

Central and Edge Areas in China's Interlocking Directorate Network: A Status Indicator Approach

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Abstract

This research focuses on interlocking directorates in China, exploring their geographic distribution and dynamic movements from 2000 to 2012. Specifically, we aim to differentiate between central and edge areas in China and examine the relationship between levels of marketization and the importance of a city/province in the interlocking directorate network. Our sample consists of 31 province-level administrative divisions in China. During the sample period, we observed a significant increase in the size of the interlocking directorate network in China, with more connections among different cities and provinces. To differentiate between central and edge areas, we developed a status indicator based on network centrality measurements (degree, closeness, and betweenness) and the total number of public firms in each city/province. Our regression results show a direct correlation between centrality measurements and the marketization index of a city/province, which encompasses factors such as government intervention, maturity stages of product, intermediary and factor markets, development of non-state-owned enterprises, and development of legal systems. As the level of marketization increases in China, there is a corresponding increase in information diffusion and connections among business firms. Overall, this research sheds light on the evolving interlocking directorate network in China and highlights the importance of marketization in shaping the network's structure and dynamics.

Keywords: centrality, city/province, geographic distribution, marketization, social networks