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# **Evolutionary Patterns in Corporate Political Activity:** Insights from a Historical Single Case Study



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**Evolutionary Patterns in Corporate Political Activity:**  
Insights from a Historical Single Case Study

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## **Abstract**

In this study I adopt an evolutionary perspective on corporate political strategy. I seek to contribute to the existing literature on corporate political activity by providing insights into how the content of corporate political strategy evolves over time within a single firm. In order to employ the intra-firm perspective, the main focus of the study is on the individual political actions of a firm. Accordingly, I consider the individual political actions as building blocks of corporate political strategy. Instead of focusing on one or a few political tactics, I examine the whole range of political actions within a firm. Thus, the purpose of the research is to move toward a dynamic and holistic firm-level understanding of corporate political activity.

A basic premise of the study is that the evolution of corporate political strategy is embedded within a broader social context that influences its pace and direction. I focus on examining how corporate political activity co-varies with three types of contextual factors: firm characteristics, industry characteristics, and institutional environment characteristics. The context in which a firm operates changes over time, and thus the relative significance of each contextual force varies over time. In addition, I claim that the contextual factors are closely interrelated, i.e., they have an influence on each other. Accordingly, I focus on examining how the dynamic interplay between these forces shapes the evolution of corporate political strategy.

In order to examine the evolution of intra-organisational political activity I employ a historical single case study. The empirical research site is Tampella Ltd., a large scale Finnish industrial conglomerate. The empirical evidence covers the time period of 1944–1991. The research design combines both qualitative and quantitative methods, including historical narrative and event data analysis of corporate political actions.

The results of the study show how the patterns of corporate political strategy co-evolve with the contextual forces. However, no single factor is the main driver of the evolution of corporate political strategy. Instead, it is the dynamic interplay within the set of conflicting contextual factors that determines the evolutionary path. Accordingly, it is suggested that the specific impact of these contextual factors will differ across firms and over time. Thus, the interaction of the factors will determine a unique pattern of evolution in each firm. Moreover, the study was able to capture the dynamics of business-government relations by stating that the conditions for political strategy decision-making evolve over time, and that these processes are path-dependent. The results suggest that a firm confronts a constantly changing environment across its own history, which in turn affects the opportunities and ways of a firm to become politically active.

In addition to the empirical contributions, the study provides also methodological contribution. I generated an analytical research framework that enables examining the long-term patterns of corporate political strategies in a systematic way.

Key words: corporate political strategy, business-government relations, process research, intra-organisational evolution, history, multidivisional firm, case study

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Hervanta, Tampere, December 22, 2004

*Mika Skippari*

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# 1 INTRODUCTION

## ***1.1. Focus of the study and research questions***

Since the advent of open-systems models of organisation, firm-level responses to external pressures have been a central theme in organisation and strategic management studies (Pfeffer & Salancik 1978; Hannan & Freeman 1977; Di Maggio & Powell 1983). The external environment affecting the strategic evolution of a firm is composed of a complex combination of factors exerting pressure on short-term, and especially on long-term firm survival. One of the focal external pressures is caused by government activities, i.e. public policy decisions.

Government has a monopoly of legitimate coercive power, thus determining the coercive institutional environment (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Oliver 1997) for a firm. In other words, government has the power to establish and enforce “the rules of the game” (North 1990) under which firms operate. It sets the boundaries for a firm’s actions by designating the courses of action as legal or illegal. Stigler (1971) emphasised the pervasiveness of government actions in the business environment by stating that “the state – the machinery and power of the state – is a potential resource or threat to every industry in the society”.

The traditional view that the state only allocates key resources, such as finance capital, to influence the activities of economic actors is only part of the story. As Campbell & Lindberg (1990) noted, the state not only create pressures for organisational change, but also constrains and influences how organisations select different forms of structure and activities. According to this view, the state is an actor but also an institutional structure (that is, a set of administrative, legislative, and judicial organisations with responsibility for policy-making and implementation). This power enables the state actors, such as politicians and civil servants, to alter the organisation of the economy.

Environmental discontinuities, such as a major change in government regulation, “can relocate or even obliterate boundaries between industries, rewrite the rules of competition

and the norms of co-operation, and dramatically alter performance outcomes industry-wide” (Meyer, et al. 1993). For example, regulatory change may present a threat to profitability in current domain sectors or present an opportunity to enter new and potentially more profitable sectors (Haveman et al. 2001; Gilligan, Marshall & Weingast 1990; Hughes, Magat & Ricks 1986; Mitnick 1993; Rose 1985). These regulatory punctuations alter both technical and institutional features of organisational environments by e.g. raising or lowering barriers to entry, setting prices or eliminating price controls, or imposing cartel legislation. In addition, government intervention may increase the size of a market through direct purchases. Moreover, government initiatives can induce changes in industry cost structure, for example by providing direct subsidies, imposing minimum wage laws, tax policies or quality standards for industrial products (Haveman et al. 2001; Stigler 1971; Gale & Buchholz 1987, 33; Grier et al. 1994; Porter 1980, 51; Schuler & Rehbein 1997).

Corporations are not, however, prisoners of their coercive institutional environment. Firms do not only respond in predictable ways to environmental conditions but are able to make strategic choices (Child 1972) within the institutional constraints in attempting to manipulate the environment. This view is parallel to Weick’s (1969, 1977) concept of environmental enactment, which means that organisations do not respond to preordained environmental conditions but instead create their own environments through series of choices regarding, for example, markets, products, and technologies. The number of possible environments that might be enacted is theoretically limited only by man’s imagination.

From this perspective, government public policy decisions do not necessarily constitute a given, instead they are often a taken or a kept that requires corporate political action. In other words, it is plausible to assume that the sovereignty of governments is variable and that firms manage it as another factor of production or set of agents in the pursuit of their strategic objectives (Boddeyn & Brewer 1994).

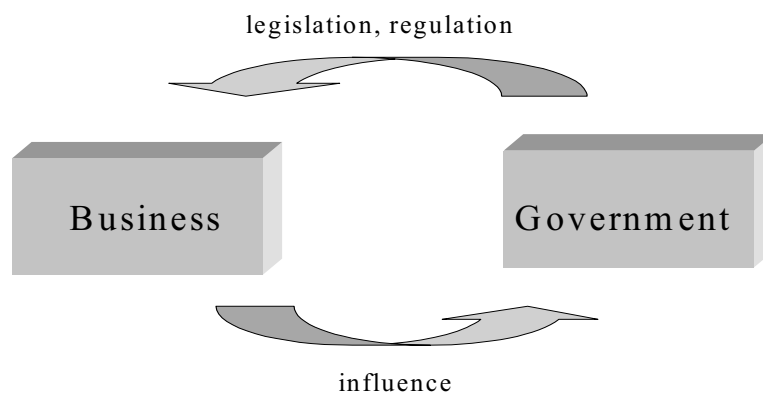
Despite the pervasive effect of government actions on firm performance, mainstream organisation theory and strategy analysis have not made explicit assumptions about the nature and the mechanism of corporate political behaviour. Moreover, the role of

government as a central regulator of market environment has not been explicitly integrated into the strategy analysis. The main premises of mainstream theory consider the business organisation as pursuing economic goals, not political ones. Typically, political factors have been considered to serve only as constraints for a firm's activities, not as resources or capabilities of a firm. Moreover, interest in internal organisational politics has been more apparent than in the external political activity of firms (Carroll et al. 1990). As noted by Boddewyn & Brewer (1994), proponents of resource dependence (e.g., Pfeffer & Salancik 1978), institutionalization (e.g., DiMaggio & Powell 1983) and inter-organisational theories (e.g. Benson 1975) consider to some extent the interplay between business and government, whether of a conflictual, isomorphic or relational nature, but it is not the principal concern of these theories. Porter (1980, 1995) also recognizes the role of government in determining the competitive conditions within industries. According to Porter, however, the role of government should not be examined directly, but through various competitive forces of business environment (i.e., Porter's Five Forces of competition).

During the last few decades research focusing on corporate political activity has explicitly focused on business-government relations. Concurrently, it has institutionalized as a distinctive segment in strategic management research (Baron, 1995; Baysinger & Woodman, 1982; Baysinger, 1984; Boddewyn, 1988; Birnbaum, 1985; Epstein, 1980; Hillman & Hitt, 1999; Hillman, Zarkhoodi, & Bierman, 1999; Keim & Baysinger, 1988; Keim & Zeithaml, 1986; Mahon, 1983; Mahon & Murray, 1981; Rehbein & Schuler, 1999; Schuler, Rehbein, & Cramer, 2002; Coen, 1999; Hadjikhani, 2000; Maijoor & van Witteloostuijn, 1996). As such, corporate political activity has been seen as both a reaction to changes in public policy and a crucial vehicle for business influence (Quinn & Shapiro 1991). As depicted in Figure 1.1., a basic premise of the research field is that business-government relation is fundamentally bi-directional, i.e., as governments impose regulative laws and statutes that affect a firm's competitive environment, so do firms try to influence political decision-making in order to manage and control their business environment (cf., Pfeffer & Salancik 1978). Firms are able to mobilize a variety of resources to anticipate regulative threats, and thus to proactively respond in order to shape public policy. In other words, firms do not only adapt to their regulative

environment, they also enact (Weick 1979) their own environments. Accordingly, corporate political activity is seen as a part of organisations' strategic alternatives that can be used in economic profit generation like, for example, investments in production facilities (Shaffer 1995; Hillman, Zarkhoodi & Bierman 1999; Keim 1985; Keim & Zeithaml, 1986; Schuler, Rehbein, & Cramer, 2002; Shaffer, Quasney, & Grimm, 2000).

**Figure 1.1.** The interrelationship between business and government



As specific research topics, management scholars have analysed the firm-specific characteristics and means of corporate political action (Lenway & Rehbein, 1991; Mahon & McGowan, 1998; Rehbein & Schuler, 1999), as well as the effectiveness of various strategies targeted to influence governmental decision-making (Keim & Zeithaml, 1986; Lord, 2000; Rehbein & Lenway, 1994; Shaffer, Quasney & Grimm, 2000; Yoffie, 1988; Yoffie & Bergenstein, 1985). In addition, researchers have constructed typologies of different political strategies that firms can adopt according to external and internal

conditions (Aplin & Hegarty, 1980; Hillman & Hitt, 1999; Keim & Zeithaml, 1986; Oberman, 1993).

Moreover, the phenomenon of corporate political activity has inspired a vast body of research conducted in other scientific disciplines, implying the inter-disciplinary nature of the phenomenon. Corporate political activity has been the target of an extensive body of research in the political science (e.g., Masters & Keim 1985; Grier et al. 1994; Mitchell et al. 1997), economics (e.g., Buchanan 1980; Krueger 1974; Pittman 1977; Lenway et al. 1996), and sociology (e.g., Boies 1989; Clawson et al. 1992; Mizruchi 1989, 1992; Munger 1988; Neustadtl and Clawson 1988). More recently, business historians have paid increasing attention to various issues relating to business-government relations (e.g., Lamberg 1999; Eloranta 2002; Espeli 1997; Kipping 2003; Kuijlaars et al. 2000; Hochfelder 2002; Mityajima et al. 1999; McQuaid 1994). Research on these different scientific areas has presented diverse perspectives on business-government relations, thus offering multifaceted approaches on the one hand, but also creating fragmentation in the field of study on the other hand. Management literature has focused mainly on circumstances that give rise to various forms of corporate political activity and also to the challenges that government regulation imposes on the strategy and performance of a firm. In political science the focus has typically been on the political power of business, i.e., what is the influence of business on political decision-making and through which channels this power to influence is being exercised. In sociology, scholars have mostly emphasised structural implications of business-government relations (such as how state intervention influences economic organisation). Scholars in political economics (e.g., public choice scholars) have mainly concentrated on inefficiencies caused by state intervention and the redistributive effects of business political involvement. Business historians have provided long-term perspectives on the development of business-government relations, thus contributing to the understanding of the changing relationship and complex interaction between business and government. In addition, contrary to the more systematic approach of scholars in other disciplines, business historians have introduced nuances and detailed information on business-government relations (cf., Kipping 2003, 373, 380).



The Finnish research on business-government relations and corporate political activity has so far been relatively scant. The earliest contributions were made in political science during the 1950s and 1960s. Teljo (1953) and Huuska (1968) studied the political pressure activities of Finnish economic interest groups. Noponen (1964) concentrated on examining the social backgrounds of Finnish politicians and their connections to business. More recently, Ruostetsaari (1989, 1992, 1998, 2003) has been especially active in examining, for example, the role of economic interest groups in energy policy decision-making and the structure of the Finnish power elite. In the area of business management, Tainio, Räsänen and Santalainen (1985) and Tainio, Ollonqvist and Korhonen (1989) examined the business management of Finnish large-scale enterprises. In particular, they concentrated on institutional management, which they labelled as managing business-society relations (in this sense, their concept came close to the concept of public relations management widely adopted in North American studies). During the last few years, two doctoral dissertations in the field of business management (Jokinen 2000) and communication (Jaatinen 1999) have been presented that examine the contemporary lobbying activity of Finnish interest groups on both national and EU levels. Since the early 1990s, several business historians have started to explicitly examine business-government relations from a historical perspective. Kuisma (1993a) and Lamberg (1998, 1999, 2000) investigated the business-government relations during the interwar period (1920s–1930s), the former emphasising on the role of business political activity on the Finnish economic growth and the latter focusing on the economic interest groups' involvement in trade agreement policy and election funding. Correspondingly, Lamberg & Skippari (2001) examined the effects of economic interest groups on Finnish trade agreement policy decision-making from the 1920s to the 1960s. Eloranta (2000, 2002) focused on investigating the effects of business interest representation on the level of military expenditures during the interwar period. Most recently, Karonen (2004) has examined the historical trajectories in the interrelationships of business managers and politicians in Finland from the turn of the 17th century to the early 20th century.

Overall, there is an extensive body of empirical evidence and theoretical conceptualization of corporate political activity employing various perspectives and levels of analysis and covering different time periods. However, we have only a limited

conception of the evolution of *intra-organisational activity* on the political arena. In fact, no one has to date examined in a systematic and concrete fashion what a firm actually does in order to control and manage its political environment, and how and why this activity changes over time. Adopting a processual perspective (Abbott, 1983, 1990; Monge, 1990; Pettigrew, 1992; Van de Ven, 1992; Van de Ven and Poole, 1990) on corporate political strategy, *I seek to contribute to the existing literature on corporate political activity by providing theoretical insights into how the content of corporate political strategy evolves over time within a single firm.* Thus, the main question of the study is: *how does corporate political strategy evolve during different phases of firm development?*

In order to employ the intra-firm perspective, the main focus of the study is on the individual political actions of a firm. Accordingly, I consider the individual political actions as building blocks of corporate political strategy. By focusing on intra-organisational actions, my approach is related to the evolutionary perspectives that have been used to explain strategy making processes within organisations (Burgelman & Singh 1989; Burgelman 1991; Singh & Lumsden 1990). Instead of focusing on one or a few political tactics, I examine the whole range of political actions within a firm. Thus, the purpose of the research is to move toward a dynamic and holistic firm-level understanding of corporate political activity.

Most of the existing scholarly knowledge of corporate political activity is a result of organisational-level examination (Shaffer 1995). It is recognised, however, that especially large, diversified firms containing various business divisions experience differing and conflicting political goals, because each of the divisions faces unique political and regulatory concerns (Shaffer & Hillman 2000). By focusing on the intra-firm political actions in a diversified company, I examine *how the political strategies of various business divisions vary over time.*

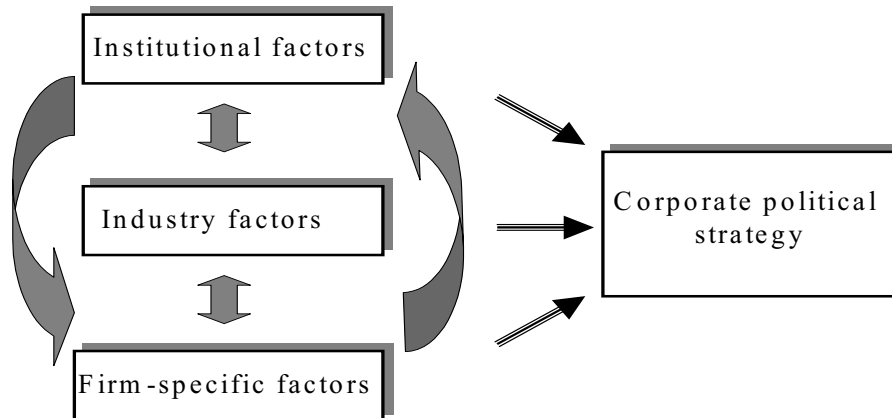
A basic premise of the study is that the evolution of corporate political strategy is embedded within a broader social context that influences its pace and direction (cf. Jacobson et al. 1993). As Murmann (2003, 16) notes, “individual organisations are constrained not only because of their own history but also because they exist in larger

social environments that impose additional limits on the directions an organisation can take”. By “embeddedness” I refer to notion introduced by Granovetter (1985) that economic action takes place within the networks of social relations that make up the social structure. Accordingly, several contextual forces (e.g., personal, economic, cultural, technological, and institutional forces) fundamentally constrain and channel the choices of strategic action. Moreover, the context in which a firm operates changes over time, and thus the relative significance of each contextual force varies over time.

In this study, I follow the view presented by Boddewyn & Brewer (1994) that corporate political activity co-varies with three types of contextual factors: firm characteristics, industry characteristics, and institutional environment characteristics (Figure 1.2.). Thus, I argue that the evolution of corporate political strategy is contingent on both internal and external factors. In addition, I claim that the contextual factors are closely interrelated, i.e., they have an influence on each other. Accordingly, I focus on examining *how the dynamic interplay between these forces shapes the evolution of corporate political strategy*. Moreover, I consider political strategy as a distinctive but closely interrelated part of the competitive strategy of a firm, thus attempting to broaden the understanding of *how the evolution of corporate political strategy is related to the evolution of competitive strategy*.

In order to examine the dynamic processes of corporate political strategy, *I employ a historical case study of a Finnish conglomerate, Tampella Ltd, covering the period 1944–1991*. The research period does not cover the entire life cycle of the company. The choice of this particular period was guided by theoretical aspects. First, a period of a half century was considered adequate for revealing the evolutionary patterns of firm activity. Second, the chosen time period includes several and remarkable changes in both Tampella’s business and institutional environment enabling a systematic comparison of Tampella’s political activity in different environments.

**Figure 1.2.** Contextual factors affecting the evolution of corporate political strategy



### **1.2. Processual perspective on strategic action**

During the last decade there has been an increasing number of scholars arguing for a more dynamic and holistic perspective on strategic management and organisation studies (Daft & Lewin, 1990; Webb & Pettigrew, 1999). Researchers have been encouraged to construct novel theoretical and methodological applications as a counterbalance to the dominant mainstream research design, which has emphasised static and reductionist analysis. At the same time, it has been emphasised that organisational phenomena have to be seen as complex, nonlinear systems (Anderson, 1999; Dooley & Van de Ven, 1999). This line of inquiry has manifested itself in the works emphasizing processual (Dooley & Van de Ven 1999; Monge 1990; Pettigrew 1990, 1992, 1997; Van de Ven & Huber 1990), evolutionary (Barnett & Burgelman, 1996; Barnett, Mischke, & Ocasio, 2000; Burgelman, 1983, 1994), coevolutionary (Koza & Lewin 1998, 1999; Lewin & Volberda 1999; McKelvey 1997; Murmann 2003), and historical (Calori, Lubatkin, Very, & Veiga, 1997; Kieser, 1994) approaches. Accordingly, Pettigrew (1990, 1992) and Porter (1991) have suggested that strategy research may have to lean on the methods and orientations of

the historian. More recently, Murmann (2003, 6) has argued that scholars in strategic management and organisation theory would benefit from devoting more attention to business history (e.g., Chandler 1990; Galambos & Sewell 1995; McGraw 1997; Jones 2000; Lazonick 2002). Murmann points out that although many strategy scholars cite Chandler's *Strategy and Structure* (1962) as the pioneering study in the field of strategy, the share of historical analyses is relatively small.

Explaining how and why organisations change has been a central and enduring quest of scholars in management (Van de Ven & Poole 1995). Processual perspectives and explicit process theories (such as evolutionary theory, life-cycle theory) have been widely used in order to examine the antecedents and outcomes of organisational change. Process theories have been used to examine several dynamic phenomena, such as organisational learning (Cohen & Sproull 1991), competitive interaction (Illnitch et al. 1996), innovation and change (Van de Ven & Huber 1990), and strategic evolution (Barnett & Burgelman 1996). According to Langley (1999), researchers in process theory have divided into two camps: those using "coarse-grained longitudinal time series and event history methods", and others that "plunge itself deeply into the processes themselves, collecting fine-grained qualitative data". Both camps try to understand why and how events play out over time, but the qualitative camp examines the events directly.

Generally, organisational processes have been defined as sequences of events and actions unfolding over time in context (Van de Ven 1992; Pettigrew 1992). Research adopting a processual perspective is concerned with understanding how things evolve over time and why they evolve this way. Process theories provide explanations in terms of the sequence of events leading to an outcome. Process theories explain processes across a number of levels of analysis, are able to link actions with context, and lead to holistic rather than linear explanations (Pettigrew, Woodman, & Cameron, 2001).

Process data are collected in real organisational contexts, and deal mainly with sequences of events, consisting of events, activities, and choices ordered over time. The analysis of process data requires a means of conceptualizing events and of identifying patterns among them. Although the patterns may take a variety of different forms, the most common pattern found in the literature is the linear sequence of "phases" that occur

over time to produce a given result (Burgelman 1983; Langley 1999) Accordingly, there are a number of techniques for analysing event sequences and related patterns of action (Abbott 1990; Van de Ven 1992).

The processual perspective has been especially widely used in examining strategy content and strategic evolution. For example, strategy process research (Mintzberg 1978; Pettigrew 1985) aims to answer questions concerning the emergence and development of strategy content. Researchers on dynamic strategy (Child 1997; Grimm & Smith 1997), on the other hand, have proposed a need to study organisational action in order to improve the understanding of strategic processes. Strategic action research has made a significant contribution to understanding the relationship between market actions and firm and industry performance (Ferrier et al. 1999; Young et al. 1996). An evolutionary perspective on strategy (Barnett & Burgelman 1996) explicitly questions how strategic outcomes develop, and in so doing treats the assumption of historical efficiency (March & Olsen 1989) as a part of the research agenda. Evolutionary models attend to the pace and path of strategic change. In evolutionary theories, change proceeds through a continuous cycle of variation, selection, and retention. Variations refer to the creations of novel forms of organisation. Selection occurs primarily through the competition for scarce resources. Retention involves forces (including inertia and persistence) that perpetuate and maintain certain organisational forms. Evolution explains change as a recurrent, cumulative, and probabilistic progression of variation, selection, and retention of organisational entities (Van de Ven & Poole 1995). Evolutionary perspective allows a researcher to ask how new strategic variants develop, how organisations search for and learn about strategic options.

In this study, I apply the processual and evolutionary perspectives to the study of corporate political strategy. The theoretical premises of these perspectives are used as guidelines for historical analysis. However, the purpose is not to test or validate the existing theories, but rather to develop new theoretical insights.

### **1.3. Research site**

The research site of the study is Tampella, a Finnish large-scale conglomerate. The origins of the firm go back to 1856, when two separate companies, a blast furnace and a linen factory were established in the city of Tampere. In 1861 the companies were merged. As a result, Tampella Ltd. (Tampere Linen and Iron Industry Ltd.) was founded (Urbans 1956, 23–33). The history of the company is a story of fluctuating periods of prosperity and decline. The lifespan of Tampella as an individual company ended in 1991, when it was taken over by the Bank of Finland as a consequence of serious financial crises. During the 1990s the Bank of Finland demerged Tampella and sold off its parts to competitors.

From the very beginning, Tampella was a large-scale Finnish firm. In the beginning of the 1860s it was the third biggest company in Finland. Tampella started by producing linen yarns and fabrics, and various fabricated iron products, such as hydraulic turbines, steam engines, cranes, and grinder machines for the wood-processing industry. The first decades of the company were characterized by serious financial problems. During the 1880s, however, the new owners managed to stabilize the company (Urbans 1956, 36–44). During the 1870s and 1880s Tampella furthered its diversification by entering the wood-processing industry. In this branch of industry Tampella started by producing mechanical wood pulp, but by the end of the century it had expanded to cardboard production (Urbans 1956, 48–50). Another substantial extension in Tampella's portfolio took place in the 1890s, when the engineering workshop started to manufacture steam locomotives. The initiative for locomotive production was encouraged by Finnish government, which offered direct subsidies for the initial phase of production. Moreover, all the locomotives were ordered by state railways. Until the mid 1910s Tampella was the sole Finnish producer of locomotives, after which Lokomo Ltd., another Tampere-based company, entered the market (Urbans 1956, 44–45, 80).

Tampella's production structure remained practically unchanged up to the 1930s. As a result of increased tension in international politics and consequent emerging rearmament in Finland, Tampella started the production of mortars and cannons. In 1934 Tampella

took over a cotton factory, and four years later it founded a paper mill (Urbans 1956, 138–148).

At the end of the Second World War Tampella was still one of the biggest Finnish industrial enterprises. Moreover, it was one of the wealthiest companies in the country. It operated in three branches of industry, i.e., wood-processing, engineering, and textile. Its resource base was abundant, especially in raw materials and energy: it owned large areas of land and several power plants (Seppälä 1981, 40–41; Urbans 1956, 166–168; Hjerppe 1979, 176–178). The wood-processing industry was the main line of production, whereas the size of the engineering and textile industries was almost equal. The engineering industry, however, started to grow very rapidly right after the war, whereas the growth rate of the textile industry deteriorated and lagged behind the other businesses. One of the success stories in the engineering industry was the construction of rock drilling machines. Production started in 1953, and in 1969 it was separated as an individual business area.

During the 1960s, Tampella followed the general trend in Finnish industry and started to internationalize its operations. It established several sales offices and manufacturing plants abroad. Most of these foreign operations turned out to be unprofitable and tied up a lot of capital. The debt burden of Tampella increased rapidly, which led to low profitability throughout the company. The high level of debt was not a critical factor for firm performance under the regulated financial system that maintained a negative real interest rate. The financial markets, however, were deregulated during the 1980s, which posed real challenges to Tampella. Rapidly increased interest charges threatened the very existence of the company. It was only then, in the middle of a critical crisis, that Tampella began to divest itself of businesses that had been unprofitable for a long time. Tampella sold its businesses in the textile and chemical industries and in electricity production. At the same time, a change of ownership provided new resources to overcome the crisis. The new owner, SKOP-bank, pumped a large amount of money into the company and started to develop the remaining business areas. This high-risk, expansionist strategy increased the debt burden of the company. Finally in 1991, the Bank of Finland had to take over both SKOP-bank and Tampella in order to avoid their bankruptcy.



#### **1.4. Structure of the study**

This study is divided into seven chapters. After the introduction I review the existing literature in the field of corporate political activity. More precisely, I introduce the key concepts and theoretical perspectives employed in the earlier research as well the key empirical findings. The primary aim of this chapter is to provide a pre-understanding of the basic nature of business-government relations and the antecedents and outcomes of corporate political activity. In particular, I focus on the factors that operate on the three levels of analysis examined in this study, i.e., intra-firm, industry and institutional factors. I conclude this chapter with an account of the present state of the research field. Consequently, I identify some crucial gaps in the existing research.

In the third chapter I present the methodology used in this study. I begin this chapter by introducing the basic premises of historical analysis and inductive inquiry based on a single case study. Then I describe the data sources used in the study and present in detail the different phases of the data collection process. Next I introduce the methods used in data analysis. I used both qualitative (historical analysis) and quantitative (quantification of event data) methods in the analysis. Finally, I discuss the limitations of the research design.

The historical analysis of the development of Tampella and its environment is presented in the fourth chapter. I focus on key historical events and focal changes in Tampella's strategy and structure as well as in Finland's industrial structure and institutional conditions. I begin by outlining the historical development of business-government relations in order to depict the institutional environment in post-war Finland. In particular, I delineate the distinctive characteristics of the organisation of collective business interest representation in Finland. I also examine the constraints and incentives that the state as a regulator has created for business over time. Next I highlight the key point in the development of industrial structure in Finland. Then I describe the development path of Tampella, focusing especially on the changes in firm structure, conduct (i.e., strategy), economic performance and top management.

In the fifth chapter, I describe the development path of Tampella, focusing especially on the changes in firm structure, conduct (i.e., strategy), economic performance and top management. The special focus here will be on the factors that conditioned the management of government relations in Tampella. Finally, I use the extensive historical account for inferring distinctive periods in Tampella's development during the research period.

In the sixth chapter, I utilise the quantification strategy (Langley 1999) to analyse systematically the patterns of strategic activity (both political and competitive) of Tampella during each of the periods. As a result, I am able to distinguish dominant profiles (i.e., configurations) of strategic behaviour within each period. Then I analyse the role of the contextual factors in determining the strategic activity of the firm during each period. Finally, I make comparisons between periods to examine the evolutionary patterns of political activity at Tampella and to determine how the political strategy is related to overall corporate strategy.

In the seventh chapter I discuss the significance of the key findings of the study to the existing empirical and theoretical understanding of corporate political activity. In the concluding chapter, I highlight the key contributions of the study, assess the validity of the study and bring in the possible avenues for further research.

## **2 FOUNDATION OF CORPORATE POLITICAL ACTIVITY**

In this chapter I outline the various characteristics of corporate political activity, both as a real life phenomenon and as an object of scientific inquiry. The purpose of the chapter is to provide an extensive understanding of the nature of corporate political activity. Based on the earlier literature, I delineate the general development of the research field, describe the complex nature of the phenomenon, present the various forms of corporate political activity, describe the incentive structures of politically active firms and present the factors that condition the firm-level activity in political issues. I conclude by presenting a synthesis of the prevailing state of the research field.

### **2.1. Basic definitions**

The study of corporate political activity (CPA) started to increase in the 1960s, when researchers, especially those within political science, new political economy and sociology devoted more attention to the issue (Buchanan & Tullock, 1962; Dahl, 1959; Epstein, 1969; Olson, 1965). The research focus of these pioneering works was on the relationship between business and public policy, emphasising the policy outcomes and power distribution among different interest groups within societies. As the political activity of firms expanded and assumed new forms in the United States during the 1970s (for example lobbying through political action committees, PACs), it also received more attention in management literature (Griffin, Fleisher, Brenner, & Boddewyn, 2001a; Griffin, Fleisher, Brenner, & Boddewyn, 2001b). In essence, management scholars shifted the perspective of analysis from government policies to the corporation and its management. Similarly, instead of focusing on adaptive corporate behaviour, scholars started to consider corporations as anticipatory and proactive actors in the political market (Preston, 1986). Management literature has focused on three topics, namely public affairs management, issues management, and corporate political action (Schuler 2002). Whereas the two first mentioned topics examine a wide range of issues relating to interconnections between business and society at large, the study of corporate political

action has concentrated on relationships between business and government, and specifically on firm-specific political strategies (Getz, 1997; Shaffer, 1995).

Reflecting the interdisciplinary nature of the phenomenon, there are several different definitions of corporate political activity, including broad and more specific definitions. Among the management scholars, Mahon (1989, 51–52) defined corporate political activity broadly as a way to “employ an organisation’s resources to integrate objectives and to undertake coherent actions directed towards the political, social, and legal environment in order to secure either permanent or temporary advantage and influence over other actors in the process.” Others, such as Schuler (1996, 721) and Keim & Baysinger (1988, 171–172), consider corporate political strategy as “a pattern in a stream of managerial decisions that represent an integrated set of activities within a firm intended to produce public policy outcomes favorable to the firm’s economic survival and continued success”. A parallel definition presented by Baron (1995, 47) emphasised that the political strategy is “a concerted pattern of actions taken in the political environment to create value by improving its overall performance”. Getz (1997) suggested a more specific definition of corporate political action by depicting it as “every deliberate attempt of a firm to influence governmental political decision-making”. In political science, the perspective has focused on power relationships between business and government. Accordingly, Mitnick (1993) has defined corporate political behaviour as “an attempt to use the power of government to advance private ends”. Among sociologists, Useem (1982, 1985) has depicted corporate political activity as a two-way communication flow between government and business.

There are also cultural differences in definitions. As Hillman & Hitt (1999) note, the term lobbying typically has different connotations in North American and European studies. North American scholars use the term lobbying as a reference to the provision of information to policy makers by individuals representing a firm’s interest (i.e., lobbyist). The European connotation of lobbying, by contrast, implies political action in general, that is, lobbying in the European sense refers to any proactive political strategy. Moreover, the analytical focus of European scholars tends to be different channels of influence that firms and business associations use (e.g., McLaughlin et al. 1993; Coen 1998), whereas North American scholars tend to focus on different kinds of actions that

firms take in order to gain influence in policy making (e.g., Rehbein & Schuler 1999; Schuler et al. 2002).

