

The Role of Small Corporate Governance on Reducing Risk and Enhancing Small Enterprises Sustainable Performance after Corona Pandemic in Saudi Arabia

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Abstract

The study investigated the role of the small corporate governance in reducing risk and enhancing the sustainable performance after the Corona pandemic in Saudi Arabia. The problem of the study was represented in that the principles of governance are not applied in small enterprises and this causes great risks to small enterprises and financial reports users.

The study aims to identify to what extent the principles of governance reduce risk in the small enterprises in Saudi Arabia and to identify to what extent the principles of governance are applied in Saudi Arabia to achieve the sustainable performance. The descriptive analytical approach was used to measure the relationship between the role of the principles of governance and reducing risk and enhancing the sustainable performance in the small enterprises in Saudi Arabia through collecting primary and secondary data from the previous research (previous research and studies).

The study hypotheses were:

There is a statistically significant relationship between applying the principles of governance and reducing risk after the Corona pandemic. There is a statistically significant relationship between applying the principles of governance and small enterprises' performance and financial reports' users after the Corona pandemic.

The study concluded the following findings:

1. There is a statistically significant relationship between applying the principles of governance and reducing risk after the Corona pandemic.

2. Board of directors' objectives, tasks and powers are defined clearly and in details and they are oriented toward maximizing the shareholders' value

3. There is a statistically significant relationship between applying the principles of governance and enhancing the sustainable performance.

4. There are standards of improving the relationship between the enterprise and the parts of community.

The researchers recommended the following:

1. There should be emphasis on the small investors' rights and their right to elect the members of the board of directors.

2. Managers and employees should be trained to obtain sufficient knowledge about the principles of governance.

Keywords: Principles of Governance, Risk, Sustainable Performance.

Introduction

Corporate governance means the rules through which the company is led and directed. It includes mechanisms to regulating the various relationships between the board of directors, executives, shareholders and stakeholders, by developing special procedures to facilitate the decision-making process giving it transparency and credibility in order to protect the rights of shareholders and other users. This study aims to clarify the importance of the principles governing the disclosure of financial data and information of small enterprises in Saudi Arabia, and to find out to what extent do the disclosure and the adoption of the procedures and principles of governance reduce the impact of the Corona pandemic on investors and stakeholders related to these enterprises.

The study shows through the analysis and questionnaire to what extent these enterprises adopt the principles of governance and the comprehensive disclosure of information that concern all stakeholders in enterprises and enable them to make the decisions that avoid the impact of the Corona pandemic on their business, investment and interests in these small enterprises. The study attempts to highlight the importance of the adoption of the principles of governance in small enterprises in Saudi Arabia because of their great impact on investors, stakeholders and the economy as a whole.

Study Problem

Governance principles are of great importance for evaluating current performance and sustainable performance, as well as for reducing performance risk related to error, violation, corruption, and emergency crises. The problem of the study was represented in the absence of applying the principles of governance in small enterprises, which cause

great risk to small enterprises and financial reports' users. During the Corona pandemic, many small enterprises faced by risk related to the payment of obligations, low profitability in the short term and financial solvency in the long term. Therefore, this study investigates the effect of applying the principles of governance in small enterprises on reducing risk and enhancing sustainable performance of small enterprises in Saudi Arabia.

Study Questions

The study intends to answer the following questions:

- 1- Are there principles of governance used to reduce risk in small enterprises in Saudi Arabia?
- 2- To what extent do the principles of governance used in small enterprises in Saudi Arabia enhance the sustainable performance and risk reeducation?

Study Objectives

The study sets the following objectives:

- 1- To identify to what extent the principles of governance affect on reducing risk in small enterprises in Saudi Arabia.
- 2- To clarify to what extent the principles of governance are applied to achieve the sustainable performance in small enterprises in Saudi Arabia.

