

Chapter 4. Research Methodology

This section of the report discusses the sample selection employed, the choice and design of the survey instrument, the survey procedure, and the data analysis methods used.

4.1 Sample Selection

The sample list of Malaysia Insurance companies was obtained from Bank Negara's website (BNM 2002). It consists of companies that are involved in Life and/or General Insurance businesses, excluding Takaful and Reinsurance Companies. The Takaful insurers are not included as the number of companies that offering Islamic insurance is small; currently only two (Syarikat Takaful Malaysia and Takaful Nasional Sdn. Bhd). There is another type of insurance companies called Reinsurance that deals with the sharing of insurance policies among multiple insurers, to reduce the risk for each. It is not included as well for the same reason as Takaful insurers.

4.2 Survey Instruments

It was decided that hand delivery of the survey questionnaire for each of the insurers would be the most practical method to collect the data. The questionnaire was designed through numerous consultations and revisions with the project supervisor, and also from previous Internet survey done by other MBA colleagues in University Malaya. But for the specific questions on "e-Insurance", to a large extent it was created from scratch due to the lack of any similar survey. A copy of the final questionnaire is provided in the *Appendix I*. The data derived is used to describe current Internet usage, and their plan on e-insurance. The data was also statistically analyzed to check against this project's objectives. The three principal sections of the questionnaire are as follows. Questions for each section was designed to fit just nice to a single page for ease of reading and answering.

a. Section 1: Company Demographic Information

The first section collects information about the organization surveyed to classify the general characteristics of the firms surveyed; Information on the principal activity (life or General Insurance), principal customer type (household or commercial), principal sales area, number of agents and characterization of Information Technology usage.

b. Section 2: Factors Affecting the Adoption of the Internet

This section consists of a single question with four items each to be rated in importance on a Likert-like scale of four choices. The purpose of this question is to determine those items, issues, or reasons for a firm's choice to adopt the Internet in their business. Items surveyed include customer readiness, technology, costs, awareness and risks. The final item, labeled "other" is included for the firms to specify anything not covered by the earlier items in this question.

c. Usage of the Internet

Section 3a: Internet Usage Information

This section is designed to collect information on basic Internet usage. Items surveyed include the usage of basic Internet applications, reasons for Internet usage and effect of Internet usage on the organisation.

Section 3b: e-Insurance System

This section is designed to collect information regarding the firms' plan on using the Internet as a channel to conduct their business. Items

surveyed include the readiness of an IT blueprint, their plan and opinion on the e-Insurance, and the impact on the existing agents.

4.3 Procedure

Most of the data were collected by survey questionnaire hand delivered to the IT managers of the insurers in the survey sample. While for some circumstances whereby the managers were not around to respond immediately to the questionnaire, we had emailed a copy to them and called them in their convenience time to guide them in order to collect the required data. The questionnaire package included a cover letter explaining that the survey was being conducted for academic purposes and confidential, and the survey questionnaire.

53 names were identified, based on the names published on BNM's website (BNM 2002), but only 34 responded. Out of the 34 responded, 25 were collected in-person, while the rest of 9 were responded via email. We cannot get the full responses due to their unwillingness to share information for potentially leaking the information to the competitors.

4.4 Analytical Methods

All responds are recorded into a spreadsheet (Lotus 123) and the entries are checked twice to ensure the accuracy of the data recording. To perform analysis on the sample collected, Statistical Package for Social Sciences (SPSS) was used.

Two subgroups were created out of the original four groups that are classified based on the number of agents. Under this classification, those insurers with less than one thousand agents are categorized as *Small Insurers*. While those with larger than one thousand agents (1001-5000, 5001-10000, and larger than 10000) are categorized as *Big Insurers*. This is to facilitate the study of the

possibility that smaller insurers may have different patterns in dealing with the Internet, compares to their larger competitors.

Descriptive Statistics

A standard set of descriptive statistics was generated from the survey data, and is presented in chapter 5. These include frequency table, percentage, means, and standard deviations, as appropriate to fully describe the data collected.