

IMPACT OF SOCIO-CULTURAL FACTORS ON DEMAND FOR INSURANCE POLICY AND PRODUCT IN NIGERIA

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Abstract

The insurance sub-sector of financial services industry aims at smoothening financial distortions in the economy. However, the sector is weak due to inappropriate response to economic challenges. The potential of the insurance industry in emerging countries like Nigeria is being hampered by socio-cultural attributes of the customers which include many dimensions such as language, education, ethnic background and religion. These factors make customers to be skeptical in deciding on insurance policies which consequently lead to poor penetration and poor performance of the insurance sector. As a result, the present study examines the impact of socio-cultural factors on the taking up of insurance policy in Nigeria. The study adopts survey research design and the sample size is 384 respondents and the data obtained was analyzed using descriptive and inferential statistics. The result of analysis reveals that Christian religious belief, language, trust, and level of awareness of customers statistically and significantly influence the extent of procurement of insurance policy by customers in Nigeria. However, the Islamic religious belief and ethnicity of the customers do not have statistically significant relationship with demand for insurance policy. The study concludes that Christianity, trust and level of awareness of customers influence their demand for insurance policy in Nigeria. Consequently, insurance companies should strengthen the level of trust between their agents and the customers and should widen their level of publicity in order to improve demand for insurance policy in Nigeria.

Key words: Socio-cultural, demand for insurance policy

INTRODUCTION

The insurance sub-sector of financial services industry plays a pivotal role in the financial system in all countries of the world with evident benefits such as contribution to the economic growth, efficient resource allocation, reduction of business risks, facilitation of economies of scale in investment, and spread of financial risk which cannot be overemphasized (Haiss & Sümegi, 2008; Mazviona, Dube & Sakahuhwa, 2017). The sector aims at smoothening financial calamity in the economy hence, strengthening the financial and economic system of the country (Shawar & Siddiqui, 2019). However, the overall financial performance of the insurance sub-sectors in Nigeria is weak due to inappropriate response to economic challenges and crisis in the sector. The sector is characterized by inadequate resources which would have facilitated the growth of the economies (International Monitoring Fund (IMF), 2013; Emeka, NenuBari, & Chidinma, 2019).

Despite different measures such as the recapitalization of the industry, the Market Development and Restructuring Initiative (MDRI), the introduction of risk-based supervision for insurance companies among others to revitalize the sector, the insurance performance remained significantly low coupled with apathy and cautiousness of customers to insurance industry in Nigeria (Gonga & Sasaka, 2017). The

potential of insurance industry in emerging countries like Nigeria is hampered due to lack of trust and awareness of the benefits insurance company offers. Also, for large segments of the population, insurance is often unaffordable (Mahdjour & Benhabib, 2017). One can believe that lack of trust and confidence in insurance companies are the foremost reasons for not buying some insurance policy in Nigeria coupled with lack of knowledge and information (Omar, 2007). Customers' decision to demand for insurance policy or product is also affected due to erosion of confidence, lack of willingness due ethnic and religion belief, inefficient language used by intermediaries, lack of reliability and accessibility to the services (Bawa, 2011; Odemba, 2013). With the aforementioned, the performance of insurance companies is not only affected by the companies' itself but also the attitude of customers to take up insurance policy.

One of the primitive factors affecting consumer attitude and decision towards insurance products in Nigeria is the socio-cultural factor which entails many dimensions such as language, education, ethnic background and religion but the aspect of religion is considered more ancient than other cultural values (Odemba, 2013). These socio-cultural factors influence customers to be skeptical in obtaining insurance policies which consequently lead to poor penetration which in turn affects the performance of the insurance sector.

The present study examines the impact of these socio-cultural factors on the performance of insurance companies in Nigeria. Therefore, a hypothesis stated in null form was developed for this study that 'Socio-cultural factors do not significantly affect the demand for insurance policy of insurance companies in Nigeria'. This leads to the development of the following sub-hypotheses:

H_{02:1} Belief in the Islamic Religion does not significantly influence the demand for insurance policy of insurance companies in Nigeria.

H_{2:2}: The Christian belief does not significantly influence the demand for insurance policy of insurance companies in Nigeria.

H_{02:3} Ethnic background of customer does not significantly influence the demand for insurance policy of insurance companies in Nigeria.

H_{02:4} Language does not significantly influence the demand for insurance policy of insurance companies in Nigeria.

H_{02:5} Trust by the customer does not significantly influence the demand for insurance policy of insurance companies in Nigeria.

H_{02:6} Level of awareness of the customer does not significantly influence the demand for insurance policy of insurance companies in Nigeria.

This current study contributes to the body of existing literature on firm productivity, providing valuable information about socio-cultural factors that influence the demand for, and purchases of insurance products and policy. The rest of the paper covers conceptual review, theoretical underpinning, empirical review, methodology, presentation and discussion of finding, conclusion and recommendations.

