

Boardroom Empires?

A Study of Ownership Influence in the Swedish Press

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Abstract

The question of how ownership impacts on the performance of the press is a perennial one. Despite the extensive attention devoted to the perceived consequences of ownership, information about what newspaper owners actually do remains limited. This article discusses an alternative path for research on media ownership. It involves the board of directors, the main agency that is expected to exercise ownership power. The article presents a study that focuses specifically on the decision-making in and around the boardrooms of three Swedish newspaper firms between 1955 and 2005. Building on analyses of board meeting minutes and interviews with board members, the study shows that the impact of ownership is established, and develops, in an intricate web of interacting forces, internal and external to the firm. It thus underlines the need for both a multi-theoretical foundation and a multi-method design in research on ownership influence in the media.

Keywords: newspaper ownership, boards of directors, agency theory, newspaper foundations

Introduction¹

The consequences of ownership occupy a prominent position in academic concerns over the functioning of the press. Most Western newspapers are privately owned and can, at least theoretically, be used for whatever purposes their owners choose. This fundamental property right inevitably involves the owner in the governance of the individual newspaper firm (see e.g. McQuail 2003; Murdock 1982).

However, and perhaps somewhat paradoxically, knowledge of how newspaper ownership is exercised *in practice* and the processes through which it influences the production of news and views remains limited (Picard & van Weezel 2008). It has been argued that an important reason for this is the complexity of the issue. Ownership influence is often indirect and multifaceted, often not openly acknowledged, and in some cases, actively opposed. It is therefore difficult to assess (Chomsky 1999; Breed 1955). Efforts to trace publishing decisions to the highest realms of newspaper corporations by means of statistical inference have turned out to be largely inconclusive (Baker 2007).

This article presents a study (Ohlsson 2012) that adopts a somewhat different approach to the analysis of ownership influence in the press. It does so by focusing on the main instrument through which ownership control is expected to be exercised in all stock corporations: the board of directors. The reason for this is the concept of *separation of liabilities*, one of the key legal principles of the stock corporation as an organizational

form (Huse 2007). This principle states that the board is expected to take over the legal responsibility of the corporation from the shareholders, thus assuming the *allocative control* of the newspaper company (cf. Murdock 1982). This control may include the distribution of resources, the formulation of company policy, and the right to hire and, if necessary, fire the company management (Huse 2007).

Using a longitudinal perspective, the study addresses a number of questions pertaining to the role of newspaper boards: who is elected to the boards (and on what grounds); which decisions are made in the boardroom, and which are not; who influences them, and who does not. In doing so, it aspires to contribute to the understanding not only of how newspaper ownership is exercised in practice, but also the basic democratic concern of how power and influence are distributed within the media system (McQuail 1992).

Lessons from Previous Research on Ownership Effects

Over the past few decades, a growing body of literature has been dedicated to the issue of how ownership impacts on the performance of the press. Ownership studies have appeared in various forms. Where some have addressed the consequences of the increasing dominance of newspaper chains (e.g. Lacy 1991) others have focused on the various *forms* of ownership (Matthews 1996) or the impact of specific owners (Chomsky 1999).

The research also differs with regards to the *dependent* variable. Indeed, ownership has been expected to have an impact in a number of different ways. These include profit targets and profit levels (Cranberg et al. 2001), subscription and advertising prices (Demers 1996c), newsroom size and staff salary (Lacy & Blanchard 2003), composition of management teams and boards of directors (Chomsky 1999), the relative autonomy of editors (Matthews 1996) and political affiliation in editorials and political bias in news reporting (Demers 1996b).

In terms of methodology, a large number of studies are based on quantitative statistical analysis using secondary publicly available data (Maguire 2003). A second important group is based on various forms of content analysis (Lacy 1991). A third set of studies is based on surveys among editors, managers or journalists (Cranberg et al. 2001). Finally, a fourth category of research consists of personal accounts of active or former editors and journalists (Bagdikian 2004). Quantitative studies based on statistical inference as a means of investigating the impact of ownership have nevertheless come to dominate the field. However, the predominant conclusion of assessments from such research is the inconclusiveness of the findings presented (Baker 2007).

