

Factors Influencing Micro, Small and Medium Entrepreneurs' (MSMEs) Intentions to Purchase Micro-*Takaful* Scheme

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Abstract

This study attempts to investigate the factors that affect the micro, small and medium entrepreneurs' (MSMEs) intention to purchase micro-*takaful* schemes. Based on the theory of planned behaviour, an empirical analysis was employed to analyse the relationships based on 135 MSMEs in Perak, Malaysia. The findings imply that knowledge has a large and favourable impact on micro-*takaful* scheme attitudes and purchasing intentions. Besides, the findings reveal the significant effect of attitude, subjective norms, and perceived behavioural control to induce purchase intention on micro-*takaful*. The findings shed light on the importance for Islamic *takaful* companies to transform their marketing strategies to reach potential clients particularly the MSMEs. Specifically, the *takaful* companies not only need to consider the micro, small and medium entrepreneurs' behaviour in selling their products but also to revise the provision and the outreach of micro-*takaful* for the MSMEs in the remote and rural areas as to increase their financial protection against unexpected business risks and improve their societal well-being.

Keywords: Micro-*takaful*, Knowledge, Theory of Planned Behaviour, MSMEs

Introduction

Takaful is an Islamic finance instrument which provides financial protection against unexpected risks such as disaster, death or business loss. The term "takaful" comes from the Arabic word "kafala," which signifies "guarantee" or "obligation" (Billah, 2003). As an alternative to conventional insurance, *takaful* was introduced to apply the element of *tabarru'* (donation) and profit-sharing which does not involve the components of *gharar* (uncertainty) and *maisir* (gambling) in the insurance contract (Sherif & Shaairi, 2013). Based on Table 1, the growth of *takaful* fund assets had grown from RM20,934 million in 2013 to

RM26,792 million in 2016. As for the size of the *takaful* market compared to the overall insurance market, this showed a good increase from 8.96 percent in 2013 to 9.68 percent in 2016.

In line with the government's aim related to financial inclusion, in 2010, Central Bank of Malaysia had urged the *takaful* providers to design and provide a micro-*takaful* scheme for low-income groups and the micro, small and medium enterprises (MSMEs) at an affordable premium (Ismail et al., 2013) or less than RM20 (Bank Negara Malaysia, 2010). This call was in line with the increasing growth of micro-*takaful* schemes globally. Various risks or events are covered by micro-*takaful* products. These include death, critical illness, property damage, personal accident, and default on microfinance facilities (Brugnoni, 2013).

Micro-*takaful* plans are gaining popularity as a way to assist the impoverished in dealing with risk. It is a model that provides *shariah*-compliant risk-pooling products for the protection of low-income and underprivileged members of society at an affordable cost (Haryadi, 2007). It is mainly designed for persons who are ignored by the mainstream commercial insurance models. The need for protection against the risk of loss, accident or natural disaster is crucial to achieving sustainable development. It also provides security for life and removes the poor from the trap of poverty. Bhatti (2010) described micro-*takaful* as a risk avoidance method for MSMEs to overcome any business problems.

Many of the prior studies have highlighted the significance of micro-*takaful* in the Muslim world (Erlbeck et al., 2011; Kwon, 2008); but specific empirical studies of the industry on its actual contribution are hard to find. Yet, Patel (2012) asserts that *takaful* or more specific, micro-*takaful* has the potential to provide better services than conventional insurance to the poor especially those who work in the informal sector with no fixed income who are vulnerable to any economic changes. The first micro-*takaful* scheme was introduced in Lebanon in 1997 and it has been steadily growing since January 2010 in countries such as Indonesia, Malaysia, Bangladesh, Kuwait, Sudan, United Arab Emirates, Sri Lanka, Bahrain and Pakistan. In Malaysia, there are a few micro-*takaful* products such as MySalam, i-BRIM (*Takaful* Berkumpulan Rakyat 1Malaysia), fishermen's *takaful*, *takaful* for Indonesian maids, cooperative *tabarru'* schemes, paddy *takaful* protection, 1Malaysia micro-*takaful* protection plan (1MMPP) and others (Wahid, 2015). Overall, there are five *takaful* providers for the family and the public such as Etiqa *Takaful*, *Takaful* Ikhlas, AIA *Takaful*, Syarikat *Takaful* Malaysia Berhad and HSBC Amanah.

