

Factors Affecting Intention to Participate in Health Insurance

Ban Hatem Jassam

College of business and economics, Nahrain university
Corresponding author: Mobanhatem@gmail.com

Abstract: *The system of health can be improved by the insurance companies. It can also reduce the responsibilities of the individual. The current study investigates the factors based on the theory of planned behavior (TPB) that affect the purchase intention of a customer while purchasing the policy of health insurance. With the help of these factors, insurance companies can target the correct market and enhance their performance and can also attract customers. The questionnaire was distributed among 123 respondents. The correlation and regression analysis were performed. The results validate the theory. Hence the study findings were supported by the literature in the discussion section and the limitations of the study were also discussed.*

Keywords: Intention, The theory of planned behavior, Health Insurance, Iraq.

Introduction:

Insurance is treated as a risk-mitigating tool. It is used to protect the financial system (Ather et al., 2017). It is the human nature that they want safety, peace, and security in all matter of their life. Due to this reason, people go for life insurance. Life insurance claims that it provides the shelter of safety against the hazard related to the risk of life (Yong et al., 2015). Life insurance offers safety by providing financial support as well as it produces the saving for members of family (Yadav and Tiwari, 2012). To promote the insurance services it should be aware of the procedure, product and benefits of the insurance services (Krishnamurthy et al., 2005; Rehman & Arif, 2015). According to the purchase behavior, attitude is also one of the most import factors to simulate the need for purchase (Souiden, & Jabeur, 2015).

The system of health can be improved by the insurance companies. It can also reduce the responsibilities of the individual. Middle-class families and low-class families are usually more concern to protect their financial assets (O'Connor et al., 2019; Abdelqader Alsakarneh et al, 2018). The phenomenon that the insurance company follows is sharing of risk. The risk-sharing is considered as a contract between two parties that they will share the risk of mutual interest. Suppose the individual (one party of the contract) is hospitalized, the bill would be paid by the insurance company (the second party to the contract) (Genicot and Ray, 2017).

According to the study, when the individual suffers from health issues, their expenses for the medical and care will increase. As a result of it, the contribution of the individual towards the household will decrease (Evans & Stoddart, 2017). To purchase the policies of health from the insurance company is dependent on the price of the health insurance premium. It is important to know the customer perspective while purposing the insurance policy.

The current study investigates the factors based on the TPB that affect the purchase intention of a customer while purchasing the policy of health insurance. With the help of

these factors, insurance companies can target the correct market and enhance their performance and can also attract customers.

Literature Review:

According to the research, insurance can be used as a tool to manage the risk related to the financial system. In fact, it claims that it protects the financial system of an individual, insurance companies usually distributed the loss and try to mitigate it as much as possible. It uses different strategies and financial technique to avoid or reduce the level of risk (Md Husin, & Ab Rahman. 2016; Alsakarneh et al, 2018). Research shows that the issuance market was run by the government and it is a monopoly company. This step was taken to stabilize the market and create an attraction for the customer (Karimi, 2005). To succeed in the market organization must focus on the elements that are important to retain the customer (Johnson et al., 2008).

The study highlighted that the organization can grow by identifies the factor that attracts and motivates the purchasing behavior of the customer (Seddighiyan, 2004). Another research claims that the insurance is a profession and allow the customer to include in the product development, process and transaction (Berry, 1995). Survey conduct in Iran for investigating the important elements of the insurance companies. The study is done by making three categories of the factors i.e. quality, convenience and price (Sahel and Tooraj, 2011)

The theory of planned behavior:

This theory is the extension of the concept of reasoned action developed by Ajzen and Fishbein in 1980. The attitude of an individual toward the behavior computes the likeness and dis-likeness of any event to an individual (Ajzen and Fishbein, 1980; Eneizan, 2019; Abdulsahib et al, 2019). The foundation of reasoned behavior is the will and behavior can only be generated by the will of the individual. Whereas, planned behavior is based on perceived behavior and is influenced by the individual willingness to purchase. The reviews of the literature show that no study is conducted to

investigate the applied planned theory especially in the field of health insurance.

