



**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE  
MARKETING MANAGEMENT POSTGRADUATE  
PROGRAM**

**INFLUENCE OF CULTURE ON BUYING DECISION OF LIFE  
INSURANCE POLICY IN THE CASE OF ETHIOPIAN INSURANCE  
INDUSTRY (INSURES PERSPECTIVE).**

**BY: - TIRSIT SEIFU**

A Thesis submitted Partial Fulfillment of the required for the Award  
of Masters of Arts Degree in Marketing Management

**Advisor: Getie Andualem (PhD)**

**December, 2020  
ADDIS ABABA**

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### **Statement of Declaration**

I hereby declare that this research project paper “influence of culture on buying decision of life insurance policy in the case of Ethiopian insurance industry (insures perspective)” is my original work and to the best of my knowledge has not been presented for an award of degree at this or any other University, and that all references materials contained therein have been duly acknowledged.

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**Addis Ababa University**  
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**Influence of Culture on Buying Decision of Life Insurance Policy In The  
Case Of Ethiopian Insurance Industry (Insures Perspective)**

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*ACRONYMS*

**ANOVA ..... Analysis of Variance**

**SPSS ..... Statistical package of Social Science**

## **ABSTRACT**

*Life insurance market issues remain a main concern for insurance companies and scholars as well as policy makers. It is an important part of the social-economic development of a given country. Regardless of its importance for the social-economic development of a given country the culture of purchasing life insurance in Ethiopia is in a very slow growth when we compared to other countries it is even less than most African countries. This study was conducted with the objective of examining the influence of cultural factors that affect buying decision of life insurance in Ethiopia. The study used an explanatory research design and Primary data. The data was gathered using closed ended questionnaire. The study comprises target population of operational employees of insurance companies who sell life insurance policy. Out of one hundred twenty-five questionnaires administered, one hundred eighteen usable questionnaires were obtained constituting 94.4 percent for analysis. Among the five variables religion, cultural values, language and education have significant positive effect on the buying decision of life insurance in Ethiopia. Finally, the study recommended insurance companies to increase their product type to reach their potential customers different needs, simplify the language they use on their different format, prepare a well-planned awareness programs and utilize institutions like health sector, religious system etc as a motivator*

**Key words:** *life insurance, cultural value, cultural beliefs, buying decision.*

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

One of essential character of a society that distinguishes one group from the other is its culture. Values, language, myths, customs, rituals, laws, and the artifacts, or products that are transmitted from one generation to the next are the main elements of every culture (Lamb, C. H. 2011). Culture is the most fundamental determinant of a people's behavior and needs while other creatures are governed by nature and their instinct, human behavior is acquired mainly through learning. This deep rooted nature of culture also reflected in the people's perspective towards insurance.

As a matter of fact, the fundamental purpose of both life and of property insurance is protection against possible economic loss. Economic loss is simply defined as the unintentional and permanent loss of something which has monetary value. Unlike other financial sector insurance companies specialized to provide polling and striding financial loss risks, (Emmett & Vuauohan, 2008). Whether it is life, health, fire or accident insurance it has a specific association with risk from client's perspective.

According to N. Davies, R., U (2003), there are two broad types of insurance: - General insurance and life insurance. General insurance: - is a financial protection for assets (Property) loss, damage, theft and other liabilities. Life insurance is a service contract which is based on mortality (i.e.), survival or disability of the insured to pay compensation in case of death, disability and compensation after retirement. Unlike the value of property, the value of human being cannot be measured in terms of money. The total or partial, temporary or permanent loss of person's income determines the monetary value of the insurance compensation. The economic value of a person is basically represented by his income loss to oneself and all others who are dependent on that income for their livelihood.

Similarly, Dash (2012) defined Life Insurance as a contract that a person pay sum of money (premium) to assured the person, or failing him/her, to the person entitled to receive the same, when claim is requested and approved. Also it is define as a financial instrument which is used for providing support for survivors, paying estate obligations arising after death, adjusting business losses because of a top management death, employee's retirement funds and emergencies. Yadav,(2012) .

## **1.2 Background of Ethiopian Insurance Industry**

Insurance development always follows the changes takes place in the political, technological, legal, economic and social aspects of the society. All changes have significant impact on its development.

The Ethiopian financial sector in the rural area consists of formal, semi-formal and informal financial service providers. Formal providers include commercial banks and MFIs while semi-formal providers are saving and credit cooperatives. Informal providers consists of social groups that provide savings and lending functions, private money lenders, friends and relatives as well as trade partners. Modern institutionalized financial service provision in Ethiopia has very short history. For long the people had been getting financial services through informal means, IDIR, EKUB and MAHBERS are classic examples of informal financial service providers in which people joined neighborhood or affinity group in order to save and access borrowings through a pool of funds and to cover emergent needs of finance. Even though their role in the urban areas is declining such institutions have pivotal role in the life of rural community. (World Vision Ethiopia 2014)

Axco (2017) Egyptian's bank of Abyssinia was starter of modern insurance in Ethiopia about 1905 by underwrite fire and marine insurance policy as an agent of a foreign insurance company. After this Swiss insurer Balois followed and open Branch office in Addis Ababa In 1923, then other foreign companies working on an agency basis followed. However during the

invasion, Italian 1936 to 1941 only Italian insurance companies were there. But after that other European insurance companies are restarted in Ethiopia.

According to Belay (2001) Ministry of Commerce and Industry reported the presence of 18 foreign insurance companies from its survey conducted in 1954. Imperial Insurance, the first domestic insurance company in Ethiopia, called in 1951. The insurance market was governed like any commercial goods and a service by Civil Code 1960 from the year 1950s up to 1960s insurance companies has increased to 33. The numbers of local companies were established reaching a total of 13 in number. Belay (2001) further, asserts that due to mal practice of the insurance companies, for the second time other study was conducted by the Addis Ababa Chamber of Commerce in 1967. Still it was administered by the provision of Ethiopian commercial code, 1960 except the marine insurance by marine code of Ethiopia. To control and regulate the insurance business in Ethiopia By 1970 Proclamation no 281/1970 was issued and obliged minimum capital requirement of 12,500 Ethiopian Birr.

For the first time in 1970 foreign companies prohibited from transacting insurance business in Ethiopia directly or indirectly and because of this some companies converted to local companies. (Hailmichael, 2011) Pursuant to the proclamation of 1970, regulation number 383/1971 was issued by the Ministry of Commerce, Trade and Tourism on matters which help to create conducive insurance market. The controller of insurance license for 15 domestic insurance companies, 36 agents, 7 brokers, 3 actuaries and 11 assessors has been licensed. (Hailu, 2007)

Ethiopian insurance corporation (EIC) was form in 1975 all after all insurers were nationalized by the communist government. In 1994 new monetary and banking proclamation no 83/1994 was issued to supervise banks and insurance but allowed for local insurers only. Axco (2017) described the communist government was overthrown in 1991 and in 1994 legislation allows private insurance companies to be formed and compete with state owned Ethiopian Insurance Corporation, but foreign shareholders were barred. The logic behind the prohibition was that the local industry was weak and needed time to build up its capital reserves; rapid opening of the market would expose Ethiopian companies to be dominated by financially strong foreign insurers.

