

**RISK ASSESSMENT, TRUST AND CASHLESS POLICY ADOPTION AMONG SUPPLIERS OF
UGANDA TOBACCO SERVICES LIMITED, HOIMA UGANDA**

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ABSTRACT

The connection between risk evaluation, trust, and the implementation of a cashless policy among suppliers of Uganda Tobacco Services Limited, Hoima Uganda, was investigated in this study. The goals of this study were to assess the connection between risk evaluation and the implementation of cashless policies, the connection between trust and the acceptance of cashless policies, the connection between risk evaluation and trust, and the mediating role of trust in this connection among Uganda Tobacco Services Ltd., Hoima Uganda suppliers. The study was carried out utilizing a quantitative research approach and a design that was cross-sectional. Out of the 2,105 suppliers who work for Uganda Tobacco Services Ltd, 336 were chosen as a sample. Utilizing structured questionnaires, data was gathered. In order to acquire descriptive and inferential statistics for use in understanding the results, data analysis was done using SPSS v.25. The Med-Graph method was also utilized to evaluate whether or not trust mediates the link between risk evaluation and the implementation of cashless policies. The study discovered that risk evaluation has a detrimental impact on the implementation of cashless policies. This study showed that adoption of cashless policies is positively influenced by trust. Even more so, embracing cashless policies was better predicted by trust. Risk assessment was discovered to be adversely associated to trust. Results showed that the connection between risk evaluation and the acceptance of cashless policies is somewhat mediated by trust. The study comes to the conclusion that a drop in the use and popularity of cashless policies will result from improved risk evaluation. On the other hand, a rise in trust is significant since it encourages a rise in the adoption of cashless policies. The degree of trust will be

compromised as evaluation of risks rises. Furthermore, if there is trust in the cashless policy, its influence will be mitigated regardless of how risk assessment may adversely affect the adoption of the policy.

To encourage usage and the frequency of use, the study suggests boosting cashless policy trustworthiness, trustworthiness of cashless policy, and supplier competency regarding cashless policy.

Key words: risk assessment, trust and cashless policy

Background to the Study

The way organizations interact with customers and other parties has changed significantly as a result of information technology (Ooi & Tan, 2016). The term "cashless policy" has become extensively used to describe how commercial transactions are now conducted technologically rather than with actual cash on a global scale (Rivera, 2019). Credit cards, debit cards, checks, and payment methods like mobile money are a few of these instances of cashless policies (Jumba & Wepukhulu, 2019). According to numerous sources (Matthew & Mike, 2016; Uchechukwu, Chubuzor, Donatus, & Gloria, 2017), this technology is essential for making transactions easier, more pleasant, practical, effective, and secure than ever before. Additionally, it has been acknowledged that cashless policies are the magic bullet for encouraging financial participation across economies (Matthew & Mike, 2016).

Although the implementation of cashless policies is still strongly supported, policy makers, practitioners, and scholars are nonetheless concerned about it (Jumba & Wepukhulu, 2019; The World Bank Group, 2018). Globally speaking, the Middle East and Sub-Saharan Africa experienced a 26.9% fall in the volume of transactions involving checks between 2012 and 2015. The World Cash Report (2018) notes an additional rise in the total amount of money in circulation (CiC), particularly in Asia and Africa, which has increased by 45.6% since 2013. More than 27.8% of creditors rejected the use of the cheque system because they found it untrustworthy, ineffective, and challenging

to use, while 12.7% rejected the use of mobile money because they believed they would likely lose money if they forgot their password or misplaced their phone.

Statement of the Problem

The financial system has undergone a great deal of change due to technological innovation. In place of actual currency, firms are increasingly expressing a desire to pay responsibilities through electronic systems like checks and mobile money (Omotunde et al., 2013). Nevertheless, Uganda Tobacco Services Ltd., Hoima, Uganda's vendors have continuously demonstrated a lack of interest in implementing cashless solutions. Transactions without cash are being used less frequently and with a falling user base as a result. In 2017, more than 212 suppliers refused to be paid by check, and 62.5% said they preferred to be paid in hard currency. In a management meeting, concern was expressed regarding the increasing number of suppliers who want to be paid cash rather than through electronic system direct to their respective account (Meeting minutes, Uganda Tobacco Services, 2018). It is anticipated that low cashless policy adoption among suppliers could may be attributed to high risk and inadequate trust.

