

THE PRESENCE OF INTERLOCKING DIRECTORATES IN LATIN AMERICA: A COMPARATIVE OVERVIEW

Abstract

The focus of this paper is to analyze the literature about how corporate elites tend to create collaborate ties among them through the establishment of shared directors who sits on more than one board. This manuscript also aims to find a place for Latin America in the current academic global discussion about these interlocking directorates (IDs), their presence, structure, configuration and reasons to exist. We conducted a literature review over 35 papers focused on IDs research and established four categories according to their most relevant findings. Then, we describe how these findings connect with the recent IDs research in Latin America. Finally, those four categories and the description of main findings on this organizational field permitted us propose six different metrics through which we can explain how the evolution of the global IDs research was, and its main comparative characteristics between Latin America and abroad. We found that Latin America have their own challenges for control and management because of family and small firms concentration, and due to its turbulent business environment as well. Furthermore, we described how Latin America start to take part of IDs research later than other regions in the world and how the use of technology foster research efforts in this field and opens new paths for worldwide comparative studies.

Key Words

Interlocking directorates, corporate governance, corporate network.

Introduction

Any individual or collectivity is naturally embedded in social relations (Granovetter, 1985). Is through these social relations that different types of ties between entities are created (Granovetter, 1973) and these connections can establish a way to relate not just individuals, but can create ties among collectivities as well, making possible to manage a two mode relationship (Breiger, 1974). The whole picture represented by the entities (individuals or collectivities) and their correspondent connections is called network (Granovetter, 1976).

From the stand of the Resource Dependence Theory (Pfeffer and Salancik, 1978) it is strongly appointed the resource need of organizations for their survival and performance. But the simple presence of a network is not enough to ensure having benefits from it. In order to get access to the benefits of a network is necessary to identify what kind of resources are available from it, and most important, get noticed about strategic and valuable resources that aren't able in the internal sources of the organization (Hitt, Ireland, Camp and Sexton, 2001). The group of valuable resources that a firm could obtain from its network is called social capital (Adler and Kwon, 2002; Parkhe, Wasserman and Ralston, 2006) and the organization have to do a proper mobilization of this social capital according to the surrounding conditions of the business environment (Kwon and Adler, 2014).

Another point of view comes from Travers and Milgram (1969) who observed networks as a complex structure of social relations defined by length between entities, it means the distance from one point to another; and clustering level, that implies network transitivity (Canyon and Muldoon, 2006). The connectedness of actors through these social relations are related to a maximum of six steps or separation degrees, constituting the "Small World" theory (Travers and Milgram, 1969).

As Breiger (1974) said, a network could be form, not just by individuals, but by collectivities as well. Firms are collectivities, and they are related to each other by interorganizational relationships through, for instance, their board of directors. A corporate network is created when boards of different companies establish connections between them through business relationships where many resources such as information, trust, knowledge or access to capital may be found, and these relationships occur when a director sits on two different boards and opens the availability of new resources for each firm (Haunschild and Beckman, 1988; Shipilov, Greve and Rowley, 2010) or the possibility of control and coordination between them (Boyd, 1990; Mizruchi, 1996; Palmer, 1983; Salvaj and Lluch, 2010; Lluch, Salvaj and

Barbero, 2014). Furthermore, the formation of an ID may be due to individual interests of the directors (Zajac, 1988) or classwide influence against the logic business criteria (Useem, 1984).

The relevance of this study is to understand how firms manage their decisions and collaborate with their business community to deal with uncertainty in turbulent environments, through the creation of IDs with other organizations.

A review about the presence and formation of IDs in Latin America is also important because most of the studies aim to this subject under stable conditions of the environment, for instance, U.S. or European countries (Lluch et al, 2014). But Latin America is a completely different environment for business forcing the organizations to prepare different strategies to survive and growth in this complex and turbulent environment under the high levels of uncertainty (Vassolo, De Castro and Gomez-Mejia, 2011). According to Jäger and Sathe (2014), this region has weak and ineffective governments, small and inefficient non-profit organizations and many cultural problems for develop sustainability strategies.

Main Objective

The focus of our research is to propose an organization of the IDs worldwide research and then include the Latin America IDs research into it. According to this, we propose the following research question: How was the comparative evolution of the academic research in Latin America and other regions related to IDs field until 2015?

This literature review will contribute to the extent of corporate network literature and to maintain an open discussion over the characteristics, benefits and advantages in creating interlocking directorates, and how firms can manage these corporate relationships in turbulent business environments.

Methodology

We had conducted an extended review over 35 IDs related papers in order to analyze their main findings, categorized them and compare those findings between Latin America and research focused on other regions.

The literature results of IDs are organized under four principal statements: (1) A descriptive analysis of IDs, (2) how IDs relate to firm outcomes, (3) how is the structure of corporate networks, and (4) a comparative analysis between these corporate networks.

Finally, we exhibit our results by six metrics: (1) publications per year, (2) Latin America focused publications against other regions, (3) concentration of Latin America focused publications over time, (4) year gap between samples periods and IDs publication release, (5) concentration of IDs research according to its main findings and, (6) comparative proportion of IDs publications according to their main findings.