LITERATURE REVIEW

Conceptual Review

The study reviews two relevant constructs employed in this study. These constructs include demand for insurance policy and social-cultural attributes of customers.

Demand for Insurance Policy of Insurance Companies

Demand for insurance policy is one of the parameters for assessing performance. Performance is the capability of an entity to expand and deal with its available resources in several different ways to maintain

competitive advantage. High performance implies that management is effective and efficient in the utilization of the entity's resources which in turn improves the economy at large (Mazviona *et al.*, 2017). These imply that performance cannot be restricted to financial performance alone. The issue of performance of corporate organizations has been one of the major concerns of management, experts, investors and as well as researchers. The performance of a firm can be measured using different indices, financial or otherwise, through different methods.

Attention is usually placed on the ability of the organization to lift up their income level (Ahmed, Ahmed & Usman, 2011). Little or no attention is usually placed on non-financial methods of which demand for insurance policy is an appropriate example. The demand for insurance products is of the non-financial performance because of its impact on the level of penetration of the insurance industry. Effective and efficient performance of the insurance industry is a reflection of proper management of these socio-cultural factors. A strong understanding of these factors and their impacts on business operations like insurance companies are essential.

Socio-Cultural Factors

Cultures are rules and laws which are passed from one generation to the next generation. The concept of culture is usually invoked to understand the behavior and thought patterns of groups (Giddens, 2005). Culture exists anywhere humans exist and no two cultures are exactly the same. Therefore, definition of culture must start by acknowledging that human beings possess it, learn it and processes it (Matthews, Brown & Kennedy, 2018). They therefore define culture as the shared information that results from social-learning interactions among a group of people which influences their behaviors and beliefs. Culture, according to Yusuf, Gbadamosi and Hamadu (2009), is a learned complex of knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society.

Culture refers to the ways of life of the members of society, or of groups within a society. To describe and understand the deep and real sense of the term culture, there is the need to classify and name its basic elements. Culture combines many elements to create a unique way of living for different people. It includes how they dress, their marriage customs, language and family life, their patterns of work, religious ceremonies and leisure pursuits (Giddens, 2005). This heterogeneity of culture can never have a one-to-one correspondence with behavior outputs. Long-Crowell and Pisano (2019) identify four of the elements that exist in every culture, albeit in different forms: symbols, language, values, and norms. While sociology group (2018) extended the classification to include belief and cognitive element.

Every culture has its own unique patterns of behavior, which seem alien to people from other cultural backgrounds. Existence of different traits of human behavior is aspects of broad cultural differences that distinguish societies from one another (Giddens, 2005). Even in countries which share the same language, everyday habits, customs and behavior may be quite different. Culture influences most of the activities of our daily lives including our dispositions, decisions and even our attitudes (Yusuf *et al.*, 2009). All these cultural elements influence the decision of customers to take up insurance policy. It also influences the extent to which they should belief the policy and the type of policy needed to be taken.

Theoretical Review

Various theories have been employed to assess and justify the performance of the insurance industry such as agency theory, stakeholder theory, institution theory etc. However, this study employed resource-based view theory as theoretical background. This theory was postulated by Penrose (1959) and has gained

recognition as a potential contemporary theory that combines strategic insights on competitive advantage and organizational insights on firm existence. The resource-based focus on entity's resources as the primary factors of competitive benefit and performance (Chinendu & Chinendu, 2018). The theory visualized entity as a collection of physical and human productive resources. The defining features of the theory emphasize that the resource endowments of an entity are heterogeneous (Denizel & Özdemir, 2006). This indicates that the diverse demand for insurance policy can be explained by heterogeneity in the resource endowments, and that building up stocks of strategically valuable resources is the key to obtain competitive victory (Barney & Arikan, 2001).

The available resources have diverse use and can be employed to provide variety of services. Socio-cultural factors are examples of resources influencing the behavior of consumer to decide on the uptake of insurance which in turn affect the level of performance of insurance company at large. The theory emphasized that differences in performance happen when a vibrant entity including individual possesses important resources such as good socio-cultural background that it colleagues do not have which make him/her to suppress others (Chinendu & Chinendu, 2018). The differences in terms of socio-cultural resources and capabilities are the important factors of sustainable competitive advantage of the customers.

Empirical Reviews

One of the studies on socio-cultural factors was study of Sugirtha (2007) who examined the determinants of demand for insurance in India. The study gathered both primary and secondary data through questionnaire and annual reports. From the probit regression analysis, it is inferred that age, income and value of property have emerged significantly as determinants of demand for insurance. The study also found that social and regulatory factors played crucial role in the consumer's decision in purchasing insurance. However, it was further found that the public at large is unaware about the benefits of insurance and various types of insurance products.

