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Foundations of Power: The Use of Foundations for Corporate Control in Sweden

I Introduction

What do the Swedish corporations Husqvarna, Trelleborg, Tyrén Group, Vagabond, and SIA Glass have in common? All these corporations are controlled by enterprise foundations, so called foundation-controlled corporations. Despite being widely used,¹ this is an often-overlooked ownership form of corporations in Sweden. Enterprise foundations own shares in one or more corporations, and through the exercise of their shareholder rights, they can control corporations and exert influence on strategy, corporate governance structures, and major business decisions.² Foundations, as shareholders, can exercise control by owning a significant number of voting shares in a corporation. This allows controlling shareholders to maintain influence

¹ See Thomsen, S. Corporate Ownership by Industrial Foundations, *European Journal of Law and Economics*, 7(2), 1999, p. 117–137. <https://doi.org/10.1023/a:1008605309347>; Collin, S. O. *Ågande och Effektivitet. Wallenberggruppens och Svenska Handelsbanksgruppens struktur, funktion och effektivitet*. Lund University Press, 1997.

² Olsson, K. *Näringsdrivande stiftelser. En rättslig studie över ändamål, förmögenhet och förvaltning. Enterprise foundations. A legal study of purpose, property and administration*. Department of Law, Lund University, 1996. p. 501.

by holding a smaller part of the capital.³ Different dimensions of foundations owning shares to exercise control in Swedish corporations will be discussed in this paper.

An enterprise foundation can be described as a foundation whose founder transferred shares to a foundation or a foundation that conducts business activities itself.⁴ Enterprise foundations often have an additional purpose besides the purpose of holding shares, e.g., financing philanthropic activities (charitable foundation), supporting family members (family foundation), or providing benefits to employees.⁵ Reasons for entrepreneurs or families to transfer their shares to a foundation could be to overcome succession issues due to the absence of willing successors,⁶ reduce family conflicts, avoid division of assets,⁷ or secure the long-term survival of the family firm and hence, the continuation of the family legacy.⁸ The latter

³ Henrekson, M., & Jakobsson, U. The Swedish Corporate Control Model: Convergence, Persistence or Decline? *Corporate Governance: An International Review*, 20(2), 2012, p. 212–227. <https://doi.org/10.1111/j.1467-8683.2011.00889>.

⁴ Olsson, K. Näringsdrivande stiftelser. En rättslig studie över ändamål, förmögenhet och förvaltning. Enterprise foundations. A legal study of purpose, property and administration. p. 14.

⁵ See. Block, J., Jarchow, S., Kammerlander, N., Hosseini, F., & Achleitner, A.-K. Performance of foundation-owned firms in Germany: The role of foundation purpose, stock market listing, and family involvement. *Journal of Family Business Strategy*, 11(4), 2020, <https://doi.org/10.1016/j.jfbs.2020.100356>; Ciepley, D. Can Corporations Be Held to the Public Interest, or Even to the Law? *Journal of Business Ethics*, 154(4), 2019, p. 1003–1018. <https://doi.org/10.1007/s10551-018-3894-2>; Thomsen, S., Poulsen, T., Børsting, C., & Kuhn, J. Industrial foundations as long-term owners. *Corporate Governance: An International Review*, 26(3), 2018, p. 180–196. <https://doi.org/10.1111/corg.12236>.

⁶ Block, J., Jarchow, S., Kammerlander, N., Hosseini, F., & Achleitner, A.-K. Performance of foundation-owned firms in Germany: The role of foundation purpose, stock market listing, and family involvement.

⁷ Zellweger, T., & Kammerlander, N. Family, Wealth, and Governance: An Agency Account. *Entrepreneurship Theory and Practice*, 39(6), 2015, p. 1281–1303. <https://doi.org/10.1111/etap.12182>.

⁸ Ciepley, D. Can Corporations Be Held to the Public Interest, or Even to the Law?; Herrmann, M., & Franke, G. Performance and Policy of Foundation-owned Firms in Germany *European Financial Management*, 8(3), 2002, p. 261–279. <https://doi.org/10.1111/1468-036X.00189>; Koele, I. A. & Feldthusen, R. K. Share-

reason is particularly interesting to investigate since a transfer of shares to a foundation is the eternal ownership succession; once the shares are transferred to a foundation, it can hardly be reversed.⁹

In the past, enterprise foundations have emerged as prominent controlling shareholders of large Swedish corporations due to tax incentives.¹⁰ After the Second World War until a peak in the 1970s, taxes made it almost impossible for wealthy families to transfer ownership to the next generation without a large tax burden. Enterprise foundations, however, were exempt from taxes on capital income, inheritance, wealth, and gifts if they donated at least 80% of their net income to charitable causes.¹¹ Entrepreneurs established foundations to maintain family control across generations while bypassing inheritance taxes, e.g., the Wallenberg family.¹² In 1997, the wealth tax was abolished, and in 2004, the inheritance and gift tax were abolished entirely. Hence, since 2004, there has no longer been any tax incentives to transfer corporate ownership to a foundation.¹³

holder Foundations of enterprises: the North European style of securing family businesses for the long term—rising up to the global challenge. *Trusts & Trustees*, Vol. 26, No. 7, 2020, p. 654–662. <https://doi.org/10.1007/s40804-024-00324-7>.

