
INVESTIGATING PUBLIC SECONDARY SCHOOL TEACHERS' ATTITUDE TOWARDS PURCHASE OF MICRO-INSURANCE PRODUCTS IN NIGERIA

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ABSTRACT

This study examined the reasons for the low level of patronage of micro-insurance products by public secondary school teachers in Lagos State, Nigeria. The study used a structured questionnaire to collect primary data from 240 secondary school teachers. The study found that lack of knowledge and confidence in the products of micro-insurance service providers, considerably causes a negative attitude towards purchase of micro-insurance products. The study also found that care-free attitude towards social security risks coupled with reliance on friends and families contribute to low patronage of micro-insurance products. Furthermore, the study revealed that public secondary school teachers' intention to purchase micro-insurance products is influenced by factors that are normative rather than attitudinal, as expressed by the Theory of Reasoned Action. The multiple regression analysis conducted to determine the success of different factors in influencing public secondary school teachers' attitude towards micro-insurance products show that savings, protection against risks and investment are key factors influencing public secondary school teachers' attitude towards micro-insurance products. The study therefore, recommends that micro-insurance service providers should engage in intensive awareness programmes aimed at consumer enlightenment by providing relevant information regarding policy benefits; and reinforcing purchase decisions.

Keywords: micro-insurance, public secondary schools, low income earners, financial risk, adequate knowledge, product design.

INTRODUCTION

A vast majority of public and private sectors workers spend their wages on basic necessities or requirements decent living, including food, accommodation, healthcare, utility bills, etc. (Moller, 2004). These workers, as a consequence of their low earning, are exposed to economic, natural, health, life cycle, policy based and institutional, social and political risks. Governments have over the years introduced various ad-hoc social security intervention programmes like mortgage rent reduction, reduction in taxes, cancellation or postponement of loan payment and other form of direct subsidies (Townsend, 2014) to alleviate the plight of these members of society. These measures are privileges and not a “right” in most developing countries including Nigeria (Sigma, 2015; UNDP 2013). Therefore, most low income earners do not take these palliatives into consideration when making day-to-day economic decisions.

Insurance in the form of micro-insurance *takaful*, health micro insurance and transportation insurance are therefore needed to fill the need gap of the less privileged low income earners, such as teachers in public secondary schools (Osoka, 2018). However, the attitude of this class of individuals towards micro-insurance products is critical to enjoying the benefits of the products. Attitude according to (Ajzen & Fishbein, 1980) comprises of three components: a cognitive component that is thought related, an effective component that relates to consumers’ feelings and a conative component that relate to behaviour. The micro-insurance market in Nigeria is an emerging one with a substantial potential to improve the living standard of Nigerians (CBN, 2012). Research on consumer attitude is in good supply, however, most of these studies focus on consumers generally. Research on particular consumer groups, such as teachers in public secondary schools is in short supply. This study therefore focuses on examining the attitude of teachers in public secondary schools towards purchase of micro-insurance products in Nigeria.

The study specifically, attempts to determine: the reasons teachers in public secondary schools do not consume micro-insurance products, how in public secondary schools can be persuaded to purchase micro-insurance products, and to look at the importance of theory of reasoned action (TRA) in the formation of attitude towards purchase micro-insurance products. The study

LITERATURE REVIEW

Theoretical foundation

Akekue-Alex and Kalu (2017) state that several theories have been propounded by scholars to provide better explanations of patterns of purchase behaviour. Theory of Reasoned Action” (TRA) (Ajzen & Fishbein, 1980) is one prominent theory that has explained individuals’ behavioural intentions. The theory asserts that “people have a high degree of volitional control and make reasoned choices among alternatives” (Ajzen & Fishbein, 1975). The key aim of TRA is to provide explanations to purchase intentions, relative importance of attitude and subjective norms as they influence customers’ products buying. TRA argue that the performance of a task, under any given conditions by an individual, is usually a function of: (i) individual’s beliefs (B), which is the likelihood that a behaviour will lead to certain outcomes (y_i); (ii) evaluation of individual’s beliefs (e_i); (iii) normative belief (NB), that is, what the person believes others think they should do in the situation; and (iv) motivation to comply (MC) with what others think should be done (Fischbein, 1967). The TRA theory, suggest that behavioural intentions of an individual is a product of the individual attitude towards the act (i and ii above) and (iii and iv) the subjective norm. The model is therefore formulated as:

