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## **Top Management Team Networking as an Imperative Predictor of the Firm Performance: A Case of Permodalan Nasional Berhad Invested Companies**

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### **ABSTRACT**

Networking is an important medium in reaching different resources and facilitating the information exchange. Therefore, the integration of various resources within Top Management Team (TMT) through networking is an essential aspect to boost the firm performance. While earlier literature has emphasised the empirical concerns on the influence of networking on firm performance, some have also upstretched concern relating to the impact of TMT towards the firm outcome. Despite its apparent importance, relatively little research has addressed networking as a critical factor for firm performance. Therefore, this study intended to fill this gap by studying the effect of TMT networking on firm performance of Permodalan Nasional Berhad (PNB) invested companies in Malaysia. Data was collected through survey questionnaire from 45 TMT leaders of 45 PNB invested companies and it was analysed using SmartPLS3 through the assessment of measurement model for testing the reliability and validities of the measurement and the assessment of structural model for hypothesis testing. Results indicated that TMT networking, measured as the knowledge embedded within the TMT, within and across the organization, as well as with individuals and organizations outside the firm, has a strong positive effect on firm performance. The results therefore emphasized the importance of TMT backgrounds specifically networking as an essential factor for firm performance. Findings of the study has added into the Upper Echelon Theory. The study is important for practitioners, PNB invested companies and also for PNB since it offers further suggestions and guidelines for the importance of TMT networking for improving the firm performance.

JEL classification: D85; L10; L14; L26.

Keywords: Firm Performance; Top Management Team (TMT); Networking; Permodalan Nasional Berhad (PNB); Echelon Theory.

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### **1. INTRODUCTION**

Along with the relentlessly rising market competition due to globalization, business settings have also been intensely revolving (Ulrich, Brockbank, Younger, Nyman & Allen, 2009). In this highly competitive business environment, top management team (TMT) is posited as a significant determinant of the firm performance. Besides, the significant role of TMT for firms' outcome through their judgements has been recognized (Ridge, Johnson, Hill & Bolton, 2017). The variances within the TMT is more likely to form distinctive value for

competitive advantage through the robust combined key individuals in the organization (Carson, Mosley & Boyar, 2004). Moreover, real-time information practise has shown to be a fundamental factor for TMT to be able to achieve speedy growth and quality (Eisenhardt & Schoonhoven, 1990). In this regards, TMT networking which reflects the firm network system is a principal foundation of reaching timely and relevant information. As a result, TMT networking is vital for knowledge and information attainment either on the state of external environment as well as the organisation. The distinct information competences created through various TMT networks provide the firm with competitive advantage (Barney, 1991), which will potentially contribute towards better firm performance. Hence, the significance of TMT networks for greater firm performance is an aspect needed to be highly deliberated by researchers as well as practitioners.

Additionally, TMT has been increasingly acknowledged as the vital group in determining firm success and performance (Lampikoski, Westerlund, Rajala & Moller, 2014, cited in Salleh, Yusoff & Saad, 2015). Thus, highly capable top leaders with extensive knowledge and resources have gradually been the organizations' central concern. In this regards, networking of the TMT provides informational benefits ensuing to competitive advantages achievement and greater firm performance attainment. While TMT has been underlined to be the fundamental contributor to the development of firm success (Gathungu, Aiko & Machuki, 2014; Stam, Arzlanian & Elfring, 2014), Collins and Clark (2003) emphasized that TMT with robust networks will conceivably enhance firms' outcome through its contribution towards better knowledge and real-time information realisation. This is explicated by the frequently embraced upper echelon theory in ascribing top managers' characteristics and behaviours with organizational results, which underlined top managers' and decision makers' characteristics as substantial traits effecting firm performance (Hambrick & Mason, 1984). Hence, better firm performance attainment through the TMT networking is anticipated, since diverse and robust network contributes towards improved knowledge and resources extended which are necessary for boosting firm performance.

