

Evaluating access to insurance services by micro small and medium enterprises in Zambia: A case of MSMES in Lusaka district

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Abstract

This study aimed at assessing the availability and accessibility of insurance services for Micro, Small, and Medium Enterprises (MSMEs) in Lusaka District, Zambia, while identifying the challenges faced by these businesses in accessing such services. The research was guided by three main objectives: to ascertain MSMEs' perceptions regarding the importance of insurance for risk management, to evaluate the challenges faced by MSMEs in accessing insurance services and to develop strategies to enhance access to insurance services for MSMEs in Lusaka. A descriptive research design was employed, utilizing a stratified random sampling method to select a sample size of 80 MSME owners from key markets in Lusaka. Data was collected through self-administered questionnaires and analyzed using the Statistical Package for Social Sciences (SPSS). The coefficients in the model highlight the contributions of each predictor to access to insurance services. It indicates a baseline level of access ($p = 0.028$). Economic viability and knowledge levels are strong predictors, with significant positive relationships ($B = 0.283$, $p = 0.000$ and $B = 0.060$, $p = 0.001$, respectively), suggesting that both factors enhance access to insurance. Additionally, the availability of insurance products also plays a crucial role, with a positive coefficient ($B = 0.242$, $p = 0.001$), emphasizing its importance in facilitating access for MSMEs in Lusaka. These findings underscore the critical roles of economic viability, knowledge, and product availability in enhancing MSMEs' access to insurance in Lusaka. The study recommends enhancing educational initiatives to improve awareness and understanding of insurance products among MSMEs. Insurance companies should simplify their offerings and build trust through transparent communication. Additionally, tailored insurance products should be developed to meet the specific needs of MSMEs. Collaborative efforts between the government and insurance providers are essential to monitor and evaluate insurance uptake effectively.

Keywords: Micro Small and Medium Enterprises; Insurance Services; Zambia; Risk Management; Accessibility; Awareness; Challenges.

1. Introduction

Edwards (2018), defined MSMES in line with the World Bank as small businesses with less than ten (10) employees. MSMED (2023), adopted ZIPAR definition which defines MSMEs based on variables such as annual turnover, total fixed Investments, number of employees and legal status, as business enterprises whose annual turnover shall be up to One Million Kwacha (K1,000,000.00), employing up to ten (10) persons and whose total investment, excluding fixed assets (land and building) is as indicated below:

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Table 1 Maximum Funding Amounts by Sector

Sector	Maximum amount (K)
Agriculture	250,000.00
Mining and Quarrying	5,000,000.00
Manufacturing and Other	400,000.00
Services and Trade	250,000.00
Construction	400,000.00

Micro, Small and Medium Enterprises (MSMEs) have been key drivers for reducing poverty and improvement of the quality of life for individual households as create wealth and jobs. MSMEs contribute to economic growth, foster competitiveness and help in achieving a more equitable distribution of the benefits of economic growth thereby helping in alleviating some of the problems associated with uneven income distribution (MSMED, 2023). Micro, Small and Medium Size Enterprises (MSMEs) are important to any country's economic development. They are known to be a source of employment which has accounted for new jobs in most parts of the world (Merry, 2016). According to ILO (2015) small and medium size businesses are a major job creation engine which accounts for two thirds of jobs and have continued to contribute towards job creation for the majority. MSMEs account for more than 90% of all enterprises worldwide and employ 50% of all workers (World Bank, 2019). MSMEs are also linked to generating income which is important for poverty reduction and economic development.

Like any other business, MSMEs are exposed to risks and these include financial risks, reputational risks, legal risks, supply chain risks, interruption risks, human capital risks, regulatory and compliance risks. The other types of risks which MSMEs are exposed to includes; security risks, intellectual property risks and business risks (Zambian Insurance Journal, 2021). In the same line of thought, Merry (2016) observed that enterprise risk management systems have classified risks faced by MSMEs into four main categories namely; hazard risks, financial risks, operational risks and strategic risks. Hazard risks for MSMEs may be experienced in form of fires which might damage property, theft and other crimes, personal injury to workers, business interruption and liability claims. Financial risks could be those risks which can affect a business's liquidity, this implies that MSMEs may not have enough funds to meet their obligations. Under operational risks, MSMEs can be exposed to risks which could affect operations of the business in the areas of human resource, capacity to meet the demands of the customers and service failure. Information technology can also pose as a risk for MSMEs. Generally recent past years, MSMEs in Zambia have been exposed to insurable risks such as fire, theft, business interruption etc. Yusuf et al., (2013) further added strategic risk as one of the risks MSMEs are exposed to. Strategic risks are those risks that affects the reputation of the business due to unfavorable publicity.

The MSMEs in Zambia is marked by business activities such as production of services and goods for domestic consumption. The main objective of MSMEs is to generate income for personal requirements and create employment (MSME Development Policy, 2008). MSMEs use low level technology with the intentions of meeting the market demands of the locals. Just like Nuwagaba (2015), the Revised National Micro Small and Medium Enterprise Development Policy (2023: 1), state that, "The Zambian economy is characterized by the existence of many micro, small and medium enterprises which contribute to job and wealth creation. The MSMEs account for 97 percent of all businesses contributing 70 percent to GDP growth and 88 percent to employment creation".

