

Relationship between the Contributions of Insurance Companies

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Abstract: *The purpose of this study was to establish the relationship between the contributions of insurance companies and the growth of SMEs in NICON basing on the following objectives; to examine major factors that affects the growth of SMEs; to assess the contribution of insurance companies to the growth of SMEs; to investigate the factors inhibiting the purchase of insurance cover by SME operators and to determine the strength of the relationship between insurance companies and growth of SMEs. The research was descriptive in nature involving quantitative methods which was administered through questionnaires. The total sample comprised of 65 respondents of all the managers and employees of National Insurance Corporation. Simple random sampling was used whereby the researcher went to NICON and administered questionnaire to the sampled or selected employees. Primary data was obtained from the library materials, textbooks, NICON brochures, internet and journals. Data analysis was carried out using SPSS and frequency distribution tables. Findings revealed that innovation is a strong empirical evidence for fast growing SMEs, competition has a great effect on SMEs industry and credit remains a great challenge to the growth of SMEs. Besides that insurance companies mitigate risks and enhance loan acceptability by SMEs sector with banks. However low income earned by SMEs, high premium cost and paperwork and experience and beliefs inhibit the purchase of insurance cover by SMEs. Nevertheless, there is a strong positive relationship between insurance companies and the growth of SMEs at Spearman Correlation Coefficient. It was concluded that improvement in business skills increases the performance of SMEs. However insurance companies do not lowers insurance rates and offer protection to SMEs income statements. In addition SMEs being small in size and their inability to fully understand the document limits them to get insurance cover. It was recommended that management of NICON need to build a great relationship with SMEs as their customers in orders to develop and grow them in trust and also lower the premium rates to SMEs in order to improve on their performance. Also NICON need to have a fresh look at the scope and spectrum of services provided to SMEs and has a better understanding on the scale of enterprise sector*

Keywords: insurance companies

I. INTRODUCTION

1.1 Background of the Study

The substantial growth of small and medium enterprises (SMEs) activity clearly marks SME as one of the most remarkable economic phenomena. SME is a business that is privately owned and operated with a small number of employees and relatively moderate volume of sales. The definition of SMEs varies from country to country depending on the level of development and the strength of the economy. The lower limit for small scale enterprises is set at between five and ten workers and the upper limit is set at between fifty and one hundred workers. The upper limit for medium scale enterprises is set between one hundred and two hundred and fifty workers (Hallberg, 2000). In Uganda there are approximately 1,069,848 SMEs currently in operation and they comprise over 90% of the private sector. They contribute to employment, provision of basic goods and services, and generation of export and tax revenues for national socio-economic development. Their Gross Domestic Product (GDP) contribution to the economy is 75% and they employ about 2,500,000 nationals. The location of these SMEs is mostly in urban areas with 80% located therein. They operate business like restaurants, accountants, hairdressers, conveniences stores and guesthouses (Hatega, 2007). On the other hand insurance is a contract by which one party undertakes in consideration of a payment called premium to secure the other against pecuniary loss by payment of a sum of money in the event of destruction or damage to

property, fire, accidents or death of a person. Economy, investment and finance reports (2010) defines insurance as a policy from a large financial institution that offers a person, company, or other entity reimbursement or financial protection against possible future losses or damages. An insurance contract is an agreement by which the insurer promises, from a premium or assessment, to make a payment to a policy holder or a third person if an event that is the object of a risk occurs. SMEs often face a variety of problems related to their size. Frequent causes are bankruptcy, theft, fire, death, automobile accidents and workers injuries.

For example, National Insurance Corporation Limited (NIC) is an insurance company in Uganda. The company is a leading provider of insurance and risk management services with 19 branches spread throughout the country (Robinson, 2009). NIC was established by Act of Parliament in 1964. The basic function of NIC insurance is to provide security and protection against risks to business. NIC has also undertaken several projects aimed at empowering the development and growth of SMEs in Uganda. Amongst these projects include; organizing public workshops and seminars aimed at enhancing techniques of small scale traders, for example the 2001 conference on marketing insurance, Publishing literature on insurance services covering issues like the need for business to be insured, business growth and financial discipline in business which are of importance to SMEs businessmen and supporting of SMEs in development and training of young businessmen in how to survive competently in the market place. (Mutesasira, Osinde, and Mule 2001). However, besides NIC contributions to the growth of SMEs, it's unfortunate that most of the SMEs are badly run due to lack of knowledge and skills in insurance policies, (Ocici, 2007), lack of professional and networking, limited knowledge of business opportunities, poor compiled records and accounts and low level of technical and management skills (UNCTAD 2002). In addition, high premium cost is also a major effect on growth of SMEs. It is therefore against this background that the researcher deems it worthy to find out by analyzing the relationship between contributions of insurance companies to the growth of SMEs.

1.2 Statement of the problem

Despite the contribution of insurance corporations to the growth of SMEs in economic development, failure and slow growth still exists and the public doubts its management (Ocici, 2007). Research suggest that 80% of the businesses affected by major incident close down within 18 month, and 90% of those who lose data close down within 2 years. This is due to the failure of small businesses to have adequate insurance cover and proper business continuity plans (cover sure, 2007). However literature has shown that insurance companies are not willing to insure SMEs and it was the aim of this research to establish whether a relationship between these two variables exists.

