

THE PRACTICE OF NEWSPAPER OWNERSHIP

FIFTY YEARS OF CONTROL AND INFLUENCE
IN THE SWEDISH LOCAL PRESS

JONAS OHLSSON

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UNIVERSITY OF GOTHENBURG
DEPT OF JOURNALISM, MEDIA AND COMMUNICATION

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List of Abbreviations

- AB *Aktiebolag* (the Swedish term for ‘stock corporation’)
- ABBT *AB Borås Tidning* (stock corporation publishing the newspaper *Borås Tidning* between 1898 and 2003)
- ABL *Aktiebolagslagen* (the Swedish Companies Act)
- AGM *Annual General Meeting of Shareholders*
- Ba-OT *Barometern-OT AB* (stock corporation publishing the newspaper *Barometern* between 1990 and 2002)
- CEO *Chief Executive Officer*
- BLT *Blekinge Läns Tidning*, liberal newspaper published in the city of Karlskrona
- BT *Borås Tidning*, conservative newspaper published in the city of Borås
- DNS *Dagbladet Nya Samhället*, social democratic newspaper published in the city of Sundsvall
- FLT *Förenade Landsortstidningar* (interest organization founded in 1933 by a number of non-socialist Swedish local newspapers)
- GF *Grafiska Förbundet* (the Swedish Graphic Workers’ Union)
- HN *Hudiksvalls Nyheter*, liberal newspaper published in the city of Hudiksvall (discontinued in 1961)
- HTF *Handelstjänstemannaförbundet* (the Swedish Office Workers’ Union)
- LO *Landsorganisationen i Sverige* (the Swedish Confederation of Trade Unions)
- OT *Oskarshamns-Tidningen*, conservative newspaper published in the city of Oskarshamn. Since 1963 an edition of the *Barometern* newspaper in Kalmar

- MBL *Medbestämmandelagen* (the [Swedish] Codetermination Act of 1977)
- NWT *Nya-Wermlands-Tidningen*, conservative newspaper published in the city of Karlstad
- SAF *Svenska Arbetsgivareföreningen* (the Swedish Employers' Association, 1902–2001)
- SAP *Sveriges socialdemokratiska arbetareparti* (the [Swedish] Social Democratic Party)
- SEK *Krona* (the Swedish currency)
- SJF *Svenska Journalistförbundet* (the Swedish Union of Journalists)
- SmP *Smålandsposten*, conservative newspaper published in the city of Växjö
- SOP *Sydostpress* (newspaper group in southeastern Sweden between 1990 and 2003)
- SOU *Statens offentliga utredningar* (the official report series of the Swedish government)
- S-P *Sundsvalls-Posten*, conservative newspaper published in the city of Sundsvall (discontinued in 1962)
- ST *Sundsvalls Tidning*, liberal newspaper published in the city of Sundsvall
- STAB *Sundsvalls Tidnings AB* (since 1896 the stock corporation publishing the *Sundsvalls Tidning* newspaper)
- TA *Tidningsutgivarnas Arbetsgivareförening* (the employers' organization of the Swedish press between 1919 and 1994)
- TBAB *Tidningen Barometerns AB* (stock corporation publishing the newspaper *Barometern* between 1903 and 1989)
- TF *Tryckfrihetsförordningen* (The [Swedish] Freedom of the Press Act)
- TU *Svenska Tidningsutgivareföreningen* (the trade association of the Swedish press)
- V-D *Västgöta-Demokraten*, social democratic newspaper published in the city of Borås (discontinued in 1986)
- ÖA *Örnsköldsviks Allehanda*, liberal newspaper published in the city of Örnsköldsvik
- ÖS *Östra Småland*, social democratic newspaper published in the city of Kalmar

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The study presented in this book began with an interest in the question of not only *why*, but also—and perhaps more importantly—*how* ownership matters, and has mattered, in the newspaper press. As I have since experienced, the question was not very easy to answer (in fact, it was quite difficult). Nonetheless, the present volume is an attempt to convey what I have discovered thus far.

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Introduction

This book deals with a recurring theme in both public and academic debate: how power is exercised over the news media. Given the pervasiveness of mediated messages in virtually all aspects of social activity, media power—which, in this context, is to be understood as *the direct control over the means of media production*—has become a central dimension of power in contemporary societies (Couldry and Curran 2003). Writing on the subject of media power, McManus (1994) places the news organization (such as the editorial department of a newspaper company) within a framework of interacting forces, consisting primarily of consumers (i.e. the audience), advertisers, sources, and owners (investors). Regarding the *relative* power of these external forces, McManus (1994: 32) makes his opinion clear: because “of the four trading partners”, he concludes, “only the last is also a boss”. Since ownership bestows control (Grossman and Hart 1986), it will always shape, directly or indirectly, the information offered to voters, citizens, and consumers. For this reason, ownership is paramount in order to approach the question of why we get the news we get (see e.g. Breed 1955; Murdock 1982; Underwood 1995; Demers 1996a; Cranberg *et al.* 2001; Baker 1994, 2007; and many others).

WHY AND HOW OWNERSHIP MATTERS

Indeed, the issue of ownership holds an elevated position in the perennial social-philosophical discussion regarding the functioning of society at large (Smith 1776/1998; Marx 1867/1952). Concerning the media industry, the matter is of particular relevance. The reason, Murdock (1982: 118) has proposed, is that the media “produce peculiar commodities”:

At one level they are goods and services like any others: cans of fruit, automobiles or insurance. But they are also something more. By providing accounts of the contemporary world and images of the 'good life', they play a pivotal role in shaping social consciousness, and it is the 'special relationship' between economic and cultural power that has made the issue of their control a continuing focus of academic and political concern.

In liberal theory, which has provided the ideological underpinnings of media in advanced democratic societies (see e.g. Keane 1991), the ability of media outlets to contribute effectively to the public sphere depends on their ability to stand free from external pressures (McQuail 1992). One such potential pressure stems from the ownership of the media outlet. If a media owner uses his or her power to enforce a certain line of opinion or editorial policy, then the editor is also denied some of his or her scope for making decisions. Thus, whereas economic theorists have pointed out the importance of active and influential owners for the success and long-term survival of the firm (Berle and Means 1932; Jensen and Meckling 1976), the role of the proprietors of media companies appear to be more problematic.

THE ELUSIVENESS OF OWNERSHIP EFFECTS

Following McQuail (2003: 105), three matters in particular stand out regarding the potential impact of media owners: "the degree to which they choose a politically influential role in society or are regarded by political actors as so doing; secondly, the degree to which the pursuit of purely commercial objectives interferes with the (chosen or not) political or social role of the media; and thirdly, the use of actual powers of ownership in relation to publication decisions."

To this extent, owning a media outlet is associated with normative expectations unknown to most other industries. However, and perhaps somewhat paradoxically, knowledge of how media ownership is played out *in practice* and the processes through which it influences the ultimate dependent variable, the media content, is actually quite limited. Efforts to trace publishing decisions to the highest realms of media corporations by means of statistical inference have turned out to be largely inconclusive (cf. Baker 2007). An important reason for this rather unsettling state of affairs, it has been argued, is the complexity of this issue. Ownership influence is often indirect and multifaceted, not seldom covert, and in some cases, actively opposed. It is therefore difficult to assess (Breed 1955; Stark 1962; Napoli 1997; Chomsky 1999).

Since the opinion that ownership is indeed a critical factor in the production of media content remains strong among the academic community, the problem appears to be primarily methodological. 'We are rather sure that ownership matters, we just haven't been very successful in pinning it down' seems to be the common perception of academia on the subject (cf. Lacy 1991).

Writing on this general deficiency of ownership research, McQuail (1992: 114) has argued that systematic evidence about the degree of media autonomy can be provided only by "detailed description, case study and argued evaluation." This is a view commonly expressed in evaluations of the research on the impact of media ownership (see e.g. Baker 1994, 2007; Roppen 1998). Thus, claim Nick Couldry and James Curran (2003: 5) in their book *Contesting Media Power*, in order to be able to open the "black box" of media control, one must "study how decisions are made, who influences them and who doesn't, and analyze the consequences of those decisions (and exclusions) in the longer term." From this follows that one also has to be sensitive to national variations when approaching the questions of how and why media institutions vary in control structure. This last aspect, McQuail (2010: 219) concludes, is important because "media are not only businesses, responding to economic forces, but also deeply rooted in (usually nationally based) social and cultural institutions."

Almost a decade later, the questions put forward by Couldry and Curran remain largely unanswered. It is from the conviction that the issue of media control deserves increased empirical attention that this study has been projected.

THE MEANING OF MEDIA CONTROL AND OWNERSHIP INFLUENCE

Before investigating the issue of how media control and ownership influence may be more fruitfully approached, it is necessary to clarify what the terms actually entail. Let us first address the concept of ownership. If one limits the discussion to the prevailing business form of the Western media industry, the stock corporation (cf. Picard 2005b), every holder of a share is considered an owner. As such, all owners, in the sense of being 'possessors of a share of the capital stock', are entitled to voice their opinion regarding the operations of the corporation. From a legal perspective, all shares thus carry the unlimited right of its holder to attend the general shareholders' meeting, advance matters to the agenda, and vote in all the essential shareholder decisions. These include the size of shareholder dividends, the composition of the board of directors, and whether the board members and chief executive officer (CEO) may be discharged from liability.¹

In reality, however, unless the capital stock is evenly divided among the shareholders, all owners are rarely equally influential. As most small savers who have tried their luck on the stock market can certify, owning shares in a stock corporation does not necessarily grant any concrete influence over the company's activities and policies. From this follows a need to distinguish between two levels of ownership: *legal ownership* and *economic ownership* (see e.g. Murdock 1982). Whereas legal ownership is entitled to all shareholders, economic ownership is conditional. For legal ownership to turn into economic ownership, shareholders must be able to translate their voting power into effective representation on the corporation's board of directors. When used in book, the term 'owner' refers to a shareholder (be it an individual, political party, not-for-profit foundation or another stock corporation) who is able to exert *economic ownership* over the corporation in question (cf. Hansmann 1988). With few exceptions, this implies the majority shareholder or coalition of shareholders (such as the members of a family).

Secondly, the concept of control must also be clarified. As a means to address this rather ambiguous term, Graham Murdock (1982) distinguishes two levels of control within stock corporations: the *allocative* and the *operational* levels. The distinction between allocative and operational control provides a path on which the issue of ownership influence in media companies may be empirically approached.

Allocative control, writes Murdock, (1982: 122) "consists of the power to define the overall goals and scope of the corporation and determine the general way it deploys its productive resources." From this follows the right to: 1) formulate the overall policy and strategy of the corporation; 2) make decisions regarding how and where to expand (for instance through mergers and acquisitions) and when and where to cut back; 3) decide on the corporation's basic financial policy, and 4) control the distribution of profits (including the size of dividends paid out to shareholders). In general, this allocative control lies with the shareholders, or more accurately, the economic owner(s), of the corporation (Murdock 1982).

Operational control "works at a lower level and is confined to decisions about the effective use of resources already allocated and the implementation of policies already decided upon at the allocative level" (Murdock 1982: 122). The operational control usually resides with the CEO and other members of the executive management.

The critical questions concerning studies of power distribution within media companies, concludes Murdock (1982: 122), are therefore where the allocative control is located, whose interests it serves, and how it shapes the range and content of day-to-day production. When used in this book, *own-*

ership influence, finally, refers to the ability of the (economic) owner(s) to exert power over the decision-making processes on all levels of the organization. Thus, ownership influence may occur on both the allocative and the operational levels of the media organization.

THE RATIONALE OF NEWSPAPER OWNERSHIP

Ownership may influence the conduct of media firms in a number of different ways. The most significant is through the allocation of resources, such as editorial budgets and the appointment of key executives (Murdock 1982). Resource allocation will in turn depend on the owner's objectives with the ownership (Stark 1962; Soloski 1979; Napoli 1997). Thus, as owner objectives vary, the impact of management pursuing these goals on the operational level will also vary (Lacy 1991). A reasonable point of departure in studies concerning ownership influence in the media is consequently the issue of the actual *incentives* of media owners. It is a crucial premise of this book that media owners are rational actors, rational in the sense that they, at least to some extent, have objectives motivating their ownership—in other words, *reasons* as to why they have invested money in a media company rather than in something else.

For present purposes, the following discussion on ownership incentives is limited to media under private, non-governmental control. Public service media or other variations of state-controlled media operate under other premises (McQuail 1992). Since this book is devoted to proprietorial influence in the press (see below), the account is made primarily with ownership of newspapers in mind. (This does not mean, however, that it does not also apply to commercial broadcast media.)

In traditional microeconomic theory, the assumed objective of a firm, regardless of industry, is to maximize profits (Fama and Jensen 1983a). Although theory has been expanded with other objectives, such as maximum growth or securing the long-term survival of the firm (cf. Varian 2010), economic literature on ownership rationale mainly focuses on *financial* criteria. Indeed, fiscal objectives have also played an important part in the press. The various national newspaper industries of the Western world have been dominated by private profit-oriented ownership, ranging from small family-run enterprises to large publicly traded media conglomerates (Hallin and Mancini 2004; Djankov *et al.* 2001). The ability to face competition and financial recessions within the scope of an economically sustainable enterprise has been crucial for the longevity of many of today's newspaper firms.

To this extent, the press is an industry like most others. A commercial newspaper company that consistently fails to report a profit will find it dif-

difficult to develop its operations and survive in the long run: without profits, there can be no investments in new technology, no increases in editorial resources, etc. (Doyle 2002; cf. Bogart 2004). Regarding the press, the issue is complicated by the fact that newspaper companies are operative, not on one, but two different markets: the audience market for news, views and information, and the advertising market for consumers. Although quite distinctive in character, the two markets are highly interdependent. Therefore, success in the audience market depends on success in the advertising market, and vice versa (Gustafsson 1979).

Apart from this particular industrial trait, however, the traditional theory of the firm has also been challenged in more fundamental ways regarding the objectives of newspaper businesses (Entman 1985; Lacy 1991; McQuail 2003; Demers 1996a; Picard 2002). As economic scholars have noted, the media is characterized by high levels of “amenity potential” (Demsetz and Lehn 1985). This potential, also referred to as “the private benefits of control” (Grossman and Hart 1986), means that economic control of a media outlet is associated with a number of *non*-financial benefits that are not associated with control of other kinds of businesses such as car dealerships or fast-food restaurants. It is well known that a key reason for starting or buying newspapers has, since the dawn of the circulated press, been the possibility of *influence*, not least from a political perspective. In some cases, the amenity potential of influence has even been regarded as more important than financial yields. Thus, the history of the Western press provides ample evidence of situations where financially non-viable newspapers have been kept alive by their owners solely for political purposes (a typical example is the Swedish labor press; see e.g. Hadenius and Weibull 1999).

Indeed, the prospect of getting a platform for advancing a particular ideological or political line among a particular readership belongs to the most pervasive ownership goals in the history of the newspaper press (cf. Breed 1955; Chomsky 1999; Napoli 1997). This does not mean, however, that the political rationale of newspaper owners is uncontroversial. Democracy, commentators have argued, requires a free and *independent* journalism. This is the premise for yet another basic ownership objective of the press: to provide a qualitative, dispassionate and scrutinizing journalism on behalf of the public (Keane 1991; McQuail 1992; Croteau and Hoynes 2006). The key word in this respect is *autonomy*. Close ties to the actors of the political sphere delimit the ability of newspaper staff to independently scrutinize the power holders of society (Curran 1996; Demers 1996a).

However, the threats to publicist autonomy are not limited only to political pressures. It is an oft-proposed claim of normative journalistic theory that the pursuit of the conventional microeconomic profit maximization

objective is also irreconcilable with a qualitative and autonomous journalism (Blankenburg and Ozanich 1993; Meyer 2004). Berkowitz (1993: 67) states that there are “tradeoffs between journalistic judgment and the imperatives from the business side of the media organization.” Economic imperatives have been expected to impact media organization on a number of levels, from the size of editorial staff (Lacy and Blanchard 2003) to the style and presentation of news content (Underwood 1995).

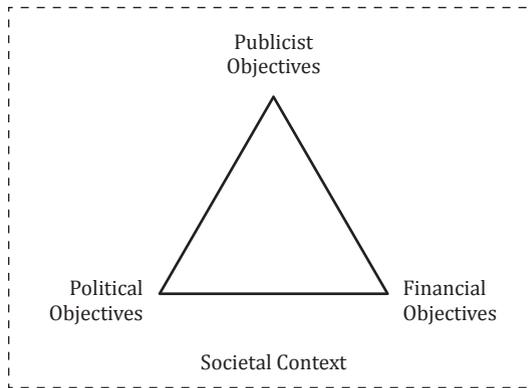
It has also been proposed that trends towards group ownership and public ownership have made the financial objective more dominant now than in the past (Cranberg *et al.* 2001; Baker 2007). Media critic Ben Bagdikian (2004) stresses in particular the financial imperative of ownership, writing that commercial media organizations gather an audience not to inform it, but rather to sell it to advertisers. Two other influential critics of modern media, Herman and Chomsky (1988), place profit orientation of media organizations as the “first filter” in their “propaganda model” of media content.

In sum, the editorial autonomy is compromised if owners dictate policy regarding political and financial constraints (McQuail 2003). To this extent, the publicist objective conflicts with the financial and political objectives of newspaper ownership. By defending the integrity and autonomy of the news staff, the owner renounces some financial and political amenities from his/her investment in the newspaper company. To this extent, the ownership goal entailing a free and objective journalism is an ideal, and not least a societal expectation, as much as it is an objective (Croteau and Hoynes 2006).

Following this brief discussion on the imperatives of newspaper owners, it is thus possible to identify three fundamental ownership objectives:

- 1 To make money and create profits (for the owners or for some other purpose)
- 2 To support and propagate a particular ideological or political (party) line
- 3 To act in the interest of the public by means of an independent and qualitative news coverage

In the following, the three objectives are referred to as the *financial*, *political*, and *publicist* objectives. Together they provide a basic analytic framework for assessing the rationale of newspaper owners. For studies of the functioning of the news media in democratic societies, the critical question is—of course—how the publicist objective is prioritized in relation to the other two (Curran 1996). Figure 1.1 elaborates how the three objectives relate to each other.

Figure 1.1 *The Basic Objectives of Newspaper Ownership*

The aim of the model is to show that the rationale for owning newspapers may be regarded as multi-dimensional; multiple objectives may—at least to a certain extent—be guiding the same newspaper owner. Thus, note Hallin and Mancini (2004), the newspaper markets of Northern and Central Europe have, at least historically, been dominated by newspaper owners with both political and commercial agendas, combining in their newspapers a close party parallelism with a profit-making rationale.

The reasons as to why owners want to advocate a political stance may range from purely ideological purposes to more self-serving pecuniary aims (Napoli 1997). The literature on newspaper ownership documents numerous instances of proprietors affecting content regarding political issues in ways that support their own financial interests (Page 1996; Bagdikian 2004). The relationship between the objectives is complex, however. Hence, Schudson (1978) has demonstrated that the norm of objectivity in American journalism, which corresponds to a more publicist-oriented ideal, grew out of efforts to maximize newspaper readership. Open political bias was believed to limit audience appeal, and was thus sacrificed for a more commercially viable news reporting.

Indeed, much of the normative theory concerning the actions of newspaper owners in the Western world has revolved around the financial aspects of newspaper ownership, and rightly so; newspapers are essentially commercial products, and the challenge of being a newspaper owner ultimately involves being able to offer readers (and advertisers) a product for which they are willing to pay. A newspaper subscription that remains unsold lacks both financial and democratic merits. The model nevertheless demonstrates that extreme ‘single-goal’ newspapers (that position themselves in any of the three corners) inevitably have to give up the other objectives.

Too much emphasis on profit maximization will, by necessity, have an effect on publicist considerations (Cranberg *et al.* 2001; Hamilton 2004). Thus, although there is a certain degree of mutuality between the various ownership goals, the model also portrays the fundamental tension among the political, financial, and publicist objectives.

Enclosing the ‘triangle’ of ownership objectives is the final feature of the model, a surrounding frame called *societal context*. The publishing of newspapers, like the production of all mediated products, tends to be deeply intertwined with the surrounding society (cf. Tichenor *et al.* 1980; Demers 1996a; Hallin and Mancini 2004; Schudson 2005; Allern and Blach-Ørsten 2011). As societies change—and differ—in terms of ideological climate and dominant values, as well as in terms of legal frameworks, so do the media, and the ways in which media outlets are assessed and expected to function (Keane 1991; McQuail 1992).

For many years, the fact that Western newspapers allowed political affiliation to color news coverage was regarded as unproblematic, and was even expected. The fact that the owners’ opportunity to advance a political agenda by means of their newspapers has since changed (see Hallin and Mancini 2004). However, this does not necessarily mean that the autonomy of editorial departments is flourishing. Increased competition during the last few decades has exposed the press to more pressures from external financial forces, not least the advertising market. This has made it increasingly difficult for more publicist-oriented newspaper owners to combine publicist ambitions with healthy finances (cf. Meyer 2004; Underwood 1995; Petersson *et al.* 2005). These are only two of several examples that demonstrate that examinations of the objectives of media owners, and the measures taken to achieve these objectives, have to be context-sensitive. This is particularly important in comparative (cross-national) analyses and in studies with a longitudinal approach.

DEFINING THE PROBLEM

For mass communication theory, it is almost always the final publication decision that matters most concerning the implications of media ownership. It is the consequence for the written or spoken word that ultimately determines the impact—be it positive or detrimental—of media owners (Shoemaker and Reese 1996). This stance helps to explain, but not necessarily justify, the propensity of the academic community to approach the issue of ownership influence via content analysis. Since the line of influence from owner to editorial employee is often indirect and complex, and hardly ever the only line of influence, such attempts at encircling the issue

of ownership power are likely to prove futile. If one does not know how owner policies are carried out in practice (that is: what goes on inside the ‘black box’ of ownership control), and unless one considers the contextual premises of such policies, it is not possible to identify the forces behind what studies of editorial content might reveal.

This book adopts a different approach to the issue. It addresses the main instrument through which ownership control is exercised in stock corporations: the board of directors. By and large, the board of directors is the owners’—in other words, the shareholders’—primary tool for influencing the activities and development of a stock corporation. The reason for this is the concept of the *separation of liabilities*, one of the key legal principles of the stock corporation as an organizational form. According to this principle, the board is expected to take over the legal responsibility of the corporation from the shareholders. In doing so, it effectively assumes the allocative control of the newspaper company. This control (generally) includes the right to hire, instruct, evaluate, reward, and, if necessary, fire the executive management of the company (Huse 2007). The newspaper company’s board of directors is, in other words, the link connecting the shareholders of the company with the operational management—including the editorial leadership—of the newspaper corporation.

As a result of this intermediary role, the board concept alludes directly to the issues addressed in the theoretical tradition known as agency theory (Jensen and Meckling 1976). With Eisenhardt’s (1989: 58) definition, agency theory concerns “the ubiquitous agency relationship, in which one part (the principal) delegates work to another (the agent), who performs that work.” Agency theory has been useful for understanding the behavior of individuals in both profit-seeking commercial organizations (Fama and Jensen 1983a) and political, legislating organizations (Kalt and Zupan 1990). The value of agency theory in approaching ownership influence in media firms has been shown by Philip Napoli (1997). Arguing that media organizations are both political and economic actors, a notion addressed in previous parts of this chapter, Napoli (1997: 207) posits that

[the application of] principles from agency theory framework to the behavior of individuals at various hierarchical levels of the mass media firm reveals important variables, such as monitoring costs, individual motivations, and implicit organizational control mechanisms that may significantly impact media content.

In line with Shoemaker and Reese (1996), Napoli identifies three basic hierarchical levels in media firms: owners, managers, and employees. The

result is two primary agency relationships, that between owners and managers (or editors), and that between managers and employees (reporters). Regarding the issue of ownership influence in the media, research has mostly focused on the second of these relationships (Napoli 1997; Picard and van Weezel 2008). In specifically addressing the role played by boards of directors, this study focuses instead on the former.

Within the context of agency theory, the board of directors is considered the ultimate mechanism of corporate control in companies where ownership is separated from management (Fama and Jensen 1983a; Picard 2005b). Throughout this book it will therefore be argued that explorations of the role played by newspaper company boards may provide an important key to a deeper understanding of how the powers of media ownership are exercised in practice (cf. Cyert and March 1992; see also McQuail 1992, 2003). By means of a systematic analysis of the role of boards of directors in newspaper companies, this study aspires to shed some much-needed light into the “black box” of ownership influence in news media corporations.

Following Zahra and Pearce (1989), the term *board role* has been given a broad definition in this book and comprises both what boards *do* (in terms of issues handled and decisions made) and the major board *attributes*—such as composition, background characteristics and working style. This distinction is the result of a growing academic awareness of the need to combine research into what boards of directors look like with not only what they actually do, but also how and why they do it (Forbes and Milliken 1999; Daily *et al.* 2003; Pye and Pettigrew 2005; Huse 2007; Brundin and Nordqvist 2008). In addition, a distinction is made between board role and board *tasks*. The latter term pertains to the specific actions or activities of boards (Forbes and Milliken 1999). Implications of the board task concept are further discussed in connection with the presentation of the study’s theoretical framework in Chapter 5.

The fact that the board of directors is appointed with the explicit duty to carry out the owners’ intentions with the corporation provides it with extensive powers. It is nonetheless worth noting that a board of directors is a *legally defined* actor, subject to the corporate law of the country where it is located. As a result, the possible impact of boards is likely to differ from one legislative system to another (Picard 2005b). In addition, it has been shown that national regulatory frameworks tend to leave room for considerable variations regarding *actual* board influence, and what boards subordinated the same legal system actually end up doing (Mace 1971; Herman 1981; Huse 2007). There is, notes Pettigrew (1992: 163), ample empirical evidence from organizations of many different kinds, in many societies, that the power and influence of senior position holders is constrained by the

countervailing influence of others inside and outside their own organizations, as well as by rules, traditions, and other institutional arrangements.

Consequently, Pettigrew (1992) concludes that the issue of the relative power of managerial elites—a category to which media company boards of directors unquestionably belong—is ultimately empirical.² This notion, that the power and influence of boards of directors are always relative—never absolute—is a keystone upon which this study is founded. The argument that assessments of media control have to take into account the specific constellation of pressures, goals, and market premises operating in the particular newspaper company is further developed in connection with the research overview presented in Chapter 4.

THE STUDY

As the previous sections have revealed, the overriding topic of this book is the *governance* of media companies, in other words, “the formal structures, informal structures, and processes” (---) “by which an organization’s assets and activities are overseen” (Hambrick *et al.* 2008: 381, 384). More specifically, the aim of this study is to analyze the long-term influence of owners over the governance of newspaper companies, and to determine how this influence is related to the internal and external contextual factors of the company. This is achieved by conducting an analysis of the role played by the boards of directors, which, in this study, is regarded as an intermediary between owners and management—or between the allocative and operational levels of the newspaper company.

The study addresses a number of questions pertaining to the role of media boards: who is elected to the boards (and on what grounds); which decisions are made in the boardroom, and which are not; and who influences them, and who does not. In doing so, this book aims to contribute to the understanding of not only the dynamics of media ownership (Napoli 1997; Picard and van Weezel 2008), but also the basic democratic concern of how power and influence are distributed, legally as well as practically, within the media system (Murdock 1982; McQuail 1992; Couldry and Curran 2003).

As previously mentioned, systematic inquiry into the control exerted by owners of media organizations is scarce. Even less is known about the role played by boards of directors in the governance of newspaper firms. However, if the scope is broadened to that of ownership control and board functions in stock corporations *at large*, the situation is less unsettling. Over the past few decades, the role of boards of directors has attracted considerable attention by scholars of other academic areas, particularly from the fields of management and organizational studies (research overviews are given

by Zahra and Pearce 1989; Pettigrew 1992; Johnson *et al.* 1996; Forbes and Milliken 1999; Huse 2000, 2007; Petrovic 2008). The ever-increasing body of literature on the subject underlines the perceived importance of boards in the governance of stock corporations.

A FOCUS ON FOUNDATION OWNERSHIP

The empirical results presented in this book are derived from a study of the Swedish newspaper industry. The Swedish press carries a number of distinct features compared to the Western press system at large (see e.g. Hallin and Mancini 2004), features that in different ways are directly related to the issue of proprietorial control. The structural, legal, and, not least, political premises of Swedish newspaper ownership are discussed in Chapters 2 and 3.

One of the most significant features of the ownership structure of the Swedish press has been a gradually increasing dominance of newspaper foundations. A newspaper foundation is a legal entity created to administer an ownership stake, generally resulting from an endowment, in a newspaper company. The newspaper foundation represents a peculiar form of ownership in the Western newspaper industry, as it—unlike ‘traditional’ private ownership—is a non-profit entity, has no owners, has a specific (non-commercial) objective, and cannot be dissolved (cf. Thomsen 1996). The assets of newspaper foundations are (regarding the Swedish press) managed by a board of trustees. Unlike the boards of directors of stock corporations, which are elected by the shareholders, the foundation board of trustees is often self-elective, constrained only by the law and the foundation charter.³

The foundation has often been regarded as an ideal type of media owner, particularly among journalists (Asp and Weibull 1996; cf. Picard and van Weezel 2008). However, it presents a paradox to conventional economic agency theory, which revolves around the personal (pecuniary) interests of individual owners (Thomsen and Rosse 2004; cf. Fama and Jensen 1983*b*; Shleifer and Vishny 1997). For this reason, the ownership foundation has been described as a corporate “curiosity” (Thomsen and Rose 2004: 18).

Taken together, the choice to direct attention to foundation ownership in the press can thus be motivated from various perspectives:

- *Empirically*: Foundation ownership is a largely neglected topic in academic research. This applies to organizational studies in general (Thomsen and Rose 2004) and media studies in particular (Picard and van Weezel 2008).
- *Normatively*: Against the backdrop of the criticism that the media is becoming increasingly profit-oriented (McManus 1994), the not-for-

profit character of foundation ownership intuitively presents an appealing alternative to private commercial ownership.

- *Theoretically*: The not-for-profit rationale and the no-owner principle of foundations challenge the ideas of not only basic economic theory revolving around risk and shareholder value (Fama and Jensen 1983a; Eisenhardt 1989), but also of journalistic theory: what is ownership influence when there is no traditional ‘owner’?
- *Factually*: Foundation ownership has become an increasingly important feature in various parts of Europe. As of 2011, foundation-owned newspaper companies accounted for almost one-third of the joint circulation of the Swedish press (Sundin 2011).

A LONGITUDINAL COMPARATIVE CASE STUDY

The study analyzes the boards of three local, community-oriented daily⁴ newspapers over a period of fifty years, from 1955 to 2005. The newspapers are *Barometern* (published in the city of Kalmar), *Borås Tidning* (Borås) and *Sundsvalls Tidning* (Sundsvall). The newspapers share a number of important features that make them suitable for comparison. They are approximately the same size in terms of circulation,⁵ they have an outspoken non-socialist profile (one is liberal and two are conservative), and they are all long-time market leaders of mid-sized Swedish cities (two have local competitors; the third has been enjoying a local monopoly since the mid-1980s). Finally, all have changed from being privately held to being taken over by newspaper foundations.

The study is based primarily on a systematic analysis of minutes (i.e. protocols) and internal reports and memoranda from board meetings and annual general shareholders’ meetings of the companies concerned. The material, which has been generously made available by the three newspapers, provides an invaluable insight into the actual activities and agendas of newspaper company boards. This enables not only a direct study of the decision-making process in the top realms of newspaper corporations, but also an analysis of how this process has developed over an extended period of time. In total, the study builds on the minutes from 1,260 meetings of shareholders and boards. The empirical results from the study are presented chronologically in Chapters 7 through 9. An overriding analysis is presented in Chapter 10, which concludes the book.

An underlying premise of this study is that the role of boards of directors is not static, but rather determined in the interaction between various actors (cf. Huse 2007; Hambrick *et al.* 2008). This view implies that the board is seen not only as an actor in its own right, but also as an arena of

different, possibly even conflicting, interests. This is an important aspect of the board role—an aspect that might not necessarily be solely accessible through the analysis of written board documents. In addition, the influence that a newspaper owner exerts over the newspaper company is rarely limited to the formal decisions made and recorded during board and shareholders meetings. The most obvious example of such influence is when an owner chooses to accept an executive position in the company, such as CEO or editor-in-chief.

However, the powers of ownership may also assume more informal forms, not least via personal contact with individual employees. Thus, the potential influence of owners and their representatives on the board extends beyond the formal lines of command. As Norwegian sociologist Thomas Mathiesen (2006: 76) has concluded, “The interests of the owners establish more or less invisible boundaries for the relative ‘freedom’ of the editorial staff, regardless if these interests involve economic profit, the promotion of certain ideas, or both” (author’s translation). Therefore, research addressing the issue of ownership influence needs to be sensitive to the various *streams* of influence that exist within a newspaper corporation. The document study has consequently been supplemented by interviews with a total of 23 incumbent and former board members from the three newspapers. The interview study has been designed to obtain a mixture of the various ‘interests’ generally present on newspaper boards. These include major shareholders and shareholder representatives, externally recruited board members, company employees and managers (such as CEOs and editors-in-chief), and labor union representatives. A more detailed description of the methods and materials used in the study is given in Chapter 6.

PLAN OF THE BOOK

The remainder of this book is divided into nine chapters. The following two chapters present an introduction to the structural, political, and legal aspects of newspaper ownership in Sweden. Chapter 2 positions the Swedish press system in a wider international context, and then discusses the structural development of the Swedish newspaper industry, focusing particularly on the tendency towards market and ownership concentration since the 1950s. It also discusses changes in the public debate regarding the ownership situation in the Swedish newspaper market. Chapter 3 addresses the legal framework of boards of directors in Swedish newspaper companies. It positions the newspaper board between two conflicting pieces of legislation, the Swedish Corporate Act (“*Aktiebolagslagen*”), which regulates the division of powers and responsibilities in the stock corpora-

tion as a form of association, and the constitutional Freedom of the Press Act ("*Tryckfrihetsförordningen*"), which regulates the specific venture, in other words, the publication of printed newspapers.

Chapter 4 presents a research overview, discussing the results of previous efforts to analyze the effects of media ownership. Naturally, special attention is paid to findings concerning the Swedish newspaper market. Chapter 5 provides a theoretical framework for the analysis of the board of director's role in the management of newspaper firms. Chapter 6 then discusses the methodology employed in the study, as well as the characteristics of the material upon which it has been based.

Hereafter follow the empirical findings of the study. Chapters 7 through 9 examine the development of the board role in the three newspaper companies, each focusing on a different part of the research period: the years 1955 through 1972 in Chapter 7; the years 1973 through 1989 in Chapter 8; and the years 1990 through 2005 in Chapter 9. Chapter 10, the final chapter of the book, proposes the general conclusions drawn from the findings of the study regarding the impact of newspaper ownership.

The Swedish Newspaper Market

In some respects, the Swedish press is an industry like any other. It consists of privately owned companies that compete with each other for shares of a capitalist market. Like most other industries it is directly affected by changes in the surrounding society. Thus, the economy of the press is closely related to the trade cycle of the country at large. But in other respects, the press clearly diverges. Swedish newspaper companies are entitled to constitutional rights that do not apply to other businesses. The state is explicitly forbidden to intervene in the newspaper market. Conventional competition law is ineffective against the occurrence of market monopolies or concentration of ownership. In addition, both the production and distribution phases, as well as the final commodity itself—the printed newspaper (or for that matter website)—enjoy constitutional protection. The freedom of the press safeguards not only the collection of journalistic matter but also the form and content of the final product. As a result, the product liability in terms of publicity damages is strictly limited. In comparison with other industries, the Swedish press has also come to enjoy various benefits of a direct financial nature. All newspaper companies are entitled to different types of tax reliefs. They pay a limited tax on advertising incomes and the value added tax on circulation sales is considerably lower than the rate for other goods and services. To these general subsidies comes a considerable, publicly financed, selective aid program aimed at supporting newspaper firms in unfavorable market positions.

This chapter provides an introduction to the main features of the Swedish newspaper industry. It has four sections. In Section 1 the Swedish press is positioned in a wider international context. Section 2 then outlines the structural development of the Swedish newspaper market since the 1950s, focusing particularly the shifting ownership structure during this period. The main arguments of the public debate regarding the same development follow in Section 3. Section 4 sums up the chapter.

THE SWEDISH SYSTEM: A BASIC POSITIONING

The development of media, insightful observers have concluded, goes hand in hand with that of society at large. Literature aimed at explaining national variations in media systems provides ample evidence of a mutual connection between the structure and functions of media and the surrounding society (see e.g. Picard 1983; DeFleur and Ball-Rokeach 1989; Hallin and Mancini 2004). The news media, Daniel Hallin and Paolo Mancini (2004: 6) propose in their book *Comparing Media Systems*, cannot be understood without an understanding of “the nature of the state, the system of political parties, the pattern of relations between economic and political interests, and the development of civil society, among other elements of social structure”.

A DEMOCRATIC CORPORATIST MEDIA MODEL

In their analysis of the development of Western media, Hallin and Mancini identify a Northern/Central European model, which they call the *Democratic Corporatist Model*. It is contrasted against a *Liberal Model* prevailing in the U.S and the U.K. and a *Polarized Pluralist Model* that dominates the countries of Southern Europe. Arguably, the Swedish media system is the epitome of the Democratic Corporatist Model (Petersson *et al.* 2006).

The features of the Northern/Central European model, the two authors argue, have been shaped by a long tradition of democracy, a political system characterized by consensus, a strong state, and a well-established juridical system. The press, which at an early stage took the shape of a mass-spread medium, played an integral part in the struggle for democracy, and the public service system for radio and television was an important condition for a political culture based upon compromise (cf. Esaiasson 1990; Djerf-Pierre and Weibull 2001; Gustafsson and Rydén 2010).

Regarding the historic development of the media in this particular region, Hallin and Mancini (2004: 144–45) note a number of distinct features, which may be described in terms of “coexistences”. Firstly, a high degree of political parallelism, in other words a strong tendency for media to express partisan and other social divisions, has coexisted with a strongly developed mass-circulation press. Thus, the Democratic Corporatist countries are characterized by strong commercial newspaper markets inhibited by actors with the dual purpose of influencing public opinion and making money. Secondly, and closely related to the first point, the high level of political parallelism has coexisted with a high level of journalistic professionalization—the latter, according to Hallin and Mancini (2004: 145), including “a high degree of consensus on professional standards of conduct, a notion

of commitment to a common public interest, and a high level of autonomy from other social powers". Thirdly, a strong tradition of limited state power in relations to the press has coexisted with active state intervention in the form of, for instance, direct press support aimed at ensuring the diversity of the market.

Nonetheless, conclude the authors (2004: 145–46), the three-parted categorization of media models is slowly changing. Due to the irreversible powers of market forces, an increasingly globalized media market, and stiffening competition for audience segments, the distinct features of the models are gradually fading. Thus, although it is believed that the experience of a strong advocacy press "in important ways still affect journalism, media structures, and the way these interact with other social forces", the Northern/Central European model, as well as its Southern European counterpart, seems to be slowly converting towards the market-oriented principles of the Anglo-American Liberal model.

A COMMERCIAL INDUSTRY WITH CONSTITUTIONAL PROTECTION

Two additional characteristics of the Democratic Corporatist Model—and of particular importance for the present study—are that the media enjoy a high level freedom, and that the liberty of the press has a long history. The countries of Northern Europe (in this case including the United Kingdom) led the way towards press freedom in the Western world. In 1766 Sweden became the first nation to give constitutional protection to both the right of access to official documents and the freedom of the press (see e.g. Borden 1995; Gustafsson and Rydén 2010). The law was the forerunner of most freedom-of-the-press provisions in constitutions that would later appear in other countries (Bryan 1960; Picard 1988a).

Press freedom in Sweden, maintains Picard (1988a: 43) "is guaranteed by what is undoubtedly the world's most extensive constitutional protection for the press".¹ As a result, Swedish newspaper companies—or more specifically: the *owners* of such companies—differ from those of other industries inasmuch as that they enjoy specific constitutional protection. The current version of the so-called Freedom of the Press Act ("*Tryckfrihetsförordningen*", abbr. *TF*) was enacted in 1949. It rules that all Swedish citizens enjoy the full and unrestricted right to *publish, produce, and disseminate* printed matter. The right applies also to legal persons, such as foundations and stock corporations. Hence, the constitutional freedom of the Swedish press is intimately connected to the freedom of trade. The state is explicitly forbidden to intervene on the newspaper market.² Ever since the 1766 enactment of the TF, owners of the Swedish press have consequently operated in the intersection between the legal right to express oneself in

print and the economic right of free establishment³ Thus, claims Gabrielson (2003: 82), the Swedish version of freedom of the press is in fact the right to “use the freedom of speech as a business enterprise” (my translation). In the subsequent sections it is demonstrated that this fundamental notion has had far-reaching consequences regarding to the structure of the modern Swedish newspaper market.⁴

STRUCTURE AND OWNERSHIP

By international comparison, Sweden has had quite many newspapers relative to the size of its population. The reason for the pluralistic character of the press can mainly be traced to the activities in the political arena (Tollin 1965; Esaiasson 1990; Picard 1988a; Hallin and Mancini 2004). The emergence of a modern party-system in the decades around the turn of the last century spurred the launching of dozens of new newspapers. Most had explicit political motives: an affiliated press was considered crucial to success come election-time, and great efforts were made within the major (conservative, liberal, and socialist) parties to have a ‘faithful voice’ in as many cities and regions as possible (Hadenius 1983). To this extent, the emergence of a party press was similar to those of the other Scandinavian countries (Hadenius *et al.* 1968a; Høyer 1968; Thomsen 1965).

A HIGHLY DIVERSIFIED MARKET

The close ties between the newspapers and the political organizations resulted in a press structured around *party parallelism*, with each political party having its own supporting newspaper cadre. The local newspaper markets were segmented accordingly and polarized along the party lines. The partisanship was evident in both editorials and in the selection and biases of the news presented (Hadenius 1983).⁵

Another early characteristic feature of the Swedish newspaper market, which is still prevailing, was the absence of a strong national press. Instead the press was made up of an intricate web of local and regional markets, each served by a number of different papers, all with distinct party affiliations. With few exceptions, the papers were largely local in their orientation (Hadenius and Weibull 1999).⁶

The width and depth of the party parallelism were indeed striking. As of 1920, 95 percent of all Swedish newspapers were directly or indirectly connected to a political faction (Tollin 1965: 34). All cities of at least some importance had three, sometimes four competing newspapers. Both owners and journalists typically had political affiliations, and were often

actively involved in the political sphere (Söderström and Ahrnstedt 1956; Vallinder 1971).

In this context, it should be stressed that the Swedish party press was not a state-imposed system, but the result of initiatives of individuals, organizations and national movements. Despite the strong connection to the political realm, the vast majority of the paper companies were run as small family enterprises, with the owner normally being editor and/or managing director. The relations between these papers and the political sphere were generally ideological and intellectual rather than economic or organizational, although there are examples of papers financed, at least in part, by political factions (Gustafsson and Hadenius 1976). Thus, most papers were run on an entrepreneurial basis, but with dual motives: to influence opinion *and* to make money: "In some cases", writes Hadenius (1983: 290), "the commercial objective was clearly the dominant one, but in most cases the political and commercial objectives were equally heavy".

The main exception to the entrepreneurial character of the early Swedish party press was the socialist press, which was founded upon a completely different type of ownership. The emergence of these papers was directly linked to the foundation of the Social Democratic Party (SAP) in 1889 (Gustafsson and Hadenius 1976). Up until then, the Swedish press had almost exclusively been dominated by opposing liberal and conservative papers. Since the new party could not expect support from any of the existing (non-socialist) papers, it initiated a plan for the establishment of its own affiliated press. It was an ambitious venture. By 1920 there were some 25 socialist papers, owned and run by local or regional party organizations or unions.

The socialist press was an integral part of the party apparatus (Hadenius *et al.* 1968a, 1968b, 1970).⁷ Nevertheless, there were also important similarities between the socialist and non-socialist papers. Even though the party affiliation was clearly manifested in the editorial material, the papers were not *solely* political. Instead both groupings "strove to be all-round organs of news, commentary, culture, and entertainment" (Gustafsson and Hadenius 1976: 34). In market terms, however, the disparities were unmistakable. Despite the fact that the SAP grew rapidly in terms of public support (it won its first national election in 1932 and would remain in government for the next four decades), only a handful of the socialist papers managed to attain the leading position on their respective markets. This spot was almost exclusively occupied by an older and financially stronger non-socialist competitor. Thus, even as early as the 1920s, the outcome of most local and regional 'circulation wars' had already been determined (see e.g. Hadenius and Weibull 1999).

THE MARKET CONCENTRATION BEGINS

From a diversity perspective, the 1920s were arguably the heydays of the Swedish press. Even relatively small cities held three, sometimes four, politically opposing papers. But this was not to last. Like most unregulated commercial markets, the Swedish press was predestined to experience a process of market concentration. The structural development of the 1930s and 1940s may perhaps best be described as a time of market consolidation. Readership grew steadily and more and more papers were able to undertake daily publication. Most newspaper firms increased their editorial staff. The numbers of covered areas broadened. But the quantitative expansion had nevertheless come to an end. For the first time in the history of the Swedish press, the number of newspapers no longer increased.

The difficulties facing the press gained momentum after the Second World War. Wages and costs on newsprint and distribution increased rapidly. As a result, the 1950s turned into a decade of economic crisis for many newspaper firms, the crisis ultimately ending in the discontinuation of many (SOU 1994:94). But the financial problems of many newspapers were also directly related to changes to the income structure of the newspaper market. In general, newspaper companies have two main sources of income, circulation sales and advertising sales. During the second half of the 1950s, the Swedish advertising market started to expand rapidly. Between 1963 and 1967 alone, the press' income from advertisements increased with over 50 percent (SOU 1968:48, p. 59–60). Gradually, advertising revenues increased its share of the total revenue of most Swedish newspaper companies (Jonsson 1977). However, success on the advertising market was intimately related to penetration on the readership market (Gustafsson and Hadenius 1976). In the light of the expanding advertising market, this inherent mechanism of newspaper economics favored the local and regional markets leaders, which not only attracted a larger share of the adverts, but were also able to take out a higher price to advertisers (Jonsson 1977). At the same time as the market leaders prospered and were able to improve their product, being number two—or for that matter number three or four—became increasingly difficult. As such, this particular market logic of the press precipitated a development towards single-newspaper markets. Between 1950 and 1970 the number of newspapers (published ≥ 3 days/week) dropped from 184 to 112. As a result, the number of local markets with two or more rivaling papers slumped from 51 to 21, increasing the count of local monopolies from 42 to 65 (SOU 1965:22 p. 154; SOU 1980:28, p. 174). The majority of the discontinuations concerned small private liberal or conservative papers, which, unlike their socialist competitors, were

seldom able to rely on party subsidies.⁸ Nevertheless, the total market for newspapers expanded: the overall circulation of the Swedish press grew from 2.9 million to 4.5 million between 1945 and 1970. During the same period, newspaper sales increased from 437 copies per thousand inhabitants to 564 (SOU 1980:28, p. 168–69), establishing the Swedish press as the most circulated one in the world in relation to the size of the country's population (Vallinder 1971: 144; cf. Hallin and Mancini 2004: 22–23).

The dramatic fall in the number of newspaper titles during the 1950s and 1960s soon became referred to as 'the Newspaper Death'. To some extent, however, the label was misleading. The primary reason behind the decline was not the number of shutdowns—newspaper failures had always been a familiar feature of the Swedish press—but the absence of startups. Throughout the first half of the 20th century, there had been an average of over 30 new establishments per decade. During these years, it was still relatively cheap for individuals and organizations to start a newspaper. Thus, the financial risk of such ventures was limited. But as the newspaper industry became more capital intensive, the barriers to entry grew increasingly higher. As a consequence, the 1950s saw the birth of only six newspapers, and the 1960s only three. Hence, 'the Newspaper Death' was not primarily a mortality problem, but a fertility ditto.

The development towards local monopolies threatened the self-interest of the political parties—particularly so the SAP and the agrarian Centre Party, whose affiliated papers almost exclusively were to be found in a financially hurtful second or third position on their respective markets. Faced with the possibility of a further loss in affiliated papers, the SAP chose to act. Following a 1971 underhand agreement with the Centre Party, and despite heavy criticism from the Conservatives and the Liberals, a program of direct selective subsidies to cover the operation costs of second newspapers was forced through (Gustafsson and Hadenius 1976; Borden 1995; Hadenius and Weibull 1999).⁹ Initially, the government subsidies were relatively small, but were to grow steadily during the course of the 1970s. As a result of the support, a number of socialist papers were able to increase their editorial staffs and invest in new printing presses, thus increasing their relative competitiveness on the local markets. Thus, the press support managed to halt the market concentration. Since its introduction, only a few newspapers of high periodicity have been discontinued.¹⁰

Nevertheless, the newspaper market had effectively congealed. In a 1976 summary of the situation of the Swedish press, Gustafsson and Hadenius (1976: 11) came to the conclusion that: "Many papers have acquired a local monopoly, and where competition does exist, it occurs on an unequal footing". Competition was preserved only through the extension of considerable

state subsidies. Some 35 years later, Gustafsson and Hadenius' observation was truer than ever. In 2010 there were 95 individual high and medium frequency newspapers published in Sweden. The number of local markets consisting of two newspapers had decreased to 14.¹¹ In nine of these, however, the smaller newspaper was owned by its larger opponent, leaving the number of local markets with separately owned and operated newspapers to only five.

Eventually, the structural changes of the industry, or more specifically, the media system at large, would affect also the various local market leaders. The year 1989 was a milestone in the history of the Swedish press. This year the total circulation reached its ultimate high point. On an average day, a total of 4.7 million newspapers (published ≥ 3 /week) were circulated among the Swedish population. This equaled over 550 copies per thousand inhabitants. Since then, the market has experienced a slow but steady decline. In 2010 the total national circulation had fallen below 3.3 million, taking the number of copies per thousand inhabitants to just 350, the lowest such figure since, at least, the 1920s.

FROM FAMILY-OWNED BUSINESSES TO MEDIA CONGLOMERATES

The concentration process of the Swedish press has not been limited to the number of individual newspapers. Like most Western press systems, the Swedish newspaper industry has also gone through a process of ownership concentration, a term which refers to situation in which established newspaper owners increase their interests in the market by means of buying controlling blocks of shares in other newspaper companies. The ownership concentration of the Swedish newspaper market is illustrated in Table 2.1.

The ownership structure of the private (entrepreneurial) Swedish press during the first half of the 20th century had carried a couple of characteristic features (Sundin 1996). First of all, the newspaper companies were generally built around the publication of a single newspaper. The presence of newspaper chains was limited.¹² Secondly, the owners were almost exclusively locally based. With few exceptions, the newspaper owner (or owner-family) resided in the town where the newspaper was published. This made the ownership of most newspapers highly visible and personal.

A factor contributing to the low number of chains was the specific character of the production of newspapers. Even as late as the 1950s, the newspaper industry offered little possibilities for economies of scale. Though the purchase of additional newspapers allowed for some synchronization of advertising sales, the technological possibilities of coordinating the editorial and production departments were still limited. This, concludes Sundin (1996), left the newspaper owners that *did* buy other newspapers with

THE SWEDISH NEWSPAPER MARKET

Table 2.1 *Ownership Concentration on the Swedish Newspaper Market, 1978–2011*
(percentage of national circulation [newspapers published ≥ 3 /week];
number of newspaper in parentheses).

	1978	1993	2011	Change 1978–2011
The biggest owner	21 (2)	27 (4,5)	24 (6)	+3
The 2 biggest owners	41 (23)	44 (22,5)	40 (22)	-1
The 4 biggest owners	55 (27)	57 (34,5)	64 (37)	+ 9
The 8 biggest owners	71 (54)	73 (60)	88 (74)	+ 17
The 16 biggest owners	85 (83)	89 (84)	98 (88)	+ 13

Sources: Sundin 1994: 12, 2011: 29.

Commentary: Newspapers owned by organizations within the labor movement and the agrarian movement have, regardless of economic ownership, been classified as joint groups (cf. Sundin 1994: 12).

mainly two motives. First, by taking over geographically adjacent newspaper companies, it was possible to extend the market, and thus shutting out possible competitors. Second, it appears to have been a strategy to simply buy profitable newspapers and let them continue as independent businesses.

During the 1960s and 1970s, however, the industry witnessed a slow increase in the dominance of regional newspaper groups. Technological advances would gradually allow geographically dispersed newspaper chains to rationalize their activities through coordination of printing, administration, and, to some extent, journalistic content. Furthermore, by the mid-1970s many local and regional markets had effectively saturated. For the first time in their existence, many newspapers experienced a halt to the continuous increase in circulation. Newspaper owners who wanted to maintain the expansion had therefore to turn to other geographical markets. Thus, the economic incentives towards coordination and co-ownership would gradually increase.¹³ Between 1960 and 1978, 17 private-owned newspaper companies were sold to other newspaper companies (SOU 1980:28). As of 1979, half of all Swedish newspaper companies were parts of a newspaper chain. The chains—17 in total—accounted for 60 percent of the total circulation.¹⁴ Most, if not all, deals had had political undertones. It was still regarded important that newspapers that were put on the market were kept within the party sphere. To this extent, party parallelism effectively acted as a counterbalance to the conventional market forces (Gustafsson 1995; Weibull 2009: 321).¹⁵ Despite a tendency towards

more independent and non-partisan journalistic ideals during the 1970s (see below), the parties hence came to strengthen their influence over the press. In 1983 Hadenius (1983: 297) concluded that:

The various parties in Riksdagen today influence nearly half of the country's newspapers, through direct or indirect ownership. They can influence both the operation and economy of these newspapers. They approve management and the editor-in-chief. They can exercise considerable power, especially over financially weak papers.

THE NEWSPAPER FOUNDATION ENTER THE STAGE

As noted above, the predominantly private and entrepreneurial character of the Swedish press was altered during the last decades of 19th century following the advent of a press owned by political organizations. In the spring of 1940, Sweden witnessed the appearance of yet another type of newspaper owner. Concerned with the uncertain future political position of Stockholm's main conservative daily, *Svenska Dagbladet*, a consortium of local businessmen bought a controlling block of shares in the newspaper corporation. The shares were then subsequently donated to a newly established not-profit-making foundation. The explicit purpose of the new ownership entity was to secure the "perpetuation and development of the newspaper without changes to its current political course" (Furhoff 1965). Sweden's first newspaper foundation was born.

More were soon to follow. In a 1964 inventory, it was found that the Swedish press had come to include 13 foundation-owned newspaper companies, all with an explicit non-socialist tendency (*Pressens Tidning* 1964/19). Some had had a lead-up similar to the one just described, in other cases an heirless owner, rather than selling the paper to external interests, had chosen to donate or bequeath his or her shares to a foundation, hence securing the unaltered continuation of the paper (according to his or her more or less specific wishes).

A number of different rationales have been suggested with regards to the rise in popularity of newspaper foundations in Sweden (cf. Furhoff 1965). Firstly, a foundation-controlled newspaper company lacks a 'traditional' owner, in the sense capital investor. Thus, no private individual has any direct profit-making interest in the company. The accumulated profits remain and can be reinvested in the company (Thomsen 1996). Nor does a single individual have the exclusive right to decide over important issues with regards to the operations of the newspaper company. These traditional owner functions (cf. the term *allocative control* discussed in Chapter 1) are instead transferred to the foundation's board of trustees. In most founda-

tions the political affiliation of the newspaper is stipulated in the foundation charter, making it difficult or even impossible to alter. The charter may also include rulings saying that the foundation can never sell its shares in the newspaper company. Hence, by transferring the shares to a foundation, both the ownership and the political affiliation of the newspaper may be 'secured', also in the long run. The fact that foundation-owned papers may be protected from being sold does not, however, preclude such newspapers from buying other newspaper companies. In fact, some of the biggest structural affairs carried out in Sweden have had a foundation-owned newspaper company as the buying party. As of 2011, there were a total of six newspaper groups/companies with controlling foundation ownership on the Swedish newspaper market. Together they controlled 41 newspapers and 29 percent of the total national circulation (Sundin 2011).

A SECOND WAVE OF STRUCTURAL CHANGES

Well into the 1990s, few Swedish newspaper deals had been made over the party lines. Gradually the long-established political barriers would nonetheless erode. Starting in the late 1990s, Gustafsson (2006) identifies what he calls "a second wave of structural changes" on the Swedish newspaper market (the first wave being the rapid market concentration of the 1950s and 1960s). A number of major newspaper deals were carried out, but this time across both geographical and political borders. In this second wave, the concentration process was thus related to a decrease in the number of individual *owners*, not the number of individual newspaper titles, which remained more or less the same.¹⁶ A number of national newspaper chains comprising dailies with different party affiliations gradually evolved. Clearly, the rationale behind the affairs had shifted from political affiliation to economical calculations: "The newspapers' political tendency", Gustafsson (2006: 498) concludes, "no longer constituted an obstacle for anyone" (my translation). Hadenius and Weibull (1999: 144) refer to the changes as an "industrialization of the press". "Newspapers", they argue, "have come to be described and valued more in economic and commercial terms than as organs of opinion-formation or party platforms, as was once the case. Newspaper companies are required to produce a reasonable return on investment, which was not the case in the 1950s and 1960s".

The structural changes in the past few decades has been reflected in the relative influence of the three main ownership forms that have come to dominate the Swedish newspaper market: private individuals,/families, not-for profit foundations, and (political) organizations. This is illustrated in Table 2.2.

Table 2.2 *Owner Types on the Swedish Newspaper Market, 1978–2011*
(percentage of total circulation)

	1978	1997	2006	2011
Private actors	59	66	75	67
Non-profit foundations	15	19	20	29
Non-profit organizations	26	15	5	4
Total	100	100	100	100
Circulation	4 491 000	4 008 400	3 686 600	3 226 100

Sources: SOU 1999:30, p. 49; Sundin 2007, 2011.

Comment: Papers published 3 days a week or more.

The most important development depicted in the table is that the organization-owned press (i.e. the SAP/labor and Centre Party press groupings) has declined dramatically in size. Even if some of the regression is the result of closedowns, the main reason is that the political organizations have sold their newspapers either to private actors or to foundations. Thus, as of 2011 the vast majority of Swedish newspapers, regardless of political affiliation, were owned either by private individuals or families, or by non-profit foundations—most with an outspoken non-socialist connection. The ten biggest chains on the Swedish newspaper market are today (2012) directly or indirectly run with a non-socialist affiliation. Even though the social democratic and Centre Party newspaper groups remain as distinct political voices, the greater part of these papers is now in the hands of owners with an opposing ideological position. Thus, the *allocative control* of the Swedish press has come to reside with chains with more or less explicit liberal or conservative affiliations.

Here two additional characteristics can be added. The first is that very few Swedish newspaper companies have been listed on a stock exchange. As of 2012 the only publicly traded newspapers were the two Stockholm papers *Aftonbladet* and *Svenska Dagbladet*, which in the 1990s were taken over by the listed Norwegian company Schibsted. These two are also the only Swedish newspapers controlled primarily by foreign actors. Thus, and this is the final characteristic, despite the tendency towards globally integrated ownership in the media industry (cf. Curran 2002), the Swedish newspaper market has remained a demarcated national media system, which has stayed in the hands of domestic interests.

A TRANSFORMED OWNER ROLE

As shown, the Swedish press could well into the 20th century still be characterized as a decentralized market, inhabited by small, local businesses. Most private newspaper companies were owned and run directly by individuals or families.¹⁷ Against this background, the 1950s has been referred to as the era of the great patriarchs of the Swedish press (see e.g. Odén 2009; Sundin 1996). Many private newspaper companies were controlled by strong personalities, who not only dominated their newspapers but often also their hometowns and regions. Most were politically active, sometimes as parliament members. Nevertheless, the owners would often differ with regards to their level of involvement in their respective papers. Hence, Sundin (1996) identifies five different ownership approaches, or owner roles, all common on the Swedish newspaper market during the 1950s:

- *The ‘publisher’*: a term that in the terminology of the Swedish press has come to describe an owner that personally manages the *entire* newspaper business, including the editorial and the administrative departments. In these cases the roles of editor-in-chief, CEO, and sometimes board chairman, thus resided with the same individual.
- *The ‘publicist’*: in this situation, the owner focused his efforts to the editorial, or more specifically, the opinionated, aspects of newspaper publishing. The rationale behind the ownership for these owners, concludes Sundin (1996), is likely to have been to provide a platform for forming opinion for their political and social ideas. With few exceptions the publicist-owners combined their role as newspaper editors with a political career.
- *The ‘editor’*: also in this case the owner limited his efforts to the management of the editorial department. The demarcation between the ‘publicist’ and the ‘editor’ is therefore somewhat blurred, but the main distinction between the two is that the editor ran the department without making any personal contributions to the actual production of content.
- *The ‘director’*: some owners chose instead to focus on the administrative parts of the newspaper company as CEO, and let hired editors lead the editorial department. These owners often had their formal training in business and administration or engineering, and not journalism.
- *The ‘non-executive’*: finally, some owners chose not to hold any executive positions in their respective newspaper companies, thus limiting their influence to the role of board member.

Since the 1950s, the concentration of ownership has come to directly affect the established patterns of ownership in virtually all Swedish newspaper companies. With the increasing dominance of newspaper chains, the tradition of local ownership was broken in many cities. Newspapers that throughout their existence had been owned and run by individuals or families with direct ties to the newspaper's hometown were instead turned into corporate subsidiaries, controlled by actors situated in a different geographical location. The concentration process also brought with it a gradual shift in the owner role. In the newspaper companies where the owners had traditionally chosen to be actively involved in the editorial or administrative activities of the firm, the allocative and operative control resided with the same individual. Over the course of the past few decades the editing rights has been parted from ownership in one company after another. Instead the Swedish press has witnessed the steadily increasing dominance of hired editors with no personal ownership stake in the newspaper corporation. By 1994, five Swedish newspapers (≥ 3 /week) were owner-edited (Hadenius and Anderberg 1994: 56). Half a decade later there were no such newspapers left.¹⁸ Indeed, the development has been spurred not only by the growing dominance of newspaper groups, but also by the increasing market domination of the newspaper foundations. Foundations are, *per se*, ownerless entities.

OWNERSHIP DEBATED

As a result of its key position in the public life of most societies, the media system (and the actors of which it is comprised) has attracted strong but divergent expectations and attitudes (McQuail 2003). Hence, the normative debate concerning the performance of the media is arguably as old as the media itself. Structural issues such as ownership influence and ownership concentration have nevertheless received comparatively little attention in Swedish debate (Petersson *et al.* 2006). Most authors and debaters have instead focused on the relationship between the state and the media, and state intervention on the different media markets, not least the introduction of the selective press support.

"The core principles relating to media performance", writes McQuail (1992: 33), "have often found clearest expression at crisis or turning points in national or media history" (...) "Such occasions have given rise to much contemporary evidence about normative expectations from the media". With regards to the ownership of the Swedish press, such a turning point occurred in 1960s, during which a number of newspapers were forced out of business. A second turning point came as a result of the leftwing

movement that influenced most aspects of Western society during the late 1960s and the better part of the 1970s. And a third, though not as pervasive as the first two, followed from the increasing domination of newspaper chains during the mid-1990s. All three developments stirred up considerable debate regarding the role of newspapers in general and of newspaper owners in particular. By all means, 'public debate' is an intangible phenomenon. The following attempt at encircling it makes no claim of completeness. Quite clearly however, publicly expressed expectations and attitudes towards the owners on the Swedish newspaper market have shifted considerably during the course of the five decades addressed in this study.

THE 1960S AND 1970S: PRESS UNDER FIRE

During the 1950s, much of the public debate on newspaper ownership had revolved around the autonomy of the hired editor-in-chief vis-à-vis the owner (Vallinder 1971). The major concern was whether or not the proprietorial right included the privilege, let alone the practical possibility, to interfere with the newspaper's positioning in important political issues. The debate included the question of whether the editor-in-chief's employment contract ought to include a ruling that the positioning in important issues were to be approved by the shareholders—or more specifically their representative in the company, the board of directors. In other words: if or if not the owner should have the right to censor leading articles on critical topics. Thus, concerns regarding ownership influence were limited to the professional integrity of the hired editor.¹⁹ The owner's privilege to decide the newspaper's overall political affiliation was not questioned, nor was the intimate relations between the press and the party system, which was a direct consequence of this privilege. With few exceptions, the idea of an advocacy press remained uncontested throughout the decade (Weibull 2009).²⁰

But the predominantly positive view of the press that characterized the 1950s was not to last. Indeed, the most vividly debated media topic during the late 1960s and early 1970s was the different parliamentary commissions on the press, and the state-financed press support that they resulted in (for overviews of this debate, see e.g. Gustafsson and Hadenius 1976; Borden 1995). But even though the commissions were primarily concerned with the financial troubles of struggling second newspapers, they also, at least indirectly, had to do with the role of the owners of the press. Following the discontinuation of many small newspapers, the dominance of the market leading non-socialist papers started to be questioned. The big newspaper companies were criticized for driving their smaller competitors out of business. The press support has been described as a direct expres-

sion of this criticism (Weibull 2009: 318). This act of a direct state involvement also coincided with—or was perhaps even the reflection of—a period marked by increased political polarization. The so-called leftist wave that dominated public opinion in Western Europe between the mid-1960s and the beginning of the 1980s had a deep impact also in Sweden (Hadenius 1997). In 1968 the SAP accomplished its second best national election ever and attained over 50 percent of the votes. The radical ideas were directed at most parts of Swedish society. Left-wing critics opposed against the values conveyed by schools and media. Private ownership and profit interests were openly questioned. The work force, supported by strong unions, demanded greater influence over the management of corporations. The Swedish Confederation of Trade Unions (LO) proposed the introduction of so-called wage-earners' funds ("*löntagarfonder*"), a system which, if realized, would eventually give the ownership control of corporate Sweden to the labor movement.

In this new political climate, the newspaper owners and their respective media firms were openly criticized, by the journalist corps as well as in public debate. In this context, a number of different, although interrelated, strands of criticisms become visible. They relate in turn to four distinct features of the traditional *modus operandi* of the Swedish press: the personal bonds between press and politics, the partisan news reporting, the leadership structure within the newspaper corporations, and finally, and perhaps as an ultimate reflection of the prevailing political climate, the statutory foundation of the Swedish press itself—the unrestricted private ownership.

The radical years of the 1960s and 1970s have been described as a cut-off point not only in the history of the press, but also in the history of Swedish society at large (Djerf-Pierre and Weibull 2001). The fierce criticism directed towards the press could not be left unnoticed by owners and management. In various respects, all newspaper companies had to adapt to the shifting expectations from society. As a consequence, the roots of many significant features of the contemporary Swedish press may be traced back to the development during this particular period.

PARTY EDITORS QUESTIONED

For the better part of the 1960s the long-established political bias of the Swedish press was generally not regarded a problematic matter (Weibull 2009: 310). Newspapers were and always had been intimately associated with the political sphere. Gradually, however, the public debate began to include voices that questioned this traditional relationship. In a couple of debate books published in the early 1960s, Lars Furhoff, then a liberal debater, later the vice-chancellor of the first Swedish school of journalism

(in Stockholm), criticized the lack of scrutinizing journalism, particularly by the various papers of the strong provincial Swedish press (Furhoff 1961, 1963). It was Furhoff's opinion that the newspapers were political megaphones rather than independent organs. However, Furhoff had no objection to the fact that newspaper supported a political line. What he protested against was one particular *aspect* of the party press system: the political commissions of many editors. These personal ties, Furhoff argued, constituted a direct conflict of interests, and effectively hindered the press from carrying out its 'watchdog' function: "If the press is to be a controller of the regime, then a person who writes in the paper cannot also be a member of the regime. No man can be his own auditor", Furhoff concluded (quoted in Vallinder 1971: 97, author's translation). In 1961, the year of Furhoff's first book, a total of 33 newspaper editors, most of them Social Democrats, were members of Riksdagen (Albinsson Bruhner 1998: 46). Gradually, Furhoff's critique gained a foothold in media debate, and when he was formally supported by the Journalists' Labor Union, the SJF, the political engagement of editors and owners began to be openly questioned (Weibull 2009). Following the growing objections towards these direct links between press and politics, but also as a result of the entrance of a new generation of editors, fostered in journalism rather than politics, the number of politically active editors gradually declined.²¹

QUESTIONED PARTISANSHIP

Indeed, partisan news content is arguably the most manifest form of ownership influence over a media outlet (McQuail 2003). The decision to give editorial support to a political faction is ultimately the exclusive prerogative of the owners of news media. During the course of the 1970s, this long-established form of direct ownership control over the editorial departments of the Swedish press came to be increasingly questioned (cf. Fjaestad and Holmlöv 1975). Slowly, the notion of an impartial and objective news reporting gained a foothold in national debate and among editorial workers.²² In part, the development was spurred by the structural changes during the 1950s and 1960s. The increasing number of one-paper-markets meant that monopoly newspapers found it difficult to continue to let party sympathies color the news content. They now had to provide for sympathizers of all political factions, not just of their own. Another contributing factor were the changes in the composition of the journalistic corps. Traditionally, reporters had chosen employers that shared their own political preference. Many combined their reporter role with political commissions (Hadenius 1983). The 1970s has generally been associated with a 'professionalization' of journalism (see e.g. Furhoff 1986; Hallin and Mancini 2004). The trend

was gradual and followed the entry of a younger, often college-educated, generation into the profession. The new journalism ideals, which favored “objectivity” and balance, were clearly in opposition to the party press system (cf. McQuail 2003). Finally, the politically unbiased principles of public service radio and television are also believed to have had an impact on the journalistic standards of the press (Djerf-Pierre and Weibull 2001). Faced with the accusation that the newspapers were subject to direct party influence, many of the conservative and liberal papers began to call themselves ‘bourgeois’, ‘non-socialist’, or ‘independent liberal’, rather than identifying themselves with specific parties. Although highly symbolical, these changes of label rarely resulted in any major changes with regards to the relative independence of views and standpoints presented in the editorial pages (Hadenius 1983).

QUESTIONED LEADERSHIP AND OWNERSHIP

The radical political currents of the 1970s would also question the established structures of the newspapers, including the leadership (Weibull 2009). In this new political climate, the dominant position of many private newspaper owners was openly contested by the journalist corps. Also the ownership influence in the social democratic press was criticized by its own reporters. Since the 1766 establishment of the TF, the right to appoint the responsible editor of Swedish newspapers had rested solely with the owner. In a contribution to the debate of the 1970s, the chairman of the SJF openly criticized this statutory condition. It was claimed that many owners were guided by commercial considerations and therefore “hindered a serious critical journalism as a result of for instance their political values”. Therefore, the argumentation continued, the responsibility for the newspaper’s content needed to “rest with all people who contribute to the creation of the paper” (quotes in Weibull 2009: 287, author’s translation). The debate even included voices that altogether questioned the inclusion of private owners in the management of newspapers (see e.g. *Dagens Nyheter* 12/15/75).²³

Somewhat paradoxically, the beginning of a ‘de-politicization’ of the news reporting of Swedish newspapers coincided with a rising activity of parties and political organizations on the newspaper market. As shown above, all major parties were either directly or indirectly involved in various newspaper takeovers during the 1970s and early 1980s. Most takeovers were followed by criticism from the political opposition. Social democratic debaters and scholars argued that private newspaper owners represented a “problem from a societal point of view”: also the readers, the employees and local interests ought to have influence over to whom a newspaper were to be sold (quote in Weibull 2009: 324, author’s translation). This view chal-

lenged not only the freedom of enterprise for the press; it also questioned the constitution upon which the freedom of the press was founded.

UNSUCCESSFUL REGULATION ATTEMPTS

But the criticism was not limited to left-wing editorials and debate books. Eventually the issue of private media ownership also ended up on the agenda of the governing SAP. In 1973, the Bonnier Group, Sweden's largest private newspaper company as well as the biggest actor on the markets for magazines and books, purchased the nation's leading producer and distributor of feature films, Svensk Filmindustri AB. Following this takeover, the SAP ordered the establishment of the parliamentary *Commission on Concentration in Mass Media*. The objective of the commission was to investigate whether the press support that had been introduced three years earlier ought to be combined with direct structural actions against ownership concentration. As such, the commission was a direct confrontation with the rulings of the constitutional Freedom of the Press Act, which explicitly prohibited any kind of impingement on the ownership of the press (Andersson 2004).

The commission presented its report (SOU 1980:28) in 1980. It was concluded that there was a noticeable concentration of ownership on the Swedish market. However, the commission noted, there had not been "any dramatic change in the structure" in recent times (SOU 1980:28, p. 30). The concentration was not more profound in Sweden than in any other Western nation. Nevertheless, the commission argued, since "everything seems to point towards increased concentration" legislation against ownership concentration was both "desirable and warranted" (*ibid.*). It recommended the introduction of a law whose aim was "to combat any concentration in the mass media which is not desirable [from the perspective of free speech or the forming of public opinion]" (SOU 1980:28, p. 29, author's translation).²⁴ The commission realized, however, that such a ruling would mean a direct violation to the Freedom of the Press Act—it therefore suggested the insertion of an escape clause in the constitution. The report was heavily criticized (see Andersson 2004; SOU 1999:30, p. 293–98) and its proposition was never realized.

In sum, it can be concluded that even though the debate on private ownership during the 1970s to a considerable extent was rooted in party politics, it was nonetheless an expression of the prevailing mistrust in private enterprise.²⁵ In the non-socialist press camp, the arguments brought forward by left-wing debaters and politicians were understood as an attempt by the government to first neutralize the family-owned press and then socialize it (Weibull 2009). One of the more prominent newspaper owners

would later state that the Swedish press during the 1970s was exposed to a “political threat that had no counterpart in the democratic world” (quoted in Weibull 2009: 326, author’s translation).

THE 1980S AND BEYOND

During the first years of the 1980s, the political wind shifted. New liberal ideas, influenced by the development in the U.S. and the U.K., inspired the politics in Sweden. The leftist wave of the 1970s was subsequently shifted to one from the right. The mistrust in private ownership decreased. In fact, it would take over a decade until the ownership structure of the press returned to the political agenda. As had been the case during the 1970s, it was actions taken by the Bonnier Group that stirred up the emotions. The Bonnier family had refrained from expanding their newspaper branch outside of Stockholm.²⁶ But over a four-year period beginning in 1994, the Bonnier Group bought six newspapers in Southern and Western Sweden²⁷, increasing its share of the national circulation from 20 to 26 percent.

The social democratic government felt forced to act. In a 1994 complementary directive to a parliamentary commission which had been established a year earlier with the aim of re-evaluating the press support, it was tasked to also consider measures for “harmful” concentration of ownership in the media (SOU 1994: 94). The following year a special ‘council on diversity within the mass media’ was appointed with a similar commission (see e.g. Kulturdepartementet 1997:92, p. 3). Just like in the 1970s, these government attempts at regulating the newspaper market resulted in a vivid debate (see e.g. Kulturdepartementet 1996:2). In terms of actual results, however, they were as unsuccessful as their predecessor. The Press Subsidy Commission of 1994 concluded that “remarkably little” had happened on the media market since the late 1970s (SOU 1994: 145, p. 20). No additional legislation was suggested. Marked by internal disagreement and external questioning, the special council was dissolved in 1997 and replaced by a new parliamentary commission on ownership concentration. This time, the need for legislation was established already in the directives provided the by its initiator, the social democratic government. Two years later the final report was presented (SOU 1999:30). Though noting the relative stability on the newspaper market in terms of concentration, the commission argued for the need for legislation as a safeguard against future harmful developments. The proposed legislation was limited, however, to the “predominantly opinion forming media” of the press, television, and radio. Unlike its 1980 counterpart, it did not comprise organic expansion or start-ups, only mergers and acquisitions. In 2001 the SAP worked out a proposition stipulating the newspaper industry was to be sorted under the conventional

competition law (Hadenius *et al.* 2008). The proposition, which includes a necessary change to the Freedom of the Press Act, is yet to be presented to the Swedish Riksdag. Hence, though severely challenged at times, particularly by various social democratic governments, the constitutional right to free establishment on the Swedish newspaper market has remained intact.

With regards to major structural affairs of the 21st century, which have resulted in a rather dramatic increase in ownership concentration on the Swedish newspaper market, the government has remained “remarkably” passive (Sundin 2010). The rapid expansion of the two liberal conglomerates Stampen and MittMedia, in which their combined number of newspapers has risen from 5 to 32, would pass without any government response—nor did it attract much attention by newspaper editorials. As far as public debate is concerned, the ownership of the press seems to have turned into a “non-issue” yet again.

SUMMARY

This chapter has outlined the main features of the structural development of the Swedish newspaper market since the beginning of the 20th century. It has shown the dual character of the press in Sweden. In part, the Swedish newspaper industry has consisted of a widespread system of small family enterprises, in which the newspaper has been passed on from generation to generation, not unlike businesses in any other commercial industry. But the press has also been characterized by ties connecting the press with the organized interests of Swedish society. Political parties and trade unions as well as private corporate interests, have all chosen to involve themselves financially in the newspaper industry. The reason has rarely been commercial. Rather, the press has been seen as a political tool, expected to propagate and defend the ideas embraced by the owner. To this extent, the press in Sweden has a long history of being intimately connected, financially and ideologically, to the power centers on the local and national scenes. Like most Western newspaper industries, the Swedish press has nevertheless undergone a gradual concentration of both markets and ownership—processes that have been driven by market forces. Though the former development was effectively halted by the introduction of a state financed press support in the 1970s, the latter is still very much in motion, resulting in fewer, but larger newspaper groups. The structural development has been joined, or perhaps even spurred, by a slow but steady decline in circulations and readership since the beginning of the 1990s.

The profound structural changes over the last few decades have affected directly the traditional role of the newspaper owners. Swedish private news-

paper proprietors have traditionally been very active owners, many taking the position as either CEO or editor-in-chief, or both. Given the increasing dominance of regional and national newspaper groups, as well as the growing influence of not-for-profit foundations on the Swedish newspaper market the direct link between the owner and the newspaper business has been broken. The vast majority of the Swedish newspapers are owned by a corporation situated in another part of the country. To this extent, the structural premises for ownership influence over the individual newspaper business have changed quite dramatically. In the chapter that now follows, the attention is turned to the *legal* premises of the governing of newspaper corporations. It focuses particularly on the legal authority of the board of directors and its relations to the other legal actors in the top of the stock corporation hierarchy, the general meeting of shareholders and the CEO.

THREE

The Legal Setting

Over the course of the 20th century, the stock corporation evolved into the predominant type of business enterprise, in Sweden, and elsewhere in the Western world. For present purposes, it is important to stress that a stock corporation is not a business *per se*, but a form of association, whose main characteristic is that it is a separate legal entity, with its own liabilities distinct from those of its shareholders.¹ The board of directors—the main object of interest in this book—is a prerequisite of this legal entity. It is a formally defined actor, with its own legal authority and responsibilities. The *formal* role of the board of directors is hence to be found in a legal treatise rather than in management or organization literature. Thus, even though the concept of boards of directors has evolved into a global phenomenon, its exact contours are cut out by national lawmakers (Picard 2005*b*). To this extent, the board of directors is a distinct local feature almost as much as it is universal. As a result, all explorations of boards and board roles must use as a starting-point the regulatory framework within which the stock corporation in question has been set to act (cf. Gedajlovic and Shapiro 1998; La Porta *et al.* 2000; Huse 2000).

This chapter is devoted to the judicial setting of Swedish newspaper boards of directors. As the preceding chapter has shown, Swedish newspaper companies have to comply with a number of quite distinctive pieces of legislation, ranging from the almost 250 year old Freedom of the Press Act (the TF) to the much more recent set of laws concerning staff involvement in corporate affairs. The chapter has four sections. In Section 1, the main features of the general legal framework regulating stock corporations in Sweden, the Swedish Companies Act, are introduced. This is followed in the subsequent section by a presentation of the formal division of powers, including the basic responsibilities of boards of directors, which follows from the regulatory aspects presented in Section 1. It is argued that the main determinant of actual board power, regardless of the intentions of the

Swedish Companies Act, is the ownership structure of the individual firm. Section 3 then considers the implications inflicted on the power distribution in newspaper stock corporations by the constitutional—and from an international perspective: rather unique—regulations of the TF. Section 4 concludes the chapter.

THE REGULATORY FRAMEWORK OF SWEDISH STOCK CORPORATIONS

The vast majority of Swedish newspaper companies, regardless of type of owner, are organized as stock corporations (“*aktiebolag*”). This, however, has not always been the case. Well into the second half of the 19th century, most local and regional newspapers were run as the direct property of the owner. The personal economy of the proprietor was often completely intertwined with that of the business.² As the newspaper industry expanded, however, this rudimentary form of financing grew increasingly obsolete. Around the turn of the 20th century, most newspaper owners converted their firms into stock corporations. The motives were primarily financial. By placing the business in a separate legal entity, it was easier—and above all less risky for the individual owner—to go through with the massive investments in buildings, printing presses, and personnel required when the newspapers abandoned the traditional craftsmanship of making newspapers for production on a more industrial scale (Ohlsson 2009).³

The fundamental rationale behind the stock corporation is the separation of liabilities. The shareholders own the corporation, but the corporation owns the assets of the business. Although this distinction may seem tenuous, it has at least three major legal implications. First, by separating the liabilities of the corporation from those of the shareholders, the legal liabilities of the latter are limited. If a corporation fails, the shareholders only stand to lose the money they have invested in share capital and will not be further liable for debts remaining to the corporation’s creditors. Second, stock corporations may enter into contracts and may own property and hold loans, quite disconnected from the legal powers of individual shareholders. And third, since the capital stock of the corporation is divided into shares, the potential number of shareholders—or owners—is virtually unlimited.

Even though the basic ideas behind the stock corporation appear to be universal, the legal details differ, sometimes greatly, from one country to another (cf. La Porta *et al.* 2000; Barca and Becht 2001; Roe 2003). Sweden, like much of the rest of continental Europe, has developed a corporate system regulated by civil law. The system is characterized by extensive leg-

isolation (cf. La Porta *et al.* 2000; Huse 2007). In the Swedish case, the piece of legislation regulating stock corporations, including the formal role and responsibilities of the board of directors, is the rather voluminous Swedish Companies Act. Presently, the act comprises some 830 articles organized into 32 different chapters. The U.S. and the U.K. in comparison both have corporate systems organized around common law. In the two countries laws and regulations evolve primarily from practice; the conduct of boards has been expected to be controlled by the market, and not by legislators (cf. Jensen and Ruback 1983; Gedajlovic and Shapiro 1998). Hence, the Anglo-American system has been described as a type of “bottom-up” approach, whereas the civil law system of continental Europe is better characterized as a “top-down” approach (Huse 2007: 102–03). But there are significant variations also within these two systems. This is manifested in differences with regards to both board systems and how (i.e. by whom) board members are elected, as well as the relative influence of the shareholders and other stakeholders (Gedajlovic and Shapiro 1998; Gerum and Stieglitz 2005; Huse 2007). In addition, how corporate laws are applied in practice may diverge quite dramatically from how they appear in theory (Mace 1971; Herman 1981; Huse 2007; Melin and Nordqvist 2009). Thus, an understanding of the relationship between the legal system on one hand, and institutional forces on the other, is important when studying possible discrepancies between what the legislators have intended for boards to be doing and what they actually do.

As a final point, the Swedish Companies Act is not the only piece of legislation affecting Swedish newspaper company boards. As will be shown later in this chapter, a number of different labor market laws have come to somewhat alter the distribution of power within corporate Sweden. More important, however, and directly affecting the relative influence of newspaper boards, is the Freedom of the Press Act. A distinct feature of this fundamental law is the concept of a mandatory ‘responsible editor’, who is granted absolute power regarding all publishing decisions. This system effectively shapes the distribution of power within the Swedish newspaper industry (Eek 1961; Picard 1988a; Jigenius 2008). These concluding examples only further underline the necessity of national context in studies of boards of directors and the overall distribution of power and influence in newspaper companies.

THE SWEDISH COMPANIES ACT

The first version of the Swedish Companies Act (“*Aktiebolagslagen*”, abbr. ABL), the primary regulatory framework for stock corporations, was passed in 1848. Major reforms, resulting in new versions of the act, were carried

out in 1895, 1910, 1944, 1975, and 2005. The ABL of 1944—the first version of the Companies Act that is of relevance to this study—was the direct result of the great financial turbulence of the early 1930s, which in Sweden culminated in the dramatic fall (and consequent suicide) of industrial tycoon Ivar Kreuger. An inspection of the then current Companies Act of 1910 revealed a number of deficiencies, especially on matters regarding accountancy and control. Though eliminating earlier loopholes, the act of 1944 was exceptionally extensive and detailed, and was widely regarded as complicated and difficult to grasp. In the subsequent act of 1975 the wealth of detail was therefore reduced. This act was also partly the result of a joint Scandinavian effort to better harmonize the different national legislations. Thus, the 1970s saw the enactment of new and similar corporate laws in Sweden, Denmark, Norway, Finland, and Iceland (Nial and Johansson 1995; cf. Huse 1995). Regardless of the different changes to the ABL, however, the fundamental concepts of the law have remained unchanged (Bergström and Samuelsson 1993: 140).⁴

One characteristic feature of the ABL is that Swedish stock corporations can be either publicly or closely held (Nial and Johansson 1995: 45–46). What distinguishes the latter is that it is not allowed to list its shares on the public stock market, nor can it invite the public to sign or acquire shares in the company. With a few exceptions, the closely held stock corporation has been the prevailing form of association on the Swedish newspaper market.⁵

A direct consequence of the limited possibilities of trading with shares is that the closely held corporation, compared to its publicly traded counterpart, tends to have a fairly stable ownership structure (cf. La Porta *et al.* 1999). A contributory factor in this respect is the *right of first refusal* (“*hembudsskyldighet*”), a common feature among Swedish closely held stock corporations. When such a right is present, a shareholder may never sell a share to a third party before first offering it to the current shareholders. A right of first refusal (which is to be entered into the company bylaws) thus effectively limits the entrance of alien investors. Naturally, it also precludes the risk of so-called *hostile takeovers*, a feature not uncommon in public stock markets (cf. Gedajlovic and Shapiro 1998).

THE FORMAL ACTORS

The Swedish stock corporation is constituted of four formal bodies, or actors: the annual general meeting of shareholders (“*årsstämman*”; abbr. AGM), the board of directors (“*bolagsstyrelsen*”), the chief executive officer (“*verkställande direktören*”), and the company auditors (“*revisorerna*”).⁶ Upon each body the law has bestowed certain specific authorities and responsibilities (Nial and Johansson 1995). The *annual general meeting*,

stipulates the ABL, is where the shareholders may exercise their “right to take decisions in the company’s affairs” (ABL, Ch. 7, § 1). This makes it the highest governing body of the stock corporation. At the AGM, the shareholders vote according to their respective share possessions. To the rights of the general meeting belong settling the company bylaws (“*bolagsordning*”), appointing the board of directors, establishing the annual account (including dividends), and discharging the board of directors and the CEO from liability. The AGM also elects the *company auditors*. These are to examine the annual report, the accounts and the administration of the board and the CEO on behalf of the shareholders. The third formal body, the *board of directors*, is to be “responsible for the organization of the company and management of its affairs” (ABL, Ch. 8, § 4). Standing legally in place of the shareholders, the board is the highest authority in the management of the corporation. While the board members are elected by voters by the AGM, they are expected to represent the shareholders as a group. Matters specifying the basic framework of the board’s activities, such as board size, quorum, terms-of-office, and meeting proceedings, are to be detailed in the company bylaws. One of the legal privileges of the board is to appoint a *chief executive officer*. The CEO is to be “in charge of [i.e. liable for] the day-to-day management of the company according to the guidelines and instructions laid down by the board” (ABL, Ch. 8, § 29). The CEO is entitled to be present and state an opinion at board meetings, even in corporations where he or she is not an elected board member.

INCREASING STAFF INFLUENCE

For exactly 125 years, the ABL was more or less the only law regulating the power distribution in Swedish stock corporations. But within the period of a few years during the mid-1970s, the Swedish *Riksdag* passed two pieces of legislation directly affecting the traditional division of power in corporate Sweden. The two laws were more or less immediate consequences of the radical ideological wave that swept across Western Europe during the late 1960s. In Sweden and elsewhere workers organized powerful protest actions, demanding increased influence over corporate management. Sweden experienced a number of dramatic wildcat strikes—work stoppages that violated the valid collective-bargaining agreement (cf. Edlund *et al.* 1989; Hadenius 1997).

The government response was the rapid passing of a number of labor market laws, all with the objective of expanding the rights of employees (Edlund *et al.* 1989). In 1973 the Act on Board Representation for Employees in the Private Sector (“*Lagen om styrelserepresentation för privatanställda*”) was enacted. A revised version of the act went into effect in 1988. The law

granted employees—or rather: local labor unions entitled to collective bargaining—the right to assign their own board members, entitled to the same rights and subjected to the same obligations as the shareholder-elected members. Although the act stipulated that the employees were always to be in minority, the intention was to give the employees insight and influence concerning the governance of the individual corporation (Moberg 1988; Nial and Johansson 1995: 130–32; cf. Pichot 1999). The new law put an end to the traditional *labor-management committees* (“*företagsnämnder*”) which were introduced following an agreement between the Swedish Trade Union Confederation (LO) and the Swedish Employers’ Confederation (SAF) in 1946. Consisting of representatives from management and the employees, the committees functioned as forums for information and consultation. The agreement was discontinued in 1976. That same year another law was passed, further increasing the influence of the employees’ vis-à-vis that of the executive management. Following the Co-Determination Act (“*Medbestämmandelagen*”) of 1976, the employer was obligated to initiate negotiations with the unions before making major decisions affecting either the company affairs or the employment of union members (Edlund *et al.* 1989; Nial and Johansson 1995: 132–37).

Regarding the increased state-provided influence of Swedish employees in relations to the employer, it is important to note that newspaper companies in two cases were exempted from the rulings (Furhoff 1986: 84ff). In the TF, the owner of a newspaper is provided with the exclusive right to appoint the responsible editor. Since this right is established in a fundamental law, it cannot be repealed by the Co-Determination Act. The second exemption, which covers all media companies, concerns the overriding objectives and directions of the company’s operations. Such issues are to be excluded from co-determination. Thus, the staffs of Swedish newspaper companies have no legal say in neither the appointment of the editorial leadership nor the overriding editorial policy of the newspaper. These issues remain the privilege of the owner(s).

A SYSTEM FOR BALANCE OF POWERS

Above all other things, the primary formal function of the board of directors is *trusteeship*; that is, administering the company’s assets in the long-term interests of corporation. “Even the most ineffectual board”, remarks Harold Koontz (1967: 25), “cannot escape this obligation”. As far as Sweden is concerned, this trusteeship is extensively regulated (Nial and Johansson 1995; cf. La Porta *et al.* 2000). Consequently, most parts of the voluminous ABL are

concerned with the protection of the interests of the shareholders, as well as those of eventual creditors. The board bears the ultimate legal responsibility of the firm, and the members of the board are liable under both civil and penal laws. However, when there is a CEO appointed (see below), he or she assumes liability for tasks relating to the day-to-day activities of the corporation (subject to the guidelines and instructions established by the board). Thus, board members and the CEO are to be held personally responsible for issues such as misbehavior prior to bankruptcy, improper payment of taxes, the presentation of misleading accounts, assuming obligations to third parties that undoubtedly cannot be met, and environmental damage.

THE FORMAL RESPONSIBILITIES OF SWEDISH BOARDS

With the far-reaching liability of Swedish boards follows, however, a corresponding legal room to maneuver. Even though the primary duty of the board is to implement the instructions given by the AGM, its formal authority reaches even further. In their categorization of the division of legal authority within Swedish stock corporations, Nial and Johansson (1995) conclude that boards of directors are formally responsible for:

- summoning the AGM and setting the agenda for the meeting;
- preparing the annual and administration reports, including a proposal for appropriation of the profit or loss of the company;
- organizing and managing the corporation in accordance with corporate law as well as the company bylaws;
- supervising the workforce, and securing the required book-keeping, accountancy, and management of capital;
- signing for the corporation in contracts and other legal acts with external actors, as well as representing it in courts and in contacts with public authorities; and finally
- appointing a CEO to be responsible for the day-to-day operations of the company.

From the final point of the list follows that some of the original board responsibilities (and liabilities) are handed over to the CEO. To these so-called day-to-day operations, belong the supervision of the workforce, the bookkeeping, and the management of the company capital (Nial and Johansson 1995). Even so, the board remains responsible for determining the major company objectives and for handling issues that due to their mag-

nitude and possible impact are regarded to be beyond the scope of the day-to-day administration. Nevertheless, the ABL does not go into detail when it comes to specifying the respective roles of the board of directors and the CEO. As a result, the regulation has made room for quite a bit of interpretation (Brodin 2000). However, following an addition to the ABL enacted in 1999 (ABL, Ch. 8, §§ 6–7), the boards of Swedish stock corporations have to establish an annual written work description (“*arbetsordning*”) specifying how the board duties are to be divided among the individual board members, and how often the board is to meet. This description is also required to include details stipulating the duties of on the one hand the board and on the other hand the CEO and “any other body that the board chooses to establish” (ABL 2005, Ch. 8, §§6–7; cf. Huse 2007: 190–91).

CARRYING OUT THE BOARD DUTY

The ABL requires that a chairman be elected among the board members. Unless the general meeting decides differently, the chairman is elected by the board itself. The chairman has the casting vote in board decisions, but apart from this, the legal duties are somewhat scanty (Nial and Johansson 1995: 123–25). One important responsibility, however, is to ensure that board meetings are held “whenever necessary”. This includes providing the individual board members with the information and documentation needed to fulfill their mission. Additionally, all board members (as well as the CEO if not a member of the board) have the right to request that the board be summoned.

The law also stipulates that written minutes be kept during each board meeting. Thus, also the board minutes are to some extent subjected to the rulings of the ABL. The law requires that each minutes shall be signed by the minute keeper (be it a board member or a regular secretary), and be approved by the board chairman along with (at least) one other board member. With regards to the contents of the minutes, it is stipulated that *all decisions* made by the board be recorded. Should either the CEO or one or board members disagree with the decision made—a board decision is to be settled by a simple majority—he or she is entitled to have a deviating opinion noted in the minutes.

AN INTERNATIONAL OUTLOOK

As previously mentioned, board systems vary, sometimes greatly, from one country to another.⁷ Yet, a broad categorization can be made along two central parameters: 1) whether there is a one-board or a two-board system, and 2) whether there is a mandatory delegation of the day-to-day operations from the board to management, resulting in a two-tier system (Huse

2007: 106). The two parameters have been combined into a typology in Table 3.1.

Table 3.1 *A Typology of Board Systems (from Huse 2007: 106)*

	<i>Delegation/two tiers</i>	<i>No delegation/one tier</i>
<i>One-board system</i>	Scandinavian	Anglo-American
<i>Two-board system</i>	Continental European	

The typology gives an idea of how the formal distribution of power varies between different national corporate systems. As we have seen, the Swedish—or *Scandinavian*—corporate system is organized around a single board of directors. The board members are generally part-time non-executives, (i.e. not employed by the corporation) elected by the shareholders. The board of directors is required to delegate the daily operations to the CEO. It is therefore a two-tier system, based on a formal division of powers (Huse 1995, 2007).

On the *European continent*, with Germany and the Netherlands being the most prominent examples, the prevailing organization is that of the two-board system, consisting of one supervisory board (“*Aufsichtsrat*” in German) and one executive board (“*Vorstand*”). The role of the supervisory board is to oversee and control the business on a general level. It consists of non-executives elected by the shareholders as well as by other stakeholders (such as the employees). The supervisory board appoints and dismisses the members of the executive board, to which the daily operations are delegated. The executive board comprises the top management team, and is typically chaired by the CEO. Apart from being able to consult the executive board, the supervisory board has the power to veto strategic plans and investments proposed by top management (van Ees and Postma 2004; Gerum and Stieglitz 2005). Thus, just like its Scandinavian counterpart, the system of the European continent allows for a clear distinction between executive and non-executive (monitoring) functions (cf. Charkham 1994; Gedajlovic and Shapiro 1998).

The *Anglo-American* system, finally, is based on a one-board system, but here the board members are also directly responsible for the day-to-day management of the firm. The board typically consists of the CEO, who is often also the chairman of the board, members of the top management team, and a few external directors. In practice, boards in this system tend to be appointed by management, rather than by the shareholders (Mace 1971; Pettigrew and McNulty 1996).

DIVERGENCE BETWEEN LEGAL AND ACTUAL INFLUENCE

From what has been presented so far, it can be concluded the Swedish model for the formation of stock corporations is characterized by a legally defined separation of powers. The Swedish Companies Act bestows clear and distinct roles upon the general meeting of shareholders, the board, and CEO respectively. The rules are unconditional; the separation of authority and responsibility defined by the ABL may not be altered in the company bylaws or by a general meeting resolution (Nial and Johansson 1995; Macey 1993).

Figure 3.1 *The Four Legal Bodies of Swedish Stock Corporations*

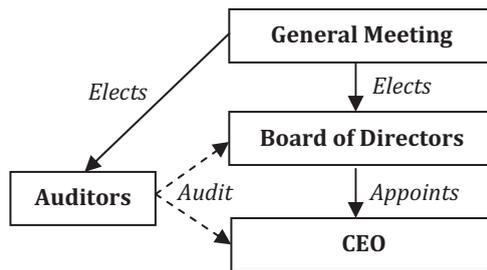


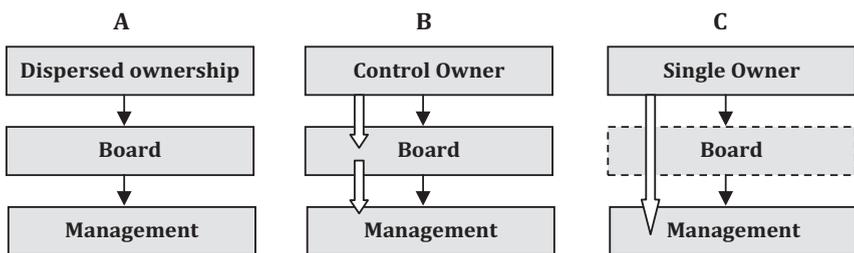
Figure 3.1 depicts the relationship between the legal bodies of the corporation. The annual general meeting is the shareholders' forum and the highest governing body of the stock corporation. At this meeting the board of directors is elected, with the explicit task of executing the aims of the shareholders. The shareholders also elect the company auditors as a means to control that the corporation is managed according to these aims. Hence, the owners' influence on the executive management of the company is meant to be executed *ex post*, that is, in the selection—and dismissal—of the board. A shareholder is not supposed to interfere with the actual board work. Should the board not meet their expectations, the proper way for the shareholders to respond is to elect a new board.

The relationship between the board of directors and the CEO is similar in this respect. The duty of the board lies in appointing a CEO, informing him or her of the shareholders' will, and then in the end to make sure that the company is managed in that direction. The CEO is the board's subordinate; the board is fully entitled to give the CEO instructions, which he/she is legally required to follow. Such instructions may indeed concern issues of operational nature, but they can never be so specific and limiting that the CEO loses his position as responsible for the day-to-day operations of

the firm. In other words: The law has not intended for the board to micro-manage the behavior of the CEO. Instead, the appropriate action, quite analogous to what have just been said about the shareholder-board relationship, is to discharge the CEO should he or she not manage to live up to the will of the owners (Nial and Johansson 1995; Brandinger 2004). Hence, the legislators have wanted for Swedish stock corporations to have boards of directors and CEOs that are rather autonomous. The rationale, though not explicitly stated in the ABL, is to prevent undue concentration of powers within the firm (Brandinger 2004).

However, for the balance of power to work according to the intentions of the legislator, the shares of the corporations must be relatively dispersed. A problem inherent to the ABL is that it grants little influence to minority shareholders (Bergström and Samuelsson 1993; Nial and Johansson 1995; cf. Agnblad *et al.* 2001; Roe 2003: 94–97). Unless the company bylaws state differently, the board of directors is to be elected by a simple minority. Thus, a shareholder holding over 50 percent of the company stock is free to choose his board of preference. If the rest of the shares are dispersed and/or poorly organized (passive) it may take even less than half of the stock to be a controlling owner of the stock corporation. Regardless of the intentions of the legislator, the ultimate determinant of the distribution of power and influence within a Swedish stock corporation is thus the ownership structure of the individual firm (cf. Nial and Johansson 1995: 120). The ownership effect on corporate influence is illustrated in Figure 3.2.

Figure 3.2 *The Relationship Between Ownership Structure and Influence in Swedish Stock Corporations (from Brandinger 2004: 38–39)*



The figure contains two types of arrows. The thin black arrows indicate the legal/formal influence within the corporation, while the thicker white arrows show the real or actual influence. Model A illustrates a stock corporation in which the capital stock is widely dispersed. No single shareholder interest has the full control over the recruitment of the board. In this sce-

nario, the real influence coincides with the formal influence. There is a clear division of power between shareholders, board and management.

In model B there is one control shareholder (or group of shareholders). He has a direct influence over the election of the board, as well as the appointment of the CEO. Thus he may not only elect the members of the board, but is also through more informal connections able to execute direct influence over the CEO (Brandinger 2004; Nial and Johansson 1995: 121). Nevertheless, the dominance of a control shareholder is not absolute: the ABL requires that the board is to consider the interests of *all* shareholders. The act also includes certain restrictions regarding the protection of minority shareholders (cf. Macey 1993; Nial and Johansson 1995).

In model C, lastly, there is only one shareholder, controlling 100 per cent of the company stock. In such a company, the owner ultimately determines the real power of the board. Therefore, the board in single-owner companies is sometimes nothing more than a legally requested formality, divested of any real influence over the management of the firm (a scenario not uncommon in family-controlled businesses [Melin and Nordqvist 2009]).

As shown in Chapter 2, the predominant ownership structures within the Swedish newspaper industry are the ones described by models B and C. By and large, Swedish newspaper firms have traditionally been dominated by one or a few major shareholders. Given the limited influence of minority interests on the governing of the firm, it can be concluded that the development towards a concentrated ownership of individual stock corporations has been facilitated by the ABL (cf. Roe 2003: 94–97). Furthermore, since the possibilities of trading with shares in a closely held corporation are effectively limited, the ABL also fosters a fairly stable ownership structure.

THE SPECIAL CASE OF NEWSPAPER COMPANIES

As noted above, most Swedish newspapers companies are run as stock corporations and have therefore to obey the same rules as stock corporations of other industries. There is, however, one crucial restriction, which follows from the fact that companies engaged in newspaper publication also serve under the rulings of the Freedom of the Press Act. The TF is a fundamental law, and is thus superior to the ABL. As will be shown, this has far-reaching implications for the division of powers within the newspaper firm.

THE RESPONSIBLE EDITOR

The most prominent feature of the TF is the responsible editor. The responsible editor is to be *solely liable for all content* of a newspaper or magazine. The rationale behind this model is the right to anonymity, another pillar

of the TF. The concept of the responsible editor secures the constitutional right of the originator of a published text, and of his or her informers (i.e. news sources), to remain unidentified and completely free from liability (Eek 1961; Jigenius 2008). The appointment of the responsible editor is the exclusive right of the owner of the newspaper. Since the owner's privilege to appoint the responsible editor is constitutionally protected, it was not affected by the 1970s labor market acts, aimed at increasing the relative powers of employees. Hence, even though the appointment of a responsible editor is by all means a pivotal decision in newspaper companies, it can never be the subject of negotiations with worker unions (a right which is otherwise bestowed upon all employers following the rulings of the Co-Determination Act of 1976). Nor are the employees' board representatives entitled to any influence; the decision is solely up to the directors representing the shareholders, that is, the board members elected by the AGM. To this extent, the editing rights of a Swedish newspaper have remained directly connected to the ownership of the company.

The appointment of responsible editor is always open-ended. Nor is there to be a notice period: the owner is legally entitled to at any time dismiss the responsible editor and assign somebody else. However, once an individual has been appointed responsible editor, it is his or her undivided privilege to decide what should be printed in the newspaper:

The mandate of a responsible editor shall embrace the power to supervise the publication of the periodical and to determine the contents thereof in such a way that nothing may be printed therein against his will. Any restriction of the powers thus vested in a responsible editor shall be null and void. (TF, Ch. 5, Art. 3)

Consequently, the owner of the newspaper is explicitly forbidden to force through a publication decision against the will of the responsible editor. Naturally, the same goes for the board of directors. However, and this is important, the TF contains no rule that explicitly prohibits the owner (or anybody else for that matter) from influencing what is *not* to be published. Even though it has been argued that owners should stay out of publishing decisions altogether (see e.g. Hadenius 1994), there is hence no *legal* impediment hindering a newspaper owner to veto a publishing decision made by the responsible editor.⁸ The absence of such a regulation, it has been argued (see e.g. Kulturdepartementet 1996:2), is connected to the TF rulings on publicity damages, which stipulate that private claims for damages based on an abuse of the freedom of the press may be made against both the responsible editor and the owner (TF, Ch. 11, Art. 2).

In conclusion, then, the legal authority of a Swedish newspaper company board is characterized by a fundamental contradiction. The ABL rules that the board is to be ultimately liable for whatever goes on in the firm. From this follows a corresponding room-to-maneuver. But when it comes to the content of the product that the newspaper company has set out to produce and sell, the board's ability to intervene is strictly limited. On the other hand, this also means that the board members stand completely free from liability when it comes to publishing issues.

THE DUAL COMMANDO OF NEWSPAPER FIRMS

The concept of the responsible editor brings about a dual commando within the Swedish newspaper firm. According to the ABL, the CEO is to be responsible for the day-to-day management of the stock corporation. The newspaper company CEO may thus make far-reaching decisions regarding the budget and the financial resources of the editorial department. But the CEO may never overrule the decisions made by the responsible editor, or force him/her to make a certain decision.

In this context, it is important to underline the distinction between responsible editor and editor-in-chief. In a legal sense the two concepts have little to do with each other. Editor-in-chief is a *profession*, generally pertaining to the top position of the editorial department of a newspaper. Its conditions are regulated by a negotiated contract of employment between the employer and the employee. Responsible editor, in contrast, is not a profession that can be negotiated or restricted in a contract, but the constitutional right of any Swedish citizen to "publish printed matter". Thus, there are no professional or competency requirements regarding who may be appointed responsible editor (Jigenius 2008).⁹

There is, however, one crucial legal prerequisite. An individual who is the appointed responsible editor can never be held accountable in cases in which he or she "was appointed for appearance's sake, or was otherwise manifestly not in possession of the powers [of supervising the publication]" (TF, Ch. 8, Art. 2). In other words: The TF leaves no room for pawns or patsies. A responsible editor who has neither the authority over the editing staff, nor the possibility to control the content beforehand, is thus never to be held liable. In such cases the liability is passed over to the owner. As a result, and regardless that there is no legal connection between the two, the functions of editor-in-chief and responsible editor coincide in practice. Consequently, the vast majority of Swedish newspaper owners have found it feasible to appoint the editor-in-chief responsible editor. Not surprisingly, this notion has been strongly supported also among the journalists and reporters of Swedish press corps (Jigenius 2008: 26). With this being said,

there are no legal impediments as to why the administrative and editorial leadership (the CEO and editor-in-chief/responsible editor respectively) should not be bestowed on the same individual. As shown in Chapter 1, the single newspaper leader—in the Swedish context often referred to as the “publisher” (cf. Sundin 1996; Djerf-Pierre and Weibull 2009)—has been a regular feature throughout the history of the Swedish press.

A CONFLICTING LEGAL ENVIRONMENT

In their historical analysis of the different changes made to the Swedish Companies Act (ABL), the law regulating stock corporations in Sweden, Bergström and Samuelsson (1993: 140) note that the development “hardly can be characterized by radical initiatives and a lust to experiment” (my translation). Instead, it is concluded, the legislator has focused on “a gradual and careful adjustment to the wishes and needs of companies and the trade and industry at large” (ibid.).

Consequently, the regulatory environment of the board of directors of Swedish newspaper corporations remained more or less unaltered during the fifty years addressed in the study. No major legal changes affected the formal distribution of power within the top echelons of the individual company. Still, it would be misleading to characterize the period 1955 through 2005 as a complete standstill. Halfway into the period, during the rather dramatic and ideologically divided 1970s, new worker-friendly pieces of legislation opened the doors to the boardrooms for the labor unions to enter. However, reviews have concluded, the accomplishments of these new acts have been more in terms of insight than actual influence over company decisions (Weibull 2009).

