FACTORS AFFECTING PERCEPTION OF LIFE INSURANCE AMONG UNIVERSITI TUNKU ABDUL RAHMAN ACADEMIC STAFF IN PERAK CAMPUS

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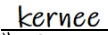FACULTY OF BUSINESS AND FINANCE
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DECLARATION

We hereby declare that:

(1) This undergraduate FYP is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.

(2) No portion of this FYP has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

(3) Equal contribution has been made by each group member in completing the FYP.

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LIST OF ABBREVIATIONS

DEP   Number of Dependents

DV   Dependent Variable

EDU   Education Level

IBM   International Business Machines Corporation

INC   Income

IV   Independent Variable

LIAM   Life Insurance Association of Malaysia

MLR   Multiple Linear Regressions

PB   Perceived Benefits

PhD   Doctor of Philosophy

PLI   Perception of Life Insurance

SPSS   Statistical Package for the Social Sciences

UTAR   Universiti Tunku Abdul Rahman

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PREFACE

This research project is submitted as a partial fulfilment of the requirement for the graduate student of Bachelor of Business Administration (HONS) Banking and Finance in Universiti Tunku Abdul Rahman (UTAR). The research paper is supervised by Dr Dinesh Kumar a/l Saundra Rajan. The research is entitled "Factors Affecting Perception of Life Insurance among Universiti Tunku Abdul Rahman Academic Staff in Perak Campus". The final year project is completed solely by the authors based on others' researches and resources quoted as in the references. The idea of this theme came from the importance and uses of life insurance as the death claims increase year by year. This is also one of the reasons why the authors wish to engage in this topic of study. The independent variables selected are income, education level, number of dependents and perceived benefits. The main focus of this research project is on the opinions and feelings of consumers toward life insurance. The study would like to generate a substantial contribution to public to have better understanding on the uses of life insurance.

ABSTRACT

The objective of this research is to explore factors affecting perception of life insurance amongst UTAR academic staff in Perak campus. In addition, this is an exploratory study to examine whether socio-economic variables (income; education level; number of dependents) and perceived benefits, which are the independent variables, has association with the perception of life insurance, which is the dependent variable. In this study, 400 copies of survey questionnaires were handed out to UTAR academicians in Kampar and IBM SPSS Statistics 26 was used to analyse and interpret the collected data. The data was analysed using descriptive analysis, reliability test, normality test, Pearson Correlation Coefficient Analysis and Multiple Linear Regression. The results showed that perception of life insurance was affected by certain socio-economic variables and perceived benefits. Nonetheless, there were some limitations and recommendations in this study that will be further discussed in later chapters.

CHAPTER 1: RESEARCH OVERVIEW

1.0 Introduction

This study aims to explore factors affecting perception of life insurance amongst Universiti Tunku Abdul Rahman (UTAR) academic staff in Kampar. In this chapter, research background, problem statement, research objectives and research questions are discussed. Besides, readers can comprehend the significance of the hypotheses and the research significance. Furthermore, layout of every chapter can be found as well.

1.1 Research Background

According to Annamalah (2013) and Dash (2018), insurance is defined as the assembling of unforeseen losses via transferring these risks to insurance companies. These companies have agreed compensate for the losses of the insured by offering financial advantages or even providing services related to risks of the insured.

Currently, life insurance plays a vital role in everyone's life as it brings many benefits socially and economically. Life insurance hedges risks, gives indemnification for losses, improves credit ratings, increases financial security and can be used as a source of investment funds. Life insurance pays death benefits to appointed beneficiaries, usually the policyholders, once the insured passes away. The benefits paid can be used to pay for the cost of funeral, uninsured medical bills and other expenses (Rejda & McNamara, 2017).

Besides, the advancement of the capital markets is assisted by insurance companies which provide long term finance (Catalan, Impavido, & Musalem, 2000). Additionally, studies on the association of insurance development and

economic growth concluded that they are positively correlated (Ward & Zurbruegg, 2000; Webb, Grace, & Skipper, 2002).

Life insurance policies are categorised into term life, whole life, universal life and variable universal life (Rejda & McNamara, 2017).

Term life insurance promises to pay indemnity for death within a stipulated time frame (Lalley & Shih, 2020). It can be a short or long-term security for those that requires low starting cost as it gives options of 10-30 years to maturity (Johnson, 2011). As the term expires, policyholder can shift the policy to permanent coverage, reiterate the policy, or terminate it. Term life insurance has no value other than a guaranteed death premium; there is no savings portion as well. The objective of this policy is to insure individuals against death. However, beneficiaries can use pay-out to pay for policyholders' medical and funeral expenses, mortgage debt or even consumer debt. Term life premiums are set by insurers based on a person's age, health and life expectancy. If the insured dies during the prescribed period of insurance, the insurer shall pay the nominal value of the policy. Alternatively, if the policy expires before the insured dies, there is no payment (Rockford, 2014).

Whole life insurance insures the life of the insured, whereas, it is also known as permanent insurance (Rosenberg, 2019). Whole life insurance is remunerated to the beneficiary when the policyholder dies as long as premium payments are maintained (Jorgensen, 2017). Whole life insurance offers death benefits and also provides savings to accumulate cash (Tan, 2019). The savings can be invested; then, policyholders can withdraw cash while they are alive or borrow cash when they need it. Moreover, the frequency of the premium payment made by the policyholder can be chosen according to the preference of the policyholder. Whole life insurance is a long-term insurance; hence, policyholder shall ensure that they can pay the fixed premium when holding a policy.

According to Gatzert and Schmitt-Hoermann (2011), the creation of the universal insurance was to cope with problems agents and consumers face with term insurance. One of the critical problems with term life insurance is the period of the

policy stated. Beneficiary would not get claims if the insured dies after the term ends as the insured did not die within the term. So, policyholders can renew the insurance term annually. To do so, the insured must pay more premiums. Moreover, policyholder does not know how the policy works, including the amount of expenses and earning.

Variable life insurance is whole-life insurance or universal-life insurance. However, this variable whole-life is not seen in the insurance market as fewer agents are selling it. "Variable" can be explained as "different investment options." Policyholders of variable universal-life insurance can determine the way of investing their own cash value. Many policies exist for the owner to select from with about 50 different sub-accounts. These sub-accounts are like mutual funds but have different expenses. One of the most famous policies is cash-value account and this policy is referred as savings account in bank. The remaining amount that the insurance company reduce from the premium payment would be taken into the cash value account. The function of this cash value could help the cost of term insurance when the price gets high (Smith & Hayhoe, 2009).
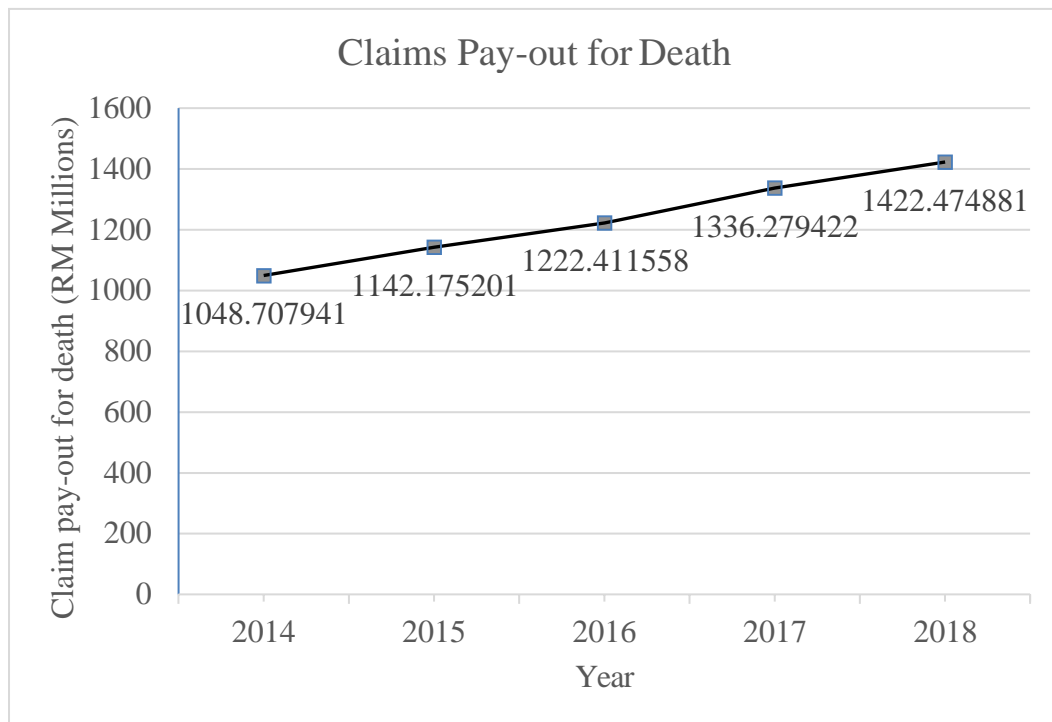
Figure 1.1. Claims pay-out for death from 2014 to 2018. This figure demonstrates the claim pay-out for death from 2014 to 2018 (LIAM, 2015; LIAM, 2016; LIAM, 2018).

The study of life insurance is important because there is a significant increase in claims paid-out for death every year from 2014 to 2018 based on Figure 1.1. It seems that life insurance nowadays is more important for everyone. As per LIAM, the life insurance sector documented a moderate growth in Malaysians' insurance coverage in 2018 with overall sum assured for all policies is RM1.51 trillion. There is an increase of 9.6% in contrast to 2017.

In terms of prospects, LIAM president, Anusha Thavarajah said the outlook for life insurance industry remains optimistic as percentage of Malaysian with life insurances is inferior (Life insurance records moderate growth in 2018, 2019). Overall, the correlation of the factors affecting life insurance perception is explored in this study.

1.2 Problem Statement

Vast studies have tested empirically on customer satisfaction and take out of life insurance (Basaula, 2017; Kaur & Kaur, 2014; Sogunro & Abiola, 2014). Besides, most studies about life insurance are more concerned in developed countries compared to developing countries such as Malaysia (Akhter & Khan, 2017). Therefore, this study initiates to conduct further research on life insurance perceptions from Malaysian's perspective. Lately, a research conducted in Malaysia recommended to further explore on the perception of life insurance among academicians (Masud et al., 2019).