1.3 Objective of the study

The main objective of the study was to investigate the contribution of insurance companies in the growth of SMEs in Uganda. The study also sought:

1. To examine major factors that affects the growth of SMEs.
2. To assess the contribution of insurance companies to the growth of SMEs.
3. To investigate the factors inhibiting the purchase of insurance cover by SME operators.
4. To determine the strength of the relationship between insurance companies and growth of SMEs.

1.4 Research questions

1. What are the major factors affecting the growth of SMEs?
2. What contributions do insurance companies responsible for the growth of SMEs?
3. What factors inhibit SME operators from purchasing insurance cover?
4. How strong is the relationship between insurance companies and growth of SMEs?

1.5 Purpose of the study

The study established the contribution of insurance companies and the performance of SMEs in Uganda.

1.6 Scope of the study

Geographical scope: The study focused on Insurance companies in Uganda- National Insurance Corporation Limited (NIC) which is an insurance company in Uganda. The company is a leading provider of insurance and risk management services with 19 branches spread throughout the country (Robinson, 2009). NIC was established by Act of Parliament in 1964.

Content scope: The study focused on the efforts that are made by National insurance company to raise the growth of SMEs. Contribution that insurance companies play in the growth and development of SMEs and the relationship between insurance companies and SMEs was also studied. The study targeted the employers and employees of NIC.

1.7 Significance of the study

This research will be undertaken as an academic requirement by Makerere University before the degree of Bachelor of Commerce can be awarded. The researcher places prestige in the successful completion of the study. It's only through research that ideas and approaches will be developed and tested. This research will generate information to be used as basis for further research in to the contribution of insurance in other business segments. The study will increase public awareness on the operations of National Insurance Corporation hence making it convenient for the public when dealing with the corporation. This research will provide data to policy makers that will assist towards formulating for appropriate policy for policy makers operation. This will permit specific plans and policies geared towards promoting.

Introduction to the Study

Small and Medium Scale Enterprises (SMEs) play an important role in the economic development of a country (Gour & Singh, 2019; Hadžic & Paunovic, 2019; Mutisya, 2020; Rusu & Roman, 2017). The SMEs sector contributes about 70%-80% to Ghana's Gross Domestic Product (GDP). It also contributes significantly to employment creation (Rotar, et al., 2019). Generally, the SME sector requires a minimal amount of start up capital and has become attractive to many entrepreneurs (Honjo & Kato, 2019).

This, however, is dependent on the sector targeted (Honjo & Kato, 2019). The SMEs sector in Ghana is characterized by a feature of the production landscape and has been noted to provide about 85% of the manufacturing employment of Ghana (Fekpe & Delaporte, 2019). According to the Ghana Statistical Service (GSS, 2020), the population of Ghana stands at 31.49 million. Ghana is divided into 16 regions and its GDP stands at \$67.34 million (GSS, 2020). The SME sector assumes several risks.

This includes fire, theft, burglary, foreign exchange rates, and accidents (Asgary, et al., 2020). According to these authors, SMEs do not have the requisite risk management skills and expertise in managing both internal and external risks, which include fire, theft, burglary, accidents, and foreign exchange, resulting in exposure to these risk.

This researcher used a quantitative research methodology to determine if there is a relationship between SME operations and insurance growth and or if there is a relationship between insurance policy purchase with SME business sustainability or continuity in the likely event of fire outbreaks, theft, burglary, and accidents. Insurance companies in Ghana have usually targeted the automobile, real estate, and property sectors (Okoffo, et al., 2016). Consequently, this researcher used a non-experimental correlational design to determine if a relationship exists between SMEs operation and insurance growth and or is there a relationship between insurance policy purchase by SMEs and business sustainability or continuity in the Greater Accra region of Ghana.

According to Andronic and Maria (2019), the manufacturing and industrial sector remains unexplored. This researcher focused on the manufacturing and industrial sectors of Ghana's economy which can potentially increase insurance purchase and ensure business sustainability as well as guard against business loss (Andronic & Maria, 2019). According to Khan (2018), the industrial and manufacturing sectors assume high levels of risk in their operations. This provides an opportunity for insurance companies to consider its target setting to engender growth in the industrial and manufacturing sectors. Considering the important role that the manufacturing and industrial sectors play, further study is needed to understand the risks they assume and how those risks can be mitigated through an insurance policy purchase (Asgary, et al., 2020).

Levinson (2017) defined manufacturing as the process of changing raw materials into finished products. The Ghana Statistical Service (GSS), as part of its manufacturing and industry survey, defined manufacturing as a combination of

several activities or operations that lead to the production of goods and services. The Ghana Enterprise Development Commission (GEDC, 2017) defined manufacturing industries in terms of plants and machinery. The regional project on Enterprise Development in Ghana manufacturing conducted a survey that classified SMEs into small enterprises (5-29 employees), medium enterprises (30-99 employees), and large enterprises (more than 100 employees). The researcher focused on the latter definition of SMEs in the manufacturing and industrial sector. The latter definition allowed the researcher to collect data from a broader industry perspective (agricultural processing, industrial processing, food and beverages, handicraft, and primary fabrication and repairs).