The significance of achieving enhanced firm performance is prominent as the concern of this theme is upsurge. Carson et al. (2004) consequently have investigated the same theme which has determined firm performance to be highly explained by the TMT. While, the importance of network relations especially in empowering opportunity recognition and exploitation has correspondingly been renowned (Ardichvili, Cardozo & Ray, 2003; Bhagavatula, 2010). This was emphasised by Gathungu et al. (2014) which highlights networking relationships as a contributing factor in generating distinctive competitive advantage which improves the firm's overall performance. These underlined findings have further explained the judgement by Keegan (1984) that the unique advantage will be realized by firms with effective networks through their TMT who profoundly rely on exterior information sources. TMT with various networks will upsurge the diverse knowledge accessibility for firms which most likely to boost their firm performance. Despite the fact that there is an extensive agreement over networking as critical factors for firm's success where at large it is undeniably relative to firm performance (Stam et al., 2014); studies concerning the impact of TMT networking is still limited. The majority of these studies on networking were conducted in the Western context and studies on network theme in Malaysia are still at initial stages (Surin & Wahab, 2013). Consequently, it is needed to further examine the impact of TMT networking in the Malaysian context especially in leveraging the firm performance.

While further investigation concerning TMT networking especially in PNB invested companies is in the needing stage, as PNB has successfully served as one of the main economic builders of Malaysian economy. Conceived as a pivotal instrument of the Government's New Economic Policy to help rectify the economic imbalance in the Malaysian society (PNB, 2013), PNB's total investments in companies from many leading businesses has led to in its total current fund for over 18% of the country's GDP (PNB, 2013). To date, PNB has accumulated an inspiring range of assets, containing several big and strategic shareholdings in corporations that are the industry leaders in their sector. Moreover, PNB controls about 42% of market share in 2012 besides attaining a vast number of over 11 million unit holders, constituting 70% of the industry's total unit holder accounts (PNB, 2013). Additionally, "PNB is the biggest unit trust operator and investor on the KLSE" - Datuk Hamad Kama Piah Che Othman, CEO-PNB (Sustaining Momentum of Growth - Business News, The Star Online, 2004). CEO-PNB also claimed that PNB as an investment holding company will continue to seek opportunities across all economic sectors with long-term sustainable earnings growth. Further, he underlined that with increasing industry competition and discerning investors, the onus is on PNB to offer innovative and market driven products that can retain the loyalty of current unit holders, while at the same time attracting new ones. Therefore, PNB is undeniably an important engine of the Malaysian economic development and further understanding of companies invested by PNB is essential for the nation's future. For that reason, an investigation in relation to the effect of TMT networking in the Malaysian context particularly on performance of companies invested by PNB is essential.

## **2. THEORETICAL BACKGROUND**

### Firm Performance

Performance enhancement has been the central objective demonstrated in most studies. According to March and Sutton (1997), this is due to the inquired understanding of an organization's competitive survival and response from its environment adaptation. Various perspectives have been referred to the effort of focusing and explaining the concept of firm performance. In the context of organizational, Gavrea, Ilies and Stegorean (2011) described firm performance denoting to the focus on individuals, work, structure of the organizational, and ability of the organizational to exploit resources as well as to accomplish its goal. Price and Muller (1986) on the other hand designated firm performance in the context of monetary achievement which signifies the states of financial feasibility or the degree a firm accomplishes its economic objectives. Therefore, assessing firm performance can be referring to as focusing on evaluating the firm performance as the ability of firms to exploit resources and accomplish their goals in the economic theme.

### Top Management Team

The significance role of top management team (TMT) towards firm's success is undeniable. This is supported by Carson et al. (2004) highlighting TMT as the determinants of firm performance and success. TMT members consist of the executive officers and directors, together with other those who are accountable and keenly involved in positioning the directions of strategic judgment and policy making of the firm (Huizingh, 2011). Referring to the previous literature specifically by Hambrick (2007), it has been observed that the result of top managers is often associated to the whole TMT instead of a specific individual. Therefore, the role of TMT should be observed through its overall assemblage in the effort to better understand its impact toward the firm outcome.

