

POLICY INTERVENTIONS AND SURVIVAL OF SMALL AND MEDIUM-SIZED ENTERPRISES: THE MODERATING INFLUENCE OF BUSINESS INTERRUPTION INSURANCE

**Sunday Adebayo ALAYEMI¹, Hussain Adedayo SALAUDEEN²
& Tajudeen Olajide SALAUDEEN³**

^{1&2} Department of Accountancy, School of Business and Management Studies,
The Federal Polytechnic, Offa, Kwara State, Nigeria

³Department of Insurance, School of Business and Management Studies, The Federal
Polytechnic, Offa, Kwara State, Nigeria

Abstract

This study investigates the moderating influence of business interruption insurance on the relationship between policy interventions and the survival of small and medium-sized enterprises (SMEs). The study employs a structured questionnaire to collect data from 165 SMEs in both Kwara and Osun States in Nigeria. Test-to-test, validated scales from available literatures and Cronbach's alpha test are performed to assess the validity and reliability of the measures used. Hierarchical regression method was employed in the analysis of the data. The results show that both business interruption insurance and policy interventions have positive and significant impact on survival of SMEs. Furthermore, the interaction of business interruption insurance on policy intervention and survival of SMEs is positive and significant. The study recommends for the need for government and other relevant stakeholders to consider business interruption insurance when designing intervention policies for pandemic related issues.

Keywords: *Business Interruption Insurance, Policy Intervention, Survival, SMEs.*

Introduction

At the height of the COVID-19 pandemic, the Nigerian government, just like other governments all over the world, introduced some policy interventions. The interventions were mainly to strengthened businesses in the face of their imminent collapse occasioned by the forceful closure of businesses. Because of its popularity, concern stakeholders have begun to ask questions about the economic impacts of the much heralded policy interventions of government. Researchers try to provide empirical answers to the concerns raised by the stakeholders. For instance, Bartik,

Bertrand, Cullen, Glaeser & Luca, (2020); Gourinchas, & Kalemli-Özcan, (2020); McGeever, McQuinn, & Myers (2020); Oyedele (2020); Turner & Akinremi, (2020), examine the impact of the intervention policies on economic activities. However, the findings are equivocal. Besides the inconsistent empirical findings, one important aspect is overlooked by those who crafted the policy interventions. This study criticizes the exclusion of one important area called business interruption insurance from the policy interventions. The criticism or argument is premised on the idea that with business interruption insurance, businesses

would have been compensated for losses resulting from interruptions thus help bolstering them against liquidity problems.

Pandemic such as COVI-19 is unavoidable. According to Balkhair (2020), “throughout history, infectious diseases have caused havoc among societies. Emerging and re-emerging infectious diseases are now occurring at unprecedented speed”. Statistics from the World Health Organization (W.H.O, 2020) has further shown that world has witnessed several disease outbreaks and epidemics over the past decade. This is clear evidence that pandemic and epidemic related diseases have come to stay. While there is little or almost nothing that human being could do to stop pandemic related issues from occurring, humans could strengthen businesses to resist the impact such pandemic brought by issuing policies that are long-term driven. In this regard, business interruption insurance is being seen as a viable long term strategy that if well fashion out would put businesses in a strong position to weather the storm of any future occurrence with little or no interventions from government. Looking beyond the established policies will provide a different perspective to protecting businesses most especially SMEs from imminent collapse in the face of covid-19 related shutdowns.

2. Literature Review

2.1. Policy Interventions

In a desperate attempt to save businesses most especially SMEs from total collapse, government introduces Policy interventions. There are arguments from various quarters that without policy interventions, businesses would collapse from liquidity issue (OECD,

2020; Gourinchas & Kalemli-Özcan 2020). A critical assessment of these policies shows that liquidity support measures take the center stage with authorities from different countries favoring the measure (Gourinchas & Kalemli-Özcan, 2020; OECD, 2020; McGeever, McQuinn and Myers, 2020). Recognizing the importance of liquidity to the survival of SMEs, countries around the world deployed a combination of both fiscal and monetary policies in an attempt to save SMEs from imminent failure and permanent closure. Policy interventions such as debt moratorium, grants, business credits, reduction and or suspension of interest rates, direct lending to SMEs by deposit banks and other public institutions, taxes deferrals and tax reliefs have been variously employed by countries with few modifications to suit the need and peculiarity of individual countries.