Table 1

Growth of takaful fund assets (2013 to 2016)

	2013	2014	2015	2016
Total (RM million)	20,934.0	22,746.0	24,711.0	26,792.0
Percent from overall market (%)	8.96	9.25	9.37	9.68

Source: Bank Negara Malaysia (2016).

In 2014, the worst catastrophic floods occurred in Malaysia involving five states including the state of Perak resulting in the death of 25 people and the estimated number of

victims was around 500,000 (Komoo, 2014). This unexpected natural disaster caused not only death but also damage to the property of the societies involved. In addition, the micro-entrepreneurs in the flood areas also suffered significant losses as a result of the floods. With the potential for unexpected risks, micro-entrepreneurs need to be more aware of their own business and protection with the use of micro-*takaful* protection schemes. Similarly, in the current situation, the world has affected by COVID-19 pandemic. To ensure MSMEs' survival, the Central Bank of Malaysia (BNM) has strengthened existing lending capabilities under the BNM's Fund for SMEs to provide greater help to SMEs in maintaining company operations and conserving jobs, as well as to encourage growth in current economic conditions (BNM, 2020). For MSMEs, BNM provides special funds for financing, credit guarantee, loan repayment moratorium, loan restructuring, rescheduling, and also insurance premium moratorium.

In Malaysia, micro-*takaful* products are still in the early stages and there are only three *takaful* organizations namely Malaysian *Takaful* Company, Etiqa *Takaful* and *Takaful* Ikhlas which provide micro-*takaful* services involving accidental death and entrepreneurs with disabilities due to an accident (Ismail et al., 2013). Recently, *Takaful* Ikhlas has partnered with GHL Systems Bhd and Senangnvs Sdn Bhd to offer an extensive range of finance products such as microinsurance to the MSMEs which aimed at easing the burden faced by the MSMEs during the COVID-19 outbreak and the movement control order (Bernama, 2020). However, the level of knowledge and awareness regarding the existence of the micro-*takaful* product as well as the usefulness of micro-*takaful* for business are still low among the MSMEs. Therefore, this study aimed to analyse the influence of knowledge on the tendency of micro-*takaful* purchases, especially among micro-entrepreneurs.

Micro-*takaful* entails business risks such as an unsystematic approach to managing operations due to a lack of contemporary technology, distribution issues, production capacity constraints, and consumer debt collection issues (Ismail et al., 2013) as well as mishaps such as robbery or fire at the premises (Salleh & Padzim, 2018). Ismail et al (2013) show that micro-entrepreneurs in Johor were less aware of the differences between insurance or *takaful* related to business and family as well as general insurance. The respondents' participation was limited to vehicle *takaful*/insurance, life and housing insurance. As such, it is imperative to highlight micro-*takaful* products to attract participation from the micro-entrepreneurs. As shown in the study by Salleh and Padzim (2018) in Kelantan, the micro-entrepreneurs' level of understanding which was related to their education level, had a significant influence on their level of awareness towards the existence of micro-*takaful* products.

The goal of this research is to obtain a better understanding of MSMEs' purchasing intentions for micro-*takaful* schemes in Perak by looking at their level of knowledge and understanding of the product as well as the components in the theory of planned behaviour. The study discussion is divided into 6 parts: the first part is the introduction, the second and third parts cover the literature review and framework of the study, the fourth part is the methodology, and the fifth and sixth parts cover the findings, implications and conclusion.

Literature Review

This section is related to the discussion about previous studies based on the purchase intentions on the micro-*takaful* scheme.

Theoretical Framework

The construction of the theoretical framework is formed on the theory of planned behaviour (*TPB*) which was developed by Ajzen (1991). The theory is an extension of the theory of reasoned action (*TRA*) by Fishbein and Ajzen (1975) and Ajzen and Fishbein (1980). Ajzen (1991) stated that an individual's behaviours are determined by their intentions. He defined intentions or behavioural intentions as an individual's readiness to buy a certain product.