Study Significance

In a survey conducted by the Saudi Economic Association in 2020, in which participated a sample of 918 small enterprises from 13 regions around the Kingdom and from various economic activities, many of these enterprises in various sectors were affected by the Corona pandemic. In the commercial sector, 95.5% of the small enterprises were negatively affected by the Corona pandemic, and 66% of the owners are likely to have a pessimistic view. 20.9% of the enterprises were affected very highly and they suspended all employees from work, while 14.7% of the affected enterprises suspended more than 10 employees. In the financial sector, 91% of the enterprises faced a negative impact as a result of the preventive measures taken, 46% of the enterprises their sales affected by 100%, 17% of the enterprises were affected by 90% under the current conditions, 73% of the enterprises their continuity ranged between 3 to 6 months, 52% of the enterprises were unable to fulfill their material obligations towards employees, 39% of the enterprises their profits decreased by 50%, and 37% of them their profits decreased by 100%.

Study Hypotheses

The study intends to verify the following hypotheses:

1-There is a statistically significant relationship between applying the principles of governance in small enterprises and reducing risk after the Corona pandemic.

2-There is no statistically significant relationship between applying the principles of governance and the performance of small enterprises and financial reports' users after the Corona pandemic.

Study Limits

Spatial limits: Khamis Mushait.

Time limits: 2022/2023.

Previous Studies

1- Radwan (2020) conducted a study entitled: (The Importance of Corporate Governance in Facing Financial and Accounting Corruption: Analytical Study of Legal and Regulatory Framework Regulating Joint-Stock Companies Operation in Iraq), University of Baghdad, Iraq.

The study aimed to investigate the importance of the legal and regulatory framework of corporate governance in facing financial and accounting corruption. The study adopted the descriptive analytical approach. The findings of the study analysis revealed that there are shortcomings in many fields, including the rights of shareholders in companies with regard to their attendance at the annual meetings of the General Assembly and providing them with the necessary information, summary of financial reports, auditor's and company's management report, and any information that has an important impact on their decisions regarding the future of their investments as well. There is an inadequacy of the legal and regulatory framework in establishing the foundations for balanced treatment of shareholders, especially the minority. There are shortcomings related to the requirements of disclosure and transparency and adopting the appropriate accounting and auditing standards to meet the changes in the environment. There is need to define the concept, requirements and conditions of independence for all members of the Board of Directors and the prevention of performing non-audit work and services. The study recommended the following: An independent committee of corporate governance should be formed of experts, specialists and professionals in order to increase the awareness of corporate governance issues and to achieve the required changes in various accounting, auditing, legal and regulatory fields.

2-Al-Abbas (2011) conducted a study entitled: (The Role of Corporate Governance in Reducing Credit Risk in the Banking Sector, Saudi Arabia), Center for Strategic Studies.

The study aimed to investigate the most important problems facing the banking sector in Saudi Arabia, which is represented in that the

governance is not actually practiced to reduce banking credit risk. The study also aimed to identify to what extent risks are determined and measured and then reduced to achieve accepted return rate and to what extent there is balance between return and risk.

The study adopted the descriptive analytical approach. The study concluded the findings: The concept of governance is still new in the Saudi environment; there are attempts to identify its mechanisms and application. The audit committees in joint-stock companies play a role in applying governance in the Saudi environment. The study recommended the following: A national centre of governance should be established in Saudi Arabia and representatives of the Chamber of Public Control, Saudi Organization of Accountants, Financial Market and the Chamber of Commerce and Industry should participate in it. The importance of cooperation between the audit committee of joint stock companies and internal and external auditors should be emphasized.

Theoretical Framework

Definition of Governance

The origin of governance refers to the Greek verb (Kuberman), which means directing; it was transmitted to the Latin, French and Russian languages. The need to use the word appeared in the nineties after the economic crises happened in East Asia and Latin America, when giant companies were exposed to financial problems that prompted them to use the rules of governance.

Governance is a set of rules, laws, and foundations that control companies operation, achieve effective control over their board of directors, and regulate the relationship between them and stakeholders, in order to achieve transparency, justice, and combat corruption (Buroqayia, 2009).

The International Finance Corporation (IFC) defines governance as a system through which companies are managed and controlled. The Organization for Economic Co-operation and Development (OECD) considers governance as a set of relationships that link managers of the company, the board of directors, shareholders and other stakeholders (Buruqayah, 2008:2).

Mikhael (2005) defined governance as a state, process, and direction. He also described governance as a system of immunity and protection that is necessary to control the movement, direction, and safety of all actions and the integrity of behavior within companies. It is also an administrative process practiced by the authority of supervisory management, both inside and outside companies through several stages; this process depends on ethics and conscience. The definition includes the following aspects of the concept 'Governance':

Wisdom: It includes directing and guiding.

