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An Assessment of Insurance as a Fundamental Tool for the Viability of MSMEs in Selected Local Governments Areas in Lagos State, Nigeria.

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ABSTRACT

Micro, Small and Medium-sized Enterprises (MSMEs) are vital for the growth and development of any economy. But most MSMEs in Nigeria lack the necessary insurance cover and those who buy insurance do not take up adequate cover this is because they do not comprehend the importance of insurance to survival, growth and viability of MSME operations. Attempt is made in this study to show the relevance of insurance to MSMEs viability in Lagos State, Nigeria. Cross-sectional survey research design was adopted in the study. Primary and secondary data were used in the study. 400 copies of research questionnaires were administered to small business owners in four Local Government Areas in Lagos State, out of which 288 copies were returned and used for the data analysis representing 72% response rate. Simple percentage was used to analyze the data responses while SPSS correlation analysis was used to test the hypotheses. The finding revealed that a significant positive relationship exists between attitude to life assurance policies and viability of MSMEs in Nigeria. Also, it was revealed that that a significant positive relationship exists between buying behavior towards general insurance policies and viability of MSMEs in Nigeria. It was therefore concluded that a significant positive relationship exist between insurance and viability of MSMEs in Lagos State. It was recommended that insurance companies in Lagos State, Nigeria should come up with sensitization campaigns that are targeted at MSMEs to create awareness on the benefits MSMEs stand to derive from obtaining adequate insurance cover for their operations. Also, the government should ensure that policy framework is put in place to empower MSMEs owners to purchase relevant insurance policies.

Keywords: Insurance, Risk transfer, MSMEs, Viability, Lagos State**, Nigeria,**

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1. INTRODUCTION

Multinational Companies (MNCs), international companies and local companies are required for the economic wellbeing of any nation. All Businesses regardless of their size and scope of operation such as large scale, Micro, Small and Medium-scaled Enterprises (MSMEs) are confronted with a number of risks which if not properly managed may jeopardise, hinder or ultimately result in the termination of their existing operation and lead to loss of investment (Herbane, 2010; Velmurugan, 2016). Unprecedented in the history of the world is the outbreak of the Coronavirus Disease (COVID-19) dubbed a global pandemic by the World Health Organisation (WHO). Alleged to have emanating from the Wuhan wild life market in the Hubei Province in China, the virus which is believed to be passed on from a bat to another mammal and then to humans has challenged the world and has changed the scheme of things in the human society in an unprecedented scale within a very short time.

COVID-19 presents an existential peril with unparalleled waste of human life such that has brought intense fear and trepidation on the world. Indeed, as an uninsurable fundamental risk, the pandemic has practically brought the world to its knees and attempts to ameliorate its effects on businesses are been channeled through stimulus packages offered by various governments.

Also, the spate of market fires in Nigeria, mostly man made, leading to the loss of lives, property, and millions of naira is very disturbing (Sunday, Salau, & Olatunji, 2020). Compared to those occurring in the Western world which are as a result of climate change and the effects of global warming, market fire in Nigeria could be avoided (The Guardian Editorial, 2020). For example, there has been case of fire outbreaks in some popular markets and areas in Lagos such as Balogun market involving a five story building on November 6, 2019 (The Guardian Editorial, 2020), Abule Ebga on February 16th, 2020, Amu plank Market Mushin on 22nd February, 2020 (Vanguard, 2020) Just 4 days after the Amu plank market fire, on 26/2/2020 Balogun about 7 high rise buildings and plazas were affected in another market fire.

Sad as it is, it is more worrisome to not that a great number of businesses that are operated in these markets and locations are majorly MSMEs. Across the country, market fires include, Sango plank market, Ibadan on 12th of January, 2018; Ochanja Market Onitcha, Anambra State on October 12, 2019; Nkwo Ngwa market fire in Aba, Abia State on 19th November, 2018; Timber market fire in Delta State; others include Kano market fire on 18th November, 2018; Yan'Katako market in Rijayar, Lemo area of Kano on 6th February, 2019; Kurmin Yan-Nama market, Kano on April 14, 2019; Kofa Ruwa market on 10th june, 2019 (The Guardian Editorial, 2020).