⁹ Block, et al. Performance of foundation-owned firms in Germany: The role of foundation purpose, stock market listing, and family involvement; Ciepley, D. Can Corporations Be Held to the Public Interest, or Even to the Law; Thomsen, S., Poulsen, T., Børsting, C., & Kuhn, J. Industrial foundations as long-term owners.

¹⁰ See Henrekson, M., Johansson, D., & Stenkula, M. *The Rise and Decline of Industrial Foundations as Controlling Owners of Swedish Listed Firms: The Role of Tax Incentives*. IFN Working Paper No. 1279, 2019; Engwall, L. Governance of and by Philanthropic Foundations. *European Review*, Vol. 29, No. 5, 2020, p. 672–698. <https://doi.org/10.1017/S1062798720001052>.

¹¹ Johansson, D., Stenkula, M., & Wykman, N. *The Rise of Private Foundations as Owners of Swedish Industry: The Role of Tax Incentives 1862–2018*. IFN Working Paper No. 1245, 2018.

¹² Henrekson, M., Johansson, D., & Stenkula, M. *The Rise and Decline of Industrial Foundations as Controlling Owners of Swedish Listed Firms: The Role of Tax Incentives*.

¹³ Johansson, D., Stenkula, M., & Wykman, N. *The Rise of Private Foundations as Owners of Swedish Industry: The Role of Tax Incentives 1862–2018*.

Nevertheless, still, a significant part of corporate control in the Swedish economy resides in foundations.

Although enterprise foundations as a form of corporate control account for a significant proportion of corporate ownership in the Swedish economy, little is known about what assets foundations control and specifically what ownership stakes in Swedish corporations they hold. This is mainly because corporate ownership is not registered in Sweden, hence no unified ownership register exists that can be used to display the economic significance of foundations. In this paper, we aim to unlock this black box and display the relevance of foundation ownership and foundations in the corporate landscape in Sweden by looking at foundation ownership from different perspectives: foundations as parent organizations of corporate structures, foundations as minority shareholders in privately held firms, and foundations as controlling shareholders in listed corporations.

Besides these perspectives, there are also other situations in which foundations are used for business purposes. According to the database provided by the Swedish County Administrative Boards (*Sw: Länsstyrelserna*), 1,700 of the 19,000 registered foundations are engaging in business activities. This, for instance, involves real estate, agriculture, schools, or social institutions like hospitals or care centers. The economic activities of foundations are not directly regulated in detail in Swedish foundation law, but there are clear rules that such activities are only permitted if they serve the purpose of the foundation.¹⁴ A foundation is registered as economically active in Sweden¹⁵ if it conducts active business activities, generates commercial revenue, or is classified as a taxable firm and must, therefore, fulfill tax obligations. Although these foundations are conducting business activities, they are not exercising corporate control.

To map the corporate landscape of foundations exercising control in Swedish corporations, we collected data from different data

¹⁴ Almlöf, H., & Olsson, K., *Svensk Stiftelserätt* (1st ed.) Norstedts Juridik. 2025, p. 49–52.

¹⁵ Ch. 10 Sec. 6, *Stiftelselag* (1994:1220).

sources, like Länsstyrelserna, Retriever Business database, or Holdings database. However, we must acknowledge in advance that it is not possible to fully map foundation ownership in Sweden due to a lack of a unified ownership register. But even the discussion based on the numbers presented in this study indicates how important and widespread foundation ownership is in the Swedish economy, and hence we emphasize the importance of conducting further research on enterprise foundations, specifically in the Swedish context.

This chapter is structured into three parts: First, will elaborate on foundations as parent organizations in Swedish corporations; second, we will discuss foundations as minority shareholders in private limited firms; third, we will illustrate foundations as controlling shareholders of listed corporations in Sweden. The results of the three parts are summarized in a conclusion that ends our chapter.

2 Foundations as Parent Organizations of Swedish Corporations

A parent foundation (*Sw*: moderstiftelse) can act as the apex of a corporate structure.¹⁶ In this function, the foundation bundles the ultimate ownership rights to the corporate structure. Hence, it is at the top of the corporate structure, exercises control over the financial and strategic decisions in the corporate group, and ensures compliance with the foundation's overall purpose. On the one hand, a foundation can be considered a parent organization if it has 100% ownership of the holding as the ultimate owner. On the other hand, a foundation can also be considered a parent organization with less than 100% ownership, when it fulfills the criteria of the Foundation Act.¹⁷ According to the Act, a foundation can be considered as a parent foundation of a corporation if 1) the foundation owns or

¹⁶ Almlöf, H., & Olsson, K., *Svensk Stiftelserätt* (1st ed.) Norstedts Juridik. 2025, p. 59–62.