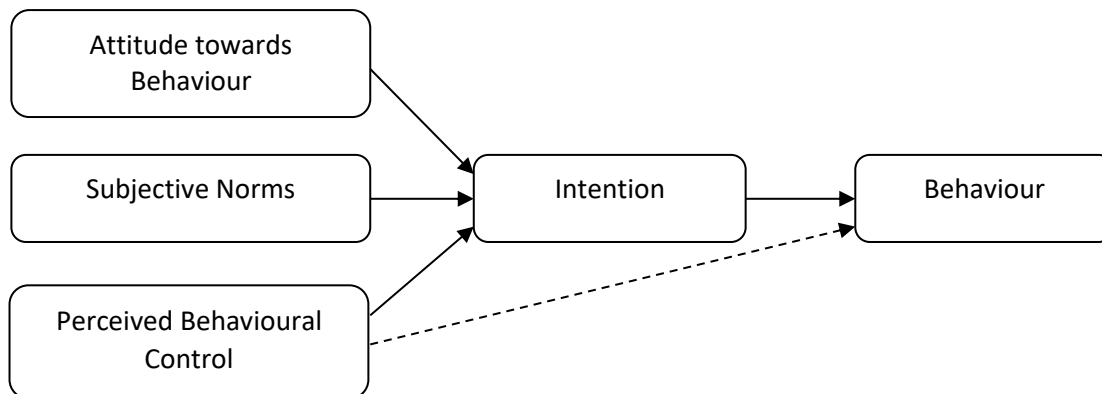


Figure 1: Theory of planned behaviour (Ajzen, 1991)

TPB explains that the intentions or behavioural intentions of individuals are influenced by three factors which are attitude, subjective norms and perceived behavioural control. The perceived behavioural control factor has been added in *TPB* to refer to an individual's perception whether it is easy or difficult for him to act on something. Figure 1 shows the theory of planned behaviour model as developed by Ajzen (1991).

Previous Studies on the Purchase Intention of Micro-*takaful* Scheme

Prior study shows that there is insufficient research on the behavioural element of micro-*takaful* adoption. The study by Husin and Rahman (2016) also utilised the *TPB* model to look into society's involvement in the family *takaful* scheme (Husin & Rahman, 2016). However, the study only focused on the tendency of societies towards the family *takaful* scheme. This is also evident in the study by Amin (2012) which applied the *TPB* model with the customers' willingness to use *shariah*-based insurance products.

Limited studies are focusing on society's behaviour or purchase intentions on micro-*takaful* schemes. Instead, the issues focused on the implementation of micro-*takaful* scheme in Malaysia (Wahid, 2015), prospects of the implementation of micro-*takaful* scheme in Malaysia (Wahid & Noordin, 2014), the experience of the implementation of micro-*takaful* in selected countries (Ahmed, 2016), the effectiveness of micro-*takaful* (Kwon, 2010), the positive role of micro-*takaful* (Erlbeck et al., 2011; Kwon, 2008), the development of a micro-*takaful* model for the benefit of the poor and the low-income population in selected Malaysian states (Rom, 2014), and the awareness towards micro-*takaful* (Salleh & Padzim, 2018; Ismail et al., 2013). However, empirical studies on the involvement of *takaful* are still limited. Few behavioural studies had looked at the purchase intentions of the societies on family *takaful* schemes (Aziz et al., 2019; Husin & Rahman, 2016). This present study is relevant to fill in the gaps in studies related to micro-*takaful*. As a result, this study takes a theory of planned behaviour approach to see if the antecedents of knowledge, attitude,

subjective norms, and perceived behavioural control may shape positive behavioural intentions to buy micro-takaful schemes among MSMEs.

Developing the Hypothesis and Theoretical Framework

This section discusses the relationship between the variables in this study which are knowledge, attitude, subjective norms and perceived behavioural control factors on purchase intentions of MSMEs on micro-*takaful* schemes.

Knowledge, attitude and Purchase Intentions

When individuals want to decide on purchasing particular products or services, individuals usually gather some knowledge or information about the products or services beforehand. Prior product knowledge essentially influences attitude and individual's behaviour particularly concerning the understanding and awareness about the products or services (Burton, 2009; Lin & Chen, 2006). An individual with positive knowledge and awareness has a higher possibility to purchase *takaful* product (Husin & Rahman, 2016). Boyd et al. (2011) carried out a study in China and found that knowledge has a significant relationship on purchasing crop insurance among the Previous studies on the context of *takaful*, in general, have shown that knowledge was one of the critical factors that determined the patronization of this product (Aziz et al., 2019; Ahmed et al., 2015). Lack of knowledge in terms of *takaful* schemes was one of the reasons for not purchasing the product (Matsawali et al., 2012). Therefore, the following hypothesis is proposed:

H₁: Knowledge significantly influences the MSMEs purchase intentions on micro-takaful schemes.

H₂: Knowledge significantly influences the attitude of MSMEs to purchase micro-takaful schemes.

