventional insurance in Malaysia. Hence, *takaful* companies can be successful in the insurance industry in the coming future.

Furthermore, this research finding brings contribution to the executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). The RM30000 insurance coverage per year from the CMA CGM Malaysia Sendirian Berhad itself is still not enough to protect the executive-level workers when they face with chronic diseases as executive-level workers have more risk in engaging with stress-related illnesses and they tend to work long hours according to the survey. Hence, when the

executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch) take up *takaful* products, the *takaful* scheme is able to protect them in a long run.

5.5 Conclusion

The above findings shown the factors of awareness of consumers about *takaful* and product innovation are having positive significant relationship with *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). On the other hand, findings indicated that there is no positive significant relationship between the factors of network expansion of agency distribution and consumer switching behaviour with *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch). Hence, *takaful* companies have to focus more and putting much more effort on the factors of awareness of consumers about *takaful* and product innovation in order for *takaful* companies to be successful in the insurance industry in the coming future.

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Appendix A: Questionnaire



UNIVERSITI UTARA MALAYSIA

Dear Respondent,

I am a Master of Science (Management) student from Universiti Utara Malaysia. It would be appreciated if you could complete this survey.

This survey is conducted to fulfil the Master of Science (Management) requirements undertaken by the researcher in which focusing on the factors influencing *takaful* products acceptance among executive-level workers in CMA CGM Malaysia Sendirian Berhad (I-city Branch).

There are two sections in this survey and consist of section A and B. It will only take 10 – 15 minutes to complete the survey. Please note that there is no correct or wrong answer for this survey. Therefore, you are free to complete the survey as honest as possible. All the information obtained is strictly confidential and will only be used for the purpose of the study.

I hope that once the survey is completed, it will be handed back to the representative appointed. I would like to take this opportunity to express my thanks for your cooperation in completing this questionnaire and I believe it will significantly contribute to the findings of the research.

Yours sincerely,
Teoh Kuih See (820035)
Master of Science (Management),
Universiti Utara Malaysia.

Bahagian A: Maklumat Demografi
Section A: Demographic Information

Sila tanda (✓) pada ruangan yang sesuai atau isi pada tempat kosong yang mana bersesuaian.

Please check (✓) in the appropriate box or fill in the blank where appropriate.

1. Jantina (*Gender*):
 - Lelaki (*Male*)
 - Perempuan (*Female*)

2. Taraf perkahwinan (*Marital status*):
 - Bujang (*Single*)
 - Berkahwin (*Married*)
 - Janda/duda/bercerai (*Divorced/widowed*)

3. Tahap pendidikan tertinggi (*Highest educational level*):
 - LCE/SRP/PMR
 - MCE/SPM/SPMV
 - HSC/STPM
 - Diploma
 - Sarjana Muda (*Degree*)
 - Lain-lain, sila nyatakan (*Others, please specify*):

4. Bangsa (*Race*):
 - Melayu (*Malay*)
 - Cina (*Chinese*)
 - India (*Indian*)
 - Lain-lain, sila nyatakan (*Others, please specify*):

5. Umur (*Age*):
 - 20-29
 - 30-39
 - 40-49
 - 50 dan ke atas (*50 and above*)

6. Pendapatan (*Income*):
 - RM1001-RM2000
 - RM2001-RM3000
 - RM3001-RM4000
 - RM4001 dan ke atas (*RM4001 and above*)

**SOAL SELIDIK PENERIMAAN PRODUK TAKAFUL
(SURVEY OF TAKAFUL PRODUCTS ACCEPTANCE)**

**Bahagian B
Section B**

Bulatkan jawapan anda berpandukan skala di bawah.
(*Circle your answer using the scale below*).

Sangat tidak setuju (<i>Strongly disagree</i>)	Tidak setuju (<i>Disagree</i>)	Berkecuali (<i>Neither agree nor disagree</i>)	Setuju (<i>Agree</i>)	Sangat setuju (<i>Strongly agree</i>)
1	2	3	4	5

**i) Rangkaian Pengembangan Agensi
(Network Expansion of Agency Distribution)**

1	Saya mengetahui produk <i>takaful</i> melalui iklan atas talian oleh ejen <i>takaful</i> . (<i>I know takaful products through online advertisement by takaful agent.</i>)	1	2	3	4	5
2	Ejen <i>takaful</i> banyak membantu promosi produk <i>takaful</i> melalui teknologi digital. (<i>Takaful agent assists in promoting takaful products through digital technology.</i>)	1	2	3	4	5
3	Saya rasa perkhidmatan atas talian yang disediakan oleh ejen <i>takaful</i> adalah lebih cekap. (<i>I think that online service provided by takaful agent is more efficient.</i>)	1	2	3	4	5
4	Ejen <i>takaful</i> bertindak balas dengan kadar segera untuk sebarang pertanyaan atau masalah saya atas talian. (<i>Takaful agent responds promptly to any of my questions or concerns through online.</i>)	1	2	3	4	5
5	Ejen <i>takaful</i> memberi maklumat yang jelas tentang produk Takaful atas talian. (<i>Takaful agent provides clear information about Takaful products through online.</i>)	1	2	3	4	5

ii) Kesedaran Pelanggan mengenai *Takaful*
(*Awareness of Consumers about Takaful*)