Research Objectives

- 1. To examine the relationship between risk assessment and cashless policy adoption among suppliers of Uganda Tobacco Services Ltd, Hoima Uganda.*
- 2. To examine the relationship between trust and cashless policy adoption among suppliers of Uganda Tobacco Services Ltd, Hoima Uganda.*
- 3. To assess the relationship between risk assessment and trust among suppliers of Uganda Tobacco Services Ltd, Hoima Uganda.*
- 4. To examine the mediating effect of trust in the relationship between risk assessment and cashless policy adoption among suppliers of Uganda Tobacco Services Ltd, Hoima Uganda.*

Research Questions

1. *What is the relationship between risk assessment and cashless policy adoption among suppliers of Uganda Tobacco Services Ltd, Hoima Uganda?*
2. *What is the relationship between trust and cashless policy adoption among suppliers of Uganda Tobacco Services Ltd, Hoima Uganda?*
3. *What is the relationship between risk assessment and trust among suppliers of Uganda Tobacco Services Ltd, Hoima Uganda?*
4. *What is the relationship mediating effect of trust in the relationship between risk assessment and cashless policy adoption among suppliers of Uganda Tobacco Services Ltd, Hoima Uganda?*

Methodology

Research design

This study used a quantitative research methodology and a cross-sectional research design. The study design because it may help the investigator quickly come to judgments and give advice on the subject. Additionally, this research method is appropriate for studies that are conducted over a brief period of time, as was the case with this particular study (Field, 2013). On the other hand, the method of quantitative investigation was chosen since it clearly and simply shows how variables link and regress (Creswell, 2014).

Study population

The study population constituted suppliers of Uganda Tobacco services limited. According to Uganda Tobacco Services Ltd Contracts Report (2019), the company had 2,105 suppliers. These served as both the unit of analysis and unit of inquiry.

Sample size and sampling procedure

According to Mugenda and Mugenda (2003), it's impossible to study the whole targeted population and therefore the researcher has to decide on a sampled population.

The sample size of the study was determined by Krejcie and Morgan (1970) formula for determining samples from a given population. This formula presented under Equation 1.

$$n = \frac{N}{1 + N (e)^2}$$

Equation 1: Krejcie and Morgan (1970) formula for computing sample size

Where; N= population size

n= sample size

e= level of precision (0.05)

The study therefore targeted 336 participants.

This study clustered the population based on sub-counties within Hoima District. With a total of 13 sub counties that constitute Hoima District, this study targeted approximately 25 suppliers in every subcounty. To obtain these suppliers, this study elected every 5th supplier from the list. This list was arranged according to years of association with the company. This method was applied to ensure the sample is evenly selected across the whole population (Creswell, 2014).

Data Analysis

Statistical Package for Social Sciences (SPSS v.25) was used to modify, classify, tabulate, code, and then import the data for analysis (Nelson et al., 2022). To ensure that the data were clean and fit for use, parametric tests of normality, mean and

standard deviations, factor analysis, skewness, and kurtosis were performed. Frequencies and inferential statistics were used to present the results. The demographic variables were presented in a frequency table and evaluated using percent values. Correlation and regression analyses were included in inferential statistics. To determine whether there was a positive or negative link between the variables, correlation analysis was utilized. Regression analysis evaluated the independent and intervening variables' ability to predict and explain variations in the dependent variable.

