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## **Doxa of Shareholders and Owners:**

### **On the Threshold of Financialization**

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# Doxa of Shareholders and Owners: On the Threshold of Financialization

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## Abstract:

Following financialization, there has emerged an understanding of what it implies to be a shareholder based on the shareholder value perception. However, as this shareholder value perception spreads internationally, it clashes with traditional perceptions. In this paper, we apply the language developed by Bourdieu to a Swedish public debate on equal treatment of shareholders in connection with the reform of the Swedish market for corporate control. Using Bourdieu's conceptual framework, we describe how a global development interacts with the persistence of national practices. We conclude that in Sweden, local institutional investors have allied themselves with international institutional investors to enhance their positions in the restricted field of Swedish corporate control. Shareholder value is then used by these local actors as an argument to strengthen their position. At the same time, some of the controlling shareholders depart from their traditional position as industrial entrepreneurs and embrace a more financial approach to ownership, thereby altering both the power constellations and the capital, in Bourdieu's sense, of the field.

**Keywords:** shareholder value, financialization, corporate governance, Sweden, market for corporate control

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## 1 Introduction

Following financialization, the conception of 'ownership' has recently been highlighted in the corporate governance debate (Nölke & Perry, 2008; Van der Zwan, 2014). Increasingly, the perception of the shareholder as the 'owner' of the firm, a perception embedded in the mainstream ideology of corporate governance, is being questioned (see e. g. Biondi, 2013; Ireland, 1999; Lazonick & O'Sullivan, 2000; Veldman, 2013; Weinstein, 2012). Instead, alternative conceptions have been promoted that distinguish the enterprise as a production entity from its legal form and view the shareholder as 'merely' owners of shares. Common to most of this research is the notion that the 'shareholder value revolution' (Biondi, 2013) or the 'shareholder primacy doctrine' (Weinstein, 2012), reflects the influence of strong political and economic interests and has been supported by mainstream research. To focus on this process, is also to acknowledge that real world changes are carried out by actors. In the case of shareholder value, these actors are often consultants and managers (Froud et al., 2000; Nölke & Perry, 2008), legal and economic scholars (Stout, 2012; Weinstein, 2012) or institutional investors (Lazonick & O'Sullivan, 2001).

One actor who has been shown less attention in the diffusion of (or resistance to) shareholder value is the shareholder. In the shareholder value doctrine, the shareholders are assumed to be homogenous (Biondi, 2013; Weinstein, 2012). Herein 'the good owners' are defined as investors, skilled in evaluating investment opportunities, whose objective is to maximize the cash flow from their investments. As pointed out by Weinstein (2012), this investor gains their theoretical justification from agency theory (Fama, 1980; Jensen & Meckling, 1976) and from the development of the capital markets in the United States during the 1970s (e. g., Lazonick & O'Sullivan, 2000; Moore & Robérioux, 2011; Stout, 2012). However, as Fiss and Zajac (2004) and Stout (2012), point out, shareholders' interests are not uniform; the notion of 'a shareholder' possessing a single, unified interest is more an assumption than empirical fact. Following the process of financialization, the shareholder value doctrine's view of 'the good owners' will encounter locally based perceptions of 'the good owners'<sup>1</sup> (Fiss & Zajac, 2004; Stout, 2012). The outcome of these encounters is likely to depend on the path dependency of the national context in which shareholder value is being embedded (Boyer, 2005).

One issue connected with shareholder value and, not yet well researched, is how these encounters between different views of the 'the good owner' actually occur, and how the outcomes of such encounters should be interpreted. In this paper, we investigate one such encounter as it manifests itself in a regulatory process; namely

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a case of differing perceptions regarding the treatment of shareholders in the Swedish regulation of take-overs and bids. In this case, the actions of traditional controlling shareholders and business groups in the Swedish corporate governance system are challenged by local institutional investors who are backed by powerful international investors in an attempt to alter the traditional positions of the system. We have two aims in this paper: (i) to deepen the understanding of the process of financialization, whereby changes in the definition of 'the owners' occurs at a national level; (ii) to introduce the approach of French sociologist Pierre Bourdieu, notably his concepts of 'field' and 'doxa', as a framework for understanding such changes (e. g., Bourdieu, 1983). We believe that Bourdieu's framework can help elucidate the simultaneous struggle for symbolic and economic resources between parties who are in an unequal relationship. Bourdieu's concepts expand the explanatory potential in empirical cases where standard theories of corporate governance fail to account for outcomes. Bourdieu highlights the importance of power and differences in interests between actors, as well as the actor's importance in maintaining his own position. Further, he offers an understanding of how different contexts are colonized by concepts from other fields, corresponding to changing ways in which financialization and shareholder value are understood. The remainder of this paper is structured as follows: first, we introduce a theoretical framework based on Bourdieu's conceptualizations; this is followed by a description of the Swedish case focusing especially on how the image of 'the owner' is promoted by the competing parties. We then provide a description of our methodology, leading to an empirical case of the media debate surrounding changes in Swedish take-over and bid regulation. Finally, the case is discussed in the light of Bourdieu's conceptualisations, where we offer some conclusions and implications regarding financialization, shareholder value and different perceptions of 'the good owner'.

## 2 The field of owners and doxa of ownership

According to Bourdieu, society may be viewed as consisting of more or less restricted social fields. The concept of 'field' covers a social configuration of relationships where groups of people and institutions struggle to dominate resources, called 'capital' that are of importance to them (Bourdieu, 1985b; Broady, 1990, p. 270). The field as such, and the boundaries of the field, are defined by the perceptions of those who have a stake in the struggle for economic and symbolic capital (Bourdieu, 1983; Broady, 1990).<sup>2</sup> As such, fields are characterized by the beliefs of, the investments by, as well as gains that accrue to, its participants. What is acknowledged as 'capital' is defined by the actors of the field, and the capital that is appropriated may be symbolic, political, cultural or economic (Bourdieu, 1977). From this perspective, a local market for corporate control may be viewed as a field (Bourdieu, 1983) where various types of shareholders occupy different positions, and apply different strategies, in the struggle to maintain or enhance their position vis a vis others.

Bourdieu (1985a) distinguishes between fields with restricted production and fields with more general production. In a restricted field, production of field specific goods is closely related to and delimited to the actors participating in the field. General production has a less well-defined cohort of consumers and a more standardized product. A restricted field has a certain amount of autonomy (Bourdieu, 1985b; Broady, 1990) in its production of cultural (or other) goods in relation to other fields (Everett, 2002). This autonomy implies that the actors within a restricted field develop their own criteria for how to define, evaluate and enforce appropriate behavior or output, while a general field is more anonymous and exposed to the market forces (Bourdieu, 1983, 1985a).

One way of understanding persistence of local corporate governance systems (Gordon & Roe, 2004) in the light of globalization is to claim that national financial markets are a restricted and a general field simultaneously. The economic product of the market, 'liquidity' or 'cash flow', is unquestionably of general character and thereby easily transferred between different financial markets (fields). This 'general aspect' of the financial markets implies the possibility of a number of different 'consumers' and easy transfer of resources between different national fields. However, fields such as the national financial markets are heavily influenced by the historical development of the country as well as by the power of national elites (Boyer, 2005; Gordon & Roe, 2004). In our case, these national elites would be the traditional actors in the field, that is, the various local shareholders. The influence of these local shareholders is manifested in, amongst others things, the local regulation of the field (Bebchuck & Roe, 1999) and operates with the perception of 'good owners' (Fiss & Zajac, 2004; Stout, 2012). The ability to influence regulation as well as to define what constitutes 'good behaviour' may be viewed as the 'restricted' aspect of the field. This resource is symbolic in nature and connected to the paths historically chosen in the country.

From this perspective, the definition of the 'good owner' may be viewed as part of the restricted field, where various types of shareholders occupy different positions and apply diverse strategies in their struggle to maintain or enhance their positions in the field (Bourdieu, 1983), i. e., to gain or retain access to economic and

symbolic capital. The positions make up the structure of the field. Connected to the position is what Bourdieu (1985b), p. 734 describes as its 'stance' (*prises de position*). This implies that the position also gives its holder its standpoints<sup>3</sup> from which she understands reality and which she attempts to impose on the rest of the field. What is to be defined as a good or bad owner is one such standpoint. Hence, when a new definition is imposed, as the definition based on shareholder value, it is likely that it will be deployed by actors in different positions, in various ways, in the struggle to improve the holders' position in the field. The production of standpoints is a vital part of the field's 'production of common sense' (Bourdieu, 1985b, p. 731). In order for a position to dominate a certain field, to dominate both economic as well as symbolic resources, it is necessary to impose monopoly of naming, 'i. e. explicit and public – imposition of the legitimate vision of the social world' (ibid.).

