

# Board Interlocks as a Diffusion of Strategic Information – Does it Work? A Polish Case\*

Justyna Światowiec-Szczepańska, Łukasz Małys\*\*

## Abstract

Several theories point to the influence of board interlocks on the diffusion of important resources, mainly information. Empirical confirmation of the information functionality of the interlocking directorates network was obtained in the case of network research under the Anglo-Saxon model of corporate governance as well as the continental model in developed countries. Since the early 1990s another model of corporate governance in CEE countries has been developed. The specific determinants of the development of this model do not allow us to unequivocally state similar causes and consequences of interlocking directorates in relation to the most frequently studied western corporate governance models. The aim of this study is to determine the importance managers attach to these relationships within a corporate network as a source of strategic information that is important to the company's strategic decision-making process, in the context of the Polish governance model. The research employs the case-study method and presents the results of five case studies of companies listed on the Warsaw Stock Exchange. The research, on the one hand, suggests that the network embeddedness of Polish listed companies is of minor significance; on the other hand, it pointed to the existence of two main types of corporate networks: one inwardly directed and focused on supervisory board members' controlling function performed with a view to protecting the shareholders' equity ownership, and the other orientated towards external relationships, often distant from the original industry, in order to obtain information that supports new initiatives. What seems to most determine the behaviour of company managers is the corporate culture resulting from the presence of a foreign owner from a Western European country. In general, the findings confirm the importance of the network of interlocking directorates more as an instrument of control than diffusion of strategic information.

**Keywords:** corporate network, interlocking directorates, information diffusion, social network

**JEL Codes:** G34, M12, L14

## 1. Introduction

An interlocking directorate exists "when one person affiliated with one organisation sits on the board of directors of another organisation" (Mizruchi 1996: 271). These networks of directors' ties became the subject of thorough research,

\* Submitted: 14.01.2020, accepted: 19.01.2021, 1 revision.

\*\* Justyna Światowiec-Szczepańska, (Corresponding author) PhD, DSc, Professor, Poznań University of Economics and Business; Department of International Finance; Institute of International Business and Economics, Email: justyna.swiatowiec-szczepanska@ue.poznan.pl. Main research interests: corporate strategy, corporate governance, inter-organisational networks, strategic risk.

Łukasz Małys, PhD, Assistant Professor, Poznań University of Economics and Business, Department of International Marketing, Institute of International Business and Economics, Email: Lukasz.Malys@ue.poznan.pl. Main research interests: inter-organisational networks, B2B marketing, business relationships.

first, since the second decade of the last century, in the context of antitrust law, and subsequently mainly under the influence of resource dependency theory (Pfeffer/Salancik 1978) and class hegemony theory (Sonquist/Koenig 1975). The theoretical area of research on interlocking directorates has expanded considerably since the inclusion of embeddedness theory (Granovetter 1985) and social network analysis (Burt 1983). Most theories, in their own way, stress the importance of information flow within the network, which has an individual or organisational influence. It is widely acknowledged that the network structure, determined by inter-firm board members' ties, can be a source both of valuable resources and constraints for network participants. An important research problem was to determine the impact of board networks on companies' operations — especially in the context of information flows (Haunschild/Beckman 1998; Carney/Barclay/Li 2020), which are the main effect of the network mechanism (Uzzi 1996; Borgatti/Cross 2003; Knoben/Oerlemans/Krijkamp/Provan 2018). Interlocking directorates enable managers to achieve an optimal "business scan" of the latest business practices and overall business environment (Haunschild/Beckman 1998). This kind of information can in many cases be of strategic importance to a company. Numerous studies have pointed to such board interlock effects as diffusion of management practices and imitation of strategic activities (Davis 1991; Palmer/Jennings/Zhou 1993; Haunschild 1993; Davis/Greve 1997; Westphal/Seidel/Stewart 2001; Chen/Dyball/Wright 2009; Shropshire 2010; Han/Hu/Liu/Tian 2017; Siudak 2020). In recent years, research has focused on the impact of interlocking directorates on innovation (Crispeels/Willems/Brugman 2015; Hernández-Lara/Gonzales-Bustos 2019), knowledge transfer (Hagan/Green 2004; Simoni/Caiazza 2012; Howard/Withers/Tihanyi, 2017), and intellectual capital (Blanco-Alcántara/Díez-Esteban/Romero-Merino 2019).

An interesting but insufficiently investigated type of board interlocks are networks from Central and Eastern European countries, including Poland, which are characterised by relatively young corporate networks, created together with privatisation processes and capital market development in the last 30 years. The literature review indicates relatively poor recognition of these networks, especially in terms of informational functionality. The main subjects of a few studies concern the characteristics of directors in the network and the structure of the board interlock network. Such studies were conducted in the Czech Republic (Nowak 2012) and Poland (Pawlak 2007; Pawlak 2010). Recently, analysis of the small-world phenomenon in the context of the network of directors of public companies in Poland has also been conducted (Sankowska/Siudak 2016; Zdziarski 2018). Attention was also drawn to the phenomenon of personnel unions between industrial companies and banks in Hungary (Tomka 2001). Recently, the humanistic aspect of interlocking directorates among listed companies in Poland and the need for a qualitative survey of board interlock

networks has also been noted (Szalacha-Jarmużek/Pietrowicz 2018). In the context of the information functionality of board networks in Poland, the impact of director ties on the willingness to pay dividends was examined (Siudak 2020) and on the integration of companies after the acquisition (Stankiewicz-Mróz 2019). To our knowledge, none of the available studies directly concern the importance of strategic information transfer within interlocking directorates in Poland or other CEE countries.

This paper presents the results of research based on case studies of five different companies listed on the Warsaw Stock Exchange (WSE). The main purpose of the study is to ascertain how directors perceive the significance of their relationships within a board network as a source of valuable information useful in making strategic decisions in a company, in the context of the Polish governance model.

The contribution of these studies is fourfold. First, in an attempt to discover the actual antecedents of board interlocks in Poland, it was possible to identify the theoretical basis that can currently be used to justify interlocking directors in countries with other legal systems than common law. The lack of universality of some of the theories developed on the basis of research in western countries was thus highlighted. Secondly, the research is of a qualitative nature, which makes it possible to discover not only legal, but also cultural and behavioural aspects of board network importance. In the vast majority of the literature, interlocking research is of a quantitative nature, ignoring the unobvious nuances of managerial and organisational motives. Thirdly, the study of relatively young board networks can stimulate research into hidden determinants of informational network functionality, including the stage of development, type of corporate governance, and cultural and other factors. The question remains open about the direction of development of board interlocks in Poland and other CEE countries (Yeoh 2007; Hardi/Buti 2012; Ozsvald 2014); namely, whether informational significance will outweigh possible losses in terms of the network's control significance. And fourthly, the obtained results will allow future original board network research to be targeted without directly replicating research obtained in other parts of the world. It is necessary to strive to discover the specificity of the region of CEE and initiate research that takes into account its cultural and economic-political context.

This paper is structured as follows. The second section of the paper includes conclusions drawn from a synthesis of literature studies on the informative significance of interlocking directorates, both at the organisational and the individual levels. It also highlights the importance of the network as a mechanism for communicating and diffusing management practices and discusses potential effects of board networks in this regard from the company's viewpoint. The third part of the article presents the characteristics of the corporate governance model

in Poland that facilitate understanding the context and results of the research. The subsequent part presents and discusses the research method. In the fifth part of the paper the results of case studies are discussed, along with the presentation of final conclusions, research implications, research limitations, and directions for further research.

