

## Owners as political actors

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### *Abstract*

A basic assumption within much of the corporate governance literature is that large private owners govern their firms differently from what employed top managers do and as a consequence may have a significant impact upon the economic results of the firms. In this paper it is discussed whether large owners also behave differently as regards political lobbying. The empirical analyses presented in the paper demonstrate that lobbying is as common among owner capitalists as among the other groups of business leaders. Compared to managerial capitalists, the owners' lobby activities are, however, to larger extent directed toward the decisions in the Norwegian parliament, and they seek out parliamentary leaders more frequently than employed business leaders. Their lobby strategy can be characterized as distinctly "top-level" oriented. The owners' particular lobby strategy appears to be best elucidated by referring to their power position and to a changed ideological climate in the Norwegian society. Their "top-level" lobbying reflects a regained legitimacy, a result of the general "shareholder revolution" and fostered by market liberalism having become progressively more entrenched.

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## **Introduction**

During the last ten-fifteen years the international debate about “corporate governance” has brought increased attention to the economic role of ownership. Several scholars have claimed that it makes a difference whether an enterprise is controlled and governed by its owners or by the employed top managers. It is asserted that owners, as residual claimants, will manage the assets and resources of a firm more prudently and with a longer time horizon than professional CEOs.

Within the corporate governance research there has been relatively little attention to the fact that the economic well-being of the individual companies is as well dependent upon the provision of various public goods and upon how specific public benefits or burdens are allocated. In the Norwegian society, such public goods and specific benefits are to a large extent produced by the public authorities. To ensure that the public goods and the allocation of benefits and burdens meet the needs of private business, business leaders, then, have to engage themselves in influencing the decisions and actions of these public authorities.

In this paper we will discuss to what extent and how owners of large businesses in Norway undertake the task of attempting to influence the outcome of political decisions through lobbying. We will focus upon owners who at the same time are CEOs or chairmen of the board of their firms. We will compare the lobbying activities of these owners with the political actions of professional, i.e. employed top leaders within private business.

We will study various aspects of the business leaders’ lobbying. We will examine the prevalence of lobbying related to particular decisions as well as lobbying in the form of cultivating regular contacts with politicians and senior civil servants. We will investigate their lobby strategy, for instance how many and which political bodies they have contacted in order to promote their views. We will also study to what extent they have combined “direct” and “indirect” lobbying, for instance whether they have attempted to obtain mass media coverage of their case at the same time as they have contacted politicians.

Within the international literature there has been considerable amount of research on the economic-political role and activities of private business firms and their leaders (Davis 1994; Grier, Munger and Roberts 1994; Hojnacki and Kimball 1998, 1999; Alt et al. 1999; Burris 2001). To my knowledge, very few scholars have, however, focussed especially upon how owners of large businesses go about to influence political decisions. Useem (1984) has claimed that owners only act politically when the issues pertain to their immediate and narrow

economic self-interest, as for instance inheritance and capital taxes. They do not take active part in lobbying on behalf of more general business interests. As a result owners, according to Useem (1984), come out as rather passive political actors compared to the representatives of managerial capitalism, i.e. professional CEOs and chairmen of the boards of the largest enterprises. A different view has been presented by Morck, Stangeland and Yeung (2000). They observe that in many countries wealthy families control large economic assets through pyramidal owner structures. They suggest that old owner families use this control to manipulate their countries' political systems in order to get protection from the competitors. Neither Useem (1984) nor Morck, Stangeland and Yeung (2000) have, however, attempted to corroborate their assertions about owner families' lobbying with systematic empirical data.

Through presenting empirical findings about the lobbying activities of owners of large family businesses this paper will then contribute with new knowledge both to the literature about corporate governance and the research on lobbying.

The empirical analyses in this paper are based upon data from a large and unique survey study of a "sample" of Norwegian economic, political and social elite persons, which was carried out in the year 2000, the Norwegian Leadership Study 2000 (Gulbrandsen et al. 2002). This study was carried out by Institute for Social Research and Statistics Norway.

