

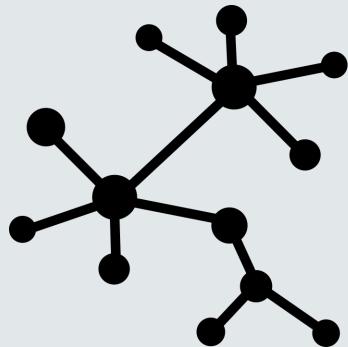
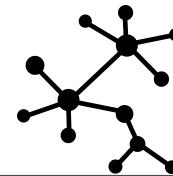
Where is the Global Corporate Elite?

A large-scale network study of local and non-local interlocking directorates

**Eelke M. Heemskerk
Frank W. Takes
Javier Garcia-Bernardo
M. Jouke Huijzer**

**ISA 57th Annual Convention 2016
March 2016, Atlanta, USA**

**Panel: Studying transnational elites:
challenges and approaches**



CORPNET

University of Amsterdam

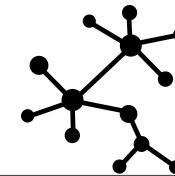
Research question:

What are the features, origins and power political consequences of corporate governance networks in modern economic life?

Paper available at:

CORPNET . UVA . NL

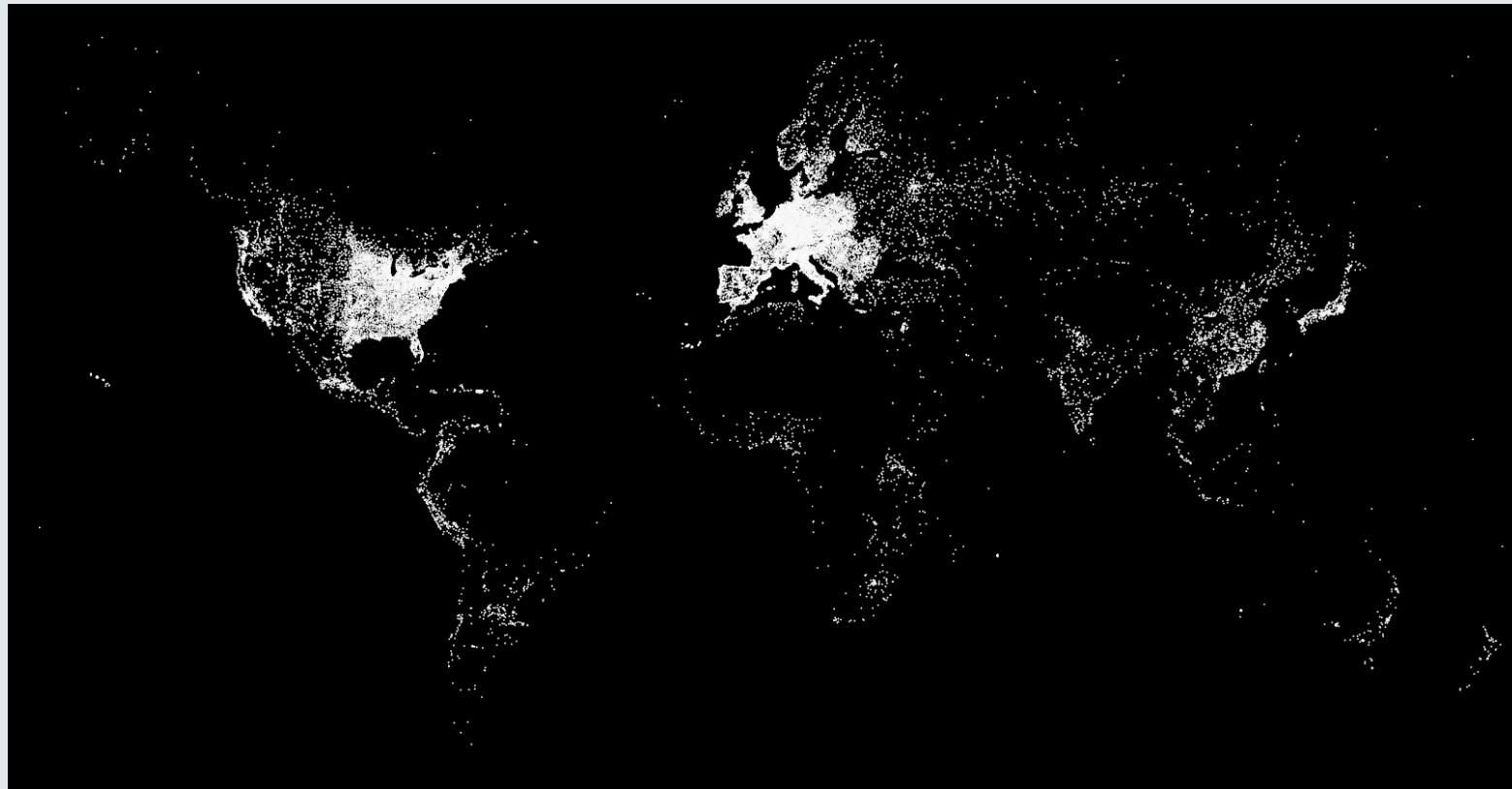




Transnational Corporate Elites

- **Transnational Capitalist Class formation**
 - Ongoing debate on Transnational Capitalist Class Formation
 - ‘we are witness to an emerging transnational hegemony, the emergence of a new historic block that is global in scope and based on the hegemony of transnational capital’ (Robinson 2004)
 - But much literature ’drew on a mixture of anecdotal evidence and theoretically informed speculation’ (Burris and Staples 2012)

Largest 1 million firms across the globe

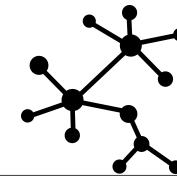


Heemskerk & Takes 2016, New Political Economy

