IMPACT OF SERVICE QUALITY ON SMALL AND MEDIUM ENTERPRISES INTENTION TO PURCHASE INSURANCE IN KADUNA STATE

BY

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Declaration

I declare that the content of this dissertation titled "Impact of Service Quality on Small and Medium Scale Enterprises"Intention to Purchase Insurance in Kaduna state" has been carried out by me in the department of Business Administration. The information derived from the literature has been dully acknowledged in the text and a comprehensive list of references provided. To the best of my knowledge, no part of this dissertation was previously presented for another degree or diploma in this or any other institution.

Shuaib Abdulyakeen _____ _____
Signature Date

Dedication

This research work is dedicated to Almighty Allah (S.W.A) for His countless mercies on me.

Certification

This is to certify that this Dissertation titled "Impact of Service Quality on Small and Medium Scale Enterprises"Intention to Purchase Insurance in Kaduna state" meet the requirement governing the award of the degree of Master of Science (M.Sc) in Business Administration of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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Abstract

The important roles that SMEs and insurance are playing towards achieving economic growth had been widely acknowledged. Between the duo, a symbiotic relationship exist. The entrance of so many players into the insurance industry should be a source of joy to SMEs in Nigeria as they are exposed to a myriad of risks. In order to achieve the mutual benefits that exist between them, insurance firms as a matter of fact, should provide quality service. For over two decades, it has been acknowledged that service quality has become a great differentiator as well as the most powerful competitive weapon which many firms in the service arena possess. This study therefore investigated the impact of insurance firms' service quality on SMEs' intention to purchase insurance in Kaduna state. Survey research design was employed in the study which is cross sectional in nature. Primary data was collected through self administered questionnaire issued to the respondents using stratified sampling technique. The data was collected from a sample of 174 out of a total population of 201 SMEs operators in Kaduna state. Descriptive and inferential statistics were used to analyze the data collected for the study with the aid of Statistical Package for Social Science (SPSS) version 20. Gap and multiple regression analyses were used for the hypotheses formulated for the study. The findings revealed that SMEs are willing to purchase insurance but the level of the quality of service provided by the insurers in the state is discouraging. The study recommended that drastic efforts should be made by the insurers to improve their services in terms of reliability, assurance, empathy and responsiveness that will meet the expectations of SMEs in the state.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Prior to 1960s, investments on capital intensive and large scale industrial projects were seen as the major means of achieving economic growth and economic development (Ihua, 2009). ILO (1973) posited that many policyholders' attention started shifting from concentrating on large scale enterprises to small and medium size enterprises as a path to achieving economic growth and development. This shift in the attention of policyholders may not be unconnected with the rapidly expanding labour force, low employment elasticity of modern large- scale production, and uneven distribution of economic growth experienced all over the world in the mid 1960s(Ekpenyong & Nyong,1992). SMEs' potential to generate employment, utilize local resources, ensure even distribution of industrial development, as well as their ability to facilitate the growth of non-oil exports had made both developed and developing countries pay special attention to SMEs subsector; such as the creation of Small Business Agency (SBA) in USA; Small Business Service (SBS) in the UK; and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in Nigeria (Aremu & Sidikat, 2011; Legg, Battista, Harris, Lamm, Massey, & Olsen, 2009; Anna, 2014). SMEs account for at least 95% of India's industrial units and contributes 45% of their manufacturing output as well as about 40% of their export(Nikaido, Pais, & Sarma, 2015). Sipa, Gorzen-Mitka, and Skibinski (2015) and Bates and Nucci (1989) also established that in the European Union, SMEs contribute to over 99% of all enterprises. Duale and Karemu (2015) identified Japan, Zambia, South Korea, Malaysia, as some of the countries that have benefited immensely from SMEs in terms of their contributions towards employment generation, export earnings, and Gross Domestic Product (GDP). Despite these enormous contributions of SMEs to the economic, the rate at which they fail shortly after

their establishment in Nigeria is alarming (Aremu & Sidikat, 2011; Achie & Sado, 2014). Empirical research had shown that managerial inability and financial constraints are not the only major factors militating against the success of SMEs in Nigeria (Ihua,2009). Ihua (2009) identified external factors such as crises and disasters as the major causes of SMEs' failure in Nigeria.

Also, Azende (2012), revealed that the inability of SMEs operators to efficiently manage the risks they are exposed to as well as their unwillingness to purchase insurance policies for their business operations contribute greatly to their failure. Amaefula, Okezie, and Mejeha (2012), argued that intention regarding insurance depend largely on the extent to which individuals perceive insurance firms' service quality as well as their willingness to bear risks. Insurable risks could take various dimensions ranging from fire outbreak, theft of business assets, damage of goods on transit, crisis and disaster outbreaks, etc resulting to loss of businesses and business properties. According to Ihua (2009), Azende (2012), and Kadams (2014) insurance protection could guaranty the continuous existence of some of the businesses that had failed. Bala, Sandhu, and Nagpal (2011), and Toran cited in Siddiqui et al (2010), asserted that quality should be at the core of what the insurance industry does. Their findings showed that the quality of services and the achievement of customer satisfaction and loyalty are fundamental for the survival of insurers. Despite the call on insurance industry to render quality service, the high rate of insurable risks that SMEs are exposed to in Kaduna state as well as the age of insurance industry in Nigeria in which according to Obasi (2010), Usman (2009), and Arena (2008) all argued that the industry in Nigeria started early 1920s which is older than those of China, India and Malaysia. The intention to purchase insurance by Nigerians may still be very low as the findings of both World Bank (2009) and Klynveld Main Goerdeler and Peat Marwick KPMG(2012) showed that only 3% of

potential loss is insured in developing countries, and that insurance penetration ratio in Nigeria is 0.68% which is far below the minimum standard of 6.5% .

The need to investigate SMEs operators' intention to purchase insurance in Kaduna state is also necessitated by the encounter of the researcher with some of the people that were affected by the fire outbreak at Sabon Gari Market, in Sabon Gari LGA of Kaduna state. When some of the fire victims were asked whether or not they had insurance covers for their businesses. Some of them perceived insurance as a scheme that is meant to cater for the survivor(s) of a deceased. Some of the sampled people understood that insurance could also offer protection for businesses but believed that when the insured peril occurred, the insurers may or may not indemnify the insured.

Parasuraman et al. (1988), identified five dimensions of service quality that could be used to evaluate the quality of service a firm renders to its customers as follows:

(i) Reliability: it is the ability to perform the promised service accurately and at the appropriate time.
(ii) Assurance: is the knowledge and courtesy of employees and their ability to inspire trust and confidence.
(iii) Tangibles: the state or appearance of physical facilities, equipment, personnel and materials
(iv) Responsiveness: this is the willingness to help customers and provide prompt service.
(v) Empathy: is the caring and individual attention the firm provides its customers.

Rendering service quality should create a win-win scenario for both the insurers and the SMEs operators. This is because, insurers' premium income will increase owing to the SMEs intention

to purchase insurance as they are assured of reinstatement to their former financial position before the loss should the insured peril occurred.

1.2 Statement of the Problem

Most SMEs particularly in Nigeria die within their first five years of existence, smaller percentage goes into extinction between the sixth and tenth years while only about five to ten percent of young companies survive, thrive, and grow to maturity(Aremu & Sidikat 2012). In Kaduna state, the rate of SMEs failure is more disturbing as Archie and Sado (2014), found that 60% of SMEs failed in the first three years of establishment and 80% of most start-ups failed within their first five years.

Ihua (2009), argued that managerial inability is not only the major cause of SMEs' failure in Nigeria, but rather, disasters and crises as 73% of the respondents in Nigeria agreed that disasters and crises lead to SMEs failure.Azende (2012), also identified flood and fire outbreaks as some of the major causes of SMEs failure in Nigeria. Crises, such as ethno-religious and post election violence had caused a lot of business interruption in Kaduna state. United States Institute for Peace (2011), revealed that many businesses were destroyed in Kaduna state during the 2011 post election violence. This claim was supported by Lemu (2011), who found that 827 out of the total number of 938 persons killed during the 2011 post election violence were recorded in Kaduna state.

Kaduna State Emergency Management Agency (SEMA), revealed that there were 385 cases of fire outbreaks in Kaduna state in 2013 which led to the loss of over 1.1 billion Naira. SEMA (2015), reported that in the last quarters of 2015, Kaduna state experienced 163 fire outbreaks which affected a lot of SMEs operators as well as economic activities considerably.

Kadams (2015), opined that the major losses of SMEs operators in Kaduna state were owing to frequent fire outbreaks and other disasters, hence, they can be minimized if SMEs operators had purchased appropriate insurance covers for their businesses. Daniel (2014), confirmed that the Federal government commitment towards ensuring that the insurance industry is strong enough to handle most of the risks that are peculiar to Nigeria's culture locally through implementation of various policies are aimed at strengthening the industry so as to boost the insuring public's intention to purchase insurance..

Poverty and religion were identified as the major causes of insurance low penetration ratio (Scheve & Stasavage, 2006). Kaushalya, Karunasena, and Amarathunga (2014), identified quick recovery of business, and fulfilling borrowing requirements as the major reasons SMEs operators opt for insurance covers. These could not be achieved if insurance firms failed to render quality services.

Studies have evaluated impact of service quality on customers' satisfaction of banks (Saghier & Nathan; 2013), hotel industry (Carman, 1990), and insurance industry (Siddiqui & Sharma; 2010). But to the best of the researcher's knowledge, none has tried to quantitatively isolate the impact of perceived insurance firms' service quality on theSMEs'intention to purchase insurance. Therefore, this study is an effort to quantitatively isolate the impact of insurance firms' service quality on theintention of SMEs to purchase insurance using samples of SMEs owner-managers in Kaduna state.

1.3 Research Questions

The following research questions were raised in the course of this research.

(i) To what extent does reliability of insurance service affect SMEs'intention to purchase insurance in Kaduna State?

(ii) To what extent does assurance of insurance service affect SMEs'intention to purchase insurance in Kaduna state?

(iii) To what extent does responsiveness of insurance serviceaffect SMEs'intention to purchase insurancein Kaduna state?

(iv) Towhat extent do tangibles of insurance service affect SMEs'intention to purchase insurancein Kaduna state?

(v) To what extent does empathy of insurance serviceaffect SMEs'intention to purchase insurancein Kaduna state?

1.4 Objectives of the Study

The main objective of this study is to investigate perceived impact of insurance service quality on the SMEsintention to purchase insurance in Kaduna state. The specific objectives are:

(i) To determine how reliability of insurance service affect SMEs' intention to purchase insurance in Kaduna State

(ii) To determine how assurance of insurance service affect SMEs' intention to purchase insurance in Kaduna state

(iii) To determine how responsiveness of insurance serviceaffect SMEs' intention to purchase insurance in Kaduna state

(iv) To determinehow tangibles of insurance service affect SMEs' intention to purchase insurance in Kaduna state

(v) To determine how empathy of insurance service affect SMEs' intention to purchase insurance in Kaduna state?

1.5 Statement of Hypotheses

The folowing hypotheses were formulated and tested empirically during the course of this study. They are:

H_{01} Reliability of insurance service has no significant impact on the intention of SMEs to purchase insurance in Kaduna state

H_{02} Assurance of insurance service has no significant impact on the intention of SMEs to purchase insurance in Kaduna state

H_{03} Responsiveness of insurance service has no significant impact on the intention of SMEs to purchase insurance in Kaduna state

H_{04} Tangibles of insurance service has no significant impact on the intention of SMEs to purchase insurance in Kaduna state

H_{05} Empathy of insurance service has no significant impact on the intention of SMEs to purchase insurance in Kaduna state

1.6 Significance of the Study

Kadams (2015) observed that many developing countries including Nigeria still experience high rate of SMEs failure, which could have been reduced if SMEs operators had purchased appropriate insurance products. KPMG (2012), argued that insurance has played vital roles

towards ensuring sustainable growth and development by rendering quality services to countries like UK, USA, South Africa, etc. This study is therefore significant to the following categories:

1.6.1 Managerial Contribution

Given the high rate of SMEs failure in Kaduna state, as well as the numerous call on the insurance industry to render quality service, this study had clearly brought out the effect of insurance service quality on the intention of SMEs to purchase insurance in the state The findings of this research will be of great benefits to insurance firms as it had clearly specified the extent to which insurance service quality could positively influence SMEs intention to purchase insurance. The findings are useful to the owners/ managers, SMEs stakeholders , and anybody with material assets that no amount of capital or skill could prevent some associated risks from occuring and affecting/ consuming the cherished material assets and thus the need to protect such assets by transfering the associated risks to insurance firms. The findings are also believed to be of immense benefits to both local and foreign SMEs partners such as BOA, BOI, CBN, SMEDAN, UNIDO, World Bank etc that spend their scarce resources yearly on SMEs but only to realise that a lot of them die prematurely as a result of one insurable shock or the other.

1.6.2 Contribution to Knowledge

The research provides empirical evidence on the impact of perceived insurance service quality on the SMEs' intention to purchase insurance in Kaduna state. The researcher is convinced that this study will add to the existing literature not only on SMEs and insurance, but also service quality. This is because no study to the best of the knowledge of the researcher has related insurance firms service quality and the SMEs' intention to purchase insurance in Nigeria context. In the light of this, students and researchers will find it useful.

1.7 Scope of the Study

This study covered most of the SMEs that are registered with the Kaduna state SMEDAN office as at June, 2015. These include different businesses cutting across various SMEs subsector such as; manufacturing, distributions, wholesales, retails, and services rendering entities. According to SMEDAN, there are 201 (two hundred and one) registered SMEs during the period under study. Proportional sampling technique was used to determine the appropriate sample size which was spread across the three senatorial districts in the state.

Kaduna state was chosen based on three criteria: Firstly, the state has witnessed a lot of crises and disasters that affected business activities considerably within this period. High volume of SMEs activities occur in the state as it was ranked by SMEDAN (2012) as the 4^{th} state with huge volume of SMEs activities after Lagos, Kano, and Oyo. Secondly, According to NAICOM (2014), out of the 59 recapitalized insurance companies in Nigeria, no fewer than 30 (50.85%) of them have branches in the state. Thirdly, in a study conducted by GIZ, a German agency for sustainable development titled " 16 insurance companies known to Nigerians", out of these 16 companies, nine (9) which represent 56.25% of them have branches in Kaduna state(vanguard newspaper, October 3, 2012). The choice of this period was as aresult of the establiment of SMEDAN in 2003. This agency has a clear vision of establishing a structured and efficient micro, small and medium enterprises sector that will enhance sustainable economic development of Nigeria.

Hakeem and Tajudeen (2010), argued that the period between 2003 and 2007 witnessed major recapitalization exercise of insurance industry. This exercise flushed out a lot of insurers with weak or dubious financial bases thereby leaving only those that were presumed to be able to offer quality services to the customers.

1.8 Definition of Key Terms

(i) Insured: The person or entity who bought insurance policy because of the exposure to one form of risk or the other.

(ii) Peril: cause of a loss

(iii) Buying behavior: the attitudes, preferences, intentions, and intentions regarding the consumer's behavior in the marketplace when purchasing a product or service.

(iv) Insurer: the person or entity that guaranteed to reinstate the insured to the former financial position immediately before the loss should a specific thing occurred.

(v) Insurable: the risk that insurer can accept from the insured

(vi) Risk : presence of danger or possibility of a loss.

(vii) Loss: an undesired, unplanned reduction of economic value.

(viii) Risk Attitude: chosen state of mind regarding uncertainties that matter

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0 Introduction

This chapter reviews literature relevant tothe concepts of service quality, consumer buying behaviour, insurance as a risk transfer mechanism. It also reviews past studies on insurance and SMEs, service quality and purchase intentions, and theoretical framework.

2.1 The Concept of Service Quality

A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything (Kotler, 2006). Most services cannot beinventoried,counted, calculated, or tested in advance of sale in order to assure quality. It may or may not involve physical product. Organizations may find it relatively difficult to understand how customers perceived their services and evaluate the service's quality as it depends on the perspectives of various providers, from one customer to the other, and from day to day

(Parasuraman et al, 1988).

In today's business environment, the role of quality cannot be overlooked or underestimated by any company(Arena, 2008). Russell and Taylor cited in Hamid (2011) stated that, quality plays an important role in sustaining the long-term profitability and survival of a company. American Society for Quality (ASQ), defined quality as a subjective term for which a person has his or her own definition, and in terms of technical usage, 'quality' means two things; the distinctiveness of a product or service that is able to satisfy the stated need of a customer, and a product or service that is free from any deficiency.

Service quality is an essential tool for any businesses that is aimed at achieveing increased turnover as well as profitability (Parasuraman, Zeithaml, & Berry, 1991),. The importance and contributions of services to national economy cannot be overemphasized as Bateson and Oyeniyi cited in Shuaib and Zainab (2013), stated that services accounted for more than 58 percent of total Gross National Product (GNP) worldwide. Parasuraman defined service quality as the difference between customer's expectation of service and customer's perception of service. If the expectation of service is greater than the perception, dissatisfaction occurs. Emin and Gregory (1992), found some evidence that service quality has a significant effect on customer satisfaction. Satisfaction, in turn, has a positive relationship to purchase intentions and customer loyalty. Newman (2001), defined service quality as a company's competitive advantage and a route to corporate profitability. Al-Tamimi and Al-Amiri (2003), defined service quality as the ability to meet customer's need and requirements and how well the service being delivered matches the customer's expectation. Parasuraman, et al. (1988) defined service quality as the gap between customers' expectations of service and their perception of the service experienced. Satisfaction is defined as a customer's perception of a single service experience, whereas quality is the accumulation of the satisfaction for many customers over many service experiences. A quality service provider is one that is able to consistently provide a satisfying service experience over a long period of time (Affiane & Zalina, 2008).