Judgment: It includes the control by setting regulations and restrictions that control behavior.

Invocation: It includes referring to ethical and cultural references and expertise from previous experience.

Arbitration: It includes seeking justice preventing the authority from deviating and manipulating interests of shareholders.

Reality of Governance and Small Projects in Saudi Arabia

According to Bin Adnan, the World Bank defined small and medium enterprises using the criterion of the number of workers, considering that a small enterprise employs less than (50) workers; as most of the developing countries use this criterion, while the European Group uses less than (100) workers. Gulf Cooperation Council Countries including Saudi Arabia use the criterion of invested capital to differentiate between a small and a medium enterprise; enterprises are classified small when their capital of 800,000 Bahraini dinars, as most of the registered organizations of 98% are considered small and medium enterprises. This requires making effort and paying more attention to develop the sector and achieve the aims of the Vision 2030. In order to develop small enterprises sustainably there is need to intensify the governance to raise operational efficiency and preserve the rights of stakeholders and establish values of justice and transparency. Small enterprises are characterized by the following characteristics that distinguish them from other projects:

- 1- Ability to attract savings and operate the largest production capacity, because its establishment does not require large capital and facilitates collecting savings and directing investment.
- 2- Easy establishment and operation due to low expenses of establishing and investment costs.
- 3- Central management, because mostly the manager is the primary source for setting objectives and making decisions (Al-Mhroug, 2012:2).

Corporate Governance Ability to Deal with Corona Pandemic

The Board of the Saudi Capital Market Authority issued a decision exempting listed companies from paying the financial fees for a period of one year starting from June 2020 to reduce the economic impacts of Corona pandemic and in an effort to enhance the organizational environment and the safety and stability of the financial sector. The corporate governance system supported companies' ability to:

- 1- Enhance and develop the role and tools of disclosure and transparency to instill trust among investors and stakeholders.

2- Review business, emergency and disaster continuity management strategies and plans.

3- Reduce costs, face multiple risks such as liquidity risk, search for alternative financing solutions, and reconsider salary and bonus policies in light of pandemic.

4- Strengthen the administrative structures of companies to achieve the required diversity to keep pace with the new needs resulting from the crisis and to meet the challenges of the work environment and the costs of infrastructure. (Daif Allah, 2021:132).

Reasons for the Emergence of Corporate Governance

Al-Aziza, (2009: 19) listed the following as reasons for corporate governance:

1- Institutional failure cases that happened in America, Russia and Asian countries.

2- The gap between management rewards and corporate performance.

3- Ineffective internal control procedures that cannot detect and prevent problems.

4- Weakness of the Board of Directors, which may affect the executive and senior management and may suffer from deficiencies in their ability to carry out successful management practices.

5- Lack of accuracy and transparency in preparing the final accounts.

6- Inability of investors to analyze and compare investment opportunities.

7- Weakness of external parties to control the organization, such as those who set laws and auditors.

8- Unethical practices by the Board of Directors, executive management and employees.

Governance helps small enterprises to protect interests of all parties, especially the conflicting interests, preserve shareholders' rights, maximize the company's profits and market value, and to manage expected risks. Governance has international and external components; the external components include investment, legislative and organizational environment and consist of all laws regulating companies operation and protection in addition to the banking and controlling environment. The internal components include foundations that determine the decision-making mechanism and the distribution of powers and responsibilities within the company between the board of directors and the executive director.

The Role of Applying Corporate Governance in Reducing Risk in Small Enterprises

Good corporate governance achieves many objectives, including: (Zargon and Al-Omari, 2013:87)

1-Achieves transparency, justice and protects shareholders' rights in the enterprise, by creating rules, regulations and controls that aim at achieving transparency and justice.

2-Provides administrative regulations, rules and structures that give the right to hold the company's management accountable before the general assembly and guarantee shareholders' rights in the enterprise.

3-Develops investments and their flow by deepening investors' trust in financial markets.

4-Increases savings, maximizes profitability and creates new job opportunities.

5-Improves financial performance by holding management accountable to shareholders.