As has been shown, the concept of balance of power is a fundamental feature of Swedish corporate law. The general meeting of shareholders, the board of directors, and the CEO—the three governing bodies specified by the law—are all provided with clear and separate legal authorities. In this respect, the board bears the ultimate legal responsibility for the corporation, which in turn entitles it to considerable influence over the management of the company’s affairs. Yet, the intentions of the legislator are not always realized in practice. Instead, the ultimate determinant for real power and influence within Swedish stock corporations is not the legal decrees of the ABL, but the ownership structure of the individual firm.

The newspaper industry has come to be an integral part of corporate Sweden. The first newspaper corporations appeared during the second half of the 19th century, and today the stock corporation is the predominant form of association on the market. However, the constitutional rulings

CHAPTER 3

of the Freedom of the Press Act place the Swedish newspaper company in two conflicting fields of legislation. The concept of the responsible editor effectively limits the influence bestowed upon the board by the ABL. Like no other structural factor, it has thus come to shape the division of power and influence within Swedish newspaper firms.

FOUR

Research on Newspaper Ownership

It is a basic theorem of economic theory that all capital comes with conditions. The media, of course, is no exception. Most Western media outlets are in the hands of private (in the sense of ‘non-government’) interests and can, at least theoretically, be used for whatever purposes their owners choose. This fundamental property right inevitably involves the owners in the governance process of the individual media firm.

The implications of ownership have indeed come to occupy a prominent position in academic concerns over the functioning of media. The issue, commentators have noted, has become increasingly important with the concentration and conglomeration processes of the media industry—two interconnected movements that have increased “the potential reach and power of leading media corporations” (Murdock 1982: 18; cf. Baker 2007). Clearly, the normative expectations on media performance (see e.g. McQuail 1992) have made a significant mark on the issues addressed in research devoted to the impact of newspaper ownership.

This chapter presents an overview of this research. As the following pages will show, however, the international field of media ownership studies is dominated by analyses of Anglo-American conditions. This has implications for the study. The distinct structural setting of the Swedish press, presented in the preceding chapters, limits the direct transferability of most U.S. and U.K. findings to the context at hand. An initial presentation of the international research field is therefore followed by a review of studies devoted specifically to the impact of Swedish newspaper owners. A summarizing assessment concludes the chapter.

CONSEQUENCES OF OWNERSHIP

Over the past few decades, a growing body of literature has been dedicated to the issue of how ownership impacts the performance of both individual

newspapers and the press at large. The studies have appeared in various forms, differing in both variables addressed and methods employed. However, the field can generally be divided into two basic strands of research. Firstly, one category of studies addresses the consequences of the increasing dominance of newspaper chains (i.e. a concentration of ownership). Secondly, another category of studies focuses on the various *forms* of ownership that inhabit today's newspaper markets.

The research on the potential impact of newspaper ownership can also be categorized regarding the 'dependent variable,' for instance, on which particular *aspect* of newspaper publishing ownership is supposed to have an impact. Indeed, judging only by the wide array of variables addressed, the ownership situation of a newspaper company has been expected to have an impact in a number of different ways. To these belong profit targets and profit levels (Martin 1998; Lacy and Blanchard 2003; Maguire 2003; Cranberg *et al.* 2001), subscription and advertising prices (Busterna *et al.* 1991; Demers 1996c), newsroom size and staff salary (Litman and Bridges 1986; Lacy and Blanchard 2003), organizational practices (Lacy *et al.* 1989), composition of management teams and boards of directors (Chomsky 1999; Winter 1988), the relative autonomy of editors (Matthews 1996; Akhavan-Majid and Boudreau 1995; Demers 1993), the use of news sources (Demers 1998b), political affiliation in editorials and political bias in news reporting (Pratte and Whiting 1986; Hallock 2004; Demers 1996b), and various other aspects of content (Lacy *et al.* 1989; Lacy 1991; Lacy and Blanchard 2003; Maguire 2005).

Regarding methodology, a number of studies are based on quantitative statistical studies using secondary publicly available data (Martin 1998; Maguire 2003). A second important category consists of various forms of content analysis (Lacy 1991; Hallock 2004; Maguire 2005). Yet another set of studies is based on surveys among editors, managers, or journalists (Meyer and Wearden 1984; Busterna 1989; Matthews 1996; Demers 1996a, 1998a; Cranberg *et al.* 2001; Lacy and Blanchard 2003). Finally, a fourth group of research not uncommon in media ownership studies consists of personal accounts of active or former editors and journalists (Stark 1962; McCord 1996; Bagdikian 2004; Squires 1994). Nevertheless, quantitative studies based on statistical inference as a means to investigate the impact of ownership dominate the field (cf. Roppen 1998; Demers 1996a; Baker 1994, 2007).

CHAIN OWNERSHIP

The issue of ownership concentration—reflected in practice in the increasing dominance of chain ownership—lies at the heart of theoretical debate

concerning the performance of media (McQuail 2003; Baker 2007).¹ Concerning academic research, the consequences of increased concentration of ownership have been tested from a number of various perspectives. Shaver and Shaver (2003) suggest that the growth of chains is likely to impact the objectives of newspaper owners. The removal of ownership from the local context and the traditional norms that emphasize certain levels of public responsibility for the media tends to result in other types of priorities such as cash flows and return on investment. The proposal has been backed by Busterna (1989), who shows that chains tend to be more profit-oriented than independents. Similar results have been provided by, for instance, Soloski (1979) and Demers and Wackman (1988). Contradictory findings, indicating a completely opposite relationship between group ownership and profit orientation, have nonetheless been presented by others such as Olien *et al.* (1988) and Demers (1996a).

Following the increasing dominance of newspaper groups, and the corresponding drop in independently-owned newspapers, various media critics have also expressed concerns about the effects of chain ownership on newspaper content. To these concerns belong beliefs that chain ownership lowers the autonomy of local editorial departments, overemphasizes profit at the expense of newspaper quality, and reduces the diversity of opinions (see Lacy *et al.* 1989). Overall, however, the differences in editorial content between chain-owned and independent newspapers have also been difficult to verify (see Grotta 1971; Wackman *et al.* 1975; Demers and Wackman 1988; Lacy 1991; McQuail 2003). Soloski (1979), taking an organizational perspective on the issue of ownership concentration, nevertheless found a number of methods by which owners of newspaper groups try to increase control over their subsidiary papers. Examples are the control of budgets, mandated use of chain wire copy, and transfers of managers from one newspaper to another. A similar result is provided by Roppen (2003).

OWNERSHIP FORMS

The second main category of media ownership studies addresses the consequences of specific forms, or *types* of owners. The significance of this particular aspect is emphasized by Picard and van Weezel (2008: 23), who claim that “[t]he form of ownership and the nature of influence of the sources of capital [that finance the press] are fundamental for understanding the behavior of managers and firm performance.” Basing their study primarily on U.S. conditions, Picard and van Weezel identify four basic types of newspaper ownership: private ownership, public ownership, newspapers owned by not-for-profit foundations, and newspapers owned by the staff.

Generally, studies addressing the impact of different ownership types have primarily analyzed the differences between newspapers that are privately (or closely) held and newspapers with public ownership. *Private ownership*, specify Picard and van Weezel (2008: 25), exists “when individuals, partners, families, or privately held corporations hold the ownership rights of a firm.” Since the dawn of the private—here, in the sense of not being controlled by the state—Western newspaper industries, this has been the most common form of ownership (Hallin and Mancini 2004). In *publicly held* companies, shares of stock are issued and traded on stock exchanges.² This ownership form is of a much later date, having grown in significance during the last few decades of the 20th century (Murdock 1982; Cranberg *et al.* 2001; Picard and van Weezel 2008). Regarding the two remaining forms of newspaper ownership, Picard and van Weezel (2008) conclude that both the *not-for-profit foundation* and *employee ownership* have attracted virtually no scholarly attention—the primary reason being that they represent a diminutive part of the press. This latter conclusion is based on the conditions on the U.S. market—an implication to which we will have reason to return in later parts of this chapter.

Public ownership is often blamed for forcing newspaper companies to adopt a short-term outlook on generating profits (see Meyer and Wearden 1984; Cranberg *et al.* 2001; Bagdikian 2004; Underwood 1995). In 1993, Blankenburg and Ozanich (1993) presented a “journalistic theory” on public ownership, which assumed that the more detached owners are from the operations of the editorial department, the greater pressure they will apply on management for consistent, high, and growing profits. Reflecting conventional industry wisdom, their theory holds that non-public owners, in comparison to public investors, can be assumed to place journalistic values before profits and put less emphasize on short-term returns than on long-term investment.³

Several observers have proposed that publicly held newspaper companies place more emphasis on generating revenue than private ones. This is generally supported by surveys and interviews with newspaper managers and journalists (see Busterna 1989; Matthews 1996; Cranberg *et al.* 2001; Meyer 2004; Roppen 2003). A number of studies have also shown that ownership type appears to affect the actual financial performance of newspaper companies. Thus, high levels of public ownership tend to result in increased returns to stockholders (Blankenburg and Ozanich 1993; Lacy *et al.* 1996; Lacy and Blanchard 2003). In addition, public ownership has been associated with smaller newsroom staff, which has been seen as a reflection of a more profit-oriented approach to newspaper ownership (Lacy and Blanchard 2003; Picard 2006).

Regarding the relative autonomy of publishers in publicly versus privately held newspapers, Pugh *et al.* (1969) found in an early study that public ownership is positively associated with the degree to which authority for basic decisions concerning subsidiary organizations rests with the parent company. Decades later, Matthews (1996) found that publishers employed by publicly owned chains have less autonomy than their colleagues in privately held chains on matters relating to staffing and major content changes. Consequently, the general idea in journalistic theory—sometimes, but not always, supported by empirical findings—is that the financial pressures inherent in public (or “Wall Street”) ownership are detrimental to qualitative and autonomous journalism. The financial objectives of public investors are given precedence to objectives of a more publicist nature (cf. Chapter 1 of this book).

A disagreeing line of argument, however, is brought forward by David Demers. In contrast to what he refers to as the “conventional wisdom” of research on newspaper ownership, Demers (1996a, 1998a) argues against the belief that chains (and particularly those that are publicly traded) place greater emphasis on profits and less on quality and information diversity. With reference to Weber’s (1964) writings on bureaucratic organizations, Demers contends that the relevant distinction concerning ownership is not the one between chains and independents or that between publicly and privately held companies. Rather, it is the one between *corporate* newspapers and *entrepreneurial* ones. According to this distinction:

A corporate newspaper is conceptualized as an organization that exhibits rationality in its decision-making and has a complex division of labor, a hierarchy of authority, a staff of highly skilled workers, and a set of formal rules and procedures (...). [T]he ideal-type counterpart to the corporate newspaper is the entrepreneurial newspaper, which is family owned and managed, and which scores low on the characteristics previously mentioned. (Demers 1998a: 22)⁴

Demers (1998a: 19) concludes that corporate newspapers are “structurally organized to make profits” and are therefore more profitable than entrepreneurial firms. Nonetheless, Demers (1998a: 20) argues that corporate newspapers place less *emphasis* on profits and more on product quality because they “(a) have a greater division of labor and role specialization that removes editors from concern about the bottom line and increases emphasis with news production; (b) are more financially stable and secure, which means they can pursue goals other than profit; and (c) are managed

less by the owners than by highly skilled and educated managers, who place a premium on professionalism (quality) and benefit less directly from profits than the owners.”⁵

Demers also suggests that corporate newspapers will produce a more independent and scrutinizing journalism, mainly because they are more insulated from parochial political pressures, in part because owners, managers and journalists are less likely to have grown up in the community their newspaper serves, and in part because corporate organizations foster an environment where professional norms and values play a more dominant role in day-to-day decision-making (Demers 1996a).⁶ The empirical findings proffered by Demers tend to support the claims (Demers 1996a, 1998a, 1998b).

The proposition that entrepreneurial, or owner-managed newspapers will be less inclined to criticize local elites or institutions, is not a new claim, however. Studies by Olien *et al.* (1968) suggest that the propensity to cover local governmental and political conflict is lower in newspapers whose editors are part of the local power structure. Bowers (1967), surveying managing editors of U.S. dailies, found some evidence proposing that ownership directives were more common in smaller newspapers and in relation to local content and content concerning revenue or the personal affairs of owners.

Against the backdrop of increasing (public) chain ownership, the traditional, privately held newspaper is sometimes portrayed as an idyllic feature of some better past, with owner-managers recognizing a social obligation to the readers, forsaking the opportunity of making an easy buck for the welfare of the community which they serve (see Shaver and Shaver 2005: 56). Nevertheless, the literature on newspaper ownership also includes ample accounts of the misuse of power or poor or questionable decision-making by individual owner-managers (see Hetherington 1985; Curran and Seaton 1997; Chomsky 1999; Bagdikian 2004). An illuminating account of the direct influence exerted over their respective media groups, by some of the most well-known media entrepreneurs or “moguls”, is given by Tunstall and Palmer (1991; see also Tunstall 1996). Often eccentric, and almost exclusively equipped with both financial and political agendas, these individuals (among whom include Rupert Murdoch and Silvio Berlusconi) have been able to position themselves as some of the most influential players of modern society.

In sum, Picard and van Weezel (2008: 26) have noted, “[p]rivate ownership is thus not without financial and economic pressures. Individual owners can be terrible or exemplary in their behavior and commitment to communities and public service.” Their review of the pros and cons of the

various ownership types leads the two authors to conclude that there is no superior newspaper ownership form *per se*: “Ownership form in itself is not a necessary and sufficient condition for good performance in the public interest, and both good and poor performance can result under all forms” (2008: 29). In a similar vein, Arrese (2005) proposes that *all* news corporations will act prejudicially towards matters that are beneficial to themselves (and their respective owners), be it issues of public consequence, such as regulation effecting media, non-journalistic businesses of important shareholders or board members, or the activities of the actual media sector in which they operate (for a similar argument, see Tunstall and Palmer 1991).

BOARD INTERLOCKS: A COROLLARY OF NEWSPAPER OWNERSHIP

An underlying premise of this book is that the board of directors, given its position as the highest legal authority in newspaper corporations, is a neglected theme in studies concerning the impact of ownership in the press. This does not mean, however, that the impact of boards of directors has been completely overlooked. As mentioned above, it has been suggested that editors within community power structures exhibit different editorial behavior than those outside such structures. A closely related issue, and one of particular interest for this study, concerns what in organizational literature has been termed *interlocking directorates*. In a general sense, the term refers to a situation where individuals serve on the boards of multiple corporations. More specifically, however, interlocks are used to describe situations when a company chooses to elect to its board of directors a representative of an important external stakeholder, such as a major supplier, customer, or creditor (Pfeffer and Salancik 1978). Indirectly, the existence of interlocking directorates may thus be seen as a corollary of ownership, since the controlling shareholders elect the board of directors of stock corporations.

The rationale of interlocking directorates has often been explained by means of resource dependence theory (An and Jin 2005; Huse 2007). According to Pfeffer and Salancik (1978: 109), the recruitment of external power holders to boards of directors is a “strategy for accessing resources, exchanging information, developing interfirm commitments, and establishing legitimacy.” Hence, the resource dependence perspective views board interlocks as an important link to the external environment. Concerning the media, An and Jin (2005) have highlighted the extensive presence of leading advertisers on (U.S.) media boards.

However, the phenomenon of board interlocks is not uncontested. Critics have argued that interlocking directorates concentrate corporate power to too few hands, and that directors form elitist collegiate groups with vested

interests (Winter 1988; Akhavan-Majid and Wolf 1991; Arrese 2005). Evidence is provided by, among others, Burris (2005), who has found that social networks among corporate elites, expressed through common board memberships, facilitate political cohesion within the business community. The extent and ramifications of interlocks between the *media* and other societal elites have nevertheless attracted limited attention in media research (Picard 2005*b*).

In one of the few existing studies, Clement (1975) suggested that the greater the overlap between the media and the corporate sector, the more evidence of a monolithic structure at the elite level. This, Clement argued, lowers the opportunities for alternative ideologies and values to gain access to media outlets. He found that a majority of the media elite in Canada held important corporate positions outside the media. This led him to conclude that the media are class institutions run by and for the elite, and that the media and economic elites are, in fact, the same people. Similar findings have later been provided by fellow Canadian Winter (1988), in the U.K. by Murdock (1982), and in the U.S. by Dreier and Weinberg (1979), Dreier (1982), and Han (1988). Dreier and Weinberg (1979: 52–53, cited in Winter 1988: 111) put forward some evidence that ties between media outlets and the business community on the board level may have a “chilling effect” on news coverage. This may result in the self-censorship of reporters, knowing their owner is on the board of some local firm.

SWEDISH RESEARCH ON OWNERSHIP INFLUENCE IN THE PRESS

As this chapter has shown, the impact of newspaper ownership has attracted considerable scholarly attention. Much like other reviews of the research on ownership influence in the press, however, the overview reveals a clear cultural bias (see McQuail 1992; Baker 1994, 2007; Demers 1996*a*; Roppen 1998). The vast majority of the studies circulated in the international academic community are based on U.S. (and, to some extent, U.K.) conditions.

Regarding the transferability of these findings to other cultural settings, some structural similarities nevertheless make this body of research also relevant for a Swedish context. Both the U.S. and Swedish press systems involve commercial, largely unregulated industries revolving around an intricate network of geographically defined regional and local markets. Much like their U.S. counterparts, Swedish local newspapers and their respective owners have tended to be integral parts of the local communities they serve (Petersson and Carlberg 1990), a condition that is not altogether unproblematic concerning covering local power structures in the news (cf. Tichenor *et al.* 1980).

During the last few decades, the U.S. trend towards concentration of both markets and ownership has also been pervasive in Sweden, as has the increasing competition from other media forms. This has resulted in falling circulations and dropping advertising volumes for the actors on the newspaper market. Finally, observers have proposed (see Hallin and Mancini 2004; Allern and Blach-Ørsten 2011; cf. Hadenius and Weibull 1999) that the Swedish media system is gradually adopting some of the traits traditionally characterizing the Anglo-American media system, among which is an increased orientation towards profit.

Nonetheless, there are a number of important reasons as to why a contextual approach is necessary when exploring the issue of ownership influence in Sweden, and by which the findings of the American market will not suffice. At least five major features (apart from the evident differences in sheer size between the two nations) distinguish the Swedish press system vis-à-vis the U.S. one—features that effectively hinder the generalization of empirical findings between the two. These are:

- 1 The (relative) absence of publicly traded newspaper companies and an institutional market for newspaper investors.
- 2 The widespread presence of newspapers owned by not for-profit foundations and (at least historically) political organizations such as parties and trade unions.
- 3 The traditionally strong, and in some important respects, still existing ties between the press and the party sphere.
- 4 The existence of direct state involvement on the newspaper market, not least in the form of direct press support for second newspapers.
- 5 The very substantial differences in the legal framework for newspaper ownership, not only in terms of specific press-related legislation, but also concerning more general corporate, labor, and tax laws.

All of these characteristics have been addressed in Chapters 2 and 3 of this book. The often limited applicability of international findings regarding ownership influence in newspapers is unfortunate; corresponding studies based on Swedish, or for that matter Scandinavian, conditions are scarce. In this respect, it is worth noting that a significant share of the more extensive studies that, at least indirectly, pay attention to the ramifications of newspaper ownership have been conducted within the scope of the various government commissions on the press. This direct link between the political agenda and ownership studies has influenced the research efforts in ways that are not entirely unproblematic.

FINDINGS OF THE SWEDISH PARLIAMENTARY COMMISSIONS

As previously noted, government concerns regarding media ownership in Sweden have resulted in two extensive parliamentary commissions. The first (SOU 1980:28) was carried out between 1974 and 1980, and the second (SOU 1999:30) between 1997 and 1999. Both commissions were launched by social democratic governments and were assigned to deal with the issue of “harmful” ownership concentration. In addition to the two commissions, a special council was appointed in 1994, with the mission to investigate ownership concentration. That same year, a similar objective was included in a supplementary assignment to the pending Parliamentary Press Support Commission (SOU 1994:145). All in all, Swedish media ownership has attracted considerable government attention over the past few decades. Like the various press subsidy commissions, the government studies on ownership concentration have employed the services of media and communication scholars. Special investigations have been carried out as a way to illuminate the issue of ownership concentration on the Swedish media market.

A general feature of all these studies has been the systematic descriptive mappings of the ownership structure and owner roles of the press. The main results of these examinations are presented in Chapter 2. Some attention has also been paid to the various forms of cross-paper collaborations (editorial, administrative, technological, etc.) that have followed in the wake of the various newspaper chains (SOU 1994:145; SOU 1999:30). Furthermore, the various roles occupied by owners in their respective newspaper companies have been systematically addressed. In a study initiated by the 1994 Press Subsidy Commission, Sundin (1994) concluded that private individual owners have always enjoyed a strong formal position in Swedish newspapers, often taking the position as editor-in-chief and/or CEO, and that it was “remarkable” how actively involved most owners still were in the day-to-day leadership of their respective newspapers. With few exceptions, the owner families were also well represented on the board of directors, often occupying the position of chairman.

The second Commission on Media Concentration (SOU 1999:30) did not include a similar study. Given the rather dramatic changes in the ownership structure of the Swedish press since 1994, it is doubtful whether Sundin’s conclusion still applies. As a direct consequence of ownership concentration, the number of owners with total control has decreased substantially, resulting in a division of the allocative and operational control of virtually all Swedish newspaper firms.

In connection to the studies of ownership concentration, a number of contributions have been made regarding the potential impact of the influ-

ence exerted by Swedish newspaper owners. The views are clearly divided. “The concentration,” writes Stig Hadenius (SOU 1994:145, p. 280) in a memorandum appended to a report presented by the 1994 Parliamentary Commission on the Press, “becomes real dangerous when it includes both market and ownership. It is a threat to the freedom of speech when the ownership is combined with a direct power over the newspaper—that is, when the owner is also editor-in-chief” (author’s translation).

Hans Fredrik Dahl (1994) represents a different standpoint. In his contribution to the same report, he argued that ownership has come to matter less as the professionalism of the journalism corps has increased.⁷ Dahl (1994: 264) also defuses the negative consequences of ownership concentration and posits instead that “experience indicates that owners with interests in many newspapers invest in them for what they are, and therefore respect the political and journalistic orientation of the individual newspaper on grounds of the need for a differentiated portfolio” (author’s translation). In fact, he continues, a certain degree of concentration is beneficial, as it brings about professional leadership and enables economies of scale and the coordination of technological resources. The issue of ownership, Dahl concludes, becomes critical only when a newspaper owner has interests in other businesses, which might conflict with the watchdog function of the paper (Dahl 1994). Dahl’s arguments are similar to those brought forward by Demers (1998a; see above).

Evidently, there is also a fundamental lack of consensus regarding the possible impact of newspaper ownership on editorial autonomy among Swedish scholars. The debate has, to a considerable degree, been marked by ideological underpinnings. In this context, it is notable that neither of the studies launched by the government has empirically addressed the actual issue, in other words, the *consequences* of the ownership concentration. Nor has any attention been paid to the critical issue of what “harmful” concentration actually implies, or, for that matter, the rationale behind the tendency towards increased ownership concentration.

The motive behind the state commissions on the issue of ownership concentration has been a desire to safeguard the political diversity of the press against the forces of the unregulated commercial market. Clearly, this notion of diversity is based primarily on *external* pluralism (cf. Hallin and Mancini 2004). The focus has been on the number of newspapers and newspaper owners. The diversity within the individual news outlets themselves, i.e. *internal* pluralism, has been left unaddressed. Thus, whereas descriptive structural studies of the Swedish press are plentiful, analyses of the actual consequences of ownership on a micro-level are lacking.⁸

ADDITIONAL STUDIES OF OWNERSHIP INFLUENCE IN SWEDEN

Generally, the impact of ownership influence on the conduct and performance of the media has received little attention in Scandinavian research (cf. Roppen 1998; Allern 1999). Few systematic studies address the actual practices of newspaper ownership (to the exceptions belong Roppen 2003; Nyberg 2002; cf. Engwall 1988). As of today, the international, or at least U.S., tradition of connecting ownership conditions with editorial output by means of statistical inference has yet to reach the research agenda of Swedish communications scholars.⁹ This does not, however, mean that the issue of ownership has been ignored altogether. Some studies at least indirectly problematize the influence of newspaper owners, and the various consequences of such influence.

The most thorough examination to date is probably the analysis of the early social democratic press by Hadenius *et al.* (1968*a*, 1968*b*, 1970). The studies showed that even though the national party organization had limited ownership interests in the press, it was able to exert direct control over the affiliated papers by means of a special ‘press statute’ passed by the party congress. All papers carrying a social democratic signature had to be approved by the party leadership. The party was also able to veto the appointment of editors-in-chief of virtually every socialist newspaper. Later studies have confirmed the high level of party influence—political and financial—over the labor press (Ringdahl 1968; Engwall 1988; Jonsson 1998).¹⁰

In a study from the early 1970s, Kronvall (1971) addressed a particular form of ownership influence over the editorial department: the presence of political directives in the service contract of Swedish editors-in-chief. The study revealed that three out of five contracts included guidelines for the political content of the newspaper. In general, however, the phrasing was vague and non-specific, establishing only the overriding ideological principles (e.g. “a non-socialist outlook” or “in the interest of the labor movement”) that were to be applied to the political content (Kronvall 1971: 121–22).¹¹

In a contemporaneous study, Vallinder (1971) noted that newspaper owners exerted their influence over the editorial department by establishing the general political course of the newspaper and by appointing the editor-in-chief. More direct ownership influence over political stands appeared to be uncommon. With reference to the influential position of various international *media moguls* and *press lords* (cf. Tunstall and Palmer 1991; Bagdikian 2004), Vallinder (1971: 110) maintained that: “It is in our country a common notion that the editor and his subordinates, not the owners, should decide the newspapers’ standpoints” (author’s translation).

Naturally, this argument did not apply to the approximately one-third of the newspapers that were owner-edited at the time (cf. Kronvall 1971). Nor did it mean, Vallinder (1971: 110) admitted, that more indirect forms of ownership influence over the editorial department could be ruled out: “Of importance here are, among other things, the financial status—if the newspaper progresses, the position of the management is strengthened—and the service contract of the editor, as well as his career options elsewhere” (author’s translation).

Yet another measure of ownership impact has been provided by a number of surveys among Swedish journalists. These studies address the *subjective* ownership influence over the editorial department, as perceived by members of the journalism corps. A pioneering, albeit limited, study carried out in 1969 (Furhoff 1970) indicated that the influence exerted by the owners, through the newspaper company board of directors, varied considerably among different papers. The study, which included journalists from newspapers owned by families as well as by not-for-profit organizations and foundations, found no evidence that owner type *per se* determined the board influence over the editorial department.

More comprehensive surveys have since been conducted in 1989 (Pettersson and Carlberg 1990), 1995 (Asp and Weibull 1996), and 2005 (Asp 2007). The general tendency in these studies is that the ownership influence over editorial content and policy is perceived to be relatively limited within the Swedish press, particularly when compared to the influence of other key actors of the news outlet: the responsible editor, the editorial management, and the journalist corps itself.¹² Concerning the day-to-day operations of the editorial department, journalists perceive the influence of ownership to be relatively non-existent.

Nonetheless, the trend since the late 1980s seems to be a slow increase in ownership influence (Andersson 2009). A similar tendency is noted regarding the perceived influence of corporate management and the advertising department (Asp and Johansson 2007). All things considered, the main influence over the editorial content and policy is nevertheless ascribed to the editor-in-chief and the editorial management. Thus, whereas the direct ownership influence is regarded to be low, the *indirect* influence is considerable, given the owner’s exclusive privilege to appoint the responsible editor.

A couple of the journalist surveys have also explicitly addressed the financial aspect of ownership influence. In 1989, two out of five journalists stated that “profit targets” and “market demands” constituted a great or even crucial threat to the freedom of the media (Pettersson and Carlberg 1990). A follow-up study in 1995 recorded a similar result (Asp and Weibull 1996). The dangers of ownership influence were nonetheless regarded as

less significant than the negative effects inherent to the journalistic process, such as the general lack of time and the absence of critical scrutiny.

A recurring feature in all survey studies is a bias regarding the political orientation and place of employment of the individual journalist. Journalists with left-wing sympathies are more concerned with ownership influence than their right-wing colleagues. The perceived ownership influence is also systematically lower in evaluations of one's own medium than in assessments of the situation in other media (Asp and Weibull 1996; cf. Fjaestad and Holmlöv 1975). Evidently, the subjective and ideological undertones that characterize the debate on ownership influence among politicians and scholars are also making their mark among members of the journalism corps.

STUDIES OF INDIVIDUAL OWNERS

Swedish press research has provided a rich array of case studies of individual newspapers and individual newspaper owners, the majority of which appear in the form of traditional historic chronicles (see Djerf-Pierre and Weibull 2009; Bergkvist 2006; Engwall 1985; Petersson 1990, 2008; Hofrén 1966; Sundin 2002; Nyberg 2002; Sandberg 2010; Jonsson 1998) and biographies (see Stål 2008; Johansson 2006). Given the width of this impressive body of work, it is tempting to propose that no other single industry has attracted as much scholarly attention as the newspaper press (cf. Gustafsson and Rydén 2010).¹³

Although rarely focusing on the practice of ownership *per se*, this particular category of literature includes indirect studies of how individual owners and owner families have run their respective newspaper businesses. The general conclusion drawn from this rather motley body of work is that newspaper proprietors' approach to their respective newspapers has differed greatly. Some have taken a very active role in both the business and editorial aspects of their newspapers, creating for themselves an image of the strong omnipresent owner-manager. However, others have remained largely passive, leaving the control of operations to hired managers. There are also several documented cases in which the owner has been able to personally dictate the content of newspapers (see Holmström and Saving 1982; Rydén 1989; Hultén 1999).

Djerf-Pierre and Weibull (2009) nevertheless challenge the perception that there is a continuous trend regarding the rationale of private newspaper owners in terms of ownership objectives. Rather, they argue that the emphasis of profit-making and opinion-making objectives has varied over time, in line with the broader trends of Swedish society. An important finding concerning the wider influence of Swedish newspaper owners is that they have often played a significant role in the local community, politi-

cally and socially, assuming a part of the power structures in their respective communities. The general tendency, however, appears to be that this presence has diminished over time, in part because of the fact that local owner-managers have been replaced by hired executives, but even more so because it is now regarded as incompatible with the autonomous position of the responsible editor (Djerf-Pierre and Weibull 2009).

AN APPRAISAL OF SWEDISH RESEARCH ON OWNERSHIP INFLUENCE

Based on the overview just presented, it is possible to draw three conclusions regarding the attempts made by Swedish researchers to address the issue of ownership influence over the press. The conclusions relate to 1) the incentives of researchers, 2) the choice of methodology, and 3) the conceived implications of ownership influence. To a considerable extent, however, they are all interrelated.

The first conclusion concerns the pivotal role played by the government as a catalyst of structural press research. A characteristic feature of the conduct of the Swedish state in relation to the newspaper market is the ample use of communication research in the guiding and evaluation of press policy (Gustafsson 1979; McQuail 1992: 43). The different parliamentary commissions have been able to lean against an impressive body of research, focusing a variety of aspects of the newspaper market.¹⁴ Nevertheless, the high level of state involvement is not uncomplicated. The fact that the majority of systematic research regarding media ownership issues in Sweden has been initiated by the government has affected both the issues addressed and the perspectives applied. In other words, research on structural issues has generally been politically rather than academically or theoretically induced.

Consequently, Swedish research on ownership has primarily been guided by a government concern with securing political diversity of the press. Clearly, the government's—or perhaps more accurately, the SAP's— notion of political diversity is equated with the number of newspapers and newspaper owners on the market. Hence, the state-initiated investigations have rarely been extended beyond the descriptive studies of market shares and political affiliation of the Swedish press actors. In a 1994 comment on Swedish press research, Cavallin (1994: 234) noted the following:

The concerns about a decreasing diversity in terms of content that are expressed in the debate are often founded on [anecdotal] examples rather than extensive examinations, or simply on the assumption that a declining number of media products or media companies must imply a homogenization of content, and vice versa. (Author's translation)

Two decades later, Cavallin's observation is still valid. Arguments regarding the ownership structure of the press brought forward by both politicians and media scholars have generally been based on normative or ideological standpoints, rather than on empirical evidence (cf. Hultén *et al.* 2010).

The final conclusion regarding Swedish ownership research concerns the conceived influence of press owners. It is evident that newspaper owners in Sweden have come to be evaluated primarily on their potential as *political* actors. This applies to both state policy and communication research. The implications of the *financial* incentives of private newspaper owners, amply addressed by international scholars (see above), have largely remained a non-issue in Swedish research (for one of the few exceptions, see Hultén 1999).

Arguably, this predisposition has little to do with the availability of data for scrutinizing the economic aspects of newspaper publishing in Sweden. Through the annual gathering of financial information carried out by the Press Subsidies Council, it is well known that many privately owned newspaper companies have been very profitable over extended periods of time. As a result, some private newspaper owners have been able to build up considerable fortunes for themselves and their families. Nonetheless, aspects such as profit-targets, influence on content as a result of economic considerations, or the implication of conflicting business interests of newspaper owners have not attracted much scholastic attention, let alone systematic examination (cf. Roppen 1998).

DISCUSSION

A basic conclusion regarding the research on ownership influence in Sweden is that there has been no single dominating way of carrying out the role of being a newspaper owner. The owners' involvement in the newspaper business has varied significantly. Nonetheless, there appears to be a connection between objective and governance. Owners driven primarily by a political agenda have chosen to run their newspaper in a somewhat different way than owners driven by more commercial objectives. Unfortunately, however, the efforts of Swedish scholars devoted to the impact of ownership have largely been concentrated on *private*, individual owners (or owner families), or—to a somewhat lesser degree—on the ownership exercised by political parties. Studies devoted to the third major form of ownership of the Swedish press, the not-for-profit foundation, are virtually non-existent, and in no way correspond to the actual impact of these organizations. Thus, knowledge of how ownership is practiced in these corporations remains limited.

PROBLEMS FOR OWNERSHIP RESEARCH

Regarding methodology, the research on Swedish newspaper owners has rarely involved the use of systematic inferential analyses of the impact of ownership. This shortfall appears to be less significant, however. The predominant message of international assessments of such research is the inconclusiveness of the findings presented (see Picard 1988*b*; Lacy *et al.* 1989; Baker 1994, 2007; Roppen 1998). Most comparative studies attempting to identify the consequences of newspaper ownership show either small or conflicting effects. Still, the prevailing notion among scholars appears to be that there are ownership effects. According to Lacy's (1991: 38) succinct conclusion, it is "obvious that owners affect newspaper content." The problem, he adds, is that is very difficult to prove.

Commentary has addressed several reasons as to why so many researchers have found it difficult to empirically pin down what ownership influence is really about. More specifically, there appears to be three main reasons in the way of empirically testing expectations about the influence of ownership over what media actually do.

The first obstacle concerns the different levels of analysis involved. In studies of proprietorial influence operationalized by means of content characteristics, the bridge from ownership activities to content has to be constructed in reference to the *consequences*, which are, implicitly or explicitly, supposed to follow (McQuail 1992). Such theoretical or normative inferences will inevitably expose the validity of the findings to the diversity and varying time-scales of interacting influences that shape editorial decisions (Breed 1955; Tuchman 1978; Napoli 1997), and, as a result, the difficulty of isolating one influence from all potential others.

Various commentators have also contended that the exercise of corporate power does not have to translate directly into newsroom decisions for it to have an overall effect on the character of the newspaper produced (Breed 1955; Stark 1962; Chomsky 1999). As such, critics argue that ownership influence is ever-present, even inevitable, as a latent force (Dreier 1982; Altschull 1984; Shoemaker and Mayfield 1987). As if these conditions did not present enough of a challenge for the content analyst, he or she also faces the difficulty of operationalizing the independent variable, not least the oft-challenged concept of journalistic "quality" (cf. Martin 1998).¹⁵

The second reason why ownership research has failed to provide conclusive evidence concerns the issue of what *aspects* of ownership should be addressed. Being convinced that "owners affect newspaper content," Lacy (1991: 38) proposes that the critical question concerns whether "the impact is due to the characteristics of individual owners and managers or

to some systematic impact inherent in the different types of ownership and management." Given the inconclusiveness provided by the research regarding the latter, it is tempting to suggest that the former is a more navigable route for ownership research (cf. Demers 1998a: 573).

As shown above, this suggestion is supported by Picard and van Weezel (2008), who dismiss the notion of a superior ownership form for media outlets. Thus, they indirectly support the proposition that the ultimate impact rests with the specific actors involved and the structural premises of the individual case. In this respect, Demsetz (1983) has made an important claim that ownership and management structures develop according to the specific situation of the individual firm. Roppen (1998, 2003) makes a similar argument. Writing on chain ownership, a source of long-time bafflement for content analysts, he concludes that "As long as we don't know how [owner] policies are carried out, it is hard to know what is the real force behind change or no-change" (1998: 120).

He then continues by addressing what is one of the key propositions of this book: "The corporation–manager relation is a missing link. One can hardly study effects of chains or corporations without first getting an idea of what the [chains] actually do" (1998: 120). Roppen (1998: 117) maintains that the main problem for research is that important *contextual* data on the objects of study is generally lacking: "There is a widespread overall tendency to treat all chains as equals, and clearly, they are not." In a similar vein, Demers (1996a, 1998a) argues that one cannot look only at the effects and consequences of newspaper ownership; attention also has to be paid to the social origins and (historic) development of the media corporations addressed, as well as the processes by which ownership policy are formulated and enforced (see Matthews 1996; Roppen 2003).

The propensity to use content analysis as a means to address ownership influence can, at least in part, be explained by the limited availability of other types of data. This condition constitutes the third obstacle usually facing ownership researchers. Several observers have discussed the difficulty of accessing relevant research material. One of them, Daniel Chomsky (1999: 579), notes laconically that "media institutions are generally not forthcoming about their internal processes." Firm-internal data that could be vital to a deepened understanding of the functioning of media ownership is generally regarded as company secrets and therefore kept away from researchers (Underwood 1995; Roppen 1998). Nevertheless, in the exceptional cases in which internal access *has* been gained, the results have proven particularly revealing (see Stark 1962; Chomsky 1999; cf. Page 1996).

UNRESOLVED ISSUES

Despite the inconclusiveness (cross-sectional) of the empirical findings, the issues raised by ownership research nevertheless indicate a number of ways forward. Some of the more illuminating efforts to address the impact of newspaper ownership have shown the importance of not only the internal power structures of the individual newspaper organization (Breed 1955; Stark 1962; Tunstall and Palmer 1991; Soloski 1979; Roppen 2003; Chomsky 1999), but also the interplay between the newspaper and the external environment—particularly the local political and commercial centers of power (Tichenor *et al.* 1980; Akhavan-Majid and Wolf 1991; Demers 1996a).

They also indicate the fruitfulness, or even necessity, of using a longitudinal approach in order to address the forces of ownership control. This claim is supported by Layder (1993), who argues that a historic perspective is particularly important in studies of power structures in all aspects of society. Cross-sectional studies have a limited ability to explain the nature of casual order between decisions and actions. Instead, such studies have to rely on an assumption that the performance or characteristics of an organization at a particular point is a result of factors peculiar to the organization at *that* time, rather than the situation faced by the organization in previous periods (cf. Curran 2002).

Secondly, it may be concluded that the dominance of Anglo-American conditions in ownership research constitutes a problem for newspaper markets beyond the U.S. and the U.K. The cultural asymmetry of ownership research calls for studies of owners in other media *systems* (cf. Hallin and Mancini 2004), as well as of ownership *forms* other than the private and public actors that dominate the U.S. and U.K. markets (Picard and van Weezel 2008).

Finally, although using ownership influence as the overriding explanatory variable, virtually all of the studies that do apply an in-depth approach to the internal power structures of newspaper firms focus either on the perspective of the reporter, or on the relationship between reporters and editors, in other words, that between manager and employee (Shoemaker and Reese 1996; Napoli 1997). The other main link in the hierarchy of newspaper companies, the one concerning the owner—i.e. the controlling shareholder[s]—and the executive and editorial management, has received considerably less examination. Page's (1996) conclusion from the mid-1990s that practically no attention has been paid directly to media owners is still valid today. What newspaper owners actually do, how they practice their ownership, and how these practices vary with different ownership objectives, are questions that await academic answers (Picard 2005b; Mierzewska and Hollifield 2006; Picard and van Weezel 2008).

A Theoretical Framework for Studying Newspaper Boards

The preceding chapter presented an assessment of the research on ownership influence in the press. A concluding observation concerned the need for in-depth studies of the structures and processes of the individual newspaper organization. Hence, the analysis of particular cases appears to be a more fruitful approach than broad cross-sectional studies. The result is in line with propositions made by, among others, McQuail (1992, 2003), Coul-dry and Curran (2003), and Picard and van Weezel (2008).

Using this basic conclusion as its starting point, this book is devoted to a specific type of ownership present in various parts of the Western press systems, namely the newspaper foundation. Unlike 'traditional' private ownership, the foundation is a non-profit entity, it has no owners, and it cannot be dissolved. For these reasons, the ownership foundation has been described as a corporate "curiosity" (Thomsen and Rose 2004: 18). As mentioned, the object of analysis in this book is the role played by the board of directors in newspaper companies with foundation ownership. Standing legally in place of the shareholders, it is the highest authority in the management of the stock corporation. This makes the board a key player in the governance of the individual newspaper firm.

This chapter presents the theoretical underpinnings of the study and includes five sections. Section 5.1 argues for the need of multi-theoretical approaches in studies of boards of directors in the press. Section 2 is a presentation of agency theory, the overriding theoretical perspective used in the study. In Section 3, the concepts of agency theory are applied to the newspaper company context. The subsequent Section 4 discusses the main lines of criticism against agency theory. It also introduces a number of other theoretical traditions in the field of board research, traditions that provide a different set of answers regarding the determinants of board impact. The implications of the various theoretical perspectives in terms of board composition and board tasks—two of the main aspects of the board role con-

cept—are discussed in Section 5. The section concludes with a presentation of an integrative model for the study of the role of newspaper boards of directors. The model provides the analytical framework for the study presented in this book.

A MULTI-THEORETICAL APPROACH

It is a fundamental premise of this book that the ownership situation of a newspaper is one of the key factors shaping the production of news, views and information. Unless the owner personally runs the firm, however, he or she has to rely on someone else to do the job. In newspapers operated as stock corporations, this duty is delegated to a board of directors, which is expected to act on the shareholders' behalf. The board is in turn expected to delegate the responsibility of the day-to-day operations to the CEO. Given the specific character of the Swedish Freedom of the Press Act, however, the right to edit the newspaper should be delegated to a responsible editor. Depending on the size of the firm, the delegation of responsibility will then continue down through the organizational hierarchy.

The separation of liabilities in stock corporations activates what in economic theory is known as an *agency relationship*, which is the primary focus of agency theory. The agency relationship is where one party (the *principal*) delegates work to another party (the *agent*). Focusing on the relationship between principals and agents, agency theory revolves around a number of issues of immediate relevance for studies on the influence of owners in newspaper companies (Napoli 1997). These issues include the division of power in hierarchical organizations, conflicting interests and information asymmetry between organizational actors, and the connection between (ownership) objectives and control measures (Eisenhardt 1989).

Nonetheless, convincing arguments have been made that agency theory is less suited for understanding other important aspects of board involvement (see e.g. Tricker 1994b; Lynall *et al.* 2003; Huse 2007). As a result of its explicit firm-internal perspective, critics have argued that agency theory does not account for the fact that corporate decision-making may be influenced by the interests of a wider set of actors than those found in the original one-on-one principal-agent relationship. The theory has also been criticized for not paying enough attention to processes, and for adopting an overly pessimistic view of the actors in the agency relationship.

Despite the criticism, agency theory has positioned itself as the leading theoretical framework in research on boards of directors (Huse 2007). One can argue that an important reason behind the dominance has been the lack of a satisfactory alternative. Even with the explosion of board research

in recent decades, no single theory or model exists that has been able to sufficiently explain the role of boards of directors (see e.g. Zahra and Pearce 1989; Johnson *et al.* 1996; Forbes and Milliken 1999; Petrovic 2008). Following Hung (1998), this study therefore adopts a multi-theoretical approach comprising several complementing theories on why board roles may differ depending on time and context. Only by applying a variety of theories, it is argued, can one empirically approach the complex social phenomenon that is the board of directors (cf. Leblanc and Schwartz 2007; Petrovic 2008).

THE PRINCIPLES OF AGENCY THEORY

The economic setting in which newspaper content is generated—in Sweden and elsewhere—has changed dramatically over the past few decades. For centuries, one of the key features of the private commercial Swedish press was the small owner-operated enterprise. Many owners were intimately involved in the daily production of their respective papers. Since the 1950s, however, all but a few of the many community-based, family-owned newspapers have slipped into large regional and national newspaper chains. By and large, the owner-managed daily newspaper has hence been replaced by newspapers run and edited by hired agents.

The development is not necessarily inconsequential to how ownership control is exercised and how important decisions are made regarding the individual newspaper firm. Ever since the emergence of the modern corporation, in the press and elsewhere, scholars have been pointing at an underlying tension between the owners and management of such organizations (Berle and Means 1932). Following the rise of the large—often publicly traded—stock corporation, the role of the owner was separated from that of the management of the business. As a result of such changes, observers have argued that the choices made in firms are more complex than merely being a means to achieve profit and value maximization; rather, the choices are influenced by managers who do not own the firms (Cyert and March 1992; Picard 2005*b*). Regarding the press, this argument has been recurrently proposed by Demers (1996*a*; 1998*a*).

The roots of agency theory can be found in this particular development. On a fundamental level, the theory addresses the relationship between two actors, the principal and the agent. Jensen and Meckling (1976: 308), two of the main architects of the theory, define this so-called *agency relationship* “as a contract under which one or more persons (the principal[s]) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent.” “Since the relationship between the stockholders and the managers of a corpo-

ration fits the definition of a pure agency relationship,” Jensen and Meckling (1976: 309) continue, “it should come as no surprise to discover that the issues associated with the ‘separation of ownership and control’ in the modern diffuse ownership corporation are intimately associated with the general problem of agency.”

Indeed, the agency relationship between shareholders and managers in large, publicly traded corporations has dominated research in the field (Eisenhardt 1989). Influential contributions are provided in articles by Ross (1973), Jensen and Meckling (1976), Fama (1980), and Fama and Jensen (1983a). Nevertheless, convincing evidence also exists that agency theory applies to a wider array of settings. Thus, the theory is also helpful in studies of *other* agency relationships in stock corporations (Eisenhardt 1989; Gomez-Mejia *et al.* 2001; Huse 2007), as well as those occurring in other *types* of organizations (Fama and Jensen 1983a).

IMPLICATIONS OF THE AGENCY RELATIONSHIP

The key problem addressed by agency theory is the possibility of conflicting interests between the principal and the agent (Eisenhardt 1989). “If both parties of the relationship are utility maximizers,” Jensen and Meckling (1976: 308) have posited, “there is good reason to believe that the agent will not always act in the best interests of the principal”. The main argument is that even though a principal may have methods of controlling an agent, without being able to check the agent’s behavior completely, the opportunity for “shirking” on the part of the agent is likely to exist (Alchian and Demsetz 1972; Pratt and Zeckhauser 1985).

According to Jensen and Meckling (1976), there are two basic ways by which the principal can try to limit such divergences from his or her interest. Firstly, the principal can establish *incentives* designed to limit deviant activities of the agent. Secondly, he or she can incur some kind of *monitoring* of the agent’s behavior. Regardless of whether the principal chooses the ‘carrot’ or the ‘stick,’ however, the measure taken will result in a *cost* for the principal as a direct result of the agency relationship. The costs stemming from agency relationships will vary according to such factors as the nature of the monitoring costs and the particular behavioral characteristics of the agent (Jensen and Meckling 1976).

Eisenhardt (1989) lists a number of conditions under which the behavior of the agent will be expected to harmonize more with the intentions of the principal, thus resulting in lower agency costs. Firstly, she proposes that the agent will be more likely to act in the interest of the principal if the contract between the two is outcome-based (as opposed to behavior-based), and when the principal has access to information that verifies agency behavior.

Additionally, the extent to which agent behavior is *programmable* (i.e. possible to specify in advance) and the outcome *measurable* will affect the level of discrepancy from principle intentions.

Of importance is also the length of the principal agency relationship. In long-term relationships, the principal will be able to increase learning about the agent, and will therefore be able to assess the agent's behavior more effectively. Finally, the outcome of the agency relationship will depend on the level of goal conflict between the two parties: when there is concord between principal and agent interests, the agent will behave as the principal would like, regardless of whether his or her behavior is monitored. In sum, therefore, the greatest agency losses arise when the interests or values of the principal and agent diverge substantially and information monitoring is costly (Pratt and Zeckhauser 1985).

AGENCY RELATIONSHIPS IN STOCK CORPORATIONS

As Chapter 3 discussed, the stock corporation is a legally established type of organization, with legally defined actors and responsibilities. In this formal hierarchical structure, agency relationships can exist at any stage, whether between management and employee or between owners and management (Fama and Jensen 1983a). For present purposes, the following account focuses primarily on the latter of these two relationships.

As mentioned, agency theory has been useful in explaining tensions and conflicts that result from the separation of ownership and management. It recognizes that owners and managers can have different and conflicting goals, risk preferences and needs to maximize certain factors at the expense of others (Eisenhardt 1989). The divergence of management's interests from those of the shareholders may express itself in a number of forms, including the former focusing on revenue maximization as opposed to profit maximization, or on short-term profits instead of the long-term survival of the firm (cf. Varian 2010). Agency conflict can also arise "from the manager's tendency to appropriate perquisites out of the firm's resources for his own consumption" (Jensen and Meckling 1976: 313).

A key contribution offered to organizational thinking by agency theory is the treatment of information (Eisenhardt 1989). Agency theorists suggest an *information asymmetry* between the principal and the agent, in which the latter has more information than the former. The risk in stock corporations, it is argued (Jensen and Meckling 1976; Fama and Jensen 1983b; cf. Berle and Means 1932), is that managers will use their superior information regarding the operations of the firm to exploit the more distant shareholders. However, according to Eisenhardt (1989: 64), in agency theory, "information is regarded as a commodity: It has a cost, and it can be purchased."

The implication here is that owners, by means of investing in *information systems*, can restrict deviances in agency performance from their original intent. Examples of such information systems are the implementation of budgets and the establishment of formal company objectives, performance criteria, and detailed work descriptions (Eisenhardt 1989).

The implementation of information systems is a concrete example of an effort by the principal to monitor the agent (see above). However, other methods for compliance are also at the shareholders' disposal. Typically, such methods involve tying the individual's interests of the agent more closely to those of the principal (Frankforter *et al.* 2000). To these belong various kinds of performance incentives such as bonuses, profit-sharing plans, and stock ownership. An agent with a personal financial interest in the organization may be less prone to engage in self-interested behavior that is detrimental to the interests of the owner (assuming that performance incentives outweigh the benefits that can be gained from self-interested behavior). Another method, discussed by Ouchi (1979), revolves around a process of informal socialization to a particular set of values. This leads the agent to adopt a high commitment to the principal's objectives. In line with Eisenhardt's (1989) observation concerning goal congruence, an attempt to hire managers with interests and objectives matching those of the owners is another method of reducing agency costs.

AGENCY THEORY AND THE BOARD OF DIRECTORS

The basic premise of agency theory applied to the context of the stock corporation is that the separation of ownership and control leads to the possibility of self-interested actions by managers (Jensen and Meckling 1976; Eisenhardt 1989; Miller and Sardais 2011). Hired managers may pursue objectives that conflict with the goals of the owners, something which necessitates monitoring mechanisms to protect the interests of the shareholders. A useful way to address the implications of the agency problem, suggested by Fama and Jensen (1983a: 303), is to analyze how firms organize the *decision process* across agents. "In broad terms", they write, "the decision process has four steps:

- 1 *initiation*—generation of proposals for resource utilization and structuring of contracts;
- 2 *ratification*—choice of the decision initiatives to be implemented;
- 3 *implementation*—execution of ratified decisions; and
- 4 *monitoring*—measurement of the performance of decision agents and implementation of rewards."

Following this principal division, an important distinction can then be made between *decision management*, which involves the initiation and implementation steps (1 and 3), and *decision control*, which includes the ratification and monitoring steps (2 and 4). In organizations where ownership is separated from the day-to-day operations of the firm, Fama and Jensen (1983a: 304) propose that decision management be separated from decision control. In stock corporations in which ownership is separated from management, the common apex of decision control is provided by the board of directors.

In agency theory, the board of directors is indeed *the* critical factor concerning the agency relationship between shareholders and management (Davis *et al.* 1997). According to Fama (1980: 294), the board of directors is “the ultimate internal monitor of the set of contracts called a firm, whose most important role is to scrutinize the highest decision makers within the firm”. Thus, the board has two distinct functions in the stock corporation hierarchy; it serves as *agent* in relation to the shareholders and as *principal* in relation to the executive management.¹

The possibility of the stock corporation board to carry out this ‘dual duty’ in a successful manner relates directly to the concept of information asymmetry. Agency theory posits that when boards provide richer information concerning the operations of the company, managers are more likely to engage in behaviors that are consistent with the shareholders’ interests (Eisenhardt 1989). Without the relevant knowledge of what goes on in the firm, the board will find it difficult to carry out its monitoring duty. “Operationally,” Eisenhardt (1989: 65) has suggested, “the richness of board information can be measured in terms of characteristics such as frequency of board meetings, number of board subcommittees, number of board members with long tenure, number of board members with managerial and industry experience, and number of board members representing specific ownership groups”.

The fact that there is an agency relationship also between the shareholders and the board members has implications for the monitoring task of the board. Agency theory acknowledges that board members will vary in their motivation to monitor on behalf of the shareholders. Also in this relationship, incentives are an important precursor to effective monitoring. The more aligned incentives are with shareholders’ interests, the more effective the monitoring of management (Jensen and Meckling 1976; Fama and Jensen 1983a). An oft-mentioned board incentive is board independence, that is, the degree to which board members are dependent on the current CEO and the organization (see below). Board members who are either current or former employees of the company, or who have business relation-

ships with the firm and/or family or social ties with the CEO, are considered to be less effective at monitoring because of their dependence on the organization. Independent board members are therefore preferable from the perspective of the shareholders.²

Agency theory also identifies other kinds of incentives. One incentive consists of equity compensation (i.e. corporate shares) as a means to align the interests of shareholders and board members (Hillman and Dalziel 2003). Incentives through reputation and the markets for boards of directors are other examples (Fama and Jensen 1983a). Nevertheless, the ramifications of the agency contract between the shareholders and the board members have been given considerably less theoretical attention by agency theorists than has the board-CEO ditto.

AGENCY THEORY AND NEWSPAPER FIRMS

Agency theory has been successful in broadening one's understanding of the behavior of actors within the hierarchical, profit-seeking organization (Eisenhardt 1989). To this extent, the theory also appears to be useful for addressing the conduct of owners and boards of directors in newspaper firms. As previously discussed, most Western newspapers are produced within the framework of the profit-oriented, commercial stock corporations. Nonetheless, the rationale of newspaper owners is not necessarily limited only to pecuniary objectives. In the history of the press in the Western world, most newspaper companies have also carried a political agenda, sometimes at the direct expense of a financial rationale. Given media's *amenity potential* in terms of (political) influence (Demsetz and Lehn 1985), newspaper firms can rightfully be regarded as both economic and political entities (Napoli 1997). In some important respects, the ownership structure of the press itself also has important implications from an agency perspective. As far as Sweden is concerned, the special characteristics of both family ownership and foundation ownership, the two dominant forms of ownership in the Swedish press, challenge directly the assumptions of the agency relationship.

FOUNDATIONS AND FAMILIES AS PRINCIPALS

Since the 1940s, the not-for-profit foundation has evolved into the second largest controlling ownership form of the Swedish press. As of 2012, approximately one-third of the Swedish press (in terms of circulation) was controlled by groups with foundation ownership.³ In two important aspects, the Swedish newspaper foundation challenges directly the classic ideas of agency theory (cf. Thomsen 1996). Firstly, since foundations are

ownerless entities, none of the decision-making agents (board members, managers, etc.) individually bear any share of the wealth effects of their decisions. Decision-makers in foundations, and in companies owned by foundations, make decisions concerning assets that are not their own. To this extent, one might even argue that the ultimate principal in newspaper companies controlled by foundations is the foundation charter.

As a result of the absence of self-interested principals, argue Fama and Jensen (1983a, 1983b), foundation-owned corporations will, *ceteris paribus*, perform worse (financially) than companies with profit-oriented owners. Nevertheless, the two authors (1983b: 344) conclude,

like all other organizations characterized by separation of decision management from residual risk bearing,⁴ a nonprofit is on stronger footing in the competition of survival when it has a decision system that separates the management (initiation and implementation) and control (ratification and monitoring) of important decisions.

In this respect, the role of the board of trustees of foundations differs little from that of boards of profit-oriented corporations.

A different view regarding the performance of 'ownerless' foundations is represented by Thomsen (1996, 1999) and Herrmann and Franke (2002), who claim that the lack of a profit-oriented principal may make way for a bigger focus on long-term development, and that no absolute relationship exists between self-interested owners and corporate performance. The absence of a more traditional owner (in the sense 'capital investor') does mean, however, that the foundation cannot rely on any shareholder(s) (or an investor market) to contribute with extra funding if necessary. Since foundation-owned companies must rely on internally generated funds, Thomsen (1996: 220) posits that such companies will be less adverse to risk taking than their privately held counterparts. To this extent, he chooses to describe the foundation as a "trade off" between personal incentives, on the one hand, and risk advantages on the other.

The second way in which foundation ownership differs from private ownership concerns the handling of profit. Since the newspaper foundation is a not-for-profit entity, it is barred from distributing any profits it earns to persons who exercise control over the firm (cf. Hansmann 1996). Following the basic logic of economic theory, this status weakens the internal incentives to make profits (Glaeser and Shleifer 2001). As Fama and Jensen (1983b: 342) have noted, however, this does not mean that non-profits do not *make* profits, but rather that there are "no alienable claims" to the profits accrued. Nor does it preclude such organizations from owning and

operating for-profit organizations. As is the case in the Swedish press, all foundation-controlled newspapers are run within the framework of the profit-based business form of the stock corporation.

Yet another type of agency contract challenging the classic assumptions of agency theory is the one that involves family ties between principal and agent. As previously mentioned, the family-run newspaper company has been the predominant form of ownership in the history of the Western press. In family firms, write Gomez-Meija *et al.* (2001: 82):

a relational contract between a firm owned by a family and an agent (a family member) involves a common bond and a set of mutual expectations that are more likely to be based on emotions and sentiments than a nonfamily relational contract. Therefore, family bonds engender agency contracts that are prone to depart from economic rationality.

According to Gomez-Meija *et al.* (2001: 82), such ‘irrational’ consequences may include the inability to transcend parent-child dynamics, sibling rivalry, power based on ascribed rather than achieved status, difficulty in dealing objectively with a family member’s performance and qualifications, and a lack of rational promotion systems based on merit. As a result, Gomez-Meija *et al.* (2001: 83) conclude that the “emotional aspects of the relationship may neutralize mechanisms to reduce agency costs, a situation that is less likely to occur under nonfamily contracting.” The special character of the owner-operated stock corporation has implications for the board of directors’ role. In an early study, Mace (1948, in Mace 1971: 1) concluded that the typical board of directors of such firms “was largely a vestigial legal organ which included merely subservient and docile appointees of the owner-manager”. A similar conclusion was made a couple of decades later by Koontz, who posited that the boards of many family-owned companies existed only to meet the requirements of the law (Koontz 1967). In firms of this kind, the principles of agency theory do not apply (see also Melin and Nordqvist 2009).

AGENCY THEORY IN THE MULTI-OBJECTIVE MILIEU OF NEWSPAPERS

It has been a recurrent theme in this book that newspaper firms, although generally operated as (profit-making) stock corporations, tend to differ from companies in more traditional industries concerning the overriding rationale of operations. Nevertheless, the general implications of the agency relationship are valid also in newspaper companies. In an attempt to apply agency theory to the context of media firms, Napoli (1997) identifies two

control methods commonly used by media owners to try and attain goal achievement:⁵ to hire like-minded individuals to key executive and editorial positions, and to try to create greater congruence between ownership and management objectives. The latter may be attempted by offering financial perks tied to company performance or by tying adherence to the owner's objectives to advancement in the organization. As indicated in previous sections of this chapter, these are typical examples of strategies discussed by agency theorists (see e.g. Eisenhardt 1989).

Neither method of agency compliance is infallible, however. With reference to the classic work of Tuchman (1978), Napoli concludes that media are characterized by a relative lack of direct monitoring by principals over agents. Thus, the possibility of agency *shirking*, be it financial or political,⁶ is likely to be higher in media firms than in other organizations. However, the argument continues, monitoring slack will be greater around situations or issues considered of lesser economic or political importance for the owners (Napoli 1997). This leaves the converse prediction that the greater the importance to owners of how an issue is handled by management, the greater the likelihood of ownership monitoring.⁷ Matthews (1996) advances a similar argument. Writing about the emphasis on profits by public ownership in newspaper firms, she proposes that the level of control exercised by an external owner is a function of the specifics of the owner's targets regarding the newspaper company. "That external control", Matthews (1996: 346) concludes, "is in place for the purpose of improving the odds for a desired outcome, namely profits."

IMPLICATIONS FOR RESEARCH ON NEWSPAPER OWNERSHIP

The special character of media organizations has implications that need to be considered in studies applying an agency perspective on ownership influence in the press (Napoli 1997). Firstly, the production of media content takes place in a complex environment. "Within each hierarchical relationship", writes Napoli (1997: 214), "there is the potential for conflict in terms of political, professional, and economic objectives" (cf. e.g. Shoemaker and Reese 1996). This limits the possibility for direct ownership compliance. Secondly, the conditions for agency monitoring will differ depending on the character of the organization. Thus, monitoring costs are likely to be lower in smaller organizations than in larger ones. Consequently, costs to secure ownership compliance will be higher in newspaper groups than in independent companies (particularly those that are owner-managed).

Thirdly, the level of monitoring can be expected to vary with the issue involved. As mentioned, an issue's relative importance to the owner will be important in this respect. Finally, Eisenhardt's (1989) observation that

the amount of slack enjoyed by agents will depend on the knowledge of the principal and the complexity of the issue will also apply to the newspaper context. Analogous with Calvert *et al.*'s (1989) findings from studying legislative organizations, Napoli (1997: 215) concludes that slack will develop either from a lack of information about the implications of agency actions, or from a lack of understanding of the implications of these actions (cf. Jensen and Meckling 1976).

COMPLEMENTING VIEWPOINTS, WIDENED PERSPECTIVES

This book deals with what is arguably one of the more persistent problems addressed by the normative theories of the press: the issue of ownership control. The preceding sections have argued that the principles of agency theory provide a useful framework for addressing not only the measures taken by newspaper owners as a means to safeguard their interests, but also those taken by newspaper company boards, in their position as shareholder proxies, in relation to the administrative and editorial management.

Indeed, agency theory has been very influential in corporation research in general and in board research in particular (Huse 2007). This does not, however, mean that agency theory has eluded criticism. Tricker concludes that (1994*b*: 56) agency theory

[B]y assuming that governance can be captured as a principal/agent relationship, ignores group interactions, corporate and ethnic cultures and the entire panoply of inter-personal relationships and power. Life at board level needs more to explain it than cause and effect relationships.

This section is devoted to some of the main strands of criticism aimed at agency theory and its position on what determines decision-making in the firm. It also discusses some of the major alternative perspectives on why boards might look and act as they do.

A first point of criticism discussed in the following concerns the power relationship between boards and managers. Proponents of the so-called *managerial hegemony theory* challenge the board's ability to effectively monitor the activities of managers. It thus focuses attention on the factors that may mediate the power relationship between boards and managers—and by extension—the influence of ownership on the operations of the firm. A second influential line of thought, represented by a tradition in board research known as *stewardship theory*, questions whether agents are really as opportunistic and egoistic as agency theory might lead people to believe.

Rather, it is argued that situations may arise in which the interests of the principal and the agents harmonize.

However, another category of scholars has chosen to examine the board role from a wider perspective, stressing the impact of actors external to the intimate agency relationship between board and management. Important contributions are here provided by *resource dependency theory* and *stakeholder theory*. Both traditions acknowledge that the governance process of stock corporations is also affected by actors outside of the boardroom. Finally, the vast theoretical tradition of *institutional theory* focuses attention on the influence of tradition and conventions concerning corporate governance. Institutional theory focuses specifically on the development of the board management relationship over time, an aspect of particular value for longitudinal studies.

In sum, each of the theories provides convincing arguments that agency theory alone does not necessarily provide all the answers regarding the behavior of the actors in the top realms of stock corporations (cf. Eisenhardt 1989). They therefore broaden an understanding of the mechanisms of ownership influence in the media.

ARGUMENTS FOR A MANAGERIAL HEGEMONY

As mentioned in previous sections, agency theory regards the board of director as a critical instrument for bringing the behavior of managers into alignment with the interests of the owners. Boards are expected to first communicate the shareholders' objectives and interests to managers and then monitor them by performing audits and performance evaluations. However, it has been argued that this theoretical role of the board is a poor reflection of reality. In fact, critics have contended, most boards are unable to carry out the intended control function, leaving the managers in control of what happens in the firm. The arguments behind this proposition constitute what has come to be known as the *managerial hegemony theory* of stock corporations.

The fact that power resides with management, it is argued, is a result of the management's superior knowledge of the business, as well as its direct involvement in day-to-day decision-making. Board members, on the other hand, are more remote. They often have other careers, and are therefore expected to carry out their board duty on a part-time basis. This makes them poorly positioned to oversee the day-to-day affairs of the firm (Mace 1971; Herman 1981; Lorsch and MacIver 1989). Using agency theory terminology, managerial hegemony theory thus posits that management, as a result of information asymmetry between board members and managers, is

the *de facto* nexus of power of stock corporations (Frankforter *et al.* 2000). The theory of managerial hegemony is particularly relevant for this study in the sense that it illuminates that the traditional shareholder-manager relationship consists of *two* agency relationships in which owner intents have to pass via the board of directors.

However, the proposed domination of hired managers has been challenged. Drawing on formulations by e.g. March and Simon (1958), Mizruchi (1983: 433), in a defense of the board of directors, claims that:

Board members may have no knowledge whatsoever of the technical aspects of the business and have no experience or contact with the daily affairs of the firm. However, the board is able to set the limits within which management will act.

“If one can define the boundaries within which decisions can be made”, the argument continues, “one can allow subordinates to make decisions and yet still retain control” (Mizruchi 1983: 428). Since the board will always have the privilege of hiring and evaluating the management, it is in a position to set the boundaries for managerial decision-making. In general, Mizruchi posits, the board enjoys the ultimate power to oust the CEO, should he fail to meet the board’s expectations. The argument resembles that of Mace (1971), who claims that under normal circumstances, boards serve merely as “rubber-stamps”. Only when something critical happens will the board become actively involved in the decision-making process of the organization.

In recent years, a number of writers have stressed the need for *contextual* perspectives on the governance of corporations in general, and the link between boards and CEOs in particular (see e.g. McNulty and Pettigrew 1999). Thus, Westphal (1998), in an argument counter to the predictions of agency theory, posits that boards may become *less* powerful when their independence vis-à-vis management is increased. When confronted with less structural independence, the proposition is that CEOs will be likely to increase their use of persuasion and ingratiation tactics with their boards, thus diminishing the intended power of the board.

Maitlis (2004), specifically addressing the board-CEO relationship, proposes four key processes by which a CEO may be able to influence board decisions and obtain support for his or her proposals. Failure to succeed in these processes may conversely have a negative effect on the CEO position in relation to the board of directors. Firstly, Maitlis suggests that the CEO can exploit crucial relationships (or alliances) with key directors and organizational stakeholders such as the board chairman and major share-

holders (cf. McNulty and Pettigrew 1999). Secondly, by managing the impressions of the company's state of affairs, the CEO may be able to create an image of competence and legitimacy. Examples of such strategies include self-promotion, the disclosure of obstacles to successful performance, and the offering of legitimization accounts (Maitlis 2004: 1296).

A third process by which the CEO may influence board decisions is by managing key information, in the sense of gathering relevant data and distributing it to other parties at the right time. The final process concerns the protection of the formal authority associated with the CEO position, thus limiting the opportunity of other individuals or stakeholders to acquire more authority over decision-making. "Each of these four processes", Maitlis (2004: 1305) concludes, "is both a uniquely important influence mechanism, and part of a broader configuration of interrelated and contextually embedded influence behaviours that together shape the CEO-board relationship and the organization's governance process." Indeed, the need to account for context and processes in analyses of what boards do is a recurring proposal in this book.

AGENTS OR STEWARDS?

An underlying assumption of agency theory is that individualistic utility motivations result in interest divergence between the principal (owner) and the agent (manager). However, does it apply to all agents? A compelling argument against the self-interested, *homo oeconomicus* character of agents is manifested in the perspective called *stewardship theory*. Stewardship theory, write Davis *et al.* (1997: 21), "defines situations in which managers are not motivated by individual goals, but rather are stewards whose motives are aligned with the objectives of their principals." Introductions to the theory, which has its roots in the human relations school of management theory, are provided in articles by Donaldson and Davis (1989, 1991), Donaldson (1990), and Davis *et al.* (1997). The following presentation of the theory builds primarily on the latter of these texts.⁸

In stewardship theory, the (self-serving) agent of agency theory is replaced by a steward "whose behavior is ordered so that pro-organizational, collectivistic behaviors have higher utility than individualistic, self-serving behaviors" (Davis *et al.* 1997: 24). A steward, the theory posits, will thus seek to maximize the utility functions of the principal through organizational performance, simply because doing so also maximizes the steward's own utility functions. Davis *et al.* (1997) offer both psychological and situational reasons as to why the relationship between owners and managers (or boards and managers) fits more into the descriptions of stewardship theory than those of agency theory, and vice versa. To this extent,

the authors argue that the theory is not in opposition to agency theory, but rather a theoretical *complement*. This might explain why organizational actors differ in their behavior.

To the psychological factors determining whether an individual will assume the role of agent or steward belong *motivation* (the extent to which the individual is driven by extrinsic rewards in terms of tangible exchangeable commodities, or intrinsic rewards such as growth, achievement, affiliation and self-actualization) and *identification* (the extent to which “managers define themselves in terms of their membership in a particular organization by accepting the organization’s mission, vision, and objectives” [Davis *et al.* 1997: 29]). Individuals who tend to be motivated by intrinsic goals and identify strongly with the organization are more likely to adopt the role of steward than are individuals who are less so.

Additionally, the *use of power* by the principal is yet another means to determine the relationship with the agent/steward. Here, a basic distinction can be made between institutional (or organizational) power, on the one hand, and personal power on the other (Gibson *et al.* 2000). Whereas the former is defined as being vested in the principal by virtue of his or her position in the organization, the latter is regarded as an inherent part of the individual, based, for instance, on respect and prestige. Whereas institutional power is a fundament in the principal-agent relationship, personal power provides the basis of influence in a principal-steward relationship. In the latter case, Davis *et al.* (1997: 31) argue that the type of power used is “a function of the personal characteristics of the individual and the prevailing organizational culture.”

Regarding the situational factors expected to have an effect on whether organizations adopt the agent or steward characteristics, Davis *et al.* (1997) identify two major determinants: 1) the prevailing *management philosophy*, and 2) *the dominating culture* of the organization, with the latter concerning whether the organizational culture is characterized by individualism or collectivism, and by longer or shorter power distances. According to stewardship theory, a control-oriented management philosophy, characterized by low levels of empowerment and trust, is more likely to produce choices of agency relationships. On the other hand, an involvement-oriented philosophy, represented by the opposite characterization, is more likely to produce stewardship relationships (Davis *et al.* 1997: 34). Moreover, organizations characterized by an individualistic culture are more conducive to the principal agency relationship than are organizations characterized by a more collectivistic culture. Regarding the latter category, Davis *et al.* (1997: 35) specify that

the self is defined as a part of the group. One's group membership (...) is an important statement of identity and achievement (...). Success is defined in terms of the success of the group. Collectivists have a very positive attitude toward harmony in groups, avoiding conflict and confrontation. Individualists see confrontation as an opportunity to "work things out" and to communicate more directly.

The second dimension of organizational culture expected to have an impact on this issue concerns the *distance of power* between the principal and the agent/steward. With Hofstede (1991: 28), power distance is defined as "the extent to which less powerful members of institutions and organizations (...) expect and accept that power is distributed unequally." High power distance cultures, write Davis *et al.* (1997: 36), which thus support and legitimize power inequalities, are particularly conducive to the development of the formal hierarchical structures and control mechanisms of the agency relationship. Low power distance cultures place greater value on the equality of the principal and the manager. This increases the inclination to develop a stewardship relationship.

ACCOUNTING FOR EXTERNAL ACTORS

Although leading to different conclusions, the agency, managerial hegemony, and stakeholder theories all apply an inside perspective on the role of governing boards, in which the governance of stock corporations is determined in the relationship between internal actors. Nevertheless, the literature on governing boards includes convincing arguments that the role played by boards of directors is also affected by external factors. One such argument is presented by *resource dependency theory*. The main notion in this theoretical tradition is that the firm is viewed as an open system (Selznick 1949; Pfeffer 1972; Pfeffer and Salancik 1978). Consequently, it depends on external organizations and environmental contingencies for its survival. The ideas of resource dependency theory have direct implications for the board of directors, inasmuch as it predicts the occurrence of *interlocking directorates*. An interlocking directorate is "the social relation that is created between two corporations when one person is a member of the governing boards of both organizations" (Hung 1998: 104).

Inspired by the works of Bourdieu (1986), Hillman and Dalziel (2003: 383) introduce the term *board capital* as a concept for what board members (might) bring to the organization. Board capital "consists of both human capital (experience, expertise, reputation) and relational capital (network ties to other firms and external contingencies)." Board interlocks reduce

the external dependencies of firms by providing links to important actors in the external environment through networking and legitimacy. Thus, they increase the board capital of the firm.

The existence of interlocking directorates has also been discussed from a more critical class perspective. According to the intra-class or class solidarity approach (see Hung 1998; cf. Arrese 2005), the capitalist class has a unified interest. This interest is consolidated by means of interpersonal relationships, of which interlocking directorates is one of the major examples. Sitting on each other's boards provide members of the capitalist class with opportunities to liaise and coordinate their influence, with the aim of preserving their unified interest.

In recent years, resource dependency theory has been complemented with contributions from social networks theory (Huse 2007). In this theory, which has its roots in sociology, the economic actions of firms are seen as embedded in the networks of accumulated stable and preferential social relations (Granovetter 1985). Consequently, managers will have a preference for transacting with trusted and predictable parties (Gulati and Gargiulo 1999). Concerning boards, Lynall *et al.* (2003: 419) conclude that board composition will therefore "reflect the social networks of the principal stakeholders", in other words, the controlling shareholders and/or CEO.

Despite sharing the view of resource dependency theorists that the board role may be influenced by actors external to the intimate corporate hierarchy, proponents of *stakeholder theory* have adopted an even more pluralistic view of organizations. Stakeholder theory posits that the firm is responsible to many groups in society, other than owners, managers, and employees. Such *stakeholders* include "any group or individual who can affect, or is affected by the achievement of a corporation's purpose" (Freeman 1984: vi). The stakeholders of boards of directors generally comprise customers, suppliers, government, the local community, and all other groups "who can help or hurt the corporation" (Hung 1998: 106). According to stakeholder theorists, the objectives of a firm should only be achieved by balancing the often conflicting interests of these groups. Being clearly normative in nature, stakeholder theory advocates that managers fashion business policy so that moral considerations trump profit considerations when the two conflict (Quinn and Jones 1995). Stakeholder theory has therefore been seen as principal agency, with multiple principals (Huse 2007: 53). Supporters of the theory such as Wang and Dewhirst (1992) argue that stakeholder theory, better than other theories, helps people understand how board members think about the interests of company constituencies and consequently how organizations are actually governed.

AN INSTITUTIONAL VIEW OF GOVERNING BOARDS

A final perspective on the role of boards of directors relevant to this study is provided by *institutional theory*. It addresses the issue of how and why organizational structures and processes are taken for granted and the consequences of this process of 'institutionalization' (Meyer and Rowan 1977). According to this perspective, firms consist of cognitive, normative, and regulative structures and activities that give meaning to social behavior (Hung 1998). Although there are several different schools of thought within this perspective (see Scott 2008), much of the institutional literature revolves around the inclination of organizations to conform to the accepted norms of their population. As a result of this *institutional isomorphism*, organizational practices tend to be adopted for the sake of legitimacy rather than improved performance (DiMaggio and Powell 1983). Over time, many organizational actions will, by implication, reflect the enduring rules institutionalized and legitimized by their social environment (Meyer and Rowan 1977; Scott 2008). The fact that firms use structures and processes solely on the basis of external legitimacy is sensible, institutional theorists argue (see e.g. Eisenhardt 1988), because it *implies* that management is acting responsibly, pleases external stakeholders, and avoids claims of negligence if anything goes wrong.

In sum, the institutional perspective places great emphasis on external norms and the weight of history as explanations of organizational activity. Concerning the role of the board of directors, the influence of external norms is expected to have an impact in a number of ways, including board composition (Lynall *et al.* 2003) and CEO selection (Zajac and Westphal 1996). Thus, both boards of directors and management teams tend to be similar to those of comparable firms. Applying an institutional view of the stock corporation, Lynall *et al.* (2003: 416) contend that "boards carry with them vestiges of their history and traditions, and as a result, board composition is relatively persistent, despite the changing needs of boards as firms move through the life cycle from adolescence to maturity." Thus, initially selected board composition, board member characteristics, and board structure and processes tend to become 'locked in' to the organization's *modus operandi*.

A COMPREHENSIVE MODEL FOR ANALYZING BOARDS

The various theoretical perspectives have different implications for the board of directors' role. In the present context, in which the board is regarded as a proxy for ownership in newspaper firms, the different theories provide different answers to two critical questions regarding board

analyses: Who are elected to the board (and why), and what tasks are they expected to perform?

BOARD MEMBERS AND WHAT THEY DO: A BASIC CATEGORIZATION

Regarding the specific composition of boards of directors, an often-used distinction in board literature is made between internal (or inside) and external (or outside) board members. The actual definitions of the terms vary, however. In some texts, an internal board member is an individual who is also employed by the firm (see e.g. Davis 1991). With this definition, an external member is simply a member who is employed elsewhere (and is not dependent on the firm for his or her subsistence). Other writers use a broader definition of the internal member, placing in this category all individuals with any kind of stake in the company. Board members with friendship, relationship, or business ties to the company are thus not regarded as external to the firm. With this broader characterization, shareholders, previous managers, and family members of managers are included in the 'insider' category. This narrows the definition of the external member, in terms of his/her independence from the company and the managerial staff (cf. Huse 2007). When used in this book, the distinction between internal and external board members refers to this latter classification.

Concerning what boards are expected to do (and ultimately end up doing), this book uses Huse's (2007: 33) distinction between board roles and board tasks.⁹ The board *role* is a broader concept, and relates to both board-level outcomes and the board's composition and working style. However, board *task* refers only to board-level outcomes. With this definition, board tasks "are about task involvement, *not* about the results of task involvement" (Huse 2007: 33). The difference is important. As noted by Forbes and Milliken (1999: 3), "because boards are not involved in strategy implementation, the 'output' that boards produce is cognitive in nature". In this book, the board task concept is used in relation to both task expectations and actual board performance.

DIFFERENT THEORIES, COMPLEMENTARY ANSWERS

As shown in previous sections, the most critical board task pointed out by *agency theory* is that of control. Boards are expected to ratify and control important managerial decisions and allocate resources (Hillman and Dalziel 2003; Huse 2007). The notion of the board as the primary monitor of management behavior relates directly to the question concerning whom the shareholders elect as board members to represent their interests in the boardroom. Given the assumed risk of self-serving agents, agency theory promotes boards dominated by external members, financially and socially

independent from the firm's management. This is the only way to ensure a clear separation between decision management and decision control (Fama and Jensen 1983a). Another way for shareholders to try to ensure that the control duty is carried out efficiently is to elect themselves as members of the board (cf. Huse 2007).

Not surprisingly, *stewardship theory* (Donaldson 1990; Davis *et al.* 1997) takes another view of the issue of board composition than the one prescribed by agency theory. Since it acknowledges situations in which managers may, in fact, be trustworthy and oriented towards the good of the organization, it posits that boards should be dominated by internal executives, who understand the business better than outside members. The principal will benefit most from an extended autonomy of the steward, simply because he or she can be trusted (Davis *et al.* 1997). From this perspective, and contrary to the predictions of agency theory, it is recommended that CEOs be given a prominent role on boards, with the purpose of "providing greater unity of direction and strong command and control" (Huse 2007: 55). According to stewardship theory, expected tasks of the board would include supporting and mentoring the hired management (Huse 2007), and reviewing the *strategies* and policies suggested by management (Hung 1998). Whereas agency theory may be accredited with a 'conformance role', revolving primarily around monitoring the corporation's *past* performance, it has been proposed that stewardship theory, in its emphasis on the board's participation in the formulation of strategy and policy, predicts a more *future-oriented* board role (see Tricker 1994a; Hilmer 1994).

Yet another perspective regarding board composition and board tasks is offered by *resource dependency theory* (Selznick 1949; Pfeffer 1972; Pfeffer and Salancik 1978). Here, the board of directors is regarded as a critical link between the firm and the external environment. Resource dependency theory hence contends that board recruitment can be used as a strategy to gain access to critical resources and information. Pfeffer and Salancik (1978) note that "when an organization appoints an individual to a board, it expects the individual will come to support the organization, will concern himself with its problems, will variably present it to others, and will try to aid it" (1978: 163). They posit that four primary benefits can be provided by boards: 1) advice and counsel; 2) legitimacy; 3) channels for communicating information between external organizations and the company; and 4) preferential access to commitments or support from important actors outside the company. Like agency theory, resource dependency theory prescribes the election of external members. However, the aim is not to control, but rather to *link* the firm with the surrounding environment (Hung 1998).

In contrast to agency theory, which in board literature focuses primarily on the specific relationship between owners and managers, *stakeholder theory* emphasizes a broader set of principals (Freeman 2010). Adopting a pluralistic view of organizations, it stresses the need to balance and manage the often conflicting stakeholder interests. This is accomplished by negotiations and compromise (Huse 2007). From this perspective, the main task of the board is to define who the most important stakeholders are (Huse 2007: 53), and then to *coordinate* the interests of these groups (Hung 1998). An approach by shareholders to acknowledge the influence of key stakeholders is to appoint representatives of these groups to the board of directors.

The key argument of *managerial hegemony theory* is that corporations, contrary to the expectations of agency theory, are in fact controlled by management. Thanks to superior knowledge and information, managers can dominate and preempt all important strategic decisions. The board is thus nothing more than a “rubber stamp” (Mace 1971). In this situation, the task of the board is limited to serving as a managerial tool to *support* management decisions (Hung 1998). Thus, by ceremonially approving a business proposal in the boardroom, top managers may use the board to legitimize decisions to other stakeholders in the organization. However, the managerial hegemony theory also acknowledges the board’s ultimate privilege to remove the CEO (Mizruchi 1983) and to step into the decision-making process in times of crisis (Mace 1971).

In the sixth and final theory presented in this chapter, *institutional theory*, organizations are believed to be constrained by social rules and to follow taken-for-granted conventions that shape their form and practice. Firms are embedded in a larger social system, and their existence needs to be legitimized by conforming to social rules. Against this background, boards are accredited with a crucial *maintenance* task as a means for organizations to respond to institutional pressures (Hung 1998). As a result of the inherent isomorphic nature of organizations (DiMaggio and Powell 1983), boards thus have a propensity to resemble other boards in organizations that operate under similar conditions (Huse 2007). Finally, given the fact that boards are often subject to path dependency, institutional theorists argue that board composition is likely to persist over time. Hence, Lynall *et al.* (2003: 427) state that “although boards may have been composed to meet environmental needs at the time of founding, as organizations move through the life cycle, board composition may not reflect the needs of the current situation.”

A BOARD ROLE TYPOLOGY

The preceding presentation has shown that several theories exist concerning why boards and other actors in the top realms of stock corporations act as they do. Besides agency theory, which provides the overriding theoretical framework for this study, the chapter has discussed five mainstream basic schools of thought concerning the roles of boards. These are stewardship theory, resource dependence theory, stakeholder theory, managerial hegemony theory, and institutional theory, which all have a different take on the governance of stock corporations. The control task proposed by agency theory has thus been accompanied by strategic, linking, coordinating, support, and maintenance tasks.

In order to acknowledge this wide array of board tasks, it is recommended to try to find a way to systematize them according to their underlying premises. Following Hung (1998), one can distinguish between 1) the notion of extrinsic versus intrinsic influences; and 2) the impact of external versus internal environments.¹⁰

The primary parameter identified by Hung (1998) for grouping the board task theories¹¹ concerns the fundamental discussion of whether organizational structures and processes occur as a result of the strategic actions of individuals or as a result of socialization and institutionalization (cf. Judge and Zeithaml 1992; Gupta *et al.* 1994). The former view is expressed in the strategic choice perspective, or *extrinsic influence perspective*. It focuses on the actions organizational members take to adapt to the environment as an explanation for organizational outcomes. To this extent, it is less deterministic than the institutional perspective, or *intrinsic influence perspective*, which instead emphasizes the impact of environmental norms and social influence beyond the control of the organization (Hung 1998).

Applied to the issue at hand, the two perspectives use almost opposite approaches to understanding the factors that lead to why boards look and act as they do (cf. Gupta *et al.* 1994). According to the extrinsic influence perspective, board activity is shaped by contingent factors such as the task environment and the technical nature of the work they perform (Mintzberg 1983). This is a view espoused by agency theory, stewardship theory, resource dependency theory, and stakeholder theory. In all of these traditions, organizations are believed to have an array of purposeful actions at their disposal, and the members of these organizations have much discretion in working in their own way (Hung 1998). Theories sorting under the intrinsic influence perspective instead propose that the role of the board is generally formed by the firm's need to conform to institutional expectations of traditional practices and customs. Adhering to this more system-oriented view are institutional theory and managerial hegemony theory.

Regardless of whether theory resorts to extrinsic or intrinsic explanations for organizational outcomes and actions, a basic distinction can also be made based on whether the main determinant of the functioning of boards is found in the firm's external or internal environment. Regarding the theories within the extrinsic influence perspective, the latter view is represented by agency theory and stewardship theory. Although their opposing views of the 'reliability' of man lead to completely different expectations concerning board tasks, both theories focus on the internal actors of the organizations. The external environment of the firm gives little explanation as to why organizational actors end up behaving as they do.

Supporters of resource dependency theory and stakeholder theory provide an opposing view. Here, the dependency on external contingencies determines the roles and functions of the boards of directors. Both theories therefore consider the board an important bridge to important actors and groups outside of the firm. Whereas resource dependency theory proposes that the primary board's task is to provide a link to the surrounding environment from a strategic (business) perspective, stakeholder theory takes a more normative stance; it suggests that the board considers the interests of a wider selection of stakeholders. In both cases, the firm is closely interconnected with the surrounding environment, and the behavior of boards should be understood accordingly.

The same basic distinction between external and internal forces applies to the theories included in the intrinsic influence perspective. A main argument of institutional theory is that frameworks external to organizations provide models of organizational arrangement to which organizational participants are subjected (Tolbert and Zucker 1983). In this situation, a board of directors can only act to maintain the relationship between the organization and the environment. The other theory with an intrinsic influence perspective on the board chooses instead to focus on an institutional force within the organization: the professional (hegemonic) manager (Hung 1998). Regarding top and senior managers as the actual designers of modern corporate governance, managerial hegemony theory leaves boards with no other tasks than supporting and legitimizing the decisions made by the management.

Table 5.1 depicts a visualization of the different board duties based on the two-part typology just presented. Acknowledging the fact that boards may be assigned multiple tasks, it shows that each theory can only explain the significance of a particular task (Hung 1998). The typology therefore provides a useful tool for studies taking a 'holistic' view of the board of directors' role (cf. Doty and Glick 1994). Consequently, it also serves as a

point of departure for the formulation of specific empirical indicators in board research, an area to which the following concluding section of the chapter is devoted.

Table 5.1 *A Theoretical Typology of Board Tasks (developed from Hung 1998)*

	Extrinsic Influence Perspective (Strategic Choice Perspective)	Intrinsic Influence Perspective (Institutional Perspective)
<i>Internally induced</i>	Control Task (Agency Theory)	Support Task (Managerial Hegemony)
	Strategic Task (Stewardship Theory)	
<i>Externally induced</i>	Linking Task (Resource Dependency Theory)	Maintenance Task (Institutional Theory)
	Coordinating Task (Stakeholder Theory)	

OPERATIONALIZATION OF THE THEORETICAL FRAMEWORK

Despite the vastness of board research in recent decades (for reviews, see e.g. Zahra and Pearce 1989; Johnson *et al.* 1996; Forbes and Milliken 1999; Petrovic 2008), no single theory or model has been able to sufficiently explain the role of boards of directors (Tricker 1994*b*; Lynall *et al.* 2003; Huse 2007). “The discussion of the roles of governing boards resembles the well-known story of the blind men and the elephant”, concludes Hung (1998: 108): “Each theory seems to focus on only one small part and no one is able to perceive the whole picture of corporate governance”. Hung therefore stresses the limitations of using a single theory to explain the functions of all boards. Rather, different theories should be chosen depending on the context (Eisenhardt 1989; Huse 2007). Observers have noted that the need for a multi-theoretical framework tends to become particularly pronounced in board studies with a longitudinal approach (Lynall *et al.* 2003). Thus, the various theories presented in this chapter are expected to fill in missing pieces of the puzzle concerning the issue of ownership control in newspaper firms.

As indicated, agency theory addresses the problem of agency that may occur in the internal hierarchical relationship between actors in corporations. The theory identifies two main strategies for principals to address the agency problem: to constrain the activities of the agent by means of monitoring, and to try to align the interests of the agent with those of them-

selves. However, both strategies are costly ventures for the principal. It is therefore reasonable to expect that principal efforts to ensure goal achievement, in terms of agency costs, will vary with the *strength* of his or her interests in the goals pursued. Applied to this context, newspaper companies owned by shareholders with a strong interest in ensuring their objectives are fulfilled are likely to display more evidence of attempts to monitor and/or align agents than newspapers with shareholders with a lower need for goal fulfillment (cf. Matthews 1996). According to agency theory principles, a strong desire for ownership goal achievement is associated with, for instance, a high level of centralized decision-making, more *ex ante* approval of agency decision (on behalf of the principal), and more formalized control mechanisms in terms of budgets, work descriptions, evaluations of agency performance, specific ownership targets, and policy documents (Eisenhardt 1989). Furthermore, the recruitment of key position agents (board members, managers, editors, etc.) in such cases is likely to be dominated by attempts to hire individuals with interests and values that are aligned with those of the shareholders.

As this chapter has shown, stewardship theory offers a complementary view of the agency relationship, one in which the steward is regarded as trustworthy and whose actions are therefore less prone to depart from the interests of the principal. The board agenda of newspaper companies dominated by stewardship ideals will be less devoted to control and more to supporting the management, particularly in the formulation of company strategy. Boards that are dominated (in terms of both composition and influence) by managers rather than external members can also be understood from a stewardship perspective.

Both agency theory and stewardship theory use firm-internal factors as the determinants of the power distribution of firms. A third theory ascribing the nature of the agency relationship with primarily firm-internal explanations is managerial hegemony theory. Like stewardship theory, it predicts the dominance of agents, however, not as an intentional result of principal trust, but rather as a consequence of institutional factors fostering managerial control. Consequently, managerial hegemony will be more prominent if CEOs are able to influence board composition (see Westphal 1999), if directors are provided with limited information (Maitlis 2004), and if they possess a relative lack of required knowledge to make effective decisions (cf. Hung 1998). Thus, the theory predicts that boards that either receive little relevant information concerning the activities of the firm or consists of individuals who lack either the time or knowledge to monitor the management in an efficient manner will give the management more freedom to maneuver.

Additionally, the theory predicts that managerial hegemony is positively associated with both ownership dispersal and management tenure. Operationally, the level of managerial hegemony can be addressed by the study of issues such as board meeting frequency, the complexity of the issues handled, the amount of information provided by management prior to the decision, and the competencies of the individual board members. In this case, a crucial operational indicator is the occurrence of board decisions opposing the propositions put forward by management (cf. Deutsch 2005). A final implication of managerial hegemony theory is that as firms evolve into more complex organizations, the opportunity for managerial domination is likely to increase, should the shareholders abstain from keeping the board up to date on the required competencies.

Another relevant prediction regarding the long-term evolution of the board role is provided by institutional theory. The basic argument behind institutionalization is that much organizational action reflects a pattern of doing things that evolves over time and becomes legitimized within an organization and an environment (Pfeffer 1982). As a result of this tendency towards path dependency, organizational practices can be predicted and explained by examining industry traditions and firm history (DiMaggio and Powell 1983; Eisenhardt 1988). According to Lynall *et al.* (2003: 417), considerations of this particular institutional feature in empirical analyses “can produce insights with respect to the enduring effects of early-stage board formation decisions and may explain how board characteristics selected early in the life of a board can become entrenched and potentially dysfunctional.” Boards are hence expected to be stable entities over time, in terms of both composition and issues handled.

Writing on board involvement in the strategic decision-making process of corporations, Judge and Zeithaml (1992: 772) suggest that since “older organizations were formed at a time when external pressures to involve boards in strategy were weaker than they are now, these organizations may demonstrate more resistance to increasing board involvement.” The proposition relates directly to the actors of Western newspaper industries, which, as mentioned, consist largely of comparatively mature companies. Another prediction of relevance for this study offered by institutional theory is that due to normative frameworks and rules, the boards of similar businesses will resemble each other (DiMaggio and Powell 1983).

Furthermore, the two remaining traditions in theoretical framework highlight the impact of environmental forces on the role formation of boards of directors. As mentioned, resource dependency theory predicts that a company’s reliance on its surrounding environment will be reflected in the composition and tasks of the board of directors. From this perspec-

tive, the election of representatives of actors external to the newspaper firms can be translated as a sign of dependence of the newspaper in question on important stakeholders in the surrounding society. Given the long history of close ties between the Swedish press and the political sphere, the presence of politicians on newspaper boards is thus a typical expression of the predictions provided by resource dependency theory. Other important actors in the press may include representatives of major advertisers, creditors, and important audience segments. Resource dependency theory predicts that as the environment of firms grows increasingly complex, the need for links to external actors via board representation will also increase. To this extent, the theory posits that boards will reflect the (changing) environment of the firm.

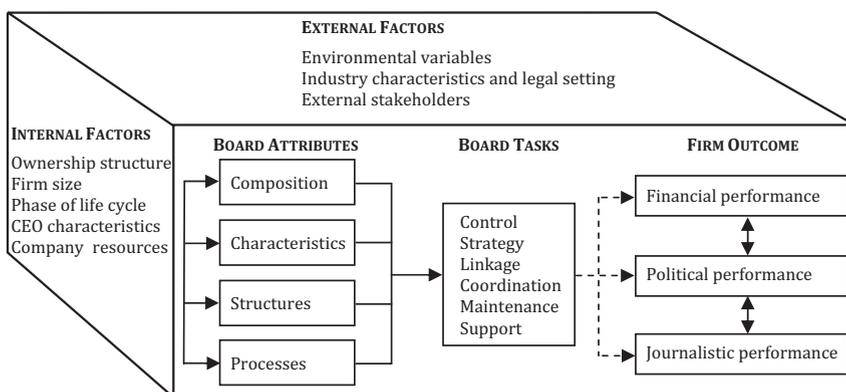
The importance of external board members, but from a more normative perspective, is also underlined by stakeholder theory, the final piece of the theoretical framework. The inclusion of a wider set of stakeholders on the board of directors is here regarded as a sign of shareholders taking a wider responsibility regarding the social responsibility of firms. Writers who are critical of the increasingly financial orientation of modern newspaper companies (see e.g. Cranberg *et al.* 2001; Arrese 2005) have requested a greater presence of journalistic competencies on newspaper boards. This argument is in line with the propositions of stakeholder theory. For present purposes, a stakeholder perspective in board studies is fruitful not only regarding board composition, but also concerning the actual board agenda. The extent to which the interests of other stakeholders than shareholders have an impact on the decisions made in the boardroom has been a topic of recurrent concern in this book.

A MODEL OF ANALYSIS

The aim of this chapter has been to present a coherent and comprehensive framework for studying the role of boards of directors of newspaper companies. The chapter has shown that different theories present different answers as to why boards might look and act as they do. A total of six basic board tasks have been identified, each corresponding to a dominant theory addressing the role of boards of directors. The tasks are those of control (agency theory), strategy (stewardship theory), linkage (resource dependency theory), coordination (stakeholder theory), support (managerial hegemony), and maintenance (institutional theory).

The purpose of the preceding couple of pages has been to identify the critical factors by which the various tasks (and the reasons for task formation) may be empirically addressed. The results of this effort have been brought together in an integrative model presented in Figure 5.1. The

Figure 5.1 *An Integrative Model for Analyzing the Role of Boards of Directors in Newspaper Companies (developed from Zahra and Pearce 1989: 305)*



model, which is inspired by Zahra and Pearce (1989), constitutes the analytic framework for the study.

A basic conclusion that can be drawn from this chapter is that the role played by boards of directors depends on a number of factors, internal and external to the firm. According to Pettigrew (1992), one may therefore regard a board of directors as an open system. From this perspective, the board is inextricably linked to the environment in which the corporation is created and set to operate. On an overarching level, the *external environment* of the firm consists of the country’s political, legal, cultural and social systems. This is the first feature of the model. As Chapter 3 emphasizes, stock corporations are legally created entities with specific rights and responsibilities, which differ depending on the nation in which they were established.

However, one must also be aware of the specific nature of the industry in which a firm operates. Important industry-specific factors that are likely to impact the board role are the competitive environment, technological opportunity, and dynamism of the industry in question (Huse 2007). The main traits of the particular industry at hand, the Swedish newspaper press, were outlined in Chapter 2. The model also acknowledges the potential impact of specific actors—individuals or organizations—in the external environment of the firm. External stakeholder groups will differ in their expectations of the board’s tasks and the firm’s objectives (Huse 2007). Therefore, the relative influence of these groups can also be expected to affect the board role.

Notwithstanding the impact of the external environment, the board's role is ultimately determined by the *internal conditions* of the firm. In this respect, ownership appears to be paramount. The composition of the shareholder collectivity, in terms of ownership dispersal and ownership types, and the relationship between shareholders in multi-owner corporations is predicted to have far-reaching implications for the board's role. Other firm-internal factors identified by theory as having an impact on the board role are CEO (and editor) characteristics (i.e. personal ownership in the corporation, professional background, length of tenure, and knowledge); the size and life cycle of the firm, and its (financial) resources and current and past performance. Various theoretical traditions also point to the impact of more intangible factors such as the history, traditions, and organizational culture of the firm in question. Although separated for graphical reasons in the model, the contextual factors are closely interrelated. Indeed, some of the internal factors affect not only the context in which the board is set to operate, but might also be the result of (prior) board activities. The complexity of the model underlines the need for a longitudinal approach in board role studies.

The contextual factors shape the general *attributes* of the board of directors. The most important board attribute relates to board composition, in other words, the number and configuration of members on the board (Huse 2007: 82). The composition of the board may be regarded as a clear indication of what task(s) the shareholders expect the board to perform and ultimately end up performing (Zahra and Pearce 1989). In this respect, the concrete structures and processes of the board are of particular importance (Forbes and Milliken 1999; Leblanc and Schwartz 2007; Hambrick *et al.* 2008; Petrovic 2008). Regarding board structures, the model expects the board's role to depend on factors such as meeting frequency and regularity (and attendance), board member remuneration, and board meeting preparation. The process term refers in turn to how board members "relate to one another as a group, how the board interacts with management, and how decisions actually get made both inside and outside of the board room" (Leblanc and Schwartz 2007: 846).

The actual *tasks* the board ends up performing are a result of all the aforementioned factors. The model acknowledges that a board may perform many different tasks (perhaps with varying success), and that the importance of individual tasks can be expected to vary over time (cf. Judge and Zeithaml 1992; Lynall *et al.* 2003).

The final link in the model concerns how the board, by means of the various tasks, influences the performance of the newspaper company (cf. McQuail 1992). The model proffers an elaboration of three such perfor-

mances, corresponding to the basic objectives of newspaper ownership, in other words, the financial, political, and publicist objectives (see Chapter 1). The study does not, however, explicitly examine this last step.

The model has implications for the overriding problem addressed in this book, the issue of ownership control in newspaper companies. If one regards the board of directors as representatives of the shareholders' interests in the firm's operations, a role which, at least in the legal sense, is the board of directors' primary duty, the model highlights the intricacy of the affecting forces. It also emphasizes the necessity of contextual approaches in studies of ownership influence in the media.

Methodology

The main quest of this book is to analyze the role played by boards of directors in the governing of newspaper companies. In doing so, the aim is to contribute to the knowledge on how ownership matters, and has mattered in the press. This chapter presents the methodology and material used in the analysis. The empirical findings come from a longitudinal comparative case study involving three Swedish mid-sized newspapers. The analyzed period stretches over half a century, with 1955 as its starting point. The book relies primarily on two types of sources: minutes and other internal documents from board meetings and general meetings of shareholders, and interviews with board members from the period addressed. In the following, the two studies are referred to as ‘the document study’ and ‘the interview study’.

DESIGN

This book rests on a number of assumptions regarding the influence of owners in newspaper companies. First of all, it acknowledges the fundamental legal premise of all stock corporations that the power is to be divided among the shareholders, the board of directors, and the executive management. As such, the power distribution will depend on the configuration of both the shareholder collectivity and those of the board and the management team. Secondly, it is assumed that the power structures are both enabled and limited by outer as well and inner factors. Important changes in the internal and external environment of the stock corporation are thus expected to affect the governance structures in the company. Thirdly, the board of directors is regarded not only as an actor in its own right, but also as an arena of different—potentially conflicting—interests. Thus, the role played by the board is shaped in the interaction between individuals in and around the company boardroom.

A LONGITUDINAL CASE STUDY

The assumptions have implications for the design of the study. Firstly, they imply that the relative influence of all three top-level hierarchical levels of the stock corporations have to be addressed; the influence of the board cannot be examined without also directing attention to the shareholders and managers. Secondly, they call for an analysis of both organizational and individual aspects. Significant changes in the external and internal environment are expected to result in changing conditions in which for the boards to operate. Thirdly, the study has to address the interpersonal relationship between the individuals involved. In this context, it is a crucial precondition that the methodology is designed to account for the underlying dimensions of interpersonal interactions, and not only register what is shown or said on the surface. This latter requirement, to get behind the immediately observable, is particularly crucial, given the power aspect of this study (Layder 1993; Leblanc and Schwartz 2007). The importance of accounting for the control and influence that operate 'behind the scenes' of the manifest interactions of day-to-day activities has been underlined by several commentators (McQuail 2003; Coudry and Curran 2003; Roppen 1998; cf. Picard and van Weezel 2008).

The aforementioned considerations have resulted in a design consisting of a comparative case study focusing on a limited number of cases over an extended period of time. The case study, writes Eisenhardt (2002: 8), is a research strategy "which focuses on understanding the dynamics present within single settings." In other words, it may be defined as an intense (or thick) holistic account of an individual unit or phenomenon (Merriam 1988; see also Guba and Lincoln 1981). As a result, Yin (2009) concludes that the case study has the advantage of providing unique knowledge, particularly concerning questions of "how" and "why", of organizational phenomena.

A COMBINATION OF METHODS AND MATERIALS

With the general framework of the comparative longitudinal case study established, the subsequent question concerns how one creates an accurate empirical image of the role of newspaper boards. Regarding this rather fundamental problem, this study relies on a combination of different methods and sources. First and foremost, it builds on a systematic analysis of minutes from board meetings and other types of internal board materials from three Swedish newspapers. The study has also included analyses of minutes from shareholders meetings and, albeit to a lesser degree, from the owner organizations of the newspapers concerned.

In recent years, board literature has increasingly stressed the need for researchers to gain access to the actual processes of boards of directors

(see e.g. Leblanc and Schwartz 2007; Huse 2007). In this respect, the debate concerning the limitations of board research resembles the one regarding the study of ownership influence in the press (see Chapter 4). The opportunity to examine the actual decisions made—and not made—by newspaper owners, newspaper boards, and newspaper managers has made it possible to directly address the questions concerning ownership influence raised in previous chapters of this book. In addition, minutes from shareholders and board meetings are the only way to systematically address the influence of owners over an extended period of time (such as the 50 years addressed in this book).

However, the use of meeting minutes to address the influence and actions of boards is not entirely unproblematic. Regardless of the amount of information rendered in this kind of document, the researcher studying them is always at the mercy of the intent, effort, judgments, and agenda of the minute keeper. To some extent, one could argue that board minutes offer an 'official' account of what was said and done during the meeting in question. For researchers seeking a deeper understanding of the dynamics and rationale that shape the role of newspaper boards, a total reliance on board minutes does not suffice (cf. Burgess 1982). For this reason, the study has been designed with the strategy of *triangulation* in mind (see e.g. Webb *et al.* 1972; Jick 1979). As Jick (1979: 602) points out, in the same way that multiple viewpoints allow for greater accuracy in navigation (the field from which the triangulation term has its origin), "organizational researchers can improve the accuracy of their judgments by collecting different kinds of data bearing on the same phenomenon." Hence, the document study has been accompanied by interviews with people *present* during the board meetings concerned.¹

Generally, the interview study has revolved around two categories of questions: those concerning behaviors, experiences, actions, and activities observable only to the individuals present when they occurred, and those concerning opinions, judgments, and values revealing something about the motives, intents, and ideals of the people interviewed (cf. Patton 2002: 341ff). Thus, the purpose of the interviews has been not only to complement and validate the findings from the document study, but also to deepen the understanding of what newspaper boards do, how they do it, and why.

In addition to the board meeting documents and interviews, a number of other types of material have been collected and incorporated into the study. To these belong annual accounts and annual reports, articles from newspapers and magazines, and, of course, previous studies of the newspapers at hand. The various materials used in the book are presented more thoroughly in later sections of the chapter.

THE OBJECTS OF STUDY

The study presented in this book involves three market-leading mid-sized Swedish newspapers. The selection builds on the concept of most similar cases. The three newspapers share a number of structural characteristics (in terms of age, size, political profile, and market conditions) that make them suitable for comparison. Most important in this respect is the fact that they have all undergone a change from private ownership, in the sense of being owned by individuals (cf. Picard and van Weezel 2008), to being controlled directly or indirectly by not-for-profit foundations. Apart from the rather distinct form of ownership, however, the newspapers are also cases of a more universal phenomenon in the Western media, namely the transformation from independents to being part of expanding newspaper groups.

THREE CASES

The three newspapers analyzed in this book are *Barometern* (published in the city of Kalmar), *Borås Tidning*, 'BT', (Borås), and *Sundsvalls Tidning*, 'ST', (Sundsvall). As of 2011, they occupied the number seven (*BT*), number eight (*Barometern*), and number twenty (*ST*) positions on the list of the largest Swedish provincial papers.²

The three papers have a long history. All were founded approximately 150 years ago as part of the rise of a private, bourgeoisie provincial press in Sweden (Ohlsson 2009).

Like most of their 19th-century contemporaries, the newspapers were run with dual purposes: to provide a profit (or at least a living) for their respective owners—and to promote a specific political course and provide an arena for local debate. Thus, *Barometern* and *BT* soon started to promote conservative ideas, whereas *ST* was founded as an openly liberal organ. When a traditional party system was established in Sweden around the turn of the last century, the three newspapers all sided with a specific party—*Barometern* and *BT* with the newly established Conservative Party, and *ST* with the Liberals. At approximately the same time, the three newspaper businesses were also transferred from sole proprietorship to stock corporations. Although unrelated in principle, the simultaneous transformation into party papers, on the one hand, and commercial stock corporations on the other—a development shared with many Swedish newspapers during these years—provides a striking sign of the duality that has come to characterize the Swedish press.

