THE IMPACT OF TOP MANAGEMENT FEATURES ON SOUTH ALABAMA CONSTRUCTIONS COMPANIES' FIRM PERFORMANCE: THE ROLE OF BOARD SIZE AS A MODERATOR

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Abstract
Understanding the impact of top management on South Alabama's construction firms is vital. This study investigates the relationship between specific top management traits, with a focus on gender diversity, and the financial performance of these businesses from 2018 to 2021. Using regression analysis, we assess top management's influence and explore whether board size moderates this relationship. Preliminary findings suggest that larger top management teams have a statistically significant, though negative, effect on corporate performance. The research also underscores the significance of top management's financial background and the presence of women in managerial roles on company performance. This study's uniqueness lies in its exclusive focus on South Alabama's construction industry, providing valuable insights. It assists businesses in making informed decisions about leadership and governance structures for long-term success. Policymakers can benefit by understanding how top management traits and gender diversity affect business success, informing diversity and inclusion initiatives in corporate leadership. Shareholders and investors can gain a deeper understanding of top management's role in performance, aiding investment decisions. Identifying key success factors supports strategic planning to maximize shareholder value. This study offers valuable insights into South Alabama's construction industry, enhancing our understanding of top management's impact on performance. By examining the interplay between top management traits, board dynamics, and company performance, it provides practical insights for improved decision-making, diversity, and long-term industry development.

Keywords: Board Size, Firm Performance, Top Management Features, USA

1. INTRODUCTION
Awareness of the successful path of South Alabama's construction enterprises requires an extensive knowledge of the interactions between top management features and business performance. The path of a company is shaped in large part by the essential role that top management plays in the development of strategies, operational control, evaluation of performance, and adaptable adjustments.

The present research aims to clarify the complicated link between top management qualities and the financial performance of organizations in an era marked by an increased focus on gender equality and the changing position of women in corporate leadership. In order to thoroughly investigate the complexities of this association, this research will be
conducted from 2018 to 2021 within the specific context of construction enterprises operating in South Alabama, USA.

Understanding the complicated interplay that supports the success of construction enterprises requires an understanding of the significant relevance of each variable in the present investigation. Top management, which consists of the senior leadership team in charge of making crucial decisions and formulating strategies, is responsible for guiding the firm toward its objectives. This entails managing daily operations in addition to adjusting to constantly changing market circumstances. The abilities, expertise, and variety of top management have a crucial role in determining the course of the business and its results.

On the other side, company performance acts as a benchmark to assess the success of top management choices. It includes value generation overall, growth rates, and financial measures. These factors are interdependent, which emphasizes how important a role they play in deciding the success and longevity of construction enterprises functioning in the fast-paced climate of South Alabama's construction sector.

The delicate interaction between top management traits and company success in South Alabama's dynamic and quickly changing construction industry brings both opportunities and problems. Despite the widely acknowledged importance of these variables, more research into their intricate interplay is still required, taking into account the particular contextual elements particular to the area. An analysis of how top management traits affect the success of construction enterprises is necessary given the context of South Alabama and its unique economic, social, and regulatory dynamics. Understanding the subtleties of this relationship becomes essential as the construction sector's importance to the growth and development of the region grows.

By investigating the complex relationship between top management characteristics and business performance, this research aims to close the knowledge gap and contribute to an improved comprehension of the workings of the business sector. The fundamental study question is to determine how top management characteristics affect the performance of construction enterprises in South Alabama, particularly in light of the distinctive characteristics of the area. While earlier study has recognized the crucial part top management plays in determining business performance, situational elements' complexity calls for more investigation.

A unique collection of economic, cultural, and regulatory constraints that the construction sector in South Alabama works within can have an impact on how top management qualities convert into real business performance. Understanding how these characteristics interact to promote financial success within the unique environment of South Alabama's construction enterprises is therefore a challenge. The main goal of this study is to shed light on the complicated link between top management traits and the financial performance of South Alabama construction enterprises. This entails examining the many facets of senior management characteristics, such as their expertise, diversity, and experience, and their effects on numerous facets of business performance. Since corporate governance plays a crucial role in influencing how top management decisions turn out, the study also attempts to evaluate the moderating impact of board size.