For instance, Canadian government forgave SMEs three month power bill, while major industries were given the privilege or option to suspend or defer 50% of their bill payment for three months (Fedotov, 2021). Also through the federal-provincial Canada Emergency Commercial Rent Assistance Program (CECRA), the Government of British Columbia proposed a relief of at least 75% for small businesses. A careful consideration of the interventions employed by the Nigerian government seems to align with the policy interventions deployed by other countries. For instance, fiscal and monetary measures have been employed thus far, akin to the measures adopted by the United States of America (USA), the European Union and other. Specifically, Nigerian government employed

interventions policies such as extension of moratorium on principal payments for Central Bank of Nigeria (CBN) intervention facilities; reduction of interest rate on loans; creation of credit facility for affected SMEs; loans facilities to boost local manufacturing; Agri-Business/Small and Medium Enterprise Investment Scheme (AGSMEIS) anchored by the CBN to enhance agricultural businesses of SMEs; Micro, Small and Medium-Sized Enterprises (MSMEs) guaranteed take-off simulation scheme, which is meant to provide bridge financing in supporting the payroll costs of MSMEs; Anchor Borrowers Programme; initiating loan repayment moratorium for beneficiaries of TraderMoni, MarketMoni and FarmersMoni; Similar moratorium for all federal government funded loans issued by the Bank of Industry (BoI), Bank of Agriculture and the Nigeria Export-Import Bank; plan to pump over 1 trillion naira into critical sectors of the economy.

2.1.2. Issues with the Interventions

The interventions have had array of issues ranging from difficulty on the part of the SMEs to access most of these policies initiated by the Central Bank of Nigeria and Bank of Industry due to bureaucratic hassles (Oyedele, 2020; Bartik et al., 2020). For instance, circular issued to DMBs and the general public on guidelines for the implementation of the 50 billion naira targeted credit facility contains stringent requirements (i.e. eligibility and collateral requirements among others). The amount given to beneficiaries of Trader Moni, Market Moni and Farmers Moni are too meager to have any meaningful impact on

the business of those who benefitted from the scheme.

Again, loans, moratorium on loan and interest, and suspension of interest may provide a short term solution to the liquidity constraints of SMEs, but it is not sustainable in the long run. Upon the suspension of the moratorium and or when the loans become due for repayment, the liquidity position of the SMEs will again be put to test as it will be overstretched. This may, again, put the SMEs in a very precarious situation leading to what we termed "**intervention of nothing**". This condition is probable as the SMEs will likely struggle to re-establish their businesses post COVID-19. Extension of moratorium on loans and interest would help SMEs post COVID-19 but will have a huge toll on the issuers (i.e. Deposit Money Banks and federal government) of such loans. Again, all federal government backed loans issued by the Bank of Industry, Bank of Agriculture and the Nigeria Export-Import Bank place heavy burden on the government as it has gulped a substantial amount of already dwindled government revenue thus affecting the availability of funds for other developmental projects.

2.2. Business Interruption Insurance, Policy Interventions, Business and Survival of SMEs

Business interruption insurance is insurance coverage that replaces business income lost in the event that business is halted due to a disaster (Kagan, 2020). The policy covers operating expenses, expenses to facilitate a move to a temporary location if necessary, employee wages, taxes, loan repayments, loss of income due to shut down of business

by a civil authority (i.e. civil authority ingress or egress). The rationale behind business interruption insurance is to restore a business to the same financial position just immediately before the loss occurred, subject, always, to the terms and conditions of the policy.

