



The Importance of Takaful (Islamic Insurance) among Commerce Department Staff in POLIMAS

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Abstract: Takaful insurance has the same function as the conventional insurance. However, both are different in term of operation. Takaful is a type of Islamic insurance, where member contribute money into a pooling system in order to guarantee each other against losses or damage that may inflict upon any of them by contributing as tabarru or donation in the Takaful funds. Takaful branded insurance is based on sharia, Islamic religious law and explain how it is the responsibility of individuals to corporate and protect each other. Takaful insurance is very important for us because it is for our future. Purchasing the insurance is the good idea. This paper attempt to determine the importance Takaful insurance toward people especially parents, using Polimas staff from Commerce department as respondent. The researcher intends to determine the importance Takaful insurance based on independent variable; protection, product feature, saving and services quality. It important to make sure that their customer always exceed their expectation toward takaful and its product. The objective of this research is to identify the important level of Takaful insurance among commerce department staff, determine the most factor that influence commerce department staff to purchase Takaful insurance and identify the commerce department staff expectation towards Takaful insurance. This research is an exploratory by using quantitative method. The purpose of the research was designed to measure the importance Takaful (Islamic insurance) towards commerce department staff in Politeknik Sultan Abdul Halim Mu'adzam Shah (POLIMAS). This research were analyzed by descriptive analysis on the questionnaire that relevant with our objective base on independent and dependent variable. This research employed a population of commerce department staff were chosen as a sample of research randomly. Total sample chosen is based on Krejcie and Morgan table [1].

Keywords: *Takaful insurance, takaful protection, product feature, savings and services quality*

INTRODUCTION

Muslim jurists acknowledge that the basis of shared responsibility in the system of “aquila” as practiced between Muslims of Mecca and Medina laid the foundation of mutual insurance. Islamic insurance was established in the early second century of the Islamic era when Muslim Arabs expanding trade into Asia mutually agreed to contribute to a fund to cover anyone in the group that incurred mishaps or robberies along the numerous sea voyages (marine insurance). We know that all human activities are subject to risk of loss from unforeseen events. To alleviate this burden to individuals, what we now call insurance has existed

since at least 215 BC. This concept has been practiced in various forms for over 1400 years. It originates from the Arabic word Kafalah, which means “guaranteeing each other” or “joint guarantee”.

The concept is in line with the principles of compensation and shared responsibilities among the community. The takaful protection plan is based on Shariah principles and offers many unique features to policy owners. There are two types of takaful businesses: family takaful and general takaful. A family takaful plan is a long-term savings and investment programed with a fixed maturity period. Apart from enjoying investment profit, the plan provides mutual

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financial assistance among its participants. The family takaful plan is a financial programmed that pools efforts to help the needy in times of need due to untimely death and other mishaps resulting in personal injury or disablement. General takaful schemes are basically contracts of joint-guarantee, on a short-term basis (normally one year), between groups of participants to provide mutual compensation in the event of a defined loss. In those days there were trade caravans that were exposed to the similar risks to those faced today in trading activities.

Muslim scholars acknowledge that the basis of shared responsibility in the system of Al Aqilah. Takaful insurance is a form of insurance that is compatible with the principle of the Shari'ah. Market survey undertaken by the Commission indicates a significant religiously based objection to conventional insurance. Takaful insurance is in consonance with elements of mutual insurance and also ethical management and is accountable to all insuring public regardless of faith and to avail of cover in the form of payment of takaful benefits to heir(s) should a participant die before the maturity date of his takaful plan. It is important to make sure that the customers are always satisfied and always exceed their expectation towards takaful and its products. Most people do not take Takaful insurance because they not know it significant. A study was conducted among commerce department staff in Polimas how far their knowledge about Takaful insurance.

Research Objective

1. To identify the important level of Takaful insurance among Commerce department staff.
2. To determine the most factor that influence Commerce department staff to purchase Takaful insurance.
3. To identify the Commerce department staff expectation towards Takaful insurance.

Research Question

1. What is the important level of Takaful insurance among commerce department staff?
2. What is the most factor that influence commerce department staff to purchase Takaful insurance?
3. What is the commerce department staff expectation towards Takaful insurance?

LITERATURE REVIEW

A review of the literature was conducted to further inform the proposed study's purpose of important Takaful Insurance among Commerce Department staffs in Politeknik Sultan Abdul Halim Mu'adzam Shah. The topic areas described in this chapter are organized around three themes that address: (1) protection; (2) feature of product; (3) saving; and (4) services quality. It is an arrangement by a group of people with common interests to guarantee or protect each other from certain defined misfortunes such as premature death, disability and property damages [2]. Under takaful schemes, participants mutually agree to guarantee and to protect each other against a defined loss or damage, by jointly providing financial assistance to any members suffering from a loss. Takaful literally means shared responsibility, shared guarantee, collective assurance and mutual undertakings.