## **The Norwegian context**

### *The dual structure of Norwegian capitalism*

Private business in Norway has a dual structure. On the one hand, there is a large number of small, unlisted and geographically scattered firms, the majority of them owned by the founders or their families. 99.5 per cent of Norwegian companies have less than 100 employees. On the other hand, there is a limited number of large, listed enterprises with a more dispersed ownership. In 2002 the value of the companies listed on the Oslo stock exchange amounted to 31 per cent of the nation's GDP. A unique feature of Norwegian economy is that the State has traditionally been an active participant in the economy and remains a large owner at the present time. In 2003 the State owned 40 per cent of the total stock listed at the Oslo stock exchange.

This dual structure with the State as a "senior partner" to private business can be traced back to the beginning of the industrialization in the second half of the 19<sup>th</sup> century. At that time Norway had a weak bourgeoisie, and private companies were small with limited financial capacity. In spite of a liberal orientation the State had to step in to safeguard the

emerging industries, investing heavily in the infrastructure and assisting the establishment of a national banking system. The State had thus compensated for the absence of an “organized capitalism”, i.e. large enterprises and owners actively developing new production and new industries. This model has been described by leading historians as the “Norwegian system” (Seip 1959) or as the Norwegian *sonderweg* (Sejersted 1993) to modernization. The model matured through the large industrial projects which took place during the first decades of the 20<sup>th</sup> century and was further strengthened during the economic crises of the 1920s and 1930s. It was finally consolidated as the social democratic governance model after the Second World War when the State shouldered a strong responsibility for post-war industrial development. During the first decades of the post-war period the State acted as an active entrepreneur, initiating and establishing several new enterprises. The entrepreneurial State also manifested itself when the Government put itself at the head of the development of the oil industry in the 1970s.

The active intervention of the Norwegian State in the economy laid the foundation for frequent contacts between the top leaders in private business and politicians and senior civil servants, particularly after World War II. These contacts became channels for political governance, but also for lobbying on the part of the business leaders. The business leaders who participated in this network of private-public contacts were for the most part professional, employed leaders, i.e. managerial capitalists. Large owner capitalists were only present within the shipping industry. The merchant fleet was for decades a national pride in Norway and an important source of business and employment in related industries. For these reasons the owners of the most important shipping companies could traditionally enjoy a favourable treatment from public authorities. With this exception, however, few owner capitalists had access to the economic-political network between private business and the State. Moreover, owner capitalists had for a long time a rather low legitimacy in the Norwegian society. To many people, and particular to the members of the strong labour movement and the Labour Party, which was in office the first two decades after the World War II, owners of private businesses were symbols of an outdated and authoritarian and paternalistic capitalism. Even within the ranks of managerial capitalists owners did not, until recently, receive much approval.

During the latest decades the State’s involvement in business has changed character: the Government has removed regulations in several areas, including the housing, power and credit markets, several public enterprises have been privatized, and the State has become a much more passive owner, first and foremost preoccupied with earnings and shareholder

value on the one hand, and with guaranteeing national ownership in a few selected industries on the other hand.

One result of this development has been an attenuation of the connections between top leaders of private business and representatives of the political system. At the same time owner-capitalists, still constituting only a minority within the private business elite, has become much more visible and active, spurred on by the international “shareholder revolution”.

### *Lobbying in Norway*

Lobbying is not a new phenomenon in Norway. At the end of the 19th century and the beginning of the 20th century it was quite common that representatives of various groups and organizations contacted members of the government and senior civil servants directly in order to advocate for their interests (Espeli 1999).

During the latest decades political lobbying has, however, been increasing (Espeli 1999; Christiansen and Rommetvedt 1999). Moreover, the lobbyists have directed more of their attention and activities towards the members of the Storting, the Norwegian parliament (Rommetvedt 1997; Rasch og Rommetvedt 1999).

There seems to be several reasons for the growth in lobbying in general and in the communications with the Storting in particular. One reason is that since the 1970ies the public authorities have dismantled a large number of public boards, committees and councils where interest groups were formally represented (Nordby 1994; 1999). Many of these boards and committees had as their task to prepare or to implement political decisions, giving the interest groups a formal possibility to affect the public policy. When these corporatist bodies were removed, the involved interest groups and organizations lost some of their political power. In order to replace this channel of influence these groups and organizations have instead concentrated their efforts upon direct contacts with relevant politicians and civil servants.