Are connected through shared directors

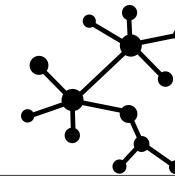


Heemskerk & Takes 2016, *New Political Economy*



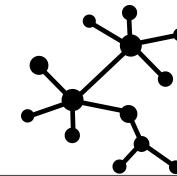
Why we should not study transnational elites

- Assumption is that transnational corporate elites emerge when their networks transcend national borders
- ‘Transnational’ is always defined in relation to the ‘National’
- Led to a fruitless search for transnational elites that ‘stand free’ from national business networks



Local and non-local ties

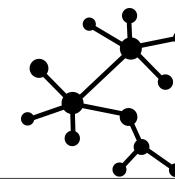
- Our goal: to develop a theoretical and empirical approach that leaves behind the a priori focus on the nation state
- Use the distinction between **local** and **non-local** ties (Kono et al 1998)
- From this perspective, we may see two developments:
 - A reorganisation from the local to the non-local
 - **But what is local for corporate elites changes as well**



Our approach

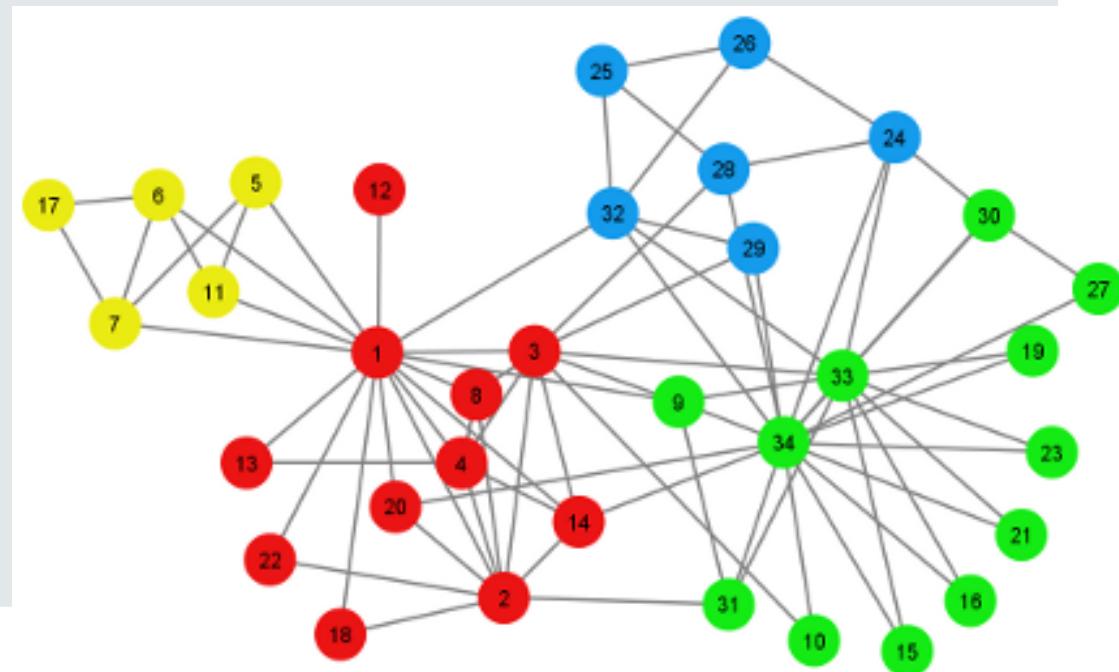
- We want to study global corporate elite networks without assuming the nation state is crucial
- What is local (and non-local) is to be inferred from the empirical, rather than forced upon the empirical
- We accept that what is local may differ across various areas of the world

