

The Role of Governance Principles in Enhancing Sustainable Performance in Small Enterprises after the Corona Pandemic in Saudi Arabia

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Abstract

The problem of the study was represented in that weak corporate governance weakens the enterprise's potentials; it can lead to financial difficulties and in some cases can cause long-term damage to the enterprise's reputation. The significance of the study is represented in the importance of applying the principles of corporate governance in small enterprises and their role in enhancing the quality of sustainable performance. The corona pandemic has greatly affected the performance of many enterprises that did not commit to applying the principles of governance during and after the pandemic while other enterprises that committed to applying the principles of good governance less affected by the Corona pandemic. The study aims to clarify the role of applying the principles of governance in enhancing the quality of sustainable performance in small enterprises and to identify the impact of the commitment to applying the principles of governance in achieving the objectives of small enterprises. The study verified the following hypotheses: There is no a statistically significant relationship between the commitment to applying the principles of governance and the enhancement of sustainable performance in small enterprises. There is no a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises. The study concluded the findings: There is a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises.

Keywords: *Small Enterprises, Governance.*

Introduction

Enhancing sustainable performance and achieving sustainable development require the availability of managing and controlling tools for making sustainable decisions, exercising audit and oversight tasks within a legal ethical and referential framework of the evaluating the internal parties and to what extent they are subject to the internal auditors and external oversight bodies such as the financial market oversight, external auditors and financial analysts.

Nayef (2017) stated that small and medium enterprises in Saudi Arabia contribute 21% of the Gross Domestic Product (GDP) while in the highest world economies they contribute only 15%. Despite the efforts made to improve the business environment, small and medium enterprises still suffer challenges that prevent them achieving the target specified

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by Saudi Vision 2030. Due to the complex nature of the legal and administrative procedures, the unsatisfactory performance, the weak ability to attract competencies, and the difficulty in obtaining financing which does not exceed 5% of the total financing.

These challenges facing small enterprises prevent them achieving the desired objectives; these challenges cannot be overcome without a model that helps enhancing and improving enterprises' economic and financial performance and gives investors, shareholders and community high trust and ability to achieve growth rates. Those enterprises face difficulties in obtaining finance from financial institutions because of the risk size due to the absence of a model that guarantees the ability of enterprises to achieve a lowest level of trust in the continuity.

Governance is the system that removes these challenges, supports enterprises' continuity, maximizes their value and attracts investment and accordingly enhancing the Saudi Vision 2030 towards small enterprises in the Kingdom (Kashat, 2020: 147). The principles of corporate governance are an essential tool for improving corporate performance and advancing development. The concept of corporate governance in small enterprises is defined by the organizational rules and decisions that aim to achieve quality and excellence in performance by selecting appropriate and effective methods to achieve the plans and objectives of the company.

Corporate governance in small enterprises is also known as the systems that govern the relationships between the main parties that affect performance. It also includes elements of strengthening the enterprise in the long run and determining the responsible and responsibility.

Governance rules and controls aim at achieving transparency and justice, granting the right to hold the enterprise's management accountable, achieving shareholders' protection, taking into account the interests of work and workers, and encouraging power use in the public interest; this leads to develop and encourage investment flow, maximize profitability, and provide new job opportunities (Nazih, 2020).

Corporate governance in small enterprises plays an essential role in defining the role of shareholders as owners of capital on one hand and as managers on the other hand and in defining rules and procedures aiming at managing the enterprise; this decreases internal conflicts and helps making growth and capacity.

We find that enterprises that apply the basic principles of good corporate governance such as integrity, accountability and transparency usually outperform other ones and will be able to attract investors who support the enterprise with financing. In order to achieve further growth and improve the competitive advantage and the quality of sustainable performance small enterprises are required to apply the principles of corporate governance that enhance safety and protection from risks, stimulate investment, reduce financial and administrative failure, give priority to the interest of the small enterprise community over the interests of the board of directors, and protect against trafficking in entrants (Atwan, 2020, p. 50).