Having access to insurance can play an important role in mitigating risks that MSMEs may face by absorbing shocks and managing risks that may be associated unpredictable events. Yet insurance services are out of reach to most MSMEs. Insurance is an agreement which is legal between two parties the insurer and the insured, where the insurer provides financial coverage in case the insured's property is lost, damaged or stolen. Insurance services include life and non-life insurance. Different distribution channels are used for consumers to purchase insurance policies. Exclusive and independent agents are used as channels of distribution in the selling of insurance policies to the general public (Global Data, 2023).

Micro, Small, and Medium Enterprises (MSMEs) in Zambia face several unique challenges when it comes to accessing insurance services. These challenges can hinder their growth and sustainability. Nyirenda et al. (2024) notes that these challenges include lack of awareness and understanding, cost of insurance, limited product offerings, complex application processes, inadequate risk assessment, trust issues with insurers, financial literacy, regulatory barriers and cultural factors. Nyirenda et al. (2024) explains that many MSME owners have limited knowledge about the importance of insurance and the different types of insurance products available. This lack of awareness can lead to under insurance

or no insurance at all and argues that the premiums for insurance products can be perceived as too high for many MSMEs, especially those operating on thin margins. This makes it difficult for these businesses to prioritize insurance in their budgets.

According to Zulu et al. (2024), it's been observed that in Zambia, the range of insurance products tailored specifically for MSMEs is often limited. Many insurers focus on larger enterprises, leaving MSMEs with fewer options that address their specific risks and needs. The process of obtaining insurance can be complicated and bureaucratic, which can deter MSMEs from seeking coverage. Lengthy application forms and extensive documentation requirements can be overwhelming for small business owners. Insurers may struggle to accurately assess the risks associated with MSMEs due to a lack of data and understanding of the specific sectors in which these businesses operate (Nyirenda et al. 2024). This can lead to higher premiums or refusal to provide coverage.

Ilubala (2023) argues that many MSME owners in Zambia may lack the necessary financial literacy to understand insurance products, make informed decisions, and manage risks effectively. This can result in reluctance to engage with insurance providers. The regulatory environment may pose challenges, including the complexity of compliance requirements and a lack of supportive policies that encourage MSMEs to engage with insurance services. In some cases, Ilubala (2023) notes that cultural attitudes towards risk and insurance may influence the willingness of MSME owners to invest in insurance, as there may be a preference for informal risk-sharing mechanisms over formal insurance products. The above challenges cannot be ignored and therefore, addressing these challenges requires collaborative efforts from the government, insurance companies, and other stakeholders to enhance awareness, develop tailored products, streamline processes, and improve financial literacy among MSMEs.

Study Objectives

The study was guided by the following objectives:

- To ascertain the perceptions of MSMEs in Lusaka regarding the importance of insurance for risk management.
- To evaluate the challenges faced by MSMEs in Lusaka in accessing insurance services.
- To develop strategies to enhance access to insurance services for MSMEs in Lusaka.

1.1. Theoretical framework

A theoretical framework describes theories that underpins a study based on what has already been researched on, while a conceptual framework allows a researcher to draw conclusions based the variables that exist in the study being undertaken.

1.1.1. Institutional Theory

This study used the institutional theory in evaluating the access to insurance services by MSMEs. According to Delmestri (2017) the institutional theory is used to explain the stability and persistence of social interactions in a given society. The theory argues that besides regularities that may emerge from the encounter of competitive process, it is the presence of institutions in this context (insurance companies) that could explain the stability in interactions between MSMEs and insurance companies. The institutional theory underscores the rules in constraining and empowering social action (Delmestri (2017).

Institutional Theory provides a framework for understanding how institutions' rules, norms, and regulations affect the behavior of organizations, including Micro Small and Medium Enterprises (MSMEs) in Zambia. In the context of evaluating access to insurance services, this theory can help assess how institutional factors, such as regulatory policies, market structures, and socio-cultural norms, influence the availability and uptake of insurance products. The study may explore barriers related to these institutional factors, shedding light on how they affect MSMEs' ability to secure financial protections and the overall growth and survival of these enterprises.

1.1.2. The Theory of Planned Behavior (TPB)

According to the Theory of Planned Behavior (TPB), human behavior is influenced by three types of considerations: behavioral beliefs, normative beliefs, and control beliefs. Behavioral beliefs refer to individuals' beliefs about the expected outcomes of their behavior. Normative beliefs pertain to individuals' beliefs about the social expectations and norms surrounding the behavior. Lastly, control beliefs involve individuals' beliefs about the presence of factors that may either facilitate or hinder their ability to perform the behavior (Bosnjak et al. 2020).

The Theory of Planned Behavior (TPB) explains how attitudes, subjective norms, and perceived behavioral control influence the insurance uptake among SMEs. The TPB suggests that entrepreneurs' intentions to adopt insurance services may depend on their attitudes toward insurance, the social pressure they perceive regarding its use, and their confidence in their ability to obtain and use such services. This theoretical framework can help identify barriers and motivators for insurance adoption among MSMEs in Zambia.

