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Human Capital and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

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Human Capital and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management in the field of Entrepreneurship and New Venture Creation

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ABSTRACT

Despite the increased need for and the importance of informal businesses in the South African economy, these businesses still face various challenges that prohibit them from meeting their business and financial goals. Informal businesses have a great potential of expanding their business operations and creating new job opportunities. The success of businesses relies on the accessibility of financial services products among other things. The limitation of access to such services is mostly due to a lack of entrepreneurial skills, knowledge, education, experience, affordability and ultimately financial control. Due to these circumstances informal entrepreneurs either end up getting their applications rejected particularly with credit and some end up taking financial services products that are not in line with the business goals and objectives. It is challenging for informal businesses to attract external investors due to their businesses being considered unattractive based on the potential risks these businesses are exposed to. This study has investigated factors that are embedded within the success of entrepreneurship which are important when taking out a financial services product. Therefore, the purpose of this research is to investigate the relationship between human capital and the insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality). This study follows a quantitative data collection approach. Self-administered surveys through Qualtrics were sent to informal businesses operating within the Mpumalanga province particularly in the DR JS Moroka Local Municipality. To effectively test the hypothesis that human capital elements have a positive relationship with access to insurance products correlation, and multiple regression analysis were employed. To test for the validity of the hypothesis the researcher made use of Amos SPSS and Structural Equation Modelling. Even though existing literature indicated that human capital has a positive relationship with financial products and or services, however, for this study the researcher found out that human capital does not have a direct relationship with insurance coverage accessibility. An interesting factor is that when each of the human capital elements increases so does insurance coverage accessibility due to the positive coefficient on all results. This proves that there might be other controlling, mediating, or moderating factors that influence the relationship other than financial control. Future research can focus on exploring factors such as organisational support, social networks, risk tolerance, risk perception, economic factors, political environment, and demographics to name a few. Future studies can use mixed-methods or qualitative approaches to capture the entrepreneur's diverse opinions and have a broader understanding of this relationship.

DECLARATION

I **Tsakane Manganye** declare that this research proposal is my own work except as indicated in the references. It is submitted in partial fulfilment of the requirements of the degree of Master of Management in the University of the Witwatersrand, Johannesburg. It has not been submitted before any degree or examination in this or any university.



Signed at Hazeldean, Pretoria, 0081

On the 13th day of December 2024

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LIST OF ACRONYMS

CFA	Confirmatory Factor Analysis
CV	Control Variable
Dr JSMLM	Dr JS Moroka Local Municipality
DV	Dependent Variable
ED	Enterprise Development
EFA	Exploratory Factor Analysis
EO	Entrepreneurial Orientation
FC	Financial Control
FSCA	Financial Sector Conduct Authority
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
HC	Human Capital
HCE	Human Capital Education
HCIE	Human Capital Industry Experience
HCIK	Human Capital Industry Knowledge
ICA	Insurance Coverage Accessibility
IV	Independent Variable
KBV	Knowledge Based View
KMO	Kizer-Meyer-Olkin
NCFEC	National Consumer Financial Education Committee
NCT	National Consumer Tribunal
OOP	Out-Of-Pocket
RBT	Resource Based Theory
RBV	Resource Based View
SC	Social Capital
SEM	Structural Equation Modelling
SME	Small and Medium Enterprises
SMME	Small, Medium and Macro Enterprises
SPSP	Statistical Package for the Social Sciences

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CHAPTER 1. INTRODUCTION

Most of the research conducted on human capital elements is linked to access to finance, organisational performance, and growth but not much has been published on human capital elements and insurance coverage. Informal businesses often lack institutional support due to most businesses not being fully compliant. Nascent entrepreneurs are more likely to start new ventures using the resources they are immediately exposed to (Kitching et al., 2020). Informal entrepreneurs require great human capital elements to remain sustainable. Human capital can be defined as the education, skills, and knowledge embodied within individuals (Beuvich et al.,2019). In modern economies, especially those driven by knowledge and intellectual capital human capital is increasingly recognised as the key determinant of competitive advantage (Hamed et al., 2024; Jibir et al., 2023).

By investing in human capital informal entrepreneurs can be able to be innovative and adapt to the ever-changing environment and market conditions. Lack of insurance coverage by informal entrepreneurs could be a result of inadequate human capital elements (Chummun 2017; Makalani et al., 2022). These researchers further state that individuals with limited financial resources particularly those residing in rural areas and possessing lower educational attainment encounter to obtain insurance primarily due to its prohibitive costs and insufficient dissemination of information.

Human capital plays a huge role in how households interact with insurance (Xie et al., 2022). Scholars such as Horvey et al. (2024); Kaiser et al. (2022); and Mountain et al., (2021) found that when individuals have more knowledge and skills, they are more likely to comprehend the significance of insurance coverage and inevitably invest in it. Therefore, informal entrepreneurs require extensive specific industry knowledge and experience related to their business operations to consider insurance products. This signifies that entrepreneurs will realise the importance of insurance thus, protecting their loved ones from the financial impact of either losing a breadwinner or losing income making insurance a vital tool for financial freedom and security (Xie et al., 2022).

Despite its importance, there are several hurdles to accessing insurance particularly, within the financial services sector. According to Kwon (2014) attracting and retaining talented individuals who have the right cognitive and social skills is challenging. Additionally, many people still do not see insurance as a prestigious career making it challenging to help individuals protect their income

(Krebs et al., 2017). Insurance legal implications also lead to people being underinsured which can result in significant income losses if not done properly or at all. (Kwon, 2014). The researcher further mentioned that investing in comprehensive recruitment, training, and retention programs will ensure that the insurance sector can support the development of human capital and financial stability for everyone.

This study aims to understand the relationship between human capital elements and accessibility to insurance mediated by financial control. Insurance coverage is vital for informal entrepreneurs as it protects them from theft, property damages, loss of income, and political and economic instability which can lead to huge financial losses (Bhoola et al., 2014; Siwedza et al., 2020). Financial losses can hinder an organisation from achieving its financial goals. Informal entrepreneurs need absolute financial control and understanding to make sound financial decisions including having insurance coverage (Enwereji & Uwizeyimana, 2019; Horvey et al., 2024).

Inadequate financial resources are often the reason why most SMMEs (Small Medium and Micro Enterprises) fail hence investing in human capital is vital for entrepreneurs (Muchuchuti et al., 2020). When entrepreneurs have sufficient knowledge and education on financial products suitable for their businesses, they are more likely to also control their finances better and make conclusions on financial decisions that will be beneficial for their organisations. According to Urban et al. (2016), organisational processes can be fully understood through constant learning and experience. Entrepreneurs with adequate human capital elements have the advantage of making sound financial decisions (Horvey et al., 2024).

1.1 Purpose of the study

Human capital elements play a huge role in an organisation's overall performance and growth particularly, in the context of SMMEs in South Africa (Mhlongo & Daya, 2023; Motsau, 2016). SMMEs play a vital role in economic development so much so that the South African government has introduced and implemented policies that encourage entrepreneurs to participate in Enterprise Development (ED) programs to sharpen their entrepreneurial education and knowledge. When the ED programs are done effectively and SMMEs have adequate access to finance and insurance this can increase the entrepreneurial sustainability rate in South Africa. Organisations that have access to finance can invest in other vital aspects of the business such as insurance, marketing, bookkeeping, and advertising to name a few.

If informal entrepreneurs have all elements of human capital, they can therefore control their finances better and be able to afford other financial services that are beneficial for their businesses. Therefore, the main aim of this study is to investigate the relationship between Human Capital factors and insurance coverage accessibility by informal businesses operating in Dr JSMLM (Dr JS Moroka Local Municipality). This study can be able to show the relationship between human capital elements which leads to the accessibility of insurance products and this relationship is controlled by financial control.

Human capital development plays a significant role in improving business performance and ultimately profitability of businesses operating in townships (Urban and Ndou, 2019). Informal entrepreneurs in South Africa particularly those operating in townships and rural areas face a multitude of challenges that impede their business growth and sustainability. These barriers including crime, inadequate service delivery, and a lack of business premises highlight the pressing need of human capital (Meyer et al., 2016; Viljoen & Ledingoane, 2020). According to Fiseha (2019) such challenges do not only threaten the entrepreneur's safety but also their business valuable assets making it more difficult to obtain insurance access. This study aims to explore the role of human capital which includes financial education, industry skills, and knowledge shaping the insurance behaviours and financial stability of SMMEs within the informal sector.

Insurance plays a pivotal role in mitigating the various risks faced by informal entrepreneurs. The lack of societal protection, particularly for female entrepreneurs poses a significant challenge (Bobek et al., 2023). By introducing appropriate insurance products, these entrepreneurs can gain a crucial safety net enhancing both their business stability and well-being (Nsiah-Boateng, 2024). Furthermore, addressing external growth constraints such as inadequate infrastructure and security, through local authority intervention can complement insurance efforts. This holistic approach can foster a more conducive environment for the growth and development of local informal entrepreneurs, ultimately contributing to a more resilient and robust informal economy.

Human capital can improve the entrepreneur's understanding of insurance products, financial control, greater resilience against market fluctuations, and business continuity (Chummun, 2016; Jiyane & Zawada, 2013; Jonck, 2023). This study delves deeper into these themes, exploring how targeted training programs and effective insurance solutions can collectively uplift informal

entrepreneurs in South Africa. This approach aims to have actionable insights for policymakers and stakeholders dedicated to fostering inclusive entrepreneurship or equal economic participation.

1.2 Background of the study

Informal entrepreneurs have always faced the challenge of inadequate resources and obtaining affordable insurance tailored to their needs. The informal sector consists mostly of unregistered businesses which makes it more difficult to regulate and access necessary resources to keep the businesses sustainable. Rural businesses include spaza shops, car washes, auto repairs (scrap yard), street vendors, and farming which operate in rural areas mostly in residential homes or informal structures in a rural setting (Thwala et al., 2023). Policymakers in emerging economies are working together with the government to promote inclusive entrepreneurship to increase economic activity by increasing green investments and access to funding (GEM, 2023).

The scarcity of jobs in South Africa has led to more individuals reverting to survivalist entrepreneurship where the aim is to provide for their basic needs (Legodi et al., 2015; Ligthelm, 2013; Ligthelm, 2005; Urban et al., 2011). Most of the respondents, about 89.5% agreed that they started businesses with the aim of just earning a living to sustain themselves due to lack of employment opportunities (GEM, 2023).

Informal entrepreneurs encounter various socio-economic issues in their business operations which can affect the sustainability of their businesses. Violent entrepreneurship exists mostly in informal settings which could be in the form of criminal activities or competition among shopkeepers, and taxi owners as an example (Charman et al., 2012). The violent entrepreneurship phenomenon was derived by Vadim Volkov (1999, p.141) where he explains that the strategies and decisions taken by organisations to forcefully gain control over a market and inevitably increase their profits without considering the impact on their competitors and or their customers (Morrissette, 2003; Volkov, 1999).

During the COVID-19 pandemic, the South African government offered economic and social relief grants to SMMEs however it did not protect most of the entrepreneurs and or employees operating in the informal sector (Khambule, 2020). The most affected sectors during the pandemic were hospitality, and retail including street vendors, taxi, and personal services (hair and beauty) and many of these businesses were not able to recover.

Businesses that were not able to get access to the relief grant had to pursue alternative ways to get funding either in the form of a loan, insurance claim or personal savings to sustain their businesses. Many informal entrepreneurs end up not getting access to funding due to little to no information on how to manage debt and meet their sales targets they end up defaulting and being listed as bad debt thus limiting their expansion and sustainability (Ogujiuba et al., 2022). According to the GEM (2022) most businesses were forced to shut down their operation due to economic activities being restricted during the national lockdown.

Most entrepreneurs are prepared to use digital technologies (GEM, 2022), this will cause some businesses to be prone to phishing where they might be scammed of their monies or stock, and it will be difficult for these businesses to recover from such events without proper insurance. Many informal entrepreneurs rely on unregulated financial schemes like community burial societies and community savings or Stokvel (Plagerson et al., 2019). Doing business in South Africa is very challenging on its own, business owners need to face challenges such as corruption, crime, inflation, and high tax rates (Urban et al., 2016). Ogujiuba et al. (2022) mention that some of the challenges faced by SMMEs operating in rural areas include load shedding, lack of finance (start-up and operational), illiteracy, inability to access relevant information, and corruption.

These challenges pose a threat to the existence of SMMEs which are deemed to be vital to the overall economic development (Naicker et al., 2018). The high costs associated with insurance coverage exclude the lower-income informal entrepreneurs thus making them more vulnerable to risks associated with running a business in rural areas where the crime and unemployment rates are high. Informal trader in the inner city of Johannesburg lost their businesses due to the municipality's operation to remove all the informal traders in the city (Rogerson, 2016; Skinner et al., 2016).

During the political unrest in July 2021, where most of the shops were looted not only in urban areas but also in rural areas most shops were unable to survive the attacks due to not having insurance. It was estimated that about forty thousand businesses were affected across South Africa and many uninsured SMMEs were not able to recover due to losing operating spaces, and stock (Neneh, 2021). Bear in mind that businesses were still trying to recover from the economic crises that resulted from the COVID-19 national lockdown. Poor financial decisions can have a negative impact on the business and the entrepreneur as the source of the business (Klapper et al., 2020).

Businesses operating in urban areas are more likely to access funding however, businesses operating in rural areas struggle to get funding due to the high rate of crime, and their chances increase only if they have business insurance (Fatoki et al., 2010).

Human capital significantly enhances household engagement in commercial insurance, reflecting the critical role of education and skills in understanding and using insurance products effectively (Olarewaju, 2021). In the financial industry, human capital is indispensable, necessitating high proficiency in cognitive skills, social understanding, and management expertise (Barpanda, 2021). Investment and insurance professionals often lack the necessary competencies, skills, and knowledge to effectively comprehend human capital in the context of risk (Kwon, 2014). A study conducted by Kutu et al. (2024) the effectiveness of human capital plays a crucial role in mitigating underwriting risks within the Ghanaian insurance industry, highlighting the significant role human capital serves in risk management within the industry. Education and objective financial knowledge, as indicators of human capital, are positively correlated with the use of stimulus payments for savings or stock market investment (Pandey et al., 2024).

1.3 Theoretical background to the study

Human capital can be developed through social interactions as knowledge, skills, and experiences can be obtained by interacting with others it can be through colleagues, family, friends, lecturers, professors, coaches etc, (Ray et al., 2023). Thus, building social capital through establishing valuable networks is vital to the entrepreneur's journey. Social capital enables the entrepreneur to be connected with networks that can potentially provide access to new markets, finance, and business skills (Stam et al., 2014). Social capital can be defined as a network of people who share resources (tangible and intangible), favours, beliefs, and values (Alpino et al., 2023; Bhandari et al., 2009). Skills can be developed through knowledge and capabilities acquired through education and training (Kyllonen, 2013).

Meta-analytical studies on human capital attributes have been conducted highlighting the importance of various forms of human capital in achieving different business objectives (Marvel et al., 2016; Pasban et al., 2016; Yimam, 2022). Within the broader entrepreneurship literature, numerous arguments suggest that human capital significantly enhances entrepreneurial success (Krauss et al., 2005; Marvel et al., 2016; Stam, 2008; Unger et al., 2011;). These studies consistently identify dimensions of the human capital construct, including formal education,

training, employment, start-up experience, knowledge, skills, on-the-job training, and other experiential exposures that the entrepreneur may be exposed to and take advantage of to run a sustainable business.

In drawing on RBT, scholars perceive entrepreneurs are the driving force of important decisions and entrepreneurial capital and capabilities play a key role in explaining entrepreneurial activity (Adedeji et al., 2020; Rauch et al., 2005). An established literature shows that entrepreneurial human capital provides several advantages to the entrepreneur in terms of imparting capabilities to discover and exploit new venture opportunities (Unger et al., 2011).

Other scholars Borch and Madsen (2007); Tootoonchy and Sejadi (2024) found that Corporate Entrepreneurship is perceived as an interactive learning mechanism that cultivates dynamic capabilities, empowering and encouraging organisations to adapt and innovate amidst evolving environmental and economic conditions. The authors further states that the corporate entrepreneurship process involves the recognition of opportunities, the integration of knowledge, and the transformation of capabilities. Entrepreneurs need to have a certain level of proactiveness and risk-taking appetite to have access to insurance coverage. The entrepreneurial orientation is vital to cultivating a culture of entrepreneurship within organisations as this theory comprises processes, practices, and decision-making activities that facilitate entrepreneurial opportunities (Oni et al., 2019).

Education and training investments are critical for developing all the other elements of human capital. Organisations that invest in their employee's education and training tend to increase their employee's knowledge and skills which increases production and contributes to overall organisational growth (Pasban et al., 2016; Yimam, 2022). By developing skills and knowledge this allows entrepreneurs to have entrepreneurial alertness and can effectively identify and exploit new opportunities. Human capital theory was developed as a measurement of economic value (Becker, 2009; Novak et al., 2005). If an entrepreneur exhibits high levels of human capital and understand how to mitigate risks associated with running a business in a developing country where there is high economic and political instability, they have a high chance of running sustainable businesses.

SMMEs operating in developing countries face challenges of limited to no access to financial literacy which impacts the use of financial services (Anoos et al., 2020). Entrepreneurs who have

not received financial advice or education are likely not to understand or know the financial services (Savings, investments, financing, short-term and long-term insurance) that are applicable to their businesses. Understanding the organisation's financial resources can enable the organisation to access financial products and services (Brijlal et al., 2014). The Dynamic Capabilities Theory complements the (Resource Based View) RBV by highlighting how organisations can continually adapt their resource base to sustain competitive advantage (Möller & McCaffrey, 2023)

Most organisations have cash flow problems which increase the chances of the business closing down and this is a result of entrepreneurs not being able to interpret their organisation's financial statements (Brijlal et al., 2014). Lack of financial control and effective financial management practices are some of the factors that contribute to the failure rate of businesses (Muchuchuti & Mahambo, 2020; Wolmarans et al., 2015). This study is guided by theories such as the resource-based view, knowledge-based view, social capital theory, human capital theory, entrepreneurial orientation, and theory of financial controlling which will be discussed in more detail in **Theoretical Framework**. Entrepreneurs who understand their resource capabilities, have improved elements of human capital, and have built strong relationships have better chances of achieving high financial control, accessing financial services, gaining competitive advantage, and building sustainable businesses (Etse et al., 2024; Jaradat et al, 2023; Lo & Liao, 2021).

1.4 Problem Statement

Existing literature by scholars (Mmbengeni et al., 2021; Naicker & Rajaram, 2018) indicate the importance of the informal economy in South Africa. It is estimated that about 70% to 80% of informal businesses fail causing the survival rate to be relatively low (Brink et al., 2003). SMMEs create over 75% of employment (Mmbengeni et al., 2021) thus reducing the rate of unemployment and promoting economic activity. Emerging economies such as South Africa often face various socioeconomic issues and informal entrepreneurship helps to curb some of the interconnected socioeconomic issues like unemployment, crime, and poverty to name a few (Plagerson et al., 2019; Urban et al., 2019).

The South African government has put in measures to combat the SMME failure rate to increase economic activity and inevitably reduce the unemployment rate (Urban et al., 2012). These measures focus mostly on easy access to finance, enterprise development, and enterprise supplier

development and not necessarily on equipping informal entrepreneurs on how to obtain affordable insurance products. Informal entrepreneurship challenges differ per location and thus each governmental support needs to be tailored to each specific location to ensure the effective implementation of government support initiatives (Ogujiuba et al., 2022). There is limited research on the challenges faced by entrepreneurs operating in the informal economy when accessing insurance.

There is a notable disparity in insurance education among low-income households, with many individuals lacking awareness of basic insurance concepts (Chummun, 2017). The author further states that this gap underscores the need for enhanced literacy initiatives and expanded outreach through mass media campaigns to better educate and inform rural or underserved communities about insurance matters. According to Chodokufa (2014), insurance providers typically show hesitancy in insuring SMMEs favouring larger entities, although the reality of the insurer, staff expertise, and brand reputation significantly influences SMME's engagement decisions which are mostly facilitated by training and interaction with brokers.

Informal entrepreneurs frequently overlook risk mitigation through insurance purchases (Chodokufa, 2016). However, factors such as the scale of the business, the educational attainment of the entrepreneur, the existence of a recovery strategy, and awareness of insurance products significantly affect the probability of insurance accessibility (Aashima et al., 2024; Ciro & Uribe, 2021). The significance of implementing structured plans and strategies can be deducted from the overcharging framework of financial planning and risk management which are integral to enhancing insurance coverage accessibility (Aashima et al., 2024).

Research objectives

I. To determine the relationship between human capital elements (Education, Industry knowledge, and Industry experience) and access to insurance coverage by informal businesses in the Dr JSMLM (Dr JS Moroka Local Municipality), and to assess the mediating role of financial control in this relationship.

1.4.1 Sub objectives

II. The first sub-problem is to establish whether there is a positive relationship between education and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

III. The second sub-problem to establish whether there is a positive relationship between industry knowledge and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

IV. The third sub-problem is to establish whether there is a positive relationship between industry experience and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

V. The fourth is to establish whether financial control mediated the relationship between human capital and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

1.5 Significance of the study

Insurance coverage is vital for any other business to secure their assets and to also ensure that in an unfortunate event, their families will be taken care of. Conducting research on Human Capital and insurance coverage accessibility by informal businesses will assist the insurance industry policymakers in identifying gaps in insurance coverage and providing affordable insurance options for informal entrepreneurs. Most of the researchers conducted studies on human capital and life insurance accessibility or access to finance by SMMEs (Baek et al., 2005; Chen et al., 2006; Jordaan et al., 2021; Yuliarmi et al., 2021). Liability and crime insurance are some of the insurance products that (Small Medium Enterprises) SME owners need to have (Mäenpää et al., 2012).

The research gap is that the authors Mäenpää and Voutilainen (2012) collected the data using a qualitative method and from an insurance company. This study aims to collect the data directly from informal entrepreneurs using quantitative research methods and fully establish whether there is a positive relationship between human capital elements and insurance accessibility. This research will enable informal entrepreneurs to extensively understand the potential risks such as property damage and or theft and their impacts thereof on their businesses and how they can mitigate these risks. Informal entrepreneurs form part of the underserved community, the government has put in measures to include these entrepreneurs by providing affordable credit and

finance solutions but not insurance options (Urban et al., 2012). This study aims to promote more financial inclusion particularly, with insurance coverage. The policymakers can use the information from this research to develop effective policies and regulations that can effectively address these challenges and create a more inclusive and enabling environment for informal entrepreneurs.

1.6 Delimitations of the study

This study aims to focus mainly on informal entrepreneurs operating in rural areas, particularly in South Africa. The theory that is relevant to the study is the Resource Based View (RBV) theories which can investigate an organisation's resources and how they are effectively used to achieve the ultimate competitive advantage and to be sustainable. Human capital elements can be developed through social networks and or relations therefore social capital theory is of essence for this study. Other theories explored include financial control theory and knowledge-based theories.

The variables for this study include human capital factors, financial control, and insurance coverage accessibility. Not all the human capital factors will be included in the study, education, knowledge, and industry experience will be looked at for the purpose of this study. The study included financial control as a mediator variable Most of the literature will include a comparison of informal entrepreneurship in various regions in South Africa. This research will be carried out in the Mpumalanga province, Dr JS Moroka Local Municipality.

Types of business to be included are spaza shops, street vendors, clothing brands, transport, hair, and beauty to name a few. For this study only, businesses dealing in legal goods and or services will be evaluated. All other illegal substances and activities such as drugs, the black market, prostitutes, child labour or human trafficking among the most will not be considered for this study.

1.7 Definition of terms

Informal entrepreneurs can be defined as an individuals who sells socially accepted products and or services without complying with legal requirements (Salvi et al., 2023). These types of entrepreneurs contribute significantly to the Gross Domestic Product (GDP), and they participate in the informal economy.

Informal economy refers to the economy that is deemed to be unregulated and consists of unregistered businesses and or workers who in most instances do not pay taxes (Webb et al., 2020).

The informal economy strives to improve economic participation and inevitably alleviate poverty (Khambule, 2022). This economic sector reduces the unemployment rate as it provides employment to individuals with little to no experience and education (Blaauw et al., 2018).

Small, Medium, and Micro enterprises (SMMEs) are the biggest drivers of the economy and assist in solving many socio-economic issues (Bvuma et al., 2020). Emerging economies like South Africa rely on SMMEs for economic growth and employment thus making them more significant and their survival more crucial (Nieuwenhuizen, 2019).

Human Capital can be defined as a set of knowledge, education, skills, and experience rooted in individuals (Égert et al., 2022; Lenihan et al., 2019). World Bank (2021) sees human capital as a significant driver of economic growth particularly when most individuals accumulate the necessary knowledge and skills throughout their lives.

Financial literacy refers to the knowledge and skills that an individual has on financial products including knowing how to save money, understand interest rates, credit terms, and be knowledgeable about different insurance products (Standard Bank, n.d.). Financial literacy gives individuals knowledge on how to effectively control their finances. According to Kaiser et al. (2022) financial education can be attained through benefit fairs, tertiary education finance programs, one on one financial coaching, these programs vary per duration, cost, and intensity.

Risk perception refers to the subjective assessment of potential threats and uncertainties that may impact business operations Glowka et al. (2024). Entrepreneurs' awareness and interpretation of these risks influence their decision-making process and strategic planning.

Risk mitigation involves implementing strategies to minimize the likelihood and impact of adverse events on business activities (du Plessis & Linke, 2022). This includes adopting preventive measures, diversifying income sources, and establishing contingency plans to enhance resilience.

Investment knowledge encompasses understanding various investment options, associated risks, and potential returns Lusardi (2023). Entrepreneurs with strong investment knowledge are better equipped to make informed decisions that contribute to business growth and financial stability Lusardi & Mitchell, 2014).

Insurance uptake refers to the extent to which entrepreneurs engage in purchasing insurance products to protect their businesses against potential risks (Garba et al., 2022). Factors influencing insurance buying intent include perceived benefits, affordability, and trust in insurance providers.

Resource constraints can be seen as limitations in financial, human and physical resources that hinder the ability of SMMEs to operate efficiently and pursue growth opportunities (Ayyagari et al., 2023).

1.8 Assumptions

This research will focus on informal entrepreneurs operating in Mpumalanga. The aim is to obtain entrepreneurs who will be able to articulate and respond well to the research questions. Mpumalanga had an illiteracy rate of 10.8% in 2021 which is on par with the other South African provinces (Khuluvhe, 2023).

1.9 Chapter Outline

The literature review in chapter 2 will provide the research outcomes from various accredited scholars on the relationship between financial literacy, affordability, and accessing affordable insurance products in informal economies. Conducting a literature review will assist in following a theoretical approach which will be used to measure the validity of this research. Chapter 2 in this research will also outline the hypothesis to give a proper understanding of the relationships linked to accessing affordable insurance products. A conceptual model is detailed to provide a summary of the variables guiding this study. Chapter 3 of this study is the research methodology which will outline the research design and methods used to collect and analyse data.

1.10 Conclusion

In this chapter, the topic was introduced, and the background of the study was given. The problem statement and research objectives were clearly stated. The main terms in this study were also defined and briefly discussed. In this chapter, the delimitations and the assumptions of the study were also discussed. Chapter 1 provides a detailed description of the topic of this study which gives direction to the rest of the chapters in this study as outlined in Chapter Outline.

