DETERMINANTS OF THE PERCEPTION OF POTENTIAL TAKAFUL PARTICIPANTS ON ADOPTION TOWARD TAKAFUL PRODUCTS IN SOMALIA

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Abstract

Purpose – This paper aims to determine the perception of potential takaful customers on adoption toward takaful products in Somalia.

Design/methodology/approach – this study uses three original selected constructs of perceived relative advantage, perceived compatibility, and perceived complexity of diffusion innovation theory (DOI) and added three additional constructs of awareness, culture, and trust. A total of 427 questionnaires were distributed among the participants of the study. The survey was conducted in Somalia, with respondents being potential takaful product customers. The DOI theory's theoretical model was put to the test using structural equation modeling.

Findings – The findings show that perceived relative advantage, perceived compatibility, perceived awareness, perceived culture, and perceived trust has a positive and significant influence on adoption of takaful, whereas perceived complexity has an insignificant influence on adoption of takaful.

Originality/value – This research is a pioneering attempt to investigate the determinants of potential takaful customer's adoption by changing the DOI theory, and it presents a unique contribution to the field with regard to Somalia.

Keywords Somalia, takaful, Purchase intention, Diffusion of innovation (DOI)

Introduction

Takaful means a joint guarantee with each other between participants and is derived from an Arabic verb "Kafalah"(Ali & Raza, 2019). takaful is an Islamic insurance well known takaful and alternative to conventional insurance (Shaikh et al., 2020; Ansari, 2021). This notion is defined as each member completing his or her commitment by making a donation (or tabarru') to a fund (Haji Wahab, 2018; Nasir, 2021; Hemrit, 2020). In my own interpretation, takaful is an insurance that is complaint with Islamic laws and values.

In 1979, contemporary takaful is introduced along with Islamic banking, which is divided into two types: family and general takaful (Aziz et al., 2019). General takaful covers losses

such as fire, burglary, accident, flood, and so on, whereas family takaful caters to investment needs by covering risks associated with human life, such as death, illness, and disability. The Islamic Insurance Company Ltd of Sudan, which was founded in 1979, is the world's first takaful operator (Md Husin and Ab Rahman, 2016). The demand for Islamic insurance has grown among Muslim communities, attracting the attention of academics who want to learn more about the challenges surrounding insurance products in Muslim economies (Ali et al., 2019).

Saudi Arabia, Malaysia, and other Middle Eastern countries control the majority of the takaful market (Azwa et al., 2021). Malaysia also controls the global family takaful market. Takaful assets increased by 10% to USD$ 51 billion in 2019, compared to a 1% increase in 2018 (IFD, 2020). Despite the fact that COVID-19 has caused a considerable slowdown in core Islamic finance markets and an increase in unemployment, the takaful sector is likely to grow at a rate of 5% to 10%, while the funds business may see some growth as investors pursue rates (Mohamed, 2022).

Although Muslims and non-Muslims around the world are aware of the takaful industry, knowledge in African countries is minimal. For example, only 0.3 percent of African poor countries are covered by insurance. (Al-Amri and Hossain, 2017). Somalis have a very minimal of insurance culture and they family interdependency culture as an alternative to insurance for protecting themselves against future loss or damage. For example, Qaaran is a Somali traditional culture in which members of a family or tribe contribute to one another in the event of a family member's loss or damage (Sheikh Ali and Abdi Jama, 2016). For more than two decades, there has been no insurance legislation or insurance businesses since the Somali parliament has yet to pass an insurance act to regulate the insurance industry (http://www.somalbanca.org).

Furthermore, takaful adoption is very low in Somalia because, as previously said, Somalis have a unique culture in which people shield themselves from injury or liability. As a result, takaful penetration in Somali marketplaces has dropped. There have been few research on the acceptance of Islamic insurance in Somalia, particularly the impact of the Qaaran, a traditional Somali insurance, on Islamic insurance (Sheikh Ali and Abdi Jama, 2016). Currently, Somalia has a single insurance system; insurance companies function as Islamic insurance (takaful) rather than conventional insurance as long as all Somalis are Muslims, and Somalia has two Takaful licensed companies that provide Shariah-compliant insurance (centralbank.gov.so/licensing-supervision-department.org).