Regarding to the transfer from private to foundation ownership, the difference in time-span was considerably bigger, however. The foundations

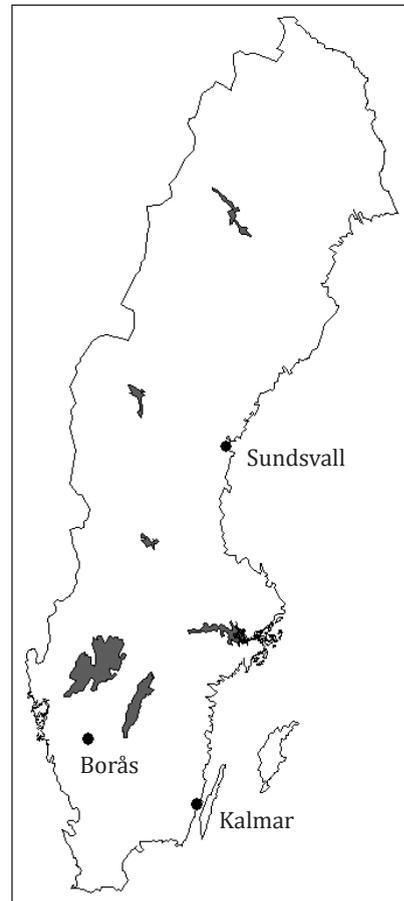
in themselves also differ greatly in terms of origin, overriding objectives, and configuration. It is the consequences of these differences that provide the crucial variation through which the role of the board is explored.³

The first of the three newspapers to be taken over by a foundation was *Barometern*, which was acquired in 1947 by Stiftelsen Barometern (“The Barometern Foundation”). The initiative behind the foundation was taken by representatives of the local chapter of the Conservative Party. The purpose was two-fold: to secure a local ownership and to safeguard the conservative and business-friendly character of the newspaper (Odén 2009). Over the course of the 1960s and 1970s, the newspaper company, Tidningen Barometern AB, took over three other newspapers, all located in the southeast region of Sweden. The acquired companies were organized as subsidiaries to the Barometern Corporation. Following a reorganization of the group in 1990, however, a proper parent company, Sydstpress i Kalmar AB, was formed. Consequently, the newspaper business of Barometern was transferred to a new subsidiary called Barometern-OT AB.

Twelve years later, the subsidiaries were merged with the parent company, thus discontinuing the individual newspaper companies and dissolving the local boards of directors.

Furthermore, *Borås Tidning* had a long history of private ownership prior to being placed under foundation control. Established in 1826, it is one of the oldest newspapers still published in the country. Having been run as a private business by various Borås families during the 19th century, the company was incorporated in 1898, after an initiative by representatives of the local industrial establishment. The shares in the new corporation were

Figure 6.1 *The Three Markets*



bought by a large number of Borås inhabitants, many with interests in the city's numerous textile factories.

The disbursed ownership of the newspaper firm remained for the better part of the 20th century. During the 1950s and 1960s, however, the newspaper's CEO and editor-in-chief, Tore G. Wärenstam, step by step became the dominant shareholder of the corporation. In 1968, Wärenstam donated parts of his shares to a foundation, Tore G Wärenstams stiftelse ("The Tore G. Wärenstam Foundation"). Upon Wärenstam's death in 1980, his remaining shares were donated to the foundation, making it the largest shareholder of the company.

In 2002, the Barometern Foundation and the Tore G. Wärenstam Foundation agreed to a 50-50 merger of their respective newspaper companies. Although the newspaper titles remained unaffected, the businesses were transferred to a new legal entity, with one board and one CEO. The new company, Gota Media AB, started operations in 2003.⁴

The last of the three newspapers to be transferred to foundation ownership was *Sundsvalls Tidning*. For most of the 20th century, the newspaper was owned and run by two Sundsvall families, the Alströms and the Wahlroth-Wides.⁵ Unable to find a solution to a pending shift of generations, the families agreed in 1985 to sell parts of the company to Gefle Dagblad AB, a newspaper company owned by two liberal foundations, Nya Stiftelsen Gefle Dagblad in Gävle, and the Stockholm-based Stiftelsen Pressorganisation. The takeover was finalized in 1994. As it turned out, the acquisition of Sundsvalls Tidning became the first major building block of the newspaper chain today known as MittMedia, one of the largest foundation-controlled groups in Sweden.

The study covers five decades, with the year 1955 as its starting point. Regarding the newspapers in this study, the extended time frame enables a study of the consequences—for the board role—of both important firm-internal changes (such as ownership changes, acquisitions and mergers, leadership changes, and shifting financial conditions) and more structural ones taking place in the legal, financial, and normative environment of the firms.

The empirical results are presented thematically in three chapters (7 through 9), with each chapter dealing with a specific time period: 1955–1972, 1973–1989, and 1990–2005. The basis of the division has been a number of significant breaking points in the external environment of Swedish newspaper companies, breaking points that have had lasting effects on the operations of the Swedish press. As such, they represent shifts that can be expected to have also affected the role of the boards of directors of Swedish newspaper companies.

Table 6.1 *The Three Cases*

	Barometern	Borås Tidning	Sundsvalls Tidning
<i>Founded</i>	1841	1826	1841
<i>Incorporated</i>	1903	1898	1896
<i>Foundation ownership</i>	1947	1980	1994
<i>Operating stock corporation</i>	–1989 Tidningen Barometern AB 1990–02 Barometern-OT AB 2002–03 Sydostpress AB 2003– Gota Media AB	–2003 AB Borås Tidning 2003– Gota Media AB	1896– Sundsvalls Tidnings AB
<i>Dominant shareholder(s)</i>	1947–03 the Barometern Foundation (63% → 92%) 2003– the Barometern Found. (50%), the Wärenstam Found. (50%)	1955–80 T. G. Wärenstam (4% → 20%) 1968–03 the Wärenstam Foundation (10% → 82%) 2003– the Wärenstam Found. (50%), the Barometern Found. (50%)	1935–85 the Alström family (50%), the Wide family (50%) 1985–94 the Alström family (40%), the Wide family (40%), Gefle Dagblad (10%) 1994– Gefle Dagblad/MittMedia (100%)
<i>Key events</i>	1963 OT acquired 1972 New printing facilities 1975 BLT and SmP acquired 1990 Major group restructuring 2002 New printing facilities 2002 Major group restructuring 2003 Merger w. AB Borås Tidning	1979 The business is relocated 1986 Local monopoly 2000 New printing plant 2003 Merger w. Sydostpress AB	1961 HN and S-P acquired 1961 HN discontinued 1962 SP discontinued 1969 New printing facilities 1974 ÓAG acquired 1993 New printing facilities 1994 Sold to Gefle Dagblad AB 2003 DNS acquired
<i>Prior research</i>	Hofrén 1966 Djerf-Pierre & Weibull 2009 (Jonsson 1998)	Dungel 1976 Djerf-Pierre & Weibull 2009 (Stål 2008)	Petersson 1990, 2009 Djerf-Pierre & Weibull 2009 (Bergkvist 2006)

FIVE DECADES AND THREE PERIODS

Regarding the first of the three periods addressed, the most dominant feature of the Swedish press was arguably the close ties to the political arena, resulting in a journalism marked by party parallelism. Exploring this period reveals that most local markets were served by several newspapers, each with a distinct political affiliation. However, throughout the 1950s and 1960s, the market conditions toughened and the number of local monopoly markets rose steadily. Despite the significant market concentration, however, the number of newspaper chains remained limited.

The beginning of the second period coincides with a shift in the Swedish political climate. Left-wing ideas started influencing public debate. The new political tones resulted in the state taking a more active role in various aspects of Swedish society. Regarding the press, the social democratic government forced through a financial state support to struggling newspapers. In addition, a number of new labor market laws directly challenged the traditional power structure of corporate Sweden, including that of the newspaper industry. The new laws gave employees of private companies the right to partake in major decisions, as well as the right to assign their own members to the company's board of directors. As a result, the shareholders of Swedish newspaper companies lost the privilege of composing the board of directors at their own pleasure.

During the 1980s the ideological winds of Swedish politics and public opinion shifted once again. However, this time, the press was also directly affected by the changes. Market-liberal ideas resulted in a deregulation of the radio and television markets in approximately 1990, causing an entirely new competitive situation on the national media market. For the first time in the history of the Swedish press, the joint circulation started to fall. This rather dramatic, some might even claim epoch-making, turn of events marks the beginning of the final period studied in this book. The period was characterized by a number of parallel and interrelated developments of the Swedish press—falling circulations; competition from new media technologies; and an increasing dominance of a few large newspaper groups—developments that are still continuing today.

MEETING MINUTES AS A SCIENTIFIC MATERIAL

This book deviates from the majority of studies on the influence of newspaper ownership in terms of not only the study object (the board of directors), but also the primary empirical material. Given the lack of studies based on meeting minutes of newspaper boards of directors, I have found it useful to discuss the potential of this kind of material more thoroughly.⁶

THE NATURE OF BOARD MEETING MINUTES

Following Scott's (1990) basic classification of documentary sources, minutes from board meetings of stock corporations may be categorized as *private, official documents with closed access*—"private" in the sense that they originate from the private sector rather than the state, "official" in the sense that they are not written for personal purposes, and with "closed access", in the sense that they are produced with the intent of being circulated "only to a limited circle of eligible insiders" (Scott 1990: 14). Board meeting minutes are usually regarded as company secrets and are to be kept within the sphere of the board members (cf. Leblanc and Schwartz 2007).⁷

Scott's classification scheme helps to approach two primary issues that are crucial to the scientific assessment of documentary sources: for what purposes were they produced, and for what audience? As Scott (1990: 84) notes, "Official records are not impartial and autonomous intellectual accounts; rather they are integral elements of policy and administration." As mentioned in previous parts of this book, the board is a legally established and defined component of the modern bureaucratic enterprise (Weber 1964), that is, the stock corporation. The premises for the study of boards—and board minutes in particular—are therefore always directly affected by national variations in legal frameworks. Concerning Swedish law, the ABL (the Swedish Companies Act) requires that written minutes be kept during each board meeting and that *all decisions* made by the board be recorded. Apart from these rulings, however, the ABL does not further specify how and when the board is to be summoned or what information is to be included in its minutes. Consequently, the number of meetings held may differ, sometimes greatly, from one year to another, and also from one company to another.

The same applies to the level of detail recorded in the meeting minutes. "All official records", Scott (1990: 83) states, "are produced in a particular administrative context involving everyday routines which are established in order to meet the requirements of the agency or organisation concerned." In other words, board minutes are not produced with the needs of the researcher in mind, but rather those of the board itself. What these needs are may vary considerably depending on the context. Whereas one board may choose to record comprehensive descriptions of the handling of a particular issue (with, for instance, background data and contributions or statements from individual board members), another may settle on a mere note of the decisions made. Important factors in this case are both the composition of the board (and the shareholders it is elected to represent), and the nature of the relevant issue.

The potential variations in both meeting frequency and level of detail in the minutes are of great significance concerning using board minutes in research. The amount of information that may be extracted from this particular kind of document may differ greatly depending on the procedures employed by the board in question. Regardless of the level of detail in the board minutes, the documents are never verbatim renderings of everything that was said during meetings. Thus, the researcher is always restricted to the manifest accounts of the minutes. Naturally, this means that non-recorded decisions or discussions are beyond the grasp of the researcher. Nor is it possible to completely recreate the specific premises or context of the time of the meetings held and the issues handled. The interpersonal relationship between the individual board members and the 'mood' of the board in terms of atmosphere and level of concordance (cf. Forbes and Milliken 1999) are difficult aspects to address by means of board minutes analyses, as is the particular historical context in which the board members made their decisions. To some extent, these contextual factors can be addressed by using supplementary methods such as interviews. However, they may never be completely recreated.

WHAT MAY ALWAYS BE EXTRACTED FROM BOARD MINUTES

In spite of the (at least potential) caveats just depicted, a number of questions may nonetheless always be answered by means of board minute analysis. The first such question concerns the meeting routines of the board studied. The mere existence of written minutes provides a record of not only how often the board is summoned, but also on what premises. In principle, a board may choose either to meet according to a standardized schedule with predetermined dates, or only when actual issues call for a board decision. Consequently, the meeting frequency provides a basic sign of the level of board involvement in the operations of the company. Additionally, the minutes will always include a list of the members present during meetings. Such lists give a similar basic indication of the involvement (and the potential impact) of the individual board members.⁸

As mentioned in the previous section, the board minutes will also provide accounts of the *decisions* made by the board. Thus, even if the 'context' of the decision (in terms of arguments, motives, and alternative options considered) is omitted, the researcher will always be able to identify the issues formally settled by the board of directors. Concerning the ABL, it is the privilege of the individual board to settle what issues are to be subordinated to the board's approval. Regardless of the level of detail concerning individual decisions, it is possible to address what *categories* of issues will be decided by the board, and what categories will be decided elsewhere in the

corporate hierarchy.⁹ In longitudinal comparative studies that deal with the distribution of power in stock corporations, this kind of information makes it possible to address variations between companies as well as over time.¹⁰

MEETING MINUTES AS ACCOUNTS—AND RELICS

When approaching an historic event such as a board meeting, the researcher, unless present at the event in question, is always referred to the use of sources. Consequently, the quality of historical research will always depend on the quality of the sources employed. When assessing the quality of historic sources, it is helpful to make a distinction between *accounts* and *relics* (see e.g. Torstendahl 1978). Whereas accounts refer to somebody's written or oral rendering of the event, relics consist of actual remnants or remains from the event. Given the inherent subjective nature of human accounts (see e.g. Kvale 1996), they are less likely to give a 'true' picture of the event compared to relics. In this study, the interviews with individual board members provide a typical example of accounts. Here, the study relies on the subjective rendering of board activities, in some cases dating as far back as fifty-five years.

Concerning the board meeting minutes, the categorization in terms of relics and accounts is less straightforward. As mentioned, board minutes are rarely, if ever, verbatim renderings of what was stated and done during the meeting in question. To this extent, the board minutes should also be characterized as accounts, inasmuch as they represent somebody's subjective recollection of past events. The material is not likely to provide any information on when, in the sense of how long after the meeting the minutes were produced, be it directly afterwards or several days later. Thus, the researcher is always exposed to the fading memory, misinterpretations, and predisposition of the individual holding the pen during board meetings. In interviews, the information gathered by the researcher is constructed in the social encounter between the interviewer and the respondent (Kvale 1996). However, this is not the case with information gathered from board minutes. Meeting minutes, like all documentary sources, are *non-reactive*. "Although there may be substantial errors in the material," note Webb *et al.* (1972: 53)

it is not usual to find masking or sensitivity because the producer of the data knows he is being studied by a social scientist. This gain by itself makes the use of archives attractive if one wants to compensate for the reactivity which riddles the interview and the questionnaire.

The primary purpose of board meeting minutes is to record the decisions made by the board. Concerning Swedish corporate law, it is through the minutes, signed by the chairman and one or more board member, that the decision becomes a *formal decision* for which each of the board members is to be held legally accountable. Without a recorded decision there is no validity, and without validity, there is no accountability. Regarding documents of this kind—contracts of sale and peace treaties are other examples—it can therefore be argued that the documents are *in themselves* the event or action upon which they bear witness. Thus, the board minutes are not only someone's subjective accounts of what has happened during the meetings, it is through the minutes that the actions taken by the board are completed. To this extent, the board minutes should also be regarded as *relics*, giving them a dual character in their 'new' role as historic sources. Formal board decisions are not intended to describe what has happened, as they are not historical statements. Rather, it is *through* their actual establishment that the act in question is completed.¹¹

In addition, accounts may also be used as relics if the researcher is interested in the *intentions* of the storyteller, and not only in whether the accounts are accurate. With this in mind, the 'optional' parts of board minutes may also be of value for a researcher, as they provide an indication of what has been regarded as important enough to be given the formal status of being mentioned in the minutes. In family-controlled companies where the 'real' decisions tend to be made outside of the boardroom (see e.g. Mace 1971; Melin and Nordqvist 2009), the need for lengthy board minutes is likely to be limited. Minutes that recount the statements of individual board members at great length are, conversely, likely to reveal information not only of the purpose of the minutes, but also of the position of both the board and the individual board members.¹² The notion that the actual *way of writing* board minutes may be regarded as a reflection of the relative power of the board and the individual board members is further addressed in the empirical chapters of the book.

THE DOCUMENT STUDY

All in all, the document study builds on written minutes, including appendices, from 681 board meetings from the newspapers concerned. All minutes, including the appendices relevant for the purpose, have been photocopied and recorded by the author.¹³

THE CHARACTER OF THE MATERIAL

Table 6.2 presents an account of the number of meetings held in each of the three newspapers.¹⁴ The minutes are spread relatively even among

the companies; in all three cases, the average number of meetings per year between 1955 and 2005 varied between four and five. If divided into the three specific time periods employed in the study, there is nonetheless a gradual increase over time, from a joint annual average of 3.6 in Period I, to 5.4 in Period III. This tendency is less clear, however, when the cases are considered individually.

Table 6.2 *Number of Board Meetings Included in the Analysis*
(annual average in parentheses)

	Baro- metern*;**	BT**	ST	Gota Media**	Total
1955–1972	64 (3.7)	52 (3.1)	68 (3.9)	–	192 (3.6)
1973–1989	105 (5.8)	78 (4.3)	68 (3.8)	–	237 (4.7)
1990–2005	66 (4.7)	86 (6.1)	78 (5.0)	22 (7.3)	252 (5.4)
Total	235 (4.8)	216/4.4	214 (4.2)	22 (7.3)	681 (4.5)

Comments: *1955–89 Tidningen Barometerns AB, 1990–2002 Barometern-OT AB, 2003 Sydostpress AB. **In 2003, Barometern (Sydostpress AB) and Borås Tidning were merged into Gota Media.

In addition to the analysis of the board minutes, the document study has also included minutes from all general (and extra) shareholders' meetings. To some extent, the minutes from meetings of the respective owner foundations (and foundation boards of trustees) and parent companies have also been included. The latter two categories have not been complete, however, nor have they been analyzed in the same systematic manner.¹⁵ All in all, the entire study builds on the analysis of the minutes of 1,260 meetings. The annual reports of the companies concerned have also been included in study. The reports have provided important information concerning the financial performance and general development (in terms of, for instance, sales and staff size) of the newspapers.

If the number of board meeting minutes is relatively similar from a quantitative perspective, the variation in the actual *contents* of the minutes is arguably more notable. Whereas some minutes are exceedingly brief, dedicating as little as one sentence to the issue handled or decision made, others expand over several pages, rendering thoroughly the background, various courses of action available, and statements from individual board members concerning the issues handled. To this extent, it is feasible to make a basic distinction between *decision minutes* and *discussion minutes*. There is also

great variation in terms of the issues handled per meeting. Thus, the material includes meeting minutes with only one or two items on the agenda as well as meetings containing as many as twenty separate items.

There is not, however, a clear tendency that the minutes become more or less detailed or involve more or fewer issues over time. Nor is there a consistent tendency regarding the individual boards, in the sense that one board has consistently provided more detailed minutes over time. Rather, the character of the meeting minutes has varied, back and forth, within the different companies. There is nonetheless a trend over time that the minutes have been followed by an increasing amount of 'supplementary' material, in terms of various kinds of reports, basic data, investigations, etc. To this extent, the research material becomes gradually more extensive over the course of the three time periods.¹⁶

6.4.2 ANALYZING THE BOARD DOCUMENTS

Given the sheer volume of the material, it has been crucial to approach it in a systematic manner (cf. Eisenhardt 2002; Layder 1993). Prior to the analysis, a number of specific indicators regarding the board's role were identified, indicators that were directly derived from the analysis model presented in Chapter 5. The *a priori* specification of (potentially) important indicators has proven exceedingly useful in the analysis of the document material.

The content analysis of the board minutes has consisted of five steps, with each one addressing a specific aspect of the analysis model. A schematic presentation of the steps is given in Table 6.3. Taken together, the five-step analysis of the board minutes has resulted in both quantitative and qualitative data. Given the longitudinal aim of the study, a central part of the study has been to identify important changes over time.

The **first** step of the analysis has consisted of a traditional quantitative recording of the number of meetings held each year by each of the boards. Based on the regularity of meetings, it has been possible to determine whether the boards have met according to a predetermined schedule or been summoned on a more *ad hoc* basis.

After this, step **two** has involved an analysis of the level of formality surrounding the meetings. Issues of relevance in this case have been the attendance (and absence) of individual board members, as well as the participation of non-board members. The character of the meeting minutes has also been covered in this step. Notes have been made on the level of detail in the rendering of the discussions during the meetings. It has also been recorded who has been responsible for taking and approving the minutes. Finally, the extent to which the board has been provided with the meeting

agendas and basic data concerning individual issues *prior* to the meeting has also been covered in the second step.

Table 6.3 *Coded Categories in the Analysis of the Board Meeting Minutes*

Step 1: Meeting Frequency	Step 3: The Meeting Agendas
Number of meetings	Nature of items handled
Regularity	Item initiator
Step 2: Meeting Formalities	Step 4: Board Authority
Attendance	Information contra decision
Minute keeper and signatories	<i>Ex post</i> contra <i>ex ante</i> approval
Discussion vs. decision	
Background material	Step 5: Board Rationale
	Motivation for decisions
	Signs of disagreement
	Formal objections

In step **three**, the attention has been directed to the actual *agendas* of the boards, in other words, the type of issues handled during board meetings. A basic distinction has been made regarding the regularly recurring issues (perhaps even during each meeting) and issues that appear more irregularly or more seldom.¹⁷ Also included in step three has been the question of initiative, whether the issues on the board agenda have been initiated by the board (or individual board members) or by the management. Given the extensive level of freedom regarding what issues a board is expected to handle, no preset list of meeting issues is available for the researcher to review. Hence, such a list had to be constructed based on the actual cases in this study. This was done inductively inasmuch as the board minutes were taken through a brief coding, in which the main topic of each item handled by the board was recorded. The various topics were then categorized into a number of broad fields, which are presented in Table 6.4.

The **fourth** step of the analysis of the board minutes has addressed the *type of board involvement* in the categories of issues appearing on the agenda. A basic distinction has been made between information and decision. Naturally, this step is crucial, since it directly addresses the question of which categories of issues fall under the board's jurisdiction. An important aspect has been the relationship between the board and the executive management reflected in the discretionary powers of the latter (cf. Gerum and Stieglitz 2005). Thus, the fourth step has included an analysis of the extent

to which the board has maintained the right to approve *ex ante* the business proposals proposed by the executive management (cf. step 3), and if so, the character of the issues concerned.

Table 6.4 *Categorization of the Board Meeting Issues Identified in the Material*

-
- *Legal board obligations*—e.g. the establishing of the annual reports (including profit allocation); the election of board chairman and firm signatories
 - *Recruitment of management*—e.g. the appointment and (dismissal) of executive managers
 - *Financial Issues*—e.g. the presentation of sales and earnings; budgets; financial targets
 - *Major (extra-ordinary) events*—e.g. mergers/acquisitions or major investment programs
 - *Investments*—e.g. the acquisition of new machinery, buildings, or computer systems
 - *Staff issues*—e.g. the hiring (and dismissal) of personnel and the settling of wages
 - *Business-related issues*—e.g. pricing issues and sales-increasing and cost-reducing activities
 - *Editorial issues*—issues pertaining to the activities and output of the editorial department
-

The **fifth** and final step has directed the attention to not only the rationale guiding the board in its activities, but also the level of concordance (between the board and the management, as well as between individual board members) concerning the actions taken. Important aspects addressed in this step have been the motivations behind the decisions taken, as well as signs of disagreements or opposing opinions rendered in the minutes. The occurrence of formally presented objections, in which a board member has refused to partake in a decision or voted against the majority of the board, has also been recorded in this step. Given the shifting character of the material in terms of the level of detail, the possibility to thoroughly address this particular step by means of the document study has differed between companies and time periods.

THE INTERVIEW STUDY

As previously discussed, access alone does not necessarily solve the puzzle concerning the actions and influence of newspaper boards. Board minutes are not word-for-word accounts of what is being said during board meetings. Rather, they are subjectively created summaries, and as such, they may vary considerably in terms of content and level of detail. In addition, the potential influence of boards does not automatically stop as the board members step out of the boardroom. To gain a deeper and more reliable insight into what boards do and why they do it, it is necessary to address the individuals that could be expected to have an actual insight into *how* the decision-making of the selected companies was accomplished, *who* made these decisions and who were the most *influential* people in the process (Leblanc and Schwartz 2007). As a result of the limitations inherent to board minutes as a source for research, the analysis of the document material has been supplemented by interviews with a number of individuals on (and around) the boards addressed.

DOCUMENTING THE BOARD MEMBERS

A crucial ingredient of this study, and a prerequisite of the interview study, has been to record *who* the board members are (or were) and with what background they entered into board duty. Consequently, the first step of the interview study was to catalog all of the individuals who were elected as board members on the boards in question between the years 1955 and 2005. Between the three newspapers, the list of shareholder-elected board members during this time period amounts to 101 different individuals. The 'board register' established has included the following aspects, all deemed relevant for the purpose at hand:

- Date of birth (and time of death)
- Place of residence (while a board member)
- Academic background/level of education
- Professional background (occupation prior to and while a board member)
- Political background (party involvement, commissions)
- Length of board tenure (and reason for departure)
- Other board experience (and similar commissions)
- Ownership stakes in the company
- Other relevant public achievements

A table version of the board member catalogue is presented in the appendix. It provides the basis for the selection of respondents in the interview study.¹⁸ A second register, although not as comprehensive, has also been established involving other key stakeholders within the newspaper companies (and in the last phases of the study, the newspaper groups), including major shareholders, shareholder representatives (in the form of members of the ownership foundation's board of trustees), and parent company board members and executives.¹⁹

POPULATION, SELECTION, REPRESENTATION

The specific population addressed in this study comprises the individuals who were elected to the boards of the three newspapers during the period of the study. Up until the early 1970s, the boards consisted exclusively of members elected by the shareholders. Following the enactment of the Act on Board Representation for Employees in 1973 (see Chapter 3), however, each of the three companies were required to open up their boards for staff representation. The changes regarding *board size* are depicted in Table 6.5. As shown, the size of the boards has varied significantly between the companies as well as over time.

Table 6.5 *Size of the Boards in Terms of Members, 1955–2005*
(S = Shareholder-elected, U=Union-elected, alternates in parentheses)

Barometern*			Borås Tidning			Sundsvalls Tidning			Gota Media**		
Period	S	U	Period	S	U	Period	S	U	Period	S	U
1955–73	5 (2)	-	1955–73	5 (2)	-	1955–73	3 (2)	-	2003–05	8 (4)	2 (2)
1973–89	5 (2)	2 (2)	1973–02	5 (2)	2 (2)	1973–74	3 (2)	2 (1)			
1989–90	7 (-)	2 (2)	2002–03	7 (-)	2 (2)	1974–79	4 (2)	2 (1)			
1990	6 (-)	2 (2)				1979–83	4 (2)	2 (2)			
1990–91	5 (-)	2 (2)				1983–85	7 (4)	2 (2)			
1991–92	6 (-)	2 (2)				1985–88	8 (4)	2 (2)			
1992–94	5 (-)	2 (2)				1988–91	8 (4)	2 (1)			
1994–96	6 (-)	2 (2)				1991–94	8 (3)	2 (1)			
1996–99	5 (-)	2 (2)				1994–95	8 (3)	2 (2)			
1999–00	5 (-)	2 (1)				1995–05	5 (1)	2 (2)			
2000–01	5 (-)	3 (1)									
2001–02	5 (-)	2 (2)									
2002–03	9 (-)	2 (2)									

Comments: * 1955–89 Tidningen Barometerns AB, 1990–2002 Barometern-OT AB, 2003 Sydostpress AB. ** In 2003 Barometern (Sydostpress AB) and AB Borås Tidning were merged into Gota Media.

In Table 6.6, the board members are arranged according to newspaper and time period. Between the three newspapers, the *total number* of individuals who were elected as either regular board members or board alternates between 1955 and 2005, thus constituting the total population of this study, is 172. Of these, 101 were elected by the shareholders and the remaining 71 by the staff.²⁰ Regarding the 2003 establishment of the board of Gota Media, the two owners, the Wärenstam and Barometern foundations, elected half each of shareholder-elected members and alternates. All but two of the individuals elected (between 2003 and 2005) had previously been members of either AB Borås Tidning or Sydostpress AB.

Table 6.6 *Number of Individuals Elected as Regular Board Members or Alternates between 1955 and 2005, Shareholder-Elects (union-elected members in parentheses)*

	Period I	Period II	Period III	Total***
Barometern (1955–03)*	14 (-)	13 (12)	29 (19)	43 (27)
Borås Tidning (1955–03)	15 (-)	15 (12)	13 (13)	30 (20)
Sundsvalls Tidning (1955–05)	6 (-)	18 (14)	21 (13)	28 (24)
Gota Media (2003–05)**	-	-	13 (6)	13 (6)
Total***	35 (-)	46 (38)	66 (47)	102 (71)

Comments: * 1955–89 Tidningen Barometerns AB, 1990–2002 Barometern-OT AB, 2003 Sydostpress AB. ** In 2003, Barometern (Sydostpress AB) and Borås Tidning were merged into Gota Media. *** The fact that the total sums do not add up is a reflection of the ‘overlap’ of some individuals between periods and companies.

Given the scope of the study, it was not possible to interview all of the individuals who make up the population at hand (or rather, those board members who are still alive). Nevertheless, the ambition has been to provide as representative a selection as possible regarding the list of interviewees. In case studies, Aberbach and Rockman (2002: 673) suggest that respondents be “selected on the basis of what they might know to help the investigator fill in pieces of a puzzle or confirm the proper alignments of pieces already in place.” With this principle in mind, the selection of interviewees has been guided by three objectives: 1) to attain an even mix between the three cases; 2) to attain an even mix between the various interests represented on the board, and; 3) to attain as extensive coverage as possible of all three periods. Given the study’s longitudinal character, the third objective has been translated into an aim to prioritize individuals with comparatively long board tenures, preferably stretching over more than one period.

All in all, the interview study includes 23 interviewees.²¹ The extended time frame limits the possibility to give similar coverage of the three periods by means of interviews. Thus, at the time of the planning of the interview study (in January, 2010), only four of the 35 board members from Period I were still alive (having reached an average age of 89 years).²² A categorization of the people interviewed according to company, period, and mandate/position is depicted in Tables 6.7 and 6.8. The tables reflect the ambition to cover as many aspects as possible in the selection process. Consequently, the number of ‘characteristics’ covered in the interview study outnumbers the number of actual individuals interviewed (listed in parentheses).

Table 6.7 *Coverage of the Interview Study Regarding Position/Mandate (actual interviews in parentheses)*

	Baro- metern	Borås Tidning	Sundsvalls Tidning	Gota Media	Total***
Owner*	n/a	n/a	1	n/a	1 (1)
Owner representatives**	2	3	4	4	13 (10)
External Members	3	5	2	2	12 (10)
CEO's (and other managers)	4	1	1	1	7 (6)
Editors-in-Chief	2	2	2	1	7 (6)
Union Representatives	n/a	1	2	0	3 (3)
Total***	11 (7)	12 (7)	12 (9)	8 (7)	43 (23)

Comments: * ‘Owner’ has been defined as a shareholder controlling at least ten percent of the voting shares in the corporation. ** Member of either parent company board of directors or owner foundation board of trustees. *** The fact that the total sums do not add up is a reflection of the ‘overlap’ of some individuals between periods, companies, and mandates/roles.

As shown in the bottom row of Table 6.7, each of the companies has been covered by a similar number of interviews (between seven and nine). The various roles or mandates identified as important regarding the composition of the boards have also been identified. Hence, the interview study includes owner representatives (10) and individual major shareholders (1), CEOs and editors-in-chief (6 plus 6), externally recruited members (10), and union representatives (3).

Concerning the different time periods, however, the coverage is—for reasons already addressed—decisively more imbalanced (see Table 6.8). Thus, the first period of the study is covered by only two interviews. The corresponding figures for the subsequent two periods are 13 and 22. Naturally,

this time-related skewness directly affects the possibility of addressing the research questions by means of interviews regarding the specific periods. The consequences of this rather inevitable condition are discussed more thoroughly in the closing section of the chapter.

Table 6.8 Coverage of the Interview Study Regarding Company and Time Period
(actual interviews in parentheses)

	Period I	Period II	Period III	Total*
Barometern (1955–03)	0	3	8	11 (7)
BT (1955–03)	1	5	7	13 (7)
ST (1955–05)	1	5	8	14 (9)
Gota Media (2003–05)	n/a	n/a	7	7 (7)
<i>Total</i>	2 (2)	13 (13)	29 (22)	45 (23)

Comments: * The fact that the total sums do not add up is a reflection of the ‘overlap’ of some individuals between periods and companies.

CONDUCTING THE INTERVIEWS

The interview study was carried out in 2010, and it was preceded by a broad read-through of the archive material. The reason for this was not only to provide me with knowledge of the general development of the company being studied, but also to enable the formulation of questions regarding specific issues or decisions occurring during the interviewees’ time spent as board members. Thus, the questions asked have varied from one interview to another. The interviewees were contacted by either telephone or e-mail, briefly informed of the primary objective of the study and asked whether they were willing to participate in the study. After accepting, each individual was then supplied with a more comprehensive description of the premises of the study. This was sent out via e-mail or regular mail, on average, one week prior to the interview. The question guide was enclosed in this letter. As was the case with the interview guides, the letters were also, to some extent, adjusted to the individual backgrounds of the interviewees.

The majority of the interviews took place either in the offices of the newspaper in question or in the home of the respondent. A small number of interviews were carried out in the workplace of the respondent (if other than the newspaper). Apart from one case, in which two of the respondents were interviewed together, all interviews were conducted without any other people present, apart from the respondent and the author.

On average, the interviews lasted approximately one and a half hours, with the shortest lasting forty minutes and the longest two hours and twenty minutes.²³ The interviews were semi-structured and primarily included open-ended questions. Rather than meticulously following the question guide, the aim was to let the interviewees speak as freely as possible on the main themes (cf. Aberbach and Rockman 2002). All interviews were recorded, following the explicit consent of each of the interviewees. The interviewees were informed that the interview material was to be used restrictively, inasmuch as the number of direct quotes was to be limited, and anonymized when possible, particularly when concerning more sensitive matters. With these premises established, the interviewees were asked to be as candid as possible in their answers. On a number of occasions during the interviews, the respondent expressed an explicit desire that certain statements not to be rendered in the book. These requests have been respected. It is my impression that the interviewees have been open, communicative, and candid. Consequently, the interview study has provided an invaluable complement and enabled a deeper understanding of the findings extracted from the document study.

As mentioned, it has been a premise of the interview study that direct quotes be used restrictively. Since all interviews were carried out in Swedish, the quotes that do appear in the book have been translated into English. In this context, it is important to stress that direct word-for-word translations have not always been feasible, let alone possible. Rather, the guiding principle in the translation process has been to capture as closely as possible the original meaning of the statements, as perceived by the author. Nonetheless, it is important to consider that the quotes presented in the following chapters of this book have passed through the ‘translation filter’ of the author.

EVALUATION

This concluding part of the chapter is devoted to an evaluation of the study, focusing particularly on the concepts of inner and outer validity. A general problem concerning research on ownership power in the press and all other industries is the limited access to the actual processes of influence (Pettigrew 1992; Leblanc and Schwartz 2007). Policy papers and other internal documents are usually treated as secrets, and corporate executives rarely grant researchers permission to interview them. What happens within the top realms of media corporations is therefore often beyond the grasp of media study. As shown in this chapter, however, access alone—in this case expressed as an opportunity to study the minutes from board and share-

holders meetings and to interview the individuals involved—does not necessarily provide the full answer to the question of how ownership influence is played out in practice. Building on internal documents and individual accounts, this study is not immune to the general methodological problems associated with all historic research.

INNER VALIDITY

Inner or internal validity concerns the extent to which the presented results correspond to the reality: Do the findings portray what the researcher thinks that he or she is measuring? Now, modern-day methodological literature appears rather unanimous in the view that there is no one ‘real’ reality visible for anyone to see and portray. The study object in qualitative research is therefore not the ‘reality’ as such, but rather people’s (multiple) *constructions* of reality (Merriam 1988; Kvale 1996). Thus, the aim of qualitative case studies, such as this one, is not to expose the ‘truth’, but rather to find the best and most reasonable explanation to the phenomena explored (Bromley 1986).

Nevertheless, a variety of strategies are available for researchers to use to ensure a high level of inner validity of their research (cf. Merriam 1988; Yin 2009, Denzin 1970). A number of these have been incorporated in this study. For example, the study begins by building on a triangulation of different methods and sources (Jick 1979). This multi-method design has proven useful in two distinct, although, to some extent, interrelated, ways. Both the document study and the interviews have enabled a fuller understanding of the other. The interviews have also proven very useful to contextualize the decisions made during board meetings and to give an idea of the atmosphere in the boardroom and the interpersonal relationships between the individuals involved (cf. Layder 1993; Leblanc and Schwartz 2007). Conversely, the meeting minutes—in their function as a description of the issues handled and decisions made by the board—have provided an invaluable resource in the preparation of the individual interview guides. Given that during the interviews I was able to refer to specific decisions in which the interviewee had participated has revealed information that most likely would have been unattainable solely from an interview study. To this extent, the two methods have reinforced each other.

The use of both internal documents and interviews has also enabled the author to cross-check the results from the two studies against each other, which has improved the quality of the results presented (cf. Layder 1993; Scott 1990). Regarding the quality of archival data, Scott (1990: 96) argues that “it makes sense to use [official documents] in research only when the researcher is sensitive to their conditions of production (...).” The interview

study has enabled me to address the actual processes behind the decisions taken and the more latent power structures of the newspaper companies that are not necessarily accessible solely through the written documents. Nevertheless, as noted by Layder (1993: 193), “the fact that one is speaking to a living person does not ensure that this person will be less disposed to recounting their exploits in a favorable light.” As previously mentioned, it is my impression that the respondents have been very open and candid in their responses—at times even surprisingly so. The reason for this is, at least in part, the use of multiple sources. When entering the interview situation, the respondents have known that other board members, possibly of an opposing opinion, will be interviewed and asked to comment on the same events. The respondents have also known about the possibility that their answers may be checked against the written accounts of the board meeting minutes. Both these conditions are likely to have contributed to the participants’ high level of candidness.

In sum, the triangulation of sources and methods has not only supplemented and deepened the author’s understanding of the study objects, but also cross-validated the findings from the individual studies (Webb *et al.* 1972; Jick 1979). Nonetheless, it is important to stress that the possibility to utilize a triangulation design has varied between the different phases of the fifty years analyzed. The ability to support the findings by means of interviews has been much more limited for the early periods compared to the latest. When addressing historic events, one also has to consider that memory fades over time. To limit the influence of memory-related errors, only interview statements whose verity has been validated against other sources are included in this study.

Evaluations of the case study as a research design (Merriam 1988; Yin 2009; Flyvbjerg 2006) have pointed out a number of specific risks associated with this particular form of methodology. One such potential hazard concerns the fact that case studies often involve a vast amount of research material, which, when presented, has to be ‘condensed’ to the physical format of a book or a research paper. Even though one can argue that there is a special value in providing dense descriptions of the case(s) studied (a claim made by Flyvbjerg 2006), the inevitable necessity to summarize large sets of data collected in case studies is not unproblematic (Merriam 1988). Guba and Lincoln (1981) warn about the risk that the reader is led to believe that a case study is an account of an entirety, or giving the ‘full picture’ of a situation or a phenomenon, rather than—which is almost always the case—only a limited part. This relates in turn to the relatively large impact of the researcher concerning the presentation of the case study results. To a

considerable extent, the 'quality' of qualitative case studies is limited to the sensibility and integrity of the researcher (Riley 1963).

Throughout the different stages of the research project, the manuscript has been presented and discussed at seminars and conferences in Sweden and abroad.²⁴ The comments from both participants and academic colleagues have been very useful, and have been incorporated into the final version of this volume. The author would nevertheless, as a concluding point, like to emphasize that the results presented in this book are ultimately the result of his own interpretation and evaluation of the vast and rich material collected for this project.

EXTERNAL VALIDITY

Regarding the external validity of the study, in other words, the extent to which the results can be generalized to a larger population, the findings presented in this book are subjected to the same limitations as the findings of all case studies (see Merriam 1988; Yin 2009). As explained in this chapter, this study addresses the development of three specific cases, with specific structural premises, specific national, cultural and legal contexts, and during a specific period of time. Therefore, the individual findings make no claims of being transferable to other newspaper companies, with other ownership forms, or operated in other structural premises. To this extent, the study (providing it actually meets the claims of internal validity just made) presents only three isolated accounts of the practices of newspaper ownership and the role played in this respect by the respective board of directors.

Nevertheless, the primary purpose of the study has not been to investigate the selected newspapers *per se*, but rather to address the more universal mechanisms of ownership influence in the press. Given the almost complete lack of such studies, it is my aspiration that the analysis of the internal and external factors shaping the governance structures of the newspapers addressed may contribute to an understanding of the implications of newspaper ownership also in other historical, structural and cultural contexts.

An Era of Political Ownership (1955–1972)

The beginning of the time period analyzed in this chapter coincides with a couple of changes in the external environment of the Swedish press that came to have a profound effect on the operations of the country's newspaper firms. In 1955 a new national competition law came into force. Among other things, the law enabled the expansion of national retailers. This in turn spurred a rapid development of the advertising market, of which the newspaper press stood for a considerable share. A few years prior to the new law, the rationing of newsprint—a remnant of the war years—had been lifted, thus eliminating a long-lasting damper on the press as far as editorial expansion was concerned. Sure enough, both these changes had a boosting effect on the growth of the Swedish newspaper industry (Jonsson 1982; Gustafsson 2005).

In addition, the readership market was still expanding. For each year that passed, more and more households chose to take up a newspaper subscription. From 1955 and two decades forward, the gross circulation of the Swedish press increased from approximately 3.5 to 4.8 million. Furthermore, since both radio and television—the latter was introduced in 1957—were monopolized and funded solely by license fees, the newspapers faced little competition from other media as far as advertisement sales were concerned. The rapidly growing Swedish economy (the second half of the 1950s and the entire 1960s are commonly referred to as the “record years”), added only more fuel to the prospering advertising market. Between 1953 and 1974, the press enjoyed an annual increase in advertisement sales of over ten percent—or six percent if the inflation is considered (Jonsson 1982: 75).

But below the bright surface, the press underwent dramatic structural changes. Most of the growth landed with the (predominantly non-socialist) local and regional market leaders. In their backwaters, the competition struggled, and a large number of newspapers were forced out of business.

The discontinuations consisted mainly of small number three and four papers, but the social democratic papers, which in most cities held the number-two position, also suffered. Had it not been for a massive financial backing from the labor movement (the SAP and the labor unions), the majority of these papers are likely to have faced the same destiny. As a result of the increasingly exposed position of the leftwing press, a selective press support was introduced by the social democratic government in the beginning of the 1970s—a point in time that also marks the end of this first period of the study.

Regarding the *journalistic character* of the press, the long-established party parallelism remained strong throughout the 1960s. The editorial content of the papers was often marked by the association to the actors on the political arena.¹ Towards the end of this period, however, this traditional connection began to be more and more questioned, particularly against the backdrop of the mounting market domination of the non-socialist press. In this context, it is worth noting that the domination of liberal and conservative newspapers on most local markets was in no way a reflection of the political predisposition of the Swedish populace. Throughout the period at hand, Swedish politics was dominated by the SAP. The party won all national elections held between 1955 and 1972, receiving between 45 and 50 percent of the votes.²

Finally, this first period of the study comprises the last few decades in which the boards of Swedish newspaper companies (or indeed, *any* Swedish stock corporation with at least 30 employees), were able carry out their operations virtually uncontested. This would change in 1973, the year that starts off the second period of the study, as the passing of the *Act on Board Representation for Employees in the Private Sector* would open the doors to the newspaper company boardrooms for the labor unions to enter.

This chapter is devoted to the role played by the boards of directors of the three newspaper companies during the period just outlined. As mentioned, each company is dealt with separately. A concluding analysis closes the chapter.³

BAROMETERN

Since its establishment in 1841, the *Barometern* newspaper has had its main circulation area in the southern parts of the Kalmar County, a mainly rural region located on the Baltic Sea in southeastern Sweden. The commercial, cultural and administrative hub of the region is Kalmar, one of the oldest cities in the country. Since the 1840s, the newspaper has had its offices in the same block in the city center.

THE PRIOR HISTORY

The *Barometern* newspaper was founded by Jon Engström (b. 1794, d. 1870), known locally as the “Wood Doctor” (*Trädoktorn*), an epithet reflecting his multifaceted career as a doctor of medicine, estate owner, lumber industrialist, and poet. When he added publisher to his résumé, the reason was primarily a political one. Engström was a firm critic of the aristocracy and of the ruling conservative government. Though but one of numerous local newspapers that were started around this time, Engström managed to turn his newspaper into a distinct voice in the developing national debate (Hofrén 1966).

In 1851 Engström handed over the newspaper business to Anders Petersson (b. 1821, d. 1876), the manager of the company’s printing office. *Barometern* would stay in the Petersson family for almost a whole century. During this era, the newspaper gradually adapted a more conservative voice. The shift towards the right was intensified by Hjalmar Petersson (b. 1852, d. 1919), Anders Petersson’s son, who took over the business upon his father’s death. Hjalmar Petersson was a part-time politician and an outspoken proponent of the Conservative Party, which was founded in 1904. During Hjalmar Petersson’s reign, *Barometern* positioned itself as the voice of the Kalmar establishment and the biggest newspaper in the region (Ohlsson 2009).

The business was incorporated in 1903. The control remained with the Petersson family, however. The name of the new corporation was Tidningen Barometerns AB (TBAB). Seven years later the share capital was extended. The new capital was used to finance an increase of the newspaper’s periodicity from four to six days per week. Nevertheless, the new issue (consisting of so-called B shares) also had direct political implications. It was directed at politicians, members and other advocates of the local chapter of the Conservative Party. All in all, the shares were acquired by 139 different individuals. The new issue meant that the party gained direct influence over the management of the corporation.⁴ Following this development, *Barometern* became a stiff proponent of Conservative Party policy (Hofrén 1966).

The Petersson era ended with Gustaf Petersson, the grandson of Anders Petersson. Gustaf Petersson did not have any children, and upon his death the future of the company was uncertain. In 1946, Tage Lundgren the newspaper’s advertising director, suddenly presented himself as the new majority shareholder. Lundgren had managed to gain control over the large block of shares (the “A” shares) owned by Gustaf Petersson’s widow. He had also managed to buy up a large portion of the B shares. The takeover was surrounded by extensive secrecy. Recent research (Odén 2009) has revealed that Lundgren, who promptly appointed himself CEO, was backed finan-

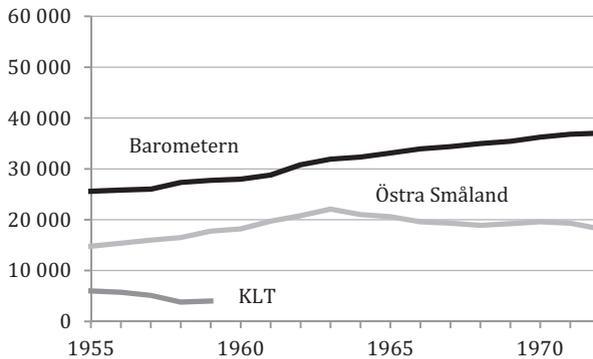
cially by prominent Stockholm industrialist Axel Ax:son Johnson. Ax:son Johnson wanted to uphold a strong conservative press in Sweden, which was increasingly dominated by the SAP (Nordlund 2005). The ‘coup-like’ takeover raised immediate concern among those board members that were appointed by holders of the B shares—in other words, individuals affiliated with the local party organization. Underhanded contacts were made with Libertas, a Stockholm-based foundation aimed at assisting struggling bourgeois newspapers, and financed by the *Swedish Employers’ Association, the SAF*. In 1947, Libertas was able to negotiate the takeover of Ax:son Johnson’s shares in TBAB. The shares were subsequently handed over to a newly established non-profit foundation called the Barometern Foundation (“*Stiftelsen Barometern*”). Behind this organization stood representatives of the party district, many of which were already minority shareholders in the newspaper company.⁵

The foundation charter safeguarded the political affiliation as well as the local character of the newspaper. The preamble stated that the purpose of the foundation was to secure the future of the newspaper as an organ promoting Christianity, “healthy” Conservatism, and the perpetuation of the trade and industry (§ 2). The charter further specified that the foundation was to have between fifty and one hundred members (or “founders”) representing the different parts of the newspaper’s circulation area and its “industrial and cultural life” (§ 3). As a means to secure the longevity of the foundation, it was stipulated that the statutes were to be altered only after the approval of the national leadership of the Conservative Party.⁶

The members of the new foundation were recruited from five broad occupational groups: “industry, commerce, and craft”, “farmers”, “civil servants”, “the church and the school system”, and “politicians”. The two first-mentioned groups were in majority, however, representing approximately one-third each of the total original membership base. The original list of members included parliamentary members, army officers, attorneys and judges, head masters and deans, and business managers and factory owners, some of which were among the largest employers of the region. To this extent, the Barometern Foundation was not only a *who’s who* of the local conservative party organization; it also consisted of some of the key figures of the local establishment. As a reflection of the predominant power structures of Swedish society at the time of the foundation’s establishment, only two of the original eighty or so members were women.

THE SETTING

Since the late 19th century, the Kalmar region had been a stagnated part of the country. Between 1900 and 1970, the increase in population was only

Figure 7.1 *The Kalmar Newspaper Market, 1955–1972 (circulation)*

seven percent, as compared to 57 percent in the nation as a whole (Jonsson 1998). The level of industrialization was low; by 1960, twenty percent of the county's workforce earned its living in the agricultural sector.

The Kalmar Newspaper Market

The development of the city of Kalmar was somewhat more uplifting. Between 1950 and 1970, the number of residents increased with over forty percent, from 27,000 to 39,000 (Nilsson 1992). Nonetheless, this could not prevent the city from dropping from place twenty to place twenty-nine on the list of the largest cities in the country. In the political arena, the Kalmar region had long been dominated by the conservatives. Not until the 1930s had the Conservative Party been passed by the SAP in the regional elections for the Swedish parliament. This happened almost two decades after the SAP becoming the largest party in the country. Although no longer the leading party, the Conservatives remained relatively strong throughout the period, when compared to party's popularity in the country at large (Jonsson 1998).

Despite the modest increase in population, the regional newspaper market was still expanding. As of 1955, there were three daily (6/week) newspapers published in Kalmar (see Figure 7.1). Apart from *Barometern*, which was the largest by far, there were also the social democratic *Östra Småland* (est. in 1928) and *Kalmar Läns Tidning* (1915) owned by the Agrarian Party. Due to a dropping circulation and poor finances, the latter was forced to turn to weekly publication in 1962. *Östra Småland*, on the other hand, experienced a successful second half of the 1950s, in which it managed to keep an even pace with *Barometern*. But during the following

decade, the social democratic newspaper stagnated, and the financially much stronger *Barometern* was able to increase its dominance.⁷

General Development of Tidningen Barometerns AB

The period addressed in this chapter both began and ended with major investment programs for TBAB. The year 1955 marked the completion of a five-year reconstruction of the corporation's offices and production facilities. The investment program also included a bigger printing press. In 1972, this machine was replaced by a new offset printing press, the largest investment in the history of the newspaper company. As far as circulation goes, the newspaper enjoyed a slow but steady increase. Between 1955 and 1972, the circulation climbed from 25,600 to 37,000, which meant an annual growth of approximately two percent. In 1963, TBAB acquired *Oskarshamns-Tidningen* (OT), a newspaper published in the middle part of the Kalmar County. The paper, which had a circulation of approximately 12,000, was turned into a local edition of *Barometern*. By 1972, the two newspapers had reached a joint circulation of 50,500. The growth in circulation was mirrored in the size of the staff. In 1955, TBAB had 105 employees (not including some forty part-time newspaper distributors). Eighteen years later, the staff had more than doubled (to 233). During the same period the editorial staff increased from 19 to 50.

Also financially, the period was marked by steady expansion. Between 1955 and 1972, the annual turnover increased from MSEK 3.6 to MSEK 19.9, which meant an average growth of eleven percent—or six percent in fixed prices.⁸ The profit levels were somewhat less impressive, however; between 1955 and 1965 the corporation recorded an EBT (earnings before taxes) of no more than one percent annually.⁹ Towards the end of the 1960s the profits started to increase, and in 1969 the corporation reached a record twelve percent profit margin. As a direct consequence of the large press investment the following year, the yield would gradually fall to four percent in 1972.

Between 1951 and 1954, the executive leadership of TBAB had been divided between a CEO, Tage Forsberg (b. 1906, d. 1981), and an editor-in-chief, Hilding Wibling (b. 1889, d. 1989). Forsberg had learned his trade in the Conservative press sphere, beginning his career as a journalist. In 1948 he was appointed director of *Högerpressens Nyhetsbyrå*, the joint news agency of the Swedish Conservative Press. When he three years later was recruited by *Barometern* as CEO and second editor, the contract included an agreement that he would assume the editor-in-chief position upon Wibling's pending retirement (Weibull 2009). This happened in 1954. Forsberg remained as *publisher* for seventeen years.¹⁰ When he retired in

1972, the parted leadership model, with one CEO and one editor-in-chief, was restored. The two successors, Hilding Björkman (CEO), and Olof Westin (editor-in-chief) were both in-house recruitments.

Ownership

As mentioned, a rather dramatic turn of events during the second half of the 1940s resulted in the takeover of the stock majority of TBAB by the Barometern Foundation. During the period at hand, the foundation would gradually increase its ownership in the corporation. In 1955, the foundation's ownership share amounted to 67 percent. The second largest shareholder was Tage Lundgren, the former CEO, who owned 21 percent of the capital stock. The remaining shares were spread among a large number of minority shareholders. In 1963, the foundation purchased Lundgren's block of shares.¹¹ Along with a continuous acquisition of minority blocks, this deal meant that the foundation by the year 1972 owned 97 percent of the shares in the corporation.

Since its establishment, the Barometern Foundation had had two formal bodies. Each year, the around one hundred founders were summoned to an *Annual Meeting of Founders*—the highest governing body of the organization. At these meetings, the founders would elect among themselves a board of trustees, with responsibility for handling the foundation's affairs, including—of course—the shareholdings in TBAB.¹²

The foundation's *board of trustees* had (and still has) nine members and nine alternates, all elected on three-year terms.¹³ Just as with the composition of the foundation at large, the foundation charter stipulated that the “mandates [of the board of trustees], to the extent that is achievable, be divided so that the foundation's dispersion over various industries and cultural institutions be reflected” (§ 6, author's translation).¹⁴

The formal duties of the board of trustees included submitting the foundation's annual accounts and the recruitment of new foundation members. Both these issues were then finally determined by the annual meeting. The primary task of the foundation board was nevertheless to represent the foundation at the TBAB AGM. Since its establishment, the position as foundation chairman had been held by district judge (“*häradsövding*”) Thorsten Fredriksson. The district judge was the highest-ranking official in the court district of Kalmar. Upon his retirement in 1963, Fredriksson was replaced as board chairman by his successor in the district-judge office, Liss-Erik Björkman.

Throughout the period, the board of the Barometern Foundation met only once a year. The meetings were scheduled right before the AGM of the newspaper corporation. During the board meetings, the annual report of the news-

paper corporation would generally be presented to the board by the newspaper company CEO (whom, although not a board member, participated in the board's meetings). When the AGM formally settled the annual report a few hours later, it had thus already been approved by the main owner.¹⁵

In sum, the formalized activities of the foundation's board of trustees, in terms of meetings held and issues addressed, can be described as exceedingly limited during this first period of the study. The meeting minutes show little proof of any direct involvement in the affairs of the stock corporation. This did not, however, preclude the board from involving itself in the actions of the editorial department of the newspaper. The meeting minutes, although brief in character, do indicate that the board of trustees occasionally did open the floor for discussions concerning the editorial content of the newspaper, at times resulting in criticism towards the editorial management. The performance of the editorial department was also a recurrent feature during the annual meeting of founders (the interview material). The meetings did not, however, result in any direct decisions or decrees regarding the editorial leadership of the newspaper.

THE BOARD OF DIRECTORS

Since the early 20th century, the board of directors of TBAB had had five regular members and two alternates. The size of the board was left unaffected by the ownership changes of the 1940s. Following its capacity of majority shareholder, the Barometern Foundation nevertheless was in total control of the composition of the newspaper company board.¹⁶

Composition and Characteristics

Going into this period, the TBAB board of directors was chaired by Frits Elfverson (b. 1894, d. 1979). Having initiated the forming of the Barometern Foundation in 1947, Elfverson was arguably the key figure of the ownership organization. Apart from being the owner-manager of a major wood-processing factory, he was chairman of the local chapter of the Conservative Party. Elfverson would remain as board chairman for the better part of the period.

Regarding the composition of the TBAB board of directors at large, a first important attribute was the overwhelming physical presence of the Barometern Foundation. Apart from the company CEO (and editor-in-chief), Tage Forsberg, all board members and alternates of the 1950s and 1960s were directly associated with the foundation's board of trustees (as board members, board alternates, or as lay auditors).¹⁷ As a direct consequence of the dominance of the controlling shareholder, all board members apart from the CEO were thus recruited from outside of the newspaper corporation.¹⁸

As mentioned, the charter of the Barometern Foundation stipulated that its members be representatives of not only the various sectors of the local trade and industry, but also the various geographical parts of the newspaper's circulation area. Although not explicitly stated in the bylaws of the newspaper corporation, the foundation chose to reflect this professional and geographical 'mixture' on the composition of the TBAB board of directors as well. In 1955, the four owner representatives on the board consisted of two local business managers, one lawyer, and one farmer. The alternate positions were held by a businessman and a farmer. Whenever changes were made to the board during this period, this 'occupational pattern' was kept intact.¹⁹ Also regarding place of residence, the board composition represented quite neatly the various parts of the newspaper's circulation area.

All in all, the TBAB board of directors consisted of representatives of the highest echelons of the local industrial and social life. It included not only some of the largest private employers in the region, but also members of some of the more prominent families of the Kalmar area. Additionally, the majority of the board members had board duties in a number of other local businesses and trade associations as well as various commissions of trust in the local community.

Nonetheless, the perhaps most significant characteristic of the board's composition during this period was the direct ties to the Conservative Party. A closer look at the 1955 board reveals that all members and alternates were or had been members of either the municipal council (*kommunfullmäktige*) or the county council (*landstinget*). The board's vice chairman (Einar Haegglom) was a member of the Swedish Parliament, the *Riksdag*.²⁰ The direct parallelism between the party and the newspaper board would become somewhat less profound towards the end of the period. But even though there was a slow decrease in the number of party officials and popularly elected politicians, an outspoken sympathy for the Conservative party was still more or less a prerequisite of all members of the TBAB board of directors in the early 1970s (the interview material).

A final characteristic worth mentioning is the long tenures of the board members. The 1955 board composition would remain more or less unchanged over the following decade and a half. In 1955 the average age of the five regular board members was 54 years. Given the relatively few changes in the board composition over the years that followed, this average would gradually increase. By 1965, the average age of the board members had reached 65 years and the average board tenure almost 20. Following a number of changes to the board composition towards the end of the period, the average age would drop to 55.²¹

Structure and Processes

During the eighteen-year period addressed in this chapter, the board of directors of TBAB assembled for 67 board meetings, or an average of just under four meetings per year. Of this total, however, approximately one-third of the meetings were of extraordinary character with only or two issues on the agenda, leaving the number of ‘regular’ meetings to below three per year. Judging by the time elapsed between meetings, there was little regularity regarding the scheduling of summits. Consequently, the total number of meetings held each year would vary between two and five. It thus appears that the board was summoned more on the basis of whether there were issues calling for the board’s attention, than on a regular meeting cycle with prearranged agendas.²²

Concerning attendance, just under half of the meetings included the presence of all of the regular members. The only member with ‘perfect attendance’ during the period was the chairman (something which indicates that the meeting dates were based around his schedule). The CEO, who was also the minute keeper, was absent from only two meetings during the period.²³ Regarding financial remunerations, finally, the members of the 1955 board of directors were awarded an annual fee of SEK 300. The board chairman received an additional SEK 700. 17 years later, these fees had gradually been raised to SEK 750 and SEK 1,800 respectively (an increase roughly corresponding to the general inflation of the period).²⁴

THE BOARD AGENDA

Perhaps as a reflection of the stability in terms of ownership, board composition, and management configuration, the activities of the board of directors during this period were marked by a significant level of continuance. Thus, as the following pages will show, the items on the meeting agendas of the TBAB board in 1972 differed little from those of 1955.

Handling the Legal Obligations

The annual reports of TBAB were prepared by the CEO and then presented to the board for approval. As far as the minutes are concerned, there are no indications that the board ever decided against the proposals—including such bookkeeping features as write-offs on assets and the allocation of profits—put forward by the CEO. Regarding the size of share dividends, the Barometern Foundation’s board of trustees had in 1948 made a decision to recommend a four percent share dividend, equaling SEK 9,600 (or SEK 179,000 in current [2011] money value). This amount remained unaltered until 1971 when it was raised to eight percent (SEK 19,200).²⁵

Yet another legally stipulated board duty was the appointment of firm signatories. The corporate bylaws required that the signatory of the firm had to be carried out jointly by two board members. This particular ruling had direct implications for the discretionary power of the CEO as he was prohibited to undertake singlehandedly any legal acts on behalf of the corporation (such as entering into formal contracts). All such action had to be carried out with another board member, which in effect meant a representative of the main owner. The firm signatory paragraph was changed in 1967, however; from this year forward, the signatory right was individualized.²⁶ Nevertheless, the autonomy of the CEO was still circumvented as the new bylaws stated that the CEO was entitled to sign for the firm, only “*after the authorization of the board*” (corporate bylaws TBAB, 1967).

Recruitment of Managers and Editors

To the more significant board duties during the period at hand belonged the hiring of administrative and editorial managers. As far as can be judged by the meeting minutes, all such appointments had to be formally approved by the board.²⁷ There is, however, little evidence that the board of directors was actively involved in the recruitment process of any of these appointments. Rather, it appears that the board involvement was restricted to the confirmation of the proposals put forward by the CEO, Tage Forsberg. This included the appointment of Forsberg’s successors to the positions of CEO and editor-in-chief in 1972.²⁸ Both recruitments to the top positions were long-time employees of TBAB. Olof Westin (b. 1927), the new editor-in-chief, had first been hired as a reporter in the early 1950s. After a few years of working for the Conservative Party in Stockholm, he had returned to *Barometern* as political editor in 1957. Three years later, he was promoted to second editor. The new CEO, Hilding Björkman (b. 1916, d. 1996), had joined TBAB as deputy CEO in 1963. Like his predecessor Forsberg, he had started his newspaper career as a journalist.²⁹

Concerning the recruitments to the top managerial and editorial positions, it is worth noting that the ties to the Conservative Party remained strong throughout the period. During his time as editor-in-chief, Tage Forsberg was himself elected a member of the Kalmar city council, representing the Conservatives. As mentioned, his successor as editor had been working directly for the national party organization. The new CEO, Hilding Björkman, had a long background working for various right-wing newspapers and Matti Häggström, who was hired as political editor in 1972, was recruited directly from the party organization. Before joining the Kalmar newspaper, he was the national director of information of the Conservative Party.

Financial Control

Regarding the task of carrying out a financial control of the corporation, there are few signs in the minutes from the 1950s of systematic financial reporting during board meetings. Updates on the current status of the newspaper business, including circulation and advertising sales, were not a standing point on the board agenda.³⁰ During the 1960s, there are nevertheless some indications of a somewhat more thorough financial reporting carried out by the CEO in the boardroom.³¹ Also regarding the *prognostication* of (annual) results, there seem to have been a gradual increase in regularity. Although there appears to have been prognoses made in the beginning of the financial year as early as 1958 (6/2/58), it was not until five years later that these reports were followed up by the board on a more regular basis.

None of the financial reports presented by the CEO seems to have caused any direct action by the board. They were also very brief in content. In this context, it is important to note that the TBAB board of directors had yet to introduce any form of budgetary control regarding the incomes and expenses of the newspaper corporation. Nor were there any profit targets established by either the foundation or the board of directors.

Northward Expansion

Entering the 1960s, the various local newspaper markets of southeastern Sweden were still completely diversified as far as ownership was concerned. No single owner controlled more than one newspaper. As a final point of the November meeting of 1961, however, the TBAB CEO informed the board of “certain negotiations” regarding a merger with the conservative *Oskarshamns-Tidningen* (OT), a newspaper published in the city of Oskarshamn, some 75 kilometers north of Kalmar (11/16/61).³² With a circulation of approximately 12,000, the newspaper was the market leader in its circulation area. The matter would not reappear on the board agenda until almost a year later. By then, however, the CEO and the board chairman presented the board with a concrete proposal, in which TBAB would buy the OT shares belonging to the newspaper’s editor-in-chief Sven Sedvallson—which amounted to 40 percent of the share capital—for a sum of TSEK 129. The deal was to be financed by a credit arrangement settled with the Conservative Party. The board was also informed of the fact that Sedvallson over the past twelve months had purchased an additional sixteen percent of the share capital on behalf of TBAB. Thus, the subsequent board decision to approve the merger and to commission the CEO and the chairman to continue buying shares in the corporation appears to have been more or less a formality.³³

Following the takeover, *OT* was turned into a local edition of *Barometern*. According to the contract between the two newspapers³⁴, *OT* was nonetheless expected to increase its local character in terms of both editorial content and graphical layout. The remaining editorial sections, including sports, culture, national news, were to be the same in the two papers. And whereas *OT* was allowed to maintain its own advertising, subscription, and distribution departments along with its five local offices, the printing of the newspaper was to be transferred to Kalmar.³⁵

Even though Tage Forsberg took over as the responsible editor also of *OT*, Sedvallson remained as the editor-in-chief also after the merger. Nevertheless, his autonomy in editorial decisions was circumscribed by the new service contract established between him and the TBAB board (1/21/63, attachment 1). Thus, the contract included the somewhat ambiguous term that Sedvallson “after close consultation with the editor-in-chief of *Barometern*” was to “independently edit the newspaper”. Regarding the newspaper’s political stance, *OT* was allowed to propose a diverging opinion from *Barometern* in local matters, but as far as national politics were concerned, Sedvallson was bound to “loyally support the course advocated by *Barometern*’s editor-in-chief”.³⁶

Fruitless Takeover Invites

On two additional occasions during the period was the TBAB board of directors to be involved in negotiations about possible takeovers of smaller newspapers in the region. In both cases, the negotiations appear to have been initiated by the seller. In June 1965, the CEO informed the board of informal talks with the owner-editor of the *Ölandsbladet* regarding a possible takeover (6/11/65). *Ölandsbladet* was published three days a week on the island of Öland. It had a circulation of 4,000 and its political affiliation was “bourgeois”. The board authorized the chairman and the CEO to initiate “unprejudiced” discussions in the matter. However, when the issue returned to the board agenda, the board was informed that the negotiations had stranded since the seller had not been able to accept the conditions for a takeover provided by TBAB (12/17/65). The nature of these terms was not recorded in the minutes. Six years later, TBAB was presented with a similar proposition from the owner of *Nybro Tidning*, yet another small local newspaper in *Barometern*’s circulation area (3/10/71). The chairman, the CEO, and the deputy CEO were commissioned to initiate such negotiations. However, this affair never returned to the board agenda. Why the takeover was never realized is unclear (cf. Jonsson 1998; Evenäs 2006).³⁷

Involvement in Investments

The perhaps most recurrent item on the agenda of the TBAB board during this period was the authorization of investments in new machinery. As shown above, TBAB went into the period having recently completed a major investment program, a venture that had seriously stretched the finances of the corporation. In comparison, the investment rate over the following decade and a half can be described as exceedingly modest.³⁸ Despite the relative absence of more costly investments, however, virtually no purchases of machinery or equipment—regardless of size—were made without the preceding approval of the board. On the few occasions that the CEO did carry out an investment without prior board authorization, it had been approved in contacts with the board chairman.

As far as the minutes are concerned, none of the investments proposed by the CEO were rejected by the board.³⁹ In this context, it is worth noting that the investment plans put forward by the CEO rarely included calculations of the effects of the new machinery such as savings in running costs. Thus the board was provided with little basis of assessment prior to approving the expenditure.

As mentioned, the start of this first period of the study had coincided with the installation of a larger printing press in the Barometern building in the Kalmar city center. It would take fifteen years before the production facilities of the newspaper returned to the board agenda. In April 1967 the board discussed the “long-term aspects of the company’s facility requirements” (4/17/67, extract from minutes). The CEO was commissioned to investigate the issue together with board member Edvin Claesson. The latter was the owner-manager of one of the city’s more prominent construction companies. It was this company that had performed the investment program of the 1950s. A presentation, concerning the investment in a new printing press, was made the following year. The board was also informed of talks of taking over an adjoining property that would hold the new printing facility. The mission to negotiate an acquisition was given to the lawyer on the board. A limit was set at TSEK 200 (6/14/68). In June 1969, the CEO informed the board that the takeover had been finalized. The board also approved the CEO’s suggestion to hire the town planner of Kalmar to be the architect of the project (6/13/69).⁴⁰

Regarding the printing press, the issue was discussed during an extra meeting a couple of months later. The board was informed that offers had been made by eight manufacturers. Following the suggestion of one of the board members, the CEO was commissioned to present a memo regarding both the printing and reconstruction arrangements during the next meet-

ing. Even before that, however, the board made a principal decision that the company would go over to the offset technology (8/22/69).

A rather extensive analysis of the various offers (fourteen pages in total) carried out by the CEO and the deputy CEO was presented in November of 1969. The memo described the planned venture as the largest investment in the history of the newspaper. Nevertheless, the rapidly increasing circulation made the investment in higher production capacity necessary. Regarding the financing of the investment, the memo concluded that the proposed investment could be carried out without jeopardizing the finances of the company. Talks with the CEO of the newspaper's bank had resulted in a promise that "[we] may borrow as much as [we] want" (11/17/69, extract from memo). Negotiations, in which the company had been represented by the CEO, the deputy CEO, and the board chairman, had been carried out with five of the eight manufacturers. Having consulted two of the "most prominent newspaper technicians in Scandinavia", as well as the bank manager just mentioned, the committee had landed in a recommendation of the Swedish manufacturer Nohab. After "carefully" discussing the issue, the board decided to go along with the proposed deal (*ibid.*)⁴¹

The second part of the investment, the construction of the new printing plant was approved during the following board meeting. Deeming it important, not least for tax purposes, to start the production of the new building during the current fiscal year, the board decided to give the contract to Claesson & Anderzén, the construction firm owned by board member Edvin Claesson, without a prior tendering process. Rather, the firm in question was to "... perform the job on a running account within an approximate cost frame later presented by engineer Edv. Claesson..." (3/12/70; extract from minutes). The whole investment program was completed according to schedule in 1972.

Involvement in Staff Management

As mentioned above, the staff of TBAB more than doubled in size between 1955 and 1972. Regarding the handling of staff issues, there was a gradual change in the board's involvement during the period. Initially, the board was more or less directly involved—at least in a formal sense—in the composition of the workforce. Judging by the meeting minutes, it appears that all staff changes up until the early 1960s required the sanctioning of the board. Thus, both the filling of vacancies and the expansion of the workforce were passed via the boardroom for approval. Quite often, however, the approval was made *ex post*. On such occasions, it was generally recorded that the actions taken by the CEO had been preceded "by the consultation" of the board chairman.

To a considerable extent, also the salary (and fringe benefits) of individual employees appears to have required the board's approval. Even though the pay agreements proposed by the CEO were never rejected, this circumstance indicates that the CEO lacked the formal right to enter into a contract of employment with individual members of the workforce. A third type of board issue related to the staff was the handling of pension plans. Well into the 1960s the company provided for the pensions of retired employees (including the pensions of the widows of deceased employees). Also in this case, the size of the pensions were suggested by the CEO, but settled formally by the board.⁴² Towards the end of the period, the number of salary and pension issues handled in the boardroom was gradually decreased. A contributing factor to this is fact that more and more staff members were embraced by collective bargaining agreements concerning both salaries and pensions.

Involvement in Other Business-Related Issues

The only business-related items, apart from the staff and investment issues just discussed, that appeared regularly on the board agenda during the period at hand was the fixing of circulation and advertising prices. Both categories were formally approved by the board of directors, even though it also in this case happened that changes implemented by the CEO were endorsed *ex post*. Up until at least 1965, however, the subscription rate was settled in negotiations with the local competitors.⁴³

The minutes bear few marks of any board involvement in the sales-increasing activities carried out by the company. On only a handful of occasions during the period were such efforts brought to the board agenda. In all of these cases, the CEO was either reporting the effects of completed sales campaigns, or asking for the approval to carry out a planned campaign. In neither of these cases, the efforts appear to have been initiated by the board itself.⁴⁴

As a final point, it is worth pointing out that editorial issues are altogether missing from the board agenda. The minutes include no decisions concerning the activities of the editorial department. If the editorial content of the newspaper was ever discussed in the boardroom, it was not rendered in the meeting minutes.

CONCLUSIONS

Generally, the nineteen years addressed in this chapter were characterized by considerable growth for TBAB. The sales of subscriptions and advertisements grew steadily and enabled the hiring of new staff and the expansion of the newspaper offices and production facilities. A successful acquisition

of *Oskarshamns-Tidningen* added to the growth. Regarding the governance of the corporation, however, the period was nevertheless marked by stability. The configuration of the management team remained largely unaltered. Since 1947 the newspaper had been under the control of the Barometern Foundation. The foundation would continue to gradually increase its ownership in the company.

Regarding the controlling shareholder, the Barometern Foundation had been established with the overriding purpose to secure the newspaper as an organ of the local industry and trade and of the Conservative Party. This commitment was directly reflected in the composition of the newspaper board. The foundation elected the board members exclusively from its own lines. Judging by this recruitment policy, the primary role of the board was not only to act as a ‘guarantor’ of the interests that the foundation was set to safeguard, but also to link directly the board with the different interests group (in terms of professions and geographical regions) represented in the foundation.⁴⁵ To this extent, the board composition in TBAB during this initial period of the study was characterized by a distinct *firm-external* perspective (cf. Huse 2007: 36ff).

As a result of the absolute overlap between the controlling shareholder and the board of directors, the Barometern Foundation was able to monitor directly—without agents—the actions taken by the newspaper management (cf. Fama and Jensen 1983a). The notion is strengthened even further if we consider the division of power between board and management. The CEO had little formal authority to make decisions autonomously. Many *operational* decisions related to the staff, pricing, and investments, had to pass the board for a formal approval.⁴⁶ In this manner, the board maintained the full control over all editorial appointments, including, of course, those concerning the leading editorial positions, which without exceptions were filled with men associated with the Conservative Party.⁴⁷

Having said this, the overriding impression is nonetheless that the control task executed during board meetings was more a formality than an active monitoring of the corporation’s affairs. The minutes include no objections or rejections to any of the proposals put forward by the CEO during the period. Given the limited reporting, in terms of both periodicity and content, of the financial and sales performance of the corporation, the possibility for the individual board member to gain any deeper insight into the operations of the business must have been scarce (cf. Eisenhardt 1989).

Rather, it seems that much of the *actual* monitoring rested with the board chairman Frits Elfverson. Many decisions made by the CEO were approved in continuous contacts with the chairman, and approved formally by the

board *ex post*. Elfverson, who was the leader of the local party organization, had been the initiator of the foundation and the one who negotiated the takeover of the stock majority of TBAB (Odén 2009). This gave him a dominant role in the affairs of the foundation, as well as those of the stock corporation.⁴⁸ The role of the chairman as a proxy of the board helps explain not only the irregularity of the board meetings and the limited presentation of basic data prior to decision, but also the absolute level of unity and consensus in all decisions made by the board during the period.

The examination of the board minutes gives little proof that the board ever devoted itself to issues of more long-term strategic issues. For at least two reasons, this need seems to have been limited. Firstly, the external pressures to change the current course of the company were clearly limited. The company performed (reasonably) well on a market that was still expanding. The competition was limited; the social democratic rival was struggling and offered little threat as far as market shares were concerned. Secondly, there were no ownership directives to make the business more efficient or indeed more profitable. The Barometern Foundation was a political venture—not a financial one. Thus, there were no guidelines and directives stipulated by the owner other than to safeguard the ideological position of the newspaper.

Taken together, it therefore appears that the board lacked both internal and external pressures to force through a more pro-active strategy-oriented approach.

BORÅS TIDNING

Borås Tidning (BT) is one of the oldest provincial newspapers still existing in Sweden. It was founded in 1826 in Borås, a city in Southwestern Sweden, which at that time was a small mercantile community, but over the course of 19th century would evolve into a center for the Swedish textile industry.

THE PRIOR HISTORY⁴⁹

The founder of *Borås Tidning* was Nils Erik Lundström, the owner of a small printing office. After only a couple of years, however, the business was destroyed in a fire that devastated most of the small township. Following a strenuous attempt to publish the newspaper from another town, Lundström chose to leave the newspaper industry. After a turbulent first decade marked by numerous ownership changes, the newspaper was bought in 1838 by the entrepreneur and local parliamentary member, C. G. Rydin (b. 1798, d. 1877). During Rydin's reign, which lasted for five decades and two generations, the newspaper established itself not only as the biggest news-

paper in the region, but as an openly conservative organ, closely connected to the city's industrial interests.

After the Rydin era, which ended in 1886 with the death of Albert Rydin, C. G. Rydin's son and successor, followed yet another period of frequent ownership changes. In connection with one of these, which occurred in 1898, the newspaper was taken over by a consortium consisting of well over a hundred local citizens and companies.⁵⁰ Thus began a period of dispersed ownership that would last for more than six decades. In connection with this change of control, the newspaper business was transferred to a stock corporation, called AB Borås Tidning (ABBT). Many of the new shareholders were representatives of the local trade and industry, something that strengthened the ties between the newspaper and the local industrial class even further. The board of directors included some of the leading capitalists in the city.

The annual accounts of the first half of the 20th century give proof of an expanding newspaper company with solid finances. In 1949, *Borås Tidning* became one of the first provincial newspapers in Sweden to turn to daily publication (7/week). Three years earlier, the company had acquired the stock majority in *Ulricehamns Tidning*, a three-day newspaper published in the neighboring city of Ulricehamn. Just like the much bigger *Borås Tidning*, the newspaper was an open supporter of the Conservative Party. Since 1893, ABBT had also owned a small regional newspaper called *Westgöten*. Published four times a week, it was directed primarily at the rural areas of the Borås region.

THE SETTING

For the better part of the 20th century, the city of Borås could rightfully be described as the “the Textile Town” of Sweden.⁵¹ The textile industry had boomed during the last decades of the 19th century, and by 1908 the city's textile factories—46 in total—accounted for almost ninety percent of Borås' industrial working force. The prospering industry caused the city to grow rapidly. Between 1890 and 1940 the city's population increased from eight thousand to almost fifty thousand, and Borås climbed from number twenty-three to number seven on the list of Sweden's biggest cities.

The Borås Newspaper Market

During the 1940s the growth would slow down, and throughout the 1950s and 1960s the development followed the population increase of the nation at large. By 1970, the city's population had passed seventy thousand. Politically, the city of Borås had had a long tradition of Conservative dominance. The right-wing demand for higher export tolls was widely regarded as

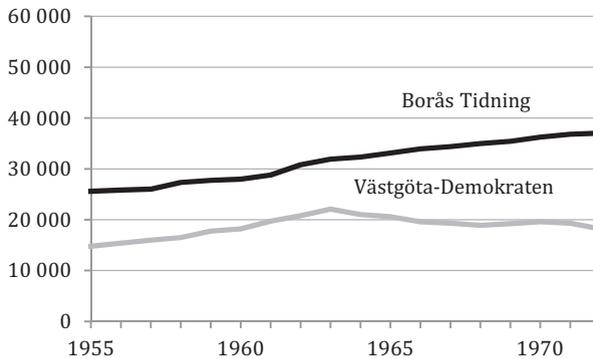
beneficial for the local textile industry. But in the 1930s the rapidly growing SAP had passed the Conservative Party in the local elections. Although remaining as the largest non-socialist party during the 1950s and 1960s, the Conservatives would gradually lose political mandates to the other bourgeois parties, particularly the Agrarian Party, which found strong support in the rural areas of the wider Borås region.

In the wake of the city's rapid expansion the local newspaper market flourished. As of 1950 there were no fewer than five newspapers published in the city. However, over the following decade the structural problems of the Swedish press, depicted in Chapter 2, hit the Borås newspaper market with full force (see Figure 7.2). At the end of the decade only two papers remained. The liberal *Borås Nyheter* was closed down in 1951. The communist *Borås Folkblad* faced the same destiny in 1957, and two years later the agrarian *Sjuhäradsbygdens Tidning* was forced down to weekly publication.

The discontinued papers had been comparatively small and had never posed a threat to the market-leading position of *Borås Tidning*. The main opponent was instead the social democratic daily *Västgöta-Demokraten* (V-D), which in 1955 had a circulation of approximately 19,000—as compared to *BT's* 30,500. Due to poor finances, however, V-D was forced to cancel its Sunday issue in 1959. This marked the beginning of a slow decay for the number two paper. In 1967 it had to increase its subscription-rate with fifty percent. The repercussions were dramatic: over the next five years, the newspaper's circulation slumped by almost forty percent (down 8,000 copies). Naturally, this development was most advantageous for *Borås Tidning*, which during the same five-year period recorded an increase that matched quite neatly the loss of the rival. The boost would take *BT* over the fifty thousand mark in 1971. This made it the seventh largest provincial newspaper in the country.

General Development of AB Borås Tidning

All in all, the time period addressed in this chapter was a comparatively quiet time for ABBT as far as major events were concerned. The years passed without any takeovers or major investment programs. Rather, the period was characterized by consolidation and organic growth. The newspaper's circulation increased from 30,500 in 1955 to 52,200 in 1972. During the same period, the turnover increased from MSEK 5 to MSEK 19.5, which meant an annual growth rate of eight percent (or four percent in fixed prices).⁵² Yet another sign of the newspaper's expansion was the continuous recruitment of new personnel. Between 1955 and 1972, the staff increased from 149 employees to 183. During the same period, the

Figure 7.2 *The Borås Newspaper Market, 1955–1972 (circulation)*

editorial staff grew from approximately 20 to 35. To some extent, the steady increases of the staff (along with other costs) would hold back the profitability of the corporation. The average annual net profit margin of the period amounted to approximately six percent.⁵³

In 1955, the company got a new CEO, as 40-year old Tore G. Wärenstam (b. 1908, d. 1980) replaced the long-serving Ragnar Claeson (b. 1885, d. 1963). Wärenstam, who had a background working for various right-wing newspapers, had been recruited to ABBT as chief subeditor and second editor in 1937. In 1954, he had been promoted to editor-in-chief, succeeding the retiring Henry Johnsson (b. 1889, d. 1976). Wärenstam would remain as editor-in-chief until 1974 and as CEO until 1980. By then, he was also the largest shareholder of the corporation. During his time as the editorial and administrative head of ABBT, Wärenstam established himself as one of the most prominent figures of the Swedish press (see Stål 2008). Between 1962 and 1972, he was chairman of the TU, the influential trade association of the Swedish press. In addition to being a newspaperman, Wärenstam also pursued a political career. He played a leading role in the local chapter of the Conservative Party, and held the chairmanship of both the county and city councils. The commissions manifested the close ties between the newspaper and the local party organization.

Ownership

Entering the period, the shareholders' capital of ABBT was divided among a large number of shareholders, both individuals and local companies. The ownership sphere of 1955 included some of the most prolific representatives of the textile industry. The biggest individual shareholder, *Borås*

Wäfveri AB, which was the largest textile company in the area, controlled about ten percent of the shares.

The influence of a (potential) dominant shareholder was effectively restricted by the bylaws of the corporation, however. No shareholder, the bylaws stated, was allowed to vote for more than ten percent of the votes present at the AGM. Thus, even in a scenario in which a single shareholder was to control a majority of the shares, he or she could not singlehandedly elect the board of directors.⁵⁴

The ownership structure would gradually change during the period as the company CEO and editor-in-chief, Tore G. Wärenstam, slowly increased his interests in the company. In 1955, Wärenstam owned four percent of the stock; ten years later his ownership share had increased to approximately thirty percent. This made him the largest individual shareholder of the stock corporation.

In 1968, the year of his sixtieth birthday, Wärenstam established a foundation, *Tore G. Wärenstams stiftelse* ('the Tore G. Wärenstam Foundation') to which he donated parts of his ownership interests in the corporation. The motive behind the foundation was to "secure that the newspaper company be kept intact for the benefit of its present and future employees"⁵⁵. The formal purpose of this new owner entity, stipulated by Wärenstam himself and entered into the foundation charter, was to administer and acquire shares in ABBT and to secure the newspaper as "an organ for the free word" under the continuance of the newspaper's "current moderate non-socialist political direction" (§ 1).⁵⁶ The managing of the foundation was handled by a three-headed board of trustees appointed by Wärenstam—who was also the foundation chairman. During the period at hand, the board of trustees would assemble for one formal meeting per year. In reality, however, the dealings of the foundation were handled by Wärenstam alone. According to one of the original board members, the role of the two externally recruited members was limited to the signing of the foundation's annual report (interview).⁵⁷

THE BOARD OF DIRECTORS

Since the founding of the newspaper corporation in 1898, the board of directors of ABBT had had five members and two alternates. The size of the board remained unchanged throughout the period at hand.

Composition and Characteristics

Regarding the development of the composition and characteristics of the board during the period a few important notes may be made. As mentioned above, ABBT had had a long history of close ties to the local trade and indus-

try. By 1955, this relationship was still clearly reflected in the composition of the board. The board of directors included some of the city's most influential textile industrialists.⁵⁸ It was chaired by Sture Bergengren (b. 1895, d. 1961), CEO of Borås Wäfveri, the biggest of the city's textile companies, and also the largest shareholder in the newspaper corporation (see above). When Bergengren died in 1961, he was replaced as chairman by Åke Rydin (b. 1903, d. 1975), yet another textile executive, and also a descendant of the newspaper's founder C. G. Rydin.

Another board characteristic was the low circulation of board members. The average board tenure during the period amounted to sixteen years. In fact, of the five changes that were made to the board composition during the period, no less than four were the result of deceased members.⁵⁹ On all five occasions, the vacant position was filled by one of the board alternates. Regarding the election of new members, it is worth noting that the CEO Tore G. Wärenstam, also prior to becoming the largest shareholder appears to have been personally responsible for finding new recruits (the interview material). With this in mind, it is possible to discern a slow shift regarding the background of the board members. Before Wärenstam was promoted from alternate to regular member in 1960, the board included no internal members (i.e. company employees).⁶⁰ Over the years that followed, the dominance of external members was gradually reduced. As a result, the presence of the local industry interests slowly decreased.⁶¹

Throughout this period, also the political affiliation of the newspaper was reflected in the board composition. Several board members had represented the Conservative Party in the city council. The party connection was kept intact in the board recruitments initiated by Wärenstam.⁶² As mentioned, Wärenstam was one of the more dominant figures of the local party apparatus. The newspaper's conservative affiliation was also established in the charter of the Wärenstam Foundation.

Structure and Processes

Throughout the period at hand, the ABBT board of directors would meet on a standardized schedule with three meetings each year.⁶³ The first meeting was held in either March or April. It included a number of formal points. Most importantly, the board established the annual and management reports, which were to be settled by the upcoming AGM. The second meeting was held in May, right after the AGM. A standing point on the agenda of these meetings was the constitution of the board for the coming year. This included the election of board chairman, vice chairman and firm signatories. The third and last meeting was held towards the end of the year, generally in December. During these meetings, a returning feature was the

presentation of the interim reports (Q1–Q3) of ABBT and the subsidiary Ulricehamns Tidning.

Concerning attendance, the turnout during the first part of the period was relatively low.⁶⁴ Between 1955 and 1965, only a fifth of the meetings were attended by all five regular members. In a third of the meetings there were only three regular members present. The propensity to attend board meetings would nonetheless increase considerably among the new members that were recruited to the board towards the end of the period.⁶⁵ The only member who partook in all meetings throughout the entire period was the CEO, Tore G. Wärenstam (who was an alternate until 1960). Even prior to becoming the CEO, Wärenstam had kept the minutes during board meetings. He kept this role throughout the 1950s and 1960s. In 1970, however, the minutes keeping was transferred to the company's financial director (Rune Eliasson), who was elected a board alternate this year. Throughout the period, the minutes were approved by the chairman and the vice chairman.

Regarding board remunerations, the board of 1955 received a total fee of SEK 2,500 for the upcoming year. The fee was distributed equally among the five members. When the fee was raised four years later, the board chose to give more to the chairman (SEK 1,000) than to the other members (SEK 750). This division was kept intact in subsequent board fee increases throughout the rest of the period. In 1972 the chairman received SEK 3,000 and the other regular members SEK 2,500 per year. All in all, the relative pay-raise of the board had thus been considerable. In fixed prices, the total board fee increased with over two hundred percent between 1955 and 1972.

THE BOARD AGENDA

A distinct feature concerning the activities of the board of directors of ABBT during this first period of the study was the formalized meeting routines and standardized meeting agendas. Given the long tenures of both the board members and the executive management, the period was thus characterized by considerable stability.

Handling the Legal Obligations

The official annual report of the newspaper company was handled each year during the spring meeting. The reports were put together by the CEO, and approved unanimously by the board without, as it appears, any alterations. As far as the disposal of company profits were concerned, the dividends paid out to the shareholders were gradually increased during the period. In 1955 the shareholder dividends amounted to five percent of the share capi-

tal. In 1972, the dividends had increased to eight percent.⁶⁶ Nevertheless, the increase in dividends did in no way correspond to the general increase in profits during the period. Thus, the better part of the profits accrued remained with the corporation.⁶⁷ On three occasions, in 1966, 1968, and 1969, the board granted the payout of bonuses to the staff. The first was made in connection with the newspaper 140-year anniversary, whereas the other two were motivated by strong financial results. All of these payouts were initiated by the CEO.

The firm signatories of the newspaper corporation were appointed by the board at the constitutive board meeting in June each year. Throughout the period, the right to sign for the firm was given individually to the chairman, the vice chairman and the CEO.

Recruitment of Managers and Editors

As noted above, Tore G. Wärenstam remained as both CEO and editor-in-chief throughout the entire period at hand. The composition of the remaining management team, including that of the editorial department, appears to have been handled singlehandedly by the CEO. The minutes include no traces of the board ever discussing, let alone deciding on any managerial appointments.

Handling Company Finances

One of the standing items on the board agenda during this period was the presentation of the financial performance of the newspaper corporation. Indeed, the issue of financial reporting appears to have taken up a major share of the average ABBT board meeting. Virtually all meetings included a presentation by the CEO of current sales figures. Major external contingencies with bearing on the newspaper business such as changes of postal fares and tax rates, and new prices of newsprint, were also continuously brought to the board's attention by the CEO. In addition, during the December meeting the CEO would present a cost prognosis for the upcoming year. Neither of the financial reports would render any (recorded) objections from the members of the board. In this context, it is worth noting that the ABBT board of directors had yet to implement a budgetary control over the corporation.

ABBT was a newspaper company with sound finances. Following Wärenstam's entry as CEO, the yield from the newspaper business was to a considerable extent invested in the stock market.⁶⁸ From 1955 onwards, the market portfolio accounted for an increasing share of the corporation's business interests.⁶⁹ A direct consequence of this development was that the current status of the market portfolio, including trades made since the

previous meeting, became a standing fixture on the board agenda. Entering the period, it appears as if changes to the market portfolio required the approval of the board. However, following board decision in 1958, the CEO was authorized to carry out stock trades “to the extent that he [found] appropriate” (5/23/58, extract from minutes).⁷⁰

Planning for a Relocation

Generally, the period at hand was relatively uneventful for ABBT as far as major board decisions were concerned. There was nonetheless one issue of considerable importance that reappeared on the board agenda throughout the entire length of the period. It concerned the long-term location of the newspaper company. Since 1882, the business had been located on the same block in the city center of Borås. Despite its historic significance, however, the locality offered little room for future expansion. Thus, the search for a new location had started only a few years after the 1939 installation of the current printing press (10/31/44). As far as can be judged by the minutes, the board of directors played a passive role in the location search. The issue was handled by the CEO and was only sporadically reported back to the board.⁷¹ In the spring of 1966, however, the board was presented with a concrete proposition regarding a 1,700 square meter property in the outskirts of the city center. The board authorized the CEO to finalize the deal, providing that a “reasonable price” could be reached (3/16/66). During the subsequent meeting, the CEO informed the board that the property in question had been acquired for a cost of TSEK 850 (MSEK 7.3 in current [2011] money value). However, the property was not big enough to house an entire newspaper factory. Thus began the search for adjoining estates, a venture that would continue well into the second period of this study.⁷²

During the last meeting of the period (12/12/72), the CEO updated the board of the planning for the new offices and printing plant. A special task force with representatives from the various personnel groups had recommended that the new printing press be based on offset technology. The proposal was backed by the CEO. In one of its final decisions of the period, the board subsequently made a principal decision to go over to offset production in the new printing office.

Involvement in Investments

Yet another recurrent item on the board agenda was the handling of investments. The period at hand would include a number of relatively large investments in new machinery, most of which reflected the needs of the expanding newspaper business. Notable examples were four new typesetting machines (ordered in 1958 [two], 1960 and 1965 respectively), and a

1961 expansion of the rotary printing press (which increased the newspaper's format from seven to eight columns). All investments made during the period were financed with the company's own money.⁷³

The acquisition of new machinery followed a standardized procedure. An investment plan for the coming year was compiled by the CEO and presented—and approved—at the last board meeting of each year. During this meeting the board was also informed of the completion of investments approved the year before. In the subsequent spring meeting, the board was generally informed of the status of current and effectuated investments. Quite often supplementary investments that had not been included in the annual plan were generally presented by the CEO and approved by the board as well.

As far as can be judged by the meeting minutes, all investment decisions made during the period were thus formally settled by the board of directors. In 1961, however, the board granted “the executive management” (i.e. the CEO) a general authority to make investments not exceeding TSEK 50⁷⁴ without prior board approval (5/19/61). The impression is that the board remained largely passive also regarding more costly investments. Neither of the investment plans proposed by the CEO during the period were in any way altered or rejected (it also happened that investments were approved retroactively). And neither of the investments appears to have been preceded with any basic data such as calculations of the financial or organizational benefits of the investment at hand. The general conclusion is thus that the CEO enjoyed a *carte blanche* to make investments according to his own assessments.

Involvement in Staff Management

As mentioned above, the work force of ABBT would grow with almost twenty-five percent between 1955 and 1972. There are, however, few signs of this expansion in the board minutes. The board did indeed approve formally a couple of new employments in the beginning of the period (4/19/55; 9/25/56), but apart from this, the recruitment of new staff members—regardless of position—appears to have been the privilege of the management (i.e. the CEO). To this extent, the board had no formal influence over any of the editorial appointments made during the period.

As far as salaries were concerned, the room for individual negotiations appears to have been limited. All employees, including management, seem to have been embraced by collective wage agreements even as early as 1955 (5/12/55). Five years later a similar agreement was reached regarding the pensions of former employees (10/27/60). As a result, the settling of salaries of individual staff members and pensions of former employees would

rarely be handled in the boardroom.⁷⁵ However, whenever a pay raise was to be made *beyond* the central agreement, the formal approval of the board seems to have been required. The same procedure applied to the settlement of supplementary pensions of former staff members.⁷⁶

Involvement in Other Business-Related Issues

The remaining business-related issues that would occur with some regularity on the board agenda included pricing issues, which was a standing item of the last meeting of each financial year. It appears that the fixing of advertising and circulation prices was officially a board privilege, but in reality handled by the CEO. Price changes were regularly carried out without the prior consent of the board.⁷⁷

All in all, during the 18 years covered in this chapter, the board of directors of ABBT made very few decisions that directly affected the operations of the newspaper business. And those decisions that indeed were taken were done so after proposals from the CEO. Examples of such issues were a 1965 decision to restructure the printing business (3/31/65), a 1971 decision (5/14/71) to join a co-distribution program⁷⁸, and a 1972 decision (12/12/72) to turn the distribution department in a fully owned subsidiary ("*Distributionscentralen*").

Yet another example of this exceedingly *reactive* board involvement was the handling of the struggling rural edition *Westgöten* (which was an integrated part of ABBT). Since reporting a circulation of almost 13,000 in the early 1930s the newspaper had experienced a slow but steady decline. By 1959 the circulation had dropped to 5,000. The future of the newspaper was discussed by the board in the spring of 1963. During this meeting, the CEO stated that it was his opinion that the board within the next few years ought to discuss a merger of *Westgöten* with *BT*, should the sales not improve. Three years later, *Westgöten's* circulation had fallen to only 2,000, and the board authorized the CEO to merge the two newspapers "whenever suitable" (3/16/66). This happened by the end of September 1967.

Apart from the decision to discontinue *Westgöten*—which in actual fact had been instigated by the CEO—the minutes bear virtually no signs of any direct board involvement regarding editorial issues. Generally, information regarding the activities of the editorial department is almost completely missing from the board agenda.⁷⁹

CONCLUSIONS

The perhaps most distinct feature of the board of directors of ABBT during the period addressed in this chapter was the exceedingly formalized working style. Throughout this period, the board meetings followed a regular

schedule and had a highly standardized agenda. It appears that the reason for this can be traced back to the ownership structure of the corporation. First of all, ABBT was the only company in which there was no controlling shareholder (in the sense *economic owner*; cf. Murdock 1982) during the period. The corporate bylaws effectively prevented any shareholder from singlehandedly dictating the board composition at the general meetings of shareholders. Secondly, prior to Tore G. Wärenstam's becoming the largest shareholder in the 1960s, the executive management was parted from the ownership of the corporation. Both these conditions are likely to have resulted in a formalized board role.

The board meetings were characterized by a regular and extensive reporting of current corporate affairs. To this extent, the board had a comparatively good possibility to carry out a continuous monitoring of the affairs of the corporation. Still, the general impression is that the board remained passive concerning actual control of management. The number of business decisions in which the CEO needed to obtain the board's authorization *ex ante* was clearly limited. And none of the proposals brought forward by the CEO appears to have been rejected by the board.

ABBT had a long history of being a management-controlled corporation (see Djerf-Pierre and Weibull 2009), and this tradition continued during the first period of this study. It is reasonable to assume that the long-lasting lack of a dominant shareholder had left the executive management with a comparatively extensive freedom to maneuver. Naturally, the strong financial performance of the newspaper company also limited the need for a more far-reaching and proactive controlling board function.

Thus, the board's involvement in the governance of the firm was limited to the more or less mechanic reception of historic reports and the formal authorization of business proposals brought forward by the CEO; a CEO whose discretionary power was extended even further as he would gradually increase his shareholdings in the corporation. Towards the end of the period Wärenstam had clearly positioned himself as the supreme leader of the newspaper firm. Against this background, the general impression regarding the board role is that the commitment of the individual board members of ABBT did not extend far beyond the attendance of board meetings. Rather, the board gatherings were characterized by a more social agenda. One of its members has stated that the board of the 1950s and 1960s evolved into a "*circle of friends*".⁸⁰ As mentioned, the board of TBAB consisted primarily of representatives of the small, and rather exclusive, industrial class of the city of Borås. In his description of the board gatherings of the period, another member recalls that the actual board meetings "*were over and done with rather quickly*". "*But then*", he continues, "*followed*

a fancy dinner at one of the city's restaurants, and these directors, they were in no hurry to go home" (interview).

SUNDSVALLS TIDNING

The city of Sundsvall is located in the Västernorrland County, on the spot where the Indal River ("*Indalsälven*") reaches the Baltic Sea. During the second half of the 19th century, its strategic location between the river, the sea and the vast forest districts of northern Sweden enabled Sundsvall to evolve into the trade and shipping center of one of the largest sawmill industry districts in the world. The start of the economic growth coincided with the founding of *Sundsvalls Tidning*, which was first published in 1841.⁸¹ It was the first local newspaper ever offered to the public of Sundsvall and one of the first newspapers of northern Sweden at large.

THE PRIOR HISTORY⁸²

The initiative behind the newspaper was taken by A. P. Landin, a proficient businessman and devote liberal who had made as his personal mission to perform "a literary colonization of Northern Sweden". During the 1830s and 1940s Landin would establish a number of local newspapers in towns along the Baltic coastline. In Sundsvall he joined forces with a couple of local entrepreneurs, who wanted not only an advertising organ for trade and industry of the region, but also a promoter of more liberal ideas than those dominating Swedish society at the time. Despite various ownership changes over the decades that followed, the newspaper's liberal affiliation was kept intact. The business was incorporated in 1896. The name of the new stock corporation was Sundsvalls Tidnings AB (STAB).

In 1911, STAB was taken over by the company's chief accountant Herman Wahlroth (b. 1866, d. 1935), whom in connection with the takeover assumed the position as CEO. In 1918 Wahlroth sold a quarter of the company to the newspaper's editor-in-chief, Olof Alström (b. 1876, d. 1955).⁸³ Thus began a history of parted family ownership, which would last for three generations. In 1935 the two owners made an agreement regarding the future ownership structure of the company. Alström bought yet another twenty-five percent of the firm, making the two families equally large owners. In order to prevent a deadlock in case of future disagreements, however, each family also transferred five shares to the company's chief accountant, Theodor Berg (b. 1879, d. 1956), who would act as an "impartial party".⁸⁴ Berg was also given a position on the board of directors, alongside Wahlroth, who was the chairman, and Alström.

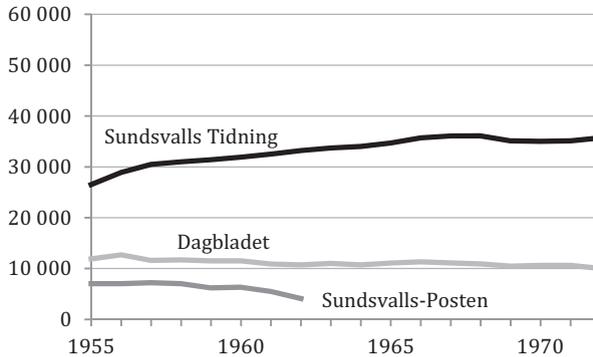
The death of Wahlroth, which occurred only a few months after the new ownership arrangement of 1935, would lessen the influence of the original owner-family even further. The board chairmanship was taken over by Olof Alström and the position as CEO by Theodor Berg. Hence, the Wahlroth family was parted from the executive control of the company. Wahlroth's position on the board was taken over by his son-in-law, Nils Wide Sr. (b. 1883, d. 1953), who was also appointed deputy CEO.

In 1950, the ageing Olof Alström was replaced as editor-in-chief by his son Yngvar Alström (b. 1907, d. 1983), who had been the newspaper's second editor since 1935. The succession had been settled by the board of directors in connection with the renewal of Yngvar Alström's service contract some four years earlier. The new contract was controversial, as it has not been supported by the Wide family. Thus, the contract was signed by only two of the three board members, the chairman Olof Alström and Theodor Berg, the CEO—in other words the father and the father-in-law of the future editor-in-chief. Yngvar Alström had married Berg's daughter, Brita, in 1940. The appointment of Yngvar Alström reflected a schism between the two owner families regarding the future of the newspaper company.

Alström's service contract secured the continuation of the newspaper as a supporter of liberal ideas. It stipulated that *Sundsvalls Tidning* should be edited "in essential agreement with the program of the Liberal Party" (rendered in Petersson 1990: 432, author's translation). But the contract also included a number of new terms—terms that strengthened the position of the editor-in-chief in relation to both the CEO and the board of directors at large. Firstly, it did not have a time limit. Rather than having to be regularly renegotiated—which had been the case with Olof Alström's contract—it was to run unaltered for the entire length of Yngvar Alström's professional life. Secondly, the editor-in-chief was no longer required to consult the other owners or the CEO when hiring or dismissing members of the editorial staff. Only in salary issues was the board to be consulted. The contract increased the dominance of the Alström family over the newspaper company even further.

THE SETTING

The sawmill industry continued to play an important part in the development of the region well into the 20th century. But during the post-war period (1945–70), the commercial character of the city slowly changed. A number of large factories were established, processing the rich natural resources of the area. By the end of the period at hand, Sundsvall had evolved into a city dominated by heavy industries—rather than trading houses.

Figure 7.3 *The Sundsvall Newspaper Market, 1955–1972 (circulation)*

Note: The circulation of *Sundsvalls Tidning* does not include the Sunday issue.

*The Sundsvall Newspaper Market*⁸⁵

The need for workers in the new factories caused the city to grow rapidly. By 1970, Sundsvall had established itself the largest urban area of northern Sweden. The development in the region at large was somewhat less positive, however. The Västernorrland County reached a high note in 1955 with a total population of approximately 290,000. After this, the population would slowly decrease, a development characterizing most parts of the northern half of the country.

Much like the nation at large, the local political arena was dominated by the SAP, which attained between 45 and 50 percent of the votes in the city council elections during the period. To this extent, the changes on the rightwing flank were more dramatic. In 1954, the Liberals had been able to break the long lasting position of the Conservatives as the city's largest non-socialist party. But over the course of the period at hand, the Liberal Party would gradually lose in support, dropping from 30 percent in the 1954 city council elections to only six percent in 1973. Instead, the number one position of the non-socialist opposition was taken over by the agrarian Centre Party, which grew rapidly in popularity during the period.

Since the early 1900s, the Sundsvall newspaper market, which extended all over the southern part of the Västernorrland County, had been occupied by three different newspapers: the liberal *Sundsvalls Tidning* (ST), founded in 1841; the conservative evening paper *Sundsvalls-Posten*, founded in 1859; and the social democratic *Dagbladet Nya Samhället* (DNS), founded in 1902. During all these years, ST had been the market leader as far as

circulation is concerned, and by 1955 it was bigger than the two competitors combined (see Figure 7.3). In addition, *ST* was the only one that was published seven days a week. *DNS* and *S-P* were both six-day newspapers.

In 1961, STAB acquired the publishing rights of the number-three paper, *Sundsvalls-Posten*. The enterprise was a massive miscalculation, and the newspaper was discontinued after only twelve months (see below). From there on, the competition was limited to that of *DNS*, which was owned by the local labor movement. Having reported a record circulation of 12,700 in 1956, however, the market share of the number-two newspaper would decline throughout the remainder of the period, thus increasing the dominance of the liberal competitor even further.

Sundsvalls Tidning had enjoyed an unbroken increase in circulation throughout the entire first half of the 20th century, reaching 23,100 (including the Sunday issue) in 1945, and 28,900 in 1955. In 1940, the newspaper business had moved into a new state-of-the-art building in the city center of Sundsvall, a building that also housed a new rotary press. The growth in circulation would continue for yet another decade. But after having surpassed the 35,000 mark in 1965, the circulation stagnated, and would remain more or less unchanged for the remainder of the period.

General Development of Sundsvalls Tidnings AB

Generally, the period was characterized by expansion for STAB. The increase in circulation was matched by an increase in the company staff. In 1955, the STAB workforce amounted to 133 employees; a number that in 1972 had increased to 178. During this period, the joint turnover of the newspaper company grew steadily from MSEK 4 to almost MSEK 18. This equaled a growth rate of over nine percent—or just below five percent if the inflation is accounted for.

Nevertheless, the period also included times of financial problems for the newspaper firm. The second half of the 1950s was a difficult time for most Swedish newspaper companies. Also STAB was affected by the economic situation. Despite the steady increase in sales, the costs rose even faster, causing the accumulative profits between 1955 and 1959 to slump with seventy-five percent in comparison to the previous five-year period (Petersson 1990: 440).