Fields that are legitimated in the eyes of their actors are constructed on the basis of what Bourdieu (1977) calls a 'doxa', wherein 'the established cosmological and political order is perceived not as arbitrary, [...] but as a self-evident and natural order' (Bourdieu, 1977, p. 166). Struggles of dominance within a field may thereby include challenging the existing doxa. The symbolic struggle over naming becomes a necessity in order to change the actors pre-existing power in the field. In analogy with the discussion of the national market for corporate control as a restricted and a general field above, we may describe the shareholder value doctrine as an attempt to establish a new doxa, emanating from the general field, within the restricted field. The traditional doxa of the field of corporate control, however, may differ due to the path dependency of the local market and due to the way in which the legitimacy of different shareholders is constructed. The norms of shareholder value, for example, may thereby be seen as being influenced by a more widespread field (Bourdieu, 1985a; Bourdieu, 1985b) that challenges and 'colonizes' the national field of corporate control.

Let us turn to an example of a national market for corporate control that is affected by changing definition of what constitutes 'good owners', namely the Swedish.

### 3 The financialization of the Swedish market for corporate control

In this section, the positions of different actors in the Swedish market for corporate control are mapped. Following three decades of globalization and financialization, the Swedish market for corporate control has changed substantially. Both the size of financial markets and the dispersion of corporate ownership have increased remarkably during the last 30 years. However, control of the corporations is still firmly exercised by a small group of families and business groups.

The ownership of the large listed Swedish corporations has for a long time been characterized by controlling shareholders, who have taken an active interest in the corporate operations. This pattern of ownership and control has its roots in the late nineteenth century. During the period from 1870 to 1890, a number of Swedish entrepreneurs started successful business ventures. As the original entrepreneurs left their corporations to their heirs, financing the growth of the corporations became a problem, and the control of the corporations often reverted to the banks (Glete, 1994). A pattern emerged in which banks played a major role as shareholders in corporations and controllers of the management (Högfeldt, 2005; Stafssudd, 2009). After the financial crises in the early 1930s, however, new regulations were imposed whereby banks were no more allowed to own corporate shares. The new regulation entailed that earlier bank ownerships were transferred into close-end investment funds (CEIF) (Högfeldt, 2005; Jonnergård & Larsson-Olaison, 2016). This is the origin of the two major financial groups in Sweden which still dominate the ownership of listed Swedish corporations, namely the Handelsbank and Wallenberg financial groups (Collin, 1998). Beside the CEIF a number of owner families were salient in the Swedish business society. In the 1960s, 15 families controlled 41 of the 50 largest corporations (Hermansson, 1962). This pattern persisted into the 1980s. The 15 families had changed in number and strength, but family ownership still dominated the Swedish market for control (Hermansson, 1989). In 1995, the Handelsbank and Wallenberg financial groups (of which one was family-based) controlled corporations that amounted to, respectively, 13% and 39% of the total stock value of the Stockholm Stock Exchange (Collin, 1998). The concentrated control was supported by cross-ownership and a system of dual-class shares (Henrekson & Jacobsson, 2003), where A-shares may have substantially higher voter rights than B-shares (Högfeldt, 2005).<sup>4</sup> Today, corporate law limits the voting cap to 10:1,<sup>5</sup> while historically, it was not uncommon that voting-strong shares had 1,000 votes. The dual share system and the close relation between the financial groups and the banks implied that the Swedish stock market played a subordinate role as a market for control (cf. Henrekson & Jacobsson, 2003; Högfeldt, 2005).

The emergence of concentrated control was further supported when the Swedish Social Democratic Party gained power in the 1930s (Henrekson & Jacobsson, 2003; Schnyder, 2012; Stafssudd, 2009). The so-called Swedish model evolved, which aimed to foster economic growth while maintaining labour peace through negotiating the division of industrial value added between unions, industrial sectors and the state. A culture of

tripartite negotiations emerged (Henrekson & Jakobsson, 2012). In order to enable negotiations, the number of parties involved in the negotiations had to be kept at a reasonable level, which meant that concentrated ownership was more politically expedient (Collin, 1998). Together with the Social Democratic Party's vision of gradually transforming large corporations into 'social enterprises without owners' (Stafsudd, 2009, p. 64), the political climate legitimated the financial groups and idea of concentrated ownership in Sweden.<sup>6</sup> One may thereby speak of a field (in a Bourdieu sense, see above) for controlling the Swedish business society, where the positions were taken by large financial groups, most often family-based, with both symbolic and financial capital. The state had symbolic capital and the capacity to use symbolic violence and the unions had mainly symbolic capital through its connection to the Social Democratic Party. At the same time, the role of the stock market was toned down, both as a market for corporate control and as a market for financing of operations.

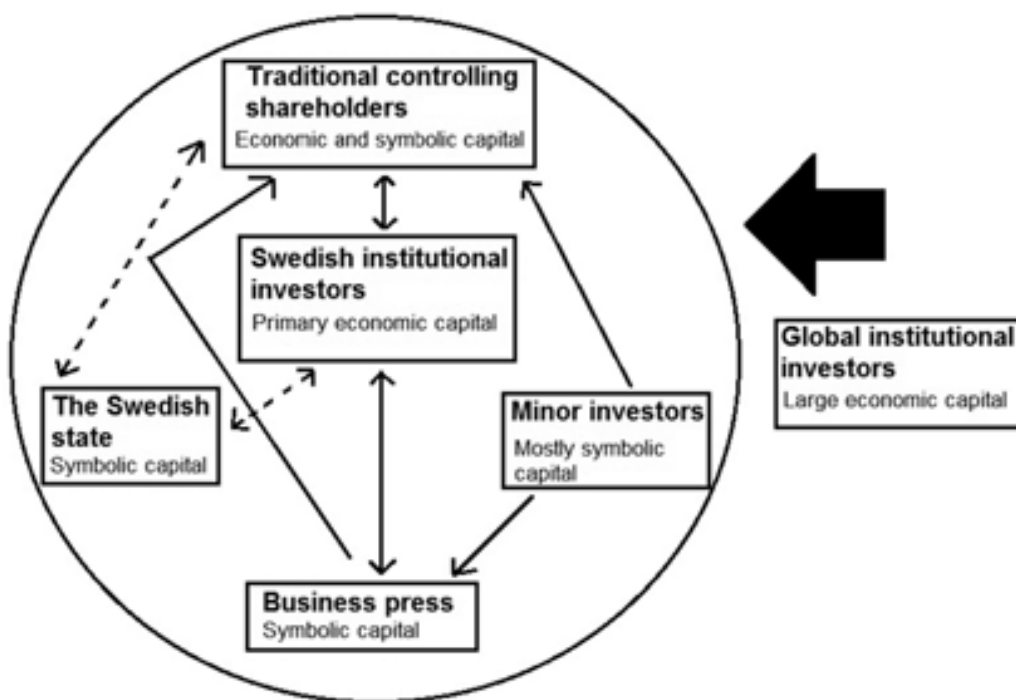
In the last 35 years, however, the Stockholm Stock Exchange has boomed (Stafsudd, 2009), and Sweden has embarked on a journey towards financialization (Belfrage, 2008; Belfrage & Kallifatides, 2016). During the 1980s, the Swedish stock index rose from 5.7 to 72.7 (Affärsvärldens index). This renewed interest in the stock market was supported by tax reforms that favoured saving in shares. In 1990, the stock market capitalisation in relation to the GDP was 98 %; in 2000 it was 328 % (Sinani et al., 2008). The index on the Swedish stock market changed structure in 2007, but the last index equal to the one described above was at 370, i. e. 65 times the size in 1980 and 5 times the size in 1990 (Affärsvärldens index, 2007). The tax reforms favouring saving in shares had been revoked in the late 1990s, but other parts of the regulatory changes of the Swedish capital market in the late 1980s persisted. For example, restrictions on foreign capital and foreign investment were removed and foreign investors were permitted to enter the market. Whereas foreign owners accounted for 12 % of the value of the Swedish stock market in 1992 (Isaksson & Skog, 1994, p. 280), this proportion had risen to 39 % by 1999 (Jonnergård & Kärreman, 2004), a level that has remained relatively stable since then.