On the same line, First Takaful and Retakaful & Takaful Insurance of Africa, both of which debuted in 2014, are takaful firms in Somalia. The majority of Somalia's institutions, including the Takaful sector, are in their infancy; they are still underdeveloped and will need time to develop. Furthermore, the sector suffers from a lack of market awareness, and Somalis have a culture that rejects the nature of insurance, which is a traditional manner of safeguarding rather than insuring (Maki, 2019).

In the case of Somalia, the amount of risk is diminishing, and domestic and foreign investors are attracted to the country's good economic environment for recent years. The takaful market is projected to grow in the foreseeable future. As a result, it is past time to switch from Somalia's old method of protecting its citizens to Takaful products and services that adhere to sharia law, as long as the population is 100 percent Muslim, that live on Africa's horn of Africa (federal rebuplic of Somalia, 2020).

According to the literature, there are no empirical research on takaful adoption, and the diffusion theory of innovation (DOI) has yet to be fully tested in the context of Islamic insurance (takaful) in Somalia. Therefore, this research will add awareness, culture, and trust to the theory of DOI, in addition to the original selected constructs of perceived relative advantage, perceived compatibility, and perceived complexity.

Furthermore, this study examines the characteristics that motivate Somalia's potential customers to Islamic insurance (takaful). In a similar way, this study will put Roger's DOI theory to the test to see if the model proposed for customer desire to join in Islamic insurance (takaful) in Somalia is accurate.

Literature Review

Theoretical background

Rogers (1962) proposed the diffusion innovation theory (DOI), which was followed by subsequent editions of this paradigm (Rogers, 1999, 2003). According to Rogers, DOI theory is considered as a concept to explain the phenomenon of new technology adoption. This theory is built on two different levels; the initiation and implementation stages. When a new concept or invention is recognized, the first step is meant to be completed. The second step is implementation, which is concerned with individual judgments on whether to accept or reject new ideas. Rogers (2003) Also covers the five stages of the decision-making process that innovation adopters go through. These stages include knowledge, which highlights how people are exposed to an innovation but have limited information about the inventive idea, limiting their ability to learn more about it. The second phase is the persuasive stage, which presupposes that people are actively looking for information about the innovation. Individuals have made a decision on whether or not to accept or reject the innovation. This is referred to as the deciding step. The individual's fourth step, known as the implementation phase, acknowledges the benefits of the original idea. The final stage is individual confirmation, which explains why innovation should be used in the future. This phase might be interpersonal or intrapersonal. Furthermore, DOI theory is very influential work for diffusion models. Jamshidi et al. (2015) also argue that DOI theory is the most famous work that systematically constructed our understanding in psychology and sociology fields to explain the procedure related to the adoption of innovation amongst the populace.

Based on the above information, the authors consider the DOI framework as an ideal approach to use in the context of Islamic insurance (takaful) adoption. Applying the

diffusion of innovation theory (DOI), our empirical study presents takaful as an invented idea compared to conventional insurance that would determine the adoption behavior of takaful users/ consumers in Somalia. The knowledge stage of DOI has five attributes, namely; compatibility, complexity, relative advantage, Trialability and observability. However, our empirical research uses three attributes of DOI theory (compatibility, complexity, relative advantage) and other three external factors, namely; awareness, perceived culture and perceived trust. Thus, this empirical study investigates whether these determinants contribute the adoption of Islamic insurance (takaful) in Somalia.

Figure I.

