Information Management and Business Review (ISSN 2220-3796)
Vol. 17, No. 4, pp. 112-124, 2025

Impact of Director Networks on Strategic Decision-Making: The Mediating Role of Information Flow

Mohd Faizal Jamaludin[1], Marziana Madah Marzuki[2], Wan Zurina Nik Abdul Majid[3], Mohd Fahmee Bahaudin[4], *Nor Balkish Zakaria[4]
[1]Faculty of Accountancy, Universiti Teknologi MARA Kedah Branch, Sungai Petani Campus, Kedah Accounting Research Institute, Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia
[2]Faculty of Accountancy, Universiti Teknologi MARA Kelantan Branch, Machang Campus, Kelantan Accounting Research Institute, Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia
[3]Faculty of Accountancy, Universiti Teknologi MARA Kelantan Branch, Machang Campus, Kelantan, Malaysia
[4]Accounting Research Institute, Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia
Email: mfaizalj@uitm.edu.my, marzianamadah@uitm.edu.my, wzurina@uitm.edu.my, pdmohdfahmee@gmail.com, *norbalkish@uitm.edu.my
Corresponding Author: Nor Balkish Zakaria

Abstract: Strategic decision-making at the board level is increasingly shaped by directors' interorganisational networks. However, the mechanisms by which these structural positions translate into strategic influence remain underexplored. While existing scholarship acknowledges the value of director network centrality in enhancing resource access and legitimacy, the mediating role of information flow in converting this structural advantage into high-quality strategic decisions has received limited conceptual attention. Addressing this gap, the present study aims to develop a theoretical framework that explains how director network centrality influences strategic decision-making through board-level information flow. Using a narrative review methodology, this study synthesises 26 peer-reviewed articles sourced from the Scopus database. An integrative thematic analysis reveals three critical propositions: (1) director network centrality positively influences information flow; (2) information flow enhances strategic decision-making quality; and (3) information flow mediates the relationship between network centrality and strategic decision outcomes. The framework draws upon Resource Dependency Theory, Social Capital Theory, and the Knowledge-Based View of the Firm, offering a multi-level understanding of how network embeddedness, trust-based exchanges, and cognitive integration shape strategic governance. Theoretically, the study advances governance literature by positioning information flow as a cognitive mechanism within networked boards. Practically, it encourages organisations to reassess board effectiveness by considering directors' network positions and internal information-sharing capabilities. The paper concludes by identifying conceptual limitations and proposing directions for future empirical validation. This framework offers a fresh perspective on how boardroom dynamics can be leveraged to enhance strategic agility and decision quality in complex environments.

Keywords: *Director Network Centrality*, *Information Flow*, *Strategic Decision-Making*, *Corporate Governance*, *Board Dynamics*

1. Introduction

In the modern corporate landscape, strategic decision-making is no longer a function confined solely within organisational boundaries—it is increasingly shaped by complex inter-organisational relationships, particularly at the board level. Director interlocks and network centrality have emerged as critical conduits for resource exchange, reputation building, and, crucially, information flow. As boards evolve from traditional oversight bodies into strategic knowledge platforms, the structural positioning of directors within wider networks becomes essential in shaping not just what decisions are made, but how they are made. In an era defined by volatility, ambiguity, and disruption, understanding the mechanisms through which board-level networks influence firm-level strategy is both timely and consequential.

The extant literature on board governance has extensively examined the role of board composition, independence, and diversity in shaping strategic outcomes (McClane & Nili, 2021). However, a more nuanced body of research now suggests that it is not merely who sits on the board, but how they are embedded within broader networks that matters. Network centrality—an actor's prominence within the boardroom web—has been associated with superior access to external information, resource control, and increased legitimacy (Nicholson et al., 2004). Moreover, studies such as Bilgili and Bilgili (2024) underscore the importance of internal knowledge sharing and informal flows of information within board structures, highlighting how

network ties shape cognition, consensus-building, and ultimately, the strategic choices undertaken by firms. Yet, while this body of work has established important links, few studies have clarified the mechanisms—particularly the mediating role of information flow—that bridge the director network and strategic decision-making nexus.

This leads to a critical problem: despite increasing scholarly recognition of director networks as vehicles of influence, there remains limited conceptual clarity regarding how information circulates within these networks to affect strategy formulation. Most empirical models treat director centrality as a direct predictor of strategic outcomes, omitting the crucial mediating construct of information flow—a form of social capital that channels actionable intelligence, risk signals, and market cues. This study addresses this conceptual blind spot by proposing a framework where information flow functions as the mediating pathway through which director network centrality influences strategic decisions. By articulating this relationship, we offer a more precise understanding of why some firms consistently outperform others in strategic agility and foresight, despite similar formal governance structures.

The aim of this study, therefore, is to develop a conceptual framework that captures the mediating role of board-level information flow in the relationship between director network centrality and strategic decision-making. This fills a critical research gap at the intersection of social capital theory, strategic management, and corporate governance. In doing so, we respond to the call for more integrative models that capture the dynamic interplay between board structure and cognition (Pignatel, 2008). Our model synthesises insights from resource dependency theory, social capital theory, and knowledge-based views of the firm to offer a richer theorisation of how board connectivity translates into strategic foresight and firm competitiveness.