In addition to the deregulations of the financial markets, the government imposed changes in the state pension system. In 1999, a switch from a pay-as-you-go (PAYG) defined benefit program to a pay-as-you-go defined contribution plan was implemented (Biondi & Boisseau, 2015; Laun & Wallenius, 2015). This implies that earned pension benefits which were formerly paid by current employees to cover payments to current pensioners are now invested on the market during the individual's working life, giving (hopefully) pension benefits when the payee reaches retirement. The public sector pension funds (APfunds), that had existed since the 1960s, were reorganized as the reform was implemented. The reorganization of the public sector pension system entailed changes in the funds' function, where the formerly restricted investment policy and the close relation to the state were relaxed. Therefore, the pension reform in both corporate and public sector entailed that a part of the employees' pension benefits were invested on behalf of employees through pension funds in financial markets. This led to market-entry of new private pension funds. However, the public sector funds are the dominant funds, together with those connected to the dominant financial institutions.

Hence, through deregulation of the markets and the pension reform, the Swedish capital market has experienced a substantive increase in size and liquidity. The system of controlling shareholders, however, has persisted during this period, supported by the dual-share system and regulatory changes (Henrekson & Jakobsson, 2012; Jonnergård & Larsson-Olaison, 2016). Both the public and researchers have maintained the view that the Swedish corporate governance system is dominated by controlling shareholders who, in order not to damage their reputations (Stafsudd, 2009), have not expropriated minorities. This view is present in the international literature as well. For example, Gilson (2006) used Sweden as an example of how controlling shareholders lower the agency cost associated with management more than they expropriated the minority shareholders. The explanation is said to lie in the social benefits of being regarded as a good controlling shareholder, and the social prestige following from this conception being high and coveted (Sinani et al., 2008; Stafsudd, 2009). A good reputation, therefore, seems important for the controlling shareholders, and the threat of reputation loss must be considered as a governance mechanism for controlling them. This has been confirmed in research on the effects of media exposure of shareholders (Jansson, 2013), and in research on the effect on the market value of other corporations in family-controlled business groups if one of the corporations is exposed to 'bad press' (Jansson & Larsson-Olaison, 2015). One may say that the idea of the 'good owner', focusing on the development of the operations, rather than his/her own welfare, has been well institutionalized in the Swedish corporate governance context for a long time.

In Figure 1, the field of corporate control in Sweden is illustrated by the circle, with the traditional controlling shareholders at the top of the field, i. e., those possessing large amount of both financial and symbolic capital.<sup>7</sup> Above, we have noted a historical and close relationship between the state and the controlling shareholders. There are indications that this relationship has begun to dissolve. As 2008, however, there seemed to be a consensus around the importance of sustaining large active shareholders. Hence, on several occasions, the state collaborated with the Swedish institutional investors and the controlling shareholders in order to protect 'the Swedish ownership model' in different EU-related issues.<sup>8</sup> The Swedish state may thereby be said to be an influential actor in ensuring the conditions for, and the survival of, the field, but less so when it comes to direct

action in the field. In Figure 1, we have positioned the state in the lower part of the field, but with a mutual relationship to the controlling shareholders (the two-way arrow). Indirectly, the Swedish state exerts influence because a number of the larger pension funds are publicly owned (the dotted arrow between the state and institutional owners in Figure 1). Other Swedish pension funds – as mentioned above – are owned by the financial groups and thereby closely connected to the controlling shareholders. This gives them a central position in the field as indicated in Figure 1. As we start our case study, three parties are less well connected to the controlling shareholders or the Swedish state. They are (i) the foreign institutional investors, who act only as rentiers (Jonnergård & Kärreman, 2004); (ii) the minority shareholders; and (iii) the media, whose function, of course, is to diffuse information about the market and comment on the norms of conducting business in society (or their violation).



**Figure 1:** Traditional Swedish field of corporate control.

The identified actors not only possess different relationships to each other, they also possess different types of capital (in the sense given by Bourdieu). The Swedish state, of course, possesses a specific symbolic power and a possibility to enforce symbolic violence. It also possesses a symbolic capital due to its relationship to the 'old power' (traditional controlling shareholders) and as a founder of the state pensions funds (the APfunds). As we shall see, however, at the time of our case, the state had withdrawn from its active role. The controlling shareholders may be seen as being at the top of the field, possessing a large amount of both economic and symbolic capital. The restricted field of the Swedish market for corporate control appears to be built around them. The Swedish institutional investors have mostly economic capital, as do the international investors. Prior to the period when our case starts, the international investors had few relations to other actors in the field, which is why they are positioned on the border of the field, with a non-designated arrow into the field. The minority investors, lacking substantial economic capital, have a confidence in the symbolic capital they may collect through different campaigns and activities at the annual meetings. Their relationship to the controlling owners and the media may thereby be said to be unidirectional. The last actor, the media, has an important role in interpreting and diffusing different standpoints and thereby helping to build, threaten or undermine the symbolic capital of others. The arrows show the way the different parties interact and respond to each other in order to support their position. There is, for example, a mutual interaction between the media and the Swedish institutional investors, implying that media interact with the investors in order to obtain their 'stories' and the Swedish institutional investors respond by revealing information to support their positions. This interaction is different with the minor investors, for here it is unidirectional. The minor investors approach the media in order to publish their opinion, but the media does not actively approach the minor investors. The influence from the international investors is on the 'field' as such, but not directed toward a certain part. The dotted arrows to and from the Swedish state indicate an indirect and latent interaction, rather than open interactions and responses between the state and the parties within the field.

## 4 Empirical methods

This paper is based on an analysis of Swedish media coverage regarding the debate on equal treatment of shareholders during the years 2007–2009. The study is framed by the work of the Swedish industry and commerce stock exchange committee, a self-regulatory body known as NBK<sup>9</sup> (*Näringslivets börskommitté*) in its effort to develop a new regulation on take-overs.

The data for our study was collected from two separate databases: 'Affärsdata' and 'Boolesk'. The key word for the search was 'Equal treatment', which yielded 1786 hits. All the 1786 hits were scrolled to ensure the right coverage. New searches were conducted on persons, firms and concepts. Most hits were duplicates, and after a final examination, about 40 newspaper articles containing 'new' information were used to form the empirical part of this paper.

Most of the articles came from the newspaper *Dagens Industri* (DI). DI is the only daily business newspaper in Sweden and politically independent. DI was the forum in which most of the debate took place and where news of various events was first published. Additional sources were the newspapers *Dagens Nyheter* (DN), *Svenska Dagbladet* (SvD) and the weekly business magazine *Affärsvärlden*. DN and SvD are Sweden's two largest morning newspapers. On a political scale, DN is liberal and SvD is right.<sup>10</sup> Certainly, using media material to obtain the 'full' or 'true' picture of a situation is far from ideal. In our case, there are questions that need to be considered:

1. Media have had problems establishing a timeline of the situation. On some occurrences, the same event was presented as news at very different times. Primarily this concerns the 'letter' (see 'Prelude' below) that was used as 'news' during the entire year of 2008. The confusion was solved by e-mail conversations with the staff of the NBK that received the letter.
2. Similar quotations from the same persons occurred at different times, and it was not obvious if it was the interviewee or the interviewer who was repeating them. If the quotes were not identical, we treated them as new ones.
3. Another problem regarding the arguments concerns the use of quotations from 'anonymous' sources. Such quotes are often used journalistically to tell the story, and they often include both descriptions and value statements. The significance of these quotes is difficult to evaluate, and they have been left out of the analysis; however, we used them to provide the story.
4. The institutional investors were given much more coverage in the media than the controlling shareholders. This was especially true in DI. Thus, we needed to be extra careful in interpreting some of the 'actions' that turned into 'news': it is possible that some 'actions' are exaggerated and that some 'stigmatization' (Jansson, 2016) has occurred.

