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A SYSTEMATIC REVIEW OF DIRECTOR NETWORKS: TYPES OF NETWORKS AND THEIR SIGNIFICANCE IN CORPORATE GOVERNANCE

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Abstract: *This paper summarizes the existing knowledge in director networks and proposes unexplored avenues for future research. The objective of this study is to present a comprehensive analysis of the current state of research on director networks. The investigation involved the examination of 238 articles accessible through the Web of Science database (WoS) and 487 articles indexed by Scopus, all published between 2020 and 2022. The results highlight the significant impact of director networks on citation counts and the quality of publications in the context of firm performance. The literature is categorised based on keywords. The findings also pinpoint areas where additional research is needed, focusing on governance systems, influencing factors, and various geographical settings. Furthermore, this research identifies potential revisions to the guidelines for corporate board members, particularly concerning political governance.*

Keywords: *Social Network, Corporate Governance, Director Network, Board Interlock.*

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Introduction

In recent years, many companies have been actively working to enhance their competitive advantages to ensure the sustainability of their businesses, particularly in the post-pandemic era of COVID-19 (Jamaludin & Azizan, 2022). One of the primary concerns is the impact of corporate social networks on the sustainability of these companies. Recent studies have demonstrated the significant influence of corporate social networks on company sustainability in various aspects, including assurance practices and reporting disclosure (Afeltra et al., 2022; Z. Li et al., 2022), ethical and environmental behaviour of companies (Homroy & Slechten, 2019), corporate social network practices (Naciti et al., 2022), and the advantages of a strong network position (H. Zhao, 2022).

The function of directors within firms is not only crucial in today's corporate governance landscape, but it is also closely related to an extensive network of relationships and affiliations (Andersen et al., 2022). Directors, frequently regarded as stewards of shareholders' interests, develop relationships and networks that extend beyond the boardroom, playing an important role in determining a company's strategic direction, decision-making processes, and governance (Cheong et al., 2022). These networks, informally known as "director networks," are complex structures of official and informal ties that cover a wide range of interactions among directors both within and beyond enterprises.

The impact of director networks extends far beyond corporate boardrooms. They have an impact on organizational governance and performance, affect strategic decisions, and act as conduits for resource exchange and information diffusion (Hayati & Puri, 2020). Furthermore, the structure and dynamics of director networks can have ramifications for topics such as corporate social responsibility, diversity and inclusion, and ethical governance in the larger social and economic context.

To gain a full understanding of director networks, which play a crucial role in corporate governance, it is necessary to develop a comprehensive framework that encompasses their development, evolution, and roles (Dal Magro & Klann, 2020; M. Fang et al., 2022; Hudson & Morgan, 2022). The literature clarifies distinct categories of network structures, namely formal and informal networks, with a particular focus on their historical development and the impact of social networks on the process of appointments. Director networks play a crucial role in facilitating the transfer of knowledge and exerting influence over business policies (Amin et al., 2020; Park & Bolton, 2022). However, the presence of problems arise, particularly in the form of conflicts arising from overlapping directorships, which can have a significant impact on corporate decision-making (Can Aktan & Aras Uygur, 2022; Togan Egrican, 2021). Persistent ethical concerns, namely in the realm of diversity and inclusion, have prompted a need for additional research into the representation of gender and ethnicity.

The Enron crisis and similar real-world events serve as illustrations that shed light on the tangible consequences of director networks in relation to strategic decision-making and business performance (Fang et al., 2022; Hoitash & Mkrtchyan, 2022). Although progress has been made, there are still areas of research that have not been fully explored. These areas provide opportunities to investigate the influence of digital transformation, globalisation, and governance reforms on director networks. Additionally, it is important to examine how these factors intersect with emerging ideas such as corporate social responsibility and sustainability. The bridging of these gaps holds significant importance in the advancement of our

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comprehension of director networks and the enhancement of contemporary corporate governance practises.

Literature Review

Understanding Director Networks: Formation, Evolution, and Functions

Director networks, as intricate structures of interlocking relationships, play a central role in the realm of corporate governance. There are efforts to establish a comprehensive conceptual framework for comprehending director networks, encompassing their formation, evolution, and functions. The literature reveals that director networks primarily take two forms: formal and informal. Formal networks comprise the relationships between boards of directors and executive committees, while informal networks encompass social and professional relationships that extend beyond the organization's boundaries. Li (2021) and McClane and Nili (2021) emphasize the historical evolution of director networks in the United States, tracing the development of interlocking directorates. Further, El-Khatib and Joy (2021) and Fang et al. (2021) highlight the importance of social networks in director appointments and the subsequent influence of these relationships on firm performance.

The functions of director networks are manifold. For instance, Downar et al. (2021) and Hayati and Puri (2020) demonstrate that director networks facilitate knowledge transfer, offering a conduit for the exchange of industry-specific insights and strategic ideas. Additionally, Idris and Saridakis (2020) assert that director networks can significantly influence executive compensation and firm policies. However, director networks are not without their challenges, and the next objective delves into these issues.

Challenges and Ethical Considerations in Director Networks

Challenges and ethical considerations associated with director networks are critical facets of contemporary corporate governance. These networks often raise questions concerning conflicts of interest, as directors may simultaneously serve on multiple boards, leading to potential tensions between their fiduciary responsibilities. Research by Dal Magro and Klann (2020) and Hudson and Morgan (2022) points out that overlapping directorships can impact mergers and acquisitions and corporate governance decisions, shedding light on the intricate conflicts embedded within director networks.

Ethical considerations become particularly salient when examining diversity and inclusion within director networks. Studies by Allemand et al. (2022) and Amini and Toms (2021) emphasise the importance of board diversity in mitigating agency problems and enhancing governance. However, concerns persist regarding the lack of gender and ethnic diversity in director networks, warranting further investigation into inclusivity and representation within these networks.

