Factors Influencing Property Insurance Buying Decision of SMEs' in Ethiopia: A Case of Hawassa City, Ethiopia

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Abstract-The purpose of this study is to assess factors influencing property insurance buying decision. The study employed descriptive and explanatory research design. A stratified random sampling is used to select respondents from each stratum. Primary and secondary sources were used to collect the data. The study targeted 310 SMEs' operators from which 298 filled and returned the questionnaires. The descriptive result showed that operators disagreed on the factors: existence of mandatory law, awareness, management practice, cost of premium, and claims settlement service delivery. The multiple regression analysis indicated the existence of significant influence of the factors on the dependent variable (property insurance buying decision). The interview with financial managers also supported the quantitative result. Therefore, SMEs' operators, responsible bodies, regional government offices, and stake holders should act together in order to minimize risks and protect SMES' investments from possible loss.

Key Words: factors, Property insurance, buying decision, SMEs', Hawassa City

I.INTRODUCTION

   Universally, insurance is perceived with regards to risks be it fire, accident, health or life. Business entities and individuals are exposed to substantial risk associated with losses of property, income, and wealth because damage to assets, legal liability, disability, retirement, and death. Costs associated with legal liability and employee benefit programs and health care, have become matters of deep concern to company management. Individuals seeking coverage of their professional and personal risks have similar concerns. Moreover, many people argue that the future will take care of itself. Insurance companies are slow in settling claims. When an insured event occurs, Insurance companies have been slow in processing claims. This has eroded the confidence customers have on insurance leading to slow growth of the industry (Rejda, 2008).Insurance is utmost important as far as Small and Medium Enterprises (SMEs) are concerned. It safeguards them against unforeseen contingencies, reduces cost of unplanned risk, and keeps finances intact; hence maintains consistency. Since SMEs are small/medium businesses and have low funds in the form of savings, they cannot revive again in case of unfortunate event. Moreover, continuous wavering in the business makes the insurance a 'must' to back it up with sufficient funds. Hence, SMEs highly require consistent mechanisms which safeguard them to survive and advance forward with their normal operations smoothly and effectively.

   The Small and Medium Enterprises (SMEs) sector is one of the forth growing economic sectors in Ethiopia. It has been instrumental in bringing about economic transition by providing goods and services that are of adequate quality and are reasonably priced to a large number of people. In this case, insurance is definitely utmost important for SMEs since it safeguards them against unforeseen contingencies, manages or reduces cost of unplanned risk, and keeps finances intact; hence it maintains consistency. Many of privately owned businesses of the sectors in Ethiopia are out of use of insurance, mainly Property Insurance package. These situations, unless people argue that the future will take care of it, drives the SMEs to bad financial moments and make them the victims. Basically, SMEs need to have at least the following insurance coverage: Property Insurance, Liability Insurance, Business Auto Insurance, and Workers Compensation Insurance including Life. Nevertheless, researches on property and life insurances are not available. Unlike Property Insurance, however, a very few researches are conducted on Life Insurance by Babita & Anshuja&Babita (2012) and Praveen, Gaurav & Vijay (2009). But surprisingly, the researchers couldn't find any study conducted on Property Insurance in Hawassa City so far. Therefore it was found vital to conduct a research on factors influencing buying decision of Property Insurance. Therefore, this research assesses the challenges of Small and Medium Enterprises (SMEs) in Hawassa City. The study specifically aimed at to achieve the following objectives.

> ➢ To examine the effect of Mandatory Law on property insurance buying decision of SMEs
> ➢ To analyze whether Awareness has significant effect on purchasing decision of property insurance of SMEs
> ➢ To evaluate the effect of Management Practice on buying decision of property insurance of SMEs
> ➢ To assess whether Cost of Premium has significant effect on purchasing decision of property insurance of SMEs
> ➢ To examine the effect of Claims Settlement Service delivery buying decision of property insurance of SMEs

Research hypothesis
> ➢ Mandatory law has no effect on SMEs' property insurance buying decision
> ➢ Awareness has no effect on SMEs' property insurance buying decision
> ➢ Management Practice of SMEs' has no influence on SMEs' Property Insurance buying decision
> ➢ Cost of Premiums has no effect on SME's Property Insurance buying decision
> ➢ Claims Settlement service delivery has no influence on SMEs' Property Insurance buying decision