## 2. The informative significance of board interlocks

Although different interlock theories propose that interlocking directorates fulfil different function (for a review, see Caiazza/Simoni 2015; Lamb/Roundy/Roundy 2016; Caiazza/Simoni 2019), most of them, “including some of the control theories, are consistent with the idea that interlocks convey information” (Haunschild/Beckman 1998: 817). At the organisational level, the resource dependency theory primarily explains interlocking directorates as a way of obtaining information for a company of strategic importance. From this perspective, boards serve to connect the firm with external factors that generate uncertainty and external dependencies (Hillman/Withers/Collins 2009). Interlocking directorates absorb the sources of the environment’s uncertainty, in particular its potentially detrimental impact on the process of strategic decision-making (Hillman/Cannella/Paetzold 2000). Primary benefits that result from environmental linkages such as boards are as follows: (1) provision of specific resources, such as expertise and advice from individuals with experience in a variety of strategic areas; (2) channels for communicating information between external organisations and the firm; (3) aid in obtaining commitments or support from important elements outside the firm; and (4) legitimacy (Pfeffer/Salancik 1978: 145, 161). The first two benefits in particular directly point to the potential importance of interlocking directorates as a source of strategic information to improve company performance (Hillman/Dalziel 2003). Some studies, within the perspective of resource dependence, point to the role of interlocking directorates as a tool for the diffusion of strategies such as an acquisition strategy (Haunschild 1993), and for seeking strategic information (Haunschild/Beckman 1998). These studies were focused mainly on the American corporate network. The positive impact of interlocking directorates on the performance of companies based on resource dependency theory has been confirmed by many empirical studies, especially in the USA (Boyd 1990; Mizuchi/Stearns 1988; Shrader/Hoffman/Stearns 1991; Hillman/Zardkoobi/Bierman 1999; Martin/Gözübüyük/Becerra 2015), but also in Canada (Richardson 1987).

Gaining strategic information for the company can be both an antecedent and a consequence of board networks. Creating this type of inter-organisational relations can be a deliberate organisational strategy (Brennecke/Rank 2017). In this case, it can be claimed as strategic interlocking directorates (Cerasi/Battaglion 2020). This approach is fully consistent with the resource dependency theory.

Not all the theorists agree with this approach – especially the proponents of the class hegemony theory (Domhoff 1967; Sonquist/Koenig 1975; Koenig/Gogel 1981; Useem 1984; Chu/Davis 2016; Heemskerk/Takes 2016; Sapinski/William 2018) and control management model (Palmer 1983; Mintz/Schwartz 1985; Palmer et al. 1986) according to which network creation is based purely on the private managerial motives. The lack of actual functionality of most corporate relations has been indirectly confirmed by research showing that the majority of board ties are not restored after a board member's death or retirement (Palmer 1983; Ornstein 1984). Many studies also point to the private benefits for directors through membership of the interlocking directorate network, including: higher CEO's average remuneration in companies that are part of corporate networks with other organisations (Hallock 1997), lower CEO turnover in firms with greater numbers of corporate links (Fitch/White 2005), or diffusion of managerial practices aimed at protecting managers' interests, such as "golden parachutes" (Cochran/Wood/Jones 1985).

However, it seems that both individual and organisational links, thanks to board ties, can together contribute to the flow of strategic information. Although both inter-organisational and interclass approaches are based on a different logic, they do not have to be regarded as mutually exclusive (Palmer 1983: 42). The informational benefits for companies can be considered, even if the original motives of interlocking directorates were private and individual. This can be done through the process of diffusion of information between directors, including strategic practices in their companies. An interesting line of research is the combination of both levels, including formal and informal interactions in the context of assessing the benefits for the associated directorate networks of companies (Valeeva/Heemskerk/Takes 2020).

Regardless of whether interlocking directorates are considered at an organisational or individual level, the social network theory is an invaluable basis for research on information diffusion. While much early research perceived directorship interlocks primarily as a mechanism to maintain control and power by organisation or directors (Mintz/Schwartz 1985; Mizruchi/Stearns 1988), later research, especially since the 1990s, indicated the role of interlocking directorates primarily as a communication mechanism. This is shown by findings pointing to the diffusion of corporate practices and strategic initiatives (Davis 1991; Haunschild 1993). These include various activities, such as the implementation of organisational structures, strategies, systems, and processes (Shropshire 2010). The diffusion of strategies among companies connected via board networks based on social network theory has been found in many studies, most often in the USA. Among the imitated practices, the following were identified: companies' charitable contributions (Galaskiewicz/Wasserman 1989), poison pills and golden parachutes (Davis/Greve 1997), debt financing (Mizruchi/Stearns/Marquise 2006), strategy of expansion into China (Connelly/Johnson/Ti-

hanyi/Ellstrand 2011), corporate venture capital investments (Noyes/Brush/Hatten/Smith-Doerr 2014), disclosure policy (Cai/Dhaliwal/Kim/Pan 2014), and new-market entry strategies (Diestre/Rajagopalan/Dutta 2015). This research direction is most frequently related to the concept of corporate networks, perceived as socially embedded (Granovetter 1985; Uzzi 1996) and social networks. This approach is particularly fascinated by the pattern of corporate network structure such as a small world (Robins/Alexander, 2004; Conyon/Muldoon 2006; Kogut 2012) or by centrality network positions (Rowley/Behrens/Krackhardt 2000; Zaheer/Bell 2005; Noyes/Brush/Hatten/Smith-Doerr 2014; Światowiec-Szczepańska/Zdziarski 2016).

The informational functionality of interlocking directorates is certainly influenced by the institutional context, including the specificity of the national corporate governance model. According to Caiazza et al. (2019), the main limitation of the abundant literature on interlocking directorates is the lack of knowledge about how differences at the level of countries – legal, historical, and cultural institutions – can affect board interlocks. Nationality as a characteristic of board networks determined primarily by the adopted and developed model of corporate governance is increasingly emphasised in the literature (Aguilera 2008; Cárdenas 2012; Caiazza 2019). This factor affects the methods of creating networks and the expected and received benefits, at both the organisational and individual level. The corporate network structure in each country is a product of an adaptation process to social and political institutions (Windolf 2002). It is assumed that the importance of directors' networks differs significantly between the systems of dispersed ownership of companies — typical of Anglo-Saxon countries — and concentrated ownership, often related to family businesses and characteristic of other countries in continental Europe and Asia (Aguilera/Jackson 2003; Clarke 2016). In the case of the former, directors' networks are created according to the motives put forward by the resource dependency theory or the class hegemony theory. It can be assumed that the information effects of these networks are the basic criterion for their effectiveness. In the second case — in continental Europe and Asia — due to the greater importance of capital ties, the dominant criterion and effect of the director network may be to maintain control over other entities. A lack of unequivocal support for the positive impact of interlocking directorates on company performance in different countries, e.g. in Singapore (Phan/Lee/Lau 2003), the Netherlands (Non/Franses 2007), India (Sarkar/Sarkar 2009), Italy (Zona/Gomez-Mejia/Withers 2018) or China (Carney/Barclay/Li 2020), may indicate the problem of generalising the theory of resource dependence. Similar doubts arise in the case of testing the embedding theory and examining the impact of companies' positions in the interlocking directorate networks on their performance, e.g. in Italy (Drago/Millo/Ricciuti/Santella 2015). These remarks indicate the need to include more national corporate models into the empirical research on the network of directors'



relations. Without this aspect, the results of research on board interlocks may lead to false conclusions.

### 3. Characteristics of the Polish corporate governance model

A system of corporate governance is defined as a more or less country-specific framework of legal, institutional, and cultural factors shaping the patterns of influence that stakeholders (e.g. managers, employees, shareholders, creditors, customers, suppliers, and the government) exert on managerial decision-making (Weimer/Pape 1999: 152). The well-recognised link between corporate governance and nationality means that each country has developed a specific system, even within one type of corporate governance model (Aguilera/Judge 2018; Lobrij/Kaptein/Lückerath-Rovers 2020).

The Polish system of corporate governance, not including the pre-war period, actually began to take shape only at the end of the 1980s, along with the economic transformation. A typical feature of companies in Poland is a significant concentration of ownership, in line with other countries in continental Europe (Yeoh 2007). The majority of listed companies in Poland are owned by controlling shareholders, so the main agency conflict is between majority and minority shareholders rather than between management and shareholders (Campbell/Jerzemowska/Najman 2009). Among many corporate governance problems in Poland, the lack of adequate representation of the interests of minority shareholders is considered to be the greatest (Aluchna/Kaminski 2017).

