A Study on the Motivating factors influencing women in procurement of Health insurance

D.H. Thavamalar

thavamalar19@gmail.com

Assistant Professor, P.G.Department of Commerce

C.Mutlur,Chidambaram,Tamilnadu, India

Abstract

People all over the world realize the importance of health insurance policy as the unforeseen uncertainties have become the order of the day. The purpose of this study is to have a clear understanding of the factors which influence the purchase decision of health insurance among women, so that the marketers and policy makers can engage them in a better way as customers of health insurance policies. There is a huge opportunity in the health insurance market especially in the women segment which is quite under served. The data has been collected from 200 respondents with the help of questionnaire and the results of EFA indicate five factors, namely: quality of service, promotional factors, financial factors, benefits and coverage and convenience which influence buying decision among women in Tamil Nādu towards health insurance.

Keywords: women buyers, decision making, health insurance

Introduction

Health insurance in India is a growing segment, yet it hasn't taken off fully and several measures are needed to improve and expand insurance coverage. In addition to physical illness, accidents and emergencies in the form of natural calamity demand for protection and well-being of human life at all times. Although health insurance isa mandatory in developed countries, developing countries are yet to impose regulations on its purchase. Despite the fact that the role of women in household management is now changing, there are not many studies focused on their insurance behavior. A better understanding of women buying behavior of health insurance would surely facilitate better market penetration in the women segment, but there is lack of knowledge in this section of study. This research is oriented towards the study of purchase intention of health insurance policy among women. While there have been several approaches to study consumer behavior, there is little evidence of a study which explains the purchase intention of women towards insurance. This research evaluates the significance of purchase intention on buying behavior of women. The purpose of this research is to examine health insurance purchase intention among women in India. By determining which factors most influence women's health insurance purchase decisions, the current study can be instrumental in helping insurance providers to design more effective programs for potential women consumers of health insurance.

Review of Literature

Many studies have been conducted to understand the growth of health insurance in Indian health insurance industry and to measure the customer awareness, satisfaction and perception towards buying health insurance products from insurers. Socio economic development and health of the citizens of a country go hand in hand. Undoubtedly India is progressing on the economic development front but health system in India needs a lot of improvement and health insurance penetration can play an important role in it (Miller *et al.* 2004). Mavalankar and Bhat (2000) analyzed the healthcare setup in India. According to them, India still lags behind many of the developing nations in the healthcare sector. In India, health insurance is a newer term and there is a plenty of scope for this sector. (Ellis *et al.* (2000) identified the existing pattern of healthcare financing in India mainly focusing on the implication of financial burden on consumers in India and analyzing the strengths and weakness of the Indian healthcare system. Sharma (2011), in his paper, stated that both Indian and Chinese economies have a huge potential for health insurance since 45% of world population lives in these two countries. Patil *et al.* (2002) found that 75% of health resources and health infrastructure is concentrated in urban area where only 27% of the population lives. In India, knowledge and awareness about health insurance are important factors for health insurance purchase decision. An inducing factor to go for health insurance was that a small amount of money was paid every year for the assurance of free medical treatment when required. Bawa and Ruchita (2011), with reference to Tamil Nadu, opined that while deciding to go for health insurance people expected comprehensive coverage with least cost, contribution by employer, least formalities and purchase or suggestions by friends and relatives. Some studies have tried to analyze reasons for low penetration of health insurance in India (Wadhawan, 1987; Ellis et al., 2000, Mavalankar and Bhat, 2000). Problems faced by insurance policy holder were terms and conditions stated by the company formalities during claims, a smaller number of hospitals, poor service, rate of premium, poor response from agents at the time of claims, misstatements given by agents less than expected sanctioned amounts and delay in claim settlement. Studies on the determining factors that influence consumer behaviour towards insurance products have been conducted by Arpah *et al*. (2012) and Sen (2008). These studies observed the linkage between the economic and demographic variables and the demand for insurance services. The study by Arpah *et al* is regarded as a pioneer in this area. Literature related to the domain of insurance also identifies factors like the extent of loss, probability of loss, risk aversion of till· buyer and insurance premium charges which impact buying of insurance-based products like health insurance (Mossin, 1968; Cameron et al., 1988; Schlesinger 1999). To understand the consumer behavior towards insurance products the study of factors like product characteristics, consumer characteristics and marketing actions is required (Chen et al., 2009). Although quite a few studies have been carried out with regard to health insurance, yet they are mainly male oriented. The driving factors that propel women to purchase health insurance might not be the same. It is therefore of vital significance to identify and study the determinants which affect the purchase decision of health insurance by women especially in a country like India where women are relegated to playing the second fiddle to men in the family. Therefore, the objective of this study is to identify the factors which determine the purchase decision of health insurance policies among women.