RESULTS

Table 1: Correlation Analysis

Variable/Construct	1	2	3	4	5	6	7	8	9
Risk Assessment (1)	1								
Risk Identification (2)	-.343**	1							
Risk Measurement (3)	-0.040	.384**	1						
Risk Evaluation (4)	.905**	-.270**	-0.078	1					
Trust (5)	-.258**	.275**	0.044	-.214**	1				
Reliability (6)	-.450**	.243**	0.111	-.436**	.605**	1			
Dependability (7)	-.208**	.190*	-0.055	-0.121	.701**	.263**	1		
Competence (8)	-0.026	.182*	0.053	-0.025	.808**	.260**	.274**	1	
Cashless policy adoption (9)	-.306**	.160*	0.079	-.300**	.552**	.446**	.400**	.375**	1

Notes: n=180; *. $p < .05$ level (2-tailed), **. $p < .01$ level (2-tailed); Dep. Var=Cashless policy adoption; Ind. Var=Risk assessment; Med Var=Trust

Source: Primary Data

Risk Assessment and Cashless policy adoption

Results in Table 1 show a substantial and adverse association ($r = -.306$, $p.01$) between risk evaluation and the adoption of cashless policies. The findings suggested that implementing a cashless policy is less likely to occur when there is a higher risk

assessment. This study additionally established the relationships between each risk evaluation component and the implementation of cashless policies. The findings revealed a substantial and adverse association ($r=-.300$, $p.01$) between risk assessment and the adoption of cashless policies. This meant that the possibility of implementing a cashless policy would decrease as more risks were assessed. On the other hand, the findings revealed a substantial and favorable link ($r=.160$, $p.05$) between assessing risk and the implementation of cashless policies. The results implied that enhancing risk measurement is likely to translate in cashless policy adoption. The results obtained a nonsignificant and positive relationship between risk measurement and cashless policy adoption ($r=.079$). The results implied that enhancing risk measurement is less likely to enhance cashless policy adoption.

Trust and Cashless policy adoption

According to Table 1's correlation data, trust and the adoption of cashless policies are significantly and favorably correlated ($r=.552$, $p.01$). This implied that the potential adoption of a cashless policy is linked to an increase in confidence. Particularly, the findings revealed a substantial and favorable association ($r=.446$, $p.01$) between reliability and the implementation of cashless policies. These findings suggested that the likelihood of adopting a cashless regime increases with how trustworthy people perceive it to be. The implementation of cashless policies and reliability also showed a substantial and favorable association ($r=.400$, $p.01$). The findings suggested that the likelihood of a cashless policy being adopted increases with how reliable such policy is thought to be. The findings also revealed a strong and favorable correlation between competency and the implementation of cashless policies. The results implied that enhancement in perceived competence is likely to facilitate cashless policy adoption.

Risk Assessment and Trust

Table 1 indicate a significant and negative relationship between risk assessment and trust ($r=-.258$, $p<0.01$). The results implied that enhancement in risk assessment is associated with a possible decrease in trust. In addition, the results obtained significant and negative relationship between risk evaluation and trust ($r=-.214$, $p<0.01$). These results implied that enhanced risk evaluation is likely to decrease trust. The results further indicated that there exists a significant and positive relationship between risk identification and trust ($r=.275$, $p<0.01$). In this case, the results implied that enhancing risk identification is likely to improve trust. Furthermore, the results found a nonsignificant and positive relationship between risk measurement and trust ($r=.044$). In this case, the results implied that enhancing risk measurement may not result in noticeable levels of trust.

Regression Analysis

To establish the predictability of risk assessment and trust on cashless policy adoption, a multiple regression analysis was obtained. The model was also used to ascertain which of the predicting variables was significant and a better predictor. The results are presented in Table 2

Table 2: Regression Analysis

	<i>Unstandardized</i>		<i>Standardized</i>		
	<i>Coefficients</i>		<i>Coefficients</i>		
		<i>Std.</i>			
<i>Model</i>	<i>B</i>	<i>Error</i>	<i>Beta</i>	<i>t</i>	<i>Sig.</i>
1 (Constant)	1.802	0.333		5.417	0.000
Risk Assessment	-0.155	0.057	-0.175	-2.751	0.007
Trust	0.597	0.075	0.507	7.982	0.000