The definitions of the five dimensions of service quality are as follows:

(i) Reliability: Parasuraman et al., (1988) stated that reliability is the most important factor in conventional service. It is the ability to perform the promised service accurately and at the appropriate time. Accuracy in terms of billing, record, quote, and commission are strictly adhered to

(ii) Assurance: this relates to the quality of the employees in terms of their courtesy as well as the knowledge capacity to convey trust and confidence. Parasuraman et al. (1988) defined assurance as knowledge and courtesy of employees and their ability to inspire trust and confidence.

(iii) Tangibles:this relates with the state or appearance of physical facilities, equipment, personnel and communication materials

(iv) Responsiveness: Willingness to help customers and provide prompt service. It involves timeliness of services (Parasuraman *et al.,* 1988). It also involves understanding needs and wants of the customers, convenient operating hours, individual attention given by the staff, attention to problems and customers‟ safety in their transaction Kumar *et al.,* cited in Saghier and Nathan (2013)

(v) Empathy: Parasuraman et al. (1988) defined empathy as the caring and individual attention the firm provides its customers. It involves giving customers individual attention and employees who understand the needs of their customers and convenience business hours.

2.2 Service Quality and Purchase Intentions

Hamid (2011) examined the relationship between service quality and the patronage of Takaful insurance products in Malaysia. Service quality components include reliability, assurance, responsiveness, empathy, and tangibility. Using a cross sectional design, primary data was collected through self administered questionnaires. The result of a multiple regression analysis revealed a positive and strong relationship between service quality and intention to purchase Takaful insurance. A wider generalization of this study would have been achieved if conventional insurance was used as against Takaful.

Rasheed and Abadi (2014) in a study on impact of service quality, trust, and perceived value on customer loyalty in Malaysia services industries found that there is positive relationship between service quality and trust, service quality and perceived valued, trust and customer loyalty. The major drawback to this study was that the proxies for measuring service quality were not mentioned.

Kitapci, Akdogan and Dortyol (2014) examined the topic impact of service quality on patient satisfaction, repurchase intentions and word of mouth communication in the public healthcare industry, the findings revealed that empathy and assurance dimensions are positively related to customer satisfaction and that customer satisfaction has a significant effect on repurchase intention. A study of this nature in this particular industry should have had responsiveness dimension (willingness to help and provide prompt service) as being positively related to customer satisfaction.

Hassan, Hashmi and Sarwa (2014) also investigated impact of service quality on purchase intention of multinational fast food stores in Pakistan, used interview method of data collection and regression analysis to analyze it. The result showed that service quality has significant and direct impact on the purchase intention. This study limited its respondents to only the customers of fast food restaurants who may patronize any restaurant without a prior preparation. Also, by using interview method of data collection, the researchers may not have been able to ask all the respondents a set of unique and well structured questions.

Other studies that established a relationship between service quality dimensions on behavioural purchase intentions include; Perez, Abad, Carrillo, and Fernandez (2013), who investigated effect of service quality dimensions on behavioural purchase intentions in public sector transport

in Spain. SERVPERF scale was used, and the findings confirmed a relationship between service quality and purchase intentions. However, the direction as well as the strength of the said relationship was not made known.

Based on the previous review on service quality and purchase intentions, it can be deduced that most of the studies concentrated on some narrow and restricted areas where service quality are needed. Also, none has considered insurance service quality as a driver for SMEs intention to purchase insurance. Because of the high rate of risks that SMEs are exposed to, their intention to purchase insurance is expected to be very high. Other few studies that considered SMEs' intention to participate or not in insurance used either religion of the owner managers or their financial wellbeing as motivators or demotivators of participating in insurance. Therefore, this study considers service quality as an important component of SMEs' intention to purchase insurance.

2.3 Concept of Consumer Buying Behaviour

Begum (2015), argued that consumer behavior studies the attitudes and perceptions of individuals towards the selection and utilization of products that satisfy their needs. Trittipo (2015), asserted that consumers are increasingly selective in product choice and at the same time, product life cycles are shortening, competition is intensifying, and the new product failure rate is growing. Therefore, understanding the consumer buying process can make the difference between success and failure in consumer marketing strategies. The formation of the process of intention making which include why and how consumers make their intentions to behave in a certain manner, what motivates them, what attracts consumers' attention, and what retains their loyalty is affected by a number of variables such as: consumer resources, product or service motivation, and consumer knowledge (Batkoska & Koseska, 2012). Petty, Cacioppo, and

Schmann (1983), argued that appropriate advertising may change the attitudes of consumers towards a specific product. Even if both direct and indirect marketing can play an important role in consumer intention making, direct marketing initiatives may be more influential in purchase determination than media based methods (Kopalle & Lehmann, 2006; Pappas, 2016).

Begum (2015) listed seven different types of buying situations that consumers usually come across as: new buying, complex buying, dissonance reduce buying, impulse buying, habitual buying, repeat buying, and variety seeking buying. Horváth, Büttner, Belei, and Adıgüzel (2015), identified four general factors that influence consumer behavior during purchase intention making which include: cultural, social, personal, and psychological factors. Xianga, Zhenga, Leeb, and Zhao (2016), argued that habitual and repeat buying processes ensure consumer loyalty as well as customer retention as they are commonly associated with products that satisfy their psychological needs. As insurance is usually a contract of renewal, offering quality service could also guarantee habitual and repeat buying behavior of the insured.

2.4 Concept of Risk

The word risk originated from the Italian word *riskare,* meaning "to dare"(Mole, 2013). Hillson and Murray-Webster (2004), stated that the term risk lack consensus definition as it has been used in many areas of study, it is used in relation to personal circumstances (health, pensions, insurance, investment etc), society (terrorism, economic performance, food safety, etc) and business (corporate governance, strategy, business continuity, etc) . Bhunia and Mukhuti (2012), McNeil, Frey, and Embrechts(2015) defined risk as the probability that the actual outcome will deviate from the expected outcome. It implies exposure to danger or harzard, which an undertaking or a venture is exposed to that can lead to profit or loss. This does not mean that risk is synonymous with uncertainty. Risk is defined as an uncertainty that could have a positive or

negative effect on one or more objectives (Hillson & Murray-Webster, 2004). The distinction between the two was clarified by Knight cited in Rocha (2012) as riskexists when outcomes are uncertain but can be predicted with some probability, being insurable; uncertaintyarises when the probability of outcomes cannot be calculatedand true uncertaintyoccurs when the future is not only unknown, but also unknowable with unclassifiable instances and a non-existent distribution of outcomes. Uncertainty without a consequence, poses no risk.

There are different types of risks that organizations are exposed to, the major types of risks are grouped as follows according to Baranoff, Brockett, and Kahane (2015), and Maps of world (2015)

(i) Enterprise Risks :are those exposures related to resources, products and services or the market environment in which the enterprise operates.

(ii) Operational Risks: arise due to the execution of the business functions of the enterprises such as mistakes, system failures, rule breaches, legal infringements, etc.

(iii) Financial Risks: these are the exposures of a firm to market risk and credit risk. These risks include foreign exchange, inflation, non-payment of clients, or increased rate of interest risks.

(iv) Pure Risks: these are enterprise exposures that feature some chance of losses and no chance of gains (such as theft risk, fire risk, etc)

(v) Speculative Risks: these are enterprise exposures that feature some chances to either gain or lose (such as investment risk)

2.5 Concept of Risk Attitude

Understanding the meaning of the term 'attitude' will simplify the concept of risk attitude. Caliendo, Fossen, and Kritikos (2008), defined attitude as a chosen state of mind, mental view or disposition with regard to a fact or state, it differs from personal characteristics because they are situational responses rather than natural preferences or traits. This means that a particular attitude can be changed over time. Attitude positions people into a frame of mind of liking or disliking things, or moving toward or away from them (Kotler inYusuf, Gbadamosi, & Hamadu, 2009).

Yusuf, Gbadamosi, and Hamadu (2009) in a study that investigates the attitude of Nigerians towards insurance services with 392 members of the public, found that Nigerians developed negative attitudes towards insurance services. However, this study claimed to have investigated the attitude of Nigerians in both life and non life insurance services with just a sample of 392 which may not be the true reflection of their attitude. Omar (2005) assessed consumers' attitudes towards life insurance patronage in Nigeria and found out that there is lack of trust and confidence in the insurance companies. The drawback to Omar's study is in the area of its inability to capture attitude to non-life insurance products. Caliendo, Fossen, and Kritikos (2008), revealed that risk attitudes have an impact on not only the intention to become an entrepreneur but also the survival and failure rates of entrepreneurs.

2.6 Insurance as a Risk Transfer Mechanism

Dorfman (1994), defined risk management as the logical development and implementation of a plan to deal with fortuitous (chance) losses. Insurance, employees' benefit plan, pension plans, industrial hygiene, and loss control engineering are some of the risk management programmes commonly implemented by many organizations. The risk management process begins when somebody asks, what kinds of events can damage my business, and how much can be done?

What actions should I take to deal with theses problems? Did I make the right intention? Did my choices prove to be too expensive? Tufano (1996) predictive power of theories that view risk management as a means to maximize shareholder value. Merton cited in Futano (1996) opined that firms can manage risk through diversification, hedging, and insurance. risk management involves: diversification which implies changing from one form of business to another. However, every undertaking has an associated risk, hedging (the transfer of insurance risk to the capital markers which issues financial security). Hedging may not be the best means of transfering risks because of the high rate of inflation in the economy. or insurance (the shedding of downside exposure, for instance through the purchase of put options). Vaughan (1997), defined risk management as the way in which adverse effects from risk are managed and potential opportunities are realized.

Shapiro and Titman cited in Miller (1992), explained that the cost associated with purchasing insurance is the portion of the premium which exceeds the expected value of the firm's loss. This payment in excess of the expected value of the loss covers the insurance company's operating expenses as well as the implicit costs of moral hazard and adverse selection. Miller (1992) found that the principal financial risk-reduction techniques are purchasing insuranceand buying and selling financial instruments (forward contracts, futures contracts, swaps, and options). The consequencies of every disaster are somehow repetitive to the extent of forming a cycle which can be grouped into four categories: (i)mitigation, (ii) preparedness, (iii)response , (iv) recovery/reconstruction. The mitigation phase consists of all actions needed to reduce the impact of future disasters. Preparedness phase comprises the actions taken to reduce the impacts when the disaster is forecast or imminent. Response pertains to actions taken during and immediately after the disaster,with the main aim to save and safeguard human lives and properties.The term

recovery refers to the process of restoring services and repairing damageafter the disaster has struck (Franco & Salvatori, 2015; Galderisi, Ceudech, & Pistucc, 2008; Parker, Ballio, & Tapsell, 2012). Acording to Ojo(2012), insurance firms are the main risk management tools for companies and individuals as they accept the transfer of the financial consequences of any insurable risk.

Zhen, Li, Cai, and Shi (2016), revealed that Supply chain disruption has become common as firms are exposed to a myriad of risks, mainly caused by a diverse range of events, such as natural disasters, accidents, terrorism, war, financial crisis, supplier bankruptcy, and transportation delays. They submitted that business interruption insurance is the best means of handling such risks as against the traditional methods of multi-sourcing, emergency purchases, backup sourcing, and reliability improvement of supply process. Through issuing insurance policies they collect funds and transfer them to deficit economic units for financing real investment (Ćurak, Lončar, & Poposki; 2009). According to Dorfman (1994), insurance is the appropriate risk management tool when the chance of loss is low and the severity of a potential loss is high. For small and medium sized business firms, insurance is the foundation of their risk management program

Table 2

		Frequency of loss	
		LOW	HIGH
Severity of Loss	LOW	**Risk Assumption** Also: Loss prevention and loss reduction if the cost justifies the benefits.	**Loss Prevention** Also; Loss reduction if cost can be justified. Assume risk if cost of prevention or reduction cannot be justified.
	HIGH	**Insurance** Also: Risk tranfer, loss reduction, loss prevention.	**Risk Avoidance** Also: Loss prevention, and loss reduction if possible.

Source: Dorfman (1994)

2.7 Review of Past Studies on Insurance and SMEs

The importance of identifying and minimizing the risks that SMEs are exposed to cannot be overemphasized as they can suffer catastrophic consequences if they are ill prepared for the outcome of a possible risk. (Yolande & Watkins, 2012). One of the most efficient ways that SMEs could prepare for the outcome of a possible risk, is by purchasing insurance policy (Willebrands, Lammers, & Hartog, 2012). Manning (2004), found that with modern business insurance, SMEs operators who are policyholders are better off because insurance policy is often taken with reinstatement conditions (new for old) whereby, the business suffering the loss will be compensated, not for the written down or market value of their building, machinery and plant, and other contents, but rather the cost of replacing the item with new property. These assets are often more efficient or require less maintenance than the property destroyed.Felício and Rodrigues (2015), observed that the benefits of the modern insurance policy do not stop at the property loss, which is referred to as the material damage cover. It also covers the loss of profit sustained by the business which is known as lost of profit insurance. Kaushalya et.al (2014),

asserted that natural disasters bring severe damages that had led to the collapse of various business communities of which insurance plays a vital role towards reinstating affected but insured businesses to their former financial positions by reducing the financial consequences of disasters. Davies and Walters (1998), revealed that business interruption insurance could guarantee SMEs survival to a large extent against the survival threats posed by brief or major business interruptions as a result of reduced revenues, customer loss, and reduced market shares. Paradine cited in Kaushalya et.al (2014), argued that insurance protects organizations from the financial consequences of loss which avoids the potential business bankruptcy in future. Insurance is useful to businesses as it aids the planning process of businesses and because of the security provided, business operators can invest more into the business, creating more revenue for the economy through construction and expansion of needs (Chua, 2000).

2.8 Concept of Small and Medium Sized Enterprises (SMEs)

Mirco, Small and Medium sized Enterprises (MSMEs) or Small and Medium sized Enterprises (SMEs) are sometimes used interchangeably to refer to the same idea of small-sized and less capital intensive businesses (Shuaib & Zainab, 2013). According to Sanni (2009) and Shuaib and Zainab (2013), SMEs means different things to different people and have been difined in various ways from one country to another, and even within a country, definitions vary within different organizational bodies. Various attempts have been made by both corporate and individual authors to define these concepts, rather, they end up describing them. Sometimes, many countries such as Nigeria and USA do no create distinction between MSMEs and SMEs. Generally, the definition is based on either single or a multiple criteria.

National Council on Industry (NCI) cited in Oshotimehin et al (2012), defined micro/cottage industry as the one whose total project cost excluding cost of land but including working capital

which is not more than N500,000; while small scale industry is an industry whose total project cost excluding cost of land and including working capital does not exceed N5m. The major shortcoming of this definition is its silent nature on the estimated or appropriate labour workforce. In 1996, the council reviewed the definitions as follows: cottage/micro industry is an industry whose total cost, including working capital but excluding cost of land is not more than N1m and a labour size of not more than 10 workers while small scale industry is the one whose total cost, including working capital but excluding cost of land is over N1m but not more than N40m and a labour size of between 11 and 35 workers.

The report of UNDP/UNIDO (2000), agreed with NCI's definition of micro/cottage industries and considered it flexible by limiting the number of workforce as 10 workers because this will actually capure about 95% of rural industries and mirco enterprises in this category. However, the organization disagreed with the restriction placed on the total cost,including working capital but excluding cost of land as not more than N1m as this will exclude about 40% of such entrepreneurs with relatively standard factory buildings, bore-hole well, generator set etc which they require. Substantially, the ceiling of N40m and N150m for small and medium sized industries respectively are in order but the limits of 35 and 100 workers respectively were not based on the actual structure of manufacturing enterprises in the country. As a result of this criticism a committee charged with the responsibility of classifying SMEs which comprises: Central Bank of Nigeria (CBN), Nigerian Bank for Commerce and Industry (NBCI), Nigerian Industrial Development Bank (NIDB), Nigerian Association of Small and Medium Enterprises (NASME), and the Nigerian Association of Small and Medium Scale Leather/Allied Products Industrialists was set up. Based on their recommendations, the National Council on Industry (2001) and Essein (2001) , reclassified and defined Micro Enterprises as an industry with a total

capital employed of not more than N1.5m including working capital but excluding cost of land, and or a workforce of not more than 10 workers, and small scale enterprises as an industry with a total capital employed of over N1.5m but not more than N50m, including working capital but excluding cost of land, and/or a workforce of 11-100 workers.

The Enterprise Promotion Decree of 1989 as amended in 1994 defined small scale business as any enterprise set up to make the owner self-employed and self reliant. Such businesses include: business centers, organized mechanics and allied artisans such as electricians, panel beaters, welders, supermarkets, gift shops etc. This Decree neither lay emphasis on the capital nor the workforce, rather on creating employment for the owner. Srivastava (2010) opined that a comprehensive definition of MSMEs should capture five main parameters, which include; capital, annual sales turnover, loan size, labour, and fixed assets.

While appreciating the broader attempt made by Srivastava (2010) to capture the definition of MSMEs, this study disagreed with one of his parameters which is loan. This is because many SMEs operators single handedly financed their businesses without being indebted to even a friend or relative. Ayyagari, Beck and Demirgue-Kunt cited in Shuaib and Zainab (2013), gave the definition of micro enterprises by the World Bank Department of SMEs as any business that employed up to 10 workers, assets of $10,000, and annual sales turnover of $100,000. Small enterprises employed up to 50 workers, assets and annual sales turnover up to $3m ; and medium enterprises employed up to 300 workers total assets and annual sales turnover up to $15m.