There are several studies that have affirmed the significant relationship between income and perception of life insurance (Mapharing et al., 2015; Dash, 2018; Çelik & Kayali, 2009). Wealth affects life insurance perception and is found to be significant (Sarkodie & Yusif, 2015). Moreover, socio-economic factors which consist of income has also been regarded as a crucial determinant of life insurance perception (Yadav & Tiwari, 2012). Nevertheless, a recent study resulted that income and perception of life insurance is negatively correlated (Devadoss, 2017). Subsequently, the correlation of income and perception of life insurance is inconsistent and requires further study.

Based on the findings of previous studies, education level has an association to the perception of life insurance (Sapelli & Vial, 2003; Ćurak et al., 2013). Additionally, past studies indicated that education level tends to create awareness towards customers and thus assists to develop life insurance knowledge (Treerattanapun, 2011). Previous studies revealed that education and life insurance perception have a positive relationship (Ofoghi & Farsangi, 2013; Treerattanapun, 2011). However, a recent research that conducted empirical studies revealed that education level negatively correlates with perception of life insurance (Ndurukia et al., 2017). Furthermore, Liebenberg et al. (2012) concluded that the result on the influence of education towards life insurance perception is mixed and inconclusive.

The number of dependents is positively correlated with life insurance perception (Mahdzan & Victorian, 2013; Loke & Goh, 2012; Sarkodie & Yusif, 2015). Furthermore, studies found a significant relationship between children in family or family size and life insurance perception (Annamalah, 2013; Loke & Goh, 2012). Contradictory, studies have also provided some empirical evidence that life insurance perception and number of dependents has no significant association (Goh, 2015). The result is inconclusive and cannot be generalised. Therefore, further study is required.

Generally, studies found strong and significant relationship between perceived benefits and perception of life insurance (Siddiqui & Sharma, 2010; Choudhuri & Parida, 2014; Geetha & Bindhu, 2019). One of the studies had focused on the importance of value or price quality as the determinant of insurance perception (Hume & Mort, 2008). Besides, a study conducted by Kumar and Priyan (2012) emphasized on the importance of premium and policy as a perceived benefit. However, in another scholarly article, it indicated that perceived benefits and perception of life insurance's relationship has not yet been fully explored, especially in the context of insurance industry (Jamal Abad & Hossein, 2013). Thus, this study would like to bridge the above-mentioned gap.

1.3 Research Objectives

1. To examine the association between perception of life insurance and income among UTAR academic staff.

2. To examine the association between perception of life insurance and education level among UTAR academic staff.

3. To examine the association between perception of life insurance and number of dependents among UTAR academic staff.

4. To examine the association between perception of life insurance and perceived benefits among UTAR academic staff.

1.4 Research Questions

1. What is the association between perception of life insurance and income?

2. What is the association between perception of life insurance and education level?

3. What is the association between perception of life insurance and number of dependents?

4. What is the association between perception of life insurance and perceived benefits?

1.5 Hypotheses of the Study

Income

H_0: Perception of life insurance has no association with income.
H_1: Perception of life insurance has association with income.

Education Level

H_0: Perception of life insurance has no association with education level.
H_1: Perception of life insurance has association with education level.

Number of Dependents

H_0: Perception of life insurance has no association with number of dependents.

H_1: Perception of life insurance has association with number of dependents.

Perceived Benefits

H_0: Perception of life insurance has no association with perceived benefits.

H_1: Perception of life insurance has association with perceived benefits.

1.6 Research Significance

Results of this research will highlight valuable information regarding customers' perception towards insurance and recognise customers' needs. This study benefits as well as helps the insurance industry, especially local insurance companies, as they can know the factors affecting customers' perception that might affect their dependence on life insurance. Policy or extra benefits might play a vital role in customer perceptions and attitudes. Therefore, readers might find out what kind of benefits is provided for life insurance and thus have more understanding and positive perception from this study. By referring to this study, the Government can realize the current situation and support the insurance industry by developing better and various policies for Malaysians.

1.7 Layout of Chapters

Chapter one is states the general view of the research and clearly describes about the problem of the research.

Chapter two is literature reviews containing a conceptual or theoretical framework for further investigation of the development and uses past researchers' empirical research to study related works in the project's subject area.

Chapter three is the outline of methodology which consist of the methodology's information and assess how the research works.

Chapter four is the analysis of data with regards to the results produced by IBM SPSS Statistics 26 for the research.

Chapter five is concludes the research and will discuss the summary of statistical analysis, discoveries, inferences, restrictions and recommendations as well.

1.8 Concluding Remarks

This research overview had listed out the foundation of this study. The background of this research, problem statement, objectives of the research, research questions, research hypotheses and research significance had been clear-cut from this chapter. This study's objective is to explore the correlation amongst each independent variable and life insurance perception. Thus, the corresponded literature review is provided in Chapter 2.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

In Chapter 2, readers can understand the correlation between the perception of life insurance with each independent variable: namely income, education level, number of dependents and perceived benefits through the review of previous literatures. Besides, the relevant theoretical models that suit this study and conceptual framework is suggested. Finally, hypothesis for each variable is developed.

2.1 Review of the Literature

2.1.1 Perception of Life Insurance

Previous studies investigated by Bashir (2011) examines consumers' perceptions of the Islamic insurance industry in Brunei. The results showed that policyholders always encountered problems during their claims. The company only have a few products and it affect the efficiency of the industry. In addition, the expectation of the customer is higher than the performance of the industry.

Based on a study by Ayinde and Echchabi (2012), the result shows that the Islamic insurance service was adopted by the Malaysian customers. It also results to the compatibility and awareness as the main variable that will influence customers' decision.

Customers' perception regarding quality of service of insurance company in India using seven-factor structure model was examined. Results show

that quality of service in insurance company in India was significantly affected by three factors, which is physical and ethical excellence; functionality; and proficiency (Sandhu & Bala, 2011).

Similarly, Chaudhary (2016) studied the consumer perception towards life insurance policies by using six factors. The author found that ease for customer, personalised services, physical welfare, adequate quality of service, good customer relationship, and good company image positively affect the customer's perception.

Sträter et al. (2008) analysed private investors' knowledge and perception of deposit insurance. They found that German depositors lack knowledge on deposit insurance system. The percentage of depositors lacking knowledge is more than 50%. Although the depositors lack knowledge, they perceive their deposits to be safe.

2.1.2 Income

Income is the gain or recurring benefit usually measured in monetary terms that derives from capital or labour and the amount one gain is measured within a period (Merriam-Webster, 1828). According to one of the earlier definitions of income, Smith (1908) states that income, on a household or individual level, is the total of all salaries, wages, profits and any other methods of earnings obtained in a period.

In a few studies which focused on the way income affects life insurances' demand. Several studies have confirmed that the link between life insurances' demand and income is positive (Çelik & Kayali, 2009; Sarkodie &Yusif, 2015; Mapharing et al., 2015; Dash, 2018). Conversely, it was found that income was insignificant and does not affect life insurances' demand (Devadoss, 2017; Al-Rawashdeh, 2016). Nonetheless,

these studies failed to examine the perception of life insurance as they solely focused on life insurances' demand.

There have been a few studies which looked into the association between customers' attitude towards life insurance and income: whether income affects customers' purchasing decisions, it was affirmed that income has a positive correlation with the customers' attitude on whether to buy life insurance (Liu & Chen, 2002; Yadav & Tiwari, 2012; Annamalah, 2013). However, these studies concentrated on how income would affect customers' purchasing decision and have also failed to look into the people's perception of life insurance itself.

2.1.3 Education Level

Ioncică et al. (2012) revealed that consumers with higher education is having higher chances to acquire life insurance which make them have easier access to better healthcare and protection of their assets. According to Sapelli and Vial (2003), they claimed that the probability of acquiring insurance and education level have a positive relationship: people with higher education would make a better decision when comparing the lower cost plans offered by insurance companies. For their study, they concluded that people having higher income and educational level, fewer number of dependent and living in cities has a higher chance in purchasing life insurance. More educated individuals have the knowledge of risk perception and they would protect or secure their families and properties by using insurance as a protecting tool.

Hwang and Greenford (2005) proved that higher educated individuals are more willing to buy life insurance to provide their family members with financial protection. They found that household with insured is more wealthy, higher educated and more hopeful and confident about their own future. According to Ćurak et al. (2013), higher education individuals are

more alert of risks and concerned about risk management. Therefore, education level raises avoidance of risk and motivates them to purchase life insurance.

According to Beck and Webb (2003), they estimated that among the population with higher education, their life insurances' demand is positively correlated. The ability to understand risk aversion and management is determined by education level. Increment in risk aversion is more likely in higher educated individuals. With formal education, the demand of the life protection would lengthen their period of dependency. Outreville (2015) stated the intercorrelation of risk aversion and education level. This study reviews the literature and provides empirical studies on insurance demand and considers the use of variables associated with relative risk aversion. The outcome reveals the relationship between the two was found to be negative. Higher education leads to lower risk aversion; in contrast, skilled and educated people are more willing to take risks.

Again, Feyen, Lester and Rocha (2013) mentioned risk aversion is negatively correlated with higher education and human development. The outcomes of this study have crucial implications for the empirical study of macroeconomics and the demand for financial assets, especially for life insurance.

2.1.4 Number of Dependents

The number of dependents means several people that rely on someone or someone in need to provide financial support to someone such as spouse and children. Number of dependents is one of the explanatory variables that will affect the perception toward insurance. Life insurance perception and the number of dependents is shown to exhibit a positive correlation (Mahdzan & Victorian, 2013; Loke & Goh, 2012; Sarkodie & Yusif, 2015).

There are empirical studies that showed that number of dependents have a positive impact on the decision to purchase insurance. According to Loke and Goh (2012), they discovered that number of dependents plays a significant part towards the amount of insurance policies bought. The result of the study stated that more dependents for respondents make them more likely to purchase it.

Besides, Sarkodie and Yusif (2015) concluded that there is a higher odd of taking insurance when the number of dependents is higher in Ghana. Based on Annamalah (2013), there was a positive correlation between families with children and the decision to buy life insurance, although statistically insignificant. The study stated that heads of households may consider it necessary to ensure that potential losses from premature death are avoided if they have children.