It is important to note that risk cannot be eradicated but has to be managed to reduce its impact in the event of its occurrence (Torbira, 2018). Adeyele and Osemene (2018) stated that the risk affecting the operation of MSMEs continuous to be on the increase, this view is reflected in the case of the COVID-19 global pandemic. A number of risk management strategies are available for risk minimization. These strategies include, risk control and risk financing are conducted by deploying risk management techniques such as, risk avoidance, risk reduction, risk retention and risk transfer (Torbira, 2018). Risk transfer is an effective risk management strategy that is deployed for the management of risk in a number of organisations including MSMEs. Risk transfer could be achieved through the mechanism of insurance. Insurance is a social contract that involves the management of transferred risk between two or more parties (Fashagba, 2018; Okparaka, 2018)."The availability of insurance services is essential for the continuity of businesses and the financial stability of the economy for growth purposes" (Torbira, 2018, p.1).

In the developing nations, the viability strategy of MSMEs is threatened by a number of general issues such as paucity of electricity, lack of portable water supply, poor road network, and telecommunication challenges, broken supply chain and logistics, worries about revenue and cash flows among others (Bouey, 2020; Velmurugan, 2016). However, in the context of a risk laden business environment, which is the focus of this present study, issues confronting MSMEs include lack of good risk management strategy, inadequate insurance protection, non-insurance, and non-compliance (Jadi, Manab, & Ahmad, 2014). The major focus of viability literature is on the wellbeing of the society (Yadav, Gupta, Rani, & Rawat, 2018). In the context of the present study, the viability of MSMEs is important to promote the society.

Therefore MSMEs need to engage in activities that are geared towards achieving this by adopting liveable business practices which takes into account the interest of their various stakeholders in the society and how the business conducts its operations in the context of risk. A number of studies have been conducted on the importance of the insurance sector to business operations but to the best of the knowledge of the researchers, most of these studies have had their focus on the operations of large scale businesses and with a macro perspective (Adamu, 2018; Iyodo, Samuel, & Inyada, 2018; Sebastian & Duru-Uremadu, 2017; Tobira, 2018), with little or no attention given to the MSMEs sector of the economy.

This present study attempts to close this gap. Most small businesses in Nigeria lack the necessary insurance cover and those who buy insurance do not take up adequate cover this is because they do not comprehend the importance of insurance to survival, growth and viability of MSME operations. Attempt is made in this study to show the relevance of insurance to MSMEs operation and viability in Nigeria by addressing the following research questions: Does the attitude of MSMEs owners to life assurance policies encourage the viability of MSMEs in Nigeria? Does the buying behavior of MSMEs owners towards general insurance policies encourage the viability of MSMEs in Nigeria? This paper will further enrich the available literature on the subject matter by highlighting the link between insurance and MSMEs viability.

The paper is therefore structured as follows, after the introduction in section one, section two reviews existing literature, the methodology is presented in section three, in section four the results and discussions are presented while in section five, the conclusions and recommendations are presented.