Business interruption insurance policy has become more desirous in today's volatile business environment where epidemic related pandemics and catastrophes have become part of us. Business interruption insurance policy can further moderate the impact of firm survival through its influence on risk management and resource allocation. SMEs with business interruption insurance policy might be more willing to take risks and adopt innovative strategies, knowing they have a financial safety net in place. Additionally, BII can free up resources that would otherwise be dedicated to risk mitigation, allowing SMEs to invest in growth and adaptation initiatives aligned with policy objectives (Cumming & Hennessy, 2008). The study suggests that a key condition for understanding the relationship between policy interventions and survival of SMEs is to consider business interruption insurance policy. This suggestion is based on the fact that, with business interruption insurance policy, pre-tax shortfall in profits and any increased costs of running a business as result of disruption will be paid up by the insurer therefore bolstering firms against liquidity problems. Based on the arguments presented above, the study posit that introduction of business interruption insurance will affect the direction and/or strength of policy interventions and survival of SMEs

relationship. The study therefore hypothesizes that:

H1: The relationship between policy interventions and survival of SMEs is moderated by business interruption insurance.

2.3. Theoretical Review

The Keynesian economic theory and Economic interventionism also called state interventionism are the theories widely used to explain government interventions in economic activities. Consequently, studies had relied on these theories while studying government's interventions and their implications on economic growth. This study perceives the Keynesian economic theory and economic interventionism as overlapping theories that provide consistent insights into the need for state interventions in correcting market and economic failures. The models indicate that the intervention of state is necessary in certain situations to improve economic growth. However, this study considers the Keynesian economic theory as more appropriate for because it possesses the required power to describe the reasons for state interventions in economic activities. Furthermore, contingency theory is also used in an attempt to explain how the relationship between policy interventions and survival of SMEs in contingent on business interruption insurance.

2.3.1. Keynesian Economic Theory

The theory is developed by British economist by name John Maynard Keynes in the 1940s. Keynesian economic theory is deep rooted in economic cycles of boom-and-bust inherent in free-market economies. He advances that government intervention is

needed to stabilize economies. The ideation that economies experience times of prosperity (i.e. booms cycles and times of recession (bust cycles) are enough reasons for government not to stay idle. Keynes argues that government needs to closely monitor three metrics: interest rates, taxes, and social programs in order to stabilize the economy. His arguments on these metrics are premised on the fact that they play crucial role in economic prosperity and stability. The theory proposes two (2) actions or models. The first model is that during the period of prosperity, government needs to intervene by increasing tax and interest rates while spending on social programs should be reduced. Increasing interest and tax rates is necessary to mop up excess liquidity from the system and to discourage too much investment in public and private sectors. According to the theory, too much investment could lead to a reduction in the money supply and a severe recession. Reduction in government spending on social programs is necessary because they would no longer be as needed during the boom cycles.

The second model is that tax and interest rates be decreased while spending on social programs need to be increased during economic bust. During recession or economic down time, investment is needed to stimulate the economy. The fastest way to increase or encourage investments is to reduce tax rate on individuals and businesses and interest rate as these actions would not only allow private sectors to have additional financial capital to invest in projects but also encourage borrowing and thus help drive the

economy out of the burst. Social program spending on the other hand needs to be increased as this action would stimulate the job market with an influx of skilled labour. A critical look at the interventions implemented by the government reveals that the initiators of the policy borrowed a leaf from the Keynesian economic theory as the interventions fit into the postulations of the theory. For instance, part of the intervention policy introduced by the government includes extension of moratorium on debt, reduction and suspension of interest rates, reduction and deferrals in taxes, increase spending on social program such as the creation of 50 billion naira credit facility for the affected SMEs; one trillion naira loans to boost local manufacturing and production across critical sectors are akin to the propositions of the theory.

