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INSURANCE MARKETING STRATEGIES AND RISK PROTECTION AWARENESS AMONG SME OWNERS IN NORTHERN MALAYSIA

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Abstract:

The study examines the effect of 7Ps of service marketing strategies and attitude towards risks on insurance purchase behaviour of SMEs as their risk mitigation and management. Despite the failure risks among SMEs, insurance penetration rates among SMEs are low, showing low risk protection awareness. Insurers need to understand the effectiveness of service marketing strategies in influencing SME owners' purchase behaviour. The study uses paper-based surveys among 123 SMEs in Northern Malaysia. A set of survey questionnaire was developed based on adoption and adaptation items from existing studies. Data was analysed using PLS-SEM via SmartPLS 3.0. Findings indicated that only five of the service marketing strategies, namely price, promotion, place, process, and physical evidence have significant influence on the insurance purchase behaviour. In addition, attitude towards risks fully mediates all the direct effect of the five Ps, meaning that the SMEs attitude towards risks weakens the effect of all the marketing strategies on the SMEs insurance purchase behaviour. This study makes both theoretical and practical contributions, especially in identifying the roles of external stimuli and internal process in influencing insurance purchase behaviour among SMEs. The findings of the study will provide help to agencies tasked with developing SMEs in enhancing their risks management plan to protect the SMEs in facing

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the highly uncertain nature of the business; as well as insurers in increasing the penetration rates of insurance among SMEs.

Keywords:

SME, Risk Management, 7Ps Of Marketing, PLS-SEM

Introduction

This paper examines the role of marketing strategies of insurance companies in influencing small and medium (SMEs) risk management awareness.

SMEs are important to economic system of all over the world as they are key drivers of innovation, growth, employment and poverty reduction (Abisuga-Oyekunle et al., 2020; Chege & Wang, 2020). Similarly, SMEs has contributed immensely to the Malaysian economy, where it represents 97.4% of total business establishments, and contributing to 47.8% of employment, in addition more than 37.4% of the gross domestic product (GDP), 11.7% of total exports (SME Corp., 2021).

Although the SMEs make huge contribution to economies all over the world, its failure rate is also very high especially during catastrophe such as the COVID-19 pandemic, which has led to closure of the SMEs (SME Corp., 2021; Sylvia et al., 2020; Mustapha & Sorooshian, 2019). Among the reasons for the high failure rates are insufficient capital due to difficulty in having access to credit as SMEs are of higher risks as well as risks management and preparedness (Mustapha & Sorooshian, 2019). As high as 50% of SMEs are not able to sustain their business and failed during the first five years, and 70% failed to sustain beyond ten years of establishment (Mustapha & Sorooshian, 2019). This is due to the nature of the entrepreneurial environment, which is highly risky and unpredictable despite the abundance of opportunities, innovation, and potential. Compared to large firms, SMEs are more vulnerable to changes in the environment and various macroeconomic constraints such as economic fluctuations, competition, regulatory changes, and technological disruptions (Kou et al., 2021). SMEs in Malaysia, and all over the world, are therefore more exposed to risks, including bankruptcy risks (NST, 2023; OECD, 2019).

Hence, SMEs need better risk management and protection to mitigate these risks, and safeguard SME owners during business failures. This can be done by purchasing insurance as a critical component of their overall risk management approach (Pisoni, 2021; Mpekiaris et al., 2020). Getting insurance coverage is beneficial at least in two ways, namely, SMEs being compensated should something bad happen, and therefore reducing the losses rate. In addition, having insurance coverage also reduces the SMEs level of risks to financial institutions due to the coverage as disaster preparation, reaction and rehabilitation are vital in recovery for the business (Ajemunigbohun et al., 2020).

Despite the high failure rates among SMEs, and the benefits that may be brought about by having appropriate insurance coverage, there seems to be lower insurance penetration among Malaysian SME owners (Ahmad et al., 2023; Tan & Lee, 2022). This is due to the lower awareness among SME owners on the importance of having insurance coverage on the SME owners' end (Tan & Lee, 2022), and less focus is put on SME owners compared to big corporations on the insurers end (Chodokufa & Chiliya, 2014). Having an insurance coverage, which is among risk mitigation and management practices, is perceived as not needed until

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something happens (Bucks et al., 2009). SME owners need to develop a healthier risk management practice by having sufficient insurance coverage to protect their businesses as well as their personal well-being (Jaiyeoba et al., 2022).