¹⁷ Ch. 1 Sec. 5, *Stiftelselag* (1994:1220).

controls more than 50% of all voting shares, 2) the foundation owns shares and has the right to appoint half of the members of the corporate board or to exercise a controlling influence. The foundation, together with the corporate subsidiaries, forms a group. Being considered a parent foundation should be registered with the County Administrative Board when registering the foundation. This legal acknowledgment consolidates its role as the controlling body within the corporate structure. This creates an interesting situation where the consolidated accounts of the group are only available through the County Administrative Board.

Possibly, if the foundation is already registered and later becomes the parent organization of the corporation, this change may not be registered in the foundation register. This could explain why not all foundations that act as parent organizations are registered with the County Administrative Board. Beyond the 248 foundations that are registered as parent organizations with the County Administrative Board database, 299 foundations could be identified as part of a corporate structure of Swedish corporations in the Retriever database. In this database, data is collected from the most recent corporate annual reports. The register only registers the ownership of the parent organization as the majority owners, i.e., those that own more than 50% of the voting shares of the corporation. Consequently, we were able to identify 467 foundations in total from two different databases, the Retriever Business database and the official foundation register from the County Administrative Board.

What seems surprising is that there is not much overlap between the two databases regarding foundations as parent organizations. Of these 467 foundations, we were only able to identify an overlap of 80 foundations that appear in both databases. Hence, the problem of missing a uniform corporate ownership register also arises here, when identifying foundations operating as parent organizations. A disparity in the Retriever database from the County Administrative Board register can be explained by the fact that it only collects data from business reports. However, if the group's consolidated

reports are issued at the foundation level, this data is not collected by Retriever, as foundations are not required to publish their reports publicly. In addition, foundations are not considered a parent organization in Retriever if they do not exceed 50% of ownership in a firm, even though they fulfill the other criteria outlined in the Foundation Act. In contrast, the disparity between the County Administrative Board database and the Retriever database can be explained by the fact that the consolidated reports are issued on the group level. Consequently, the annual reports are not submitted to the County Administrative Board.

Concerning the choice of a foundation as a parent organization, it can be assumed that cultural and social institutions (e.g. hospitals, schools, care centers) in particular make use of it. However, further investigation of the foundation-controlled groups reveals that foundations as parent organizations are used in many different industries. Foundation ownership as the ultimate group ownership form is used, *inter alia*, within museums, schools, accommodations, restaurants, social institutions, concert and conference premises, construction and real estate firms, as well as law firms and other consultancy firms. In the following different examples of foundations as a parent organization of a corporate group are explained.

An example of a parent foundation that appears in both databases is Sven Tyréns Stiftelse, which is at the top of the corporate structure of the Tyréns Group AB.¹⁸ Tyréns is a leading consulting firm in Sweden specialized in urban planning. Tyrén AB was founded in 1942 by Sven Tyrén, who established the Sven Tyrén Foundation in 1976 and transferred all his shares to the foundation. The foundation supports research and development in the civil engineering sector and supports yearly several research projects within the sector. Hence, Sven Tyrén chose to transfer his shares to a foundation to secure the firm's long-term independence and ensure that profits are reinvested in research, innovation, and sustainable development

¹⁸ <https://www.tyrens.se/om-oss/vaar-affaersmodell/> (retrieved 2025-03-10).

and not distributed to external shareholders to stay at the forefront of technological development.¹⁹ By transferring ownership to a foundation, the vision of founder Sven Tyrén will be continued, and the internationally active corporate group will be maintained.

Some family firms also have foundations as owners in their ownership structure. The Family Thomas Foundation, for example, was set up by the Thomas family, the owners of the Thomas Concrete Group, to promote scientific research and training in the field of ready-mixed concrete and precast elements.²⁰ In terms of their structure, as stated in the Group's annual report, the Family Thomas Foundation holds 9.7% of the share capital in Thomas Concrete Group but controls 52% of the voting rights. The remaining shares are owned by individual members of the Thomas family. This dual-class share structure allows the foundation to exert strategic control over the corporation despite holding a minority stake in terms of capital. This is a good example to illustrate how a foundation with less than 100% voting rights and even less than 50% capital shares can function as a parent organization. According to the Foundation Act, the foundation counts as a parent foundation. However, in the Retriever database the foundation is not listed in the corporate structure of the Thomas Concrete Group. While the foundation plays an active role in ownership and corporate control, it also operates as an independent entity focusing on philanthropy, scholarships, and industry research, further reinforcing its commitment to the concrete sector's development.

Also, the family firm Vagabond Shoemakers uses the foundation model as a parent organization and is one of the most recently established examples in Sweden. In December 2023 the founders and owners of Vagabond decided to donate their shares to a newly established family foundation, the Vagabond Shoemakers Founda-

¹⁹ <https://www.tyrens.se/om-oss/vaara-vaerderingar-och-vaar-historia/om-sven-tyren/> (retrieved 2025-03-10).