Research Methodology

The study is based on both primary and secondary data and the existing literature will be used to determine the factors influencing buying decision of women regarding health insurance. The study was conducted in the state of *Tamil Nadu* among the female respondents of four main cities of the state: Nagercoil, Tirunelveli, Madurai and Tuticorin. These cities are selected on the basis of population and density.

Population: The study was conducted among female respondents above 18 years of age. The data of respondents was collected on the basis of purposive sampling method as only females who have not yet purchased health insurance were included in the study. A pre-tested structured questionnaire was used as an instrument of data collection. Sample size for the study was 200. Due to ambiguous and missing data in some cases, 232 questionnaires were used for the analysis.

The present study is an effort to determine the underlying factors for purchase behavior in women. In this study non-user women of health insurance of four cities of Tamil Nadu state were taken as sample unit. The female respondents surveyed in this study were above 18 years of age, who have never bought any health insurance policy. Table 1   describes the demographic profile of the sample. From 200 respondents, majority (37.7%) were from 31- 40 yrs age group and 39.4% were postgraduate. Among the occupation categories majority respondents (31.8%) were employed in private organizations and 27.6% were homemakers. 55.9% of respondents were married and 61.6% were in a nuclear family structure. Majority of respondents had one family member dependent on them and 29.5% were earning 20,000 to 30,000 rupees per month.

Factor Analysis

In the present study, non-user women's attitude and perception towards health insurance was measured to know the determinant factors for their purchase decision. Factor analysis is a data reduction tool which helps in reducing large number of variables into fewer dimensions. Therefore, in this study factor analysis is used to identify underlying dimensions and reducing the variables for summarization based on their correlation with each other. Relationships among interrelated variables were examined and reduced in few underlying factors in this study

KMO Measure of sample adequacy

Kaiser-Meyer-Olkin (KMO) measure is an index used for checking the sample adequacy before factor analysis. This test compares the magnitudes of observed correlation coefficients to the magnitudes of the partial correlation coefficients (Malhotra and Dash, 2009). KMO test value below 0.5 indicates that the correlation between pairs of variables cannot be explained by other variables and factor analysis may not be appropriate. In this study KMO test value is 0.935 which verifies the sample adequacy. Bartlett's test of sphericity Chi square (352) is 6219.617, $p<0.001$, which indicates sufficiently large correlation between items for conducting principal component analysis.

33 statements were used in measuring underlying factors for purchase decision making.   Principal component analysis conducted on these 33 items with varimax rotation (orthogonal) found that five factors have Eigen

values of more than 1 (Kaiser's criteria) and explained 58.18% of variance in total. The Scree plots break between the steep slope and gradually trailing off from the sixth component, the line is getting flat which shows five prominent factors to represent most of the variance.

After rotation items made cluster on five factors as per their correlation values. A varimax rotation was used for this extraction. In varimax, factors are minimized with higher loading on them. These were factors of quality of service, promotional factors, financial factors, benefits and coverage, and convenience which determine the purchase behavior of women. To measure reliability of factors, Cronbach's alpha test was applied, which reflects homogeneity among a set of items, varying from O to 1. However, a good reliability should produce at least a coefficient value of 0. 7 (Hair *et al*., 1995), and it has come out to be more than 0.7 for five components i.e. factor 1 (0.896), 2 (0.880) 3 (0.874), 4 (0.826) and 5 (0. 756). It shows high reliability for factors.