2. LITERATURE REVIEW

2.1 Conceptualisation framework

The conceptual model for our discourse is depicted below

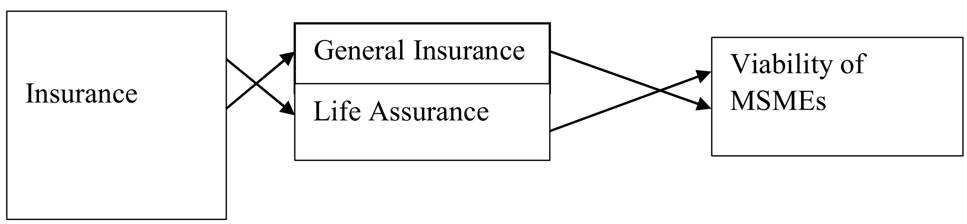

Fig 1: Conceptual Model
Source: Authors' Construct

2.1.1 Insurance as a risk mitigation mechanism

Every economic activity is confronted with both internal and external risks. Hence, the management of risk becomes necessary to mitigate risks such as operational risk, economic risk, and financial risk among others. Risk management is the entire process involved in identification, control and minimization of the effect of uncertainty (Owolabi, Oloyede, Iriyemi, & Akinola, 2017). Risk treatment strategies include risk transfer, risk acceptance and risk avoidance (Toosarvandani, Modiri, & Afzali, 2012). According to Torbira (2018), two extensive approaches are identified in risk management, namely, risk control and risk financing. Risk control is an approach which concentrates on lessening an organisation's risk through two techniques, risk reduction and risk avoidance, while risk financing which includes techniques such as risk retention and risk transfer involves managing funds to address the risk which could not be addressed by risk control strategies.

For the purpose of this study we shall focus on risk transfer which simply means a contract that facilitates the transfer of risk from one party to another (Linnerooth-Bayer & Mechler, 2009). And one of the methods to achieve this is through an insurance contract (Toosarvandani *et al*., 2012). Although insurance is not the ultimate risk management tool it remains a valuable risk management tool (Jadi *et al*., 2014). Therefore, a robust insurance industry is a persuasive for growth in economic activities (Torbira, 2018). Insurance is a risk transfer agreement in which the insured moves the danger of potential misfortune to the insurer who agrees to indemnify the insured in the event of a misfortune. The insured at that point pays a concurred expense called a premium in thought for this guarantee (Deyganto & Alemu, 2019). The core of insurance is the provision repayment by way of indemnity, that an insured party who suffers a misfortune is put in a similar financial position after the misfortune as before the misfortune happened.

The insured party neither benefit beyond his previous position nor is burdened by the misfortune, yet this is a lot hard to accomplish in life insurance (Torbira, 2018). To understand the concept insurance, it is vital to note that it is hinged on two important schools of thoughts: i) transfer school and ii) pooling school (Deyganto & Alemu, 2019). According to the transfer school, insurance is a risk transfer device for the mitigation of uncertainty by one party, called the insured, through the transfer of identified risks to another party; called the insurer, who accept regular payment called premium from the insured and offers to pay a restoration to the insured in the event of an insured loss (Irukwu, 1994 as cited in Deyganto & Alemu, 2019). While in line with the position of the pooling school "Through the sale of insurance policies, insurance companies pool premiums and form reserve fund and promote financial stability through liquidity guaranteed by insurance coverage" (Torbira, 2018, p.1), in the event of losses that occur during the defined period, the fund contributed to the common pool is used to ameliorate the sufferings of the insured who are covered by this pool of fund (Irukwu, 1994 as cited in Deyganto & Alemu, 2019).

2.1.2 Types of Insurance Services

Risk management in insurance is basically focused on two major areas which are life assurance and general insurance. General insurance has to do with all insurance packages which are none-life related while life assurance focuses of insurance packages that provide risk transfer cover for human life. Therefore, MSMEs may choose to obtain critical insurance coverage as follows: property insurance, business interruption insurance, workmen compensation insurance, group medical cover & group personal accident cover, group cyber cover for employees, vehicle insurance (Chakraborty & Das, 2019).

2.1.3 MSMEs

Micro, Small and Medium Enterprises (MSMEs) contribute greatly to the GDP of any nation and is very valuable in the provision of employment to the working population and those who have suffered employment loss (Belinskaja & Velickiene, 2015; Gwangwava, Manuere, Kudakwashe, Tough, & Rangarirai, 2014). But MSMEs face a lot of risks due to their low financial capability and the operating challenges inherent in the environment of business particularly in the developing nations (Bourletidis, & Triantafyllopoulos, 2014; Vargo & Seville, 2011; Velmurugan, 2016). Terungwa (2012) stated that the advantages of MSMEs to any economy incorporates commitment to yield goods and services, production of employments, decrease of pay inconsistencies advancement of a pool of talented and semi-skilled workers for future industrial development. It is obvious that there is no universal definition of MSMEs. Some countries define MSMEs according to number of employees; others define them based on the level of assets or turnover or both. However, most definitions are based on a mix of these parameters. This creates a definite problem for MSMEs operators. Lack of proper definition makes it difficult for MSMEs to benefit from government-assisted programmes meant for the sector (Adegbite & Alli, 2021).