Attitude and Purchase Intentions

Attitude is a form of mental preparation to provide either a positive or negative response through the experience of an object or idea (Doane et al., 2016; Untaru et al., 2016). According to Fishbein and Ajzen (1975), a positive attitude is likely to influence someone to act on something; likewise, a negative attitude will decrease the likelihood of that person to do something.

Studies on the theory of planned behaviour have proved that attitude is the main predictor of intention and behaviour (Ajzen & Fishbein, 1980). It is evident that a positive attitude of microentrepreneurs determines the purchase intentions towards micro-*takaful* scheme (Razak et al., 2018). Husin and Rahman (2016) found that attitude had a positive and significant influence on the individual's intention to join a family *takaful* scheme. A study by Ibrahim et al. (2017) found a significant relationship between attitude and customers' intention to choose a shariah-based house financing product. Zainol et al. (2018) also showed that attitude towards nutrition labels was able to influence the consumers' tendency to choose healthy foods. As such, this study expects that attitude can also influence the micro-entrepreneurs' tendency to participate in micro-*takaful*. Therefore, the hypothesis below is proposed:

H₃: Attitude significantly influences MSMEs purchase intentions on micro-takaful schemes.

Subjective Norms and Purchase Intentions

Subjective norms refer to the influence of social pressure from other individuals towards an individual's attitude (Ajzen, 1991). The influence mentioned here may come from other people who are connected or related to a particular individual such as a family member, colleague or employer (Husin & Rahman, 2016). Subjective norm is a construct which is connected to behavioural intention and also actual behaviour (Ajzen & Fishbein, 1980; Han & Kim, 2010). Extant studies have looked into the influence of subjective norms towards behavioural intention (Al-Swidi et al., 2014; Ibrahim et al., 2017; Amin, 2012). The study conducted by Amin (2012) on 206 respondents found that subjective norms were the main factors which influenced undergraduates in Labuan to use *takaful* products. On the other hand, Husin and Rahman (2016) found that subjective norms had no influence on an individual's decision to join the family *takaful* scheme because respondents in the Klang Valley already had a high degree of awareness about the programme; as a result, no parties influenced the decision to join or not join the scheme. Therefore, this study attempts to determine whether subjective norms determine the purchasing intentions of micro-*takaful* schemes among the MSMEs. Based on the discussion, the following hypothesis is tested:

H₄: Subjective norms significantly influences MSMEs purchase intentions on micro-takaful schemes.

Perceived Behavioural Control and Purchase Intentions

Perceived behavioural control refers to an individual's perception towards the ease or difficulty to carry out certain behaviour (Ajzen, 1991). This factor has a direct effect on behaviour as well as an indirect effect towards intention with the assumption that this element has a motivational implication on behavioural intention (Ajzen, 2002). In other words, a community which believes that they have a lot of opportunities and resource (example, time, money, cooperation from everyone) will be likely to have high perceived control, which leads them to increase their behavioural intention (Husin & Rahman, 2016). There are a few studies which support the influence of perceived behavioural control towards intention and behaviour (Alam et al., 2012; Alam & Sayuti, 2011; Abdullah & Wahab, 2015). Abdullah and Wahab (2015) in their study involving 308 UUM staff found that the perceived behavioural control factor was the main predictor towards the usage of Islamic personal loans, compared to other factors such as being religious, attitudes and adherence towards the religion. On the other hand, the perceived behavioural control factor did not influence the tendency to participate in agricultural *takaful*. Based on this discussion, the hypothesis below is tested:

H₅: Perceived behavioural control significantly influences the MSMEs purchase intentions on micro-takaful schemes.

Conceptual Framework of the Study

According to Zahidi and Ali (2011), the conceptual framework is developed to create a systematic observation towards the problem of the study by referring to previous studies. The conceptual framework developed includes the variables used to study the factors which influence the tendency of micro-entrepreneurs in Perak to join the micro-*takaful* scheme. This conceptual framework is shown in Figure 2.