Attitude:

According to the research, the word attitude can be defined as the degree to measure the likeness and dis-likeness of an individual (Ajzen and Fishbein, 1980). The above mentioned theories define the attitude as the strongest factor to predict the intention of purchase (Shim *et al.*, 2001; Huda *et al.*, 2012). According to the researcher, intention to purchase and attitude are related positively (Huda *et al.*, 2012). Likewise, Syed and Nazira (2011) also investigate the purchasing of Halal foods and the attitude towards that. The result shows that health insurance policies can be grown by people intending to purchase it. Hence the following suggestion is been proposed:

H1: Positive attitude effect significantly on the intention to participate in health insurance scheme.

Subjective norms:

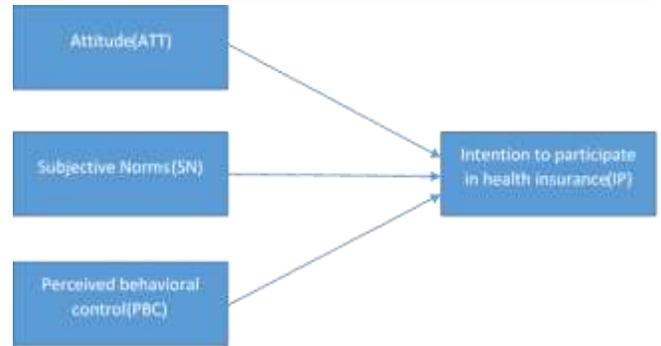
It is referred to as the societal pressure for performing a certain behavior in a given situation (Ajzen and Fishbein, 1980). It can also be stated as a person’s belief about certain events or behavior. Other can include anyone close to the individual such as friends, family, supervisor, and peer. According to the literature, there is an impact of subjective norms that influence the behavior of the individual (Golnaz *et al.*, 2010; Echchabi and Olaniyi, 2012). Research conducted by using 168 respondents to check the influence of subjective norm on the intention in the banking service adoption. The result shows subjective norms and bank service adoption are related. Rosita and Hanudin (2011) also found the significant relationship. Hence the following is proposed:

H2: Subjective norms effect significantly on the intention to participate in health insurance scheme.

Perceived behavioral control:

It is referred to as the degree of the control an individual has on performing certain behavior (Ajzen, 1991). It has an indirect impact on intention and direct impact on behavior (Ajzen, 2002). According to the researcher, an individual can follow the subjective norms but to perform the intention is based on sufficient information and resource (Madden *et al.*, 1992). In other words, individually perform those behaviors for which they have information and resources. Previous studies suggested that perceived behavioral control affect positively on the consumer intention (Jin and Kang, 2011; Hanudin *et al.*, 2009). In the field of health insurance people with the higher resources has a higher perception of control and as a result of it their behavioral intention increase. The above discussion generates the following hypothesis:

H3: Perceived behavioral control effect significantly on the intention to participate in a health insurance scheme.



Conceptual Framework of the Study

Methodology

The current research follows a quantitative design (Matar & Eneizan, 2018; Eneizan *et al.*, 2018). Using a questionnaire a survey of 123 participants was done to collect the data. The study uses SPSS to test the hypothesis. SPSS software was employed in previous works (Haddad *et al.*, 2019; Alshare *et al.*, 2019; Mostafa & Eneizan, 2018). The sample size of the study is 123 respondents. The selection of the sample is done on the basis that the respondent must be insurance customers in Iraq. The development of the questionnaire is on the basis of the available knowledge and literature.

The five-point Likert scale is used to prepare the questions. Pilot study conducted by using 30 consumers before doing 123 respondent sampling. To test the reliability of the study we run Cronbach’s Alpha test. If the value of the test is 0.7 it reflects that there is no issue in the study.

Data analysis

Reliability of constructs

S.NO	Construct	Alpha Value
1	ATTITUDE(ATT)	0.788
2	SUBJECTIVE NORMS(SN)	0.805
3	PERCEIVED BEHAVIORAL CONTROL(PBC)	0.766
4	INTENTION TO PURCHASE HEALTH INSURANCE(IP)	0.808

The Cronbach alpha values shown in above table are the indicator of reliability of the constructs. The threshold value of 0.7 indicates the constructs are reliable. The above table shows that all the alpha values are greater than the minimum threshold value of 0.7 hence all the constructs included in the research framework are reliable.

