UPPSALA
UNIVERSITET

Företagsekonomiska institutionen
Department of Business Studies

Accounting, Stock Markets and Everyday Life

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Dissertation presented at Uppsala University to be publicly examined in Hörsal 2, Ekonomikum, Kyrkogårdsgatan 10, Uppsala, Wednesday, December 12, 2007 at 13:15 for the degree of Doctor of Philosophy. The examination will be conducted in English.

Abstract

Johed, G. 2007. Accounting, Stock Markets and Everyday Life. *Doctoral thesis / Företagsekonomiska institutionen, Uppsala universitet* 125. 51 pp. Uppsala.

The backdrop of this dissertation is one ubiquitous element of everyday life: the stock market. Traditionally, accounting and stock markets are logically coordinate entities and this thesis analyzes how accounting supports private investors in their role as shareholders – as investors in shares and owners of companies. This analysis is carried out in four independent essays. The first two essays analyze the privatization of Telia, a former state-owned Telecommunication Company in Sweden that went public in 2000. The field material for the two essays consisted of newspaper articles, government bills and interviews. Qualitative and quantitative analyses demonstrate how accounting is used among different actors to realize the privatization. Theoretically, the first two essays lend themselves to the governmentality debate as introduced to accounting research by Miller and Rose (1990). The third and fourth essays are analyses of annual general meetings (AGMs). The field material was generated from a study of participants at 36 AGMs during the spring of 2004.

The choice of these two seemingly unrelated cases was done deliberately. Both cases are stock market events that typically involve an audience of a large number of non-professional investors. In the privatization of Telia over 1 million people took part in the offer. The AGMs are typically seen as the single event by which non-professional investors have an opportunity to meet with top management. Thus, each event represents an instance in which accounting is confronted by a predominantly non-professional audience.

The contribution of this study is two-fold. First, earlier work inspired by the Miller and Rose framework (1990) has favored an analysis of the programmatic. This study develops the technological aspect of the theoretical framework by means of a rich empirical description. In addition the two essays on the privatization of Telia contribute with an analysis of how once a specific technology translates to become and becomes understood at the site of intervention. Second, the two studies of AGMs contest earlier criticism against the meeting as a corporate governance mechanism detached from the overall corporate governance system. The argument here is that the AGM offers a valuable setting for private investors to discuss stewardship issues. That this opportunity is taken advantage of is suggested by the present field material.

Keywords: Accounting, Actor Network Theory, Annual General Meetings, Private Investors, Sociology of Translation

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ISSN 1103-8454
urn:nbn:se:uu:diva-7750 (http://urn.kb.se/resolve?urn=urn:nbn:se:uu:diva-7750)

List of papers

Essay 1
Johed, G. (2006). Translating a good buy to a good sell: programming shareholding through the privatisation of Telia. To be revised and re-submitted to Accounting, Organizations and Society.

Essay 2
Johed, G. (2007). Public talk about the share price: the construction of Telia as an investment case in the Swedish media.

Essay 3
Carrington, T & Johed, G. (2007). The construction of top management as a good steward: a study of Swedish annual general meetings. Accepted for publication in Accounting, Audit & Accountability Journal.

Essay 4
Catasús, B & Johed, G. (2006). Annual general meetings - rituals of closure or ideal speech situations? A dual analysis. In press Scandinavian Journal of Management.

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Acknowledgements

There are a number of people that I wish to thank. First of all, my supervisor, Jan-Erik Gröjer, who accepted me as a PhD student and since then has been endlessly supportive of my work. Bino Catasús, my secondary supervisor, has always shown enthusiasm and encouragement. I probably have benefited far more from these two than I realize but I do appreciate the privilege to have been working with them. During the past four years, I have been part of the research group REACTOR. This group consists of Thomas Carrington, Per Flöstrand, Fredrik Hartwig, Jiri Novak and Niklas Ström. Comments and critique from these colleagues have substantially improved the present work. I spent three months at the University of Stirling under the guidance of Robin Roslender who generously shared his time and knowledge. Christian Maravelias and Linda Wedlin acted as opponents on my final manuscript and their comments effectively strengthened the focus of the dissertation. A generous research grant from Svenska Handelsbanken has financed my studies and the stay in Stirling was possible by an additional grant from Berch and Borgströms fonder.

For me, part of being at a university is to develop into a good lecturer. On my way to becoming one, I have had the fortune to receive support from four persons who are: Lars Frimanson, Joachim Landström, Rune Lönnqvist and Dag Smith. After all the people mentioned here is the simple reason why I find the Departments of Business Studies at Uppsala University a great place to be. To stop writing a book is to loose control. It is in the hands of later readers – I wish it good luck.

Gustav Johed, March 2007

1. Introduction to accounting, stock markets and everyday life

Since 1986, the leading business paper in Sweden, Dagens Industri, and the Swedish Shareholders' Association, Aktiespararna, organize the Swedish championships in shareholding. The rules are straightforward: the admission fee is 5000 SEK and each participant can use 4500 SEK to invest in about 320 Nordic shares. The person that has increased the value of the original 4500 SEK the most at the end of the year wins the contest. In addition to the honor of winning, the winner gets 1 million SEK in cash, approximately 109 000 Euros.

In December 1999, when the championship ended, Michael Keinänen had won (DI: 99-01-04). This was not unexpected as he had been leading the competition since August (DI: 98-11-27). His winning portfolio consisted of three shares and had grown 135% since the beginning of the year. Investments in Telecommunication and Internet shares earned him the 1 million SEK and positioned him before approximately 27 000 competing portfolios. Winners always attract attention, but this year particular attention was paid to Michael Keinänen because he was only 10 years old at the time (DI: 99-01-04; GP: 99-01-05).

Keinänen was asked plenty of questions regarding his victory: Had he formed the portfolio himself? How would he use the 1 million SEK? What were his future plans? He admitted that his father had helped him to form the winning portfolio; however, he had insisted on including Doro in his portfolio, a company in the Telecommunication Industry. He would definitely invest some of the prize money in shares and participate next year, probably with two portfolios. But a future career as a professional investor did not seem to be an attractive alternative. Instead, Michael Keinänen goal was to become a professional football player and his ambition was to become better than Sweden’s goalkeeper, Thomas Ravelli (DI: 99-01-04). Despite this promising start in life, he was irritated that a TV program had refereed to him as “an amateur” and he pointed out that if he would win next year the defamatory remark would be inappropriate (GP: 99-01-05).

He won next year (Aftonbladet: 2000-02-05). This time he won in a similar but smaller competition organized by Aftonbladet, a Swedish tabloid. In common for the journalists’ comments on these two competitions was their surprise that prior investment knowledge seemed to play a little role regarding the portfolio return (DI: 99-01-06; Aftonbladet: 2000-02-05), further reinforcing the popular notion among critical journalists of the market as something “capricious”, “hypperreal” and “irrational” in which anyone can win from time to time but eventually all loose (Elmbrant, 2001; Dagensarbete, 2002).

What can we make of this account? That the 10-year-old wins the first time is consistent with efficient market hypothesis (Fama, 1970), according to which no single investor has the capability to outperform other investors other than by chance. Contrary to the journalists’ surprise over the fact that the winner lacked formal financial training and their grudge against the professional investor, his victory is one way of corroborating the efficient market hypothesis as theorized by Fama (ibid.). In a fully efficient market a youngster without prior investment knowledge has the same chances of winning the championship as a professional investor. Yet, that the young Keinänen wins a second time is more puzzling. Does the efficient market hypothesis hold true and the boy was simply lucky? Alternatively, can the fact that he repeats the victory be further evidence that it is actually possible to beat the stock market? If so, the events would add to a mounting number of studies reporting that the efficient market hypothesis does not hold true (cf. Kothari, 2001; Lee, 2001). What remains to be explained are what capabilities or investment strategies that make it possible to perform better than average and how Keinänen had acquired such skills at such an early age.

He is likely too young to have studied shareholding at school. In fact, in 1999 it had not been suggested that shareholding should enter into the national curricula (FI: 2005/1958).[1] Although not mentioned by the media, there is the possibility that he had participated in one of the niche summer camps that offers youngsters to learn more about shares during their summer vacations (DI: 2002-06-05). At the camp, Keinänen could have learned how to make use of accounting information, identified certain key ratios, and based on these, picked shares that subsequently earned higher returns. Yet, the media reporting do not inform us about the information sources he may have used.

To explain his success with reference to his investment capabilities would be in line with a market-based accounting explanation where there is evidence that financially healthier companies, as measured by various accounting fundamentals, often earn higher returns than less healthy ones (Lee, 2001). Yet, it would be contrary to research on investment behavior about non-professional investors. This research suggests that this particular group of investors earn less than professional investors on their portfolios (Lev, 1988). Additionally, in their study of non-professional investors’ use of accounting reports Bartlett and Chandler (1997) found that the formal accounting report is “largely ignored by shareholders, or at best is read only briefly”

[1] See also OECD (2005).

(Bartlett & Chandler, 1997, p. 254). In terms of investment behavior we seem to be dealing with an outlier.

Still, what is intriguing is how come a 10-year-old boy takes part in the stock market? How come that investing in the stock market is an apparently socially acceptable and desirable practice? And if so, can we still expect accounting to be decision useful for this group of investors to decide on the amount and timing of future cash flows? And if various forms of shareholding increase among the general public, does it mean that the ownership structure of public companies changes as well. Finally, can we expect Keinänen and his peers to take part in evaluating the stewardship function of companies? In that case where and how do they exercise their shareholder rights?