Table 3: International Definitions of SMEs by Employees

Country	Small	Medium
UK	Business with up to 49 employees	Business with up to 249 employees
E U	Business with up to 50 employees	Business with up to 250 employees
Australia	Business with up to 5 or more employees but less than 20	Business with up to 200 employees
USA	Business with up to 100 employees	Business with up to 500 employees

Source: Daren et al cited in Shuaib and Zainab (2013)

Having reveiwed several definitions of SMEs, some parameters this study considered important are missing. Such parameters include; (i) insurance as this will offer financial protection against most of the risks associated with the undertaking, (ii) commitment and dedication this will enable the operator to put in his/her best that will ensure the continuity of the venture and demonstrating little or no instinct for white-cola job, (iii) annual acomplishment, every SME should be able to point at one major achievement every year. This may include expansion of the business which may be through acquiring of land and building, motor vehicle, plant and machinery, etc, or acquiring of land and building for residential purpose, car for personal use, training and sponsoring of children, ward, or dependants' education.

This study therefore defined SMEs with the above parameters as those business entities with labour workforce of not more than 10 workers, as well as total cost, including working capital but excluding cost of land of N500,000 to N10m with adequate insurance cover for these material assets, full commitment and dedication to remain in the subsector, as well as the determination for the achievement of yearly economic growth (Abdulyakeen, 2016)

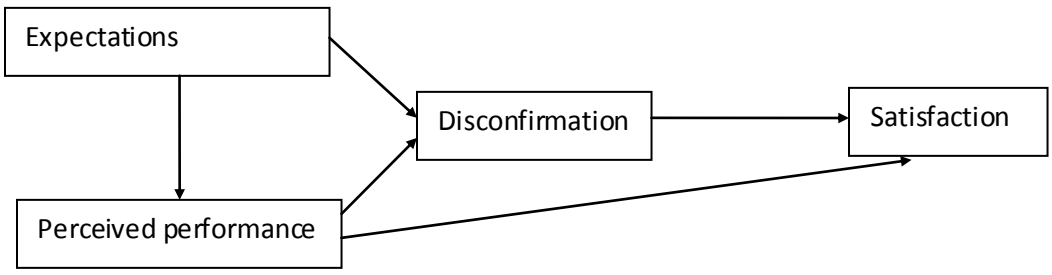
2.9 Theoretical Framework

The study will be based on Expectation Confirmation Theory, Disappointment Theory, Key Success Factor Theory, Critical Success Factors Theory, and Service Quality Theory. These theories explain the study's main constructs such as expectation of SMEs operators from the insurers, and their perceived experiences with the quality of insurance services.

2.9.1 Expectation Confirmation Theory (ECT)

The Expectation Confirmation Theory was developed by Oliver in 1977. Churchill and Suprenant, (1982), who posit that expectations reflect anticipated behavior. ECT seeks to explain the way a buyer of a product or service will react to the performance of a particular commodity based on the expectation of the utility to be derived from such commodity and the actual utility derived. It has satisfaction as its main dependent construct and expectation, perceived performance, as well as disconfirmation as its main independents constructs. This theory posits that expectations, coupled with perceived performance, lead to post-purchase satisfaction. However, this post-purchase satisfaction could either be positive or negative disconfirmation between expectations and performance. If a product outperforms expectations (positive disconfirmation) post-purchase satisfaction will result. If a product falls short of expectations (negative disconfirmation) the consumer is likely to be dissatisfied (Oliver, 1980).

Expectation Confirmation Theory: **Figure 2.1**Oliver (1977)



2.9.2 Disappointment Theory

Theories have been proposed to explain intention making under risk. Such theories include Regret Theory by Bell (1982) and Loomes and Sugden (1982), and Disappointment Theory which was later developed by the same authors (Bell, 1985; Loomes & Sugden, 1986). Loomes and Sugden (1986),defined disappointment as a psychological reaction to an outcome that does not match up against prior expectations. Consequently, an individual compares the outcomes within a given prospect, giving rise to the possibility of disappointment (elation) when the outcome compares unfavorably (favorably) with what it might have been. Furthermore, they opined that individuals compare the outcome they receive to a prior expectation. If the outcome is inferior to their expectation, individuals will be disappointed; if it is superior, they will be relieved. Again, the proposition is that individuals take these feelings into account while evaluating choices.

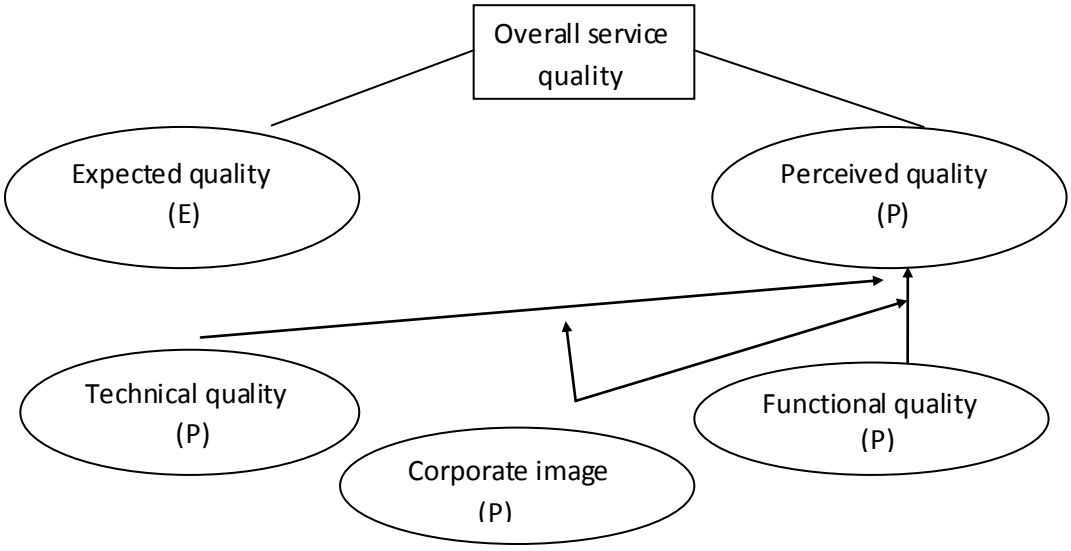
2.9.3 Service Quality Theory (SERVQUAL)

SERVQUAL has Service quality as its main independent construct. It was developed by Parasuraman et.al., (1985). This theory consists of a multi-item scale that is usually used to assess customer perceptions of service quality in service and retail businesses in which insurance was one of the service subsectors that was covered. This scale decomposes the concept of service quality into five constructs as follows: (i) reliability, (ii) assurance, (iii) responsiveness, (iv) empathy, and (v) tangibles. SERVQUAL represents service quality as the difference between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions (Parasuraman et. al., 1988). The use of perceived as opposed to actual service

received makes the SERVQUAL instruments an attitude measurement scale that is related to, but not the same as, satisfaction (Parasuramaet.al 1988).

Martinez and Martinez (2010), opine that the first service quality model was proposed by Gronroons (GM) in 1982 and 1984. GM proposed that the quality of service depends on expected service and perceived service. Variables such as corporate image, advertising, word of mouth, or pricing form expected service quality while technical and functional qualities form perceived quality. Technical quality is what the customer received in the service encounter whereas, functional quality refers to the subjective perception of how the service is delivered. Martinez and Martinez (2010), showed how Gronroos contradicts himself by acknowledging that there could be reciprocal relationships between quality dimensions.

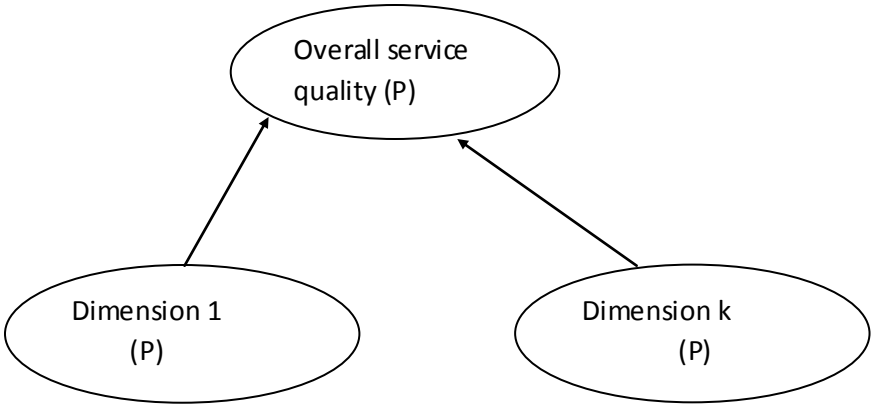
Gronroon's Model: **Figure 2.3**



Martinez and Martinez (2010),

Rust and Oliver (1994), offer a three-component model also known as ROM which include: (i) service product, (ii) service delivery, and (iii) service environment

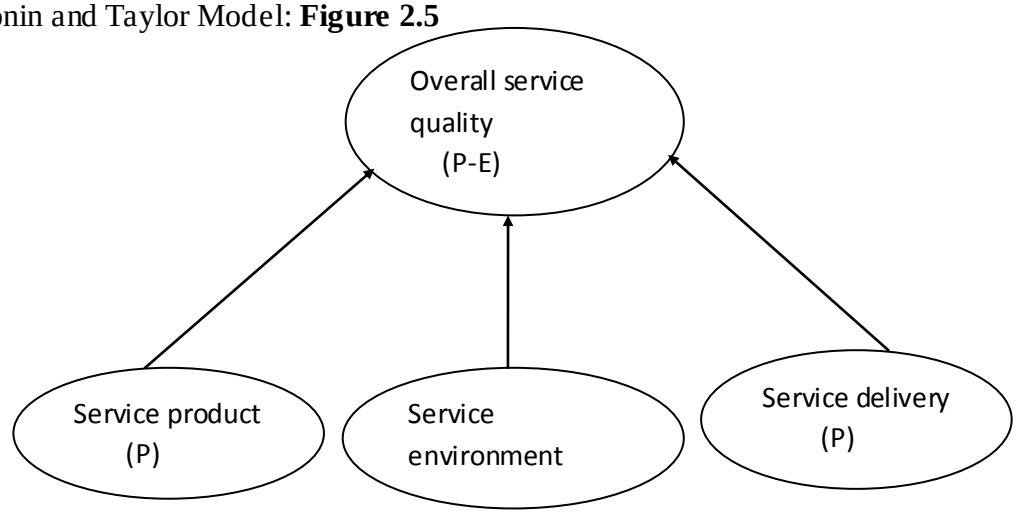
Rust and Oliver Model**: Figure 2.4**



Rust and Oliver (1994),

Cronin and Taylor (1992) proposed an alternative scale called SERVPERF for measuring service quality. SERVPERF model is a performance-only measure of service quality. It includes all the SERVQUAL scale dimensions, but uses only service performance (perception) as a measure of customer perceived service quality instead of the gap (between expectation and perception) approach of SERVQUAL Wong cited in Siami and Gorji (2012)

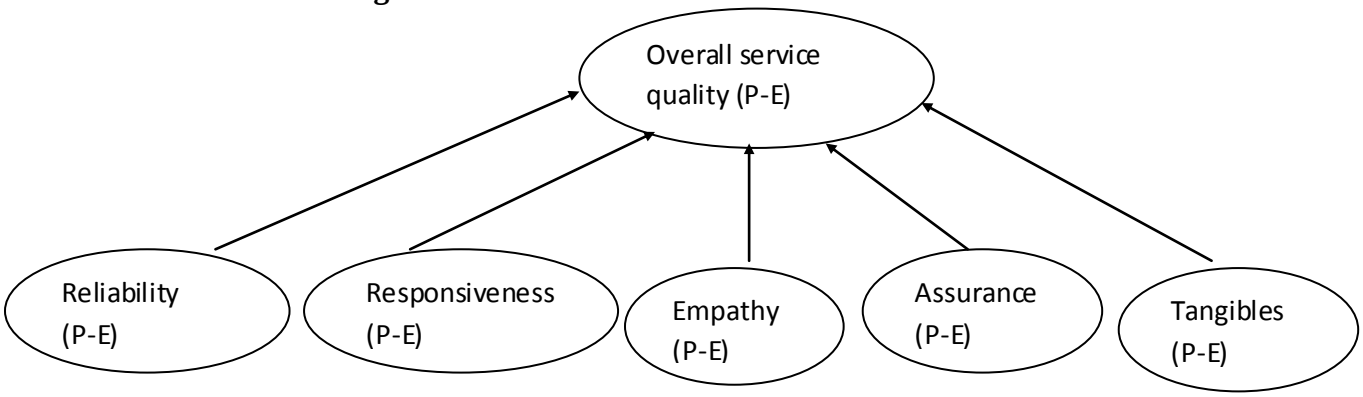
Cronin and Taylor Model: **Figure 2.5**



Siami and Gorji (2012)

(Parasuraman *et al.* (1985) revealed ten dimensions viz., tangibles, reliability, responsiveness, competence, courtesy, credibility, security, communication, understanding, and access in the original model of service quality. But in the subsequent study of Parasuraman *et al. (*1988), these ten dimensions were reduced to five which include: tangibles, reliability, responsiveness, assurance, and empathy. This led to the development of a 22-item SERVQUAL scale for measuring service quality. Based on the SERVQUAL scale, service quality can be measured by identifying the gaps between customers' expectations of the service to be rendered and their perceptions of the actual performance of the service.

Parasuraman et. al Model: **Figure 2.6**



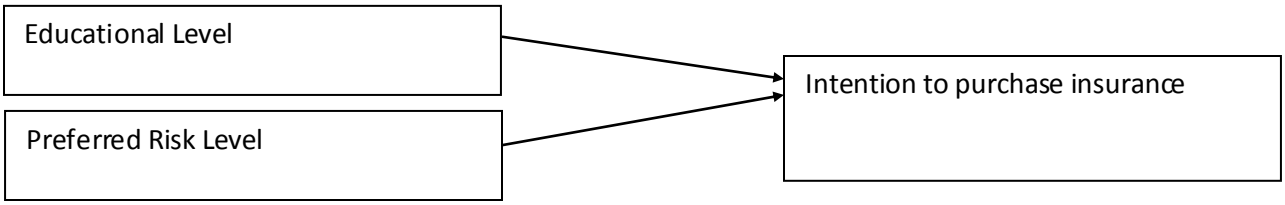
Parasuraman et. al (1988)

From the above models reviewed, it could be seen that a lot of researchers have developed various models in which they believed could be used to measure customers' perceptions of service quality. SERVQUAL instrument developed by Parasuraman *et al.* (1988) has been adjudged as one of the most prominent and widely used instruments for measuring the service quality as perceived by the customers. Numerous scholars such as Ovretveit, Yang, Sinclair and Zairi, Silvestro *et al.*, cited in Bala, Sandhu, and Nagpal (2011), have emphasized the importance as well as the superiority of service quality measurement developed by Parasuraman et. al; (1988), as it judges not only the external perceptions but also the real effectiveness of an

organization operation. Based on this and the fact that insurance industry was included in the samples of Parasuraman et.al (1985) while developing SERVQUAL model, it will be adopted in this research for testing independent variables.

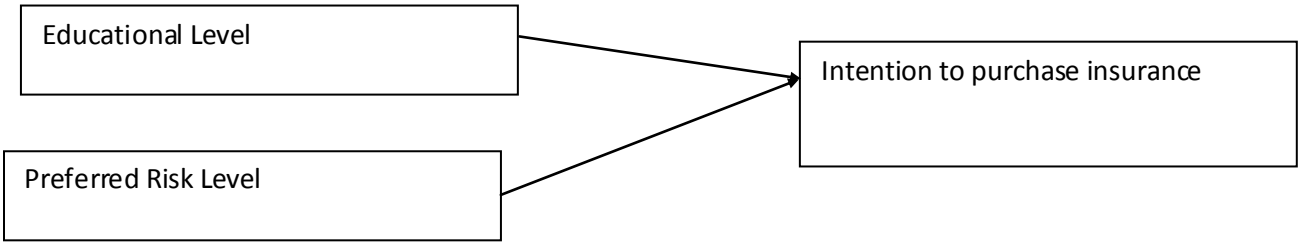
The Expectation Confirmation Theory is adopted as the underpinnig theory for this study. This is because the intention of SMEs owner-managers to either participate in insurance or not is likely to be influenced by the comparison of expected net gain (or loss) with or without insurance.