II. **LITERATURE REVIEW**

Panigrahi (2012) stated that risk management is a useful process that can be adopted by SMEs to improve their business sustainability and chances of successful longevity having noticed that risk management practice is less developed within the small business sector due to lack of risk expertise and understanding of the subject matter. Similar to other countries, SMEs in India also face issues related to uninsured businesses, underinsured policies, lack of awareness and restricted access to insurance expertise. Daniel (2013) also discovered that failure to settle claims and delay claims settlement are the causes of insurance failure in Nigeria. Perera (2016) also argued many small and medium enterprises in Malaysia cannot sustain over a long term and failed within the first five years, and eight out of ten small businesses failed every year. According to Oshinloye (2009), claim is an important aspect of insurance business in that poor claim settlement records of an insurance company may spell doom for such a company while a good reputation for good claim settlement records on the other hand may mean prosperity with respect to acquisition of more business.

Terungwa (2012), found out that cost is the number one reason small businesses with fewer than 50 employees continue to drop or not offer even employee healthcare**.** He associated the financing options problems with the need of having good risk management practice. He discovered that the predominant SMEs are lacking in good risk management strategies and insurance cover, thus lead to their substantial financial constraints. Tushabomwe (2006), Temtime and Pansiri (2004), described that factors of small businesses failure lie on both internal and external factors. Whereby, Taxation and load shedding contributed to more than 50% of the failures in small businesses. The most common factors of small businesses failure are management related challenges. The ability of managers to perform has a very important bearing on performance of small businesses (lack of education and professional training). Aduko (2011) also investigated that insurance procurement by 171 small businesses in the Tamale metropolis. The study revealed that small businesses in Ghana are still exposed to risks of uninsured businesses, inadequate insurance coverage, lack of awareness and ignorance about importance of insurance as risk transfer mechanism. According to Oshinloye (2009), claim is an important aspect of insurance business in that poor claim settlement records of an insurance company may spell doom for such a company while a good reputation for good claim settlement records on the other hand may mean prosperity with respect to acquisition of more business. Moreover, according to Rejda (2008), insurance companies are slow in settling claims.
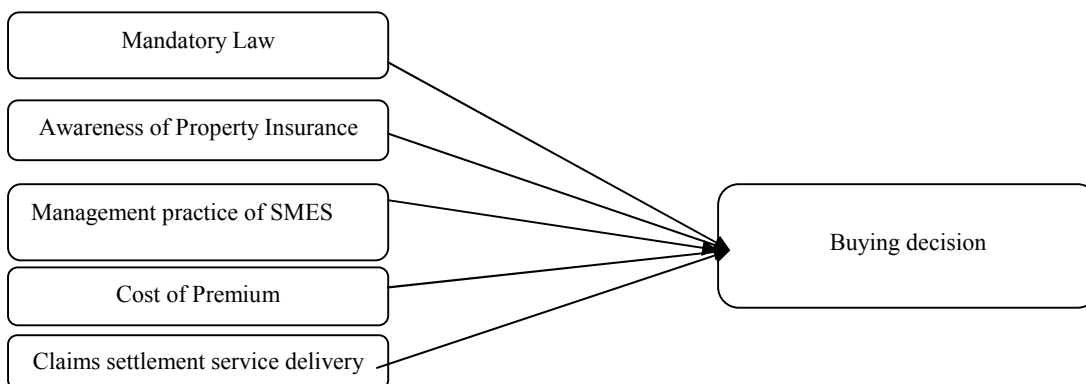
FIG. 1: CONCEPTUAL FRAMEWORK
Source: Tushabomwe (2006), Temtime and Pansiri (2004)& Aduko (2011) and modified by the researchers(2019)

III. METHODOLOGY

The research followed both qualitative and quantitative approaches. Descriptive research design is employed to clearly describe the state of affairs in the study area. Also explanatory survey design is used to evaluate the effect of the factors: Mandatory Law, Awareness of Property Insurance, Management practice of SMES, Cost of Premium, and claims settlement service delivery on buying decision.

III-A. TYPES AND SOURCES OF DATA
In this research, both primary and secondary data had been used. Primary data was collected from SMEs owners/partners/ employed managers. Secondary data too was grasped from records, research results of insurance affairs, and SMEs Agency in Hawassa City. Published and unpublished research works, books of SMEs had also been used as a source of data.