The development of corporate governance in Poland was strongly influenced by the Warsaw Stock Exchange (WSE), which resumed its operations in 1991. The WSE is currently the largest stock exchange in CEE. In 2020, the majority of the 439 companies listed on the WSE's main market were based in Poland (89 %). Most of the companies had a financial institution in their shareholding (62.5 %) (mainly investment and pension funds and insurance companies) (Światowiec-Szczepańska/Zdziarski 2016). It is noteworthy that a considerable number of companies are managed directly by their owners: these include family companies (20.9 %) and a broader category of companies where a board member is a shareholder (32.7 %). A large proportion of these companies also have a majority shareholder, i.e. one holding more than 50 % of all shares. Such companies account for approximately 40 % of the Warsaw Stock Exchange Index (WIG Index) (Światowiec-Szczepańska/Zdziarski 2016). A characteristic feature of the Polish corporate model is therefore a low degree of separation between ownership and control.

The current corporate governance system in Poland belongs to the continental, internal model. However, many researchers perceive it as hybrid, combining elements of the German and Anglo-Saxon models (Windolf 2002; Yeoh 2007). Following the German model, a two-tier board structure (management board and

supervisory board) was adopted. Both bodies operate alongside each other, and none of them can issue binding commands to the other. Their mutual impact is, however, quite evident – e.g. it is usually the supervisory board that appoints and dismisses the corporation's management board and determines the remuneration of its members. In addition, under the dualistic system the articles of association of many corporations obligate the management board to obtain consent from the supervisory board to perform some legal actions, e.g. to enter into specific transactions. On the other hand, the supervisory board is strictly dependent upon the management board in terms of the quantity and quality of information communicated about the corporation (Jeżak 2014). Such a legal provision deepens the dualistic character of Polish corporate governance and consequently may reduce mutual trust and hinder cooperation between the management board and the supervisory board of the company. In such regulations the importance and benefits the companies get from supervisory board interlocks may be dependent on internal organisational culture or unregulated corporate governance model elements.

One of the aspects that significantly distinguish the Polish corporate governance model from the German system is the lack of employee participation in management and control in the company. In Poland, legal regulations do not provide for a mandatory co-decision rule due to the size of the company. Although direct employee participation in company management is possible, it is not a common phenomenon (Szymańska/Włodarczyk 2012)<sup>1</sup>.

The Anglo-Saxon elements of the Polish corporate governance model result from the implementation of the Polish Code of Best Practice of WSE Listed Companies, introduced in 2002 and updated several times (most recently in 2016), which is based on the OECD corporate governance principles (OECD 2015). The Code refers, *inter alia*, to the equal treatment of shareholders with emphasis on the protection of minority shareholders and corporate transparency (Aluchna 2009). However, the Code was adopted in the form of "soft law", i.e. applicable to public companies on a "comply or explain" basis, and, as the research shows, a number of companies have problems with applying some of the recommendations (Campbell et al. 2009). The biggest problem seems to be the implementation of the postulate to ensure the independence of some members of the supervisory board (i.e. outside members independent of the majority shareholders). The lack of independent members of the supervisory board

1 The issue of employee participation in control and supervisory bodies has developed legally only in relation to companies with state ownership. In this respect, the Polish model of corporate governance also differs from other CEE countries (Czech Republic, Slovakia, Hungary), where, depending on the size of employment, employee participation in supervisory boards of both state-owned and private companies is guaranteed (Szymańska/Włodarczyk 2012).



decisively weakens the already weak representation of minority shareholders in most companies listed on the WSE (Aluchna/Mahadeo/Kamiński 2020).

#### 4. Research method

The aim of the study was to determine the significance of corporate networks for managers as a channel of strategic information flow and diffusion of management practices, in the context of Polish corporate governance. The case-study method was employed in the research. Due to the considerable flexibility of the case-study method, it is very important that it is properly designed and handled according to a specific pattern. Case studies require certain stages of proceedings, which are well-described in the literature on the subject (Eisenhardt 1989). The project refers to the Yin model (2014), which includes seven important steps in the case-study research process, characterised by clearly identified phases, related decisions, and recommendations for researchers. The process of research progress in this research project is presented in Table 1.

**Table 1. Process of qualitative research using the case study method in the research project**

Case study phase	Setting in the research project
Linking theory to empirical data	<ul style="list-style-type: none"> <li>■ The subject of the research was to determine the potential importance managers attach to their relationships within a corporate network as a source of strategic information that is important to the company's strategic decision-making process.</li> </ul>
Selection and justification of empirical cases	<p>Selection of five WIG companies as the basis for case studies.</p> <p>Selection criteria: sector, company background (ownership type), and participation of the company in a large component of the corporate network (i.e. largest set of connected companies on the Polish stock exchange).</p> <p>The companies represent the largest mega-sectors:</p> <ul style="list-style-type: none"> <li>■ financial (two companies from two sectors: banks and investment activities)</li> <li>■ industrial production and construction and assembly (one company: construction)</li> <li>■ trade and services (one company: hotels and restaurants)</li> <li>■ chemistry and raw materials (one company: the steel sector).</li> </ul>
Determination of the scope of the surveys	<p>Scope of the research on the following aspects:</p> <ul style="list-style-type: none"> <li>■ The role of the supervisory board from the perspective of the company's management</li> <li>■ Sources of strategic information for the company</li> <li>■ The importance of inter-organisational links</li> <li>■ The importance of capital ties</li> </ul>
Selection of appropriate data sources	<ul style="list-style-type: none"> <li>■ Secondary data (company's website, National Court Register database)</li> <li>■ Primary data obtained through direct interview with a representative of the management board or supervisory board</li> </ul>

Case study phase	Setting in the research project
Analysis and reduction of data	<ul style="list-style-type: none"> <li>■ Quantitative analysis of the personnel relations of the surveyed companies in the corporate network</li> <li>■ Questionnaire-based interview</li> <li>■ Recordings of conversations and transcripts of interviews</li> <li>■ Analysis of data according to the determined scope of research</li> </ul>
Verification of data fidelity	<ul style="list-style-type: none"> <li>■ Analysis of the consistency of formulations and statements</li> </ul>
Description and presentation	<ul style="list-style-type: none"> <li>■ Summary of interviews according to specified points and summary of information in the form of a table</li> <li>■ Final conclusions</li> </ul>

A necessary condition for selecting companies for research was their participation in the largest set of related companies in the corporate network of companies listed on the Warsaw Stock Exchange (the so-called giant component). The authors conducted such an analysis for the purposes of other quantitative research (Światowiec/Zdziarki/Małys 2018). The analysis showed that out of 397 companies listed on the WSE's main market in 2017, 260 companies were included in the large component. The adoption of this criterion was aimed at selecting companies that are actually related to other companies in the corporate network and have experience in maintaining this type of inter-organisational relations.

Another important criterion for the selection of the surveyed companies was the background of the companies, which influenced the current corporate governance. There were efforts to select both private companies from the beginning (including family companies) and privatised companies, including those with a leading foreign investor. Ultimately, the following types of companies listed on the WSE were the subject of research: a company with a dominant individual owner (INC), a family company being a former state-owned company (PGO), a bank with a dominant foreign owner (Bank Millenium), a family company from the beginning of its establishment (POZBUD T&R), and a former state-owned company with a dominant foreign owner – now a subsidiary of an international company (ORBIS). Such a range of diverse companies takes into account potentially different patterns of corporate governance in Poland.

The choice of companies was also determined by the importance of the industry they represented. The following industries have had the largest share in volume on the WSE: industrial manufacturing and construction (24.2 %), finance (21.4 %), retail and service (13.4 %), and chemicals and raw materials (10.3 %) (www.gpw.pl). The companies selected for the research represent all major industries. Facts about the companies and the respondents are shown in Table 2.