Theoretical Framework
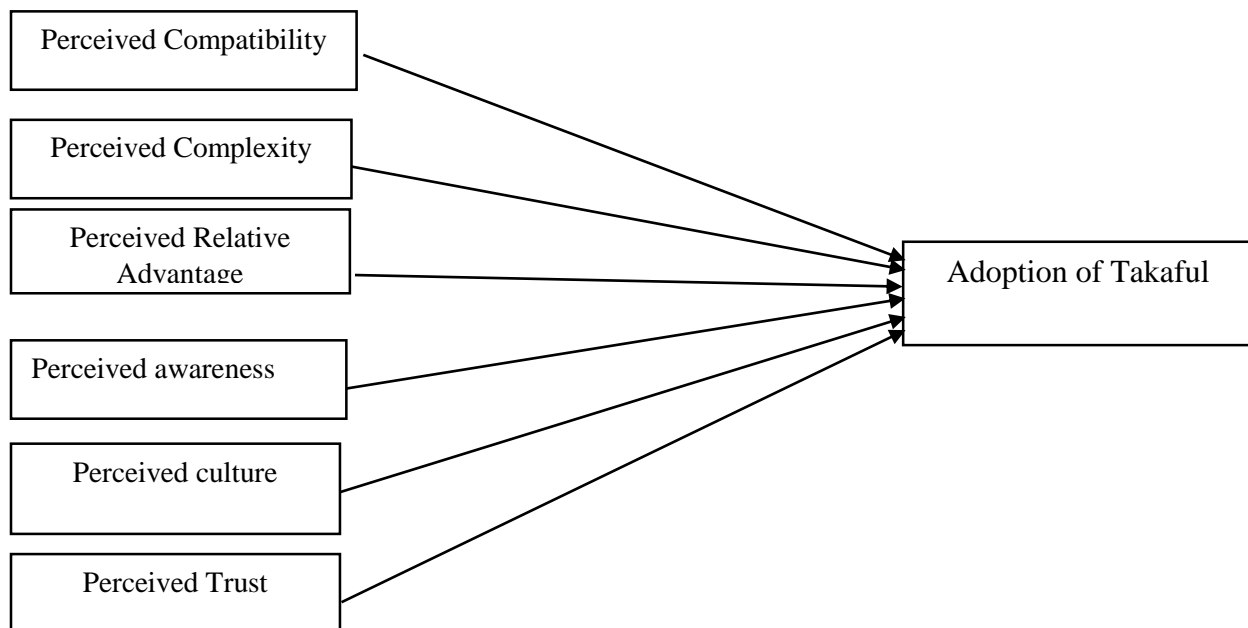
 The following are the explanations of six variables that have been used this study and their hypothesis development are shown in the below section.

Hypotheses development

Consumer Awareness

According to Kazaure (2019) awareness is defined as the ability of individuals to know directly, understand, feel and receive a product or service in their environment. On the other hand, awareness can be considered as customers' perception and information toward any specific product, service or situation (Rogers, 1962). The term "awareness" refers to a customer's level of understanding and attitude about Islamic insurance products and services (Areeba Khan et al., 2020). Many studies have investigated the

relationship between level of awareness and adoption of customers in using specific products or services. For example, Mohamed (2017) finds that awareness of a product has a positive impact on the choice of customers in using Islamic insurance products in context of Kenya. Customers' lack of understanding of Islamic insurance has a big impact on their purchasing decisions, as they have little knowledge of the products and services available and this study also found that the awareness has significantly positive influence on customer intention to purchase insurance policy (Poan, Merizka and Komalasari, 2021). According to Kehinde & Sharofiddin (2021) Customer awareness has a considerable positive association with consumer behavior toward takaful services. Ali & Jama (2016) assert that awareness is essential in building the uses and benefits to inherent in a product or service and also the study found that there is relationship between awareness of Takaful Insurance and behavioral intention to use Takaful products in Mogadishu-Somalia. Awareness of takaful service has a positive significant effect on customer adoption of takaful products (Ali et al., 2019; Echchabi et al., 2014; Poan et al., 2021; Raza et al., 2020; I. M. Shaikh et al., 2020; Hemrit, 2020; Ibrahim et al., 2021). According to (Ibrahim et al., 2021) Customer awareness has a considerable positive association with family takaful products. The above studies reveal that customers have limited knowledge or lack of awareness about the products and services offered by takaful operators significantly influences customer choices. So, according to Maiyaki & Ayuba (2015) because of the lack of public awareness, insurance penetration faces a significant barrier in marketing their products. Based on the above empirical results, the following hypothesis is proposed:

H1: There is a direct relationship between level of awareness and adoption of general takaful by the customers.

Perceived Relative advantage

Relative advantage can be defined as an individual's or person's belief that innovation (a new concept) is superior to the present system (Rogers, 1999). Another study of (Rogers (2003) showed the benefit of which received from invention in social system. According to Ali et al. (2019) the findings in their study of consumer acceptance of takaful in Pakistan, relative advantage is related to takaful products as financial solutions, secure and reliable services, and staff competency, as well as economic benefits such as incentives, profit earnings, and service charges for takaful operators' customers. Many studies previously found the positive relationship between relative advantage and takaful adoption by customers. These studies include (Ali et al., 2019; Hassan and Abbas, 2020; Raza et al., 2020; Shaikh et al., 2020). While other studies find that relative advantage positively influences on adoption of Islamic banking products (Kaabachi and Obeid, 2016; Ali and Puah, 2017). Thus, we are proposed the following hypothesis:

H2: Perceived Relative advantage significantly influences on adoption of takaful by customers.