2.3.2. Contingency Theory:

This theory postulates that there is no best way to organize a corporation, or to make a decision. Instead the optimal course of action is contingent upon internal and external situation. Relying on this postulation, the study posits that the effectiveness of interventions depends not only on their design but also on the specific context in which they are implemented. This context is shaped by a multitude of internal and external factors that can moderate the impact of interventions on SME survival. For instance, different industries face unique challenges and opportunities. Policy interventions that focus on industry-specific needs, such as regulatory reforms in volatile industries, may have a more significant impact on survival within those sectors

(Hinings, Gegenhuber & Buchel, 2016). Therefore, interventions may need to be adjusted or complemented by additional measures depending on the prevailing economic climate (Glaser & Howell, 2009; Hall & Soskice, 2001). Because, SMEs are often susceptible to internal and external disruptions policy interventions design to incorporate business interruption insurance will significantly impact its effectiveness.

2.4. Empirical Review

The restrictive measures put in place to curb the further spread of COVID-19 affected business operations and global supply chain. Businesses, especially the Small and Medium-Sized Enterprises (SMEs) are exposed to liquidity problem due to lack of business activities. Bartik *et al.* (2020) document that at the height of COVID-19, SMEs experienced devastating financial problems, leading to massive layoffs and closure. Similarly, Beraha & Duricin (2020) assess the impacts of covid-19 pandemic on Serbian SMEs find that SMEs were negatively affected by the pandemic. Farlie (2020) studies the effect of the pandemic on a number of active SMEs in the US. The study uses nationally representative data from April 2020. It was found that within the period of three months (February to April, 2020) the number of active business owners reduced by 22%. Given this scary statistics, interventions became necessary in order to stem the tides of the toll the pandemic has had on businesses and economy at large. There are evidences that the interventions have saved businesses from imminent collapse. For instance, with sample of over 42,000 SMEs across 28

sectors in the UK, Belghitar, Moro & Radic (2021) find that close to 60% of the sampled SMEs would report negative earnings without intervention or aid from the UK government. Kargar *et al* (2020) finds that the liquidity position of firms in corporate bond market became bad during covid-19. In a similar fashion, Lu, Wu, Peng & Lu (2020) survey 4,807 SMEs in China with the intention to establish the effect of covid-9 lockdowns on SMEs. Again the study finds that lack of materials, disruption in the supply chain, reduced demand for products n services and cash flow crunch are the major issues faced by SMEs due to lockdowns occasioned the covid-19 pandemic.

Enesi & Ibrahim (2021) carry out a study on the effect of COVID-19 Pandemic on the performance of Small and Medium Business Enterprises. The study reveals that loss of staff as a result of salary reduction, low revenue generation, inability to repay loans and rent are some of the challenges faced by SMEs. Elsewhere, Aladedeji (2020) examines the impact and survival strategies of small businesses in Nigeria during the COVID-19 crisis. Like the works of Enesi & Ibrahim (2021), the study adopted quantitative research technique. Primary data are sourced through the administration of questionnaire to 360 SME owners in Lagos. The study again, finds out that reduction in revenue, reduction in salary, inability to pay rent and loan are some of the challenges faced by SMEs during COVID-19 period.

3. Methodology

The study investigates the moderating effects of business interruption insurance on policy interventions and survival relationship. According to the National Survey of Micro, Small & Medium Enterprises 2020, conducted by SMEDAN & NBS, there are 1,416 and 3,007 SMEs in Kwara and Osun states respectively. Therefore, there are a total of Four Thousand Four Hundred and Twenty Three (4,423) SMEs in both Kwara and Osun states of Nigeria. Consequently, all the 4,423 SMEs within the study area constituted the population of the study. The study selected 165 out of the 4,423 SMEs using purposive sampling technique. Test-to-test and Cronbach's alpha test were performed to test the validity and reliability of the data. The data are analyzed using multiple regression models.

3.1. Empirical Model for the Hypothesis Models Specification

The model below is formulated to assist in testing the hypothesis that business interruption insurance has no impact on the relationships between policy interventions and survival of SMEs. The model relates the dependent variable with the independent for the statistical error terms.

$$PF_{it} = \beta_0 + \beta_1 Polit + \beta_2 BII_{it} + \beta_3 Polit * BII_{it} + \varepsilon_{it}.$$

Where: **PF**= Survival; **β_0** = model intercept; **β_1** ; **β_2** and; **β_3** = regression coefficients for policy interventions, business interruption insurance; and for the interaction term respectively; **Polit**= Intervention policy; **BII**= business interruption insurance; and **ε** =error term

3.1.1. Measurements of Variables

Variables for this study were classified into dependent, independent, and moderating variables.