Review of Previous Model: **Figure 2.7**



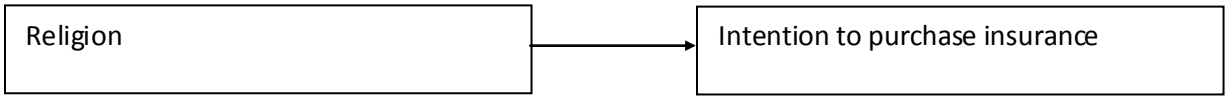
Greene (2013)

Figure 2.8



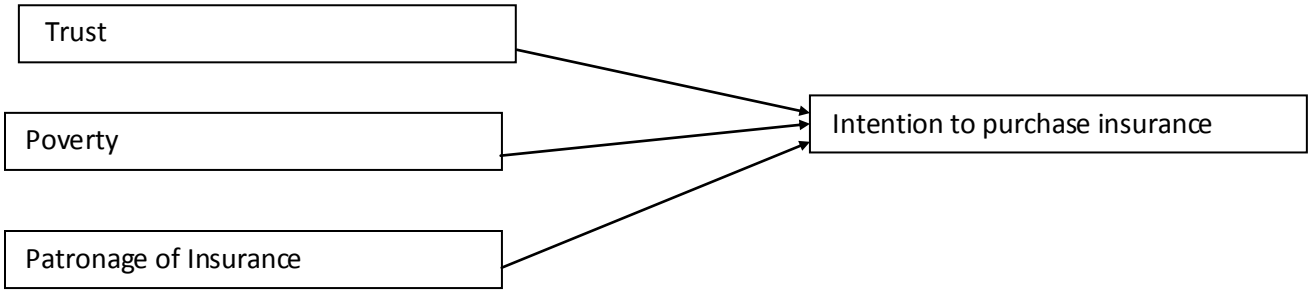
Lammers, Willebrands, and Hartog (2010)

Figure 2.9



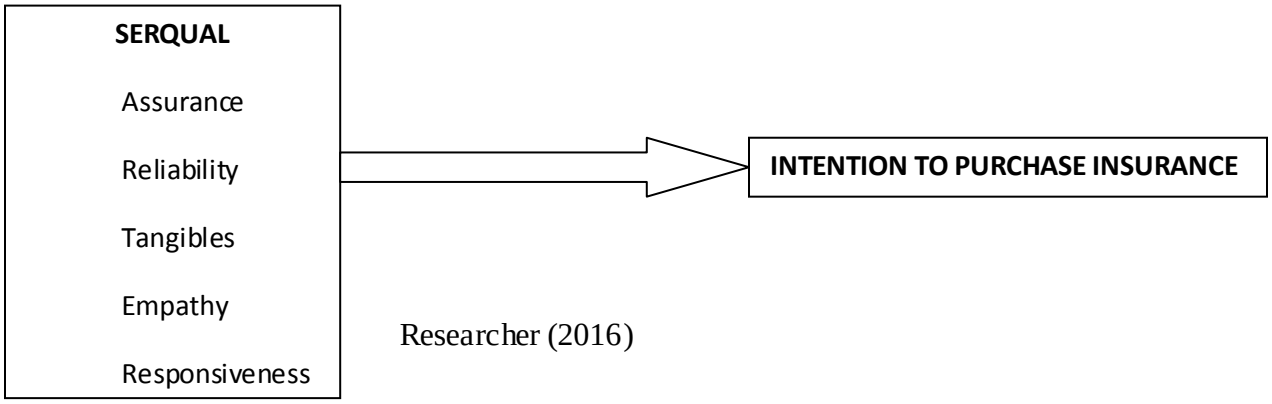
(Scheve & Stasavage, 2006)

Figure 2.10



Yusuf, Gbadamosi, and Hamadu (2009)

Proposed Research Model Figure 2.11



Researcher (2016)

From the above models, Greene (2013) and Lammers, Willebrands, and Hartog (2010) used two variables i.e. educational and preferred risk levels against intention to purchase insurance. Scheve and Stasavage (2006) used religion as the only variable onintention to purchase insurance. Finally, Yusuf, Gbadamosi, and Hamadu (2009) investigated the effect of trust, poverty, and the patronage of insurance on intention to purchase insurance of selected Nigerians. From the above, it could be seen that no study has established a direct relationship between insurance firms service quality and the intention of SMEs operators to purchase insurance. Therefore, this study is designed to fill this literature gap.

2.10 Summary

In this chapter, relevant literature were reviewed, which include; service quality, service quality and intention to purchase insurance, SMEs, and risk. Also, past studies on insurance and SMEs were reviewed and it was established that symbiotic relationship has been existing between insurance and SMEs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section discussed the method the researcher followed in carrying out the research. research design, the population of the study, sample size and sampling technique, sources and method of data collection, variable measurement, validity and reliability of the instruments to be used, data collection method, method of data analysis and lastly the justification of the method shall be discussed one after the other.

3.2 Research Design

The study adopted a survey research design which is cross-sectional in nature, primary data was collected from the population of the study using survey questionnaire. This type of research design is adopted because the information about the variables; both dependent and independents will represent what is going on at only one point in time.

3.3 Population of the Study

The population of this study was all the SMEs operators in Kaduna state that are registered with the state's SMEDAN office as at December, 2015. There are 201 (two hundred and one) registered SMEs (SMEDAN, 2015). The list is obtained from the Kaduna state SMEDAN office.

3.4 Sample Size and Sampling Technique.

The sample size of the study was determined using Yamane formula cited in Israel (2013) as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where: $n = samplesize N = thepopulation e = levelofsignificance$

Hence, N= 201, e= 0.05, and n = ?

$n = \frac{201}{1+201\,(0.05)^2}$

$n = \frac{201}{1.5025}$

$$n \approx 134$$

However, in order to take care of some non-responses and incorrect filling or failure of some respondents to fill or return the questionnaire, 40% (54) of the minimum sample provided in the formula was added as suggested by (Baker, 2012). This put the total sample size at 188

Stratified and simple random sampling techniques were adopted for the study; the questionnaires were distributed to the 3 senatorial zones of the state namely; Kaduna Central, Kaduna North, and Kaduna South respectively.

3.5 Sources and Method of Data Collection

Primary data was used for this study which was sourced from the respondents by giving them questionnaires to fill. Simple random sampling was employed during the questionnaire distribution in April, 2016.Questionnaires were used to collect data for the study from SMEs within the 3 senatorial zones in the state. Within Kaduna North Senatorial District, Ikara, Makarfi, Sabon-Gari, and Zaria Local Government Areas were covered, while Birnin Gwari, Giwa, Kaduna North, Kaduna South were covered under Kaduna Central Senatorial District and

finally, Jema'a, Kaura, and Sanga Local Government Areas were covered under Kaduna South Senatorial District. These selections were made based on convenience sampling. The questionnaires were distributed to the respondents based on proportionate stratified sampling technique. Kaduna state was stratified into 3 senatorial zones.

Table 3.1 Summary of sample size to be used in this study

Senatorial Zone(A)	No. of Registered SMEs	Actual Sample Size
Kaduna Central	164/201 * 188	153
Kaduna North	22/201 *188	21
Kaduna South	15/201 *188	14
Total		**188**

Source: Field Survey, 2016

3.6 Variable Measurement

The difference between perceptions and expectations (P-E) as proposed by Parasuraman et al (1988) which contains 22 items scales has been widely used as an instrument for measuring service quality. This same instrument in a questionnaire form which consisted of two scales titled perceptions and expectations and contain 17 statements were used to get data from the respondents. The perceptions scale of the five dimensions entails what the respondents actually think of the service. The expectations scale is a set of matching items that describes what the respondents expect from an excellent company. Respondents were asked to indicate their perceptions and expectations level for each of the 17 items in the questionnaire using a seven-point Likert scale (ranging from 1 indicating 'very low' to 7 indicating 'very high').

The questionnaire is grouped into three sections (A, B, and C).

Section A is further grouped into five (5) with a total of seventeen (17) statements.

*Group 1:*contains three (3)items for measuring Assurance (Questions 1-3).

Group 2:contains four (4)items for measuring Reliability (Questions4-7).

Group 3:contains four (4) items for measuring Empathy (Questions 8-11).

Group 4:contains three (3)items for measuring Responsiveness (Questions 12-14).

Group 5:contains: three (3)items for measuring Tangibility (Questions 15-17).

Section B contains five (5) items for intention to purchase insurance (Questions 1-5)

Section C contains the respondents' bio-data which will be used for some descriptive analysis.

3.7 Validity and Reliability

A pilot study was conducted in order to test for the validity and reliability of the instrument. The validity of the instrument was obtained by a panel of two experts. Each scale item was rated in terms of the relevance of its constructs. The items were rated on a 4-point ordinal scale: not relevant, quite relevant, relevant, and very relevant. Content Validity Index (CVI) for each scale was computed as cited in Polit and Beck (2006) as follows;

$$CVI = \frac{Numberofitemsratedquiterelevantandveryrelevantinaconstruct}{Numberofitemsinaconstruct}$$

This consequently led to the modifications in the items. Based on written and verbal comments by Dr Salisu Mamman and Mr Ayoola, the wordings of some individual items were changed. The revised instrument with the following details was then used for the main data collection. CVI of .735 was recorded for assurance as all the three items were rated quite relevant and very relevant. CVI of 0.681 was reported on reliability as three out of the four items were rated quite

relevant and very relevant. CVI of 0. 852 was reported on empathy as three out of four items were rated quite relevant and very relevant. CVI of .785 was recorded on responsiveness as all the three items were rated quite relevant and very relevant. CVI of 0.871 was recorded on tangibles as two out of the three items were rated quite relevant and very relevant. Finally, a CVI of 0.893 was recorded on intention to purchase insurance as four out of the five items were rated quite relevant and very relevant. Therefore, all the scales met the minimum validity as prescribed by Polit and Beck (2006). The questionnaire was subjected to reliability test using data collected from 37 samples of the respondents. The reliability scales of cronbach alpha are as follows;empathy 0.825; responsiveness, 0.891; the reliability, 0.953; tangibility, 0.642; assurance had a cronbach alpha of 0.841, and intention to purchase insurance has a reliability scale of 0.893 as shown in table 3.2 below

Table 3.2: Reliability Result

Variable	Number of Items	Cronbach Alpha
Empathy	4	0.825
Responsiveness	3	0.891
Reliability	4	0.953
Tangible	3	0.642
Assurance	3	0.841
IPI	5	0.893

Source: Field Survey, 2016

3.8 Technique of Data Analysis and Justification

Multiple regression analysis was used to test the hypotheses about the effect of insurance firms' service quality on the intention of SMEs to purchase insurance in Kaduna state using Statistical Package for Social Science (SPSS) version 20. Regression analysis was informed by the fact that

the researcher's objective is to establish the relationship between the variables and to see which variable predicts the dependent variable as well as its influence on the prediction if at all service quality of insurance firms could influence the intention of SMEs operators in Kaduna state to purchase insurance.

3.9 Model Specification

Intention to purchase insurance (DPI) was regressed on AS, RE, EM, RS, TA. As such the combined effect of the five independent variables i.e. assurance of insurance, reliability of insurance, empathy of insurance, responsiveness of insurance, and tangibles of insurance on the dependent variable (intention to purchase insurance) was determined on Multiple Regression as:

$$IPI_i = \alpha + \beta_1 AS_i + \beta_2 RE_i + \beta_3 EM_i + \beta_4 RS_i + \beta_5 TA_i + \mu_i$$

Where: IPI_i =Intention to Purchase Insurance

AS_i = Perceived Assurance

RE_i = Perceived Reliability

EM_i = Perceived Empathy

TA_i = Perceived Tangibility

α = Constant (value of the dependent variable when the independent variable is zero)

β = Regression Coefficient

μ_i = Error Term

The above regression equation was used to test the five hypotheses of the study at 5% level of significance. If the regression result shows a value less than 0.05, the null hypothesis will be rejected but if the result shows a value above 0.05, the null hypothesis will be accepted.

3.10 Summary

This section three discussed the method that the study adopted in carrying out the investigation. This method includes the research design, the population of the study, sample size and sampling technique, sources and method of data collection, variable measurement, and model specification.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter contains the analyses of data obtained from SMEs operators in Kaduna state. To achieve the main objective of this study, which is to investigate the impact of insurance firms' service quality on SMEs intention to purchase insurance, assurance; realibility; empathy, responsiveness; and tangibility were used as independent variables against SMEs intention to purchase insurance. The hypotheses are tested and the findings were explained.

4.2 Data Presentation

The total of 188 copies of questionnaires were distributed and 181 (96%) were retrieved. Data screening was carried out on the 181 retrieved questionnaires out of which 174 (92%) were found to be useful because they have been correctly filled. Thus, the analysis was based on 174 filled and returned questionnaires which represent 92% of the total questionnaires distributed, a responses rate which is considered sufficient for statistical reliability and generalization (Tabachnick&Fidell, cited in Aminu, 2014).

Table 4.1: Summary of the Responses

Item	No of Copies	Percentage
No of Questionnaire Distributed	188	100
No of Returned Questionnaires	181	96
No. of Correctly Filled Questionnaires	174	92

Source: Field Survey (2016)

4.2.1 Descriptive Statistics applies to Owners of SMEs in Kaduna state

This section presents the descriptive statistics of the demographic characteristics, the dependent and independent variables of this study. The demographic characteristics include; gender, age, marital status, business setback, level of education, policy status, nature of shock experienced, and religious belief of the respondents.

Table 4.2 Gender

Options	Frequency	Percent
Male	156	89
Female	18	11
Total	**174**	**100**

Source: Field Survey (2016)

Table 4.2 presents the gender distribution of the sampled respondents. As can be inferred from the table 4.2, a significant proportion of the sample populace were male (89%) while female constitute 11%. This implies that more male gender undertake SMEs operations in Kaduna state than their female counterpart. The low participation on the part of the women may be attributed to culture, values, norms, and religion which may hinder women from fully participating in business activities.

Table 4.3 Age Distribution

Options	Frequency	Percent
18-24	11	6.3
25-34	20	11.6
35-44	73	41.9
45-54	36	20.6
55-64	30	17.2
65 and above	4	2.4
Total	**174**	**100.0**

Source: Field Survey (2016)

As can be inferred from table 4.3, a significant proportion of the sampled populace indicates that people are within the age bracket of 35-44years (41.9%). Also on the high side are

people within the age bracket of 45-54years (20.6%). The reason for this could be as a result of their exposure, maturity, responsibility, activeness, and availability of fund to undertake SMEs. while others constitute age bracket 18-24years (6.3%), 25-34years (11.6%), 55-64years (17.2%), and 65 and above constitute (2.4%). These categories of age bracket have relatively low percentages which may be attributed to inadequate of requisite experience, capital, zeal, or energy to embark on SMEs activities.

Table 4.4 Marital Status

Options	Frequency	Percent
Married	151	86.7
Single	20	11.5
Other	3	1.8
Total	**174**	**100.0**

Source: Field Survey (2016)

From the table 4.4 above 86.7% of the respondents are married; this suggests that they are mature, and responsible. While 11.5% of them indicated that they are still single, this could be due to inadequate financial means or perceived distractions that are associated with marriage; and 1.8% of the respondents chose other as their marital status.

Table 4.5 Have you ever experienced any business shock that amount to a setback?

Option	Frequency	Percent
Yes	158	90.8
No	16	9.2
Total	**174**	**100.0**

Source: Field Survey (2016)

Table 4.5 indicated that 90.8% of the respondents had ever encountered one form of risk or the other; this could be one of the major reasons SMEs frequently fail in Kaduna state. While 9.2% of the respondents said they have not experienced any business shock

Table 4.6 Educational Qualification of Respondents

Options	Frequency	Percent
Primary	8	4.6
Secondary	15	8.6
ND/NCE	38	21.8
Bsc/HND	58	33.3
Masters & above	55	31.7
Total	**174**	**100.0**

Source: Field Survey (2016)

Table 4.6 shows the educational background of the respondents. It shows that 8 (4.6%) are primary school certificate holders, 15 (8.6%) secondary school holders, 38 (21.8%) are diploma and NCE holders, 58 (33.3%) are degree holders and 55(31.7%) are postgraduate holders. This shows that majority of the respondents constituting 86.8% have attained higher level of education and thus can provide answers to the questions asked in the questionnaire.

Table 4.7 Patronage of Insurance Cover by Respondents

Option	Frequency	Percent
Yes	13	7.5
No	161	92.5
Total	**174**	**100.0**

Source: Field Survey (2016)

Table 4.7 shows that a very large proportion of the respondents 161(92.5%) do not have insurance cover for their businesses while only 13(7.5%) had insurance cover for their businesses. This low patronage of insurance could be as a result of poor services that insurance are perceived to be rendering.

Table 4.8 Nature of Business Shock Experienced?

	Frequency	Percent
Crisis	40	25.3
Fire	81	44.8
Theft	53	27.8
Total	**174**	**100.0**

Source: Field Survey (2016)

Table 4.8 shows that 81 (44.8%) of the respondents had encountered fire incident in the course of their businesses; this may be as a result of how widely spread fire outbreak could be, 53 (27.8%) have had their goods or properties stolen at one point or the other, while 40 (25.3%) of them indicate that the outbreak of one crisis or the other had affected their businesses. 19 (9.8%) of the remaining respondents not captured in the above table were those that have not experienced any of the afore mentioned business shock. The interesting thing about these common exposures that SMEs in Kaduna state are exposed to is that they are all insurable.

Table 4.9 Religion

	Frequency	Percent
Islam	154	88.5
Christianity	20	11.5
Total	**174**	**100.0**

Source: Field Survey (2016)

Table 4.9 shows that 154 (88.5%) of the respondents practice Islam while 20 (11.5%) of the respondents are Christians.

4.2.2 Descriptive Statistics: Service Quality Dimensions

In order to achieve the main objective of this research which is to investigate impact of insurance firms' service quality on SMEs' intention to purchase insurance, service quality variables which include; assurance, reliability, empathy, responsiveness, and tangibility were used as independent variables against SMEs' intention to purchase insurance. The rule for this analysis is that mean responses of 1-3.49, 3.50-4.49 and 4.50-7.00 are rated below average, average and above average respectively, while the analysis of the demographic characteristics is based on percentage.

