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# THE IMPORTANCE OF GOVERNANCE STRATEGIES IN ENHANCING MANAGEMENT EFFECTIVENESS AND TRANSPARENCY IN SAUDI COMPANIES AND ACHIEVING VISION 2030

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## ABSTRACT

*The study addressed the importance of governance strategies in enhancing management effectiveness and transparency in Saudi companies and achieving Vision 2030. case study in a group of small companies in the food industries, the importance of the study stems from the importance of strategic governance in enhancing the goals and effectiveness of management in small enterprises and achieving transparency, as well as the role of governance strategies in enhancing management goals. The study aims to demonstrate the role of implementing strategic governance in enhancing management objectives and effectiveness in small enterprises. The descriptive analytical approach was adopted, through collecting primary and secondary data from the previous literature (previous research and studies. The study was carried out on the population of some copmanies A sample was randomly selected of (30) from the staff of companies. A questionnaire was designed and distributed to the study sample. The study examines the following hypotheses: There is a statistically significant relationship between implementing governance strategies and enhancing management objectives in small enterprises. The study found a statistically significant relationship between the implementation of governance strategies and the effectiveness and enhancement of management objectives. Furthermore, strategic governance precisely calibrates every strategic step, from resource allocation to policy formulation, to help the organization achieve its stated goals. The study recommends the following: Implementing governance strategies because they enhance management objectives. Strategic governance should provide a comprehensive framework for measuring success. This research was supported by small research groups at the Deanship of Scientific Research - King Khalid University - Saudi Arabia (RGP.1/119/46)*

**KEYWORDS:** Governance Strategies, Effectiveness, Transparency.

## 1. GENERAL FRAMEWORK

The ongoing transformations in business to achieve Vision 2030 have made strategic governance synonymous with adaptability and insight. It recognizes the dynamic nature of markets, technological advancements, and socioeconomic trends, and urges organizations to move beyond a static governance model or approach in favor of a more proactive and strategic mindset.

### 1.1. Problem of the Study

Naif stated in 2017 that small businesses still face challenges that prevent them from achieving the goals set by Saudi Vision 2030, including complex regulatory and administrative procedures, unsatisfactory performance levels, weak ability to attract talent, and difficulty in obtaining financing. It does not exceed 5% of the total funding, and these challenges facing small companies prevent them from achieving their desired goals. These challenges cannot be overcome unless there is a model that helps enhance and improve their economic and financial performance. It builds high confidence among investors, shareholders, and the community, and enables them to achieve growth rates. It is difficult to obtain financing from financial institutions due to the magnitude of risks represented by the lack of a model that guarantees the ability of organizations to achieve the minimum level of confidence in achieving sustainability. The problem is the absence of governance strategies to enhance management effectiveness and transparency in Saudi companies and achieve Vision 2030 in the process of managing and directing companies and organizations in a way that enables them to achieve their goals effectively. One of the most important aspects of strategic governance is aligning the decision-making process with organizational objectives.

The World Bank and the Union of Arab Banks' *Jadwa Investment Report* (2010) stated that the lack of business transparency in small and medium-sized enterprises and the weakness of the financial structure were among the main obstacles to further participation by banks in financing small companies and Attention to applying governance principles is of paramount importance for the success of small businesses and reducing the risks facing their performance, as these principles regulate the work of the board of directors and executive management, and performance has led to major challenges related to management, transparency, and achieving consistency in decision-making.

### 1.2. Significance of the Study

The importance of this study stems from the

importance of strategic governance in enhancing the goals and effectiveness of management in small enterprises and achieving transparency, as well as the role of governance strategies in enhancing management objectives. It also aims to enrich libraries with studies that address the importance of strategic governance.

### 1.3. Objectives of the Study

The objectives of the study are as follows:

1. Explain the role of implementing strategic governance in enhancing the objectives and effectiveness of management in small businesses.
2. Understand the importance of strategic governance in achieving transparency in small businesses.

### 1.4. Hypotheses of the Study

These are as follows:

1. There is a statistically significant relationship between implementing governance strategies and enhancing management objectives.
2. There is a statistically significant relationship between implementing governance strategies and enhancing management effectiveness.
3. There is a statistically significant relationship between implementing governance strategies and achieving transparency in small companies.

## 2. LITERATURE REVIEW

### 2.1. Previous Studies

#### *a- Study: (Faisal, 2023)*

The study addressed strategic governance and aligning the decision-making process with organizational goals. The study aimed to examine the role of strategic governance in aligning the decision-making process with organizational goals, and statistical analysis.

#### *b- Study: (Hanan, Ahmed, 2024 AD)*

The study examined the impact of implementing governance on achieving strategic objectives: a case study of for-profit organizations in the Kingdom for the year 2024 AD. The study aimed to examine the impact of implementing governance on achieving the strategic objectives of for-profit organizations, using a descriptive correlational approach. The study concluded that the principle of participation among governance principles ranked highly, the principle of evaluation among governance principles ranked highly, and the principle of effectiveness among governance principles ranked very highly, The overall average of the dimension was equal to (4.48), and the degree of agreement (strongly agree), with a

standard deviation of (0.50), which is a low value indicating that the strategic vision in setting strategic goals was at a high level, as the overall average of the dimension was equal to (2.99), and the degree of agreement (I agree), with a standard deviation of (1.77), which is a high value indicating the diversity of opinions of the study sample members.