### Top Management Team Networking

The network at large is "a set of nodes and the set of ties representing some relationship, or lack of relationship, between nodes" (Brass, Galaskiewicz, Greve & Tsai, 2004). Nevertheless, network is beyond a set of actors linked to a set of ties. Instead, actors are perceived in a links structure in which the actor is embedded and its links are as imperative as the actor itself (Hanneman & Riddle, 2005). According to Galkina (2013), networking instigates through assessing the network means, which are primarily embodied by their social ties or 'Who I know'. This eventually will direct to the formation of interactive commitments chain where actors are self-selected keen into effectual networks. In addition, Wiltbank, Read, Dew and Sarasvathy (2009) earlier stressed networking as the antecedents of the formation of the new markets. This further highlighted the importance of networking for firm success. Networks can be classified into social, vertical, horizontal, and institutional network categories (Chetty & Wilson, 2003). Relationships with family, friends and colleagues is classified as social network, relationship with customers, suppliers and distributors as vertical networks, relationships with competitor, financial or industry level associations as horizontal network, while relationship with universities, research institutes, and government agencies includes the institutional networks.

This supported the description of network by Nahapiet and Ghoshal (1998) which designates it as knowledge embedded within as well as across the organization, which are accessible and exploited through connections within individuals and their interrelationship network. In view of that, network is in fact an imperative medium for knowledge transfer and accessing to various resources in different contexts. Top management team (TMT) networking is deliberated as the networking of TMT with their business customers, suppliers, third party members (i.e. consultants, trade associations and professional associations, science and technical partners, venture finance partners and institutional mechanism partners) (Pittaway, Robertson, Munir, Denyer & Neely, 2004). On the other hand, Collins and Clark (2003) described TMT networks as the top managers' sets of relationships with individuals within and outside the organization who holds information that are potentially valuable to the firm. Accordingly, network which may occur internally and externally can be extrapolated to be essential aspect for firms. In addition, network is beyond the linkage between individuals, but correspondingly between organizations as well as individuals with other organizations. For that reason, TMT with varied network is an essential value added to the firm.

### Top Management Team (TMT) Networking and Firm Performance

This study's central tenet is that firm performance is upsurged by the TMT networking. TMT involves individuals who are accountable for assembling and sifting information from diverse employee groups and departments throughout the organization (Mintzberg, 1973). Whereas according to Hambrick and Mason (1984), firm is a contemplation of its top management. Besides, firms' growth was found to be potentially subjected to their strong network (Zhao & Aram, 1995) since a diverse network positions deliver firms with valuable accessibility of networking assets, which is constructively linked to firm's performance (Gathungu et al., 2014; Street & Cameron, 2007). Consequently, TMT networks provide substantial value in the form of information advantages with the purpose of accomplishing different resources need besides overcoming various constraints within the firm in enhancing the firm performance. Along with Baron and Shane (2005), networking is regarded as an essential social skill for entrepreneurial leaders to effectively interact with others which will benefit the firm. Furthermore, knowledge extended through networking allows firms to quickly recognize opportunities (Bhagavatula, Elfring, van Tilburg & van de Bunt, 2010) and locate the required resources (Birley, 1986).

This is supported by Gathungu et al. (2014) in their findings signifying networking among utmost influential resource which offers accessibility to power information, knowledge, capital as well as technologies. While internal networks of TMT will provide opportunities for them to exploit information the firm holds (Collins & Clark, 2003), their external networks of TMT are a potential foremost source of novel information (Keegan, 1984). For that reason, firms are able to extend their access to provision, information and added resources through capitalizing their TMT network. For that reason, studying firm's TMT network will provide beneficial insights ensuing to firm performance. TMT networking is therefore hypothesizing to facilitate better firm performance.

Hypothesis: There is significant relationship between TMT networking and firm performance of PNB invested companies.