This paper is structured as follows. The next section reviews relevant literature on director network centrality, information flow, and strategic decision-making. We then outline the theoretical underpinnings and conceptual propositions that inform our model. This is followed by a discussion on the implications for governance practice and strategic management. The final section offers concluding remarks and suggestions for future empirical validation. Through this work, we aim to open new scholarly conversations about network-aware governance and provide practitioners with a more granular understanding of how board dynamics can be leveraged for superior strategic outcomes.

2. Literature Review

Director networks have long been recognised as a crucial dimension of corporate governance, shaping how firms access resources, legitimise actions, and make strategic decisions (McClane & Nili, 2021). At the heart of this discourse is the notion that directors are not isolated agents but rather embedded actors within a web of formal and informal relationships that extend beyond the firm. These interlocking directorships foster avenues for social capital, influence boardroom deliberations, and shape strategic trajectories. The study of director networks thus moves beyond individual qualifications or board structure, focusing instead on the strategic position of directors within wider governance ecosystems.

The structural position of a director within a network—commonly measured through centrality metrics such as degree, betweenness, or eigenvector centrality—serves as a proxy for their potential influence over informational access and diffusion (Nicholson et al., 2004). Central directors are likely to serve on multiple boards, possess rich interfirm linkages, and act as bridges between otherwise disconnected corporate actors. This embeddedness allows them to gather critical knowledge, develop normative legitimacy, and catalyse strategic change. Network centrality, therefore, is not merely about connectedness—it reflects strategic power, which can be mobilised to shape firm direction and performance.

Recent literature has started to unpack how this power operates. Fang, Pittman and Zhao (2021) found that directors with high external network centrality were instrumental in reducing stock price crash risks by enhancing firms' information environments. This effect, however, was not direct—it hinged on the capacity of directors to transmit timely and relevant information into the firm. This finding supports the notion that information flow, rather than structural ties alone, mediates the impact of network centrality on strategic

outcomes. Information becomes a strategic asset only when it is mobilised, interpreted, and integrated into decision-making.

The role of information flow is further theorised through the lens of the knowledge-based view (KBV) of the firm. Bilgili and Bilgili (2024) propose that boards function as intra-firm knowledge networks, whereby the strategic value of directors lies in their capacity to interpret, filter, and disseminate knowledge across organisational silos. In this framing, director network centrality enhances the board's absorptive capacity, allowing firms to better scan the environment, interpret weak signals, and respond to threats and opportunities. This is particularly salient in dynamic or crisis environments, where decision-making agility becomes paramount.

Empirical support for this knowledge-centric perspective is also seen in the work of Chen et al. (2025), who found that independent director networks positively influenced carbon disclosure practices in China. Their findings suggest that directors do not merely react to policy or market pressures—they proactively shape corporate governance outcomes through knowledge sharing and strategic signalling. This reinforces the mediating role of information flow, as it is through these shared networks that new norms, expectations, and practices are internalised by firms.

Moreover, the influence of director networks is not unidimensional—it is shaped by institutional, cultural, and contextual variables. Wright (2023), in examining Australian directorates from 1910 to 2018, illustrated how interlocks were influenced by political, industrial, and regulatory forces. These contextual layers can either facilitate or constrain information flows within networks, affecting how knowledge is interpreted and used in decision-making. Thus, any conceptual model must be sensitive to both structure (centrality) and agency (how information is mobilised and acted upon).

The impact of director networks on strategic decision-making is especially evident in high-stakes scenarios, such as during financial crises or major corporate transformations. Nandy et al. (2020) demonstrated that directors with stronger networks tended to steer firms towards more responsible CSR practices during turbulent periods. This suggests that strategic decisions, particularly those requiring ethical or long-term considerations, are deeply influenced by the normative pressures and information embedded within director networks. Board-level strategic cognition is, therefore, not entirely endogenous—it is shaped by exogenous ties and the information they carry.

Furthermore, dissent behaviour among directors is increasingly linked to their network position. Zhang, Liu, and Zhong (2024) showed that more centrally positioned directors were significantly more likely to issue dissenting votes, indicating greater confidence, access to information, and independence in board deliberations. This underscores the influence of networked cognition in shaping strategic alternatives, questioning consensus, and preventing groupthink—an essential attribute of robust strategic decision-making.

However, while the positive dimensions of director networks are well-documented, researchers have cautioned against overlooking ethical considerations. Cronin et al. (2021) emphasise the challenges of network data in business settings, including power imbalances and potential stakeholder harm. Similarly, Maya-Jariego et al. (2021) highlight how confidentiality, coercion, and relational ethics must be carefully managed when analysing organisational networks. These issues must inform both the theoretical framing and empirical investigation of director networks, particularly when exploring sensitive domains like strategic decisions.

In sum, while substantial work has documented the relevance of director network centrality to organisational performance, a coherent conceptual framework that explicitly models information flow as a mediating construct remains underdeveloped. This study aims to fill that gap by integrating insights from social capital theory, knowledge-based views, and network governance literature to propose a model where network centrality influences strategic decisions through the mediating role of information flow. In doing so, it contributes to a more dynamic understanding of how power, knowledge, and connectivity shape firm strategy.

3. Methodology

Research Design

This study adopts a narrative review methodology, which is particularly appropriate for synthesising fragmented literature, developing conceptual clarity, and proposing new theoretical frameworks. Unlike systematic reviews that aim to exhaustively map all literature based on strict inclusion/exclusion protocols, narrative reviews offer a more flexible, integrative, and theory-generating approach. They are well-suited to research areas characterised by multidisciplinary perspectives, evolving definitions, and conceptual overlaps—such as board networks, strategic decision-making, and information flow. Given the conceptual nature of this paper, the narrative review allows for deeper critical engagement with existing scholarly debates, enabling the identification of gaps and the construction of new theoretical linkages.