The financial problems of STAB continued during the 1960s; now, however, primarily as a result of costly attempts to expand the newspaper business. Already in the 1940s, the company had been involved in talks of acquiring other newspapers (Petersson 1990). These attempts were resumed in the early 1960s and resulted in the takeover of two newspapers, the first a morning paper in the neighboring city of Hudiksvall, the second

the local adversary *S-P*, which was an evening paper. As shown below, both ventures were major miscalculations and the two newspapers had to be discontinued.

A few years later STAB would undertake its largest investments thus far, involving one of the first printing presses in the country using the new offset technology. The investment increased the debt burden of the newspaper even further. By the end of the period, only five percent of the corporate assets were financed by shareholders' capital, as opposed to 27 percent at the beginning.

Ownership

The ownership structure of STAB would remain more or less unaltered throughout the period. Since the mid 1930s, the shares of the corporation had been divided equally between the Alström and Wahlroth-Wide families, with each party owning 49.6 percent of the share capital.⁸⁶ Ten shares—five from each family—were controlled by the company's CEO, which gave him the balance of power between the two main owners.⁸⁷ Upon Olof Alström's death in 1955, his shares were inherited by the son Yngvar, who was the only child. Throughout this first period of the study, the Wide shares were divided between Anna-Stina Wide (widow of Nils Wide Sr, who had passed in 1953) and her two children Nils Wide Jr. and Ulla Wide.⁸⁸

In 1950, Yngvar Alström had replaced his father as editor-in-chief. Three years later, Bror Berg (b. 1919, d. 1995) assumed the position as CEO. Berg was the son of Theodor Berg, the previous CEO of the company. In 1955, Alström was 48 years old, and Berg 36. They would keep their respective positions throughout the period. After the retirement of the Nils Wide Sr. from the position as deputy CEO in 1950, the Wahlroth-Wide family was no longer represented in the executive management of the company.⁸⁹

Neither Yngvar Alström nor Bror Berg had had a formal education prior to being employed by the firm. Instead they had both begun their professional careers as typesetters, gradually working their way up the company hierarchy; Alström in the editorial room and Berg in the administrative department (Pettersson 1990: 381, 432–35). Like his father, Yngvar Alström combined his work as newspaper editor with a political career. For a number of years he was a member of the executive committee of the Liberal Party and the vice chairman of the Sundsvall city council. In addition, he played prominent roles in the various trade and interests organizations of the Swedish press. During the 1970s, he was chairman of TU, the trade association of the Swedish newspaper industry (see Weibull 2009).

THE BOARD OF DIRECTORS

The board of STAB may best be described as a family affair. Throughout the period in question, it had three members and two alternates, all with a direct connection to the two owner families.

Composition and Characteristics

Since 1950 the board had been chaired by Yngvar Alström, editor-in-chief and the largest individual stockholder. The Wide family was represented by Nils Wide Jr. (b. 1923) who worked in the book printing shop of the company.⁹⁰ Like Alström, he had started his career as a typesetter at an early age. Following the 1961 separation of the book printing and newspaper businesses into two different companies (see below), however, Nils Wide Jr. was no longer employed directly by STAB.

The third position on the board of 1955 was held, not by the incumbent CEO, Bror Berg, but by his father, the 76-year-old Theodor Berg, who had been the CEO between 1935 and 1949. However, when Theodor Berg chose to retire from the board in 1956, his position was taken over by the son.⁹¹ As it turned out, this would be the only change to the board's composition during the period. As a result, the average age of the board would gradually rise, from 40 years in 1956 to 56 years in 1972. In average, the three board members had been on the board for 24 years. Apart from the experience accrued from the board duty of STAB, none of the three members appears to have had any other experience from corporate board membership elsewhere.

Structure and Processes

The fact that there were no external members had a direct effect on the working style of the board of STAB. The role of the board of directors can only be described as highly informal. Official board meetings—official in the sense that there were minutes taken—were held only when a certain board decision had to be formally recorded (Interview, Nils Wide Jr.). As a result, the contents of the board minutes kept during the period are exceedingly brief, and include only the information of the decisions made. This also meant that there was little regularity regarding the occurrence of board meetings. Between 1955 and 1972, the board met 'officially' on a total of seventy occasions, or just under four times per year. However, the number of meetings per year ranged between one (in 1965, 1970, and 1971) and nine (in 1960). The *ad hoc* scheduling of the board meetings was reflected in the number of issues addressed during each summit. In two thirds of the meetings the number of agenda items was restricted to three or less. In one fourth of the board meetings there was only one issue on the agenda.⁹²

Regarding the decision-making in the boardroom, it was stipulated in the company bylaws that all board decisions required the consent of at least two of the three board members. As was the case with the shareholding of the company, the CEO would thus also act as a balance of power between the two main owners in the boardroom. For a number of reasons, however, some of which have already been mentioned, the real control of the company resided with Yngvar Alström, a notion that is confirmed by Nils Wide Jr., the only of the three board members that is still alive today:

Alström and Berg worked very closely together since they met on a daily basis. Starting in the 1960s when I transferred to the printing company, I was no longer in the building, but had to walk over when something came up. And then there was the connection between the Alström and Berg families, following Yngvar Alström's marriage with the sister of Bror Berg. So there was a familiar relationship between the two. Bror and Yngvar were also older than me; I was the 'little boy' in the group. (Interview)

The impression regarding the dominance of Alström (together with Berg) is supported by the CEO between 1983 and 2000, Rolf Jonsson, who was recruited to the company as finance director in the 1960s:

When I arrived there was indeed a formally appointed board, but these people could meet whenever they wanted, and there was probably a number of informal board meetings in the office of either Alström or Berg. And especially between those two alone—the Wide family was not here, so they were a bit remote. [Even though Nils Wide Jr.] was informed of the major issues, I think that most things were decided by Yngvar Alström—and that Berg [in his position as CEO] had to arrange the financing for whatever Alström thought should be done. (Interview)

THE BOARD AGENDA

As mentioned, the board of directors of STAB consisted exclusively of representatives of the shareholder collectivity. As the following account will show, this had far-reaching consequences on the issues handled in the boardroom.

Handling the Legal Obligations

The informal governance structures of the family firm were reflected in the handling of the legal duties associated with boards of directors. Thus, the

annual reports were never formally approved by the board prior to being presented at the AGM. The formal constitution of the board was handled in a similarly casual fashion. Most years, there was no official (i.e. recorded) election of board chairman and firm signatories.⁹³ Regarding the latter, the right to sign for the firm resided with the chairman and the CEO. Neither Alström nor Berg was allowed to sign for the firm singlehandedly, however. Hence, the board also elected two employees to act as counter-signatories. Regarding the relative positions of the two owner families, is thus noticeable that Nils Wide Jr., who represented the Wide family on the board, was not allowed to sign for the firm.

Yet another legal board duty was to recommend the size of dividends to the owners of the corporation. During the first half of the 1950s, the corporation had paid out a yearly dividend of five percent (equaling TSEK 18, or approximately TSEK 300 in 2011 money value). In 1955, however, the dividends were cancelled and would not be reintroduced until 1980. For 25 years the shareholders did thus not receive any compensation for the ownership in the newspaper company.⁹⁴

Given the fact that the role of the board was largely restricted to the formal approval of important corporate decisions, financial reporting would rarely end up on the board agenda. On only a handful of occasions during the period was it recorded in the meeting minutes that the financial performance and/or status of the corporation had been presented to the board by the CEO. Regarding the financing of the corporation, the bank loans taken during the period were carried out without the formal approval of the board of directors.

Two Unsuccessful Takeovers

As mentioned above, the 1960s were an eventful, albeit not entirely successful, period in the history of STAB. The decade started with a serious attempt to turn the single-newspaper company into a regional newspaper group. Over a period of just under six months, the company would acquire not one, but two other newspaper companies.⁹⁵

The first takeover involved *Hudiksvalls Nyheter* (HN), a liberal newspaper published in Hudiksvall, a town some 80 kilometers south of Sundsvall on the Baltic coast. The newspaper had a listed circulation of just over 5,000, which was approximately half the size of the local market leader, the agrarian *Hudiksvalls-Tidningen*. In September of 1960, the STAB board of directors made a formal decision to offer TSEK 65 for paper (9/12/60). During the following board meeting, which took place a couple of months later, the deal was confirmed. By then, however, the purchase price had increased with over twenty percent, to TSEK 80 (11/18/61).

The takeover was completed on April 1, 1961. On this date, *HN* was turned into a local edition of *ST* and the printing of the newspaper was transferred to Sundsvall. By that time, however, also a second merger was well underway. It involved the long-time competitor of *ST*, the conservative evening paper of *Sundsvalls-Posten* (*S-P*), with a listed circulation of 6,300 (1960). The deal was confirmed by the STAB board on June 10, 1961 and effectuated a few months later. It was designed so that the printing business of STAB, which was valued at TSEK 220, was merged with the owner-company of *S-P*, *Boktryckeri-Aktiebolaget* (*BAB*). In exchange, STAB received thirty percent of the shares in *BAB*. STAB also took over the publishing rights of *S-P*.

The acquisitions of both *HN* and *S-P* turned out to be major miscalculations. Regarding the former, the editorial and technological cooperation did not work according to plans. Problems pertaining to the production of the acquired newspaper caused the costs to mount. A calculated profit of TSEK 250 for the year 1961 turned into a loss of TSEK 150, a deficit which had to be covered by an emergency bank loan (11/25/61; see Petersson 1990: 457). At the behest of the CEO, Bror Berg, the STAB board of directors decided to close down the newspaper by the end of 1961.⁹⁶

Contributing to the problems of the two newspapers was the fact that the listed circulation in both cases had been greatly exaggerated by the previous owners (Petersson 1990: 462). Six months after the discontinuation of *HN*, the board received “serious” letter from the company auditors, which questioned the sales records of the *S-P*. It was decided to carry out an immediate investigation of the sales figures of the evening paper (6/12/62). The investigation revealed that the actual circulation was twenty five percent lower than officially reported. Additionally, almost fifty percent of the circulation was sold at a discounted fee. Three weeks later, the board of STAB decided to discontinue the newspaper (7/2/62; see Petersson 1990: 462).

Unfortunately, the brief board minutes reveal neither the background nor the motives of the two mergers. According to Petersson (1990), however, it was the editor-in-chief, Yngvar Alström, who was the driving force behind the expansion plans and who carried out the negotiations on behalf of the company. The claim is supported by the interview material of the present study. In her extensive analysis of the history of *Sundsvalls Tidning*, Petersson (1990) renders a memorandum, found in the company archives, containing a number of critical questions regarding the financial viability of the *S-P* takeover. Although neither signed nor dated, Petersson concludes that the memo was written by the CEO, Bror Berg, in connection with the merger negotiations. “Had these questions been properly and truthfully answered prior to the *S-P* takeover”, writes Petersson, “the deal would per-

haps not have been carried out” (1990: 463, author’s translation).⁹⁷ Joint-owner Nils Wide Jr. has in an interview with Petersson admitted that the *S-P* deal was surrounded by much uncertainty (Petersson 1990: 463). Nevertheless, the decision to go through with the deal was in both cases taken unanimously by the three board members (interview Wide Jr.).⁹⁸

A New Printing Press

After the failed attempt to turn STAB into a regional newspaper group, the company resources appear to have been concentrated to the internal development of the newspaper business. During the remainder of the 1960s the company would carry out a number of investments in the production facilities of the company. Indeed, the handling of investments in machinery, printing equipment, vehicles etc. was the by far most common item occurring on the board agenda. As a result of the rulings regarding firm signatories discussed above, neither the CEO nor the editor-in-chief had the formal authority to make investment decisions singlehandedly. As far as can be judged by the minutes, however, it appears that all investment proposals that reached the boardroom had been settled by the two managers in advance. Virtually all purchases had thus already been taken through tender procedures; something which indicates that the board decision was nothing more than a formality.

The investments in new machinery culminated in 1969 with the inauguration of a brand new offset printing press, one of the first of its kind in Europe. The long-term production arrangements for the newspaper had been discussed during a board meeting as early as 1960, and the board had decided to begin a tender procedure for a new rotating press (9/12/60).⁹⁹ But the planned investment was never realized. (Even though the reason for this is not revealed in the material, it seems reasonable to suggest that the plans had to be put on hold as a result of the failed newspaper mergers of 1961.) Over the next few years, a number of improvements were instead made to the current printing press from 1940. Then, on February 27, 1967, a very brief board minute informs of a board decision to purchase an offset printing press for MSEK 3.125 (excluding VAT) from the Swedish supplier GMA. The preceding minutes bear no marks of any such investment being planned or any tender procedure having been initiated; nor is there any information regarding how this considerable investment was to be financed.¹⁰⁰

During the following eighteen months, the board minutes contain a number of equally brief notes on decisions concerning this major investment program, which also included the construction of a completely new printing plant. On September 8, 1967 it was noted that a building credit

of MSEK 5 (approximately MSEK 40.5 in current [2011] money value) had been approved by the company's bank. Apparently, the printing press had been ordered without the financing being settled.¹⁰¹

As had been the case with the failed newspaper takeovers, the printing press investment appears to have been carried out in a rather spontaneous (or even impetuous fashion) a notion supported by the company's external auditor at the time of the printing press investment, Rolf Jonsson:

The large investments in a new printing press, a new building, and a new word processing system were made without calculations and without any money in the bank. My head at the accounting firm told me to go down to [Sundsvalls Tidning] and have a look at the calculations—but there were none. So I was asked to perform these calculations. When they were done, I was offered to remain in the company to see that they worked out, and in that way I was appointed finance director in 1969. (Interview)

As it turned out, the investment program would also have far-reaching consequences for the future management of the firm, inasmuch as Jonsson in 1983 would replace Bror Berg as the company CEO (see next chapter).

Involvement in Staff Management

As mentioned in previous sections, the staff of STAB would increase considerably during the period. The expansion left few marks in the meeting minutes of the board of directors, however. Both the employment of new staff members (including managers) and the salary of individual employees appear to have been handled outside of the boardroom.¹⁰² Nonetheless, there were nevertheless a couple of staff-related issues that did require the formal, recorded, decision of the board of directors. These included the settling of pensions to former employees and the granting of sureties to private loans of employees. Also the salaries of the three board members themselves required a formal board decision.¹⁰³

Involvement in Other Business-Related Issues

Apart from the rather ceremonial decisions concerning investments and the staff just depicted, there is virtually no record in the meeting minutes of the board being involved in any other issues relating to the newspaper business. Issues such as pricing, sales increasing activities, etc. were not addressed during the formal board meetings. In this respect, it is worth noting that issues pertaining to the editorial department of the newspaper company are altogether absent from the meeting minutes of the board.¹⁰⁴

As mentioned above, the service contract of the editor-in-chief gave Yngvar Alström the unrestricted right to manage the editorial department without the involvement of the other two board members. According to board member and part owner Nils Wide Jr, this particular aspect of the editor's contract was a reflection of the prevailing culture of the newspaper company, in which there was a clear division between the different departments:

You had better stay far away from the editorial room, because that was the domain of Yngvar Alström—and of his father Olof before him (...) Even though it was never expressed openly, it was quite clear that you were not welcome there. (...) And it was the same thing in the technical department. There was really only one journalist who was accepted to observe the setting of his pages, and that was the political editor of the editorial page. (Interview)

CONCLUSIONS

The analysis just presented clearly illustrates how the ownership situation may impact the board role in stock corporations. The overriding impression of STAB is that of a traditional family-controlled business, with a deep-rooted *modus operandi* regarding the governance of the firm. The three board members had not only replaced their fathers in the firm, they had also more or less grown up together in the offices of the newspaper.

The fact that the company was owner-run, combined with the complete absence of externally recruited board members, effectively blurred the division of power between the shareholder, board, and management levels of the stock corporation. Clearly, this had a marginalizing effect on the board of directors as an independent body in the running of the newspaper company—a tendency not uncommon in family-controlled businesses in Sweden and elsewhere (cf. Melin and Nordqvist 2009).

Nevertheless, this is not to say that the meetings of the board of directors were altogether irrelevant. The distinct ownership structure of the company—with two equally large owners and an “impartial” minority shareholder holding the balance of power—provided the board with an important *control* function. As mentioned, there had been a history of tensions between the two owner families regarding the management of the corporation. The most central board task was thus to secure that no important decisions were taken without the involvement of both families. The fact that the Wide family was not represented in the executive management of the firm is likely to have only furthered increased the need for this controlling task of the board of directors.¹⁰⁵

Despite the equally divided ownership, the internal power structure had shifted towards the Alström family during the decades leading up the starting year of this study. Throughout the period at hand, the company was dominated by the editor-in-chief and board chairman, Yngvar Alström. In part this was a result of his working contract as editor; a contract that established that basically all decisions pertaining to the editorial department could be taken by the editor-in-chief without the consent of the other board members. But also in other issues such as the acquisitions of other newspaper companies and the cancellation of stock dividends, were forced through by Alström, when necessary with the backup of his brother-in-law, the CEO, Bror Berg.

Regarding the rationale of the owners, finally, it is clear that monetary gains were of a subordinated nature. This impression is supported by Rolf Jonsson, who was hired as the company's finance directors in the late 1960s. According to Jonsson, the two owner families were driven by publicist and technological motivations, rather than financial ones:

They liked the idea of having modern printing presses and modern 'this and that'. How everything was to be financed was not so *darn* important—it always used to work out in the end. Yngvar Alström was the chairman of the TU [the trade association of the Swedish press] and he always defended the publicist aspect of the business. (Interview)

AN ARENA FOR OWNERS ONLY

The aim of this chapter has been to analyze the role of the boards of directors of Barometern (TBAB), Borås Tidning (ABBT), and Sundsvalls Tidning (STAB) during the years 1955 through 1972. This final section presents the general conclusions drawn from the analysis.

OLD INSTITUTIONS ON EXPANDING MARKETS

Exploring the period at hand, each of the three newspapers represented a distinct configuration of ownership. In 1955, *Borås Tidning* and *Sundsvalls Tidning* were under the control of private owners. However, whereas the shareholders' capital in the former case was disbursed among hundreds of small shareholders, the shares in STAB were equally divided between two owner families; a hired CEO held the balance of power in important corporate decisions. Regarding the third newspaper, *Barometern*, the stock majority had been taken over by a not-for-profit foundation a few years

earlier. During this period, the Barometern Foundation gradually bought out residual shareholders, further increasing its influence.

The same strategy was employed by Tore G. Wärenstam, the CEO and editor-in-chief of ABBT. Over the course of the period, he systematically increased his interests in the newspaper company. In 1968, Wärenstam established the Wärenstam Foundation, to which he donated parts of his shares in the corporation. Although establishing himself as the largest single shareholder, the corporate bylaws nevertheless restricted his possibility to exercise economic ownership over the corporation (cf. Murdock 1982).

BOARDS AS AN EXTENSION OF OWNERSHIP

The particular contextual setting of each of the three newspapers had direct implications for the composition of the three boards of directors. In all cases, the board was a direct reflection of the ownership structure of the individual firm.

In Sundsvalls Tidning, the board consisted of only three individuals: a member of each of the two owner families, and the CEO. In practice, the latter was also associated with the ownership constellation, as he had not only succeeded his father in the position, but was also the brother-in-law of the board chairman and largest individual shareholder. In Barometern, the Barometern Foundation elected the board members of the newspaper corporation directly from its own lines. Not only did this result in a board composition that directly mirrored the various geographic and professional interests that the foundation was set to safeguard, but also in a board that was linked to the local chapter of the Conservative Party on all positions.

In Borås Tidning, there was no controlling shareholder concerning voting rights. Exploring the period at hand, the board nevertheless consisted exclusively of individuals (and representatives of companies) with minority interests in the corporation. Not unlike the composition of the TBAB board of directors, the ABBT board of the 1950s included some of the most influential individuals of the community. Long-time members of the board were three of the dominant figures of the city's highly prolific textile industry.

The ownership structure of both ABBT and TBAB of the 1950s was a clear expression of conservative and commercial interests joining forces to secure the continuation of the leading non-socialist newspaper as a friend and ally. By all means, the two newspapers were an integral part of the local power structure of their respective regions, a condition manifested in the composition of the newspaper company boards. To further stress this point, the membership of the TBAB board of directors may be contrasted with that

of the local rival, the social democratic Östra Småland, which recruited its members from a completely different stratum of the professional and social hierarchy. Hence, whereas the TBAB board was dominated by business lawyers, land owners (including a baron), and prominent businessmen and factory owners, the professions represented in the Östra Småland boardroom during the 1950s and 1960s were those of tinsmiths, cement workers, and industry foremen (source: annual reports Östra Smålands AB).

Indeed, one of the most notable features of the period (or at least the better part of it) concerning the composition of the boards of ABBT and TBAB is the complete absence of internally recruited board members. With the exception of the CEO, neither of the board members elected between 1955 and 1965 came from the management of the newspapers. To this extent, the recruitment policy was marked by a clear firm-external perspective (Huse 2007). This notion is strengthened by the fact that none of the externally recruited members (here, in the sense of not being employed by the newspaper company) of the two boards had any prior personal experience working in the newspaper industry.¹⁰⁶

As mentioned, AB Borås Tidning was the only of the three companies in which the ownership structure changed during the period at hand, inasmuch as Tore G. Wärenstam gradually increased his interests in the corporation. Slowly, this concentration of power towards the head manager was reflected in the composition of the board of directors. Whenever a vacancy occurred, Wärenstam would initiate the election of not only individuals from his own social network, but also of hired managers from the corporation. Step by step, this lessened the influence of the industrial interests that had dominated the ABBT board of directors for more than six decades. In Barometern and Sundsvalls Tidning, where the ownership remained unaltered, no similar changes to the board composition were implemented.

In all three newspapers, the ownership structure also had a profound impact on the *activities* of the board, resulting in boards with distinctly different *modi operandi*. As shown, the duties of the board of STAB were limited to the formal approval of business decisions that required the consent of both owner factions. As a result, the board was formally summoned only when there was an issue calling for the approval of the shareholders (or at least a majority).

To this extent, the STAB board shared some similarities with that of Barometern, which was also characterized by a somewhat irregular meeting schedule. Judging by the regularity and agendas of the board meetings, the board assembled primarily on an *ad hoc* basis. An important reason for this is that much of the contact with the executive management was handled by the board chairman, who appears to have functioned as a proxy

of not only the board, but also of the Barometern Foundation at large. This limited the need for regular board meetings.¹⁰⁷ Thus, the board of Borås Tidning was the only of the three with a regular meeting frequency.

It appears that this was a reflection of the long history of dispersed ownership of the company. In contrast to the agendas of the boards of STAB and TBAB, the meeting agenda of the Borås Tidning board of directors was the only one during this period that involved a formal reporting routine regarding the operations and financial performance of the corporation. At least in a theoretical sense, this enabled the board to carry out a recurrent monitoring of the actions of the management (cf. Eisenhardt 1989).

A LIMITED ARRAY OF BOARD TASKS

Chapter 5 advanced a typology of fundamental board tasks derived from a set of different board theories. It was argued that an analysis of the board by means of these tasks could assist in the assessment of how ownership influence in the press is played out in practice. The theoretical framework presented in the chapter pointed out ownership structure as paramount to the tasks that boards end up fulfilling (or by all means, not fulfilling). Clearly, the prediction is supported in the present data. Although the three newspapers are to be regarded as similar in terms of contextual variables such as age, size, and competitive environment, the required tasks of the board of directors varied considerably.

As stressed in previous parts of this book, the most important function of the board of directors from a *legal* standpoint is to ensure that the corporation is run (by the managers) according to the interests of the shareholder(s). This ascribes the board with a crucial control task, one that is also emphasized by adherents of agency theory (Fama and Jensen 1983a). Regarding the control performed by the boards in this study, the most noteworthy feature is that the shareholders did not elect a board to carry out this task *on their behalf*; rather, they appointed themselves to do it. To this extent, the boards were a direct extension of the shareholder collectivity of the respective firm.

In no company was the board's control task more pronounced than in STAB, in which the shares were divided between two families, which—at least historically—had been at odds with the operations of the newspaper. Thus, rather than operating vertically, which is the case in stock corporations where the ownership is separated from the executive management, the control task of the board of Sundsvalls Tidning worked *horizontally*. Since only one of the two families was represented in the operative management of the firm, the board meetings were a means to assure that no important business decision was made without the consent (or at least

the knowledge) of the other family. This was, however, the only task that the board of STAB was actually given. It had no external members, and the actual decision-making took place in informal discussions outside of the boardroom. Indeed, this was the traditional, long-established *modus operandi* of the family firm; the previous generation of the board of directors, i.e. the fathers of the three board members, had also behaved in a similar fashion (cf. Petersson 1990). To this extent, the new generation, which assumed control of the corporation in the 1950s, followed directly in the path of the previous regime.

Regarding the two other boards, the board agenda was more advanced. In both Barometern and Borås Tidning, the board was involved in a wider array of issues. Evidently, this was a reflection of the fact that neither company was owner-managed and that few of the board members were actually employed by the company. Nonetheless, the *de facto* monitoring of the boards appears to have been very limited. In both cases, managerial decisions were often approved *ex post*. During the eighteen years covered in this chapter, the research material includes no signs of the boards ever objecting to any of the proposals brought forward by the respective CEO. Furthermore, both boards had yet to introduce some kind of budgetary system, or for that matter, profit target, against which the behavior of the management could be measured. To a considerable extent, the board agendas of the board meetings thus revolved around the (passive) approval of actions taken by the operational management. Taken together, this meant that both CEOs (Wärenstam at Borås Tidning and Tage Forsberg at Barometern) were left with an extensive freedom to manoeuvre.¹⁰⁸

POLITICAL OWNERS & SYMBOLIC BOARDS

In an international perspective, one of the most significant characteristics of the Swedish press during the period covered in this chapter was the close—often direct—ties between the newspapers and the political sphere (Hallin and Mancini 2004). The three newspapers of this study are no exceptions in this respect. They were all open advocates of a political party, an advocacy that also found its way into the political coverage and the general news reporting (Weibull 2009).

This chapter has provided some insight into how the party parallelism of the Swedish press was enforced in practice. Clearly, the political affiliation stemmed from the ownership level of the newspapers. In Sundsvall, the largest shareholder and editor-in-chief of STAB, Yngvar Alström, was a leading Liberal politician.¹⁰⁹ In Borås, many of the more prolific shareholders of ABBT were associated with the Conservative Party. The individuals and corporations that had bought shares in the corporation had not done so

as a financial investment, but rather to secure the continuation of the newspaper under the conservative flag. In Kalmar, the controlling shareholder of the newspaper company, the Barometern Foundation, was already a political venture from the beginning, having been initiated by the leading figures of the local party organization.

In both Barometern and Borås Tidning, the political rationale of the owners was reflected in the composition of the board of directors—which in turn, and without exception, appointed editorial managers with a publicly known political affiliation. It is indeed noteworthy that all of the individuals who held the position as responsible editor of the three newspapers during the period combined the job of newspaperman with a political career.

Apart from the managerial appointments, however, the political rationale of the owners left few traces in the minutes of board of directors meetings. In all three cases, editorial issues are completely missing from the board agendas. The interview material confirms that the integrity of the responsible editor was also a well-established concept during these times of party parallelism.¹¹⁰

The fact that the issues handled during board meetings revolved primarily around traditional business issues such as pricing, investments and the handling of corporate finances does not mean that the prevailing political rationale had no consequence on the decision-making in the boardrooms. The boards recurrently approved management proposals to expand the editorial departments and increase the size of the newspapers.

To this extent, the political objective was given precedence to objectives of a more fiscal nature. Steady increases in staff and newsprint kept profits at a modest level. The profits that *were* accrued were also, to a considerable extent, reinvested in the corporation. As mentioned, STAB did not pay out any dividends from 1955 onward.

In sum, the general conclusion is that the newspapers—although operated as stock corporations on commercial markets—were not regarded by their respective owners as financial entities (in the profit-making sense of the term). This had direct consequences on the role of the board of directors. In the two companies that actually *had* a functioning board of directors, the board members were recruited primarily on their political merits and/or position in the local society. In neither case does the board duty appear to have been associated with an expectation to scrutinize the performance of the operational management. The most important board task was rather to manifest the connection between the press and the external interests that the newspaper was expected to support, in other words, the advocates of free enterprise and the Conservative Party. To this extent, the paramount task of the boards of directors during this period was merely symbolic.

Ownership under Pressure (1973–1989)

The second time period covered in this book, the years 1973 through 1989, was a decisive one, not only for the Swedish press, but also for Swedish society at large. Profound shifts in the political and financial environment of the newspaper companies came to have lasting effects on the operations of the actors of the newspaper industry.

Regarding the state of the national economy, the beginning of the period coincided with a dramatic end to the prosperous post-war era. After World War II, the Swedish exporting industry had stood undamaged, ready to face the needs of a war-struck Europe. Together with a bottled domestic demand for consumer goods, this had given a considerable boost to the economy with the unemployment dropped to almost zero-levels. Towards the end of the 1960s the economy had nevertheless begun to cool down. Faced with toughened competition, the Swedish heavy industry experienced a structural crisis, a development spurred by the international oil crisis of 1973 and 1974. But the national economy showed ominous signs of a recession stretching even beyond the industrial sector: the deficit of the state budgets increased rapidly, the balance of payments deteriorated, the inflation reached double digit figures, and the unemployment started to rise. It would take almost a decade before the economy recovered. A few years into the 1980s, the GDP began to grow once again, and the unemployment fell; the latter, however, at the expense of comparatively high inflation rates.

Also politically, the period was marked by significant shifts. Much like the rest of Western Europe, the national Swedish debate of the first half of the 1970s was heavily influenced by leftwing values. The ideological climate was manifested in a more active state, not least in relation to the private sector. As mentioned in previous parts of this book, this resulted in a number of laws regulating the relationship between employers and employees. For present purposes, the most important law in this respect came into force on April 1, 1973. It gave the union clubs¹ of Swedish stock corporations the

right to appoint their own representatives on the boards of directors. A few years later, a second piece of legislation stipulated that all major decisions affecting the operations of a company such as managerial appointments, annual budgets, and major investments, had to be preceded by negotiations with the staff. Both these laws came to alter the previously unchallenged position of the owners of most Swedish corporations, including, of course, those involved in the newspaper press.² During the 1980s, the political wind of Swedish society eventually shifted. Neo-liberal ideas began to pave way for a more market-oriented economy. In this new ideological climate, the long-time monopoly of the Swedish public service broadcasting companies was increasingly criticized, and gradually loosened up, foreboding whole new markets for commercial radio and television.

Concerning the internal development of the newspaper industry, the period meant the ultimate break with the traditional led-based production of newspapers. During the 1970s many newspaper companies invested in printing presses based on offset technology. This was followed in the 1980s by an increasing computerization of the various processes of the newspaper production. Regarding financial performance of the press, the development followed that of the Swedish economy at large (see Figure 8.1). Thus, after a rather shaky 1970s followed a decade of gradually improving results. In the readership market, the unbroken circulation growth depicted in the previous chapter continued for most newspapers also during this period. Entering the 1980s, many local markets had nevertheless begun to show signs of saturation. And in 1989 the gross national circulation would reach its ultimate peak.

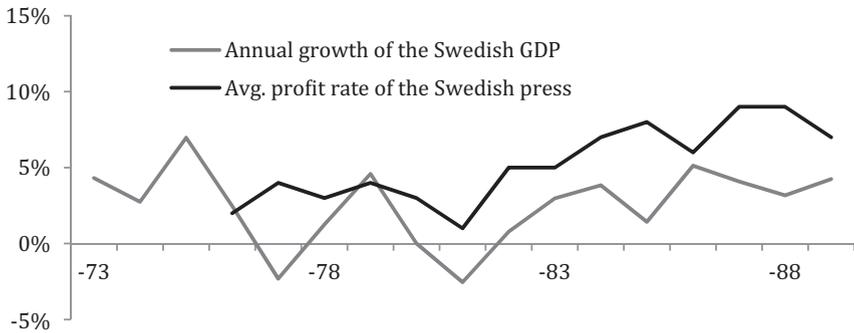
This chapter addresses the role of the boards in the three companies during these rather eventful years. Structurally, it has the same disposition as the previous chapter. Hence, the three cases are presented and discussed separately. A short comparative analysis concludes the chapter.

BAROMETERN

THE SETTING

After decades of stagnation, the Kalmar A-region—the primary area of circulation of *Barometern*—would enjoy a slow but steady growth in population during the 1970s and 1980s. Between 1973 and 1989, the region's population increased from 114,000 to 120,000 inhabitants, thus keeping the same growth pace as the nation at large. The city of Kalmar (and the surrounding county) accounted for most of the growth. In 1988 the city's population passed 55,000, as compared to approximately 52,000 some fifteen years earlier.

Figure 8.1 Annual Growth of the Swedish Gross Domestic Product and Average Earnings (before Taxes) of the Swedish Press, 1973–1989 (percent)



Sources: SCB.se (Statistiska Centralbyrån); Dagspressens ekonomi.

Comments: Data on the cumulative earnings of the press prior to 1976 are lacking.

The Kalmar Newspaper Market

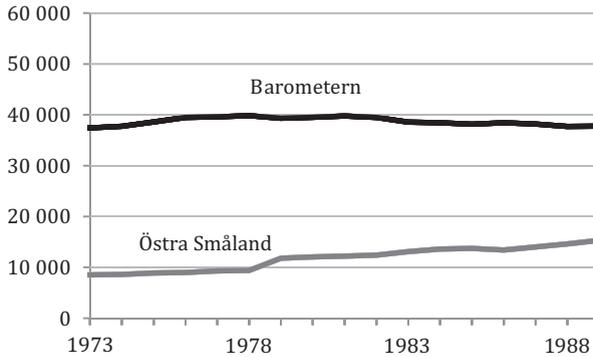
Regarding the development of the *Barometern* newspaper, the unbroken growth in circulation would continue during the 1970s, almost passing the 40,000 mark in 1978 (see Figure 8.2). But after this, the development turned. After a few years of stagnation, the circulation started to decline. By 1989, it had fallen back to under 38,000, which was the same level as fifteen years earlier. Meanwhile, the local competitor Östra Småland experienced one of its most successful periods ever as far as circulation is concerned. Investment in new facilities and a new editorial profile (see Jonsson 1998) paid off strongly in the readers' market. Thus, the social democratic newspaper was able to take market shares from the larger opponent, reducing the circulation gap between the two from 29,000 in 1973 to 22,000 in 1989.

General Development of Tidningen Barometerens AB

In 1963 Tidningen Barometerens AB (TBAB) had acquired *Oskarshamns-Tidningen*, a takeover that had turned the company into one of the first regional newspaper groups in the country. However, it was two other takeovers, carried out almost simultaneously in the mid-1970s, that would establish TBAB as one of the major players of the Swedish provincial press. In 1975, TBAB acquired the stock majority in the Karlskrona newspaper *Blekinge Läns Tidning* (BLT) and *Smålandsposten* (SmP) in Växjö. What was noticeable about the acquisitions was that both newspapers were of roughly the same size as *Barometern*, circulation-wise. The two companies were organ-

ized as subsidiaries to TBAB, thus turning the TBAB board of directors into a proper parent company board.

Figure 8.2 *The Kalmar Newspaper Market, 1973–1989 (circulation)*



Despite the negative development on the circulation market depicted above, TBAB was also able to continue to grow organically. During the period at hand, the company reported an average annual growth in turnover of 12 percent, or 3 percent if the inflation is accounted for. However, the growth rate was far from steady, ranging from +24 percent in 1976 down to -3 percent in 1989. This year the joint turnover of the Barometern group amounted to MSEK 367, of which TBAB accounted for approximately one-third (MSEK 130). Sixteen years earlier, the total turnover had been MSEK 22, a comparison giving some perspective to the expansion of the period at hand.

Also the number of staff members continued to increase. The growth involved not least the editorial department of TBAB, which expanded from 50 members in 1972 to over 80 in 1989. By 1989 the entire Barometern group had come to comprise some 660 employees (the distribution staff excluded). Of these, approximately one-third were employed by TBAB.

Regarding profits, the period depicted in this chapter divides into two distinct phases. The first phase, which comprises the second half of the 1970s, evolved into perhaps the most profitable period in the history of the newspaper company. Between 1976 and 1981, the company reported an average annual profit margin (before taxes) of almost 12 percent, beating the industry average by approximately 9 percentage points. But thereafter the profits slumped. Between 1982 and 1989, the average profit margin dropped to five percent, two percentage points short of the industry average. In this respect, TBAB performed better than the Barometern group at

large. The group profits were held down by the struggling BLT, which had been more or less bankrupt at the time of the takeover.³ The absence of red figures (combined with a restrictive dividends policy exercised by the controlling shareholder, the Barometern Foundation; see below) meant that the finances of TBAB grew gradually stronger. During the period, the P/E ratio of TBAB increased from around 15 percent during the early 1970s to well over 30 percent some one-and-a-half decades later.

Regarding the management of the company, TBAB had turned to a parted leadership model with one CEO and one editor-in-chief in 1972. Despite changes of the individual holders of the two positions, the divided leadership remained intact throughout the period at hand. Since 1972 position as CEO was held by Hilding Björkman (b. 1916, d. 1996). Upon his retirement in 1981, Björkman was replaced by the CEO of SmP, C. G. Göthe (b. 1945). Göthe was a member of the previous ownership family of the Växjö newspaper, which had sold the company to TBAB in 1975. At the start of the period, the position as editor-in-chief and responsible editor had recently been given to the previous second editor, Olof Westin (b. 1927). In 1985, Westin resigned. The position as head of the editorial department was given to the newspapers second editor, Matti Häggström (b. 1937).

Ownership

In 1973, 25 years had passed since the Barometern Foundation had acquired the stock majority in TBAB. Since the takeover, the foundation had been able to increase its ownership share of the newspaper company from the original 60 or so percent to 96 percent. The shares were purchased with the money attained in shareholder dividends from TBAB. During the period at hand, yet another 3 percent of the shares were acquired.

The activities of the foundation remained more or less unchanged during the period. Around June each year, the approximately one hundred members were summoned to the annual meeting of founders.⁴ At these meetings the foundation members elected new members of both the foundation itself and of its executive organ, the board of trustees.⁵ The close ties between the foundation and Conservative Party was still very much reflected in the membership of the board, which included a number of high-ranking members of the local party organization. Regarding the composition of the board at large, it is noticeable that despite displaying a great variety of professions, including farmers, lawyers and judges, physicians, priests, teachers, accountants, and business managers, none of the individuals who were elected to the board had any experience from working in the press. As had been the case during the previous period, the board of trustees did not include any employees of the newspaper company. To this extent, the own-

ership of TBAB was distinctly separated from the day-to-day operations of the newspaper firm.

For the better part of the period, the board of trustees continued to meet only once a year. A standing feature during these annual gatherings was to appoint representatives of the foundation's shares at the pending AGM of TBAB, a duty generally given to the foundation chairman along with one additional board member. The same individuals were also to "keep contact with the newspaper company board in issues of essential consequence".⁶ Judging by the contents of the meeting minutes, the annual summits of the foundation's board of trustees appear to have been fairly brief happenings.

Starting in 1986, however, there was a considerable increase in the meeting frequency of the board of trustees, from the traditional one regular meeting per year to either three or four.⁷ The increase in the activities of the board coincided with a change in the leadership of the foundation. In 1986, the chairman since 1963, 73-year-old Liss-Erik Björkman was succeeded by Gunnar Gyllenram (b. 1931). Three years earlier, Gyllenram had succeeded Björkman as the Kalmar chief judge. Thus the long-established tradition of the Barometern Foundation being headed by the highest-ranking court official of the region continued.

THE BOARD OF DIRECTORS

Since the early 1900s, the TBAB board of directors had consisted of five regular members and two alternates. Apart from the addition of the union representatives (two regular members and two alternates) in 1974, the size of the board would remain unchanged until 1989, when the two alternate positions were transformed into regular positions.⁸

Composition and Characteristics

As the previous chapter showed, the Barometern Foundation since acquiring the stock majority in TBAB in 1947 had elected the board members of the newspaper corporation exclusively from its own lines, creating an almost absolute overlap between the foundation's board of trustees and the newspaper company board of directors. Given the political character of the foundation, this also meant that there was a close connection between the board of directors of the newspaper company and the local branch of the Conservative Party. Or as one of the TBAB board members of the early 1980s puts it:

I guess it was almost impossible to enter such an organization without being *at least* a firm non-socialist. (...) It was a rather strict notion in those days, that we only want people here that we know that we can trust. (Interview)

The suggestion that the party connection was prioritized over more ‘traditional’ board skills, or newspaper experience for that matter, is supported by C. G. Göthe, the CEO of TBAB between 1981 and 1989.

It was a reflection of how the foundation worked. (...) There was an idea that the board should consist of *powerful* conservatives, preferably with some kind of business experience. But a background in the press, that was never a prerequisite. (...) It happened that I tried to propose the addition of at least some newspaper knowledge, but that was promptly rejected, to say the least. (Interview)

The quote reveals another condition characterizing the governance of TBAB, namely that the CEO had no influence over the composition of the board. This privilege remained exclusively with the foundation’s board of trustees. Nevertheless, the period would bring about a gradual departure from the traditional recruitment policy exercised by the Barometern Foundation regarding the TBAB board of directors. Of the changes implemented to the board’s constitution between 1973 and 1989 (five in total, and three between 1986 and 1988), none of the individuals elected were members (or alternates) of the foundation’s board of trustees. Thus, of the five board members and two alternates that were elected at the 1988 AGM, only one was directly associated with the governing organ of the owner foundation.⁹ A decade and a half earlier, the same ratio had been six out of seven. The year of 1988 included another turning point for TBAB, inasmuch as the board chairmanship for the first time was given to an externally recruited member, the 35-year-old business lawyer, Peter Savin. During the previous three and a half decades of foundation ownership, the position as board chairman had been held by the leader of Kalmar party organization.¹⁰

Taken together, the changes just depicted meant a gradual decline in the previously so distinctive characteristics of the TBAB board of directors. Most importantly, the direct party parallelism, which throughout the 1970s was still more or less absolute, began to weaken.¹¹ Also the traditional principle of maintaining a wide variation in the geographical and professional backgrounds of the board members was gradually abandoned. Rather than ‘reflecting’ the recruitment area of the Barometern Foundation, the board of the 1980s underwent a steady concentration towards Kalmar residents, and professions more traditionally found on the boards of stock corporations such as lawyers, accountants, and business managers. The CEO during the period in question, C. G. Göthe, interprets the new course as a reflection of the change in the top of the foundation’s board of trustees, resulting in

a new strategy involving younger and more business-oriented board members, albeit, Göthe adds, “*without breaking the barrier of recruiting people from outside of the Kalmar region or with actual newspaper knowledge*” (interview).¹² Consequently, the CEO would remain the only internally recruited board member, apart from the union representatives.

In sum then, the development just outlined meant that the board during the last few years of the 1980s would evolve into a more autonomous actor in relations to the main shareholder, the Barometern Foundation (and, indeed, the local party organization). Another consequence was that the board in the same process would undergo a considerable ‘rejuvenation’. Between 1985 and 1989, the average age of the board members would thus drop from 62 years to 49, and the average board tenure from 14 years to five.

Structure and Processes

Over the period addressed in this chapter, the TBAB board of directors was gathered for a total of 100 meetings, or in average almost six times per year. Compared to the previous period, this was as considerable increase in the meeting frequency of the board. To some extent, the rise was the result of specific events calling for the board’s attention such as the acquisitions of BLT and SmP in 1975, the appointment of new executive managers, and the preparations for a new corporate structure towards the end of the 1980s. The frequency of ‘regular’ meetings was nevertheless augmented: to four (from the previous three) during the second half of the 1970s, and to five during the 1980s. All in all, this development gives an indication of a gradually more active board.

The escalating meeting frequency was accompanied by a gradual formalization of the board agenda. Starting in 1975, the establishment of future meeting dates and the formal checking of the minutes of the previous meeting were introduced as standard meeting items.¹³ Throughout the period at hand, the CEO kept the minutes during the board meetings. Although not an elected board member, the editor-in-chief was allowed to partake in the meetings as a co-opted member.¹⁴

Regarding financial remunerations, the annual fees paid out to the board members were raised steadily during the 1970s, even if the at times considerable inflation is considered. In 1979 the Barometern Foundation decided that the regular board members each received SEK 3,750 for the coming year. Six years earlier, the same compensation had been only SEK 750. Against this background it is noticeable that the 1980s would develop in the opposite direction, with fees, although gradually increasing to SEK 7,000, not managing to keep pace with the relative fall in value of the Swed-

ish krona. Since the 1950s, the board chairman had received a much higher fee than the rest of the board. This privilege continued during the 1970s and 1980s. The chairman was paid approximately twice the fee of the other regular members.

Apart from these general tendencies concerning the structure of the board, a few notes should be made regarding the last couple of years of the period. As it turned out, the working style of the board would change considerably following the election of Peter Savin as board chairman. In comparison to the approach of his predecessors, Savin would engage himself directly in various issues on the board agenda. Matters that had previously been presented (and handled) by the CEO were thus taken over (and presented) by the chairman. The extended and proactive chairmanship was reflected, not least, in a dramatically increased financial compensation, which was raised from TSEK 12 to TSEK 40 in the year of Savin's appointment. Another visible change resulting from the change on the chairman position was the introduction of more comprehensive meeting minutes, with both lengthy accounts of the issues handled and comments (and objections) from individual board members. Judging by the character of the minutes, the board would not only meet more frequently following Savin's appointment as chairman, also the length of the individual meetings would increase considerably. This latter notion is supported by the interview material.

THE BOARD AGENDA

Concerning the leadership of the company, the period included two changes on key positions: the 1981 shift on the CEO position, and the 1988 appointment of a new board chairman. Both replacements would in various ways have a direct impact on the operations of the board of directors of TBAB.

Handling the Legal Obligations

The annual accounts were handled by the board in either March or April. Much like during the previous period, the reports, which had been assembled by the CEO, were approved without any (visible) objections.¹⁵ Up until 1986, the right to sign for the firm was given, apart from to the board as a whole, individually to the board chairman, the vice chairman, and the CEO. From 1987 on, the privilege was extended to the remaining (shareholder-elected) board members, who were given the right to sign for the firm "two in companion".

Regarding dividends, the shareholders return would remain relatively modest, at least in relation to the profits accrued. In average, only one percent of the retained earnings were distributed to the owners.¹⁶ In compari-

son to the four percent average of the previous period, this was in fact a considerable decrease in the shareholder returns. A considerable part of the profits made during the period was also used to finance two increases of the share capital: to TSEK 720 in 1976 (from the original level of TSEK 240), and to MSEK 2.88 in 1985. In both cases, the initiative had come from the board of directors.

Expanding South – and West

In 1963, board of directors had approved of CEO proposal to acquire *OT*, a small newspaper published in the neighboring city of Oskarshamn. A couple of years in to the period, however, the TBAB board would be presented with an expansion plan of a far more significant magnitude. On October 24, 1975, the board of directors was summoned for an extra meeting. The sole item on the agenda was an offer to take over the stock majority in the company publishing *Blekinge Läns Tidning* (BLT), the leading newspaper of the city of Karlskrona, located some 90 kilometers south of Kalmar. The newspaper had a circulation of 30,000, about 10,000 more than that of the local social democratic competitor *Sydöstra Sveriges Dagblad*. The offer had been caused by the financial status of the company, which as a result of a number of failed investments had reached a “critical” stage (10/24/75). Talks, in which TBAB had been represented by the CEO and the board chairman, had resulted in a preliminary agreement entailing that TBAB would buy 97 percent of the shares for MSEK 1.558¹⁷, a sum roughly equal to the shareholders’ capital of the corporation. Although relatively comprehensive and well founded, the presentation given to the board did not include any calculations regarding the financial viability of the takeover. It was, however, stated that the financial reconstruction of BLT would take years, and that there were no immediate plans for rationalizations. Unfortunately, the minutes from the board meeting reveal nothing of what was said in the “very thorough” discussion that followed in the boardroom after the presentation of the proposed deal. Nevertheless, the offer was approved. It was, however, stated as an “unconditional prerequisite” that the staff of BLT declared itself positive to a takeover by TBAB (*ibid.*, extract from minutes).¹⁸

When meeting a couple of weeks later to be briefed on the completion of the negotiations, the board was informed of a potential second takeover (11/12/75). This time the plans concerned the conservative *Smålandsposten* (SmP), a six-day newspaper in Växjö (100 kilometers west of Kalmar). SmP had been founded in 1866. Since 1920 it had been owned by the Göthe family, which as a result of a pending succession of generations had decided to sell the firm. Compared to BLT, SmP was not only bigger (circulation 40,000), but financially much more sound. This was reflected

in the demanded price of approximately MSEK 6.3 for 90 percent of the shares.¹⁹

Having been informed of the proposal, the board commissioned the CEO to continue the negotiations together with the chairman and the vice chairman. It was also decided, however, that a contact should be made with the board of trustees of the Barometern Foundation. Apparently, it was judged that the magnitude of the deal required the consent of the controlling shareholder. Two weeks later, a preliminary sales contract concerning SmP was presented before the board.²⁰ In the contract it was stated that the purpose of the sale was to “secure the future of Smålandsposten with a paper with a similar [political] affiliation”. It also stipulated that the newspaper was to maintain its full editorial dependency and that the employees should keep their jobs. Finally, it was noted that both the editing and production of the newspaper was to remain in Växjö (contract of sales, in appendix 11/24/75).²¹ The takeover and the negotiated conditions were approved by the TBAB board of directors without any discernible objections. The contract was signed by both parties on December 2, 1975.²²

In less than four weeks TBAB had thus acquired two newspaper of roughly its own size, creating one of the largest provincial newspaper groups in Sweden.²³ Compared to the 1963 takeover of *OT*, in which the purchased paper was more or less completely integrated, administratively as well as editorially, into the TBAB organization, both BLT and SmP were to remain more or less completely independent of the new ‘parent paper’. The new owner did nonetheless make its presence well-known in the boardrooms of the two new subsidiaries. At the AGMs of 1976, members of the TBAB board of directors were elected to four out of five positions on the BLT board, and four out of six positions on the SmP board (4/16/76). The chairmanship in both corporations was taken over by the TBAB board chairman, Kristoffer Strümpel, whom thus was made the head of all the three newspaper boards. Additionally, the CEO of TBAB Hilding Björkman was given the position as CEO of BLT.²⁴

Managerial Appointments

Regarding the executive management of TBAB, the board had chosen in 1972 to implement a parted leadership-model with one CEO and one editor-in-chief. The former position had been given to Hilding Björkman, whom would remain as CEO until his retirement in 1981. The search for a successor began three years earlier, however, as the board chairman in June of 1978 obtained the board’s approval to advertise for a deputy CEO, with the potential of succeeding Björkman (6/9/78). What happened after this is not altogether clear. Because when the future leadership of the com-

pany returned to the board agenda, eighteen months had passed, and this time the issue concerned not the position as deputy CEO, but the CEO position itself. Having presented the board with a list of nineteen applicants, the board chairman was commissioned to start interviewing the candidates together with the vice chairman and the CEO. C. G. Göthe, who ended up getting the position, sheds some additional light to the actual recruitment process:

I guess it was somewhat beyond his authority, but Björkman asked me if I wanted his job, and of course I said yes (...) But the board thought that this procedure was a bit too simple, so the position was advertised, and there were a few applicants. But nonetheless, I got the job. (Interview)

As had been the case when Björkman had been offered the position some ten years earlier by his predecessor Tage Forsberg, it thus appears as if it was the CEO himself who handpicked his successor. The board of directors remained relatively passive. As did the main owner; there is no indication in the material that the CEO position was ever formally handled by the foundation's board of trustees. At the time of applying for the position, Göthe was the CEO of SmP, one of the two newspaper companies that had been taken over by TBAB in 1975. To this extent, he can be considered an internal recruitment. It was the Göthe family that had sold the newspaper, after having been the owner of it since 1920. When he assumed the position in connection with the AGM in June of 1981, he was 36 years old.²⁵

Going in to the period, the position as editor-in-chief had recently been given to the previous second editor, Olof Westin. Westin, whom had first been hired by TBAB in the 1950s as a reporter, also had a background from working for the Conservative Party. In October, 1984, the board of directors was summoned to an extra meeting during which it was informed of a conflict between the editor-in-chief on one hand and the managing editor and one of chief subeditors on the other. During a meeting with the union club, the journalists had sided with the latter two. According to the minutes, the conflict was caused by a disagreement concerning the editorial policy of the newspaper (see also Weibull 2009). As a means to resolve the situation, the CEO had proposed a new organization, in which the editorial manager was subordinated the CEO (rather than the editor-in-chief). Unable to accept this proposal, Westin had tendered his resignation. It had been withdrawn only after the appeal of the CEO and the board chairman. Thus, the board commissioned the CEO and the chairman to negotiate new working contracts according to the new proposal (10/11/84). A couple of weeks later

the board was nevertheless informed that the parties had failed to reach an agreement. Instead, it was proposed that Westin be replaced as responsible editor and overall leader of the editorial department by the second editor, Matti Häggström. Although remaining formally as editor-in-chief, Westin's responsibilities were to be limited to the "political opinion-making part of the newspapers" (10/29/84, extract from minutes). Both the editor-in-chief and the second editor were to be directly subordinated to the board of directors. The involved parties, including the union club, had approved of the plan, and the board decided accordingly.

As it turned out, the arrangement would last little longer than a year. In November of 1985 the board was once again summoned to an extra meeting. Having failed to settle the terms of the working contract of Westin, the issue had ended with a proposal from the chairman and the CEO to offer the 58-year-old editor an early retirement. "Since the editor issue to a considerable extent is an ownership issue", the minutes declared, "[it] had been ventilated in the foundation's board of trustees" (11/12/85, extract from minutes).²⁶ In the ensuing discussion, the board decided to accept the immediate retirement of Westin. It also decided that the previous organization, with one joint leader of the editorial department, was to be reinstated. Finally, it was decided that the position as editor-in-chief (and responsible editor) be advertised, and that the Matti Häggström be instated as temporary editor-in-chief.²⁷

In a first step of the recruitment process, the submitted applications were handled by the shareholder-elected board members together with representatives of the Barometern Foundation. After this, the union clubs were involved, and also allowed to interview some of the applicants.²⁸ On February 4, the board decided unanimously to offer the position as editor-in-chief to Matti Häggström. It was specifically noted in the minutes that the representatives of the foundation, whom were present also during this meeting, "accepted all parts of the board's decision" (2/4/86, extract from minutes). To a considerable extent, the appointment of Häggström meant that the traditional parallelism between the editorial department of the newspaper and the Conservative Party remained relatively intact; like his predecessor, the 49-year-old Häggström had previously been employed by the party organization.²⁹

Regarding the composition of the management team at large, the board maintained the right to formally approve all appointments and organization changes, including those of the editorial department, throughout the period. The general impression is nonetheless that such issues were handled by the executive management (with the occasional involvement of the board chairman).³⁰

Financial Control and Reporting

One of the more noticeable things concerning the (financial) monitoring task of the TBAB board in the previous period was the fact that the board had not employed a formal, budgetary control of the financial development of the newspaper company. This changed in September of 1975, however, as the board commissioned the CEO to present a budget for the upcoming year. After this, the settling of budgets would be a standing feature of the 'board year'.³¹ Apart from the introduction of a budgetary control, the board's involvement in the operations of the newspaper business would remain relatively limited throughout the remainder of the 1970s. To a considerable extent, the board agenda continued to be dominated by historic reporting, and the approval of activities and business-proposals of the management.³²

During the 1980s, however, there are a number of signs indicating a more proactive board concerning to the performance of the newspaper business. The new approach coincided with both the newspaper's gradual loss of market shares to the social democratic competitor and the falling financial results of the newspaper company. It also coincided with the change on the CEO position in 1981. The increased board activity was reflected in the CEO being assigned to take a number of different measures, sometimes after the request of individual board members.³³ Formal commissions to investigate the reasons behind dropping profits were made in 1981 and 1985. Similar requests were also made concerning the implementation of specific action programs, aimed at improving the financial results of the company (5/28/82) and to increase the newspaper's circulation (6/8/84; 4/25/88). In this context, it is nevertheless noteworthy that the actions taken never included any cuts to the editorial department.³⁴ Also, the board had yet to establish a formal profit target for the company.

The board's examination of both financial reports and operative budgets would intensify even further in the last few years of the 1980s. Following a proposal by the new board chairman, Peter Savin, in 1988, the board decided that the traditional quarterly financial reports be accompanied by monthly reports (comprising information on turnover, liquidity, and earnings, and current circulation), which were to be distributed among the board members (11/17/88). The following year, the CEO was commissioned by the board to present a new action plan aimed at improving the profitability of the company. The plan, which was presented in August 1989, included cuts to the editorial staff. From what can be told by the research material, this had never happened before in the history of the newspaper company.

Involvement in the Activities of the Editorial Department

Regarding the editorial department of the *Barometern* newspaper, the formal impact of the TBAB board of directors during the 1970s appears to have been limited to the right to appoint the editor-in-chief. The board minutes include no traces of board involvement in the performance and conduct of the editorial department.³⁵ Also with regards the more market-oriented aspects of the editorial department (in terms of sales-increasing and cost-reducing measures) the meeting minutes from the 1970s offer few signs of any board participation (apart from the occasional briefing on actions taken by the management).

Against this background it is noticeable that the market-oriented activities of the editorial department would be the subject of increased board attention in the following decade. In most cases, however, the involvement was limited to the reactive, often *ex post*, approval of initiatives taken or suggested by the management. Well into the 1980s, there are few signs of the *board* being the initiator of such measures.³⁶ The same applies to its involvement in issues concerning the actual editorial content, which continued to stay off the board agenda. The only exception was a brief remark that the board as a final point to the September meeting of 1985, “on account of a certain article and news bill” had had a “thorough discussion” regarding the newspaper’s editorial policy (9/2/85, extract from minutes). The article in question (*Barometern*, 8/31/85) concerned a closer scrutiny of a new tax proposal made by the Conservative Party in the ongoing national election campaign. According to the article, which was based on calculations provided by the SAP, the proposal would result in higher income taxes for the majority of the people in the Kalmar region. The discussion did not result in any specific board action.

According to CEO of the 1980s, C. G. Göthe, editorial issues were never put on the agenda prior to meetings. Occasionally, discussions concerning the performance of the editorial department would nevertheless occur, often as a direct result of particular articles published since the previous board meeting:

We had a fellow, maybe two, who was a bit more active and investigating, addressing bad conditions, and that was not always appreciated (...) It was yet another reflection of the traditional attitude of the owners, who had elected the board, that the newspaper should not only be a political force, but a supporter of the local trade and industry, and that it therefore was not the newspaper’s mission to carry out investigative journalism on local businesses. (Interview)

In connection with the gradually increased influence of externally recruited members towards the end of the 1980s, it is possible to detect a change in the board's relation towards the integrity of the editorial department. During a board meeting in April 1988, various aspects of the newspaper's editorial content were criticized by individual board members. The criticism concerned both the news reporting (which according to the minutes had been described as "business hostile" and "in need of a clear and pronounced profile") and the balance between various sections ("sports section too voluminous") (4/18/88).³⁷ The disapproving remarks were rebutted by the editor-in-chief. The management team (i.e. the CEO and the editor-in-chief) was nonetheless commissioned to present an action program with the dual purpose of "turning the [negative] circulation development around and to remedy the above stated problems" (ibid., extracts from minutes).³⁸

This type of criticism aimed at the performance of the editorial department would reoccur, and perhaps even intensify, under the Savin chairmanship, which began a few months later. In August 1989, the board discussed the newspaper's editorial page, which according the new chairman was "exceedingly boring and lame". The notion was supported by various board members. Once again the editorial line was defended by the editor-in-chief, and once again he was nevertheless commissioned to formulate an action program including suggestions on how to "develop" the editorial page as well as an "editorial policy statement", which was to be used in the marketing of the newspaper (8/22/89, extracts from minutes).

The reports were presented in October of 1989 (10/3/89). In the plan to develop the editorial page, the editor ended a rather detailed overview of the current working style of the political department by stating that he was "not willing to introduce signed editorials" (extract from memo). This had been one of the proposals made in previous board discussions.³⁹ In the policy statement concerning the editorial department at large, it was concluded that in order for the newspaper to be able to increase its circulation, and to "maintain the journalistic ambitions of yore", the editorial material could not be decreased, but rather had to be extended.⁴⁰ In the report it was also stated that *Barometern* "shall be the objective newspaper". In the discussion following the presentation, the unionist representing the editorial department posited that "many readers consider the newspaper to conduct Conservative politics also on the news pages" (quote from minutes), something which according to the union representative was detrimental from a market perspective. The handling of the reports ended with the management being commissioned to carry out a survey among the readership base.

Handling Company Finances

One of the more significant features concerning the business activities of TBAB during the 1970s is the fact that the company had no interests in the stock market. Rather than investing the steadily growing financial means in public stock, the money was invested in more ‘safe’ environments such as temporary fixed-interest loans to other companies, including the Kalmar harbor company (11/24/78) and major Swedish ship manufacturer Kockums (1/29/79).⁴¹ All these financial investments were initiated by the CEO, but approved formally by the board of directors. During Hilding Björkman’s first years on the CEO position—he was appointed in 1972—all these investments were approved by the board *ex ante*. Occasionally, the board would also specifically commission individual board members to assist the CEO in finding suitable investment targets (e.g. 3/13/73; 1/22/75). After a few years, however, the handling of the company’s liquid assets was approved only *ex post*, a sign perhaps of the CEO being entitled to an increased freedom to manoeuvre.

As it turned out, the 1981 change on the CEO position would eventually also result in a change in the cash management policy of the corporation. In September 1983, C. G. Göthe was authorized to engage the company “more actively” in the financial market. The CEO was subsequently commissioned to invest MSEK 3 in the stock market (9/27/83). Three years later, the CEO was authorized to increase the market portfolio with an additional MSEK 5 (2/17/86). Apart from these two investments, however, the financial activities of TBAB did not reach the board agenda during the 1980s. Subsequent investments in the stock market were carried out without any formal board involvement.⁴²

Involvement in Investments

Entering the second period of this study, TBAB had just finished a major investment program, involving a new offset printing press and a complete reconstruction of the company offices. Naturally, this limited the need for investments in new machinery over the first years of the period. In this respect it is nevertheless worth noting that the handling of investments in the newspaper business was formalized around the year 1973, inasmuch as annual investment plans, presented and approved in the beginning of each fiscal year, became a standing item on the board agenda.⁴³ Regarding investments not included in the plan, the traditional *modus operandi* still applied; such investments were thus either approved by the board *ex ante*, or in contacts between the CEO and the board chairman. To this extent, the board maintained the formal authority over all of the corporation’s investments also during the 1970s. Much like during the previous period, however, the

general impression is that the board remained fairly passive regarding the investments proposed by the CEO. With no (discernible) exceptions, the board approved all investment proposals without alterations.⁴⁴

Also in this respect it is nevertheless possible to detect a gradually more active board involvement during the 1980s. For the first time in the time period addressed in this study, it would thus happen that investments proposed by the CEO were tabled by the board due to insufficient decision support (in terms of financial gains or projected savings) (e.g. 10/4/82; 1/22/85). The more active involvement is manifested in the minutes, which now start to include more direct questions or judgments by individual board members regarding proposed investments. In addition to a more active approach towards the investment proposals presented by the CEO, there are also signs of the board being more proactive regarding investment issues. On a couple of occasions, in 1983 and 1988, the CEO was thus commissioned to present calculated plans for future investment needs (4/25/83; 11/17/88).⁴⁵

The final years of the 1980s would also bring along intensified talks regarding the actual location of the newspaper business. The company had been situated on the same downtown Kalmar block since the 1840s. During one of the last meetings prior to the chairmanship change in 1988, the board decided to refuse an offer to sell the newspaper building. The motivation given was that “the central location is valuable for a newspaper company” (1/19/88, extract from minutes). As a result of the company’s increasing need for office space, the CEO was nevertheless commissioned a few months later to investigate the future location of the newspaper firm (4/18/88). The investigation was presented by the CEO and the new board chairman a year later. By then, however, perhaps as a consequence of the shift on the chairman position, the plans for relocating the business had been revived. In the ensuing discussion the value in a central location was maintained by the newspaper’s editor-in-chief. Nevertheless, the board decided that the continuing investigation was to include a possible relocation of the newspaper business (3/9/89). The issue would not be resolved before the end of the period.⁴⁶

Involvement in Staff Management

As the previous chapter showed, there had been a gradual shift during the 1960s regarding the handling of staff issues in TBAB, inasmuch as the formal authority to appoint new staffers had increasingly been transferred from the board to the management. Going in to the period at hand, the appointment of individual (non-management) employees was hence no longer handled in the boardroom. Generally, also the gradual expansion of

the staff, which was to continue during the 1970s and 1980s, passed the boardroom without much trace in the board minutes.⁴⁷

Also regarding salary issues, the direct influence of the board of directors had gradually diminished. As of 1973, all staff wages were set in collective agreements between the executive management and the local union clubs. Although updated on the results of these negotiations, the board was no longer actively involved in the fixing of (individual or collective) staff wages. One important exception deserves mentioning, however. In October of 1986, the board approved a CEO proposal to investigate the introduction of result-based salaries, in which a portion of the wage would be linked to the performance of the corporation (10/7/86). The system had two components. The first component would depend on the financial yield of the corporation, and would be paid out only if the profit margin (EBITDA) exceeded ten percent. The other concerned the development of the newspaper's circulation. Despite the objection of the unions, the board decided in January 1987 that the system be implemented (1/20/87).⁴⁸

Diversification Attempts

Throughout the 1970s TBAB would remain more or less a single-business enterprise. Apart from a relatively limited printing business (see below), the incomes came almost exclusively from the newspaper business. To this extent, the 1970s version of TBAB differed little from what it had looked like at the time of forming of the stock corporation, some 60 years earlier. The almost complete focus on the newspaper business was to change during the subsequent decade, however, as the company would try to make its presence known also outside the newspaper sphere. To a considerable degree, the new strategy coincided with the 1981 change on the CEO position. (Also, however, it coincided with the stagnation of the newspaper's circulation, which had begun a couple of years earlier.) In April 1982 a first proposal of diversification was presented to the board by the new CEO, C. G. Göthe. It involved the establishment of an advertising bureau in Kalmar (4/28/82). Having investigated the issue more thoroughly, the CEO nevertheless proposed that the issue be tabled, concluding that it was "more important to concentrate [the company's] efforts to strengthen the internal organization and the rationalization of the product rather than spreading the resources on additional business types" (9/6/82, extract from minutes).

A little more than a year later, however, the plans of diversification would return to the board agenda. In June 1983, the CEO presented a proposal to purchase a small Växjö-based video production company ('LM-Film'). The investigation had been carried out jointly by the CEO's of the three newspaper companies, and the plan was that the venture was to be co-owned

by TBAB, BLT, and SmP. Despite some concerns regarding not only the insufficiency of the basic data, but also whether the company in question was the right target, the board commissioned the CEO to initiate negotiations with the owners of the production company. He was also ordered to investigate other options (6/3/83). Nevertheless, the deal was carried out, and during an extra meeting a couple of weeks later it was decided to form a new “development company”, to which the assets of acquired business were transferred (6/21/83). The new company was called ‘Mediabolaget i Sydost AB’.⁴⁹

A few months later, in January 1984, the tabled issue of establishing an advertising bureau reappeared on the board’s agenda (1/23/84). This time the plan won the board’s approval. During the very same meeting, the board also approved a proposal to apply for a license to initiate cable TV tests in the Växjö area. Also this project was to be co-financed by the three newspaper companies. Three months later, the board also approved an invite that TBAB be a minority shareholder in TDU AB, a company involved in ‘videotext’ production (4/17/84). Thus, in just under one year, TBAB had engaged itself financially in four new business areas. The strategy, as it was formulated by the CEO in a memo to the board, was to position the Barometern group as a “leading information company in southeastern Sweden” (2/17/86, extract from appendix).

As it turned out, the financial success of the various new enterprises was quite mixed. Most successful in this respect was the advertising bureau (called Studio B). Investments in supplementary recruitments to the bureau were approved by the TBAB board in both 1984 and 1985 (6/8/84; 10/4/84; 9/2/85). In February 1986, however, less than two years after its establishment, the board approved a proposal to sell ninety percent of the business to the staff (2/17/86). The trials for broadcasting cable television were completed in the spring of 1985, having cost MSEK 1.7. It was described by the union representatives on the board of directors as a positive experience (4/3/85). The following year, the board approved a proposal from the CEO that TBAB invest money (TSEK 700) in a new company intended to broadcast cable TV in a connected network of shops in the Kalmar city center.⁵⁰

The largest of the new ventures was nevertheless the development company, Mediabolaget.⁵¹ Despite the relatively favorable prognoses presented to the board by the CEO at the time of its establishment, the first reports showed that the company was having difficulties attracting revenues. The first year of operations, 1984, ended with a loss of approximately MSEK 1.25, a deficit that had to be covered by the three newspaper companies. Nevertheless, the budget for 1985 presented by a confident CEO during a

TBAB board meeting in January 1985 included a calculated profit of MSEK 1.6 (1/22/85). But the losses would continue. Between 1984 and 1986, the subsidiary reported a total loss of MSEK 7.0 from combined revenues of only MSEK 8.7. The deficits were met with offensive investments, initiated by the CEO and approved by the board of directors.⁵² Eventually, the constant deficits would nevertheless end up on the board agenda. A first discussion regarding the poor performance of Mediabolaget was held in May of 1987. It had been caused by a formally stated “concern” by the foundation’s board of trustees regarding the subsidiary. The owner had demanded black figures by 1988.⁵³ The discussion concerning the future of Mediabolaget was intensified some five months later, as a new interim report revealed that the losses had continued (MSEK -1.7 as compared to a budgeted TSEK -330). This time the company was criticized by the board member representing the SJF, who questioned that “Mediabolaget could continue to report great losses while great thrift was demanded from the newspaper departments” (10/1/87, extract from minutes). In April 1988, the CEO would once again express a positive view on the possibility to meet budget (4/18/88). Nevertheless, the quarterly report presented a few weeks later showed that the figures remained in the red (MSEK -2 [EBITDA]). Faced with this new report, the board decided that a plan should be presented regarding the termination of the TBAB interests in the business (6/3/88). This was one of the first decisions initiated by the new board chairman, Peter Savin.⁵⁴

The decision to sell Mediabolaget was one of several decisions involving the discontinuation of loss-making businesses made by the board during the last couple of years of the 1980s. A few months earlier, the board had decided to discontinue the project involving cable television.⁵⁵ And in 1989, a decision was made to sell the remaining ten percent of Studio B; this after a repeated demand from the majority owner (10/3/89). Following the sale, the TBAB board had discontinued all the various new media ventures initiated by C. G. Göthe and approved by the board a few years earlier.

A Struggling Printing Business

A recurrent item on the board agenda during the entire period was the newspaper company’s printing business, which in the early 1970s accounted for approximately eight percent of the company’s total turnover. The board’s involvement was caused by the gradually falling profits of the business. The first talks concerning the future of the printing business, including a possible discontinuation, occurred in 1973. The CEO Hilding Björkman was commissioned to investigate the costs associated with both a proper close down and a lease-out (3/13/73). As it turned out, however, the board decided to continue the operations (1/14/74). The reason was

rendered in an internal memo written by Hilding Björkman in May of 1974. Despite “considerable losses”, it was noted, “a discontinuation has not been realized only out of consideration for the personnel and the labor market situation” (memo, CEO, appendix 5/31/74). The strategy to come to terms with the red figures during the previous period had been to invest in the production facilities and new machinery. The same approach was tried in 1974.⁵⁶ In spite of the efforts, the printing business would fail to perform satisfactory throughout the entire 1970s. In 1979, talks of a gradual phasing out of the printing business were resumed—an idea that, according to the minutes, was criticized by in a letter from the union representatives.⁵⁷ The following year, a discontinuation was once again ruled out for “personnel-social [*sic*] reasons, as the company had devoted considerable assets to save the continued existence of BLT” (4/25/80, extract from minutes). Also a sale was discarded, “as approximately half of the staff would be made redundant” (9/16/80, extract from minutes). Instead, the board decided to relocate the business from its cramped downtown plant to a recently purchased estate, just outside the city center.⁵⁸ This new effort, amounting to approximately MSEK 5, plus an expansion of the staff (+5.5 positions), was approved, “despite the fact” that the calculated profitability was low (2/26/81, extract from minutes).⁵⁹

Though almost doubling the business’ turnover between 1980 and 1982, the new investment, which coincided with the change on the CEO position, failed to bear its costs. Thus, the printing business would continue to appear on the board agenda during the 1980s. And still, rather than ending the company’s interests in this struggling enterprise, the board’s line was to invest itself out of the crisis.⁶⁰ The approach was supported by the board of trustees of the Barometern Foundation, which in 1987 made a principal decision that the printing business was not be closed down (10/1/87).⁶¹

According to the CEO of the 1980s, C. G. Göthe, the reluctance of the board (and of its principal, the Barometern Foundation) to deal firmly with the struggling business could be traced back to the self-image of the newspaper corporation: “*Barometern was [regarded as] such a distinguished institution that closing things down or firing people, that just didn’t happen here*” (interview). But the “new” board, he adds, referring to the gradual renewal of the TBAB board of directors between 1986 and 1988 (see above), had a “*less sentimental attitude*” (interview). Not long after his 1988 appointment as chairman, Peter Savin made a principal statement that if any business within the Barometern group failed to present “satisfactory profitability” it should be discontinued (11/17/87, extract from minutes).⁶² And that was exactly what happened. In December 1989, the chairman informed the board of a preliminary agreement with some of the staff members to take

over the printing business. By then Kalmar and Väjjö businesses, had cost the newspaper group MSEK 16 since 1983.⁶³

Handling of Group Issues

Following the takeovers of BLT and SmP in 1975, TBAB became the parent company of a proper business group. This increased the areas of responsibility of the TBAB board of directors. Regarding the formal ownership control of BLT and SmP, the boards (and company auditors) of the two subsidiaries were appointed by the TBAB board.⁶⁴ The formal right to appoint the key managerial positions such as CEO and responsible editor, remained with the subsidiary boards, as did decisions concerning major investments.⁶⁵ As far as the financial control was concerned, the setting of the annual budgets also remained the privilege of the subsidiary boards. Just like with the appointments of executives, the TBAB board was informed of the budgets only *ex post*. The CEO of SmP (and later the holder of the same position at TBAB), C. G. Göthe, confirms the limited ownership influence in the Barometern group during the 1970s:

I must acknowledge that they were very anxious to maintain the local connection. (...) There was some cooperation regarding advertisement sales, but apart from that there was little coordination. In practice it was still three completely local companies. (Interview)

To a considerable extent, the involvement of the TBAB board in the operations of the two subsidiary newspaper companies was limited to the handling of the poor finances of BLT, which at the time of the takeover was facing the threat of bankruptcy. Between 1975 and 1978, the TBAB board approved group contributions of MSEK 6.3 and direct loans of MSEK 1.5 to help the struggling subsidiary. In 1977, the board also made a formal decision to demand that the BLT board submitted a three-year action plan aimed at coming to terms with the financial deficits (3/30/77). This, however, was the only direct request regarding the operations of the subsidiary that was made by the TBAB board during the 1970s.⁶⁶

As was the case with most aspects of the governing of the newspaper group, the activation of the TBAB board initiated during the late 1980s would also result in the board taking a firmer grip of the activities of the subsidiaries. This was reflected, not least, in the planning for a new production facility for BLT, an investment budgeted at approximately MSEK 60. In April 1987, the TBAB board decided that due to the fragile balance sheet of the subsidiary the parent company should buy the press, and hire it out to BLT (4/2/87). Regarding the construction of the actual printing

plant (which was to be located just outside of the Karlskrona city center) the TBAB board decided a couple of months later that no binding decision should be taken by the BLT board without the prior approval of the parent board. It was also decided that the TBAB CEO and chairman should manage the project alongside the CEO of the subsidiary (6/21/88).⁶⁷

During the same meeting, the new chairman Peter Savin proposed a more active intervention of the parent company boards in issues previously handled by the subsidiary boards. Among the issues mentioned were the investment plans, staff recruitment, and asset management of BLT and SmP (6/21/88). A few months later, in April 1989, the TBAB board issued two principal statements, both after the suggestion of the chairman. The first entailed that all decisions “involving the establishment of new businesses or considerable changes in the current activities in any of the subsidiaries [should] be made by the parent company board” (4/25/89, extract from minutes).⁶⁸ Secondly the board decided to locate the annual AGMs of the subsidiaries to Kalmar. Four months later, it was decided, again after a proposal of the chairman, that the budgets of subsidiaries should be produced in accordance with predetermined profit targets set by the TBAB board of directors (8/22/89). Up until that point, the budgets of SmP and BLT had been settled by the respective company board, without the involvement of the parent company.

The various steps towards an increased centralization of power initiated by the new TBAB chairman were not uncontested. In September of 1989, the board was informed that only a limited number of the TBAB board members were to be invited to the inauguration of the new BLT printing press, as it according to the BLT CEO “would be detrimental for the public opinion in [Karlskrona] if too many Kalmar people were invited”. The background to this position, which was heavily criticized by the TBAB board, was—according to one of the union representatives—that the “decision to move the AGMs to Kalmar had caused irritation” in the subsidiaries (9/22/89, extract from minutes).

Aside from this marked concentration of allocative power towards the parent company board, the actual coordination in terms of functions or production phases between the three newspapers would remain limited throughout the 1980s. Nor does the centralization of the decision-making appear to have affected the editorial independence of the subsidiary newspapers. There are no signs in the meeting minutes that the activities of the editorial departments, let alone the editorial content, of neither BLT nor SmP ever reached the agenda of the parent company board.

The Forming of a Proper Corporate Group

The increasing centralization of the decision-making would be accompanied by an intensified planning to change the organizational structure of the Barometern group. Indeed, this was not a new issue; the question of a new organization had been raised in the boardroom right after the two takeovers in 1975 (10/12/75). But the plans had never been materialized, and up until the final years of the 1980s there was little attention devoted to the organizational structure of the newspaper group.

In October of 1985, the CEO of TBAB informed the board of plans to investigate the long-term structure of the group (10/4/85). According to Göthe, it was a problem that the BLT and SmP newspaper companies were organizationally subordinated TBAB (interview). A first sketch of a new organization of the group, outlined by the CEO, was presented to the Barometern Foundation's board of trustees in December 1986 (12/4/86). A revised version was presented a year later. Neither presentation resulted in a formal decision, however. Instead the CEO was commissioned to keep investigating the issue (12/9/87).⁶⁹ A final proposition, involving the establishment of a proper holding company, was rejected by the foundation's board of trustees in March 1988. Contributing to the decision was a concern that the proposed organization could "render the owner less insight and a reduced ability to govern". The board of trustees did nevertheless express "a wish that group issues were handled with a greater intensity" (3/7/88, extract from minutes). Having been informed of the decision, the TBAB board, apparently as an indirect objection of the assessment made by the owner organization, made a statement that the "current group structure was not functioning well and that there [were] a need for a group board for discussions of issues of overriding nature" (3/16/88, extract from minutes).

The process gained momentum after the shift in 1988 on the chairman position of TBAB. An investigation initiated by the new chairman and the TBAB CEO was presented to the TBAB board of directors in November 1988. The board decided to repeat the request that the foundation's board of trustees approved the establishment of a new corporate structure, in line with the suggestion previously presented by the CEO. It was stated in the minutes that it was the board's "firm conviction that immediate organizational changes aimed at improving the profitability of the group and to increase its consolidation are necessary. If not, the board will not be able to secure the objective of the group in the long term, that is, the publication of newspapers." It was also noted that once the foundation's board of trustees had given the go-ahead, all the detailed decisions had to be made by the board of directors of the newspaper company (11/17/88, extracts from minutes).

The proposed organization involved the forming of a more distinct parent company, without any operative functions. The proposal also included a group board of directors and a group CEO, which were to bear the overriding responsibility for the entire newspaper group. The three newspaper businesses, Barometern, BLT, and SmP, were to be organized as equal subsidiaries in individual stock corporations with individual boards and CEOs. In January 1989, the board was informed that the suggested structure had been approved by the owner (1/19/89). The new group, called Sydostpress, was formed a year later, on January 1, 1990.⁷⁰

The Establishment of Ownership and Group Goals

Since the forming of the Barometern Foundation in 1947, the overriding goal of the organization—established in foundation charter—had been to secure the Barometern newspaper as an organ promoting Christianity, “healthy” Conservatism, and the perpetuation of the trade and industry. As this book has shown, the political rationale had been reflected in the composition of the board of directors, as well as in the recruitment of the leadership of the editorial management. Against this background, it is perhaps not surprising that objectives of a more financial nature had not been prioritized—let alone formulated. Says C. G. Göthe, CEO of TBAB during the 1980s:

[The Foundation] had no such demands. The important thing was that deficits were avoided (...) and that we propagated the right ideology. It was a very anonymous owner-mass, as long as the company performed reasonably well they were satisfied. At least, that was my impression. (Interview)

To a considerable extent, the approach of the owner was reflected in the activities of the board of directors of TBAB, a notion supported by one of the board members of the time:

The corporate activities in those days were not particularly businesslike. Naturally it was necessary to change ends, but the progressive thoughts and the visions; those were just not there yet. Instead, the board was very stationary, only safeguarding the things that already were. You could not raise a discussion regarding how to develop the newspaper. Such things, as far as I can remember, just did not happen. And [the chairman] was quite dominant. The other members were just kind old men. (Interview)

Following the increasing separation of the foundation's board of trustees and the TBAB board of directors during the final years of the 1980s, voices were nevertheless raised in the boardroom of TBAB that the lack of more specific targets for the newspaper business was a problem. The driving force, also in this case, was the new externally recruited board chairman. Thus, the first recorded signs in the meeting minutes of such discussions being held appear shortly after Savin's assuming office. In November 1988, a first draft concerning a joint group aim was presented by the chairman to the board (11/17/88). It proposed that the group's newspapers should be "the leading organs for news and societal and market information" in their respective areas of circulation, with a "well-developed sense for the needs of individual citizens, the trade and industry, and the public administration" (extract from minutes). Involvement in other business-areas could be motivated only if they contributed (financially) to the consolidation of the newspaper businesses. Finally, it was suggested that the financial performance of each of the group companies reached the "normal" level of the industry in question. The proposal was accepted by the board, which subsequently decided to refer it to the Barometern Foundation for final approval.

A revised version of the aim document was formally settled by the Barometern Foundation in June 1989. The document stated that in order for the foundation to be able to fulfill its primary (political) target, it had to make certain that the group finances rested "on solid ground". In order for the group to meet the future investment needs, it was thus established as "necessary that the group performed a profit margin on a par with, or exceeding, that of similar provincial newspapers" (6/2/89, extracts from appendix).⁷¹ Regarding the funding of the group, the document was concluded, a future stock-exchange quotation "ought not to be ruled out".

The Management Team Recomposed

In a process parallel to the planning for the restructuring of the group, the issue of how the new group was to be led was intensified. In January 1989, the CEO of ABBT, C. G. Göthe, declared that he was not available for the position as group CEO, motivating his decision with a statement that he preferred to continue to have an operative position closer to the newspaper business (1/19/89). Thus began the search for a new executive manager. Having commissioned the chairman and vice chairman to handle the recruitment, the board decided that newspaper experience "was not a prerequisite" (ibid., extract from minutes).

The initial interviews were handled by the chairman, whom in May of 1989 was able to present a frontrunner to the board (5/24/89).⁷² The person in question had been interviewed by representatives of the foun-

dation's board of trustees, whom had approved of the candidacy. Also the CEO's of the newspaper companies had met with the individual. During the subsequent discussion, a number of critical voices were raised against the candidate, whose current employment was in the real estate business. The discussion ended with the chairman suggesting not to continue the process with the candidate. When meeting again a few weeks later, the chairman informed the board that the foundation "had recommended" the candidate in question, and that the process be resumed (890613, extract from minutes). The statement was followed by a lengthy discussion, in which the disagreement regarding the qualities of the candidate was only further established.⁷³ Despite the decree made by the owner and the recommendation of the board chairman and the vice chairman, the board decided that the position be re-advertised.

At the time for the next meeting (8/22/89), the recruitment process "had become the subject of media coverage". As a result, the interest of the original candidate had according to the chairman sunk to "exceedingly marginal" (quote in minutes). Following the suggestion of the chairman, the board decided to formally dismiss the candidacy. However, the new advertisement had resulted in a second candidate, whom after initial interviews had gotten the approval of both the recruitment committee (the chairman, the vice chairman, and the CEOs) and representatives of the ownership foundation. It was decided to arrange a meeting between the board and the candidate. The man in question, Sven-Erik Söder, was a 40-year-old record industry executive residing in Uppsala. He had no experience from working in the newspaper industry. During an extra summit directly after the meeting, the board made a unanimous decision to offer the position to Söder (9/6/89).

During the same meeting, the board had decided to appoint C. G. Göthe as the CEO of the pending Barometern subsidiary. A few months later, however, on December 6, 1989, the board was informed that talks between the chairman and the CEO had resulted in a "unanimous" decision that the employment of the latter was to be discontinued. In a statement rendered in the minutes, Göthe declared that "since the chairman had not shown sufficient confidence in his ability to handle the continuous development of the newspaper he had found it completely natural to leave his position" (12/6/89, extract from minutes). According to Göthe, the decisive factor behind the termination of his contract had been related to the financial performance of the newspaper company (interview). As previously shown, the criticism stemming from the boardroom concerning the profit levels of the Barometern group (and thus indirectly the performance of the CEO) had

gained momentum since Savin's taking over as chairman some eighteen months earlier.

CONCLUSIONS

The perhaps most prevailing impression from the previous period regarding the division of power in TBAB was the short distance between the owner and managerial levels of the newspaper company. The Barometern Foundation had appointed the board of directors of the newspaper firm exclusively from its own ranks. The CEO had been enjoined with little discretionary power; most operational decisions had required the—at least formal—approval of the board of directors. As shown, the extensive veto right maintained by the owner organization would continue for the better part of the period. The entering of the union representatives in 1973 had little effect in this respect, neither did the fact that the newspaper company a couple of years later would evolve in to a proper newspaper group as a result of the acquisitions of BLT and Smålandsposten.

During this second period, there were nevertheless a few important shifts regarding both the internal division of power and the general approach towards the objectives and activities of the newspaper company. In all these cases, the changes were spurred by the exit of long-time holders of key positions in the firm and the entering of a new generation of leaders. Thus, in 1981, after nine years as CEO (and an additional nine years as deputy CEO), 65-year old Hilding Björkman was succeeded by 36-year old C. G. Göthe. In 1986, the chairman of the Barometern Foundation, the 73-year old Liss-Erik Björkman was replaced by Gunnar Gyllenram, who was 55. Two years later, the chairman of the TBAB board of directors since 1971, the 71-year old Kristoffer Strümpel was replaced by Peter Savin, aged 35. Although the recruitments in all three cases were characterized by remarkable continuity in terms of basic qualifications—Göthe had previously been the CEO of one of the subsidiary newspapers; Gyllenram had recently replaced Björkman as the Kalmar chief judge; Savin was associated with the same law firm as Strümpel—the age difference between predecessor and successor was nevertheless significant.

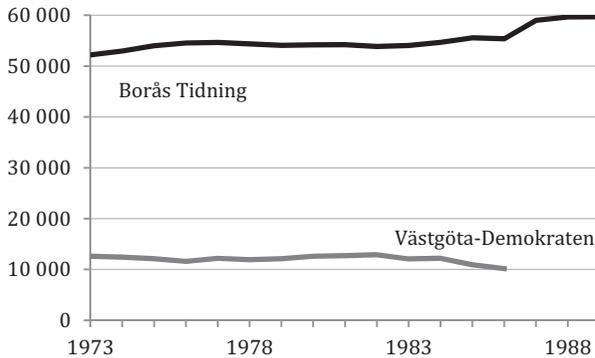
As it turned out, all of the three recruitments would make a significant mark on the operations of the firm. Shortly after assuming office, C. G. Göthe would obtain the board's approval to initiate an ambitious attempt to transform the newspaper company into a diversified media firm. Clearly, the predecessor had shown no such ambitions. The change of the leadership of the ownership organization a few years later would result in a similar rise in activity. During Liss-Erik Björkman's reign as foundation chairman,

the involvement of the foundation's board of trustees (as an actor in its own right) in the operations of the newspaper firm had largely been limited to the appointment of board members to the TBAB board of directors. Under the new chairman, the ownership function of the newspaper group was significantly activated. The perhaps most important expression of the new approach was that the absolute overlap between the owner and the newspaper company board was gradually abandoned. More than anything, this new policy was manifested in the election of an external board chairman. The change had a profound effect on the operations of the newspaper board. In less than 18 months, Peter Savin had initiated a number of significant changes that would have long-lasting consequences on newspaper group, including the reorganization of the group, the establishment of profit targets, the discontinuation of loss-making businesses, and the dismissal of the newspaper company CEO. All the measures mentioned were a result of an increased concern in the boardroom with the financial performance of the newspaper group; an aspect previously prioritized by neither the owner nor the CEO. But they were also the result of a board of directors positioning itself as an autonomous actor in the governance of the newspaper group. In this respect it is noticeable that also the relative influence of the individual board members was increased—a condition most clearly manifested in the 1989 decision to oppose the candidate to the new group CEO position which had been advocated by both the owner and the board chairman. Indeed, the handling of the CEO recruitment was a concrete expression of one of the key implications of the foundation ownership as compared to private ownership, namely the absence of an absolute authority in the decision-making of the firm.

BORÅS TIDNING

THE SETTING

The economic expansion and growth in population that had characterized the city of Borås during the first half of the 20th century had gradually come to an end during the 1960s. Entering the 1970s Borås was in fact a city with considerable problems. The primary reason lied in its industrial structure, which was still dominated by a labor-intensive textile industry with little prospects for expansion. Over the following two decades, Borås went through a structural crisis, resulting in the closedown of most of the textile factories and the loss of more than half of the city's industry jobs (Berglund *et al.* 2005*b*).

Figure 8.3 *The Borås Newspaper Market, 1973–1989 (circulation)*

The Borås Newspaper Market

As a result of the recession, the population of Borås, having reached a high note with 108,000 in 1971, making it the ninth largest city in the country, began to decline. Not until the second half of the 1980s did the negative development come to an end. By then, the city population had dropped below 100,000. Regarding the greater Borås area (“Borås A-region”), which made up the main area of circulation for *Borås Tidning* (BT), the size of the population remained more or less unchanged, just below 190,000, throughout the entire period.

The recession was eventually reflected in the local newspaper market (see Figure 8.3). Between 1955 and 1975 *Borås Tidning* had enjoyed an annual growth in circulation of almost 1,200 copies, a growth-rate matched by few Swedish newspapers. But after decades of constant expansion, the growth would come to an end during the second half of the 1970s. In 1978, for the first in the period addressed in this book, *BT* experienced a drop in circulation (-269). After this, however, the circulation would remain steadily just below 55,000 over next the ten years.

The local competitor *Västgöta-Demokraten* (V-D) experienced a similar development. The circulation of the social democratic newspaper would lay steady around the 12,000 mark throughout the better part of the period. In 1986, however, after years of financial difficulties, *V-D* was forced to close down. After well over a hundred years of competition from various adversaries, *Borås Tidning* was alone on the local newspaper market. The discontinuation of *V-D* gave a considerable boost to *BT*'s circulation, which increased with over 4,000 over the following couple of years. As a result, *BT* was able to strengthen its position as the fifth largest provincial newspaper in the country.

General Development of AB Borås Tidning

Two pivotal events dominated the period for AB Borås Tidning (ABBT). In 1979, after years of preparations and considerable financial investments, the newspaper left its old offices and moved to a brand new facility in the outskirts of the Borås city center. A year later, Tore G. Wärenstam, the newspaper's long-serving CEO and editor-in-chief, as well as its largest shareholder, passed away. As a result, the Tore G. Wärenstam Foundation—to which Wärenstam's interests in the company was bequeathed—became the new controlling shareholder of the newspaper corporation.

Since 1955 Tore G. Wärenstam had occupied the positions of both CEO and editor-in-chief. In 1973, having reached the age of 65, Wärenstam chose to retire as head of the editorial department. He was replaced by the previous chief subeditor, Rune Larsson (b. 1927). Upon Wärenstam's death seven years later, the executive control of the corporation was handed over to a three-man committee. In 1984, this interim arrangement ended, following the appointment of a new CEO, Leif Hedelin (b. 1943, d. 2006). Both Larsson and Hedelin would remain on their respective positions throughout the remainder of the period.

Regarding the development of the newspaper company at large, ABBT was able to maintain a financial growth, despite the somewhat shifting success in the readers market depicted above. Between 1973 and 1989, the company's annual turnover increased from MSEK 22 to MSEK 131. This equaled an annual growth of 12 percent—or 3 percent if the, at times, considerable inflation is considered.⁷⁴ The growth was altogether organic. ABBT did not take any part in the many ownership changes on the Swedish newspaper market that began during the period this period.⁷⁵

As far as profits were concerned, the newspaper company would follow the industry average for the better part of the period. But after a peak in 1984 (when a record 10 percent profit margin was recorded), the yields dropped well below the average of the Swedish press at large. All in all, the profits from the newspaper business (in average 4 percent between 1977 and 1989) were a little bit lower than the industry average during the period at hand (6 percent). Thanks to a lucrative financial business, however, the profits after interests (7 percent) surpassed that of the industry at large (5 percent).⁷⁶

Because of changes in calculation techniques, it is not possible to give an exact account of the quantitative development of the size of the staff of ABBT during the period at hand. The growth of the editorial department does nonetheless appear to have continued. Relatively reliable sources (i.e. the annuals report of the TA) indicate that the number of editorial staffers grew from 35 in 1972 to 60 in 1989—in other words considerably.

Ownership

Going in to the period at hand, the ownership of ABBT was still relatively dispersed. As of 1973, Tore G. Wärenstam, together with the foundation bearing his name, controlled 32 percent of the company stock (18 and 16 percent respectively). The third largest owner, with 9 percent of the shares, was the local textile corporation Borås Invest (previously called Borås Wäfveri). The remaining 60 percent of the shares were in the hands of well over a hundred minority shareholders. During the 1970s, both Wärenstam himself and the Wärenstam Foundation would continue to slowly increase their respective interests in the company. Still, however, Wärenstam was not able to exert the full economic ownership over the corporation, as the corporate bylaws limited the voting influence to ten percent of the shares present during AGMs. This changed in 1978, when the shareholders voted to abolish this particular paragraph (6/22/78). Following this decision, Wärenstam was in practice able to dictate the composition of the board at his own pleasure.

In 1981, the Wärenstam Foundation, which had inherited Wärenstam's shares following his death the previous year, passed the 50 percent mark. For the first time in 70 years, ABBT once again had a majority shareholder (see Ohlsson 2009). The foundation would continue to increase its ownership share throughout the 1980s. By 1989, it controlled 65 percent of the corporation.

The Tore G. Wärenstam Foundation

Since its establishment in 1968, the Wärenstam Foundation was managed by a board of trustees, which had three members and one alternate. For as long as Wärenstam was alive, the board of trustees continued to assemble only once a year for a brief official meeting. The two formal aims of the foundation, to buy and administer shares in ABBT and to donate surplus funds to charity, were handled by Wärenstam himself and approved by the board only *ex post*. There is no record in the minutes from the meetings of the board of trustees that the board ever involved itself in issues pertaining to the actual operations of the newspaper corporation.

Much like the board of directors of the newspaper company (see below), the foundation's board of trustees was characterized by a very low circulation of members.⁷⁷ When first established, the board had consisted of Wärenstam—holding the chairman position—and two members external to the newspaper corporation (in the sense non-employees). Both these men were recruited from the ABBT board of directors, however. The alternate position was given to the finance director of the newspaper company. The presence of company employees on the board of trustees increased

in 1970, when Rune Larsson—then chief subeditor of BT, later editor-in-chief—was appointed as board member. This ratio, with three employees and one external member, remained unchanged throughout the period.⁷⁸ The external member was farmer Arne Svensson, MP for the Conservatives. After Wärenstam's death in 1980, Svensson assumed the chairmanship of the Wärenstam Foundation (see below).

Following Wärenstam's demise, the activities of the foundation's board of trustees got a somewhat new character. The number of regular meetings increased from one to two per year, and for the first time the board of trustees started to handle the obligations that followed from its position as the controlling shareholder of the newspaper corporation—in other words the dictation of the composition (and financial compensation) of the ABBT board of directors (and auditors).⁷⁹ Apart from these formal duties, however, the minutes from the meetings of the board of trustees include no decisions concerning the operations of the newspaper company.

An Activation of the Shareholders' Meetings

For as long as Tore G. Wärenstam was alive, the AGMs of ABBT appear to have been rather uneventful happenings. There are no indications in the meeting minutes of any disagreements or objections from individual (minority) shareholders regarding the operations of the corporation. The supremacy of (or perhaps confidence enjoyed by) Wärenstam was clearly reflected also in this particular forum.

But after the death of Wärenstam followed a situation in which there was no dominant leader of the stock corporation. According to the then chief subeditor, Jan Öjmertz (b. 1945), this had a profound, even revolutionary, effect on the long-established power structure of the newspaper corporation: "*It was quite natural that Wärenstam, given his enormously strong position, left a giant vacuum behind him—a vacuum that some people had aspirations to step into, so to speak*" (interview).

As soon as Wärenstam was gone, the minutes from the AGMs reveal a whole new type of activism among some of the minority shareholders, an activism manifested in open criticism of not only the new main owner (the Wärenstam Foundation), but also the ABBT board of directors and executive management, including that of the editorial department. Thus, during the first shareholders meeting of the 'post-Wärenstam era', held in June 1980, the editorial department was criticized for deviations from the newspaper's Conservative affiliation (6/16/80). The criticism was rebutted by the editor-in-chief and foundation board member, Rune Larsson. He was backed by the board chairman, who stated that all editorial issues were off the board's limits. A similar criticism, in which more positive news regarding the local

textile industry was requested, was put forward—and repudiated—six years later (5/20/86). Another and more frequently registered type of critique put forward during the 1980s concerned the composition of the ABBT board of directors and was accompanied by demands that the local trade and industry were to be given increased board presence. Also in this case, the proposals were left largely unheard—on three occasions (in 1984, 1986, and 1987) only after having been settled by a formal ballot, which up until that point had been an absolute rarity in the history of AB Borås Tidning. A final kind of discontent among the minority shareholders was reflected in repeated requests for higher dividends (see below), and criticism for the dropping profits reported during the second half of the 1980s.⁸⁰

The general conclusion, supported both by the meeting minutes and the interview material, is that the ownership sphere of ABBT in the post-Wärenstam years was divided into two opposing factions. The first comprised the ‘new’ controlling shareholder, the Wärenstam Foundation, which as a result of its particular configuration to a considerable extent was dominated by employees of the newspaper company. The second faction consisted of the ‘old’ ownership base, dominated by individuals associated with the local trade and industry. The dominating actor in this group was Borås Invest AB (and its main owner and CEO Lars Mauritzon), which between 1983 and 1984 was able to increase its interests in ABBT from nine to ten percent. Passing the ten percent margin meant that Borås Invest became a minority shareholder in the legal sense of the term, something that among other things gave the company the right to appoint its own (minority) auditors.⁸¹

THE BOARD OF DIRECTORS

Just like during the previous period, the number of board members elected by the shareholders amounted to five regulars and two alternates. From 1973 onward, however, the board would also include two representatives and two alternates from the three union clubs of the newspaper corporation.⁸² Since the alternates were summoned to the meetings, the board in its entirety comprised eleven individuals including the union representatives.

Composition and Characteristics

As noted in the preceding chapter, the CEO of ABBT, Tore G. Wärenstam—despite not being the controlling shareholder in the legal sense of the term—had since the late 1950s been able to influence the election of new members to the ABBT board of directors. There are no signs in the research material that this privilege was withdrawn during the 1970s. It may thus be assumed that the changes implemented were shaped by will of Wärenstam himself.

This is not to say, however, that Wärenstam would exercise an active recruitment policy regarding the board's composition. Hence, the first and most noticeable characteristic of the board composition during the decades leading up the period at hand is the complete absence of any proactive changes to the board's configuration. Once elected, the board members were thus re-elected annually until they chose to retire (or in some cases passed away).⁸³ A second characteristic of the board's composition of the previous period had been that neither of the regular members was elected without first having served as board alternate. Going in to the 1970s these two guiding principles had not only resulted in relatively old board members, but also in an exceedingly experienced board. In 1973, the average board member of ABBT had passed the age of 65 and had served on the board for more than 18 years.

The low circulation of board members would continue during the 1970s. Regarding the few changes that did occur, however, two gradual but inter-related trends can be detected. The first of these trends concerned a slowly increasing presence of company employees. Of the five regular members elected at the 1973 shareholder's meeting, only the CEO (Wärenstam) had been employed by the company. The remaining four members were recruited from the local industrial and political arenas, some of which also had symbolic shareholdings in the firm. Seven years later, both the new editor-in-chief and the financial director had been elected regular board members, thus leaving the external (i.e. non-employed) members in minority. Secondly, this development meant that the overlap between the board of trustees of the Wärenstam Foundation and the ABBT board of directors was gradually increased. In 1973, the foundation was represented on two regular board positions in ABBT. By 1980, the tally had increased to four.

When Wärenstam passed away in 1980, the privilege to compose the board was assumed by the three members of the Wärenstam Foundation. The recruitment policy exercised by the foundation did not deviate visibly from that of Wärenstam himself. Throughout the 1980s, the representatives of the foundation would thus remain in majority as far as the shareholder elected members were concerned, occupying either three or four of the five regular board positions. The remaining members and alternates were representing a variation of different professions as well as the various parts of the newspaper's circulation area. According to the then editor-in-chief and member of the Wärenstam Foundation's board of trustees, Rune Larsson, it was an explicit intent of the foundation that the "*entire circulation area was as well represented as possible*" (interview).

The recruitment policy exercised by the controlling shareholder was not uncontested among the wider ownership base. As mentioned above,

repeated demands were made from minority shareholders that the local trade and industry be better represented on the board of directors. According to Rune Larsson, who represented the foundation's shares during these meetings, the requests were turned down with the autonomy of the editorial department in mind:

I think that one [*sic*] wanted to avoid ... There were forces that kept on arguing for a greater presence of businessmen on the newspaper board, and that did not feel one hundred percent good, as one was concerned about the interests that these people might represent, interests that might not be in line with a newspaper that in every situation wanted to stand up for its independence. (...) When [these demands] appeared, it caused one to question what useful and honorable purpose there was to increase [the board]. (...) What was it that they wanted to gain? Was there a dishonorable purpose? (Interview)

The tensions between the two ownership factions came to a head in 1982, with an open conflict regarding the by-election to one of the alternate positions, causing the two board members, including the board chairman, *not* representing the Wärenstam Foundation to resign. After these rather tumultuous events, the foundation nevertheless chose to comply with the demands of the more vocal minority shareholders in the election of new board members. In 1985, the finance director of Borås Invest (Erik Anell) was elected a board alternate, thus giving the largest of the minority shareholders a direct representation in the boardroom. “*And then*”, says Arne Svensson, the foundation chairman at the time, “*somewhat cautiously we elected the chairman of the artisan guild in Borås who ran a painting company, and then came Bertil Larsson, who was a bank manager*” (interview). Hence, the direct link between the board and the local business-life was kept somewhat intact, also in the post-Wärenstam era.

Structure and Processes

During the 1950s and 1960s, the ABBT board had assembled three times a year. Starting in 1974, however, the number of meetings per year was increased to four; a frequency that remained unaltered all through the 1970s.⁸⁴ Following Wärenstam's demise in 1980 the number of board meetings would increase dramatically, however. Between 1980 and 1982, the board was summoned to a total of six extra meetings, of which the majority concerned the future management of the corporation. Once the new CEO was in place, a process that would take almost four years, the meeting fre-

quency was normalized once again. But this time the board returned to the previous practice of only three meetings per year. Towards the end of the period, however, there was once again an increase in the number of regular board meetings, to four in 1988 and five in 1989. As had been the case with the previous changes in meeting regularity, neither of these two increases was preceded by a formal board decision.

As was noted in the previous chapter, the turnout during board meetings had risen considerably during the 1960s. The high attendance was maintained also during this period. The vast majority of the meetings were thus attended by all members.⁸⁵ Since 1970, the minutes had been kept by Rune Eliasson, board member and the newspaper company's financial director. After the passing of Eliasson in 1984, the duty was taken over by a regular secretary (who was co-opted to partake in the meetings).⁸⁶

As far as the financial compensation of the board was concerned, the fees paid out to the board members would more than double during the period. In 1973, the chairman and the regular members received a compensation of SEK 3,000 and 2,500 respectively. By the end of the period these amounts had been increased to SEK 7,500 and 6,000. However, when adjusted for the inflation, the actual board fees had decreased with over thirty percent. Thus, the rapid increase in board compensation depicted in the previous chapter did not continue during this second period of the study.

THE BOARD AGENDA

The death of Tore G. Wärenstam divides the period at hand into two distinct phases regarding the operations of the board of directors. The fact that ABBT from the year 1980 and onwards did no longer have a single controlling shareholder, but was controlled by a three-headed foundation's board of trustees would, as the following pages will show, affect the role of the board in a number of significant ways.

A New Editor-in-Chief

The period started off with a change in the top of the editorial management of the newspaper company. On April 27, 1973—during the first meeting of the period—Tore G. Wärenstam announced to the board that he had decided to retire as editor-in-chief at the turn of the year. He did, however, intend to keep his position as CEO. As his successor Wärenstam proposed the current chief subeditor, Rune Larsson, who had been recruited to the newspaper, by Wärenstam, in 1950 as a reporter (see Weibull 2009). Unlike Wärenstam, Larsson had no ownership interests in the corporation. Since 1970 Larsson had nevertheless been one of three members of the Wären-

stam foundation, making him a representative of the second largest shareholder in the corporation.

In addition, Wärenstam himself, also the incumbent second editor was up for retirement. Also in this case there was a suggested successor presented by Wärenstam. And just like Rune Larsson, the person in mind (Bengt Ingvar Ekman) was a member of the current editorial staff. The duties of the second editor included the responsibility for the editorial page. Against this background it was noted in the meeting minutes that “Editor Wärenstam intended to remain as a political staffer during a transition period (as a support to the new second editor)” (4/27/73, extract from minutes).

Regarding the proposed appointments, Wärenstam did nevertheless “point out that the staff should be given a chance to state an opinion prior to the board decision” (ibid.). Thus the issue was tabled. By the time of the next board meeting, all three union clubs had submitted affirmative answers to the proposed appointments. It was noted that the fact that the board had awaited the comment of the employees prior to the decision had been particularly appreciated. The board subsequently decided according to the proposal—but only after the CEO had assured that the new management would not alter the newspaper’s “current political course” (5/18/73, extract from minutes).⁸⁷

A Conflict-Ridden Transition Period

Though leaving the position as editor-in-chief, Wärenstam had chosen to remain as CEO, with the specific intention to complete the massive investments program involving new offices and printing facilities initiated in the mid-1970s (see below, cf. Weibull 2009). In August of 1980, shortly after the completion of the new building, and after a period of deteriorating health, Wärenstam passed away. He was 71 years old. Although the production facilities were secured for the foreseeable future, the management of the corporation was not. According to the then editor-in-chief, Rune Larsson, it had been Wärenstam’s intention that he should be succeeded by the company’s distribution director Rune Hammarstrand (b. 1919, d. 1997), one of Wärenstam’s confidants and an ABBT old-timer. But this plan was contested by parts of the staff: “*There was some commotion among the unions, particularly the graphic workers, who thought that it was time to find an external solution to the CEO issue. And they paid a visit to Wärenstam*” (interview). According to one of the employees at the time, the technical staff had a very influential position at ABBT:

In those days there was *one* union club [at ABBT] and that was the graphic workers. Then there was nothing, nothing, nothing, and

after *that* came the journalists and then the HTF. The graphic workers were great in numbers and had a strong position. They were muscular, not in an unpleasant way, but they had a very strong position. (...) And Hammarstrand was a tough guy (...) more of a general than a salesman. (...) And I can imagine that there was an uncertainty among the graphic workers regarding what they could expect from Hammarstrand. He represented a different culture. (Interview)

Wärenstam chose to meet with the demands of the staffers. In June 1980, the board was informed of Wärenstam's decision to step back as CEO (800616). Although still promoting Hammarstrand to CEO, he had decided to establish a three-member executive committee, which was to be in charge of the newspaper company until a permanent solution to the CEO issue could be found (6/17/80). Originally, Wärenstam had intended for himself to be the committee chairman, but due to his health situation, this position was instead given to Åke Svenson (b. 1922, d. 1997), manager of a local printing business and Wärenstam's advisor in the recently completed press investment. Since 1971 he had been an alternate on the ABBT board of directors. The two remaining positions were given to long-time ABBT employees, the aforementioned Hammarstrand and Rune Eliasson (b. 1925, d. 1984), who was given the title financial director.