Political behaviour, in general, refers to the acquisition, development, securing and use of power in relation to other entities, where power is viewed as the capacity of social actors to overcome the resistance of other actors (Boddeyn & Brewer 1994; Astley & Sachdeva 1984). Business political behaviour takes place in the political (or nonmarket)<sup>1</sup> environment of a firm, as opposed to the economic (or market) environment of a firm. During the last decades, several firms have established public affairs offices and employed specialists in public relations in order to monitor and manage their political environment. In the political environment a firm interacts with a set of actors, such as governments (including both politicians and officials), interest groups, non-governmental organisations, the intelligentsia, and the public (Baron 1995; Boddeyn & Brewer 1994). Political environment, as well as economic environment, is not only a given, to be absorbed, avoided, or accepted. It is “a dynamic outcome of the actions of many organisations seeking their own interests” (Pfeffer & Salancik 1978, 190). Some scholars have described political environment as a market, consisting of suppliers (i.e., political decision makers) and demanders (i.e., interest groups, individual citizens, firms) of public policies (Schuler et al. 2002; Hillman & Keim 1995). This exchange view of politics provides a perspective to understand the incentive structures that legislators and firms face while interacting with each other (Schuler et al. 2002).

There are some distinctive differences between the political and the economic environment of a firm. The economic environment includes those interactions between firms and other parties that are intermediated by markets or private agreements, such as contracts. In the political environment, the interactions between actors are intermediated by public institutions, and the decisions are the result of some process of collective decision-making. Whereas the activities in economic environment are typically voluntary, in the political market they may be either voluntary (as when a firm cooperates with government officials) or involuntary (as when government regulates an activity).

Political environment is nation-specific, depending on the institutions and culture of a country. Thus, political strategies tend to be less global and more multidomestic (tailored to the specific issues, institutions and interests in a country) than the competitive ones (Baron 1995; Hillman & Keim 1995).

Information asymmetry and bounded rationality of actors are characteristic features of politically constructed environment. Political decision-makers often do not experience directly the consequences of their decisions, and political decisions are applied across the board to entire classes of organisations, thus making such decisions less adaptive and less flexible (Pfeffer & Salancik 1978). Due to different resource bases, firms differ in their capacity to adapt and enforce the changes in their political environment. Although major regulatory changes rarely come as a complete surprise, firms' capability to anticipate the specific timing and consequences of regulation is partially restricted. For example, regulatory change may generate unintended outcomes and affected firms may make inaccurate forecasts of the consequences (Haveman et al. 2001).

Common to management scholars is that they consider corporate political activity as a way to promote or maintain the competitiveness of a firm, and therefore corporate political strategy is seen as an integral part of corporate competitive strategy (Baron, 1997; Hillman et al., 1999; Schuler 1996; Schuler and Rehbein, 1997; Shaffer et al., 2000). Yoffie & Bergenstein (1985), being among the early contributors in the field, argued that the research of corporate political activity should concentrate more on understanding the reasons and rationales in corporate political strategies, and especially on explaining how individual companies' political goals relate to their business goals.

More recently, Baron (1993, 1995, 1997) introduced the term "integrated strategy" to refer to the interconnectedness of political and competitive environment for a firm. To Baron, the nonmarket strategy of a firm is the link between the interests of a company and the rules of market competition. Accordingly, for a business strategy to be effective

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<sup>1</sup> In the literature, some scholars use the term "political" while the others use the term "nonmarket" in order to refer to the environment in which the interactions between business and government take place. In practice, these terms can be used interchangeably.

both market and nonmarket components must be integrated and tailored to the firm's market and nonmarket environments, as well as to its competencies.

Scholars in institutional theory have also emphasised the dichotomy of the business environment. Several studies have recognized that organisations commonly operate in environments that impose upon them both institutional and technical or task requirements (Powell 1991; Scott 1992; Tolbert 1985; Zucker 1987; Oliver 1997). Institutional requirements entail coercive, mimetic, and normative pressures in an organisation's environment that motivate it to conform to or become isomorphic with social and regulatory expectations. In terms of business-government relations, coercive pressures are generated by mandatory government regulation, whereas mimetic and normative pressures reflect voluntary established relations (e.g., voluntary contacts to politicians or state officials). Task requirements, on the other hand, contain competitive pressures in an organisation's environment that motivate organisations to enhance their efficiency and control (DiMaggio & Powell 1983; Oliver 1997).

Institutional theorists have suggested that institutional and task environment can impose simultaneous but fundamentally different and potentially opposing demands on the organisation (Zucker 1987; Powell 1991). DiMaggio (1988, 17) and Scott (1987, 509) even proposed that institutional and economic or strategic models should be regarded as complementary rather than antagonistic perspectives on organisations. Thus, there are certain similarities in the perspectives of CPA scholars and institutional theorists. The major difference between these perspectives is that CPA researchers focus directly on business-government relations, whereas scholars of institutional theory consider business-government relations as a part of a broader institutional environment.

Some institutional scholars, however, have explicitly investigated the effects of business-government relations on firm performance. Baum & Oliver (1991) examined the relationship between institutional linkages and organisational mortality. They observed that institutional linkages, such as ties to government and community institutions, played a significant role in reducing the likelihood of organisational mortality. Oliver (1997) concentrated on the relative role of organisational adherence to institutional rules and norms versus the effective management of task environment relationships in determining

high performance. Oliver found that high-quality relations to government agencies had two important implications for firm performance. First, they were critical to firm profitability, especially when the regulatory environment of a firm was stringent. Second, they can mitigate the problems of competition for scarce resources emerging in the task environment.

Although several scholars have emphasised this dualistic nature of firm environment and strategy, only little tentative empirical evidence has been provided of how corporate political strategy is integrated in overall corporate strategy. In the case of corporate demands on trade policy, Milner & Yoffie (1989) asserted that companies that pursue similar competitive strategies in an industry are likely to respond in a consistent way to issues on trade policy. Yoffie & Bergenstein (1985) used the case of Microwave Communications Inc (MCI) to illustrate how a firm's business and political strategy may be inextricably linked. During the early years of its existence, the strategy of MCI was based on intense lobbying in order to break up the monopoly of AT&T in long distance telephone service. Hillman et al. (1999) utilized event-study methodology to examine the effects of political activity (having an organisational representative in a government position) in creating firm value. Focusing on the political activity of multinational corporations, Blumentritt & Nigh (2002) indicated that subsidiary strategic integration and the economic integration of the host country significantly influence the integration of subsidiary political activities.

## **2.2. Forms of corporate political activity**

In practice, firms have used different types of political activity in order to influence public policy decision-making. Such *activities* (or *tactics*) include, for example, election funding, petitions to the political decision-makers, testifying before legislative committees, membership of legislative committees (i.e., personal service), executive lobbying, hiring a lobbyist, constituency building, advocacy advertising, and coalition



building. In the following, I briefly explain the key characteristics of these political actions.

*Election funding* is a common phenomenon in democracies, even though the procedures developed are different across countries. In the United States, business has made campaign contributions through political action committees since the 1970s, whereas in Europe election funding has more often been organised through trade associations. Election funding, contributed either directly to the candidates or to the political parties, has three basic purposes: to improve the chances that a favourable candidate will be elected; to obtain access to a present or future officeholder; and to influence legislative voting (Baron 1993, 240).

*Petitions* to the political decision-makers have been a conventional corporate response to increased government regulation or foreign competition. Employed either collectively or individually, petitions have been used to influence several policy issues, such as trade policy, taxation policy, or government contracts. Typically, firms use petitions to inform policy-makers of emergent or realized threats to their competitiveness. Other information-oriented tactics, *testifying* before legislative committees and membership of such committees, are a typical aspect of political decision-making in democracies (Schuler 1996; Rehbein & Schuler 1999). Considering the wide and complex set of political issues facing legislators, it is obvious that they do not have expertise in each issue. Thus, legislators tend to rely on the expertise possessed by executive managers, especially in issues that concern business interests (Buchanan & Tullock, 1962; Buchanan, 1968; Lord, 2000).

*Executive lobbying* refers to the actions taken by corporate executives to personally contact political decision-makers. This tactic appears to have been prevalent especially in small and corporatist countries, in which personal connections with policy-makers and executives of big business have traditionally been close (Katzenstein, 1985; Murtha & Lenway, 1994). Accordingly, there are some indications that the amount of executive lobbying has become a central type of business political influence (Lord 2000; Coen 1999). In addition, a firm may outsource its political activities by *hiring a professional*

*lobbyist*. It has been noted that the use of professional lobbyists has rapidly increased, especially in the United States, during the last decades (Lord, 2000).

*Advocacy advertising* typically involves attempts to indirectly shape legislative decision-making by influencing broader public opinion. More precisely, firms tend to advocate particular policy views, e.g. in publications and advertisements (Keim & Zeithaml 1986; Keim et al. 1984; Marchand 1987; Sethi 1979, 1987). In contrast, *corporate constituency building* is a more specific tactic, since it consists of targeted efforts to motivate certain corporate stakeholders to become active in policy issues in which the corporation and its stakeholders have a common interest (Aplin et al., 1980; Baysinger, Keim, & Zeithaml, 1987; Keim, 1985; Keim et al., 1986; Keim et al., 1984; Lord, 2000).

*Coalition building* is a tactic to improve collective power. Coalitions may be temporary, responding to government regulations on an issue-by-issue basis, or a more permanent form of co-operation, for example a trade association (Getz, 1997; Keim et al., 1986). Coalition building typically involves collective action, but it may lead to either collective or individual benefits. It should be noted, however, that coalitions themselves may employ different kinds of political tactics (e.g., send a petition to a government and provide election funding to a candidate of a party in an election).

Typically, researchers have conducted studies that use only one type of activity as a proxy for business political involvement. In fact, the empirical focus of corporate political activity has concentrated heavily on election funding (Boies, 1989; Masters & Baysinger 1985; Salomon & Seigfried, 1977; Zarkhoodi, 1985; Andres 1984; Grier et al. 1994; Pittman 1977). Petitions have also been widely examined in empirical studies, especially in studies focusing on business influence on trade policy issues (Lenway et al. 1996; Lenway & Rehbein 1991; Rehbein & Lenway 1994).

Recently, however, some prominent studies have extended the scope of analysis (Lenway, Morck, & Yeung, 1996; Rehbein & Schuler, 1999; Schuler, Rehbein, & Cramer, 2002a; Schuler, 1996; Hansen & Mitchell, 2001). For example, Lenway, Morck & Yeung (1996) used a data set that includes several kinds of political moves, such as complaints about foreign government practices, testifying in support of protection in

congressional hearings, and petitions for escape clause protection, countervailing duties or antidumping measures. Similarly, Rehbein & Schuler (1999) considered four types of firm-level political activity in explaining the determinants of corporate political activity. Schuler et al. (2002) explicitly examined how firms combine different political tactics in order to gain access to policy-makers. These multivariate approaches are able to reveal a more comprehensive and realistic picture of the antecedents and outcomes of corporate political activity.

Although the various types of political activities described above are mainly derived from the North American literature, the empirical evidence from other institutional environments and from different historical periods (e.g., Lamberg 1999, 14; Fauri 1996; McLaughlin et al. 1993; Alt et al. 1999; Haug & Koppang 1997; Ruostetsaari 1992, 206–211; Jaatinen 1999, 201; Karonen 2004) implies that the set of available activities is universal in both time and space.

Despite the several different forms of available political activities, the intensity and forms of political involvement vary across firms. Accordingly, firms may employ different *strategies* in attempting to gain benefits from the political environment. Starting with Aplin & Hegarty (1980), several scholars have generated lists of specific political strategies available to corporations (Fischer 1983; Yoffie 1987; Getz 1993; Oberman 1993; Lord 1995; Rehbein & Schuler 1995). Yoffie (1987), for example, building upon the literature on collective goods and business policy, proposed that there are five such strategies: *free rider strategy* (in the case, when the expected costs exceed the expected benefits from a firm's political activity), *follower strategy* (e.g. participating in a trade association), *leader strategy* (usually adopted by a firm with a high stake in the political issue and enough resources to undertake political action on its own), *private goods strategy* (seeking public policies that confer unique benefits) and *entrepreneurial strategy* (e.g. constituency building, grass root mobilization of a corporation's constituents). Rehbein and Schuler (1995) complemented this list – relying on Aplin & Hegarty (1980) – with *information influence strategy* (providing expertise information to policy makers) and *public exposure strategy* (e.g. media campaigns).

Focusing on strategies that firms may pursue to gain competitive advantage in the marketplace, Gale & Buckholz (1987, 36) used Porter's (1980) five forces of competition to identify four generic political strategies. These included 1) strategies to increase overall market size, 2) strategies to gain advantage over rivals within the industry, 3) strategies to reduce the threats of new entrants and product substitution, and 4) strategies to increase bargaining power over suppliers and customers. Overall, however, there is little consensus and congruence between these diverse lists of strategies (Hillman & Hitt 1999), thus creating impediments for a coherent use of these lists in strategy analysis and theory building.

Strategically, a firm that decides to become politically active has some basic choices to make. First, a firm may pursue either individual or collective action. Second, a firm may select either a direct (e.g., petition) or indirect (election funding) avenue for exerting influence. Third, a firm can seek either collective or private benefits. Baron (1995) notes that the choice between individual or collective strategy is dependent on the industry's competitive structure. In the case when a firm has several competitors, it has little incentive to engage in political activity, because political strategies often have a characteristic of a public good. However, when a firm has only few rivals the exclusivity of the benefits may be a sufficient accelerator to implement a political activity. Similarly, Hillman & Hitt (1999) state that firms with plentiful resources are more likely to take individual political action, whereas resource-poor firms will use collective action.

Meznar & Nigh (1995), considering corporate public affairs as a boundary-spanning function, suggested that corporate political activity has two main roles. First, political activity can be used as "a buffer", trying to keep the environment from interfering with internal operations and trying to influence the environment. By buffering, a firm either resists or tries to control environmental change. Second, corporate political activity can be used as "a bridge" between an organisation and its environment. Bridging occurs when a firm seeks to adapt its activities so that they conform to external expectations. In their analysis Meznar & Nigh found that the resource importance and size of a firm (i.e., organisational power) were the key determinants of buffering.

Whereas most of the research has focused on readily observed actions of firms, only few studies have examined the underlying cognitive aspects of these actions. For example, in an in-depth case study of the introduction of genetically modified food crops, Heugens (2002) demonstrated how public affairs managers of biotechnology firms used storytelling practices (Boje 1991, 1995) in order to influence the public policy process. Storytelling can be seen as an effective approach for firms to gain access to the minds of external stakeholders such as governmental decision makers. In this sense, much of the corporate political activities are storytelling practices, the aim being to gain influence over a policy issue by convincing policy makers that the firm's claims are appropriate and necessary.

Due to difficulties of measurement, very little is known about the effectiveness of various business efforts to affect political decision-making (Hillman et al. 1999). The early contributions in this respect were theoretical analyses of the effectiveness of different political strategies (Keim & Zeithaml 1981; Keim et al. 1984). Recently, however, some scholars have shed empirical light on this puzzle by trying to evaluate the effectiveness of particular political strategies. Using event study methodology, Marsh (1998) found that filing an anti-dumping petition increases the market value of a firm. Hillman et al. (1999), also employing event study methodology, showed that a link (having a firm representative serve in a political capacity) with the government positively affects firm value. Shaffer et al. (2000) examined the interrelatedness of firm performance on market and nonmarket actions of airlines. They found statistical evidence of the positive relationship between nonmarket actions and performance. The findings of Lord (2000) support arguments for corporate constituency building as a highly effective means of political influence.

Some scholars have concentrated on the role of different phases of public policy process in determining the effectiveness of corporate political activity (Bigelow 1997; Buckholz 1988; Miles & Cameron 1982). Generally, firms that adopt proactive political strategies in emerging phase of public policy process have a wide scale of options to manipulate the process. When government regulation is already in effect or pending, a firm has lost considerable discretion and the available set of responses are a bit different: to modify firm's goals and methods to conform to societal values, to influence societal

values to conform to a firm's goals and methods, or to avoid the process of direct comparison by becoming identified with symbols, values, or institutions that have a stronger basis in social reality than the source of the threat (Miles & Cameron 1982, 23). This implies that the memberships in pre-legislative committees and close relations to the legislators are essential for an effective corporate political strategy, because this way a corporate manager is able to receive first-hand information about the arising policy issues.

### **2.3. Strategic objectives of corporate political activity**

Firms use political tactics and strategies to achieve or maintain certain benefits that create either permanent or temporary value for a firm. The value of benefits may be economic (related to the tangible resources of a firm) or noneconomic (related to the intangible resources of a firm). Most typically, strategic objectives of corporate political activity are related to maintaining or enhancing the competitive advantage of a firm. Competitive advantages achieved by institutionally-based government actions may be especially seductive, because institutionally-based disadvantages inflicted upon rivals are often more permanent than those attainable through more standard means of competition (Ordover & Saloner 1989; Caeldries 1996). Moreover, the political power (i.e., resources, benefits) of a firm might be retained longer than its economic power (Boddeyn & Brewer 1994).

The potential benefits that a firm may achieve by political activity are either collective or selective. This is because corporate political strategies may be considered collective action in that the results of such activities may benefit more than one individual firm (Olson 1965). In many cases, the benefits of political activity are public goods by nature, and thus the benefits accrue not only to the firms contributing to the costs of achieving the good, but spill over to the whole industry (Zardkoohi 1985; Teece 1988) Collective benefits of corporate political strategies are, for example, trade barriers, quotas, and technical standards. Selective benefits, on the other hand, are those that accrue only to

those who participate in political activity. Selective benefits can be gained, for example, through useful access to decision-makers not available to competitors. It has to be noted, however, that firms differ in their capacity to take advantage of a collective good (e.g., new technological standards). Thus, some selective benefits may result from collective benefits (Hillman et al. 1999).

Scholars have identified several ways firms may use to gain benefits from government. The specific economic benefits relate to cost-effectiveness (e.g., achieving lower costs through tax reductions; getting higher prices through direct subsidies; raising rivals' costs by restricting the use of a resource by competitor), market protection (e.g., through import tariffs and other entry barriers), and trade promotion (e.g., achieving export subsidies) (Stigler 1971, 222; McWilliams et al. 2002; Shaffer & Russo 1998). Not all political activity, however, is directed to securing bigger market share or better prices. Oster (1982) pointed out that a firm may use government regulation to hurt its rivals, even when the collective welfare of the industry is damaged. A firm may promote, for example, legislation or regulation that reduces industry demand or increases industry costs (See Salop et al. 1984 for a related discussion). Firms may also use political activity as a vehicle to eliminate competitive disadvantage (McWilliams et al. 2002). For example, firms may try to prevent legislation that would benefit its competitors, or try to get a government regulation that prevents competition. Moreover, Dunford (1987) identified several historical examples of how firms have used government legislation (e.g. patent law and antitrust law) to suppress the technology for competitive reasons. In particular, firms have used patents to monopolize the nonuse of technology, i.e. prevent the utilisation and diffusion of new technology in order to secure the markets for old technology.

In the most extreme case, firms can use CPA as a tool to avoid "death". The existence of a whole population of organisations may be contingent on state subsidies (e.g., the textile industry in Finland, ship-building industry globally). Hannan & Freeman (1977) note that this kind of "anti-eugenic actions of the state" in saving firms from failure represents "a dramatic instance of the way in which large dominant organisations can create linkages with other large and powerful". As a result, government can act as a buffer preventing natural selection.

These pure “rent-seeking” benefits are not the only objectives of corporate political activity. Firms also seek stability, legitimacy, social support and prestige through complying with its institutional environment. As DiMaggio & Powell (1983) argued, organisations compete not just for resources and customers, but also for political power and institutional legitimacy, for social as well as economic fitness. Legitimacy and conformity to institutional rules and norms is seen as a key organisational success factor for the long-term survival. Firms may seek to legitimate their activities through active control or shaping of the institutional environment in order to gain access to societal resources. Thus, it is suggested that institutionalization increases the chances of long-term survival but reduces short-term efficiency (DiMaggio 1988; DiMaggio & Powell 1983; Meyer & Rowan 1977; Zucker 1987; Oliver 1997).

Consequently, government as a key external constituent defines and prescribes socially acceptable economic behaviour for a firm (Scott 1995). Firms use political activities to manage these “isomorphism pressures” (DiMaggio & Powell 1983), and thus enhance their legitimacy in the eyes of government. In particular, corporate political activity is used to “mold society’s values in a manner consistent with the firm’s goals” (Marcus et al. 1987, 8). Therefore, legitimacy is seen as a political resource that must be secured prior to the attainment of economic goals (Shaffer 1995, 501).

One way to establish and increase legitimacy is to build a repetitive and trustful relationship with government. Having direct or indirect access to policy-makers provides information that a firm can use in order to monitor and control emerging and realized issues in political environment. Repetitive connections to policy-makers increase mutual trust between actors, and thus enhance the possibilities to exert influence. Accordingly, a firm that has access to the political process can increase its chance of survival through a reduction in the uncertainty faced (Hillman, Zarkhoodi & Bierman 1999; Hillman & Keim 1995). More precisely, high-quality relations to government may enhance a firm’s eligibility for government contracts, grants, subsidies or other economic infusions. Public credibility can make it easier for a firm to obtain capital or attract a skilful labour force. Thus, close government relations have the potential to impart strategically useful information and contacts, provide lucrative business contracts (such as state contracts to firms that demonstrate compliance with regulations), mobilize economic resources and



facilitate resource acquisition (Oliver 1997; Baum & Oliver 1991; Oliver 1996, 168). In some cases, firms may seek legal protection from government in order to achieve or maintain their legitimacy within society (Holm 1995).

The nature of institutional environment is a critical factor determining the effectiveness of business-government relations. According to North (1990) and Fligstein (1996), a major factor of institutions, such as government, is to reduce unpredictability and uncertainty by providing stable and reliable conditions under which organisations take shape, compete, cooperate, and exchange. Thus, a focal task of government is to secure transactions in modern societies characterised by complex interrelationships among actors. In modern societies characterised by facilitative government (Pearce 2001), in which the scope of business activity expands beyond friendship or kinship ties, institutional arrangements can produce impersonal trust among strangers.

In a country with nonfacilitative government, the conditions for business-government relations are different. Impersonal relationships are insecure, and thus the trust among actors is constructed mainly by personal relationships. In other words, government support under unpredictable conditions must be personally secured. A critical factor for a firm under these conditions is to have good personal relationships with omnipotent government officials (Pearce 2001, 33).

To conclude, it seems that the incentives for corporate political activity are closely related to the competitive advantage of a firm. More precisely, the objectives of most of the political activities are related to improving the competitive position of a firm. However, not all potential benefits are economic and concrete. They may also be related to achieving “societal benefits”, such as social status, legitimacy or predictability. Moreover, the role of institutional environment in providing the incentives is crucial.

## **2.4. Conditioning factors of corporate political activity**

One of the predominant research approaches in the earlier literature has been to construct a deductive model to assess which intra-firm (organisational slack, issue salience, past experience), inter-firm (industry conditions), and inter-industry level factors (institutional constraints and opportunities) explain corporate political activity (Lamberg et al., forthcoming). These studies have been either purely conceptual (Boddewyn & Brewer, 1994; Hillman & Hitt 1999; Schuler & Rehbein 1997) or based on empirical testing of existing theories (Boies, 1989; Lenway, Morck, & Yeung, 1996; Lenway & Rehbein, 1991; Rehbein & Schuler, 1999; Schuler, 1996).

As shown in Table 2.1., most of the existing models of CPA identify only the antecedents for political activity. The exceptions are Boddewyn and Brewer (1994), Hillman & Hitt (1999), and Mahon & McGowan (1998), who theorized on both the processes and antecedents of corporate political activity. The level of analysis varies, but most often both firm and industry levels are included in the models. However, Boddewyn & Brewer (1994), Rehbein & Schuler (1999), and Schuler & Rehbein (1997) employed a multi-level approach, which simultaneously analysed the firm, the industry, the political environment, and macro-economic factors. In addition, in their filtering model Rehbein & Schuler (1995) concentrated both on the will and the ability of a firm to engage in political activity.

In terms of the research design, most papers employed both theoretical and empirical perspectives. What the models most obviously have in common, however, is their dependence on variance theories. The only exception in this respect is the work of Hillman & Hitt (1999), which focuses on the process of strategy formulation. They introduced a decision-tree model of political strategy formulation consisting of three successive decisions: the choice of a general approach, the choice of the level of participation and the choice of a generic political strategy. Moreover, they identified firm and institutional factors affecting the likelihood of making these decisions.

**Table 2.1.** A selection of different models of corporate political activity

<b>Model</b>	<b>Focus</b>	<b>Level of analysis</b>	<b>Theory type</b>	<b>Design</b>
<b>Masters &amp; Keim (1985)</b>	Factors influencing the probability of corporate political activity	Firm Industry	Variance	Empirical test Descriptive
<b>Keim &amp; Zeithaml (1986)</b>	Contingencies in selecting effective corporate political strategies	Firm Voters Issue	Variance	Theoretical Prescriptive
<b>Lenway &amp; Rehbein (1988)</b>	Factors explaining the differences in corporate political involvement	Firm Industry	Variance	Empirical test Descriptive
<b>Mizruchi (1989)</b>	Degree of similarity in corporate political behaviour	Firm Industry	Variance	Empirical test Descriptive
<b>Boies (1989)</b>	Factors influencing the level of corporate political activity	Firm Industry	Variance	Empirical test Descriptive
<b>Lenway &amp; Rehbein (1991)</b>	Factors influencing the probability of corporate political activity	Firm Industry	Variance	Empirical test Descriptive
<b>Boddewyn &amp; Brewer (1994)</b>	Antecedents and precedents of corporate political activity	Firm Industry Nonmarket environment	Variance	Theoretical Descriptive
<b>Grier et al. (1994)</b>	Factors influencing the probability of corporate political activity	Firm Industry	Variance	Empirical test Descriptive
<b>Rehbein &amp; Schuler (1995), Schuler &amp; Rehbein (1997)</b>	Factors influencing the probability of corporate political activity	Firm Industry Political environment Macro-economic environment	Variance	Theoretical Descriptive
<b>Meznar &amp; Nigh (1995)</b>	Factors explaining different types of corporate public affairs activities	Firm Social and political environment	Variance	Empirical test Descriptive
<b>Lenway et al. (1996)</b>	Factors explaining corporate political activity	Firm	Variance	Empirical test Descriptive
<b>Schuler (1996)</b>	Factors explaining the probability of corporate political involvement	Firm Macro-economic	Variance	Empirical test Descriptive
<b>Mitchell et al. (1997)</b>	Factors explaining the probability of corporate political activity	Firm Industry	Variance	Empirical test Descriptive
<b>Mahon &amp; McGowan (1998)</b>	Dynamics of industry political forces	Industry	Variance	Empirical illustration Prescriptive
<b>Hillman &amp; Hitt (1999)</b>	Factors influencing CPS formulation	Firm Institutional (country)	Process	Theoretical Descriptive
<b>Schuler et al. (2002)</b>	Factors explaining the probability of corporate political activity	Firm Industry	Variance	Empirical test Descriptive

Source: Lamberg et al. (2004)

The earlier literature implies that three conditioning factors – firm, industry and institutional level factors – are essential to explain the evolution of corporate political activity. In the following, I review the earlier research and discuss the potential effects of these factors on the formation of corporate political strategy.

#### *2.4.1. Firm-level factors*

Earlier research on corporate political activity has indicated that firm-level capabilities and resources are focal determinants of corporate political strategy making (Masters & Keim 1985; Rehbein & Schuler 1999; Schuler 1996). The resource-base of a firm consists of tangible (physical and organisational) and intangible (human) assets, which are tied semipermanently to the firm. A basic premise of the resource-based view of a firm is that the resource endowment is a critical source of firm heterogeneity (Wernerfeld 1984; Barney 1991). In the literature, several measures of firm-level attributes have been used to examine the differences in firms' political involvement. These include, for example, firm size, profitability, organisational structure, dependence on government, reputation, expertise, and political experience.

Based on the theoretical assumption of collective action (Olson 1965), it has been suggested that the patterns of political behaviour differ between large and small firms. In general, large firms have been shown to be more politically active than small firms. This is because large firms have the potential resources required for costly political manoeuvring. Moreover, the incentives for political activity are greater for a large firm. First, large firms have more political bargaining power to influence political decision-making, because they are best recognised and they typically have many contacts to policy makers. Second, the potential effects of regulatory change are more critical to the performance of a large firm, and thus they have disproportionately large stake on political issues (Yoffie 1987, 48; Lenway & Rehbein 1991). Schuler (1996) found that large firms were consistently the most active in lobbying government for trade protection. Bennett (1999) indicated that large firms were more active in using direct influence routes in their political activity. Moreover, Schuler et al. (2002) found that the largest firms are most

likely to combine different political tactics. Yet, there are some contradictory results. The findings of Lenway & Rehbein (1988) provide no support for the assertion that large firms are more likely to be politically active. De Figueiredo & Tiller (2001) provided tentative evidence that both small and large firms behave identically (i.e., they tend to free ride) when their proprietary information is at risk to leak out during the policy process.

Some researchers have concentrated only on large firms' involvement in political arena (Mizruchi 1989; Useem 1980, 1982, 1984; Mitchell 1990; Boies 1989). Relying on class theories, Mizruchi and Useem focus on examining to what extent large corporations have similar interests and patterns of political behaviour. Mizruchi (1989) identified several factors affecting the similarity of political behaviour between large firms. Useem (1982) showed that the dominant segment of the corporate elite is more politically active than the remainder of the corporate elite. To Useem, the dominant segment of the corporate elite consists of the limited number of senior executives of the nation's largest firms, having its foundation in social and economic networks (interlocking directorates, heavily concentrated firms etc.). Through these social and economic connections the executives comprehend the problems facing all large corporations and thus they are capable of promoting general business interests. Moreover, Mitchell (1990) showed how business political representation in Britain is decentralized to institutions (i.e., individual firms) rather than groups. Boies (1989) demonstrated that instead of firm size and the availability of resources, material self-interest has the greatest influence on the level of political activity among large firms.

Conversely, research focusing primarily on small firms' political activities has been scarce. This gap in research has been suggested to relate to a lack of data on small businesses, to the belief that research methodologies cannot be easily transferred to small firms, and to the idea that small firms need only obey the law and avoid irresponsible acts (Thompson et al. 1991). However, Cook & Barry (1993, 1995) have indicated that a small firm can also be politically active and that focusing on small firm activity can provide valuable insights of business-government relation in general. For example, Cook & Barry (1995) indicated how governmental and business actors' cognitive

understanding and perceptions fundamentally influence the outcomes of business-government relations.

The profitability of a firm has often been used as a proxy for organisational slack. The interdependence between slack resources and firm performance, however, has not yet been resolved among scholars. In the management literature, abundant organisational slack has generally been denoted as a critical factor for firm survival and strategic manoeuvring (Cyert & March 1963; Chakravarthy 1986; Bourgeois 1981; Hambrick & D'Aveni 1988). The opposing view proposes that low levels of slack would promote an organisation to search for new methods, which might increase slack (Cyert & March 1963). This discrepancy is also reflected in studies on corporate political activity. Some researchers argue that firms possessing a high level of slack resources are more likely to engage in costly political activities (Yoffie 1987; Lenway & Rehbein 1991; Schuler 1996). Lenway & Rehbein (1991) indicated that profitability is also associated with a certain type of political activity. They found that profitable firms were more likely than unprofitable firms to select a leader or a follower strategy.

In contrast, others indicate that firms with scarce slack resources might also be motivated to enter political markets (McKeown 1994; Schuler & Rehbein 1997; Rehbein & Schuler 1999). Accordingly, Lenway, Morck & Yeung (1996) showed that steel companies that lobby intensively are not only less profitable, but also older and less innovative. Salomon & Siegfried (1977) noted that firms earning higher than average profits may refrain from political activity to avoid negative public attention. On the other hand, the findings of Morck et al. (2001) support the view that lobbying can become a habitual activity for a firm that is unrelated to their economic performance.

The structural attributes of a firm may also be a critical determinant of political activity. It has been suggested that the extent of firm diversification is likely to have an effect on a firm's political strategy. The less related the range of businesses in which a firm competes, the greater the range of public policies that can affect it. Similarly, widely diversified firms may have complex organisational and governance structures (Hoskisson 1987; Hoskisson & Hitt 1990) that may allow business unit managers the discretion to pursue their own political strategies irrespective of overall corporate interests (Schuler

1996; Epstein 1969; Rehbein & Schuler 1995). On the other hand, Grier et al. (1991) have argued that unrelated diversified firms may find it difficult to pursue a consistent political strategy and thus engage in less political activity because they are unlikely to have consensus across strategic business units on matters of public policy. Similarly, Shaffer & Hillman (2000), based on a multiple case study, were able to distinguish three distinctive types of conflicts over political strategies in diversified firms: distributive conflict, advocacy position conflict, and representational conflict. Alt et al. (1999) showed that firms with high asset specificity are more dependent on government intervention and thus more likely to be politically active. The more specific its assets, the more costly a firm facing competitive pressure would find exit into another product or industry.

Besides tangible resources, scholars have paid considerable attention to intangible resources in determining corporate political activity. By intangible resources, scholars have typically referred to the political or social capital of a firm<sup>2</sup>. Accordingly, the political capital of a firm can be considered as expertise, knowledge, skills and the competency of managers in dealing with government, and as the reputation for responsible behaviour earned by interrelating with government. It also contains a network of personal relations among managers and policy-makers (i.e., who knows who) and the resources that these contacts possess (cf. Oliver 1996).

