

RELIGIOUS BELIEFS AND PROPENSITY TO PURCHASE INSURANCE POLICY AMONG MSMES IN LAGOS STATE

Dansu, Sewhenu Francis

francis.dansu@lasu.edu.ng

+2348029506678

Department of Insurance, Faculty of Management Sciences
Lagos State University, Ojo

And

Adegboye, Nasirudeen Liadi

adegboyea@gmail.com

+2347065554554

College of Insurance and Financial Management, Asese, Ogun State

ABSTRACT

This study examined the relationship between religious beliefs and the propensity to purchase insurance among Micro, Small, and Medium Enterprise (MSME) owners in Lagos State. Using a descriptive survey design, 396 questionnaires were administered to selected SMEs' owners in Lagos State with the use of simple random sampling technique. Data for the study was analysed through the use of descriptive and inferential statistical tools. The hypotheses were tested with Pearson Product Moment correlation and linear regression analyses. Findings reveal that religious beliefs significantly but moderately influence SMEs owners' insurance purchase decisions in Lagos State. Specifically, the results indicate that spirituality significantly influences intention to purchase insurance while religious commitment was found to significantly affect willingness to buy insurance. Also, morality was found to be significantly related to SMEs owner's readiness to pay for insurance. For some SME owners, faith provides a sense of security, reducing reliance on formal risk management while others resist insurance due to religious misconceptions. These insights highlight the need for insurance companies to develop culturally sensitive marketing strategies. Also, policymakers can implement educational programs to address religious concerns and promote insurance as a business sustainability tool.

Keywords: Insurance; Morality Religion; Risks; Spirituality

1.0 Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a vital component of the global economy and they have been adjudged to play significant role in job creation, innovation, poverty reduction, and economic growth in many countries. MSMEs constitute one of the most important sectors and they are responsible for driving innovation and competition in the economy (Rahmadani & Jefriyanto, 2021). For a developing economy like Nigeria, growth in the MSMEs sector seems to correlate with growth in the economy. They also contribute 49.78% of the Gross Domestic Product (GDP) and about 7.64% of goods and services exported out of Nigeria (National Bureau of Statistics, 2017).

The sustainability and growth of MSMEs are often threatened by risks such as market fluctuations, natural disasters, theft, and unforeseen liabilities (Liu, 2018). Insurance, therefore, becomes an essential tool for managing these risks. While it may not be the ultimate solution in all scenarios, insurance is a critical risk management strategy that can protect assets, reduce losses, and provide a safety net for

MSMEs (Diara, 2014). Including insurance as part of a long-term strategic plan is crucial for MSME owners seeking to safeguard their businesses and ensure their long-term viability.

Insurance, according to Francois (2016), is a mechanism for the transfer to someone called the insurer of certain risks of financial loss in exchange for the payment of an agreed fixed amount. The payment is due before the contingent claim is serviced by the insurer. Insurance is a contractual agreement between an insurance company and an insured, which, in exchange for a premium, provides financial protection for risks associated with the business (Hamm, 2008).

Insurance offers protection from financial loss. It can reduce uncertainty, protect assets, and ultimately support enterprises and economic activity. Insurance companies have the expertise and experience to identify probable risks and offer insurance products that would protect businesses against these risks. They can play a significant role in mitigating risks faced by MSMEs by smoothening consumption, building assets, absorbing shocks, and managing risks associated with irregular and unpredictable income. Lagos State is the primary revenue base for most insurance companies, with 98% of insurance companies in Nigeria having their headquarters in the state as of January 2022.

Despite the numerous benefits of insurance as a risk management tool, many MSMEs fail to adopt adequate insurance coverage to protect their businesses against various risks (The Associated Press, 2013; Khan, Chander, & Bardhan, 2013). This low uptake of insurance among MSMEs is often attributed to negative perceptions and attitudes toward the insurance industry, influenced by deeply held beliefs, levels of spirituality, morality, and individual commitment to faith.

MSMEs are vital to economic growth, contributing significantly to GDP, job creation, and innovation. However, they remain highly vulnerable to a wide range of risks, including theft of assets, illness of key workers, natural disasters, financial liquidity issues, debt repayment challenges, and meeting fixed expenses like rent, wages, and statutory dues. Unlike larger businesses, MSMEs often lack the resources and resilience to cope with these risks effectively, making them more susceptible to business failure.