### ***c- Study: (Younis, 2024)***

The study examined the role of governance in corporate sustainability and achieving the Kingdom's Vision 2030. A comparative study between the Saudi corporate law and Islamic law was conducted.

The study aimed to examine the role of governance in corporate sustainability and achieving the Kingdom's Vision 2030. The researcher used the statistical analytical approach.

The study concluded that the application of governance in the Saudi corporate system leads to efficiency, accountability, and contract enforcement, and the growth of Saudi companies into giants. This creates wealth and combats poverty. It also plays a role in attracting foreign investment, improving competitiveness, and achieving vision and sustainable development in accordance with Islamic Sharia law.

### ***d- Study: (Kashat Anis, 2020)***

The study addressed the sustainable performance of business organizations, examining measurement and disclosure models. The study aimed to provide an in-depth reading of the concept of sustainable performance in business organizations.

The researcher used the descriptive and analytical approach, the comparative approach, and content analysis of specialized literature in the fields of sustainable development and corporate social responsibility.

The researcher concluded that setting comprehensive indicators for sustainable performance requires that the management of organizations be familiar with combining strategic comparison with comparison of sustainable development and corporate governance, as the Triple Bottom Line (TBL) model is the most widely used in measurement and the Global Reporting Initiative is the most widely used in disclosing the comprehensive performance of organizations.

## **2.2. Strategic Governance**

The set of policies, organizational structures, and processes that guide and monitor strategy formulation and implementation. This means linking strategic planning with actual implementation, while

providing mechanisms for accountability, oversight, and decision-making.

An effective governance framework ensures efficient and transparent strategy implementation. It regulates the relationship between the stakeholders involved in strategy implementation, monitors performance, and ensures the achievement of institutional objectives.

Strategic Governance Framework: Concept, Components, and Best Practices, Strategic Planning Skills Academy

## **2.3. Governance Strategies**

Governance strategies are a set of principles and procedures aimed at achieving effective and transparent management of organizations, whether governmental, private, or non-profit. These strategies include elements such as transparency, accountability, fairness, independence, and social responsibility.

## **2.4. Key Governance Strategies**

### **2.4.1. Transparency**

Disclose important information clearly and timely to all stakeholders.

### **2.4.2. Accountability**

Define the responsibilities and authorities of each party within the organization, ensuring their ability to justify their actions.

### **2.4.3. Justice**

Ensuring that all stakeholders are treated fairly and equitably, avoiding any discrimination.

### **2.4.4. Independence**

Ensuring that management decisions are independent of any undue influences

### **2.4.5. Social Responsibility**

Considering the social and environmental impacts of the organization's activities, and working to achieve a balance between economic, social, and environmental objectives.

### **2.4.6. Rational Risk Management**

Identifying, assessing, and managing the risks that the organization may face, and taking the necessary measures to mitigate them.

### **2.4.7. Governance Strategies in Nonprofit Organizations**

- Continuously working to achieve the organization's mission.

- Ensuring the organization's compliance with laws and regulations.
- Ensuring the long-term sustainability of the organization's operations.
- Meeting public, social, or community needs within the organization's scope of work.
- Accountability, integrity, and transparency.

## **2.5. Components of a Strategic Governance System for Achieving Objectives in Saudi Companies (Taysir, 2019)**

### ***a- Legal Systems and Regulations***

The existence of laws and regulations that guarantee the rights and obligations of members, such as the right to vote, the right to elect board members, the right to appoint and dismiss external auditors, and the rights of society with regard to the economic entity (Al-Tarman, 2009)

### ***b- Oversight and Accountability Systems***

Various entities can exercise oversight over the unit, depending on its functions and responsibilities. Stakeholders and other interested parties can monitor the unit's performance and support its improvement. Accountability means holding those in charge and decision-makers accountable for the outcomes of their decisions (Hamidi, 2011).

### ***c- Organizational Structure***

A sound and well-defined organizational structure is essential for any effective and reliable governance unit. The organizational structure aims to ensure a fair distribution of responsibilities, clarify the overall framework of authority and delegation procedures, and define the criteria for selecting competent individuals for both senior management and the board of directors, including their respective roles, responsibilities, and scope of authority (Zaini, 2013, p. 81).

### ***d-Activating the Roles of Stakeholders***

such as supervisory bodies, direct parties, and financial regulatory authorities related to the economic unit's operations (Mouloud, 2011, p. 30).

### ***e- Risk Management***

Risk management involves the top management of the economic unit directly overseeing the management of all types of risks to which it may be exposed. This includes identifying the nature and causes of risks and taking corrective actions. The risk management policy can also extend to potential crises and establish systems for measuring and

determining the acceptable level of risk (Hamidi, 2011, p. 26).