6-Imposes good and effective control over the performance of economic units to develop and improve the competitiveness.

7-Combats unacceptable behavior, whether in the material, administrative or ethical aspect.

8- Provides new job opportunities.

9- Attracts foreign or local investments and reduces the flight of national capital abroad.

10-Applies transparency in the procedures of financial accounting and auditing to reduce and control corruption in the enterprise.

10-Assists decision makers such as managers and boards of directors to build a strategy.

11-Increases information, experience and skills as a result of applying governance.

12-Works to hold accountable and combat administrative and financial corruption in the enterprise and to adopt all available means to attract local and foreign investments through legislation, laws and privileges granted to investors.

13-Applies the principle of good morals, human and economic dealings between the dealers as the ethical aspects in corporate business are the most appropriate things to support good governance.

Corporate Governance Role on Sustainable Performance Quality in Small Enterprises

The organizational dimensions of corporate governance have an effective impact on the quality of the sustainable performance and the reduction of the operational and credit risk in small enterprises. The

good governance is achieved through applying and practicing the supervision, control and ethical behavior. The strategic dimension of governance increases the rapidness of the enterprise's response to changes in business environment and crises. The organizational dimensions of governance are:

A- Supervisory and controlling dimension:

The supervisory and controlling dimension of small corporate governance is activated through the practice of shareholders' associations, shareholders' rights and increasing their contribution to the improvement of transparency and disclosure and practicing pressure on the board of directors to do their best and create tranquility and trust among shareholders.

B- Ethical dimension:

Ethical behavior is significant in activating the controlling role and the quality of current and sustainable performance. Professional organizations call for establishing a code of conduct that focuses on ethical values and fairness ensuring good enterprise's reputation and credibility and the commitment to the enterprise's values and internal rules (Sulieman, 2008:150).

C- Strategic dimension:

The strategic control is one of the systems on which governance based to reduce deputy problems in different administrative levels; it includes the official definition of objectives, the measurement of performance and the feedback, and therefore, the evaluation of strategies and ensuring whether they lead to improving the return on long term invested capital and achieving the efficiency, quality, innovation and response to customer's desires and needs.

The strategic control also aims to develop the objectives in order to compare the enterprise's performance and then take the corrective procedures; the lower managerial levels as deputy agree with the senior management to maximize shareholders' wealth.

D- Economic and investment dimension:

The economical and investment dimension includes the macroeconomic policies.

The Role of Applying Governance Principles on Enhancing Small Enterprises Sustainable Performance

Applying the principles of governance helped small enterprises develop their infrastructure and enhance their sustainable performance through the following:

1- The board of directors' performing a strategic role by documenting the objectives of the enterprise clearly in a long term strategy and an annual plan contributes to the quality of sustainable performance.

2- The legal framework and the rules regulating ethical practices the rules of behaviors that are reported to all stakeholders which understood and followed by the whole enterprises played a significant role in the quality of the sustainable performance in small enterprises.

3- The board of directors and audit committee played a controlling and directing role in programs and processes used in collecting the operational and financial information and reporting about it to the board of directors and internal and external stakeholders.

4- The executive management helps control the daily activities of the enterprise and the quality of sustainable performance in small enterprises.

5- The organizational structures and operations that allow the board of directors to fulfill their responsibilities and duties including the supervision of risk and growth strategy sustainability in accordance with the organization's mission and the best benefit for the various stakeholders of the enterprise.

6- The infrastructure of governance as soon as implemented properly positively affects the enterprise's profits; as it leads to decreasing risk, saving money and achieving tasks. When it is presented to the external stakeholders clearly it improves the audience's understanding the policies, organizational structure and activities (including the labor environment and employment practices) of the enterprise. Therefore, the transparency enhances the stakeholders' trust and belief in the enterprise and it can attract investors, loaners, talents and strategic cooperation. The truthfulness and transparency are good for the enterprise's reputation; they record a great degree of respect and trust among customers or consumers and those of responsible thought and social sustainable concern (Sulieman, 2005:44).

Study Procedures

Here below, the researchers presented the procedures of the study including the study methodology, the study population, the study sample, the study tool of data collection, the validity and reliability of the data collection tool and the statistical methods used in processing the data.