Table 2. Facts about the companies and the respondents

Company name	INC	PGO	POZBUD T&R	Bank Millennium	Orbis
Year of establishment /The first year of listing on the WSE	1995/2006	1960/2011	1994/2008	1989/1992	1920/1997
Number of Directors; Management Board / Supervisory Board	3/5	2/5	2/5	4/12	3/10
Number of links between the company and other WSE-listed companies through interlocking directorate (direct/indirect)	4/120	3/8	1/0	1/5	6/40
Industry/ Sector	Financial/ investment	Chemicals and raw materials/ metallurgy	Industrial manufacturing and construction/ construction	Financial/ banks	Retail and service/ hotels and restaurant
Company type	Private company – currently dominant shareholder – individual investor	Privatised state-owned company – currently majority owner – family business	Private family business	Private bank (first bank listed on the WSE) – currently with a foreign majority shareholder	Privatised state enterprise – currently a company with a majority foreign investor

Company name	INC	PGO	POZBUD T&R	Bank Millennium	Orbis
Ownership structure (in 2017)*	Paweł Słowiński (individual investor) -20.83 % Jacek Mrowicki (individual investor) - 8.18 % Roman Karkosik (individual investor) - 5.99 % Others - 65 %	TDJ Equity II sp. z o.o. (family firm) - 67 % Nationale-Nederlanden PTE S.A. (pension fund) - 7.63 % Aviva OFE Aviva Santander (pension fund) - 6.8 % Others - 18.57 %	Nationale-Nederlanden PTE S.A. (pension fund) -16.08 % Roman Andrzejak (individual investor) - 9.61 % Tadeusz Andrzejak (individual investor) - 8.85 % Pioneer Pekao Investment Management SA (investment fund) - 7.36 % Aviva Investors Poland PTE S.A. (pension fund)- 7.08 % Others - 51.02 %	Banco Comercial Portugues S.A. -50.1 % Nationale-Nederlanden PTE S.A. (pension fund) - 7.87 % Aviva OFE Aviva Santander (pension fund) - 6.02 % Others - 36.1 %	Accor S.A. - 52.69 % Aviva OFE Aviva Santander (pension fund) - 9.94 % Nationale-Nederlanden PTE S.A. (pension fund) - 5.19 % MetLife PTE S.A. (pension fund) - 5.12 % Others - 27.06 %
Respondent	President of the Executive Board	Executive Board member	Supervisory Board member	Supervisory Board member	Executive Board member

\*List of shareholders holding at least 5 % of shares.

The primary data for analysis were obtained through in-depth interviews (IDI), which were carried out with members of the companies' management boards or supervisory boards. Such differentiation was dictated by the desire to know different points of view. Strategic information is primarily important for strategic decision-makers, i.e. management board members. On the other hand, including members of supervisory boards in the research allows the situation to be checked from the perspective of potential providers of strategic information.

Prior to the study, potential respondents were contacted by telephone to present the aims and scope of the study. The purpose was to obtain their consent to be interviewed and to allow them time to prepare and collect the necessary information. The interviews were conducted in person in August 2017, recorded with the respondents' consent, and then transcribed. The analysis also took into account secondary data obtained from the National Court Register's database and from companies' websites.

## 5. Research results and discussion

The conducted individual direct interviews were mainly focused on determining the roles performed by supervisory boards members, sources of strategic information of the companies (with the intention of verifying whether or not the supervisory board members are one of the sources), and the importance for the companies of the inter-organisational links of management and supervisory board members, as well as the importance of capital ties. A summary of the most important information from the case studies is presented in Table 3.

The analysis of the results of the conducted individual direct interviews revealed that, on the one hand, the case studies pointed to a limited significance of Polish listed companies' network embeddedness; on the other hand, they demonstrated the existence of two opposite types of corporate behaviour in corporate networks:

1. a closed type, inwardly directed and focused on supervisory board members' controlling function performed with a view to protecting shareholder equity; and
2. an open type, accepting external relationships, frequently distant from the original industry, aimed at obtaining information that supports new initiatives.

Table 3: Summary of information from qualitative research

Firm	Role of the Supervisory Board	Supervisory Board members as sources of strategic information	Importance of inter-organisational links	Importance of capital ties
INC	■ controlling/monitoring functions are more significant for the company	■ strategic information does not come from either supervisory board members or their direct and indirect contacts.	■ no connections with competing entities*	■ capital ties determine the composition of the management and supervisory board
	■ selection of supervisory board members and the role played by the board are determined by the ownership structure	■ the supervisory board on-ly gives its opinion on ac-tivities undertaken, possibly correcting them but not ini-tiating them.	■ lack of benefits resulting from inter-organisational relationships (such connec-tions did not contribute to obtaining information im-portant for the company, did not facilitate access to important resources, were not a source of initiatives, undertakings or references, and did not help the compa-ny to recover from danger-ous situations).	■ an additional criterion for the selection of supervisory board members are compe-tencies
	■ three of the five supervisory board members were appoint-ed to perform an advisory func-tion; two of them also perform a legitimising and prestige-in-creasing function.	■ interorganisational indirect contacts seem to be too distant and too difficult to grasp.	■ numerous connections of supervisory board members may be associated with neg-ative consequences for the company (e.g. conflicts of interest, information leak-ages, reputation risk or low involvement of a person sit-ting on numerous bodies)	■ - the interorganisational links of the company occur mainly within the holding group (capital group).
	■ controlling/monitoring func-tion is performed by two oth-er supervisory board members whose appointments were initi-ated by significant shareholders who were not involved in the company's direct management.			
	■ board members are primarily expected to take care of the in-terests of those they represent.			



Firm	Role of the Supervisory Board	Supervisory Board members as sources of strategic information	Importance of inter-organisational links	Importance of capital ties
PGO	<ul style="list-style-type: none"> <li>the company's supervisory board members almost exclusively perform a controlling/monitoring function.</li> <li>the structure of the supervisory board is determined by the main shareholder, who is primarily interested in maintaining control over the company.</li> </ul>	<ul style="list-style-type: none"> <li>supervisory board members are not a source of important information. They do not provide access to resources or initiate major projects.</li> </ul>	<ul style="list-style-type: none"> <li>there are relationships with entities related to the main shareholder of the company</li> <li>no connections with competing entities</li> <li>lack of benefits resulting from inter-organisational relationships</li> <li>a potential risk to the company's reputation due to formal links between board members and other entities</li> </ul>	<ul style="list-style-type: none"> <li>capital ties determine the composition of the supervisory board entirely - it reflects the main shareholders' interests</li> </ul>
POZ-BUD T&R	<ul style="list-style-type: none"> <li>the company's supervisory board performs only a controlling/monitoring function – this is due to the nature of the company, over which the founding family maintains control.</li> <li>the largest shareholders in the company are representatives of one family, who have seats on both the company's boards.</li> <li>the other seats on the supervisory board are held by representatives of passive investors: Open Pension Funds and Investment Fund Company (TFI).</li> </ul>	<ul style="list-style-type: none"> <li>the company does not derive any benefits from its supervisory board members' serving on other companies' boards: in particular, it does not obtain any important information, gain access to resources, or receive references.</li> </ul>	<ul style="list-style-type: none"> <li>there are interorganisation-al links through members of the supervisory board representing passive shareholders</li> <li>no connections with competing entities</li> <li>lack of benefits resulting from inter-organisational relationships</li> <li>there is a potential risk of leakage of strategic information from the company resulting from the relations of members of the supervisory board with other entities</li> </ul>	<ul style="list-style-type: none"> <li>capital ties determine the composition of the board entirely</li> </ul>

Firm	Role of the Supervisory Board	Supervisory Board members as sources of strategic information	Importance of inter-organisational links	Importance of capital ties
Bank Millennium	<ul style="list-style-type: none"><li>■ Bank Millennium's supervisory board performs all three of the identified functions: controlling/monitoring, advisory, and legitimising. The first two are performed by all 11 supervisory board members.</li></ul>	<ul style="list-style-type: none"><li>■ bank gains access to the latest and most important information thanks to its supervisory board members' networks, but not necessarily the ones that involve serving on other boards.</li></ul>	<ul style="list-style-type: none"><li>■ there are relationships with other entities</li></ul>	<ul style="list-style-type: none"><li>■ capital ties determine to a certain extent the composition of the board</li></ul>
	<ul style="list-style-type: none"><li>■ two members are not related to the company's shareholders (independent members) or to the banking industry in general. One of them has experience in the FMCg sector, and the other in IT. They were appointed in order to provide a different, non-banking perspective. They perform mainly an advisory function.</li></ul>	<ul style="list-style-type: none"><li>■ the intention to gain access to such information is reflected in the composition of the supervisory board, which consists of specialists representing various areas (not only banking) and economic experts.</li></ul>	<ul style="list-style-type: none"><li>■ identified benefits from inter-organisational links: access to information, knowledge, obtaining references, indirect contacts</li></ul>	<ul style="list-style-type: none"><li>■ an additional criterion for the selection of supervisory board members is competencies.</li></ul>
	<ul style="list-style-type: none"><li>■ The supervisory board members also perform a legitimising role — as representatives of the Polish world of science, politics, and banking.</li></ul>	<ul style="list-style-type: none"><li>■ The supervisory board members make it also easier for the bank to get references, in both the local and international markets. — one considerable benefit that the bank derived from supervisory board members' networks is the opportunity to present their position and views in government circles.</li></ul>	<ul style="list-style-type: none"><li>■ the risk of information leakage related to the membership of the bank's supervisory board in other bodies is low. This is due both to the procedures adopted by the bank (information discussed at supervisory board meetings is sent in a coded form, using security protocols) and the appropriate selection of board members.</li></ul>	