$$B - BI = \{E_{act}\} w_0 + [(NB) (MC)] w_1 \text{----- (i)}$$

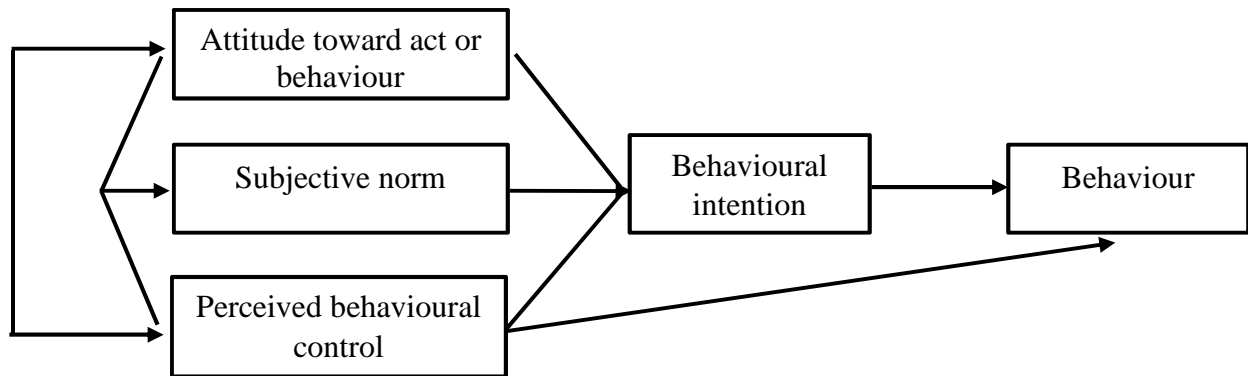
Where B = behaviour, BI = behavioural intention, and w_0 and w_1 are empirically determined weights. Attitude towards an act (A_{act}) (i.e attitude towards the purchase of micro-insurance products) is defined as:

$$A_{act} = \sum_{i=1}^n b_i a_i \text{----- (ii)}$$

Where n is the number of relevant consequences of the action; b_i is the strength of i^{th} belief and a_i is the evaluation of the consequences of i^{th} belief (Fischbein and Ajzen, 1975). In order to determining a subjective norm (SN) from normative beliefs, SN is defined as in formula (iii) as follows;

$$SN^k = \sum_j (NB_j MC_j) \text{----- (iii)}$$

Where k is the number of normative belief, NB_j is the strength of the j^{th} normative belief, and MC_j is the motivation to comply as in the diagram below;



Source: Ajzen (1991). The theory of planned behaviour. *Organisational Behaviour and Human Decision Process*, 50 (2), 182.

The conceptual framework of the study as illustrated in fig. 1 concentrated on motivation and intention along with factors of attitude and intention that influence purchase of micro-insurance products. TRA specifically focuses on how individuals’ behaviour towards a product (micro-insurance products) is influenced by their attitude and behavioural intentions.

Micro-Insurance Conceptualized

Micro-insurance scheme is an insurance that is basically developed for low income earners. They are designed to cover people excluded from statutory social security, notably the workers in the informal economy and their families (Black & Skipper, 2000). Micro-insurance schemes are most often initiated and operated by organisations or civil societies such as trade unions, NGOs, micro- finance institutions (MFIs), cooperatives, community based organizations, Mutual Health Organizations, etc. (National Insurance Commission [NAICOM] Annual Reports, 2013). In Nigeria, the operation of micro-insurance business was legally recognized since 1st January, 2014 in line with NAICOM guidelines. 150,000,000, 200,000,000 and 350,000,000 are stipulated as the minimum capitalisation requirements for life, general and composite micro-insurance companies respectively. Micro-insurance scheme products are designed to be appropriate for low income earners in relation to cost, coverage, terms and delivery mechanism (Townsend, 2014).