Study Problem

Many international organizations, such as Economic Cooperation Organization and International Monetary Fund have been interested in issuing corporate governance principles with the purpose of establishing a foundation for the application of governance. The Cadbury report, issued in United Kingdom in 1991, indicated that "corporate governance is the system through which business is directed and controlled." Good corporate governance is considered a major factor in supporting a company's integrity and efficiency. Poor corporate governance can weaken a company's potential, can lead to financial difficulties and in some cases can cause long-term damage to a company's reputation.

Governance of small enterprises performance is a catalyst for investment, protection and safety from financial and administrative failure; it also enhances the corporate community's interest over the board of directors interests and creates a stable and responsible investment environment capable of protecting investors' property.

Investment Feasibility Report (2010) of the World Bank and the Union of Arab Banks indicated that the lack of business transparency and weak financial structure in small and medium enterprises was one of the main obstacles to more participation by banks in financing small enterprises.

Applying the principles of governance is of great importance for the small enterprises success and the reduction of risks that face their performance. These principles regulate the work of Board of Directors and the executive management and their sustainable performance. They also achieve the legal commitment and correlate them with the responsibility, accountability and balance between the interests of the various parties.

There are many small enterprises in Saudi Arabia that do not apply the principles of corporate governance due to the small size of their activities, to avoid increasing costs or due to the lack of experience and knowledge of those principles and their role in the quality of sustainable performance. A survey conducted by Saudi Association (2020) on the Kingdom covering 918 small enterprises showed that the non-application of corporate governance principles has led to a large number of enterprises 95.5% were affected by the Corona pandemic. They encountered great difficulties in performing their activities during the period of pandemic as a result of the closure procedures. Those procedures greatly affected enterprises' activities, and in turn revenues decreased as a result of a decrease in sales and an increase in operational, management, market and other types of risks, which altogether made many enterprises to reduce the number of workers, minimize working hours and cancel the programs and plans to be implemented. These risks and difficulties could be overcome if the principles of corporate governance were applied.

Study Significance

The significance of the study lies in the importance of applying the principles of corporate governance in small enterprises and their role in enhancing the quality of sustainable performance. The Corona pandemic greatly affected many enterprises performance which did not commit to applying governance principles, while affection was less in enterprises that applied the principles of good corporate governance.

Study Objectives

The study aims to:

- 1- Clarify the role of applying the principles of governance in enhancing the quality of sustainable performance in small enterprises.
- 2- Identify the impact of the commitment to applying the principles of governance in achieving the objectives of small enterprises.

Study Hypotheses:

The study sets the following hypotheses:

- 1- There is statistically significant relationship between the commitment to applying the principles of governance and the enhancement of sustainable performance of small enterprises.
- 2- There is statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises.

Previous Studies:

1- Atwan (2020) conducted a study entitled: The Role of Governance in Corporate Sustainability and Achieving the Kingdom's Vision 2030 A Comparative Study between the Saudi Companies System and Islamic Sharia, Saudi Arabia.

The study aimed to investigate the role of corporate governance in corporate sustainability and achieving the Kingdom's Vision 2030 in comparison with the Saudi corporate system and Islamic Sharia.

The study used statistical analysis.

The study concluded the following findings:

Applying governance in the Saudi corporate system leads to effectiveness, responsibility, enforcement of contracts, and the growth of Saudi companies to become giants, and this creates wealth and fights poverty.

Governance plays a role in attracting foreign investment, improving competitiveness, achieving vision and sustainable development in accordance with the Islamic Sharia approach.

2- Kashat (2020) conducted a study entitled: Sustainable Performance of Business Organizations: A Study on Measurement and Disclosure Models, Steif University, Algeria.

The study aimed to give an in-depth reading of the concept of sustainable performance for business organizations.

The study used the descriptive analytical, the comparative, and content analysis approaches in reviewing the literature specialized in the fields of sustainable development and the social responsibility of organizations.

The study concluded the following findings:

Setting comprehensive indicators of sustainable performance requires the management of organizations to be familiar with the combination between strategic comparison and comparison of sustainable development and corporate governance.

The (TBL) Model is the most reliable measurement, and the Global Reporting Initiative is the most used in disclosing the overall performance of organizations.