Findings of the Study

Following five factors were extracted from the results of factor analysis:

Factor1: Quality of service

In several studies quality of service has been indicated as a key factor in affecting purchase decision. Service quality is antecedent to customer satisfaction and then customer satisfaction is antecedent to customer loyalty (Buttle, 1996; Caruana, 2002). In health insurance each process, accessibility, faster claim settlement and quick customer service are critical factors which influences the buying behavior. In this study this factor represents the majority of variance (36.28%). The high Cronbach alpha (0.896) also found this factor to be reliable in the analysis.

Factor 2: Promotional factor

Advertisement is termed as an effective tool to emotionally motivate consumers to buy a product (Moore, 2004) and help in influencing consumer's attitudes toward the brand until their purchase intent (Goldsmith and Lafferty, 2002). Health insurance companies undertake various initiatives to promote their policies and to build positive brand perception. It is found in this study that promotion factors such as advertising, agent persuasion, branding, attractive schemes and word of mouth publicity affect the purchase decision. This factor explains second highest variance (9. 736) for this study and Cronbach alpha value (0.880) also justifies the reliability of this factor in purchase behavior.

Factor 3: Financial factor

Varghese (2013) also linked cost and purchase relationship in his study. Utility of purchasing and paying premium for insurance policies and fear of hidden charges are major concern before buying health insurance therefore financial aspects also play an important role in determining purchase behavior. This factor contributes 5.969 % of variance and Cronbach alpha value (0.874) validates its reliability.

Factor 4: Benefits and Coverage

The study of Bawa and Ruchita (2011) found that in opting for health insurance people prefer policies with comprehensive coverage and least cost. In addition to these, attractive features of policies can be a vital factor in determining consumer's attitude about purchase decision. Consumers expect that their health insurance plan should cover critical illnesses and cover the expense at the time of emergencies so that there would be no burden on their pocket. Therefore, benefits and comprehensive coverage are amongst important factors in influencing their purchase. In this study this factor explains 3.886% variance and high Cronbach alpha value (0.826) finds it to be to be reliable.

Factor 5: Convenience

In prior available literature convenience of approach, less paperwork and formality are listed as important factors in developing a positive perception towards buying insurance policies (Anita, 2008; Aami and Ahmad, 2013). Ease of approach facilitates smooth buying experience; hence this factor is found to be important in purchase decision process. For this study, this factor explains 3.314% variance and Cronbach alpha value (0.756) finds this factor to be reliable.

Discussion

The concept of health insurance especially among women is at a nascent stage. The women consumers are under-served and under-covered in terms of health insurance. From the point of view of practitioners and academicians it is important to understand the factors which determine the purchase decision of women towards health insurance. In the present study quality of service has come out to be a predominant factor which influences the purchase of health insurance among women. The other two factors which have come up significantly from the study are promotional factors and financial factors. Chen et al. (2009) also observed that the awareness created by promotional efforts of the companies impact purchase decision of the buyers. Financial factors like hidden costs involved in the policy, reimbursement procedure and cost of the policy hold a lot of significance. The fourth factor concluded from the study i.e., coverage and product benefits provided by the health insurance policies like critical illnesses covered and availability of preventive health packages, also need to be considered by the marketers. The convenience factor lays emphasis on less formalities involved in the policy and better health care of the family members.

Conclusion

Life styles are changing resulting in new disease patterns that call for long term and costly medication, and such rising medical expenses can plunge a household into the depth of poverty and indebtedness. Beyond a level, the government cannot cover individual health care costs due to fiscal constraints. But it is not easy to convince people when they are healthy to spend money on health insurance and be prepared for future contingencies. It can be due to lack of awareness regarding health insurance and some other complex factors which influence their buying decision. The empirical study of these factors conducted under this research can

give direction to the marketers in designing their marketing mix strategies and policy makers in increasing awareness in the context of health insurance.

