

Interlock formation

An actor-oriented approach

Wouter de Nooy
Erasmus University Rotterdam
denooy@fhk.eur.nl
www.fhk.eur.nl/personal/denooy/

Dutch power elite project

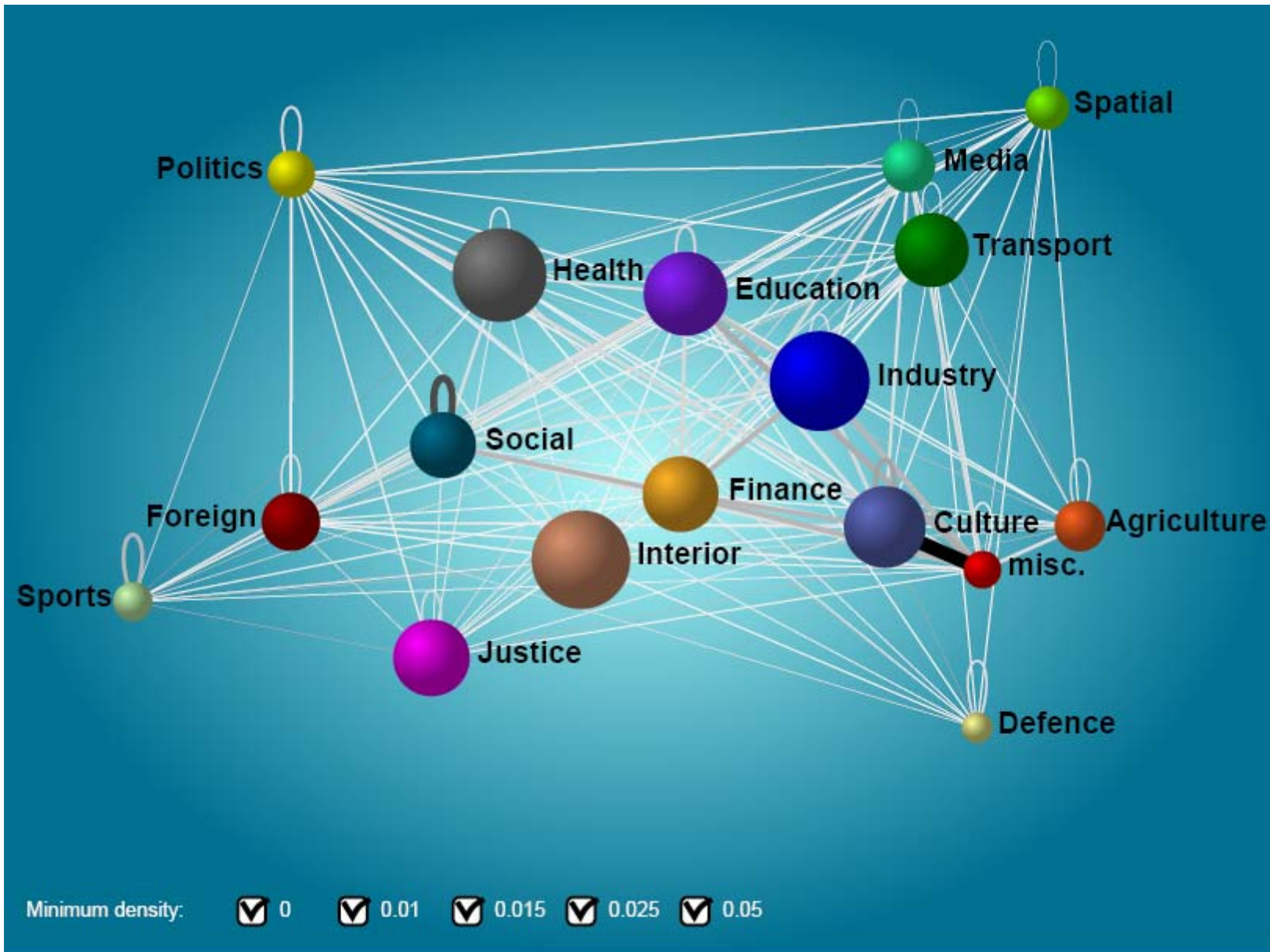
Project by leading Dutch newspaper (*de Volkskrant*) on the political power of the elite in The Netherlands now.

Collected data: all Dutch members (N=3871) of boards and committees (supervisory, advice) (N=959) of the most important Dutch organizations (N=438) in all social sectors (directors, advisors, politicians...) in April 2006.