Perceived Complexity

Complexity is a perceived level that reflects the risk involved with or the level of difficulty in implementing an idea (Rogers, 2003). Complexity is also defined as the degree to which an innovation is thought to be difficult to comprehend and use. It was calculated based on people's perceptions of the innovation's purpose, intended utility, and simplicity of use (Gerrard & Cunningham, 2003). Based on this definition, complexity in innovation can be viewed as easy or difficult. In the study, we relate complexity with a person's perception whether he/she consider Islamic insurance products and services are shariah-compliance or not. According to Ali & Puah, (2017) complexity has negatively affected on the adoption of Islamic banking products in context of Pakistan. Many empirical studies also find the complexity negatively influences on intention to adopt of Islamic insurance (Abbas et al., 2017; Kaabachi & Obeid, 2016; Sanni et al., 2013; Ali et al., 2019).

H3: Complexity has negatively influences on the adoption of takaful products by customers.

Perceived compatibility

According to (Rogers, 2003) The degree to which an individual considers innovation as consistent with current societal norms, beliefs, and what he or she experienced and required in the past is referred to as compatibility. Many studies found that perceived compatibility is the one of the most important factors and it positively influences on adoption of Islamic insurance (Ali et al., 2019). An empirical study, Predicting customers' adoption towards family takaful scheme in Pakistan using diffusion theory of innovation, by Shaikh et al. (2020) argues that perceived compatibility has a significant positive impact on customers' family takaful scheme adoption. Moreover, The findings of Kaabachi and Obeid, (2016) in the Tunisian context proves there is a significant positive relationship of compatibility with customers' intention to adopt Islamic banking services. In the same Tunisian context, Echchabi et al. (2014) report compatibility has a positive impact on Islamic insurance adoption. The empirical results of (Areeba Khan et al., 2020; Ali and Puah., 2017) suggested that perceived compatibility is positively related to the customer adoption of Islamic banking in context of Pakistan. Therefore, the following hypothesis is proposed:

H4: There is a significant positive relationship between perceived compatibility and the general takaful adoption by the customers.

Perceived Trust

Luo et al. (2019) trust is defined the degree to which people believe in and seek to rely on others. Consumers have created confidence in service industries such as insurance because they respect the service providers' consistency and honesty (Panigrahi, Azizan and Khan, 2018). Thus, the aspect of trust becomes one of the factors in influencing an individual's purchase intention toward a service (Aziz et al., 2019). Trust acts as an essential tool needed for the success of any industry (Fauzi and Suryani, 2019). Trust is

an important criterion for understanding how other individuals treat themselves in economic transactions. Interacting with others must be built on trust (Panigrahi, Azizan and Khan, 2018). The willingness of customers to engage in future transactions is built with trust (Poan, Merizka and Komalasari, 2021). In marketing, trust represents the continuity of the contract between the vendor and the customer, thereby contributing to the sale of an individual commodity (Saleem et al., 2016).

 Many prior studies have highlighted the importance of trust in many parts of business, and empirical findings demonstrate that trust is an important component in deciding whether or not to use takaful products. For example Hardius et al. (2017) argue the importance of continued interaction between the sellers and the buyers has been long recognized in the marketing as to create a mutually beneficial long-term relationship. Aziz et al. (2019) examined factors that influence intentions of individuals to purchase family takaful mediating role of perceived trust in context of Pakistan and their empirical research find that perceived trust has positively impact on purchase family takaful scheme. According to Poan et al. (2021) It was also discovered that trust has a positive impact on the purchase of Islamic insurance. Many studies also find that customer trust significantly related to purchase intentions (Chimedtseren & Safari, 2016; Hajli et al., 2017; Luo et al., 2019; Saleem et al., 2016; Suhartanto et al., 2018). Thus, the following hypothesis is proposed:

 H5: Customer trust significantly influences on Islamic insurance (general takaful) adoption.

Perceived Culture

According to (Hofstede, 1991) Culture is a social phenomenon that affects all people who share the same social context. Culture can influence the way human beings act, think and behave (Husin and Rahman, 2016). There are many empirical results that culture affects purchasing habits and consumer behaviors in services (Shaw and Clarke, 1998; Mattila, 1999; Ueltschy and Krampf, 2001). Somalis have very low level insurance culture which leads to the lack of both insurance Act and insurance companies for more than two decades (Sheikh Ali and Abdi Jama, 2016).