Park and Lemaire (2011) explored the factors that affect non-life insurance demand across nations using applied regression techniques to an unbalanced panel data obtained from 82 countries over a ten-year period. The study revealed that non-life insurance consumption was adversely impacted in countries where a large fraction of the population had Islamic beliefs. The study also found that three of the cultural scores (that is power distance, individualism, and uncertainty avoidance) developed by Hofstede (1980) are highly significant. An inference that culture impacts non-life insurance more in affluent countries receives ample statistical support, with an adjusted R-square coefficient increasing by 20%. The findings of the study had implications for multinational insurers seeking to enter a new market. *Ceteris Paribus*, these insurers should target countries, and population segments within these countries, that exhibit low power distance, and high individualism and uncertainty avoidance scores.

Odemba (2013) investigated the influence of life insurance as an important aspect of the social-economic development of the society. The study adopted a descriptive and cross-sectional survey research design. The population of the study constituted all the registered 13 life insurance companies in Kenya. Primary data was obtained using questionnaire. The study revealed that most of the customers preferred life insurance products with both risk and saving components. The study also revealed that high cost of premiums and inefficiency in claims settlement are the major factors hindering the penetration of life insurance in Kenya. Other major factors affecting penetration of life insurance include poor customer service, the complicated nature of life insurance products, poor sales agents' integrity and lack of disposable income for most Kenyans.

In 2014, Mathur and Tripathi (2014) explored the factors that have a high influence on customer's choice in Ajmer insurance industry. Data was gathered from a survey of 120 respondents which were analyzed using mean and factor analysis. Out of 29 factors employed, the result showed that there were 9 key factors influencing customer's choice of an insurance company. The most important among these factors that influence customers choice for selecting insurance companies include computerization and online transactions, connectivity with bank, speed and efficiency in transactions, clear communication while the least important factors are marketing campaign, free gifts for customers, peer group impression.

The demand for insurance policy was considered in terms of customer motivation by Felício and Rodrigues (2015). They examined the organizational factors such as age, size, and type of products of insurance companies and customers' motivation with insurance companies' performance. A sample of 202 insurance companies in Portuguese and Spanish markets between 2005 and 2007 (before international financial crisis) and those companies' performance data between 2010 and 2012 were employed. Using factor analysis and structural equation modeling methodology, the study found that customers' necessities and confidence strongly affect organizational factors that which in turn affect insurance companies' performance.

Gitau and Sile (2016) conducted an assessment of cultural factors affecting insurance uptake of the Nairobi Central Business Districts. The study employed a descriptive research design and gathered primary data through questionnaire. The target population for the study was 160 respondents from which a sample of 100 respondents was chosen with stratified random sampling. Based on the result of data analysis, the study found that religion has a negative effect on the uptake of insurance in Nairobi Central Business Districts. Further, cultural taboos and beliefs, cultural attitudes and values language used by insurance sales agents, education have a negative effect on the uptake of insurance in Kenya.

Also in Kenya, Langat, Naibei and Getare (2017) examined the influence of consumer behavior on the uptake of insurance service in the Cooperative Insurance Company (CIC), Kericho branch. The study employed descriptive research design with a targeted population of 300 customers of CIC insurance Kericho. Using simple random sampling technique, the study sampled 171 customers from whom data was gathered using structured self-administered questionnaires and analyzed with OLS regression. The findings depicted that there is a significant relationship between consumer behavior and insurance uptake and that economic factors, demographic, product awareness greatly influence the uptake of insurance services, whereas social factors are less significant for insurance uptake.

Mahdjour and Benhabib (2017) examined the effect of the socio-cultural factors on Algerian consumer attitude towards Insurance products. The study used the survey method to build a scientific framework and primary data were collected from 260 users of insurance products which were analyzed using Structural Equation modeling. The result of the study indicated that the "religious factor" negatively affected the attitude of Algerian consumer towards insurance products. The result also found that some insurance products conflict with religious values and beliefs of the Algerian consumer, while the (reference of family/friends) factor did not have an influence on the Algerian consumer attitude towards insurance services.

Focusing on National Health Insurance Scheme, Aregbeshola and Khan (2018) assessed the level of enrolment among women of reproductive age in Nigeria. The study gathered secondary data from the 2013 Nigeria Demographic and Health Survey (NDHS) for total participants of 38,948. The data was

analyzed using univariate, bivariate and multivariate analyses and the finding depicted that 97.9% of women were not covered by health insurance. Factors such as age, education, geo-political zone, socio-economic status (SES), and employment status were significant predictors of enrolment in the NHIS among women of reproductive age. The study concluded that health insurance coverage among women of reproductive age in Nigeria is very low.