Thus Shariah compliant insurance is based on shared responsibility, mutual co-operation and solidarity and is designed to protect the participant against a defined risk. Takaful schemes are free from elements of gharar (uncertainty) in respect of premium and coverage, maisir (gambling) and riba (interest) [3]. Zainal Abidin [4] said that although its acceptance in the Muslim world was slow at first, the new millennium has seen a quickening in the pace. This has a lot to do with the emergence of a young generation of educated and affluent Muslims seeking a substitute for an important part of commerce and personal finance. For Muslims, Islam is not merely about how to go about worshipping God; it is also a way of living life.

Service quality is one of the most researched topics in the service marketing cluster. Service quality is being consider as a company's competitive advantage and a route to corporate profitability [5]. Service quality is about meeting customer's needs and requirements and how well the service being delivered matches the customer's expectation [6].

Takaful offers two types of product; General Takaful and Family Takaful. General takaful product basically can be classified into motor takaful. It is a contract of joint guarantee based on short term basis, and providing mutual compensation in the event of a defined loss of

the vehicles being insured. In the case of Malaysia, the government's aspiration toward Takaful industry is to create an efficient, progressive and comprehensive Islamic financial system that contributes significantly to the effectiveness and efficiency of the Malaysian financial sector while meeting the economic needs of the nation.

RESEARCH METHODOLOGY

This research is an exploratory by using quantitative method. The purpose of the research was designed to measure the importance of Takaful (Islamic insurance) towards Commerce Department staff in Politeknik Sultan Abdul Halim Mu'adzam Shah (POLIMAS). The questionnaire consisted of 31 questions and divided into 6 sections about the factors of the importance Takaful and demographic section.

This research were analyzed by descriptive analysis on the questionnaire. This questionnaire consist 6 sections: section A is demographic , section B is protection, section C is product features, section D is saving , section E is services quality and section F is importance of Takaful . All question measured by likert scale to determine the importance of Takaful (Islamic insurance) toward Commerce Department staff. The questionnaire used 4 point scale (scale 4: totally agree, scale 3: agree, scale 2: disagree, scale 1: totally disagree).

Politeknik Sultan Abdul Halim Mu'adzam Shah (POLIMAS) have many department. This research employed a population of commerce department staff is **Protection**

I know about PIDM responsibility in taking care of customer for protection Takaful

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	25.0	25.0	25.0
	Agree	29	60.4	60.4	85.4
	Totally agree	7	14.6	14.6	100.0
	Total	48	100.0	100.0	

55 staff. A total of 48 staff were chosen as a sample of research randomly. Total sample chosen is based on Krejcie and Morgan table [1] is 48 sample from 55 population.

DATA ANALYSIS AND FINDINGS

The primary purpose of the study was to add to the understandings the importance of Takaful (Islamic Insurance) among commerce department staff. Discussion of the findings will be according to the research objectives. Demographic characteristics of the respondents' under study include gender, race, and level of education, age and monthly income. The independent variables were focusing on the protection, product feature, saving and services quality whereas dependent variable was on the importance of Takaful (Islamic Insurance) among commerce department staff. The data were analyzing using the Statistical Package for the Social Sciences (SPSS) version 23.0, presented using frequencies, percentages, cross tabulation and chart.

Cross tabulation analysis was used to describe and get a clear picture of descriptive information about the survey data such as demographic analysis, general information and variable under study. Findings also include correlation analysis between independent variables under study and between independent and dependent variables.

Scale chart of independent variable B (2). Disagree of respondents were 12 (25.00%). Agree of respondents were 29 (60.40%), totally agree of respondent were 7 (14.60%). It shows that most of the staff at Commerce

Department know that PIDM is the government agency that responsible to taking care the customer protection of takaful.

Safety of my family is guaranteed by the Takaful insurance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	9	18.8	18.8	18.8
	Agree	30	62.5	62.5	81.3
	Totally agree	9	18.8	18.8	100.0
	Total	48	100.0	100.0	

Scale chart of independent variable B (3). Disagree of respondents were 9 (18.80%), agree of respondents were 30 (62.50%), totally agree of respondents were 9

(18.80%). It shows that most of the staff at Commerce Department know that their family safety is guaranteed by the Takaful insurance.