The narrative review process adopted in this study follows established guidelines for conceptual theory development and knowledge synthesis, as outlined in scholarly guidance (Baumeister & Leary, 1997; Webster & Watson, 2002). Through this methodology, the review aims not only to describe extant studies but also to interpret, evaluate, and reconceptualise the existing literature on director network centrality, board-level information flow, and strategic decision-making. This design supports the construction of an integrative conceptual framework grounded in current research while addressing theoretical fragmentation across disciplines such as corporate governance, management, sociology, and network science.

Key Steps in Conducting the Narrative Review

The narrative review process in this study followed a structured yet flexible approach to ensure rigour, transparency, and conceptual depth. This systematic process was designed to uncover emerging themes, theoretical linkages, and practical implications from a broad and multidisciplinary body of literature. The first step involved clarifying the review's purpose, which was to explore how director network centrality influences strategic decision-making through the mediating role of board-level information flow. This clear objective guided the formulation of the search string and the conceptual boundaries of the review.

Next, the Scopus database was selected as the primary source due to its comprehensive coverage of peer-reviewed journals across multiple disciplines, including management, finance, economics, organisational behaviour, and information systems. Scopus also provided robust keyword-based and Boolean search capabilities, ensuring that the literature search was both comprehensive and precise. A tailored search strategy was then developed to retrieve relevant studies that captured the interdisciplinary nature of director networks and strategic decision-making.

Data collection was conducted between August and September 2025, focusing exclusively on peer-reviewed journal articles written in English. To ensure inclusivity and depth, no temporal limitation was applied, allowing the review to incorporate both foundational and contemporary works. The initial search results were screened by reviewing titles and abstracts to ensure relevance to the study's core themes. Articles were included if they explicitly addressed director networks, board-level information flow, or strategic decision-making.

Finally, the selected articles were analysed using integrative thematic analysis, a qualitative synthesis method that facilitates the identification of recurring patterns, theoretical perspectives, and conceptual gaps across diverse studies. The extracted themes were subsequently compared, clustered, and interpreted to form the theoretical foundation for the conceptual framework proposed in this study. This synthesis ensured that the resulting framework was grounded in both theoretical insight and empirical evidence.

Data Collection and Review Strategy

The core of this review was shaped by an extensive search and selection strategy using Scopus as the primary database. A Boolean search string was constructed to cast a wide but focused net over the literature, intersecting five critical domains: director roles, network ties, strategic behaviour, decision-making, and impact. The final search string used was:

("director" OR "board member" OR "executive" OR "leadership") AND ("network" OR "connections" OR "relationships" OR "collaboration") AND ("strategic" OR "tactical" OR "decision" OR "planning") AND ("decision-making" OR "choices" OR "judgment" OR "policy") AND ("impact" OR "effect" OR "influence" OR "outcome")

This query yielded an initial set of 3806 articles from 2020 to 2025. After removing duplicates and filtering by peer-reviewed status and topic relevance, 845 articles were retained for abstract screening. Following an in-depth review of titles, abstracts, and keywords, 18 articles were deemed to meet the inclusion criteria, while an additional 8 were added through backward citation searching, resulting in a final sample of 26 articles.

The review strategy was guided by the principles of integrative thematic analysis (Braun & Clarke, 2006), which supports the systematic categorisation of literature into distinct but interconnected themes. Each article was read in full and coded using NVivo software, focusing on three layers of abstraction: (i) core concepts (e.g., network centrality, information asymmetry, strategic cognition), (ii) theoretical foundations (e.g., resource dependence theory, social capital theory, institutional theory), and (iii) empirical patterns (e.g., crisis responses, dissent voting, innovation outcomes). This iterative coding process allowed the researchers to identify key thematic clusters, which were then used to inform the construction of the conceptual framework.

The emerging thematic map revealed four dominant themes that underpin the relationship between director networks and strategic decision-making. The first theme, Structural Embeddedness and Centrality of Directors, highlights how directors' positions within interlocking networks shape their influence and access to resources. The second theme, Board-Level Information Access and Diffusion Mechanisms, focuses on how information flows across interconnected boards, enhancing the quality and timeliness of decision-making. The third theme, Strategic Cognition and Sensemaking Processes, emphasizes how directors interpret and integrate diverse knowledge gained through network ties to inform strategic choices. Finally, the fourth theme, Governance Outcomes and Performance Impacts, reflects how these network dynamics and cognitive processes translate into tangible governance effectiveness and improved firm performance.

These themes not only underpin the conceptual framework developed in this paper but also highlight the mediating role of information flow as the mechanism through which director networks exert influence on strategic choices. The use of an integrative thematic analysis ensured that the proposed framework was grounded in literature while allowing space for conceptual innovation. Furthermore, insights from qualitative, quantitative, and mixed-methods studies were integrated to ensure methodological triangulation and theoretical richness.

As with any narrative review, this study is interpretive rather than exhaustive. Although the Scopus search strategy was structured and guided by explicit inclusion criteria, the reliance on a single database and peer-reviewed English-language articles means that some relevant studies indexed elsewhere, or using alternative terminology for director networks and information flow, may not have been captured (Baumeister & Leary, 1997; Webster & Watson, 2002). In addition, the integrative thematic analysis is based on the authors' reading and coding of the selected articles and does not employ a formal quality appraisal checklist; consequently, the prominence of findings reflects their conceptual relevance rather than a standardised assessment of methodological rigour (Braun & Clarke, 2006).