 In terms of economic and social system, Somali's culture has based on financial contributions, known as locally "Qaaran" among the people especially tribes or sub-tribes. Any family or relative member who face emergency cases such as health issues, killing someone (diyo) would be collected money by his/ her tribe to solve such problem. This informal insurance equivalent to formal insurance (conventional and Islamic Insurance/Takaful) and it is widely recognized amongst Somali society. Thus, this informal insurance may discourage using formal insurance whether conventional or Islamic insurance products in Somalia. Since religion belief can be part of culture that can determine the behavior of the people, Muslim may prefer to participate takaful products instead of conventional insurance (Husin and Rahman, 2016). Husin & Rahman (2016) reasoned that why Muslims particularly adopt takaful products; firstly, takaful is especially

designed towards shariah-compliant alternative than conventional insurance. Secondly, participation in Islamic insurance is one of the methods that contribute Muslim community development in an Islamic economy. Therefore, the following hypothesis is constructed;

H6: Perceived culture has an influence on the adoption of Islamic insurance or takaful products.

Research method

Participants in the research

Respondents in this study are Somalia's potential takaful scheme buyers. The data for this study was gathered using questionnaires from citizens of Mogadishu, Somalia's capital city. The total number of questionnaires distributed was 300, and 275 were returned. Because the Covid-19 lockdown did not exist in Somalia at the time, the surveys were distributed face to face, with the researcher visiting and courteously approaching potential consumers of takaful in their premises to hand out the questionnaires. The questionnaires were distributed in February- April2022.

Convenience sampling was used in this study. Furthermore, convenience sampling is often employed in research. (Md Husin and Ab Rahman, 2016; Shaikh et al., 2020; Ali et al., 2019; Aziz et al., 2019). According to (Shaikh, Noordin and Alsharief, 2018) In Islamic banking studies, convenience sampling is more common.

Measures

In this study all the variables are adapted or adopted from to be used in takaful study context from the modified and validated instruments. All the items of Intention to adopt, level of awareness, perceived relative advantage, perceived complexity (PC), Perceived compatibility (PCB) were adapted from (Shaikh et al., 2020). Similarly, the items of trust were adapted from (Aziz et al., 2019). Also the items of culture were adapted from (Khan, Hassan and Shahid, 2007)

Statistical Analysis and Results

Data Analysis

In the study, Partial least Squares software: SmartPLS 3.3.7 is used by the authors to evaluate the measurement and structural model as proposed by (Hair et al., 2011). PLS was chosen by researchers for two main reasons; firstly, PLS is a superior methods for this study that is exploratory in nature (Henseler et al, 2009). Secondly, PLS has newly gotten increasing acceptance in the consumer and service research field (Sarstedt, 2008).

Table I. Overall profile of the Respondents

Variable	Frequency	Percent (%)
Gender		
Male	299	70.0
Female	128	30.0
Age		
15 - 25 years	271	63.5
25 – 35 years	142	33.3
Above 35	14	3.3
Education Level		
Graduate	242	56.7
Undergraduate	155	36.3
High school	10	2.3
Other	20	4.7
Marital Status		
Single	323	75.6
Married	104	24.4
Takaful Experience		
Yes	117	27.4
No	310	72.6
Occupation		
Business man	74	17.3
Private employee	317	74.2
Government employee	36	8.4
Income Level		
Less than $1,000	223	52.2
$1,000- $20,000	43	10.1
$20,000- $30,000	12	2.8
Other	149	34.9

Table II. Factor Loading and Reliability

Construct	Items	Loading	CR	AVE
	PerComp1	0.746		
	PerComp2	0.734	0.831	0.551
Perceived Compatibility	PerComp3	0.768		
	PerComp4	0.719		
	PerCompl1	0.713		
	PerCompl2	0.725		

Perceived Complexity	PerCompl3	0.725	0.844	0.575
	PerCompl4	0.745		
	PerCompl5	0.749		
Perceived Culture	PerCul1	0.844	0.804	0.672
	PerCul2	0.795		
Intention to adopt takaful	TakafulAdoption1	0.751		
	TakafulAdoption2	0.836	0.857	0.667
	TakafulAdoption3	0.859		
Consumer Awareness	CAW1	0.929		
	CAW2	0.533	0.715	0.574
Relative Advantage	PRA1	0.777		
	PRA2	0.780		
	PRA3	0.781	0.857	0.600
	PRA4	0.759		
Perceived Trust	PTrust1	0.829	0.845	0.646
	PTrust2	0.794		
	PTrust3	0.788		