Several reasons have been suggested as to why so many researchers have found it difficult to empirically define what ownership influence is really about. One obstacle concerns the different levels of analysis involved. In studies of proprietorial influence operationalized by means of media content characteristics, the bridge from ownership activities to content has to be constructed with reference to the *consequences* that are, implicitly or explicitly, supposed to follow (McQuail 1992). These kinds of theoretically or normatively constructed inferences will inevitably expose the validity of the findings to the diversity and varying time-scales of all other interacting influences that shape editorial decisions (Napoli 1997; Breed 1955). Research also contends that the exercise of ownership does not have to translate directly into newsroom decisions in order to have an overall effect on the character of the newspaper produced (Chomsky

1999; Stark 1962). Rather, ownership influence is ever-present, and even inevitable as a latent force (Dreier 1982).

Another reason for research often failing to provide conclusive evidence regarding the impact of ownership concerns the issue of what aspects of ownership should be addressed. Lacy (1991: 38) proposes that a critical question is whether “the impact is due to the characteristics of individual owners and managers or to some systematic impact inherent in the different types of ownership and management.” Picard and van Weezel (2008) dismiss the notion of a superior ownership form for media outlets, claiming that the ultimate impact rests with the specific actors involved and the structural premises of the individual case. Using a similar argument, Demers (1996a) contends that one cannot only look at the effects and consequences of newspaper ownership; attention also has to be paid to the social origins and historic development of the media corporations addressed, as well as the processes by which ownership policy are formulated and enforced.

The propensity to use content analysis as a means of examining ownership influence can be explained, at least in part, by the limited availability of other types of data. This condition constitutes a third obstacle usually facing ownership researchers. However, in the exceptional cases in which internal access *has* been gained the results have proven particularly revealing (Chomsky 1999; Stark 1962).

Despite the inconclusiveness of (cross-sectional) empirical findings, the research does indicate a number of ways forward.

First, some of the more illuminating efforts to address the impact of newspaper ownership have shown the importance not only of the internal power structures of the individual newspaper organization (Chomsky 1999; Stark 1962; Breed 1955) but also the interplay between the newspaper and the external environment – particularly the local political and commercial centres of power (Tichenor et al. 1980; Demers 1996a). They also indicate the fruitfulness, or even necessity, of using a longitudinal approach in order to address the forces of ownership control. Cross-sectional studies are limited in their ability to explain the causal order of decisions and actions.

Second, the dominance of Anglo-American conditions in ownership research has implications for conclusions concerning the dynamics of newspaper markets beyond the U.S. and the U.K. The cultural asymmetry of ownership research calls for studies of owners in other media *systems* (cf. Hallin & Mancini 2004) as well as of ownership *forms* other than the private actors who dominate the Anglo-American arena (Picard & van Weezel 2008).

Finally, most studies that do apply an in-depth approach focus either on the perspective of the reporter, or on the relationship between reporters and the editorial management. The other main link in the hierarchy of newspaper companies, the one concerning the relationship between the owner and the executive and editorial management, has received considerably less examination (cf. Napoli 1997). What newspaper owners actually do, how they practice their ownership, and how these practices vary with different ownership objectives, are questions that, to a large extent, await academic answers.

A Multi-Theoretical Framework

As mentioned, systematic inquiry into the control exerted by owners of media organizations is scarce. Even less is known about the role played by boards of directors in the

governance of newspaper firms (Ohlsson 2012). However, if the scope is broadened to that of ownership control and board functions in stock corporations in general, the situation is less unsettling. Despite a rapidly growing body of research over recent decades (for an overview, see e.g. Petrovic 2008) however, no single theory or model has been able to sufficiently explain the role of boards of directors in stock corporations (Huse 2007). Therefore, the study presented in this article is based on a multi-theoretical framework comprising several complementary theories on why and how board roles may differ depending on time and context (cf. Leblanc & Schwartz 2007).