Also in 2018, Badu, Agyei-Baffour, Acheampong, Opoku and Addai-Donkor (2018) conducted a cross sectional examination on the effect of household socio-demographic profile on health insurance uptake and service utilization in a municipality of Ghana. The study sampled a total of 380 respondents selected through a multistage cluster sampling. The data which was collected using a semi-structured questionnaire was analyzed using descriptive and multiple logistic regressions. The overall result revealed that households' profiles such as age, gender, education, marital status, ethnicity, and religion were key predictors of NHIS active membership. Proximate factors such as education, marital status, place of residence, and NHIS status were predictors of healthcare utilization.

Meanwhile, the findings was further buttressed by Jain (2019) who also found that in this purchase decision process, demographic factor is the factor which has got the maximum of its effect in the purchase decision of the product and especially if that product is life insurance product. It is so because these factors incorporate other factors like economics, social, political and legal. These factors can influence the buying decision of the buyers to maximum extent viz. occupational factor (service/business), age factor, gender, and marital status factor and income level. Despite numerous studies that have been conducted in this area, most of the studies have not been able to lay emphasis on the specific socio-cultural attributes of customers. They lumped up all the variables. Those studies that employed socio-cultural factors of customers were also examined for the impact from specific aspect of insurance such NHIS. Therefore, the present study examines the impact of socio-cultural factors on demand for insurance policy of insurance companies in Nigeria.

METHODOLOGY

Research Design, Population and Sampling.

This study adopts survey research design which involves enquiring from large numbers of people their opinions about a particular phenomenon (Geoffrey, David & David, 2005). This avails the researcher an opportunity to obtain confidential and valid responses. Due to frequent changes in the existing and potential customers of the insurance companies, it is difficult to estimate the total population. Therefore, the population of the customers of insurance companies is an infinite population. Determination of sample size is based on mathematical model developed by Cronchan (1963). In this formula, there are some important criteria which include the level of precision, the level of confidence or risk and the degree of variability in the attributes being measured (Miaoulis & Michener, 1976).

The purpose of this study is based on the margin of error of 5%, population proportion of 50%, and confidence level of 95%. The appropriate sample size for this study is calculated as follow using Cronchan (1963) model.

$$SS = \frac{Z^2 \times p(1-p)}{M^2}$$

$$SS = \frac{1.96^2 \times 0.5(1-0.5)}{0.05^2} = 384.16 \text{ (Approximately 384)}$$

Therefore, the sample size is 384 respondents to whom questionnaire was administered proportionally at the location of headquarter of the insurance company in Nigeria. Most of the headquarters were located in Lagos, Abuja, Port-Harcourt and some other few states.

Method of Data Analysis

The data was analyzed using descriptive and inferential statistics. However, different inferential statistic was used to analyze data depends on the type of data-set. The descriptive statistics include the use of percentage analysis, mean, range of scores (Minimum & Maximum), standard deviation, skewness and kurtosis. The mean is used to measure the average of the variable to understand the magnitude of the data. The standard deviation measures the variability of values for each variable to measure the reliability of the mean. The minimum and maximum show the range of values for each variable. The rationale for the normality test is to explain the proportioned and hell-shaped curve which is the peak of value in the center and minor scores that move towards the boundaries (Kennedy, 2008). OLS regression estimator was used to estimate the data obtained from questionnaire to determine the impact of socio-cultural on demand for insurance policy of insurance companies in Nigeria.

Model Specification

Resource-based view theory rests on the postulates that different heterogeneous characteristics of customers which include their socio-cultural factors influence their decision on uptake of insurance policy or product which in turn affect the performance of the company. These Socio-cultural factors were considered by Sugirtha (2007); Gitau and Sile (2016); Mahdjour and Benhabib (2017). The effect of trust by customer and level of awareness was also considered separately by Curak, Dzaja & Pepur (2013) and Abaidoo (2015). Resting on resource-based view theory and previous studies like Mahdjour and Benhabib (2017); Curak *et al* (2013) and Abaidoo (2015), this study adapted and modified their models to develop a new model as follows:

$$Demand\ for\ Insurance\ Policy = f(Socio-Cultural\ Factors).....3.1$$

The demand or decision by consumers on uptake of insurance products or policies was considered to be influencing by the socio-cultural attributes of customers which were expanded to include those attributes relevant for the purpose of this study.

$$Demand\ for\ Insurance\ Policy = f(Islamic\ Religion\ belief, Christianity\ religion\ belief, ethnic\ background, language, trust\ of\ the\ customer, level\ of\ awareness,.....3.2$$

This was mathematically transformed as follow:

$$DFINSP = f(ISR, CRB, ETB, LAN, TRT, AWA,).....3.3$$

This was transformed into the following linear equation:

$$DFINSP_i = \beta_{0i} + \beta_1ISR_i + \beta_2CRB_i + \beta_3ETB_i + \beta_4LAN_i + \beta_5TRT_i + \beta_6AWA_i + e_{jt}..... 3.4$$