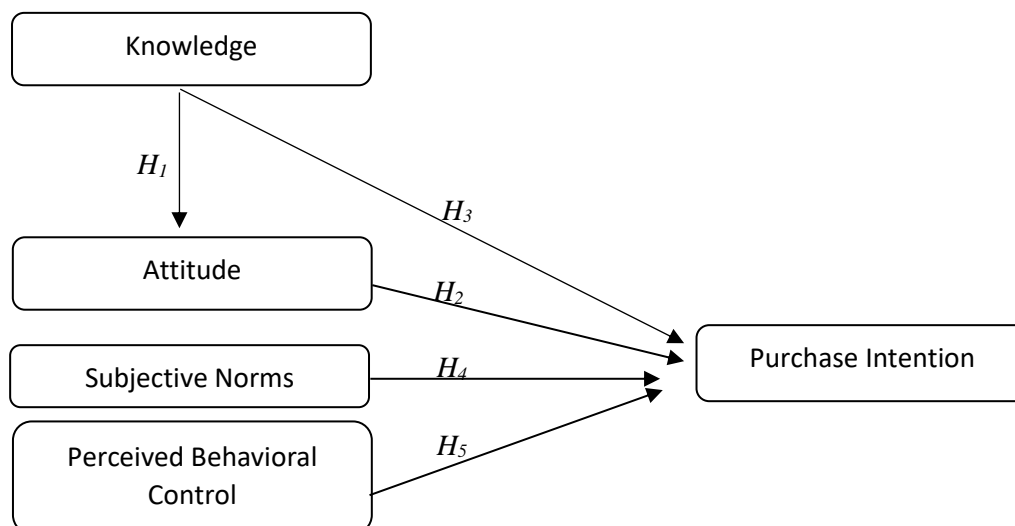


Figure 2: Conceptual Framework of Purchase Intentions of Micro-*Takaful* Schemes

Methodology

This study involved the agreement of micro-entrepreneurs in Perak, Malaysia regarding their participation in micro-*takaful*. The Perak state was chosen as the study location due to the development of the small and medium industries (SMEs) with a total of 75,140 industries which represented 8.3 percent of the whole total of SMEs in Malaysia (Department of Statistics Malaysia, 2015). A total of 135 entrepreneurs took part in this study. This number had been determined by taking into account the practices in previous studies, the sample's ability to represent the population and also the rule of thumb for the usage of the data analysis technique, which is a minimum linear regression of about 118 for a medium-sized case at $\alpha = 0.01$ with four independent variables (Cohen, 1988). The sample selection for this study was conducted using cluster sampling followed by simple random sampling. This study is in the form of a survey on the sample using a questionnaire as an instrument for obtaining data. The items used to measure the constructs studied had been adapted and modified from studies by Husin (2015) and Rom (2014). The items for all variables in the study were based on the 7-point Likert scale.

Results and Findings

Demographic Profile

Table 1 represents the genders of the respondents. In terms of gender composition of the respondents, the sample was predominantly male with 55.6 percent, while the female contributed 44.4 percent. The majority of the respondents were between the age of 26-30 years old (49.6 percent) followed by 20-25 years old (40.7 percent), while the least is above 50 years old (2.3 percent). With regard to monthly income level, 33.3 percent earned monthly income of RM2,000-RM2,999, followed by RM1,000-RM1,999 (28.9 percent), above RM4,000 (16.3 percent), RM3,000-RM3,999 (15.6 percent), while the remaining earned monthly income less than RM1,000. In terms of whether the entrepreneurs have any *takaful* plan, it demonstrated that majority of them did not have any *takaful* plan (71.1 percent) as compared to those who owns it.

Table 2

Demographic profile

Variable	Item	Frequency	Percentage (%)
Gender	Male	75	55.6
	Female	60	44.4
Age	20-25 years old	55	40.7
	26-30 years old	67	49.6
	31-40 years old	6	4.4
	41-50 years old	4	3.0
	Above 50 years old	3	2.3
Monthly income	Less than RM1,000	8	5.9
	RM1,000-RM1,999	39	28.9
	RM2,000-RM2,999	45	33.3
	RM3,000-RM3,999	21	15.6
	Above RM4,000	22	16.3
Do you have any <i>takaful</i> plan?	Yes	39	28.9
	No	135	71.1

Data Analysis

The analysis for this study involved two kinds of statistics which are descriptive and inferential. The distribution diagram explains several numbers of frequency, percentage and standard deviation used to summarise the respondents' profiles (Huck, 2012).

Next, the inferential statistical analysis was utilised to analyse data related to the micro-entrepreneurs' behaviour, with aspects such as knowledge, attitude, subjective norms and perceived behavioural control influencing the intention of MSMEs to purchase micro-*takaful*. Partial Least Squares-Structural Equation Modelling (PLS-SEM) was employed in this study using SmartPLS 3.2.9. According to Hair et al. (2012), PLS-SEM is widely employed in consumer behaviour research field and capable of handling which does not fulfil normal data distributions.