Accordingly, political capital, as well as social capital (Nahapiet & Ghoshal 1998, 243), is “embedded within, available through and derived from the network of relationships possessed by individual or social unit”. For example, learning the inner mechanisms and general climate of government affairs generates the knowledge of how a political system runs. In this sense, direct participation in government policy making is essential for a manager. Therefore, serving on a government advisory board or prelegislative committee can provide a manager with an exceptional source of intelligence on politics. Participating in these government organs may not be directly beneficial to a firm but through these memberships firm managers learn how a political

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<sup>2</sup> In the literature, as well as in this study, the terms political and social capital have been used interchangeably, meaning that the basic ideas underlying these concepts are parallel.

system works and develop tacit knowledge. Such learning cannot take place through everyday management activities or through executive education. Thus, the more services a manager has, the better politically equipped he or she is, and the more capable he or she is of influencing the political decision making process (Useem 1985).

As such, political capital is an important and scarce business resource “distributed by the institutional environment that signifies a firm’s credibility and legitimacy” (Oliver 1996, 177). Within a firm, political capital has to be allocated between competing interests and issues. By political capital, firms may achieve strategically important information and receive access to policy makers. Access and information, in turn, help a firm to anticipate changes and decrease uncertainty in its political environment (Baron 1995, 1997; Shaffer & Hillman 2000; Yoffie 1987; Schuler & Rehbein 1997; Hillman et al. 1999). Correspondingly, building or nurturing personal contacts with policy-makers can be a source of increased political and social capital (Oliver 1996).

It is argued that political capital may be a potential source of sustainable competitive advantage (Baron 1995) and therefore an important factor in explaining sustainable firm differences (Oliver 1996). There are fundamental firm differences in connections to business and political power-holders, and different political capital creates different advantages among firms in their ability to access and exploit opportunities. In terms of the resource-based view of a firm (Barney 1991), political capital based on unique managerial capabilities achieved by personal connections to policy makers can be seen as valuable, rare (it is not equally available to all competitors), difficult to replicate by the rivals, and without strategic substitutes (Baron 1995; Oliver 1996). These distinctive, firm-specific competencies can be developed or lost over time.

Some scholars have explicitly integrated political capital into their analysis of corporate political activity. Hillman et al. (1999) demonstrated the significance of government linkages (i.e., having a representative serve in a political capacity) on a firm’s economic performance. Morck et al. (2001) showed that past lobbying increases the likelihood of current lobbying. In other words, prior experience gathered from the political arena reflects on subsequent lobbying behaviour. Rehbein & Schuler (1995) suggested that a firm with political experience should positively impact the ability and



willingness of the firm to engage in political activities. Hillman & Hitt (1999) proposed that firms with unique political capabilities are more likely to act independently, whereas firms without such capabilities may feel it necessary to act collectively on the political market. Adopting a slightly different perspective, McGuire et al. (1988) examined the effects of top managers' cabinet appointments on the stock value of a firm. They found that management changes resulting from cabinet appointments increased stock value more than other types of management changes (e.g., retirement, dismissal). This implies that investors may view a cabinet appointment as an indication of favourable future government policies toward a firm's industry or the firm itself.

#### *2.4.2. Industry-level factors*

One of the most important factors of political environment for the performance of a firm is the control of a firm's opportunities, which can be controlled by government at one extreme and by markets at the other extreme. The amount of government control differs across industries, i.e., some industries are more regulated than others. Moreover, the amount of regulation in an industry is prone to temporal variation. Generally, management theory supposes that changes in regulation tend to cause strategic transformations among previously regulated firms. As a result of deregulation, firms face a new kind of environment, characterized by increased competition. It has to be noted, however, that the changes in regulation have a different effect on firms within the same industry. Leone (1986), for example, showed how low cost firms were able to gain most benefits from pollution control legislation in the paper industry.

Since regulation is typically industry-specific (e.g., import tariffs, product quality standards), the importance of political activity differs among industries. Accordingly, it has been suggested that a high level of regulation tends to increase corporate political activity. Firms operating in highly regulated industries have an incentive to develop political resources for strategic use, because their dependency on public policy making is high (Boddewyn & Brewer, 1994; Hillman & Keim, 1995; Lenway, 1985) (Baron 1995).

Similarly, there is voluminous empirical evidence that firms relying heavily upon government contracts are more politically active than those that do not (Boies 1989; Masters & Baysinger 1985; Pittman 1977; Zardkoohi 1985; Schuler et al. 2002).

Regulation created by public policy imposes constraints on strategy making (Russo 1992). Some scholars have even contended that government regulation may generate organisational isomorphism, i.e. constraining processes through which organisations facing the same set of environmental conditions tend to resemble each other over the long run. In a sense, as states expand their dominance over more arenas of social life, organisational structures increasingly come to reflect rules institutionalized and legitimized by and within the state (DiMaggio & Powell 1983; Meyer & Rowan 1977). Regulated environment may also have substantial effects on strategic flexibility (Doz 1986; Boddewyn & Brewer 1994, 134) Similarly, Kets de Vries and Miller (1984, 47) point out that highly regulated “negotiated environment”, characterised by trade agreements, collusion, restrictive trade practices, and substantial tariffs to limit foreign competition, may generate “depressive” firms that operate in stable environments, in a mature market, one which has had the same technology, customer preferences and competitive patterns for many years.

Another focal industry-level factor conditioning corporate political activity is industry concentration. Several scholars have noted that the choice between an individual and a collective political strategy is dependent on the industry’s competitive structure (Masters & Keim 1985; Grier et al. 1994; Mitchell et al. 1997; Rehbein & Schuler 1999). In the case where a firm has several competitors, it has little incentive to engage in political activity, because political objectives often exhibit the characteristics of a public good. However, when a firm operates in a concentrated industry in which it has only few rivals, the exclusivity of the benefits can be a sufficient accelerator for implementing a political activity (Olson 1965). Industry concentration also minimises the costs of negotiating a political agenda among industry rivals (Salomon & Siegfried 1977; Grier et al. 1994). Moreover, Baron (1995) points out that not all regulatory legislation has the characteristics of a public good. Thus, the pursuit of exclusive benefits (such as government contracts) from the government is the most effective political strategy, because it provides competitive advantage against industry rivals (Shaffer, et al. 2000).

However, the empirical evidence concerning the effect of industry concentration on a firm's decision to engage in political activity is ambiguous and even contradictory (Andres 1985; Munger 1988; Salomon & Siegfried 1977; Masters & Keim 1985; Grier et al. 1994).

The key characteristics of an industry may also have an influence on the conduct of political involvement among firms in that particular industry. For example, Grant et al. (1987, 46) concluded that the West German chemical industry, being highly export-intensive with a high degree of competitiveness internationally, did not seek for sectoral benefits from government but for positive framework conditions, such as free trade, energy policy beneficial to industry and a fairly lenient tax regime.

#### *2.4.3. Institutional-level factors*

The role of institutions in explaining organisational development has been central in the social sciences. In many ways firms are embedded in its institutional environment. Institutional embeddedness has been determined as “the interconnections between an organisation and its institutional environment” (DiMaggio & Powell 1983) or as “the contingent nature of economic action with respect to government (political and legal) institutions” (Caeldries 1996, 216). More precisely, institutional embeddedness refers to the effects of the system of codified rules and norms on the rewards / sanctions structure influencing organisational behaviour (DiMaggio & Powell 1991).

Accordingly, institutions have generally been considered to consist of both formal and informal constraints. Formal constraints include laws and statutes, whereas informal constraints include norms, values and codes of conduct (North 1990). As such, institutional constraints determine the underlying conditions for a firm's strategy and structure. Institutions are nation-specific, thus forming the context in which managerial practices develop (North 1990, 3–6; Powell & Di Maggio 1991, 5; Calori et al. 1997; Sorge & Maurice 1990; Sorge 1991). Moreover, institutions are shaped by historical factors that limit the range of options open to decision makers. As noted by Hall (1986),

“the genesis of the institutions can be traced to the events of a particular series of historical conjunctures, some contingent, others systematically tied to the distribution of power among social groups”.

Government plays an important role in generating the ordered institutional framework that is necessary for organisations to flourish (Ingram & Simons 2000, 25). Murmann (2003, 7) even argues that the institutional environment in which firms are embedded is a potential source of competitive advantage in the sense that it is hard to replicate and hard to imitate. That is because institutional environments typically develop incrementally, their causal structures tend to be imperfectly understood, and changes in their makeup typically require agreement among a large number of factors, whose interests seldom coincide.

Focusing on the effects that government has on organisations, Pearce (2001) made an important contribution by pointing out that governments vary in their facilitation of independent organisation. However, practically all economic theories of government have tended to neglect the effects of nonfacilitative government on the operation and experiences of organisations. As determined by Pearce, nonfacilitative government is weak (i.e., incapable of maintaining stable and reliable enforcement), hostile to independent organisation, and erratic in imposing laws and regulations (i.e., creating an unpredictable business environment). Accordingly, the forms of corporate political activity tend to vary depending on the nature of the coercive institutional environment created by government. Pearce argues that firms operating in a facilitative environment typically attempt to obtain favourable laws and regulations by attempting to get them written in public forums, whereas firms operating in a nonfacilitative environment tend to induce government officials to produce a beneficial law or regulation as a personal favour (Pearce 2001, 20–30).

Although institutions represent constraints on the options that individuals and collectives are likely to exercise, these constraints are open to modification over time. Moreover, institutional constraints do not wholly determine the course of human actions. In fact, through choice and action, individuals and organisations can deliberately modify, and even eliminate, institutions. In other words, actions and institutions are closely

interdependent. Institutions both arise from and constrain social action (Barley & Tolbert 1997). Similarly, firms engage in political activity in order to influence the conditions of their institutional environment and thus to enhance their competitiveness. The survival of a firm is not only dependent on conformity with the institutional environment as typically emphasised by institutional theorists (Meyer & Rowan 1977; DiMaggio & Powell 1983; Scott 1987). It may also be dependent on the proactive responses, such as manipulation or defiance, to institutional processes (Oliver 1991; Caeldries 1996).

Thus, the institutional context has several implications for the nature of business-government relations. It has been noted that companies tend to have country-specific political strategies depending on the institutional constraints. These constraints are such as the constitutional form of government, the structure of the public policy decision-making process, and the organisation of political interests in different countries, which affect the interaction of business and government (Hillman & Keim 1995; Baron 1995). As Wilson (1990, xi) noted, there is “as much variation in the business-government relationship among countries as there is in the character of political parties”. A critical resource for a firm is to understand the functioning of the political process and the legal imperatives in the country in which it operates. This is especially important for multinational and international companies (Keim & Baysinger 1988; Boddewyn & Brewer 1994; Hansen & Mitchell 2001; Rosenzweig & Singh 1991). Thus, the influence of the nation-specific institutional context on the formation of corporate political activity is related to shared historical contingencies, for example, in political decision-making system, legitimate ways of influencing government decision-making and informal codes of conduct in business-government relations.

Research focusing on the political activity of multinational corporations (MNCs) has also emphasised the importance of the national institutional environment in determining the course of corporate political involvement. There is some evidence suggesting that MNCs do not follow a uniform pattern of political behaviour across the countries in which they operate. Instead, they tend to adapt to host-country political context, thus arguing for the persistence of national practices in corporate political activities (Rehbein 1995; Mitchell et al. 1997; Hansen & Mitchell 2001).

*Experiences of corporate political activity in different national contexts*

Institutional constraints may encompass differences in both the conduct and the organisation of business political activities. For example, business interest representation has been organized through political action committees in the USA, through *Spitzenverbände* (umbrella associations) in Germany, and *Keidanren* (a powerful federation of economic organisation) in Japan (Hillman & Keim 1995). European political culture based on the parliamentary system and corporatism has resulted in co-operative and less confrontational business-government relations based on mutual trust and informal flow of information. In the United States, on the other hand, business-government relations have traditionally been characterised by pluralistic business interest representation and limited government intervention in economic activity (Coen 1998, 1999; Vogel 1996; Hillman & Keim 1995). As argued by Kipping (2003, 380), however, some business historians have challenged this view by arguing that the amount of government intervention was equal in the United States and in the Western European countries, at least until the middle of the 20<sup>th</sup> century (See especially, Becker 1992, 247–256; Galambos 2000, 247–256).

Accordingly, it has been argued that the flow of information and influence between business and government in European countries takes place on a far more informal basis than in the United States. In the United Kingdom, for example, the upper class in the civil service and business share some familiarity by virtue of their patrician connections (Useem 1982). In a similar vein, managing directors of French companies typically have an administrative background, which creates a pattern of interlocking elites containing administrative, industrial, financial and political circles that typically interact with each other through informal channels (Cawson et al. 1987, 15–16). There are, however, national differences among European countries, too. In a recent study Schumann & Widmaier (2003) indicated that the differences in political strategies between French and German electric companies were accompanied by varying degrees of informal interactions with their national officials. Grant et al. (1987) noted that West German

chemical companies channelled the relations with government almost exclusively through sectoral associations, whereas in the United Kingdom major firms typically had their own public relations departments.

Scholar have also pointed out that the nature of political activity varies between corporatist and pluralist countries. Hillman & Hitt (1999) proposed that firms are more likely to use collective participation and a relational (i.e. continuous) approach to political action in more corporatist countries, whereas firms operating in more pluralist countries are likely to use individual participation and a transactional (i.e., ad hoc) approach. Moreover, it has been suggested that business efforts to influence government policy focus primarily on regulatory agencies and executive branch ministries in parliamentary systems, whereas U.S. lobbyists focus more on influencing legislators (Salisbury 1975; Hillman & Keim 1995).

Coen (1999) describes the development of these diverse paths of business interest representation and their subsequent convergence. During the 1970s and 1980s the political activity of European firms followed the old tradition (national characteristics), in which British firms directly lobbied the European Commission, German firms used sector federations, and French firms used their European ministry and embassies. Concurrently, U.S. firms founded public affairs offices and American Chamber of Commerce (Amcham), and created a visible political presence in Brussels demonstrating to their European rivals the importance of direct, regular and reliable representation at the European Commission. As a result, U.S. firms became a role model for European business lobbying. Mimicking the organisation of U.S. firms, several European firms began to establish public affairs offices. Moreover, European firms organized the European Round Table (ERT) in the early 1990s in order to challenge the primacy of Amcham. Consequently, American firms organised the European American Industrial Committee to bring their CEOs in contact with Commissioners. Amcham also began to form ad hoc alliances with ERT, European central federations and sector federations. U.S. firms also began to participate and take an active part in the European federations. The increased contacts between American and European firms facilitated the exchange of lobbying cultures and political learning. As a consequence, European firms adopted

lobbying procedures used in U.S. context such as issue networking and grassroots mobilization.

Several scholars have emphasised the role of institutional conditions to the long-term development of business organisations. Hirsch (1975) illustrated how a firm can manipulate its institutional environment to make its environment more manageable. Hirsch indicated how economic actions and outcomes are politically embedded within government regulation and legislation. Tiffany (1984), for example, argued that the origins of the decline of the U.S. steel industry after the Second World War is accounted for by business-government relations characterised by suspicion, doubt, and hostility. Conversely, Webb (1980) demonstrated how increased government protection in terms of higher tariffs and a legalized cartel system in the late 19<sup>th</sup> century facilitated the international competitive advantage of the German steel industry. Skowronek (1982) showed that courts exercising the judicial power of the state have been the American surrogate for the administrative apparatus familiar in European states since the beginning of the 20<sup>th</sup> century. Thus, judges have historically played particularly aggressive roles in policy-making and economic governance in the United States.

The evolution of institutions has also shaped the mechanisms and forms of business political participation. Epstein (1969) showed that the great majority of U.S. firms had little or no overt involvement in national politics before the late 1960s (Epstein 1969, 67–107). For example, corporate campaign and electoral contributions were illegal in the U.S. until the passing of the 1971 and 1974 Federal Election Campaign Acts. These laws ruled that all election funding had to be organised through political action committees (PACs). As a consequence, the number of PACs increased rapidly. At the same time, American firms began to engage in independent political activity by establishing Washington lobbying offices. In addition, several firms created full-time headquarters staff devoted to analysing and managing political activities. Moreover, companies started to look for ways to develop not only the political awareness of their public affairs staff but also their business managers (Useem 1985; Yoffie 1987, 44; Keim 1981; Post et al. 1983; Keim, Zeithaml & Baysinger 1984). Weidenbaum (1980) labelled this increased interaction between business and government as a “second managerial revolution”. According to Yoffie & Bergenstein (1985), this transformation of corporate political



activity was mostly due to changes in the national political arena. After the Watergate scandal the openness in the American political system increased considerably, which reduced the power of the old-boy networks. Consequently, the deterioration of traditional codes of conduct in political arena (e.g., declining party discipline) provided more opportunities for firm-specific manoeuvres on political issues.

The literature on industry evolution has also emphasised the significance of country specific institutional conditions. Comparing the synthetic dye industry in the five major producer countries before the First World War, Murmann & Holburn (2001) showed that patterns of industry evolution differed significantly across national contexts. They propose a number of general factors that may be the driving forces behind these differences, for example, availability of core skills, economies of scale and scope, and positive feedback mechanisms between firms and national institutions. They argued that patent and competition laws in countries can have a direct effect on different industry dynamics. Similarly, placing national institutions and technology at the centre of his analytical framework Murmann (2003) introduced a more extensive analysis of the evolution of the synthetic dye industry and demonstrated how firms, technology and national institutions coevolved in that industry. Murmann argued that the rise of large managerial firm was not only related to the efficiency and scale and scope economies made possible by cheap transportation and communication. Instead, the rise of large managerial firm required the construction of an institutional regime that would favour such firms over other forms of organisation. In creating a favourable institutional environment, Murmann emphasises successful lobbying activity of large firms. Thus, Murmann contradicts the Chandlerian (1962, 1977, 1990) view that the rise of large managerial firm was related to a sophisticated managerial hierarchy that could organise more efficient production than smaller firms could. Before Murmann, the sociologists Neil Fligstein (1990) and William Roy (1997) also argued that Chandler's analysis is incomplete because it omits the political contexts in which large firms originate and develop.

## 2.5. Structure of earlier research

During the last decades, several scholars have produced reviews of the development of the scientific knowledge in the field of CPA research (Preston 1986; Shaffer 1995; Vogel 1996; Getz 1997; Hillman et al. 2004). In the following, I rely on a systematic analysis of the existing literature on CPA (Skippari et al. 2004) in order to assess the recurrent state of the research area and to suggest possible contributions that the historical perspective could provide for CPA research.

Overall, there seem to be a few distinctive characteristics that dominate the existing research on corporate political activity. First, clearly the most applied research design has been to collect cross-sectional quantitative data that has been analysed using statistical techniques. The main focus of this research design has been to indicate what kinds of firms are most likely to be politically active. Second, despite the diversity of the political issues affecting the business environment and the tactics that firms can exploit in attempting to influence policy processes, the existing empirical studies typically examine only one political issue (e.g., trade policy) or one form of political action (e.g., election funding) at a time (Hillman et al. 1999; Lenway & Rehbein 1991; Lenway & Schuler 1991; Shaffer et al. 2000). Third, much of the existing research has focused on examining industry-level or interest group level activity (Bennett 1999; Bonardi & Quelin 1998). It seems that these characteristics are closely interrelated. The partial and limited scope of analysis is a consequence of scholars' apparent preoccupation with quantitative, cross-sectional data analysis. Examining the activities of a large sample of firms constrains researchers to focus on only one or few corporate political activities at a time. The focus of earlier studies, however, is limited to one policy issue (e.g., trade policy).

As a result, we have abundant stock of knowledge of how firms, on aggregate or as a group, behave in the political environment. A major shortcoming of the dominant research design, however, is that it yields inferred commonalities of firms included in a sample. A possible bias inherent in research built on single traits or attitudes is that it reduces complex situations to "one dimension as though that dimension alone could explain much of the phenomenon under study or could exist independently of the broader aspects of phenomenon" (Kets de Vries & Miller 1984, 37). In fact, it is generally

acknowledged that corporate political strategies are neither static nor uniform. Corporate political activity, like any other function of a business organisation, does not develop in a vacuum; it is conditioned by firm, industry, and environmental factors (Boddewyn & Brewer 1994). Accordingly, there is much empirical evidence that the political preferences of firms differ within industries and populations. Several case studies have shown that competing firms in the same industry tend to employ different and even opposing political strategies (see, e.g., Byrnes 1985; Mahon 1983; Shaffer 1992, Oster 1982; Blau & Harris 1992). This heterogeneity in strategic preferences is a result of imperfect information, imperfect intra-firm decision-making processes, and the pursuit of both economic and noneconomic goals (see, Schuler 1996, 723; see also Lenway & Rehbein 1991; Moe 1980; Yoffie 1987). Similarly, because of cognitive limitations in interpreting the environmental conditions and the evolving economic, social and political environment the political activity of a firm is likely to alter over time.

In the recent literature, however, several scholars have acknowledged the obvious bias in the research field. Getz (1997), for example, noted that the predominant perspective in earlier research has been to examine the reasons why a firm engages in corporate political activity, while the question concerning changes in corporate political action over time has received least attention (Getz, 1997). More recently, Schuler (2002) noted that temporal aspects have not yet been explicitly examined in the research of corporate political strategies. Rehbein & Schuler (1999) emphasised the virtues of profound historical analysis in the field. Moreover, Hillman & Hitt (1999) constructed a model in which they consider relational and transactional political strategies and how these strategies vary across time and in frequency.

Despite the emerging calls for dynamic approaches to corporate political activity, the existing research on corporate political activity has focused heavily on static analyses of firm and interest group level of activity. Researchers have emphasised the use of variance theories (Mohr 1982) and related cross-sectional methodologies. Contemporary studies of corporate political strategies so far lack the integration of holistic and processual perspectives. According to Shaffer (1995), this monotony in research design is largely explained by the limits of the available data. Especially in the United States, large and easily accessible government records have induced scholars to construct research

methods based on statistical analysis. Simultaneously, in-depth case studies requiring access to firm-level data have been less apparent, partly because the data is more difficult to access, partly because of the secretive attitude of firms towards issues of corporate political behaviour. Despite these impediments, I argue that the field needs more research that utilises longitudinal, firm-specific data to examine intra-organisational political activities instead of using firm population or industry-level analysis. Moreover, *there is a need for a processual and evolutionary analysis that takes into account “the time, history, process, and action”* (Pettigrew et al., 2001) in corporate political strategy research. In this respect, *an extensive historical case study based on company archives could be one possible solution to overcome the problem of data limitation.*

## 3 RESEARCH METHOD

### 3.1. Research design

Although most of the studies in organisation and management research are based on static and reductionist explanations, several scholars have recently advocated an extended use of dynamic perspectives and historical analysis in the field (Porter 1991; Kieser 1989, 1994; Goldman 1994; Lewin & Volberda 1999; Üsdiken & Kieser 2004; Clark & Rowlinson 2004). Strategic management scholars are also advised to adopt the orientation of historians attuned to criticism when examining documentary sources (Glueck & Willis 1979). Moreover, some scholars have even emphasised the practical implications of understanding historical trajectories, for example, in developing managerial skills (Chandler et al. 1986; Down 2001) and improving the management of organisations (Barrett & Srivastava 1991).

A basic premise of a longitudinal study based on a historical perspective is that historical relationships are not temporally homogenous; instead they change over time. Similarly, the present organisational forms and arrangements are considered to be shaped by past events and the course of their development is considered to be influenced by their context (Üsdiken & Kieser 2004). On the other hand, many of the longitudinal studies of organisations relying on quantitative time-series are typically “ahistorical” in that theorized relationships are assumed to be time-invariant. In other words, time-series analyses usually treat history as the continual unfolding of stable causal processes (Haveman et al. 2001; Isaac & Griffin 1989; Zald 1993). This is not to say that quantitative analyses should not be incorporated into historical study. Instead, it is necessary to combine qualitative and quantitative techniques within a single study (cf. Currall et al. 1999; Bartunek et al. 1993).

There are several potential benefits from conducting historically informed or historically oriented research within organisation and management studies. Historical studies can enable researchers to trace the relationship between environmental and organisational changes (Aldrich & Mueller 1982; Tushman & Anderson 1986; Romanelli

1989, 1991). The temporal logic inherent in the process approaches in organisational analysis makes room for historical perspectives. For example, evolutionary processes are exposed through detailed, comparative and longitudinal data to assess change over time (Pettigrew 1992; Van de Ven 1992). Moreover, historical analysis can reveal the generative mechanisms that underlie processes (Kieser 1989, 1994; Pentland 1999). In general, historical studies can “enrich our understanding of present day organisations by reconstructing the human acts which created them in the course of history” (Kieser 1994, 619).

More specifically, Kieser (1994) identified several arguments for the necessity of historical analyses in organisation research. First, structures of and behaviour in present organisations reflect culture-specific historical developments. Therefore, in order to completely explain the differences between organisations in different cultures, one has to incorporate a historical dimension in the analysis. Second, the identification of actual organisational problems and of their appropriate remedies is seldom free of ideology. For example, the current fashionable trends in organisation theory may have had similar applications in the past, but based on a different ideological foundation. Third, historical analyses emphasise the importance of interpreting existing organisational structures not as determined laws but as the result of decisions (either intentional or more spontaneous) made in the context of past choice opportunities. Thus, historical analyses can prepare us to better identify and to make better use of various choice opportunities. Finally, historical analyses can bring new insights to the existing theories of organisational change generated and validated with short-run data.

In essence, the purpose of historical analysis should not only focus on describing historical events but also on revealing historical explanations that have theoretical implications. In fact, the interpretation resulting from historical analysis is roughly analogous to a theory (Goodman & Gruger 1988). Historical evidence can be used both to test and modify the existing theories in social science and to generate historical theories of organisation (Lawrence 1984; Zald 1990; Üsdiken & Kieser 2004). According to Zald (1990), Stinchcombe’s ‘imprinting hypothesis’ (Stinchcombe 1965) is a typical

example of a historical theory of organisation<sup>3</sup> In addition, historical research is seen as a useful aid in variable selection and hypothesis generation within a theoretical context (Goodman & Kruger 1988; Üsdiken & Kieser 2004). Historical perspectives have also been utilised in testing the generalisability of existing theories. This has been done, for example, by using historical periods as comparative tools to verify the theoretical ideas and by employing a particular theoretical frame in analysing and explaining past events (Üsdiken & Kieser 2004).

Several scholars in organisation and management research have explicitly acknowledged that the history, present and future of a firm are closely interconnected. Bartlett & Ghoshal (1989, 35), for example, argued that the internal capabilities of a firm are “developed over a long period of time and cannot be changed overnight or by management decree”. The proponents of the biographical approach to organisational development and change have advocated the idea that focal actions and decisions made in the past fundamentally shape and constrain the subsequent performance of an organisation (Kimberly & Rottman 1987; Kimberly & Bouchikhi 1995). In a similar vein, the concept of path dependence embodies the idea that a firm’s previous investments and its repertoire of routines (its ‘history’) constrain its future behaviour. Consequently, firm capabilities are considered to evolve as a function of the historical patterns of decisions (Teece, Pisano, & Shuen, 1997). In the historical sense, this means that different types of historical conditions and structures create alternate opportunity and constraint matrices for the actions of the various organisations (North, 1990). Path dependence also means a reduction in possible strategic choices through learning and locking-in of cognitive models. In political arenas, for example, a close relationship between a party and a group of politicians might create a trajectory for future political moves, i.e. the firm links itself to a certain ideology and group of political decision-makers. By incorporating these ideas into this study, I consider the separate political actions of a firm not only as indications of its concurrent interests and resource base, but also as a possible reflection of its past political behaviour.

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<sup>3</sup> Stinchcombe’s imprinting hypothesis states that organisations become imbued with the conditions in the social environment within which they have been founded.

*In this study, I employ inductive historical case study to examine the evolutionary patterns of corporate political strategy.* The empirical evidence of the case study consists of a longitudinal data (1944–1991) gathered from the Finnish conglomerate Tampella. Following the methodological solutions of several other case studies (Mintzberg & Waters 1982; Mintzberg & McHugh 1985; Eisenhardt & Brown 1996; Haydu 1998) I treat the different chronological periods and different businesses of Tampella as a set of distinctive sub-cases within the single case. This way I am able to compare the different sub-cases to each other in order to confirm or disconfirm emergent relationships. Thus, the resulting design is a multiple case design nested within a single firm.

By employing an extensive historical case study, *I attempt to provide a basis for real insights into how organisations adapt to their regulative environments and create new environments by political activity over time.* A longitudinal investigation of the strategy process identifies the role of contextual forces in the development of corporate political activity. Besides a basic historical account of organisational development that entails a rich and detailed description of the object of inquiry, *I also attempt to identify the underlying patterns and important relationships among key variables* (cf. Pettigrew 1985; Chandler 1962; Mintzberg & Waters 1982) that shape the evolution of corporate political strategy. The research design supports this endeavour well, since one of the purposes of historical studies is to uncover patterns of continuity and change (Mason et al. 1997).

In general, the goal of the inductive inquiry is to allow new theoretical insights to emerge from a rigorous examination of relevant data collected from multiple sources, analysed through constant comparison, and validated both by existing theories and ongoing re-examination of the data (Eisenhardt 1989; Yin 1994). Historical single case study is useful for this purpose, because it creates opportunities for observing and describing a complicated research phenomenon in a way that allows one to generate new theoretical and conceptual perspectives (Pentland 1999; Tsoukas 1989). Moreover, single case study design is also useful in generating analytical generalizations (Eisenhardt 1989; Pentland 1999; Tsoukas 1989). In analytic generalization, the aim is to generalize a



particular set of results to some broader theory, analogous to the way a scientist generalizes from experimental results to theory (Yin 1994, 37). Accordingly, evidence drawn from a single case can reveal a general conceptual category or property (Glaser & Straus 1967; Gummesson 2000). Following the logic of inductive research, no hypotheses or theories were constructed prior to the research effort. Instead, the emerging theoretical insights were modified in a constant dialogue with the historical data (cf., Burgelman 1991; Galunic & Eisenhardt 1996; Rindova & Kotha 2001).

To study the contextual embeddedness of the evolution of corporate political strategy, I chose a setting in which the changes in both the internal and external environment of a firm were pervasive and readily observed (cf. Rindova & Kotha 2001). I chose a case that is both extreme and revelatory (Yin 1994, 38–40). Tampella represents an extreme case in the sense that there were clear fluctuations in firm performance and the external environment during the period studied. During the 1940s and 1950s Tampella was a prosperous firm with abundant resources. From the 1960s to the early 1990s Tampella faced persistent economic problems, and was finally taken over by the Bank of Finland. Similarly, there were dramatic changes in industry conditions as well as in the institutional environment as a consequence of a gradual deregulation process. Moreover, Tampella is also a revelatory case in the sense that its extensive firm archive was available for scrutiny, enabling a researcher to achieve in-depth primary data of the firm and its political activities, an issue that is critical in a single case study (cf. Leonard-Barton 1990). Accordingly, a historical perspective enables researchers to study the evolution of corporate political activity in different organisational and environmental contexts. In other words, it reveals how corporate political activity evolves in periods of economic prosperity and distress and in the context of economic regulation and liberalization. In addition, a longitudinal perspective is needed to examine the effects of the institutional environment on corporate political activity, because institutional environment typically changes very slowly.

## 3.2. Data sources

### 3.2.1. Primary and secondary data used in the study

Recognizing the basic idea that examining evolutionary and co-evolutionary patterns requires multiple level of analysis (Lewin & Volberda 1999), I collected data at three different levels in order to capture the processes and identify generative mechanisms: *firm* (personal attributes and social networks of CEOs, political and competitive strategic actions, economic performance, key events in firm development), *industry* (key characteristics of those industries in which Tampella operated), and *national* (key characteristics of the coercive institutional environment in Finland). Although both primary and secondary data was used on all levels of analysis (Table 3.1.), the focus was on primary data in firm-level analysis and on secondary data in industry and institutional level of analysis.

**Table 3.1.** The empirical data used in the different level of analysis

	Firm	Industry	Institutional
<b>Primary data</b>	<i>Firm archives</i> - minutes of the board meetings - correspondence of top management - annual reviews - memos of top management <i>Government archives</i> - correspondence	<i>Archives of trade associations</i> - minutes of board meetings - annual reviews	<i>Archives of trade associations</i> - minutes of board meetings - annual reviews
<b>Secondary data</b>	<i>Histories of Tampella</i> <i>Case studies of Tampella</i> <i>Interviews</i> <i>Newspaper cuttings</i> <i>Magazine articles</i> <i>Printed bibliographies</i>	<i>Histories of trade associations</i> <i>Company histories</i> <i>Histories of an industry</i>	<i>Histories of ministries</i> <i>Company histories</i>

In order to achieve a deep understanding of intra-firm historical processes, the main emphasis in data collection was on primary (i.e., archival) sources. Archival sources are invaluable to the organisational researcher because they can reveal the interpretations, the assumptions and the actions taken by organisational actors over time (Ventresca & Mohr 2002). Primary sources, in contrast to secondary sources, provide first hand testimony about an historical event, representing the view of an eye witness (Goodman & Kruger 1988). During the whole research process I had practically unlimited access to Tampella's archives. Only the minutes of the board from 1980 to 1991 required special authorisation. The firm archive is a rich collection of original documents, covering material from the very beginning of the firm's existence. It includes, for example, minutes of meeting of the board of directors and executive board, correspondence of CEOs, annual reviews, accounting documents, memos and strategic plans. Another key primary source was ministerial archives, to which I had unlimited access for the years 1944–1979. Altogether, the archival sources used in this study consisted of thousands of documents (letters, memos, and minutes). Due to their extensiveness and fragmented nature, locating and selecting the relevant archival data was laborious. Accordingly, it took two years of intensive work in different archives to complete the collection of the database.