On the other hand, insurers adopt the service marketing strategies to promote insurance among their potential customers. Basically, there are two types of insurance applicable to SME owners, namely the general insurance and life insurance. The general insurance is cover of loss of any kind of financial event, which is necessary to secure properties which includes policies for burglary, theft, while personal insurances such as accident and health insurance, and a special type of insurance such as professional indemnity. On the insurers part, more efforts need to be expended on penetrating the SMEs sector. However, our knowledge on the effectiveness of the insurers service marketing strategies adopted in influencing SMEs decision to purchase insurance is insufficient.

SMEs risks mitigation by way of insurance protection may vary due to both internal factors of the SMEs such as perceived risks exposure, risk tolerance, and access to information; as well as the external factors such as external stimuli from insurers marketing strategies. Despite the high risks faced by SMEs, and the low insurance penetration rates among SMEs, there seems to be insufficient study that has been conducted to examine the risk management practice by way of insurance purchase among SME owners to better understand their motivations and purchase decision-making process that they undergo.

Therefore, the objectives of this research are to:

i. Examine the effects of external stimuli in the form of insurers' marketing strategies towards risk SME owners' insurance purchase decision, and
ii. Investigate the indirect effect of external stimuli of insurance marketing strategies and SME owners' attitude towards risk on insurance purchase decision.

Literature Review

In this section, we reviewed past studies related to the topic of Stimulus-Organism-Response as the underpinning theory, 7Ps of service marketing strategies, and attitude towards risk.

Stimulus-Organism-Response or Black Box Model

The stimulus-organism-response (SOR) theory or black box model has been widely adopted in explaining the buyer decision making process and the factors influencing the process (Panwar, Anand, Ali, & Singal, 2019). In the SOR model, there's a stimulus (*S*) that triggers an emotion or internal feelings of an organism (*O*) that leads to a response (*R*) (Islam et al., 2018). Among the external stimuli (S) that have been suggested to have significant effect on purchase decisions include the marketing mix employed by sellers (Elgarhy & Mohamed, 2022), and external influence such as social, cultural, socioeconomic, and family (Panwar et al., 2019). The O facet describes how different individuals will process S differently due to the different cognitive factors such as attitude, motivations, perception, and experience and will lead to different decisions made (R) by the consumer (Panwar et al., 2019).

Other researchers have used the black box model where the external *S* such as economic, social, and technological factors, will influence the internal factors, namely the customers' minds or 'black box' such as the customers' attitude, risk perception, motivation, and experience, and these interactions will result in the decision to purchase or not (Nursiana et al., 2021; Lim et al., 2020; Epetimehin, 2011). As a customer responds to outside *S*, their "black box" procedure

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alternatives based on internal elements and decides the purchasers' reaction (*R*) whether to purchase or not to buy.

The SOR model is suitable to underpin the study to examine to what extend do the 7Ps marketing mix (*S*) used by insurance providers and the SME owners' attitude towards risks (*O*) have influenced their risk protection behaviour of acquiring insurance protection (*R*).

Insurance Purchase Behaviour

Purchase intention is the customer's preference in buying a product or service which can be reflected in the buying behaviour of customers (Campbell et al., 2012; Fishbein, 2002). Therefore, buying behaviour can be predicted from purchase intention (Chandon et al., 2005). Purchase intention is one of the most important concepts in marketing (Chetioui et al., 2020). Prior studies have reported the utilization of purchase intention in evaluating the effectiveness of advertising (Ali & Anwar, 2021). Specifically, studies on purchase intention among insurance buyers in all over the world (Nursiana et al., 2021; Lim et al., 2020; Masud et al., 2020).

7Ps of Service Marketing Mix

The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market (Muhammad & Refan, 2019). Studies have found the positive influence of marketing mix application on sales and profit or an organisation (Rath et al., 2015). Initially the marketing mix was made up of the 4Ps, namely Price, Product, Promotion, and Place. However, the concept was extended to 7Ps or marketing mix in the case of marketing strategies for intangible products, or services (Rafiq & Ahmed, 1995). The newer components proposed by Booms & Bitner in 1981 are Process, People, and Physical evidence (Reddy et al., 2023).