Purpose Statement

The purpose of this nonexperimental correlational study is to determine the effect of SMEs operations on the growth of insurance companies in the Greater Accra region of Ghana. This researcher conducted this study using a quantitative research methodology to gain an understanding of how the direct and interactive effect of the independent variables (fire, theft, burglary, and foreign exchange risks) influence the dependent variable (insurance growth and SME sustainability). The researcher also explored another independent variable (risk management tools) that can be deployed to mitigated identified risks. Specifically, this researcher explored SMEs in the manufacturing and industrial sector in the Greater Accra region of Ghana. The researcher explored manufacturing industries identified as small (5-29 employees), medium (30-99 employees) and, large ($N > 100$ employees).

As stated above, data from the quantitative study was analyzed to determine if there is a relationship between SMEs operations and insurance growth and or if there is there a relationship between insurance policy uptake with SMEs and business sustainability or continuity in the likely event of fire outbreaks, theft, burglary, and accidents.

Research Questions and Hypothesis

SMEs assume several risks in their operations. These risks include fire, theft, burglary, accidents, and foreign exchange loss. These risks, if not mitigated can negatively affect the operations of SMEs. The researcher focused on the manufacturing and industrial sectors of Ghana which has not been explored but could result in a potential increase in insurance purchase and ensure business sustainability as well as guard against business loss (Andronic & Maria, 2019). For this study, SMEs were categorized based on the number of employees as defined by the regional project on Enterprise Development Ghana manufacturing as stated above. Managers or owners of SMEs in the following industries formed the subjects of study (agricultural processing, industrial processing, food and beverages, handicraft, and primary fabrication and repairs). The following independent risk variables with regards to SME operations guided the study (fire, theft, burglary, accidents, and foreign exchange loss). In addition, the dependent variable (insurance growth and SME sustainability) was also considered. The following research questions guided the study: RQ1: Is there a relationship between SME operations and insurance growth? This question explored the various risks assumed by SMEs, (a) fire, (b) theft, (c) burglary, (d) accidents, (e) foreign exchange loss. H10: There is no relationship between SMEs and insurance growth H1A: There is a relationship between SMEs and insurance growth RQ2: Is there a relationship between insurance purchase by SMEs and business sustainability? This researcher explored whether purchasing an insurance policy against fire, theft, burglary, accidents, and foreign exchange could engender SME sustainability. H20: There is no relationship between insurance purchase by SMEs and business sustainability H2A: There is a relationship between insurance purchase by SMEs and business sustainability

II. METHODOLOGY

Methodology A quantitative research method was used to examine the independent variable (fire, theft, burglary, accidents, and foreign exchange) and the dependent variable insurance growth and SME sustainability. Creswell (2017) describes quantitative research as an approach to research where the researcher tests objective theories by way of examining the relationship among variables. Creswell further stressed that researchers use closed-ended questions to ascertain relational variables using statistical analysis through a quantitative approach. Information gathered was as data. Testing the various risk levels of SMEs is best achieved by a quantitative study because close-ended questions was deployed, and survey results was used to measure risks and decision behaviors.

The qualitative method requires a significant amount of time to hold discussions and conversations with the sampled target audience. The researcher conducted the study on SMEs that are widely dispersed in the Greater Accra Region, and this made a qualitative method more difficult and costly. In addition, the researcher acquired a large amount of data in a short period for effective analysis to complete an accurate relational measurement. This researcher surveyed SMEs in the manufacturing and industrial sector in the Greater Accra region regarding risks and decision-making. Survey instrument used was questionnaires with close-ended questions. Data collected from the survey was analyzed to test relationships. The researcher targeted SMEs as per these groups, small (5-29 employees); medium (30-99 employees); large (>100 employees). The researcher obtained email addresses or contact persons of SMEs from the National Board for Small Scale Industries (NBSSI). The data that was obtained from NBSSI included the names of SMEs, type of business, and location. The researcher conveniently sampled from this data for the survey. SMEs owners or managers sampled, responded to the survey questions.

Research Design

According to Creswell (2017), researchers use the correlational research design to measure the degree of relationship between two or more variables. Data collected based on the variables are measured, without manipulation, to establish if a positive or negative relationship exists, using a hypothesis. This researcher used a nonexperimental design because the researcher examined the relationship between preexisting groups and independent variables were not manipulated (Morgan & Renbarger, 2018). Currently, there are 54 insurance companies in Ghana.

This is made up of 29 non-life insurance companies, 22 life insurance companies, and 3 reinsurance companies. The risks analyzed by this researcher were categorized under non-life insurance. Data from NBSSI showed a total of 265 registered SMEs operating in various sectors of the economy. However, the researcher focused on five main sectors, that is, agricultural processing, industrial processing, food and beverages, handicraft, and primary fabrication and repairs. Out of the 265, 82 formed part of the sampled population. This sample was calculated based on an 80% confidence level and a 5% margin of error. All of the sampled SMEs operate within the Greater Accra region.

