

BUYING DECISION IN THE MARKETING OF SHARIA LIFE INSURANCE (Evidence from Indonesia)

by Amron Amron

Submission date: 28-Feb-2018 03:54PM (UTC+0700)

Submission ID: 922809574

File name: NASKAH_JIMA_TURNITIN.docx (77.46K)

Word count: 7244

Character count: 39302

BUYING DECISION IN THE MARKETING OF SHARIA LIFE INSURANCE (Evidence from Indonesia)

²¹ Amron Amron
Economic and Business Faculty, Universitas Dian Nuswantoro, Semarang, Indonesia

²¹ Usman Usman
Economic and Business Faculty, Universitas Dian Nuswantoro, Semarang, Indonesia

⁷⁴ Ali Mursid
Departement of Business Administration, National Dong Hwa University, Hualien, Taiwan

³²

Abstract

Purpose – The aim of this study was to examine the effect of Satisfaction (SAT) and Trust (TRS) on Word of Mouth (WOM) and Buying Decision (BD) for sharia life insurance in the Muslim society of Indonesia.

Design/methodology/approach – The research design was taken from 386 moslem customers who held sharia life insurance policies using the approach of purposive sampling in four cities in Indonesia; Jakarta, Surabaya, Makassar and Medan. The hypothesis testing used structural equation modelling.

Findings – The research results show SAT and TRS have effects on WOM. Moreover, WOM has a significant effect on the Buying Decision (BD) of the customers of the sharia life insurance product.

Research limitations/implications - This study focused only on BD of customers who bought sharia life insurance product, so the results cannot be generalized to other types of sharia insurance. Therefore, future research could consider other sharia insurance products, such as sharia general insurance.

Practical implications – In relation to the testing of SAT and TRS on WOM, this study examined the influence of the two variables on WOM and BD. This study can serve as reference for sharia life insurance companies when formulating promotion strategy.

Originality/value – This study justified the strong association between SAT and TRS for WOM and BD in sharia life insurance in an integrated way.

Keywords Satisfaction, trust, word of mouth, buying decision, sharia life insurance

Paper type Research paper

Introduction ⁷¹

Indonesia, the country with the largest Muslim population in the world, started its sharia insurance industry in 1994 with the time of the establishment of PT. Syarikat Takaful Indonesia (Takaful Indonesia). Takaful Indonesia further established two subsidiaries; PT. Asuransi Takaful Keluarga and PT. Asuransi Takaful Umum, each of which engages in sharia life insurance and sharia general insurance. By 2010, there were 37 companies engaged in the sharia insurance business, and 20 of them are life sharia insurance companies. the number continued to increase up to 53 companies in 2015, of which 24 were sharia life insurance companies (AASI, 2015). The number of companies also falls in line with the development of acquisition premiums. In 2011, insurance sharia premiums in Indonesia stood at US \$ 382 Mio and increased to US \$ 807 Mio in the next 4 years. This is equivalent to 6.55% of the total national premium (AASI, 2015).

Although the growth was quite good, but the level of participation of the Indonesian people in buying sharia life insurance products was only 0.91% (AASI, 2015). This is not proportional to the Muslim population of Indonesia, which reached 237,641,326, accounting for 87% of the entire population of Indonesia (BPS, 2010). This fact shows that the potential of sharia life insurance market is still very large. Moreover, some previous studies (Lewis, 2010; Khan, et al., 2008; Husin et al., 2016, Nasser and Mohammed, 2013) showed that the development of sharia insurance in Indonesia was still far behind Malaysia. Here the population and percentage of Muslims are not as big as in Indonesia. Hence, the factors that influence the BD of sharia life insurance in Indonesia need to be investigated.

A huge market potential must be balanced with the onslaught of information conveyed to consumers (Lye et al., 2005; Webster and Wind, 1972; Christodoulides et al., 2012). Consumers who receive information well will decide to buy. According to Kim et al., (2011) and Christodoulides et al., (2012), a company can establish communications through several forms of media, such as TV, newspapers, magazines, online media, and WOM. In many cases, WOM is more effective in influencing consumer decisions than other forms of media.

Studies of WOM associated with BD have been conducted with a variety of perspectives and approaches by Chen et al., (2013) and Woo et al., (2015), as well as in regard to sharia insurance in particular, as conducted by Husin et al., (2016). However, in previous studies, SAT and TRS have not been considered as the antecedents to WOM that influence the BD of sharia insurance products. The research results of Casalo et al., (2008) and Triantafillidou and Siomkos (2014) revealed that SAT was associated with the WOM of banking services. Meanwhile, Terres et al (2015) and Santos and Basso (2012) showed that TRS played a role in WOM. Thus, TRS should be considered as a predictor of WOM in research of BD. Therefore, this study analyzed the effects of SAT and TRS on WOM and their influence on the BD of the sharia life insurance in Indonesia.

The research results are very useful for helping the development of the promotion strategies of sharia life insurance companies in Indonesia, and they can also serve as a reference to marketers when analyzing the factors which are specifically able to attract consumers to decide to buy sharia life insurance products. Recognizing the behavioral mapping of the Muslim population of Indonesia in making BD, the participation rate of the Muslim population of the population in buying sharia insurance products can be greatly increased.

Literature review

Sharia Insurance

Islamic insurance or sharia insurance is commonly referred to *ta'awun*, which means helping each other. It is called *ta'awun* because it is, in principle, based on Shari'a, which is the mutual tolerance of human beings to build togetherness in relieving the disasters suffered by participants (Ismail and Ahmad, 2006). This principle is in accordance with the word of Allah in surah Al Maidah verse 2, which means: "And help each other in goodness and piety, and do not help each other in sin and enmity."

In Indonesia, sharia insurance is also known as *takaful*. This word is derived from the word "*takafala-yatafakalu*", which means to guarantee or bear with one another. Sharia insurance or *takaful* within the meaning of *muamalah* means to bear the risk amongst people so that one person is responsible for other's risks (Mohamed and Nor, 2013; Ismail and Ahmad, 2006). Risk bearing is based on helping each other; this is embodied by giving the funds of *tabarru'* (social fund) for mutual interests (Mohamed and Nor, 2013; Ismail and Ahmad, 2006).

According to the Insurance Law of the Republic of Indonesia No. 40 2014, sharia insurance is: [...] a group of agreements, which consist of the agreement between sharia insurance companies and policyholders and the agreement between policyholders in the management of contributions based on sharia principles in order to help and protect each other.