1	Kewujudan <i>takaful</i> memberi saya peluang untuk memilih produk insurans secara Islam. (<i>The existence of takaful gives me the opportunity to choose Islamic insurance products.</i>)	1	2	3	4	5
2	Saya yakin bahawa amalan perniagaan <i>takaful</i> adalah berlandaskan prinsip <i>Syariah</i> . (<i>I am confident that takaful business practices are based on Shariah principles.</i>)	1	2	3	4	5
3	Saya prihatin terhadap bentuk pelaburan <i>takaful</i> yang bebas dari unsur <i>gharar</i> (ketidakpastian), <i>riba</i> (bunga) dan <i>maysir</i> (judi). (<i>I am concerned about the form of takaful investment that is free of gharar (uncertainty), riba (interest) and maysir (gambling) elements.</i>)	1	2	3	4	5
4	<i>Takaful</i> menggalakan semangat tolong-menolong dan kerjasama antara ahli untuk kebaikan bersama. (<i>Takaful encourages the spirit of mutual assistance and cooperation between members for common good.</i>)	1	2	3	4	5
5	<i>Takaful</i> menggalakan konsep <i>tabarru'</i> (menderma). (<i>Takaful encourages the tabarru' concept (donation).</i>)	1	2	3	4	5

iii) Perilaku Beralih Pengguna
(*Consumer Switching Behaviour*)

1	Saya berasa penting untuk mengetahui semua alternatif yang ada sebelum membeli produk insurans. (<i>I feel that it is important to know all the available alternatives before buying insurance products.</i>)	1	2	3	4	5
2	Saya akan terus membeli produk insurans lagi apabila saya telah menjumpai syarikat insurans yang saya suka. (<i>I will continue to buy insurance products again when I have found the insurance company that I like.</i>)	1	2	3	4	5

3	Saya amat berhati-hati dalam memilih dan membeli produk <i>takaful</i> . (<i>I am very careful in choosing and buying takaful products.</i>)	1	2	3	4	5
4	Syarikat <i>takaful</i> ialah syarikat insurans kegemaran saya dan saya akan setia membeli insurans daripadanya. (<i>Takaful insurance company is my favourite insurance company and I will faithfully buy insurance from it.</i>)	1	2	3	4	5

iv) Inovasi Produk
(*Product Innovation*)

1	Saya berasa peningkatan kualiti produk <i>takaful</i> memberi kepuasan kepada saya. (<i>I feel that the quality improvement of the takaful product satisfies me.</i>)	1	2	3	4	5
2	Produk baharu <i>takaful</i> merangsang dan menyakinkan saya. (<i>Takaful's new product stimulates and assures me.</i>)	1	2	3	4	5
3	Pelbagai pilihan produk baru <i>takaful</i> memberi kepuasan kepada saya. (<i>A wide range of new takaful products satisfies me.</i>)	1	2	3	4	5
4	Pakej istimewa baru produk <i>takaful</i> menarik perhatian saya. (<i>The new special package of takafu products impresses me.</i>)	1	2	3	4	5

v) Penerimaan Produk *Takaful*
(*Takaful Products Acceptance*)

1	Saya berminat untuk melanggan produk <i>takaful</i> . (<i>I am interested in subscribing takaful products.</i>)	1	2	3	4	5
2	Saya mendapat kepuasan daripada pembelian produk <i>takaful</i> . (<i>I get satisfaction from buying takaful products.</i>)	1	2	3	4	5
3	Manfaat produk <i>takaful</i> melebihi risiko. (<i>The benefits of takaful products outweigh the risks.</i>)	1	2	3	4	5
4	Saya akan mengesyorkan produk <i>takaful</i> kepada keluarga dan kawan-kawan. (<i>I will recommend takaful products to my family and friends.</i>)	1	2	3	4	5

KAJI SELIDIK TAMAT (*END OF QUESTIONNAIRE*)
TERIMA KASIH (*THANK YOU*)



UUM
 Universiti Utara Malaysia

DR. ROSYLIN MOHD YUSOF
Profesor
 Pusat Pengajian Perniagaan Islam
 UUM College of Business
 Universiti Utara Malaysia