III-B. TARGET POPULATION AND SAMPLE SIZE DETERMINATION.
This study comprised of the small and medium sized enterprises in Hawassa City which provide/sell services/goods regularly. It is estimated that there are 1368 SMEs in Hawassa City. According to the latest information received on June 5, 2018 from Hawassa City Municipality Urban Food Sustainability and Entrepreneurship Office database record. The target population comprises of (422 + 313 + 264 + 211 + 158) representing for Service, Manufacturing, Construction, Trade and Urban Agriculture respectively.

The study employs stratified sampling using the formula presented by Yemane (1967):
$n = N/(1 + N(e^2)) = 1368/(1 + 1368(0.05^2)) = 310$
    n = Sample Size
    N = Total Population
    e = Error (0.05)
Accordingly, n = **310** for this research.
This 310 has been distributed to five industrial classes (strata) of SMEs proportionally using the formula such as $n_i = n.N_i/N$, where n_i = sample of strata, N_i = population of strata, n = total sample size and N = total population.
$n_1 = 310 \times 422/1368 = 96$
$n_2 = 310 \times 313/1368 = 70$
    $n_3 = 310 \times 264/1368 = 60$
    $n_4 = 310 \times 211/1368 = 48$
    $n_5 = 310 \times 158/1368 = \underline{36}$
                  = 310
The sample size (310) has been distributed to five industrial classes (strata) of SMEs proportionally using the formula such as $n_i = n.N_i/N$, where n_i = sample of strata, N_i = population of strata, n = total sample size and N = total population.

TABLE I

SAMPLE SIZE DISTRIBUTION

Industrial Class	Total Number in Each Class	Sample of Strata	No of n_i
Service	422	n_1	96
Manufacturing	313	n_2	70
Construction	264	n_3	60

Trade	211	n_4	48
Urban Agriculture	158	n_5	36
	1368		**310**

Source: Survey data (2019).

III-1): DATA COLLECTION TOOLS: It is estimated that there are 1368 SMEs in Hawassa City according to the latest information received on June 5, 2018 from Hawassa City Municipality Urban Food Sustainability and Entrepreneurship Office database record. The questionnaire were designed to give the respondents alternatives that most closely corresponded to their position on the subject, and questions were prepared based on a five point Likert scale with steps labelled Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree. When we addressed the questionnaire, we were just interested in incorporating background information of the respondents and relevant matters that help to achieve the research objectives. Doing this highly helped us to make the questionnaire relevant, logical, and simpler to fill to respondents, and made easier to summarize the data afterwards.   The research questionnaire was distributed to 310 respondents (owners/partners/employed managers of the enterprises). Data also had been collected from insurance companies in Hawassa City after having interviews with five managers. Moreover, data had been extracted from different reviews, publications and books of SMEs. Questionnaires and interviews were prepared in a way that they are clear to respondents. Then it is rechecked and approved by experts in the field before dispatched to respondents. After that the questionnaires were randomly addressed to the respondents (owners/partners/ employed managers) in order to make the research achieve its objective at most. The data then had been collected back and organized into quantitative data passing through edition, coding, classification, and tabulation phases using excel and SPSS.

III-2): RESEARCH VALIDITY AND RELIABILITY: To ascertain the validity of the study instruments, pilot test was initially presented to 15 selected SMEs owners on the related matters so as to identify their views and the appropriateness of all the questions to the main study objectives. Adjustments and corrections were made to ensure the improvement of wordings on the questionnaire items. Accordingly, the questionnaire was modified in a way that it would be easily understandable and target oriented. A reliability test is used to measure the degree of consistency of an attribute which is intended to measure. According to Pallant (2016), the less variation of the instruments produces in repeated measurements of an attribute the higher its reliability. Reliability can be perceived by the stability, consistency, or dependability of a measuring tool. Cronbach's Alpha is widely used to measure reliability. It measures the internal consistency of the items in a scale by indicating the extent to which the items in a questionnaire are related to each other. The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency. In this regard, according to (Hair, Joseph, Robert, & David,2003), values 0.70 or above are most commonly accepted values. Having had the above assumption, we could measure the reliability of our variables as follows.