In principle, sharia insurance is an attempt among a number of people/parties to protect and help each other through investment in assets and/or funds (*tabarru'*) providing a pattern of returns to deal with certain risks through contract (engagement) in accordance with Islamic law (Choudhury and Harahap, 2009). Islamic sharia, in this case, means that sharia insurance is carried out with provisions that it should not contain forbidden things, such as uncertainties/ambiguities (*gharar*), gambling (*maysir*), interest (*riba*), and bribes (*risywah*) (Gustina and Nurdianawati, 2012; Trakic, 2013; Fithriah and Hanudin, 2011).

Akad (engagement) in sharia insurance consists of two main concepts: *tabarru'* and *mudharabah*. *Tabarru'* is defined as a donation or contribution or a charity fund given and contributed sincerely by the participants of sharia insurance if at any time it will be used to pay claims or other insurance benefits (Amin and Isa, 2008; Ismail and Ahmad, 2006; Kasim, 2012). With the funds of *tabarru'* from the participants of sharia insurance, all funds for covering risk are collected by the participants themselves (Kasim, 2012). Thus, a sharia insurance policy contract places the participants as parties to bear the risk (Trakic, 2013). Therefore, the funds collected and used by the participants should be managed in terms of both administration and investment. Then, the participants authorize the insurance company to act as the operator in charge of managing the funds properly. Thus, the position of the sharia insurance company is only that of a manager or operator, not the owner of the funds (Kasim, 2012). As a manager or operator, an insurance company only manages participants' funds and cannot use the funds without receiving power from the participants. Thus, the elements of vagueness (*gharar*), gambling (*maysir*), interest (*riba*), and bribes (*risywah*) disappear (Choudhury and Harahap, 2009; Olson and Zoubi, 2008).

The concept of *mudharabah* is a kind of partnership contract between two or more people who require the owners of capital (insurance customers) to hand over a sum of money (premium) to the insurance company (*mudharib*) to be managed (Amin and Isa, 2008; Kasim, 2012). The funds collected by the insurance company are invested for profit. In turn, this profit is shared between insurance company and customers according to the percentage (*nisbah*) agreed upon at the beginning of the agreement (profit-sharing concept) (Amin and Isa, 2008). The concept of *mudharabah* has the consequence that the element of interest (*riba*) is lost since this concept focuses on profit-sharing, not interest (*riba*) (Trakic, 2013; Ismail and Ahmad, 2006; Amin and Isa, 2008). Islam does not allow interest (*riba*) because it is *haram* (illegal) (Choudhury and Harahap, 2009).

Sharia insurance business consists of two types; sharia life insurance and sharia general insurance. Sharia life insurance is a type of insurance that covers the death or life of an insured person due to an accident or illness (Kasim, 2012; Husin et al., 2016), and sharia general insurance is a type of insurance that assures the effect of losses incurred from unexpected physical events, such as natural disasters, collision, theft and the like (Husin et al., 2016).

BD and WOM marketing

Decision theory has developed rapidly in the fields of marketing, particularly to study the concept of individual decision making in achieving a goal (Lye et al., 2005; Webster and Wind, 1972). According to Lye et al., (2005), decision theory is divided into three main theories: (1) normative decision theory that explains decisions made for maximum utility, (2) behavioral decision theory examines rational decision making to understand decisions made to get maximum SAT, (3) naturalistic decision theory that explains the decision making on the basis of natural resource settings and models. This means that analysis is conducted due to the element of uncertainty in the decision making process, for example, the uncertainty related to information obtained in the process of decision making.

To get the optimum result of each theory, every decision making process requires a decision strategy (Lye et al., 2005; Webster and Wind, 1972; Borghini et al., 2006). Decision

strategy explains the basic concepts of decision-making, for example, decisions performed by consumers in buying goods or services (Lye et al., 2005; Webster and Wind, 1972; Woo et al., 2015; Johnston and Lewin, 1996). The concept of decision-making is a process of assessment and selection of various alternatives according to specific interests by setting an option that is considered the most profitable (Webster and Wind, 1972; Borghini et al., 2006; Manjeshwar et al., 2013). One of the steps in the assessment and selection that should be performed by buyers is finding accurate information before engaging in the purchase process (Borghini et al., 2006; Woo et al., 2015). The information collected is very important material when deciding whether the goods to be purchased are as expected by consumers (Webster and Wind, 1972; Woo et al., 2015; Johnston and Lewin, 1996). Consumers need information not only to purchase goods in the category of high complexity buying but also the goods in the category of low complexity buying, for both routine and non-routine purchases (Brossard, 1998; Stenroos and Makkonen, 2014; Makkonen et al., 2012).

For complex buying, consumers need information to identify and clarify the process of BD (Chen, 2012; Makkonen et al., 2012). Consumers obtain information from various sources, from both personal experience, other consumers who have used the product (WOM), relatives, consultants, vendors, literature, TV commercials, radio, newspapers and magazines (Woo, et al., 2015; Stenroos and Makkonen, 2014). Consumers demand accurate information both online and offline; as such, it can be said that the search for information in the decision-making stage is a very important stage (Andersen and Sorensen, 1999; Borghini et al., 2006). Christodoulides et al., (2012) examined the effect of WOM on BD among the citizens of the UK and China, and the results showed that WOM had a direct effect on BD. Chinese citizens were more vulnerable to e-WOM, whereas UK citizens were more sensitive to negative e-WOM. Kim et al. (2011) found that in the search for information, WOM was the second most significant factor, behind only the internet, in influencing consumers to make buying decision.

31

Word of mouth.