Real-World Case Studies: Practical Implications of Director Networks

Real-world case studies provide a practical lens through which to understand the implications of director networks (Fang et al., 2022; Hoitash & Mkrtchyan, 2022). These cases offer insight into how director networks influence strategic decisions, corporate performance, and the broader socio-economic landscape. An example is the Enron scandal, which showcased the profound impact of director networks on corporate governance, accountability, and the ethical dimensions of business. Further examination of cases like this can illustrate the tangible consequences of director network dynamics and decision-making processes.

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Identifying Research Gaps and Future Research Opportunities

Despite the growing recognition of the significance of director networks, several research gaps remain. Future research opportunities in this domain include exploring the impact of digital transformation and globalisation on director networks, as well as understanding the intersection of director networks with emerging concepts like corporate social responsibility (Dwekat et al., 2020; W. Zhao et al., 2022) and sustainability (Chughtai et al., 2021). Additionally, investigating the effectiveness of governance reforms and regulations in managing director network conflicts and promoting ethical conduct offers fertile ground for further research (Bednar et al., 2022; Dal Magro & Klann, 2020).

Overall, director networks are complex and influential structures that extend beyond the boardroom, shaping corporate governance and strategic decisions. The review of the literature highlights the multifaceted nature of director networks, emphasizing the need for a comprehensive conceptual framework, addressing challenges and ethical considerations, examining practical implications through case studies, and identifying research gaps to guide future studies in this evolving field of research.

Methodology

Systematic evaluations are currently the focal point of a critical ongoing global discourse. Unfortunately, the director's network review in Malaysia was based on a limited number of studies (Abdul Wahab et al., 2020; Jamaludin & Azizan, 2022; Lim et al., 2021). In the forthcoming section, this study outlines the methodology utilized to tackle the research questions raised by prior studies. This study is dedicated to exploring and thoroughly examining director networks from three distinct perspectives: (1) the type of director’s network and (2) the significance of director’s network in corporate governance. Subsequently, this section commences an in-depth scrutiny and synthesis of scientific literature, intending to identify, choose, and evaluate significant director network studies. Lastly, the primary objective of this study is to propose additional research initiatives as a means of addressing the challenges delineated in this article.

The Pre-recording Systematic Reviews and Meta-Analysis (PRISMA) methodology, widely recognized as the standard for conducting systematic literature reviews, is employed in this study. Essentially, publication guidelines have been established to aid authors in gauging the accuracy of a review by offering crucial and essential information. PRISMA also emphasizes the inclusion of randomized investigation assessments, which can be a crucial component in systematic analysis reports across various research types (Moher, Liberati, & Tetzlaff, 2009). Because of their robustness, this study utilized two databases to thoroughly examine its methodology: Web of Science and Scopus. Nonetheless, it is important to note that no database, including Scopus and WoS, is exhaustive and complete. This section also delves into the four primary sub-sections: identification, screening, eligibility, and data abstraction.

Identification

The systematic review process for selecting relevant papers for this report comprises three key phases. The initial phase involves identifying keywords and searching for related and synonymous terms using thesauri, dictionaries, encyclopaedias, and prior studies. Subsequently, after all pertinent keywords were determined, search strings for the Scopus and Web of Science databases were formulated as shown in Table 1. In the first stage of the systematic review process, the current research successfully retrieved a total of 725 papers from both databases.

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Table 1: The Research Strings

Scopus	TITLE-ABS-KEY (director AND "social network") AND (LIMIT-TO (PUBSTAGE , "final")) AND (LIMIT-TO (PUBYEAR , 2022) OR LIMIT-TO (PUBYEAR , 2021) OR LIMIT-TO (PUBYEAR , 2020)) AND (LIMIT-TO (LANGUAGE , "English")) AND (LIMIT-TO (SRCTYPE , "j")) Date of access: 7 February 2023
WOS	director AND "social network" https://www.webofscience.com/wos/woscc/summary/742db8b3-c771-43fb-9563-81948681c340-6e742926/relevance/1 Date of access: 7 February 2023

Screening

In the initial screening phase, duplicate papers were removed. The first stage of the study excluded 725 papers, while the second stage involved the screening of 170 papers based on various exclusion and inclusion criteria set by the scholars. The primary source of practical advice was literature in the form of research articles, which served as the initial criterion. The review also encompassed systematic reviews, reviews, meta-synthesis, meta-analyses, books, book series, chapters, and conference proceedings that were excluded from the most recent research. Additionally, the review was confined to publications in the English language. The timeframe for the study was the previous two years (2020-2022). To align with the research objective, only studies conducted within the general business administration were included. In total, 39 publications were excluded based on specific criteria as shown in Table 2.

Table 2: The Inclusion and Exclusion Criteria

Criterion	Inclusion	Exclusion
Language	English	Non-English
Timeline	2020- 2022	< 2020
Literature type	Journal (Article)	Conference, Book, Review
Publication Stage	Final	In Press

Eligibility

In the third phase, known as the eligibility phase, a total of 131 articles were compiled. During this stage, the titles and key content of all articles were meticulously assessed to ascertain their compliance with the inclusion criteria and alignment with the research objectives of the current study. Consequently, 74 reports were excluded because they did not meet the criteria for being empirical-based studies. As a result, a final set of 56 articles remains available for review as shown in Table 3.