The respondents of the study encompassed 70 percent male and 30 percent of the sampled respondents are female. In perspective of age groups, the large percentages of the respondents are 15 -25 years old those equivalent 63.5 percent of total respondents while the ages of respondents those 25 to 35 years old is 33.3 percent and only 3.3 percent of the respondents were aged at above 35 percent. In terms of education level, 56.7 percent of the respondents were graduates and this is the largest portion of the study contributors while the second largest percentage of the respondents were undergraduates and they equivalent of 36.3 percent. The remaining respondents are high school graduates and other those make up of 2.3 percent and 4.7 percent respectively. In terms of the marital status group, single respondents participated largely to the sample of the study which comprised 75.6 while single respondents were only 24.4 percent. In terms of takaful experiences of respondents, most of sampled respondents have no experiences regarding takaful usage and comprised 72.6 percent while the rest (27.4 percent) were used takaful products. 17.3 percent of the respondents engaged a business while 74.2 percent of respondents were private employees and 8.4 percent of study contributors and smallest portion were government employees. Lastly, in perspective of income level, the largest portion of respondents have less than 1,000 USD and equivalent of 52.2 percent while the second largest of contributors' income (10,1 percent) between 1,000 USD and 20,000 USD. The rest of the respondents' income those equivalent of 2.8 percent were in between 20,000 USD and 30,000 USD while 34.9 percent of the respondents selected other (See Table I).

Measurement Model

The Authors use convergent validity (loading), average variance extracted (AVE), composite reliability and discriminant validity as an assessment of measurement model. All the assessments are checked by the PLS algorithm and all factor loadings greater than the suggested 0.7 threshold excepting (LEVAW2) item (see Table II). Many literatures recommended that factor loading would have been deleted to sustain the convergent validity. However, since removing of loading prevent/hinder the curial rule of having at least two items for each variable (Husin and Rahman, 2016). Thus, the authors keep (LEVAW2) item in the model. Hence, all average extracted variance (AVE) and composite reliability (CR) values are exceed the recommended scores, 0.50 and 0.70 respectively.

The Authors choose Fornel-Larcker criterion to assess discriminant validity in the study. AVE root square and all inter-construct correlations are compared. Each AVE of construct should be exceed its squared correlation with any other construct to pass the discriminant validity assessment of the model as suggested by (Fornell and Larcker, 1981). Finally, Fornel-Larcker criterion is fulfilled and no cross-loadings is higher than the respective loadings which indicates that discriminant validity is superior in this study (See Table III).

Table III. Inter-construct correlation (Fornell-Larcker Criterion)

	Compatibility	Complexity	Culture	Intention to adopt Takaful	Level of Awareness	Relative Advantage	Trust
Compatibility	0.742						
Complexity	0.556	0.758					
Culture	0.309	0.273	0.820				
Intention to Adopt Takaful	0.568	0.449	0.384	0.816			
Level of Awareness	0.111	0.189	0.151	0.219	0.757		
Relative Advantage	0.536	0.579	0.258	0.510	0.234	0.774	
Trust	0.527	0.466	0.278	0.502	0.157	0.517	0.804

Table IV. Heterotrait-Monotrait Ratio (HTMT)

	Compatibility	Complexity	Culture	Intention to adopt takaful	Level of Awareness	Relative Advantage	Trust
Compatibility							
Complexity	0.753						
Culture	0.502	0.443					
Intention to adopt takaful	0.766	0.606	0.612				
Level of Awareness	0.217	0.420	0.393	0.422			
Relative Advantage	0.714	0.770	0.403	0.663	0.460		
Trust	0.721	0.646	0.451	0.675	0.309	0.685	

Structural Model

The structural model assessment has been done to determine the predictive power of the model. The purpose of using it is to explain the degree of extent of dependent variable is explained and unexplained variances by independent variables and to evaluate the relationships between the latent constructs of the study. The authors use the R-square value (R^2) to determine the predictive power of the model. On the other hand, whether the hypothesized relationships is strength or not is determined using the path coefficients. Bootstrapping procedure is performed to assess the Structural model of the study and the authors have used 500 bootstrap samples to build stable intervals of confidence (Hair et al., 2011; Husin and Rahman, 2016).

