Ansökan om forskningsmedel

Observera att ansökan med blägar endast ska skickas elektroniskt till konkurrensverket@kkv.se

1 Sökande (huvudansvarig för projektet)

Namn
Erik Lekomar

Universitet/högskola eller motsvarande
Handelshögskolan

Institution eller motsvarande
EHFF

Postadress
Box 6501

Postnr och ortsnamn
113 83 Stockholm

Telefonnr (direktiskt inkl. riktnr)

E-post

2 Anslagsförvaltare

Universitet/högskola eller motsvarande
Handelshögskolan

Institution

Postadress
Box 6501

Postnr och ortsnamn
113 83 Stockholm

Telefonnr (direktiskt inkl. riktnr)

Bankgiro/Förmånesnummer

3 Projektbeskrivning

Projektet avses starta, datum
2014-10-01

Projektet beräknas vara slutat, datum
2016-03-31

Sammanfattning av projektets syfte, betydelse och genomförande (högst 1400 tecken).


Studien baseras på fyra förelag i två länder: två teleoperatörer (Televerket/Teili och Post- och Televerket/Telecom Finland/Genera) och två börsar (Stockholmsbörsen och Helsingforsbörsen). Börsen hade i slutet av 1970-talet monopolställningar på sina främsta marknader och hade en central roll i de avvecklingar som sedan ägde rum. De valda fallen ger maximal jämförelsebarhet och vi kan isolera de faktorer som bidrog till utvecklingen. Projektet baseras på ett unikt eriksmaterial, bland annat omfattande interna strategidokument som donerats till EHFF, samt på intervjuer.

Forskningsgruppen består av forskare från EHFF vid Handelshögskolan i Stockholm, Ratio, Chalmers och Aalborghögskolan. De deltagande forskarna är disputerade i ekonomisk historia respektive industriell ekonomi, och har kompetens inom företagshistoria, teknikskiften, entreprenörskap och politisk förändring.

Bifoga en utförligare projektbeskrivning (max 10 A4-sidor).
4 Kostnadsrevisning

Fyll i de ofärgade cellerna med för projektet gällande information, så uppdateras de färgade automatiskt. Ge akt på de felmeddelanden i rött som visas vid överträde av Konkurrenserverets riktlinjer för anslag till forskningsprojekt.

### Projekt 1

<table>
<thead>
<tr>
<th>Personalnamn, akademisk titel (bilaga CV)</th>
<th>Månadslön enligt KKV:s riktlinjer</th>
<th>Anställningstid i projektet, månader</th>
<th>Arbetstid i procent av heltid</th>
<th>Lönekostnad inkl. sociala avg.</th>
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Summa övriga kostnader (hämtas från tabell 4a) 10 000

Total kostnad inklusive sociala- och förvaltningsavgifter 237 676

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Summa övriga kostnader (hämtas från tabell 4a) 20 000

Total kostnad inklusive sociala- och förvaltningsavgifter 923 702

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Summa övriga kostnader (hämtas från tabell 4a) 10 000

Total kostnad inklusive sociala- och förvaltningsavgifter 237 676

Ansökan om forskningsmedel från Konkurrenserveret
4a Redovisning övriga kostnader

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5 Kostnadssammanfattning (anges i kronor) för nu sökt anslag

Total projektkostnad

1 399 054

Därav söks från

Tidigare erhållna anslag från

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*Anslagsgivarens namn

Ansökan inlämnad, datum  Sökt belopp

**Anslagsgivarens namn

Ansökan beviljad, datum  Beviljat belopp

6 Övriga projekt som samtidigt kommer att ledas av huvudansvarig

Projekttitle: För att radöra texten, använd Alt + Enter

Aspekter på svensk reklammarknad (Fam.Ridderstads Stiftelse för Historisk Grafisk Forskning) 2014-2016
Monopolists for Competition? (Tekn. Dr Peter Wallenbergs Stiftelse för Ekonomi och Teknik). 2015-2016