A fundamental premise of this study is that ownership is one of the key factors shaping the production of news, views and information. Denis McQuail suggests that there are three matters that stand out regarding the potential impact of media owners. These are, firstly,

...the degree to which they choose a politically influential role in society or are regarded by political actors as so doing; secondly, the degree to which the pursuit of purely commercial objectives interferes with the (chosen or not) political or social role of the media; and thirdly, the use of actual powers of ownership in relation to publication decisions.

McQuail (2003: 105)

However, unless the newspaper owner personally runs the firm they have to rely on someone else to do the job. In newspapers operated as stock corporations, this duty is delegated to a board of directors. Depending on the size of the firm, the delegation of duties will then continue down through the organizational hierarchy.

The separation of liabilities in stock corporations activates what in economic theory is known as an *agency relationship*, which is the primary focus of agency theory (Fama & Jensen 1983; Jensen & Meckling 1976). The agency relationship is where one party (*the principal*) delegates work to another party (*the agent*). The key problem addressed by agency theory is the possibility of conflicting interests between the principal and the agent (Eisenhardt 1989). "If both parties of the relationship are utility maximizers," conclude Jensen and Meckling, "there is good reason to believe that the agent will not always act in the best interests of the principal" (1976: 308).

Jensen and Meckling (1976) state that there are two basic strategies by which the principal can try to limit divergences from their interests. First, the principal can establish *incentives* designed to limit the divergent activities of the agent. Second, the principal can undertake some kind of *monitoring* of the agent's behaviour. Fama (1980: 294) has suggested that a board of directors is "the ultimate internal monitor of the set of contracts called a firm, whose most important role is to scrutinize the highest decision makers within the firm".

Both the incentive and monitoring strategies are associated with costs for the principal (Jensen & Meckling 1976). It is therefore reasonable to expect that a principal's efforts to ensure goal achievement will vary with the *strength* of their interest in the goals pursued. In agency theory, a strong desire for ownership goal achievement is expected to be associated with, for instance, a high level of centralized decision-making, more *ex ante* approval of agency decisions, and more formalized control mechanisms in terms of budgets, work descriptions, specific ownership targets, and policy documents (Eisenhardt 1989).

The principles of agency theory provide a useful framework for addressing not only the measures taken by owners as a means to safeguard their interests, but also those taken by boards in relation to management. The theory thus highlights a number of issues of immediate relevance for studies on the influence of owners in newspaper companies (Napoli 1997). These include the division of power in hierarchical news organizations, conflicting interests and information asymmetry between organizational actors, and the connection between ownership objectives and control measures (Eisenhardt 1989).

Agency theory has been very influential in corporation research in general and in board research in particular (Huse 2007). However, this does not mean that it has escaped criticism. An important strand of criticism directed at agency theory concerns the power relationship between boards and managers. Advocates of the so-called *managerial hegemony theory* challenge the board's ability to effectively monitor the activities of managers (Lorsch & MacIver 1989). The theory focuses attention on factors that may mediate the power relationship between boards and managers – and by extension – the influence of ownership on the operations of a firm. A second influential line of thought, represented by a tradition in board research known as *stewardship theory*, questions whether agents are really as opportunistic and egoistic as agency theory might suggest (Davis et al. 1997). Rather, it is argued that situations may arise in which the interests of the principal and the agents harmonize. Yet another category of scholars has chosen to examine the board role from a wider perspective, stressing the impact of actors external to the intimate agency relationship between board and management. Important contributions are here provided by *resource dependency theory* (Pfeffer & Salancik 1978) and *stakeholder theory* (Freeman 1984). Both theories acknowledge that actors outside the boardroom also affect the governance process of stock corporations. Finally, the vast theoretical tradition of *institutional theory* directs attention to the influence of tradition and industrial conventions concerning corporate governance (Meyer & Rowan 1977). Institutional theory specifically addresses the development of the board management relationship over time, an aspect of particular value in longitudinal studies.