The World Bank Group prescribed the following definition based on number of employees, total assets and turnover. The body defined MSMEs as follows; • Micro-enterprise: Employs 10 or less, with total assets of \$100,000 or less, and turnover of \$100,000 or less. • Small enterprise: Employs between 11 – 50 people, with total assets of \$100,000.00 - \$3m, and turnover of \$100,000.00 - \$3m. • Medium enterprise: Employs 51 – 300 staff, total assets of \$3m - \$15m, and turnover of \$3m - \$15m. A common feature of these definitions is that MSMEs are usually small, owner or family managed businesses with basic goods and services. MSMEs also tend to lack the organizational and management structures, which characterize large-scale enterprise. Urban MSMEs tend to be more structured than their rural counterparts. The National Policy on MSMEs adopts a classification based on the dual criteria: of employment and assets (excluding land and buildings), as follows:

Table: 1. Classification Adopted by SMEDAN for National Policy on MSMEs

S/N	SIZE CATEGORY	EMPLOYMENT	ASSETS (N million) (excluding land and buildings)
1	Micro enterprises	Less than 10	Less than 5
2	Small enterprises	10-49	5 – less than 50
3	Medium enterprises	50-199	50- less than 500

Source: SMEDAN, 2007 as cited in Ogunode, Olatunde, Samuel, & Oloyede, (2020)

2.1.4 Viability

MSMEs viability implies the ability to continue to succeed and make profit in a given venture hence continued operations in the provision of goods and services. Although, viability implies a variety of things, such as ecological viability, social viability, or liveable economic growth, the literature on viability seems to suggest a consistent focus on the society with a view to improve the environment (Szczepanska-Woszazyna & Kurowska-Pysz, 2016). In the context of this present study, viability is considered in the light of liveable economic growth of MSMEs. This is because liveable financial performance of MSMEs is key to the economic growth and development of the society (Das, Rangarajan, & Dutta, 2020). According to Jayasundara, *et al*. (2019, p.3), "viability is the ability of a company to survive and succeed in a dynamic and competitive environment. Szczepanska-Woszazyna and Kurowska-Pysz (2016) are of the opinion that the concept of viability is understood as durability.

2.2 Theoretical background and development of hypotheses

A number of theories have been developed by scholars and researchers to explain the functioning of insurance in the economy. These theories include Markowitz Portfolio Theory, and the modern theory of financial intermediation. We shall discuss these theories in this section. Markowitz Portfolio Theory: The Markowitz efficient behavior exhibited by insurance companies while investing is usually associated with preference for more returns on investment to fewer returns. Insurance companies spread their risk by having portfolios which maximizes returns in order to meet their long term obligations such as claims; the Markowitz portfolio theory provides the framework for achieving such objective (Sambo, 2016).

2.2.1 Modern Theory of Financial Intermediation

In 1995, Merton established a theory known as "modern theory of financial intermediation" which covers conventional theory and the variations in the financial environment. The modern theory of financial intermediation lay more emphasis on six essential functions of insurance: establishment of revenue for settling payments to ease exchange of goods and services; resources allocation; information asymmetry; provision of mechanisms for pooling resources, risk management; provision of price information to help in coordinating decentralised decision-making in several sectors of the economy; establishment of means to tackle the problem of moral and physical hazard. The theory explains the influences of financial intermediation on the economy (Iyodo, *et al*., 2018). Having considered the theories above, the paper is anchored on the modern theory of financial intermediation. The choice of this theory as the theoretical basis for this study is based on the fact that this theory provides the contextual cover for all aspects of insurance in a risk laden business environment such as obtainable in Nigeria and other developing countries.