The researcher administered a survey to the sampled owners of SMEs in the industrial and manufacturing sector in the Greater Accra region. The answers to the survey delivered evidence to the testing of the hypothesis by statistical methods. The questionnaires was distributed to SMEs through emails and or hand delivery. An application for introductory letters was made to the regulatory body, i.e. NBSSI. An approval from NBSSI had already been given to utilize their data for this survey. Personal data collected from these SMEs were not directly linked to them and remain anonymous. The questionnaires and data collected focused on the research questions. According to Creswell (2014), a correlational research design is an investigative use of correlational statistics to describe and measure the degree of association (or relationship) between two or more variables or sets of scores. This method compared the relationship between the variables.

The design explored relationships between SMEs and insurance growth, as well as insurance and SME sustainability. This design has been previously used in a different setting (Ajemunigbohun & Adeoye, 2018). Cronbach's alpha and Spearman Rank Correlation Coefficient methods were used to determine relationships. In testing for the null hypothesis and relationships, the p-values were generated. Also, testing for statistical significance (p-values of > 0.10, 0.05, and < 0.01) were applied to determine whether a relationship was significant or otherwise

III. LITERATURE REVIEW

SMEs contribute significantly to the economic development of the country. The SME sector contributes about 70% - 80% of the country's Gross Domestic Product (GDP) (Rotar, et al., 2019). Consequently, the sector also assumes risks that may jeopardize its continued existence. Some of the risks the SME sector face include, fire, burglary, theft, accidents, and loss on foreign exchange. These risks, if not mitigated could negatively impact the performance of SMEs. Insurance penetration in Ghana is at 1% of GDP and is one of the lowest in the sub-region and is also far below the global average of 6.5% (Seth, 2019; Swanzy-Impraim et al., 2017). According to Andronic and Maria (2019), further research in the manufacturing and industrial sector remains unexplored. This could potentially increase insurance purchase, possibly increase the country's GDP and reduce the level of risks assumed by these SMEs.

The level of risk assumed by SMEs may have diverse consequences on the business (Justo-Hanani & Dayan, 2015). For instance, an SME that imports and exports its commodities or products might be affected by forex fluctuations. According to Schilke, et al. (2017), SMEs are generally high-risk takers, and this is because they run low in a financial capacity. This depends on the type of business formation, that is, sole proprietorship, partnership, or company. SMEs tend to avoid risks of any kind even if an opportunity for growth exist (Hess & Contrell, 2016). This attitude could deprive SMEs of expansion opportunities and it could affect their contribution to GDP. According to Al-Najjar, 2015; Mackevičius, et al., 2017; and Būmane (2018), SMEs do not have proper mechanisms in place to manage risks, but rather, attention is focused on accumulating and holding cash. Cash build-up is inherently risky since currency fluctuations are inevitable on the forex market and current value could be lost.

Risks assumed by SMEs can be mitigated by purchasing an insurance policy. Insurance penetration is generally low in developing countries, including Ghana. Ghana's insurance penetration is at 1% of GDP and is one of the lowest in the sub-region and is also far below the global average of 6.5% (Seth, 2019; Swazy-Impraim, et al., 2017). Comparatively, contributions of insurance premium to GDP in South Africa, Namibia, and Kenya are 14.8 percent, 7.3 percent, and 2.8 percent respectively (Swazy-Impraim, et al., 2017). These contributions are normally generated from the traditional cash inflow sources (automobile, real estate, and property sectors) (Okoffo, et al., 2016). As such, targeting the manufacturing and industrial sector could potentially increase inflows and may engender insurance company growth. According to Adeyele, et al., (2017), SME losses were largely related to the movement of raw materials from one point to the other without insurance coverage for the vehicles. The authors posited that SMEs can reduce this risk by purchasing an insurance policy for these vehicles to mitigate the risk.

SMEs that export commodities face the risk of non-payment (Pavla, 2016). According to Hudáková and Dvorský (2018), SMEs face several risks, however, financial risk was top on the list. In line with the financial risk, tax and insurance burden were considered as key factors. In other words, SMEs considered monthly insurance premium payments as a heavy financial constraint or burden. However, the importance of insurance and risk management cannot be overemphasized. In a recent quantitative study, Dankiewicz, et al.(2020) found that SMEs did not have a deliberate planned process for managing risks. This situation exposes SMEs to various risks which could affect business growth but may present an opportunity for insurance companies to strategize and target these institutions.

Methodology

The purpose of this non-experimental correlational research study is to determine if a relationship exists between the operations of SMEs and insurance growth. The independent variables identified in this research are fire, theft, burglary, foreign exchange, and risk management tools. The dependent variables are insurance growth and SMEs sustainability. The objective of the research is to determine whether there are growth links with SMEs operations and the performance of insurance companies.

For this study, the focus was limited to examining risks assumed by SMEs during their operations, how these assumed risks were mitigated, and how the operations of these SMEs affected insurance growth. The total population for this study was 82 SMEs operating in the Greater Accra region. Data was collected through a survey. The demographic variables for SMEs include the educational level of owners or managers, location, and gender. Data collected on the variable was coded and converted into a numeric format for analysis. Data was collected in respect of the independent and the independent variables to determine relationships and was analyzed and measured using the R commander software.