### **3. RESEARCH METHOD AND DESIGN**

The hypothesis is tested using a descriptive study with cross-sectional research design focusing on firms in Malaysia which are invested by the Permodalan Nasional Berhad (PNB). However, financial sector was excluded considering the stern requirements imposed on their top management under the Financial Services Act 2013, as regards to revealing information related to the financial institutions' activities other than for annual reports. This study employed a simple random sampling technique. However, the data was collected through survey questionnaire from TMT leaders of PNB invested companies. A total of 45 TMT leaders representing 45 companies responded to the field survey with a response rate of 47%. Survey questionnaire was adapted from previous studies, where firm performance is operationalized using return on investment (ROI), return on assets (ROA), return on sales (ROS), market share, sales, profitability and productivity. Firm performance was measured through 7 items which are adapted from (Calantone, Cavusgil & Zhao, 2002; Choi, Jang & Hyun, 2009) and TMT networking was measured by 12 items which are adapted from (Eggers, Kraus & Covin, 2014; Gronum, Verreyne & Kastelle, 2012; Subramaniam & Youndt, 2005).

Six point Likert scale was used to measure the items, where 1 represents strongly disagree and 6 represents strongly agree. Although there is likelihood of biasness in this method, this issue has to be prevented by attainment information which would not be disclosed by some firms especially concerning their actual performance records in comparison to their competitors (Gunday, Ulusoy, Kilic & Alpkan, 2011). TMT networking was assessed through the knowledge embedded within as well as across the firm which are available through interactions among TMT members and their networks of interrelationships (Nahapiet & Ghoshal, 1998). It was seen that survey questionnaire adapted from previous studies had adequate reliability as all the alpha values were above 0.60 grounded on the criteria specified by Hair et al. (2010).

### **4. ANALYSIS AND FINDINGS**

The assessment of model in PLS-SEM has been achieved by two stages; the assessment of measurement model and assessment of structural model (Deal, 2006; Hair et al., 2012; Henseler, Ringle & Sinkovics, 2009). According to previous scholars (Anderson & Gerbing, 1988; Tabachnick & Fidell (2007), measurement model also known as outer model is a structural relationship between the latent constructs and their indicators. The assessment of the measurement model is the vivacious phase before testing the hypothesis in the SEM literature (Al-Dhaafri et al., 2016). Furthermore, Fareed et al. (2016) similarly argued a comprehensive review of the literature revealing that

PLS-SEM is extensively acknowledged modelling technique since the advent of 21<sup>st</sup> century as per it is a non-parametric technique for testing the research model. In determining the measurement model, the convergent and discriminant validities by the values of average variance extracted (AVE) and composite reliability are calculated (Henseler et al., 2009), where the reliability is evaluated using outer loadings and the significance of loadings. These values are evaluated based on certain threshold established by previous scholars, for example (Fornell & Larcker, 1981; Hair et al., 2014; Hair et al., 2010; Henseler et al., 2009). One of the significant features of PLS-SEM is its ability of assessing the path models with a highly skewed data and small sample group (Al-Dhaafri et al., 2016; Hair et al., 2012). Since the sample size of the current study was 45 respondents which is relatively a small sample size, hence, PLS-SEM was an appropriate analysis technique.

#### The Assessment of the Measurement (Outer) Model

In assessment of the measurement model, as specified overhead, the validity and the reliability of the construct were examined using the content validity, convergent validity and discriminant validity. Measurement model is a structural relationship between the latent variables and their indicators (Hair et al., 2012).

#### Content Validity

The content validity is defined as the instance when the indicators which represent a construct show higher factor loadings on their respective construct than other constructs in the model (Chin, 1998; Hair et al., 2010). Constructed on the suggestion of preceding scholars, the factor loadings and cross-loadings are accustomed to test the content validity. They proposed that if factor loadings are carried higher in other constructs than their own construct, then they should be omitted from the model. The Table 1 shows that all the indicators carried highly in their own constructs than other constructs. Moreover, Table 2 exhibits the significance of the factor loadings; all indicators were significantly loaded in their respective constructs more than other constructs. The results confirmed the content validity of the measurement model.

