

# The Expected Impact of Strict Obligation to Apply Going Concern Assumption (GCA) on Enhancing the Entity's Ability to Withstand the COVID-19 Pandemic: Applied Research on Entities that May Exit from the Market in Jordan

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*Abstract:* This study has the aim of looking at the expected impact of strictly obligation to apply going concern assumption-GCA; on enhancing the entity's ability to withstand the COVID-19 pandemic with its consequences and results. It is applied on entities that may exit from the market in Jordan. An electronic questionnaire (online questionnaire) was prepared, established and developed for this purpose and published via Google Form by using the simple random sampling method. A few months later, 399 fully answered electronic questionnaires were received, and the extracted data was analyzed by the Statistical Program for Social Sciences (SPSS), and a number of statistical tests were achieved, namely: the study tool's reliability, structural validity, the test for normal distribution, the Multicollinearity test, the description of the study sample characteristics, and the descriptive statistics for the study tool items. Each of the tests showed positive indicators.

The decision making base that states: (If  $\text{Sig.T} > 5\%$  Accept  $H_0$  and If  $\text{Sig.T} \leq 5\%$  Accept  $H_a$ ) was used, and it was noted from the statistical analysis that: The Sig.T of the first sub hypothesis equals to (0.000). The matter that confirms the acceptance of the alternative hypothesis; (accurate assessment of liquidity risks 'Assets Risks', variable had the greatest impact on enhancing the entity's ability to withstand the COVID-19 pandemic). The Sig.T of the third sub hypothesis appoints to (0.000). This proves the acceptance of the alternative hypothesis; (the policy of deconcentration 'business diversification', variable came in the second place of effect on enhancing the entity's ability to withstand the COVID-19 pandemic). The Sig.T of the second sub hypothesis equalizes (0.031). This states the acceptance of the alternative hypothesis; (the impact of the accurate assessment of liquidity risks 'financing risks' variable came at the third place of effect on enhancing the entity's ability to withstand the COVID-19 pandemic). So, the null state ( $H_0$ ), of each sub-hypothesis was rejected.

The sole recommendation of this study is the strict application of the standards that rule any profession, or occupation, especially in the accountancy occupation.

*Key-Words:* Going concern assumption, entity's ability to withstand, COVID-19 pandemic, assets risks, financial risks, deconcentration.

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## 1 Introduction

From the start, the COVID-19 pandemic presupposes an unadorned economic and social shock for all nations, and Jordan is no exception. With Jordan's

pre-pandemic declining growth and high young and female unemployment rates, the shocks are frequent and severe [27].

Furthermore, projections show that Jordan's GDP will decrease in 2020 for the first time in many years. This is especially worrying given that, despite the prolonged national and worldwide shocks to the economy over the past 10 years, Jordan had accomplished average growth of 2% before that amounting to 44% of Gross Domestic Product (GDP), even whilst putting a huge financial control strategy to use. As such, this shrinkage is a clear indication of the magnitude of the pandemic's impact [12]. However, according to an assessment of the World Economic Outlook for Jordan, which the World Bank issued in June 2020, those negative impacts have been projected to have an effect upon various sectors including tourism, trade, services and remittances [27].

Alongside the reopening of the economy, a recent evaluation by the International Labour Organisation, in partnership with the United Nations Development Program and the Norwegian Foundation for Labor Research and Social Studies, showed that only half of the participating enterprises had confidence in their ability to overcome the crisis [13].

## 2 The problem Statement

“It did not keep and did not leave!” - this is the most expressive expression of the reality in the global economy due to the COVID-19 pandemic, which has completed its first year, as many scientists and epidemiologists believe it will stay with us to infinity. Despite Jordan's outstanding health performance since the outbreak of the pandemic, this performance has had a high economic cost [21].

The pandemic is having a serious impact upon micro and private businesses. Many are missing cash reserves, funds, assets, and are unable to get credit to help them deal with the serious problem [13]. The negative factors that may affect the Jordanian economy in light of COVID-19 pandemic can be summarized as successive economic shutdowns, disruption of commercial and tourist activities, increased government spending, significant rise in poverty levels, the potential for the Jordanian economy to enter into a recession, the low levels of Jordanian citizen's confidence in the national economy and the feasibility of fiscal and monetary policies [21].

A variety of these sectors had already faced problems before the pandemic, with a quarter having reported losses and almost half being hardly able to cover their expenses. Few facilities were prepared for the crisis, with only 25 percent stating that they had a business continuity plan [13].

But what is the relationship between the inabilities of entities (of all kinds) in Jordan to confront the COVID-19 pandemic along with its consequences, and the application of generally accepted accounting standards (GAAS), especially the GCA? Also, what is the GCA? GCA means that the business unit will continue to operate maybe forever or at least for an additional twelve months [31]. If the company does not move forward, it is an indication that it has declared bankruptcy and liquidated its assets [15].

The auditor evaluates the company's capacity to continue functioning for a term not exceeding one year since the financial statements are audited [1]. Accordingly, for researchers, the main question that summarizes the problem is ‘Can the strict and firm application of generally accepted accounting standards, especially the going concern assumption, enable the entity to confront or withstand the COVID-19 pandemic and its impacts, pressures and threats, and consequently stay alive in the market? This will be answered through the applied part of this research.

## 3 Rationale of the Study

Familiarity is a powerful strength and considered to be a final and decisive tool to reach correct solutions and ends; it is a correct, clear and fair way to face dangers, risks, and unknowns, no matter how diverse or numerous they are, and is a powerful influence to seize positive opportunities and favorable conditions.

There is intensity to remove negativity, abuse and fragility to the point of overcoming them and potential disaster. Aside from that, its mechanisms improve positivity and activity, and maximize welfare and interests.

However, pure familiarity may not bring the maximum benefit from good, convenient, and adequate acquaintance; the knowledge must be accompanied by full sensitivity, simultaneous attention and precise interpretation of the event. In this study, certain factors were submitted for investigation: an obligation to be applied, an accurate

assessment of liquidity risks (assets risks and financing risks) for undertaking and a policy of deconcentration to be followed, to firmly support the entity's power to strongly withstand the pressures and threats that have been imposed by the COVID-19 pandemic.

The existence of these factors is a very decisive matter in itself but the most important question is whether we can elaborate them in such a practical or operational equation to survive in the market and to limit the COVID-19 pandemic and its consequences. The higher the commitment, the higher the resilience to the COVID-19 pandemic and its consequences; this is the logic that forms the basis of on this study and tries to validate that according to the foundation of scientific research.

#### **4 Goals and Reasons of the Study**

The purpose of this study is to look at the anticipated impact of the application of going concern assumption on enhancing the entity's ability to withstand the COVID-19 pandemic and its impacts; it is applied research concerning entities that may exit from the market in Jordan.

An interview with the General Manager of the Industrial and Trade Records Department at The Ministry of Industry, Trade and Supply [14]; showed that the numbers of companies that closed their commercial registration during the COVID-19 period in Jordan were for 2019 (3699 companies), 2020 (1864 companies) and (2125 companies) up till October of 2021.

