

How board network affects firm performance and innovation incentives in transition economics

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PROPOSITIONS

1. Personal networks were important instruments for economic actors in transition economies to support and facilitate market exchange. Through personal networks economic actors take action to maintain and gain valued resources, and individual actors with the ability to access and mobilize the resources through their networks experience greater opportunities to survive and produce higher rates of return.
2. The application of social capital theory through constructing board members' network deepened the understanding of how well performing former-soviet companies are performing after change of their ownership, and how they are adapting to market conditions.
3. The way privatization was implemented in Armenia limits foreign participation in the ownership structure, which does not provide opportunities for local firms to be exposed to new knowledge related to the new paradigm "market economy". Actors were placed into the new "market economy" framework without prior knowledge and experience and without knowledge of the "rules of the game"; thus, the only channel to learn is through connection with a foreign firm.
4. Differential returns on social capital emerge because different combinations of network structure and quality may occur for a firm embedded in social networks. Resources embedded in a firm's neighborhood should be considered valuable if they are supported with an appropriate structure, and only then they will provide benefits for the firms in transition countries.
5. Corporate governance policies and practices in transition countries can be improved through examining board networks both from structural and quality perspectives. Steering the structuring of board networks will also increase economic efficiencies and benefits.
6. Societal transition is a frequently appearing reality where political, economic, environmental, technological factors are affecting people, countries, and societies very often in radical and destructive ways. Studying post-soviet countries' experience provides insights on the hidden factors that affect the transition such as past experience, people's mentality and social networks. And lessons learned from the former-soviet countries can be very useful and applicable for steering the transition processes in other countries.
7. Neo-liberal reforms and the lack of state stabilizing policies during transition processes in Armenia, created highly uncertain environment, which affected individual's life, families and

the whole society, in general, in a tragic way. One of the important aspect of government policy interventions should be the smoothening the impact of radical reforms and changes, both internal and external, on the society, individuals and families.

8. “Lessons learned” from the collapse of the USSR is a continual learning process – what do we learn? Not everything was wrong in the USSSR (e.g., education system, universal health, social mobility and equality)