Table 4.10: Descriptives Assurance

Descriptive Statistics									
	N	Min	Max	Mean			Std. Deviation		
				P	E	P-E	P	E	P-E
Insurance firms/insurers demonstrate sufficient knowledge and competences to answer customers' specific queries and requests	174	1	7	2.9	5.15	-2.26	1.468	1.774	2.257
Insurance firms instill confidence in customers with respect to the sincerity of insurers	174	1	7	2.37	4.55	-2.18	1.364	1.844	2.208
Insurance firms/insurers make customers feel secure and are consistently courteous with their customers	174	1	7	2.21	4.65	-2.44	1.454	1.964	2.483
Valid N (listwise)	174								

Source: Field Survey (2016)

Table 4.10 showed the mean of responses of the service quality under assurance. Expectation mean score (5.15) is greater than the perception mean score (2.9), this led to the negative gap (-2.26) which is far below the average of 3.50-4.49. This implies that insurance firms/insurers failed to demonstrate sufficient knowledge and competence to answer customers' specific questions and requests. Also, the next question under assurance with average values of 2.27, 4.55, and -2.18 for perception, expectation, and gap respectively indicate that insurance firms could not instill confidence in customers with respect to sincerity of insurers. The third question under assurance contained the following averages 2.21, 4.65, and -2.44 for perception, expectation, and gap respectively implies that insurance firms/insurers failed to make customers feel secure as well as consistently uncourteous with their customers.

Table 4.11: Descriptives Reliability

Descriptive Statistics									
	N	Min	Max	Mean			Std. Deviation		
				P	E	P-E	P	E	P-E
Insurance firms provide promised services in a timely manner	174	1	7	2.28	5.15	-2.87	1.512	1.924	2.599
Insurance firms being sympathetic to and showing sincere interest in solving customers' problems	174	1	7	2.58	4.91	-2.33	1.611	1.736	2.313
As an SMEs operator you can fully depend on insurers for the reinstatement of your property in case of loss	174	1	7	2.43	4.84	-2.41	1.464	1.813	2.192
Insurance premiums/fees being compatible with the services promised or provided	174	1	7	2.38	4.88	-2.5	1.335	1.838	2.215
Valid N (listwise)	174								

Source: Field Survey (2016)

From the table 4.11, the mean values of the first question are 2.28, 5.15, and -2.87 for perception, expectation and gap respectively under the reliability of insurance service implies that Insurance firms could not provide promised services in a timely manner. The second question has its averages as 2.58, 4.91, and -2.33 for perception, expectation and gap respectively also indicated that insurance firms were not being sympathetic to and showing sincere interest in solving customers' problems. The third question has its averages as 2.43, 4.84, and -2.41 for perception, expectation, and gap respectively. It implies that SMEs operators cannot fully depend on insurers for the reinstatement of their properties in case of losses. The last question under reliability has 2.38, 4.88, and -2.50 for perception, expectation and gap respectively which implies that insurance premiums/fees being were notcompatible with the services promised or provided

Table 4.12: Descriptives Empathy

Descriptive Statistics									
	N	Min	Max	Mean			Std. Deviation		
				P	E	P-E	P	E	P-E
Insurers demonstrating adequate care and give individual attention to customers by having customers' best interest at heart	174	1	7	2.06	5.35	-3.29	1.239	1.635	2.028
Insurance firms understanding the specific needs of their customers	174	1	7	2.62	4.98	-2.36	1.384	1.812	2.203
Insurance agents/insurers keeping customers informed about services that have been performed and price charged	174	1	7	2.35	4.73	-2.38	1.482	1.891	2.314
Insurance operating hours, days, and branches are convenient for their customers	174	1	7	2.52	5.02	-2.5	1.548	1.846	2.458
Valid N (listwise)	174								

Source: Field Survey (2016)

As for empathy, the average values of the respondents' perception computed for each of the questions are (2.06, 2.62, 2.35,and 2.52) with their corresponding expectation and gap averages as (5.35, 4.98, 4.73, and 5.02) and (-3.29, -2.36, -2.38, and -2.50) respectively. Which implies that on the average, insurers failed to demonstrate adequate care and give individual attention to customers by having customers' best interest at heart and that insurance firms did not understand specific needs of their customers which makes them keep customers informed about services that have been performed and price charged thereof. At the same time, insurance mode of operations were not acceptable to the customers.

Table 4.13 Descriptives: Responsiveness

Descriptive Statistics									
	N	Min	Max	Mean			Std. Deviation		
				P	E	P-E	P	E	P-E
Insurance firms tell customers exactly when services will be performed	174	1	7	2.6	4.7	-2.13	1.511	1.808	2.308
Insurance firms show willingness to help and readiness to respond to customers requests	174	1	7	2.36	4.85	-2.48	1.437	1.904	2.454
Insurance firms providing their customers prompt services	174	1	7	2.3	4.99	-2.69	1.427	1.934	2.343
Valid N (listwise)	174								

Source: Field Survey (2016)

Responsiveness as a dimension of service quality with statements such as insurance firms telling customers exactly when service will be performed, insurance firms showing willingness to help and readiness to respond to customer requests, and insurance firms providing their customers with prompt services were all averaged at (2.60, 2.36, and 2.30) for perception against the perceived expectation of responsiveness which provide the average values of (4.70, 4.85, and 4.99) respectively with the respective gap values of (-2.13, -2.48, and -2.69) implying absence of responsiveness in insurance services to SMEs operators in Kaduna state which could negatively affect their intention to purchase insurance.

Table 4.14 Descriptives: Tangibility

Descriptive Statistics									
	N	Min	Max	Mean			Std. Deviation		
				P	E	P-E	P	E	P-E
Insurance firms having visually appealing materials and facilities in relation to the type of services provided	174	1	7	2.86	5.05	-2.09	1.45	1.816	2.265
Insurers appearing neat and professional	174	1	7	2.53	5.13	-2.6	1.629	1.716	2.313
Insurance firms having modern looking equipments, furniture, and technology	174	1	7	2.42	5.22	-2.79	1.631	1.655	2.314
Valid N (listwise)	174								

Source: Field Survey (2016)

As for tangibility as a component of service quality of insurance firms, perceived average tangibility were average at various respective levels with Insurance firms not having visually appealing materials and facilities in relation to the type of service provided averaged at 2.86 which is less than the expected mean value of 5.05 resulted to a gap of -2.09. As for the appearance of insurance agents/ employees, expected mean value of 5.13 with a perceived mean value of 2.53 as well as a gap of -2.60 was obtained implying that insurers are not appearing in a professional manner acceptable to SMEs operators in Kaduna state. On a final note, insurance firms also failed to meet the expectation of SMEs operator in Kaduna state in terms of having modern looking equipment, furniture and technology to advance the tangibility of their service quality as revealed by the average expected mean value of 5.22 and a perceived mean value of 2.42 as well as the gap of -2.79.

Table 4.15 Descriptives: Intention to Purchase

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
I am willing to insure my business	174	1	7	3.16	1.717
I am willing to renew my business insurance cover	174	1	7	2.9	1.681
I am willing to invest more in my business because of my willingness to insure it	174	1	7	3.06	1.735
I have proper knowledge about insurance	174	1	7	3.09	1.82
Insurance product is affordable and it guarantees the continuity of my business	174	1	7	2.01	1.663
Valid N (listwise)	174				

Source: Field Survey (2016)

The rule on the intention to purchase insurance shall be based on the following range (1.0 - 2.99, 3.0 – 4.99, and 5.0 – 7.00) which implies below average, average, and above average respectively.

The descriptive result of intention to purchase insurance service indicates that the average of the will power of customers to insure their businesses was put at 3.16, for renewal of the insurance cover was averagely 2.90, as for willingness to invest more occasioned by the will power to insure it was averagely put at 3.06 and the possession of proper knowledge about the insurance was average 3.09, while for the affordability and reliability of insurance cover an average of 2.01 was recorded, ranging from a minimum of 1 to a maximum of 7. This implies that the intention to purchase insurance rose on these averages.

4.2.2 Data Cleaning and Screening the Data

Data screening was conducted through an examination of frequency distribution and descriptive statistics, the variables were examined with the aim of finding outliers. Values that were found to be out of range or were improperly coded were detected and a frequency test was run for every variable to identify any missing response.

4.3 Factor Analysis

To examine the dimensionality of SERVQUAL instrument, an exploratory factor analysis was performedusing the Principal Component Analysis (PCA) with varimax rotation on the perceptions and expectations of SMEs' operators regarding insurance services in Kaduna state. This PCA is useful for the analysis of the underlying structure of the interrelationships among the items into a set of common dimensions, thereby showing the set of items that hang together as a group based on the respondents' responses. The adequacy or appropriateness of data for factor analysis was examined using Kaiser Meyer Oklin (KMO) measure of sampling adequacy and Bartlett's test of sphericity . In order to define the factors clearly, two criteria were used. Firstly, any variable that did not load at least (±0.5) will be deleted; this criterion is constant with

the observations made by Rahtz cited in Sandhu and Nagpal (2011). Secondly, a factor must be defined by at least two variables.

4.3.1 Dependent Variable: Intention to Purchase Insurance (IPI)

Table 4.16 Result of Factor Analysis on Dependent Variable

S/n	Items		Component 1
1	IP1:I am willing to insure my business		0.943
2	IP2:I am willing to renew my business insurance cover		0.944
3	IP3:I am willing to invest more in my business because of my willingness to insure it		0.939
4	IP4:I have proper knowledge about insurance		0.948
5	IP5:Insurance product is affordable and it guarantees the continuity of my business		0.936
Eigenvalues			4.439
Percentage of Variance			88.774
Determinant			0.002
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.922
Bartlett's Test of Sphericity		Approx. Chi-Square	1221.344
		Df	10
		Sig.	.000

Extraction Method: Principal Component Analysis
a. 1 components extracted

Source: Analysis Output, 2016, SPSS Version 20

Table 4.16 above displays the result of the factor analysis for the dependent variable, which was measured by 5 items in one dimension. The items were subjected to principal component analysis using SPSS version 23. The factor loading ranged from 0.936 to 0.948 with no item removed, being that they all have high commonalities value, as well as factor loadings greater than 0.5 (Field, 2005). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy of 0.922 exceeded the 0.60 benchmark value (Field, 2005) which indicated that the sampling size was adequate enough for factor analysis to be carried out successfully. Also, the Barlett's Test of Sphericity is statistically significant at (.000) which supports the factorability of correlation

matrix. The PCA indicates the presence of only one component which eigenvalue exceeds 1. The percentage of variance stood at 88.774, meaning that the one component explained 80.774% of the variance.

4.3.2 Results of Factor Analysis of Perception (P) Scores by Customers

Table 4.17 Result of Factor Analysis on Independent Variable (Perception)

Factor Label	Item No.	Total Items	Factor Loading	Eigen Value	Variance	Cronbach's Alpha
F1	pAS1	**07**	.712	9.303	54.724	**0.920**
	pAS2		.826			
	pAS3		.780			
	pEM1		.714			
	pEM2		.610			
	pRS2		.745			
	pRS3		.696			
F2	pRE1	**07**	.641	1.280	7.528	**0.926**
	pRE2		.766			
	pRE3		.797			
	pRE4		.646			
	pEM3		.788			
	pEM4		.751			
	pRS1		.691			
F3	pTA1	**03**	.737	1.183	6.961	**0.738**
	pTA2		.818			
	pTA3		.712			

Source: Analysis Output, 2016, SPSS Version 20

The table 4.17 above explains the extracted factors along with the loadings for all items, eigen values, Cronbach's alpha and the percentage of variance explained by each factor.

The factors of the exploratory factors analysis for perception scoresfrom the above table did not load according to the factor structure given by Parasuraman et al. (1988). This could be seen as some items on assurance, empathy and responsiveness come together under F1. All tangibles items were properly loaded to a single factor.

Meanwhile, threefactor solution explaining 69% cumulative variance, which is higher than 50% as recommended by Nunnally and Bernstein (1994). F1 explain maximum variance of 54.724% followed by F2: 7.528% and F3: 6.961% respectively. The Cronach's alpha value for all the three factors lay between 0.738 and 0.926. F1, F2, and F3 showed reliability above the cut-off value of 0.70

4.3.3 Results of Factor Analysis of Expectations (E) Scores by Customers

Table 4.18 Result of Factor Analysis on Independent Variable (Perception)

Factor Label	Item No.	Total Items	Factor Loading	Eigen Value	Variance	Cronbach's Alpha
F1	eRE1	07	.798	9.281	54.593	**0.929**
	eRE2		.869			
	eRE3		.846			
	eRE4		.862			
	eTA1		.622			
	eTA2		.523			
	eTA3		.515			
F2	eEM1	04	.763	2.062	12.129	**0.921**
	eEM2		.842			
	eEM3		.764			
	eEM4		.851			
F3	eAS1	03	.819	1.256	7.388	**0.871**
	eAS2		.859			
	eAS3		.806			
F4	eRS1	03	.826	1.023	6.016	**0.920**
	eRS2		.796			
	eRS3		.788			

Source: Analysis Output, 2016, SPSS Version 20

The table 4.18 shows the factor loading for expectation scores. Assurance and responsiveness were loaded as suggested by Parasuraman et al (1988). The expectation scores were distributed among four distinct factors. The four factors so generated have eigein values between 1.023 to 9.281 and explaining 80% cumulative variance. F1 explains 54.59% followed by F2 12.13%:, F3 7.38%; and F4 6.02%. F1 shows a combination of reliability and tangibility. The four factors

generated had eigen values between 1.023 to 9.281 and reliability of all the four factors(.929, .921, .871, and .920) were all high according to coefficient alpha.

4.4 Gap Analysis

Table 4.19

	Items/Statements	Gap Scale
AS1	Insurance firms/insurers demonstrate sufficient knowledge and competences to answer customers' specific queries and requests	-2.26
AS2	Insurance firms instill confidence in customers with respect to the sincerity of insurers	-2.18
AS3	Insurance firms/insurers make customers feel secure and are consistently courteous with their customers	-2.44
RE1	Insurance firms provide promised services in a timely manner	-2.87
RE2	Insurance firms being sympathetic to and showing sincere interest in solving customers' problems	-2.33
RE3	As an SMEs operator you can fully depend on insurers for the reinstatement of your property in case of loss	-2.41
RE4	Insurance premiums/fees being compatible with the services promised or provided	-2.50
EM1	Insurers demonstrating adequate care and giving individual attention to customers by having customers' best interest at heart	-3.29
EM2	Insurance firms understanding the specific needs of their customers	-2.36
EM3	Insurance agents/insurers keeping customers informed about services that have been performed and price charged	-2.38
EM4	Insurance operating hours, days, and branches are convenient for their customers	-2.50
RS1	Insurance firms tell customers exactly when services will be performed	-2.13
RS2	Insurance firms show willingness to help and readiness to respond to customers' requests	-2.48
RS3	Insurance firms providing their customers prompt services	-2.69
TA1	Insurance firms having visually appealing materials and facilities in relation to the type of services provided	-2.09
TA2	Insurers appearing neat and professional	-2.60
TA3	Insurance firms having modern looking equipments, furniture, and technology	-2.79

Source: Analysis Output, 2016, SPSS Version 20

This study analysed the gap scores of individual items using the Weighted Average Scores for all the 17 items to identify areas where quality improvement is needed the most. The results (gap table) revealed that in all the attributes of service quality of insurance firms, the gap scores are

negative. Level and Weitz cited in Bala et al (2011) submit that customers are satisfied when the perceived service meets or exceeds their expectations. They are dissatisfied when they feel the service falls below their expectations. From the table, it is evident that negative gaps were found in all the 17 items indicating that SMEs' expectations were in excess of their perceptions. In other words, service quality of insurance firms in Kaduna state at an overall level falls far below the customer expectations. This can be interpreted as gap between what was expected and perceived, which implies a failure in service delivery and service quality at all levels.

From the table, maximum gap (-3.29) among all the items was found to be in item eight in the area of insurers' demonstrating adequate careand giving individual attention to customers by having customers' best interest at heart. The next high gap (-2.87) existed in item four in the area of insurance firms providing promised services in timely manner. The third highest gap (-2.79) was in the item 17 in the area of insurance firms having modern looking equipments, furniture, and technology. These high negative scores indicate that those attributes may not be available or not enough for the customers. Insurers in Kaduna state are therefore urged to make immediate improvement in these areas.

4.5 Tests for Violations of Assumptions for Multiple Regressions

To achieve the underlying assumption of the multiple regression analysis, the variables were examined with the aim of establishing linearity normality, multicollinearity, and homoscedasticity.

1) Linearity

To check for linearity, this study used the residual scatter plot. If the assumptions are satisfied, the residuals should scatter around 0 or most of the scores shall concentrate in the center along 0 point. The scatterplots between the service quality constructs and intention to purchase insurance

is displayed in Appendix D. The plot shows that the residual scores are concentrated at the center along the zero (0) point, thus, suggesting the linearity assumption was not violated.

2) Normality

To confirm that the data is normally distributed, the histogram as well as the residual plots was observed from the normality test. All the bars of the histogram are close to a normal curve (See Appendix D).

3) Multicollinearity Test

Multicollinearity increases the variance of regression coefficients and threatens the validity of the regression equation. In this study, multicollinearity has been examined between the independent variables using Pearson correlation and looking at Variance Inflated Factor (VIF) and tolerance values.

a. Correlation Analysis

A correlation analysis was conducted to test for multicollinearity and establish the direction and strength of the relationship between the dependent and independent variables. The Pearson correlation coefficient (r) was employed to establish the relationship between the variables. In determining the strength of their relationship, a correlation of zero indicates absence of relationship, a correlation of 1.0 indicates perfect positive relationship and a correlation of -1.0 indicates negative relationship (Pallant& John, 2005).

b. VIF and Tolerance

In order to affirm the absence of harmful multicollinearity among the explanatory variables, the Variance Inflation Factor (VIF) and tolerance are used as an advanced measure for determining

multicollinearity. Where VIF exceeds 10 or tolerance gives a value lower than 0.1, there exists a problem of multicollinearity (Narusis, 1995).