Given the critical role MSMEs play in the economy and their unique exposure to risks, there is an urgent need for these enterprises to develop sound risk management strategies. Incorporating insurance as part of these strategies can serve as an effective risk transfer mechanism to protect their assets and enhance their long-term sustainability.

2.0 Review of Literature

2.1 Conceptual Review

2.1.1 Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in economic development, contributing significantly to employment generation, income distribution, and poverty alleviation. Despite their importance, there is no universal definition of MSMEs, as various criteria are used depending on the country and the context. In Nigeria, the **National Bureau of Statistics (NBS)** and the **Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)** provide a comprehensive classification in their **2021 joint MSME Survey Report**.

According to the NBS/SMEDAN report, MSMEs in Nigeria are categorized based on the number of employees and the annual turnover of the business. Nano enterprises, the smallest in the hierarchy, are characterized by a maximum of two employees and generate an annual turnover of less than three

million Naira. These businesses are often informal and operated by individuals or families, playing a crucial role in subsistence and local economic activities. As businesses grow beyond this threshold, they transition into micro enterprises, employing between three to nine individuals, with annual revenues ranging from three million to less than 25 million Naira. This category represents a significant portion of the informal sector, providing essential goods and services to local communities.

Small enterprises constitute the next tier, characterized by their employment capacity of ten to 49 individuals and a financial turnover of between 25 million to less than 100 million Naira annually. These businesses are more structured, often registered entities that contribute to various sectors, including retail, manufacturing, and services. They serve as vital links in supply chains, supporting larger industries through subcontracting and outsourcing.

Medium enterprises, the largest category within MSMEs, employ between 50 to 199 individuals and boast annual revenues ranging from 100 million to less than one billion Naira. These enterprises are often well-established, contributing significantly to national GDP through exports, technological advancements, and innovation. They are crucial for diversifying the economy, reducing dependency on imports, and fostering industrialization.

The classification provided by NBS and SMEDAN is instrumental in formulating policies and interventions tailored to the needs of each category. Understanding these distinctions helps in addressing challenges unique to each segment, such as access to finance, regulatory compliance, and capacity building. Moreover, it facilitates targeted support from government agencies, financial institutions, and development partners, enhancing the sustainability and growth potential of MSMEs in Nigeria. (NBS/SMEDAN, 2021).

2.1.2 Insurance Policy for Micro, Small, and Medium Enterprises (MSMEs)

No economic endeavour can advance without dangers, yet the magnitude of these risks differs according on the scale and character of the enterprise (Angko, 2023). Micro, Small, and Medium Enterprises (MSMEs) encounter several hazards that can be alleviated by the implementation of suitable insurance coverage. Douglas (2021) asserts that insurance goods and services are among the most efficacious instruments for mitigating risks in corporate operations. Micro, Small, and Medium Enterprises own assets like equipment, inventories, and facilities that are essential to their operations.

The financial obligation of substituting these assets following an unforeseen loss might substantially impede the business's cash flow (Terungwa, 2022). Micro, small, and medium enterprises are more vulnerable to financial and strategic risks. Financial risks pertain to cash flow difficulties, finance accessibility, and operational costs, whereas strategic risks encompass market competitiveness and economic variances that may affect performance. These risks frequently make MSMEs unappealing to investors (Aruwa, 2023). Moreover, operational risks those that directly hinder everyday business operations can diminish income, escalate expenditures, or maybe result in business collapse (Panigrahi, 2023). Insurance serves as a crucial safeguard against such risks, enabling firms to recuperate and sustain continuity following unexpected losses.

Lusardi, Mitchell, and Curto (2020) contend that insurance serves as a safeguard, protecting people and enterprises from monetary losses. In the event of losses, insurers provide compensation for damages, so ensuring stability. Lin and Grace (2020) assert that insurance functions not just as a financial instrument but also as a mechanism that bolsters economic resilience. Insurance funds assist in managing unforeseen catastrophes and calamities, offering essential support to both people and enterprises. Notwithstanding the clear advantages of insurance, elements such as religion, trust, and

socioeconomic attributes substantially affect the inclination of individuals and enterprises to acquire insurance.