Literature Review

Descriptive Analysis of IDs

During the period of 1935 – 1965, Dooley (1969) identified five reasons for the existence of IDs over a sample analysis of 200 non-financial and 50 financial largest firms in the United States: (1) Size of the organization, the larger the firm, the higher the number of current interlocks; (2) Management control, that refers to the intention of controlling another companies activities creating IDs with them; (3) Financial interlocks, with a double reason for them, fulfilling the necessity of control over an indebted firm or having access to capital to ensure business activity continuity, as Davis and Mizruchi (1999) found in their study about how the role of banks evolved in the U.S. corporate network from 1982 to 1994, by changing their centrality in the structure; (4) Competition, even with the execution of Clayton Act of 1914, there are still many companies that had IDs with competitors firms in the same market, and (5) Local interest groups, where the most important issue is to keep the unity and integration of an strategic group of firms, related one to each other through shared directors (Dooley, 1969). So, interlocks were created as mechanisms to deal with the uncertainty of the environment, making possible for the organization to respond accordingly to the context demands (Pfeffer, 1972).

There is possible to find many types of directorate interlocks such as when it cares about the organization goals and are created to introduce into the firm new valuable resources from the environment; or as an opposite trend, another figure of interlock is an alliance class one, where the most important issue is to support an elite group or some classwide statements in order to maintain the corporate network integration or to follow individual or group's interests

(Richardson, 1987; Phan, Hoon Lee and Chi Lau, 2003). In addition to this, another trend is what Zajac (1988) called as a personal advancement model for the director, where his decisions are driven by personal professional interests. An analysis of Mizruchi (1996) demonstrated that there are five main determinants for the creation of interlocking directorates, some of them are focused on firm's outputs purposes and others just serve directors interests. The first group considers some determinants such as Collusion, appointed by Dooley (1969) too as a Competition factor, where two or more organizations create these corporate ties to take an illegal advantage and execute some bad practices in the market; Cooptation and monitoring, also referred by Dooley (1969) as Management control, where firms get together through an interlock to share resources and decrease the level of uncertainty that they have to deal with or to gain control and supervision of other organization; and Legitimacy, when the composition of the board, gained by the formation of interlocking directorates, enhances the reliability of the firm in the business community. Additionally, in the United States the establishment of interlocking directorates between competing firms is prohibited by law, according to the Clayton Act of 1914 (Dooley, 1969; Mizruchi, 1996; Zajac, 1988). On the other hand, inside the group of determinants for build corporate ties oriented to director self-interests are Career advancement, stated also by Zajac (1988), when a director is interested in creation an interlock just for the purpose of boost him professional career; and Social cohesion, exhibited also by Dooley (1969) as Local interest groups and by Useem (1984) as the Inner Circle, where directors want to maintain the affiliation with a corporate elite (Mizruchi, 1996). In addition to this perspective, Zajac and Westphal (1996) found over a sample of 491 large firms in the United States during the period 1985-1992 that the reason for create an interlock obeys mostly to the CEO's influence and interests, looking for maintain his or her intraorganizational power through the manipulation of interorganizational interlocks, when CEO's decisions of who will be part of the board depends of the control level that he or her wants for the firm. Following this, Fracassi and Tate (2012) indicated that powerful CEO's tend to search among directors well-connected to them in order to appoint those executives to integrate the board. The result of this manipulation of the board's composition is a weaker monitoring action over the CEO and its business decisions.

In an opposite view of Management control (Dooley, 1969) and Cooptation and monitoring (Mizruchi, 1996), is the non-intended action of creating an interlock to facilitate Formal coordination that exhibited Palmer (1983) in a study about the continuity of broken corporate

ties over time, were most of the interlocks accidentally broken in his sample were not reconstituted again.

The effects of IDs on firm behavior differ over time, as a consequence of the changing markets and professional techniques evolution, how firms adapt their decisions to this evolution and the volatility of the environment conditions (Mizruchi, Brewster S and Marquis, 2006). In addition to this, the role of a high central actors in the corporate network could possible change in the future, as happened with banks in the U.S. during the period 1982-1994 (Davis and Mizruchi, 1999).

How IDs are related to Firm Outcomes

Corporate Control Outcomes

The presence of an interlock in the relationship between two firms are enough to know that their behavior will be affected by this corporate tie (Mizruchi, 1996). Some of the consequences of creating IDs are corporate control and network embeddedness. Corporate control ensures having an influence in the decision-making process of another firms or the capacity of monitoring their business activities and obtain critical information from them, considering also that this board's control role may be segmented through an interlocks manipulation of CEO, according to his or her personal motivations to attain power (Zajac and Westphal, 1996) or to have less resistance to his or her business decisions from the board (Fracassi and Tate, 2012). Network embeddedness is referred to the effect of firm's social relations in their strategic business decisions, using the corporate network as a big scan for the environment situation and consequently adapting its initiatives to it (Mizruchi, 1996). Interlocks also act as a reliable conduits for information facilitating the diffusion and the adoption process of different institutional practices through the organization (Shipilov et al, 2010; Shropshire, 2010) but the likelihood of this transmit of knowledge depends on some director's characteristics and other firm's conditions (Shropshire, 2010). An example of this was appointed by Haunschild and Beckman (1988) using 1981-1990 period data over 327 medium and large firms (and its interlocked business community) in the United States, where they found that IDs are useful sources of information for acquisitions firm's decisions when the focal organization do not have any other substitute source for this resource. So, according to this, the importance of interlocks as information enablers depends on which other sources of information are available to access. Furthermore, when another source of information exists and it have a complementary

action for interlocks (carrying non-redundant information), the importance of IDs increases for the focal firm (Haunschild and Beckman, 1998).