### ***f- Ethical Framework:***

This ensures ethical conduct by adhering to the principles and codes of conduct that govern professional practice (Mouloud, 2011, p. 30).

g-The existence of an audit committee with full authority, enabling it to effectively perform its oversight role, monitor external auditor reports, and act as a liaison to follow up on and implement the recommendations contained therein (Al-Tarman, 2009: 34).

h-A clear vision that outlines the unit's strategic direction, along with the necessary tools to ensure the achievement of this vision and the implementation of both short-term and long-term plans and objectives, in accordance with the adopted policy.

i-Accountability is defined as the obligation of individuals to fulfill their duties as active members of the economic unit, regardless of their personal interests (Al-Abidi, 2008: 148).

j- Justice and fairness require respecting the rights of all stakeholders within the economic unit, through equality, the absence of incentives, and the avoidance of any deliberate manipulation or concealment of information to favor one group over another.

k- Independence is a mechanism that reduces or eliminates conflicts of interest, such as the dominance of a powerful executive over the organization or the influence of a major shareholder on the board of directors. This starts with the composition of the boards and committees, and the appointment of the external auditor.

l- An effective reporting system that is transparent, ensuring that relevant information about the organization's performance is provided to management and all other stakeholders. (Al-Tarman, 2009, 34)

## **2.6. The Impact of Implementing Strategic Governance on Management Effectiveness and Mitigating Business Challenges and Risks in Small Businesses**

Ahmed (2012, p. 186) pointed out that the application of strategic governance principles in small businesses has a positive impact, as governance acts as a protective mechanism against financial and managerial failure. It leads to increased competitiveness, attracts investment, fosters partnerships, and opens new markets for product distribution. In the Kingdom of Saudi Arabia, the Anti-Corruption Authority was established by Royal Decree No. (A/65) dated 13/04/1432 AH to protect integrity and combat corruption.

Atwan (2030) stated that a sound governance system protects the interests of investors from management errors and safeguards the interests of other stakeholders, such as suppliers, customers, and employees. This, in turn, impacts the performance of companies in the economy, particularly their investment activities and long-term sustainability. This is one of the objectives of the Kingdom of Saudi Arabia's Vision 2030, which aims to enhance efficiency, transparency, accountability, and overall corporate development. John et al. (2004, p. 36) added that good governance is crucial for attracting foreign investment, as it creates a stable, supportive, and responsible investment environment that protects investors' assets.

John (2004) also pointed out that good governance allows creditors to assess credit risks, monitor the financial position and viability of the borrowing company, and acts as a deterrent to corruption by increasing oversight and internal controls over the allocation of funds and decision-making, as well as by introducing codes of ethics and conduct. This, in turn, contributes to sustainable economic and social development. Atwan (2020) stated that the Kingdom's Vision 2030 emphasized the privatization of government services and the improvement of the business environment to attract top global talent and high-quality investments, thereby achieving efficiency and accountability.

Good governance enhances the capital market (stock exchange) and increases its ability to attract capital by providing transparency and reliable information to market participants. This leads to a more efficient capital market, supports the achievement of the vision, and ensures sustainable development. Sound governance practices pave the way for potential growth and increase the ability to attract new investors, reducing reliance on banks and high-interest loans. Furthermore, good governance practices improve internal control systems, leading to greater accountability and a higher profit margin resulting from robust internal controls that minimize losses and fraud.

Good governance frees shareholders from administrative or executive duties, thus reducing conflicts between shareholders holding management positions and other shareholders, especially in companies with a limited number of shareholders (Ahmed, 2012, p. 186). The relationship between implementing strategic governance and achieving the objectives and agency effectiveness in small businesses: Adherence to governance principles requires aligning the objectives and strategies of small businesses with their sustainable performance, according to the Triple Bottom Line (TBL) model, which represents

comprehensive sustainable performance across its three dimensions: environmental, social, and financial. This model is used for measurement, and the Global Reporting Initiative (GRI) is the most widely used framework for reporting. This relationship, between aligning corporate governance objectives with the objectives of small businesses, is illustrated as follows:

- Improving the financial performance of the economic unit (Al-Mashhadani, 2009)
- Maximizing the performance of the economic unit (Al-Tarman, 2000)
- Protecting the rights of shareholders (Yaqoub, 2006, 57)
- Establishing regulatory systems for the board of directors and the management of the unit, thus enhancing the leadership skills of its members (Al-Shammari, 2009: 27)
- Promoting transparency in all transactions and operations of the unit, implementing accounting and auditing procedures, and combating corruption (Matir, 2012, 3)
- Enacting a set of laws, standards, and policies, providing necessary information, and ensuring effective communication channels (Fares, 2009: 30)
- Obtaining appropriate funding, anticipating potential risks, considering the interests of stakeholders, and mitigating risks and threats to investor and shareholder interests (Al-Abidi, 2008: 146)

## ***2.7. The Importance of Implementing Strategic Governance***

Implementing strategic governance begins with establishing comprehensive strategic planning frameworks. These frameworks serve as roadmaps, outlining the path from the current situation to future goals.

Furthermore, strategic governance leverages data analytics and business intelligence to guide decision-making.

By relying on empirical evidence and predictive analytics, organizations can enhance the accuracy and effectiveness of their strategic choices. Recognizing the multifaceted nature of organizational objectives, strategic management actively engages stakeholders at various levels.

By incorporating diverse perspectives, organizations can ensure that decisions align not only with financial objectives but also with social and environmental considerations.

## ***2.8. The Importance of Strategic Governance for Effective Management and Achieving Objectives***

Enhancing organizational resilience: Strategic

governance helps organizations withstand unforeseen challenges by fostering a culture of flexible decision-making. This adaptability is crucial for navigating uncertainty and emerging stronger from disruptions.