Insurance serves as a fundamental risk management tool for Micro, Small, and Medium Enterprises (MSMEs), providing financial protection against unforeseen disruptions that may adversely affect business operations (OECD, 2021). These disruptions may arise from property damage, liability claims, business interruptions, or employee-related risks. By transferring such risks to insurers, MSMEs can mitigate financial losses and sustain operational stability, allowing them to focus on growth and expansion (Chusmita, 2021).

Despite its significance, insurance adoption among MSMEs remains relatively low, primarily due to financial constraints, limited awareness, and skepticism about the value of insurance (Ozor, 2022). Many MSMEs perceive insurance premiums as an additional financial burden rather than a necessary protective measure. Additionally, negative past experiences, opaque claims processes, and a lack of transparency contribute to mistrust among business owners, further discouraging adoption (IFC, 2020).

The regulatory environment also plays a critical role in influencing insurance adoption. Policies that promote mandatory insurance schemes, tax incentives, and strategic partnerships between regulatory bodies and business associations have proven effective in increasing coverage among MSMEs (NAICOM, 2022). For example, the collaboration between the Abuja Chamber of Commerce and Industry (ACCI) and the National Insurance Commission (NAICOM) in Nigeria has facilitated insurance awareness through advocacy and policy interventions (ACCI & NAICOM, n.d.).

To enhance insurance uptake, MSMEs require affordable, tailored insurance products that align with their financial realities and business risks (Ozor, 2022). Providing risk management training can also strengthen MSMEs' understanding of insurance as a vital component of business sustainability (ILO, 2021). Educational initiatives, such as workshops, webinars, and information sessions, can further dispel misconceptions and encourage proactive engagement with insurance services (OECD, 2021).

2.1.3 Propensity to Purchase Insurance Policies among MSMEs

The propensity of MSMEs to purchase insurance policies depends on various determinants, including awareness, affordability, trust in insurance providers, and regulatory support (Ade, 2021). Awareness remains a significant barrier, as many MSMEs either lack sufficient knowledge about insurance or misunderstand its role in risk mitigation (Chusmita, 2021). Efforts to enhance knowledge dissemination through educational campaigns are essential to addressing this gap.

Financial constraints also limit insurance adoption, as MSMEs often operate on tight profit margins, making premium costs a decisive factor (Ozor, 2022). Developing cost-effective and customized insurance solutions that cater to the unique needs of MSMEs can help improve adoption rates. Moreover, regulatory interventions such as tax rebates, subsidies, and flexible payment schemes can make insurance more accessible (NAICOM, 2022).

Trust in insurance providers significantly influences MSMEs' willingness to engage with insurance products. Negative experiences, prolonged claims processing, and lack of transparency deter business owners from securing coverage (IFC, 2020). Addressing these concerns through simplified policy terms, improved claims management, and enhanced customer service can restore confidence in the insurance sector (Ozor, 2022).

Furthermore, MSMEs that incorporate structured risk management practices into their operations are more likely to perceive insurance as a strategic necessity rather than an optional expense (ILO, 2021). Training programs on effective risk assessment and mitigation can reinforce this perception, encouraging more MSMEs to integrate insurance into their broader business strategy.

To bolster insurance adoption, multi-faceted strategies should be implemented. These include widespread educational initiatives, customized and affordable policy offerings, transparent communication between insurers and MSMEs, and government-backed incentives to reduce financial barriers (OECD, 2021). By addressing these critical factors, insurance adoption among MSMEs can be significantly enhanced, fostering greater business resilience and long-term sustainability.

2.1.4 Influence of Religious Beliefs on Insurance Uptake Among MSME Owners in Lagos State

Religion significantly influences consumer behaviour by affecting risk perception and attitudes towards financial items (Bakar et al., 2021). Religious beliefs can either promote or inhibit insurance uptake, contingent upon the congruence of insurance products with the values and practices of various religious communities. According to British Council (2016), religion is a powerful transnational force that binds individuals across borders with a shared sense of belonging and common identity, particularly seeming to affect individuals and groups who do not feel their interests and needs are being addressed by the state. It can encompass a range of practices, including sermons, rituals, prayer, meditation, holy places, symbols, trances and feasts. Religion has the advantage of empowering the individual by connecting him/her to a community and to a supreme force that might in turn give psychological stability (Basu-Zherku, 2011).