			F-	
R	R ²	Adj. R ²	Value	Sig.
.577 ^a	0.333	0.326	44.256	.000 ^b

Notes: n=180; Dep Var=Cashless Policy Adoption; Durbin-Watson=2.029

Source: Primary Data

Table 2 showed that, in terms of trust and risk assessment, $F=44.256$, $Sig.=.000$. These findings suggested that risk assessment and faith in the adoption of the cashless system were economically predictable. Recommendations and inferences might therefore be made based on the regression results. Results showed an overall Adj $r^2=.326$, indicating that trust and risk assessment can account for up to 32.6% of the variation in the adoption of cashless policies. Additionally, risk analysis yielded $\eta^2=-.175$, $p=.05$ in connection with the adoption of cashless policy. The p -value suggested that risk evaluation is an important indicator of the adoption of cashless policies. Any unit change in the risk evaluation results in a 17.5% decrease in the acceptance of cashless policies, according to the formula $\eta^2=-.175$. Regarding the adoption of cashless policies, trust was established at $\eta^2=.507$, $P=.05$. These results implied that trust is a significant predictor of cashless policy adoption. The results also confirm that unit upward change in trust will result in a 50.7% increase in cashless policy adoption. Hence, the results indicate that trust is a more significant predictor of adopting cashless policy as opposed to risk assessment.

Mediating Effect of Trust in the relationship between Risk Assessment and Cashless policy adoption