Measurement Model

The measurement model was tested before the structural model to determine the measurements' reliability and validity. Cronbach's alpha, factor loadings, composite reliability (CR), and average variance were used to analyse all of the constructs and indicators (AVE). As indicated in Table 5, all of the variables' Cronbach's alpha values were over the threshold value of 0.7, suggesting adequate reliability (Hair et al., 2019). Aside from that, construct reliability is measured using composite reliability with a cut-off value greater than 0.7. (Chin, 2010). Likewise, the measure of outer loadings must be established and scored greater than 0.70 to assess the item's reliability (Hair et al., 2019). The AVE values that indicate the convergent validity should be above 0.5. The following were the AVE values: Purchase intention was 0.893, attitude was 0.846, knowledge was 0.876, subjective norms were 0.745, and perceived behavioural control was 0.858. Table 2 summarizes the results of the outer loadings for all the items, and AVE and CR for each construct. For convergent validity, the CR for each construct met the minimum requirement of 0.7. The CR of purchase intention was 0.962, attitude was 0.956, knowledge was 0.972, subjective norms was 0.953, and perceived behavioural control was 0.948, thus demonstrating convergent validity for all constructs.

Table 2

Reliability and validity of constructs

Constructs	Items	Outer Loading	Cronbach's Alpha	AVE	CR
Purchase Intention	I would like to purchase micro- <i>takaful</i> scheme in future.	0.934	0.940	0.893	0.962
	I want to purchase micro- <i>takaful</i> scheme.	0.964			
	I presumed I will purchase micro- <i>takaful</i> .	0.937			
Attitude	I believe purchasing micro- <i>takaful</i> is a good thing.	0.898	0.940	0.846	0.956
	I believe purchasing micro- <i>takaful</i> is beneficial.	0.913			
	I believe purchasing micro- <i>takaful</i> is very valuable.	0.934			
	I believe purchasing micro- <i>takaful</i> is a wise idea.	0.934			
Knowledge	I would like to know about micro- <i>takaful</i> .	0.908	0.964	0.876	0.972
	I would like to know what documents are required to purchase micro- <i>takaful</i> .	0.949			
	I would like to know the benefits that will be covered through micro- <i>takaful</i> .	0.955			
	I would like to know the difference between micro- <i>takaful</i> and microinsurance.	0.958			
	I would like to know the term and condition of micro- <i>takaful</i> .	0.908			
Subjective Norms	Advertisement influenced me to purchase micro- <i>takaful</i> .	0.800	0.867	0.745	0.953
	My nature of work influenced me to purchase micro- <i>takaful</i> .	0.770			
	My partner influenced me to purchase micro- <i>takaful</i> .	0.896			
	My family influenced me to purchase micro- <i>takaful</i> .	0.831			
	My friend influenced me to purchase micro- <i>takaful</i> .	0.927			
	My colleague influenced me to purchase micro- <i>takaful</i> .	0.912			
	The community influenced me to purchase micro- <i>takaful</i> .	0.893			
	I have time to look into micro- <i>takaful</i> schemes.	0.939			
Perceived Behavioral Control	I have enough money to purchase micro- <i>takaful</i> scheme.	0.890	0.918	0.858	0.948
	I am voluntarily want to purchase micro- <i>takaful</i> scheme.	0.949			

To assess discriminant validity, the heterotrait-monotrait ratio (HTMT) criterion was used. As exhibited in Table 3, the heterotrait-monotrait correlations were below the threshold values of 0.90 (Henseler et al., 2015); hence, discriminant validity is established. Because the measuring model in this study demonstrated a reasonable level of reliability and validity, further analysis to examine the structural model, followed by hypothesis testing, may be done.

Table 3
Discriminant validity: Heterotrait-Monotrait Ratio (HTMT)

Constructs	ATT	KNOW	PBC	INT	SN
Attitude					
Knowledge	0.169				
Perceived Behavioral Control	0.161	0.722			
Purchase Intention	0.269	0.662	0.738		
Subjective Norm	0.184	0.656	0.776	0.834	

The standardised root mean square residual (SRMR) was used to assess the goodness of fit in PLS models (Hooper et al., 2018). SRMR refers to the residual deviations between the samples' correlated data and the expected correlated model (Hooper et al., 2008). The SRMR scale ranges from 0 to 1.0, with near-zero values indicating perfect model fit. For this investigation, the SRMR value is 0.059, indicating that the evidence is compatible with the hypothesised model.