Namn och institution på personer som beviljas forskningsbidrag kommer att publiceras på Konkurrensverkets webbplats.
2014-01-30

Angående forskningsprojektet: "Market deregulation as a discovery process: A comparative study of monopolist behavior in deregulatory processes in Sweden and Finland"

Stiftelsen för ekonomisk-historisk och företagshistorisk forskning (EHFF) är ett fristående forskningsinstitut vid Handelshögskolan i Stockholm. Forskningen är huvudsakligen inriktad på företagshistorisk forskning; projekt bedrivs för närvarande bland annat om den svenska reklambranschens historia, konkurrenseffekter på skolmarknaden, utvecklingen av SAS och den svenska flygmarknaden, förmögenhetsutvecklingen under 1700-talet samt om svenska företag i Ryssland under revolutionen.

Den aktuella forskargruppen beviljades 2013 medel av Tekn Dr Peter Wallenbergs stiftelse för Ekonomi och Teknik, för en preliminär empirisk studie (Monopolists for competition?) av hur monopolister i Sverige och Finland hanterat avregleringarna av telefoni och börshandel. Detta projekt bygger vidare på detta projekt och expanderar detta både i fråga om forskningsfrågor och om källmaterial.

Projektet ansluter väl till andra pågående forskningsprojekt, framförallt till projektet om SAS och avregleringen av flygmarknaden som leds av Prof. Hans Sjögren. Projektet är också väl positionerat till annan pågående företagshistorisk forskning rörande konkurrens i Sverige.

Projektet har genom tillgången på källmaterial, i synnerhet till det nya och aldrig tidigare använda interna strategidokument från Televerket som EHFF genom en donation fått tillgång till, och forskargruppens sammansättning stora möjligheter att generera värdefulla resultat. Datasamling för projektet har redan påbörjats.

För ett mindre forskningsinstitut som EHFF är samarbeten med framstående yngre forskare från andra akademiaiska institutioner i Sverige och i andra länder oerhört viktigt för att upprätthålla en långsiktigt attraktiv forskningsmiljö. EHFF har sedan cirka ett decennium ett utvecklat samarbete med Forskningsinstitutet Ratio, bland annat kring de årligen återkommande Heckscherföreläsningarna. Samarbetet med Aalto Universitet är nytt men vi ser stor potential i detta samarbete.

De ingående forskarnas profiler kompletterar varandra väl och vi ser stor potential för projektet forskningsmässigt, liksom en betydande policyrelevans. Nyttjandet av det nya och utöföre material som forskarna fått tillgång till, i kombination med den unika relationsdatabasapprochen, innebär här i sig ett viktigt bidrag till svensk ekonomisk- och företagshistorisk forskning.

Erik Lakomaa, Ekon Dr
Föreståndare
Stiftelsen för Ekonomisk-Historisk och Företagshistorisk forskning
Stiftelsen för Ekonomisk och Företagshistorisk Forskning (EHFF)
Handelshögskolan i Stockholm
Box 6501, 113 83 Stockholm
Org nr: 822425-5096
Market deregulation as a discovery process
-A comparative study of monopolist behavior in deregulatory processes in Sweden and Finland

Introduction

Deregulation is an uncertain process that opens up for innovative activities and new market conditions. Even if the general direction of the deregulation process is known, its end result, pace, competitive dynamic and specific innovative outcomes are difficult to predict ex ante. Deregulation can therefore be conceptualized as a discovery process (Elisson, 1991; Milliken, 1987). Within the literature on regulatory change it is often argued that large incumbent firms are able to influence this process to their favor, sometimes at the expense of consumers (Acemoglu & Robinson, 2006; Chandler, 1990; Mokyr, 1992, 1998). However, there might be situations in which monopolists actually lobby governments to introduce competition and where the outcome is beneficial for consumers. Those cases have been scarcely researched and more knowledge is needed in this area, especially since they might have important policy implications.