Study Methodology

The descriptive analytical approach was used to measure the relationship between the role of the principles of governance and reducing risk and enhancing sustainable performance in small enterprises after the Corona pandemic in Saudi Arabia. The primary and

secondary data were collected from previous literature (previous research and studies). A questionnaire was prepared as the study tool and designed on an electronic link directed to a random sample of small enterprises in Saudi Arabia. The link was distributed to a pilot sample of the small enterprises and of specialized experts to benefit from their opinions and suggestions, in order to verify the validity of the tool. The reliability of the questionnaire was confirmed by using the Cronbach Scale.

Study Population

The population of the study consisted of (14) small enterprises, including commercial, service and industrial enterprises in Khamis Mushait, Saudi Arabia.

Study Sample

The sample of the study was selected of (150) individuals from the investigated small enterprises in Khamis Mushait, Saudi Arabia. It was a probable sample that the researcher selects from the study population using a method that allows equal chances for selecting the individuals of the population the present study investigates.

Study Tool

A questionnaire was designed as the study tool. The researcher benefiting from the previous studies prepared the questionnaire statements covering the study aspects comprehensively and clearly. (150) questionnaires were distributed and (134) (89.3%) of them were recovered which is considered higher than the accepted rate (75%).

Table (1) Five-Point Likert Scale

Statement	strongly agree	Agree	Neutral	Disagree	Strongly disagree
Weight	5	4	3	2	1

Source: Prepared by the researcher using SPSS2020.

The table (1) above shows that the hypothetical mean equals:

$$\frac{1+2+3+4+5}{5} = 3$$

The value degree was determined according to the following measurement:

$$\text{Category range} = \frac{\text{Maximum limit} - \text{alternative Minimum limit}}{\text{number of levels}}$$

$$\text{Therefore, category range} = \frac{1-5}{5} = \frac{4}{5} = 0.8$$

Accordingly, respondents' opinions toward the statements are as in the following table (2):

Table (2) Division of Categories According to Five-Point Scale

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Weight	5-4.2	4.2-3.4	3.4-2.6	2.6-1.8	1.8-1

Source: Prepared by the researcher using SPSS2020

Validity of the Study Tool

The questionnaire was given to some arbitrators, from the teaching staff members specialized in the field, in order to benefit from their expertise; this made the scale more accurate and objective. The arbitrators' remarks were considered then some modifications included into the questionnaire statements.

Reliability of the Study Tool

Reliability coefficient: It means that the scale is stable and does not contradict itself, that it gives the same results if it is re-applied on the same sample. In order to test the reliability the researchers used Cronbach's alpha coefficient which ranges between one and zero; when the value comes close to or equals zero the data reliability is considered not low and vice versa when it comes close to or equals one the data reliability is considered high; the coefficient that is less than 60% considered weak, accepted when reaches 70% and good if reaches 80%. Every statement that does not meet the required range is deleted. The reliability coefficient for each aspect of the questionnaire is in the range (0.827 - 0.918), which is less than the value of Cronbach's alpha coefficient for all study aspects (0.926); this indicates the reliability of the questionnaire is good was reflected on the validity coefficient which reached (0.962).

Table (3) Validity and Reliability Coefficients of the Questionnaire Aspects

Aspects	Statements Num	Cronbach's Alpha	Validity
Hypothesis one	9	0.827	0.91
Hypothesis two	6	0.918	0.96
Total	15	0.926	0.962

Source: Prepared by the researcher using SPSS2020

Table (3) above shows the results of the reliability coefficients of the sub-dimensions and the total degree of the aspects for the scale in its final form when applied on the population of the current study:

The researchers, according to the table above, observes that most of the reliability coefficients for the degrees of all dimensions and the total degree for the scale of the questionnaire aspects are greater than (0.60);

this confirms that this scale is appropriate to measure the aspects of the questionnaire on the population of the current study.

Data Analysis and Hypotheses Verification

Below, the analysis of the study variables and the questionnaire statements:

First: Descriptive Analysis of the Demographic Information

1. Study sample distribution according to age

Table (4): Age distribution of the study sample

	Frequency	Percent
Less than 30 years	48	%35.8
30 to less than 40 years	60	%44.8
40 to less than 50 years	20	%14.9
50 years and more	6	%4.5
Total	134	100%

Source: Prepared by the researcher using SPSS2020

The table (4) above shows the age distribution of the study sample; there were (35.8%) of the study sample individuals their age (less than 30) years, (44.8%) of them their age (30 to less than 40) years, (14.9%) of them their age (40 to less than 50) years, (4.5%) their age more than 50 and more years old; therefore most of the study sample individuals their age (30 to less than 40) years old.