**Table 1: Factor Loadings and Cross Loadings**

Indicators	Firm Performance	Top Management Team Networking
FP1	<b>0.927</b>	0.464
FP2	<b>0.919</b>	0.435
FP3	<b>0.958</b>	0.461
FP4	<b>0.930</b>	0.501
FP5	<b>0.855</b>	0.469
FP6	<b>0.956</b>	0.459
FP7	<b>0.924</b>	0.475
NE1	0.270	<b>0.654</b>
NE2	0.326	<b>0.798</b>
NE3	0.296	<b>0.594</b>
NE4	0.443	<b>0.816</b>
NE5	0.431	<b>0.831</b>
NE6	0.438	<b>0.873</b>
NE7	0.260	<b>0.783</b>
NE8	0.244	<b>0.776</b>
NE10	0.307	<b>0.502</b>
NE11	0.401	<b>0.503</b>
NE13	0.389	<b>0.651</b>

Convergent Validity

The convergent validity is defined as the degree to which a cluster of items converge together to measure a specific construct (Hair et al., 2012). Convergent validity can be examined by the values of factor loadings, composite reliability, AVE and the Cronbach’s alpha. The standard values which should be competed in the assessment of measurement model are; 0.40 to 0.70 for factor loadings, at least 0.50 for AVE, 0.70 for composite reliability and Cronbach’s alpha each (Hair et al., 2014). Table 3 depicts that all the standards have been achieved and established. Thus, the measurement model has proper convergent validity (Bagozzi & Yi, 1988).

**Table 2. Significance of Factor Loadings**

<b>Constructs</b>	<b>Indicators</b>	<b>Loadings</b>	<b>SE</b>	<b>T Values</b>	<b>P Values</b>
Firm Performance	FP1	<b>0.927</b>	0.115	5.707	0.000
	FP2	<b>0.919</b>	0.117	6.829	0.000
	FP3	<b>0.958</b>	0.153	3.890	0.000
	FP4	<b>0.930</b>	0.11	7.394	0.000
	FP5	<b>0.855</b>	0.081	10.245	0.000
	FP6	<b>0.956</b>	0.118	7.402	0.000
	FP7	<b>0.924</b>	0.134	5.840	0.000
Top Management Team Networking	NE1	<b>0.654</b>	0.155	3.237	0.001
	NE2	<b>0.798</b>	0.156	3.223	0.001
	NE3	<b>0.594</b>	0.114	5.714	0.000
	NE4	<b>0.816</b>	0.153	5.075	0.000
	NE5	<b>0.831</b>	0.024	38.987	0.000
	NE6	<b>0.873</b>	0.03	30.815	0.000
	NE7	<b>0.783</b>	0.015	61.861	0.000
	NE8	<b>0.776</b>	0.032	29.022	0.000
	NE10	<b>0.502</b>	0.055	15.518	0.000
	NE11	<b>0.503</b>	0.017	56.731	0.000
	NE13	<b>0.651</b>	0.027	33.840	0.000

Discriminant Validity

The discriminant validity can be explained as the degree to which a set of indicators signify the constructs and how much they are different from other constructs in the model (Hair et al., 2010). To be precise, the indicators in a construct must share higher variance between themselves as compared to the variance shared with other constructs. Previous scholars (Fornell & Larcker, 1981; Venkatesh & Morris, 2000) have specified the criteria to test the discriminant validity, which is the square root of AVE value for a particular construct that must be better than the correlation of that construct with other constructs. The statistical results in Table 4 revealed the standards identified above which approves that the outer model has the necessary discriminant validity.

The Assessment of the Structural (Inner) Model

After verifying the assessment of the measurement model, the proposed hypothesis has been tested through the assessment of the structural model. The stability of the PLS estimates was measured through bootstrapping, which allows the t-value’s estimation for path coefficients (Efron & Tibshirani, 1994). The empirical results depicted in Table 5 indicates that TMT networking significantly has impact on firm performance at the 0.000 level of significance ( $\beta= 0.505$ ,  $t= 4.414$ ,  $p<0.001$ ). The significant effect of TMT networking on firm performance may be elucidated as the contribution of TMT members towards the firm performance through their countless network with other individuals and/or organizations which then enrich the firm performance. Specifically, results demonstrated that firms perform better financially when they embolden the networking of their TMT.