This dissertation deals with accounting, the stock market and the general public as shareholders, and adheres to the sociological tradition of reflection upon accounting (e.g., Hopwood, 1976). The rationale for this focus builds on a simple observation and an intriguing question. The observation is that the stock market seems to be increasingly present in the general public's everyday life, and additionally to the anecdote above, there are at least three distinctive observations that support such an argument. First, during the past 10 years, households have shifted their savings from cash deposits to share and share-related products. Second, stock market regulators have recently changed their attention towards issues related to consumer protection and shareholder rights. Third, writers argue that the influence from stock markets and financial economics affects socio-cultural aspects. For instance, Rombach and colleagues (2005) assert the influence colors our language. In connection to how the stock market influences socio-cultural aspects everyday life Grafström (2006) reports that business news gains increasing space in the Swedish press and thus increased attention is being paid to the stock market. The intriguing question is then, that if elements of the stock market are becoming pervasive of Swedish everyday life, is accounting pervasive of that everyday life (e.g., Hopwood, 1994)?

The thesis consists of four independent essays and each one may be understood as one tale in the general story of accounting, stock markets and everyday life. Equally, each tale may be understood as evidence generated about the general story. The pages before the essays are used in the following way. Section 2 provides a backdrop to stock markets and everyday life by examining changes in private savings patterns, changed stock market regulatory focus and increased media coverage on certain aspects of the stock market. This section ends with a summary that is used for the purpose of relating how we may research accounting in respect to the story of stock markets and everyday life. Based on that summary, section 3 formulates the two research questions of this dissertation. To avoid repeating too much of the arguments and methodological discussions that are later found in the essays section 4 presents a summary of the essays and an explanation to how each addresses the research questions. Section 5 sums up the contribution of the essays, which together constitute the contribution of this dissertation. Finally section 6 offers suggestions for further research.

2. Backdrop to stock markets and everyday life

2.1 Stock markets and everyday life– an overview of savings patterns

Today, households in Sweden save for their future differently than before. Previously, households deposited their money in savings account. However, today the availability of mutual funds and low-commission broker firms has divided the population between those who own shares and those who soon will. Today, 94% of all Swedes between 18 and 74 years own shares directly or indirectly via mutual funds (Fondbolagensförening, 2006). Perhaps Nilsson's coining of Sweden as "The promised land of share investors" (2003) is not so surprising.

Although such a high figure may corroborate the argument that shareholding is widespread, the figure is at best partial. Figure 1 provides the development of Swedish household savings portfolios for traditional bank savings as compared with shares and mutual fund products.[2]

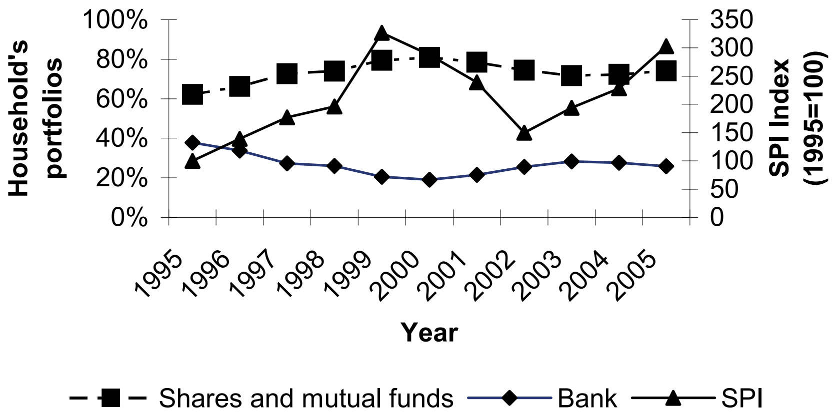

Figure 1: The SPI Index and household savings in shares and mutual funds as compared with bank savings

According to Figure 1, financial products have increased as a savings form and constitute a greater part of the household's wealth than traditional savings in banks. According to this figure products related to financial mar-

[2] Data are derived from SCB. The present author made the calculations.

kets constitute almost 70% of households' savings portfolios. The development of the stock market during this period, here represented by the SPI index, has increased by 203%. Thus, from an economic perspective, the development towards financial market products seems reasonable with respect to the SPI Index's development. Further, interest rates have been low for this period, which means that traditional bank savings have been less attractive in terms of returns.

A closer look at each type of financial product demonstrates that the most popular savings products in Sweden are mutual funds (including insurance); these products constitute 50% of households' savings portfolio.[3]

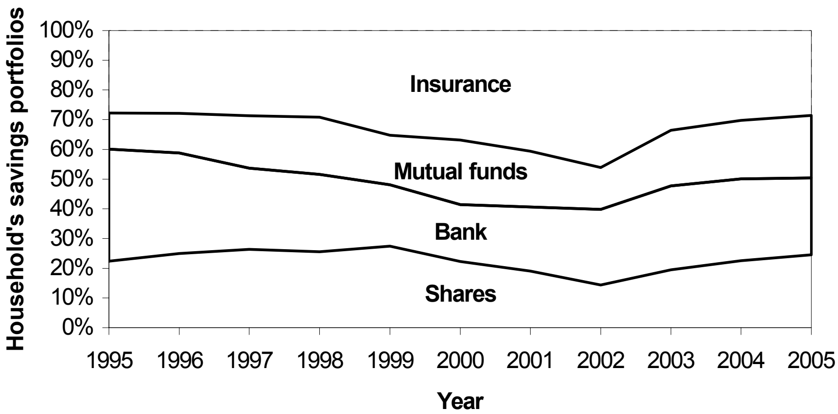

Figure 2: The development of households' portfolios 1995 - 2005

Historically, political efforts have contributed to the fact that shares and share-related products have become widespread. For funds, the first large-scale effort was a type of tax-rebated fund called Skattespar and Skattefonder (literally translated as tax save and tax fund) that was introduced by the conservative government in 1978. [4] According to Jonsson (2002), the objective was to infuse new capital into the stock market, which had been depressed for a number of years. Six years later when the Social Democrats took power they introduced Allemansspar and Allemansfonder (literally translated as everyman's save and everyman's fund) that for all its intent and purposes was the same type of fund as the one introduced by the conservative government, but with one important exception - the political support from LO, the largest blue-collar union (ibid).

[3] Data come from SBC and the author made the calculations. The figures express year-end value. Both inflow and outflow (net savings) as well increase and decrease in value of respective products explain the variation in wealth. Included in the insurance category are individual pension solutions and not collective ones. If the collective ones would be included, this category would constitute approximately 50% of the entire portfolio. The pattern stays the same if we include other financial products such as bonds (cf. Jonsson, 2002).

[4] Besides references this section builds on two interviews listed in Appendix 3.

In 1994, it became possible for people to make individual pension savings in mutual funds but the full reform of the Swedish pension system came into effect in 2000 (Lundberg, 2003). This meant that the previous model of one generation paying for another was partially abandoned. Instead, Swedes invest 2.5 per cent of their annual pension fee in a set of mutual funds supervised by a governmental body (PPM). The old pension system derived from a referendum in 1957 an was seen as the greatest victory of the worker's movement (Lundberg, 2003; Ohlsson, 2004). When the new pension system came into effect, some people claimed it to be an achievement of capitalism that encourages individual responsibility (cf. Ohlsson, 2004), whereas others were skeptical to the new modes of economic freedom being offered (cf. Forslund, 2002). Whether we have been forced to choose freely or the reform is a sound step towards individual responsibility, it means a partial shift in responsibility from the state to the individual for their future welfare. As Ohlsson (2004) concludes from his critical discourse analysis of the information brochure about the new pension system, today you cannot blame anyone else as you are now being in charge of your own future.

In the context of this dissertation, political interventions that have contributed to a widespread shareholder base are more recent. The conservative government in power in the beginning of the 1990s introduced a comprehensive privatization scheme. In 1994, two companies, Assi (forestry) and Pharmacia (drugs), were privatized through a public listing under the umbrella of Folkaktier (literally translated as people's shares). Additional to the argument that the government should not own companies, an important element of the rhetoric surrounding these privatizations was a political ambition that the general public should be made shareholders. There were two principal reasons for this attitude. First, a widespread shareholder base would effectively prevent any attempts to take union control over public companies. Historically, Sweden had experienced such attempts in the late 1970s – the so-called wage earner's funds (Meidner, Hedborg & Fond, 1978). The second reason to have the public as investors was to bring their values closer to that of the corporate sector. For the past 30 years, Sweden has experienced a high tax pressure and the political hope was that these privatizations, which were specifically targeted to the general public, would make the public reluctant to further increases in tax. For the privatization of Assi, one of the maneuvers to achieve a widespread shareholder base was to offer a discount to the share. The most recent of these privatizations was Telia that went public in 2000, attracting over 1 million people to take part in the offer.