1.2. Conceptual framework

Saunders et al. (2016) stipulates that a conceptual framework is an organized structure that outlines the key concepts, variables, relationships, and assumptions guiding a study or inquiry. Conceptual framework will be based on three independent variables which are levels of knowledge on the importance of insurance, economic viability and availability of insurance policies for MSMEs. The dependent variable will be the ability to acquire insurance by MSMEs. The reasoning behind this relationship is that if MSMEs have the necessary information on the importance of insuring their businesses, the economic environment is conducive for MSMEs to buy insurance and there is a policy that is tailored for MSMEs, insurance can be acquired by MSMEs. This assumption will be illustrated in figure 1 below;

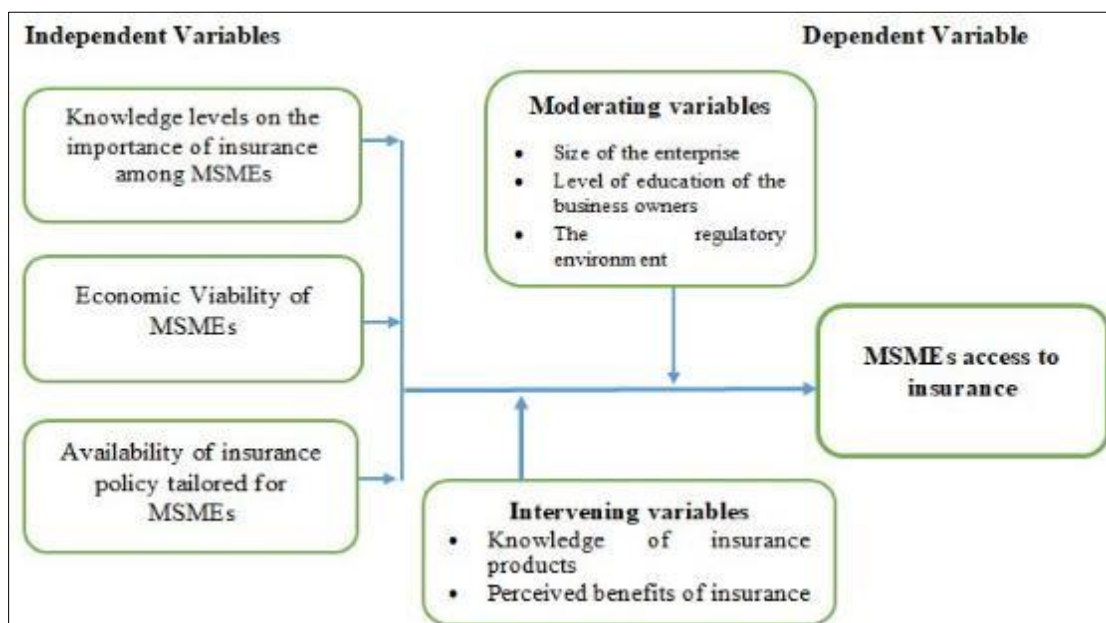


Figure 1 Conceptual Framework

The conceptual framework above outlines the relationship between the independent and dependent variables which were used in the study. The independent variables included knowledge levels on the importance of insurance among MSMEs, which assessed how well MSME owners understand the benefits and necessity of insurance for risk management and business continuity; economic viability of MSMEs, which specifically examined the financial health and sustainability of these enterprises in Lusaka District and their ability to invest in insurance products; and availability of insurance policies tailored for MSMEs, which was used to evaluate the existence and accessibility of insurance products designed for the unique needs of MSMEs. The dependent variable was MSMEs' access to insurance which measured the extent to which these businesses can secure access, influenced by the independent variables.

In the conceptual framework, moderating variables such as regulatory environment and market conditions can influence the relationship between the independent variables and MSMEs' access to insurance by either facilitating or hindering insurance uptake. Additionally, intervening variables like entrepreneurial mindset and financial literacy may affect how knowledge levels and economic viability translate into actual access to insurance services, potentially altering the effectiveness of tailored insurance policies. Understanding these moderating and intervening variables was crucial, as they provided deeper insights into the complexities surrounding insurance access for MSMEs in Lusaka District.

2. Literature Review

2.1. Access to Insurance Services for MSMEs

While the importance of MSME sector is undebatable, COVID 19 crisis exposed the vulnerability of the sector. Insurance cover is essential for MSMEs because of their vulnerability to supply chain crisis, geopolitical issues, inflation, economic slowdown, and other such issues which increased the risks around exports in post-pandemic world (Pandey, 2023). Ajayi et al (2021) explains that access to insurance services is crucial for Micro, Small, and Medium Enterprises (MSMEs) because it enhances the ability of Micro, Small, and Medium Enterprises (MSMEs) to obtain insurance coverage to protect their businesses, assets, employees, and operations against various risks and uncertainties. MSMEs face numerous challenges in accessing insurance services due to factors such as limited financial resources, lack of awareness about insurance products, and difficulties in meeting insurance eligibility criteria set by providers.

