

FACTORS INFLUENCING CONSUMPTION FOR LIFE
INSURANCE

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LIST OF ABBREVIATION

A	Age
DV	Dependent Variable
E	Level of Education
IKU	Institute for Public Health
I	Income Level
IV	Independent Variable
LIAM	Life Insurance Association of Malaysia
NHMS	National Health and Morbidity Survey
MLR	Multiple Linear Regression
OECD	Organization for Economic Co-operation and Development
S	Size of Family
SPSS	Statistical Package for the Social Sciences

PREFACE

This study is being submitted to fulfil a portion of the Bachelor of Economics (HONS) Financial Economics requirement. Dr. Vivien Wong Zi Wen is in charge of this study.

The penetration rate of Malaysia in Malaysia is relatively low compared to other developing countries like Singapore. It is crucial to increase the average consumption of life insurance in Malaysia to provide a better sense of security for people. Other than that, life insurance is expected to increase the risk tolerance level of individual against unexpected events such as death and sickness.

In this study, it will look into the relationship between income, education level, size of family and age with the consumption of life insurance. At the end of the study, it will demonstrate how each of the independent variables would affect the dependent variables.

ABSTRACT

This paper objective is to determine the relationship between the demographic factors which are income, education level, size of family and age with the consumption of life insurance. This research will be analyzed through collecting the primary data with questionnaire. There will be a Multiple Linear Regression (MLR) to explain the relationship between the variables. Under this research, it was founded that the 4 demographic factors including income, education level, size of family and age are having a positive relationship with the consumption of life insurance.

CHAPTER 1: RESEARCH OVERVIEW

1.1 Introduction

In human life, people usually seek for the certainty of life's continuance and sense of security as part of their major needs. Under this condition, the insurance products appealed to provide protection against the risks of uncertain events such as accident, critical illness or unpredictable death. Insurance is a tool that allows people to protect themselves against the danger of losing what they possess. Life and property insurance can assist to lessen or transfer the risk of death and property damage. Any danger involving life and property can be insured against for a premium that is proportional to the risk. Generally, life insurance is defined as a contract between an insurer and the policy owner (Fontinelle.A, 2021). By paying premium to the insurer, the policy owner is able to accept a sum of the money to their selected beneficiaries once the insured passes away. For insurance companies, it usually only covers pure risk which means the risk that has no possibility for a positive outcome. There are multiple types of life insurance provided in the market. For example, term life insurance, whole life insurance and universal life insurance. According to Rose (2020), term life insurance is a type of life insurance that lasts for specific numbers of years, if the insured does not die within the specific term of time, the policy will expire and not receive any pay-outs. For whole life insurance, it will last for the entire life and most of these policies will provide a certain cash value to be withdrawn or borrowed. Lastly, universal life insurance policy is similar to whole life policy as both of them provide lifetime coverage but universal life policy provides more flexible options on the premium payments, death benefits and the saving elements of their policies (Dave.P, 2020).

For our thesis, we are going to focus on term life insurance as this type of life insurance policy is suitable for the majority types of individuals. This is because the term life policy provides a specific coverage period with relatively low premium cost compared to universal and whole life policy. It provides flexible options for individuals to decide which

period they are heavily requiring life insurance protection while they are free to cancel the policy once they are sufficient enough to cover the expenses incurred after the event of death.

Other than that, insurance companies play a vital role in composing its products to be more attractive as to have a greater market accessibility. There are both external and internal factors to be considered when the company is developing its products. For the external factors, it is out of the company regulations such as government intervention, economic condition and socio-cultural environment. While for the internal factors, it consists of the personal needs and consumer attitude. It is critical for marketers to create their product and marketing-related strategies by understanding unique internal and external forces in order to achieve success in this type of environment.

Thus, in order to achieve the goal of gaining a market position as well as to synergize the penetration element, acquisition, and retention of the insurance company, it is necessary to fully comprehend the factors that can influence consumption of life insurance. In our research, we will focus on the relationship of the 4 demographic factors which are income, size of family, level of education and age towards the consumer consumption of life insurance.

1.2 Problem Statement

Human life's journey is not as smooth as what we want to be. Sometimes, an unexpected event may occur and cause a significant impact towards our daily life. Life insurance is a method to reduce risk exposure and minimize the losses in an unexpected occurrence. However, over half of the country's population are still not insured by any life insurance as Life Insurance Association of Malaysia (LIAM) claimed that life insurance penetration rate in Malaysia is about 54% for the past 5 years

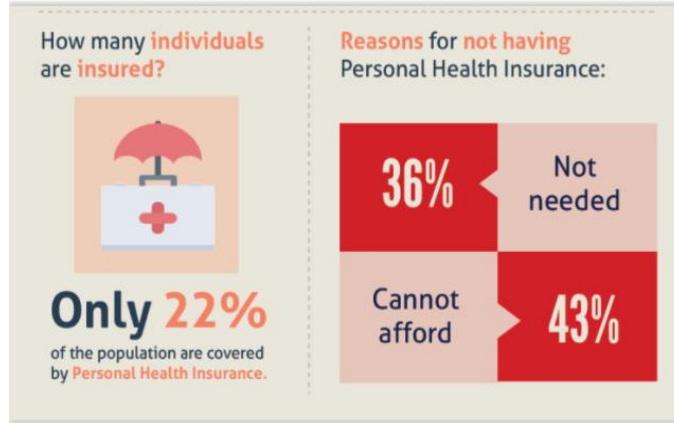


Figure 1.1: Personal Health Insurance from the National Health and Morbidity Survey (NHMS) 2019

In comparison to other countries, Malaysia has a low insurance penetration rate of around 60%. At the same moment, only 22% of the population are covered by personal health insurance. As a result, Malaysians may be unprepared in the event of an unexpected incident. According to Gross (2020), one of the reasons leading to Malaysia's low life-insurance penetration rate is that some individuals regard insurance as a "cost" rather than a "necessity." This was especially true for the country's Bottom 40% of households, who are struggling to meet their daily obligations. Moreover, Malaysians basically lack insurance related knowledge as it is not listed as part of our compulsory education materials. This indicates that Malaysians lack awareness towards risk management by insurance products. According to Gambhir.N (2020), having insufficient life insurance coverage is risky to the individuals from several aspects.

Firstly, the family members of the insured may be unable to keep up with their daily expenses. Once the financial sources are gone no matter the husband or wife, all of the financial dependents will immediately suffer from the financial side. For example, the living expenses, children education expenses and even the funeral expenses. Other than that, the debts and assets may transfer to the family members. In the event of death, all of the assets will be seized. At the moment, the authorities will evaluate the debts and assets to ensure that there are sufficient assets to pay out for the debts. Once the debt is surpassing the assets value, it will require the family members to pay for the remaining debts. On the

social perspective, life insurance brings a sense of security, peace of mind, reduction in anxiety and fear for individuals and businesses. While from the economic perspective, life insurance has been proven to have a significant relationship with the economic growth especially for the developing country (Sajid.M, 2017). As has been seen, the fundamental principle of transferring of risks allows individuals and organizations to utilize available funds for a wide range of activities that directly and indirectly spur the economy. It is indeed that insurance companies play the social responsibility to provide as a ‘vehicle’ to the public to be compensated in the event of insurance claims. Thus, it is crucial to analyze the consumption of insurance products to increase the penetration rate of life insurance and improve the risk management level for Malaysians against unexpected events.

For example, Singapore which recorded a more than 80% penetration rate on life insurance products. However, Malaysia only recorded around 54% penetration rate on life insurance consumption. It is totally insufficient for a developing country as each of the Malaysians are not guaranteed having a single insurance policy. According to the diagram below, Malaysia is only having a gross direct insurance premium below RM1000 which is far lesser than the normal standard of the OECD countries. Consequently, it is crucial for us to raise our gross premium rate to meet the standard for the OECD countries. With higher penetration rate on life insurance, it is undoubtedly that individuals will live with a better sense of security, avoiding critical financial issues and promoting the economic growth of the country.