Alternatively, Mathur et al. (2015) showed that insurance status is adversely influenced by the number of dependents. In that study, individuals with high number of dependents are less likely to buy insurance plan than fewer dependents in a family. This behaviour shows that insurance status depends on the number of dependents in the family. In contrast, there is insignificant correlation between the number of dependents and the consumption of life insurance as found by Goh (2015). Goh's study has a paradoxical outcome that the buying decisions on life insurance is not affected by number of dependents. All these studies concern about life insurances' demand with the dependents but failed to study the perception of life insurance.

2.1.5 Perceived Benefits

The perception of the optimistic influences of a particular action is called perceived benefits. In behavioural medicine, the motivation of a person to

perform a behaviour and to adopt an intervention or treatment are interpreted as "perceived benefit" (Leung, 2013). As researchers and theorists deem that behaviour is driven by a person's cognition of acceptability, motivation and attitudes for such behaviour, particularly if positive, hence, they try to measure the positive perceptions. Perceived benefits are defined as the views about the optimistic consequences of an action with reference to an actual or supposed threat (Chandon et al., 2000).

In a study conducted by Akroush et al. (2015) concentrating on factors of quality of service and its relationship with satisfaction of customers. The authors used the structural equation model to evaluate the mobile service market in Yemen via the five quality of service factors: namely empathy, reliability, visibility, responsiveness and assurance. The research proves that the dimension of quality of service has a positive effect on satisfaction of consumers and have further positive impact on customer loyalty. Baba and Majeed (2018) studied to understand how differences in quality of service affect consumer loyalty. The study conducted shows that the quality of service gap positively impacts consumer loyalty. Moreover, there are a lot of previous studies that accessed the connection between the quality of service and satisfaction of customer and deemed that quality of service is a crucial prerequisite for the satisfaction of customer (Dahiyat et al., 2011; Chuah & Hilmi, 2011; Abu-El Samen et al., 2013; Malik et al., 2013; Izogo & Ogba, 2015; Kumar, 2017; Surya, 2017).

According to Woodall (2003), when concerned to the risk correlation of value, the researcher believes that risk is one of the determinants of value perception, which is close to the classic benefits and losses, whereas another study highlights that perceived risk has a negative effect on purchasing behaviour (Mwencha et al., 2014). Yee and San (2011) prescribe perceived risk as the most important advance variable for consumer behaviour. Studies on this have found that high level of perceived risk determines the willingness to buy products or services, and behavioural willingness is negatively affected by perceived risk (Mwencha

et al., 2014; Bertea & Zait, 2013).

Reputation of a company is the relationship between an organisation's individual image and consumers' response to the organisation. Reputation of a company and perceived value of customer has a positive correlation, but reputation of a company and satisfaction of customer may be negatively correlated. This happens when companies use their corporate image to assure the unrealistic expectations of customers. When companies fail to meet these expectations, customers become unsatisfied (Minkiewicz et al., 2011). Besides, Wu (2011) found that satisfaction of customers and customer loyalty are important benchmarks to evaluate the reputation of a company. Studies prove that the reputation of a company and satisfaction of customer have positive correlation (Davies et al., 2003).

Kotler and Keller (2009) stated that product is anything that can be provided to satisfy a need. All services provided by insurance companies are considered products. Product is most significant under the 7P's of marketing, as it solves the needs and issues of customers. Therefore, quality of product is classified among variables of satisfaction of customer in the insurance sector.

The amount a customer pays to acquire insurance is the price of insurance services, which expresses the value of goods or services in monetary terms. In insurance, price is considered as an insurance premium (Ejionueme & Nebo, 2014). Premium is a strongly correlated factor for customer satisfaction in the insurance industry that was determined in many studies (Nguyen et al., 2018; Rai & Medha, 2013). A survey on customer satisfaction in insurance industry conducted by Johari (2009) indicates that claim is the main determinant of customer satisfaction.

Most of the previous studies focused on the perceived benefits and customer satisfaction, buying intention and purchasing behaviour. However, we emphasize the relation of perceived benefits on customer perception.

2.2 Review of Relevant Theoretical Models

Prospect theory is a subgroup of behavioural economics that describes how individuals choose between probabilistic choices involving risk and unknown probabilities of different outcomes. Prospect theory was proposed by Amos Tversky and Daniel Kahneman in 1979 and further improved in 1992, who argued that it was more psychologically accurate in decision-making than expected utility theory. Based on the prospect theory, the options for the behaviour of an individual are independent and unitary. Instead of having the actual probability formulated, assuming that the probability of gain and loss being 50/50 is considered to be rational and the chance of return is larger.

Furthermore, Tversky and Kahneman (1979) suggest that loss affects the emotion of a person is more than an equal amount of gain. Hence, in the case of two options, the result of both choices is the same, a person will choose the option that offers perceived benefits.

According to Kahneman and Tversky (1979), as a decision theory under risk, prospect theory has become the main alternative to expected utility. Prospect theory holds that individuals deviate from the evaluation results to the reference point rather than to the level of net assets, that their recognition of the reference point is a key variable. Moreover, they give more weight to the comparable loss of return, that they generally have risk-averse and risk-acceptant losses. The importance of the loss-aversion hypothesis model and framework has been preliminarily confirmed through a series of different and robust experimental tests that are now well-known in behavioural decision theory literature.

Furthermore, Schmidt (2015) used the simple structure to analyse the insurance demand under the prospect theory. The researchers deem that it is rational to have two different reference points, which is the initial wealth on which the state depends and the ultimate wealth once they purchased insurance. With reference to Tversky and Kahneman (1992), they stated that in the case of two reference points,

the participants either require insurance or none at all. Additionally, the choice on whether to insure or not relies on the prospect of loss, the higher the prospect of loss, the higher the propensity to insure. This outcome explains the empirical proof that individuals are more reluctant to assure against unusual losses in the form of subsidised premiums and against moderate risks in the form of high load premiums.

Likewise, Hwang (2016) examines whether loss aversion and reference point reliance in prospect theory is able to interpret individual's behaviour on insurance. The study found empirical evidence, by adopting American life panel data, that matches the prospect theory. The possession of private health insurance, long-term care insurance, and supplemental disability insurance is lower in loss-averse individuals as they show unwillingness to pay, or even reluctance to purchase health insurance in a notional test. This is accordant with prospect theory, as it forecast that if reference point of individual is the degree of wealth without insurance contracts, loss aversion might reduce the demand for insurance. In this reference point, since individual may forfeit their premiums if pre-determined adverse incidents do not occur, these individuals view insurance in the form of risk investment. Consequently, the reluctance to purchase insurance exist among individuals that has higher sensitivity to latent losses in premiums. Beyond that, this also proved that reference points play an important role to identify the link between loss aversion and insurance demand.

To put it differently, the prospect theory proposed is based on people's perceptions of "gain" or "loss", rather than absolute outcomes to determine how they choose between risky choices. Nonetheless, research proves that people tend to be more loss-averse, meaning that losses outweigh gains. Therefore, this was able to explain the perception of customer on life insurance. As customers are more loss-averse, they will gauge between the perceived risks and perceived benefits of life insurance before making a decision to purchase insurance. Besides, it also influences the intention of customer towards life insurance, as they tend to increase premium and extend coverage after experiencing and understanding the uses and advantages of insurance.

2.3 Proposed Conceptual Framework/Research Model
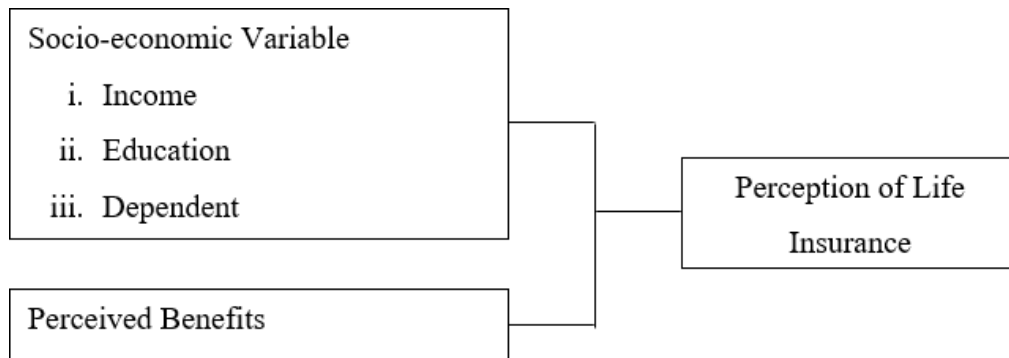
Figure 2.1. Factors affecting perception of life insurance. The figure shows the factors affecting perception of life insurance as developed for the study by the researchers. Adapted from Li (2008).

Based on Figure 2.1, the researchers intend to explore the relationship between the independent variables (income, education level, number of dependents and perceived benefits) and dependent variable (perception of life insurance). A strong and significant relationship was found between socio-economic variable and perception of life insurance (Singh, 2010; Stroe, 2014). Besides, studies also showed a significant association between perception of life insurance and perceived benefits (Choudhuri & Parida, 2014; Geetha & Bindhu, 2019).

2.4 Hypotheses Development

Hypothesis 1

H_0: Perception of life insurance has no association with income.
H_1: Perception of life insurance has association with income.

A positive association exists between the perception of life insurance and income. In other words, when the income increases, it is more likely that a household purchases life insurance as they have a better perception of it (Yadav & Tiwari, 2012).

Hypothesis 2

H_0: Perception of life insurance has no association with education level.
H_1: Perception of life insurance has association with education level.

Sapelli and Vial (2003) believed the probability of acquiring insurance and education level have a positive relationship, people with higher education would make better decisions when comparing lower cost plans offered by private insurance companies.

Hypothesis 3

H_0: Perception of life insurance has no association with number of dependents.
H_1: Perception of life insurance has association with number of dependents.

A positive association exists between the perception of life insurance and number of dependents. It means that when there are more dependents for the respondents, they will have positive perception of life insurance and have a higher chance to purchase life insurance (Loke & Goh, 2012).

Hypothesis 4

H_0: Perception of life insurance has no association with perceived benefits.
H_1: Perception of life insurance has association with perceived benefits.

Geetha and Bindhu (2019) mentioned perceived benefits as one of the determinants which positively affect the perception of customer towards life insurance. This implies that increase in perceived benefits will enhance the sales

of insurance companies as customers are more willing to purchase life insurance with good perception.

