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**Nordic corporate law and corporate
governance model – a unitary concept
or five corporate cultures with
common denominators?**



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Four modalities of regulation

- Law
- Social norms
- Markets
- Digitalization

- (Lawrence Lessig)

Law

- Scandinavian law
- Based on law of the two empires
 - Denmark ('West Scandinavia')
 - Denmark
 - Norway
 - Iceland
 - Faroe Islands
 - Greenland

Law

- Sweden ('East Scandinavia')
 - Sweden
 - Finland
 - Åland Islands

- No specific Sami law or Sami corporation law
 - Cf. Canada, the United States

Law

- Corporate law
 - Introduction of international corporate law in the late nineteenth century
 - Sweden 1895, Finland 1895, Norway 1910, Denmark 1917
- Typical phenomena
 - Minority protection (principle of equal treatment and general clauses, minimum dividend rules (with exception of Denmark))
 - Freedom of contract
 - Creditor protection: Kreugerkraschen

Failed attempts for harmonization

- 1939
- 1974
- No uniform line in European company law harmonization (1968-)
- Nordic Delaware effect?
 - Liberalization
 - Minimum share capital → 0 ...
 - Cross-border mergers
 - Transfer of seat... (cross-border conversion)?

Social norms

- Corporate governance codes
- Western Scandinavian codes
 - Denmark: stakeholder view
 - Iceland and Norway: corporate social responsibility and ethics
- Eastern Scandinavian codes
 - Sweden and Finland: shareholder primacy, no stakeholder interest, no sustainability, “ownership” language

Markets

- Nordic ownership models:
 - «mixed ownership»
 - «outside-in»
 - «implicit» corporate social responsibility
 - Collective ownership (retail investors and cooperatives)
 - State (Norway, Sweden, Finland)
 - The Norwegian SWF
 - Municipalities
 - Families
 - Foundations (Denmark)

Danish model

- Foundations
 - Carlsberg, Novo Nordisk, A.P. Møller
- Cooperatives
- No strong state ownership
- Private entrepreneurship
 - SMEs first

Norwegian model

- State
 - Scarcity of capital after WWII
 - Oil (Equinor, ex Statoil, ex Den norske stats oljeselskap 1972, Norsk Hydro)
 - Government Pension Funds (Global, Norway)
 - Bank crisis 1988 (DNB Bank)
 - Telenor, Yara, Kongsberg Group,
 - Norsk Tipping, Vinmonopolet

Norwegian model

- Counterbalanced by
 - SMEs
 - Strong personified ownership
 - Cooperatives

Swedish model

- Families and foundations
 - Bonnier, Wallenberg
 - Industrivärden, Wllenberg, Kamprad
- Retail investors and cooperatives
- State
 - Strong state portfolio (48 firms, SEK 510b, 137,000 employees)
 - Telia Company, SAS Group, Vattenfall, Svenska Spel
 - Systembolaget

Finnish model

- Destruction of Housebank model (bank crisis 1993)
- Pension companies and funds
- Families
 - Herlin, Wihuri, Ahlström
- Mutuals and cooperatives
- Foundations
- State
 - Finnair, Fortum
 - Fingrid, Gasum, Alko

Common to the models

- Long-term or super long-term ownership
 - Interest of end-beneficiaries (family, employees, local communities, citizens, future generations)
- »Weak» non-executive boards
- Commitment: active ownership in spite of the corporate governance codes
- Politicization
- But do not forget SMEs!
 - Companies, cooperatives, partnerships
- ... And banks: bank-based financial system

Icelandic model

- The Icelandic bank crisis 2008-10 and aftermath
- Problematics of financial sector dominance
- Icelandic State Financial Investments
 - domestic sustainable business

Digitalization

- Algorithmic trading
- Digitalized investment supply chains
- Platform economy
- Distributed ledger technology («blockchain»)
- Possibilities for shared ownership
- More and more complex value chains