



PROSIDING
KOLOKIUM
2003

Universiti Teknologi MARA

Cawangan Kedah,
Kampus Sungai Petani,
Peti Surat 187, 08400 Merbok,
Kedah Darul Aman, Malaysia
Tel: 04 4562000
Fax: 04 4562223

Laman Web: <http://www.kedah.uitm.edu.my>

KOLOKIUM 2003

UNIVERSITI TEKNOLOGI MARA
CAWANGAN KEDAH
KAMPUS SUNGAI PETANI

Pada:
17 April 2003

Tempat:
*Cinta Sayang Golf & Country Resort
Sungai Petani
Kedah Darul Aman*

Isi Kandungan

Kata-kata Aluan Naib Canselor Universiti Teknologi MARA	i
Kata-kata Aluan Pengarah Kampus, Universiti Teknologi MARA Cawangan Kedah	ii
Kata-kata Aluan Pengerusi Jawatankuasa Kolokium 2003	iii
The Effects Of Production, Stock And Export Variables On The Prices Of The Malaysian Crude Palm Oil Futures Market <i>Dr. NIK MUHAMMAD NAZIMAN ABD RAHMAN</i>	1
Corak Perbelanjaan Wang Perbadanan Tabung Pendidikan Tinggi Negara (PTPTN): Kajian Kes Di Universiti Teknologi Mara (UiTM) Zon Utara (Kampus Bukit Mertajam, Kampus Sungai Petani Dan Kampus Arau) <i>NORMALA ISMAIL</i>	12
Comparison Of Students' Achievements In University Technology Mara (UiTM) English Examinations And Malaysian University English Test (MUET) <i>ALAUYAH JOHARI</i>	30
A Comparative Study Of The Marketing Strategies Adopted By The Conventional Insurers And Islamic Insurers. <i>MAZNAH WAN OMAR</i>	42
Adakah Kecemerlangan Pelajar Ditentukan Oleh Penguasaan Bahasa Inggeris? Satu Kajian Kes Di Universiti Teknologi Mara (UiTM) Zon Utara (Kampus Sungai Petani, Kampus Bukit Mertajam Dan Kampus Arau) <i>NOOR SALIZA ZAINAL</i>	53
Currency Crisis And Stock Price Behavior : Evidence From The Kuala Lumpur Composite Index <i>ANUAR HAJI WAHAB</i>	69
Lampiran A : Aturcara Majlis Kolokium 2003 Lampiran B: Ahli Jawatankuasa Kolokium 2003	

A COMPARATIVE STUDY OF THE MARKETING STRATEGIES ADOPTED BY THE CONVENTIONAL INSURERS AND ISLAMIC INSURERS.

MAZNAH WAN OMAR

*Pensyarah Pengurusan
Universiti Teknologi MARA Cawangan Kedah
Kampus Sungai Petani*

ROSHIMA SAID

*Pensyarah Perakaunan
Universiti Teknologi MARA Cawangan Kedah
Kampus Sungai Petani*

NORASMILA AWANG

*Pensyarah Perakaunan
Universiti Teknologi MARA Cawangan Kedah
Kampus Sungai Petani*

SOFIAH MOLEK LOPE AMAN SHAH

*Pensyarah Pemasaran
Universiti Teknologi MARA Cawangan Kedah
Kampus Sungai Petani*

ABSTRACT

Presently, there are 68 insurers licensed to conduct insurance business in Malaysia. They composed of 58 direct (primary) insurers and 10 professional insurers. These insurers operate through 872 branches nation-wide and 1,254 electronic terminals, set up mostly at the offices of Intermediaries. The Malaysian insurance industry remains largely agency-based with over 122,000 agents registered across the country. The life insurance business is dominated by the foreign-controlled companies, which hold around 78% of the total market share. The local firms dominate the general insurance market, holding a 70% market share, leaving 30% to the foreign controlled companies.

INTRODUCTION

The Insurance industry as an integral part of the financial system plays an important role in the economy. The growing significance of insurance is reflected in the increasing rate of market penetration, defined as the number of life policies in force as a ratio of the total population of the nation. Over the period of 1991 to 2001, the combined market penetration rate for conventional insurance and takaful has increased markedly from 13.5% to 34.3% (Takaful: Annual Report 2001). Despite the significant progress made by both sectors over the years, market penetration levels for the country is still relatively low, signifying a large potential that remains untapped. A significant component of this untapped market comprises of Malaysian Muslims.