The structural model analysis results including standardized path coefficients, Standard deviation error, t-values and P-values for each relationship and squared multiple correlations, measured by R^2 for each construct are reported in Table IV and Figure II. The R^2 of the hypothesized model is 0.449 which shows that 44.9 percent of the variation in intention to adopt takaful can be explained by the six independent variables of the study, which are perceived compatibility, perceived complexity, perceived culture, level of awareness, perceived relative advantage and perceived trust.

H1, H2, H3, H4, H5 and H6 examine the impact of perceived compatibility, perceived complexity perceived culture, level of awareness, perceived relative advantage and perceived consumer trust on intentions to adopt general takaful scheme. Five of the hypothesis (H1, H3, H4, H5 and H6) are statistically significant while H2 is statistically insignificant. Specifically, perceived compatibility (β = 0.297, p = 0.000), perceived culture (β= 0.175, p = 0.000), Level of Awareness (β= 0.083, p= 0.024), perceived Relative Advantage (β = 0.169, p = 0.002) and perceived trust (β = 0.173, p= 0.004) to adopt

general takaful are statistically significant. However, perceived complexity (β=0.047, p = 0.401) to intend adaption of general takaful is not significant.

Table V. Empirical Results

| Hypothesis	Relationship	Beta (β)	STDEV	T Statistics	P-values	Result
H1	Compatibility -> Intention to adopt Takaful	0.296	0.049	6.006	0.000	Supported
H2	Complexity-> Intention to adopt Takaful	0.047	0.056	0.841	0.401	Not supported
H3	Culture -> Intention to adopt Takaful	0.175	0.047	3.723	0.000	Supported
H4	Level of Awareness -> Intention to adopt Takaful	0.083	0.037	2.272	0.024	Supported
H5	Relative Advantage -> Intention to adopt Takaful	0.169	0.054	3.105	0.002	Supported
H6	Trust -> Intention to adopt Takaful	0.173	0.060	2.889	0.004	Supported
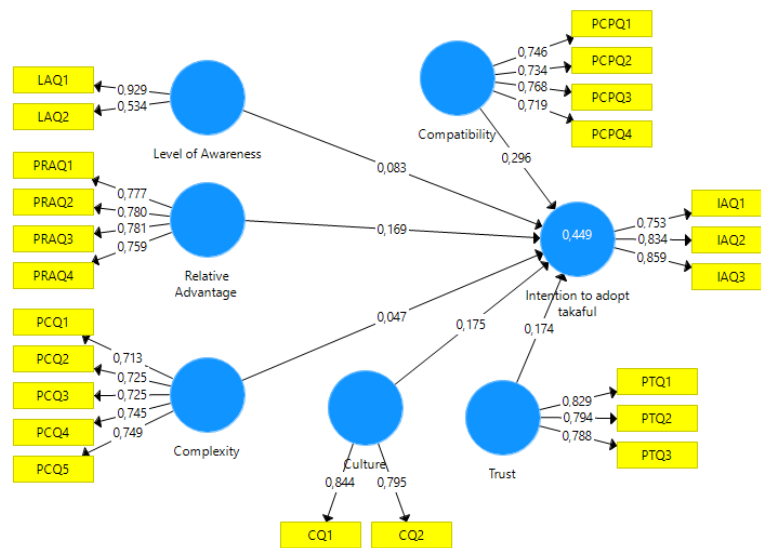
Figure II.EMPRICAL STUDIES

RESULTS

Discussion

Our knowledge, this study was a first attempt to evaluate determinants those influencing consumers' intention to adopt in general takaful scheme. The authors have collected the data from current and potential takaful consumers in Mogadishu and discovered that the proposed model is superior in forecasting consumers to purchase general takaful products.

Empirical findings that the diffusion of innovation theory model can explain 44.9 percent of the variance in the adoption of general takaful products. More specifically the results show that the perceived compatibility, perceived culture, perceived relative advantage, level of awareness and Perceived trust of consumers regarding general takaful product usage are all significant elements in deciding their readiness to purchase/adopt in the general takaful scheme. However, the perceived complexity factor regarding the adoption of potential takaful users is insignificant.