2. Study sample distribution according to scientific qualification

Table (5): Scientific qualification distribution of the study sample

	Frequency	Percent
Undergraduate	3	2.2%
Graduate	96	71.6%
Postgraduate	35	26.1%
Total	134	100%

Source: Prepared by the researcher using SPSS2020

The table (5) above shows the scientific qualification distribution of the study sample; (2.2%) of the study sample their qualification was undergraduate, (71.6%) of them their qualification was graduate, (26.1%) of them their qualification was postgraduate; therefore most of the study sample individuals were graduates.

3. Study sample distribution according to years of experience

Table (6): Years of experience distribution of the study sample

	Frequency	Percent
5 years and less	31	%23.1
5 to 10 years	34	%25.4
10 to 15 years	33	%24.6
15 years and more	36	%26.9
Total	134	100%

Source: Prepared by the researcher using SPSS2020

The table (6) above shows the distribution of the study sample according to the years of experience; (23.1%) of them their experience 5 years and less, (25.4%) of them their experience 5 to 10 years, (24.6%) of them their experience 10 to 15 years and (26.9%) of them their experience 15 years and more; therefore most of the study sample individuals their experience 15 years and more.

Second: Main Data Analysis

Hypothesis one: (There is a statistically significant relationship between applying governance principles in small enterprises and reducing risk after Coronal pandemic).

Table (7): Frequency and percentage of the statements for the hypothesis one

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1. Board of Directors' objectives, tasks and power are defined clearly and in detail that they oriented toward maximizing shareholders' value.	58 43.3	46 34.3	18 13.4	7 5.2	5 3.7
2. There is commitment to responsibility for the employees and shareholders and the determination appropriate returns for them.	15 11.2	59 44.0	22 16.4	22 16.4	16 11.9

3. There are mechanisms that emphasize the rights of small investors and their right to choose members of the Board of Directors.	5 3.7	28 20.9	35 26.1	45 33.6	21 15.7
4. Accurate disclosure is achieved in the appropriate time.	18 13.4	30 22.4	26 19.4	39 29.1	21 15.7
5. There is a written guide of procedures that contributes to activating the principles of governance.	24 17.9	57 42.5	22 16.4	17 12.7	14 10.4
6. Managers and employees have sufficient knowledge about the principles of governance.	8 6.0	45 33.6	36 26.9	27 20.1	18 13.4
7. Documents are kept according to an internal system.	15 11.2	35 26.1	21 15.7	43 32.1	20 14.9
8. The enterprise applies relevant laws and systems when practices its business.	35 26.1	55 41.0	22 16.4	13 9.7	9 6.7
9. Decisions affecting the interests of shareholders are made after consulting them by the enterprise's management.	26 19.4	30 22.4	19 14.2	34 25.4	25 18.7

Source: Prepared by the researcher using SPSS2020

The table (7) above shows the following:

(58) individuals (43.3%) of the study sample strongly agree, (46) individuals (34.3%) of them agree, (18) individuals (13.4%) were neutral and (12) individuals (8.9%) disagree with the statement (Board of Directors' objectives, tasks and power are defined clearly and in detail that they oriented toward maximizing shareholders' value); this means that most of the study samples agree with the statement.

(15) individuals (11.2%) of the study sample strongly agree, (59) individuals (44%) of them agree, (22) individuals (16.4%) were neutral and (36) individuals (28.8%) disagree with the statement (There is commitment to responsibility for the employees and shareholders and

the determination appropriate returns for them); this means that most of the study samples agree with the statement.

(5) individuals (3.7%) of the study sample strongly agree, (28) individuals (20.9%) of them agree, (35) individuals (26.1%) were neutral and (66) individuals (49.3%) disagree with the statement (There are mechanisms that emphasize the rights of small investors and their right to choose members of the Board of Directors); this means that most of the study samples disagree with the statement.