According to a 2010 survey conducted by the Pew Forum, Nigerian population has both Christians and Muslims in a nearly equal ratio, with a small percentage of the population following other religious beliefs such as indigenous faiths and no affiliations at all. However, Religion is a significant component that can also influence the insurance buying behaviour of individuals (Bakar, Regupathi, Aljunid, & Omar, 2012). Therefore, the understanding of consumer patronage of insurance policies constitutes a pivotal issue because it involves not only monetary but sensitive religious aspects of business life. The study seeks to appraise the effect of religious beliefs on the propensity to purchase insurance among MSMEs owners in Lagos State.

2.2 Empirical Review

Recent empirical research underscores the relationship between religion and insurance behaviour. Gammal and Janssen (2022) discovered that religion strongly influences risk aversion and insurance acquisition, with religious persons frequently demonstrating cautious dispositions towards probabilistic hazards. Chua, Huang, and Tse (2021) also found that religious attendance and significance inversely related with insurance ownership, since certain persons depend on faith-based risk management. Ogungbenle and Osunla (2021) investigated the correlation between religion, trust, and the use of insurance among Nigerian micro-entrepreneurs. Research indicated that religion positively affects the intention to get insurance, with confidence in insurance providers serving as a mediating factor. This underscores the necessity of mitigating trust deficiencies to improve insurance adoption among religious communities.

Additionally, Odoemelam and Ezejiofor (2022) examined the influence of religious beliefs on the adoption of microinsurance by Nigerian businesses. Their findings highlight the importance of religious membership, practices, and dedication in influencing insurance adoption decisions. The research advocates for the use of religious factors in the development and marketing of microinsurance products. Yildirim and Ates (2023) examined the determinants affecting life insurance adoption in Turkey.

Demographic characteristics, financial knowledge, and social influences were found as essential predictors of insurance uptake. The research highlights the need of customised marketing tactics to tackle these problems and enhance insurance uptake.

Huda, Saim, and Saad (2022) established a favourable correlation between religiosity and the adoption of Takaful among Muslim businesses. Takaful's adherence to Islamic ideals of collaboration and mutual aid enhances its appeal among observant Muslims, providing a framework for overcoming religious obstacles in insurance. Lin, Chen, and Yang (2023) examined the impact of moral hazard on people's propensity to pay for insurance. Perceptions of moral hazard adversely affect the affordability of insurance premiums, indicating the necessity for clear policy communication and transparency to alleviate these worries.

These studies together underscore the complex nature of insurance uptake, emphasising the influences of religiosity, trust, financial literacy, and socio-economic considerations. Insurance providers and politicians must account for these dynamics when formulating measures to improve insurance penetration and adequately address the requirements of varied populations. Enhancing insurance accessibility for MSMEs helps guarantee the continuation of their essential contributions to economic growth and development. By creating insurance products that align with the cultural, religious, and economic contexts of various communities, carriers may address current disparities and promote enhanced inclusion in the insurance market.

Furthermore, the convergence of religion and insurance uptake requires a sophisticated approach to marketing and communication tactics. Insurance providers must exhibit openness, foster confidence, and handle particular concerns pertaining to religious and ethical considerations. This involves interacting with religious leaders and groups to comprehend their distinct viewpoints and develop goods that resonate with their principles. The efficacy of Takaful as an Islamic insurance model exemplifies the possibility of harmonising financial products with religious tenets to bolster acceptance and confidence. Trust-building initiatives, like expedited claims processing, transparent policy terms, and ethical company practices, can markedly enhance insurance uptake among sceptical or under-represented demographics.

Financial literacy is a significant determinant affecting insurance uptake. Numerous MSMEs and people neglect to acknowledge the significance of insurance owing to a constrained comprehension of its advantages and operations. Targeted educational programs use simple language and related examples help elucidate insurance concepts and promote adoption. Partnerships with educational institutions, community organisations, and government agencies can enhance the effectiveness of these programs. Furthermore, utilising digital platforms and technology can enhance the accessibility and affordability of insurance for MSMEs and individuals in distant or underserved regions. Socio-economic factors, such as income levels, education, and work position, significantly influence insurance acceptance trends. Affordability continues to be a significant obstacle for low-income individuals and enterprises. Policymakers and providers should investigate creative alternatives like microinsurance, which provides customised, affordable coverage for certain risks. Microinsurance has demonstrated efficacy in providing financial protection to marginalised populations and enhancing economic resilience. Integrating microinsurance with current social protection programs can augment its reach and efficacy.