Dependent Variable

Survival of SMEs is the dependent variable for this study. The intent of policy makers' with respect to the interventions was to ensure that liquidity position of SMEs is improved so that they will continue to stay in business. In view of this, survival is measured through a questionnaire on a likert scale of 7. The likert scale is coded as follows: strongly disagree (1), disagree (2), somewhat disagree (3), neither agree nor disagree (4), somewhat agree (5), agree (6) strongly agree (7).

Independent Variables

Policy interventions by government were the independent variables for the study. Some of these policies are Agric-Business/Small and Medium Enterprise Investment Scheme (AGSMEIS), Moratoriums, Grants/ Credit Facilities, Tax Deferrals/Reliefs. Again, policy interventions are measured through a questionnaire on a likert scale of 7. The likert scale is coded as follows: strongly disagree (1), disagree (2), somewhat disagree (3), neither agree nor disagree (4), somewhat agree (5), agree (6) strongly agree (7).

Moderating Variable

Business interruption insurance policy was employed as the moderating variable. The variable was measured through a questionnaire on a likert scale of 7. The

likert scale is coded as follows: strongly disagree (1), disagree (2), somewhat disagree (3), neither agree nor disagree (4), somewhat agree (5), agree (6) stragly agree (7).

4. Results and Discussions

Survey Responses

The sample required for the purpose of data collection is 165. Consequently, 165 questionnaires are distributed to respondents who are owners of small and medium scale businesses in the South-West and North-Central geo-political zones of Nigeria. The 165 questionnaires are distributed as follows: 70 distributed to North-Central while 95 were distributed to the South-West. One hundred and forty-five of the

distributed questionnaires are returned while eleven were removed as unusable because they had up to 15% missing data based on the rule of thumb as suggested by Hair, Black, Babin and Anderson (2019). The usable cases are one hundred and thirty-four (134) which is used for the purpose of data analysis. This is presented in the Table 1 below.

The consensus in survey research is that a response rate of 50% is adequate, 60% is good enough and 70% is very good for analysis (Babbie and Mouton, 2001). Thus, the response rate of 87.88% is very good for analysis. The one hundred and thirty-four valid responses are used for the analysis.

Table 1: *Summary of the Questionnaire and the Response Rate*

ITEM	REMARKS	% OF DISTRIBUTED QUESTIONNAIRES
Distributed Questionnaires	165	
Returned Questionnaire	145	87.88%
Unreturned Questionnaires	20	12.12%
Usable Questionnaires	134	81.21%
Unusable Questionnaires	11	18.79%

Source: Field Work 2023
Descriptive Statistics

Table 2 Demographic Statistics of Respondents' SMEs

Item		Frequency	Percent	Cumulative Percent
Industry which your business belongs to	Trading	34	25.4	25.4
	Agricultural	27	20.1	45.5
	Services	49	36.6	82.1
	Others	24	17.9	100.0
	Total	134	100.0	
Age of Operation of the Business	0-3 years	43	32.1	32.1
	4-6 years	27	20.1	52.2
	7-10 years	20	14.9	67.2
	Above 10 years	44	32.8	100.0
	Total	134	100.0	
Location of Your Business	North Central	48	35.8	35.8
	South West	86	64.2	100.0
	Total	134	100.0	
Number of Employee	1-5	81	60.4	60.4
	6-10	22	16.4	76.9
	11-20	4	3.0	79.9
	Above 20	27	20.1	100.0
	Total	134	100.0	

Source: Authors Computation, 2023.