Firm	Role of the Supervisory Board	Supervisory Board members as sources of strategic information	Importance of inter-organisational links	Importance of capital ties
Orbis	<ul style="list-style-type: none"><li>■ the company's supervisory board performs all of the three identified functions: controlling/monitoring, advisory, and legitimising.</li><li>■ it consists of 10 members: five of them represent the company's main shareholder (Accor) (a controlling and advisory function); three members are elected from the company's employees (legitimising function); and the other two are independent members with a mainly advisory function), elected in consultation with minority shareholders — mainly Open Pension Fund.</li></ul>	<ul style="list-style-type: none"><li>■ a number of strategic projects are initiated by supervisory board members, in particular by those who represent the main shareholder, and by independent members.</li><li>■ Supervisory board members who represent Accor mainly recommend projects tested in other markets and then adapted to Orbis's specific needs.</li><li>■ Independent members often encourage innovative initiatives or investments.</li></ul>	<ul style="list-style-type: none"><li>■ there are relationships with other entities</li><li>■ no connections with competing entities</li><li>■ identified benefits from inter-organisational links: access to information and knowledge</li><li>■ the risk of an unintentional leakage of information due to members of the Supervisory Board of Orbis sitting on the bodies of other companies is low due to lack of connections with competitors.</li><li>■ Potentially greater risk could be associated with deliberate actions, but similar events have never occurred in the past.</li></ul>	<ul style="list-style-type: none"><li>■ capital ties determine to a certain extent the composition of the board</li><li>■ an additional criterion for the selection of supervisory board members is competence</li><li>■ three members of the supervisory board are appointed from among the employees of the company</li></ul>

*\* Polish law prohibits sitting on the board of directors of a competing company, but it does not prohibit sitting on the supervisory boards of competing companies.*

The first type of behaviour concerns the surveyed companies, which have Polish main owners (INC, PGO, POZ T&R). In the case of these companies, the significance of supervisory board members' and management board members' inter-corporate networks is small in terms of the strategic information obtained. It seems that the social networks of particular shareholders in family businesses and the internal networks of institutional investors are of much greater value. The advisory function, if performed by the supervisory board at all, is based mainly on its members' expertise and experience rather than on their inter-organisational networks. At the same time, maintaining supervisory board members' control over the company is crucial. The insignificance of interorganisational networks may result from fears of possible information leaks and the company's loss of reputation because of association with such networks. These concerns were additionally expressed by the respondents, although they had had no personal experience in this respect. It is worth noting that there are no independent members on the supervisory boards of these companies.

Another group of listed companies is made up of businesses whose majority stake is in the hands of foreign strategic investors (Bank Millenium, Orbis). The main feature of these entities is that the ownership is detached from direct management. Such companies tend to belong to international capital groups. An important function of their supervisory board members is to give advice and provide information. What is noticeable is the openness of these companies to external relationships and information. This is shown by the appreciation extended to independent and professional supervisory board members who have contacts and experience that are not necessarily related exclusively to the given industry. Such behaviour shows that companies try to maintain "weak ties" (Granovetter 1973) as bridges to other networks.

## 6. Conclusions and research implications

The paper further develops the nature of board networks in the specific economic context of a post-transition, emerging European stock market, weak external corporate governance mechanisms, insufficient investor protection, and significant concentration of share ownership. Two theories, resource dependency theory (Pfeffer/Salancik 1978) and the embeddedness perspective (Granovetter 1985), are particularly helpful in clarifying how network ties lead to the diffusion of strategic information through interlocking boards. The findings of this study may demonstrate a relatively limited importance of the surveyed companies' embeddedness (Gulati/Gargiulo 1999) within the corporate network and the resulting flow of nonredundant information (Borgatti/Cross 2003). This is especially true for Polish companies whose owners directly participate in corporate management. On the one hand, these companies do not derive any information benefit from supervisory board members' possible inter-organisa-

tional networks, but on the other hand, they do not have such expectations. It seems that the most important role of supervisory board members is to perform a controlling/monitoring function, which is closely related to the interest of the company's major shareholders. Advising and providing information of strategic importance for the company is not regarded as the supervisory board's natural function. It is also worth noting that financial institutions in the shareholding of this type of companies mainly act as passive investors. It can be assumed that in many cases the election of supervisory board members, as non-executive directors, is carried out in accordance with the management control model (Palmer 1983), with managers often being directly linked to the company's main shareholders. This means that the election of the supervisory board is in line with the interests of the main shareholders, but not necessarily in line with minority shareholders. Following the management control model, managers tend to appoint managers from other companies as directors so that they are busy and passive and do not deny those who appointed them to their role (Drago et al. 2015). On the other hand, people who serve on numerous boards do not tend to be very welcome on company boards in Poland. This view is in line with the busyness hypothesis of Ferris et al. (2003), which states that multiple directorships place an excessive burden on directors, which may lead to a negative impact on the company's performance. In addition, the inter-organisational networks of those sitting on the boards of companies outside the capital group are perceived as a risk factor (Brennecke/Rank 2017) concerning leakage of confidential information and damage to the reputation of the company. The generally low level of trust in business in Poland (Młokosiewicz/Misiak-Kwit 2017) may indicate a desire to appoint a relatively passive board, submissive to the management associated with the owners. It can be assumed that what may be of significance in this type of company is relational embeddedness with strong ties (Gulati/Gargiulo 1999; Coleman 1998), determined by capital ownership. An important criterion for the selection of board members should be trust or possible family ties. It seems that "weak ties" (Granovetter 1973) and positions in "structural holes" (Burt 1992), responsible for access to new non-redundant information (Rowley et al. 2000), do not have a real impact on the operations of the Polish companies analysed herein. However, recently it has been confirmed on the grounds of social network analysis that corporate financial policy (dividend policy) can be spread across firms through the weak ties in the board network in Poland (Siudak 2020). However, the dividend payment concerned only the parent companies, not all shareholders. This research indicates that it is still necessary to examine the dependence of the transfer of important information on the company's position in the Polish corporate network.

The approach suggesting that interlocking directorates are perceived in terms of the communication mechanism rather than the control mechanism seems not to be widely used among Polish companies. It is the control mechanism that

is dominant in Polish companies managed directly by their main owners. It is also worth noting that the role of network embeddedness seems to depend not on the number of the company's direct or indirect external relationships within the corporate network, but on the supervisory expected role of board members within the company. It even seems that companies' networks are not exploited by their management boards. This is illustrated, for example, by INC S.A., which forms a large and dense relationship network; however, the company's management does not perceive it as a significant source of knowledge or important information.