The advantage of using media coverage is that it provides insight into how a new doxa emerges and gains legitimacy. We cannot claim, however, to tell the whole or the 'true' story. We can only recreate the story provided by the media and limit our analysis to the views of ownership as expressed in the media. From the material, a story-line was developed. As critical events or discussions were identified in the story, we analyzed each event/discussion for the different voices by (i) uncovering their main message (content analysis); (ii) identifying their position (institutional investor, controlling shareholders, etc.) and; (iii) tracing if the actors had any network belonging.

## 5 Equal treatment of shareholders in corporate transactions with shareholders, especially takeovers and buybacks

### 5.1 Prelude

During the development of the European Union's take-over directive,<sup>11</sup> the Swedish business community displayed a degree of unity regarding the Swedish model of corporate governance. As the EU came to accept deviations from the 'one share – one vote' system, a sigh of relief was heard from many actors in the Swedish corporate governance system. However, in the fall of 2007, something happened. In the words of the Fourth Swedish National Pension Fund (AP4) annual report for 2007 (p. 17, our translation):

The other case from 2007 involving a joint institutional shareholder initiative has to do with takeover regulations and equal treatment of shareholders.

The background was the 2007 bid for Invik [controlled by the Stenbeck family] by the Iceland-dominated Racon Holdings. Racon offered a lower price for class B shares than it had recently paid for the class A shares and the voting rights attached to them. Invik's largest institutional shareholders, Alecta, AP4, Nordea funds and Swedbank Robur [Swedish institutions], believed that this [bid] was a violation of generally accepted practices. The institutions lobbied the buyers, the sellers, advisors and other stakeholders and expressed their objections, but to no avail, and the bid was successful. The institutions accepted under protest, since they did not want to risk ending up as minority shareholders in a delisted private corporation.<sup>12</sup>

AP4 and a large cadre of Swedish institutions thus lost the immediate battle but decided to work further on the issue of equal treatment of class A and B shares in connection with takeover bids. The first interim goal in the process was to garner support from the international capital investment community, which succeeded in remarkably short order. As a result, a carefully considered letter was submitted to the Swedish Industry and Commerce Stock Exchange Committee (NBK) and to OMX [owner of the stock exchange], which petitioned for the clarification/amendment of takeover regulations so that the same price would apply to class A and B shares in connection with takeover bids. Twelve Swedish and twelve foreign financial institutions signed the letter, including the American CalPERS, English Hermes, German DWS Investments and the Norwegian NBIM (formerly the Petroleum Fund) – in other words, some of the largest capital investors in the world. The first reaction to the letter among the traditional interest groups within NBK was negative, in part because the institutional petition had been misinterpreted as a criticism of the entire Swedish corporate governance system of differentiated voting rights. Even after the institutions made it clear that the demand for amendment/clarification of the rules applied only to pricing in connection with takeover bids, the conflict of interests probably remains. NBK, as a self-regulation body, thus has a thorny issue to resolve in 2008. For the first time, the international capital investment community has joined Swedish financial institutions in a joint initiative to bring about change.

Thus, in 2007, the Swedish institutional investors and the international institutional investors jointly demanded corporate governance change. This points to a change in direction for the Swedish institutional investors, as previous research has indicated that these institutional investors mimicked the behaviour and values of the traditional controlling shareholders (Bengtsson, 2005) and lobbied together with traditional controlling shareholders against the demands of the international institutional investors (Jonnergård & Larsson, 2007).

## 5.2 The critical years: a chronology

### 5.2.1 To carry out a take-over

On March 5th, 2008, Tomas Nicolin, CEO of the pension fund Alecta, gave a speech at a meeting of 200 institutional investors. A couple of days earlier, the owner-family Wallenberg had announced that they had sold their A-shares in Scania, with high voting rights, to the German firm Volkswagen. In his 'very well formulated speech' (DI, Carlsson and Nagemson-Ekwall, 6 March 2008), Nicolin proposed that the Swedish take-over regulatory framework be amended so as to give equal treatment of shares in take-over situations regardless of voting rights. At this time, Nicolin had recently joined the regulator NBK. This speech became the starting point for the discussion of equal treatment of shareholders.

Nicolin argued that all shareholders take the same financial risk and should thus be rewarded with the same returns. The counter-argument, proposed by corporate lawyer Sven Unger, was that freedom to contract exists in Sweden and that the presence of A-shares is well known to all shareholders. Nicolin replied: 'As a minority shareholder, we also invest in a controlling shareholder we trust. If he or she sells to someone we do not trust, we shall have the possibility to sell at the same terms' (Carlsson and Nagemson-Ekwall, DI, 6 March 2008, our translation).

Nicolin also demanded regulatory change for the related topic of mandatory bid. The present regulation from 2006, based on an EC-directive,<sup>13</sup> places a 30% threshold on when a shareholder must present a bid on all shares. However, if a shareholder already exceeds the threshold when the regulation was issued, the shareholder may ask for an exception from the rule by addressing the Swedish Securities Council (Aktiemarknadsnämnden).<sup>14</sup> Volkswagen had received such an exception for the case of Scania and used their exception when they purchased the Wallenberg family's A-shares. Volkswagen thus became the controlling shareholder in Scania without having to present the same bid to the remaining shareholders.

Three Swedish pension funds protested publishing a debate article in *Dagens Nyheter* (4 April 2008). They argued that in a take-over situation, equal treatment of shareholders:



- strengthen minority protection in the Swedish stock markets;
- is logical, as the owners of both A-shares and B-shares face the same risk and pay the same amount of money in both IPOs and in new issuing of shares;
- is logical, as the law grants equal treatment regarding dividends, firm liquidation and firm bankruptcy;
- finally, there is a special need for protection in a take-over as the control situation of the firm changed. Minority shareholders have no possibility to participate in the negotiations; thus, they should be given the same opportunity as those shareholders who do. This is especially true for firms with dual-class shares, as a smaller amount of capital controls a large stake of votes.

By now, Carl Rosén, the 'Ownership Head Manager' for the Second Swedish National Pension Fund (AP2), had joined the board of the International Corporate Governance Network (ICGN), whereupon ICGN became involved in the struggle (DI, Nylander, 8 May 2008). In addition, DI actively argued for equal treatment of A- and B-shares, in feature articles (Nachemson-Ekwall, 8 April 2011), in editorials (7 March 2008) and in coverage articles (Nachemson-Ekwall, 6 May 2008; Palutko, 7 May 2008). The arguments brought forward in DI were similar to those promoted by the institutional investors. In one such article, Anne Simpson of ICGN (a London-based association promoting international investors' interests) was quoted as being very pleased, as this was the first time that institutional investors had 'economically sound arguments' against different voting rights (DI, Nachemson-Ekwall 8 April 2011). An editorial commenting on the aftermath of the Scania upheaval concludes (DI, 6 May 2008, our translation):

The owners of strong voting shares should be careful not to awaken the sleeping bear. Together with power comes responsibility, and therefore, with much power in relation to the capital at stake should reasonably follow greater responsibility and also a portion of good judgement.

### 5.2.2 To buy-back shares

Equal treatment was again brought up in the middle of May 2008 in connection with the Annual General Meeting of Kinnevik, a firm controlled by the Stenbeck family. The firm proposed that owners of A-shares be permitted to transform their shares into voting-weaker, but more liquid B-shares, and that the board should be given the mandate to repurchase A-shares. Again, Nicolin, CEO of Alecta Pension Fund, protested. This time, his protest was based on a concern for the growing power of those A-share owners who did not transform their shares into B-shares, or who did not participate in the repurchase program, that is, presumably the Stenbeck family. The topic of stock repurchases hereby became part of the debate on equal treatment and was questioned due to its effect on ownership structure (DI, Nachemson-Ekwall, 20 June 2008).

So far, very few proponents of unequal treatment had stepped forward. Those who did were more or less forced to express themselves by being interviewed in a large coverage article in DI (Nachemson-Ekwall, 6 May 2008). Sverker Martin-Löf, vice chairman in the Swedish Trade and Industry Federation and director of one of the Swedish traditional business groups (Handelsbanken/Industrivärden) was interviewed. Martin-Löf expressed his annoyance with the debate on equal treatment of shareholders (our translation):

I consider it very inappropriate to change, and thereby create new problems with, the Swedish model of A- and B-shares, when we have finally gained acceptance in the European Community [...] You cannot change only one part without considering the whole ...

