

Mitigating the effects of fire outbreaks on the socio-economic lives of women in the Kumasi Metropolis of Ghana: the role of microinsurance institutions.

Doris Ohene Ntim

Department of Liberal Studies, Faculty of Business and Management Studies, Box KF 981, Koforidua Technical University, Koforidua, Ghana.

Abstract: The study examined the extent to which market women demand microinsurance and also assesses the extent to which microinsurance institutions are mitigating the effects of fire outbreaks on the socio-economic lives of women in the Kumasi Metropolis of Ghana. The study used both qualitative and quantitative analysis on the data gathered. The results showed 99% of the Market women did not take up microinsurance while 1% took microinsurance. The study further revealed that difficulty in accessing claims has been one of the major reason market women do not access microinsurance. Again, contrary to popular opinion about the informal section savings, this study showed, the informal sector particularly market women save to revamp their businesses in case of market fires. The study recommended that, microinsurance institutions need to use public education and moral suasion to boost patronage. At the same time, government must introduce legislation to encourage the informal sector to buy microinsurance.

Keywords: Mitigating, fire outbreaks, socio-economic lives of women, microinsurance institutions, Kumasi Metropolis, Ghana

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I. INTRODUCTION

Fires in general and market fires in particular are becoming one of the environmental challenges confronting Ghanaians (Freiku, 2013; Dwomoh, 2015). This activity of creating fires is deeply rooted in the socio-cultural systems of the people (Kusim&Appati, 2012). It has become increasingly difficult for the Government to control it (Kusim&Appati, 2012; Freiku, 2013; Dwomoh, 2015). The effects of market fires, in particular, on families in Ghana are extensive and damaging (Daily Graphic, 2014). A way to mitigate the effects of market fires is insurance and for that matter microinsurance for low income households.

Microinsurance is a division of microfinance which looks to aid poor families by offering insurance plans which are tailored to their needs. Microinsurance is often found in developing countries, where the current insurance markets are usually inefficient. The coverage value is lower than a usual insurance plan, such that the insured people relatively pay smaller premiums. (Linnerooth-Bayer, 2009; Shil, 2013; Investopedia 2016). Such microinsurance plans provides protection for people with little savings and is tailored specifically for lower valued assets and compensation (Linnerooth-Bayer, 2009; Shil, 2013; Investopedia 2016). The population that patronises micro insurance are typically persons ignored by mainstream commercial and social insurance schemes, as well as persons who have not previously had access to appropriate insurance products (ILO, 2016; World Bank, 2016).

Microinsurance in so many ways helps to protect low-income people (Allen & Overy, 2012). Such low income people face specific perils such that regular premium payment can go a long way to reduce risks of loss during disasters, for example during fire outbreaks. Microinsurance is a useful tool in economic development (State Insurance Company, 2013; Sherman, 2010), as many low-income people, and for that matter, market women who do not have access to adequate risk-management tools, may fall back into poverty in times of damage or loss of wares through fire outbreaks. microinsurance makes it possible for people to take more risks and bounce back when the unfortunate happens. When market women are insured against damages or losses through fire, they are in a better position to get some monies to continue business or start all over again.

Microinsurance started in Ghana not long ago and it is believed to transform Ghana's insurance (Business World Ghana, 2016). Though microinsurance now exists in Ghana its awareness is so low (Acheampong, 2015). This general lack of insurance awareness has resulted in "a low insurance uptake with only 4.1 per cent of the total population having any insurance policy as at the end of 2010" (Acheampong,

2015). Moreover fire outbreaks are nowadays rampant in markets resulting in damage and loss of property leading to adverse economic lives of women but the extent to which this happens, and also how microinsurance institutions help in mitigating such effects is not clear.

Fire outbreaks are nowadays rampant especially in markets. This results in damage and loss of property (wares and shops) and adversely affect the economic lives of women. The extent to which this happens, in other words, its magnitude is not clear and how microinsurance institutions help in mitigating the effects of fire outbreaks on the socio-economic lives of such women is not clearly known.

Objectives

The general objective of this research is to examine the role of microinsurance institutions in mitigating the effects of fire outbreaks on the socio-economic lives of women.

Specific objectives are to:

- i. Examine the extent to which market women demand microinsurance
- ii. Assesses the extent to which microinsurance institutions are mitigating the effects of fire outbreaks on the socio-economic lives of women

Research Questions

- i. Do market women demand microinsurance?
- ii. What is the extent to which microinsurance institutions are mitigating the effects of fire outbreaks on the socio-economic lives of women?

These findings from the study remains relevant to microinsurance institutions, market leaders and market women as a useful information. The government could even view recommendations from this study as timely in the wake of many outbreak of fires in the Ghanaian markets.

The study limits itself to mitigating the effects of fire outbreaks on the socio-economic lives of women in the Ashanti Region of Ghana. It specifically looks at protection against damage and loss of property through fire outbreaks. Ashanti has been chosen as a case because the markets have been prone to frequent fire disaster which makes this study imperative.