The profile of the respondents as depicted in the Table 2 below shows that bulk of the respondents' are in the service sector with 36.6%, followed by those in agricultural sector and trading with 45.5% and 25.5% respectively. Those whose businesses are above ten years are 44 with 32.8% which is marginally higher than those within the years of 0-3 with 32.1%. Thus, both at the two extreme ends of the scale are almost the same ensuring even distribution of the years of establishment of the SMEs. As expected in business activities in Nigeria, there is more concentration of business activities in the South-West with 64.2% while those in the North-Central are 48 with 35.8%. In the final analysis, most of the SMEs are actually

small employing between 1-5 employees totaling 60.4% of the respondents' SMEs.

Multivariate Analysis

Preliminary Diagnostic Tests

Reliability Test

Reliability analysis is conducted to test for and determine the internal consistency of the measures before launching the questionnaire to the respondents using Cronbach's Alpha Test. This is the degree at which the items that make up the scale are all measuring the same underlying attribute. The outcome of reliability tests for all the variables are presented in the Table 3 below.

Table 3 *Reliability Analysis*

Factor	Number of Items	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
Business Survival	8	0.796	0.798
Policy Intervention	7	0.882	0.884
Business Interruption Insurance	7	0.883	0.887

Source: Authors, 2023

Table 3 above presents a summarized reliability of the three variables. As shown, the Cronbach's alphas values for all factors ranged from .796 to .883. These results show that all factors/variables of business survival, policy intervention and business interruption insurance had acceptable internal consistency level. The implication is that the data is reliable.

Multicollinearity Test

Variance Inflation factor (VIF) was employed to check for the possibility of the presence of multicollinearity. According to Tabachnick and Fidell (2014), a benchmark value of 0.1 for tolerance level and a value

less than 10 for VIF indicate the absence of multicollinearity. Table 4 shows that the tolerance value for policy intervention variable is .833 and; for business interruption insurance is .833 both of which are above the 0.1 rule of thumb. The variable inflation factor (VIF) for policy intervention is 1.200 which is the same 1.200 for business interruption insurance variables both of which are lesser from 10. These show that the data satisfied the assumption of multicollinearity in multiple regression analysis based on values of correlation matrix and the regression coefficients of tolerance value and VIF.

Table 4 Collinearity Statistics Showing the Tolerance Values and Variance Inflation Factor

	Correlations			Collinearity Statistics	
	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)					
Policy Intervention	.524	.394	.329	.833	1.200
Business Interruption Insurance	.549	.430	.366	.833	1.200

a. Dependent Variable: Total Business Survival

Source: Authors Computation, 2023

Moderation Analysis

To do a moderation analysis, hierarchical regressions is often used. In hierarchical or sequential multiple regressions, variables are always used in the equation in form of steps or blocks in a predetermined order. In this

research, a hierarchical regression method is conducted to test the relationship between business survival and policy intervention as moderated by business interruption insurance.

Table 5 ANOVA Output Depicting the Moderation of Relationship between Policy Intervention and Business Survival^a by Business Interruption Insurance

Model		Sum of Squares	Df	Mean Square	F	Sig.
2	Regression	4982.456	2	2491.228	44.672	.000 ^c
	Residual	7193.973	129	55.767		
	Total	12176.429	131			

a. Dependent Variable: Total Business Survival

b. Predictors: (Constant), Total Policy Intervention

b. Predictors: (Constant), Total Policy Intervention, Total Business Interruption Insurance

Source: Authors Computation, 2023

Table 5 above suggests that there is a significant positive relationship between policy intervention and business survival as moderated by business interruption insurance. In the model, the result is that $F(2, 44.672) = 2491.228, p < .001$ thus confirming the significance of the moderating variable (business interruption insurance) in the relationship between policy

interventions and survival of SMEs. This shows that if there is a change in the moderation of the relationship between policy intervention and business survival by business interruption insurance, this would lead to a significant positive change in the level of business survival that would be achieved.

Table 6 Model Summary Output Depicting the Moderation of Relationship Between Policy Intervention and Business Survival^a by Business Interruption Insurance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics F	df1	df2	Sig. F Change
2	.640 ^b	.409	.400	7.46775	.134	29.301	1	129	.000

a. Predictors: (Constant), Policy Intervention

b. Predictors: (Constant), Policy Intervention, Business Interruption Insurance

a. Dependent Variable: Business Survival.