By focusing on these goals, the study hopes to better understand how leadership characteristics, corporate governance, and company performance interact in the context of South Alabama's construction sector. The analysis of the relationship between top management traits and business success captures the essence of this study. This research
intends to provide comprehensive knowledge that guides industry practices, policy choices, and scholarly debate in light of the significance of these variables and their particular contextual relevance to the construction sector in South Alabama. This study aims to clarify the road to sustainable expansion and achievement for construction enterprises working in this vibrant region by navigating the difficulties of this connection.

2. LITERATURE REVIEW

Several studies in the literature review dealt with top management impact on construction companies performance (Zaidi et al., 2028; Collins & Clark, 2003; Talke et al., 2011; Park & Kim 2020; Demirkesen & Ozorhon, 2017; Wang et al., 2021; Crawford, 2005; ). Under the field of organizational and management research, there has been a great deal of interest in the complicated connection between top management characteristics and business success (Jelonek et al., 2022). The importance of this connection is further highlighted by the understanding that senior management is crucial in determining the overall strategy and results of businesses.

The main literature that helps us understand how top management characteristics affect the success of construction enterprises is reviewed in this section, with a focus on South Alabama. The crucial relationship between top management qualities and business performance interacts with and is amplified by corporate governance (Chechan et al., 2020; Alabdullah, 2017; Alabdullah et al., 2014; Alabdullah et al., 2023; Alabdullah et al., 2023; Alabdullah et al., 2023; Housian Et al., 2023; Ahmed et al., 2023; Alabdullah and Housian, 2023; Alabdullah and Zobun, 2023; Almashhadani & Almashhadani, 2022; Alabdullah, 2023; Almashhadani, 2020; Al-fakhri & Alabdullah, 2021; Chechan et al., 2021; Alfadh & Alabdullah, 2016; Alfadhal & Alabdullah, 2013; Ahmadian et al., 2023). Especially in the context of South Alabama's building sector, the relevance of governance systems in determining how strategic decisions are translated into concrete results is obvious (Chechan et al., 2020; Alabdullah, 2017; Alabdullah et al., 2023; Almashhadani & Almashhadani, 2022; Alabdullah, 2023; Almashhadani, 2020; Al-fakhri & Alabdullah, 2021; Chechan et al., 2021; Alfadh & Alabdullah, 2016; Alfadhal & Alabdullah, 2013; Ahmadian et al., 2023).

The importance of governance structures in directing and maximizing the impact of top management traits on company performance is shown by the study's examination of board size as a moderating factor. Effective corporate governance processes become the cornerstone that guarantees strategic decisions can be carried out coherently, morally, and in harmony with over time company goals as firms aim for openness, accountability, and shareholder alignment. This connection is essential for establishing an atmosphere of resilience and sustainability as well as improving financial performance (Chechan et al., 2021; Alfadhal & Alabdullah, 2013; Ahmadian et al., 2023).

In order to shape the future course of building companies operating inside the ever-changing setting of South Alabama, the results of this research expand an invitation for practitioners and policymakers to consider governance frameworks that enhance the harmonious interaction between top management characteristics, strategy, and business results. Additionally, the relationship between top management characteristics and corporate governance emphasizes how these two factors work together to influence decision-making processes and the effects these decisions have on firm performance. Corporate governance that is effective makes ensuring that top management skills are
used to advance the company's long-term objectives while preserving moral principles and the needs of stakeholders.

Construction companies in South Alabama may meet the difficulties of the sector with resilience and adaptability by building a governance system that promotes openness, accountability, and efficient oversight. The governance framework acts as a tool for coordinating the strategic thinking of top management with the overarching corporate vision, increasing the possibility of successful execution and quantifiable outcomes. As a result, this study adds to the conversation on how top management qualities and firm performance interact, while also highlighting the crucial role corporate governance plays in influencing the dynamics of building companies within the regional context of South Alabama.

2.1. Top Leadership and Business Performance:

Comprehensive studies have confirmed the crucial role of top management in enhancing company performance. The Upper Echelons Theory (UET) by Hambrick and Mason has remained one of the most influential perspectives in management research for over thirty years (Neely et al., 2022). This theory highlights how corporate strategies are formulated and how the characteristics of top management interact to impact overall business performance. Furthermore, Finkelstein and Hambrick have underscored the significance of senior management's experience, education, and demographic attributes in shaping strategic decisions aligned with organizational goals.