CHAPTER 2. LITERATURE REVIEW, THEORETICAL FRAMEWORK, AND CONCEPTUAL MODEL

2.1 Introduction

In this chapter, a thorough review of the peer-reviewed and accredited scholarly articles from reputable journals that apply to this study has been done effectively. This chapter assists in finding possible answers to the research objectives of this study. The hypothesis of this study was derived not only from the research objectives but also from the literature review. These hypotheses are outlined at the end of this chapter. The theory depicted in this chapter covers information on industry knowledge, education, and financial control among the most. The theoretical background of this study significantly reinforces its importance.

2.2 Definition of background discussion

2.2.1 The concept of entrepreneurship

Entrepreneurship has various definitions however, Urban et al., (2016) mentioned that entrepreneurship was invented from the French word “entreprende” which means to start something. Types of entrepreneurships include formal and informal entrepreneurships which also include different forms of businesses established under each form of entrepreneurship which will be discussed in further detail. Formal entrepreneurship refers to companies that comply with the South African regulations and established institutional frameworks and informal entrepreneurship is the total opposite of formal entrepreneurship (Omri, 2020). Informal entrepreneurship consists of businesses that are unregistered and do not comply with the institutional frameworks (Welter et al., 2015).

Both types of entrepreneurs deserve to equally have access to financial services and products as they both contribute to the overall GDP. Formal entrepreneurs have the opportunity to expand their business operations and are more likely to get access to funding whereas informal entrepreneurs struggle to promote education or look to hire more people (Laing et al., 2022). Entrepreneurs have different characteristics, explore different disciplines, and explore opportunities differently (Urban et al., 2016). Entrepreneurships also differ according to their formality, access to resources, business scalability, and legal status (Omri, 2020). Understanding the different types of entrepreneurship is essential in this study to understand how informal entrepreneurs conduct entrepreneurial activities and why are they important to the overall economy. Entrepreneurs

operating in developing countries need to constantly develop their human and social capital to build sustainable businesses (Foo et al., 2020; Urban & Ndou, 2019).

Other forms of entrepreneurship include but not limited to:

Social entrepreneurship – These entrepreneurs seek to create social value within communities and addressing societal challenges these communities might be facing. These businesses seek to create a positive social and or environmental impact while pursuing financial sustainability. Creating a fruitful profit model in a way that the profits generated from the business are then used to further make a sustainable social impact.

Necessity entrepreneurship – Can be defined as entrepreneurs who are involved in entrepreneurial activities not because of profit maximisation and opportunity recognition but due to trying to make a living (Fairlie et al., 2020).

Corporate entrepreneurship – This form of entrepreneurship can also be referred to intrapreneurship and can be defined as establishing a new company within a parent company thus exploiting opportunities through innovation, opportunity recognition, and creativity (Urbano et al., 2022)

Global entrepreneurship – These entrepreneurs seek to expand their entrepreneurial activities across the border using innovative business activities (Lumpkin et al., 2021).

Technological entrepreneurship – This form of entrepreneurship involves entrepreneurs who often seek to disrupt existing sectors by constantly introducing innovative products and services and attract a large market (Elia & Quarta, 2020). These entrepreneurs are characterised by rapid expansion and market dominance.

2.2.2 The importance of informal entrepreneurship in South Africa

Informal entrepreneurship contributes significantly to the livelihoods of the people within the informal economy in terms of income generation and effectively supporting families (Fourie, 2018; Thwala et al., 2023). Informal entrepreneurship includes individuals that have limited access to education and have been unable to secure employment therefore, the informal economy provides security for these individuals to make a living and feed their loved ones (Masuku et al., 2021).

Despite its contribution to the overall economy, informal entrepreneurs face challenges such as limited access to resources, lack of legal protections, and economic and social instability.

Informal entrepreneurship plays an important part in addressing socio-economic issues and inevitably the overall country's GDP (Musara et al., 2020). Informal assists in job creation and providing necessities required by the target market for everyday use (Morris et al., 1995). Without the presence of informal entrepreneurs, individuals would need to go to their nearest town and or cities to get basic needs or order products online which would take three to five working days to arrive. Even with the good things that it does informal entrepreneurship is associated with bribery, crime, no license to trade, theft, and unhealthy competition (Musara & Nieuwenhuizen, 2020). This form of entrepreneurship does not have compliance systems in place and does not follow regulations.

The South African government has realised the importance of informal entrepreneurs in the economy and has introduced measures to support the sector however, the support is biased as it is based on the entrepreneur's location (Murozvi et al., 2022). The township strategy was introduced by the South African government with the aim of transiting informal entrepreneurs from having necessity businesses to businesses that are formalised and are able to identify and exploit entrepreneurial opportunities (Dawson, 2021).

According to research conducted by Musara and Nieuwenhuizen (2020), informal entrepreneurship and how it encourages entrepreneurial self-efficacy is not receiving full attention than it should be. Fully understanding the informal entrepreneur's motivations for starting new businesses, challenges they face in their entrepreneurial journey and the opportunities the informal economy presents can assist South African government and policy makers to better support informal entrepreneurs.

2.2.3 The importance of obtaining affordable insurance coverage in South Africa

Insurance coverage reduces financial risks that informal entrepreneurs may encounter during their years of business operation. Insurance provides surety against potential business losses due to theft, damage to property, natural disasters, accidents, and any other unforeseen events by transferring the risks to the insurance companies, entrepreneurs can then focus on their business operations and ultimately growth (Yokoi-Arai et al., 2020). For example, if a business suffers a fire or theft, insurance can provide compensation to replace damaged or stolen assets allowing the entrepreneur

to quickly resume operations. This reduces downtime and helps maintain cash flow and customer relationships.

Having insurance can increase informal entrepreneur's chances of gaining access to financial products. Financial services providers require businesses to have insurance to minimize their own risks when providing funding (Mahori, 2014; Saputra et al., 2018). Insurance increases the entrepreneur's risk management and increases their chances of increasing their revenues. Insurance does not only protect the business but can also protect the entrepreneur as well. Health and disability cover also come in handy should the entrepreneur encounter any of these unforeseen circumstances, they stand to get additional benefits such as retrenchment, and premium waiver additional to their cover (Godspeed, 2011). These insurance products are available to ensure that entrepreneurs can continue to make profits, meet their personal obligations, and maintain their standard of living.

Affordable insurance plays a crucial in mitigating out-of-pocket (OOP) expenses, which can otherwise pose a significant financial burden on entrepreneurs (Ataguba & Goudge, 2012). The authors further state that even current private insurance schemes in South Africa fail to significantly reduce these OOP payments for their members, highlighting an urgent need for better-designed insurance plans that genuinely offer financial protection. Additionally, insurance coverage enhances access to higher-quality private health services, which are essential for improving overall health outcomes and ensuring entrepreneurs and their families receive the care they need (Govender et al., 2013).

There is a noticeable gap, particularly among low-income households, which underscores the importance of tailored microinsurance products like the Zimele and SANTAM (VUM) insurance products (CBN, 2023; Chummun & Bisschoff, 2014). These products are designed to bridge this gap and provide coverage to the most vulnerable populations, thus promoting equity and inclusivity in the insurance market. Expanding insurance coverage can also contribute to a more progressive financing system by alleviating the financial burden on households and fostering equity (McIntyre & Ataguba, 2012).

Policy implications suggest a critical need for policymakers to focus on making insurance premiums more affordable and educating the public about the benefits of insurance (Srikissoon & Chummun, 2024). Increasing public awareness and understanding of insurance can boost uptake

and ensure more entrepreneurs are protected against financial shocks. Addressing these policy concerns, can contribute to a more inclusive and equitable insurance system that supports the financial well-being of all entrepreneurs, especially the most vulnerable.

2.2.4 Environmental factors affecting informal entrepreneurs

There are various challenges that informal entrepreneurs face that affect their business operations and are different per entrepreneur based on their location and the products they offer. Below are some of the environmental factors that affect informal entrepreneurs in South Africa as adapted from Alim et al. (2022); Struwig et al., (2019); Musara and Gwaindepi (2014)

2.2.4.1 Economic factors:

Economic conditions such as unemployment rates, inflation, interest rates, income inequality, and access to capital significantly impact informal entrepreneurs (Eierle et al., 2022). High unemployment rates often lead to survivalist entrepreneurship. Unemployment and income inequality affect the purchasing power of customers which affects the profitability of informal entrepreneurs. Entrepreneurs become more innovative when they have access to finance Urban et al. (2016). With the recent high inflation rates informal entrepreneurs might find it hard to increase their entrepreneurial activities and experience low-income levels, therefore, insurance products could come in handy to assist with reducing the financial burden.

2.2.4.2 Legal and Regulatory factors:

South Africa has specific laws, and regulations that need to be complied with such as licensing requirements, zoning restrictions, and compliance standards. These laws and regulations have an impact on informal entrepreneurs. The Insurance Act 18 of 2017 aims to promote financial inclusion by incorporating microinsurance products that will be accessible to informal entrepreneurs (Republic of South Africa, 2018). Financial regulatory bodies that are tasked with ensuring that financial inclusion is effectively implemented and low-income earners can have adequate access to insurance include the National Treasury and the National Consumer Financial Education Committee (NCFEC), Financial Sector Conduct Authority (FSCA), the National Consumer Tribunal (NCT), Prudential Authority (PA) and the Ombuds to name a few (Chitimira et al., 2020; Godwin, 2017).

2.2.4.3 Technological factors:

Informal entrepreneurs need to keep up with the latest technological trends to achieve great competitiveness and sustainability. Lack of technological infrastructure, such as internet connectivity or access to digital platforms, can limit informal entrepreneurs from accessing larger markets and creating ultimate competitive advantage. However, the increasing adoption of mobile technologies in South Africa presents new opportunities for informal entrepreneurs to access markets, manage finances, and improve efficiency (Gono et al., 2016). Entrepreneurs can now be able to access financial products using self-service (technology) without physically going to the branch.

2.2.4.4 Sustainability factors:

Environmental factors such as climate change, natural disasters, and resource availability, can impact informal entrepreneurs. Climate change like droughts or floods can lead to income losses and increased vulnerability for informal entrepreneurs. Based on the study conducted by Dube et.al (2022) on coastal flooding trends in Cape Town South Africa and he mentions that the floods affected the livelihood of the Cape Town communities and the continuity of many businesses who are dependent on coastal areas for food supplies and recreational activities (Dube et al., 2022).

2.2.4.5 Socio-cultural factors:

Social factors, including cultural norms, social attitudes, and social networks can influence the success of informal entrepreneurs. Informal areas who believe in Stokvel and money lenders (loan sharks) in their areas and may not be keen to take up financial products (Calvin & Coetzee, 2010). South African informal settlements do not have proper roads, infrastructure, or water sanitation (Monyai et al., 2020). Transport businesses that operate in informal settlements may have to frequently take their cars in for services due to poor road infrastructure and this type of service can be covered by insurance.

2.2.5 Entrepreneurial human capital – informal entrepreneurship perspective

Entrepreneurial human capital plays a vital role in the success and growth of any business as it is a valuable asset (Stam, 2008). Entrepreneurial human capital encompasses the attributes, skills, knowledge, and education that an entrepreneur brings into the business and enables them to adapt to the dynamic and competitive markets (Becker, 2009; Lazear, 2009). An entrepreneur that has human capital elements tend to have technical experience, leadership abilities, risk-taking

propensity, resilience, problem-solving skills, and identify and exploit entrepreneurial opportunities using innovative ideas, among others. Entrepreneurs with higher levels of human capital can gain access to financial funding as they have better chances of attaining financial growth (Audretsch et al., 2017).

An entrepreneur who invests in their human capital inevitably increases their production and income. According to the study conducted by Davidsson (2021), opportunity recognition is not at the centre of entrepreneurship but the way the entrepreneur exploits that opportunity. Entrepreneurs with high levels of human capital can run successful and sustainable businesses (Chen et al., 1998; Evans, 1990; Novak & Bojnec, 2005; Unger et al., 2011). The success and failure of a business lie heavily on the entrepreneur's ability to develop their human capital element.

Human capital increases the entrepreneur's ability to identify and exploit entrepreneurial opportunities (Shane, 2003). Human capital drives innovation, job creation, and economic development in today's economy. Human capital is important for fostering the entrepreneurial culture, supporting informal business growth, and building dynamic economies. Entrepreneurship on its own is a complex phenomenon and requires constant creation, identification, and exploitation of opportunities (Davidsson, 2021). Comprehending the role of human capital in an informal economy context can enable informal traders to gain access to insurance coverage as part of the risk mitigation strategies. This study will examine human capital as a resource for an informal entrepreneur to access financial products particularly, insurance.

2.2.6 Human capital elements

Human capital elements are vital for driving organisational efficiency, innovation, and success (Karmal, 2019). Literature by various authors Becker (2009); Lazear (2009); Novak and Bojnec (2005), Urban et al. (2016) have identified human capital elements as education, knowledge, skills, and experience. Miciuła (2016) developed a summary of human capital elements as displayed below in **Figure *1*: Elements of Human Capital**. Human capital elements that will be used for this study are education, knowledge, and experience. By fostering a culture of continuous learning, promoting knowledge sharing, and improving experience businesses can enhance performance, boost productivity, obtain competitive advantage and better manage and control their finances.

Education, knowledge, and experience are essential for informal entrepreneurs to effectively control and manage their finances which will determine whether they can have access to insurance coverage. These elements provide entrepreneurs with the advantage of resolving challenges that come with running a sustainable business (Pham et al., 2023). Entrepreneurial experience has a positive impact on business performance (Aidis et al., 2007) thus making it an important element to measure when it comes to financial management and control and inevitably access to insurance coverage. Entrepreneurial education and knowledge have a great impact on entrepreneurial self-efficacy and entrepreneurial orientation (Aidis & van Praag, 2007' Igwe et al., 2021). Insurance accessibility requires an entrepreneur to know about different insurance products that are suitable for their businesses, employees, and loved ones thus financial education is vital for informal entrepreneurs to operate sustainable businesses.

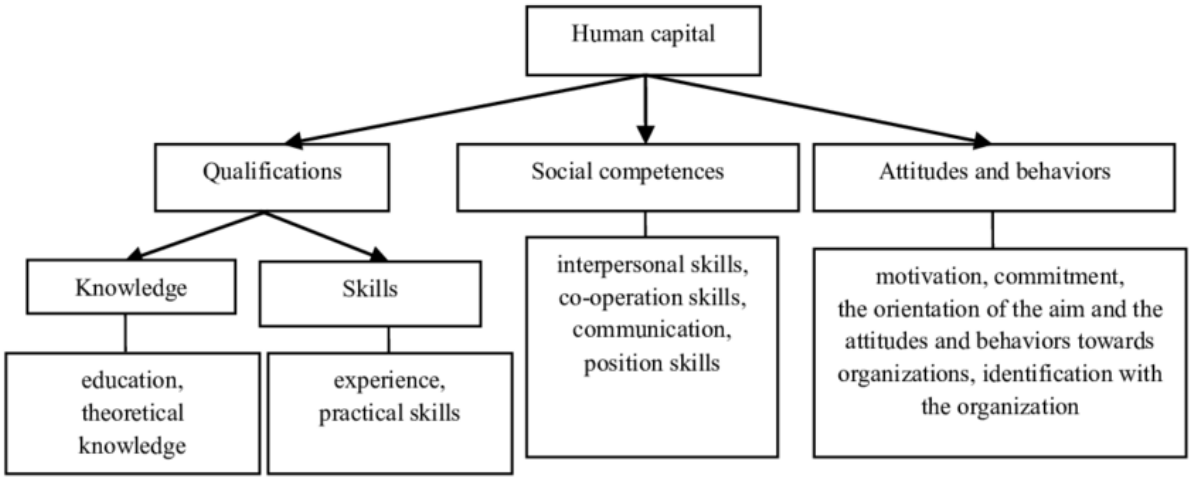


Figure 1: Elements of Human Capital

Source: Miciuła (2016, p.40)

2.2.7 The influence of human capital elements on insurance coverage accessibility

Insurance coverage protects entrepreneurs against unforeseen circumstances (risk and loss) that can negatively impact the sustainability of a business. Insurance can be costly to most entrepreneurs operating in rural areas. Human capital has potential to increase the economic activity (Miciuła, 2016), and educated individuals manage their finances better than illiterate individuals (Ahmad et al., 2022). Proper education and training can increase the entrepreneur's

human capital (Lenihan et al., 2019). Economic inclusivity can be achieved by improving human capital and linking it effectively with other entrepreneurial capitals (World Bank, 2021).

For this study, the element that will be focused on is the qualification which comprises knowledge and skills according to **Figure *1*: Elements of Human Capital** which should provide a clear indication of why informal entrepreneurs are having challenges in obtaining affordable insurance apart from other variables such as affordability. It is important to understand that while human capital plays an important role in accessing affordable insurance in South Africa, factors such as the availability and competitiveness of insurance products that are tailored to informal entrepreneurs and the overall economic conditions also play a huge role in accessing affordable insurance.

2.2.7.1 Education

According to Fortuin et al. (2022), the way South Africans spend their money shows that financial literacy is very low. Effective insurance awareness allows informal entrepreneurs to make informed decisions about the types of insurance they need which will result in better coverage options and more competitive premiums. A study conducted by Abad-Segura and González-Zamar (2019) supports this statement by further saying that financial education has a positive impact on the entrepreneur's business and financial decisions. According to Ye and Kulathunga (2019), financial education is linked directly to the firm's performance.

South Africa has a low rate of financial literacy and there is an increasing demand for financial literacy, financial providers and policymakers need to increase the provision of financial literacy (Klapper & Lusardi, 2021). Financial education promotes financial inclusivity and improves financial behaviours (Kaiser et al., 2022; Ozili, 2021). Financial awareness and knowledge lead to wealth creation whereas a lack of financial knowledge often leads to poor credit decisions (Mountain et al., 2021).

The education being provided and received needs to benefit both the receiver and the provider and it needs to be non-biased. Financial institutions have different financial literacy programs to promote financial wellness. Effective financial planning can be executed when an individual is financially literate. It was found that most South African individuals seek advice from family and friends based on the trust they have in them before they can seek professional advice. Based on

the research conducted by Xiao and Porto (2017) individuals with financial education can make informed financial decisions which leads to improved money management.

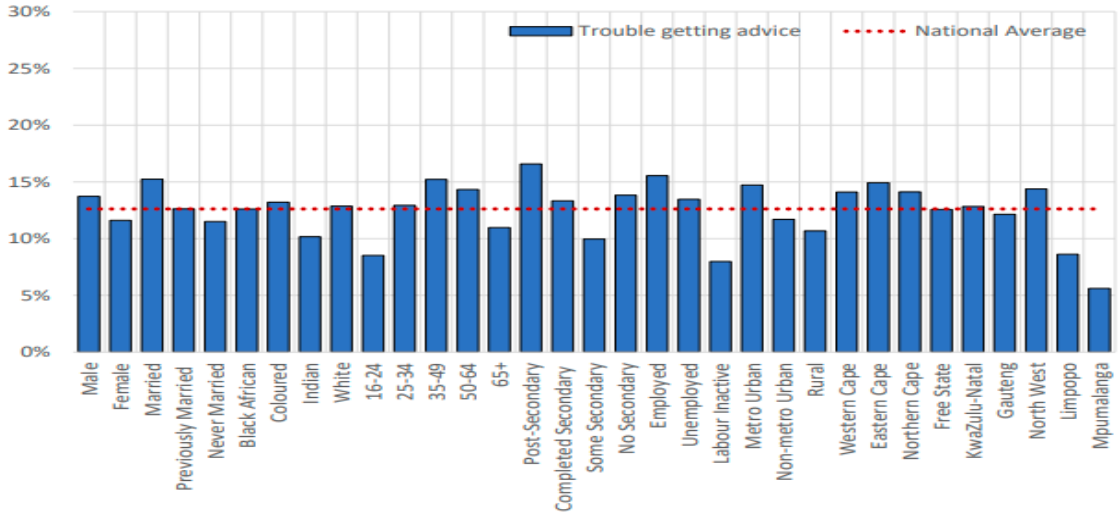


Figure 2: Number of individuals struggling to get proper financial advice

Source Roberts et al. (2021, p.141)

Mpumalanga has the lowest rate of financial literacy thus it is important to investigate the challenges faced by informal entrepreneurs in Mpumalanga when accessing affordable insurance. This shows the need for improved financial literacy in the area so they can make informed financial decisions. This contributes to one of the reasons why informal entrepreneurs operating in Mpumalanga often struggle with accessing affordable insurance products. Affordable insurance options can incentivise informal entrepreneurs to seek and have access to more forms of financial services products. South Africa has unpredicted market volatility and economic conditions (Urban et al., 2016) and this can impact the informal entrepreneurs' affordability and the availability of insurance products.

2.2.7.2 Industry experience

Spanjer and Van Witteloostuijn (2017) mention the theory of Jack-of-all-trades and how it encourages individuals to not only be content with corporate or formal employment but also turn into entrepreneurs. They further mention that the experience gathered from working enables one to be an expert in their field and can gain a competitive advantage against other entrepreneurs. Industry experience allows entrepreneurs to effectively identify entrepreneurship opportunities

they can potentially exploit (Barreira, 2004). Work experience enables entrepreneurs to take calculated risks as they have the experience to deal with most business challenges that they encounter. The majority of entrepreneurs are mostly motivated to start businesses they are familiar with (Urban et al., 2016).

The more the entrepreneurs understand their industry the more they understand whether or not they need to insure their businesses, and which products will be suitable for them. Entrepreneurs with vast industry experience have a better chance of making effective and reasonable insurance decisions (Nguyen, 2019). Entrepreneurs with vast industry experience can set realistic reasonable targets and expectations (Cassar, 2014). Industry experience has a positive correlation with entrepreneurial performance and thus increased profitability (Peng et al., 2020).

2.2.7.3 Industry knowledge

Knowledge sharing is considered to be an important element in achieving competitive advantage (Muñoz-Pascual et al., 2020). The entrepreneur needs to ensure that they have a healthy social network that they can be able to use to source out information from. Knowledge based resources have a positive impact on the success and the sustainability of SMMEs (Ye et al., 2019). Entrepreneurs can select the relevant insurance products for their businesses when they are more knowledgeable about their businesses and the industry they operate in.

Urban et al. (2016) provide a clear classification of knowledge into two distinct categories. Tacit knowledge can be defined as knowledge possessed by entrepreneurs that cannot be easily explained despite their ability to employ it. Explicit on the other hand can be defined as information acquired by entrepreneurs through formal education or established procedures allowing them the opportunity to successfully execute tasks. The acquisition of knowledge serves to enhance the entrepreneur's alertness on potential opportunities and can solve complex problems.

2.2.8 Financial control and insurance coverage accessibility

According to Singer (2014); United Nations Development Programme (2021) most informal entrepreneurs remain unbanked and do not report their financial results making them more prone to financial exclusion. The informal industry then makes it more difficult for informal entrepreneurs to meet the necessary insurance application requirements set by insurance providers and their regulators. Most of South African families do not generate enough funds to make adequate decisions on insurance products (Fortuin et al., 2022). Increased income levels can make

insurance premiums affordable as informal entrepreneurs will have more disposable income to use towards insurance coverage.

It is vital for entrepreneurs to hire accountants or financial managers who have financial expertise and will assist with financial reporting and planning. However, financial planning becomes challenging and expensive when an entrepreneur is not making sufficient income or profits. Lack of cash flow management and financial planning put SMMEs at a risk of bankruptcy and business continuity (Rajagopaul et al., 2020). SMMEs should pay attention to financial planning and control to ensure sustainability and inevitably achieve competitive advantage (Msomi et al., 2021).

Discovery (n.d.) mentioned it is important to have a forecast and actual budget, ensure effective management of cash flow to meet business needs, and ensure to protect the business against external threats by having a good insurance policy. An entrepreneur needs to be able to evaluate various insurance products for instance they need to have business liability insurance, life insurance, savings, and others, these insurance products will provide insurance for both the entrepreneur and their business (Wyckoff, 2014).

2.2.9 Accessibility to insurance coverage

The provision of affordable insurance coverage provides entrepreneurs with an opportunity to obtain insurance coverage (Blumberg et al., 2014). A study conducted by Njegomir et al. (2023) indicates that there is a positive relationship between insurance and entrepreneurship however, there was no proof that entrepreneurship as a phenomenon has an impact on insurance. The authors further indicate that insurance can mitigate the financial risks an entrepreneur might encounter in their entrepreneurial journey. Prior to the study, Njegomir et al. (2023) mentioned that there should be more empirical studies that indicate how insurance supports entrepreneurship. Insurance products and or services are meant to protect entrepreneurs during an unforeseen event as they act as a risk management tool for entrepreneurs. Insurance product pricing is different per entrepreneur due to different factors that need to be considered like asset evaluations, the age of the entrepreneur, the age of the business, and the nature of the risk (Chodokufa & Chiliya, 2014). The pricing of insurance products is not regulated in South Africa; therefore, the pricing of products can differ per insurance company even though the risk is the same (KPMG, 2023).

Insurance products assist entrepreneurs with investment opportunities and financial risk mitigation which address overall challenges faced while conducting entrepreneurial activities and financing

(Shahabadi et al., 2020). Some of the entrepreneurial risks that entrepreneurs face include health, loss of property, loss of stock due to fire, theft, and accident, financing, and asset management (Njegomir, 2018). The inability to manage these risks can lead to slow growth and ultimately business failure. Increasing the availability of insurance products assists in developing and promoting an effective inclusive entrepreneurial culture (Shahabadi et al., 2020).

Risk and challenges differ based on the industry and the activities an entrepreneur engages in; therefore, an entrepreneur needs to be knowledgeable about their business operations to effectively apply for suitable insurance products. Njegomir (2018) mentioned that insurance product applications depend on the level of risk the entrepreneur is likely to face. The researcher further gave an example of an entrepreneur in agriculture and mentioned that these entrepreneurs face risks such as natural disasters like unfavourable weather conditions or fire. This indicates that the entrepreneur will need to obtain insurance products that will cover the costs of those risks.

Credit terms significantly impact the entrepreneur's ability to gain financing which is one of the challenges that entrepreneurs face (Nwajei et al., 2023). This study further indicates that financial institutions require an entrepreneur to have some form of insurance as collateral which guarantees that even if the entrepreneur is unable to pay back the funds they will be able to recover the money back. An entrepreneur operating in an informal economy need to be covered in terms of theft and property damage as they generally do not have enough funds to cover the costs that come with entrepreneurial risks (Njegomir, 2018). The entrepreneur's ability to access financial products and services is not only due to affordability but also in education by knowing the practical benefits of the financial products they are interested in (Vasyukova et al., 2020).

2.3 Analytical framework

The research findings from the literature show that human capital factors education, experience, and knowledge have a huge impact on obtaining affordable insurance coverage in South Africa. The purpose of this section is to identify variables and develop a hypothesis thereof that will be used to measure the theories underpinning this study will also be discussed in detail which will include the variables on human capital which are used to effectively measure the objectives of this study. On top of the three human capital variables, the financial control contrast will be added to show the relationship between the variables.

2.3.1 Theoretical Framework

Based on the literature reviewed in this study the theoretical approach relevant for this study involved the resource and knowledge-based view theories. Each organisation has heterogeneous resources that an entrepreneur needs to know how and when to use them to achieve the ultimate competitive advantage and remain sustainable.

The **Resource-Based View (RBV)** theory focuses on the importance of the business's resources and capabilities. This theory stipulates that the business's competitive advantage can be achieved by using its unique resources that cannot be easily copied by its competitors. This theory evaluates the internal weaknesses and strengths of the business (Bhandari et al., 2022). The theory suggests that organisations should focus on identifying and constantly developing their unique resources and capabilities to remain sustainable and achieve competitive advantage.