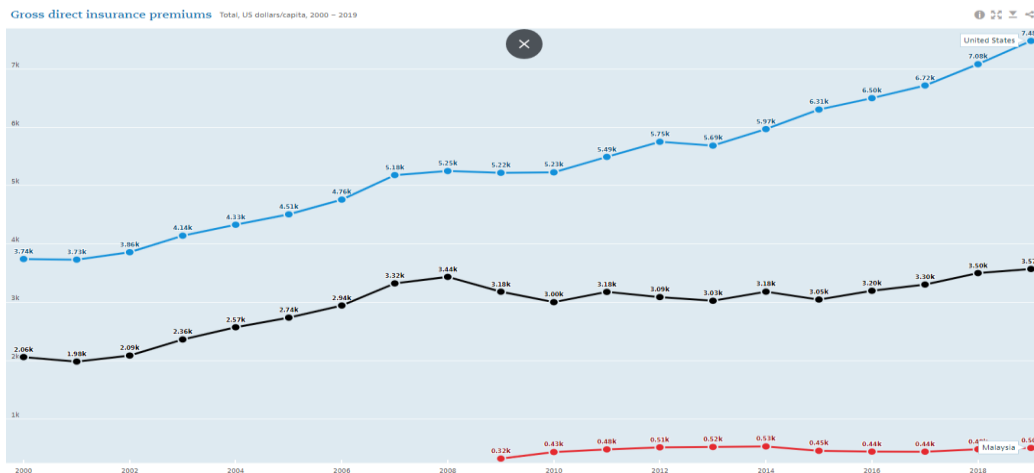


Figure 1.2: Gross Direct Premium

Dark Line: OECD Countries

Blue Line: USA

Red Line: Malaysia

For our respondents, we decided to choose our respondents who are the insurance policy owners. This is because our study will focus on those who have basic insurance knowledge to provide a clearer vision for the factors that may influence these policy holders to make decisions when purchasing the insurance policy. Thus, this study is looking forward to providing more accurate data for the insurance industry to be improved.

1.3 Research Objective

1.3.1 General Objective

- To analyze the relationship of demographic factors towards the consumption of life insurance.

1.3.2 Specific Objective

- To analyze the positive relationship of income level towards consumption of life insurance.
- To analyze the positive relationship of the size of family towards consumption of life insurance.
- To analyze the positive relationship of the education level towards consumption of life insurance.
- To analyze the positive relationship of age towards consumption of life insurance.

1.4 Research Questions

1.4.1 General Research Questions

- How could demographic factors influence the consumption of life insurance?

1.4.2 Specific Research Questions

- How does income level positively influence the consumption of life insurance?
- How does the size of family positively influence the consumption of life insurance?
- How does the education level positively influence the consumption of life insurance?
- How does age positively influence the consumption of life insurance?

1.5 Significance of Study

Throughout this research, we can find out the main factors that influence the consumer decision making process on life insurance products. By knowing these factors better, insurance companies are able to deliver their products efficiently. As a result, it will increase the market penetration rate for life insurance in Malaysia. It is undeniable that raising the awareness of the importance of life insurance among the Malaysians society is a must as we are having relatively low life insurance penetration rate compared to other developing countries. Other than that, the government could achieve the vision for becoming one of the highly developed countries around the world. This is because life insurance is considered a necessity for a better standard of living. It is undeniable that

improving the life insurance penetration rate could raise the standard of living for citizens in Malaysia.

Moreover, it is crucial for consumers to have a better understanding of the significance of the insurance products in their daily life. At the same time, it could improve the consumer trust between the insurance company and the consumer by having appropriate marketing methods. By improving the awareness of life insurance, it could possibly increase the demand for life insurance. Once there is an increase in demand for life insurance products, it would encourage the competency between each of the insurance companies. As a result, it would enable the insurance products to be competitive and provide the best features to the consumers.

Other than that, insurance companies are quite challenging to deliver their products to their consumers without knowing the buying behavior of their consumers. For example, the company has to understand how the consumer will decide when purchasing a policy, what are the aspects they are looking for and what are the objectives for purchasing the policy. By analyzing the buying behavior, it is possible to better fit the customer's needs. Consequently, the business will be profitable from the research to have a better market understanding towards their consumers buying behavior.

1.6 Structure of Study

This thesis basically consisted of five chapters. Firstly, chapter one will explain the research overview which included the research background, problem statement, research objective, research question and the significance. Secondly, chapter two will discuss the literature review with underlying theories, variables review, proposed theoretical framework and the hypothesis development.

Thirdly, chapter three will discuss the methodology for this thesis by analyzing the research design, sampling design, research instrument and construct measurement methods. Next,

chapter four is mainly about conducting the data analysis which are the descriptive analysis and the inferential analysis. Last but not least, chapter five will have an overall conclusion from this thesis by analyzing the findings on each variable, implications, limitations and recommendation for the future study.

1.7 Chapter Summary

In conclusion, the chapter briefly explains a summary of an entire field study. Research history highlights demographic factors that influence consumption of life insurance. Besides, it consists of the problem statement, general and specific research goals, significance of the study, and structure for the study. By furthering the study, the literature review on each of the variables will be discussed in chapter 2.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

Under this chapter, it will discuss the theories and concepts related to consumption of life insurance. We will start with the literature review of past studies by explaining the theories related to dependent variable and independent

2.1 Underlying Theories

2.1.1 Locus of Control

A person's perspective of the underlying principle causes of occurrences in his or her life is referred to as their locus of control. Julian Rotter first proposed this notion in the 1950s. Julian Rotter thinks that measurements of personality, such as personal characteristics and actions, are locus of control. There are two types of locus of control: internal locus of control and external locus of control. External locus of control is when a person feels his or her actions are influenced by external events, whereas an internal locus of control is influenced by the person's own choices and efforts. Internal locus of control is seen to be healthier than external locus of control by many studies. Locus of control have spawned a slew of studies in a variety of domains of psychology. Educational psychology, health psychology,

industrial and organizational psychology, and clinical psychology all benefit from this framework.

According to the interpretation of the locus of control, it can be said that the higher the internal locus of control, the stronger the individual's sense of responsibility for their financial actions. It is because those who have more control are thought to be better capable of managing their finances (Moorhead & Griffin, 2013). Individuals with a better source of income are more responsible with their money (Arifin, Anastasia, Siswanto & Henry, 2018). Therefore, which means to secure their financial position, people with higher income are more willing to purchase life insurance. Besides, the use of available resources by a parent determines his or her locus of control. Zindler-Wemet & Weiss (1987) found a link between high preventive care adherence and general internal control points scores in children. It means that parents will utilise all their resources to provide a preventive healthcare for their children, no matter how the size of family.

Moreover, locus of control in education typically refers to how a person views the reasons for their academic success or failure (The Glossary of Education Reform, 2013). For internal locus of control, usually people blame themselves for the failure or success of results such as personal efforts; while students with external locus of control blame external factors, such as the unfairness of the lecturer. In addition, Jacobs, Waddell & Webb (2011) also pointed out that age plays a crucial role in internal and external locus of control. Older adults have higher levels of locus of control compared to younger adults. Precisely because older adults may feel that there are a lot of things going on outside of their control.

The point of this research was to discover if there was a relationship between certain demographic variables and customer purchasing decisions for life insurance products. Within the insurance industry's demographic factors, locus of control can help us predict people's purchasing decisions. It's because people with varied demographic traits consume in different ways.

2.2 Review of Variables

2.2.1 Dependent Variables

2.2.1.1 Consumption of Life Insurance

According to the research done by Sorsa. B & Rao. D (2018), it studied about the demographic determinants such as age, gender, income, size of family and marital status that may influence the life insurance demand in Ethiopia. In their study, it is founded that age is statically significant in influencing the consumption of life insurance in Ethiopia. Moreover, consumption of life insurance is founded to have positive effect when there is an increase of income level, higher education levels, larger number of family members and the number of dependent children for the respondents in China. (Wang. H, 2010). Besides, it is founded to have significant relationship between the demographic factors such as sex, education level, income level and children education with the consumption of life insurance in India. (Mazhar, S, S. et.al, 2015).