It also concerns the freedom to contract. A- and B-shares must be allowed to be separated and be priced on the stock exchange based on their different features. I think it is reasonable that an entrepreneur who has dedicated his or her entire life to a firm should have the possibility to be better paid than a passive owner of B-shares who has just been surfing along.

Sverker Martin-Löf gained support from Jens Spendrup, controlling shareholder of the previously listed firm Spendrups (DI, 6 May 2008) and from Charlotte Cederschiöld, European Parliament Member (European People's Party, in Sweden, the Right) (DI, Lans, 8 May 2008). In addition, the Pension Fund AMF was concerned (DN, 12 June 2008) that there would be a reluctance to introduce new firms on the stock market if dual-class shares were prohibited. However, AMF also proposed stronger minority shareholder protection. In the feature article about Martin-Löf, representatives of the institutional investors were allowed to reply to Martin-Löf's statements. Hence, Peter Lundqvist, Ownership Responsible of the Third Swedish National Pension Fund (AP3) declared (our translation):

He [Sverker Martin-Löf] can always fight us, but not CalPERS, Hermes and the Petroleum Fund. The Swedish Trade and Industry Federation probably have not understood who has signed this [regarding the Spring 2007 letter].

### 5.2.3 To develop a business firm

The public debate on equal treatment of shareholders took a summer vacation before Urban Bäckström, CEO of the Swedish Trade and Industry Federation, published an op-ed article in *Svenska Dagbladet* in late August (SvD, 27 August 2008). Bäckström argued that the institutional investors neither can, nor should, act as strong owners. For Bäckström, a dynamic business society needs private ownership and individual involvement, and that this has been at the heart of the Swedish model of corporate governance since the industrial revolution. Massive changes in the capital market might imply that large Swedish corporations would end up in an ownership vacuum. The system of dual-class shares has kept this development at bay for a long time. That the Swedish institutional investors challenged this model could be interpreted as a sign that society had stopped upholding our well-functioning traditions in Sweden, claims Bäckström.

DI commented on the Bäckström article in an editorial (29 August 2008, our translation):

It is hard not to agree with Urban Bäckström, and *Dagens Industri* has expressed the same views for a long time. Rather, the strange thing is that the top directors of the business community bring up this critique so seldom. Thus, strangely, many seem to believe that different funds can create new ventures and dynamics by their portfolio models ... Fund capitalism may be better than state capitalism ... However, it is not possible to develop a country's economy by focusing solely on wage-earners and small investors. A government that wants to create prosperity also needs a strong focus on business ...

Bäckström's views on institutional investors also had opponents. Anders Billing, journalist, in the magazine *Affärsvärlden*, claimed that Bäckström made logical loops regarding the role of the institutional investors. In another DI feature (4 September 2008, our translation) Sophie Nachemson-Ekwall, journalist, wrote:

Institutional investor officials with weak support within the Swedish business community are used by Bäckström, for example, to label institutional investors as 'bad' owners ... However, 80 %<sup>15</sup> of the Stockholm Stock Exchange is already owned by institutional investors ... From that perspective, one could view the Swedish pension funds as a possible counter-force against the light-footed, although increasingly active, international owners. It is by enabling the Swedish institutions to act with a longer time horizon, working together with the 'real owners', that the Swedish capital market may remain Swedish.

The media debate continued during the early autumn, as Alecta Funds CEO Nicolin, one of the most vocal proponents of equal treatment, left his position. According to DI, Nicolin's resignation was a result of the heated debate, although Nicolin himself denies this (DI, Palutko, 4 September 2008). The same story goes for Joakim Spetz, CEO of the Handelsbanken Funds, who also signed the above-mentioned letter to NBK, and who resigned the following week. Handelsbanken Funds is owned by Handelsbanken, where Sverker Martin-Löf, one of the few persons openly arguing for unequal treatment, was a leading actor. Also, regarding Spetz, DI (Svensson, 10 September 2008) claimed that the resignation was connected to the conflict on equal treatment. Spetz denies this, however.

### 5.2.4 To compromise

Officially, nothing had happen in the negotiations about the new take-over rules during the summer of 2008. However, just in time for the September meeting of the self-regulatory body NBK, DI (Nachemson-Ekwall, 4 September 2008) breaks the news that the director of the self-regulatory body of the Swedish Securities Council, Rolf Skog, together with two corporate lawyers, had managed to find a compromise about the pricing of dual-class shares. In short, the same price should apply for all shares in a take-over situation, but the Swedish Securities Council should be allowed to grant an exemption after special considerations. The terms for exemption are that the owners of B-shares are satisfied with the bid, while the owners of A-shares refuse to sell. According to DI, the Wallenberg family had already agreed to this compromise before the summer, but the Handelsbanken business group categorically refused.

The compromise seemed to be settled in the late spring, as DI (Nachemson-Ekwall, 9 September 2008) described a 'secret meeting' between the owners of A-shares, where they tried to agree on a united front. This attempt failed, however. What actually happened at the secret meeting or at the NBK September meeting is not known, as the participants agreed to keep the proceedings confidential.

The lobbying obtains more international weight as Dr. Lars Otterbeck, chairman of the self-regulatory body NBK, received an open letter from the International Corporate Governance Network (ICGN) demanding equal payment for A- and B-shares in any take-over situation.

### 5.2.5 Defining the advocates and the adversaries

During the autumn of 2008, two events heated up the debate. First, in October, SSAB, a Handelsbanken business group controlled corporation, cancelled an extraordinary shareholders meeting. The meeting had originally been called to obtain shareholder approval of a new repurchase programme. Here again, the institutional investors joined ranks and demanded that only the B-shares (held mainly by the institutional investors) should be repurchased. SSAB chairman Sverker Martin-Löf could not provide any such guarantees, and the extraordinary general meeting was cancelled, as there was a risk that a number of strong institutions would jointly vote against the proposal. Why it should be a problem if the buy-back includes both A- and B-shares is not clear, but the media rapidly emphasized the institutional investors' distrust of the Handelsbanken business group (DI, Palutko, 21 October 2008).

The second event concerns Securitas' separate listing of their subsidiary, Loomis. Securitas is controlled by the Douglas family. It was proposed that Loomis be distributed to the present shareholders with the same ownership structure as Securitas (A- and B-shares). This caused some uproar among the institutional investors, and six institutions mutually agreed on a list of alternatives (DI, Nachemson-Ekwall, 3 December 2008):

1. distribute Loomis with one share – one vote;
2. distribute equal amounts of A- and B-shares to all shareholders so that the excess value could be realized among all shareholders;
3. the controlling shareholder should publish a declaration of intent saying that he would work for equal treatment in a future possible take-over situation of Loomis.

Nicolin (CEO Alecta Funds, under resignation) explained this measure in DI (Nachemson-Ekwall, 3 December 2008, our translation):

We want equal treatment; however, Gustaf Douglas is sticking to his view that owners of A-shares have the right to better payment, both on the stock exchange and in a take-over situation. Therefore, we will vote against the board's proposal to list Loomis.

Mr Douglas, however, was persistent, and Loomis was listed with the same voting structure as Securitas. Thus, the Douglas business group, which has previously been silent in the debate, had taken a position and clearly sided with the Handelsbanken business group.

### 5.2.6 To strike a deal

On December 12<sup>th</sup>, DI published an article with the jubilant headline: 'Industrivärden is alone' (Nachemson-Ekwall, 12 December 2008). The article stated that the self-regulatory body NBK had (or will have) a new meeting regarding the take-over regulation and that the Wallenberg family has agreed to support the compromise that was presented some months earlier. Carl Bennet, a controlling shareholder but not on the NBK, stated that he was in agreement with Börje Ekholm from the Wallenberg business group that the issue hurts Swedish corporations and should be put off the agenda. Bennet explained (our translation):

For owners of A-shares, with a long investment horizon, it is self-evident that owners of B-shares should receive equal payment in a take-over situation. The owners of A-shares get to decide the prize, that's it.

The Wallenberg family did not comment on this.

In March 2009, the self-regulatory body NBK finally presented a proposal for a new Swedish take-over regulation. In a press release, NBK chairman Lars Otterbeck declared that the proposal 'guarantees continued high quality and international standard of the Swedish take-over regulations' (our translation).

The regulation entails that no price differences should exist between A- and B-shares, although exceptions could be granted by the self-regulatory body, the Swedish Securities Council.<sup>16</sup> Media reactions were positive. The DI editorial headline (17 March 2009) read 'About Time for Stricter Take-over Regulations'.