Where:

VARIABLES	DEFINITIONS OF PRIMARY DATA	a-prior expectation
<i>DFINSP</i>	Demand for Insurance Policy	
<i>ISR</i>	Islamic Religion Belief of customer	+
<i>CRB</i>	Christianity religion Belief of Customer	+
<i>ETB</i>	Ethnic Background of Customer	+
<i>LAN</i>	Language of the Customer	+
<i>TRT</i>	Trust of the Customer	+
<i>AWA</i>	<u>Awareness Level of Customer</u>	+
$B_0 - \beta_6$	Coefficient of the variable	
<i>e</i>	Error term	

RESULTS AND DISCUSSIONS

Preliminary Assessment of **Demographic Profile of the Respondents**

Out of the 384 questionnaires (Hardcopy and Online Questionnaires), 333 were retrieved, a response rate of 87%. 33 questionnaires were not satisfactory due to incompleteness and outliers and thus removed because presence of outliers in the data-set for any regression-based analysis can seriously distort the coefficients and lead to unreliable results (Verardi & Croux, 2008). This brought down the response rate to 78% (300) which is still adequate and above the 30% considered sufficient for surveys. The details were presented in Table 4.1

Table 4.1: Respondents Demographic Profile

VARIABLES	RESPONDENTS PROFILE	FREQUENCY	PERCENTAGE (%)	CUMULATIVE (%)
AGE	30yrs and below	114	38	38.0
	31 – 40yrs	84	28	66.0
	41 – 50yrs	78	26	92.0
	51 – 60yrs	24	8.0	100.0
	61yrs and Above	00	0.0	100.0
GENDER	MALE	192	64	64.0
	FEMALE	108	36	100.0
MARITAL STATUS	SINGLE	114	38	38
	MARRIED	147	49	87
	DIVORCE	33	11	98
	OTHERS	6	2	100.0
TYPE OF WORKING CLASS	Civil Servant	171	57	57
	Business	60	20	77
	Professional Services	54	18	95

	Others	15	5	100.0
ACADEMIC QUALIFICATION	Diploma/NCE	24	8	8
	HND/Degree	186	62	70
	Master	75	25	95
	PhD	6	2	97
	Others	9	3	100.0
ANNUAL INCOME	Below 216,000	72	24	24
	216,000-450,000	24	8	32
	451,000-750,000	54	18	50
	751,000-999,000	48	16	66
	Above 1,000,000	102	34	100.0
WORKING EXPERIENCE	Below 5 years	129	43	43
	6-10years	42	14	57
	11-15years	69	23	80
	16-20years	27	9	89
	Above 20years	33	11	100.0
TYPE OF INSURANCE	Life Insurance	42	14	14
	Non-life Insurance	258	86	100.0

Source: Authors' Computation (2020)

Table 4.1 shows the general demographic profile of the respondents of questionnaire. The profile of the respondents was presented using their demographic characteristics such as grade level, gender, work place, age, academic qualification, annual income, type of work as well as length of working experience. The general demographic profile of the respondents to questionnaire depicts that 114 (38%) of the respondents are between age 31-40 years, 84 (28%), 41-50 years were 78 of the respondents representing 26% while 24 (8%) are in the age bracket of 51-60 years. Surprisingly, none of the respondent is above the age of 60 years. This implies that all the respondents are in active period of their life. By gender, 192 (64%) are males while the remaining 108 (36%) are females, a reflection of staff distribution along gender line of Nigeria. Regarding the marital status, 114 (38%) is still single and may represent the age brackets below 30 years. The number of married respondents are 147 representing close to 50% (49%) while 33 (11%) accounted for divorcee and 6 respondents (2%) respondents who are neither single, married nor divorce. However, the study reveals that 98% of the respondents are responsible and matured.

Based on the class of work, more than 50% of the respondents are civil servants showing that civil servant patronize insurance company than other working class. Respondents who are in business are 60 (20%) while those in professional services are 54 (18%). Fifteen (15) representing 5% of the respondents cannot be categorized under any the above categorization. Table 4.2 also reveals that 24 (8%) of the respondents possessed Diploma/NCE certificates, 186 (62%) of the respondents are HND/Degree holder, 75 (25%) are Master's degree holders while 6 (2%) are with Doctorate degree. Numbers of respondents with other professional certificates which cannot be categorized under the above are just nine (9) equivalents to 3%. More than 90% of the respondents possessed at least B.Sc./HND educational certificates.