Another explanation is that the Storting during the latest decades has acquired more power compared to the Government and the public administration (Christiansen and Rommetvedt 1999). Because all of the cabinets in this period have been based on a minority of members in the Storting, parliamentary majorities have had the power to force the incumbent Cabinet to change its policy. The increased power of the Storting is also a result of party groups and the parliamentary committees having been supplied with more administrative resources, which has improved the ability of the elected representatives to

control the Government. In this changed political situation external interest groups have had to direct more of their attention towards the political processes in the Storting.

### **Theories and hypotheses**

One can single out at least four theories or sets of ideas which give reasons to expect that owners of large family businesses are more active lobbyists than non-owning employed business leaders:

(i) According to the general economic theory about ownership, owners are residual claimants (Alchian and Demsetz 1972; Jensen and Meckling 1976). The size of the residual which the owners may claim, i.e. the profits, is related to the costs incurred by public regulations and taxes. From their point of view, their own private economic well-being is to a large extent determined by the government. They may then be expected to oppose public policies which raise costs and reduce the profitability of their firms. I expect them, therefore, to be more motivated than professional managers to attempt to influence the outcome of political decisions which will affect their economic interests negatively.

(ii) Previous research has demonstrated that many family owners, particularly entrepreneurs and owner-managers, also prefer to maintain personal control of their business (Goffee and Scase, 1985; Schein, 1995). The desire for sole control may derive from the founder's or the owner-manager's distinctive psychological make-up; or it may be primarily motivated by financial interests. The owner-manager may, for instance, be convinced that being at the helm is necessary for tight cost control. It is probable that their preference for control will induce owners to oppose policies which they feel can undermine their control and autonomy. The Norwegian state intervenes in many ways in the affairs of private business, for instance through environmental regulations, labour protection, taxes, and so forth. To many owners these interventions are looked upon as interference in their prerogatives as owners of private property. Against this background also, it may be expected that owner-managers involve themselves in political lobbying more than non-owning business leaders.

(iii) The owners and top leaders of private businesses have power to influence political decisions. As Lindblom (1977) has maintained, the basis of their power is that they can threaten to eliminate jobs through shutting down or downsizing production or through moving production to other regions and countries.

The discretion to make threats and the credibility of any threats, open or implied, depends to a certain extent upon how the business leaders have acquired their power. Theoretically power can be obtained by delegation, authorization (f.i. by the public

authorities) or as a result of the power holder's own efforts. Most top leaders in private business have got their power as a result of delegation. They have been delegated the right to take decisions by the owners. Only the owners have an autonomous power basis, i.e. their power is a result of their own or their family's previous achievements, not delegated to them by other power holders.

It is reasonable to believe that this autonomy gives large owners more freedom of manoeuvre as to political lobbying. It is not necessary for them to consult any principals before they contact particular politicians or civil servants.

Being aware of their own power, it is probable that owners of large family businesses develop a particular self-confidence about their economic importance and influence which motivate them to become active lobbyists. It may be expected that this political self-consciousness also affect their lobbying strategy. Particularly, it can be expected that they more often than employed top leaders go directly to the most important political decision-makers, f.i. members of the government and parliamentary leaders.

(iv) During the latest two decades there has been a kind of renaissance for the owners of private businesses. Increasing vigilance among large institutional investors, particularly in USA, started a "shareholder revolution", which has been further nourished by the financial scandals in Enron, Worldcom and other corporations. As a result shareholders and owners have been taken into favour again. In Norway, as in other countries, what has been termed "active" ownership has increasingly been seen as a prerequisite for increased productivity and performance. Within research it is still contested whether this in fact is true (Anderson and Reeb 2003; Barth, Gulbrandsen and Schøne 2004). Nonetheless, owners of private businesses have been accorded a stronger legitimacy, which has improved their general status and bolstered their power within the business community. It has also given large owners better access to the political decision-makers. At the same time, changes in the economy and in the structure within the individual industries have produced more large owners than before. E.g. as a result of the concentration within trade, some of the wealthiest persons in Norway today are owners of large chain stores. The sheer increase in the number of large owners seems to have shored up their self-confidence and collective sense of importance and power. In the light of these developments as well, it is to be expected that owners of large family businesses are active lobbyists, more so than employed top leaders.