The first P of the 7Ps is Price which refers to the quantity of cash that the client paid in exchange for a service given (Elgarhy & Mohamed, 2022). Price of the service is also one of the important elements that influence the success of product or services sales. In the case of insurance or Takaful industry, the price is the insurance premium that has to be paid by customers to enjoy the benefits of insurance or Takaful coverage. Pricing strategies have been found to significantly influence customers' perception of product value and customer's decision to buy insurance (Ahmad et al., 2023; Ali & Anwar, 2021; Lim et al., 2020; Dash, 2012; (Ahmad et al., 2023; Ali & Anwar, 2021; Dash, 2012; Lim et al., 2020; Zeithaml, 1988).

Next is Promotion which refers to the activities carried out to communicate the benefits of products or services in order to motivate customers to purchase the products and services (Kotler et al., 2005). Promotion in the marketing mix basically exists out of communications. Creating a customer relationship using personal promotion are efficient to enhance the customer buying behaviour (Elgarhy & Mohamed, 2022; Lim et al., 2020; Che Rusuli et al., 2019). More insurance companies are using the internet and communication technology tools to speak, appeal to a higher interest, and welcome extra clients (Reddy et al., 2023).

While the third P is Place which refers to having the proper product or service, in the right function, on the proper time (Kotler et al., 2005). The distribution or site in the marketing mix of offerings has the primary purpose of making services accessible. The traditional definition for distribution channels for tangible products marketing cannot be applied in service marketing. In the case of insurance, place indicators are the variety of distribution channels,

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the large number of marketing agents and marketing offices, including electronic channels (Muhammad & Refan, 2019). Previous studies have found significant influence of choice of distribution channel on the insurance purchase decision (Elgarhy & Mohamed, 2022; Lim et al., 2020). Other studies have found non-significant influence of distribution channel on insurance purchasing behaviour (Muhammad & Refan, 2019).

Meanwhile a service process is the selected activities of operation that makes the process of services to flow from provider to customer. A poorly designed system or process of service will annoy customers, while well-designed process assures service availability, consistent quality, total ease and convenience to the customers (Mahardini & Dachyar, 2020; Lovelock & Gummesson, 2004). Insurance providers have taken measures to simplify and make services more accessible, among others by implementing information systems for many activities in the service delivery (Joseph & Ankoh, 2022; Mahardini & Dachyar, 2020). Service process have been found to have a significant influence on both insurance purchase intention and behaviour (Hanaysha et al., 2021; Che Rusuli et al., 2019).

Subsequently, the next P is Product which refers to the total goods and services offered by the provider to customers. In the case of the insurance industry and other service industry where products are intangible, product cannot be measured as it has no physical existence. Therefore, in the realm of insurance or other services industry, products/services offered are those that facilitate various transaction and activities including the application, payment, claims and renewals provided by the insurance companies to customers (Alafeef, 2020). Service quality has been reported to have significant positive influence on customer purchase intention and behaviour (Elgarhy & Mohamed, 2022; Alafeef, 2020). Loyal customers are regularly loyal that with business that their feel comfortable administered by a workforce which is experienced, and well-trained to engage with customers and able to provide great customers service (Prentice & Nguyen, 2020).

Finally, physical evidence refers to the physical environment which customers can observe or experience when they use a service. This includes infrastructure, interiors, furnishings and promotional and communication materials such as brochures, and websites (Muhammad & Refan, 2019). It also contributes to the perceived quality of the service. Physical evidence has been affirmed to exert a profound influence on customer satisfaction (Ahmad et al., 2023; Alafeef, 2020; Muhammad & Refan, 2019).

Attitude of towards Risks

Business risk management can be defined as the financial and operational handling of risk and its associated costs within the firm's risk tolerance (Ajemunigbohun et al., 2020). Business risks facing SMEs can further be categorised into market risks, financial risks, and personal risks (Cepel et al., 2020). On the other hand, attitude towards risks indicates the degree of risk tolerance or risk aversion (Arshad & Ibrahim, 2019). Past research has reported low or inadequate insurance uptake among SMEs (Liew et al., 2023; Sulewski et al., 2020; ICA, 2008). Past studies reported that SMEs have different attitude towards different types of risks (Cepel et al., 2020). Risks attitude is also affected by perception towards risks (Rozsa et al., 2021; Sulewski et al., 2020). Insurance as a risk mitigation and management method is found to be low or not popular among small businesses (Ajemunigbohun et al., 2020; Sulewski et al., 2020).

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Methodology

This study is conducted among SMEs in the northern part of Malaysia. In the attempt to achieve the research objectives, a list of research hypotheses is developed, and a research framework is proposed. The study uses quantitative approach and was conducted in the Northern Peninsular of Malaysia.