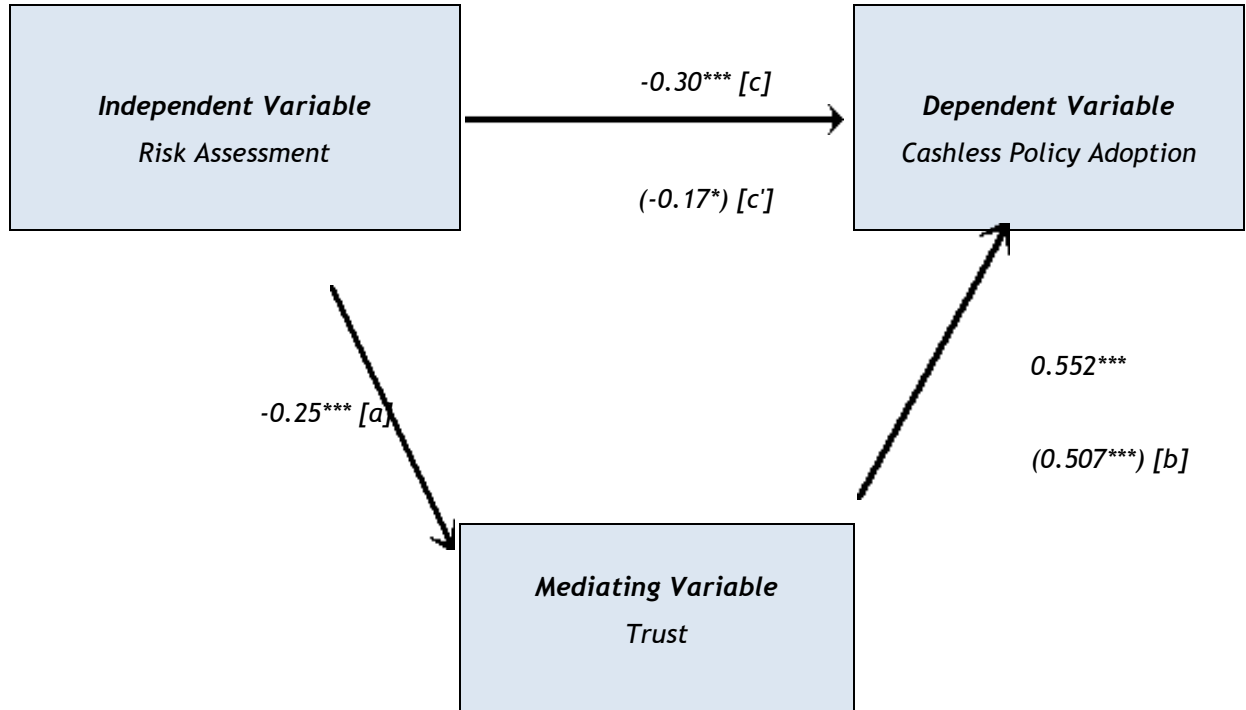
Table 3: Hierarchical Regression Model

Model	Unstandardized Coefficients	Standardized Coefficients	F	R	R ²	Adj R ²	ΔR^2
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		<i>B</i>	<i>Std. Error</i>	<i>Beta</i>					
<i>Model 1</i>	<i>(Constant)</i>	3.519	0.436						
	<i>Gender</i>	-0.016	0.112	-0.011					
	<i>Age</i>	-0.007	0.056	-0.009					
	<i>Education</i>	0.122	0.063	0.158					
	<i>Occupation</i>	0.022	0.061	0.028					
	<i>Account</i>	-0.230	0.129	-0.152					
	<i>Policy</i>	-0.056	0.159	-0.029	1.734	.238 ^a	0.057	0.024	0.057
<i>Model 2</i>	<i>(Constant)</i>	4.380	0.449						
	<i>Risk</i>	-0.300	0.063	-0.337*					
	<i>Assessment</i>				4.909	.408 ^b	0.167	0.133	0.110
<i>Model 3</i>	<i>(Constant)</i>	1.904	0.514						
	<i>Risk</i>	-0.179	0.057	-0.201*					
	<i>Assessment</i>								
	<i>Trust</i>	0.570	0.077	0.484*	12.568	.608 ^c	0.370	0.341	0.204

Notes: n=180, Dep Var: Cashless Policy Adoption; Ind Var: Risk Assessment, Trust

Source: Primary Data



Type of mediation=Significant; $n=180$; Direct= $-.30$; Indirect= $.13$; *, *** significance at $p<.05$, $p<0.001$; Sobel z-value= -3.23872 ; $p=0.001201$

Figure 4.1: Mediation effect of trust in the relationship between risk assessment and cashless policy adoption

Source: Primary Data

It was shown by Table 3 that trust plays a substantial mediating role in the link between risk evaluation and the adoption of cashless policies. Evaluation of risks and trust have a statistically significant negative correlation ($r=-.25$, $p=.001$). Risk evaluation and the adoption of cashless policies were shown to be statistically significantly correlated (Table 3, Model 2: $r^2=.167$, $F=4.909$, $p\text{-value}=0.05$). According to the findings, there is a statistically significant link between trust and the implementation of cashless policies (Table 3; Model 3: $r^2=.37$, $F=13.568$, $p\text{-value}=0.05$). Last but not least, Table 3's findings show that when the mediator is included (Models 2 & 3; $\text{Beta}=-.337$ to $\text{Beta}=-.201$), the overall effect of risk assessment decreases.

Conclusion

Risk assessment has been shown to be one of the major determinants of the acceptance of cashless policies. According to this study, an increase in risk assessment has a detrimental impact on the use and frequency of cashless policies. The lesson being taught here is that one must first grasp the many risks that accompany the system before deciding to embrace a cashless policy. An individual will cut back on usage, including the frequency, when there are numerous recognized and analyzed. Consequently, if we want to encourage people to adopt cashless policy, as policymakers, it is crucial to ensure that the dangers connected with it are kept as low as feasible. **Recommendation**

Boost the credibility of cashless policies to encourage supplier adoption. The cashless solution Uganda Tobacco Services Ltd prefers to use must guarantee anonymity, be quick, secure, and affordable. Suppliers will recognize the pertinent benefits linked to this new product, which will motivate them to use it.

Improve the cashless policy's trustworthiness to persuade businesses to use it. Uganda Tobacco Services Ltd. must in this instance ensure that the cashless policy being implemented for suppliers is secure, simple to use, error-free, and accessible whenever a provider needs to transact. As a result, the absence of money will gain more support, which will boost usage and frequency.

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