There are, however, also theoretical reasons to believe that large owners are less active as lobbyists than non-owning business leaders:

(i) As a result of the nature of Norwegian capitalism, with the State as a senior partner, it became common for the top leaders of the largest enterprises to have regular meetings with politicians and discuss the general conditions of their enterprise. Particularly after the World War II the contacts with representative of the political system were, even if they were informal, institutionalized as a way of operating the business. As mentioned above, the top leaders of the large enterprises, many of which were established or supported by the State, were first and foremost managerial capitalists.

The Norwegian historian Francis Sejersted (2001) has maintained that the managerial capitalists (in contrast to the owner capitalists) who headed the large and often state-dependent enterprises in Norway, took into consideration short term profit as well as long term growth and survival of the enterprises. These manager-capitalists thus mediated between capital and labour in a way that was acceptable to most interest groups and which tended to reduce tension in society. Sejersted (2001) seems to imply that the hired top leaders (the managerial capitalists) were (and are) ideologically more pragmatic and consequently more moderate than owner capitalists. It is probable that their pragmatic views eased the relations and communications with the politicians and the involved senior civil servants.

During the latest years the Norwegian State has adopted a more “hands-off” policy in its relationship with private business, reluctant to attempt to “pick” winners and choosing to be a predominately passive owner. Nonetheless, the previously institutionalized relations between the large CEO dominated businesses and the public authorities still seem to prevail, albeit somewhat attenuated. They are upheld because in a small and export based economy the large enterprises are important for the employment and for national revenues. But the ongoing working relationship between the public authorities and the managerial capitalists in the big business is also a result of the (institutionalized) traditions for pragmatic consultations and discussions. We believe that these traditions give employed top leaders an advantage over large owners as to access to politicians and civil servants. Accordingly, it may be expected that political lobbying is less extensive among owners than among the employed business leaders.

(ii) Large owners are ideologically somewhat more conservative than other business leaders (Gulbrandsen 2004). They express a strong stance on reducing the state’s involvement in private business, which may make it difficult for them to approach representatives of the political system in order to obtain favours. In other words, their ideological beliefs may create an ambivalent attitude, as result of which they become hesitant to engage themselves in active lobbying.

(iii) Combining the roles of large owners with being CEOs or chairmen of the board is probably time consuming. The working schedule of these owners may prevent them from spending much time upon cultivating politicians and senior officials in the state bureaucracy. Concomitantly, it can be expected that they show up as less involved in political lobbying than managerial capitalists.

But why should ownership matter? According to institutional theory (Meyer and Rowan 1977; DiMaggio and Powell 1991; Fligstein 1990), corporate elites will attempt to adopt or copy strategies which in the business community generally are looked upon as efficient, wise, or “modern”, in other words which have been institutionalized. Both owners and employed business leaders are situated in the same institutional environment and exposed to the same rules, norms and cognitive frameworks that define acceptable or necessary business strategies. Thus, according to an institutional perspective one should not expect to find any differences at all between owners and other business leaders as to lobbying.

### **Control variables**

Above it was indicated that the access to the political authorities may be affected by the economic significance of the firms, which is commonly seen to vary with their size. Among the large firms in Norway the companies which are owned by the founder or his family, are on average somewhat smaller than the enterprises with dispersed ownership. Therefore, in the multivariate analyses below it will be controlled for the size of the firms.

The extent of which private enterprises are dependent upon the provision of particular public goods or on state guaranteed market protection varies between the different industries. It is then probable that the priority which business leaders give to political lobbying as well as their lobbying strategy are affected by such industry specific conditions. Accordingly, in the analyses it will also be controlled for the industry of the enterprises which the business leaders are heading.

Presumably, obtaining contact with important decision makers in the political system is made easier if the business leader previously has met or is acquainted with these persons. Lobbying is also facilitated if the business leader is familiar with how the political process is working. Leaders who earlier in their career have worked in the public sector or who has personal experience from political work may have acquired both political acquaintances and sufficient familiarity with the political system. It will consequently be controlled for the top leaders' previous occupational experience from politics and the public bureaucracy.

In addition, the age, gender and education of the business leaders will be used as control variables.

### **Data and method**

The purpose of the Norwegian Leadership Study was to examine the social background and careers of top leaders, their network and relationship to each other, their attitudes towards important political issues, their lobby activities, and so forth. The sample originally included 1969 persons. It was carried out personal interviews, based on a questionnaire, with 1710 of the leaders, a response rate of 87.3 per cent.