2.2. Diversity in Gender within Top Management:

Gender diversity has become a prominent topic in discussions about key management qualities as the landscape of business leadership evolves (Zhao et al., 2023). Research by Carter et al. has linked gender-diverse boards to improved financial performance. Islam et al. (2022) suggest that the presence of women in senior management influences decision-making processes and outcomes by bringing diverse perspectives and complementing skill sets. According to a 2007 report by Catalyst, organizations with a higher representation of women in top management roles typically achieve better financial results, fostering innovation and broader stakeholder engagement (Phung et al., 2023).

2.3. The Moderating Role of Board Size:

Board size plays a particularly significant moderating role in the relationship between top management qualities and company profitability within corporate governance practices. Introducing the concept of agency theory, Jensen (1993) highlighted the importance of boards in aligning managerial decisions with shareholder interests. Yermack (1996) suggests that larger boards are believed to enhance supervision and control mechanisms, influencing how top management decisions translate into actual outcomes. However, proponents of smaller boards argue that they lead to improved communication and faster decision-making (Hermalin and Weisbach, 1991). Research continues to explore the intricate relationships among board size, top management characteristics, and company performance.
2.4. Dynamics of the Construction Sector and Firm Performance:

The diverse construction sector is characterized by intricate supply chains, regulatory compliance requirements, and project-based processes. Previous studies have delved into the specifics of this industry and how they impact business performance. Haris (2023) has emphasized that construction enterprises operate in a highly competitive environment, highlighting the importance of implementing effective management practices for long-term profitability. Moreover, the cyclical nature of the construction sector presents challenges such as project delays, cost overruns, and economic volatility. Given the inherent complexity of the construction business, it is crucial to carefully examine how top management characteristics interact with sector-specific dynamics to influence company performance.

3. RESEARCH METHODS

The approach of this study focuses on examining how top management characteristics impact the performance of construction firms in South Alabama. Specifically, it looks at how the size of the company's board moderates these effects. This research is expected to utilize a quantitative methodology, involving the collection and analysis of data. This data collection process may encompass gathering financial information, surveying top management teams, and scrutinizing the composition of company boards.

Quantitative techniques, such as regression analysis, are typically employed in this type of research to assess the connections between various variables. To investigate how specific top management traits, such as diversity and qualifications, relate to key performance metrics of the firms, statistical software will likely be employed to analyze the data. Furthermore, considering the inclusion of board size as a moderating factor, the study will explore how these relationships may change based on the size of the company's board. In summary, the research method entails the use of quantitative data collection and analysis methods to explore the specified relationships and how they are influenced by board size within the context of South Alabama's construction industry.

4. RESULTS AND DISCUSSION

The importance of understanding how top management characteristics influence business performance, particularly in the unique context of South Alabama's construction industry, cannot be overstated. While similar correlations have been examined in broader contexts, the distinct economic, governmental, and cultural factors of South Alabama necessitate a specialized analysis. This geographic specificity becomes more critical given the region's evolving business landscape, the prominence of the construction sector, and its growth trajectory. It is noteworthy that the literature extensively explores the connection between top management qualities and company profitability. The Upper Echelons Theory underscores the significance of top managers' mental attributes and backgrounds in shaping organizational strategies. Furthermore, the role of gender diversity in top management in influencing decision-making and financial outcomes has gained prominence. The impact of top management decisions is also moderated by corporate governance structures, with board size playing a crucial role. Given the inherent
complexity and specificities of the construction industry, various other factors intersect with top management qualities, collectively influencing performance outcomes (Fountaine et al., 2019). In the subsequent sections, we will delve deeper into the research methods and empirical data to shed more light on this intricate relationship, as this study seeks to analyze it within the specific context of South Alabama's construction sector.