The Predictive Relevance of the Model

The predictive relevance of the model was assessed by utilizing applying  $R^2$ , cross-validated communality and cross-validated redundancy.  $R^2$  explains the variance of the criterion variable that is explained by predictor.

**Table 3: Convergent Validity**

Constructs	Indicators	loadings	Cronbach's Alpha	CR	AVE
Firm Performance	FP1	0.927	0.932	0.943	0.855
	FP2	0.919			
	FP3	0.958			
	FP4	0.930			
	FP5	0.855			
	FP6	0.956			
	FP7	0.924			
Top Management Team Networking	NE1	0.654	0.901	0.919	0.517
	NE2	0.798			
	NE3	0.594			
	NE4	0.816			
	NE5	0.831			
	NE6	0.873			
	NE7	0.783			
	NE8	0.776			
	NE10	0.502			
	NE11	0.503			
	NE13	0.651			

**Table 4: Discriminant Validity**

Constructs	1	2	AVE
1. Firm Performance	0.925		<b>0.855</b>
2. Top Management Team Networking	0.505	0.719	<b>0.517</b>

**Table 5: Hypothesis Testing**

Hypothesis	Path Coefficient	SE	T Value	P Value	Decision
TMTN -> FP	0.505	0.115	4.414	0.000***	Supported

Note: \*\*\* $p < 0.001$ , \*\* $p < 0.01$ , \* $p < 0.05$

Table 6 shows that 25.6 percent of the firm performance was accounted by TMT networking. Cohen (1988) suggested that the value of  $R^2$  is considered substantial with values more than 0.26, moderate with values in between 0.13 and 0.26, and weak with values less than 0.13. Thus, the model explains the moderate amount of variance of the criterion variable. Furthermore, the values of cross-validated communality 0.801 and cross validated redundancy 0.212 depict that there is considerable substantiation of robust predictive relevance in the model, since the values are greater than zero (Fornell & Cha, 1994). These values are explained by the output of PLS Blindfolding procedure. These values approve that the model has an adequate predictive relevance.



**Table 6: Predictive Relevance**

<b>Construct</b>	<b>R<sup>2</sup></b>	<b>Cross-Validated Redundancy</b>	<b>Cross Validated-Communality</b>
Firm Performance	0.256	0.212	0.801

## 5. DISCUSSION

The aim of this research was to examine the influence of TMT networking on firm performance. While TMT has been recognized as a significant factor in indicating the superior firm performance (Carson et al., 2004), networking is accredited to result in competitive edge relative to firm performance (Gathungu et al., 2014). Therefore, TMT networking is hypothesized to significantly influence the firm performance. The obtained result has confirmed that there is a significant and positive relationship between TMT networking and firm performance among companies invested by PNB. Hence, this result is in accordance with earlier studies which have observed the similar association such as (Stam, 2010; Street & Cameron, 2007; Zaheer & Bell, 2005). In addition to that, recent studies (Gathungu et al., 2014; Yang, Tang & Lu, 2011) on the network companies in China have similarly shown significant positive relationship between networking and firm performance.

The findings are also in line with Upper Echelon Theory known by Hambrick and Mason (1984), which explains that decision makers are capable of shaping the firm's strategic actions and to some degree influence the firm performance. The findings of the current study along with the previous findings have elucidated the arguments in relation to the importance of TMT network on firm performance. This highlights that TMT is not only the ground factor determining firm performance as emphasized by Hambrick and Mason (1984), but networking of the TMT is also an important factor influencing the firm performance. Consequently, the result of hypothesis testing has interestingly validated that firm performance is not only enriched by the TMT, but more imperative the TMT networking. Accordingly, the hypothesis is supported, signifying greater advantages in the form of firm performance is earned by firms with various TMT networks "internal or external".