Premature death, incapacitation, retirement and unemployment usually affect individuals' capacity to earn, and have considerable impact on individuals' life value (Omar & Owusu-frimpong, 2006). For these and other eventualities, there are micro-insurance products low-income earners can buy. These products include the following:

Life micro-insurance retirement savings plans: Brown and Churchill (2006) describe life micro-insurance retirement savings plan as a product that provides coverage against financial consequences upon the death of a bread winner or of old age. Life micro-insurance products are usually classified into two based on the period of compensation payment (Siegel et al., 2001). Under the first category, the compensation is paid upon the death of the policy holder. Example includes term life micro-insurance and credit-life micro-insurance. The second category, pays compensation after a predetermined period (usually after a minimum period of 5 years) either on the death of the policy holder or while the policy holder is still alive. Examples includes endowment and annuities.

Health micro-insurance (hospitalisation, primary health care, maternity): Ill-health and maternity usually come with financial consequences (Atim et al., 2008). These financial consequences are usually covered under the health micro-insurance scheme. The financial consequences include, direct cost on preventive medicine, curative medicine, consultation fees, laboratory tests, medical devices, hospitalisation, child birth; and indirect costs such as transportation, food in case of hospitalisation as ill-health and maternity usually causes a loss of productive time for both patients and caretaker (Baeza et al., 2010).

Disability micro-insurance scheme: Disability micro-insurance provides coverage against the financial consequences of invalidity, whether temporary or permanent (Dercom & Stetar, 2015). Disability is temporary when the physical loss is reversible and last for a limited period of time (Reynaud, 2005). The scheme covers variety of disability events that needs to be precisely defined in advance. The pre-defined financial compensation can be proportional to the severity of the disability. Micro-insurance institutions design disability micro-insurance products like "credit disability micro-insurance" to cover repayment of outstanding balance of loan in case of disability of a borrower (Brown & Churchill, 2000). Micro-insurance institutions also design credit disability micro-insurance products to secure reimbursement of loans (Banerjee et al., 2003).

Property micro-insurance (assets, livestock's and housing): Property micro-insurance provides coverage against financial consequence of damage or loss of personal assets, work premises and tools (Cohen et al., 2012). The policy holder is usually the owner of the assets and the tools. The financial compensation is assessed once the adverse event has occurred.

Savings and emergency credit micro-insurance scheme: This product is provided to members of micro-insurance schemes in order to give protection against risk which are not covered by conventional micro-insurance schemes (Reynaud, 2005). Savings and emergency credit products are particularly appropriate for minor risks that entail moderate expense and have a high probability of occurrence (Banerjee et al., 2003). It is also used to provide supplementary protection when adverse events resulting in financial consequence occurs (Brown & Churchill, 2000).

METHODOLOGY

This study focused on investigating public secondary school teachers' attitude towards purchase of micro-insurance products in Nigeria. The population of the study comprises teachers in public secondary schools between the ages of 25-34 years (insurable age) and who have not purchase any micro-insurance products. A total of 240 public secondary school teachers spread across five divisional regions of Lagos state participated in the study. A well-structured questionnaire was used to collect data from respondents. The questionnaire was divided into three parts. Part one consist demographics of respondents, investigating into the reasons for not having a micro-insurance policy makes up the second part of the questionnaire while the TRA construct is covered in part three.

Table 1: Respondents Socio-Economic Features

	Variables	No of Respondents	Percentage (%)
1	Sex		
	Male	128	53
	Female	112	47
	Total	240	100
2	Age Group		
	25-34	102	43
	35-44	78	32
	45-54	60	25
	Total	240	100
3	Salary range per month		
	120,000-200,000	62	26
	201,000-300,000	72	30
	301,000-400,000	106	44
	Total	240	100

The grouping of respondents and the investigation of respondent's attitude towards micro-insurance policies was performed using factor analysis, so as to bring out the salient factors (Godin & Kok, 2018).

