
Keywords: Affärsverk; state-owned enterprises; attention-based view; varieties of capitalism; market-orientation.

Abstract: This thesis examines the decision-making regarding market-orientation within specific types of Swedish state-owned enterprises, namely the Public Business Authorities (Affärsverk, PBAs), during a period of institutional upheaval in the 1980s. It specifically focuses on the leadership groups – director general and board – of the Energy PBA (Statens Vattenfallsverk), the Postal PBA (Postverket), and the Tele PBA (Televerket). The thesis adopts a theoretical framework that integrates the perspectives of varieties of capitalism and the attention-based view of the firm, which posits that firm behaviour is determined by where and how attention is directed within the organisation. The thesis delineates two distinct leadership strategies for addressing market-orientation: the deliberative institutional change strategy, characterised by consensus-building through negotiation using existing modes of strategic interaction, and the entrepreneurial institutional change strategy, characterised by leveraging existing modes of strategic interaction to transcend them and forge novel paths towards new modes of strategic interaction. The former was applied by the Postal and Energy PBAs, while the latter was applied by the Tele PBA.
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Introduction

In 1911, the Swedish government established a new type of state-owned enterprise (henceforth SOE) by formalising a group of five existing government agencies into a novel organisational form. This form combined the regulatory responsibilities of government agencies with the profit-oriented responsibilities of businesses, often acting as both a regulatory actor and a commercial actor in the very same sectors. This *duality of responsibility* became the distinguishing characteristic of the organisational form. These *public business authorities* (PBA, Affärswerk) became integral parts of the Swedish political economy throughout the 20th century. As part of the rapid expansion of the state corporate sector, these PBAs executed nationalisations and gained monopolies, both *de jure* and *de facto*, in crucial sectors such as railway services, mail delivery, payment services, energy, forestry, and telecommunications (Waara, 1980).

By the 1970s, the Swedish political economy faced significant challenges in the aftermath of the oil crisis. Initially, bipartisan attempts to mediate the crisis by nationalising struggling heavy industries such as shipyards, forestry industries, steel mills and textiles factories (Fellman et al., 2008; Schön, 2007; Waara, 1980, pp. 176–177), led to an ad hoc expansion of the state corporate sector, including the PBAs. However, this approach failed to address the structural issues in the Swedish economy. By the 1980s, a convergence of various factors, including technological advancements, the ad hoc expansion of the state corporate sector, ideological shifts, and internationalisation, induced what has been termed a period of “institutional upheaval” (K. Eriksson et al., 2019, p. 152). In this thesis, a period of institutional upheaval denotes a distinct phase wherein the conditions of the political economy facilitate numerous concurrent institutional changes favouring market-orientation and deregulation.
For the PBAs, these developments meant that the regulatory framework became non-uniform and unclear. As such, PBA leadership had vast discretion in delineating the limits to their operations. In 1983, the regulatory framework of the PBAs came under scrutiny in a government appointed public inquiry called the Authority leadership committee (Verkledningskommittén, VLK). Unlike previous inquiries, the VLK confronted the duality of responsibility issue, present since the formalisation of the form in 1911. Further, the VLK sent an important signal from the government to PBA leadership by suggesting vast market-orientation reforms. Consequently, the previous regulatory responsibilities were separated from the PBAs and the remaining entities were transformed into for-profit state-owned companies (SOC, Statliga aktiebolag). By the early 1990s, all but one of the original five PBAs had been restructured into this SOC form. However, this corporatisation process (Nevalainen, 2017, pp. 374–375), meaning the transformation of a PBA (or any government entity) into a SOCs, did not entail full privatisation. Unlike other western political economies, where the privatisation of SOEs was intimately related to an overall retreat of state involvement in the economy (Bellini, 2000, p. 28), state ownership was largely maintained in the Nordic countries (Berg, 1999; Nevalainen & Yliaska, 2021).

Understood in the context of the wider paradigm shift towards a more deregulated and liberal market economy during the mid-1970s, 1980s and early 1990s (Gerstle, 2022; Hay, 2004, pp. 514–516; Sutcliffe-Braithwaite et al., 2021), the PBAs, as representatives for the “Nordic model of capitalism” (Fellman et al., 2008, pp. 559–560), offers an intriguing addendum, to the typical ‘shift toward neoliberalism’ narrative in western economies. There was undoubtedly a paradigm shift that brought institutional upheaval to the Swedish political economy. However, to properly understand the paradigm shift, it is essential to understand how actors in the political economy navigated this period. Consequently, this thesis examines the actions of PBA leadership regarding the implementation of market-orientation in three of these PBAs, the Postal PBA, the Tele PBA and the Energy PBA (see table 1) during the 1980s.

Table 1: Swedish Public Business Authorities since the form was established in 1911.

<table>
<thead>
<tr>
<th>PBAs</th>
<th>Time</th>
<th>Name in thesis</th>
<th>Industry/ Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domänverket</td>
<td>1911–1991</td>
<td>Forestry PBA</td>
<td>Land management, forestry</td>
</tr>
<tr>
<td>Postverket</td>
<td>1911–1994</td>
<td>Postal PBA</td>
<td>Mail delivery, Postal services, Payment services</td>
</tr>
<tr>
<td>Statens Järnvägar</td>
<td>1911–2001</td>
<td>Railway PBA</td>
<td>Transportation (including railways, busses, ferries)</td>
</tr>
<tr>
<td>Statens Vattenfallsverk</td>
<td>1911–1991</td>
<td>Energy PBA</td>
<td>Energy</td>
</tr>
<tr>
<td>Televerket</td>
<td>1911–1993</td>
<td>Tele PBA</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>Statens Reproduktionsanstalt (SRA)</td>
<td>1926–1962</td>
<td>Printing PBA</td>
<td>Printing</td>
</tr>
</tbody>
</table>
Drawing on two strands of theoretical literature, this thesis first engages with the varieties of capitalism perspective (VOC) (Hall & Soskice, 2001) to understand the central role of firms in national economies. It delineates between, liberal market economies, reliant on market institutions for coordination in the political economy, and coordinated market economies, relying on strategic interaction. Secondly, it adopts the attention-based view of the firm (Ocasio, 1997, 2011), which builds on the origins of organisational theory (March & Simon, 1963), and argues that our human capacity to focus is limited, and thus choices must be made regarding what to prioritise. The same is true for organisations. Allocation of attention within organisations can depend on context (situated attention) and organisational structures which further influence organisational behaviour.

The institutional upheaval of 1980s was not only a shift toward a more liberal market economy in Sweden (Fellman et al., 2008), but the shift also offered PBA leadership ample opportunity to modify their organisation by finding novel modes of strategic interaction, new markets, and new allies in the pursuit of institutional change. Consequently, the 1980s provides an intriguing opportunity to study strategic decision-making during “situated attention” (Brielmaier & Friesl, 2023). However, to effectively realise the opportunity and achieve better outcomes, leadership needed to strategically reorient from entrenched perspectives and become forward-thinking (Cho & Hambrick, 2006). Moreover, leadership needed to adjust their organisational structure to allow personnel with diverse experience to take centre stage and subsequently change organisational focus and behaviour. However, PBA leadership had to navigate such changes carefully. That meant avoiding advocacy which would result in their organisations being privatised ‘prematurely,’ before the PBA could prepare for the increased competition. If premature privatisation occurred, the PBAs risked losing their privileged position in their domestic markets without being able to compete in international markets. Thus, PBA leadership faced the precarious problem of how to best manage market-orientation on their own terms.
Purpose and Research Question(s)

The purpose of this thesis is to enhance the understanding of how actors within political economies can act strategically to benefit from ongoing institutional change. Specifically, by examining the actions of PBA leadership during the market-oriented institutional upheaval in the Swedish political economy during the 1980s. By examining organisational decision-making amidst a period of institutional upheaval, the thesis delves into the priorities and strategy of leadership within three Swedish PBAs to show how those choices affected relations in the broader Swedish political economy. Thus, this thesis seeks to answer the following questions:

*How did the leadership of public business authorities act strategically to implement market-orientation but maintain state ownership in the 1980s?*

*Why did public business authority leadership prioritise these actions in particular?*

*How did these actions influence the PBAs ability to strategically reorient and take advantage of the ongoing changes within the Swedish political economy during the period of institutional upheaval in the 1980s?*

This thesis contributes to our knowledge on how SOEs can act to benefit or lose out on large-scale institutional change. Moreover, it adds important empirical knowledge on how large actors within the Swedish political economy were transformed from bureaucratic government agencies to efficient companies while retaining state ownership. This aspect of the larger market-oriented shift has not been extensively scrutinised by existing research (Nevalainen & Innset, 2024), let alone from the perspective of the organisations themselves. The VOC-literature currently lacks historical grounding (MacKenzie et al., 2021). It also lacks a persuasive explanatory mechanism for how actors come to realise that the current institutional structure does not serve their interest which causes them to push for institutional change (Hall & Thelen, 2009). This while the ABV-literature lacks extensive empirical research on how different types of attention (attentional engagement and attentional perspective), in different contexts (situated attention), affect organisational behaviour (Brielmaier & Friesl, 2023; Ocasio, 2011). Consequently, this thesis fills important empirical and theoretical gaps and contributes to an overall better understanding of exactly how Swedish PBAs acted to manage market-orientation.
Disposition of thesis

The thesis will proceed as follows; first previous research will be discussed. In the second section the theoretical framework will be described. The following three sections focuses on case selection, empirical source material and method. This is followed by a section on the historical background of the PBAs. Then follows the results and concluding discussion.

Previous research

In this section, previous research on SOE’s will be discussed. The first subsection will explore the international literature concerning Western SOE’s, with a particular emphasis on deregulation and institutional change, while the second will concentrate on the Swedish literature pertaining to PBAs specifically.

International literature on Western SOEs

Bognetti (2020, p. 26) defines an SOE as:

SOEs can take very different forms of legal status: a department of a government ministry, an agency, a firm acting under the rule of corporate law, or a listed corporation totally or partially owned by the government. Here we will consider an SOE to be any unit that sells products or services at a price with the intent to cover at least a significant part of costs and which is under the control of a public subject: a municipal government, a region, a state or a federal government.

Based on this definition, a ‘SOE’ serves as a broad umbrella term that does not differentiate between different types of state organisational forms. Consequently, this definition overlooks significant distinctions between government ministries, agencies, PBAs and SOCs. Thus, the term SOE, on its own, lacks the necessary nuance required to discuss the shifts observed in the PBA form throughout the 20th century. For instance, while mere state ownership implies a limited set of governance options, (through the bord and directives), governance within government agencies or hybrid forms can be more extensive, involving parliamentary oversight or government approval (see Berg, 1999, pp. 50–51). Therefore, distinguishing between different types of state organisational forms is essential for a comprehensive understanding of their development trajectories.

However, according to the definition above, changes in SOEs throughout the 20th century could be considered relatively limited. Despite alterations in legal status, the degree of state ownership, and governance structures they would remain classified as SOEs. This, I contend,
is problematic because significant developments have occurred. Thus, it is crucial to differentiate between the two main types of Swedish SOEs: public business authorities (PBAs, affärsverk) and state-owned companies (SOCs, statliga aktiebolag) (see figure 1).

The international literature on Western SOEs has largely attributed deregulation and institutional change to a confluence of exogenous processes. This includes internationalisation (Cheung et al., 2020; Giulio & Moro, 2016; Graack & Elixman, 1999), the role of government and policy decisions (Clifton, Lanthier, et al., 2011; Colli et al., 2014), and technological advancements (K. Eriksson et al., 2019). One of the leading scholars focusing on SOEs is Robert Milward, who has extensively researched various aspects of SOEs, including the political economy of nationalisation (Millward, 1995). Milward argues that there was broad political consensus for nationalisation in the UK, and that the election of Labour in 1945 served as an opportunity for rather than the cause of nationalisation (Millward & Singleton, 1995, p. 312). The emerging structure of state ownership was motivated by export targets, a lack of a coherent plan for dealing with remaining private industry, and the government’s other priorities (Millward & Singleton, 1995, p. 313). Milward and Singleton (1995, pp. 318–319) posit that efficiency concerns primarily drove nationalisation in transport, coal, steel, and electricity production, as increasing efficiency in these industries would benefit economic growth. This, while consumer products were avoided due to the government’s lack of time and the potential disruptions to exports. As such, Millward suggests that economic concerns, rather than political or ideological factors, were the primary drivers of nationalisations in the 20th century.

The concerns over disruptive effects on exports underscores the impact of internationalisation on the development of SOEs. Cheung, Aalto and Nevalainen (2020, p. 2) examine the SOE Telecom Finland from 1987 to 1998 and describe how a distinct shift from a “state-logic” to a “market logic” in the 1980s, facilitated through domestic liberalisation, prompted the SOE to internationalise. To pursue these international opportunities, management pushed for greater discretion and flexibility, driving reforms to policies affecting all SOEs (Cheung et al., 2020, p. 12). Thus, the authors illustrate how policy-level decision-making (liberalisation), and managerial discretion (flexibility) can mutually reinforce a shift in the dominant logic. While many scholars have examined SOEs in the context of internationalisation and deregulation (Alonso et al., 2013; Giulio & Moro, 2016; Graack & Elixman, 1999; Kornelakis, 2015), and how deregulation reinforces internationalisation (Clifton, Comín, et al., 2011; Clifton et al., 2010), few have highlighted managerial factors, as Cheung and colleagues (2020) have done.
Clifton and colleagues (2011, pp. 763, 776–778) contend that, while scholars in business history generally concur that deregulation is a prerequisite for internationalisation, certain SOEs have been more successful in international ventures than others. They attribute this disparity to a combination “of historical evolution of the different regulatory frameworks in which each incumbent developed, particularly, through ownership, management style, access to capital and exposure to liberalisation.” Through a comparative case study of British Telecom (a British SOE), and Telefonica, a Spanish partly private telecommunications monopoly operating as an SOEs but with private ownership, the authors argue that Telefonica’s private management style was better suited for international ventures compared to British Telecom’s state-owned, bureaucratic management style. However, as noted by Nevalainen (2017, p. 367), management style can evolve over time, particularly as new managers with diverse educational backgrounds enter the organisation.

In the international literature on SOEs there is limited research highlighting endogenous institutional change factors within SOE’s. Nevertheless, as demonstrated by existing scholarship, management can actively advocate for reforms in SOEs, at least in telecommunications (Cheung et al., 2020). Consequently, further research is needed to identify the conditions under which management pushes for reform. The 1980s, as highlighted by Cheung and colleagues (2020), mark a distinct shift in the dominant logic from state to market which affected the purview of management. Therefore, this period is significant for studying whether such a shift alters leadership priorities and thus decision-making in SOEs. Currently, SOE research which focuses on the role of managerial priorities in strategic decision-making during periods of institutional change is largely absent.

Swedish literature on PBA’s

The terms used in this thesis (SOEs, PBAs, SOCs, government agencies) can be hard to grasp. As such, figure 1 below illustrates how these different terms relate to each other in the Swedish national context.