Micro, small and medium-sized enterprises (MSMEs) are vital to economic development and responsible for more than two thirds of all jobs worldwide (ILO, 2019). Insurance coverage helps MSMEs mitigate financial risks associated with unforeseen events such as natural disasters, accidents, theft, or liability claims. By transferring these risks to insurance companies, MSMEs can protect their financial stability and continuity. Insurance services enable MSMEs to recover and resume operations quickly in the event of a covered loss. This is crucial for maintaining business continuity and preventing disruptions that could lead to financial losses or closure. Insurance coverage can safeguard MSMEs' physical assets, such as property, equipment, and inventory, against damage, theft, or destruction (Antwi and Hanza, 2015). This protection is essential for preserving the investment and value of the business.

2.2. Perceptions of MSMEs regarding the importance of insurance for risk management

Jobo (2020) opines that, perceptions of MSMEs regarding the importance of insurance for risk management can vary based on factors such as industry, size of the business, and geographical location. Some MSMEs may see insurance as a necessary cost for protecting their business against potential risks, while others may view it as an unnecessary expense. Enterprises that grow require insurance. As MSMEs grow, the financial losses from an adverse event are likely to exceed what they can cover with informal risk mitigation mechanisms or reserves. Formal insurance products are a crucial tool to increase the resilience of MSMEs, spur business investments and, thereby, contribute to the growth of the enterprises (Ndurukia et al., 2017).

According to Garba et al. (2022) insurance increases the resilience of MSMEs. Insurance can sensitize business owners and employees about risks and inform them on the price of insuring specific risks. By putting a price tag on insurable risks, insurance can promote better risk management. As such, insurance protects MSMEs from financial losses due to risks related to the business, owner and employees. Without insurance entrepreneurs resort to economically costly risk coping strategies, including selling productive assets, depleting savings, taking out additional loans, reducing or stopping investments in the business, or reducing household expenditure for food and schooling Garba et al., (2022). These strategies are often more costly, generally cover only part of the loss, can threaten the family and the business and tend to contribute to inter-generational transmission of poverty. Insurance can reduce the dependence on these deficient strategies, sustain the productivity of a business and promote a faster recovery once a shock has occurred.

2.3. Types of insurance products available to MSMEs

There are various insurance products available in the market. According to Chishala and Musawa (2018) notes that these products are classified under two major categories, which are the life insurance products and general (non-life) insurance products. It caters to the needs of both personal and commercial buyers. However, as a general guideline, SME business owners can choose from the following range of insurance products or more, depending on the nature of their businesses and their loss exposures. The table below lists down types of suitable insurance products and the extent of its coverage that could be beneficial to the SMEs businesses.

Table 2 Types of Insurance

Type of insurance product	What is the extent of coverage?
All Risks Insurance	It covers loss or damage to the property insured caused by any accident (wide cover) or on specified perils basis (restricted cover)
Burglary Insurance	It covers loss or damage to the property as a result of theft.
Business Interruption Insurance	It covers loss of profit arising from physical loss or damage to the property insured, thus hindering a company from carrying out its planned level of business.
Electronic Shield Insurance	It provides indemnification for any unforeseen or sudden physical loss or damage to electronic equipment such as computers, thus requiring replacement or repair.
Employer's Liability Insurance	It indemnifies the employer against liability lawsuit for employee claims resulting from bodily injury or disease sustained during the course of employment.
Equipment Insurance	It covers loss or damage to equipment, its accessories and spare parts caused by accidental collision or overturning, fire, external explosion, etc.
Fidelity Guarantee Insurance	It covers all direct pecuniary loss sustained by the insured as a result of acts of dishonesty and fraud committed by an employee and which is discovered within the insurance period.
Fire Insurance	It covers loss or damage to property caused by fire or lightning and other extraneous perils such as explosions, storms, riots, etc.
Money Insurance	It provides coverage for loss of money occurring from money in transit namely when collecting and/or delivering money from/to bank or money stolen while in the personal custody of an employee.
Professional Indemnity Insurance	It gives protection to professional who supply skills or services against their legal liability to compensate parties other than the insured for losses sustained as a result of their professional negligence.
Product Liability Insurance	It provides compensation to the insured for bodily injury, loss or damage to third parties' property caused by defective designs, packaging, etc. of goods sold, supplied, tested, repaired and serviced by the insured.
Marine Cargo Insurance	It is an insurance cover for merchandise that is transported by rail, road, air and sea. As SMEs are venturing more into the export businesses, the practice of insuring goods in transit becomes increasingly important to their business operations.

2.4. The specific challenges faced by MSMEs in accessing insurance services.

Globally, MSMEs face several specific challenges in accessing insurance services, including lack of awareness, affordability, and complexity of products, limited access to information, regulatory barriers, high informality and trust issues (Nuwagaba, 2015). Many MSMEs are unaware of the insurance products available to them and the benefits these products can provide, leading to low uptake rates. The cost of insurance premiums can be prohibitive for small businesses, especially those with limited cash flow. This financial constraint often leads to a reluctance to invest in insurance coverage. Insurance products can be complex and difficult to understand, making it challenging for MSMEs to select appropriate coverage. This complexity can deter them from seeking insurance altogether. Many MSMEs struggle to find reliable information about insurance options, which can be exacerbated by a lack of digital literacy or access to technology (Garba, et al. 2022).