Conducting the Varimax rotation along with the Principal Components (PC) factors, the results are as given in Table 2 below.

Table 2: Factor Analysis investigation of Attitudinal Variables/Factors

Factors	Variable Components	Factor Loading	Variance (%)	Cum variance (%)
Savings			26.142	26.142
	Regular future savings	0.908		
	Savings for a long term	0.907		
	Not relying on state pension	0.778		
	Regular making of savings	0.616		
Investment			26.612	52.754
	Reliable Investment decision	0.942		
	High investment returns expectations	0.941		
	Seen as tax free savings	0.775		
	Opportunity to future cash	0.581		
Risk Protection			25.052	77.805
	Provision of same standard of living for dependents	0.910		
	Security provision in case of death	0.902		
	Prevention of financial hardship in case of death	0.696		
	Receiving lump sum money in case Of critical illness.	0.592		

The key factors of “savings”, “investments” and “risk protection” were defined by the variables that are strongly correlated with the factors. The three factors of savings (26%), investment (27%) and risk protection (25%) accounted for 78% of data within the variance. The variables; regular savings (0.908), long term saving (0.907), reliance on state welfare pension (0.778) and regular savings culture (0.616) are strongly correlated to the savings factor. Making reliable investment (0.942), achieving high investment returns (0.941), tax free savings (0.775) and future cash opportunity (0.581) are positively correlated to the investment factor. The risk protection factor correlates with provision of same standard of living (0.910), provision of death benefit (0.902), provision of income protection benefit (0.696) and critical illness benefits (0.592) variables.

Determination of the success of the factors along with the direct attitude measure (A_{act}) was carried out with a multiple regression analysis as given in table 3 below;

Table 3: Determination of success of factors along with direct attitude measure (A_{act})

Factors	Beta (β)	Beta ² (β^2)
Savings	0.28	0.08
Investment	0.42	0.18
Risk Protection	0.50	0.25
Multiple $R^2 = 0.52$, F (F= 41,085 and F = 0.00) P > 0.05		

The variance between the factors of Saving, Investment and Risk protection and direct attitude (A_{act}) among respondents was successfully explained by measure of variance $R = 0.52$. The result was proving to be accurate from the significant F- statistics value of (F = 41,085 and F = 0.00). The beta weight rank order of the Factors shows the level of influence of individual factor on respondents' attitude (A_{act}). The "protection against risks" factor was found to influence attitude (A_{act}) more; followed by the "investment" factor and then the "savings" factor, with beta weight (level of importance) of 0.50, 0.42 and 0.39 respectively. The relative importance (Beta-square) of the factors to attitude (A_{act}) was also indicated in the same order of ranking of 0.25, 0.18 and 0.08 for "protection against risk", "investment" and "savings" respectively. The multiple regression analysis therefore, shows that the "protection against risk" factor related variables influence respondent's attitude (A_{act}) towards purchase of micro insurance products. Other reasons such as "lack of trust in micro-insurance providers", "I have reserve fund to meet up unexpected contingencies that micro-insurance policy might cover", "lack of adequate knowledge of micro-insurance policies", "I have enough savings", "I am not exposed to death, disability, critical illness risks", have relatively low influence on the attitude towards the purchase of micro-insurance products among the respondents.

CONCLUSION AND RECOMMENDATIONS

The research results show that negative attitude towards purchase of micro-insurance products by respondents is mainly due to lack of confidence and trust in micro-insurance providers in Nigeria. Nearly 40 per cent of respondents believe that they are not exposed to financial risks that come with death, disability and critical illness. At least 36 per cent of respondents say they depend on relatives and friends for meeting their financial needs while 25 per cent of respondent's key into regular savings. There is therefore, the need for micro-insurance service providers to introduce proactive strategies aimed at consumer enlightenment in the hopes of creating awareness by providing relevant information regarding policy benefits; and reinforcing buying decisions.

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