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

Arguments for Comparative Case Studies in Ownership Research

The multi-theoretical framework outlined above results in a number of assumptions regarding the influence of owners in newspaper companies. First, it acknowledges the basic legal premise of corporate law: that the power is to be divided among the shareholders, the board of directors and the executive management (cf. Huse 2007). As such, power distribution will depend on the configuration of both the shareholders as a whole and the board and management team. Second, it is assumed that internal power structures are enabled *and* limited by both external and internal factors (Hung 1998). Hence, important changes in the internal and external environment of the company are expected to affect the governance structures in the company. Third, the board is regarded, not only as an actor in its own right, but as an arena of different – potentially conflicting – interests (Pettigrew 1992). Thus, the role played by the board is shaped by the interaction between individuals in and around the company boardroom.

These assumptions have implications for the design of governance studies with explanatory claims. First, they imply that the relative influence of all of the hierarchical levels of the stock corporation's leadership has to be addressed. The influence of a board cannot be examined without attention being given to the shareholders and managers (and editors). Second, they call for an analysis of both organizational and individual aspects. Significant changes in the external and internal environment are expected to result in changing conditions under which boards have to operate. Third, they suggest that ownership studies have to address the interpersonal relationships between the individuals involved. It is crucial that the methodology be designed to account for the underlying dimensions of personal interactions (Leblanc & Schwartz 2007).

The considerations strengthen the argument for a design consisting of a comparative study focusing on a limited number of cases over an extended period of time. The case study, writes Eisenhardt (2002: 8) is a research strategy "which focuses on understanding the dynamics present within single settings." The case study has proven valuable in studies concerning questions of the "how" and "why" of organizational phenomena (Yin 2009) – questions that are of utmost importance in studies aimed at increasing the understanding of the processes of ownership influence in the press.

The Study

The study presented in this article involves three market-leading mid-sized Swedish newspapers: *Barometern* (in Kalmar), *Borås Tidning*, and *Sundsvalls Tidning*. The newspapers share a number of structural characteristics (in terms of age, size, political profile, and market conditions) that make them suitable for comparison. Most important in this respect is that they have all undergone a change from private ownership to being controlled and owned by not-for-profit foundations.

The increasing dominance of newspaper foundations has become one of the most significant features of the ownership structure of the Swedish press (Sundin 2011). Despite the common legal framework, however, the studied owner-foundations differ greatly in terms of origin, overriding objectives, and configuration (Ohlsson 2013). It is the consequences of these differences that provide the crucial variations through which the role of the board is explored. Apart from the rather distinct form of ownership, the three newspapers are also examples of a widespread phenomenon in the Western media, namely the transformation from being independent to being part of expanding newspaper groups.

The analysis covers five decades, starting from 1955. The extended time frame enables a study of the consequences – for the internal governance processes – of both important firm-internal changes (such as ownership shifts, mergers and acquisitions and leadership changes) and more structural ones taking place in the legal, economic and normative environment of the firms.

The Potential of Board Meeting Minutes as Scientific Material

The study relies on a combination of different methods and sources. First and foremost, it builds on a systematic analysis of the minutes from 1,260 board meetings and other kinds of internal board documents. The opportunity to examine the actual formal decisions made – and not made – by the newspaper company boards has made it possible to

directly address the questions concerning ownership influence raised in previous parts of this article.

Following Scott's (1990) basic classification of documentary sources, minutes from board meetings can be categorized as *private, official documents with closed access*; "private" in the sense that they originate from the private sector rather than the state, "official" in the sense that they are not written for personal purposes, and with "closed access" in the sense that they are produced with the intent of being circulated "only to a limited circle of eligible insiders" (Scott 1990: 14). Scott's classification scheme helps us approach two questions that are crucial to the scientific assessment of documentary sources: for what purposes were they produced, and for which audience? Because, as Scott (1990: 84) notes, "Official records are not impartial and autonomous intellectual accounts; rather they are integral elements of policy and administration." The potential variations in both meeting frequency and level of detail in the minutes are of great significance for research relying on meeting minutes as a source of data. The amount of information that may be extracted from this particular kind of document may differ greatly depending on the procedures employed by the board in question.