OBJECTIVES

The main objective of the survey is to secure an overview of the marketing strategies adopted by the Conventional Insurers and Islamic Insurers. Specifically the study aims at: 1) Identifying the factors that contribute to the rise of sales of the conventional insurance as compared to the Islamic insurance, 2) To propose for marketing strategies that Islamic insurers could adopt in order to attract more customers/insurance subscribers,

3) To propose for ways in order to realize Bank Negara Malaysia – BNM's mission to make Malaysia a model for Islamic Banking and Takaful Operation.

DEFINITION OF TERMS AND CONCEPTS

TAKAFUL

Takaful is an Arabic word, which means the act of a group of people mutually guaranteeing each other. Takaful is an agreement among a number of persons jointly or reciprocally guaranteeing each other against any misfortune befalling on any of them. The meaning of the word Takaful is closest to that of the English word Insurance (The Independent, 2001).

According to Bilah (2001), takaful means shared responsibility or shared guarantee, responsibility, assurance or surety. It means mutual guarantee provided by a group of people living in the same society against a defined risk or catastrophe befalling one's life, property or any form of valuable things, or it is better known as cooperative insurance.

CONVENTIONAL INSURANCE

Insurance is a mutual financial transaction carried out against an unexpected risk on lives, property or business ventures. Insurance under the Common Law is based on the principle of mutual contract, whereby protection against an unpredicted happening for the insured is guaranteed by the insurer (Billah, 2001). The development of the principles and practices of insurance under the Civil Law remains under the principles of usury/interest.

MARKETING STRATEGY

Curtis (2000) defines marketing as a business philosophy that puts the customer as the foundation of an organization's existence and a functional department, which exists in many organizations. Above all else however, it is a process and an activity for satisfying customer's needs and wants. As such marketing is defined as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individuals and organizational objectives.

COMPARATIVE

A comparative proposition is a proposition, which states the existence of a difference or a similarity between two entities.

PROMOTION

A Promotion keeps the product in the minds of the customers and helps stimulate demands for the product. A Promotion involves ongoing advertising and publicity (as mentioned in the press). The ongoing activities of advertising, sales and public relations are often considered aspects of promotions (McNamara, 1999).

LITERATURE REVIEW

Maysami and Kwon (1999) think that *Insurance* business, which deals with the uncertainties of loss and does not conform well to *Islamic* principles, was long discouraged, if not prohibited, in *Islamic* society. The Shariah permits takaful (shared responsibility) and strongly encourages such practice among Muslims. In contrast, the Shariah prohibits exploitation and risky investments because Muslim jurists generally view that these activities are "gharar" (contracts in which results are unknown, hidden or speculative in nature) (Ismail in Maysami and Kwon, 1999) and the market must be a place for exchange of products and services where all parties in each contract explicitly know the prices. Riba (charging predetermined interest) is also forbidden in Islam regardless of the purpose for which such a loan is made and the rates at which interest is charged.

According to the research done by Karen E. Flaherty and James M. Pappas, University of Massachusetts (*The Relationship Between Pay Structure And Salesperson's Mood: An Examination Of Self Complexity As A Mediator*), high turnover and poor morale are two of the problems that sales organizations face on a daily basis. Many salespeople cannot

handle the high-pressure environment that typifies sales jobs. As result, they become dissatisfied with their jobs and leave their positions. There is no doubt that sales are a stressful occupation. Salespeople are subjected to rejections on a regular basis. As a result, sales forces have been plagued with poor morale and burnout, as well as extremely high rates of turnover.

It is proposed that pay structure, through its impact on self-complexity, has an impact on important outcome measures such as salespeople's satisfaction with their jobs, their levels of motivation, and ultimately their intent to leave their jobs. A salesperson experiencing mood swings and suffering from stress-related illness and depression is more likely to be dissatisfied, unmotivated, and at high risks of leaving the job.

Training is one of the most frequently employed human resource development (HRD) strategies to improve employee and organizational performance. However, a series of studies indicated that less than 15 percent of what people learn in training actually transfers to the job in a way that enhances performance (Baldwin & Ford, 1988; Broad & Newstrom , 1992).