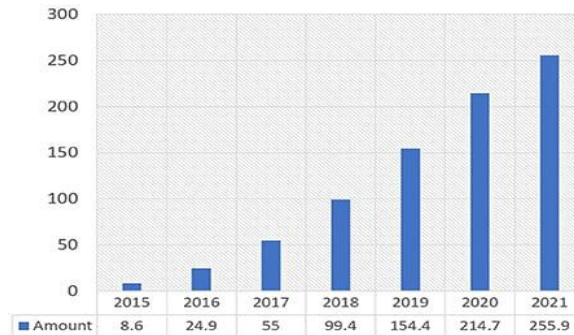
Population and Sample Selection

The convenient sampling method was used to collect sampled data using survey questionnaires. To protect the privacy of the information of subjects, personal data collected was stored in a password-protected computer. Data was collected from subjects using survey questionnaires which was administered through an online process and or on one on one basis. The criteria that qualify an SME to partake in the survey included the SME must be located in the Greater Accra Region, and the SME should operate in the manufacturing and industrial sector. These questionnaires were administered by first-degree holders who have completed their National Service. These first-degree holders were recruited from the National Office of Ghana Health Service. There was no cost implications for both SMEs and survey takers. The sample size for SMEs was calculated using G*Power software, a standard tool to compute statistical power

analysis for tests to be 82 subjects employing a moderate effect size and 80 percent power based on the Pearson's correlation statistic.

Figure 1

Sample Size Determination using G Power



The outcome measure was organized in two constructs which also hinges on two dependent variables namely: SME sustainability and insurance growth. The independent variables will be theft, burglary, fire, accidents, and foreign exchange.

In assessing the association between variables, Spearman Rank correlation coefficient statistical model was applied. A Spearman Rank correlation was conducted on all constructs. A Spearman Rank correlation is usually done to determine the relations between categorical and interval data. A Spearman correlation was used to analyze all the nominal data and compared with the constructs. The R commander software was used to analyze the data collected. Variables that were categorical were illustrated with pie charts while interval data will be analyzed with line graphs.

The population was SMEs operating in Accra and data was stratified into the following categories:

1. Small (5-29 employees)
2. Medium (30-99 employees)
3. Large (>100 employees)

The total sampled number of subjects for the SMEs was 82 as shown above. This was specific to SMEs' operations in the manufacturing sector. The total estimated population of registered SMEs operating in the Greater Accra region is approximately 265 (NBSSI). The total number of SMEs operating in the Greater Accra region was retrieved from the database of NBSSI. The data from the NBSSI contained owners' or manager's names, location, phone numbers, email addresses, type of business they operate in, and so on. This information enabled the researcher to directly contact owners or managers to collect the required data. The researcher obtained an approval letter from NBSSI which was addressed to the selected SMEs in the Greater Accra region. This consent letter from NBSSI gave some assurance to SMEs participating in the survey. It will ensure the data collected are used only for the purpose for which it was collected and that no part

13 of the data collected will be shared with any third party until a written consent to provided and approved.

Validity

The validity of an instrument refers to the accuracy at which the survey instrument measures the right elements that it was intended to measure. Chodokufa and Chiliya (2014) established validity by measuring empirical data collected against the standard for validity. The researchers were able to confirm validity by testing empirical data and testing it using the Chi-square test and Cronbach's alpha. The Chi-square was used to determine if the sample data used came specifically from the population distribution. In another study by Adeyele, et al., (2017), the validity of data was done by loss Adjusters and insurance practitioners. Phi and Cramer's V were the statistical tools used to determine the extent to which SMEs were exposed to risks and the mitigation method applied. External validity was measured for SMEs in the Greater Accra region by generalizing data sample outcomes to the overall population for both SMEs and insurance companies. A single-stage sampling technique was used to access each of the subjects directly (Creswell, 2017).

Reliability

Traditionally, Cronbach's alpha is used to scale reliability. In other words, it is also used to test the consistency of a questionnaire. It is the common form of internal consistency reliability coefficient. In previous research by Chodokufa and Chiliya (2014), Cronbach's alpha indicated the overall reliability of the questionnaire, which was 0.8 and 0.7, indicates a good testing ability (Field, 2009). Specifically, Cronbach's alpha test results for the previous research were 0.698 = relationships between SMEs and insurance companies, and 0.802 = SMEs who already have an insurance policy and have been approached by an insurance broker.

Data Analysis and Results

Results

This section is divided into sections to address each research question and hypothesis pairing. The researcher also conducted reliability and normality tests on the data collected.

Reliability Analysis

A reliability test is performed to evaluate internal consistency of the instrument. Cronbach's alpha was used as the test statistic for the four main variable (SME operations, SME sustainability, Insurance growth, and Purchase of insurance policy). As showed in Table 6, all dimensions depicted Cronbach alpha > 0.70 which is deemed to exhibit good internal consistency.

Table 1 Reliability Test Statistics

Item	Cronbach's Alpha
Insurance Growth	0.78
Purchase of Insurance Policy	0.78
SME Operations	0.77
SME Sustainability	0.77
N = 80	

Exploratory Data Analysis

I conducted an exploratory data analysis focusing on two elements: outlier detection and testing of normal distribution of the dimensional variables. Before performing the normality test,

15 dimensional scales were formed by averaging items following a prior dimension identified by Chaudhuri and Holbrook (2001). Table 6 depicts relevant information for each scale.