Returning to the general overview of savings patterns, Figure 2 demonstrated that for the shares category, which is the category that has the clearest link to accounting, the increase of its part to the total portfolio is about 10% for the period 1995 - 2005. Still, the wealth of that portfolio has increased by 137% for the period, which according to this definition, is the category that has increased in absolute wealth the most. In terms of percentage of the population (+16 years) that holds listed shares directly Figure 3 shows that it has increased from 26% to about 33% for the period, with a peak in 2003 where almost 44% of this age category held listed shares.[5]

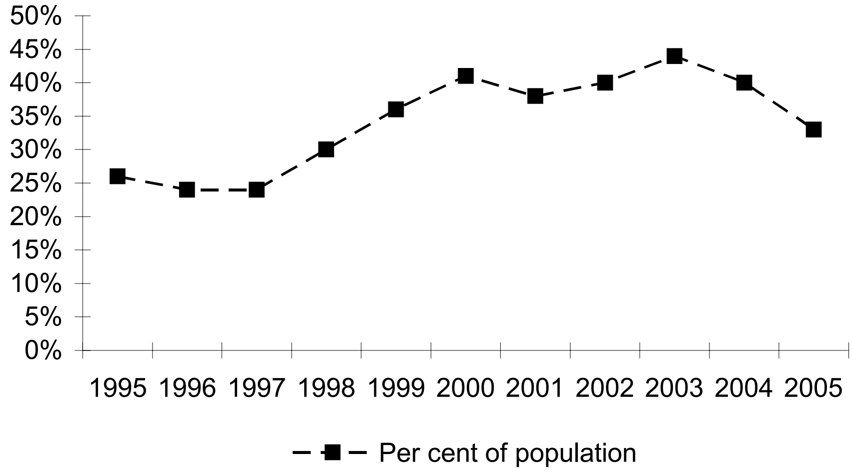

Figure 3: Percent of adults (+16 years) that hold listed shares 1995 - 2005

So part of the stock market's pervasiveness in everyday life can be witnessed by a widespread shareholder base among the adult population. Furthermore, shareholding is increasingly related to the household's private wealth. While this section has sketched some of the political efforts to these changed patterns in savings, the story of stock markets and everyday life continues in the following two sections with a discussion of changes in the wider market setting. (I will use the term stock market setting or wider market system to denote arrangements (legal or non-legal) that provide stability to actual market transactions at the market place.)

2.2 Stock markets and everyday life – a regulatory concern[6]

A nice part of the stock market and everyday life story is that the shift in savings patterns has contributed in making the Swedish households generally richer for the period 1995 - 2005. Yet, another aspect of it that warrants fur-

[5] Data come from Aktiefrämjandet. There are certain problems related to data about individual shareholding, which are discussed in Appendix 1.
[6] Besides the archival sources quoted in this subsection, I interviewed the person in charge of the Market Conduct department at the FI as well as one representative of the Swedish Shareholders Association (see Appendix 2 for details). These interviews helped the focus of the private shareholder's situation as well as they strengthened the interpretation of the events during this period.

ther examination is that the translation of people into shareholders has led to regulatory changes in the stock market setting. The most notable of these changes is that the Swedish Financial Supervisory Authority (hereafter the FI to denote Finansinspektionen) was asked by the government to re-examine their priorities in 2002 (Dir: 2002:94). According to the FI, this meant a heighten focus on consumer protection issues (SOU: 2003:22) and reading their reports published between 1998 and 2005 offer an qualitative analysis of the changed savings patterns as described above.[7]

2.2.1 The general public as investors

Before 1998, the FI paid relatively little attention to household's savings and most attention was devoted to macroeconomic problems (such as the bank crisis in the beginning of the 1990s) and worldwide macroeconomic issues. But in their 1998 government report (FI: 1998:5) changed savings patterns for households are noted as a possible concern to their regulatory mandate of upholding the stock market as efficient and fair. This shift in attention can be understood as the beginning of the accounting, stock markets and everyday life story because it represents a break with earlier accounts told by the regulator (Czarniawska, 2004).

The reports published from 1998 to 2005 give three key factors that explain their shift in regulatory focus. The first one, as discussed above, is the reformed pension system that has led to that a large part of the general public has become acquainted with the stock market and various financial products. Second, share investing has become cheaper and more available for a larger number of people. This was made possible because Internet-based stockbrokers lowered commissions and the required sum of deposition to start trading, which resulted in attracting a new clientele of investors. Furthermore, it meant that already existing investors increased their activity. Third, from 1995 to 1999, the stock market experienced a strong increase in market value and this attracted a great number of companies (mainly Internet companies) to seek a public listing. The picture that emerges from these reports is that of a situation where earlier structural obstacles were removed and the prospect of getting rich fast opened up for a larger part of the population. This development is not singular to the Swedish situation and in 2000 the International Organization of Securities Commissions noted:

> The New Economy has empowered the individual investor with online, fast and efficient access to market and financial information that, as recently as a few years ago, was only available to a select few institutions and individuals who could afford to pay for it. Technology also is revamping the structure of securities markets and reducing trading costs in ways that could not have been foreseen. The combination of easy access to new technology, reduced

[7] Appendix 2 explains the choice of documents and methodology of this exercise.

costs and the prospects of profits from investment in new technology companies has caused many investors to enter the securities markets for the first time, and others to intensify their investment activity (IOSCO, 2000, p. 3).

FI's reports are interesting for three specific reasons. The first reason may be simple but the fact that they report, along with changes in legislation and regulatory focus, suggests that there is increasing attention being paid to the public as investors – it is a matter of concern.[8] Second, the reports give one view that tells us about individual-level investment behavior. For three reasons, the FI depicts this individual-level investment behavior as problematic. To begin with, private investors hold less diversified portfolios than, for example, institutional investors, making them more at risk in market downturns. In addition to less diversified portfolios, this group of investors is at an informational disadvantage because they are less capable (or likely) to make use of financial information for investments. This means that this group of investors is dependent on professional investors. This quote illustrates how the FI oversees this dependence situation:

> The majority of the actors at the stock market have fairly rudimentary information and their single most important source of information is the market price. At the same time there is another group of actors that have invested resources and elicited specific information about an asset's value. (…). If the well informed has elicited positive information they will buy that asset and that in turn will lead to that the less informed will revise their assessment of an asset's value. (FI, 2001:3, p. 14)

The last characteristic of the private investor and its situation concerns the type of abbreviated financial information distributed to the general public. The FI is cautious about this type of information because it fears that it may not fully provide a relevant decision base. In particular the FI is critical to the information provided from underwriters to initial public offerings that it views as mere sales literature.

The third reason that is of relevance here supports the argument that direct shareholding influences and affects everyday life because it has increasingly become a possible problem for the private welfare and thus today a market downturn may have important "private wealth effects different than 10 years ago"(FI, 2001:4, p. 14). In sum, the problematic aspects related to the general public as investors (as overseen by the regulator) are how financial information is produced, presented and mediated.

[8] In a European perspective this focus on consumer issues may be seen in the Directive on Markets in Financial Instruments (MiFID) that the European Parliament accepted in 2004. Along with regulatory changes that seek to safeguard consumers of financial products, the report cements the division of consumers denoted "non-professional consumers" and "professional consumers". The argument is that the degree of information and regulation varies between the two (see Appendix 2 to MiFID).

2.2.1 The general public as owners

The discussion has hitherto focused on the investment aspect of owning shares but the public is also an owner, an aspect that has not been unnoticed in regulators' reports. Still, in relation to the investment aspect of holding shares the ownership issue seems to have received less recent attention.[9] To begin with, Figure 4 displays the household's collective votes of Swedish listed companies for the period 1995 to 2005.[10]

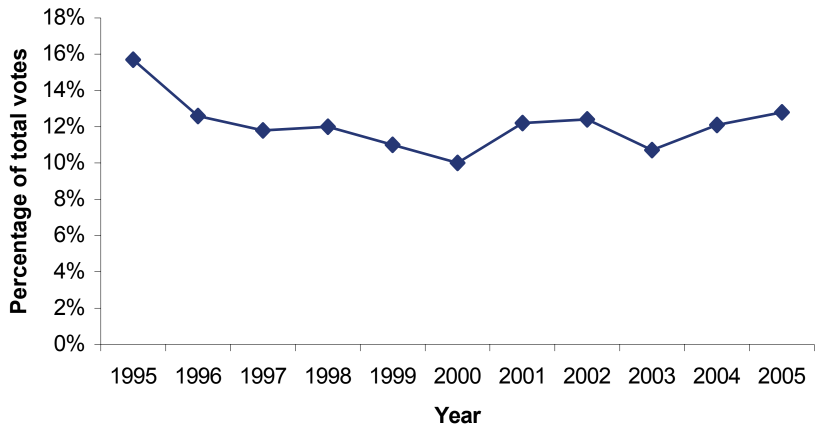

Figure 4: Household's collective voting power

The voting power held by Swedish households has remained fairly stable for the past 10 years (from 16% to 13% of the total stock of voting power). The slight decrease is due to the fact that foreign institutional investors have increased their part of the total market value for the period. Furthermore, because Sweden has differentiated voting rights (called A or B shares), the ownership structure of Swedish public companies is one in which a few owners control a majority of the votes through possession of the A shares. In this respect, Sweden differs substantially from Anglo-Saxon countries where the ownership is widely dispersed rather than concentrated in the hands of a few owners (SNS, 2003).