	IP	ATT	SN	PBC
INTENTION TO PURCHASE	1			
ATTITUDE	.867**	1		
SUBJECTIVE NORM	.742**	.694**	1	
	.000	.000	.000	1

	123	123	123	
PERCEIVED	.803**	.703**	.590**	1
BEHAVIORAL	.000	.000	.000	
CONTROL	123	123	123	123

The correlation matrix above shows the correlation among the study constructs. By looking at the values we can understand that all the independent variables are significantly correlated with the dependent variable. This is the sign that we may find a significant impact of the factors discussed above on intention to purchase health insurance.

Furthermore, it can be noticed that the correlation values among the independent variables and it can be noticed that none of the correlation values for independent variables is high. If the correlation among the independent variable is 0.9 or above then there is a high probability of multicollinearity in the independent variables which creates the problem in predicting the regression results. However in the current model no issue of multicollinearity is found. The results of regression for the purpose of hypotheses testing are presented below.

Regression Analysis

R Square	Adjusted R Square
.846	.842

The above table contains the value of R and R-Square accounted for by the model in the dependent variables. While looking at the value we can see can the value of R-Square shows 0.920 which means that the variance in the dependent variables is 92% explained by the model. This value shows that this model is predicting at a high level.

Model Fit

F Statistics	217.37
Probability of F Statistics (Sig.)	0.000

The Anova table shown above indicates the model fitness. The significant value of probability or p-value less than 0.05 is the indicator of the model fitness. In other words we can say that the overall model is fit.

Coefficient Table

	Beta	t	Sig.
ATTITUDE	.485	8.368	.000
SUBJECTIVE NORM	.203	3.972	.000
PERCEIVED BEHAVIORAL CONTROL	.342	6.625	.000

The coefficient table shows the beta coefficients for the independent variables along with the t statics and the p-values. The beta coefficients of all the independent variable are having the positive signs showing the all positive relationships. The t values greater 2 are the indicator of significant relationship and in the same way the p-value less

than 0.05 shows the significant relationship. We can see that all p-values are less than 0.05 and all t-values for the independent variables are greater than 2. Hence all three variables are significant.

Discussion

To promote the insurance services one should be aware of the procedure, product and benefits of the insurance services (Krishnamurthy et al., 2005; Arif, 2015). According to the purchase behavior, convince is also one of the most import factors to simulate the need for purchase (Tripathi & Mathur, 2014). This study examines the affect the purchase intention of a customer while purchasing the policy of health insurance. With the help of these factors, insurance companies can target the correct market and enhance their performance and can also attract customers.

According to the researcher, there is a positive relationship between the intention to purchase and attitude (Huda et al., 2012). Likewise, Nazura and Syed (2011) also investigate the purchasing of Halal foods and the attitude towards that. The result shows that health insurance policies can be grown by people intending to purchase it. Working on the seminal lines the current study examined the relationship of attitude and intention to purchase health insurance and found it to be significant and positive. The literature mentioned earlier also supports the current findings of the study.

The relationship of subjective norms with intention to purchase as stated in the second hypothesis of the study. According to the literature, there is an impact of subjective norms that influence the behavior of the individual (Golnaz et al., 2010; Pedersen, 2005; Echchabi and Olaniyi, 2012; Echchabi and Olaniyi, 2012). Research conduct by using 168 responded to check the influence of subjective norm on the intention in the banking service adoption. The result shows a significant impact on subjective norms on the adoption of bank services. The results of the current work also supported the previous studies and empirically finds the relationship of subjective norms and intention to purchase health insurance. The third hypothesis of the study states the relationship between perceived behavioral control and intention to purchase health insurance and the study findings suggest a positive and significant relationship. In the support of the above results there are several research articles however few instances are presented here. According to the researcher, an individual can follow the subjective norms but to perform the intention is based on sufficient information and resource (Madden et al., 1992). In other words, individually perform those behaviors for which they have information and resources. There is a positive relationship between perceived behavior (Armitage, 2005; Bhattacharjee, 2000; Jin and Kang, 2011; Hanudin et al., 2009; Yap and Noor, 2008). In the field of health insurance people with the higher resources has a higher perception of control and as a result of it their behavioral intention increase. Hence the results are supported.