This matter has caused a deep state of confusion and there has been an inability to absorb it since it had been assumed that entities in normal circumstances take into account the ability to continue in their operations for a full year or 12 months at least, without deciding to close or to exit out of the market.

But most of the operating entities that exited the market, from various market sectors in Jordan, did so during the first three months of the start of the COVID-19 pandemic, which brought about a state of deep suspicion about the operational behavior of these institutions, both in terms of adherence to the strict application of the assumptions on which the international accounting standards are based (in particular the GCA), and in the provision of the

necessary requirements to continue in the market for the longest possible period.

This includes the ability to continue in the operations for the running of the entity for a sufficient future period to fulfill the pledges made by the entity for itself and to meet the obligations achieve the goals that it has set for itself.

The same applies to the GCA in its two factors. *Factor one* consists of liquidity risks, which are of two types: a) assets risks, which are risks resulting from the inability to trade in a security or a specific asset quickly enough in the market to prevent the occurrence of loss (or achievement of the required profit); b) financing risks, which are those liabilities that cannot be fulfilled when due, or they can only be fulfilled at an unprofitable price. *Factor two* consists of business risks, or the risks of non-diversification, that are related to the focus of investments in a particular business or section and that raise the risk that investments will suffer significant losses if the business or section faces serious financial problems [23].

Effective diversification of investments across different businesses and sections can significantly reduce the effect of business risks, which are the risks resulting from concentrating investments in one or several small sectors that are known as 'risks of non-diversification'.

#### **5 The Importance of the Study**

Accounting applications are based on the supposition that the entity will keep on its basic operations for a reasonably long period of time in order to accomplish its plans, accumulate its rights and meet its commitments. These estimations represent the entity's normal status, which is why the valuation technique utilized in the financial statements is chosen based on the GCA. GCA represents one of the following forms: (a) The liquidation of the company is not expected in the predictable future; (b) The company will continue its normal operations indefinitely.

However, with the rise of the COVID-19 pandemic in early 2020 and its transformation into a global epidemic in a short period of time, and with the negative effects that were reflected on the prevailing economic systems as a result of the measures imposed by various countries from closures and prohibitions on various human activities and

restrictions on land, sea and air travel, this constituted a critical and delicate situation that prompted many entities to close their doors and exit the markets as a result of their inability to fulfill the requirements for continuing their economic activities.

Expressed another way, economic activity was, in effect, being halted by COVID-19. Based upon the early forecast (2020a) of the IMF, there would be a contraction of the global economy in 2020 of approximately 3%. There is an expectation that the contraction would be of a considerably greater scale than was seen in the global financial crisis of 2008 to 2009. The estimate of the IMF (2020b) has been revised to a drop for 2020 of 4.9% (June 2020).

According to the study, the revised forecast is based on the following factors: i) higher perseverance in socially alienated activities; ii) reduced activity during curfews; iii) faster productivity drop among businesses that have reopened for operation; and iv) increased uncertainty [5].

Hence, the importance of this study springs from the attempt of the trial to examine the impact of commitment to applying accounting assumptions, in general, and the GCA, in particular, on the possibility of providing capacity to confront the COVID-19 pandemic which, in general terms, is an exceptional case facing the activities of economic institutions.

## 6 Potential Benefits of the Study

This study, through the recommendations and results that it can reach, may assist parties related to the economic entity in terms of clarifying the constituent elements of the GCA of the entity, and the expected impact of commitment to its application on enhancement of the entity's ability to face the circumstances and challenges posed by the COVID-19 pandemic.

Through its applied side, this study will present the detailed components regarding the enforcement of the GCA of the economic entity, and their relationships to the strengthening of the ability elements of the entity that are necessary to withstand the effects of the COVID-19 pandemic and to avoid the possibility of exit from the market as a result of its inability to provide the necessary production inputs to continue its economic activities, as well as a result of the weak access to local and global markets because of government measures aimed at impeding the spread of the COVID-19 pandemic.

## 7 Literature Review

If the auditor or accountant has faith that the company cannot continue to operate, then a question arises of whether its assets are diminished, and that may require a reduction in book value to liquidation value. So, the value of the company expected to be going concern is greater than the value of its collapse, since the company can continue to generate profits [2].

The GCA is used by accountants to identify the sorts of reports that must be included in financial statements. Going concern firms can postpone reporting for non-current properties at their present or bankruptcy value, but only at cost. When the sale of assets does not ruin the firm's going concern, such as shutting a minor branch office or relocating staff to other divisions, the company has remained a continuing concern [15].

In determining whether there are substantial questions about a business's continuing concern, the auditor considers the following factors: unfavorable operating results, for example, a succession of losses, corporate defaults, denial of the firm's trade credit, and legal proceedings against the firm [2].

The following are some definitions of the going concern assumption. The GCA is the presumption that an entity will remain to operate in the near future [2]. The GCA is an accounting term for a firm that has the funding to keep running continuously until proof of it differing is provided [15]. The GCA assumes that the firm will recognize its assets and satisfy its liabilities in the usual course of business [3]. The GCA is what provides a company's capacity to accumulate costs and prepay assets. The GCA is an accounting assumption that wants businesses to be accounted for as though they would remain in existence in the future [20]. A company must know how to function for a long enough period of time in order to fulfill its obligations, duties, objectives and so on [4]. GCA is an essential component in financial accounting since many other accounting standards are dependent on both; (a) the hypothesis that firms will not simply vanish at the end of a given period, and (b) the hypothesis that firms will not eventually disappear at the conclusion of a period [20], on (c) on the premise that, while an entity's financial statements are being prepared, it will be presumed that the firm has no plans to liquidate in the near future [28], and (d) on the premise that whilst an entity's accounting information is being prepared, it

will be presumed that the firm has no plans to liquidate in the coming years [30].

## 8. Hypotheses

### 8.1 Main Hypothesis

Possible indicators of going concern problems could be summarized as follows: deterioration of the liquidity position for a company that does not have the backing of sufficient arrangements for financing; financial risk at a high level that has arisen from a gearing level that is increased which makes a company have vulnerability to delay of payment of interest as well as loan assumption; significant losses in trading over several years; an aggressive strategy for growth without the backing of sufficient finance leading eventually to failure; a firm facing serious litigations when lacking financial power for paying potential compensation; the incapacity of a company for production of new ranges of products of higher value; and the bankruptcy of a client that is significant to the company [3].

The (GCA) is exploited to ensure that available business resources are utilized until companies are no longer able to continue their activities. In order to determine the necessary method to increase sales or to reduce expenses. There are several conditions that organizations must disclose in the event of their inability to continue, such as continuous losses, delays in repaying loans, and refusal of requests to obtain credit. The ability of companies to continue as a going concern is determined as follows:

**Management Responsibilities:** (GCA) is strictly applied in times of economic crisis – such as the global economic crisis resulting from confronting COVID-19 measures – where the conditions required to use continuity must be met.

**Auditor's responsibilities:** The auditor's responsibilities are to obtain sufficient and appropriate information regarding the use of (GCA) in preparing the financial statements. The auditors must identify the factors that indicate that the use of (GCA) would be appropriate.