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Table 3: The Summarized Findings

No.	Author	Title	Journal	Year	Findings
1	Xing, J., Zhang, Y., Xiong, X., & Li, G.	Covering or monitoring? Independent director connectedness and corporate fraud in China	China Journal of Accounting Research	2022	The monitoring impact hypothesis suggests that well-connected independent directors reduce fraud. Further analyses demonstrate that the effect is larger for enterprises with a bad legal environment, and substantial reputation incentives for independent directors, and audit committee members. This study also examines an economic mechanism and finds that well-connected independent directors have lower absenteeism and higher disagreement.
2	Salgado, C., Schneider, G., & Costa, C. M.	Does board interlock affect CEO compensation? Evidence from companies listed in the Brazilian stock exchange	Journal of Disclosure and Governance	2022	CEO pay increased with board interlock in this study's organisations. Second, the association between board interlock and CEO compensation was not moderated by business group interlocks in the Brazilian market, indicating that B3 companies' interlocks are largely across separate business groups.
3	Galaso, P., & Rodríguez Miranda, A.	Strategic collaboration in agro-industrial clusters: territorial dynamics within the dairy industry in Uruguay	Competitiveness Review	2022	The algorithm's four groups respond to collaborative behaviour, territorial distribution, and firm competitive strategies. In particular, these communities have a favourable correlation between network centrality, business size, export orientation, and innovative potential. These relationships show that the cluster has many local productive systems and productive organisations.
4	Cheng, H., Wang, J., & Xing, M.	How does independent director affect tunneling? — Evidence from social networks	Frontiers in Psychology	2022	Well-connected independent directors reduce controlling shareholders' appropriation of minority shareholders. Robustness and endogeneity tests confirm these findings. This study also shows that internal controls mediate director networks and tunnelling. The study also found that director networks restrict shareholders' tunnelling behaviour more in organisations with lower audit oversight and transparency.
5	Wang, Z., Yao, S., Sensoy, A., Goodell, J. W., & Cheng, F.	Learning from failures: Director interlocks and corporate misconduct	Review of Financial Analysis	2022	Information transmission via interlocking directors is fundamental to inhibitive learning. As well as information transmission, focused enterprises with interlocking directors show greater vigilance. Additionally, main business independent directors are more diligent. This study also tests interlocking director traits, company features, and industry characteristics to determine the relevance of this inhibition. Last, enforcement can inhibit multiple forms of focus company misbehaviour.
6	Andersen, A., Garel, A., Gilbert, A., & Tourani-Rad, A.	Social capital, human capital, and board appointments	Global Finance Journal	2022	Gaining board seats increases human and social capital. Additionally, directors with greater human capital are more likely to get more board seats. Directors should focus on increasing their human capital to increase their prospects of getting more board seats, but both human and social capital are vital.
7	Bednar, M. K., Westphal, J. D., & McDonald, M. L.	Birds of a feather flock (even more) together: An intergroup relations perspective on how #MeToo-related media coverage affects the evaluation of prospective corporate directors	Strategic Management Journal	2022	Social movements can accidentally cause psychological processes that somewhat counteract their benefits.

8	Li, S., Qu, T. C., & Yu, Y. J.	Outside director social network centrality and turnover before stock performance crash: A friend in need?	Journal of Corporate Finance	2022	Outside directors with social ties to managers are more likely to depart before a crash. Different model specifications, crash and turnover measurements, and sample selection criteria do not affect the positive relationship between turnover and outside director connectivity. This study further shows that the outside directors' social capital concentration within the current firm and the availability of other information channels mitigate this favourable link.
9	Li, Z., Unlu, E., & Wu, J.	Are social connections of independent directors all the same? Evidence from corporate monitoring.	International Journal of Managerial Finance	2022	Only CEO%, the percentage of independent directors tied only to the CEO, decreases monitoring intensity. greater Only_CEO% firms had greater CEO compensation, lower CEO dismissal, more co-opted boards, and worse firm performance. No_CEO_Ind%, the percentage of independent directors without ties to the CEO or other independent directors, is associated with better monitoring. These data show that independent directors with varied social relationships watch differently.
10	Cheong, H., Kim, J. H., Münkel, F., & Spilker, H. D.	Do Social Networks Facilitate Informed Option Trading? Evidence from Alumni Reunion Networks	Journal of Financial and Quantitative Analysis	2022	Before merger announcements, hedge fund managers with merger directors buy target firm call options. Reunions for connected cohorts before announcements have greater effects. Independent, short-tenured, and low-stock-owning directors communicate more information.
11	Andersen, A., Garel, A., Gilbert, A., & Tourani-Rad, A.	Disentangling Director Attributes: Human Capital versus Social Capital of Directors	. Journal of Risk and Financial Management	2022	Establish a positive and significant link between directors' human capital and social capital, with human capital predicting social capital developments. This study argues that the rising literature in corporate finance and governance on directors' effects on business results should consider social capital's complementary influence on human capital.
12	Kim, Y., Lim, J., & Qin, J.	Board networks and audit quality	Journal of Corporate Accounting and Finance	2022	Audit quality is strongly correlated with U.S.-listed firm board networks. This study contributes to auditing and board governance literature by supporting the idea that board networks help firms.
13	Afzali, M., Silvola, H., & Terjesen, S.	Social capital and board gender diversity	Corporate Governance: An International Review	2022	County-based firms with more social capital have more women directors. The results are robust to instrumental variable and propensity score matching models, local female labour participation rate, religion, and other county-level demographics. Find that female directors in high social capital counties are more likely to reach a critical mass, join audit, compensation, and nomination committees, and chair them than female directors in low social capital counties. A robustness test with an international sample shows comparable results.
14	Yu, S. Q.	The Properties of Interlocking Directorates in the Philippines: An Exploratory Analysis	Recoletos Multidisciplinary Research Journal	2022	A few highly connected directors have connected over 90% of corporations to the board network.
15	Kuppevelt, D. E., Bakhshi, R., Heemskerk, E. M., & Takes, F. W.	Community membership consistency applied to corporate board interlock networks	Journal of Computational Social Science	2022	Global business groups are made up of enduring communities of core countries linked by geography and culture. In addition, this study finds fringe countries that appear to belong to several global corporate communities.
16	Hudson, K., & Morgan, R. E.	Ideological homophily in board composition and interlock networks: Do	Corporate Governance: An International Review	2022	Liberalism boosts board and individual homophily. Homophily has dropped, although conservative boards have driven this while liberalism has increased. The first evidence of ideology in intra- and inter-organizational networks comes from these studies.