In terms of regulatory attention to the public as owners, the central document during this period is the Swedish code of conduct that came in effect July 1, 2005. The code came in response to a perceived decline in confidence among the general public towards listed companies.[11] What emerges from reading the reports published in relation to the new code of conduct and the

[9] However, historically the issue of ownership, private versus state ownership, has been heavily debated (cf. Stråth, 1998).
[10] The figure is based on data from SCB and is expressed in year end values.
[11] There were also cases where public companies had mismanaged assets (e.g., Skandia). Still, the code seems to be less of a direct answer to major financial scandals as was the case with, for example, the Sarbanes-Oxley act.

code itself is a story that in part is different to the one told earlier about the public as investors.[12] To begin with, these reports do not so much track a shift in stock market clientele, but rather start from the premise that increasingly more households depend on the stock market. However, the main difference is that these reports dwell less with the individual shareholder's capabilities of being an owner. Rather, the reports focus on the company and the collective of unorganized shareholders. This focus follows somewhat naturally because a corporate governance report primarily focuses on the company and its owners and not the company's shares and the holder of these shares, i.e. the investors. In a way it is just one way of labeling one actor differently but there is a forceful reason why this way of phrasing it is more than just hair-splitting, namely, because the code may be seen as having an investor focus rather (or on par with) than an owner focus.[13]

First, the relationship in the code is that between the principal and the agent. Still, it should perhaps be written as the principals and the agent because the code goes to some extent to define various groups of owners. And distinct focus is on the shareholding public, which is one frequent and powerful argument to explain why this code was developed and put into effect. An immediate objection to the fact that the reference to the public's interest would signal an increased concern of this particular group of shareholders is that virtually all regulation is based on the reasoning that it is made in the public's interest – in effect what other argument could there be? But, the code takes the stance that the public is no longer any passive shareholder or for that matter a passive stakeholder in the traditional stakeholder model to whom the company has a vague and distant responsibility. Instead, the public is made up of owners whose interest should be considered. From a corporate perspective, the argument makes perfectly good sense as active ownership participation is commonly thought to be useful for the governance of companies (OECD, 2004). Still, one may be hesitant to believe that active ownership from this particular group of owners would contribute to increased efficiency for a specific company's operations. Further, judging from this group of owner's collective voting power (see Figure 4), there is no reason to believe that they would have the power to seriously affect the company's operations. In terms of an owner group the public is not a powerful one. However, one could be certain that if these owners, in their roles as

[12] For the sake of clarity, the FI is not the organization that produced the code of conduct but here it is the view of The Swedish Corporate Governance Board (Kollegiet för svensk bolagstyrning) that is under discussion. The Board forms part of the Swedish Society for Stock Market Issues (Föreningen för Aktiemarknadsfrågor) along with the Swedish Industry and Commerce Stock Exchange Committee (Näringslivets Börskommitté, NBK) and the Swedish Securities Council (Aktiemarknadsnämnden).

[13] The difference here would be that an investor primarily seeks returns and an owner primarily is concerned with the organization's long-term survival. This is not necessarily an inherent conflict but at least it brings certain tension to it because it accentuates the question: what can be expected from someone who owns shares in a company?

investors, would withdraw their funds from the stock market, it would become a socioeconomic issue, which in effect is one of the principal objectives with stock market regulation, i.e. to safeguard that the stock market is fair for all groups of investors. In this way the ownership aspect of holding shares is perhaps not completely merged but at least blended in with the investor aspect.

The argument may be further strengthened. As previously discussed, consider the reforms of welfare systems that require people to increasingly rely on individual welfare solutions. Further, from the section about the public as investors, the FI was cautious about the socioeconomic concerns related to what may be called non-optimal investments rather than non-optimal governance of public companies. In short, the reforms to promote shareholding are not making up owners but investors from the general public. The question then is how we should understand the code's suggestions of improving the public's possibilities to take part in the governance of the company?

The code devotes much attention to how and where companies communicate with their owners. The first area of attention is that public companies need to make visible their internal efforts of securing that entrusted funds have been managed correctly. Another area indicated in the code is that companies need to find other channels than traditional reporting to inform their shareholders, preferably on a face-to-face basis. The code's focus on these two areas do not disqualify the code as an ownership document but it suggests that viewed in connection with a programmatic concern of people becoming investors the code is seeking to uphold the company as an investment objective for the public. The code's caution about lack of confidence or opaque transparency from public companies is understood as concerns of the company as an investment case and the regulatory efforts as ways of enhancing their capabilities as investors, i.e. to become further familiar with public companies. In sum, to report more and to meet face-to-face is to reverse the perceived lack of confidence towards shares and not primarily the internal controls of the company.

2.3 Stock markets and everyday life – the role of newspapers

The story so far: households save differently than before and stock market regulators pay increased attention to the situation of private investors. This subsection addresses the role of the media (here used interchangeable with newspapers) to account for the fact that part of the omnipresence of stock markets in everyday life is the increased attention given it by the media. This focus adds to the story of the stock markets pervasiveness in three important ways. First, media is an important external source of legitimacy for the stock market and various stock market products, as witnessed, for example, by competitions similar to the Swedish Championships in shareholding organized by DI. In this way it is an arena where we can observe the influence from stock markets on the public. Second, basically any newspaper reports on the performance of shares and provides a section with share recommendations. This vigilance contributes to sustaining the attention to stock markets. Third, research indicates that newspapers are an important source for the general public to inform themselves about shares (Lidén, 2005). Further, the media follows public companies and reports about various aspects of them. In short, the media is part of the wider market setting that affects investment situations and the public's opinion about how public companies are governed.[14]

Figure 5 summarizes the increased media attention paid to three privatizations (Folkaktier). Two of these were privatized in 1994 and are thus grouped together.[15]

[14] The role of the media is discussed in FI's reports, where it views the role of media as being twofold in regards to the general public. First, it affects the general perception about the stock market (legitimacy), and second as a source for private investors to retrieve information (FI: 2001: 3). Here, the overview is limited to newspapers but one could observe similar patterns for TV. For example, there have been game shows in which people compete with shares (Börsmatchen, literally translated to The Stock Market Game) as well broadcasts that exclusively focus on the development of the stock market.

[15] Appendix 3 explains the methodology of this exercise.

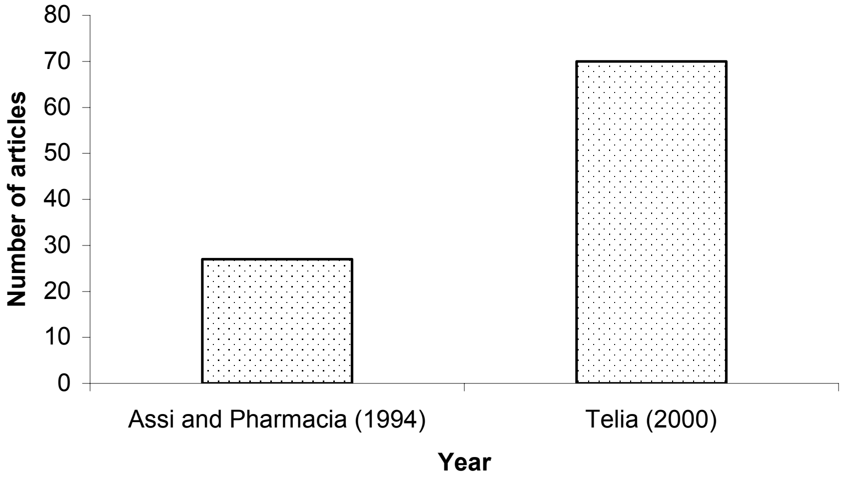

Figure 5: Media reporting on three Folkaktier

The figure provides at least some evidence to support the argument that the attention from newspapers paid to shares has increased. Furthermore, a qualitative interpretation of the articles made in order to asses how they report on shareholding reveals that most articles were positive to the fact that people where given an opportunity to buy shares and viewed the privatizations as effective events to increase the shareholder base among the general public (see further essay 1). The increased attention to stock market events is perhaps even more distinct if we consider the media coverage of annual general meetings (AGMs).

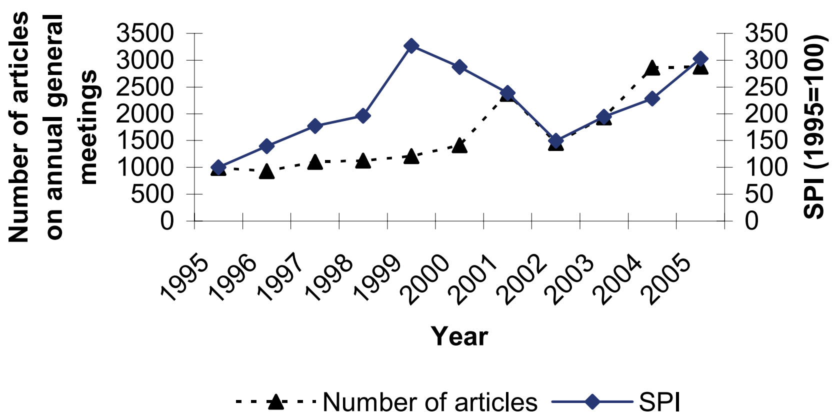

Figure 6: Media reporting about annual general meetings and the SPI 1995-2005

The overall trend is that media reports more about these events; in fact, 63% of the articles were published between 2001 and 2005. From roughly 1000 to 1200 articles a year for the first six years, the database doubles the number of articles on AGMs from 2001 and onwards. In addition, the figure demonstrates that the number of articles follows the development of the SPI index fairly well. Intuitively, this may be because the media focus more on stock markets in upturns than in downturns. Sampling evidence suggests that much of the attention paid to the AGMs from 2002 and onwards is due to the debacles with Skandia and Intrum Justitia – two companies that received attention because of mismanaged assets, which were heavily debated at their AGMs (see further essay 3 and 4). To conclude the discussion about the role of media, its role is useful to legitimatize shareholding by reporting more frequently about such events as privatizations targeted to the general public. It is also an arena where the public becomes informed about stock markets and governance issues related to public companies.