Regardless of the level of detail, meeting minutes are never verbatim renderings of what was said during the meetings. Thus, the researcher is always restricted to the manifest accounts of the minutes. Naturally, this means that non-recorded decisions or discussions are beyond the grasp of the researcher. Nor is it possible to completely recreate the specific premises or context of the time of the meetings held and the issues handled. The interpersonal relationship between the individual board members and the 'mood' of the board in terms of atmosphere and level of concordance (Forbes & Miliken 1999) are difficult aspects to address by means of board minutes analyses, as is the particular historical context in which the board members made their decisions. To some extent, these contextual factors can be addressed by using supplementary methods, such as interviews, but they cannot be completely recreated (cf. Karppinen & Moe 2012).

Meeting Minutes as Accounts – and Relics

The quality of all historical research depends on the quality of the sources employed. When assessing the quality of historic sources, it is helpful to make a distinction between *accounts* and *relics* (Torstendahl 1978). Whereas accounts refer to somebody's written or oral *rendering* of an event, relics consist of actual *remnants*, or remains, from the event. Given the inherent subjective nature of human accounts (Kvale 1996) they are less likely to give a "true" picture of the event, than are relics.

In the context of board meeting minutes, the categorization in terms of relics and accounts is not altogether clear-cut. As mentioned, board minutes are rarely, if ever, verbatim renderings of what was stated and done during the meeting in question. To this extent, they are accounts, inasmuch as they represent somebody's personal recollection of past events. Thus, the research is always exposed to the fading memory, misinterpretations, and predisposition of the individual holding the pen during board meetings.

In interviews, the information gathered by the researcher is constructed in the social encounter between the interviewer and the respondent (Kvale 1996). This is not the case with information gathered from board minutes. Meeting minutes, like all documentary sources, are *non-reactive*. As Webb et al. note

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

Webb et al. (1972: 53)

The primary purpose of the minutes of a corporate board meeting is to record the decisions made by the board. Swedish corporate law states that it is through the signed minutes that the decision becomes a *formal decision* for which each of the board members is to be held legally accountable. Without a recorded decision there is no validity, and without validity, there is no accountability. Regarding documents of this kind – contracts of sale and peace treaties are other examples – it can therefore be argued that the documents are *in themselves* the event or action upon which they bear witness. To this extent, board minutes are also relics, giving them a dual character in their ‘new’ role as historic sources.

The Case for Supplementary Interviews

As indicated, the use of meeting minutes to address the decision-making process of a newspaper company is not trouble free (cf. Karppinen & Moe 2012). Regardless of the amount of information rendered in this kind of documents, the researcher is always at the mercy of the intent, effort, judgments, and agenda of the minute-keeper. To some extent, board minutes offer an ‘official’ representation of what was said and done during the meeting in question.

To gain a deeper and more reliable understanding of what newspaper boards do and why they do it, it is necessary to address the individuals who could be expected to have an actual insight into *how* the decision-making of the selected companies was accomplished, *who* made the decisions and who were the most *influential* people in the process (Leblanc & Schwartz 2007). To make a better use of the information that is coded into the board documents, the document study ought – if possible – to be accompanied by interviews with people *present* during the meetings.

Given the scope of this study, it was not possible to interview all of the individuals who make up the board member population (or rather, those individuals still alive). Nevertheless, the ambition was to provide as representative a sample as possible. The selection of interviewees was guided by three objectives: 1) to attain an even mix between the three newspapers, 2) to attain an even mix between the various interests represented on the board, and 3) to attain as extensive a coverage as possible of the time-frame addressed. On the basis of the study’s longitudinal character, the third objective has been translated into an aim to prioritize individuals with comparatively long board tenures. All in all, the study comprised 23 interviews, including owner representatives and individual major shareholders, chief executives and editors, externally recruited members, and union representatives.

The multi-method design has proven useful in two interrelated ways. First, the document study and the interviews have enabled a fuller understanding of each other. The interviews proved useful in contextualizing the decisions made during board meetings and to give an idea of the atmosphere in the boardroom and the relationships between

the individuals involved. The meeting minutes provided an invaluable resource in the preparation for the interviews. The opportunity to refer to specific decisions in the minutes revealed information that could not have been obtained from an interview study alone. Second, the use of both documents and interviews has enabled a crosscheck of the results from the two studies against each other (Scott 1990). However, it is important to stress that the opportunity to use a triangulation design varied between the different phases of the fifty years analysed, as the ability to support the findings by means of interviews was much more limited for the early periods.