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		liberal directors inhibit viewpoint diversity?			
17	Allemand, I., Bédard, J., Brullebaut, B., & Deschênes, J.	Role of Old Boys' Networks and Regulatory Approaches in Selection Processes for Female Directors	British Journal of Management	2022	The probability of the new director being a woman is 28% lower when they are related to a current director. Find that gender diversity regulation diminishes network influence on female director appointments. Provide archived proof that board networks hamper female director recruitment and that gender diversity hard and soft laws deinstitutionalize old boys' networks.
18	Zhao, W., Zhong, M., Liao, X., Ye, C., & Deng, D.	Board Network and CSR Decoupling: Evidence From China	Frontiers in Psychology	2022	Board network centrality is positively related to over-decoupling in the pre-adoption period (2009–2014) of the new environmental law but negatively related in the post-adoption period (2015–2018) and (2) centrality is not related to under-decoupling in the pre-adoption period but significantly positive in the post-adoption period.
19	Fang, M., Francis, B., Hasan, I., & Wu, Q.	External social networks and earnings management (REPORTING QUALITY)	British Accounting Review	2022	Strong results after controlling for internal executive social links show that well-connected corporations manage earnings more aggressively through accruals and real activities. This study discovered that earnings management diminishes after a socially connected executive or director dies using a difference-in-differences technique. Additional analysis demonstrates that professional contacts affect earnings management more than schooling and other social activities. Moreover, CFO social networks influence earnings management more than CEO social networks. Finally, this study examines the mechanisms and finds that 1) organisations that are socially connected have more earnings management similarities than those that are not, and 2) more connected firms are less likely to restate their accounting.
20	Edward, E., Fayoumi, A., Shahgholian, A., & Hidayanto, A.	Social Network Evolution: The Case of UK Companies Before and After Brexit	Emerging Science Journal	2022	Analysis shows that Brexit hurts UK link formation. It also hinders new company director relationships in the EU, however, shared affiliation bias analysis is rising. In 2007, the UK had fewer directors in consumer service and food & pharmaceuticals sectors whereas the EU had more.
21	Hoitash, U., & Mkrtchyan, A.	Internal governance and outside directors' connections to non-director executives	Journal of Accounting and Economics	2022	Directorial relationships with executives responsible for earnings restatements, class-action lawsuits, and genuine earnings management reduce them. Connected boards also make better CEO turnover, succession, and acquisition choices. This study found that internal ties promote internal governance, suggesting that boards should strengthen interactions with non-directors.
22	Jebran, K., Chen, S., & Zhang, R.	Board social capital and stock price crash risk	Review of Quantitative Finance and Accounting	2022	Future stock crashes are increased by internal board social capital—director networking experience. However, external board social capital—directors' external social networks—reduces crash risk. Institutional investors' monitoring reduces internal social capital but improves external social capital on crash risk. Additionally, information quality, accounting conservatism, and tax avoidance may explain the association between social capital and crash risk.
23	Chirosa-Cañavate, L., Rubio-Mondéjar, J. A., & Garrués-Irurzun, J.	Business schools and the Spanish business elite since the mid-twentieth century	Business History	2022	It displays the number of business schools on the boards of the top Spanish corporations in the second half of the 20th century and their involvement in business elite reproduction.
24	Kong, L., & Ploeckl, F.	Modern Chinese banking networks	Business History	2022	The shape, structure, and evolution of links in this network from 1933 to 1936 show its survival despite link and director volatility. New entrants were often tied to

		during the Republican Era			established banks through directors with numerous institutions. Through their ties to public banks, the directors helped the national government gain influence over the sector.
25	Chughtai, S., Rasool, T., Awan, T., Rashid, A., & Wong, W.-K.	Birds of a feather flocking together: Sustainability of tax aggressiveness of shared directors from coercive Isomorphism	Sustainability	2021	A strong correlation between tax aggression and director ties, showing board interlocks spread information. In particular, the estimates show that connected directors positively and significantly affect the probability that tax aggressiveness spreads through coercive isomorphism, implying that shared directors' tax aggressiveness is sustainable. Due to fewer laws and tax regulations, Pakistani corporations are more prone to engage in tax aggression than US firms. The results also show that coercive isomorphism strongly mediates board interlocks and tax aggression.
26	Fogel, K., Ma, L., & Morck, R.	Powerful independent directors	Financial Management	2021	A composite of social network power centrality indicators shows that independent director power positively correlates with shareholder valuations economically and statistically. Since prominent independent directors increase firm valuations, their sudden deaths reduce shareholder value more than others. Further studies show that stronger independent directors reduce value-destroying mergers and acquisitions, free cash flow retention, CEO accountability, and earnings management.
27	Togan Egrican, A.	Overlapping board connections with banker directors and corporate loan terms: Evidence from syndicated loans	Global Finance Journal	2021	Firms related to bankers via other boards borrow more and pay less. Loan maturity is the same for connected and disconnected enterprises.
28	Zhao, T.	Board network, investment efficiency, and the mediating role of CSR: Evidence from China	International Review of Economics and Finance	2021	When a firm is in the board network's centre or structural hole positions, investment efficiency improves. Centre and structural hole locations improve CSR and investment efficiency. Additional analysis suggests that non-state-owned firms' network position has a greater impact on investment efficiency, and the board network can improve enterprise investment efficiency by improving information environments and alleviating financing constraints, confirming CSR's intermediary role.
29	Li, M.	Exploring novel technologies through board interlocks: Spillover vs. broad exploration	Research Policy	2021	Increasing board interlocks boosts technical exploration. Results also show that board interlocks generate spillover exploration more than broad exploration. Finally, empirical research shows that executive-created interlocks promote spillover exploration more than non-executive ones.
30	McClane, J., & Nili, Y.	Social Corporate Governance	George Washington Law Review	2021	Address how broader linkages affect corporate governance and the legal consequences of "Social Corporate Governance."
31	Fan, Y., Boateng, A., Ly, K. C., & Jiang, Y.	Are bonds blind? Board-CEO social networks and firm risk.	Journal of Corporate	2021	Business risk benefits from board-CEO social networks. CEOs who are socially connected to their independent directors take more risks in investing, operating, and financing. As career insurance and a power-enhancing mechanism to stimulate managerial risk-taking, board-CEO social networks are more beneficial for prior under-performing organisations and CEOs with low power or overconfidence.
32	Griffin, P. A., Hong, H. A., Liu, Y., & Ryou, J. W.	The dark side of CEO social capital: Evidence from real earnings management and	Journal of Corporate Finance	2021	CEOs with connections have higher REM levels and volatility. The positive relationship between REM and CEO network size is larger when the CEO connects with more informed and influential people and when interests are more misaligned. Second, REM spreads among