### Research Implications and Future Research

The originality of this study come through its contribution in extending the body of knowledge of firm performance, top management team (TMT), and TMT networking particularly among PNB invested companies. It also extends Upper Echelon Theory in Malaysian context by taking TMT networking as a strategic choice, as earlier studies tested the Upper Echelon Theory in the theme of TMT and firm performance, they did not examine TMT networking as background of the TMT which contributes to the firm performance. The aspect of TMT has been previously examined by various researchers (Carson et al., 2004; Hambrick, 2007; Huizingh, 2011; Yang et al., 2011). Examining the influence of TMT in the aspect of their networking towards firm performance will enhance knowledge and understanding on the important role of TMT networking that will certainly impact firm performance particularly among the Malaysian companies invested by PNB. The findings of the current study also contribute to the methodological literature, particularly in terms of the measurement mode of latent constructs, sampling and analysis techniques. Since all of the previous studies on TMT networking (Baron & Shane, 2005; Bhagavatula et al., 2010; Collins & Clark, 2003; Gathungu et al., 2014; Street & Cameron, 2007) did not apply SEM-PLS technique for testing the influence of TMT networking on firm performance, the current study has used SEM-PLS to test the aforementioned link.

Although PLS-SEM has received remarkable application in the recent past especially in social sciences research (Ringle et al., 2005; Preacher & Hayes, 2004), only a few of its application estimated some advanced level PLS analyses such as; effect sizes, R<sup>2</sup>, cross-validated communality and cross-validated redundancy. The findings of the present study will also assist practitioners and organizations as it further enhances the managerial understanding on the importance of TMT network to upsurge the firm performance. Especially, the current findings will provide guidelines on the best practice of selecting and assigning the members of TMT entailing with extensive networks which will contribute towards superior firm performance. In view of that, current findings thus will aid firms particularly PNB invested companies in reaching more informed decision making especially related to the firm's top management leaders who are the key individuals responsible for emboldening and enriching their firm performance. Future researchers might want to explore the possible extension of this research. Primarily, forthcoming academicians can enhance the research model of the current study by incorporating other variables, especially moderating and intervening variables to develop some more comprehensive and pertinent findings. Upcoming scholars can also enlarge the sample size as it is the constraint of the present study and/or testing the

same research model in other private and public sector organizations in Malaysia. In addition to that, the current study has ignored the multidimensional parameters to investigate the dimensional effects of TMT networking on firm performance, it can be one of the prospects for impending academics to test the multidimensional aspects of TMT networks.

## 6. CONCLUSION

Networking has been the subject of debate and it has been argued to be capable of enhancing the firm performance since it increases firms' accessibility to various important resources needed for firms to outlive in the market. Prior studies on networking predominantly in Western orientation (Bhagavatula et al., 2010; Galkina, 2013; Wiltbank et al., 2009) are not pertinent in other context particularly in Malaysia. Despite the substantial amount of literature on this theme in the non-Malaysian context, there is a paucity of evidence in relation to networking research in Malaysia. The focus of research has been on the networking of TMT where both TMT and networking are aspects which have been extensively researched and subjects of concern in various studies. Thus, there is a need to understand the networking of TMT and its influence towards the performance of firms in Malaysia. It is believed that a combination of both TMT and networking contributes in the foundation of unique management possessions which enhances the firm performance. The findings of this study signifies that companies in Malaysia which are invested by the PNB achieved advanced performance through the networking of their TMT. This is aligning with prior researches suggesting TMT (Carson et al., 2004; Chaganti, Zimmerman, Kumaraswamy, Maggitti & Arkles, 2016; Steinbach, Holcomb, Holmes, Devers & Cannella, 2017) as significant individuals and networking (Baron & Shane, 2005; Gathungu, Aiko & Machuki, 2014; Street & Cameron, 2007) as valuable aspect contributing to enriched firm performance. Consequently, TMT through their networking plays an important role in enhancing the firm performance.

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