RESEARCH METHOD

Sample

A random sample of 250 customers and 50 insurance agents from Sungai Petani and Alor Star were selected for the study.

Questionnaire

Two sets of questionnaires were prepared. One set of the questionnaires was distributed to the customers of both the conventional insurers and the Islamic insurers; the other set of the questionnaire was distributed to their agents/marketing officers.

Interviews

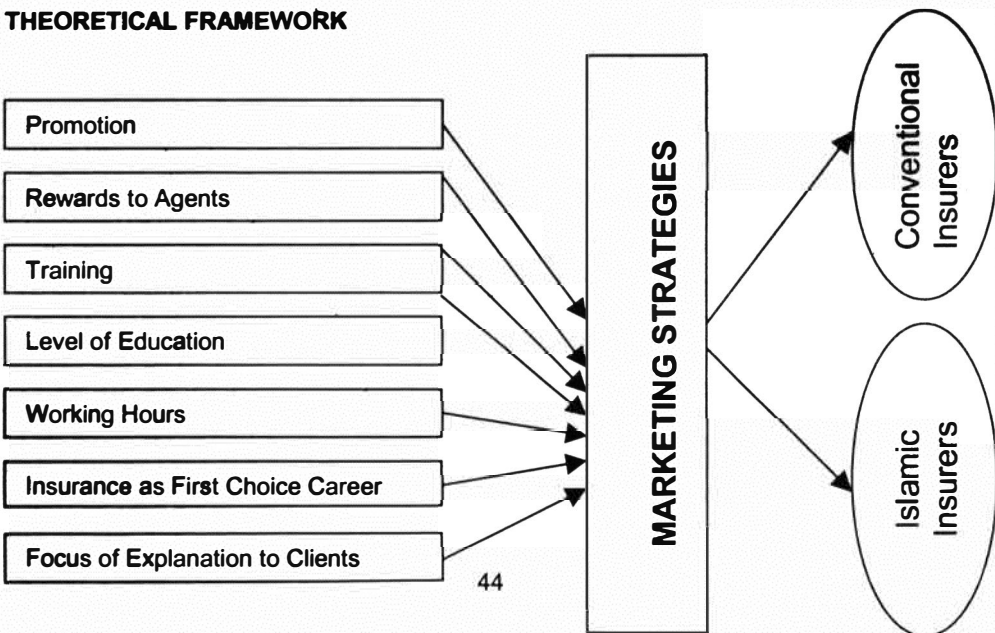
Interviews were conducted with the Islamic and Conventional insurers Branch managers in Sungai Petani and Alor Star, as well as with their insurance agents.

Secondary data – Collections of data from various resources for example, Bank Negara Reports, web sites, articles, journals, books, etc.

Method of analyzing data

All data will be discussed using descriptive statistics such as frequencies, cross tabs, and Compare means, and an analysis of variance (ANOVA). Cronbach alpha is used for the reliability analysis. The SPSS program was used to analyze both data collected from the Islamic and the conventional sales agents, as well as data collected from their clients.

THEORETICAL FRAMEWORK



were more satisfied with the rewards that they received, but only a minority of the Islamic insurance agents felt satisfied with their rewards.

On the aspect of training, the study found a significant difference in the training given by the Conventional insurers and the Islamic insurers to their agents. However, the study found that there is no significant difference in the level of education between the Conventional and the Islamic agents, their working hours, and insurance as their first choice career.