A further methodological limitation arises from the strong conceptual relatedness of the constructs in the proposed framework: director network centrality, information flow, and strategic decision-making are treated as analytically distinct, yet they are likely to be empirically correlated. While this paper does not estimate statistical models or conduct multicollinearity diagnostics, any subsequent quantitative validation of the framework should explicitly test for multicollinearity and adopt modelling strategies—such as latent-variable or structural equation approaches—that can accommodate overlapping constructs and shared variance.

4. Key Findings from the Narrative Review

The narrative review of 26 curated articles revealed several recurring yet under-theorised themes connecting director network centrality, information flow, and strategic decision-making. These themes were distilled through integrative thematic analysis and are summarised in the table below.

Table 1: Key Findings from the Narrative Review

Theme	Description	Key Sources
Director Network Centrality Enhances Strategic Influence	Directors with high network centrality possess greater access to strategic resources, legitimacy, and influence, enabling them to shape strategic direction.	Nicholson et al. (2004), Wright (2023), Zhang et al. (2024)
Network Embeddedness Shapes Boardroom Cognition	Directors embedded in multiple boards influence groupthink, dissent, and board-level cognition, impacting how strategic options are evaluated.	Stevenson & Radin (2015), Zhang et al. (2024)
Information Flow as Strategic Resource	Information that flows through interlocks enhances the board's ability to anticipate risk, navigate uncertainty, and improve strategic planning.	Bilgili & Bilgili (2024), Fang et al. (2021)
Mediating Role of Information Flow	Information flow mediates the relationship between network centrality and strategic decision outcomes, but this mechanism is under-theorised in existing studies.	Fang et al. (2021), Hudson & Morgan (2024)
Network-Driven Ethical and CSR Outcomes	Well-connected directors tend to promote CSR and long-term sustainability, particularly during periods of crisis.	Nandy et al. (2020), Chen et al. (2025)
Institutional Context Shapes Network Effects	Cultural, legal, and institutional contexts moderate how director networks influence decisions, especially across global governance settings.	Wright (2023), McClane & Nili (2021)
Information Asymmetry Reduction through Networks	Central directors help reduce asymmetries in knowledge, mitigating risks such as stock price crashes and decision bias.	Fang et al. (2021), Hudson & Morgan (2024)
Conceptual Fragmentation in Literature	Studies often examine director networks, decision-making, and information flow in isolation, limiting integrative theorisation.	Ford-Eickhoff et al. (2011), Liao & Chen (2009)

Narrative Summary of Key Findings

The review uncovered a robust yet fragmented body of literature that collectively affirms the growing influence of director networks in shaping strategic outcomes. At the heart of this dynamic lies network centrality, which grants directors superior access to privileged information, reputation capital, and strategic foresight. Studies by Nicholson et al. (2004) and Zhang et al. (2024) highlight how centrally-positioned directors are not passive participants but strategic actors with disproportionate influence over boardroom decisions.

Furthermore, the cognitive dynamics of boards are increasingly influenced by the embeddedness of directors in external networks. Stevenson and Radin (2015) demonstrate how informal network ties shape not only the content but the process of strategic deliberation—driving group norms, consensus, or dissent. This shows that the board is not a neutral decision arena but a socially constructed space influenced by external network logic.

A central contribution of this review is the identification of information flow as the critical mediating mechanism. The findings from Bilgili and Bilgili (2024), along with Fang et al. (2021), converge on the idea that director networks are only impactful when the information they access is interpreted, translated, and transmitted effectively into strategic insights. Yet, most prior studies either treat information flow as a black box or conflate it with structural connectedness. This presents an important theoretical gap.

Another emerging insight is the relationship between network-driven ethics and CSR orientation. Directors with expansive networks are more likely to push for environmentally and socially responsible strategies,

especially during institutional turbulence (Nandy et al., 2020; Chen et al., 2025). These actions are influenced by normative pressures within elite networks, as well as reputational considerations.

However, the effect of director networks is not universal; it is shaped by institutional and cultural contexts. Wright (2023) demonstrated how governance practices evolve differently in Anglo-Saxon versus Asian contexts, requiring scholars to contextualise findings accordingly. Moreover, the reduction of information asymmetries through director networks emerges as another overlooked area. Studies such as Hudson and Morgan (2024) suggest that diverse board interlocks may reduce risk by facilitating more accurate, timely information dissemination.

Lastly, a critical meta-observation is the theoretical fragmentation of the literature. The constructs of network centrality, information flow, and strategic decision-making are often studied in isolation, resulting in siloed models with limited cross-fertilisation. There is a clear need for integrated frameworks that bring these elements into a unified conceptual narrative—precisely what this study aims to contribute.

Theoretical Framework Development

The theoretical framework serves as the scaffolding for understanding the mechanisms through which director network centrality influences strategic decision-making, with information flow posited as a mediating variable. It provides a conceptual lens that integrates multiple theories to explain how social structures, cognitive dynamics, and governance mechanisms interact within boardrooms. As boards evolve beyond oversight bodies into strategic actors embedded in dynamic inter-organisational ecosystems, the need to theorise how information circulates through these networks becomes critical. This framework is grounded in Resource Dependency Theory (RDT), Social Capital Theory (SCT), and the Knowledge-Based View (KBV) of the firm—each contributing distinct but complementary insights into how strategic influence is acquired and exercised in corporate governance.