Empirically, a study by Amoako (2014) sought to assess the management of domestic fires in Kumasi Metropolis. The study considered the level of fire safety knowledge and residents' level of compliance with fire safety regulations; evaluate the roles played by the relevant institutions in the management of domestic fires and examine the problems militating against effective management of domestic fires in the Kumasi Metropolis. He used both purposive and systematic sampling techniques to selected fire prone areas in Kumasi and a cross-sectional research design was adopted for the study. The study revealed that compliance with and knowledge on fire safety measures are low. The study recommended that Fire Precaution (Premises) regulation of Ghana, 2003 (LI1724) on residential buildings should be implemented immediately to compel homeowners to integrate issues in physical development.

Ackah and Owusu (2012) assessed the knowledge of and attitude towards insurance in Ghana. They suggested that access to insurance is low: 4.1 Percent (excluding public health insurance) in 2010. Their study sought to determine the level of insurance awareness in Ghana, where awareness is defined with respect to people's knowledge of and attitude towards insurance. Their main finding from the qualitative investigation was that most Ghanaians, especially those in the informal sector, do not take-up insurance as a way of preparing towards future unforeseen misfortunes. With regards to attitude towards insurance, the study confirmed the general impression that insurance companies will eventually renege on their promises. recommended that education on insurance is increased, government's supervision of insurance operations is strengthened, and that insurance companies improve their client orientation so as to redeem their public negative image.

James (2013) looked at the influence of fire disasters on mitigation and preparedness in Commercial Premises in Kenya; a Survey Study of Kisumu CBD. The study assessed fire Safety measures adopted by owners of buildings, assessing level of preparedness among the occupants in the buildings, assessing the level of preparedness of local authorities. The findings are that most buildings lack enough fire equipment, most owners/managers/occupiers and local authorities are ill prepared to handle fire emergencies, and that education of all stakeholders will play a vital role in improving fire safety. It was established that adequate fire safety measures are not in place and therefore ought to be established. The study recommended that owners and property managers should involve fire experts in fire safety, inspection of the firefighting infrastructure, and enhancing Fire safety measures and programmes.

Essel (2015) assessed the impacts of Market Fires on the Performance of Savings and Loans Companies in Ghana: The Case of First Allied Savings and Loans Limited. The study administered questionnaire to sixty-seven credits officers and twenty customers of First Allied Savings and Loans Limited

(FASL) as well as an interview session with the assistant credits manager to collect primary data. The study revealed that market fires have become one of the causes of loan default in FASL and account for 15% of all the causes of loan defaults. The study recommended that the central government must resource the Ghana National Fire Service with more fire fighting vehicles and equipment. Also, the government has been advised to reconstruct all old markets to make them more accessible and equip all such markets with fire hydrants.

II. METHODOLOGY

The paper discusses the method used to obtain the data needed for the study. It used both quantitative and qualitative techniques for a survey on cross-section of the target population. The study used Kumasi Metropolis which in recent times has been plagued with recurrent fire outbreaks which affects market women and the major part of the informal sector. The target population is management of microinsurance and customers particularly market women within this enclave. The study used the purposive sampling technique owing to the fact that accurate number of market women affected within the Kumasi market was not known and therefore as subject of interest, market women were purposively chosen as well as the microinsurance institution.

Arleck and Settle(1995) opined that 100 sample size is appropriate for a population of 1,000 and a sample size of 100-500 is considered appropriate for a population of 5,000. With a population 10, 000, a sample of 200-1000 is appropriate. From the above premise, this study considered 200 market women and one key informant of Star Microinsurance Services Limited as an interview. The sample size was 200 for market women. This was thought to be adequate given the import of the study and also according to literature. The study used both closed ended and open ended questions administered on the management and staff of microinsurance institution and the market women. The study pretested the questionnaire for market women and amendments were done before the final data collection. The data was collected and coded into the Statistical Package for the Social Sciences software version 16 for analysis. Whereas the qualitative data was analysed using the thematic areas under consideration.

III. RESULTS AND DISCUSSIONS

The data was collected by the researcher and three trained assistants. The respondents were asked to respond to questions as was required by the study. The collection progressed as when it was done with a respondent and this produced a 100% response rate.

The results of the study is discussed first looking at the demographic characteristics of the respondents and then the objectives of the study. Of the two hundred (200) market women sampled, one hundred and ninety seven (197) representing 98.5% had no formal education and three representing 1.5% had some form of formal. The average age was 36 years for all market women sampled.

Demand for Microinsurance by Market Women

The looked at demand for microinsurance by market women in the Kumasi Metropolis as this is one of the objective of the study. The intent was to gauge how market women would want to insure to safeguard their properties in the market. This objective is necessary because it serves as incentive to driving consumers' decision towards microinsurance.

Table 1: Do you demand microinsurance?