Figure 1: PBAs in relation to Government Agencies, SOEs and State-owned companies
Ultimately, the Swedish government operates as the owner of both SOEs and government agencies. The main difference is the role these entities have and the way in which they are governed. Government agencies have a public utility role, consisting of oversight, regulatory and other public service responsibilities. SOE, as mentioned above, is an umbrella term which encompasses both PBAs and SOCs. The main difference between the two is that SOCs are regular firms with state ownership. PBAs are a specific type of government agency with dual responsibilities (Berg, 1999, pp. 53–54). Namely, both public utility responsibilities associated with a government agency and ‘business responsibilities’ of a regular firm. To complicate matters further, through the 1980s and 1990s a gradual corporatisation process occurred which striped away government agency functions from the PBAs, eventually culminating in almost all of them (see table 1) being transformed into SOCs (Berg, 1999). Another important relational aspect of the PBAs and SOCs was that PBAs could form and own SOCs like a mother company in a corporate group. This, despite not being a distinct legal entity but an entity which administrates on behalf of its owner, the government (Waara, 1980, p. 19). As such, these relationships are important to grasp before discussing the previous Swedish literature on SOEs.

The Swedish literature on SOEs, particularly PBAs, can be categorised into three main groups. One strand examines the long-term historical perspective of the Swedish state corporate sector, encompassing all types of SOEs, including both PBAs and SOCs (Holmgren, 2009; Waara, 1980). Another strand focuses on individual PBAs or groups of PBAs (Andersson-Skog, 1993; Berg, 1999; Charpentier, 1992; K. Eriksson et al., 2019; Löfström, 2003; Olsson, 1993). Lastly, a third strand examines specific aspects of PBAs, such as technological projects (Friedl & Lakomaa, 2022) or the relationship between and the government (M. Eriksson, 2015; Modig, 1993).
Swedish literature on the state corporate sector

Waara (1980, pp. 58, 177–178) examines the motivations for the expansion of the state corporate sector up to 1980. He concurs with Millward (2005; Millward & Singleton, 1995), that economic concerns, rather than political ideology, primarily motivated the expansion of the state corporate sector. Specifically, there is no evidence to suggest that social democratic (Socialdemokraterna) governments pursued nationalisations as part of their ideology. Building on Waara’s work, Holmgren (2009) explores the development of the state corporate sector from 1980 to 2007, with a particular focus on governance and the formation of SOEs (Holmgren, 2009, p. 13). The author concludes that the character of SOEs evolved during this period, shifting from a focus on heavy industry towards property and service management (Holmgren, 2009, p. 263). Both dissertations offer a historical perspective on the development of the state corporate sector, primarily relying on legislative material and annual reports (Waara, 1980, p. 304), in Holmgren’s (2009, pp. 16–17) case supplemented by interviews. Consequently, the perspective of PBA leadership is absent.

Swedish literature on PBAs as a group

Charpentier (1992) examined the development of decentralisation and financial governance systems in PBAs during the 1980s. He proposed that these systems evolved from internal motives which originated from perceived solutions to three significant crises (Charpentier, 1992, p. 45):

The first motive for decentralisation, management information overload, may be caused by leadership crisis. The second reason, the motivation and creativity motive, may be caused by the crisis of independence. The last reason, the notion of the efficiency effects of decentralisation, may be based on a bureaucratic crisis.

Charpentier suggests that while the first two are prevalent in private firms as well, the latter is particularly prominent for public organisations. Perceived issues with bureaucratisation in PBAs led to the empowerment of organisational change agents, enabling decentralisation and the drastic “turn around” of PBAs from centralised government agencies to decentralised market-based firms in the 1980s, while the risks of decentralisation were overlooked (Charpentier, 1992, p. 45). Criticisms of bureaucracy were widespread in Swedish society during this period, with market-based solutions viewed as inevitable (Marklund, 2023, pp. 46–47).
Further, Charpentier (1992, pp. 235–236) found considerable differences in management styles among the PBAs studied and this affected the success of the financial governance systems introduced. Additionally, inconsistent demands from the government forced PBAs to pursue economic efficiency and quality goals simultaneously which resulted in both positive and negative effects on PBA activities (Charpentier, 1992, pp. 237–238). It is important to note that Charpentier’s dissertation was written during the 1980s and early 1990s, with empirical material collected between 1984 and 1988 (Charpentier, 1992, p. 234). As such, different conclusions could be reached with some distance from the time. Further, Charpentier (1992, p. 61) explicitly focused on financial governance systems only, with other significant developments related to “New Public Management” (Hood, 1991, pp. 4–5), such as the implementation of corporate group governance, overlooked.

Berg (1999) examined the market-orientation of the PBAs from a broader perspective, focusing on the legislative process and parliamentary debate between 1976 and 1994. The thesis demonstrated a gradual adoption of market-orientation in PBAs during the 1980s, followed by corporatisation in the 1990s. Although the centre-right parties initiated the market-orientation process, it accelerated rapidly under social democratic government after 1982. This shift from a "socio-political" strategy to a "business strategy" suggests that political goals were confined to the political arena, while PBAs were expected to operate as businesses. (Berg, 1999, p. 262). However, the perspective of PBAs and role of PBAs leadership in this shift remained unexplored due to the lack of consultation with internal archival material from the PBAs (Berg, 1999, pp. 54–55).

Swedish literature on specific PBA’s and specific developments within PBA’s

Research on SOEs is scarce (MacKenzie, 2018, p. 720) and research on Swedish SOEs, particularly PBAs, from a management perspective is even more scarce. However, as the call for papers for a special issue on SOEs in the Scandinavian Economic History Review highlights (Nevalainen & Innset, 2024), there is an expressed interest and need for economic history research which examines those SOEs which retained their state ownership following the deregulation period of the 1990s.

In the Swedish context, Modig (1993, pp. 65–66) investigates The Railway PBA and The Energy PBA to analyse their relationship with the central government. Covering historical predecessors dating back to the 1800s up to World War 2, Modig concludes that the construction of railroads and hydro power in Sweden was closely linked to governmental concerns. Initially, managers were recruited from the military or previous public works projects,
and director generals were granted significant authority (Modig, 1993, p. 66). These PBAs developed “business institutions” such as accounting systems, career opportunities for personnel, in addition to wage and retirement schemes akin to other areas of the public administration. This ultimately meant that the PBAs became more like business ever since World War 2 (Modig, 1993, p. 65). Yet constraints, such as tariffs and limitations on capital persisted. Ultimately it was the government that made strategic decisions (Modig, 1993, p. 66).

Martin Eriksson (2015) examined the 1946 decision by the social democratic government to transfer the nation’s power supply to the Energy PBA. The government cited motives such as low energy prices for industries, increase in state control, and promotion of economic growth in the under-developed Norrland region (M. Eriksson, 2015, pp. 911–912). Eriksson highlights Sweden’s neutrality in World War II, which allowed for a focus on quality and accessibility rather than rebuilding. Further, he underscores that the social democratic government prioritised business-government relations based on mutual understanding and cooperation between the Energy PBA and the largest power companies to secure the electricity supply.

Scholars in international literature have argued that technology is significant in the context of deregulation, (see previous section). Swedish scholars concur (K. Eriksson et al., 2019, p. 161), and assert that Swedish policymakers actively promoted challengers to incumbents, which resulted in technological transitions and institutional change, exemplified by the Tele PBA. Friedl and Lakomaa (2022, pp. 17–19) suggest that technological projects may serve as bargaining chips during deregulation. Olsson (1993, pp. 12–14) observes a cultural shift within the Defence PBA, from a more technical culture towards a more business-oriented culture. As such, managerial changes influenced a shift in focus towards international markets and profitability, away from technologically intriguing, but ultimately unprofitable projects. This body of literature suggests that the role of technology in SOEs depends on the focus of management and policymakers.

**Discussion**

The Swedish state maintains ownership in several SOEs, with an expanded role in the economy (Holmgren, 2009, p. 263). This aligns with findings on the development of the Finish state corporate sector (Nevalainen & Yliaska, 2021). As such, SOEs have evolved, but not been abolished as some scholars predicted (Toninelli, 2000). Multiple scholars have observed a distinct shift in the Swedish political economy in the 1980s, whether characterised as a shift from a socio-political strategy toward a business strategy (Berg, 1999, p. 262), a significant “turn around” (Charpentier, 1992, p. 45), a part of a larger critique of bureaucracy (Marklund,
2023, pp. 46–47), a refocusing from heavy industry towards property and service management (Holmgren, 2009, p. 263) or a technological transition (K. Eriksson et al., 2019). This shift, from a state logic to a market logic, is also evident in other Nordic scholarship on SOEs (Cheung et al., 2020; Nevalainen, 2017; Nevalainen & Yliaska, 2021). This suggests a change in the role of the state in the national political economy during the 1980s which is distinct from other Western liberal economies. Hence, while research exits, further scholarship is warranted to comprehend the complexities of this shift. Moreover, the role of SOE leadership in this process remains unexplored. As discussed in the literature (Cheung et al., 2020; Friedl & Lakomaa, 2022; Nevalainen, 2017), leadership groups within SOEs were not necessarily passive, underscoring the importance of their role in this process. Additionally, several scholars have emphasised the significance of management style and culture in this shift (Charpentier, 1992; Nevalainen, 2017; Olsson, 1993), suggesting that different management styles can profoundly impact SOE development (Clifton, Comín, et al., 2011). Thus, previous literature highlights the necessity to explore the role of board composition as a factor in determining the focus and decision-making of leadership.

Theoretical Framework

This section describes the various perspectives that constitute the theoretical framework utilised in this thesis. A specific effort was made to investigate relevant research within each theoretical field, which speaks to the empirical issue, namely deregulation, institutional change, and SOEs.

Varieties of capitalism

The varieties of capitalism (henceforth VOC) approach (Hall & Soskice, 2001, p. 6) builds on an actor-centred and relational approach to the firm, linking individual firm behaviour with the national political economy. Based on game theory reasoning, the VOC approach conceptualises the political economy as an area inhabited by a multitude of different actors, all seeking to further their rational interests in their engagements with others. The authors identify five spheres were firms face coordination issues. Namely, bargaining over wages and working conditions, securing a workforce with suitable skills, securing access to finance, relationships with other firms, (such as suppliers, clients, etc.), and employees (Hall & Soskice, 2001, pp. 7–8). The solution to those coordination problems is what determines the type of a given national political economy. In general, there are two types of market economies that the authors identity: liberal market economies and coordinated market economies. Essentially, the main difference
is that liberal market economies use market-based institutions to solve coordination problems while coordinated market economies rely on strategic interaction, that is coordination through non-market relationships, to solve coordination problems (Hall & Soskice, 2001, p. 8).

The VOC-framework has been heavily scrutinised since the seminal work of Hall and colleagues (2001). The criticism includes: too much focus on developed economies, too simplified and deterministic, too focused on only those two types of economies and so on (MacKenzie et al., 2021). Two strands of criticism especially addressed here are of salience for this thesis; 1) The criticism of VOC being ahistorical (MacKenzie et al., 2021) and 2) the criticism of VOC’s overreliance on equilibrium over disequilibrium (Hay, 2020). The former argument comes from business and economic historians who argue that VOC as it was originally described by Hall and Soskice (2001), lacks historical perspective (Fast, 2016; MacKenzie et al., 2021). Essentially, the critique builds on the idea that, even if one accepts the notion of two idealised types of national political economy, how these emerged and differences within respective ideal type is often not explored.

The other strand of criticism comes from a more critical perspective and argues that the focus on varieties distorts the object of analysis. Further, the perspective argues that VOC has a fundamental overreliance on the idea of statis and equilibrium. As Hay (2020) explored in his paper aptly titled “does capitalism (still) come in varieties?” where he argues that thinking of capitalism as two stylised forms is misguided, as while capitalism vary it does not necessarily follow that capitalisms come in varieties, and that proceeding like it does is a theoretical construct with no connection to the ‘real world’. He further argues that one of the biggest drawbacks of VOC literature is that it builds on a fundamentally neoclassical foundation which distills national political economies into the idea of equilibrium. This, Hay argues, hinders the perspective from understanding and foreseeing crisis. This while also emphasising the importance of integrating endogenous sources of disequilibrium and crisis such as wealth inequality or the behaviour of financial markets.

This criticism highlights the need for dynamic and endogenous sources of institutional change within the VOC-framework. Essentially, it is important to understand that a theoretical construct that assumes equilibrium does not necessarily mean that the real world will follow suit. Consequently, one needs to examine how institutional change can occur without the presence of exogenous shocks. As a response, Hall and Thelen argue that equilibrium and institutional stability is not incompatible with a dynamic view of the political economy (Hall and Thelen 2009). Essentially, they argue that institutional change can occur when interests of the actors involved misalign with maintaining the status quo. Thus, these actors can not only
favour alternative institutions but also, crucially, utilise their entrepreneurial skills to push for the adoption of those institutions, or what is known in institutional theory as “institutional entrepreneurship” (Battilana et al., 2009; Dimaggio, 1988; Hargadon & Douglas, 2001). However, the element which prompts this change is still largely implicit within the VOC-literature. That is, how can actors perceive that the current institutional structure does not serve their interests? Especially considering the fact that institutions, if one applies the definitions which includes both formal and informal ones (such as culture, norms etc), are collective, wide spanning and thus supposedly inherently stable (Hall & Thelen, 2009, pp. 11–12). This is an aspect of the VOC-literature which seems to be unaddressed. However, I argue, integrating an attention-based view of the firm with VOC-literature address this concern while also providing further explanations for endogenous institutional change within national political economies.

Attention-based view of the firm

To be able to scrutinise the priorities of PBA leadership, a perspective that can shed light on the process behind strategic decision-making is required. An Attention Based View of the firm (henceforth ABV) offers that possibility. The central argument of ABV holds that “[...]firm behaviour is the result of how firms’ channel and distribute the attention of their decision-makers” (Ocasio, 1997, p. 187)

ABV offers a middle ground between the perspectives of structural determinism and theories of rational choice (Ocasio, 2011, p. 1293). The perspective builds upon Simon’s (1957) work on administrative behaviour which departed from established rational choice theories by highlighting the limits of human rationality in relation to decision-making. Essentially, humans’ ability to be rational is bounded by their limited attentional capacity (Ocasio, 1997, p. 187). Simon (1957, pp. 3–4) argued that, at any given moment, there are several possible actions which can be made and through some kind of process these alternatives are narrowed down to the one that is enacted. This process, results in a “composite decision” as no decision is taken by a single individual alone (Simon, 1957, p. 220). For Simon, the principal points of analysis in terms of decision-making processes centred on how much discretion is left to the final decision-maker and, crucially, how the organisation influences the final decision-makers selection (1957, p. 232).

To establish ABV, Ocasio (1997) built upon the work of Simon and others in, what became, organisation theory (March & Simon, 1963, pp. 4–6). ABV, as outlined by Ocasio (1997, p. 188) holds that decision-making within organisations is a multi-level process. To explain how firms behave, the focus should not only be on what attention is allocated to, but also how
attention is distributed and regulated in the organisational structure. Further, the context in which decisions are made should also be considered. As such, ABV builds on three main principles which all pertain to a different level: focus of attention, situated attention and structural distribution of attention (Ocasio, 1997). Focus of attention meaning the actions of decision-makers depend on what issues and answers they focus on. Situated attention means the focus of attention depends on the particular context decision-makers are in, and that specific context can drive certain organisational behaviour (Ocasio, 2011, p. 1290). Finally, structural distribution of attention means that the situated attention of decision-makers depends on “[...] how the firm’s rules, resources and social relationships regulate and control the distribution and allocation of issues, answers, and decision-makers into specific activities, communications, and procedures” (Ocasio, 1997, p. 188). Heeding calls in recent ABV-literature (Brielmaier & Friesl, 2023, p. 100), the thesis will mainly focus on the understudied second principle: situated attention.