2.5 Concluding Remarks

In chapter two, the association between the dependents variable and independent variables was discovered by revising previous studies. Besides, we had suggested the theoretical models and conceptual framework and the hypothesis was developed from the literature review. In the next chapter, the methodology will be discussed.

CHAPTER 3: METHODOLOGY

3.0 Introduction

In Chapter 3, methodologies applied in data collection and tests adopted for data analysing was discussed. Readers will be able to comprehend all the methodologies adopted and applied.

3.1 Research Design

The design of the research is to present suitable mechanics for the study. The choice of research method used to identify the way to attain appropriate research information is a vital decision in the process of research designing. Nevertheless, there are numerous correlative decisions in research design (Sileyew, 2019). Again, research design is an approach of collecting and analysing data. Research is classified into three, which are exploratory, causal and descriptive research to determine whether it is qualitative research or quantitative research (Aaker, Kumar & Day, 2008). In this study, we can conclude that this is a descriptive research. Therefore, features of populations, phenomena and investigating the answers and questions were described in the descriptive research.

The responses and feedbacks from UTAR academicians were obtained by quantitative survey questionnaires approach. A survey method was chosen to assist in gathering high volume of data from targeted communities, which also saves time and can cover many types of questions (Groves et al., 2011).

3.2 Data Collection Method

When researching, various approaches exist in gathering data which are normally classified into primary and secondary sources to answer hypotheses and research questions. To achieve more consistent results, we utilized primary data and also secondary data to conduct the study.

3.2.1 Primary Data

Primary data are empirical data attained by researchers with direct efforts and experience to solve their research problems (Surbhi, 2016). Nevertheless, data can be collected via a variety of techniques, such as surveys, observations, physical examinations, mailed questionnaires, interviews and so on. To fulfil the research objectives, we will utilise questionnaires as the data collection approach because we needed to collect many data from respondents and questionnaires are more effective and efficient. 400 copies of questionnaires will be distributed to UTAR academicians.

3.2.2 Secondary Data

The existing information which are grouped and documented by other individuals besides the researcher, that is relevant to the existing issues are known as secondary data. In this study, secondary sources utilised are websites, journals and articles. For online databases, we use Google scholar, ScienceDirect, and others to get relevant information. Moreover, internet offers accurate and significant information with no cost incurred, hence, we can complete the study effectively and efficiency.

3.3 Sampling Design

The procedure to pull out a group of people in a population and the outcome would be generalized to the population is called sampling. Good sampling frameworks are needed for researchers to help reduce cost of research, increase efficiency and accuracy when conducting a significant research (Etikan & Bala, 2017).

3.3.1 Target Population

The overall group of units where data from the survey are used in making interpretations is a survey's target population. Accordingly, target population can identify those units where the survey results are intended to generalize (Malhotra & Birks, 2006). Insurance is a risk aversion tool that would insure a person by years in which customers have to pay premiums to keep the status of the life insurance active. In this research, the target population would be UTAR academic staff.

3.3.2 Sampling Frame and Location

Subset of individuals with same characteristics that is drawn from the target population to create a new sample is the sampling frame (Oliver, 2004). The chosen area in which the collection of data has been done is known as sampling location. When conducting this study, the absence of existing fixed sampling framework as we are applying non-probability sampling. Since the target samples in our research are academicians who work in UTAR Perak campus, then the sampling location is Kampar.

3.3.3 Sampling Elements

In the event that one of the subset people have been selected from the population as among a population, there may contain more than one population is called sampling elements (Smith & Albaum, 2005). From these questionnaires, we can reveal and understand the relationship between the independent variables which are income, education level, number of dependants and perceived benefits, that serve as the factors influencing the perception towards life insurance.

3.3.4 Sampling Technique

The technique of probability random sampling or non-probability random sampling gives the representation of basis and the basis selection. The selection of random type can be performed by probability random sampling whereas the non-selection type can be performed by non-probability random sampling (Etikan & Bala, 2017).

In this research, we use non-probability sampling as our sampling technique. Improbability sampling is a sampling procedure that does not follow the basis for any probabilistic opinion that domain elements have an opportunity of being included in the sample of a study. Distribution of questionnaire is a valid instrument for assembling data from participants because it can make the result more efficient and precise with less cost compared to other methods. Besides, circulation of questionnaires makes accumulating of sample simpler and gives unbiased technique in selecting the sample.

3.3.5 Sampling Size

The term which a few subject and elements are included in the sample size is the sampling size. There were sample sizes of 247 chosen for our data collection. Among them, 70 were chosen for pilot tests, which is distributed to the respondents before the actual test was conducted.

3.4 Research Instrument

This is a quantitative study that employs collection of primary data by means of close-ended questionnaires as its research instrument as it the most frequently used method in obtaining accurate, efficient and valuable data from large number of respondents. For the intention of surveying and analysing statistics, a questionnaire is structured (Annamalah, 2013).

In order to determine whether respondents will provide responds that are predictable, ensures that the questionnaire is valid, reliable and identify any errors in the questionnaires, pilot test is used (Lancaster, Dodd & Williamson, 2004). Therefore, a pilot test was performed prior to conducting the actual survey and a minimum of 10 copies of questionnaires are required (Saunders et al., 2009). Hence, for the sake of testing the accuracy of the questions in the questionnaires, 70 participants were selected to carry out the pilot test.

3.5 Constructs Measurement

Data can be divided into four measurements scale which are nominal scale, ordinal scale, ratio scale and interval scale: usually used in researches (Simon & Goes, 2013). The questionnaire is formed by applying five-point Likert scale, nominal scale and ordinal scale.

Part one of the questionnaire is related to the respondents' demographic profile which can help differentiate the same characteristic group of people among the respondents. Nominal scale was also used in this part, there are a few options provided for the respondents to choose. In part two, we can recognise the details of the respondents' perception of life insurance based on specific questions about the independent variables that includes income, education level, number of dependants and perceived benefits and they are assigned in ordinal scale or Likert Scale. For the purpose of answering the questions to express how strong the perception of respondents toward the questions that are asked, five-point Likert Scale is used.

3.6 Data Processing

Procedure of turning raw data to meaningful data is called data processing. In order to produce meaningful information, the data collected will be used. Data processing identifies any unusual or special behaviours with the data collected before said data is analysed.

3.6.1 Data Checking

Data checking is the procedure to ensure that the collected data are complete and accurate. All the questionnaires will be checked in detail when it is collected from the respondents. This is to ensure that any errors or problems are detected in the earlier stage so we can take correction action immediately. For instance, the outcome of this research might be affected due to inaccuracy in any part of the questionnaire or typo errors.

3.6.2 Data Editing

Editing of data is to detect errors and correcting them wherever possible. This is so that the data are inserted consistent, thorough, precise and uniform (Cooper & Schindler, 2013). Thus, the errors are checked in this process and adjusted for omission to make sure that the data is of good quality and standards.

3.6.3 Data Coding

As specified by Copper and Schindler (2013), in data coding, the answers from the respondents are assigned numbers or even symbols and the responses are then grouped into several classifications. For instance, in this research, the number of dependents of the respondents will be coded as follow: 1 for 1-2 members, 2 for 3-4 members and 3 for more than 5 members. To analyse the data, SPSS software is utilised once assignment of code is done.

3.6.4 Data Cleaning

In consistent with Malhotra (2012), data cleaning is the process to check inaccurate data. This process is for correcting and treating missing responses. The SPSS software will be used for this process to produce the results.

3.7 Data Analysis

SPSS is utilised for data analysing in this study. SPSS enables data management and statistics calculation with reference to the questionnaires' collected data. It

categorises for 2 statistics: namely parametric statistic and non-parametric statistic. Parametric statistic comprises of both inferential statistic and descriptive statistic.

3.7.1 Descriptive Statistic

A controlled form of quantitative descriptions is displayed by descriptive statistic. Researchers can streamline huge volume of data rationally through descriptive statistic. Researchers can utilise descriptive statistic to identify the elementary characteristics of a study's data. It provides a simple summary of samples and indicators for researchers. It also forms the basis for quantitative analysis of almost all data with simple graphical analysis by creating graphs, histograms or tables (Trochim & Donnelly, 2001). Thus, researchers can describe and interpret what the data shows from the questionnaire with descriptive statistic for the factors affecting perception of life insurance among UTAR academicians.

3.7.2 Scale Measurement

3.7.2.1 Reliability Test

To assess the legibility of the questionnaire, the questionnaire evaluated by using a reliability test. When variables developed based on the summated scale are used as predictors of the target model, reliability becomes the most important issue. The summated scale is a combination of interconnected items and it aims to measure the infrastructure. Thus, essential knowledge is needed in regard to when identical question is rewritten and reapplied on same respondents, the words used to explain the answer will be similar. Once repeated tests are conducted with constant and trustworthy responses by participants, variables drawn upon a test instrument are considered as true. (Chaudhary, 2016). To test for reliability,

Cronbach's alpha is usually adopted. The fundamental principle to interpret Cronbach's alpha internal consistency is highlighted in Table 3.1.

Table 3.1

The rule of thumb for interpreting Cronbach's alpha internal consistency

Cronbach's alpha	Internal consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Note. From Chaudhary, (2016).

3.7.2.2 Normality Test

For the purpose of fulfilling a normal distribution, Shapiro-Wilk test provided by SPSS is adopted for testing the normality in this study. It is useful to check the normal distribution of data, and the range of sample size is between 3 and 5000. The data is normally distributed when the test statistic value is more than 0.5 (Razali & Wah, 2011).

3.7.3 Inferential Statistic

The use of measurements from subject samples in the experiment to compare treatment groups and generalize to larger subject populations is known as inferential statistic (Frost, 2018).

3.7.3.1 Pearson Correlation Analysis

The function of Pearson correlation coefficient is measuring the strength and relationship of two variables' linear correlations. According to Sedgwick (2012), the coefficients are unitless and ranges from -1 through 0 to +1. A positive correlation will exist when there is a positive sign while a negative correlation will exist when there is a negative sign. Therefore, it is considered as insignificant when the probability is greater than 0.05 and it is considered significant when the probability is less than 0.5.

3.7.3.2 Multiple Linear Regression (MLR)

The correlation amongst at least two independent variables and one continuous dependent variable are explained using multiple linear regressions. The independent variables need to be mathematically decomposed into each other to optimize multiple regression equations, also known as fitting multiple regression models (Smalheiser, 2017).