WOM is an informal nature of communication between consumers regarding the performance of a product or service (Anderson, 1998; Arndt, 1967; Dichter, 1966; Wee et al., 1995). Consumers become aware of the existence of products through channels other than the marketing communications made by companies. Other sources of information, including word of mouth, arise outside company's official sources. Consumers learn about new products or brands from other customers in the community through experience, observation and when searching for information by asking other customers who know about and have used the product of interest (Shiffman and Kanuk, 1997; Day, G.S., 1971). Word of mouth is usually readily accepted by customers because the people who convey it such as experts, friends, family, and mass media publications, are trustworthy (Burnkrant and Cousineau, 1975; Hogan et al., 2004). In addition, word of mouth is also quickly accepted as a reference because service customers usually have difficulty evaluating the services that have not been bought or encountered previously (Schiffman and Kanuk, 1997; Anderson, 1998; Wee et al., 1995). The condition of the person delivering the message also affects the power of WOM communication. A trustworthy person who has used and has experience or knowledge about a product will be more trusted by customers than those who do not (Bansal and Voyer, 2000; Smith et al., 2005). Nowadays electronic word-of-mouth/mouse (e-WOM) can be accessed quickly and easily through wikis (e.g. Wikipedia), social networking sites (e.g. Facebook), and podcasting (e.g. iTunes), as well as on web sites allowing feedback (e.g. FanFiction.net) including blogs (e.g. MSN spaces), WA, LinkedIn and Instagram. Online media has become a reference for consumers when deciding to buy (Christodoulides et al., 2012; Trusov et al., 2009). e-WOM is part of WOM itself. However, e-WOM has both positive and negative influences on BD (Christodoulides et al., 2012). Positive WOM is the process of delivering information by one

individual to another individual based on positive experience and knowledge about a product, service, or company. Conversely, negative WOM includes the same process but with negative content (Shiffman⁶¹ and Kanuk, 1997; Huang, et al., 2011; Ranaweera and Menon, 2013; Christodoulides et al., 2012).

In previous studies, such as Husin et al. (2016), WOM has been represented as a reference of the agents and employees of a family takaful scheme to individuals of non-policyholders. Although the information was delivered from them, the immediate impact on buying decisions by non-policy owners was still distorted by the assumption of the prospective customer that the communication made by the agents and employees was indeed part of their jobs. Therefore, in this study, the agents of WOM are the individuals who have the experience using sharia life insurance products. We believe that their impact on BD will be stronger.

Many previous studies have taken the variable of WOM as an important predictor of BD services (Chen et al., 2013; Woo et al., 2015). Chen et al. (2013) found that WOM has an elastic effect on the BD of insurance products compared to the purchase of products in the form of goods. The resulting elasticity value was 0.77, meaning that WOM had a positive effect on the BD of insurance when compared to physical products. The same results were shown by So⁶⁰ et al. (2015). The results of their study showed that based on household income, WOM had a positive significant effect on the BD of life insurance policies. We suspect that positive WOM will be able to increase purchases of sharia life insurance:

H1: WOM is positively associated with the BD of sharia life insurance products.

SAT and WOM

SAT is the post-purchase assessment made by consumers comparing the quality of the product with consumer expectations (Kotler, 1991; Casalo et al., 2008). SAT consists of two viewpoints: the satisfaction due to the economic side (e.g. discounts and volume) and the satisfaction due to psychological elements (e.g. good relationships between seller and buyer) (Geyskens et al., 1999; Casalo et al., 2008). Satisfaction in the service sector is defined as consumer feedback on the relationship between consumers and service providers as a whole (Casalo et al., 2008).

Many studies have discussed the relationship between SAT and WOM in service industries. For example, Gounaris et al. (2010), Kau and Loh (2010), and Kassim and Abdullah (2010) showed the positive effect of SAT on WOM in consumers of online services. In the context of banking, Casalo et al. (2008) revealed that SAT has a positive significant effect on WOM. Similarly, a study conducted by Triantafyllidou and Siomkos (2014) showed a positive significant relationship between SAT and WOM in entertainment industries such as cinema and music. Therefore, we suspect that, in the sharia life insurance industry, SAT is associated positively with WOM:

H2: SAT is positively associated with WOM in the purchase of sharia life insurance products.

TRS and WOM

TRS here refers to the TRS of the consumer that the service provider will provide the services in accordance with the ones promised initially (Sirdeshmukh et al., 2002; Oh et al., 2012). TRS is a form of relationship between seller and buyer which eliminates uncertainty resulting from the sale and purchase (Soares et al., 2012; Mayer et al., 1995). TRS in the service business is influenced by several aspects, such as emotion, caring, effectiveness, and competence (Johnson and Grayson, 2000; Mortazavi, 2014; McAllister, 1995).

The effects of TRS on WOM in services sectors have been studied by previous studies. Kim and Song (2010), Mortazavi et al. (2014), and Shi and Chow (2015), respectively, studied

the fields of online services, internet, and social media commerce, showing that TRS is positively and directly associated with WOM. In the field of hospital services Terres et al., (2015) proved that TRS has a positive effect on WOM. Similarly, Santos and Basso (2012) showed that TRS is also positively related to WOM. Based on these findings, we estimate that in the sharia life insurance industry, TRS is positively associated with WOM:

H3: TRS is positively associated with WOM in the buying of sharia life insurance products.

Method

Measure development

The constructs of this study consisted of SAT, TRS, WOM, and BD. For each construct, we used validated items from previous research, i.e. Chen et al., (2013), Woo et al., (2015), Casalo et al., (2008), Triantafyllidou and Siomkos (2014), Terres et al., (2015), and Santos and Basso (2012), to represent each construct. This also ensured the content validity of the instruments that we used. We modified the items as needed to be adapted to this study. Furthermore, we developed a self-administered questionnaire to measure the research variables and to collect demographic data, such as gender, age, education, the length of time holding a sharia life insurance policy, etc. All the items were measured using a numerical scale of 1 to 7; the lowest number (1) indicates the respondent strongly disagrees with the given statement, and the highest number (7) indicates the respondent strongly agrees with the given statement.

Data collection and sample

The research sample consisted of Muslims aged 21 to 55 years old who had been holders of a sharia life insurance policy for at least one year. The survey was conducted in four major cities in Indonesia: Jakarta, Surabaya, Makassar and Medan. Hair et al. (2014) stated that the minimum sample size of 200 participants were required to estimate the parameter using maximum likelihood. Therefore, a total of 500 questionnaires were distributed to the respondents and 432 of them were returned back. After screening the data, only 386 could be used for the analysis, resulting in a response rate of 77%. According to Babbie (2007), the response rate for analysis and reporting in social science research should at least 50%. Thus, the response rate of 70% obtained here is very good.

Sample Demography

The sample consisted of 54 percent females. In terms of the age of respondents, 10 percent of them were aged between 21 to 30 years, 51 percent were aged between 31 to 40 years, 26 percent were aged between 41 to 50, and the remaining 13 percent were aged between 51 to 55 years. 71 percent of the respondents had the status of married, 15 percent were not married, and 14 percent were divorced. The occupations of most respondents were in the private sector, which accounted for 47 percent, 34 percent were in the public sector, 9 percent were self-employed, and the remaining 10 percent worked in the informal sector and other fields.