Nevertheless, the underlying conflict persisted. Anders Nyrén, the Handelsbanken business group representative in NBK, refused to sign the proposal. Instead, he declared a reservation regarding the equal price of

A- and B-shares. He also wrote a debate article in DN (15 March 2009) together with Fredrik Lundberg and Gustaf Douglas, fellow controlling shareholders. Their basic standpoint was that the NBK compromise posed a threat to ‘stable and long-term ownership’, and they concluded the article (our translation):

In the long run, a price cap could result in less structurally motivated take-overs, and fewer listings by promising entrepreneurs. A- and B-shares are two different commodities. Their value varies in and between each other, in different firms, and at different times in the same firm. So it is not reasonable to limit the agreement between buyer and seller, the freedom to contract must remain. We must safeguard a well-functioning corporate governance system, where self-regulation, transparency and freedom of choice will continue to be important in the growth of good firms.

Thus, after years of conflict and argumentation, the Swedish corporate governance system managed to receive a new proposal for regulation of take-overs (NBK, 10 April 2009). The regulation implies the same price for all shares (A- and B-shares). The only situation when an exception to this rule is possible is in cases where the owners of B-shares are satisfied by the bid, but the owners of A-shares refuse to sell. Exceptions could only be granted by the Swedish Securities Council.

In summary, the definition of equal treatment used by those demanding it has been ‘equal treatment of cash flow’. The discussions cover several different kinds of transactions, but it appears that it is only in one particular situation where streams of cash are unequal: mandatory bids. On these occasions, buyers have made a deal with the formerly controlling shareholders to acquire their shares (A- and/or B-shares) without releasing a mandatory bid for all shares. When the buyers subsequently render a bid on the outstanding shares, it is lower than the bid made to the previous controlling shareholder. This is based on the idea that the control goes with a premium, an idea that the institutional investors strongly opposed in the discussion. The mandatory bid is clearly the main question in the debate, and the other issues debated have more of a supporting role in relation to the main question. Regarding stock repurchases, separate listings and transformation of shares, it seems that the institutional investors worry about control issues and possible future negative economic outcomes. Thus, to describe this conflict as a struggle for economically motivated equal treatment – as is the tendency in the media debate – is a misleading representation of the ongoing dynamics. Rather, the debate concerns the institutional investors’ trust in the Swedish controlling shareholders and what degrees of freedom these shareholders should have in controlling the corporations. The struggle is thereby an interwoven struggle over economic and symbolic resources, where the main standpoint being contested for re-interpretation is what it means to be a shareholder of a listed corporation. In this way, the Swedish doxa has been challenged. In the following sections, we discuss logics revealed in the conflict.

## 6 Discussion: the ‘financialization’ of the Swedish doxa

It is obvious that the standpoints in the field vary and that they are related to the different positions occupied by the different actors. It is also clear that the struggle is at least partly about defining ‘common sense’. Regarding the controlling shareholders, their standpoint is most commonly expressed by their actions. The controlling shareholders place bids, split firms and increase leverage; indeed, they appear to think of themselves as the central party in the contracting for the firm, and consider it their privilege to sell this right of contracting (Alchian & Demsetz, 1972; Jensen & Meckling, 1976), regardless of the opinions of other shareholders. In the few cases in which they participate in the media debate, their argumentation is based on asserting the right of the entrepreneur, who actually puts in an effort in the firm, and that such efforts justify fair compensation.

On the other hand, most of the institutional investors want equal treatment for all shareholders in terms of cash flow. The argument used for this standpoint is that the same risk should entail the same payment. Reward on the stock market should be given for performing the risk function, not the control function. This standpoint implies that there should be no compensation involved in performing the control function of the corporation. As we see in the previous quote by Nicolin when answering Unger’s plea for freedom of contracting, however, some institutional investors, besides seeking a stream of cash, also consider themselves to be buyers of a specific control performance over the corporation, i. e., a controlling shareholder. This standpoint deviates from the one most often ascribed to institutional investors in the literature (e. g., Fama, 1980; Moore & Robérioux, 2011) in which the focus is merely on cash flow. In Table 1, the positions and the doxa during the debate are summarized.

**Table 1:** Summary of the discussions and its results.

### Swedish Doxa – before the struggle begins

The corporations are controlled by trustworthy controlling shareholders with an industrial perspective. This is the best way of developing the Swedish corporations.

Buying shares implies investing in the corporation and into the control assured by the controlling shareholder.

Standpoint holders:	Controlling shareholders	Swedish institutional investors	International institutional investors
Before the struggle	A controlling shareholder has the right to make strategic decisions and structure corporations and industries. This implies negotiating take-over bids with a premium for the controlling shares. Morally, the controlling shareholder is responsible for being fair to all shareholders.	Buying a share implies accepting the decisions of the controlling shareholder. In other words, the controlling shareholder is part of the deal.	Look upon Swedish investments like all other investments
During the struggle	Control implies power to act in the best interests of the shareholders' controlled corporation. A share premium when control is transferred is admissible.	The cash flow from each share in a corporation is assumed to be the same, independent of control stake.	Support to the Swedish institutional investors position.
After the struggle	Two positions: a. Equal cash-flow in relation to the number of shares for all shareholders. No wider responsibility. b. As before the struggle.	Equal cash-flow treatment for all shareholders (as above). No premium when control is transferred. Buying a share implies buying into the control of controlling shareholders.	Look upon Swedish investment like all other investments

To take into account a controlling shareholder when purchasing a share is probably unique to a corporate governance system that is path dependent on controlling shareholders. Theories concerning investors' rights most often emerge from an American context and are perhaps more applicable to the U.S. (Lazonick & O'Sullivan, 2000; Moore & Robérioux, 2011). Swedish institutional investors may simply have a different perception of ownership than their international counterparts. The opinion of the international institutional investors is not voiced in the Swedish debate, but they may be reflected in the quote from the ICGN representative, who claimed that the institutional investors now had economically sound arguments for one share–one vote (see section *To carry out a take-over*). This opinion was not supported by the Swedish institutional investors, implying that there were some differences between the standpoints of the national and the international institutional investors. Thus, our material reveals the existence of three distinct standpoints on the role of the shareholders of the listed corporation: (i) take risk and receive cash, (ii) take risk adjusted for current controlling shareholder and receive cash, and (iii) take risk, control and receive cash. The first one corresponds to what Biondi (2013) calls the 'black box perception of the firm', the foundation for shareholder value thinking; while the third could be compared to the 'proprietor entrepreneur perception of the firm' (Biondi, 2013), a view based on a sole owner. The second standpoint, held by local institutional investors, is a mix of the first and third, more of a black-box with a clearly visible head. While the first of these still seems to have a marginal position within the field, the two other standpoints are struggling for dominance.

There is some degree of overlap between the two competing standpoints on shareholders. The overlap, what could be doxa in its sense of 'the established cosmological and political order' (Bourdieu, 1989, p. 166), is an agreement that the role of the controlling shareholder includes both risk-taking and control. The controlling shareholders, however, frame this as 'entrepreneurship'. In their view, the controlling shareholders are creating business and are thus entrepreneurs. This view reflects established Swedish practices whereby industry policies have been formulated and carried out in co-operation between large shareholders, politicians and the trade unions (Collin, 1998). In this context, the benefits of being an entrepreneur were enhanced by the entrepreneurs' existing status in the field. Given that this model has been in place since the 1930s, it is not surprising that it has gained the status of doxa.

The Swedish institutional investors' standpoint, that a controlling shareholder is part of the deal when purchasing a share, might be interpreted as a survival of the 'Swedish model' described above and probably unique

for this field. However, buying shares in a corporation with a controlling shareholder involves a need to control the controlling shareholder. This problem seems to be central to the debate on equal treatment, and hence, also important in the struggle between controlling shareholders and Swedish institutional investors to dominate the doxa. In the empirical material, controlling the controlling shareholder is a means of defining the 'good owner'; thus, the standpoint of institutional investors seems to rest on certain principles as to what constitutes a 'good owner': (i) the control over the controlling shareholders should be carried out via transparent and equal cash flows; and (ii) the costs carried by controlling shareholders for their activities should not be compensated by extra cash-flows from the sale of the controlled corporation. Any deviance from these principles makes a controlling shareholder a 'bad owner'.