In general, the primary data in this study was used to examine the strategic paths of Tampella both in the competitive and the political market. The secondary data, such as interviews with top management, media reports and existing historical accounts, was used to generate an overall view of the development of the firm and its external context and to validate the emerging insights. Following the recommendation of Glaser & Strauss (1967), I used several diverse sources of data to obtain multiple vantage points on the phenomenon of interest. This way I was able to “triangulate” (Jick 1979) facts and inferences throughout the entire research process. In the following, I present in more detail the data used on each level of analysis.

### 3.2.2. Firm-level data

Data concerning the personal attributes and social networks of Tampella's top managers was gathered from several different sources. Data on personal careers was collected from public sources (e.g., Who is Who in Finland). Archival sources, such as the correspondence of managers and the minutes of board meetings provided valuable insights into the managers' way of thinking as well as the networks of their personal relations to politicians, officials and other representatives of business circles. It was also possible to identify the structures of personal networks, i.e., which channels of influence each manager typically used. In addition, I collected a database of members of the board of directors in the Finnish central trade associations in order to systematically examine the political bargaining power of Tampella's top managers in Finnish industry.

The political actions of Tampella were tracked from firm and ministry archives and the media. Archival data consisted of minutes of Tampella's board meetings, the correspondence of Tampella's managers, and the correspondence of key Finnish ministries (the Ministry of Trade and Industry, the Ministry for Foreign Affairs, and the Ministry of Finance). Minutes of board meetings provided insights into intra-firm decision-making, whereas correspondence included formal and informal letters to politicians or government officials. Formal letters were typically various petitions to government, for example a petition for an import licence or financial support for product development. In several cases, these formal letters included some information on the rationale and arguments for a political action. Informal letters provided even more background information on a particular political action. These were typically confidential appeals for a specific government action but also included more general level activity intended to maintain and enhance public relations of a firm (for example, birthday greetings to the Presidents' wife).

Newspaper and magazine articles were also used for detecting Tampella's political actions. I examined all the articles in *Talouselämä* magazine (a leading economic magazine in Finland) that directly considered Tampella (interviews with Tampella's

managers, news about Tampella's actions, economic analyses of the company)<sup>4</sup>. In addition, I scrutinised an extensive collection of newspaper cuttings found in Tampella's archives. The company officials had systematically collected these articles over time. The collection included articles in several Finnish newspapers concerning Tampella's actions<sup>5</sup>. In some of the interviews published in the magazine the top managers explicitly expressed their concerns about recent public policy issues and even requested government to take a specific action. Therefore, these publicly expressed requests for government intervention were interpreted as indicating the political action of the firm. However, the newspaper articles were carefully examined in order to distinguish the actual intentions of the manager from the interpretation of a reporter (see Webb & Pettigrew 1999 for a similar approach).

By focusing on intraorganisational political activity, the various forms of interorganisational political activity are excluded from the analysis. In a corporatist country like Finland, however, a large part of the business-government relations have traditionally been conducted through cooperative organisations, such as trade associations. Thus, I consulted the annual reviews of the central associations of Finnish industry in order to sketch out the general path of business-government relations. This way I was able to indicate how Finnish business circles responded to government initiatives and managed its government relations in general. This data, then, was used to analyse Tampella's political activities. The annual reviews of the trade associations also included useful information about the institutional environment of the business life. Typically, a trade association's annual report described, for example, the most salient policy issues that the trade association had monitored.

Competitive actions were gathered from the annual reviews of Tampella, which report consistently all significant strategic actions undertaken by the firm each year (e.g., divestments and investments, organisational restructuring). In addition, archival sources (i.e., minutes of board meetings) were used to achieve a more profound understanding of

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<sup>4</sup> During the 1940s–1960s the primary focus of the articles in *Talouselämä* was on macroeconomic issues. Therefore, in-depth firm analyses or CEO interviews were rare.

<sup>5</sup> I also used a private collection of newspaper articles concerning Tampella. I am grateful to Mr. Markku Siiki, a former manager of Tampella, for providing this material for scientific use.

the motives and goals of each competitive action. Income statements and balance sheets published in annual reviews were used to construct quantitative time series of the firm's economic performance. I also consulted existing company histories (Urbans 1956, Seppälä 1981), case studies (Laurila 1995, 1997, 2000) and biographies of former senior managers (Björklund 1982, Nykopp 1985) and board members (Saari 1992) of Tampella for a construction of historical narrative of the company. The company histories provided information on historical events and their sequences. The case studies included solid analyses, for example, of Tampella's management practices. The autobiographies of former chief executive officer Johan Nykopp (Nykopp 1985) and deputy managing director Nils Björklund (Björklund 1982) concern their experiences at Tampella in late the 1960s and early 1970s. Saari (1992), on the other hand, is based on the diaries of Christopher Wegelius, the former chief executive officer of Skopbank and the chairman of Tampella. It reports his thoughts and intentions at the time of actual events in the late 1980s and early 1990s.

Finally, I interviewed nine former top managers of Tampella. The primary purpose of the interviews was to validate the emerging insights gained from this primary data. The top management team members interviewed included three former executive managers, three former deputy managing directors, and three former managers of the department of legal affairs. The interviews were semi-structured, the main focus being on managers' retrospective conceptions of Tampella's competitive and political activity. The interviewees' tenure at Tampella ranged from three years to over twenty years, and they had a first hand experience of the operations of Tampella from 1972 to 1991. By providing data from the most recent historical periods, the interviews were partly used to determine the reliability and validity of the findings of earlier time periods obtained from the archival data. The interviews were conducted in August–December 2003, and each interview lasted 90–120 minutes.<sup>6</sup>

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<sup>6</sup> Eight out of nine interviews were face-to-face meetings. One interview was made by phone.

### *3.2.3. Industry and national-level data*

The analysis of Tampella's external environment (i.e., competitive and institutional environment) was based on secondary sources. Several historical accounts were used to examine the industrial development in Finland during the time period. In addition, I used newspaper and magazine articles in order to extend and complement my knowledge of the economic context in which Tampella has operated. The key events and developmental patterns of the coercive institutional environment in Finland were traced by using two data sources: the existing historical accounts and the annual reviews of the central economic interest groups of Finnish industry<sup>7</sup>. The last mentioned sources especially included yearly data concerning the changes in legislation pertaining to industry.

## **3.3. Data analysis**

### *3.3.1. Scientific approach of the study*

As Burrell & Morgan (1979) have noted, certain ontological and epistemological assumptions, either implicit or explicit, guide research in the social sciences. Typically, different classifications of underlying scientific and research approaches have been generated.<sup>8</sup> The concept of research approach is closely related to the methodology adopted for a certain study. The scientific approach, on the other hand, refers to the broader philosophical concept or orientation underlying a study (Olkkonen 1999, 27).

In this study I adopt an objectivist view of the social world, following the basic perspective of the functionalist paradigm in social science (Burrell & Morgan 1979;

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<sup>7</sup> These economic interest groups were The Central Association of the Finnish Forest Industries (Suomen Puunjalostusteollisuuden Keskusliitto, nykyinen Metsäteollisuus ry) and Federation of Finnish Industries (Suomen Teollisuusliitto, nykyinen Teollisuus ja Työnantajat ry).

<sup>8</sup> In Finnish business economics, for example, the classification of research approaches presented by Neilimo & Näsi (1980), consisting of nomothetical, decision-oriented, action-oriented and conceptual approaches, has been widely adopted. More recently, Kasanen et al. (1993) complemented this classification with the constructive approach.

Morgan 1980). However, I consider reality not as a concrete structure posed by the proponents of extreme positivism, but as a concrete process and a contextual field of information. Similarly, I do not view the world as a machine, or closed system, but as an organism, or an open system. Human beings are considered as adaptive agents and information processors. Thus, the epistemological position underlying this study stresses the importance of understanding contexts in a holistic way (Morgan 1980; Morgan & Smircich 1980).

Accordingly, the basic underlying premise of the analysis is that managers of firms exercise strategic choice (Child 1972) in determining whether or not and in what domain to become politically active. I also posit that organisational actors face an uncertain and ambiguous world in which they operate with imperfect information. Moreover, they are subject to bounded rationality in that they make “satisficing” decisions (March & Simon 1958) because of organisational constraints and cognitive limitations (see for related perspective, Schuler 1996).

Accordingly, firms operate in a complex environment, whose mechanisms no one can perfectly understand or perceive. However, a strategy formation process is a learning process in the sense that organisations are problem-solving entities capable of learning and adjusting (Thompson 1967). By taking action firms learn about the success of their actions and the reactions of their rivals, and make adjustments to future actions on the basis of that information (Grimm & Smith 1997, 57). Therefore, a longitudinal approach to corporate political strategy formation can help us to analyse how the past experience gathered during the earlier sequences of events reflects the political actions taken in the subsequent sequence.

As indicated by Langley (1999), there are various sense-making strategies for examining process data. In this study, I used two separate strategies: narrative and quantification. The narrative approach contains a construction of case history, i.e., rich in-depth description of the development of the case. The quantification strategy, on the other hand, was used to investigate systematically the strategic action of Tampella over time. Thus, I employed a multimethod inquiry by using both qualitative and quantitative methods. Data analysis proceeded in three phases: 1) historical case analysis of Tampella



and its environment, 2) identification of patterns in political and competitive strategy of Tampella, and 3) contextual analysis of the patterns of evolution in Tampella's political strategy.

### *3.3.2. Constructing case history*

Following the principles of inductive research, I began the analysis by building a narrative case history (cf. Brown & Eisenhardt 1997; Rindova & Kotha 2001). According to Langley (1999), a narrative approach is especially useful when engaging in the analysis of holistic phenomena such as the co-evolutionary interplay between a firm and society. I used both primary and secondary data to identify the key characteristics and events of Tampella. I began by compiling time series of key facts, such as sales, profits, numbers of employees, and investment expenditure. Then I identified key events in the development of Tampella's strategy and structure over time. These included, for example, changes in top management (both in compilation and scope of duties), changes in ownership, decisions on reorganisation (e.g., increasing or decreasing the number of business divisions), major acquisitions, and new product introductions. I likewise traced the development paths of industrial structure and business-government relations in Finland during the post-war period. This way I was able to construct a chronology of events in order to achieve an objective and holistic view of the development of Tampella in its environmental context. It has to be noted, however, that the analysis is not intended to be an exhaustive historical account of Tampella and its business environment. Instead I focused on the key contextual factors most relevant to an understanding of the evolution of corporate political activity (cf. Laurila 1997).

Based on the historical analysis I inferred distinctive periods of Tampella's development. By employing an extensive multilevel analysis of historical data consisting of chronologies of events, graphs and narratives I was able to achieve a holistic understanding of the sequences of events and their temporal variations. Based on this data-driven understanding the inferred time periods were detected by examining stable patterns of evolution in time as well as breaks (i.e., major changes) in these patterns.

Moreover, following the ideas promoted by Isaac & Griffin (1989), I defined the distinctive periods on the basis of change in the structural relationships of different variables, not on the basis of data availability, impressionistic accounts or the “great events” of history. As a result, I divided the historical development of Tampella in 1944–1991 into five distinctive sub-periods: 1) *Slow growth and high regulation* (1944–1956), 2) *Fast expansion and increasing competition* (1957–1967), 3) *Deep economic crises* (1968–1977), *Slow recovery and reorientation* (1978–1986) and 5) *Turnaround and collapse* (1987–1991).

### *3.3.3. Identification of patterns of strategic activity within periods and comparison across periods*

The next phase of the data analysis was to examine the content of the political strategy of Tampella within each of the periods and to compare the strategic activities across the periods. In order to systematically investigate the evolutionary patterns of political strategy during the different periods of firm development I employed quantification strategy. The method was originally introduced as a complementary method for questionnaires in organisational research, and it has mainly been used to analyse press data. More recently, different quantification strategies, such as structured content analysis (Jauch et al. 1980), have been established as a basic technique used in processual organisation research, e.g., in studies of dynamic strategy (e.g. Chen et al. 1992; Smith et al. 1992; Young et al. 1996), patterns of industrial change (Romanelli & Tushman 1994), and organisational learning and innovation (Van de Ven & Poole 1990).

The quantification strategy that I used in this study was based on event data analysis. In general, the purpose of the analysis is to gather a systematic chronological list of relevant events and to code the data according to predetermined categories. In this way, the complex mass of in-depth discrete qualitative information is gradually reduced and transformed into quantitative time series enabling statistical analysis. The focus of the analysis was on actions that are specific, concrete and detectable (cf. Miller & Chen 1994). In developing a classification scheme it is important that the scheme is able to

categorize all observed actions detected in the data and that the coding categories are mutually exclusive (Currall et al. 1999).

The starting point of the analysis was that the corporate political strategy, as well as the competitive strategy of a firm, is constructed from a set of realised actions that are both deliberate and emergent (cf., Miller and Friesen, 1980; Mintzberg, 1978; Snow & Hambrick 1980). Therefore, I defined *corporate political action* as every deliberate and realised attempt (direct or indirect) to influence government decision-making. Here, the distinction between direct and indirect attempts is crucial. Some political actions, such as a petition for higher import tariffs, can be considered as direct attempts to influence on government decision-making. However, some political actions, such as inviting politicians to visit the premises of the company, do not refer to any direct attempt to have an influence on public policy-making. Instead, they are considered as indirect political actions that have some political implications. Similarly, I defined *competitive action of a firm* as every specific and observable attempt initiated by a firm to enhance its competitive position (Ferrier et al., 1999; Ferrier 2001; Smith et al. 1992; Young et al. 1996).

Corporate political and competitive activity, then, is defined as a stream of realised actions following a chronological sequence. Correspondingly, corporate political and competitive strategy is determined as coherent patterns in the streams of the realised actions (for a related definition of corporate political strategy, see Keim & Baysinger 1988). In essence, the aim is to elucidate how the streams of actions produce strategic outcomes (for a related perspective, see e.g. Burgelman 1983).

Adopting this view of the strategy process implies that a company may have a pattern, i.e. realised strategy, without knowing it. This provides a basis for historical analysis, since strategy is not seen as a conscious plan but as a realised pattern of actions from the past. In other words, the evolution of strategy can be examined by investigating consistencies in the stream of individual actions. This way, even if a firm has not explicitly articulated a political strategy in the past, it can be conceptualized as having one in retrospective (cf., Mintzberg 1978).

The quantification research strategy included four steps. First, I used multiple qualitative data sources (firm archives, ministry archives, newspaper clips and magazine articles) to generate a chronology of Tampella's political and competitive actions. Consequently, I could identify 1038 political and 188 competitive actions taken by Tampella in 1944–1991. Second, in order to analyse the political actions I generated a classification schema that included five categories: 1) the type of political action (i.e., tactic), 2) the target of an action, 3) the type of response, 4) the type of approach and 5) the strategic objective of the action<sup>9</sup>. Correspondingly, each category included several variables that denoted specific characteristics of an action (for a detailed description of the classification schema, see Appendix 1). Then, each political action was classified according to their characteristics in the five categories. Moreover, I calculated the frequency of political activity in order to reveal the general level of political involvement over time. Accordingly, I generated a classification schema for analysing the competitive actions of Tampella (Appendix 2). Only the most significant competitive actions were taken into account. These included, for example, mergers, acquisitions, divestments, new mill openings and establishments of joint ventures. Also, the geographic scope of the action was identified (i.e., whether an action was made on the domestic market or abroad)<sup>10</sup>.

Like Hoffman (1999), I constructed the classification system inductively, i.e., the categories emerged from the empirical data. This way I was able to avoid the possible bias of a priori categorising in data collection and analysis (Van de Ven, 1992). The process was also iterative in the sense that the classification schema evolved during the data analysis.

Third, each political and competitive action was classified according to their specific characteristics. I coded every action according to the binary system, in which “0” denotes “no” and “1” denotes “yes”. As a result, I had a binary data matrix that indicated the overall nature of each political (Appendix 3) and competitive action (Appendix 4).

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<sup>9</sup> Characteristics of all political actions (N=1038) could not be identified in every category, thus the number of political actions varies across categories. However, the differences are not significant.

<sup>10</sup> Lamberg (2001) and Ojala (2001) have used a similar kind of method in order to analyse the competitive strategies of Finnish wood-processing firms over long period of time.

Finally, the binary data was analysed with statistical methods. In particular, I employed frequency analysis and co-occurrence analysis to search for patterns in corporate political and competitive strategy.

The purpose of the quantitative analysis was to search for similarities, or typical sequences, in the competitive and political activity within each time period. This way it was possible to distinguish temporal variations in the amount and nature of Tampella's strategic activity to identify the dominant patterns in the evolution of corporate political strategy during different phases of firm development, and to determine how these patterns coevolved with the competitive strategy of the firm. Moreover, I calculated the frequency of political activity in order to reveal the general level of political involvement over time.

#### *3.3.4. Contextual analysis of the evolution of corporate political strategy*

In order to avoid the simplicity and generality inherent in quantification strategy (Langley, 1999; Weick, 1979), the analysis also took into account various contextual factors affecting the evolution of corporate political strategy, thus emphasising the contextual embeddedness of strategy (cf., Pettigrew, 1990, 1992b, 1997). The contextual factors included intra-firm resources, industry-level attributes, and country-specific institutional environment. I selected these particular contextual factors, because the earlier literature has shown that they are focal determinants of corporate political activity, although the direction of influence is partly ambiguous. For example, several studies have proposed that corporate political activity requires abundant resources (Schuler 1996; Hillman & Hitt), whereas some studies have assessed that firms facing serious financial problems or competitive threats are the most politically active ones (Morck et al. 2001). Therefore, I compared the temporal variations in the economic performance of Tampella to the patterns of its political activity in order to determine whether the tangible resources had a systematic and consistent effect on the evolution of Tampella's political activity.

The inclusion of contextual factors provided tools for in-depth understanding of the forces determining the evolutionary patterns of corporate political activity. Moreover, I

identified the disruptive events preceding each stage (changes of periods) by previewing several environmental history references and developing a preliminary list of prominent events. These events were interpreted as potentially influential in driving the evolution of Tampella's political strategy.

### **3.4. Limitations of the study**

The study contains some important limitations. The first limitation is related to the research period. I do not examine the whole 150 year life span of the case company. Instead, I focus on the period covering the last five decades of Tampella's history as an independent company. In other words, the study investigates the evolution of the political activity of an established firm operating in established industries. Over time established firms develop some distinctive characteristics, such as core business activity, administrative heritage (Bartlett & Ghoshal 1989) and corporate identity (Selznick 1949), that is assumed to have an influence on their evolution and performance. Thus, the results do not offer implications for understanding the antecedents and consequences of political activity in newly established companies or in emergent industries.

Second, although a large part of corporate political activity in Finland has been traditionally executed by trade associations, I excluded the collective level of activity from the analysis. This choice was made because the primary focus of the study is on intra-organisational activity and thus on identifying the strategic intentions of a single firm. Therefore, it would have been extremely difficult, if not impossible, to distinguish the preferences of Tampella in every collective decision made in various trade associations. Moreover, I focused only on corporate political actions in legislative and regulatory arenas, in which the majority of political decisions affecting business are made, at least in Finland. Thus, referenda processes and judicial procedures were excluded from the analysis. Correspondingly, the labour market issues were excluded from the analysis, since they do not solely involve governmental decision-making. Instead, they are largely negotiated between employers' and employees' associations, government assuming more an intermediate role in the process.

Third, the case analysis concerns a multi-divisional diversified firm. The basic characteristics and development path of the industries in which Tampella operated were significantly different from each other. This provides me with an opportunity to compare the evolutionary patterns of political activity in divergent business sectors and business environments. However, when drawing conclusions on the corporate level political activity and comparing the results of earlier research on corporate political activity, this particular characteristic of the case company should be taken into account.

Although the case company is an example of organisational failure, the purpose of this study is not to explain the origins of this failure. Instead, I focus on examining the influence of organisational decline on the patterns of corporate political activity. In other words, I examine how the changes in the economic performance of a firm reflect on its political activity, but I do not examine the impact of corporate political activity on the organisational decline or failure.

Another limitation concerns the methodological approach and types of measurement used in the study. I identify a set of contextual forces and analyse their dynamic interaction in conditioning the evolution of corporate political strategy. In other words, the purpose of the study is to identify the factors that should be studied in order to achieve a deep understanding of the phenomenon, but not to determine in exact terms the importance of each factor (cf. Noda & Collis 2001).

Finally, the main focus of the study is on the national level of corporate political activity. More precisely, I examine the political activities of Tampella targeted at Finnish central governmental bodies, not on local (e.g., municipal) politicians and regulators. Also, I do not attempt to interpret the explicit and exact implications of the political activities taken by Tampella's foreign subsidiaries in their host countries.

## **4 EVOLUTION OF TAMPELLA'S BUSINESS ENVIRONMENT**

In this chapter, I describe the evolution of the business environment of Finnish industrial firms as well as the development of Tampella during the post-war period. Here, the business environment is considered to consist of two separate but partly overlapping arenas: economic environment and political environment. The purpose is to depict the development of the business environment relevant to both Tampella's business and political endeavours. Therefore, the main emphasis of the analysis is on the industries in which Tampella operated. In addition, the aim of the analysis is not to present an exhaustive history of the time period. Instead, I focus on the key structural elements that characterised the business environment during the research period.

### ***4.1. Evolution of the economic environment in Finland in the post-war period***

#### *4.1.1. Changes in industrial structure*

During the research period, the economic growth of Finland was relatively fast, compared both to other western countries at that period and to earlier periods in Finland's history. The average annual growth of gross domestic product (GDP) was 4 percent between 1944 and 1988<sup>11</sup>. Concurrently, Finland evolved from an agrarian (almost half of the population worked in primary production in the late 1940s) to a post-industrial country in which over 60 percent of the GDP was produced in service sector. Correspondingly, the GDP share of industry remained relatively stable (35–40 percent of GDP) from the mid 1940s to the late 1980s (Hjerppe 1990, 35–49; Hjerppe 1989).

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<sup>11</sup> The average annual growth was calculated from the time series presented in Hjerppe (1990, 187–188)



Within industry, the forest industry was clearly the most important branch in the late 1940s. This is partly explained by historical trajectories. During the late 19<sup>th</sup> century and early 20<sup>th</sup> century, the Russian market was lucrative for emerging Finnish industry (especially the forest, metal and textile industries) because Finland had a favourable position as an autonomous part of the Russian Empire. After the declaration of Finland's independence in 1917, the Russian markets were practically closed to Finnish products. As a consequence, the forest industry remained the only export-oriented industry in Finland during the 1920s and 1930s, because the other industries were not yet competitive enough to enter the western markets (Ahvenainen 1972; Hjerpe & Lamberg 2000). This radical change in market conditions created an upheaval in the economic power balance within Finnish industry, and its consequences labelled the industrial development of Finland throughout the 20<sup>th</sup> century (Skippari et al., forthcoming.).

Due to the small domestic market, the Finnish economy has been heavily dependent on the export market. Thus, the competitiveness of the export-oriented forest industry has more or less provided an indication of the development of the Finnish economy as a whole. Accordingly, the forest industry was the economic engine of the Finnish economy during the whole research period. It accounted for about 20 to 30 per cent of Finnish industrial production (Table 4.1). Its role was especially significant as the main source of export revenues (Table 4.2). In the late 1940s about 90 per cent of Finnish export incomes came from the forest industry. Although the share gradually declined over the decades, the forest industry remained the main Finnish export industry. Even in the late 1980s, the forest industry accounted for about 40 per cent of Finnish exports (Lilja et al. 1992, 143–144; Oksanen and Pihkala 1975).

Besides the forest industry, metal and engineering was the other significant branch of industry in Finland. It recovered from the loss of the Russian markets quite rapidly, and its share of industrial production had risen to over 20 per cent by the late 1930s, when the emerging threat of war increased the domestic demand for metal products. As a consequence of the Second World War Finland had to pay war indemnities to the Soviet Union 1944–1952. The war indemnities were paid in industrial products, most of which were metal industry products. Concurrently, the trade between Finland and the Soviet Union was resurrected after two decades of occasional business contacts. The countries

agreed upon the frames of this bilateral trade in terms of five-year plans. This especially benefited the Finnish metal industry, which received abundant orders from the Soviets. The Soviet Union remained the most important market for the Finnish metal industry until the early 1990s, when the Soviet Union unilaterally and abruptly abandoned bilateral trade (Hjerppe 1990, 62–63). As a consequence, the share of the Soviet trade of the Finnish exports diminished from 15 per cent to two per cent (Suomen Tilastollinen Vuosikirja 1992).

The recovery of the metal industry also contributed to the change in export structure. Its relative share of total exports began to grow rapidly in the early 1950s, when the products of the metal industry (e.g., machinery for the forest industry) started also to penetrate the Western European and North American markets. The role of government interventions, accelerated by intensive lobbying from the metal industry firms, was significant in this respect. During the 1950s Finnish governments implemented several manoeuvres that provided direct subsidies to enhance the export orientation of the metal industry. For example, the Bill of Export Guarantee (*Vientitakuulaki*) and the system of export credit promoted the expansion of the metal industry in the export market.

**Table 4.1.** Structure of industrial production in Finland, 1935–1987, per cent.

	<i>Forest</i>	<i>Metal</i>	<i>Textile</i>	<i>Food</i>	<i>Others</i>
1935–39	28	21	14	14	23
1955–59	19	30	13	12	26
1970–73	22	31	9	9	29
1984–87	18	32	6	10	34

Source: Hjerppe 1990, 62.

Note: The figures show the relative shares of each branch of industry calculated by the contribution of industry to GDP at factor cost.

**Table 4.2.** Structure of Finnish exports by commodity groups, per cent.

	<i>Forest</i>	<i>Metal</i>	<i>Textile</i>	<i>Chemical</i>	<i>Electronic</i>
1945	85	7	4	3	0
1960	69	18	1	1	1
1975	46	28	9	5	4
1990	39	28	3	9	15

Source: Oksanen and Pihkala (1975), 124; Suomen Tilastollinen Vuosikirja (Statistical Yearbook of Finland) 1947, 1962, 1977 and 1992.

The growth in the export share of the metal industry accounted for the decline in the share of the forest industry. In particular, the decline concerned the export of wood products, whereas the paper industry maintained its relative export share. The textile and clothing industry did not enter the western markets. Instead, the rise in the Soviet trade during the 1970s also provided extensive export opportunities to the producers of textiles, clothes and shoes. However, the Finnish textile and clothing industry remained characteristically a domestic market industry. The process of trade liberalisation launched in the late 1950s undermined the competitive position of Finnish textile and clothing companies because they were not competitive enough to face free trade. As a consequence, several production lines, such as face cloth and linen, started to degenerate (Hjerppe 1990, 64).

Among the metal industry, the chemical industry was one of the fastest growing industries in Finland during the first two decades of the post-war period. This was largely related to the establishment of a state-owned oil refinery *Neste* in the late 1940s. The electronics industry, on the other hand, grew very fast during the 1980s. Its share of total industrial production remained relatively small (Hjerppe 1990, 64), whereas its share of exports became remarkable<sup>12</sup>.

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<sup>12</sup> The electronics industry in Table 4.2. encompasses the production of electric appliances and electronic equipment.

To conclude, the industrial structure of Finland changed dramatically during the research period. Although the importance of the forest industry was evident, especially in terms of export share, the diversity in Finnish industry increased remarkably. In the mid 1940s Finland was heavily dependent on the economic development of forest sector, but since the 1980s Finland had transformed into a diversified industrial society (Tainio et al. 1989).

#### *4.1.2. Conditions of a regulated business environment*

During the late 1940s, the high degree of economic regulation imposed during the Second World War continued. The economic regulation extended to several areas of economic activity, such as foreign trade, finance, prices and supply of products, raw materials and energy. This regulative economic policy prevailed to some extent up to the 1980s and had a major impact on the business environment of the Finnish industry.

The high-level economic regulation resulted in an increasingly politicised business environment in the late 1940s and early 1950s. Several business issues that had typically been related to business and production problems became political issues (Tainio et al. 1989). Accordingly, industrial firms became heavily dependent on government actions, because the supply and prices of several business resources were under government's control. For example, export and import licences had to be applied for from the Licence Commission (*Lisenssitoimikunta*)<sup>13</sup>, the supply of energy was controlled by a state agency and the changes in product prices had to be confirmed by the Ministry of Social Affairs (*Kansanhuoltoministeriö*) (FFI, Annual reports 1944–1949).

The greater dependency on government control forced Finnish industry to reconsider its position in society. *Lauri Helenius*, the CEO of a large-scale metal industry firm *Fiskars*, described the emerging changes of business environment in a speech in the

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<sup>13</sup> The Licence Commission was a temporary administrative organ established during the Second World War to regulate the balance of trade. In 1953, the administration of licence distribution was organised on a permanent basis by establishing the Licence Agency.

assembly of the Federation of Finnish Industries (FFI) in 1946. Helenius pointed out that one of the most crucial challenges to industrial management was to operate flexibly within the boundaries of high regulation. He also emphasised the social responsibility of business, contending that consistent personnel management was a key factor for efficient production. The primary task of managers was to convince the society that an economic system based on private ownership is the best way to guarantee the economic growth and to enhance social welfare (FFI, Assembly meeting, January 28th, 1946).

During the late 1940s, Finnish corporations faced an institutional environment that was more or less threatening to business. After the Continuation War (1941–1944) between Finland and the Soviet Union, the Allies agreed to set up the *Control Commission* in Finland led by the Soviet Union. The Control Commission stayed in Finland until 1947, supervising the execution of the armistice terms. Consequently, the years from 1944 to 1947 have been called Finland's danger years. There were rumours that Finnish communists, supported by the Soviet Union, were plotting for a revolution in Finland. At the same time, the radical left-wing Finnish politicians even proposed the socialisation of the entire business sector (Jussila et al. 1995, 225–231; Polvinen 1986). In response, the business sector mobilised a “campaign of antisocialisation”, the aim of which was to fight for the independence of private business (FI, Annual report 1947). Tampella, as one of the leading companies at that time in Finland (Hjerppe 1979), joined the industry-wide front by contributing financial support to the campaign (Tampella, Meeting of the board of directors, November 29<sup>th</sup>, 1947). During the late 1940s the political climate in Finland stabilised, and the threat of socialisation and communist revolution, whether realistic or not, dissipated. An indicator of this turning point in Finland's political position was the *Treaty of Friendship, Co-operation and Mutual Assistance* (Ystävyys-, yhteistyö- ja avunantosopimus) signed by Finland and the Soviet Union in 1948. This agreement confirmed Finland's position as a neutral country (Jussila et al. 1999, 247–249), although the influence of the Soviet Union remained significant in several policy areas and in domestic as well as foreign policy issues.

### *War indemnities*

As a consequence of the Second World War Finland had to pay war indemnities to the Soviet Union. The war indemnities were paid in 1944–1952, the vehicle of payment being industrial products, most of which consisted of metal industry products. The payments were delivered according to a precise schedule determined by the Soviet Union. The war indemnities, amounting 300 million US dollars determined at 1938 selling prices, constituted a heavy burden to the Finnish economy (Hjerppe 1989; Nummela 1993).

In the Finnish industry, however, the war indemnities caused contradictory reactions. First and foremost, the extensive war indemnities helped Finnish industry to recover and adjust to the post-war market situation. In late 1944, when the war between Finland and the Soviet Union was over, the war still continued in Continental Europe. Therefore the export market was practically closed until mid 1945. Simultaneously, several metal industry companies that produced ammunition and other war material during the war were forced to transform their production lines to manufacture civil market goods, because the armistice of 1944 and the subsequent peace treaty of 1947 severely restricted the production of war material in Finland. Moreover, the war indemnities provided companies with long-term contracts without economic risk. From the companies' point of view, the war indemnities were just like regular government contracts. However, the companies that participated in producing the goods for war indemnities had to invest heavily to expand their capacity according to the new requirements. The continuity of sales after the indemnities was insecure, which worried industrial managers. Accordingly, they insisted the Finnish government secure the continuity of the sales after the payments of the war indemnities. Secondly, the distributions of shares between the lines of industry caused dissatisfaction, especially in the forest industry. It took the view that the share of the metal industry was disproportionately high compared to its capacity. Moreover, the western export markets for forest industry products were temporarily closed immediately after the war, and therefore a large share of the war indemnities would have compensated the losses in export markets. However, the allocation of deliveries across industries were decided unilaterally by the Soviet Union, which was more interested in receiving capital goods produced by the engineering industry than consumption goods provided by the

forest industry. Accordingly, the forest industry had no option but to adjust to the situation (CAFFI, Minutes of the board, November 10<sup>th</sup>, 1944; see also Poukka 1968, 57 and Auer 1956, 24–25).

The payment of the war indemnities increased the amount of regulation in the Finnish economy. A particular governmental agency, *Soteva* (Sotakorvausteollisuuden Valtuuskunta) was established to organise the acquisition and delivery of war indemnities goods. *Soteva* negotiated with the Soviet Union about the details of deliveries on an annual basis. Moreover, *Soteva* was authorized to make contracts with Finnish companies concerning the deliveries to the Soviet Union (Auer 1956, 25–34; Poukka 1968, 23–26). However, *Soteva* made deals only through the established industrial associations (CAFFI, Minutes of the board, November 10<sup>th</sup>, 1944), which in part enhanced the post-war collective action in Finnish industry by providing individual firms with an incentive to participate in the industry association.