Our study will analyze Swedish and Finnish incumbent monopolists as change agents in deregulatory processes, focusing on the making of deregulation, defined as “the relaxation of governmental controls that govern competitive conduct” (Chackravarthy, 1991: 22). The research project will compare and contrast monopolist behavior during the discovery process of deregulation in two different industries in these countries: telecommunications and financial stock exchanges. We are interested in the strategic decision-making that importantly shaped both the industry structure and the competitive setting.

Within the literature on regulatory change, attention has been devoted to when large firms are more or less capable in responding to deregulation (i.e. Smith & Grimm, 1987) and how those capacities are related to the ability to extract value from consumers’ valuation of diversification (Delmas, Russo, & Montes-Sancho, 2007; Kim, 2013). But vested interest groups or incumbent firms often have an advantage during periods of stability and incremental change, as they benefit from economies of scale and control resources that entrants do not possess (Acemoglu & Robinson, 2006; Chandler, 1990; Mokyr, 1992, 1998). During periods of deregulation rivalry and entry increases risks for incumbent monopolists (Reger, Duhaine, & Stimpert, 1992). Previous research hence predicts that there would be resistance and little incentives for change agency on behalf of the incumbent monopolist (e.g. Televerket/Telia), especially when there are few benchmarks from other countries regarding the benefits and potential risks related to deregulation of a certain industry.

Contradictory to these predictions there might be situations where monopolists actually lead change and lobby governments to introduce competition in ways that come to alter an entire industry operation, outputs, and the competitive dynamics. These pioneering discovery driven deregulatory processes then become benchmarks for others to learn from. Hence, previous research provide little clues why incumbents would in the first place engage as change agents, what distinguishes more or less successful discovery processes during deregulation, and under what conditions such strategic work might be beneficial to incumbent monopolists. This is where we aim to make a contribution.

We have chosen to study two industries where Sweden and Finland was either the first, or among the first, countries to develop a new regulatory regime adopted to new circumstances: the Stockholm Stock Exchange was the first national exchange in the world to demutualize following new exchange regulations in 1992 followed by Helsinki Stock Exchange in 1995 and Telia was among the first to do so following a new telecommunication law in 1995, closely succeeded by Telecom Finland and the deregulation of the market in 1994. In all these four instances, these monopolists had an active role as institutional entrepreneurs lobbying the government for deregulation, shaping the emerging institutions, and
encouraging competition. These two countries and two industries stand out as success stories in an international context. While consumer interests have been compromised at times in favor of vested interest groups, these cases have resulted in major benefits for consumers. By studying these two industries, we will be able to derive important policy implications for Konkurrensverket.

Our empirical focus is primarily on the time when active strategy work towards deregulation took place, i.e. up until 1995. We also include in our analysis a historical background that led up to the active strategic actions to push for deregulation. The project’s research design is based on a combination of unique access to previously unavailable firm internal archives, interviews with key stakeholders and a structured database analysis. This will enable us to in detail map how monopolists have acted as change agents during a complex process of deregulation with different, conflicting interest groups. The 2 x 2 design (two industries and two countries) with close collaboration in the research group makes comparisons across the different cases possible. The findings are expected to result in findings that are highly policy relevant for Konkurrensverket. This research output includes more knowledge about:

- How monopolists act when exposed to institutional changes that threaten their market position.
- How a deliberative decision-making process affects incumbents’ ability to cope with vested interests during deregulation. Through a comparative study across institutional settings and industries, we can isolate what factors influence the deregulatory process.
- How institutional entrepreneurs influence key aspects of deregulation such as transparency, speed and consumer value.
- How consumer interests can be better taken into account when monopolies are deregulated.
- We compare two industries where one was highly exposed to consumer pressure (telecom) whereas the other one (stock markets) was less subjected to such influence.