In the case of the Swedish PBAs the focus is on situated attention during the specific context of institutional upheaval in the 1980s. Cho and Hambrick (2006, pp. 465–466) applied ABV on the firms in the airline industry during an intense period of deregulation and found that the change context sparked a shift in the attention of management. However, the authors also conclude that attention had a mediating effect on the relationship between top management team composition changes and changes in strategy. That is, changes to the political economy, through deregulation, brought changes to top management team composition, which changed attention, which in turn changed strategy (Cho & Hambrick, 2006, p. 466). As such, any inquiry into strategic managerial action needs to consider the importance of top management team composition and the role of attention in relation to strategic decision-making.

Drawing on neuroscience research, Ocasio (2011, pp. 1286–1287, 1292–1294) expands on the importance of attention, pointing out that there are several different varieties of attention, two of which is of relevance for this thesis: attentional engagement and attentional perspective.

<table>
<thead>
<tr>
<th>Variety of attention</th>
<th>Definition</th>
<th>Operationalisation</th>
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<tr>
<td>Attentional perspective</td>
<td>“[…] top-down cognitive (and motivational) structures that generate heightened awareness and focus over time to relevant stimuli and responses” (Ocasio 2011, 1288)</td>
<td>Dominant / competing. backwards-looking / forwards-looking</td>
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Attentional engagement is the process of intentional, sustained allocation of cognitive resources to guide problem solving, planning, sensemaking, and decision making.” (Ocasio 2011, 1288)

Controlled/automatic.

Internal/External players

New issues/ new alternatives/ new sense-making

Attentional perspective refers to a top-down structures that creates focus on specific areas (see table). There can be multiple competing attentional perspectives within organisations, but the perspective that dominates tends to equate with the dominant strategy. Through an analysis of empirical research on attentional perspectives, Ocasio finds that decision-makers attentional perspectives are embedded in a multitude of different cultural and social structures, such as dominant institutional logics or top management composition respectively (Ocasio, 2011, p. 1292). These structures can create an entrenched perspective which can result in organisational inertia. By being forward-looking, top management can overcome these issues (Ocasio, 2011, p. 1292). For this thesis, attentional perspective is akin to the overall philosophy of the leadership group.

Attentional engagement is a process through which the actions, interpretations, understanding and decision-making in organisations are guided (see table 2). Ocasio finds that through attentional engagement, dominant attentional perspectives can be challenges as new issues, new alternatives, and new understandings of problems become available (Ocasio, 2011, p. 1293). These processes can be either controlled, that is, imposed from the top and monitored, or automatic, that is, emerging without explicit intention. Additionally, depending on the similarity of the attentional engagement across different channels in an organisation, the dominant perspective can be altered (Ocasio, 2011, p. 1293). Attentional carriers, that is those who communicate the attentional engagement across the organisation, are central in facilitating organisational learning and change. Both these internal players and external players such as the media can affect the attentional engagement process and thus impact the selection of attention. For this thesis, attentional engagement refers to the practical work of the leadership group. That is, what are they allocating attention towards, who is doing it and how.

**Integration**

The theoretical framework used for this thesis ties these two theoretical perspectives together. Staring from the basis that all firms, including but not limited to the PBAs, are actors who are relationally linked together in what together constitute a national political economy. As the
VOC-literature highlights, this creates coordination issues. Furthermore, the PBAs are also linked together with the political realm through its relation to the government and parliament. The PBAs also have relationship with their employees and thus their union representatives.

Figure 2: Theoretical model

Consequently, there are several internal and external actors which shape organisational behaviour by influencing the respective PBA’s attentional engagement and thus also the attentional perspective of the respective PBA’s. Essentially, the work related to attentional engagement (addressing recurring issues, engaging with management etc, finding new issues/alternatives) forms the dominant attentional perspective of the leadership group, but depending on how attentional engagement changes (i.e. the introduction of new players or issues) can also result in the presence of competing perspectives, which in turn can affect the kinds of attentional engagement the PBA prioritises. For instance, the leadership group may have the attentional perspective that the best way to introduce market-orientation is through the policy process rather than through actions in the market (such as purchasing new subsidiaries). However, management may prefer the latter. If management mostly brings issues relating to possible acquisitions to the board, then that could eventually start to shift the attentional perspective. If a new board member has extensive top management experience that could give rise to a challenge to the dominant attentional perspective. Consequently, attentional engagement and attentional perspective can either reinforce or challenge each other depending on the specific context. These two factors ultimately shape organisational behaviour (see Figure 2). As such, by integrating these two theoretical perspectives, this thesis fills several gaps in both perspectives. It situates the ABV-perspective in the broader context of a political economy, while also providing research on situated attention, an understudied phenomenon in the ABV-
literature. For the VOC-perspective, the integration with ABV allows for both an endogenous source of disequilibrium and institutional change, while also, through changes in attentional engagement and perspective, elucidating how actors within the political economy can realise that current institutional structure does not serve their interests.

Case selection

The empirical analysis of this thesis focusses on three PBAs: the Tele PBA, Postal PBA, and Energy PBA during the 1980s. While other PBAs could be suitable for this study, the principle of representativeness and comparability, applicable in all case studies, must guide case selection.

Representativeness entails the selection of cases which are typical of the larger population being studied (Gisselquist, 2014, p. 480). For the purposes of this thesis, this means selected PBAs should be representative of the form. Ideally, the chosen cases should include the original five PBAs established in 1911 and corporatised in the early 1990s. Four out of these five PBAs, namely the Forestry PBA, Postal PBA, Energy PBA, and Tele PBA, offer historical comparability. The Railway PBA, though established in 1911, was corporatised later in 2001, making it an intriguing deviant case for future research. If a PBA was founded after 1911, it may have attained the form for different reasons which might also shape organisational operations and behaviour in a way that makes it unrepresentative of the form. Moreover, representativeness extends to the typical functions of the PBAs. Charpentier (1992) and Berg (1999) provide partly contrasting views on what constitutes typical PBAs; however, both agree that a ‘typical’ must contain both business-like and public utility functions. As such, both sample the Postal PBA and the Tele PBA (Berg, 1999, pp. 53–54; Charpentier, 1992, pp. 66–69). With the Railway PBA falling outside the sample due to its later corporatisation, the Postal PBA, the Tele PBA, and the Energy PBA emerge as representative cases for this thesis.

In terms of comparability, all three selected PBAs underwent market-oriented efforts in the 1980s leading to corporatisation. They possessed either de facto or de jure monopolies in their respective sectors. The differences lie in their industries, which could influence prioritised areas and leadership experiences. Nevertheless, these cases meet the requirements for comparability (Gisselquist, 2014, pp. 478–479). The period of the 1980s was selected specifically because it predates this corporatisation. Moreover, emphasis is put on the period between 1980–1987, specifically because after that period, other variables are introduced, including extensive legislative of reform of the PBAs (stemming from the VLK) and preliminary corporatisation discussions, in addition to discussions on EU (then called EG) membership. As such, it can be
argued, as Berg (1999, p. 133) does, that the period after 1987 is a distinctly different period than the period before. However, some issues addressed in this thesis get resolved after 1987, as such the delineation of 1980-1987 is a ‘soft’ demarcation.

**Empirical Material**

The primary material for this thesis consists of board minutes and attachments from the selected PBA Leadership group archives, interview notes from interviews with PBA director generals from the VLK archive and a dataset on board composition extracted from biographical sources. This material is supplemented by public inquiries, referrals, a limited number of internal reports, secondary literature, and publicly available online interviews in select cases.

Archival material from the VLK, the Postal PBA and the Energy PBA was obtained from Riksarkivet (Swedish State archives), digitised, and processed through Optical Recognition software (OCR) by the author, to make them searchable. The main material from the VLK archive used in this thesis are the interview notes, carried out as a part of the empirical inquiry into how the PBAs were governed in practice and what potential changes should be made. Consequently, the interviewer asked a vast array of different questions including what current practice was, issues with that practice and what future practice could preferably look like. As such these interview notes are intriguing source for understanding the director generals’ point of view. However, a significant drawback is that full answers are absent, as only notes from interviewer are provided. This limits the depth of understanding to the interview’s interpretation of the responses. However, in several instances, the interview notes were sent to the respective director general for verification, particularly for the Energy PBA and the Tele PBA, where additional pages were returned elaborating on the answers provided. Notably, this verification process was not there for the Postal PBA. While verification offsets the chance that the interviewer misinterpreted the director generals’ answers to some extent, great care was taken in this thesis to cross reference interpretations with other material.

Tele PBA material was retrieved from a relational database, operated by the DigiHist Consortium,¹ which replicates the Tele PBA archives, with digitised versions of the archival source material which is physically present in the Swedish State Archives. The database contains OCR:ed PDFs of archival sources, references to the exact volume in which the material was found, in addition to extensive archival notes regarding the archival collection and

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¹ A research group consisting of Swedish and Finnish researchers at several universities, including Stockholm School of Economics, University of Jyväskylä, conducting research on SOEs. [https://digihist.org/about/](https://digihist.org/about/)
digitisation process. In general, entire volumes were digitised meaning that the user of the database can be confident that the material present in the database reflects the material present in the physical archives. While it is not ideal to rely on others archival work, the time saved not having to digitise material and the database benefit in terms of ease of use, in addition to the measures to ensure reliability and verifiability outweighs its drawbacks. The board minutes offer serves as an intriguing source of information, detailing decisions made, issues discussed and attendee presence. However, they are somewhat concise, lacking extensive records of exact statements made, instead providing brief summaries of discussions had. Additionally, it should be acknowledged that not all decisions reach the board, with some remaining within PBA management. Nevertheless, the issues that do reach the board are deemed meaningful and consequential.

The other major empirical material is a dataset on board composition, created by the author. This involves the extraction, categorisation, and subsequent quantification of relevant (professional, educational, union, and political) experiences of PBA board members. Two Swedish biographical publications, “Sveriges Statskalender” and “Vem är det?”, serve as empirical sources for the board composition dataset. “Sveriges Statskalender,” was an annual publication spanning 1876–2015, provided information on individuals working within the state bureaucracy, including politicians and non-political bureaucrats. Similarly, “Vem är det?” is a biographical handbook released bi-annually between the years 1912–2001. Both have digitised editions from select years available online through “Project Runeberg”. One major drawback is the reliance on select years of annual publication that have digitised by external parties. Consequently, neither the sampling criteria nor the practical details of the digitisation and OCR-process are known. Nonetheless, the availability of specific years, original images, OCR-text, page numbers and digitisation dates on the website allows for verification and provides a high level of confidence that no relevant data was omitted during the digitisation process. Furthermore, Project Runberg offers proof bars indicating which OCR-texts have been community proofread.

Method

The research questions necessitate adopting a “historical organisation study” approach (Harvey & Maclean, 2023, p. 17). The method involves utilising historical data, methods and knowledge while situating organisations in their social and historical context to construct rich, historically

2https://runeberg.org/vemardet/; https://runeberg.org/statskal/
grounded theoretical narratives (Maclean et al., 2016). At the core of historical organisation studies lies the principle of “dual integrity” (Maclean et al., 2016, p. 616), which emphasises the necessity of maintaining both “historical veracity” and “conceptual rigor” (Harvey & Maclean, 2023, p. 17). This entails rigorous adherence to historical accuracy alongside theoretical sophistication.

Historical veracity and accuracy hinge upon fundamental elements of historical methodology, including source criticism to establish validity and credibility, triangulation to bolster findings and hermeneutics to ground interpretations within the context in which a given source originated (Kipping et al., 2013, pp. 314–318, 325). In this thesis, triangulation and source criticism are applied through multiple cases, archives, and methods, with analysis of board minutes complemented by an analysis of board composition. Additionally, secondary literature is integrated into the analysis (Kipping et al., 2013, p. 318) alongside the primary archival source to further embed interpretations in the socio-historical context (Durepos & Vince, 2020, p. 41; Maclean et al., 2016, p. 609).

Conceptual rigor necessitates comprehensive understanding of the “theoretical terrain” (Harvey & Maclean, 2023, p. 17), relying on the notion of theoretical fluency. For this thesis, this means applying a theoretical framework which integrates the more micro ABV-perspective in organisation studies with the more macro VOC-perspective common in global political economy. By doing this, the aim is to improve the explanatory power of both perspectives while using that power to enhance understanding of the historical cases. Through theorising decisions made and actions taken, this thesis seeks to make theoretical contributions while upholding historical and contextual grounding (Maclean et al., 2020).

Operationalisation

More practically, for the purposes of this thesis, to achieve the standards set out by the “historical organisation study”-approach, the following steps have been taken to conduct the inquiry. The inquiry can be divided into two parts. One main part, the analysis of board minutes, and one complementary part consisting of the analysis of board composition.

First, the analysis of leadership composition consisted of identifying biographical sources on PBA boards and board members (see the section above). When accurate sources were identified, the relevant information regarding experience and position was extracted and categorised into an excel sheet by PBA and by year. This yielded, a sheet with information on each surveyed PBA board, for selected years between 1942–1984, consisting of name, experience, position (in the PBA if applicable or simply board member). To get a historical
perspective on the significance of board composition in the 1980s the data back to the 1940s. The 1940s was chosen specifically because during and after the second world war, the PBAs gradually developed into business-like entities (Modig, 1993). The experience variable varied over the years, from 1942–1964, the variable consisted of only different types of educational experience (law, engineer, political science/philosophy/business administration, military and none listed). From 1970–1984, the experience variable consisted of different types of experience overall and not just educational experience (top management experience, political experience, academic experience, union experience). The difference in categorisation exists because, up to 1964, the PBA boards (apart from the Energy PBA), were management boards, that is a board consisting of top managers in the respective PBA and after, “lay boards”, were introduced, meaning boards of politically appointed outsider laymen. Consequently, other types of experience are not applicable whereby the categorisation centred a more granular categorisation of educational experience. The quantitative element of the categorisation scheme consisted of giving each type of experience a corresponding number and coding each board member with the corresponding number, giving an overall count of board members experience and thus leadership composition for the selected years.

The analysis of board minutes first involved scouting the selected PBAs archives. The empirical and theoretical focus of the thesis on the PBA leadership group decision-making, informed the decision to mainly consult the PBAs leadership group archives of Tele PBA, Energy PBA and Postal PBA. This was supplemented by other archival material such as the VLK archive or PBA leadership group adjacent archives such as those containing attachments to minutes. Following this, the board minutes were first thoroughly reviewed and event/incident coding (Cheung, 2020). Essentially, for this thesis, this meant theoretically informed coding of events were specific discussion or decisions in the board minutes pertaining to attentional engagement or attentional perspectives occurred.