The study reveals that annual income of the respondents is distributed as follow. 72 (24%) received annual income below ₦216,000, 24 (8%) received annual income between ₦216,000 and ₦450,000, 54 (18%) received annual income between ₦451,000 and ₦750,000, 48 (16%) received annual income between ₦751,000 and ₦999,000 while 102 (34%) received annual income of ₦1,000,000 and above. This implies more than 50% of the respondent received annual income of ₦451,000 to ₦750,000 which represent

average annual income for all category of workers. The working experience shown that the highest number of the respondents 129 (43%) have a work experience between below 5 years, 42 (14%) had 6-10 years' work experience, 69 (23%) had 11 -15 years, 27 (9%) had 16-20 years while only 33 (11%) had over 20 years of work experience. This implies that 40% and above have spent more than 10 years in service and will be full of wealth of experience.

Regarding the type of insurance policy uptake by the customers, 42 (14%) of the respondents uptake life insurance while 258 (86%) of the respondents uptake other type of insurance. This shows that the Nigerian uptake more of other type of insurance than life insurance policy. Generally, the aforementioned information indicates that all the respondents are versatile and possessed the pre-requisites to provide the required answers to the questions in the questionnaires.

4.2 Reliability Test of Instrument

Prior to the analysis of the data collected through questionnaire, the instrument was subjected to reliability test using Cronbach Alphas. The theoretical value of alpha varies from 0 to 1, meaning that estimates of alpha can take on any value less than or equal to 1, including negative values, although only positive values are allowable but higher values of alpha are more desirable (Ritter, 2010). Table 4.2 shows the Cronbach's Alpha for all variables.

Table 4.2: Reliability Statistics

S/N	Variables	No of Items Before	Cronbach's Alpha	No of Items After
1	DFINSP	6	0.876	6
2	ISR	5	0.799	4
3	CRB	4	0.795	3
4	ETB	5	0.807	4
5	LAN	4	0.862	3
6	TRT	5	0.877	4
7	AWA	4	0.766	4

Source: Authors' computation (2020)

From Table 4.2, the initial numbers of statements were considered in order to obtain a reliable Cronbach alpha coefficient. Some statements were evaluated to achieve a Cronbach Alpha that is acceptable. The Table 4.2 shows the number of statements before and after evaluation. The statements for variables such as Islam religion belief, Christianity religion belief, ethnicity of the customers, language of insurance of policy and trust of the customer were reduced by proper scrutiny in order to obtain an acceptable alpha value. Insurance uptake and level of awareness are not reduced because the initial set of statements achieved the acceptable alpha value. Meanwhile, the statistics show that all variables exhibited values ranging 0.766 to 0.877 which suggested that the instruments are reliable and consistent within acceptable research standards. This is higher than benchmark of 0.7 (Ritter, 2010). This implies that Cronbach's Alpha is considered acceptable which suggested that the data are reliable and consistent with acceptable standards.

4.3 Descriptive Statistics

This section presents summary of descriptive analysis of data collected for each of the variables employed in this study. This entails a statistical summary of mean, minimum, maximum and standard deviation. Assessment of data normal distribution was also conducted using skewness and kurtosis.

Table 4.3 Summary of Descriptive Statistics Result for Socio-Cultural Factors

		DFINSP	ISR	CRB	ETN	LAN	TRT	AWA
N	Valid	300	300	300	300	300	300	300
	Missing	0	0	0	0	0	0	0
Mean		4.01	3.35	3.43	2.88	2.76	3.68	3.38
Std. Deviation		0.740	0.874	0.902	1.001	1.138	0.957	0.867
Skewness		-0.781	-0.292	-0.420	0.950	0.051	-0.720	-0.184
Std. Error of Skewness		0.141	0.141	0.141	0.141	0.141	0.141	0.141
Kurtosis		0.357	-0.527	-0.327	3.062	-1.151	0.034	-0.902
Std. Error of Kurtosis		0.281	0.281	0.281	0.281	0.281	0.281	0.281
Minimum		2	1	1	1	1	1	2
Maximum		5	5	5	5	5	5	5

Source: Authors' computation (2020)

The descriptive statistics in Table 4.3 show the maximum value of 5 and minimum 1 for all the variables except for demand for insurance policy and level of awareness with 2 as minimum value which represent disagree. This implies that all the respondents for these two variables did not have a strong opposition to all the instruments employed for the variables. The result of the mean which is the average score of responses from respondents ranged from 2.76 to 4.01. This represents an acceptable value for the data obtained for the variable as the value of 2.76 is close to 3 than 2 based on Nik, Jantan and Taib (2010) interpretation of the level of score from likert scale questionnaire. They recommended that scores of less than 2.33 are low level, 2.33 to 3.67 are moderate level, and 3.67 and above are regarded as high level. The result of descriptive statistics show mean values that is moderate and high level of mean score.