It would not take long after Wärenstam's demise before the cooperation between the committee members began to creak at the joints. The triggering factor behind the discord was the announcement of a change to the configuration of the Wärenstam Foundation's board of trustees, which in October of 1980 chose to elect Hammarstrand as Wärenstam's successor—an election that thus strengthened even further the presence of (hired) employees in the owner organization. The three-headed board of trustees already included editor-in-chief Rune Larsson and Rune Eliasson (as alternate). The appointment caused Åke Svenson to immediately tender his resignation as chairman of the executive committee (12/15/80). It was noted in the minutes from the board meeting in question that Svenson “though certainly not aspiring a position of power (...) was unable to work under a board of directors that is appointed by a foundation that is dominated by representatives of the staff” (quote in minutes). Judging by the minutes, Svenson's criticism was somewhat supported by the board's chairman, Yngve Magnusson, a local industrialist whom together with Svenson was the only board member who wasn't also a member of the owner foundation. The meeting was adjourned. When resumed some three weeks later, the

board was informed that the committee had decided to continue its operations, and that Svenson had taken back his resignation (1/9/81).⁸⁸

Despite the commotion, the search for a new CEO continued. The position was advertised, resulting in thirteen applications (810924). Having interviewed the applicants (a process in which also the board chairman had been involved), a candidate was presented to the board by the executive committee in November of 1981 (11/16/81).⁸⁹ However, at the subsequent meeting the board was informed that the applicant had “presented such far-reaching demands regarding fringe benefits etc. that the issue was now in a completely new position” (2/9/82, extract from minutes). In this situation, board alternate Leif Hedelin tendered his application for the position. Hedelin was a 39-year-old business manager, who just until recently had been the CEO of a local textile company owned by the Hedelin family (the company had filed for bankruptcy).⁹⁰ The application was accepted, and in May of 1982, the board decided to appoint Hedelin as deputy CEO, with the intention of promoting him to CEO upon Hammarstrand’s retirement in June of 1983 (5/3/82; 5/11/82). The choice to make an external recruitment was welcomed by the staff. Says one of the editorial employees at the time: “*There was a strong expectation that ‘now that we have moved to this new building, with all these modern and nice facilities, it is necessary that something happens with the newspaper as well’*” (interview).

The management duo of Rune Larsson and Leif Hedelin would remain in office throughout the remainder of the 1980s. Regarding the changes implemented to the remaining management team, finally, it is worth noting that the composition of both the administrative and editorial management was handled without the involvement of the board of directors.

“A Struggle for Power”

The conflict between the three members of the executive committee was reflection of the more fundamental gap in the top realms of the newspaper company, with individuals associated with the Wärenstam Foundation (and to a considerable extent consisting of hired managers) on one side, and with a group of external minority shareholders on the other.

The discord came to a head at the AGM of 1983, during which the Wärenstam Foundation, against the will of some of the minority shareholders, enforced the election of farmer and former Conservative politician, Bengt Johansson (b. 1936), as board alternate. The opposing side had suggested the election of local bank manager. In the debate, the board chairman, Yngve Magnusson, himself a holder of a small block of shares in ABBT, sided with the opposition, “pledging” to the foundation to consider the will of the minor shareholders (6/6/83, extracts from minutes). During the subse-

quent board meeting, the statement made by Magnusson was criticized by the editor-in-chief and foundation member Rune Larsson, who questioned the chairman's "publicly stated distrust" against the majority shareholder (6/6/83, extracts from minutes). When the board summoned for the regular fall meeting some four months later, Magnusson and fellow board member Åke Svenson, tendered their respective resignations from the board. Arguably, this was one of the more dramatic events in the history of the newspaper corporation. Arne Svensson, the board vice chairman and chairman of the Wärenstam Foundation, remembers the situation as "*tense—in the truest sense of this word*" (interview). "*There were very strong emotions on both sides*", says the current foundation chairman Jan Öjmertz, who was the newspaper's chief subeditor at the time:

It isn't all that easy as a bystander to understand the reason behind this clash. It appeared more or less as a struggle for power, about who was to assume power over Borås Tidning. (Interview)

Quite clearly, there were many aspects to the conflict, of which one appears to have existed on an inter-personal level. The influence of hired managers over the allocative control of the corporation, which followed from the composition of the Wärenstam Foundation, was another. But the conflict also reflected a cultural division in the local branch of the Conservative Party—an organization that was still very much influencing the governance of the newspaper firm. Says Jan Öjmertz:

Arne Svensson represented a part of the party that was closer to Wärenstam's heart than the 'Industrialist Right' that existed in Borås. (...) They shared the same agricultural background. Yngve Magnusson represented the other [part], the city and the industry. (Interview)

After the resignation of Magnusson and Svenson, the chairmanship of the board of directors was assumed by the foundation chairman, whom thus became the formal leader of both these bodies. Additionally, one of the vacant board positions was filled by Rune Hammarstrand, taking the tally of foundation representatives on the ABBT board of directors (including alternates) from three to four. Thus, this rather dramatic turn of events would not only result in the continuing decrease of the supremacy of the local industrial life on the board of directors, it would also establish even further the dominance of the Wärenstam Foundation over the affairs of the newspaper corporation.

Handling the Legal Obligations

Against the backdrop of the conflicts among the leading figures of the corporation, the actual activities of the board were marked by far less commotion. As mentioned in the previous chapter, the ABBT board of the 1950s and 1960s had had a comparatively formalized working style, inasmuch as the legal board duties were carried out in a systematic manner. This practice remained unaltered during the period. The annual reports, which were prepared by the CEO, were presented to the board each year in April (or thereabouts). The minutes give no indication that the proposals were ever altered after having been brought to the boardroom for approval.⁹¹

As long as Wärenstam was the CEO, the right to serve as firm signatories was given individually to the board chairman, the vice chairman, the CEO.⁹² After Wärenstam's death followed a couple of years during which the board elected different constellations of firm signatories.⁹³ Once Hedelin had assumed the CEO position in 1984, it was established that only the chairman and the CEO were entitled to sign for the firm individually. This principle was then maintained throughout the rest of the period.

Regarding the handling of the company profits, the shareholders had since 1969 enjoyed an annual dividend of TSEK 120 (equaling eight percent of the share capital). This level remained unaltered throughout the mid 1980s. Given the steady increase in profits reported by the company, the 'relative' dividend (i.e. total dividends in relation to the total profits accrued) fell from eight percent in 1969 to below one percent fifteen years later. As had been the case during the previous period, the vast majority of the profits were thus reinvested in the corporation. Starting in 1984, however, the dividends began to grow. The initiative to raise the return to the shareholders coincided with a dramatic increase of the taxation value of the shares in the corporation, from SEK 280 to SEK 2,540 per share—a development that was discussed by the foundation's board of trustees during an extra meeting in February 1984. It was noted that "several shareholders" had expressed a concern that they would not be able to keep the shares because of the new tax levels.⁹⁴ Although there was no explicit decision regarding a recommendation of higher dividends, it was recorded in the minutes that it was the "unanimous" ambition of the board of trustees to try and protect the minor investors and to act in ways that made it possible for them to remain as shareholders (2/6/84). Eighteen months later, the foundation was informed by the CEO that the concern among some of the larger minority holders remained. It was decided that the board should work for a "healthy dividend policy" (9/26/85, extract from minutes). Thus, between 1984 and 1989, the annual amount paid out to the shareholders was gradually increased from TSEK 120 to TSEK 910.⁹⁵

Also the staff was made the subject of the profits attained by the corporation. Annual result-based bonuses to the entire workforce had been paid out on three occasions during the 1960s. It would take until 1976 until this type of compensation reappeared. Following a suggestion by Wärenstam, the board approved bonuses to a cost of TSEK 300 in connection with the newspaper's 150th anniversary.⁹⁶ Starting in 1984, the year of Leif Hedelin's appointment as CEO, annual bonuses to the staff became a standing feature in ABBT. In 1989, however, the bonuses were replaced by a formal profit-sharing system, in which twenty percent of the operating profits were to be distributed among the staff. The system, which was introduced after the formal approval of the shareholders (read: the Wärenstam Foundation), had followed from repeated requests by the union representatives on the board of directors.⁹⁷

Handling Company Finances

The ABBT board entered the period at hand with a tradition of relatively comprehensive reporting (by the CEO) concerning the financial performance of the corporation. The tradition continued during this second period of the study.⁹⁸ Reporting issues remained a dominant feature on the board agenda. During Wärenstam's period as CEO the board of directors had not, however, exercised any budgetary control of the newspaper corporation. The various changes in the executive management (depicted below) did not bring any change to this tradition. In January 1989, the board was nevertheless presented with a budget for the current fiscal year. It was approved, after "deliberation" (1/18/89). Although not rendered in the minutes, the background to the new control mechanism was to be found in the AGM of 1988 (5/16/88), during which Lars Mauritzon, the owner-manager of the largest minority shareholder, Borås Invest, had criticized the financial performance of the newspaper corporation, using the lack of a formal budget as a sign of general mismanagement (the interview material). Thus, starting in 1989 the approval of annual budgets would be a recurrent item on the board agenda.⁹⁹

As mentioned in the previous chapter, Tore G. Wärenstam had gradually increased the company's interests in the stock market. This course of action was intensified during the 1980s. The new CEO, Leif Hedelin, would carry out an even more active management of the market portfolio. Although recurrently updated on the development of the portfolio—the corporation's activities on the stock market were dedicated a more comprehensive description in the minutes under Hedelin than under Wärenstam—the board remained passive regarding the company's financial investments. Much like his predecessor, Hedelin appears to have had a *carte blanche* to

handle the corporation's assets according to his own judgments. A plausible reason for this is that Hedelin was successful in the handling of the market portfolio. Between 1983 and 1989 the company's financial investments would more than triple in value, from MSEK 21 to MSEK 70. During this period, the stock portfolio alone contributed with MSEK 33 in profits (in the form of stock dividends and capital gain), thus exceeding the contribution from the newspaper business with approximately MSEK 4.

Involvement in Investments

Apart from the recurrent reporting items on the board agenda, much of the board meetings of the 1970s revolved around one single topic: the planning and construction of the new offices and printing facilities of the newspaper company, a project that had been initiated during the 1960s (see Chapter 7). In 1974, the company acquired the final piece of land necessary to carry out the project (10/1/74; 12/17/74). Two years later, a deal was settled with a Swedish manufacturer regarding a new printing press based on offset technology (11/18/76). Throughout the relocation process, which lasted until 1979 when the MSEK 46 project¹⁰⁰ was completed, the board was continuously updated by the CEO. All key decisions concerning the project, including the approval of land acquisitions, bank loans and supplier contracts, were taken, in a formal sense, in the boardroom.¹⁰¹ Nevertheless, the general impression is that the board, as an actor, remained passive in the process, only confirming the decisions proposed by Tore G. Wärenstam.¹⁰²

Regarding the remainder of the period, the majority of the investments carried out would consist of various computer systems. The 1980s was the decade during which the Swedish press took its first major step towards computerized production. ABBT was no exception. In October of 1983, the board was informed of a new technical committee commissioned by the management to investigate the "employment of additional new technology" (10/17/83, extract from minutes). Major investments in various computer systems were carried out in 1983, 1988, and 1989.¹⁰³ The process was not without obstacles, however. Following an agreement with the company and the staff (which had preceded the forming of the technical committee) it had been established that any introduction of new technology had to be preceded by negotiations with the union clubs. The agreement caused the CEO in 1987 to state before the board that the process towards increased rationalization was made more difficult by the "well known fact that three trade-unions are involved with their trade-union barriers" (10/29/87, extract from minutes).¹⁰⁴

Regarding the formal authority concerning investment decisions, the appointment of Hedelin as CEO would be followed by a departure from the

previous procedures. The investments in new technology and computer systems just mentioned were handled, decided and executed by the executive management. The board was only briefed of the process. From 1984 and onwards, the meeting minutes of the ABBT board of directors include no formal decisions regarding individual investment programs.¹⁰⁵

Involvement in Staff Management

As the previous chapter showed, the board of directors of the 1950s and 1960s had rarely been involved in staff related issues. This approach continued during the 1970s, and also in the post-Wärenstam era. Judging by the minutes, the board was never involved in the appointment of individual employees, and on only a handful occasions was it informed of personnel changes in the various departments. Also the setting of wages, which was done through collective bargaining, was handled exclusively by the executive management.¹⁰⁶

Throughout the 1970s, the formal contacts between the executive management and the staff were carried out via a labor-management committee. According to one of the members, the committee did not have any executive function, however. Much like the company at large, the meetings were completely dominated by Wärenstam:

There were a couple of meetings per year. More than anything they consisted of historical reports on the state of the company, what the past year had been like, prognoses, the market situation. Financial reporting, that was it. It was Wärenstam holding court. (Interview)

The committee was discontinued in 1980, and replaced by so called Co-determination councils, which followed from the new Codetermination Act (5/5/80). Regarding the effects of another of the new labor-market laws, the one that enabled the local unions to join the board of directors, the impact appears to have been limited as far as ABBT was concerned. Says one of the first unionists that joined the board of directors in the early 1970s:

Nobody questioned the regiment of Wärenstam. The union representatives did not play an independent role either. This representation was so new; there were no established tracks to follow. (...) [Therefore] one did little more than sitting there listening. (Interview)

Handling of Other Business-Related Issues

As mentioned, the move to the new facilities and the acquisition of the

offset printing press was the largest investment in the history of ABBT. As the relocation moved closer, an effort to increase the use of the new printing press intensified.¹⁰⁷ A 1977 proposition to the local competitor Västgöta-Demokraten (V-D), initiated by the CEO, and sanctioned by the board (12/6/77), was rejected by the social democratic newspaper. Instead, V-D invested in its own press, enabled by a loan from the Swedish Press Subsidy Committee (5/24/78).¹⁰⁸

In 1981, the year after Wärenstam's death, the board had a principal discussion whether ABBT, still without any contract work, should accept offers to print "direct advertising and the like". It appears that the talks were caused by a demand from the technical staff involving actions to make better use of the new printing press. The issue coincided with the growing presence of free local weeklies, which challenged the press' hegemony on advertisement market (Weibull 2009). The discussion that followed is interesting as it reveals one of very few normative discussions rendered in the meeting minutes from the period. Clearly, this was an issue that divided the board. Whereas the editor-in-chief, along with the unionist representing the editorial staff, argued that "it was dubious that a newspaper company went out and offered to print direct advertising", others, including the unionist representing the technical staff, contended that "it should be the objective to attract as much work as possible" (3/3/81, extracts from minutes). The board left the issue without a formal decision. Nonetheless, the production of direct advertisements at the new printing press began a few months later (9/24/81).

As long as Wärenstam remained in charge of the newspaper corporation, the board minutes offer little proof that the board ever spent much time discussing, let alone initiating, any market-related actions or activities. 'The product', in other words the daily local newspaper, was not an issue for the board to handle (the interviews). Even though the death of Wärenstam would not bring about any radical change to this approach, there are nonetheless some indications that the board started to involve itself more actively in issues of a more market-oriented or strategic character during the 1980s. On most occasions these talks were caused by a drop in either sales or financial results; as mentioned, the 1980s was a decade that was not altogether successful for ABBT as far as profits were concerned. However, the talks rarely resulted in any concrete decisions or commissions bestowed upon the executive management.¹⁰⁹ Another novelty of the post-Wärenstam era was that the right of fixing of advertising and circulation prices was transferred from the CEO to the board of directors (cf. 3/23/81).¹¹⁰ In practice, however, the new procedure appears to have had little actual effect, as all price changes proposed by the CEO were

approved without any apparent objection. Towards the end of the 1980s, pricing, probably as a consequence of the introduction of a budgetary control system, disappeared as a separate issue from the board agenda.

During the 1980s, the long-time monopoly of Swedish broadcasted media began to crack at its joints. In his first board meeting as CEO, in March of 1984, Leif Hedelin informed the board of a submitted application to carry out cable TV trials, with locally produced content, in the Borås area. It was important, the CEO argued, that “we as a newspaper company take part in this development” (3/19/84, quote from minutes). When updated on the project later that year, the chairman (apparently giving voice to the board at large) concluded that it was “of interest for BT to be in the game” (11/19/84, extract from minutes).¹¹¹ After the completion of the trials, the board would thus approve a CEO proposal to invest in a small local video production company. The unanimous decision was motivated by an ambition to “be ready to act” in case the television monopoly was lifted. The company was taken over in 1986 (10/27/86; 4/6/87).¹¹² During the following couple of years, the board was regularly informed of the activities of the production company. However, the prospected revenues failed to appear, resulting in deficits that had to be covered by the parent company (4/11/88). After discussing the future of the subsidiary in October 1988, the board decided to commission the CEO to initiate a staff decrease (10/17/88). And in June of 1989, the board made a unanimous decision to discontinue the operations (6/19/89).

Regarding the company’s position on the local newspaper market, finally, the competition from V-D received limited board attention—as did the 1986 discontinuation of the social democratic newspaper. The board was nevertheless informed of a couple of measures taken by the executive management following the new monopoly position. More specifically the measures involved a marketing drive among the V-D subscribers—consisting of a two-week free distribution of *Borås Tidning*—and the hiring of two new reporters. As mentioned the circulation of *Borås Tidning* would experience a considerable boost following the closedown of the competitor.

Handling of the Subsidiary Newspaper

The board of ABBT was not only the governing board of the newspaper company publishing *Borås Tidning*; it was also the parent company board of another newspaper firm, Ulricehamns Tidning AB in Ulricehamn.¹¹³ As had been the case in the previous period, however, the subsidiary was run without any direct involvement of the parent company board. Apart from information regarding annual and interim reports, the activities of UT would rarely reach the agenda of the ABBT board. Also the second period of the

study would thus transpire without the board making any decisions concerning the operations of the subsidiary.¹¹⁴ Nonetheless, the CEO of ABBT was also CEO of the subsidiary, which meant that there was a significant overlap between the managerial levels of the two newspaper companies.

CONCLUSIONS

As mentioned in both this and the previous chapter, AB Borås Tidning had during the 1960s and 1970s been completely dominated by Tore G. Wärenstam, the newspaper's CEO, editor-in-chief, and largest (though not controlling) shareholder. The dominance was reflected in the role of the board of directors. "*The board was Wärenstam's orchestra*", says one of the union representatives elected to the board in the 1970s, "*consisting [with a few exceptions] of people that were quite close to Wärenstam on a more personal level*" (interview). In a slow but steady process, Wärenstam had transformed the board from a board dominated by influential representatives of the local trade and industry to a board primarily occupied by hired managers, and long-time co-workers of Wärenstam himself. The continuing dominance of inside executives, rather than of external interests, was secured with the establishment of the Wärenstam Foundation, which assumed control over the corporation after Wärenstam's death in 1980. The majority of the members of the Foundation's board of trustees consisted of managers from the newspaper company.

The high level of staff influence over the governing of the company was not uncontested, and the years following Wärenstam's death were marked by conflict between the different factions on the ABBT board of directors, a dispute in which the Foundation would eventually come out on top.

Given the particular configuration of the Wärenstam Foundation, the executive and editorial management remained largely autonomous in the governance of the newspaper firm also during the post-Wärenstam era. To a considerable extent, the autonomy was facilitated by the considerable overlap between the ABBT board of directors and the foundation's board of trustees, which—as mentioned—consisted almost exclusively of members of the management team. In this situation, the role of the board of directors was primarily limited to the (passive) reception of reports. The managerial hegemony of the newspaper firm was not uncontested, however. Following the growing criticism of stakeholders external to the owner organization, not least largest minority shareholder, the foundation would comply with a number of demands involving a more active financial monitoring of the firm. The measures included the introduction of a formal budgetary control, a more thorough financial reporting, and—not least—the election of board members independent of the firm and the foundation.

SUNDSVALLS TIDNING

THE SETTING

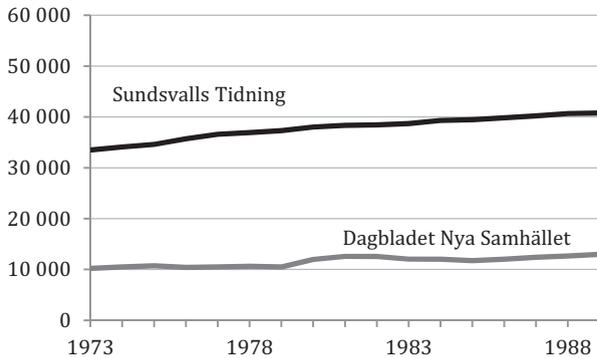
The population of *Sundsvalls Tidning's* primary area of circulation (i.e. the so-called Sundsvall A-region) would continue to grow throughout the 1970s. In 1980 the region had a population of 127,000, of which the actual Sundsvall County accounted for about three fourths. But thereafter began a slow but steady decrease, a development similar to that of the northern half of Sweden at large. By 1987, the population had dropped to 124,000. In part, the development was a result of a thorough transformation of the industrial character of the region. During the period at hand, the domination of heavy industries came to an end, and was replaced by a growing service industry, primarily within the public sector (Bäcklund 1997).

The Sundsvall Newspaper Market

Despite the relatively unfavorable development of the readership market, *Sundsvalls Tidning* was able to continue its growth (see Figure 8.4). The newspaper would enjoy an unbroken increase in circulation, from 33,500 copies in 1973 to 40,800 in 1989. Also the local competitor *DNS* was able to expand, albeit at a more irregular pace. Throughout the better part of the 1970s the social democratic daily reported a circulation of around 10,000. Then suddenly, thanks to various technical and editorial investments, enabled in part by the state-financed press support, the newspaper's circulation experienced a twenty percent boost between 1979 and 1981. This considerable increase was then followed by yet another lengthy period of stagnation, keeping the circulation around 12,000 during the rest of the 1980s. As a result the relationship between the two adversaries would remain more or less unchanged, with *ST* accounting for approximately three fourths of the local newspaper market.¹¹⁵

General Development of Sundsvalls Tidnings AB

As far as the general development of the newspaper business was concerned, the period was characterized by an almost unbroken expansion. Between 1973 and 1989, the turnover of the Sundsvalls Tidnings AB (STAB) would increase from MSEK 17 to MSEK 124. This equaled an annual growth of 13 percent (or four percent if adjusted for inflation).¹¹⁶ In 1974 STAB also acquired Örnsköldsviks Allehanda (ÖA), a six-day newspaper with a circulation of 20,000; a takeover that turned the single-newspaper company into a small newspaper group. As opposed to the two rather disastrous acquisitions carried out in the 1960s, this one turned out to be decidedly more viable. ÖA was a well-managed newspaper company with solid

Figure 8.4 *The Sundsvall Newspaper Market, 1973–1989 (circulation)*

finances. The subsidiary would consistently perform better than the parent company over the period at hand.

Also the staff continued to grow, albeit at a slower rate as compared to the previous period. Between 1977 and 1989, the number of staffers employed by STAB was increased from 174 to 197. The editorial department accounted for the majority of the expansion, increasing from 47 employees in 1977 to 59 twelve years later (Petersson 1990: 480). By the end of the period, the entire ST group had come to comprise some 455 employees.

Generally, the growth in circulation and staff size was enabled by increasing profits and gradually improving finances. During the period at hand, the company reported an average operating profit of seven percent. Apart from a few years during the mid 1970s, the newspaper company performed better than the industry average throughout the period. Thus, the 1980s evolved into the most profitable decade ever in the history of the 150 year old newspaper.¹¹⁷

Going in to the period, the newspaper company had had the same executive management duo, with Yngvar Alström as editor-in-chief and Bror Berg as CEO, for almost two decades. Upon Alström's retirement in 1976—he was 69 years old—he was succeeded by his son, Börje Alström (b. 1941). Seven years later, also Berg, by then 64 years old, retired. He was succeeded by the company's finance director Rolf Jonsson, aged 42. Börje Alström would remain as editor-in-chief for thirteen years. Following a disagreement with the other members of the two owner families, he was dismissed in the beginning of 1989 (see below). In his place, the owners appointed Kjell Carnbro (b. 1947), who was an internal recruitment.

Ownership

The ownership structure, in which the company shares were divided equally between two families (the Alströms and Wides) and with a balancing block of shares controlled by the hired CEO (Bror Berg), remained unchanged throughout the 1970s. The long-term ownership situation became of immediate concern in 1983, however, as a result of the sudden passing of Yngvar Alström, the head of the Alström family. Since a succession of generations within the two owner families was considered too costly (because of the current level of inheritance and property taxes), it was decided that the company should be sold. In 1985 a deal was closed with Gefle Dagblad AB (GDAB), a relatively small newspaper group—its joint turnover was lower than that of the ST group—owned by two newspaper foundations closely associated with the Liberal Party. A letter-of-intent was established in March 1985, and the final sales contract was signed three months later (Petersson 1990). The deal was constructed so that the takeover was carried out in two steps, and would not be finalized until 1994. During the ten-year transitional period, which had been a demand from the Alström and Wide families, GDAB controlled 90 percent of the share capital, but only 47 percent of the votes.¹¹⁸ Thus the two owner families maintained the economic ownership over the newspaper company.

The takeover has been extensively covered from the perspective of both the seller (Petersson 1990, 2009) and the buyer (Bergkvist 2006). For present purposes it may be noted that the negotiations and the closing of the deal were carried out without the involvement of the board of directors. The new ownership structure did, however, have consequences on the board over the years that followed. According to the consortium agreement established for the ten-year interim period, the original owners maintained the right to appoint the board chairman plus a majority of the board members. However, it was also stipulated that certain major decisions such as the hiring of editors-in-chief and CEOs, changes to the bylaws, the establishment of annual budgets and annual reports (including dividends), major investments, and “the long-term strategic planning” of the company, had to be supported by at least one of the board members representing GDAB. In return, ST was entitled a position on the board of GDAB (Petersson 1990: 492).¹¹⁹

THE BOARD OF DIRECTORS

Regarding the time period covered in this chapter, it is possible to identify two distinct shifts that to a varying degree came to affect the role played the board of directors of STAB. The first shift had its origin in the 1973 law giving the unions the right to board representation. For STAB, this meant

that the board for the first time ever was extended beyond the intimate owner sphere. As it turned out, however, it would take half a decade until this new law had any real consequence for the operations of the board. Towards the end of the 1970s a number of new policies, most of which had been initiated by the staff, came to alter the traditional ways in which the newspaper company was governed. Most importantly, this resulted in the ending of the exceedingly informal role previously played by the board of directors.

The second shift began in 1983 with the death of Yngvar Alström and ended some two years later with the agreement to sell the company to GDAB. Not only was the ownership of STAB broadened as a result of this development, the newspaper company was also transformed from an owner-controlled corporation to a company run by hired managers.

Composition and Characteristics

In comparison to the previous period, during which the board of directors had remained virtually unchanged, the period at hand would be decidedly more eventful as far as the board composition was concerned. When the two union representatives joined the board in 1973, it was the first change made to the board in almost two decades. At the time of this expansion, the average board tenure of the three 'original' members, the CEO Bror Berg and the two owners Yngvar Alström and Nils Wide Jr., was 25 years. Following the acquisition of ÖA the following year, the CEO and previous owner of the new subsidiary, E. A. Hallin (b. 1925, d. 2007), was elected as board member number six. This composition, with four members elected by the owners and two by the unions, would remain for the next ten years. In connection with the 1983 management shift, in which Bror Berg replaced Yngvar Alström, as board chairman, the board was increased with three members. Two were the previous alternates, Margareta Alström (wife of Yngvar Alström), and Ulla-Stina Wide (sister of Nils Wide Jr. and part-owner), the third was the new CEO, Rolf Jonsson.¹²⁰ Thus, once again the board was dominated by the two owner families. The final extension to the board during the period occurred in connection with the 1985 entrance of GDAB as a minority shareholder. The impending parent company was allowed two board positions (and two alternates), taking the total number of board members to ten.¹²¹

Regarding the gradual enlargement of the board just outlined, a few additional conditions deserve mentioning. Firstly, it may be noted that the entrance of the union representatives altered the previous power structure of the board, in which the CEO had held the balance of power between the two owner-families. Secondly, following the 1976 retirement of Yngvar

Alström, the editor-in-chief was no longer represented on the board of directors. The successor, Börje Alström, was not elected to the board. He would, however, be elected a board alternate in 1983. The following year he assumed the regular board position of his deceased father. Following Börje Alström's dismissal in 1989, he was voted off the board and was replaced by the new editor-in-chief Kjell Carnbro.¹²² Thirdly, despite the considerable increase of the board, the list of board members consisted exclusively of internal members, in other words owners (and owner representatives) and company employees. Finally, following the entrance of the GDAB representatives in 1985, the board was once again given a direct link to the political arena—a link that had disappeared with the death of Yngvar Alström (who was the only board member who was also involved in politics). Three of the four men (one of the regular member and both alternates) elected to represent GDAB on the STAB board were or had been liberal politicians.

Structure and Processes

Regarding the nature of the activities in the boardroom, the period divides into three distinct phases. An initial increase in board meetings (and agenda items) as a direct consequence of the entrance of the union representatives in 1973 was followed by a gradual relapse into the informal character of the board described in the previous chapter. In the third phase, which began during the last years of the 1970s, the board went through yet another transformation, resulting in a somewhat dramatic formalization of the board's working style.

All in all, the STAB board was gathered for 43 meetings during the period, or in average just under four meetings per year. The union representatives first participated in a board meeting on December 17, 1973. As a special point on the agenda of this rather historic summit, the chairman Yngvar Alström informed the two new members of the working style of the "old board". The quote rendered in the minutes only confirms the results presented in the previous chapter: "There had been very few board meetings", note the minutes "and the decisions had been taken in informal contacts between the members". But this was now about to change, continued the chairman: "From now on, it is nevertheless the plan to have 3– 4 meetings per year, and in addition, of course, regular information and contacts also with the union representatives" (12/17/73, extract from minutes).

The promise was kept initially. Over the following twelve months, the board assembled for a total of six times (of which three, however, were either extraordinary or 'one-issue' meetings). But during the subsequent four-year period, the meeting frequency dropped to an average of only

two per year. Regarding the *nature* of the board meetings, as reflected in the information provided by the minutes, there are few indications that the previous tradition, in which the duty of the board was restricted to the formal confirmation of important decisions, was ever really altered following the entrance of the new board members. The minutes would remain exceedingly brief, including only short notes about the decisions made. The impression of a ‘rubber stamp’ board (cf. Mace 1971) is backed by one of the first union representatives of the 1970s, who remembers the board meetings as “quite informal”, and the actual influence of the union clubs as limited:

It was a result of the personal chemistry, or the way that [the owners] wanted to run the business. (...) I guess that the only ones that hadn’t met prior to the board meeting were the union representatives; the others had met one way or another and decided that ‘ok, let’s do this’. So in practice it was just about having it formally approved by the board. (Interview)

Starting in the late 1970s, there is nevertheless a noticeable change in the board’s working style. The turning point appears to have occurred in 1978. In April of that year, the executive and editorial management teams assembled together with representatives of the various departments of the newspaper company for a three-day conference, or “seminar for long-term planning”. On the agenda were a number of issues pertaining to the operations of the company at large, including the governance of the newspaper firm.¹²³ Following an extra board meeting dedicated to the concrete proposals presented in the seminar report it was decided that the meeting agenda should be sent out “well in advance” prior to the board meetings. Up until this point, the agendas had been made known to the members only when the meetings started. Another novelty resulting from the seminar was the establishment of annual budgets (see below). Both these changes came after demands from the union representatives (11/21/78; 4/9/79).¹²⁴ Furthermore, the board meetings would from this time forward start to follow a systematic schedule, with four meetings spread out evenly over the year on pre-decided meeting dates. But also the actual content of the meetings changed. There was a general increase in the number of issues handled during board meetings. The information regarding the development of the company presented by the CEO became fuller and more systematic, and questions and statements of individual board members were increasingly documented in the minutes. This activation of the board was maintained throughout the rest of the period.¹²⁵

Since the mid-1950s, being an STAB board member had not rendered any special financial compensation. This policy would not change until the 1982 AGM, when it was decided that the regular members who were not employed by the company were to receive an annual remuneration of TSEK 5. Six years later it was raised to TSEK 6.¹²⁶

THE BOARD AGENDA

As mentioned, the period included a number of important changes regarding both the ownership structure and the management team of STAB; changes that to a varying degree would have an impact on the role played by the board of directors of the newspaper firm.

Handling of Legal Duties

A direct consequence of the unions entering the board in 1973 was that the annual and management reports found their way back to the board agenda. In the previous period, these reports had generally not been settled by a formal board approval. But as reflection of the gradual decline in the board activity during the mid-1970s mentioned above, this board duty disappeared once again in 1976. When it reappeared the following year, the CEO was criticized by part owner Nils Wide Jr. for the fact that the reports had been presented to the board only at the meeting. The board decided that the reports in the future were to be sent out in advance (5/2/77). The consequence of this criticism, it appears, was that the reports once again left the board agenda the next year. Following the thorough activation of the board that began towards the end of the 1970s, the reports nevertheless became a standing feature from 1979 onward. There are, however, no indications in the minutes that the reports resulted in any disagreement among the board members. Without exception they appear to have been approved without any objections or alterations.¹²⁷

As far as the handling of profits was concerned, the company had not paid out any dividends to the shareholders since 1955. According to part-owner Nils Wide Jr., the restrictive dividend policy was not uncontested:

This was something that was not at all pleasant for our family. Yngvar [Alström] worked in the company (...) but neither of us had an employment there. (...) Therefore we wanted a dividend, but we were not able to persuade Alström and Berg. (Interview)

The absence of a dividend meant that the Wide family was not able to benefit at all from their considerable ownership interest in the company. Thus, we find yet another example of the condition that many of the major board

decisions were enforced by Alström, with the necessary assistance of the CEO (see previous chapter). The non-dividend policy was upheld until 1980, when the owners agreed to a ten percent dividend, equaling TSEK 180. Two years later, the yield was increased to twenty percent. This level was then kept throughout the rest of the period.¹²⁸

As noted in the previous chapter, the legal obligation of the board to elect a chairman and firm signatories had rarely been carried out in practice. This casual attitude towards the legal formalities of the board only reflected the long-established power structure of the family firm. Yngvar Alström sat securely on the chairman position until he chose to hand it over to Bror Berg in 1983. As a direct expression of the brief increase in attention to formal board protocol in connection with the entering of the union representatives, these constitutive elections returned to the board agenda in 1974—but only to disappear again the following year. In line with the general revival of the board in the late 1970s, the elections of board chairman and firm signatories were established as a regular feature of the meeting that followed the AGM.¹²⁹

Handling Company Finances

As a result of the informal character of the board during the first period of the study, the reporting of the company's financial performance had been a rare feature during board meetings. This changed, however, as a direct result of the entrance of the union representatives in 1973. But even though such issues started to appear on the agenda, they occurred with little regularity (about once a year). The level of reporting was yet another aspect that changed during the activation of the board towards the late 1970s. Beginning in 1979, the reporting of the development of the firm (now including the circulation and advertisement sales) evolved into a regular feature starting off each board meeting. It appears, however, that this information was presented only verbally (by the CEO). As a direct consequence of the entering of the GDAB board members in 1985, the financial performance was presented in written form, and attached to the minutes. There is, however, no indications that these reports were sent out to the board members in advance. And on no occasion did the reports presented by the CEO render any action by the board.

Another reflection of the activation of the board of directors during the late 1970s was the introduction of a formal budgetary control. In December 1979, an annual budget for the coming year received the board's approval (12/11/79). Up until that time, the board had not employed a financial supervision over the newspaper company in the sense that a formal budget had been settled prior to the upcoming fiscal year. The establishment of

this particular control mechanism was never preceded by a board decision. There are, however, indications that the unions had lifted the issue a few months earlier.¹³⁰ Hence, this was yet another example of a board duty introduced following a request from the staff—and not the owners. Like many of the new board duties first introduced during the period, the budget control experienced a backlash after a few years. Thus, after a couple of years of being formally settled by the board, the budget left the board agenda in 1981. It would not be reinstated as a formal point on the board agenda until after the 1983 shift on the CEO position. From there on, however, the budget process was a permanent feature during board meetings.¹³¹

Finally, it is worth mentioning that there are no recorded board decisions of either the financing of the company (in terms of loans and mortgaging) or the handling of the company's (increasing) financial assets. Apparently, this was handled exclusively by the executive management, without the involvement of the rest of the board of directors.¹³² In this context, it is also worth noting that STAB had no interests whatsoever in the stock market during the period.

A Successful Takeover

The period at hand was a time of more or less unbroken economic expansion for STAB. Much of the expansion was the result of increased sales, but there was also a considerable inorganic growth. This latter development began in 1974. In March that year, in other words four months after the entry of the union representatives, the board was summoned for an extra meeting. The only issue on the agenda was a proposal to buy Örnköldsviks Allehanda (ÖA), a liberal six-day morning paper published in Örnköldsvik, a city 170 kilometers north of Sundsvall on the Baltic coast. During the early 1960s Sundsvalls Tidning had made two attempts—both equally unsuccessful—to turn the newspaper company into a regional newspaper group. Now, more than a decade later, the expansionist plans were revived. The premises were, however, quite different. This time the deal concerned a market-leading newspaper, with solid finances. ÖA had a circulation of just below 20,000, or approximately two thirds of that of *ST*. Even though the board of directors had now been extended beyond the intimate ownership sphere the takeover appears to have been handled in a fashion quite similar to those of the previous acquisitions. The entire documentation of the takeover was restricted to a brief paragraph:

§1 Editor Alström gave an account of the negotiations regarding a takeover of the stock majority in AB Allehanda in Örnköldsvik. It

was decided to buy 268 shares in AB Allehanda for SEK 10,182,000 (...). The decision was unanimous. (3/19/74, author's translation)

There is no recorded information how the venture, which was by far the largest one in the history of the newspaper company, was to be financed.¹³³ Thus, also this takeover had been handled without the formal involvement of the board of directors. Nonetheless, the venture was successful. Over the years that followed, the subsidiary would consistently report higher profits than the parent firm. A considerable amount of these profits was transferred to STAB in the form of group contributions. Between 1975 and 1983 a total of MSEK 9.5 was relocated in this manner, a sum that roughly equaled the purchase sum paid out a decade earlier.

An Unexpected Succession of Generations

Over the five decades addressed in this study, the circulation on the editor-in-chief and CEO positions at Sundsvalls Tidning was exceedingly low. Between 1955 and 2005, the newspaper company had only three different editors-in-chief and as many CEOs. Of these four shifts, however, three would during the period at hand. First in line to retire was Yngvar Alström, who turned 67 in 1974. On September 19 of that year the board was assembled to for a meeting devoted to the succession on the editor's position. The contents of the meeting were summarized in a concise note in the minutes:

A proposal from the union clubs, that as Yngvar Alström's successor appoint Börje Alström, was thoroughly discussed. The background of the proposal was that the clubs find that it gives increased security if someone from the shareholder sphere holds a management position in the company. The board decided unanimously to appoint Börje Alström as Sundsvalls Tidning's new editor in chief. The board commissioned Mr. Berg and Mr. Alström to discuss the practical details with Börje Alström. (9/17/74, author's translation)

Alström approved, and the terms of employment were settled during an extra meeting in November (11/20/74). Börje Alström was the 33-year-old son of Yngvar Alström, and as such, the third Alström to head the editorial department of the newspaper. Despite the family ties, the proposal had taken the three shareholder-elected board members by complete surprise. In their talks about a future successor, Börje Alström had never been one of the names discussed (Interview, Nils Wide Jr.). Unlike his father and grandfather, Alström had not chosen a career in the press. A conflict with his

stepmother, Margareta Alström (who was an ST reporter), had contributed to his leaving Sundsvall at an early age (Interview Börje Alström). When approached by the unions, he was working as a psychologist in the city of Östersund. According to Nils Wide Jr., who was representing the Wide family on the board of directors, neither he nor the CEO (Bror Berg) was in favor of the proposal:

But we knew that the technical department—which had suggested Alström and contacted him—had been able to convince the journalists' club. This meant that there were [two board members] in favor, and that Berg and I were against. And right in between stood Yngvar Alström, father and board chairman. Berg and I both realized that we might lose if we voted against the proposal. Therefore it was important to reach consensus in the ownership sphere, so we had a talk with Yngvar Alström. And when it came to the decision we had not changed our opinion, but we choose to vote for Börje Alström, nevertheless. (Interview)

A Conflict-Ridden Tenure

Hence, Börje Alström was appointed as editor-in-chief with the silent discontent of the stock majority of the newspaper corporation. Although technically a member of one of the two owner-families, Alström did not hold any own shares in the company. All the family shares were controlled by the father, Yngvar Alström. When Yngvar Alström passed away in 1983, the shares were transferred to his wife Margareta Alström. Thus, Börje Alström did not inherit the power-base that comes with ownership enjoyed by his father. This was manifested in the fact that he was not elected a member of the board of directors. Nor was he invited to attend board meetings—a decision against which Alström strongly objected:

I wrote several letters to the board saying that I thought that this was important. Because this meant that I had to let [the representative of the journalists' club] convey my views to the board. It was completely absurd. It was not until the 1985 ownership change, when [the CEO] and I settled our new agreements with the new owner [GDAB], that it was established that we were ensured a position on the board. (Interview)¹³⁴

The statement reflects not only the weakened position of the editor-in-chief in the governing of the firm, but the discord between Alström on one side, and the shareholder collectivity on the other. Lacking the backing of

the board, Alström's time as editor-in-chief was marked by conflict. This is a notion that receives strong support in the interview material (see also Petersson 1990; Weibull 2009). Clearly, the discord was in part a result of controversies on a personal level. To this extent, the latent conflict between the two owner families would continue for yet another generation.

The conflict was also manifested regarding the activities of the editorial department. During Yngvar Alström's 25-year reign as responsible editor, editorial issues remained the exclusive privilege of the editor-in-chief. The 1976 shift on the editor's seat meant no radical change to this basic principle. Nevertheless, the previously 'unsurpassable wall' separating the editorial department from the rest of the company (including the boardroom) had begun to deteriorate. Thus, a number of board minutes include notes concerning the editorial department, involving criticism aimed at the editor-in-chief. The first such note appeared in May of 1977. It stated that part-owner Nils Wide Jr. had "raised the question of Sundsvalls Tidning's, according to his view, changed political stance." It was recorded that "all board members shared this opinion and that the Chairman was commissioned to inform the editor-in-chief of the board's opinion" (5/2/77, extract from minutes). More specifically, it was held that the editorials of the newspaper had positioned the newspaper to the left of the Liberal Party on certain issues (Petersson 1990: 496ff; the interview material). In what appears to be a directly related action, a change was made by the shareholders to the corporate bylaws later that same year (12/29/77). It was now explicitly stated that the newspaper, "politically" was to be edited in accordance to its original "liberal and reformist stance" (§ 2, Bylaws 1977, translation). This attempt by the owners to control the newspaper's editorial page was largely unsuccessful (cf. Petersson 1990: 498). Two years later, the editorial page was yet again discussed during a board meeting. In a brief note in the minutes it was asked whether the "apparent change" in the political views of the newspaper conflicted with the corporate bylaws. The issue was left without action (4/9/77).

In addition to the board's disapproval of the editorializing of the newspaper there was also criticism against the editorial management based on more financial grounds. In 1980, the editorial department was criticized—this time by the union representative of the technical staff—for its inability to keep its budget. The objection was supported by Wide Jr. (3/28/80). Although not rendering any board action, there is in the board material a note that a copy of the paragraph in question was forwarded to the editor-in-chief. Over the next 18 months, the board would express similar criticisms on two more occasions. Both these times, the background was the editorial department's inability to meet the budgeted ratio between edito-

rial content and advertisements (65%/35%), established by the board in January 1981 (1/23/81). Once again, a copy of the minutes was forwarded to the editor-in-chief.¹³⁵

In March of 1989, after years of tensions between him and the owners, Börje Alström was dismissed from the position as editor-in-chief.¹³⁶ For present purposes, it is worth noting that the decision—as opposed to that which had preceded the appointment—was not made formally by the board. Instead it was a call made directly by the owners, thus passing the board minutes unnoticed. Similarly, the successor on the editor's position, Kjell Carnbro (b. 1947), was appointed without any direct board involvement. “*We needed someone quickly*”, says Wide. “*We already had Carnbro in the house as responsible for the business newspaper, and we were hearing only good things about him. So he was handpicked*” (interview).¹³⁷ Kjell Carnbro was an in-house recruitment, having been hired as a journalist in 1975. At the time of being offered the position as head of the editorial department, he was the editor-in-chief of the small business weekly, which had been started by ST and some other investors some five years earlier (see below). Like his predecessor, Börje Alström, he had no public ties to the political sphere.

A Less Unexpected Succession

As compared to the rather surprising appointment of Börje Alström as editor-in-chief, the change on the CEO position, which occurred in 1983 with 42-year old Rolf Jonsson replacing the 64-year-old Bror Berg, was arguably more foreseeable. Jonsson had been the chief accountant and the “right hand” of Berg since 1969.¹³⁸ Nevertheless, also this appointment occurred without being the original intent of the owners. In an investigation regarding a new organization of the newspaper group presented before the board in 1982, it was suggested that the group be organized around a new holding company (implying that the two newspaper companies of STAB and ÖA be turned into equal subsidiaries).¹³⁹ The investigation proposed that board member and the CEO and former owner of ÖA E. A. Hallin be appointed CEO of the holding company (6/23/82). It was Hallin that, together with the chairman, had led the planning of the reorganization (the interview material; 3/22/82). The plan was approved by the board in March the following year. But for various reasons (unfavorable tax conditions being one of them), the plan never materialized.¹⁴⁰ In the process, Jonsson apparently managed to position himself as the new top executive manager of the company. The decision to appoint Jonsson as the new CEO was formally taken by the board on June 2, 1983, the same meeting during which Bror Berg was officially elected board chairman (6/2/82).

Involvement in Investments

Just as had been the case during the previous period, the most frequently dealt with category of issues during board summits were the handling of investments. Throughout the remainder of the 1970s, the formal approval of investments remained a reoccurring feature during board meetings. Generally, however, investments in new machinery and renovations of the building were handled by the CEO and only formally approved by the board of directors, occasionally *ex post*.¹⁴¹ After 1979, however, the number of individual investment decisions would decrease dramatically, the reason being that most investments were included in special investment budgets approved by the board in connection with the handling of the annual operating budgets (see above).

Regarding the period stretching from 1973, the year that the board was expanded with the union representatives, to 1983, the year of the change of the CEO position (and the death of Yngvar Alström) there were no dramatic changes to the traditional way of carrying out investments in the family company. The chairman and the CEO were still very much in charge. Nevertheless, there is a tendency that the handling of larger investments included a larger sphere of people, including both hired managers and representatives of the unions. The technical committee, responsible for evaluating and suggesting the new computerized systems implemented during the period consisted in its entirety of individuals outside of the owner sphere. The change does not, however, appear to have had any direct consequence for the role of the board of directors, which remained largely a passive approver of investment proposals. The 1983 CEO change meant no immediate change to the board involvement in the handling of the company's investments, nor did the entering of the new minority shareholder of GDAB some two years later. Judging by the contents of the board minutes, the board of directors was regularly updated regarding current and completed investments, but rarely involved in the actual decision process, a procedure that only strengthen the impression that the CEO (together with the board chairman and previous CEO, Bror Berg) was given a far-reaching freedom to manoeuvre by the owners.¹⁴²

Along with the increasing efforts to computerize the production process during the 1980s, the issue of the newspaper's printing facility was once again activated. Since the late 1960s, the newspaper had been printed in the company's offset printing press, located in the same block as the newspaper offices. The first board discussions regarding the long-term printing arrangements appeared towards the end of 1981 (11/24/81). A proposal from one of the union representatives to form a special task force, similar to the one handling the computerization of the newspaper business, was

rejected by Yngvar Alström, who suggested that the issue “in its current state should be handled by the CEO and the management of the technical department”, thus without the involvement of the unions. The board decided accordingly (11/23/82). A year later, in September 1983, the board formally commissioned the chairman Bror Berg, CEO Rolf Jonsson and board member E. A. Hallin to investigate the issue regarding a new printing press (9/13/83). After this however, the issue disappeared from the board agenda and would not return until the final years of the 1980s.¹⁴³ In March 1988, the CEO informed the board of recently initiated talks with the local competitor *DNS* and two other newspapers in the region (*Nya Norrland* and *Västernorrlands Allehanda*), regarding the construction of a joint printing factory (3/25/88). The talks also included one of the region’s major producers of newsprint, SCA Paper. In these negotiations, the CEO and the editor-in-chief had represented STAB. Over the following two years, the board of directors was regularly informed of the negotiations (a preliminary investigation which proposed that the factory be located in the Sundsvall area was presented in June, 1988 [6/13/88]). However, no decision was made, and the issue would not be resolved before the end of the period (see next chapter).

Involvement in Staff Management

As previously mentioned, the staff of STAB would continue to grow during the 1970s and 1980s. Nevertheless, the rapid expansion of the editorial department that had characterized the previous period came to an end at the beginning of the 1970s. During this decade, the number of editorial employees remained steadily around 45. But around the mid 1980s began another expansionist phase, and at the end of the period (1989), the editorial department had surpassed sixty staffers. The various changes implemented to the board composition described above did not, however, have any visible effect on the handling of staff-related issues. New employments, as well as the settling of wages (and pensions), do not appear to have been handled at all by the board during the period (other than as part of the general budget process).¹⁴⁴ Thus, the hiring of people to the editorial staff, including the members of the editorial management team and the editorial writers, remained a privilege of the operative management.¹⁴⁵

Involvement in Other Business-Related Issues

During the previous period, the STAB boardroom had not been a forum where business-issues of a more strategic kind were handled. To a considerable extent, this continued during the period at hand, even though there are signs of the board being somewhat more involved in the business-

related operations of the company. Judging by the minutes from the board meetings, however, the involvement was restricted to the CEO updating the board members (i.e. shareholders and unionists) of the actions taken and planned by the executive management. On a handful of occasions during the 1980s, the board was informed of actions taken to increase sales (11/23/82; 11/28/88; 4/5/89), and also of a 1981 market survey carried out among the newspaper's readership (11/24/81). However, neither the sales increasing efforts, nor the market surveys had been initiated by the board of directors.

An Expanding Media Group

Entering the period, STAB had only one subsidiary, which comprised the company's distribution service. But following the 1974 acquisition of ÖA, Sundsvalls Tidning began to take the shape of a proper newspaper group. The fact that the takeover turned STAB into a parent company had nevertheless little effect on the agenda of the board of directors. Not once during the period did the board make any decision concerning the subsidiary. Evidently, ÖA was run as a completely independent company, with little or no control carried out by the parent board.¹⁴⁶

During the period, Sundsvalls Tidning would gradually evolve into an even bigger business group. At the end of 1989, STAB was the parent company of a total of fourteen subsidiaries. All in all, the group had come to comprise 450 employees, of which approximately half belonged to the parent company. The growing number of subsidiaries was a direct reflection of an increased effort to diversify the activities of the newspaper company. For instance, in 1984 the company founded a weekly business paper ("*Norra Sveriges Affärer & Företag*"). This new venture was placed in a new subsidiary called MittInfo AB. For present purposes it may be noted that both the paper and the company were initiated by the executive management and were not preceded by a formal board decision.¹⁴⁷ Nor was the board involved in the sale of the very same paper in 1989 (9/20/89).

Most of the new companies were founded by STAB, in a similar fashion to the one just described. But there were also proper takeovers of existing firms, of which the acquisition of ÖA was the most prominent by far. The second largest takeover occurred exactly ten years after the ÖA takeover. Since 1961, STAB had been a minority shareholder of TAB, the dominating printing company on the Sundsvall market (see previous chapter). Following a 1984 board decision, STAB increased its ownership interest from 48 to 95 percent, turning the printing company into a wholly owned subsidiary (12/3/84; annual report 1984).¹⁴⁸ The deal was initiated and proposed to the board by the CEO, Rolf Jonsson.

In sum, the activities of the group subsidiaries rarely reached the agenda of the STAB board of directors. The most significant exception in this case concerned the just mentioned printing company, which a couple of years after the takeover started to have financial difficulties. Between 1986 and 1989 the board would receive regular reports from the CEO regarding the poor performance of TAB and the measures taken to come to terms with the losses. Apart from this general orientation, however, the board remained passive in the sense that it did not take any formal or principal decision regarding the struggling subsidiary.¹⁴⁹ Thus, the general conclusion regarding the character of the Sundsvalls Tidning group is that it remained exceedingly decentralized.

The Establishment of Formal Goals and Guidelines

As pointed out in the previous chapter, the journalistic and political aspects of the newspaper business STAB during the Alström-Wide regime had been given precedence over objectives of a more fiscal nature. As long as the management duo of Yngvar Alström and Bror Berg remained in office there are no signs of any changes to this basic principle.¹⁵⁰ For instance, a 1978 demand from the editorial management to investigate the financial viability of the Sunday edition was rejected by the owners, with the response that “such an investigation was of no interest, as a change to the Sunday publication was out of the question” (11/21/78, extract from minutes). Says the editor-in-chief at the time, Börje Alström:

I merely wanted that we examined the costs for the Sunday issue, and got it up on the table. (...) Because in the editorial department alone, I saw that it was 25 percent more expensive compared to if we had limited ourselves to six-day publication. (...) But the board wouldn't listen to that. (Interview)

But with the various changes to both the ownership structure and the executive management during the 1980s, it is possible to detect a gradual shift in the attitude towards the financial aspects of the newspaper business. Thus, in June, 1986, the year following the deal with GDAB, the board approved a document titled “Goals and Guidelines of Sundsvalls Tidnings AB” (6/17/86, appendix). The document, two pages in total, included a number of briefly formulated objectives, divided under a handful of main headlines. The first headline, “Political and Journalistic Goals”, established that the newspaper (among other things) should prioritize the coverage of the region, be open to a free cultural and civic debate, devote “great space”

to national and international news, and—finally—was to maintain its liberal and reformist attitude.¹⁵¹

Another novelty of the document (which itself was a novelty in its own right) was the establishment of specific financial targets. In order to enable the “development and long-term existence” of the company, the document stipulated a return on total capital from the newspaper business of “at least 13–14 %” over an economic cycle. Involvement in other business areas was motivated only if they could yield a return of at least 15%. Concerning the other companies in the group, it was stated the parent company (STAB) should strive to attain coordination, cooperation, and rationality, providing the “independence and integrity” of the different companies be left intact. The introduction of the financial targets had been initiated by neither the major shareholders nor the board of directors, but by the hired CEO, Rolf Jonsson.¹⁵²

CONCLUSIONS

Entering the period at hand, the three-member board of directors of Sundsvalls Tidnings AB had remained unchanged for almost two decades. This stability had resulted in an informal power structure based on the interpersonal relations of the individuals and families involved. To this extent, STAB epitomized the traditional family-run business (Melin and Nordqvist 2009).

As this chapter has showed, the board was gradually expanded to six members in the 1970s. The two union representatives joined the board in 1973 and the CEO of the recently acquired Örnköldsviks Allehanda in 1974. Neither of these changes had any direct long-lasting effect on the way that the company was governed, however. Thus, even though the board’s working-style was gradually formalized in terms of meeting regularity, the variety of issues handled, and the level of information presented during meetings, STAB remained a company in which the real decision-making was handled in an informal manner by the dominating shareholder, Yngvar Alström and the CEO, Bror Berg.

Gradually, the long-established power structures of the firm would nevertheless begin to crack at its joints. The most explicit manifestation of this was the decision in 1974 to appoint Börje Alström as the new editor-in-chief. This surprising, one might even say ‘coup-like’, turn of events was enforced by the staff—against the will of the shareholder majority. Clearly, the situation was made increasingly complex regarding the family ties between the individuals involved. Also the discord between Alström and the shareholder collectivity, which would later follow, was infected by conflicts on an interpersonal level. As it turned out, two of the individuals

involved in the dismissal of Alström in 1989 were his stepmother Margareta Alström and his uncle, Bror Berg.

Also regarding the governance of the newspaper business at large, the traditional *modus operandi* of the old generation of shareholders was gradually abandoned. Concrete signs in this respect were the introduction of a budgetary control, the formalization of the board meeting routines, the appointment of various strategic committees, the carrying out of more thorough investigations prior to larger investments decisions, and the establishment of goal documents, including specific financial targets. Virtually all of these changes were initiated by either the new generation of professional managers or the union clubs, rather than by the shareholders on the board. To some extent, it even seems as if the development towards a more modern and rational, and indeed a financially more viable, way of running the newspaper company was opposed by the old regime. Because the various control measures also meant that the hired managers and the newspaper staff were involved in the decision processes of the company. This challenged the traditional power structure of the family firm, a structure in which the chairman and the CEO had been schooled some four decades earlier.

In 1983, Yngvar Alström, editor-in-chief, board chairman, and indeed the real head of STAB, passed away. Earlier that year, Bror Berg had retired from the position as CEO, a post he had held since 1954. Although not affecting the role or relative influence of the board of the directors—it would remain a rather passive actor in the governing of the corporation—these significant changes did indeed alter the internal power structure of the firm. With Alström gone, STAB was transformed from an owner-managed company to a company operated by hired managers. According to the new CEO Rolf Jonsson, the absence of a strong owner who was directly involved in the operations of the company, resulted in an extensive freedom to manoeuvre for himself and the rest of the executive management:

It was my impression that I had the owners' authority to carry out their ideas, with sufficient information, so to speak. It was never a day-to-day contact; they walked around the building and knew what was going on anyways. It was a very informal leadership. (Interview)

The agreement in 1985 to sell the newspaper company to GDAB had no effect in this respect. As mentioned, the deal was constructed so that the control of the company (expressed by the number of votes in the AGM) would remain with the old owners over a ten-year transition period. "I

cannot recall any discord [between GDAB and the owner families]”, says one of the board members representing the pending parent company during the second half of the 1980s: “[We] were well aware of where the power was. And Rolf Jonsson, who was the CEO at the time, his words weighed extremely heavy” (interview).

To some extent, it seems reasonable to assume that the absence of a more proactive board was a result of not only a lack of a professional owner, but also of the fact that the company performed well financially. As mentioned, the 1980s evolved into the most profitable decade in the history of the newspaper company. As a result, says one of the internal board members of the time, the board meetings were relatively “*peaceful*” events: “*After all, these were good times for the newspapers*” (Interview).

OWNERSHIP HEGEMONY CHALLENGED

The aim of this chapter has been to analyze the role of the boards of directors of Tidningen Barometerns AB (TBAB), AB Borås Tidning (ABBT), and Sundsvalls Tidnings AB (STAB) during the years 1973 through 1989. This final section presents the general conclusions drawn from the analysis.

A GRADUALLY CHANGING PLAYING FIELD

Regarding the external and internal setting of the newspapers, the period at hand was marked by a number of significant changes. To a varying degree, the changes challenged the established governance structures of the three newspaper companies.

In the beginning of the 1970s, the successful post-war period for the Swedish economy—‘the record years’—came to an abrupt end. Nevertheless, the newspaper market continued to expand. The three newspapers in the study continued to report record numbers, both in terms sales figures and profit levels. But whereas the national economy would recover during the 1980s, resulting, not least, in a revived advertising market, the readership market began to show increasing signs of saturation. For the first time in the history of two of the newspapers, *BT* and *Barometern*, the sales departments reported a drop in circulation. In the former case, the trend would not turn until the discontinuation of the local competitor, *Västgöta-Demokraten*, in 1986. For *Barometern*, the decline continued throughout the 1980s. Meanwhile, the local adversary Östra Småland was continually able to move forward its position on the local market.

Regarding the ownership situation of the three newspapers, the 1970s transpired with few changes. In Kalmar, TBAB remained under the complete control of the Barometern Foundation. In Borås, the CEO and editor-

in-chief Tore G Wärenstam continued to gradually increase his ownership share of ABBT; as did the foundation bearing his name. In Sundsvall, the newspaper company remained under the control of two owner-families, the Alströms and the Wides, with the same generation in charge as during the previous period.

Against the long-lasting period of relative stability, the 1980s were arguably more eventful as far as the control of the three companies was concerned. Following the death of Wärenstam in 1980, the economic control of ABBT was taken over by the Wärenstam Foundation, thus turning *Borås Tidning* into a foundation-controlled newspaper. In Sundsvall, the demise of Yngvar Alström in 1983 resulted in a deal between the two owner-families and the foundation-owned Gefle Dagblad, which in 1985 acquired shares representing 91 percent of the shareholders' capital (but only a minority of the votes). The deal included an option to purchase the remaining shares ten years later.

To some extent, *Barometern* was thus the only of the three newspapers for which the 1980s did not bring along any changes of ownership (as far as shareholdings were concerned). The period did, however, include a gradual renewal in the composition of the governing body of the Barometern Foundation, the foundation's board of trustees; something that resulted in significant changes in the governing structure of the newspaper company.

In comparison to the beginning of the first period of the study, the newspapers, going into this second period, were considerably larger organizations in terms of both staff and turnover. Nevertheless, the operations of the companies still revolved almost exclusively around a single business area: the publication of a local newspaper. However, whereas ABBT remained largely a single-unit company (the small newspaper Ulricehamns Tidning excluded), both *Barometern* and Sundsvalls Tidning evolved into proper newspaper groups following the acquisition of other newspaper firms. As a result, the boards of the two firms became parent company boards of subsidiary companies.

NEW STAKEHOLDERS ENTER THE BOARDROOM

One of the most salient observations regarding the composition and working style of the boards during the first period was the considerable divergence between the three newspaper companies. The special characteristics exhibited were traced back to the particular history and the distinct ownership configurations of the three firms. One feature that they had all had *in common*, however, was the exceedingly low circulation of board members. During the course of the first period, the average tenure of the board mem-

bers of the three firms had exceeded fifteen years. Given the few changes in the ownership during the remainder of the 1970s, the stability in terms of board composition is therefore not surprising. In all three cases, the boards remained more or less an extension of the controlling shareholders, with few or no externally recruited board members, and with few or no members recruited from the management team. With this said, however, the long-established shareholder hegemony in the boardroom would nevertheless come to an end as the union clubs in 1973 were given the legal right to board representation.

As shown, the changes in ownership during the 1980s were in various ways reflected in the composition of the board of directors. In Sundsvall, after three decades of virtually no board changes whatsoever, the board was increased with new members of the two owner-families in 1983. The expansion of the board was foreboding the pending successions of generations—in the families and in the ownership of the family firm. Following the sale of parts of the company to Gefle Dagblad a couple of years later, the board was further expanded with members of the new minority shareholder. Despite the considerable expansion of the board size, and with the exception of the union-elected members, however, the board of directors of STAB remained largely a venue for shareholders only. In Borås, the control of the newspaper company was assumed by the Wärenstam Foundation after the death of Tore G. Wärenstam. In a conflict-ridden process, the foundation members were able to outmaneuver some of the more vocal minority shareholders who sought to maintain the strong traditional influence of the local commercial and industrial interests on the board of directors. As a result of this struggle for power, the board of ABBT was increasingly dominated by hired managers—a process initiated already by Wärenstam himself. In Barometern, the long-established tradition of only recruiting board members from the decidedly political cadres of the Barometern Foundation would eventually come to an end during the final years of the 1980s. Although coinciding with the appointment of a new leadership of the foundation's board of trustees, the development appears to have been spurred by the fact that the newspaper was struggling financially and losing market shares to its social democratic adversary.

To a varying degree, the changes in the ownership configurations also affected the *working style* of the three boards, which to a considerable extent had remained more or less unaltered since the 1950s. As mentioned, the change in the ownership of Barometern had consisted not in actual shares changing hands, but in the change of the individuals representing these shares. A gradual renewal of the leadership of the foundation's board

of trustees had resulted in the election of a TBAB board of directors composed on other principles than the ones previously prevailing. Members elected on the basis of party alignment and professional or geographical background were gradually replaced by prolific local businessmen and attorneys without ties to the Barometern Foundation or the Conservative Party. The changes had a profound impact on the role of the TBAB board of directors. During the last few years of the 1980s there was a dramatic increase in both the number of meetings and the type of issues handled during board meetings. The activation of the board was reflected also in the character of the meeting minutes. The concordance, and even meekness, that had characterized the phrasing of the meeting protocols in previous years was replaced by a writing that was decidedly more questioning and confrontational. Also the internal structures of the board shifted in character, as the new chairman chose to involve himself much more directly in the operations of the firm, and also making decisions independently of the board of directors. Also the remaining individual board members were commissioned to handle issues (such as various kinds of negotiations and investigations) on behalf of the board at large.

In comparison, the development in Borås Tidning was less dramatic. Since the end of the 1960s, the board had increasingly been composed of individuals handpicked by the CEO. This had effectively limited both the autonomy and the involvement of the board. To this extent, the death of Wärenstam meant that the board of directors was activated as an organ in the governance of the firm. During the 1980s, the meeting rate was gradually increased, and the board involved itself in types of business issues that had previously been handled by Wärenstam himself. The general impression is nevertheless that the long-established tradition of the board of directors as “an organ that received reports”, as one of the board members of the time chose to put it, remained more or less intact in the post-Wärenstam period. This, in turn, resulted in a corresponding freedom to maneuver of the management team.

In Sundsvall, the death of Yngvar Alström meant that the company for the first time in its existence was run by individuals without shareholdings in the corporation. Nevertheless, the most significant change during the period regarding the board role had already occurred some four years later. As a result of what can only be described as staff activism, the traditional and exceedingly casual character of the board was replaced by a more formal character, including a regular meeting schedule with standing items, and with meeting agendas sent out in advance. Like many of the key changes regarding the governing of Sundsvalls Tidnings AB during the period, of which the appointment of Börje Alström as editor-in-chief in

1974 is the best example, the activation of the board as a formal actor came from forces ‘underneath’, forces that originated by the entrance of the union representatives on the board of directors a few years earlier.

BOARDS INCREASINGLY ACTIVE

Also regarding the involvement of the boards of directors in the operations of their respective companies, the period at hand would involve a number of important changes.

One of the key characteristics of the previous period was the extent to which the boards differed in their approach to the control task. In Barometern, the board had maintained the ultimate control of most decisions pertaining to the newspaper business. Thus, the CEO was not able to independently make individual investment decisions, or even hire individual employees. In practice, most of these decisions had been made “after the consultation” of the board chairman, without the prior approval of the board. During the 1970s, the freedom to maneuver of the CEO was gradually increased. In part, this could be explained by the fact that a formal budget control was introduced in 1975, limiting the recurrent approval of individual business proposals.

In comparison, the discretionary power of the CEO of AB Borås Tidning had been exceedingly bigger. Also prior to becoming the largest shareholder, Tore G. Wärenstam had been able to make most business decisions without the prior approval of the board. By-and-large, the tradition of extensive managerial autonomy was maintained also during the subsequent era of foundation ownership. Thus, it would take until 1989 until a formal budgetary control was introduced by the board of directors (and only after the request from the largest minority shareholder).

In Sundsvall, a similar control mechanism had been established some ten years earlier. In this case, however, the initiative came from the staff, after what appears to have been the silent resistance of the long-established leadership duo of Yngvar Alström (chairman) and Bror Berg (CEO).

Apart from the adoption of a budgetary control, another common feature noticeable in all three firms during this period is the gradually increasing amount of reports provided to the boards prior to meetings, involving the financial performance of the company, sales figures, and motivations concerning larger investments. As Chapter 7 discussed, the occurrence of such material had been exceedingly limited or even non-existent during the first period of the study. Although the introduction of a budgetary control (together with the increasing information provided to the board members regarding the operations of the firm) was significant in the sense that the boards had (finally) adopted one of the key instruments posited by agency

theorists concerning the monitoring of management (Eisenhardt 1989), there are few indications that the budgetary control ever passed the status of just a formality. Generally, the at times reoccurring inability of the companies to meet the budgeted levels passed without any board action. To this extent, the control task of the boards, though progressively more formalized, remained relatively limited also during this second period. The exception is perhaps the 'new' TBAB board of the late 1980s, which in a series of decisions discontinued a number of unsuccessful ventures approved and kept alive by the 'previous' board. In this case then, there was a clear connection between the autonomy of the board members and the control task performed by the board (cf. Huse 2007). As mentioned, the renewal of the TBAB board had resulted not only in a board less dominated by key figures of the local party hierarchy, but also in a board no longer constructed on the basis of a symbolic professional and geographical 'representation'.

AN ARENA FOR CONFLICTING INTERESTS

To a varying degree, the changes depicted thus altered in various ways the long-established power structures of the three newspaper firms. Regarding Barometern, the break from the long-established *modus operandi* of the board of directors was most clearly manifested in the 1988 decision to elect a chairman without any ties to the Barometern Foundation (or to the Conservative Party). Given the fact that the CEO of TBAB remained without influence over the board composition, the changes resulted in a board of directors increasingly independent from both the shareholder and management levels of the firm. This was reflected in the gradual transformation of the board of directors from a passive approver of managerial proposals, to an increasingly more proactive player, not only challenging and criticizing the performance of the CEO, but also creating and enforcing an agenda of its own. The result of this activation of the board role was not only a restructuring of the group, in which more of the decision-making was centered to the board of directors, but also in the establishment of a more business-oriented approach towards the operations of the newspaper company. Though endorsed by the Barometern Foundation, all these changes were initiated by the newspaper company board of directors.

Against this development, it is interesting that the trend of AB Borås Tidning, which in 1980 was transferred to foundation ownership, was the direct opposite. Here, the recruitment policy of the Wärenstam Foundation resulted in an increasing overlap between the ownership foundation and the newspaper company board of directors. Given the particular recruitment policy of the foundation, this meant that the (hired) management of the newspaper company was in fact in control of the firm. Hence, both the

CEO and editor-in-chief were not only members of the stock corporation board of directors, but also members of the foundation's board of trustees. To this extent, one could argue, they were their own employees. This limited effectively the board's ability to create for itself an independent space between the ownership and operational levels of the firm.

In Sundsvall, finally, the dominance of the long-established leadership duo of Yngvar Alström as chairman and Bror Berg as CEO ended in 1983. Following the death of Alström, the newspaper company was turned into a company ran by hired managers. In this situation, the board was transformed to a forum in which the (hired) CEO informed the shareholders of the operations of the corporations. Few or no directives appear to have gone in the opposite direction. Thus, when the shareholders *did* involve themselves in the decision-making of the firm, the sale of the company to Gefle Dagblad and the dismissal of Börje Alström from the position as editor-in-chief being the most important examples, the decisions were taken without the involvement of the other board members. To this extent, and despite the establishment of a 'formal' board of directors with recurrent meetings and formal agendas, Sundsvalls Tidnings AB remained a company in which the real decision-making was carried out in other venues than the boardroom.

As Chapter 7 discussed, neither of the newspaper owners concerned had shown any significant signs of exploiting the financial potential of their respective newspaper firms. To a considerable extent, this approach remained unchanged also during this second period. The profits accrued were to a considerable extent reinvested in the business, resulting in bigger staffs and bigger newspapers. Despite the fact that the period included the introduction of budgetary control in all three companies (and in the case of Sundsvalls Tidning, also explicit profit targets), the general impression is that the management received little pressure from their respective boards to actively improve the financial performance of the firm.

Regarding the political rationale of the newspaper owners, both the Barometern Foundation and the Wärenstam Foundation had a political agenda established in the foundation charters. In both organizations, this was manifested not only in the election of members to the respective board of trustees, but also in the appointment of members to the boards of directors of the newspaper companies. In both cases, however, the direct connection between the boardroom and the local party organization did gradually become less pronounced as the shareholders began recruiting board members from outside of the party sphere. Concerning Sundsvalls Tidning, the direct ties between the newspaper and the party system disappeared with Yngvar Alström (whom had been a politician representing the Liberal Party). However, the ties were soon to reappear as a result of the deal with

Gefle Dagblad, as the two foundations controlling the Liberal Gefle Dagblad were directly connected to political sphere. All of the new board members representing the new minority owner on the Sundsvalls Tidning board of directors were or had been Liberal politicians.

Despite the mixed trend regarding the links to the political sphere, there are some signs of a gradual separation between press and party. In both Sundsvalls Tidning and Borås Tidning, the position as editor-in-chief was, probably for the first time in the history of the two papers, given to individuals without a public party affiliation. But the break was not unchallenged. In all three companies, the move towards a more independent journalism, reflected in editorials or news items criticizing or opposing the party line, became the subject of disapproval from both board members and foundation members (as was the case in Barometern), and individual shareholders (as was the case in Borås Tidning and Sundsvalls Tidning).

But the traditional power structures and rationale of the newspaper firms were being also challenged from other directions. The beginning of this period was also the beginning of the union clubs of the newspaper companies being allowed to elect their own board members. The significant symbolism of the issue aside, this termination of the absolute shareholder hegemony in the boardrooms appears to have had little initial effect. To a considerable extent, the operations of the three boards continued very much along the established tracks. Nevertheless, the present chapter has shown various signs of the staffs of the newspaper companies, enabled by the new worker-friendly legislations, gradually attempting to advance their position in the decision-making of the firms. Thus, the minutes from the board meeting minutes provide evidence of the various union clubs being increasingly involved in decisions relating to their working conditions, such as the introduction of new technology and the introduction of profit-sharing systems. In two of the newspaper companies, Sundsvalls Tidnings AB and AB Borås Tidning, the staff was also able to have a direct influence over the appointment of new top-position managers. Together with the other dividing lines described above, not least the ones relating to the financial and political rationale of the newspaper firms, the boardrooms of the three newspaper firms during this second period of the study would increasingly become an arena for conflicting interests.

An Industry Like Any Other? (1990–2005)

The beginning of this third and final period of the study coincided with a serious recession of the Swedish economy. Though particularly devastating for the banking, real estate and financial sectors, the crisis affected the national economy at large. For three consecutive years the Swedish GDP was falling; this was the longest-running decline since World War II. Gradually over the 1990s, the Swedish economy recovered. But in 2000, the financial turmoil returned, this time induced by the collapse of an over-valued IT sector. In comparison to the financial crisis of the early 1990s, however, the so-called IT Crisis would not only be less intense, but also considerably shorter.

Also politically, the period involved a number of important changes. The neoliberal currents of the 1980s would eventually make an impact on the Swedish media market. In 1992, the first commercial television channel, TV4, began operations. This meant an end to almost seven decades of monopolized broadcasting in Sweden. The following year, also the state-controlled monopoly for radio was lifted. The national radio market was divided into 85 local and regional frequencies, which were sold by auctions. In many cities, the concession was acquired by a local newspaper company, often as a means to safeguard the dominance on the local advertising market (Djerf-Pierre 2009). Despite the original intent of the legislator—which had been for the stations to have a local profile and local ownership—the Swedish market for commercial radio would soon come to be dominated by national networks.

The deregulation of the radio and television markets meant that Sweden lost one of its key characteristics in relation to the rest of Western Europe. Also in other important aspects, the Swedish society would abandon many of its distinct traits. In 1992, the fixed exchange rate for the Swedish currency, the *krona* (SEK), was abandoned. Two years later the Swedish people voted to join the European Union.

Naturally, the changes just depicted—the deregulation of the radio and television markets not least—would impact the operations of the newspaper industry. In 1990, for the first time in history, the joint circulation of the Swedish press began to fall. The decline would continue for the entire period, augmented by the increasing competition from ‘free’ news, provided via the Internet and free dailies (such as Metro), both making their presence known around 1995. The drop in terms of both subscription rates and readership was particularly pronounced in the younger segments of the population. The significant broadening of the Swedish media market did not only mean an increasing competition for the attention of the audience, however. Also the hegemony of many local newspapers on the local *advertising* market was effectively ended. In 1990, almost 80 percent of the national advertising market had ended up with the newspaper press. Thirteen years later, the share had dropped below 50 percent.

Despite the gradual loss of readers and advertising shares, the industry at large was able to maintain, and in some cases even increase, the profit levels recorded during the 1980s. To this extent, the financial performance of the Swedish newspaper press continued to follow that of the economy at large (see Figure 9.1).

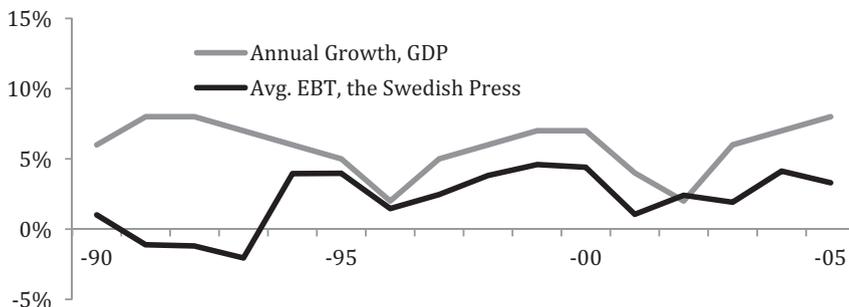
As a result of the increasing challenges facing the press, the Swedish newspaper market would undergo a considerable restructuring, resulting in fewer but increasingly bigger newspaper groups. The development was spurred by the discontinuation of the social democratic A-Pressen group, which after a few years of rapidly mounting financial difficulties filed for bankruptcy in 1992. Many of group’s newspapers would eventually be taken over by the local non-socialist competitor. With a couple of notable exceptions, however, the Swedish newspaper industry would remain under the control of domestic owners, most with a long-established involvement in the newspaper press.

BAROMETERN

THE SETTING

For the better part of the 20th century, the Kalmar area had struggled with a stagnating population growth. During the 1970s and 1980s however, the Kalmar A-region, which constitutes the main area of circulation for the Kalmar newspapers, had been able to maintain a growth rate matching that of the nation at large. But during the 1990s the expansion would come to an end. Having reached a new high mark of 123,000 inhabitants in 1995, the population would slowly start to decline. By 2005, the population had fallen back to 121,000, the lowest figure in fifteen years. The drop was particu-

Figure 9.1 *Annual Growth of the Swedish Gross Domestic Product and Average Earnings (before Taxes) of the Swedish Press, 1990–2005 (percent)*

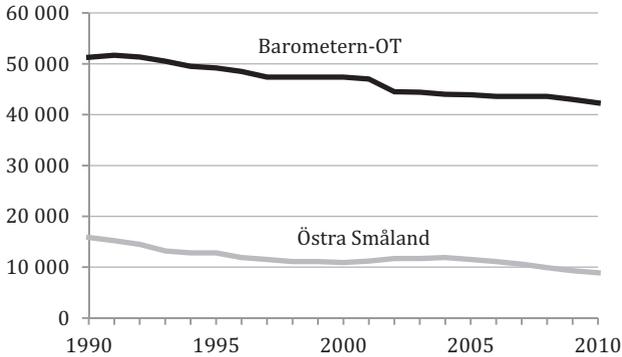


Sources: SCB.se (Statistiska Centralbyrån); Dagspressens ekonomi.

larly pronounced in the many rural communities and smaller towns of the region. Regarding the city of Kalmar, the development was more favorable. Between 1990 and 2005, the population increased from 56,000 to 61,000. This eight percent growth was three percentage points higher than the national average.

The Kalmar Newspaper Market

Regarding the Kalmar newspaper market, the latter part of the 1980s had been characterized by increased competition between *Barometern* and Östra Småland (ÖS). Whereas the circulation of *Barometern* had stagnated, the smaller social democratic rival had expanded, gradually gaining market shares from the larger conservative paper. By 1990, the circulation gap was smaller than ever. This year the circulation of ÖS reached thirty percent of that of *Barometern*. Twelve years earlier, the same figure had been twenty percent. Much like the Swedish newspaper market at large, the Kalmar market would start to decline during the 1990s, resulting in falling circulations for both newspapers. In a relative sense, the fall of ÖS was the far most dramatic. The newspaper lost 30 percent of its circulation during the 1990s, as compared to only eight percent for *Barometern* (including its Oskarshamn edition, *OT*). Thus, the gap between the two competitors increased once again. During the first years of the 21st, Östra Småland was nonetheless able to halt its decline, laying steadily around 11,000 between 2000 and 2005. But for *Barometern-OT*, the decline continued. In 2005, the newspaper reported a circulation of 43,900, its lowest figure in four decades.

Figure 9.2 *The Kalmar Newspaper Market, 1990–2005 (circulation)*

Comment: The circulation for *Barometern* includes the Oskarshamn edition *Oskarshamns-Tidningen* (OT). Starting in 1993, the circulation of the two editions ceased to be reported individually. In 1992, the circulation of *Barometern* was 38,000 and that of *OT* 13,300.

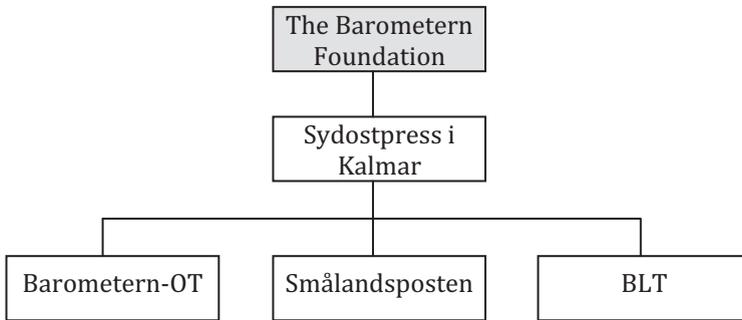
General Development of Sydostpress and Barometern-OT AB

On January 1, 1990, the newspaper business of *Tidningen Barometerns AB* (TBAB) was transferred to a new company, named *Barometern-OT AB* (Ba-OT). The transfer was a result of the organizational restructuring of the *Barometern* group, initiated by the TBAB board and approved by the *Barometern* Foundation the previous year.

The former newspaper company, which was re-named *Sydostpress i Kalmar AB* (abbr. SOP), was transformed into a proper parent company, with a group board of directors and a group CEO assuming the overriding responsibility for the operations of the newspaper group. The three newspapers *Barometern*, *Blekinge Läns Tidning* (BLT), and *Smålandsposten* (SmP) were organized as equal subsidiaries (see Figure 9.3). Apart from the shares in the three subsidiaries, the parent company also assumed control over the financial investments, the buildings and some of the production facilities of the three newspaper businesses. The staff of the three companies did, however, remain employed by the subsidiaries, and to a considerable extent, Ba-OT and its sister-papers remained self-reliant newspaper companies also after the reorganization of the group.

As far as the financial development of the “new” newspaper company was concerned, the constantly declining circulation was reflected in a stagnated growth. Between 1990 and 2001, the annual company turnover would increase from MSEK 137 to MSEK 168, equaling a growth rate of only 2 percent. The costs developed at a similar pace, resulting in an average

Figure 9.3 *The Sydostpress Newspaper Group in 1990*



operating profit of 3 percent for the period in question. The cost increases were nevertheless held back by a steady decrease in the company staff, which between 1990 and 2001 was reduced with almost forty percent, or from approximately 250 to 150.

One of the key motives of the forming of Sydostpress had been to increase the profitability of the group. To this extent, the venture was unsuccessful. The profit target established by the Barometern Foundation in 1989 had been a performance at par with the industry average. As it turned out, this level would be reached on only one occasion (in 2000) in the thirteen-year period during which SOP was an operative business group. The group's average operating profit margin during the period ended at 2 percent, as compared to the industry average of 6 percent. During the same period, the group turnover would increase from MSEK 378 to MSEK 499. Apart from some limited involvement in the radio industry, the activities of the SOP group revolved almost exclusively around the publication of newspapers.

In 1989, the externally recruited group chairman, Peter Savin, had terminated the contract of the CEO of the newspaper company since 1981, C. G. Göthe. The following year, a deal was reached between Savin and Matti Häggström, the newspaper's editor-in-chief for the past five years, entailing that Häggström was to return to his previous position as political editor, and that a new editor be recruited in his stead. In 1991, the group CEO, Sven-Erik Söder, was relieved from his position, an action also enforced by Savin. Following a controversy regarding the financial compensation of the chairman, however, Savin was himself forced to leave the company in 1992. After this, the Barometern Foundation chose to return to the previous procedure of recruiting the board chairman from its own lines.

After the dismissal of Söder, the group would resort to a leadership model in which the position as group CEO was given on part-time basis to Nils-

Fredrik Tollin (b. 1939), the CEO of SmP. The model had been propagated by the CEOs of the three subsidiaries (the interview material). Four years later, however, this model was abandoned, as a new full-time CEO, Reinhold Lennebo (b. 1954), was hired. The job description included a specific request from the owner foundation to rationalize the activities of the three newspapers (see Djerf-Pierre 2009). Like Söder, Lennebo was recruited from outside of the newspaper industry. Being a trained veterinarian, he was the head of the regional slaughterhouse corporation when applying for the position as CEO of the Sydostpress group. During Lennebo's leadership, which ended in 2001 when he accepted the CEO position in the Egmont group, a number of initiatives were taken to coordinate and centralize the activities—and decision-making—of the group. These interrelated processes were continued by Lennebo's successor, Bennie Ohlsson (b. 1950). Unlike Lennebo, Ohlsson had made his career in the press (see Djerf-Pierre 2009). Originally a reporter, his latest occupation was as CEO of *NST*, a privately held newspaper company in the region of Skåne. The following year, the centralization process would reach a culmination, as the three newspaper companies were merged with the parent firm.

Shortly after assuming office, Ohlsson involved the company in talks regarding a closer cooperation with AB Borås Tidning. In 2002, the Barometern Foundation and the Wärenstam Foundation agreed to a merger between the two groups. The new company, Gota Media, began operations in August of 2003. As a result of the merger, Sydostpress AB was transformed into a proper holding company, controlling fifty percent of the shares in the new company. The merger and the starting years of the new company are discussed in a separate section later in this chapter.

Against the backdrop of the many changes in the parent company of the group, the management situation of the newspaper company, Ba-OT, was more stable. Throughout the 1990s, the CEO position was held by Tomas Arvidsson, recruited from the competitor Östra Småland in 1990. When retiring in 1999, Arvidsson was replaced by another external recruitment, Gunilla Andreasson (b. 1957), who was given the positions as both CEO and editor-in-chief.

Ownership

Since acquiring the stock majority of Tidningen Barometerns AB in 1947, the Barometern Foundation had gradually been able to purchase the remaining shares of the newspaper corporation. In 1990, the foundation owned 99.4 percent of the shares.¹ Eleven years later, all the remaining minority shareholders had been bought out. Three years before that, however, the newspaper had 'sold' newly issued shares equaling 7.1 percent of

the shareholders' capital to AB Borås Tidning, getting five percent of the ABBT shareholders' capital in return (see below). As mentioned, the groups were merged completely some six years later.

With regards to the activities of the ownership foundation, it is worth noting that the raise in activity of the foundation's board of trustees that had started in the late 1980s would continue. During the 1990s, the board assembled for an average of over five times per year, a meeting frequency equaling roughly that of the Sydostpress board of directors (see below). The increasing number of meetings was a reflection of an expanded board agenda. Thus, the board would involve itself in various issues concerning the operations of the newspaper group, including the establishment and revisions of formal policy documents, the recruitment of CEOs and editors, and discussions concerning possible mergers and acquisitions. In the handling of many of these issues, the board of trustees was represented by its chairman since 1986, Gunnar Gyllenram. In 2002, Gyllenram, aged 72, choose to retire from the board. Following his own recommendation, he was succeeded by Karl-Johan Raaegaard, a 55-year-old owner-manager of a local chain of clothes shops. Thus, the tradition dating back to the establishment of the foundation that the chairmanship was held by the Kalmar chief judge was discontinued.²

The governing of the Barometern Foundation was directly affected by the passing of a new foundation act in 1996, which caused the foundation to rephrase the foundation charter. In the new charter, the annual general meeting of the approximately one hundred 'founders' lost its rights to formally settle the foundation's annual accounts and to discharge the board of trustees from liability. Furthermore, the right to alter the foundation charter was transferred to the board of trustees.³ As a result, the formal influence of the annual meeting concerning the activities of the newspaper group was reduced to the election of the members of the board of trustees.

The Sydostpress Board of Directors

The most important feature of the restructuring of the Barometern group in 1990 was arguably the forming of a proper parent company, called 'Sydostpress i Kalmar AB' (hereafter abbreviated SOP), with a group CEO and a group board of directors assuming the overriding responsibility of the newspaper chain. Throughout the period at hand, the SOP board would be summoned around six times per year (constitutive and extra meetings included). Following the 2003 merger with Borås Tidning, the company was 'demoted' to a pure holding company, without any operating functions or employees.

For the better part of the 1990s, the SOP board had six shareholder-elected members. In 1998 and 1999, the number of board members was gradually increased to first seven and then nine. Throughout the period, the staff of the newspaper group (i.e. the union clubs of the three newspaper companies) was represented by two regular members and two alternates on the board (the latter were also summoned to all meetings).

Of the six members of the first SOP board, three had been members of the previous newspaper company (TBAB). The other three were the new group CEO, Sven-Erik Söder, and two external recruitments (of which one was the CEO of TBAB between 1972 and 1981, the 73-year-old Hilding Björkman). Most importantly, however, none of the six board members was a member of the Barometern Foundation's board of trustees. Thus, the 1990 board of directors of SOP marked the culmination of a gradual decrease in the overlapping between the owner and the stock corporation. Only five years earlier, all the board members of TBAB (the CEO excluded) had been recruited from the foundation.

Perhaps the most characteristic feature of the new parent company during its first years of operations is the geographical background of its members. Even though one of the purposes of the restructuring of the newspaper group was to treat the three newspapers (and their respective regions) as more 'equal'—something which was also reflected in the gradual recruitment of members from the circulation areas of *BLT* and *SmP* to the Barometern Foundation—the SOP board consisted exclusively of individuals from the city of Kalmar.⁴

Apart from the group CEO, the board did not include any hired managers from the newspaper group. During the board's first meeting, however, the CEO's of the three newspaper companies were made permanent co-opted (non-voting) members of the SOP board. Two years later, the partaking of the newspaper CEOs was directly established by the Barometern Foundation during the annual shareholder's meeting (6/4/92). The decision coincided with the CEO of *SmP* (Björn-Fredrik Tollin) being appointed the part-time CEO also of the parent company. Also that year, the board approved the co-optation of one of the group's three editors-in-chief (on a circulating basis). The decision was made following a request from the editors (10/22/92).

Notwithstanding the somewhat dramatic changes on the chairman and CEO positions during the period at hand, the general structure of the SOP board just outlined remained largely unchanged throughout the first six years of operations. However, the 1995 appointment of Reinhold Lennebo as group CEO would be the starting-point of a number changes regarding both the composition and the role of the SOP board. One immediate change

coinciding with the new group CEO taking office was that the permanent co-optations of the three CEOs and a representative of the editors-in-chief were terminated. Instead the board decided that co-optations should be made only when called for. As a result, the board meetings rarely included representatives of the executive and editorial management of the three newspaper companies. Furthermore, the recruitment base of the board members was gradually broadened. To a considerable extent, this was a result of the fact that the CEO was actively involved in the selection of new board members, a privilege not enjoyed by his predecessors.⁵ Since the 1947 takeover of the *Barometern* newspaper by the Barometern Foundation, the typical board member of the newspaper company had been a prolific—male—Kalmar business-manager (or attorney), normally with some kind of ties to the Conservative Party. By 2003, however, a majority of the board members were recruited from outside of the Kalmar area. Additionally, four of the nine members had experience from working in the newspaper industry (of which two had started their careers as reporters). And finally, four of the nine members were women. Prior to the 1995 appointment of Lennebo, the newspaper company had had only two female board members in its 92 years of operations. The broadening the recruitment base of the SOP board of directors was adopted also in the individual newspaper companies (see below).

THE BOARD OF DIRECTORS

As a consequence of the forming of the Sydostpress group, the newspaper business of *Barometern* was placed in a subsidiary called Barometern-OT AB (Ba-OT). It is the development in this company that is the prime focus of the ensuing accounts. During the 1990s, the number of shareholder-elected board members of Ba-OT would vary between five and six. (There were no alternates.) The union clubs were represented by two regular members and two alternates. Following the 2002 merger with the parent company, the newspaper company was discontinued and the board dissolved.⁶

Composition and Characteristics

In connection with the restructuring of the SOP group, the boards of the three newspaper companies were given a similar composition. The chairman and vice chairman of the parent company occupied the same positions in the subsidiaries. Together with the group CEO, Sven-Erik Söder, who was also appointed to the three boards, they constituted a strong, direct, link between the parent company and the newspaper companies. The remaining three members were the subsidiary CEO and two external local recruitments. In Ba-OT, however, the two outside members were members of the Barometern Foundation (albeit not members of the foundation's board of

trustees). Furthermore, both had political commissions for the Conservative Party. As had been the case in TBAB since the early 1970s, the newspaper's editor-in-chief was not a voting member of the board of directors. The editor was, however, co-opted to partake during board meetings. Apart from a few alterations regarding individual holders of the various positions, the principal composition with a strong presence of the parent company, and to some extent also the owner foundation (and indeed the political sphere), remained largely unaltered during the first half of the 1990s. What is noticeable about the three newspaper boards of the Sydstpress group during this period is that the board members, although formally elected by the parent company board, were subjected to the approval of the Barometer Foundation's board of trustees. In this manner, the owner organization maintained a direct influence over the leadership of the three newspaper corporations.

Most of the characteristic board features just depicted would disappear following the appointment of Reinhold Lennebo as CEO of the SOP group. Most importantly, the chairmanship of the Ba-OT board (and those of the other newspaper companies) was taken over by the group CEO from the SOP board chairman. Additionally, the group CEO (along with the rest of the SOP board) was also given the right to handle the recruitment of new board members to the subsidiary boards.⁷ As a result, the executive manager of the newspaper group was given an increased influence over the operations of the three newspapers. Against the backdrop of the accounts provided in previous chapters, this was a major shift in the power structure of the newspaper group.

The new regime had a number of important consequences on the composition of the Ba-OT board. Firstly, the extensive overlap with the parent company board was discontinued. Apart from Lennebo himself, there were no members from SOP on the subsidiary board. Furthermore, the presence of the Barometer Foundation was noticeably reduced. Instead, the numbers of externally recruited members was increased. For the first time in the history of *Barometern*, board members were recruited from the actual industry at hand, as well as from the outside of the newspaper's area of circulation. And quite unlike the previous *modus operandi*, Lennebo involved the CEO's of the subsidiaries in the process of selecting potential external candidates (the interview material).⁸

The boards of the three newspaper companies of the group would eventually be directly affected by the considerable coordination and centralization efforts initiated by Lennebo. In March 2001, the SOP board approved a proposal from the group CEO that that all external members be removed from the subsidiary boards (3/9/01). Instead, it was decided that the three

newspaper companies should have the same composition, with Lennebo (as chairman), the group controller, and the subsidiaries as the only members. As it turned out, this was the first step towards the proper merger of the three newspapers with the parent company, a change initiated by Lennebo and accomplished in 2002 by his successor Bennie Ohlsson.

Structure and Processes

Between 1990 and 1995, the board of Ba-OT was summoned to either five or six regular meetings per year. Following Lennebo's appointment as group CEO and chairman of the board, the number of regular meetings was decreased to four. In addition to the regular meetings, which were spread out evenly over the year, the period at hand (i.e. 1990–2002) included fifteen meetings of extraordinary character (some of which were carried out as telephone meetings).⁹ All in all, the total number of board meetings amounted to 81 during the period.¹⁰

As previously mentioned, the newspaper's responsible editor was made a permanent co-opted board member in 1990. The same privilege was given to the finance director of the newspaper company, who would handle the financial reporting during meetings, and to a secretary who was keeping the meeting minutes. Throughout the period, the right to attend meetings was regularly extended to various other members of the management team, such as the finance and sales directors, generally with the assignment to give reports from their respective departments.¹¹

Work Descriptions of the Board and the CEO

Following the 1999 addition to the ABL, the Ba-OT board was presented with two documents specifying the formal instructions of the board and the CEO respectively. The documents had been written by the group CEO (Lennebo) on behalf of the parent company board (SOP 3/1/99). Thus, the formal approval of the Ba-OT board was little more than a formality (5/21/95). Apart from confirming the legally established duty of the CEO to be responsible for the day-to-day activities of the corporation, the document stipulating the CEO instructions listed a number of restrictions regarding the CEO's freedom to manoeuvre. Thus, the CEO was specifically prohibited to enter into contract (on behalf of the company) exceeding MSEK 5 (or running more than 12 months), to authorize non-budgeted investments exceeding TSEK 250¹², to take up any kind of loans or give sureties on behalf of the company, and to sell subsidiaries or real estate belonging to the company. Additionally, the board should be informed of any negotiations concerning the acquisition of new subsidiaries. The formal right-of-decision concerning acquisitions belonged to the parent company board.¹³

Regarding the board's instructions, the new document included no similar restrictions (in relation to the parent company board), specifying primarily the formalities concerning meeting procedures and board protocol. It did, however, stipulate that the board at least once a year devoted a meeting to "strategic issues", "development issues" or other "issues concerning the future of the company". Apart from the legal board duties specified in the ABL, the document stipulated that the board was to handle and decide in issues concerning, among other things, "overriding matters regarding the organization and working forms of the company", "policies and guidelines", "issues of larger strategic and financial significance", and the annual budgets and annual reports. The two documents were not revised prior to the 2002 discontinuation of Barometern-OT AB.

THE BOARD AGENDA

The newspaper company called Barometern-OT AB would exist exactly twelve years. On January 1, 2002, the company was merged with the parent company, resulting in the discontinuation of the board of directors. After this, the operative responsibility over the Barometern newspaper business was transferred to the board and CEO of Sydostpress AB.

Handling the Legal Obligations

As far as can be judged from the meeting minutes of the newspaper company, the legal obligations of the board of directors were carried out in a rather undisputed manner. The annual accounts presented each spring by the CEO were formally approved without any discernible board involvement. Throughout the period, the individual right to sign for the firm was given by the board to the board chairman and the CEO. Up until 1999, when the position was withdrawn, also the vice board chairman was entitled the signatory right. In 2001, during the last year of operations, the right to sign for the firm was extended also to the group's finance director.

Handling of Profits

One of the more noticeable features of the period at hand is arguably the complete absence of dividends paid out to the parent company. Starting in 1992, parts of the company's would nevertheless be transported to the parent company as group contributions. The new procedure followed from a parent board decree stating that 30 percent of the profits accrued by the newspaper companies were to be transferred to the parent company each year (SOP 3/2/92). Up until 1997, an average of approximately MSEK 3 was relocated in this manner. The following year, however, the size of these transfers was dramatically increased, and between 1998 and 2000, a total

of MSEK 60 (equaling 120 percent of the total net profits) was relocated from Ba-OT to the parent company. Once again, the new policy followed from new decision from the SOP board, entailing that all profits in the newspaper companies, after “a reasonable consolidation”, be moved to the parent company (SOP 3/12/98). As the following accounts will show, this was but one of many examples of assets being relocated from the subsidiaries to centralized units of the newspaper groups during Lennebo’s spell as group CEO.¹⁴

The Recruitment of Executive Managers

As far as the top management of the newspaper company was concerned, the first two periods had been characterized by considerable stability. Between 1955 and 1989, the company had had only three CEOs, and as many editors-in-chief. Against this background, this last period of the study would turn out to be more eventful.

The 1980s had ended with the resignation of the CEO since 1981, C. G. Göthe. Consequently, the search for a new CEO was already under way at the time of the forming of the ‘new’ newspaper company. The recruitment process confirmed the new position of Ba-OT as subordinated a group board and a group CEO. The recruitment was handled, not by the Ba-OT board, but by that of the parent company. Interviews with potential candidates were carried out by the SOP chairman (Savin) and the group CEO (Söder), as well as by other board members of SOP (SOP 1/18/90; 3/22/90).¹⁵ The Ba-OT board was only briefed on a general level of the progress of the CEO search. Thus, the list of candidates remained unrevealed during these meetings. The main reason for this was that the main candidate and final choice of the SOP board was Tomas Arvidsson (b. 1941), the CEO of the local competitor, the social democratic Östra Småland. Even though the position had been publicly advertised, Arvidsson had been directly approached, under much secrecy, by the SOP CEO, Sven-Erik Söder (interview, Arvidsson). During his two years at Östra Småland, the newspaper had reported its highest circulations ever. Arvidsson was presented and approved during an extra Ba-OT board meeting in May of 1990 (5/10/90). Prior to that, however, his candidacy had been supported by the board of trustees of the Barometern Foundation. After a six-month ‘quarantine’ enforced by his former employee, Arvidsson started his new job in November 1990.

One month before Arvidsson’s taking office, a shift was announced also in the top editorial management. Since 1985, the positions of editor-in-chief and responsible editor had been held by Matti Häggström (b. 1937). However, during a meeting on May 4, 1990—the same meeting during which the foundation board had sanctioned the appointment of Tomas Arvidsson

as CEO—Peter Savin received the owner’s authority to relieve Haggström of his duty, and to find a new candidate. It was noted that the recruitment should be carried out “in close consultation with the foundation’s board of trustees” (5/4/90). Savin’s initiative was motivated by the falling circulation and the subsequent loss of market shares to the social democratic adversary (the interview material).

The decision to replace the editor-in-chief had not been previously handled during board meetings of neither the SOP nor the newspaper company. In fact, it would take five months before the issue reached the agenda of the Ba-OT board. On October 2, the board was summoned to an extra meeting, during which it was formally informed of the actions taken by the chairman. According to an agreement between Savin and Haggström, the latter would return to his previous job as head of the political department (with the title “political editor-in-chief”). A new editor-in-chief was to be recruited for the job as head of the editorial department and responsible editor. The board commissioned the chairman and the vice chairman to handle the recruitment process together with the CEOs of SOP and Ba-OT.¹⁶ Additionally, a special ‘reference group’ was formed, consisting of the *Barometern* chief subeditor, the editors-in-chief of *BLT* and *SmP* and representatives of the union clubs (10/2/90). Six months later, the process had resulted in a final candidate. The interviews with potential candidates had been carried out by Peter Savin (the interview material). On June 19, the man in question, Anders Wendelberg, was presented to the Ba-OT board (6/19/91). By then, however, he had already been approved by the reference group as well as the foundation’s board of trustees. Thus, the formal board decision to offer Wendelberg the position was little more than a formality. Nevertheless, in contrast to the process of appointing a new CEO in the subsidiary, the SOP board was never actively involved in the recruitment. 45-year-old Wendelberg was the editor-in-chief of *Nordvästra Skånes Tidningar*, one of the larger regional dailies in the Skåne region. He was recruited with the explicit task to revitalize the newspaper and the editorial department (the interview material; see also Djerf-Pierre 2009).

The management duo of Arvidsson and Wendelberg would remain over the coming six years. The first sign (as far as the research material is concerned) of a pending change is from the spring of 1997, when the foundation’s board of trustees was briefed by the group CEO (Reinhold Lennebo) on plans to change the configuration of the executive management of Ba-OT. Being a supporter of the one-leader model, Lennebo proposed that Tomas Arvidsson assumed the position as ‘newspaper director’ with the overriding responsibility of the newspaper corporation. The management of the editorial department was to be handed over to the managing editor, Lenn-

art Holmerin.¹⁷ Organizationally, however, the latter would be subordinated the CEO. The proposal won the owner's approval. In May of 1997, the reorganization was presented to the Ba-OT board, which up until this point had not been involved in the matter. Noticeably, the board was informed that the "owner had requested" the establishment of a one-leader model in the newspaper corporation, and that it therefore had already appointed Holmerin as the newspaper's responsible editor (5/15/97, extract from minutes). The proposed leadership configuration had already undergone formal negotiations with the union clubs. After that a "principle objection" to the one-leader model had been brought forward by the representative of the journalists' club, the new management configuration was formally approved by the board of directors. Before the end of 1997 the 'publisher model' had been implemented by Lennebo in all the three newspaper companies of the SOP group.

In the summer of 1999, nine years after his appointment as CEO, Tomas Arvidsson tendered his resignation due to health reasons (interview Arvidsson). A first discussion regarding the succession was held in the SOP board on August 16. The recruitment, Lennebo had stated, though formally an issue for the subsidiary board, was "in practice subordinated the SOP board". According to the minutes, a primary discussion concerning the required competencies of a future CEO resulted in a statement that the board preferred a "strong leader in publicist issues" (8/16/99, extracts from minutes). Lennebo's ambition was to introduce a proper publisher model, in which the positions of CEO and editor-in-chief were held by the same individual. The model, which was approved by the board, had also been sanctioned by the foundation's board of trustees.

Two months later, the Ba-OT board formally commissioned the group CEO (and Ba-OT chairman) to handle the recruitment (10/1/99).¹⁸ Apart from Lennebo, the board chairman of SOP (Bertil Danielsson) and one of the external board members (Lena Wennberg) were also involved in the process. On December 15, the SOP board was informed that the recruitment process had resulted in one remaining candidate—"a female" (12/15/99, extract from minutes). Prior to being formally offered the position by the Barometern-OT board, the person in question was to be presented to the foundation and the union clubs. The candidate was 43-year-old radio executive and former journalist Gunilla Andreasson (b. 1957). The formal decision to approve the appointment of Andreasson was taken by the Ba-OT board, in a telephone meeting, a few weeks later (1/19/00). There are no signs in the minutes that the board had met with Andreasson prior to the decision.¹⁹

The Appointment of Other Managers

A general conclusion from the presentation just made is that the board of directors of Ba-OT, as a consequence of the forming of the SOP group, had little real influence over the composition of the company's executive management. The changes made to top managerial positions, of which at least two were the results of direct dismissals, were controlled higher up in the corporate hierarchy; first by the chairman Peter Savin, and then by the group CEO, Reinhold Lennebo. This latter change reflects a general transformation of the operations of the newspaper group, in which much of the executive power of the parent company was shifted from the chairman to the CEO.

Also regarding the lower managerial positions the involvement the board of directors was limited. In 1990, the board did nevertheless authorize the recruitment of a new finance director. Following a proposal of the SOP (and Ba-OT) chairman, Peter Savin, the matter was delegated to himself along with the group CEO, and the future CEO (4/18/90). The selected candidate, incidentally the finance director of the competitor Östra Småland, was never formally approved by the board.²⁰ The following year, the board approved the establishment of a new market director position (as part of new organization marketing department). The recruitment was handled by the CEO, and the never subjected to the board's approval. The passive role played by the board concerning the composition of the management team remained unchanged throughout the period. Apart from some brief information points regarding new appointments, managerial issues are altogether absent from the board minutes.

Aim Documents and Formal Policies

Apart from its explicit political objective, the Barometern Foundation had for many years abstained from formulating any specific aims or policies regarding the operations of the newspaper companies of the group. Following the repeated requests from the stock corporation board, however, and its new chairman Peter Savin in particular, the foundation's board of trustees had established a formal "aim" (*målsättning*) for its operations in 1989 (see Chapter 8). The document provided the basis for a policy document initiated (and written) by the SOP chairman and the group CEO, called "Principles for the governing and control of the group". Having been circulated for comments among the subsidiary boards, the document was formally established by the SOP board in June 1991 (SOP 6/27/91, document in appendix).

Apart from stipulating the formal procedures regarding board meetings and the responsibilities of the individual board members, the document

specified the duties of the boards and CEOs of the SOP and the subsidiaries. It established the parent company board as “the highest governing, coordinating, and controlling organ” of the group. It was to be responsible for providing the framework for the operations of the subsidiaries in terms of “strategic guidelines, long-term planning and budgets”. Within this framework, however, the subsidiary boards were to remain responsible for, among other things, the formulation of company objectives, strategies, budgets and market plans, decisions concerning investments (within the budgetary framework), the forming and discontinuation of (own) subsidiaries, and—after consultation with the SOP board—the sale of fixed assets. As compared to the traditional, decentralized character of the newspaper group, the document was nevertheless a noticeable step towards increased centralization.²¹

The approval and revision of various policy and aim documents would be a recurrent feature in the boardrooms of both the parent company and the newspaper company throughout the period at hand. To this extent, it was one of the most significant additions to the board agenda as compared to the previous periods.