Once an individual is facing the changing of status in their life, it is obvious that the consumption level on insurance products will definitely have some changes. When an individual is facing increasing of income level, it is likely that he or she having more purchasing power to consider about adding on the protection on insurance. When an individual is having more dependents, they are more willing to purchase insurance to obtain a sense of secure towards their dependent. According to the research done by Chi, L, A, et.al. (2019), results from the SPSS software indicates that level of income, level of education, perception of life insurance benefits and medical expenses risk are having positive relationship with the life

insurance consumption in Malaysia. This study was done through collecting the questionnaire from 200 taxpayers in Malaysia.

Lastly, Chung. J (2020) claimed that significant relationship was founded between income level, knowledge of life insurance, income protection, risk attitude and the demand for life insurance for “Generation Y” in Klang Valley, Malaysia.

2.2.2 Independent Variables

2.2.2.1 Income level

According to Beh, Lee, Tam & Wong (2018), one of the most important macroeconomic variables influencing insurance consumption is income level. The amount earned by a single person is referred to as income per capita. When the income rises, the demand for life insurance increases, and vice versa. From their research, results showed that income level positively influences the consumption of life insurance. Higher-income individuals purchase more insurance to safeguard their family. This is to ensure that their home expenditures are covered in the case of an unforeseen occurrence. Individuals with greater salaries will also consider insurance as an investment and get retirement life insurance. According to the research of Loon, Tee & Marcia (2019), the Pearson correlation analysis result showed that income levels have a significant relationship with consumption of life insurance in Malaysia, with the correlation coefficient 0.08.

However, Wilfred (2020) claimed that the respondent's income had no bearing on the changes in their intention to obtain health and life insurance. This is due to the fact that insurance is a basic need. At the same time, medical costs are on the rise. As a result, whether a person has a massive or low income, the desire to obtain

health and life insurance is always present. Alhassan and Biekpe (2016) research results also showed that there is a negative relationship between income level and consumption of life insurance. It is due to the researcher categorizing life insurance as an inferior good. Even if income levels grow, demand for life insurance remains low if insurance is regarded as inferior good. Another explanation is that wealth distribution between countries is quite unequal. Because of the disparity in wealth, only the upper class can buy life insurance, while the poorer class cannot.

2.2.2.2 Size of Family

Life insurance is more likely to be purchased by families with children. Those with children had a 15.73% greater chance of purchasing life insurance than families without children. This implies that while they have children, family leaders may feel compelled to insure against prospective losses due to early death (Annamalah, S., 2013).

In addition, Yiing and Yi (2012) also support that household size has a significant relationship in influencing consumers' decision to purchase life insurance. The ratio of the number of insurances grew by a factor of 1.063 as the number of dependents increased. It was discovered that the number of dependents had a substantial influence on the number of insurances acquired. Consumers with more dependents were more likely to buy more life insurance plans, according to the findings.

Based on Sarkodie & Yusif (2015), the greater the number of households, the higher the odds of buying insurance in Ghana. In addition, based on the SPSS result computed by Ho, Koh, Yeoh, Teoh & Yong (2020), the p-value being 0.000 which is below 0.05, therefore it concluded that the consumption of life insurance and size of family have significant relationship.

2.2.2.3 Education Level

According to Loke.Y and Goh.Y (2012), education is found to have a crucial influence towards the consumption of life insurance. Based on the results given, people with tertiary education are more likely to purchase life insurance compared to those without tertiary education. These groups of people with tertiary education are more interested in wealth planning and wealth creation products. The more educated group of people are more willing to purchase insurance as a tool for them to access better healthcare facilities and provide them with a sense of security. (Maria.I et al. 2012).

Based on the findings from FRAUENDORF.C (2020), it is having a higher chance that people with higher educated backgrounds will have an insurance policy. This is because these people are more likely to have higher salaries and get access to those insurance related knowledge to protect against their wealth.

Based on the correlation and hypothesis testing by Juliana.A (2018), the results of education factors show positive correlation with the consumption of life insurance. The correlation coefficient between the education level and consumption of life insurance is 0.277, thus the result supported our hypothesis. Thus, our research is examining the education level is having a positive influence on the consumption of life insurance.

2.2.2.4 Age

According to Estevez. E (2021), the insurance premium is charged according to the time of purchase and duration of the insurance policy. Generally, the insurance premium will increase by about 8%-10% for every year of age. Thus, it is more expensive to purchase insurance when people are getting older.

From the research done by Yin.G (2015), the respondents' age was founded to have positive relationship with the usage of life insurance. The Multiple Linear Regression's p-value is.002, which is less than 0.05, and the correlation coefficient

is 5.852, indicating a positive link with life insurance usage. Individual life insurance consumption will rise as a result of increasing age.

Moreover, according to the research from Chun. C et al. (2013), it was proved to have a considerable positive relationship between age and the consumption on life insurance. This is because the correlation coefficient of 0.244 showed that there is a positively correlation between the variables. Other than that, the p-value is 0.000 which is lesser than 0.05, there is a significant relationship between the variables. In short, it shows that when the age is increasing, the consumption of life insurance will increase.

Apart from that, age only influences the intention to purchase insurance but not the decision. (Dragos et al. n.d.) This result indicated that there is no relationship between the age and the consumption of life insurance.

2.3 Hypothesis Development

2.3.1 Income Level

According to Beh, Lee, Tam & Wong (2018), when the income rises, the demand for life insurance increases. Higher-income individuals purchase more insurance to safeguard their family. This is to ensure that their home expenditures are covered in the case of an unforeseen occurrence. Individuals with greater salaries will also consider insurance as an investment and get retirement life insurance.

H_1 : Income level positively influences the consumption of life insurance.

2.3.2 Size of Family

Those with children had a 15.73% greater chance of purchasing life insurance than families without children. This implies that while they have children, family leaders may feel compelled to insure against prospective losses due to early death (Annamalah, S., 2013).

H₁: Size of family positively influences the consumption of life insurance.

2.3.3 Education Level

The more educated group of people are more willing to purchase insurance as a tool for them to access better healthcare facilities and provide them with a sense of security. (Maria.I et al, 2012). Thus, the people with higher education levels will tend to consume more life insurance.

H₁: Education level positively influences the consumption of life insurance.

2.3.4 Age

The research from Chun. C et al. (2013), there is a considerable positive correlation between age and life insurance consumption. Thus, when the age is rising, the people will have higher chance to consume more life insurance.

H₁: Age positively influences the consumption of life insurance.

2.4 Proposed Theoretical Framework

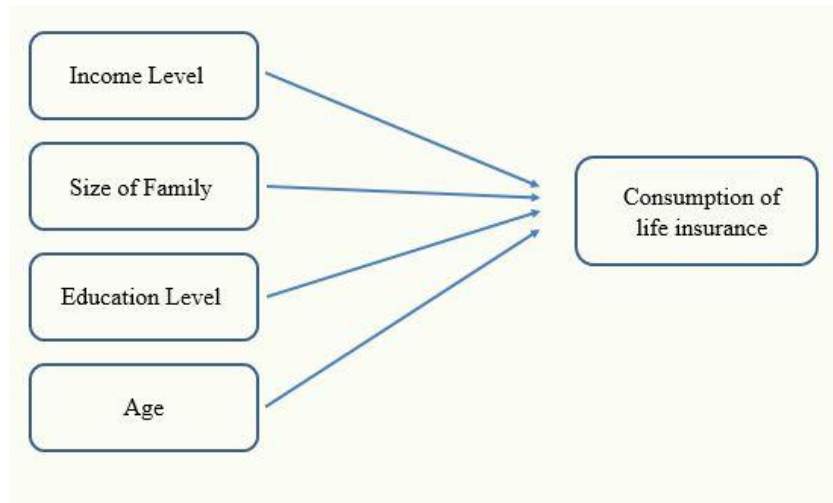


Table 2.1 Proposed Theoretical Framework. Developed for the study

2.5 Chapter Summary

After analyzing relevant literature reviews and theoretical models to identify the independent and dependent variables, a conceptual framework is proposed, along with the hypotheses to be evaluated. The methodologies utilized to perform the research are detailed in detail in the following chapter.