Table 4.3 also shows that insurance uptake recorded the highest mean ($M = 4.01$, $SD = 0.740$) and language of the insurance policy has the lowest mean ($M = 2.76$, $SD = 1.138$). Except for ethnicity of the customer and language of insurance policy, the means of all the other variables are above the average of three (3) implying that they are in the high level range. In addition, descriptive statistics such as skewness and kurtosis were used to determine if data are normally distributed. The coefficients for skewness and kurtosis indicate that the data are normally distributed as these values are within the cut of point of -3 and 3 (Pallant, 2007). Therefore, the result obtained from Table 4.3 show that all the variables observed are normally distributed. Therefore, analysis can be conducted with parametric statistics.

Test of Multicollinearity

The level of multicollinearity among the variables was tested using spearman correlation approach. The result of the correlation analysis is presented in Table 4.4

Table 4.4 Result of Correlation Analysis of Social Cultural Factors

VARIABLES	DFINSP	ISR	CRB	ETN	LAN	TRT	AWA
DFINSP	1.000						
ISR	0.044	1.000					
CRB	0.426	0.114	1.000				
ETN	0.012	0.538	0.067	1.000			
LAN	0.082	0.332	-0.046	0.353	1.000		
TRT	0.465	-0.059	0.515	-0.114	-0.114	1.000	
AWA	0.118	-0.171	0.297	-0.006	-0.189	0.642	1.000

Source: Authors’ computation (2020)

From Table 4.4, the result of analysis showed that demand for insurance policy is positively related to the Islamic religion belief, Christianity religion belief, the ethnicity of customer, language of the insurance policy, the trust from the customer and level of awareness. This indicates that Islamic religious belief, Christian religious belief, ethnicity of customer, language of the policy, trust from the customer and level of awareness necessarily and can positively influence insurance uptake of customer but the extent and the significant of the relationship cannot be established with these analysis. Islamic religion belief is positively related to Islamic religious belief, Christian religious belief, ethnicity of customer, language of the insurance policy but negatively associated with the trust from the customer and level of awareness of insurance policy.

Christian religious belief is also positively associated with ethnicity of customer, trust from the customer and level of awareness of insurance policy but negatively related with language of the insurance policy. Ethnicity of customer positively related with language of the insurance policy but has a negative relationship with the trust from the customer and level of awareness of insurance policy. Language of the insurance policy also related negatively with the trust from the customer and level of awareness of insurance policy. The analysis of the correlation reveals a positive relationship between the trust from the customer and level of awareness of insurance policy. Generally, the results from the correlation analysis revealed that there was no multicollinearity problems as all the independent variables show a value of less than the proposed cut-off point of 0.7 (Kennedy, 2008).

OLS Regression of Impact of Socio-Cultural Factors on the Demand for Insurance Policy

The OLS regression analysis result presented in table 4.5 focused on the impact of social cultural factors on demand for insurance policy by customers in Nigeria.

Table 4.5 OLS Regression Result for Socio-Cultural Factors on the Demand for Insurance Policy

VARIABLES	OLS Regression Analysis		
	Coefficient	t-value	p-value
Islamic Religion Belief	-0.055	-1.091	0.276
Christianity Religion Belief	0.199***	4.264	0.000
Ethnicity of the Customer	0.040	0.905	0.366
Language of the insurance policy	0.066**	1.917	0.056
Trust by the Customer	0.420***	7.575	0.000
Awareness of the customer	-0.252***	-4.475	0.000
Constant	2.524	10.569	0.000
F-Statistic value	23.782		
F-P Value	0.000		
R-Squared	0.328		
Adjusted R-Square	0.314		
Durbin-Watson	1.936		
Observations	300		

*** p<0.01, ** p<0.05, * p<0.1

Source: Author's Computation (2020)

Table 4.5 presented the result of regression analysis of the effect of social cultural factors on the performance of insurance companies in Nigeria. The study reveals f-statistic value of 23.78 with p-value of 0.000. This implies that the regression model is a better prediction of social cultural factors and demand for insurance policy of insurance company. The regression result indicated that the overall estimated model is fairly good as it has a R² and an adjusted R² of 0.328 and 0.314 respectively. This implies that 31 percent of the variation in the dependent variable can be explained by the explanatory variables that is the social cultural factors. The Durbin Watson statistics of 1.936 is very close to 2 and can be regarded to be within the acceptable range (Gujarati, 2003).

With regards to the impact of social cultural variables employed in the study, Table 4.5 depicts that Christian religious belief, language, trust, and level of awareness of customers statistically and significantly influence the extent of uptake of insurance policy in Nigeria. The regression result in Table 4.5 reveals a significant positive coefficient of 0.199 for Christian religious belief which means that a percentage point increase in Christian religious belief results to an increase in uptake of insurance policy by 20 percent and vice versa. A significant positive change in the language of insurance policy lead to a rise in the uptake of insurance policy by 6 percent and vice versa.