Conclusion

The study examined the factor affecting intention to purchase insurance. For that purpose three variables i.e attitude(ATT), subjective norms(SN) and perceived behavioral control(PBC) were used to develop the conceptual framework. The results suggest the positive and significant impact of all three variables on intention to purchase. The results were supported by the literature. It is suggested to the insurance companies for developing their customer base they should work on all the above-mentioned factors. As they all were found to be significant in relationship with intention to purchase.

Future Research and Limitations

The contextual limitation of the study is the limited scope to the Iraqi audience. Small number of the respondents is due to the time limitation of the study however number of respondents should be increased in the future research. The adoption model includes three variables. However there may be more variables which can affect the intention to purchase the health insurance. Hence it is suggested for the future researchers to include more variables. Moreover the mediating and moderating effects can also be employed to see the complex relationships of the variables and have in-depth understanding of the concept.

References

Abdelqader Alsakarneh, A. A., Chao Hong, S., Mohammad Eneizan, B., & AL-kharabsheh, K. A. (2018). Explore the relationship between human resource management practices and the consequences for emotional labor of insurance agents in the Jordanian insurance industry. *Cogent Business & Management*, 5(1), 1445407.

Abdulsahib, J. S., Eneizan, B., & Alabboodi, A. S. (2019). Environmental Concern, Health Consciousness and Purchase Intention of Green Products: An Application of Extended Theory of Planned Behavior. *The Journal of Social Sciences Research*, 5(4), 1203-1215.

Ajzen, I. (1991), "The theory of planned behaviour", *Organizational Behaviour and Human Decision Processes*, Vol. 50 No. 2, pp. 179-211.

Ajzen, I. (2002), "Perceived behavioural control, self-efficacy, locus of control, and the theory of planned behaviour", *Journal of Applied Social Psychology*, Vol. 32, pp. 665-683.

Ajzen, I. and Fishbein, M. (1980), *Understanding Attitudes and Predicting Social Behaviour*, Prentice-Hall, Englewood Cliffs, NJ.

Akhter, W., Pappas, V., & Khan, S. U. (2017). A comparison of Islamic and conventional insurance demand: Worldwide evidence during the Global Financial Crisis. *Research in International Business and Finance*, 42, 1401-1412.

Alsakarneh, A. A. A., Hong, S. C., Eneizan, B. M., & AL-kharabsheh, K. A. (2018). Exploring the relationship between the emotional labor and performance in the Jordanian insurance industry. *Current Psychology*, 1-12.

Alshare, F., Alkhaldeh, A. M., & Eneizan, B. M. (2019). Social Media Website's Impact on Moral and Social Behavior of the Students of University. *INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS AND SOCIAL SCIENCES*, 9(3).

Arif, K. (2015). Financial Literacy and other Factors Influencing Individuals' Investment Decision: Evidence from a Developing Economy (Pakistan). *Journal of Poverty, Investment and Development: An International Peerreviewed Journal*, 12, 74-84.

Berry, L. (1995), "Relationship Marketing of Services, Growing Interest, Emerging Perspectives", *Journal of Academy of Marketing Science*, Vol. 23, pp. 236-2454

Echchabi, A. and Olaniyi, O.N. (2012), "Using theory of reasoned action to model the patronization behaviour of Islamic banks' customers in Malaysia", *Research Journal of Business Management*, Vol. 6 No. 3, pp. 70-82.

Eneizan, B. (2019). The adoption of electric vehicles in Jordan based on theory of planned behavior. *American Journal of Economics and Business Management*, 2(2), 1-14.

Eneizan, B., Abdulrahman, S. A., & Alabboodi, A. S. (2018). The influence of environmental marketing mix on the non-financial performance of solar energy firms: The mediating role of corporate image. *IJAR*, 4(7), 190-196.

Evans, R. G., & Stoddart, G. L. (2017). Producing health, consuming health care. In *Why are some people healthy and others not?* (pp. 27-64). Routledge.

Genicot, G., & Ray, D. (2017). Aspirations and inequality. *Econometrica*, 85(2), 489-519.

Golnaz, R., Zainalabidin, M., Mad Nasir, S. and Eddie Chiew, F.C. (2010), "Non-Muslims' awareness of halal principles and related food products in Malaysia", *International Food Research Journal*, Vol. 17, pp. 667-674.