In spite of certain regulative tendencies related to war indemnities, Finnish industry had remarkable discretion in controlling the process. The prices and particular allocation of deliveries among companies were decided in the negotiations between *Soteva* and industry associations. In addition, industry possessed a significant authority within *Soteva*. Large parts of the members of *Soteva*'s board were in fact representatives of industry. For example, the chair of *Soteva* was *Lauri Kivinen*, the CEO of the state-owned forest industry company *Veitsiluoto*. Moreover, there were several managers of privately held companies, such as *Wilhelm Wahlforss*, who was the CEO of the biggest metal industry firm *Wärtsilä* (Auer 1956, 25–34; Poukka 1968, 23–26).

#### *4.1.3. Gradual process of trade liberalisation*

After the Second World War Finnish foreign trade was strictly regulated by the state. Imports and exports was regulated by a licencing system and a considerable share of production capacity potential for generating export incomes was engaged in war indemnities. In addition, government controlled the amount of foreign trade by import

and export tariffs. However, following the international trend, non-tariff-barriers turned out to be the most effective way to protect domestic production. The licence system especially provided a way to effectively control the imports. The import licences were granted according to the monetary and economic situation at the time (Paavonen 1998; Pihkala 1988, Heikkinen 1994).

The deregulation process of Finnish foreign trade started in 1955, when government decided to facilitate the licencing system. The next step on the way to deregulation was the 1957 *Helsinki Club treaty* to which Finland and 12 OECD (*Organisation for Economic Cooperation and Development*) countries agreed on reciprocal tariff reductions. The emerging liberalization in foreign trade imposed a significant threat to Finnish industry that had operated almost entirely on a protected domestic market for the last three decades. In the late 1950s, the forest industry was still the only export-oriented industry in Finland. The metal and engineering industry had already started to expand abroad, but it was still heavily dependent on the domestic market. Consequently, government tried to smooth the transformation with interventions in other policy areas. For example, almost simultaneously with the Helsinki Club treaty Finland devalued her currency, which was necessary to help the domestic market industries to adjust to the new circumstances of more liberal trade (Paavonen 1998).

Trade liberalization proceeded in the early 1960s, as Finland became an associate member of EFTA (*European Free Trade Association*). The FINN-EFTA agreement was concluded in 1961. The question of the trade liberalization stimulated the activities of economic interest groups. The forest industry favoured free trade, and consequently, required the government to sign the FINN-EFTA agreement (CAFFI, annual reports 1957–1960).

In the FINN-EFTA negotiations, as well as in the subsequent free trade negotiations with the EEC in 1974, the central interests of export industries (mostly forest industry) were clearly manifested by the Finnish government. The FINN-EFTA agreement secured the Finnish pulp and paper producers an equal position in the Western markets with the Swedish and Norwegian competitors. In the EEC negotiations, on the other hand, the interests of the forest industry were related to preserving its favourable position on the



British market after the United Kingdom had joined the EEC in 1973 (Paavonen 1998; Heikkinen 2000, 276–295).

In accordance with the emerging trade liberalisation process, government involvement in subsidising exports increased. This change in government policy was to a large extent a result of successful lobbying by the Finnish industry.<sup>14</sup> The law that secured the export deliveries of metal industry firms from political and commercial risks was enacted in 1950.<sup>15</sup> This system of state-guaranteed losses in export trade was reformed in 1962, when the Export Guarantee Board (*Vientitakuulaitos*) was established.<sup>16</sup> In 1965 the Export Credit Ltd. (*Vientiluotto Oy*), which was originally established in 1956 by large-scale industrial companies and major commercial banks, was reorganised. The state acquired the majority of the stocks of the company, and industrial companies and banks remained as minority stockholders. This reorganisation of ownership structure was beneficial to industrial companies, because the state became the major financier of export credits, thus decreasing the financial burdens of the companies (CAFFI, KE 06.02. Vientitakuut).

Another area in which the state began to support Finnish exporting companies, was export promotion. In 1966, this activity was delegated to Export Advisory Board (*Vientineuvottelukunta*) composed of the representatives of government and economic central associations, including the central associations of industry. In 1970, the Board was abolished and the planning, preparation and implementation of all export promotion activities were centralised to the Finnish Foreign Trade Association (*Suomen Ulkomaankauppaliitto*) (CAFFI, KE 06.02. Vientitakuut). The main task of the Association was to help and support Finnish firms in various ways in their efforts for

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<sup>14</sup> Of the various activities undertaken by trade associations to influence government policies in promoting exports, see Annual Review of FFI, 1950–1960 and Annual Review of CAFFI, 1950–1960.

<sup>15</sup> The act of securing the exports of metal and shipbuilding industry in certain cases (*Laki metalli- ja laivanrakennusteollisuuden tuotteiden viennin turvaamisesta eräissä tapauksissa*) was enacted on January 29, 1950. See Statutes of Finland (*Suomen Asetuskokoelma*) 1950, 636/50.

<sup>16</sup> The Board was established by enacting the Act of Export Guarantee (*Vientitakuulaki*). See Statutes of Finland (*Suomen Asetuskokoelma*) 1962, 479/62. See also *Kauppa- ja teollisuusministeriö 75 vuotta*, 75–76.

internationalisation. The financing of the operations of the Association was divided equally between the government and the private sector.<sup>17</sup>

Despite the remarkable steps toward trade liberalisation in the 1960s and 1970s, the Finnish economy and foreign trade remained relatively regulated. Competition was strictly regulated in several important sectors of economy, such as banking and insurance. It was only in the early 1990s that the Finnish economy was exposed to a great extent to market competition, as Finland joined the EEA (European Economic Area) in 1992 and became a full member of the European Union in 1995.

One of the peculiarities of Finnish foreign trade during the post-war period was the trade with the Soviet Union. The trade that succeeded the war indemnities was based on the idea of bilateralism and long-range planning. The trade had a strong political flavour, as the Soviet Union was willing to demonstrate that it had close commercial relations to a western country. On the other hand, the Soviet Union used the large-scale trade as a political weapon. This was especially evident in the political crises of 1958 and 1961<sup>18</sup>, as the Soviet Union used a temporary embargo to persuade Finland to follow a foreign policy satisfactory to the Soviet Union's interest.

From the viewpoint of Finnish companies, the trade with the Soviet Union was extremely beneficial, because, for political reasons, the Soviet Union paid prices that exceeded world market prices. Therefore, it was essential for Finnish firms to build close and confidential relationships with the political establishment of the Soviet Union in order to secure their shares of the trade quotas. Partly, the politicised trade with the Soviet Union enhanced corporatism in Finnish society as the business representatives achieved a strong position in the trade agreement negotiations (Lamberg & Skippari 2001) as well as in the various governmental committees<sup>19</sup> established to coordinate the Soviet trade (Keskinen 1987, 293–299; Salminen 1983, 33–35).

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<sup>17</sup> The Association changed its name to Finpro in 1999.

<sup>18</sup> These political crises in Finnish-Soviet relations, called the “Night Frost” (1958) and “Note Crisis” (1961), were connected to the developments in both domestic and international politics. See Jussila et al. 1995, 276–281.

<sup>19</sup> One of these committees was the Finnish-Soviet Commission for Economic Coordination (Suomalais-neuvostoliittolainen taloudellinen yhteistyökomissio) established in 1967. The membership of the

#### 4.1.4. Deregulation of the financial sector

One of the key characteristics of the Finnish financial sector was the build-up of distinctive capital spheres that originated in the ideological dispute between Swedish-speaking and Finnish-speaking capitalists in the late 19<sup>th</sup> century. All the biggest industrial companies were closely linked to their “house bank”, a system parallel to Germany (Chandler 1990; Grant et al. 1987) and Japan (Boyd 1987). Each firm had a house bank that was a substantial creditor and shareholder of a firm, and banks had their own representatives on the supervisory boards of companies. There were four major capital spheres in Finland: 1) Union Bank of Finland (*Suomen Yhdyspankki*), the Swedish-speaking commercial bank, 2) KOP bank (*Kansallis-Osake-Pankki*), the Finnish-speaking commercial bank, 3) “Agrarian sphere”, a cooperative bank group closely related to farmers’ economic interests, and 4) “State sphere”, comprised a state-owned bank (*Postipankki*) and state-owned industrial firms. Each capital sphere had their “flagship” industrial companies (Lilja et al. 1992, 145–146; Näsi et al. 2001).

Throughout the post-war period until the early 1980s, government regulated the financial markets by controlling interest rates, currency exchange and the issue of bonds<sup>20</sup>. The main objective of the financial regulation was to support domestic industrial investments and exports. Following this logic, the Bank of Finland maintained low interest rates, which in turn provided motivation for high investments in industry. In addition, the Bank of Finland, together with government, also used monetary policy to support domestic production and its international competitiveness. During the late 1940s and early 1990s, the Bank of Finland devalued the Finnish currency, *the markka*, 13

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Commission consisted of the politicians and officials of Finland and the Soviet Union as well as the top managers of the Finnish trade associations. The main task of the Commission was to plan the biggest co-operative economic projects.

<sup>20</sup> For an extensive historical account of the Finnish banking sector, see Lehtiö 2004.

times.<sup>21</sup> In fact, recurrent devaluations became the main tool to control disequilibrium in the economy. These devaluations gave exporting companies a significant competitive advantage, at least in the short run. Devaluations were followed by an increase in exports, but in the long run they accelerated domestic inflation, which again impaired the competitiveness of Finnish companies. The devaluations especially benefited the large wood-processing companies, because they sold the main part of their products on the export market and used primarily domestic raw materials (Pekkarinen & Vartiainen 1993, 245–246).

The highly regulated financial sector significantly restricted the accumulation of capital in Finland. Foreign ownership was prohibited by law. The supply of foreign loans was controlled by the government: Finnish companies needed permission from the Bank of Finland to take foreign loans. Taxation policy favoured bank deposits at the expense of investment in shares. Therefore the owners were not interested in raising the equity capital of companies. Consequently, the power in corporations shifted from owners to management and the banks. At the same time the low interest rates maintained artificially by regulation together with relatively high inflation resulted in negative real interest rates. This kind of incentive structure, in turn, motivated firms to finance their growth primarily by loans, and moreover to take excessive risks. As a result, Finnish companies started to invest heavily in machinery and new production plants, which caused relatively high indebtedness and a low return on investments (Kuusterä 2002, 169–170). This was especially the case in the forest industry, in which Finnish companies adopted a low cost strategy, improving their operational effectiveness with new production technology (Pekkarinen and Vartiainen 1993; Pohjola 1996, 97–108).

Kuusterä (2002, 170) has even argued that the primary goal of top management in Finnish firms during the era of economic regulation was targeted towards exploiting the opportunities provided by the taxation system instead of planning and developing successful business strategies.

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<sup>21</sup> The devaluations were carried out in 1949 (18 % and 33 %), 1957 (39 %), 1967 (31 %), 1977 (6 % and 3 %), 1978 (8 %), 1979 (1.5 % and 2 %), 1982 (4 % and 6 %), 1984 (1 %), and 1991 (14 %). The only revaluations were in 1980 (2 %) and 1989 (4 %).

As a consequence, the Finnish capital market remained rather lean and underdeveloped up to the early 1980s, when the financial sector was gradually deregulated (Kullberg 1996, 16–18). The Bank of Finland introduced new principles in its monetary policy: the alternative of devaluation was rejected and the new aim was to preserve the stability of the currency (Pekkarinen and Vartiainen 1993, 380–391). In addition, the conditions for receiving foreign loans and gathering foreign capital were facilitated. Consequently, the new trends in Finnish economic policy changed the business environment of Finnish companies remarkably, imposing pressures but also providing opportunities for successful business strategy. On the one hand, companies could no longer rely on government support in order to advance their international competitiveness through devaluations. On the other hand, however, deregulated capital markets provided companies with a chance to pursue expansive growth strategies.

The gradual liberalisation of the financial markets during the 1980s triggered the consolidation process in Finnish industry. As industrial enterprises, as well as banks, were given the right to freely seek foreign funding for their investments, a strategic choice set of companies expanded rapidly and the old ownership spheres began to organise their flagship companies into bigger units in order to meet the requirements of open markets. The consolidation process was at first undertaken mainly within the spheres: the first major merger between the spheres was the consolidation of two forest industry companies *G. A. Serlachius* and *Metsäliitto* in 1986 (Näsi et al. 2001a; Näsi et al. 2001b).

The consolidation process in the textile industry, which was not as capital-intensive as, for example, the forest and metal industry, took place before the deregulation of the financial sector. The biggest player in the Finnish textile industry, Finlayson, acquired practically all its domestic competitors during the 1960s and 1970s. At the beginning of the 1980s, there were only two big textile companies in Finland, namely Finlayson and Tampella. In 1984, related to the rationalization of its own business as well as the whole textile industry, Tampella decided to sell its operations in the textile industry to Finlayson (Tampella, Annual report 1984; Hästö 1987).

Simultaneously with the liberalisation of financial and capital market, Finnish firms started to expand their international operations. The growth of outward foreign direct investments (FDI) took off, led by the metal and engineering industries and the larger corporations. Before the 1980s, the international activities of Finnish firms consisted mainly of exports. Until then, only few companies had established sales and marketing offices abroad, and even fewer had production units abroad. In fact, the main purpose of the sales and marketing units established since the 1960s was to serve the export-driven strategies of Finnish firms (Mannio et al. 2003, 14–17).

Although the deregulation of the capital market was a gradual process, the changes it caused were so epochal that the process led to uncontrolled outcomes. Almost every sector of the economy invested heavily, most of which was financed by loans. Private individuals started to invest in shares on a large scale for the first time in Finnish history, which provided additional capital for public companies. The Finnish economy overheated and many private individuals became over-debted in the late 1980s. Simultaneously, the long-lasting profitable trade with the Soviet Union abruptly stopped in 1990. As a result, the economy descended into a deep recession in the early 1990s (Jussila et al. 1999, 334–336; Tainio et al. 1997; Kiander & Vartia 1998).

#### *4.1.5. Long-term consequences of economic regulation*

The economic historian Alexander Gerschenkron (1962) has argued that entrepreneurs led the process of industrialisation in the early industrialised countries, whereas states and banks were the driving force in countries that industrialized later. Finland as a country that industrialised rather late seems to fit quite well into Gerschenkron's simple categorisation. The state regulation and underdeveloped financial sector significantly constrained the development of Finnish corporations until the deregulation process of the late 1980s.

Accordingly, the long era of economic regulation had a significant influence on the business strategies and the structure of economic activity in post-war Finland. In the late

1940s, the unstable political environment caused uncertainty among business circles that was reflected in a relatively low rate of investments (FFI, Annual reports 1945–1948). On the other hand, the war indemnities forced the Finnish metal and engineering industry to emphasise product quality and compliance with delivery schedules, which consequently helped the industry to improve its competitiveness and to enter the export market (e.g. Pipping 1962, 354).

The large-scale trade with the Soviet Union had long-term consequences for the business operations of the industry. The large-scale orders were overpriced, which provided Finnish companies excessive profit margins. Moreover, the stable flow of orders based on predetermined annual quotas ensured predictability for the business environment. However, these extraordinary business conditions did not encourage Finnish firms to innovate and develop efficient business systems, mostly because of the lack of competition. This was also the case in the Finnish textile industry, especially after the mid 1970s, when the annual quotas of textile products in Soviet trade were increased. The peculiarities of the Soviet trade also affected the mental models of Finnish business managers. A general assumption among the managers was that the lucrative trade with the Soviet Union would last forever, and thus the only task was to produce whatever products the Russians needed. Several Finnish firms were specialised in manufacturing products that were suitable for the Soviet market but were not attractive to Western markets. Therefore the firms that were engaged in large-scale Soviet trade faced serious crises in the early 1990s. Many of them went bankrupt because they were not fully prepared for the end of the bilateral trade. And those who survived had to implement radical changes in their operations in order to adjust to the new market situation (Pesonen 1992, 122–126; Lohivesi 2000, 24).

The ownership spheres made it possible to develop Finnish companies with adequate capital. The existence of capital spheres created a situation in which the domestic competition was characterised by competition between spheres, not between individual companies. In general, the amount of competition in the domestic market was limited, due to the long tradition of co-operation among Finnish firms both on the competitive and the political market (Skippari et al., *forthcom.*). In that sense, Finland was an example of co-operative capitalism (Chandler 1990; cf. Schröter 1997).

In fact, the large amount of economic regulation intensified the co-operative tendencies in Finnish industry. Under the conditions of regulated and undeveloped capital and financial market, the size of Finnish firms remained relatively small. Accordingly, the only way to maintain competitiveness was to avoid competition among domestic rivals and to join forces on the international market. Consequently, a large part of Finnish industry co-operated through industry-wide sales cartels<sup>22</sup> or product-specific market agreements<sup>23</sup>. The different forms of market co-operation offered the relatively small-sized Finnish firms bargaining power: together they were like one big company on the international market. Finally, the formal co-operation through sales cartels had to be dissolved as Finland joined the European Union in 1995, because the EU legislation prohibited such forms of economic activity (e.g., Heikkinen 2000, 448–449).

#### **4.2. Evolution of the political environment in Finland during the post-war period**

The corporate political activity has been evident for centuries in Finland. Karonen (2004) shows how business entrepreneurs were active in the political arena already in the 17<sup>th</sup> century, when the modern centralised state organisation started to develop. Therefore, the post-war period was no exception in business political activity in Finland. However, there were some distinctive features that characterised the business-government relations at that time. These were especially related to the political system based on corporatism and the economic conditions based on a high degree of regulation.

To date, no comprehensive analysis of the evolution of political activities of Finnish corporations in the post-war period has been presented. However, numerous anecdotal evidence of the business political involvement in Finland is provided in earlier literature.

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<sup>22</sup> For example, *Finnpap* in the pulp and paper industry, *Finnboard* in the board industry, *Cotton Mills' Association* (Puvillatehtaiden Myyntikonttori) in the cotton industry.

<sup>23</sup> For example, the Tampella-Wärtsilä-Valmet agreement (1969–1986), in which these three companies divided the product markets in forest industry machinery and established a joint sales and marketing office.



In the following section, this evidence is used to construct an overall view of the development of business-government relations in Finland during the post-war period.

#### *4.2.1. Structure of political decision-making*

During the whole research period Finland was a democratic republic. The constitution of 1919 anchored the distribution of political power between various institutions. There were three key institutions that participated in legislative work: parliament (Eduskunta), the cabinet and the President. Parliament had the main legislative power, whereas cabinet possessed the executive power and the power to lay down regulations by decree. The President, however, had a central role in the political system, since The President had, for example, a right of veto on all legislation and the right to dissolve parliament (Nousiainen 1998; Jussila 1999). However, different presidents used their constitutional power in different ways. For example, during the presidency of Urho Kekkonen (1956–1982), the role of the President as a controller and influencer of political events was more active than in the 1940s or 1980s. Especially during the 1970s the authoritarian characteristics of President Kekkonen became even more evident. This was clearly reflected in the passing of an exceptional law in 1973 permitting the re-election of Kekkonen for an additional four-year term without regular presidential election procedure (Jussila et al. 1999, 307). The role of President Kekkonen was also essential in foreign trade policy, especially in the late 1960s and 1970s. Therefore, several business managers were able to utilise their close relations to President Kekkonen. Typically, they asked President Kekkonen to promote their specific business interests (e.g., to expedite the closing of deals) during his official state visits to various foreign countries (UKA, 22/11–42).

As described earlier, Finland evolved from a relatively underdeveloped country to a modern welfare state during the research period. Concurrently, the amount of bureaucracy increased significantly. In the early 1950s there was about 70 000 civil servants in Finland. By the late 1980s the amount had almost doubled (Laitinen 1989, 26–28). Similarly, the share of public sector expenditures of GDP increased from 24 to

42 per cent (Hjerppe 1990, 138). These figures depict the expansion of the public sector and extensiveness of the bureaucracy in society. Simultaneously, the political balance of power changed in Finnish society as an increasing amount of legislative power shifted from politicians to civil servants (Laitinen 1989, 30; Ylikangas 1986, 234–236). Tuori (1983) has explained this shift in power balance by increased use of prelegislative committees in public policy decision-making process since the 1960s. This development was also evident, for example, in the Finnish trade policy decision-making (Lamberg & Skippari 2001).

Generally, the corporatist structure of society characterised the public policy decision-making in post-war Finland. The origins of corporatism stem from the early years of national independence. During the turbulent years of the late 1910s a Finnish model was created in which the major figures of the leading enterprises were provided with the chance to influence political decision-making, either directly or indirectly, through various trade associations (Hjerppe & Lamberg 2000). However, during the interwar period (1920s–1930s) the Finnish system resembled more that of a pluralistic society, in which different interest groups competed for various government-induced resources. It was only after the Second World War that corporatist characteristics proliferated in the Finnish society (Lamberg 1999, 13; Tuori 1983, 259–263). Typical of corporatist systems, a few powerful interest groups (such as agrarians, industrialists and business) received a formal, monopolised representation in the preliminary stages of public policy decision-making. In a sense, private organisations were granted a “quasi-public status” (Offe 1981) which provided them with the legal resources of public organisations. Accordingly, business-government relations in post-war Finland can be characterised as an exchange and bargaining relationship, facilitated by formalised channels of communication between the actors. As a consequence, the directions of public policy have been, more or less, a result of a negotiation process between interest groups and government (cf. Lehmbruch & Schmitter 1982).

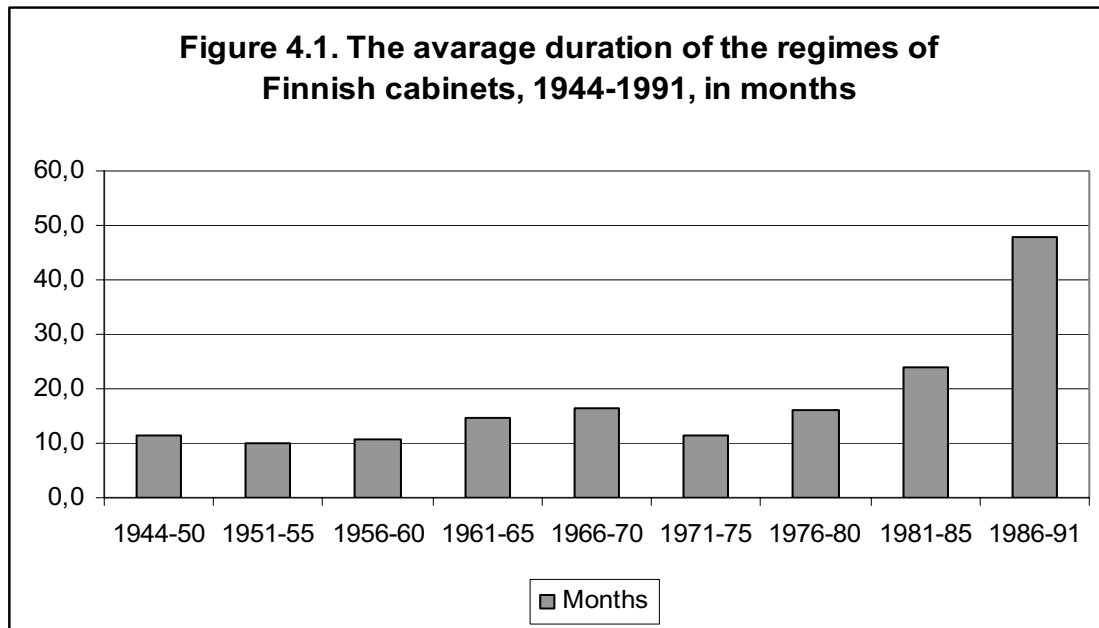
Moreover, the inner circle of powerful individuals in this corporatist system was very small. In a small country like Finland it is typical that practically all actors on the highest level of society (political establishment, the highest civil servants and top management of the largest corporations) know each other. Accordingly, the most important political

decisions in Finland have traditionally been made within this inner circle (Pekkarinen & Vartiainen 1993, 346–347; Uusitalo 1990; Alestalo et al. 1985; Ruostetsaari 1998, 143). In addition, the inner circle remained stable over long periods of time, since the turnover in the highest positions of society was quite low. For example, during the mid 1940s and early 1990s there were only three presidents in Finland (*J. K. Paasikivi* 1946–1956, *Urho Kekkonen* 1956–1982 and *Mauno Koivisto* 1982–1994). Correspondingly, the leadership of the political parties, the ministries, as well as the top managers of the largest companies typically made a long-lasting career in the same position.

#### *4.2.2. Stability of political environment*

Discontinuity and instability characterised the post-war political system in Finland up to the early 1980s. As seen in Figure 4.1., the duration of governments was quite short. This was especially the case in the 1940s and 1950s and in the 1970s, when short-lived governments were more the rule than the exception. The governments of the late 1940s and 1950s faced several critical policy issues that needed to be solved. These included, for example, the resettlement of the population of the ceded Karelian territories, reconstruction and rapid inflation. Simultaneously, left-wing and right-wing political parties struggled for political hegemony in society (Jussila et al. 1999, 237–244). Consequently, it was typical that a government was in power less than a year at a time.

The lifespan of governments grew slightly during the 1960s. In the 1970s, however, the emerging left-wing radicalism and economic recession compounded the turbulence in society, which was reflected in intensified political crises. It was only in the 1980s that the political tradition of short-term government was broken. *Kalevi Sorsa's* (SDP) government which was formed in 1983 was the first government in independent Finland to survive through the four-year election period. Since then, one government per election period has become the norm in Finnish political culture.



Source: Jussila et al. 1999, 364–366.

One of the peculiarities of the Finnish parliamentary system in the post-war period was the relatively large number of so-called “expert governments” (*virkamieshallitus*)<sup>24</sup>, formed of experts who were not members of parliament or even members of any political party. These expert governments were nominated in heated political situations where political parties were not able to find a consensus on the composition of the government (Jussila et al. 1999).

On the other hand, the balance of power between political parties remained reasonably stable over the research period. The political field was dominated by two parties, *The Agrarian League* (which was renamed in 1966 as *Centre Party*) and the *Social Democratic Party* (SDP). Most of the prime ministers in the 1940s–1980s represented one or the other of these parties. Moreover, approximately half of the seats in the Parliament were occupied by the representatives of these two parties. Accordingly, the composition of 22 out of 28 governments in 1944–1991<sup>25</sup> was based on the coalition between the Agrarian Party and the SDP. Although the SDP outnumbered the Agrarian

<sup>24</sup> There were 38 governments in Finland in 1944–1991, out of which 10 were “expert governments”.

<sup>25</sup> The expert governments are excluded from these figures.

Party in parliamentary seats practically throughout the research period<sup>26</sup>, there was a clear shift in the power relations between these parties. The Agrarian Party was the most powerful party in the early 1950s and mid 1960s, whereas the SDP has been the dominant party since the late 1960s (Jussila et al. 1999, 364–368).

These characteristics of the political arena had certain implications for the management of Finnish industrial companies during the research period. Constantly changing compositions of governments and the consequent discontinuity in governmental policies entailed unpredictability and uncertainty in the business environment. The strengthening of left-wing radicalism in the late 1940s and early 1970s posed a direct threat to the discretion of a business enterprise (Tarkka 2002, 88–90). After the late 1970s, the political environment started to stabilise. The SDP declared in 1977 that its main target was no longer a gradual transformation to a socialistic society. Instead, the stabilisation of the economy by restraining inflation was seen as the primary task in society (Pesonen 1992, 50–52; Tarkka 2002, 117).

#### *4.2.3. Development of business-government relations*

##### *4.2.3.1. Organisation of business interest representation*

The origins of organised interest groups in Finnish industry date back to the late 19<sup>th</sup> century. The very first trade associations were established in the forest industry in the 1870s (Kuisma 1993, 490–492; Sourander & Solitander 1943). Likewise, in response to the emerging trade union movement, the first employers' associations were established at the turn of the 20<sup>th</sup> century (Mansner 1981). Although the main purpose of the first associations was to co-operate on Russian market, they also sought to promote the political interests of the industry.

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<sup>26</sup> In fact, the parliaments of 1948–1951 and 1962–1966 were the only cases in which the Agrarian Party held more seats than the SDP.

The trade associations established during the late 19<sup>th</sup> century and early 20<sup>th</sup> century were typically sector-specific associations. In addition, the primary aim of these early associations was not related to influencing industrial policy but to controlling market conditions. In fact, they were more cartels than interest groups. After independence, however, these sector-specific associations merged into central associations of Finnish industry. Industry as a whole was divided into two separate umbrella organisations: *The Central Association of Finnish Forest Industry (CAFFI)*<sup>27</sup> established in 1918 and *The Federation of Finnish Industries (FFI)*<sup>28</sup> established in 1921<sup>29</sup>. As a result, a three-level organisation of interest representation was formed, in which individual firms were members of sector-specific trade associations, whereas the trade associations formed the membership of industry-wide central associations.<sup>30</sup>

The model for the organisation of Finnish business interest representation was adopted from Germany (Kuisma 1993; Lamberg 1998). Accordingly, there was a separate trade association and employer's association in each sector of industry (cf. Grant et al. 1987, 45). In other words, the political involvement of industry as a whole was extremely organised and centralised. Practically all large industrial companies were members of their sectoral trade associations.

Originally the interests of these central lobbying organisations were contradictory, as CAFFI promoted the interests of export-oriented industries based on the idea of free trade, whereas FFI argued for reasonable protectionism for domestic market industries (Poukka 1968; Pesonen 1992). Since Finland was heavily dependent on its export revenue, it was inevitable that CAFFI possessed greater political bargaining power than FFI. For example, Finnish monetary policy during the late 1940s and early 1990s followed a regular path, characterised by regularly repeated devaluations Pekkarinen &

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<sup>27</sup> Suomen Puunjalostusteollisuuden Keskusliitto.

<sup>28</sup> Suomen Teollisuusliitto.

<sup>29</sup> During the first three years of its existence the organisation's name was The Federation of Finnish Import Industries (Suomen Tuontiteollisuusliitto). In 1924 the organisation was renamed as The Federation of Finnish Industries. See, Stjernschantz (1946).

<sup>30</sup> Note that the central associations primarily promoted the interests of big business, and accordingly most of the members were large firms. Therefore, small and middle-sized firms established their own association, called *The Central Association for Industrial Entrepreneurs* (Teollisuudenharjoittajain Liitto) in 1945 (Ristimäki 2000, 23).

Vartiainen 1993, 245–246). This policy enhanced the competitive position of exporting companies, and thus especially that of the members of CAFFI. One cannot assert, however, that the Finnish economic policy benefited unilaterally from the interests of export industries. In fact, Finnish governments liberalised the economy gradually and slowly, thus providing a more or less protected domestic market for industrial enterprises for a relatively long period of time.

Despite the clear discrepancy between the interests, the central associations established two collaborative organisations in 1940. The Central Committee of Finnish Industry (*Teollisuuden Keskusvaliokunta*) consisted of the chairs and the CEOs of the central trade associations and the employers' central association. The Industrial Delegation (*Teollisuusvaltuuskunta*), on the other hand, encompassed a much broader representation of interests. The membership consisted of industrial managers nominated by each of the central associations. In these collaborative organisations the central associations were able to coordinate their policies and discuss the emerging political issues (FFI, Meeting of the board, December 18<sup>th</sup>, 1940; Pesonen 1992). The establishment of these organisations reflected the shift from the pluralistic to corporatistic interest representation in the Finnish industry. Accordingly, the central associations formed temporary coalitions for political issues in which they had parallel interests.<sup>31</sup>

The favourable position of CAFFI in determining the directions of Finnish economic policy concerned FFI especially during the late 1940s and early 1950s. As a response, the FFI became increasingly active in demanding extra positions in the trade agreement delegations and other regulatory committees. Moreover, the internal unity of FFI lost some of its strength due to the war indemnities. The firms that did not participate in the deliveries of war indemnities claimed that the war indemnities produced excess profits for those involved. Accordingly, they contended that the “insiders” were not interested in promoting the common interests of industry in preventing the continual rise in wages (FFI, board meetings in 1945–1952).

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<sup>31</sup> For example, when Pekkala's leftist government proposed the creation of a government-led regulatory committee in 1948, the industrial central associations formed a unified front to oppose the proposition. See FFI, board meeting in January 14<sup>th</sup>, 1948.

The structure of business interest representation characterised by the opposing interests of two central associations, remained unchanged up to the 1970s. However, pressures for convergence emerged already in the late 1950s, as the Finnish government initiated the process of trade liberalisation. At the same time, the Finnish metal and engineering industry started increasingly penetrate export markets. This meant that the interests of the biggest member association of the FFI, *The Association of the Finnish Metal Industry* (Suomen Metalliteollisuusyhdistys) were no longer entirely connected to the protection of the domestic market. The traditional polarisation of export industry and domestic market industry started to vanish as an increasing number of top managers of metal industry firms started to favour free trade instead of protectionism. For example, *Wilhelm Wahlforss*, the CEO of the biggest metal industry firm Wärtsilä and board member of the Federation of Industries, claimed in 1957 that Finland should join the emerging integration of Western European economies instead of relying on Soviet trade and domestic market protection (Keskinen 195). On the other hand, the textile industry as the other central domestic market industry at the time opposed the trade liberalisation of the late 1950s and early 1960s. The textile industry considered the trade liberalisation as a threat because it was not competitive enough to face the free import competition (FFI, Meetings of the board in 1957–1961).

