

INFLUENCE OF RISK TAKING ON MICROINSURANCE UPTAKE BY MICRO AND SMALL ENTERPRISES IN KENYA

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ABSTRACT

Entrepreneurial orientation plays a critical role in success of enterprises since it entails willingness of an entrepreneur to innovate, take risks, try out new products, services and

markets and act more proactively than competitors when it comes to new opportunities in the marketplace. Thus the importance of entrepreneurial orientation cannot be underestimated. Although MSEs play a very important role, they are characterized by high mortality due to the uncertain social-economic and environment in which they operate. MSEs are particularly vulnerable to risks many of which are insurable. However, there is very low microinsurance uptake products by MSEs. The low microinsurance uptake could be influenced by various factors among them entrepreneurial orientation. This study sought to establish the influence of entrepreneurial orientation aspect (Risk Taking) on microinsurance uptake by MSEs in Kenya. The study adopted descriptive and explanatory research designs. The target population was 297,340 MSEs in Nairobi County. The study used a sample of 400MSEs. Stratified random sampling was utilised to select the sample from the population. A structured questionnaire was used to collect data from owner managers of MSEs. The study utilised factor analysis, correlation analysis and multiple linear regression method to analyse the collected data. The study findings indicated that Risk taking significantly influences microinsurance uptake (number of policies). Regulatory framework did not significantly moderate the relationship between number of policies and risk taking. Risk taking was found to significantly influence the uptake of microinsurance as measured by renewal rate. The study recommends that microinsurance companies should not put so much resources into engaging in activities that may involve threat or risk in order to achieve a goal as this will not influence the uptake of microinsurance policies by MSEs in Kenya.

Key Words: Risk Taking, Microinsurance uptake, MSMEs.

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