Haddad, M. F., Alshannag, F. M., Eneizan, B., & Odeh, M. H. (2019). Impact of the Jordanian Commercial Banks on Financing Small and Medium Enterprises in Jordan. *INTERNATIONAL JOURNAL OF*

ACADEMIC RESEARCH IN BUSINESS AND SOCIAL SCIENCES, 9(3).

- Hanudin, A. and Rosita, C. (2011), "Is the theory of reasoned action valid for Ar-Rahnu? An empirical investigation", *Australian Journal of Basic and Applied Sciences*, Vol. 5 No. 10, pp. 716-726.
- Hanudin, A., Abdul-Rahim, A.R. and Dzuljastri, A.R. (2009), "Is the theory of planned behavior valid for Islamic home financing?", MPRA Paper No. 43179, available at: <http://mpra.ub.uni-muenchen.de/43179/> (accessed 2 January 2012).
- Huda, N., Rini, N., Mardoni, Y. and Putra, P. (2012), "The analysis of attitudes, subjective norms, and behavioural control on muzakki's intention to pay zakah", *International Journal of Business and Social Science*, Vol. 3 No. 22, pp. 271-279.
- Jin, B. and Kang, J.H. (2011), "Purchase intention of Chinese consumers toward an US apparel brand: a test of a composite behaviour intention model", *Journal of Consumer Marketing*, Vol. 28 No. 3, pp. 187-199.
- Karimi, A. (2005), "Techniques of selling professional insurance selling", Iran Central Research Center Publications, first edition.
- Krishnamurthy, S; Jhaveri, Nani; and Bakshi, S. (2005), "Insurance Industry in India: Structure, performance and future challenges", *Vikalpa, IIMA* Vol. 30 No. 3, pp. 93-95.
- Madden, T.J., Ellen, P.S. and Ajzen, I. (1992), "A comparison of the theory of planned behavior and the theory of reasoned action", *Personality and Social Psychology Bulletin*, Vol. 18 No. 3, pp. 3-9
- Matar, A., & Eneizan, B. M. (2018). Determinants of financial performance in the industrial firms: Evidence from Jordan. *Asian Journal of Agricultural Extension, Economics & Sociology*, 1-10.
- Md Husin, M., & Ab Rahman, A. (2016). Predicting intention to participate in family takaful scheme using decomposed theory of planned behaviour. *International Journal of Social Economics*, 43(12), 1351-1366.
- Mostafa, A. A., & Eneizan, B. (2018). Factors affecting acceptance of mobile banking in developing countries. *International Journal of Academic Research in Business and Social Sciences*, 8(1), 340-351.
- O'Connor, G. E., Newmeyer, C. E., Wong, N. Y. C., Bayuk, J. B., Cook, L. A., Komarova, Y., ... & Warmath, D. (2019). Conceptualizing the multiple dimensions of consumer financial vulnerability. *Journal of Business Research*, 100, 421-430.
- Rehman, M. W. U., & Arif, K. (2015). Investment Behavior and Stock Preference of an Individual Investor: Evidence from Karachi Stock Exchange. *Developing Country Studies* 5 (9), 124-131.
- Shim, S., Eastlick, M.A., Lotz, S.L. and Warrington, P. (2001), "An online repurchase intentions model: the role of intention to search", *Journal of Retailing*, Vol. 77 No. 3, pp. 397-416.
- Souiden, N., & Jabeur, Y. (2015). The impact of Islamic beliefs on consumers' attitudes and purchase intentions of life insurance. *International Journal of Bank Marketing*, 33(4), 423-441.
- Syed, S.A. and Nazura, M.S. (2011), "Applying the theory of planned behaviour (TPB) in halal food purchasing", *International Journal of Commerce and Management*, Vol. 21 No. 1, pp. 8-20.
- Yadav, B., & Tiwari, A. (2012). A study on factors affecting customers investment towards life insurance policies. *International Journal of Marketing, Financial Services & Management Research*, 1(7), 106-123.
- Yong, T. W., Chong, L. M., Looi, P. W. K., See, J. H., & Yew, S. Y. (2015). Determinants of demand on life insurance in Perak. Comparison between rural and urban areas (Doctoral dissertation, UTAR).