A study over 550 firms in Germany demonstrated that there is a relevant influence of the ownership network structure on organization's decision-making process referring to mergers and acquisitions activities (Kogut and Walker, 2001). Fracassi and Tate (2012) found that also in a paper where firms that had directors with external-ties to the CEO usually decide for more acquisitions, but these decisions finally destroyed value of the firm. A subsequent research of Cai and Sevilir (2012) proved that M&A transactions between interlocked firms have different consequences for the acquirer and the target. They found that these M&A transactions between first-degree connected boards (when acquirer and target have a shared director sited on both boards) tends to favor the acquirer obtaining higher announcement returns, because of the asymmetric information that it have in the face of other bidders and the possibility of bargaining for a lower price, considering also that costs derived from banks or advisors will be less. Quite the opposite occurs in M&A transactions among second-degree connected boards (when both firms have a same director who sits on a third board), where this kind of connectedness seems to favors the value creation from the whole transaction (Cai and Sevilir, 2012).

Profitability Outcomes

In a study with 204 Canadian corporations during the period 1963 – 1968, was appointed the difference between two types of inter-organizational directorship interlocks, one focused in fulfill its inter-organizational objectives and another one committed to an integration function (Richardson, 1987). Considering this, in the specific relationship between a non-financial firm and a financial one, was the non-financial corporation who obtained positive effects on its profit performance as a result of the replacement of broken ties in its corporate network, following its inter-organizational functions too. The second type of interlocks, according to Richardson (1987), are unrelated to firm profit performance. Furthermore, an analysis over a sample of 191 joint-stock firms in Singapore by the end of 1997, also exhibited these two types of corporate networks, a directors group who search for valuable resources and other elite group who search for maintain their classwide influence in the business community (Useem, 1984), and how these two interlock trends are related to firm performance (Phan et al, 2003). According to this research, those directors who wants to attain power and influence through their corporate relationship tends to create interlocking directorates in the intra-industry range, causing a null

effect on firm performance and having a negative collusion risk also; while boards who are interested in capture strategic resources for the firm mostly rely on inter-industry interlocks, generating a positive impact on organizational results. Consistent with this is the research of Larcker, So and Wang (2013) where over a sample of 115,411 directors in the United States they established that well-connected boards have a positive result on firm's performance.

Environmental Related Outcomes

In a research about board composition and number interlocks over a sample of 147 companies from different industries in the United States, Boyd (1990) found that firms tends of increase the number of their interlocking directorates and reduce the size of their boards to deal with environmental uncertainty and scarce of resources. Then, these firms were concentrated in maintain directors with a high level of corporate linkages (Boyd, 1990). This was also previously mentioned by Pfeffer (1972) in a study over 80 large firms in the United States at 1969, where a precise presence of interlocks according to the environmental needs was related to positive firms' performance. Nevertheless, from a study of 3,745 manufacturing firms in the United States, during the period 2001–2009, it results demonstrated that IDs do not reduce the uncertainty that a firm have to deal with, but they are capable to enhance firm performance and bring positive effects to it under the presence of high levels of uncertainty in the business environment (Martin, Gözübüyük and Becerra, 2015). The level of uncertainty has a moderator role in the relationship between the position of these executive ties inside the corporate network (centrality degree and structural holes) and organization's performance. So, uncertainty works as an enabler for the benefits of having IDs in the organization's board, not as a reason for create them, as was found also previously by Larcker et al (2013) that well-connected boards will improve organizational performance especially in firms who are facing adverse situations. These findings are consistent with Beckman, Haunschild and Phillips (2004) research where firms that were facing individually specific uncertainty did not looked for expand their corporate network structure.

Another way to confront the business environment is to seek for influence in the political decision-making process of the organizations. According to Mizruchi and Koenig (1991), the presence of IDs between larger firms inside of a concentrated industry is related to similar political decisions, where both firms support and make economic contributions to the same candidates.