2.4 Stock markets and everyday life – a summary

This backdrop has examined three areas where the stock market is pervasive of everyday life. Based on these empirically grounded observations, the following interpretations are offered. The first is not so much an interpretation but a summary of the observations, namely that the influence from stock markets permeate various levels of analysis, including the individual, the household, the regulatory organization and the country. Additionally, it may be observed at various sites such as face-to-face encounters between companies and their shareholders, the newspapers or regulation. Second, because private welfare is increasingly being generated from the stock market the regulation aim to secure that the public stays shareholders. Third, in connection to the second point the story is about the social fabric that enables economic action, government efforts to encourage individual shareholding, changed regulatory focus and increased media attention. This social fabric provides a sociopolitical base for shareholding, which suggests that the economic and the sociopolitical should be understood and studied as a whole. Finally, in relation to accounting the general public as shareholders opens up to address two of its stated roles – as a means for investments and as a means for evaluating the stewardship.

3. Accounting, stock market and everyday life

The tentative research question posed in the introduction indicated that this dissertation follows the sociological strand of accounting research (e.g., Hopwood, 1976) and the present text follows this tradition's original concern: localizing accounting in its social and political context (Hopwood, 1977; Cooper & Tinker, 1990). The sociological strand of accounting research originally emerged as a research reflection geared toward understanding the role of accounting in socioeconomic life by drawing on social and cultural theory (Power, 1994). While various social theories ebb and flow and thus draw attention to certain issues while obscuring others (Gendron & Baker, 2005) this tradition rejected the division between an economic realm (where accounting was thought to reside) and a social (where accounting was thought to be absent). Instead, much focus has been devoted to understand how production and consumption of accounting are socially enabled (and enabling of economic action) in various settings. Accounting is seen as a social and cultural practice, where the common argument is that without understanding the sociopolitical influence on, and grounding of accounting, less will be known about how accounting takes on a role beyond being a mere means to an end (Miller, 1994). Whereas the preceding section discussed how the stock market is part of everyday life, the question as to how that happened and the role of accounting requires further attention.

3.1 Earlier research – accounting research and sociology of markets

The question about how shareholding has emerged as a socially legitimate[16] and attractive practice has been addressed in various disciplines in the social sciences, such as sociology of science, organization theory, accounting and sociology. It is not in the scope of this introduction to thoroughly go through this material. But what emerges from a revision of this dispersed set of writings is that of a handcrafted process of making up shareholders by setting up the actual market place (Mackenzie & Willo, 2003), providing tailored products (Jonsson, 2002), setting up financial institutions to supervise the market (Bealing, Dirsmith & Fogarty, 1996), upholding the stock market as attractive through regulation (Merino & Neimark, 1982; Neu, 1991b; Neu, 1992), anchoring shareholding by linking the concern of the government with that of the general public in joint projects (Preda, 2001) or linking the interest of the public to that of the audit profession (Neu, 1991a; Merino& Mayper, 2001). The ubiquitousness of stock markets has been analyzed as a handcrafted process of associating the general public to the stock market from various disciplines as well as from numerous theoretical standpoints. Using these writers' arguments to interpret the anecdote with the 10-year-old suggests that shareholding needs to be perceived as something socially desirable, which in turn needs a set of broader cultural beliefs and norms of correct behavior that legitimizes that particular type of action (Merino & Neimark, 1982; Preda, 2001; Neu, 1992; Lounsbury, 2006). Put simply, to gain social acceptance for the stock market there can be no conflict between the shareholder, the stock market and the political agenda; it needs to be understood as one where somehow "men act like one man" (Callon & Latour, 1981, p. 279). At the core of that argument is that how an economic action (such as shareholding) proceeds is because it has been made familiar to a large number of actors that share some common knowledge regarding a desirable behavior. These types of constructivist explanation emphasize the sociopolitical fabric surrounding the stock market rather than referring to economic explanations that place the performance of the actual financial

[16] Although the concept legitimacy is not focused on in this dissertation, it is refereed to in the introduction and in the first essay, and thus appropriate to define the term. Typically, it is a concept within institutional theory (cf. Hannan & Freeman, 1989; Hannan & Carrol, 1992, Suddaby & Greenwood, 2005) and generally understood as something being taken for granted, i.e. lacking controversy. In the first essay, which is informed by actor network theory and writings on governmentality, legitimacy in the context of a privatization is understood as efforts of uniting the state's interests with that of the public's and the essay focuses on how that is achieved. The term is used here in the sense of something being taken for granted and an uncontroversial part of everyday life. On this level, there is no great barrier to integrate it with actor network theory's idea of translation meaning that earlier divisions between domains or entities have come to be understood as one (Latour, 1987). Underlying this understanding is the view that shareholding has *been made* legitimate and attractive by various efforts rather than "discovered" as attractive.

products in focus.[17] Thus, stated somewhat stereotypically: The reason that investing in shares has become popular among large groups of people cannot be fully explained by the fact that they have identified shares as a superior investment choice (in terms of returns) through accounting information. In essence, there is a sociopolitical fabrication of a legitimate basis for shareholding that precedes the actual situation in which a shareholder is confronted with a situation to decide on an investment case or the stewardship of top management. Although such a statement may not seem remarkable, it is an essential backdrop to the arguments that follow since it paves the way for explanations beyond economic ones in understanding the prevalence of stock markets among the general public.

3.2 Research questions about accounting, stock markets and everyday life

The first research question of this dissertation focuses on the general public as investors. It is based on the argument that share investing requires a legitimate sociopolitical platform and in respect to that the question is: ***how translates accounting to assist the public in investment situations?***

The empirical relevance of this first research question is threefold. First, it captures the point that before accounting is used for making resolved choices in an investment situation there is a political ambition of making people shareholders. Accounting becomes linked to broader sociopolitical concerns than just being about decision making in the field. In this way how accounting assists non-professional investors to take "resolved choices among alternative courses" (APB, Statement nr 4, 1970) is equally a story about how they were made investors in the first place. It thus captures the point of shareholding requiring a prior sociopolitical platform – a platform constructed by uniting diverse interests. Thus, accounting is reflective and intimately connected to its political context (Cooper & Sherer, 1984; Miller, 1994).

Second, acknowledging the political underpinning of making up shareholders the question draws attention to how accounting may mediate a relation between a political concern and the general public. Still, government in turn depends on a wide array of actors, such as institutions, institutional investors, financial analysts, auditors and media, to further the notion of share investing as something attractive and accounting as part of what makes an

[17] These will not be further discussed but may be summarized as follows: In market-based accounting there is evidence that portfolios held by non-professional investors yield less than the portfolios of professional investors (cf. Lev, 1988). In finance theory there is evidence that non-professional investors hold less diversified portfolios. Explanations offered to account for this include educational background and private wealth of the individual investor (Karlsson, 2005).

investor. Accounting becomes an “ammunition machine by which and through which interested parties seek to promote their own particular position” (Burchell et al., 1980, p. 15).

Third, part of the story was that accounting may not come in its traditional form (such as formalized reports) but may be localized in, for example, media. In fact, surveys from Lee and Tweedie (1975a; 1975b; 1976; 1990), who examined both the use and understandability of financial accounting information among non-professional users, found that formal accounting reports were not extensively used or fully understood because of their complexity. Replicating their studies, Bartlett and Chandler (1997) found that the pattern stayed the same 20 years later in the UK. Moreover, in a study of Swedish investors Bohlin (1987) found evidence in line with these findings. The common way of interpreting these studies is that because of the complexity of accounting reports, certain groups of investors do not make full use of them, which is somewhat consistent with the FI’s concern discussed in section 2. On the other hand, with the growing importance of the media as a way of becoming informed, it may suggest that we should look for accounting elsewhere than just in the annual report. Thus, the media become an arena by which and through intermediaries (e.g., financial analysts and business journalists) promote their own particular positions of what accounting represents.

In terms of analytical effort the research question focuses on a course of events that is both general as an overall influence of stock markets and specific in terms of an intervention at an everyday site. Theoretically, this raises the question on how to conceptualize accounting as forming a relay between a general political discourse and simultaneously being something recognizable at an everyday site, which lends the first research question to the governmentality literature as introduced to accounting research by Miller and Rose (1990; 1992). Earlier work inspired by the governmentality literature shares theoretical concern regarding the relationship between broadly stated political concerns of government and accounting understood as a technology set used to realize political concerns (cf. Miller & O’ Leary, 1987; Robson, 1991; Miller & Napier, 1993; Miller & O’Leary, 1993; Radcliffe, 1999; Neu & Heincke, 2004). This work is used here to consider the relationship between political concerns of promoting shareholding and how accounting translates into the everyday life of people. Conceptually, Miller and Rose’s work has two common points.

The first common point is the notion of society carrying certain political rationalities (sometimes refereed to as the programmatic level or discourse) that may be understood as an idealized narrative about how something should be, be it a just lay system or an efficient stock market. According to Foucault (1979), this discourse is intrinsic of certain governmentality and is upheld by an ensemble of institutions and habits through which and by which power is exercised. Central to Foucault’s idea of governmentality is that power does not simply reside with the government but is dispersed throughout the society and its attractiveness for accounting scholars is that it places accounting as a technology for the realization of power. In this way accounting is at work for the programmes of government.