On the other hand, the surveyed companies with foreign majority shareholders from Western European countries treat their supervisory boards and external relations of their directors definitely as a strategic resource. They appreciate the diversity of the board's composition and the external relations of the members. They benefit from these ties, not only in the form of a control and monitoring function, but also above all in an advisory capacity and through gaining access to new information. Thus, the case studies may suggest the existence of moderators of the company behaviour in corporate networks in Poland such as the location of the main shareholder's/strategic investor's headquarters, or the degree to which ownership is separated from direct management. The findings of the study may also support the impact of the cultural context on the development of managerial networks. All audited companies have a two-tier board of directors and are subject to the same legal regulations. Being listed on the WSE also obliges them to comply with the recommendations and principles of the Code of Best Practice for WSE Listed Companies. Despite the same legal and regulatory basis, the approach to the role of supervisory board members and their potential interorganisational links may be diametrically different. This situation indicates the existence of different corporate governance patterns within the Polish model. What differentiates them is the share of a foreign dominant investor and a clear separation of management and ownership. It is worth noting that in the case of both companies with majority share of a foreign investor, the dominant owner comes from a European country – from Portugal (Bank Millennium) and France (Orbis S.A.). Corporate models for these countries fall within the continental model, although they also have their national specificity. Undoubtedly, however, both France and Portugal have much more mature corporate governance models than Poland and other CEE countries (Sicilia/Sallan/Simo 2016). It can therefore be presumed that the corporate culture is transplanted in the case of subsidiaries located in Poland. Importantly, the concentration of ownership has not proven to be a factor that differentiates these two approaches. This means that the information function of the network can successfully accompany models with strong ownership concentration.

The research can be considered in terms of its managerial implications. The most important conclusions are that the concept of a board network may be



interpreted too narrowly by some Polish managers, and that the significance of a corporate network as a potential channel for the flow and control of valuable information is underappreciated in Polish companies. The corporate network of listed companies in Poland is dominated by the capital network and power of main stockholders (Aluchna 2013). It imposes the board network's controlling function as a priority. Companies rarely perceive the composition of supervisory boards as a resource in itself (Jeřak 2014). Perhaps the potential benefits and costs of ensuring an increased flow of information between the boards' members, including non-redundant information of strategic importance, should be re-evaluated. This also indicates the need for further evolution and reform of the corporate governance model in Poland.

The considerations made in the article have contributed in many ways. First of all, more light was shed on antecedents of board interlocks in Poland – a CEE country. It pointed out the prevalence of control functions over the information of the directors' network in Polish companies. Thus, network theories assuming diffusion of strategic information in an interlocking directorate may not be confirmed in the case of Poland and possibly also other CEE countries. Secondly, the qualitative research has made it possible to discover the dualism of corporate models depending on the share of foreign investors coming from Western European countries with more mature (Le/Kroll/Waiters 2011) and more internationalised corporate models (with more features similar to the Anglo-Saxon corporate models) than in CEE countries. This underlines the importance of the company's organisational culture in creating a network of directors (Arantes/Peixoto/Carvalho/Malaquias 2020; Lobrij et al. 2020). Thirdly, this study indicates the need for future studies to carry out segmentation of companies in the corporate network, depending on the specificity of the corporate model, resulting from the foreign majority shareholder and the extent of separation of ownership from management and control. This situation leads to further research aimed at discovering changes in corporate models and networks in CEE countries, mainly in terms of convergence or deepening of the dualism of corporate models observed in these studies. And fourthly, the results of these studies indicate that it is necessary for the studies of the corporate network in countries with a two-tier board structure to take into account the role of members of the supervisory board under existing national law. In the case of Poland, the legal scope of liability limits the informational and advisory role of the supervisory board. The problems and potential for change in the model in terms of strategic use of supervisory boards were identified. This consequently limits the informational functionality of inter-organisational board ties. This study strongly confirms the importance of the national context in the analysis of corporate network functionality (Caiazza 2019).

The research also has some limitations. The most important one is connected with the disadvantages ascribed to case studies, i.e. a small number of examined

entities and hence the problem of universalisation of research results (Vissak 2010). The analysis of case studies was based mainly on in-depth interviews with individual informants, which also has obvious limitations. It is difficult to assume that the opinions of individual representatives always coincide with those of other members. Inviting members of the management board and members of supervisory boards to the study was aimed at obtaining the opinions of various board representatives.

The results obtained indicate quite clearly the potential directions of research on corporate governance and networks of directors in Poland and other CEE countries. Above all, we should seek to determine whether the limited information function of boards is a result of cultural factors that permanently determine the corporate culture of domestic companies or it is a manifestation of the immaturity of corporate governance, which has a chance for further development in the future. An important direction of research may also be the comparison of the Polish specificity of the corporate model with the models in other CEE countries, not only because of the corporate governance structure, but also in terms of the corporate culture that determines the openness of companies to the information benefits of the board network.

## Acknowledgment

The project was financed by the National Science Centre, grant decision no. DEC-2013/11B/HS4/00461.

## References

- Aguilera, R.V. (2008): National State Differences and Patterns of Directorship Interlocks: A Comparative Study of Italy and Spain, in: Second Summer Seminar on Sociological and Political Research. Cambridge, MA 8–10 August 2008.
- Aguilera, R.V./Jackson, G. (2003): The Cross-National Diversity of Corporate Governance: Dimensions and Determinants, in: *The Academy of Management Review*, 28(3), 447–465.
- Aguilera, R.V./Judge, W.Q. (2018): Corporate Governance Deviance, in: *Academy of Management Review*, 43(1), 87–109.
- Aluchna, M. (2009): Does good corporate governance matter? Best practice in Poland, in: *Management Research News*, 32(2), 185–198.
- Aluchna, M. (2013): Ownership and control of Polish listed companies, [http://www.virtusintepress.org/IMG/pdf/Maria\\_Aluchna\\_paper.pdf](http://www.virtusintepress.org/IMG/pdf/Maria_Aluchna_paper.pdf)
- Aluchna, M./Kamiński, B. (2017): Ownership structure and company performance: a panel study from Poland, in: *Baltic Journal of Management*, 12(4), 485–502.
- Aluchna, M./Mahadeo, J.D./Kamiński, B. (2020): The association between independent directors and company value. Confronting evidence from two emerging markets, in: *Corporate Governance*, 20(6), 987–999.

- Arantes, P./Peixoto, F./Carvalho, L./Malaquias, F. (2020). Cultural Determinants of Corporate Governance: A Multi-Country Study, in: *Internext*, 15(2), 56–71.
- Blanco-Alcántara, D./Díez-Esteban, J./Romero-Merino, M. (2019): Board networks as a source of intellectual capital for companies, in: *Management Decision*, 57, 10, 2653–2671.
- Borgatti, S.P./Cross, R. (2003): A relational view of information seeking and learning in social networks, in: *Management Science*, 49, 432–445.
- Boyd, B. (1990): Corporate linkages and organizational environment: a test of the resource dependence model, in: *Strategic Management Journal*, 11(6), 419–430.
- Braun, M./Briones, I./Islas, G. (2019): Interlocking directorates, access to credit, and business performance in Chile during early industrialization, in: *Journal of Business Research*, 105, 381–388.
- Brennecke, J./Rank, O.N. (2017): Tie heterogeneity in networks of interlocking directorates: A cost–benefit approach to firms' tie choice, in: *Journal of Business Research*, 10(1), 97–122.
- Burt, R.S. (1983): *Corporate Profits and Cooptation: Networks of market constraints and directorate ties in the American economy*. New York: Academic Press.
- Burt, R.S. (1992): *Structural Holes*. Cambridge: Harvard University Press.
- Cai, Y./Dhaliwal, D.S./Kim, Y./Pan, C. (2014): Board interlocks and the diffusion of disclosure policy, in: *Review of Accounting Studies*, 19(1), 1086–1119.
- Caiazza, R. (2019): Governance and network: cross-national differences, in: *Management Decision*, 57, 10, 2621–2629.
- Caiazza, R./Cannella, Jr, A.A./Phan, P.H./Simoni, M. (2019): An Institutional Contingency Perspective of Interlocking Directorates, in: *International Journal of Management Reviews*, 21, 277–293.
- Caiazza, R./Simoni, M. (2015): Directors' role in inter-organizational networks, in: *Corporate Governance*, 15, 4, 508–516.
- Caiazza, R./Simoni, M. (2019): Directorate ties: a bibliometric analysis, in: *Management Decision*, 57(10), 2837–2851.
- Campbell, K./Jerzemska, M./Najman, K. (2009): Corporate governance challenges in Poland: evidence from “comply or explain” disclosures, in: *Corporate Governance*, 9(5), 623–634.
- Cárdenas, J. (2012): Varieties of corporate networks: network analysis and FsQCA, in: *International Journal of Comparative Sociology*, 53 (4), 298–322.
- Carney, R. W./Barclay, T./Li, X. (2020): Board connections and crisis performance: Family, state, and political networks, in: *Journal of Corporate Finance*, 64, 1–24.
- Cerasi, V./Battaglion, M. (2020): Strategic Interlocking Directorates, in: *Journal of Economic Behavior & Organization*, 178, 85–101.
- Chen, R./Dyball, M./Wright, S. (2009): The link between board composition and corporate diversification in Australian corporations, in: *Corporate Governance: An International Review*, 17, 208–23.
- Chu, J.S.G./Davis, G. F. (2016): Who killed the inner circle? The decline of the American corporate interlock network, in: *American Journal of Sociology*, 122 (3), 714–754.
- Clarke, T. (2016): The continuing diversity of corporate governance: Theories of convergence and variety, in: *Ephemera: theory & politics in organization*, 16, 1, 19–52.