The result also depicts that a percentage increase in the point of trust by customers will lead to a rise in the insurance uptake by 0.420 points and a decrease by a percentage points will result to a decrease of 0.420 in uptake of insurance policy in Nigeria. Meanwhile, a significant decrease in the level of trust may cause an increase in the level of awareness by 25 percent while a significant increase in the language used for insurance policy will result to decrease in the uptake of insurance policy by customers in Nigeria. However, the Islamic religion belief and ethnicity of the customers do not have statistical significant influence on uptake of insurance policy. Islamic religious belief and ethnicity of the customers does not influence the demand for insurance policy of insurance companies.

Discussion of Findings

To answer the research questions, six hypotheses were developed reflecting some of the essential social cultural factors of customers. These include Islamic religious belief, Christian religious belief, ethnicity, language, trust and level of awareness of customers. The effects of these factors were assessed using the result of regression analysis. The findings reveal that Christian religious belief, language, trust and level of awareness of customers are statistically significant while Islamic religion belief and ethnicity of the customers are not statistically significant. For Christian religious belief, the result revealed a significant positive relationship between Christian religious belief and demand for insurance services of insurance companies in Nigeria. ($\beta = 0.199$; $t = 4.264$, $P < 0.000$). The null hypothesis that Christianity does not significantly influence demand for insurance policy of insurance companies in Nigeria is rejected. This implies that Christianity religion belief positively influences the uptake of insurance policy in Nigeria. This implies that a significant positive change by a point in Christianity belief increases the demand for insurance policy by 20 percent and vice versa.

The finding that Christianity belief increases the demand for insurance policy is in line with a prior expectation of this study and supported in the following previous studies like Aregbeshola and Khan (2018) and Badu *et al* (2018). However, none of them specifically mentioned the type of religion. Regarding language used in the insurance policy, the study found a significant positive relationship between the language and demand for insurance services with ($\beta = 0.066$, $t = 1.917$, $P < 0.056$). The finding of the study implies that language of insurance policy positively affect the demand for insurance service in Nigeria. The finding is supported by Mathur and Tripathi (2014) that clear communication regarding language of insurance policy is one of the factors that have a high influence on customer's choice of demand for insurance services.

The third variable that shows a statistical significant result with demand for insurance services is the trust by the customer. The result of the analysis showed a significant positive coefficient ($\beta = 0.420$, $t = 7.575$, $P < 0.000$) indicating that trust by the customers influence the extent to which the customer demand for insurance services. Therefore, the study fails to accept null hypothesis and restated the alternative hypothesis that level of trust by customers significantly influence the performance of insurance company in Nigeria. This implies that as the level of the trust increase by 42 percent, the demand for uptake of insurance policy increase by 100 percent and vice versa. The positive significant relationship achieved is in line with a prior expectation of this study and study of Felício and Rodrigues (2015) who concluded that customers' necessities and confidence strongly affect insurance companies' performance.

Lastly, the finding reveals that level of awareness of customer regarding the insurance policy negatively significant with demand for insurance policy. The coefficient value of ($\beta = -0.252$, $t = -4.475$, $P < 0.000$) indicates that as the level of awareness increases by a point, the demand for uptake of insurance policy decline by 25 percent and vice versa. Therefore, the study rejects the null hypothesis. The finding is not in line with a prior expectation of this study but supported by Langat *et al* (2017) that socio-cultural attributes less significant in purchase of insurance policy. Socio-cultural factors as considered in this study are some of the customer specific features which affect their insurance uptakes' decision. The findings of this study in term of socio-cultural factors that affect uptake of insurance policy can be seen with resources based view theory which anchored on the fact that performance can be explained by heterogeneity in the resource endowments of an entity.

CONCLUSION AND RECOMMENDATIONS

Based on the findings of this study that were drawn from the analysis of data from questionnaire, the study concludes that the Christian belief of customers influence their demand for insurance policy in Nigeria. The performance of insurance companies in term of customers' decision to demand for insurance policy is also influenced by trust of the customers; Also, the study concluded that the level of awareness of customers regarding insurance policy and benefits do not influence their demand for insurance policy of insurance companies in Nigeria.

Taking these conclusions into consideration, the study recommends that insurance companies should strengthen the level of trust between their agents and customers to enhance the level of demand for insurance policy. Also, the study recommends that insurance companies should widen the scope of their publicity in order to improve demand for insurance policies by customers in Nigeria. It is believed that this study has provided more information that bridges the gap in knowledge regarding the impact of socio-cultural attributes on demand for insurance policy in Nigeria. Therefore, this will be of assistance to the insurance industry in drawing policies and programs aimed at restoring the customer confidence and its subsequent effect in increased sales and insurance penetration in Nigeria.

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