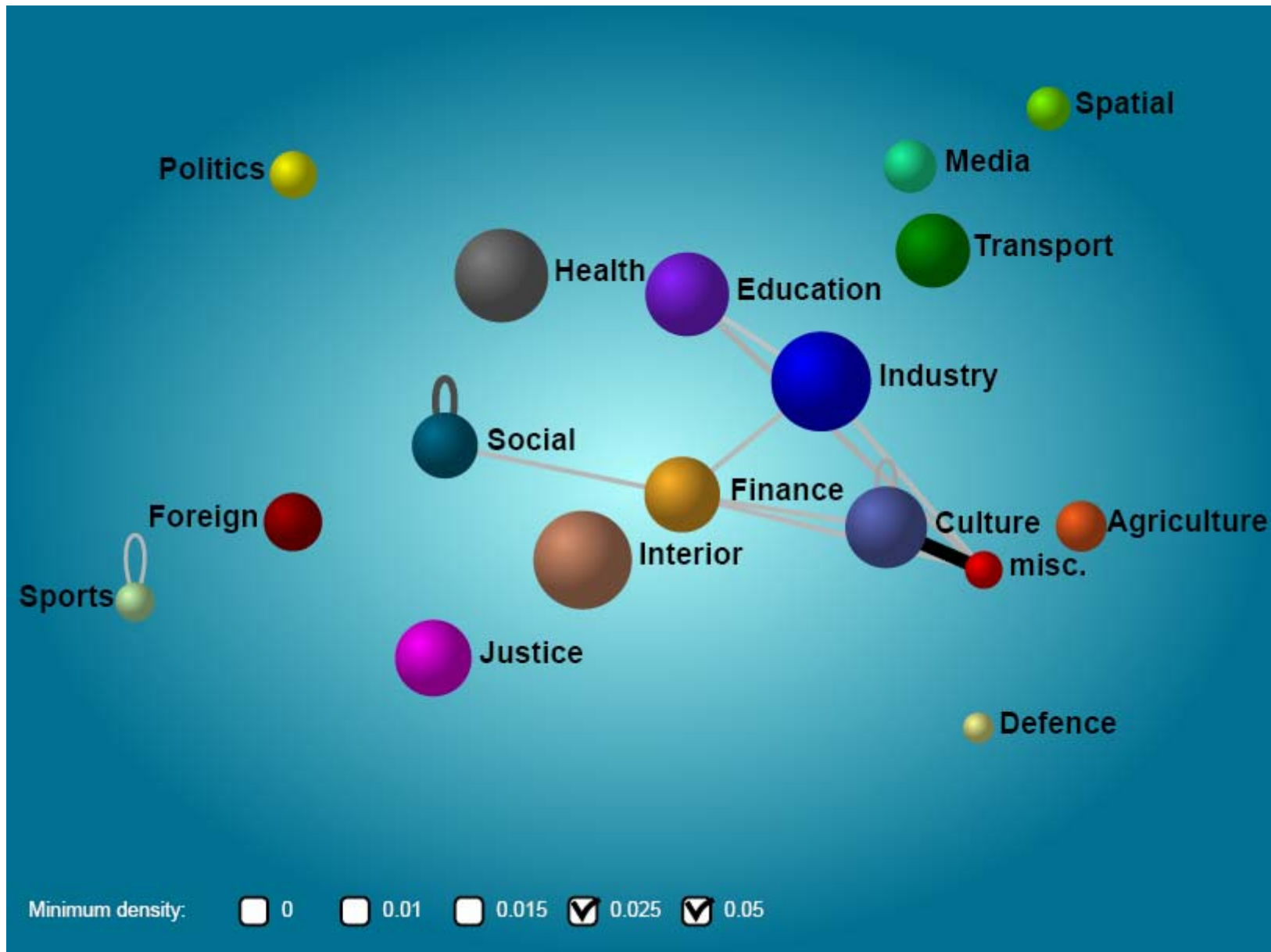
Analysis:

- Top 200 of most influential people (network analysis).
- Composition and operation of the administrative elite (interviews, survey).

Publications: 8 page-length newspaper articles (April-June 2006), book for the general public (in Dutch, 2006).



Politics & Interlocking Directorates - University of Barcelona



Politics & Interlocking Directorates - University of Barcelona

Next steps

Aim: use new network analysis techniques for testing hypotheses about the causes of interlocks between organizations.