For the purposes of coding, attentional engagement events were either constantly recurring issues, new issues or alternatives, events where new players (either external or internal) would affect discussions (for instance, new director generals, a new government) but also if these new issues or players were brought up because of either “automatic” or “controlled” processes. That is, was an active decision made by a given actor to put a specific issue or new actor to the board or was it the result of a more “automatic process.” For instance, was the hiring of a director general the result of an inevitable retirement of the previous or was the previous “forced out” by the government? The former being an automatic attentional engagement process, while the
latter was a *controlled* attentional engagement process. Naturally, it would be hard to know this from the board minutes alone, so other material, including secondary literature, was consulted in these instances.

Attentional perspective, as understood in this thesis, is an overall perspective held by the leadership group, which ultimately informs whether the board is forward thinking or entrenched. According to ABV-literature, there is typically a “dominant” attentional perspective within a given firm, and “competing” attentional perspectives are rare (Ocasio, 2011). The analysis of attentional perspective mainly builds on the coding of events regarding attentional engagement, however, in limited circumstances, events may occur which directly affect the attentional perspective of the board (for instance a decision to change board structure). When analysing attentional perspective, the focus was identifying the leadership groups attentional perspective in terms of market-orientation by looking at attentional engagement events, followed by identifying any competing perspective (either from individual members or from the government). Finally, taking the dominant/competing perspectives and attentional engagement events into account, an analysis was made regarding if these informed a more forward-thinking leadership group or a more entrenched leadership group, in terms of achieving market-orientation. For instance, both the dominant and competing attentional perspective on the board may favour market-orientation but differ on exactly how to best achieve this. On the surface, this would be considered a “forward thinking” attentional perspective as it is actively driving the PBA towards market-orientation. However, that conflict between the dominant and competing perspectives, even though both favour market-orientation, may result the boards overall attentional perspective being entrenched because attention would be allocated towards mediating conflicts between the two perspectives rather than pursing actions. As such, attentional perspective needs to be analysed in tandem with attentional engagement when trying to understand actions the pursued. The coding and subsequent analysis is then used to construct non-chronological theoretical narratives (Durepos & Vince, 2020, p. 41), where representative developments, issues or events are highlighted to substantiate the overall analysis of the actions of PBA leadership groups and their relation to the broader Swedish political economy.

**Historical Background**

In this section, significant historical developments of the Swedish PBAs will be described chronologically, in relation to the themes of this thesis, including attempts at institutional and organisational reform. This to provide a broader historical context for the empirical sections of
the thesis. The material in this section is mostly based on secondary literature, legislative material, and public inquiries.

While the PBA-organisational structure was formalised through a budgetary decision in 1911, the organisations themselves all have historical predecessors. These predecessors where all formed under unique historical circumstances, and consequently no uniform motivations exists for the founding of these organisations (Berg, 1999; Charpentier, 1992; Waara, 1980). After being formalised in 1911, the PBAs were part of an initial wave of nationalisations during the 1920s and 1930s, described by Waara (1980, p. 149) as a major “breakthrough” for the Swedish state corporate sector. During this breakthrough the confines of the novel PBA form was beginning to be set, however the expansion was ad hoc, and no underlying principle for this expansion was ever expressed. The PBAs at this time were operated like public works, and initial management in the PBAs often had that kind of experience or military experience (Modig, 1993). As such, the PBAs were used in different ways. One way the PBAs were used was to expand infrastructure through nationalisations, such as the Railway PBA nationalising commercially operated railways in the 1930s, eventually being granted a de jure monopoly in 1939 (Andersson-Skog, 1993), and the Tele PBA gaining a de facto monopoly on telephone lines through the acquisition of its largest competitor in 1918, and the later radio transmissions in 1925 (Berg, 1999; Waara, 1980). Another way was through infrastructure projects like the construction of hydropower dams through the Energy PBA. Though notably, the PBA expansion was not always related to infrastructure, such as the forestry PBA nationalising struggling forest industries or the Postal PBA being remerged with the Postal Savings Bank, a bank responsible for encouraging public savings, in 1920 after being separated in 1912, and creating the “Postgiro”, a public payment service in 1925 (Waara, 1980).

As the PBA form was begging to set, discussion emerged regarding the overall expansion of the state corporate sector, specifically among the social democrats. Nationalisations thus far had been ad hoc with no real underlying ideological principle as an arbiter of when to nationalise and what to nationalise. Partly as an extension of this, in 1920, The Socialisation committee (Socialiseringsnämnden) was launched by the social democratic government to inquire into the possibilities of socialising (essentially the same as nationalising) Swedish industry. While it ultimately did not recommend socialisations in their final report from 1936 (SOU 1936:7), throughout the 1920s the committee released several reports which discussed the history and potential future organisation of specific PBA’s, including the Railway PBA (SOU 1924:22; SOU 1924:30), the Tele PBA (SOU 1925:39), the Postal PBA (SOU 1926:4) and the Forestry PBA (SOU 1930:8). Ultimately the work of the committee did not amount to
any practical changes (Waara, 1980, p. 145). However, the committee was significant in that it was the first time that the PBAs structure was scrutinised and the general question of what truly differentiates a state owned and operated enterprise from a privately owned and operated enterprise.

Nationalisations continued throughout the 1940s, with additional motivations including national security (Waara, 1980) leading to the creation of two new PBAs, in 1943 and 1947 respectively (Försvarets Fabriksverk (FFV), later renamed Förenade Fabriksverken) and the Aviation PBA (Luftfartsverket). For instance, in 1946, the Swedish social democratic government transferred the responsibilities of the power supply to the Energy PBA (M. Eriksson, 2015), while The Energy PBA continued further expansion of hydro power. However, after the second world war, the PBAs gradually developed into more business-like entities (Modig, 1993). This included, attempts at organisational reforms, however such reforms often faced resistance. For example, several attempts at reforms to the Railway PBA, in light of its extensive expansion throughout the 1930s and 40s, failed to materialise into concrete legislation due to hesitation from both the Railway PBA board and the government that reforms would break up “organisational continuity” (SOU 1948:13, p. 8). However, the expansions of the 1930s and 1940s had increased the scale and scope of the PBA-form, by the 1950s, the growing pains started to become hard to not address. The question was whether the reform would come to individual PBAs or the PBA form as a whole. Thus far, the confines of the form, including its dual responsibilities of both business and public utility, had been set and remained without much scrutiny. However, that had the potential to change.

In the 1950s and 1960s, multiple public inquiries were launched to both to examine the underlying reasons for the expansion for the state corporate sector and if enterprises currently operating in either the PBA or SOC form should continue to do so. In 1956, The Inquiry into state corporate forms (SOU 1956:59, p. 7) found that “[...] no definite principle had been followed in the selection of different state corporate forms [...]”. Subsequently, the inquiry suggested corporatisation of two PBAs, including the Energy PBA (SOU 1957:26). Other PBAs welcomed the suggestion and asked to follow suit (Statens Vattenfallsverk, 1967, p. 7). After the government took no action regarding corporatisation of the Energy PBA, management launched an internal inquiry that suggested the same corporatisation measure, but it also resulted in no action. A later inquiry (Affärsverksutredningen), focused specifically on the PBAs and was launched in 1961. The inquiry published its final reports in 1968 (SOU 1968:45, SOU 1968:46) and argued that corporatisation should occur in cases where it was suitable from a “market standpoint” for PBAs (SOU 1968:45, p. 9). The inquiry also proposed that the PBA
should be “granted the right to form SOCs subsidiaries” (SOU 1968:45, p. 13). The insights of the report were further developed in multiple instances, including in the PBA committee which stated in their 1972 report that their purpose was to “[...] consider the PBA’s dual task of partly being able to serve as an instrument for societal good and partly leading operations in a business-oriented, profitable, and efficient manner.” (Affärsverkskommitten, 1972, p. 4)

However, the reports insight never resulted in legislative action. Consequently, the 1960s saw attempts at solving the duality of responsibility issue through corporatisation and market-orientation reforms but also resistance, and ultimately inaction.

In the 1970s, a series of significant structural changes occurred at the policy-level. In 1970, the Ministry of Industry (Industridepartementet) was established leading to the relocation of The Forestry PBA, The Defence PBA, and The Energy PBA from their respective departments (Ministry of Agriculture, Ministry of Defence and Ministry of Finance) to the new ministry. Additionally, the Ministry of Industry also received a substantial portfolio of SOCs through the creation of the state-owned holding company called State Companies Incorporated (Statsföretag AB). The purpose of the SOC was to coordinate and manage the ever-increasing number of SOC in a more effective rational manner. Additionally, the 1970s saw the introduction of two important changes regarding the PBAs. In 1974, personnel representatives were mandated to be on the PBA boards (SFS 1974:224). Then in 1976, a new law, called the law on co-determination in the workplace (henceforth MBL) (SFS 1976:580) was adopted. For the PBAs, this meant that before any important changes to operations were made, the PBA had to negotiate with unions. Through these two changes, unions strengthen their position in relation to PBA management.

These policy-level changes set the stage for another large expansion the state corporate sector as a bipartisan Keynesian response to the energy crisis in the mid-1970s. Specifically, those enterprises placed under the Ministry of Industry, (The Defence PBA, The Forestry PBA and The Energy PBA), witnessed the most dramatic expansion, often through the expansion of subsidiary SOCs. By the late 1970s, when it became apparent that the Keynesian response had resulted in large expansions of the PBAs, some minor market-orientation efforts were introduced, including a holding company for electricity distribution for the Energy PBA and a new organisation for the Tele PBA. However, as Berg (1999, p. 84) notes, these market-orientation efforts were, at best, marginal. As such, at the beginning of the 1980s, following another large, mostly ad hoc expansion of the state corporate sector and piecemeal reform to individual PBAs, these organisations stood with larger portfolios of commercial SOC subsidiaries, non-uniform regulation, while still having the duality of responsibility issue
ultimately unaddressed, despite multiple attempts at reform. The question facing both policymakers and PBA management at the start of the 1980s was what had the PBA-form become?

**Results**

The question regarding the nature of the PBA-form reached its apex in the early 1980s, coinciding with the growing concern regarding the repercussions of the PBA’s ad hoc development. The regulation, structure, and function of the PBAs were non uniform and unclear. The roles and relationship between board, director general, management and government were also unclear. Finally, the role of the PBA in relation to its subsidiary SOCs were also unclear (Berg, 1999). To address these issues, in 1983, the social democratic government formed a special committee with the expressed mission to investigate the leadership of the Swedish PBAs. This committee would be called The Authority leadership committee (Verkledningskommittén) (VLK). This inquiry, unlike the previous inquiries and attempts at reform, resulted in substantial change to the PBA structure and following the legislative proposal with basis in the inquiry in 1987, the PBAs would nearly all be corporatised in the early 1990s. Consequently, the VLK played a central role in the market-orientation efforts of the 1980s and will thus be discussed first in this section, followed by sections on leadership composition and an analysis of individual PBAs leadership groups actions regarding market-orientation.

**The VLK**

The committee interpreted their government directive to mean that the relations between various political bodies (parliament, the government, the ministries, agencies and SOEs) should be reviewed and options for governance between these should be suggested.³ This while not preventing or making it difficult for PBAs “[..] to conduct the activities in a proper commercial manner. The PBAs' conditions to compete with others on equal terms should of course not be impaired either.”⁴ Considering the make-up of the committee, with two centre-right MPs and three social-democrats, it is notable that the committee prioritised not hindering the “business side” of the PBAs and, seemingly, there was majority consensus on this interpretation. Though notably, member of the committee and Professor of political science Daniel Tarschy reserved

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⁴ Internal memo: 2.1 Utgångspunkter, p.1, n.d. Vol. 8, Verkledningskommittén, RM
himself, stating that the ‘corporate group’-governance model was a step towards making the
organisations more powerful business actors and should be complemented by providing a
“public forum” for consumers to voice their concerns (SOU 1985:41, p. 109). This statement
speaks to the belief that the VLK fundamentally altered the duality of responsibilities within
the PBAs.

The work of the committee eventually resulted in two reports, one focused on the
government agencies and one focused on the PBAs. The latter report, titled “The PBAs and
their companies” was published in 1985 and stated that the committee had aimed at creating
conditions of the PBAs that would “[…] allow operations to run rationally in relation to
business and societal goals. We have strived to make sure that [PBA] operations […] are neutral
in regard to competition.” Regarding competition, the VLK suggested that public utility
responsibilities should be separated from the PBAs and moved to government agencies, “[…]
if it relates to areas in which the authorities or the subsidiaries conduct business in competition
with others.” (SOU 1985:41, pp. 11–12). Crucially, this actually addressed the issue of dual
responsibility, present throughout the history of the PBAs.

The main suggestion of the VLK regarding the PBAs was that the relation between the
authorities and their SOC subsidiaries should be formalised as “corporate group governance”.
The relationship between parliament, government and PBA would be governed through “rolling
multi-year plans” (SOU 1985:41, p. 12), in which, the PBA would suggest goals and objectives,
a business strategy, strategic investment plans, means of financing and results, including
profitability, for the PBA and its subsidiaries. Essentially, a more general governance of the
PBAs, in contrast to the previous style which had been characterised by more detailed
management through directives. It is significant that the VLK’s authors uses the term
“formalised” regarding the “corporate group”-term. The VLK (SOU 1985:41, p. 20) stated that
this term “[…], which is now used in everyday speech for the combination PBA-subsidiary,
should be formalised.” This implies that the internal organisation and governance of the PBAs
had diverged from the pre-VLK regulatory framework. As such, while some of these
suggestions were already a part of several PBAs, it is nonetheless significant that the VLK not
only addressed the issue of dual responsibility but also provided a clear underlying principle
for how the PBAs should operate, something which had largely been absent up until this point.

Another important discussion to be mentioned, considering the increase of political
experience and union experience on the PBA boards from 1970–1984 (see table 5 in appendix),
is the role of the board overtime. The function and role of the board was a subject of inquiry
multiple times. Interestingly, a previous public inquiry from the 1960s seemed to argue that,
with the adoption of “lay boards” (boards with outside laymen to advise and vote on decisions) as opposed to previous management boards, (consisting of only top managers in the PBA) the PBAs had become essentially the same as SOCs: “[…] there are currently no significant features that differentiate them […]” (SOU 1968:45, p. 27). The only differences being that in regular firms, shareholders appoint the board, the board subsequently appoints the chairman and the CEO, whereas in the PBAs the government appoints both the board and the director general. The latter of which is almost always also the chairman of the board, something which is not present in regular companies. While the introduction of lay boards did not immediately result in remarkably different board composition in the 1960s (see table 4 in appendix), it did eventually allow for more diverse sets of experiences on the board in the 1970s.

However, the function and purpose of the PBA boards ultimately came under further scrutiny during the VLK. The division of responsibility between board and director general had not become as clear as the 1968 inquiry led on (SOU 1985:41, p. 65). Nearly half of PBA board members were uncertain about their responsibilities to the government. Illustrating the extent to which the discretion of PBA leadership groups was up for interpretation. Ultimately, the VLK suggested that the PBA board should function like the board in any corporate group. That is, board members would have responsibility toward the owner, (the government), to monitor and function as a decision-making body both regarding the main organisation but also regarding subsidiaries.

