



**A STUDY ON CUSTOMER RETENTION IN RELATION TO
SERVICE BY COOPERATIVE PROVIDER IN TAKAFUL
IKHLAS**

(PROPOSAL)

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“DECLARATION OF ORIGINAL WORK”

I, Mohd Asyraf Bin Abd. Rahman, (I/C Number 881007-11-5517)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree or any other degrees
- This research paper is the result of my independent work and any investigation, except where otherwise stated
- All verbatim extracts have been distinguish by quotation marks and sources of my information have been specially acknowledged.

Signature : _____

Date : _____

LETTER OF SUBMISSION

29th April 2011

The Head of Programs
Bachelor of Business Administration (Hons) Insurance
Faculty Of Business Management
Universiti Teknologi MARA
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Dear Sir,

Submission Of Project Paper

Attached is the project paper title '**A STUDY ON CUSTOMER RETENTION IN RELATION TO SERVICE BY COOPERATIVE PROVIDER IN TAKAFUL IKHLAS**' to fulfilled the requirement as needed by the Faculty Of Business Management, Universiti Teknologi MARA.

Thank you,

Your sincerely,
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Bachelor Of Business Administration (Hons) Insurance

A STUDY ON CUSTOMER RETENTION IN RELATION TO SERVICE BY COOPERATIVE PROVIDER IN TAKAFUL IKHLAS

Chapter 1: Introduction

1.1 BACKGROUND OF STUDY

Customer retention defines as when company are successful in keeping their customer to still using their product or services rather than change to their competitors product or services. Customer retention also is important for most of the company to be prime mover and to sustain their profitability. That is, product or service must fulfill customer need and expectation.

Corporate business department was operated since earlier establishment of Takaful Ikhlas Sdn Bhd (TISB). This department is focusing more on corporate sector and separated into three channel. Channel in this department comprises of cooperative, direct and corporate agent.

Cooperative is a body established for various function mainly for their members such as for the purpose of financing, transportation, insurance and takaful, services and others. Cooperative is able to generate a profit and expand the business since them running for both profit and benefit oriented.

Nowadays, for the purpose of protection against unfortunate event, almost all cooperative prepare their members with insurance or takaful. Takaful is Islamic insurance whereby it is a form of contribution from all members sharing a same risk into pooling system. There are many type of product of takaful usually taken by cooperative for their members such as Group Term Takaful (GTT), Group Credit Term Takaful (GCTT), Group Personal Accident (GPA), motor takaful Group Hospital and surgery and others.

Customer retention is the key components in maintaining a profitable business for any organization. The aim of the study is to identify the factors that influence customer retention in relation to service by cooperative provider in Takaful Ikhlas Sdn Bhd.

1.2 PROBLEM STATEMENT

Until the end of 2010, there are 85 cooperative bodies take various takaful product from Takaful Ikhlas Sdn. Bhd (TISB). Since members of these cooperative body increase every year, it is very importance for TISB to maintain and retain as much as possible of this cooperative in order to gain profit from this channel of takaful. According to (Amirul Asraf Shariff, 2011), every expiry of takaful period, there are always being uncertainty whether the company are successful in retain their customer which is cooperative body to continue being insured under TISB. However, there are no survey yet been conducted to look upon customer retention based on services provided by TISB. Hence, this aims to look at the customer retention through services offered by TISB.

1.3 RESEARCH OBJECTIVES

Research objectives answer the question “why do we want carry out that research?” and “what result that hoping will achieve from research?” One good research must have element of purposiveness to define objective of study as first step of research. The main focus of this research is **to determine the most factors influencing customer retention in TISB**. Other several objectives outlined to accomplish this study are:

- i. To know is there any significance relationship between each independent variable and dependant variable.
- ii. To determine level of customer retention.

1.4 RESEARCH QUESTION

- i. To identify the most influencing factor affecting customer retention.
- ii. Is there significance relationship between each independent variable and dependant variable?
- iii. What is the level of customer retention at TISB?