Table 6: Dimensional Scale Statistics

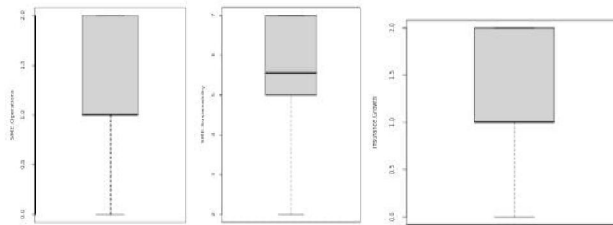
Dimension	M	SD	SE	Skewness	Kurtosis
Insurance Growth	1.21	0.63	0.70	-0.20	-0.56
Purchase of Insurance Policy	1.70	0.46	0.52	-0.89	-1.24
SME Operations	1.40	0.60	0.07	-0.47	-0.62
Sustainability	5.75	1.27	0.14	-0.77	0.16
N = 80					

Once scales were formed, potential outliers were evaluated, and each scale was evaluated for normality.

Test for outliers.

As described in chapter 3, outliers can influence the placement of the mean and variable distribution. Following guidance from Osborne and Waters (2002), boxplots were used graphically to show outliers in each scale. No outliers were found.

Figure 2: Boxplot of Dimensions



Test of normality. The researcher employed K-S to test for normality to evaluate the variables in the study. The p-values in the test results were less than .05, and also none of the scales followed a normal distribution (Fate & Houriyeh, 2014; Table 8).

Table 2: Kolmogorov-Smirnov Test for Normality

Scale	D
Insurance Growth	0.0006
Insurance Policy Purchase	0.0002
SME Operations	0.0030
SME Sustainability	0.0157

N = 80, p < .05

Hypothesis Testing

Based on the exploratory data analysis, nonparametric statistical tests were used for hypothesis testing. The Spearman Rank-Order Correlation Coefficient was used as the test statistic.

The researcher used Spearman's Rho correlation to test the data correlation. According to Akoglu (2018), when data is not normally distributed, the correlation coefficients should be calculated from the ranks and not from their natural values. Spearman's rho correlation is also designed to measure the strength of the relationship between two variables without making any assumptions about the frequency of distribution (Akoglu, 2018).

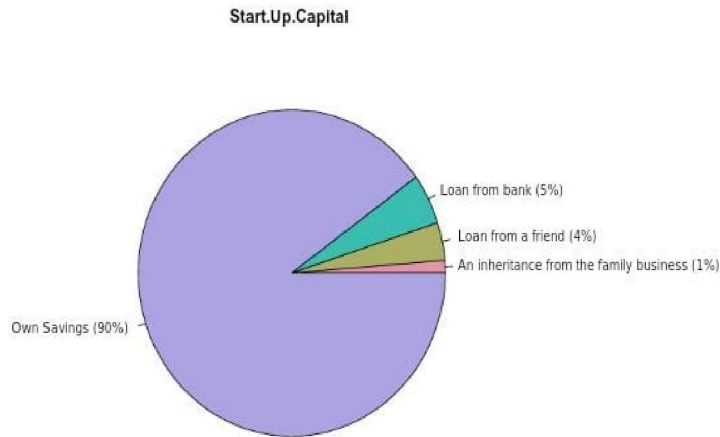
Paired Sample Test Analysis of Dependent and Independent Variables

A paired t-test was performed on the independent variables (fire, accidents, burglary, and theft and the dependent variable insurance growth.

The results of the test was significant , $t(79) = 4.732, p < .001$. The reseachder also performed another paired t-test on the independent variables (fire, accidents, burglary, and theft and the dependent variable, SME sustainability. The results of the test was significant , $t(79) = -14.38, p < .001$.

Results from the survey depicted that, 90% of SMEs operating in the Greater Accra region depended on their savings as startup capital and only about 1% of SMEs operating in the Greater Accra region, inherited the business from the family as showed the figure 4 below

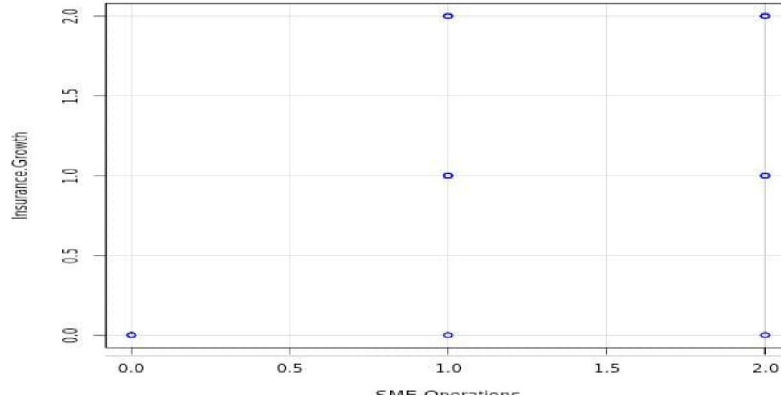
Figure 3: Startup capital analysis



Insurance Growth and SME Operations

The first research question seeks to understand the relationship between insurance growth and SME operations. The researcher conducted the normality test for both dimensions and used Spearman Rank-Order Correlation with a Confidence Interval of 95% (CI) and p-value of 0.05. The result of Spearman Rank-Order Correlation test was significant, $\rho(80) = 0.335$, and p-value = 0.002. Thus, the null hypothesis is rejected. A Scatterplot of the relationship shows this weak relationship (Figure 4).