BIBLIOGRAPHY

- AMI Insurans Berhad. Annual Report as at 31 August 2000 Kuala Lumpur: AMI Insurance Bhd.
- Bank Negara Malaysia. Takaful – Laporan Tahunan 2001 Annual Report. Kuala Lumpur: Bank Negara Malaysia.
- Baroud, R. 1997. Takaful: An Islamic Answer To Insurance Arrives In The United States (Part 1) citeseer, nj.nec.com/cs,
- Billah, M. 2001. Principles & Practices Of Takaful And Insurance Compared. IIUM Press.
- BIMB Institute of Research and Training Sdn Bhd. TAKAFUL (Islamic Insurance) Concept & Operational System – From The Practitioner's Perspective. Kuala Lumpur: BIMB.
- Dolak. D. 2002. Marketing by Dave Dolak.
<http://www.davedolak.com/forum/messages/293.html>.
- Ebrahim, D. 1997. Untitled - IBF Mailing list.
<http://www.pakistanlink.com/religion/97/re03-28-97.html-6k>.
- Ellahie, J. 1997. Difference Between Takaful and Conventional Insurance, IBF Mailing list, www.pakistanlink.com/religion/97/re03-28-97.html-6k.
- Hong Leong Assurance. 2002. Financial Planning Services. www.hla.com.my
www.maypartners.com.my.
- Iran, H. 1994. *Analisa Statistik Deskriptif*. Kajang Selangor: Tedem Edar.
- Ismail, A. 1997. Current Scenario And Future Challenges Of Takaful Business.
[www.insurance.com.my/zone takaful/Azman Ismail-03.htm](http://www.insurance.com.my/zone_takaful/Azman_Ismail-03.htm).
- Kumia Insurans. 1998. Agency Recruitment Guide. Kuala Lumpur: Kumia Insurans.
- Kumia Insurans. 2000. General Regulations (Motor Insurance). Kuala Lumpur: Kumia Insurans.
- Langhlin, J. 1999. The New Educator. 1813, New York.
- Maimunah Aminuddin. 2000. *Human Resource Management*. 3rd Edition. Penerbit Fajar Bakti Sdn Bhd.
- Marja, J. N. 2002. *SPSS 11.0 Guide to Data Analysis*. Upper Saddle River, New Jersey 07458: Prentice Hall.
- Mat Lani, M. 2000. *Pertumbuhan Takaful Di Malaysia*. Family Takaful Operations Department, Takaful Nasional Sdn. Bhd. Kuala Lumpur.

- Maysami, R. C. & Kwon, W. J. 1999. An Analysis Of Islamic Takaful Insurance. *Journal of Insurance Regulation* 18(1).
- MCIS. 2002. Peperiksaan Pra Kontrak Untuk Agen Insurans – Pre Contract Examination For Insurance Agents. Kuala Lumpur: MCIS
- McNamara, C. 1999. Basic Definitions: Advertising, Marketing, Promotion, Public Relations and Publicity and Sales.
http://www.mapnp.org/library/ad_promot/defntion.htm.
- MOTI-ohioLINK. 2000. What is Marketing?
<http://iws.ohiolink.edu/moti/homedefinition.html>.
- Kurnia raises its paid-up capital to RM100mil. 1998. *New Straits Times*.
- Persatuan Insuran Am Malaysia (General Insurance Association of Malaysia). 1988. Introduction and Brief Notes to The General Insurance Agents Registration Regulations (GIARR). City Repographic Services, Kuala Lumpur: *Persatuan Insuran Am Malaysia*.
- Prudential Plc Annual Report 2000. Group Chief Executive's Review. Kuala Lumpur: Prudential.
- Prudential. 2001. Prudential Plc Annual Review and Summary Financial Statement 2001 Kuala Lumpur: Prudential.
- Prudential. 2001. PRUlink Investments – Makes your money work, Not You. Kuala Lumpur: Prudential.
- Sharif, K. 1998. Takaful In The Asia Pacific.
www.insurance.com.my/zone_takaful/takaful/Dr_Kamarudin_01.htm.
- Sheridan, J. C. & Lyndall G. S. 2001. *SPSS Analysis without Anguish, Version 10.0 for Windows*. John Wiley & Sons Australia, Ltd.
- Takaful Malaysia. 2000. Laporan Tahunan 2000 Annual Report. Kuala Lumpur: Takaful Malaysia.
- Terence A. S. 1986. *Advertising, Promotion, and Supplemental Aspects of Integrated Marketing Communication*, 4th Edition. U.S.A: The Dryden Press.,
- The Independent. 2001. All about Islamic Insurance. WorldSources, Inc.
- The Malaysian Insurance Institute. 1997. Peperiksaan Pra Kontrak Untuk Ejen Insurans. Kuala Lumpur: The Malaysian Insurance Institute.
- Yusof, M.F. (Dato'). 1999. An Overview Of The Takaful Industry.
www.islamic-banking.com/aom/takaful/aom.php



Design&Concept > Jabatan Seni Reka Perindustrian
Fakulti Seni Lukis dan Seni Reka, UiTM Kedah