The PBAs for their part welcomed the suggestions of the VLK (Ds C 1986:7, p. 3) and later reforms. Although, the unclear regulations of the PBAs, which had been a core reason to launch the VLK in the first place, gave PBA director generals and board the discretion to pursue market-orientation efforts before the launch of the VLK. However, the utilisation of that discretion depended on the characteristics of the board members and director generals in question. Moreover, the launch of the VLK made the discretion to pursue market-orientation explicit and thus sent a signal from policymakers to the PBAs that market-orientation was not only possible but desirable from a policy standpoint. Seemingly, the decision to pursue market-orientation before or after it was made explicit depended on characteristics of the specific director general or board members in the PBA. To pursue this line of inquiry further, the next section investigates the decisions made in the three PBAs during the 1980s.

Leadership composition

In this section, the composition of the PBAs board will be scrutinised, with a specific focus on the experience of the board members.
Table 3: The combined board composition by experience of PBAs surveyed.

<table>
<thead>
<tr>
<th>Experience</th>
<th>1970</th>
<th>1984</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Political</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Academic</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Mixed (with Union Exp)</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Mixed (without Union Exp)</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Author’s own creation from Sveriges Statskalender (1969; 1983).

As table 3 illustrates, there was a notable change in the PBA boards at general level. Noticeably, the amount of board members with top management and academic experience remained relatively similar while there was a six person increase in board members with political experience and a 5 person increase in representatives with union experience. While the aforementioned legislative changes regarding union representation in the 1970s explains the increase in union experience, it might be tempting to suggest that the increase in political experience suggest an increased desire for political control. However, it seems more likely that it was simply a natural extension of the decision to implement lay boards in PBAs (other than the Energy PBA) in the 1960s. Looking at the management boards from the 1940s to the 1950s reveals that the educational experience remains quite similar (see table 4 in appendix).

Management boards were initially large, consisting of up to 10 top managers from various internal divisions. Following the introduction of lay boards, the size of the board initially decreased to 6 however, gradually, between 1970 and 1984 (see table 5 in appendix), the boards increased to about 10 board members again. By 1984, the increased political and union experience on the boards could possibly inform the approach taken regarding market-orientation. With political experience, particularly parliamentary experience, the ability to be more attentive to the policy process and opportunities to shape it follows. To pursue this line of inquiry further, the next section scrutinises the decisions in the PBAs during the 1980s.

The Energy PBA in the 1980s

The actions of the Energy PBA leadership group regarding market-orientation during the 1980s can be divided into two parts, a ‘passive’ period between 1980–1984 and a ‘reorganisation’ period after 1985. The former being denoted as ‘passive’ because, while minor reorganisation efforts were undertaken, the attentional engagement of the Energy PBA board was controlled by the legislative aftermath of the national referendum on nuclear power. The prospect of
nuclear decommissioning posed a challenge for the Energy PBA, which had investments in nuclear power since the 1950s, with reactors operational since the late 1960s and early 1970s. Ultimately, the legislative aftermath resulted in an energy bill which forced the Energy PBA to plan for the decommissioning of nuclear power and find alternative energy sources to make up the difference. The Energy PBA board and director general Norrby perceived that they had no choice but to follow the guidelines laid out in the proposal. From 1985 onwards, because of the VLK, and retirement of long-time director general Norrby, the Energy PBA carried out several market-orientation efforts under new director general CE Nyquist. Importantly however, CE Nyquist was brought in to implement already ongoing reforms. As such, it is too simple to suggest that a mere change in the director general position changed the Energy PBAs actions regarding market-orientation from passive to more proactive.

Attentional engagement: The 1980 National referendum on nuclear power

Following the denial of permission to activate nuclear reactors Forsmark I and Ringhals III in 1978, the centre-right government, consisting of the liberal Peoples Party (Folkpartiet), the conservative Moderates (Moderaterna) and rural centre-right Centre Party (Centerpartiet), faced internal gridlock. The Centre Party wanted to decommission nuclear power, while the others did not. The disagreement led to the collapse of the three-party government, resulting in a minority government led by the Peoples Party (Möller, 2017, p. 211). The 1979 nuclear accident in Harrisburg, Pennsylvania further altered the political landscape, prompting the centre-left social democrats to withdraw support for energy legislation they had previously endorsed (Möller, 2017, p. 213). The subsequent national referendum in the spring of 1980 offered three alternatives, all advocating nuclear power decommissioning at a varying pace. Alternative 1 and 2, favoured by the Moderates and Social democrats respectively, garnered 18.9% and 39.1% and favoured continued construction of up to 12 rectors (Llander & Gradin, 1984, p. 79). This, while nuclear power would be decommissioned at the most suitable possible pace when taking the need for electric power, employment, and welfare into account (Möller, 2017, p. 214). Additionally, alternative 2 advocated that future powerplants should be owned by the state or municipalities. Alternative 3, supported by the Centre Party, garnered 38.7% and called for an immediate halt to nuclear expansion and rapid decommissioning within 10 years (Möller, 2017, p. 214).
In June 1980, the board deliberated on the results of the post-referendum legislative proposal, which mandated the halt to nuclear power expansion. The proposal (prop 1979/1980) stipulated that existing (or under-construction) reactors would operate for the duration of their technical lifespan, estimated at 25 years, with a definite end in 2010. Further, the proposal emphasised the imperative to reduce oil dependency, promote energy efficiency, enhance nuclear power plant safety, favour renewable and domestic energy sources, and collaborate with Denmark to introduce natural gas. The proposal also dictated a “limited expansion of hydro power”, which necessitated exploration of alternative energy sources such as coal, peat, and wood chips, with wind and solar power plants in experimental phases (Prop 1979/1980, p. 20-21). With the obligation to redirect attention away from nuclear power as a future energy source, the Energy PBA’s board and director general prioritised actions in line with the proposal throughout the early 1980s. Additionally, they prioritised electricity distribution expansion through cooperation with local power companies and municipalities. As such, the referendum, and its subsequent legislative proposal, controlled attentional engagement of the Energy PBA leadership group, which resulted in an overall focus away from market-orientation.

While the Energy PBA refrained from publicly endorsing any referendum alternative (Lalander & Grdin, 1984, p. 79), it was apparent that the decommissioning of nuclear power would strain its finances and provoke internal discontent. When asked if there was any internal opposition to nuclear power decommissioning in 1985, newly appointed director general CE Nyquist responded that the opinions internally, like in the rest of society, varied, but insisted that the PBAs planning must focus on decommissioning, per the parliamentary decision (Vattenfall, 2015a).

An additional way in which the attentional engagement of the leadership group was constrained was nuclear safety. While the Harrisburg accident thrusted nuclear power safety into the forefront of public discourse (Lalander & Grdin, 1984; Möller, 2017), the Energy PBA’s focus on safety predates this event. As early as 1977, the Energy PBA collaborated with other nuclear power firms, in ordinance with the newly passed legislation stipulating waste storage agreements prior to reactor operation (Lalander & Grdin, 1984, pp. 78–79). Post-referendum safety work continued through the Nuclear Safety Council (Rådet för

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Kärnkraftsäkerhet). Eventually leading to the establishment of a dedicated reactor safety division within the Energy PBA in 1981. The Chernobyl accident reignited discussions on nuclear safety. Board members were briefed on the difference between Soviet and Swedish nuclear power plants, the PBA’s response measures and discussions centered on the accident’s implications for Swedish nuclear power. Notably, while the Energy PBA almost certainly valued nuclear safety efforts on its own merits, the leadership group likely recognised that stringent safety measures could mediate concerns surrounding nuclear power.

As such, the attentional engagement of Energy PBA leadership prioritised public relations and scandal avoidance. Upon presentation of the Solar energy project’s results in 1986 the chairman stated that it was “[…] very well-executed project, which has granted the Energy PBA a lot of goodwill with the environmental movement and within the industry.” Similar goodwill initiatives involved working with northern Swedish municipalities to safeguard employment as hydro power construction was winding down. Plans for a subsidiary exploiting limestone in the Jokkmokk municipality was considered but later abandoned due to profitability concerns. An example of scandal avoidance includes a Forest PBA housing scandal which prompted management to provide the board with an orientation over the Energy PBA’s subsidiaries in May of 1983. A lack of knowledge regarding subsidiaries activities was at the heart of the motivation for the government to launch the VLK (SOU 1985:41, pp. 32–33). Thus, this measure served as both a preventative effort against scandal and an acknowledgement of the board’s responsibility to understand the PBA’s operations and subsidiaries. As such, while the Energy PBA board was constrained, steps were taken to mitigate this by prioritising ‘goodwill’ technical projects and avoiding scandals. Though notably, these efforts were still in line with the post-referendum guidelines, and crucially, market-orientation efforts were not prioritised.

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Attentional Perspective: Reorganisation, market-orientation and VLK

A potential answer as to why the board was passive regarding its constraints lies in the VLK interview with director general Jonas Norrby. When the Energy PBA board was discussed, Norrby argued that, while the PBA had a good board, it was almost entirely changed in 1978. Since then, a lot of the board’s work had consisted of informing new board members about the Energy PBAs organisation and activities. Despite having political, business, academic and union experience on the board, the attentional perspective of the board in the early the 1980s was entrenched. Focus was mostly on technical issues related to day-to-day operations or projects relating to the decommissioning of nuclear power. As such, the director general position was one of the few remaining feasible avenues through which market-orientation efforts could be pushed.

As director general, Norrby was a channel of information between board, management, and the government. Thus, there was certainly both incentive and possibility to push for reforms. Norrby could have made the same argument his successor made, namely that market-orientation was a necessary consequence of nuclear power decommissioning. While it is possible that Norrby believed this, the actions in the board minutes indicate that this was not his priority. Why Norrby seemingly had this preference is hard to know, it might be that his education and professional experience as a long-time engineer in the Energy PBA (Vem är det, 1984, p. 831) made it natural for him to allocate focus towards the technical rather than the political. It is also possible that Norrby thought that market-orientation would occur anyway, and thus saw no need to actively push for it. Further, the experience of his predecessor, Erik Grafström, who was brought in to reform the Energy PBA and ultimately failed to get the government to corporatise it in the 1960s (Statens Vattenfallsverk, 1967), may have soured him on attempts to push for reforms.

The evidence from the board minutes and VLK interview suggests that, in general, Norrby preferred cooperation and compromise over conflict. For instance, in the VLK interview Norrby describes several cooperative projects that the Energy PBA have engaged in and concludes that the SOC form is most suitable form for cooperation. Beyond the aforementioned ‘goodwill

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projects,’ the decision to participate in a cooperative energy industry organisation in 1981 also supports this notion.\textsuperscript{18} While this could have been reflective of necessary ownership structures in the energy industry, it is nevertheless clear that cooperation was generally preferred. Regardless, market-orientation reforms in the Energy PBA seemed to be imposed top-down from the government rather than actively pushed for by the Energy PBA leadership group.

An instance of this occurred in 1981. The government told The Energy PBA to carry out a review of their organisation. The Energy PBA hired the consultancy firm McKinsey & Company to carry out the review and a report was presented and accepted by the board in December of 1981.\textsuperscript{19} The insights of the report were also accepted by personnel representatives after MBL-negotiations. Norrby was tasked with writing a final proposal to the government based on the insights of the McKinsey-report. The Energy PBA suggestion to the government entailed a new main organisation, increased responsibilities over results, more delegation to subsidiaries, the ability to adjust their internal organisation without acceptance from parliament (Berg, 1999, pp. 82–83). According to Berg (1999, p. 83), the Energy PBA motivated the suggestions with reference to the ongoing overhaul of the energy policy. After acceptance in parliament in June of 1982 the reorganisation took place.\textsuperscript{20} However, in that proposal the government, rather than the Energy PBA, had the final say on organisational changes. Further, the government was also granted the right to decide on acquisitions and creations of SOCs, a right which had belonged to parliament previously.

It is important to note that, while the Energy PBA favoured the proposal, its origin stems from the government-tasked review. It is also significant that the Energy PBA hired an outside consulting firm to do the review. Arguably, there was a need to get away from the entrenched attentional perspective. The hiring and subsequent changes that followed from the McKinsey report provided a way to do that within the confines of what the government asked the PBA to do. As such it was not a proactive action on the part of the Energy PBA leadership group.

The VLK was brought up several times to the board throughout 1983-1984, including a discussion on possible options in 1984.\textsuperscript{21} In January of 1985, during another VLK discussion, the board was informed that the VLK requested feedback on its internal report, based on questionnaires and interviews with the leadership of the PBAs from the previous year. As such, the interviews with the VLK director general Norrby could provide a hint regarding the position.

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the Energy PBA took regarding the VLK. Norrby’s answers in the interview suggests that he felt that the current regulations were fine and the relationship with the Ministry of Industry was good. Norrby especially highlighted the Energy PBA economic department’s close connections to that ministry. While, in some cases, Norrby said, the regulations hindered the Energy PBA from acting fast enough, overall market-orientation was seemingly not a priority.

In 1985, the Energy PBA welcomed their new director general Carl-Erik Nyquist. Nyquist had a background as Director and Vice CEO of municipal energy companies in Stockholm and Skellefteå and described his philosophy for management thusly (Vattenfall, 2015c):

Yes, it is that we are all pulling in the same direction in the company and that each of us feels a personal responsibility for the business and if I am going to try to set a goal for how we should work together, it is openness, business acumen and a proper goal orientation for the business. And that you can get those thoughts to settle deeply into the company […]

Shortly following his appointment, Nyquist informed the board that reorganisation discussions were underway within the Energy PBA. The board was informed again about the ongoing organisational overview in November of 1985 while also deciding on a statement regarding the VLK’s (SOU 1985:41) report. In the referral (Ds C 1986:7, p. 24) to the report, The Energy PBA leadership group linked the implementation of market-orientation efforts with nuclear power decommissioning. They argued that the financial strain the Energy PBA was going to be put under as a result meant that the ability to transfer funds from subsidiaries to the PBA was needed. This is interesting because it seems to indicate a shift in attentional perspective. Since the director general position is a political appointment, the timing, and choice of CE Nyquist, suggests a possible desire from the government to appoint a new director general that was more suitable to transform the Energy PBA to act more like a company.

The organisational overview resulted in a reorganisation proposal which was brought to the board in January of 1986, and accepted by both personnel representatives and the board. The proposal meant that the Energy PBA board would get the responsibility for organisational changes, the ability to appoint all personnel under the director general and the ability to delegate decision-making rights internally. The proposal was brought to the government and the new

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22 Interview note: Minnesanteckningar från samtal 1984-02-09 mellan generaldirektör Jonas V Norrby och representanter från sekretariatet för verksledningskommittén (C 1983:04), Vol. 8, Verklödningskommittén, RM
23 Interview note: Minnesanteckningar från samtal 1984-02-09 mellan generaldirektör Jonas V Norrby och representanter från sekretariatet för verksledningskommittén (C 1983:04), Vol. 8, Verklödningskommittén, RM
organisation was said to take effect in September. The board was also informed about an additional proposal, stemming from the VLK, to which the Energy PBA had to leave suggestions for goals and strategy in terms of returns on investments, prices, efficiency, service goals and long-term orientation of the authority. The changes were discussed in a TV-interview with both director general Nyquist and chairman of the board Börje Andersson, where Andersson said the following (Vattenfall, 2015b):

We shall create […] an energy service company which will play a very important role in the future of a very different Sweden energy wise. […] We can hardly count on any technological breakthrough which noticeably changes the circumstances in manageable time. We must develop alternatives. We know with the current public opinion regarding [nuclear power], […], is not going to lessen in fact it is going to increase, we know that we won’t get to touch the current untouched rivers in Norrland, but we must manage our main responsibilities […] to provide this nation with enough and sufficiently cheap energy.