Garba et al. (2022) stipulates that in some regions, regulatory frameworks may not support the needs of MSMEs, creating additional hurdles in accessing insurance services. Many MSMEs operate informally, which can limit their ability to obtain insurance due to a lack of formal documentation and financial history, making them less attractive to insurers. Masialeti (2021) explains that there can be a general mistrust of insurance providers among MSMEs, stemming

from past experiences or perceived lack of support during claims processes. These challenges highlight the need for tailored insurance products and services that address the unique needs of MSMEs to improve their access to insurance.

In the Zambian context Nyirenda et al (2024) notes that one specific challenge faced by MSMEs in accessing insurance services is the lack of knowledge about the different insurance options available and how they can benefit their business. Other challenges include high costs of insurance premiums, difficulty in meeting eligibility requirements set by insurance companies, and limited access to insurance providers in remote or rural areas. Research by the Insurers Association of Zambia (IAZ) indicated that numerous challenges negatively impact the growth potential of SMEs, including finance, labour, equipment, technology, inputs, and access to markets for products and services. Another big challenge affecting SMEs, particularly in Zambia, is the loss of business due to unforeseen eventualities (IAZ, 2017). Thus, this gap creates a massive opportunity for the insurance industry to provide appropriate solutions. The challenges faced by MSMEs should be comprehensively addressed. Through stakeholder support, such as government, specifically, the new ministry of MSMEs, the Pensions and Insurance Authority (PIA) and industry associations should advance this plan.

2.5. Strategies for enhancing access to insurance services for MSMEs

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in economic development, contributing significantly to job creation and GDP in many countries. However, these enterprises often face significant challenges in accessing insurance services, which can mitigate their risks and enhance their sustainability. Recent literature highlights various strategies that can enhance access to insurance for MSMEs, focusing on tailored products, technology integration, and regulatory frameworks.

One prominent strategy involves the development of tailored insurance products specifically designed for MSMEs. Traditional insurance offerings may not meet the unique needs of these enterprises due to their size and operational complexity. Research by Barlow et al. (2022) emphasizes the importance of customizing insurance products to align with the specific risks faced by MSMEs, such as natural disasters and market volatility. Furthermore, a study by Kauffman and Bhatia (2023) indicates that insurers can enhance accessibility by creating microinsurance products with lower premiums and simplified claim processes, making them more attractive to small business owners. This customization not only improves accessibility but also increases the perceived value of insurance among MSMEs (Smith & Jones, 2023).

3. Study methodology

The research methodology employed in this study is grounded in a positivist philosophy, utilizing a deductive approach to test hypotheses through systematic observation and data collection. The action research strategy was chosen to address real-world problems within practical settings, while a descriptive research design was implemented to explore barriers faced by micro, small, and medium enterprises (MSMEs) in obtaining insurance. The study was conducted in Lusaka, targeting MSMEs located in City Market, COMESA, and Kamwala Market, with a cross-sectional time horizon to capture data at a specific point in time. A sample of 80 MSMEs was selected using stratified random sampling, ensuring representation across different locations. Data was collected via self-administered structured questionnaires, and analyzed using SPSS for quantitative insights. Ethical considerations were rigorously followed, including informed consent, confidentiality, and voluntary participation, ensuring the integrity of the research process.

4. Data presentation and analysis

4.1. Perceptions of MSMEs in Lusaka regarding the importance of insurance for risk management

4.1.1. Importance of considering insurance for risk management in business

It can be noted that the findings indicate a mixed perception among the respondents regarding the importance of insurance for risk management. While a majority recognize its significance, a notable portion remains neutral, suggesting that further education on the benefits of insurance may be beneficial for enhancing understanding and uptake among businesses.

Table 3 Importance of considering insurance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Important	28	35.0	35.0	35.0
	Neutral	32	40.0	40.0	75.0
	Unimportant	1	1.3	1.3	76.3
	Very important	19	23.8	23.8	100.0
	Total	80	100.0	100.0	

4.1.2. Reasons for considering insurance

Table 4 Main reasons for considering insurance important

Reason					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business continuity	15	18.8	18.8	18.8
	Legal requirements	10	12.5	12.5	31.3
	Peace of mind	5	6.3	6.3	37.5
	Protection against losses	50	62.5	62.5	100.0
	Total	80	100.0	100.0	

The findings reveal that the predominant reason for considering insurance important is protection against losses, followed by concerns about business continuity and legal compliance. The relatively low emphasis on peace of mind suggests that while it is a factor, practical considerations of risk management take precedence for most respondents.

4.1.3. How MSMEs in Lusaka perceive the importance of insurance for managing risks.

Table 5 Perception of MSMEs on the importance of insurance

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std. Dev
Insurance increases the resilience of MSMEs	45	19	7	8	1	1.76	1.058
Insurance protects MSMEs from financial losses due to risks related to the business, owner and employees	33	34	6	6	1	1.85	0.943
Insurance spurs investments in MSMEs	22	26	19	11	2	2.31	1.098
helps boost productivity and increase access to finance	19	24	18	14	5	2.53	1.211

The standard deviations suggest some variability in opinions, particularly on investment and productivity impacts, indicating that while many recognize the importance of insurance, there are differing views on its broader economic benefits for MSMEs.