3- Jarad and Hameed conducted a study entitled: Applying TBL Model to Disclose the Sustainable Performance in Economic Units, Applied Research in Kufa Cement Factory, Iraq.

The study aimed to investigate applying the (TBL) model in economic units to identify the sustainable performance.

The study adopted the statistical analysis.

The study concluded the following findings:

Companies' adoption of sustainability reports is due to stakeholders' pressure to provide information related to maintaining economic resources for future generations.

There are challenges to link the TBL model to companies' operations and generating opportunities to increase local community support, increase worker rights, and maintain and improve expectations.

There is no agreement on global standard methods for preparing TBL reports and implementing TBL reports that enhance transparency and provide sustainable performance information.

4- Al-Talafha and Munawer (2020) conducted a study entitled: The Repercussions of the Covid-19 Crisis on Achieving the Objectives of Sustainable Development : The Case of Arab Countries, Algeria.

The study aimed to investigate the reality of the Arab countries at sustainable development indicators.

The study used the qualitative analysis method.

The study concluded the following findings:

Development policies in Arab countries are still fragmented and poverty and inequality rates are increasing.

There is a weakness in the frameworks for participation in the implementation of the objectives of sustainable development and weakness in the sustainability of production and economic structures and the creation of job opportunities.

5- Bakhreis (2017) conducted a study entitled: The Role of Electronic Governance in Achieving Organizational Excellence, Benghazi University, Faculty of Science.

The study aimed to investigate applying the principles of electronic governance in a number of public and private organizations and the reflection in achieving organizational excellence.

The study concluded the following findings:

Institutions that adopted the application of electronic governance were more distinguished than their counterparts that did not adopt the application of electronic governance.

The organizational structures were upgraded by adopting electronic methods in managing institutions and high performance organization was achieved with regard to the flow of power line in institutions.

Theoretical Framework:

Governance System Elements Supporting Sustainable in Small Enterprises Performance

According to Kazem and Nassif (2019) the following are the elements of the governance system that support sustainable performance in small enterprises:

1- Legal systems and legislation

The laws and legislation that guarantee members' rights and duties, such as the right to vote and elect members of the board of directors, the right to appoint and dismiss the external auditor, and the right of the community over the economic unit (Al-Tarman, 2009).

2- Control and accountability systems

Various parties can exercise control over the unit according to tasks and powers; the shareholders and other stakeholders can control and support the unit performance. Accountability means holding officials and decision-makers accountable for the results of decisions (Hamidi, 2011).

3- Organizational structure ensures the availability of an accurate and proper organizational structure for any unit and indicates effective and reliable governance because the organizational structure aims to emphasize the fair distribution of responsibilities and to clarify the general framework of powers limits and procedures of delegating. It also defines the principles of selecting competent persons for the senior management and board of directors and the limits of duties and responsibilities entrusted to them with regard to powers (Zeini, 2013: 81).

4- Activation of stakeholders' roles

Such as supervisory authorities, direct parties, and financial control bodies related to the economic unit job (Mouloud, 2011:30).

5- Risk management

Risk management includes that the senior management in the economic unit directly supervises the management of all types of risks that may be exposed to by defining and identifying their nature and causes and takes corrective measures. Risk management policy may extend to probable crises and set systems for measuring and specifying time limit of risk (Hmeidi 2011, p. 26).

6- Ethical structure: This means ensuring behavioral commitment by committing to the ethics and rules of conduct that govern professional work (Mouloud, 2011, p. 30).

7- An audit committee that have all powers enabling it to exercising the right to perform the controlling role, following up external auditor's reports, and act as a link to follow up the implementation of those reports directives (Al-Tarman, 2009:34).

8- A clear vision that defines the parameters of the unit's strategy with the tools that enable to realize this vision and achieve short and long-term plans and objectives according to the policy adopted.

9- Responsibility: It is defined as the individuals' commitment to carry out and perform the duties entrusted to them as active members in the sustainability of the economic unit, regardless of interests (Al-Obaidi, 2008:148).

10- Disclosure and transparency: Disclosure is an essential pillar of corporate governance because all information and data requires disclosure.