Research Framework and Hypothesis

The research framework for the study which is based on the Stimulus-Organism-Response theory and the 7Ps of service marketing mix is as per Figure 1.

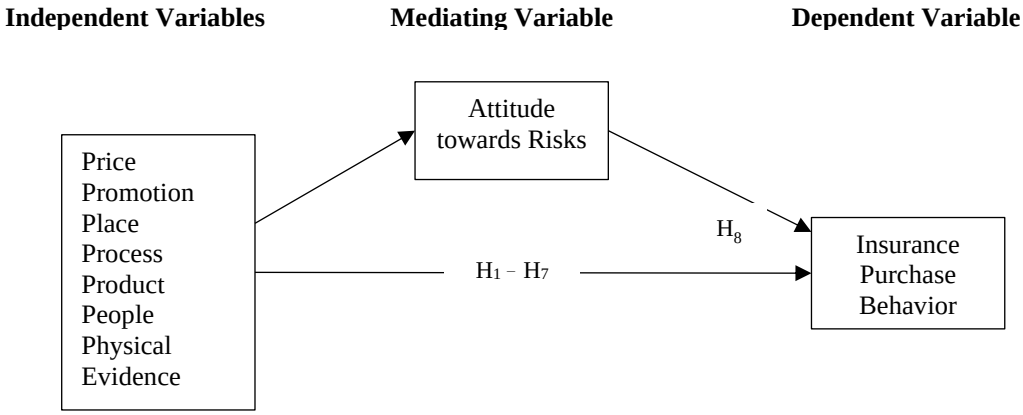

Figure 1: Research Framework

While the research hypothesis developed for the study are as follows:

- H_1: Price has an influence on insurance purchase behaviour.
- H_2: Promotion has an influence on insurance purchase behaviour.
- H_3: Place has an influence on insurance purchase behaviour.
- H_4: Process has an influence on insurance purchase behaviour.
- H_5: Product has an influence on insurance purchase behaviour.
- H_6: People has an influence on insurance purchase behaviour.
- H_7: Physical evidence has an influence on insurance purchase behaviour.
- H_8: Attitude towards risks mediates the relationship between service marketing mix and insurance purchase behaviour.

Questionnaire Development

A set of survey questionnaire was developed based on adoption and adaptation of existing items used by past studies. The questionnaire items were divided into two sections. The first section includes demographic information of respondents, while the second section contains items for measuring of all the study constructs which are adopted and adapted from various sources (Chana et al., 2021). The items for all the study constructs are measured using five-point Likert scales ranging from 1 (Strongly disagree) to 5 (Strongly agree). The items are translated in Bahasa Malaysia as it is the language which is most familiar to local people and SMEs.

A pilot test was run in order to ascertain the instrument's reliability. A total of 30 questionnaire were distributed to respondents with similar characteristics to the population for the pilot testing (Cooper & Schindler, 2016). The results are as per Table 1. The values of the

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Cronbach's alpha for almost all of the constructs are more than 0.75, therefore the items are all reliable and good for further use in the research (Hord et al., 1999).

Table 1: Pilot Testing Results

Constructs	Cronbach's alpha	Number of Items	Internal consistency reliability
PRC	0.771	5	YES
PROMO	0.790	5	YES
PLC	0.742	5	YES
PCS	0.818	5	YES
PRD	0.888	5	YES
PRSN	0.775	5	YES
PHY	0.863	5	YES
ATT	0.801	5	YES
PCH	0.755	5	YES

PRC = Price; PROMO = Promotion; PLC = Place; PCS = Process; PRD = Product; PRSN = Person; PHY = Physical Evidence; ATT = Attitude; PCH = Purchase Behaviour

Data Collection

A total of 163 set of questionnaires were distributed to identified SMEs in the northern part of the Peninsular of Malaysia. The survey respondents are the business owners as the proxy for the SMEs due to the fact that they have knowledge about their business and insurances. The questionnaires were hand delivered and collected to ensure high response rate and to address any questions from study participants, if there is any.

Data Analysis

Data analysis was conducted using the SmartPLS 3.0 software. As recommended, the analysis was executed in two stages, namely the measurement model analysis to determine the quality of measurement items, and the structural model analysis for hypothesis testing and evaluation of the study model. The study model was also tested for mediator analysis to examine the indirect effects of attitude towards risks on the 7Ps of service marketing mix and insurance purchase behaviour.