In conclusion, insurance is an essential instrument for risk management and the stability of individuals and enterprises, especially MSMEs. Nonetheless, its acceptance is affected by a complex interaction of religiosity, trust, financial literacy, and socio-economic variables. By tackling these difficulties with specific tactics, insurance companies and policymakers may realise the whole potential of insurance as

a catalyst for economic resilience and equitable growth. A coordinated initiative to advance insurance education, foster trust, and create culturally and economically pertinent products would not only improve insurance penetration but also enable communities to manage uncertainties and prosper in a progressively dynamic environment.

2.3 Theoretical Review

2.3.1 Religious Salience Theory

Religious Salience Theory is relevant to this study as it examines the relationship between religious beliefs and insurance behavior, particularly in shaping risk-taking attitudes among religious individuals. This theory suggests that individuals with a high degree of religious salience—where religion plays a central role in their lives—are more likely to perceive insurance as inconsistent with their religious beliefs (Dionne, Harchaoui, & Treibich, 2017).

The theory posits that religious individuals may rely on their faith and trust in divine providence, leading to a decreased perceived need for insurance coverage. As a result, religious salience influences attitudes toward risk management and affects the propensity of individuals to purchase insurance.

This study adopts the Religious Salience Theory as it provides a strong foundation for understanding how religious beliefs influence MSMEs' insurance purchasing decisions. This theory offers valuable insights for insurance providers and policymakers seeking to enhance insurance penetration among MSMEs in Lagos State.

3.0 Method

This study adopted a descriptive survey research design, which is suitable given the large size of the study population. The survey technique was chosen as it allows for drawing conclusions that can be generalized to the entire population based on a sample. The study population is the 42,067 registered SMEs in Lagos State (National Bureau of Statistics/Small and Median Enterprises Development Agency of Nigeria, 2021).

The sample size was determined using Taro Yamane's formula, as follows:

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

where n = sample size

N = population size

e = level of precision or sampling of error which is $\pm 5\%$

$$\frac{42,067}{1 + 42,067 (0.05)^2}$$

$$\frac{42,067}{1 + 42,067(0.0025)}$$

$$\frac{42,067}{1+105.1675}$$

$$\frac{42,067}{106.1675}$$

Sample Size = 396.23 = 396

A total of 396 questionnaires were distributed equally among the identified strata of MSMEs in Lagos State, which hosts the largest concentration of MSMEs in Nigeria (SMEDAN, 2022).

This study employed a simple random sampling technique, ensuring that all respondents had an equal chance of being selected. This method was chosen because it allows the sample to accurately represent the entire MSME population (Baran & Jones, 2016). Simple random sampling is a widely used approach in research, enabling the selection of participants who possess relevant characteristics such as industry knowledge and experience (Dhivya Deepa, 2015).

This research included members of three SME associations in Lagos State: The **Association of Small Business Owners of Nigeria (ASBON)**, the **Nigerian Association of Small-Scale Industrialists (NASSI)**, and the **Nigerian Association of Small and Medium Enterprises (NASME)**.

Self-administered questionnaires were distributed during their meetings to collect primary data for the study.

4.0 Data Analysis

4.1 Descriptive Analysis of the Respondents' Responses

4.2 Hypotheses Testing

Correlation and regression analyses were used to test the stated hypotheses at 0.05 level of significance.

Hypothesis One

H_{01} : There is no significant relationship between spirituality and intention to purchase insurance among MSMEs owners in Lagos State.

Correlations

		Spirituality	Intention to purchase insurance
Spirituality	Pearson Correlation	1	.450**
	Sig. (2-tailed)		.000
	N	396	396
Intention to Purchase insurance	Pearson Correlation	.450**	1
	Sig. (2-tailed)	.000	
	N	396	396

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

The Pearson Product Moment correlation result above shows that there is a positive relationship between spirituality and intention to purchase insurance among MSMEs owners in Lagos State ($r = 0.45$). This relationship is statistically significant because the generated p-value for the result (0.000) is less than the level of significant (0.05) used for the study.

