

**FACTORS INFLUENCING THE
EFFECTIVENESS OF AGENTS AS
RECRUITERS IN THE INSURANCE
INDUSTRY: A CASE STUDY IN PENANG,
MALAYSIA**

LIM MEOW LIH

**ASIA e UNIVERSITY
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ABSTRACT

The effectiveness of marketing channels is essential for hiring insurance agents, especially in a time when social influences and digitisation are influencing consumer and employment trends. Despite the growing use of social factors and technology in hiring, little is known about how these factors directly affect effectiveness of marketing channels and if attitude mediates these interactions. The interaction between these factors has been mainly ignored in previous study, thus further investigation is required to improve hiring practices in the insurance industry. In order to determine if attitude acts as a mediator in the direct connections among technology, social factors, and effectiveness of marketing channels, this study will look at those interactions. The idea that technology and social factors both have a beneficial impact on effectiveness of marketing channels and that attitude mediates these effects, possibly influencing how marketing channels function in agent recruitment, serves as the foundation for the study. 398 respondents in the insurance industry provided survey data as part of a quantitative study strategy. To investigate the connections between the variables, mediation analysis and Pearson correlation were performed. The goal of the study was to ascertain if attitude acts as a mediating element and whether social aspects and technology-driven solutions considerably improve marketing effectiveness in recruiting.. The study challenges the presumptive mediating function of attitude while emphasising the value of social networks and technology in boosting effectiveness of marketing channels, which helps with marketing and recruiting initiatives. Insurance companies looking to maximise their hiring efforts through focused marketing strategies will find these insights to be helpful. To further understand the dynamics of marketing efficiency in agent recruitment, future studies should investigate other mediators including perceived job stability and organisational commitment.

Keywords: Effectiveness of marketing channels, technology, social factors, attitude, recruitment, insurance industry

APPROVAL

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the Doctor of Business Administration.

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DECLARATION

I hereby declare that the thesis submitted in fulfilment of the requirements for the Degree of Doctor of Philosophy is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

Name: Lim Meow Lih

A handwritten signature in black ink, appearing to read 'Lim Meow Lih', written in a cursive style with a horizontal line underneath.

Signature of Student:

Date: 8 September 2025

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LIST OF ABBREVIATION

AI	Artificial Intelligence
ANOVA	Analysis of Variance
AR	Augmented Reality
ATS	Applicant Tracking Systems
ATT	Attitude
CAGR	Compound Annual Growth Rate
CLT	Central Limit Theorem
CMB	Common Method Bias
CRM	Customer Relationship Management
DBA	Doctor of Business Administration
DV	Dependent Variable
ELM	Elaboration Likelihood Model
EMC	Effectiveness of Marketing Channel
EVP	Employer Value Proposition
FMCG	Fast-Moving Consumer Goods
HTMT	Heterotrait-Monotrait Ratio
IDT	Innovation Diffusion Theory
IMC	Integrated Marketing Communications
IV	Independent Variable
KPI	Key Performance Indicator
LIAM	Life Insurance Association of Malaysia
MV	Mediating Variable
PEOU	Perceived Ease of Use

PhD	Doctor of Philosophy
PLS	Partial Least Squares
PU	Perceived Utility
RBV	Resource-Based View
RM	Malaysian Ringgit
ROI	Return on Investment
SCF	Social Factors
SCT	Social Cognitive Theory
SDT	Self-Determination Theory
SEO	Search Engine Optimisation
SPSS	Statistical Package for the Social Sciences
TAM	Technology Acceptance Model
TCH	Technology
TPB	Theory of Planned Behaviour

CHAPTER 1

INTRODUCTION

1.0 Chapter Overview

This chapter provides a thorough overview of the study and acts as the research's fundamental framework. It provides the problem statement, research objectives, scope, background information, and importance of the study. This chapter sets the scene by looking at these elements and emphasises the significance of understanding how social factors and technology variables affect hiring practices in the life insurance industry. In particular, the goal is to comprehend how these elements affect hiring procedures, with a particular focus on the Malaysian market. This chapter gives readers a clear grasp of the study's scope and relevance by providing an organised summary of the key components to be investigated, laying the groundwork for the subsequent research.