Despite the internal contradictions FFI as a collective decided to support the government in the process of trade liberalisation. FFI concluded that the FINN-EFTA agreement was very important for the whole economy and the survival of domestic market industries was connected to the success of export industries. In other words, weak competitiveness in the export industries would have indirect effects on domestic market industries in the form of reduced investments and orders (FFI, Minutes of the board, September 7, 1960).

Another motivation for promoting the interests of the export industry was that the members of the FFI wanted to secure their strong position in Soviet trade. FFI was threatened by the idea that the wood-processing industry would seek to compensate the losses on the western market with exports to the Soviet Union. That would reduce the share of domestic market industries in the quota-based Soviet trade. Moreover, the metal



and textile industries needed a lot of foreign raw materials, and thus the liberalisation of trade reduced the production costs (FFI, Minutes of the board September 7, 1960).

The international trend of trade liberalisation widened its concerns about bilateral trade with the Soviet Union in the 1960s. Finland was forced to lower its trade barriers, because otherwise the customers in Eastern Europe would have taken their business to some other western country offering more favorable conditions for trade. However, FFI did not want to entirely liberalise the trade with the Soviet Union and its Eastern European satellites, because this would have increased foreign competition in such branches and products that still needed protection (FFI, Minutes of the board, July 28, 1965 and August 4, 1965).

As a consequence of the emerging trade liberalisation the FFI faced a serious crisis. It realised that the changing business environment diminished its political bargaining power. It became evident that the FFI was not able to influence government policy to the same extent as before. Instead, it had to adjust its operations to a new environment (Pesonen 1992; Lehto 1996, 74). Gradually it became obvious that the traditional dichotomy between central associations would not work in a changed business environment. After negotiations lasting several years, the merger of CAFFI and FI was concluded in 1975. As a result, the *Confederation of Finnish Industry* (Teollisuuden Keskusliitto), a new central organisation that encompassed the whole industry, was established (Pesonen 1992, 33–36).

Simultaneously, the expanding worldwide trade liberalisation created new challenges for the whole Finnish economy. It seemed evident that the old production structure heavily based on the forest industry would eventually lead Finland into huge problems. Consequently, the Finnish government started to institutionalise science and technology policy, in which the promotion of research and development was considered as an important instrument of industrial renewal in order to diversify industrial structure (Lemola 2002). As a consequence, the government began to promote new potential export industries, which eventually led to a decrease in the political bargaining power of CAFFI relative to other industries during the 1980s. In fact, the forest industry had faced considerable pressures, both economic and institutional, already in the 1970s, when the

economic performance of forest industry firms deteriorated as a result of economic deregulation and increasing competition. The firms had to improve their efficiency and competitiveness, and consequently were forced to downsize and lay off employees. This was an exceptional situation in an industry which for decades had been considered the cornerstone of economic growth. This situation posed a threat to the industry's legitimacy in society. As a response, the CAFFI tried to influence public opinion by arguing that it was the external factors (i.e., increase in competition) and not internal factors (i.e., inefficient management) that forced firms to these radical actions (Tainio et al. 1985, 103–105, 205).

#### 4.2.3.2. *Connections between business and government*

Laitinen (1989), who studied the backgrounds of over 500 civil servants and members of the cabinet between the 1950s and 1980s, demonstrates the structural characteristics of business-government relations in the post-war Finland. Laitinen noted that it was typical that senior civil servants were members of boards even in privately held corporations. In addition, most of the cabinet members had positions on the boards of at least one business organisation. In fact, *Tampella* and *Kone* were the only large industrial companies that had not appointed a cabinet member to their boards in 1950–1985. Although most of these connections were between state-owned companies and government, they clearly indicate the nature of the interconnectedness of economic and political institutions in Finland. It was only in the 1980s that these connections started to decline, partly due to the emerging tendency toward privatisation of the public sector (Laitinen 1989, 64–65, 120–125, 140).

Correspondingly, business managers' direct involvement in public policy decision-making decreased during the latter part of the 20<sup>th</sup> century. In the 1920s and 1930s it was quite common for business managers and top managers of trade associations to participate directly in political decision-making, either as members of Parliament or as cabinet members (Lamberg 1999, 32–34). This “tradition” in the political system actually

intensified during the Second World War and continued after the war. For example, *Rudolf Walden*, *Åke Gartz*, *Johan Otto Söderhjelm* and *Päiviö Hetemäki* served several times as cabinet members between the mid 1940s and the early 1960s<sup>32</sup>.

Perhaps the most extreme example of the peculiar character of the interconnections between business and government in Finland was *Olavi J. Mattila*. After working as a high-ranking state official in the Ministry of Foreign Affairs in the 1950s, he was appointed CEO of the state-owned metal industry firm *Valmet* (nowadays Metso Corp.) in the early 1960s. At the same time as he was running Valmet, he was also chosen to be the chairman of the board of the state-owned forest industry firm *Enso-Gutzeit* (nowadays Stora-Enso) in the early 1970s. Simultaneously, he served six different cabinets during the 1960s and 1970s. Moreover, he was a personal friend of President Kekkonen (Sainio 1982). However, the direct participation of business managers in public policy decision-making gradually diminished with the expansion of the public sector in 1970s and 1980s. In fact, after the mid 1970s *Sakari Lehto* (cabinet member 1975–1976) and *Ilkka Suominen* (cabinet member 1987–1991) were the only cabinet members that had a prior experience as top managers of large-scale enterprises<sup>33</sup>.

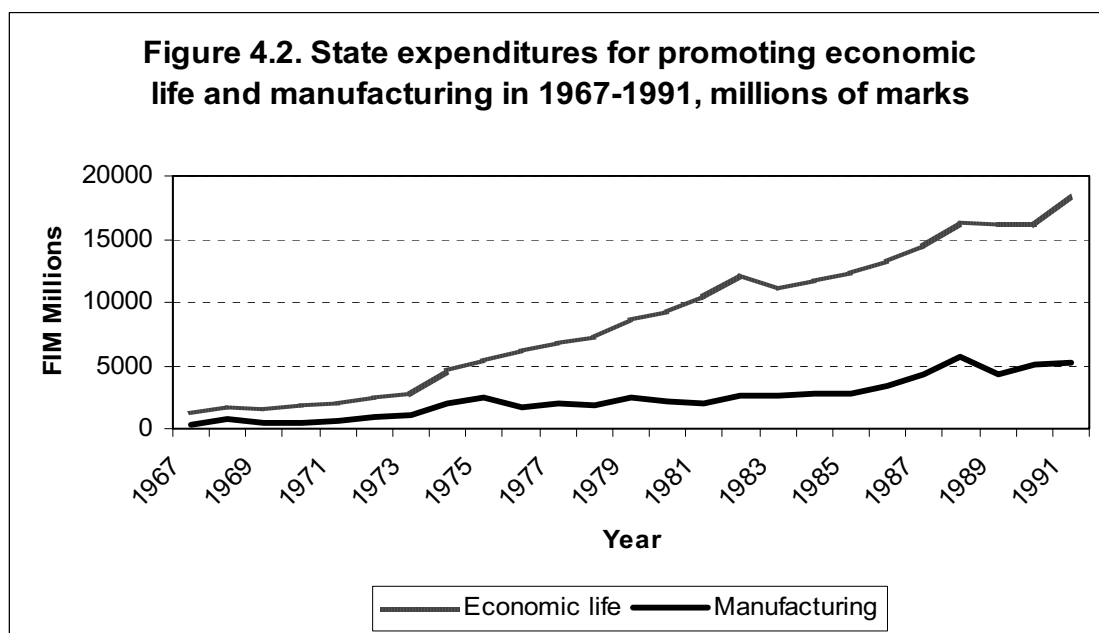
As mentioned before, the role of the state in controlling on the one hand and enhancing on the other hand the conditions of business environment varied a great deal during the research period. Although the political and social tension temporarily increased with mounting criticism against capitalism and private ownership - especially during the late 1940s and the 1970s – Finnish governments in general pursued a facilitative industrial policy. One indication of this was the almost constantly increasing state expenditures for promoting economic life and manufacturing since the late 1960s (Figure 4.2.). The growth rate in state expenditures even accelerated during the politically hectic 1970s. The state had various methods for enhancing business conditions. These included, for example, low-interest loans for industrial investments, grants for industrial research and

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<sup>32</sup> Walden was the CEO of the large-scale forest industry company United Paper Mills. Gartz acted as a manager in the conglomerate Ahlström. Söderhjelm acted as the CEO of the Central Association of Finnish Forest Industry. Hetemäki was the CEO of the Central Association of Finnish Employers (Suomen Työnantajain Keskusliitto, STK)

<sup>33</sup> Sakari Lehto was the CEO of Paraisten Kalkkivuori Oy. Ilkka Suominen was the CEO of J.W. Suominen Oy before his political career.

promotion of foreign trade. In addition, wide variety of institutional actors was involved in promoting economic life. Business firms could apply for financial support from several sources, such as the Bank of Finland, the Ministry of Trade and Industry, the Ministry of Finance, and the Social Insurance Institution (*Kansaneläkelaitos*). Accordingly, the increase in state-controlled resources for promoting economic life provided further incentives for firms to engage in political activity because the allocation of these resources was decided in the political arena.



Source: Suomen Tilastollinen Vuosikirja (The Statistical Yearbook of Finland), 1967-1993.

#### 4.2.3.3. *The role of personal relations*

Many of the business political activities were pursued through the trade associations. In other words, most of the Finnish firms had outsourced a large part of their political activity to the trade associations. For example, although in some cases business managers contributed directly to election campaigns (Klemola 1971, 139–140), election funding

was typically organised through the trade associations (Nordberg 1998, 400; Tarkka 2002). Membership of trade associations provided business managers with status and collective power. It was also an important channel of information, as the members of the board received the latest news of the emerging legislation (Ristimäki 2000, 61–62). In addition, the key politicians participated regularly in the board meetings of the trade associations. This way it was possible to establish personal contacts with the political elite.

Despite the essential role of the trade associations in the political activity of firms, the most important channel of influence was personal relationships with political decision-makers (Ruostetsaari 1992, 206–211; Ruostetsaari 1998, 150; Lilja et al. 2002, 249; Kuusterä 2002, 168). In this sense, the significance of the trade association was to provide managers with opportunity to create personal contacts with politicians in the first place. Mostly, however, managers utilised their own respective networks of personal relationships individually, to promote their firms' interests.

The importance of personal relations was closely connected to the special characteristics of Finland and the Finnish economy. First, Finland was (and still is) a small country, in which all members of the political and economic elite knew each other. Second, the regulated economy and corporatist system facilitated the creation of personal relations between business and politics. There were numerous prelegislative or administrative governmental bodies (committees, commissions etc.) involving representatives from both economic and political sectors. Besides these formal co-operative organisations between economic and political actors, there were also informal "clubs" that gathered together the key figures of the society. In these clubs the political and economic elite could have informal discussions on topical societal issues. The club meetings were extremely confidential and no records were kept of the content of the discussions.<sup>34</sup>

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<sup>34</sup> For example, the *Wednesday Club* (Keskiviikkokerho) was established during wartime in 1942. President Kekkonen was an honorary member of the club. Other examples of such informal clubs were the *Aurora Society* (Aurora-seura) and the *Friday Society* (Perjantai-seura). See, e.g., Klemola 1971, 146–148; Nordberg 1998, 401.

The confidential personal relations to politicians were extremely essential to the firms deeply involved in the Soviet trade. In addition, having an opportunity to exert a direct influence on the conditions of the trade in the various Finnish-Soviet co-operative committees was considered important. For example, Heikki Herlin (the CEO of the engineering firm Kone) has stated that the business opportunities of Kone in the Soviet market increased remarkably once Herlin got onto the Finnish-Soviet committee for technical co-operation (*suomalais-neuvostoliittolainen tieteellis-teknillinen komitea*) in 1960, because membership enabled direct connections to Soviet customers (Keskinen 1987, 181).

Not all business managers, however, were politically active. Based on a survey of the top managers of forest industry companies, Tainio et al. (1985) distinguished two distinctive categories of business managers in the 1960s and 1970s: those who considered political activity a central source of competitive advantage, and those who considered the political arena external and strange.

An example of a politically active business manager during the post-war period was *Juuso Walden*. He was the CEO of United Paper Mills in 1946–1969. He inherited an extensive network of personal relations from his father *Rudolf Walden*, who had run the company before him. Accordingly, Juuso Walden knew four presidents of Finland personally (Ryti, Mannerheim, Paasikivi, Kekkonen). He acted as an elector for Paasikivi in the presidential elections of 1950 and was vocal in his support (both material and nonmaterial) for Kekkonen in the elections of 1956 and 1962. In trade associations Walden held key positions for several years. He also participated in the informal clubs. In addition, during the leadership of Juuso Walden, United Paper Mills used to have its own “trusted person” among the Members of Parliament. The task of this trusted person was to report to top management on the emerging political issues and bills that concerned the interests of United Paper Mills (Nordberg 1998, 395–401; Klemola 1971, 136).

### **4.3. Conclusion**

To conclude, the business environment of Tampella changed dramatically during the research period, compelling the company constantly to adapt to a new environment. However, the environmental changes were neither radical nor fast. Instead, many of the changes took place incrementally, over a long period of time. For example, the liberalisation of the economy proceeded gradually, giving firms some time to reassess the environmental conditions and reformulate their business operations accordingly.

Two distinctive characteristics emerge from the business environment: relatively high and long-lasting economic regulation and close connections between business and government. Both of these environmental characteristics conditioned and even to some extent dictated the strategic choices of Finnish firms. The economic regulation restricted the autonomy of firms to develop their business operations. In a small corporatist country like Finland, the personal connections between business and government were emphasised. Moreover, industry trade associations had relatively good chances to influence governmental decision-making, because in many cases they could have their own representatives on the advisory committees or quasi-public regulatory agencies (such as Soteva).

## **5 HISTORICAL PATH OF TAMPELLA**

In this chapter I describe the historical development path of Tampella in 1944–1991. The purpose of the chapter is to provide a general understanding of 1) the development of the intra-firm resources (both tangible and intangible) of Tampella and 2) the evolution of the strategic activities of Tampella and its various business divisions. Moreover, I describe the evolution of Tampella's management of government relations. The aim is to bring in the historical context in which Tampella practiced its government relations. Therefore I will focus on issues and factors that are relevant in analysing the evolution of corporate political activity. Finally, I utilise the historical narrative in order to identify and describe five distinct periods in the development of Tampella.

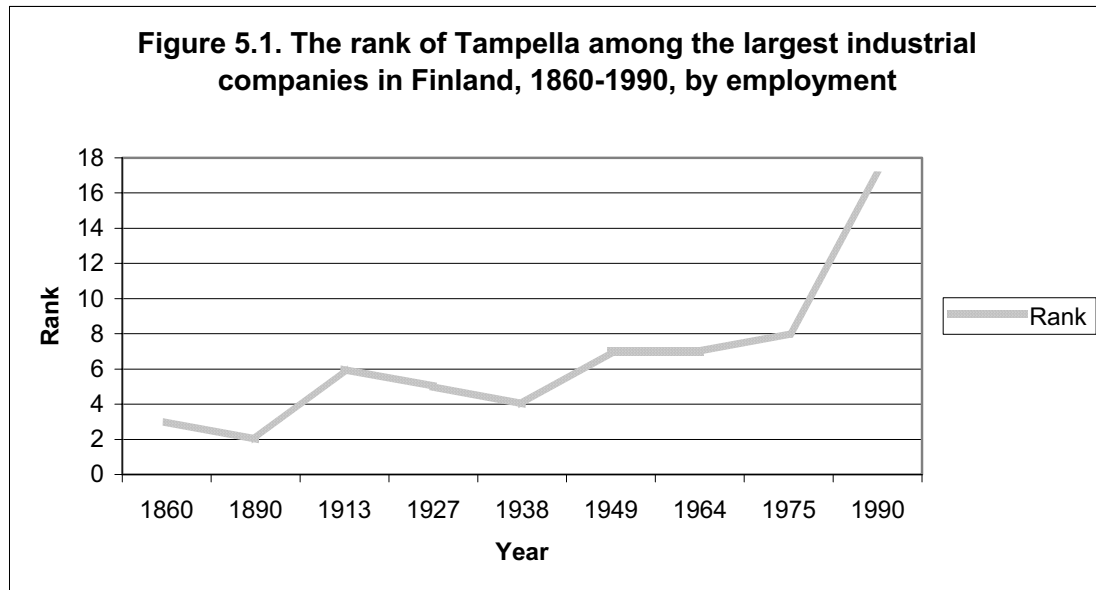
### ***5.1. From prosperity to economic distress***

#### *5.1.1. Economic growth*

Already at the time of its establishment in the mid 19<sup>th</sup> century, Tampella was a large-scale company, at least in the Finnish context (Figure 5.1.). In fact, when measured in terms of employment Tampella ranked almost constantly among the five biggest companies in Finland up to the Second World War. However, the relative economic bargaining power of Tampella within Finnish industry gradually diminished during the post-war period. In the late 1940s Tampella was the seventh largest industrial company in Finland employing 5,100 workers, whereas the biggest company, Wärtsilä, had 11,400 employees. Tampella remained in that position until the early 1980s, when its growth rate in relative terms started to lag behind the average growth rate in Finnish industry. In 1990 Tampella was the 17<sup>th</sup> largest industrial company in Finland, employing 12,300 workers. The workforce of the largest company at that time, Nokia, amounted to 37,300. Moreover, when measured in terms of net sales, the ranking of Tampella fell even more

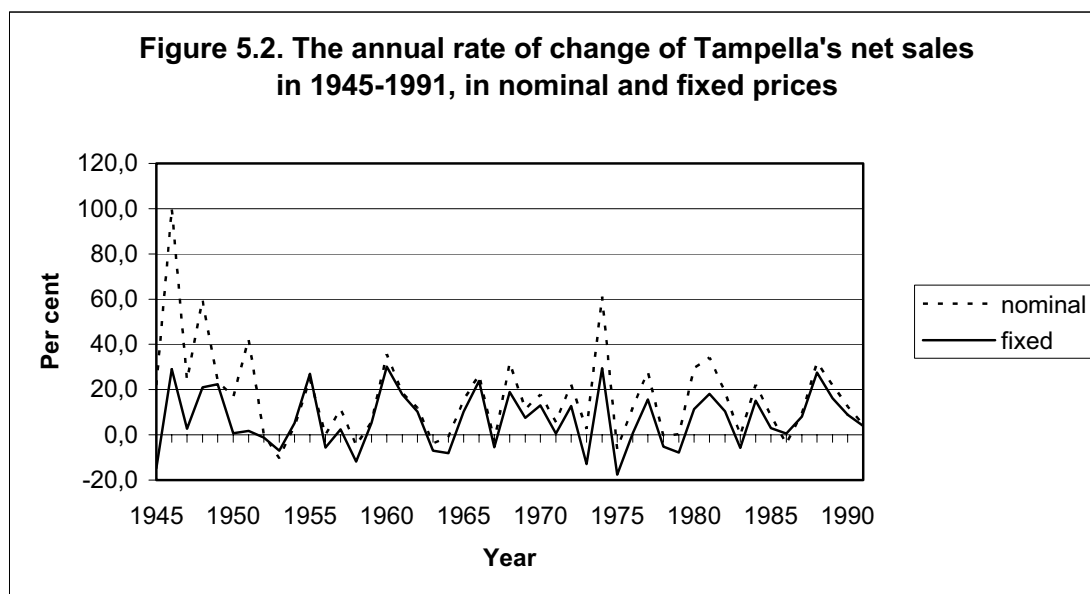


(from sixth place to 19<sup>th</sup> place during 1949 and 1990) (Hjerppe 1979, 166–181; Talouselämä 1991:21).



Sources: Hjerppe 1979, 166–181; Talouselämä 1991:21.

In retrospect, it seems that Tampella implemented a coherent growth strategy (Figure 5.2.). In fact, the growth of Tampella followed a periodic pattern during the whole research period. Short periods of rapid growth were followed consistently by a short periods of slow growth or even decline. During these short periods of rapid growth the turnover of the company typically doubled in a few years. The extraordinary high nominal growth rates in the late 1940s and in 1974 are mostly explained by the rapid inflation of that time. The periods of decline in net sales were typically related to contemporary recessions in the market situation, not to divestments of operating units.



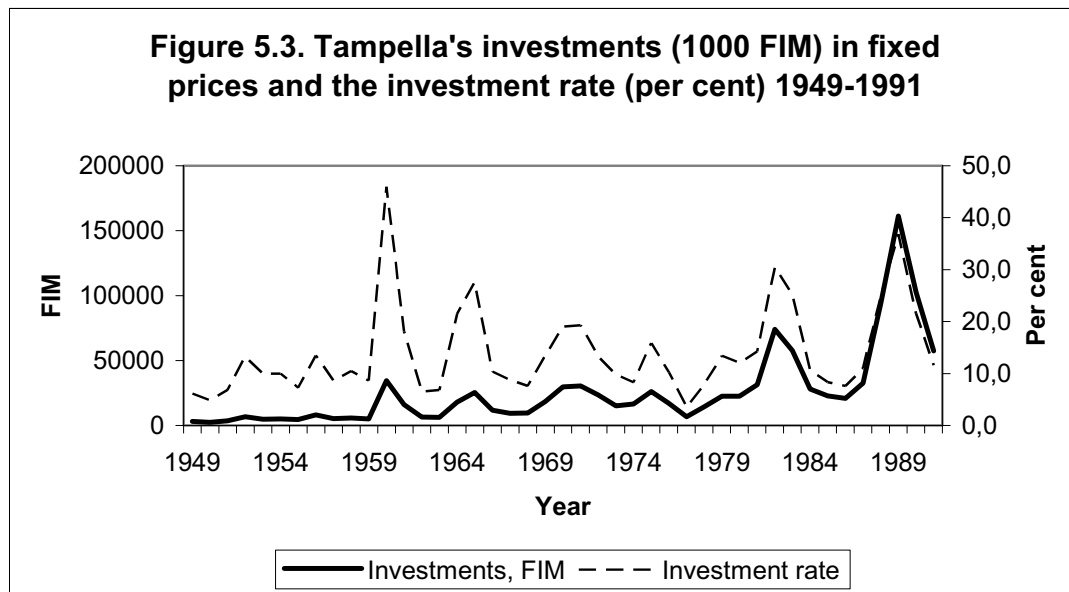
Sources: Tampella's annual reviews, 1945–1991.

Note: Wholesale price index (1949=100) was used to deflate the nominal net sales figures.

Another way to look at the growth of Tampella is to concentrate on the investments. Figure 5.3. presents the total investments (in fixed prices) and the investment rate (the share of investments of net sales). The figure shows that Tampella invested very little in new capacity during the 1950s. In fact, during the late 1940s and 1950s the company did not make any major investments in new plants<sup>35</sup>. Instead, the main emphasis in investment activity was on modernising the existing production equipment. The relatively low level of investments was mostly related to the tight economic situation in Finland. High degree of regulation in foreign trade and capital supply fundamentally diminished Tampella's chances of expanding its businesses. For example, the import restrictions caused severe impediments to the acquisition of foreign investment goods. In addition, high inflation and regulation of prices and salaries made the business environment insecure and unpredictable, which in turn restrained the willingness of Tampella's management to make large-scale investments (FFI, Annual report 1947, 46;

<sup>35</sup> The only exceptions were the expansion of engineering works in 1945, the renewing of the semipulp mill in 1953 and the opening of new boiler works in 1957.

Correspondence of Åke Kihlman, Kihlman to minister Hj. J. Procopé, August 25, 1947; TA, Tampella's Annual report 1950; FFI, Minutes of the board, November 12, 1952).



Source: Tampella's Annual reviews, 1949–1991.

During the 1960s the investments of Tampella increased remarkably compared to the investments made in the 1950s. Tampella started to expand aggressively, the first major investment being a new fluting paper mill in Heinola. After the mill was completed in 1960, Tampella started to focus on foreign investments. The internationalisation of the company's operations (other than exports) was initiated in the engineering industry. Tampella started by establishing marketing offices in Sweden and Italy in 1961. A few years later operations were expanded to Latin America and finally in the mid 1960s to North America. All of these early sales offices were joint ventures. In the wood-processing industry, Tampella became involved in establishing two board mills to Spain, one of which ended up in Tampella's full ownership already at the end of the 1960s<sup>36</sup>. Moreover, Tampella initiated two joint ventures with local and other Finnish companies

in North America. In the textile industry, by contrast, the level of foreign investments was more moderate and the type of action differed from the cooperative mode followed in the wood-processing and the engineering industry. The sales offices for textile products established to Sweden and the United States in the mid 1960s were owned entirely by Tampella.

After the 1960s the investment policy of Tampella followed a fluctuating pattern. In fact, investments peaked at approximately five-year intervals. The volume of investments (in terms of fixed price investments) increased remarkably during the 1980s. The rapid rise in investments in the early 1980s was related to the establishment of a new paper mill to Anjala. Correspondingly, a change in Tampella's ownership enhanced the growth of investments during the late 1980s. The new main shareholder, the SKOP bank, invested new capital to the company and encouraged top management to implement a new strategy based on aggressive growth by mergers and acquisitions. In relative terms, however, the investment policy of Tampella during the 1980s was not exceptional. As Figure 5.3. shows, the investment rate was extraordinary high during the early 1960s. Accordingly, it seems that the growth strategy in the early 1960s was at least as aggressive as in the 1980s.

### *5.1.2. Economic performance*

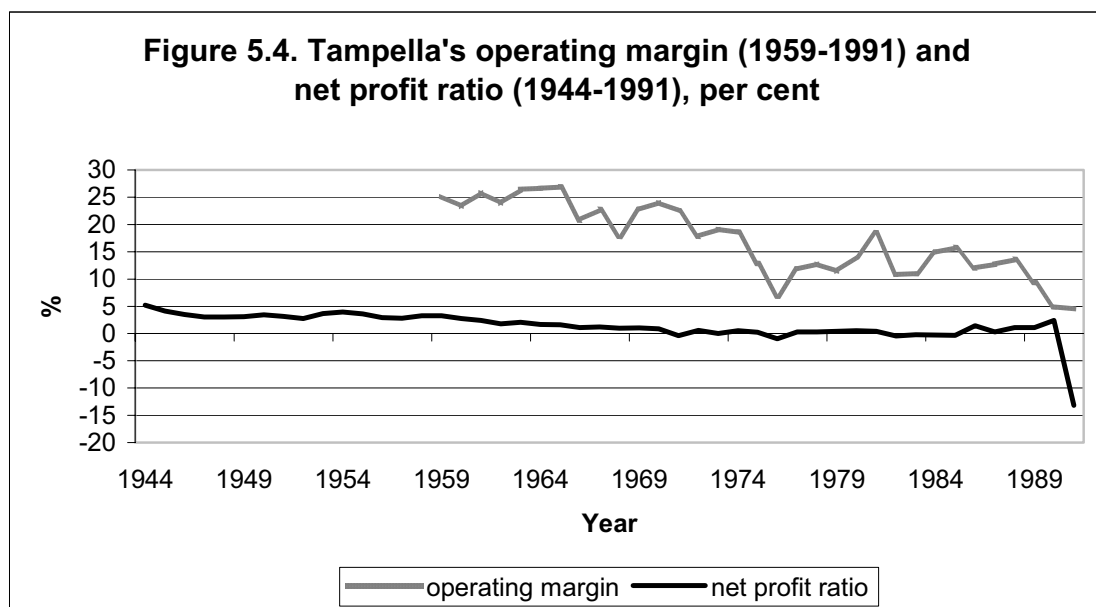
Tampella was a profitable and financially sound company between the late 1940s and the early 1960s. It possessed a vast amount of property, its balance sheet was solid and it constantly made profitable results. As shown in the Figure 5.4., the net profit ratio remained above two per cent and the operating margin fluctuated between 23 and 26 per cent.<sup>37</sup> The economic performance of Tampella, however, began to deteriorate during the

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<sup>36</sup> The joint ventures in Spain were Capdevila Espanola (1965) and Onduval (1969). In

<sup>37</sup> No coherent time series of the economic performance of Tampella over the whole research period were available. Moreover, the principles of accounting has changed remarkable over the decades, which makes the comparison of figures over time somewhat problematic. In 1969, for example, the changes in tax legislation forced Tampella to reformulate its balance sheet, see TA, Annual review of Tampella 1969.

1960s. The operating margin fell below 20 per cent and did not achieve that level ever again. In 1971, Tampella made a negative result, something that had not occurred for decades. At the same time, the net profit ratio fell below one per cent and stayed there until the mid 1980s. During the late 1980s Tampella was able to improve its profitability, although the operating margin remained low. In 1990, however, the economic problems of the company increased. Operating margin fell to 5 per cent. In the next year, Tampella made a loss of almost one billion marks.



Sources: TA, Tampella's Annual reviews 1959–1991; TA, Minutes of Tampella's General Meeting 1945–1958; Suomen pankit ja osakeyhtiöt 1945–1959.

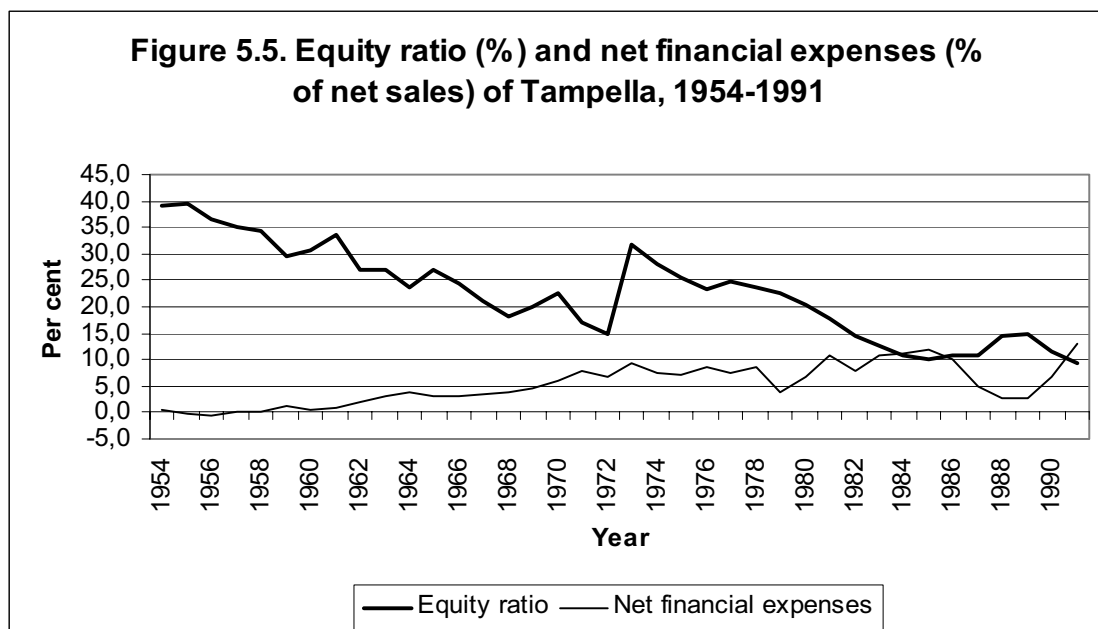
The change in Tampella's financial position is also evident in Figure 5.5.<sup>38</sup> The equity ratio was relatively good during the 1950s, after which it fell rapidly. In 1960 the equity

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Thus, the time series should be treated with caution. The figures are tentative at best, but are able to provide a reliable picture of the trends in Tampella's economic performance.

<sup>38</sup> In order to obtain a consistent time series a simple formula for calculating equity ratio was used. The equity ratio in this figure denotes the share of equity capital of total assets.

ratio was 30 per cent, but by the early 1970s it had fallen to 15 per cent. In 1973 the owners invested more capital in the company, which raised the equity ratio, but only temporarily. The declining trend continued up to the late 1980s, when SKOP bank tried to achieve a quick turnaround in Tampella by investing a huge amount of capital in the company. A considerable part of the new investments, however, were financed by loans. Thus, the equity ratio remained relatively low in the late 1980s. Simultaneously with the decline in equity ratio the net financial expenses increased, which in turn weakened the economic performance of the firm.



Sources: TA, Tampella's Annual reviews 1959–1991; TA, Minutes of Tampella's General Meeting 1954–1958; Suomen pankit ja osakeyhtiöt 1955, 1959.

Tampella already faced some temporary financial problems in the late 1940s. As a consequence, Tampella had to delay the renewing of its board mill in Inkeroinen. It also had to sell its stocks in an electric company in order to stabilise the financial situation (TA, Minutes of the board, February 19, 1948 and June 28, 1948). These difficulties,

however, were more related to the general condition of the Finnish economy characterised by a lack of capital than to the strategic decisions of Tampella's top management. In addition, the biggest threats to the economic performance of the company during the late 1940s and 1950s were caused by shortages in raw material supplies and by rapidly increasing inflation, resulting in relatively high costs of production and labour (TA, Annual reviews 1947–1955).