**Reporting:** One of the conditions for using the (GCA) is to verify the financial statements that show the inability of the establishments to continue practicing their business, where the auditor relies on the financial statements provided by the management

to determine the possibility of using the (GCA) from not using it.

However, what if previous indications and information were successfully addressed through the entity and correct implementation of GCA has been done? Does this matter provide the ability to confront and withstand the COVID-19 pandemic? These questions lead to the formulation of the main hypothesis for this research as follows:

Ha: The strict obligation to apply the going concern assumption (GCA) enhances the entity's ability to withstand the COVID-19 pandemic.

### 8.2 Sub-hypotheses

#### 8.2.1 First

High quality accounting principles must produce the correct, trustworthy information for investors, bankers, borrowers and others who make capital allocation choices [19]. Higher quality accounting and auditing procedures are related to the growth of financial markets [8]. Similarly, improved quality accounting standards lead to increased investor trust [16]. This improves liquidity, lowers capital costs, and allows for the establishment of fair market pricing. The advent of such instruments allows for the correct analysis of such goals as liquidity risks. So, the formation of the first sub-hypothesis of the liquidity risks, 'assets risks', was reached, as follows:

Ha: The accurate assessment of liquidity risks 'Assets Risks' enhances the entity's ability to withstand the COVID-19 pandemic.

#### 8.2.2 Second

Risk is a matter that is inherent for all commercial organizations; indeed, for the successful running of a commercial organisation, effective risk management is a critical component. In regard to risk management, the management of a company has control to various degrees; there can be direct control of some hazards, whilst other hazards can be largely beyond the control of the management of the company. Occasionally the most a corporation can do is try to foresee prospective risks, analyze the possible effect on the company's operations, and be ready to respond to unfavorable occurrences [18]. So,

we arrived at the formation of the second sub-hypothesis which deals with the second part of the liquidity risks, the ‘financing risks’, as follows:

Ha: The accurate assessment of liquidity risks, ‘Financing risks’, enhances the entity’s ability to withstand the COVID-19 pandemic.

### 8.2.3 Third

Concentration risk is defined as any solitary (direct and/or indirect) vulnerability or set of exposures that has the potential to cause losses significant enough to jeopardize an entity’s health or capacity to conduct its core operation [32]. The fact that the (GCA) is formed of two parts: the liquidity risks (assets risks, financing risks) and business risks (deconcentration, diversification), means that we must pay the same attention to each of them. So, the third sub-hypothesis was formed as follows:

Ha: The policy of deconcentration ‘business diversification’ enhances the entity’s ability to withstand the COVID-19 pandemic.

## 9 The Field Study

### 9.1 Research Methods

The approach differs depending on the sort of a study, its goals, fields and instruments. The descriptive analytical approach (DAA) was used in the current investigation, this process is followed by putting down the results, then the researchers end with expressing explanations.

The descriptive analytical approach (DAA) is a “method properly represents certainty or

phenomena in quantitative or qualitative terms. Qualitative expression describes and explains the phenomenon’s features. The quantitative expression, on the other hand, provides us with a numerical description of the amount or magnitude of this occurrence, leading to findings or generalizations that aid in comprehending the reality of the phenomenon or situation” [22].

### 9.2 Sample and Population

The study population included all Jordanian entrepreneurs and owners of small and medium-sized businesses. An electronic questionnaire (online questionnaire) was prepared and published via Google Form using the simple random sampling method. After more than 60 days, exactly 399 electronic questionnaires were received that were fully answered.

### 9.3 Data Sources

To carry out the data collection process, this research relied on secondary data, such as; suitable books, convenient research literature, proper scientific periodicals, and consistent specialized publications. The scientific publications available on the Web Sites were also used. The process of referring to the various databases that serve this research was also carried out. In order to complete the effectuation of collecting the primary data, a questionnaire was developed to examine the variables of the research. The five-point Likert scale was used to finish the statistical analysis of the data.

### 9.4 Reliability of the Study Tool

The results of the Cronbach’s alpha value, which was employed to assess the internal reliability of the research items’ stability, are as follows:

Table 1. The coefficient value of Cronbach’s alpha for the items of the questionnaire

| Variables               | Ability to withstand components | Asset risks | Financing risks | Concentration risks | Total indicator |
|-------------------------|---------------------------------|-------------|-----------------|---------------------|-----------------|
| <b>Cronbach’s Alpha</b> | 0.846                           | 0.871       | 0.805           | 0.884               | 0.933           |
| Number of items         | 10                              | 3           | 3               | 4                   | 20              |

Table 1 shows that internal consistency coefficient (Cronbach’s alpha) for the study tool paragraphs went between: 80.5 % to 88.4 %, and had a stability degree of 93.3 % for all paragraphs.

According to [24], the minimal constancy coefficient (Cronbach’s alpha) is 0.70, and the nearer the number is to 1, i.e., 100 %, the better the degree of stability for the research instrument. As a

result, all of the internal uniformity factors indicated in the preceding table are good signs of the research item's stability and reliability in statistical analysis.

### 9.5 Structural Validity

The measurement of structural validity involves measurement of instrument validity statistically with assessment of the degree to which the objectives of the tool are met, and whether or not the tool can actually measure content that it was designed to

measure, through extraction of the correlation analysis value (Pearson correlation).

The Pearson correlation is a reflection of the degree to which the items of the scale attribute to overall score for the axial direction. Also, it means that there is differentiation of each paragraph capability of the rating.

Paragraphs that are negative or that have correlation coefficients that are lower than 0.25 are considered low and ought to be removed, while items that have correlation coefficients that are over 0.70 are seen as being unique [17]. The outcome of structural validity is shown in Table 2.

Table 2. The correlation degrees of the scale items, with the total score of their axis

| Ability to withstand components |             | Asset risks |             | Financing risks |             | Concentration risks |             |
|---------------------------------|-------------|-------------|-------------|-----------------|-------------|---------------------|-------------|
| Item                            | Correlation | Item        | Correlation | Item            | Correlation | Item                | Correlation |
| 1                               | 0.646       | 11          | 0.908       | 14              | 0.876       | 17                  | 0.841       |
| 2                               | 0.420       | 12          | 0.888       | 15              | 0.788       | 18                  | 0.847       |
| 3                               | 0.569       | 13          | 0.879       | 16              | 0.878       | 19                  | 0.879       |
| 4                               | 0.744       |             |             |                 |             | 20                  | 0.885       |
| 5                               | 0.662       |             |             |                 |             |                     |             |
| 6                               | 0.725       |             |             |                 |             |                     |             |
| 7                               | 0.753       |             |             |                 |             |                     |             |
| 8                               | 0.653       |             |             |                 |             |                     |             |
| 9                               | 0.672       |             |             |                 |             |                     |             |
| 10                              | 0.628       |             |             |                 |             |                     |             |

Table 2 shows that the correlation value for all items in the research instrument is more than 25% and has an extrusive (+) trend. This result is regarded as constructively true since it is a signal of excellence for all items on the scale.