11- Justice and fairness: The rights of the various groups of stakeholders in the economic unit should be respected through the equality and the absence of bias or intentional concealment of data in favor of whatever group.

12- Independence: It is the mechanism that reduces or eliminates conflicts of interest, such as the dominance of the head of unit over it or a major shareholder on the board of directors; it begins with the formation of boards, the appointment of the committees and of the external auditor.

13- An effective reporting system: It should be transparent enough to ensure the providing management and all other parties with appropriate information on the unit's performance (Al-Turman, 2009: 34).

14- Integrity: The effect of commitment to applying the principles of governance in enhancing the sustainable performance of small enterprises. Ahmed (2012: 186) confirmed the impact of applying the principles of governance in small enterprises. Governance is one of the protective systems against financial and administrative failure in the corporate system, which leads to increasing the competitiveness, attracting investment, establishing alliances, and opening new markets for products. An Anti-Corruption Commission was established in Saudi Arabia, with accordance of the Royal Decree No. (A|65) dated 13/04/1432AH to protect integrity and combat corruption.

Atwan (2030) stated that a governance system protects capital owners' interests from the mistakes of management and those who have interests with companies including suppliers, customers and employees; this is reflected in the companies' economic performance in terms of their performance of investment role and sustainability. That is one of the objectives of the Kingdom's Vision 2030 to enhance efficiency, transparency, accountability and corporate development.

John et al. (2004: 36) added that governance is significant in attracting foreign investment as it creates a stable, easy and responsible investment environment that is able to protect investors' property.

John (2004) indicated that governance allows creditors to estimate credit risk and control the debtor company's financial position and its viability. Governance also provides a barrier to corrupt dealings through increasing the supervision and internal control over the distribution of funds, decision-making, and the introduction of codes of ethics and behavior. This is reflected on the community's sustainable economic and social growth. Atwan (2020) stated that the Kingdom's Vision 2030 regulated the allocation of the government services and the improvement of business environment in order to attract the best global competencies and qualitative investments and to achieve effectiveness and responsibility.

Governance leads to deepening money market (Stock Exchange) and increasing its ability to attract funds by providing transparency and confirmed information to the market and the audience of dealers. This achieves the highest efficiency of money market, supports the realization of the vision, and ensures the sustainability of development.

Proper application of governance paves the way to potential growth and increases the ability to attract new investors instead of depending on banks where there are high-interest loans.

Proper practice of governance leads to improving the internal control system, which in turn leads to more accountability and a larger profit margin resulting from the support of the internal control mechanism that reduces losses and embezzlement.

Good governance frees shareholders from administrative or executive tasks, which reduces conflicts between shareholders who run managerial positions and other shareholders, especially when the number of shareholders is limited (Ahmed, 2012:186).

The Relationship between Commitment to Applying the Principles of Governance and Achieving the Objectives of Small Enterprises

The commitment to applying the principles of governance requires matching and convergence between the objectives and strategies of small enterprises and their sustainable performance according to (TPL) model , which expresses the sustainable comprehensive performance in its three dimensions the environmental, social and financial adopted in measurement and the Global Reporting Initiative most used in disclosure.

This relationship is highlighted in the following:

- The improvement of a unit's financial performance (Al-Mashhadani, 2009).
- The maximization of an economic unit's financial performance (Al-Tarman, 2000)
- The achievement of a good level of relations with the authorities related to an economic unit's job (Al-Fatlawi, 2001:80).
- The protection of shareholders' rights (Jacob, 2006: 57).
- The establishment of control systems over the board of directors and unit management in a way that improves the leadership skills of the members (Al-Shamri, 2009:27).
- Support of the transparency in all units' transactions and operations, the imposing of accounting and financial audit procedures and the control over corruption elements (Mutair, 2011: 23).
- Legislation of laws, standards, and policies, the providing and supplying of the necessary information, and securing communication channels (Faris, 2009: 30).

- Obtaining appropriate financing, predicting expected risk, taking into account stakeholders' interests, and stopping risks and threats to investors' and shareholders' interests (Al-Obaidi, 2008:146).