We will study the actions taken by the incumbent companies, entrants, political entities (legislators, regulators) and interest groups (unions, professional associations) involved in the process. To achieve this we construct and code a novel relational database based on access to unique, newly available primary archival material of the firms (Stockholm and Helsinki Stock exchange, Televerket/Telefon Post och Televerket/Telecom Finland/Sveriges), regulatory entities and interest organizations, in combination with oral history interviews. This research design allows us to track the parallel development of technology, legislation and supervision. We will here also explore the roles of political entrepreneurs in promoting and shaping policy. Both the director general of Televerket Tony Hagström and the CEO of Stockholm Stock Exchange Bengt Rydén can be regarded as such entrepreneurs. Likewise the role of Helsinki Stock Exchange general directors Asko Schrey and CEO Juhani Erma, general director Pekka Tarjanne of Post och Televerket in Finland and the CEO for Telecom Finland Aulis Salin are comparable. All of the political entrepreneurs and related key individuals in the deregulatory process in both countries are still alive and semi-structured interviews with them will be an important part of the research project.

As two decades have passed since the deregulations, we are at a “sweet spot” in which archives have been made public for research while it is still possible to fruitfully conduct oral history interviews. Our unique archival data will in combination with an unparalleled relational database methodology differentiate our research from previous work on the topic. Furthermore, using cases from the same countries, within the same time period and institutional framework, renders us with unique possibilities to study the generalities of the regulatory processes. As regulation (and de-regulation) of industries may have a vast impact on economic performance, the project is highly policy relevant.

**Previous research**

This project adds new knowledge in relationship to the deregulation of telecommunication and stock exchange monopolists in Sweden and Finland. In the following section, we provide a short overview of the most important literature in these areas and the project’s research contribution. Deregulation studies in Sweden and Finland have primarily been focused on one country. However, in recent years there has been an emerging stream of business research comparing the historical development of industries in Nordic
countries, gaining new knowledge of the unique aspects of Nordic capitalism as well as drawing conclusions regarding similarities and differences from cross country comparisons of industry cases (Andersson-Skog, 2000; Fallman, Iversen, Sjögren, & Thue, 2008; Iversen & Larsson, 2011; Jensen & Gråbacke, 2013; Telasuo, 2000). This country comparative research design has rarely been applied to studies of deregulation of Swedish industries (for an exception, see Telasuo (2000)). However, within the international literature on deregulation, there are several examples of how cross-country comparisons of deregulation of industries have added new knowledge and key learning points (e.g. Bosch and Philips (2003); Caves, Christensen, Treheway, and Windle (1987); McGowan, Seabright, Breyer, and Encaoua (1989) These international comparisons have been focused on the broader outcomes and drivers of deregulation. Our focus on the monopolists discovery process during this development provides a novel contribution to this research and could provide important learning points for deregulation of future industries, especially in industry context where Sweden are among the first countries to deregulate.

Due to their similarities, Sweden and Finland provides a particularly interesting case for comparisons of industries and deregulatory development. A recent macro-economic study compared the economic policies of Sweden and Finland 1985-2000 (Jonung, Klander, & Vartia, 2008). One of the major findings from this study was that Sweden and Finland followed a strikingly similar pattern of economic policies, even to the degree that they could be described as “economic twins”. Our research project follows this tradition, but with an industry/firm (meso- and micro-level) focus on directly comparing and contrasting Sweden and Finland in two cases of monopolist action under processes of deregulatory change. Previous literature in this comparative Nordic research stream has not specifically focused on the role of monopolists during deregulation and our project provides an important research contribution to understanding if there were uniquely Swedish and Finnish characteristics as well as differences in the deregulatory process.

The research design with a shared relational database will also methodologically allow a level of in depth, detailed comparative analysis that is novel in this field of research.