Principal Findings

The analysis of the three newspapers shows that the governance processes, including both the roles played by the individual board members and the relative autonomy of the editorial leadership – despite the structural similarities – have diverged significantly, between the cases, as well as over time. To a large extent, the different approaches can be traced back to the different configurations of ownership. Other contributing factors were the particular history and culture of the three newspaper firms and the relationship between the various stakeholders in and around the boardroom.

In *Barometern*, which in 1947 had been taken over by a foundation associated with the Conservative Party, the leadership of the 1950s and 1960s was more or less an extension of the local party organization. The entire construction of the foundation, including its involvement in the newspaper company, was filled with measures to secure the alignment of the newspaper with the political interests it was set to safeguard. The foundation not only elected its own members to the board of directors, but the board also maintained an extensive right to veto virtually all operational decisions in the newspaper firm (for instance, investments and staff recruitment).

In the case of *Borås Tidning*, also firmly conservative, the shares were divided among a large number of local firms and individuals, often associated with the city's trade and industry. The absence of a dominating control interest was manifested in two important ways. First, the working style of the board – which consisted primarily of influential industrials and politicians – was comparatively formal, with regular meeting schedules and a relatively extensive reporting of the firm's performance. Second, the dispersed ownership resulted in a publisher (chief executive/editor) with extensive discretionary powers. Compared to the situation in *Barometern*, this meant that the board of directors was not directly involved in the operations of the newspaper firm.

As of 1955, the third newspaper, the liberal *Sundsvalls Tidning* was owned by the second generations of two families. Here, the customs of traditional family ownership prevailed (Gomez-Mejia et al. 2001). The owners were still managing the firm themselves, and the board of directors consisted exclusively of family members. This had direct consequences for the role of the board, which, in practice, was limited to the formal approval of decisions requiring the consent of both families. All other business-related decisions were made outside of the boardroom.

Apart from these firm-specific traits, a more common *political* rationale prevailed in all three firms, at least during the first half of the period analysed (i.e. 1955–1980). One of the most significant characteristics of the history of the Swedish press has been the close ties between the press and the political sphere (Hallin & Mancini 2004). The

three newspapers studied are no exception. The study provides some insight into how the party parallelism of the Swedish press was enforced in practice. Clearly, the political affiliation stemmed from the ownership of the newspapers. The political rationale of the owners was reflected in the composition of the board of directors – which, in turn, appointed editors with an aligned political affiliation. However, apart from the managerial appointments there are few traces in the minutes of the board meetings of the political rationale of the owners. In all three cases, editorial issues were completely missing from the board agendas. The interview material also confirms that the integrity of the responsible editor was a well-established concept during these times of party parallelism.

Because of the political logic, the newspapers' respective owners did not regard the newspaper firms as profit-making entities. This had direct implications for the role expected of the boards. The board members were recruited primarily on the basis of either or both their political merits and position in local society. None of the three boards actively engaged in attempts to increase the financial returns of the firms. To a large extent, the profits that *were* accrued were reinvested in the newspaper business, resulting in more voluminous newspapers, bigger offices and printing facilities, and – not least – larger editorial staffs. The monitoring of the financial performance of the companies was also limited. Even as late as the 1970s, budgets and profit targets were measures that were not used in the three boardrooms. In conclusion then, the most important board task during the 1950s and 1960s was to manifest the connection between the newspaper and the (non-financial) interests embraced by the shareholders (cf. Pfeffer & Salancik 1978). To this extent, the role of boards of directors during this period was primarily a symbolic one.

However, the traditional political logic of the newspaper owners studied would not remain unchallenged, nor would the relative lack of active financial control. Forces inside and outside of the firms pressured the owners to reassess both the prevailing rationale of the newspaper business and the traditional governance structures of the firm. A contributing factor in this respect was a new law in 1973 that granted the local labour organizations of Swedish stock corporations the right to elect their own board representatives, thus opening the doors for the staff to enter the boardrooms. Another factor was a new generation of editors and managers, often with university educations, and with fewer ties to the party politics.