This study hypothesized that perceived compatibility positively affects on purchase intention to adopt takaful. The result shows that perceived compatibility is passively related to adoption of takaful. This means the fulfillment of current need and values gained from takaful scheme will lead to purchase and adopt of takaful products. The current findings of the study is consistent with previous studies such as (Kim and Galliers, 2004; Doraisamy, Shanmugam and Raman, 2011; Ayinde and Echchabi, 2012; Sanni et al., 2013; Nørskov, Chrysochou and Milenkova, 2015; Kaabachi and Obeid, 2016; Ali et al., 2019). The findings indicate that contributors of the study believe the Islamic Insurance (takaful) is compatible with their needs. Moreover, the respondents have assumed the takaful products are in line with their values of ethics, beliefs as well as confirm their financial expectations.

On the other hand, the authors hypothesized that perceived complexity has negatively influenced on intention to adopt of takaful. However, the present findings indicate that complexity has not affected on the adoption of takaful. This result is in consistent with past literature including (Shaikh et al., 2020). However, this finding is contrary with diffusion of innovation theory proposed by (Rogers, 2003) which revealed that complexity is negatively related to adoption of new ideas or innovation while adoption of takaful in Somalia is considered as a new idea. Ali et al. (2019) argued that more complex is the Sharia compliance knowledge of takaful products then the smaller is the likelihoods to accept such takaful products by the consumers. Since the Somalis are 100 percent Muslim society, the respondents fully understand whether takaful is shariah compliance products or not and therefore they perceive it is simple issue.

In this study, perceived culture is hypothesized that it has directly influenced on takaful adoption. The result indicates that culture is positively related to adoption of takaful

products. This means respondents are willing to purchase takaful scheme and they perceive adoption of this product convergence with their culture. Therefore, the empirical results is in line with previous studies those argued that culture influence the habits of consumer such as (Shaw and Clarke, 1998; Ueltschy and Krampf, 2001; Liu, Furrer and Sudharshan, 2007). Since religion belief can be part of culture that can determine the behavior of the people, Somalis may prefer to participate takaful products instead of conventional insurance.

Similarly, consumer awareness has a positive impact on takaful adoption. This means the knowledge of takaful products can lead to adopt takaful scheme. This evidence is in agreement with many past literatures those found the same results (Ali et al., 2019; Shaikh et al., 2020). Perceived relative advantage is also directly related to adoption of takaful. This means if the consumers recognize the benefits of takaful, the rate of takaful adoption will increase. This empirical findings consistent with many studies such as (Kaabachi and Obeid, 2016; Abbas et al., 2017; Aziz et al., 2019). Finally, the authors' hypothesized perceived trust is directly related to takaful adoption. Our result depict that trust is positively affected on adoption of takaful. May studies found the same results (Luo et al., 2019).

CONCLUSION

Theoretical and Policy implications

The study results contribute significantly to the literature. In terms of theoretical perspective, our research findings provide a significant contribution to the current knowledge in the following ways. Firstly, in our knowledge, this study is the first attempt for determining takaful adoption in Somalia. Secondly, the findings support to the Islamic finance literatures through applying as well as extending a famous diffusion of innovation theory (DOI) proposed by Roger. Although many studies have used the DOI framework, the takaful context is not discovered significantly under this theoretical approach. Finally, our study fills the gap which previous studies provided since Islamic finance is new in Somalia.

On the other hand, some useful policy implications for takaful managers and advertisers is provided in this study for developing effective marketing strategies. Our study results show that relative advantage, compatibility, consumer awareness and culture and trust are the important factors of takaful adoption by potential users. However, the findings confirm that complexity is not significant in determining adoption behaviors of takaful users. The takaful operators should consider the takaful sector contributions in socio-economic development of the country and offer the ease of use in order to fulfill customers'' needs related to takaful products.

Limitations and future research of the study

There are some limitations related to our study which give direction for potential researchers in this field. Firstly, the authors conduct this empirical study in the Mogadishu city. Therefore, it has geographical limitations. Future studies can be conducted targeting other cities in Somalia as well as rural areas to get more insightful results pertained to takaful products. Secondly, the variables of the study are limited to the some DOI framework (relative advantage, complexity and compatibility) and adding other variables (consumer awareness, culture and trust). Thus, potential researchers can present other new and relevant factors into DOI framework model such as demographic variables, religion beliefs, service quality, corporate image, promotional tools, subjective norm, and attitude for extending the context of DOI theory. Thirdly, the primary data of our study is collected only from potential and current takaful users. Hence, future researches should be conducted comparing conventional and Islamic insurance to add the current literatures. Finally, questionnaire instrument is used in this study to collect data. Future studies should be considered using other data collection tools such as interview.

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