Since the 1960s the main reason for the increasingly unsatisfactory economic performance was the high debt of the company. In essence, Tampella started to run into debt as a result of its aggressive expansion strategy. In particular, the numerous foreign operations launched in the mid 1960s increased the amount of credit capital in the balance sheet. Most of these early foreign investments failed and caused considerable economic losses to Tampella. As the losses increased, Tampella was forced to invest more capital in these ventures. In addition, the exceptionally high investments in domestic production capacity made in the early 1960s (Figure 5.3.) increased the debt burden of the company.

The aggressive growth strategy and a consequent increase of debt burden caused severe financial problems in the company. The first signs of serious problems emerged in 1966 (TA, Minutes of the board, June 1, 1966). The strategic discretion of the top management decreased because of the tight financial situation. New investments were allowed so long as they did not impair the financial standing of the company (TA, Minutes of executives, January 1 and 21, 1967). The international oil crises and a subsequent economic recession in the mid 1970s posed the next serious threat to the economic balance of the company. This time the crisis was even more severe than in the 1960s. The situation was at its most critical from 1975 to 1976, as Tampella faced a serious liquidity crisis. A simultaneous change in the monetary policy by the Bank of Finland did not make the situation any easier. The central bank tightened its terms of lending, which diminished the supply of capital in the economy (TA, Minutes of executives, October 14 and 20, 1975). Consequently, Tampella was forced to sell its shareholdings in other companies in order to improve its financial situation. Top management implemented a cost management project that included severe rationalisation measures, such as closures of mills, restrictions in raw material acquisitions, denial of employment and lay-offs. Because of

the tight financial position, the company decided not to pay any dividend in 1976. Moreover, the board of Tampella instructed that all new investments should temporarily be abandoned. Due to the rationalisation measures, the workforce of Tampella decreased by 1,400 employees, i.e. 17 per cent in 1974–1978 (TA, Minutes of board 1975–1976; TA, Minutes of executives 1975–1976; TA, Annual reviews 1975–1976).

The financial distress of Tampella, however, was no exception in Finnish industry. Since the 1960s, high indebtedness became a typical feature for Finnish large-scale companies, and especially for Finnish wood-processing companies (Pohjola 1996, 97–108). On the other hand, however, most of the wood-processing companies were profitable in the long run, which alleviated their financial positions. In general, several Finnish industrial companies faced serious economic problems during the 1970s. Accordingly, Tampella was not the most indebted company. For example, measured by the share of the liabilities of the net sales, Tampella performed in much the same way as some other Finnish large-scale wood-processing companies (such as Kymmene and Enso-Gutzeit) during the late 1970s and early 1990s (Talouselämä 1981:16, 21; Talouselämä 1991:21, 27).

## ***5.2. Continuity in the diversified business structure***

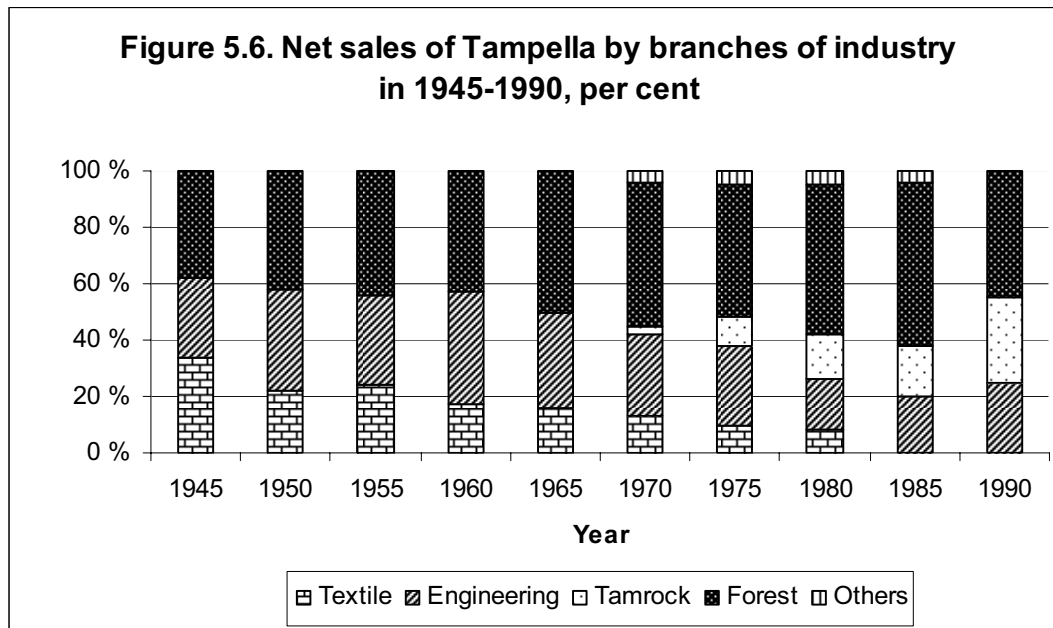
Tampella was a conglomerate business enterprise in the mid 1940s consisting of three main divisions: textile, engineering and wood-processing divisions. Being established in the mid 1856 and having its original roots in linen, metal and engineering production, the company had diversified into wood-processing industry in 1873, when it established a wood pulp mill in Tampere. By the 1940s, the company had also diversified within its different lines of businesses. In textiles Tampella had expanded into cotton production by acquiring a cotton mill in 1934. In the engineering industry Tampella manufactured various machines for the wood-processing industry (e.g., paper, board and grinder machines), water turbines, steam boilers, locomotives and various armaments (e.g., cannons and mortars). In wood-processing industry Tampella had shifted to more refined products, such as board (started in 1897) and paper (started in 1938). The initiative for



expanding to paper production came from an American newspaper publisher, which guaranteed the sales of paper for several years. In addition, Tampella was a major producer of electric power. It owned several power plants and a share of an electric company. In fact, Tampella was self-sufficient in electricity (TA, Annual reports 1934–1938 and Minutes of the board, December 17, 1936; Urbans 1956, 138–150).

The three main branches of industry were relatively equal in size in the mid 1940s (Figure 5.6.). The textile and wood-processing industries contributed together roughly one third of the turnover, whereas the metal and engineering industry (including Tamrock specialized in the production of rock drilling machines) accounted for one fourth of the annual sales. However, immediately after the Second World War, the relative importance of the textile industry gradually declined until the mid 1980s, when Tampella sold its textile industry operations to its domestic competitor *Finlayson*. At the same time, the emphasis of Tampella's business operations shifted increasingly toward the wood-processing and engineering sectors. Wood-processing remained the largest business sector in Tampella until the late 1980s. After the late 1970s the rapid growth of Tamrock increased the share of engineering division within the company. Tampella began producing rock drilling machines in the early 1950s. In 1969 Tamrock was established as an autonomous department of the engineering division. It was only in the mid 1980s that Tamrock became an independent division within the company. By the early 1990s Tamrock had developed into one of the main business areas of Tampella, accounting for one third of the company's net sales.

In addition to the three main branches of production, Tampella was also active in the plastic industry and electricity production. Tampella diversified into the plastic industry in 1966, when it acquired two minor plastic companies. The purpose of the diversification was to support product development in the textile and wood-processing industries. The initial expectations from the plastic industry, however, never materialised, and its share of the total production of the company remained low. In 1983 Tampella sold all its operations in the plastic industry (TA, Annual report 1966, 1983).



Source: TA, Minutes of Tampella's Annual General Meeting; Tampella's Annual reports, 1959–1990

Tampella was an internationally-oriented company during the entire research period. The share of exports and foreign business operations increased over the decades<sup>39</sup>. In the late 1940s and 1950s the importance of the Soviet market was significant, especially for the engineering division and to some extent the wood-processing division. As of the 1960s, with the emerging foreign trade liberalisation, an increasing share of Tampella's exports was directed at Western European countries. Concurrently, Tampella started to put more emphasis on the marketing endeavours in North American markets and to widen its scope of internationalisation by establishing and acquiring production units and marketing offices in foreign countries. In the mid 1970s, one third of Tampella's production was sold to the Western European market (EEC and EFTA), whereas the respective shares of Eastern Europe (Soviet Union and SEV-countries) and North America were 12 and 5 per cent. By the early 1990s the shares of Western Europe and

<sup>39</sup> In the late 1960s the average share of the exports was 65 per cent, whereas in the late 1980s it was almost 80 per cent. Here, the export share refers to the combined share of exports and foreign operations of Tampella's net sales.

North America increased respectively to roughly 40 and 25 per cent. At the same time, the relative importance of the Eastern European markets for Tampella clearly diminished, covering only 5 per cent of the net sales (TA, Annual reports of Tampella, 1967–1991).

In terms of patterns of internationalisation, there were clear variations between and even within the industrial divisions. The wood-processing industry was extremely export-oriented throughout the research period, the share of exports ranging from 80 to 90 percent. There were, however, some business areas (e.g., converted paper and board products) that were more dependent on domestic market demand than the others. Another heavily export-oriented division was engineering. Compared to the wood-processing division it followed a different path of internationalisation. Whereas the wood-processing division expanded its foreign markets mainly by increasing exports, the engineering division focused more on expanding its production capacity abroad. In fact, the wood-processing division engaged in several foreign operations in 1960s, but withdrew from most of these businesses during the 1970s after incurring massive losses. In the late 1980s, Tampella had only a few foreign units in the wood-processing industry. The textile industry, on the other hand, relied heavily on the domestic market, the share of exports running at 25 per cent of the total sales. There were, however, some exceptions. Most of the non-woven fabric production, which was started in Tampella in 1969, was sold to the export markets (mainly to Sweden) from the very beginning. Moreover, the textile division established a few sales companies abroad during the 1960s and 1970s (TA, Annual reports of Tampella, 1944–1991).

One of the main principles and guidelines of Tampella's top management during the post-war period was the persistent belief in diversification. In the 1950s and especially in the 1960s and the 1970s diversification was a popular way of conducting business operations, not only in Finland but also internationally. A generally accepted view was that a diversified structure would protect the company from the negative effects of unanticipated business fluctuations. For example, the economic trends of Tampella's business areas typically followed divergent patterns in the Finnish economy. The cyclical depression was first aimed at the wood-processing industry and after a few months at the textile industry. The engineering industry was affected much later, because the long-term deliveries gave the industry time to adapt to the changes in economic trends. In the case

of cyclical recovery, the industries were affected in reverse order (TA, Annual report 1962). Several positive experiences of the diversified business structure during the 1960s and the 1970s further strengthened the opinions of top management about the benefits of diversification (TA, Annual report 1967; Aamulehti, May 1, 1977; Talouselämä, 27:1980). Moreover, there were several other large-scale Finnish firms, such as Nokia, that considered diversification as the foundation of their long-term success during the 1970s (Talouselämä 1981:33, 24).

Following the international trends in business thinking, an increasing number of Finnish firms started to focus on a few business areas during the early 1980s. At the same time, Tampella faced an exceptional situation as all of its business areas were simultaneously in a state of slump (TA, Annual report 1983). Despite this, Tampella did not begin to radically restructure its businesses<sup>40</sup>. As a consequence, by the late 1980s Tampella was one of the few Finnish large-scale companies to remain diversified (Talouselämä 17:1988, 46). Even the new owner, SKOP bank, continued the old tradition of diversification. The reason for this, however, was more likely the inexperience of SKOP bank in managing an industrial enterprise. As SKOP bank did not exactly know what to do with Tampella,<sup>41</sup> they decided to maintain the old main business areas (Talouselämä 5:1987, 30–33).

In practice, the benefits of diversification in Tampella were highly debatable, at least after the early 1970s, when the financial situation of the company began to deteriorate. The economic performance of the firm was constantly unsatisfactory during the 1970s and 1980s (cf., Laurila 1989, 51). Tampella had been a diversified company since its founding in 1856. Since the 1970s there were several attempts to reorganise the business structure of the company, but these plans were never completely realised. In other words, top management did realise that the company had diversified into too many business

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<sup>40</sup> Tampella did, in fact, streamline its businesses by relinquishing the textile and plastic industries 1983–1984. These moves, however, were cosmetic, since the shares of these businesses of the total production were insignificant. Moreover, the divestment of the textile industry was only partial, because Tampella remained a large minority shareholder (49 per cent) in the company moulting form a merger of Tampella's and Finlayson's textile industries.

areas (e.g., *Talouselämä* 36:1973, 44–45; *Talouselämä* 12:1977, 76–77) and the issue was discussed several times by the board of directors (e.g., TA, Meeting of the board, June 6, 1974, September 17, 1975), but for one reason or another the measures to streamline the company actually constantly failed. Moreover, top management actively raised the level of diversification during the 1960s and 1970s, when it acquired and merged several small-sized subsidiaries operating in various unrelated segments.<sup>42</sup> Many of these subsidiaries were doing poorly financially, and in some cases the mergers were executed in order to save the subsidiary from bankruptcy (TA, Meeting of the board of directors, April 27, 1972).

It seems that efficiency was not the main driving force behind the idea of a diversified business structure. Instead, the stickiness to historical roots and the concerns about social responsibility were the more obvious factors increasing organisational rigidity and restraining the readiness for change. For example, in 1972 Tampella took a decision-in-principle to terminate the production of water turbines (initiated in 1871) by the end of the 1970s, because it was unprofitable (TA, Meeting of the board, October 10, 1972). Two years later, however, the attitudes were totally changed, and Tampella decided to expand the business area (TA, Meeting of the board, April 24, 1974). Then, in 1980 the department of turbine production went into a severe crisis causing the company huge losses (TA, Meeting of the board, December 10, 1980). The main problem was not related to the market situation, but attributed to incompetent management (TA, Correspondence of Arvo Karhola, Grotenfelt to Karhola, December 10, 1980). The final decision on the divestment of the department was made in 1992, when Tampella sold it to the Norwegian engineering company *Kvaerner* (TA, Annual report 1992; cf., Laurila 1989, 58–61).

On the other hand, the persistent adherence to the textile industry was an example of the forces of social responsibility. Since the Second World War the profitability and competitiveness of the textile industry were heavily dependent on government

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<sup>41</sup> The initial purpose of SKOP bank seems to have been to demerge the company and sell it off in parts at a good profit. There were, however, contradictory opinions within the bank of the proper policy. See, Saari 1992, 116–117.

<sup>42</sup> Examples of these mergers were the fusion of Lainapeite Oy in 1966, the fusions of Eralki Oy, Syrjänen Oy and Kalvotuote Oy in 1969, the fusion of Teknoglass Oy in 1972 and the fusion of Vitivalko Oy in 1974. See Annual reports of Tampella, 1966–1974)

interventions (price regulation, import tariffs and direct subsidies). Due to the trade liberalisation initiated in the late 1950s, import competition intensified, causing further threats to profitability and increasing dependence on government actions (see, e.g., FFI, Meeting of the board, June 29, 1947; TA, Annual reports 1952, 1954, 1961–64; Aamulehti, October 2, 1977; TA, Meeting of the board of executives, October 3, 1977). Top management was aware of the poor prospects of the industry and some tentative discussions on downsizing or fusion with Finlayson took place in the late 1970s (Interview of L. Vatanen, September 2, 2003). However, top management was not willing to sell or close down the factories, fearing that the consequent unemployment would damage the company's reputation in society. The managing director Grotenfelt defended the decision by pronouncing that "the most important task of Finnish companies is to provide jobs for Finnish workers" (Talouselämä 27:1980, 22–28; see also Laurila 1989, 58–61).

The adherence to certain business areas and the inability to make major strategic changes was not, however, a product of the 1970s. In the 1940s and 1950s Tampella already had certain difficulties in divesting itself of its unprofitable units. According to the managing director Kihlman, "the closure of a groundwood mill in Tampere in 1954 was executed ten years later than it should have been, and purely because of ambition" (TA, Meeting of the board, September 12, 1968).

To conclude, Tampella remained a highly diversified company during the whole research period. Although the company executed several divestments and closures over the decades, its portfolio included 23 areas of business in the late 1980s (Talouselämä 3:1990, s. 26–29), ranging from non-woven fabrics to equipment for reducing air pollution. The level of synergy between divisions was relatively low. In fact, only the wood-processing industry and part of the engineering industry had potential for real synergic advantage. Most of the machinery in Tampella's wood-processing mills (e.g., paper, board and grinder machines, steam and recovery boilers) was delivered by the company's engineering works. Instead, Tamrock and the armaments department were relatively autonomous and unrelated parts of the engineering division. In addition, the textile division was unrelated to other divisions except for some technological overlap with the wood-processing division in few special products.

### **5.3. Development of managerial resources**

#### *5.3.1. Management and corporate governance*

Before 1960 Tampella's management practices were highly concentrated. The company was managed by two powerful leaders, *Arno Solin* (1889–1959) and *Åke Kihlman* (1901–1968). Solin as the managing director and Kihlman as the deputy managing director worked in the same office at the headquarters, having close and continuous connections with each other. Arno Solin had very close connections to the company already in his childhood. His father, *Henrik Solin*, was the managing director<sup>43</sup> of Tampella in 1885–1902 (Seppälä 1981). After graduating as a Master of Science in Technology in 1912, Arno Solin worked as a manager in various Finnish and foreign companies. In 1925 he was appointed deputy manager of Tampella and four years later he was made managing director of the company (Kuka kukin oli, 1961).

Arno Solin was considered a visionary, wise and strong-minded manager. He had authority and charisma that was respected not only within the company but also widely in society, for example, due to his key position in the industrial associations.<sup>44</sup> One could also say that he had a nationalistic stance on managing the company by emphasising the importance of domestic production. It is said that his main principle was that Finnish firms should produce on the domestic front all the products and equipment that could be competitively manufactured. Following this basic idea, Solin constantly extended the product portfolio of Tampella, trying to find new best-selling products. In this sense, Solin's endeavours made a significant impact in at least one case, when Tampella, on Solin's initiative, started to produce paper machines in the early 1950s. Before that

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<sup>43</sup> The title of Henrik Solin was "isännöitsijä". In the late 19<sup>th</sup> century, the Finnish title of managing director was generally "isännöitsijä", and was replaced by the term "toimitusjohtaja" in the early 20<sup>th</sup> century.

<sup>44</sup> After Solin's death, the annual report of Tampella characterised him as having a sound judgement and a flexible personality, see TA, Annual report 1959, 2. President Kekkonen expressed his condolences to Solin's widow in a letter. The president stated that "it was my pleasure to have a close and co-operative relationship with him...I got to know a great industrial leader, an honest Finn and a pleasant person", see UKA, Kekkonen to Clary Solin, November 21, 1959.

Tampella had produced paper machines under foreign licence (Seppälä 1981, 15–16). Soon paper machines became one of the key products of Tampella's engineering industry.

Åke Kihlman, on the other hand, was a descendant of one of the early main owners of Tampella, *Alfred Kihlman* (1825–1904), who also acted as the chairman of the company in 1866–1903.<sup>45</sup> Åke Kihlman started his career in Tampella in 1920, right after having graduated from the Swedish School of Economics. He worked as a line manager until 1929, when he was appointed deputy manager of the company, at the same time as Arno Solin was promoted to managing director. Solin and Kihlman differed with respect to their educational background, and thus they complemented each other: Solin was specialised in engineering and Kihlman in economics.

The management structure was simple and concentrated. Solin and Kihlman ran the operations of the headquarters with the help of one office manager. Consequently, they decided upon the allocation of all critical resources in the company (investments, employment, marketing etc.). Each industrial unit had its own local manager (*isännöitsijä*), who was directly responsible to the managing director. In addition, the strategic discretion of local managers in developing the factories was relatively low. Correspondingly, the board gave top management (i.e., Solin and Kihlman) relatively high discretion (TA, Meeting of the board, June 22, 1960).

The long-serving managing director Arno Solin died in 1959. The following year Tampella initiated a large-scale reform of its management structure. It had become evident that the company was too big to be run by one or two top managers. Therefore, the management structure was decentralized by delegating managing director's power to lower level management. At the same time, the operational units were restructured into four relatively independent divisions (forest, engineering, textile and power) and each division was assigned a responsible manager. In other words, Tampella shifted towards

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<sup>45</sup> Despite the numerous kinship ties in ownership and management, Tampella was not a family-owned company. Its ownership was widely dispersed among banks, other companies, institutional investors and private persons. Solin's and Kihlman's families, however, were significant private owners of the company. As late as in 1980s there were several members of the families that owned a small fraction of Tampella's capital stock. See, Suomen suuryhtiöiden omistus pohja, 1981.



the M-form organisation structure. The post of the chief executive officer (*pääjohtaja*) was established, to which Kihlman was appointed. Kihlman was also selected to the board of the company. Paradoxically then, despite the decentralisation of organisational operations, the relative power of CEO Kihlman increased remarkably. This was also reflected in the establishing of the board of executives, consisting of a CEO, a managing director and the division managers. The tasks of headquarters remained unchanged: it coordinated the operations of the company, was responsible for finance and investments and monitored “the general industrial and commercial policy interests” of the firm. The most visible change was the reformulating of the company’s name. The original “*Tampereen Pellava- ja Rautateollisuus Osake-Yhtiö*” was replaced by “*Tampella*”, which was more workable and easier to comprehend on the international market (TA, Meeting of the board, June 22, 1960 and December 1, 1960).

The next re-organisation of Tampella’s management took place in 1962. Kihlman was appointed full-time chair of the board of executives, and a new managing director, *Johan Nykopp*, was appointed. In a sense, this meant a return to the two-headed managerial system. Kihlman was responsible for planning and coordinating the large-scale directions and Nykopp took care of the every-day business operations.

Johan Nykopp was an extraordinary business manager: he had no prior experience of managing a business firm. Instead, he had decade-long experience as a ministry officer and as a high ranking diplomat. During the 1930s he worked at the Embassy of Finland in the Soviet Union and during the 1940s he served as a department head in the Ministry of Foreign Affairs. During the Second World War he worked as a personal secretary to Prime Minister Paasikivi. In 1951–1958 he was Ambassador of Finland in the United States. Then he worked three years as the managing director of the Central Association of Finnish Employers (*Suomen Työnantajien Keskusliitto*) (Kuka kukin on 1970). In other words, by the time he was appointed managing director of Tampella, Nykopp had vast experience in various tasks in the state administration and some experience of the operations of co-operative industrial associations.

In the late 1960s Tampella faced few significant changes in its managerial and administrative bodies. The CEO Åke Kihlman died in 1968 and the long-time chairman

of the board, *Jarl Wasastjerna*, retired the next year. Wasastjerna served as the chairman of the board in 1944–1969. His role has been considered especially important during the production of war indemnities, when Tampella's engineering industry faced critical challenges in meeting the rapidly increasing demand (TA, Annual reports 1968 and 1969). In 1970 the number of board members was increased from five to seven, evidently in an attempt to compensate for the loss of the two key persons. Moreover, *Carl af Hällström*, who had been the head of the engineering division since 1940, retired in 1968. He was one of the central figures in developing the business opportunities for Tampella's engineering industry in the Soviet Union after the war (Keskinen 1987, 115; Kuka kukin on 1966; TA, Annual report, 1968).

The coordination and a centralised planning of the business operations were minor before the late 1960s. The company was run in an authoritarian way and very little attention was paid to proper budgeting and long-range planning. In 1968, however, Kihlman pointed out that times had changed and there was a crucial need for coordinated planning. This was the start of the modern strategic planning in the company. It included, for example, a more goal-oriented attitude in each factory and the narrowing of product portfolios within the divisions (TA, Meeting of the board, September 12, 1968).

The implementation of these new practices, however, was very slow. In the early 1970s the company still lacked coordinated planning. Moreover, financial reporting and the coordination of investment plans among business divisions were considered inefficient and insufficient (TA, Meeting of the board, April 16, 1970, May 15, 1970, January 29, 1973). In 1973 a significant improvement in the coordination and planning of the company activities took place with the establishment of the central administration. The central administration consisted of four areas of activity: financial issues, general administration, legal issues and management of subsidiaries, and research and development (TA, Annual report 1973).

After Kihlman's demise, Nykopp inherited his position as the chairman of the board of executives. Nykopp, however, was not appointed full-time chair of the board of executives. Instead, he continued as the managing director, and thus Tampella returned to

the system of one top manager. In 1972 Nykopp retired from the post of managing director, but continued as a member of the board of directors.

After Nykopp's retirement *Nils Gustav Grotenfelt* (1923– ) was appointed the new managing director. The background of Grotenfelt resembled that of Nykopp's in the sense that he had no prior experience of managing a business firm. Instead, he had a rich career in an industrial sales association. After graduating as a senior lawyer (*varatuomari*) in 1951, Grotenfelt acted as a procurator in the sales association of Finnish paper producers called *Finnpap* (Suomen Paperitehtaitten Yhdistys). From 1958 to 1972 Grotenfelt worked as the deputy manager and the chairman of the board of executives in *Finnpap* (Kuka kukin on, 1978). Grotenfelt was regarded as a reserved person who had certain difficulties in creating close relationships with his subordinates. He also tended to delegate the managerial tasks and concentrate on the issues that he considered most important (Helsingin Sanomat, May 3, 1977; Interview with Leo Vatanen, September 2, 2003).

As a consequence of the critical financial situation in the mid 1970s, the top management of Tampella became aware of the need to change the management style of the company. The main principle in the management of the company had for decades concentrated on expanding the volume of production (cf., Laurila 1989, 52). Now, the managing director Nils Grotenfelt argued for more emphasis on controlling the costs and improving the profitability of the company (Uusi Suomi, June 11, 1978). This statement by Grotenfelt clearly describes the management culture in the closed economy of Finland. In the regulated business environment, the main vehicle of competition was the volume of production, not the profitability.

At the beginning of his era, Grotenfelt made some significant changes in the board of executives. He recruited *Aake Lehmus* (1933– ) as the administrative manager and *Leo Vatanen* (1941– ) as the financial manager. These three constituted the inner circle in Tampella's management during the 1970s. Lehmus took care of the public relations both on local and national level, operating as Grotenfelt's right-hand man (Interview with A. Lehmus, August 22, 2003). Vatanen, on the other hand, gradually increased his power in the company. During the financial crises of the 1970s, the role of Vatanen as an expert in

finance became essential. He developed the budgeting and financial reporting systems within the company. The location of Vatanen's and Grotenfelt's offices was moved from Tampere to Helsinki, closer to the financial sources (Talouselämä 12: 1977, 76–77) and also the political decision-makers. Consequently, Vatanen was promoted as the deputy managing director in 1980. At the same time he was appointed the chairman of the board of executives (TA, Annual report 1980; Talouselämä 2:1981, 56–57; Kuka kukin on 1990). At the same time, Grotenfelt started to step aside from the operational level of management.

Thus it was no surprise that Vatanen became Grotenfelt's successor in 1983. Grotenfelt, however, still remained on the board of directors for two years as he was nominated chairman of the board. The career of Vatanen was rapid within the company: he graduated from a legal expert to managing director in a decade. In fact, Vatanen was the first managing director since Kihlman who was recruited from inside the company. Like the two preceding managing directors, however, Vatanen was not trained in business management. Instead, having graduated as Master of Laws in 1964 and Master of Science in Economics in 1967, Vatanen had worked at Tampella since 1970, first in the legal department and then in the financial department (Kuka kukin on 1990). His management style was considered cautious and administrative, one that avoids risks. As a person he was regarded as determined but also as stubborn and introverted (Talouselämä, 17:1987; Talouselämä, 42:1988; Laurila 1989, 58–61).

The change in Tampella's ownership in 1987 turned out to be detrimental to Vatanen. The new main owner, the SKOP bank, purged the board of directors of the old members. Indeed, it announced that its aim was to develop the operations of company by providing full support for existing management (Talouselämä 11:1987). However, at the beginning of 1988 the board of Tampella decided to replace Vatanen with a new managing director (TA, Annual report 1988: Kauppalehti, January 19, 1988). The new owner did not consider Vatanen the right man implement the radical changes in the company that it was

planning.<sup>46</sup> This was a radical move in the history of Tampella, because Vatanen became the first managing director for several decades to be *de facto* fired.

The choice of Tampella's board for a new managing director was *Pekka Salo* (1939–). His task was to achieve a total turnaround in the company, both at the economic and mental level. He was a Master of Science in Technology and had successfully managed a paper machine division of Wärtsilä Corporation for several years. In 1986 Wärtsilä sold the division to the state-owned Valmet, the biggest producer of paper machines in Finland. In fact, Salo was recruited from a rival company, because Tampella and Valmet had recently terminated two decades of cooperation in the production and marketing of paper machines. Although a respected business manager, Salo however, had no experience of running a large-scale industrial company. Salo was characterised as an enthusiastic and inspiring manager, who required the full commitment of his subordinates. He also emphasised the importance of organisational culture, team spirit and management by objectives (MBOs). Consequently, Salo implemented a fast-moving and extensive reform in the company. In 1988, half of the top management was replaced by persons suitable for Salo's new ideology. Moreover, several projects aiming at a change in the business culture of the company were initiated (TA, Annual reports 1987–1988; *Talouselämä* 4:1988, 8; *Talouselämä* 42:1988, 22–25; *Kauppalehti*, January 19, 1988; Interview with P. Salo, December 2, 2003).

The turnaround process run by Salo did not succeed. In 1990 the company incurred huge losses and at the beginning of 1991 Salo was replaced by *Timo Summa* (1948–). Summa had been a member of Tampella's board since 1987, as he was the managing director of Interpolator, which was owned by SKOP bank. His main working experience, however, was connected to trade association activity. During the 1980s he had been a department head in the Association of the Finnish Metal Industry (*Suomen Metalliteollisuuden Keskusliitto*), focusing on industrial and commercial policy issues. When Tampella was taken over by the Bank of Finland in October 1991, Summa continued as managing director of Tampella until 1995.

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<sup>46</sup> In fact, according to the diary of Christoffer Wegelius, who was the deputy managing director of SKOP

### 5.3.2. Turnover of top management

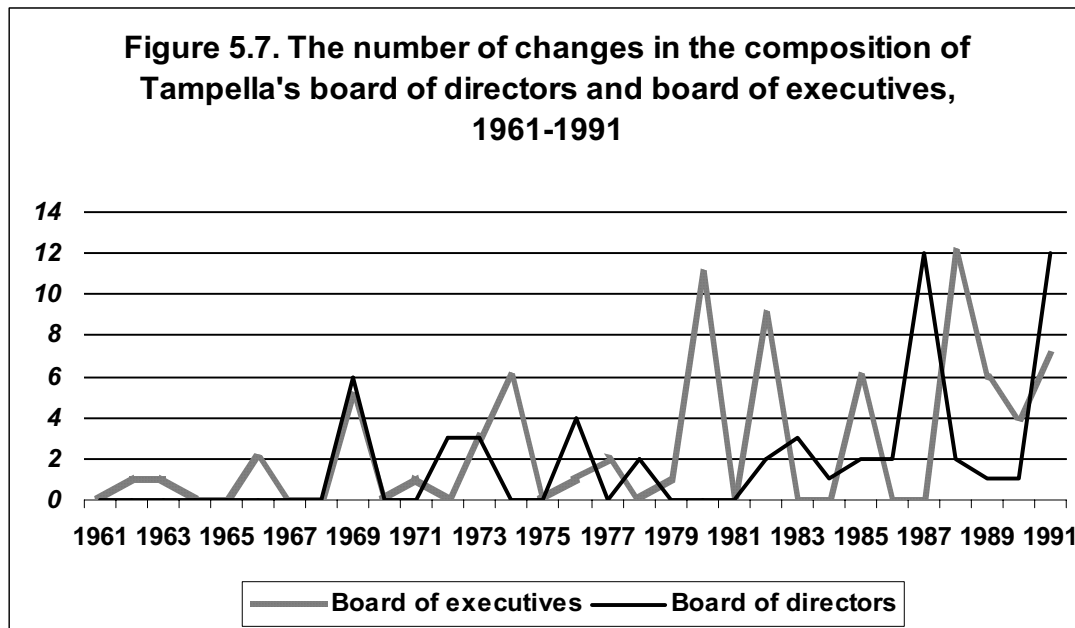
In general, there is an obvious trend towards shorter eras of managing directors in Tampella during the research period. Both Solin and Kihlman ran the company for several decades, but after them the replacement of top managers became more common. Nykopp and Grotenfelt served about ten years each, whereas the eras of Vatanen, Salo and Summa lasted only a few years. This trend depicts the general trend in Finnish business during the post-war period. Moreover, the same kind of development is perceivable in the composition of Tampella's board of executives and board of directors. During the late 1940s and the 1950s the composition of the board of directors remained practically unchanged. In a related vein, before the establishment of the board of executives in 1961, the local factory managers typically served the company for a long time (Suomen pankit ja osakeyhtiöt 1951, 1961).

This relatively stable situation continued until the early 1970s (Figure 5.7). The first major changes in both the board of directors and the board of executives took place in 1969. These changes were related to the deaths of Kihlman and Ehrnrooth, which temporarily disturbed the balance of power in the company. In general, the reasons for the turnover of managers between 1940s and 1960s were natural causes, i.e., death or retirement. During the 1970s, however, the mounting economic problems within the company entailed internal conflicts, especially among the top managers (e.g., TA, Meeting of the board, June 18, 1973). One of the first indications of the intensified power struggle within the company was the dismissal of *Nils Björklund* in 1971, who was deputy managing director and head of the engineering division (TA, Minutes of board, November 19, 1971; Talouselämä, 12:1977, 76–77). In fact, this was the first time since the Second World War that Tampella dismissed a top manager. Another indication of the increasing discord in top management was the changes in Tamrock's management. Two top managers of the Tamrock department resigned in 1972 in protest at the encroachment

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at that time, the first note of replacing Vatanen to someone else was made already in July 1987. See, Saari

on the autonomy of the department (TA, Meeting of the board, March 2, 1972; Talouselämä, 13:1972, 26–29).



