

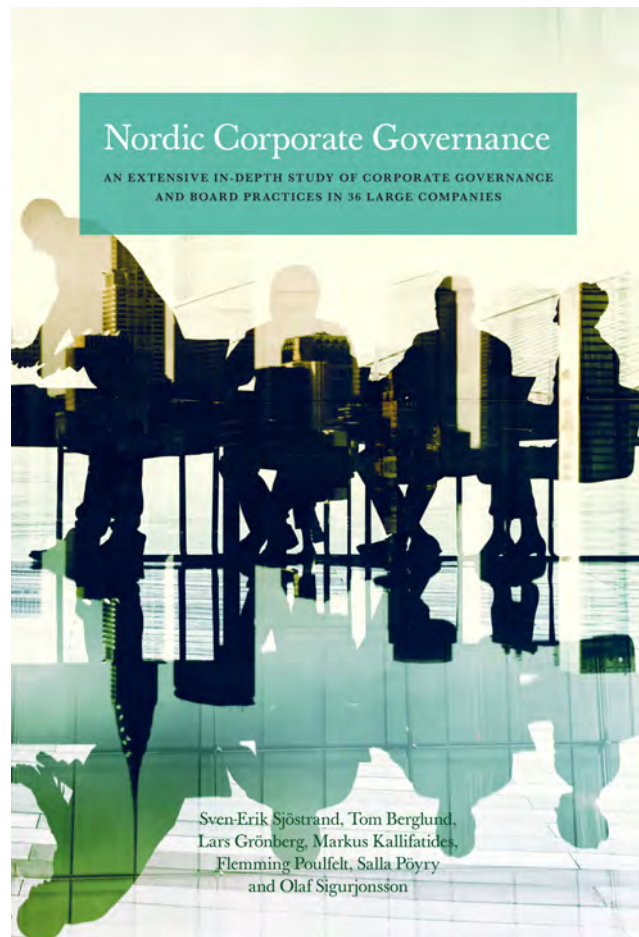
How is corporate governance performed in the Nordic countries?

36 large companies have been studied in-depth

(i.e., about 250 large owners, Chairs, directors and CEOs have described how they have handled around 1000 board issues)

'We have an election committee because we follow the herd – not because we need one, or because it would be beneficial. We simply don't want too many instances where we're not following the governance code, so at this point we just choose to pretend and play along.'

'The board serves as a kind of threshold that the CEO has to pass without incurring too many injuries.'



'I don't belong to any committee and have actually never noticed their existence, but clearly our documents state that they exist.'

'The Chair's role is to deter the managing director from presenting bad or ill-conceived ideas to the board.'

'Every board item that a CEO presents represents more than a single item – it is always also part of the continuous evaluation and re-assessment of our confidence in the CEO's capability.'

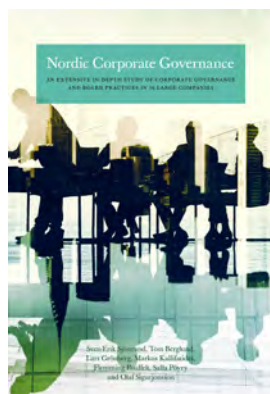
Some of the questions that are addressed in this volume

- What is the role of the owners in governance processes?
- What are the owners most important governance tools?
- Who decides what issues that are the most important ones for a company?
- What is the impact of the board on the crucial issues?
- How do boards add value in the strategic decision processes?
- How important is the choice of Chair?
- Do corporate governance processes look different in crisis situations?
- To what extent is it possible for companies to develop their own 'unique' governance practices?

- In this volume the authors describe how corporate governance takes place *in practice* in large Nordic companies. The empirical results and conclusions are based on an extensive in-depth study of 36 mid- and large cap corporations involving some 250 owners, board members (including Chairs), and CEOs.

Three major conclusions can be drawn from the rich material.

- Firstly, the authors show that a company's *total ownership situation* to a large extent determines how the governance process is organized and executed. The ownership dimension that matters most is its structure (concentrated or fragmented shareholding). However, whether a corporation is owned privately or by the state also matters, as does the personality of the controlling/main owner (e.g., risk seeker or risk averse) and the owner's personal involvement in the operational and financial flows (i.e., contribution to the different corporate bodies). All those governance qualities are crucial in the Nordic environment, where most corporations tend to have controlling/main shareholders.
- Secondly, it is obvious that each corporation has the opportunity to 'tailor' its own governance process and that the owners actually also use that possibility. Such an option exists because the Nordic Company Laws allow considerable degrees of freedom in terms of interpretation, and the complementary soft regulations are not binding.
- Thirdly, the empirical material in this extensive study lends support to the notion that what is really decisive for how the different corporations develop over time is how ownership control is captured, organized and executed. Thus, of particular importance is which owners control a company and how they act, that is, what ideas, competences, time horizons and ways of thinking dominate the governance process.



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