		future operating performance			industry CEOs with connections. Third, REM caused by a huge CEO social network significantly impacts future operating performance.
33	Fang, X., Pittman, J., & Zhao, Y.	The Importance of Director External Social Networks to Stock Price Crash Risk*	Contemporary Accounting Research	2021	Directors' external ties lower stock price crash risk.
34	El-Khatib, R., & Joy, N.	Do Women Directors Improve Firm Performance and Risk in India?	Quarterly Journal of Finance	2021	Women directors boost performance and lower bankruptcy risk. Independence, social network size, committee affiliations, and graduate degrees are vital for female directors.
35	Amini, S., & Toms, S.	Elite directors, London finance, and British overseas expansion: Victorian railway networks, 1860–1900†	Economic History Review	2021	Aristocratic directors dominated Britain, military directors in India, and financier directors in Argentina, showing local expertise, resource access, and network ties. They served on boards for more than decoration.
36	Downar, B., Ernstberger, J., & Koch, C.	Who partner in Big 4 audit firms? – Evidence from Germany	Accounting, Organizations and Society	2021	Economic, social, and institutionalised cultural capital affect partner-making. Additionally, female and foreign auditors are less likely to become partners. This study also conducts a cross-sectional study using a larger sample of auditors to compare Big 4 partners to Big 4 senior managers, directors, and non-Big 4 partners, which confirms the longitudinal analysis.
37	Sarabi, Y., & Smith, M.	Busy female directors: an exploratory analysis of the impact of quotas and interest groups	Gender in Management	2021	Busy female directors increased while busy male directors decreased in the UK from 2010 to 2018. After gender quotas were introduced on corporate boards in Norway, over-boarded directors, notably female directors, and "golden skirt" directors increased. The proportion of busy male and female directors in Norway is higher than in the UK, demonstrating that quotas did not cause the golden skirts.
38	Lavin, J. F., & Montecinos-Pearce, A. A.	ESG reporting: Empirical analysis of the influence of board heterogeneity from an emerging market	Sustainability	2021	Controlling shareholders through directorate interlocking hurts ESG disclosure. Additionally, institutional investors' impact on ESG disclosure is not yet significant. We also observe some conflict between controlling shareholders and institutional investor directors on ESG reporting.
39	Wang, W.-K., Lu, W.-M., Ting, I. W. K., & Chen, Y.-H.	Social networks and dynamic firm performance: Evidence from the Taiwanese semiconductor industry	Spanish Accounting Review	2021	Board interlock boosts dynamic efficiency.
40	Galaso, P., & Rodríguez Miranda, A.	The leading role of support organisations in cluster networks of developing countries	Industry and Innovation	2021	First, they build cooperation architecture by holding critical positions that connect networks. Second, they foster innovation in partner enterprises. Findings show that working with different organisations affects enterprises' creativity differently.
41	Kacanski, S., Lusher, D., & Wang, P.	Auditor Selection Process: An Interplay of Demand Mechanisms–A Multilevel Network Approach	European Accounting Review	2021	For boards of directors, auditor selection is sensitive and difficult because it is driven by both forces. Instead, partner selection is driven by the interaction of suggestion and reputation, indicating that the demand processes are not mutually exclusive and should not be studied in isolation.
42	Hayati, B., & Puri, S.	The impact of organizational	Journal of Business and	2020	NHS flow from sales managers and peer salespeople to a focal salesperson was moderated by organisational

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		social networks on salespeople's negative headquarters stereotypes	Industrial Marketing		social network features such as sales manager team centrality, network density, and external connectedness. Research limitations/implications: First, the data was cross-sectional, thus the investigators couldn't study social network dynamics and NHS. Second, the authors only examined advice-seeking social networks, not friendship or trust networks. Third, it focused on one media company.
43	Amin, A., Chourou, L., Kamal, S., Malik, M., & Zhao, Y.	It's who you know that counts: Board connectedness and CSR performance	Journal of Corporate Finance	2020	Finds board connection improves CSR performance. A well-networked board benefits firms in difficult business environments or that need more advice. When information costs are large, poorly controlled, high stock return volatility, low market size, or low institutional ownership firms profit more from a well-connected board. Independent directors might also acquire information and resources from their networks to help spread it. The main channel of information, a network, helps a well-connected board boost a firm's CSR performance.
44	Berkman, H., Koch, P., & Westerholm, P. J.	Inside the director network: When directors trade or hold inside, interlock, and unconnected stocks	Journal of Banking and Finance	2020	Non-insider company directors who own board-linked stocks as co-board members produce positive alpha. Directors who hold inside stocks or other securities outside the board network do not outperform. Insider directors outperform when buying or selling their own company's stock. Buy linked stocks and they outperform. Trades before firm-specific information events yield comparable results. We also find little evidence that industry familiarity boosts performance.
45	Harjoto, M. A., & Wang, Y.	Board of directors network centrality and environmental, social and governance (ESG) performance	Corporate Governance	2020	In a sample of non-financial corporations listed in the UK FTSE 350 index from 2007 to 2018, board networks, evaluated by degree, closeness, eigenvector, betweenness, and information centrality, improve ESG performance. The results also suggest that board networks and ESG performance have a non-linear connection, which is stronger in sectors with high product market concentration and female board members.
46	Omer, T. C., Shelley, M. K., & Tice, F. M.	Do director networks matter for financial reporting quality? Evidence from audit committee connectedness and restatements	Management Science	2020	Well-connected audit committees reduce annual financial statement misstatements. Our study also shows that audit committee connection through director networks mitigates board interlocks to misstate corporations' negative impact on financial reporting quality.
47	Abdul Wahab, E. A., Jamaludin, M. F., Agustia, D., & Harymawan, I.	Director Networks, Political Connections, and Earnings Quality in Malaysia	Management and Organization Review	2020	Negative and significant link between director network connectedness and business profit quality. Also, find a negative and significant association between the director's political network and profits quality.
48	Idris, B., & Saridakis, G.	Women directors and exporting activity: The moderating role of network advice	Economics and Business Letters	2020	Small businesses with women on their boards export less than those without. However, network guidance can mitigate this detrimental association.
49	Ferris, S. P., Javakhadze, D., & Liu, Y.	The price of boardroom social capital: The effects of corporate demand for external connectivity	Journal of Banking and Finance	2020	Boardroom social capital is valued. Further data reveals corporations pay more for networked directors. Firms with disastrous mergers, performance reductions, or dividend cuts pay a greater connection premium. We find that well-connected directors hold many directorships and play crucial roles.