Results & Interpretation

Out of the 163, the researcher manages to collect 121 sets of completed and usable questionnaires giving a response rate of 74%.

Table 2: Internal Consistency Reliability Assessment

Constructs	Items	Composite Reliability	Cronbach's Alpha	Internal consistency reliability $\alpha>0.8$, and $0.60<CR<0.95$
PRC	5	0.896	0.853	YES
PROMO	5	0.888	0.840	YES
PLC	5	0.888	0.843	YES
PCS	5	0.897	0.856	YES
PRD	5	0.901	0.861	YES
PRSN	5	0.893	0.851	YES
PHY	5	0.886	0.837	YES
ATT	5	0.936	0.913	YES
PCH	5	0.890	0.846	YES

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Measurement Model Analysis

The first evaluation criteria are the Internal Consistency Reliability. All the measurements for all the constructs as per Table 2 are found to have internal consistency reliability as all meet the Cronbach's alpha and composite reliability requirements (Hair et al., 2019).

The next evaluation criteria are the convergent validity test using Indicator reliability (factor loading of items) and the Average Variance Extracted (AVE). The results are shown in Table 3. Out of the 45 items for all the constructs, three items, namely PRC 3, PROMO 3, and PHY 1 have loadings below 0.708 and are removed (Hair et al., 2019). While the AVE values for all the constructs are above 0.5, which means each construct and the shared variance with the items are more than the variance due to measurement error (Kline, 2011).

Table 3: Convergent Validity Based on item loadings and AVE

	Items	Loadings	AVE	AVE >0.5	Loadings >0.708
PRC	PRC 1	0.800	0.635	YES	YES
	PRC 2	0.773			
	PRC 4	0.886			
	PRC 5	0.836			
PROMO	PROMO 1	0.880	0.615	YES	YES
	PROMO 2	0.731			
	PROMO 4	0.762			
	PROMO 5	0.858			
PLC	PLC 1	0.760	0.614	YES	YES
	PLC 2	0.745			
	PLC 3	0.783			
	PLC 4	0.862			
	PLC 5	0.763			
PCS	PCS 1	0.786	0.635	YES	YES
	PCS 2	0.780			
	PCS 3	0.833			
	PCS 4	0.809			
	PCS 5	0.776			
PRD	PCS 1	0.788	0.646	YES	YES
	PCS 2	0.882			
	PCS 3	0.831			
	PCS 4	0.719			
	PCS 5	0789			
PRSN	PRSN 1	0.860	0.627	YES	YES
	PRSN 2	0.739			
	PRSN 3	0.814			
	PRSN 4	0.809			
	PRSN 5	0.731			
PHY	PHY 2	0.815	0.611	YES	YES
	PHY 3	0.869			
	PHY 4	0.753			
	PHY 5	0.823			
ATT	ATT 1	0.919	0.746	YES	YES

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	ATT 2	0.726			
	ATT 3	0.857			
	ATT 4	0.913			
	ATT 5	0.889			
PCH	PCH 1	0.794	0.619	YES	YES
	PCH 2	0.750			
	PCH 3	0.828			
	PCH 4	0.759			
	PCH 5	0.800			

The next evaluation criteria are the discriminant validity which is evaluated by examining the cross loadings of indicators and the Fornell-Larcker criterion. As shown in Table 4, all the outer loading values for all items associated with each construct are higher than the values of loadings on other constructs (values not shown to reduce clutter). Thus, the convergent validity requirement on cross loadings examination is met.

Table 4 : Cross Loadings of Items for all Constructs

Items	PRC	PRM	PLC	PRS	PDT	PSN	PHY	ATT	PCH
PRC 1	0.790								
PRC 2	0.787								
PRC 3	0.739								
PRC 4	0.846								
PRC 5	0.791								
PRM 1		0.937							
PRM 4		0.852							
PRM 5		0.920							
PLC 1			0.760						
PLC 2			0.745						
PLC 3			0.783						
PLC 4			0.862						
PLC 5			0.763						
PRS 1				0.786					
PRS 2				0.780					
PRS 3				0.833					
PRS 4				0.809					
PRS 5				0.776					
PDT 1					0.884				
PDT 2					0.789				
PDT 3					0.755				
PDT 4					0.831				
PSN 1						0.860			
PSN 2						0.739			
PSN 3						0.814			
PSN 4						0.809			
PSN 5						0.731			
PHY 2							0.727		
PHY 3							0.910		
PHY 4							0.821		
PHY 5							0.737		
ATT 1								0.919	
ATT 2								0.726	

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ATT 3	0.857	
ATT 4	0.913	
ATT 5	0.889	
PCH 1		0.794
PCH 2		0.750
PCH 3		0.828
PCH 4		0.759
PCH 5		0.800

While the results for the evaluation based on the Fornell-Larcker criterion is shown on Table 5. The square root of the AVE is higher than the associated cross loadings. As a conclusion, the discriminant validity of items and constructs are met. These results imply that the signs constitute the assigned construct and the quantity to which all the constructs understudy are merely distinct from each other (Hair et al., 2019).