Decision

Null hypothesis is rejected while the alternative hypothesis is accepted. This infers that there is a significant relationship between spirituality and intention to purchase insurance among MSMEs owners in Lagos State.

Hypothesis two

H_{02} : Religious commitment does not significantly affect willingness to buy insurance among MSMEs owners in Lagos State.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.303 ^a	.092	.089	.76600	38.419 (1,380)	.000 ^b

a. Predictors: (Constant), RELIGIOUSCOMMITMENT

b. Dependent Variable:

WILLINGNESSTOBUYINSURANCE

The model summary above shows the extent to which religious commitment affect willingness to buy insurance among MSMEs owners in Lagos State. The coefficient of determination ($R^2 = 0.092$, p-value < 0.05) shows that 9.2% of the success observed in willingness to buy insurance among MSMEs owners in Lagos State is accounted for by religious commitment. The result is statistically significant because the p-value for the result (0.000) is less than the level of significant (0.05) used for the study, and the calculated F ratio of 38.419 is greater than the tabulated F ratio value of 3.94.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.088	.158		19.509	.000
Religious Commitment	.266	.043	.303	6.198	.000

a. Dependent Variable: WILLINGNESSTOBUYINSURANCE

The simple regression model is given as:

$$Y_1 = \beta_0 + \beta_1 X_1$$

$$\text{Willingness to buy insurance} = 3.088 + 0.266 \text{ Religious Commitment}$$

An evaluation of the unstandardized coefficient of Religious Commitment in the coefficient table and its associated p-value shows that Religious Commitment ($\beta_{RC} = 0.266$, $t = 6.198$, $p < 0.05$) is statistically significant and can be used in predicting willingness to buy insurance. This implies that a unit increase in Religious Commitment will lead to about 0.266 increase in Willingness to buy insurance.

Decision

Based on the fact that $R^2 = 0.092$, $F = 38.419$, $\beta_{RC} = 0.266$, $t = 6.198$ and $p < 0.05$, null hypothesis is rejected while the alternative hypothesis is accepted. This implies that religious commitment significantly affects willingness to buy insurance among MSMEs owners in Lagos State.

Hypothesis three

H_{03} : Morality does not significantly influence readiness to pay for insurance among MSMEs owners in Lagos State

Model Summary

Model	R	R Square	Adjusted R Square	R	Std. Error of the Estimate	F	Sig.
1	.455 ^a	.207	.205	.91812	.28.009	.000 ^b	

a. Predictors: (Constant), MORALITY

b. Dependent Variable:

READINESSTOPAYFORINSURANCE

The model summary above shows the extent to which morality influence readiness to pay for insurance among MSMEs owners in Lagos State. The coefficient of determination ($R^2 = 0.207$, p -value < 0.05) shows that 20.7% of the success observed in readiness to pay for insurance among MSMEs owners in Lagos State is accounted for by Morality. The result is statistically significant because the p -value for the result (0.000) is less than the level of significant (0.05) used for the study, and the calculated F ratio of 28.009 is greater than the tabulated F ratio value of 3.94.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.352	.239		5.652	.000
Morality	.564	.057	.455	9.952	.000

a. Dependent Variable: READINESSTOPAYFORINSURANCE

The simple regression model is given as:

$$Y_1 = \beta_0 + \beta_1 X_1$$

$$\text{Readiness to pay for insurance} = 1.352 + 0.564 \text{ Morality}$$

An evaluation of the unstandardized coefficient of morality in the coefficient table and its associated p -value shows that morality ($\beta_M = 0.564$, $t = 9.952$, $p < 0.05$) is statistically significant and can be used in predicting readiness to pay for insurance by MSMEs in Lagos State. This implies that a unit increase in morality will lead to 0.564 increase in readiness to pay for insurance in Lagos State.

Decision

Based on the fact that $R^2 = 0.205$, $F = 28.009$, $\beta_M = 0.564$, $t = 9.952$ and $p < 0.05$, null hypothesis is rejected while the alternative hypothesis is accepted. This implies that morality significantly influence readiness to pay for insurance among MSMEs owners in Lagos State.