²⁰ <https://familythomasfoundation.com/about-the-foundation/> (retrieved 2025-03-10).

tion.²¹ According to the foundation charter, this foundation has a very broad purpose, and, *inter alia*, finances research and education, supports those in need, or supports sustainability and culture initiatives, preferably at the family firm's location. Hence, contributing something good to the local society. This example illustrates how family firms can use foundation ownership to secure long-term survival and stability and maintain the founder's vision and legacy. The foundation's board of directors is mainly staffed with members of the family to secure the continuation of the corporation as a family firm. The Vagabond Shoemaker Foundation functions as the apex of the corporate structure, consolidating ultimate ownership. This ensures that strategic and financial decisions align with the foundation's overarching purpose and the continuation of the corporation in the long term. By establishing a parent foundation, Vagabond not only consolidates corporate ownership but also ensures the continuity of the family firm beyond the generational succession.²²

The GoodCause Foundation, as the owner of the GoodCause Holding AB, represents a similar case to the Vagabond Foundation in its role as a parent foundation of a holding (holding 100% of the shares) that ensures long-term ownership and governance of its subsidiaries. The GoodCause Foundation was founded in 2005 with the explicit purpose of running corporations that generate profits exclusively for charitable causes, rather than for private gain. The GoodCause Holding comprises the GodEl in Sweden AB (electricity firm), GodFond i Sverige AB and GoodCause Ideas AB.²³ The profits of the three corporations are transferred directly to the foundation via the holding firm. In contrast to Vagabond or Tyrén Group, where the longevity of the firm is paramount when

²¹ <https://www.vagabond.com/se/about-us/> (retrieved 2025-03-10).

²² Herrmann, M. & Franke, G. Performance and Policy of Foundation-owned Firms in Germany, p. 261–279; Koele, I. A., & Feldthusen, R. K. Shareholder Foundations of enterprises: the North European style of securing family businesses for the long term—rising up to the global challenge.

²³ <https://www.goodcause.se/om-stiftelsen-goodcause/> (retrieved 2025-03-10).

the shares are transferred to a foundation, GoodCause Holding and its three subsidiaries were created from the beginning to generate revenue for the GoodCause Foundation, a unique corporate model of charitable entrepreneurship.

Like Vagabond and Tyrén, the GoodCause Foundation emphasizes how enterprise foundations can serve as an alternative ownership model in Swedish corporations that balance profit-driven business activities with social responsibility. Hence, in this example, a foundation is used as a parent organization to establish a sustainable and mission-driven corporate structure that ensures that all profits generated by the subsidiaries are dedicated to social rather than private welfare.

Universities or schools can also be registered with a foundation as the parent organization. The Jönköping University serves as a prominent example of an educational institution that operates under foundation ownership. Established as a private university, Jönköping University is now owned and governed by the “Stiftelsen Högskolan i Jönköping”, which oversees its strategic direction, finances, and academic policies.²⁴ The foundation model allows the University of Jönköping to maintain a close relationship with its regional and international partners while ensuring financial autonomy and flexibility in its decision-making. This structure also enables long-term stability and the ability to adapt quickly to changes in the educational landscape and support both research initiatives and high-quality education. Consequently, compared to traditional state universities, Jönköping University’s foundation structure offers more independence and entrepreneurial flexibility.

²⁴ <https://ju.se/en/about-us/organisation-and-governance.html> (retrieved 2025-03-10).

3 Foundations as Minority Shareholders of Swedish Private Firms

Different definitions exist on how many shares shareholders need to own to exercise control. La Porta et al. assume that owners are able to exercise control over a corporation if they control more than 10% of the voting shares.²⁵ Often, shareholders or a group of shareholders can form a so-called blocking minority. A blocking minority often holds 25–30% of the shares in a corporation and can thus prevent major decisions that require a supermajority in a corporation (often 67% of the votes). Additionally, minority shareholders can shape corporate governance through coalitions, voting agreements, and legal protections.²⁶

As illustrated before, we were able to identify registered foundations in Sweden that operate as the parent organization of a corporation. What we have difficulties with, however, are identifying foundations as minority shareholders in unlisted privately held corporations, hence when the foundation owns less than 50% of private firms (more than 50% of ownership can be identified within the Retriever database). In contrast to publicly listed corporations, which have to fulfill strict transparency criteria, private firms have fewer reporting obligations. Publicly listed corporations are subjected to strict transparency and disclosure requirements, which primarily serve to protect investors, ensure market integrity, and guarantee fair competition. Therefore, they are required to follow accounting standards (i.e. IFRS), provide earnings reports, and disclose corporate governance details, including the ownership structure to keep shareholders and potential investors informed. In contrast,

²⁵ La Porta, R., Lopez-De-Silanes, F., & Shleifer, A. Corporate Ownership Around the World. *The Journal of Finance (New York)*, 54(2), 1999, p. 471–517. <https://doi.org/10.1111/0022-1082.00115>.