TABLE II

MEASURE OF INTERNAL CONSISTENCY-CRONBACH'S ALPHA

Factor Variables	Number of Items Incorporated	Cronbach's Alpha	Observation
Mandatory Law	6	.711	Reliable
Awareness	6	.754	Reliable
Management Practice	6	.778	Reliable
Cost of Premium	6	.750	Reliable
Claim Settlement service	6	.764	Reliable

Source: Survey data (2019)

As it can be seen in table II above, Cronbach's Alpha of all the factor variables is above 0.70. Therefore, it can be inferred that all measures are internally consistent. Accordingly, the questionnaires were distributed to sample respondents.

IV. **METHOD OF DATA ANALYSIS**

The quantitative data had been processed through editing, coding, and tabulation.   To analyze the data and address the objectives of the present study, different types of statistical methods including descriptive statistics like minimum, maximum,

mean and standard deviation and inferential statistics correlation and multiple linear regression analysis was used to evaluate the relationship between the independent variables (Mandatory law, Awareness, Management practice, Cost of Premium and Claim Settlement service) on buying decision. Multiple regression analysis is a major statistical tool for predicting the unknown value of a variable from the known value of two or more variables. And it is about finding a relationship between variables and forming a model.

V. **RESULTS**

The study targeted at a sample size of 310 respondents from which 298 filled and returned the questionnaires making a response rate of 96.1 %. This response rate was satisfactory and representative for the drawing of conclusions for the study. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and above is excellent. Therefore, based on the assertion, the response rate was acceptable**.** The diagrams below show the demographic characteristics of the respondents. Also in table III the mean and standard deviation results of the independent variables: Mandatory law, Awareness, Management Practice, cost of premium, claim settlement service and the dependent variable buying decision of property insurance were presented.
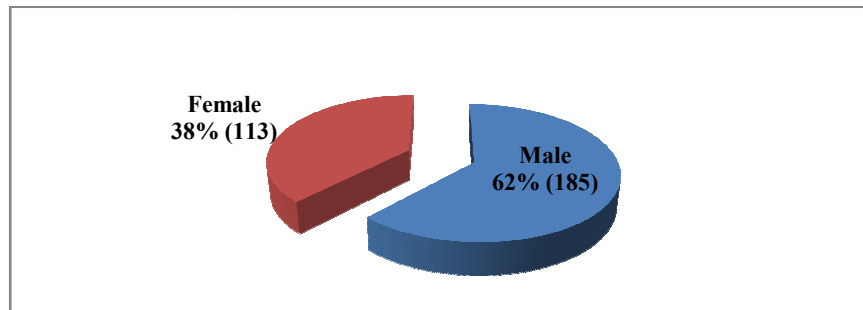

FIG:1 RESPONDENTS' GENDER
Source: Survey data (2019)

From figure 1 above the majority of the respondents 61% were males whereas 39% of the respondents were females. This implies that the majority of the respondents are males.
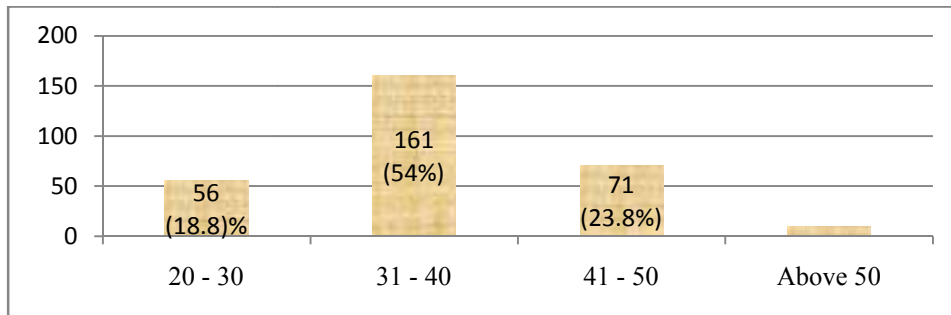

FIG:2 RESPONDENTS' AGE
Source: Survey data (2019)