Definition of Sustainable Performance

Sustainable performance is defined, under the theory of sustainable development "Challenger" and "Eqter", as the organization's multi-dimensional performance that leads to the sustainability of the organization and supports "Fisql" that sustainable performance exceeds the spatial boundaries of the organization and goes beyond to the back market of suppliers, financiers, distributors and customers. The modern view of performance correlates organization's sustainability with the strategic objectives, such as building competitive advantages, redesigning the structures, developing the brand and improving the organization's image. Performance is a leading means for the socially responsible organization, as it allows the provision of indicators and comparative and reference standards in management reports, disclosure reports, and operational objectives. It aims to embody the organization's policy in relation to social responsibility and the aspirations of internal and external parties that related to the financial and economic performance of small enterprises (Kashat, 2020: 148).

Concepts Associated with Sustainable Performance

Sustainable performance is defined within the framework of sustainable development and social responsibility based on the approach of stakeholders through the dimensions of economic development, environmental preservation and social justice. The research indicated several concepts such as comprehensive performance, fair performance, and social performance.

Comprehensive performance: It is the performance that is aware of the aspirations of all stakeholders, allowing to judge the nature of the organization's relationship with all stakeholders, i.e. going beyond bilateral relations such as between the organization and the human resources or the organization and the environment, and therefore, it is possible to judge the level of practicing the social responsibility

Fair performance: It is that depends on the concept of justice and the principle of distributing values to interested parties, and it is derived from ethical management and social governance.

Social or societal performance: It is summarized in the outcomes of the organization's social responsibility practice and the outcomes of the organization's various responsibilities towards community. The "social performance" is defined as the organization of the organization's work in a way that makes the objectives and principles a social response in addition to the considerable policies, programs and outputs, according to the organization's social relations.

Analysis of the Study Data

Introduction:

The sample of the study consisted of small enterprises. A questionnaire was distributed using the intentional sampling; (50) questionnaires were distributed, (42) of the questionnaire were collected responded, while 8 of them were not collected. The Statistical Package for Social Science (SPSS) was adopted to analyze the questionnaire responses and verify the study hypotheses; the results were as follows:

Firstly: Analysis of the Study Variables

Table (1): Gender distribution of the study sample

Item	Frequency	Percentage %
Male	35	83.3%
Female	7	16.7%
Total	42	100%

Source: Prepared by the researcher based using SPSS 2023

Table (1) above, shows that there are (35) 83.3% of the study sample individuals were males, while (7) 16.7% of them were females. Therefore, most of the study sample individuals were males.

Table (2): Age distribution of the study sample

Item	Frequency	Percentage %
Less than 30 years	2	4.8%
Less than 35 years	8	19.0%
Less than 40 years	12	28.6%
Less than 50 years	7	16.7%
Less than 55 years	9	21.4%
More than 55 years	4	9.5%
Total	42	100%

Source: Prepared by the researcher based using SPSS 2023

Table (2) above, shows that (12) 28.6% of the study sample individuals their age less than 40 years, (8) 19.0% of them their age less than 35 years, (9) 21.4% of them their age less than 55 years, (7) 16.7% of them their age less than 50 years, (4) 9.5% of them their age more than 55 years and (2) 4.8% of them their age less than 30 years. Therefore, most of the study sample individuals their age from 30 and less than 50 years.

Table (3): Education level distribution of the study sample

	Frequency	Percentage %
University	26	61.9%
Secondary	16	38.1%
Total	42	100%

Source: Prepared by the researcher based using SPSS 2023

Table (3) above, shows that (26) 61.9% of the study sample individuals education level was university and (16) 38.1% of them their education level was secondary. Therefore, most of the study sample individuals their education level was university.