Remarkably, this statement once again clearly links market-orientation with the decommissioning of nuclear power. Effectively arguing that because of the public opposition to nuclear power and limited scope of further hydro power expansion, market-orientation efforts were essentially a requirement if the Energy PBA still were to provide the public with affordable energy. It is easy to link the change in director general to an overall shift in attentional perspective. However, it is evident that CE Nyquist was brought in during on-going market-orientation reforms, partly stemming from the VLK. As such, Nyquist was significant in practically implementing the reforms but did not push the reforms.

The Postal PBA in the 1980s

The Postal PBAs leadership group engaged with market-orientation in distinct stages. Initially, efforts were made to rationalise because of financial problems, while multiple projects were underway, aimed at introducing ‘business orientation’ in the Postal PBA. With the appointment of previous Social democratic MP, minister of education and culture and new director general Bertil Zachrisson, the efforts resulted in a new, more business-oriented organisation adopted in 1984. As Löfström (2003, p. 209) writes, “they began to ‘talk business’ and refer to the customer as ‘king’”. Concurrently to the adoption of this new organisation, the “post-stat” group, a working group consisting of representatives from the Postal PBA and several relevant

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30 This is what Andersson is referring to when stating “the current public opinion regarding the environment”.

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ministries, suggested service goals and three-year plans as governance tools for the Postal PBA. This resulted in less detailed governance. The Postal PBA board later prioritised focusing on the VLK and adjusting to the new changes adopted in 1984 while also maintaining its cooperation with the PK-bank. The post-stat and VLK-work eventually resulted in the implementation of the corporate group concept in 1986. Consequently, the market-orientation of the Postal PBA was the result of a top-down political process, encouraged by and carried out through representatives of the government.

Attentional engagement: the “New Postal Organisation”
In 1980, because of inflation and salary increases, the Postal PBA had to implement a savings plan. In consensus with unions, the plan mainly consisted of service fee increases and a hiring stoppage. The saving plan illustrates that the Postal PBA board needed to prioritise future avenues for profitability. Consequently, two separate projects were underway. One aimed at regional decentralisation (Löfström, 2003, p. 69) and another project, where the Postal PBA hired the consulting firm Indevo to propose “business areas” which the Postal PBA could focus on. This was eventually combined into a large reorganisation project called “The New Postal organisation” (Postens Nya Organisation).

While the projects were started under director general Ove Rainer, who subsequently left for a post as minister of justice in 1982, the efforts picked up significantly with the appointment new director general Beril Zachrisson in January of 1983. Based on his previous experience, Zachrisson was an experienced political operative with the capability to bring new ideas to the Postal PBA. According to Löfström (Löfström, 2003, p. 69), he was also a “a great visionary and saw where the wind was starting to blow”. As such, his appointment could be seen as an expressed desire from the government to facilitate market-orientation reforms. In fact, in his first board meeting in February of 1983, Zachrisson presented an analysis of the Postal PBAs current economic standing and notably stated that the Postal PBA needed to make investments, preferably using their own profits. The subsequent market-orientation efforts can be understood as a way of ensuring that the Postal PBA could make those necessary investments.

The Indevo-study, and the subsequent project, was initially presented to the board in March of 1983. Crucially, Indevo suggested that The Postal PBA should emphasise business

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orientation and deemphasise their role as a government agency.\textsuperscript{35} Zachrisson stated that the conditions for the decentralisation project had changed because of the insights from the Indevo-project.\textsuperscript{36} In August, a proposal, based on the suggestions of Indevo, was accepted by the board. However, three of seven board members abstained. One stated that he had not been given enough time to familiarise himself with the proposal, while two others stated that they abstained because the proposal had not been privy to MBL-negotiations.\textsuperscript{37} In December, the proposal was accepted by the government, and its changes went into effect in 1984.\textsuperscript{38} As part of this implementation of the new organisation, a “development and information program” would start with the purpose of “spreading the new [business orientation] ideas throughout all of the Postal PBA[…]”.

Further attentional engagement: Post-stat group and the three-year plans

Another major priority of the board during 1984, other than the adoption of the new postal organisation, was following the work of the “post-stat-group” (post-stat-gruppen). During the spring of 1984, the group, which consisted of representatives from the Postal PBA, the Ministry of Communication, the Ministry of Finance, the Ministry of Public Administration, and the National Audit Authority, discussed questions regarding the government’s governance of the Postal PBA.\textsuperscript{40}

The main starting point of the group was that the proposed governance system would consist of “service goals.” When presenting the work of the group, management said that the service goals which had been discussed consisted of goals regarding quality of service, availability, and speed of delivery.\textsuperscript{41} Importantly, if service goals were decided on as the way forward, the Postal PBA would have “full freedom” regarding investments and increased freedom regarding the setting of prices. Zachrisson stated that the previous detailed governance had resulted in a slow decision process which negatively impacted the Postal PBAs ability to do business. Consequently, the changes to the governance of the Postal PBA were necessary, according to Zachrisson.\textsuperscript{42}

\begin{thebibliography}{99}

\bibitem{39} BM: Postverkets Styrelse Protokoll 1984-04-03 1984:3, Vol. 1, A1A, PKU, RA
\bibitem{41} BM: Postverkets Styrelse Protokoll 1984-04-03 1984:3, Vol. 1, A1A, PKU, RA
\bibitem{42} BM: Postverkets Styrelse Protokoll 1984-04-03 1984:3, Vol. 1, A1A, PKU, RA
\end{thebibliography}
In May of 1984, the Postal PBA board was informed that the post-stat group had reached unity with the Postal PBA regarding governance changes. The proposal resulted in a “three-year plan”, which included service goals for the main business areas, freedom to decide on and finance investment through loans on the open capital market, and a stricter return on investment demand from the government. As pointed out by Zachrisson, governance based on objectives or goals was under investigation by the VLK, but separating the Postal PBA from the state budget, as the three-year plan would result in, could be done without awaiting the results of the VLK. This illustrates that ongoing market-orientation efforts were informed by the work of the VLK. Zachrisson also held that the post-stat group should continue, specifically focusing on how the board and leadership of the Postal PBA would function in a “more business oriented postal organisation.”

In August of 1984, the three-year plan governance was implemented. Consequently, the Postal PBA sent a proposal to the government consisting of goals for service, profitability, and productivity, in addition to changes regarding investments and price setting, among others. The purpose of these changes was to “give the Postal PBA increased discretion within the three-year plan framework.” The proposed three-year plan linked the adoption of these changes with the ongoing reorganisation and states that entails a “strong business-and market-orientation” of the Postal PBA.

In January of 1985, management informed the board that the first three-year plan had largely been accepted by the government. Importantly, the ability to take out loans on the open credit market had not been accepted. An ability which would have been desirable for the Postal PBA as those loans could have been used to finance investments. Especially since one of the Postal PBAs main business areas, (letters and packages), now saw a large increase in volumes. This increase, according to Zachrisson, was a consequence of the great sales and service efforts from Postal PBA staff, following the adoption of the ‘new ideas’ of business orientation. Leadership would ultimately have to contend with not getting all their desired reforms through their three-

46 BM: Postverkets Styrelse Protokoll 1984-08-23 1984/5, Vol. 1, A1A, PKU, RA
47 BM: Postverkets Styrelse Protokoll 1984-08-23 1984/5, Vol. 1, A1A, PKU, RA
year plans. Through the rest of the 1980s, the board suggested a new three-year plan to the government every year after negotiations with unions.

The leadership group often needed to compromise was thus unable to fully carry out the desired market-orientation efforts. An example of this occurred in November of 1985, when an internal Postal PBA inquiry suggested that the Postal PBA division responsible for combined passenger and postal transport through rural bus lines (Postens Diligenstrafik) ought to be corporatised. The personnel and local union in Umeå objected to the idea, stating that they had nearly 100% (389) of personnel behind them, favouring continued work in the PBA form. Further, any rationalisation efforts had to be done within the PBA form. Consequently, the board compromised and decided to keep the division in that form, for the foreseeable future, even though some members suggested selling the division completely. This issue illustrates the difficulties with implementing market-orientation through deliberation and compromise. The efforts of the leadership group to reform the roughly 50 000 employee PBA could be stifled by a single local union organisation with as little as 389 members of personnel. Consequently, the market-orientation efforts were gradual, through three-year plans and other deliberative policy-processes such as the VLK. Importantly, a statement made by Zachrisson in the VLK interview points to hired consultants as proponents of corporatisation of Postal PBA divisions. As such, it is possible that they were brought in by leadership to legitimise the idea of corporatising internal divisions, or that consultants introduced that idea to leadership.

The introduction of three-year plans in the Postal PBA is significant because, while not unique to the Postal PBA around this time, it illustrates the closeness with which the Postal PBA leadership worked with the government to facilitate market-orientation. The appointment of Bertil Zachrisson, the reorganisation efforts and the work of the post-stat group all speaks to an amicable but ultimately top-down effort from the government to see the Postal PBA become more market and business oriented. As mentioned, leadership, and Zachrisson specifically, seemed attentive to the work of the VLK, which is not surprising since the ministry who appointed the VLK (the Ministry of Public Administration) was also part of the post-stat group.

54 Interview Note: Samtal med Bertil Zachrisson 1984-02-20, p.1, Vol. 8, Verkledningskommittén, RM
55 For instance, the Tele PBA also gets the same three-year plan governance in 1984.
Results from attentional engagement: The VLK

As mentioned previously, the leadership group was keenly aware of the VLK’s work, Zachrisson had stated that governance by objectives and goals was being investigated by the VLK when the board discussed the introduction of service goals in 1984.\(^56\) In the notes from Zachrisson’s VLK interview, several interesting themes are brought up. First, Zachrisson echoed what he had said in board meetings, namely that the current system of governance was too detail oriented, and that, the Postal PBA should be governed like any owner governs a company, through goals and economic demands.\(^57\) Second, Zachrisson mounted substantial criticism of the current role and structure of the board, and stated that when appointed, per his request, the composition of the board changed.\(^58\) Zachrisson seemingly had the intention of pushing from more representatives with business experience to the board, but that this did not happen. Zachrisson also iterated that the board did not have the leading role that it should have and that he wanted, “a company board”.\(^59\) Finally, he criticised actual board members, stating that while some (those with union or business experience) were usually prepared, those with other experience usually were not.\(^60\) Further stating that, to solve the lack of knowledge regarding business and economic competence, both within the Postal PBA but also within the government, a “customer council” had been adopted within the Postal PBA. This council consisted of representatives from large and small businesses in addition to the Consumer Protection Agency (Konsumentverket).\(^61\) Zachrisson remarked: “There is the competence that should have been on the board.”\(^62\) Zachrisson most likely felt comfortable making such comments since inquiry material, while available to the public through the state archives, tends to go unscrutinised by the public.

As such, it seems evident that Zachrisson did not have much faith in neither his board nor his management to carry out market-orientation efforts singlehandedly. This, coupled with his experience as a MP might explain why Zachrisson seemed to prefer a more deliberative approach, seeking consensus between relevant actors. Consequently, while there were some disagreements between what leadership favoured and the recommendations of the VLK, in large part, the Postal PBA welcomed the effort. This is not surprising as the Postal PBA were


\(^{57}\) Interview Note: Samtal med Bertil Zachrisson 1984-02-20, p.2, Vol. 8, Verkledningskommittén, RM

\(^{58}\) Interview Note: Samtal med Bertil Zachrisson 1984-02-20, p.4, Vol. 8, Verkledningskommittén, RM

\(^{59}\) Interview Note: Samtal med Bertil Zachrisson 1984-02-20, p.4, Vol. 8, Verkledningskommittén, RM

\(^{60}\) Interview Note: Samtal med Bertil Zachrisson 1984-02-20, p.5, Vol. 8, Verkledningskommittén, RM

\(^{61}\) Interview Note: Samtal med Bertil Zachrisson 1984-02-20, p.3, Vol. 8, Verkledningskommittén, RM

\(^{62}\) Interview Note: Samtal med Bertil Zachrisson 1984-02-20, p.3, Vol. 8, Verkledningskommittén, RM
active in both the VLK and adjacent legislative efforts. There is no mistaking what the leadership group wanted, as evidenced by, Zachrisson’s final introductory remarks in their VLK-referral: “We want the Postal PBA to be given the opportunity to continue to develop as a profitable service company. That happens best, in our opinion, if the Post office is regulated and run like a company.”

The Postal PBA implemented the corporate group concept in 1986, after the VLK report. As such, market-orientation efforts always occurred through established governance channels. For instance, in August of 1986, the Postal PBA used their 1988–1990 three-year plan to suggest that their monopoly status ought to be changed. Essentially, Zachrisson argued that the monopoly no longer guaranteed that nationwide mail delivery would be maintained. Instead, the ability to adapt to customer and market demands would be crucial in the future. The board accepted the suggestions, however, two members disagreed. They motivated their opposition with reference to the opinion of unions, expressed during negotiations. The board compromised and sent the government the minutes from these negotiations as an addendum to the three-year plan itself. This once again illustrates that leadership preferred a transparent and deliberative policy approach. However, the monopoly was not abolished until 1993 (Berg 1999). Thus, the example also illustrates a major drawback. The deliberative approach was slow and risked getting bogged down in negotiations only to ultimately get rejected anyway.

Attentional perspective: The Postal PBA connection to the PK-bank

While negotiations occupied most of the Postal PBA’s attentional engagement regarding market-orientation during the 1980s, leadership also had to negotiate operating agreements with the PK-bank. This to maintain one of its major business areas: payment services. This widened the attentional perspective of leadership since if the connection was severed, a major direct source of attentional engagement with business and financial interests was lost. However, the deal also had to be advantageous for the PBA, as to not endanger investments in other areas.

The connection between the Postal PBA and the PK-bank can be traced to 1912 when the then Postal savings bank (PSB, Postsparbanken) was separated from the PBA for the first time. In 1920 the two were reunited again. (Waara, 1980). As such, the PSB was an internal PBA division and operated mostly small-scale saving and payment services like checking accounts.

In the 1960s, the PSB was separated and merged with another state-owned bank called the Credit bank (Kreditbanken), forming the PK-bank as a means to negate market concertation in the banking sector, to the dismay of the Postal PBA management. Following negotiations, then director general Nils Hörjel resigned (Jogevall, 1994), which resulted in the appointment of Ove Rainer, who facilitated a number of organisational changes within the Postal PBA following the separation (Jonsson, 1989). However, the Postal PBA maintained the important payment service, ‘Postgirot’, and crucially, the local post offices where transactions could be made (Jogevall, 1994). Thus, the Postal PBA and the PK-bank negotiated recurring operating agreements to allow the PK-bank to use post offices for banking transactions, akin to what is possible at any local banking office.