Barney (1991) identifies four criteria resources that are strategic assets they must be valuable, rare, difficult to immediate and lastly, they must be non-substitutable. To support this statement Gerhart and Feng (2021) mentioned that it is a must for an organisation to have unique resources as part of the resource-based view. Another scholar who has contributed to the theory is Wernerfelt (1984) who mentions that an organisation's competitive advantage can be achieved through its resources and capabilities. Furthermore, he mentions that an organisation's resources include tangible and intangible assets in addition to its capabilities such as skills and knowledge. Based on this information the RBV illuminates how internal resources such as skills, community trust, and location act as a competitive advantage for rural entrepreneurs. SMMEs operating in rural areas can leverage on these unique resources and align them with Barney's (1991) criteria for achieving sustained competitive advantage. By investing in their internal capabilities rural entrepreneurs can overcome external constraints and build resilience in isolated economic environments.

The **Knowledge-Based View (KBV)** theory focuses on the acquisition and nature of knowledge within an organisation. KBV suggests that knowledge is a crucial strategic resource of an organisation. According to the theory, explicit knowledge (formal information, processes, and procedures) and tacit knowledge (expertise and subjective insights) are crucial in determining the organisation's performance and ultimately its competitiveness (Ge et al., 2022; Urban et al., 2016).

Knowledge contributes significantly to sustaining competitive advantage, Nonaka and Takeuchi (2007) identified four modes of knowledge conversion mainly socialisation (tacit knowledge

shared through interaction with others), externalisation (tacit knowledge made explicit), combination (knowledge integration), and internalisation (explicit knowledge transformed into tacit knowledge). They further mentioned that by mastering this knowledge process entrepreneurs can increase their innovation abilities and adapt to the ever-changing economic and market conditions.

In this theory, organisations can create and transfer knowledge which is a crucial element in determining entrepreneurial behaviour, success, and sustainability. By employing continuous learning and leveraging knowledge, entrepreneurs can achieve the ultimate competitive advantage (Cuthbertson et al., 2022). The continuous generation of knowledge, adapting techniques to local market demands, supports innovation and long-term viability in resource scarce settings.

Social Capital Theory

According to the study conducted by Foo et al. (2020) an entrepreneur needs to build amicable relationships and networks to build sustainable businesses. Social capital can enable an entrepreneur to develop their human capital elements. Relationships and networks can assist an entrepreneur in getting access to financial resources, identifying and exploiting entrepreneurial opportunities (Dubos et al., 2017; McKeever et al., 2014; Urban, 2013). To support this further a study by Mary George et al. (2016) mentions that social capital presents the entrepreneur with an opportunity to identify, and exploit entrepreneurial opportunities. Entrepreneurs invest in social capital to get something in return.

Thus, social capital is a vital influence in engaging in entrepreneurial activities (McKeever et al., 2014). Forms of social capital involve trust, norms, beliefs, networks, and rules that contribute to how an entrepreneur perceives and manages information which is turned into knowledge (McElroy et al., 2006). These forms of social capital affect the way entrepreneurs create, identify, and exploit entrepreneurial opportunities. Social capital can be used as a measure of entrepreneurial intent in entrepreneurship research (Gedajlovic et al., 2013).

Based on literature social capital is the fundamental foundation of knowledge generation. Entrepreneurs rely on networks to get through political and economic instability. Based on the study conducted by (Urban et al., 2024) they found a positive relationship between social capital

and entrepreneurial success. Urban et al. (2016) further mention that having networks in a country like South Africa is vital for entrepreneurial growth and sustainability.

Entrepreneurial Orientation (EO)

The rise of entrepreneurial leadership and orientation within the informal sector is significantly shaped by human capital (Musara & Nieuwenhuizen, 2020). The author further mentioned that many successful entrepreneurs originate from the informal sector, and their advancement is closely linked to their capacity to harness and utilize human capital effectively. This relationship underscores the importance of education, skills, and knowledge in driving entrepreneurial success, particularly in environments where formal structures and support systems may be lacking. Key personal attributes (initiative, achievement, and a propensity for risk-taking) are fundamental to achieving business success (Krauss et al., 2005). Therefore, informal entrepreneurs' approach, goal-oriented mindset, and willingness to embrace risks play a crucial part in propelling their business forward and placing risk mitigation strategies including access to affordable insurance coverage.

Furthermore, these entrepreneurs demonstrate that human capital-encompassing both cognitive abilities and practical skills are crucial for overcoming the challenges inherent in the informal sector. Their ability to adapt, innovate, and grow their ventures is often a direct result of their investment in developing human capital (Chien & Tsai, 2021). By continuously enhancing their knowledge and skills, entrepreneurs are better positioned to identify and exploit entrepreneurial opportunities, navigate market complexities, and achieve sustainable growth (Jiao et al., 2010). The entrepreneurs' resilience on personal initiative and human capital, often in the absence of formal education or institutional support, drives their entrepreneurial orientation and enhances their adaptability and competitiveness.

Financial controlling theory

A study conducted by Arifin (2017) indicates that financial control is influenced more by financial knowledge rather than income generation. Financial control is an important section of management it allows entrepreneurs to identify and manage unnecessary expenditures (Osadchy et al., 2015). Informal entrepreneurs do not generate massive income generation therefore, they need to be fully knowledgeable of their finances and the implications associated with misusing funds. Financial

control can be defined as the control systems or policies put in place to control the usage of financial resources (Östman, 2009). This theory provides entrepreneurs with an opportunity to take control and responsibility for their entrepreneurial activities affecting their financial positions. An entrepreneur who misuses finances is more likely to end up in debt or running at a loss with no insurance and investment products.

Entrepreneurs need to fully understand the financial risks associated with operating a business to implement effective financial controls (Zhao et al., 2014). Financial education and training are vital to informal entrepreneurs to identify and implement financial controls that are relevant to their businesses. Nascent entrepreneurs assume various positions in their businesses, and they particularly focus on production, marketing, and making sales. Informal entrepreneurs who started businesses with the aim of survival would not give too much attention to potential financial risks but rather to making profits to survive (Jindrichovska, 2013).

Sabir et al. (2019) mentioned that their results indicated that financial literacy has no impact on financial control however, financial experience has an impact on financial control. Poor financial controls may lead to poor performance and ultimately business failure. (Musah et al., 2018) suggested that small businesses should develop and improve their financial management skills to effectively attain competitive advantage and run profitable businesses.

2.3.2 Human capital and financial services for informal entrepreneurship previous studies

Table 1: Human capital and financial services for informal entrepreneurship previous studies

Study summary	Authors	Research purpose	Study context	Literature main themes	Type of data	Main findings
Financial capital is vital to the success of a business. Minority entrepreneurs struggle the most with access to financing as they lack knowledge on how to access funding from public financial institutions.	(Bewaji et al., 2015)	To examine the challenges faced by SMMEs when accessing finance from public financial services.	Access to funding is different for each entrepreneur based on the industry they operate in as there are different evaluation frameworks that need to be considered. Minority entrepreneurs	Social capital as a form of knowledge, experience, and education development. Immigrant, age and demographics are some of the factors that were explored as part of the contributing factors to	Secondary data collected from Kaufmann firm survey of Kaufmann foundation.	Minority entrepreneurs are less likely to access funding from public institutions and education as part of the human capital element is the one of the crucial factors that can assist with gaining access to funding,

			have limited social networks making it difficult for them to access valuable social networks that can enable them to identify and exploit opportunities.	accessing funding.		
Financial literacy has received unlimited attention for policymakers where financial education portion is becoming a priority. Financial inclusion and stability are some of the strategies	(Kaiser et al., 2022)	To evaluate recent empirical studies on financial education to provide the updated and collective findings of these existing studies.	Financial education can be derived from workplaces, schools, and coaching. Financial education programs need to be tailored per industry to	Forms of financial education programs The importance of financial knowledge as the outcome of financial education	Secondary data collected from various financial education papers	Financial education programs have a positive impact on financial knowledge and financial management.

employed to enhance financial education.			ensure effectiveness of these programs.	Financial behaviour because of financial literacy.		
Effective financial management can be achieved through financial education and knowledge. Individuals that have extensive knowledge on finance tend to make sound financial decisions.	(Mountain et al., 2021)	To investigate the relationship between financial education, financial knowledge and financial behaviour and their impacts on one another thereof.	High levels of financial knowledge often result in effective financial behaviours. Effective financial behaviour generates sound financial decision.	Different types of formal financial education and literacy. The importance of financial knowledge and behaviours	longitudinal data collected from the same participants for over five years collected through surveys	Financial literacy obtained from a financial advisor, reading personal finance books, and having social networks who are financially literate and manages their finances well have a positive impact on financial behaviour. However, attending financial

						workshops and school programs has no association with financial behaviour.
Insurance protects entrepreneur from business risks and they both contribute to economic development. To run a sustainable business an entrepreneur needs to insure insurable risks (loss of income, damage to property, theft, and economic instability).	(Njegomir et al., 2023)	To investigate the interdependence between business insurance and entrepreneurship and their collective importance thereof to economic growth.	Economic growth and conditions foster the development of insurance.	Implications of business insurance on entrepreneurship The importance of individual life insurance and entrepreneurship Capital management	Secondary data collected from Serbian Statistical Office, National Bank of Serbia, World Bank	There is a significant relationship between insurance coverage and entrepreneurial insurable risks.

SMMEs play a vital role in the South African economy and yet they have the highest entrepreneurship failure rate and the major contributor to this rate is lack of financial management skills.	(Wolmarans et al., 2015)	To find out the financial management skills and practices that are vital for SMME success	The product and services provided by SMMEs are important for promoting economic growth. The authors further mention that SMMEs assists in addressing socio-economic issues. Financial management skills are required for entrepreneur to run sustainable businesses.	The importance of SMMEs SMME failure rate Financial management and practices needed by SMMEs	Primary data collected through surveys.	The study concluded that working capital, cash flow and financial decision making are some of the important financial management skills that leads to effective financial control and entrepreneurial success.
Youth unemployment rate	(Murozvi et al., 2022)	Examining youth entrepreneurship	Job seekers are constantly	Youth unemployment	Secondary data	Youth informal entrepreneurs

remains high in South Africa. Policymakers have now given attention to youth employment and informal entrepreneurship.		using the Employers and Self-Employed (SESE) data and focusing mostly on the youth entrepreneurial activities within the informal economy.	increasing making it hard for the formal economy to meet the number of jobs demands.	Important of the informal economy Measures put in place to promote informal entrepreneurship	collected from SESE survey data	consist of individuals without matric and most of which do not keep records of their business activities. The profits made are used to buy personal items and not reinvested onto the business.

Source: As per column 2

2.3.3 Development of hypothesis

2.3.3.1 To establish whether there is a positive relationship between education and obtaining affordable insurance coverage in South Africa

Serame (2019) found that SMMEs' failure to access financial services is due to a lack of education and the understanding of the application process and requirements thereof. Education is the most important aspect of acquiring experience, knowledge, and skills (Kyllonen, 2013). Informal entrepreneurs struggle with getting access to financial education due to limited internet connectivity and limited social networks (Adeosun et al., 2023; Mlhongo & Daya, 2023). Financial education and training are required for entrepreneurs to effectively manage their finances and gain better access to financial services and products (Agwa-Ejon et al., 2015). The majority of the studies (Jordaan, 2020; Jordaan & Coetzee, 2021; Msomi & Olarewaju, 2021; Serame, 2019; Singer, 2014) focus more on access to finance and the impact these researches have made the government and policymakers have provided programs to provide easy access to funding, particularly for SMMEs. However, this study indicates that insurance is an integral part of the business which needs to be considered and researched well enough particularly in the informal entrepreneurship context as it protects against entrepreneurial risks.

Financial literacy has always been a challenge within the SMMEs (Anoos et al., 2020). The authors Anoos et al. (2020) further mention that it is important for countries with financial literacy issues to implement effective strategies for financial education. Entrepreneurs need to understand various insurance products that are available and suitable for them and be knowledgeable of their financial status in terms of affordability. Education is one of the factors that affect the entrepreneur's ability to access funding (Vasyukova et al., 2020). This study will determine whether education has a positive relationship with accessing affordable insurance coverage in the Dr JS Moroka Local Municipality. Education will be measured through levels of qualifications and whether informal entrepreneurs have attended any financial literacy programs.

Hypothesis 1: There is a positive relationship between education and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

2.3.3.2 To establish whether there is a positive relationship between knowledge and obtaining affordable insurance coverage in South Africa

Entrepreneurs who are knowledgeable about their industries tend to run sustainable businesses (Muñoz-Pascual et al., 2020). To support this notion Ye and Kulathunga (2019) in their findings mentioned that knowledge has a positive impact on the success and sustainability of a business. Financial and industry knowledge provides the informal entrepreneur with knowledge of the risks associated with various insurance products (Harrison et al., 2021). Entrepreneurs who have previous industry knowledge seem to be more knowledgeable of the financial products and services applicable to them (Chodokufa, 2016). Therefore, education and work experience can effectively increase an individual's knowledge.

Knowledge-based theories refer to the entrepreneur's know-how and know-what strategies to effectively develop and manage tangible and intangible resources (Galunic et al., 1998; Wiklund et al., 2003). Knowledge is required when filling out a financial product or service form to reduce the chances of being declined (Bewaji et al., 2015). This study aims to establish whether knowledge has a positive relationship with accessing affordable insurance coverage in the Dr JS Moroka Local Municipality. To measure this objective both explicit and tacit knowledge variables will be used.

Hypothesis 2: There is a positive relationship between industry knowledge and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

2.3.3.3 To establish whether there is a positive relationship between industry experience and obtaining affordable insurance coverage in South Africa

Industry experience can be achieved when education and training have been effectively executed (Barreira, 2004). Having industry experience enables entrepreneurs to have a competitive advantage and understand market dynamics. According to Harrison et al. (2022) entrepreneurs who have business experience know and understand entrepreneurial risks they might encounter and thus can insure the insurable risks as part of the mitigation strategies. Some of funding organisations require an entrepreneur to have ample business experience and collateral to be considered for funding (Njegomir, 2018).

This study aims to establish whether industry experience has a positive relationship with accessing affordable insurance coverage in the Dr JS Moroka Local Municipality. It is expected that

insurance companies have a positive impact on entrepreneurship particularly in developing countries (Njegomir, 2018). To effectively achieve this objective, factors such as industry competencies, and previous work experience will be used as a measurement. To some extent, industry experience has a relationship with making sound financial decisions. Depending on the area which the informal entrepreneur operates and the type of business they are running has a significant impact on the type of insurance product to undertake (Chodokufa, 2016). To support this statement Ufua et al. (2024) mentioned that entrepreneurs operating in high-risk industries or managing valuable assets often find themselves needing more comprehensive insurance coverage to protect their livelihoods and ensure business continuity.

Hypothesis 3: There is a positive relationship between industry experience and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

2.3.3.4 To establish whether there is a positive relationship between financial control and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

Financial knowledge has an impact on financial control (Arifin, 2017). Entrepreneurs who have prior knowledge on how to effectively control their finances have the advantage of making sound financial decisions and knowing which financial products and services to apply for (Randa, 2024). Human capital elements are important in influencing financial control and inevitable access to insurance coverage. Financial experience has an impact on financial control according to the study conducted by Sabir et al. (2019) therefore, if an entrepreneur has limited financial experience might have financial control issues which affects the entrepreneur's ability to afford financial products and services.

Entrepreneurs' ability to comprehend and manage financial information, subsequently informs their access to financial products such as insurance (Mosuoane, 2024; Xie et al., 2022). Financial control acts as a mediating variable by ensuring that entrepreneurs not only acquire financial products but also make informed decisions regarding their management. It fosters a structured approach to understanding financial risks and benefits, enhancing the likelihood of obtaining and maintaining appropriate insurance coverage (Van Huyssteen & Rudansky-Kloppers, 2023).

Furthermore, effective financial control can empower individuals by improving their financial literacy, thus enabling them to leverage their human capital in obtaining financial insurance

(Usman, Wirawan, & Zulkifli, 2021). Without robust financial control mechanisms, the potential benefits provided by human capital may remain untapped. Research has indicated that greater financial literacy and control are correlated with higher levels of insurance uptake., particularly in developing markets like South Africa, where access to financial services can be impeded by socioeconomic barriers (Chen et al., 2024).

Financial management and control have a significant impact on the accessibility of insurance products (Mountain et al., 2021). Human Capital education and knowledge elements have an impact on financial control and financial control on the other hand has an impact on financial services accessibility (Chodokufa, 2016). The objective of this study is to establish whether financial control has a positive relationship with accessing affordable insurance coverage in the Dr JS Moroka Local Municipality. Effective financial control can enable an entrepreneur to establish the affordability of insurance products. Knowing how to manage finances has a positive impact on the business's performance according to Discovery (n.d.). To measure this objective, risk mitigation, financial planning, and budgeting will be used.

Hypothesis 4: Financial control mediates the relationship between human capital and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

H4a: Financial control mediates the relationship between human capital education and insurance coverage accessibility

H4b: Financial control mediates the relationship between Human Capital - Industry Knowledge and Insurance Coverage Accessibility

H4c: Financial control mediates the relationship between Human Capital - Industry Experience and Insurance Coverage Accessibility

2.3.4 Conceptual framework

The main aim of this conceptual model is to illustrate the relationship between the human capital elements and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality) mediated by financial control. Based on prior research on human capital and financial services accessibility relationship is controlled by demographics (gender and race), the type of business, and industry (Bewaji et al., 2015; Njegomir et al., 2023). As per the research findings illustrated in the literature review, human capital factors contribute to the success

of the business and enable an entrepreneur to make better entrepreneurial decisions. However, the informal entrepreneurs do not have access to all the human capital factors, like financial education which hinders them from making sound financial decisions and accessing affordable insurance. The independent variables (human capital elements) are meant to enable informal entrepreneurs to access insurance products that are relevant to their businesses and industries at large.

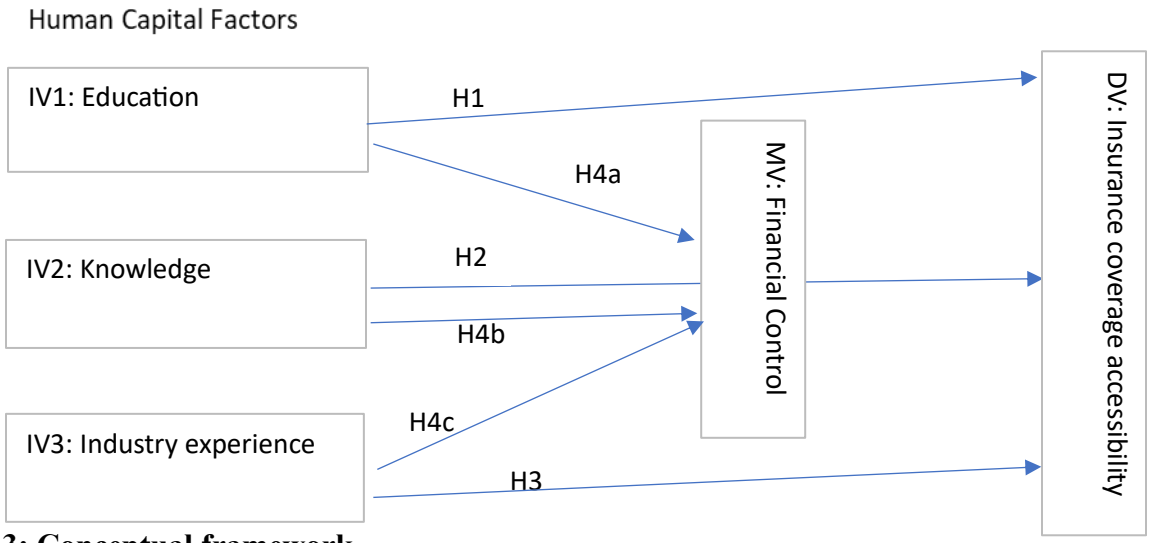


Figure 3: Conceptual framework

Source: Author

2.4 Conclusion of Literature Review

Access to affordable insurance remains a significant challenge for informal entrepreneurs in South Africa. Based on the literature reviewed it is important to find solutions that will effectively address the needs and concerns for both insurance providers and informal entrepreneurs. Through government support, partnerships, and insurance products that are tailored to the SMME industry it is possible to improve the availability and affordability of insurance products to informal entrepreneurs.

CHAPTER 3. RESEARCH METHODOLOGY

In this chapter, the methodology that will be adopted for this study will be explained in detail. Research methodology can be defined as a systematic process that is employed to conduct research (Pandey et al., 2021). Research methodology can also be seen as a process of detailing the methods that the researcher will employ to answer research questions (Bairagi et al., 2019). In this chapter, the research approach, design, data collection methods, sampling, and questionnaire design will be discussed in thorough detail.

Epistemology is an influential philosophy and vital for this study. Epistemology explores knowledge, justification, and belief (Ejnavarzala, 2019). For this study, the aim is to investigate the relationship between human capital elements (Education, Industry knowledge, and Industry experience) and access to insurance coverage by informal businesses in the Dr JSMLM (Dr JS Moroka Local Municipality), and to assess the mediating role of financial control in this relationship. The reliability and validity of this study will also be discussed to ensure the credibility of the study. A detailed process of how data will be interpreted and analysed will also be discussed. The limitations and ethical considerations will be outlined in this chapter.

3.1 Research paradigm

Positivist research paradigm will be used for this study because the data will be collected and interpreted with the aim of effectively testing hypothesis (Park et al., 2020). This research followed tested theories to fully understand why certain things happen (Bell et al., 2022). The researcher was able to draw conclusions and recommendations from the data collected from the participants. According to Cooper and Schindler (2014), research paradigm can be defined as a process that a researcher will conduct to answer their research questions. Quantitative research method was used to conduct this study as it required a large sample size for the researcher to effectively draw generalised conclusions. By using this paradigm, the researcher will be able to test hypotheses as outlined in Development of hypothesis.

3.2 Research design

Research design can be defined as a framework employed to collect and analyse data (Bell et al., 2022). This study followed a quantitative approach, and a questionnaire was used as a tool for data collection. Quantitative research assists in identifying trends, and or correlations (Mehrad et al., 2019). This study employed a cross-sectional research design as the data was only collected once

and only for the purpose of this study. The data collected enabled the researcher to analyse more than one research variable at a time. Cross-sectional research involves human participants and using surveys or structured interviews to collect the data (Cummings, 2018).

The researcher collected data from various informal entrepreneurs in Mpumalanga within the DR JS Moroka Local Municipality and in addition, informal entrepreneurs from other local municipalities across South Africa were invited to participate in the study. The researcher used face-to-face, and electronic data collection to ensure effective data collection. This research is a survey research as the researcher collected data from a well-defined population using a questionnaire as a research instrument (Fowler, 2009). For this research, the questionnaire included close-ended questions that enabled the researcher to quantify the responses.

3.3 Data collection methods

This study made use of a questionnaire as an instrument to collect data. Questionnaires are cost-effective and the researcher has the ability to test them against a small sample to check the validity and reliability of the questions (Jack et al., 1998; Saris et al., 2014). It is vital to check the quality of the questionnaire before it reaches the overall targeted sample. Questionnaires are commonly used in a social sciences type of research. A questionnaire can have open-ended questions, close-ended questions, or a combination of both (Taherdoost, 2022).

Close-ended questions provide possible answers for the respondent to choose from, open-ended questions on the other hand allows the respondent the opportunity to provide their answers based on their understanding of the questions (Siniscalco et al., 2005). For this study, a structured questionnaire was used to collect the data. This type of questioning was used because it was easy to compute and interpret the data and it is effective for hypothesis testing (Cooper et al., 2014).

3.4 Population and sampling

3.4.1 Population

Population can be defined as the overall group of people or things that the researcher aims to study, although that population will be broken down based on the needs and characteristics of a study (Zikmund et al., 2013). The target population for this research was informal entrepreneurs operating within the DR JS Moroka Local Municipality in Mpumalanga. The target population was chosen due to easy accessibility to the participants by the researcher. The DR JS Moroka Local

Municipality has about 31 wards and approximately 249,705 population according to the DR JS Moroka Local Municipality (2023) therefore, the researcher can be able to access the required sample size for the study. The researcher drew a sample size from the population provided and only informal entrepreneurs will be permitted to participate in the study. The researcher used the proportion calculations to calculate the number of informal entrepreneurs in DR JS Moroka Local Municipality. According to Statistics South Africa (n.d), the total population for Mpumalanga is 5,143,324. According to the report conducted by SEDA (2023), Mpumalanga has 225368 informal entrepreneurs. The total estimated number of informal entrepreneurs in DR JS Moroka Local Municipality is 10,779 as calculated below with the proportion formula.

$$\frac{246\,016}{5{,}143{,}324} = \frac{X}{225{,}368}$$

$$0.0478321023524864 \times 225{,}368$$

$$10{,}779.82$$

The researcher obtained the SMME database from the DR JS Moroka Local Municipality and the total informal entrepreneurs is calculated at 1090. The database will be submitted as and when requested due to POPIA as the database also has the entrepreneur's contact details. The researcher opened the survey to all the informal entrepreneurs within South Africa as an alternative to compare whether other informal entrepreneurs from different local municipalities also face the same challenges as the informal entrepreneurs within the DR JS Moroka Local Municipality. Accepting responses from other informal entrepreneurs operating from different local municipalities not only improved the overall collection rate but also showed uniformity among the responses.

3.4.2 Sample frame

A sampling frame can be defined as all the elements that will be studied within the prescribed population (Zikmund et al., 2013). The study aimed at studying informal entrepreneurs operating in Dr JSMLM (Dr JS Moroka Local Municipality) situated in Mpumalanga, South Africa. The sampling frame for this study involves entrepreneurs who are in the Transport (Taxi industry, courier, furniture removal), Tavern or Shebeen, Fashion (Clothing or shoe apparel), Hair Salon, Catering, Pre-school, Locksmith, Internet Café, Construction (building, plumbing, electrician,

painting, boilermaker, or carpentry etc), Bookkeeping services, Street vendors, Entertainment (singer, dancer, or DJ), Farming, Hardware, Mechanic and Car wash businesses. These businesses can either be registered or unregistered.

3.4.3 Sample size

A sample size refers to a portion of the target population selected to collect data from (Cooper & Schindler, 2014). Raosoft's is a sample size calculator employed to determine the appropriate sample size for this study. Raosoft is an online software that can generate a sample size based on certain parameters of the target population (Raosoft Inc., n.d; Omair, 2014). The researcher used default settings with a margin error of 5%, the confidence level of 95%, and a response distribution of 50% when calculating the sample size for the study with the estimated population of informal entrepreneurs calculated at 10,779.82. The estimated sample size for this study was then calculated at 371. According to the Raosoft calculator, the new sample size is calculated at 285 for the total population of 1090 as per the municipality's informal entrepreneurs database.

3.4.4 Sample method

A purposive sampling technique was used for this study. Purposive sampling refers to a non-probability sampling technique where the researcher intentionally selects research participants based on a particular criterion or characteristics that are relevant to the study (Etikan et al., 2016). This research investigated informal entrepreneurs operating in various industries and local municipalities with the majority located within the DR JS Moroka Local Municipality in Mpumalanga. The researcher visited restaurants, spaza shops, hair salons, internet café, taxi owners, farmers, and manufacturers and provided them with questionnaires to complete. The researcher left the questionnaire QR (quick-response code) code with the informal entrepreneurs to scan and redistribute the survey.