Summary of results:

	Hypothesis	Result	Decision
1	There is no significant relationship between spirituality and intention to purchase insurance among MSMEs owners in Lagos State.	$r = 0.45$, p -value < 0.05 Null hypothesis rejected	There is a significant relationship between spirituality and intention to purchase insurance among MSMEs owners in Lagos State.
2	Religious commitment does not significantly affect willingness to buy insurance among MSMEs owners in Lagos State	$R^2 = 0.092$, $F = 38.419$, $\beta_{RC} = 0.266$, $t = 6.198$ and $p < 0.05$ Null hypothesis rejected	Religious commitment significantly affect willingness to buy insurance among MSMEs owners in Lagos State.
3	Morality does not significantly influence readiness to pay for insurance among MSMEs owners in Lagos State	$R^2 = 0.205$, $F = 28.009$, $\beta_M = 0.564$, $t = 9.952$ and $p < 0.05$ Null hypothesis rejected	Morality significantly influence readiness to pay for insurance among MSMEs owners in Lagos State.

4.3 Discussion of Findings

The study reveals a significant relationship between spirituality, religious commitment, morality, and insurance uptake among MSME owners in Lagos State. While these findings align with existing

research, some studies present discrepancies, highlighting the complexity of religious influence on financial decision-making.

Several prior studies support the findings that religiosity shapes insurance behavior. Gammal and Janssen (2022) found that religious individuals tend to be risk-averse and cautious about probabilistic financial products, aligning with the study's finding that spirituality influences the intention to purchase insurance. Similarly, Chua, Huang, and Tse (2021) found an inverse relationship between religious commitment and insurance ownership, suggesting that some religious individuals rely on faith-based risk management rather than formal insurance. However, others may engage in insurance due to moral frameworks emphasizing financial prudence.

Ogungbenle and Osunla (2021) further support these findings, showing that religion positively influences insurance adoption when trust in providers is present. Similarly, Odoemelam and Ezejiofor (2022) highlight the role of religious beliefs in microinsurance adoption, advocating for faith-aligned insurance products. Huda, Saim, and Saad (2022) reinforce this, showing that Takaful (Islamic insurance) is attractive to religious adherents, demonstrating the potential of faith-driven insurance models.

Despite strong alignment with previous research, some studies contradict these findings. Yildirim and Ates (2023) suggest that financial knowledge and social influences are stronger determinants of insurance adoption than religiosity, contrasting the emphasis on spirituality and morality in this study. Additionally, Lin, Chen, and Yang (2023) found that concerns over moral hazard, such as fraud and lack of transparency, negatively impact insurance uptake, opposing the notion that morality solely encourages insurance adoption.

5.0 Conclusion and Recommendations

This study delved into the intricate relationship between religious beliefs and the propensity to purchase insurance policies among MSMEs owners in Lagos State. The findings of our research offer valuable insights into the complex interplay of religious factors and financial decision-making within the context of MSMEs in Lagos State. Our analysis revealed a significant correlation between religious beliefs and insurance purchase propensity. From the analysis, the researchers uncovered that faith and spirituality play a role in shaping the risk management practices of MSMEs owners in Lagos State. The findings highlight the need for a nuanced understanding of the relationship between religious beliefs and propensity to purchase insurance among MSMEs owners in Lagos State. However, it is crucial to recognize that while religious beliefs have a statistically significant impact, their effect size is relatively small amidst the myriads of variables and contextual factors.

REFERENCE

Abuja Chamber of Commerce and Industry (ACCI), National Insurance Commission (NAICOM). (n.d.). **ACCI, NAICOM urge SMEs to embrace insurance for business survival.** *Small Business Insights*. Retrieved from <https://smallbusinessinsights.ng/acci-naicom-urge-smes-to-embrace-insurance-for-business-survival/>

Ade C., L. (2021). **Factors Influencing Micro, Small and Medium Entrepreneurs' (MSMEs) Intentions to Purchase Micro-Takaful Scheme.** *International Journal of Academic Research in Business and Social Sciences*.

Aruwa, S. (2023). Strategic risks facing MSMEs in developing economies. *International Journal of Business Strategy*, 4(2), 20-30.

Bakar, A., Regupathi, M., Aljunid, S., & Omar, A. (2012). The role of religion in shaping consumer behavior in Malaysia and Nigeria. *International Journal of Marketing*, 13(4), 67-75.