From the research findings, fig:2, revealed that 18.8% (56) are in 20 - 30 age group, 54% (161) in 31 - 40 age group, 23.8% (71) in 41 - 50 age group and 3.4% (10) are above 50 age group. This result indicates that majority of the respondents fall within the age groups of 31 – 40.
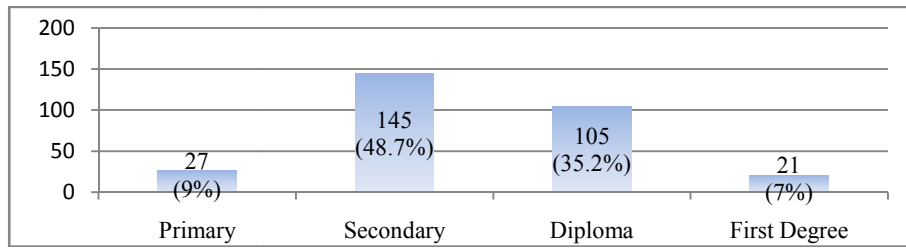
FIG:3 EDUCATIONAL QUALIFICATION OF RESPONDENTS
Source: Survey data (2019)

From fig;3 above the research findings showed that 9% (27) have primary level certificates, followed by 48.7% (145) secondary level certificates, 35.2% (105) diploma certificates, and 7%(21) bachelor's degree certificates. The fact that 91% of the respondents were holding secondary and post secondary school education indicates that respondents are well educated and they were in a position to respond to the research questions with ease.

The study requested the respondents to indicate their work position status. From the research findings, it was found that 88.3% (263) of the respondents were owners, 6.7% (20) partners, and 5% (15) unemployed supervisors. In terms of length of stay at their current jobs, all of them confirmed that they had stayed for 3 and more years in the enterprises to which the researcher accessed. This indicates that they have had a reasonable time to buy property insurance for their enterprises if they wished to.
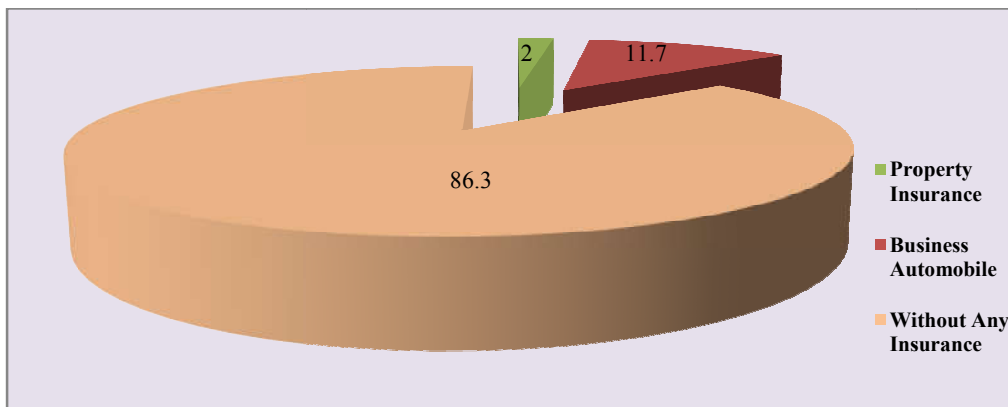

FIG: 4 INSURANCE POLICIES HELD
Source: Survey data (2019)

The study requested the respondents to indicate whether or not they had any insurance policies. From figure 4 above, only 2% (6) of the total respondents had Property Insurance policies, 11.7% (35) had Automobile insurance policies, and the majority 86.3% (257) did not have any insurance policy.

TABLE IV.
MEAN AND STANDARD DEVIATION OF STUDY FACTORS

No.	Independent Variables	Mean	Standard deviation
1	Presence of Mandatory law	2.26	0.37
2	Presence of Property insurance awareness	2.47	0.51
3	Management Practice of SMEs	2.5	0.5
4	Cost of premium	2.32	0.40
5	Claims Settlement Service	1.90	0.40
	Dependent Variable		
	Property insurance buying Decision	2.36	0.24

Source: Survey data (2019)

According to table IV above, management practice of SMEs has the highest mean score (M=2.5, S.D.=0.5) followed by Property insurance awareness (M=2.47, S.D=0.51), Cost of premium (M=2.32, S.D.=0.40), Claim settlement service (M=1.90,S.D=0.40), & the dependent variable property insurance buying decision (M=2.36, S.D=0.40). In another words, the mean results of the independent variables showed that respondents disagreed for the presence of the above factors in Hawassa City SMEs. Upon the response of respondents, the grand mean result of each factor variable (Mandatory Law, Awareness, Management Practice, Cost of Premium and Promptness of Claims Settlement service) lied in between 1.90 and 2.47. Hence, this indicated that SMEs are found at a low level of Property Insurance buying decision