Source: Authors Computation, 2023.

In the model summary Table 6, the adjusted R Square for model 2 is .400. This result is further confirmed in the Coefficients table with Beta Value of .401 which is significant at .000. This shows that if there is a change in the moderation of the relationship between policy intervention and business survival by business interruption insurance, this would lead to a significant positive change in the level of business survival that would be achieved.

Determining the significance of variance due to the interaction effect

To determine the significance of the change in variation as a result of the interaction effect, the Tables 7 shows the significance for variation due to interaction of business interruption insurance and policy intervention.

Table 7 Significance of Variance of Business Survival^d Due to Interaction of Business Interruption Insurance and Policy Intervention

Model	R	Change Statistics				
		R Square Change	F Change	df1	df2	Sig. F Change
1	.524 ^a	.275	49.308	1	130	.000
2	.640 ^b	.134	29.301	1	129	.000

a. Predictors: (Constant), Policy Intervention

b. Predictors: (Constant), Policy Intervention, Business Interruption Insurance

a. Dependent Variable: Business Survival

Source: Authors Computation, 2023.

Table 7 shows that there is a potential significant moderation between business interruption insurance and policy intervention on business survival. This is because the interaction of business interruption insurance and policy intervention accounted for a significant more variance (Model 1) than just policy intervention and business interruption insurance by themselves (Model 2), i.e. R^2 change = 0.275, $p = 0.000$.

Conclusion and Recommendations

The study seeks to ascertain moderating effect of business interruption insurance on policy interventions and business survival relationship. The analysis shows that business interruption insurance significantly moderated policy intervention-business survival relationship $F(2, 44.672) = 2491.228$, $p < .001$). This implies that the relationship between policy intervention and business survival became stronger with business interruption insurance. In line with the findings, the study recommends that government and other relevant stakeholders need to consider business interruption insurance when designing intervention policies for pandemic related issues.

Reference

- Aladedeji, O. (2020). Managing small businesses in Nigeria during COVID-19 Crisis: Impact and survival strategies. *Journal of Business and Management*, 22(8), 24-34.
- BalkhairA..A. COVID-19 Pandemic: A new chapter in the history of infectious diseases. *Oman Med J*. 2020 Apr 21;35(2):e123. doi: 10.5001/omj.2020.41. PMID: 32328297; PMCID: PMC7171815.
- Barlow, C. (2020), Coronavirus spurs ISO to provide business interruption endorsement, *PropertyCasualty360*, <https://www.propertycasualty360.com/2020/02/10/iso-provides-business-interruption-endorsement-inresponse-to-coronavirus-414-171888/> (accessed on 21 April 2020).
- Bartik, A.W., Bertrand, M., Cullen, Z., Glaeser, E.L., & Luca, M. (2020). The impact of COVID-19 on small business outcomes and expectations. *Economic Sciences*, 30(117).<https://www.pnas.org/lookup/suppl/doi:10.1073/pnas.2006991117/-/DCSupplemental>.
- Belghitar,Y., Moro, A., &Radic, N. (2021). When the rainy day is the worst

