Effects of Service Quality on Behavioral Intention of Rural Postal Life Insurance in Tamilnadu Southern Region

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Abstract

The purpose of this paper is to examine the causal linkage between the service quality with behavioral outcomes of repurchase, recommendation and complaining behavior in the rural postal life insurance service in Tamilnadu central region. The total 187 responses were generated from existing policyholders' of rural postal life insurance. The relationships were tested by structural equation modeling using Amos software. The hypothesized model was accepted. The result provides most significant effect of service quality on recommendation intention and also significant effect of service quality on repurchase intention and complaining intention.

Keywords: Service Quality, Repurchase intention, Recommendation intention complaining behavior, Rural Postal Life Insurance

Introduction

Service quality is very important for customers as well as service providers. To achieve competitive advantage, the service organizations are focusing more on the quality. The concept of quality has drawn massive attention in academic and business circles. Perceived service quality as global judgment or attitude related to the lead of the service (Parasuraman et al. 1988). Service quality predicts that customer will arbitrator that quality is near to the ground, if performance does not meet their expectations and quality increase as performance and go beyond their expectations (Oliver, 1980). Hence customer expectations serve as the base on which service quality will be assessed by customers; in additional, as service quality increase, satisfaction with the service and behavior intentions to use again the service also increases (Patrick, 2001).

The ratio of rural Indian population is very high and it is more required for the insurance and its needs, therefore on comparing to the rural postal life insured is less than postal life insurance. Thus the potential growth of insurance sector lies on the rural postal life Insurance. In India, more than 70% of population lives in the rural areas i.e. nearly 5.76 lakhs villages. Beside this, majority of Indian consumers are ignorant and do not know the role of consumption viz-a viz economic system. Rural markets are an important and growing market for most of the products and services including insurance.

The problem of this study is principally informed by the fact that there is very limited empirical documentation in the area of service quality

and behavior intention in the rural postal life insurance in Tamilnadu central region.

Review of Literature

Festus et al., (2006) investigated the effect of service quality and satisfaction and behavioral intentions in the service factory. Researcher found that the direct effect of service quality on behavioral intention is significant and the indirect effect (with satisfaction playing a mediating role) is a strong driver for behavioural intention in the context of the service factory. Rajat Gera (2011), identify the perceived agent service quality, overall customer satisfaction and perceived value and their relationship with behavioural outcomes of repurchase, recommendation and complaint intentions in the life insurance services. Researcher found that agent service quality attributes of product knowledge, empathy, reliability and trust as important antecedents of favorable behavioural outcomes. Agent service quality, satisfaction and value perceptions have significant affect on recommendation intentions. Jenet (2011), examine the relationship between customer satisfaction and service quality in service sectors with respect to the service quality dimensions. Frank et. al., (2011) examined the determinants of satisfaction and the effect of customer satisfaction on behavioural intentions of consumers in insurance industry.

Researcher found that reliability and responsiveness are functional quality dimensions that were found to have significant impact on customer satisfaction in insurance industry. Technical quality, price and image quality were found to be factors that do not significantly effect customer satisfaction determination in insurance industry.

Objective of the Study

To examine the causal linkage between the service quality with behavioral outcomes of repurchase, recommendation and complaining behavior

Research Hypotheses

H1: Service quality positively affect of policyholder satisfaction

H2: Policyholder satisfaction positively has an effect on behavioral intention

H2a: Policyholder satisfaction positively has an effect on repurchase intention

H2b: Policyholder satisfaction positively has an effect on recommendation intention

H2c: Policyholder satisfaction positively has an effect on complaining behavior
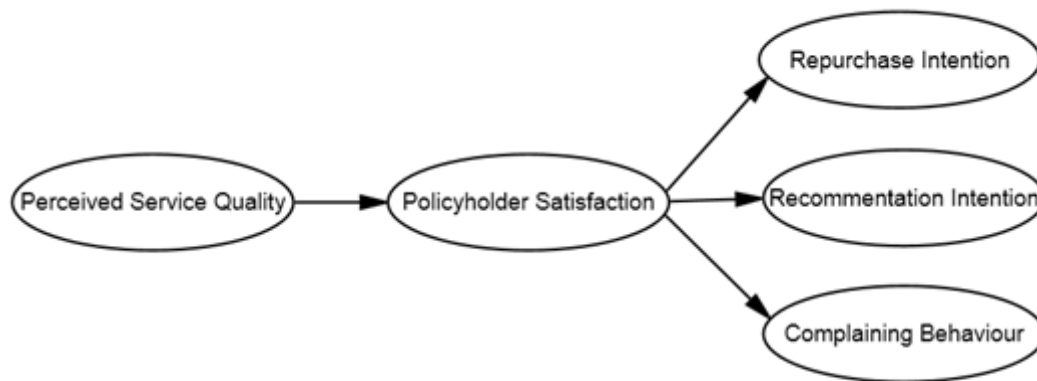
Proposed Model