Chapter 3: METHODOLOGY

3.0 Introduction

In Chapter 3, we will discuss the methodology of research. The goal of research methodology is to examine information on a research report and make it easier for readers to assess the research's credibility (LibGuides,2021). This chapter will show the research design, data collection methods, sampling design, research instrument and construct measurement.

3.1 Research Design

The framework through which market research methodology and techniques are chosen by researchers is referred to as research design. It allows researchers to use suitable methods for research and successfully carry out their research (VOXCO, 2021). Research design included 3 categories which are exploratory, descriptive and casual research to determine whether the data collected is quantitative or qualitative. In this research, we using two research design which are, quantitative research design, and descriptive research design.

3.1.1 Quantitative Research Design

The process of gathering and evaluating numerical data is known as quantitative research. It used to discover patterns and averages, make forecasts, evaluate relationships, and extrapolate results to huge group of people (Printha, 2021). According to QuestionPro (2021), quantitative research used sampling techniques to gather data from potential consumers via online surveys, questionnaire surveys,

and others. The numbers can be used to describe the outcomes and it allows anticipate the result of a market and make appropriate modifications after thoroughly studying these statistics.

3.1.2 Descriptive Research Design

According to formplus (2020), descriptive research design is a type of research that focuses on describing the population, circumstance, or phenomena under investigation. If it is a research topic, it focuses on addressing the questions of how, what, when, and where, rather than why. In this research, we use descriptive research. Descriptive research methods are primarily concerned with documenting the characteristics of demographic subdivisions, rather than the "causes" of specific events. In other terms, it "describes" the research topic but does not go into detail on the "cause" for its existence (QuestionPro, n.d.).

3.2 Data Collection Methods

In this study, we used these primary data and secondary data to obtain more accurate results.

3.2.1 Primary data

The first-hand data collected to find an explanation for the situation under study is referred to as primary data (Zikmund, 2003, pp. 63). In this research, we choose to use questionnaire as our data collection method, all the questionnaire will be distributed through online because of the pandemic. We choose to use questionnaires because we can easily collect primary data from a large number of

target respondents, so that the collected data will be more relevant and accurate. Compared with other major data collection methods such as observation, this method can help researchers collect the required data in a shorter time and at a lower cost (Sekaran & Bougie, 2013).

3.2.2 Secondary data

The data that has been acquired for other purposes but relevant to the present research requirements is referred to secondary data. We can also say that the data is previously gathered by others, and now everyone may utilize it. It is not the first-hand data so why it is called secondary data (Intellspot, n.d.). We collect the secondary data through books, journal, newspaper, websites, etc. It helps researchers find information easily and quickly. It is cost-effective and can save a lot of time. In addition, second-hand data also provides researchers with new insights (formplus, n.d.).

3.3 Sampling Design

3.3.1 Target Population

The target population is the policy owner that researchers want to study. Then, from this target population, create a sample frame (djsresearch, n.d.). The objective of this research is to find out the factors that influences consumer decision towards life insurances in Malaysia. Therefore, the study's target population will be Malaysian insurance holders of ages 18-60, regardless of gender.

3.3.2 Sampling frame and sampling location

The sampling frame is a specific population that used to draw the sample (Tavian, 2020). Sampling location is the location where the data collected from. Since we are using non-probability, there is no sampling frame for this research. While the sampling location will be Malaysia.

3.3.3 Sampling Technique

In general, there are two types of sampling techniques: probability sampling and non-probability sampling (Taherdoost,2016). The sample approach utilized in this study will be non-profit sampling. In most cases, non-probability sampling is connected with qualitative research and case study design. Rather than deriving statistical findings for a broader population, case studies often employ small samples and attempt to explore real-life situations. (Yin,2003). In this research, we choose to use a questionnaire which is under convenience sampling. In general, convenience sampling is the sampling approach preferred by students since it is less expensive and easier to select than other sample techniques (Ackoff,1953). According to the Sindhuja R and DR.M. P Kumaran (2021), they are also using convenient sampling method for their research with the topic of “A Study on Customer Buying Behaviour in Life Insurance Company with Special Reference to Coimbatore City”. Therefore, there is a strong support that convenient sampling is suitable for this research.

3.3.4 Sample Size

A sample size is a term used in research to describe the number of people who reflect the population being studied. One of the most critical elements of statistical analysis is determining the appropriate sample size. If the sample size is too small, the results will be ineffective and the population examined will not be adequately represented. However, while a higher sample size will result in a lower margin of

error and will be more representative, an excessively large sample size can greatly increase the cost and time necessary for research (Frankline, 2021). According to the Life Insurance Association of Malaysia (LIAM), only 54% of Malaysians are insured, which means that out of 33 million Malaysians, only about 18 million are insured, which is above 1 million. Therefore, according to Krejcie & Morgan (1970), our sample size will be 384 respondents.

Table 3.1
Sample sizes from different sized universes

Universe Sample		Universe Sample		Universe Sample		Universe Sample	
10	10	100	80	1,250	294	6,000	361
15	14	200	132	1,500	306	7,500	366
20	19	300	169	2,000	322	10,000	370
30	28	400	196	2,500	333	15,000	375
40	36	500	217	3,000	341	20,000	377
50	40	600	234	3,500	346	30,000	379
60	44	700	248	4,000	351	40,000	380
70	59	800	260	4,500	354	50,000	381
80	66	900	269	5,000	357	75,000	382
90	73	1,000	278	5,500	359	1,000,000	384

Source: adapted from Krejcie, R. and Morgan, D. (1970)

3.4 Research Instrument

We use questionnaires as our research instrument. The questions we use are adapted from previous research. Affected by the current epidemic, we will issue questionnaires through Google Forms for survey, because we are restricted from going outside looking for people we don't know. Therefore, using questionnaire surveys is our best and convenient choice to reach 384 target respondents. Before start with the data collections, we will also conduct a pilot test. A pilot test is a type of research rehearsal that allows us to test our research methodologies on a small group of people before doing the main study with 100 participants. (Matt,2021).

3.4.1 Pilot Test

The pilot test is used to see if the questionnaire works as expected, and then the actual test is used to ensure the questionnaire collection's dependability and comprehensibility (Zikmund, 2003). The objective is to assist researchers in reducing mistakes and obtaining more accurate results. According to research by Lackey & Wingate (1997), a sample size of 10% should be used in the pilot test. The sampling size for this research is 384. Therefore, 39 sets of questionnaires will be distributed for the pilot test.

3.5 Constructs Measurement

Pritha Bhandari (2020) said that level of measurement is anything that can transfer into a value based on your data set. Basically, there are 4 types of measurement levels which are nominal, ordinal, interval and ratio. The data was ranked based on its complexity from low(nominal) to high (ratio). For instance, nominal data allows the data to be categorized by labelling them in mutually exclusive groups with no orders such as marital status, gender and ethnicity.

The questionnaire consists of 3 sections, which are Section A, Section B and Section C. First of all, Section A is developed to study about the demographic factors for our respondents. For Section A, the data are measured in ordinal and nominal level. In some ways, the features of nominal and ordinal data are identical. They are both qualitative, having an inconclusive mean value, and a conclusive mode, for example. The fact that they are both categorical data accounts for all of the similarities (Jansen. D, 2020). Thus, gender is categorized as nominal scale.

In Section B and Section C, there will be total of 17 questions related to the 4 independent variables and consists of 6 questions related to the dependent variables. All items in Section B and Section C were measured through five-point Likert Scale which allow the

respondents to answer in form of agree or disagree with a statement. The data are ranged from 1 (strongly disagree) to 5 (strongly agree).

