**Director Interlocks**

**Director interlock** between two organizations is created when one person sits on the boards of directors of both organizations simultaneously. Organizations may include:
- Corporations
- Foundations
- Policy Planning Organizations
- Universities
- Charities
- Etc.

**Corporate board members:**
- Inside directors (top executives of the firm)
- Outside directors (not executives of the firm)
  - Executives of other firms
  - Retired executives
  - Large shareholders
  - People with important non-corporate connections
  - Prestige or “trophy” directors

**Types of corporate interlocks:**
- Direct interlock between A and B (A<→B)
- Indirect interlock between A and B (A<→C<→B)
- Strong tie (when person is executive of one or both firms)
- Weak tie (when person is an executive of neither firm)
- Single versus multiple interlocks

**What do interlocks indicate?**
- Significance for individual firms
  - Common ownership
  - Control of one firm over another
  - Communication and collusion among firms
  - Cooptation among mutually dependent firms
- Significance for system as a whole
  - Monitoring and information gathering
  - Social and political cohesion
- Minor significance
  - Interpersonal ties among directors with limited consequences
  - Accidental connections created through third parties

**Evidence on “broken ties”:** when a director dies or retires, the majority of interlocks are not immediately recreated between pairs of affected firms. This suggests the function of most ties is not specific to a particular pair of firms.