An appropriate linear regression model is determined using R-square. This statistic illustrates how independent variables can interpret the proportion of variance in the dependent variable. R-squared is an appropriate method to use with the intention of evaluating the intensity of the link between the dependent variable and the model within the scope of 0-100% (Frost, 2017). The equation form of MLR is shown below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \ldots\ldots + \beta_n X_n$$

In this research, we are using MLR to investigate whether the perception of life insurance will be affected by the four independent variables among UTAR academicians. Hence, the MLR equation designed for the research is:

$$PLI = \beta_0 + \beta_1\,INC + \beta_2\,EDU + \beta_3\,DEP + \beta_4\,PB$$

Whereby,

PLI = Perception of Life Insurance (DV)

INC = Income (IV 1)

EDU = Education Level (IV 2)

DEP = Number of Dependents (IV 3)

PB = Perceived Benefits (IV 4)

3.8 Concluding Remarks

In chapter three, the data collection method and all the tests of the study was discussed. Data is gathered by means of questionnaire while tests are run using SPSS in this research. The target respondents in our research are the academic staff from UTAR in Perak campus. Descriptive statistic and inferential statistic are applied to analyse the output of the tests. The output after the data is tested will be examine in next chapter.

CHAPTER 4: DATA ANALYSIS

4.0 Introduction

In Chapter 4, the research results are stated. IBM SPSS Statistics 26 is used to review and analyse the 247 sets of data collected. The data results showed the demographics of the respondents as well as the correlation among independent and dependent variables. Results of data are presented with tables or figures so that they are easily understood.

4.1 Pilot Test

4.1.1 Reliability Test

The reliability of data was measured with Cronbach's alpha for this study. To ensure the validity and reliability of questionnaire, 70 participants were selected for pilot test.

Table 4.1

Reliability Test for Pilot Test

Cronbach's alpha	Number of items
0.702	5

Note. Developed for research.

The reliability outcome of pilot test is demonstrated in Table 4.1. Chaudhary (2016) stated that Cronbach's alpha value within the extent 0.7-

0.8 is considered acceptable. The Cronbach's alpha of the pilot test is 0.702, indicating all entries inside the questionnaire are valid and reliable.

4.2 Descriptive Analysis

4.2.1 Respondent Demographic Profile

This part is the demographic description of the survey participants. Frequency analysis was performed using 247 complete and effective questionnaires.

4.2.1.1 Gender

Table 4.2

Frequency Table for Gender

		Frequency	Percent	Valid percent	Cumulative percent
	Male	98	39.68	39.68	39.68
Valid	Female	149	60.32	60.32	100.0
	Total	247	100.0	100.0	
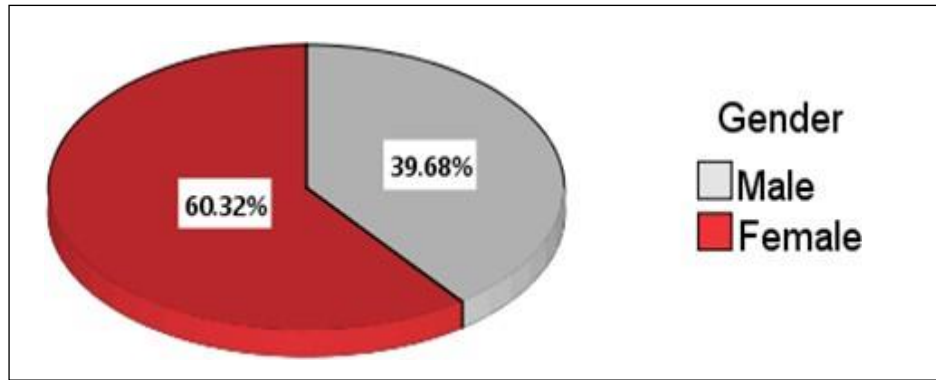
Figure 4.1. Percentage of respondents by gender.

Note. Developed for research.

From Table 4.2, female participants outnumbered male participants. There were 149 females, which accounted for 60.32%, and 98 males, which accounted for 39.68% of the total.

4.2.1.2 Marital Status

Table 4.3

Frequency Table for Marital Status

		Frequency	Percent	Valid percent	Cumulative percent
	Married	139	56.28	56.28	56.28
Valid	Divorced	3	1.21	1.21	57.49
	Single	105	42.51	42.51	100.0
	Total	247	100.0	100.0	
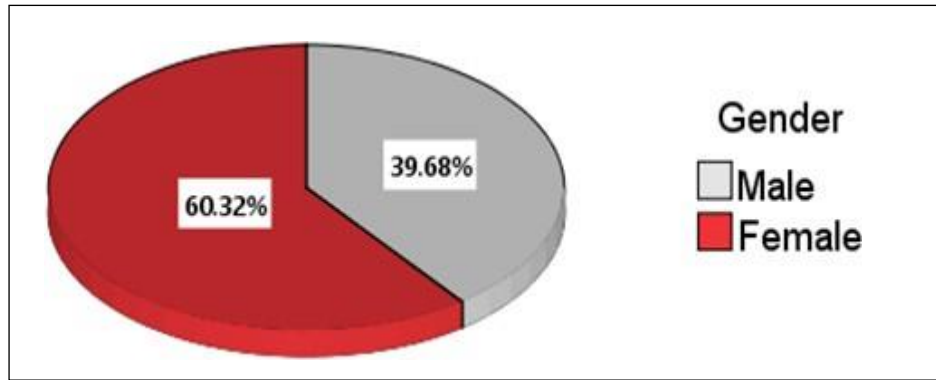
Figure 4.2. Percentage of respondents by marital status.

Note. Developed for research.

The participants' marital status is exhibited in Table 4.3, among which 139 are married (56.28%), 105 are single (42.51%) and 3 are divorced (1.21%).

4.2.1.3 Number of Dependents

Table 4.4

Frequency Table for Number of Dependents

		Frequency	Percent	Valid percent	Cumulative percent
	1-2	151	61.13	61.13	61.13
Valid	3-4	71	28.74	28.74	89.87
	5 and above	25	10.12	10.12	100.0
	Total	247	100.0	100.0	
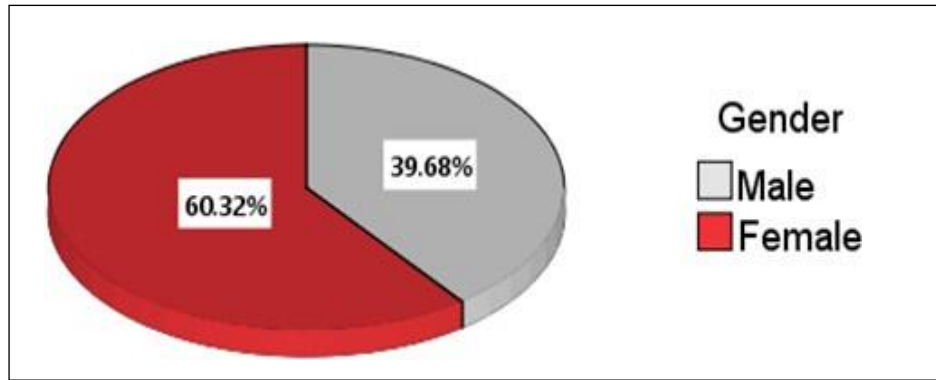
Figure 4.3. Percentage of respondents by number of dependents.

Note. Developed for research.

In accord to Table 4.4, a great number of participants, 151 (61.13%), have 1-2 dependents. In addition, 71 respondents (28.74%) have 3-4 dependents and 25 respondents (10.12%) have 5 or more dependents.

4.2.1.4 Age

Table 4.5

Frequency Table for Age

		Frequency	Percent	Valid percent	Cumulative percent
	21-30	54	21.86	21.86	21.86
	31-40	116	46.96	46.96	68.82
Valid	41-50	67	27.13	27.13	95.95
	51-60	10	4.05	4.05	100.0
	Total	247	100.0	100.0	
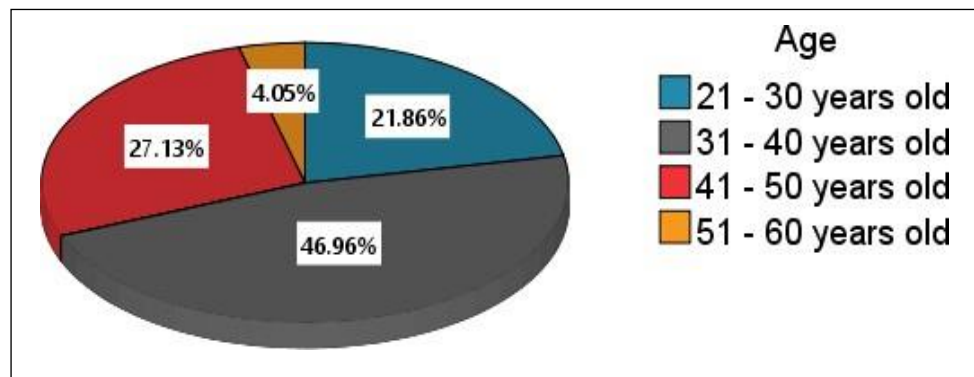
Figure 4.4. Percentage of respondents by age.

Note. Developed for research.

From Figure 4.4, majority participants ranged from 31-40 years old, representing 46.96%, while 27.13% is between 41-50 years old. In contrast, 21.86% of the participants ranged from 21-30 years old and 4.05% participants are within 51-60 years old.

4.2.1.5 Education Level

Table 4.6

Frequency Table for Education Level

		Frequency	Percent	Valid percent	Cumulative percent
	Foundation	-	-	-	-
	Diploma	-	-	-	-
Valid	Degree	27	10.93	10.93	10.93
	Master	140	56.68	56.68	67.61

PhD	80	32.39	32.39	100.0
Total	247	100.0	100.0	
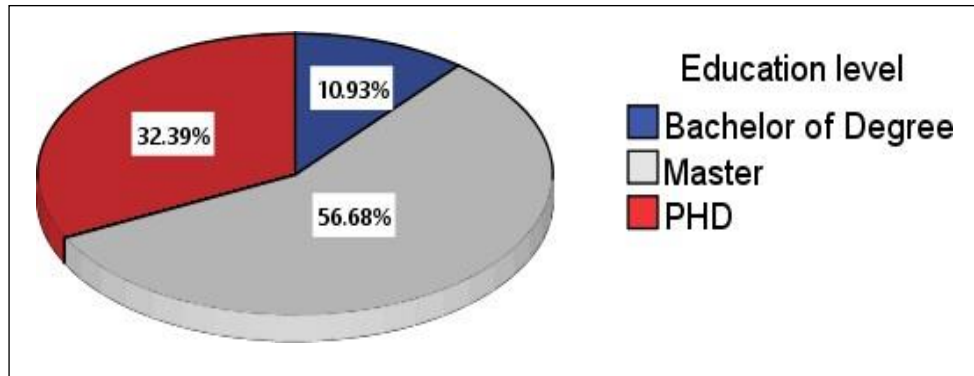
Figure 4.5. Percentage of respondents by education level.