Table 3.2

Measurement Used for Each

Variables	Measurement
Consumption of life insurance	Nominal
Income	Ordinal
Size of Family	Ordinal
Level of education	Ordinal
Age	Ordinal

3.6 Data Processing

Under this part, we will use the data we have gathered to create useful information in this section. It is a data procedure that includes checking, editing, coding, cleaning, and specifying any particular or exceptional treatments of data before they are processed in data processing. For instance, certain pages of questionnaire missing or typo errors for the questions.

3.6.1 Data Checking

Cleaning of data is necessary to guarantee that it is clean, correct, and helpful (McCulloch.L, 2017). Before allocating our questionnaire to the respondents, we have to ensure that all of the details are correct. Once we receive responds from our respondents, we will double-check the data for each of the question is true. For example, we are able to realize possible problems such as typo error and

inaccurately problems. As a consequence, it allows us to avoid mistakes during the final data analysis process.

3.6.2 Data Editing

Timira Shukla (2018) said that the primary goal of data editing is to identify and correct illegible, incomplete, illogical, or inconsistent responses. Respondent and non-respondent mistake are frequently found in raw data. Generally, these inaccurate data or false data will affect the study's reliability. If the data collected from respondents are inconsistent with other answers, we might edit the data based on the previous answer of the respondent. As a result, data editing will remove these false data to enhance the study's reliability.

3.6.3 Data Coding

According to Timira Shukla (2018), data coding is a method for compressing large data sets into mutually exclusive and collectively exhaustive categories so that they can be analysed more easily. For instance, the data such as gender with answers male and female can be transferred into code 1 and code 2. Thus, it simplifies and eases the data analysis process. In Section B and C, the code assigns as 1 as Strongly Disagree, 2 as Disagree, 3 as Neutral, 4 as Agree, and 5 as Strongly Agree.

3.6.4 Data Cleaning

Data cleaning is the practice of correcting or deleting incorrect, corrupted, improperly formatted, duplicate, or incomplete data from a dataset (Tableau, 2021).

It is crucial to process data cleaning when combining multiple data sources. After data cleaning, it will allow the data to process into data analysis.

3.7 Data Analysis

For the data analysis programme, we decided to use SPSS software. We were able to use this program to organize the data and calculate the statistics we had gathered from the respondents' questionnaires. Non-parametric and parametric statistics are the two types of statistical statistics. Under parametric statistics, descriptive and inferential statistics are included.

3.7.1 Descriptive Analysis

Descriptive analysis is a form of data analysis to understand the data collected from the questionnaire more clarify and viewable. Descriptive analysis is a sort of data analysis that helps to explain, show, or summarize data points in a constructive way so that patterns can develop that satisfy all of the data's conditions (Rawat. A. S, 2021). In general, descriptive analysis is to determine the relationship between each variable, such as demographic data in a questionnaire and this data will be converted into a chart, or table form to assist researchers in interpreting the factors influencing consumer decisions for life insurance.

3.7.2 Scale Measurement

3.7.2.1 Normality Test

In our research, we will conduct normality test by using SPSS software. A normal distribution, often known as the Gaussian distribution or the bell-shaped curve, is a type of statistical distribution. The mean and standard deviation of the data define the normal distribution, which is a symmetrical continuous distribution. Skewness is a metric for measuring asymmetry in distributions.

3.7.2.2 Reliability Test

We will use the reliability test to detect the strength between the relationship of the dependent variables and independent variables. Cronbach's Alpha reliability test developed by Lee Cronbach in 1951 will be used to measure the internal consistency of our data set. Table below shows the rules of thumb developed for Cronbach's Alpha reliability test.

Table 3.3

Cronbach's Alpha Test Table

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

3.7.3 Inferential Analysis

Inferential analysis allows us to draw conclusion from sample data to interpret the population's data. Inferential statistics compare treatment groups and make generalizations about the greater population of participants using measures from the sample of patients in the experiment (Kuhar. C.W, 2010).

3.7.3.1 Multiple Linear Regression (MLR)

Adam Hayes (2021) said that multiple linear regression (MLR), often known as multiple regression, is a statistical technique that predicts the result of a response variable by combining numerous explanatory variables. By using MLR, it allows us to model the linear relationship between the explanatory (independent) variables and response (dependent) variables.

In MLR, the explanatory variables will be the consumption for life insurance while the response variables will be the factors that influence the consumption. R-squares which means the coefficient of determination will be used to determine the relationship between both variables. When the value of R-squares is nearer to 1, the relationship is considered as strong relationship.

Generally, equation below can be used to develop the MLR model.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n \tag{1}$$

In our research, our independent variables consist of 4 variables which are income level, size of family, level of education and age that can influence the consumption of Malaysia life insurance. As a result, the equation can be formed as below.

$$CLI = \beta_0 + \beta_1 I + \beta_2 S + \beta_3 E + \beta_4 A \tag{2}$$

CLI= Consumption for life insurance (dependent variable)

I= Income Level (Independent Variable 1)

S= Size of Family (Independent Variable 2)

E= Level of Education (Independent Variable 3)

A= Age (independent variable 4)

As a result, this MLR model will be used to interpret the relationship between consumption of life insurance with these 4 independent variables.

3.8 Chapter Summary

In conclusion, the research methodology in this research is complete. This chapter goes into the data collection process, sampling design, research design, research instrument, and other topics in depth. Furthermore, this chapter also discussed how to analyze the data from the respondents using SPSS. By conducting a reliability analysis, we can determine the reliability of the data. The result will discuss in below.

CHAPTER 4: DATA ANALYSIS

4.0 Introduction

Chapter 4 discussed the data gathered from the questionnaire. Total of 385 questionnaire were collected and analyzed by using IBM SPSS statistic. All of the data will be presented through tables in order to have an easier understanding. The data results indicate the relationship between the demographic factors and the consumption of life insurance.

4.1 Descriptive Analysis

4.1.1 Respondent Demographic Profile

This section describes the profile of respondents, including different income levels, size of family, education levels, and age. This frequency analysis used total 385 completed questionnaires.

4.1.1.1 Consumption of Life Insurance

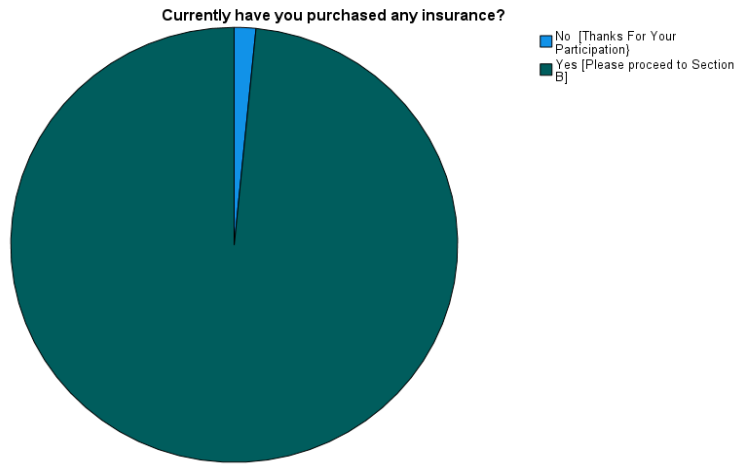
Table 4.1:

Consumption of Life Insurance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No [Thanks For Your Participation]	6	1.6	1.6	1.6
	Yes [Please proceed to Section B]	379	98.4	98.4	100.0

Factors Influencing Consumption for Life Insurance

Total	385	100.0	100.0
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Source: Developed for Research

Figure 4.1: Percentage of Respondents Consumption of Life Insurance

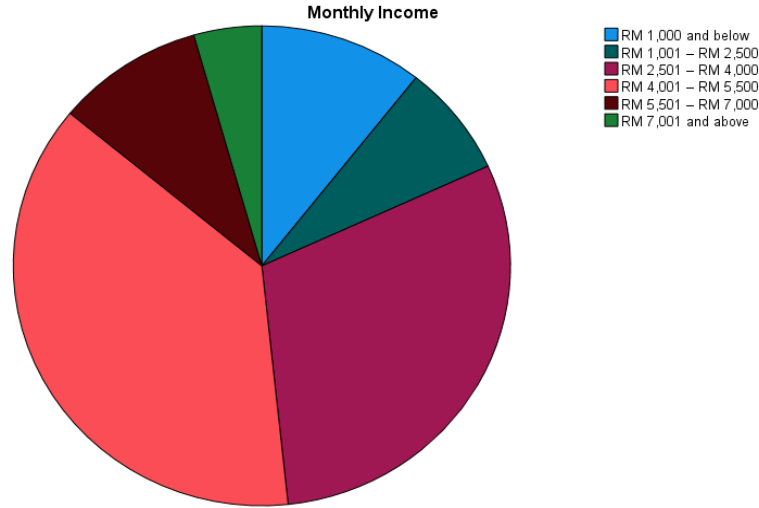
From the graph shown in Table 4.1, respondents who purchased life insurance accounted for the majority of respondents compared to respondents who did not. Out of a total of 385 respondents, a total of 379 respondents, or 98.4%, had at least one life insurance policy, while only 6 or 1.6% of them had no life insurance policy.