In March 1992, the Ba-OT board approved a specific strategic document—a so-called “Goal Plan”—initiated by the CEO, Tomas Arvidsson.²² The following year, the adoption of a similar document was initiated by the new group CEO for the parent entire newspaper group (930617).²³ Though stipulating that the newspapers were to cooperate in “issue that are similar in the respective” companies, the document did not challenge the comparatively decentralized character of the group (6/16/94, document in appendix).²⁴

As it turned out, the Goal Plan for the SOP group would not survive the four-year-period for which it was intended. During his first board meeting as group CEO in April 1995, Reinhold Lennebo got the SOP board’s approval to “revise” the plan together with the group finance director (4/6/95). In contrast to the writing of the original document, which had been carried out by managers and union representatives of the subsidiaries, the responsibility was now taken over by the parent company. The new document, which was approved by the SOP board in a few months later, strengthened the position of the parent company in relation to the subsidiaries. It also established formally the process towards increased coordination and centralization initiated by Lennebo directly upon taking office (10/19/95).

Also in 1995, Lennebo initiated the establishment of two new ‘owner-demand documents’; one directed at the whole group by the Barometern Foundation, the other by the parent company in relation to the subsidiaries. The two documents were approved by the foundation’s board of trus-

tees in April 1996 (4/26/96). In the former document, the contents were almost exclusively concerned with the business-oriented performance of the group. In its first paragraph, the document called upon the parent company to “administer and develop the group companies by means of the maximum use of coordination between the businesses and in this manner maximize the long-term values” (SOP 5/14/96, extract from appendix).²⁵ The second document, entitled “The group’s demands on the newspapers”, was approved by the SOP board the following month. Apart from specifying specific profit targets (see below), it called upon the newspaper to cooperate “editorially, technically, and administratively in order to increase the profitability of the group, but with respect for the integrity and tradition of each newspaper” (ibid.). Furthermore, it was stipulated that it was the duty of the subsidiary boards to confirm the compliance of the demands to the parent company. Apart from some minor revisions, both documents remained in force for the remainder of the period.²⁶

Profit Targets

The aim document established by the Barometern Foundation in 1989 had included the first formal profit target directed at the newspaper group by the owner. The target had been rather unspecific, however, stating only that the group’s financial performance be on par with that of “similar newspapers”. Despite addressing the issue of specifying the demand during its first meeting in January 1990, it would take two years before a formal profit target was formulated by the SOP board for the newspaper companies of the group. In a preliminary report given in April 1991, the SOP CEO concluded that based on the projected investment needs over the next fifteen years (including new printing presses), the group would have to perform a profit margin of 14 to 15 percent in relation to its total working capital (4/9/91). This implied a considerable escalation compared to the current profit levels of the newspaper group; in 1990 the profit margin reported by Sydostpress had been 2.2 percent. Eleven months later, a formal demand involving a 15 percent profit margin was officially settled by the parent company board (3/2/92). Additionally, it was established that the debt/equity ratio of each of the companies should be between 25 and 30 percent. When revised some two years later, the requested profit level was lowered to 12 percent.²⁷

Over the years that followed, the revision of profit levels would be a recurrent item on the agendas of both the parent company board and the board of trustees of the Barometern Foundation. Soon after his appointment as group CEO in 1995, Reinhold Lennebo thus got the approval of the SOP board to update the profit levels demanded of both the group and the

individual newspaper companies (SOP 12/14/95). The result was a further lowering of the requested profit level, this time to ten percent (5/14/96). When revised two years later, the also the profit demand imposed by the foundation was changed once again. Rather than focusing on profit margins, the foundation expressed an “expectation” of an “estimated profit need of MSEK 30–40 annually” for the coming two years.²⁸ The target was to be met by means of “growth in the current businesses, the expansion of current alliances, and the development of new businesses”, as well as “the maximal use of the efficiency and synergy between the businesses”. Additionally, the group was called upon to actively pursue “strategic acquisitions” on the media market (SOP 12/17/99, extracts from appendix). In the revision of the target two years later, the profit target was changed once again, as Lennebo got the approval of the foundation to set the target based on operating margin rather than return on capital. The change, resulting in a demanded operating profit margin of ten percent for 2001, was approved by the SOP board in August 2000 (4/25/00). The new demand equaled a raise of the previous profit level of almost fifty percent. Apart from some minor revisions, it would remain in effect until the 2003 merger with AB Borås Tidning.

Financial Reporting and Control

One of the most noticeable features during the first years of operations in the news Sydostpress group was the close attention paid in the boardrooms to the financial performance of the newspaper companies. Not only were the reporting routines more thorough as compared to the 1980s, the performance reports, as well as budget proposals, were put under increased scrutiny, first by the subsidiary board and then by the parent company board. As mentioned, the CEOs of the newspaper companies were co-opted members of the SOP board and presented personally the reports and budgets from their respective companies.²⁹

As far as can be told from the meeting minutes, the close attention paid in the boardroom to the monitoring of the financial performance of the newspaper company would become somewhat less pronounced in the years following Savin’s dismissal. In this respect, a couple of important changes would also follow from the appointment of Reinhold as group CEO and chairman of the Ba-OT board. Firstly, the reporting of past performances was moved back on the board agenda. Secondly, the time devoted to the budget process in the boardroom was noticeably reduced. In both cases, the scrutinizing role of the board that had characterized the first years of the 1990s was thus replaced by a more passive approach.

Collaboration, Coordination, and Centralization

Since the forming of the Barometern group in 1975, there had been little coordination of the activities of the three newspaper companies. The restructuring of the group in 1990 had been a means to tie the companies closer together and to increase the synergy effects of the three firms. During the first years with the new organizational structure, however, there is little concrete evidence of such activities in the meeting minutes of the Ba-OT board. The group perspective would become somewhat more pronounced following the 1991 change on the group CEO position. During Björn-Fredrik Tollin's spell as (part-time) SOP CEO (1991–95), reporting from the decisions made by the parent company was put first on the meeting agenda of the newspaper company. Also the development in the other newspaper companies became standing report items. Nonetheless, the actual moves towards increased coordination and centralization remained limited.

Despite the coordination of some administrative functions and routines, the newspaper companies would thus keep their own separate lines of production. Even as late as 1995, the internal purchases of the group—which provide a measure of the level of centralization of the various phases of the production process—amounted to less than one percent of the total costs (annual report, SOP). The 1995 recruitment of an external CEO was made with the explicit intent to increase the coordination between the three newspapers. Says Bertil Danielsson, who assumed the SOP chairmanship this year:

Even though Sydostpress had existed as a company, it had not had an active role. It was Tollin in Växjö who was the CEO, but he managed Smålandsposten at the same time. (...) So this was a breaking point, because the three newspapers had had their own corporations and been very independent. (Interview)

In his 'installation speech' to the SOP board, Lennebo had pointed at "the importance of long-term group development" (SOP 6/22/95, extract in minutes), a message that he repeated when meeting with the Ba-OT board a few months later (9/7/95). Over the months that followed, a number of investigations were launched by the group management concerning the coordination and rationalization of various capacities of the newspaper group. Though regularly updated on the development of these projects, the Ba-OT board took no active part in the decision-making.

The restructuring of the activities of the group was carried out in a gradual process. In 1996 and 1997, the SOP board decided that all administrative functions of the group were to be relocated to Kalmar (SOP 3/21/96;

8/28/96; 5/22/97). Furthermore, a jointly produced TV-edition was introduced for the group. The first talks of such a product had occurred almost ten years earlier, but never materialized as a result of discord between the editorial departments (the interview material). These measures were joined by a centralization of the group's interests in the radio industry (see below). In 1998, the distribution of the newspapers was coordinated, and in 1999 a central national and international desk for the group was established at SmP, and the switchboards of the three companies were centralized to BLT (12/3/99). All the actions mentioned were initiated by the group CEO and approved by the board of directors of the parent company.

The most significant change resulting from the centralization process, however, concerned the actual production of the group's newspapers. Entering the 1990s, the three companies each had their own printing facilities. In 1993, a joint technical investigation group launched by Björn Fredrik Tollin had suggested that it should be the ambition of the newspaper group that all three printing facilities were to remain in use for another seventeen years.³⁰ Thus, at the time of Lennebo's appointment, which occurred two decades after the forming of the newspaper group, there was no coordination between the three newspapers as far as the production process was concerned. A first step towards increased integration was taken in 1996 with the forming of a separate printing company (called *Sydostpressarna AB*), to which the printing facilities and printing staff of SmP and BLT were transferred. The decision caused much turbulence among the staff, particularly in Växjö (the interview material), also resulting in the resignation of the SmP editor-in-chief, who chose to publicly criticize the centralization measures initiated by Lennebo. The following year, the Ba-OT board approved the transferring of the printing press, and the production staff, to the new printing company (12/3/97). As a result, the printing arrangements of the *Barometern* newspaper left the sphere of influence of the newspaper company board. Less than a year later, in September 1998, the Ba-OT board was informed by the group CEO of an investigation regarding the future production arrangements of the newspaper group. It was also noted, however, that "no major changes [were] likely to occur within the next three years" (9/25/98, extract from minutes). When updated of the progress of the investigation the following year, the board was nonetheless informed that it was likely that the Kalmar printing factory would be closed down, and the production of *Barometern* be located elsewhere (12/3/99). In September 2000, plans were revealed of moving the production to the BLT facilities in Karlskrona (8/31/00). A couple of months later, the SOP board approved major investments in new printing presses in both Växjö and Karlskrona (SOP 10/9/00), and in March of 2001, the SOP board was

informed by Lennebo that talks were under way with the staff regarding the discontinuation of the Kalmar facilities (SOP 7/9/01). The transfer of the production of the *Barometern* newspaper was made in the summer of 2002, thus ending a history of 160 years of production in the Barometern building in downtown Kalmar. As such, the move was highly symbolic, and given the specific history of the Barometern Foundation, not altogether uncontroversial. According to the SOP chairman, there was some resistance in the owner organization against the move:

The idea of a newspaper that did not have its own printing plant, that wasn't even possible for some of the members of the foundation. (...) But at the same time, the foundation has enjoined the company to reach a certain profit level. And you cannot have both. (Interview)

The relocation of departments and assets would have a direct impact on the relative position of the subsidiaries. Though acknowledging the need for rationalization, Tomas Arvidsson, the CEO of Ba-OT between 1990 and 1999, says that the role of the subsidiary CEOs was “downgraded” as a result of the more active group management, as was the role of the subsidiary boards: “We thought that it was rather good that there was someone responsible for the long-term group issues”, he says, “but the subsidiary boards were marginalized as a result” (interview).³¹

An issue closely related to the relocation of the production of *Barometern* to the BLT plant concerned the physical format of the newspaper. In 1999, the management was commissioned by the Ba-OT board to investigate a possible change from broadsheet to tabloid. It was decided that the investigation should be coordinated with SmP and be synchronized with the ongoing printing investigation (12/3/99). The following year, the new CEO Gunilla Andreasson was put in charge of the project (5/5/00). Shortly after the decision to discontinue the production at the Kalmar plant, the Ba-OT board was summoned to an extra meeting to settle the proposed format change. Having been presented with the expected costs of the investment, the board approved the CEO's suggestion to go through with the change (11/10/00).³² Against the backdrop of the general centralization of the decision-making in the group, it is worth noting that neither the parent company board nor the owner foundation had been actively involved in the process, let alone formally authorized it. As far as the research material is concerned, the issue was initiated and ultimately settled by the group CEO, Reinhold Lennebo.³³

The ultimate step in the coordination of the newspaper companies was taken in 2002 with the merger of the subsidiaries with the parent company.

Though the first initiative towards a merger had been taken by Reinhold Lennebo, it was his successor, Bennie Ohlsson, who was left to enforce it. Having experienced a similar coordination during his previous employment as CEO of Nordvästra Skånes Tidningar (NST), Ohlsson was a strong supporter of the model:

I had recently been involved in the merger between NST and [Helsingborgs Dagblad], and I had seen the benefits of connecting the operations in a good way, without, of course, *disturbing* the local connection (...) because the brands are the individual newspapers. Sydostpress was not a brand that was supposed to be marketed. But the company had to be called something, and within this framework you have to do things as efficiently as possible so that there is as much *money* as possible left for the activities in the newspapers. That was the idea. (Interview)

Board Involvement in the Newspaper Business

As was the case with the issues previously discussed, the nature of the board's involvement in the operations of the newspaper business during the period divides into three rather distinct phases. During the chairmanship of Peter Savin, the board agenda of Ba-OT was characterized by much activity. A number of different measures were initiated with the aim to improve the financial performance of the newspaper business. This included both cost reducing measures (including staff cuts; see below) and measures to increase sales. Regarding the latter, much board time appears to have been devoted to the "profile" of the newspaper (or rather, the perceived lack thereof). Thus, the executive management was commissioned to carry out a number of various investigations on how to better market the newspaper. In January of 1991 the CEO was commissioned to present a five-year plan with concrete measures on how to improve the profitability of the newspaper business (1/31/91). A couple of months later, the board also decided to recruit a market director (3/26/91). All the measures mentioned followed from the suggestion of the group chairman.

Given the dominance of the group chairman, the parent company made a significant mark on the operations of the newspaper company. Nevertheless, the impression is that also the board itself (in the sense: the individual board members) was made actively involved in the decision-making in the boardroom. As far as can be judged by the minutes, the more market-oriented view of the newspaper business was appreciated also by the union representatives.

Savin's exit from the newspaper group in 1992, which coincided in time with the termination of the leadership model with a full-time group CEO, would have a significant impact also on the operations in the boardrooms of the individual newspaper firms. Following the appointment of the CEO of SmP as the part-time group CEO, the initiative was transferred from the parent company to the managerial level of the group. In comparison to his predecessor, the new group chairman, Gunnar Dahlin, was also decidedly less proactive in the operations of the newspapers. Both these conditions had a somewhat marginalizing effect on the influence of the individual subsidiary boards. Starting in 1992, the board meetings of Ba-OT were thus increasingly dominated by reporting concerning the activities and performance of the newspaper company. Very few actual business-related decisions were made in the boardroom.³⁴

To some extent, the passive role of the newspaper board would remain also following the appointment in 1995 of Reinhold Lennebo as group CEO. In one of his first meetings as the chairman of Ba-OT board, Lennebo nevertheless declared that it was important to increase the involvement of the board in the strategic decision-making of the newspaper firm (9/1/95). Over the years that followed, the board would indeed be engaged in discussions concerning various issues of "strategic importance" for the firm, such as how to respond to a proposed VAT on newspapers (10/11/95), and how to act strategically in terms of pricing and marketing within the advertising sector (3/5/96).³⁵ Nonetheless, the previous tendency that the board meetings resulted in few actual decisions continued and even increased during Lennebo's chairmanship, not least as a result of the fact that many of the business functions were lifted from the newspaper company. To this extent, the board's involvement in the business-related aspects of the newspaper firm was largely limited to that of the advisor (a notion supported by the interview material).

Following the 2002 merger of the companies of the Sydostpress group, the operative responsibility of the newspaper business was taken over by the parent company. As a result, the three newspaper directors were made co-opted members of the SOP board and were also commissioned to report on the operations of their respective newspapers. However, the minutes from this relatively brief period (within a year, the company had been merged with ABBT) include very few decisions relating specifically to the individual newspaper businesses.

Staff Issues

One of the primary objectives behind the forming of the Sydostpress group had been to increase the profitability of the newspaper group. As Chapter 8

discussed, the staff of Ba-OT had despite a stagnating circulation continued to grow throughout the 1980s. The need to increase the profitability of the group was supported Tomas Arvidsson, who was appointed CEO in 1990 and the first on this position to let people go for the sake of rationalization. Given his background as head of the smaller and financially much weaker competitor, Östra Småland, Arvidsson was able to compare the prevailing cultures in the two companies:

I wouldn't say that Barometern was complacent, but at times there is, and was, a lesser amount of effort in the bigger newspaper. (...) And there were *a lot* of people here. (...) It was not fun to let people go, but it was necessary. (...) I wanted to implement some economic thinking, and some of the thrift that Östra Småland had been forced to live by. (Interview)

One of the more noticeable features during the board meetings of the 1980s was that the union representatives had been comparatively active (or at least vocal), criticizing many of the decisions and actions taken by both the board and the management. As far as can be judged by the minutes, the union representatives of the boards of both the parent company and the subsidiary continued to play an active part in the decision-making of the group. Regarding the Ba-OT board, union criticism regarding tightened editorial budgets would be a recurrent feature in the meeting minutes throughout the first half of the 1990s. Following the appointment of the group CEO, Reinhold Lennebo, to the chairman position in 1995, the number of objections put forward by the union representatives was noticeably decreased, a development which coincided with the gradual removal of powers from the subsidiary board to the parent company board of directors.

Despite the various efforts made by Lennebo to rationalize the production of the newspapers, the Sydostpress group failed consistently to reach the profit targets set by the owners, and also for that matter, to reach the match the profit levels of the Swedish press at large. When Lennebo left the company in June of 2001, he was succeeded by Bennie Ohlsson. Unlike his predecessor, who had been recruited from outside of the newspaper industry, Ohlsson had a long experience of being the CEO of newspapers in some of the most profitable privately owned newspaper groups in Sweden (see Djerf-Pierre 2009). "In 2001," he says,

the group reported a profit just above the zero-level, and that was remarkably poorly. (...) And it was my job to make the group profitable. (...) So I pretty much sat down with the chart of accounts and

went through the bookkeeping, almost like an accountant, and said that we have to save money on all levels and make rational assessments. And I thought that I was capable of doing that that since I had worked both as a reporter and with the overriding financial responsibility, and that I therefore was able to see that we were simply too thick. (Interview)

Thus, a few months after assuming office, Ohlsson launched an action program involving considerable staff cuts. In 2002, the workforce of the Sydostpress group had been reduced by almost twenty percent, as compared to three years earlier.

Involvement in Investments

From the start of the operations of Ba-OT in 1990, the formal decision-making concerning investments in machinery, equipment, computer software, etc., was incorporated in the general annual budgetary process. Thus, each year a list of the planned investments for the upcoming year was compiled by the executive management and approved by the board of directors. The budget was then finally established by the parent company board.

A new feature during the board meetings (as compared to the 1980s) was a recurrent briefing on the completed and planned investments, and the projected investment costs in relation to the annual budget. To this extent, the board's monitoring of investments was even more formalized than in the previous period. Nevertheless, there are few indications that the investments proposed by the management were ever scrutinized, let alone overturned, by the board of directors of the newspaper company.³⁶

An important consequence for the newspaper company of the forming of the SOP group was that the ownership of the Barometern building and the printing facilities in downtown Kalmar was transferred to the parent company. Nevertheless, the first two years of board meetings was dominated by a relatively comprehensive rebuilding of the offices of the newspaper firm. Though financed by the parent company, the project was handled by the Ba-OT board. In April 1990, however, the board decided that the rebuilding process should be handled by the group chairman, the group CEO (who were both members of the Ba-OT board), and the CEO (4/18/90). To this extent, the parent company maintained a direct influence over the handling of investment. It was also reported back to the parent company board. A few months later, the latter authorized the Barometern board to carry out the project within a given financial frame of MSEK 4 (11/29/90). The plans were approved by the Ba-OT board in March 1991 (3/7/91). The rebuilding was completed the following year.

Two years later, a proposal was made by the CEO regarding the acquisition of parts from a printing press belonging to a Danish newspaper company gone bankrupt (2/10/93). The investment would not only enable the company to print more four-color pages, it would also move forward the need to replace the twenty-year-old press to sometime between 2005 and 2010. The deal, budgeted at MEK 9.2, was approved by the Ba-OT board, but only after having been authorized by the parent company (2/12/93).

During Reinhold Lennebo's time as group CEO and Ba-OT chairman, the board continued to follow-up on the investment costs in relation to the budgeted levels. Apart from this monitoring, however, there are no records of the board ever being involved in individual investment decisions. As such, this is one of the more noticeable changes in procedure when compared to previous periods. (An important reason for this was, of course, the fact that not only the printing press, but also the production staff were transferred to the joint group printing company in 1997.)

Editorial Issues

Notwithstanding the fact that the Barometern group when entering the 1990s had existed for 15 years, the coordination between the editorial departments of the three newspapers in the group remained exceedingly limited. Despite the various efforts to coordinate operations in connection with the reforming of the group, the newspapers would continue to produce their own newspapers, without much cooperation. As mentioned above, however, the coordination program launched by Reinhold Lennebo in 1995 would eventually affect directly also the activities of the editorial staffs. Says the Ba-OT CEO, Tomas Arvidsson:

The efforts concerning coordination had previously been handled by the three newspapers. There had been discussions of coordinated marketing efforts, for instance through certain common journalistic projects. These kinds of issues were lifted [by Lennebo] to the corporate level and handled there. With some justification, I might add, because it had been very difficult to launch an editorial cooperation before that. (...) The editorial departments were very loyal to their own newspaper and less loyal to the group. (Interview)

Apart from being regularly updated on the various efforts to tie the editorial departments closer together, the Ba-OT board was not made an active part in the development, as the decision-making concerning the coordination was handled in other parts of the organizational hierarchy.

As Chapter 8 discussed, a consequence of the noticeably more active board of the late 1980s had been that editorial issues were discussed more recurrently in the boardroom. On a number of occasions, the performance of the editorial department had been criticized by the board of directors, and the management had been commissioned to improve various aspects of the editorial product. To some extent, this kind of criticism continued to occur in the boardroom also of the ‘new’ newspaper company. In 1990, the board received letters from the regional Chamber of Commerce and the Kalmar association of employers, criticizing the editorial department for the publication of a number of negative articles concerning the local business-life. When discussing the letters, the board established that the newspaper was to “devote great attention to the business coverage”. At the same time, however, it was “emphasized that Barometern is and will continue to be a newspaper” and that also negative news (from the perspective of the local companies) had to be published. It was also decided that similar letters should be handled directly by the responsible editor (and not the board of directors) (4/18/90, extracts from minutes).³⁷ The chairman (Peter Savin) concluded the discussion by suggesting that the contacts between the editorial management and representatives of the local trade and industry be intensified.

After this particular incident, however, there are no signs in the minutes of the board engaging itself in evaluations of content-related issues. In connection with the reforming of the group, the editor-in-chief was nevertheless commissioned to brief the board on the current activities of the editorial department. These editorial reports remained a standing item on the board agenda throughout the period.

Generally, the parent company board would also abstain from involving itself directly in the content of the group’s newspaper. This is not to say, however, that there were no attempts “from above” to influence the choices made by the editorial staff. As a result of the significantly decreasing overlap between the foundation and the boards of the newspaper group in terms of membership, the attempts of the owner organization to make the performance of the editorial department in better compliance with the (political) line established by the foundation charter would come in more informal channels. Says Tomas Arvidsson:

We sat here a few times, during the days of both Anders Wendelberg and Lennart Holmerin, with representatives from the owner (...) who would say that you cannot write like this. And then we would discuss that. And of course, Wendelberg and Holmerin thought that this was completely wrong (...). They argued that the sole duty of

the owner was to appoint and dismiss the editor-in-chief (...). If you are not satisfied, fire him. But I thought: Why not talk during the time, why not carry on a dialogue? I mean, they cannot come here and *demand* one thing or another (...), and say ‘write this’ or ‘don’t write that’, but they could have an *opinion*, and that I thing is okay. Why shouldn’t they? As long as they know that it can never be an imperative, only an opinion. (Interview)

The fact that the CEO would participate in these meetings reveals another tendency not noted in the other two companies, namely the fact that Arvidsson, and to some extent also his predecessor, C. G. Göthe, had been relatively closely involved in the activities of the editorial department (the interview material). To this extent, the very clear (and principal) separation between the editorial and administrative departments that had traditionally characterized both ABBT and STAB was less rigid at Barometern.

Involvement in Radio

As Chapter 8 discussed, the Barometern group had involved itself in a number of largely unsuccessful ventures into other media-related businesses in the 1980s. Shortly after Peter Savin’s appointment as board chairman in 1988, the ventures had been either discontinued or sold. Entering the 1990s, the group had thus returned to being a ‘single-business’ enterprise. The focus on the publication on newspapers was made explicit in the formal aim document established by the Barometern Foundation in 1989. The document did, however, open up for the involvement in other business areas providing they could “contribute to the consolidation” of the group. Thus, all three companies of the group would involve themselves in the deregulated radio industry during the first years of the 1990s.

A first discussion regarding the rumored deregulation of the radio market was held by the parent company board in October 1990. During these talks, the group CEO, Sven-Erik Söder, had established that it is “important that the group get a dominant influence in the consortia that might be established in [the group’s] areas of circulation” (10/17/90, extract from minutes). The commission to handle the issue was given to Söder and the board chairman, Peter Savin. After they had left the group, in 1991 and 1992 respectively, the responsibility of the radio investigation was assumed by a task force including the CEOs of the subsidiaries and led by the finance director of Ba-OT. Hence, parallel investigations regarding the establishment of radio stations were carried out locally in all the three regional markets of the group. The progress of the investigations was reported back to the parent company

board. Apart from some short briefings provided by the group CEO, the Ba-OT board was not involved in the process.

In 1993, a principal decision was taken by the SOP board that a first station, in Växjö, would have to be evaluated prior to any further establishments. A few months later, the Ba-OT board nevertheless commissioned its CEO to continue investigating the possible partaking in the pending frequency auctions for the Kalmar area. The decision was criticized by the board member representing the union club of the editorial staff, who stated that the company should “concentrate on newspapers and not on radio projects (12/21/93, quote in minutes). Despite the decision to await the evaluation of the SmP station, the Ba-OT board decided to “recommend” the CEO to begin the search for potential partners (2/10/94).³⁸ The Växjö station, in which SmP was a minority shareholder, began its operations in the beginning of 1994. In October that same year, the Ba-OT CEO informed his board that he “after having consulted with the board chairman” had applied for a permission to broadcast radio in Kalmar. A limit regarding the pending auction was set to TSEK 2,050 (10/13/94, extracts from minutes).³⁹ The concession for the Kalmar market was purchased by a local consortium a few weeks later and the radio station started its operations in January 1995. The cost for the 25 percent of the shares that had been bought by Ba-OT was TSEK 480. The first budget was optimistic: after a first year with a limited yield (TSEK 42), the profits were expected to rise to MSEK 1.5 in year two (2/9/95).

A first report, showing that the radio company had troubles meeting the projected sales targets, was presented to Ba-OT board in June 1995 (6/1/95). The disconcerting news coincided with Reinhold Lennebo's appointment as group CEO and chairman of the subsidiaries. A few months later, the board decided to cover the loss from the first year of operations, which had ended with a MSEK 1.2 deficit (11/21/95). During this meeting Lennebo informed of a discussion in the SOP board regarding the need for the parent company to “take a tighter grip” on the group's radio ventures, adding that even though the involvement in the radio medium resulted in both important know-how and a competitive advantage on the advertising market, it was “not reasonable that the newspapers suffered financially”. A few months later, the SOP board decided that the losses accrued by the radio holdings were to be covered by the parent company. Additionally it was decided that a position with the joint “overview” of the group's interests in radio be established (SOP 5/24/96). A year later, the SOP board approved a proposal from Lennebo that the group's interests in “new media” be transferred to a new subsidiary (‘Sydostpress Media AB’) owned

directly by the parent company (5/22/97). The transfer was confirmed by the Ba-OT board a few months later (12/3/97).

Involvement in the Internet

The first Swedish newspaper website was launched in 1994. The following year, just a couple of months after assuming office, Reinhold Lennebo initiated a group investigation regarding the development in digital media (SOP 6/22/95). The task force consisted of managers and editors from the three newspapers. In early 1996, *Barometern-OT* launched its own website. For present purposes, it is worth noting that the venture was made without any board involvement (let alone any prior approval). The following year, the IT activities of the SOP newspapers were coordinated into a joint group project, financed by the parent company (2/27/97). The project was incorporated later that year.⁴⁰ Since the Internet efforts of the SOP group were coordinated and placed on a group level almost from the beginning, the Ba-OT board was rarely involved in issues pertaining to the newspaper's Internet activities.⁴¹ Neither was the SOP board, however. Judging by the board minutes of the parent company, issues regarding the new medium rarely reached the level of the board of directors, other than as occasional information points presented by the management team.

CONCLUSIONS

In comparison to the preceding periods, the final period of this study was an eventful one for the *Barometern* newspaper. From a structural point of view, the forming of Sydostpress in 1990 meant that a new level, comprising a group board and a group CEO, was added to the corporate hierarchy. As far as *Barometern* was concerned, this meant that the newspaper company was subordinated to a parent company. As a consequence of the new group structure, the sheer number of individuals involved in the top echelons of the group was significantly increased. As of 1995, the boards of the three hierarchical levels *above* the executive management of the *Barometern* newspaper company had (including alternates and union representatives) come to comprise no less than 35 individuals. As compared to the previous periods, during which the vast majority of the board members had been recruited from the local sociopolitical network that was the *Barometern* Foundation, the governing boards of the 1990s were also far more heterogeneous, including a mixture of foundation representatives, external members from other industries and geographical areas, newspapermen, and union representatives.

The increased separation between the hierarchical levels (in terms of membership) meant instead that the foundation's board of trustees estab-

lished itself as an increasingly active player in the governance of the newspaper group, involving itself directly in issues, such as managerial appointments, election of board members to the subsidiaries, and the search for strategic partners (see below); issues that according to a strict reading of the ABL were to reside with the board of directors of the stock corporation. Add to this the externally induced pressures of a steadily falling circulation and a below industry average financial performance, and it is perhaps not surprising that the 1990s evolved into a “rather turbulent time”, as put by one of the board members interviewed in the study.

Concerning the governance of the newspaper group (from the perspective of the Barometern newspaper), the analysis has shown that the period at hand involved a number of significant shifts regarding the relative influence of the different hierarchical levels.

During the late 1980s, the TBAB chairman Peter Savin had arguably established the board of directors, or perhaps more correctly *himself*, as the nexus of power of the newspaper group.

The influence of the parent company board was further established in the configuration of the Sydostpress group, even despite the fact that a new group CEO was instated. (The latter was also dismissed by Savin).

During the years following the dismissal of Peter Savin as board chairman in 1992, the power appears to have shifted back to the CEOs of the three newspaper companies, a notion supported by the fact that it was one of these (B. F. Tollin) that was given the position as group CEO on a part-time basis. The decision had been actively propagated by the CEOs (the interview material). Clearly, the new leadership configuration put a damper on the various attempts initiated by Savin with regards to the coordination of the activities of the group. When set to find a replacement for Tollin in 1995, it was a conscientious choice by the SOP board (and in extension, the Barometern Foundation) to make an external recruitment, a decision that wasn't all together welcomed by the newspaper firms. Says one of the board members involved:

The whole idea was to find a replacement that could really *handle* the leadership and the finances, and that is exactly what happened. Lennebo had a completely different background, and there was quite a lot of talk, that we had recruited a butcher⁴², that sort of thing. (...) There was a resistance from the newspaper against being governed by a group management. And this attitude lasted for quite some time, and didn't end I guess until Lennebo removed the [subsidiary] CEOs and the corporations. The newspapers were fighting for their own identity and their own influence. (Interview)

As shown, the various measures towards centralization and coordination initiated by Lennebo, and continued by his successor Bennie Ohlsson, resulted in much criticism in the individual newspaper firms.

Also the relative influence of the newspaper company board was affected by the changes. Initially in the period, the board was dominated by members of the parent board. As a result, the primary role of the board appears to have revolved around financial control, and to make sure that the company performed according to budget. The actual decisions made would almost exclusively follow from the suggestion of the parent company chairman. During Lennebo's reign, the direct overlap between the parent company and the subsidiary boards was systematically decreased. As far as decision-making was concerned, however, this had little consequence for the Ba-OT board. Thus, the actual impact of the board was limited to providing a discussion forum for the management. The conclusion is supported by the fact that both departments and assets were systematically transferred from the subsidiary to other parts of the group. To this extent, the ultimate discontinuation of the subsidiaries in 2002 was the culmination of a process began some seven years earlier.

Regarding the objectives guiding the decision-making in the group, finally, it is evident that the various actions taken by the Barometern Foundation during the period at hand (not least in the election of board members, the appointment of executive managers, and the formulation of ownership demands) reflect an increased focus on the financial performance of the group. This is not to say, however, that the political rationale of the foundation had diminished. The foundation maintained a direct influence over all appointments to the chief editor and political editor positions during the period. Perceived deviations from the political guidelines provided by the foundation charter in the news coverage of the Barometern newspaper would throughout the period at hand be a recurrent feature during the meetings of the foundation's board of trustees, sometimes resulting in reproofs of the editorial management of the newspaper.

It may thus be concluded that even though Sydostpress would adopt many of the features and governance measures of a 'modern' business group with private commercial ownership (such as centralized production and down-sizing for the sake of rationality, the implementation of profit targets, and the appointment of professional managers), the particular configuration of the Barometern Foundation would also foster the preservation of a view of the press which very much resembled that embraced by its founding fathers back in the 1940s.

BORÅS TIDNING

THE SETTING

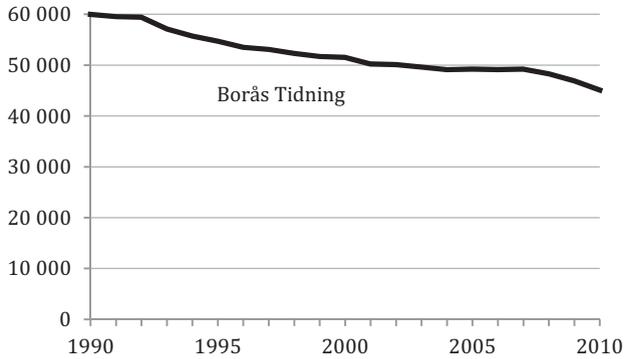
After a long period of a rapidly growing population, the circulation area of *Borås Tidning* had been stagnating since the 1960s. The trend continued during the period at hand. Between 1990 and 2005, the population of the larger Borås area (the 'Borås A region') remained fixed around 190,000 inhabitants. As far as the local economy was concerned, the industrial sector, and particularly the previously so prominent textile industry, continued to decline in terms of workers employed during the period at hand. Instead it was replaced by a more varied industrial structure, and an increasing dominance of the service sector (Berglund 2005b).

The Borås Newspaper Market

As shown in the previous chapter, the city's newspaper market had turned to a monopoly following the discontinuation of the social democratic *Västgöta-Demokraten* in 1986. The discontinuation had a positive effect on the sales of *Borås Tidning* (BT), which four years later could report a circulation of almost 60,000 copies. This made it the fifth largest provincial newspaper in the country. As it turned out, however, this would be the newspaper's ultimate high note as far as circulation was concerned. As was the case for the Swedish press at large, the 1990s would evolve into a decade of gradually falling sales volumes for BT. The circulation declined steadily, some years as much as four percent. By 2005, it had fallen below the 50,000 mark. This was its lowest figure since 1970.

General Development of AB Borås Tidning

The declining circulation was reflected in the revenues of AB Borås Tidning (ABBT), which after decades of rapid growth would develop with a much more moderate pace. The company's turnover increased from MSEK 113 in 1990 to MSEK 192 twelve years later. This equaled an annual growth rate of 3 percent, or 0.9 percent if the inflation is accounted for. Regarding the profits, the situation was less unsettling, however. During the period at hand, the annual profit margin (EBT) averaged 15 percent, exceeding the industry average with nine percentage points. To a considerable extent, the profits were not collected from the newspaper business, but on the stock market. Between 1990 and 2001, the revenues from the company's stock portfolio contributed with no less than three fourths of the accumulated profits. Some years, the portfolio accounted for more than half of the company's total assets. The steady profits, combined with a restrictive dividends policy, meant that the company became gradually more solidly

Figure 9.4 *The Borås Newspaper Market, 1990–2005 (circulation)*

funded. Thus, the P/E ratio increased from 55 to 75 percent between 1990 and 2002.

But the considerable investments in the stock portfolio also increased the corporation's exposure to the fluctuation of the stock market. As a result of the dramatic fall of the world's stock exchanges in 2001 and 2002, the value of the ABBT portfolio fell dramatically, resulting in a loss of MSEK 46 in 2002, the largest deficit in the history of the newspaper company.

Despite the increasing resources, ABBT would abstain from taking part in the restructuring of the Swedish newspaper market during the 1990s. Thus, the Borås Tidning group remained a two-item chain—as mentioned, the company had taken over the much smaller *Ulricehamns Tidning* in the 1940s. ABBT did, however, choose to involve itself in the newly deregulated radio market in the early 1990s. A local frequency covering the Borås area was acquired in 1993. Two years later, ABBT became one of three owners in a radio station in the city of Varberg on the Western coast. As far as revenues were concerned, the venture into the radio medium was a miscalculation. Having failed to attract sufficient incomes, the interests in the radio industry were sold in the late 1990s.

Since 1973, ABBT had employed a dual managerial model with one CEO and one editor-in-chief. Upon the 1992 retirement of Rune Larsson on the latter position, the editorial leadership was taken over by Jan Öjmertz, the newspaper's managing editor since the early 1980s. Six years later, Öjmertz was appointed CEO as well, thus replacing Leif Hedelin, the CEO since 1984. Consequently, the company chose to return to a so-called publisher-model, with one individual carrying the complete responsibility of both the administrative and editorial departments.

Since 1979, the *Borås Tidning* newspaper had been printed on an offset printing press located in a building adjoining the newspaper offices in downtown Borås. After years of preparations, the company inaugurated a new printing facility some seven kilometers outside the city center in 2002. At MSEK 200, this was the largest investment ever carried out by the newspaper company. The following year, in 2003, ABBT was merged with Sydostpress in Kalmar. The new corporation, which included six newspapers, was named Gota Media. As a result, ABBT was turned into a proper holding company, containing only the fifty percent shareholding in the new newspaper corporation.

Ownership

Since becoming the controlling shareholder of ABBT in 1980, the Wärenstam Foundation had continued to increase its ownership share in the corporation. In 1990, the foundation controlled 65 percent of the corporate shares. Between 1990 and 2005, the foundation would gradually increase its ownership interests to 83 percent.

Much like during the previous decades, the board of trustees of the Wärenstam Foundation continued to be characterized by stability as far as membership was concerned. By 1996, the four members (three regulars and one alternate) had held their respective positions for 23 years in average (resulting in an average age of the members of 73 years). Over the four years that followed, however, all four members were replaced, creating what was largely a “new” board of trustees. Regarding the changes made to the composition of the foundation during the period, the dominance of the management (or previous members of the management team) would gradually become less pronounced. In 1990, three of the four members and alternates were also members of the management team. Fifteen years later, there was only one manager left on the foundation’s board of trustees, the CEO and editor-in-chief Jan Öjmertz. The remaining members were recruited from outside of the newspaper staff. The long-established link to the Conservative party did nonetheless remain somewhat intact also after this ‘rejuvenation process’, as the chairman since 1980 and former conservative member of the Swedish parliament, Arne Svensson, was succeeded by another ex-parliament member, Lars Björkman, in 1998.

For the better part of the period, the involvement of the foundation in the operations of the newspaper company remained exceedingly limited.⁴³ The renewal of the board of trustees during the last few years of the 1990s would nevertheless result in a somewhat revised approach of the owner organization. In 1999, the “new” board of trustees engaged in a principal discussion concerning the future role of the owner organization. It was

declared that “issues of more significant strategic and financial importance for Borås Tidning such as printing press investments, will result in the involvement of the board [of trustees]” (3/1/99, extract from minutes). The statement would mark the beginning of a significantly higher meeting frequency of the board of trustees, rising from less than three meetings per year between 1990 and 1998, to almost five over the subsequent seven-year period. Apart from the explicit owner decree to merge the company with Sydostpress in 2003, the foundation would abstain from involving itself directly in the operations of the newspaper company.

The Shareholders’ Meetings

The steadily increasing dominance of the Wärenstam Foundation had no visible effect on the turnout of the AGMs. The meetings continued to attract around twenty of the corporations more than one hundred minority shareholders. As noted in the previous chapter, the AGMs of the 1980s had occasionally included criticism from minority shareholders aimed at both the management—including the editorial leadership—and the main owner. Similar comments would be made also during the 1990s. One recurrent point of criticism concerned the political stance of the newspaper and its relations to the Conservative Party. On at least three occasions (in 1996, 1997, and 1998) there were statements of individual shareholders criticizing the newspaper for not “reflecting the modern and social-conservative currents in of the Conservative Party” (5/14/96), the absence of *BT* reporters at events arranged by the party organization (5/14/96, 5/14/97) and that the editorial page had been opened up to for the “opposition to state its views” (5/13/98). On all these occasions, the integrity of the newspaper was defended by the editor-in-chief.

In addition to these comments concerning the political affiliation of the newspaper (or rather the perceived lack thereof), there was also criticism of a more significant nature. This came from the biggest minority shareholder, the major textile corporation Borås Wäfveri (which controlled ten percent of the shares) and its owner-manager Lars Mauritzon. As mentioned, a line of confrontation between the two largest shareholders had been established already during the 1980s. At the AGM of 1995, Mauritzon presented a number of demands, including the forming of a holding company and an increasing presence of the local industry on the board of directors. He also threatened to enforce the appointment of a so-called minority auditor, which would be entitled to perform a parallel audit of the corporate affairs on behalf of the minority shareholders (5/19/95, extract from minutes).

The discord regarding the governance of the company was resolved in 1997, as a decision was made by the foundation to try and buy out the

textile company. After some negotiations, Mauritzon approved to sell (the interview material). However, since it was unable to finance such a venture singlehandedly (the value of the shares was approximately MSEK 25), the foundation made an arrangement with Sydostpress, in which the Kalmar company acquired half of the stocks in question (i.e. five percent). In return, ABBT bought seven percent of the shares in Sydostpress AB. This created a cross-ownership between the two groups, a condition that foreboded the complete merger some five years later.

THE BOARD OF DIRECTORS

Since the founding of AB Borås Tidning in 1898, the board of directors had had five regular and two alternate positions elected by the shareholders. In 2002, however, the two alternate positions were transformed into regular positions. As long as ABBT was an operative newspaper company (i.e. until 2003), the board also included two regular members and two alternates representing the union clubs.

Composition and Characteristics

Regarding the composition of the board during the period at hand, a few important changes are worth mentioning. Firstly, however, it should be noted that the relative stability regarding the board's configuration continued also during this final period. To a considerable extent, the board members, once elected, were allowed (by the Wärenstam Foundation) to stay on the board until they chose to retire. Between 1990 and 2003, the average tenure of the regular board members would thus vary between nine and fifteen years.

Throughout the 1980s, there had been a considerable overlap between the main owner and the company board as far as membership was concerned. Starting in the beginning of the 1990s, however, the presence of the main owner would gradually decline, as members representing the Wärenstam Foundation when retiring from the board of directors were replaced by external recruitments. From 1993 onwards, the number of representatives of the main owner was thus limited to either one or two. Also the overlap between the chairman positions of the two organizations would eventually come to an end. Since 1983, these positions had been held by Arne Svensson. When retiring from the ABBT board in 1993 (at the age of 70) Svensson had argued for the separation of the two positions: "*it wasn't a good combination,*" he says, "*because you have a responsibility in both directions, as owner as well as an administrator of the newspaper*" (interview). As Svensson's replacement, the board elected the member representing Borås Wäfveri, Erik Anell. According to Svensson, the decision was a deliberate

measure by the foundation to appease the minority shareholders (interview).

Also the political presence on the board would continue to decline. Even though the board as late as 2003 included members with an outspoken Conservative affiliation, the days of active politicians on the board of directors had come to an end. To this extent, the external members that were recruited to the board were done so on more professional grounds. This included members with actual industry experience; a competence previously not prioritized as far as the ABBT board was concerned.

Structure and Processes

Throughout the period at hand, the ABBT board of directors was summoned to either five or six regular meetings each year. This was an increase compared to the 1980s, during which the annual average was four meetings. Additionally, a total of twelve extra meetings were held, taking the total number of board meetings between 1990 and 2003 to 81. Among the issues handles during these extra meetings were the process of appointing a new CEO in 1998, the handling of the new press investment a couple of years later, and of course, the merger with Sydostpress in 2003. The attendance of the members remained high throughout the period, averaging over ninety percent among both the regular members and alternates. The meeting minutes were taken by a co-opted secretary and approved by the chairman along with two other members, one shareholder-elected, and one union representative.

The increasing meeting frequency was matched by a gradual increase in the financial remuneration of the board members. Between 1990 and 2003, the joint annual board fee was raised from TSEK 38.5 to TSEK 152. Even with accounts taken to the general inflation, this corresponded to an increase of almost 200 percent.⁴⁴

Despite the noticeable activation of the board of directors following the demise in 1980 of the owner-manager, Tore G. Wärenstam, ABBT had remained a company largely dominated by the management. The board had, with the words of one of the external members, “*to a considerable extent [continued to be] an organ that received reports*” (interview). But during the final years of the 1980s there had been signs of an increasing involvement of the board in the operations of the newspaper firm. To considerable extent, the development had been spurred by the growing presence of external board members. This notion is confirmed by Jan Öjmertz. Having been one of the first union representatives to join the board in the early 1970s, he returned to the board as an alternate in 1992, this time as editor-in-chief:

It was a new type of board. The old board (...) was Wärenstam's orchestra. It was a group of people who would show up to attend the meeting and then be treated to a nice dinner, only confirming the activities carried out by Wärenstam, so to speak. (...) The new board was more professional, more alert. Now there were people there, even though there had been such people also on the old board, that had great experience from boards in other businesses, and that were reasonably informed when showing up to the meetings. (Interview)

As the ensuing accounts will show, the signs of a more active board would become even more pronounced over the years that followed.

THE BOARD AGENDA

Up until the 2003 merger with Sydostpress, the board of directors of ABBT continued to carry the legal responsibility of the activities of the newspaper corporation. After the forming of Gota Media, however, the 105-year-old newspaper stock corporation was turned into proper holding company without any operative obligations. For this reason, the following analysis is limited to the period 1990 to 2003.

Handling of Legal Duties

Much like during the previous periods, the recurring legal duties of the board continued to be carried out in a systematic and undisputed fashion. The board's proposal for annual reports were put together by the CEO and approved each year (around March) without any noticeable objections from the board. Regarding firm signatories, the right to represent the corporation legally had traditionally been given by the board to the chairman and the CEO respectively. In 1995, however, and apparently as an expression of the criticism of the incumbent chairman's handling of the CEO's financial compensation (see below), the chairman was stripped of this right. From that year forward, it was thus stipulated that the chairman had to be joined by another board member when signing contracts on behalf of the newspaper corporation.

As mentioned, an addition to the Swedish Companies Act in 1999 enjoined Swedish stock corporations to establish a formal work description of the CEO and the board of directors. As far as ABBT was concerned, the duty to write this document was given to the CEO (correspondence Jan Öjmertz). The contents of the document only confirmed the long-established *modus operandi* of the newspaper firm (12/16/98, appendix).⁴⁵ Regarding the CEO's legal duty to handle the day-to-day operations of the corporation, the

document did, however, include the restriction that investments exceeding TSEK 50 required the approval of the board. The following year the limit was raised to TSEK 200. Apart from this extension of the CEO's freedom to manoeuvre regarding investment issues, the document remained largely unaltered throughout the remainder of the period.

Handling of Profits

Given its position as the controlling shareholder, the Wärenstam Foundation was able to dictate the level of dividends paid out to the shareholders. Between 1990 and 1995, the annual dividends were gradually increased from MSEK 0.9 to MSEK 3.75 (of which approximately two thirds ended up with the foundation). As far as the foundation was concerned, the greater part of the dividends received was used to finance the acquisition of additional ABBT stock.⁴⁶ In 1997, the largest minority shareholder approved to sell its shares in the company to the foundation. Lacking the assets to carry out such a venture, the foundation forced through a dramatic increase in dividends, resulting in 36 MSEK being paid out to the shareholders over the next three years (1997–99). After this, however, the dividends were gradually returned to a more 'normal' level—or MSEK 1.8 by 2003.⁴⁷

An Expected Succession of Generations

In June of 1990, Rune Larsson, the editor-in-chief of *Borås Tidning* since 1973, informed the board of his upcoming retirement in 1992, also proposing that "the question regarding his successor should be treated in good time" (extract from minutes). The board commissioned the chairman (who was also the chairman of the Wärenstam Foundation) and the CEO to handle the issue (6/20/90). Almost a year later to the day, it was proposed that the position be offered to the newspaper's managing editor, Jan Öjmertz. The board was informed that the issue had been settled informally with the union clubs. The position had not been publicly advertised. The proposition attained the undivided approval of the board, which added in a formal statement that "it [was] good with internal recruitments".⁴⁸ In a special declaration by Rune Larsson, Öjmertz was described as "the right person [...] to preserve the tradition and spirit of *Borås Tidning*" (ibid.). Öjmertz, who was 46 years old, had joined the newspaper in 1966.

A Controversial Bonus Agreement

For decades, the contracts and wages of the executive management of ABBT had been handled by the board chairman, without the involvement of the other board members.

During the spring meeting of 1995, however, the board chairman informed the board of a bonus agreement established the previous year between himself (on behalf of the company) and the company CEO, Leif Hedelin. At this point in time, there had come to be a clear separation between the owner organization and the newspaper board as far as membership was concerned. With the exception of the CEO, who was an alternate of the Wärenstam Foundation's board of trustees, the TBAB board of directors no longer included any members of the foundation. The chairman, 71-year-old Erik Anell, was the finance director of Borås Wäfveri, the largest minority shareholder of the newspaper corporation.

The agreement entailed that the CEO would be entitled to a financial bonus, should "the value of the company increase by more than 50 % over five years" (3/23/95, extract from minutes). The information of the agreement took the other board members by surprise. The reaction was exceedingly critical: "*The agreement was tied to the development of the [ABBT] share, a share that wasn't on the stock market. It was traded internally, and who handled that, if not [Hedelin] himself*", says one of the external members interviewed. The duties of Hedelin as alternate of the Wärenstam Foundation's board of trustees included the administration of the foundation's acquisition of ABBT shares.⁴⁹

Two months later, the board was summoned to an extra meeting, devoted in its entirety to the bonus agreement (5/18/95). To this meeting, the union clubs had written a statement in which the actions of the chairman were condemned, and a demand was forwarded that the agreement be annulled.⁵⁰ The meeting resulted in a decision that the chairman be bereaved of the privilege to handle all bonus matters singlehandedly. Additionally, the board decided to appoint a committee with the mission to present a solution as to how the board "could reach a consensus between the diverging opinions" (extract from minutes). The committee was to consist of the chairman, the CEO, and one of the externally recruited board members.

When meeting again a few weeks later, the board was informed that the CEO had annulled the bonus agreement (6/20/95). Though not recorded in the minutes, the decision had followed from an ultimatum from some of the external board members that he would otherwise be relieved from his position (the interview material). "*We even demanded of the foundation that [the chairman] be relieved from his duty, that he should have to go directly*" says one of the shareholder-elected board members, "*but the foundation did not want that, and let him stay until [the annual shareholders meeting, a year later]*."⁵¹

A major concern of the board, frequently rendered in the meeting minutes, was that the implications of the bonus agreement remained within the

confines of the boardroom. Though the staff was informed of the *existence* of the agreement, its actual contents remained undisclosed: “*It still surprises me*”, says one of the other board members of the time: (...) *that this very critical situation in the management did not leak out. There were staff representatives on the board and they were carrying very loaded weapons, but it remained within this limited circle*” (interview).

The general mistrust of the staff vis-à-vis the CEO would be a recurrent topic in the boardroom during the subsequent twelve months or so. In October of 1995, the board decided to appoint an external consultant to find a solution to the discord (10/20/95). Five months later, the duty was taken over by a special task force, commissioned by the board, consisting of the CEO, the editor-in-chief, representatives of the staff and an external board member. A memo from the group’s work was presented to the board in April 1996 (4/17/96). It proposed that the “main task” of the CEO be financial control. Thus, it was proposed that in order for “the portfolio management to require less of the CEO’s daily activities”, the sole responsibility of the CEO to handle the stock portfolio of the company be terminated (see below). Additionally, it was suggested that the “information flow” within the company be improved, and that frequent meetings between the CEO and the union representatives were institutionalized (4/17/96, extracts from memo). The board decided accordingly.⁵²

But the position of the CEO continued to be questioned, also after the issue had left the formal board agenda. And finally, in October 1998, the board decided to relieve Hedelin from his duty as the company’s executive manager, and instead offer him the job as the administrator of the company’s stock portfolio (10/21/98). The deal had been initiated by the external members of the board, and settled in talks between Hedelin and the board chairman (the interview material). Prior to being presented to the board, the deal had been approved by the Wärenstam Foundation.

As a direct consequence of the conflict regarding the bonus contract of the CEO, the board decided in June of 1996 that the current contract with the CEO should be presented annually to the board (6/19/96). The following year, the new procedure was extended also to the contract of the editor-in-chief (6/18/97). The contractual arrangements of the CEO and the editor-in-chief remained an annual board item throughout the remainder of the period.

Bringing Back the Publisher-Model

For the first time in almost two decades, the board had thus to engage itself in a search for a new CEO. A first discussion, involving “different models for a future leadership structure” (extract from minutes) was held during an

extra meeting in November 1998 (11/10/98). Around this time, a number of Swedish newspaper companies had chosen to resort to the one-leader system, in which the positions as CEO and editor-in-chief were given to the same individual. The trend had not passed the ABBT board unnoticed: “*There was a kind of modernity, a kind of youthfulness in that solution*”, remembers one of the board members (interview). Thus, the idea of offering the position as CEO to the newspaper’s editor-in-chief, Jan Öjmertz, was raised by some of the board members. When meeting again some two weeks later, it was decided to implement a model with one “newspaper director” (*tidningschef*) with the overriding responsibility of both the stock corporation (as CEO) and the editorial department (as responsible editor) (11/23/98). On December 16, 1998, the board decided to offer the position to Jan Öjmertz.

Though not revealed in the minutes—indeed, the handling of the recruitment process were rendered only briefly—there were some concerns regarding this solution, not least because of the fact that Öjmertz wasn’t a business administrator, the background traditionally associated with CEO positions. Therefore, it was decided that the management team be expanded with a ‘market-oriented’ deputy CEO. The recruitment of the deputy CEO—the position was publicly advertised, resulting in an external recruitment—was handled by the new CEO without any direct board involvement.

Regarding the process of recruiting a new CEO, it is noticeable that the issue had been handled by the board without the direct involvement of the Wärenstam Foundation. The appointment established Öjmertz as the key figure of the newspaper corporation. Having been a member the ABBT board of directors since 1996 and of the foundation’s board of trustees since 1997, Öjmertz—apart from being the newspaper’s responsible editor—was now a member of the three highest levels of the corporate hierarchy.

Financial Control

Despite relatively well-developed reporting procedures, the board of the 1980s had exerted a rather passive monitoring of the financial status and performance of the newspaper company. Annual operating budgets had been introduced as late as 1989 and only after a request from the largest minority shareholder. The following year, the operating budget was complemented by an annual investment budget. This time, the introduction followed from a request by one of the union representatives on the board (1/23/90).

Regardless of the new control measures, the board’s influence over the budgets (apart from the formal approval) remained limited. All annual budgets presented by the management (i.e. the CEO) during the period

were approved without alterations. Furthermore, it would take until 1995 before the budgets were actually sent out to the board members in advance. Once again, the new directive followed from a request from one of the union representatives (5/19/95). Despite not originating from the shareholder representatives on the board, the increasing control measures were all parts of a general trend involving the board taking a more active role concerning the financial performance of the company.⁵³ Nonetheless, the ABBT board of directors, as well as its principal, the Wärenstam Foundation, would continue to abstain from formulating a formal request regarding the profit levels expected of the newspaper corporation.⁵⁴

Since the 1950s, a growing part of the company's assets had consisted of investments in the stock market. The trend intensified following the appointment of Leif Hedelin as the new CEO in 1983. Although the minutes provide evidence of a somewhat more active board regarding investment strategies, something that appears to have been spurred by the entrance of new external board members, the overriding responsibility to handle the company's stock portfolio remained with the CEO. The news of the controversial bonus agreement of the CEO (which at least indirectly was tied to the company's performance on the stock market) in 1995, would nevertheless mean that the board took a firmer grip of the market portfolio of the company. Following the request of the board, an investment strategy was presented by the CEO in March 1996, and approved by the board of directors (3/19/96). The following month, the board decided to form a so-called finance committee consisting of the CEO and two other board members—one shareholder-elected and one representing the unions—which was to be responsible for the company's market portfolio. The decision was caused by a demand from the union clubs that the CEO was parted from the responsibility of handling the market portfolio (4/17/96).

When Hedelin was relieved from the CEO position in 1998 his duties were limited to the management of the company's financial assets. Two years later, the new CEO, Jan Öjmertz, was commissioned to establish instructions for a more thorough reporting procedure concerning financial investments, and, together with one of the board members, investigate a possible coordination between the portfolio management of ABBT and that of the subsidiary UT. Both actions came after requests from individual board members (12/15/00). The following year, the CEO was commissioned to revise the investment strategy together with two of the external board members. This time, the action followed from a suggestion from one of the company's accountants (6/15/01). The new strategy was approved the following year (3/22/02).

Board Involvement in the Newspaper Business

As the previous chapters discussed, the board of directors had rarely, if ever, made decisions directly pertaining to the operative management of the newspaper firm. Throughout the 1980s, the board's involvement in the development of the newspaper business had been limited to reporting of recent sales figures and information on sales efforts initiated by management. During the 1990s, these pure information points were complemented not only by more thorough discussions regarding suitable market efforts, but also by recurring decisions and decrees from the board directed at the executive management. A first example occurred in January 1990, when the management was commissioned to present an analysis regarding the increasing presence of free local weeklies published in various parts of the newspaper's circulation area (1/23/90). As far as can be judged by the meeting minutes, this type of specific assignment was a novelty as far as the ABBT board was concerned.

To a considerable extent, the more active board coincided with the shifting market conditions of the firm. After decades of more or less unbroken expansion, the circulation of *BT* began to decline in 1992. The drop would continue throughout the rest of the period. In 1993, after the first year of falling circulation, a proposed "major" advertising campaign directed at both readers and advertisers was presented to the board by the CEO. It was approved, providing it was kept "within reasonable financial limits" (10/22/93, extract from minutes). Also this was a 'historic' decision, in as much as it was the first time that an individual market effort was brought to the boardroom for prior approval. Two years later, the management was commissioned to present an action plan on how to come to terms with the falling circulation (12/14/95). Similar requests were issued in 1999 and 2002 (3/24/99; 6/14/02).

Also regarding the financial performance of the corporation, the board would gradually become more involved. As a result of a slump in the profit level for the year of 1989, and indeed the general recession of the national economy, the board decided on a number of cost saving measures, including a temporary hiring stop, a retrial of approved investments, and the implementation of firmer format rules. The board also decided to implement an extra raise of subscription rates (10/24/90). Three months later the management was commissioned to investigate a possible lowering of the company's distribution costs. The decision followed after criticism from two of the external board members, who found the distribution costs to be too high (1/23/91).

Nevertheless, the various measures initiated by the board to increase the company profits were generally limited to sales-improving efforts. One of

few signs in the minutes concerning the resources dedicated to the editorial department is from March 1995, and the presentation of the annual report for the previous year. As compared to 1993, the 1994 fiscal year had resulted in a 35 percent drop in the profit level, caused, in part, by costs accrued by the editorial department. The increased spending was defended by the editor-in-chef, who, according to the minutes, stated that it was important that the company “follows the technical development and doesn’t impoverish the product”, also adding that there were “market reasons to be generous with editions and color images” (3/23/95, quoted in the minutes).⁵⁵

In June 1996, as a result of a new drop in the operating profit, described in the minutes as “alarming”, the management was commissioned to present yet another action-plan (6/19/96). The plan resulted in a decision to implement cost cuts of MSEK 10 (equaling seven percent the total annual costs). The cuts included a gradual lowering of the staff from the current level of approximately 173 (in 1995) to 155 by 1999 (9/16/96). The following month, the requested cuts were extended with another MSEK 2.5, equaling five staff positions (10/24/96).⁵⁶

Involvement in Editorial Issues

Concerning the activities of the editorial department, the board would be recurrently informed of the more important measures taken by the editorial management, including, for instance, the launching of special editions (10/22/91, 9/9/99), the relocation and establishment of new local offices (12/15/94, 10/18/99), and overhauls of the graphical layout of the newspaper (3/26/97, 2/2/00, 6/20/00). In all these cases, however, the board’s involvement ended at the information stage.⁵⁷

A distinct feature regarding the governance of ABBT, dating back as far as the 1950s, was the absolute absence of content-related issues on the board agenda. According to Jan Öjmertz, editor-in-chief between 1992 and 2010, the absolute autonomy of the responsible editor in relation to the board remained during this last period of the study:

[The performance of the editorial department] has never created any problems for me in relation to the board. I think it was a legacy of the Wärenstam days, that ‘what’s in the newspaper is none of your damn business, so don’t come talking about it’. (...) Now and then, there would be *comments*, during coffee breaks and so on, and I guess there were some [board members] that had an opinion on things that concerned the content of the newspaper. But that was very easy for me to parry, by saying ‘call me tomorrow and we’ll talk about it then’. There is a very high wall of integrity concerning

these issues, which has made it very easy for me as editor-in-chief and responsible editor to be a member of the board. (Interview)

A manifest reflection of the clearly defined division of power between the board and the editorial management was the undivided privilege of the editor-in-chief to compose the editorial management team. If informed of changes to the composition of the leadership of the editorial department, the board was only done so *ex post*. There was, however, one important exception to this procedure. In 2000, the board decided that the pending appointment to the position as political editor had to be preceded by the board's approval (in practice this veto right was delegated to the board chairman) (3/22/00). The political editor was the leader of the political department and as such "responsible for the political views of the newspaper and its position in all political issues" (6/18/91, extract from minutes). In this context, it is also worth noting that main owner, the Wärenstam Foundation, maintained the right to be informed in advance regarding changes to the leadership of the political department (11/17/94). This, at least potential, sign of active ownership influence, which followed from a foundation decree established in 1994, is the only visible example of the foundation involving itself in the operations of the editorial department during the period at hand. Consequently, it is also the only clear expression of its duty to enforce the bylaws by which it is obligated to act.

Investments

Since the early 1980s, the company's investments in machinery, computers, software, etc., had been handled more or less autonomously by the CEO, rarely reaching the boardroom prior to being implemented. As mentioned, however, the board decided in January 1990 to introduce a formal annual budgetary system for the company's investment needs. The new procedure meant that the process of handling investments was put under the direct formal supervision of the board of directors. Though never opposing any of the investments proposed during the period, on a couple of occasions it did nonetheless happen that a proposal was sent back for further calculations prior to gaining the board's approval (e.g. 12/15/94, 12/18/96).

The dominating investment issue of the period concerned the long-term production arrangements of the newspaper. Going in to the period at hand, *Borås Tidning* was printed in the BT building in downtown Borås. The printing press had been inaugurated in 1979. The first recorded board discussion regarding the production of the newspaper took place in June 1990. It was decided to investigate a possible expansion of the newspaper's current offset printing press. The aim was to "facilitate the dramatically

increased demand for four-color [printing]" (6/20/90, extract from minutes). The issue was settled, at least for the time being, by an opportunity in 1992 to buy a used printing press from a Danish newspaper company gone bankrupt (12/10/92). The printing press was used to expand the current machine.

After this, it would take six years before the issue returned to the board agenda. In February of 1998, the printing arrangements were discussed during a special board seminar. The reason, once again, was the growing need to print more color pages (2/4/98). The seminar ended with the management being commissioned to present a number of possible courses of action, ranging from an investment in a whole new printing facility to the renting of the printing from another company. Thus began a process that would dominate the board agenda over the next four years.⁵⁸ By October 1999, offers had been collected from various printing press manufacturers and an investment budget had been established. The CEO was commissioned to continue on two parallel tracks: to negotiate with two frontrunners in the procurement process, and to uphold talks with Bold (the printing company of the Bonnier Group, which ran a printing plant in Jönköping) and Göteborgs-Posten, the two potential companies feasible for contract printing (10/18/99).

The decision whether to rent production capacity from another newspaper company or to invest in a whole new printing factory, is described by the board members interviewed as the perhaps most critical board issue during the period. The issue divided the board. Even though the former option was associated with a much lower financial risk (and also somewhat lower operation costs), the proponents of an own printing factory pointed out the symbolism of the issue:

Borås Tidning is an authority in this town, a big player, and very much a symbol of Borås. If we were to print the newspaper in Jönköping or Göteborg, to give up on this opportunity, that just wouldn't feel right. (Interview)

Finally, in December 1999, the board made a unanimous decision that a new facility be the main track (12/17/99).⁵⁹ Two months later, the board decided to accept an offer from the German press manufacturer Koenig & Bauer concerning a MSEK 57 printing press, to buy the necessary land from the city of Borås, and to prepare for the construction of the new printing factory. Additionally it was decided that one-third of the investment sum should be financed with the company's own capital and the rest by loaned money (2/2/02). However, when the planning for the new printing factory

was well under way, the board was briefed on a whole new opportunity, involving plans of a possible joint-venture with the Bonnier Group (Bold), which, following a recent decision to close down its printing factory in Jönköping, was looking for a new place to produce its newspapers. The deal had been negotiated by the CEO. It was constructed so that the printing business was incorporated into a new printing company co-owned by Bold and ABBT. The company would rent the printing factory from ABBT. The deal, which entailed that a number of Bonnier owned newspaper would be printed in Borås, would result in “dramatically increased” production volumes, however. Thus, a preliminary order for an addition to the printing press had been made (10/25/00). The joint venture was formally approved by the board during an extra meeting the following month. Additionally, it was decided to go through with the planned extension of the printing press (11/29/00).⁶⁰ The new facility was inaugurated, as planned, on June 1, 2002. The total cost for the whole investment, in land, machinery, and building, amounted to approximately MSEK 200 (5/13/02).

Staff Issues

Traditionally, staff-related issues (recruitments, wage negotiations etc.) had been handled by the executive management. This procedure would continue throughout the remainder of the analysis period. For instance, in 1992, the board was informed, *ex post*, of a major reorganization involving the advertisement and editorial departments (10/22/92). A reorganization of the local offices was handled in similar manner in 1999 (10/19/99).

As previously mentioned, the second half of the 1990s were marked by the disgruntlement of the staff vis-à-vis the CEO, a circumstance that in various ways ended up on the board’s table. During these discussions, the union representatives had been very active, and also able to force through most of the demands presented. Apart from this isolated incident, however, staff issues continued to be a non-issue as far as the board of directors was concerned.

Ventures into New Media

Since the founding of ABBT in 1898, the stock corporation had more or less exclusively been devoted to the newspaper medium. In March 1991, however, the board was informed by the CEO of the development towards a deregulation of the radio market. Talks had been carried out with a number of other newspaper companies regarding a possible joint-venture, should the monopoly be lifted. Having concluded that the “discussion was far too interesting to ignore”, the board commissioned the CEO to continue to represent the newspaper in the ongoing talks (3/19/91, extract from min-

utes). A couple of months later, the board commissioned the CEO to enter the consortium on behalf of ABBT. As it turned out, this would be a significant decision; from this time onwards, the newspaper's involvement in the radio industry would be a recurrent feature during the board meetings of the entire 1990s.

The formal government decision to open up the radio market for private actors was taken in 1992. Not long after the passing of the new law, the board gave the CEO the go-ahead to bid on one of the local frequencies in the Borås area, a venture that according to the CEO implied a total risk-taking of MSEK 6–8 (12/10/92). The decision was unanimous. The involvement in the new medium was described by the CEO as the “most natural way” to expand on the local market” (quoted in minutes). To this extent, the prime motive behind the involvement was to secure the company's dominance on the advertising market (3/24/93).⁶¹

In October 1993, the board confirmed its previous decision to partake in the upcoming frequency auctions. It chose specifically not to establish a maximum bid (10/22/93). Two months later, one of the two concessions dedicated to the Borås market had been acquired. The price, MSEK 1.65, was “considerable higher than expected” (12/10/93, extract from minutes). Having been informed of the development, the board decided, once again unanimously, to go through with the establishment of the station. Thus, two and a half years after the first discussions had occurred in the meeting minutes, ABBT was the owner of a new radio station.

Regarding the process leading up to the decision, it is clear that it was the CEO, Leif Hedelin, who had been the driving force. The minutes include no signs of skepticism concerning the investment, nor had any board members been a part of the handling of the venture. “*I guess you could say that Hedelin managed to convince the board of the proposals that he presented*” says one of the board members: “*I cannot remember any conflicts regarding investment or strategic issues in the company*” (interview). In hindsight, says another member, the mistake “*was that we appointed newspaper people to do radio*” (interview).

The station began broadcasting on January 17, 1994. The first reports, presented by the CEO a couple of months later, indicated that the ad sales had “started out relatively slow” (3/23/94, quote in minutes).⁶² Thus, the first year of operations ended with a loss of approximate MSEK 3.9 (12/15/94). In December 1995, the CEO informed the board that ABBT, together with two other newspaper companies, had purchased a second frequency (in the city of Varberg). The primary reason was to “hinder someone else from broadcasting”. Thus, it was not decided whether to start a station (12/14/95, extract from minutes). As far as the minutes are con-

cerned, the acquisition had not previously been handled by the board. The radio station did indeed materialize, with ABBT owning 30 percent of the new company.

Reports on the financial troubles of the radio business would continue to be presented in the boardroom throughout 1995 and 1996. However, it would take until March of 1997 until the viability of the involvement in the medium started to appear in the meeting minutes of the board (3/26/97). Three months later, the CEO presented “a number of possible future scenarios” for the radio station. Having “expressed a great hesitation towards continued operations” the board commissioned the CEO to either sell or discontinue the station (6/18/97, extracts from minutes).⁶³ Thus, in December 1997, the board was informed that the station had been sold (to three national radio networks). The purchase sum was MSEK 2. (12/16/97). Three years later, the CEO (now Jan Öjmertz) informed the board that also the minority commitment in the Varberg station had been discontinued (3/22/00). The action had not been preceded by a board decision.

In a process parallel with the involvement in commercial radio, the issue of a possible engagement in the internet would find its way to the board agenda. Also in this case, the initiative came from the CEO, whom in December, 1995 proposed that the board assembled for a seminar devoted to “IT” (10/20/95). The following June, the board was updated on the process of establishing a website for the newspaper (6/19/96). After this, however, issues concerning to the online activities of the newspaper company would appear only briefly in the meeting minutes, and only as information items. All in all, the general impression is hence that the board (up until the 2003 merger with Sydostpress) devoted relatively limited attention to the new medium. The engagement was handled rather independently by the operational management of the company.

Co-Operation with Sydostpress

The lack of ‘Internet issues’ on the board agenda is partly explained by the fact that the development of the newspaper’s website was handled in a separate company. In May of 1997, the board was informed of an initial contact with the management of Sydostpress regarding a possible cooperation concerning the development of online services. The talks coincided with the cross-ownership between the two firms carried out this year (see above) (5/14/97). The negotiations, in which ABBT was represented by the CEO and the editor-in-chief, resulted in a letter of intent that won the board’s approval in June of 1997 (6/18/97). A few months later, a designated company aimed at developing the Internet services of the two groups was formed. The board approved that ABBT became a 25-percent owner

(10/22/97). Having fulfilled its purpose—“a functioning internet department” for the groups’ respective newspapers—the company was dissolved in 1999 (6/23/99, extract from minutes).⁶⁴ Nevertheless, the cooperation foreboded the merger between the two groups some three years later (see below).

Handling of the Role of Parent Company Board

In previous periods, the subsidiary newspaper company Ulricehamns Tidning (UT), had rarely appeared on the agenda of the ABBT board. The limited involvement in the operations of the subsidiary would continue during this last part of the study. Decisions of more significant nature concerning the subsidiary, among them being a 1990 merger between the UT printing business and another firm, the 1997 format change from broadsheet to tabloid, and changes in the executive management in 1998 and 2001, were taken without the prior consent of the parent company. The subsidiary also remained responsible for the establishment of its own budgets.

There are nevertheless a few signs indicating that the ABBT board chose to play a somewhat more active role vis-à-vis the subsidiary during the period. In 1998—for what appears to be the first time as far as the recorded decisions are concerned—the ABBT board commissioned the subsidiary board to present an action plan due to falling profit levels (3/25/98). The previous year, the CEO, the editor-in-chief, and one additional board member of ABBT (the latter was also a member of the UT board) had been assigned to investigate possible areas of coordination between the two newspapers. A preliminary report was given in June, 1997 (6/18/97). A similar report was presented some four years later (5/11/01).⁶⁵ As far as the minutes are concerned, however, no specific decisions were taken by the board as a consequence of these investigations.

CONCLUSIONS

As shown in this chapter, the Wärenstam Foundation would systematically continue to increase its ownership in the newspaper company. Following the acquisition of the shares held by Borås Wäfveri in 1997, the supremacy of the foundation was more or less absolute. Nevertheless, the period at hand included a number of notable changes regarding the internal power distribution of the newspaper company. As Chapter 8 discussed, the 1980s had been characterized by a considerable overlap between the ownership, board and management levels of ABBT, resulting in a governance structure largely dominated by the managers of the firm. As a result of the retirement of a number of long-time key position holders during the first half of the 1990s, however, the three levels would gradually become increasingly distinct.

As far as the board of directors was concerned, this resulted in an increasing presence of externally recruited members, with ties to neither the Wärenstam Foundation nor the management team of the company. Though not affecting the general agenda of the board, which remained dominated by reports presented by the management, the increased autonomy of the board would make its mark on the handling of the more critical events facing the board during the 1990s. Two issues stand out in particular. The first concerned the handling of the CEO's bonus agreement, which came to the board's knowledge in 1995. Both the abolition of the agreement, and the ultimate decision a few years later to relieve the CEO from the position were enforced by the external members of the board. The second issue involved the process leading up to the decision to invest in a whole new printing facility for the newspaper corporation. When the decision was made in 2000, 25 years had passed since the previous decision to invest in a new printing facility (see Chapter 8). When comparing the handling of the two projects, it is clear how the role of the board had changed. Unlike the previous occasion, when the whole investment process was handled more or less exclusively by the then owner-manager Tore G. Wärenstam, this was an example of an issue that was "owned" by the board of directors and handled independently vis-à-vis both the owner and the executive management.

Concerning the overriding objectives of the newspaper corporation, finally, the perhaps most notable feature was the fact that the owner would continue to refrain from establishing any formal profit targets for the newspaper company. Despite a gradual rise in stockholders' dividends, which as far as the Foundation was concerned to a considerable extent were used to finance the continuing acquisition of ABBT shares, the vast majority of the profits accrued during the period at hand were reinvested in the corporation. Regarding the implications of the political rationale of the foundation, the political affiliation of the newspaper would continue to diminish during the 1990s. This was reflected, not least, in the composition of the board of directors, which no longer included any active politicians. Of the six new board members recruited during the period, none was done so on political merits. The involvement of the owner concerning the opinion making function of the newspaper was thus limited to the formal approval of the appointment to the position of political editor.

GOTA MEDIA

In 2002, a decision was taken to merge the newspaper businesses of Sydostpress AB and AB Borås Tidning into a single corporation. The new com-

pany was called Gota Media and began operations in September of 2003. As a result of the merger, the two former newspaper companies were transformed into holding companies comprising nothing more than the shareholdings in the new firm. Gota Media included five newspapers with a joint circulation of 180,000. This made it the sixth largest newspaper chain in the country. Between 2003 and 2005, the joint turnover of the group increased from MSEK 727 to MSEK 786, the profit margin (EBT) from 4.5 percent to 10.3 percent, and the debt/equity ratio from 49 percent to 53 percent. The number of employees dropped from 690 to 672.

BACKGROUND AND NEGOTIATIONS

The increasingly competitive environment of the Swedish newspaper companies during the 1990s resulted in an increasing activity among the owners on the newspaper market. A number of major structural affairs were carried out, resulting in fewer but larger newspaper groups (Gustafsson 2006). In Sydostpress, an attempt to expand the newspaper group had been intensified by Reinhold Lennebo, who assumed the position as group CEO in 1995.

The ambition to actively try and grow by means of mergers or acquisitions was established in a policy document adopted by the owner of the newspaper group, the Barometern Foundation, a few years later (a document initiated by Lennebo; see above).

During the second half of the 1990s, Lennebo engaged the company in a number of negotiations concerning possible 'strategic alliances' (see Djerf-Pierre 2009). In these discussions, the company was represented by various members of both the foundation's board of trustees and the parent company board of directors. Nevertheless, it was the CEO who was the driving force (the interview material). None of the negotiations materialized, however, the primary reason being the particular ownership conditions established by the Barometern Foundation's charter. Says the chairman of Sydostpress, Bertil Danielsson:

We had always had our tentacles out there, trying to expand and grow a bit bigger. But then we had the rulings of the foundation, which are a hindering factor. We cannot enter a group and a stock corporation with less than fifty percent ownership. (Interview)

Thus, the foundation was not able to approve of a merger in which it was not the majority shareholder. Also in AB Borås Tidning, there was a gradual increase in the activities aiming towards becoming a bigger and stronger actor. As had been the case in Kalmar, the efforts were intensified following

the appointment of new holders of key positions in the group. In 1998, the editor-in-chief since 1992 and foundation member since 1997, Jan Öjmertz, succeeded Leif Hedelin as CEO. Also in 1998, Lars Björkman assumed the position as chairman of the Wärenstam Foundation. Just like in Sydostpress, however, the various courses of action were restricted by the rulings concerning the influence of the foundation (the interview material).

A small step towards a closer connection between the two conservative press groups had been taken in 1997, as a result of Sydostpress agreeing to co-finance the acquisition of the ten-percent shareholding controlled by the largest minority shareholder of AB Borås Tidning (see above). In return, AB Borås Tidning had been given a minority interest in the Kalmar newspaper company, resulting in a limited cross-ownership between the two groups. The deal had followed by a small number of cooperation projects, including a jointly owned IT company. In 1999, Jan Öjmertz was elected to the Sydostpress board of directors.

The contacts between the two groups intensified following the appointment of Bennie Ohlsson as CEO of Sydostpress in June of 2001. Later that summer, the Wärenstam Foundation decided that Jan Öjmertz should approach his colleague in Kalmar regarding a possible merger. The decision was taken in informal discussions between the chairmen of the foundation and the newspaper company together with Öjmertz (the interview material). The background, according to the foundation's chairman, Lars Björkman, was that AB Borås Tidning was considered to be too small a player given the way in which the newspaper market was evolving:

We were an independent actor in a territory in which there were not many friends surrounding us. Jan [Öjmertz] was commissioned to actively probe into the options available. And it was easy for him since he was a board member in Sydostpress. (Interview)

The talks between Öjmertz and Ohlsson soon resulted in a decision to recommend the initiation of formal negotiations regarding a merger between the two groups. A contributing reason had been that the two CEOs had found it easy to cooperate. Says Bennie Ohlsson:

Öjmertz and I had a similar newspaper background. Neither of us has an academic degree. We have started from the beginning, learning the trade, educated ourselves along the way, and then eventually taken the step from the editorial department to the total responsibility [of the newspaper company]. It was very easy for us to talk to each other; we shared the same values. (Interview)

Having reported back to their respective board chairmen, the two CEOs were joined in the negotiations with the chairmen of the two foundations and the two newspaper companies. The talks were carried out under much secrecy. In neither case was the board of directors involved in the process.⁶⁶ In May of 2002, the negotiations were put formally on the agenda of the Wärenstam Foundation. It was decided to continue the talks (5/17/02). Five months later, the foundation members were summoned to an extra meeting during which it was decided to approve a letter of intent concerning the complete merger between the two groups, and that the shares in the new company be divided equally between the two owners (10/6/02). A few days later, a similar decision was taken by the Barometern Foundation (10/10/02). Both foundations also decided to commission the boards of the respective newspaper companies “to examine swiftly the forms and conditions regarding the establishment of a joint newspaper company” (the Wärenstam Foundation, extract from minutes, 10/6/02).

On October 25, the boards of the newspaper companies (AB Borås Tidning and Sydostpress AB) were informed with the owners’ decree. Up until this point, the board members had been provided with only limited details regarding the negotiations (the interview material). The reactions were mixed. Questioning the right of the shareholders to enforce such a decision by the board, Johan Claesson, board member of Sydostpress (and its forerunner Tidningen Barometerns AB) since 1988, chose immediately to resign, claiming that he was not ready to accept and take responsibility for a deal he had not been allowed to evaluate (interview, Claesson). Also in Borås, there were feelings of a similar character among at least some of the external board members (the interview material). However, also the actual construction of the deal was questioned by some board members. Notwithstanding the difference in size, also the financial status and profitability of the two groups diverged quite a bit (see Table 9.1). Says one of the external members of AB Borås Tidning:

Of course, as a representative of Borås Tidning you want to get as good a deal as possible. But in this case there were no alternatives to negotiate other than the fifty-fifty ownership. Either we do the deal fifty-fifty, or not at all. Because in those days, BT was making money and Sydostpress was not. Sydostpress, on the other hand, had more titles and larger volumes. We had a considerable market portfolio and plenty of money. Sydostpress did not. (...) But when the foundation chairman and the CEO are behind this and propagating the decision, you tend not to obstruct *too* much. (Interview)

Table 9.1 *The Sydostpress and Borås Tidning Newspaper Groups, 2001*

	<i>The Sydostpress Group</i>	<i>The BT Group</i>
<i>Turnover</i>	MSEK 513	MSEK 251
<i>EBT (profit margin)</i>	MSEK 5 (1%)	MSEK 13 (5%)
<i>Equity/Total Capital</i>	MSEK 231/MSEK 415	MSEK 272/MSEK 469
<i>Financial Assets</i>	MSEK 143	MSEK 242
<i>Joint circulation (newspapers)</i>	125,500 (3)	59,500 (2)
<i>Employees</i>	596	337

Source: Annual reports Sydostpress AB and AB Borås Tidning (2001).

Thus, the two boards approved to go through with the merger. The CEOs were commissioned to handle the practicalities. In Sydostpress, the decision was nevertheless preceded by a demand by one of the external board members that it be recorded in the minutes that "it was not the board, but the foundation, that had decided that the merger be carried out" (10/25/02, extract from minutes). The deal was formally approved by the two foundations on December 6, 2002. It was confirmed by the boards of the newspaper companies a few days later (SOP 12/10/02; ABBT 12/13/02)

PREPARATIONS

The preparations for the new corporation were handled by an interim board, comprising three members appointed by each owner-side. Apart from the CEOs of the two newspaper companies, the board included the chairman and vice chairman of Sydostpress (both of them members of the Barometern Foundation) and the chairmen of the Wärenstam Foundation and AB Borås Tidning.⁶⁷ To this extent, the owners of the two groups were intimately involved in the forming of the new newspaper company. What is further noticeable in this respect is that all members (except for the two CEOs) had originally been involved in the newspaper companies on the basis of a political career.

Between April and August of 2003, the interim board was summoned to five meetings. The agenda of these meetings included a number of issues relating to both the transfer of assets and liabilities to the new corporate structure and the configuration and leadership of the pending company. It was thus decided that Bennie Ohlsson be appointed the new company's CEO and that Jan Öjmertz be the deputy CEO. Additionally, it was decided that the executive management group was to consist of the CEO, the deputy CEO, the finance director of Sydostpress and the market director (and deputy CEO)

of Borås Tidning. The composition of the remaining management positions in the organization was delegated to the executive management (4/2/03). Furthermore, a special finance group was appointed, responsible for the handling of the financial assets of the new company. The members of this group, six in total, were all selected from the pending board of directors of the newspaper firm (5/9/03).

Regarding the operations of the pending board of directors, the interim board decided that “environmental scanning and visions for the future” should be an important part of the board agenda. The management team was also commissioned to investigate possible acquisitions and alliances (4/2/03, extract from minutes). Thus, already from the beginning of the new group, there were plans to try and continue to grow.

A noticeable feature regarding the activities of the interim board during its six months of operations is that the meeting agenda was composed by Bennie Ohlsson, the future CEO of Gota Media. When distributed among the board members prior to the meetings, the agendas also included concrete proposals concerning what decisions the board ought to make. As far as the research material is concerned, the decisions eventually made did on no occasion depart from the suggestions put forward by the CEO.

THE BOARD OF DIRECTORS

The new group was constructed so that the shares in the newspaper corporation were held by the two previous newspaper companies, Sydostpress and Borås Tidning, which in turn were owned by the respective foundations. Organizationally, the formal influence of the owner foundations over the operations of the newspaper company had thus to pass via the individual holding companies. It was also the holding companies that formally elected the board members of Gota Media.

The first meeting of the Gota Media board was held on August 27, 2003. The new board had eight regular members and four alternates. The two owners elected half of the members each. The staff of the new company was represented by two board members (with personal alternates). Since the alternates were allowed to partake (although not vote) in the meetings, the total number of board members amounted to sixteen.

Board Composition

Regarding the composition of the board, the position as chairman was given to the chairman of the Wärenstam Foundation, Lars Björkman. The vice chairman was Bertil Danielsson, chairman of Sydostpress AB and member of the Barometern Foundation’s board of trustees). Thus, the two owner-organizations were directly represented in the leadership of the new firm.

According to the ownership agreement, the chairmanship was to be circulated between the two owner-parties on a three-year basis. Björkman and Danielsson had a similar background. Being farmers by profession, they had both been recruited to the owner organizations on account of a successful political career. They were both former members of the Swedish parliament.

Four positions on the board were held by members without ties to either the owner organizations or the management of the firm (or the Conservative Party for that matter). Two of these had personal experience from working in the press. However, all four had been members of the previous newspaper boards. The remaining two positions on the Gota Media board were occupied by the CEO (Bennie Ohlsson) and the deputy CEO (Jan Öjmertz).

Structure and Processes

Between August 2003 and December 2005, the Gota Media board was summoned to a total of eighteen meetings. However, five of these summits were of an extraordinary character, leaving the number of regular meetings per year to between four and five (the annual constitutive meetings included). Apart from the board members, the regular meetings were also attended by the managing and finance directors of the newspaper company, who were made co-opted members. With the exception of the autumn meeting, during which the budgets for the upcoming years were handled, the editors-in-chiefs of the newspapers were thus not invited to partake in the board meetings. (The exception was Jan Öjmertz, the deputy CEO of the new company and the editor-in-chief of *Borås Tidning*.) The minutes during the meetings were held by a regular secretary. They were approved by the chairman, along with one shareholder-elected member and one union representative.

Regarding the financial compensation of the board members, the board chairman was awarded TSEK 150 for the 2003/2004 board-year. The vice chairman received TSEK 110, and the regular (externally recruited) members TSEK 35.⁶⁸ The fees were settled in negotiations between the two holding companies. In comparison to the fees paid out to the members of the boards in the previous periods, the compensation had risen considerably. Even with account taken to the inflation, the chairman fee had increased twelve times compared to the fee awarded to the chairman of Tidningen Barometerns AB some five decades earlier. The compensation to the regular members had increased almost ten times.

THE BOARD AGENDA

The operations of the new company began formally on September 1, 2003. The Gota Media stock corporation comprised four newspapers, all of which

were daily: *Borås Tidning*, *Barometern*, *Blekinge Läns Tidning* (BLT), and *Smålandsposten* (SmP). The fifth newspaper in the group, the small three-day paper *Ulricehamns Tidning*, was organized as a subsidiary to Gota Media.

Regarding the activities of the new board during the first few months of operations, a number of the decisions made concerned the governance and formal structures of the group. During its first meeting (8/27/03), the CEO was thus commissioned to carry out the necessary managerial appointments in the new company. The management team was also commissioned to present a policy regarding the handling of the company's financial assets. Finally, the chairman and vice chairman were assigned to negotiate the contracts of employment of the CEO and the deputy CEO. All these issues were then reported back to the board for formal approval. In September, the board approved the establishment of a formal vision for the newspaper company. The statement, which had been written by the executive management, had two parts: a "journalistic vision", which entailed that Gota Media was to "own and advance a journalistic production based on newspapers with a strong local connection and high quality" and a "commercial vision", which stated that the company "by means of an efficient organization and a continuous development of the business secure the newspapers' long-term survival" (9/25/03, extract from minutes). Apart from these overriding declarations, however, the board did not formulate any specific policies, targets, or demands, concerning neither the company nor the individual newspapers.⁶⁹

Regarding the first two years and four months of operations of the new group (that are covered by the study), the agenda of the Gota Media board was dominated by three main themes: measures to rationalize the production (including cost-reductions); measures devoted to the stagnating newspaper market; and measures concerning expansion by means of strategic acquisitions.

Concerning the issue of how to rationalize the operations of the newspaper company, the most significant issue, by far, was the production facilities of the company. In 2002, the printing plant of *Barometern* (in Kalmar) had been closed down and the production had been moved to *Karlskrona* (BLT). SmP in Växjö and *Borås Tidning* had their own printing plants. In September of 2004, "the production structure" was brought to the board's agenda by the CEO. It was caused by indications that one of the largest customers (*Aftonbladet*) of the SmP facility was not going to renew the current contract, which expired in 2006. In the following discussion, there was criticism regarding the late involvement of the board in such "a big and important issue" (9/16/04, extract from minutes). Three months later,

the board commissioned the CEO to investigate whether to keep the Växjö plant (which was in need of renovation) or to discontinue the plant and move the production of SmP to Karlskrona, a venture which would require a considerable extension of the printing press. During an extra meeting on February 14, 2005, the board nevertheless decided to go ahead with the latter alternative. It had been recommended by an external consultant and was supported by the CEO. In conjunction with the decision to close down the Växjö facilities, the board also approved the launching of a MSEK 107 investment program in the Karlskrona plant (2/14/05). The investment was to be funded with the company's own capital.⁷⁰

The second main issue handled by the board concerned the question of how to face the declining newspaper market. Most meetings included discussions regarding measures to halt the dropping circulations. A recurrent credo during these talks, posited not least by the CEO, was the necessity to maintain and increase the local profile of the newspapers. In September of 2004, the board approved that the format of Borås Tidning was changed from broadsheet to tabloid. The investigation had been led by Jan Öjmertz (9/16/04). During an extra meeting in October devoted in its entirety to "circulation issues", the CEO was commissioned to present an action program on how to strengthen the competitiveness of the group's newspapers. The program, which involved various local measures, was approved by the board a couple of months later (12/16/04).

An objective established already by the interim board (and that therefore became one of the main tasks of the board of the new company) was to continue the external expansion of the group. Thus, the board agenda would be dominated by negotiations regarding potential acquisitions. In December of 2003, the CEO informed the board of talks concerning a takeover of the local competitor of *BLT*, the social democratic *Sydöstran*, which was owned by the local labor movement. The circulation of the newspaper, which was struggling financially, was 16,000. It received an annual press support of MSEK 15. The negotiations had begun already prior to the forming of Gota Media and had been reported to the interim board. The deal was constructed so that a holding company acquired 90.1 percent of the shares in the newspaper corporation. The holding company was to be co-owned by Gota Media and a local printing corporation. The remaining 9.9 percent remained with the previous owner. The board approved to continue the talks, and commissioned the CEO and the deputy CEO to handle the issue. In May of 2004, the board decided to approve the acquisition (5/27/04). A few months before that, the board had also approved proposals from the CEO concerning an investment in a website for private advertising (www.

blocket.se), and the acquisition of 24.5 percent of the shares in a small newspaper group ('Ortstidningar i Väst') publishing two weeklies in towns on the west-coast of Sweden. The total costs for the two ventures amounted to approximately MSEK 20 (12/16/03).

In 2005, the company was involved in takeover plans of a much more significant magnitude, as it engaged in negotiations concerning the acquisition of the newspaper group owned by the Centre Party. The decision to enter the negotiations was taken by the board during an extra meeting in August of 2005. The issue was delegated to the chairman, vice chairman, CEO and deputy CEO. The bidding was coordinated with Norrköpings Tidningar, another conservative (foundation-owned) newspaper group. Eventually, however, the group was sold to a liberal press consortium (including MittMedia). At approximately MSEK 1,800, it was the largest structural deal ever in the Swedish press.

Apart from these extraordinary issues, the board agenda also include a number of recurrent items. All regular meetings included a reporting regarding the financial performance of the company and the businesses in which it had a minority interest. Also the annual budgets and annual reports (including appropriations) were formally approved by the board of directors. The budgets were handled during a special meeting each autumn, in which the responsible editors of the newspapers were invited to partake.⁷¹ Also the actions made by the finance group were subjected to the board's formal approval.

Concerning the impact of ownership lastly, the direct influence appears to have been exceedingly limited. The two foundations did not present any formal demands concerning the operations of the company. According to the ownership agreement between the two foundations, however, the two owners (or more specifically the two holding companies) maintained the right to propose candidates to the positions of editor-in-chief and political editor in their respective newspapers. The formal decision was then taken by the Gota Media board.⁷² Between 2003 and 2005, the annual dividends paid to the owners amounted to MSEK 5.4. This equaled approximately one percent of the retained earnings during the period. In December of both 2004 and 2005, the board also approved proposals from the CEO that the staff be rewarded a bonus (SEK 3000 per employee) motivated by the strong financial performance reported by the company (12/16/04; 12/15/05).

CONCLUSIONS

As a result of the merger of the two newspaper groups, the sheer size of the new company meant that the responsibilities of the board of directors increased considerably. The general impression, supported by both

the meeting minutes and the interviews, is also that the board was actively involved in the operations of the newspaper company. There are also several signs that the board (or rather individual board members) would actively monitor (and question) the activities of both the company at large and the executive team. Nevertheless, the overriding conclusion is that that the new newspaper group to a considerable extent was dominated by the (hired) management. To a considerable extent, it was the CEOs of the two companies that had enforced the merger of the two groups. This gave them a strong position in the governance of the new company. The autonomy of the management—and, to some extent, also the autonomy of the board of directors—was further facilitated by the condition that the two owners were forced to consider another equally influential party. The particular structure of the group, in which the direct influence of the owners had to pass via a holding company, also made the direct impact of the owner level less manifest.

SUNDSVALLS TIDNING

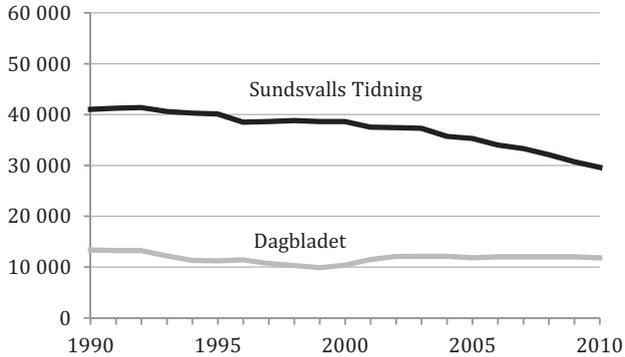
THE SETTING

Entering the 1990s, the primary circulation area of *Sundsvalls Tidning*, the ‘Sundsvall A-region’, had been experiencing a slow decline in population for the past several decades. The negative trend would continue also during the remainder of the analysis period. Between 1990 and 2005, a period during which the Swedish populace at large increased with five percent, the population in the Sundsvall region dropped gradually from around 125,000 to 122,000. Whereas the rural areas of the region accounted for most of decline, the size of the city of Sundsvall remained steadily around 94,000 inhabitants—a level it had reached already in the mid-1970s.

The Sundsvall Newspaper Market

The circulation of *Sundsvalls Tidning* reached its ultimate peak in 1992 (see Figure 9.5). At 41,400, the newspaper had enjoyed an unbroken growth for 23 years. The following year, the circulation started to decline. During the remainder of the period, the average annual drop amounted to almost 500 copies, meaning that the circulation by 2005 had fallen back to 35,300.⁷³

For the better part of the period, the local competitor *Dagbladet* experienced a similar development. Having been able to maintain a circulation around 12,000 since the early 1980’s, the 1990s evolved into a decade of steady decline also for the number-two paper. For the first time in six decades, the newspaper dropped below the 10,000 mark in 1999. Nevertheless, and quite opposite to the Swedish press large, the newspaper was able

Figure 9.5 *The Sundsvall Newspaper Market, 1990–2005 (circulation)*

to increase its sales over the following couple of years, thus almost returning to its 'usual' size of around 12,000.

In 2003, STAB purchased 91 percent of the shares in 'Dagbladet i Sundsvall AB', the company publishing *Dagbladet*. The residual shares remained with the local labor movement.

General Development of Sundsvalls Tidnings AB

In 1985, the two owner factions of Sundsvalls Tidnings AB, the Alström and Wide families, had agreed to sell the newspaper to Gefle Dagblad AB (GDAB). The deal included a ten-year transition period, during which ninety percent of the share capital, but only 49 percent of the votes, were controlled by the pending parent company. Hence, the economic ownership remained with the old owners. On September 7, 1994 GDAB purchased the remaining shares in STAB, thus putting an end to the era of family ownership. From that day forward, Sundsvalls Tidnings AB was a wholly-owned subsidiary of the Gefle-based newspaper group.

Not long after the completion of the takeover, the GD group was reconstructed so that the parent company, which up until this point had comprised the newspaper business of Gefle Dagblad, was transformed into a proper holding company, and the four newspapers companies (Gefle Dagblad, Ljusnan, Sundsvalls Tidning, and Örnsköldsviks Allehanda) into individual subsidiaries. The name of the new parent company was *Gefle Dagblads Förvaltnings AB* (GDFAB). The change had major ramifications for STAB (and indeed the STAB board), as the shares in the subsidiary newspaper Örnsköldsviks Allehanda (ÖA) were taken over by the new parent company. Since the 1974 takeover, ÖA had accounted for a considerable part of the profits reported by the ST group.

As it turned out, the extended period of steady above-industry profits enjoyed by STAB during the 1980s would eventually come to an end during the 1990s. After an initial four years, during which the operating profits (EBT) amounted to an average of seven percent (as compared to the eight percent during the previous decade), the remaining years of the period resulted in an average of only three percent. This meant that the company would consistently perform worse the industry average (of five percent). To a considerable extent, the lower profit levels were a result of stagnating sales. Between 1990 and 2005, the annual turnover of STAB would increase from MSEK 127 to MSEK 176. With account taken to the inflation, this equaled a zero percent growth rate.

The stagnating sales were reflected in the size of the staff, which after decades of more or less constant growth now started to decrease. In 1990, the newspaper company workforce comprised 227 individuals. Over the following decade and a half, the number of employees would gradually fall back to 175. In relative figures, however, measured in staff costs in relation to joint turnover, the cuts reflected quite neatly the stagnated growth experienced by the newspaper corporation during the period.⁷⁴

As a means to face the negative trend on the circulation market, STAB chose to involve itself in various other media forms. During the 1990s, an explicit strategy to evolve the newspaper company into a “Media House” resulted in ventures into television and radio, as well as the Internet and free dailies. Although positioning itself as one of the more progressive provincial newspaper as far as new media was concerned (see Djerf-Pierre 2009), the financial success was limited (see below).

Regarding the executive management of the firm, STAB maintained the long-established model of parted leadership, with one CEO and one editor-in-chief. Also concerning the holders of the two positions, the period was marked by stability. Since 1983, the former post had been held by Rolf Jonsson. In 2000, Rolf Jonsson was appointed CEO of the entire GD group, a position he would keep until his retirement in 2004. Jonsson was succeeded as CEO of STAB by Hans Westin (b. 1946). Westin had been the deputy CEO of STAB since 1994. Throughout the period, the position as editor-in-chief was held by Kjell Carnbro.

Ownership

As a result of the completion of the ownership change in 1994, STAB was transformed into a foundation-owned newspaper. The shares of GDFAB were owned by two not-for-profit foundations. 70 percent of the shares were held by Nya Stiftelsen Gefle Dagblad (*The New Gefle Dagblad Foun-*

dation'), a foundation formed in 1951 and reorganized in 1978 (hence the "New") with the explicit purpose of securing the continuous existence of *Gefle Dagblad* as a liberal newspaper. The foundation had forty members, or founders, all recruited from the regional sphere of the Liberal Party.⁷⁵ The remaining 30 percent of the shareholders' capital was owned by Stiftelsen Pressorganisation, a Stockholm-based foundation with direct ties to the national organization of the Liberal Party.⁷⁶ Throughout the period, the close ties between the two owner-foundations and the Liberal Party was reflected not only in the composition of their respective board of trustees, but also in the board of directors of the parent company of the group, which was dominated by liberal politicians and individuals in other ways associated with Liberal Party (see Bergkvist 2006).

The takeover was notable inasmuch as the acquired group was larger than the buyer. In 1985, the GDAB group included only one newspaper apart from *Gefle Dagblad*. This was *Ljusnan*, acquired in 1971 and published in the city of Bollnäs. As it turned out, the acquisition of *Sundsvalls Tidning* and Örnköldsviks Allehanda would be the starting step of a process in which the Gävle-based newspaper group by means of a number of major acquisitions would come to position itself as the fourth largest newspaper group in the nation (in terms of joint turnover), and the largest one with foundation ownership (see Sundin 2011). In 2003, the name of the group was changed to MittMedia.

In 1994, the CEO position of the GD group was held Kjell Sundin (b. 1937, d. 2009), a former banker and part-time politician for the Liberal Party in Gävle. Upon Sundin's retirement in 2000, he was succeeded by Rolf Jonsson, the CEO of STAB. When Jonsson retired four years later, he was in turn replaced by Jan Cahling (b. 1944), an MBA who had started his career in the food processing giant Nestlé. Cahling had joined the GD group in 1981. Since 1989 he had been the administrative head of the *Gefle Dagblad* newspaper.

THE BOARD OF DIRECTORS

The ownership shift of 1994 had profound consequences on the composition of the board of directors of STAB. Between 1990 and 1994, the board of directors had eight regular (shareholder-elected) members and either three or four alternates. In 1995, the size of the board was decreased to six regular members and one alternate. From this year forward, the board also elected a vice chairman. Throughout the period at hand, the board also included two regular members (and either one or two alternates) appointed by the union clubs.

Composition and Characteristics

For the remainder of the period of parted ownership, the board of directors continued to be dominated by members of the two owner-families, which accounted for half of the eight regular positions. GDAB was entitled to two regular members. The two remaining positions on the board were held by the newspaper company's CEO and editor-in-chief.

As mentioned, STAB became a wholly-owned subsidiary of GDAB in September, 1994. Nevertheless, the new owner did not make any changes to the board until the regular AGM some eight months later. The most notable change resulting from the new ownership was that the four members representing the old ownership regime left the board. Thus, for the first time in its one hundred year history, the board of directors of STAB no longer included any members with personal financial interests in the corporation.⁷⁷

On the 'new' board, the parent company had three representatives, of which two also represented the two owner foundations. The third member from the parent company was the GDFAB CEO, who assumed the position as board chairman. Positions four and five were held by the CEO and the editor-in-chief, whereas the final of the six board positions was given to an external member. During the period at hand, this position was occupied exclusively by individuals associated with the Liberal Party. Since the representatives of the two foundations, as well as the holder of the alternate position, were also (or had been) Liberal politicians, the party parallelism of the STAB board of directors became more pronounced as a result of the ownership change.⁷⁸

Structure and Processes

During the 1980s, the board of STAB had been assembled to four regular meetings per year. This meeting frequency was maintained also in the third period of the study.⁷⁹ To some extent, the structural changes resulting from the ownership change was reflected also in the working style of the board of directors. Judging by the minutes—and supported by the interview study—the board meetings of the old regime had been brief happenings. Prior to the ownership change, the board agenda revolved primarily around financial reporting. The dominance of the CEO Rolf Jonsson and the board chairman Bror Berg (whom had previously been the company CEO for three decades), is confirmed by one of the board members representing Gefle Dagblad during the interim years:

Things went pretty quickly, if you know what I mean. (...) The issues were handled rapidly. And [Berg] was very awe-inspiring, you did

not engage in blunt discussions with him. He was a member of the old regime, so he had a great experience and knew the company very well. He and Rolf Jonsson worked extremely closely together, that was the impression I got, and there is nothing wrong about that. But things were so well prepared and it was so predetermined what the decisions would be, so that there was little room for discussion. (Interview)

To a considerable extent, the board meetings continued to be dominated by reporting during the second half of the 1990s. In 2000, as a result of the CEO of STAB Rolf Jonsson assuming the positions of group CEO and STAB chairman and Hans Westin being appointed the new STAB CEO, the board agenda was noticeably broadened. More attention was paid to 'the future' and issues of a more strategic nature. The background material (which was sent out to the board members in advance), was also expanded. Starting in 2004 the board was also summoned to annual board seminars, during which a pre-decided topic (such as free dailies) was discussed more thoroughly.

An attempt to involve the board even more in the operations of the newspaper company was made in connection with the 2004 change on the chairman position. During his first meeting as board chairman, the new group CEO, Jan Cahling, announced that it was his "ambition to devote less time to plain reporting issues and more time to discussions regarding strategies, business ideas, publicist issues, and the product" (11/29/04, extract from minutes). A direct consequence of this new policy was that the reporting items were moved from the beginning of the meetings to the end.⁸⁰

The various measures to increase the board's involvement in the affairs of the company were reflected in the financial remuneration of the board members. Between 1989 and 2005 the annual fee paid out to the individual board member was gradually increased from SEK 6,000 to SEK 19,700.⁸¹ In real figures, this meant that the compensation to the board was more than doubled.

Another consequence of STAB becoming a wholly-owned subsidiary of GDAB was that the attendance during board meetings rose considerably. During the final six years of the transition period (i.e. 1990–95), the average attendance of the eight shareholder-elected board members was just over 80 percent. Only half of the board meetings during this period were attended by all regular members. After the ownership change, the attendance rose to 97 percent and the share of meetings with perfect attendance to almost 90 percent.⁸² As had been the case during the previous period,

the STAB board meetings were rarely attended by members other than the board members and board alternates. When it happened, the participating individuals consisted exclusively of company managers, invited to present reports from their respective departments.⁸³ As had been the case during the 1980s, the meeting minutes were kept by the CEO. They were approved by the chairman together with one representative of the parent company and one union representative.⁸⁴

Work Descriptions of the CEO and the Board

In accordance with the addition to the Swedish Companies Act, a formal document regulating the division of duties between the board and the CEO, as well as the premises for the board work was approved by the board in March of 1999 (3/8/99, document in appendix). The document, which merely specified the already established *modus operandi* of the board, established that there should be at least four board meetings per year, of which one should “be devoted to long-term planning”. The document also stipulated a number of standing meeting topics. Among these were information from the CEO on current sales figures, financial results and financial standings, as well as information regarding current market and staff issues and editorial development issues. Between meetings, it was the duty of the chairman to monitor the development of company. The chairman was also commissioned to keep regular contact with the CEO and the owner.

The document specified a number of restrictions regarding the discretionary power of the CEO. Without the approval of the board, the CEO was not allowed to buy or sell real estate or companies or businesses, nor was he or she “under any circumstances” allowed to take up long-term loans or accept contingent liabilities. The CEO was authorized to make independent decisions regarding investments (included in the investment budget) not exceeding TSEK 500. Larger investments than that were to be approved by the board, and investments above MSEK 10 had to be approved by the parent company board. The contents of the document remained unaltered throughout the rest of the period.

THE BOARD AGENDA

Given the 1994 ownership change, the period at hand divides into two distinct periods as far as the STAB board is concerned. Having been the highest authority regarding the operations of the newspaper company (subject only to the requests of the shareholders), the STAB board would as a result of the sale to Gefle Dagblad be subordinated a parent company board of directors, and a parent company CEO.

Handling of Legal Duties

One of the most salient characteristics concerning the governance of STAB during the 1980s had been the extensive freedom to manoeuvre enjoyed by the CEO. Rolf Jonsson had handled most business issues with little or no involvement by the board. Among these issues was the composition of the annual reports. Throughout the 1990s, the annual reports presented to the board were thus approved without any alterations.⁸⁵ The 2000 shift on the CEO position does not seem to have had any effect on the handling of the annual accounts. The board would thus continue its passive approval of the reports presented by the CEO.

As Chapter 8 discussed, STAB had traditionally employed a system in which legal contracts entered by either the CEO and the chairman on behalf of the corporation had to be counter-signed by an employee. The fact that no single person was allowed to enter into legal contracts on behalf of the firm individually has been one of several expressions of the divided ownership of the company. Following the ownership change in 1994, the co-signatory clause was abolished for the chairman and the CEO. The holders of these positions were thus given the right to sign for the firm singlehandedly.