Also, the newspaper publishing environment changed. Over the course of the 1990s, competition gradually increased, with the Swedish press facing new competition from commercial radio and television, free dailies, and the Internet. This resulted not only in stagnating sales and slumping readership, but also in a corresponding pressure to reduce costs and rationalize operations. Also, the new professional values of the journalist corps increasingly opposed the idea of news reporting being coloured by the political affiliation of media owners.

In this new environment, the newspaper owners (*Borås Tidning* was taken over by a local foundation in 1980 and *Sundsvalls Tidning* was sold to a foundation-controlled newspaper group in 1994) were increasingly pressured to abandon some of their traditional rationale. Gradually, the administration of the newspapers was delegated to agents with other qualifications (and motivations) than those of their predecessors. Thus the editorial departments were handed over to editors without political ties and board members and executive managers were increasingly recruited on the basis of industrial and business skills.

As a result of these developments, the traditional view of the board of directors as a manifestation, and to some extent protector, of the family, political, commercial or geographical interests embraced by the shareholders, was gradually abandoned. In line with the commercial sector at large, the board should be regarded as an important tool in the quest to increase the competitiveness and long-term profitability of the firm (cf. Huse 2007). This shift, which gained momentum during the 1990s, is visible in all the newspapers analysed. On the basis of the noticeable variations in the governance structures of the newspaper companies in the first half of the period studied, the analysis of the second half of the period provides ample evidence for a *homogenization* of the leadership of the three newspaper companies.

The development of more “professional” boards was enabled by the fact that the management of the newspaper companies was increasingly dominated by a new generation of executives, many of whom were recruited from outside the newspaper industry. Also, the executive managers of the companies were, to an increasing extent, able to influence the composition of the board of directors. This was a privilege rarely enjoyed by their predecessors. Indeed, this was one of the most noticeable power shifts that occurred during the final years of the period studied.

The development of a more financially oriented leadership was spurred by the transformation of all three newspapers from independents to elements of larger newspaper groups. In all three cases, much of the power previously enjoyed by the local boards and management was transferred to the centre of the corporate hierarchy, where the group benefit was prioritized over that of the individual newspaper businesses. As a result, the allocative control of the newspapers was gravitating towards the group chief executive, leaving both the owner foundations and the local management of the newspaper firms somewhat marginalized. Thus, despite the increasing involvement of the local board of directors in the operations of the individual newspaper firms, the group chief executives positioned themselves as the driving forces in the development of the newspaper firms of the 21st century, a development including higher profit targets as well as the continuing expansion of the Swedish newspaper groups.

Conclusion

The study presented in this article addresses the question of not only *why*, but also – and perhaps more importantly – *how* ownership matters, and has mattered, in the newspaper industry. The answer has been reached by an analysis of the role played by newspaper company boards of directors, which, in this context, are regarded as a proxy for ownership influence in the individual newspaper firm. The study uses a theoretical framework that acknowledges the impact of both intrinsic and extrinsic influences as determinants of what newspaper boards do and why (cf. Hung 1998). Regarding the explanatory power of the framework, the study provides empirical support for both intrinsic and extrinsic perspectives. The board role in newspaper firms is established, and develops, in an intricate web of interacting forces internal and external to the firm. As a result there is no simple answer to the question concerning the impact of ownership in the press. The study thus supports the argument that analyses of governing boards need to rest on a multi-theoretical foundation (Lynall et al. 2003). It also supports the argument that systematic evidence about the degree of media autonomy – which is paramount when

it comes to the relevance of newspaper ownership as an academic area of research – requires detailed description, case studies and argued evaluation (McQuail 1992). Only by applying a variety of theories and methods can one empirically approach the complex social phenomenon that is ownership influence in the newspaper press.

Note

1. This article builds on the author's doctoral dissertation, *The Practice of newspaper ownership: fifty years of control and influence in the Swedish local press* (Ohlsson 2012).

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