The tables showing the summary of regression (Tables 4.20, 4.21, and 4.22) also include the tolerance and VIF values for the independent variables. The result shows no multicollinearity problem between independent variables since the tolerance values are more than 0.1 and the VIF values are less than 10. Thus, multicollinearity is not a problem for this study.

4) **Homoscedasticity**

Homoscedasticity means having equal variances of dependent variable at each observation of the independent variable. The assumption of homoscedasticity requires that the variance of the dependent variable is the same at all values of independent variable or constant variance of the error term (Hair et al., 2010)**.**

5) Autocorrelation

Durbin-Waston test for autocorrelation is used to test that there is no serial correlation of the error variances.Norusis(1995) is of the opinion that Durbin-Watson can be used to test the independence of error terms. He added that the general rule of thumb is that if the Durbin-Watson value is between 1.5 and 2.5, the assumption of independence of the error terms is not violated. The Durbin-Watson value of 1.874, 1.788, and 1.536 in this study met this requirement and did not violate the assumption of independence of error terms (see Tables 4.20, 4.21, and 4.22). Therefore, multiple regression analysis is considered suitable in testing the research hypotheses.

4.5.1 Test of Hypotheses

Multiple regression was used to test the multiple effect of assurance, reliability, empathy, responsiveness, and tangibility on the intention of SMEs to purchase insurance in Kaduna state hypotheses formulated in the study.

Given the respective independent variables, assurance gives a beta coefficient of .474 and a t-statistic value of 17.390 with a probability of .000; reliability gives a beta coefficient of .104 and a t-statistic value of 2.141 with a probability of .034; the beta coefficient for empathy is .100 while its t-statistic value is 1.716 with a probability of .048; responsiveness showed a beta value of .154 with a t-statistic of 3.209 and probability .002; finally, tangibility revealed beta coefficient of .070 and a t-statistic of 2.047 with probability of .041.

From the analyses above, all the variables gave probabilities less than 0.05 level of significance and as such all the variables are statistically significant at 95% confidence level. This significance of probabilities give enough statistical evidence for the rejection of all the null hypotheses regarding the five servqual dimensions.

4.5.1 Regression Analysis: Perception

Table 4.20 Test Statistics: Perception

Variable	Unstandardised Coefficient	Standardised Coefficients	t-statistics	Sig.	Tolerance	VIF
(Constant)	-.218		-2.294	.023		
Assurance	.474	. 115	17.390	.000	.297	3.364
Reliability	.104	. 708	2.141	.034	.307	3.258
Empathy	.100	. 086	1.716	.048	.287	3.478
Responsiveness	.154	. 071	3.209	.002	.380	2.630
Tangibility	.070	.055	2.047	.042	.680	1.470
R	.753[a]					
R^2	.707					
Adj R^2	.695					
F- stat	368.705			.000[b]		
DW	1.874					

Source: Analysis Output, 2016, SPSS Version 20

The empirical findings above revealed that the F-statistic, which measures the adequacy and fitness of the model used in the study, stood at 368.705. Its probability being 0.000 indicates that it is statistically significant at 99% confidence level; as such, the model of the study is adequate and fit.

The multiple coefficients of correlation, R, stood at 0.753^{a} indicating a positive and moderate relationship between the variables. The coefficient of determination, R^2, stood at 0.707 indicating that about 70.7% of the total variation in dependent variable can be explained by the independent variables; whereas the remaining 29.3% are caused by other variables not captured by the study. The adjusted R^2 stood at 0.695, indicating that the independent variables of this study would still explain 69.5% of the variations in the dependent variable even if other variables are added to the model.

Given the coefficients, the regression model is represented thus:

$$\boldsymbol{DP} = \boldsymbol{-.218} + \boldsymbol{0.474AS} + \boldsymbol{0.104RE} + \boldsymbol{0.100EM} + \boldsymbol{0.154RS} + \boldsymbol{0.070TA} + \varepsilon$$

Of the significance of the respective variables, all of them are significant at 5% level of significance. Furthermore, the beta coefficients for assurance, reliability, empathy and responsiveness give positive values indicate that increase in these variables would lead to an increase in the intention to purchase insurance. From the standardized coefficients, the individual contribution of each of the variables is shown. Hence, reliability and assurance contributed more to the multiple regression than the remaining variables. Notwithstanding, the beta coefficient of tangibility stood positive given its low value indicates that an increase in tangibility is likely to cause an increase in intention to purchase insurance.

Table 4.21 Correlation Matrix: Perception

		pAS	pRE	pEM	pRS	pTA	DP
Pas	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	174					
Pre	Pearson Correlation	.734**	1				
	Sig. (2-tailed)	.000					
	N	174	174				
Pem	Pearson Correlation	.783**	.786**	1			
	Sig. (2-tailed)	.000	.000				
	N	174	194	174			
Prs	Pearson Correlation	.741**	.714**	.682**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	174	174	174	174		
pTA	Pearson Correlation	.502**	.526**	.498**	.496**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	174	174	174	174	174	
DP	Pearson Correlation	.939**	.772**	.798**	.777**	.548**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	174	174	174	174	174	174

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Analysis Output, 2016, SPSS Version 20

All correlations in the perception matrix (Tables 4.21)are statistically significant at 5 percent, with the coefficients being positive. The Pearson correlation (r) indicators for all the variables are less than 0.9 and greater than 0.1. This shows the absence of multicollinearity

4.5.5 Summary of Hypotheses Tests

Hypotheses	Hypotheses statements	Remarks
H_{01}	Reliability of insurance service has no significant impact on the intention of SMEs to purchase insurance in Kaduna state	**Rejected**
H_{02}	Assurance of insurance service has no significant impact on the intention of SMEs to purchase insurance in Kaduna state	**Rejected**
H_{03}	Responsiveness of insurance service has no significant impact on the intention of SMEs to purchase insurance in Kaduna state	**Rejected**
H_{04}	Tangibles of insurance service has no significant impact on the intention of SMEs to purchase insurance in Kaduna state	**Rejected**
H_{05}	Empathy of insurance service has no significant impact on the intention of SMEs to purchase insurance in Kaduna state	**Rejected**

4.6 Discussion of Findings

The descriptive analysis of the SMEs intention to purchase insurance in table 4.15 showed the mean response of SMEs operators in Kaduna state fall on the average. This shows that SMEs in Kaduna state are willing to insure their businesses, renew their policies, and are knowledgeable about insurance.

The descriptive analysis on assurance in table 4.10 showed mean responses of SMEs operators in Kaduna state fall below average. This means that SMEs in Kaduna state are not secured by the presence of insurance firms. It also means these firms failed to gain the confidence of SMEs as well as clarifying insurance operations to their clients. This maybe as a result of few insurance personnel in Nigeria.

The descriptive analysis on reliability of insurance in table 4.11 showed negative mean response which fall below average. This means that insurance firms in Kaduna state are found wanting in terms of providing the promised services in a timely manner as well as being sympathetic to the insured whenever the insured peril occurred.

The mean analysis on empathy in table 4.12 also showed that insurers in Kaduna state did not demonstrate adequate care towards their insureds and that they did not have customers' best interest at heart. This could arise as a result of performing some services without informing the insureds or insurance firms indulging in hidden charges practices.

The descriptive analysis on responsiveness of insurance firms in Kaduna state from the SMEs' perspective as contained in table 4.13 showed mean response of below average. This means that insurance firms are not telling their customers when they will be indemnified in the event of loss. It also indicated lack of readiness on the part of the insurers to help and provide prompt services to the insureds.

The mean analysis on tangibility in table 4.14 showed mean response that fall below average. This means that insurance firms are not having visually appealing materials, facilities as well as the appearance of the insurers or their employees.

On the impact of assurance on the intention of SMEs in Kaduna state to purchase insurance, the findings showed that assurance has significant positive impact on the SMEs' intention to purchase insurance. This indicates that the more insurance firms improve their assurance to the insureds, the higher the intention to purchase insurance. This finding is supported by Hamid (2011), Rasheed and Alabi (2014).

On the impact of reliability on SMEs' intention to purchase insurance in Kaduna state, the findings showed that reliability of insurance has positive and significant impact on SMEs intention to purchase insurance in Kaduna state. This implies that if insurance firms possess reliability it will have recognizable impact on intention to purchase insurance. This is consistent with Bala (2011) but contrary to Kitapci et al (2014)

On the impact of empathy on SMEs' intention to purchase insurance in Kaduna state, the findings revealed a significant positive effect on the intention to purchase insurance. This indicates that the higher the possession of empathy by insurance firms, the higher the intention to purchase insurance.

On the impact of responsiveness of insurance firms on SMEs' intention to purchase insurance in Kaduna state, the study established a significant positive impact on SMEs' intention to purchase insurance. This implies that the possession of responsiveness by the insurance firms will lead to increase in the intention of SMEs to purchase insurance.

On the impact of tangibility of insurance firms in Kaduna state on SMEs' intention to purchase insurance, the findings showed a significant positive impact on intention to purchase insurance. This implies that the visually appealing insurance facilities, materials, and professionals are more the intention to purchase insurance.

4.7 Implication of the study

The study investigated impact of insurance firms' service quality on the intention of SMEs to purchase insurance, by using SERVQUAL approach. Below are some managerial and theoretical implications of the study.

Managerial Implication

From the findings of the study, it serves as a guide to individual insurance firm, that for it to achieve high market share as well as increased profitability, it must demonstrate adequate care and give accommodating and friendly attention to its customers. Also, insurers can grow their profit by fulfilling their promises in a timely manner. Finally, insurers can also get higher penetration ratio among SMEs in Kaduna state if they have modern technologies as well as equipment that make their firms stand out among equal. The researcher hope that this study will provide a guide for insurers to the areas of their operations that require urgent attention

Theoretical Implication

The study has expanded the frontier of knowledge by empirically testing the direct impact of service quality as an independent variable on the intention to purchase insurance by SMEs in Kaduna state. As expected, the study has provided empirical evidence on the extent and pattern of relationship through the combination of the five SERVQUAL dimensions in a single model. This is because no study to the best of the knowledge of the researcher has investigated the impact of service quality using SERVQUAL on SMEs 'intention to purchase insurance.Therefore, the study can serve as a foundation for more empirical research on service quality.

However, on the theoretical framework adopted for the study, the study shows that reliability, empathy, assurance and responsiveness have more impact on intention to purchase insurance with tangibility having the least impact. This is given by the significant and positive impact that reliability, assurance, empathy and responsiveness have on the overall intention to purchase insurance while tangibility has an insignificant but positive impact on the intention to purchase insurance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Consumers are becoming more quality conscious all over the world, therefore service providers such as insurers are encouraged to provide quality services to their clients in order to have sustainable competitive advantage. Several friendly and compulsory policies and programs were designed and implemented in the Nigerian insurance sector with the aim of improving insurance penetration ratio but it is still identified with very low penetration ratio among Nigerians. The importance of quality insurance services to SMEs in Nigeria cannot be over emphasized. Several studies have observed that a lot of SMEs died prematurely as a result of their inability to bounce back after the occurrence of a certain peril as a result of lack of insurance policy. Thus, the study was designed to find out the impact of insurance firms' service quality on SMEs' intention to purchase insurance in Kaduna state. Five hypotheses were formulated to guide the research thus: reliability of insurance has no significant impact on SMEs' intention to purchase insurance in Kaduna state; Assurance of insurance has no significant impact on SMEs' intention to purchase insurance in Kaduna state; Responsiveness of insurance has no significant impact on SMEs' intention to purchase insurance in Kaduna state; Empathy of insurance has no significant impact on SMEs' intention to purchase insurance in Kaduna state; Tangibilty of insurance has no significant impact on SMEs' intention to purchase insurance in Kaduna state.

The literature review revealed that SERVQUAL scales are majorly used to assess the quality of services or products from the consumers' point of view. Reliability implies ability to perform the promised service accurately and timely. Assurance of insurers is their ability to inspire trust and confidence. While tangibles include the appearance of physical facilities, and equipment of

insurers. Responsiveness of insurers implies their willingness to help customers and provide prompt service. Empathy is the caring and individual attention the firm provides its customers. A review of empirical studies pointed out that no previous study used these service quality dimensions as the bases for SMEs' intention to purchase insurance.

The population of the study comprises of 201 SMEs registered with SMEDAN in Kaduna state. The state was stratified into three senatorial zones to ease data collection. Cross sectional research design was employed in which questionnaires were distributed through hand delivery to collect data. From the total of questionnaires distributed, 174 copies of questionnaire were usable which represent 82% of the total number of questionnaires distributed. The data was analyzed through descriptive and inferential statistics.

The descriptive result revealed that a lot of SMEs in Kaduna state have no insurance cover. The result of the hypotheses tested showed that all the hypotheses were rejected because they all revealed a significant and positive values regarding their impact onintention of SMEs to purchase insurance.

5.2 Conclusion

This study investigated the impact of insurance firms' service quality on SMEs' intention to purchase insurance in Kaduna state. The conclusion of the study was drawn based on the research hypotheses. Based on the factor analysis obtained, factors obtained did not follow factor structure as suggested by Parasuraman et al (1988). The gap scores did not merge into five dimensions; also, the perception scores merged into three dimensions.

Result of gap scores show negative values for all items of service quality which implies that SMEs' expectations regarding insurance were more than their perceptions. Therefore, the

negative values show that the service quality level of insurance firms in Kaduna state was unsatisfactory. Based on this study, maximum gap was found in respect of tangibles dimension followed by responsiveness, empathy, assurance, and reliability dimensions.

5.3 Recommendations

i. based on the finding which reported that reliability of insurance services which include insurers fulfilling their obligation of reinstating the insured to their financial position before the loss whenever the insured peril occurred at the appropriate time should be taken very seriously.

ii. also the finding established that improved service quality is needed in all the service quality items, therefore quality improvement techniques should be developed and properly implemented from the highest to the lowest gaps in order to curtail higher gap which could result to loss of potential customers.

iii. insurance firms in Kaduna state are encouraged to, on regular basis carry out customers' expectations and perceptions towards their services as these will enable them to know the actual things customers want which will give them a competitive advantage that will eventually lead to increase in market share as well as profitability.

5.4 Limitation of the Study

During the course of this research work, the following limitations were observed:

Firstly, the finding of this research cannot be generalized to alarge context among all insurance practitioners because; it did not include the expectations and perceptions of large scale enterprises. Also, it only involved non-life insurance. If life insurance is to be included, our sample size would have been more than this. Hence, higher confidence in generalizing our findings.

Secondly, the interpretation of the result of this study is restricted to a group examined at a point in time of the research owing to the cross sectional design adopted. Therefore, a longitudinal design for measuring dependent and independent variables at different times over an extended period of time would have been more revealing.

Thirdly, this study is quantitative in nature which is restrictive; future researches should employ a qualitative method which is capable of providing a wider perspective and understanding to the area under study.

5.5 Suggestions for Further Studies

Based on the limitation of the study, this research suggested the need for further studies taking the following into consideration;

The replication of the study in different states of Nigeria would enable better generalization of the findings. By so doing, the issue of low patronage of insurance services as observed in Kaduna state will come to the lime light whether or not it is rooted in religious believe.

The study also adopted a cross-sectional design. Therefore, conclusions about the directions of causality implied in the model cannot be drawn; therefore, relationships among variables must be interpreted with caution.

It is also suggested that a qualitative methodology should be undertaken in future to provide wider perspective to the present study.

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Appendix A: Questionnaire
Department of Business Administration,
Faculty of Administration,
Ahmadu Bello University, Zaria

Dear Respondent,

I am an M.Sc. student in the above mentioned institution and department. I am conducting a research on the Impact of Service Quality on th SMEs Intention to Purchase Insurance in Kaduna state. This questionnaire aims to collect data that will be used in quality assessment of insurance services. The questionnaire measures your expectations from ideal insurance firms and your perceptions based on your experiences or likely experience with insurers.

Please, kindly tick the appropriate numbers as well as ticking the options that show your judgments. Instructions to fill out the questionnaire are given at the top of each part. Meanwhile, you are to be rest assured that your responses will be treated with high level of confidentiality and will be used strictly for the purpose of this research.

Thank you very much for your cooperation

Shuaib Abdulyakeen
P13ADBA8001
08055264040
The Researcher

DIRECTIONS: This survey deals with your opinions (expectations) of insurance services. **Please show the extent to which you think insurance firms should possess the features described by each statement.If you strongly agreed that insurance firms should possess a feature, tick the number 7. If you strongly disagreed that these firms should possess a feature, tick 1.** You can tick any number in between 7 and 1 that best shows your expectations from insurance firms.

7	6	5	4	3	2	1
Strongly Agree	Agree	Slightly Agree	Neutral	Slightly Disagree	Disagree	Strongly Disagree

Code	Service Quality of Insurance Firms	7	6	5	4	3	2	1
E. AS1	Insurance firms/insurers demonstrate sufficient knowledge and competences to answer customers' specific queries and requests							
E. AS2	Insurance firms instill confidence in customers with respect to the sincerity of insurers							
E. AS3	Insurance firms/insurers make customers feel secure and are consistently courteous with their customers							
E. RE1	Insurance firms provide promised services in a timely manner							
E.RE2	Insurance firms being sympathetic to and showing sincere interest in solving customers' problems							
E.RE3	As an SMEs operator you can fully depend on insurers for the reinstatement of your property in case of loss							
E.RE4	Insurance premiums/fees being compatible with the services promised or provided							
E.EM1	Insurers demonstrating adequate care and give individual attention to customers by having customers' best interest at heart							
E.EM2	Insurance firms understanding the specific needs of their customers							
E.EM3	Insurance agents/insurers keeping customers informed about services that have been performed and price charged							
E.EM4	Insurance operating hours, days, and branches are convenient for their customers							
E.RS1	Insurance firms tell customers exactly when services will be performed							
E.RS2	Insurance firms show willingness to help and readiness to respond to customers requests							
E.RS3	Insurance firms providing their customers prompt services							
E.TA1	Insurance firms having visually appealing materials and facilities in relation to the type of services provided							
E.TA2	Insurers appearing neat and professional							
E.TA3	Insurance firms having modern looking equipments, furniture, and technology							

DIRECTIONS: The following set of statements relate to your feelings (perceptions) about insurance firms. For each statement, **please show the extent to which you believe insurance firms have the feature described by the statement. Also, ticking a 7 means that you strongly agreed that insurance firms have that feature, and ticking a 1, means that you strongly disagreed.** You may tick any of the numbers in the middle that shows how strong your feelings are.