Finally, is the HTMT r criterion, which is the Heterotrait-Monotrait ratio correlations. It is an estimate of the true correlation between constructs. This is not met by the study data as the confidence intervalue does not have a value of 1. This assessment criteria are not met.

Table 5: Fornell-Larcker Criterion

Items	AVE	PRC	PROMO	PLC	PRD	PLC	PRSN	PHY	ATT	PCH
PRC	0.635	**0.797**								
PROMO	0.615	0.373	**0.784**							
PLC	0.614	0.420	0.531	**0.784**						
PCS	0.635	0.379	0.310	0.434	**0.797**					
PRD	0.646	0.320	0.432	0.413	0.341	**0.804**				
PRSN	0.627	0.419	0.432	0.550	0.516	0.564	**0.792**			
PHY	0.611	0.389	0.413	0.472	0.405	0.420	0.345	**0.782**		
ATT	0.746	0.432	0.550	0.440	0.452	0.510	0.419	0.389	**0.864**	
PCH	0.619	0. 325	0.294	0.320	0.432	0.413	0.341	0.434	0.389	**0.787**

Goodness of Fit (GoF)

There are five GoF criteria for model fit assessment provided by the PLS-SEM namely, 1) Standardised Root Mean Square Residual (SRMR), 2) Exact model fit test, 3) Normal Fit Index (NFI) or Bentler and Bonett Index, 4) Chi² and degrees of freedom, and 5) RMS_Theta. This study adopts the SRMR test. Results of the GoF tests are as per Table 6.

Table 6: GoF Assessment

	Saturated Model	Estimate Model
SRMR	0.018	0.019

Based on Table 6, the SRMR value is less than 0.10, which is the recommended threshold (Hu & Bentler, 1999). Next, the data analysis is structural model analysis.

Structural Model Analysis

The structural model (inner model) analysis is executed to evaluate the relationship between the exogenous (predictor) and endogenous (criterion) variables. The tests conducted are collinearity test, significance and relevance analysis, coefficient of determination R2. Collinearity issue will be the first evaluation in the structural model assessment procedure.

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Multicollinearity occurs when two or more predictors in the model are correlated and provide redundant information about response. Multicollinearity was measured by variance inflation factors (VIF) and tolerance. The maximum level of VIF value is 10 are acceptable (Hair et al., 2019). VIF is the reciprocal of the tolerance value. Small VIF values indicates low correlation among variables under ideal conditions VIF<3. VIF values should all be less than 10 to guarantee collinearity is not an issue in the model (Hair et al., 2019). For all construct in the table collinearity statistic below, this no been issue in this model because the value of VIF are lower than 10 as suggested (Hair et al., 2013).

Table 7: VIF Values for all Predictors

Item	VIF
PRC	1.00
PROMO	8.76
PLC	7.10
PCS	2.18
PRD	1.23
PRSN	8.08
PHY	6.92
ATT	1.43

Next, is the structural model assessment of the direct effect between the 7Ps of service marketing mix and the dependent variable, Purchase Behaviour (PCH). The function is executed using the PLS algorithm function of the SmartPLS3.0.