Results and analysis

Instrument validation

To ensure the construct validity, particularly the convergent validity, we conducted exploratory factor analysis using principal component analysis with the varimax rotation method. According to Hair et al. (2013) each measurement item must have a loading factor of at least 0.5, but ideally 0.7 or higher. As shown in Table 1, all items have a loading factor higher than 0.7. The results of the confirmatory factor analysis also show that the total loading factor is significant on the level of 0.01. This shows that convergent validity has been met.

Table 1. Exploratory Factor Analysis

Variables	Items	Description	Loading
Satisfaction (SAT)	SAT1	I think that I made the correct decision to use sharia life insurance	0.79
	SAT2	The experience that I have had with the sharia life insurance has been satisfactory	0.81
	SAT3	In general terms, I am satisfied with the sharia life insurance transactions	0.81
	SAT4	In general, I am satisfied with the service I have received from the sharia life insurance transactions	0.70
Trust (TRS)	TRS1	The premium and claim of the sharia life insurance are right	0.78
	TRS2	The life sharia insurance product can be trusted	0.77
	TRS3	The personnel of the sharia life insurance company have integrity	0.75
	TRS4	The personnel of the sharia life insurance company are trustworthy	0.77
Word of mouth (WOM)	WOM1	Would say positive things about the sharia life insurance to Muslim people	0.81
	WOM2	Would say positive things about the sharia life insurance to non-Muslim people	0.76
	WOM3	Would recommend the sharia life insurance to someone who asked for your advice	0.77
	WOM4	Would encourage your friends and family to make business with the sharia life insurance	0.77
Buying decision (BD)	BD1	I tend to buy sharia life insurance transaction products without hesitation	0.72
	BD2	I tend to re-buy the same product in the future	0.80
	BD3	I tend to buy sharia life insurance products more quickly than others	0.79
	BD4	My opinion tends to be influenced by others	0.80
	BD5	I tend to care about sharia life insurance transactions when I buy things	0.84

Reliability

To demonstrate the internal consistency of the measurement items in measuring each latent construct, we used the reliability coefficient of Cronbach's α and average variance extracted (AVE). Each latent construct should at least have the statistics of Cronbach's α of 0.7 or higher, and AVE of 0.5 or higher (Hair et al., 2014). As showed in Table 2, Cronbach's alpha and CR reliabilities are greater than 0.7, and AVE is greater than 0.5 for the whole construct. This shows the reliability of the instruments and confirms convergent validity.

The discriminant validity can be demonstrated by comparing AVE for any two constructs with the square of the correlation estimate between these two constructs. AVE should be greater than the squared correlation estimate. Table 2 shows that no square of the correlation estimate between two constructs is greater than the AVE of the two constructs. Therefore, it can be stated that each set of indicators in each construct is able to distinguish itself with a collection of other indicators that measured different constructs.

Table 2. Reliability and discriminant validity

Variables	No. of Items	Cronbach's α	SAT	TRS	WOM	BD
SAT	4	0.84	0.56			
TERUS	4	0.83	0.22	0.54		
WOM	4	0.86	0.32	0.27	0.61	
BD	5	0.89	0.19	0.25	0.27	0.62

Notes: main diagonals represent the AVE, while the off-diagonals represent the square of the correlation estimates between two constructs

Structural model

To evaluate the fit model, Hair et al. (2014) stated that at least one incremental index and one absolute index should be used, in addition to the χ^2 value and the associated degrees of freedom (df). Reporting the χ^2 value and df, the Comparative Fit Index (CFI) or Tucker Lewis Index (TLI), and the Root Mean Square Error Approximation (RMSEA) will usually provide sufficient unique information. Table 3 shows that the comparison between the chi square of the degree of freedom is smaller than 3:1. CFI is greater than 0.9, and RMSEA is much smaller than 0.08. All index values indicate that the model is a good fit.

Table 3. Goodness-of-fit evaluation

F Indices	Recommended value	Value
Chi square/df		159.07; 115
Chi square/df	<3.00	1.38
CFI	>0.90	0.98
RMSEA	<0.08	0.03

The structural relation test results are presented in Table 4. It can be seen that all the hypotheses are statistically significant. BD is positively influenced by WOM ($\beta = 0.56$; $R^2 = 0.30$; $p < 0.001$) so that H1 is accepted. Meanwhile, WOM is positively influenced by SAT ($\beta = 0.43$; $p < 0.001$) and TRS ($\beta = 0.31$; $p < 0.001$) so that H2 and H3 are both accepted. From Figure 1, we can see the estimated value of squared multiple correlations (R^2) in the relation of SAT and TRS to WOM of 0.43, which means 43 percent of WOM variation can be explained by the two variables. On the other hand, WOM can explain 30 percent ($R^2 = 0.30$) of a respondent's BD variation against sharia life insurance products. This finding indicates that about 70 percent of the BD of sharia life insurance products were influenced by other factors not analysed in this study.

Table 4. Hypothesis testing results.

Hypothesis	Path	Estimate	Result
H1	WOM \rightarrow BD	0.56***	Supported
H2	SAT \rightarrow WOM	0.43***	Supported
H3	TRS \rightarrow WOM	0.31***	Supported

Note: *** $p < 0.001$

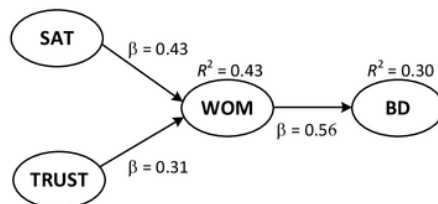


Figure 1. Structural model

Discussion⁵

This study tried to examine the effect of SAT and TRS on WOM communication practices and BD of sharia life insurance products. Overall, the study confirmed the existence of positive associations among SAT, TRS, WOM and BD for Muslim respondents. Thus, all the hypotheses (H1, H2 and H3) are supported by the research findings. H1 examined the association of WOM with the BD to buy sharia life insurance. The results found that WOM had a positive and significant effect on the BD of sharia life insurance. This is consistent with the findings of Chen et al. (2013) and Woo et al. (2015), which state that WOM has an association with BD in the service sector. The more positive the effect of WOM, the greater the possibility for customers to make the decision to buy sharia life insurance. The characteristics of sharia insurance that are free from the elements of *maysir*, *gharar*, *riba* as well as *risywah* should be communicated well. This positive WOM will be effective to enhance Muslim consumers market who considering the buying decision not only based on the commercial benefits but also the religious benefit (Choudhury and Harahap, 2009). The study findings reveal that sharia insurance companies should pay attention to policies related to WOM when offering sharia life insurance products. The criteria of sharia compliance considering as the main priority to be implemented besides professional and commercial aspects such as payment of claim or quality of service. Wilson and Rahman (2015) argue that sharia life insurance is a different insurance product, so the marketing should be combined Islamic and conventional methods. This is also in line with Osman et al. (2009) stated that marketers of sharia products not only offering by promoting Islamic image only but also by good quality products and services.