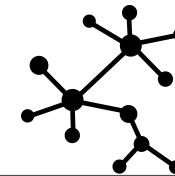
- We use community detection as a means of locating local and local ties based on the properties of the elite network (modularity maximization)



Community detection

- Non overlapping node subsets connected more strongly with each other
- We take communities as a definition of the local

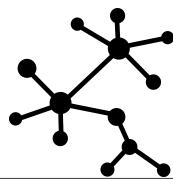




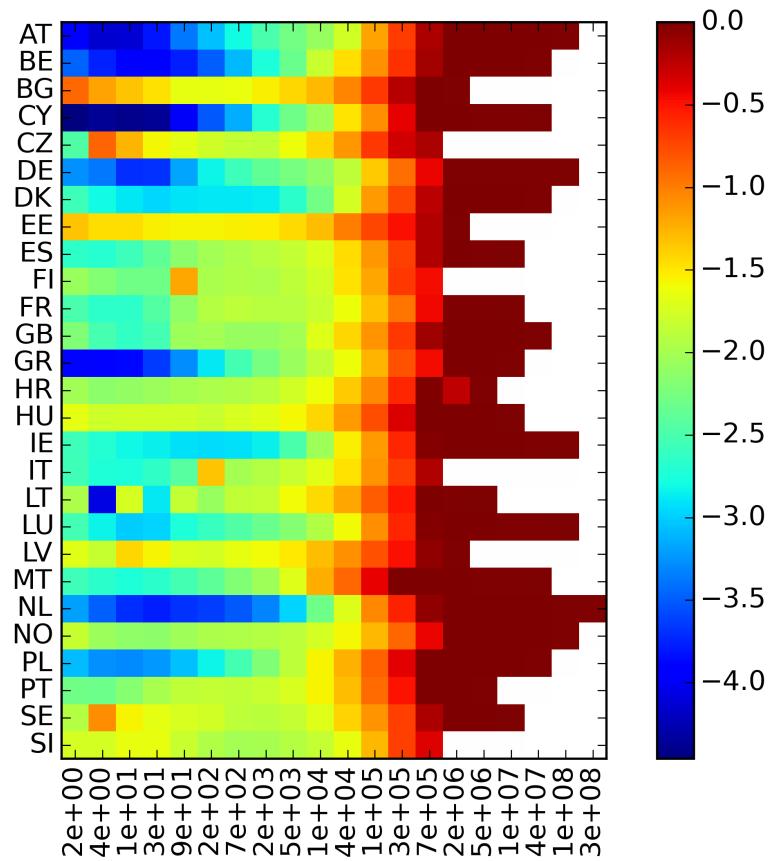
Global network of board interlocks

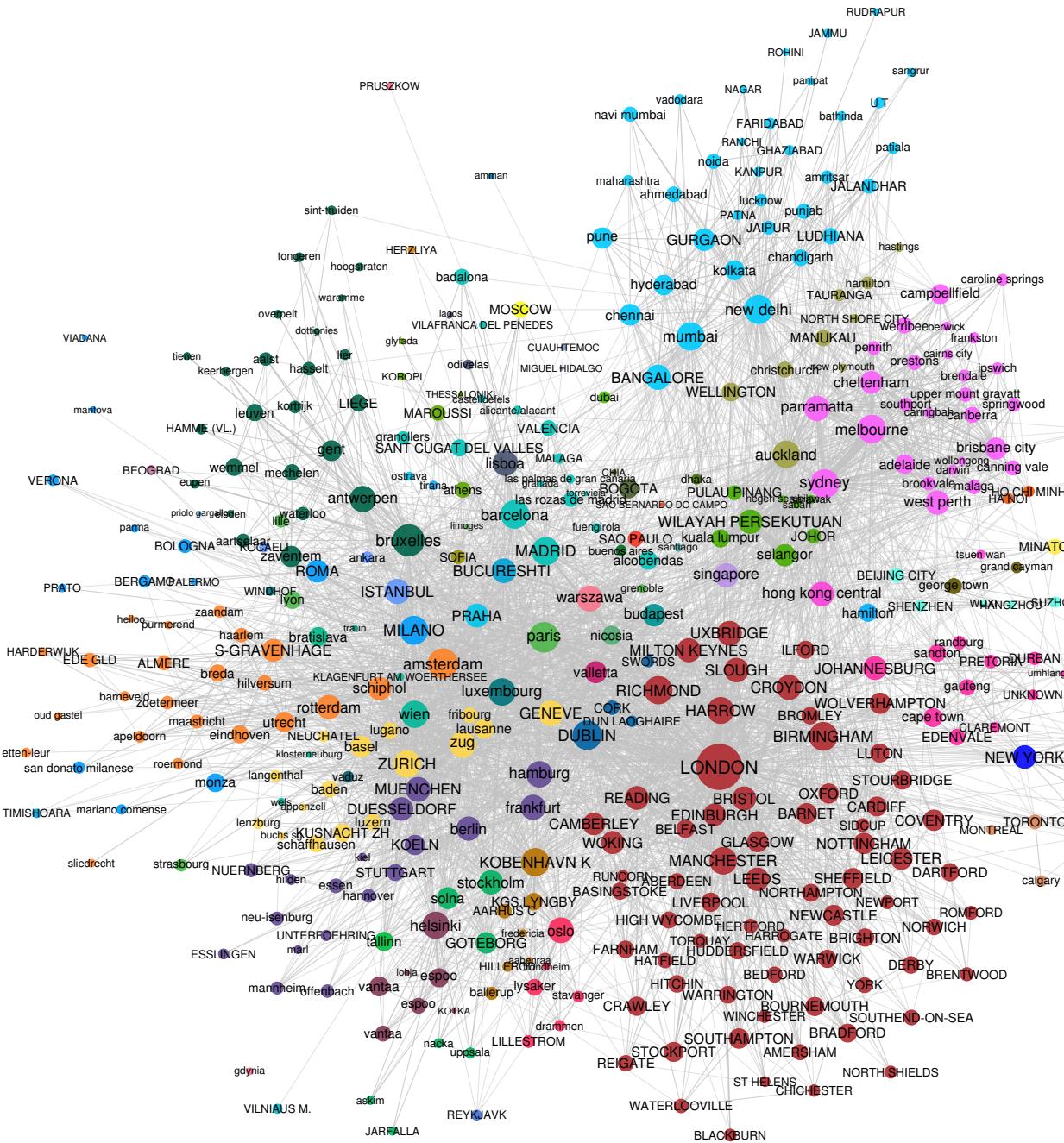
- We study the worldwide network of interlocking directorates (firms share senior management)
- Universe: set of 18 mio firms that share a senior level director; total 8 mio directors. Sourced from ORBIS
- Largest connected component = 5.3 mio firms connected through 37 mio board interlocks

- Aggregate to city level: 24,747 cities worldwide
- Modularity maximization finds 14 communities



Data Quality





Top-10 cities in the city network according to degree and betweenness centrality

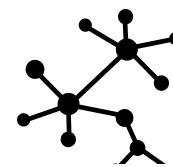
Table 1: Top-10 cities in the city network according to degree and betweenness centrality

	Degree Centrality	Betweenness Centrality
	London	London
	Paris	Sao Paulo
	Madrid	Paris
	Bruxelles	Madrid
	Milano	Moscow
	Luxembourg	Melbourne
	Barcelona	Sydney
	Wien	Bruxelles
	Amsterdam	Wien
	Dublin	Barcelona