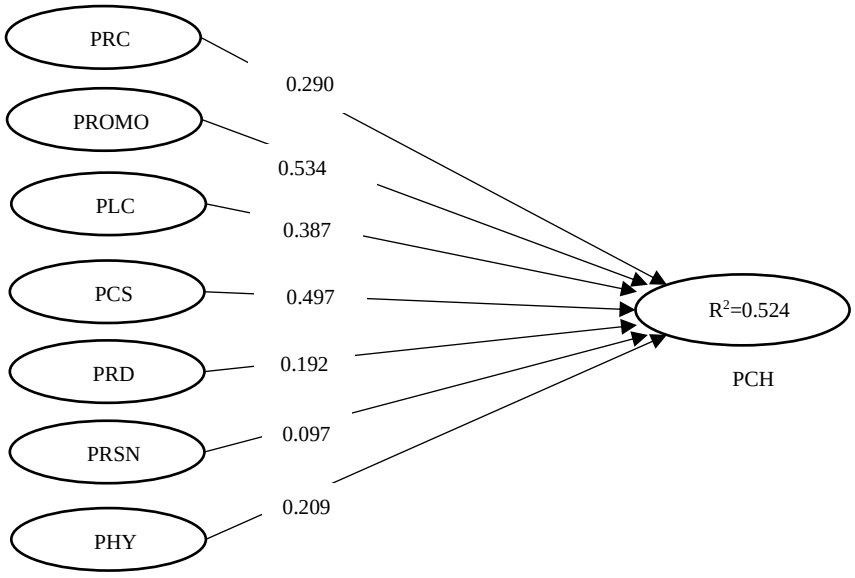

Figure 2: Structural Model Assessment for Direct Effect of 7Ps → Purchase Behaviour

The results are summarised in Table 8. Based on the table, the strength of 7Ps effect on the purchase behaviour are given by Std β. All have positive effect on purchasing behaviour, with the exception of PROMO, which is negative. The significance relationship between variable, is indicated by the *t* value which should be more than 1.96 for significance of below 0.05. PRD and PRSN are found not to have significant effect on the purchasing behaviour.

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Table 9: Summary of Structural Model Assessment for 7P's Marketing Mix→Purchase Behaviour

Hypothesis Relationship	Std β	Std Error	t-value	f^2	Q^2	P values, P<0.05	Decision
PRC → PCH	0.290	0.079	10.587	0.830	0.219	0.300	Supported
PROMO → PCH	0.534	0.068	6.447	0.830	0.219	0.050	Supported
PLC → PCH	0.387	0.092	8.792	0.280	0.438	0.036	Supported
PCS → PCH	0.497	0.105	12.592	0.520	0.657	0.025	Supported
PRD → PCH	0.192	0.203	1.820	0.083	0.021	0.069	Not Supported
PRSN → PCH	0.097	0.084	1.318	0.028	0.021	0.188	Not Supported
PHY → PCH	0.209	0.049	8.957	0.111	0.877	0.351	Supported

Next, is the coefficient of determination or R^2, to evaluate the predictive accuracy of the model. For this study model, the value R^2 is 0.524 or 52.4% which indicates the 7Ps or service marketing can explain the 52.4% of the variation in purchase behaviour. Additional analyses were conducted to evaluate the model's predictive ability, which is f^2 and Q^2 analysis.

The value of f^2 that is close to 1 has higher effect size means the exogenous variable has a big effect on the endogenous variable. For this model, PRC, PROMO, PCS are said to have large effect sizes where the $f^2 > 0.35$; PLC and PHY have medium effect size where $f^2 < 0.15$, and PRD and PRSN have small effect size where $f^2 < 0.02$ (Cohen, 2013). While the Q^2 analysis. The Q^2 values measure the model's predictive relevance. The model has predictive relevance as $Q^2 > 0$.

Indirect Effect Assessment of Attitude Towards Risks as a Mediator

The second research objective of to examine whether attitude towards risks mediates the effect of 7Ps on insurance purchase behaviour of SMEs. The analysis will be done to examine the indirect effect after the introduction of the mediating variable, namely ATT into the study model. It is predicted that once a mediator variable is introduced, the formerly strong and significant relationship between IV and DV will be weakened. Therefore, the hypothesis for this is as follows:

H_8: Attitude towards risk will change the strength and significance of the effect of 7Ps of service marketing on insurance purchase behaviour.

Structural Model Assessment of Mediation Effect

The structural model assessment is executed by running the PLS-Algorithm function in the SmartPLS 3.0. As PRD and PSN were not found to have significant effect, the new model is not run with only 5Ps and ATT as the mediating variable. The model generated is as per Figure 3.