Structural Model

Following the assessment of the measurement model, the structural model is evaluated. To investigate the multicollinearity issue, this study first determined the variance inflation factors (VIF) and tolerance values before examining the structural model. The result indicated that the values calculated for VIF were in the range of 1.000 to 2.422 which were below the suggested threshold of 5 (Venkatesh et al., 2012). Hence, collinearity is not a major problem in this research.

R^2 was calculated to measure the model predictive competencies and the relationships among the reflective constructs. As shown in Table 7, the values of R^2 for purchase intention and attitude were 0.660 and 0.028, respectively. According to Chin (1998), R^2 values at 0.67, 0.33 and 0.19 are considered as substantial, moderate, and weak, respectively. This suggests that the model of purchase intention has a substantial strong explanatory capability, whereas attitude has a weak explanatory capability.

Figure 3 depicts the structural model. The estimates for the path coefficients were obtained to test the hypotheses among the constructs. The PLS-SEM method was used for this purpose. A total of 5,000 samples were bootstrapped.

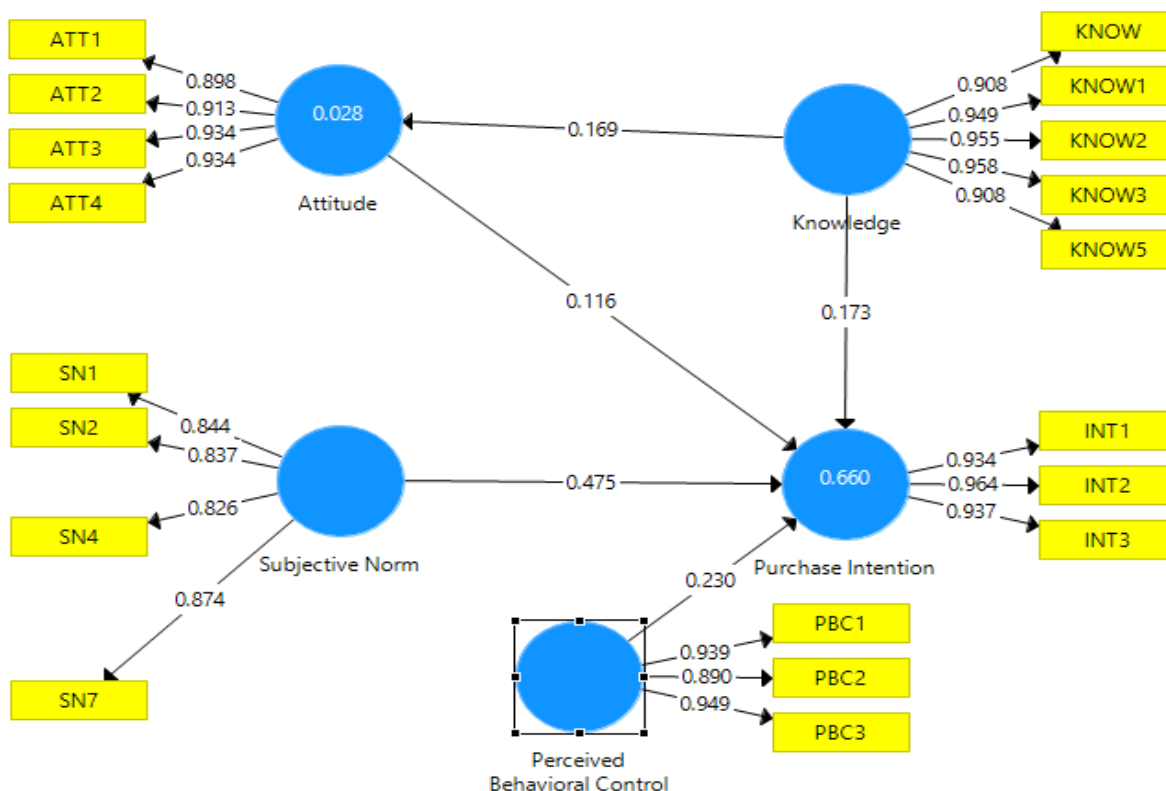


Figure 3: Factors that influence MSMEs purchase intentions

Table 4 depicts a summary of the structural model. H_1 shows the relationship between knowledge and attitude, which is supported with $\beta = 0.169$, $p < 0.01$ and t statistics at 2.580. H_2 represents the relationship between attitude and purchase intention, which is supported with $\beta = 0.116$, $p < 0.05$ and t statistics at 2.023. H_3 is the relationship between knowledge and purchase intention, which is also supported with $\beta = 0.173$, $p < 0.1$ and t statistics at 1.849. Next, H_4 and H_5 are also supported which show the relationship between subjective norms ($\beta = 0.475$, $p < 0.001$ and t statistics at 5.231) and perceived behavioural control ($\beta = 0.230$, $p < 0.05$ and t statistics at 2.205) and purchase intention.