Financial Decisions Outcomes

Interlocking directorates are also presented as mechanisms related to some specific financial outputs such as financial company periodically reports. According to Chiu, Hong Teoh and Tian (2013) as a finding of their study of 118 firms in the United States during the period 1997-2001, the social contagion effect flows through corporate network making possible that a non-manipulator firm changes into one because of the presence on its board of a shared director from a manage earnings organization. In the opposite way, a non-manipulator firm who do not have any interlock with an earnings manager one is less likely to acquire this bad practice (Chiu et al, 2013). Another financial output that is related to the director's social capital is his or her compensation level. In a study over 460 firms of Fortune 1000 in the United States by 1987, the findings appointed that if a firm is a diversified one, it strongly needs for its directors' networks and tends to give a better compensation for it (Geletkanycz, Boyd and Finkelstein, 2001). So, following this, the salary of a much diversified firm's board with multiple interlocks will be higher than boards with few interlocks and less diversification initiatives. In other cases, as was showed by Mizruchi et al (2006) in their research over 140 large firms in the United States in the period 1973-1994, the effect of corporate ties on firms' finance behavior is historically contingent, it means that in this 22-year period, these firms demonstrated a less progressive use of IDs on financial decisions as a consequence of the professionalization of finance activity, also the internalization of this activity and the changes in the business environment (Mizruchi et al, 2006). These findings are consistent with a previous research where Mizruchi and Brewster S (1988) demonstrated that firms tend to seek to have a financial representative on its board when they are facing solving deficiencies or long-term debt increase, and this decision will allow them to have access to sources of capital, increasing the likelihood of borrowing from financial institutions (Mizruchi and Brewster S, 1994). In addition to this, some factors of the economic environment such as demand for capital or expansion phases of the business cycle are also positively related to arrange financial appointments. Additionally, in response to the conditions of the environment, in times of economic crisis, financial institutions are likely to demand presence in non-financial boards in order to be able to monitor their investments (Mizruchi and Brewster S, 1988).

Structure of Corporate Networks

New, Broken and Renewed Corporate Ties

Regarding the structure of interlocks, a broken interlock occurs when the common director who acts as a relationship agent between two firms disappears from any of them (Palmer, 1983). As it was observed in a research over 1,131 firms in the United States during the period 1962-1964, the majority of IDs accidentally broken were not reconstituted again by the organizations. So, according to his analysis not all the broken ties will be renewed, it will depend on the firm's intentions, requirements and strategic goals (Palmer, 1983). In addition to this the formation and reconstitution of interlocks might be influenced by who are or will be the director's companions in the board. According to Conyon and Muldoon (2006), major interlocked directors tend to sit in boards where other highly interlocked ones are. This can be demonstrated in a study over the elite corporate network of 100 businesses, 109 nonprofit organizations and 98 government committees in the United States, where nonprofit organizations, specially charities and foundations, seem to have a lower integration and central degrees than business and government sectors, where major firms are important actors and have high-profile directors in their boards (Moore, Sobieraj, Allen Whitt, Mayorova & Beaulieu, 2002).

Firms prefer to reinforce their interlocks with their actual network partners when they are facing collectively market uncertainty (Beckman et al, 2004), it means search to create new director ties between already interlocked organizations, altering their corporate network structure.

According to Salvaj (2013), Chile maintained its corporate network structure from 1969 to 2005, but inside of this network, participants changed their roles many times. This network keeps its cohesion through change in the regulations from the government, entry of multinational companies or the capital market development, but its actors play different roles inside of it. For instance, at the beginning of the period analysis, banks were central participants with a high degree of intermediation centrality, but later, after the economic crisis of 1982 and the open market global phenomenon, banks left this role to local business groups and some multinational firms. So Chilean corporate network in that period is a good example of how a group of firms can have a high global centrality degree, but a weak role as intermediaries connectors inside this network (Salvaj, 2013). The case of Chile proves the resilience of the structure for interlocking directorates inside of an emerging economy, but finally, the value of

the cohesiveness of a business network comes when the firms' decisions took different paths, some for responsible behavior and others for collusion or other bad practices in the market (Salvaj, 2013). On the other hand, Silva et al (2006) found that interlocking directorates in 2000 in Chile are not enough useful as family ties inside firms to improve performance in the organization. This finding represents an unexpected one because family ties were always looked as inefficient mechanisms of control (Silva et al, 2006). According to Silva et al (2006), in this kind of situation, an interlocking directorate seems to be there just to ensure an expropriation process or to fulfill some legal requirement of the firm.

Interlocks Network Measures

In a study over 166 firms in the United States by 1904, Mizruchi and Bunting (1981) found that a measure of network centrality, the total number of interlocks related to an organization, could be improved in order to reveal firm's influence if only strong ties are selected for the analysis and considering also the direction of the corporate interlocks. But later, Palmer (1983) demonstrated in his research (1962-1964 period) that is not enough knowing the network tie direction to find the balance of power (influence) between two interlocked firms. These two contradictory findings reinforce the idea of Mizruchi et al (2006), where the effects of social ties could vary across time. Later analysis showed that this centrality measure is time contingent, because firms that were highly central in a period, can exhibit a different centrality with the pass of the years, according to the changes of the business environment or the organizations' strategies (Davis and Mizruchi, 1999). However, despite of the volatility over time of this centrality measure, the interlocks network seems to have an intrinsic property to maintain structural characteristics of the entire corporate network. Because of that, any possible removal of main central boards or highly connected directors from the network will not produce major modifications on the corporate network structure, proving its resilience to external changes of the corporate governance factors (Davis, Yoo and Baker, 2003).