The most recent legal basis for the insurance industry in Ethiopia is proclamation number 746/2012, which was issued on 22 August, 2012 and directive SIB/34/2013 issued to set up a Supervisory organ for Insurance Business and come in to force affective from 15 April, 2013. Hence minimum paid up capital requirement become to birr 60 million for non-life and 15 million for life and 75 million for both Life and Nonlife for insurers. And local insurers are required with minimum subscribed capital requirement of birr 2 billion of which 50% of the subscribed is paid up capital. The local Re-insurance establishment directive no SIB/44/2016 issued by the national bank of Ethiopia (Kahase. G.A. 2018).

### **1.3 Statement of the problem**

National Bank annual report shows that in terms of its contribution to GDP Ethiopian's insurance industry is at latest stage. Its contribution is not exceeding 0.5% by the year 2017/2018. Ethiopia collected 8.6 billion premiums from insurance field. From this 95% (8.1 billion birr) from general insurance and only the other 500,000 was from life insurance. (ETHIOPIAN HERALD,2018).

The life insurance business in Ethiopia is said to be found at the lowest penetration levels compared with other African nations. For example by 2015 fiscal year Kenya was able to generate more than USD 602 million from life insurance businesses, while Ethiopia collected only USD 13.7 million (ETHIOPIAN HERALD,2018) .

As we can see from historical development of insurance, after the market liberalization in Ethiopia, the number of insurance companies has been growing. However, the life insurance sector contribution to the Ethiopian economy and insurance consumption per capita is very low. The low level of life insurance penetration is caused mostly because of the insurance sector itself. It is difficult to sell life insurance policy by talking about death. There are also many reasons which may be cause for low level penetration like low level of insurance awareness, Income and culture.

As a business institution insurance companies are not getting what they must get from the sector. Premium income from the life insurance is very low. For instant Ethiopian Insurance

Company tries to establish branches which can sell only life insurance but they are not successful since they can't get enough premium to extent to cover their cost. Other example is Ethio Life Insurance Company, it was first established to give only life insurance service but now the company is obliged to get support by sell general insurance policies in addition the name changed to "Ethio-Life and General Insurance". One aim of this research is to asses some supportive ideas to how premium from the sector can be grown.

The researcher tries to review literatures which concerns to life insurance demand. There are researches on life insurance industry and its constraint in Ethiopian. But as far as the researcher's knowledge there is no research which is studied on the effect of culture on Ethiopian insurance industry. On the other hand, there are studies conducted in different countries on this issue. Although these studies contributed much to the literature on life insurance demand, their findings may not be applicable to Ethiopia due to differences in cultural, economic and legal environments.

As stated on the background of the study "culture is the essential character of a society that distinguishes it from other cultural groups" Therefore this study tried to fill the gap in literature by examining the influence of culture on the buying decision of life insurance policies in Ethiopian Insurance Industry.

## **1.4 Research Questions**

### **1.4.1 General Question**

Does culture have any influence on buying decision of life insurance policy in Ethiopian insurance industry?

### **1.4.2 Specific Question**

- i. What is the effect of religion on buying decision of life insurance?
- ii. How does cultural beliefs affect the buying decision of life insurance?

- iii. How does cultural values affect the buying decision of life insurance?
- iv. What is the effect of education on the buying decision of life insurance?
- v. How does language affect buying decision of life insurance?

## **1.5 Objectives of the study**

### **1.5.1 General objective of the study**

The general objective of this study was to examine the influence of culture on buying decision of life insurance policy in Ethiopian insurance industry.

### **1.5.2 Specific objectives of the study**

To achieve the main objective of the study the following specific objectives were applied;

- i. Evaluating the influence of religion on buying decision of life insurance in Ethiopian insurance industry.
- ii. Establishing the influence of cultural beliefs on buying decision of life insurance in Ethiopian insurance industry.
- iii. To ascertain the effect of cultural values on buying decision of life insurance in Ethiopian insurance industry.
- iv. To establish the effect of education on buying decision of life insurance in Ethiopian insurance industry.
- v. To evaluate the influence of language on buying decision of life insurance in Ethiopian insurance industry.

## **1.6 The Research hypothesis**

The following hypotheses are developed to be tested in this research,

H-1: Religion has a positive significant effect on the buying decision of Life Insurance in Ethiopia.

H-2: Education has a positive significant effect on the buying decision of Life Insurance in Ethiopia.

H-3: Cultural Beliefs has a positive and significant effect on the buying decision of Life Insurance in Ethiopia.

H-4: Cultural value has a positive and significant effect on the buying decision of Life Insurance in Ethiopia.

H-5: Language has a positive and significant effect on the buying decision of Life Insurance in Ethiopia

## **1.7 Significance of the Study**

The study will help to understand the influence of culture on life insurance demand. By understanding this different stake holders including insurance companies can get the way how to increase their place in the mind of their customer and to increase income generated from selling of life insurance policy. It also would serve other researchers who wish to make a study on the same area as a reference and finally it also gives the researcher the opportunity to gain deep knowledge in the area of demands on life insurance.

## **1.8 Scope of the study**

This study was conducted with the objective of examining the influence of culture on the buying decision of life insurance policy in Ethiopian insurance industry in respect of insurers. There are Seventeen Insurance companies In Ethiopia. From those seventeen insurance companies this study was conducted on ten insurance companies which sell life insurance cover

in Addis Ababa. The study used five independent variables (religion, cultural beliefs, cultural values, language and education) in order to determine the rate of buying decision of life insurance policy in from the perspectives of insurers.

### **1.9 Limitation of the study**

The researchers faced some limitation; since life insurance in Ethiopia has low penetration rate limited number of respondents were major limitation. Shortage of time, difficulty to obtain sufficient documents, and lack of sufficient previously done research on this topic especially from our country perspective was a constraint in the research process.

### **1.10 Organization of the Study**

The study organized in five chapters. Chapter one contains introduce it is all about the Background of the study, statement of the problem, objective of the study, research questions, hypothesis, significance of the study, scope of the study and organization of the study. The review of the related literature part was presented on the second chapter of the study. Methodology of the research presented on third chapter. The fourth chapter concerned on data presentation and analysis. The last chapter ends with summary, conclusion and recommendation.

## **CHAPTER 2:**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 THEORETICAL REVIEW**

##### **2.1.1 Aspects of Insurance**

Protecting the insured from possible economic loss and legal liability is the primary purpose of insurance. Of course, Insurance is one of the sectors of modern business too. Different scholars defined it in different ways. For instance, Pritchett (1973) defined it as social device that individuals (insureds) transferred risks to other party(insurer) .This definition shows fundamental nature of insurance that there are at least two parties in an insurance contract; the insured (beneficiary) and insurer; there is transfer of risk from one party (insured) to another party (insurer); the payment of price (premium) is mandatory by the insured for the transfer of risk; and the insurer, on its part has an obligation to pay a compensation to the insured in the occurrence of risk that creates a loss to the insured. Here we can notice that the insurer pays for the insured conditionally, but the insured pays or agree to pay small amount of money for the insurer unconditionally and in advance. Therefore, from the viewpoint of the insured, insurance can be visualized as a mechanism of substituting uncertainty with certainty.