Following this literature review, the following hypotheses have been raised and were tested in the study:

H_{01}: The attitude of MSMEs owners to life insurance policies do not encourage the viability of MSMEs in Nigeria
H_{02}: The buying behavior of MSMEs owners towards general insurance policies do not encourage the viability of MSMEs in Nigeria

2.3 Insurance and Viability of MSMEs in the Developing Economies

Business risk factors such as pure risk, operational risk and financial risk affect the internal and external environment of all businesses including MSMEs (Belinskaja & Velickiene, 2015). Among the various types of risks that affect businesses, fire, theft and death are the commonest form of risk to property and physical assets that confront MSMEs operation (Feridun, 2006 as cited in Kagwathi, Kamau, Njau & Kamau, 2014). But inadequate understanding of business operation could prevent MSMEs owners and managers from doing the needful to manage the inherent risks in their operation (Adeyele & Osemene, 2018). This assertion is supported by Ntlhane (1995) as cited in Adeyele and Osemene (2018) who disclosed that MSMEs owners and managers are ill prepared to use risk mitigation tools therefore they are more disposed to risk avoidance risks as against using risk mitigation approaches. And this may be one of the major reasons responsible for the reported high rate attributed to MSMEs failure.

"Insurance companies provide a risk pass-through mechanism which reduces uncertainty, volatility, and smoothen the economic cycle, reduce the effect of loss situations on the various economic units as well as lowering total risk the economy faces" (Hais & Sumegi, 2006 as cited in Torbira, 2018, p.3). For this reason, MSMEs operators should not only familiarize themselves with insurance as a risk transfer mechanism but should take advantage of the many benefits which their businesses could enjoy from obtaining and maintaining the appropriate insurance policy to safeguard the business against inherent risk in the business environment. This is because insurance helps MSMEs owners and managers to focus on making the best of the available business opportunity while the risks associated with the business are being taken up by professional entities. Therefore, in the event of any loss insuring from any insurable risk on which the MSME had taken up a policy, the insurance firm would step in to provide the relevant indemnity as specified in the obtained policy. Hence, the business would come back to a state as closely as possible to its previous state to carry on with its daily activities and operations. "The availability of these insurance services is essential for the continuity of businesses and the financial stability of the economy for growth purposes" (Torbira, 2018, p.1).

The benefits of MSMEs risk management as outlined according to Gwangwava *et al.* (2014) include:

i. It helps decision makers to make informed choices, prioritise actions and distinguish among alternative courses of action.
ii. It explicitly takes account of uncertainty, the nature of uncertainty and enables determination of how it can be addressed.
iii. A systematic, timely and structured approach to risk management contributes to efficiency and to consistent, comparable and reliable results.
iv. It recognises the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievements of the organisation's objectives.

2.4 Empirical Review

According to Adegbite & Alli, (2021) MSMEs play a very important role in the development of a country because of its innovative entrepreneurial spirit. In many developing economies MSMEs are regarded as the catalysts for economy viability of a nation but they are faced with significant challenges particularly in the area of finance that inhibit their growth and contributions to the economic development (Oluwaremi, Odelabu, Lawal and Obisesan, 2016 as cited in Adegbite & Alli, 2021). In a study conducted by Iyodo *et al.,* (2018) which investigated the effect of insurance industry performance on economic growth in Nigeria, ex-post facto design was adopted, with a consideration of time series data from Central Bank of Nigeria for the period 1988 and 2014. The data was analysed using regression analysis. It was found that non-life insurance penetration had a positive and substantial effect on economic growth in Nigeria.

In another study, Adamu (2018) investigated acceptance and patronage of insurance services in Northern Nigeria. Survey design was adopted in the study, it was found that there as low patronage of insurance services due to the attitude towards awareness. Also, Taofeek & Joseph (2018) examined the influence of risk management practices on the performance of MSMEs in Osun State, south western, Nigeria. Survey design was adopted and the result of the findings revealed a significant relationship between risk management and the performance of MSMEs. Kehinde, Opeyemi, Benjamin, Adedayo & Abel (2017) investigated a study on Enterprise Risk Management and the Survival of Small Scale Businesses in Nigeria, the study revealed that there is a positive correlation between effective risk management (ERM) and profitability of MSMEs.