III-A): INFERENTIAL ANALYSIS

Inferential analysis, correlation and regression was used for testing hypotheses in order to determine the relationship between independent and dependent variables. Correlations are the measure of the linear relationship between two variables. A correlation coefficient has a value ranging from -1 to +1. Values closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated while values closer to 0 indicate that there is little or no linear relationship. It is extremely useful for obtaining idea of the relationships between independent and dependent variable, and for a preliminary look for multi collinearity (Field, 2009). According to pallent (2005) the rule of thumb table for interpreting the size of a correlation coefficient is indicated as r=.10 to .29 or r=–.10 to –.29 small, r=.30 to .49 or r=–.30 to –.4.9 medium, r=.50 to 1.0 or r=–.50 to –1.0 large. The study used correlation analysis to establish whether there is an association between the decision to buy Property Insurance and the decision factors/variables.

III-1): CORRELATION ANALYSIS: The correlation analysis result (Appendix B) revealed that there is a significant positive relationship between Mandatory Law and buying decision of Property Insurance (r=.357, p< 0.01). The result confirmed that there is a moderate relationship between Mandatory Law and buying decision of Property Insurance in SMES. The correlation between awareness and buying decision of Property Insurance was found moderate (r=.374, p<0.01) with a positive significant relationship between the two variables. According to pallent(2005)there is a strong positive relationship between Management Practice and buying decision of Property Insurance (r=.552, p< 0.01). The correlation between Cost of Premium and buying decision of Property Insurance was found as strong as (r=.610, p<0.01). The correlation between Promptness of Claims Settlement service and buying decision of Property Insurance was found moderate (r=.482, p<0.01)(Appendix, I)

III-2): MULTIPLE LINEAR REGRESSION ANALYSIS: There are quite a number of different assumptions to be considered depending upon situations. However, the three assumptions, namely sample size, normality, multicollinearity and linearity tests are used in this study. Before conducting regression analysis, we need to be sure enough about the sample size that we are dealing with. The common rule of thumb floating about the sample size in standard linear regression is fifteen (15) cases of data per predictor (Field, 2009). According to (Green, 1991 as cited in Field 2009) to test the overall model the recommended minimum sample size of N=50+8k, where k is the number of independent variables. Since five independent variables are incorporated in this study, we proceed as follows.   50+8(5) =90, which is less than observed respondents/sample size/. i.e. 50+ 8(5) = 90 < 310. Based on the criteria, the sample size exceeds the minimum to run the standard multiple linear regressions. The assumptions for normality and linearity test are shown in (Appendix II.) According to Field (2009) if there is perfect collinearity between predictors, it becomes impossible to obtain unique estimates of the regression coefficients because there are an infinite number of combinations of coefficients that would work equally well. The tolerance is calculated with an initial linear regression analysis. Tolerance is defined as T= 1 - R^2 for the first step regression analysis. With T< 0.1 there might be multicollinearity problem in the data. And the variance inflation factor of the linear regression is defined as VIF=1/T. Similarly, with VIF>10, there is signal that multi collinearity problem exists. According to table 4.11 the present study revealed that the value of tolerance is more than 0.1 and the value of VIF is less than 10, this indicates the fitness of the model in explaining the factors affecting the buying decision of Property Insurance.

TABLE V

MULTICOLLINEARITY TEST OF VARIABLES

Model	Collinearity Statistics	
	Tolerance	VIF

(Constant)		
Mandatory Law Mean	.916	1.092
Awareness Mean	.757	1.321
Management Practice Mean	.684	1.463
Premium Cost Mean	.893	1.119
Claims Settlement service Mean	.869	1.151

Source: Survey data (2019)

Form Table V, above the tolerance values for all independent variables were greater than 0.1 and VIF (Variance Inflated Factor) were between 1 and 10. Therefore, there is no Multicollinearity problem.