H2 and H3 examined the associations of SAT and TRS with WOM. The results show that SAT and TRS have positive significant effects on WOM. This is in line with Casalo et al. (2008), Triantafillidou and Siomkos (2014), Terres et al. (2015), and Santos and Basso (2012), who recognized that SAT and TRS are associated with the WOM of services. In conventional insurance, customers will feel satisfied if the company can serve as the customers expected. The appropriate amount of claim and on time payment (indemnity) significantly increase customer trust to the company. Moreover, in sharia insurance customer satisfaction and customer trust should perform the above aspects as well as the religious rules. The concept of *tabarru'*, for example, will cover customer satisfaction both material and spiritual benefits (Amin and Isa, 2008; Ismail and Ahmad, 2006; Kasim, 2012).

The results show that SAT and TRS played an important role along with the ongoing practice of WOM communication among the users of sharia life insurance products. The higher the level of SAT in sharia life insurance products and services, the greater their chances to deliver sharia life insurance products and service information to other users or potential users. This also applied to TRS. The findings provide important insights for sharia insurance companies. These companies should pay attention to the levels of SAT and TRS when offering sharia life insurance products to customers.

The results provide clear evidence of the effects of SAT and TRS on WOM in the investigation of consumer BD for sharia life insurance products. The squared multiple correlation (R^2) between WOM and BD is 0.30, and the R^2 between SAT and TRS on WOM is 0.43. These findings show that 30% of BD variability can be explained by WOM in which 43% of WOM variability is explained by SAT and TRS. We found that SAT and TRS as the forming constructs of WOM should always be included as the determinants for the concept of consumer BD for sharia life insurance products in future studies. Although this study was limited to only analysing the effects of SAT and TRS on WOM and BD, our method can be used as a firm foundation for developing a comprehensive model of the BD of sharia life insurance products in future studies.

Theoretical and practical implications

This study provided a significant contribution to science. First, this study provided insight into the effects of SAT, TRS, and WOM in explaining customers' BD. Previous studies have not identified the effects of the two constructs of WOM and BD in the field of insurance financial services. Therefore, to explain the effects of these constructs in terms of customers, the findings of this study can help insurance companies develop sharia life insurance products that can be well received by customers and provide insight into how to build effective promotions for service consumers. In addition, sharia insurance company should articulate the religious motives of creating WOM besides the commercial one. Second, this study provided new insights into the role of WOM in forming the BD of service consumers. Previous empirical studies have focused on the WOM variable alone; therefore, this study contributes to science by describing the variables forming WOM in influencing BD, as well as showing the importance of both components in explaining BD in financial services.

This study offers interesting implications for sharia life insurance companies, particularly the finding that WOM has a significant effect on BD for sharia life insurance products. Therefore, sharia insurance companies should encourage the formation of positive WOM among consumers to increase the number of sales of sharia life insurance products. To do this, sharia insurance marketers should concentrate on improving SAT and TRS among consumers. To promote the positive WOM for sharia life insurance products, the company should convince to Muslim customers that sharia principles have been adopted in the procedure of claim and premise payment, or other service facilities. This will positively affect BD and, thus, increase the sales of sharia life insurance products.

Consumers who have a satisfying experience with the services of sharia will spread positive WOM about sharia life insurance products and will share useful and positive information with other prospective customers. Furthermore, satisfied consumers will believe in sharia services, spread a positive image of sharia life insurance in the minds of consumers and motivate them to always be faithful when buying sharia life insurance products. This can be effectively achieved through issuance policy service and punctual payment of claims in appropriate amounts, as well as by providing agile skillful and honest staff to help customers, and guaranteed that the products have been fulfilled sharia principles.

38

Limitations and future research

This study had the limitations that we only considered two factors that affect WOM. These may not be the only factors that affect BD for sharia life insurance products. Future research is expected to incorporate other factors that influence WOM, such as promotional media both online and offline. Another limitation is that we focused only on BD of customers who bought sharia life insurance products, so the results cannot be generalized to other types of sharia insurance. Therefore, future research could consider other sharia insurance products, such as sharia general insurance.

References

- AASI, Indonesia Sharia Insurance Association (2015), Sharia Insurance Business Data. Available at : www.aasi.or.id/main/data-bisnis-2015 (accessed 22 December 2015).
- Amin, M., and Isa, Z. (2008), "An examination of the relationship between service quality perception and customer satisfaction", *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 1 No. 3, pp. 191-209.
- Andersen, P.H. and Sorensen, H.B. (1999), "Reputational information: its role in interorganizational collaboration", *Corporate Reputation Review*, Vol. 2 No. 3, pp. 215-230.