4.2. Specific challenges faced by MSMEs in Lusaka in accessing insurance services

4.2.1. Specific challenges

Table 6 Challenges

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Complex application processes	17	21.3	21.3	21.3
	Distrust in insurance companies	16	20.0	20.0	41.3
	High premiums	6	7.5	7.5	48.8
	Lack of information	36	45.0	45.0	93.8
	Limited product offerings	5	6.3	6.3	100.0
	Total	80	100.0	100.0	

The findings highlight several specific challenges faced by Micro, Small, and Medium Enterprises (MSMEs) in Lusaka when accessing insurance services. The most significant barrier identified is the lack of information, with 36 respondents (45%) indicating that insufficient knowledge about insurance options hinders their ability to secure coverage. Following this, complex application processes were cited by 17 respondents (21.3%), and distrust in insurance companies was reported by 16 respondents (20%). Additionally, 6 respondents (7.5%) expressed concerns about high premiums, while 5 respondents (6.3%) noted limited product offerings as a challenge. These findings underscore the need for improved communication and education regarding insurance, as well as efforts to build trust and simplify processes to enhance access for MSMEs in the region.

4.2.2. Rate of accessibility

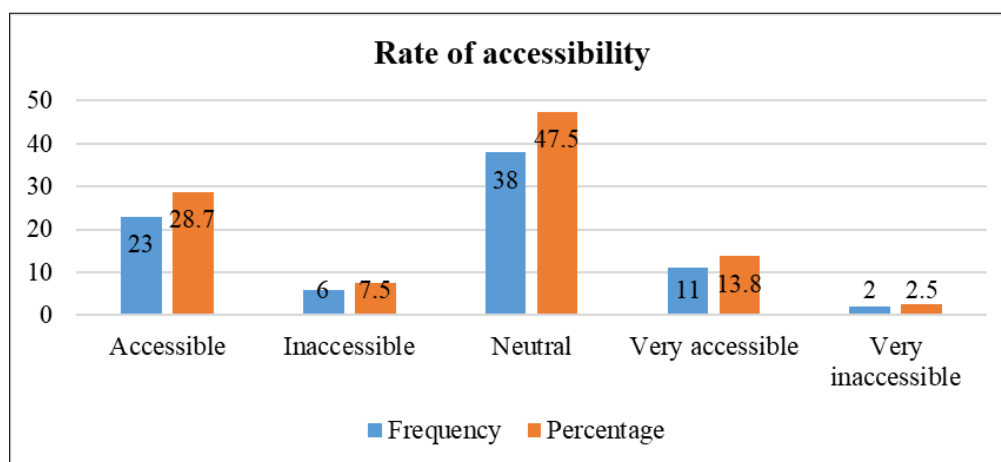


Figure 2 Rate of accessibility

The findings indicate that while a significant portion of MSMEs feel neutral about accessibility, there is a notable segment that perceives insurance services as accessible or very accessible, highlighting potential areas for improvement in outreach and service delivery.

4.2.3. Effect on MSMEs access to insurance

According to the study findings in the table above, a significant majority, with 42 respondents (strongly agree) and 33 respondents (agree), believe that knowledge levels on the importance of insurance among MSMEs have a strong positive impact, reflected in a low mean score of 1.56 and a standard deviation of 0.691, indicating consensus. In contrast, the economic viability of MSMEs garnered mixed responses, with 24 strongly agreeing and 29 agreeing, leading to a mean score of 2.26 and a higher standard deviation of 1.156, suggesting more variability in opinions. Lastly, the availability of insurance policies tailored for MSMEs received a more neutral response, with 19 strongly agreeing and 18 agreeing, resulting in a mean score of 2.70 and a standard deviation of 1.344. This indicates that while knowledge is seen as

crucial, opinions are more divided regarding the economic viability and tailored insurance offerings, highlighting areas for further exploration and development in enhancing insurance access for MSMEs.

Table 7 Effect on MSMEs access to insurance

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std. Dev
Knowledge levels on the importance of insurance among MSMEs	42	33	2	2	0	1.56	0.691
Economic Viability of MSMEs	24	29	12	12	3	2.26	1.156
Availability of insurance policy tailored for MSMEs	19	18	20	13	10	2.70	1.344