### 9.6 Normal Distribution Test

Skewness has been retrieved, and this analysis is used to assess the distribution's symmetry; a result beyond 1 means that the spreading is significantly skewed. The kurtosis number was calculated. If the kurtosis number is equal to or less than 2.58 (at the 0.01 level) or 1.96 (at the 0.05 level), the distribution is normal [7].

Table 3. Skewness and kurtosis tests indicate a normal distribution of data.

| Hypothesis | Ability to withstand components | Asset risks | Financing risks | Concentration risks |
|------------|---------------------------------|-------------|-----------------|---------------------|
| Skewness   | -0.012                          | 0.057       | -0.369          | 0.112               |
| Kurtosis   | -0.312                          | -0.691      | -0.292          | 0.634               |

The test results in Table 3 clearly demonstrate that the data distribution was typical, since the skewness results do not go beyond the range of 1.

At the 0.05 level, the value of kurtosis did not surpass 1.96. The graphs below depict normal distribution.

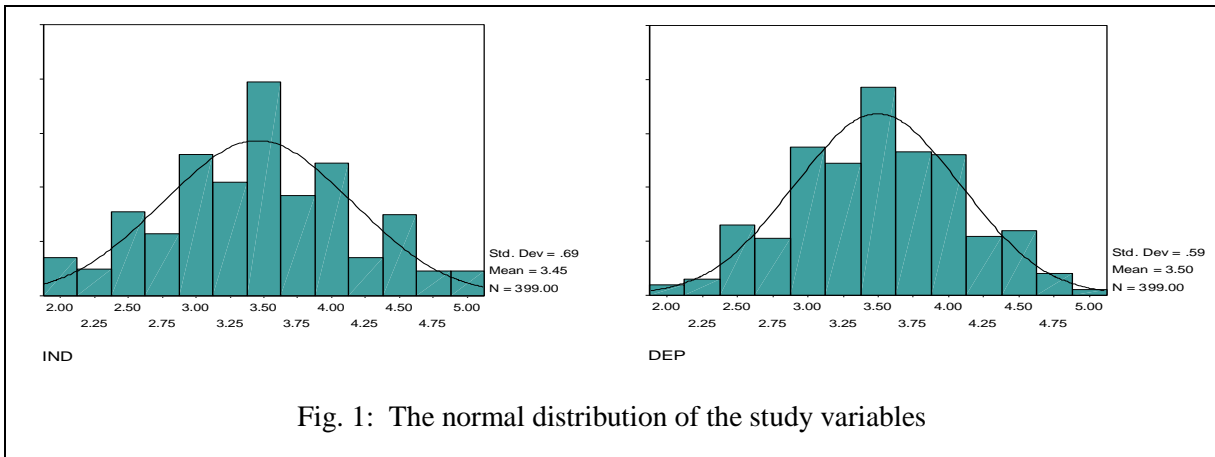


Fig. 1: The normal distribution of the study variables

### 9.7 Multicollinearity Test

Calculation was done of the variables of allowed variation tolerance and the variance inflation factor (VIF). It is shown in Table 4 that, after statistical treatment (0.2), the allowed standard deviation value for independent factors was larger than 2 and less

than 1. The variance coefficient for inflation was less than 5; the indication, therefore, is that no strong correlation exists between those independent variables. The implication is that there is eligibility of the values for the models of multiple regressions [10].

Table 4. Test results of Multicollinearity

| Variables          | VIF   | Tolerance |
|--------------------|-------|-----------|
| Asset risk         | 2.037 | 0.491     |
| Financing risk     | 1.861 | 0.537     |
| Concentration risk | 2.022 | 0.495     |

Pearson correlation coefficients were utilized among the extents of the explanatory variables to check that there were no great multiple linear

correlations among the independent variables, in order to validate the prior findings. The results are shown in Table 5.

Table 5. Pearson correlation coefficient matrix for the independent variables

| Variables          | Asset risk | Financing risk | Concentration risk |
|--------------------|------------|----------------|--------------------|
| Asset risk         | 1.00       | -              | -                  |
| Financing risk     | 0.621      | 1.00           | -                  |
| Concentration risk | 0.660      | 0.618          | 1.00               |

Table 5 reveals that the maximum relationship among the independent factors is 0.660, which was between the independent values (Concentration risk and asset risk), whereas the value of correlation coefficient among all the other explanatory factors were less than that. This implies no significant multiple linear correlations among the independent variables with values less than 1 (80 %). As a result, the sample is free of the issue of excessive multiple linear interactions [9].

This test ensures that the data is free of the autocorrelation problem in the linear regression which, if present, may reduce the model's

predictive power. This is validated by the Durbin-Watson analysis, where its values vary from 0 to 4; if the value of Durbin-Watson is from 1.5 to 2.5, it shows no correlation among the independent variables and that it is satisfactory. The findings of this test are shown in Table 6, where it is apparent that the Durban-Watson value obtained for each of the study objectives was more than 1.5 and lower than 2.5 at the level 0.05. This implies that there is no Multicollinearity problem and that it is appropriate for it to be used in the multiple regression analysis [26].



Table 6. The autocorrelation test (D-W) findings of the study hypothesis

| Hypothesis | Ho.   | Ho.1  | Ho.2  | Ho.3  | The result                 |
|------------|-------|-------|-------|-------|----------------------------|
| D-W        | 1.943 | 1.937 | 1.980 | 1.790 | No autocorrelation problem |

## 10 Characteristics of the Research Sample

The findings of the frequencies and percentages of basic information linked to the first section of the study questionnaire are shown in Tables 7-A & 7-B. The example responses are explained further below.

The general characteristics of the entities forming the research sample were divided into two parts. The first section contains general information about the entities, which is included in Table 7 – A, and consists of the following items:

Table 7-A. General information description

| Variable  | Category                   | Frequency  | %           |
|---|----------------------------|------------|-------------|
| <b>First:</b><br>The type of institution                                | (1) Public                 | 89         | 22.3%       |
|   | (2) Private                | 310        | 77.7%       |
|   | <b>Total</b>               | <b>399</b> | <b>100%</b> |
| <b>Second:</b><br>The age of the entity                                 | (1) Less than 10 years old | 93         | 23.3%       |
|   | (2) 11-20 years old        | 156        | 39.1%       |
|   | (3) 21-30 years old        | 105        | 26.3%       |
|   | (4) Over 31 years old      | 45         | 11.3%       |
|   | <b>Total</b>               | <b>399</b> | <b>100%</b> |
| <b>Third:</b><br>The size of the institution according to the benchmark | (1) Large                  | -          | -           |
|   | (2) Medium                 | 86         | 21.6%       |
|   | (3) Small                  | 313        | 78.4%       |
|   | <b>Total</b>               | <b>399</b> | <b>100%</b> |
| <b>Fourth:</b><br>Market share compared to competitors                  | (1) Large                  | 61         | 15.3%       |
|   | (2) Medium                 | 212        | 53.1%       |
|   | (3) Small                  | 126        | 31.6%       |
|   | <b>Total</b>               | <b>399</b> | <b>100%</b> |
| <b>Fifth:</b><br>The type of economic activity                          | (1) Industrial             | 89         | 22.3%       |
|   | (2) Agricultural           | 16         | 4%          |
|   | (3) Service                | 226        | 56.6%       |
|   | (4) Raw materials          | 18         | 4.5%        |
|   | (5) Cognitive              | 16         | 4%          |
|   | (6) Technical              | 34         | 8.5%        |
|   | <b>Total</b>               | <b>399</b> | <b>100%</b> |

### 10.1 The Type of Entity

In terms of whether it is a public or private entity, the largest percentage within the research sample of private entities was 77.7% of the total of 399 entities, which may indicate the existence of flexibility of these entities to standstill in the face of difficulties and emergency conditions, or may indicate their fragility (as small and medium) in the face of major transformations impacts, such as the COVID-19 pandemic.