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50	Kacanski, S.	Structure behind principles: social selection mechanisms in corporate governance networks	Corporate Governance	2020	This study found that the supervisory board and executive director selection are interrelated. The survey also found that board members prefer popular supervisory board members and top managers with experience from several organisations in multiple industries. However, these CEO selection criteria only apply to those with expertise from many companies, not industries.
51	Yaowei, Z., Shishan, C., & Siqi, L.	Board informal hierarchy and managerial compensation contracts effectiveness	Journal of Industrial Engineering and Engineering Management	2020	The informal board hierarchy negatively impacts executive pay-performance sensitivity, notably in sample firms with declining performance. The findings imply that the board's informal hierarchy affects managerial compensation contracts mostly through fairness and risk matching. Through reduced executive pay-performance sensitivity, an informal board hierarchy can limit excessive managerial compensation and match the company's risk level. Only when top-level directors are independent does informal board hierarchy negatively affect executive pay-performance sensitivity.
52	Dwekat, A., Seguí-Mas, E., & Tormo-Carbó, G.	The effect of the board on corporate social responsibility: bibliometric and social network analysis	Economic Research	2020	Board features affect CSR citations and high-quality journals. In the previous five years, field papers have increased. Our effort organises literature by keywords and draws primary author networks. Due to research gaps in governance processes, factors, countries, etc., this study suggests future research possibilities. We also found several possible areas for political modifications to the board of directors' norms.
53	Grau, P., de Cabo, R. M., Gimeno, R., Olmedo, E., & Gabaldon, P.	Networks of boards of directors: Is the "golden skirts" only an illusion?	Nonlinear Dynamics, Psychology, and Life Sciences	2020	Milder interlocking for women suggests the absence of the "Golden Skirts" phenomena in Europe. Two counteracting external forces have eliminated this gender discrepancy in power laws during the study time. Distributing corporate governance best practices in European companies, lowering board size, and preventing multiple directorships by one person democratises the director's network. On the other hand, political and regulatory pressure for more women on European boards drives network demand for women.
54	Dal Magro, C. B., & Klann, R. C.	A new look at board interlocking: Evidence from corporate social networks.	Revista de Administracao Publica	2020	Board interlocking (BI) for financial competence aids corporate monitoring and reduces agency conflicts. Politically savvy BI can maximise opportunism. Resource Dependency Theory states that BI for financial expertise can help organisations obtain financial resources, while BI for policy expertise can maximise results through more attractive contracts and opportunities from policymakers.
55	Bereskin, F., Campbell, T., & Kedia, S.	Whistle-blowing, forced CEO turnover, and misconduct: The role of socially minded employees and directors	Management Science	2020	In misconduct-prone corporations, prosocial employee and director proxies boost whistle-blowing and forced CEO turnover. The higher projected cost of wrongdoing in organisations with prosocial personnel reduces malfeasance.
56	Renneboog, L., & Zhao, Y.	Director networks, turnover, and appointments	European Financial Management	2020	Strong networks allow directors to get labour market knowledge and quit their firms for better chances. Networks also reduce external director appointment information asymmetry. According to the 'strength of the weak ties' theory, indirect connections have a big impact.

Data Abstraction and Analysis

This study employed an integrative analysis as one of the assessment strategies to comprehensively examine and synthesize various research designs, including quantitative, qualitative, and mixed methods. This expert analysis aimed to identify pertinent topics and subtopics.

The initial phase of theme development involved collecting data. As illustrated in Figure 1, this study meticulously reviewed a compilation of 56 publications to identify statements or content relevant to the study's topics. In the second stage, this study analysed the impact of the director network throughout the process of identifying and establishing significant groupings. This process resulted in the emergence of two key topics "type of director’s networks" and "significance of director’s networks on corporate governance". Subsequently, this study continued to refine each established topic, incorporating relevant themes, concepts, and ideas. Collaborative efforts among the authors led to the creation of themes based on the evidence within the context of this research.

During the data analysis process, a log was diligently kept documenting any analyses, viewpoints, challenges, or other insights that pertained to the interpretation of the data. Ultimately, this study conducted a comparative analysis of the results to detect any disparities in the theme development process. It is worth mentioning that if there are any discrepancies among the concepts, this study discusses them between themselves.

To establish the validity of the findings, experts specializing in corporate governance conducted the analysis. The expert review phase, aimed at achieving domain validity, helps ensure the clarity, relevance, and appropriateness of each sub-theme. Based on feedback and expert judgments, this study adjusted the assessments as necessary.