For the Postal PBA, this meant that there was a connection to the banking sector, providing a different business and finance-based attentional perspective rather than the traditionally bureaucratic and law-centred attentional perspective which was common in the Postal PBA. What Jonsson (1989, p. 10) calls the “conservatism” of employees. This conservatism stemmed from both the bureaucratic nature of Postal PBAs activities, such as the monopolised mail delivery, and the traditional board composition of mostly lawyers (see table 4 in appendix). However, while the PK-bank was state-owned, it operated mostly as any other bank. Crucially, it had personnel from the banking sector which not only negotiated with the Postal PBA but sat on the board, as pointed out by Zachrisson in his VLK interview. Thus, PK-bank representatives could widen the attentional perspective of leadership by necessitating attentional engagement with the banking and financial sector.

An illustrative example of this occurred in 1981, when the private savings banks decided to create their own payment transaction service. This resulted in the end of the previous de facto PK-bank monopoly on automatic payment (giro) for personal accounts, as argued by CEO of the PK-bank and Postal PBA board member Bertil Danielsson. Danielsson added that the PK-bank and the Postal PBA would both be affected negatively by the increased competition. Thus, the current operating agreement had to be negotiated. Director general Rainer ultimately argued that cooperation between the Postal PBA and the savings banks would be the most beneficial for both the Postal PBA and the PK-bank. However, the final decision would result in renegotiation of the operating agreement regarding personal accounts. In December, the

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66 Interview Note: Samtal med Bertil Zachrisson 1984-02-20, p.2, Vol. 8, Verkledningskommittén, RM
board would also decide to pursue cooperation with the savings banks, a decision which PK-bank CEO Danielsson did not take part in. As such, the connection between the PK-bank and the Postal PBA meant that leadership had to address adjacent issues, which kept the attentional perspective from becoming completely entrenched.

The Tele PBA in 1980s

The priorities of the Tele PBA board were a stark contrast to the other PBA boards. Since the start of the period surveyed, the Tele board had a clear priority in reorienting the PBA. Tele PBA leadership, with director general Tony Hagström as the central player, pursued active efforts to push for legislation which made the Tele PBA more competitive, continued and expanded the long-term cooperation with the Telephone company Ericsson, expanded into new markets through either acquisitions or technological projects and in the process of doing so caused friction between the Tele PBA and other actors. The adoption of such a forward-looking attentional perspective seems, in large part, to stem from the belief that rapid technological change in the telecom sector made monopolies irrelevant. Crucially, Tele PBA management, and Hagström, were able convince the board to transform the Tele PBA into a competitive market actor.

Attentional Perspective: Creation of Teleinvest and market-orientation efforts

The creation of the Teleinvest was the most essential market-orientation effort the Tele PBA management pushed for in the early 1980s. It illustrates that the Tele PBA leadership group had already started to act as a corporate board way before the official introduction of the concept within the PBAs. Further, the decision made following the creation of Teleinvest illustrates that Tele PBA’s leadership thought of the Tele PBA as a company, and not a PBA. In the VLK-interview, Hagström states that before 1981 there were only two subsidiaries but after the creation of Teleinvest in 1981, the Tele PBA had seen a massive expansion. The expansion of subsidiaries was central for entrance in new markets, both domestically and abroad. This since, as a subsidiary SOC, Teleinvest did not have the same rules and regulations regarding government approval nor the same need for transparency. This might explain why the Tele PBA had pushed for Teleinvest and other market-oriented changes as far back as 1979. By October of 1980, there was a concrete legislative proposal on the table, the purpose of which was to

71 Interview note: Samtal med Tony Hagström, 1984-02-17, Vol. 8, Verkledningskommittén, RM
“increase the Tele PBA’s financial autonomy and to achieve better market-orientation” of the Tele PBA. 73

In January of 1981, the Tele PBA board decided on a proposal74 for a board structure for Teleinvest and its soon-to-be subsidiaries, including those co-owned with other actors, such as the phone company LM Ericsson, which the Tele PBA had cooperated with through the technical development company Elmetel Utveckling AB since the 1970s (Lernevall & Åkesson, 1997, pp. 775–776). In March, the board was informed that the government had accepted the creation of the board of Teleinvest, with a change that one of its members and a deputy members would be appointed by the government.75 In the same board meeting, the board was also informed on the recommendation of the Teleinvest board to purchase the Norwegian air traffic system and costal radio systems company Neiron A/S.76 The company was described as a great investment opportunity, given that it was an export company, strong in terms of market opportunities and products, could be acquired for a nominally low price and was an interesting cooperation partner for other Teleinvest subsidiaries. The board made no objections to the proposal.77 This board meeting is significant because it illustrates the change which occurred within the Tele PBA with the creation of Teleinvest. Essentially, it granted the Tele PBA autonomy to pursue the purchase and creation of new subsidiaries and further opportunities for co-ownership. Consequently, throughout the 1980s, the Tele PBA expanded into new markets, beyond the segments where they retained a monopoly, offering several different products and services. Examples include the novel mobile phone sector, office terminals and fax machines, pagers, end-user information systems, network services, and satellite communications.78 All of this as part of the market-orientation effort and a search for profitability. Although, as highlighted by Friedl and Lakomaa (2022), even untenable, but politically popular projects could be advantageous to be used as bargaining chips in market-orientation negotiations.

Attentional Engagement: Tensions between the Tele PBA, business, and unions

These market-orientation efforts led to tensions with private business, business associations and unions. Mediating tensions to avoid a backlash to market-orientation was a major priority of

Tele PBA director general Hagström and the Tele PBA board. However, corporatisation of the internal Tele PBA Industrial division (Teli), responsible for manufacturing telephones and similar equipment, proved very contentious, and needed to be mediated through MBL-negotiations. Through such negotiations, a competing attentional perspective challenged the dominant market-orientation perspective of the Tele PBA board. Ultimately, negotiations could not avoid a strike. Yet, as will be illustrated below, corporatisation of Teli still occurred, after delays and against the will of unions.

Initial reactions to the market-orientation of the Tele PBA came from the business sector. The Suppliers Association for Office and Computer Equipment, (Leverantörsföreningen Kontors- och Datautrustning, LKD), reported the Tele PBA to the authority responsible for competition and business (Näringsombudsmannen, NO) following the introduction of the services “Telefax” and “Teletex”. The former being a fax machine service and the latter being a service which allowed users to send text and data between terminals, both utilising the telephone network (Thorngren, 1984). The Tele PBA did not have a monopoly on such appliances and services. However, it did have a de jure monopoly on what units could connect to the telephone network. Consequently, the Tele PBA could arguably abuse its monopoly and threaten competition by only allowing Tele PBA-produced terminals and fax machines to connect to the network. Ultimately, NO decided in February of 1981 that no such abuse of the monopoly had occurred, and no further actions would be taken on this issue. However, perhaps to mediate these concerns, the Tele PBA changed their previous policy and allowed private, (non-Tele PBA) user equipment to connect to the telephone network in October of 1980. However, only if the equipment was deemed, by the Tele PBA, to be of comparable technical standard. As such, the opportunity to abuse the monopoly still remained. The government later created a specific public committee to which rejections could be appealed. This arguably redirected public criticism away from the Tele PBA since it was no longer the final instance where these kinds of issues were tried.

The Tele PBAs market-orientation also created tension with private companies. One of the most famous examples of this, is the issues between the Tele PBA and its mobile phone competitor Comvik (initially called Företagstelefon). In 1980, the Tele PBA rejected Comvik’s application for connection to the automatic telephone switch network and instead mandated that

they use manual switch network, in effect, making it harder for Comvik to compete. In 1981, the Tele PBA was planning to launch its own mobile Telephone service called NMT (Nordic Mobile Telephone) in competition with Comvik. Comvik filed a complaint to the government the NMT-launch and over the course of the 1980s, Comvik and the Tele PBA sparred over a number of issues regarding mobile telephony, where the smaller Comvik won by portraying itself as “David” against the “Goliath” of the Tele PBA (K. Eriksson et al., 2024). In effect, always criticising the Tele PBA for supposed misuse of the monopoly.

However, market-orientation efforts ultimately caused the most tension with unions. Among these, the tensions generated by the corporatisation of Teli stands out. Through the same 1980 legislative proposal which formed Teleinvest, the government decided, based on the suggestion from the Tele PBA leadership group, that Teli would be corporatised and transferred to Teleinvest. Following MBL-negotiations and the acceptance of the government’s 1982 budget proposition, the official timeline for corporatisation was set to July 1st, 1983. However, in October of 1982, the Tele PBA board was informed that the newly elected social democratic government now questioned the appropriateness of corporatising Teli by the established date. The Tele PBA board approved a special statement to the government arguing that failure to corporatis Teli hindered its ability to survive in a future more competitive environment. Consequently, if Teli was not corporatised, the Tele PBA risked having to shut down “one or more” factories, the Tele PBA board argued.

Following the new governments hesitation, the future competitive standing of Teli was further investigated. When the insights of the internal inquiry were discussed in 1983, a non-unified board decided in favour of Tele PBA management’s suggestion to corporatis Teli in July of 1984. Dissenting board member and personnel representative Nils A Persson said that Teli corporatisation proposal built on faulty premises and that, investigation had completely locked itself to the idea that Teli could only grow if it was corporatised, which Persson disagreed.

with. Board member Birger Rosqvist stated, with agreement from the other board members, that it was important to the greatest extent possible ensure employment security for employees even if Teli was corporatised. Chairman and director general Hagström insisted that the following statement be added to the board minute:

In my opinion, all available measures must be taken to make Teli competitive in the face of a new market situation. In its reservation to the MBL negotiation, [the Union] believes that Teli should continue as it has until now without proposing any concrete solutions to eliminate Teli’s PBA form handicap. For Teli, such a powerless policy means [bankruptcy]. Today, Swedish industry lives under severe competitive pressure. There is great political agreement on the need to safeguard industrial employment. Teli is one of Sweden’s largest electronics companies. The course of action advocated in [the Union]’s reservation leads, in my opinion, to a high probability that Teli will be shut down before 1995.

The harsh language, the vailed threats and the critique of the unions makes this statement significant in how uncommon it is. The statement made by Nils Persson is also uncommonly antagonistic, essentially doubting the intentions and abilities of the Tele PBA management. Consequently, while it is potentially problematic to infer anger, tension, and frustration in these kinds of written texts, the statements, and the context in which these are made indicates clear discord between the Tele PBA management and personal representatives.

The discord seemed to continue June 15th, 1983, when the board discussed a rationalisation plan for Teli. The plan came as a result of previous negotiations regarding the transfer of laid of personnel from Teli to other parts of the Tele PBA. Teli now needed to lower cost by 15% by the July 1984 deadline. The plan included a stoppage of new hires and reduction of employees by 550 persons. However, management insisted that, there would generous re-education opportunities, although negotiations had to be undertaken to facilitate a system of rules regarding forced relocation to other residential areas, as the current situation did not allow such relocation efforts to be voluntary. The plan was accepted by the board as an overall target for future negotiations. Nils Person once again expressed disagreement, stating that the unions

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93 Note: Hagström refers to a specific example of a Swedish firm that went bankrupt in the 1970s.
and the management for Teli had reached an agreement that there would need to be a reduction of personnel, totalling only 110 until July of 1984. Consequently, the union could not accept that the previously agreed upon number had been rescinded. 99

Ultimately the deadline was pushed back again and by October of 1985, director general Hagström informed the board that the Tele PBA had once again written to the government regarding the corporatisation of Teli 100 and, through the government’s 1986 budget proposition a final decision, rather than a timeline, had been made in May of 1986. Teli would be corporatised on the 1st of January 1987 (Berg, 1999, p. 111). The Union did not accept this and in November of 1986, Hagström informed the board that the 3600 employees of Teli had gone on strike. 101 Tele PBA management negotiated with the union regarding the Teli-strike, while simultaneously informing the board about opportunities for a sales company in the US in December 1986. 102 By June of 1987, the Tele PBA board had accepted the SOC structure for Teli, though the strike was ongoing. 103 However, despite unions efforts, Teli was corporatised.

By 1988, Teli was operating at a substantial loss 104 and in November, the Tele PBA board discussed the measures proposed by Teli’s management for addressing the problems. 105 A main solution was a distinct change of strategy away from the production of telephones and toward more “advanced systems solutions” which could compete internationally. 106 In practice this meant closing the telephone production plants in Sundsvall. The Tele PBA board decided on MBL-negotiations, where just as with previous rationalisations, the effects of the closures were mediated by employment opportunities in other areas of the Tele PBA. However, the Tele PBA management held that it was most likely not possible to offer all previous Teli personnel such opportunities. 107 Board members and union representatives Rolf Benn and Gunnar Lennartson abstained. Perhaps reflecting the contentious issue, Hagström noted that information from the materials which was discussed at the board meeting had leaked to unauthorised people. He noted that he hoped that this was a “one-time occurrence in a difficult situation,” once again

speaking to the contentiousness of rationalisation issues. Ultimately, Teli carried out the change of strategy and subsequently became more competitive in the international market.

A precursor for that new strategy was the repeal of the telephone monopoly (Berg, 1999, p. 99-101), which would incur disagreement between management and union and thus once again challenge the dominant attentional perspective of the Tele PBA leadership group. Board member and Union representative Rolf Benn said that a removal of the telephone monopoly would not strengthen the user’s position, risk lower quality appliances entering the market and threaten the Tele PBAs position as the “best in the world at telephones.” This position, Benn and the Union said, was because of “An undivided ownership, in the PBA form, for development, manufacturing, distribution, sales, installation and maintenance is also the best guarantee for offering customers phones at low prices with good reliability in the future, regardless of place of residence or ability to pay.” The decision was accepted and on in May of 1985 the telephone monopoly was abolished by parliament at the behest of the Tele PBA (Berg, 1999, pp. 99–100).

These three events are illustrative of what was pursued, in terms of market-orientation, in the Tele PBA board during 1980s. Director General Hagström and Tele PBA management actively pushed for market-orientation, both in terms of legislative reform but also through market action. The board was in general supportive of this, but personnel representatives and some board members were more hesitant. Although, there is evidence to suggest that the board was less informed that what is typical for a lay board. In 1984, newly appointed board member Inge Bruck wrote a letter to director general Hagström, asking for written documentation to be provided in preparation for board meetings in future rather than merely short oral descriptions for them to be able to do their job properly. This could hint toward a major information asymmetry between management and board, in effect making it easier for Hagström and Tele PBA management to push for market-orientation.

Nevertheless, initial tensions stemmed from business, as LKD and Comvik illustrates. As explained in the Tele PBAs referral to the VLK (Ds C 1986:7, p. 20), were they referenced “[…] the public debate over the last couple years regarding the relationship between competitive activities and the monopoly side within the Tele PBA.” Stating that the Tele PBA “[…] always risk allegations that monopolised activities is used to subsidise competitive

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activities.” The argument being that it was unfair to compete with a monopolist even if there was no monopoly in that specific market. However, as the Tele PBA monopolies (such as telephones) started to be abolished, the tension with business gradually subsided. However, tensions with unions and personnel representatives picked up. While the Tele PBA board had corporatised divisions of the Tele PBA without major conflict, like the home security division (Larmdivisionen), during the Teli controversy, Hagström and Tele PBA management outmanoeuvred unions and pushed through corporatisation, foregoing deliberative negotiation. Consequently, the board in the Tele PBA board became less of a deciding organ, and more of a battle ground for competing attentional perspectives. The intentions from director general Hagström and management were clear, technological change would make old monopolies irrelevant and to survive the Tele PBA had to become a service minded telecom company. While it is hard to know exactly how Tele PBA management came to hold this perspective, one possible explanation is the close cooperation with the private firm LM Ericsson, dating back to 1970 (Lernevall & Åkesson, 1997, pp. 775–776). Continued co-operation on technical projects through co-owned Ellemtel and transfer of managers with an Ericsson background to the Tele PBA would indicate this as, at least, part of the explanation for management, and thus the board’s convictions regarding market-orientation.