3.5 The research instrument

This research followed a primary data collection as the data collected was used for the purpose of this study. Primary data refers to data that will be collected from the participants for the first time and thus become the original data (Saleem et al., 2014). Primary data collection can be a lengthy and costly procedure as the researcher needs to ensure that the participants respond to the questionnaires for instance there might be travel costs included (Hox et al., 2005). The research instrument consisted of unbiased structured questions. The questionnaire was adapted from OECD

INFE (2011). The instrument was selected due to its strong relevance and alignment with the objectives of this study.

The OECD INFE questionnaire is a globally recognised tool designed to access financial literacy, which encompasses knowledge, attitudes, and behaviours related to financial decision making. Given that access to insurance products are closely linked to an individual's level of financial literacy particularly in understanding risks, financial planning, and the value of insurance the questionnaire provides a valid and reliable basis for examining the relationship between human capital factors and insurance coverage accessibility among informal entrepreneurs. The researcher made use of Likert scales to present the questions. Likert scales are used to obtain participant's degree of agreement, opinions, preferences, behaviours (Nemoto et al., 2014). The questionnaire took the participants about 15 to 20 minutes to complete.

The research questionnaire had an introduction page with the details of the researcher and the supervisor followed by sections A and B. Section A collected information on the participant's demographic. The information included the entrepreneur's age, gender, type of business and industry, duration of business operation, and dependants. Section B effectively measured and tested the hypothesis using information on education level, industry knowledge and experience which determined their level of financial control and inevitably drew conclusions on the challenges that informal entrepreneurs face when accessing insurance. The researcher used the participant's demographics (Age and gender) as control variables to check if the initial results would change if age, and gender were used as control variables.

Table 2: Construct measurement

Construct	Construct measurement and number of items	Scale sources as per hypotheses
Human Capital	Education – 7 Items	(Anoos et al., 2020)
Human Capital	Industry experience – 6 Items	(Njegomir et al., 2023)
Human Capital	Industry knowledge – 7 Items	(Ye & Kulathunga, 2019)
Financial control	Financial analysis, literacy and knowledge, cost and debt control – 6 Items	(Brijlal et al., 2014; Sabir et al., 2019; Mountain et al., 2021)

Insurance accessibility	Insurance product knowledge and pricing - 5 Items	(Mäenpää et al., 2012; Chodokufa & Chiliya, 2014; KPMG, 2023)

Source: As per column 3

3.6 Procedure for data collection

The researcher conducted this research in the area where they reside to effectively minimize travel, food, and accommodation costs, and any other research-related costs. The researcher started collecting data after the Wits Business School ethics committee issued an ethical clearance. The questionnaires were distributed online through social media platforms (Facebook, WhatsApp, TikTok, and LinkedIn) exported from Qualtrics, and QR codes were plugged outside the informal retail stores.

The researcher sent an email to the municipality for the entrepreneurship database and was told to go directly to the local municipality offices to obtain the data. The data received had the names and contact details of the entrepreneurs. The researcher sent 245 emails only 16 participants started with the survey and received 9 completed responses. The researcher was unable to meet the recommended sample size and had to physically go to the participants that have no access to the internet or social media.

The researcher targeted local shopping centres, schools, and taxi ranks as they are the places that are overpopulated by informal entrepreneurs. The entrepreneurs were approached with a smile and the researcher introduced herself, displayed the university of the Witwatersrand student card, introduced the study including the purpose of the study and asked permission for a QR code to be scanned and use the anonymous survey to respond to the study. The aim was to equally distribute the questionnaires to informal entrepreneurs who are literate and those who are illiterate to obtain a representation of each population.

The initial question before the participant undertook the study was whether they operate a business in Dr JS Moroka Municipality, Mpumalanga should the answer be no, the participant had to choose another as an alternative option to continue participating in the study. The researcher collected just over 200 responses, and the researcher began to analyse the data. According to Memon et al. (2020) employing a sample size of less than 100 participants can lead to statistically inconclusive results,

thereby rendering the entire research protocol ineffective. With a dataset comprising 100 responses, data analysis becomes feasible, especially when the number of predictors is limited to 6 or fewer (Field, 2013). This adequacy in response count enables a more robust and accurate analysis of the variables involved.

The data collection process was not without challenges. One of the primary obstacles was that the survey was non-incentive based which led entrepreneurs to question the value of participating in the study. Several potential respondents explicitly asked whether there would be a reward or compensation for completing the survey, and in the absence of such incentives, they declined to take part. Another significant issue arose from limited internet access and data affordability. The Qualtrics survey link was not zero-rated, some participants were unable to access the online questionnaire due to no internet access. In such cases, the researcher had to seek out other entrepreneurs, which added time and complexity to the process.

A more serious challenge stemmed from several entrepreneurs who mistook the researcher for a government or municipal official, potentially conducting inspections or investigations related to business compliance. This misunderstanding led to fears that participation might results in negative consequences such as business closure, causing some entrepreneurs to refuse participation outright. In addition to these challenges, logistics and financial constraints were also present. The researcher was required to travel extensively across various areas within both Dr JS Moroka Local Municipality, Mpumalanga and Pretoria, Gauteng to identify and reach potential respondents. Overall, the difficulties experienced highlight the real-world complexities of conducting field research among informal entrepreneurs in South Africa.

3.7 Data analysis strategies and interpretation.

There was no need for the researcher to make use of a Microsoft Excel spreadsheet to compute the data collected as all the responses were received through the data collection software, Qualtrics. Once the data was fully computed the researcher then classified the responses based on the hypotheses being tested and coded the data accordingly on SPSS. The SPSS (Statistical Package for the Social Sciences) is a software used to analyse, interpret, and perform various statistical tests using large data (Morgan et al., 2004). The advantage of using SPSS is its flexibility and the ability to accommodate all personnel with different skill levels (Burns & Burns, 2008).

SPSS can effectively be used to test the hypothesis which was the aim of this study. Therefore, the researcher performed, a descriptive analysis to identify the characteristics of the participants. The researcher then cleaned the data by means of checking and replacing missing values, removing participants that did not consent or complete the questionnaire and checking for outliers.

Factor analysis was employed to test the validity of the constructs and reliability testing was also done before the statistical tests were computed. Correlation analysis followed next to check the extent to which the variables correlate with one another, this is to ensure that the instrument measures exactly what it is supposed to measure. To check for Common Method Bias (CMB) (Podsakoff et al., 2012), several procedural and statistical steps were taken where existing scales were pilot tested to ensure that the scale items were clear and unambiguous to the study respondents. Confirmatory Factor Analysis (CFA) was conducted using Amos to assess the statistical fit between the theoretical model and the observed data. The researcher conducted the Structural Equation Model (SEM) as it uses various goodness of fit indices to assess how well the proposed model fits the observed data. Regression analysis was the last test to be run on SPSP to conclude the hypothesis testing of the study. The researcher also employed advanced statistics by means of SPSS AMOS to analyse the causal modeling as the researcher has a mediating variable.

3.8 Possible limitations and challenges of the study

The researcher aimed to have an equal presentation of both literate and illiterate informal entrepreneurs therefore, the researcher did not need to find an unbiased individual who would be able to read and translate the questions to the illiterate informal entrepreneurs as the researcher provided QR codes and explained the summary of the research which made the entrepreneurs be able to participate in the research. There was limited credible research on the insurance sector and entrepreneurship which made it challenging to obtain peer-reviewed sources. Entrepreneurs operating in deep rural areas may have struggled with accessing the link to the questionnaire or internet connection which resulted in the researcher having to collect the data face-to-face to meet the minimum recommended sample size.

3.9 Quality Assurance

There are many journal articles on accessing financial products by SMMEs the researcher ensured to make use of credible sources that are more related to the insurance products. The researcher aimed to ensure that the research is reliable and valid due to the importance of the contribution of

this study to the entrepreneurship phenomenon in the insurance context. Reliability in research can be defined as the construct measure of variables, and validity refers to how accurate the measured concept is (LoBiondo-Wood et al., 2013). To effectively measure the reliability of the research instrument, the researcher made use of Cronbach's alpha. Cronbach's alpha can be used to measure reliability and not validity it effectively measures the consistency of the responses (Vaske et al., 2017). For the instrument to be considered reliable it is suggested the alpha (α) value needs to be above 70 for the construct outcomes to be considered acceptable Cronbach's alpha (Bernardi, 1994).

3.9.1 External validity

External validity refers to the extent to which the research outcomes can be generalised across other situations, people, things, and times (Kemper, 2017). The results obtained in this study were used to generalise the challenges faced by informal entrepreneurs not only the ones operating in Mpumalanga but the overall informal entrepreneurs when accessing affordable insurance coverage. Though the study was initially supposed to be conducted in the local municipality in Mpumalanga however, to provide sufficient responses that can be generalised other provinces were allowed to respond based on different economic development and SME support structure. This provided another perspective outside the municipality itself.

3.9.2 Internal validity

Internal validity measures whether or not the research instrument measures what it is intended to (Cooper & Schindler, 2014). For this study, the questionnaire consisted of questions aimed at informal entrepreneurs. However, the random selection of respondents from different local municipalities improved the minimum sample size, this also helped improve the internal validity. The researcher added an additional option in the questionnaire for other respondents operating in local municipalities other than DR JS Moroka to also participate.

3.9.3 Reliability

Reliability measures the degree of errors within the research instrument to determine how well the instrument can be used even under different conditions (Cooper & Schindler, 2014). The research instrument adapted in this study can also be used in other different regions within the informal economy in South Africa.

3.10 Ethical considerations

The data collected is be stored and administered by Wits Business School (WBS). The respondents of this research were required to be 18 and above to ensure that they could legally complete a questionnaire without parental or guardian consent. The purpose of this study was outlined and communicated to the participants. The researcher gave the participants an option to withdraw from the study at any given time and the data used for the study are for all the entrepreneurs that provided consent to the study. Throughout this study, the researcher ensured that professionalism and integrity are applied. The researcher made sure to obtain data collection approval from the Wits Post-Graduate Committee. The ethical clearance was provided by the WBS ethics committee. The protocol number for this study is WBS/EN2360242/635 which allowed the researcher to collect data. Research ethics refers to the ethical standards that guide the researcher's moral principles when conducting the study (Israel et al., 2006). The participant's names, contact information, and addresses were not included in the questionnaire to protect the identity of the participants. A APPENDIX 2: PARTICIPANT INFORMATION SHEET and APPENDIX 3: CONSENT LETTER was readily available for the participants.

3.11 Conclusion

This chapter provided a detailed procedure of how data was collected, represented, and interpreted. The data was collected mostly from the informal entrepreneurs operating in DR JS Moroka Local Municipality situated in Mpumalanga. This study followed a quantitative approach using a structured questionnaire as a data collection tool. The data collection process only commenced once the ethical clearance certificate was obtained. SPSS was used to analyse the data.

CHAPTER 4. PRESENTATION AND DISCUSSION OF RESULTS

The objective of this chapter is to present and discuss the research findings obtained from the questionnaires administered through Qualtrics using social media as a distributor. The questionnaire was designed in two separate questions with section A measuring the demographic characteristics of the participants and section B measuring the human capital elements, financial control and accessibility to insurance. Exploratory Factor Analysis was used to measure the reliability of the scales, and the validity of the scales was also measured. To measure the hypothesis regression analysis with financial control as mediation was employed.

4.1 Data screening

A total of 209 responses were received and of these three responses were incomplete and thus were excluded from further analysis. This mean that a total of 206 respondents were in the final sample that was analysed for the study. None of the variables used for hypothesis testing had mussing cases, meaning that there was no need for data imputation.

4.2 Sample Characteristics / Demographic

4.2.1 Gender

The sample consisted of a balanced distribution of gender among informal business owners, with 48% identifying as female and 51% as male. There was another 1% that identified as other. The results are presented in Figure 1.

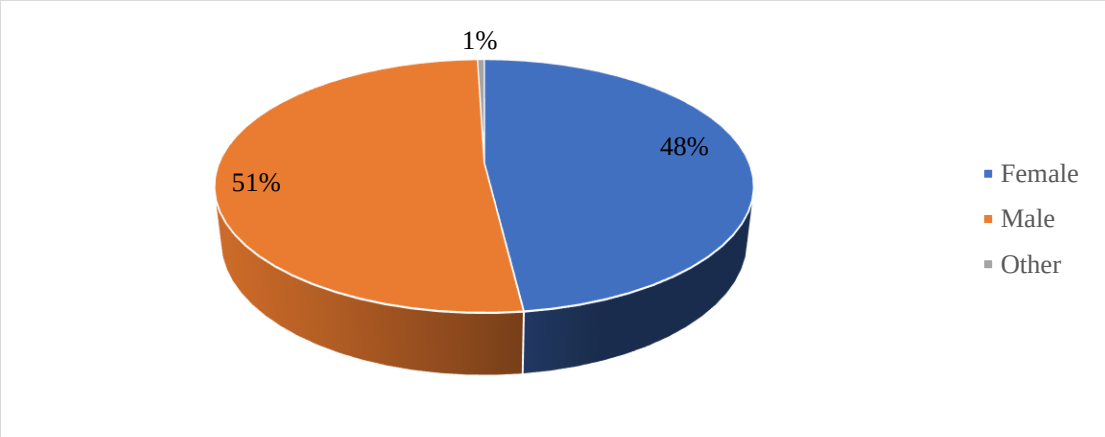


Figure 4: Gender of respondents

Source: Primary Data

4.2.2 Age

The age distribution showed that most informal business owners were relatively young, with nearly three-quarters (72%) falling within the 18-39 age range. This group included 24% aged 18-29, indicating a notable presence of youth in informal business operations. The largest segment, comprising 48% of the sample, was in the 30-39 age range. Another 24% of respondents were between 40 and 49 years old, reflecting continued engagement in informal business activities among middle-aged individuals. Only 4% of the sample was aged 50 or older. The age profile highlighted that informal businesses were predominantly operated by younger and middle-aged adults, with limited representation from older age groups.

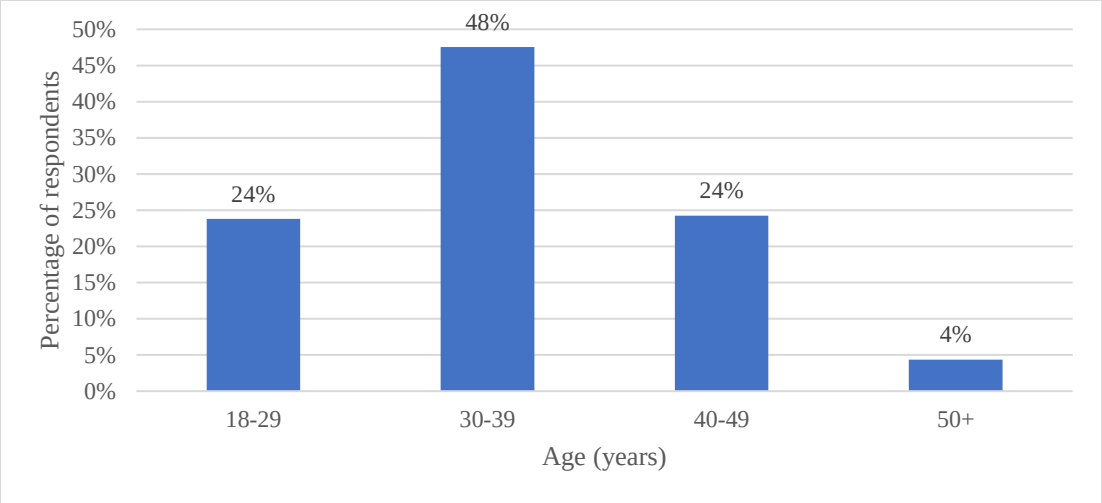


Figure 5: Age of respondents

Source: Primary Data

4.2.3 Race

The racial distribution of informal business owners in the sample was overwhelmingly African (97%). This strong majority reflects the demographic makeup of the area, suggesting that informal businesses are primarily operated by African individuals. A small minority, comprising 2%, identified as Indian, while only 1% identified as Coloured. The results are presented in Figure 3.

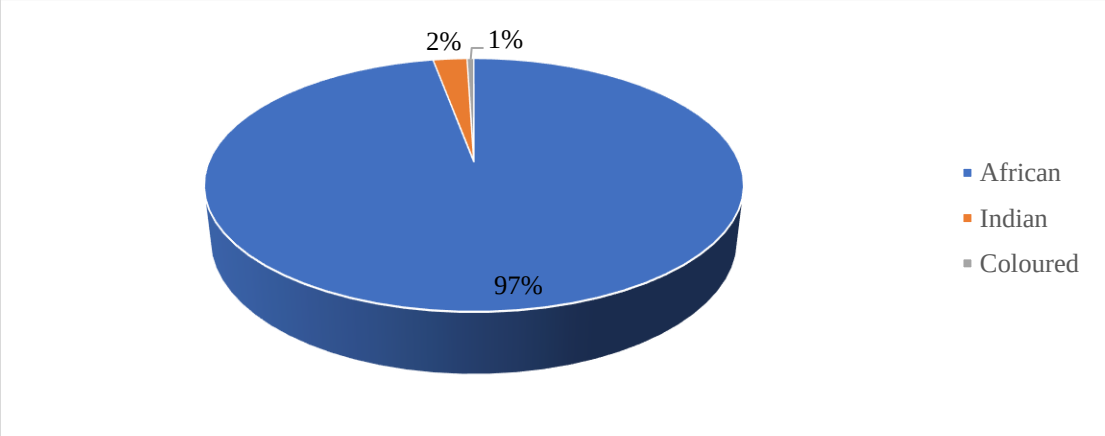


Figure 6: Race of respondents

Source: Primary Data

4.2.4 Number of dependents

In terms of dependents, a majority (67%) reported having between 0 and 3 dependents while 31% had 4 to 7 dependents. Only a small fraction had 8 or more dependents, with 1% reporting 8-11 dependents and another 1% with 12 or more dependents. The results are presented in Table 1.

4.2.5 Highest Level of Education

Results also presented in Table 1 show that the largest group (38%) had completed matric, indicating that secondary education is the most common highest level of education among these business owners. Another 18% held a certificate qualification, while 13% had completed a national diploma, and 10% held a bachelor's degree or its equivalent. Only 4% had achieved a postgraduate qualification, with 2% holding an honours degree, 2% a master's degree, and less than 1% had a doctoral degree. A notable 13% reported no schooling or having dropped out, suggesting limited formal education for a segment of the sample.

Table 3: Number of dependents and Highest Level of Education

Variable	Option	Frequency	Percent
Number of dependents	0 - 3	137	67%
	4 - 7	63	31%
	8 - 11	3	1%
	12+	3	1%
Highest Level of Education	No schooling or dropped out	27	13%
	Matric	79	38%
	ABET	5	2%
	Certificate	37	18%
	National Diploma	26	13%
	Bachelor's Degree or equivalent	20	10%
	Honours Degree or equivalent	4	2%
	Master's Degree	4	2%
	Doctoral Degree	1	0.5%
	Other (Specify)	2	1%
	Not Indicated	1	0%
Total		206	100%

Source: Primary Data

4.3 Business Characteristics

4.3.1 Business Location

The result show that majority of the respondents (68,44%) operate businesses in the Dr JS Moroka Local Municipality. Based on the presented results 31.55% of respondents operate businesses in other local municipalities other than the Dr JS Moroka Local Municipality. The results can be generalised as over 50% of the respondents are from the original targeted local municipality. According to the municipality's SMME database there 1090 entrepreneurs and for this study the researcher managed to collect 141 was collected respectively. The rests of this study, therefore, show that other SMMEs' from different municipalities have been represented in this study.

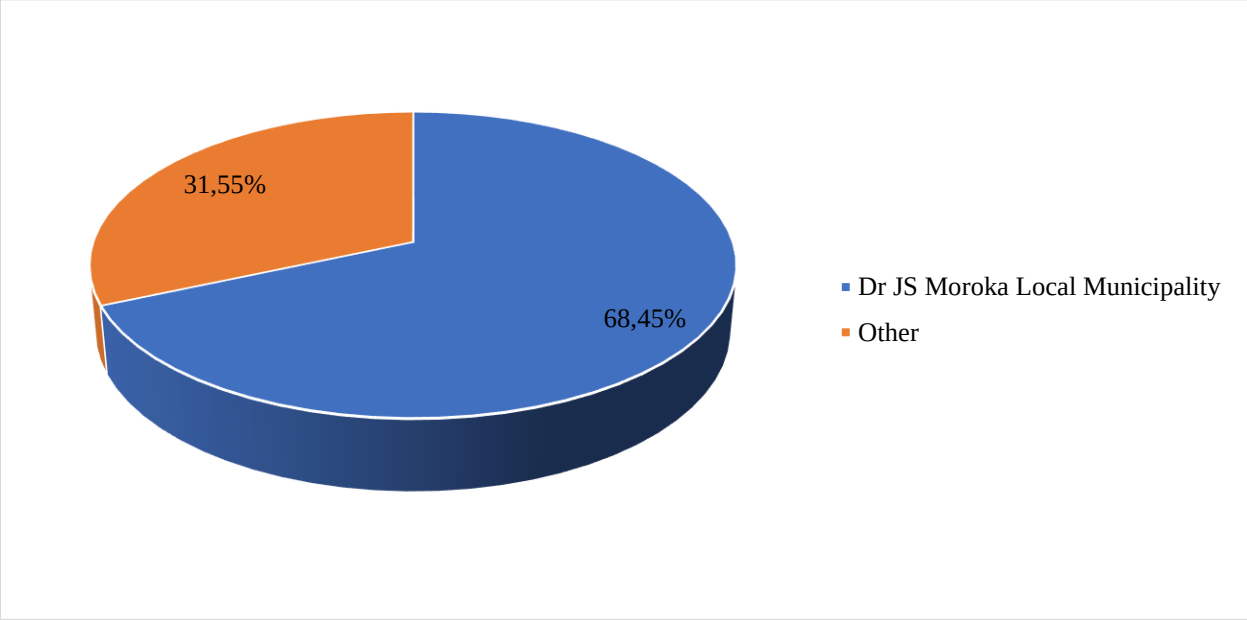


Figure 7: Business Location

Source: Primary Data

4.3.2 Number of employees

Majority of the respondents (73%) reported having between 0 and 2 employees, indicating that most businesses are either sole proprietorships or employ only a minimal number of staff. An additional 19% of the informal businesses had 3 to 6 employees, suggesting slightly larger operations but still within a small business framework. Only a small portion had 7-9 employees (2%) or 10 or more employees (3%). A

proportion of 2% of respondents did not indicate the number of employees. The results are illustrated in **Figure *4***.

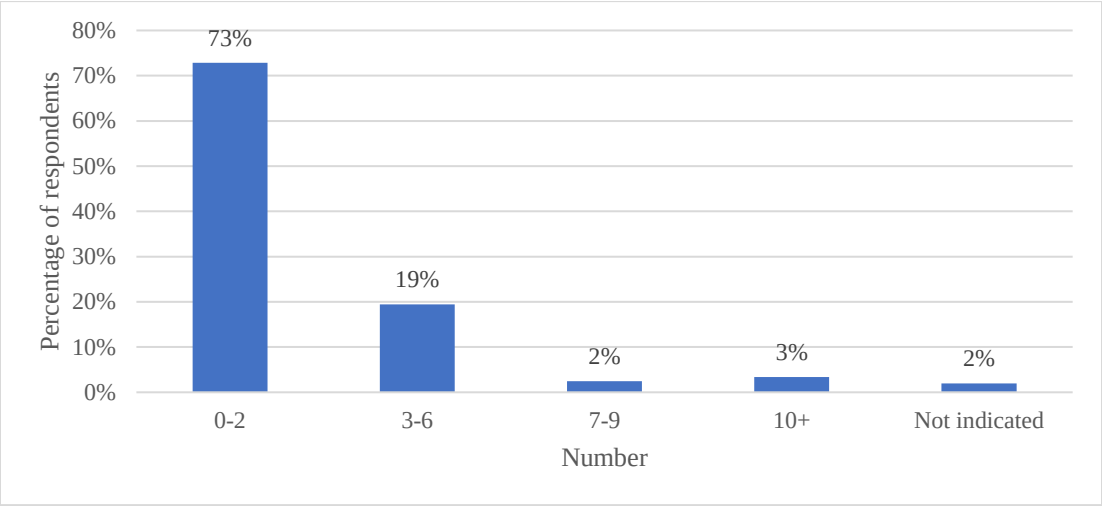


Figure 8: Number of employees

Source: Primary Data

4.3.3 Motivation for starting a business

Most of the respondents indicate that their main motivation for starting a business was to earn a living (65%), indicating that many informal business owners entered entrepreneurship out of necessity rather than choice. A smaller proportion, 13%, stated that their motivation was to create wealth, meanwhile, 10% cited personal interest. Additionally, 8% indicated that they started their businesses to make a difference in their area (country) and 5% started a family business.

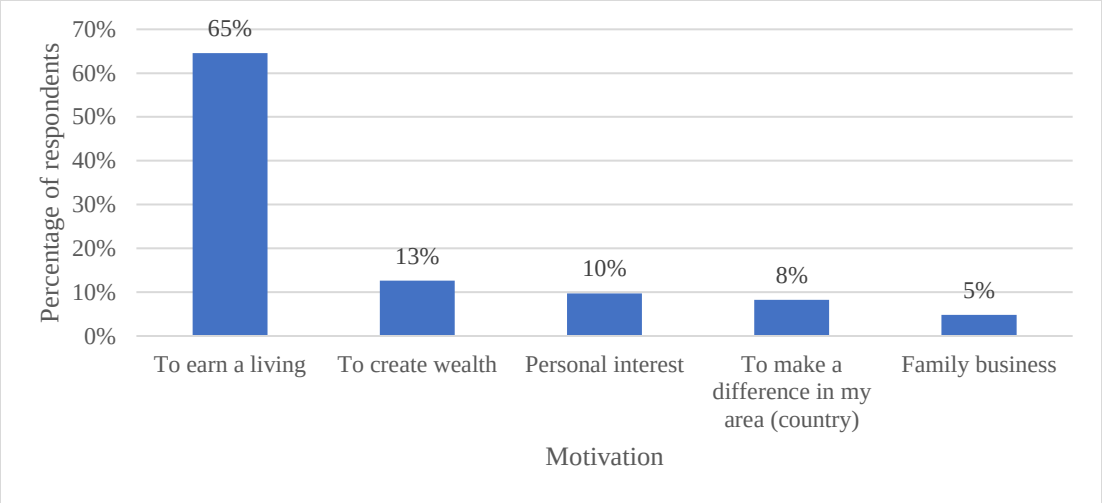


Figure 9: Age of respondents

Source: Primary Data

4.3.4 Type of funding

It can be noted from results presented in Table 2 that most business owners relied on their own capital (79%) to start or run their businesses, highlighting a strong self-funding trend. Only 10% obtained investments, while 6% received support from family and friends, and 4% used credit.

4.3.5 Type of business

The types of businesses were diverse, with the largest segment (24%) involved in transport services, such as taxis, courier, and furniture removal. This was followed by hair salons represented 12%, then catering (9%), and fashion businesses (5%). Other popular sectors included construction (4%), car wash (4%), make-up artistry (3%), and agriculture (3%). A sizable portion (36%) fell into the other category, indicating a variety of niche or unique business activities not specified in the main categories as also indicated in Table 2.

4.3.6 Profit scale

Half of the businesses (50%) reported annual profits in the range of R0-30,000, indicating that a significant portion operates at a modest profit level. Another 28% earned between R31,000 and

R60,000 annually. Businesses generating higher annual profits were less common, with only 10% making R61,000-90,000 and 13% earning over R91,000. The results are presented in table 2.