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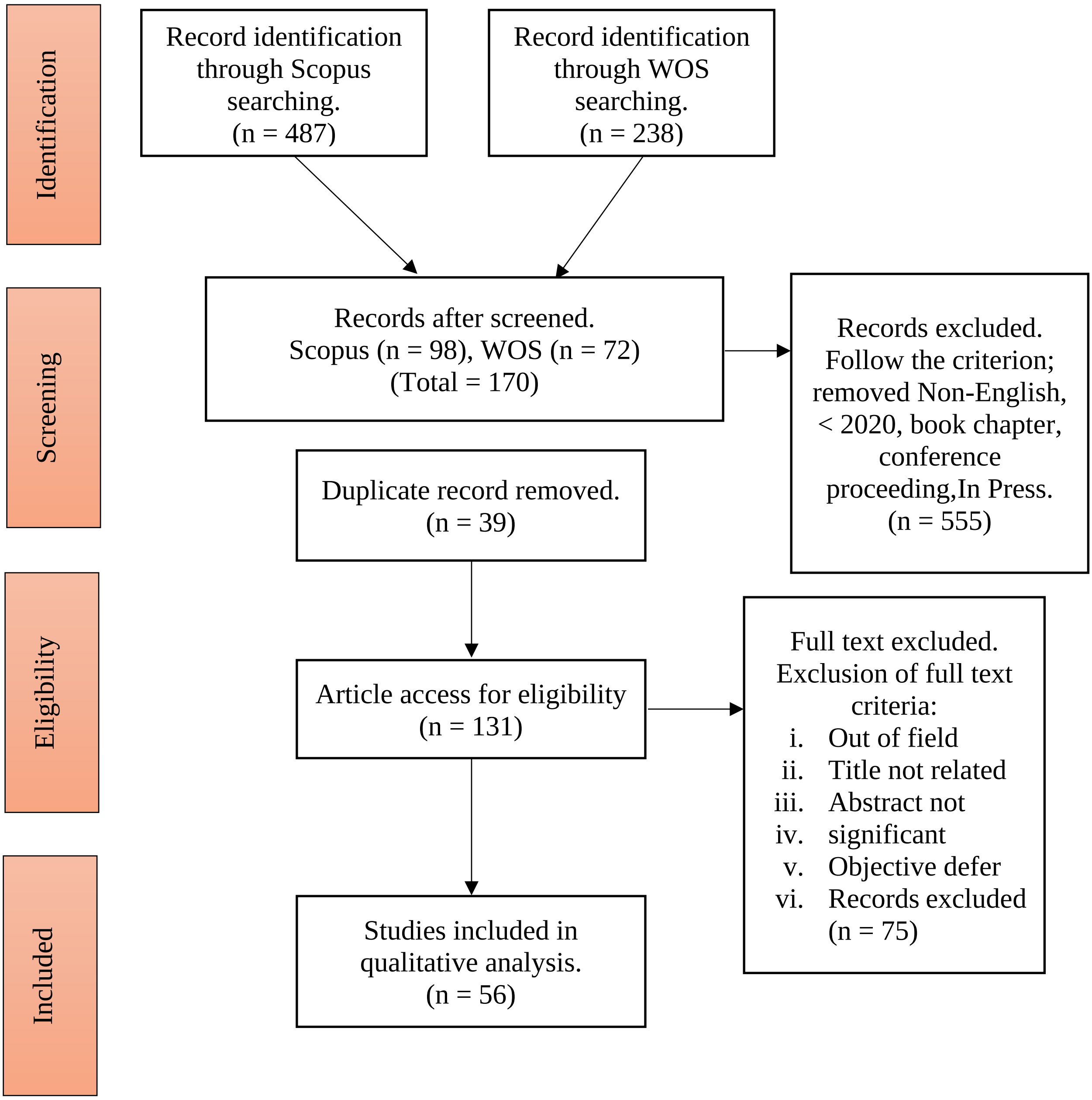

Figure 1: Data Abstraction and Analysis.

Finding

Given the significance of director networks in the contemporary business world has gained increased importance significantly. A total of fifty-six (56) articles were extracted and subjected to analysis using the search technique. These papers were categorized into two distinct themes: types of director networks and the significance of director networks in corporate governance.

Types of Director Networks in Corporate Governance

Within the sphere of corporate governance, director networks serve as complex structures of relationships that underpin the decision-making processes, resource sharing, and strategic direction of organizations. These networks vary in form and function, reflecting the diversity

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of interactions among directors. This section explores the types of director networks commonly identified in the corporate landscape.

The most visible formal director network is the board of directors, which comprises individuals responsible for guiding the organization's strategic direction and ensuring its financial stability. These networks operate within the confines of the organization and have a formal structure, often including committees such as audit, compensation, and governance committees. In addition to the board, executive committees, such as the executive board or management committee, represent another formal director network. These committees consist of senior executives and are responsible for overseeing the organization's daily operations and executing strategic decisions.

Another type of director's network is informal director networks which extend beyond the formal boundaries of the organization and are characterized by social interactions among directors. These networks can include social gatherings, shared hobbies, or personal friendships. Social networks often influence director appointments and decision-making. Furthermore, the is also the presence of professional networks which encompass relationships forged through shared professional affiliations, memberships in industry associations, or common educational backgrounds. These connections can impact director appointments and influence industry-specific decision-making.

Hybrid networks represent a combination of formal and informal director networks. Directors within hybrid networks maintain both formal affiliations within the organization, such as board memberships, and informal connections through shared professional associations or social circles. These hybrid networks offer a comprehensive web of relationships that can impact decision-making, governance, and resource exchange.

Understanding the interplay between these types of director networks is pivotal in comprehending the intricate dynamics that shape corporate governance. The formal networks, such as boards and executive committees, are central in governance structures, wielding substantial influence over strategic decisions. Meanwhile, informal networks, encompassing both social and professional connections, can exert subtle yet profound effects on director appointments and the flow of knowledge and resources.

The hybrid networks, which combine formal and informal affiliations, provide a rich ground for investigation. They reflect the multifaceted nature of director networks, where individuals navigate a complex landscape of professional and social connections to exert influence on corporate decision-making.

The interplay and coexistence of these types of director networks are integral to understanding the multifaceted nature of corporate governance. Each type contributes to the complex web of relationships within which directors operate, influencing strategic choices, governance practices, and the performance of organizations. The interaction between formal and informal networks, in particular, presents an intriguing area of study, highlighting the intricate dynamics at play in the realm of director networks.