Table 4
Summary of the Structural Model

Hypotheses	Relationship	β	SE	t -value	Decision	f^2
H_1	Know \rightarrow Att	0.169	0.065	2.580	Supported***	0.029
H_2	Att \rightarrow Int	0.116	0.057	2.023	Supported**	0.038
H_3	Know \rightarrow Int	0.173	0.094	1.849	Supported*	0.044
H_4	SN \rightarrow Int	0.475	0.091	5.231	Supported****	0.324
H_5	PBC \rightarrow Int	0.230	0.104	2.205	Supported**	0.064

Notes: *Significant at $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Discussion

This study aims to analyse the factors that affected the MSMEs to purchase the micro-takaful schemes in Perak, Malaysia. From the descriptive analysis, it was found that more than two-third of the entrepreneurs did not have any takaful plan protection. The findings also revealed

that the *TPB* model could explain the 66.0 percent variance of the purchase intentions on micro-*takaful* schemes. Generally, the result depicts that knowledge, attitude, subjective norms and perceived behavioural control are positively related to purchasing intentions. Additionally, knowledge and attitude are also positively related.

The studies revealed that having a favourable attitude toward purchasing a micro-*takaful* plan leads to positive purchasing behaviour which are in line with Amin et al. (2011). In terms of knowledge, the results indicated that knowledgeable entrepreneurs on the micro-*takaful* scheme will develop a positive attitude and hence, increase their intention to purchase the scheme (Aziz et al., 2019). Aside from that, the findings show subjective norms can have a positive impact on micro-*takaful* buying intentions. The findings are consistent with previous research (Ibrahim et al., 2017; Al-Swidi et al., 2014; Amin, 2012), which shows that the more influential others are, the more likely MSMEs are to purchase micro-*takaful* programmes.

Similarly, perceived behavioural control also shows a positive and significant result in purchasing micro-*takaful* schemes. This result indicated that those MSMEs who inclusively have access to resources and facilities such as micro-*takaful*, would increase their willingness to purchase the scheme. Thus, it confirmed the results of the previous studies (Abdullah & Wahab, 2015; Alam et al., 2012; Alam & Sayuti, 2011).

Implications and Conclusion

The outcome of the study has both theoretical and practical relevance. Based on a theoretical perspective, this study contributes to the existing literature by introducing the antecedents of knowledge, as well as existing factors in the theory of planned behaviour, which explained the need for a micro-*takaful* scheme as an initiative to reduce the loss caused by micro-entrepreneurs' involvement in risk of uncertainty. With the increase of natural hazards such as floods and global pandemic such as Covid-19, it is becoming inevitable for the MSMEs to take a proactive approach to secure themselves, families and most importantly, their businesses survival.

From the practical aspect, this study is in line with the government's policy to increase financial inclusion among the Bottom 40% (B40) and Middle 40% (M40) segments. This study aims to provide a new dimension not just for the academicians, but also for the micro-*takaful* providers and policymakers. Currently, the government initiates micro-*takaful* scheme known as mySalam that aims to provide only a free *takaful* health protection to the low-income people in Malaysia. Therefore, the *takaful* provider or other financial protections service provider and the policymakers such as the Ministry of Entrepreneur Development of Malaysia should formulate a micro-*takaful* scheme focusing on business protection and MSMEs sustainability, especially with the ongoing global Covid-19 pandemic. The *takaful* companies need to take into account the micro, small and medium entrepreneurs' behaviour to sell their products particularly in improving the provision and the outreach of micro-*takaful* for the MSMEs from remote and rural areas, which consequently increases their financial protection against unexpected business risks and improve their societal well-being. Additionally, they should also consider the willingness and ability of MSMEs to purchase micro-*takaful* schemes in terms of contributing (low) premiums, less hassle policy documentation and claims procedure. It is imperative that the policymakers and *takaful* institutions to be more proactive

and improve the micro-*takaful* system as well as upgrade the product's accessibility by expanding the service to post office, markets, *zakat* centres, *wakaf* institutions and cooperatives. Additionally, the information should be disseminated about the importance of micro-*takaful* schemes to guarantee protection, safety and the rights of micro-entrepreneurs in Perak as well as the whole of Malaysia.

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