Bakar, A., Regupathi, M., Aljunid, S., & Omar, A. (2021). Religion and its effect on consumer financial behavior. *Journal of Economic Studies*, 16(2), 58-72.

Basu-Zherku, S. (2011). Religion, community, and business practices in developing countries. *Journal of Cultural Studies*, 7(6), 123-135.

British Council. (2016). Religion as a driving force in global business behaviour. *Corporate Governance Review*, 9(2), 45-52.

Chua, H. L., Huang, C., & Tse, L. T. (2021). The influence of religious attendance on insurance behavior in Southeast Asia. *Asian Economic Review*, 32(3), 99-107.

Diara, I. O. (2014). Risk management strategies for MSMEs in Nigeria. *Journal of Business and Economics*, 5(3), 55-60.

Douglas, G. (2021). Corporate insurance products for MSMEs in Nigeria. *Business and Risk Journal*, 10(1), 50-60.

Francois, P. (2016). Insurance mechanisms in developing economies: A framework for risk transfer. *International Journal of Risk Management*, 14(2), 90-105.

Gammal, M., & Janssen, M. (2022). Religion, insurance, and risk aversion in developing economies. *International Journal of Economics*, 5(3), 101-112.

Hamm, M. T. (2008). Insurance in the global economy: A tool for business sustainability. *Business and Insurance Review*, 2(4), 112-118.

Huda, S., Saim, A., & Saad, M. (2022). Religiosity and the adoption of Takaful among Muslim businesses in Malaysia. *Journal of Islamic Finance*, 5(2), 70-81.

Khan, I., Chander, A., & Bardhan, P. (2013). Understanding small business owners' views on insurance in India and Nigeria. *Journal of Business Research*, 4(8), 122-131.

Lin, L., & Grace, H. (2020). Insurance as a tool for economic resilience. *International Journal of Risk Management*, 5(2), 92-105.

Lin, S., Chen, Z., & Yang, W. (2023). The role of moral hazard in insurance uptake. *Journal of Risk and Insurance*, 16(3), 102-115.

Liu, C. K. (2018). Policy Brief: the Role of Micro-Small and Medium Enterprises in Achieving SDGs-1. Micro-, Small and Medium Enterprises (MSMEs) and their potential contributions to SDGs-2. MSMEs' Growth: Opportunities and Challenges.

Lusardi, A., Mitchell, O. S., & Curto, V. (2020). Financial literacy and insurance uptake in developing economies. *Journal of Financial Services*, 13(1), 11-25.

National Bureau of Statistics (NBS) & Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). (2021). Joint MSME Survey report.....

National Bureau of Statistics (NBS). (2017). Report on MSME contributions to Nigeria's GDP..

Odoemelam, L., & Ezejiofor, O. (2022). Religious influence on the adoption of microinsurance among Nigerian businesses. *Journal of Insurance Research*, 6(4), 124-137.

Ogungbenle, A., & Osunla, A. (2021). Trust, religion, and insurance in Nigerian micro-entrepreneurs. *Journal of Business and Trust Studies*, 7(2), 85-92.

Ozor, K. C. (2022). **MSMEs and Insurance Consumption Gap in Nigeria: An Assessment of the Impact of Regulatory Origin and Trust.** *Journal of Insurance and Financial Management*.

Panigrahi, S. (2023). Operational risks and MSMEs in India: A comparative analysis with Nigeria. *Asian Journal of Business Risk Management*, 8(1), 55-64.

Pew Forum. (2010). The Religious Composition of Nigeria. Retrieved from <http://www.pewforum.org>

Rahmadani, R., & Jefriyanto, J. (2021). A strategy to promote the competitiveness of micro, small and medium enterprises (MSME) during the condition of Covid 19 pandemics. *Jurnal Akuntansi*, 11(3), 197-208.

Terungwa, T. (2022). The impact of financial risks on Nigerian MSMEs. *Journal of Finance and Entrepreneurship*, 9(3), 88-101.

The Associated Press. (2013). Barriers to insurance adoption among MSMEs in Nigeria. *Business News*, 1(12), 14-15.

Yildirim, S., & Ates, H. (2023). Determinants of life insurance adoption: Evidence from Turkey. *European Journal of Financial Services*, 20(1), 34-48.