Table 4: Type of Business, Funding, and Profit scale

Variable	Option	Frequency	Percent
Type of funding	Own capital	163	79%
	Investments	21	10%
	Family and friends	12	6%
	Credit	9	4%
	Not indicated	1	0%
Profit scale (R) (Thousands per year)	0-30	102	50%
	31-60	57	28%
	61-90	21	10%
	91+	26	13%
Type of business	Transport (Taxi industry, courier, furniture removal)	49	24%
	Hair Salon	24	12%
	Catering	19	9%
	Fashion (Clothing or shoe apparel)	10	5%
	Construction	8	4%
	Car wash	8	4%
	Make-up artist	7	3%
	Agriculture	6	3%
	Tavern or Shebeen	5	2%
	Pre-school	2	1%
	Internet Cafe	2	1%
	Accounting and bookkeeping services	2	1%
	Traditional and western medicine	2	1%
	Entertainment (singer, dancer, or DJ)	1	0.5%
	Hardware	1	0.5%
	Mechanic	1	0.5%
	Other (Specify)	75	36%
Total		206	100%

Source: Primary Data

4.3.7 Type of business insurance undertaken and or interested in

Results presented in Figure 6 show that saving and investment plans were the most common types of insurance taken / considered by respondents, with 50% of respondents indicating either current participation or interest. This was followed by death and disability coverage (43%), Car insurance (25%), and home insurance (11%). There was a notably high percentage of respondents that indicated that they had no insurance at all. This significant portion highlights a gap in risk management.

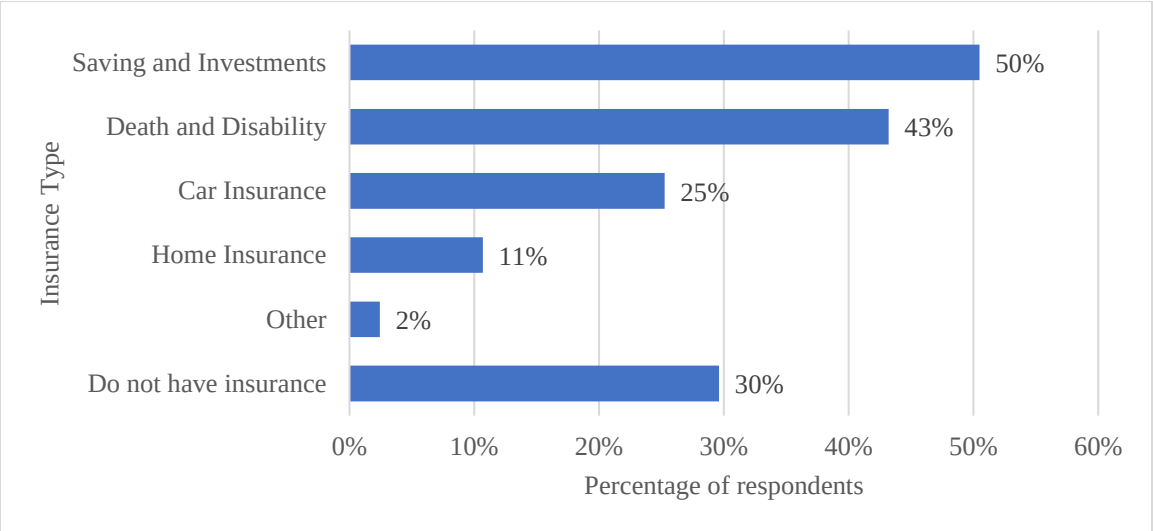


Figure 10: Type of business insurance

Source: Primary Data

Demographics consolidated table

Table 5: Consolidating table for demographics

Variable	Option	Frequency	Percent
Gender	Female	99	48%
	Male	106	51%
	Other	1	0%
Age	18-29	49	24%
	30-39	98	48%
	40-49	50	24%
	50+	9	4%

Race	African	200	97%
	Indian	5	2%
	Coloured	1	0%
Number of dependents	0 - 3	137	67%
	4 - 7	63	31%
	8 - 11	3	1%
	12+	3	1%
Highest Level of Education	No schooling or dropped out	27	13%
	Matric	79	38%
	ABET	5	2%
	Certificate	37	18%
	National Diploma	26	13%
	Bachelor's Degree or equivalent	20	10%
	Honours Degree or equivalent	4	2%
	Master's Degree	4	2%
	Doctoral Degree	1	0%
	Other (Specify)	2	1%
	Not Indicated	1	0%
Number of employees	0-2	150	73%
	3-6	40	19%
	7-9	5	2%
	10+	7	3%
	Not indicated	4	2%
Motivation for starting a business	To earn a living	133	65%
	Family business	10	5%
	Personal interest	20	10%
	To create wealth	26	13%
	To make a difference in my area (country)	17	8%
Type of funding	Own capital	163	79%
	Credit	9	4%
	Family and friends	12	6%
	Investments	21	10%
	Not indicated	1	0%
Profit scale (R) (Thousands per year)	0-30	102	50%
	31-60	57	28%
	61-90	21	10%
	91+	26	13%
Type of business	Transport (Taxi industry, courier, furniture removal)	49	24%
	Hair Salon	24	12%
	Catering	19	9%

	Fashion (Clothing or shoe apparel)	10	5%
	Construction (building, plumbing, electrician, painting, boilermaker, or carpentry etc)	8	4%
	Car wash	8	4%
	Make-up artist	7	3%
	Agriculture	6	3%
	Tavern or Shebeen	5	2%
	Pre-school	2	1%
	Internet Cafe	2	1%
	Accounting and bookkeeping services	2	1%
	Traditional and western medicine	2	1%
	Entertainment (singer, dancer, or DJ)	1	0%
	Hardware	1	0%
	Mechanic	1	0%
	Other (Specify)	75	36%
Type of business insurance undertaken and or interested in	Saving and Investments	104	50%
	Death and Disability	89	43%
	Car Insurance	52	25%
	Home Insurance	22	11%
	Other (Specify)	5	2%
	Do not have insurance	61	30%
Total		**206**	**100%**

Source: Primary Data

4.4 Descriptive Statistics

The sample consisted of a fairly balanced distribution of gender among informal business owners, with 48% identifying as female and 51% as male. There was another 1% that identified

4.1.1 Human Capital: Education – Descriptive Statistics

The highest rated Education item was the importance of learning about insurance (mean = 5.70 ± 1.96) followed by knowledge about compiling financial statements (mean = 3.02 ± 2.23) and then having a business related to one's qualifications (mean = 2.89 ± 2.19). The lowest rated item was about receiving training on basic accounting principles (mean = 2.55 ± 1.99). The results are presented in table 3.

Table 6: Descriptive Statistics - Human Capital - Education

		Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree	Mean	SD
		1	2	3	4	5	6	7		
Q3.1.2	HCE: My business is related to my qualification	42%	20%	3%	5%	7%	14%	8%	2.89	2.19
Q3.1.3	HCE: I have received financial advice	45%	21%	3%	4%	8%	15%	4%	2.73	2.09
Q3.1.4	HCE: I have received training on basic accounting principles	46%	26%	0%	5%	6%	14%	3%	2.55	1.99
Q3.1.5	HCE: I have received financial management training	43%	25%	2%	4%	7%	14%	5%	2.69	2.07
Q3.1.6	HCE: I know how to compile financial statements	45%	14%	2%	2%	15%	17%	5%	3.02	2.23
Q3.1.7	HCE: Learning about insurance products is important	9%	6%	3%	4%	11%	28%	38%	5.40	1.96

Source: Primary Data

4.1.2 Human Capital: Industry Knowledge – Descriptive Statistics

The highest-rated Human Capital – Industry Knowledge item was having knowledge of the products or services offered (mean = 6.34 ± 1.30), followed by knowledge of competitors (mean = 6.06 ± 1.47) and the impact of socio-economic conditions on the business (mean = 5.98 ± 1.67). The lowest-rated item was knowledge of financial products relevant to the business (mean = 3.44 ± 2.36). These results are presented in Table 4.

Table 7: Descriptive Statistics - Human Capital – Industry Knowledge

		Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree	Mean	SD
		1	2	3	4	5	6	7		
Q3.2.1	HCIK: I have excellent business management knowledge	5%	3%	3%	4%	15%	32%	38%	5.67	1.63

Q3.2.2	HCIK: I have knowledge of the products and or services I am offering	4%	0%	0%	1%	4%	28%	63%	6.34	1.30
Q3.2.3	HCIK: I have knowledge of my competitors	3%	4%	0%	3%	9%	27%	53%	6.06	1.47
Q3.2.4	HCIK: I have knowledge of government regulations	8%	6%	6%	11%	22%	32%	17%	4.94	1.76
Q3.2.5	HCIK: My business has been affected by socio - economic conditions (theft, inflation, interest rates etc.)	4%	5%	2%	3%	6%	23%	57%	5.98	1.67
Q3.2.6	HCIK: I have business registration knowledge	10%	8%	1%	6%	19%	31%	24%	5.08	1.91
Q3.2.7	HCIK: I have knowledge of financial products relevant to me and my business	39%	10%	5%	3%	10%	23%	10%	3.44	2.36

Source: Primary Data

4.1.3 Human Capital: Industry Experience – Descriptive Statistics

It can be noted from Table 7 that the highest-rated Human Capital: Industry Experience item was years of business operation experience (mean = 2.46 ± 1.26), followed by formal work experience (mean = 2.03 ± 1.21) and technological experience (mean = 1.70 ± 1.06). The lowest-rated item was years of market research experience (mean = 1.41 ± 0.95). These results suggest that respondents generally have more experience in business operations and formal work compared to specialized areas like market research and financial management. The full results are presented in Table 5.

Table 8: Descriptive Statistics - Human Capital – Industry Experience

		0 - 3	**4 - 6**	**7 - 9**	**10 - 13**	**14 +**	**Mean**	**SD**
		1	2	3	4	5		
Q3.3.1	HCIE: How many years of formal work experience do you have	44%	30%	13%	6%	7%	2.03	1.209
Q3.3.2	HCIE: How many years of marketing experience do you have	67%	23%	4%	2%	3%	1.51	.930
Q3.3.3	HCIE: How many years of technological experience do you have	58%	26%	8%	4%	4%	1.70	1.061
Q3.3.4	HCIE: How many years of business operation experience do you have	27%	31%	22%	11%	10%	2.46	1.259

Q3.3.5	HCIE: How many years of market research experience do you have	78%	13%	2%	4%	3%	1.41	.947
Q3.3.6	HCIE: How many years of financial management experience do you have	69%	18%	5%	4%	3%	1.54	1.000

Source: Primary Data

4.1.4 Financial Control – Descriptive Statistics

The highest-rated Financial Control item was being responsible for day-to-day money decisions in the business (mean = 6.47 ± 1.06), followed closely by having a bank account (mean = 6.43 ± 1.32) and knowing how to manage debt (mean = 5.67 ± 1.39). The lowest-rated item was the use of a financial broker or advisor (mean = 2.93 ± 2.29). These results are presented in Table 6.

Table 9: Descriptive Statistics – Financial Control

		Strongly disagree	**Disagree**	**Somewhat disagree**	**Neither agree nor disagree**	**Somewhat agree**	**Agree**	**Strongly agree**	**Mean**	**SD**
		1	2	3	4	5	6	7		
Q4.1	FC: I am responsible for the day-to-day money decisions in the business	2%	1%	0%	0%	3%	29%	65%	6.47	1.06
Q4.2	FC: I have a monthly budget	2%	4%	3%	3%	11%	33%	44%	5.91	1.46
Q4.3	FC: I have a bank account	3%	2%	0%	1%	1%	21%	71%	6.43	1.32
Q4.4	FC: I always make different quotes before taking out insurance products	12%	8%	3%	3%	9%	23%	41%	5.22	2.16
Q4.5	FC: I have used the services of a financial broker or advisor	46%	15%	5%	2%	7%	16%	9%	2.93	2.29
Q4.6	FC: I know how to manage my debt	2%	3%	3%	6%	18%	38%	30%	5.67	1.39

Source: Primary Data

4.1.5 Insurance coverage accessibility – Descriptive Statistics

Descriptive statistics on the Insurance Coverage Accessibility construct shoed that the highest rated item was the perception that insurance products are expensive (mean = 5.18 ± 1.91), followed

by the belief that insurance is necessary for the business (mean = 5.03 ± 2.22). Having insurance products was rated moderately (mean = 4.65 ± 2.24). The lowest-rated item was the view that insurance products are a luxury (mean = 3.41 ± 2.15). These results are presented in Table 7.

Table 10: Descriptive Statistics - Insurance coverage accessibility

		Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree	Mean	SD
		1	2	3	4	5	6	7		
Q5.1	AIC: Insurance is necessary for my business	15%	7%	3%	8%	9%	20%	38%	5.03	2.22
Q5.2	AIC: I have insurance products	14%	17%	1%	4%	13%	25%	26%	4.65	2.24
Q5.3	AIC: Insurance products are a luxury	30%	17%	6%	12%	13%	13%	10%	3.41	2.15
Q5.4	AIC: Insurance products are expensive	6%	9%	5%	8%	12%	28%	31%	5.18	1.91

Source: Primary Data

4.5 Validity

Exploratory factor analysis (EFA) with Principal Axis Factoring extraction method and Promax rotation was conducted to assess construct validity. The EFA was conducted for independent and dependent variables separately as some items of the dependent variables were cross loading with the items for the independent variables.

4.5.1 EFA – Independent variables

The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy score was 0.831, indicating a high level of sampling adequacy. This suggests that the data is suitable for factor analysis. The Bartlett's Test of Sphericity resulted in a chi-square value of 1697.248, 120 df, p-value = 0.000 < 0.05. This shows that there is a strong correlation between at least some of the variables, making EFA feasible.

Table 11: KMO and Bartlett's Test – Independent variables

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.831
Bartlett's Test of Sphericity	Approx. Chi-Square	1697.248
	df	120
	Sig.	.000

Source: Primary Data

Total Variance Explained results presented in Table 9 show that three factors were extracted as indicated by factors with eigen values greater than 1. These extracted factors/ constructs explained accounted for 63.2% of the variance in the initial items/ statements. Factors beyond the third contribute minimally and may not be meaningful for interpretation.

Table 12: Total Variance Explained - Independent variables

Total Variance Explained							
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	5.216	32.600	32.600	4.831	30.192	30.192	4.192
2	2.750	17.186	49.786	2.288	14.300	44.493	3.742
3	2.141	13.384	63.170	1.695	10.594	55.086	2.272
4	.907	5.671	68.841				
5	.736	4.602	73.444				
6	.619	3.868	77.311				
7	.570	3.563	80.875				
8	.533	3.329	84.204				
9	.499	3.116	87.319				
10	.445	2.779	90.099				
11	.373	2.329	92.427				
12	.340	2.124	94.552				
13	.324	2.024	96.576				
14	.229	1.434	98.010				
15	.190	1.188	99.198				
16	.128	.802	100.000				
Extraction Method: Principal Axis Factoring.							
a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.							

Source: Primary Data

The plot illustrated in Figure 7 show that confirms that 3 constructs were extracted from the EFA model as indicated by a flattening line graph after 3 constructs.

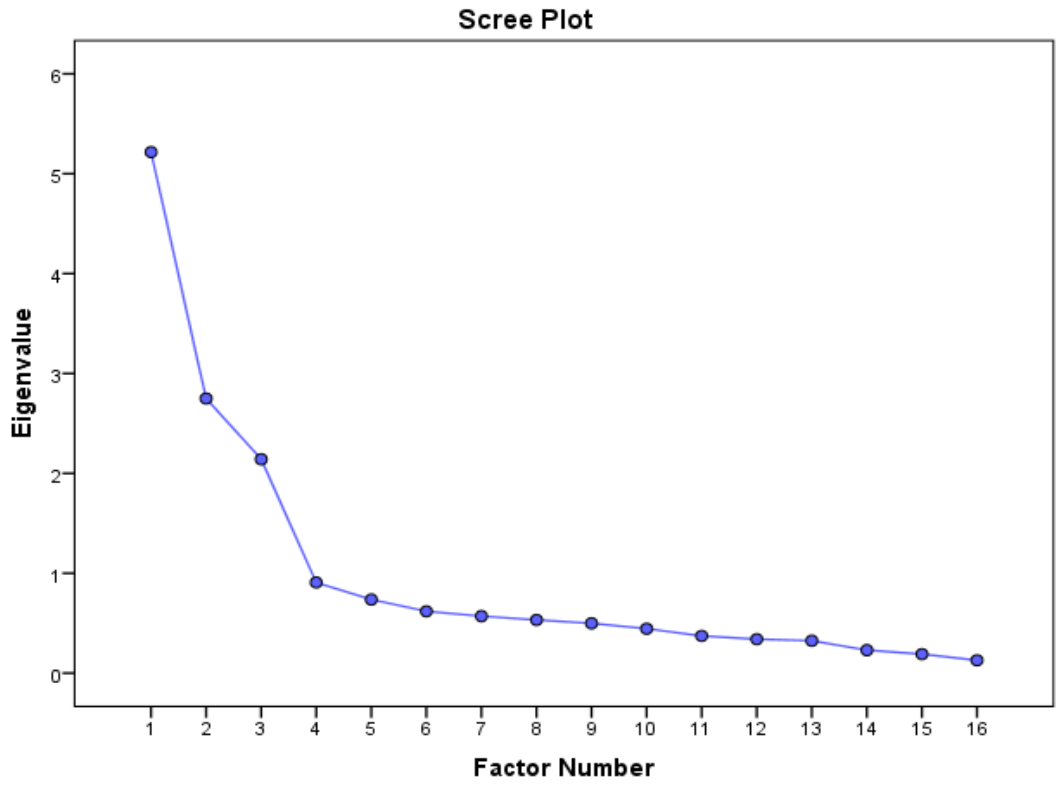


Figure 11: Scree plot – Independent variables

Source: Primary Data

The pattern matrix presented in Table 10 indicates that the three retained factors were Human capital – Education, Human capital - Industry experience, and Human capital – Industry Knowledge. The items loaded highly onto their respective hypothesised factors. Only 1 item "HCIK: I have knowledge of financial products relevant to me and my business" loaded on a different factor than it had been hypotheses on. This shows that there were three valid independent variable constructs.

Table 13: Pattern Matrix – Independent variables

	Pattern Matrix[a]			
Construct		Factor		
		1	2	3
Human capital - Education	HCE: I have received financial management training	.916		
	HCE: I have received training on basic accounting principles	.907		
	HCE: I have received financial advice	.763		
	HCE: I know how to compile financial statements	.755		
	HCIK: I have knowledge of financial products relevant to me and my business	.663		
Human capital - Industry experience	HCIE: How many years of market research experience do you have		.871	
	HCIE: How many years of marketing experience do you have		.842	
	HCIE: How many years of financial management experience do you have		.719	
	HCIE: How many years of business operation experience do you have		.646	
	HCIE: How many years of formal work experience do you have		.597	
	HCIE: How many years of technological experience do you have		.455	
Human capital – Industry Knowledge	HCIK: I have knowledge of my competitors			.777
	HCIK: I have knowledge of the products and or services I am offering			.746
	HCIK: I have excellent business management knowledge			.627
	HCIK: My business has been affected by socio - economic conditions (theft, inflation, interest rates etc.)			.560
	HCIK: I have business registration knowledge			.430
	Extraction Method: Principal Axis Factoring. Rotation Method: Promax with Kaiser Normalization.			
	a. Rotation converged in 5 iterations.			

Source: Primary Data

4.5.2 EFA – Dependent variables

The KMO for EFA for the dependent variables was 0.665, > 0.5, indicating that the sample was adequate for conducting factor analysis. A significant Bartlett's Test (p-value = 0.000 < 0.05) indicates that factor analysis was appropriate due to the presence of significant correlations. Thus, factor analysis could be conducted.

Table 14: KMO and Bartlett's Test – Dependent variables

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.665
Bartlett's Test of Sphericity	Approx. Chi-Square	287.770
	df	21
	Sig.	.000

Source: Primary Data

The total variance explained presented in Table 12 show that there were two factors retained, and they explained 57.489% of variance in the initial dependent variable items.

Table 15: Total Variance Explained - Dependent variable

Total Variance Explained							
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	2.310	32.999	32.999	1.755	25.068	25.068	1.754
2	1.714	24.490	57.489	1.136	16.223	41.291	1.136
3	.851	12.160	69.648				
4	.717	10.246	79.895				
5	.530	7.578	87.472				
6	.508	7.258	94.731				
7	.369	5.269	100.000				
Extraction Method: Principal Axis Factoring.							
a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.							

Source: Primary Data

The scree plots confirms that there were two constructs.

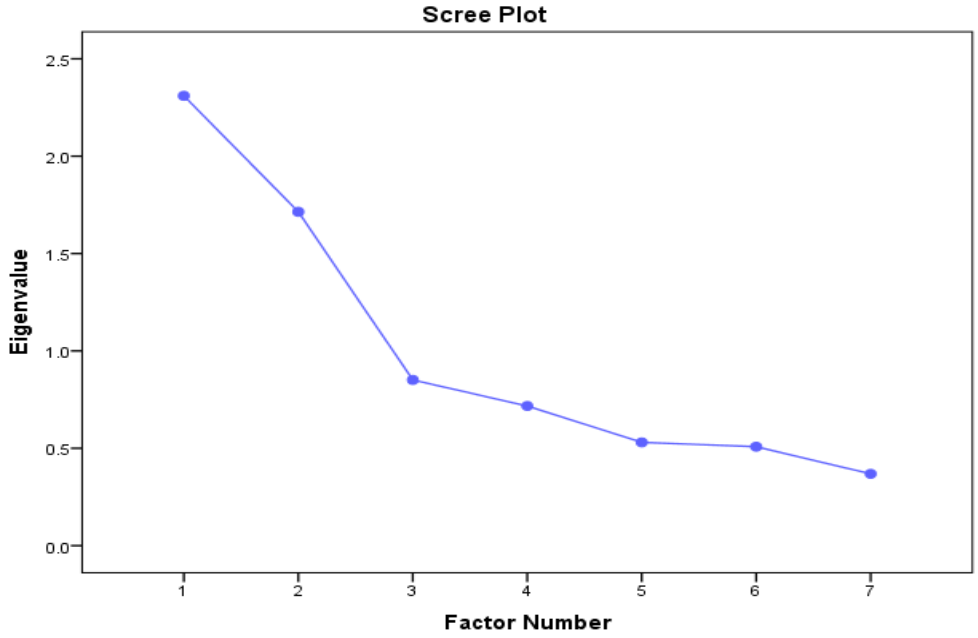


Figure 12: Scree plot - Dependent variable

Source: Primary Data

The EFA for the dependent variables resulted in two factors namely, Financial Control, and Insurance coverage accessibility. The items "Q4.4. FC_I always make different quotes before taking out insurance products", "Q4.5. FC_I have used the services of a financial broker or advisor", and "Q5.2. ICA_I have insurance products" were eliminated as they had low factor loadings (< 0.5).

Table 16: Pattern Matrix- Dependent variable

	Pattern Matrix[a]			
Construct			Factor	
			1	2
Financial Control	Q4.2	FC: I have a monthly budget	.755	
	Q4.6	FC: I know how to manage my debt	.663	
	Q4.1	FC: I am responsible for the day-to-day money decisions in the business	.658	
	Q4.3	FC: I have a bank account	.520	

Insurance coverage accessibility	Q5.3_R	*ICA: Insurance products are a luxury		.705
	Q5.4_R	*ICA: Insurance products are expensive		.655
	Q5.1	ICA: Insurance is necessary for my business		.453
	Extraction Method: Principal Axis Factoring. Rotation Method: Promax with Kaiser Normalization.			
	a. Rotation converged in 3 iterations.			

*Scale reversed (7=1,6=2,5=3,4=4,3=5,2=6.1=7)

Source: Primary Data

EFA consolidated table

This combines the EFA for independent variables and that for the dependent variables.

Table 17: Consolidating table for Exploratory Factor Analysis results

Construct		Factor Loading	Total Variance Explained	KMO
Human capital - Education	HCE: I have received financial management training	.916	63.17	.831
	HCE: I have received training on basic accounting principles	.907		
	HCE: I have received financial advice	.763		
	HCE: I know how to compile financial statements	.755		
	HCIK: I have knowledge of financial products relevant to me and my business	.663		
Human capital - Industry experience	HCIE: How many years of market research experience do you have	.871		
	HCIE: How many years of marketing experience do you have	.842		

	HCIE: How many years of financial management experience do you have	.719		
	HCIE: How many years of business operation experience do you have	.646		
	HCIE: How many years of formal work experience do you have	.597		
	HCIE: How many years of technological experience do you have	.455		
Human capital – Industry Knowledge	HCIK: I have knowledge of my competitors	.777		
	HCIK: I have knowledge of the products and or services I am offering	.746		
	HCIK: I have excellent business management knowledge	.627		
	HCIK: My business has been affected by socio - economic conditions (theft, inflation, interest rates etc.)	.560		
	HCIK: I have business registration knowledge	.430		
Financial Control	FC: I have a monthly budget	.755	.665	57.49
	FC: I know how to manage my debt	.663		
	FC: I am responsible for the day-to-day money decisions in the business	.658		
	FC: I have a bank account	.520		
Insurance coverage accessibility	*ICA: Insurance products are a luxury	.705		
	*ICA: Insurance products are expensive	.655		
	ICA: Insurance is necessary for my business	.453		

Source: Primary Data

4.5.3 CFA Hypothesised Model

Confirmatory Factor Analysis (CFA) was conducted using Amos to assess the statistical fit between the theoretical model and the observed data. The model was developed from the final EFA results, and the hypothesised model is presented in Figure 9.

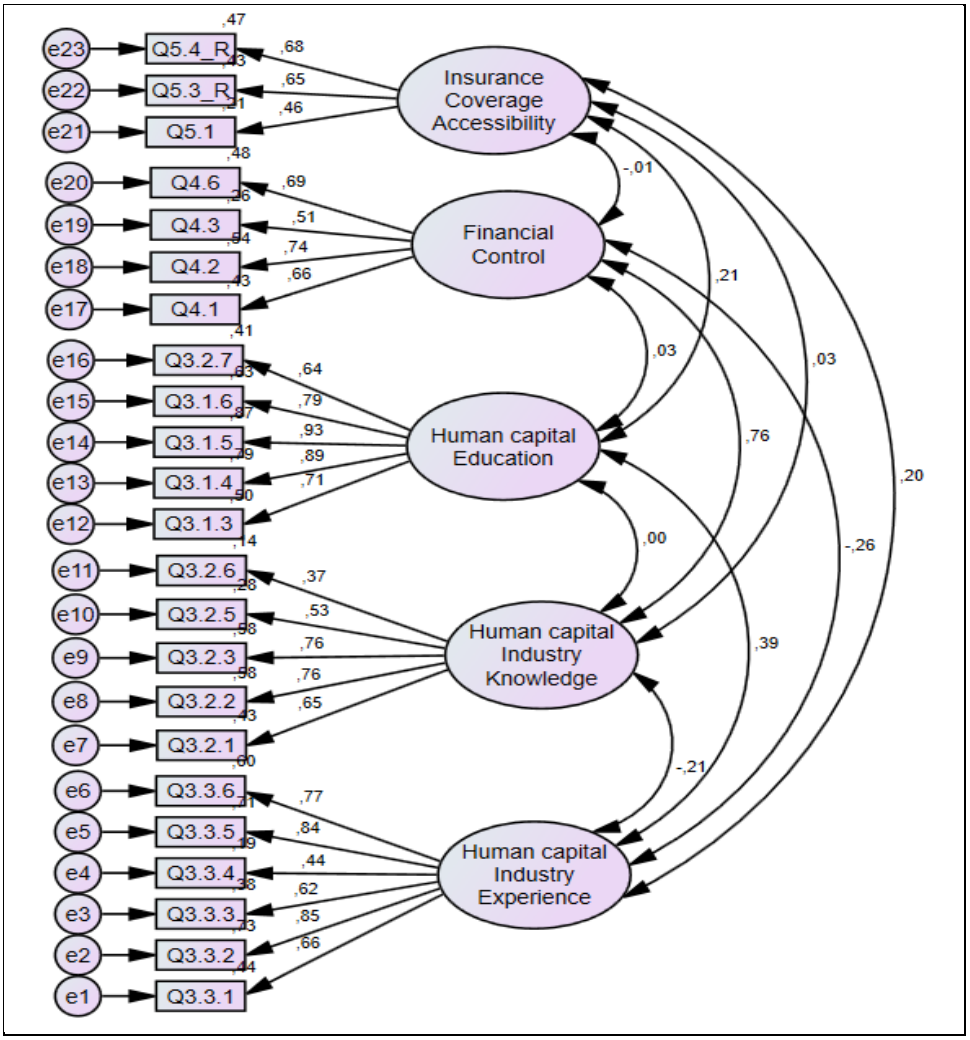


Figure 13: CFA Hypothesised Model

Source: Primary Data

The factor loadings show that indicated that the model could be improved by pruning the model further.