Compensation derived from Takaful insurance in case of any disaster is reasonable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	14.6	14.6	14.6
	Agree	32	66.7	66.7	81.3
	Totally agree	9	18.8	18.8	100.0
	Total	48	100.0	100.0	

Scale chart of independent variable B (4). Disagree of respondents were 7 (14.60%), agree of respondents were 32 (66.70%), totally agree of respondents were 9 (18.80%). It shows that most of the staff at Commerce

Department agree that compensation derived from Takaful insurance in case of any disaster is reasonable.

Product Feature

I know everything that use based on Shariah law laid down by the Takaful

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	10	20.8	20.8	20.8
	Agree	29	60.4	60.4	81.3
	Totally agree	9	18.8	18.8	100.0
	Total	48	100.0	100.0	

Scale chart of independent variable C (2). Disagree of respondents were 10 (20.80%). Agree of respondents were 29 (60.40%), totally agree of respondents were 9 (18.80%). It shows that most of the staff at

Commerce Department know everything that use by the Takaful was laid down based on Shariah law.

I understand why usury, grarar (uncertainty) and maisir (gambling) is forbidden in Shariah law

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	6	12.5	12.5	12.5
Agree	23	47.9	47.9	60.4
Totally agree	19	39.6	39.6	100.0
Total	48	100.0	100.0	

Scale chart of independent variable C (3). Disagree of respondents were 6 (12.50%). Agree of respondents were 23 (47.90%), totally agree of respondents were 19

(39.60%). It shows that most of the staff at Commerce Department understand why usury, gharar (uncertainty) and maisir (gambling) is forbidden in Shariah law.

Based on Shariah Takaful insurance is promote a sense Ta'awun (mutual help) in me

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	4	8.3	8.3	8.3
Agree	26	54.2	54.2	62.5
Totally agree	18	37.5	37.5	100.0
Total	48	100.0	100.0	

Scale chart of independent variable C (4) shows that disagree of respondents were 4 (8.30%), agree of respondents were 26 (54.20%), totally agree of respondents were 18 (37.50%). It shows that most of

the staff at Commerce Department understand Shariah Takaful insurance is promote a sense Ta'awun (mutual help).

Characteristic of product provided by this insurance Takaful interest to buy

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	5	10.4	10.4	10.4
Agree	35	72.9	72.9	83.3
Totally agree	8	16.7	16.7	100.0
Total	48	100.0	100.0	

Scale chart of independent variable C (5). Disagree of respondents were 5 (10.40%), Agree of respondents were 35 (72.90%), totally agree of respondents were 8

(16.70%). It shows that most of the staff at Commerce Department interest to buy product provided by this insurance Takaful because of its characteristic.

Saving

Savings through Takaful can help me and my family in the future if misfortune

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	22.9	22.9	22.9
	Agree	27	56.3	56.3	79.2
	Totally agree	10	20.8	20.8	100.0
	Total	48	100.0	100.0	

Scale chart of independent variable D (2). Disagree of respondents were 11 (22.90%). Agree of respondents were 27 (56.30%), totally agree of respondents were 10

(20.80%). It shows that most of the staff at Commerce Department agree that savings through Takaful can help me and my family in the future if misfortune.

Through Takaful savings and financial education of my children is assured

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	25.0	25.0	25.0
	Agree	26	54.2	54.2	79.2
	Totally agree	10	20.8	20.8	100.0
	Total	48	100.0	100.0	

Scale chart of independent variable D (3). Disagree of respondents were 12 (25.00%). Agree of respondents were 26 (54.20%), totally agree of respondents were 10

(20.80%). It shows that most of the staff at Commerce Department agree that savings through Takaful and financial education of my children is assured.

Premiums paid for insurance Takaful is low but the compensation obtained is high

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	12	25.0	25.0	25.0
	Agree	30	62.5	62.5	87.5
	Totally agree	6	12.5	12.5	100.0
	Total	48	100.0	100.0	

Scale chart of independent variable D (4). Disagree of respondents were 12 (25.00%), Agree of respondents were 30 (62.50%), totally agree of respondents were 6

(12.50%). It shows that most of the staff at Commerce Department agree that premiums paid for insurance Takaful is low but the compensation obtained is high.

Interest/benefit do I get from making a deposit in the Takaful insurance that interests me to buy it

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	7	14.6	14.6	14.6
Agree	33	68.8	68.8	83.3
Totally agree	8	16.7	16.7	100.0
Total	48	100.0	100.0	

Scale chart of independent variable D (5). Disagree of respondents were 7 (14.60%), Agree of respondent were 33 (68.80%), totally agree of respondents were 18 (16.70%). It shows that most of the staff at Commerce

Department agree the benefit they get from making a deposit in the Takaful insurance make them interests to buy.