### 10.2 The Age of Entity

Precisely 261 institutions fell into two age groups, 2: 11-20 years of age and 3: 21-30 years old, indicating that they have good experience in dealing with normal and emergency conditions and, thus, they must put in hard work and desperate struggle to wipe out difficulties and obstacles that may arise in their way to pursue the goals for which they were established.

### 10.3 The Size of Entity According to the Benchmark

Exactly 313 entities from the sample indicated that their size, compared to the benchmark entity operating within the scope of its economic activity, falls within the small category, and this matter, as we mentioned previously, may mean that they have a moderate power in the face of emergency conditions,

and may indicate their delicacy and inability. The matter depends on the quality of the administrations that governs them, their experience and ability in facing challenges.

### 10.4 Market Share Compared to Competitors

Accurately 212 entities from the study sample stated that their market share compared to similar institutions and their competition is considered a medium share; this means there is relative ability to face the force majeure conditions that they may encounter, and this also includes the ability of management to accurately read the strengths and weaknesses in their entities, as well as the ability to seize opportunities and avoid threats efficiently and effectively to survive in the situations of compelling powers within the markets.

### 10.5 Type of Economic Activity

The number of 226 entities from the study sample decided that the type of activity they practice is service economic activity, which gives them high flexibility in exploiting the conditions of time and place, adapting in a way that enables them to continue to work, and continue to strive towards achieving their goals. They do not need expensive places to store production inputs, and their service products do not represent perishable or consumable materials or a limited useful life linked to time.

Table 7-B. General information description

| Variable   | Category                               | Frequency   | %           |
|--|--|-------------|-------------|
| <b>Sixth:</b><br><b>The company maintains liquidity in...</b>  | (1) Company fund only                  | 140         | 35.1%       |
|  | (2) Bank accounts                      | 202         | 50.6%       |
|  | (3) Actual investments                 | 34          | 8.5%        |
|  | (4) Mixed activities                   | 20          | 5%          |
|  | (5) Other (specify): -----             | 3           | 0.8%        |
|  | <b>Total</b>                           | <b>399</b>  | <b>100%</b> |
| <b>Seventh:</b><br><b>The company's leadership enjoys the following qualities and characteristics...</b> | (1) Friendliness and respect for all   | 72          | %18         |
|  | (2) Lack of arrogance and self-conceit | 41          | %10.3       |
|  | (3) Lack of self-love and titles       | 12          | %3          |
|  | (4) All of the above                   | 271         | %67.9       |
|  | (5) Other (specify): -----             | 3           | %0.8        |
| <b>Total</b>   | <b>399</b>                             | <b>100%</b> |             |
| <b>Eighth:</b><br><b>The productivity of the company is characterized as unrelated...</b>                | (1) With specific working hours        | 317         | %79.4       |
|  | (2) With a fixed working               | 11          | %2.8        |

**Ninth:  
 The company has a customer service  
 department that is characterized as...**

|     |                                |            |             |
|-----|--------------------------------|------------|-------------|
|     | place                          |            |             |
| (3) | With a specific work mechanism | 17         | %4.3        |
| (4) | All of the above is true       | 49         | %12.3       |
| (5) | Other (specify): -----         | 5          | %1.3        |
|     | <b>Total</b>                   | <b>399</b> | <b>100%</b> |
| (1) | Excellent and quick response   | 85         | %21.3       |
| (2) | Solves problems quickly        | 17         | %4.3        |
| (3) | Qualified and trained staff    | 47         | %11.8       |
| (4) | All of the above is true       | 247        | %61.9       |
| (5) | Other (specify): -----         | 3          | %0.8        |
|     | <b>Total</b>                   | <b>399</b> | <b>100%</b> |

The successful company is one that exercises financial prudence and reinvests its money in the business again [29]. The paragraphs in Table 7-B represent the characteristics of successful entities. The results of the frequency explanations were as shown in the following sections.

### 10.6 The Existence of a Large Financial Liquidity at the Entity

Any economic entity is based on the joining or merging of activity — unity of life — in the pursuit of a single purpose or business. Each legal entity in an economic entity has committed itself and its assets to the success of the joint enterprise [6]. To be among the effective entities, the entity must have sufficient liquidity cash in its bank account, outside of the actual money invested within the entity, in advance of any urgent situation that may occur unexpectedly; so any entity that pursues long-term success must have reserve money in its bank account. What equals to 202 entities from the study sample admitted that they maintain financial liquidity in bank accounts. Meanwhile, 140 entities reported that they keep their money in their cash box. Perhaps this is due to the nature of the service activity, which necessitates the availability of cash at the moment of demand.

### 10.7 Entity’s Leadership is Free from Feelings of Arrogance And Self-Love

Part of what determines whether a company succeeds or fails is how its founders think. The findings revealed that different characteristics of

entrepreneurial activity have varying effects on company success [11]. One of the characteristics of a successful company is that its leadership enjoys feelings of friendliness and respect for all, not arrogance, self-conceit, self-love and love of titles. Many company directors and founders tend to put titles in front of their names, such as the CEO, the head of the organisation, the head of the sales department, the head of the customer department and other different titles. This matter negatively affects their relations with the employees working in the entity as well as the clients. The client loves to deal with a nice, friendly and well-behaved person, and does not like to deal with an arrogant person. Exactly 271 entities from the study sample indicated that their management is free of these negative feelings, with the consequent positives that are reflected in their performance in emergency conditions.

### 10.8 High Productivity is Not Linked to Specific Working Hours and a Fixed Place of Work

Successful entities cannot be classified as companies that their work begins at specific hours, starting, for example, at eight in the morning and ending at four in the evening, with the employee performing specific tasks every day without variety through periods of time. Rather, high productivity is linked to the provision of a great deal of freedom for employees within the entity to perform the work required of them, according to the mechanism(s) that they find suitably comfortable for their performance.

If the work is done from home in a more productive and better way in all respects, then that is fine. Exactly 317 entities from the research sample agreed that they adhere to specific working hours regardless of the place, which means that, during the pandemic, it has been possible to work from anywhere such as at home with use of the internet, as has actually happened during the intensification of the COVID-19 pandemic.

### 10.9 Paying Attention to Quality of Customer Service Department in the Entity

One of the hallmarks of successful entities is the presence of an excellent customer service department in them, which is quick to respond to customer problems and solve them. The more qualified and trained the persons of the customer department team are, to answer customers' questions and solve the problems that they face when seeking to benefit from the services of the institution, the more the organisation is ranked on the list of successful and strong companies. Exactly 247 entities mentioned that the customer service department in them has characteristics that increase its quality and ability to meet customers' requirements.