- hurricane ever: The effects of governmental policies on SMEs during COVID-19. *Small Business Economics*, 58, 943-961.
- Beraha, I. and -Duricin, S. (2020) The impact of Covid-19 crisis on medium-sized enterprises in Serbia. *Economic Analysis*, Vol. 53 No. 1, pp. 14-27.
- Cumming, D., & Hennessy, K. (2008). The impact of business interruption insurance on investment and risk-taking. *The Journal of Finance*, 63(4), 1543-1572.
- Enesi, O. E., & Ibrahim, U. A. (2020). Effects of COVID-19 pandemic on the performance on small and medium enterprises in Abuja-FCT, Nigeria. *Open Journal of Business and Management*, 9(5), 2261-2276.
- Farlie, R. (2020). The impact of COVID-19 on small business owners: Evidence from the first three months after widespread social-distancing restrictions. *Journal of Economic management strategy*, 29(4), 724-740.
- Fedotov, D. (2021). What has been done and what has not- the government of Canada's economic policy response to the coronavirus pandemic. *International Journal of Organizational analysis*, 32(2).
- Gould, S. (2020). Insurance response to beer and Pub businesses in lockdown (Letter to Dye, Chair, Association of British Insurers), One Voice Coalition.
- Glaser, B., & Howell, P. P. (2009). Political economy of the policy process. Oxford University Press.
- Gourinchas, P. & Kalemli-Özcan, S. (2020). COVID-19 and Business Failures. Global Forum on Productivity, OECD, June 5 2020. <https://www.oecd.org/global-forum-productivity/webinars/Gourinchas-Kalemli-Ozcan-covid-19-and-business-failures.pdf>
- Hall, P. A., & Soskice, D. W. (2001). Varieties of capitalism: The institutional foundations of comparative advantage. Oxford University Press.
- Hinings, C. R., Gegenhuber, V., & Büchel, S. (2016). The institutional context of strategic change. *Academy*
- Kagan, J. (2020). Business interruption insurance. <https://www.investopedia.com/terms/b/business-interruption-insurance.asp>.
- Kargar, M., Lester, B., Lindsay, D., Liu, S., Weill, P. O., & Zúñiga, D. (2021). Corporate bond liquidity during the COVID-19 crisis. *The Review of Financial Studies*, 34(11), 5352-5401.
- Lu, Y., Wu, J., Peng, J. & Lu, L. (2020), The perceived impact of the covid-19 epidemic: evidence from a sample of 4807 SMEs in Sichuan province, *Environmental Hazards*, Vol. 19 No. 4, pp. 1-18. Pandemic Risk Protection: Accelerate Recovery and Build Resilience Now Through Public-Private Partnership, Marsh LLC, <https://coronavirus.marsh.com/us/en/insights/research-and-briefings/pandemic-risk-protection.html> (accessed on 7 June 2021).

- McGeever, N., McQuinn, J., & Myers, S. (2020). SME liquidity needs during COVID-19 shock. Central Bank of Ireland, 2020(2).
- Mowbray, R. (2006). Business interruption insurance claims could account for half of the commercial losses from Katrina, but many owners are still struggling to get payments.
- The Times Picayune, (September 17), 1.
- NAIC (2020), COVID-19 Property & Casualty Insurance Business Interruption Data Call: Part 2- Claim and Loss Information (November 2020), National Association of Insurance Commissioners.
- Organisation for Economic Co-operation and Development (2021). Coronavirus (COVID-19): SME Policy Responses. Note prepared by the OECD centre for Entrepreneurship, SMEs, Regions and Cities, July 15. [http://www.oecd.org/coronavirus/policy-responses-04440101 /#tablegrp-d1e3211](http://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/#tablegrp-d1e3211)
- Oyedele, T. (2020). How SMEs can reposition businesses for growth amid COVID-19. Paper presented at the webinar organised by PwC Nigeria. [https://nairametrics.com/2020/07/22/how-smes-can-reposition-businesses-for-growth- amid-covid-19/](https://nairametrics.com/2020/07/22/how-smes-can-reposition-businesses-for-growth-amid-covid-19/)
- Tabachnick, B.G, & Fidell, L. S. (2014). Using multivariate statistics (5th ed.). Boston: Pearson Education.
- Turner, J., & Akinremi, T.(2020). The business Effects of Pandemics -A Rapid Literature Review. *Enterprise Research Centre. vol. 1*, <http://www.enterpriseresearch.ac.uk/>.
- Vargas-Hernández, J. G. (2011). Modeling risk and innovation management. *Journal of Competitiveness Studies*, 19(3/4), 45.
- World Health Organisation (2020) Diseases Outbreaks by Year. Available from: <https://www.who.int/csr/don/archive/year/en/>.