1.1 Background of the Study

In a thesis, the background of the topic being studied provides a foundation for the research by describing the topic's importance, the larger problem, and any insufficient information in the knowledge. The research problem is presented, along with its significance and pertinent theories, prior study, or industry trends. Additionally, by illustrating how the study advances knowledge or practice, this part demonstrates the necessity of the research. The background enhances the objectives and methodology of the research by highlighting out important challenges, constraints, or ongoing problems. Finally, by connecting earlier research to the current research, it establishes the context for the study.

Moving forward, therefore, the insurance industry in Malaysia has experienced significant growth in recent years, driven by regulatory reforms, technological

advancements, and shifting consumer expectations (Bank Negara Malaysia, 2022; Ismail & Rahman, 2023). Despite this progress, recruiting skilled and committed insurance agents remains a persistent challenge, especially in adapting marketing strategies to the demands of an increasingly digitized world (Rahim et al., 2021). Traditional methods, such as referrals, job fairs, and personal recommendations, dominate recruitment practices but often fail to resonate with younger, tech-savvy talent who rely on digital platforms like LinkedIn, Facebook, and Instagram for career opportunities (Alharthi et al., 2022; Gunarathne et al., 2021).

The growing reliance on digital marketing channels underscores the urgent need to understand their effectiveness and to balance these with conventional strategies to meet the recruitment challenges of the modern workforce. Furthermore, the insurance industry plays a pivotal role in the financial landscape, providing essential protection and financial security to individuals and families. This sector has undergone significant transformations, particularly in the strategies used to attract and retain talent. Recruitment strategies, once heavily reliant on traditional methods, now face the challenge of integrating new technologies and addressing social factors that influence potential candidates' decisions. In Malaysia, the life insurance industry must adapt to the evolving recruitment environment to ensure it attracts the best talent. The increasing role of technology, including online job portals, social media platforms, and recruitment management systems, has transformed how companies connect with potential employees.

Understanding these changes is crucial for optimizing talent acquisition strategies. This study identifies the influence of technology and social factors on the effectiveness of recruitment channels in the Malaysian life insurance industry. Additionally, it examines how candidates' attitudes mediate the relationship between

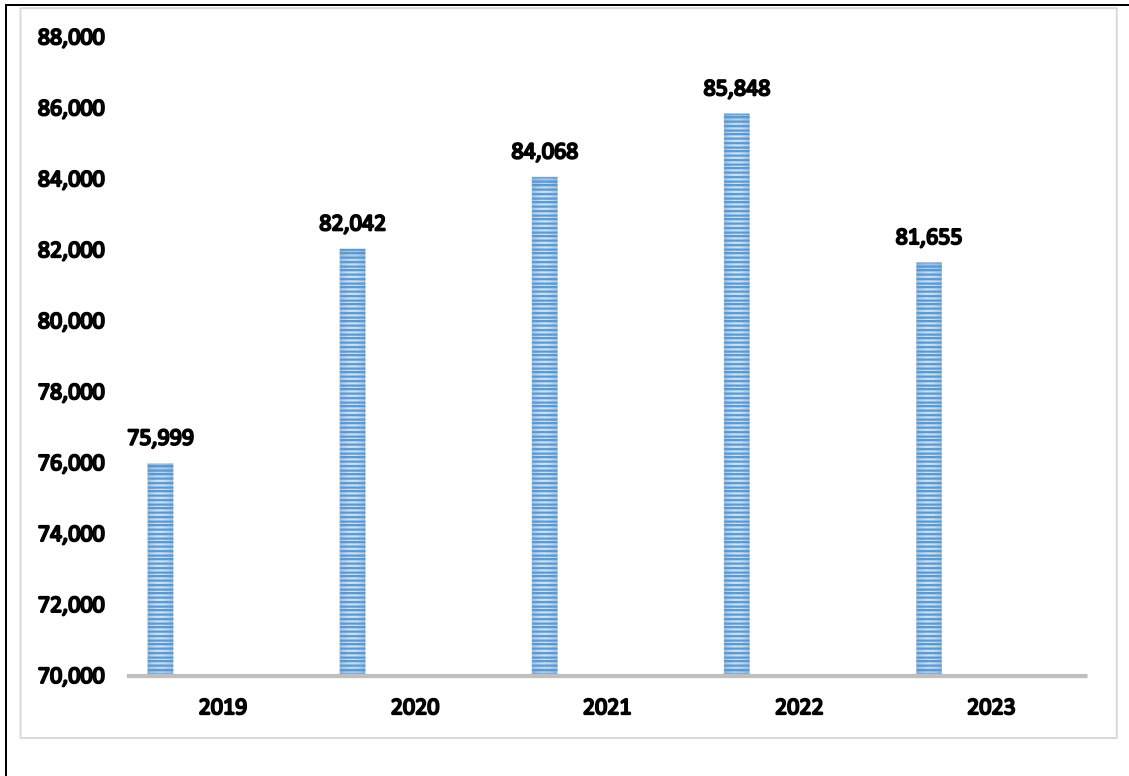
these independent variables and the effectiveness of recruitment strategies. By analyzing these factors, the research aims to provide insights that will help the industry develop more effective, targeted recruitment strategies that resonate with the diverse preferences of today's job seekers. This background sets the stage for a detailed investigation into the evolving recruitment landscape within the Malaysian life insurance industry, highlighting the importance of integrating technological and social insights to enhance the effectiveness of recruitment channels.