Commercial Code of Ethiopia Art. 654 states that an insurance policy is a contract whereby a person, called the insurer, undertake, against payment of one or more premiums to pay to a person, called the insured, specified money when the stated risk(s) become visible.

##### **2.1.2 Concept and Benefits of Life Insurance**

Life insurance is protecting mechanism of family from financial crisis during family bread maker death or disablement. Beside to this, now a days, it is used as a saving that pays loan to the insured from the saved amount in time of maturity (Tigist, 2018)

As cited by Roman G. 2011 Life insurance is a contract between a policy owner and the insurer, where the policy owner agrees to pay a fixed amount to the insurer at designated interval and

that insurer agrees to pay a designated sum of money upon the occurrence of the policy owner's disability due to accident or aging, death or other events. Even though the main objective of insurance companies is to mitigate insurable financial risks on individuals, they also play an important role in development of the financial sector. They mobilize savings that accumulated from individual payment for long term investments which help economic growth and development. Carter in his book explained The risk spreading character of insurance two directions. The first one is spreading over-time and the second one is spreading between person(s) and organization(s). Most insurance business is concerned with spreading risk across individual entities at the point in time, but life insurance is mainly an overtime risk spreading mechanism. (Carter, 1979).

According to Emmett & Vuauohan (2008) Life insurance is an economic device whereby the risk of premature death of individual is pooled to the group. In Life Insurance we are not dealing about the possibility of death of insured, as it is inevitable incident, but about untimely death. This is one of its unique feature. The other unique feature is life insurance is not a contract of indemnity; we cannot place a value for one's life.

Life insurance can be defined as, an economic strategy through which the risk of premature death is spread from the individual to the pool so that individuals benefit from the contribution. The event insured against is an eventual certainty. No one lives forever. Life insurance is not against the basic requirement of insurable interest as it is not dealt with the occurrence of death, but when it occur. In other words, it is not whether the individual is going to die but when. From companies perspective, the probability to happen risk under life insurance contract is much higher in the second year of the contract, than it was in the first year, and so on, until the insured eventually dies. (Vaughan & Therese, 2008)

Life insurance plays two sided advantage for individuals first it save money second protect against personal risks in life as suggested by most personal finance and financial planning books. It has. But as insurers and financial stakeholders, many people do not see the principal benefit of life insurance. which is personal risk management tool they felt reluctant to allocate money in life insurance. (Mahdzan & Sarah, 2013)

Alhassan & Nicholas (2015) explain that as a financial intermediate insurance plays mobilizing role of funds for financial market. By this fact insurance industry promotes economic growth.

## **2.1 EVOLUTION OF LIFE INSURANCE**

People start buying life insurance and funeral expenses back in the 16th century. It was mainly one-year basis, to cover funeral expenses. Firstly, there were no restrictions on whom you could take out the insurance contract; this made it seem as a gamble that a well-known person would die within the next 12 months or so and make some money. But later the end of the 18<sup>th</sup> century, the insurance industry starts to be organized and the Life Insurance Act of 1774 put an end to gambling in that it stipulated a person had to have an insurable interest if he was to take out a life insurance contract on somebody else. (DAVID N. 1990)

Amicable Society for a Perpetual Assurance Office was formed in London in the early 18th century. Members each made a yearly payment for each share they owned. At the end of the year, a portion of this group contribution was divided up among the wives and children of any member who had died during the year. The payment was proportionate to the number of shares owned by the member. The idea that a human life had value and that it was possible to provide for benefits and cover funeral-related expenses with insurance was becoming more evident. (DAVID N. 1990)

Currently Insurance company's service of coverage expanded to personal health and the financial well-being of their clients and families of their clients. According to David, J.,S (2010.) In the process of developing positive economic externalities at both micro and macro levels spreading risks changed to scientific discipline. Well-structured insurance industry with a reliable mechanism for pooling and transferring risk lubricates the environment and economic activity. Reliability in the insurance industry and ability to pay legitimate claims is fundamental. Without it, the economic benefits of risk transfer would be undermined but in most countries of the Africa continent, insurance is seen as a rich man's need. It is believed that having Life insurance is luxurious and unthinkable for many families in the developing countries which are still fighting

for their basic need. (Bull , 2009) pointed out that if we see the trend of Kenya as more than 40% of the population earn below one dollar per day they do not have enough income to buy life insurance.

Though life insurance policies mainly pay compensation at the time of death, many people do not want to talk about death. Thus, low penetration of life insurance in most African market is observed. Moreover, as it is not African culture, or it is considered as tempting fate to discuss about the possibility of death. These make it difficult to sell pure insurance risk products. Since they fear to think about death, people prefer to involve in profit making products rather than paying to life insurance. (Wairegi, 2004).

As an ancient country Ethiopian culture is multi ethnic, multilingual and multifaceted, and it reflects diversity in culture and respect for traditional customs. There are different cultural institutions like IDIR and EKUB meant to help each other during different unexpected accidents in a d7aily life. These institutions of the society had been in service for general public of the country since longtime.

### **2.1.1 Aspects of Culture**

Culture refers to the overall identity of a particular group of people. It is reflected in the way of life of the people. Culture can be expressed in religion, language or attitude. Expression of feelings, dressing codes, and system of governance also express culture. There are many implications about culture and cultural elements across societies. From some of implications guiding the behavior of people, creating social bonds that attaches people to society and providing a sense of belongingness and collective identity can be mentioned. Peoples are primary and greatest asset for every country. Culture and its elements, values and norms play a significant role to shape the people .They tells them what and how to think in particular situations and it gives significance to the society (Key Andersen & Taylor, 2005).

Melat A.(2019) quoted explained different social groups may have different cultures that each social group is characterized by its own culture, in which the members transmit or exchange ideas, message, etc. in numerous ways, observable and invisible. Every culture has different values. These may develop over time. However, it is important to note that each culture is

different and has its own systems of meaning and value, and cannot be ranked on any universal scale (J.G. Herder, 2018).

According to Peter N. Gitau and Isabella Sile (2016) many African countries face different types of challenges by their culture. Many life insurance policies pay compensation for death. But talking about death is not an interesting issue for many people. Because of the fear of death People do not prefer to buy pure risk products such as insurance products than investment related products. Thus, there is low penetration of insurance in most Africa countries (Wairegi, 2004).

## **2.1.2 Theories of insurance**

### **2.1.4.1 Moral Hazard Theory**

As cited on Peter N. Gitau. (2015) moral hazard can be described as the tendency to change behavior when the cost of that behavior will be accepted by others. Moral hazard theory specifies that people or organizations with insurance may take risks that are greater than what they would have taken if they did not have insurance because they know that they have monetary protection from the adverse effects that might arise out of the risky behavior. The presence of insurance presents a dilemma, as individual would want to consume more medical care because it is available, yet this will increase the medical insurance premiums. Moreover, as moral hazard the insurer facing excessive claims than anticipated. Moral hazard can be found on both the demand and supply side of a health care transaction because the presence of health insurance can also lead to higher charges by providers of medical services (De Allegri, Sanon, Bridges & Sauerborn, 2006).