The first principle to control the controlling shareholders through equal cash flows concerns the possibility to restrict the degrees of freedom of the controlling shareholder in a bid situation. The controlling shareholder is forced to negotiate for all shareholders. Hence, the controlling shareholder is controlled from running off. The second principle, that the controlling shareholder should not be compensated for their activities by extra cash-flow when the controlled corporation is sold, follows from the first principle. The controlling shareholder negotiates the price, and this is the price paid to all shareholders. Thereby, the two principles voiced by the Swedish institutional investors support their overall understanding of buying shares in a corporation that also includes a control function performed by the controlling shareholder.

The institutional investor, as a separate actor, is a recent addition to the field. Most of the institutional investors originate from the 'traditional field', as they are either owned by the state; the parties on the labour market or established by the banks connected to the traditional controlling shareholders. To side with the controlling shareholders in negotiations with the EU, for example, may be seen as a part of this heritage. Nevertheless, being a part of the widespread field of finance, they are placed in the same category as foreign institutional investors and articulate the doxa regarding these investors. In other words, the institutional investors have to develop their own definition of their situation at the crossroads between the restricted Swedish ownership field and the widespread field of finance. This applies to both the definition of shareholder function and to the issue of 'controlling the controlling shareholder'. Hence, it is likely that the case described in this paper reflects not only a struggle over meaning between different shareholder groups, but a struggle over what it means to be an institutional investor. This insecurity opens the way to challenging the positions and the doxa in the field. In the words of Bourdieu (1989), p. 20:

This objective element of uncertainty – which is often reinforced by the effect of categorization, since the same word can cover different practices – provides a basis for the plurality of visions of the world which is itself linked to the plurality of points of view. At the same time, it provides a base for symbolic struggles over the power to produce and to impose the legitimate vision of the world.

Here one may observe that Peter Lundquist (from the third Swedish National Pension fund), when debating with the controlling shareholder Martin-Löf in the case above, referred to the international investors as 'superior' and 'above' the actors in the restricted field by stating 'he [Martin-Löf] can always fight us, but not CalPERS, Hermes'; in other words, the autonomy and specificity of the local field are questioned.

This case reveals a number of challenges that appear in the Swedish field corporate control. First, we have defined the struggle as a struggle to gain dominance over the doxa and thereby the power in the field. In the media debate, the institutional investors have demanded further regulation limiting the actions of controlling shareholders. This implies that the institutional investors' trust in the controlling shareholders is declining. Put in the language of Bourdieu (1983, 1985a), one may claim that the case is an example of a decrease in the controlling shareholders' symbolic capital and dominance in relation to the institutional investors. This does not necessarily imply that the institutional investors have gained in symbolic capital in relation to other actors, such as the minority shareholders or the state. Rather, it means that the self-evident dominance of controlling shareholders has been questioned and seems to be but one of several standpoints rather than the doxa nowadays. From being the dominant player, controlling shareholders are one of several players in the field. The struggle is not solely about symbolic capital, however. It is also a struggle over economic capital. The interweaving of the symbolic and economic capitals entails that a gain in symbolic capital can increase the possibility to acquire economic capital as well. Winning over public opinion about how business should operate can result in financial gain for certain actors. The restrictions in the right of the controlling shareholders to price their shares differently from the price offered to minority shareholders that followed the new take-over regulation is one example of this. In this way, changes in the relative amount of one of the types of capital opens up for changes in the other. In addition, it implies that challenges to a doxa may take a path through changing material conditions and changing meanings of what constitutes a 'good owner'.

At this point, let us re-examine how financialization, as a global phenomenon that disseminates shareholder value ideology, has affected diverse national models of capitalism and local corporate governance (Boyer, 2005; Engelen, 2002). As shown above, institutional investors may define themselves as belonging to two fields: the restricted field of Swedish ownership and the wider field of global finance. This double affiliation means that

standpoints originating from the wider, global field, have been available for import into the more restricted field. In this way, a form of colonization has occurred. But it is not total colonization. When the international investors claim that voting-strong shares should be abolished, the Swedish institutional investors still stand by their view of the duality of the share, but they do so in a manner that differs from their earlier arguments

It would be misleading, however, to trace the influence of the more widespread field merely to the institutional investors. Our case study shows that many of the actions that sparked and fuelled the discussion were breaches by the controlling shareholders of institutionalized 'good behaviour'. Traditional 'good behaviour' had included a practice whereby controlling shareholders controlled and developed the corporations in a way that implied a low minority expropriation (cf. [Gilson, 2006](#)). Both the Racon Holding's purchase of Invik (the Stenbeck family) described in the prelude of the case as well as the Wallenberg's sale of their A-shares in Scania, discussed under the sub-heading *To carry out a take-over*, were perceived by institutional investors as a breach of this tradition and deemed as inappropriate in the Swedish context. Such behaviour would probably be more expected in a context more like the one described by agency theory ([Alchain & Demsetz, 1972](#); [Fama, 1980](#); [Jensen & Meckling, 1976](#); [Lazonick & O'Sullivan, 2000](#)) based on the idea of maximizing (the shareholders' own) cash flow, the threat of opportunistic self-serving behaviours, and a separation of ownership and control (see [Stout, 2012](#); [Veldman, 2013](#); [Weinstein, 2012](#)). It appears that in these cases, the Swedish controlling shareholders have been inspired in their behaviour by a more financialized environment. With this as a background, it is clear that not only the meaning of ownership but also the pattern of behaviour stimulated by financialization has partially colonized the Swedish field. Again, this colonization is not total. There exist competing interpretations of the actions. This point is important in relation to the diffusion of shareholder value, where the focus on actors helped to identify the (international) institutional investors ([Lazonick & O'Sullivan, 2000](#)), scholars ([Stout, 2012](#); [Weinstein, 2012](#)) and consultants ([Froud et al., 2000](#)), while we also highlight the role of controlling shareholders.

The colonization by the shareholder value ideology is carried out by both the controlling shareholders (through their actions) and by the institutional investors (via promotion of the black box understanding). The causes for pursuing such colonization seem to lie with either increasing rents or aggregation of symbolic capital. The core of the Swedish doxa seems to be that the controlling shareholders act as controlling entrepreneurs in the corporation. The remainder of what is usually called 'the Swedish model' seems to have been relegated to the status of standpoints that can be adjusted to suit the self-interests of the actors occupying a position.

## 7 Conclusions

If we ask whether the shareholders' are active in spreading and/or resisting the shareholder value doctrine, we can only answer with 'It depends'. The struggle over doxa in the field of ownership in Sweden has taken place within the context of financialization. The restricted field of ownership may thereby be viewed as partly colonized by the more widespread, global, market ideology and its associated practices. This colonization process has several implications:

- i. A new schema for acceptable actions. The controlling shareholders' behaviour in the take-overs described in our empirical case had been unfamiliar in the Swedish context. Nevertheless, the focus on maximizing one's own wealth, making a good deal, is by no way unknown as business practice within an understanding of markets based on financialization. One may note that the counterpart in the two most discussed occurrences was a foreign firm (Racon and Volkswagen) and thereby probably showed a perspective on ownership that most likely departed from the traditional Swedish view.
- ii. New actors taking their positions in the field. The international investors were mostly outside the debate as such, but they were referred to, and they acted through channels such as the letter and as a threat of potential powerful actors.
- iii. An inflow of re-definitions of conventional concepts:
  - a. the re-definition of shareholder function as investors (not entrepreneurs), moving from the proprietor entrepreneur to the black box ([Biondi, 2013](#));
  - b. the re-definition of share buy-backs as having consequences for corporate control rather than being mere cash-based;
  - c. the re-definition of dual shares as equal products in cases of issuing shares or in take-over processes;
  - d. the use of the wider global field (international finance) to assess the behaviour of actors in the restricted field (local Swedish financial and corporate environment).