- Anderson, E.W. (1998), "Customer satisfaction and word-of-mouth", *Journal of Service Research*, Vol. 1 No. 1, pp. 1-14.
- Arndt, J. (1967), "Word-of-mouth advertising and of informal communication", in Cox, F. (Ed.), *Risk Taking and Information Handling in Consumer Behaviour*, Harvard University Press, Cambridge, MA, pp. 188-239.
- Arnott, D.C. (2007), "trust – current thinking and future research", *European Journal of Marketing*, Vol. 41 Nos 9/10, pp. 981-987.
- Bansal, H.S. and Voyer, P.A. (2000), "Word-of-mouth processes within a services purchase decision context", *Journal of Service Research*, Vol. 3 No. 2, pp. 166-177.
- Babbie, E. (2007), *The Practice of Social Research*, Wadsworth, Belmont, CA.
- Borghini, S., Golfetto, F. and Rinallo, D. (2006), "Ongoing search among industrial buyers", *Journal of Business Research*, Vol. 59 No. 10-1, pp. 1151-1159.
- BPS, Indonesia Central Bureau of Statistics. (2010), Nationality, etnis, religion, and local language of Indonesian people. Available at : www.bps.go.id/index.php/publikasi/719. (accessed 04 December 2015).
- Brossard, H.L. (1998), "Information sources used by an organization during a complex decision process: an exploratory study", *Industrial Marketing Management*, Vol. 27, pp. 41-50.
- Burnkrant, R.E. and Cousineau, A. (1975), "Informational and normative social influence on buyer behavior", *Journal of Consumer Research*, Vol. 2 No. 3, pp. 206-215.
- Burton, J. and Khammash, M. (2010), "Why do people read reviews posted on consumer-opinion portals?", *Journal of Marketing Management*, Vol. 26 No. 3/4, pp. 230-55.
- Casalo, L.V., Flavian, C. and Guinaliu, M. (2008),"The role of satisfaction and website usability in developing customer loyalty and positive word-of-mouth in the e-banking services", *International Journal of Bank Marketing*, Vol. 26 No. 6, pp. 399-417.
- Chen, Y., Liu, F., Fang, C.H. and Lin, T.M.Y. (2013),"Understanding the effectiveness of word-of-mouth: an elasticity perspective", *Journal of Research in Interactive Marketing*, Vol. 7 No. 1, pp. 57-77.
- Choudhury, M.A.and Harahap, S.S. (2009),"Complementing community, business and microenterprise by the Islamic epistemological methodology", *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 2 No. 2, pp. 139 - 159
- Christodoulides, G., Michaelidou, N.and Argyriou, E. (2012),"Cross-national differences in e-WOM influence", *European Journal of Marketing*, Vol. 46 No. 11/12, pp. 1689-1707.
- Day, G.S. (1971), "Attitude change media and word of mouth", *Journal of Advertising Research*, Vol. 11 No. 6, pp. 31-40.
- Dichter, E. (1966), "How word-of-mouth advertising works", *Harvard Business Review*, Vol. 44 No. 6, pp. 147-166.
- Fithriah, A.R. and Hanudin, A. (2011), "Determinants of Islamic insurance acceptance: an empirical analysis", *International Journal of Business and Society*, Vol. 12 No. 2, pp. 37-54.
- Geyskens, I., Steenkamp, J. and Kumar, N. (1999), "A meta-analysis of satisfaction in marketing channel relationships", *Journal of Marketing Research*, Vol. 36 No. 2, pp. 223-38.
- Gounaris, S., Dimitriadis, S. and Stathakopoulos, V. (2010),"An examination of the effects of service quality and satisfaction on customers' behavioral intentions in e-shopping", *Journal of Services Marketing*, Vol. 24 No. 2, pp. 142-156.
- Gustina and Nurdianawati, I.A. (2012), "Analysis of demand for family *takaful* and life insurance: a comparative study in Malaysia", *Journal of Islamic Economics, Banking and Finance*, Vol. 8 No. 4, pp. 67-86.

- Hair, J.F. Jr., Black, W. C, Babin, B.J., Anderson, R.E, and Tatham, R. (2014), *Multivariate Data Analysis*, 7thed., Pearson Education Ltd, Essex.
- Hogan, J.E., Lemon, K.N. and Libai, B. (2004), "Quantifying the ripple: word-of-mouth and advertising strategies of competing durable good producers", *Marketing Science*, Vol. 7 No. 4, pp. 356-67.
- Huang, M., Cai, F., Tsang, A.S.L. and Zhou, N. (2011), "Making your online voice loud: the critical role of WOM information", *European Journal of Marketing*, Vol. 45 No. 7/8, pp. 1277-1297.
- Husin, M.M., Ismail, N. and Rahman, A.A. (2016), "The roles of mass media, word of mouth and subjective norm in family takaful purchase intention", *Journal of Islamic Marketing*, Vol. 7 No. 1, pp. 59-73.
- Ismail, A.G.B. and Ahmad, I.B. (2006), "Does the Islamic financial system design matter?", *Humanomics*, Vol. 22 Iss 1 pp. 5-16.
- Johnson, D.S. and Grayson, K. (2000), "Sources and dimensions of trust in service relationships", in Swartz, T.A. and Iacobucci, D. (Eds), *Handbook of Services Marketing & Management*, Sage Publications, Thousand Oaks, CA, pp. 357-370.
- Johnston, W.J. and Lewin, J.E. (1996), "Organizational buying behavior: toward an integrative framework", *Journal of Business Research*, Vol. 35 No. 1, pp. 1-15.
- Kasim, N.A.A. (2012), "Disclosure of Shariah compliance by Malaysian takaful companies", *Journal of Islamic Accounting and Business Research*, Vol. 3 No.1 pp. 20 -38.
- Kassim, N. and Abdullah, N.A. (2010), "The effect of perceived service quality dimensions on customer satisfaction, trust, and loyalty in e-commerce settings", *Asia Pacific Journal of Marketing and Logistics*, Vol.22 No. 3, pp. 351-371.
- Kau, A.K. and Loh, E.W.Y. (2006), "The effects of service recovery on consumer satisfaction: a comparison between complainants and non-complainants", *Journal of Services Marketing*, Vol. 20 Iss 2, pp. 101-111.
- Khan, M.M. M. and Bhatti, M.I. (2008), "Islamic banking and finance: on its way to globalization", *Managerial Finance*, Vol. 34 No. 10, pp. 708-725.
- Kim, H. and Song, J. (2010), "The quality of word-of-mouth in the online shopping mall", *Journal of Research in Interactive Marketing*, Vol. 4 No. 4, pp. 376-390.
- Kim, W., Benedetto, C.A.D. and Lancioni, R.A. (2011), "The effects of country and gender differences on consumer innovativeness and decision processes in a highly globalized high-tech product market", *Asia Pacific Journal of Marketing and Logistics*, Vol. 23 No. 5, pp. 714-744.
- Kotler, P. (1991), *Marketing Management-Analysis, Planning, Implementation and Control*, 7th ed., Prentice-Hall, Englewood Cliffs, NJ.
- Lewis, M.K. (2010), "Accentuating the positive: governance of Islamic investment funds", *Journal of Islamic Accounting and Business Research*, Vol. 1 No.1, pp. 42-59.
- Lye, A., Shao, W., Thiele, R.S. and Fausnaugh, C. (2005), "Decision waves: consumer decisions in today's complex world", *European Journal of Marketing*, Vol. 39 Iss 1/2, pp. 216-230.
- Makkonen, H., Olkkonen, R. and Halinen, A. (2012), "Organizational buying as muddling through: a practicetheory approach", *Journal of Business Research*, Vol. 65 No. 6, pp. 773-780.
- Manjeshwar, S., Sternquist, B. and Good, L.K. (2013), "Decision making of retail buyers: erspectives from China and India", *Qualitative Market Research: An International Journal*, Vol. 16 No. 1 pp. 38-52.
- Mayer, R.C., Davis, J.H. and Schoorman, F.D. (1995), "An integrative model of organizational trust", *Academy of Management Review*, Vol. 30 No. 3, pp. 709-734.