## 11 The Descriptive Analysis of the Study Variables Produced the Following Results

### 11.1 Study Tool Item Descriptive Statistics

Arithmetic averages, standard deviation and variance, rank, corresponding weights, and degree of approval were computed to determine the sample members' attitudes about the research axes. The following equation was used to calculate the amount of relative concordance:

$$\text{Group extent} = \frac{\text{upper limit of the alternative} - \text{minimum alternative}}{\text{number of levels}} = \frac{(5-1)}{3} = 1.33.$$

If the sum of squares occurs between 1 and 2.33, it is regarded as low. If it runs between 2.34 and 3.66, it is deemed average, and if it surpasses 3.66, it is considered high [25].

### 11.2 Characterizations of Study Sample Members' Responses to 'the Ability to Withstand' Components

Table 8 displays the mathematics mean, standard deviation, corresponding weights, amount of agreement, and level of the interviewees' responses to the variable 'The ability to withstand the COVID-19 pandemic, which was calculated based on 10 sentences.

Table 8. The respondents' replies' mathematics mean, standard deviation, relative weight, degree of agreement, and level

| Sentence No. | Sentence  | Mathematics mean | Standard deviation | Relative weight % | Degree of approval | Level |
|--------------|---|------------------|--------------------|-------------------|--------------------|-------|
| 1            | (0.1)- The entity has sufficient physical capacity [production inputs] to continue operations for a sufficient future period. | 3.26             | 0.911              | 65.2              | Medium             | 10    |
| 2            | (0.2)- The entity has the financial capabilities necessary to fulfill the commitments it made to third parties.               | 3.68             | 0.898              | 73.6              | High               | 1     |
| 3            | (0.3)- The entity possesses the material and moral elements   | 3.64             | 0.856              | 72.8              | Medium             | 2     |

|                        |   |      |       |      |               |   |
|------------------------|---|------|-------|------|---------------|---|
| 4                      | [material, energy, and desire] that enhance its ability to fulfill the obligations it has made on itself for others.<br>(0.4)- The entity employs the human capital necessary to effectively and efficiently achieve the goals it has set for itself. | 3.47 | 0.926 | 69.4 | Medium        | 6 |
| 5                      | (0.5)- The working human cadre possesses the appropriate scientific expertise to implement the plans and achieve the goals.   | 3.59 | 0.895 | 71.8 | Medium        | 3 |
| 6                      | (0.6)- The human capital has sufficient technical experience to deal efficiently and effectively with the current conditions.   | 3.51 | 0.868 | 70.2 | Medium        | 5 |
| 7                      | (0.7)- The entity is always able to access the necessary funding sources at a low cost and appropriate deadline.  | 3.44 | 0.908 | 68.8 | Medium        | 8 |
| 8                      | (0.8)- The entity applies a management approach [corporate governance] that is characterized by robustness and flexibility in the face of any sudden market changes.  | 3.34 | 0.930 | 66.8 | Medium        | 9 |
| 9                      | (0.9)- The entity's senior management has strategic thinking capable of predicting what the future conditions will be, and developing diverse and effective plans to confront them.   | 3.46 | 0.991 | 69.2 | Medium        | 7 |
| 10                     | (0.10)- The entity's management is aware of its strengths and weaknesses, and its competitive advantage that enables it to manage emergency crises in a way that allows it to achieve its goals.  | 3.56 | 0.935 | 71.2 | Medium        | 4 |
| <b>Total Indicator</b> |   | 3.50 | 0.591 | %70  | <b>Medium</b> |   |

According to Table 8, the total indicator has a mathematics mean of 3.50 and a standard deviation of 0.591, indicating attitudes of the research sample associates toward (the ability to withstand the COVID-19 pandemic) components were in the normal level. Sentence 2, ‘The entity has the financial capabilities necessary to fulfill the commitments it made to third parties’ occupied the first level with a mathematics mean of 3.68 and a standard deviation of 0.898 and has the first degree of approval. But Sentence 1 took the last place, saying that ‘The entity has sufficient physical capacity [production inputs] to continue operations

for a sufficient future period’ with a mean of 3.26, a standard deviation of 0.911, with a medium degree. We can explain this by mentioning that about 77.7% of the study sample are service entities, and own minimum physical production inputs.

### 11.3 Description of Study Sample Members’ Answers to (Assets Risks) Questions

Table 9 displays the arithmetic average, confidence interval, corresponding weights, degree of consensus, and rank of respondents’ responses to ‘asset risk’, as determined by 3 sentences.

Table 9. The averages, confidence interval, rank, corresponding weights, and degree of consensus with regard to the asset risk categories are all calculated.

| Sentence No.           | Sentence   | Mathematics mean | Standard deviation | Relative weight % | Degree of approval | Level |
|------------------------|--|------------------|--------------------|-------------------|--------------------|-------|
| 11                     | (1.1)- Most of the entity’s assets are characterized by their ability to trade at sufficient speeds in the market. | 3.47             | 0.899              | 69.4              | Medium             | 1     |
| 12                     | (1.2)- The entity’s assets enjoy a sufficient margin of profit to be able to absorb the loss if it occurs.         | 3.40             | 0.935              | 68                | Medium             | 3     |
| 13                     | (1.3)- The entity accumulates sufficient and appropriate reserves to meet any possible decrease in liquidity.      | 3.46             | 0.847              | 69.2              | Medium             | 2     |
| <b>Total indicator</b> |  | <b>3.45</b>      | <b>0.797</b>       | <b>69%</b>        | <b>Medium</b>      |       |

Table 9 shows that the total indicator reached mathematics mean of 3.45 with a confidence interval of 0.797, indicating that the attitudes of the research survey participants toward ‘Asset risks’ were on the medium degree of approval. Sentence 11, which says ‘Most of the entity’s assets are characterized by their ability to trade at sufficient speeds in the market’, had first level with a mathematics mean of 3.47 and a standard deviation of 0.899 and a medium degree of approval. But Sentence 12, ‘The entity’s assets enjoy a substantial margin of profit to cover the loss if it

arises’, caught the final level with a 3.40 mathematics mean average, a 0.935 confidence interval, and a middling degree.

### 11.4 Description of Study Sample Members’ Answers to (Financing Risks) Questions

Based upon 3 sentences; the standard deviation, mathematics mean, relative weight, respondent answer level and degree of approval with regard to ‘Financing risks’ are shown in Table 10.