4.1.1.2 Income Level

Table 4.2:

Frequency Table for Income level (Monthly Income)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	RM 1,000 and below	41	10.6	10.6	10.6
	RM 1,001 – RM 2,500	29	7.5	7.5	18.2
	RM 2,501 – RM 4,000	116	30.1	30.1	48.3
	RM 4,001 – RM 5,500	145	37.7	37.7	86.0
	RM 5,501 – RM 7,000	37	9.6	9.6	95.6
	RM 7,001 and above	17	4.4	4.4	100.0
	Total	385	100.0	100.0	



Source: Developed for the research

Figure 4.2 Percentage of Respondents Based on Income Level

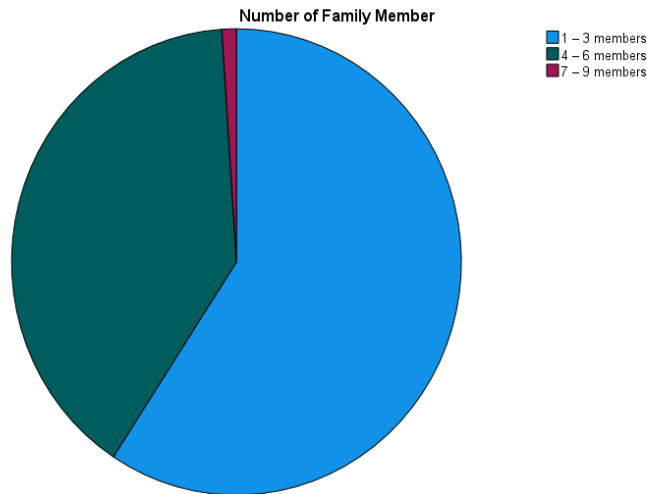
Based on Table 4.2, there have 41 which is 10.6% of respondents are taking RM1,000 and below income every month and 29 or 7.5% respondents is under category RM1,001 and RM2,500. Besides, there have 116 or 30.1% of respondent is taking RM2,501 to RM4,000 monthly income while 145 or 37.7% of respondents earned RM4,001 to RM5,500 every month. There have 37 or 9.6% of respondent earning fall in group RM5,501 to RM7,000, while the respondent of monthly income RM7,000 and above is the least, which have only 4.4% or 17 respondents.

4.1.1.3 Size of Family

Table 4.3:

Frequency Table for Size of Family

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 – 3 members	228	59.2	59.2	59.2
	4 – 6 members	153	39.7	39.7	99.0
	7 – 9 members	4	1.0	1.0	100.0
	Total	385	100.0	100.0	



Source: Developed for the research

Figure 4.3 Percentage of Respondents Based on Size of Family

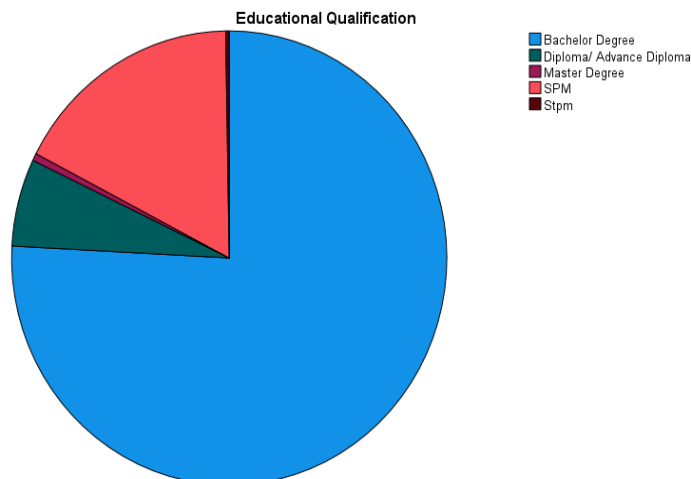
According to the table above, the majority of respondent have 1 to 3 family members, which is 228 or 59.2% of respondents, while family that have 7 to 9 members is the least which have only 4 or 1% of respondent. 153 or 39.7% of respondents fall in the category of 4 to 6 members in family.

4.1.1.4 Education Level

Table 4.4:

Frequency Table for Education Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Bachelor Degree	292	75.8	75.8	75.8
Diploma/ Advance Diploma	24	6.2	6.2	82.1
Master Degree	2	.5	.5	82.6
SPM	66	17.1	17.1	99.7
Stpm	1	.3	.3	100.0
Total	385	100.0	100.0	



Source: Developed for the research

Figure 4.4 Percentage of Respondents Based on Education Level

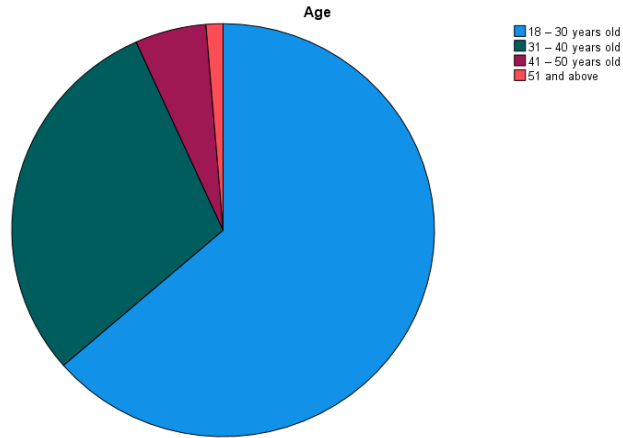
It can be seen from Table 4.4 that the highest education of most respondents is bachelor degree, accounting for 292 people, accounting for 75.8%, while the second largest was SPM with amount 66 or 17.1% of respondents. This is followed by Diploma/Advanced Diploma with amount 24 or 6.2% of respondents. Only 2 or 0.5% and 1 or 0.3% of respondents fall into master degree and STPM.

4.1.1.5 Age

Table 4.5:

Frequency Table for Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18 – 30 years old	245	63.6	63.6	63.6
31 – 40 years old	114	29.6	29.6	93.2
41 – 50 years old	21	5.5	5.5	98.7
51 and above	5	1.3	1.3	100.0
Total	385	100.0	100.0	



Source: Developed for the research

Figure 4.5 Percentage of Respondents Based on Age

Based on the Table 4.5, most of the respondent is in 18 to 30 years old, which is 245 or 63.6% while the respondents from 31 to 40 years old occupied 114 or 29.6% of respondent. There have 21 or 5.5% of respondents are 41 to 50 years old and respondent that 51 years old and above have 5 or 1.3%.

4.1.2 Central Tendencies Measurement of Constructs

The mean score and standard deviation, which illustrate the structure asked in the survey, are a measure of central tendencies.