Figure 4: Scatter Plot of SMEs Operations and Insurance Growth



Purchase of Insurance Policy and SME Sustainability

The second research question was designed to understand the relationship between the purchase of insurance and SME sustainability. The result of Spearman Rank-Order Correlation test was significant, $\rho(80) = 0.355$, and p-value = 0.001. There is also sufficient evidence to conclude that, a weak relationship exists between the purchase of insurance policy and SME business sustainability. The effect size and confidence interval (CI) were calculated for this result, and it's at a 95% confidence level. Thus, the null hypothesis is rejected.

Summary

In this chapter, the researcher described the data analysis procedures deployed to evaluate the hypotheses. A total of 80 SMEs participated in the survey out of 82 that was sampled. Using primary data collection, this study provided valuable insight into the operations of SMEs and their effect on the growth of insurance companies, and also gathered data that depicted how SMEs could sustain their businesses. Data analysis yielded sufficient test results for evaluating both research questions of this study. Results from the study showed positive but weak relationships for both research questions.

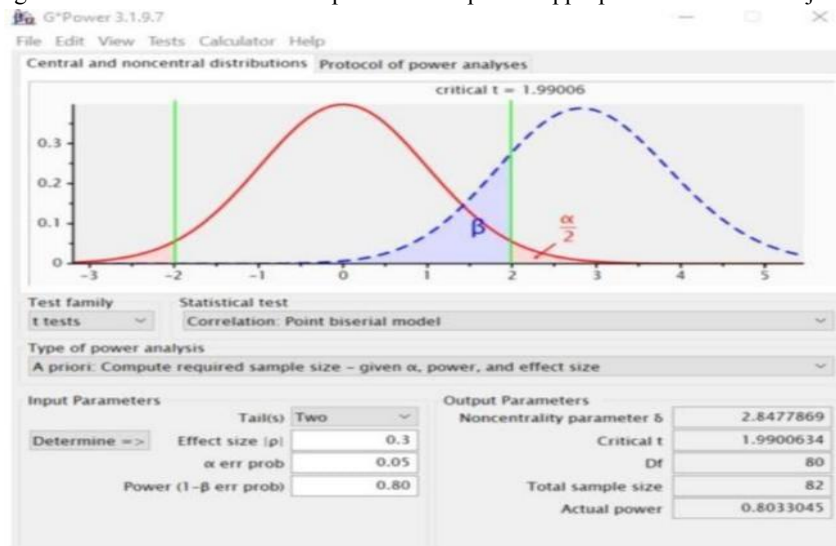
For the first research question, which relates to SME operations and insurance growth, results indicated a positive, weak relationship. The second research question, which sought to seek if a relationship exists between the purchase of insurance policy and SME business sustainability, results also showed a positive, but a weak relationship. In chapter 5, the researcher will discuss and interpret these results in relation to the existing body of knowledge in the related literature associated with the dissertation focus.

V. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The researcher aimed, through this research study to improve the understanding of SME operations and how to sustain it and also provided insurance companies with the relevant knowledge and understanding on how to strategize and improve insurance policy purchase among SMEs in the Greater Accra region. SMEs encounter several risks and these risks can be mitigated by the purchase of an insurance policy. These risks include fire, theft, burglary, accidents, and foreign exchange. The knowledge gained from this study will also assist National Board for Small Scale Industries (NBSSI) to identify the training needs of SMEs and provide relevant information to the government to guide policy formulation. Chapter 5 summarizes the research in detail to include findings, conclusions, implications, recommendations, and concluding remarks.

Summary of the Study

The purpose of this quantitative research study was to examine if a relationship existed between SMEs operations and insurance growth as well as what relationship existed between the purchase of insurance policy and SMEs business sustainability. The target population was SME owners or managers, operating in the Greater Accra region of Ghana. The researcher used the survey to collect data from the subjects. The researcher applied and received data from National Board for Small Scale Industries (NBSSI) which contains names and addresses of SMEs operating in the Greater Accra region. These SMEs were personally contacted by trained service personnel through email, phone, or physical contacts to collect data for this research study. Closed-ended questions were used for this study. The researcher included 3 sections in the questionnaire. The first section was to collect data on SME business information, the second was to collect data on insurance and SME business relationship, and the third was to collect data on SME crisis management. The researcher used G power to sample the appropriate number of subjects.



All subjects were required to acknowledge and accept the informed consent statement

All subjects were required to acknowledge and accept the informed consent statement before completing the survey.

The research question which directed this quantitative study, are as follows:

RQ1 – What is the relationship between SMEs operations and insurance growth? RQ2 – What is the relationship between the purchase of insurance policy and SME sustainability?

Data collected were then analyzed using R Commander. The researcher analyzed the data to answer the research questions and provide responses to the hypothesis, measure correlations, determine outliers, and the test normality of the variables. Both exploratory and descriptive data

analysis tests were completed on the data collected. The researcher was not able to collect data from SMEs who employed more than 100 employees because the current COVID 19 pandemic has forced SMEs in this category to lay off their employees and SMEs did not engage in imports and exports due to the ban. The researcher used Cronbach's alpha to determine the reliability of the data. Boxplots were used to identify outliers. Kolmogorov-Smirnov was used to determine if the data were normally distributed. The data collected did not appear to be normally distributed, hence, the researcher used Spearman's rho correlation coefficient to analyze the strength of the relationship between the variables. The data analysis determined a positive, but weak relationship between the variables.