Interlocks Network Graphics

To analyze the network structure, besides centrality measures, is possible also the use of graphs in order to clarify the whole relations inside of this network. Doing random graph models based on the "small world" phenomenon, considering transitivity and length measures, Conyon and

Muldoon (2006) proved that these kind of network analysis instruments are good enough to understand the relationships between boards of directors and a possible way to name a network structure as properly “small”. Conyon and Muldoon (2006) used in this analysis a network constructed positioning directors as nodes and shared board memberships as the edges (or connections) between them. Another “Small World” research by Kogut and Walker (2001) denoted a different way to draw an ownership network structure, taking firms as the basic unit of analysis (being the vertices) and the common owner as the line between them, connecting a pair of firms. In this study Kogut and Walker (2001) emphasized in the robustness of the structure that allow it to endure over time, despite the globalization effects on the country’s economic environment.

Firms usually like to work together and because of that they look for cohesive business environments where collective goals would be enforced, trust would be developed, there would be less opportunistic spirit and permits the flow of valuable and new information between organizations (Lluch et al, 2014). According to Lluch et al (2014), there could be more than one mechanism for cohesion when an interlocking directorate is created. In their study, Argentina for instance, at the beginning of 1970s, presented a cohesive corporate network graphic considering three major business mechanisms: (1) identity by ethnic condition, (2) family relationships and (3) relationships to a common government agent who was present in many boards, called *syndic*.

Comparative Analysis between Corporate Networks Structures

In a study over 1,733 firms in the United States, 2,236 firms in the United Kingdom and 2,354 Germany firms, Conyon and Muldoon (2006) found strong similarities between the corporate network structures of these three countries, when they compared a random graph model based on the “small world” theory traits to the empirical correlations of data.

The creation of interlocking directorates might be appointed to obtain new valuable resources from this relationship, but this intention could be affected by the characteristics of the environment where IDs have to operate (Salvaj and Lluch, 2011). So, some factors such as institutional and political environment, the corporate structure of the organizations and the government policies tend to be crucial to the availability of those resources and depending on how these factors work in different countries, firms rely their confidence in IDs to build their corporate networks (Salvaj and Lluch, 2010). According to Salvaj and Lluch (2011), Argentina

and Chile, two countries with similar type of capitalism, have very different corporate network structures mainly because of two factors: (1) the political and economic situation in the country and (2) the ownership structures of the firms involved in this business network. They found that Argentina's corporate network structure was fragmented and, by the other hand, the Chilean network showed a lot of cohesiveness between organizations, so this mean that Argentinean firms trust less on these board relationships than Chilean ones (Salvaj and Lluch, 2010; Salvaj and Lluch, 2011). As they studied the business network situation of both countries by the end of 1960s, the characteristics of the environment analyzed in their research correspond to the level of uncertainty in that period. In addition to this, Salvaj and Lluch (2011) emphasize in their research that their results present a country with weak institutions like Argentina on that period, who don't rely on IDs as a substitute action to deal with that weakness. Finally, they found also that ownership structure of firm play a significant role into the corporate network structure as it was observed in Chile during 1970 where banks and local business groups are the central connectors making possible for Chilean business community to use its corporate network as a mechanism for control and coordination; meanwhile in Argentina the strong connected ones were the organizations nearest to the government strategic objectives. (Salvaj and Lluch, 2010; Salvaj and Lluch, 2011). Furthermore, the professional background of the most-connected directors inside the corporate network could be different also for each country. Argentinean well-connected directors tend to be lawyers, government offices and accountants, meanwhile for Chile these directors are mostly businessmen (Salvaj and Lluch, 2010). By the early of 1970s, there was a change in the corporate network in Argentina where business groups act as a connectors in this network, establishing business ties with other dispersed firms through the creation of interlocking directorates (Lluch et al, 2014). This business groups' behavior generates more cohesiveness inside the corporate network in Argentina in this period and sets a new role for these firms groups. One same thing remains, the most relevant linkers in the Argentinean corporate network during 1970-1972 are still professionals, technicians or *syndics*, but not businessmen (Lluch et al, 2014).

Considering the situation of another two Latin American countries, Mexico and Brazil, at the beginning of 1890, Musacchio and Read (2007) found that corporate interlocks are more common in Mexico, where formal institutions are weak or inefficient and organizations have to support their growth on informal institutions like interlocking directorates, in order to have proper access to important resources for their new ventures or initiatives. On the other hand, the Brazilian corporate network seems to be more fragmented and this structure implies that

firms don't have a strong necessity of these corporate ties, because the formal institutions in Brazil were facilitating access to capital and good market conditions for the business community. (Musacchio and Read, 2007).

Discussion

According to Figure 1, there is a concentration of IDs publications since 2006 and ahead. This can be a result of a renew interest about boards management because of the Enron economic fraud and its impact in the global business community.