Most of these effects reveal themselves in the way in which different interest groups attempt to take power over the naming of 'good owners'. As we have seen, this effort was partially successful. We saw the implementation of a new regulation on take-overs and mandatory bidding. The power to name 'good owners' was achieved by compelling other actors to become aware of and then to re-define, 'the bad owner', i. e. the controlling shareholder who expropriates the minority shareholder by accepting higher bids, by repurchasing the 'wrong' shares, etc. Thus, the definition of 'controlling shareholders' has been transformed from a more positively valued 'productive entrepreneurs' to a horde of 'expropriators'. In this process, the Swedish institutional investors have come closer to the international institutional investors. However, the Swedish institutions still provide support to the controlling shareholders in so far as they appear to fear a situation where the controlling shareholders would not oversee management almost as much as they fear one controlling shareholder being replaced by another (they buy a specific control function performed by a specific shareholder). From the perspective of the Swedish institutional investors, the unwritten contract is still that of exercising control without expropriation in return for social prestige (Stafsudd, 2009). However, the institutional investors now want the unwritten contract to be formalized as a binding regulation. This development is most probably connected to control financialization, where little faith remains in the traditional informal relationships of trust based on relationships or networks (Nölke & Perry, 2008).

One aim of this paper was to introduce the language of Bourdieu into the analyses of changes in corporate governance systems. We have shown that Bourdieu's conceptions are fruitful for describing and understanding struggles in the corporate governance landscape, and especially his use of doxa and standpoints. What turned out to be the doxa of the Swedish market for corporate control was substantially less coherent than we had expected. Instead, we found two standpoints held by different actors in different positions on the market. What may be defined as doxa is the idea of the responsibility of the controlling shareholder(s) to monitor management, while the reward for doing so is part of the continuing struggle in the field. What we had thought of as 'doxa' i. e. the so-called Swedish model, turned out to be a symbolic resource, partly colonized by the general field's norms for shareholder value.

The idea of restricted and general fields also helps to clarify the ambiguity of using concepts such as 'global' and 'international', thereby contributing to a more nuanced analysis of persistence of local corporate governance (Gordon & Roe, 2004) and the effect of financialization (Nölke & Perry, 2008). In addition, we could distinguish the positions of local institutional investors from international institutional investors, something not possible when applying standard theories of corporate governance, where shareholders are conventionally viewed as a homogenous interest group (Stout, 2012; Weinstein, 2012). Since the field concept is defined through its actors and their struggle for resources, it requires a description of both the structure and the dynamics at the same time.

Finally, the case of Sweden demonstrates that control financialization is not unilateral when it trickles down from the global macro level to the national micro level. Instead, it is likely that what trickles down and which part of shareholder value perception is affected, depend on the specific struggles ongoing in the restricted field. This struggle includes a struggle over the structure of ownership, the position and legitimacy of different actors and the tactics used to alter the existing worldview, actions that trigger a challenge to the established doxa.

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## Notes

<sup>1</sup>The current debate on shareholders as 'owners' of the corporation is acknowledged (e. g. Stout, 2012; Veldman, 2013; Weinstein, 2012), where the shareholder should not be misunderstood as the owner of the corporation in some empirical settings (for instance in the state of Delaware, USA). However, the empirical setting of this paper is Sweden, where corporate law assumes 'profit-generation on behalf of shareholder as the purpose of the corporation,' and where any other aim has to be clearly stated in the by-laws (Companies Act, SFS 2005:551, chapter 3, § 3); and where traditionally, the main shareholders have defined themselves as 'owners'. It is argued here that in such an empirical setting, it is reasonable to describe some shareholders as 'owners' and others as 'investors', see also Jansson (2013) on the distinction between 'real owners' and 'common investors' in a Swedish setting.



<sup>2</sup>Bourdieu (1983) distinguishes between economic capital and symbolic capital. Symbolic capital includes cultural and social capital. Bourdieu subsequently (1998, p. 47) broadened the definition by stating 'Symbolic capital is any property [ ... ] when it is perceived by social agents endowed with categories of perception, which cause them to know it and to recognize it, to give it value'. The example given by Bourdieu is 'honor' in the Mediterranean countries. Already in the 1983 version, Bourdieu referred to symbolic capital as a main capital of the state, connected to its capacity of enforcement of norms and actions.

<sup>3</sup>The concept of stance or 'prises de position' is developed in Bourdieu (1983), p. 312ff, where it appears as a wider concept (than in Bourdieu 1985a). It denotes the possibilities of taking a position and of creating a reality out of this. We therefore use the concept of 'standpoint' when discussing views and opinions connected to a stance on a position.

<sup>4</sup>The system of dual shares was implemented in the early twentieth century as a way of getting around legislation that banned foreigners from controlling Swedish real estate. In some corporations, both types of shares are listed on the stock exchange, in other corporations' only one. Regardless, they have the same right to the capital when it comes to, for instance, dividends; the only material difference is the voting-rights. If both types of shares are listed, they may differ in price. However, one cannot say that a specific type always has a higher price. Generally, the voting-strong shares are traded less-frequently, and thus, prices set more seldom; however, in a situation of contested control, the interest may grow. Sometimes, the voting-weak B-share attracts a higher stock-market price due to its higher liquidity.

<sup>5</sup>The Swedish Companies Act / Aktiebolagslagen (SFS 2005:551), ch. 4 sec. 4.

<sup>6</sup>Another political reform that supported concentrated ownership was tax-policies supporting retained profit as a source for financing expansions. Due to this policy most Swedish companies tended not to utilize the stock market to finance their expansions (Högfeldt 2005).

<sup>7</sup>The figure is inspired from Bourdieu's interpretation of Max Weber's theory of religion (1971), where Bourdieu illustrates the field by placing at the top of the field the prophet, possessing the 'original prophecy' and stability; and at the bottom the magicians, possessing a tendency to pursue discontinuity. In the middle of the field, Bourdieu places the religious bureaucracy at the left, supporting continuity and the layman on the right, demanding legitimacy and salvation.

<sup>8</sup>See e. g. Tidningarnas telegrambyrå (TT) 24 February 2003 'EU proposal challenge dual-class share system' ('EU-förslag urholkar system med A- och B-aktier'); Tidningarnas telegrambyrå 4 March 2003, 'EU Commissioner oppose dual-class share system' ('EU-kommissionär motståndare till A- och B-aktier'); and Affärsvärlden 14 May 2003, 'Wallenberg family wins the battle for voting-rights' ('Wallenberg vinner slaget om rösträtten').

<sup>9</sup>NBK no longer exists, and the regulations it issued were transferred to the self-regulatory body called the Swedish corporate governance board (*Kollegiet för svensk bolagsstyrning*)

<sup>10</sup>DN is not connected to any political party but refers to itself as (socio-)liberal. SvD is also independent, but more closely connected to the Conservative party in Sweden (Sw: Moderaterna) and may be viewed as more neo-liberal.

<sup>11</sup>Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids.

<sup>12</sup>Swedish law provides the possibility for a qualified majority at the AGM to make decisions such as de-listing from the stock exchange. There are examples of controlling shareholders that has used this possibility, see further Jansson and Larsson-Olaison (2015).

<sup>13</sup>Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids.

<sup>14</sup>Technically, it is the Swedish Financial Authorities (FI) who have the official capacity to grant such an exemption. However, they have delegated this task to the Swedish Securities Council. (Aktiemarknadsnämnden/AMN). See The Takeover Bids Act / Lagen (SFS 2006:451) om offentliga uppköpsbudanden på aktiemarknaden, ch. 7 sec. 5 and sec. 10.

<sup>15</sup>The figure 80% deserves comment. According to Statistics Sweden, Swedish institutional investors control approximately 20% of the market value. In addition, a share of the foreign ownership (34%) must be considered institutional. It is likely that Nachemson-Ekwall includes juridical persons, implying that most controlling shareholders such as the Wallenberg, Stenbeck and the Handelsbanken business groups also count as institutional ownership

<sup>16</sup>Takeover rules, NASDAQ Stockholm, 1 February 2015, sec. II.11 ('If the offeree company has different classes of shares, the same form of consideration must be offered for all classes of shares.' and 'If the offer applies to different classes of shares which only differ in terms of the voting rights carried by the shares and all classes of shares are admitted to trading on the Stock Exchange, the general principle is that the value of the consideration must be the same for all shares. Subject to the Securities Council's consent, the offeror may offer a price for each class of shares which is equal to the listed price of the shares and, in addition, may offer a premium which, for each class of shares, represents an equal percentage of the price of all such classes of shares. The Securities Council may only consent to this type of consideration structure if: i) the liquidity in the relevant classes of shares is sufficient to provide a fair and true price structure; ii) the price difference is not merely temporary; and iii) the price difference is not due solely to demand from only one or a small number of buyers.')

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