

Corporate Governance - in Finland and the Nordics

The Nordic region often punches above its weight when it comes to various global lifestyle and economic rankings. For its size, it also has a wide range of global companies from cars, design, furniture, technology and machinery sectors. So what makes Nordic companies successful? Some argue that the culture of consensus-based decision making, transparency and political stability are part of the success and that this has translated into the way companies are managed. Perhaps the time has come for the world to take note of the Nordic way of corporate governance, rather than just for its design, music and flatpack furniture.

Friederike Helfer, partner at Cevian Capital, the activist investor, is of the opinion that Finland and the other Nordics could teach the world a few things about good governance and is urging institutional investors such as pension funds to step up to the task. Talking of her experience on Nordic boards, including recently on the board of Valmet, the Finnish developer and supplier of technology and automation systems and services for the pulp, paper and energy industries, Helfer explains some of the advantages of the Nordic way.

The style of governance is unsurprisingly directly a reflection of the culture and in Finland this tends to be fairly monosyllabic and true to the saying of 'say what you mean and mean what you say'. Helfer said subtlety is not understood and directness is appreciated and respected. Out of the Nordic countries Finland is the most hierarchical whereas the Swedes discuss everything perpetually. "Being Austrian and having worked in Switzerland most of my career I can clearly see distinct differences. The Swiss do not exaggerate and are careful with words but careful to the extent that criticism might not be heard. Germans are more direct and blunt and employees appreciate a leader that takes charge. They would be at a loss with a Swedish consensus seeking boss," she explained. "The first distinctive feature in the Nordics is the pronounced ownership mentality. There is a high private share ownership rate - a large majority of Swedes own shares, for instance. In addition, there is a history of "spheres" which own 15-20% of total Swedish Stock Exchange, and most of the largest companies have a large private family owner, the biggest and most well-known being the Wallenbergs", she explained. In Finland large institutional investors such as Ilmarinen take large stakes in companies thereby making them influential owners.

You can read the full article on pages 45-47 in the HedgeNordic Special Report on Finland

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