Deregulation of Stock Exchange Operators in Sweden and Finland

There is a lack of previous empirical studies of national stock exchange operators in Sweden and Finland during the deregulation period. The Stockholm Stock Exchange has not been subject to detailed studies of this era. Existing studies of the business history of the Stockholm Stock Exchange are focused on the period prior to the deregulation (Algott, 1963; Stockholms Fondbörs, 1988). The regulatory development of exchange operations in Sweden has received relatively little attention for the time period in question, but is partially discussed in connection to broader studies of Swedish financial regulatory history and financial markets (Boman & Harkess, 1999; Englund, 1999; Jonung, 1999; Larsson, 1993; Wendenschlag, 2012). In evaluation reports, the Swedish exchange deregulation is discussed in Finaussektorns Framtid (SOU 2000:11) and in Lärobok för Regelnsar (Ds 2002:21).

Similarly, there is no detailed business history of Helsinki Stock Exchange during this period as existing studies have focused on the period preceding the deregulation (Stjernschantz, 1987; Suomen Pörssisäätiö, 1987). There is a literature on Finland’s stock market and regulatory development that is connected to the larger context of this project (Honkapohja, 2012; Nyberg & Vaihekoski, 2013; Vaihekoski, 1997). In addition, the recent studies by (Jonung et al., 2008) and (Hyytinenn & Pajarinen, 2001) that compare the financial systems in Finland and Sweden during the period of financial deregulation are relevant for the project. Moreover, there is a body of literature on deregulation of financial exchanges in other countries, including e.g. a comparative study of deregulation (Thatcher, 2007), stock-market globalization (Poitrás, 2012) and studies of demutualization (Aggarwal, 2002; Akhtar, 2002; Jain & Jain, 2009; Zanotti, 2012).

Telecommunications Operators in Sweden and Finland

There is a more substantive body of literature on Televerket/Telia – some of which covers the regulatory processes and their impact on the company and the market for telecommunications. Among these are (Andersson-Skog, 2000) covering the period pre 1950 and the official history of Televerket in seven
volumes, one of which investigates the deregulation of telecommunications (Lernkvall & Åkesson, 1997). The two dissertations on the deregulation of telecommunications in Sweden (Carlehedén, 1999; Karlsson, 1998) should also be mentioned. The deregulation of Televerket is also the subject of evaluation reports, including a number of studies by Konkurrensverket (Hansing, Ingemarsson, & Linthag, 1996; Ingemarsson, 1998, 2004) Regelnings (SOU 2005:004), (Statskontoret, 2012), Lärobok för Regelnings (Ds 2002:21) and (Riksrevisionen, 2013). None of these studies are however based on the new archival sources we have access to.

On the history of Post och Televerket/Telecom Finland there is also some previous business history literature (Kettunen, Kivikko, & Pesonen, 2006; Kivikko, Lindell, & Naulkkarinen, 1997; Turpeinen, 1996, 1997). Moreover, there is a vast and interesting body of literature on telecom deregulation in other countries, e.g. the US, the Japan, Netherlands, Denmark, France and the UK (Bartle, 2002; Ibsen & Skovgaard Poulsen, 2007; Kaplan, 1997; Teske, 1991).

Relationship to other research projects

We have been granted 1 million SEK for other parts of this project from Peter Wallenberg foundation for studying the interplay between economics and technology. This funding does not cover the analytical work and subsequent research papers we intend to write based on this application to Konkurrensverket. With a large part of the data already collected and categorized in the database, we could make efficient use of the funding for analysis, research papers and policy recommendations.

We will limit our research to the comparison between Finland and Sweden in these specific industries. The time period studied will be from when the incumbents took the first preparatory steps toward competition and deregulation and up until the mid-1990s when the markets for telecommunications and stock market trading were opened for competition.

Empirical sources and database

Archival data sources

We have access to extensive primary archive sources for both industries. The coverage is unparalleled from an international perspective; no previous research project on regulatory change has had the same access to the entire organizational field of firms, interest organizations, supervisors and regulators. The coverage of archives allows us to access primary data regarding multiple actors in the two countries and the relationship between the monopolist and its environment over time. The archives for the monopolist on the Swedish side are better organized in official deposits than the Finnish counterpart. However, we have also gained information about key managers that have saved records in the Finnish case and we are optimistic in our potential to gain access to these.