The second common point is the idea of technologies forming a counterpart to the programmes. This point draws on Foucault's writings and actor network theory, with the argument that technologies "seek to translate thought into the domain of reality, and to establish in the world of persons and things spaces and devices for acting upon those entities of which they dream and scheme" (Miller & Rose, 1990, p. 8). Whereas political rationalities may be understood as idealized narratives that give meaning and legitimacy to action, technologies work to anchor the programmatic at the site of intervention. This process of anchoring the programmatic concern is achieved by translation (Callon, 1986; Latour, 1987), which denotes a process of uniting diverse interests surrounding a programme and to make them act as one. This maneuver contains both the operation of moving things from one point to another and the literal sense of constructing correspondence in language.

To understand accounting as a technology is one of the common features in analyzing how accounting intervenes at sites for the purpose of acting upon people and processes (Miller, 1994). Still, the relationship between government programmes and that of a technology forming a counterpart may be further analyzed, especially if we reverse the order and ask what do technologies contribute with at the site of intervention and how do we recognize the technology as presented for those who it was intended for? In the framework we may understand the relevance of this question because the realization of a programme rests in the hands of others where each actor modifies and replaces part of the technology. To simplify matters: because a translation process absorbs several actors in which each one modifies the technology, the original technology changes (e.g., Latour, 1987).

In the context of this dissertation the relevance of taking such a perspective can be understood with respect to the fact that investment decisions are not taken independently; instead, there are several actors involved in which each is seeking to influence other investor to buy or sell a share. To account for this multi-actor perspective, the argument that is developed further is that the governmentality literature should pay further attention to the technological aspect of its conceptual apparatus. Here, the theoretical understanding is that investing is a translation process (Latour, 1987) in which actors negotiate the meaning of accounting.

The second research question of this dissertation focuses on the general public as owners of public companies, with particular focus on the face-to-face relation between the collective of unorganized owners and the public company. The question is guided by Hopwood's (1987) argument that accounting is one of the pivotal means by which the public company translates into the public sphere and reads: ***how translates accounting to assist the public in evaluating the stewardship function of a company?***

The empirical relevance of this question is threefold. First, in accordance with the reasoning for the first research question, there are several actors associated with accounting, from its production to its later use. Thus, the question focuses on the network of interests tied to accounting. Specifically, the question centers on how the non-professional investor's ability to enact stewardship in turn depends on actors such as auditors, institutional investors and the public companies. Additionally, it explores how these actors' interest in accounting supports or impedes the private investor's capability to evaluate the stewardship function of the company. Thus, to Hopwood's (1987) argument that accounting is one pivotal means through which accounting translates into the public sphere, the question directs attention to the actors involved in such process and the sites where it takes place.

Second, regarding the use of accounting reports for stewardship issues on the individual level, there is mixed evidence about how accounting supports this aspect of shareholding. Epstein and Freedman (1994) find that accounting reports are used for evaluating the social and ethical aspects of stewardship, as well as individual investors' demand more information about these aspects of stewardship. On the other hand, Jones and Shoemaker (1994) review study on readability suggests that accounting reports are written at a level above its general readership, which then could be a reason as to why certain groups of owners do not actively engage in evaluating the company's operations (Bartlett & Chandler, 1999). Nevertheless, these studies are put in a frame of stimuli-response and their analytical starting point is the single investor and his or her relation to formal accounting reports. Thus, these earlier studies do not capture the aspect that the relevance of accounting is determined in the context in which it is used, "rather than by the foresight of those who determine the form which it should take" (Burchell et al., 1980, p. 11). Furthermore, guided by the overview in section 2, focus was on face-to-face settings. Thus, regarding the use of accounting at the individual level in stewardship situations we can empirically explore how accounting is used in practice.

Third, following the argument that emerged from the review of recent regulatory work, it was concluded that formal accounting reports were but one way of demonstrating stewardship efforts. Instead, emphasis was on a context that offers a face-to-face setting to discuss stewardship issues. In the earlier literature there is criticism against accountability practices because they are assumed to favor the interest of economically powerful actors (Unerman & Bennett, 2004). A face-to-face setting a priori may provide an opportunity to overcome the remoteness that often exists between companies and their stakeholders. Still, such a situation is inherent in power structures and powerful networks that support a company's view of stewardship. Thus, the empirical relevance of this question is that it permits us to examine whether the site of these meetings and regulation that purportedly supports the public in their roles as owners are favorable or not.

As with the first research question that lead me to address the sociopolitical basis prior to an investment situation, this second question takes a detour before it addresses the encounter between the company and its shareholders. Specifically, the question addresses the events taking place before such an encounter as an earlier translation process (Callon, 1986; Latour, 1987) where top management has associated various actors to their network. The argument is that if accounting is one means by which the company translates into the public sphere, such a translation process brings with it accounting's network of interest and this should then be brought into the analysis. This network of interests has been constructed by settling earlier conflicts between, for example, top management and auditors. This way of theoretically framing events before the encounter is not primarily a political project as in the case of the first research question; rather, here it is understood as an effort to orientate various efforts to one common concern, namely to understand the company representatives as good stewards with respect to their owners.

Further, the argument was that one relevant aspect of a face-to-face situation was that it offered an opportunity to discuss whether this situation supported the public in their role as owners of companies. The theoretical framing of earlier translation efforts and strong networks of interests supporting top management in their encounters with shareholders may be descriptive of such encounters. Still, actor network theory does not address the ethical aspects and informs little as to whether such settings may be advantageous or disadvantageous to its participants. For the purpose of being able to address this aspect of stewardship, the research question needs an additional theoretical framework. For that purpose, Habermas' notion of an ideal speech situation (Habermas, 1990) is applied in order to contrast it with actor network theory. It is not an attempt to bring two theories together but rather an effort to address the situation of the public as owners against an accepted set of principals of an ideal speech situation. In contrast to the actor network theory analysis that tells us what attempts are made to enroll actors, the Habermas inspired analysis asks the questions: Are these attempts ethical? And what would they need to be like in order to become ethical? In sum, together these two research questions aim at addressing the issue of ***how accounting supports the public in investment situations and stewardship issues.*** While this section has singled out the questions that will be asked about the story of accounting, stock markets and everyday life as well as briefly introducing its theoretical framing, the next section introduces the empirical cases used to answer these two research questions.

4. Accounting, stock markets and everyday life - introducing the four essays

The empirical cases used to answers the two research questions are the privatization of Telia (essays 1 and 2) and field material gathered from participation in 36 AGMs (essays 3 and 4). The choice of these two seemingly unrelated cases were done deliberately. Both cases are stock market events that typically involve an audience of a large number of non-professional investors. In the privatization of Telia over 1 million people took part in the offer. The AGMs are typically seen as the single event by which non-professional investors have an opportunity to meet with top management. Each event thus represents an instance in which accounting confronts with a predominantly non-professional audience. Second, both events present a milieu where accounting is negotiated among different actors who seek to define or re-define what accounting represents for the audience. Thus, the settings of the two events are multi-actor settings. Third, both events provide an opportunity to relate accounting to a sociopolitical agenda. In the case of Telia witnessed by the fact that it was a privatization and thereby preceded by a political decision. For AGMs distinct by the fact that regulators hold this meeting to be the principal event for shareholders to exercise their rights and take part in the governance of the company. The next subsection briefly describes the methodology and the conclusions of each study.

4.1 Essays 1 and 2

The essays largely rely on the same field material but the material is used and categorized differently. In addition, I interviewed two people that were either practically involved in the privatization or took part in the debate surrounding Telia's privatization.[18] These interviews are not reported in the essays but served an important role in strengthening and extending my understanding of the event I analyzed.

Essay 1 uses two main sources of field material. The first source is government bills and government bills (hereafter bills) and the second is articles published in the business and popular press. The first set of field material

[18] See appendix 3 for details.

was used to analyze the arguments and political actors involved in the government programme while the second set was used to analyze how the programme translated into the public sphere. Regarding the conclusion, the full categorization of the bills and the articles demonstrate a general positive tune to the privatization as well to the share.

In terms of the argument's qualitative character, the analysis found that politicians sought to unite the interest of the government with that of the general public. A principal question in the press was thus: How do Telia unite the interest of those two parties? The arguments of the journalists and analysts predominantly centered on question: Is Telia a growth company and why should we buy (or not buy) the share? In general, analysts and journalists were positive to recommending the share but they were hesitant to define the share as a growth company or under priced relative to its fundamental value. Instead, one compelling reason to why people should buy the share was that there were so many different actors involved in the privatization so it could simply not turn out to be a bad investment.

Essay two concentrates on how media constructed and stabilized Telia's price. Contrary to the first essay, the focus is on a shorter period: from the time the privatization was announced to the last day the public could register for the offer. The analysis demonstrates that the construction of the company as an investment case took place in three stages. In the first stage the company was made recognizable by relating its market value to similar companies, i.e. media constructed an identity of the company. Second, when the official valuation of the company became known, media had to re-interpret the price against this new information. The identity as well as the argument that Telia was a good investment remained and the analysis demonstrates further how media brought in new arguments to support the earlier view of the company. In the third stage much of the earlier discussions about the company had vanished. The particular way it was discussed and recognized was according to its price in isolation: detached from the organizational practice it was constructed from.

4.2 Essays 3 and 4

Essays 3 and 4 are based on the same study of observation of 36 AGMs. The methodology of this study follows the catchphrase in actor network theory: to arrive before the facts and analyze how the black boxing of facts occur (Latour, 1987). Seven researchers collected the field material. Initially, 40 companies listed on the Stockholm Stock Exchange (SSE) were contacted: four of these companies were unwilling to participate in the study.

