

**HUB OR FEDERATION?
NETWORK CENTRALIZATION AND BUSINESS GROUP PERFORMANCE**

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Abstract

Arguing that the interfirm network level is an important yet understudied domain, we shift the level of analysis from firm to network to explore how the overall network structure influences network performance. Specifically, we focus on the performance effects of network-level centralization, or the degree of variation in centrality, which can vary between a hub and a federation. Using the context of business groups in Taiwan between 1990 -1998, we propose that network-level centralization exerts dual effects on network performance. Our results bear out such an inverted-U relationship. We also find that the performance effects of network centralization are contingent on network density, business group diversity, and the nature of knowledge assets owned by the group.