Note. Developed for research.

As stated in Figure 4.5, 56.68% of respondents are Master holders, while 32.39% of respondents are PhD holders. There are only 10.93% of respondents which are bachelor's degree holders.

4.2.1.6 Income

Table 4.7

Frequency Table for Income

	Frequency	Percent	Valid percent	Cumulative percent
RM1000-RM2000	-	-	-	-

	RM2001-RM3000	10	4.05	4.05	4.05
	RM3001-RM4000	19	7.69	7.69	11.74
Valid	RM4001-RM5000	84	34.01	34.01	45.75
	RM5001-RM6000	67	27.13	27.13	72.88
	RM6001 and above	67	27.13	27.13	100.0
	Total	247	100.0	100.0	
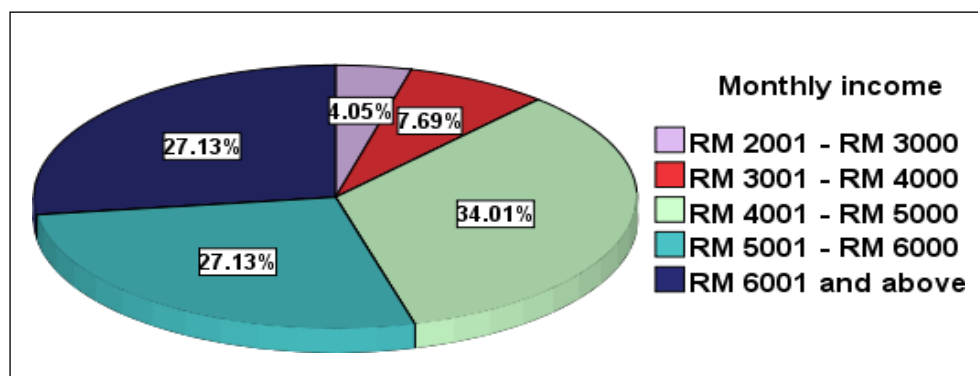
Figure 4.6. Percentage of respondents by income.

Note. Developed for research.

As shown in Figure 4.6, most respondents, 34.01%, have income level of RM4001-5000. Two different of income levels, RM5001-6000 and RM6001 and above, have the same percentage of respondents (27.13%).

Besides, 7.69% of the respondents have income between RM3001-4000 while only 4.05% respondents have income within RM2001-3000.

4.2.2 Central Tendencies Measurement of Constructs

The mean, median, mode and standard deviation of structure required in questionnaire are measured by central tendency.

Table 4.8

Central Tendencies Measurement of Constructs

Variables	Construct	Mean	Median	Mode	Standard deviation
DV	PLI	2.6660	2.5000	2.00	0.68397
IV 1	INC	2.2136	2.2500	2.00	0.43147
IV 2	EDU	2.1296	2.0000	1.50	0.69106
IV 3	DEP	2.6785	2.6000	2.40	0.58642
IV 4	PB	2.2301	2.1667	2.17	0.57737

Note. Developed for research.

From Table 4.8, the five variables have mean score values ranging from 2.12 to 2.68. The highest mean score of 2.6785 for IV 3 (DEP) whereas the lowest mean score among the five with 2.1296 is IV 2 (EDU).

Conversely, the median for life insurance perception, income, education level, number of dependents as well as perceived benefits are 2.5000, 2.2500, 2.0000, 2.6000 and 2.1667 respectively while mode for these variables are 2.00, 2.00, 1.50. 2.40 and 2.17 respectively.

Furthermore, standard deviation is the spread of data. The higher the value, the larger the spread of data. From Table 4.8, the value of standard deviation for the five variables is within 0.43 to 0.70. DV (PLI) holds a standard deviation with the highest value which is 0.68397 while standard deviation of IV 1 (INC) is the lowest of 0.43147.

4.3　　Scale Measurement

4.3.1 Reliability Test

Cronbach's Alpha is a measure of internal consistency or reliability, that is, how closely the dependent and independent variables are linked as a group. A Cronbach's alpha must at least 0.7 to be reliable, according to a rule of thumb for internal consistency (Chaudhary, 2016).

Table 4.9

Reliability Test

Cronbach's alpha	Number of items
0.711	5

Note. Developed for research.

Based on Table 4.9, the manifested result is 0.711, that is greater than 0.7. Chaudhary (2016) deemed the internal consistency is acceptable when the Cronbach's alpha falls among 0.7 and 0.8. Therefore, the items in the questionnaire is reliable and the output that had been run can be trusted.

4.3.2 Normality Test

Shapiro-Wilk test applied to test the existence of normal distribution in this research. When the probability value (p-value) for Shapiro-Wilk test is greater than 0.05, it means that it fulfils the normality.

Table 4.10

Shapiro-Wilk Test

Variables	P-value
PLI	0.231
INC	0.247
EDU	0.094
DEP	0.263
PB	0.392

Note. Developed for research.

As regards to the output in Table 4.10, p-value of Shapiro-Wilk test for life insurance perception, income, education level, number of dependents and perceived benefits are 0.231, 0.247, 0.094, 0.263 and 0.392 respectively. All the values are above 0.05 which means there is normal distribution in the data.

4.4 Inferential Analysis

4.4.1 Pearson Correlation Analysis

Table 4.11

Pearson Coefficient Correlation

	PLI	INC	EDU	DEP	PB
PLI	1.000	0.660**	0.629**	0.656**	0.650**
INC		1.000	0.626**	0.634**	0.562**
EDU			1.000	0.642**	0.496**
DEP				1.000	0.552**
PB					1.000

**. Correlation is significant at the 0.05 level (2-tailed).

Note. Developed for research.

Table 4.11 revealed the relevancy among life insurance perception with the socio-economic variables and perceived benefits. The outcome showed that the life insurance perception was positively correlated with income, education level, number of dependents, and perceived benefits. Nevertheless, as the values' range is less than 0.8, the coefficient correlation value of the variable is significant. Besides, result signals that a rise or fall of each factor will affect the increase or decrease of other variables. In brief, all the variable is intercorrelated.

Moreover, when the Pearson Coefficient Correlation value is larger than 0.9, there will be multicollinearity issue. In the output for this research, the

value of each variable is all less than 0.9. Therefore, there is no multicollinearity issue.

4.4.2 Multiple Linear Regressions

Table 4.12

Model Summary

R Square	Adjusted R Square	F-test	Probability of F-test
0.590	0.585	116.405	0.000

Note. Developed for research.

In accordance with Table 4.12, the R Square is valued at 0.590, which signifies that 59% of the changes in perception of life insurance can be illustrated by income, education level, number of dependents and perceived benefits. Besides, the result for F-test in this research is very large and the probability of F-test is below 0.05. Therefore, the model in this research is fit.

Table 4.13

Coefficients

Variables	Parameter estimate	t-test	Probability for t-test
(Constant)	0.259	1.861	0.064
INC	-	-	Insignificant
EDU	0.265	4.867	0.000

DEP	0.334	4.998	0.000
PB	0.426	7.115	0.000

Note. Developed for research.

The probability for t-test is less than 0.05 for all the variables except for income as demonstrated in Table 4.13. In other words, this means that education level, number of dependents and perceived benefits significantly affect the perception of life insurance. Nevertheless, income has no significant impact on life insurance perception.

The equation formed for the Linear Equation is shown below:

$$PLI = 0.259 + 0.265 \, EDU + 0.334 \, DEP + 0.426 \, PB$$

The equation represents the association between the independent variables and dependent variable. The positive association of life insurance perception and the socio-economic variables (namely education level and number of dependents) and perceived benefits are indicated by the equation.

The result can be explained by with every increase in education level, number of dependents and perceived benefits, it will affect the perception of life insurance to increase by 33.40%, 42.60% and 26.50% respectively, holding other variables constant. Since income is insignificant to life insurance perception, thus life insurance perception will not be affected by the changes of income (Devadoss, 2017; Al-Rawashdeh, 2016).

4.5 Concluding Remarks

This chapter showed all the results related to this research. All the hypotheses that was suggested are acknowledged. Lastly, a regression equation was established. Thus, the next chapter will discuss further on the analysis of the results.

CHAPTER 5: DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0 Introduction

For Chapter 5, a comprehensive outline of the results generated, as well as the discourse of the findings with reference to Chapter 4 is given. Besides, this chapter will present the research implications, research limitations and suggestion for upcoming studies. Lastly, a complete conclusion will be made to the research of this paper.

5.1 Statistical Analysis Summary

In this study, 400 questionnaires were handed out to the UTAR academicians in Kampar to conduct the research. Nonetheless, we were able to attain 247 responses for the study.

According to the results produced by SPSS, structures in this research complies with the normality assumptions as values are above 0.05 for the Shapiro-Wilk test, therefore, the data is of normal distribution.

Table 5.1

Summary of MLR

Hypothesis	Test IV with DV	Significant p-value	Significance of correlation	Result
Hypothesis 1	There is no association between perception of	–	Insignificant	Do Not Reject H_0

	life insurance and			
	income.			
Hypothesis 2	There is an association between perception of life insurance and education level.	0.000 < 0.05	Significant	Reject H_0
Hypothesis 3	There is an association between perception of life insurance and number of dependents.	0.000 < 0.05	Significant	Reject H_0
Hypothesis 4	There is an association between perception of life insurance and perceived benefits.	0.000 < 0.05	Significant	Reject H_0

Note. Developed for research.

It can be seen from Table 5.1 that the independent variables education level, number of dependents as well as perceived benefits significantly correlate with perception of life insurance, and the p-value of these variables are below 0.05. As p-value is unknown for income, perception of life insurance has no association with income. Therefore, other than income, this study accepts the alternative hypothesis of hypotheses 2, 3 and 4.