The study also makes an effort in the direction of understanding a very under-served consumer segment of health insurance i.e. women who have very unique Medicare needs. Moreover, in spite of the fact that the role of women in household management is now changing and statistical evidences are suggesting the importance of female participation in financial decisions of families required for inclusive growth, there are not many studies focused on their insurance behavior. A better understanding of women buying behavior of health insurance would surely facilitate better market penetration in the women segment as well as improving overall health insurance coverage.

References

Aami, Sand Ahmad Q. H. (2013) 'Awareness and willingness to buy private health insurance and a look into its future prospect in Pakistan', *European Journal of Business and social sciences,* 2(1): 69-81.

Anita, J. (2008) 'Emerging Health Insurance in India - An overview', *10th Global Conference of Actuaries, Mumbai:* 81-97.

Arpah, A., Angappan, R., Aljunid, S.M. and Omar, M.A. (2012) 'Factors Affecting Demand for Individual Health Insurance', Malaysia, *Bmc Public Health,* 12(10).

Bawa, S. and Ruchita (2011) 'Awareness and Willingness to Pay for Health Insurance: An Empirical Study with Reference to Tamilnadu India', *The Special Issue on Behavioral and Social Science,*1(7): 100-08.

Buttle, F. (1996) 'SERVQUAL: Review, critique, research agenda', *European Journal of Marketing,*30(1), 8-32.

Cameron, A.C., Trivedi, P.K., Milne, F. and Piggott, J. (1988) 'A micro econometric model of the demand for health care and health insurance in Australia', *Review of Economic Studies, 55*(1):85-106.

Caruana, A. (2002) 'Service loyalty: The effects of service quality and the mediating role of customer satisfaction', *European Journal of Marketing,* 36(7-8): 811-30.

Chen, T., Kalra, A. and Sun, B. (2009) 'Why Do Consumers Buy Extended Service Contracts?', *Journal of Consumer Research,* 36(4): 611-23.

Ellis, R. P., Alam, M. and Gupta, I. (2000) 'Health Insurance in India prognosis and prospects', *Economic and Political Weekly,* 35(4): 207-17.

Field,A. *(2009)* 'Discopering Statistics Using SPSS', Thrid Edition.

Goldsmith, R. E. and Lafferty, B.A. (2002) 'Consumer response to websites and their influence on advertising effectiveness - Internet research', *Journal of Electronic Networking Application and Policy,* 12(4): 318-28.

Hair, J. F. (1995) 'Multivariate DataAnalysis with Readings', Englewood Cliffs.

Khalid, A. and Said, G. (2012), 'Analyzing the technical efficiency of insurance companies in GCC', *The Journal of Risk Finance,* 13(4): 362-80.

Patil, A. V., Somasundaram, K. V. and Goyal, R. C. (2002) 'Current health scenario in rural India', *The Australian Journal of rural Health, 10*(2): 129-35.

Malhotra N. K. and Dash, S. (2009) *Marketing research: An applied orientation,* 5th ed., Pearson Prentice Hall.

McDougall, G. H. G. and Levesque, T. (2000) 'Customer satisfaction with services: Putting perceived value into the equation', *Journal of Services Marketing,* 14 (5): 392-410.

Miller, W., Vigdor, E.R., Manning, W.G. (2004) 'Covering the uninsured: What is it worth?', *Health Aff.* Web Exclusives W4-157-67. doi: 10.1377/hlthaff. W4.157.

Moore, S.E. (2004) 'Children and changing world of advertisements', *Journal of Business Ethics,* 52(2):161-67.

Moss in, J. (1968) 'Aspects of rational insurance purchasing', *Journal of Political Economy,* 7 6 (4): 55 3-68.

Orodho,k. (2004) 'Source smart. The need for supplier management. From Management Business Technology Magazine', *Public Opinion Quarterly,* 65(2): 230-253.

Panchal.N. (2013) 'Customer's Perception Towards Health Insurance: An Empirical Study in Bardoli and Mandvi *Region', Jndian Journal of Applied Research,* 3(4): 62-64.

Sen, S. (2008) 'An Analysis of Life Insurance Demand Determinants for selected Asian Economies and India', Working Papers 2008-036, Madras School of Economics, Chennai, India.