In Norwegian society power is held and wielded by persons occupying prominent positions in significant institutions and organisations. The sample of top leaders in the Leadership study has, therefore, been put together based on the so-called “position” method. We selected those persons filling the most important positions within their respective sectors of the Norwegian society. Among the leaders who were interviewed, 297 were CEOs, presidents, vice-presidents and chairmen of the boards of the largest private enterprises in Norway. The response rate among the private business leaders was 74.8 per cent.

In order to get information about the business leaders’ lobbying activities they were first asked if they last year had attempted to influence the outcome of a political decision which was of vital importance to their firm. 59 per cent of the leaders confirmed that had lobbied last year. This group of leaders were then shown a list of fourteen groups of decision-makers and political bodies within the Storting, the Government and the public bureaucracy and asked if they had approached one or more members of any of these groups or bodies. For each group or body which they confirmed to have had contacted the business leaders were given various follow up questions. Business leaders who for instance reported that they contacted parliamentary leaders, leaders of standing committees in the Storting or ordinary members of the Storting, were for instance asked which political party and which committee these politicians belonged to.

On the basis of the answers to these questions, we could first construct a measure of how many different groups of decision-makers and bodies they had contacted in order to promote their views. Next, we could measure how many within each leader group who had sought out decision-makers within the Storting, the Government, the public bureaucracy and the political parties respectively, thus receiving a picture of the priorities of their lobby strategy. We also asked about various aspects of their media strategy.

To capture the more regular political network of the business leaders we gave them a list of thirteen other groups of leaders in the Norwegian society, among them members of the Storting, the Government, and top leaders in the public administration. The business leaders were then asked how frequently they had had contact with members of these groups in connection with their work. They were given four options: (i) weekly or more frequently, (ii) monthly, (iii) less frequently, or (iv) never.

CEOs or chairmen of the board with a dominant ownership position in the enterprise or representing a family with such an ownership position were defined as owners. Ownership of at least 33 per cent of the shares was set as the criterion for a dominant ownership position. Recording ownership of the business leaders was done partly with the assistance of a well-informed observer of private business and based upon his extensive knowledge of the enterprises included in the sample. In cases of doubt we consulted the information about ownership structure presented in the annual reports of the enterprises. The owners are compared with employed CEOs and chairmen of the boards with no or small ownership shares. 9 per cent of business leaders in our sample are owners, 24 per cent are professional chairmen of the board, and 67 per cent are employed CEOs.

The leaders were asked if they previously had worked full time at least one year in other sectors. They were then asked to report how many years they had worked in each of a number of sectors. Close to 7 per cent of the private business leaders had worked one year or more in politics, 18 per cent in public administration. I have used number of years in politics and in the public administration as separate variable in the analyses.

The information about the firms' industry is on two digit level. Firm size was measured by the number of employees. The average number of employees was 4225. Age is a continual variable. The level of education is treated as a continuous variable with 8 values.

## **Findings**

Most of the theoretical ideas discussed above, presume that there are differences between the large owners and other top leaders in private business as to lobbying. The first row in table 1 shows the percentage of the owners, professional chairmen and employed CEOs respectively who last year attempted to influence a political decision which was vital to their company. The table demonstrates that there in fact are certain differences. Employed CEOs are more active lobbyists than both owners and chairmen of the board. 63 per cent of them contacted decision-makers in the political system last year in order to promote their interests, while about half of the large owners did the same. The differences between the three groups of top

leaders in private business are, however, relatively small. Moreover, a separate multivariate analysis with the control variables mentioned above (the results are not presented here) revealed that the differences are not statistically significant.

(Table 1 about here)

When top leaders in private business decide to engage themselves in political lobbying, how do they go about it? The third row in table 1 shows that they proceed on a wide front. They approach several decision-makers or decision-making bodies at the same in order to present their views. Again, the CEOs are lobbying somewhat wider than the owners and the chairmen of the board. The differences are, however, not significant. So far, then, none of the theoretical expectations about differences in lobbying activities between owners and non-owning top leaders have been supported.

In table 2 we can see that a large per cent of the business leaders who had lobbied the year before, contacted the Storting as well members of the Government and top leaders in the public administration. They seem then to strive to have influence upon the decisions on every stage of the decision-making process from the initial treatment of the issue or case in a ministry, through the deliberations and decision in the Government to the final decision in the Storting.