In the context of this study, Resource Dependency Theory underscores the board's function as a boundary-spanning unit that accesses critical resources—both tangible and intangible—through external networks (Pfeffer & Salancik, 2015). Director network centrality enhances a board's ability to manage dependencies by positioning firms within influential inter-organisational arenas. Meanwhile, Social Capital Theory emphasises that these networks do not merely provide resources but facilitate the flow of trust-based information, norms, and cognitive frames (Nahapiet & Ghoshal, 1998). This relational capital allows directors to channel strategic knowledge into the firm, acting as conduits of tacit and timely insights. Lastly, the Knowledge-Based View frames the board as an internal knowledge integration platform, where information is absorbed, filtered, and transformed into strategic action (Bilgili & Bilgili, 2024). In this model, the flow of information is not passive—it must be actively managed, interpreted, and internalised.

The conceptual framework developed in this study positions director network centrality as the independent variable, information flow as the mediating mechanism, and strategic decision-making as the dependent variable. It theorises that directors who occupy central positions within interlocking networks are more likely to access a broad array of strategic information, ranging from market intelligence to regulatory cues and competitor behaviour. However, centrality alone does not guarantee influence—its effect is contingent on the board’s ability to translate external signals into coherent internal discourse. Information flow, therefore, is the mechanism through which centrality is operationalised into cognitive advantage and ultimately, decision quality. This mediating role positions information not merely as a by-product of connectivity but as a form of intangible capital that shapes strategic direction.

The integration of literature supports this theoretical architecture. For example, Fang et al. (2021) illustrated how directors with extensive external connections help firms mitigate information asymmetry, thereby reducing stock price crash risks. Bilgili and Bilgili (2024) emphasised that intrafirm knowledge networks enhance the strategic foresight of boards. Nandy et al. (2020) and Zhang et al. (2024) further demonstrated how networked directors influence strategic behaviour during crises and dissent voting patterns, respectively. These findings, while not always explicitly linked, converge on a central theme: the strategic potency of director networks lies in their informational leverage, not merely their structural configuration. By synthesising these

perspectives, this framework fills a conceptual gap in the literature where network centrality and information dynamics intersect with strategic outcomes.

Practically, this framework has several implications for corporate governance. First, it shifts the focus from board composition (e.g., gender, independence) to board connectivity and cognitive capacity—highlighting the need for more nuanced board evaluations. Regulators and investors should recognise that boards with diverse and centralised networks may be better equipped to navigate uncertainty and complex decision-making environments. Second, it provides a basis for executive recruitment strategies that prioritise relational capital and cognitive brokerage roles. Finally, this model supports the development of network-aware governance tools—where the quality of information flow, rather than board formality, becomes a key performance indicator in strategic governance assessments.

In applying this framework, future empirical studies can test the mediating effect of information flow using structural equation modelling or multi-level path analysis. Measurement of director network centrality can be operationalised through network metrics such as betweenness or eigenvector centrality, while information flow can be proxied through board communication patterns, decision speed, or dissent frequency. This will allow scholars to validate the hypothesised relationships and provide empirical support for the conceptual linkages proposed here. Moreover, qualitative approaches such as boardroom ethnography or in-depth interviews with directors can uncover the cognitive and discursive mechanisms underpinning information flow—providing rich contextual insights.

In conclusion, the theoretical framework proposed here contributes to the evolving discourse on networked governance by bridging structural embeddedness with strategic cognition. It advances theory by positioning information flow as a mediating mechanism, thereby addressing the black box between director centrality and strategic decision outcomes. Through this integration of RDT, SCT, and KBV, the framework offers both theoretical sophistication and practical relevance—inviting scholars and practitioners alike to reconsider how boards govern not only through structures and processes but through networks, cognition, and flows of meaning.

To visualise the theoretical architecture underpinning this study, Figure 1 presents the conceptual model linking Director Network Centrality, Information Flow, and Strategic Decision-Making. This framework integrates perspectives from Resource Dependency Theory (RDT), Social Capital Theory (SCT), and the Knowledge-Based View (KBV) of the firm to explain how directors' structural positions within networks translate into strategic influence via enhanced informational access and processing. The model positions information flow as the core mediating mechanism, highlighting its pivotal role in transforming structural advantage into cognitive and strategic outcomes at the board level. Given the preceding discussions, Figure 1 illustrates the proposed theory of the study:

Figure 1: Conceptual Framework Linking Director Network Centrality, Information Flow and Strategic Decision-Making



Figure 1 illustrates the proposed mediating relationship between director network centrality, information flow, and strategic decision-making, grounded in Resource Dependency Theory, Social Capital Theory, and Knowledge-Based View (KBV).

The proposed framework is grounded in three key theoretical foundations: Resource Dependence Theory (RDT), Social Capital Theory (SCT), and the Knowledge-Based View (KBV). RDT posits that network centrality enhances a firm's access to external resources and strengthens its legitimacy within the broader business environment. SCT emphasizes that trust-based relationships within director networks facilitate the exchange of tacit knowledge and the development of shared interpretative schemas, which are crucial for effective collaboration and strategic insight. Meanwhile, the KBV suggests that information acquired through these

networks must be absorbed, interpreted, and utilized as a valuable knowledge asset within the board to enhance decision-making capacity.