7	6	5	4	3	2	1
Strongly Agree	Agree	Slightly Agree	Neutral	Slightly Disagree	Disagree	Strongly Disagree

Code	Service Quality of Insurance Firms	7	6	5	4	3	2	1
E. AS1	Insurance firms/insurers demonstrate sufficient knowledge and competences to answer customers' specific queries and requests							
E. AS2	Insurance firms instill confidence in customers with respect to the sincerity of insurers							
E. AS3	Insurance firms/insurers make customers feel secure and are consistently courteous with their customers							
E. RE1	Insurance firms provide promised services in a timely manner							
E.RE2	Insurance firms being sympathetic to and showing sincere interest in solving customers' problems							
E.RE3	As an SMEs operator you can fully depend on insurers for the reinstatement of your property in case of loss							
E.RE4	Insurance premiums/fees are compatible with the services promised or provided							
E.EM1	Insurers demonstrate adequate care and give individual attention to customers by having customers' best interest at heart							
E.EM2	Insurance firms understanding the specific needs of their customers							
E.EM3	Insurance agents/insurers keeping customers informed about services that have been performed and price charged							
E.EM4	Insurance operating hours, days, and branches are convenient for their customers							
E.RS1	Insurance firms tell customers exactly when services will be performed							
E.RS2	Insurance firms show willingness to help and readiness to respond to customers requests							
E.RS3	Insurance firms providing their customers prompt services							
E.TA1	Insurance firms having visually appealing materials and facilities in relation to the type of services provided							
E.TA2	Insurers appearing neat and professional							
E.TA3	Insurance firms having modern looking equipments, furniture, and technology							

SECTION B: Intention to Purchase Insurance

Evaluate the following statements by ticking the appropriate response box based on the scaled below. **Please do not leave any item unticked.**

7	6	5	4	3	2	1
Strongly agree	**Agree**	**Slightly Agree**	**Neutral**	**Slightly Disagree**	**Disagree**	**Strongly Disagree**

	INTENTION TO PURCHASE INSURANCE	**7**	**6**	**5**	**4**	**3**	**2**	**1**
IP 1	I am willing to insure my business							
IP 2	I am willing to renew my business insurance cover							
IP 3	I am willing to invest more in my business because of my willingness to insure it							
IP 4	I have proper knowledge about insurance							
IP 5	Insurance product is affordable and it guarantees the continuity of my business							

SECTION C

You are?Male ☐ Female ☐

Your age falls into the following groups of:

18- 24 ☐ 25- 34 ☐ 35-44 ☐ 45-54 ☐ 55-64 ☐ 65 and above ☐

Marital Status:

Married ☐ Single ☐ other ☐

Nature of your business : _____

The level of education you received:

Primary ☐ Secondary ☐ ND/NCE ☐ Bsc/HND ☐ Masters and above ☐

Do you have insurance cover for your business?

Yes ☐ No ☐

Have you ever experienced any business shock that amount to setback?

Yes ☐ No ☐

Nature of the shock experienced or likely to be experienced

Crisis ☐ Fire ☐ Theft ☐

Religious belief

Christianity ☐ Islam ☐ other ☐

Appendix B: Factor Analysis

Factor Analysis: Intention to Purchase

Correlation Matrix[a]

		DP1	DP2	DP3	DP4	DP5
Correlation	DP1	1.000	.875	.849	.869	.851
	DP2	.875	1.000	.853	.860	.858
	DP3	.849	.853	1.000	.881	.844
	DP4	.869	.860	.881	1.000	.857
	DP5	.851	.858	.844	.857	1.000
Sig. (1-tailed)	DP1		.000	.000	.000	.000
	DP2	.000		.000	.000	.000
	DP3	.000	.000		.000	.000
	DP4	.000	.000	.000		.000
	DP5	.000	.000	.000	.000	

a. Determinant = .002

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.922
Bartlett's Test of Sphericity	Approx. Chi-Square	1221.344
	Df	10
	Sig.	.000

Communalities

	Initial	Extraction
DP1	1.000	.890
DP2	1.000	.891
DP3	1.000	.883
DP4	1.000	.899
DP5	1.000	.876

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.439	88.774	88.774	4.439	88.774	88.774
2	.167	3.346	92.119			
3	.153	3.055	95.174			
4	.129	2.579	97.753			
5	.112	2.247	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
DP1	.943
DP2	.944
DP3	.939
DP4	.948
DP5	.936

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	174	100.0
	Excluded[a]	0	.0
	Total	174	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.968	5

Factor Analysis: Perception

Correlation Matrix[a]

		pAS1	pAS2	pAS3	pRE1	pRE2	pRE3	pRE4	pEM1	pEM2	pEM3	pEM4	pRS1	pRS2	pRS3	pTA1	pTA2	pTA3
Correlation	pAS1	1.00	.748	.736	.681	.665	.746	.642	.621	.675	.514	.603	.563	.661	.641	.429	.300	.462
	pAS2	.748	1.00	.785	.557	.461	.581	.615	.638	.596	.425	.489	.396	.610	.577	.333	.315	.431
	pAS3	.736	.785	1.00	.577	.514	.636	.660	.698	.656	.544	.572	.479	.598	.569	.304	.288	.481
	pRE1	.681	.557	.577	1.00	.799	.811	.657	.542	.566	.511	.548	.474	.514	.550	.343	.285	.475
	pRE2	.665	.461	.514	.799	1.00	.834	.727	.450	.594	.560	.590	.544	.455	.531	.433	.268	.525
	pRE3	.746	.581	.636	.811	.834	1.00	.767	.532	.632	.692	.706	.643	.601	.612	.398	.291	.482
	pRE4	.642	.615	.660	.657	.727	.767	1.00	.535	.617	.663	.548	.526	.522	.535	.331	.357	.459
	pEM1	.621	.638	.698	.542	.450	.532	.535	1.00	.626	.486	.465	.355	.460	.512	.267	.378	.447
	pEM2	.675	.596	.656	.566	.594	.632	.617	.626	1.00	.484	.527	.438	.467	.494	.396	.257	.296
	pEM3	.514	.425	.544	.511	.560	.692	.663	.486	.484	1.00	.690	.635	.378	.388	.274	.313	.343
	pEM4	.603	.489	.572	.548	.590	.706	.548	.465	.527	.690	1.00	.582	.423	.404	.352	.237	.399
	pRS1	.563	.396	.479	.474	.544	.643	.526	.355	.438	.635	.582	1.00	.432	.502	.316	.325	.435
	pRS2	.661	.610	.598	.514	.455	.601	.522	.460	.467	.378	.423	.432	1.00	.704	.239	.265	.377
	pRS3	.641	.577	.569	.550	.531	.612	.535	.512	.494	.388	.404	.502	.704	1.00	.262	.363	.416
	pTA1	.429	.333	.304	.343	.433	.398	.331	.267	.396	.274	.352	.316	.239	.262	1.00	.454	.493
	pTA2	.300	.315	.288	.285	.268	.291	.357	.378	.257	.313	.237	.325	.265	.363	.454	1.00	.510
	pTA3	.462	.431	.481	.475	.525	.482	.459	.447	.296	.343	.399	.435	.377	.416	.493	.510	1.00
Sig. (1-tailed)	pAS1		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	pAS2	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	pAS3	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	pRE1	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	pRE2	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	pRE3	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	pRE4	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	pEM1	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000
	pEM2	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000
	pEM3	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000
	pEM4	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000
	pRS1	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000
	pRS2	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000
	pRS3	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000
	pTA1	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000
	pTA2	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000
	pTA3	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	

a. Determinant = 1.034E-006

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.924
Bartlett's Test of Sphericity	Approx. Chi-Square	2570.402
	Df	136
	Sig.	.000

Communalities

	Initial	Extraction
pAS1	1.000	.785
pAS2	1.000	.775
pAS3	1.000	.771
pRE1	1.000	.672
pRE2	1.000	.754
pRE3	1.000	.875
pRE4	1.000	.700
pEM1	1.000	.629
pEM2	1.000	.602
pEM3	1.000	.690
pEM4	1.000	.668
pRS1	1.000	.591
pRS2	1.000	.632
pRS3	1.000	.614
pTA1	1.000	.626
pTA2	1.000	.714
pTA3	1.000	.670

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.303	54.724	54.724	9.303	54.724	54.724	4.816	28.332	28.332
2	1.280	7.528	62.251	1.280	7.528	62.251	4.718	27.755	56.088
3	1.183	6.961	69.212	1.183	6.961	69.212	2.231	13.125	69.212
4	.814	4.786	73.998						
5	.784	4.611	78.609						
6	.623	3.663	82.273						
7	.542	3.186	85.459						
8	.423	2.485	87.944						
9	.393	2.312	90.256						
10	.326	1.916	92.172						
11	.280	1.649	93.821						
12	.263	1.550	95.371						
13	.201	1.181	96.552						
14	.179	1.050	97.602						
15	.172	1.011	98.613						
16	.124	.731	99.344						
17	.112	.656	100.000						

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component		
	1	2	3
pAS1	.867		
pAS2	.773		
pAS3	.819		
pRE1	.805		
pRE2	.807		
pRE3	.892		
pRE4	.824		
pEM1	.724		
pEM2	.755		
pEM3	.717		
pEM4	.738		
pRS1	.691		
pRS2	.703		
pRS3	.728		
pTA1	.503	.611	
pTA2		.668	
pTA3	.624	.519	

Extraction Method: Principal Component Analysis.
a. 3 components extracted.

Rotated Component Matrix[a]

	Component		
	1	2	3
pAS1	.712		
pAS2	.826		
pAS3	.780		
pRE1		.641	
pRE2		.766	
pRE3		.797	
pRE4		.646	
pEM1	.714		
pEM2	.610		
pEM3		.788	
pEM4		.751	
pRS1		.691	
pRS2	.745		
pRS3	.696		
pTA1			.737
pTA2			.818
pTA3			.712

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

Component Transformation Matrix

Component	1	2	3
1	.668	.660	.345
2	-.386	-.090	.918
3	.637	-.746	.194

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Reliability
Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	174	100.0
	Excluded[a]	0	.0
	Total	174	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.920	7

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	174	100.0
	Excluded[a]	0	.0
	Total	174	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.926	7

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	174	100.0
	Excluded[a]	0	.0
	Total	174	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.738	3

Factor Analysis: Expectation

Correlation Matrix[a]

		eAS1	eAS2	eAS3	eRE1	eRE2	eRE3	eRE4	eEM1	eEM2	eEM3	eEM4	eRS1	eRS2	eRS3	eTA1	eTA2	eTA3
Correlation	eAS1	1.000	.636	.636	.270	.200	.190	.165	.263	.290	.456	.283	.285	.347	.365	.310	.396	.362
	eAS2	.636	1.000	.804	.326	.220	.221	.250	.350	.452	.610	.432	.373	.422	.449	.550	.529	.569
	eAS3	.636	.804	1.000	.372	.252	.278	.287	.434	.514	.630	.511	.441	.483	.516	.553	.571	.588
	eRE1	.270	.326	.372	1.000	.710	.715	.778	.459	.368	.446	.415	.557	.536	.545	.650	.612	.597
	eRE2	.200	.220	.252	.710	1.000	.741	.813	.399	.264	.355	.387	.451	.404	.424	.563	.500	.486
	eRE3	.190	.221	.278	.715	.741	1.000	.749	.442	.344	.374	.419	.404	.443	.417	.571	.546	.531
	eRE4	.165	.250	.287	.778	.813	.749	1.000	.480	.358	.380	.421	.543	.495	.501	.593	.586	.582
	eEM1	.263	.350	.434	.459	.399	.442	.480	1.000	.658	.683	.730	.479	.511	.499	.517	.570	.575
	eEM2	.290	.452	.514	.368	.264	.344	.358	.658	1.000	.792	.790	.499	.517	.526	.465	.590	.583
	eEM3	.456	.610	.630	.446	.355	.374	.380	.683	.792	1.000	.809	.531	.573	.570	.555	.647	.644
	eEM4	.283	.432	.511	.415	.387	.419	.421	.730	.790	.809	1.000	.518	.533	.548	.510	.614	.613
	eRS1	.285	.373	.441	.557	.451	.404	.543	.479	.499	.531	.518	1.000	.787	.805	.530	.585	.569
	eRS2	.347	.422	.483	.536	.404	.443	.495	.511	.517	.573	.533	.787	1.000	.788	.516	.567	.579
	eRS3	.365	.449	.516	.545	.424	.417	.501	.499	.526	.570	.548	.805	.788	1.000	.564	.628	.618
	eTA1	.310	.550	.553	.650	.563	.571	.593	.517	.465	.555	.510	.530	.516	.564	1.000	.791	.823
	eTA2	.396	.529	.571	.612	.500	.546	.586	.570	.590	.647	.614	.585	.567	.628	.791	1.000	.825
	eTA3	.362	.569	.588	.597	.486	.531	.582	.575	.583	.644	.613	.569	.579	.618	.823	.825	1.000
Sig. (1-tailed)	eAS1		.000	.000	.000	.003	.004	.011	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	eAS2	.000		.000	.000	.001	.001	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	eAS3	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	eRE1	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	eRE2	.003	.001	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	eRE3	.004	.001	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	eRE4	.011	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	eEM1	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000
	eEM2	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000
	eEM3	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000
	eEM4	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000
	eRS1	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000
	eRS2	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000
	eRS3	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000
	eTA1	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000
	eTA2	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000
	eTA3	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	

a. Determinant = 1.340E-003

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.928
Bartlett's Test of Sphericity	Approx. Chi-Square	2951.507
	Df	136
	Sig.	.000

Communalities

	Initial	Extraction
eAS1	1.000	.700
eAS2	1.000	.839
eAS3	1.000	.821
eRE1	1.000	.786
eRE2	1.000	.796
eRE3	1.000	.775
eRE4	1.000	.845
eEM1	1.000	.733
eEM2	1.000	.826
eEM3	1.000	.846
eEM4	1.000	.857
eRS1	1.000	.877
eRS2	1.000	.848
eRS3	1.000	.863
eTA1	1.000	.726
eTA2	1.000	.739
eTA3	1.000	.743

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.281	54.593	54.593	9.281	54.593	54.593	4.269	25.110	25.110
2	2.062	12.129	66.722	2.062	12.129	66.722	3.694	21.729	46.839
3	1.256	7.388	74.110	1.256	7.388	74.110	3.049	17.934	64.773
4	1.023	6.016	80.125	1.023	6.016	80.125	2.610	15.352	80.125
5	.688	4.050	84.175						
6	.375	2.208	86.383						
7	.337	1.985	88.368						
8	.298	1.753	90.120						
9	.276	1.625	91.745						
10	.231	1.360	93.105						
11	.215	1.263	94.368						
12	.187	1.099	95.466						
13	.180	1.062	96.528						
14	.171	1.006	97.534						
15	.163	.956	98.490						
16	.140	.824	99.314						
17	.117	.686	100.000						

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component			
	1	2	3	4
eAS1			.512	
eAS2	.645			
eAS3	.701			
eRE1	.749			
eRE2	.649	-.579		
eRE3	.668	-.532		
eRE4	.719	-.565		
eEM1	.729			
eEM2	.727			
eEM3	.807			
eEM4	.769			
eRS1	.754			-.536
eRS2	.764			-.500
eRS3	.786			
eTA1	.812			
eTA2	.852			
eTA3	.852			

Extraction Method: Principal Component Analysis.
a. 4 components extracted.