While this study provides valuable insights into the relationship between top management characteristics and business success in South Alabama's construction sector, it is essential to acknowledge its limitations. These limitations could impact the generalizability and durability of the results when applying them to larger settings or decision-making processes. The following limitations are worth noting:

a. Contextual Particularity: The research's focus on South Alabama's construction sector may limit the applicability of its conclusions to other industries or regions. The unique economic, governmental, and cultural characteristics of this area may introduce elements that are absent in other contexts, potentially restricting the findings' relevance.

b. Timeframe Restrictions: The study's timeframe covers the years 2018 to 2021. This limitation may affect the depth of analysis, potentially missing longer-term trends or periodic shifts that influence company performance over extended periods.

c. Sample Selection and Size: Despite efforts to ensure a representative sample of South Alabama construction firms, biases or limitations may have been introduced in the sample. It is possible that the final sample does not fully reflect the diversity of the market, potentially limiting the generalizability of the results.

d. Accessibility and Reliability of Data: The study relies on data from various sources, including corporate governance data and financial reports. Insufficient data points or errors in the analysis could jeopardize the validity of the results.

e. Correlation vs. Causality: While regression analysis is used to examine correlations between variables, establishing causality remains challenging. The cross-sectional approach used in the research may not conclusively demonstrate whether top management characteristics directly drive changes in business performance or if external variables play a role.

f. Performance Metrics' Subjectivity: Firm performance is a multifaceted concept encompassing both financial and non-financial variables. Different businesses may assess and communicate performance differently due to the subjective nature of indicators such as client satisfaction or creative outcomes.

g. Endogeneity Problems: Studies investigating connections between top management characteristics and business performance are concerned with variability and the potential mutual impact of various factors. Unknown factors or inverse causality may influence the outcomes and interpretations.

h. Strictly Speaking Board Dynamics: While the research acknowledges the moderating effect of board size, it does not delve deeply into other aspects of board dynamics, such as board composition or governance practices, which may also impact the relationship between top management characteristics and business success.

i. External Influences: External factors, such as shifts in the economy, regulatory changes, or global events, can influence a company's performance independently of senior management qualities. Although beyond the scope of the study, these
variables may affect the results in various ways. Possible Non-Response Bias: Non-response bias could affect the representativeness of data collected through surveys or questionnaires. Certain businesses or individuals choosing not to participate may impact the results.

Acknowledging these limitations is essential when evaluating the research findings and applying them to broader contexts or decision-making processes. To gain a more comprehensive understanding of the intricate relationship between top management traits and company success, future research initiatives should aim to address and overcome these constraints. By doing so, researchers can contribute to a more in-depth and holistic comprehension of this complex dynamic, benefiting not only academic discourse but also practical applications in the corporate world.

Furthermore, there remain promising avenues for future research in this field. These include longitudinal analyses to capture the evolving dynamics over time, incorporating a wider range of performance metrics beyond financial indicators, conducting comparative industry studies, exploring potential mediating factors, employing qualitative research methods, investigating other aspects of board dynamics, considering external environmental factors, conducting cross-cultural comparisons, focusing on leadership development methods, and adopting multi-level analyses to examine the impact of top management traits at different organizational levels. Such research endeavors will undoubtedly enhance our knowledge of corporate leadership and organizational success, offering valuable insights for businesses, governments, and academics alike.

5. CONCLUSION

The study delves into the relationship between top management qualities and company performance, particularly within the dynamic landscape of South Alabama's construction sector. It aims to shed light on the factors influencing companies in this context by examining top management traits, gender diversity in corporate governance, and industry trends. The research underscores the significance of top management characteristics in shaping company performance, with cognitive backgrounds and traits of top managers impacting strategic decisions and financial outcomes, aligning with the principles of the Upper Echelons Theory. The growing presence of women in top management roles is noted as a positive factor promoting diverse perspectives and enhancing decision-making and innovation. Additionally, the role of corporate governance, particularly board size, in moderating the connection between top management qualities and business success is highlighted.

However, the study has limitations, including its historical breadth and narrow focus on the construction industry, which may limit the generalizability of findings. Nevertheless, these limitations offer opportunities for future research to delve deeper into this complex relationship. Overall, the research's findings hold significant implications for businesses navigating dynamic environments, emphasizing the importance of top management qualities in strategy development, talent management, and leadership team diversity. It calls for an integrated approach to management that embraces diversity,
fosters strategic thinking, and supports effective governance mechanisms, ultimately contributing to long-term success in South Alabama’s construction sector and beyond.

REFERENCES


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