As discussed by (Sinha, 2002) the problem occurs as a result of having less information by the insurer about the health status and reasons for health care usage of the insured than the insured, likewise the insurer cannot check whether a physician visit would not have been made without insurance or because of some avoidable risks taken by the insured.

#### **2.1.4.2 Social Exchange Theory (SET)**

According to Peter N. Gitau. (2015) the comprehensive definition of social power includes all kinds of influence between persons and groups, including those exercised in exchange transactions. Furthermore, it includes both rewards and sanctions because it used to enforce power in social exchange (Stanton & Stam, 2003). Likewise, Blau's supports this idea and belief that individuals exert power over others in organizations partly over mechanisms of reward and partly through sanctions. As discussed by (Stanton & Stam, 2003) the promise of reward pushes individuals toward a promotion-focused self-regulatory mindset, while punishment pushes individuals toward a prevention focused orientation.

#### **2.1.4.3 Adverse Selection Theory**

Michael Rothschild and Joseph Stiglitz was the first who developed adverse selection theory in insurance markets in 1976. This theory has had a a major impact in economics, and a substantial impact on legal scholarship concerning insurance market and is devoid institutional detail. This helps to establish the normal theoretical conclusions about the optimality and possibly even for the existence of a competitive market equilibrium which can fail in the presence of asymmetric information (Siegelman, 2004).

If 'A' knows he will die he will not buy life insurance that is priced to reflect the average risk of death in the population as a whole will look like a very good deal to him. on the other hand, if 'B' knows he will live for much longer than the average person with his/her demographic characteristic (age, gender, medical condition), he will be unlikely to buy insurance cover which seem like a bad deal to him/her. When A buys lots of insurance and B buys none, insurers find themselves charging an average rate to a population that contains only the worst risks, and end up losing money by virtue of having their product selected only by high-risk individuals (Siegelman, 2004).

However, informational asymmetry may not just be bad for insurers. When insurers cannot distinguish between good and bad risks, theory predicts that it is possible (although not necessary) to end up with no coverage for anyone. There are also demand-and-supply

side incentives for both customers and insurers (Blomqvist&Leger, 2003). As the good risks begin to exit, the average quality of those insured remaining falls and prices rise in a vicious circle, ending in a so-called "death spiral" where no one is covered. Even when insurance is available, it may be inefficiently distorted by the presence of adverse selection. Many theoretical models conclude that when adverse selection is a problem, good risks will be rationed: They will be allowed to purchase only limited coverage in an attempt to make such coverage less attractive to the bad risks, which would otherwise be eager to purchase it given its favorable price (Siegelman, 2004).

#### **2.1.4.4 The Diffusion Theory**

According to Lionberger (1930-1960) people pass through five stages to process and accept information by his theory which he called the Diffusion Theory discovered by 1960. These five stages which are not done impulsively are: - by first stage individuals exposed to the idea but shortage of awareness of its benefit it is Awareness stage. Next to awareness stage there is interest stage which stimulate the person the possibility of consuming the idea; After interest stage next step is evaluation, In this stage people obliged to assess potentially usefulness and of degree of benefit of the idea.; in fourth stage individual tries out the idea on himself and others to conclude how he can benefit; The last stage (adoption stage) represents final approval of the idea to use it again and again based on continuous satisfaction and which deals about the final acceptance of the idea and using it constantly based on continuous satisfaction (cited on Peter N. Gitau. 2015).

## **2.2 Empirical Literature**

According to Henderson & Milhouse (1987) one of the basic components to understand a nation's unique culture is understanding religion. They argued that individual's behavior can be reflection of his religion. Yaari (2009) remarks the opposition of insurance in the society particularly on life insurance in earliest time which is believed that purchasing life insurance results from having doubts about God's protecting. Until the nineteenth century life insurance in European societies were condemned and forbidden on religious grounds, he also noted that many Islamic countries have religious opposition to life insurance up to now. Based on the study

finding of Peter N. Gitau (2015) insurance penetration in Islamic countries is less than non-Islamic nations.

Jordan Kjosevski (2012) found from his study by the title of The Determinants of Life Insurance Demand In Central and Southeastern Europe that higher level of education lead to a higher life insurance penetration and higher life insurance density. Based on his findings he suggested that it is essential to elevate the level of education for the entire population. Elevating the level of education would help to create more understanding about financial products presented on the market and possible benefits from using them by potential consumers.

According to Peter N. (Gitau. 2015) education has a positive effect on financial participation of households. On his assumption this might have because of their level of education help them to understand the products and recognize the benefit in a better way thus they purchase the product. (Schultz Karlan et al. 2014). Similarly, Karlan et al. (2014) get positive influence of education level on purchase of insurance products.

With their empirical study (Chui and Kwok (2009) find that cultural dimensions have positive significant effect on purchase of insurance. They take data from 1976 to 2001 with a population of 41 countries for their study. They use Hofstede model (1980) with his four cultural variables, which are Individualism, Power Distance, Masculinity and Uncertainty Avoidance. From these variables the first three variables find to that having major significant impact. Even after controlling for economic, institutional, and demographic factors such as GDP per capita, inflation, bank sector and stock market development, creditors' rights, contract enforcement quality, dependency ratio, and religion the findings remain robust. If individualism taken as an example from cultural dimension variables, the adjusted R2 can be increase from 0.70 to 0.83 due to the increase of one unit of individualism cultural dimension which is highly significant change.

On the other hand, Park, Borde and Choi (2002) by using Four of Hofstede's cultural dimensions examine the effect of culture on insurance consumption for both life and non-life insurance. GDP, socio-political stability, and economic freedom were also part of the panel

regression. In the contrary in the study of Chui & Kwok (2009) about life insurance demand the results shown that only masculinity had a positively correlation with insurance pervasiveness. If the cultural impact on insurance demand is different for life and non-life insurance, the combination of life and non-life insurance, might produce a different meaningful relationship.