Table 4.6:

Central Tendencies Measurement of Constructs

Variables	Construct	Mean	Std. Deviation
DV	Consumption of Life Insurance	18.37	2.291
IV 1	Income Level	20.15	3.826
IV 2	Size of Family	21.23	3.069
IV 3	Education Level	12.94	1.852
IV 4	Age	21.48	3.052

Source: Developed for the research

From Table 4.6, it can find out that the combined mean score of the 6 variables are between 12.94 and 21.48. The highest mean score of 21.94 is age (IV 4), while the lowest mean score is education level, only 12.94 (IV 3). Besides, the range of standard deviation for the 6 variables is between 3.826 and 1.852. Income level (IV 1) has the largest standard deviation, while education level (IV 3) has the lowest.

4.2 Scale Measurement

4.2.1 Normality Test

Table 4.7:
Normality Test

Variables	Construct	Skewness	Kurtosis
DV	Consumption of Life Insurance	-0.834	-0.768
IV 1	Income Level	-0.436	-0.424
IV 2	Size of Family	-0.531	-0.037
IV 3	Education Level	-0.669	0.392
IV 4	Age	-0.419	-0.874

Source: Developed for the research

According to Chen. J (2021), normal distribution is indicating that the probability distribution is symmetric around the mean. In our study, consumption of life insurance (-0.834) shows the lowest skewness while the age is showing the highest skewness (-0.419). On the other hand, Age (-0.874) is showing the lowest kurtosis while education level is the highest in kurtosis (0.392). The acceptable range for skewness and kurtosis to be normal distributed is within the range of ± 2 (George & Mallery, 2005). Thus, all of the values are fall within the range of ± 2 , the data is

considered to be normally distributed.

4.2.2 Reliability Test

Cronbach’s Alpha test was used to determine the strength between the relationship of dependent variables and independent variables. According to the previous table, Cronbach value should be at least 0.7 to be accepted as reliable.

Table 4.8:

Reliability Test

Cronbach’s Alpha	N of Items
0.830	5

According to Table 4.1, it shows the reliability test result for all of the 5 items included the dependent variable and the independent variables. Based on our study, the Cronbach value is 0.83, which means that the reliability test result is categorized within the good range which is 0.8 to 0.9.

4.3 Inferential Analysis

4.3.1 Multiple Linear Regressions

Table 4.9:

Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.720	0.518	0.509	2.275

According to Table 4.3, the correlation coefficient value for this study is 0.720 which showed a positive and high correlation between dependent variables and independent variables. Based on the R^2 (0.518), it shows that the 51.8% of the changing in the consumption of life insurance can be explained by all of the 4 independent variables, while the rest of the 48.2% could be explained through other excluded independent variables

Table 4.10:
Coefficients

Coefficients						
Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig
1	(Constant)	-.609	1.248		-.488	.626
	Income Level	.109	.060	.101	2.184	<.001
	Size of Family	.138	.070	.112	2.693	<.001
	Education Level	.077	.057	.071	1.126	<.001
	Age	.236	.068	.191	3.438	<.001

According to Table 4.4, all of the p-value for 4 independent variables are below 0.001. This indicates that the income level, size of family, education level and age are statistically significant for the consumption of life insurance.

$$CLI = \beta_0 + \beta_1 I + \beta_2 S + \beta_3 E + \beta_4 A$$

CLI= Consumption for life insurance (dependent variable)

I= Income Level (Independent Variable 1)

S= Size of Family (Independent Variable 2)

E= Level of Education (Independent Variable 3)

A= Age (independent variable 4)

Thus, the equation of $CLI = -0.609 + 0.109I + 0.138S + 0.077E + 0.236A$ is formed.

Based on the equation, age (0.236) is contributing to the highest impact towards the consumption of life insurance. Meanwhile, the education level (0.077) is considered as the lowest impact factor towards the consumption of life insurance. Through the equation, it can be explained that when there is an increase in the income level, size of family, level of education and age, the consumption for life insurance will increase by 10.9%, 13.8%, 7.7% and 23.6% respectively.

4.4 Conclusion

Under this chapter, all of the outcomes are interpreted using SPSS software. There are several tests have been conducted in this chapter which are the normality test, reliability test, pearson correlation analysis and multiple linear regression model. All of the outcomes will be further discussed in the next chapter.

CHAPTER 5: DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0 Introduction

Under this chapter, the outcomes from chapter 4 will be interpreted through SPSS. After discussion on major findings, the remaining parts would be implications of study, limitation and recommendations for future study and a final conclusion for this research.

5.1 Discussions of Major Findings

5.1.1 Income Level

H1: Income level positively influences the consumption of life insurance.

Income level was founded to have a significant relationship with the consumption of life insurance through the results gained from the previous analysis. Based on the results from MLR, the p-value which lesser than significant level of 0.001 and the correlation with 0.109 shows that there is a positive relationship with the dependent variable. Therefore, H1 is accepted in this study. The result 0.109 means that when there is an increase in the income level for Malaysians, the consumption for life insurance will be increased by 10.9%. Therefore, the established results are similar to the previous articles mentioned in Chapter 2.

For example, according to Beh, Lee, Tam & Wong (2018), when the income rises, the demand for life insurance increases. Higher-income individuals purchase more insurance to safeguard their family.

5.1.2 Size of Family

H2: Size of family positively influences the consumption of life insurance.

Size of family was founded to have positive relationship to the consumption of life insurance. The p-value of MLR is smaller than the significant level of 0.001. Besides, the correlation of 0.138 shows that age is having a positive relationship with the dependent variable, which means that every increase in the size of family leads to 13.8% of increase in the consumption of life insurance.

Based on the SPSS result computed by Ho, Koh, Yeoh, Teoh & Yong (2020), they also showed the positive relationship between these two variables, in which the p-value being 0.000 which is below 0.05, therefore it concluded that the consumption of life insurance and size of family have significant relationship.

5.1.3 Education Level

H3: Education level positively influences the consumption of life insurance.

Education level was founded to have positive relationship with the consumption of life insurance. Based on MLR, the p-value is which is lesser than the significant level of 0.001 and the correlation of 0.077 proved the hypothesis testing. As a result, the H3 is accepted in this study. As a comparison, education level is having

relatively small influence towards the dependent variables compared to others variables. The result of 0.077 means that when there is an increase in the education level for Malaysians, the consumption for life insurance will be increased by 7.7%.

Consequently, the results found are similar to the previous articles mentioned in Chapter 2. For instance, the research from Maria (2012) showed that people with higher education are more likely to purchase insurance as a tool for them to access better healthcare facilities and provide a sense of security to them.

Other than that, the correlation and hypothesis testing by Juliana.A (2018), the results of education factors show positive correlation with the consumption of life insurance. The correlation coefficient between the education level and consumption of life insurance is 0.277, thus the result supported our hypothesis.

5.1.4 Age

H4: Age positively influences the consumption of life insurance.

Age was founded to have positive relationship with the consumption of life insurance. Based on MLR, the p-value which is lesser than 0.001 and correlation of 0.236 shows that age is positively related to the dependent variable. Throughout the study, age is found to have the highest positive influence towards the consumption of life insurance. The correlation shows that with every increase in an age, there will be a 23.6 % increase in the consumption of life insurance. This result is similar to the research mentioned in Chapter 2.

Based on the research done by Yin. G (2015), the MLR p-value is 0.02 which is lesser than 0.05 which means that there is a significant relationship between age and consumption of life insurance. Other than that, the correlation coefficient is

5.852, showing that there is a positive relationship between the age and the consumption of life insurance.

Furthermore, according to Chun. C et al. (2013), there is a significant positive link between age and the purchase of life insurance. The correlation coefficient of 0.244 shows that age is positively related to life insurance usage. There is a significant relationship between the variables because the p-value (0.000) is less than 0.05. As a result, it appears that as respondents' ages increase, so will their life insurance usage.

5.2 Implications of Study

5.2.1 Managerial Implications

This research provided a significant concept to be adopted to the actual insurance industry. Throughout the research, it indicates those influencing demographic factors towards the consumption of life insurance. By understanding these demographic factors, insurance companies are able to identify how their market segmentation strategy could be developed. In fact, 44% to 66% of the insurance companies have to allocate 61% of direct expenses for marketing including advertising and trade promotions (Tiemann. K, 2019). Thus, allocating these much financial resources are crucial to identify the targeting population to achieve an efficient marketing strategy.