Secondly: Analysis of the Questionnaire Aspects Statements

Aspect One: There is a statistically significant relationship between commitment to applying the principles of governance and enhancement of the sustainable performance of small enterprises

Table (4): Frequency and percentage for the statements of the aspect one

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1. The enterprise has a commitment to applying the principles of corporate governance.	36 85.7%	6 14.3%	-	-	-
2. It is taken into account that the members of Board of Directors should be competent.	25 59.5%	2 4.8%	3 11.9%	8 19%	2 4.8%
3. Most of the membership of the Board of Directors consists of non-executive management of the enterprise.	32 76.2%	5 11.9%	5 11.9%	-	-
4. Board of Directors' objectives, tasks and power are defined clearly and in detail that they are oriented towards applying the principles of governance.	32 76.2%	4 9.5%	6 14.3%	-	-
5. There is a commitment to responsibilities towards employees and to enhance performance.	39 69%	6 14.3%	6 14.3%	1 2.4%	-
6. There are mechanisms that emphasize the rights of small investors and their right to recruit reputable employees.	26 61.9%	7 16.7%	9 21.4%	-	-
	30 71.4%	6 14.3%	6 14.3%		

Total	73%	11.9%	11.5%	3%	0.6%
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Source: Prepared by the researcher based using SPSS 2023

Table (4) above shows the statements of the aspect one: There is a statistically significant relationship between commitment to applying the principles of governance and enhancement of the sustainable performance of small enterprises. There are 73% of the study sample respondents strongly agree and 11.9% of them agree with the hypothesis statements by a cumulative percentage of 84.9%. While 3% of the study sample respondents disagree and 0.6% of them strongly disagree with the hypothesis statements by a cumulative percentage of 3.6%; this indicates that the hypothesis statements go in the positive direction, which confirms that there is a statistically significant relationship between commitment to applying the principles of governance and enhancement of the sustainable performance of small enterprises.

Table (5): Mean, standard deviation and Chi-test for the statements of the hypothesis one

Statement	Mean	SD	Chi- Test	Significance level
1. The enterprise has a commitment to applying the principles of corporate governance.	.354	4.86	21.429a	0.000
2. It is taken into account that the members of Board of Directors should be competent.	1.396	3.95	43.952b	0.000
3. Most of the membership of the Board of Directors consists of non-executive management of the enterprise.	.692	4.64	34.714c	0.000
4. Board of Directors' objectives, tasks and power are defined clearly and in detail that they are oriented towards applying the principles of governance.	.731	4.62	34.857c	0.000
5. There is a commitment to responsibilities towards employees and to enhance performance.	.989	4.40	60.143b	0.000

6. There are mechanisms that emphasize the rights of small investors and their right to recruit reputable employees.	.975	4.31	30.000d	0.000
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Source: Prepared by the researcher using SPSS 19

Table (5) above shows the mean, standard deviation, Chi-Test and level of significance for the statements of the hypothesis one;

The mean for each of the statements is greater than the hypothetical mean indicated in this study which is (3). This means that most of the responses of the study sample individuals go in the positive direction and they agree with the content of aspect one. Also, the standard deviation for the statements range between (1.396 - .354) as the difference between the highest and lowest standard deviation was less than one which confirms that there is homogeneity and consistency in the study sample's responses and most of the respondents agree with them.

Chi-square test was used to verify the hypotheses of the study. There are two types of hypotheses, the first is known as null hypothesis and it is symbolized H_0 , which is: there is no statistically significant relationship between the commitment to applying the principles of governance and the enhancement of the sustainable performance in small enterprises. The second is known as alternative hypothesis and it is symbolized H_1 , which is : there is a statistically significant relationship between the commitment to applying the principles of governance and the enhancement of the sustainable performance in small enterprises. Since the Chi-square value for all statements is very high and greater than the tabular Chi-square value, which is approximately equals or less than (4), the null hypothesis: there is no statistically significant relationship between the commitment to applying the principles of governance and the enhancement of the sustainable performance in small enterprises is rejected, while the alternative hypothesis: there is a statistically significant relationship between the commitment to applying the principles of governance and the enhancement of the sustainable performance in small enterprises is accepted.

Also, the level of significance value (sig) for all statements is less than 0.05; this indicates that the result is significant, and therefore, the alternative hypothesis is accepted because it is significant or indicates that there is a relationship or there are statistically significant differences.

Aspect two: There is a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises.