There is now a unique window of opportunity that makes it possible to pursue this combination of primary archival records and informed oral histories at this point in time. The period that has passed since both industries were deregulated is at a specific temporal “sweet spot” where the combination of (1) primary archival records and (2) oral history informed data collection could give the maximum amount of informed data for the research analysis: Recently, previously closed/confidential archives have been opened up for research purposes, at the same time it is possible to conduct oral history interviews with participants that are more open towards discussing previously sensitive issues related to strategies and political conflicts in the deregulation process.
### Table 1: Archival data sources

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<th>The telecom monopolist Sweden</th>
<th>The telecom monopolist Finland</th>
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<tr>
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<td>• Archive of Ministry of Transport and Communications.</td>
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<td>• Archive of the Department of Communication (Riksarkivet)</td>
<td>• Archive of Kommunikationsverket (Ficora)</td>
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<td>• Archives of Director General Tony Hagström (Riksarkivet)</td>
<td>• ELKA archive (Centralarkivet för Finlands nätverk) <a href="http://www.elka.fi">www.elka.fi</a></td>
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<td>• Archives of Statsanställdas förbund (Union archive, ARAB)</td>
<td>• Records from CEOs, key managers, and consultants engaged with the leadership of the deregulation</td>
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<td>• Televerket Department of Strategic Planning (donated 2013 to EHFIP)</td>
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<td>• Archive of Liberalisering, regler och marknader, SOU 2005:4 (Committee archive, riksarkivet)</td>
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<td>• Post- och Teleutredningen 1990:27, prop 1992/93:200 (Committee archive, riksarkivet)</td>
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<td>• Archive of the The Swedish Securities Dealers Association (SSDA)</td>
<td>• Archives of the Bank of Finland</td>
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<td>• Swedish Financial Supervisory Authority (Riksarkivet)</td>
<td>• Archive of the Finland’s Securities Market Act</td>
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<td>• Archive of SoU Optionsutredningen, Värdepappersmarknadskommittén and Fondbörsutredningen (Riksarkivet)</td>
<td>• Helsinki Stock Exchange (now Nasdaq OMX) and records from key managers.</td>
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<td>• Archive of the Department of Finance (Riksarkivet)</td>
<td>• Ministry of Finance (Valtiovarainministeriö)</td>
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<td>• Ingemar Eliasson archive (Riksarkivet) (Chairman of the Board of Stockholm Stock Exchange)</td>
<td>• Finnish Association of Securities Dealers</td>
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<tr>
<td>• Personal records of Bengt Rydén (President Stockholm Stock Exchange, 1985-1998)</td>
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<td>• SNS archive (VMK’s shadow investigation “Strategier för en bättre kapitalmarknad”).</td>
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<td>• Company and interest organization publications from the National Library of Sweden (KB)</td>
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<td>• Olof Stenhammar Archive (CfN) (Founder and CEO of OM)</td>
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### Oral history interviews

We will conduct interviews with key individual managers active in the deregulatory process. About 40 interviews will be performed in total, 20 from each country. By using a semi-structured interview format with several of the questions informed directly by the analysis of archival records in the database we are able to triangulate our findings. This close relationship to the archival records and the interviews will help us to increase the validity, relevance and verisimilitude of the research project. All interviews will be
transcribed and analyzed. The research team has strong background in conducting interviews with influential individuals in major industrial and corporate change processes in both Sweden and Finland.

Database

While interview data is important, the full potential of this source is realized when combining it with the analytical advantages of a database. Doing so provides a degree of structured observation, research documentation, measurement, search, coding, and pattern matching of the phenomena that would be difficult without a database design. In particular, a relational database approach is particularly suitable for comparative research projects where it enables a direct parallel study of events and processes across industries and countries. The current technology in terms of digital photography and OCR has now reached a stage where it is possible to create relational databases containing completely searchable archive records. We will use a research working process that we have tried recently and it is clear that it works on a smaller set of data. Table 1 describes the working process with the archival and oral history data.