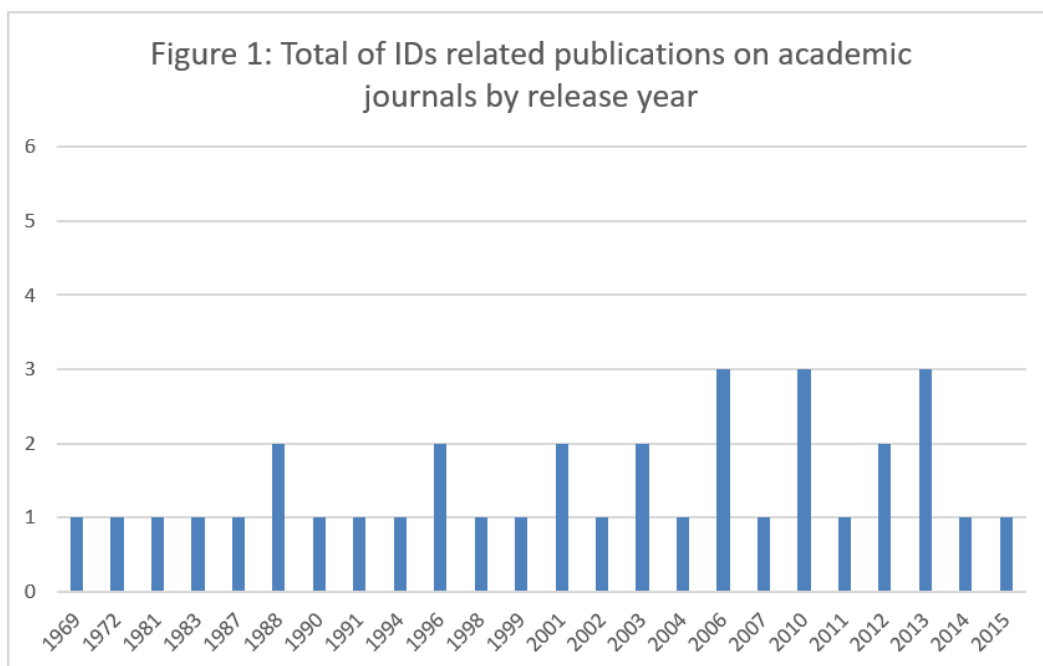


Figure 1. Total of IDs related publications on academic journals by release year. Own elaboration.

As we appointed before, the quantity of IDs literature in Latin America is fewer than the number of studies in other regions in the world. From our literature review, we found only 6 papers with focus on Latin American countries, while 29 are from other regions. We show this disproportion of research in Figure 2.

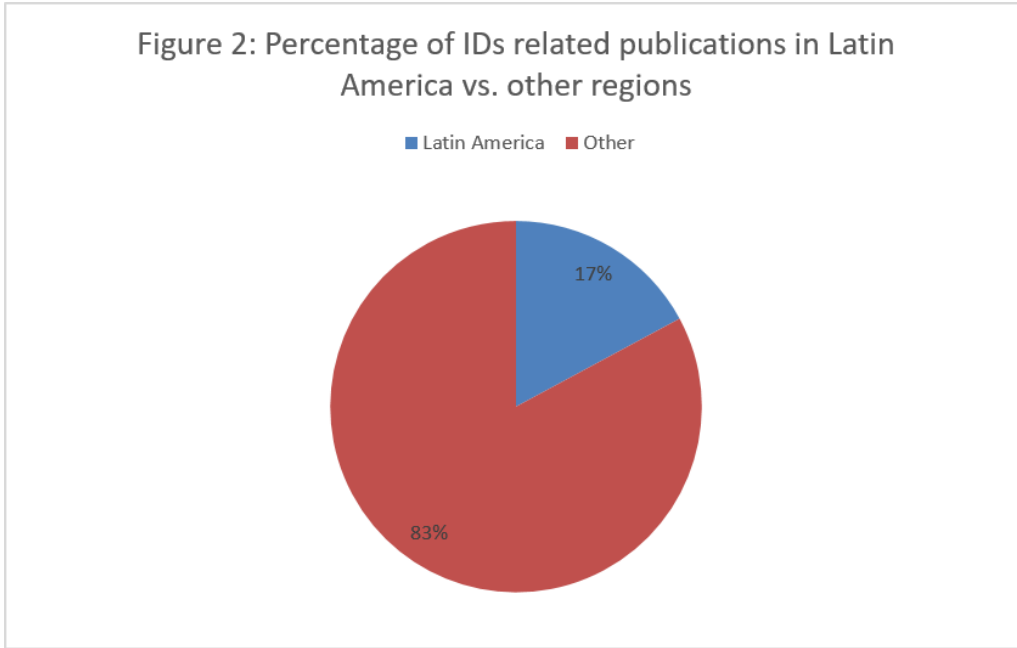


Figure 2. Percentage of IDs related publications in Latin America vs. other regions. Own elaboration.

Figure 3 demonstrates the recent interest in Latin America for IDs research, where there are publications just since 2005 and in a moderate number.