²⁶ See Henrekson, M., & Jakobsson, U. The Swedish Corporate Control Model: Convergence, Persistence or Decline?, p. 212–227; La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R.W. Law and Finance. *The Journal of Political Economy*, 106(6), 1998, p. 1113–1155. <https://doi.org/10.1086/250042>.

private corporations face fewer reporting obligations. Since they do not issue publicly traded shares, they are not required to disclose financial details or operational insights to the public. Hence, private corporations are not required to disclose their ownership structure. Sometimes, private corporations disclose their ownership structure voluntarily in their annual reports or on their websites. In addition, the absence of a uniform Swedish ownership register prevents us from fully mapping foundation ownership in privately held corporations. The following examples have been identified:

The first example is the Sten K Johnson Foundation in Haki Safety AB (former Midway AB, founded by the late Sten K Johnson). The corporate structure looks as follows: The shares in the publicly listed corporation Haki Safety AB are owned 52% by the Tibia Konsult Aktiebolag, which is in turn owned 51% by heirs of Sten K Johnson, and 49% by the Sten K Johnson Stiftelse. Since Tibia Konsult Aktiebolag is a private corporation, the corporation is not obligated to disclose its ownership structure. However, this is done voluntarily in the annual reports. Since the foundation owns less than 50% of the total amount of shares, the foundation is neither listed in the ownership structure of the Retriever database nor listed as the parent organization of the corporation in the register held by the Swedish County Administrative Boards. In addition, since a privately held corporation holds shares in the publicly listed corporation, the foundation is not listed as a direct shareholder of the publicly listed corporation. This case illustrates how foundations can act as significant minority shareholders in private firms while concealing ownership from the public.

Another example of foundation ownership as a minority shareholder in a privately held firm is the Bertebo Foundation. The foundation holds a 30% ownership stake in Bertegruppen AB, which includes subsidiaries such as SIA Glass, Berte Qvarn, and Berte Gård, while the family owns the remaining 70%.²⁷ Despite its minor-

²⁷ <https://www.bertegruppen.se/sv/foretagsgruppen/> (retrieved 2025-03-10).

ity shareholding in the family firm, the foundation exercises strategic control, ensuring alignment of corporate activities with the foundation's purpose and long-term mission, promoting education and scientific research in agriculture and food production. Despite its strategic influence, the 30% ownership stake in Bertegruppen AB does not allow the foundation to make key decisions unilaterally and requires the approval of the other shareholders (here, the family). Consequently, according to the blocking minority definition²⁸ the Bertebo Foundation counts as a controlling shareholder within Bertegruppen AB, but it is not the majority shareholder. Nevertheless, holding a significant amount of shares, the foundation's involvement as a shareholder can ensure the continuation of the foundation's founders' legacy and values, promoting both long-term sustainability and philanthropic purposes.

Foundations as minority shareholders in privately held corporations represent a unique governance model that balances financial returns with long-term, purpose-driven objectives. Unlike traditional investors, foundations often prioritize stability, sustainable growth, and corporate responsibility over short-term profit maximization.²⁹ Transferring parts of corporate ownership to a foundation can serve as a stabilizing factor in family firms, ensuring continuity across generations while preserving the firm's and family's core values, long-term vision, and legacy. However, this ownership structure induces a lack of transparency, accountability, and regulatory oversight. Without a clear disclosure of who owns shares in a corporation, it becomes difficult to assess potential conflicts of interest, decision-making power, and corporate governance structures.

²⁸ La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R.W. Law and Finance, p. 1113–1155.

²⁹ Thomsen, S., Poulsen, T., Børsting, C., & Kuhn, J. Industrial foundations as long-term owners, p. 180–196.

4 Foundations as Controlling Shareholders of Swedish Listed Corporations

The most well-documented use of foundations for corporate control concerns the foundations that are controlling shareholders, or part of a controlling block, in listed corporations. As shareholdings in listed corporations are associated with power and influence the opaqueness of shareholdings has spurred a lot of interest in Swedish society. During the 1960s and onward, the Swedish Communist Party (VPK) party secretary C.H. Hermansson wrote a series of influential books concerning Swedish monopoly capitalism, big finance, and identifying the 15 families in control of corporate Sweden.³⁰

The efforts of Hermansson also fueled the interest of the Swedish government, launching a series of governmental investigations on the topic of who controls Swedish corporations. Starting with the Investigation of Concentration,³¹ followed by the different investigations surrounding the wage-earner funds,³² and the Investigations on Ownership³³. In parallel Sven-Ivan Sundqvist started to publish the annual book Owners and Power³⁴ in Sweden's Listed Corporations in 1985 (together with Sundin 1994–2002, and Fristedt 2003–2015). The Owner and Power series documented the 25 largest shareholders in listed corporations, also providing important clustering of the joint shareholder blocks (spheres). In the last few years, the Owner and Power data has been incorporated into the database Holdings (Modular Finance), covering up to 90% of all shareholdings in Swedish-listed corporations back to the year 2001. Therefore, in the context of listed corporations, the role played by foundations for corporate control is more transparent.