- McAllister, D.J. (1995), "Affect and cognition-based trust as foundations for interpersonal cooperation in organizations", *Academy of Management Journal*, Vol. 38 No. 1, pp. 24-59.
- Mohamed, S. and Nor, A.S. (2013), "Determinants of demand on family *takaful* in Malaysia", *Journal of Islamic Accounting and Business Research*, Vol. 4 No. 1, pp. 26-50.
- Mortazavi, M., Esfidani, M.R. and Barzoki, A.S. (2014), "Influencing VSN users' purchase intentions", *Journal of Research in Interactive Marketing*, Vol. 8 No. 2, pp. 102-123.
- Nasser, S.A.S.A. and Muhammed, D.D.J. (2013), "Introduction to history of Islamic banking in Malaysia", *Humanomics*, Vol. 29 No. 2, pp. 80-87.
- Oh, J.C., Yoon, S.J. and Park, B.I. (2012), "A structural approach to examine the quality attributes of e-shopping malls using the Kano model", *Asia Pacific Journal of Marketing and Logistics*, Vol. 24 No. 2, pp. 305-327.
- Olson, D. and Zoubi, T.A. (2008), "Using accounting ratios to distinguish between Islamic and conventional banks in the GCC region", *The International Journal of Accounting*, Vol. 43 No. 1, pp. 45-65.
- Osman, I., Ali, H., Zainuddin, A., Rashid, W. E. W., & Jusoff, K. (2009). Customers satisfaction in Malaysian Islamic banking, *International Journal of Economics and Finance*, 1(1), 197-202.
- Ranaweera, C. and Menon, K. (2013), "For better or for worse?", *European Journal of Marketing*, Vol. 47 Iss 10, pp.1598-1621.
- Santos, C.P.D. and Basso, K. (2012), "Do ongoing relationships buffer the effects of service recovery on customers' trust and loyalty?", *International Journal of Bank Marketing*, Vol. 30 Iss 3, pp. 168-192.
- Schiffman, L.G. and Kanuk, L.L. (1997), *Consumer Behaviour*, 6th ed., Prentice-Hall, Upper Saddle River, NJ.
- Shi, S. and Chow, W.S. (2015), "trust development and transfer in social commerce: prior experience as moderator", *Industrial Management & Data Systems*, Vol. 115 No. 7, pp. 1182-1203.
- Sirdeshmukh, D., Singh, J. and Sabol, B. (2002), "Consumer trust, value, and loyalty in relational exchanges", *Journal of Marketing*, Vol. 66 No. 1, pp. 15-37.
- Smith, D., Menon, S. and Sivakumar, K. (2005), "Online peer and editorial recommendations, trust, and choice in virtual markets", *Journal of Interactive Marketing*, Vol. 19 No. 3, pp. 15-37.
- Soares, A.M., Pinho, J.C. and Nobre, H. (2012), "From social to marketing interactions: the role of social networks", *Journal of Transnational Management*, Vol. 17 No. 1, pp. 45-62.
- Stenroos, L.A. and Makkonen, H.S. (2014), "Industrial buyers' use of references, word-of-mouth and reputation in complex buying situation", *Journal of Business & Industrial Marketing*, Vol. 29 No. 4, pp. 344-352.
- Terres, M.D.S., Santos, C.P.D. and Basso, K. (2015), "Antecedents of the client's trust in low-versus high consequence decisions", *Journal of Services Marketing*, Vol. 29 No. 1, pp. 26-37.
- Trakic, A. (2013), "The adjudication of Shari'ah issues in Islamic financial contracts", *Humanomics*, Vol. 29 Iss 4, pp. 260-275
- Triantafillidou, A. and Siomkos, G. (2014), "Consumption experience outcomes: satisfaction, nostalgia intensity, word-of-mouth communication and behavioural intentions", *Journal of Consumer Marketing*, Vol. 31 Iss 6/7, pp. 526-540.
- Trusov, M., Bucklin, R.E. and Pauwels, K. (2009), "Effects of word-of-mouth versus traditional marketing: findings from an internet social networking site", *Journal of Marketing*, Vol. 73 No. 5, pp. 90-102.

- Webster, F.E. and Wind, Y. (1972), *Organizational Buying Behavior*, Prentice Hall, Englewood Cliffs, NJ.
- Wee, C.H., Lim, S.L. and Lwin, M. (1995), "Word-of-mouth communication in Singapore: with focus on effects of message-sidedness, source, and user-type", *Asia Pacific Journal of Marketing and Logistics*, Vol. 7 No. 1/2, pp. 5-36.
- Wilson, J.A.J. and Rahman, Z.A. (2015). Islam perspectives on risk and insurance marketing. In T. Harrison and H. Estelami (eds.), *The Routledge Companion to Financial Services Marketing*, New York: Routledge.
- Woo, J., Ahn, J., Lee, J. and Koo, Y. (2015), "Media channels and consumer purchasing decisions", *Industrial Management & Data Systems*, Vol. 115 No. 8, pp. 1510-1528.