Table 10. The mathematics mean, standard deviation, relative weight, degree of approval, and level

| Sentence No.           | Sentence  | Mathematics mean | Standard deviation | Relative weight % | Degree of approval | Level |
|------------------------|---|------------------|--------------------|-------------------|--------------------|-------|
| 14                     | (2.1)- The entity has sufficient provisions to meet its obligations when they become due. | 3.71             | 0.950              | 74.2              | High               | 1     |
| 15                     | (2.2)- The entity is able to meet its obligations even at an unprofitable price.          | 3.35             | 0.915              | 67                | Medium             | 3     |
| 16                     | (2.3)- The Corporation maintains sufficient cash reserves to cover emergencies.           | 3.64             | 1.005              | 72.8              | Medium             | 2     |
| <b>Total indicator</b> |   | <b>3.57</b>      | <b>0.812</b>       | <b>71.4%</b>      | <b>Medium</b>      |       |

Table 10 shows that the total statistic has mathematics mean of 3.57 and a confidence interval of 0.812, indicating that the research sample associates' movements near 'Financing risks' were at the normal level. With a mathematics mean of 3.71 and a standard deviation of 0.950, sentence 14, 'The entity has adequate provisions to pay its obligations when they become due', gained first place with a high degree. The last position was taken by Sentence 15, 'The company is able to pay its commitments even at an unprofitable price' with a mathematics

mean of 3.35 and a confidence interval of 0.915 of a medium degree.

### 11.5 Description of Study Sample Members' Answers to (Concentration Risks) Questions

Table 11 displays the mathematics mean, confidence interval, corresponding weights, degree of consensus, and level of respondents' answers to 'Concentration risks' based on 4 items.

Table 11. The average, confidence interval, corresponding weights, degree of agreement, and rank are all measures of agreement.

| Sentence No.           | Sentence  | Mathematics mean | Standard deviation | Relative weight % | Degree of approval | Level |
|------------------------|---|------------------|--------------------|-------------------|--------------------|-------|
| 17                     | (3.1)- The entity's investments vary in different economic activities and sectors.        | 3.45             | 0.975              | 69                | Medium             | 1     |
| 18                     | (3.2)- The entity's investments are distributed over short, medium and long time periods. | 3.29             | 0.862              | 65.8              | Medium             | 4     |
| 19                     | (3.3)- The entity's investments are divided into small, medium and large sizes.           | 3.35             | 0.863              | 67                | Medium             | 3     |
| 20                     | (3.4)- The entity has updated plans to face any major interruptions in work.              | 3.41             | 0.946              | 68.2              | Medium             | 2     |
| <b>Total indicator</b> |   | <b>3.37</b>      | <b>0.787</b>       | <b>67.4%</b>      | Medium             |       |

Table 11 shows that the total statistic has mathematics' mean of 3.37 and a confidence interval of 0.787. This implies that the study sample associates' opinions about 'Concentration risks' were moderate. The top rank was achieved by sentence 17, 'The entity's investments differ between different financial growth and sectors', with a mathematics mean of 3.45 and a confidence interval of 0.975 of a medium degree. But sentence 18 performed at the final level, which indicates that "The entity's investments are spread throughout short, medium, and long time periods' with a mathematics mean of

3.29 and a confidence interval of 0.862 of a medium degree.

## 12 Results of Testing Hypotheses of the Study

### 12.1 The Result of the Main Hypothesis Test

In this section of the research, we look at the primary hypothesis test, which was submitted to a multiple statistical method and yielded the results presented in Table 12.

Table 12. The multiple linear regression model's results for serious commitment to apply the sustainability imposition of the institution's resilience to the COVID-19 pandemic

| Dependent                | Model summary |                |        | ANOVA   |        |       | Coefficient         |       |            |       |        |       |
|--------------------------|---------------|----------------|--------|---------|--------|-------|---------------------|-------|------------|-------|--------|-------|
|                          | R             | R <sup>2</sup> | Adj. R | F       | Sig. F | DF    | Variable            | B     | Std. Error | Beta  | T      | Sig.T |
| The ability to withstand | 0.826         | 0.682          | 0.680  | 282.952 | 0.000  | 3/395 | Asset risks         | 0.435 | 0.030      | 0.587 | 14.518 | 0.000 |
|                          |               |                |        |         |        |       | Financing risks     | 0.061 | 0.028      | 0.084 | 2.163  | 0.031 |
|                          |               |                |        |         |        |       | Concentration risks | 0.181 | 0.030      | 0.241 | 5.968  | 0.000 |

The results in Table 12 show a statistically significant effect of the 'The strict obligation to apply

the going concern assumption on enhancing the entity's ability to withstand the COVID-19 pandemic'

as demonstrated by Sig. F = 0.00, which is a smaller amount than 0.05, and also by the calculated F =

282.952, which is bigger than its tabular value equals to 2.60, i.e., (282.952 > 2.60).

The correlation coefficient's value (R), which is equal to 82.6%, indicates that there is a strong relationship between ‘The strict obligation to apply the going concern assumption’ and ‘Enhancing of the entity's ability to withstand the COVID-19 pandemic’.

The value of R<sup>2</sup> equals 0.682, which means that ‘The strict obligation to apply the going concern assumption’ can explain 68.2% of ‘The enhancement of entity's ability to withstand the COVID-19 pandemic’ variance.

According to the coefficients table results for the first sub hypothesis, the variable of ‘The accurate assessment of liquidity risks (**Assets risks**) had the greatest impact, since its beta coefficient was 0.587, and this result was aided by the calculated T value of 14,518, that is more than its tabular value of 1.96 and at a significant level of 0.00.

Following the third sub hypothesis ‘The deconcentration policy (**Business diversification**) component’ came in second place, in terms of effect, as its beta coefficient value is 0.241, and this result is aided by the carefully calibrated T value of 5.968, that is higher for the parametric significance at a meaningful level (Sig.T = 0.00). Following that, the second sub hypothesis ‘The accurate evaluation of liquidity risks (**Financing risks**) variable was placed third, in terms of effect, with a beta value of 0.084.

This impact is aided by the computed T value of 2.163, which is higher for the calculated value at a meaningful level (Sig.T = 0.031).

So, there is rejection of the null hypothesis (Ho) and the acceptance of Ha (the alternative hypothesis), with demonstration of an effect, that is statistically significant at 0.05 level, that ‘The strict duty to implement the GCA improves the entity's capacity to endure the COVID-19 pandemic’.

Additional analysis; If we use the decision making base that states: (If Sig.T > 5% Accept Ho, and If Sig.T ≤ 5% Accept Ha), we note from the table [12] that Sig.T of the:

- First sub hypothesis equals (0.000). This confirms once again the acceptance of the alternative hypothesis and the rejection of the null hypothesis.
- Second sub hypothesis equals (0.031). This confirms once again the acceptance of the alternative hypothesis and the rejection of the null hypothesis.
- Third sub hypothesis equals (0.000). This confirms once again the acceptance of the alternative hypothesis and the rejection of the null hypothesis.

## 12.2 Sub-hypothesis Test Results

The assessment of the sub-hypotheses, which were submitted to a simple regression model, yielded results as follows:

Table 13. The basic linear regression model's results for the sub-hypotheses

| Hypothesis       | R     | R <sup>2</sup> | Adj. R <sup>2</sup> | DF  | Calculated F | Sig. F | B     | Std. Error | Calculated T | Tabular T | Sig. T | Ho Result |
|------------------|-------|----------------|---------------------|-----|--------------|--------|-------|------------|--------------|-----------|--------|-----------|
| H <sub>a.1</sub> | 0.798 | 0.637          | 0.636               | 398 | 696.811      | 0.00   | 0.592 | 0.022      | 26.397       | 1.96      | 0.00   | Reject    |
| H <sub>a.2</sub> | 0.597 | 0.357          | 0.355               | 398 | 220.247      | 0.00   | 0.435 | 0.029      | 14.841       | 1.96      | 0.00   | Reject    |
| H <sub>a.3</sub> | 0.680 | 0.462          | 0.461               | 398 | 341.058      | 0.00   | 0.511 | 0.028      | 18.468       | 1.96      | 0.00   | Reject    |

Table 13 shows the results shown in the follows sections.