**Improving performance metrics:** The continuous alignment of decisions with organizational objectives reflects a systematic approach to performance measurement, through the regular evaluation of decisions and analysis of their outcomes. A variety of metrics and indicators can be used to measure performance, such as return on investment, growth rate, quality indicators, customer satisfaction levels, and others. When these metrics are monitored and compared to predefined targets, strategic governance provides a comprehensive framework for measuring success.

When these metrics are monitored and compared to predefined objectives, strategic governance provides a comprehensive framework for measuring success. The importance of strategic governance lies in its role in promoting transparency. Corporate governance in small businesses is defined as the system that governs the relationships between key stakeholders who influence performance. It also encompasses the elements that support the long-term sustainability of the company and clarifies roles and responsibilities. The rules and principles of governance aim to achieve transparency and fairness, ensure accountability of the company's management, protect shareholders' rights, and consider the interests of employees and workers, while minimizing the abuse of power, all in the public interest. This ultimately leads to increased investment, enhanced profitability, and the creation of new job opportunities. (Nazeih, 2020).

We find that companies that implement the fundamental principles of good corporate governance, such as integrity, accountability, transparency, and fairness, generally outperform other companies. They are also able to attract investors who can provide the necessary funding to support further growth and enhance their competitive advantage. Sustainable, high-quality performance in small businesses requires sound corporate governance principles that promote security, mitigate risks, encourage investment, reduce the likelihood of financial and managerial failure, prioritize the interests of the small business community over those of the board of directors, and protect against insider trading (Atwan, 2020, p. 50).

### ***2.9. The Importance of Strategic Governance in Addressing Challenges and Risks***

Strategic governance also places organizational objectives at the forefront of decision-making processes. Every strategic step, from resource

allocation to policy formulation, is carefully calibrated to help the organization achieve its defined goals. Recognizing that every strategic decision carries some degree of risk, strategic governance incorporates robust risk management practices. This ensures that decisions not only align with objectives but are also designed to effectively manage and mitigate potential risks.

We find that companies that implement the core principles of good corporate governance, such as integrity, accountability, transparency, and fairness, generally outperform other companies. These companies are also better able to attract investors, who can provide the necessary funding to support further growth and enhance competitive advantage. Sustainable, high-quality performance in small businesses requires sound corporate governance principles that promote security, mitigate risks, encourage investment, reduce the likelihood of financial and managerial failure, prioritize the interests of the small business community over those of the board of directors, and protect against insider trading (Atwan, 2020, p. 50).

#### ***2.9.1. Introduction***

This chapter provides an overview of the procedures followed by the researcher to conduct this study. It describes the study population and sample, the research tools used, and the statistical methods employed in the study.

### **3. RESEARCH METHODOLOGY**

The study methodology means a set of general rules that control the workflow and determine its operations in order to reach a known result (Saber and Khafaja, 2002). The researcher followed the descriptive approach. This approach does not stop at describing the phenomenon only, but rather analyzes its reality and interprets its results through processing the study data. As for arriving at interpretations that can be generalized to increase the balance of knowledge about the phenomenon under study, the descriptive approach depends on collecting facts and information, comparing, analyzing and interpreting them to reach acceptable generalizations. Descriptive research is not limited to collecting data and facts, classifying and categorizing them, in addition to analyzing them in-depth, but also includes a degree of interpretation of these results. Therefore, description is often combined with comparison, in addition to using methods of measurement, classification and interpretation with the aim of extracting significant conclusions. Access to generalizations of the phenomenon under study.

### 3.1. Study Population and Sample

The study population consists of small businesses. The sampling method was adopted because it is impractical to survey every element of the population, and even if it were possible, time, cost, and other human resources would prevent the researcher from doing so (Sekaran, 2006). The study sample represents a portion and a subset of the study population. Convenience sampling (non-quota sampling) was adopted, which is used during the exploratory phases of research projects because it allows the researcher to collect data from members of the population who are in comfortable conditions for the researcher to collect data (Saunders et al., 2009). It relies on the researcher's experience and knowledge that this or that individual represents the population. According to (Omasikaran), the larger the research population, the larger the sample. Consequently, in the absence of accurate statistics for the study population, the study sample consisted of (30).

### 3.2. Study Sample

The study sample consisted of a community of small businesses. A sample of 30 individuals was randomly selected. Due to the impossibility of using a comprehensive census method to collect data due to time, effort, and cost considerations, a sampling method (convenience sample) was used.

### 3.3. Information Resources of the Study

Primary studies: include the field study - the questionnaire.

Secondary studies: include the previous studies - books - journals - websites - the Internet.

### 3.4. Limitation of the Study

Spacial limits: a community of small businesses.

Time limits: 2025/2026.

Table 1: Five-point Likert Scale.

The Phrase	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
the weight	5	4	3	2	1

Source: Prepared by researchers from field study data using SPSS-2025

It is clear from the table above that the hypothetical mean is:  $\frac{1+2+3+4+5}{5}=3$

The value score was determined according to the following criteria:

Class length

$$= \frac{(\text{lower limit alternative} - \text{upper limit alternative})}{(\text{number of levels})}$$

$$\text{the length of the class} = \frac{5-1}{5} = 0.8$$

Thus, the opinions of the researchers regarding the phrases in the table above are as follows:

Table 2: Classification According to the Five-point Scale.