³⁰ See e.g. Hermansson, C. H. *Monopol och storfinans – de 15 familjerna*. Rabén & Sjögren, 1965.

³¹ SOU 1968:7 Ägande och inflytande inom det privata näringslivet.

³² See e.g. SOU 1982:28 Löntagarna och kapitaltillväxten.

³³ SOU 1988:38 Ägande och inflytande i svenskt näringsliv.

³⁴ *Swe: Ägarna och makten i Sveriges börsföretag*, SIS Ägarservice.

The Investigation of Concentration,³⁵ complemented the 15 families identified by Hermansson with two more loosely structured business groups starting from an investment firm with bank ties (Industrivärden and Custos), hence, leaving the Swedish corporate governance model in 1960 as dominated by 17 power clusters. The investigation discusses the role of foundations in corporate control explicitly. Noting that in eight out of the 17 power clusters, foundations are of no significant importance (the Families Wehtje, Klingspor/Stenbeck, Mark/Carlander, Broström, Bonnier, Kockum, Bergengren and Edstrand), while in six of the families, foundations play an important role (Wallenberg, Ax:son Johnson, Ericsson, Åhlen, Kempe and Söderberg). In relation to the two non-family-based power clusters, it is noted that foundations connected to the employees play important roles in corporate control. Investigation of Concentration³⁶ devotes a rather lengthy discussion of the Dunker-Foundation, which despite having a family name, already at this point was controlled by a self-appointed board in relation to a specific Swedish municipality (Helsingborg).

For the Investigation of Concentration,³⁷ there are two rather distinct understandings of foundations and the role they play in corporate control. The first one describes the foundation as a prolongation of the family. The second understanding describes the foundations as Asset Managers (Sw: *förmögenhetsförvaltare*), pointing out that the people running the foundations are not motivated by profit. As such, the Investigation describes the potential role of the foundation as an opposing force against corporate managers in relation to Berle and Means³⁸ inspired discussion on the threat of large corporations ending up controlled by their managers rather than the shareholders.

³⁵ SOU 1968:7.

³⁶ SOU 1968:7.

³⁷ SOU 1968:7.

³⁸ Berle, A., & Means, G. C. *The modern corporation and private property*. Macmillan, 1932.

The next time issues of corporate control become important in the Swedish debate is during the wage-earner fund debate (Sw: *löntagarfonderna*). The different attempts to map shareholders in Swedish-listed corporations³⁹ note that there are foundations among the largest shareholders on the Stockholm Stock Exchange: Knut and Alice Wallenberg Foundation and the Foundation surrounding Handelsbanken (e.g., Oktogonen). In the final report,⁴⁰ the Oktogonen Foundation (instituted in 1973) is described in detail as an example of how corporate profits could be distributed to the employees, hence acknowledging that a foundation could perform the same function as a wage-earner fund. This is a different understanding than the Investigation of Concentration, where the focus rather was on foundations as a vehicle for corporate control.

The next Swedish governmental investigation of corporate control is the Investigation of Ownership⁴¹ documenting the development up until 1985. The investigation documents some major changes in the control landscape, with only seven remaining power concentrations: Wallenberg, Industrivärden, Ax:son Johnson, Bonnier, Söderberg; Kempe/Carlgren and Stenbeck, to compare with the 17 identified in the 1960s. The investigation notes that foundations as a category are one of the largest shareholders on the Stockholm Stock Exchange (roughly 16% of all shares), but in all meaningful ways, foundations are treated as prolongation of the power cluster. Further, it is noted that the use of foundations is part of the power structure around Wallenberg, Industrivärden, Ax:son Johnson, Söderberg, and Kempe/Carlgren. In the Investigation of Ownership, there is a special note regarding the Dunker Foundation. In 1985 it was no longer considered as an important power cluster, but given the turnaround in the early 1980s, the list would have included the Dunker Foundation if the cut-off year was 1987 rather than 1985.

³⁹ See e.g. SOU 1982:28.

⁴⁰ SOU 1981:44 *Löntagarna och kapitaltillväxten*.

⁴¹ SOU 1988:38.

Hence, out of the families that did not use foundations in the 1960s, only two out of eight were still considered significant in the mid-1980s, while among those who used foundations, four out of six were still around. Also, adding Dunker and Industrivärden, a takeaway thus far is that foundations could play a significant role in preserving economic power.

Following the Investigation of Ownership, one could claim that the interest in documenting the power structures of listed corporations was privatized. In 1985, Sven-Ivar Sundqvist, a well-renowned business journalist employed by the largest Swedish newspaper, published the first book of the Owners and Power series. Besides providing charts of the different power clusters and how they were linked, the outlet listed the 25 largest shareholders in each corporation. In the book of 1990, 20 power clusters were identified, but at this point, two stand out as totally dominant. As pointed out by Collin⁴² in 1995, the Wallenberg sphere and the Industrivärden/Handelsbanken sphere-controlled corporations representing 52% of all stock value of the Stockholm stock exchange. In both these structures, foundations are key features.