Building on these theoretical perspectives, the framework enables future empirical research to test several propositions and key relationships: (P1) director network centrality positively influences information flow; (P2) information flow positively influences the quality of strategic decision-making; and (P3) information flow mediates the relationship between network centrality and strategic decision-making. By integrating structural, relational, and cognitive dimensions, this model offers a comprehensive, multi-level understanding of how board connectivity shapes strategic governance processes beyond the limits of formal board composition.

Proposition Development

Director Network Centrality Positively Influences Information Flow

Director network centrality refers to the structural position and connectedness of directors within a network of interlocking boards. Directors who are more central in these networks have superior access to external knowledge, resources, and strategic intelligence, which are not readily available to more peripheral members. These central directors act as information brokers, linking disparate firms and industries, thereby enabling faster and broader acquisition of relevant knowledge (Nicholson, Alexander, & Kiel, 2004). As such, their embeddedness in multiple organisational boards increases their capacity to gather, interpret, and relay critical information into the focal firm's strategic discourse. The more central a director is, the higher their exposure to external developments, peer learning, and regulatory signals—assets that are crucial in a volatile decision-making environment.

The literature supports the notion that network centrality plays a vital role in enhancing board-level information flow, both in terms of volume and diversity. For instance, Fang, Pittman, and Zhao (2021) empirically demonstrated that directors with well-established external ties help mitigate information asymmetry within the firm, thereby improving the firm's internal decision quality. Similarly, Bilgili and Bilgili (2024) argue that boards with central members are better positioned to engage in knowledge integration and organisational learning. These directors not only act as knowledge conduits but also serve as cognitive filters who interpret and prioritise information based on their cross-firm experiences. Importantly, Stevenson and Radin (2015) noted that directors who possess extensive informal networks shape the shared cognition of the board, influencing how information is processed and which issues receive strategic attention.

Thus, network centrality does not merely represent access—it enables the flow of relevant, timely, and strategic information into the boardroom. This information flow forms the basis of sensemaking, foresight, and adaptive decision-making processes. When directors are structurally positioned at the intersection of multiple boardrooms, they are more likely to transfer new ideas, best practices, and insights from one context to another. As such, their influence on internal information environments becomes disproportionately impactful. Therefore, we propose the following:

Proposition 1: *Director network centrality positively influences the flow of strategic information within the board.*

Information Flow Positively Influences Strategic Decision-Making Quality

In the context of corporate governance, information flow refers to the transmission, exchange, and interpretation of relevant knowledge within the boardroom that supports decision-making processes. Strategic decision-making, particularly at the board level, is highly dependent on timely, diverse, and contextually rich information. Without it, decision-makers may suffer from bounded rationality, groupthink, or over-reliance on heuristics. Information flow serves as the cognitive infrastructure upon which boards develop strategic foresight, evaluate alternatives, and manage complexity. Bilgili and Bilgili (2024) propose that the board functions as an internal knowledge network, where information does not merely accumulate but is actively shared, filtered, and contextualised—ultimately improving the robustness of strategic choices.

Empirical and conceptual studies reinforce the critical role of information flow in enhancing strategic decision-making quality. For instance, Fang et al. (2021) demonstrated how improved information environments—facilitated by director networks—reduce stock price crash risks by minimising information hoarding and signalling failures. In the healthcare sector, Ford-Eickhoff, Plowman, and McDaniel Jr. (2011) found that boards

actively involved in strategic information exchanges contributed to sharper strategic focus and better alignment with long-term goals. Similarly, Hudson and Morgan (2024) showed that heterogeneous board interlocks enhance firm adaptability and reduce idiosyncratic risk, largely due to improved strategic information flow. In each case, the common thread is clear: strategic quality improves when boards have access to relevant, diverse, and cognitively integrated information streams.

Furthermore, information flow enhances not just what decisions are made, but how they are made. It supports inclusive deliberation, critical challenge, and real-time adaptation—all hallmarks of high-quality strategic decision-making (Stevenson & Radin, 2015). When information flows effectively across board members—whether through formal channels or informal ties—it enables a diversity of perspectives, reduces decision biases, and creates a foundation for proactive strategy formation. As such, organisations with effective internal information flows are more likely to make decisions that are forward-looking, risk-aware, and value-generative. Based on this synthesis, we propose:
Proposition 2: *Information flow positively influences the quality of strategic decision-making within the board.*

Information Flow Mediates the Relationship Between Director Network Centrality and Strategic Decision-Making
While director network centrality provides structural advantages, its influence on strategic decision-making is rarely direct or automatic. Instead, it operates through intervening mechanisms that convert positional power into cognitive or behavioural outcomes. Among these, information flow plays a pivotal mediating role. Directors who are centrally positioned in interlocking board networks often have access to richer, timelier, and more diverse information—but that access must translate into actionable insights to shape board decisions effectively (Nicholson, Alexander, & Kiel, 2004). It is through the flow and diffusion of this information that centrality manifests as strategic influence, making information flow the crucial conduit between structure and outcome.

Several studies lend empirical support to this mediating dynamic. Fang et al. (2021) demonstrated that firms with directors who hold central positions across boards experienced fewer stock price crashes due to improved information transparency and flow. Similarly, Hudson and Morgan (2024) found that board network heterogeneity—an aspect of centrality—reduced firm-specific risk by facilitating strategic foresight through informational access. These studies imply that it is not centrality alone, but rather the board's ability to mobilise and internalise information, that determines strategic effectiveness. In healthcare governance, Ford-Eickhoff et al. (2011) observed that board involvement in strategy only translated into results when informed by sufficient, high-quality data flow—reinforcing the mediating role of information access in turning network position into decision capacity.