TABLE VI.
MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.800[a]	0.64	0.634	0.14412

Source: Survey data (2018)

From the model summary in table VI the value (R=.800) is the multiple correlation coefficient between independent variables Mandatory Law, Awareness, Management Practice, Cost of Premium, and Claims Settlement service and a dependent variable namely Buying Decision of Property Insurance. The Value of R square is a measure of how much variability in the outcome is accounted for by the independent variables. The result shows that a value of R square is .640 which implies that 64.0 percent variation was caused by the considered independent variables. .640 R square value means that the total variation in the dependent variable is explained or caused by 64.0 percent of the change in all independent variables: Mandatory Law, Awareness, Management Practice, Cost of Premium, and Claims Settlement service. That is to say, 36.0 percent of the variation in the buying decision of Property Insurance cannot be explained by these five independent variables.

R square = .634shows that how well the model generalizes and it is desired to be equal or closer to the value of R square. However, most often there exists a difference in between. For instance, in the present study there is a difference of value .006. I.e., R square less adjusted R square is .640-.634 = .006 (about 0.6 percent). This difference indicates that if the model was derived from the population instead of the sample, it would account for approximately 0.6 percent less variance. The standard error of the estimate is a measure of the variability of the multiple correlations. Therefore, as shown in the model summary for the regression analysis table above, the standard error of the estimate of this model is .14412. This implies that the variability of the multiple correlations is as much as this amount.

TABLE VII
ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.793	5	2.159	103.930	.000[b]
Residual	6.065	292	.021		
Total	16.857	297			

Source: Survey data (2018)

The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable (Field, 2009). The table depicts that in regression, the value of sum of squares is 10.793, the value of degree of freedom (df) is 5, and the value of mean square is 2.159. The value of F-statistics is 103.930 which is significant at $p < 0.001$. This result tells us that there is less than a 0.1 percent chance that an *F*-ratio this of large would happen if the null hypothesis is true. Positive and significance of all values showed that the model summary is significant and therefore gives logical support to the present study

model. The model is statistically significant or the p-value for the model is less than (0.01). This means the fitness of the model in explaining the Buying Decision of Property Insurance is influenced by the independent variables considered. The significant level. in ANOVA table above shows that the combination of the variables significantly predicts the dependent variable. On the other hand, in residual, the value of sum of squares is 6.065, the value of df is 292 and the value of mean square is 0.021. In short, a

TABLE VIII
COEFFICIENTS[A]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.763	.075		10.106	.000		
Mandatory Law Mean	.104	.023	.166	4.523	.000	.916	1.092
Awareness Mean	.047	.019	.100	2.488	.013	.757	1.321
Management Practice Mean	.132	.021	.268	6.318	.000	.684	1.463
Cost of Premium Mean	.286	.024	.438	11.803	.000	.893	1.119
Settling Claims service Mean	.157	.022	.265	7.042	.000	.869	1.151

a. **Dependent Variable: Buying Property Insurance Decision Mean**

Source: Survey data (2018)

good model should have a large F-ratio (greater than 1 at least) because the mean square regression will be bigger than the mean square residual
Coefficients of Model Equations

$\hat{Y} = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + \varepsilon$ – Sample (predicator) equation.
From Table 4.12, above the following Sample Model equation had been formulated:
$\hat{Y} = 0.763 + 0.166x_1 + 0.100x_2 + 0.268x_3 + 0.438x_4 + 0.265x_5 + 0.075$
In the derived model equation, by keeping other factors constant we would have deduced the following interpretations.

Hence, we can incorporate all predictor variables in the regression model equation of the population below

Constant - The constant $0.763 = b_0$ indicates the y-intercept where the regression line crosses the y-axis. In this case, it shows that the extent of buying decision of property Insurance is 0.763 level assuming all other independent variables are being zero.
Presence of Mandatory Law Mean - One level increment in the Presence of Mandatory Law, that is to say, the implementation of Mandatory Law, would result in 10.4% increment in the Buying Decision of Property Insurance keeping other factors constant
Cost of Premium Mean - One unit increment in the fair Cost of Premium Mean, would result in 28.6% increment in the buying Decision of Property Insurance keeping other factors constant.
Level of Awareness Mean - One level increment in Level of Awareness, would result in 4.7% increment in the Buying Decision of Property Insurance keeping other factors constant.
Management Practice Mean - One level increment in the Sound Management Practice Mean, would result in 13.2% increment in the Buying Decision of Property Insurance keeping other factors constant.
Promptness of Settling Claims Mean - One level increment in Settling Claims service Mean, would result in 15.7% increment in the Buying Decision of Property Insurance keeping other factors constant.