Table 18: Factor Loadings - Hypothesised Model

		Estimate
Human Capital - Industry experience		
Q3.3.1	HCIE: How many years of formal work experience do you have	,662
Q3.3.2	HCIE: How many years of marketing experience do you have	,853
Q3.3.3	HCIE: How many years of technological experience do you have	,617
Q3.3.4	HCIE: How many years of business operation experience do you have	,440
Q3.3.5	HCIE: How many years of market research experience do you have	,841
Q3.3.6	HCIE: How many years of financial management experience do you have	,774
Human capital – Industry Knowledge		
Q3.2.1	HCIK: I have excellent business management knowledge	,653
Q3.2.2	HCIK: I have knowledge of the products and or services I am offering	,760
Q3.2.3	HCIK: I have knowledge of my competitors	,763
Q3.2.5	HCIK: My business has been affected by socio - economic conditions (theft, inflation, interest rates etc.)	,532
Q3.2.6	HCIK: I have business registration knowledge	,371
Human capital - Education		
Q3.1.3	HCE: I have received financial advice	,709
Q3.1.4	HCE: I have received training on basic accounting principles	,891
Q3.1.5	HCE: I have received financial management training	,934
Q3.1.6	HCE: I know how to compile financial statements	,791
Q3.2.7	HCIK: I have knowledge of financial products relevant to me and my business	,638
Financial Control		
Q4.1	FC: I am responsible for the day-to-day money decisions in the business	,658
Q4.2	FC: I have a monthly budget	,736
Q4.3	FC: I have a bank account	,510
Q4.6	FC: I know how to manage my debt	,695
Insurance coverage accessibility		
Q5.1	ICA: Insurance is necessary for my business	,464
Q5.3_R	*ICA: Insurance products are a luxury	,653
Q5.4_R	*ICA: Insurance products are expensive	,685

Source: Primary Data

The model fit indices from the hypothesised model showed that most of the indices were outside the acceptable range and thus, the model had to be improved to improve the accuracy of the model.

Table 19: Fit Model - Hypothesised Model

Absolute Fit Indexes	Acceptable Value	Value	Outcome
GFI	>0.9	0.808	Outside acceptable range
AGFI	>0.9	0.759	Outside acceptable range
RSMEA	<0.08	0.086	Outside acceptable range
NFI	>0.9	0.762	Outside acceptable range
NNFI (TLI)	>0.9	0.814	Outside acceptable range
CFI	>0.9	0.838	Outside acceptable range
CMIN/DF	< 5	2.530	Acceptable

Source: Primary Data

Pruned Model

During model pruning, the items “Q3.2.6. HCIK: I have business registration knowledge”, “Q3.3.4. HCIE: How many years of business operation experience do you have”, and “Q3.2.7. HCIK: I have knowledge of financial products relevant to me and my business” were eliminated. The pruned model is shown in Figure 10.

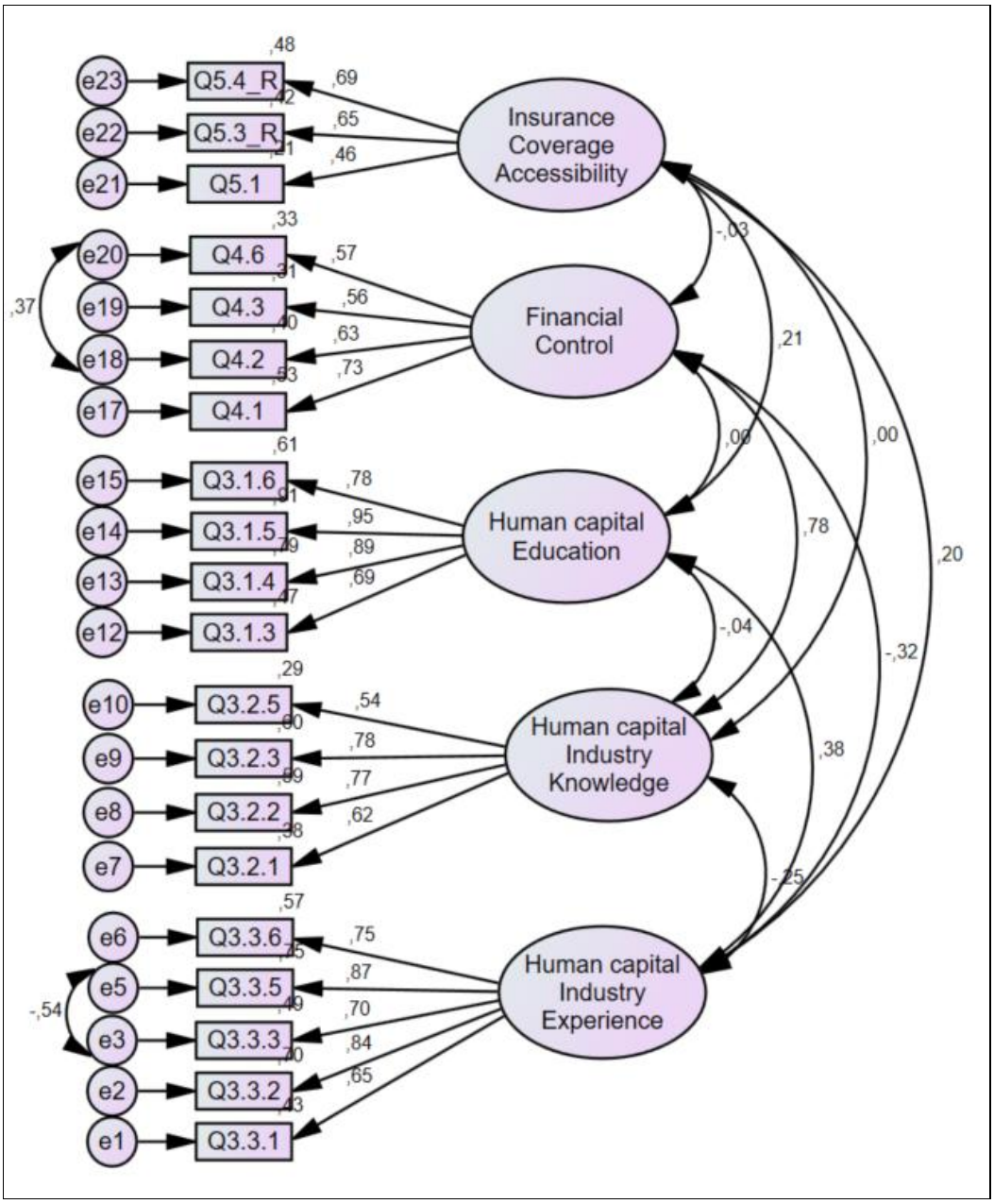


Figure 14: CFA Pruned Model

Source: Primary Data

Table 16 presents the retained items after pruning, with all items demonstrating significant factor loadings onto their respective constructs. Convergent validity is evident, as all constructs exhibit AVE values above 0.5, with the exception of Human Capital - Industry Knowledge (AVE = 0.466),

and Financial Control (AVE = 0.392), which fall below the threshold. Composite Reliability (CR) values greater than 0.7 were observed for Human Capital - Industry Experience (CR = 0.587) and Human Capital - Education (CR = 0.694), indicating satisfactory reliability, though some constructs like Insurance Coverage Accessibility (CR = 0.631) and Financial Control (CR = 0.392) showed lower reliability levels. Internal consistency is confirmed by Cronbach's Alpha values greater than 0.7 for Human Capital - Industry Experience (α = 0.876) and Human Capital - Education (α = 0.899), suggesting good internal consistency, although Insurance Coverage Accessibility (α = 0.615) and Financial Control (α = 0.718) demonstrate moderate consistency. Overall, the reliability was acceptable.

Table 20: Final construct composition, Cronbach's Alpha, CR and AVE

		Factor Loading	Cronbach's Alpha	**CR**	**AVE**
Human Capital - Industry experience			0.857	0.876	0.587
Q3.3.1	HCIE: How many years of formal work experience do you have	,654			
Q3.3.2	HCIE: How many years of marketing experience do you have	,839			
Q3.3.3	HCIE: How many years of technological experience do you have	,700			
Q3.3.5	HCIE: How many years of market research experience do you have	,865			
Q3.3.6	HCIE: How many years of financial management experience do you have	,753			
Human capital – Industry Knowledge			0.752	0.773	0.466
Q3.2.1	HCIK: I have excellent business management knowledge	,619			
Q3.2.2	HCIK: I have knowledge of the products and or services I am offering	,771			
Q3.2.3	HCIK: I have knowledge of my competitors	,775			
Q3.2.5	HCIK: My business has been affected by socio - economic conditions (theft, inflation, interest rates etc.)	,535			
Human capital - Education			0.892	0.899	0.694
Q3.1.3	HCE: I have received financial advice	,688			
Q3.1.4	HCE: I have received training on basic accounting principles	,888			
Q3.1.5	HCE: I have received financial management training	,952			
Q3.1.6	HCE: I know how to compile financial statements	,780			
Financial Control			0.737	0.718	0.392
Q4.1	FC: I am responsible for the day-to-day money decisions in the business	,726			
Q4.2	FC: I have a monthly budget	,634			
Q4.3	FC: I have a bank account	,556			
Q4.6	FC: I know how to manage my debt	,573			
Insurance coverage accessibility			0.615	0.631	0.370
Q5.1	ICA: Insurance is necessary for my business	,457			
Q5.3_R	*ICA: Insurance products are a luxury	,649			

Q5.4_R	*ICA: Insurance products are expensive	,693			

	CR	AVE	MSV	MaxR(H)	HCIE	FC	ICA	HCE	HCIK
HCIE	0.867	0.570	0.165	0.887	**0.755**				
FC	0.747	0.430	0.576	0.764	-,279	**0.655**			
ICA	0.631	0.370	0.044	0.656	,193	-,016	**0.608**		
HCE	0.897	0.641	0.165	0.933	,406	,029	,209	**0.800**	
HCIK	0.774	0.466	0.576	0.797	-,250	,759	,001	-,043	**0.683**

Source: Primary Data

The model fit indices showed an improvement from the hypothesised model. The indices were either acceptable or marginally acceptable, indicating a good fit. Further pruning could not improve the model further therefore, the hypothesis did not change.

Table 21: Pruned Model - Model Fit Indices

Absolute Fit Indexes	Acceptable Value	Value	Outcome
GFI	>0.9	0.883	Marginally Acceptable
AGFI	>0.9	0.844	Marginally Acceptable
RSMEA	<0.08	0.065	Acceptable
NFI	>0.9	0.849	Marginally Acceptable
NNFI (TLI)	>0.9	0.907	Acceptable
CFI	>0.9	0.923	Acceptable
CMIN/DF	< 5	1.867	Acceptable

Source: Primary Data

4.6 Hypothesis testing

4.6.1 Correlation analysis

The results show that Financial Control (mean = 6.12 ±0.987) was the highest rated construct followed by Human Capital Industry Knowledge (mean = 6.02 ±1.154), and Insurance Coverage

Accessibility (mean = 4.14 ± 1.576). The lowest rated was Human Capital Education (mean = 2.75±1.823).

Correlation analysis showed that there was negative and significant correlation between Human Capital Industry Experience and Financial control (r= -0.224, p-value < 0.05). There was strong positive and significant relationship between Human Capital Industry Knowledge and Financial control (r= 0.595, p-value < 0.05). Human Capital Education on the other hand had an insignificant relationship with financial control (r= 0.008, p-value > 0.05).

It can also be noted that there was a positive and significant correlation between Insurance Coverage Accessibility and each of Human Capital Industry Experience (r= 0.152, p-value <0.05), and Human Capital Education (r= 0.188, p-value <0.05). Human Capital Industry Knowledge on the other had had an insignificant effect of Insurance Coverage Accessibility(r= 0.062, p-value >0.05).

Table 22: Descriptive statistics and Pearson Correlation

	Descriptive Statistics		**Pearson Correlation**				
Construct	Mean	SD	1.	2.	3.	4.	5.
1. Human Capital Industry Experience	1.64	.825	1				
2. Human Capital Industry Knowledge	6.02	1.154	-.245**	1			
3. Human Capital Education	2.75	1.823	.408**	-.053	1		
4. Financial Control	6.12	.983	-.224**	.595**	.008	1	
5. Insurance Coverage Accessibility	4.14	1.576	.152*	.062	.188**	.041	1

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

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Primary Data

4.6.2 Correlation analysis

Structural Equation Modelling (SEM) was conducted in Amos to assess the hypotheses. The items retained in the final pruned model were used to fit the SEM and the results are shown presented in Figure 11.

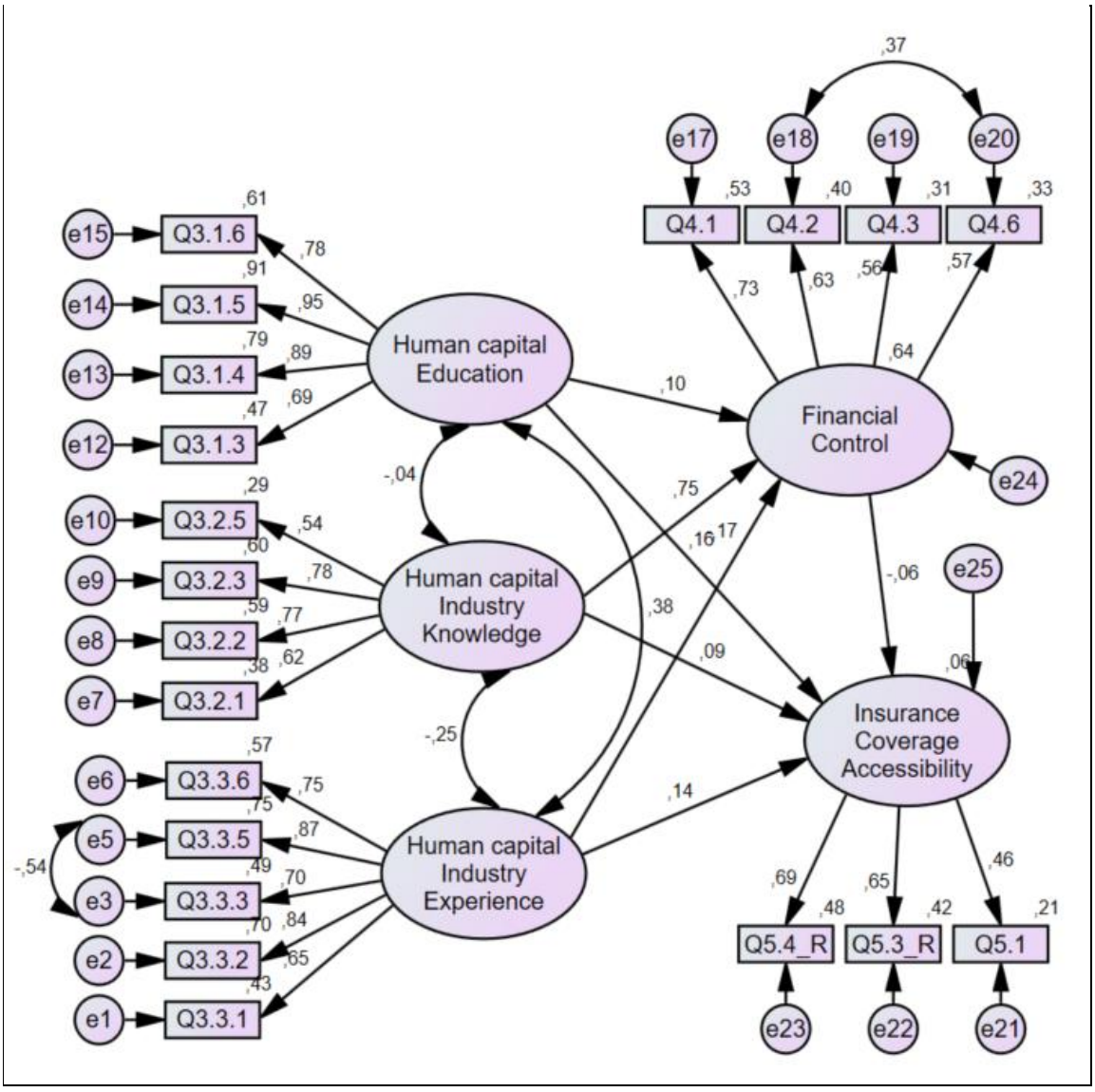


Figure 15: SEM Model

Source: Primary Data

Table 24 presents the regression weights, which were also utilised to test the f the hypotheses.

Table 23: Path Regression weights

Hypotheses / Path Analysis			Weights		T-value	P-Value	R-Square
			Unstandardised	Standardised			
Human capital - Education	⟶	Financial Control	,053	,099	1,295	,195	,637
Human capital – Industry Knowledge	⟶	Financial Control	,570	,745	6,476	***	
Human capital - Industry experience	⟶	Financial Control	-,163	-,167	-2,041	,041	
Human capital - Education	⟶	Insurance Cover Accessibility	,111	,157	1,533	,125	,062
Human capital – Industry Knowledge	⟶	Insurance Cover Accessibility	,086	,085	,408	,683	
Human capital - Industry experience	⟶	Insurance Cover Accessibility	,180	,141	1,283	,199	
Financial Control	⟶	Insurance Cover Accessibility	-,075	-,057	-,255	,799	

Source: Primary Data

Results pertaining to hypothesis H1: There is a positive relationship between Human Capital - education and insurance coverage accessibility.

The results presented in Table 19 show that Human Capital - Education ($\beta = 0.157$, t-value = 1.533, p-value = 0.125) had a positive but insignificant relationship with insurance coverage accessibility. The relationship was positive because the coefficient was greater than zero. It was however insignificant since the p-value was greater than 0.05. Thus, the hypothesis was supported but the result was not significant. Which means that there is no sufficient evidence at 5% significance level to suggest that there is a positive relationship between Human Capital - education and insurance coverage accessibility.

Results pertaining to hypothesis H2: There is a positive relationship between Human Capital - industry knowledge and insurance coverage accessibility

Results pertaining to hypothesis H3: There is a positive relationship between Human Capital - industry experience and insurance coverage accessibility

The results presented in Table 19 show that Human Capital - industry knowledge (β = 0.085, t-value = 0.408, p-value = 0.683) had a positive but insignificant relationship with insurance coverage accessibility. The relationship was positive because the coefficient was greater than zero. It was however insignificant since the p-value was greater than 0.05. Thus, the hypothesis was supported but the result was not significant. Which means that there is no sufficient evidence at 5% significance level to suggest that there is a positive relationship between Human Capital - industry experience and insurance coverage accessibility.

Results Pertaining to Hypothesis H3: There is a positive relationship between Human Capital - Industry Experience and Insurance Coverage Accessibility.

The results presented in Table 19 show that Human Capital - Industry Experience (β = 0.141, t-value = 1.2183, p-value = 0.199) had a positive but insignificant relationship with insurance coverage accessibility. The relationship was positive because the coefficient was greater than zero. It was however insignificant since the p-value was greater than 0.05. Thus, the hypothesis was supported but the result was not significant. Which means that there is no sufficient evidence at 5% significance level to suggest that there is a positive relationship between Human Capital - Industry Experience and insurance coverage accessibility.

Table 24: Direct and Indirect Effects for Mediation Testing

Hypotheses / Path Analysis	Direct Effect	Indirect Effect	Result	Hypothesis Supported
HCE → FC → ICA	0.111 (0.125)	-0.004 (0.388)	No Mediation	Not Supported

HCIK⟶ FC⟶ ICA	0.086 (0.683)	-0.043(0.456)	No Mediation	Not supported
HCIE⟶ FC⟶ ICA	0.180 (0.199)	0.012 (0.416)	No Mediation	Not supported

Notes: Estimate (p-value)

Source: Primary Data

Results pertaining to hypothesis H4a: Financial control mediates the relationship between human capital education and insurance coverage accessibility

For Human Capital - Education (HCE), the direct effect on Insurance Coverage Accessibility (ICA) was 0.111 (p = 0.125), and the indirect effect through Financial Control (FC) was -0.004 (p = 0.388). Both the direct and indirect effects were not statistically significant, and the mediation effect was not supported. Therefore, Hypothesis H4a was not supported, as financial control does not mediate the relationship between human capital education and insurance coverage accessibility.

Results Pertaining to Hypothesis H4b: Financial control mediates the relationship between Human Capital - Industry Knowledge and Insurance Coverage Accessibility

For Human Capital - Industry Knowledge (HCIK), the direct effect on Insurance Coverage Accessibility (ICA) was 0.086 (p = 0.683), and the indirect effect through Financial Control (FC) was -0.043 (p = 0.456). Both the direct and indirect effects were not statistically significant, indicating no mediation. Therefore, Hypothesis H4b was not supported, as financial control does not mediate the relationship between human capital industry knowledge and insurance coverage accessibility.

Results Pertaining to Hypothesis H4c: Financial control mediates the relationship between Human Capital - Industry Experience and Insurance Coverage Accessibility

For Human Capital - Industry Experience (HCIE), the direct effect on Insurance Coverage Accessibility (ICA) was 0.180 (p = 0.199), and the indirect effect through Financial Control (FC) was 0.012 (p = 0.416). Neither the direct effect nor the indirect effect was statistically significant, indicating that financial control does not mediate this relationship either. Therefore, Hypothesis

H4c was not supported, as financial control does not mediate the relationship between human capital industry experience and insurance coverage accessibility.

It was however noted that Human Capital - Industry Knowledge Education (β = 0.745, t-value = 6.476, p-value < 0.001) had a positive and significant effect on and Financial Control. While on the other hand Human Capital - Industry Experience Education (β =- 0.167, t-value = -2.041, p-value = 0.041) had a negative and significant effect on Financial Control.

4.6.3 Correlation analysis using demographics as control variables.

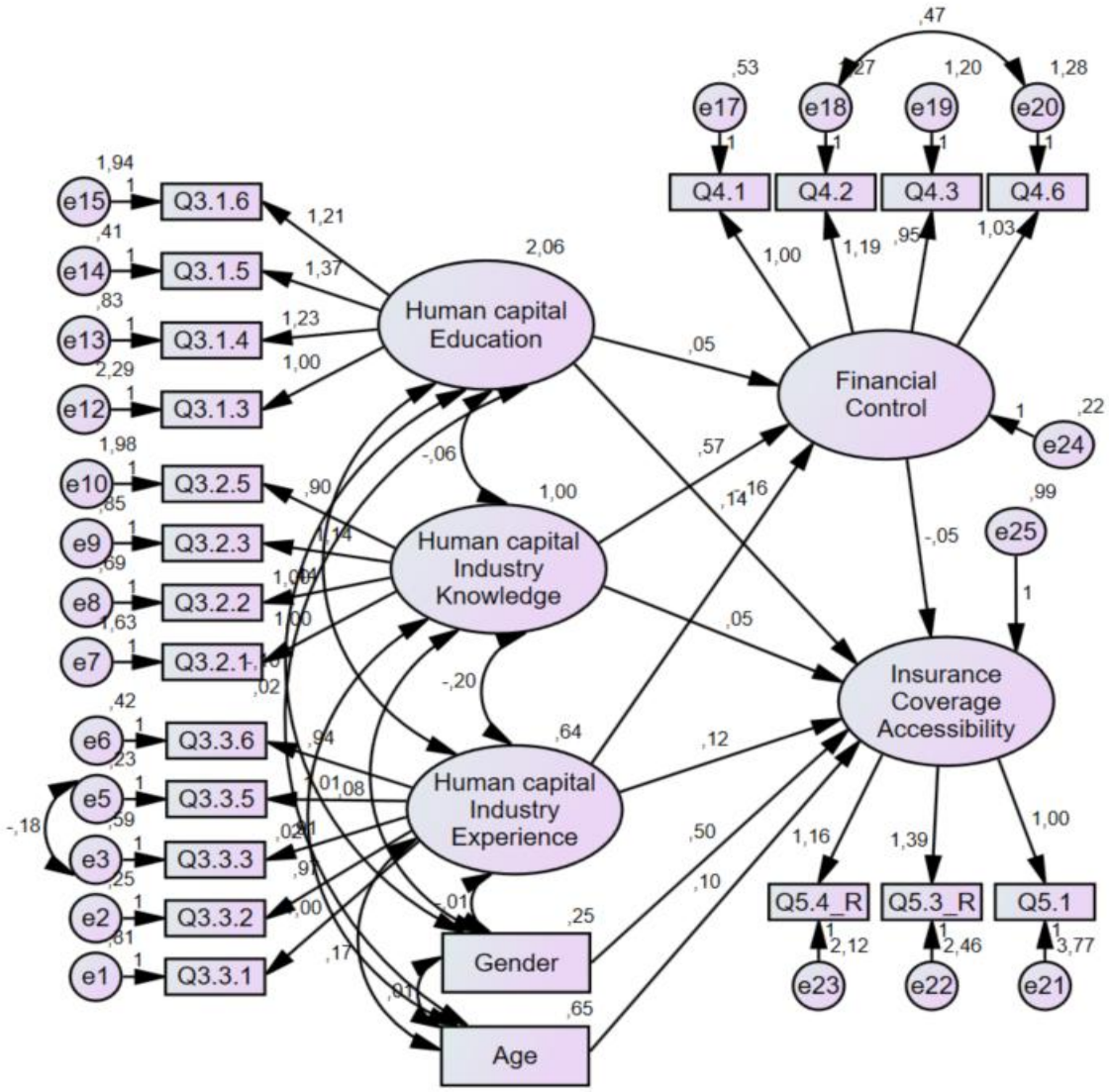


Figure 16: Figure 13: SEM Model using demographics as control variables

Source: Primary Data

Table 25: : Path Regression weights using demographics as control variables

Hypotheses / Path Analysis		Weights		T-value	P-Value	R-Square
		Unstandardised	Standardised			
Human capital - Education	⟶ Financial Control	,099	,053	1,290	,197	,634
Human capital – Industry Knowledge	⟶ Financial Control	,744	,572	6,463	***	
Human capital - Industry experience	⟶ Financial Control	-,165	-,159	-2,017	,044	
Human capital - Education	⟶ Insurance Cover Accessibility	,194	,143	1,860	,063	,116
Human capital – Industry Knowledge	⟶ Insurance Cover Accessibility	,043	,046	,211	,833	
Human capital - Industry experience	⟶ Insurance Cover Accessibility	,091	,120	,818	,414	
Financial Control	⟶ Insurance Cover Accessibility	-,034	-,047	-,158	,874	
Gender - Male	⟶ Insurance Cover Accessibility	,238	,504	2,538	,011	
Age	⟶ Insurance Cover Accessibility	,078	,103	,881	,378	

Source: Primary Data

Table 26: Direct and Indirect Effects for Mediation Testing using demographics as control variables

Hypotheses / Path Analysis	Direct Effect	Indirect Effect	Result	Hypothesis Supported
HCE → FC → ICA	0.143 (0.150)	-0.003 (0.518)	No Mediation	Not Supported
HCIK → FC → ICA	0.046 (0.803)	-0.027 (0.698)	No Mediation	Not supported
HCIE → FC → ICA	0.120 (0.361)	0.008 (0.573)	No Mediation	Not supported

Notes: Estimate (p-value)

Source: Primary Data

The results remained the same even after running the results using demographics as control variables, except that gender (male) also had a positive and significant effect on Insurance cover accessibility. These results suggest that gender, particularly males, play a crucial role in the likelihood of obtaining insurance. This finding highlights the need to consider gender disparities in the accessibility of insurance products, and possibly to investigate further the underlying reasons for this difference to promote more equitable insurance access.