The Wallenberg family, through several foundations – most importantly Knut and Alice Wallenberg and Marianne and Marcus Wallenberg foundations – exercise control over the listed investment company Investor. In 1995, the foundations controlled 23,7% of the capital and 41,4% of the votes in Investor. Investor was the controlling shareholder in some of the largest corporations listed on the Stockholm stock exchange, including Atlas Copco, Saab-Scania, Asea, and Electrolux. Thereby, the Wallenberg foundations exercised control through a model known as box-in-box (Swedish:

⁴² Collin, S. O. Why are these islands of conscious power found in the ocean of ownership? Institutional and governance hypotheses explaining the existence of business groups in Sweden. *Journal of Management Studies*, 35(6), 1998, p. 719–746. <https://doi.org/10.1111/1467-6486.00117>.

ask-i-ask) ownership, where voting power is secured by using voting strong shares at different levels of the pyramid.⁴³

The Handelsbanken power cluster is somewhat different.⁴⁴ It is not only the fact that we cannot identify a single unifying family exercising control but also inherent in the corporate structure. Control of listed corporations is primarily exercised through the control of the bank and the listed investment company Industrivärden, but also utilizing a complex structure of crossholdings. For example, in 1995 the foundations around the bank only controlled 12% of the votes in Industrivärden, while 21% of the votes were controlled by the listed corporation SCA. In turn, SCA was controlled by the foundations and Industrivärden. In terms of who is exercising control, Glete concluded that control resided in a coalition of professional managers and bank directors without significant ownership stakes.⁴⁵ An important glue for holding this structure together during almost 100 years was the use of foundations, for instance, the different research foundations (named after important bank directors Browaldh, Wallender, and Hedelius, that – in the name of transparency – have financed most research done by one of the authors of this chapter for the last 20 years), the pension foundations, and the Oktogonen Foundation. The Oktogonen Foundation is a foundation for profit sharing for bank employees, instituted in the 1970s during the Swedish wage-earner fund debate (see above), and under Jan Wallender's leadership of the bank. The Oktogonen Foundation has a separate board of directors appointed by the employees. In his self-biography from 1998,⁴⁶ Wallander discusses the Oktogonen, pointing out that he considers the foundation not as an incentive

⁴³ Collin, S. O. *Ägande och Effektivitet. Wallenberggruppens och Svenska Handelsbanksgruppens struktur, funktion och effektivitet*; Henrekson, M., & Jakobsson, U. The Swedish Corporate Control Model: Convergence, Persistence or Decline? p. 212–227.

⁴⁴ See further Collin, S. O. *Ägande och Effektivitet. Wallenberggruppens och Svenska Handelsbanksgruppens struktur, funktion och effektivitet*.

⁴⁵ Glete, J. *Närverken i Näringslivet*. SNS förlag, 1994.

⁴⁶ Wallander, J. *Forskaren som blev bankdirektör*. SNS förlag, 1998.

for the employees, but rather an arrangement for fairness. Although, he also acknowledges the effect of focusing the employees on cost-saving and their interest in the share price. Today in 2025, the Oktagonen Foundation is the second largest shareholder of Handelsbanken (8%), a position worth roughly 20 billion Swedish krona.⁴⁷

In the Owners and Power book 1990, the Dunker, Ax:son Johnson, and Söderberg are still listed as important power structures where foundations play a vital role. A new sphere where foundations play an important role appears: the Wall sphere around Anders Wall. Hence, at this point, the Kempe/Carlrgren foundation structure is no longer considered a sphere, as they are now only the controlling shareholder in MoDo. This leads to another important aspect that we were not able to track before the introduction of the Owner and Power book series, namely foundations that are only controlling shareholders in one listed corporation. In the 1990 book, besides MoDo, Sundqvist identifies: Beväringen (Nobelstiftelsen), Geveko (Bergendahls stiftelser), IBS (IBS Stichting, NL), Sandblom & Stohne (Gun och Bertil Stohnes stiftelse), VBG (Herman Krefting stiftelse), Ångpanneföreningen (Åforsk). Taken together with the listed corporations controlled by business groups, out of the 243 corporations included for 1990, 37 are controlled (20% of the votes) by a foundation or an investment company, in turn, controlled by a foundation. Adding to this, the then large-cap corporations Volvo, Skanska, Astra, SEB, and Skandia all had more than 10% of the votes controlled by a foundation.