In Table VIII above these columns provide the t-value and 2 tailed p-value used in testing the null hypothesis that the coefficient/parameter is 0.This research used a 2 tailed test, each p-value compared to preselected value of alpha i.e. 0.05. Coefficients having a p-value of less than alpha were taken as statistically significant. Therefore; parameters (coefficients) of Presence of Mandatory Law, Good Level of Awareness, Sound Management Practice Mean, Fair Cost of Premium Mean and Settling of Claims service have statistically significant effect on buying decision of property insurance.

TABLE VIIII. SUMMARY OF HYPOTHESIS TESTING

	Hypothesis	Tool	Result
Ho1	Mandatory law has no effect on SMEs' property insurance buying decision	Regression	Rejected
Ho2	Awareness has no effect on SMEs' property insurance buying decision?	Regression	Rejected
Ho3	Management Practice of SMEs' has no influence on SMEs' Property Insurance buying decision?	Regression	Rejected
Ho4	Cost of Premiums has no effect on SME's Property Insurance buying decision?	Regression	Rejected
Ho5	Promptness of Settling Claims service has no influence on SME's Property Insurance buying decision	Regression	Rejected

Source: Survey data (2019)

VI. **CONCLUSION**

The general objective of this study is to assess factors affecting SMEs Property Insurance Buying decision in Hawassa City. Five factors, namely Mandatory Law, Awareness, Management Practice, Cost of Premium and Claim Settlement Service have been identified and analyzed based on the data collected from the respondents. It has also been noticed that there is significant relationship within independent variables as shown in the correlation analysis (Appendix I). Multi linear regression analysis revealed the existence of significant influences of independent variables (Mandatory Law, Awareness, Management Practice, Cost of Premium, and Claims Settlement Service) on the dependent variable (property insurance buying decision.) Five managers of Insurance Companies in Hawassa City also took part in the interview also supported the quantitative data. The summary of the five factor variables as to the SMEs' Property Insurance buying decision has confirmed that it is significantly low. The findings revealed that there has been no significant Mandatory Law which makes SMEs to buy Property Insurance. More over SMEs' level of awareness of buying Property insurance, SMEs' Management practice in the decision of buying property insurance, and promptness of claims settlement by the insurer is significantly low. Besides it was found that cost of premium for property insurance is not fair.

On the other hand, the response from five insurance companies' managers showed that cost of property insurance for SMES owners is fair enough. The qualitative data revealed that insurance companies are mainly working for the betterment of the society and businesses mainly at time of crises resulted from uncertainties. Hence, SMES' should understand they strongly need to have acquaintance with different insurance packages. Government also needs to set a mechanism perhaps a mandatory law to safeguard them from sufferings that may have resulted from uncertainties. Therefore, the researchers confirmed that property insurance buying highly requires attention of small and medium business operators. Insurance companies, the regional government, responsible bodies, and stake holders should act together to secure SMEs' investments by providing property insurance related consultation services, seminars, and workshops to operators.

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APPENDIX I

RESULTS OF SHOWING CORRELATION ANALYSIS

		Mandatory Law Mean	Awareness Mean	Management Practice Mean	Premium Cost Mean	Promptness of Settling Claims Mean	Buying Decisions Mean
Mandatory Law Mean	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	298					
Awareness Mean	Pearson Correlation	.188**	1				
	Sig. (2-tailed)	.001					
	N	298	298				
Management Practice Mean	Pearson Correlation	.160**	.479**	1			
	Sig. (2-tailed)	.006	.000				
	N	298	298	298			
Premium Cost Mean	Pearson Correlation	.160**	.167**	.293**	1		
	Sig. (2-tailed)	.006	.004	.000			
	N	298	298	298	298		
Promptness of Settling Claims Mean	Pearson Correlation	.224**	.152**	.304**	.190**	1	
	Sig. (2-tailed)	.000	.008	.000	.001		
	N	298	298	298	298	298	
Buying Decisions Mean	Pearson Correlation	.357**	.374**	.552**	.610**	.482**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	298	298	298	298	298	298

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

Source: Survey data (2019)

APPENDIX I I   NORMALITY AND LINEARITY TEST