5.2 Discussion of Findings

5.2.1 Income

Hypothesis 1

H_0: Perception of life insurance has no association with income.

Based on results generated by SPSS, there is insignificant association between perception of life insurance and income. This is as p-value for income in the MLR is unknown. Thus, in this research we reject the alternative hypothesis (H_1). This implies that the perception of life insurance of UTAR academic staff will not be influenced, no matter the amount of income they earn. The result corresponds with several earlier studies stated in Chapter 2 (Devadoss, 2017; Al-Rawashdeh, 2016).

Although the respondents have different range of incomes, most of them claimed that their income did not affect their life insurance perception. The participants already have a fixed mindset on their life insurance perception and an increase in income will not change it, thus the outcome of this study.

5.2.2 Education Level

Hypothesis 2

H_1: Perception of life insurance has association with education level.

The results generated by SPSS showed that the association between perception of life insurance and education level are significant because MLR's p-value is below 0.05 which is 0.000. Therefore, this research accepts the alternative hypothesis. Moreover, the value of correlation

coefficient, 0.265, indicates that perception of life insurance has positive correlation with education level. The result shows that UTAR academic staff have better perception of life insurance when they have higher education level. The result for this research is similar with previous researches mentioned in Chapter 2 (Sapelli & Vial, 2003).

Sapelli and Vial (2003) claimed the probability of acquiring insurance and education level have a positive relationship. This refers to when people have higher education, they would make better decisions because they will compare lower cost plans and better benefits are offered by insurance companies.

5.2.3 Number of Dependents

Hypothesis 3

H_1: Perception of life insurance has association with number of dependents.

According to results computed by SPSS, the association amongst perception of life insurance and number of dependents is significant due to the p-value being 0.0000 which is below 0.05. Thus, this research has agreed to the alternative hypothesis. Additionally, the value of correlation coefficient for number of dependents is 0.334 which shows positive correlation. Hence, when there is an increase in the number of dependents, UTAR academicians will improve their life insurance's perception. The finding of this research and the previous researches in Chapter 2 is consistent (Annamalah, 2013; Sarkodie & Yusif, 2015).

In a previous study, Annamalah (2013) discussed that when there are more dependents in a family, it is preferable to purchase life insurance because the household head will have better perceptions toward life insurance

where life insurance can help to bear the risk and commitment of the wife if anything happens to them.

5.2.4 Perceived Benefits

Hypothesis 4

H_1: Perception of life insurance has association with perceived benefits.

From the results by SPSS, the association amongst perception of life insurance and perceived benefits is significant: as the stated perceived benefits' p-value is 0.000 that is below 0.05. Consequently, in this research we accepted the alternative hypothesis. Likewise, the correlation coefficient value is 0.426 which results to a positive correlation. Thus, when the perceived benefits increase, perception of life insurance of UTAR academicians will improve. Hence, the results of this study match that of the previous researches in Chapter 2 (Siddiqui & Sharma, 2010; Choudhuri & Parida, 2014; Geetha & Bindhu, 2019).

According to Woodall (2013), when concerning risk correlation of value, the researcher believes that risk is one of the determinants of value perception, which is close to the classic benefits and losses, whereas Yee and San (2011) highlights that perceived risk is the most crucial to affect consumers' purchasing behaviour.

5.3 Implications of the Study

5.3.1 Managerial Implications

Our study is functional and informative for the insurance industry as insurance companies able to take advantage of this study when innovating insurance products. Through the results, insurance companies could make much improvements and amendments to its products as the information provided in our research has sufficient evidence in supporting the factors that affects the perception of life insurance. Furthermore, insurance companies can make precise and accurate forecast on the needs and demands of their targeted consumers in the future.

Besides, the results of our research have determined that consumers' certain socio-economic factors and mind-set in certain conditions would affect their perception and thoughts on whether life insurance is a need or not: which ultimately affects their final decision on whether to purchase insurance products. From this information, insurance companies could innovate their products in specific ways that would suit their target consumer and the current market.

After applying those strategies, insurance companies must develop training programmes for employees, especially those in sales department, to improve advertising the products and brand so they can influence the perception of their consumer towards life insurance products that may lead to the expansion of their customers and capture different range of the consumers that need life insurance. Although the plan is advised to be followed, it must be reviewed and updated occasionally as consumer behaviour is not constant and changes from time to time, specifically among different generations.

The variables focused on this research is socio-economic variables and perceived benefits. In accordance to the outcome of this study, education level, number of dependents and perceived benefits significantly affect the perception of life insurance, while it is not influenced by the income of consumers. These variables, apart from income, are one of the main factors that is crucial in shaping the life insurance perception of consumers. Thus, with the information provided, it gives way for insurance companies to have clearer pictures and better understanding towards their flaws so that they can act on it to improve consumers' perception so that the consumers' willingness in obtaining a life insurance product is higher.

5.4 Limitations of the Study

5.4.1 Time Constraints

We were given limited time to complete the research. Time constraint has affected our ability to conduct the research on bigger populations as it will require bigger sample size. In other words, more time will be needed as more data is required to generate an accurate result. Thus, the data collected in this study may not be able to accurately reflect the factors affecting the perception of life insurance in bigger population such as a country.

5.4.2 Sampling Bias

Even though sampling bias is an inevitable problem that happens when collecting data, sampling bias might have occurred in our research because this study is solely concentrated on the UTAR academic staff; hence, biasness of sample may occur in relation to particular aspects. One illustration from our research is that most respondents fall under these

categories: 31-40 years old, Master holders, have 1-2 dependents with monthly income ranging between RM4001-RM5000. Therefore, they may be inaccuracy in this research.

5.4.3 Limitation of Sample Size

Sample size is restraint for our research because to UTAR have two campuses which is at Kampar and Sungai Long. Nevertheless, due to time and cost constraints, we are unable to distribute questionnaires at the Sungai Long campus. Because of that, academicians in Sungai Long campus are unable to participate in our study. Thus, we only distributed 400 sets of questionnaires to academic staff in Kampar campus. Therefore, the accuracy of this study will be affected due to the small population.

5.5 Recommendations

In future researches, researchers can expand data collection method such as adding interviews or focus group discussion instead of only using survey questionnaire. When using focus group discussion method, researchers can collect group-based data which includes 6-8 participants to discuss topics on the research agenda. Researchers can reveal participants' basic views, attitudes, reasons and behaviour on the topic through this method (Gill et al., 2008) Thus, accuracy and reliability of data collected will improve.

Besides, researchers can increase the sample size as the respondents in this study is only UTAR academicians at Kampar, which is considered small, hence results shown may not represent the perception of life insurance for Malaysia's academicians. Therefore, when sample size is larger, the accuracy of the results is higher.

Finally, researchers can include other independent variables to generate comprehensive result as socio-economic variables and perceived benefits is not the only factors that may affect life insurance's perception. Personal characteristics such as experience, interest or expectations will also influence the perception of life insurance. Hence, the researchers may include other variables to make the result more meaningful.

5.6 Conclusion

This paper aims to determine factors influencing life insurance perception among UTAR academic staff in Perak campus. This study extracts four variables that affect consumers' perception: namely number of dependents, education level, perceived benefits and income. After conducting the study, we concluded that majority of respondents are aware about endowment policies.

As stated in the results, all independent variables are significant to dependent variable, with the exception of income. The study found that income had no obvious effect on life insurance perception, which is not surprising as the insignificant relation of income and life insurance perception is found in several past studies.

In short, life of human is a valuable property while life insurance is a method to provide financial protection for a person to protect his family against any uncertainty. After completing the study, certain loopholes were found that must be corrected and recommendations were made for deficiencies, which may assist future researchers to study further on this topic.

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APPENDICES

Appendix 1.1

Claims Paid-out for Death in Malaysia from 2014 to 2018

Year	Claims Pay-out for Death (RM)
2014	1,048,707,941
2015	1,142,175,201
2016	1,222,411,558
2017	1,336,279,422
2018	1,422,474,881

Note. Life Insurance Association Malaysia

Appendix 3.1

Permission to Conduct Survey

UNIVERSITI TUNKU ABDUL RAHMAN
Wholly Owned by UTAR Education Foundation (Company No. 578227-M)

18th May 2020

To Whom It May Concern

Dear Sir/Madam,

Permission to Conduct Survey

This is to confirm that the following students are currently pursuing their *Bachelor of Business Administration (Hons) Banking and Finance* program at the Faculty of Business and Finance, Universiti Tunku Abdul Rahman (UTAR) Perak Campus.

I would be most grateful if you could assist them by allowing them to conduct their research at your institution. All information collected will be kept confidential and used only for academic purposes.

The students are as follows:

Name of Student	Student ID
Ho Luin Yan	17ABB05748
Koh Ker Nee	18ABB05452
Shirreena Yeoh Yee Phing	17ABB05783
Teoh Jin Shuen	17ABB05913
Yong Wei Yeh	16ABB02015

If you need further verification, please do not hesitate to contact me.

Thank you.

Yours sincerely,

....
Ms Kuah Yoke Chin
Head of Department
Faculty of Business and Finance
Email: kuahyc@utar.edu.my

....
Dr Dinesh Kumar a/l Saundra Rajan
Supervisor
Faculty of Business and Finance
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Kampar Campus : Jalan Universiti, Bandar Barat, 31900 Kampar, Perak Darul Ridzuan, Malaysia
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Tel: (603) 9086 0288   Fax: (603) 9019 8868
Website: www.utar.edu.my

Appendix 3.2

Survey Questionnaire

UNIVERSITI TUNKU ABDUL RAHMAN

FACULTY OF BUSINESS AND FINANCE

BACHELOR OF BUSINESS ADMINISTRATION (HONS)
BANKING AND FINANCE
FINAL YEAR PROJECT

TITLE OF TOPIC:
FACTORS AFFECTING PERCEPTION OF LIFE INSURANCE
AMONG UNIVERSITI TUNKU ABDUL RAHMAN
ACADEMIC STAFF IN PERAK CAMPUS

Survey Questionnaire

Dear respondent,

We are final year undergraduate students of Bachelor of Business Administration (Hons) Banking and Finance, from Universiti Tunku Abdul Rahman (UTAR) in Perak Campus. The purpose of this survey is to understand the factors affecting perception of life insurance among Universiti Tunku Abdul Rahman academic staff in Perak Campus.