Conceptually, this mediation aligns with both Social Capital Theory, which posits that networks yield value through the exchange of information and trust (Nahapiet & Ghoshal, 1998), and the Knowledge-Based View of the Firm, which sees information as a strategic resource that must be integrated and leveraged internally (Bilgili & Bilgili, 2024). When boards fail to facilitate open, multidirectional information flows—even if well-connected—the structural advantage remains underutilised. In contrast, boards that cultivate deliberate, trust-rich communication patterns allow central directors to import external insights into internal deliberations, enhancing decision quality. Therefore, we propose the following:
Proposition 3: *Information flow mediates the relationship between director network centrality and strategic decision-making quality.*

5. Conclusion

This conceptual paper set out to explain how director network centrality shapes strategic decision-making through the mediating role of information flow at the board level. By drawing on a narrative review of 26 peer-reviewed articles and integrating insights from Resource Dependency Theory, Social Capital Theory, and the Knowledge-Based View of the firm, the study advances a framework that links structural position, information dynamics, and strategic cognition coherently. The core argument is that network centrality, by itself, does not automatically translate into superior strategic outcomes; its value depends on how effectively information is channelled, interpreted, and embedded within board deliberations.

The study makes three interrelated theoretical contributions. First, it refines board governance models by positioning director network centrality as a key antecedent of board-level information environments, highlighting how centrally placed directors broaden the range and depth of strategic signals available to the board. Second, it elevates information flow from a background condition to an explicit mediating construct that links network structure to decision quality, thereby opening the "black box" between board connectivity and strategic outcomes. Third, by combining RDT, SCT, and KBV, the paper reconceptualises the board as a knowledge-driven decision platform rather than a purely structural or compliance-oriented mechanism, emphasising cognition, sensemaking, and learning as central to contemporary governance.

From a practical standpoint, the framework offers several implications for corporate governance practice and policy. For firms, it suggests that board effectiveness should be assessed not only in terms of demographic diversity, independence, or committee structures, but also in terms of directors' embeddedness in external networks and their capacity to act as cognitive brokers. Nomination and governance committees may therefore need to give greater weight to candidates' network positions, cross-board experience, and ability to translate external knowledge into actionable strategic insight. For regulators, investors, and stewardship actors, the model underscores the importance of monitoring both who is connected to whom and how information flows within and across boards when evaluating governance quality.

The framework also carries specific implications for regional ESG governance, particularly in emerging markets and ASEAN-type contexts where institutional environments are evolving. Well-connected directors can serve as conduits for global ESG norms, best practices, and disclosure standards, helping firms to interpret regulatory changes, stakeholder expectations, and sustainability risks more effectively. Strengthening information flow within boards—through transparent reporting, structured discussion of ESG issues, and cross-committee coordination—can improve the quality of strategic decisions related to climate risk, social responsibility, and ethical conduct. Policymakers and stock exchange authorities may therefore consider incorporating network-aware and information-centric indicators into governance codes, ESG guidelines, and board evaluation frameworks.

At the same time, the study has several limitations. As a conceptual paper based on a narrative review, it does not empirically test the proposed relationships, and the selection and interpretation of literature are inevitably shaped by the authors' judgment. The framework may also operate differently across industries, institutional settings, and ownership structures, which limits its direct generalisability. These constraints, however, also open a clear agenda for further empirical work.

Future research can build on this framework in several ways. Quantitative studies using social network analysis and structural equation modelling could test the mediating role of information flow and compare the effects of different centrality measures (such as degree, betweenness, and eigenvector centrality) on various dimensions of strategic decision quality. Longitudinal designs could examine how changes in board networks over time influence firms' strategic responses to shocks, such as crises or regulatory reforms. Qualitative approaches—including boardroom ethnographies and in-depth interviews with directors—could provide richer insight into the informal, relational, and cognitive aspects of information exchange that are difficult to capture quantitatively. Finally, cross-country comparative studies would help to clarify how institutional logics, regulatory regimes, and cultural norms condition the influence of director networks on strategy and ESG-related decisions.

In summary, the paper contributes to the governance literature by showing that the strategic impact of director networks lies not solely in who sits at the centre of the network, but in how information circulates through and within the boardroom. By foregrounding information flow as a mediating mechanism, the framework encourages scholars and practitioners to adopt a more nuanced, network-aware, and cognitively informed view of board-level strategic decision-making.

Acknowledgement: The authors would like to express their sincere gratitude to the Kedah State Research Committee, UiTM Kedah Branch, for the generous funding provided under the Tabung Penyelidikan Am. This support was crucial in facilitating the research and ensuring the successful publication of this article.

References

Baumeister, R. F., & Leary, M. R. (1997). Writing narrative literature reviews. *Review of general psychology*, *1*(3), 311-320.

Bilgili, H., & Bilgili, T. v. (2024). Toward a knowledge-based view of the board: Modeling board intrafirm knowledge networks. Knowledge and Process Management, 31(1), 33–47. https://doi.org/10.1002/kpm.1762

Blanco-Alcántara, D., Díez-Esteban, J. M., & Romero-Merino, M. E. (2019). Board networks as a source of intellectual capital for companies: Empirical evidence from a panel of Spanish firms. Management Decision, 57(10), 2653–2671. https://doi.org/10.1108/MD-12-2017-1238

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative research in psychology*, *3*(2), 77-101.