- Cochran, P. L./Wood, R. A./Jones, T. B. (1985): The Composition of Boards of Directors and Incidence of Golden Parachutes, in: *Academy of Management Journal*, 28, 664–671.
- Coleman, J.S. (1988): Social capital in the creation of human capital, in: *American Journal of Sociology*, 94, 95–120.
- Connelly, B. L./Johnson, J. L./Tihanyi, L./Ellstrand, A. E. (2011): More than Adopters: Competing Influences in the Interlocking Directorate, in: *Organization Science*, 22, 3, 688–703.
- Canyon, M./Muldoon, M. (2006): The Small World of Corporate Boards, in: *Journal of Business Finance & Accounting*, 33(9) & (10), 1321–1343.
- Crispeels, T./Willems, J./Brugman, P. (2015): The relationship between organizational characteristics and membership of a biotechnology industry board-of-directors-network, in: *Journal of Business & Industrial Marketing*, 30, 3/4, 312–323.
- Davis, G. F. (1991): Agents without Principles? The Spread of the Poison Pill through the Intercompany Network, in: *Administrative Science Quarterly*, 36, 583–613.
- Davis, G.F./Greve, H.R. (1997): Corporate elite networks and governance changes in the 1980s, in: *American Journal of Sociology*, 103, 1, 1–37.
- Diestre, L./Rajagopalan, N./Dutta, S. (2015): Constraints in acquiring and utilizing directors' experience: an empirical study of new-market entry in the pharmaceutical industry, in: *Strategic Management Journal*, 36 (3), 339–359.
- Domhoff, G.W. (1967): *Who Rules America?* Englewood Cliffs, NJ: Prentice-Hall.
- Drago, C./Millo, F./Ricciuti, R./Santella, P. (2015): Corporate Governance Reforms, Interlocking Directorship Networks and Company Value in Italy, in: *International Review of Law and Economics*, 41, 38–49.
- Eisenhardt, K.M. (1989): Building theory from case study research, in: *Academy of Management Review*, 14, 532–550.
- Ferris, S. P./Jagannathan, M./Pritchard A. (2003): Too busy to mind the business? Monitoring by directors with multiple board appointments, in: *Journal of Finance*, 58, 1087–1111.
- Fitch, E. M./White, L. J. (2005): Why do CEOs reciprocally sit on each other's boards?, in: *Journal of Corporate Finance*, 11, 175–195.
- Galaskiewicz, J./Wasserman, S. (1989): Mimetic processes within an interorganizational field: an empirical test, in: *Administrative Science Quarterly*, 34(3), 454–479.
- Granovetter, M. (1973): The strength of weak ties, in: *American Journal of Sociology*, 78, 1360–1380.
- Granovetter, M. (1985): Economic action and social structure: The problem of embeddedness, in: *American Journal of Sociology*, 91, 481–510.
- Gulati, R./Gargiulo, M. (1999): Where do interorganizational networks come from?, in: *American Journal of Sociology*, 104, 1439–1493.
- Hagan, S.B.O./Green, M.B. (2004): Corporate knowledge transfer via interlocking directorates: a network analysis approach, in: *Geoforum*, 35, 127–139.
- Hallock, K. F. (1997): Reciprocally interlocking boards of directors and executive compensation, in: *Journal of Financial and Quantitative Analysis*, 32, 3, 331–343.
- Han, J./Hu, N./Liu, L./Tian, G. (2017): Does director interlock impact the diffusion of accounting method choice ?, in: *Journal of Accounting Public Policy*, 36, 316–334.
- Hardi, P./Buti, K. (2012): Corporate governance variables: lessons from a holistic approach to Central-Eastern European practice, in: *Corporate Governance*, 12(1), 101–117.

- Haunschild, P.R. (1993): Interorganizational imitation: the impact of interlocks on corporate acquisition activity, in: *Administrative Science Quarterly*, 38, 564–92.
- Haunschild, P.R./Beckman, C.M. (1998): When Do Interlocks Matter?: Alternate Sources of Information and Interlock Influence, in: *Administrative Science Quarterly*, 43(4), 815–844.
- Heemskerk, E.M./Takes, F.W. (2016): The corporate elite community structure of global capitalism, in: *New Political Economy*, 21 (1).
- Hernández-Lara, A.B./Gonzales-Bustos, J.P. (2019): The impact of interlocking directorates on innovation: the effects of business and social ties, in: *Management Decision*, 57(10), 2799–2815.
- Hillman, A./Dalziel, T. (2003): Boards of Directors and Firm Performance: Integrating Agency and Resource Dependence Perspectives, in: *Academy of Management Review*, 28(3), 383–396.
- Hillman, A.J./Cannella, A.A./Paetzold, R.L. (2000): The resource dependence role of corporate directors: strategic adaptation of board composition in response to environmental change, in: *Journal Management Studies*, 37 (2), 235–256.
- Hillman, A.J./Withers, M./Collins, B.J. (2009): Resource dependence theory: a review, in: *Journal of Management*, 35 (6), 1404–1427.
- Hillman, A.J./Zardkoohi, A./Bierman, L. (1999): Corporate political strategies and firm performance: indications of firm-specific benefits from personal service in the US government, in: *Strategic Management Journal*, 20(1), 67–81.
- Howard, M.D./Withers, M.C./Tihanyi, L. (2017): Knowledge dependence and the formation of director interlocks, in: *Academy Management Journal*, 60 (5), 1986–2013.
- Jeżak, J. (2014): Corporate Governance as a Concept in Evolution (The Case of Poland), in: *Journal of Positive Management*, 5(1), 43–53.
- Knoben, J./Oerlemans, L.A.G./Krijkamp, A.R./Provan, K.G. (2018): What Do They Know? The Antecedents of Information Accuracy Differentials in Interorganizational Networks, in: *Organization Science*, 29(3), 471–488.
- Koenig, T./Gogel, R. (1981): Interlocking directorates and corporate networks, in: *American Journal of Economics and Sociology*, 40, 1, 37–50.
- Kogut, B. (2012): *The Small Worlds of Corporate Governance*. Cambridge: MIT Press.
- Lamb, N.H./Roundy, P. (2016): The “ties that bind” board interlocks research: a systematic review, in: *Management Research Review*, 39(11), 1516–1542.
- Le, S. A./Kroll, M. J./Walters, B. A. (2011): Stages of Corporate Governance in Transition Economies, in: *Journal of Business Strategies*, 28(2), 151–176.
- Lobrij, M./Kaptein, M./Lückerath-Rovers, M. (2020): What national governance codes say about corporate culture, in: *Corporate Governance*, 20(5), 903–917.
- Martin, G./Gözübüyük, R./Becerra, M. (2015): Interlocks and firm performance: The role of uncertainty in the directorate interlock-performance relationship, in: *Strategic Management Journal*, 36(2), 235–253.
- Mintz, B./Schwartz, M. (1985): *The Power Structure of American Business*. Chicago: University of Chicago Press.
- Mizruchi, M.S. (1996): What Do Interlocks Do? An Analysis, Critique, and Assessment of Research on Interlocking Directorates, in: *Annual Review of Sociology*, 22, 271–298.

