

Interlocking Directorates through Club and School Ties: Structure and Political Action.

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Why Social Networks? I

Social Capital

- Party whip creates correlations between issues
- Corporate political action in UK has externalities.
- Collective action problems create incentive to free ride.
- Intercorporate networks can internalise externalities associated with corporate political action.

Why Social Networks? II

Elite Power

- Social groups use corporations as vehicles to promote sectional interests.
- Social networks can indicate which social groups are controlling corporate political action

Links between corporate directorates

- Interlocking directorates usually measured by the existence and number of shared directors on boards.
- Corporations that have overlapping directorates can share information and/or attempt to influence each other.
- Could bias similarities toward bureaucratic influences.
- Boards not only place directors meet.
- Schools and clubs also sites of mutual influence and interaction between directors.

Corporations as actors

- It is uncontroversial that directors have clear social identities.
- Are those identities reproduced at the level of the corporation?
- If corporate identities mirror individual identities it could mean either that directors segregate themselves according to their social backgrounds or that some social identities have greater weight in corporate political decision making.

Data

- Largest 500 corporations in 97-98 financial year.
- Data collected from Who's Who, Who Was Who, Who's Who in Scotland and DeBretts.
- Information collected on secondary school directors attended and club membership.

Sociomatrices

- Two sociomatrices created.
- Corporation by corporation matrices through club and school ties.
- There are k corporations, m directors and n clubs/schools. Define \mathbf{A} as a $k \times m$ corporation by director matrix and \mathbf{B} as a $m \times n$ director by club/school matrix. The club/school matrices are defined in the following way:
$$\mathbf{C} = \mathbf{AB}$$
$$\mathbf{D} = \mathbf{CC}^t$$
 \mathbf{D} is a $k \times k$ corporation by corporation club/school tie matrix.

Results

- The two networks were simultaneously partitioned into structurally equivalent blocks using Concor.
- Three splits produced seven blocks.

Club blocks- Mean value table

	1 (128)	2 (91)	3 (81)	4 (19)	5 (27)	6 (36)	7 (118)
1	.65	.28	.29	.06	.002	.001	.00
2	.28	.62	.35	.27	.00	.00	.00
3	.29	.35	.28	.21	.00	.00	.00
4	.06	.27	.21	1.49	.004	.00	.00
5	.002	.00	.00	.004	.003	.00	.00
6	.001	.00	.00	.00	.00	.002	.00
7	.00	.00	.00	.00	.00	.00	.00

School blocks- Mean value table

	1 (128)	2 (91)	3 (81)	4 (19)	5 (27)	6 (36)	7 (118)
1	.05	.04	.1	.04	.02	.02	.00
2	.04	.04	.06	.04	.02	.02	.00
3	.1	.06	1.1	.21	.02	.01	.00
4	.04	.04	.21	.14	.03	.02	.00
5	.02	.02	.02	.03	.05	.003	.00
6	.02	.02	.01	.02	.003	.03	.00
7	.00	.00	.00	.00	.00	.00	.00

Examples of Social Identities of Blocks-Clubs

All	Block 1	Block 2	Block3	Block4
RAC 89	RAC 63	MCC 50	Whites 21	New 17
MCC 81	Brooks's 50	Boodles 36	Boodles 18	Royal & Ancient 11
Brooks's 78	Athenaeum 46	RAC 17	MCC 18	Hon Co of Edin Golf 11
Athenaeum 58	Garrick 26	Hurlingham 14	Brooks's 16	Caledonian 6
Boodles 58	Oxford and Camb 20	Brooks's 12	Athenaeum 12	Royal Mid-Surrey Golf 4
Garrick 36				
Whites 33				
Oxf & Camb 30				
New 28				
Royal and Ancient Golfing 24				

Examples of Social Identities Schools

All	Block 1	Block 2	Block3	Block4
Eton 94	Marlborough 15	Marlborough 8	Eton 83	Glasgow Acad 5
Marlborough 30	Winchester 12	Charterhouse 7	Winchester 13	Edinburgh Academy 4
Winchester 27	Shrewsbury 8	Sedbergh 6	Harrow 12	Haileybury 3
Charterhouse 23	Charterhouse 6	Canford 5	Charterhouse 8	Several tied at 2
Harrow 18	Eton 6	Radley 4	Marlborough 7	
Rugby 14	Clifton 6			
Glasgow Acad 11				
King sch Birm 11				
Several at 10				

Proportion of multirelational blocks that made donation in 97-98

Block		1	2	3	4	5	6	7	χ^2
Yes	%	4	3	15	5	4	3	0	25.78 df=6 p<.01
	n	5	3	12	1	1	1	0	
No	%	96	97	85	95	96	97	100	
	n	123	88	69	18	26	35	118	

Proportion of multirelational blocks that made donation in 95-96

Block		1	2	3	4	5	6	7	χ^2
Yes	%	10	43	80	17	0	25	33	51.60 df=6 p<.01
	N	15	6	8	4	0	2	2	
No	%	90	57	20	83	100	75	67	
	N	142	8	2	19	28	6	4	

Conclusion

- Extra market social similarities/ties are associated with corporations' propensities to make corporate political action.
- The association varies across different social relations.
- 'Upper Class' social similarities/ties are most associated with corporate political donations.
- Move toward a more general political sociology of business political activity. Find functional equivalents to schools and clubs in other countries.