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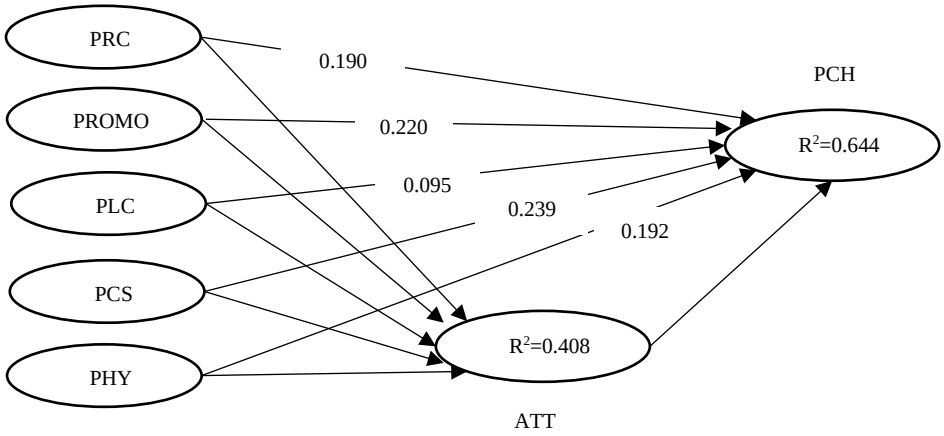

Figure 3: Structural Model Assessment for Indirect Effect

The new model now with mediation effect has an R2 value of 0.644 or 64.4%. This indicate that the 5Ps and ATT as a mediator is able to explain 64.4% of the variation in the purchase behaviour in the data set. Table 10 summarise the results of hypothesis testing.

Table 9: Summary of Hypothesis Testing Results

Hypothesis Relationship	Std β	Std Error	t-value	f^2	Q^2	P values, P<0.05	Significant?	Decision
PRC → PCH	0.190	0.279	7.783	0.830	0.219	0.041	YES	Supported
PROMO → PCH	0.220	0.543	2.622	0.830	0.219	0.116	NO	Supported
PLC → PCH	0.095	0.602	2.592	0.280	0.438	0.234	NO	Supported
PCS → PCH	0.239	0.594	2.792	0.520	0.657	0.117	NO	Supported
PHY → PCH	0.192	0.503	1.820	0.083	0.021	0.320	NO	Supported

The final hypothesis, namely, attitude towards risks mediates the 7Ps effect on insurance purchase behaviour is then accepted. Upon introduction of ATT, all the significant effect of 5Ps of service marketing mix becomes weakened or not significant.

Conclusion and Discussion

As per the first research objective, this study was able to provide evidence on the significant influence of 7Ps and attitude towards risks on insurance purchase behaviour among SMEs. Out of the 7Ps, only 5 factors of Price, Promotion, Place, Process and Physical Evidence are found to have significant effect on insurance purchase behaviour. These findings support the elements of price, promotion activities conducted by insurance providers, place or the distribution channel how insurance is made available to customers, the ease of dealing with insurers as reflected by service processes, and physical evidence which is reflected by the physical environment of premises, or virtual environment in which the customers interact with the insurers. Out of the 5Ps, Promotion and Process have the biggest influence on insurance purchase behaviour.

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On the other hand, for the second objective of the study, SMEs attitude towards risks has also demonstrated a significant mediating effect on the ability of marketing mix in influencing insurance purchase behaviour of SMEs. Meaning, individual SME owners' attitude towards risks, as risks tolerant or risk avoidance, will weaken the effect of service marketing mix on insurance purchase behaviour. Attitude towards risks is then the stronger effect as almost all of the formerly strong relationships became not significant when attitude comes into the picture.

In terms of the practical contributions of the findings, insurers should use the service marketing mix strategies to increase the penetration rates of insurance among SMEs. This is to help SMEs manage their risks in a better way and to provide support in times of necessities. There should also be effort taken by agencies tasked to support SMEs to educate SME owners on the importance of having insurance coverage to reduce their potential losses be it personal or business in nature. Having insurance protection should be a part of risks mitigation and risks transfer plan for SMEs which faced challenges of high uncertainties in their daily operations. In terms of theoretical contribution, this study has demonstrated the ability of the SOR theory or black-box theory to explain the insurance purchase behaviour phenomena.

However, the study is limited in such a way that it does not examine the different effect that might be brought by levels of risk tolerance among SME owners, be they risk averse or seeker. Therefore, attitude towards risks seems to have a potential to provide an even deeper explanation to insurance purchase behaviour. No doubt, an important characteristic of entrepreneurs are calculated risks takers, therefore their attitude towards risks is seen as an important predictor to insurance purchase behaviour. In this study, the effect of attitude towards risks is examined in terms of its mediating ability. Different level of risks tolerance might lead to different effect on the 7Ps or marketing mix. Therefore, we would suggest that future study look into potential moderation effect of attitude towards risks, and to also consider other internal factors such as motivation and perception.

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