This research design allows us to study both industries’ and countries’ development in direct comparison, as well as focusing on patterns over time. The research design is similar to what (Barley, 1990) describes as the combination of a synchronic (at a particular time point), diachronic (over time) and parallel (side by side) research design. By having both industry cases in the same relational database with the same research design, categorization and coding, we are able to draw parallels and identify patterns across the two industries and their respective country settings.

About the research group

The research group from Sweden and Finland has been formed with the intention to facilitate data sharing and collaboration. By having a relational FileMaker database hosted on a server, all the collected archival material and interview transcripts will be accessible to all the researchers for collaborative analysis.

The research team consists of four researchers who have complementary backgrounds making it possible to tackle an empirical problem that not only spans several academic disciplines, but also different countries and institutional settings. A research group tackling such a complex issue needs to posit competencies related to Business History, Technological change, political change, institutional entrepreneurship and industry policy. Also, language skills in Finnish and Swedish are required.

Erik Lakomaa and Mirko Ernkvist, received their PhDs in economic history and are specialized in business history, Robin Gustafsson and Christian Sandström obtained their Ph.Ds in the field of Industrial Engineering and Management. All researchers have experience working with archival data and have conducted oral history interviews with managers.

Erik Lakomaa has experience of studying political change from a historical perspective. As the proposed research project concerns the interplay between political and technological change, he therefore brings valuable experience to the project.

Robin Gustafsson has worked within the field of institutional entrepreneurship in industries and is therefore capable of analyzing how institutional change comes about, what characterizes institutional entrepreneurs and what strategies they enact in order to accomplish institutional change. While Gustafsson is Finnish and knows this context well, he is also fluent in Swedish (his mother tongue) and can therefore study both Swedish and Finnish empirical data.

Both Ernkvist and Sandström have taken a keen interest in the role of technology in shaping the competitive dynamics in industries. Ernkvist wrote his dissertation on the digitization of gambling machines and has studied industry policy and innovation in technology intensive industries. Sandström
among other things studied the shift to digital photography and the Swedish camera manufacturer Hasselblad’s response to this potential threat.

Research Outcome

Paper 1 – Monopolists as drivers for competition?

By comparing parallel deregulatory processes of the same industries but under different institutional frameworks a better understanding of the role of incumbents in deregulatory processes can be obtained. In the 1980s and 1990s the market for telecommunication and stock market trading was opened for competition in both Sweden and Finland. In both cases the markets had strong incumbents when the process begun. We are to follow this process through four actors: Televerket and Stockholmsbörsen in Sweden and Post och Televerket and Helsinki Stock Exchange in Finland. That the incumbents in both industries later merged (and formed OMX and TeliaSonera) means that the end result was similar in many regards. However, the starting point was different as Post- och Televerket in Finland prior to deregulation had only a monopoly on trunk network calls while Televerket in Sweden had a de facto monopoly on telecommunications. Our research aims to uncover in what way the initial institutional arrangement shaped the deregulatory processes, e.g. did the actions taken by the monopolists (Televerket, Stockholmsbörsen) differ from the actions taken by the incumbents that already faced some competition?

Publication: Business History Review

Paper 2. Institutional entrepreneurship and deregulation

Institutional entrepreneurship is an active act of changing normative, regulative, and cultural-cognitive elements of institutional settings which have become embedded in social structures. A shift from state regulation and governance of industries to deregulation is one which marks a profound change of existing taken for granted beliefs. Sweden and Finland were some of the first countries to engage in deregulating their telecom and stock exchanges.