The Establishment of Goal and Policy Documents

In 1986, the STAB board had approved a formal policy document called “Our Goals”. Except for some minor alterations, the document remained in force also during the 1990s. At the first meeting after the ownership change, however, an additional policy document was distributed among the board members. It was entitled “The Constitution of the GD Group” (“*GD-koncernens grundlag*”) (950518, document in appendix). In seven points the document established the main principles regarding the governance of the group and the position of the four newspaper companies. It had been established by the parent company board of directors earlier that year. Based on a guiding idea of “Independence but Cooperation”, the document stipulated that “each company [in the group] works according to their own planning and their own budgets, which are established by the respective newspaper board. [The budgets] should be based on the special market position and conditions of the individual company”. In a related point, the document established that “[the group] should show great consideration regarding different business cultures”. Coordination between the companies, in terms of, for instance, purchases and investments, as well as the development of business ideas, products and marketing efforts, should nonetheless be exploited “whenever such conditions exist”⁸⁶ (5/18/95, extracts from appendix). The document established the notion of the GD group as a largely decentralized newspaper chain with (relatively) auto-

mous newspaper firms. Or as one of the representatives of GDFAB on the STAB board puts it: *“The subsidiaries were left to mind their own business”* (interview). To a considerable extent, this attitude would characterize the relations between the parent company and the individual subsidiaries during the remainder of the 1990s.

In 2000, the GDFAB board established yet another policy document, called “Guidelines, Aims, and Strategies.” Although more specific regarding various areas, such as assignment of responsibilities, profit targets (see below), and plans for expansion, it did not deviate significantly from the ideas of a decentralized newspaper group. Rolf Jonsson, group CEO between 2000 and 2004, describes this as a conscious approach: *“I continued the leadership that I found to be the right one, with extensive responsibilities for the local newspapers, and that I as chairman of the [subsidiary] board was available as a discussion partner”* (interview). Thus, STAB was able to continue its operations without little direct influence or specific demands from the parent company.

In March of 2005, however, shortly after the appointment of Jan Cahling as the new group CEO (and STAB chairman), the board was presented with yet another new policy document, called “The Three-Year Plan” (3/14/05, document in appendix). Written by Cahling and settled by the parent company board, the document was a clear departure from the previous idea of “Independence but Cooperation”. It was established as a “very important duty of the group CEO to ensure that the subsidiaries both in the short and long run plan their activities so that they prioritize the group benefit. In the long run,” the document continued, “the group CEO is to act in order to optimize group cooperation, something which might mean that the subsidiaries are enjoined to carry out coordination measures, even if these initially may be experienced as disadvantages of the individual company.”

According to Cahling himself, the change in direction was necessary for the long-term survival of the newspaper group. When asked about the new policy, he argues that the sheer longevity of the companies occupying the newspaper industry had stood in the way for a rational development in line with the changing market conditions:

[When I first got here] I had the boldness to call Sundsvalls Tidning ‘The Noble Old Lady’, because the entire building is permeated with such a long tradition. (...) But the thing is that time is flying by, and in some way we have to change along with the surrounding world, with the views of new consumers and new trends. And we *have* to generate profits, because we don’t have any shareholders with briefcases full of capital. We only have what is [generated] in the

business. So therefore you either stick to an old image of who you are and how you are (...) or you chose to impersonate [the changes in the environment] by means of an internal change of the company, one that doesn't necessarily include guarantees that nobody will be made redundant, or that 'we have been successful for such a long time', but also more essential corporate strategies on how Sundsvalls Tidning should hold its own on the local market (...). And the probability that this will happen is much higher if you are able to coordinate things within the group. (Interview)

Though backed by the board of directors of the parent company—the current chairman of MittMedia at the time gives voice to a similar line of argument (the interview material)—the new policies were also criticized, not least on the local level.⁸⁷ Given his focus on higher profit targets, increased centralization and coordination, and a priority of the group benefit, Cahling's analysis and subsequent course of action deviated quite clearly from that of his predecessors.

Profit Targets

As previous chapters have shown, financial profits had not been a prioritized objective during the days of family ownership in STAB. A long-term financial "target" (of a return on total capital of "at least 13–14 %" over an economic cycle) had nonetheless been introduced in 1986. Although formally established by the board, the target had been initiated by the CEO. Regarding the ramifications of this explicit financial objective, the research material indicates that it was treated as an aim, rather than a demand. Neither the annual budgets nor the discussions involving these documents include any references to the profit target.⁸⁸

Soon after the exit of the two owner families, however, the attention to financial returns in terms of predetermined profit targets became more pronounced. And now, the targets were set by the *owners*. In a revised version of the "Goals and Guidelines" document established in 1995, the financial target was changed to an operating profit of 12 percent before depreciation.⁸⁹ In the budget for the following fiscal year settled a few months later, the requested profit level was established as a "demand" (12/5/95, appendix).

The demanded profit level remained unchanged until 2001, when it was altered to a six percent operating profit target *after* depreciation. The new demand was directed at the entire GD group and was established in an agreement between the group CEO Rolf Jonsson and the group chairman (Interview, Jonsson). Based on the historic performance of STAB, the new

profit level implicated a marginal increase in the yield demanded by the owner. In 2005, however, the new three-year plan initiated by the new group CEO stated that starting in 2007 “begins the development towards a ten per cent (operating) profit margin” (3/14/05, appendix). “The owners”, noted the document”, are aware that far-reaching measures may be necessary to achieve the objectives.” The new policy coincided with a number of major acquisitions of other newspaper companies carried out by MittMedia in 2005, a venture that to a considerable extent was financed by loaned money.

Financial Control

One of few major duties carried out on a regular basis by the STAB during the 1980s had been the formal approval of the financial and investment budgets for the upcoming fiscal year. The settling of the budgets remained a board privilege throughout the period at hand. During the final five years of family ownership (i.e. 1990–94), the budgets presented by the CEO continued to be approved by the board without any alterations. Nonetheless, in relation to the handling of the budgets for the years 1993, 1994, and 1995, it was noted in the board meeting minutes that the CEO had emphasized the necessity to increase the profitability of the corporation, in order for the company to be able to meet the increased costs from depreciations and interests rates.

The exit of the owner-families had no immediate consequence on the handling of budgets in the newspaper company. The right of the STAB board to independently set its own budget was established specifically in the policy documents of the parent company. The fact that STAB continued to perform below the requested profit demands, established by the new owner in 1996, does not appear to have caused any specific measures from the owner corporation.⁹⁰

During the second half of the 1990s, there is nevertheless a clear tendency in the research material that the board became gradually more involved in issues relating to the financial performance of the corporation. This was reflected, not least, in a more extensive financial reporting, including historic trends, prognoses, and, occasionally, also comparisons with other newspaper companies. The trend towards more comprehensive background data distributed among the board members prior to the board meetings would continue throughout the remainder of the research period.⁹¹

Handling of Profits

Since 1982, the annual dividends paid out to the shareholders of STAB had amounted to TSEK 360. This level, corresponding to twenty percent of the

share capital, remained unchanged throughout the entire transition period (1985–94). Given the particular ownership structure during these years, however, ninety percent of the dividends ended up with GDAB. However, following an agreement stated in the contract of sale, a total of MSEK 50 was also transferred from STAB to GDAB in the form of group contributions. In this way, more or less the entire takeover was funded with capital from the ST group.

One of the more notable changes resulting from the completion of the ownership change was a dramatic revision of the dividends policy. In 1996, the dividends were increased from TSEK 360 to MSEK 2.3, and the next year to MSEK 3.4. Between 1995 and 2005, the total dividends amounted to MSEK 26.5. Along with (net) group contributions, which in the same period amounted to MSEK 71.5, this meant that during its first eleven years of being a GDAB subsidiary, a total of MSEK 98 million was transferred from STAB to the parent company. In comparison, the total profits (before taxes) of STAB during these years amounted to only MSEK 64.1.

As mentioned in the previous chapter, a profit-sharing system directed at the company workforce had been implemented on a two-year trial basis in 1988 and 1989. The system, which meant that 20 percent of the operating profits were distributed among the staff, was made permanent in 1990. The system was kept also by the new owner. Between 1990 and 2001, an average of MSEK 1.225 per year was paid out to the staff of STAB in this manner (source: annual accounts). The system was revised in the first years of the new century. Though increased to 25 percent of the operating profits in 2003, the system was altered so that it was only applied to the profits exceeding a five percent operating profit margin. Also a roof was established, implying that the maximum bonus to the individual employee was limited to SEK 19,300. The following year, the threshold was increased to six percent.

Recruitment of Managers

As already mentioned, the management of STAB was characterized by much stability also during this third period. The only major change to the top executive team occurred in 2000, when the CEO since 1983 Rolf Jonsson, was offered the position as CEO for the entire GD group. As his successor, the board appointed Hans Westin (b. 1946), the company's deputy CEO since 1994. The appointment was enforced by Rolf Jonsson (Interview, Jonsson). Thus, there are no signs of any board involvement in the recruitment process. The formal board decision to give the position to Westin was taken during a telephone meeting in May of 2000 (5/15/00). Also the decision some six years earlier to promote Westin to the new position of deputy

CEO had been taken without any visible board involvement, apart from the formal approval (9/14/94). Westin would remain as CEO until his retirement in 2008.⁹²

Regarding the composition of the executive management at large (including the heads of the various departments of the newspaper company), there are no signs that such issues were ever discussed, let alone decided on, in the boardroom. As had been the case during the previous periods, the configuration of the management team was not an issue subjected to board approval.

Unlike the previous policy documents of the GD group, the three-year plan of 2005 (see above), addressed specifically the recruitment principles of CEOs and editors-in-chief to the group subsidiaries. According to the document, the responsibility to recruit CEOs was to reside with the chairman and CEO of the parent company. Regarding editors-in-chiefs, the responsibility rested jointly with the CEOs of the parent and subsidiary companies. In the latter case, the appointment would nevertheless require the approval of the owner foundations. Both positions were then to be ultimately decided by the subsidiary board. In comparison to the previous procedures in these issues, the document established an increased concentration of power towards the parent company.

The Handling of Investments

During the course of this last period, the dominating investment issue of STAB concerned the long-term production facilities of the newspaper company. The company entered the 1990s with a printing press taken into use in 1969. As a means to provide for the future production of the newspaper, STAB had started an investigation in the late 1980s together with three other newspapers in the region aimed at analyzing the possibilities of a large joint newspaper factory. In June of 1990, however, the CEO presented the board with a completely new option, one that entailed the takeover of a used printing press, owned by the Örebro-based newspaper *Nerikes Allehanda* (NA). The plan was to add the NA printing press to the current machine (6/18/90).⁹³ The board decided that this new proposal should be prioritized (9/24/90). A few months later, the board approved the takeover of the printing press for a cost of MSEK 5. It also authorized the acquisition of a piece of land outside of the city center (at Birsta), at which a new production factory was to be constructed (12/3/90). The carrying out of the projected printing facilities, estimated at a total cost of MSEK 77, of which the vast majority concerned the construction of the actual building, was approved by the board in June, 1991 (6/19/91). The 'new' printing press was inaugurated two years later.⁹⁴

Regarding the additional investments carried during the final years of family ownership, virtually all investments proposals were handled in connection with the annual budget process. The ownership change caused no immediate alteration to this procedure. In December 1995, it was nevertheless noted in the minutes that the board was to be regularly informed of completed re-investments, and that all larger investments had to be authorized by the board (12/5/95). All such proposals were approved by the board without any (noticeable) objections. In this context, it is worth noting that neither of the various official policy document of the GD group (the 1995 “GD Constitution” and the 2005 “Three Year Plan”) included any specific guidelines regarding the procedure regarding investments, other than that the individual companies were called upon to coordinate larger purchases. As mentioned, such a policy was instead specified in the 1999 work descriptions of the board and the CEO. According to this document, all investments exceeding MSEK 10 had to be approved by the parent company board. However, no investments of such proportions were ever carried out during the remainder of the period addressed in this book.

Centralization and Coordination

At the time of the 1994 takeover, the ST group had come to include seventeen different subsidiaries involved in businesses, such as printing, advertising, marketing, newspaper distribution, and commercial radio.⁹⁵ As mentioned in the accounts of the 1970s and 1980s, however, the activities of the subsidiaries would rarely reach the agenda of the STAB board of directors.⁹⁶ To a considerable extent, the GD group, of which STAB became a wholly-owned subsidiary in 1994, shared the characteristics of a decentralized newspaper chain. Regarding the remaining years of the 1990s, there are few marks in the board minutes indicating any specific measures of coordination within the GD group.⁹⁷ Directly after the ownership change, however, the board was presented with a proposal regarding a restructuring of the group. As a means to create a “simpler ownership structure” the proposal included a new organization in which the four newspaper companies were owned directly by a proper holding company, called Gefle Dagblad Förvaltnings AB (GDFAB). The proposal, which was approved by the STAB board in December of 1995 (12/5/95), had considerable implications for the ST group, as the largest (and most profitable) subsidiary, the newspaper company Örn-sköldsviks Allehanda, was taken over by the parent company.⁹⁸ One year later, in March 1997, the STAB board approved a new proposal from the parent company to concentrate the group’s printing businesses under the same organizational roof (3/10/97). This meant that the remaining printing businesses of STAB were transferred to another part of the group.

The centralization of assets would continue. Thus, in 1999, the STAB shares in TT, the joint news agency of the Swedish press, were sold to the parent company (3/8/99). Four years later, the same thing happened with STAB's shareholdings in LPDI Förvaltnings AB, a holding company closely connected to the Liberal press sphere with interests in various newspaper companies, and in Stadsporten Citygate, a development company co-owned by members of the FLT group. What is noticeable here is that the board on both occasions was informed of the transactions *ex post*. In both cases, the board was nonetheless promised that STAB should be financially compensated for the loss in dividends (5/12/03).⁹⁹

In 2004, two studies were launched by the parent company aimed at investigating the possibility of merging the distribution and production departments of the group's newspapers into a single centralized corporation. The former investigation resulted in a proposal that STAB's distribution company was sold to the parent company. It was approved by the STAB board in November 2004 (11/29/04). The following year, the board was informed that the printing facilities of ST were to be transferred to a new company by January 1, 2006. It was specifically noted that all decisions concerning future printing press investments were to reside with the management and board of the new company (3/14/05).

In sum, it may thus be concluded that even though the efforts to coordinate the operations of the GD group were somewhat increased during Rolf Jonsson's time as group CEO (2000–04)¹⁰⁰, it was under his successor, Jan Cahling, that these efforts really gained momentum. Thus, one of the most important consequences of STAB's transformation from an independent company to but one of many units in an expanding newspaper chain was the systematic transfer of both assets (such as subsidiaries, accumulated profits, and production facilities) and departments (such as the technical and distribution staffs) to either the parent company or other centralized units in the group. This had a marginalizing effect on the powers of the STAB board of directors, inasmuch as the areas subordinated the board's sphere of influence were dramatically decreased.

Handling the Newspaper Business

The most frequently occurring issue during the board meetings of the first half of the 1990s was a comprehensive development program, called "ST 90". The program was presented to the board in June of 1990. Involving various organizational and technological measures, it was aimed at rationalizing the production of the newspaper. The planned investment costs, including renovations of localities and new computer systems, amounted to MSEK 8.1 (6/18/90). The ST90 program had been designed by a special

task force consisting of representatives of the various departments of the company. The reporting to the board was handled by the CEO together with the editor-in-chief. Judging by the minutes, the board remained passive in the process, only approving the more considerable investments involved.

ST 90 represented a breaking point in the history of STAB inasmuch as it was the first rationalization program that specifically affected the staff. The program involved redundancies of between 15 and 20 individuals, or between 7 and 9 percent of the total work force (6/17/92, appendix). In particular, the cuts involved the technical department, whose organization, according to the program memo, was a remnant of the “lead-era”, which in a technological sense had ended almost more than two decades earlier with the investment in the new offset printing press. Unlike many other newspaper companies, STAB had not used the potential to make the redundancies enabled by the new technology. From 1989 and six years forward, the technical staff was thus reduced from 68 to 56 employees.

As it turned out, the launching of the ST 90 program coincided with the culmination of the growth of the newspaper’s circulation. As mentioned, the entire 1990s was marked by a rather steady drop in circulation numbers for *Sundsvalls Tidning*. The advertising volume went through a similar decline. Nevertheless, there are few signs in the minutes of the 1990s indicating that the board involves itself actively in the efforts to increase the sales of newspaper subscriptions and advertisements. Apart from the formal approval of budgets, the executive management was given a considerable freedom to manoeuvre to handle the operations of the newspaper business.

Starting in 2000, the year during which Rolf Jonsson succeeded Kjell Sundin as the CEO of the GD group, there is, however, a tendency that sales-related issues were given more attention during the board meetings of STAB. CEO reports of completed and planned sales-increasing efforts became a more or less standing item on the board’s agenda. It also appears as if the board engaged itself in a somewhat more active monitoring vis-à-vis the management. In March of 2001, the board, having been presented with a “disconcerting” sales report, thus requested that the management “clarified internally the need to ‘sharpen’ the product even more, in other words to make a good product even better, and to go over the [routines for] subscription sales” (3/12/01, extract from minutes). Six months later, the board approved an action plan proposed by the executive management, involving both staff cuts and intensified sales efforts (9/17/01). The following year the board declared the efforts to increase the newspaper’s circulation to be “a prioritized issue” (3/11/02, extract from minutes). And in May of 2003, the management was mandated to carry out necessary measures,

including staff cuts, to compensate for a recent drop in advertising sales (5/12/03). The notion that the board meetings, starting in the year 2000 came to revolve increasingly more around the diminishing market situation of STAB is confirmed by the interview material. Arguably, this is one of the more manifest long-term changes regarding the role of the board of directors in this particular company.

The new approach was manifested in the handling of a change of the newspaper's physical format. In May of 2002 the board was informed of a new committee, assigned by the management to present an investigation concerning a possible change from broadsheet to tabloid. The committee consisted of the heads of the various departments and reported to the CEO and the editor-in-chief (5/13/02, appendix). The investigation was completed in the beginning of 2003, and resulted in a recommendation to go over to a tabloid format in 2005. (The recommendation was based in part on three different reader surveys.) The formal decision to make the transition was made by the board in 2004, albeit with the condition that "the effect of the change be result neutral against the demand of an operating profit margin of 6 %" (9/13/04, extract from minutes).

Regarding the handling of the format issue, the general impression is that the board played a relatively active role in the planning of the change. The board was regularly informed and given the opportunity to comment on the process, and in September 2004 a half-day board seminar was dedicated to the issue. The level of board involvement may be contrasted against the previous periods, during which editorial, issues regardless of character, were kept off the board agenda. As a final point, it is noticeable that the format issue resided with the STAB board and not the parent company. Apart from the prerequisite that the profit target was not to be compromised, the format change was initiated and ultimately determined in Sundsvall and not in the group headquarters in Gävle.

Involvement in Editorial Issues

As shown in the preceding chapters, it had been a long-established principle during the many decades of family ownership of STAB that what went on in the editorial department was nobody's business but the editor-in-chief's. The line was enforced by the board chairman, the previous CEO Bror Berg. A board member since 1956, Berg was accustomed to the traditional *modus operandi* of the STAB board, in which the editorial department was enjoying a high level of sovereignty. "Bror Berg was schooled in a fantastic respect for the editorial department," says the editor-in-chief of the 1990s, Kjell Carnbro, "I don't think that he ever made any comments on the editing of the newspaper as chairman" (interview).

Under the new ownership regime, however, the ‘high walls’ surrounding the editorial department were somewhat deconstructed. One of the novelties introduced by the new chairman, the group CEO Kjell Sundin, was that the editor-in-chief was requested to present a report during each board meeting with an update of what was going on in the editorial department. The so-called *Editor’s Report* remained a standing feature during board meetings, generally as the concluding point, throughout the period at hand.¹⁰¹ Though not regarding it as a way to manage the editorial department, Kjell Carnbro says that this did contribute to editorial issues being addressed in the boardroom:

Up until this day I cannot say that I have felt that the board has exerted any control function [regarding editorial issues]. (...) Kjell Sundin did never, as far as I can remember, try to interfere, saying ‘but how can you do this in the editorial department?’ He did, however, demand that we to a greater extent discussed publicist issues during board meeting, inasmuch as the editor-in-chief was to address what he found was essential. (...) And I think that this is visible in the meeting minutes, that the publicist issues get their own point on the agenda, and that one actually addresses and discusses them, not in the sense that some board members are bringing press cuttings or questioning the opinions on the editorial page, but more strategically, and long-term. ‘What can we do to develop the newspaper’, ‘how should we work with opinion-making’ and such things, and where they would be looking at me, asking ‘what are your thoughts’, and ‘what are your arguments?’ (...) And it is obvious that this was accentuated, that these discussions became more interesting as it started to look tough for the circulation and the advertisement sales. (Interview)

The new approach was appreciated also by the external members. Says one of the board members recruited from outside of the newspaper industry:

That was the exciting thing here, and I guess you could say that Sundsvalls Tidning is a bit unique in this respect, even if it is starting to occur in other newspapers as well, that there was a discussion about the product. I mean, can you imagine a board of directors that never discusses the product? That there is so much fear of intruding on the domains of the responsible editor, when it is the product that determines *everything*. But since the editor would make a presentation, addressing things that were controversial, it

was possible to have a discussion regarding the product. We never made any decisions regarding the *contents* of the product, but we were able to have a say, giving him some feedback. (Interview)

Regarding the composition of the editorial staff, the appointment of individual reporters continued to be handled by the management team, without any board involvement. There was, however, one exception to this principle, and it concerned the newspaper's (political) leader-writers. Thus, the board was recurrently informed of the changes (vacancies, the hiring of new co-workers, etc.) made to this particular section of the editorial staff. It also approved formally the appointment of a new political editor in 2001 (3/12/01). In the three-year plan of 2005, it was explicitly stated the recruitment of political editors should be handled by the editor-in-chief, but formally decided by the board and only after the consultation of the two owner foundations.

Handling of Staff Issues

The long-established procedure for handling staff issues in STAB was left unaffected by the ownership change of 1994. The composition (and organization) of the work force remained the privilege of the executive management, and rarely reached the board agenda other than as an occasional information point. Regarding the relative position or influence of the staff in the boardroom, it is worth noting that the meeting minutes bear no signs of the union representatives making any impact on the agenda and decision-making of the board, a notion supported by the interview material. As mentioned in the previous chapter, the union representatives of the 1970s and 1980s had been relatively active during board meetings, raising issues and proposing various courses of action. Such initiatives are altogether absent from the minutes of the period at hand.

The Search for New Business Areas

As previously shown, STAB had been involved in various projects regarding 'new' media as early as during the 1970s. Ventures into a number of 'non-media' business areas (such as contract printing, advertising, training and consultation, and computer retailing) carried out during the 1980s had resulted in the expansion of the ST group to no less than fifteen different companies by 1989. The efforts to turn the newspaper company into a proper "media house" would intensify during the 1990s, as the company would engage itself in the newly deregulated markets for local radio and television. In 1996, the newspaper was published on the Internet. And in 2005, STAB was part of a consortium releasing a free weekly on the Sunda-

vall market. The 'Media House' concept was a bearing fundament in a new business concept adopted by the board in May of 1997. "With the newspaper as a foundation", stipulated the document, "the 'media house' of Sundsvalls Tidning will be the leading and dominant information and news distributor within our area of circulation" (Business concept, appendix 5/5/97).¹⁰²

The question of whether STAB should engage itself in the 'soon-to-be-deregulated' radio industry was first brought to the board's table by the CEO and the editor-in-chief in April of 1992 (4/6/92). Preliminary calculations regarding the financial viability of a local radio station were presented two months later.¹⁰³ No decision was made, but the board commissioned the management to "follow the issues closely" (6/11/92, extract from minutes). A few months later, handling of the issue, including the possible launching of a radio station, was delegated to the CEO (Rolf Jonsson) and the board chairman (Bror Berg) together with the CEO of GDAB (12/2/92). The auctions for the new concessions, which were carried out in September of 1993, resulted in STAB buying one of two permits to broadcast radio in the Sundsvall area.¹⁰⁴

Soon after the broadcasting had started, it became evident that the new business was having problems meeting the estimated financial targets.¹⁰⁵ The first year of broadcasting ended with a loss of MSEK 2.5, after sales of only MSEK 2.6. Despite a gradual improvement of the turnover, the business failed to meet the calculated targets also during years two and three. Thus, the projected break-even year of 1996 ended with a loss of MSEK 3.4. To a considerable extent, however, the deficit was caused by the acquisition of a second radio station ('Guld 106.6 Sundsvall'), an investment of which the board was informed, *ex post*, in December 1995 (12/5/95). The lack of board involvement also characterized the procedure when STAB bought its third station, this time in Hudiksvall, a year later (3/10/97).

As it turned out, it would take ten years before the STAB radio business reported its first (small) profit. Although regularly updated on the financial development of the radio stations—it was a standing issue on the board agenda throughout the remainder of the period at hand—there are no signs in the minutes of the board ever initiating any action, or taking a proactive role, regarding the struggling stations.¹⁰⁶

The radio business would nevertheless be included in the escalating centralization and realignment of the MittMedia group, following Jan Cahling's appointment as group CEO in 2004. Thus, in May of 2005 the board was informed that the Hudiksvall station, which by now had come to report steady profits, was to be transferred to another MittMedia newspaper (*Ljusnan*). The purpose of the transaction was to "strengthen the market position" of the sister-paper. Regarding this corporate decree, it was noted

in the minutes—which were written by the STAB CEO—that the “development costs including technical investments which have enabled the strong position of [the Hudiksvall station] have been considerable for ST” (5/17/05, extracts from minutes).

In a process parallel with the venture into commercial radio, STAB would also reengage itself in the television medium. In April 1992, the board commissioned the CEO to buy “TSEK 200–300” worth of shares in a newly established company (called ‘*Lokal TV S-vall/Timrå AB*’) aimed at producing and selling commercial slots in a local cable TV network (4/6/92).¹⁰⁷ As was the case with the radio station, it soon turned out that it was difficult to meet the projected sales figures. This caused the board to discuss the “strategic value” of being engaged in the television market. But rather than withdrawing from project, the board chose to commission the management to increase, if necessary, the company’s financial involvement (6/15/94).¹⁰⁸ In September 1995, the board was informed of organizational changes that “hopefully” would eliminate the need for additional capital investment from the owners (9/14/95). This, however, was a major miscalculation; in December it was reported that the operating costs would exceed the sales with MSEK 5.2. Now, the board chose to act. The CEO and the editor-in-chief were commissioned to “negotiate with the other shareholders regarding the future of the company” (12/5/95). The company’s involvement in the television business was terminated a few months later (3/11/96).

The withdrawal from the television market coincided with the entering into yet another medium. In May of 1995, the board was informed by the CEO of the ongoing work with formulating a “multimedia and IT-strategy” (8/18/95). The investigation resulted in a report called *ST Online*, which proposed the launch of a partly subscribed website. The following March, the board approved a grant of TSEK 300 for the establishment of a website and the forming of a stock corporation in which the venture was to be administered (3/11/96). The website was launched in October 1996. From this moment onwards, reports from the activities of the IT company was a standing feature on the board agenda. As had been the case with the involvement in radio and the television, however, the investments in the website were handled by the management without any noticeable board involvement.¹⁰⁹

Taking over the Competitor

Since 1900, *Sundsvalls Tidning* had faced the competition of a social democratic adversary, *Dagbladet*. For decades it had been an uneven rivalry, however. During the 1990s, *Dagbladet* reported a circulation of between ten and twelve thousand, or approximately one-third of that of *Sundsvalls*

Tidning. Following the 1992 bankruptcy of the national labor press group, A-Pressen, *Dagbladet* together with its Härnösand counterpart, *Nya Norrland*, was taken over by the local labor movement. The two newspaper businesses were placed in the same stock corporation and both papers were printed in Härnösand, some 50 kilometers north of Sundsvall. Seven years later, *Nya Norrland* along with its local competitor, the conservative *Väster-norrlands Allehanda*, were acquired by the GD group and merged into a completely new newspaper called *Tidningen Ångermanland* (see Bergkvist 2006). As a part of the deal, the production of *Dagbladet*, which remained under the control of the labor movement, was transferred to the printing press of STAB.¹¹⁰ Additionally, STAB took over the sales and production of the so-called local text-page ads in *Dagbladet* on the basis of a subcontract (9/20/99).

After one hundred years of fierce competition, the two newspapers thus began to collaborate. However, on September 15, 2003, the STAB board of directors was informed of plans regarding coordination on a whole different level. A deal had been reached between STAB/MittMedia and the owners of *Dagbladet* regarding a proper takeover of the social democratic newspaper. The takeover was constructed so that STAB would acquire shares representing 91 percent of the votes in the corporation. The residual shares were to remain with the local labor movement (9/15/03).¹¹¹

The negotiations had been initiated by the owners of *Dagbladet*, following years of strained finances and stagnating sales. In the talks, STAB had been represented by the chairman, the CEO, and the editor-in-chief. What is notable regarding this process is that the board of directors had not been involved. In fact, the externally recruited members had hardly been aware of the talks before the deal was presented in the boardroom. “*This was a typical example of an issue that was handled quietly and discreetly, and only between the involved parties*”, says one of the outside board members at the time, “*so when I was offered to represent [STAB] on the board [of Dagbladet] I hadn’t heard very much about it*” (interview). According to the relatively brief records from the handling of the issue, the proposed takeover did raise some concern in the STAB boardroom. The issues discussed included not only the financial and market-related viability of the takeover, but also the risk of a possible “monopoly debate that is negative for ST” (9/15/03, extract from minutes). Nevertheless, the takeover got the board’s approval, and was completed some two and a half months later.

CONCLUSIONS

Since the death in 1983 of Yngvar Alström, the largest individual shareholder and former editor-in-chief, STAB had been a company run by hired

managers. Consisting almost exclusively of members of the two owner families, the board had evolved into a forum for information, in which the shareholders were notified of what was going in the company. Thus, it had not taken any active part in the operations of the newspaper firm.

The present chapter has shown that the extensive freedom to maneuver of the executive management would continue also after the ownership change of 1994, in which STAB was taken over by the foundation-owned newspaper company Gefle Dagblad. The decentralized character of the newspaper group was established formally in the guiding policy document approved by the parent company board shortly after the takeover. Even though the STAB board of directors was dominated by representatives of the parent company, the autonomy of the newspaper company (or more specifically, the executive management), remained largely intact.

To some extent, however, the new ownership did result in a somewhat accentuated involvement by the board in the operations of the corporation. This was manifested not only in a more extensive financial reporting, but also in the establishment of profit demands and various policy documents. Also the activities of the editorial department were presented and discussed during board meetings. Though not resulting in any specific decrees with regards to the content of the newspaper, this was a nevertheless a significant departure from the principles of the preceding owners, in which the editorial department enjoyed the privilege of being something of an 'isolated island' in the newspaper corporation.

The decentralized character of the GD group was maintained during Rolf Jonsson's time as group CEO (2000–04). However, his successor on the position, Jan Cahling, had a different view on how and according to what principles the newspaper group should be run. In a new policy document it was established that the group benefit be prioritized over that of the individual newspapers. The policy was effectuated via the subsequent transfer of assets and responsibilities from the individual companies to centralized units of the group. As a result, much of the powers previously enjoyed by the local management of Sundsvalls Tidning were shifted over to that of the parent company.

ADJUSTING TO A DECLINING MARKET

The aim of this chapter has been to analyze the role of the boards of directors of the companies of Barometern, Borås Tidning, and Sundsvalls Tidning during the years 1990 and 2005. This final section brings forward the general conclusions drawn from the analysis.

MARKET STAGNATION AND OWNERSHIP CONCENTRATION

The concluding period of the study brought along significant changes in both the internal and external setting of the three newspapers. An increasingly fierce competition for readers and advertisers from new media forms resulted in stagnating sales and sloping circulation curves. In addition, all three newspapers were being published in stagnating regions, as far as population growth is concerned. Furthermore, the ownership of all three newspapers was significantly altered. In Sundsvall, the deal between the previous owner families and Gefle Dagblad was completed in 1994, turning Sundsvalls Tidnings AB into a wholly-owned subsidiary of the foundation-owned newspaper group. In 2002, the Wärenstam and Barometern foundations agreed to merge their respective newspaper businesses. The result was a completely new company, Gota Media, co-owned by the two foundations. To this extent, all three newspapers were directly affected by one of the more important trends in the Swedish newspaper market during the period, namely the increasing tendency towards ownership concentration.

THE EMERGENCE OF THE PROFESSIONAL NEWSPAPER BOARD

Also regarding the election of board members, the chapter has identified a number of long-term trends. In all three cases, the direct overlap between owner and board became gradually less pronounced, resulting not only in more distinct hierarchical levels, but also in boards increasingly dominated by externally recruited members. Regarding the latter tendency, the owners thus chose to broaden the recruitment base for their respective boards. The bases for recruitment prevailing in previous periods—political affiliation and geographical (and to some extent professional) representation—were gradually abandoned. Instead, the boards started to include externally recruited members with actual industry experience, a feature not seen in previous periods. Given the aim of the study, this is one of the more important trends identified during the final period of the study.

The gradual de-politicization of the boards of the three newspapers did not mean, however, that the ties between the boardrooms and the political sphere were cut off altogether. Thus, the external members elected to the Sundsvalls Tidning board of directors by the Gefle Dagblad/MittMedia group were without exceptions recruited from the Liberal Party. Also the board of Gota Media included members whom when first elected had been done so on the basis of a political career. Nevertheless, the days with prominent *active* politicians on the boards (such as parliament members or local party group leaders) were definitely over.

A number of broad trends have been identified also regarding the working style of the boards. In all three cases, the board duty started to include

not only more meetings (including special board seminars and study visits), but also a significant increase in the material (financial reports, investigations, business proposals etc.) distributed to the board members prior to the meetings. Board members were also increasingly commissioned to carry out special investigations on behalf of the company. As such both the monitoring and strategic roles of the boards were intensified. Taken together, the changes just mentioned are signs of expectations that the boards be made more actively involved in the operations of the newspaper firms. This was reflected—not least—in a significant increase in the financial remunerations of the board members. To this extent, it is not altogether inappropriate to refer to the changes identified in this chapter as a *professionalization* of the boards addressed in the study.

OWNERSHIP MARGINALIZED?

Regarding the relative influence of the actors in the top realms of the newspaper firms, the three companies entered the 1990s with somewhat different backgrounds. Whereas Sundsvalls Tidning and Borås Tidning were dominated by the executive management, the Barometern group had increasingly come to be dominated by the board of directors, and the board chairman in particular. Notwithstanding the fact that the newspapers during the 1990s became similar in terms of ownership, some of the distinct features remained. The board of Sundsvalls Tidning continued to play a marginalized role in the operations of the company also after the 1994 ownership change. However, given the significant centralization of the activities and decision-making of the MittMedia group during the final years of the study, much of the powers traditionally held by the local management were instead transferred to the parent company. In Kalmar, the more active attempts of the Barometern Foundation to influence (or at least veto) the decision-making on both the allocative and operative (including editorial) levels of the newspaper group could still be contrasted against the more passive role of the Wärenstam Foundation.

Despite these ‘cultural’ differences, the chapter has presented evidence of a broad trend involving an increasing dominance of the (top) executive management of the newspaper groups addressed. The analysis of the corporate decision-making in and around the three boardrooms has shown that much of the allocative power gradually gravitated to the group CEO, marginalizing in some important aspects the previous influence enjoyed by either the board of directors or the controlling shareholder(s). Regarding the few significant decisions that indeed were made by the owner-foundations—of which the resolution of the Barometern and Wärenstam founda-

tions to form Gota Media was the most significant example—the initiative had generally come from the executive managers.

Against the backdrop of the development in subsequent decades, the shifts just outlined can only be described as profound. Generally, they were motivated by the necessity to adapt to the equally profound changes of the media landscape. Nevertheless, they were also the result of a noticeable reorientation regarding the rationale of the actors involved. One of the more significant characteristics in previous periods had been that neither of the controlling shareholders had actively pursued measures to increase the profits generated in the newspaper business. This attitude had been reflected in the actions of both the board and the management. In all three cases, budgetary control as a means to monitor spending and resource allocation had been introduced relatively late (and in all cases, following the initiative of stakeholders other than the controlling shareholder). Managerial proposals to expand the staff (and other cost-inducing measures) had been approved without any visible objections. Against this background, the activities of the three newspapers during this final period were increasingly revolving around the financial viability of the firms. Also in this case, the driving force (particularly in Sydstpress and MittMedia) was the appointment of managers with a more financially oriented view on the newspaper business.

With this being said, it is worth stressing that the traditional political objective was not altogether abandoned. As mentioned, the boards of the firms addressed continued to include members recruited primarily on political merits, and the owners involved continued to maintain the veto rights over appointments of political editors. As a result of the increasing dominance of the board members, managers, and editors, recruited on professional rather than political merits, however, the political rationale which in previous periods had permeated the entire corporate hierarchy of the three newspaper companies, was now increasingly isolated to the ownership foundations.

Conclusions

The aim of the study presented in this book has been to analyze the long-term development of the role played by the boards of directors in the managing of newspaper companies, and to determine how variations and changes of the board role are related to the internal and external contextual factors of the company. The objects of analysis have been the boards of directors of three Swedish newspaper companies, and the analysis period the years 1955 through 2005.

This final chapter has two sections and presents the main conclusions drawn from the study. In the first section, the development of the board role in the three newspapers is related to the analysis model presented in Chapter 5. Section two then discusses the ramifications of the form of ownership specifically addressed in the study, the not-for-profit newspaper foundation.

CATALYSTS OF CHANGE & FORCES OF RIGIDITY: THE ANALYSIS MODEL REVISITED

Chapter 5 advanced an analysis model regarding the factors shaping the role of newspaper boards of directors (see Figure 5.1). The model acknowledged the impact of both intrinsic and extrinsic influences as determinants of what boards do and why (cf. Judge and Zeithaml 1992; Gupta *et al.* 1994). It has provided the theoretical framework for the examination of the boards in the three newspapers addressed.

Regarding the explanatory power of the analysis model, the study has provided support for both the intrinsic and extrinsic perspectives. As the preceding chapters have shown, the board role in newspaper firms is established, and develops, in an intricate web of interacting forces internal and external to the firm. The study thus strengthens the argument that analyses of governing boards need to rest on a multi-theoretical foundation (cf. Hung 1998; Lynall *et al.* 2003).

VESTIGES OF THE PAST

Regarding the specific cases, it has been established that the three newspaper companies, even as ‘early’ as 1955, were exceedingly mature organizations. The newspapers had existed for well over a hundred years, and the stock corporations in which they were run for at least fifty. To this extent, the context in which the leadership of the three firms was set to act was actually very similar. Nevertheless, the most striking feature of the governance systems of the three firms during the 1950s is the distinct differences—differences that would have direct implications for the role of the boards of directors of the three firms. To a considerable extent, the divergent approaches towards governance can be traced back to the different configurations of ownership (cf. Picard and van Weezel 2008). Also contributing, however, was the particular history of the three newspaper firms and the relationship between the various stakeholders in and around the boardroom (cf. Lynall *et al.* 2003).

Regarding the history of the three cases, the two conservative newspapers *Barometern* and *Borås Tidning* did share a few important similarities. In both cases, the economic control of the newspaper had been taken over by a large consortium of locals in the decades around the year 1900. In both cases, the overriding rationale had been to secure the existence of a conservative, business-friendly newspaper in the circulation area (Ohlsson 2009). The prospects of *financial* gains of the various shareholders appear to have been of subordinate importance. To this extent, the investment was primarily an idealistic one.

In both newspaper firms, the shareholder consortia included some of the most prominent business owners and industrialists in the respective regions, intimately connecting the newspapers to the local economic power centers. However, the twelve-year time difference between the two takeovers appears to have been crucial for the continuing development of the two newspapers. In the case of *Barometern*, the forming of the shareholder consortium was directly associated with the birth of a formal party system in Sweden. In 1910, members of the local branch of the Conservative Party—the branch had been founded less than twelve months earlier—had been offered to buy shares in the family company by the main owner (who was also a part-time politician) as a means to finance an expansion of the newspaper business (Hofrén 1966). The venture was coordinated by leading figures of the new party organization, which also elected themselves to the board of directors. An implication of the deal was that the board members representing the party cadres were given a dominating influence over the affairs of the corporation, including the right to veto all editorial appointments (Ohlsson 2009). Although not controlled directly by the party in the economic sense

of the term (Murdock 1982; cf. Hadenius 1983), the *Barometern* newspaper was nonetheless intimately connected with the local party organization.

Against this background, the surprise takeover of the shareholding majority by an external owner in 1946 was seen as a threat to the local political interests. Thus, only a year later, in a deal enabled by capital from the Stockholm-based *Libertas* foundation (which was funded by influential pro-business non-socialist interests), the newspaper was bought back. Once again, the efforts were coordinated by high members of the local party organization. This time, however, the ownership was transferred to a foundation, whose overriding purpose was to secure that *Barometern* would remain an organ promoting Christianity, "healthy" conservatism, and the perpetuation of the trade and industry. Membership in the foundation was offered to one hundred prominent party members and politicians, many of whom belonged to the previous shareholder consortium and who now sold their shares to the foundation.

Clearly, the entire construction of the foundation, including its involvement in the newspaper company, was filled with measures to "secure" the alignment of the newspaper with the (political) interests it was set to safeguard. Not only did the foundation elect its own 'entrusted' members to the board of directors, but the board also maintained an extensive veto right over virtually all operational decisions (concerning, for instance, investments and staff recruitment) in the newspaper firm.

In Borås, on the other hand, the forming of the shareholder consortium, which occurred in 1898, had preceded the establishment of the Conservative Party. Thus, the ownership interests of the various minority shareholders were not coordinated by an overarching party organization. Whereas the *Barometern* corporate bylaws were expanded with paragraphs stating that no important decisions were to be taken without consent of the shareholder consortium representing the Conservative Party, the bylaws of AB Borås Tidning (ABBT) were written so that they effectively prevented the dominating influence of individual shareholders. This precluded the ability of one specific interest from dictating the composition of the board of directors. Not only did this result in an ownership with a more disbursed character, it also meant that the links to the political sphere were less institutionalized. Although many of them were indeed involved in politics, the members of the ABBT board of directors were elected primarily on the basis of their influential position in the local trade and industry. In Kalmar it would be the other way around.

As the newspaper company entered the research period of the study, little had changed regarding the overriding ownership configuration of ABBT. The board was still dominated by a number of powerful industrial-

ists, many of whom had inherited both their shares and board positions from their father or another relative. In contrast to the situation in Kalmar, however, where the board members all represented a single owner, the absence of a dominating control interest was manifested in two important differences regarding the *modus operandi* of the board of directors. Firstly, the working style of the board of ABBT was exceedingly formalized, with regular meeting schedules and a comparatively extensive reporting of the firm's performance. In Kalmar, much of the control exercised by the ownership foundation was delegated to the board chairman (i.e. the leader of the local party organization). This resulted in an irregular meeting frequency and limited financial reporting for the board at large. Secondly, the dispersed ownership resulted in a CEO with extensive discretionary powers. Compared to the situation in Kalmar, this meant that the board of directors, and in extension the shareholder collectivity, was not directly involved in the operations of the newspaper firm.

Regarding the third case in the study, *Sundsvalls Tidning*, the development departed significantly from the two just presented. Here, the traditional family ownership prevailed. The owners were still managing the firm themselves, and the board of directors consisted exclusively of family members. To this extent, the governance structure differed little from the one prevailing in the Swedish press at the time. What made the newspaper distinct, however, was that the company was owned not by one family, but by two—the Alström and the Wahlroth-Wides—with each party controlling half of the firm. However, rather than keeping the ownership equally divided between the two families, forcing them to reach consensus in the decision-making of the firm, a decision had been made in 1935 to give the balance of power to an 'impartial' CEO, a position which, as it turned out, would be occupied for six decades by two generations of another Sundsvall family, the Bergs. This particular arrangement had far-reaching implications for the governance of the firm; not only did it add a third family to the equation, but it also meant that the intended impartiality of the CEO would gradually fade away. Given the intimate bonds between the Alström and Berg families, it resulted in a situation in which one of the two main owners was effectively marginalized. This was manifested in the role of the board of directors, which in practice was limited to the formal approval of decisions requiring the consent (or at least knowledge) of all three shareholders. All other decisions were made outside of the boardroom.

DIFFERENT OWNERSHIPS, DIFFERENT LOGICS

As the three firms entered the analysis period of this study, their historic development thus resulted in completely different governance systems,

and consequently, in completely different roles for the board of directors. As the analysis of the first time period addressed (1955–1972) has shown, these initial structures and processes, in the case of AB Borås Tidning dating back as far as the late 1800s, were remarkably persistent. To this extent, the study supports the proposal by institutional theorists that the history and traditions of firms tend to become ‘locked in’ to the organization’s *modus operandi* (Lynall *et al.* 2003).

To a considerable degree, the persistence in the governance structure of the three firms was a result not only of the ownership stability, but also of the slow circulation of key position holders in the top hierarchical levels of the firms; the average tenure of the individuals elected to the boards of directors exceeded sixteen years. Furthermore, the *institutionalization* (Meyer and Rowan 1977) of the distinct governance structures was facilitated by the fact that the impact of external influences (not least in terms of outside board members) was exceedingly limited. Ties to other companies in the newspaper press were virtually nonexistent. It seems reasonable to suggest that the lack of interlocks with other newspaper companies contributed to the heterogeneity (cf. DiMaggio and Powell 1983; Eisenhardt 1988).

Given the diverging governance structures of the three firms during the first period addressed in this book, it is tempting to categorize the different rationales in terms of different *logics*. In this respect, the governance principles demonstrated by the Barometern Foundation was marked by a clear *political* logic. Not only was the organization dominated by leading politicians, but the entire construction of the foundation also manifested its emphasis on a broad (or perhaps more accurately ‘democratic’) representation in terms of geographical areas and professions that clearly resembled that of a traditional political party. Members of the board of directors of the newspaper firm were elected on similar merits.

In contrast, *Borås Tidning*—as a result of its long-established control by industrial interests—was characterized by the more conventional *corporate* logic expected of a commercial stock corporation with dispersed ownership. The activities of the board were exceedingly formal, with systematic meeting schedules and (comparatively) extensive financial reporting. Membership of the board was rewarded primarily on the basis of financial stakes (i.e. shareholdings in the firm), but also—and perhaps more importantly—on achievements and status in the private sector.

Sundsvalls Tidning, finally, was characterized by the typical *family* logic prevailing in many owner-operated businesses (cf. Melin and Nordqvist 2009). Here, the governance structures were not only exceptionally informal, but were also complicated by relational bonds between the individuals

(and families) involved. Membership on the board was based exclusively on family ties (cf. Gomez-Meija *et al.* 2001); the three board members had inherited the board position from their fathers.

Apart from these distinct firm-specific logics, however, a more common *industry-specific* logic also prevailed in all three firms. In no case did the newspaper company appear to have been regarded as a commercial venture aimed at enriching its shareholders by means of dividends. To this extent, the shareholders were driven primarily by the *amenity potential* (Demsetz and Lehn 1985) offered by the newspapers. This condition had direct implications for the tasks expected of the board of directors. In neither case (or more specifically: in neither of the two companies that actually *had* a functioning board of directors) did the board actively engage in attempts to increase the financial returns of the firms. To a considerable extent, the profits (that *were*) accrued were reinvested in the newspaper firm, resulting in more voluminous newspapers, bigger offices and printing facilities, and—not least—larger editorial staff. The monitoring of the financial performance of the companies was also limited. Budgets and profit targets were still ‘unknown quantities’ in the three boardrooms. The financial reporting and investment proposals presented by management were approved in what appears to have been a rather ritual manner.

The boards did, however, have an impact on the *political* performance of the firms (cf. Napoli 1997), inasmuch as they, without exception, recruited editors with an outspoken political affiliation. To this extent, the goal fulfillment of the owners (principals) in terms of the political performance of the newspaper was maintained by recruiting editors (agents) with aligned interests (Eisenhardt 1989). Nevertheless, the handling of actual editorial decisions in this period of close party parallelism is altogether absent from the agendas (i.e. meeting minutes) of the boards.

In sum, it can thus be concluded that the boards of directors of the three newspaper companies were direct extensions of the ownership of the respective firm. In neither case would the board be given (or take) an autonomous position in the governance of the newspaper firm. To a considerable extent, the activities of the newspaper company were handled by the executive management: in *Borås Tidning*, following the passive approval of the shareholder(s); in *Barometern*, after the necessary consultation of the board chairman (and foundation/party key figure); and in *Sundsvalls Tidning*, as a result of the fact that the company was owner-run. The role of the board was largely ceremonious. In the case of *Barometern* and *Borås Tidning*, the primary board task board was to manifest, by means of the board composition, the political and commercial interests with which the newspapers were aligned. As a result, the contribution expected of the individual

board members appears to have largely been limited to attending the board meetings. In *Sundsvalls Tidning*, the functions ascribed to the board were restricted to the formal confirmation of business proposals that required the consent of the owner families.

To a considerable degree, the conditions just depicted remained unchanged for the first half of the five decades covered in the study. To this extent, both the general ownership rationale and the governance structures of the three firms during the late 1970s differed little from those of the 1950s. The most notable change during this period occurred in *Borås Tidning* and followed as a result of a gradual shift in the firm's ownership structure. In a slow but steady process, the CEO and editor-in-chief, Tore G. Wärenstam, was able to increase his shareholdings in the company, a venture which towards the end of the 1960s had made him the largest individual shareholder. During this period, Wärenstam also initiated a gradual change in the composition of the board, a process in which the traditional industrial interests were replaced by hired managers and individuals from Wärenstam's own social network. As a result, the dominance of Wärenstam over the newspaper company was increased even further.

FORCES OF CHANGE

Eventually, however, the long-established *modi operandi* of the three newspapers began to be challenged. Forces inside and outside of the firms pressured the newspaper owners to reassess both the prevailing rationale of the newspaper business and the traditional governance structures of the firm.

In *Sundsvalls Tidning*, the forces of change were mainly of a firm-internal origin. During the 1970s, the long-established hegemony of the owner families started to be increasingly questioned. To a considerable extent, the development was enabled by the law of 1973, allowing the union clubs of the newspaper companies the right to board representation. For the first time in the history of AB Sundsvalls Tidning, the boardroom was thus opened up to members outside of the intimate circle of owners. Despite what appears to have been a notable reluctance (resistance even) of the "old" board members, the traditional, exceedingly casual nature of the board was eventually abandoned. By the end of the 1970s, the board had thus started meeting according to a regular schedule, the meeting agendas had been formalized, annual budgets had been introduced, and larger investment decisions had begun to be preceded by more thorough investigations. These were all actions that had been initiated by the board members representing the staff. Additionally, the entering of a new generation of managers and editors (although not allowed on the board of directors)

resulted in steps being taken towards a more modern and rational administration of the newspaper.

Despite the significant activation of the board of directors, however, the ultimate control remained with the controlling shareholders. Thus, as an actor in its own right, the board continued to play a limited role in the decision-making of the firm. The death in 1983 of Yngvar Alström, the company's leader and patriarch for more than three decades, had no effect in this respect. To a considerable extent, the control over the company was delegated by the families to the hired CEO, who was able to run the company without the involvement of the board of directors.

Also in Borås, the demise of a dominant leader had a profound effect on the governance of the newspaper company. The death of Tore G. Wärenstam in 1980 resulted in the Wärenstam Foundation assuming the position of the controlling shareholder of AB Borås Tidning. Although taking over the shares previously possessed by Wärenstam, the leadership of the foundation did not inherit the unchallenged authority of its founder. During the 1980s, the legitimacy of the organization's new owner was thus repeatedly questioned by the minority shareholders of the newspaper company. To a considerable degree, the criticism resulted from the fact that the foundation consisted almost exclusively of hired managers. This limited the involvement of the traditional stakeholders of the newspaper, not least the textile industry and the Conservative Party.

In an attempt to comply with the criticism, the foundation gradually increased the presence of non-foundation members on the newspaper company's board of directors. As a result, the board emerged as a more autonomous player in the organizational hierarchy of the newspaper. However, despite a relatively more active involvement in the operations of the firm towards the end of the 1980s, AB Borås Tidning remained a company that was largely dominated by the management. Also in this company then, the meetings of the board of directors continued to revolve almost exclusively around the passive approval of the reports and business proposals presented by the CEO.

In the case of *Barometern*, there were no minority shareholders challenging the regiment of the controlling owner. With the exception of a few residual shares, the company was owned in its entirety throughout the 1970s and 1980s by the Barometern Foundation. Rather, towards the end of the 1980s, the consistent below-industry profits, a stagnating circulation, and an increasingly successful competitor and political adversary eventually caused the foundation to decrease its own direct presence on the board of the newspaper firm for the benefit of more business-oriented, externally recruited individuals. The consequences were significant: the financial

monitoring of the newspaper businesses was noticeably increased, profit targets were established, managers and editors not living up to the expectations of the board were replaced, and efforts were initiated regarding the rationalization and coordination of the newspaper group's activities.

In *Barometern* (and to a lesser degree, also in *Borås Tidning*), the increasing presence of external board members (or rather, individuals with experience in running corporations in other industries) contributed not only to a more distinct (autonomous) board of directors in the hierarchy of the newspaper firm, but also to a more business-like approach to the general operations of the newspaper. In *Sundsvalls Tidning*, on the other hand, the shareholders did not elect any external members to participate in the decision-making of the firm. Here, the boardroom continued to be dominated by members of the owner families (regardless of whether the individuals had any business experience). As a result, the influence of actors external to the firm remained exceedingly limited and the traditional governance structures largely intact.

FORCES OF HOMOGENIZATION

After decades of relatively constant expansion, the market conditions of the three newspapers (and indeed, the Swedish press at large) changed dramatically in approximately 1990. The emergence of new media forms, enabled by both deregulations and technological advances, resulted in a fundamental restructuring of the media market. As a result of the increasingly competitive environment, the subscription and advertisement sales of the newspaper companies started to decline. Whether they liked it or not, the actors of the Swedish newspaper industry had to adapt. The cases analyzed in this study were no exception. As shown, the final decade and a half of the fifty years addressed in this book include a number of profound changes in the traditional governance structures of the three newspaper firms; changes that can be directly traced back to the changing environment of the newspaper firms.

Given the significant differences characterizing the governance of the newspaper in previous periods, the final stages of the period included a number of signs towards increasing similarity. "In the initial stage of their life cycle," write DiMaggio and Powell (1983: 148), two of the more influential advocates of the view that the activities of organizations are shaped by institutional forces, "organizational fields display considerable diversity in approach and form. Once a field becomes well-established, however, there is an inexorable push towards homogenization." According to the two authors (1983: 150), the development towards a standardization of organizational activity is spurred by *mimetic* isomorphism, resulting from

standard responses to uncertainty facing the organization, and *normative* isomorphism, stemming from a professionalization of the actors involved.¹ The claim of DiMaggio and Powell is supported by the analysis of the three newspapers addressed in this book. The growing uncertainty resulting from the increasingly tough market conditions end up having a significant impact on the traditional governance structures of the firms. The boards were also affected in this process.

In all three cases, the traditional view of the board of directors as a manifestation, and to some extent, protector, of the (family, political, commercial or geographical) interests embraced by the shareholders, was gradually abandoned for a notion that the board should be regarded as an important tool in the quest to increase the competitiveness of the newspapers and the long-term profitability of the firms. Arguably, this view of the board as an 'active player' in the governance of the stock corporation was the one generally prevailing in the private commercial sector (as well as in the increasing organizational literature addressing the board role; cf. Huse 2007). The new attitude regarding the position of the board of directors was reflected in both the election of new board members and the tasks expected to be performed by the boards. As shown, the owners increasingly resorted to the election of board members on the basis of business expertise and industry experience. As a result, the general attributes of the board members in terms of professional background became increasingly similar as a result of this development. In addition, the previously very distinct features resulting from the particular ownership situation of the individual firm also became less pronounced.

The analysis of the actual activities performed by the board has shown signs of a similar homogenization. An increasingly dominant notion, not least among the board members themselves, entailed that it was an important board task to contribute to the strategic development of the corporation. Thus, the boards engaged in activities that their predecessors had not. This included strategic seminars, the formulation of policy and aim documents, study tours, etc. It also included discussions concerning how to improve the actual product, in other words, the newspaper.

Another reflection of this development towards a more active board of directors was that the background material distributed among the board members prior to the meetings was dramatically increased. Generally, the number of meetings was also raised. All in all, the actual effort associated with being a member of a newspaper board appears to have been noticeably increased. The expectations that the board members were to become more directly involved in the operations of the companies were manifested

in a relatively dramatic raise of the financial remunerations awarded to the board members.

Clearly, the development towards a more “professional” board role was nurtured by the fact that the management of the newspapers was increasingly dominated by a new generation of professional executives, many of whom were recruited from outside the newspaper industry. As shown, the (hired) managers of the three companies were, to an increasing extent, able to influence the composition of the board of directors. This was a privilege rarely enjoyed by their predecessors. As such, this was one of the most notable features during the final years of the study. Thus, despite the increasing involvement of the board of directors in the operations of the newspaper firms, the professional executive managers positioned themselves as the driving forces of development in the newspaper firms.

As a final point, it is nonetheless worth stressing that the argumentation towards a homogenization of the role played by the newspaper boards should not be exaggerated. The history and specific structures of the individual newspaper (and the groups in which they have come to belong), as well as the character, background and rationale of the various individuals involved, continued to make their mark on both the governance structures and the decision-making in the companies. In this respect, the traditional non-financial interests embraced by the owners, although to a considerable extent challenged by the increasing commercial forces of the newspaper market, also continued to make an imprint in and around the boardroom. This particular notion, which concerns the impact of ownership in the newspaper companies addressed, is the subject of the concluding section of the book.

FOUNDATION OWNERSHIP IN THE SWEDISH PRESS: A BASIC ASSESSMENT

Since the 1940s, the foundation ownership has evolved into one of the more distinct features of the Swedish press (Sundin 2011). Despite the overriding similarities regarding the non-profit orientation and absence of a traditional ‘owner’ (Thomsen 1996), the Swedish newspaper foundations are a relatively heterogeneous group in terms of historic origins, overriding objectives, and internal structures. As the preceding chapters have illustrated, the specific premises of the foundations addressed have had a significant impact on the governance of their respective newspaper firms.²

SAFEGUARDING A STATUS QUO

Regarding the origins of Swedish newspaper foundations, a basic distinc-

tion can be made between *firm-internal* and *firm-external* initiatives. In the former category, a newspaper owner or owner collectivity (such as a family) have chosen to donate or bequeath their ownership interests in the newspaper company to a foundation. As shown, the Wärenstam Foundation in Borås, founded by the (heir-less) owner-manager Tore G. Wärenstam, is a typical example. In the latter category, individuals or organizations external to the firm have joined forces to take control of the newspaper company within the framework of a foundation ownership. Here, the Barometern Foundation in Kalmar provides a classic example.

In both cases, the specific origins of the foundation had direct implications for the recruitment of key position holders to the organizations; whereas the leadership of the Wärenstam Foundation was dominated by (hired) managers of the newspaper firm, the Barometern Foundation (or at least its executive organ, the foundation board of trustees) has, since its establishment, consisted exclusively of individuals from outside of the newspaper company. As shown, the particular configuration of the foundation leadership has in turn had far-reaching consequences for the governance of the two newspapers, not least regarding the (agency) relationship between the owner and the firm.

In Borås, the internal origins of the Wärenstam Foundation has resulted in a number of characteristic traits—the importance of trust and a short power-distance between the hierarchical levels being two of them—discussed by stewardship theorists (see Davis *et al.* 1997). This has fostered a governance culture characterized not only by relatively few disagreements, but also in an executive management left with considerable discretionary power. A strong inclination to promote internal recruitment (and career paths) and a concern to elect external board members who ‘fit in’ to the prevailing structures and values, are two other manifestations of this organizational culture. In comparison, the exceedingly firm-external character of the Barometern Foundation, most clearly manifested in the absolute lack of hired employees on the foundation’s board of trustees, has resulted in a principal demonstrating many of the characteristics identified by the more control-oriented framework of agency theory (Eisenhardt 1989; cf. Huse 2007).

As shown, the Barometern Foundation has been much more concerned with monitoring the activities of the stock corporation and the performance of the editorial department. This control has not only been manifested in a more extended veto right in various decisions concerning the newspaper company, but also in an inclination to intervene directly in both the operations of the management and the editorial decision-making of the newspaper. In comparison to the development in Borås, the history of *Barometern* under foundation ownership has also been noticeably more tainted by con-

flict between the various actors of the newspaper firm. This notion is very much in line with the predictions of stewardship theory (Davis *et al.* 1997).

Regardless of origin, however, a common denominator in *all* Swedish newspaper foundations has been the intent to safeguard the newspaper's continuation according to one or more specific principles. The primary rationale of the foundation ownership of the Swedish press has thus been a desire of one or more stakeholders, internal or external to the newspaper firm, to preserve some desired status quo.

With few exceptions, these principles have involved a political affiliation. To this extent, the rise of the foundation ownership is a manifest expression of the political parallelism of the Swedish press, in which the newspapers have been regarded as political tools or tools for a specific partisan interest (Hadenius and Weibull 1999; Hallin and Mancini 2004). Regarding the specific cases addressed in this study, the status quo rationale has been incorporated in the governance structures of both the foundations themselves and in the newspaper companies they have been set to control. To a varying degree, the foundation charters establish that the foundation members be recruited on the basis of some specific principles, such as geographical, professional, or political representation.

Apart from the preemptory ruling, however, the foundations have generally been left responsible for their own continued existence. In practice, this has resulted in very long tenures. Once elected to a newspaper foundation, the members are generally entitled to hold the position until they choose to retire. As a result, the actual *composition* of the foundation membership bases has also functioned as a force towards stability in the activities and rationale of the foundation ownership of the press.

What further distinguishes this particular ownership form from 'traditional' private proprietorship is the fact that ownership influence is rarely related to financial stakes (cf. Murdock 1982; Fama and Jensen 1983*b*). The members of the Barometern Foundation and the Wärenstam Foundation have not invested any of their own money in the organization.³ However, the lack of *direct* personal financial interests does not mean that the individuals who are elected as foundation members have lacked a stake in the foundation (and, by extension, the newspaper company it controls).

A number of Swedish newspaper foundations have been initiated by individuals and organizations in the local political arena as a means to secure the newspaper as an aligned ally during election time. Given the presence of politicians in the leadership of the foundations, many of the individual members have thus had a personal *political* stake in the (editorial) performance of the newspaper. In the specific case of the Barometern Foundation, the fact that the membership base has included many of the region's influ-

ential business owners and corporate executives has also been associated with expectations that the newspaper promotes—even favors—the local private sector in which they operate (an expectation that is also written into the foundation charter). To this extent, it may be suggested that the individual foundation member has been motivated by an *indirect* financial interest in the performance of the paper.

As a result of not only the absence of influence determined on the basis of financial stakes, but also the lack of a more “conventional’ ownership rationale revolving around making profits for the shareholders (Jensen and Meckling 1976), the foundation ownership clearly complicates the traditional agency relationship posited by theory concerning commercial stock corporations (cf. Quinn and Jones 1995; Miller and Sardais 2011). The *amenity potential* of the media (Demsetz and Lehn 1985), to a considerable degree, has been the prime rationale behind the establishment of the Swedish newspaper foundations. Therefore, it is reasonable to propose that foundation ownership in the press is particularly exposed to conflicts of interests between the various stakeholders of the individual newspaper firm (cf. Freeman *et al.* 2010).

The study has revealed that this particular circumstance has presented the foundation-controlled newspaper firms with challenges that are less likely to occur in private ownership, or for that matter, in firms of other, more ‘traditional’ industries. Given the particular background, configuration and rationale of the Barometern Foundation, it is not surprising that the presence of conflicting opinions has been more pronounced in *Barometern* than in the other newspapers. The discrepancy between the values and interests embraced by both the charter and the individual members of the foundation and the professional (and perhaps even political) values of the editorial staff has resulted in recurrent tensions between the two parties. From time to time, the decisions made by the foundation have also been criticized on more commercial grounds, by managers and board members of the newspaper company who have not been associated with the ownership organization.

In comparison, the Wärenstam Foundation in Borås has played an exceedingly less active role regarding the performance of both the editorial department and the newspaper company at large. There appears to be three main reasons for this: firstly, the foundation is significantly smaller (it includes only three members, compared to one hundred in the Barometern Foundation); secondly, because of the dominance of internal members on the board of trustees (including, not least, the editor-in-chief), and thirdly because of what perhaps is best described as cultural differences.⁴ In addition, prior to the period of foundation ownership (i.e. before 1980), it had

been a long-established tradition—manifested in the boardroom—that the owners (and owner representatives on the board) were to stay away from the operational decision-making in the newspaper firm. To some extent, the two first points thus follow from the third: when establishing the foundation, the CEO and editor-in-chief at the time, Tore G. Wärenstam, deliberately chose to create an intimate organization dominated by hired managers. All in all, this had a significant impact on the role played by the Wärenstam Foundation in the governance of the newspaper firm. The direct impact of the owner organization was limited in the editorial department as well as in the boardroom.

In Sundsvall, the two owner foundations of the GD/MittMedia Group also abstained from getting involved in the editorial decision-making of the subsidiary. The minutes from the board meetings of Sundsvalls Tidnings AB include no evidence of any criticism, let alone decrees, stemming from the owners regarding editorial content. This notion is supported in interviews with representatives of the two foundations, externally recruited board members, and the responsible editor of *Sundsvalls Tidning*. To this extent, the approach of the two (liberal) foundations in relations to STAB resembles that of the (conservative) Barometern Foundation in relation to the two other newspapers of the newspaper group.

Against the backdrop of the relatively active ownership of the Barometern Foundation vis-à-vis the *Barometern* newspaper, the involvement of the owner in the operations of the *Smålandsposten* and *BLT* (both acquired in 1975) for a long time remained much more limited. To a considerable degree, the two subsidiaries were left to mind their own business. The findings indicate that the political interests of the ownership foundations (and their respective members) were largely focused on the ‘main’ newspaper. In both cases, the foundations had been formed with the explicit intention to secure a specific newspaper. This was reflected not only in the formal aim of the foundation charter, but also in the recruitment of members of the foundations, who, without exception, were recruited from the political networks of the circulation area of *Barometern* and *Gefle Dagblad*, respectively. Clearly, the political rationale of these local politicians (and party allies) included a much more limited inclination to monitor activities of the newspapers of other electoral districts.

Regarding the relative autonomy of the editorial department, the implications of the foundation ownership have thus differed quite significantly between the three cases addressed. To this extent, the merger in 2003 between Sydostpress AB (*Barometern*) and AB Borås Tidning resulted in the meeting of two distinct owner rationales. Nevertheless, the particular configuration of the Gota Media Group in terms of both ownership and

hierarchical structure has forced the two organizations to coordinate the ownership interests in the group. The merger effectively restricted the ability of either party to exert full economic ownership over the newspaper group. As a result, the direct influence of the owners (and its respective members) over the operations of the newspapers involved has been significantly reduced.

NOT-FOR-PROFIT PRINCIPALS ON INCREASINGLY COMMERCIAL MARKETS

The preceding section argued that the popularity of transferring Swedish newspapers to foundation ownership, a development primarily concentrated to the decades around the year 1950, was an expression of the political rationale of the Swedish press. The ownership form secured the political affiliation of the newspaper for the foreseeable future. However, this basic characterization of the Swedish newspaper foundation can be taken one step further. The rise of foundation ownership may, in fact, be seen as an expression of the (then) prevailing view of the entire *raison d'être* of the newspaper industry at large. By transferring the economic control from private investors to a foundation, the traditional (self-serving) financial logic of ownership is effectively discontinued (cf. Fama and Jensen 1983b). To this extent, the foundation ownership establishes the newspaper firm as something 'other' than a traditional commercial business enterprise.

As the study has shown, the absence of an explicit financial rationale had a profound effect on various aspects of the governance of the newspaper firms. This ranged from the recruitment of foundation members and the formulation of specific ownership directives, to the election of board members and managers to the stock corporations and the decision-making in the individual newspaper boardroom. In the election of board members to both AB Borås Tidning and Tidningen Barometern AB, the safeguarding of the 'non-financial' objectives of the newspaper were, for many years, given precedence to competencies associated with a more profit-oriented administration of the newspaper firms (cf. Eisenhardt 1989; Huse 2007).

The composition of the board, together with the rationale of the owner, had a considerable impact on the activities in the boardroom. Firstly, in neither case did the boards engage in an active monitoring of the financial performance of the newspaper firm. In part, this appears to have been a reflection of the fact that the owner provided no such directives. It is also likely, however, that as a result of the choices made by the foundations when composing the boards, the board was less suited to carry out such a (financial) control task. Even though the boards would maintain the formal veto right of various business proposals, the prevailing impressions is that the CEOs were left with considerable freedom to maneuver. Secondly, in neither

case did the boards initiate any activities aimed at expanding or rationalizing the newspaper business.

In addition, the strategic aspect of the newspaper firm was thus delegated to the management. Regarding the decision, which was made by the boards, the study has provided several examples in which a financially more viable course of action was sacrificed by the board (and, by extension, the ownership foundation) for the sake of some other value, such as the employment security of the staff or the reputation of the newspaper in the local community. In sum, the two stock corporations, although commercial in principle, were hence run according to the same rationale as the not-for-profit foundations by which they were controlled (though not as thoroughly examined, it appears, as the activities of the GD Group in relation to its ownership in STAB follow a similar pattern).

As shown, however, the distinct *modus operandi* of both the owner foundations and their representatives in the newspaper company boardrooms did not remain unchallenged. In a process gaining momentum in the late 1980s, the organizations were increasingly subjected to a set of different expectations presented by stakeholders external to the intimate ownership sphere. Both the owners and the boards of directors were criticized for not acting according to fundamental 'professional' business principles.⁵ To a considerable extent, the criticism went hand in hand with the fact that the newspaper businesses were more or less consistently presenting profit levels lower than the industry average.

In both cases, the foundations and the boards chose to comply with the criticism. In a gradual development, the two owners began to depart from the previous principles of prioritizing the election of their own members to the boards of the stock corporation. As a result, the *direct* influence of the foundations in the decision-making of the newspaper companies was gradually decreased. As previous sections have shown, this resulted in the boards being dominated by individuals without any ties to the foundation or the newspaper company. It also resulted in the boards being more inclined to focus on the financial viability of the newspaper companies, and consequently a more thorough monitoring of the performance of both the CEO and the firm (see Fama and Jensen 1983a).

However, the consequences of this activation of the board of directors as an autonomous actor in the governance of the firm had different consequences for the internal dynamics of the newspapers. In Borås, the transition appears to have gone rather smoothly; even prior to the changes, the foundation (as an actor in its own right) had played a passive role in the operations of the stock corporation. Thus, the alterations in the board configuration did not bring any changes to this principle. Apart from the

fundamental decision in 2002 to merge the company with Sydostpress, the owner abstained from involving itself directly in the decision-making of the newspaper firm.⁶

In Kalmar, however, the ramifications were more significant, not least because the owner—despite no longer being ‘physically’ present on the board of directors—continued to involve itself in various issues handled in the boardroom. Thus, the forming of the Sydostpress Group in 1990 (resulting in the establishment of a proper parent company), which was motivated in part by an ambition to strengthen the influence of the board of directors, also led the foundation’s board of trustees to undergo a similar activation. As a result, the organizational ‘superstructure’ of the newspaper company was increased from one hierarchical level to three. Not only did this make the governance process exceedingly more complex, it also made it decidedly more exposed to conflict. Also in this respect, however, the decision to merge the newspaper group with AB Borås Tidning—arguably the crescendo of tensions between the hierarchical levels of the newspaper group—removed some of the blurriness regarding the mandate resulting from the particular configuration and history of the Barometern Foundation. To this extent, the impact of the foundations on the business-oriented (allocative) decision-making in the newspapers also decreased noticeably as a result of the merger.

Furthermore, the third newspaper, *Sundsvalls Tidning*, was eventually directly and profoundly affected by decisions stemming from the group headquarters in Gävle. During the last few years of the period discussed, the newspaper company was not only enjoined with gradually increasing profit targets (resulting in a corresponding reduction of the staff), but also with decrees by which much of the traditional discretionary power of the local board and management was transferred to the parent company. Although motivated as a means to secure the long-term survival of the group, many of the changes were met with criticism in the subsidiary. The driving force behind this development was not the two owner foundations, however, (even though they had been supporting it publicly), but rather the hired CEO of the parent company. Much like the development in Gota Media, the powers of MittMedia were thus, to a considerable extent, centered on the (hired) executive management of the newspaper group. This left both the owners and the local management of the individual newspapers somewhat marginalized.

CONCLUSIONS

Therefore, what are the main consequences resulting from being controlled by foundations for the newspaper companies? Judging by the findings presented in this book, it is possible to propose three basic conclusions regard-

ing the main features characterizing this particular form of ownership (cf. Picard and van Weezel 2008).

Firstly, it is clear that the particular circumstances of the time in which the foundations were created has had a profound and long-lasting effect on the operations and internal dynamics of the newspaper groups. To this extent, the foundation ownership is characterized by significant rigidity. The rigidity has been facilitated not only by the peremptory rulings of the foundation charter that enjoin the organizations with more or less specific objectives and governance structures, but also by the fact that the foundations, to a considerable extent, are responsible for their own rejuvenation.

This has had two important consequences for the foundations in this study. Since foundation membership in all three cases has been an open-ended ticket, the foundations (as well as their respective board of trustees) have been characterized by an exceedingly low circulation of members. In the case of the Wärenstam Foundation, the average tenure of the regular members (including the time spent as a board alternate) exceeded 17 years during the period at hand. In the Barometern Foundation, the corresponding figure was 20 years. The fact that the foundation members themselves have been left to carry out by-elections (within the relatively detailed restrictions set by the foundation charters) has also effectively delimited the recruitment base for potential new candidates. To a considerable degree, the individuals elected to the newspaper foundations have been recruited from the political, professional, or socio-economic networks of the incumbent members. To this extent, the concept of the "external member," amply discussed in the literature on governing boards [see Huse 2007] is a largely unknown phenomenon in the world of Swedish newspaper foundations. Clearly, both of these conditions have contributed to the perpetuation of the rationale and governance structures of the organizations in this study.

Nonetheless, the rigidity of foundation ownership in the press has not been absolute. The study has shown that even the most detailed foundation charter has left room for interpretation regarding both the role of the foundation and the mandate of the individual board members. To this extent, the behavior of the foundation in relation to the individual newspaper firm is shaped in the interactions and relative influence of the individuals involved, in the foundations as well as in the newspaper company. This leads to the second main characteristic of foundation ownership, namely the absence of a single individual enjoying ultimate power in the decision-making of the organization. To a considerable degree, the foundation ownership therefore revolves around compromise. In comparison to newspaper companies with a *private* controlling shareholder, the decision-making in foundations has, by necessity, involved more individuals. To this extent, the governance

process in newspaper companies with foundation ownership is not only characterized by negotiation, it also opens up for conflict and a blurriness regarding the mandate, both within the foundation itself and in the wider hierarchical organization of the newspaper company (including the board of directors).

In spite of the fundamental rationale of conserving the newspaper according to some preferred principles, the development over the past few decades has shown that the Swedish foundations have not been immune to expectations and forces also in their external environment. This is the final of the three conclusions. By all means, the setting in which Swedish newspaper foundations have been set to function has changed profoundly since the time of their establishment. The competitive character of the market(s) for printed newspapers has increased dramatically. This has resulted not only in stagnating sales and slumping readership, but also in a corresponding pressure to reduce costs and rationalize operations. Furthermore, normative expectations from the audience and new professional values of the journalism corps have increasingly come to oppose the idea of news reporting being colored by the political affiliation of media owners (McQuail 2003).

Regardless of whether they have liked it or not, the newspaper foundations have, as a result of these changes, been forced to abandon some of their traditional guiding principles concerning their relation to their respective newspaper firms. To a considerable extent, the administration of their interests in the newspaper business has been handed over to agents with other qualifications (and motivations) compared to a couple of decades earlier. The newspapers have increasingly come to be run by responsible editors without any ties to the political arena (or the local power structures of the area of circulation). The board members and executive managers of the newspaper companies have also increasingly been recruited on the basis of their industrial and business skills.

As a result, the political logic that led to the establishment of many of the Swedish newspaper companies, and which also had a considerable impact on the governance of the newspaper firms, has gradually been replaced by a business logic prevailing not only in the private sector of the press, but also in commercial business life at large. This has been manifested, not least, in the fact that many of the largest structural deals on the Swedish newspaper market in the past decade or so have had a foundation-controlled newspaper group as the buying party. To this extent, the foundation ownership has lost many of its distinct traits in comparison to other ownership forms, and the foundation-controlled newspaper has more and more come to resemble those owned by private profit-oriented owners.

Notes

CHAPTER 1 INTRODUCTION

- ¹ This is a somewhat crude generalization regarding the fundamental principles of the stock corporation as a legal entity, and does not take into account the possible national variations in corporate law (see Chapter 3).
- ² The term “managerial elite”, as used by Pettigrew (1992: 163), embraces “those who occupy formally defined positions of authority, those at the head of, or who could be said to be in strategic positions in private and public organizations of various sizes.”
- ³ In this context, it is important to stress that Swedish newspaper foundations do not operate the newspaper businesses ‘themselves’. As is the case with privately held newspapers, the business is run within the framework of a stock corporation. When used in this book, the term ‘foundation ownership’ thus refers to a situation in which a foundation is the *controlling economic shareholder* of a newspaper corporation.
- ⁴ The term ‘daily’ is here and hereafter defined as a publication rate of either six or seven days a week.
- ⁵ As of 2011, *Borås Tidning* had a recorded circulation of 45,100, *Barometern* 42,300, and *Sundsvalls Tidning* 29,600, giving them the positions of 7, 8 and 20 on the list of the largest Swedish provincial newspapers.

CHAPTER 2 THE SWEDISH NEWSPAPER MARKET

- ¹ However, the Swedish constitution is also unique in the sense that freedom of expression is regulated, not in one, but in three different fundamental laws (Borden 1995; Pettersson *et al.* 2007). The principal rules concerning free

expression are stipulated in the Instrument of Government (“*Regeringsformen*”), whereas the freedom of expressing oneself by means of various media is guaranteed in two separate laws: one for the press (The Freedom of Press Act, “*Tryckfrihetsförordningen*”) and one for electronic media (the Fundamental Law on Freedom of Expression, “*Yttrandefrihetsgrundlagen*”).

- ² In order to understand this ‘special treatment’ of Swedish newspaper owners, the origins of the act must be placed in its historic context (cf. SOU 1999:30, p. 161). By the time of its first enactment, the right of the mid-18th century citizen to express herself publicly coincided to a considerable extent with the possibility to print written works. There was no such thing as a ‘newspaper industry’. Given the subsequent technical and economic development, however, the original constitutional right to print written matter would gradually evolve into a liberty with considerable financial implications: in other words the unrestricted right to start, run, and buy, newspapers companies.

- ³ Actually, the English name of the fundamental law’s title is somewhat misleading. The verbatim translation of the Swedish title is in fact “The Freedom of Printing Act”.

- ⁴ The implications of yet another characteristic feature of the TF—the concept of the responsible editor—are discussed in Chapter 3.

- ⁵ The development had far-reaching social consequences. The strong links between the press and the political parties meant that newspaper reading spread among most social groupings, resulting in high penetration and mass readership (Hallin and Mancini 2004). A quantitative peak was reached around 1920. This year approximately 235 individual papers were being published (Tollin 1965). Beside a strong political activity, good economic conditions and the relatively low cost of starting newspapers had contributed to the expansion. Studies of the situ-

- ation in the other Scandinavian countries, which shared many of the structural patterns of the Swedish market, show a similar pattern (Hallin and Mancini 2004).
- ⁶ According to Sjøllinge (1999), this development, which characterized all the Scandinavian markets, was spurred by a strong sense of “local patriotism”. Even in the smallest townships, citizens and political groupings wanted to have their own local newspapers.
- ⁷ The emergence of an advocacy press associated with the Agrarian Party (later named the Centre Party) during the 1910s and 1920s showed a similar pattern (Kronvall 1971; Hadenius 1983). Both parties also bought already existing newspapers and turned them in to affiliates.
- ⁸ Of the 76 papers that were discontinued or absorbed by a larger newspaper between 1945 and 1964, 51 belonged to the non-socialist press and only 10 to the socialist press. A majority (41 out of 71) of all shutdowns had a circulation of less than 5 000 copies (SOU 1965:22, p. 169).
- ⁹ As it turned out, the Support Act entitled direct support to 32 of the 40 newspapers loyal to the SAP and the Centre Party respectively. Of the 45 liberal and conservative newspapers, grants were paid out to only four (Borden 1995: 192).
- ¹⁰ Later evaluations (SOU 1972:79; 1980:32; 1988:48; 1994:94; SOU 1995:37; 2006:8) have resulted in only minor modifications to the support system.
- ¹¹ The last Swedish city with three competing morning newspapers, Malmö, had been reduced to a duopoly market in 2000, following the discontinuation of the social democratic *Arbetet*.
- ¹² In 1955 only a handful of private owners controlled three newspapers or more. The chains that did exist were all highly regional in character and operated outside of the three metropolitan markets (Stockholm, Gothenburg, and Malmö). In all cases, the owner had started with a single paper business, and then expanded through acquisitions of adjacent newspapers that had been offered for sale. Though a concentration of ownership was clearly evident in these specific regions, from a national perspective, the impact of group ownership was negligible. The biggest regional owner—the Ander family in Karlstad—controlled no more than two percent of the total national circulation.
- ¹³ Adding to this incipient restructuring of the newspaper market was the fact that an increasing number of newspaper firms were put up for sale. High taxes on inheritance and capital transfers made it very costly for new generations to take over family-run newspaper firms. Although the papers themselves were prosperous, a number of families were forced to sell when a succession of generations became inevitable. As of 1985, Sweden along with Denmark had the most severe capital tax pressure among the OECD countries (see Thomsen 1999: 123).
- ¹⁴ The largest was the social democratic A-Pressen, consisting of 19 newspaper companies and 20 newspapers (SOU 1980:28, p. 171). The group had been formed in 1970, as an attempt of the labor movement to increase coordination and to facilitate the distribution of direct financial support to struggling papers (Hadenius 1981). A holding company, A-Pressen AB, was established which assumed ownership of all but two socialist newspapers. The company was co-owned by the SAP and the Confederation of Trade Unions (LO).
- ¹⁵ In some cases, such as the Centre Party’s surprise acquisition of a privately held group of newspapers in 1973 (Gustafsson 1995: 88), the political connection was clearly manifested. Overnight, the six, previously politically independent newspapers, were converted into party papers. In most cases though, parties and political interest organizations chose more concealed, but highly influential, roles in the administration of the different deals.
- ¹⁶ The process was somewhat spurred by the liquidation of the social democratic A-Pressen chain in 1992 (Borden 1995; Hadenius and Anderberg 1994). Initially after the bankruptcy, the newspapers that were not discontinued were taken over by local interests (with direct or indirect connections to the labor movement). Eventually, however, most were purchased by either liberal or conservative actors, mostly in the form of the local market-leading competitor.
- ¹⁷ The connection between different owners was limited to the condition that they belonged to the same political organizations and parties. This market of geographically dispersed private entrepreneurs and family businesses was contrasted by the socialist press group, in which much power was centralized to the party headquarters in Stockholm.
- ¹⁸ The last representative of this traditional leadership model was Staffan Ander, one of the main owners of *Nya Wermlands-Tidningen* (in Karlstad), who was the responsible editor of the newspaper between 1978 and 2010.
- ¹⁹ In an oft-quoted contribution to the debate made in 1950 by a former editor of foreign news, the relationship between the editor and the owner was compared to that between a crowing rooster (the editor) and a fox (the owner), in which both parties were silently aware of the fact that the fox may always bite of the rooster’s head but the rooster can never do the same to the fox (Vallinder 1971: 100). A disgruntled newspaper owner, it was argued, could always fire an outspoken editor, whereas the editor, often financially dependent upon his employer, had no other forcible means but his own pen.

- ²⁰ As mentioned, the two aspects of ownership influence that tend to cause most debate in market economies, the presence or emergence of ownership concentration and the appearance of local monopolies (see e.g. Hutchins 1947; McQuail 1992; Roppen 1998; Bagdikian 2004; Baker 2007), were still features largely unknown to the Swedish newspaper market.
- ²¹ In a 1970 survey of Swedish editors-in-chief (Kronvall 1971), it was found that the number of editors-in-chief of daily newspapers who combined (or had previously combined) their role as newspapermen with parliament membership had dropped to five. A decade later there were none (Hadenius 1983). However, party commissions on the local and regional levels were still common. The survey showed that more than half of the Swedish editors-in-chief were or had been local or regional politicians. Two out of five were or had been popularly elected members of the local council (Kronvall 1971).
- ²² For analyses of the partisanship of editorial content in Swedish newspapers, see e.g. Hadenius (1983); Hadenius *et al.* (2008); Djerf-Pierre and Weibull (2009).
- ²³ As the following chapter will show, a concrete manifestation of the prevailing political climate was the passing of a number of new laws that strengthened the influence of the workers.
- ²⁴ The proposed law concerned concentration due to both inorganic and organic growth. Thus, it would not only enable the government to hinder “undesirable” mergers and acquisitions, but also to intervene directly against the unwanted expansion of already dominant media firms by means of increased sales or start-ups of new media activities (SOU 1980:28).
- ²⁵ A manifest example of this were the unsurpassed tax rates on inheritance and capital transfer, which effectively forced many private owners to give up newspaper firms that were ever so prosperous.
- ²⁶ Its interests in the press had for almost five decades been limited to the two largest newspapers in Sweden: the morning daily *Dagens Nyheter*, and the afternoon tabloid *Expressen*. Both were published in Stockholm and had a liberal affiliation.
- ²⁷ *Sydsvenska Dagbladet* and *Trelleborgs Allehanda* (1994), *Ystads Allehanda* (1997), *Kristianstadsbladet*, *Kvällsposten* and *Göteborgs-Tidningen* (1998).
- ² For instance, when *Barometern*, one of the three newspapers analyzed in this study, reported a significant increase in costs for the year 1878, the primary reason was that the owner-manager had married and bought a new house for himself and his spouse (Hofrén 1966: 158–59).
- ³ Furthermore, the taxes were considerably lower for stock corporations compared to those of other forms of association (Nial and Johansson 1995: 45), which is likely to have provided yet another important incentive.
- ⁴ The new ABL of 2005 was primarily motivated by technological advances (“changing the conditions for co-operation and decision-making in companies”) as well as by changes in the (global) financial markets, affecting the conditions for companies to obtain capital. Furthermore, the legislators tried to make the rulings even more “lucid and accessible” (Fact Sheet Ju 05.03e). The act, which did not alter the role of the board in any significant way, went into force on January 1, 2006.
- ⁵ For this reason, the following discussion is limited to *privately held* corporations. The rulings, however, are essentially the same for both association forms, even though the ABL is somewhat more detailed regarding public corporations on a few issues, such as the appointment of board members and the information duty of the board and the CEO vis-à-vis the shareholders.
- ⁶ The general meeting and the board of directors are legal requirements of all stock corporations. Until recently, so was also the CEO (or more precisely, it was required of all corporations where the share capital amounted to at least MSEK 1). Following the passing of the new ABL of 2005, the CEO is a prerequisite only in publicly traded stock corporations.
- ⁷ There are also variations within individual countries. For instance the corporate legislations of The Netherlands, France, and Finland all include a variety of different board systems (Huse 2007: 105).
- ⁸ Of course this argument does not apply to newspapers in which the owner is also responsible editor.
- ⁹ There are, nevertheless, a few legal restrictions, which follow from the condition that the responsible editor is liable under penal law for offences against the freedom of the press. Since the penalty for press libel is a personal fine, and in some cases even prison, the TF requires that: “A responsible editor shall be domiciled within the Realm. No person who is a minor or an undischarged bankrupt, or for whom an administrator has been appointed under special provisions of law, may be a responsible editor” (TF, Ch. 5, Art. 2).

CHAPTER 3 THE LEGAL SETTING

- ¹ With this said, the stock corporation may, of course, be used to conduct business.

CHAPTER 4
RESEARCH ON NEWSPAPER
OWNERSHIP

- 1 A chain or group (in the following, the two terms are used interchangeably) is commonly defined as the "ownership of two or more daily newspapers in different cities by a single firm or individual" (see Compaine 2000: 7).
- 2 The distinction between private and public ownership provided by Picard and van Weezel (2008) is not the only of its kind regarding the media. Public ownership may also, particularly in references to broadcast media, refer to media outlets owned or administered by the state, such as the BBC in the U.K. and Sveriges Radio in Sweden. In this respect, private ownership refers to all media outlets owned by non-government actors, regardless of whether they are publicly traded. When used in this book, the terms "private" and "public" refer to the definitions given by Picard and van Weezel (2008).
- 3 The observant reader notes that this argument resembles that proposed by Shaver and Shaver (2003) regarding chain ownership (see above). Concerning the U.S. market (the case upon which both studies base their findings), the separate concepts of chain ownership and public ownership have tended to coincide in practice (cf. Demers 1996a).
- 4 Ownership structure, just like organizational size, is nonetheless seen as an empirical measure of corporate structure (Demers 1998a).
- 5 For a more thorough account of these arguments, see Demers (1996a).
- 6 The tendency of corporate newspapers to be less exposed to parochial pressures, argues Demers, is also connected to market conditions. Corporate newspapers are more likely to appear in larger, more pluralistic communities, which are generally more tolerant than smaller, more heterogenous communities to a wide array of behaviors, opinions, or values (Demers 1996a: 102).
- 7 This view has been supported by Nycander (1998) and Albinsson Bruhner (2003). They choose to bring the argument one step further, however, by claiming that the lack of diversity within the press is not a result of the diminishing number of owners, but rather the homogenization of content caused by the conformity of the professionalized journalism culture.
- 8 Nonetheless, both the 1980 and 1999 parliamentary commissions landed in recommendations of legislation to delimit the ownership on the newspaper market, and a corresponding alteration of the constitution. More specifically, only the first Concentration Commission made such a recommendation. In the case of the 1999

commission, the need for legislation was already established in the directives provided by the social democratic government. In both cases, however, the commissions were disunited, resulting in reservations against legal actions from the members representing the liberal and conservative parties.

- 9 This is perhaps somewhat surprising, given the comparatively far-reaching availability of such data. Stock registers and annual reports of Swedish stock corporations, publicly and closely held, are public documents and available for researchers (cf. Cavallin 1994: 215).
- 10 Following the bankruptcy of the party-controlled press chain A-Pressen in 1992, the direct ownership influence exerted by the central party organization has nevertheless disappeared.
- 11 The survey also revealed that service contracts were rarely established in newspapers with owner-editors. Somewhat more surprisingly, however, is the result that the vast majority of social democratic editors did not have a written contract of service.
- 12 Slight differences in the phrasing of the questions in these studies preclude direct comparisons over time.
- 13 In many cases, the studies have been initiated and financed by the company or owner in question.
- 14 An example is the systematic recording of the financial performance of all Swedish newspaper corporations carried out by the Press Subsidies Council ("*Presstödsnämnden*") (see e.g. *Dag-spressens ekonomi* 2010).
- 15 A detailed account of the practical intricacies of empirically determining convergence of content as a result of ownership concentration is provided by Halavais (2007; see also Bogart 2004). The use of non-content-related quantifiable indicators, such as staff size and the use of wire services (see Entman 1985), also tends to end up in crude, and therefore questionable, measures of editorial quality.

CHAPTER 5
A THEORETICAL FRAMEWORK
FOR STUDYING NEWSPAPER
BOARDS

- 1 The proposal of agency theory that it is the duty of the board to protect the interest of the shareholder collectivity is one of the keystones of Swedish corporate law. The relationship between the board and the management follows a similar agency assumption. Thus, the ABL stipulates specifically that the CEO is to handle the day-to-day operations "according to the board's instructions and guidelines" (ABL, Ch. 8, 29 §).

- ² Conversely, managers will be predisposed to a board composition that allows significant managerial independence and discretion (Lynall *et al.* 2003).
- ³ For present purposes, it is once again important to stress that Swedish newspaper foundations are not actually the operating unit of their respective newspaper businesses. The newspapers are, without exception, run within the legal framework of the stock corporation, which in turn is owned by the foundation. To this extent, the role of the foundation shares some similarities with that of a traditional holding company.
- ⁴ By *residual risk*, Fama and Jensen (1983b: 328) refer to “the risk of the difference between stochastic inflows of resources and promised payments to agents.”
- ⁵ For present purposes it is worth noting that Napoli (1997) does not distinguish the board level in the owner-management relationship.
- ⁶ As shown by Eisenhardt (1989), the principles of agency theory are not limited to commercial organizations. Thus, it has also been adapted to the behavior of individuals within political organizations (Kalt and Zupan 1990; Moe 1990; Larue 2006). A fundamental idea within this particular literature is that elected politicians, when granted sufficient slack, will engage in *ideological shirking* (Kalt and Zupan 1990). This means that political actors, if subjected to insufficient monitoring by their principals, will tend to act in accordance with their own political beliefs, even if those actions conflict with the beliefs of the majority of their constituency. Hence, an agent acting in accordance with his or her personal political ideology produces a form of self-interested behavior analogous to shirking, as it is defined in the literature on corporations (cf. Jensen and Meckling 1976).
- ⁷ In line with Shoemaker and Reese (1996), Napoli also addresses the different hierarchical levels of the newspaper firm. Apart from the owner-manager relationship, ownership intentions (regarding newspaper content) have thus to pass via yet another agency relationship: that between managers (or editors) and employees (reporters). This relationship is also subject to agency costs and the risk of shirking. Two factors in particular can be expected to result in shirking on behalf of the reporter: the existence of professional journalistic norms (objectivity, autonomy, scrutiny, etc.), and the fact that the opinions and attitudes of reporters tend to differ from those of their superiors. Common principal strategies for compliance in the editor-reporter relationship include the hiring of like-minded employees and the internalization of organizational values, norms, and policies. The anticipation of censorship and a desire for career advancement and job security among staff members are other forces that may contribute to agency alignment (Napoli 1997).
- ⁸ The principal arguments of stewardship theory resemble those of a special ‘branch’ of agency theory known as *agent morality theory*. Proponents of this perspective (see e.g. Quinn and Jones 1995; Frankforter *et al.* 2000) argue that traditional agency theory, when applied to the shareholder-manager relationship, places too much emphasis on agents as individualistic, opportunistic, and self-serving. Managerial decisions that are not in the principal’s interests are *per se* assumed to be self-interested. As Miller and Sardais (2011: 6) point out, however, the reality may actually be the opposite: “It may be the owners who exploit their firm and compromise its long-term interests, and steward-like agents who use their superior information to benefit a firm and its stakeholders.”
- ⁹ In this respect, there is also a considerable variation in board literature terminology. Other commonly used concepts describing what boards do include board duties, board functions, board involvement and board activities (see Huse 2007).
- ¹⁰ Hung’s (1998) model includes a third parameter, which distinguishes between functional and behavioral approaches. For the sake of simplicity, it has been omitted from the typology used in this chapter. It is, however, discussed briefly below.
- ¹¹ It is important to note that Hung (1998) uses the term ‘board role’ instead of ‘board task’, which is the term used in this book. As mentioned above, ‘board role’ has been given a wider definition in this book.

CHAPTER 6 METHODOLOGY

- ¹ The fundamental reason for interviewing individuals, Patton (2002: 341) has noted, is to find out about things that we cannot watch directly: “The fact is that we cannot observe everything. We cannot observe feelings, thoughts, and intentions. We cannot observe behaviors that took place at some previous point in time. We cannot observe situations that preclude the presence of an observer. We cannot observe how people have organized the world and the meanings they attach to what goes on in the world. We have to ask people questions about those things.”
- ² In this context, the Swedish ‘provincial press’ consists of all newspapers published outside of the three largest cities, Stockholm, Gothenburg, and Malmö. The recorded circulation for the three newspapers in 2010 was 45,200 for *BT*, 42,300 for *Barometern*, and 29,600 for *ST*.
- ³ The three newspapers have all been the subject of previous research (see Table 6.1). Most impor-

- tant in this respect is that all three were included in the research project *Leadership in successful newspaper companies*, which ran at the Department of Journalism, Media and Communication (JMG), at the University of Gothenburg between 2005 and 2009 (see Djerf-Pierre and Weibull 2009, 2010). The project involved an extensive historical study of the editorial and executive management of five Swedish provincial newspapers. Despite addressing a different set of questions, a slightly smaller set of newspapers, and a shorter time-span, this book can nevertheless be regarded as something of a companion volume of the leadership study. Having been a member of the research team, I was very familiar with the history of the three newspapers, even prior to projecting the present study in the spring of 2009. The existence of systematic accounts of the historic development of the three newspapers, together with my own familiarity with the same matter, has proven exceedingly useful in the various phases of this research project. It is likely that the fact that the executives of the newspaper companies in question were familiar with *me* (as a result of my involvement in the previous project), has contributed to the high degree of access I was granted concerning both the document and the interview studies.
- 4 The merger also involved *Oskarshamns-Tidningen* (Oskarshamn), *Smålandsposten* (Växjö), *Blekinge Läns Tidning* (Karlskrona), which had been acquired by Barometern in the 1960s and 1970s. *Ulricehamns Tidning* (Ulricehamn), bought by Borås Tidning in 1947, was turned into a subsidiary to Gota Media.
 - 5 During this period, the company acquired three other newspapers, *Hudiksvalls Nyheter*, *Sundsvalls-Posten*, and *Örnsköldsviks Allehanda*. However, the former two were discontinued shortly after the takeovers had been completed.
 - 6 The following account is based primarily on the experiences I gained when working on this study. Unless stated otherwise, the legal specifics referred to are the ones stipulated by the Swedish Companies Act (the ABL), and are therefore not necessarily transferable to other judicial contexts.
 - 7 However, *if* an outsider is given access to the documents (on an *ad hoc* basis and under specified conditions), the ‘access’ status changes from ‘closed’ to ‘restricted’ (Scott 1990: 14). This is the case with the board documents used in this study.
 - 8 Attendance lists from board meetings may also provide accounts of the partaking in board meetings of individuals other than the board members themselves (such as major shareholders and co-opted members).
 - 9 In companies where the majority shareholder is another stock corporation, a corresponding division-of-power will appear between the parent organization (board) and the newspaper company board. Concerning the ABL, only a few decisions regarding the operations of a stock corporation are demanded of the board of directors. To these belong the appointment of the company’s CEO and the settling of the company’s annual accounts (including appropriations and share dividends). The latter are then formally approved by the shareholders at the general shareholders’ meeting. It is also the legal duty of the board to appoint the company’s firm signatories. A firm signatory is entitled to enter into contracts on behalf of the stock corporation. These decisions—in the following referred to as the “legal duties” of the board—will therefore always be present in the board minutes (provided that the board complies with the ABL).
 - 10 The absence of clear, legally specified demarcations between the respective duties of the board and the CEO (see Chapter 3) is arguably one of the more characteristic features of Swedish corporate law. To some extent, this principle of *laissez-faire* was tightened up in 1999. Following an addition to the ABL enacted this year, all Swedish boards had to establish written instructions, or work descriptions (“*arbetsordning*”), specifying not only how the board duties were to be divided among the individual board members, but also how often the board was to meet. The descriptions are also required to include details stipulating the division of duties between the board and the CEO (as well as “any other body that the board chooses to establish”). For the present purposes, access to this kind of document specifying the distribution of powers in the top realms of Swedish stock corporations is a valuable source of information. Since the documents are to be renewed annually, systematic longitudinal analyses of the board and CEO instructions may provide concrete signs of power shifts between the two levels.
 - 11 Utterances that in themselves constitute the events are referred to in the philosophical literature as “performative utterances” (see Jacobsen 1971; Torstendahl 1978). Performative utterances are not historical statements, even if they may sometimes appear in such a form. Therefore, they can be considered to be relics.
 - 12 A closely related point concerns the *writer* of the minutes, which might be either one of the board members or an external (co-opted) secretary. Since a primary board task is to monitor the performance of the executive management (see Chapter 3 and 5), it is not inconsequential if the minutes are kept by, for instance, the CEO. Of course, the responsibility of adjusting the minutes should also be taken into account.
 - 13 The majority of the material was collected in 2007 and 2008 within the scope of the research

- project *Leadership in successful newspaper companies* discussed above. Supplementary gatherings were carried out between 2009 and 2011.
- ¹⁴ It is my impression that the material is relatively complete concerning the meeting minutes. Thanks to the fact that the boards in question have employed a systematic numbering of individual meetings and/or individual meeting paragraphs, it has been possible to keep track of any potential gaps. Using this method, only two minutes, both from the early 1960s, have been established as missing from the archives in question. The minutes concern the constitutive board meeting of AB Borås Tidning in 1965 and a January meeting of Sundsvalls Tidnings AB in 1962. In addition, a number of appendices (referred to in the minutes) have not been preserved in the minutes files.
- ¹⁵ Thus, the minutes of Gefle Dagblad/MittMedia and Stiftelsen Pressorganisation and Stiftelsen Nya Gefle Dagblad (since 1994 the parent company and owner foundations of Sundsvalls Tidnings AB) have not been included in the study. Representatives of these organizations have, however, been included in the interview study (see below). A complete list of the material used in the document study is given in the appendices.
- ¹⁶ The empirical chapters provide more detailed accounts of the character of the minutes for each of the three cases during each of the three periods.
- ¹⁷ Naturally, an equally important question addressed in this particular step is the corresponding question of the issues *never* handled by the board.
- ¹⁸ The documentation of the board members builds on a number of different sources, printed as well as online, including both internal company material and publicly available data (such as birth registers and local and national registers of popularly elects). For deceased board members, newspaper obituaries have provided an invaluable source of information. Given the prominence attained by many of the board members in the community, the life and deeds of the deceased have often been extensively covered by the local press (often by their 'own' newspaper).
- ¹⁹ Regarding the union representatives on the board, data have been collected concerning board tenure and occupation (union club).
- ²⁰ Two individuals have been members of their respective boards as both union representatives and (later) elected by the shareholders. They have been included in the latter category in the count just presented.
- ²¹ One individual has declined participation in the study. The reason given for the decline was high age. In the scheme of things, the individual is not regarded as a 'crucial' figure in the history of the company in question.
- ²² As of 2011, 59 of the 101 shareholder-elected members were still alive.
- ²³ In total, the interview study includes thirty-two hours of recorded material. All interviews have been transcribed by the author. All in all, the transcripts from the interviews amount to approximately 200 pages.
- ²⁴ Parts of the study have been presented and commented on at the IAMCR conference in Istanbul, the NordMedia conference in Akureyri, and the Nordic Network conference in Bergen, all in 2011.

CHAPTER 7 AN ERA OF POLITICAL OWNERSHIP (1955–1972)

- ¹ Content analyses indicate that none of the three papers analyzed in this book was an exception to the general tendency of partisanship during the period (cf. Djerf-Pierre and Weibull 2009).
- ² On the right-hand side of the political spectrum there were three different parties, the Conservatives, the Liberals, and the Agrarian Party (in 1958 renamed the Centre Party), competing for the non-socialist votes. During this period, each of these would at various times occupy the position as the most popular non-socialist alternative.
- ³ Some of the data presented in chapters 7 through 9 come from publicly available sources. All population figures have been provided by Statistics Sweden (*Statistiska Centralbyrån*, SCB), an administrative agency providing public data. Regarding the general development of the three newspapers, the following sources have been used: Financial data regarding sales, profits, and debt/equity ratios, etc. have been gathered from the annual accounts of the corporations, as has information regarding total staff size. Accounts of (historic) sales and profit figures adjusted for the depreciation of the SEK have been calculated by the author, using inflation rates reported by SCB. Regarding the number of editorial staffers of the three newspapers, information has been gathered from the annual reports of the TA, the (previous) employer organization of the Swedish newspaper industry, and the book series *MassMedia*, published by the SJF. Industry averages concerning financial performance (profit margins) are provided by the report series *Dagsprensens ekonomi*. It should be noted that these figures include only those newspapers that are not receiving direct production support from the state. Accounts of the newspapers' circulation figures, finally, come from *Tidningsstatistik AB* (TS), the official circulation agency of the Swedish press.