A study conducted by Yakob, *Hafizuddin-Syah,* Yakob, & *Nur Aufa Muhammad (2020)* on the effect of Enterprise risk management practice and MSMEs performance. The paper examined the impact of enterprise risk management and the performance of Micro, Small and Medium Enterprises (MSMEs). This study revealed that enterprise risk management has significant impact on MSMEs performance. Gwangwava *et al.* (2014) conducted a study on an assessment of risk management practices in MSMEs in Zimbabwe, the study had its focus on the knowledge possessed by MSMEs owners/managers and the insurance cover undertaken by their business with a view to reducing their risk. 380 MSMEs operating in different lines of business in the country were selected as the sample of the study.

The research instrument was made up of both open ended and closed ended questions. Descriptive analysis was conducted on the field data. The study found that 90% of MSMEs operators in the country have a poor knowledge of the concept of risk and consequently do subscribe to insurance cover. Also, the study revealed that the majority of these MSMEs did not have risk management strategies in place to mitigate their risks.

3. METHODOLOGY

Cross-sectional survey research design was adopted in this study to describe the relationship between the variables which were investigated. The study focused on SME operators in four selected Local Government Areas (LGAs) in Lagos State (Alimosho, Eti-Osa, Ajeromi Ifelodun, and Shomolu). 400 participants were used as sample size for the four selected Local Government Areas using purposive sampling technique for the study. The Population of MSMEs in Lagos State from the latest NBS Survey conducted in 2017 was 8,395 (SMEDAN and NBS, 2017).

3.1 Instrumentation

Based on the nature of the study, the survey scale had 25 items, part A had 5 items that were focused on the respondent's bio data while part B had 20 items that were focused on the variables of the study. The scale items were measured on a self-developed five point Likert scale ranging from 1 – 5 (coded 1=strongly disagree, 2= disagree, 3 = undecided, 4 = agree, 5 = strongly agree). This was used across the instrument to maintain consistency and promote ease of administration and collation.

The 20 items in part B had 5 items each of MSME owners attitude to insurance, insurance awareness of MSMEs owners/operators, Life Assurance Policies promote viability of MSMEs, General Insurance Policies promote viability of MSME's, and the importance of insurance to MSMEs' operations. Consent was obtained from the participants and the questionnaire was administered by the researchers through enumerators with 288 copies of the questionnaire properly completed and returned for the analysis indicating a response rate of 72 per cent.

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Table 1: No of Distributed Questionnaires in Each Local Government Area

S/N	Local Government Area	No. of Questionnaires distributed
1	Alimosho	96
2	Eti-Osa	96
3	Iba	95
4	Shomolu	95
	TOTAL	**382**

Table 2: No of **Valid Questionnaires Collected From Each Local Government Area**

S/N	Local Government Area	No. of Questionnaires distributed
1	Alimosho	65
2	Eti-Osa	80
3	Iba	74
4	Shomolu	69
	TOTAL	288

3.2 Analytical Tools

The study deployed Statistical Package for the social Sciences (SPSS) to conduct descriptive analysis on the demographic data of the respondents while Correlation analysis was used to determine the relationship between the independent and dependent variables of the study.

4. RESULTS AND DISCUSSION

Table 4.1 Profile of Respondents

	Category	Frequency	Percentage
Gender:	Male	216	75
	Female	72	25
	Total	288	100
Work experience:	Less than 1 year	73	25.2
	1 to 5 years	41	14.3
	6 to 10 years	65	22.6
	11 and above years	109	37.8
	Total	288	100
Academic qualification:	O'Level	68	23.5
	ND/NCE	40	13.9
	HND/B.SC/MBBS/MB.ch.B./Pharm.B	65	22.6
	MSC	110	38.3
	PHD	5	1.7
	Total	288	100

Source: SPSS Output

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Table 3: Correlation Result

Correlations			
		Attitude to life assurance policies	**Viability of MSMEs**
Attitude to life assurance policies	Pearson Correlation	1	.847**
	Sig. (2-tailed)		.000
	N	288	288
Viability of MSMEs	Pearson Correlation	.847**	1
	Sig. (2-tailed)	.000	
	N	288	288
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 4: Correlation Result
Correlations

		Buying behaviour towards general insurance policies	**Viability of MSMEs**
Buying behavior towards General insurance policies	Pearson Correlation	1	.872**
	Sig. (2-tailed)		.000
	N	288	288
Viability of MSMEs	Pearson Correlation	.872**	1
	Sig. (2-tailed)	.000	
	N	288	288