Cannella, B., Finkelstein, S., & Hambrick, D. C. (2009). Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards. In Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards. https://doi.org/10.1093/acprof:oso/9780195162073.001.0001

Carpenter, M. A., Geletkancz, M. A., & Sanders, Wm. G. (2004). Upper echelons research revisited: Antecedents, elements, and consequences of top management team composition. Journal of Management, 30(6), 749–778. https://doi.org/10.1016/j.jm.2004.06.001

Chen, L., Li, F., Wu, M., & Niu, R. (2025). Independent director network and carbon information disclosure: evidence from China. *Social Responsibility Journal*, *21*(7), 1466-1483.

Cronin, B., Perra, N., Rocha, L. E. C., Zhu, Z., Pallotti, F., Gorgoni, S., ... & De Vita, R. (2021). Ethical implications of network data in business and management settings. *Social Networks*, *67*, 29-40.

Eisenhardt, K. M., & Zbaracki, M. J. (1992). Strategic decision making. *Strategic Management Journal*, 13(2 S), 17–37. https://doi.org/10.1002/smj.4250130904

Forbes, D. P., & Milliken, F. J. (1999). Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups. Academy of Management Review, 24(3), 489–505. https://doi.org/10.5465/AMR.1999.2202133

Ford-Eickhoff, K., Plowman, D. A., & McDaniel Jr., R. R. (2011). Hospital boards and hospital strategic focus: The impact of board involvement in strategic decision making. *Health Care Management Review,* 36(2), 145–154. https://doi.org/10.1097/HMR.0b013e3182099f6e

Freeman, L. C. (1978). Centrality in social networks: conceptual clarification. Social Networks, 1(3), 215–239. https://doi.org/10.1016/0378-8733(78)90021-7

Hudson, K., & Morgan, R. E. (2024). Industry Exposure to Artificial Intelligence, Board Network Heterogeneity, and Firm Idiosyncratic Risk. Journal of Management Studies. https://doi.org/10.1111/joms.13127

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Larcker, D. F., So, E. C., & Wang, C. C. Y. (2013). Boardroom centrality and firm performance. Journal of Accounting and Economics, 55(2–3), 225–250. https://doi.org/10.1016/j.jacceco.2013.01.006

Liao, C.-C., & Chen, J.-. Y. (2009). Director networks and their similarity in r&d expenditure decision. International Research Journal of Finance and Economics, 1(23), 75–88. https://www.scopus.com/inward/record.uri?eid=2-s2.0-67549098370&partnerID=40&md5=8c09270575d047c358aa705343dd68fd

Maya-Jariego, I., Alieva, D., & Holgado, D. (2021). Confidentiality, power relations and evaluation of potential harm in the study of the personal and organizational networks of travel agents in Moscow. *Social Networks*, *67*, 55-64.

McClane, J., & Nili, Y. (2021). Social Corporate Governance. George Washington Law Review, 89(4), 932–1015. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85127463310&partnerID=40&md5=0061719a52466bbaaeb3d7d876bb0767

Mizruchi, M. S. (1996a). What do interlocks do? An Analysis, Critique, and Assessment of Research on Interlocking Directorates. Annual Review of Sociology, 22, 271–298. https://doi.org/10.1146/annurev.soc.22.1.271

Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, *23*(2), 242-266.

Nandy, M., Lodh, S., Kaur, J., & Wang, J. (2020). Impact of directors' networks on corporate social responsibility: A cross-country study. International Review of Financial Analysis, 72, 101601.

Nicholson, G. J., Alexander, M., & Kiel, G. C. (2004). Defining the social capital of the board of directors: An exploratory study. Journal of Management and Organization, 10(1), 54–72. https://doi.org/10.5172/jmo.2004.10.1.54

Pfeffer, J., & Salancik, G. (2015). External control of organizations—Resource dependence perspective. In Organisational Behaviour(pp. 355-370). Routledge.

Pignatel, I. (2008). Directors: Geographical and industry specialization? EuroMed Journal of Business, 3(1), 83–98. https://doi.org/10.1108/14502190810873830

Qiu, S., & Sun, X. (2021). Director Networks and Cost of Equity Capital: Based on "busy Director Hypothesis" Analysis. Discrete Dynamics in Nature and Society, 2021. https://doi.org/10.1155/2021/9594571

Shu, P.-G., Chiang, S.-J., & Wu, T.-Y. (2024). Board network and ESG performance: Evidence from China. Corporate Social Responsibility and Environmental Management, 31(6), 5709–5729. https://doi.org/10.1002/csr.2887

Stevenson, W. B., & Radin, R. F. (2015). The minds of the board of directors: the effects of formal position and informal networks among board members on influence and decision making. Journal of Management and Governance, 19(2), 421–460. https://doi.org/10.1007/s10997-014-9286-9

Wang, S., & Lv, J. (2025). Director Network Centrality and Firm Green Innovation: Moderating Effect of Absorptive Capacity. Business Ethics, the Environment and Responsibility. https://doi.org/10.1111/beer.12822

Webster, J., & Watson, R. T. (2002). Analyzing the past to prepare for the future: Writing a literature review. *MIS Quarterly*, 13-23.