(18) individuals (13.4%) of the study sample strongly agree, (30) individuals (22.4%) of them agree, (26) individuals (19.4%) were neutral and (60) individuals (34.8%) disagree with the statement (Accurate disclosure is achieved in the appropriate time); this means that most of the study samples disagree with the statement.

(24) individuals (17.9%) of the study sample strongly agree, (57) individuals (42.5%) of them agree, (22) individuals (16.4%) were neutral and (31) individuals (32.1%) disagree with the statement (There is a written guide of procedures that contributes to activating the principles of governance); this means that most of the study samples agree with the statement.

(8) individuals (6%) of the study sample strongly agree, (45) individuals (33.6%) of them agree, (36) individuals (26.9%) were neutral and (45) individuals (33.5%) disagree with the statement (Managers and employees have sufficient knowledge about the principles of governance.); this means that most of the study samples disagree with the statement.

(15) individuals (11.2%) of the study sample strongly agree, (35) individuals (26.1%) of them agree, (21) individuals (15.7%) were neutral and (63) individuals (47%) disagree with the statement (Documents are kept according to an internal system); this means that most of the study samples disagree with the statement.

(35) individuals (26.1%) of the study sample strongly agree, (55) individuals (41%) of them agree, (22) individuals (16.4%) were neutral and (22) individuals (16.4%) disagree with the statement (The enterprise applies relevant laws and systems when practices its business); this means that most of the study samples agree with the statement.

(26) individuals (19.4%) of the study sample strongly agree, (30) individuals (22.4%) of them agree, (19) individuals (14.2%) were neutral and (59) individuals (44%) disagree with the statement (Decisions affecting the interests of shareholders are made after consulting them by the enterprise's management); this means that most of the study samples agree with the statement.

Hypothesis two: (There is a statistically significant relationship between applying governance principles and enhancing sustainable performance).

Table (8): Frequency and percentage of the statements for the hypothesis two

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1. There is an attention given to the environment, dealing with disasters and effectiveness of sustainable performance.	23 17.2	51 38.1	14 10.4	30 22.4	16 11.9
2. There is commitment to situation of human rights and the environment.	15 11.2	33 24.6	26 19.4	33 24.6	27 20.1
3. Developing strategies helps in improving the efficiency of enterprise's performance.	31 23.1	57 42.5	20 14.9	10 7.5	16 11.9
4. Applying the rules of shareholders' rights affects assets and share return.	11 8.2	42 31.3	22 16.4	39 29.1	20 14.9
5. Attracts the internal and external investment.	23 17.2	68 50.7	21 15.7	12 9.0	10 7.5
6. Improves the relationship between the enterprise and the parts of community.	25 18.7	63 47.0	24 17.9	10 7.5	12 9.0

Source: Prepared by the researcher using SPSS2020

The table (8) above shows the following:

(23) individuals (17.2%) of the study sample strongly agree, (51) individuals (38.1%) of them agree, (14) individuals (10.4%) were neutral and (46) individuals (34.3%) disagree with the statement (There is an attention given to the environment, dealing with disasters and effectiveness of sustainable performance); this means that most of the study samples agree with the statement.

(15) individuals (11.2%) of the study sample strongly agree, (33) individuals (24.6%) of them agree, (26) individuals (19.4%) were neutral and (60) individuals (44.7%) disagree with the statement (There is commitment to situation of human rights and the environment); this means that most of the study samples disagree with the statement.

(31) individuals (23.1%) of the study sample strongly agree, (57) individuals (42.5%) of them agree, (20) individuals (14.9%) were neutral

and (26) individuals (19.4%) disagree with the statement (Developing strategies helps in improving the efficiency of enterprise's performance); this means that most of the study samples agree with the statement.

(11) individuals (8.2%) of the study sample strongly agree, (42) individuals (31.3%) of them agree, (22) individuals (16.4%) were neutral and (59) individuals (44%) disagree with the statement (Applying the rules of shareholders' rights affects assets and share return); this means that most of the study samples disagree with the statement.

(23) individuals (17.2%) of the study sample strongly agree, (68) individuals (50.7%) of them agree, (21) individuals (15.7%) were neutral and (22) individuals (16.5%) disagree with the statement (Attracts the internal and external investment); this means that most of the study samples agree with the statement.