Significance of Director Networks in Corporate Governance

Corporate governance, as a foundational element of modern business operations, relies heavily on the composition and interactions of directors within organizations. Director networks, comprising both formal and informal relationships among board members, play a pivotal role in shaping the dynamics, transparency, and effectiveness of corporate governance structures. This section explores the multifaceted significance of director networks in the corporate governance landscape.

i. Decision-Making and Strategic Direction

Director networks serve as conduits for informed decision-making and strategic planning. Within the board of directors, formal director networks enable individuals to bring diverse expertise, perspectives, and industry-specific knowledge to the table. This diversity fosters critical discussions and the formulation of well-informed decisions that steer the organization's future. Moreover, informal director networks often facilitate the exchange of valuable insights and perspectives that can influence strategic direction and enhance decision-making processes.

ii. Resource Exchange and Collaboration

Director networks are instrumental in resource allocation and collaboration. Board members within formal director networks often have extensive professional networks and connections. These connections can be leveraged to facilitate partnerships, secure funding, and access valuable resources such as expertise, capital, and market access. Director networks, both formal and informal, can create avenues for organizations to collaborate and strengthen their market positions.

iii. Accountability and Monitoring

Director networks contribute to the accountability and monitoring of organizational activities. Non-executive and independent directors, who often form part of these networks, play a crucial role in holding executive management accountable for their decisions and actions. By providing an external perspective and ensuring compliance with ethical and legal standards, director networks enhance the transparency and accountability of corporate governance.

iv. Innovation and Entrepreneurship

Director networks have a role in fostering innovation and entrepreneurship within organizations. Informal director networks can connect directors with innovative thinkers, potential partners, and entrepreneurs who bring fresh ideas and perspectives to the table. This can encourage innovation and entrepreneurship, enabling organizations to adapt to changing market conditions and stay competitive.

v. Industry Expertise and Adaptation

Director networks often facilitate the flow of industry-specific knowledge. Directors with deep industry experience, who are part of these networks, can bring valuable insights into market trends, regulatory changes, and emerging technologies. This knowledge helps organizations adapt to industry shifts and make well-informed strategic decisions.

vi. Ethical Governance and Stakeholder Trust

The composition of director networks has a direct impact on the ethical standards of corporate governance. Independent and ethical directors, common within these networks, contribute to maintaining a high level of corporate governance ethics. This, in turn, builds trust with stakeholders, including shareholders, customers, employees, and the broader public.

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vii. Crisis Management and Risk Mitigation

Director networks can be invaluable in times of crisis or risk management. Directors who have broad networks can tap into valuable resources and expertise to navigate challenging situations. Moreover, diverse director networks can bring different perspectives to the table, aiding in risk assessment and mitigation.

Conclusion and Recommendation

In conclusion, director networks are of paramount significance in corporate governance. These networks underpin the decision-making processes, resource exchange, transparency, and ethical conduct within organizations. By fostering collaboration, innovation, and accountability, director networks play a pivotal role in shaping the direction and sustainability of organizations. Understanding the significance of these networks is essential for effective corporate governance and informed decision-making within the contemporary business landscape.

In the examination of director networks, this study has unearthed multifaceted insights into the complex web of relationships that underpins corporate governance. These insights offer a range of theoretical and practical implications, while also acknowledging certain limitations and paving the way for future research endeavours.

Theoretical Implications

The theoretical implications of this study are manifold. Firstly, it underscores the need for a comprehensive conceptual framework to understand the formation, evolution, and functions of director networks. This framework provides a foundational structure for future research to build upon, fostering a deeper understanding of the intricate dynamics that shape director networks.

Secondly, the study highlights the diversity of director networks, emphasizing the role of both formal and informal networks in corporate governance. This diversity necessitates a nuanced examination of how different types of networks impact decision-making processes and organizational outcomes, thus enriching the theoretical landscape of corporate governance.

Furthermore, the study underscores the significance of hybrid networks, wherein formal and informal affiliations coexist. This points to a fertile area of theoretical exploration, wherein researchers can delve into the interplay and influence of these hybrid networks on governance practices and strategic decisions.

Practical Implications

The practical implications of this study extend to the realms of corporate governance, policy-making, and organizational practice. It emphasizes the importance of diversity within director networks, advocating for a balance of executive, non-executive, independent, inside, outside, and affiliated directors to ensure well-rounded governance.

Moreover, the study highlights the role of director networks in resource exchange, knowledge sharing, and decision-making processes. Organizations can leverage this understanding to enhance collaboration, innovation, and accountability within their governance structures.

Furthermore, the study raises awareness of ethical considerations, emphasizing the critical role of independent and ethical directors in upholding corporate governance standards. Organizations and regulatory bodies can use these insights to strengthen ethical conduct and build trust with stakeholders.

Limitations of the Study

It is crucial to acknowledge the limitations of this study. Firstly, the study relies on self-reported data, interviews, and content analysis, which may be subject to reporting biases and limitations in data availability. These constraints could affect the generalizability of the findings.

Secondly, the study primarily focuses on director networks in a corporate context. Future research should explore director networks in non-profit organizations, government bodies, and other governance structures to provide a more comprehensive understanding of these networks.

Future Research Opportunities

The findings of this study pave the way for various avenues of future research. Researchers can delve deeper into the impact of digital transformation and globalization on director networks, exploring how these factors reshape network structures and influence decision-making processes.

Additionally, the intersection of director networks with emerging areas such as corporate social responsibility, sustainability, and the ethical dimension of governance remains a promising area for further investigation.

Lastly, researchers can explore the effectiveness of governance reforms and regulations in addressing director network conflicts, promoting ethical conduct, and enhancing transparency within organizations.

To sum it up, the study of director networks is an evolving field with far-reaching theoretical and practical implications. While the study contributes to our understanding of director networks within corporate governance, it also reveals the vast landscape of uncharted territory awaiting exploration in future research endeavours. This knowledge will undoubtedly contribute to the enhancement of corporate governance practices, decision-making, and organizational outcomes in the ever-evolving business landscape.

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