Schlesinger, H. (1999) 'The theory of insurance demand', *Handbook of Insurance,* Ed. Georges Dionne, Boston: Kluwer, 131-52.

Sharma, R. (2011) 'A Comparison of Health Insurance Segment- India and China', *JJRFM, 1* (4): 58-68.

Teas, R. K. (1994) 'Expectations as a comparison standard in measuring service quality: An assessment of a reassessment', Journal *of Marketing,* 58(1): 132- 39.

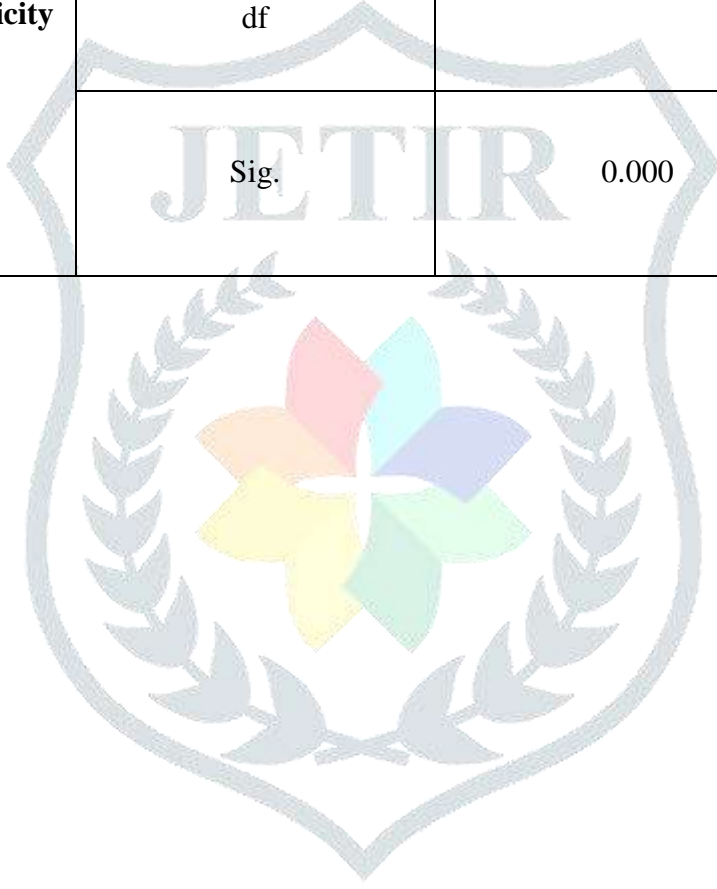Wadhawan, S. (1987) 'Health insurance in India: The case for reform', *International Labour Review,*126(4):479-94.

Table 1. Demographic profile of Sample

Demographic variables	Categories	N	Percentage
Age	18-30 yrs	72	20.4
	31-40 yrs	137	38.92
	41-50 yrs	88	25.0
	51-60 yrs	44	12.5
	Above 60 yrs	11	3.1
Education	Undergradurate	38	10.8
	Graduate	109	31.0
	Postgraduate	141	40.1
	Doctorate	34	9.7
	Professional	20	5.7
	Others	10	2.8
Employment	Unemployed	19	5.4
	Student	29	8.2
	Housewife	100	28.4
	Self-employed	20	5.7
	Practicing Professional	30	8.5
	Private organization service	108	30.7
	Government service	46	30.1
Marital status	Single	126	35.8
	Married	191	54.3
	Divorced/separated	35	9.9
Type of Family	Single	30	8.5

	Nucleus	215	61.1
	Joint	107	30.4
Number of Dependent family members	Nil	56	15.9
	one	104	29.5
	Two	80	22.7
	More than two	112	31.8
Monthly Income of Self	Less than 10000	28	7.95
	10000-20000	72	20.5
	20001-30000	107	30.4
	30001-50000	90	25.6
	More than 50000	55	15.6
City	Nagercoil	88	25
	Tirunelveli	88	25
	Madurai	88	25
	Tuticorin	88	25

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.826
Bartlett's Test of sphericity	**Approx. Chi-Square**	5472.415
	df	497.000
	Sig.	0.000