Figure-1: Proposed Model

Research Methodology

The purpose of this research work is to analyze and describe the existing characteristics and nature of rural postal life insurance with respect to insurance context. This study also aims to find out the linkage between perceived service quality with policyholders satisfaction and behavioral intentions in Rural Postal Life Insurance. Hence, the proposed is descriptive in nature. The present study is an empirical one based on the both primary and secondary data.

The primary data were collected with the help of a structured interview schedule. For the study, population is defined as the policyholders in Rural Postal Life Insurance in Tamilnadu postal circle. The representation of the total sample frame as on 24.03.2014, the total number of RPLI policies in Tamilnadu circle is furnished total no. of policyholders at Southern region (Madurai) 37,454 policyholders. The researcher has adopted proportionate simple random sampling to decide the number of policyholders to be chosen from the total population size.

The total population of Rural Postal Life Insurance Policyholder was 37,454. Hence, the researcher finalized the 0.5 percent (187 policyholders) from the total population. The sample size are 187 rural postal life insurance policyholders. Researcher used structural equation model in this study.

Analysis and Discussion

Table 1. Mean Value and SD of service quality attributes; repurchase intention, recommendation intention and complaining intention on Rural Postal life insurance.

Construct	Mean Value	S.D
Tangibility	3.98	.679
Reliability	3.62	.796
Responsiveness	3.97	.641
Assurance	3.82	.666
Empathy	3.64	.677
Repurchase Intention	3.68	1.09
Recommendation Intention	3.85	.982
Complaining Intention	3.98	.915

The mean of the service quality constructs show moderately positive ratings of perceived service quality of policyholders' (measured as mean score of the five dimensions of tangibility, reliability, responsiveness, assurance, and empathy), and moderate ratings of behavior intention.

Table 2. Result of goodness of fit test for structural model

Fit Measure	Model Values	Result
P-value	0.073	
Chi-square ($\chi2$)/df	5.038	
Goodness of Fit (GFI)	.942	
Adjusted Goodness of Fit (AGFI)	.932	Model is accepted
Norm Fit Index (NFI)	.878	
Comparative Fit Index (CFI)	.905	
Root Mean Square Error of Approximation (RMSEA)	.054	

Table 2 shows that the hypothesized model have acceptable model was achieved with Chi-square ($\chi2$)/df value (5.038); Goodness of Fit (GFI) (.942); Adjusted Goodness of Fit (AGFI) (.932); Norm Fit Index (NFI) (.878); Comparative Fit Index (CFI) (.905); and Root Mean Square Error of Approximation (RMSEA) (.054).

Table 3. Structural Model Estimates

Hypotheses	Standardized coefficient (β)	P value	Conclusion
H1 : Service Quality → Policyholder Satisfaction (+)	.234	.001	Accepted
H2$_a$: Policyholder Satisfaction → Repurchase Intention (−)	.221	.001	Accepted
H2$_b$: Policyholder Satisfaction → Recommendation Intention (+)	.248	.001	Accepted
H2$_c$: Policyholder Satisfaction → Complaining Intention (−)	.094	.001	Accepted

This study contributes to better understanding of the dynamic of the relationship between service variables in RPLI in an emerging market. The results provide empirical support for the comprehensive nature of indirect effects of service quality, policyholder satisfaction on behavioral intention of RPLI policyholders in Tamilnadu southern region.

The results provide empirical confirmation for the perceived service quality, policyholder satisfaction and behavioral intention (Cronin et al., 2000; Tsoukatos and Rand, 2006) in the Indian life insurance industry. The results thus provide support for the causal relationship in hypotheses. The perceived service quality has significant impact on policyholder satisfaction (.234). The policyholder satisfactions have most significant influence on recommendation intention (.248); policyholder satisfactions also have significant influence on repurchase intention (.221) and complaining intention (.094).

Conclusion

The study was to make clear the effect of service quality on behavioral intention in the context of rural postal life insurance services. Researcher found that the very low significant effect of service on complaining behavioral intention. Further, it is necessary to measure and track the effect of all the three behavioral intentions constructs and how they impact recommendation intention, which then drive repurchase intention which lead to complaining behavior intention. Rural postal department should highlight all the service quality dimensions in sustaining and improving the service quality that they deliver.

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