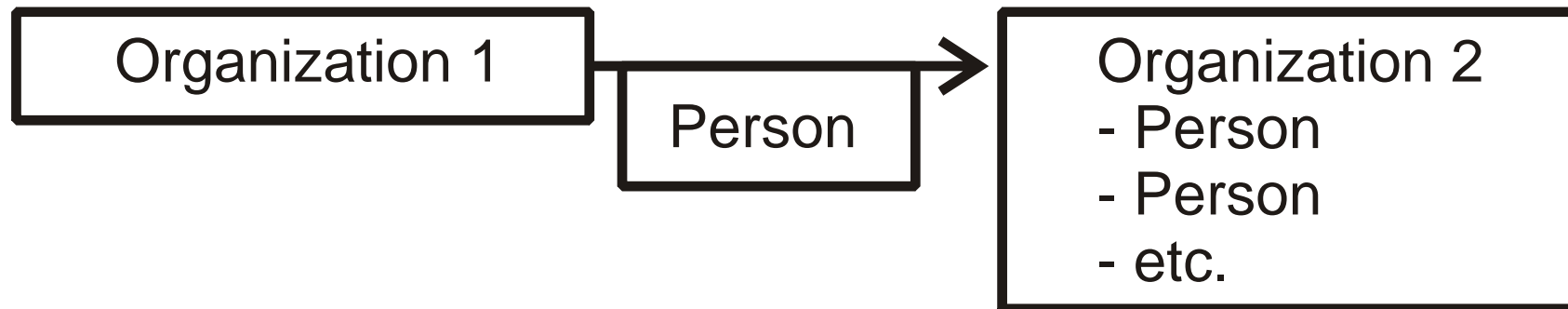
Assumptions:

1. Actor-oriented perspective (micro level): study the mechanisms that produce ties rather than the resulting overall structure of the network (ERGM, p^*).
2. Time must be taken into account:
 - it matters at what moment an interlock is established: at that moment, a decision is taken,
 - it matters where the interlock starts and where it ends: *transitions* or *changeovers* from one organization to another.

Changeover as unit of analysis

Characteristics of the sending ('donor') and receiving ('host' or 'beneficiary') organization as well as features of the person who is changing over can be taken into account.

A Changeover



*Note: interlock = changeover without leaving the previous organization

Determinants of interlocks

According to Mizruchi ('What do interlocks do?,' *ARS* 22 (1996) 271-298):

1. Collusion: interlocks for price-fixing,
2. Cooptation and monitoring: interlocks for controlling other organizations,
3. Legitimacy: interlocks for improving the organization's reputation,
4. Career advancement: individuals use interlocks to improve their positions,
5. Social cohesion: interlocks for capitalist class integration.

Structural hypotheses (1)

Monitoring and cooptation: one organization has resources that another organization needs.

- **monitoring:** to make sure that the resource will be put to the right use, the 'donor' delegates one of its administrators to the 'beneficiary,'

- **cooptation:** inviting an administrator from an organization that you depend on or that you need resources from.

Structural feature: an administrator of the 'donor' organization changes over to the 'beneficiary' organization rather than the reverse.

Hypothesis: asymmetric ties rather than symmetric ones.

Moderating conditions: primary versus secondary positions, power of organizations (resources, ownership ties), markets (finance versus production), social sectors (business, politics, non-profit).

Structural hypotheses (2)

Career advancement: asymmetry of changeovers from the point of view of the person, who is hypothesized to move 'up' rather than 'down.'

Structural feature: changeovers depend on properties of 'donor' and 'host' organization.

Hypothesis: transitions occur mainly towards an organization with more resources, better/improving performance, higher rewards, or higher social capital.

Note: this hypothesis (at least partly) contradicts the monitoring/cooptation hypothesis on asymmetry.

Structural hypotheses (3)

Social cohesion, class hegemony: like selects like.

Structural feature: homophily argument; similarity at the personal level facilitates a changeover.

Hypotheses (from achievement to ascription):

1. Expertise: complementary to the receiving board versus similar (homophily),
2. A person's record of service: experience selects experience,
3. Knowing the right people (social capital): previous contacts facilitate a changeover,
4. Social background: a person's social class, education.

Structural hypotheses (4)

Legitimacy: obtaining social standing from positive media exposure or association with respectful people (e.g., royalty).

Structural feature: changeover depends on characteristics of the person changing over or the 'host' organization.

Hypotheses:

- Social standing as a resource: high profile companies are likely to delegate administrators to high profile non-profit organizations (charity, environmental protection, culture).
- Royalty on a board or committee enhances this effect.

Data to be collected

- A sample of organizations from the 2006 cross-section covering different social sectors (source: previous research).
- All administrators affiliated with the organizations in the period 1993-2006 (sources: Chamber of Commerce database, database of political functions).
- Changeovers are distilled from the affiliations.
- Additional facts on organizations and persons (several business and journalistic sources).

Conclusion

Aims:

- Modelling transitions of administrators between organizations as the effect of the organizations' and persons' characteristics.
- In doing so, testing alternative or competing behavioural hypotheses on the causes of interlocks.
- Understanding how the overall structure of the administrative network results from behaviour at the micro level:
 - segmentation and social homogeneity,
 - integration of social sectors, esp. with the political field.