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

The correlation coefficient for attitude to life assurance policies and viability of MSMEs is 0.847 indicating the existence of a positive relationship, while the p-value is 0.000 which is less than 0.05, and as such the null hypothesis is rejected while the alternative hypothesis is accepted, this implies that a significant positive relationship exists between attitude to life assurance policies and viability of MSMEs in Nigeria. Hence the relationship is statistically significant. The correlation coefficient for buying behavior towards general insurance policies and viability of MSMEs is 0.872 indicating a positive relationship, while the p-value is 0.000 which is less than 0.05, and as such the null hypothesis is rejected while the alternative hypothesis is accepted, this implies that a significant positive relationship exists between buying behavior towards general insurance policies and viability of MSMEs in Nigeria.

Hence the relationship is statistically significant. The results obtained indicated a significant positive relationship between the independent variable insurance and the dependent variable viability of MSMEs. The results obtained in the study has significantly addresses the research questions that were investigated in this study, which are, does the attitude of MSMEs owners to life assurance policies encourage the viability of MSMEs in Nigeria? Does the buying behavior of MSMEs owners towards general insurance policies encourage the viability of MSMEs in Nigeria?

The results are in agreement with the findings from previous studies such as (Iyodo *et al.,* 2018; Yusuf, Gbadamosi, & Hamadu, 2009). Yusuf *et al*., 2009 found that different demographic factors were responsible for the varied attitude towards insurance patronage, the study found that household income had a significant influence on attitude towards insurance and those with landed property were favourably disposed to insurance. Iyodo *et al.,* (2018) found that non-life insurance penetration had a positive and substantial effect on economic growth in Nigeria.

The study conducted by Adamu (2018) investigated acceptance and patronage of insurance services in Northern Nigeria. The study was of the view that insurance was important for economic growth, however, the study found that attitude towards insurance was responsible for the low adoption of insurance. These studies confirm the findings of this present study. This implies that insurance is a fundamental tool for viability of MSMEs in Nigeria; hence it is very important to MSMEs operations. But more awareness is needed to generate a positive attitude to insurance among MSMEs operators so as to achieve improvement in the utilisation of insurance products among MSMEs owners.

5. CONCLUSION AND RECOMMENDATIONS

From the findings of the study, which revealed that a significant positive relationship exists between MSMEs owners' attitude to life assurance policies and viability of MSMEs in Nigeria. And that a significant positive relationship exists between buying behavior of MSMEs owners towards general insurance policies and viability of MSMEs in Nigeria, it implies that the relationship between insurance and the viability of MSMEs was significant as the result indicated a positive correlation between them. In conclusion, a significant positive relationship exist between insurance and viability of MSMEs. For this reason, it is important to increase the level of awareness of insurance products among MSMEs owners and managers. This will help to improve the use of insurance services by MSMEs beyond the present low risk awareness among MSMEs owners and managers, as their level of understanding of insurance policies and their attitude towards risk management is very low.

If left at the present level, this trend could lead to heavy losses from which such business may not recover from and by implication jeopardize their existence and hinder MSMEs viability in Nigeria. It is therefore recommended that insurance companies in Nigeria should come up with sensitization campaigns that are targeted at MSMEs to create awareness on the benefits MSMEs stand to derive from obtaining adequate insurance cover for their operations. The government should also ensure that policy framework is put in place to empower MSMEs to purchase relevant insurance policies as a way of protecting them from loss of business. And finally, to change the attitude of MSMEs managers and owners towards insurance, the registration process should include an addendum requiring insuring the business.

It is therefore recommended that;

- Insurance companies in Nigeria should come up with sensitization campaigns that are targeted at MSMEs to create awareness on the benefits MSMEs stand to derive from obtaining adequate insurance cover for their operations;
- The government should also ensure that policy framework is put in place to empower MSMEs to purchase relevant insurance policies as a way of protecting them from loss of business;
- Finally, to change the attitude of MSMEs managers and owners towards insurance, the registration process should include an addendum requiring insuring the business.

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