

Network of Board Member in Armenian Industry, and Effects of Network Characteristics on the Performance of the Firms

Tatevik Poghosyan

This research examines the impact of board member network on the performance of Armenian Corporations in post privatization period. Based on the initial structure of board member network we tried to observe the impact of four main features of social capital - firm level, group level, level of diversification, and resourcefulness of ties – on firm performance for the period 2000-2005. In this study, using firm level data with sample size of 182 firms which has status of reporting issuer with minimum 50 shareholders and initial capital of 5.000.000 Armenian dram, we conducted several regression models to measure firm performance for the period 2000-2005. The results show that, in contrast to firm level, group level social capital plays a stronger role in explaining firm performance for transitional economies such as Armenia. Empirical evidence indicates that firms cooperating more in the same industry perform better. We also found that the resourcefulness of firm's ties with other firms had an important and positive impact on explaining how well firms perform in the context of Armenian transition.