All seven researchers attended one AGM together for the purpose of testing and refining the protocol that should be used to generate the field material. After the first AGM, we decided to concentrate on four items of the agenda as these turned out to be the most relevant for our overall research question, i.e. the role of accounting at the AGM. These four items were the Chief Executive Officer's address to the meeting, the chairman of the board's address, the auditor's address and the questions and answers session between shareholders and management. Furthermore, we recorded the length of time each actor spoke and the content of their speech. We then transcribed our field notes and built a database.

The third essay goes furthest in providing a rich empirical description of the AGMs we visited. The essay centers on the various actors (e.g., auditors, non-professional and professional investors, the Swedish Shareholders Association (SSA) and top management) who all have various interests and reasons to be present at the AGM. The categorization of the questions shows that SSA representatives asked the most questions (141 questions), which constitute 53% of all questions asked. Private investors (synonymous with non-professional investors) asked 141 questions, which comprise 43% of all questions. (Totally, we recorded 266 questions and the remaining 4% (9) were asked buy NGOs and institutional investors.) Private investors asked 35 questions regarding corporate governance, 28 on financial accounting matters, 26 on business issues and 26 on social issues. In terms of the nature of the questions we found that they were typically probing type questions, often trying to get further clarification of the financial accounts. Only three questions were denied an answer. In summary, this led us to conclude that the AGM offers a useful arena for private investors to take part in the governance of public companies because it offers a site for interrelating the financial accounts to the company's operations by complementing the financial accounts with narratives and visual aids. This latter point is important in that a good deal of the critique against the AGM posits that increased complexity of accounting reports makes certain groups of shareholders remote to the company, which seems to be less of a problem at the AGM.

In comparison with the third essay, the fourth essay is less of a systematic empirical description of how various actors involved in the AGM take part in the construction of top management as good stewards. Instead, the essay uses two theoretical lenses to analyze the AGM and discuss the question: What goes on at an AGM? Drawing on actor network theory, the first part of the analysis demonstrates how strong networks between management and auditors and controlling shareholders that were formed elsewhere now act as one. Because of these earlier translations, the financial accounts of the company that the AGM should decide on have already become an incontestable fact. However, taking the argument of Latour (1987) that the hard part of any translation is for a fact to stay a fact, the actor network theory analysis concludes that earlier translations did not prevent shareholders to challenge management's view.

In an attempt to discuss whether regulation of the AGM and how these rules are enacted at the AGM are beneficial to the shareholders, the second part of the analysis relies on Habermas' notion of an ideal speech situation (Habermas, 1990). Given the legal framing of the AGM, the Habermas analysis helps when evaluating the AGM against an accepted set of principals of an ideal speech situation. From the analysis, it was concluded that the AGM helps contextualize the financial accounts in important ways. The essay concludes that AGMs show traces of an ideal speech situation and therefore enables shareholders to critically examine how their entrusted resources have been managed

5. Contribution and suggestions for future research

This dissertation rests on the observation that stock markets are pervasive of everyday life. To analyze accounting with respect to that observation the first research question asked: ***how translates accounting to assist the public in investment situations?***

This question is answered in the first and second essay. The argument was that investing is politically enabled and takes place in a multi-actor setting. Thus, how accounting assists in investment decisions should be studied in such a setting. The forming of a political basis for investing is captured in both essays, which contributes to the earlier literature on this matter in two ways. First, earlier studies using the framework of Miller and Rose (1990) favored an analysis of the programmatic level, which, according to Radcliffe (1999), leads to that a majority of studies argue abstract from their cases, not focusing on the site where the programme translates into its intended audience. One consequence is that the notion of translation (Callon, 1986; Latour, 1987) that is part of the conceptual apparatus is underdeveloped in earlier studies, for example witnessed by the observation that few earlier studies have demonstrated contesting actors. This is in contrast to the concept of translation that holds negotiations over meaning as typical for translation processes. The reasons why this concept remains underdeveloped are at least twofold: (1) earlier studies have been characterized by a historical interest and (2) that these studies have primarily sought to develop the conceptual apparatus of the framework. Nevertheless, this study develops the translation conception by a detailed empirical analysis of the chains of translation, from the formation of the program to the construction of the company as an investment case in the press. In doing so it furthers the translation concept by demonstrating how the various controversies that a program encounters change the original program as well as the technology change as these become associated with new actors along their trajectory. Miller and Rose (see also Robson, 1991) depicted these controversies as a circular movement, where technologies react back on the programme. What this study suggests is that these reactions give rise to new controversies, an observation in contrast to earlier work depicting programs as fairly coherent frames not taking into account the amendments to the program in the form of new controversies that arise. It follows from this that attention needs to be paid to how the original technology (in this case a prospectus tailored to the general public) in turn needs to be translated to counter these new controversies. Although Miller and Rose (1990) stress the importance of technologies related to programs, little effort has been devoted to discuss how such technologies might be examined or recognized (cf. Radcliffe, 1999). Essay 1 suggests that one way of attending to technologies is to focus on the bits and pieces from the original technology that the government chooses to mobilize in order to demonstrate how the program is in accordance with the interest of the general public. It is not to refuse the division between programmes and technologies but to propose that a close empirical study suggests that macro level programs become micro actions.

The second contribution of the Telia case is mostly developed in essay 2. Earlier work within the governmentality literature has devoted little attention to how technologies are encountered at the site of intervention. In essay 2 the price was the technology as it has all the characteristics of a technology i.e., stable, mobile and combinable. What the analysis of the press demonstrates is how various actors seek to define what Telia's price referred to. Examples of questions that the media debated were: Because Telia operated in a growth market, was the price of 85 SEK reasonable? Alternatively, was the share overpriced at the current level of earnings because the expected long-term yield was a modest 1.8%? Did the low increase in sales vis-à-vis their competitors indicate that it was a mature company operating in a growth market? The focus on how media negotiated the price suggests that one contribution is to focus on the interpretative efforts of the technology. Technologies both represent the programme as well as intervene, however, it does not realize the programme without a sufficient numbers of actors agreeing upon what it refers to at the site of intervention. Not only that a technology may not be fully exhaustive or in need of reconfiguration, as Radcliffe (1999) suggests, but an important exercise to have it fulfill its aim is to connect it with persuasive arguments that then establish the technology as means of realization.

The second research question addresses the role that accounting plays in stewardship situations and reads: ***how translates accounting to assist the public in evaluating the stewardship function of a company?***

This question is answered in essays 3 and 4 and follows the same rationale as in essays 1 and 2, namely that there are several actors involved in the production of accounting. The contribution of these two studies can be viewed as follows. They contribute by presenting a new research approach that made it possible to challenge the argument that AGMs are mere ritual, disconnected from other mechanisms of corporate governance (cf. Jones, 2003; Hodges, Macniven & Mellet, 2004). By employing actor network theory, we view the AGM as having a history before and after the meeting that could be changed at the AGM. Although earlier translations of the financial accounts and management's position as a good steward have been negotiated among various actors (e.g., auditors and the major owner before the AGM), these are not conclusively a closed issue but are leaky (Latour 1987).

In fact, the meeting enables challenges to the black box of accounting and allows a rare opportunity to question the financial accounts of the company. Furthermore, accounting is not a simple outcome of the AGM but part of what enables it because it is discussed and argued, i.e. it is an obligatory point of passage.

The Habermas inspired analysis demonstrates that, although the AGM falls short of fully realizing an ideal speech situation, there are important aspects in which the AGM resembles such a situation. This is particularly emphasized by the legal framing that makes it possible for shareholders, regardless of economic power, to ask questions, an opportunity that is taken advantage of by the shareholders. Although the intention was not to bridge Habermas' writings and actor network theory, both point to the element of surprise as an important aspect of accountability. In actor network theory the element of surprise may be understood through the idea of leaky black boxes, which means that the hard part for a fact making process is for a fact to stay a fact. In Habermas' writings about an ideal speech situation the element of surprise is dependent on that an argument brought into the discussion is not known in advance. Thus, the element of surprise is vital to any setting that holds democratic aspects.

6. Concluding remarks and directions for future research

This dissertation began with the presentation of Michael Keinänen, a young person who won the Swedish Championships in Shareholding. The anecdote led to an overview of the stock market's influence on everyday life, and in respect to that influence, this dissertation offered an empirical description and a theoretical understanding of how accounting is part of everyday life. While accounting in the context of the stock market is often discussed in relation to professional users, this dissertation presents a social analysis of that relationship for non-professional investors, an analysis that has received little attention in accounting research. Although I suspect that the story of accounting, stock markets and everyday life takes place in other countries similar to Sweden, future research needs to corroborate this suspicion. Moreover, to strengthen this story the opportunities for analysis at different levels of society will be useful. This dissertation has emphasized the wider market setting in which accounting assists in investment decisions and helps to decide stewardship issues. Following one trail means abandoning other promising ones. With the present focus on the media and how other actors come to define the meaning of certain accounting artifacts, the first question that seems reasonable to address concerning the current work is the linkage between numbers and words. Classical work such as Menninger (1969/1992) may serve as source of inspiration. Such an effort would bring deeper theoretical insight into how financial accounting numbers form part of the arguments used for the purpose of convincing others about what they refer to.

On a more general level, much may be gained for the sociological strand of accounting by looking at writings within economic sociology (cf. Fligstein, 2001). The rationale of such an endeavor is the observation that much of the advances made in the sociological strand of accounting research is absent in the economic sociology literature and conversely much of the contributions of economic sociology on markets is absent in accounting research. This is surprising because the sociological reflection on accounting has been apt to borrow from diverse disciplines in social sciences and humanities. After all new insight that may be gained from further analyzing accounting in everyday life is the simple reason why I believe social research of accounting is an exciting place to be.