Summary of Findings and Conclusion

SMEs Operations and Insurance Growth.

My findings indicated a positive but weak relationship between SMEs operating in the Greater Accra region and the growth of insurance companies. This was because SMEs did not trust insurance companies to fully honoring the indemnity clause in the policy. SMEs rather preferred saving or investing their monies with the bank or other financial institutions which they can conveniently rely on in times of risk occurrence like fire, theft, burglary, and accidents. The result of Spearman Rank-Order Correlation test was significant, $\rho(80) = 0.335$, and $p\text{-value} = 0.002$. Thus, the null hypothesis is rejected.

Purchase of Insurance Policy and SME Sustainability.

The researcher found that a positive but weak relationship exists between SMEs who purchased insurance policy and SME business sustainability. The result of Spearman Rank-Order Correlation test was significant, $\rho(80) = 0.355$, and $p\text{-value} = 0.001$. There is also sufficient

evidence to conclude that, a weak relationship exists between the purchase of insurance policy and SME business sustainability.

The researcher sought to provide additional knowledge concerning the relationship between SMEs operations and insurance growth and purchase of insurance policy and SME business sustainability. The researcher generated data from the survey of subjects operating in the Greater Accra region of Ghana to address the gap and answer the research questions. Asgary, et al. (2020) emphasized the need for SMEs to purchase an insurance policy against data theft and fraud. These researchers also stressed that this presents an opportunity for insurance companies to broaden their scope of business to cover these new business opportunities if non-existent. This can potentially increase insurance growth. Asgary et al., (2020) added that SMEs do not plan to insure their business against future pandemics that might affect business sustainability or continuity. SME managers or owners consider certain risks as far-fetched, hence do not draw plans to mitigate these risks. This result support the results of this research study where 66% of SMEs did not have any form of the recovery plan for their business.

The knowledge obtained from this study benefits SME owners and managers by enlightening their understanding of the risks that might affect their business and how these risks can be mitigated. My research study advances knowledge in this field in that it examines the relationship between SMEs operations and insurance companies. Results from this study also helps to increase the understanding of SMEs operations and how insurance companies can strategize and design policies that suit the sector and increase insurance policy purchase confidence, which results from the study showed that one key driving factor SMEs consider when it comes to purchasing insurance policy was indemnity. This is showed in figure 4, that 72% of SMEs indicated that, indemnity was their most important considering factor in purchasing an insurance policy. This was so because SMEs have a low level of trust for insurance companies with regards to claim processing and compensation, hence requires full assurance on the fulfillment of the indemnity clause before purchasing any insurance policy. In addition to this, the decision for some SMEs owners not to purchase insurance policy was based on previous soar engagements they had had with insurance companies, coupled with similar shared experiences from other SME managers or owners.

Most Important variable.s..in.purchasing.an.insurance.policy

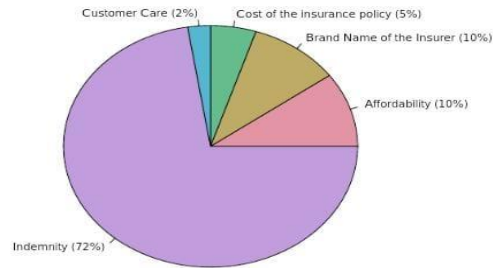
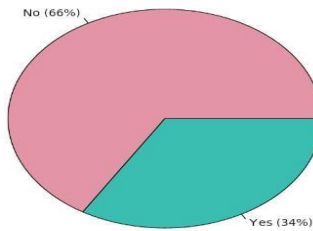


Figure 5 Most Important Variable in Purchasing an Insurance Policy
Figure 6 Approached by Insurance Agents or Brokers in the Past 6 Months

Approached.by.insurance.agents.brokers.in.the.past.6.months.



This study's theoretical foundation is underlined by the risk theory, decision-making theory, and choice theory. Seminal work by Knight (1921) on the risk theory forms the theoretical foundation. Aven (2007), posited that risk theory can be likened to two-dimensional combinations of events or consequences and their effect after the occurrence of the event. Simon (1959), on decision-making theory, added that decision making rests on the implementation of competitive mechanisms which are to some extent automatically activated. On the choice theory,

Export Data

Accounting software can generate spreadsheets, PDF files, CSV files, and various other file types seamlessly and effortlessly. A single click on a drop-down menu will often enable you to export, save, and print your data in an easily understandable format.

Protects Data

The accounting software solution will provide unmatched security, safeguarding the confidential financial information of the businesses whose data it manages.

You could restrict access to individuals within the accounting department or particular allowed devices. For example, it can provide departments with limited access to the system to input data, but all other information will remain segregated

Generate Reports

You can utilise your accounting software's reports for invoicing, auditing spending, tax computations, employee payroll, and benefits, among other things. In addition, small businesses can use this financial data to prepare for lean times and predict cyclical demand-related hills and troughs.

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