The Phrase	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The weight	5 - 4.2	4.2-3.4	3.4-2.6	2.6- 1.8	1.8 - 1

Source: Prepared by the researcher from field study data using SPSS-2025

### 3.5. Validity and Reliability Testing of the Study Tool

Reliability Coefficient: This refers to the stability of the scale and its lack of self-contradiction. This means that it produces the same results if reapplied to the same sample. To test the reliability of the questionnaire questions, the researcher used Cronbach's alpha coefficient, which takes values ranging from zero to one. If the data are not stable, the coefficient value is zero. Conversely, if there is complete reliability, the coefficient value is equal to one. The closer the reliability coefficient value is to one, the higher the reliability, and the closer it is to zero, the lower the reliability. As a general rule, a coefficient below 60% is considered weak, a coefficient within 70% is considered acceptable, and a coefficient of 80% is considered good. Validity, which indicates that the scale measures what it was designed to measure, is mathematically equal to the square root of the reliability coefficient value.

### 3.6. Reliability and Validity Coefficients for Questionnaire Axes

#### 3.6.1. Study Variables Items

Table 3: Variables and Number of Questionnaire Items.

No	Questionnaire variables	Number of paragraphs
1	Primary data	5
2	First hypothesis	6
3	second hypothesis	7
4	third hypothesis	10

Source: Prepared by researchers from field study data using SPSS-2025

#### 3.6.2. Cronbach's Alpha Scale:

Reliability is calculated in several ways, as previously mentioned. The easiest is the square root of the reliability coefficient. The values of both reliability and validity range between zero and one. The researcher statistically determined the self-reliability of the questionnaire's axes using the self-reliability equation:

$$\text{Reliability} = \sqrt{\text{stability}}$$

The researcher calculated the reliability coefficient

of the scale used in the questionnaire using the Cronbach's alpha equation for each of the hypotheses' axes and for the data of the axes combined according to the following table:

**Table 4: Consistency and Honesty.**

Axes	Consistency	Honesty	Phrases
First hypothesis	0.910	0.954	7
Second hypothesis	0.961	0.98	6
Third hypothesis	0.962	0.98	10
Questionnaire	0.963	0.981	23

Source: Prepared by researchers from field study data using SPSS-2025

The researcher used Cronbach's alpha coefficient to measure the stability of the questionnaire if any of the questionnaire's phrases were deleted, as the stability coefficient was in the range (0.910-0.961), which is less than the value of Cronbach's alpha coefficient for all the phrases of the study axes (0.963), which indicates the good stability of the questionnaire's phrases, which was reflected in the self-honesty coefficient, which reached (0.981).

### 3.6.3. Statistical Methods Used

- Descriptive statistics, including ratios, frequencies, arithmetic mean, and standard deviation.
- t-test
- Correlation coefficient (R)
- Test of mediation of the variable.

## Second: Data Analysis

### Primary Data

#### First: Descriptive Analysis of the Main Variables

**Table 5: Distribution of Sample Members According to Gender Variable.**

Gender	Duplicates	Ratio
Males	20	66.6%
Females	10	33.4%
Total	30	100%

Source: Prepared by researchers from field study data using SPSS-2025

Table (5) above, which is related to the gender variable, shows that 20% of the study sample, representing 66.6%, are males and 10%, representing 33.4%, are females. Therefore, it is clear that the majority of the study sample members are males.

**Table 6: Distribution of Sample Members According to Age Variable.**

Age	Duplicates	Ratio
Under 30 years old	15	50%
40 and under 50 years old	11	36.6%
50 years old and older	4	13.4%
Total	30	100%

Source: Prepared by researchers from field study data using SPSS-2025

Table (6) above, which is related to the age variable, shows that 15 of the study sample, representing 50%, are under 30 years old, 11, representing 36.6%, are between 40 and under 50 years old, and 4, representing 13.4%, are over 50 years old. This shows that the majority of the study sample members are under 30 years old.

**Table 7: Distribution of Sample Members According to Work Experience.**

Work Experience	Duplicates	Ratio
Less than 5 years	13	43.3%
5 and less than 10 years	7	23.3%
10 and less than 15 years	3	10%
15 and less than 20 years	1	3.33%
20 years and older	6	20%
Total	30	100%

Source: Prepared by researchers from field study data using SPSS-2025

The table (7) above, which is related to the practical experience variable, shows that 13 of the study sample, representing 43.3%, have less than 5 years of practical experience, 7, representing 23.3%, have 5 and less than 10 years of practical experience, 3, representing 10%, have 10 and less than 15 years of practical experience, 1, representing 3.33%, have 15 and less than 20 years of practical experience, and 6, representing 20%, have 20 years of practical experience or more. Therefore, it is clear that the majority of the study sample members have less than 5 years of practical experience.

**Table 8: Distribution of Sample Members According to Scientific Specialization.**

Scientific Specialization	Duplicates	Ratio
Accounting	15	50%
Business Administration	14	46.6%
Other	1	3.4%
Total	30	100%

Source: Prepared by researchers from field study data using SPSS-2025

The table (8) and figure above, which is related to the variable of scientific specialization, 15 individuals, at a rate of 50.3%, had a scientific specialization in accounting, 14 individuals from the study sample, at a rate of 46.6%, had a scientific specialization in business administration, and 1 individual from the study sample, at a rate of 3.4%, had a scientific specialization in other. It is clear that the majority of the individuals in the study sample had a scientific specialization in accounting.