(Table 2 about here)

The findings presented in the table indicate, however, that there are some variations between the three groups of business leaders as to lobbying strategy. Among large owners, as well as among professional chairmen of the board, it is much more common to communicate directly with members of the Storting than what is prevalent among the CEO's. The CEOs' on their part somewhat more frequently contact senior civil servants in the public administration.

In the theoretical discussion above it was suggested that large owners, well aware of their power, prefer to meet the most important political decisions-makers and not waste time on seeking out those with less power in the political system. The strong prevalence of contacts with members of the Storting (or their political advisors) among owners may be a witness to the validity of this hypothesis. As mentioned above, during the latest decades, the Storting has gained ground in the power play between the Government and the Storting. A business leader

who wants to affect the outcome of a particular political decision therefore has to pay particular heed to what is going on in the Storting.

In order to check further the claim that the owners prefer a “top-level” lobby strategy we have examined to what extent the business leaders have communicated with or seen the parliamentary leaders of the various political parties. It turned out that the owners on average more frequently contacted the parliamentary leaders than the other business leaders. We found that while 69 per cent of the large owners and 59 per cent of the chairmen of the board approached one or more parliamentary leaders in their case, only 38 per cent of the (employed) CEOs did the same. To investigate whether this difference remains significant when we control for other relevant variables we have carried out a separate multivariate analysis (logistic regression). A model with the industry dummies proved to have a questionable validity. At the same time there were no significant relationships between the contact variable and the industry dummies. Therefore, in table 3 it is presented results from the analysis of a model without the industry variable.

(Table 3 about here)

The table confirms that when controlling for the size of the firms, the business leaders’ previous occupational experience and their education, age and gender, there are significant differences between the groups of leaders. Owners contact significantly more frequently the leaders of the political parties in the Storting than the other business leaders. This finding illustrates that the owners not only concentrate their attention on the political decisions in the Storting, but they also “go directly to the top” within the Storting. In other words, the owners work goal-directed towards those political actors which may be assumed to have a weighty influence upon the political decisions.

In addition, table 3 demonstrates that the probability of having been in contact with the parliamentary leaders increases with the number of years the business leaders previously have worked in politics and with the length of their education.

In order to have an impact upon the decisions in the ministries or in the Storting it is probably not sufficient to start lobbying when a particular issue or case is placed on the agenda. The ability to influence political decisions requires that the lobbyist already has acquired the necessary knowledge about how the decision-making process is organized. Who considers the case or the political question of immediate interest to the business leader and suggests a solution? Where are the important decisions taken? Such knowledge is essential for

the planning of where to direct the lobby activities. The lobbyist must also be able to assess how the case or issue relates to other political issues on the agenda. In addition, the influence of the lobbyist may depend upon the extent of which he or she finds understanding and is met with trust by the decision-makers who are contacted.

Obtaining the necessary knowledge about the political system and the understanding on the part of the decision-makers may require that the lobbyist for some time has had regular contact with the potential decision-makers. Influence is not an isolated event or process, but probably unfolds best in ongoing relationships. To what extent then do the business leaders cultivate regular contacts with politicians and top leaders in the public administration? Table 4 shows the percentage of leaders within each group who the year before at least once a month had been in contact with members of the Storting and the Government and with senior civil servants.

(Table 4 about here)

When we compare the findings in this table with the ones in the preceding tables a striking pattern appears: While a large part of the business leaders have been active lobbyists in single cases or issues, few of them keep regular contact with politicians and top leaders in the public administration.

The differences between the three groups of private business leaders are relatively small, with one exception: Owners have far less contact with top leaders in the state administration than employed CEOs. Table 5 shows whether this difference is significant after controlling for other factors which may affect the frequency of contact. The dependent variable – frequency of contact - in this multivariate analysis is used as a continual variable. The control variables include industry dummies. Only previous occupational experience from public administration is included in the model, presumably the most relevant in this case.

(Table 5 about here)

Table 5 confirms that large owners see decisions-makers in the state administration significantly less frequently than CEOs. It seems reasonable to explain this finding as another expression of the owners “top-level” lobby strategy. As described above, they give priority to lobby activities which are directed towards the members of the Storting, and in the Storting they prefer to go directly to the parliamentary leaders. Against the background of this strategy

it is understandable that they give less preference to keeping regular contact with the top leaders in the State administration.