By analyzing the demographic factors, it allows the company to have a better prediction towards the market consumption on life insurance. It assists the company to develop more suitable products to encounter the specific needs of certain group of people. For instance, the one' elders are generally more emphasized on the life insurance needs compared to the youth. Meanwhile, it is found that people with

higher income level is more willing to purchase life insurance to secure their financial position.

Other than that, our study found that 75.8% of people with Bachelor Degree are having more than one insurance policy. Lastly, respondents with higher size of family are looking for life insurance compared to those with limited size of family members. Thus, it improves the understanding for the insurance companies towards their clients. As a consequence, these results are useful for the insurance companies on their marketing plan or even the development of the products structure.

In this research, it has proven that all of the independent variables including age, income level, education level and size of family are having significant relationship with the consumption of life insurance. These factors are playing an important role to determine the consumer decision making towards life insurance. Meanwhile, it represents the demographic info for the policy's owner. Thus, it is advisable to take these factors into consideration when analyzing the consumer needs and preference.

5.3 Limitation of the Study

5.3.1 Sampling Bias

When some members of a population are systematically more likely to be picked in a sample than others, this is known as sampling bias (Bhandri.P, 2020). One of the reasons leading to sampling bias is because of the education level of our respondents are generally holding Bachelor of Degree with only 1-3 size of family members. Other than that, we are receiving majority of the respondents from Perak state. Thus, it may lead to sampling bias and cause the inaccuracy happen.

5.3.2 Moderately strong R² (0.518)

According to Jason. F (2021), R-squared (R²) is a statistical measure that quantifies the proportion of variation explained by an independent variable or variables in a regression model for a dependent variable. R-squared reveals to what extent the variation of one variable explains the variance of the second variable, whereas correlation explains the strength of the relationship between an independent and dependent variable. The value of R-squared is considered weak when the value is between 0.3 to 0.5. While it is considered moderate when the value is between 0.5 to 0.7 and it is considered strong effect when the value is above 0.7 (Rumsey, D, J. 2021). For our study, the R² value stands at 0.518, it indicates that our model is moderate. Hence, there are more independent variables to be added into our regression model to improve the model.

5.3.3 Limitation of sample size

Since Malaysia is having 32.37 million of population and 13 states. It is definitely impossible to gather even 1% of the targeted population data. In fact, we are mainly distributing our questionnaire in Perak state. Thus, it may be the sample size limitation. However, we are distributing 384 questionnaires to our targeted respondents by following the maximize universal sample size according to Krejcie & Morgan.

5.3.4 Limitation of research model

In our research, we only examine the demographic factors towards the consumption of life insurance. However, more factors can be added to provide a clear picture towards the consumer data. For example, psychographic factors, economic factors and marketing factors should be considered to add into the research model.

5.4 Recommendations for Future Research

Firstly, the future research should increase their sample size and expand the respondent's area towards each of the states in Malaysia. This is because the more the sample size, the more precise the data would be to reflect the exact demographic data in Malaysia.

Other than that, the independent variables solely focusing on the demographic factors which cause the limitation on the research model. The R² is commonly used to assess how well regression models match the observed data, with a higher R² indicating a more promising prediction model. (CFI, n.d.). Meanwhile, adding more independent variables will increase the value of R² (Potters. C, 2022). Thus, adding more independent variables is expected to have a higher possibility to build a better predictive model. As a result, other variables, such as economic and physiographic aspects, might be included in the regression model.

Lastly, the data collection method could be improved to gather for a more precise data. Through conducting the interview session, two ways communicating could be done between the researchers and the respondents. It is undeniable that one way communicating like questionnaire or survey forms are not always fits to the condition and situation of every respondent. By having a two-way communication, interviewer could ask specific questions according to the interviewees background and responds. Thus, it is expected to have a better accuracy in conducting the predictive model.

5.5 Conclusion

As a conclusion, this study examined the factors influencing the consumer consumption on life insurance. This study is solely focusing on the four demographic factors which are income level, education level, age and size of family. According to our study, 4 of the factors are founded to be positively influencing the consumption of life insurance. This result is similar as many of our literature review findings

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APPENDICES

Appendix I Questionnaire

Section A: Demographic Question

In this section, we would like you to fill in your personal details. Please tick at the following answer box for each question.

1. Gender

- Female
- Male

2. Number of Family Member

- 1 – 3 members
- 4 – 6 members
- 7 – 9 members
- Other:

3. Age

- 18 – 30 years old
- 31 to 40 years old
- 41 to 50 years old
- 51 and above

4. Educational Qualification

- SPM
- Diploma/ Advance Diploma
- Bachelor Degree
- Master Degree
- Other

5. Monthly Income

- RM 1,000 and below
- RM 1,001 – RM 2,500
- RM 2,501 – RM 4,000
- RM 4,001 – RM 5,500
- RM 5,501 – RM 7,000
- RM 7,001 and above

6. Current employment status

- Permanent
- Prohibition
- Contract
- Part Time

7. Currently have you purchased any insurance?

- Yes
- No

Section B: Independent Variables

Please indicate the extent to which you agreed or disagreed on the following question by using 5 points Likert scale: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 and Strongly Agree = 5 Please circle one number to indicate the extent to which you agree or disagree with the following question

Income

Questions	SD	D	N	A	SA
I am satisfied with my current income/salary.	1	2	3	4	5
My income is enough for my monthly spending.	1	2	3	4	5
My income directly affects my purchasing power.	1	2	3	4	5
I have a habit of monthly saving.	1	2	3	4	5
I always spend according to my budget.	1	2	3	4	5

The Size of Family

Questions	SD	D	N	A	SA
The increased of number of children will increased my spending.	1	2	3	4	5
The more the children, the harder for me to taking care of them.	1	2	3	4	5
The size of family will influence my purchasing decision.	1	2	3	4	5

Level of Education

Factors Influencing Consumption for Life Insurance

Questions	SD	D	N	A	SA
An individual education level is positively related to greater risk aversion.	1	2	3	4	5
With better educated makes me more aware of the risk and the hazard of financial stability.	1	2	3	4	5
A society with higher education is likely to be more knowledgeable about how to prevent the unfortunate events.	1	2	3	4	5
The education would increase my understanding of living necessity and responsibilities.	1	2	3	4	5
I believe with higher education of level it will alert me the importance and benefits of life assured.	1	2	3	4	5

Age

Questions	SD	D	N	A	SA
Life insurance is important in all group of age.	1	2	3	4	5
Generally, when age increase, health risk will increase.	1	2	3	4	5
Generally, life insurance is more expensive as I get older	1	2	3	4	5

Section C: Dependent Variable

Please indicate the extent to which you agreed or disagreed on the following question by using 5 points Likert scale: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4

and Strongly Agree = 5 Please circle one number to indicate the extent to which you agree or disagree with the following question

Consumption of life insurance

Questions	SD	D	N	A	SA
Purchasing life insurance is a „must“ in my life cycle to prevent emergency.	1	2	3	4	5
I believed that the purchase of life insurance would benefit my future.	1	2	3	4	5
Consumers are not necessary to consume the life insurance.	1	2	3	4	5
To me life insurance is just “nice to have”	1	2	3	4	5
I think life insurance is a scam.	1	2	3	4	5
If I have a good economic condition, I will purchase a better life insurance.	1	2	3	4	5

APPENDIX II

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.830	.829	5

Multiple Linear Regression

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.720 ^a	.518	.509	2.275

a. Predictors: (Constant), Age, Income, Education Level, Size of Family

b. Dependent Variable: Consumption of Life Insurance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.609	1.248		-.488	.626
	Income	.109	.060	.101	2.184	<.001
	Size of Family	.138	.070	.112	2.693	<.001
	Education Level	.077	.057	.071	1.126	<.001
	Age	.236	.068	.191	3.438	<.001

a. Dependent Variable: Consumption of Life Insurance