Rotated Component Matrix[a]

	Component			
	1	2	3	4
eAS1			.819	
eAS2			.859	
eAS3			.806	
eRE1	.798			
eRE2	.869			
eRE3	.846			
eRE4	.862			
eEM1		.763		
eEM2		.842		
eEM3		.764		
eEM4		.851		
eRS1				.826
eRS2				.796
eRS3				.788
eTA1	.622			
eTA2	.523			
eTA3	.515			

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

Component Transformation Matrix

Component	1	2	3	4
1	.566	.546	.436	.437
2	-.749	.318	.581	-.005
3	.249	-.665	.683	-.172
4	.236	.399	.079	-.883

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	174	100.0
	Excluded[a]	0	.0
	Total	174	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.929	7

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	174	100.0
	Excluded[a]	0	.0
	Total	174	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.921	4

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	174	100.0
	Excluded[a]	0	.0
	Total	174	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.871	3

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	174	100.0
	Excluded[a]	0	.0
	Total	174	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.920	3

Appendix C: Correlations

Correlations

		pAS	pRE	pEM	pRS	pTA	DP
pAS	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	174					
pRE	Pearson Correlation	.734**	1				
	Sig. (2-tailed)	.000					
	N	174	174				
pEM	Pearson Correlation	.783**	.786**	1			
	Sig. (2-tailed)	.000	.000				
	N	174	174	174			
pRS	Pearson Correlation	.741**	.714**	.682**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	174	174	174	174		
pTA	Pearson Correlation	.502**	.526**	.498**	.496**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	174	174	174	174	174	
DP	Pearson Correlation	.939**	.772**	.798**	.777**	.548**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	174	174	174	174	174	174

Appendix D: Regression (Perception)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	pTA, pRS, pEM, pRE, pAS[b]	.	Enter

a. Dependent Variable: DP
b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.753[a]	.707	.695	.50051	1.874

a. Predictors: (Constant), pTA, pRS, pEM, pRE, pAS
b. Dependent Variable: DP

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	461.821	5	92.364	368.705	.000[b]
	Residual	47.096	188	.251		
	Total	508.916	193			

a. Dependent Variable: DP
b. Predictors: (Constant), pTA, pRS, pEM, pRE, pAS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.218	.095		-2.294	.023		
	pAS	.474	.051	.115	17.390	.000	.297	3.364
	pRE	.104	.048	.708	2.141	.034	.307	3.258
	pEM	.100	.058	.086	1.716	.088	.287	3.478
	pRS	.154	.048	.071	3.209	.002	.380	2.630
	pTA	.070	.034	.055	2.047	.042	.680	1.470

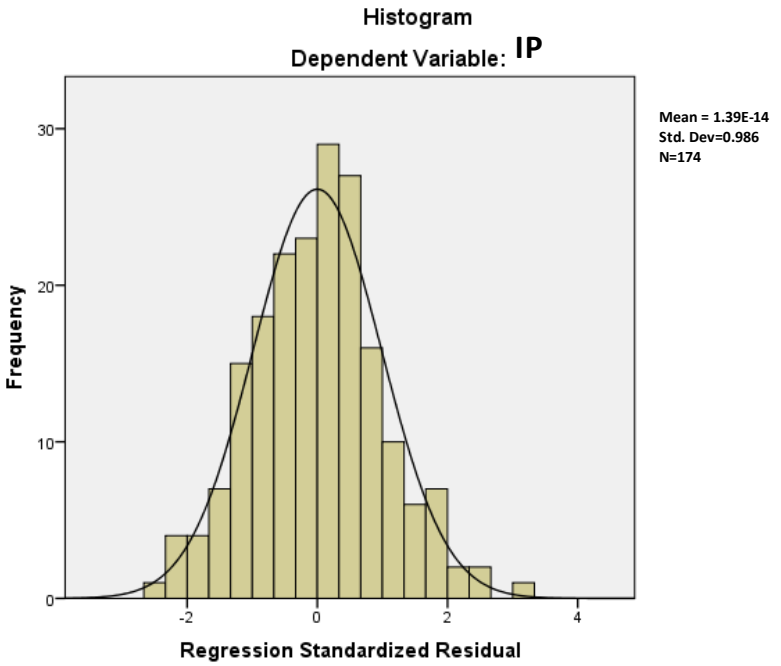
a. Dependent Variable: DP

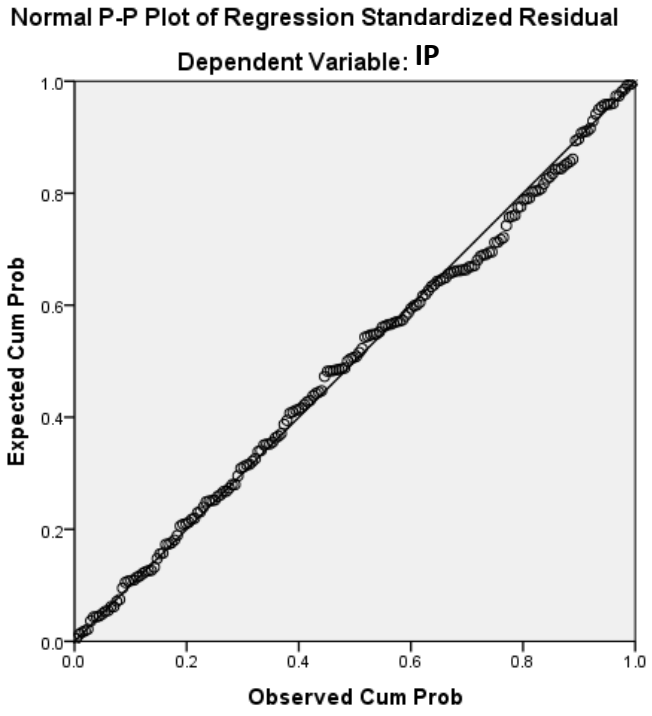
Residuals Statistics[a]

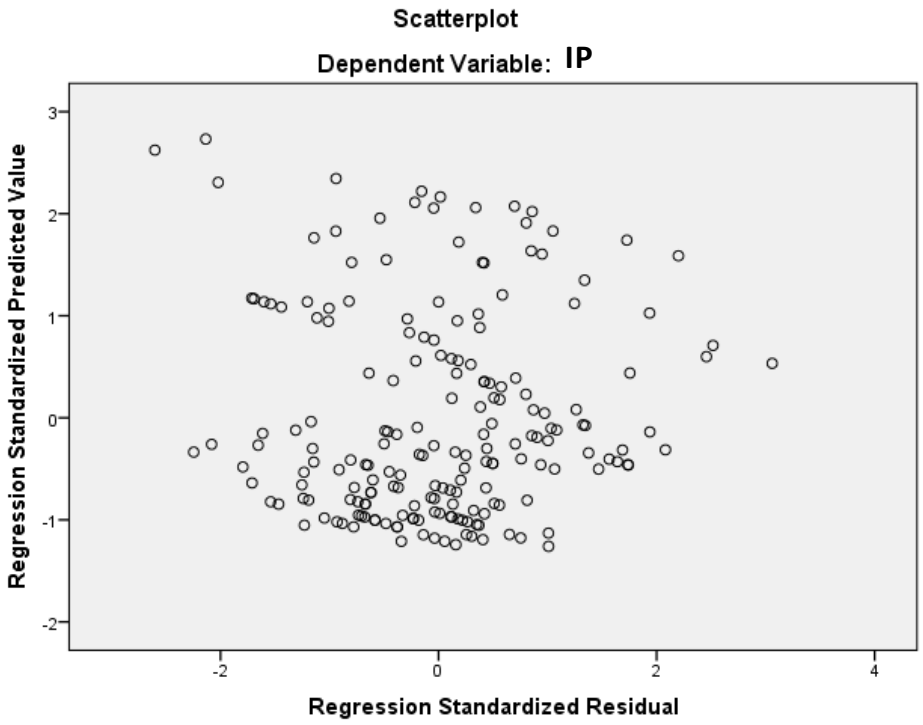
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.0949	7.2687	3.0433	1.54688	174
Residual	-1.30209	1.53141	.00000	.49398	174
Std. Predicted Value	-1.260	2.732	.000	1.000	174
Std. Residual	-2.602	3.060	.000	.987	174

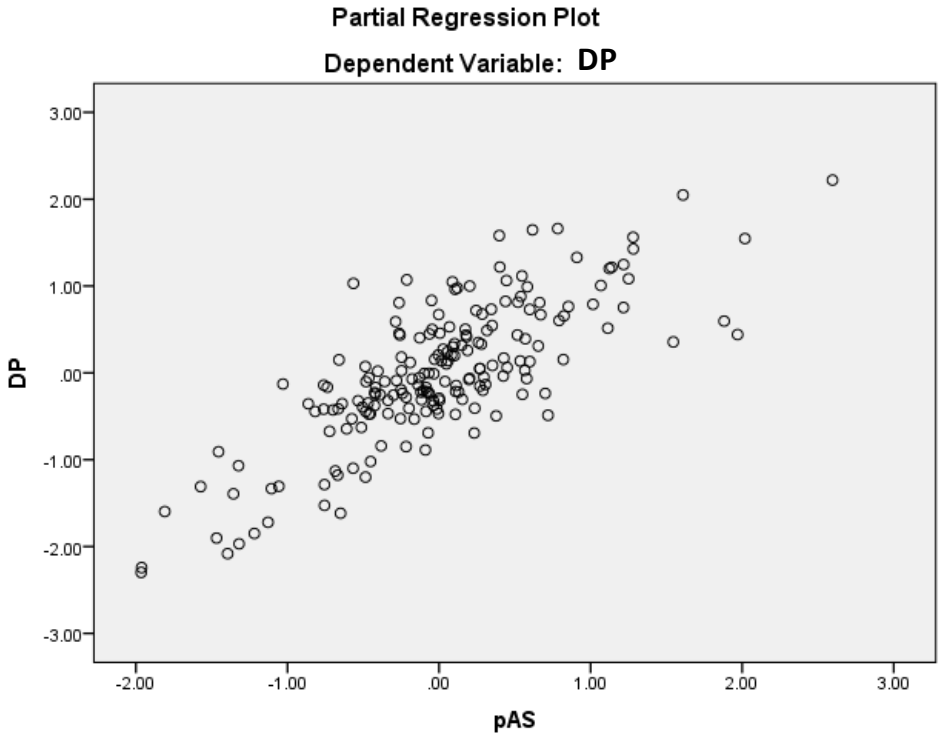
a. Dependent Variable: DP

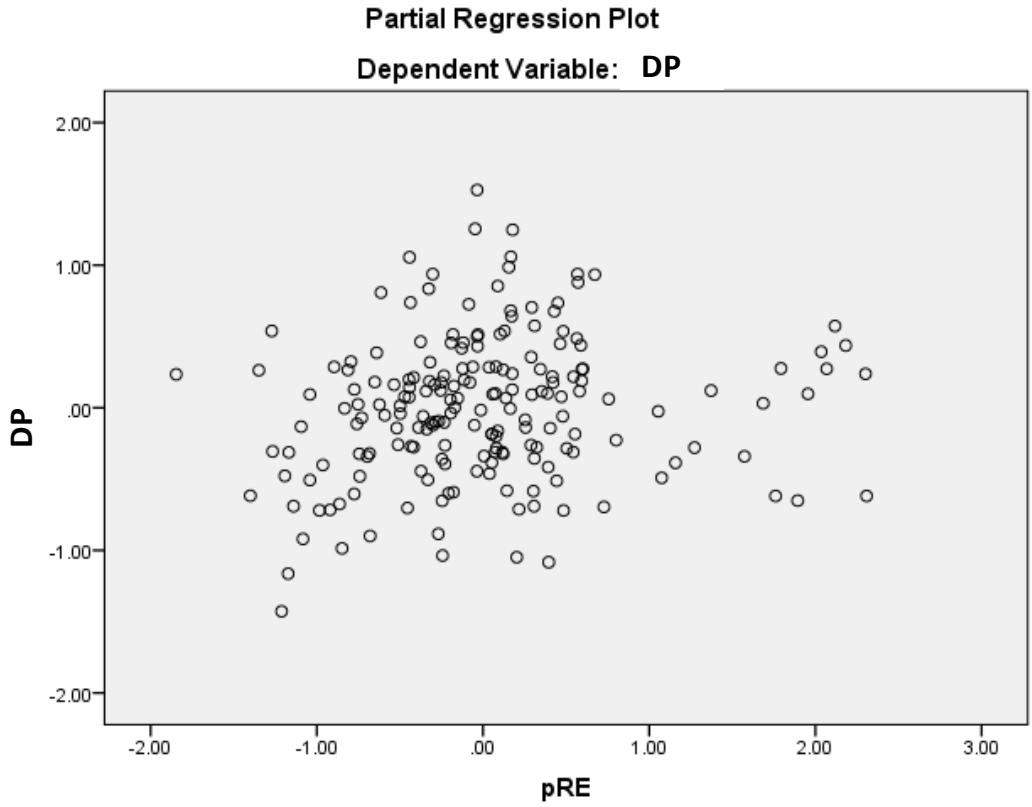
Charts

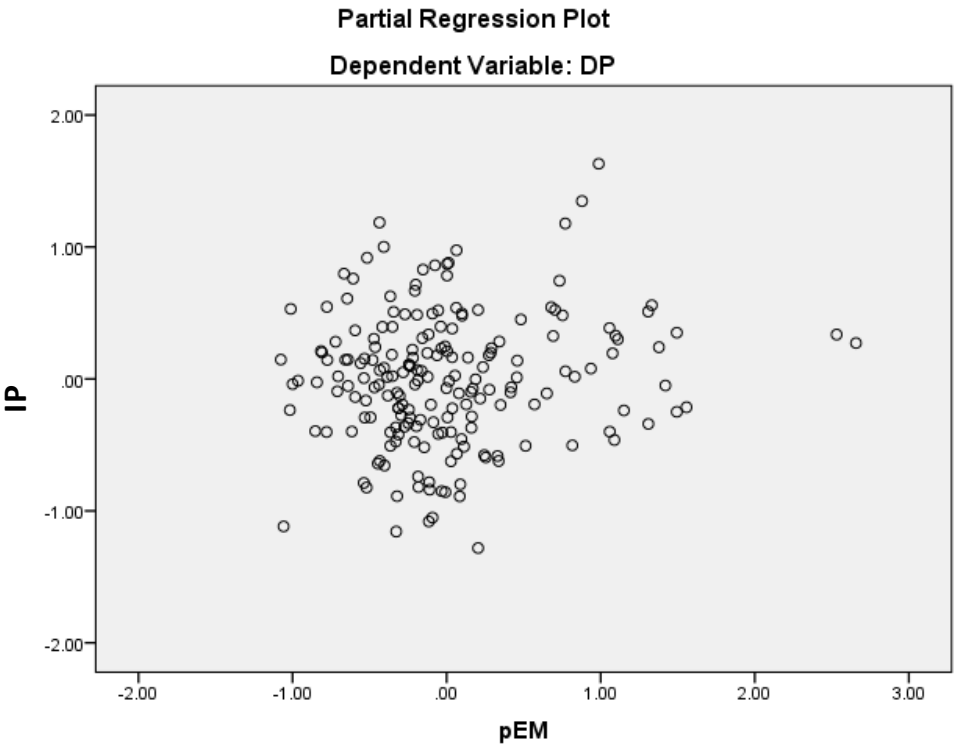

Histogram
Dependent Variable: IP
Mean = 1.39E-14
Std. Dev=0.986
N=174
Frequency
Regression Standardized Residual

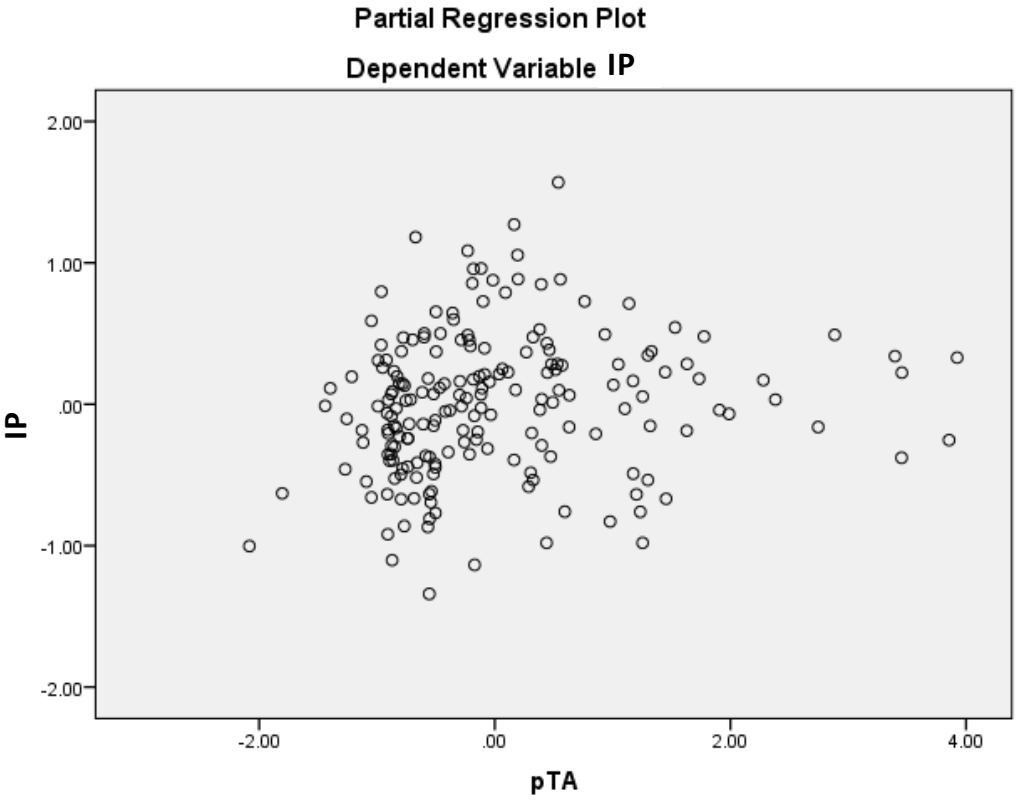

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: IP
Expected Cum Prob
Observed Cum Prob


Scatterplot
Dependent Variable: IP
Regression Standardized Predicted Value
Regression Standardized Residual
3
2
1
0
-1
-2
-2
0
2
4


Partial Regression Plot
Dependent Variable: DP
DP
pAS
3.00
2.00
1.00
.00
-1.00
-2.00
-3.00
-2.00
-1.00
.00
1.00
2.00
3.00


Partial Regression Plot
Dependent Variable: DP
DP
pRE
2.00
1.00
.00
-1.00
-2.00
-2.00
-1.00
.00
1.00
2.00
3.00


Partial Regression Plot
Dependent Variable: DP
IP
pEM
2.00
1.00
.00
-1.00
-2.00
-2.00
-1.00
.00
1.00
2.00
3.00


Partial Regression Plot
Dependent Variable IP
IP
2.00
1.00
.00
-1.00
-2.00
-2.00
.00
2.00
4.00
pTA