Direct communication with the decision-makers in the Storting, the Government and the public administration does not guarantee that the business leaders manage to convince them about the validity of their arguments or demands. Many of the business leaders therefore also work in indirect ways to influence the political decisions. An important indirect means to exert influence is to make use of the mass media. Most business leaders know that the media have power to raise issues in ways that force the politicians to give these issues due consideration. Issues or cases that receive much attention in the mass media may affect the voters' opinions of the individual politicians and political parties. Aware of this state of affairs politicians are quick to follow up issues which has received extensive coverage in the mass media.

Not surprisingly then business leaders use mass media deliberately in order to promote their interests, cf. table 6. Table 6 demonstrates that more than half of the business leaders had designed a media strategy in the issue or case which was of particular interest to them. Nearly half of them wrote themselves or had some of their aides to write articles in the newspapers. About one third of the business leaders actively sought up the mass media in order to be interviewed.

(Table 6 about here)

The media strategy of large owners seems to distinguish itself from the strategies of the other two groups only in one respect: Significantly more owners had made use of external professional media consultants to help them formulate their media strategy. How can this difference be explained? One possibility is that the administration in owner dominated firms includes too few people who are responsible for public relations. As a result of a distinct economic prudence as well as an emphasis upon keeping a firm hand on the wheel many owners seem to prefer to keep a relatively small administrative staff. In such cases the owners are compelled to go outside their own firm in order to get help to develop a media strategy. Another possible explanation is that the discretion which is a consequence of their autonomous power position within the firm, make it easier for the owners to decide to buy the pretty expensive services of the professional mass media advisers.

## **Discussion and conclusions**

A basic assumption within much of the corporate governance literature is that large private owners govern their firms differently from what employed top managers do and as a consequence may have a significant impact upon the economic results of the firms. In this paper it is discussed whether large owners also behave differently as regards political lobbying.

The profits of private companies are affected by public regulations and how public authorities allocate various benefits and burdens. This situation makes it worthwhile for private business leaders to attempt to influence the content of the regulations and how particular benefits are allocated.

Norway is a corporatist welfare state where important political decisions to a large extent are made after consultations, formally as well as informally, with involved interest groups and parties. Conflicts are attempted solved through negotiations and compromises. This political decision-making system opens up various avenues for political influence for private business leaders. To what extent have founders and inheritors of large family businesses been active using these opportunities for political influence?

Theoretically there are reasons to believe that large owners are more active lobbyists than employed business leaders. But there are also theoretical arguments in favour of expecting owners to involve themselves less in political lobbying than other business leaders. According to institutional theory one should not expect to find any differences at all.

The analyses presented in this paper have produced mixed results. In several respects the political lobbying of owner capitalists does not differ significantly from the lobby activities of managerial capitalists. Lobbying is as common among owners as among the other groups of business leaders. Moreover, their lobby strategies have many similarities. Both large owners and employed business leaders contact several different decisions-makers at the same. They approach both members of the Storting, the Government and top leaders in the State administration. Independently of their ownership position, about half of the business leaders use mass media actively for their purposes.

There are, however, also some significant differences as to lobby strategy between the owners and the other leaders. The owners give a stronger priority to the Storting as a target for their lobby activities. They seek out parliamentary leaders more frequently than employed business leaders, and a higher percentage of the owners hire external mass media advisers to help them design a proper media strategy.

These mixed findings imply that several of the theories or theoretical ideas about the owners' political lobbying which were discussed above, are not quite relevant as explanations of the observed patterns.

Being receivers of the economic residual in private firms may motivate owners to see that the operation of their firm is as efficient as possible. It is more doubtful, however, whether this economic incentive also impinges upon the owners' political lobbying.

Similarly, the owners' previous weak legitimacy in the Norwegian society and restricted access to political decision-makers does not seem to prevent the present large owners to take political action to protect their interests.