4.3. Strategies to enhance insurance access for MSMEs in Lusaka

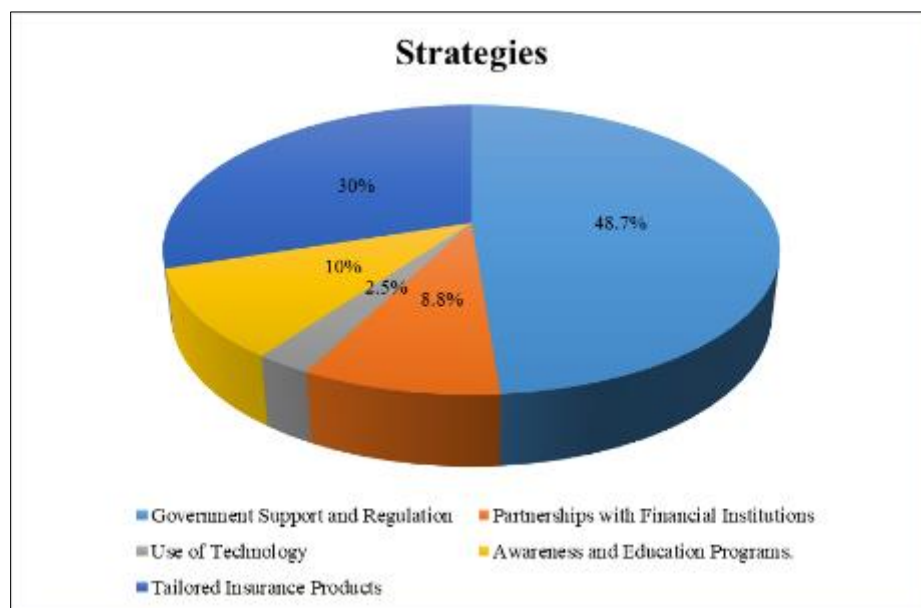


Figure 3 Strategies

The findings indicate that the most favored strategy to enhance insurance access for Micro, Small, and Medium Enterprises (MSMEs) in Lusaka is government support and regulation, with 39 respondents (48.7%) identifying it as crucial. Tailored insurance products follow as the second most important strategy, supported by 24 respondents (30%), highlighting the need for offerings that cater specifically to the unique needs of MSMEs. Awareness and education programs received support from 8 respondents (10%), suggesting that educating businesses about insurance is recognized but not prioritized as highly. Partnerships with financial institutions garnered 7 responses (8.8%), indicating a lesser emphasis on collaboration with banks, while the use of technology was the least favored strategy, with only 2 respondents (2.5%) supporting it. Overall, these results underscore the significance of government intervention and tailored products as critical components in improving insurance access for MSMEs in Lusaka, while also pointing to potential areas for increased focus in education and technological integration.

4.4. Inferential statistics

The model shows a correlation coefficient (R) of 0.822, indicating a strong positive relationship between the predictors (availability of insurance products, knowledge levels, and economic viability) and the dependent variable, MSMEs' access to insurance services. The R Square value of 0.879 suggests that about 87.9% of the variance in access to insurance can be explained by these predictors, while the adjusted R Square of 0.612 further confirms the explanatory power of the model.

Table 8 Model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.822 ^a	0.879	0.612	1.052
a. Predictors: (Constant), Availability of Insurance products, Knowledge levels, Economic viability				

Table 9 ANOVA

ANOVA^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.135	4	0.284	0.003	0.000 ^a
	Residual	4.576	33	0.139		
	Total	5.711	37			
a. Predictors: (Constant), Availability of Insurance products, Knowledge levels, Economic viability of MSMEs						
b. Dependent Variable: MSMEs access to insurance						

The ANOVA table indicates a statistically significant overall regression model, with an F-value of 0.003 and a significance level (Sig.) of 0.000. This suggests that the predictors' availability of insurance products, knowledge levels, and economic viability of MSMEs collectively have a significant effect on MSMEs' access to insurance services. The results imply that variations in these predictors account for a meaningful portion of the variance in the dependent variable, reinforcing the relevance of these factors in the context of insurance access.

Table 4.8 Regression Coefficients

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.014	0.441		2.296	0.028
	Knowledge levels	0.060	0.244	0.041	0.244	0.001
	Economic viability	0.283	0.131	0.365	2.161	0.000
	Availability of Insurance products	0.242	0.149	0.265	1.623	0.001
a. Dependent Variable: MSMEs access to insurance						

The coefficients table further elaborates on the individual contributions of each predictor. The constant term is significant ($p = 0.028$), indicating a baseline level of access to insurance. Economic viability emerges as a strong predictor with a significant positive relationship ($B = 0.283$, $p = 0.000$), suggesting that increased economic viability correlates with better access to insurance services. Knowledge levels also show a significant positive effect ($B = 0.060$, $p = 0.001$), indicating that greater awareness of insurance can enhance access. Additionally, availability of insurance products has a positive coefficient ($B = 0.242$, $p = 0.001$), highlighting its importance in facilitating access to insurance services. Overall, these findings underscore the critical roles of economic viability, knowledge, and product availability in enhancing MSMEs' access to insurance in Lusaka.

5. Discussion of findings

5.1. The Perceptions of MSMEs in Lusaka Regarding the Importance of Insurance for Risk Management

The findings reveal a nuanced perception among MSMEs in Lusaka about the role of insurance in risk management. While 35% of respondents acknowledge its importance, a notable 40% remain neutral, indicating uncertainty likely due to a lack of understanding of insurance benefits. This aligns with findings from Eshun et al. (2020), which highlight insufficient awareness as a barrier to insurance uptake. Most respondents view insurance primarily as a protective measure against losses, reflecting a practical approach to risk management. However, skepticism about insurance's broader economic impacts, such as its potential to stimulate investments, suggests a gap in understanding its strategic value. The low percentage of respondents who strongly disagree with the importance of insurance (1.3%) indicates a general recognition of its value, but emphasizes the need for educational initiatives to clarify how insurance can enhance resilience and support business growth. Overall, these findings suggest that targeted educational programs could effectively shift perceptions and promote a more comprehensive understanding of insurance as an essential component of business strategy.