Thank you for your participation.

Instructions:
1) There are **Two (2)** sections in this questionnaire.

2) Completion of this form will take you approximately 10 to 15 minutes.

3) Please feel free to share your comments in the space provided. The contents of this questionnaire will be kept **strictly confidential.**

PERSONAL DATA PROTECTION STATEMENT

Please be informed that in accordance with Personal Data Protection Act 2010 ("PDPA") which came into force on 15 November 2013, Universiti Tunku Abdul Rahman ("UTAR") is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

Notice:
1. The purposes for which your personal data may be used are inclusive but not limited to:-
   - For assessment of any application to UTAR
   - For processing any benefits and services
   - For communication purposes
   - For advertorial and news
   - For general administration and record purposes
   - For enhancing the value of education
   - For educational and related purposes consequential to UTAR
   - For the purpose of our corporate governance
   - For consideration as a guarantor for UTAR staff/ student applying for his/her scholarship/ study loan

2. Your personal data may be transferred and/or disclosed to third party and/or UTAR collaborative partners including but not limited to the respective and appointed outsourcing agents for purpose of fulfilling our obligations to you in respect of the purposes and all such other purposes that are related to the purposes and also in providing integrated services, maintaining and storing records. Your data may be shared when required by laws and when disclosure is necessary to comply with applicable laws.

3. Any personal information retained by UTAR shall be destroyed and/or deleted in accordance with our retention policy applicable for us in the event such information is no longer required.

4. UTAR is committed in ensuring the confidentiality, protection, security and accuracy of your personal information made available to us and it has been our ongoing strict policy to ensure that your personal information is accurate, complete, not misleading and updated. UTAR would also ensure that your personal data shall not be used for political and commercial purposes.

Consent:
1. By submitting this form you hereby authorise and consent to us processing (including disclosing) your personal data and any updates of your information, for the purposes and/or for any other purposes related to the purpose.

2. If you do not consent or subsequently withdraw your consent to the processing and disclosure of your personal data, UTAR will not be able to fulfill our obligations or to contact you or to assist you in respect of the purposes and/or for any other purposes related to the purpose.

3. You may access and update your personal data by writing to us at _____.

Acknowledgment of Notice

[   ] I have been notified by you and that I hereby understood, consented and agreed per UTAR above notice.

[   ] I disagree, my personal data will not be processed.

…………………………
Name:
Date:

Questionnaire
Part 1 : Demographic Profile
Please (√) one of the relevant answers below:

1. Gender :
    i.   Male   ☐
    ii. Female   ☐

2. Marital Status :
    i.   Married   ☐
    ii. Divorced   ☐
    iii. Single   ☐

3. Number of Dependent :
    i.   1 – 2 members   ☐
    ii. 3 – 4 members   ☐
    iii. 5 members and above ☐

4. Age :
    i.   21 – 30 years old   ☐
    ii. 31 – 40 years old   ☐
    iii. 41 – 50 years old   ☐
    iv. 51 – 60 years old   ☐
    v.   60 Above   ☐

5. Education Qualifications :
    i.   Foundation   ☐
    ii. Diploma   ☐
    iii. Bachelor of Degree ☐
    iv. Master   ☐
    v.   PHD   ☐

6. Monthly Income :
    i.   RM 1000 – RM 2000 ☐
    ii. RM 2001 – RM 3000 ☐
    iii. RM 3001 – RM 4000 ☐

    iv.   RM 4001 – RM 5000 ☐

    v.   RM 5001 – RM 6000 ☐

    vi.   RM 6001 and above ☐

Part 2
I) Independent Variable
<u>Income</u>

1. Do you think that your income level had affected your decision on whether or not to purchase life insurance?
   ☐ Yes
   ☐ No

 * 2. Do you think that saving money is more important than purchasing life insurance?
   ☐ Yes
   ☐ No

3. If you do not own a life insurance policy now, you will consider purchasing one if there is an increase in your monthly income.
   ☐ Strongly agree
   ☐ Agree
   ☐ Neutral
   ☐ Disagree
   ☐ Strongly disagree

 * 4. You think that life insurance is not a need but is an extra burden which reduces the   amount you can spend due to its commitments?
   ☐ Strongly agree
   ☐ Agree
   ☐ Neutral
   ☐ Disagree
   ☐ Strongly disagree

<u>Education Level</u>

1. Based on your current education level, do you have any plan for purchasing life insurance?
   ☐ Yes
   ☐ No

2. The higher education level will make you have better perception of life insurance.
   ☐ Strongly agree
   ☐ Agree
   ☐ Neutral
   ☐ Disagree
   ☐ Strongly disagree

3. When you have a better education, would it help you to make better decision.
   ☐ Strongly agree
   ☐ Agree

☐ Neutral
☐ Disagree
☐ Strongly disagree

4. With your current education level, having a life insurance would adverse your risk.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree

Number of Dependent

1. Do you think that the number of dependent will affect your perception of life insurance?

☐ Yes
☐ No

* 2. Is it a burden for you when you have more number of dependents?

☐ Yes
☐ No

3. The more number of dependents will make me have better perception of life insurance.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree

4. When anything happens to me, life insurance will help me protect my dependents.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree

5. The perception of my family members will affect my own perception of life insurance.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree

Perceived Benefits

1. Does the service quality of agents and company affect your perception of life insurance?
    - ☐ Yes
    - ☐ No

2. Does the brand image influence your perception towards life insurance?
    - ☐ Yes
    - ☐ No

3. The price and premium of life insurance causes people hesitate to purchase.
    - ☐ Strongly agree
    - ☐ Agree
    - ☐ Neutral
    - ☐ Disagree
    - ☐ Strongly disagree

4. Terms and conditions for the claim in insurance affect the perception of customer.
    - ☐ Strongly agree
    - ☐ Agree
    - ☐ Neutral
    - ☐ Disagree
    - ☐ Strongly disagree

5. When you realized the uses and benefits of life insurance, you will consider to extend the coverage.
    - ☐ Strongly agree
    - ☐ Agree
    - ☐ Neutral
    - ☐ Disagree
    - ☐ Strongly disagree

6. Cumbersome terms and conditions, a lack of transparency and procedural delays were cited as impediments which influence consumer perception.
    - ☐ Strongly agree
    - ☐ Agree
    - ☐ Neutral
    - ☐ Disagree
    - ☐ Strongly disagree

II) Dependent Variable

Perception on life insurance

5 – Strongly Agree   4 – Agree   3 – Neutral   2 – Disagree   1 – Strongly Disagree

No.	Question	5	4	3	2	1
1)	You think that life insurance is important for your protection needs.					
2)	You have a positive perception towards life insurance and are always ready to know about the latest products or services.					
*3)	You are afraid to purchase life insurance as you think insurance companies only wants to earn profits from their customers and do not prioritise customers' protection needs.					
4)	Life insurance is a subsidy to reduce the burden of family member, when dealing with the adverse financial consequence.					
5)	Life insurance is kind of a spiritual compensation when suffering with the death of the insured.					
6)	The benefits can only be claimed when the insured pass away.					

Appendix 4.1

Cronbach's Alpha Reliability Test

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.753	.711	5

Appendix 4.2

Tests of Normality

Tests of Normality

	Shapiro-Wilk		
	Statistic	df	Sig.
Mean_PLI	.906	247	.231
Mean_INC	.953	247	.247
Mean_EDU	.934	247	.094
Mean_DEP	.933	247	.263
Mean_PB	.961	247	.392

Appendix 4.3

Pearson Coefficient Correlation

Correlations

		Mean_PLI	Mean_INC	Mean_EDU	Mean_DEP	Mean_PB
Mean_PLI	Pearson Correlation	1	.660**	.629**	.656**	.650**
	Sig. (2-tailed)		.350	.000	.000	.000
	N	247	247	247	247	247
Mean_INC	Pearson Correlation	.660**	1	.626**	.634**	.562**
	Sig. (2-tailed)	.350		.064	.068	.571
	N	247	247	247	247	247
Mean_EDU	Pearson Correlation	.629**	.626**	1	.642**	.496**
	Sig. (2-tailed)	.000	.064		.000	.000
	N	247	247	247	247	247
Mean_DEP	Pearson Correlation	.656**	.634**	.642**	1	.552**
	Sig. (2-tailed)	.000	.068	.000		.000
	N	247	247	247	247	247
Mean_PB	Pearson Correlation	.650**	.562**	.496**	.552**	1
	Sig. (2-tailed)	.000	.571	.000	.000	
	N	247	247	247	247	247

**. Correlation is significant at the 0.05 level (2-tailed).

Appendix 4.4

Model Summary of Multiple Linear Regression

Model Summary[d]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.656[a]	.431	.428	.51717	
2	.741[b]	.550	.546	.46087	
3	.768[c]	.590	.585	.44083	1.990

a. Predictors: (Constant), Mean_DEP

b. Predictors: (Constant), Mean_DEP, Mean_PB

c. Predictors: (Constant), Mean_DEP, Mean_PB, Mean_EDU

d. Dependent Variable: Mean_PLI

Appendix 4.5

Coefficients of Multiple Linear Regression

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.616	.154		3.995	.000
	Mean_DEP	.765	.056	.656	13.612	.000
2	(Constant)	.236	.145		1.623	.106
	Mean_DEP	.499	.060	.428	8.311	.000
	Mean_PB	.490	.061	.414	8.032	.000
3	(Constant)	.259	.139		1.861	.064
	Mean_DEP	.334	.067	.286	4.998	.000
	Mean_PB	.426	.060	.359	7.115	.000
	Mean_EDU	.265	.054	.268	4.867	.000

a. Dependent Variable: Mean_PLI

Appendix 4.6

ANOVA

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.554	1	49.554	185.273	.000b
	Residual	65.529	245	.267		
	Total	115.083	246			
2	Regression	63.258	2	31.629	148.915	.000c
	Residual	51.825	244	.212		
	Total	115.083	246			
3	Regression	67.862	3	22.621	116.405	.000d
	Residual	47.221	243	.194		
	Total	115.083	246			

a. Dependent Variable: Mean_PLI

b. Predictors: (Constant), Mean_DEP

c. Predictors: (Constant), Mean_DEP, Mean_PB

d. Predictors: (Constant), Mean_DEP, Mean_PB, Mean_EDU