The owners' particular lobby strategy appears to be best elucidated by referring to their power position and to a changed ideological climate in the society. There are, as we have seen in this paper, few large firms in the Norwegian economy which are controlled by their founders or their inheritors, and where the owner(s) at the same time holds the position as CEO or chairman of the board. The owners of these few firms have considerable power. By their sheer size, the firms are important for employment and for revenues, forcing political authorities to pay heed to the owners' interests and demands. Moreover, several of these large owners are significant shareholders in other large Norwegian enterprises as well, thus having acquired a say in the strategic decisions in these enterprises. Compared to employed CEOs and chairmen of the board large owners remain longer in office. Probably this situation increases their opportunities to develop valuable relations to other top leaders in private business and to get access to formal positions of power within the business community, both of which will buttress the power which is derived from their ownership.

The large owners' power opens the doors to the inner circles of the political system, and the self-confidence which the power bestows on them moves them to enter these circles in order to promote their interests. As a result the owners' lobby strategy becomes focussed upon political top-level contacts.

The willingness of the political decision-makers to let the owners in and listen to their arguments has probably been strengthened by the owners' regained legitimacy. As mentioned above, this legitimacy has emerged in the wake of the "shareholder-revolution" which primarily originated in the USA. It is also, however, a product of the general changes in the ideological environment which have taken place during the last two decades. In Norway, as in several other western countries, market liberalism has become progressively more entrenched. The market is increasingly seen as a legitimate and effective mechanism for governing and regulating private as well as public activities. Private ownership of the means of production is

a basic element in the market capitalism. Owners of private firms then have come to epitomize the market liberalism, the agents through which the market produces its alleged economic benefits.

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*Table 1 Political lobbying among top leaders in private business*

	Owners	(Employed) chairmen of the board	(Employed) CEOs
Attempted to influence a political decisions last year (per cent)	48	50	63
N	27	72	198
Average number of decision-makers or decision-making bodies contacted in the particular case	4.4	5.1	5.8
N	27	34	124

*Table 2 The targets of the business leaders' lobbying. Per cent*

	Owners	Chairmen of the board	Employed CEOs
Contacted members of at least one group of decisions-makers in the Storting	85	79	62
Contacted members of the Government	69	73	70
Contacted top leaders in the public administration	77	82	86
N	13	34	124

*Table 3 Contact with the leaders of the political parties in the Storting. Logistic regression.*

	Estimate (standard error)
Intercept	-4.999 (2.197)*
Chairmen of the board	-2.081 (0,739)**
CEOs	-1.975 (0.802)*
(compared to owners)	
Number of employees	0.00002 (0.00002)
Previous occupational experience from politics	0.223 (0.103)*
Previous occupational experience from public administration	0.024 (0.078)
Educational level	0.623 (0.240)**
Age	0.012 (0.024)
Gender	1.601 (1.160)
N	171
-2 Log L	208.331

\* P < 0.05, \*\* P < 0.01

*Table 4 The frequency of contact with various groups of decision-makers in the political system. Percentage reporting to have had contact monthly or more frequently.*

	Owners	Chairmen of the board	CEOs
Contact with members of the Storting	11	18	20
Contact with members of the Government	4	6	8
Contact with top leaders in the public administration	11	18	28
N	27	72	198

*Table 5 Frequency of contact with (i) members of the Stortingr, (ii) members of the Government, (iii) top leaders in the state administration. OLS-rgressions. Standard error in parentheses*

	Contact with top leaders in the State administration
Intercept	0.768 (0,471)
Group of business leaders (compared to owners)	
Chairmen of the board	-0.070 (0.153)
CEOs	0.249 (0.143)*
Number of employees	0.000004 (0.000004)
Industry (compared with manufacturing):	
Energy production	0.552 (0.234)**
Construction	0.212 (0.185)
Trade	-0.066 (0.131)
Hotels and restaurants	-0.227 (0.477)
Transport	0.074 (0.140)
Finance	0.184 (0.125)
Business services	-0.005 (0.112)
Occupational experience from public administration (number of years)	0.067 (0.019)***
Education	0.073 (0,047)
Age	0.009 (0.005)
Gender (man=1)	0.114 (0.200)
R2	0,10
N	295

\* P < 0.10, \*\* P < 0.05, \*\*\*P < 0.01

*Table 6 The business leaders' mass media strategy. Per cent*

	Owners	Chairmen of the board	Employed CEOs
Wrote articles in the newspapers	46	43	43
Attempted to be interviewed in the mass media	38	26	32
Had a media strategy	54	63	56
Used external consultants to formulate the media strategy	57	27	31
N	27	72	198