5.2. The Specific Challenges Faced by MSMEs in Lusaka in Accessing Insurance Services

The study identifies several significant challenges that MSMEs in Lusaka face when accessing insurance services, with the most prominent being a lack of information, cited by 45% of respondents. This aligns with previous research indicating that information asymmetry hinders informed decision-making regarding insurance. Other barriers include the complexity of application processes (21.3%) and distrust in insurance companies (20%), highlighting the need for the insurance industry to build trust and simplify access for MSMEs. Additionally, concerns about high premiums (7.5%) reflect the financial constraints faced by many small businesses, reinforcing the need for innovative pricing strategies. The mixed perceptions regarding accessibility, with 47.5% rating it as neutral, suggest that while some MSMEs find insurance services accessible, many remain uncertain due to the aforementioned challenges. This underscores the necessity for improved communication and outreach strategies to foster a more supportive environment for insurance uptake. Ultimately, addressing these barriers through education, tailored products, and enhanced communication is crucial for promoting a culture of risk management among MSMEs in Lusaka.

5.2.1 Inferential Statistics

The inferential statistics indicate a strong relationship between access to insurance services and three key predictors: availability of insurance products, knowledge levels, and economic viability, with a robust correlation coefficient ($R = 0.822$). This suggests that these factors significantly explain variations in insurance access among MSMEs. The ANOVA results confirm the statistical significance of this regression model, highlighting the relevance of these predictors in facilitating insurance engagement. Among them, economic viability emerges as the strongest predictor, indicating that financially stable businesses are more likely to invest in insurance, thereby reducing risks. Knowledge levels also play a crucial role, reinforcing the importance of educational initiatives to enhance awareness and understanding of insurance options. Furthermore, the availability of tailored insurance products is essential, as it ensures MSMEs have access to relevant coverage options. Overall, these findings provide a framework for enhancing insurance accessibility, emphasizing the need for policy interventions and collaborative efforts to support the MSME sector in Lusaka.

5.3. Strategies to Enhance Insurance Access for MSMEs in Lusaka

The findings reveal a strong preference among MSMEs for government support and regulation as a key strategy to enhance insurance access, with 48.7% of respondents highlighting its importance. This underscores the critical role of governmental intervention in creating a conducive environment for MSMEs to engage with insurance services. Tailored insurance products are also deemed necessary, with 30% of respondents advocating for offerings that specifically address the unique challenges faced by small businesses. This aligns with literature indicating that generic products often fail to meet MSMEs' needs, leading to low uptake rates. Awareness and education programs, supported by 10% of respondents, are recognized as important but may not be seen as immediate solutions, suggesting that they should be integrated with other strategies for effectiveness. Partnerships with financial institutions received minimal support (8.8%), indicating potential skepticism about their impact, while the use of technology was the least favored strategy (2.5%), reflecting a gap in readiness among MSMEs to adopt digital solutions. Overall, the findings emphasize the need for a multifaceted approach that prioritizes government support and tailored products, while also addressing gaps in awareness and technology adoption to create a more supportive environment for MSMEs in Lusaka. Future research should explore the effectiveness of these strategies and identify best practices for enhancing insurance access in various contexts.

6. Conclusion

The study conclusions were as follows:

1. MSMEs in Lusaka exhibit a mixed understanding of insurance's role in risk management, highlighting the need for targeted educational initiatives to clarify its benefits beyond mere loss protection.
2. Key barriers to accessing insurance include lack of information, complexity in application processes, and distrust in insurance providers, necessitating improved communication and simplified procedures.
3. Economic stability and knowledge significantly influence insurance accessibility, indicating that enhancing financial viability and awareness among MSMEs are crucial for increasing insurance uptake.
4. There is a strong preference for government support and tailored insurance products, emphasizing the need for a multifaceted approach that addresses the unique challenges faced by MSMEs in Lusaka to enhance their engagement with insurance services.

Recommendations

Based on the results of the study, the researcher recommends the following:

- MSMEs in Lusaka exhibit a mixed understanding of insurance's role in risk management, highlighting the need for targeted educational initiatives to clarify its benefits beyond mere loss protection.
- Key barriers to accessing insurance include lack of information, complexity in application processes, and distrust in insurance providers, necessitating improved communication and simplified procedures.
- Economic stability and knowledge significantly influence insurance accessibility, indicating that enhancing financial viability and awareness among MSMEs are crucial for increasing insurance uptake.
- There is a strong preference for government support and tailored insurance products, emphasizing the need for a multifaceted approach that addresses the unique challenges faced by MSMEs in Lusaka to enhance their engagement with insurance services.

Compliance with ethical standards

Disclosure of conflict of interest

The authors declare that they have no conflicts of interest in relation to this study.

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