In this paper we will also explore the role of political/institutional entrepreneurs: What role did the leaders of the business involved Bengt Rydén of Stockholmsbörsen, Tony Hagström of Televerket in Sweden, Pekka Tarjanne and Aulis Salin of Post och Telverket in Finland and Asko Schrey of the Helsinki Stock Exchange play in the de regulatory process? How and why did they engage? We will here specifically follow the temporal process and the episodes in this and how potential breaking points were overcome. We will study contestations during the process and how these were overcome or solved. Specifically important here is also to analyze how different interest were present or not and how the unfolding dynamic of monopolist as activists influenced the deregulation and its pace. In such a way, the focus will also be on understanding how and why a governance structure for the deregulation emerged.

Publication: Strategic Management Journal

Paper 3: Technological and regulatory change as an interdependent experimental discovery process

While the evolution of technology has often been understood theoretically as a discovery process, regulation has scarcely been conceptualized in this way. Based on coding of the data of financial exchange and telecommunication emerging from our database, the purpose of this paper is to develop a perspective of how regulatory change is a discovery process that evolves with technological experimentation. The regulatory changes seem to have been driven by radical technological change: the introduction of digital switching and mobile telecommunication in the telecommunications industry and electronic trading systems in the financial exchanges industry. In both cases, new technology transformed the market logic, upset previous power relations between different vested interest groups and (partly or entirely) rendered existing regulations obsolete. The paper discusses the interplay between technology and changes in regulation. Especially the focus here is in understanding at a deeper level how take up of new technology acts as a driver of deregulation or if deregulation is a response to 'cope' with change and gain control of a
new technology in a market. Understanding the directionality or possible co-existence of these drivers in this discovery process is highly important for further considering how such deregulatory processes should be organized, that is in what way for example different interest groups can participate and in what way they should be represented.

Target Journal: Organization Science

Paper 4: Consumer pressure and representation of user interests during monopolist deregulation

Consumer interests are often at risk of being at disadvantage during incumbents deregulation when these interests are in conflict with other vested interest groups. The degree of consumer pressure in an industry is an important context that mediate the inclusion of consumer interest during monopolist deregulation. We compare two industries where one was highly exposed to consumer pressure (telecom) whereas the other one (stock markets) was less subjected to such influence. Yet, it is evident that even in the case of the stock exchanges with relatively low exposure to consumer pressure at the time, consumer interest were taken into account to a high degree in the Swedish case (Stockholmsbörsen), but less so in the case of Finland. In this paper we are interested in studying the additional influencing factors that enables consumer interest during deregulation of monopolist, exploring such factors as the role of institutional entrepreneurs advocating broader interests, the management of conflicting interests and characteristics of the decision making process itself. The aim is to bring new knowledge to the understanding of how consumer interest could be taken into account in the deregulation process of monopolist, even under context where they have an initial disadvantage in relation to other influential vested interest groups.

Publication: Research Policy

Outreach

We intend to disseminate our research outcome through academic publications (described above), active participation in international conferences, seminars and workshops. Together, the research group has a strong research network in Sweden and Finland as well as internationally with postdoctoral research experience from Stanford University, University of Cambridge and the University of Tokyo. In addition to the strictly academic audience, our aim is also to communicate its research findings to policy makers and industry leader. We believe that many of the questions posed by this project are highly relevant today for other industries that are going through regulatory change.

EHPF has a strong track record of not only creating cutting edge research concerning structural and political change, but also outreach. Dr. Erik Lakomaa has also worked as a senior consultant within PR and communication for several years. The project will also be able to take into account the resources of Ratio (with two highly experienced PR and communication professionals), as well as Aalto University and Chalmers University of Technology.

Time plan

2014:
Q4 Preparatory archival work in Sweden and Finland.

2015:
Q1-Q2: Coding of data, archival work, interviews, analysis, preparation of first manuscript.
Q3-Q4: Coding of data, archival work, interviews. analysis, preparation of second manuscript.

2016:
Q1-Q2: Analysis, preparation of third and fourth manuscript.
References