The table and figure above, which pertain to the job variable, show that 5 (16.7%) of the study sample were department heads, 14 (46.7%) were employees, and 11 (36.3%) were other (they did not mention their job title). Therefore, it is clear that the majority of the study sample were employees.

**Table 9: Distribution of Sample Members According Job.**

Jobs	Duplicates	Ratio
Head of Department	5	16.7%
Employee	14	46.7%
Other	11	36.6%
<b>Total</b>	<b>30</b>	<b>100%</b>

Source: Prepared by researchers from field study data using SPSS-2025

#### 4. DATA ANALYSIS AND RESULTS

**Hypothesis 1:** There is a statistically significant relationship between the implementation of governance strategies and the promotion of management objectives in small companies

**Table 10: Respondents' perceptions of strategic governance, adaptive capacity, organizational resilience, and performance measurement.**

The Phrase	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Enhancing adaptive capacity is critical to overcoming uncertainty and emerging stronger from disruption.	1 3.3%	14 46.7%	5 16.7%	8 26.7%	2 6.7%
Enhancing Organizational Resilience: Where Strategic Governance Works	8 26.7%	4 13.3%	5 16.7%	10 33.3%	3 10.0%
Fortifying organizations against unexpected challenges by fostering a culture of agile decision-making.	5 16.7%	6 20.0%	10 33.3%	6 20.0%	3 10.0%
Improving performance metrics: Continuously aligning decisions with organizational goals.	4 13.3%	4 13.3%	8 26.7%	9 30.0%	5 16.7%
It reflects the extent to which performance is measured systematically by evaluating decisions and analyzing their outcomes on a regular basis. A variety of metrics can be used.	5 16.7%	4 13.3%	10 33.3%	10 33.3%	1 3.3%
indicators to measure performance such as return on investment, growth rate, quality indicators, customer satisfaction level, etc.	3 10.0%	9 30.0%	9 30.0%	7 23.3%	2 6.7%
monitoring these metrics and comparing them to established objectives, strategic governance provides a comprehensive framework for measuring success.	4 13.3%	6 20.0%	7 23.3%	7 23.3%	6 20.0%

Source: Prepared by researchers from field study data using SPSS-2025

From the table above, which pertains to the first hypothesis axis, the following is clear:

1. 3.3% of sample members strongly agree that enhancing adaptability is crucial for overcoming uncertainty and emerging stronger from turbulence. 46.7% agree, 16.7% are neutral, 26.7% disagree, and 6.7% strongly disagree.

2. 26.7% of sample members strongly agree that enhancing organizational resilience: where strategic governance works. 13.3% agree, 16.7% are neutral, 33.3% disagree, and 10% strongly disagree.

3. 16.7% of respondents strongly agree that organizations are protected against unforeseen challenges by promoting a culture of flexible decision-making. 20.0% agree, 33.3% are neutral, 20.0% disagree, and 10% strongly disagree.

4. 13.3% of respondents strongly agree that improving performance metrics: the continuous alignment of decisions with organizational goals. 13.3% agree, 26.7% are neutral, 30% disagree, and 16.7% strongly disagree.

5. 16.7% of respondents strongly agree: This reflects the extent to which performance is measured systematically by regularly evaluating decisions and analyzing their outcomes. A variety of metrics can be used. 13.3% agree, 33.3% are neutral, 33.3% disagree, and 3.3% strongly disagree.

10% of the sample strongly agreed that performance indicators such as return on investment, growth rate,

quality indicators, customer satisfaction levels, and others were used. 30% agreed, 30.0% were neutral, 23.3% disagreed, and 6.7% strongly disagreed.

7. 13.3% of the sample strongly agreed that small businesses can monitor these metrics and compare them to established goals. Strategic governance provides a comprehensive framework for measuring success. 20.3% agreed, 23.3% were neutral, 23.3% disagreed, and 20% strongly disagreed.

**The second axis: the second hypothesis:** There is a statistically significant relationship between the implementation of governance strategies and management effectiveness in small companies

From the table above, which pertains to the second hypothesis axis, the following emerges:

1. 13.3% of sample members strongly agree that governance strategies include systems that govern relationships between key stakeholders and management effectiveness. 20% agree, 40.0% are neutral, 23.3% disagree, and 3.3% strongly disagree.

2. 10% of sample members strongly agree that governance strategies include defining responsibility, accountability, and strengthening the company's assets. 23.3% agree, 40.0% are neutral, 23.3% disagree, and 3.3% strongly disagree.

3. 33.3% of sample members strongly agree that governance strategies include elements and controls that support transparency and fairness. 40.0% agree, 13.3% are neutral, and 13.3% disagree.