Services Quality

Quality of service is intended to provide the needs of the customers as their request

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	7	14.6	14.6	14.6
Agree	33	68.8	68.8	83.3
Totally agree	8	16.7	16.7	100.0
Total	48	100.0	100.0	

Scale chart of independent variable E (2). Disagree of respondents were 7 (14.70%), Agree of respondents were 33 (68.80%), totally agree of respondents were 18

(16.70%). It shows that most of the staff at Commerce Department agree that quality of service is intended to provide the needs of the customers as their request.

Quality of service is also a main factor that caused me to buy Takaful insurance

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	6	12.5	12.5	12.5
Agree	34	70.8	70.8	83.3
Totally agree	8	16.7	16.7	100.0
Total	48	100.0	100.0	

The figure 4.5.3 shows scale chart of independent variable E (3). Disagree of respondents were 6 (12.50%), Agree of respondents were 34 (70.80%), totally agree of respondents were 8 (16.70%). It shows that most of the staff at Commerce Department agree that quality of service is also a main factor that caused them to buy Takaful insurance.

Scale chart of independent variable E (4). Disagree of respondents were 8 (16.70%). Agree of respondents were 28 (58.30%), totally agree of respondent were 12 (25.00%). It shows that most of the staff at Commerce Department agree that quality of service both to the advantage of the competition aspects of the company.

Quality of service both to the advantage of the competition aspects of the company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	8	16.7	16.7	16.7
	Agree	28	58.3	58.3	75.0
	Totally agree	12	25.0	25.0	100.0
	Total	48	100.0	100.0	

Scale chart of independent variable E (5). Disagree of respondents were 7 (14.60%), Agree of respondents were 34 (70.80%), totally agree of respondents were 7

(14.60%). It shows that most of the staff at Commerce Department agree that services provided by Takaful insurance is very orderly and fair.

Services provided by Takaful insurance is very orderly and fair

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	7	14.6	14.6	14.6
	Agree	34	70.8	70.8	85.4
	Totally agree	7	14.6	14.6	100.0
	Total	48	100.0	100.0	

DISCUSSION AND CONCLUSION

Based on the first objective is to identify the important level of Takaful insurance among commerce department staff have positive relation with important Takaful Insurance and its independent variable that is features product. The suggestion from this objective is to Takaful insurance's customer especially to Muslim. Takaful insurance organization need to provide and explain widely about features product to customer so that they understand about Takaful Insurance features because Takaful insurance are good from common insurance it is based on Islamic concept.

Based on second objective is to determine the most factor that influence commerce department staff to purchase Takaful insurance have positive relation with important Takaful Insurance and its independent variable that is saving. The suggestion from objective is to Takaful Insurance's customer especially for those wants getting married for their future, children and also for their self. Furthermore, this has a lot to do with the emergence of a young generation of educated and affluent Muslims seeking a substitute for an important part of commerce and personal finance.

The last objective is to identify the commerce department staff expectation towards Takaful insurance have positive relation with important Takaful Insurance and its independent variable that is services quality. The suggestion from this objective is to Takaful insurance's customer especially for those want to join the Takaful Insurance so they will be more confident to purchase this Takaful and they have made the right decision to have Takaful Insurance with high services quality.

The conclusion from the research about important Takaful Insurance will be conclude after all data analyzed from questionnaire that had be done by total respondents 48 staffs from Commerce Department staffs.

First objective is to identify the important level of Takaful insurance among commerce department staff. It showed that, majority respondents agreed whereas feature product is the one factor why the Takaful Insurance is important among commerce department staff as parent. Thus Shariah compliant insurance is based on shared responsibility, mutual co-operation and solidarity and is designed to protect the participant

against a defined risk. Takaful schemes are free from elements of gharar (uncertainty) in respect of premium and coverage, maisir (gambling) and riba (interest) [3]. From this finding, There are positive relation between feature product factor and importance takaful insurance

Second objective is to determine the most factor that influence commerce department staff to purchase Takaful insurance. It showed that, some respondents agreed whereas saving is the most factor that influence commerce department staff to have this Takaful. Zainal Abidin [4] said that although its acceptance in the Muslim world was slow at first, the new millennium has seen a quickening in the pace. This has a lot to do with the emergence of a young generation of educated and affluent Muslims seeking a substitute for an important part of commerce and personal finance. As we known, For Muslims, Islam is not merely about how to go about worshipping God; it is also a way of living life. From this finding, there are positive relation between saving factor and importance takaful insurance.

Last objective is to identify the commerce department staff expectation towards Takaful insurance. It showed that, majority respondent agreed whereas services quality is the important feature for them if they want to buy Takaful. According Newman [5], service quality is

one of the most researched topics in the service marketing cluster. Service quality is being consider as a company's competitive advantage and a route to corporate profitability. From this finding, there are positive relation between services factor and importance takaful insurance.

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