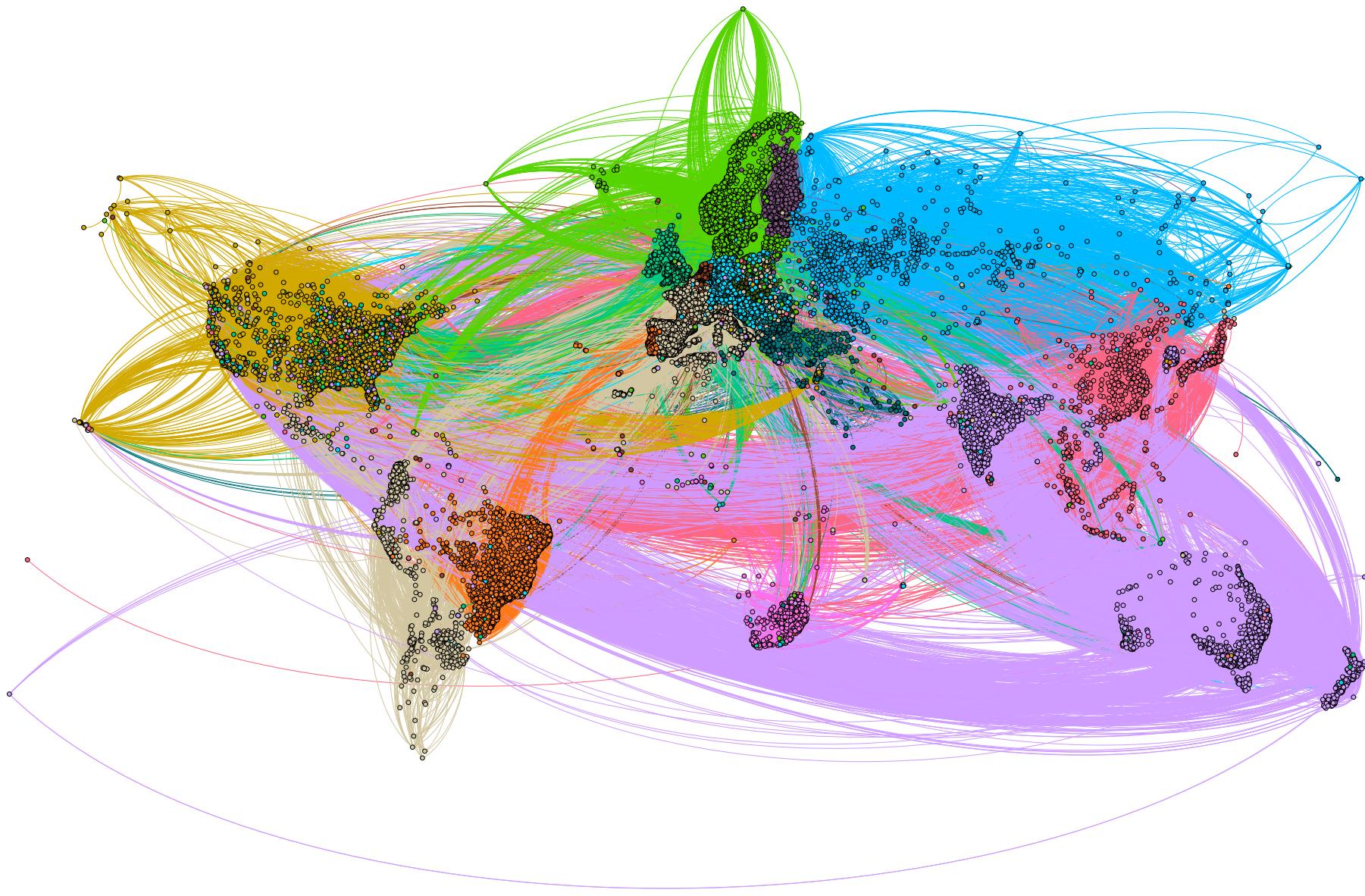


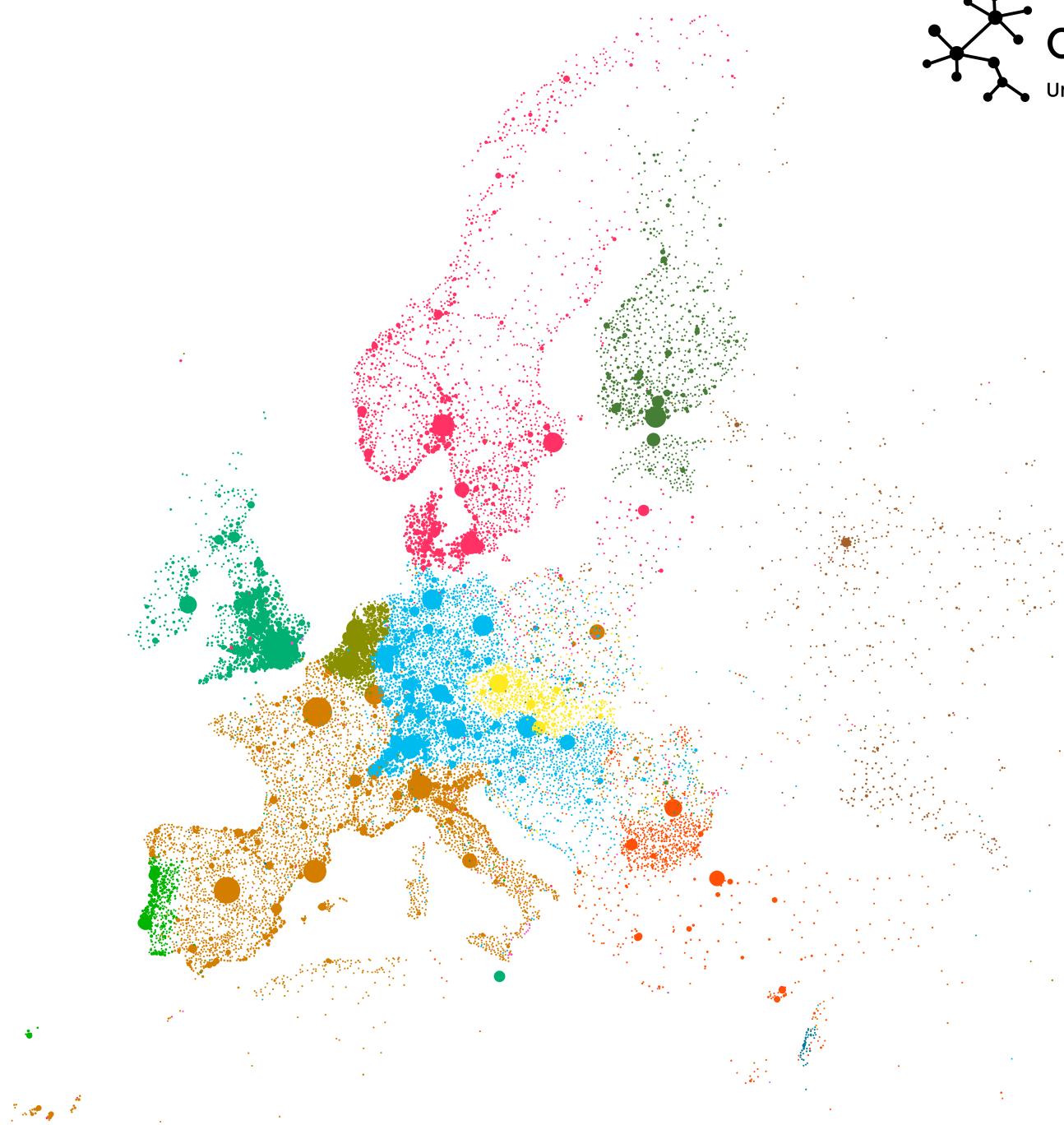
UNIVERSITY OF AMSTERDAM

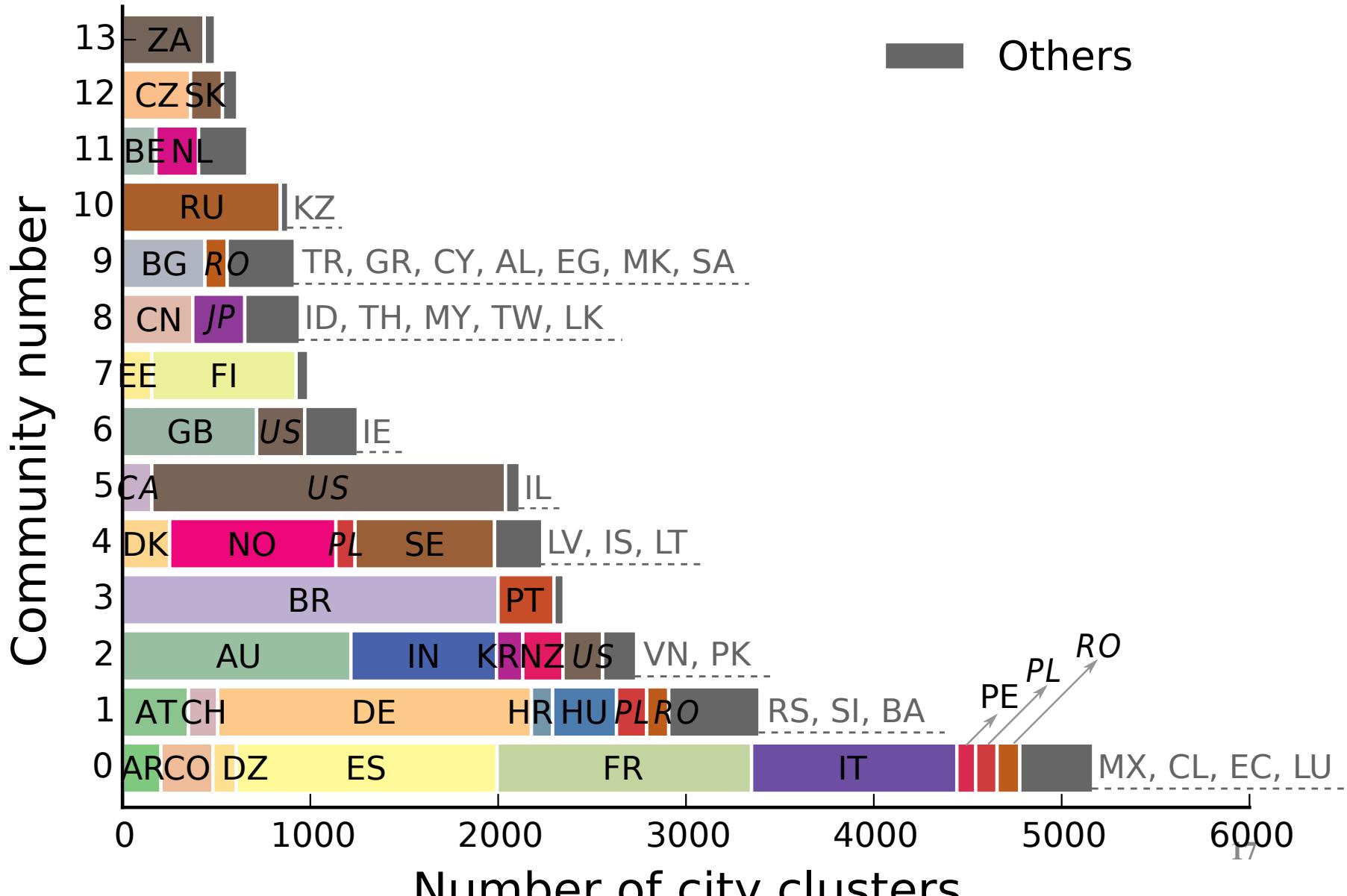


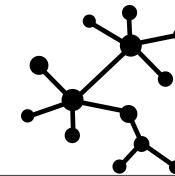
CORPNET

University of Amsterdam



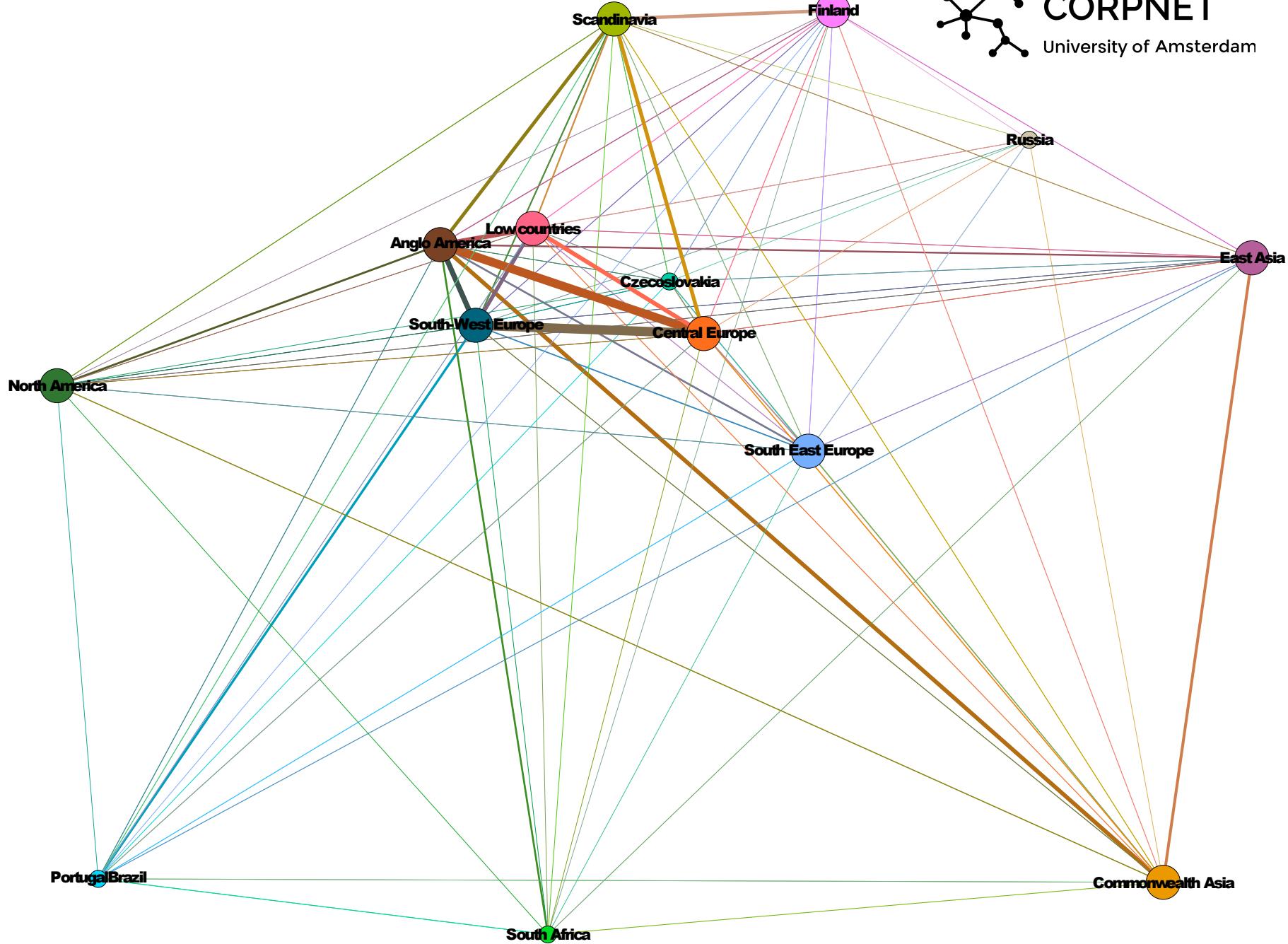


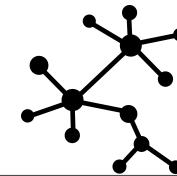




First findings

- National borders still play a crucial role for the organisation of corporate elite networks
- The community structure echoes state delineations long gone
- Lion share of the network is within communities
- There is considerable heterogeneity in the level of elite organization across different regions in the world

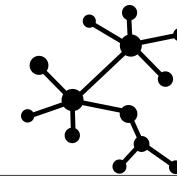




Some more findings

- Lion share of networking takes place within communities
- Outside Europe, connections are primarily regional in nature
- What is local for corporate elite differs across the globe

- The study of corporate elites needs to be sensitive to levels of organisation that go beyond (or below) the confines of nation states



Whats next?

- Investigate how community structure correlates with trade flows and trade blocks; conflict; ownership network etc.
- Closer inspection of the non-local network. We would expect to see that corporations from certain sectors have more transnational interests
- Relate to the world city network literature and investigate city centrality at the local and at the non-local level