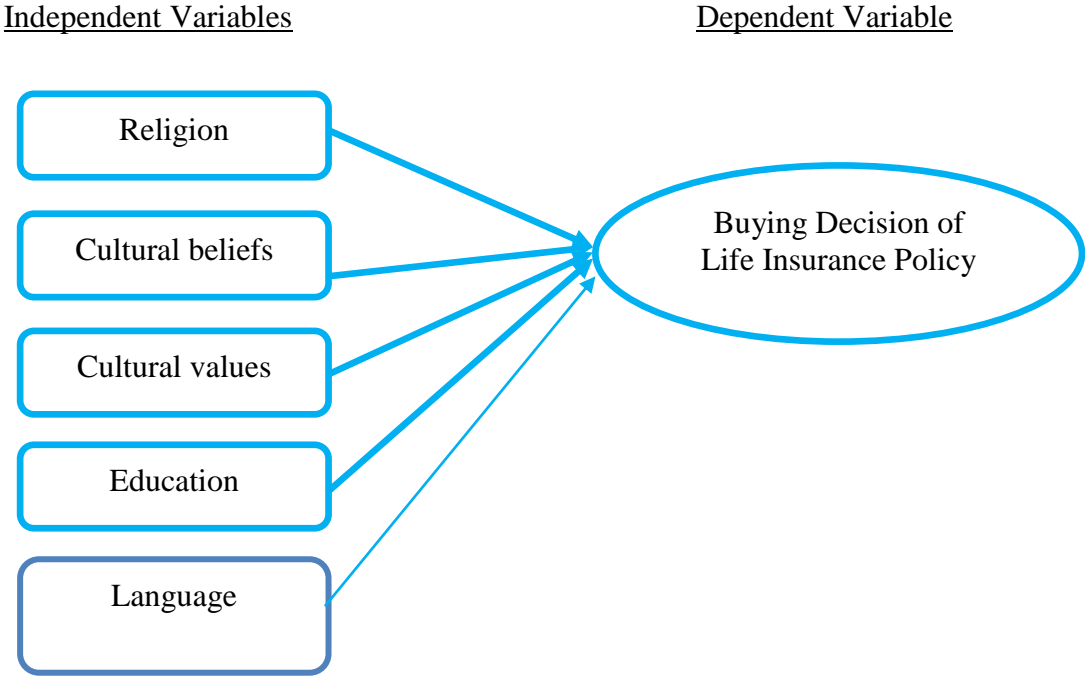
Park and Lemaire (2011) in their study explore the factors that affect insurance demand across nations. They said that Since Cultural dimensions didn't get much attention like other variables in previous literature, they became devoted to cultural dimensions. The authors found that insurance consumption was adversely impacted in countries where a large fraction of the population had Islamic beliefs. Moreover, the three cultural scores developed by Hofstede (1980) in a celebrated study on power distance, individualism, and uncertainty avoidance had highly significance.

And also shown that culture affects insurance more in wealthy countries supported with much statistical justifications. Thus, these results had implications for multinational insurers wants to enter a new market.

**2.3 Conceptual framework of the study**

The effect of independent variable on dependent variable can be seen by conceptual framework diagram. For the purpose of this study Dependent Variable is buying decision of life insurance and independent variables are; Religion, cultural beliefs, cultural values, education and language.

**2.1 Conceptual framework**



**Figure 1; Conceptual framework of the study**

**Source: Own Model based on literature review**

# CHAPTER 3

## RESEARCH METHODOLOGY

In this chapter research design, research approach adopted, definition of the target population, sample design and sampling techniques, the nature of the research instrument, data collection methods employed, how data was validated and how reliability is measured as well as the data analysis and presentation methods were addressed.

### 3.1 Research Design

To evaluate the influence of culture in buying decision of life insurance in Ethiopia insurance industry explanatory research design was applied. Explanatory research design provides detail explanation about the existing phenomena and to justify current condition with the intent of employing data and whenever possible to draw conclusion from the fact discovered (Kothari, 2004).

### 3.2 Research approach

Research approach is a plan and procedure for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. The selection of a research approach is depends on the researchers' personal experiences, the nature of the research problem, and the participants of the study. (Creswell, 2014).

There are two basic approaches to research, quantitative approach and qualitative approach. Quantitative research is based on the measurement of quantity. The former involves the generation of data in quantifiable form which helps for a quantitative analysis. Qualitative research, on the other hand, is concerned with qualitative phenomenon, i.e., phenomena relating to or involving quality or kind. Attitude or opinion research i.e., research designed to find out how people feel or what they think about a particular subject or institution is also qualitative research. (Sam Gounder, 2012) To accomplish the objectives of this study quantitative research approach was applied.

### 3.3 Source of data

Primary data was used to accomplish the research. The primary source of data was collected through self administered questionnaire. The respondents were employees engaged to operational duties (underwriting and claim department).

### 3.4 Target Population of the study

According to Banerjee and Chaudhry (2010) population/universe is a group which the researcher is interested in gaining information for the purpose of making generalization and conclusions. As (Mugenda & Mugenda, 2003) population of the study is the first step upon which to build population validity of the study.

Among Seventeen insurance companies in Ethiopia the target population of this study was only insurance companies which give life insurance cover. By using stratified sampling system, the researcher selects only ten insurance companies. Therefore, the target populations of this study will be only insurance companies which give life insurance cover. Operational employees in these insurance companies were respondents for this research. Since employees in the area were small in number the researcher tries to address all of them. Therefore, the data was collected as the following detail.

**Table3. 1 Data of target population of the study**

<b>S.No.</b>	<b>Insurance comp.</b>	<b>No. Of Questioner</b>
1	Abay Insurance	8
2	Africa Insurance	8
3	Awash Insurance	10
4	EIC Insurance	40
5	Ethio Insurance	15
6	Nib Insurance	8
7	Nile Insurance	8
8	Niala Insurance	8

9	Oromia Insurance	10
10	United Insurance	10
<b>Total.....</b>		<b>125</b>

### 3.5 Data analysis method

For the sake of this research SPSS tool is used to manipulate quantitative data. In the analysis part first substantial follow up and identification of respondents return and non-return on questionnaires has been made and analyzed to see the actual collected number of respondents. The data gathered through questionnaires is coded and recorded into computer. The data collected from questionnaires is analyzed using Statistical Package for Social Science (SPSS 20). The result is presented using statistical tools such as frequencies and tables for demographic characteristics of the respondents via descriptive statistics.

### 3.6 Validity and Reliability

#### 3.6.1 Validity

According to (Field,2009) validity evidence that a study allows correct inferences about the question it was aimed to answer or that a test measures what it set out to measure conceptually. (Saunders et. al., 2003) also defined validity as the extent to which data collection method or methods accurately measure what they were intended to measure. Which means it is to check that the questions evaluate what it is planned to measures. This study will utilize Content validity that is the extent to which the measurement device, which is the questioner, provides adequate coverage of the investigative questions (Saunders et. al., 2009) as per a literature reviewed related to the subject. To this concern the validity is checked by my advisor.

#### 3.6.2 Reliability

Reliability is a means that a measure or a questionnaire should consistently reflect the construct that it is measuring (Field, 2009). This means the outcome of the measurement instrument yields the same result with a replicated test. According to Saunders (2009) Cronbach’s alpha is one of the most widely applied to calculate internal consistency. Cronbach alpha should result in a number between 0 and 1. In general, a questionnaire or measurement instrument with  $\alpha$  value of 0.7 is considered reliable (Field, 2009).

### **3.7 Ethical consideration**

The permission of all participants was obtained at the starting of the study and then for the respondents there were a clear explanation about the nature of the study. In addition, participants were informed about data collecting procedure and techniques. On the other hand, the anonymity of the subjects is protected and guaranteed by preventing to write their names and providing clear instruction. Furthermore, the information obtained through the questionnaire was only used for the research purpose and the confidentiality was maintained. Therefore, any information obtained from the survey was treated with strict confidentiality.

# CHAPTER 4

## DATA PRESENTATION AND ANALYSIS

In chapter 3 the research method and design explained in detail. Based on this presentation and discussion of the findings of the research were discussed in this chapter. Hence it gives clear meaning of the research findings. The chapter also discussed about the response rate, demographic information of the respondents such as gender, level of education and position and also discussed the empirical results of the study based on the research objectives.