In the Owners and Power book 2005 there are some changes. The foundation-controlled structures surrounding Handelsbanken, the families Wallenberg, Ax:son Johnson, and Söderberg still constitute spheres controlling multiple listed corporations. Dunker and Wall are controlling shareholders in only one listed corporation, Trelleborg and Beijer Alma respectively. The Kempe foundations have lost control of MoDo, where a wave of mergers created a new entity

⁴⁷ Data from Holdings database.

called Holmen. In Holmen, the Lundberg family is the controlling shareholder, although the Kempe Foundation still controls 16% of the votes. Interestingly, the Stenbeck family, who was mentioned already in the Investigation of Concentration in the 1960s following the death of Jan Stenbeck, transferred their holdings to a Liechtenstein-based trust. Although a trust is not a foundation in the sense given in a Swedish legal setting, it is still interesting to note that similar structures could perform a similar function during this millennium. In the Owners and Power book 2005, there is also a separate list added on corporations controlled by foundations, here we can find Artimplant (John och Claire Arnolds stiftelse), Firefly (Gun och Bertil Stohnes stiftelse), FöreningsSparbanken (Sparbanksstiftelserna), Geveko (Bergendahls stiftelse), VBG (Herman Kreftings stiftelser) and Ångpanneföreningen (Åforsk).

If we turn to the current use of foundations in corporate control of Swedish listed corporations, using data from Holdings (Modular Finance), we can note that the Wallenberg and Ax:son Johnson foundation controlled spheres are still operational. Certainly, the Wallenberg foundations stand out controlling shares for around 740 billion Swedish krona being controlling shareholders in Swedish large-cap corporations Atlas Copco, SEB, SAAB, SOBI, Epiroc, Ericsson, Husqvarna, Electrolux, Electrolux Professionals, SKF, Munters, and Stora Enso (Helsinki), while also holding significant voting rights in ABB, AstraZeneca and EQT. The Söderberg family foundations only control one listed corporation, the investment company Ratos, where the holdings are unlisted. The Dunker Foundation still controls Trelleborg and Wall Beijer Alma. The Kempe Foundation still owns significant capital shares of Holmen, but vote control is exercised by the Lundberg family. Beyond that, there are still several corporations controlled by foundations AFRY (Åforsk), VBG (Herman Kreftings stiftelse), and Cloetta (Hjalmar Svenfeldts stiftelse).

The most significant change is how the power structure has changed in the Handelsbanken sphere. Despite that, the founda-

tion structure of Handelsbanken still holds almost 14% of the votes in Industrivärden, 9% in the bank itself, and this corporate structure being the controlling shareholder of Swedish large-cap corporations Volvo, Sandvik, Essity, SCA, Skanska, and Alleima. However, the actual control of the business group is exercised by the Lundberg family. Hence, the last of the foundation-based control structures without a link to a family is now more or less dissolved. This dramatic change occurred in 2015 open to the public through intensive media reporting.⁴⁸ It is interesting to note that the different foundations connected to this sphere played a rather important role in the dissolving of the sphere as the vote position of the foundations on Industrivärden's annual general meeting was not decided by the boards of the foundations. Instead, the foundation boards were, according to Nordström, treated as “an appendix” to the bank, in this case, voting the foundation directors out as directors in the Investment firm. In all fairness, Nordström presents one side of the story, but it serves as an interesting example of how foundations could be used and misused in complex structures of corporate control.

5 Conclusion

The aim of this study is to shed light on this unexplored ownership and control model of foundation-controlled corporations in Sweden. We have mapped foundation control in Swedish corporations by looking at different dimensions of foundation ownership: foundations as parent organizations at the top of corporate structures, foundations as minority shareholders of privately held firms, and foundations as controlling shareholders of listed corporations. By addressing these dimensions, we aimed to demonstrate how foundation control is represented in the Swedish corporate world and what significance this ownership model has in the Swedish economy.

⁴⁸ See further Nordström, J. B. *Tronstriden*. Lind & Co., 2016.

In addition, there is a fourth case of foundations exercising control in Swedish corporations that has not been examined in this study, namely corporations owned by foundations not registered in Sweden. IKEA is a prominent example of that. IKEA has a complex ownership and control system: While it is still mainly considered a Swedish corporation, it is owned by different foundations registered in Switzerland and Liechtenstein with a headquarter located in the Netherlands. Even though these foreign-registered foundations are not considered in this study, it raises important questions about jurisdictional differences in foundation regulation, the implications for corporate governance, and the potential economic impact of foreign foundation ownership on the Swedish corporate landscape and economy. Further research is needed to examine how foreign-registered foundation structures affect corporate control, decision-making, and the long-term strategic operation of Swedish corporations.

Foundations as controlling shareholders of Swedish corporations can offer a long-term corporate ownership model since once shares are transferred to a foundation, they can hardly be reversed. By embedding purpose in ownership, foundations contribute to long-term sustainability, governance stability, and strategic consistency of the corporations they control. Although foundation ownership plays a significant role in the Swedish business landscape and economy and is an increasingly considered succession option for family firms, we have little knowledge about this form of ownership. This study emphasizes the need for further research into the role and impact of enterprise foundations in the Swedish corporate landscape and calls for a deeper understanding of this ownership form as a sustainable form of corporate ownership.