Especially in the competitive and dynamic global market, the efficiency of marketing channels continues to be a key component in accomplishing strategic corporate goals. Three key components are essential to its efficiency: consumer attitudes, societal circumstances, and technology. Technology is an essential enabler, offering cutting-edge platforms and capabilities that improve marketing effectiveness and personalisation (Chaffey et al., 2022). Due to its ability to provide real-time statistics and exact targeting, digital marketing has completely changed how companies interact with their audiences. But social elements that impact consumer choices and behaviours, such as peer pressure, social norms, and cultural dynamics, are entangled with the success of these technical advancements (Hassan et al., 2023).

Recent statistics from the Life Insurance Association of Malaysia (LIAM) highlight the dynamics of agent recruitment and new business premiums over the years 2019 to 2023. During this period, the total number of life insurance agents has dropped significantly, reflecting broader industry trends and especially after the COVID-19 pandemic. Figure 1.1 shows that in 2019, the number of agents stood at 75,999. The numbers of agents were increased at 82,042 in 2020, 84,068 in 2021 and 85,848 in 2022 respectively. However, the number dropped to 81,655 in 2023, likely influenced

by the uncertainties and economic challenges brought on by the pandemic. The numbers drop by 5.14%, which could be a higher percentage for insurance industry.

Figure 1.1: Numbers of Agents from 2019 to 2023



Source: Life Insurance Association of Malaysia (LIAM) (2023)

The hiring of insurance agents reveals divergent patterns in both international and regional contexts, which Malaysia can learn from. In order to draw in younger talent, businesses in OECD nations have adopted digital platforms, AI-driven screening tools, and clear career tracks, making recruitment far more professionalized and structured (Organisation for Economic Co-operation and Development, 2022). However, in ASEAN markets, hiring still mostly depends on personal connections and recommendations. To target millennials and Gen Z prospects, social media platforms, smartphone apps, and virtual career fairs are also used (ASEAN Insurance Council, 2023). These distinctions are also evident in marketing channels, where ASEAN markets prioritize testimonials, community involvement, and lifestyle-focused

messaging, and OECD insurers prioritize data-driven campaigns and employer branding (Frączek, 2021). The difficulty for Malaysia is striking a balance between the effectiveness of contemporary digital recruitment tools and the individualized, trust-based methods that continue to be essential to local hiring practices (Bank Negara Malaysia, 2022).

In conclusion, attitudes are important because they act as a mediator between social factors and the adoption of technology. Negative opinions about marketing channels can reduce the efficiency of even the most sophisticated tactics, while positive views can increase brand loyalty and staff engagement (Ajzen, 2020). The way that technology, social factors, and attitudes interact with one another emphasises the necessity of a comprehensive approach when researching the efficiency of marketing channels. Experts contend that utilising technology in a way that is consistent with social dynamics and cultivates positive attitudes may greatly enhance marketing results (Kotler et al., 2021; Rahman & Ismail, 2023). In order to offer practical insights for companies looking to maximise their marketing channels in a quickly changing environment, this study emphasises how crucial it is to manage these interrelated variables. In addition, the challenges faced by the Malaysian insurance industry in agent recruitment underscore the need for a critical evaluation of marketing channel effectiveness. Bridging the gap between traditional and digital strategies is essential to attract and retain a diverse pool of talent while meeting the expectations of a modern workforce (Kotler et al., 2021; Lee et al., 2023). By investigating the strengths and limitations of these marketing channels, this study seeks to provide practical insights that will enable the insurance sector to enhance recruitment practices and sustain its growth trajectory. Ultimately, based on research by Shukla et al. (2022),

addressing these challenges will contribute to a more resilient, innovative, and inclusive insurance industry in Malaysia.