### 4.1 Response Rate

Questionnaires were distributed for 125 people that were experienced in the area. The data that collected using structured questionnaires showed that out of the total 125 questionnaires distributed to participants in the study, 118 filled in and returned the questionnaires making a response rate of 94.4%. This response rate was representative and commendable to make conclusion for the study. 50% response rate is adequate for analysis and reporting: a response of 60% is good and a 70% response rate and above is excellent. Hence, based on the assertion, the response rate was considered to be excellent. (Julius 2013)

### 4.2 Respondents Demographic Information

The respondents' background is primarily presented to provide a clear image of about different qualities of respondents that participated in the study.

#### 4.2.1 Respondents' Sex

**Table4. 1 ;statistical results for the respondents' gender**

Sex	Frequency	Percentage
Male	76	64.4%
Female	42	35.6%
Total	118	100.0%

**Source: Own field survey (2020)**

According to the above table out of 118 respondents 76 were male which is 64.4%, other 42 which is 35.6% were female. This shows that in Ethiopia life insurance industry the no. of male operational employees is larger than female operational employees.

#### 4.2.2 Educational background

**Table4. 2;statistical results for the respondents' educational background**

Educational background	Frequency	Percent
high school complete	5	4.2%
college diploma	15	12.7%
university degree	72	61.0%
degree of masters	26	22.0%
Total	118	100.00%

**Source: Own field survey (2020)**

The above table shows that out of 118 respondents 4.2% (5) were high school complete, 12.7% (15) were college diploma holder, 61.0% (72) were university degree graduates and the rest 22.0% (26). This data indicates that majority of Ethiopia life insurance industry employees (83%) are educated person.

#### 4.2.3 Respondents' experience in insurance industry

**Table4. 3 ;statistical results for the respondent's working experience**

Years working experience	Frequency	Percent
1 to 10 year	62	52.5%
11 to 15 year	35	29.7%
16 to 20 year	12	10.2%
above 20	9	7.6%
Total	118	100.00%

Source: Own field survey (2020)

According to the finding 52.5% of the respondents have work experience from 1 - 10 years, 29.7% have 11 - 15 years experience and 10.2% have 16 – 20 years while 7.6% of the

respondents have more than twenty years. It shows that majority of respondents have shorter year of insurance work experience.

#### 4.2.4 Respondent’s position

**Table4. 4; statistical results for the respondents’ type of position**

<b>position in organization</b>	<b>Frequency</b>	<b>Percent</b>
Officer	52	44.1%
Supervisor	37	31.4%
senior supervisor	18	15.3%
Manager	11	9.3%
Total	118	100.00%

Source: Own field survey (2020)

Regarding to respondents’ position in the insurance industry, the study findings indicated that 52 (44.1%) of the respondents were officer, 37(31.4%) were supervisor, 18(15.3%) were senior supervisor, and 11 (9.3%) were manager. This shows that life insurance is operated mostly by officer.

### 4.3 Normality Test and Reliability Test

#### 4.3.1 Reliability Test

Reliability is the degree to which an assessment tool produces stable and consistent results (Cherry,2015). Internal consistence of the reliability of the instrument is determined by Cronbach’s alpha. As explained by Sekaran (2003) scales of Cronbach’s alpha less than 0.60 is considered being poor. Accordingly, as indicated in the table below the reliability test for each of dimensions and overall reliability test (.877) is greater than the threshold level. This implies that the items have relatively a high level of internal consistency.

**Table4. 5;Cronbach's Alpha Reliability Statistics**

No.	Items	No of Items	Cronbach's alpha
1.	Religion	5	.764
2.	Cultural Belief	5	.664
3.	Education	5	.753
4.	Cultural value	5	.797
5.	Language	5	.827
Overall items		25	.877

**Source: Survey Data, 2020**

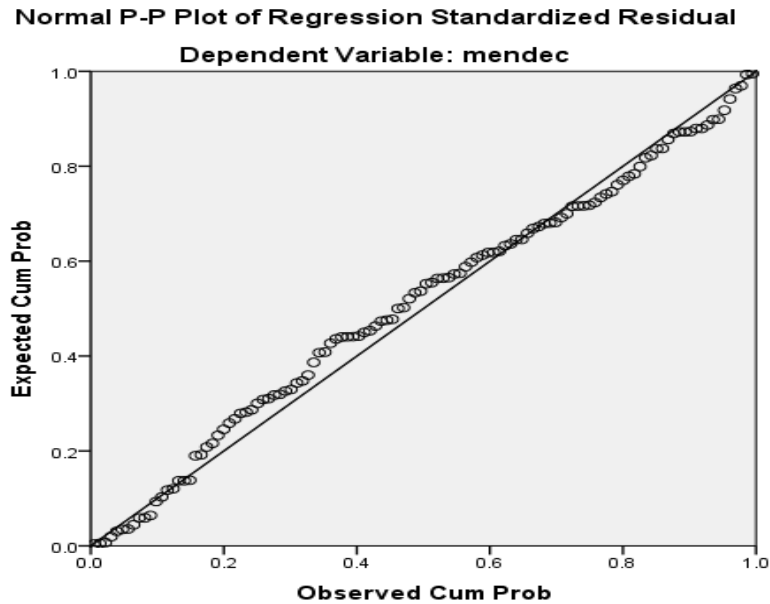
#### **4.3.2 Normality Test**

According to Brooks (2008) unless the normality assumption fulfilled hypothesis test about the model parameter cannot be conducted, Skewness and Kurtosis statistics are the well-known method from the different tests methods to test the normality of the distribution. The skewness statistics for all variables under study are within the acceptable range for normality which is between -2.0 to +2.0 George & mallery. (2010).

**Table4. 6;Skewness and Kurtosis tests result**

<b>Descriptive Statistics</b>						
	N	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Religion	118	4.0864	-1.302	.223	1.763	.442
Cultural beliefs	118	3.9847	-1.153	.223	2.262	.442
Education	118	3.9644	-1.074	.223	1.070	.442
Cultural value	118	4.2780	-.828	.223	.841	.442
Language	118	3.6508	-.715	.223	.781	.442

Normality of residuals can also be shown by histogram and P-P plot distribution figure; indicating that the data confirms that there was no serious violation of the normality assumption. Because residuals followed a straight line and the histogram is almost bell-shaped.



**Figure 2; Normality plot of regression**

### 4.3.3 Multicollinearity

The presence of multicollinearity in the model is detected by using Variance Inflation Factor (VIF). As noted by Gujarati (2004), the rule of thumb suggested that if variance inflation factor exactly or exceeds 10 then there is a problem of multicollinearity. Lower levels of VIF are desirable while higher levels of VIF may affect adversely the results of the regression analysis.

As shown in the table 4.7 the output of VIF showed that a value of less than 10 for all the independent variables. This showed that there is no serious multicollinearity problem among the variables and hence all the independent variables can be considered in the model estimation.

**Table4. 7; Multicollinearity statistics**

Variable	Collinearity Statistics	
	Tolerance	VIF
<b>Religion</b>	.650	1.538
<b>Cultural Belief</b>	.589	1.699
<b>Education</b>	.637	1.571
<b>Cultural value</b>	.644	1.553
<b>Language</b>	.871	1.148

**Source: SPSS Output, 2020**

#### 4.4 Regression Analysis

After the study met the regression assumption next the researcher examined the effect of culture on the buying decision of life insurance in Ethiopian insurance industry in respect of insurer. The researcher tested the five-hypothesis set out to be tested at the beginning based on the regression analysis.