### 12.2.1 The First Sub-Hypothesis Test's Outcome (H<sub>a.1</sub>)

It was discovered that ‘The accurate assessment of liquidity risks ‘Assets Risks’ has a statistically significant influence on improving the entity's capacity to survive through the COVID-19 pandemic’, as the T value of 26.397 is larger than the tabulated value that equals (1.96), and significant at

the level of 0.05. It should be highlighted that the correlation coefficient R = 79.8 % indicating a significant link between the two factors of the equation. The coefficient of determination (R<sup>2</sup> = 0.637) result suggests that ‘The accurate assessment of liquidity risks (Assets risks)’ variable has explained 63.7% of ‘The entity's ability to withstand the COVID-19 pandemic’ variance. This means that 36.7% is attributed to random factors; (relevant to political, geographic, demographic, other



environmental and non-economic aspects) are not included, or taken into account, when studying and evaluating the assets risks.

Furthermore; if we use the decision making base that states: (If  $\text{Sig.T} > 5\%$  Accept  $H_0$ , and If  $\text{Sig.T} \leq 5\%$  Accept  $H_a$ ), we note from the table [13] that  $\text{Sig.T}$  of the first sub hypothesis equals (0.000). This confirms once again the acceptance of the alternative hypothesis and the rejection of the null hypothesis.

### 12.2.2 The Second Sub-Hypothesis Test Outcome ( $H_{a.2}$ )

It was discovered that ‘The accurate assessment of liquidity risks, ‘Financing risks’, enhances the entity's ability to withstand the COVID-19 pandemic’. Through T value of 14.841, which is larger than the tabulated value that equals (1.96), and meaningful at the level of 0.05, and since the value of the correlation coefficient  $R = 59.7\%$ , it indicates the existence of a medium relationship between the two variables. The value of the coefficient of determination ( $R^2 = 0.357$ ) indicates that ‘The accurate assessment of liquidity risks (Financing risks) variable, explained 35.7% of ‘The entity's ability to withstand the COVID-19 pandemic’ variance. This means that 64.3% is related to other factors; (connected to political, geographic, demographic, other environmental and non-economic aspects) are not included, or taken into account, when investigating and evaluating the finance risks.

So; by using the decision making base that states: (If  $\text{Sig.T} > 5\%$  Accept  $H_0$ , and If  $\text{Sig.T} \leq 5\%$  Accept  $H_a$ ), we note from the table [13] that  $\text{Sig.T}$  of the second sub hypothesis equals (0.000). This confirms once again the acceptance of the alternative hypothesis and the rejection of the null hypothesis.

### 12.2.3 The Third Sub-Hypothesis Test Outcome ( $H_{a.3}$ )

It was discovered that ‘The policy of deconcentration (business diversification)’ has a statistically significant effect on enhancing the entity's ability to withstand the COVID-19 pandemic’, via the T value of 18,468; so, it is higher than the tabulated form that equals (1.96), and it has a highly significant level of 0.05. It is worth noting that the coefficient of correlation ( $R = 68\%$ , indicated a significant link between the two factors. The value of the coefficient of determination ( $R^2 = 0.462$ ) shows that ‘The policy of deconcentration (business diversification)’ variable explained 46.2% of ‘The entity's ability to

withstand the COVID-19 pandemic’ variance. This means that 53.2% is stick and to other variables; (connected to political, geographic, demographic other, environmental, and non-economic aspects) are not included, or taken into account, when investigating and evaluating the policy of deconcentration (business diversification)’.

And; if we use the decision making base that states: (If  $\text{Sig.T} > 5\%$  Accept  $H_0$ , and If  $\text{Sig.T} \leq 5\%$  Accept  $H_a$ ), we note from the table [13] that  $\text{Sig.T}$  of the third sub hypothesis equals (0.000). This confirms once again the acceptance of the alternative hypothesis and the rejection of the null hypothesis.

## 13 Conclusions

From the start, the COVID-19 epidemic has posed a serious economic and social blow to all nations, with Jordan being no exception [27]. Furthermore, projections indicated that Jordan's economy will contract in 2020 for the first time in years [12].

In Jordan, the negative impact is projected to harm a variety of industries, including commerce, remittances, tourism, and the services sector [27]. A recent assessment showed that only half of the participating entities are confident of their ability to overcome the crisis [13].

In this research, certain variables were submitted to deep analysis, and it was proved that the higher the commitment level of GCA application rises, the higher the level climbs for withstanding against the COVID-19 pandemic. The analyzed variables that received deep investigations and testing are:

**Assets Risks:** As most of the entity's assets are; characterized by their ability to trade at sufficient speeds in the market, enjoy a sufficient margin of profit to be able to absorb the loss if it occurs, and the entity accumulates sufficient alongside with appropriate reserves to meet any possible decrease in liquidity.

**Financing Risks:** As the entity; has sufficient provisions to meet its obligations when they become due, maintains sufficient cash reserves to cover emergencies, and is able to meet its engagements even at an unprofitable price.

**Concentration Risks:** It was proved that each entity is; possessing investments vary in different economic activities and sectors, has updated plans to face any major interruptions in work, the investments are divided into “small, medium and large sizes”, and

they are distributed over “short, medium and long time” periods.

The statistical analysis indicates that there is a significant effect of ‘The strict obligation to apply the going concern assumption (GCA), on enhancing the entity's ability to withstand the COVID-19 pandemic’ with all of its consequences and results. Depending on the fact that each entity of the research sample has:

- Adequate physical capacity to continue operations for suitable future period,
- Pecuniary capabilities necessary to fulfill the commitments it made to third parties,
- Dominating the material and moral elements that enhance its ability to fulfill the obligations that have been made for others,
- Recruiting the human capital necessary to achieve the targeted goals,
- Controlling appropriate scientific expertise to implement the adopted plans,
- Possessing fit technical experience to deal appropriately with the current conditions,
- Faculty to access the necessary funding sources at a low cost and convenient deadline,
- Executing a management approach characterized by robustness and flexibility to counter any sudden market changes,
- Strategic thinking capable of predicting the future conditions, and developing diverse and effective plans to confront them,
- And enough awareness of its strengths and weaknesses, and its competitive advantages to manage emergency crises.

## 14 Recommendation

Through the achievement of the theoretical study, the carrying out of appropriate statistical analyses, and by the reaching of specific results, this study proved that strict commitment to professional accounting standards, and the faithful application of them, will lead to the provision of capabilities to confront emergency, sudden crises and pandemics. Therefore, we recommend working towards adherence to the standards issued by the competent authorities of the profession.

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