(25) individuals (18.7%) of the study sample strongly agree, (63) individuals (47%) of them agree, (24) individuals (17.9%) were neutral and (22) individuals (16.5%) disagree with the statement (Improves the relationship between the enterprise and the parts of community); this means that most of the study samples agree with the statement.

Table (9): Mean, standard deviation and t-test for the hypothesis one:
(There is a statistically significant relationship between applying governance principles in small enterprises and reducing risk after Coronal pandemic)

Statement	Mean	SD	T-Test	Interpretation
1. Board of Directors' objectives, tasks and power are defined clearly and in detail that they oriented toward maximizing shareholders' value.	4.08	1.055	44.780	Agree
2. There is commitment to responsibility for the employees and shareholders and the determination appropriate returns for them.	3.26	1.214	31.109	Agree
3. There are mechanisms that emphasize the rights of small investors and their right to choose members of the Board of Directors.	2.63	1.094	27.883	Neutral

4. Accurate disclosure is achieved in the appropriate time.	2.89	1.296	25.800	Neutral
5. There is a written guide of procedures that contributes to activating the principles of governance.	3.45	1.224	32.617	Agree
6. Managers and employees have sufficient knowledge about the principles of governance.	2.99	1.150	30.041	Neutral
7. Documents are kept according to an internal system.	2.87	1.273	26.055	Neutral
8. The enterprise applies relevant laws and systems when practices its business.	3.70	1.157	37.032	Agree
9. Decisions affecting the interests of shareholders are made after consulting them by the enterprise's management.	2.99	1.419	24.344	Neutral

Source: Prepared by the researcher using SPSS 19

The table above shows the mean, standard deviation, t-test and interpretation for the statements of the hypothesis one. The mean for all the statements is greater than the hypothetical mean indicated in this study which is (3). This means that most of the answers were in the positive direction; the respondents' answers agreed with the statements of the hypothesis as the difference between the highest and lowest standard deviation (1.094 - 1.419) was less than one which confirms that the data is consistent. The (t) value calculated for all the statements was greater than its tabulated value (1.83) this means that the statements of the hypothesis were accepted by the sample individuals.

Table (10): Mean, standard deviation and t-test for the hypothesis two: (There is a statistically significant relationship between applying governance principles and enhancing sustainable performance)

Statement	Mean	SD	T-Test	Interpretation
1. There is an attention given to the environment, dealing with disasters and effectiveness of sustainable performance.	3.59	1.14	36.28	Agree
2. There is commitment to situation of human rights and the environment.	3.80	1.09	40.14	Agree
3. Developing strategies helps in improving the efficiency of enterprise's performance.	3.84	1.04	42.61	Agree
4. Applying the rules of shareholders' rights affects assets and share return.	3.73	1.13	37.94	Agree
5. Attracts the internal and external investment.	3.44	1.08	36.88	Agree
6. Improves the relationship between the enterprise and the parts of community.	3.64	1.19	35.19	Agree

Source: Prepared by the researcher using SPSS 19

The table above shows the mean, standard deviation, t-test and interpretation for the statements of the hypothesis two. The mean for all the statements is greater than the hypothetical mean indicated in this study which is (3). This means that most of the answers were in the positive direction; the respondents' answers agreed with the statements of the hypothesis as the difference between the highest and lowest standard deviation (1.035 - 1.352) was less than one which confirms that the data is consistent. The (t) value calculated for all the statements was greater than its tabulated value (1.83) this means that the statements of the hypothesis were accepted by the sample individuals.

Study Findings

The study concluded the following findings:

1. There is a statistically significant relationship between applying the principles of governance in small enterprises and reducing risk after Corona pandemic.
2. Board of Directors' objectives, tasks and powers are defined clearly and in detail that they are oriented toward maximizing the shareholders' value.
3. There is a statistically significant relationship between applying the principles of governance and enhancing the sustainable performance.
4. There are standards for improving the relationship between the enterprise and the parts of community.

Study Recommendations

The study recommended the followings:

1. There should be emphasis on the small investors' rights and their right to elect the members of the board of directors.
2. Managers and employees should be trained to obtain sufficient knowledge about the principles of governance.

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