Table (6): Frequency and percentage for the statements of the aspect two

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1.The Audit and Internal Control Department follows up the results and procedures to achieve sustainable performance.	30 71.4%	9 21.4%	3 7.1%	-	-
2.The management assesses and supervises the enterprise's performance.	22 52.4%	12 29.6%	7 19.7%	1 2.4%	-

3. Technical and practical skills are available among employees to achieve sustainable performance.	26 61.9%	6 14.3%	8 19%	2 4.8%	-
4. The Department of Audit and Internal Control has a complete independence.	24 57.1%	12 28.6%	5 11.9%	1 2.4%	-
5. The Department of Audit and Internal Control is characterized by efficiency, integrity and a good reputation among internal and external users.	2 47.6%	12 28.6%	9 21.4%	1 2.4%	-
6. The Department of Audit and Internal Control verifies the effectiveness of control systems.	21 50%	8 19%	12 28.6%	1 2.4%	-
Total	51.9%	26.4%	19.2%	2.5%	0%

Source: Prepared by the researcher based using SPSS 2023

Table (6) above shows the statements of the aspect two: There is a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises. There are 51.9% of the study sample respondents strongly agree and 26.4% of them agree with the hypothesis statements by a cumulative percentage of 78.3%. While 2.5% of the study sample respondents disagree and there are no one of them strongly disagree with the hypothesis statements; this indicates that the hypothesis statements go in the positive direction, which confirms that there is a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises.

Table (7): Mean, standard deviation, Chi-test for the statements of the hypothesis two

Statement	Mean	SD	Chi- Test	Significance level
1. The Audit and Internal Control Department follows up the results and procedures to achieve sustainable performance.	4.55	.832	49.619a	0.000
2. The management assesses and supervises the enterprise's performance.	4.31	.841	22.571a	0.000
3. Technical and practical skills are available among employees to achieve sustainable performance.	4.36	.958	36.286a	0.000

4.The Department of Audit and Internal Control has a complete independence.	4.36	.879	27.143a	0.000
5.The Department of Audit and Internal Control is characterized by efficiency, integrity and a good reputation among internal and external users.	4.12	.993	28.000b	0.000
6.The Department of Audit and Internal Control verifies the effectiveness of control systems.	4.07	1.045	30.619b	0.000

Source: Prepared by the researcher using SPSS 19

Table (6) above shows the mean, standard deviation, Chi-Test and level of significance for the statements of the hypothesis two;

The mean for each of the statements of the hypothesis: there is a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises is greater than the hypothetical mean indicated in this study which is (3). This means that most of the responses of the study sample individuals go in the positive direction and they agree with the content of aspect two. Also, the standard deviation for the statements range between (1.045 – .805) as the difference between the highest and lowest standard deviation was less than one which confirms that there is homogeneity and consistency in the study sample's responses and most of the respondents agree with them.

Chi-square test was used to verify the hypotheses of the study. There are two types of hypotheses, the first is known as null hypothesis and it is symbolized H_0 , which is: there is no a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises. The second is known as alternative hypothesis and it is symbolized H_1 , which is: there is a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises. Since the Chi-square value for all statements is very high and greater than the tabular Chi-square value, which is approximately equals or less than (4), the null hypothesis: there is no a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises. is rejected, while the alternative hypothesis: there is a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises. is accepted.

Also, the level of significance value (sig) for all statements is less than 0.05; this indicates that the result is significant, and therefore, the alternative hypothesis is accepted because it is significant or indicates that there is a relationship or there are statistically significant differences.

Findings:

1. There a statistically significant relationship between the commitment to applying the principles of governance and the enhancement of sustainable performance of small enterprises.
2. There is a statistically significant relationship between the commitment to applying the principles of governance and the achievement of the objectives of small enterprises.

3. The small enterprises that did not commit to applying the principles of governance greatly affected by the Corona pandemic, while the enterprises those committed to applying the principles of governance less affected.

Recommendations:

1. Small enterprises should commit to applying the principles of corporate governance in order to enhance sustainable performance.
2. Small enterprises should commit to applying the principles of corporate governance because that helps to achieving their objectives.

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