4.7 Chapter summary

This study received a total of 209 responses and during the data cleaning process 3 responses were removed as they did not fully complete the survey therefore, only 206 were used to analyse the results. According to the descriptive statistics out of the 206 about 51% recorded as males, 48% recorded as females and 1% recorded as other respectively. Majority of the respondents identified as African with 97%, 2% identified as Indian and lastly 1% identified as coloured. Based on most of the respondents are between the ages 30-39 (48%) followed by those between the ages of 18-29 (24%) making it a total of 72% of young individuals engaging in entrepreneurial activities. 24%

of the respondents are between the ages of 40-49 and 4% of the respondents reported they fall above the ages of 50 and above.

Most of the respondents (67%) have 0-3 dependents, while 31% have 4-7 dependents. The highest level of education achieved by the largest group (38%) is secondary education followed by various post-secondary qualifications. Notably, 13% reported no formal schooling or had dropped out indicating a potential knowledge gap in the sample population. Most businesses (73%) have 0-2 employees indicating sole proprietorship. 19% have 3-6 employees and only 5% have 7 or more employees. Majority of entrepreneurs started businesses to earn a living while 13% aimed to create wealth, 8% wanted to make a difference and 5% continued a family business. About 79% of the entrepreneurs rely on personal capital while 10% receive investments, 6% get support from family/ friends and 4% use credit. 24% of the entrepreneurs are in the transport business, 12% is the hair salon business, 5% make-up of the fashion business, majority of entrepreneurs (36%) recorded their businesses as other.

Based on the results presented 50% of the respondents make a profit of R0-R30,000 annually, 28% earn R31,000-R60,000, and 23% earn above R61,000. The results further show that majority of the entrepreneurs (50%) have savings/ Investments followed by death and disability cover (43%). About 25% of entrepreneurs recorded that they have car insurance and 11% recorded that they have home insurance. An alarming 30% of entrepreneurs mentioned that they do not have insurance which indicates that some entrepreneurs do not have risk management strategies in place.

The reliability and validity of the scales were tested to ensure that the data used is reliable to test the hypothesis of the study. Exploratory and Confirmatory factor analysis was employed to ensure that the variables converge into their respective factors and diverge from the unrelated factors. The below table shows the hypothesis testing summary:

Table 27: Hypothesis summary

Hypothesis	**P value**	**Supported or not supported**

H1: There is a positive relationship between Human Capital - education and insurance coverage accessibility.	0.125	Not supported
H2: There is a positive relationship between Human Capital - industry knowledge and insurance coverage accessibility	0.683	Not supported
H3: There is a positive relationship between Human Capital - Industry Experience and Insurance Coverage Accessibility.	0.199	Not supported
H4a: Financial control mediates the relationship between human capital education and insurance coverage accessibility	0.125	Not supported
H4b: Financial control mediates the relationship between Human Capital - Industry Knowledge and Insurance Coverage Accessibility	0.456	Not supported
H4c: Financial control mediates the relationship between Human Capital - Industry Experience and Insurance Coverage Accessibility	0,416	Not supported

Source: Primary Data

The results of the all the hypothesis were all above 0.05 therefore, there is insufficient evidence to conclude in favour of the null hypothesis. All p values were positive therefore, human capital factors have a positive relationship on financial control and inevitable insurance access. The results further suggest there is correlation between one and more of the variables.

CHAPTER 5. IMPLICATIONS, RECOMMENDATION AND CONCLUSION

The results in this chapter will be discussed pertaining to the literature review. This study examined the relationship between human capital elements and access to insurance mediated by financial control. This chapter aims to discuss the practical implications, contributions, recommendations, suggestion for future research and conclusion of this study using the results presented in chapter 4. The limitations concerning this study are also noted in this chapter.

5.1 Entrepreneurs demographic profiling

Out of the 206 responses 51% were males and 48% were females. Bowmaker-Falconer and Meyer (2022) state that men are more likely to open businesses than women the authors further mentioned that about 18.80% of males in South Africa own small and medium enterprises which is greater than the 16.20% recorded by female respondents. To support this statement GEM (2024) mentioned that males have higher entrepreneurial activity than women. According to Chauke (2022) women struggle to operate successful businesses due to the barriers they come across during their entrepreneurial journey which are but not limited to societal norms, lack of governmental and policy support, limited education and training.

About 72% of respondents fall between the ages of 18-39 indicating that most of the entrepreneurs are relatively young. The age and gender gap persists in entrepreneurship the author further mentions that to practise inclusive entrepreneurship support structures and strategies need to be made equally available (Visser, 2020). The youth is more actively involved in entrepreneurial activities than the older generation (Bowmaker-Falconer & Meyer, 2022). According to the results, majority of the entrepreneurs (85.5%) have received some form of formal education whereas 13% have not received any formal education. About 65% of the entrepreneurs engaged in entrepreneurial activities just to earn a living.

This shows that the South African youth is willing to develop a professional career as the majority of the respondents have received formal education however, due to the high rates of unemployment they have resorted to entrepreneurship. According to Bowmaker-Falconer and Meyer (2022), South African entrepreneurs start businesses to earn a living. Based on this study's results most entrepreneurs (89%) used their own funds to open a business. There are government programs aimed at providing support however, informal entrepreneurs still find themselves having to fund their own businesses. Over and above that these entrepreneurs (78%) make an annual profit of R0-

R60,000 per annum. Majority of the entrepreneurs operate their businesses in the taxi (24%), hair and beauty (12%) and other industries (36%). Looking at the profit scale, majority of these informal entrepreneurs fall within the trade category.

As the results have shown that entrepreneurs use their monies to start their businesses the most undertaken insurance is savings and investment (50%) followed by death and disability (43%). Some entrepreneurs (25%) have noted that they have car insurance, however 30% of the entrepreneurs do not have any form of insurance. Insurance is made available as a risk mitigation issue. By not having insurance these entrepreneurs operate under a risk of losing their businesses should they face any unforeseen circumstances. The testing of the hypothesis will assist in understanding why there are 30% of entrepreneurs who do not use insurance as a risk mitigation strategy.

5.2 Discussion of the hypothesis

The study aimed to investigate the relationship between human capital elements and accessibility to insurance using financial control as a mediator. This stems from the literature reviewed in this study suggesting that human capital elements have a direct relationship with access to insurance. The relationship between human capital and insurance accessibility was displayed using the conceptual framework. The reliability and validity of the scales were tested using the EFA, CFA and the Cronbach's alpha. Items "Q3.2.6. HCIK: I have business registration knowledge", Q3.3.4. HCIE: How many years of business operation experience do you have "Q3.2.7. HCIK: I have knowledge of financial products relevant to me and my business" were removed to effectively improve the scales and have the data that is valid and reliable. Correlation analyses were also performed as the researcher was using regression analysis to measure the relationships. According to Field (2013) regression tests are sensitive to high correlated factors.

H1: There is a positive relationship between Human Capital - education and insurance coverage accessibility.

According to the results human capital – education has a positive and insignificant relationship with insurance coverage accessibility. The hypothesis was therefore supported even though the results were statistically insignificant. These results mean that human capital insurance can increase the accessibility of insurance accessibility even though the relationship is not statistically significant. Based on the results this shows that as human capital – education increases so does

insurance coverage accessibility. These results suggest that even though education may have a positive influence on insurance coverage accessibility other factors may be more influential in determining accessibility.

This aligns with theories suggesting that educated entrepreneurs are more likely to understand and navigate the complexities of insurance systems and products potentially leading to better outcomes. To support this statement according to Kaiser et al. (2022) financial education has a positive impact on financial control. The fact that the p-value is more than 0.05 signifies a lack of statistical significance therefore, we cannot confidently conclude that the relationship observed is not due to random variation.

A study conducted by Mountain et al. (2021) proved that attending financial workshops is not effective for to financial management however, social networks that are financially aware or getting advice from a financial advisor is more effective to financial management. Kaiser et al. (2022) further mentioned that financial education often promotes financial inclusion and improved financial management.

Based **Human Capital: Education – Descriptive Statistics** majority of entrepreneurs (38%) are keen on learning and understanding insurance products and their complexities. To support this result according to Fortuin et al. (2022) South African's spending habits show financial literacy programs are needed. This proves that financial literacy programs tailored to informal entrepreneurs are needed to not only improve economic development and but also encourage entrepreneurs to operate sustainable businesses.

H2: There is a positive relationship between Human Capital - Industry Knowledge and insurance coverage accessibility

The positive coefficient indicates that as human capital increases – Industry Knowledge increases, insurance coverage accessibility also tends to increase. This suggests that entrepreneurs with more industry-specific knowledge may better be equipped to understand the insurance products that are relevant to them and their businesses. The p-value exceeds 0.05 therefore, the relationship between human capital- industry knowledge is not statistically significant at 5% significance level. Majority of the entrepreneurs (63%) **Human Capital: Industry Knowledge – Descriptive Statistics** have knowledge of the products and or services that they provide therefore, they know how to service

their clients well and if they understand how to manage their finances better and make sound financial decisions, they will operate successful businesses.

Researchers as such Nonaka and Tekeuchi (2007), Muñoz-Pascual et al. (2020), Ye and Kulathunga (2019) mentioned that knowledge has a significant impact on business sustainability and ultimately profitability. Financial control is influenced more by knowledge than it is by income or profits (Arifin, 2017). Therefore, informal entrepreneurs require more knowledge of insurance products that are relevant to them and their businesses. About 57% of the entrepreneurs mentioned that they have been affected by socio-economic issues therefore, these entrepreneurs can benefit from insurance coverage.

Enhancing the entrepreneur's understanding and awareness of insurance offerings can provide vital financial protection, freedom and stability enabling them to better navigate these challenges and safeguard their livelihoods. Bridging the gap through targeted educational initiatives and outreach programs can thus significantly improve the resilience and financial stability of informal entrepreneurs, fostering a more inclusive and robust entrepreneurial ecosystem. Based on the results the majority of the intrapreneurs (63%) indicated that they have knowledge of the products that they are offering and (53%) indicated that they are knowledgeable about their competitors. The lack of insurance access is explained by the lack of access to financial brokers/ advisors (61%) to offer valid financial advice that will benefit both the entrepreneurs' business and their family's financial well-being.

H3: There is a positive relationship between Human Capital - Industry Experience and Insurance Coverage Accessibility.

The positive coefficient entails that on average, higher levels of industry experience are associated with improved access to insurance coverage accessibility. These results further suggest that entrepreneurs with more experience in a particular industry may have better knowledge of available insurance options, greater negotiation skills, or an enhanced understanding of how to utilize insurance products effectively. Entrepreneurs with industry-specific experience can explore entrepreneurial opportunities that are directly relevant to them and their businesses (Barreira, 2004). To further support this according to Nguyen (2019) entrepreneurs with vast industry experience can make sound insurance decisions. This proves that even though this hypothesis was

not supported statistically however, when industry experience increases (β = 0.141) so are the chances of insurance coverage accessibility.

The p-value is higher than 0.05 therefore, even though the hypothesis is supported the results do not provide enough statistical evidence to confirm a robust connection between industry experience and insurance accessibility. It is important to note that high-rate items that were highly rated are the number of years of business operation (Mean = 2.46 ± 1.26) and the number of formal work experience (Mean = 2.03 ± 1.21). These results show that entrepreneurs are experienced in the processes, systems, products and services they provide or use in their businesses. To support this statement Urban at al. (2016) mentioned that entrepreneurs are most likely to open businesses that they are familiar with. This also explains why the majority of entrepreneurs (73%) have had their businesses for over 4 years.

Based on the results industry experience is not only indicative of the entrepreneur's deep understanding of operational workflows and market dynamics but also highlights their capacity to effectively navigate and optimise these elements to enhance business performance. This industry-specific experience also enables them to make informed decisions, streamline operations and innovate continually. Furthermore, these results suggest that expertise equips entrepreneurs with a competitive edge, allowing them to anticipate and respond to market changes and challenges proficiently. Their comprehensive knowledge of the products and services they offer or utilize fosters a robust foundation for growth, adaptation, and sustained success in the entrepreneurial landscape. As such, the cultivation and continuous development of this expertise are pivotal to maintaining and enhancing competitive positioning.

H4a: Financial control mediates the relationship between human capital education and insurance coverage accessibility

The results show that both the direct relationship of Human Capital – Education (HCE) on Insurance Coverage Accessibility (ICA) and the indirect relationship through Financial Control (FC) were not statistically significant. This suggests that financial control does not mediate the relationship between HCE and ICA. The lack of statistical significance for both direct and indirect effects indicates that financial control is not a relevant mechanism in explaining the impact of education on access to insurance coverage in this context.

These results further suggest that while education might influence access to insurance, its effect does not operate through financial control. These results further state that only 5% of the entrepreneurs have received financial management training and only 5% know how to compile financial statements. Financial education has an opportunity to increase the entrepreneur's ability to access financial products (Serame, 2019). Even though financial control does not mediate the relationship between human capital education and insurance coverage accessibility other factors such as personal financial behaviour, social capital, or external policy factors may be more influential in explaining insurance access.

This suggests a need for more targeted educational interventions that go beyond traditional financial management, focusing on broader aspects of insurance literacy and understanding. According to Ozili (2021) financial education promotes improved financial behaviour. By addressing this educational void, we can enhance the financial resilience and stability of entrepreneurs, enabling them to better manage risks and capitalise on insurance opportunities effectively.

H4b: Financial control mediates the relationship between Human Capital - Industry Knowledge and Insurance Coverage Accessibility

According to the results there is no sufficient evidence that supports the hypothesis that the relationship between Human Capital – Industry Knowledge (HCIK) and Insurance Coverage Accessibility (ISA) is mediated by Financial Control (FC). Industry knowledge might improve the entrepreneurs understanding of insurance needs and analysis, but their access to insurance is not related to financial control.

The implications of this outcome are multifaceted raising critical considerations about the factors influencing ICA that extend beyond the scope of FC. Furthermore, the observation that FC does not mediate this relationship emphasizes the need for a holistic understanding of how entrepreneurs navigate the complexities of insurance markets. Entrepreneurs equipped with industry knowledge might still face systematic challenges that hinder their ability to secure appropriate insurance coverage.

According to these results about 20% of the entrepreneurs do not generate different quotes before taking out financial products or services. This shows that even with a strong foundation in industry

knowledge, entrepreneurs need additional support and resources to effectively manage entrepreneurial risks and challenges. By addressing these broader issues, all entrepreneurs, regardless of their level of industry knowledge, have equitable access to essential insurance coverage.

H4c: Financial control mediates the relationship between Human Capital - Industry Experience and Insurance Coverage Accessibility

Neither the direct nor indirect relationship between Human Capital - Industry Experience and Insurance Coverage Accessibility was statistically supported. These results suggest that financial control does not mediate this relationship. The insignificant results imply that while industry experience could have some on insurance accessibility it does not do so through financial control. The lack of mediation suggests that experience on its own does not equate to enhanced accessibility of insurance products.

Though, it might be assumed that greater industry experience would inherently provide entrepreneurs with a more profound understanding of the nuances of insurance offerings, however, based on these results industry experience does not have a relationship with insurance coverage directly or indirectly through financial control. Njegomir (2018), mentioned that insurance product application depends on the level of risk that the entrepreneur is exposed to hence financial control does not mediate the relationship between industry experience and insurance coverage accessibility. There is a pressing need for practical guidance and resources that can help entrepreneurs effectively manage and overcome systemic hurdles.

The results further, state that increased experience in the industry, despite its advantages, may coincide with a paradoxical detriment to financial control. The outcome suggests that entrepreneurs grounded predominately in experiential learning might prioritize practical over theoretical frameworks, potentially undermining systematic financial governance. The implications of these results warrant further investigation into the balance between experiential learning and formal education, particularly in understanding how different human capital forms can influence organisational financial practices.

Results on the influence of Human capital on Financial Control

While financial control does not mediate the relationships in any of the hypotheses tested, there were notable direct effects observed:

Human Capital – Industry Knowledge (HCIK) had a significant positive relationship with financial control ($\beta = 0.745$, t-value = 6.476, p-values < 0.001), suggesting that individuals with greater industry knowledge may manage their finances more effectively. This could indicate that understanding the industry and its financial dynamics translates into better financial decision-making and control. According to Mountain (2022) effective financial control and sound financial decisions can be achieved through effective financial education and knowledge.

Human Capital – Industry Experience (HCIE) had a significant negative relationship on Financial Control (FC) ($\beta = -0.167$, t-value = -2.041, p-values < 0.041)., suggesting that greater industry experience may lead to lower financial control. This result may be seen as counterintuitive at first glance, but it could reflect complex dynamics in financial behaviour within industries, where individuals with more experience might have higher financial risks or responsibilities, leading to challenges in managing finances. Urban et al., (2016) mentioned that industry has a significant impact on a business's success. Thus, in this study was found that industry experience has a significant and positive relationship with financial control.

The entrepreneur's lack of experience affects their ability to control their finances and inevitably be able to afford financial products (Sabir et al., 2019). This inexperience can result in poor financial decision-making, insufficient understanding of financial management practices, and an inability to navigate complex financial markets. Consequently, entrepreneurs may struggle to maintain financial products such as loans, insurance, and investment opportunities. The deficit in experience hinders their ability to develop and implement sound financial strategies, ultimately impacting their business growth and sustainability. Moreover, these results suggest that this lack of financial control exacerbates the challenges entrepreneurs face in accessing financial products. Based on the results of this study without adequate financial literacy and experience, entrepreneurs are less likely to qualify for financial services or products that could provide critical support to their business operations.

5.3 Theoretical and practical contribution

This study contributes to the existing literature on human capital and insurance accessibility by investigating the relationship between education, industry knowledge, industry experience, and insurance coverage accessibility. The findings provide insights into the role of human capital in shaping insurance coverage accessibility, highlighting the importance of industry knowledge, education and industry experience in accessing insurance coverage. The study offers industry-specific insights, particularly regarding the role of industry knowledge and experience. It further highlights the need for further exploration into how human capital impacts financial behaviours, not only in terms of income but also in terms of access to services such as insurance.

The study indicates that most of the entrepreneurs have secondary education, with a significant proportion lacking schooling. This indicates a reliance on human capital and may be limited in scope. Additionally, the predominant use of personal capital (79%) and the lack of intent to take up external investments (10%) suggest that financial resources are constrained. The small scale of operations, with 73% entrepreneurs, further emphasizes the limited organizational capabilities. The findings align with the Resource Based View's assertion that access to, and management of resources are critical for business success (Bhandari et al., 2022). The constraints observed in this study may hinder the ability of the entrepreneurs to leverage resources effectively, and potentially impacting their performance, growth and sustainability prospects.

The Lack of insurance coverage among 30% of entrepreneurs further points to the potential gaps in risk-sharing networks. The result further signals inadequate risk mitigation, and this contribute to the risk theory in entrepreneurship by highlighting gaps in risk awareness and preparedness that could jeopardize business continuity and sustainability. The risk theory was not part of the theoretical background however, based on the study results it indicates that it aligns with this study. According to various scholars Sadowski et al. (2024); Loubergé and Dionne (2024); Zitikis et al. (2010) the risk theory is a field within applied probability that studies the financial consequences of risks, especially related to insurance and financial markets. They further mention that the theory aims to quantify the chances and effects of potential losses or insolvency events.

The research findings resonate with research highlighting the role of social capital in facilitating access to resources and opportunities thereby influencing entrepreneurial success. The predominance of sole proprietorship (73%) and the low number of employees (0-2) further indicate

a conservative approach to business expansion. These patterns align with the literature suggesting that there is a limited entrepreneurial orientation among entrepreneurs in similar contexts. The emphasis on survival may constrain the adoption of proactive and innovative strategies that are often associated with higher performance (Matchaba et al., 2015).

The study contributes to entrepreneurship theory by applying established frameworks (RBV, SCT, and EO) to the context of South African entrepreneurs. The findings underscore the importance of resource access, network engagement, and entrepreneurial mindset in shaping positive business results. By highlighting the constraints faced by these entrepreneurs, the research provides a foundation for developing targeted interventions aimed at enhancing resource access, fostering social capital and cultivating a more robust entrepreneurial orientation.

Furthermore, motivations for entrepreneurship primarily centred on earning a living (Majority), with smaller proportions aiming to create wealth, make a difference or continue with a family business. These motivational patterns enrich motivational theories by emphasizing necessity-driven entrepreneurship alongside opportunity-driven motives, a distinction particularly relevant in developing economies. Sectoral diversity, with a significant portion in transport (24%) and hair salon businesses (12%), reflects localized market demands and the entrepreneurial responses to these opportunities. This finding advances contextual entrepreneurship theory by illustrating how socio-economic conditions shape industry engagement.

The study's results have practical implications for policymakers, insurance providers, and individuals seeking insurance coverage. The findings suggest that initiatives aimed at enhancing industry knowledge, financial education and industry experience may not necessarily lead to increased insurance coverage accessibility. Therefore, alternative strategies, such as improving socio-economic factors, addressing information asymmetry, and enhancing insurance product design may be more effective in increasing insurance coverage accessibility.

This study will assist in encouraging insurance providers to target underserved populations who also can benefit from using insurance as a risk mitigation strategy. Therefore, financial institutions and insurance providers need to rethink their strategies for reaching diverse segments. Based on the results of this study insurance providers can look at lowering premiums, offering more flexible payment solutions or enhancing financial training and counselling.

5.4 Limitations of the Study

According to Bell et al. (2022), limitations can be seen as the conditions that are out of the researcher's capacity to fully achieve the research objectives. The study's results are limited by the sample size highlighting the need for future research to address this limitation. The insignificance of the results suggests that other factors such as socioeconomic status, regional availability of insurance products, financial inclusion policies, and the availability of financial advisors may play a vital role in determining insurance accessibility. The study's reliance on the quantitative method overlooked qualitative methods which could have provided more insights such as understanding the entrepreneur's perceptions, cultural context and or economic and political support.

Furthermore, the cross-sectional design of this research restricted the ability to draw causal inferences over time, highlighting the need for longitudinal studies to further explore the complexities of human capital and insurance coverage accessibility. During the data collection phase respondents may not be truthful about their circumstances particularly pertaining to their profits, education nor insurance products they have or wish to obtain to name a few. Some respondents regard research as a governmental or political study aimed at posing a threat to their businesses thus withholding some of the important information when responding to the study.

5.5 Suggestion for future research

Future researchers can explore a larger scale study, employ a qualitative study or conduct a mixed-method study to explore the participant's perceptions and barriers to insurance access. This could unveil underlying factors contributing to the lack of significance in the observed relationship. To eliminate more complex pathways impacting insurance coverage accessibility researchers can explore the role of digital literacy alongside financial education. Researchers can also refine the measures of industry knowledge and insurance coverage accessibility.

More control and or moderator variables (economic factors, political environment, demographic variables) may need to be added for future research to obtain more understanding of the relationship between human capital-industry knowledge and insurance coverage accessibility. By addressing these limitations and building on the current study's findings, future research can provide more comprehensive insights into the relationship between human capital and insurance coverage accessibility, ultimately informing policy and practice in the insurance industry. Researchers can also explore direct factors that could influence the link between industry

knowledge and insurance coverage such as organisational support, social networks, risk tolerance or behavioural factors related to risk perception.

5.6 Conclusion

Education is often linked to greater financial literacy enabling entrepreneurs to make informed decisions regarding insurance products and services. The results of this research indicate that variables of education, industry knowledge, and industry experience do not have any relationship with insurance coverage accessibility, nor do they interact with financial control as a mediating variable. The findings of this study suggest that while there is an association worth exploring, policymakers and practitioners should be cautious about drawing definite conclusions regarding the effectiveness of enhancing industry knowledge to increase accessibility. These results highlight the importance of investing in financial education and training programs, especially for entrepreneurs operating in financially complex industries that are financially complex. Financial education needs to be tailored per industry to ensure its effectiveness (Kaiser et al., 2022)

Njegomir et al. (2023) in their study found that there is a significant relationship between insurance coverage and entrepreneurial insurable risks therefore the relationship between entrepreneurs and insurance coverage needs to be explored more by researchers and scholars to practise economic inclusion. Researchers (Chen et al., 1998; Evans, 1990; Novak & Bojnec, 2005; Unger et al., 2011) alluded that entrepreneurs who have human capital have better chances of succeeding in their entrepreneurial journey. Based on the literature reviewed and the results of this study it is evident that entrepreneurial orientation and self-efficacy take precedence, and these are some of the contrasts that need to be explored when conducting a study on insurance coverage accessibility.

A study conducted by Murozvi et al. (2022) mentioned that the formal sector is unable to keep up with the job demands in South Africa leading to more unemployed youth. Based on the results of this study majority of the entrepreneurs are youth and young adults aged between 18and 39, and a majority of these entrepreneurs started businesses to earn a living. Scholars Bvuma et al. (2020), Musara et al. (2020), and Wolmarans et al. (2015) emphasize the importance of informal entrepreneurs and how they assist in curbing some of the socio-economic issues such as poverty and employment. But if 57% of these entrepreneurs are being affected by socio-economic issues high inflation, interest rates, crime, and political instabilities these factors pose a threat to their very existence.

This study established that most of these entrepreneurs (79%) used their own funds to start their own businesses. According to Fakoti (2010) to get access to funding one needs to have insurance as security of the funding. With the results of this study 30% of the entrepreneurs do not have insurance which makes it hard for these entrepreneurs to gain access to funding. This signifies that insurance is a crucial part of not only safeguarding the business's sustainability but also can increase the chances of access to funding.

One of the challenges noted by Bewaji et al. (2015) informal entrepreneurs struggle with access to funding due to a lack of knowledge on processes and available funding opportunities. This necessitates a re-examination of the role of educational programs and support systems designed to improve insurance Human Capital – Industry Knowledge (HCIK) among informal entrepreneurs and ensure that such initiatives are coupled with practical strategies to overcome barriers to insurance coverage accessibility.

Entrepreneurs need to be able to navigate the difference between short-term and long-term insurance relevant to their businesses and or employees (Wyckoff, 2014). Informal entrepreneurs (38%) are aware that insurance is vital for their businesses and thus learning about insurance is necessary however the results also noted that entrepreneurs (31%) believe that insurance products are expensive. This calls for a need for insurance providers to design more flexible and affordable products that will be accessible by informal entrepreneurs this will enable entrepreneurship inclusivity.