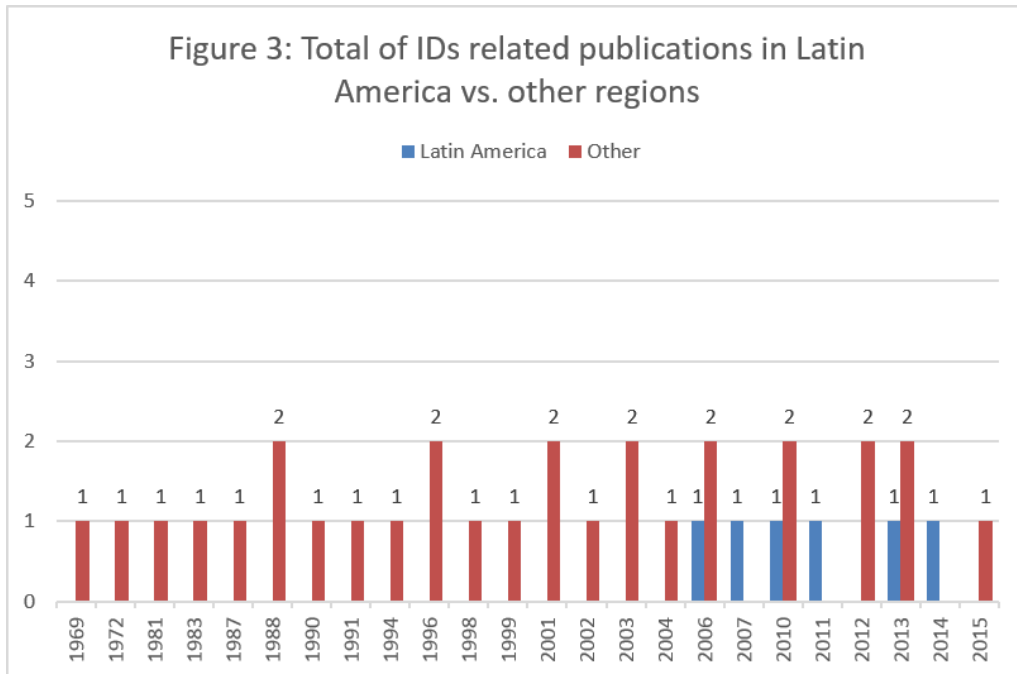


Figure 3. Total of IDs related publications in Latin America vs. other regions. Own elaboration.

IDs research around the world is following an appropriate tendency in the use of data. This can be demonstrated in Figure 4, understanding the last year behavior of the sample used in every empirical IDs research in a timeline. Just in two of the cases the data used were older, as we can observed in 1981 and 2007 publications.

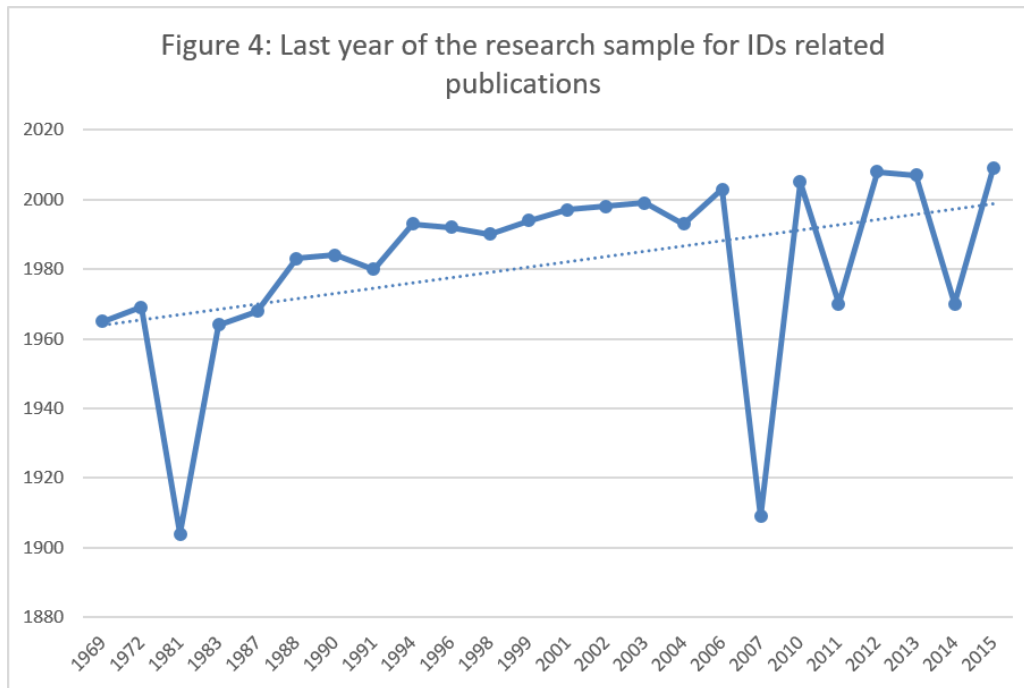


Figure 4. Last year of the research sample for IDs related publications. Own elaboration.

According to the focus of IDs publications, we found a concentration of firm outputs and descriptive related papers in by 60's until 90's and then, a growing interest in structure and comparative related publications in the recent years. This distribution of papers' interests over time can be observed in Figure 5, and we think is related to two reasons: (1) a better understanding of IDs phenomenon where the structure and prior configuration of the network leads to different characteristics and organizational outputs; and (2) the assistance of the information technology in the networks field of research.