	Frequency	Percentage (%)
Yes	2	1
No	198	99
Total	200	100

Source: Field Survey, 2017

From Table 1 above, the results from the study shows that 1% (2) of the respondents said they had demanded microinsurance while 99% (198) did not demand any form of microinsurance from any microinsurance company. This implies that market women in Kumasi Metropolis even though often faced with frequent fire outbreaks at the market center are adamant to insuring their goods. This particular results contradicts the assertion made by Botzen and Van den Bergh (2008) that high-risk persons value insurance protection than persons who have face lower risk. Simple because, these market women are vulnerable, yet they do not want to insure their properties. Ackah and Owusu (2012) explained that lack of insurance knowledge, dependence on God towards protection and low levels of income among others influence the informal negatively towards microinsurance.

What is the extent to which microinsurance institutions are mitigating the effects of fire outbreaks on the socio-economic lives of women?

The respondents were posed with this question regarding the effects of fire outbreaks on the socio-economic lives of women to gauge qualitative aspect regarding microinsurance institutions. The respondents had different attitude towards public opinion and as alluded to by some empirical studies. The public opinion has been that moral suasion and public education has increase awareness and positive attitude towards microinsurance.

However, results from the qualitative study showed that the market women do not seem to have trust for microinsurance institutions to mitigate their future predicaments.

The following were what two divergent views from both market women and the microinsurance company.

“If you pay the money and there is fire incident, it is difficult to get the company to attend to you. Our lane here, Madam Serwah did the fire insurance, when the second fire occurred all her goods in the shop burnt, but the company has visited here several times but she has not still received her money to start her business”.

The narration from many of the respondents pointed to the fact that they are not patronizing microinsurance institutions because of difficulties in processing claims. Respondents do not trust microinsurance and their understanding of microinsurance was also limited.

From the point of view of Management of Microinsurance Company:

“Market women reporting of fire incidents is very poor and also increase their vulnerability to fire incidence”. The result from the perspective of the management of the Microinsurance institution is that, market women do not take safety precautions regarding fire incidents. This is corroborated by newspapers assertions that many market women do set up fires and forget to put it off after close of work.

In addition, Market Women in the Kumasi Metropolis are slow to patronizing microinsurance because they have very little faith in microinsurance companies in salvaging their businesses. This has been so pronounced in the everyday business activities as many count on nature (God) to help them and their businesses. So they related that they would rather keep to their old ways revamping their businesses than insure their businesses. What appear to stem from their position is that, mitigation of business in cases of fire outbreak is slow if not nonexistent from the microinsurance institutions.

Table 2: Sources of finance to revamp business after fire outbreak

Sources of finance after fire outbreak	frequency	Percentage (%)
I used my past savings	67	33.50
I received financial support from family member(s)	48	24.00
I operate on credit purchases	40	20.00
I took a loan from the bank	16	8.00
Proceeds from the sale of property	28	14.00
Monies from Microinsurance company	1	0.50
Total	200	100.00

Source: Field Survey, 2017

From the Table 2, sixty seven (67) consisting of 33.55% of the respondents revamped their businesses using past savings. This result is interesting as it shows that there is a saving habit and culture amongst majority of the market women within the Kumasi Metropolis. The result also showed that family members are instrumental in supporting fire incident victims among the Market women consisting 24% (48). Market women had their goods destroyed in fire incidents do revamp their businesses through credit purchases from their suppliers (20% (40)). With some of the market women resorting to the sale of their assets to revamp their businesses consisting of 14 % (28), while others resort to loans from the bank 8% (16) to revamp their business. The result showed that only .5% (1) of the respondents received support from microinsurance companies. This tells that market women are slow in patronizing the services of microinsurance companies. The result of this study corroborates the study by Essel (2015).

IV. CONCLUSIONS AND RECOMMENDATIONS

Based on the data collected from the respondents, the results shows that 1% of the Market Women demanded microinsurance. The results further shows that many of the market women do not patronize microinsurance because of the difficult nature in obtaining claims in case of fire incident.

It also revealed that they rely on 'God' for protection against any unforeseen circumstances. The market women also do not think that microinsurance institutions could help reduce their plight when there is fire disaster. On the part of the Microinsurance institution, the informal sector has peculiar challenges in securing microinsurance for their businesses. This is particularly hinged on the conception of the operators, their faith and knowledge level as far as the microinsurance industry is concern.

Again, revamping their businesses after it is destroyed by fire has been a source of worry but results from the study showed that the Market women have a very positive saving habit and culture. This has invariably become the major source among several alternatives to revamping their businesses.

As a recommendation, the microfinance institutions have to intensify public education as this could boost patronage of microinsurance. At the same time, moral suasion could be a powerful tool to making inroads in the microinsurance business as market women would see the need to patronize the service.

Lastly, government could legislate some laws requiring the informal sector including market women to compulsorily take up microinsurance since such ultimately could reduce their vulnerability.

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