1.2 Problem Statement

The Malaysian life insurance market is at a turning point in its history, with ongoing difficulties maintaining development, competitiveness, and relevance in a business climate that is changing quickly. Despite the rise of digital distribution platforms, insurance agents continue to be the key sales channel, therefore distribution and recruitment challenges are at the core of these issues. The Life Insurance Association of Malaysia (Life Insurance Association of Malaysia, 2023) states that although the business still mostly relies on agency recruiting, current data shows that the total number of active agents has decreased as a result of high attrition rates and slower recruitment growth. The sustainability of the sector is directly threatened by this trend, especially as fintech-driven models, bancassurance, and direct-to-consumer digital platforms become more competitive. Current recruitment techniques may not be sufficient to handle generational shifts, career aspirations, and evolving opinions of insurance as a profession, as seen by the difficulty in drawing new recruits to the agency industry.

The efficiency of insurance businesses' marketing channels is a significant concern in this recruitment conundrum. Traditionally, physical networking events, referrals, and conventional face-to-face marketing have been used for recruitment. But among younger generations who use digital ecosystems like Facebook, Instagram, TikTok, LinkedIn, and others more frequently, these strategies are losing ground (Chen et al., 2022). According to research, digital channels provide better targeting and a wider reach, although Malaysian insurers do not always use them (PwC, 2021). This makes one wonder if the poor performance of marketing channels is due to

antiquated tactics, a lack of digital transformation, or a failure to adapt to changing agent and consumer expectations. Four interconnected areas of concern such as the channel performance, customer engagement, digital transformation, and agent productivity has emerged to help narrow the problem focus.

Recruitment techniques' capacity to reach prospective agents, spark interest, and turn leads into active recruits is referred to as channel performance. Digital solutions like AI-powered applicant tracking systems and data-driven advertising have improved recruitment conversion rates in OECD nations (Organisation for Economic Co-operation and Development, 2020). In contrast, ASEAN's recruitment practices continue to rely significantly on agency-led community activities and personal recommendations, which results in inconsistent outcomes (ASEAN Insurance Council, 2021). The life insurance sector in Malaysia consequently has difficulties in determining whether its problems stem from poor conversion, ineffective reach, or both. Insurance companies might keep allocating resources inefficiently if there isn't any concrete proof of channel performance.

Another aspect of concern is the involvement of customers and agents. According to Nguyen and Simkin (2020), the modern workforce is looking for fulfilling professions that offer flexibility, entrepreneurial options, and technology support. Potential agents are unlikely to think of insurance as a feasible career if recruitment marketing does not convey these qualities. Research conducted in the area suggests that social media storytelling and lifestyle branding work better than conventional job advertisements (Tan & Low, 2021). However, Malaysian insurers frequently use transactional language when recruiting, emphasizing revenue potential without taking into account values like professional development, work-life balance,

or community impact. Because of this discrepancy, insurance companies are less desirable as preferred employment.

Digital change has made these problems worse. Malaysian insurers fall behind as OECD insurers increasingly use digital onboarding, training, and e-licensing procedures to boost agent productivity and recruiting (Swiss Re Institute, 2021). Only a small percentage of regional insurers have implemented complete digital solutions for agent assistance and recruitment, according to a 2022 research by Bank Negara Malaysia. Reliance on manual procedures slows down hiring and causes friction for candidates who are digital natives and used to smooth technological encounters. The industry runs the risk of losing market share to fintech businesses that provide more flexible and technologically advanced career options, as well as to international insurers, if this digital divide is not closed.

The recruitment problem is further complicated by agent productivity. High attrition during the first year of employment indicates that many agents do not reach sustainable performance levels, even in cases when new agents are successfully recruited (Life Insurance Association of Malaysia, 2023). This suggests shortcomings in the marketing of initial recruitment as well as in the tactics for onboarding, training, and retention. According to OECD data, structured onboarding initiatives that include analytics-based coaching and microlearning resources greatly increase early productivity (Organisation for Economic Co-operation and Development, 2021). However, training in Malaysia frequently lacks a regular structure and is still dependent on agency leaders, which hurts early performance and deters long-term retention (Yap & Lim, 2022). By sustaining unfavourable opinions of agency work as unsustainable or unappealing, new hires' poor performance exacerbates the recruiting issue.