**Table4. 8;Model summary**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812 <sup>a</sup>	.660	.648	.47200
a. Predictors: (Constant), mencb, mencv, menrelg, menlan, menedu				
b. Dependent Variable: mendec				

**Source: SPSS Output, 2020**

The above shows that positive and statistically significant effect on buying decision of life insurance policy. The model summary table R-Square value also called coefficient of determination measures the proportion of the variation in a dependent variable that can be explained statistically by the independent variables and it takes on any value between 0 and 1. The R-square value of the model is 0.660 which means that 66.60 % of the respondent's observations explained by the variation of the cultural variables (Religion, cultural beliefs, cultural values, education and language). And the other 33.4 % is due to other independent variables not included in the model and the random error.

**Table4. 9;ANOVA TABLE**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	48.858	4	12.214	54.826	.000 <sup>b</sup>
	Residual	25.175	113	.223		
	Total	74.033	117			
a. Dependent Variable: Buying decision of life insurance policy						
b. Predictors: (Constant), Cultural belifs, cultural value, religion, education						

**Source: Own computation, 2020**

The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable (Field, 2005). Since the significance result on the ANOVA table is 0.000 which is  $p < 0.05$ , the regression analysis proved the presence of a good degree of prediction. The contribution of each cultural variable can be seen from the results of multiple regressions in the coefficient table below.

**Table 4. 10;** Coefficient of relationship of Culture variables on buying decision of life insurance

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.933	.329		-2.834	.005		
menrelg	.155	.065	.141	2.389	.019	.650	1.538
menedu	.206	.062	.206	3.328	.001	.589	1.699
menlan	.360	.058	.369	6.186	.000	.637	1.571
mencv	.480	.074	.386	6.510	.000	.644	1.553
mencb	.007	.058	.007	.129	.898	.871	1.148

a. Dependent Variable: buying decision of life insurance policy

*Source: Own computation, 2020*

#### 4.4.1 Regression Equation

Buying decision of life insurance policy in Ethiopian insurance industry = .933+0.155 (religion) + 0.206(education) + .360(language) + 0.480(cultural value) +.007(cultural beliefs)

#### 4.4.2 Hypothesis test results and discussions

The above correlation and regression coefficient tables explained that religion, education, language, and cultural value positively and significantly affect buying decision of life insurance policy. Unstandardized coefficient (Beta value) specifies the degree of importance of each cultural variable towards their decision on buying decision of life insurance policy. The variables can be ranked in the following manners on the basis of their significance.

- Cultural value ( $\beta=.480$ )
- Language ( $\beta=0.360$ )
- Education ( $\beta=0.206$ )
- Religion ( $\beta= 0.155$ )
- Cultural beliefs ( $\beta= 0.007$ )

According to the Table 4.6, there is a significant relationship between the four cultural variables and buying decision of life insurance since their coefficients are Significant. The hypotheses were tested and discussed as shown below:

#### **H1: Religion has a positive and significant effect on the buying decision of Life Insurance in Ethiopia**

Research hypothesis one predicts a statistically significant and positive relationship between health status and life insurance demand. Similar to the hypothesis, the regression output showed positive and statistically significant relationship and this would enable the researcher not to reject the hypothesis H1. These finding agree with those of Amirat gill and Nahum biger (2019) which describe on their research that the purchase decision of commercial insurance and life insurance to mitigate financial risk is positively affected by individual religion.

#### **H2: Education has a positive and significant effect on the buying decision of Life Insurance in Ethiopia.**

There is statistically significant and positive between education level and decision life insurance demand. Research hypothesis two predicts a statistically significant and positive between education status and life insurance demand. Similar to the hypothesis, the regression output witnessed the positive and statistically significant relationship and this would enable the researcher to accept the hypothesis H2. This result is consistent with previous studies of WIREKO DANIE (2015) explain education have a significant positive influence on the demand for life insurance product

### **H-3: Cultural Beliefs has a positive and significant effect on the buying decision of Life Insurance in Ethiopia.**

Research hypothesis three predicts a statistically significant and positive relationship. However, contrary to the hypothesis, the regression output showed positive but insignificant relationship is noted. Therefore, this would enable the researcher to reject the hypothesis H3. This finding is consistent with the study finding of Park, Borde and Choi (2002) who explained that there is no apparent statistically significant relationship between cultural beliefs and penetration of life insurance

### **H-4: Cultural Value has a positive and significant effect on the buying decision of Life Insurance in Ethiopia**

Research hypothesis 4 predicts a statistically significant and positive relationship. Similar to the hypothesis, the regression output noted that positive and is statistically significant relationship and this would enable the researcher not to reject the hypothesis H4.

### **H-5: language has a positive and significant effect on the buying decision of Life Insurance in Ethiopia**

Research hypothesis five predicts a statistically significant and positive relationship and likely to the hypothesis, it's observed that there is positive and statistically significant relationship and this would enable the researcher not to reject the hypothesis H5.

**Table4. 11;Hypothesis Testing**

Hypothesis	Beta Value	Sig Value	Relationship	Descion Rule
H1: Religion has a positive and significant effect on the buying decision of Life Insurance in Ethiopia	$\beta = 0.155$	.019 <.05	Positive	Accepted
H2: Education has a positive and significant effect on the buying decision of Life Insurance in Ethiopia Education has a	$\beta = 0.206$	.001 <.05	Positive	Accepted
H-3: Cultural Beliefs has a positive and significant effect on the buying decision of Life Insurance in Ethiopia.	$\beta = 0.007$	.898 >.05	Positive	Rejected
H-4: Cultural Value has a positive and significant effect on the buying decision of Life Insurance in Ethiopia	$\beta = 0.480$	.000 >.05	Positive	Accepted
H-5 language has a positive and significant effect on the buying decision of Life Insurance in Ethiopia	$\beta = 0.360$	.000 >.05	Positive	Accepted

# CHAPTER 5:

## SUMMARY, CONCLUSION AND RECOMMENDATION

As a final chapter, this part of the research provide summery, conclusions and recommendation. Results have been discussed in line with the research objectives stated earlier in chapter one.

### 5.1 Summary of findings

The major objective of this study was to examine the influence of culture on buying decision of life insurance policy in Ethiopian insurance industry in respect of insurers. The research was conducted in ten insurance industries which sell life insurance products in Addis Ababa.

- Based on the main objective there were five specific objectives on this research. The first one was to determine the effect of religion on buying decision of life insurance. The result of the regression shown that there is a positive and significant relationship between religion and buying decision of life insurance with beta coefficient of  $\beta = 0.155$ . These results shown that a 1% increase in religion would result to increase buying decision of life insurance 15.5%.
- The second one was to determine the effect of education on buying decision of life insurance. The findings of this study shown that there is a positive and significant relationship between education level and buying decision of life insurance as supported by a beta coefficient of  $\beta = 0.206$ . These results imply that an increase in the 1% increase in religion would result to increase buying decision of life insurance 20.6%.
- Regarding the effect of cultural beliefs on buying decision of life insurance the finding of this study shown that there is showed positive but insignificant relationship between cultural beliefs and buying decision of life insurance as supported by a beta coefficient of  $\beta = 0.007$ .