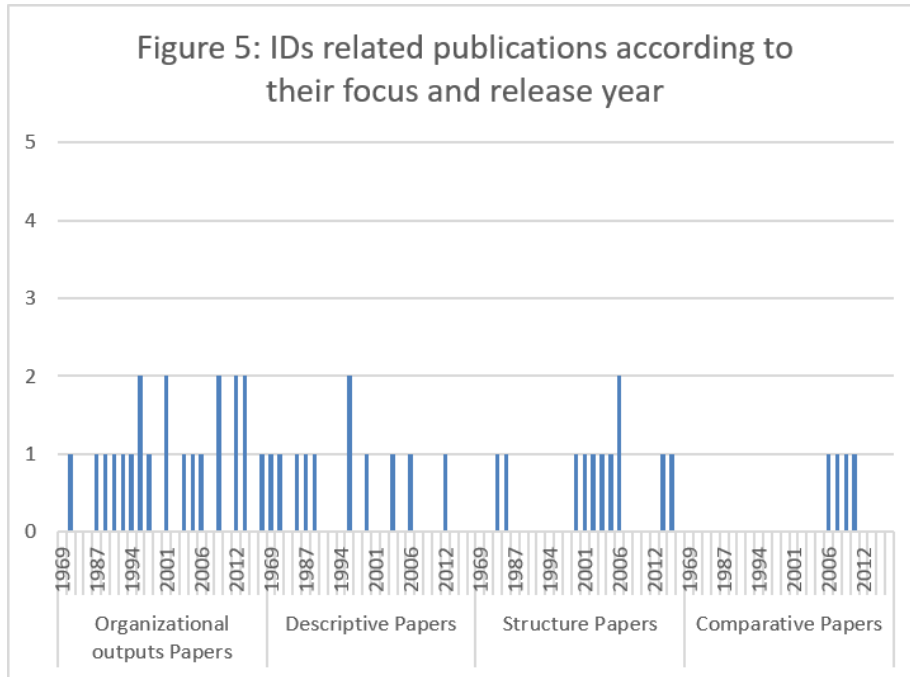


Figure 5. IDs related publications according to their focus and release year. Own elaboration.

Finally, Figure 6 displays the IDs publications focus share over the total of analyzed papers, where we found that networks tend to perceive strongly related to different organizational outcomes such as financial decisions, deal with the uncertainty of the environment, profitability improvement and corporate control.

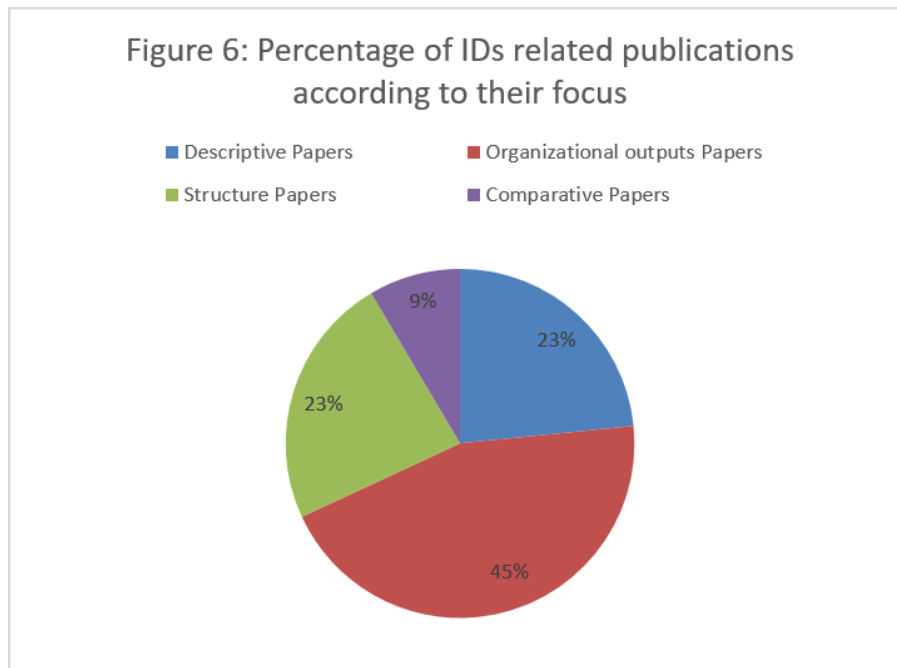


Figure 6. Percentage of IDs related publications according to their focus. Own elaboration.

Conclusions

We propose four categories to a proper classification of IDs studies according to their main findings

IDs seems to be closely related to positive impact on firm performance when these corporate relationships follows the resource dependence statements or the growth objectives of inter and intra-industry business community. When these director ties aim to preserve the status of an elite group or are oriented to fulfill integration goals, they do not have any effect on organization performance.

IDs research exhibited multiple gaps between Latin America and other regions, mainly because this corporate governance field matured before in Europe and United States and later in Latin America. However, every region had their own business particularities, regulations and several laws trying to shape to way IDs corporate networks grow, such as Clayton Act issued in the United States, which represents a truly important change over the separation between governance and ownership.

Latin America have their own opportunities and risks managing the distance between control and ownership inside organizations, because of the high presence of family firms, informal markets and institutional voids.

Technology development facilitated the incursion inside of a new study field: metrics and structural characteristics of networks. Network software permit calculate useful measures about actors position, density, quantity of links, among others. Through these research also can explore quantitative and comparative studies between countries, regions, and so far.

Finally, research focused on Latin America has major presence since 2000's, oriented mostly to comparative and structural studies. The latest participation of Latin America region in the research worldwide dialogue shows a growing interest of scholars from that region about the structure, characteristics and evolution of their corporate elite networks.

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