- Mizruchi, M.S./Stearns, L.B. (1988): A longitudinal study of the formation of interlocking directorates, in: *Administrative Science Quarterly*, 39, 118–140.
- Mizruchi, M.S./Stearns, L.B./Marquis, C. (2006): The conditional nature of embeddedness: a study of borrowing by large US firms, 1973–1994, in: *American Sociological Review*, 71(2), 310–333.
- Młokosiewicz, M./Misiak-Kwit, S. (2017): The Impact of Trust on Entrepreneurship in Poland, in: *Journal of Entrepreneurship, Management and Innovation*, 13(4), 79–95.
- Non, M./Franses, P-H (2007): Interlocking boards and firm performance: evidence from a new panel Database, in: Discussion paper, TI 2007–034/2 Tinbergen Institute.
- Nowak, O. (2012): Corporate Governance Networks and Interlocking Directorates in the Czech Republic, in: *International Journal of Mechanical and Industrial Engineering*, 6 (11), 3081–3085.
- Noyes, E./Brush, C./Hatten, K./Smith-Doerr, L. (2014): Firm network position and corporate venture capital investment, in: *Journal of Small Business Management*, 52(4), 713–731.
- Ornstein, M. (1984): Interlocking Directorates in Canada: Intercompany or Class Alliance?, in: *Administrative Science Quarterly*, 29, 210–231.
- Ozsvald, É. (2014): Corporate Governance in Central Eastern Europe – a Comparative Political Economy Approach, in: GRINCOH Working Paper Series, Paper No. 7.03
- Palmer, D. (1983): Broken Ties: Interlocking Directorates and Intercompany Coordination, in: *Administrative Science Quarterly*, 28, 40–55.
- Palmer, D.A./Friedland, R./Singh, J.V. (1986): The ties that bind: organizational and class bases of stability in a corporate Interlock network, in: *American Sociological Review*, 51, 781–796.
- Palmer, D.A./Jennings, P.D./Zhou, X. (1993): Late Adoption of the Multidivisional Form by Large U.S. Corporations: Institutional, Political, and Economic Accounts, in: *Administrative Science Quarterly* 38, 100–131.
- Pawlak, M. (2007): Composition of the Boards of Polish Joint Stock Companies, in: *Management*, 2(3), 189–201.
- Pawlak, M. (2010): An interlocking-directorates monitoring system, in: *Journal for Perspectives of Economic Political and Social Integration*, 16(1–2), 121–154.
- Pfeffer, J./Salancik, G. R. (1978): *The External Control of Organizations: A Resource Dependence Perspective*. New York: Harper and Row.
- Phan, P.H./Lee, S.H./Lau, S.C. (2003): The performance impact of interlocking directorates: the case of Singapore, in: *Journal of Managerial Issues*, 15(3), 338–352.
- Richardson, R.J. (1987): Directorship interlocks and corporate profitability, in: *Administrative Science Quarterly*, 32(3), 367–386.
- Robins, G./Alexander, M. (2004): Small worlds among interlocking directors: network structure and distance in bipartite graphs, in: *Journal of Computational and Mathematical Organization Theory*, 10 (1), 69–94.
- Rowley, T./Behrens, D./Krackhardt, D. (2000). Redundant governance structures: An analysis of structural and relational embeddedness in the steel and semiconductor industries, in: *Strategic Management Journal*, 21(3), 369–386.
- Sankowska, A./Siudak, D. (2016): The small world phenomenon and assortative mixing in Polish corporate board and director networks, in: *Physica A*, 443, 309–315.



- Sapinski, J.P./William K. C. (2018): Interlocking directorates and corporate networks, in: Nölke, A./May, C. (ed.), *Handbook of the International Political Economy of the Corporation*, chapter 3, pages 45–60, Edward Elgar Publishing.
- Sarkar, J./Sarkar, S. (2009): Multiple board appointments and firm performance in emerging economies: evidence from India, in: *Pacific-Basin Finance Journal*, 17(2), 271–293.
- Shrader, C.B./Hoffman, A.N./Stearns, T.M. (1991): Agency directors and network centrality: an examination of resource dependencies, in: *Journal of Managerial Issues*, 3(1), 46–61.
- Shropshire, C. (2010): The role of the interlocking director and board receptivity in the diffusion of practices, in: *Academy of Management Review*, 35, 2, 246–264.
- Sicilia, C./Sallan, J.M./Simo, P. (2016): The Spanish corporate structure through interlocking directorates, in: *Cuadernos de Gestión*, 16(1), 63–84.
- Simoni, M./Caiazza, R. (2012): How does learning intent affect interlocking directorates dynamic?, in: *The Learning Organization*, 19, 5, 388–399.
- Siudak, D. (2020). The Influence of Interlocking Directorates on the Propensity of Dividend Payout to the Parent Company, in: *Complexity*, 202, 1–16.
- Sonquist, J./Koenig, T. (1975): Interlocking directorates in the top US corporations, in: *Insurgent Sociologist*, 5, 196–229.
- Stankiewicz-Mróz, A. (2019): Influence of Interlocking Directorates on Integration after the Acquisition of Warsaw Stock Exchange – Listed Companies, in: *Sustainability*, 11(6955), 2–22.
- Światowiec-Szczepańska, J./Zdziarski, M. (2016): Position in Corporate Network, Performance and Strategic Risks, in: *Management Issues*, 4(64), t.2, 157–176.
- Światowiec-Szczepańska, J./Zdziarski, M./Małys, Ł. (2018): *Sieci korporacyjne spółek giełdowych w Polsce. Analiza zasobów relacyjnych w ujęciu strukturalnym*. Warszawa: PWN.
- Szalacha-Jarmużek, J./Pietrowicz, K. (2018): Missing Causality and Absent Institutionalization. A Case of Poland and Methodological Challenges for Future Studies of Interlocking Directorates, in: *Economics and Sociology*, 11(4), 157–172.
- Szymańska, A./Włodarczyk, P. (2012): Przedstawicielstwo pracownicze w radzie spółki w krajach członkowskich Unii Europejskiej, in: *Studia Prawno-Ekonomiczne*, 86, 333–353.
- Tomka, B. (2001): Interlocking Directorates of Banks and Industrial Companies in Hungary at the Beginning of the Twentieth Century, in: *Business History*, 43(1), 25–42.
- Useem, M. (1984): *The Inner Circle: Large Corporations and the Rise of Business Political Activity in the US and UK*. New York: Oxford University Press.
- Uzzi, B. (1996): The Sources and Consequences of Embeddedness for the Economic Performance of Organizations. The Network Effect, in: *American Sociological Review*, 61, 674–698.
- Valeeva, D./Heemskerk, E. M./Takes, F. W. (2020): The duality of firms and directors in board interlock networks: A relational event modeling approach, in: *Social Networks*, 62, 68–79.
- Vissak, T. (2010): Recommendations for Using the Case Study Method in International Business Research, in: *Qualitative Report*, 15(2), 370–388.
- Weimer J./Pape J.C. (1999): A Taxonomy of Systems of Corporate Governance, in: *Corporate Governance: An International Review*, 7(2), 152–166.

- Westphal, J.D./Seidel, M.-D.L./Stewart, K.J. (2001): Second-order imitation: uncovering latent effects of board network ties, in: *Administrative Science Quarterly*, 46, 4, 717–47.
- Windolf, P. (2002): *Corporate Networks in Europe and the United States*. New York: Oxford University Press.
- Yeoh, P. (2007): Corporate governance models. Is there a right one for transition economies in Central and Eastern Europe ?, in: *Managerial Law*, 49(3), 57–75.
- Yin, R.K. (2014): *Case Study Research Design and Methods* (5th ed.). Thousand Oaks, CA: Sage.
- Zaheer, A./Bell, G.G. (2005): Benefiting from Network Position: Firm Capabilities, Structural Holes, and Performance, in: *Strategic Management Journal*, 26, 809–825.
- Zdziarski, M. (2018): In Search for Small-World Network at New Connect, in: *Journal of East European Management Studies*, 23, 1, 89 – 105.
- Zona, F./Gomez-Mejia, L. R./Withers, M. C. (2018): Board Interlocks and Firm Performance: Toward a Combined Agency-Resource Dependence Perspective, in: *Journal of Management*, 44(2), 589–618.