- The Forth one was to determine the effect of cultural Value on buying decision of life insurance. The findings of this study shown that there is a positive and significant relationship between cultural value and buying decision of life insurance with a beta coefficient of  $\beta= 0.480$ . which means an increase in the 1% increase in religion would result to increase buying decision of life insurance 48%.
- The Last one was to determine the effect of language on buying decision of life insurance. Based on the findings of this study there is a positive and significant relationship between language and buying decision of life insurance with a beta coefficient of  $\beta= 0.360$ . which means an increase in the 1% increase in religion would result to increase buying decision of life insurance 36%.

## **5.2 Conclusions**

Based on the findings the study concluded that religion has a positive effect on buying decision of life insurance policy in Ethiopian. The study also concluded that cultural beliefs positive effect on buying decision of life insurance policy in Ethiopian. Further, based on the findings it was possible to conclude that cultural values have a positive effect on buying decision of life insurance policy in Ethiopian. It was found that the language used by insurance positive effect on buying decision of life insurance policy in Ethiopian and also education positive effect on buying decision of life insurance policy in Ethiopian.

With these overall results it is possible and right decision to conclude that culture has positive and significant influence on buying decision of life insurance policy in Ethiopian insurance industry in respect of insurers.

### **5.3 Recommendation**

Based on the findings of the research and the limitations that have been noted, a number of recommendations are put forward to provide some direction for future research endeavor in this domain: the following strategies are therefore recommended:

- I. Insurance companies must increase their product type to reach their potential customer to meet their different need.
- II. Insurance companies should to try to simplify the language they use on their different formats like their proposal so that to the general public and potential clients can understand them better.
- III. A well-planned awareness program should be carried out, in order to enlighten people on the basis and uses of life insurance.
- IV. Insurance companies should use institutions like health sector, religious systems, the educational sectors as motivator for signing insurance policies to general public

## *Appendix I*

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*Appendex II*  
***QUESTIONNAIRES***

Tirsit Seifu

Tel: 0911707248

Date: -----

Dear Respondent,

In fulfillment of Master of Arts in marketing management of the Addis Ababa University School of Commerce, I am required to carry out a study that seeks to analyze “The influence of culture in buying decision of life insurance policy in the case of Ethiopian insurance industry (From Insurer Perspective). I kindly ask you to complete this questionnaire. Your specific answers will be completely anonymous, your views in combination with those of others, will extremely be important. The information generated using this questionnaire will be treated anonymously and your responses will be treated with utmost confidentiality. The information obtained will be used for academic purpose and for the benefit of the insurance stakeholders.

Thanking you in advance for your support.

(Tirsit Seifu)

A questionnaire on the influence of culture in buying decision of life insurance policy in  
Ethiopia insurance industry  
(INSURES PERSPECTIVE)

**Part-I: Demographic Characteristics**

**Direction:** Please select the appropriate option by putting an X in the box against each Question.

**1. Gender**

- 1. Male
- 2. Female

**2. Education**

- 1. high school complete
- 2. college diploma
- 3. university degree
- 4. degree of masters

**3. Experience**

- 1. 1 – 10 yrs
- 2. 10 – 15 yrs
- 3. 16 – 20 yrs
- 4. Above 20 yrs

**4. Position held in the organization**

- 1. officer
- 2. Supervisor
- 3. Senior Supervis
- 4. Manager
- 5. Other

## Part-II: Variable and buying decision

**Instruction:** Please indicate your degree of agreement or disagreement by encircling the appropriate option for each of the following statements Where,

1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; 5=Strongly Agree.

<b>1.</b>	<b>Description</b>	<b>SDA</b>	<b>DA</b>	<b>N</b>	<b>A</b>	<b>SA</b>
<b>1</b>	Religion influence the decision of buyers to buy life insurance cover in Ethiopia	1	2	3	4	5
<b>2</b>	The Islamic religion in Ethiopia is against life insurance products that pay interest on premium savings.	1	2	3	4	5
<b>3</b>	Some indigenous religions in Ethiopia do not believe in seeking life insurance and hence may not see the need for a life insurance	1	2	3	4	5
<b>4</b>	Some sects of the Christian faith do not look at life insurance positively because they are covered by their faith.	1	2	3	4	5
<b>5</b>	Some sects of the Christian faith feel that buying life insurance is the same as confessing that you expect bad things to happen to you.	1	2	3	4	5
<b>6</b>	Buying life insurance cover is unthinkable in some cultures.	1	2	3	4	5
<b>7</b>	Buying life insurance cover is considered as a bad sign in some cultures.	1	2	3	4	5
<b>8</b>	Buying life insurance cover is considered to be related to witchcraft in some cultures	1	2	3	4	5
<b>9</b>	Buying life insurance cover for education is inhibited by the cultural belief that education is foreign.	1	2	3	4	5
<b>10</b>	Buying life insurance cover for the girls, children and women is inhibited by the cultural belief that they are inferior.	1	2	3	4	5

<b>11</b>	Some less educated members in the society view life insurance as an expensive venture.	1	2	3	4	5
<b>12</b>	Some less educated members in the society prefer to call upon other members of the society who are well off in case of unforeseen emergencies as opposed to buy life insurance.	1	2	3	4	5
<b>13</b>	Educated members in the society prefer to buy life insurance cover since they understand its benefits.	1	2	3	4	5
<b>14</b>	Some uneducated members in the society prefer not to buy life insurance	1	2	3	4	5
<b>15</b>	Majority of life insurance buyers are the educated members in the society	1	2	3	4	5
<b>16</b>	Some members of the society feel that paying for insurance is as good as throwing money away.	1	2	3	4	5
<b>17</b>	Some members of the society feel that paying for insurance is a reserve of the rich.	1	2	3	4	5
<b>18</b>	Some members of the society feel that they have nothing to lose and hence no need to insure.	1	2	3	4	5
<b>19</b>	Some members of the society feel that they are “good people” and that risk and losses only happen to “bad people”.	1	2	3	4	5
<b>20</b>	Some members of the society feel that the insurance industry is a corrupt industry and there is little chance of getting a claims settlement.	1	2	3	4	5

<b>21</b>	The legal language used in the documentation forms can be very technical and difficult to understand to the general public	1	2	3	4	5
<b>22</b>	The insurance language used by insurance agents when describing the different products and benefits to the general public can be very confusing.	1	2	3	4	5
<b>23</b>	Insurance companies may not be taking into consideration the different levels of financial language among the target customers when designing their promotional materials.	1	2	3	4	5
<b>24</b>	life insurance doesn't satisfy my financial needs.	1	2	3	4	5
<b>25</b>	I think buying life insurance policy shouldn't be compulsory	1	2	3	4	5
<b>26</b>	I never intended to buy life insurance policy.	1	2	3	4	5
<b>27</b>	I have less level of confidence on insurance companies.	1	2	3	4	5
<b>28</b>	I believe in saving, rather than spending on insurance protection	1	2	3	4	5