**Table 11: Respondents' perceptions of governance strategies and their role in transparency, accountability, investment development, and sustainable performance.**

The Phrase	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Governance strategies include systems that govern relationships between key stakeholders and management effectiveness.	1 3.3%	6 20.0%	12 40.0%	7 23.3%	4 3.3%
Governance strategies include defining responsibility, accountability, and strengthening the company's foundations.	3 10.0%	7 23.3%	12 40.0%	7 23.3%	1 3.3%
Governance strategies include elements and controls that support transparency and fairness.	10 33.3%	12 40.0%	4 3.3%	4 3.3%	
Governance strategies achieve shareholder protection while taking into account the interests of business and workers and limiting the exploitation of power in the public interest.	1 3.3%	8 26.7%	11 36.7%	9 30.0%	1 3.3%
Governance strategies lead to investment development, encourage investment flows, maximize profitability, and create new job opportunities.	5 16.7%	6 20.0%	8 26.7%	10 33.3%	1 3.3%
Governance strategies improve competitive advantage and sustainable performance in small businesses. This requires providing corporate governance principles that enhance security and protection from risks, stimulate investment, and limit financial and administrative failure.	3 10.0%	8 26.7%	8 26.7%	7 23.3%	4 13.3%

Source: Prepared by researchers from field study data using SPSS-2025

4. 3.3% of the sample strongly agreed that governance strategies protect shareholders while taking into account the interests of business and workers and limiting the abuse of power for the public good. 26.7% agreed, 36.7% were neutral, 30.0% disagreed, and 3.3% strongly disagreed.

5. 16.7% of the sample strongly agreed that governance strategies lead to investment development, encouraging investment flows, maximizing profitability, and creating new job opportunities. 20% agreed, 26.7% were neutral, 33.3% disagreed, and 3.3% strongly disagreed.

6. 10% of the sample strongly agreed that governance strategies improve competitive advantage and sustainable performance in small enterprises. This requires providing corporate governance principles that enhance safety and protection from risks, stimulate investment, and limit financial and administrative failure. 26.7% agreed, 26.7% were neutral, 23.3% disagreed, and 13.3% strongly disagreed.

**The third axis: the hypoththirdesis:** There is a statistically significant relationship between the implementation of governance strategies and risk reduction in small companies

**Table 12: Respondents' perceptions of strategic governance practices related to decision alignment, risk management, financing, and performance control.**

The Phrase	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Strategic governance sets organizational goals at the forefront of decision-making processes.	2 6.7%	10 33.3%	12 40.0%	4 13.3%	2 6.7%
Strategic governance carefully calibrates every strategic step, from resource allocation to policy formulation, to help the organization achieve its stated objectives.	4 13.3%	12 40.0%	8 26.7%	5 16.7%	1 3.3%
Strategic governance ensures that decisions are not only aligned with objectives, but are also calibrated to effectively manage and mitigate potential risks.	5 16.7%	10 33.3%	9 30.0%	3 10.0%	3 10.0%
Strategic governance attracts investors, who can help the company support financing to achieve further growth and improve competitive advantage. Sustainable performance quality in small businesses.	1 3.3%	4 13.3%	11 36.7%	13 43.3%	1 3.3%
Increase companies' ability to obtain financing and reduce its cost	1 3.3%	11 36.7%	8 26.7%	9 30.0%	1 3.3%
Government strategies solve the agency problem and reduce its cost	2 6.7%	10 33.3%	8 26.7%	8 26.7%	2 6.7%
Strategic governance integrates strong risk management practices.	9 30.0%	12 40.0%	7 23.3%	2 6.7%	
Strategic governance enhances security and protection from risks, stimulates investment, and reduces financial and administrative failure.	1 3.3%	6 20.0%	12 40.0%	7 23.3%	4 3.35
Strategic governance contributes to tighter control over the company's performance.	3 10.0%	7 23.3%	12 40.0%	7 23.3%	1 3.3%
Strategic governance prioritizes the interests of the small business community over the interests of the board of directors and protects against insider trading.	10 33.3%	12 40.0%	4 13.3%	4 13.3%	

Source: Prepared by researchers from field study data using SPSS-2025

From the table above, which pertains to the third hypothesis axis, the following is evident:

1. 6.7% of sample members sstrongly agree that strategic governance places organizational goals at

the forefront of decision-making processes. 33.3% agree, 40.0% are neutral, 13.3% disagree, and 6.7% strongly disagree.

2. 13.3% of sample members strongly agree that strategic governance carefully calibrates every strategic step, from resource allocation to policy formulation, to help the organization achieve its stated goals. 40% agree, 26.7% are neutral, 16.7% disagree, and 3.3% strongly disagree.

3.. 16.7% of the sample strongly agree that strategic governance ensures that decisions are not only aligned with objectives but are also calibrated to effectively manage and mitigate potential risks. 33.3% agree, 30.0% are neutral, 10% disagree, and 10% strongly disagree.

4. 3.3% of the sample strongly agree that strategic governance attracts investors, who can help the company secure financing to achieve further growth and improve competitive advantage and sustainable performance in small businesses. 13.3% agree, 36.7% are neutral, 43.3% disagree, and 3.3% strongly disagree.

4. 3.3% of the sample strongly agreed that strategic governance attracts investors, who can help the company secure financing to achieve further growth and improve competitive advantage and sustainable performance in small businesses. 13.3% agreed, 36.7% were neutral, 43.3% disagreed, and 3.3% strongly disagreed.