**Concluding Discussion**

In sum, the three PBA leadership groups all acted slightly differently to implement market-orientation in the 1980s. The Energy PBA leadership group was initially constrained and as a result passive. This stemmed from several issues, including a relatively new board, a director general who, based on previous experience, had other priorities than market-orientation and, most importantly the public scrutiny and political salience of the nuclear power issue. However, after the VLK, a newly government appointed director general was tasked with implementing market-orientation reforms, resulting in significant reforms in 1986 and 1988. In the Postal PBA, the initial efforts were explicitly called “business orientation”, promoted intensely by newly appointed director general Bertil Zachrisson. Following the implementation of these reforms in 1984, efforts continued through close work with relevant ministries, resulting in, among other reforms, the adoption of corporate group governance in 1986. The Tele PBA director general and management used a different approach and actively pushed for institutional

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changes for the purpose of expanding to adjacent markets, both domestic and international. As such, the Tele PBA launched new products and services in markets where they did not have a monopoly. This caused tensions and controversy, with the union but also among competitors. The mediation of such issues was a major priority of Tele PBA director general Tony Hagström while also continuously finding alternative ways, beyond the legislative process, to further market-orientation.

Two market-orientation strategies
To tie these results back to the research questions, the leadership of PBAs employed, what I conceptualise and denote as, two main strategies to implement market-orientation during the 1980s. The first, employed by the Energy and Postal PBA leadership groups, was a *deliberative institutional change strategy*, and consisted of employing existing modes of strategic interaction (the policy-process) to change the organisational and institutional environment through consensus seeking negotiations. The conceptualisation of this strategy builds upon research in political science which understands the Swedish political culture to traditionally have been informed by consensus and rationality (Möller, 2017, pp. 15–17). The other, employed by the Tele PBA leadership group, was an *entrepreneurial institutional change strategy* and consisted of actively employing existing modes of strategic interaction to forge novel paths for strategic interaction. The conceptualisation of this strategy builds upon the insights from institutional entrepreneurship (Battilana et al., 2009; Dimaggio, 1988), and in effect, means changing the organisational and institutional environment through entrepreneurial action.

The deliberative institutional change strategy often entailed being passive, in the sense that the PBA waited for the government to tell the PBA to carry out market-orientation efforts. However, this does not necessarily mean that the PBA was passive overall or negative to market-orientation, but it does mean that these efforts were undertaken in line with the customary Swedish policy process at the time and built on deliberation between different parties. This meant that to implement changes, the leadership groups had to find consensus and bridge potential differences between the management of the PBA, the government, and unions. Further, efforts often took a relatively longer amount of time to implement and were, in some instances, not as extensive as the leadership group had desired.

In contrast, the entrepreneurial institutional change strategy meant that while the Tele PBA used the legislative process, management, and director general pro-actively suggested institutional and organisational changes, such as in the Teleinvest case. They also pushed to
actively expand, either through technological projects, acquisition or through the formation of subsidiaries in sectors deemed interesting from a technological or business standpoint. Efforts were also made to market-orient existing areas of operations, which risked becoming uncompetitive in future. Consequently, the Tele PBA leadership saw itself as a company and in several ways tried to act like a corporate group before that concept had been formally introduced to the PBAs by the VLK. Thus, the strategy was entrepreneurial in the sense that it did not limit itself to the customary policy process. This strategy resulted in tension and controversy, both with the public, with employees and with unions. As such, while market-orientation through projects, subsidiaries and rationalisation continued, the resulting tension were mediated, either through negotiations (as in the Teli case) but also through other avenues such as the government (in the case of Comvik) or the Näringsombudsmannen (as in the LKD case).

For all three PBAs, connection to external players seemed to be a factor in each respective strategy. In the case of the Postal PBA and the Energy PBA, two consulting firms, Indevo and McKinsey were brought in to suggest organisational and strategic changes, very much in line with New Public Management (Hood, 1991, pp. 4–5), in the early 1980s. It is telling that external consulting firms were brought in. The government or the leadership of the PBA either did not trust management or thought that management lacked the necessary skillset to effectively implement reforms. Another possibility is that leadership employed outsider consultants as a negotiation tactic. When negotiating with unions, it could have been harder for management to suggest market-orientation changes on their own, but if an outsider suggest them then management could redirect potential anger or frustration making reaching a consensus easier. Other factors notwithstanding, the Teli case illustrates that without external consultants, tensions between management and personnel representatives were palpable.

While the Tele PBA did not use external consultants, they did have a clear connection to the private sector through their longstanding cooperation with LM Ericsson, both through cooperative ownership of the subsidiary Ellemtel but also through personnel and management transfers. This suggests that the Tele PBA had more business knowhow internally compared to the other PBAs. It should also be mentioned that director general Tony Hagström, had worked as deputy secretary (statssekreterare) for the social democrats, had a PhD in economics and his dissertation topic partly analysed large Swedish corporations (Hagström, 1968). It is thus possible that the kinds of insights which would have been provided by outside consultants already existed in the Tele PBA. As the decade progressed, it is also possible that the Tele PBA further integrated acquired firms into the organisation, resulting in more business knowhow across the organisation.
Why these strategies?
As briefly touched on above, the reasons behind the emergence of these strategies can most convincingly be explained through a combination of experience of specific persons and dynamics of the respective PBA sector. Experience played a specifically important role for the director generals, as highlighted above. The director generals had a central role, acting “attentional carriers” (Ocasio, 2011, p. 1293) as both chairman of the board, the representative to the government and head of management, the director generals can shape attention allocation in all three areas. As such the experience of the director general can inform not only the actions of the individual but the entire PBA. Several PBA director generals which have been a part of this thesis have been shown to have their actions at least partly informed by their experience.

Experience
As mentioned previously Tele PBA director general Hagström had a PhD in economics, but also worked for social democrats which indicates that he had both the knowledge and ability to purse a different strategy than the other PBA director generals.

Jonas Norrby was a long time Energy PBA engineer, which meant that he addressed the nuclear power issue as a ‘technical’ rather than political problem. He thus prioritised developing other energy sources rather than seizing on the opportunity to push for market-orientation reforms. Norrby’s connection with previous Energy PBA director general Erik Grafström could also have informed this strategy. The two worked together both when Grafström was director general and when Grafström continued as chairman of the Energy PBA board after his resignation as director general in 1970. In addition, Grafströms failed effort at getting the Energy PBA corporatised in the 1960s could have informed Norrby’s choice not to push for reforms. CE Nykvist’s background was in the energy sector, which meant that he was a suitable candidate, from the governments perspective, to effectively implement ongoing market-orientation reforms. However, he did not need to push for these reforms, only implement them.

Ove Rainer, with a background as a lawyer, navigated the post-split PK-bank negotiations and launched the initial reorganisation and decentralisation project within the Postal PBA, which was later merged with the insights from the Indevo report. Rainer also had connections to the social democrats, evident by Rainer leaving the director general position for a position as minister of Justice in 1982. Consequently, it is understandable why Rainer preferred the typical legislative process to implement change.

Bertil Zachrisson, MP, and previous chairman of the traffic committee was both familiar with the Postal PBA and seemed to have a mandate from the government to push for market-
orientation. Unlike, Norrby and Rainer, Zachrisson was very active in pushing for market-orientation both internally and in the deliberative legislative process. Apart from Hagström, Zachrisson is the director general, of the ones surveyed, who had the clearest personal role in pushing for and implementing market-reforms. As such, Zachrisson brought a clear attentional perspective in favour of market-orientation. He did this through merging the Indevo project with the other reorganisation project, pushed for more business-like governance through the post-stat group, and asked the government to change to composition of the board. However, it was ultimately within the confines of the established channels of influence. That is, through the policy process and through regular communication channels with the government. Zachrisson most likely preferred this strategy because of his experience with the policy process as a politician, but also because, as he expressed to the VLK, there was a lack of business and economic knowledge both on the board, in the government and within the Postal PBA. Consequently, it is entirely possible that he saw that lack of knowledge and chose a strategy more suitable given the competencies of the actors at hand. Thus, the strategy employed was deliberative, rather than entrepreneurial.

Sector dynamics
The other major factor which could explain why these strategies were chosen is the dynamic of the respective sector in which each PBA operated. It may be tempting to think that some PBA sectors were more ‘political’ than others and that this could explain why a certain strategy was preferred over another. However, it is not applicable here since all three sectors, telecommunications, postal services, and energy, are all inherently political. All three sectors had both de facto and/or de jure monopolies. The Tele PBA had a de facto monopoly on telephone lines and a de jure monopoly on who could connect to those telephone lines. The Postal PBA had a de jure monopoly on mail delivery. The Energy PBA had a de jure monopoly on the power grid. This, in addition to the fees for using such services, meant that these sectors were political.

That being said, as pointed out by Eriksson and colleagues (2019), technological change can disrupt the dynamics of a given sector. And in the case of the telecommunications sector in the 1980s, technology change was a large factor in enabling the kind of strategy employed by the Tele PBA director general and management. Since many novel technologies were emerging, (such as information technology, automated data processing and mobile telephony), it meant that there was opportunity to be more entrepreneurial in the first place. Yet, this opportunity might have been lost if the Tele PBA director general and management did not adjust their
attentional engagement and thus made the necessary decisions to seize on the opportunity. The decision to push for the creation of Teleinvest emerges as crucial. Without it, the necessary acquisitions and formations of subsidiaries risked getting halted. Either because of union resistance, political resistance or through resistance from other commercial actors. Notably, while the Postal PBA had a similar holding company, Postbolagen AB, it was initially a newspaper delivery company which would be transformed into a holding company in 1981 (Skr. 1981/82: 20, p. 182). It could have been employed the same way as Teleinvest was but was not, which could once again be explained by the lack of business knowhow in the Postal PBA. Essentially, management matters.

The main sector dynamics which affected the Postal PBA was that it engaged with two broad sectors, payment services (and thus loosely banking) and mail delivery. The fact that these sectors were relatively different and the fact that Postal PBA management, in line with their main mission, seemed to prioritise mail and package delivery meant that the influences of the financial services and banking industry was relatively limited on the Postal PBA. Though Zachrisson tried to include more of that experience, in addition to more general business experience on the board, it ultimately did not change the leadership group attentional perspective. Zachrisson also tried to get relevant input from the “customers council” which consisted of representatives from consumer groups and from the business community. However, this council was relied on more for input and advice rather than being a core part of the strategy. Consequently, the Postal PBA leadership group were more isolated from sector dynamics and thus did not factor in as much into the selection of their strategy.

The main industry dynamic which affected the Energy PBA was the fact that, while there was competition in energy production, there were large entry barriers to that sector. This in the form of large up-front investments which meant that the sector was either reliant on investments from the government or a consortium of different actors, (including municipal, government and private), which could provide stable and long-term investments. Consequently, the sector dynamics implored the Energy PBA to prefer cooperation over competition, which, in turn contributed to the initial passivity to market-orientation reforms.

The PBAs in the Swedish political economy
Leadership ability to strategically reorient is key to make the most of institutional changes (Cho & Hambrick, 2006). Management can actively push for reforms in SOEs (Cheung et al., 2020) and differences in management style have been identified as important to success, particularly in recently deregulated and internationalised organisational environments (Clifton, Comín, et
al., 2011). Concurrently, the VOC literature’s source of disequilibrium and dynamic institutional change stems from relevant actors coming to the realisation that the current institutional structure does not serve their interest (Hall & Thelen, 2009). Yet how actors can come to recognise this and decide to push for reform is still mostly unknown. As such, by integrating the VOC-perspective with ABV, this thesis has not only shown that there were two distinct strategies which Swedish PBAs used to push for market-orientation in the 1980s, but it has also traced the origin of these strategies to differences in attentional engagement which stem from differences in leadership experience and, to lesser extent, sector dynamics. However, how did these two strategies influence the PBAs ability to take advantage of the broader ongoing changes in the Swedish political economy during the 1980s?

For the Energy PBA and the Postal PBA, the deliberative institutional change strategy enabled them to be a part of a broader political effort toward liberalisation of the economy. As such, their ability to strategically reorient was entirely dependent on the ability to reach consensus on reforms. Incidentally, this is exactly how this strategy allowed the PBA leadership groups to influence and take advantage of ongoing changes. By working closely with like-minded policymakers, in the Ministry of Public Administration and Ministry of Finance, in the post-stat group, and the VLK, representatives of the Postal PBA and Energy PBA could partake in a broader political process aimed at creating a more effective state corporate sector. However, they could only shape that process to a limited extent. For instance, the Postal PBA could not push through the corporatisation of its rural bus transportation division and the Energy PBA perceived that they were legislatively constrained to pursue replacements for nuclear power. As such, the deliberative institutional change strategy limited the PBAs ability to strategically reorient if the necessary reorientation put them at odds with the political consensus. However, in the cases explored here, market-orientation with maintained state ownership came to be the political consensus and thus the strategy enabled the Energy PBA and the Postal PBA to facilitate market-orientation reforms while minimising tension.

In contrast, the entrepreneurial institutional change strategy went beyond the political process, and as such was not dependent on consensus to the same extent. The entrepreneurial institutional change strategy allowed the Tele PBA to implement market-orientation efforts quicker and to a greater extent in comparison to the other two PBAs. These efforts include, expanding through Teleinvest, corporatising Teli, and reorienting Teli toward the global market despite strikes and union resistance. This meant that the Tele PBA had put itself in a good position to compete internationally. Much of this, without needing to parse through extensive deliberation in policy process such as the VLK. Thus, the entrepreneurial institutional change
strategy made the Tele PBA more ‘independent’ in its market-orientation efforts. However, the strategy was risky. If the efforts pursued failed or if the Tele PBA management and director general lost their clash with the unions, the ensuing scandal could have forced policymakers to either break up the Tele PBA or, more likely, reassert state control. Consequently, to pursue this strategy, the leadership group had to be confident in its own ability, and the ability of management, to both create and operate a profitable telecom company. The Tele PBA was largely able to do this, while also being able to push for beneficial institutional changes, (such as the abolishment of the telephone monopoly) and could thus pursue market-orientation on their own terms whereas the Energy PBA and the Postal PBA could not to the same extent. This even though they could have had they adopted a similar strategy to the Tele PBA, sector dynamics notwithstanding. As such, the central conclusion of this thesis is: when managing market-orientation, management matters.

Sources and bibliography


Prop. 1979/80: 170. *Om vissa energifrågor*


Archives:

65
Appendix

Table 4: Count of Educational Experience in PBAs, 1942-1964

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Source: Author’s creation based on Sveriges statskalender (1941, 1946, 1949, 1954, 1963); Vem är det? (1952, 1966)
Table 5: Count of board composition by experience, 1970-1984

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Table 6: Count of Mixed (no union experience) categories in PBA boards

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Source: Author’s creation based on Sveriges statskalender (1969,1971,1977,1983)