- ⁴ To the corporate bylaws was added a paragraph stipulating that the holders of the B shares were to have their own representative on the board of directors, as well as the right to veto all editorial appointments (Ohlsson 2009).
- ⁵ In the months that followed, the foundation also managed to buy up the majority of the B shares, taking its total share of the capital stock to 63 percent.
- ⁶ Following the takeover the foundation initiated two important changes to the corporate bylaws. First, the division of the company's capital stock into A and B shares was abolished. Thus, the special rights of the owners of B shares were discontinued. Secondly, a paragraph limiting the voting right of major shareholders (to a maximum of ten percent of the shares represented at the general meeting) was also removed. These changes, which were carried out with the consent of the holders of the B shares, effectively made the foundation the controlling shareholder of the corporation.
- ⁷ The widening gap was reflected in the advertising market. Between 1960 and 1975, Barometer's share of the combined advertising volume of the two newspapers increased from 62 to 70 percent (Jonsson 1982: 246).
- ⁸ To some extent, the growth can be derived to the purchase of OT. As a consequence of the takeover, the joint turnover increased with almost forty percent between 1962 and 1963.
- ⁹ The profits were held down by large interest expenses accrued during the 1950s reconstruction program. The investment was more or less exclusively financed by debt, and the corporation's debt equity ratio (D/E) slumped from 70 percent in 1950 to 15 percent five years later. As a consequence of the takeover of OT, which also was primarily financed with borrowed money, the D/E ratio dropped to only 8 percent in 1964. From there on, however, the situation would gradually improve; by 1970 the ratio had increased to 20 percent—only to fall to back to 15 two years later (following new loans taken to finance the new press investment).
- ¹⁰ During this time he earned a reputation as a very dominant, even authoritarian, leader. A reporter working at TBAB during the 1960s has described Forsberg as "*one of the last patriarchs of the newspaper world*" (quoted in Weibull 2009: 245, author's translation).
- ¹¹ That same year, however, the incumbent CEO, Tage Forsberg, started to buy shares in the corporation. By 1972, he was the second largest owner, controlling six percent of the total share capital. Following his retirement this year, his shares were bought by the foundation.
- ¹² Other duties of the annual meetings were the appointment of new members (to replace those that have left the foundation), the establishment of the foundation's annual report, the election of auditors, and the decision whether or not to discharge the board from liability. In all these decisions, each founder had one vote. The summits would traditionally end with a lecture on a timely subject held by a guest speaker (often, but not always, associated with the Conservative Party).
- ¹³ The terms were staggered so that three positions are up for election each year. The board members received no pay for their commission.
- ¹⁴ Regarding political affiliation, however, there was no such dispersion. A 1966/1967 report of the regional district of the Conservative Party ("*Kalmar Läns södra Högerförbund*") provides evidence of the close ties between the party and the newspaper foundation. The chairman of the district committee ("*förbundsstyrelsen*"), as well as the 1st vice chairman and the 2nd vice chairman (Axel Mannerskantz, Lars Schött, and Henry Nilsson), were all members of the foundation's board of trustees. The newspaper's editor-in-chief, Tage Forsberg, was a co-opted member of the party's district committee.
- ¹⁵ An important duty of the foundation's board of trustees was to buy up the residual shares in the newspaper corporation, a venture that was somewhat held back by a constant lack of funding. The foundation's only source of income was the dividends paid out by the newspaper corporation each year (see below). Thus, all major acquisitions of shares during the period had to be financed with money loaned from TBAB.
- ¹⁶ A list of the board members of the three newspaper firms is presented in the appendix.
- ¹⁷ It was not until 1971 that a first exception was made to the absolute overlap between the two boards. Ulf Wahledow, who was introduced as board alternate this year, was not a member of the Barometer Foundation. Thus, he became the first external member on the board since the ownership change. (Three years later, however, Wahledow was elected a member of the Barometer Foundation as well.)
- ¹⁸ Upon his 1972 retirement, Tage Forsberg was replaced on the board by his successor on the CEO position, Hilding Björkman. Thus, the new editor-in-chief, Olof Westin, was not elected a board member. Westin was, however, co-opted by the board, and was therefore allowed to attend its meetings. Nonetheless, as a consequence of the parting of the CEO and editor duties, the responsible editor of the newspaper was no longer able to influence board decisions by means of the vote.
- ¹⁹ Thus, when farmer Einar Haeggblom retired from the board, he was replaced by another farmer, Henry Nilsson, whom in turn was replaced as alternate by the farmer/landowner

- Hans Rappe. As a consequence, and given Haegblom's longevity on the board, Nilsson was an alternate for seventeen years prior to becoming a regular board member. A related observation is that no board member was elected to the board without first having been an alternate.
- ²⁰ The board also included people in high positions within the party organization itself. As mentioned, Frits Elfverson, the board chairman between 1953 and 1971, was the head of the party's Kalmar section. This position was later held by the Kristoffer Strümpel, Elfverson's successor as board chairman. Board member Folke Ljungdahl had the same position in the neighboring city of Nybro. Alternate and later regular member Henry Nilsson was the party's group leader in the county council.
- ²¹ The general tendency was that unless they moved from the region (which made them ineligible for membership of the foundation) the board members stayed at their posts until they got too old (or even died).
- ²² There was nonetheless one meeting that was held with regularity each year, the constitutive board meeting, which occurred directly after the annual meeting of shareholders. This meeting included the election of the board chairman, the vice chairman, and the signatories of the firm. Until 1957, the board also elected the CEO for the coming year. Naturally, this decision was more or less a formality.
- ²³ The meeting minutes were approved by the chairman alone. Regarding the other regular members the average attendance was approximately 75 percent. No meeting during the period included the presence of all regular and alternate members of the board. The average attendance of the alternates was considerably lower, just about 30 percent. The alternates seem to have been summoned to meetings only when any of the regular members was unable to attend. The attendance lists of the board meetings reveal that the boardroom was an arena for board members only. On only a couple of occasions were there people present beside the board members (see below).
- ²⁴ Converted to current money value (2011), the compensation given to the regular board members would fluctuate between SEK 3,000 and SEK 4,000 during the period at hand.
- ²⁵ The reason for the raise has not been found in the material. If the inflation is considered, the dividends of 1971 were actually some 25 percent lower than in 1948.
- ²⁶ Unfortunately the material does not reveal the background to this change. It does, however, appear to have been suggested to the foundation by the TBAB board of directors (3/31/61).
- ²⁷ During the period, the board authorized—in chronological order—the recruitments to the posts of sales director and second editor in 1961 (3/20/61; 6/17/61), the new position of deputy CEO in 1963 (1/21/63), the positions of managing editor and chief subeditor in 1969, and finally, the positions of CEO and editor-in-chief, which were both settled in 1970 (11/26/70).
- ²⁸ In some cases the recruitments of managers were even authorized retroactively. This of course, does not preclude that the board members had been briefed during the process. In at least one of the recruitment processes, concerning the position as new managing editor in 1969, the decision had been taken after consultation with the board chairman.
- ²⁹ Following their respective promotions, both Björkman and Westin were elected members of the Barometern Foundation. Forsberg had been a member of the same organization since 1956.
- ³⁰ Only about once a year, generally towards the end of each year, do the minutes include a record of such information having been presented by the CEO before the board. A step towards a more systematic reporting was nevertheless taken in 1960, when the board decided that the interim reports should be established on a four-monthly basis (11/25/60). Before that, the reporting period would often change from one year to another.
- ³¹ Starting in 1963, a presentation of the result of the first four months was generally—but still not on always—presented at the annual constitutive meeting in June, whereas the result of the first eight months was presented in the fall meeting. (It may be noted that the time lag between the end of the accounting period and the actual time of presentation in both cases was well over two months.) The research-material gives no clear guidance regarding the reason for this intensification. It did, however, coincide with the takeover of OT. In connection with the takeover, the management team was extended with a deputy CEO, something that may have contributed to the management being able to carry out a more thorough reporting.
- ³² Unfortunately, the minutes were kept very brief, and include no background to the negotiations. However, the seller, the newspaper's editor-in-chief and CEO, Sven Sedvallson, has later revealed that the negotiations had been carried out by the CEO (Forsberg) and the board chairman (Elfverson). Sedvallson and Forsberg had known each other since the 1920s. The first invite to buy the newspaper had been made by Forsberg as soon as he arrived at TBAB in 1951 (interview with Sedvallson in *Barometern* 10/2/91).
- ³³ The foundation's board of trustees had been informed of the negotiations during its annual meeting in June 1962 (6/12/62). Though there was no formal authorization of the deal, this is

- an indication that the takeover was sanctioned by the main owner. Over the months following the takeover, TBAB was able to secure another 36.6 percent of the share capital for a total sum of SEK 110,000. This time, the purchase sum was borrowed from Högerens Förlagsstiftelse, the newspaper foundation of the Conservative Party (1/21/63). By the end of 1963, TBAB owned 95 percent of the shares in corporation.
- ³⁴ The agreement was settled by the Barometern board on January 21, 1963 (1/21/63, attachment 2).
- ³⁵ As a final point, the contract stated that OT was to sell its office, printing press and superfluous machinery and inventories, and that the incomes from these sales were to be loaned to the parent firm. A total of TSEK 525 was realized in this manner (11/9/63), a sum that even exceeded the purchase price of the newspaper. Thus, TBAB was indirectly able to finance the takeover of OT with the company's own capital.
- ³⁶ In connection with Sedvallson's retirement in 1972, the TBAB board decided not to appoint a new editor-in-chief of *OT*, following the suggestion of CEO (3/26/72).
- ³⁷ Unfortunately, the minutes are very brief also in this matter. According to Evenäs (2006: 364), the plan of Forsberg had been to turn the Nybro paper into a special section of *Barometern*.
- ³⁸ To the more notable exceptions were a couple of expansions to the old printing press, carried out in 1963 (TSEK 146) and 1966 (TSEK 200) (3/21/63; 6/28/66). In 1956, TBAB was presented with an offer to buy the inventories of the local competitor of *KLT*, whose owner, the regional chapter of the Agrarian Party, had decided to liquidate the struggling firm. The board was informed of the negotiations (which appear to have been carried out by the chairman and the CEO) during an extraordinary meeting in November (11/16/56). By then, however, it had already made a *per capsulam* decision to apply for a temporary credit arrangement with Högerens Förlagsstiftelse. (As a sign of the importance of the matter, the meeting was attended by the chairman of the owner-foundation.) The board decided to accept the offer. However, the following meeting (4/8/57) the CEO informed the board that the owner had decided to keep the newspaper; the deal had therefore been called off. Two years later, the contacts were nevertheless resumed. This year, *KLT* was taken over by the Malmö-based *Skånska Dagbladet*, and in November, 1959, the board approved the acquisition of the inventories of the competitor's printing shop (excluding the printing press) for a total of TSEK 200. The intent behind the deal was to use the majority of the machines as a part exchange in a TSEK 334 renovation of e.g. the book printing shop (11/11/59).
- ³⁹ On a couple of occasions, however, the board decided to defer the purchase for further examination.
- ⁴⁰ Since the negotiated purchase sum had exceeded the stipulated limitation by TSEK 25, the approval of the individual board members had been obtained *per capsulam*.
- ⁴¹ The estimated cost for the entire investment program was MSEK 7.5 (or MSEK 60 in 2012 money value), of which the printing press accounted for MSEK 4.550. In 1969, the joint turnover of TBAB amounted to MSEK 17.
- ⁴² It may be noted that as far as the size of both wages and pensions were concerned, the company frequently used the consulting services of the employers' association of the Swedish press, the TA. During the period at hand, it was still possible for Swedish employers to stand surety for bank loans taken by individual employees. As far as TBAB was concerned, such sureties were regularly granted to employees taking on housing loans. This was yet another category of decisions that rested formally with the board, but that was administered by the CEO.
- ⁴³ Yet another reoccurring issue that was supervised by the board was the subletting of office space in the company's building.
- ⁴⁴ In 1958, the CEO informed the board of a "successful" marketing campaign, consisting of a contest among the company's local sales representatives (1/16/58). Two year later, the board was informed of a similar campaign, which the CEO had launched with the consent of the chairman (11/25/60). The expense (TSEK 7) was approved by the board *ex post*. In connection with the 1963 takeover of OT, the board approves yet another campaign, aimed at the *OT* subscribers. The cost of this "propaganda effort" was TSEK 35 (3/21/63). An evaluation of the campaign, which included a contest with a round-the-world trip as first prize, was presented to the board eight months later (11/9/63). Not until five years later did the minutes include details of any kind of marketing efforts. Once again it concerned the presentation by the CEO of a campaign that has already been completed (1/3/68).
- ⁴⁵ The fact that Tage Forsberg and his two successors as CEO and editor-in-chief, Hilding Björkman and Olof Westin, were all elected into the ranks of the foundation may against this background be seen as yet another means to tie the newspaper to the owner foundation (cf. Eisenhardt 1989).
- ⁴⁶ Additionally, the CEO did not have the right to sign for the firm unaccompanied. The extensive supervision of individual cost-related decisions is likely to have been induced by the absence of a budgetary system during the period. Since there was no annual plan for the corporation's

- revenues and expenditures, all business proposals had to be approved separately.
- ⁴⁷ The direct overlap between the TBAB board of directors and the foundation's board of trustees limited the need for the latter to play a more active role. This was also reflected in the fact that the board of trustees was summoned only once a year, to what appears to have been rather brief meetings.
- ⁴⁸ The fact that the chairman received a considerably higher annual fee than the other board members is another indication of the differences in involvement.
- ⁴⁹ The following accounts build primarily on Dungal (1976) and Ohlsson (2009).
- ⁵⁰ The ownership change was caused by the fact that the previous owner/editor was sentenced to prison for press libel (Dungal 1976).
- ⁵¹ The following account of the history of Borås and its surrounding areas builds on Berglund (2005a, 2005b).
- ⁵² The growth was spurred by the steady increase in circulation, but even more so by a continuous rise in advertising sales. As a result, the advertisement's share of the total turnover from the newspaper business increased steadily, from 66 percent in 1955 to 76 percent in 1972.
- ⁵³ Decades of steady profits had made ABBT an exceedingly solid corporation. The company had virtually no bank loans, and was financed almost exclusively by shareholders' capital.
- ⁵⁴ During the 1950s and 1960s, the attendance of the AGM was nonetheless very limited. Generally, only a handful of shareholders, representing one-third of the total share capital in average, turned up for the shareholders meetings during the period. Almost all of the shareholders that did attend these meetings were also members of the board of directors. Judging from the minutes recorded at these meetings, the agenda was restricted to the formalities bestowed upon the AGM by the corporate bylaws (the election of board members, the settling of the annual account, etc.). All decisions were taken unanimously.
- ⁵⁵ Quote from letter from Wärenstam to Rolf Dahlgren (at '*Riksskattenämnden*'), dated 3/15/70 (translation).
- ⁵⁶ Apart from financing the acquisition of ABBT shares, the yields of the foundation's capital were to be used to support training in the journalistic profession as well as cultural purposes in the local community.
- ⁵⁷ The Wärenstam Foundation and its members are described in more detail in the subsequent chapter.
- ⁵⁸ Or perhaps more accurately, textile *families*: the three individuals in question, Carl Eiserman Jr., Åke Rydin, and Sture Bergengren had all replaced their fathers (or in Bergengren's case, uncle) on the boards of directors.
- ⁵⁹ The only board member who left the board 'alive'—Carl Eiserman Jr.—did so with reference to high age. Eiserman was 70 years old. Between 1955 and 1972, the average age of the board members varied between 56 and 64.
- ⁶⁰ Upon his 1955 appointment as CEO, Wärenstam had thus been elected board alternate, not a regular member.
- ⁶¹ For instance, it is worth noting that following Sture Bergengren's death in 1961, Borås Wäfveri was no longer represented on the board of directors.
- ⁶² An example is Arne Svensson (alternate 1958–62, regular member 1962–93) who states that he was recruited by Wärenstam primarily on political merits (interview). Svensson and Wärenstam were both members of the county council.
- ⁶³ Throughout the entire period, there was only one meeting of extraordinary character. The purpose of this meeting, which was held in 1968, was to prepare a proposal for a stock dividend issue (2/29/68).
- ⁶⁴ Long-time board member and textile industrialist Carl Eiserman Jr., for instance, who chose to withdraw from the board in 1966 at the age of 72, had attended only forty percent of the meetings since 1955.
- ⁶⁵ Thus, between 1966 and 1972 there were only three meetings (out of twenty-one) in which all five regular board members were not present. It appears as if also the alternates were summoned to the meetings, although the attendance among these members (Wärenstam excluded) at least initially was quite modest. Up until 1964, the alternates were financially compensated only when filling in for a regular member. Following the introduction of a fixed annual sum in this year, the alternates were awarded a fixed annual sum this year; the attendance increased considerable also in this group.
- ⁶⁶ In 1955 the share capital of ABBT amounted to TSEK 750. Following a stock dividend issue in 1969, it was raised to MSEK 1.5.
- ⁶⁷ In 1955, the shareholders' dividends amounted to five percent of the company's retained earnings. In 1972, the level had dropped to below one percent.
- ⁶⁸ It appears that this new strategy was Wärenstam's own initiative; according to the then board member Arne Svensson, Wärenstam had a passionate interest in the stock market (interview).
- ⁶⁹ The value of the portfolio increased from TSEK 242 in 1955 to MSEK 4.7 in 1972—or from 12 to 27 percent of the corporation's total assets.
- ⁷⁰ The background of this decision is not rendered in the board material.

- ⁷¹ In 1959, however, the board made a principal decision to start allocating future profits to an investment fund. Between 1960 and 1971, a total sum of MSEK 6.2 (MSEK 52 in 2011 money value) was reserved for the future new building of the newspaper company.
- ⁷² Also other options were considered. In the spring of 1970, the CEO informed the board of a parallel investigation regarding a possible relocation to an area outside of the city center (4/2/70).
- ⁷³ Investments made between 1970 and 1972 were made financed with capital from the investment funds.
- ⁷⁴ Approximately TSEK 500 in 2011 money value.
- ⁷⁵ One staff category that did attract comparatively much board attention was the technical staff. From 1959 and onwards, the collective wage drift of these workers appears to have been settled in local negotiations (in which the corporation was represented by the CEO). In 1962, however, the board decided to join a TA program to investigate the implementation of a piecework wage system for the technical staff (12/7/62). Three years later (12/15/65), a decision was made to employ a consultant firm to prepare and carry out the implementation. It would take four years of negotiations until the system was finally implemented (12/16/68). Nonetheless, only two years later, in 1971, the CEO informed the board of negotiations regarding a whole new wage system, based mainly on fixed salaries (4/5/71). An agreement was reached within a few months (5/14/71).
- ⁷⁶ Also the salary and expense account of the CEO were settled by the board of directors.
- ⁷⁷ As was the case with the other newspapers in this study, the fixing of circulation prices was up carried out in negotiations with the local competitors until the mid-1960s.
- ⁷⁸ The program was induced by the co-distribution support that had been introduced by the Social-Democratic government the previous year. In 1972 the distribution department was placed in a wholly owned subsidiary ("*Distributionscentralen i Borås AB*").
- ⁷⁹ Since 1947, ABBT had been the controlling shareholder of Ulricehamns Tidning, a newspaper company in the neighboring city of Ulricehamn. The subsidiary appears to have been more or less completely independent. Apart from a formal support of a UT proposal to buy a used press in 1956 (5/23/56), the board made no decisions that in any way concerned the subsidiary. In 1963, however, the board was informed about a preliminary study to coordinate the printing of the two newspapers. The result of the study was never followed up in the minutes. During the period at hand, the ownership share in UT was gradually increased, from 69 percent in 1955 to 85 percent in 1972. These purchases are not, however, mentioned in the minutes from the board meetings.
- ⁸⁰ Åke Rydin, quoted in *Borås Tidning* 4/5/63, translation.
- ⁸¹ The original name, however, was *Alfvar och Skämt*, which translates roughly to "*Seriousness and Jokes*". The name *Sundsvalls Tidning* was not introduced until the 1880s (Petersson 1990).
- ⁸² For accounts of the early history of *Sundsvalls Tidning*, see Nordmark (1989) and Petersson (1990).
- ⁸³ The agreement had been one of the terms of Alström's appointment as editor four years earlier (Petersson 1990).
- ⁸⁴ The 1935 agreement replaced a previous deal, which stipulated that when either of the two owners died, the other should be entitled to buy the remaining shares. The reason for the abolishment of the original agreement is unknown, but according to Petersson (1990: 374), it is reasonable to assume that the deal was called off due to Alström's inability finance such a costly venture.
- ⁸⁵ The following presentation builds primarily on Tedebrand (1997).
- ⁸⁶ The size of the share capital remained unchanged at TSEK 360 throughout the period.
- ⁸⁷ In 1956, the control of these shares was handed over from Theodor Berg to Bror Berg. The final two shares were deposited at the Liberal Party. This was yet another precaution taken by the two owner families: In case of disagreement when appointing the holder of the CEO position, the issue was to be determined by the party's executive committee (see Petersson 1990).
- ⁸⁸ Between 1955 and 1976 Anna-Stina, Ulla, and Nils Wide owned 209, 255, and 250 shares respectively. In 1968 the shares were rearranged so that Anna-Stina Wide had 178 shares, and her two children 268 each.
- ⁸⁹ The position as deputy CEO was not refilled after the retirement of Nils Wide Sr.
- ⁹⁰ Both Alström and Wide had personal alternates. Alternate for the former was Alström's second wife, Margareta Alström (b. 1922, d. 2000) (Brita Alström [b. Berg] had passed away in 1947). Alternate number two was Anna-Stina Wide (b. 1896, d. 1992), mother of Nils Wide Jr. (and wife of the late Nils Wide Sr.).
- ⁹¹ J. Theodor Berg died shortly after the 1956 AGM. He was 76 years old.
- ⁹² Evidently, the official board meetings—or perhaps more accurately: the nature of the decisions taken in these meetings—required the presence of all three members. On only two occasions during the period was a board member absent from a meeting. No meeting included the attendance of individuals other than the three regular members. Prior to 1956, that is; even before

- becoming a regular board member that year, CEO Bror Berg had taken part in the board meetings as a minute keeper. Berg would continue to keep the minutes throughout the period at hand. They were approved by the two other members. The board members received no special fee during the period. The exception was Theodor Berg, who was not employed by the company during his final years on the board. In 1955 and 1956, he received an annual fee of SEK 500.
- ⁹³ There are also other signs of the casual attitude towards the formal duties of the board. Thus, a number of meeting minutes, particularly towards the end of the period, were left unsigned by the board members. Another example is provided by the fact that the 'formal' election of members to the board of the company's pension foundation and to the company's labor management committee on numerous occasions was carried out *ex post*. A revealing example of the board's *modus operandi* is here provided by a note in a board minute from June 1, 1963, which states that the board on this day had elected its representatives to the pension foundation for the years 1961 and 1962 (6/1/63).
- ⁹⁴ In light of this moderation regarding the handling of company profits, it is noticeable the board decided in 1972 to pay out a Christmas bonus of SEK 500 (SEK 3,300 in 2011 money value) to all employees (12/19/72).
- ⁹⁵ The details of the two takeovers have been extensively covered by Petersson (1990).
- ⁹⁶ When this decision was made is not known; the minutes only include a confirmation of a "previously made decision" to discontinue the publication on January 1, 1962 (cf. Petersson 1990: 458).
- ⁹⁷ Among the questions asked in the memo were: "If we really believe in the idea of an evening paper, why don't we start a new paper, without having to overtake various obligations? [...] The development of the newspaper industry is evident. There are only six cities with three dailies. The trend moves towards one or two per city. Is it then wise to take over the responsibilities and troubles of the third and smallest paper? [...] Is S-P financially viable? If we answer yes to this question, why does [the owner] want us to take over S-P? Why is it so difficult for us to get any facts regarding S-P?" (rendered in Petersson 1990: 463, author's translation).
- ⁹⁸ Contributing to the financial burden resulting from the takeovers was the fact that the company decided not to let go of any of the staff employed by the failed newspapers. Instead these workers were offered employment in the STAB organization (interview Wide Jr.).
- ⁹⁹ Four years earlier the board had approved the acquisition of an adjoining property "to cover for the possible future needs of the company" (4/24/56, extract from minutes).
- ¹⁰⁰ The cost of the printing press corresponded to approximately one-third of the total company turnover the previous year.
- ¹⁰¹ During the same meeting the board decided to investigate the costs of introducing the new photo setting technology together with two other Swedish newspaper firms (*Nerikes Allehanda* and *NWT*; see Weibull 2009). Almost exactly a year later, the board decided to accept an offer regarding a photo setter at a cost of TSEK 329.5 (9/7/68).
- ¹⁰² The only managerial appointments that were formally decided by the board during this first period of the study concerned two positions in the accounts and sales departments. More specifically, these appointments concerned the filling of the position of chief accountant in 1959 (decided 11/17/59) and 1969 (2/18/69), and the position of circulation manager in 1967 (4/17/67).
- ¹⁰³ In average, the board awarded themselves with a raise once every three years.
- ¹⁰⁴ It is worth noting that even though the editor-in-chief was contractually obliged to consult the board in salary issues, such issues are altogether missing from the board minutes.
- ¹⁰⁵ From 1961 onward, Nils Wide Jr. was not even employed directly by the firm, but by the subsidiary printing company located in another part of the town.
- ¹⁰⁶ Another major characteristic is, of course, the absolute absence of women on the boards. To this extent, the cases studied in this book did not differ from other contemporary newspapers. The Swedish press during these years was almost exclusively a male domain (cf. Weibull 2009).
- ¹⁰⁷ The fact that the board members of TBAB belonged to the same political and social networks can lead one to assume that the operations of the newspaper corporation were also discussed and addressed in less formal forums.
- ¹⁰⁸ With this general conclusion established, there were nevertheless differences between the two firms. The TBAB board, at least in a formal sense, maintained the veto right over a larger array of operational issues than did its ABBT counterpart.
- ¹⁰⁹ The Wides were also proponents of the Liberal Party, although not on an active level (according to the interview material).
- ¹¹⁰ This does not preclude the possible occurrence of attempts by individual board members, shareholders or shareholder representatives to influence editorial content. The point made here is that no official board decisions were made concerning editorial issues.

CHAPTER 8
OWNERSHIP UNDER PRESSURE
(1973–1989)

- 1 “Union club” is the term used for the association organizing the union members of an individual workplace. Depending on the size of the firm and the nature of the working tasks involved, a company may include members from different trade unions, organized into different clubs. The employees of Swedish newspaper companies are thus generally organized into three distinct clubs representing a different trade union: one for technical staffers (GF), one for administrative staffers (HTF), and one for editorial staffers (SJF).
- 2 As far as the press was concerned, however, the state’s involvement extended even further, as the social democratic government in 1970 had put an end to the unregulated market conditions of the newspaper industry by introducing a state-funded support system aimed at struggling second papers.
- 3 Between 1976—the first year that a public consolidated account was reported—and 1989, the profit margin (before taxes) varied between minus one and plus six percent. The average for the entire period ended at three percent.
- 4 In average, approximately half of the members (47 out of 100) attended the meetings during the period at hand.
- 5 In this respect it is noticeable that the foundation following the takeovers of *SmP* and *BLT* was gradually supplemented with individuals from the areas of distribution of the two subsidiaries. This expansion of the geographical representation was a very slow process, however. By-elections were held only when a founder had died, moved, or chosen to leave the foundation voluntarily. Between 1973 and 1989, the foundation appointed approximately 3.5 new members per year.
- 6 In this context, it may be noted that the minutes render no specific course of action regarding the issues pertaining to the stock corporation AGMs, which throughout the period at hand continued to be kept right after the meeting of the foundation’s board of trustees.
- 7 It should be noted, however, that the board had been summoned on three occasions also in 1984 and 1985, but this was the result of extraordinary events (i.e. the introduction of a new basis for taxation of shares, which required the increase in dividends for the 1985 fiscal year) rather than a general intensification in the activities of the board. Perhaps as a reflection of the increase in meeting regularity, starting in 1987 the members of the board of trustees were awarded a (small) financial compensation. Up until this point, the board membership had been an idealistic venture.
- 8 A list of the board members of the three newspaper firms is presented in the appendix.
- 9 However, all board members were taken up in the ring of 100 or so members of the Barometer Foundation.
- 10 Savin was, however, associated with the same law firm as his predecessor as board chairman, Kristoffer Strümpel.
- 11 Nevertheless, of the four individuals recruited to the board during the 1980s, two were local party politicians representing the Conservatives. This being said, the direct overlap between the newspaper board and the *top stratum* of the local party sphere (i.e. the leaders of the local party organization and the city’s parliament members) was broken.
- 12 The fact that the group from the mid 1970s consisted of three equally sized newspapers had no effect on the board’s composition. The members elected by the Barometer Foundation to the TBAB board of directors were recruited exclusively from the circulation area of *Barometern*.
- 13 Traditionally, the board chairman alone had approved the minutes. Following the entering of the union representatives in 1974, this duty was extended on a rotating basis to two other members, one unionist and one elected by the shareholders.
- 14 The average attendance during board meetings was exceedingly high, among the regular members, well above ninety percent. The only members with perfect attendance, however, were the CEO and the chairman.
- 15 During the 1980s, i.e. under C. G. Göthe’s period as CEO, it would nonetheless happen that the board was presented with various options as far as appropriations were concerned, a condition which at least theoretically implied a more active board involvement.
- 16 In real figures, the dividends would nevertheless increase considerably: from TSEK 19 in 1973 to TSEK 230 in 1985. The raises were initiated by the foundation’s board of trustees and were motivated by increased property taxes. During the 1980s, the relative tax burden of the foundation (paid tax/total income) would amount to 57 percent, as compared to around 30 percent, during the 1960s and 1970s. Following a brief decrease in the dividends for the fiscal year of 1986 (to TSEK 56.7), the dividends were set to TSEK 144 in 1987, a level that was then kept throughout the rest of the 1980s.
- 17 Approximately MSEK 7.5 in current (2011) money value. According to the agreement, the production of the paper was to remain in Karlskrona. Another prerequisite was that the paper would be able to keep its Liberal affiliation.

- ¹⁸ The takeover also involved a small local edition of *BLT*, called *Sölvesborgs-Tidningen* (circulation 4,000). The company also included a third paper, *Växjöbladet*, a small Växjö-based newspaper affiliated with the Center Party. As a part of the agreement, however, this the publishing rights for this paper was transferred to the Center Party.
- ¹⁹ Approximately MSEK 30 in current (2011) money value.
- ²⁰ By then, a special investigation regarding the value of the company's buildings and machinery had been carried out by the CEO and the board's vice chairman. The vice chairman, Edvin Claesson, was the owner-manager of a major Kalmar contracting firm. It was concluded in the report that the seller had not "over-estimated" the demanded purchase sum (extract from appendix, 11/24/75).
- ²¹ Also this takeover was depending on the endorsement of the staff of the newspaper in question. In the negotiations, a demand of the staff that the SmP board be dominated by 'Växjö people' was rejected by the Kalmar delegation. The demand was later retracted. However, following the request of the SmP works committee a special "safety clause" was added to the final version of the sales contract. The staff had initially opposed to the sale, as they had not been informed of the negotiations in advance, nor had it been handled by the SmP board. (12/10/75).
- ²² Though it is noted in the minutes from the board meeting in question that the foundation chairman had been informed (and apparently also sanctioned) the negotiations, it is nonetheless noticeable that neither of the two takeovers was formally handled in advance by the board of trustees of the Barometern Foundation. The involvement of the controlling shareholder was restricted to a briefing by the CEO made during the foundation's regular annual meeting some four months after the completion of the takeovers (4/13/76).
- ²³ In 1977, the board approved the acquisitions of residual shares in both BLT and SmP, taking the ownership share in the two subsidiaries to 97 and 100 percent respectively (3/30/77; 5/16/76). For a more thorough account of the two takeovers, see Weibull (2009).
- ²⁴ Over the subsequent three years, TBAB was also approached by the owners of the much smaller newspapers *Nybro Tidning* (Nybro) (9/8/76) and *Ölandsbladet* (Borgholm) (12/5/79) regarding possible takeovers. Neither of these proposals, which were both only briefly noted in the board minutes, did materialize, however.
- ²⁵ According to the memo presented by the working committee regarding the recruitment process, the committee had desired a person with "experience from the industry". Göthe—"despite his youth"—possessed all the necessary requirements: "The four years", continues the memo, "during which Göthe has been the CEO of one of the group companies is a secure ground for judging his professional and personal qualifications" (2/20/80, appendix 1). The board's decision to offer the position to Göthe was taken without the staff having been formally informed, a procedure that was criticized in a letter to the board from the group's three journalist clubs a couple of weeks later (3/3/80, appendix 1).
- ²⁶ Two of its members, including the foundation chairman, were also partaking in the extra meeting.
- ²⁷ The latter decision was criticized by the representative of the union club, whom demanded that Häggström be offered to position permanently.
- ²⁸ It is noticeable that the discussions during neither of the meetings mentioned were recorded. Thus, the dealings of these summits are not included in the board material.
- ²⁹ Concerning managerial wages, the board decided in 1973 (8/28/73) that the wages of the CEO and the editor-in-chief should be set according to the national "salary plan" ("*lönepplansystemet*"), a system of collective wage setting used in the Swedish public sector. It may be noted that the CEO was put in a higher wage category ('C3') than the editor-in-chief ('C2'). This is the only time that the wages of the top managers were ever handled by the board during the period.
- ³⁰ In 1989, however, the board made a principal decision that the board's involvement regarding managerial appointments was to be settled from case to case in talks between the CEO and the chairman of the company in question. The proposal came from the new chairman, Peter Savin (1/19/89).
- ³¹ During the first two years (1976–77), however, the plan was called "prognosis" and though presented in the boardroom, it was never formally approved by the board of directors. The issue of budgetary control had been on the board agenda for a couple of years prior to its introduction. In August of 1973, the CEO was commissioned to investigate the costs of such a system, following the suggestion by one the board members (8/28/73). The demand was repeated, by the same board member, a year later (10/14/74), and then once again the year after that (4/21/75) before being ultimately approved a few months later.
- ³² One exception deserves mentioning, however. As Chapter 7 showed, TBAB had invested in a new printing press in 1972. This gave it a competitive advantage over the local competitor ÖS, which was produced on a machine of much infe-

- rior capacity. A few years after the installation of the printing press, a proposal was received from the competitor concerning the transfer of the production of ÖS to the Barometern facilities. Though not opposing the idea, the board decided to refer the issue to the Barometern Foundation (1/22/75). Having received the owner's approval, the CEO was commissioned by the board to represent the company in the negotiations with the competitor. These turned out unsuccessful, as the ÖS CEO could not accept the printing time offered by his TBAB colleague (4/6/76). Instead, ÖS decided to invest in a whole new printing factory, which was inaugurated a couple of years later (see Jonsson 1998).
- ³³ During this period, also the opinions and statements of individual board members started to occur more frequently in the minutes.
- ³⁴ Proposals to expand the editorial staff were approved by the board in 1980, 1983 and 1985 (9/16/80; 11/17/80; 6/3/83; 9/2/85). Similar approvals had been given in 1978 and 1979. The increases were motivated by the intensified competition presented by the social democratic competitor (9/1/78; 4/10/79).
- ³⁵ This is not to say, however, that the editorial content of the newspaper was not completely out of bounds for the boards of directors. Thus, during a meeting in April 1978, it was recorded in the meeting minutes that one of the board members had objected to the increasingly "pornographic" design of cinema advertisements in the newspaper (4/11/78). The remark, which was left without formal board action, is nevertheless the only trace of the board ever addressing with the actual content of the newspaper during the first half of the period at hand.
- ³⁶ To the exceptions belonged a 1983 decision to commission the CEO to investigate a larger font for the newspaper, a measure that appears to have stemmed from the boardroom (4/25/83). During the same meeting, the board—after having discussed a recent drop in circulation—made a principal decision that "the type of journalism Barometern has strived to provide not be altered" (extract from minutes). The larger font was approved a couple of months later (6/3/83). The following year, the management was commissioned to perform a market survey and to investigate an increase in the use of color images (10/4/84). Both actions followed from the request of individual board members.
- ³⁷ In this context, it should be stressed that the above-noted absence of editorial issues in the meeting minutes doesn't necessarily preclude that such issues weren't handled in a more 'off record' manner. Hence, regarding the account of the recorded discussion, it was noted in the minutes that the issues brought up by the board members had been "previously discussed". The minutes include no records of such a discussion.
- ³⁸ The first part of the action program, which was presented a couple of months later, involved various measures to increase the circulation, including a reorganization of the editorial department, the hiring of new reporters and the launching of a new weekend magazine (6/21/88).
- ³⁹ It was the tradition that the leading daily editorial of *Barometern* was not signed by an individual writer. At the time, this was a widespread policy of many Swedish newspapers.
- ⁴⁰ Also this appears to have been a response to criticism from individual board members, in this case entailing that the newspaper was too voluminous.
- ⁴¹ In this context, it is worth mentioning that a 1975 board decision to invest TSEK 500 in the stock market (1/22/75) was never carried out, the reason probably being that the money was used in the financing of the BLT and Snp take-overs later that year.
- ⁴² All in all, the investment in financial assets continued to play a relatively modest role in the capital structure of the newspaper firm. As of 1989, the public stock owned by the company accounted for only 2.5 percent of the total capital of TBAB (i.e. MSEK 5.2 out of MSEK 216). In comparison, the bank and cash assets accounted for 22 percent (MSEK 48).
- ⁴³ During the previous period, the decision of investments had been made recurrently over the year. The new routine meant that the handling of investments were concentrated to one meeting. The background of the change is not revealed in the research material. The change on the CEO position the previous year is one plausible reason, however; the entering of the union representatives is another.
- ⁴⁴ The biggest investment during the 1970s, apart from the rebuilding program in the beginning of the decade, was the acquisition of a new word-processing system for the editorial department. The issue first reached the boardroom in January 1978, as the CEO informed the board of a new committee, which had been initiated by the management "after consultation with the union clubs" (1/23/78, extract from minutes). Two years earlier the board had approved a request from one of the union representatives that the company would consult the union clubs in connection with the introduction of "more advanced production technology" (6/18/76, extract from minutes). The task of the committee was to find a suitable system for the newspaper. Not until 18 months later, however, could the group present a concrete proposal. After what in the minutes was described as "thorough" discussion, the proposal, which involved a system costing approxi-

- mately MSEK 1.5, attained the board's board approval (9/6/79). During the following meeting, the investment was formally criticized by the union clubs, as a preliminary order had been made prior to the formal MBL procedures stipulated by the Co-Determination Act (12/5/79).
- ⁴⁵ Also in 1988, the CEO was assigned to present a "thorough" strategy for the company's "computer issues" (3/16/88). The following year (and in connection with the handling of a proposed four-color scanner), it was recorded in the minutes that the board in future investment decisions expected "better decision support", including a "global approach to current investments" (8/22/89, extract from minutes).
- ⁴⁶ Also the localities of the local offices remained in the sphere of influence of the board. Also in this respect, the period was characterized by expansion. In 1982, the board would thus approve a CEO proposal concerning an expansion of the company's Oskarshamn offices (4/28/82). Similar decisions regarding the two local offices on the island of Öland and in the town of Nybro were made in 1986 and 1988 respectively (2/17/86; 6/21/88).
- ⁴⁷ On three occasions, all occurring during Hilding Björkman's time as CEO, the board would approve non-budgeted, expansions of the staff. All of these approvals were made *ex post* (10/14/74; 12/5/79; 1/28/81).
- ⁴⁸ The decision was not unanimous, as one of the external members had demanded that also the circulation-based bonus be withdrawn if the profit target was not met. Despite continuous objections from the union clubs the system was renewed two years later. This time, a formal reservation against the decision was made by one of the union representatives on the board (4/25/89).
- ⁴⁹ In September, the CEO reported to the TBAB board that the new development company had started its operations. An investment plan (involving facilities, technical equipment and working capital) of MSEK 5.5 was presented and got the board's approval (9/27/83). The budgeted turnover for 1984, the first full fiscal year, was MSEK 2.5, and the profit (EBITDA) was estimated to TSEK 350 (6/21/83, appendix). It is worth noting that the board of the new company included only of representatives from the group management. Unlike the composition of the three newspaper company boards, there were no members from the owner-foundation.
- ⁵⁰ The decision was taken despite the concern of the board members regarding the local market potential of the new medium (10/7/86; 12/18/86). As it turned out, the concerns were justified. Ten months later, the board approved the continuation of the program, despite the fact that it as of that point had attracted "virtually no incomes" (10/1/87, extract from minutes).
- ⁵¹ The original purpose of the company was to produce and develop electronic media such as videos and picture displays. A couple of year later, the purpose was rephrased inasmuch as the company from now on was to provide the structures for a "possible future local TV station", should a new law disbanding the broadcasting monopoly be introduced (annual report 1987).
- ⁵² In May of 1986, the board sanctioned a TSEK 500 takeover by Mediabolaget of a small television production company in the city of Kristiansstad (5/30/86). Four months later, it approved the extension of the company's Växjö facilities (10/7/86). All in all, during the first three years of operation, there are no signs in the minutes of the board questioning the viability of the corporation, or vetoing any of the business proposals brought forward by the CEO, whom despite the repeated losses continued to describe the company's development as "promising" (4/27/87).
- ⁵³ This was indeed an extraordinary measure. Up until this point, the controlling shareholder had rarely made any official remarks regarding the business activities of the newspaper company. In the statements recorded from the board meeting, the CEO persisted in the positive view of the future of Mediabolaget. Additionally, it was stated that the know-how accrued as a result of the investments in the company had to be taken into account.
- ⁵⁴ The decision was supported by the CEO. Four months later, the chairman informed the board that the business had been sold to three employees for TSEK 600 (10/4/88).
- ⁵⁵ The decision was taken against the will of the journalist club, which argued that the lack of incomes in part was a result of insufficient sales efforts (1/19/88). In 1987, TBAB had also sold its minority holding in TDU AB (annual report 1987). The sale was carried out without leaving any mark in the board minutes.
- ⁵⁶ In 1971, the board had approved the expansion of the printing business, including a new offset printing press (10/9/71). Three years later, the board accepted a CEO proposal to order two additional printing presses (3/28/74).
- ⁵⁷ Explicitly alluding to the newspaper's 'business-friendly' approach, the letter stated that the union clubs "would consider it a very regrettable development if the region's largest proponent of free enterprise retreats in the proposed manner" (9/6/79, extract from appendix).
- ⁵⁸ The acquisition of the MSEK 1.7 estate had been approved by the board in 1979 (11/24/78; 9/6/79).
- ⁵⁹ The old facilities of the printing business were taken over by the expanding newspaper busi-

- ness. It is noticeable that the board decided that "given the experience from the rebuilding of the newspaper's property in the early 1970s" the building contract should be given to the same firm. Thus, no tendering process was initiated (extract from minutes). The firm in question, Claesson & Anderzén, was owned by the vice chairman of the board, Edvin Claesson.
- ⁶⁰ Thus, additional staff increases in 1982 and 1984 were followed by expansions of the printing plant and a new MSEK 3.4 printing press in 1985. All these measures were proposed by the CEO and approved by the board of directors (10/4/82; 6/8/84; 1/22/85; 5/31/85; 9/2/85).
- ⁶¹ The following year, this particular owner directive was accompanied with a statement that it was important that the business remained in Kalmar (4/18/88). The statement was caused by plans to merge the Kalmar business with the equally struggling printing business of the subsidiary SmP.
- ⁶² During the same meeting, the board established a profit target for the two printing business, requesting that the operating profit should increase with one percentage point annually, from 7.5 to 11.5 percent by the year 1993.
- ⁶³ The approval of the sale was followed by a final board decision to discontinue "all printing businesses in the newspaper group" (12/6/89). Thus, also the printing business of SmP was to be sold.
- ⁶⁴ The composition of the first boards with Barometern as majority shareholder was made after the formal approval of the Barometern Foundation's board of trustees (11/12/75).
- ⁶⁵ For instance, a 1978 decision to acquire a new printing press was taken by the subsidiary board, as was the decision (also in 1978) to initiate a large renovation program of the BLT offices (see 4/11/78; 9/1/78).
- ⁶⁶ In part, the relative lack of subsidiary issues during the board meetings of TBAB may of course be explained by the considerable overlap between the parent and subsidiary boards (and, in extension, with that of the ownership foundation). Nevertheless, the coordination was not absolute. Thus, a decision of the BLT board in 1976 to acquire the local newspaper of the neighboring city of Karlshamn (*Karlshamns Allehanda*), apparently took the foundation's board of trustees by surprise. The purchase was criticized for not having been presented to the owner organization in advance. The decision had previously been approved the TBAB board of directors (9/8/76). The newspaper was transformed into a local edition of *BLT*.
- ⁶⁷ The handling of a planned purchase of a new estate for a relocation of SmP, initiated in 1988, was carried out in a similar fashion (4/18/88; 6/3/88; 11/17/88; 4/25/89).
- ⁶⁸ The statement was caused by a decision by the BLT board to start a printing business in the new printing factory, a decision that according to the chairman should have been made by the parent company board.
- ⁶⁹ The first plan involved the forming of a holding company and three "divisions" (or subsidiaries), one joint company for the three newspapers, one for the printing businesses, and one for 'new media'. In the revised version, the newspaper division had been separated into three individual corporations, one for each newspaper.
- ⁷⁰ The formal board decision was taken against the will of the union club of the SJF, which had demanded that the decision be preceded by a new collective agreement. Thus, this rather decisive decision was taken with the formal reservation of the union representative (3/9/89).
- ⁷¹ The statement may be interpreted as a request that the newspaper group performed better financially. During the 1980s, the Barometern group had reported an average profit margin (EBT) of 2.5 percent, which was 3.5 percentage points below the industry average.
- ⁷² A Stockholm-based recruitment agency was used to administer the recruitment process.
- ⁷³ Examples of the aspects criticized, or at least questioned, were the candidate's ambition to look at the employment as a long-term commitment, and also his involvement in a bankrupted biotech company, which had received considerable media attention (6/13/89).
- ⁷⁴ The growth was partly the result of increasing advertisement volumes. Between 1980 and 1989, the annual advertisement volume of the newspaper would grow with 50 per cent (Annual report 1989).
- ⁷⁵ Since 1946, ABBT had nevertheless been the controlling shareholder of the small three-day newspaper *Ulricehamns Tidning* (UT). Between 1973 and 1981 ABBT was able to gradually increase its interests in the company from approximately 85 to 91 percent, thus turning the subsidiary into a wholly owned company in the legal sense of the term. Regarding the development of the subsidiary, the newspaper would enjoyed a slow but relatively steady increase in circulation during the period at hand, passing 8,000 copies for the first time in 1974, and 9,000 in 1988.
- ⁷⁶ As a direct consequence of the considerable investment in the new facilities—which to around 40 percent was financed by loaned money—the company's debt/equity ratio fell from around 45 percent during the first half of the 1970s to below 30 percent between 1978 and 1981. It would take until 1986 before the

- company would reach the same level as it had had at the beginning of the period. Three years later, the ratio had risen to 54 percent.
- ⁷⁷ From its establishment and three decades forward, there were only three changes made to the board's composition, all of which followed from the death of the previous member.
- ⁷⁸ The vacancy that followed from the death of the company's finance director in 1984 was filled by the new CEO, Leif Hedelin.
- ⁷⁹ The board was also responsible for its own "rejuvenation", inasmuch as the board composition was decided by the board itself (based on the guidelines stipulated in the foundation charter).
- ⁸⁰ The 'activation' of the shareholders meetings was also manifested in an increasing number of participating shareholders, from an average of seven in the 1970s, to as many as 25 (in 1988) during the subsequent decade.
- ⁸¹ The shares in question (which increased the company's holdings from 704 to 751, thus passing the ten-percent mark with merely one share) had been sold to Borås Invest by Yngve Magnusson, whom had resigned as board chairman of ABBT the year before following a conflict with members of the Wärenstam Foundation (the interview material) (see below).
- ⁸² A 1973 request to get yet another union member, thus giving each of the three union clubs a regular board position, presented by the unions was denied by Wärenstam, with reference to the specifics of the law, which stated that a corporation of the size ABBT was only obligated to have two union representatives (4/27/73).
- ⁸³ Of the four changes implemented between 1973 and 1980, three followed from the passing of a board member.
- ⁸⁴ The reason for the increase has not been found in the material. It did, however, coincide with the union representatives joining the board in December of 1973.
- ⁸⁵ Up until 1975, when he was elected a board alternate, the editor-in-chief from 1973 Rune Larsson was given the status of co-opted board member, and was thus allowed to partake in board meetings. A similar right was given to Rune Hammarstrand between 1980 and 1983, a period during which he acted as interim CEO. Apart from this, the board meetings were rarely attended by individuals other than the board members.
- ⁸⁶ In connection with the handling of the successor on the CEO position, one of the union representatives proposed that the minutes from the board meetings be circulated among the different staff groups. After discussion the issue, the board decided to table it. Before that, however, it was decided that the minutes in the future should be approved also by one of the union representatives (6/17/80). Up until this time, the minutes had been approved by the chairman and the vice chairman alone. It is noticeable that the tabled issue never returned to the board agenda.
- ⁸⁷ According to the minutes, this particular guarantee had been requested by Arne Svensson and the chairman Yngve Magnusson, two of the board members with direct ties to the local branch of the Conservative Party.
- ⁸⁸ Perhaps more importantly than the issue of the configuration of the foundation as such, there appears to have been a personal discord between Svensson on one hand, and Hammarstrand and Eliasson on the other, that had caused the cooperation between the three to break down. "*Still today*", says Rune Larsson, "*I cannot understand how three individuals, as sensible as they indeed were, could abstain from cooperating in a sensible manner*" (interview). None of the three committee-members were longer alive at the time of the study.
- ⁸⁹ The name of the candidate was not rendered in the meeting minutes.
- ⁹⁰ Though lacking experience from working in the newspaper industry, Hedelin was a member of the Conservative Party, and it was in this context that Arne Svensson, chairman of the Foundation and conservative MP, had gotten to know him, resulting in Hedelin being elected to the board of directors as alternate the year before (interview, Svensson).
- ⁹¹ In this context, a couple of changes deserve mentioning, however, as they in both cases relate to the shifts in the executive management during the period. During Wärenstam's period as CEO (1955–80), the general principles for the pending handling of profits (including appropriations) was discussed and formally approved during the final meeting of each year, that is, a few months prior to the final compilation of the annual report. This procedure disappeared together with Wärenstam. On the other hand, during the subsequent interim period (1980–83), a fuller account of the annual reports was recorded in the minutes. Once Leif Hedelin had settled in on the CEO position, the more informative character of the minutes diminished, and was replaced by a brief not that the board had approved the reports as presented by the CEO.
- ⁹² In 1979 the privilege was extended to the distribution and financial managers (jointly).
- ⁹³ As long as the executive committee was operative (i.e. until August, 1982), its three members were registered as individual firm signatories, along with the board chairman. After the dissolving of the committee, Leif Hedelin (by then, deputy CEO) replaced the chairman of the committee (Åke Svensson) as firm signatory.

- ⁹⁴ The increase in the taxation value meant a corresponding increase in the property tax burden of the individual shareholders.
- ⁹⁵ Despite the considerable increase in real numbers, however, the 'relative' dividend (i.e. the dividend in relation to retained earnings) never exceeded two percent.
- ⁹⁶ The individual bonus amounted to between SEK 200 and SEK 2,000 depending on the length of tenure (11/18/76).
- ⁹⁷ The decisive request, which had resulted in the implementation of the system, had been presented to the board as a counteroffer in the negotiations regarding a new deal between the company and the unions regarding a proposed rationalization program (4/11/88, appendix).
- ⁹⁸ Thus, virtually all meetings started off with an account of the current sales figures. Twice a year, the board agenda included an interim report of the financial performance of the company. As a consequence of the lower meeting rate between 1985 and 1987 (see above), however, the former report left the board agenda. With the increase in meeting frequency in 1988, the number of annual interim reports returned to two.
- ⁹⁹ Mauritzon had also criticized the annual reports for being too brief (AGM 5/16/88). As far as can be judged by the contents of the subsequent financial reports, the demands of more extensive information were met by the company. A few months later, a request of fuller interim reports was made by Erik Anell, the board member representing Borås Invest (10/17/88).
- ¹⁰⁰ The purchase sum equals MSEK 170 in current (2011) money value.
- ¹⁰¹ Approximately half of this sum was financed by debt (9/29/78). Up until that point ABBT, had been a company practically without long-term interest-bearing debt. During the 1980s, the bank loans were gradually repaid. This, however, was carried out without the active involvement of the board.
- ¹⁰² Regarding the running investments made to the "old" newspaper plant during the 1970s, the company followed the same procedure as during the previous period, in which all investments were formally approved by the board of directors. Generally, an annual investment plan was presented by the CEO in the beginning of each fiscal year. A corresponding summary of the completed investments was given during the last meeting of the fiscal year.
- ¹⁰³ These investments concerned a new word processing system in 1983 and a system integrating the setting, editorial and advertising functions installed during 1988 and 1989 (10/17/83; 10/27/86; 4/11/88).
- ¹⁰⁴ A similar remark had been made five years earlier by the chairman of the executive committee, Åke Svenson (5/3/82).
- ¹⁰⁵ The only exception in this case was a 1989 board decision concerning a MSEK 1.8 renovation of the printing press (10/23/89).
- ¹⁰⁶ During the previous period, one of few staff issues formally handled by the board was the settling of individual pensions for retired managers. In 1976 the board made a principal decision that these direct pensions were to be automatically adjusted according to central recommendations (11/18/76), and thus also this issue left the board agenda.
- ¹⁰⁷ Alongside the newspaper business, ABBT also ran a small printing business. During the 1960s the printing business had started to struggle, and at the same time as the plans for the new printing facilities intensified, the long-term viability of the business reached the board's agenda. In April 1975, Wärenstam informed the board of informal talks regarding a possible takeover of the business by the printing staff (4/8/75) He was commissioned to continue the negotiations. The offer was rejected; instead an agreement was reached to gradually phase out the business (5/20/75). After a couple of years of gradual decreasing the activities, Wärenstam got the board's approval to initiate negotiations to close down the business altogether (4/1/77).
- ¹⁰⁸ The issue of a possible move of the production of *V-D* to the BT plant returned in 1982 after a rumor of a possible merger of the social democratic newspaper and its Gothenburg counterpart (*Arbetet*). Once again the board was positive to such cooperation, but once again the talks were fruitless, as the merger never materialized (4/5/82; 5/3/82).
- ¹⁰⁹ There were two exceptions to this principle; both concerned the establishment of two new local offices (in the towns of Ulricehamn and Herrljunga) in 1982 and 1985. In both cases, the investments were initiated by the CEO, but formally approved by the board of directors (5/11/82; 5/21/85). Other signs of a somewhat more proactive board would occur during the end of the 1980s, as the board commissioned the CEO to investigate a recent drop in advertisement sales, and also discussed various solutions to the issue (19/17/88; 1/18/89). Both actions coincided with the decision to introduce a formal budgetary control over the newspaper corporation (see above).
- ¹¹⁰ The reason for this change was not revealed in the minutes.
- ¹¹¹ Noted in the minutes were nonetheless a number of uncertainties regarding the viability of the project, profitability being one of major ones.
- ¹¹² The purchase sum amounted to TSEK 150, a "very moderate" cost according to the board chairman (4/2/87, quote from minutes).

- ¹¹³ Since acquiring the stock majority (56 percent) in 1946, ABBT had slowly increased its ownership interests in the newspaper company. The acquisition of UT stocks continued during the 1970s and 1980s. There is, however, little evidence of this development in the minutes. Not until September 1981, that is, when the board was informed by the CEO that the ownership had surpassed 90 percent (9/24/81).
- ¹¹⁴ Thus, the decision to transfer the production of *UT* to ABBT's new printing press in 1979 was taken by the UT board and not in Borås (9/29/78). A 1986 change on the editor-in-chief position was carried out without any involvement of the ABBT board (10/27/86).
- ¹¹⁵ Unlike its competitor, *ST* also published a Sunday issue, which was separately reported in the circulation statistics. Having experienced a considerable jump between 1973 and 1977 (from 3,800 to 6,400), the circulation of the Sunday issue would remain around the 6,000 mark throughout the rest of the period.
- ¹¹⁶ During the same period, the joint turnover of the entire business group increased from MSEK 20 to MSEK 241 (equaling an annual growth rate of 17 percent).
- ¹¹⁷ Thanks, in part, to the consistently well-performing ÖA, the *ST* group reported a profit margin (before taxes) of twelve percent during this ten-year period. As a result, the equity ratio (equity/total capital) rose steadily from below five percent in 1974 to almost forty percent some fifteen years later.
- ¹¹⁸ This condition was enabled by means of a new issue carried out in 1982, in which 10 percent of the stocks were transformed into so-called A shares, which entitled its owner one vote per share, and the rest into B shares, which entitled only one tenth of a vote per share. Following the deal of 1985 the latter shares were taken over by GDAB, while the A shares remained with the original owners.
- ¹¹⁹ This position was given to the CEO of STAB, Rolf Jonsson.
- ¹²⁰ The number of alternates was increased from two to four. These positions were divided evenly between the two owner spheres and given to members of the next generation of the two families.
- ¹²¹ The two regular positions given to GDAB were occupied by the company's chairman and CEO.
- ¹²² Unlike his predecessor, whom had not been given a position on the board upon his appointment as editor-in-chief, it was specified in Carnbro's service contract that he be entitled a place on the board of directors (the interview material).
- ¹²³ Among the issues discussed were the possibilities of increased editorial cooperation between *ST* and ÖA in Härnösand, a city in which both papers had a local office, and the financial viability of the *ST* Sunday issue (see below).
- ¹²⁴ Yet another direct consequence of the proposals from the seminar was that the CEO was commissioned to establish formal job descriptions for the managers of the various departments of the newspaper company (11/21/78).
- ¹²⁵ Apart from a noticeably increased financial reporting (see below), the entering of GDAB as minority owner had no particular effect on *the modus operandi* of the board.
- ¹²⁶ The alternates' fee amounted to fifty per cent of the fee of the regular members. As far as attendance during board meetings is concerned, the most noticeable aspect is of course the considerable expansion of the board over the period at hand. Starting in 1976, also the board alternates were allowed to attend the meetings, increasing the number of attendees even further. As far as the actual turnout during meeting was concerned, it may be considered quite high. Approximately half of the meetings were attended by all members and alternates. As a result, the board meetings of the late 1980s would gather as many as sixteen individuals. As had been the case in the first period, it was the CEO who kept the minutes during board meetings. On the first meeting with the union representatives present, it was decided that the minutes were to be signed by all board members. As a result of four alternates being invited to the meetings in 1976, the minutes were signed by the chairman, one regular board member and one union representative. Following the entering of GDAB as minority shareholder, one of the representatives of the Gävle firm would be included in the list of signatories.
- ¹²⁷ It is worth noting that these reports, which had been compiled by the CEO, were given a rather 'educational' character after the 1983 expansion of the board (explaining for instance the meaning of accountancy terms such as 'depreciation' and 'appropriations'), giving the impression that they were aimed at people with little experience of reading annual accounts (e.g. appendix 3/28/84). As mentioned above, the group of new board members included several members of the owner families that had not previously been involved in the operations of the newspaper company.
- ¹²⁸ The twenty percent dividend of 1982 represented twelve per cent of the total retained earnings. Given the strong performance of the 1980s, the dividends' share of the retained earnings had dropped to under three per cent by 1989. The increasing profits reported during the period also resulted in requests from the unions that the staff be accordingly rewarded. A demand of a bonus system presented to the

- board in 1979 was left without board action (10/23/79). Nine years later, the shareholders accepted that a profit sharing system be tried during the fiscal years of 1988 and 1989 (AGM 6/13/88). During these years, 20 percent of the operating profits (earnings before interests and taxes) were distributed among the employees.
- ¹²⁹ As far as firm signatories were concerned the policy established during the previous period remained unchanged. The right to sign for the firm was given, apart from to the board as a whole, to the board chairman and the CEO. In both cases, the firm had to be countersigned by one of two designated employees.
- ¹³⁰ In April, 1979, the board discussed a letter from the technical and journalists clubs, in which the implementation of budgets was one of the issues (4/9/79). The first annual budget was presented to and approved by the board some eight months later.
- ¹³¹ As far as can be judged by the board meeting minutes, there are no indications that the budget proposals put forward by the CEO rendered any objections from the board.
- ¹³² Over the sixteen years covered in this chapter, there were only two exceptions to this procedure of no board involvement. The first concerned the approval in 1974 of the acquisition of SEK 11,500 worth of shares in TT, the joint news agency of the Swedish press (5/13/74). The second regarded the 1980 acquisition of TSEK 100 worth of shares in Liberal Press KB, an unlisted holding company closely connected to the Liberal Party involved in the acquisition of local newspapers (8/26/80). During the 1980s, the holdings of STAB in the latter company would increase to TSEK 300. The additional acquisitions are not mentioned in the minutes however.
- ¹³³ At the time of the takeover, the entire assets of STAB amounted to approximately MSEK 13, of which MSEK 2 consisted of liquid assets. Thus, the takeover had to be financed almost exclusively by loaned money. The purchase sum of MSEK 10.2 equals MSEK 55 in current (2011) money value.
- ¹³⁴ Up until this point, Alström had not had a proper contract of service (Interview, Börje Alström).
- ¹³⁵ Apparently, the reprimand had little effect, as the board when summoned again in September, made a formal note that the objective had not been met (9/1/81). Nevertheless, the board decided six months later that the ratio target should remain unaltered for the year of 1982 (3/22/82). For 1983 there is no similar decision. In March of that year it was nonetheless noted in the minutes that the ratio had been 30%/70% during the first two months of the year (3/22/83).
- ¹³⁶ According to Börje Alström, the decisive point had been his announcement of his wish to retire in 1992, a decision which by the owners had been interpreted as a resignation. Thus, the decision was taken to dismiss him immediately (Interview, in Weibull 2009: 285f).
- ¹³⁷ When these changes occurred, GDAB had joined the shareholder sphere. However, though informed of the decisions, the Gävle-based company remained passive in both the dismissal of Alström and the subsequent recruitment of Carnbro (Interview Wallentin Lundmark).
- ¹³⁸ According to Jonsson himself, he had carried out many of the CEO duties for a number of years prior to the formal appointment. This notion is supported by the other interviewees.
- ¹³⁹ The investigation had been carried out by the company auditor.
- ¹⁴⁰ In November, 1982, the board chairman informed the board that the reorganization had been tabled (11/23/82).
- ¹⁴¹ In 1977, the board was informed of a placed offer to buy an estate ("Brutto 3") adjoining the newspaper company's offices in downtown Sundsvall (11/16/77). As far as the minutes are concerned, the board had not previously handled the issue. It would, however, take three years until a deal was settled. The purchase price of TSEK 700 was almost twice as high as the first offer of TSEK 360 (11/18/80).
- ¹⁴² To the few exceptions in which an investment was preceded by a formal board approval was the 1987 acquisition of a new computerized subscription and distribution system, at a calculated cost of MSEK 1.1 (3/30/87).
- ¹⁴³ Meanwhile, the board approved a MSEK 2.8 renovation of the old printing press, suggested by the CEO (9/21/87).
- ¹⁴⁴ The only exception in this case was the formal approval of offering surety bonds to company employees, a topic which remained a regular feature during board meetings. In 1984 (3/28/84), however, this particular board privilege was delegated to the CEO and thus left the board agenda.
- ¹⁴⁵ Nevertheless, during the period, staff-related issues did start to occur somewhat more frequently during the board meetings. These issues consisted primarily of various fringe benefits and amenities proposed by the union representatives such as the acquisition of vacation houses for the staff (and not least the proposal of a profit sharing system discussed above).
- ¹⁴⁶ Thus, recurring issues such as the approval of annual budgets and management changes were made without the formal backing of the parent company. As did major investment programs in property and printing facilities initiated in 1979, 1984 and 1987, and a 1978 acquisition

- of a printing company (“*Robert Dau Boktryckeri AB*”). This is not to say, however, that the STAB board did not have a say in the managing of the subsidiary. Both the STAB chairman and CEO were members of the ÖA board of directors. The point that is made here is that no such influence was channeled via the parent company board of directors.
- ¹⁴⁷ The board did, however, approve the first budget of the company (12/3/84). Also in 1984, the board approved to sign a surety of TSEK 540 for the partaking in a local cable-TV project (9/4/84; 12/3/84). The undertaking (which was run by a local foundation) was initiated and handled by the editor-in-chief. Over the next few years the board was regularly informed of the trials. Following Börje Alström’s dismissal in 1989, the STAB interests in the project ended (the interview material).
- ¹⁴⁸ The purchase sum amounted to TSEK 450.
- ¹⁴⁹ During the last meeting of the period (11/27/89), the board approved a number of proposals put forward by the CEO, among which were a MSEK 2 group contribution to TAB and the acquisition of both the estate (for MSEK 4) and its Östersund subsidiary (for TSEK 500) from the struggling printing business. Finally, it was decided to sell 40 percent of the shares in the company.
- ¹⁵⁰ Thus, a proposal in 1981 by board member E. A. Hallin, the CEO and (previous owner) of ÖA, to introduce a profit target (of an operating profit margin of eight percent), was left without action from the owner families (1/23/81). Also the action program resulting from the 1978 future seminar previously discussed, had included a suggestion from the management that a profit target be introduced.
- ¹⁵¹ This latter phrasing had been added to the preamble of the corporate bylaws in 1977 (see above).
- ¹⁵² Talking about background of the profit target today, Jonsson recalls that given the ambition to be able to finance future investments without external funding, he had deemed it necessary that “*we introduced some kind of financial goal to work against*” (intervi ew). Over the four years that followed (1986–89) the company reported an average return on capital of 15 percent, thus meeting the projected target.
- tion in 2000. Regarding the composition of the remaining nine-headed board of trustees, the membership was gradually broadened by individuals from the circulation areas of the other newspapers in the group. Nevertheless, the tradition of recruiting members from outside of the newspaper industry continued.
- ³ The privilege of the Conservative Party to approve all significant changes to the charter remained intact, however.
- ⁴ During one of the first meetings of the new company, one of the union representatives conveyed concerns (expressed by the union clubs of *SmP*) regarding the high presence of members from the parent company on the subsidiary boards (SOP 4/19/90). Further signs of Sydstopress being a Kalmar-dominated newspaper group was the fact the corporate headquarters were placed in Kalmar, as where the annual meeting of shareholders and the meetings of the board of directors. Indeed, even the actual *name* of the parent company—“Sydstopress [in] Kalmar AB”—confirmed the geographical center of the group.
- ⁵ The traditional *modus operandi* had been that the board of directors had been appointed by the Barometern Foundation without any involvement of the executive management of the newspaper company.
- ⁶ A list of the board members of the companies analyzed in this chapter is presented in the appendix.
- ⁷ Up until this point, the foundation’s board of trustees had reserved the right to formally sanction all changes made to the composition of the boards of the three newspaper companies.
- ⁸ The numerous shifts in the board composition during the 1990s resulted in yet another change compared to previous periods, a significant decrease in the average board tenures. Between 1990 and 2003, the average time that a board member had been on the board was three years (falling as low as one year in 1995). In the first and second periods of the study, the corresponding averages had been thirteen and twelve years respectively.
- ⁹ To the issues handled during the extra meetings belonged the 1990 recruitments of a new CEO and a new editor-in-chief, and the rebuilding of the Barometern building the following year.
- ¹⁰ As far as attendance during board meetings is concerned, the average turnout among the regular (shareholder-elected) members was over ninety percent between 1990 and 1995. During the remainder of the period, however, the average fell to below 80 (79). The primary reason for this was an increasing absence among the (increasing contingent of) external members. As a result, the share of meetings with all members present fell from 63 percent (22 out of 35 meet-

CHAPTER 9

AN INDUSTRY LIKE ANY OTHER?

(1990–2005)

- ¹ The remaining shares were controlled by individuals associated with the Barometern Foundation.
- ² Though not a member of the board of trustees, he had been elected a member of the founda-

- ings) between 1990 and 1995 to 32 percent (9 out of 28) between 1996 and 2001. Throughout the period at hand, the presence among the union representatives fluctuated between 60 and 70 percent.
- 11 Throughout the period, the financial remuneration of the members of the three newspaper companies was settled by the Barometern Foundation's board of trustees. The tradition of the chairman enjoying a higher financial compensation than the other regular members (see Chapters 7 and 8) was maintained also in the new subsidiary. In 1990, the chairman was compensated with TSEK 20, as compared to the TSEK 8 granted to the rest of the board members. Over the next four years, the gap increased even further, to TSEK 30 and TSEK 9 respectively. Following the 1995 appointment of the group CEO as chairman of the subsidiaries, the chairman fee was cancelled. Instead, the fee paid out to the regular (external) members was doubled to TSEK 18. Having been further increased to TSEK 20 in 1998, the board fee was kept unaltered until 2001, when all regular members were removed from the board.
 - 12 It may be noted that this sum was only half of the amount determined by the board in 1991; the last time the issue was addressed by the board (see below).
 - 13 Additionally, the instruction included a document concerning the control of the company finances. The document established that the CEO was responsible for providing the board with data necessary to assess the financial status of the corporation. Thus, it was demanded of the CEO to provide the board with monthly financial updates and recurrent 12-month prognoses. It was also requested of the CEO to inform the board of important financial matters (such as legal disputes), the termination of major contracts, and updates on circulation and ad volumes. The CEO instructions (with the just depicted limitations) were more or less a direct copy of the instructions settled by the parent company for the parent group CEO (SOP 3/1/99). The latter was nonetheless entitled to a somewhat larger room-to-maneuver regarding the entering into contracts (MSEK 10) and the authorization of non-budgeted investments (TSEK 500). In 2002, however, the former limit was lowered to MSEK 5.
 - 14 Though gradually increasing from TSEK 144 in 1990 to TSEK 346 in 1996, the dividends paid by the parent company to the Barometern Foundation remained below one percent of the retained earnings. Starting in 1998, there was nonetheless a dramatic increase in the money paid out to the owner. Between 1998 and 2000 the average annual dividends amounted at MSEK 2.5; the primary reason was a foundation decision to help fund a professor's chair at the Kalmar College. In 2001, the dividends were lowered to MSEK 1.55, a level that remained unchanged for the rest of the period.
 - 15 The fact that the issue was not handled by the subsidiary board, by which the new CEO would have to be formally appointed, was criticized by one of the union representatives on the SOP board (3/22/90).
 - 16 Finally, it was decided that a recruitment agency should be called upon to establish a demand profile and handle the evaluations of applicants. The same agency had been employed in the recent search for a new CEO.
 - 17 In connection with the reorganization, Anders Wendelberg was given a position in the parent company (see Weibull 2009).
 - 18 Once again, the board member representing the SJF brought forward a principal criticism against the one-leader model, requesting that the return to a two-leader system be considered.
 - 19 Regarding the contract and wages of the executive managers, the SOP board decided in 1996 to appoint a special "wage group" responsible for settling wages of top managers (12/19/96). Prior to that, the responsibility of this particular issue had rested with the board chairman. Thus, the wages of the executive management of the newspaper company were handled by the parent company.
 - 20 Thus, in less than one year the Ba-OT had recruited two key-position holders from the local competitor. As mentioned, the CEO, Tomas Arvidsson, had also been recruited from Östra Småland.
 - 21 The document was also criticized by the boards of both SmP and BLT for placing too much power with the parent board (in Kalmar) (1/18/90). As far as the Ba-OT board was concerned, the document was accepted without any similar objections.
 - 22 During his first meeting as CEO, Arvidsson had pointed to the lack of formulated targets and a specified market profile (11/14/90). Unfortunately, the document has not been found in the board records, and is thus missing from the research material.
 - 23 The mission to write the plan, which was to specify the publicist, strategic, financial goals, as well as a general mission statement (*'affärsidé'*) and the coordination policies of the group, was given to executive managers (and editors) of the newspaper companies along with the group finance director.
 - 24 As far as the publicist goals were concerned, the document established the independence of the editorial department and the responsible editor. In the political debate, however, the

- newspapers were called upon to be the “voice of its region and to comment independently on the course of events from its hereditary political line” (6/16/94, extract from document). In connection with the adoption of the group Goal Plan, a corresponding document was compiled for Ba-OT and approved by the subsidiary board (10/13/94).
- ²⁵ Regarding the activities of the editorial departments, the document was limited to a phrase establishing that the group “by means of its newspapers take an active part in the public debate.”
- ²⁶ The process of renewing the Goal Plan of Ba-OT began in 1997 with a preliminary discussion in the boardroom initiated by the CEO (9/26/96). In this discussion, which continued over the following year, it was decided that the document be much shorter (as compared to the previous four pages) and be written “with a clear touch of vision”. The more concrete targets were then to be formulated in separated documents for the different departments. A final version, entitled “Vision and Values” was approved by the Barometern-OT board in December 1998. The document settled that the vision of the newspaper was to be “the natural choice”. The values were then formulated regarding a number of key words such as “Credibility”, “Democracy”, “Development”, “Ethics” and “Profit” (12/2/98, document in appendix).
- ²⁷ Once again, the profit margin had been based on the projected long-term investment needs of the group. This time the profit demand was also expressed in absolute figures. Thus, the plan established that the profit level of Ba-OT was to increase gradually from MSEK 11.2 in 1995 to MSEK 15.1 three years later.
- ²⁸ As far as Ba-OT was concerned, the new profit demand did not change the previous profit target of ten percent return on total capital.
- ²⁹ A new feature in this respect was that the company auditors were invited once a year to present an analysis of the performance of the subsidiaries. During these presentations, the hired managers were not present in the boardroom.
- ³⁰ By 2010 at first, it was concluded in the report, may a common facility be in question (SOP 930420). The following year, both SmP and Ba-OT were authorized to expand their respective printing.
- ³¹ A concrete sign of the centralization efforts was a dramatic increase in the internal purchases, which would increase from one percent in 1995 to 18 percent in 1999 and 24 percent in 2001. They were also reflected in a dramatic growth of the staff of the parent company, which between 1995 and 2001 would increase from five employees to 65.
- ³² The decision was made despite the objection of the union representative of the SJF, whom had argued that the decision was taken too hastily.
- ³³ Thus, the decision process differed quite significantly from the handling of the format change of BLT some seven years earlier. In that case, the decision had been formally made into an owner issue, and also handled quite extensively by the SOP board.
- ³⁴ Apparently, this rather significant change of the role of the board was not unchallenged. In a note from a board meeting in 1994, a question is put forward by one of the external board members concerning whether the main task of the board was to “be present for reporting *or* to help with the inspiration” (6/8/94, extract from minutes).
- ³⁵ As mentioned above, Lennebo would also enforce the election of members with industry experience to the boards of the newspaper subsidiaries.
- ³⁶ In 1991, the SOP and Ba-OT chairman, Peter Savin, addressed the fact that there was no formal policy concerning discretionary power of the Ba-OT CEO regarding “unforeseen expenses”. Following the suggestion of the chairman, the issue was transferred to the parent company board (9/10/91). As far as can be told by the minutes, however, the issue was never handled by the SOP board. Instead the subsidiary board (most likely following the suggestion of the chairman) decided that a limit be set to TSEK 500 (11/12/91).
- ³⁷ A few months later, the editorial content was once again criticized—this time by a couple of the board members, both with political commissions for the Conservatives, whom had stated that “the current investigative journalism regarding alleged bribes in the Kalmar County [was] offensive” (10/2/90, extract from minutes). The reporting was defended by the editor-in-chief, and backed by the board chairman.
- ³⁸ Following the request of one of the owner representatives on the board, it was also decided that the issue be reported to the foundation’s board of trustees.
- ³⁹ The decision was confirmed by the SOP board the following week (SOP 10/21/94). During this meeting, it was also decided to continue the operations in Växjö and to mandate the CEO of BLT to carry out the purchase of a radio permit in Karlskrona.
- ⁴⁰ The new company was called Sydostpress Media. Also in 1997, the SOP board approved the forming of a new IT company together with AB Borås Tidning (SOP 9/2/97).
- ⁴¹ An effort to involve the board more directly in the forming of Internet strategies was nonetheless made by one of the external board members in February 1998. Having proposed that the

- board and the executive management engaged in strategic discussions regarding the coordination between the new IT company and the newspaper company, he was commissioned by the board chairman (Lennebo) to “return to this important issue” during the next meeting (2/26/98, extract from minutes). For reasons not disclosed in the minutes, this did not happen, however.
- ⁴² The ‘butcher’ remark relates to the fact that Lennebo prior to being hired by Sydostpress had been the CEO of a regional slaughterhouse corporation.
- ⁴³ The formal decisions made by the owner were thus limited to the election of board members (and company audits), the size of board member remunerations, and recommendations regarding shareholder dividends.
- ⁴⁴ The compensation given to the chairman rose faster than that of the other members. In 1990 the fee rewarded to the chairman was 25 percent higher than that of the regular member (TSEK 7.5 vs. TSEK 6). Ten years later, the difference had increased to 100 percent (TSEK 38 vs. TSEK 19).
- ⁴⁵ The document established that the board should meet at least four times per year. Additionally, it stipulated a number of standing meeting topics. Among these were information from the CEO on current sales figures and financial reporting in the form of annual and interim reports, as well as “other important information concerning the finances of the corporation”. A “detailed” meeting material was to be distributed to the board members a week prior to the meeting.
- ⁴⁶ The remaining money was used to finance the second formal undertaking of the foundation established in the foundation charter, namely the support of the local cultural life.
- ⁴⁷ Also the staff was given a part of the profits accrued by the firm. In 1989, the foundation had approved the trial of a profit-sharing program for the staff of the newspaper company. In April 1992, the foundation decided to make the system permanent, but with the limitation that the total sum paid out to the staff was not to exceed the dividends paid out to the shareholders (4/22/92). The program remained in force throughout the 1990s. During his first meeting as CEO, held in March 1999, Jan Öjmertz initiated the forming of a commission (consisting of Öjmertz and two other board members, of which one was a union representative) with the mission to revise the program. As a result of the recession in the early 2000s, the issue lost some of its momentum, however. Following the merger with Sydostpress in 2003, the plans were ultimately dropped (information in e-mail from Jan Öjmertz).
- ⁴⁸ Though supporting the candidate, a “principal wish” that the position should be publicly advertised was presented during the meeting by the unionist representing the editorial staff. It was left without action.
- ⁴⁹ According to one of the board members, the estimated value of the bonus agreement amounted to MSEK 12 (interview). Contributing to the criticism was that the CEO a few years earlier had been given another generous bonus agreement. This agreement, which was tied to the development of the company’s stock portfolio, had been settled by the previous chairman (and chairman of the Wärenstam Foundation), Arne Svensson (interview, Svensson).
- ⁵⁰ By then, also the Wärenstam Foundation had been informed of the agreement. In a formal statement the owner organization had declared that it had no prior knowledge of the existence of the document (5/3/95).
- ⁵¹ Having been notified by the Foundation that he had lost the confidence of the main owner, Anell had chosen to make himself unavailable for reelection (the interview material).
- ⁵² During this period, meetings were also held between representatives of the union clubs and the foundation’s board of trustees, in which the owner maintained its confidence in the CEO (the interview material).
- ⁵³ In 2001, the previous system of quarterly interim reports was extended with the introduction of monthly reports, a novelty that according to the minutes was appreciated by the board members, as it offered a better way of monitoring the financial development of the corporation (5/11/01). In December of that year, the board also commissioned the management to present a strategy for a future price policy regarding the newspaper’s subscription rates (12/14/01). The investigation, proposing a gradual increase of the relative price level, was presented three months later, and approved by the board (3/22/02).
- ⁵⁴ Nevertheless, in his speech at the 2000 AGM, the CEO, Jan Öjmertz, stated that the “long-term target” for the company’s operating profit was “8–10 percent” (AGM 5/19/00). The target, which had the character of an aim rather than a formal demand, had been established by Öjmertz shortly after assuming the CEO position a couple of years earlier (e-mail correspondence, Öjmertz).
- ⁵⁵ Since 1986, BT had been enjoying a monopoly on the local market for subscribed newspapers. A recurring concern addressed during board meetings was instead the increased presence of free local weeklies in the various parts of the newspaper’s circulation area. One of these was *Markbladet*, published in the town of Kinna,

- some 30 km southwest of Borås. In February of 2001, the board was informed by the CEO of “contacts” with the owners of *Markbladet* regarding a possible cooperation in the areas of production, contract printing, distribution, and facilities (2/5/01). Three months later the board authorized the CEO to continue the talks “on as many areas as possible” (5/11/01, extract from minutes). However, in December 2001, the board was informed that the talks had ended, and that no agreement had been reached (12/14/01).
- ⁵⁶ The action program was followed by an extra “strategy meeting” dedicated to how to increase sales (12/18/96). The meeting, which was held in February of 1997, did not result in any specific board decision (2/6/97). A year earlier the board had nevertheless decided to postpone a scheduled raise of the subscription rate as a means to halt the circulation fall (3/26/96). Seven months later, the board decided to reverse this decision, instead deciding to carry out a small raise by the turn of the year (10/24/96). In 2000, the company received approximately MSEK 10 in refunds from the Press’ Pension Society (“*Pressens Pensionskassa*”). Following a proposal by the CEO, the board decided that the extra money be used to lower the staff costs, in the form of offers of early retirement plans to employees (6/20/00).
- ⁵⁷ The only exception in this case occurred in 1996 when the CEO and the editor-in-chief together with board member (and newspaper consultant) Sören Björklund, were commissioned to launch an investigation regarding a possible refurbishment of the newspaper in order to accentuate the local coverage (10/24/96).
- ⁵⁸ In a closely related issue, the board was also informed of a recently completed market survey that showed that the audience would prefer a smaller newspaper (as compared to the current broadsheet format). Thus, the management was commissioned to follow the discussion in the industry regarding future format trends. As elsewhere, the critical issue concerned how to avoid the risks of lower advertisement incomes as a result of a smaller format (see Djerf-Pierre 2009).
- ⁵⁹ The decision had nevertheless been preceded by a contact had with the chairman of the Wärenstam Foundation, whom had referred it right back to the board, stating that it was not an issue for the owner to handle (the interview material).
- ⁶⁰ In a process simultaneous with the planning of the new production facilities, talks about the use of the localities left behind by the production department was carried out by the CEO. In 2002, after two years of negotiations a rental agreement was settled with the city archives (‘Stadsarkivet’).
- ⁶¹ The minutes include no discussions concerning the editorial possibilities of the new medium, nor do the interviews. As such, the rationale appears to have been purely commercial.
- ⁶² A few months after the start of the radio station, the board was informed of plans of a new local TV station, based on the same business model as the radio station. ABBT had been offered to invest in the company. The board decided not to enter any deal, but to “continue to monitor the development” (6/23/94, extract from minutes). A similar decision was made a few months later (10/20/94). After this, however, the issue did not return to the board agenda.
- ⁶³ The records in the minutes do not include any statements from individual members regarding the decision.
- ⁶⁴ The cooperation had also resulted in a jointly produced TV guide (12/16/97).
- ⁶⁵ Unfortunately, the specific contents of these reports were not recorded in the minutes.
- ⁶⁶ In March of 2002, the Wärenstam Foundation decided to elect Ohlsson as board member of the newspaper company (3/1/02).
- ⁶⁷ The controller of Sydostpress and the deputy CEO of Borås Tidning were elected as alternates. Since the newspaper businesses—including the staffs—still remained with the separate firms, the union clubs of the newspaper companies were not allowed to appoint their own representatives to the interim board of directors. The preparations for the new company were thus carried out without the involvement of the unions.
- ⁶⁸ Two years later, the compensations were raised to TSEK 160 (the chairman), TSEK 115 (the vice chairman), and TSEK 40 (the regular member).
- ⁶⁹ In September of 2003, the CEO also got the board’s approval to discontinue the company’s (minority) interests in the radio industry, which were a remnant from the previous Sydostpress group (9/25/03).
- ⁷⁰ In August of 2003, the CEO was commissioned to investigate a possible relocation of the BLT offices (8/27/03). A similar commission concerning Barometern was given two years later (3/30/05). Neither project was resolved prior to the end of the analysis period.
- ⁷¹ Though there were no formal profit-demands established by the board of directors, the general ‘framework’ of the budgets was nevertheless determined by the board prior to the initiation of the budget process. In connection with the approval of the annual reports, the company auditors were invited to present their report on the performance of the company and the actions taken by management.
- ⁷² Between 2003 and 2005, there were three such appointments. They concerned a new political

- editor in *BLT* in 2003 (12/16/03) and a new editor-in-chief and political editor in *Smp*, both in 2005 (3/30/05).
- ⁷³ The decline of newspaper's Sunday edition (not included in Figure 9.4) was even more dramatic. Going down almost ten percent per year, it plunged from 5,200 in 1990 to only 1,200 fifteen years later.
- ⁷⁴ Thus, throughout the period at hand, the wage costs level (not including pensions and payroll taxes) remained steadily around one-third of the company revenues (calculations from annual reports).
- ⁷⁵ The formal purpose of the foundation (as of 2011) is "... to safeguard the publication of newspapers with a liberal course in a political sense, and a liberal basic view in all other aspects ..." (Excerpt from the foundation statutes, translation).
- ⁷⁶ The Foundation was formed in 1949 with the explicit purpose to support the press associated with the party. The formal purpose (as of 2011) is "... to safeguard the publication of newspapers that adhere to the political views represented by the Liberal Party ..." (Excerpt from the foundation statutes, translation).
- ⁷⁷ A result of the ownership change was that the average board tenure sank dramatically, from 22 years to 7. Over the following decade the average tenure remained in the range of six to nine years. During the same period, the average age of the regular board members varied between 55 and 60 years.
- ⁷⁸ It also meant that the board, apart from the GDAB CEO and the two STAB executives, did not include any member recruited from within the newspaper industry. The external members were instead recruited from fields such as law, banking, and the steel industry. The absence of newspaper business experience was somewhat remedied in 2002, with the election of a former editor-in-chief of the Liberal press sphere.
- ⁷⁹ The board meetings were scheduled after the most important reoccurring decision points of the 'board year': the settling of the annual report (in March or April), the formal constitution of the 'new' board following the annual AGM (in May or June), the approval of the second quarter interim report (in September), and the approval of the budget for the upcoming year (in November or December). Starting in 1995, however, a brief constitutive meeting was held in direct connection to the AGM. The issues handled at these meetings (the election of board chairman, vice chairman, and firm signatories, as well as the division of the assigned board fee) had previously been handled during the first regular meeting following the AGM.
- ⁸⁰ These new principles were established following a special board seminar devoted to the role of the board, held in February, 2005 (2/9/05).
- To some extent, the changes just outlined also affected the nature of the meeting minutes, which became gradually more detailed during the second half of the period at hand. Still, however, the minutes would rarely include statements or opinions of individual board members (other than the chairman, the CEO and the editor-in-chief).
- ⁸¹ The members employed by the newspaper group, i.e. the CEO, the editor-in-chief, and from 1995, the board chairman, were exempted from the fee.
- ⁸² Throughout the period at hand also the alternates were summoned to the meeting.
- ⁸³ Starting in 1999, however, the deputy CEO, Hans Westin, was made a co-opted member with the responsibility of handling the financial reporting.
- ⁸⁴ Up until the completion of the ownership change, the minutes were also approved by one representative of the old owner constellation. Following the change, a run-through of minutes of the previous meeting was made a standing feature of the board meetings.
- ⁸⁵ As far as can be judged by the meeting minutes, it does not appear that the board was ever presented with alternative options as far as appropriations or handlings of profits were concerned. The formal approval of the autumn interim report was handled in a similar manner. In 2000, the CEO was authorized to sign the interim report on behalf of the board (12/4/00).
- ⁸⁶ Additionally, the document stipulated that the cash management should be coordinated within the group. Regarding the news coverage, the journalistic line should be "liberty, independence, impartiality, credibility, balance, and objectivity", whereas the newspaper in editorials and opinion pages should advance a "societal development consistent with a liberal basic view" (5/18/95, extracts from appendix).
- ⁸⁷ The records of the discussion in the STAB boardroom that followed from the presentation of the Three-Year Plan include one of few examples of an actual conflict of opinions rendered in the meeting minutes. Thus, prior to formally accepting the document, the STAB had united in "an interpretation", which entailed that the decrees from the parent company "acknowledge that different strategies may be employed in the different subsidiary groups based on the local conditions in the respective regions and on the competencies and cultures that exist in the different companies" (3/14/05, extract from minutes).
- ⁸⁸ Between 1990 and 1995, the company profits averaged two percentage points below the target.
- ⁸⁹ It was also stipulated that the debt/equity ratio (shareholder capital/total capital) "should be" at least 30 percent.

- ⁹⁰ Thus, in 1999, the board accepted the proposed budget despite the fact that the estimated yield did not meet with the demanded target. The same thing happened two years later. On both occasions, it was nonetheless noted in the minutes that the board had urged the executive management to accentuate staff cuts as a means to reach the predetermined profit demands (11/29/99; 3/12/01).
- ⁹¹ In September of 2005, the board stated a wish that the reporting during board meetings was broadened even further. Among the types of information requested were "early warnings", "business opportunities in the offing", and "new editorial possibilities" (9/12/05). The decision was quite in line with a new policy initiated earlier that year by the new chairman Jan Cahling, according to which the board should be more oriented towards issues of strategic nature (2/9/05).
- ⁹² The passive involvement of the board was extended to the working contracts of the management team. The only sign in the meeting minutes of the contracts of the executive management ever reaching the board agenda is a brief note from a board meeting in May of 2002, stating that the board had been informed by the chairman (Rolf Jonsson) of the current wage and employment contracts of the CEO and the editor-in-chief (5/13/02). The specifics of these contracts were not recorded in the minutes.
- ⁹³ It is noticeable that the machine in question had been part of the same 1967 deal in which STAB, NA, and the Karlstad newspaper *NWT* had acquired three similar printing presses from the same producer. The deal had been initiated by board member E. A. Hallin, who was a minority shareholder in the Örebro-based company (the interview material). The decision to buy the used press was motivated by the fact that "the yearly capital costs [would be] MSEK 2.6 lower than a new investment in a similar page and color capacity and printing building" (12/3/90, extract from appendix).
- ⁹⁴ Notwithstanding the fact that the investment would require a "thorough" renovation and modernization, it was recommended in the proposal that the press be replaced before the end of the decade, in part because "the printing technology within the near future will offer more easily manageable and further automatized printing presses" (12/3/90, extract from minutes). Judging from this statement, the investment was to be regarded as a temporary solution. An additional expansion of the press was approved by the board in 1996 and carried out the following year (9/23/96). The expansion consisted of parts from the *third* printing press from the deal of 1967, the one owned by *NWT* in Karlstad. Despite the projected durability of the press suggested in the 1990 investigation just depicted, the printing press would remain in use until 2011, when a brand new machine was installed in the Birsta printing facilities. By then, however, the printing function of STAB had been transferred to a centralized corporation within the MittMedia group (see below).
- ⁹⁵ After years of poor financial performances, the oldest subsidiary of the ST group, the printing business Tryckeriaktiebolaget (TAB), had been sold some four years earlier. The deal, which was formally approved by the board, followed from the suggestion of the CEO (6/19/91).
- ⁹⁶ The only decision concerning the other newspaper in the group, ÖA, made by the parent company board between 1990 and 1995 concerned the formal approval of a sale of a real estate owned by the subsidiary in December of 1993. The sale had been proposed by the ÖA board of directors (12/1/93).
- ⁹⁷ This is not to say that there were no such efforts, whatsoever. To the exceptions belonged a joint advertising company aimed at the northern Swedish market established in 1996, in which ST and GD were two of three cooperating newspapers. One year later, the board was informed of plans to transfer the printing of the Härnösand-based *Västernorrlands Allehanda*, which had been acquired by the GD group a few months before, to the printing facilities of STAB (9/22/97).
- ⁹⁸ The loss of ÖA, which also included eight subsidiaries owned by the company, meant that the total workforce of the ST group dropped from 445 to 234, and the joint turnover from MSEK 298 to MSEK 180. As compensation, STAB received MSEK 37.9 (source: annual reports).
- ⁹⁹ The compensation was withdrawn in 2005 by Jan Cahling, a decision that was criticized by the STAB CEO Hans Westin (3/14/05).
- ¹⁰⁰ An example was the coordination of the distribution of Sundsvalls Tidning (approved by the STAB board on 3/6/00) with that of *Tidningen Ängermanland*, meaning that the latter bought forty percent of the shares in STAB's distribution company.
- ¹⁰¹ As mentioned, in 1999 it was even established as a standing meeting feature in the board's work description. Following Jan Cahling's appointment as group CEO and board chairman in 2004, the reports were also presented in a written document, attached to the minutes. Examples of issues addressed in these reports were organizational changes, education programs, copy-right issues, staff changes in the editorial management, editing policies, reader surveys, editorial efforts, agreements with press agencies, the implementation of new production and

- editing programs and systems, themed editions and other kinds of editorial efforts/novelties.
- ¹⁰² The diversification attempts were not limited to the field of media. In March of 1997, the CEO informed the board of negotiations to purchase 40 percent of the shares in a local company engaged in the distribution of direct advertising ("Inforesurs AB"). The purchase price was TSEK 776, and included an option to buy the remaining 60 percent after two years. The deal was approved by the board a few months later (12/1/97). The remaining shares were purchased already the next year (annual report). The acquisition was carried out without any prior board decision. In 1992, STAB sold forty percent of its advertising agency (ReklamMakarna). The sale was approved by the board in December, 1991 (12/2/91). Ten years later, however, the shares were bought back. The acquisition was motivated by the CEO as a "step in the media house strategy" (3/12/01, extract from minutes). However, three years later the board approved the sale of the stock majority (83 percent) in the company. According to the minutes, the decision was "based on an analysis of the joint surplus value that the advertising agency business is bringing to the ST group." (9/13/04, extract from minutes).
- ¹⁰³ After an initial two-year period of losses (totaling MSEK 4), the station was expected to report profits in year three. The calculated advertisement sales were estimated to almost triple, from MSEK 4 to MSEK 11, three years later.
- ¹⁰⁴ The name of the station was Rix 105.5.
- ¹⁰⁵ The budgeted sales for the first year had to be written down from with almost fifty percent after only a few months of broadcasting (4/6/94). Nonetheless, the board was informed by the CEO that the projected break-even during year three remained unchanged (11/30/94).
- ¹⁰⁶ In December 1996, the CEO reported a loss for the total radio involvement was estimated to be between MSEK 2 and MSEK 2.5 for the upcoming year. Nevertheless, the board decided to continue the operations also during 1997 (12/2/96).
- ¹⁰⁷ Eight months later, the board was informed, this time by the editor-in-chief, that the broadcasting was expected to start the following February. It was also noted that the STAB commitment had been increased with TSEK 150 (12/2/92).
- ¹⁰⁸ In September the board approved technical investments worth TSEK 245, and following a report from the management, which projected that the result for 1995, "in the worst case will give a minor deficit; TSEK 600-700". Two months later, the chairman, the CEO, and the editor-in-chief were commissioned to invest an additional TSEK 500 if necessary (9/14/94, 11/30/94, quote in appendix, translated).
- ¹⁰⁹ The involvement in the Internet was not limited to the newspaper's own website. In 2000, the board approved a MSEK 4 investment in a local website, (www.sundsvall.nu) together with a number of other local actors. The business idea was "to offer businesses and organizations [the possibilities] of local marketing and trade in an attractive digital environment" (3/6/00, appendix). Nevertheless, the website failed to attract advertisements to the extent that was projected. In 2002, the total loss of the company had come to amount to MSEK 9.4 (3/17/03, appendix). Since the projected result for the coming year offered no relief, the board commissioned the CEO in September of 2003 to present a plan of action for the company, including a possible discontinuation. The investigation resulted in the merger of the website with that of the newspaper. The new organization was sorted under the editorial department (3/15/04).
- ¹¹⁰ As a part of this agreement, *Dagbladet* was required to provide STAB with annual accounts of projected production volumes in terms of circulation, page volumes, special editions, number of four-color pages, etc. (Collaboration agreement between STAB and *Dagbladet* 9/14/99, appendix; 9/20/99).
- ¹¹¹ However, STAB would be entitled to buy also the remaining shares, should the company fail to report an operating profit of at least six percent over a three-year period. The purchasing price was the substance value on December 31, 2003, the last day before the effectuation of the deal. According to the presentation given to the board during the September meeting, the takeover would be financially beneficial for STAB as a result of the calculated synergy effects. At the time, *Dagbladet* was receiving some MSEK 15 annually in state support. The negotiated contract stated that *Dagbladet* was to keep its brand and its social democratic profile, and was to remain in its current facilities. Additionally, it was stipulated that the two newspapers should continue to compete on the editorial area, and also keep separate and competing market organizations. The remaining administrative and technological areas should be coordinated, however. Regarding the governance of the corporation, four out of six board members were to be appointed by STAB and two by the local labor movement.

CHAPTER 10 CONCLUSIONS

- ¹ A third major mechanism of institutional isomorphic change, identified by DiMaggio and Powell (1983: 150), consists of *coercive isomor-*

NOTES TO CHAPTER 10

- phism*, resulting from political influence, manifested not least by legally established frameworks for organizational activity.
- ² As a result of the material analyzed in the study, the following account builds primarily on the findings relating to the Barometern Foundation in Kalmar and the Wärenstam Foundation in Borås.
- ³ In the case of Nya Stiftelsen Gefle Dagblad, the controlling shareholder of the MittMedia group (to which *Sundsvalls Tidning* belongs), the members are required to pay a specific membership fee (Bergkvist 2006).
- ⁴ During the period addressed in this study, the involvement of the foundation in the operations of the editorial department was limited to the veto right in connection to the appointment of new political editors.
- ⁵ In Borås, such criticism was primarily vented by a number of vocal minority shareholders at the AGMs. In Kalmar, the criticism came primarily from externally recruited board members, and, to some extent, also by externally recruited executive managers and the union clubs.
- ⁶ Additionally, the fact that the executive managers (the CEO and editor-in-chief) remained members of the foundation board of trustees meant that the personal bonds between the owner and the firm remained intact.

References

The study presented in this book builds on a variety of materials. The predominant category in this respect consists of *unpublished sources* in the form of minutes (i.e. protocols) and appended documents from meetings of boards of directors and shareholders (AGMs). To a limited extent, also the meeting minutes of the various owner foundations addressed in the study have been analyzed. Secondly, the study has included a number of different *published sources*, such as annual reports, corporate bylaws, various statistical publications and databases, and individual newspaper articles. A third important category of material comes from an interview study involving a total of 23 respondents. The bibliography of the book concludes the section.

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INTERVIEWS

(*ABBT*=AB Borås Tidning; *Ba-OT*=Barometern-OT AB; *BF*=the Barometern Foundation; *GDFAB*=Gefle Dagblad Förvaltnings AB/MittMedia AB; *GM*=Gota Media AB; *SOP*=Sydostpress AB; *STAB*=Sundsvalls Tidnings AB; *TBAB*=Tidningen Barometerns AB; *WF*=the Wärenstam Foundation; B=board member/alternate; C=board chairman; CEO=chief executive officer; E=editor-in-chief; U=union representative)

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JONSSON, ROLF (4/14/10) *STAB*: CEO/B 1983–2000, C 2000–04; *GDFAB*: CEO 2000–04
LARSSON, BERTIL (9/8/10) *ABBT*: B 1988–, C 2006–; *GM*: B 2003–; *WF*: B 2005–
LARSSON, RUNE (1/12/10) *ABBT*: E 1974–92, B 1975–92; *WF*: B 1970–98
LUNDMARK, WALLENTIN (4/13/10) *STAB*: B 1985–96; *GDFAB* 1990–2002
LUTHMAN, ANNELIE (4/13/10) *STAB*: B 2001–
MOLINDER, BARBRO (9/12/10) *ABBT*: B 1982–89; *Ba-OT*: B 1990–95; *SOP*: B 1994–2004, *BF*: B 1990–2005
OHLSSON, BENNIE (20/20/10) *SOP*: CEO/B 2001–03; *ABBT*: B 2002–03; *GM*: CEO/B 2003–

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SAX (ANDREASSON), GUNILLA (9/27/10) *Ba-OT*: E 2000–, CEO/B 2000–02
SVENSSON, ARNE (1/12/10) *ABBT*: B 1958–93, C 1982–93; *WF*: B 1968–98, C 1980–98
WIDE, NILS (4/14/10) *STAB*: B 1950–95
ÖJMERTZ, JAN (9/14/10) *ABBT*: U 1973–76, E 1992–2010, B 1992–, CEO 1998–;
WF: B 1997–, C 2011–; *SOP*: B 1999–2003; *GM*: B 2003–, C 2009–

In a couple of cases, additional information has been collected in e-mail correspondence between the author and the respondents. Such information has been provided by Bertil Larsson (1/31/12), and Jan Öjmertz (4/2/12).

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APPENDIX

The Board Members

The following section lists the shareholder-elected board members (alternates, regulars, vice chairmen, and chairmen) of Tidningen Barometerns AB, Sydostpress (i Kalmar) AB, AB Borås Tidning, Gota Media AB, and Sundsvalls Tidnings AB, between 1955 and 2005.

Abbreviations

Own. = shareholder ($\geq 5\%$ of the capital stock)

Rep. = representative of owner foundation/parent company

Emp. = company employee

Ext. = external board member

Ind. = industrial (i.e. the newspaper industry) background

Jour. = journalistic background

Pol. = active or previously active politician

Loc. = (local) resident of the newspaper's area of circulation

(d) = *deceased*

(r) = *resigned*

APPENDIX

Tidningen Barometerns AB (1955–1989)

	Alternate	Member	V. Chairman	Chairman	Own.	Rep.	Emp.	Ext.	Ind.	Jour.	Pol.	Loc.
		1946-71	1949-53	1953-71		X					X	X
		1948-71	1955-60			X					X	X
		1951-72			X		X		X	X	X	X
	1947-53	1953-70			X						X	X
		1939-65 (d)			X						X	X
	1953-63				X						X	X
	1954-71	1971-82			X						X	X
	1963-65				X						X	X
	1965-66	1966-88		1971-88	X						X	X
	1966-70	1970-87	1973-87		X						X	X
	1970-71	1971-89			X						X	X
	1971-86	1986-89	1988-89					X			X	X
	1971-82	1982-86			X						X	X
		1972-81, 89-89					X		X		X	X
		1981-89					X		X		X	X
	1982-87	1987-89						X			X	X
	1986-89	1989						X			X	X
	1987-88	1988-89		1988-89				X			X	X
	1988-89	1989						X			X	X

THE BOARD MEMBERS

Sydostpress (i Kalmar) AB (1990-2005)

	Alternate	Member	V. Chairman	Chairman	Own.	Rep.	Emp.	Ext.	Ind.	Jour.	Pol.	Loc.
		1990-92		1990-92				X				X
		1990-94	1990-91					X				X
		1990-91					X					X
		1990-2003 (r)						X				X
		1990-94	1991-94					X				X
		1990-92						X				X
		1991-92					X					X
		1991-95					X					X
		1992-95		1992-95				X			X	X
		1992-95	1994-95					X				X
	2003-04	1994-2003	1995-2003		X			X			X	X
		1994-2001						X				X
		1995-		1995-		X					X	X
		1995-2001					X					X
		1995-						X				X
		1998-						X				X
		1999-2003						X				X
		1999-2003				X			X			X
		2001-2003						X	X			X
		2001-	2004-05				X		X	X		X
	2004-							X				X
	2005-							X				X

APPENDIX

Barometern-OT AB (1990–2002)

	Alternate	Member	V. Chairman	Chairman	Own.	Rep.	Emp.	Ext.	Ind.	Jour.	Pol.	Loc.
	Savin, Peter (1953–)	1990–92		1990–92		X						X
	Wahledow, Ulf (1931–99)	1990–92	1990–92			X						X
	Göthe, Carl-Gustaf (1945–)	1990					X		X			X
	Söder, Sven Erik (1949–99)	1990–91				X						X
	Molinder, Barbro (1936–)	1990–95	1992–95							X		X
	Dahlin, Gunnar (1920–2004)	1990–95		1992–95		X					X	X
	Tollin, Björn-Fredrik (1939–)	1991–95				X			X			X
	Arvidsson, Tomas (1941–)	1990–99					X		X			X
	Lissinger, Håkan (1943–)	1992–99						X				X
	Feltendahl, Jan (1946–)	1994–96	1995–99					X				X
	Lennebo, Reinhold (1954–)	1995–2001		1995–2001		X						X
	Lagerberg, Sture	1995–99						X	X			X
	Ranebo, Stellan (1942–)	1995–99						X				X
	Lundmark, Mats	1999–2001						X				X
	Käll Andersson, Birgit (1944–)	1999–2001							X			X
	Svensson, Lars (1952–)	1999–2001						X	X			X
	Andréasson, Gunilla (1957–)	2000–02					X		X	X		X
	Ohlsson, Bennie (1950–)	2001–02		2001–02		X			X	X		X
	Scott, Lasse (1942–)	2001–02	2001–02			X			X			X
	Johansson, Kerstin (1958–)	2001–02							X	X		X
	Johansson, Ulf (1958–)	2001–02							X	X		X

THE BOARD MEMBERS

AB Borås Tidning (1955-2005)

	Alternate	Member	V. Chairman	Chairman	Own.	Rep.	Emp.	Ext.	Ind.	Jour.	Pol.	Loc.
	1930-33	1933-55					X		X		X	X
Claesson, Ragnar (1885-1963)			1941-46	1946-55				X				X
Anderson, Lars (1875-1964)	1933-40	1940-55						X			X	X
Bergengren, Sture (1895-1961)	1940-47	1947-61 (d)	1948-55	1955-61				X			X	X
Rydin, Åke (1903-75)	?	1940-75 (d)	1955-62	1962-75	X			X			X	X
Eiserman Jr, Carl (1895-1970)	1936-41	1941-66	1946-48					X			X	X
Stenström, Miles (1894-1960)	1947-55	1955-60 (d)						X			X	X
Moberg, Ivar (1901-69)	1948-55	1955-69 (d)	1962-69		X			X			X	X
Andersson, Herman (-)	1955-58							X				X
Wärenstam, Tore G (1908-80)	1955-60	1960-80 (d)			X			X		X	X	X
Svensson, Arne (1923-)	1958-62	1962-93	1975-82	1982-93				X		X	X	X
Magnusson, Yngve (1907-2001)	1960-66	1966-82 (r)	1970-75	1975-82				X			X	X
Danielsson, Nils (1897-1986)	1962-70	1970-78						X				X
Ekström, Rune (1920-67)	1966-67 (d)							X				X
Wengström, Erik (1908-75)	1968-75 (d)							X		X		X
Eliasson, Rune (1925-84)	1970-75	1975-84 (d)			X			X			X	X
Svenson, Åke (1922-98)	1975-81	1981-82 (r)						X				X
Larsson, Rune (1927-)	1975-78	1978-92			X			X		X		X
Linnander, Göran (1920-2009)	1978-82							X				X
Hedelin, Leif (1943-2006)	1981-83	1983-99			X			X				X
Johansson, Bengt (1936-)	1982-83	1983-						X			X	X
Carlsson, Lars (1944-)	1983-92	1992-96		1996-				X				X
Hammarstrand, Rune (1919-97)	1983-85	1985-88			X			X				X
Anell, Erik (1924-)	1985-88	1988-96										X
Larsson, Bertil (1946-)	1988-93	1993-						X				X
Öjmertz, Jan (1945-)	1992-96	1996-			X			X		X		X
Björnell, Åke (1937-)	1993-96	1996-						X				X
Andersson, Katrine (1955-)	1996-2002	2002-						X			X	X
Björklund, Sören (1950-)	1996-99	1999-2004						X		X		X
Palmberg, Håkan (1960-)	1999-2002							X		X		X
Ohlsson, Bennie (1950-)		2002-						X				X
Kristianson, Brita (1948-)	2004-	2004-						X				X

Gota Media AB (2003–2005)

Alternate	Member	V. Chairman	Chairman	Own.	Rep.	Emp.	Ext.	Ind.	Jour.	Pol.	Loc.
	2003–		2003–		X					X	X
Björkman, Lars (1936–)					X						X
Öjmertz, Jan (1945–)	2003–				X	X		X	X		X
Danielsson, Bertil (1936–)	2003–		2003–		X					X	X
Ohlsson, Bennie (1950–)	2003–				X	X		X	X		X
Larsson, Bertil (1946–)	2003–						X				X
Björklund, Sören (1950–)	2003–					X	X	X	X		X
Wennberg, Lena (1938–)	2003–					X	X	X			X
Petri, Rickard (1953–)	2003–						X				X
Molinder, Barbro (1936–)	2003–05				X					X	X
Andersson, Katrine (1955–)	2003–					X	X				X
Kristianson, Brita (1948–)	2003–					X	X				X
Svensson, Lars (1952–)	2003–					X	X	X	X		X
Sjöberg, Camilla (1969–)	2005–					X	X				X

THE BOARD MEMBERS

Sundsvalls Tidnings AB (1955-2005)

	Alternate	Member	V. Chairman	Chairman	Own.	Rep.	Emp.	Ext.	Ind.	Jour.	Pol.	Loc.
Berg, J Theodor (1879-1956)	1911-35	1935-56					X		X			X
Alström, Yngvar (1907-83)	1935-50	1950-83 (d)		1950-83	X		X		X	X	X	X
Wide, Anna-Stina (1896-1992)	1935-50, 54-79				X							X
Wide Jr, Nils (1923-)	1950-51	1951-95			X		X		X			X
Alström, Margareta (1922-2000)	1954-83	1983-95			X		X		X	X		X
Berg, Bror E. (1919-95)		1956-95		1983-95			X		X			X
Hallin, Erik Anund (1925-2007)	1974-95	1974-95					X		X			X
Wide-Westin, Ulla (1926-1998)	1979-83, 85-95	1983-85			X							X
Jonsson, Rolf (1941-)		1983-2004		2000-2004			X		X			X
Algernon, Barbro (1947-85)	1983-85 (d)				X							X
Alström, Börje (1941-)	1983-84	1984-89					X		X	X		X
Wide, Peter (1946-)	1983-85				X							X
Westin, Henry (1921-2001)	1983-85				X							X
Algernon, Stefan (1950-)	1984-85, 85-95				X							X
Sundin, Kjell (1937-2009)		1985-2000		1995-2000					X		X	
Hanson, Per-Olof (1918-98)		1985-91					X			X	X	
Lundmark, Wallentin (1934-)	1985-91	1991-96	1995-96				X			X	X	
Staiström, Kjell (1942-)	1985-95						X				X	
Cambro, Kjell (1947-)		1989-					X		X	X		X
Axelsson, Kjell (1931-)		1995-2001						X		X	X	
Olsson, Billy (1941-)		1995-	2002-						X	X	X	
Forzelius, Sten-Eric (1933-)	1995-2003							X		X	X	
Höög, Lennart (1934-)		1996-2002	1996-2002						X	X	X	
Westin, Hans (1946-)		2000-					X		X		X	
Luthman, Annelie (1965-)		2001-						X		X	X	
Ullenhag, Jörgen (1941-)		2002-						X	X	X	X	
Zetterberg, Mats (1957-)	2003-							X		X	X	
Cahling, Jan (1944-)		2004-		2004-					X		X	

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The question of how ownership impacts the performance of the media occupies an elevated position in communication research. Despite the extensive attention devoted to the consequences of media ownership, however, our knowledge about what media owners actually *do* remains quite limited. This book addresses this problem by presenting a longitudinal study of the main agency through which ownership power is expected to be exercised in the individual media firm—the board of directors. In the center of the analysis are the boards of directors of three Swedish newspaper companies between 1955 and 2005. Apart from being the long-established market leaders of midsized cities, the companies are also concrete examples of one of the more pervasive structural trends currently seen in the Swedish press, namely the increasing dominance of not-for-profit ownership foundations.

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Jonas Ohlsson is a researcher and lecturer in the Department of Journalism, Media and Communication (JMG) at the University of Gothenburg. *The Practice of Newspaper Ownership* is his doctoral dissertation.



UNIVERSITY OF GOTHENBURG
DEPT OF JOURNALISM, MEDIA AND COMMUNICATION

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