5.. 3.3% of the sample strongly agreed that it increases companies' ability to obtain financing and reduces its cost. 36.7% agreed, 26.7% were neutral, 30% disagreed, and 3.3% strongly disagreed. 6. 6.7% of the sample strongly agreed that governance strategies solve the agency problem and reduce its cost. 33.3% agreed, 26.7% were neutral, 26.7% disagreed, and 6.7% strongly disagreed. 7. 30% of the sample strongly agreed that strategic governance incorporates strong risk management practices. 40% agreed, 23.3% were neutral, and 30.0% disagreed.

8. 13.3% of the sample strongly agreed that strategic governance enhances security and protection from risks, stimulates investment, and reduces financial and administrative failure. 20% agreed, 40% were neutral, 23.3% disagreed, and 3.3% strongly disagreed.

9. 10% of the sample strongly agreed that strategic governance contributes to tighter control over company performance, while 23.3% agreed, 40% were neutral, 23.3% disagreed, and 3.3% strongly disagreed.

10. 33.3% of the sample strongly agreed that strategic governance prioritizes the interests of the small business community over those of the board of directors and protects against insider trading. 40% agreed, 13.3% were neutral, and 13.3% disagreed.

#### 4.1. Hypothesis Testing

Hypothesis 1: There is a statistically significant

relationship between the implementation of governance strategies and the promotion of management objectives in small companies.

**Table 13: Regression analysis results showing the effect of governance strategies on firm performance in small companies.**

	Regression Coefficients	t-test	p-value	Interpretation
B0	1.817	5.868	.000	Significant
B1 Governance Strategies	0.599	8.258	.000	Significant
Correlation Coefficient (R)	0.572			
Coefficient of Determination (R <sup>2</sup> )	0.328			
F-Test	68.196	The model significant		
The Model	Y1=1.817+0.599x1			
Source: Prepared by researchers from field study data using SPSS-2025				

1. The estimation results showed a direct correlation between governance strategies as an independent variable and management objectives as a dependent variable, with a simple correlation coefficient of 0.572.
2. The coefficient of determination was 0.328. This value indicates that governance strategies contribute 32.8% to the reliability of management objectives as a dependent variable.
3. 1.817 Mean management objectives when there are no governance strategies.
4. 0.599 Means an increase in management objectives when governance strategies increase in unity and specificity.

From the above, we conclude that the first hypothesis was met, meaning that governance strategies influence management objectives.

Hypothesis 2: There is a statistically significant relationship between the implementation of governance strategies and management effectiveness in small companies.

**Table 14: Regression analysis results showing the effect of governance strategies on organizational resilience.**

	Regression Coefficients	t-test	p-value	Interpretation
B0	1.661	4.848	.000	Significant
B1 Governance Strategies	0.612	7.614	.000	Significant
Correlation Coefficient (R)	0.541			
Coefficient of Determination (R <sup>2</sup> )	0.293			
F-Test	57.977	The model significant		
The Model	Y1=1.661+0.612x1			
Source: Prepared by researchers from field study data using SPSS-2025				

1. The estimation results showed an impact between governance strategies as an

independent variable and management effectiveness as a dependent variable, with a simple correlation coefficient of 0.541.

- The coefficient of determination was 0.293. This value indicates that governance strategies contribute 29.3% to management effectiveness as a dependent variable.
- 1.661 means average management effectiveness when there are no governance strategies.
- 0.612 means increased management effectiveness when governance strategies are present.

From the above, we conclude that the first hypothesis was met, meaning that governance strategies affect management effectiveness.

Hypothesis 3: There is a statistically significant relationship between the implementation of governance strategies and risk reduction in small companies.

**Table 15: Regression analysis results showing the effect of governance strategies on strategic performance.**

	Regression Coefficients	t-test	P-value	Interpretation
B0	1.466	4.379	0.000	Significant
B1 Governance Strategies	0.667	8.490	0.000	Significant
Correlation Coefficient (R)	0.583			
Coefficient of Determination (R <sup>2</sup> )	0.340			
F-Test	72.085		The model significant	
The Model	$Y_1 = 1.466 + 0.667x_1$			
Source: Prepared by researchers from field study data using SPSS-2025				

- The estimation results showed an impact between governance strategies as an independent variable and risk reduction as a dependent variable, with a simple correlation coefficient of 0.583.
- The coefficient of determination was 0.340. This value indicates that governance strategies contribute 34% to risk reduction as a dependent variable.
- 1.466 means average risk reduction when there are no governance strategies.
- 0.612 means risk reduction when governance

strategies increase.

From the above, we conclude that the first hypothesis was met, meaning that governance strategies influence risk reduction.

## 4.2. Findings

### The study concluded that

- There is a statistically significant relationship between the implementation of governance strategies and the promotion of management objectives.
- Governance enables the monitoring of these metrics and their comparison with established objectives. Strategic governance provides a comprehensive framework for measuring success.
- There is a statistically significant relationship between the implementation of governance strategies and management effectiveness in small companies.
- Governance strategies include systems that govern relationships between key stakeholders and management effectiveness.
- There is a statistically significant relationship between the implementation of governance strategies and risk mitigation in small companies.
- Strategic governance carefully calibrates every strategic step, from resource allocation to policy formulation, to help the organization achieve its defined objectives.

## 4.3. Recommendation

- Work to implement governance strategies because they enhance management objectives.
- Strategic governance must establish a comprehensive framework for measuring success.
- Governance strategies must include the systems that govern relationships between key stakeholders and management effectiveness.

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