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Appendix 1 to section 2: Stock markets and everyday life – an overview of savings patterns.

The data for this section come from Statistiska Central Byrån CB (Statistics Sweden) and Aktiespararna (The Swedish Shareholders Association). Data about the number of Swedes holding listed shares were complicated for several reasons. The VPC (i.e. the central security depository) could only provide data over unique shareholders from 2000 to 2005. The VPC's data are reliable as any person in Sweden who holds a share needs either a particular type of account called a "VP Konto" or is registered at a stockbroker firm. VPC reports this information to SCB that then compiles the information. However, the SCB does not include owners that hold less than 501 shares. Furthermore, according to the VPC, Swedish shareholders typically hold shares in few companies (2.8 shares on average) and around 50% of all shareholders hold shares in just one company (VPC, 2006-09-30). The data used from Aktiespararna build on an annual survey that they perform in collaboration with a research agency. This may be a disadvantage in terms of reliability but the advantage is that it has data for the relevant period. Moreover, their data include shareholders with one single share and therefore these data provide a more descriptive picture of the overall pattern. Comparing the sources of data against each other gives at least reason to believe that the variation over the past 5 years for which data is available from both sources is valid.

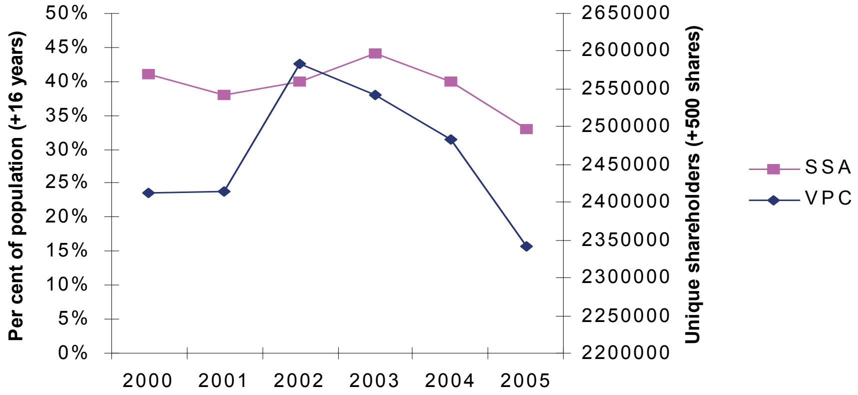

Figure 1: Number of unique shareholders compared between two data sources.

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Appendix 2 to section 2.2: (Stock markets and everyday life – a regulatory concern)

Interviews

The interview with Erik Saers, Head of Market Conduct at the Swedish Financial Supervisory Authority, was performed on 2006-05-18. The interview was open ended though with some specific questions about time for regulatory changes and their increased focus on consumer protection issues from a regulator's point of view. The interview lasted approximately 45 minutes. One further interview that was useful for this section was with Mika Burman Götz from the Swedish Shareholders Association, which was conducted on 2006-03-23. This interview gave useful information about consumer protection issues from a consumer's perspective. This interview, which lasted about 1 hour, was also open ended, with a few introducing questions. The two respondents gave similar views regarding reasons that have resulted in an increase focus on shareholding (reforms of pension systems).

The study of the reports of the FI and the Swedish code of conduct

The reports from the FI from 1998 and onwards were retrieved from their webpage (www.fi.se, last entry 2006-11-14) and the reports from 1998 and 1999 were ordered from their archive. In common for all these reports is that they focus on consumer protection issues. The cut-off year was 1998 as this was the year when the reports began paying attention to issues regarding private investors. The reports were analyzed in the following way. First, the reports were read through chronologically. This reading suggested that consumer issues were a growing concern. To account for the historical development (e.g., factors that have contributed to that a broader clientele now have access to the stock market) the question "What factors have contributed to that more people may take part in the stock market?" was asked after each section. In a similar way and to address the problems related to a new market clientele, two questions were raised after each section: (1) What problems with financial information are related to their situation? (2) Which actors have the power to lessen the impact of that problem? The length of the excerpts varied between a few sentences to 3-4 pages. This procedure produced the following two tables.

Table 1: Three most frequently quoted factors for a wider market clientele

	Frequency of excerpts
Reform of the Swedish pension systems	8
Technology (low commission brokers)	4
Internet companies	3

Table 2: Three most frequently quoted problems for private investors

	Frequency of excerpts	Main actor
Problematic issues related to financial information and non-professional investors		
Incomplete	5	Company and underwriter
Ability to understand and make use of financial information	5	Professional investors
Distributed unevenly	4	Company

Documentary Sources

Finansdepartementet (Ministry of Finance). (2002). Kommittédirektiv (Committee Directives), Dir:2002:94.

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Finansinspektionen (The Swedish Financial Supervisory Authority). (FI:2005:13). *Konsumenten och rådgivningen (The consumer and advisory services).*

The study of the Swedish Code of conduct

Documents included are the code itself, drafts and comments from the main actors involved in the production of the code. These reports were mainly collected from www.bolagsstyrning.se (last entry 2006-11-15). The reports in connection with the Swedish code of conduct were analyzed in the following way. First, they were read through chronologically and then it was decided to focus only on the code itself because this is the regulatory document. Earlier drafts and comments, however, were useful for the interpretation exercise of the code. In particular it strengthened the argument that the code should not completely be understood as a corporate governance code but equally an investor document because the focus in the early reports focus on trust in a very general sense rather than how corporate governance mechanism may for example reduce agency conflicts. Excerpts pertaining to how the document perceived stock market actors to reverse the decline in trust among the public against listed companies were collected by asking the following question: (1) What actors and means are important to rectify the situation?

The exercise produced the following table.

Table 3: Actors mentioned in the code

Actor	Frequency	Principal mean
Companies	40	AGM and annual report
Auditors	28	Audit reports and AGM
Institutional owners	7	AGM

Documentary Sources

Kollegiet för svensk bolagstyrning (The Swedish Corporate Governance Board). (SOU: 2004:13). (*Betänkande från Kodgruppen A whitebook from Kodgruppen*).

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Appendix 3 to section 2.3 (Stock markets and everyday life – the role of the media)

Articles on “Folkaktier (people’s shares)”

The articles were retrieved in 2006-11-13 from the full text database Affärsdata via a search for “Folkaktie” in combination with Assi, Pharmacia and Telia. To take into account that the database expands over time by including articles from a larger number of newspapers, I restricted my study to articles from eight newspapers and magazines (hereafter denoted sources) that were available in 1994 and 2000. These eight sources produced 97 articles (27 in 1994 and 70 in 2000). The criteria for including an article in the sample were that it was published during the year of the privatization and that these articles were published before the first trading day of the share. The articles are available upon request.

Articles on AGMs

The articles come from Affärsdata. In 2006-11-13 the keyword “Bolagsstämma” produced 18275 articles during the time period 1995 – 2005. I restricted the search so that only articles that reported about the AGMs were included and not press releases and telegrams. To account for the expansion of the database I divided the number of articles per year with the number of sources that the database contains per year. The pattern, as reported in the text, largely stays the same for the period, with the exception that the number of articles per source seems to level out towards the end of the period, indicating that the absolute increase in number of articles is driven by an expansion of the database rather than an increased interest in the subject.

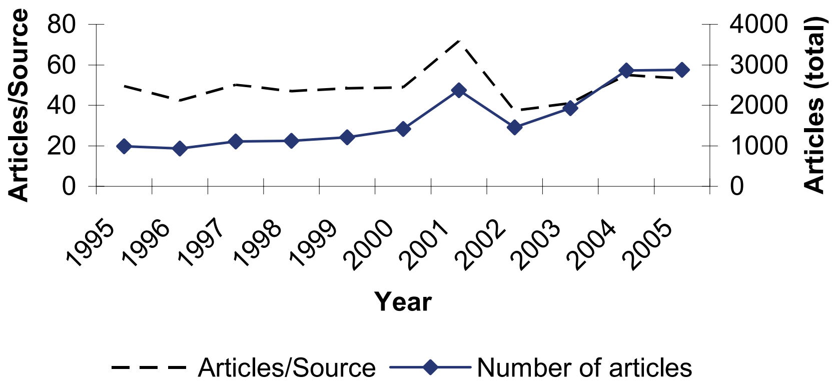

Figure 2: Number of articles on annual general meetings, absolute and relative frequency

Interviews about the privatization of Telia and the historical development of shareholding

The first interview was with Dick Kling, now a fellow at Timbro (a free market think tank). The interview was conducted in 2006-05-10. Because he had served at the Department of Commerce under the conservative/liberal government, his view was important for the historical development of promoting shareholding through privatizations. The interview took approximately 2 hours and although it was an open-ended interview, there were some common points about privatizations in Sweden and key players involved. The second interview was with Johan Cederlund at the Ministry of Commerce. The interview, which lasted about 1 hour, took place in 2006-06-08. He was one of the employees at the Department that was in charge of the privatization. His view provided a useful insight about the various political twists and turns concerning the privatization of Telia as well as earlier privatizations. Although the interview was mostly open-ended, I did ask specific questions about whether they had considered the conflicts of interest between the public and the state. Further, I asked about differences between Telia and earlier privatizations in terms of desired shareholder base.