BUYING DECISION IN THE MARKETING OF SHARIA LIFE INSURANCE (Evidence from Indonesia)

ORIGINALITY REPORT

18%

SIMILARITY INDEX

13%

INTERNET SOURCES

12%

PUBLICATIONS

5%

STUDENT PAPERS

PRIMARY SOURCES

1	Maizaitulaidawati Md Husin, Noraini Ismail, Asmak Ab Rahman. " The roles of mass media, word of mouth and subjective norm in family purchase intention ", Journal of Islamic Marketing, 2016 Publication	2%
2	Submitted to Universiti Teknologi Malaysia Student Paper	1%
3	link.springer.com Internet Source	1%
4	Submitted to Birkbeck College Student Paper	<1%
5	media.wix.com Internet Source	<1%
6	repository.uinjkt.ac.id Internet Source	<1%
7	www.inderscience.com Internet Source	<1%

8	emrbi.org Internet Source	<1%
9	Submitted to Syiah Kuala University Student Paper	<1%
10	Journal of Islamic Marketing, Volume 5, Issue 2 (2014-09-16) Publication	<1%
11	essay.utwente.nl Internet Source	<1%
12	Submitted to University of Hong Kong Student Paper	<1%
13	Journal of Product & Brand Management, Volume 17, Issue 6 (2008-09-28) Publication	<1%
14	www.instituteforpr.org Internet Source	<1%
15	www.emrbi.org Internet Source	<1%
16	Tahyudin, Imam. "Preference Analysis of Website Performance, Access, Security, Sensation, and Information Variables to Identify Consumer Online Shopping Satisfaction at www.kebanaran.com ", International Journal of Electrical & Computer Sciences, 2013.	<1%

- | | | |
|----|---|-----|
| 17 | vuir.vu.edu.au
Internet Source | <1% |
| 18 | www.emeraldinsight.com
Internet Source | <1% |
| 19 | Jillian C. Sweeney, Geoffrey N. Soutar, Tim Mazzarol. "Word of mouth: measuring the power of individual messages", <i>European Journal of Marketing</i> , 2012
Publication | <1% |
| 20 | Submitted to University of Stirling
Student Paper | <1% |
| 21 | Submitted to Universitas Semarang
Student Paper | <1% |
| 22 | Zalfa Laili Hamzah, Siew Peng Lee, Sedigheh Moghavvemi. "Elucidating perceived overall service quality in retail banking", <i>International Journal of Bank Marketing</i> , 2017
Publication | <1% |
| 23 | Ramaraj Palanisamy, Jacques Verville, Christine Bernadas, Nazim Taskin. "An empirical study on the influences on the acquisition of enterprise software decisions", <i>Journal of Enterprise Information Management</i> , 2010
Publication | <1% |
-

24	www.i-scholar.in Internet Source	<1%
25	Submitted to Anglia Ruskin University Student Paper	<1%
26	www.saibw.co.za Internet Source	<1%
27	dro.deakin.edu.au Internet Source	<1%
28	umexpert.um.edu.my Internet Source	<1%
29	iuu.ac Internet Source	<1%
30	Submitted to University of Northumbria at Newcastle Student Paper	<1%
31	Beatriz Moliner-Velázquez, María-Eugenia Ruiz-Molina, Teresa Fayos-Gardó. "Satisfaction with service recovery: moderating effect of age in word-of-mouth", Journal of Consumer Marketing, 2015 Publication	<1%
32	Chinese Management Studies, Volume 9, Issue 3 (2015) Publication	<1%

33

Internet Source

<1%

34

www.takaful.com

Internet Source

<1%

35

www.scribd.com

Internet Source

<1%

36

www.scitepress.org

Internet Source

<1%

37

journals.iium.edu.my

Internet Source

<1%

38

www.tandfonline.com

Internet Source

<1%

39

Laurent Bertrandias, Leila Elgaaied-Gambier.
"Others' environmental concern as a social
determinant of green buying", Journal of
Consumer Marketing, 2014

Publication

<1%

40

lib.euser.org

Internet Source

<1%

41

Nikunj Kumar Jain, Shampy Kamboj, Vinod
Kumar, Zillur Rahman. "Examining consumer-
brand relationships on social media platforms",
Marketing Intelligence & Planning, 2018

Publication

<1%

eprints.utm.my

42

Internet Source

<1%

43

www.kgsepg.com

Internet Source

<1%

44

www.doria.fi

Internet Source

<1%

45

media.neliti.com

Internet Source

<1%

46

collections.plymouth.ac.uk

Internet Source

<1%

47

repository.liv.ac.uk

Internet Source

<1%

48

Paul Valentin Ngobo. "Drivers of customers' cross-buying intentions", *European Journal of Marketing*, 2004

Publication

<1%

49

fac.ksu.edu.sa

Internet Source

<1%

50

D. Harrison Mcknight, Michelle Carter, Jason Bennett Thatcher, Paul F. Clay. "Trust in a specific technology", *ACM Transactions on Management Information Systems*, 2011

Publication

<1%

51

ircmj.com

Internet Source

<1%

52

www.business-and-management.org

Internet Source

<1%

53

ccsenet.org

Internet Source

<1%

54

Publication

<1%

55

revistabrasileiramarketing.org

Internet Source

<1%

56

Mellina da Silva Terres, Cristiane Pizzutti dos Santos, Kenny Basso. "Antecedents of the client's trust in low- versus high-consequence decisions", Journal of Services Marketing, 2015

Publication

<1%

57

ethesys.lib.fcu.edu.tw

Internet Source

<1%

58

tjeb.ro

Internet Source

<1%

59

oa.upm.es

Internet Source

<1%

60

usir.salford.ac.uk

Internet Source

<1%

61

scholarworks.waldenu.edu

Internet Source

<1%

gbata.org

62

Internet Source

<1%

63

George Christodoulides, Nina Michaelidou, Evmorfia Argyriou. "Cross-national differences in e-WOM influence", European Journal of Marketing, 2012

Publication

<1%

64

Asia Pacific Journal of Marketing and Logistics, Volume 26, Issue 1 (2013-12-14)

Publication

<1%

65

Anni Rajala, Annika Tidström. "A multilevel perspective on organizational buying behavior in coopetition—an exploratory case study", Journal of Purchasing and Supply Management, 2017

Publication

<1%

66

www.diva-portal.org

Internet Source

<1%

67

mpra.ub.uni-muenchen.de

Internet Source

<1%

68

brage.bibsys.no

Internet Source

<1%

69

uir.unisa.ac.za

Internet Source

<1%

70

Tri Widiанти, Sik Sumaedi, I Gede Mahatma

Yuda Bakti, Tri Rakhmawati, Nidya Judhi
Astrini, Medi Yarmen. "Factors influencing the
behavioral intention of public transport
passengers", International Journal of Quality &
Reliability Management, 2015

Publication

<1%

71

pt.scribd.com

Internet Source

<1%

72

ro.ecu.edu.au

Internet Source

<1%

73

www.researchgate.net

Internet Source

<1%

74

content.iospress.com

Internet Source

<1%

75

Journal of Islamic Marketing, Volume 4, Issue 2
(2013-06-08)

Publication

<1%

Exclude quotes On

Exclude matches Off

Exclude bibliography On