An alarming number of 61% (46% + 15%) of these entrepreneurs have never used the services of a financial advisor, this calls for a need for insurance providers to broaden their market reach and focus on entrepreneurs operating in rural areas. To support the literature and these results Aashima et al. (2024) mentioned in their study that fostering greater awareness and comprehension of insurance products is essential furthermore, enhancing knowledge about existing insurance schemes and their benefits stands as a critical policy recommendation to improve access to insurance, thereby supporting more inclusive and informed participation in the insurance market.

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APPENDIXES

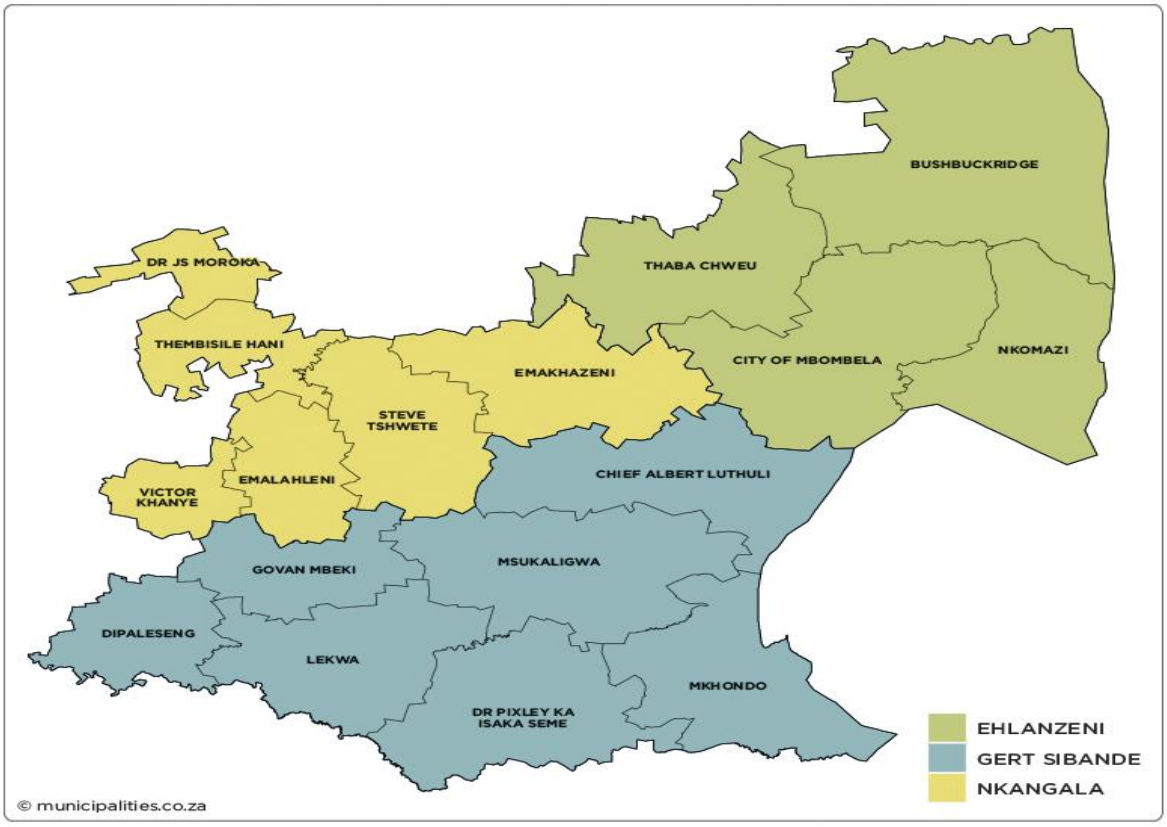


Figure 17: Mpumalanga Map overview

Source: Mpumalanga Municipalities (n.d.)

SCHEDULE 1

The new National Small Enterprise Act thresholds for defining enterprise size classes by sector, using two proxies

Column 1	Column 2	Column 3	Column 4
Sectors or sub-sectors in accordance with the Standard Industrial Classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	51 - 250	≤ 35,0 million
	Small	11- 50	≤ 17,0 million
	Micro	0 – 10	≤ 7,0 million
Mining and Quarrying	Medium	51 - 250	≤ 210,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 – 10	≤ 15,0 million
Manufacturing	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 50,0 million
	Micro	0 – 10	≤ 10,0 million
Electricity, Gas and Water	Medium	51 - 250	≤ 180,0 million
	Small	11- 50	≤ 60,0 million
	Micro	0- 10	≤ 10,0 million
Construction	Medium	51 - 250	≤ 170,0 million
	Small	11- 50	≤ 75,0 million
	Micro	0- 10	≤ 10,0 million
Retail, motor trade and repair services.	Medium	51 - 250	≤ 80,0 million
	Small	11- 50	≤ 25,0 million
	Micro	0 – 10	≤ 7,5 million
Wholesale	Medium	51 - 250	≤ 220,0 million
	Small	11- 50	≤ 80,0 million
	Micro	0 – 10	≤ 20,0 million
Catering, Accommodation and other Trade	Medium	51 - 250	≤ 40,0 million
	Small	11- 50	≤ 15,0 million
	Micro	0 – 10	≤ 5,0 million
Transport, Storage and Communications	Medium	51 - 250	≤ 140,0 million
	Small	11- 50	≤ 45,0 million
	Micro	0 – 10	≤ 7,5 million
Finance and Business Services	Medium	51 - 250	≤ 85,0 million
	Small	11- 50	≤ 35,0 million
	Micro	0- 10	≤ 7,5 million
Community, Social and Personal Services	Medium	51 - 250	≤ 70,0 million
	Small	11- 50	≤ 22,0 million
	Micro	0 – 10	≤ 5,0 million

Lindiwe D Zulu, MP
Minister of Small Business Development
Date: 27/02/2019

2

Initial

Figure 18: SMME definition per industry

Source: Zulu (2019, p.2)

APPENDIX 1: QUESTIONNAIRE

Human Capital and insurance coverage accessibility by informal businesses in Dr JSMLM

Survey Flow

Standard: Introduction and Consent (3 Questions)

Block: Section A - Part 1: Demographic information (4 Questions)

Standard: Section A - Part 2: Business Information (5 Questions)

Standard: Section B - Part 3: Human Capital - Education (7 Questions)

Standard: Section B - Part 3: Human Capital - Industry knowledge (7 Questions)

Standard: Section B - Part 4: Human Capital - Industry experience (6 Questions)

Standard: Section B - Part 5: Financial Control (6 Questions)

Standard: Section B - Part 6: Accessibility of insurance coverage (5 Questions)

Page Break

Start of Block: Introduction and Consent

Dear Sir/Madam I am a Master of Management in Entrepreneurship and New Venture Creation student at Wits Business School situated in Parktown, with student number 2360242. As part of my studies, I am required to conduct research under the supervision of Prof. Boris Urban. The purpose of this research is to investigate the relationship between human capital and the insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality). This will be used to understand why informal businesses have or do not have access to affordable insurance coverage. I would like to ask you to kindly participate in this study by completing a short survey. The survey will take no longer than 15 minutes of your time. Your participation in this

survey is completely voluntary. You will not be asked for any personal or confidential information. Your anonymity will be kept throughout the study. Ethical clearance has been provided by the university of the Witwatersrand Human Research Ethics Committee (Ethics Protocol number: WBS/EN2360242/635). If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za Kindly complete survey online using the following link: https://wits.eu.qualtrics.com/jfe/form/SV_0CeldeQgC3v1MPQ This research will be written up as a research report and the results will be published on the university of the Witwatersrand library website. If you have any questions regarding this survey, you are welcome to contact me or my supervisor in the email below. Kind regards, Researcher: Tsakane Manganye Email Address: 2360242@students.wits.ac.za Supervisor: Prof. Boris Urban Supervisor's email: Boris.Urban@wits.ac.za

By clicking "I agree" below, you consent to the following: • I am above 18 years old • I have read the information page • I understand that my data will be anonymous

o I Agree (1)

o I Disagree (2)

Skip To: End of Survey If QID17 = 2

Do you operate a business in DR JS Moroka Local Municipality, Mpumalanga If No, please specify your Local Municipality

o Yes (1)

o No (2) _____

End of Block: Introduction and Consent

Start of Block: Section A - Part 1: Demographic information

Q1.1 Gender - Please select the appropriate response

o Female (1)

o Male (2)

o Other (3)

o Prefer not to say (4)

Q1.2 Age - Please select the appropriate response

o 18-29 (1)

o 30-39 (2)

o 40-49 (3)

o 50+ (4)

Q1.3 Race - Please select the appropriate response

o African (1)

o Indian (2)

o White (3)

o Coloured (4)

o Prefer not to say (5)

Q1.4 Number of dependents - Please select the appropriate response

o 0 - 3 (1)

o 4 - 7 (2)

o 8 - 11 (3)

o 12+ (4)

End of Block: Section A - Part 1: Demographic information

Start of Block: Section A - Part 2 Business Information

Q2.1 Type of business - Please select the appropriate response

▢ Transport (Taxi industry, courier, furniture removal) (1)

▢ Tavern or Shebeen (2)

▢ Fashion (Clothing or shoe apparel) (3)

▢ Hair Salon (4)

▢ Catering (5)

▢ Pre-school (6)

▢ Lock smith (7)

▢ Internet Cafe (8)

- ▢ Construction (building, plumbing, electrician, painting, boilermaker, or carpentry etc) (9)
- ▢ Accounting and bookkeeping services (10)
- ▢ Church (11)
- ▢ Traditional and western medicine (12)
- ▢ Entertainment (singer, dancer, or DJ) (13)
- ▢ Agriculture (14)
- ▢ Hardware (15)
- ▢ Mechanic (16)
- ▢ Car wash (17)
- ▢ Make-up artist (18)
- ▢ Other (Specify) (19) _____

Q2.2 Number of employees

- o 0-2 (1)
- o 3-6 (2)
- o 7-9 (3)
- o 10+ (4)

Q2.3 Motivation for starting a business - Please select the appropriate response

- o To earn a living (1)
- o Family business (2)
- o Personal interest (3)

o To create wealth (4)

o To make a difference in my area (country) (5)

Q2.4 Type of funding - Please select the appropriate response

o Own capital (1)

o Credit (2)

o Family and friends (3)

o Investments (4)

o Other (Specify) (5) _____

Q2.5 Profit scale (R) (Thousands per year)

o 0-30 (1)

o 31-60 (2)

o 61-90 (3)

o 91+ (4)

End of Block: Section A - Part 2 Business Information

Start of Block: Section B - Part 3: Human Capital - Education

Q3.1.1 Highest Level of Education Please select the appropriate response

o No schooling or dropped out (1)

o Matric (2)

o ABET (3)

o Certificate (4)

o National Diploma (5)

o Bachelor's Degree or equivalent (6)

o Honours Degree or equivalent (7)

o Master's Degree (8)

o Doctoral Degree (9)

o Other (Specify) (10) _____

Q3.1.2 My business is related to my qualification - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q3.1.3 I have received financial advice - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q3.1.4 I have received training on basic accounting principles - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q3.1.5 I have received financial management training - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q3.1.6 I know how to compile financial statements - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)
- o Neither agree nor disagree (4)
- o Somewhat agree (5)
- o Agree (6)
- o Strongly agree (7)

Q3.1.7 Learning about insurance products is important - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)
- o Neither agree nor disagree (4)
- o Somewhat agree (5)
- o Agree (6)
- o Strongly agree (7)

End of Block: Section B - Part 3: Human Capital - Education

Start of Block: Section B - Part 3: Human Capital - Industry knowledge

Q3.2.1 I have excellent business management knowledge - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)
- o Neither agree nor disagree (4)
- o Somewhat agree (5)
- o Agree (6)
- o Strongly agree (7)

Q3.2.2 I have knowledge of the products and or services I am offering - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)
- o Neither agree nor disagree (4)
- o Somewhat agree (5)
- o Agree (6)
- o Strongly agree (7)

Q3.2.3 I have knowledge of my competitors - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q3.2.4 I have knowledge of government regulations - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q3.2.5 My business has been affected by socio - economic conditions (theft, inflation, interest rates etc.) - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q3.2.6 I have business registration knowledge - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q3.2.7 I have knowledge of financial products relevant to me and my business - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

End of Block: Section B - Part 3: Human Capital - Industry knowledge

Start of Block: Section B - Part 4: Human Capital - Industry experience

Q3.3.1 How many years of formal work experience do you have - Please select the appropriate response

- o 0 - 3 (1)
- o 4 - 6 (2)
- o 7 - 9 (3)
- o 10 - 13 (4)
- o 14 + (5)

Q3.3.2 How many years of marketing experience do you have - Please select the appropriate response

- o 0 - 3 (1)
- o 4 - 6 (2)
- o 7 - 9 (3)
- o 10 - 13 (4)
- o 14 + (5)

Q3.3.3 How many years of technological experience do you have - Please select the appropriate response

- o 0 - 3 (2)
- o 4 - 6 (3)
- o 7 - 9 (4)
- o 10 - 13 (5)

o 14 + (6)

Q3.3.4 How many years of business operation experience do you have- Please select the appropriate response

o 0 - 3 (1)

o 4 - 6 (2)

o 7 - 9 (3)

o 10 - 13 (4)

o 14 + (5)

Q3.3.5 How many years of market research experience do you have- Please select the appropriate response

o 0 - 3 (1)

o 4 - 6 (2)

o 7 - 9 (3)

o 10 - 13 (4)

o 14 + (5)

Q3.3.6 How many years of financial management experience do you have- Please select the appropriate response

- o 0 - 3 (1)
- o 4 - 6 (2)
- o 7 - 9 (3)
- o 10 - 13 (4)
- o 14 + (5)

End of Block: Section B - Part 4: Human Capital - Industry experience

Start of Block: Section B - Part 5: Financial Control

Q4.1 I am responsible for the day-to-day money decisions in the business - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)
- o Neither agree nor disagree (4)
- o Somewhat agree (5)
- o Agree (6)
- o Strongly agree (7)

Q4.2 I have a monthly budget - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)
- o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q4.3 I have a bank account - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q4.4 I always make different quotes before taking out insurance products - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q4.5 I have used the services of a financial broker or advisor - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)
- o Neither agree nor disagree (4)
- o Somewhat agree (5)
- o Agree (6)
- o Strongly agree (7)

Q4.6 I know how to manage my debt - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)
- o Neither agree nor disagree (4)
- o Somewhat agree (5)
- o Agree (6)
- o Strongly agree (7)

End of Block: Section B - Part 5: Financial Control

Start of Block: Section B - Part 6: Accessibility of insurance coverage

Q5.1 Insurance is necessary for my business - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)
- o Neither agree nor disagree (4)
- o Somewhat agree (5)
- o Agree (6)
- o Strongly agree (7)

Q5.2 I have insurance products - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)
- o Neither agree nor disagree (4)
- o Somewhat agree (5)
- o Agree (6)
- o Strongly agree (7)

Q5.3 Insurance products are a luxury - Please select the appropriate response

- o Strongly disagree (1)
- o Disagree (2)
- o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q5.4 Insurance products are expensive - Please select the appropriate response

o Strongly disagree (1)

o Disagree (2)

o Somewhat disagree (3)

o Neither agree nor disagree (4)

o Somewhat agree (5)

o Agree (6)

o Strongly agree (7)

Q5.5 Type of business insurance undertaken and or interested in - Please select the appropriate response

▢ Do not have insurance (1)

▢ Car Insurance (2)

▢ Home Insurance (3)

▢ Death and Disability (4)

▢ Saving and Investments (5)

▢ Other (Specify) (6) _____

End of Block: Section B - Part 6: Accessibility of insurance coverage

APPENDIX 2: PARTICIPANT INFORMATION SHEET



MASTER OF MANAGEMENT RESEARCH PARTICIPANT INFORMATION SHEET

Dear Participant,

My name is Tsakane Manganye. I am a Masters student in Management Entrepreneurship and New Venture Creation at Wits Business School, Park Town, Johannesburg. I am conducting a research study about **Human Capital and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)**

I am inviting you to take part in answering the survey questionnaire. If you decide to take part, your participation in this research study will last about 10 to 15 minutes. The research activity will take place at DR JS Moroka Local Municipality from 08h00 to 16h00 Friday to Sunday.

With your permission, I would like to record your survey responses. This data will be stored in the Wits cloud and password protected for 1 year. Only the researcher will have access to the data.

During the survey, I will need to ask for some personal information about you, including your age, gender, place where business is being conducted and financial performance of the business.

Your responses to the survey will be confidential and anonymous. When I share the results of the research study, I will not include your name or anything else that could identify you. With your permission, other researchers may use the data collected from this research study, but your name and any personal information will not be used or passed on.

If you decide to take part in the research study, it should be because you want to volunteer. You do not have to take part if you do not want to. You can stop participating in the study at any time. You do not have to answer any questions if you do not want to. You will not get any direct benefits if

you choose to join the research study. You will not lose any services, benefits or rights you would normally have if you decided not to join. Taking part in the research study will not cost you anything. You will not be paid or given any form of gift(s) for participating in this research study.

The risks for this research study are that some of the questions asked may make you feel sad or upset. If this happens, you can stop and continue another time. This research study will be written up as a research report. The report will be available on the university library website. If you would like to receive a summary of this report, I will be happy to send it to you.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za

Yours sincerely,

Tsakane Manganye

Researcher: Tsakane Manganye, 2060242@students.wits.ac.za, 0790357770

APPENDIX 3: CONSENT LETTER



MASTER OF MANAGEMENT CONSENT LETTER

Research topic: Human Capital and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)

Name of researcher: Tsakane Manganye

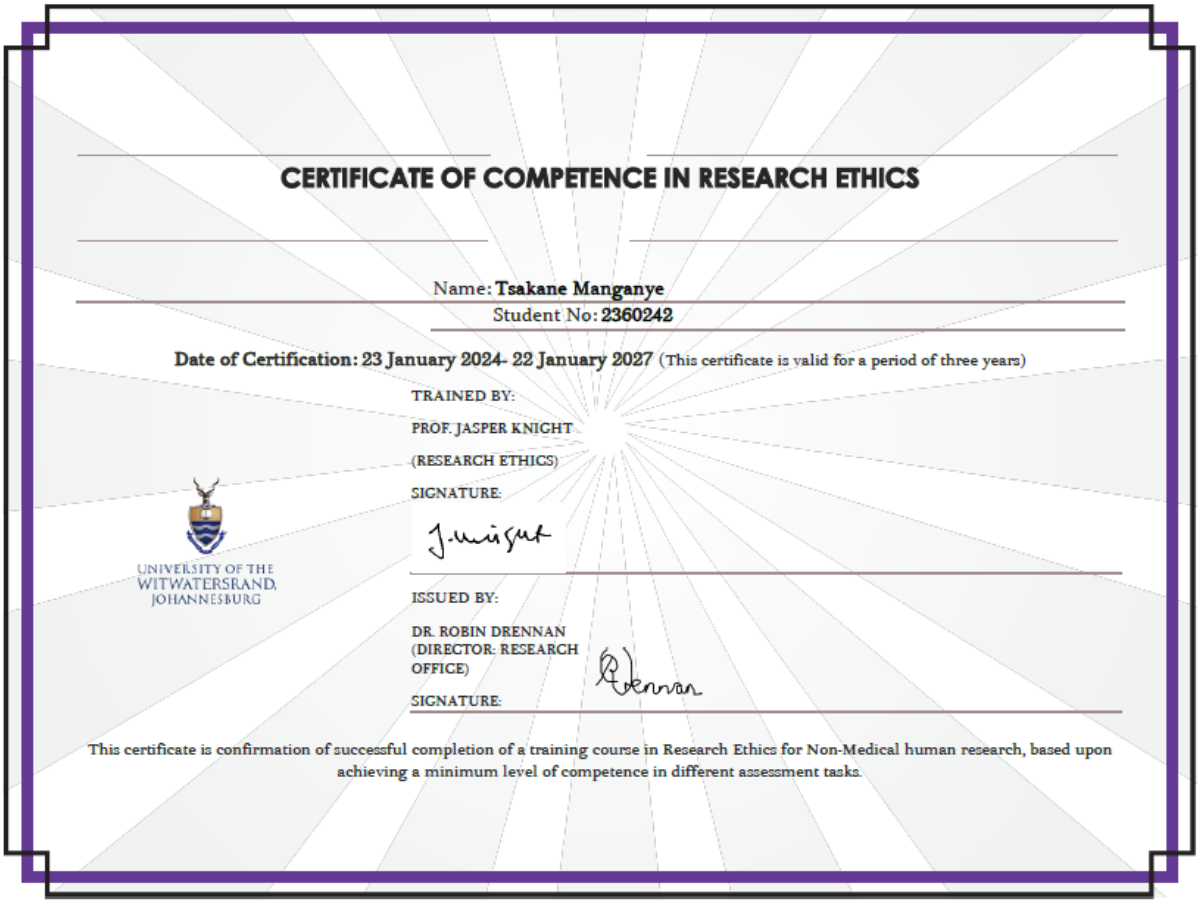
I, ……., agree to participate in this research project. I agree to the following:

(Please circle the relevant options below).

The research study was explained to me. I understand what this study is about.	YES	NO
I understand that I can volunteer to take part in the study	YES	NO
I agree that the survey may be audio recorded	YES	NO
I agree that direct quotations from filling this questionnaire may be used by the researcher in their research report	YES	NO
I agree that my participation will remain anonymous (my name or other identifying data will not be used by the researcher in their research report	YES	NO
I agree that other researchers may use the information I provide in my responses when filling the survey (depending on their own ethics clearance being obtained) but my name and any personal information will not be used or passed on	YES	NO

…… (signature)	Tsakane Manganye (signature)	
…… (name of participant)	Tsakane Manganye	(name of person seeking consent)
…… (date)	09/02/2024	(date)

APPENDIX 4: ETHICS TRAINING CERTIFICATE



CERTIFICATE OF COMPETENCE IN RESEARCH ETHICS

Name: **Tsakane Manganye**

Student No: **2360242**

Date of Certification: 23 January 2024- 22 January 2027 (This certificate is valid for a period of three years)

TRAINED BY:

PROF. JASPER KNIGHT

(RESEARCH ETHICS)

SIGNATURE:

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

ISSUED BY:

DR. ROBIN DRENNAN (DIRECTOR: RESEARCH OFFICE)

SIGNATURE:

This certificate is confirmation of successful completion of a training course in Research Ethics for Non-Medical human research, based upon achieving a minimum level of competence in different assessment tasks.

APPENDIX 4: ETHICS CLEARENCE CERTIFICATE

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg

Wits Business School Ethics Committee
Constituted under the University Human Research Ethics Committee (Non-Medical)

Ethics Clearance Certificate

Ethics protocol number: WBS/EN2360242/635
This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

Project title	Human capital and insurance coverage accessibility by informal businesse Dr JSMLM (Dr JS Moroka Local Municipality)
Investigator / Researcher	Miss Tsakane Manganye
Nature of Project	MM in Entrepr & New Venture Creation
Decision of the Committee	Approved, provided stakeholders and participants are guaranteed anonyr and confidentiality.
Issue Date of Certificate	23/07/2024
Expiry date	Date of submission of the project / research report
Chairperson	Dr Ayanda Magida ☎ +27 11 717 3953 ✉ ayanda.magida@wits.ac.za

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Declaration by Researcher

One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Eth Committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research an guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I undertake to resubmit the protocol to the Committee.

Tsakane Manganye
Signature

24 July 2024
Date:

APPENDIX 5: CONSISTENCY MATRIX

Objectives	Literature Review	Hypotheses	Variables	Source of data	Type of data	Analysis
I. To investigate the relationship between Human Capital - education and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)	Resource Based View (Bhandari et al., 2022).	H1: There is a positive relationship between Human Capital - education and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)	IV1 = Human Capital – Education DV = Insurance coverage accessibility	Primary data collection. Questionnaire adapted from OECD INFE. (2011) IV1 = Section B, Part 2 (Q9, Q10, Q11, Q12, Q13, Q14 & Q15) DV = Section B, Part 6 (Q35, Q36, Q37, Q38 & Q39)	Nominal, Ordinal (7 Likert Scales)	1. Factor analysis 2. Correlation 3. Multiple regression
II. To investigate the relationship between Human Capital - industry knowledge and insurance coverage accessibility by informal	Resource Based View (Bhandari et al., 2022).	H2: There is a positive relationship between Human Capital - industry knowledge and insurance coverage accessibility by	IV2 = Human Capital – Industry knowledge	Primary data collection. Questionnaire adapted from	Ordinal (7 Likert Scales)	1. Factor analysis 2. Correlation

	businesses in Dr JSMLM (Dr JS Moroka Local Municipality)		informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)	DV = Insurance coverage accessibility	OECD INFE. (2011) IV2= Section B, Part 3 (Q16, Q17, Q18, Q19, Q20, Q21 & Q22) DV = Section B, Part 6 (Q35, Q36, Q37, Q38 & Q39)		3. Multiple regression
III.	To investigate the relationship between Human Capital - industry experience and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)	Resource Based View (Bhandari et al., 2022).	H3: There is a positive relationship between Human Capital - industry experience and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)	IV3 = Human Capital – industry experience DV = Insurance coverage accessibility	Primary data collection. Questionnaire adapted from OECD INFE. (2011) IV3 = Section B, Part 4 (Q23, Q24, Q25, Q26, Q27 & Q28) DV = Section B, Part 6 (Q35, Q36, Q37, Q38 & Q39)	Ordinal (7 Likert Scales)	1. Factor analysis 2. Correlation 3. Multiple regression

IV.	To investigate financial capital mediates the relationship between human capital elements (Education, Industry knowledge and Industry experience) and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)	Resource Based View (Bhandari et al., 2022).	H4a: Financial control mediates the relationship between human capital and insurance coverage accessibility by informal businesses in Dr JSMLM (Dr JS Moroka Local Municipality)	MV = Financial Control IV1 = Human Capital – Education IV2 = Human Capital – Industry knowledge IV3 = Human Capital – industry experience DV = insurance coverage accessibility	Primary data collection. Questionnaire adapted from OECD INFE. (2011) MV= Section B, Part 5 (Q29, Q30, Q31, Q32, Q33 & Q34) IV1 = Section B, Part 2 (Q9, Q10, Q11, Q12, Q13, Q14 & Q15) IV2= Section B, Part 3 (Q16, Q17, Q18, Q19, Q20, Q21 & Q22) IV3 = Section B, Part 4 (Q23, Q24, Q25, Q26, Q27 & Q28)	Ordinal (7 Likert Scales)	1. Factor analysis 2. Multiple regression

				DV = Section B, Part 6 (Q35, Q36, Q37, Q38 & Q39)		

APPENDIX 6: PROPOSED RESEARCH SCHEDULE

	Month	**Sep-23**	**Oct-23**	**Nov-23**	**Dec-23**	**Jan-24**	**Feb-24**	**Mar-24**	**April-24**	**May-24**	**June-24**	**July-24**	**Aug-24**	**Sept-24**	**Oct-24**	**Nov-24**	**Dec-24**
	Action																
1	Identify a research topic																
2	Identify research problem and objectives																
3	Do a literature review																
4	Develop a conceptual model																

5	Research methodology																
6	Develop a questionnaire																
7	Proposal submission																
8	Data collection strategies and software leaning																
9	Panel presentation																
10	Ethical clearance																

11	Data collection																
12	Actual data analysis																
13	Report submission																