Source: TA, Annual reports, 1960–1991

The turnover in top management accelerated during the 1980s, in both level and pace. The composition of the board of executives changed remarkably every two or three years. It is probable that the high rate of changes in top management inhibited efficient management of the company, creating discontinuity in business operations and instability within organisation as a whole.

The changes in Tampella's board of directors were far more modest before the late 1980s. The stability of the board membership, however, was not merely evaluated as a strength of the company. Especially during the financial crisis of the 1970s and the 1980s

Tampella was considered a rigid and stagnant company. Criticism of the board of directors claimed that it was occupied by “stubborn old gentlemen”, incapable of implementing the radical changes in the company which were deemed necessary. In addition, the lack of managerial experience of the managing directors of the 1970s and 1980s was considered to be one of the reasons for Tampella’s problems (Talouselämä, 16:1976, 76; Helsingin Sanomat, April 25, 1978; Talouselämä, 18:1980, 62; Talouselämä, 17:1988, 46; Talouselämä, 42:1988, 22–25). However, the change in ownership in 1987 and the consequent major changes in both the board of directors and the board of executives could not save the company.

### *5.3.3. Management of business-government relations*

#### *5.3.3.1. Key role of managing directors*

During the 1940s and 1950s, the managing director Solin and the deputy managing director Kihlman were the key players in terms of corporate political activity. In fact, Tampella did not assign any public affairs officer to manage business-government relations until the 1960s. In this sense, Tampella was a typical Finnish industrial firm at the time: the CEOs typically took care of the tasks related to the business-government relations. In Tampella, these tasks were partly divided until the late 1940s: Solin served as the central figure by representing Tampella on the boards of the both central associations (FFI and CAFFI) and Kihlman had a position as a member of the CAFFI board. Then Solin, who had acted as chairman of the board of the FFI since 1944, voluntarily relinquished his position in 1947 and started to specialize in labour market issues (FFI, Meeting of the board, November 28, 1947). Correspondingly, he constantly represented Tampella in various employers’ associations<sup>47</sup> and became highly respected

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<sup>47</sup> For example, Solin represented Tampella on the boards of the Finnish Weaving Industry Employers, the Finnish Metal Industry Employers and the Finnish Wood-Processing Industry Employers. See, Kuka kukin oli (Who was who), 1961.



person in these organisations. In fact, Solin was elected chairman of the board of the Central Association of Finnish Employers (*Suomen Työnantajien Keskusliitto*) in 1954–1957.

Kihlman, on the other hand, focused more on representing Tampella in industrial trade associations. In 1950 he inherited Solin's position as an FFI board member, after which he represented Tampella on the boards of both central trade associations. Moreover, within the trade associations Kihlman participated especially in the committees on trade policy issues. Accordingly, Kihlman was more active than Solin in managing the political activities of Tampella during the 1950s. It seems obvious that the monitoring and managing of industrial and trade policy issues was Kihlman's responsibility, whereas Solin concentrated on managing labour market issues. Evidently, the division of labour between Solin and Kihlman was a deliberate plan, through which they could focus on strengthening their capabilities and expertise in the specific policy arenas.

During the 1940s and 1950s the management of government relations was unsystematic and heavily dependent on the managing director's personal ability and willingness to devote managerial resources to the political arena. In the early 1960s, however, the need for specialization in the area of business-government relations – and more broadly business-society relations – was recognised. In 1960 Tampella initiated an extensive re-organisation process in which the management system of the company was totally reformed, for example, by establishing a top management team. At the same time, suggestions for more systematic and consistent management of government relations were made for the first time. At this point, the primary emphasis was on monitoring and influencing trade policy issues (TA, Meeting of the board, June 22, 1960). Two years later the board of executives suggested broadening the scope of government relations by concluding that the tasks of public relations should be delegated to a specialist (i.e., lobbyist). These early discussions did not, however, lead to any concrete action. Instead, the tasks of public relations were entrusted to an administrative manager, who would manage public relations along with his main responsibilities (TA, Meeting of the board, February 9, 1962). Thus in practice the division of responsibilities in the management of government relations remained unchanged.

The emergent attention to the importance of public affairs and public relations, however, gradually increased during the 1960s. For example, Tampella published brochures describing the various activities and the main principles of the company (TA, Meeting of the board of executives, December 2, 1963). In the late 1960s, the demonstration of production facilities to various external stakeholders was recognized as one of the crucial tasks in the improvement of the public relations. The organisation and coordination of the demonstrations were entrusted to director *Erkki Vuolio* (TA, Meeting of the board of executives, March 19, 1968). Moreover, during the 1960s the department of legal affairs was established to the central administration of the company. It monitored and took care of the legislative issues in the various areas, such as taxation, employees' pensions, real estates and social security (TA, Meeting of the board of executives, June 25, 1970).

Dispite these first tentative attempts at specialisation and decentralisation in the management of business-government relations, the role of the managing directors (CEO Kihlman and managing director Nykopp) remained pivotal during the 1960s. In addition, these two central actors divided their responsibilities similarly to Solin and Kihlman in the 1950s. This time, however, the division was made between the central trade associations. Nykopp represented Tampella in the FFI, whereas Kihlman was active in the CAFFI. In other words, Nykopp concentrated on the policy issues emerging in the domestic market industries and Kihlman focused on promoting Tampella's business interests in the export-oriented industries (i.e., wood-processing industries) (FFI, Annual report, 1950–1959; CAFFI, Annual report, 1950–1959).

On the organisational level, the changes in the management of public relations proceeded slowly. In 1970 Tampella decided to appoint a public relations secretary directly subordinate to the managing director. The vacancy, however, was not filled for the time being (TA, Meeting of the board, June 25, 1970). When the new managing director Nils Grotenfelt started in 1973, he found that the company still had serious shortcomings in the management of public relations. Grotenfelt emphasised the need to intensify the management of internal but especially external communications. For example, the company bulletins should aim at open dissemination of information, but decidedly avoid any politically-oriented statements. In addition, Grotenfelt decided to

employ a head of the information department in the central administration (TA, Meeting of the board, January 8 and 15, 1973; *Talouselämä* 25:1973, 46) and a lawyer specialized in legislation of environmental protection to the legal department (TA, Meeting of the board, April 24, 1973). The latter act was closely related to the tightened standards and regulations for air and water pollution since the early 1970s.<sup>48</sup> Moreover, the importance of public affairs management was recognized for the first time in the long-range planning of the company in the mid 1970s. The goal was “to use communications for creating a respected position as a high-level and a capable industrial enterprise” (TA, Minutes of the R&D department, November 27, 1974).

Grotenfelt also paid attention to the monitoring and controlling of trade policy issues. He noted that the commercial policy department, which was established in the early 1970s and run by *Henrik Lagus*, needed more resources. Grotenfelt pointed out that hiring a specialist in trade policy was “urgent and important” task (TA, Meeting of the board of executives, August 19, 1974). Consequently, *Atanas Tilev* was appointed secretary of commercial policy. Being born in Bulgaria, Tilev was entrusted to promote the trade with the East European countries (SEV countries) and the Arab countries (TA, Meeting of the board of executives, February 3, 1975). Two years later, Tilev was promoted to the commercial manager of the company. Tilev’s main task was to advance and coordinate Tampella’s trade with the Soviet Union and the SEV countries, especially in the products of Tamrock and other engineering industry products (TA, Meeting of the board of executives, October 3, 1977).

Although the scope of Tilev’s tasks encompassed primarily purely commercial issues, his appointment and activities also had political implications. Tilev was able to build a wide network of personal relations, both in Finland and abroad. He was married to a daughter of *Ahti Karjalainen* (1923–1990), who was a close colleague of President Kekkonen and one of the most influential politicians in Finland during the 1970s<sup>49</sup>. Grotenfelt, who recruited Tilev for Tampella, was a close friend of Karjalainen.

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<sup>48</sup> Environmental issues became increasingly debated in Finland at the turn of the 1970s. For example, the National Board of Waters (*Vesihallitus*) was established in 1970.

<sup>49</sup> Ahti Karjalainen was a member of eleven cabinets in 1957–1977, and elected Prime Minister twice (1962–1963 and 1970–1971). Kuka kukin on, 1978.

Moreover, in the trade with the Soviet Union and the SEV countries the confidential relationships to the most influential politicians and various governmental bodies were essential. Tilev was a very skilful businessman and was able to utilise his wide connections in promoting Tampella's business opportunities in Eastern Europe (Interview with K. Miesmäki, August 19, 2003; Interview with L. Vatanen, September 2, 2003; Interview with A. Lehmus, August 22, 2003).

Tampella's political activity became more systematic and controlled during the 1970s. For example, Tampella started to intensify the application of various state subsidies, such as the grants for research and development (TA, Meeting of the board of executives, November 12, 1971 and April 8, 1972). Tampella also began to invite a large number of politicians and state officials – both domestic and foreign – to familiarise them to Tampella's business activities and prevailing business conditions (TA, Grotenfelt's correspondence, 1974–1982). With the domestic politicians the primary purpose of the visits was to discuss essential and topical political issues. With the foreign visitors the main interest of Tampella was to enhance the trade in the particular country (Interview with L. Vatanen, September 2, 2003; Interview with A. Lehmus, August 22, 2003). During the 1970s and 1980s, the most foreign visitors came from the Soviet Union, which reflected Tampella's crucial interests in the Soviet trade. Simultaneously with the escalating financial problems, Tampella broadened the range of politicians and state officials invited to visit its premises. The range of visitors included politicians, representatives of public financiers, foreign customers, representatives of government agencies, local authorities, representatives of various interest groups and representatives of the media (TA, Grotenfelt's correspondence, 1974–1982).

Another form of Tampella's political activity that increased during the 1970s was the use of Finnish ambassadors to explore the possibilities of penetrating new foreign markets (e.g., TA, #3012, Correspondence of top management team, 1975–1977). This kind of activity became general among Finnish firms and it was a result of increased cooperation and confidence between business and government. Typically the ambassadors organised official meetings between local authorities and Tampella's representatives, in which Tampella was offered an opportunity to present its products and

business activities (Interview with K. Miesmäki, August 19, 2003; Interview with L. Vatanen, September 2, 2003).

Tampella's willingness to look after its commercial policy interests in international markets increased during the late 1970s. Accordingly, Tampella searched for opportunities to employ an agent or establish a public affairs office specialised in commercial policy issues in its central market areas, such as the Soviet Union (and the SEV countries), the United States and West Germany. For example, Nils Grotenfelt suggested to Matti Kankaanpää (who was the managing director of TVW Machine Group<sup>50</sup>) in 1979 that TVW should strengthen its political activity in the United States by hiring "an experienced lobbyist". Grotenfelt felt that the services of lawyers' offices were no longer enough. Instead, a more proactive approach was needed to anticipate the changes in the regulatory environment (TA, Correspondence of Grotenfelt, Grotenfelt to Kankaanpää, November 1, 1979). Other crucial market areas, in which Tampella sought to improve its interests, were the Far East and the Arab countries (TA, Meeting of the board of executives, October 10 and 31, 1977, January 20, 1978). As a result of these endeavours, Tampella hired a lobbyist in the Consulate of Finland in Prague, Czechoslovakia in 1980, whose task was "to create contacts to local authorities and conduct market research" (TA, Correspondence of Karhola, A. Lehmus to A. Karhola, March 25, 1980). About the same time, Tampella was negotiating with Czechoslovakian authorities about the trade of Tampella's equipment for the wood-processing and engineering industries (TA, Correspondence of Grotenfelt, Grotenfelt to Jana Matejovska, April 9, 1980). In the following year, Tampella and Wärtsilä established a joint commercial agency in Moscow (Suomenmaa, October 15, 1981). Before the 1970s, Tampella used to take care of these activities through collective organisations. For example, Tampella was one of the founding members of the Finnish Development Center established in the United States in 1967. The task of the center was to promote the exports of Finnish industrial products on the U.S. market (TA, Meeting of the board of directors, October 25, 1967).

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<sup>50</sup> TVW Machine Group was a joint venture of three Finnish engineering companies, Tampella, Valmet and Wärtsilä. TVW was in fact a cartel in which the partners agreed upon the division of product portfolios and joint sales activities.

During the 1970s the decentralisation and specialisation in managing the business-government relations clearly increased compared to the 1960s. Nevertheless, the managing director was the *primus inter pares* in promoting Tampella's political interests. Besides the managing director Grotenfelt, administrative manager Lehmus and financial manager Vatanen were active in political issues. The deputy managing director *Arvo Korhola* was entrusted with the management of commercial policy issues in the early years of the 1980s (TA, Annual review 1980–1981). Moreover, the divisional managers took care of the political issues involving the specific business interests of their divisions (Interview with L. Vatanen, September 2, 2003; Interview with K. Miesmäki, August 19, 2003; Interview with A. Lehmus, August, 22, 2003; Interview with E. Mattinen, August 29, 2003; Interview with R. Hemmilä, December 3, 2003).

In 1983, *Henrik Lax* (1946– ) was appointed deputy manager of the central administration of Tampella. His tasks included business-society relations, external communications and personnel issues. Lax had joined the company in 1973 and worked first as a lawyer in the legal department and later in the 1970s as a department head in the textile division. Lax was involved in politics, first on the local level and then during the 1980s on the national level. In 1985 Lax was elected vice-chairman of the Swedish People's Party (*Ruotsalainen Kansanpuolue*) and two years later to a Member of Parliament (Kuka kukin on 1994; TA, Newspaper clips, Unidentified newspaper, January 5, 1988). After being elected to the Parliament, Lax continued as a part-time specialist in Tampella during the whole electoral period (i.e., years 1987–1991). He was assisting Tampella's top management in specific strategic issues, and he had continual discussions with the managing director about the pending and emerging political issues in the Parliament (Interview with L. Vatanen, September 2, 2003; Interview with P. Salo, December 2, 2003; Aamulehti, May 8, 1987; TA, Newspaper cuttings, Unidentified newspaper, January 5, 1988).

*Jaakko Holkeri* was appointed to succeed Lax in 1987. Before his appointment in Tampella, Holkeri had worked in the Central Association of Finnish Employers. His job description was quite similar to that of Lax, but he was more active in legal matters. However, Jaakko Holkeri was a good potential political resource to the company, since he was a brother of the newly elected Prime Minister *Harri Holkeri* (Aamulehti, May 8,

1987; TA, Newspaper clips, Unidentified newspaper, May 9, 1987; Kauppalehti, July 26, 1989). In fact, one of his tasks was to monitor the political arena and to help create personal connections between Tampella's top management and the Prime Minister (Interview with E. Mattinen, August 29, 2003).

The centrality of the role of managing directors as coordinators and the main decision-makers in political issues is also shown in Table 5.1. Out of the 1038 political actions of Tampella in 1944–1991 detected for this study, 181 actions were such that the firm-level actor could be identified. Clearly most of these actions (68 per cent) were taken by a managing director. Correspondingly, managers in the central administration (such as administrative managers, financial managers, the manager of the legal department) and business division managers were each involved in one tenth of the actions. However, there were some fluctuations over time. The role of the business division managers was almost as crucial as the role of the managing director in the 1940s and 1950s. In relative terms, the crucial role of managing directors was most evident during the 1960s and 1970s. In the 1980s, on the other hand, the number of politically active managers increased remarkably, as the administrative managers, business division managers and public affairs managers became more involved in political issues. Interestingly, the role of the board members as political actors during the entire research period was peripheral.

**Table 5.1.** The political actors in Tampella, 1944–1991

<b>Years</b>	<b>Managing director</b>	<b>Central administration</b>	<b>Division manager</b>	<b>Public affairs manager</b>	<b>Board member</b>
<b>1944-50</b>	11	1	5	0	1
<b>1951-60</b>	13	0	9	0	0
<b>1961-70</b>	6	1	0	0	0
<b>1971-80</b>	71	14	3	1	1
<b>1981-91</b>	25	6	8	7	2
<b>Total</b>	<b>126</b>	<b>22</b>	<b>25</b>	<b>8</b>	<b>4</b>

The implementation of the systematic management of government relations into the core of Tampella's business systems improved very slowly. Despite the numerous

attempts at specialisation in the area of business-government relations since the early 1960s, the old practices remained relatively unchanged until the mid 1970s. Tampella had several managers whose job descriptions included management of public affairs, but this was not their main task. Clearly, the development at organisational level was much a series of *ad hoc* responses to emerging needs than deliberately coordinating and executing a consistent plan. Typically, before the early 1980s the tasks of business-government relations were taken care of as a part-time job by various managers (i.e., the managing director, the deputy managing director, the divisional manager, the administrative manager, the commercial manager and the communications manager). In fact, Henrik Lax was the first (and only) manager who concentrated solely on the management of business-government relations. Moreover, even the appointment of Lax was not an entirely strategic action, but more a response to the force of circumstances. In the reorganisation and the downsizing of the textile division Lax was removed from the operational management. Instead, his skills and unforced interest in politics was considered as a potentially beneficial resource to the company. Therefore, it is reasonable to state that the role of managing directors was the most crucial in the management of business-government relations during the whole research period (cf. Interview with E. Mattinen, August 29, 2003; Interview with L. Vatanen, September 2, 2003; Interview with P. Salo, December 2, 2003; Interview with K. Miesmäki, August 19, 2003; Interview with A. Lehmus, August, 22, 2003; Interview with J. Mattila, August 29, 2003).

### *5.3.3.2. Political assets of Tampella's managing directors*

The political assets, or political capital, of a firm's managers is generally considered as a central intra-firm resource that potentially affects the level and nature of corporate political activity (Hillman & Keim 1995; Hillman et al. 1999; Hillman & Hitt 1999). Typically, the political assets describe the degree to which a firm's manager is connected to political decision-makers, and thus the range of opportunities to achieve political information and have an influence on political decision-making. In post-war Finland, a business manager was able to gain access to political decision-makers or political



information through the national trade associations and industrial co-operative committees, because these organisations had continuous connections to the political elite and the most influential state officials<sup>51</sup>. In this sense, membership of the administrative boards of these organisations was a way to create invaluable connections to policy makers. Moreover, trade associations constituted a central market for political information. On the one hand, key politicians and state officials supplied information about the emerging political issues to the trade associations. On the other hand, firms used the trade associations as a channel to inform the political elite of the latest developments in business conditions. Besides personal connections and information, membership of the industrial lobbying organisations provided a manager with social status. Therefore, not only the membership but also the position in the administrative boards was a source of political capital for an individual business manager.<sup>52</sup>

Typically, the boards of directors of the central trade associations were occupied by managing directors of firms. Accordingly, the associations can be seen as a kind of contact network, through which business managers were able to accumulate their political assets. This kind of industry-wide contact network<sup>53</sup> can be used as a proxy to describe the political assets of Tampella (and its managing directors) vis-à-vis other Finnish companies. Table 5.2. presents the temporal variation in the ranks<sup>54</sup> of Tampella and five

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<sup>51</sup> For example, Ristimäki (2000, 61–62) points out that the boards of trade associations were an important source of information.

<sup>52</sup> For example, a chairman of the board of a central trade association had higher social status and thus more bargaining power in the political arena than a business manager without any formal position in such associations or even a member of the board.

<sup>53</sup> The industry-wide contact network was generated by collecting the data including the memberships of the main industrial lobbying organisations in 1944–1991. The database included the board of directors of the Federation of Finnish Industries (Suomen Teollisuusliitto) and its working committee in 1944–1975, the board of directors of the Central Association of Finnish Forest Industry (Suomen Metsäteollisuuden Keskusliitto) and its working committee in 1944–1991, the board of directors of the Confederation of Finnish Industry (Teollisuuden Keskusliitto) in 1976–1991 and its working committee in 1981–1991, the members of the Industrial Delegation (Teollisuusvaltuuskunta) in 1944–1971 and the members of the Central Committee of Finnish Industry (Teollisuuden Keskusvaliokunta) in 1944–1971. The contact network included 387 managers representing 188 industrial companies.

<sup>54</sup> The ranks were determined by calculating annual relative points for each company (and its managers). First, the various positions in the boards were weighted as follows: a chairman of the board was given three points, a deputy chairman of the board was given two points and a member of the board was given one point. In other words, both the quantity and the quality of the positions were considered. Using this logic, a sum of points was calculated for each company in every year. Then the sum of points in each year was proportioned to the total sum of points in that year. As a result, the annual sum of relative points was generated.

other Finnish major industrial companies within the network. These six firms were some of the most important firms within the network during the research period. However, their positions in the network varied a lot over time. Tampella, for example, held a very prominent position in the contact network between the 1940s and 1960s. During the 1970s and 1980s, however, its relative importance declined. Ahlström and Wärtsilä followed quite a similar path: their centrality within the network diminished over the decades, and especially during the 1980s. On the other hand, Nokia and Rauma-Repola improved their positions significantly during the 1960s and 1970s, whereas Kymin Osakeyhtiö belonged to the core of the network for the whole time period.

**Table 5.2.** Ranking of six Finnish industrial companies within the industry-wide contact network

<b>Company</b>	<b>1944–50</b>	<b>1951–60</b>	<b>1961–70</b>	<b>1971–80</b>	<b>1981–91</b>
Tampella	2	2	2	12	17
Kymin Osakeyhtiö	3	1	7	8	2
Wärtsilä	5	4	3	7	35
Ahlström	1	3	8	3	22
Nokia	8	12	27	1	1
Rauma-Repola	26	11	1	2	3

The personal positions of Tampella’s managing directors in the contact network<sup>55</sup> also indicate that the relative bargaining power of the company decreased over time (Table 5.3.). Solin and Kihlman belonged to the inner circle of the network, whereas the positions of their successors were less central. For example, Solin and Kihlman held the positions of either chairman or vice-chairman of the board in the central trade associations. Accordingly, they were members of the working committees which practically made the decisions on all significant issues (e.g., Ristimäki 2000, 61). Nykopp was also a member of the working committee of both central trade associations, but since

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<sup>55</sup> The personal rankings were determined by calculating the sums of relative points of each manager in the network during the era of a particular Tampella managing director. The only exception was Åke Kihlman, whose ranking denotes his relative position in the network during both his era as deputy managing director and as managing director of Tampella (i.e., 1944–1968).

Grotenfelt's era Tampella had no position on the working committees. In addition, during the era of Vatanen Tampella lost its seat on the board of the Confederation of Finnish Industry<sup>56</sup>.

Since the early 1960s almost all managing directors of Tampella (i.e., Nykopp, Grotenfelt, Summa) had prior working experience either in the state administration or industry lobbying organisations. None of them, however, had a political career or belonged to any political party<sup>57</sup>. Because of their background, the managing directors of Tampella had created personal political capital that helped them in managing government relations. Since they were familiar with the functioning of the political decision-making system in the country, they were able to have access to policy-makers and to influence their specific decisions.

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<sup>56</sup> In 1984–1987 Vatanen was a reserve member of the board of the Confederation of Finnish Industry.

**Table 5.3.** Positions of Tampella's managing directors in the contact network

	Rank	Name	Company	Relative points
Solin (1944–59)	1.	Ekhholm, K. E.	Kymin Oy	0,758
	2.	Wahlforss, Wilhelm	Wärtsilä	0,638
	3.	<b>Solin, Arno</b>	<b>Tampella</b>	<b>0,591</b>
	4.	Lehtinen, William	Enso-Gutzeit	0,580
	5.	Helenius, Lauri	Fiskars	0,556
Kihlman (1944–68)	1.	Serlachius, R. Erik	G.A. Serlachius	0,935
	2.	Ekhholm, K. E.	Kymin Oy	0,919
	3.	Walden, Juuso	Yhtyneet Paperitehtaat	0,745
	4.	<b>Kihlman, Åke</b>	<b>Tampella</b>	<b>0,705</b>
	5.	Lehtinen, William	Enso-Gutzeit	0,705
Nykopp (1962–72)	1.	Honkajuuri, Paavo	Rauma-Repola	0,498
	2.	Serlachius, R. Erik	G.A. Serlachius	0,430
	3.	Tuomas-Kettunen, Erik	Vaasan Höyrymylly Oy	0,417
	4.	Jensen, Waldemar	Suomen Trikootehdas	0,385
	5.	Halle, Pentti	Enso-Gutzeit	0,340
	12.	<b>Nykopp, Johan</b>	<b>Tampella</b>	<b>0,246</b>
Grotenfelt (1973–82)	1.	Mattila, Olavi J.	Enso-Gutzeit/Valmet	0,428
	2.	Ehrnrooth, Gay	Schauman	0,396
	3.	Lehto, Sakari T.	Paraisten Kalkkivuori Oy	0,371
	4.	Sere, Jouko	Rauma-Repola	0,331
	5.	Tavela, Heikki	Amer-Yhtymä	0,307
	19.	<b>Grotenfelt, Nils G.</b>	<b>Tampella</b>	<b>0,182</b>
Vatanen (1983–87)	1.	Kairamo, Kari	Nokia	0,261
	2.	von Hertzen, Gustav	Suomen Sokeri	0,212
	3.	Castrén, Fredrik	Kymin Oy	0,197
	4.	Tavela, Heikki	Amer-Yhtymä	0,196
	5.	Hakkarainen, Niilo	Yhtyneet Paperitehtaat	0,180
	17.	<b>Vatanen, Leo</b>	<b>Tampella</b>	<b>0,082</b>
Salo (1988–90)	1.	Ehrnrooth, Casimir	Kymin Oy	0,197
	2.	Kiesi Orvo Total	Art-Print	0,148
	3.	Ihamuotila, Jaakko	Neste	0,131
	4.	Matomäki, Tauno	Rauma-Repola	0,098
	5.	Serlachius, Gustaf	Metsä-Serla	0,098
	13.	<b>Salo, Pekka</b>	<b>Tampella</b>	<b>0,049</b>

<sup>57</sup> Note that it was not unusual for a business manager in Finland publicly supported a specific political

Out of Tampella's managing directors during the post-war period, Johan Nykopp had probably the most extensive network of political connections. Due to his background in the state administration, Johan Nykopp had created close personal relations to numerous influential politicians, state officials and industrialists (both on the domestic front and abroad). More importantly, he had established very confidential relation networks in two major market areas of Tampella, namely the Soviet Union and the United States (Kauppalehti, June 17, 1989; Nykopp 1985; Keskinen 1987, 49). In the role of a state official Nykopp participated in several trade agreement negotiations with the Soviet Union during the 1950s. Knowing Russian culture and being able to speak Russian, Nykopp was highly respected in the Soviet Union.<sup>58</sup> As the Ambassador of Finland to the United States, Nykopp arranged U.S. credits for Finland during the early 1950s, and thus created confidential relations to the major U.S. banks (UKA, 21/55 Ulkomaankauppa, Nykopp to Sakari Tuomioja, June 17, 1953). Therefore he was able to utilise these relationships as the managing director of Tampella, when he consolidated the foreign loans of the company in the early 1960s (TA, Minutes of board, July 2 and December 4, 1963; TA, Correspondence of Åke Kihlman, Kihlman to Nykopp, July 7, 1962). Thus, despite his obvious deficiencies in managerial skills, Nykopp possessed a large amount of social and political capital that he could utilise in managing the company.

The top managers who had the most extensive connection networks also played an important role in maintaining continuity in the relationships to policy-makers. In fact, they could transfer their intangible political resources (i.e., knowledge of the political system and personal networks) to the lower-level managers of the company. For example, Leo Vatanen "inherited" his connection network in the 1970s from Johan Nykopp and Nils Grotenfelt. Thus, by the early 1980s, when Vatanen became managing director of Tampella, he had wide personal connection network (Interview with L. Vatanen, September 2, 2003)

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party during the post-war period.

<sup>58</sup> For example, the leaders of the Soviet Union stated that the presence of Nykopp in negotiating the first five-year trade agreement was "necessary". See, UKA, 21/55 Ulkomaankauppa, undated memo from the dinner reception hosted by Generalissimo Stalin in 1950.

#### *5.3.3.3. Contradictions in the political interests of business divisions*

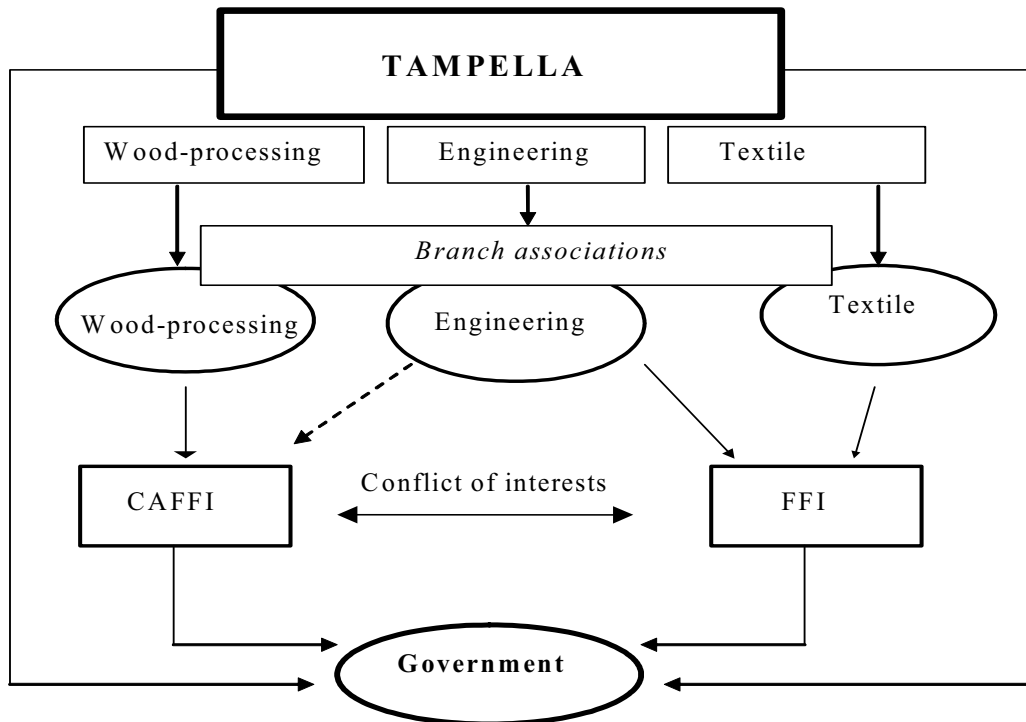
Due to the special industry structure of Finland, Tampella had controversial political interests to promote. This dichotomy was especially evident in the trade policy issues. Before the mid 1970s, Finnish industry was divided into two camps. In simplified terms, the wood-processing industry represented by CAFFI promoted trade liberalisation and the domestic market industries (including, e.g., the engineering and textile industries) represented by the FFI promoted protectionism. In these conditions, Tampella was an exception, because it was one of the few companies belonging to both camps. This meant that Tampella had to promote diverse interests both in collective and individual political activity.

Figure 5.8. presents the basic elements of the political environment of Tampella before the mid 1970s. It also describes the various channels of influence that Tampella used in its political activity. In collective political activity each business division of Tampella belonged to their branch associations, which in turn were the members of the central associations. The branch associations could contact the government in various policy issues either directly or through the central trade associations. Accordingly, Tampella had basically four ways to practice its government relations: it could 1) utilise the permanent channels of the central trade associations, 2) co-operate within the branch associations, 3) form a temporary, informal coalition with its rivals and 4) individually contact the government (which was the primary focus in this study).

Since the early 1960s, as the engineering industry began gradually to penetrate the export market and to favour trade liberalisation, the strategic situation of Tampella in the political arena became even more complicated. Its two major branches of production – engineering and wood-processing – promoted more liberal trade policy, but those interests had to be promoted in two diverse and partly opposing central associations. The engineering division belonged to FFI, which was still mostly dedicated to the protection of the domestic market.

After the establishment of the Confederation of Finnish Industries in 1975 the traditional dichotomy disappeared in the collective political activity of Finnish industry. On the company level, however, the specific characteristics of each business division remained unchanged. In Tampella, for example, the competitiveness of the textile industry was more dependent on government interventions than the engineering and wood-processing industries. Moreover, there were differences within the business divisions as some business sectors were more dependent on domestic markets than others. This was especially evident in the engineering division, where the success, for example, of the armaments and turbine department was heavily dependent on government purchases.

**Figure 5.8.** Political environment of Tampella before the mid 1970s.



#### **5.4. Identifying distinctive periods of Tampella's development**

Based on the in-depth historical analysis of the evolution of Tampella's activities in both the competitive and the political arenas, five distinctive historical periods could be identified. These periods were 1) slow growth and high regulation (1944–1956), 2) fast expansion and increasing competition (1957–1967), 3) deep economic crises (1968–1977), 4) slow recovery and reorientation (1978–1986) and 5) turnaround and collapse (1987–1991). The periodisation of the historical path of Tampella is utilised in the quantitative analysis in order to examine the evolutionary patterns of Tampella's competitive and political activity. In the following, the key characteristics of each period are briefly described.

##### *Slow growth and high regulation (1944–1956)*

During the first period Tampella's business environment was strictly regulated. The system of economic regulation was set up during the Second World War and persisted to the mid 1950s. The regulation applied to several sectors of economic activity, such as foreign trade, capital market, wages and the prices of certain commodities.

Under these restricted conditions, the possibilities for large-scale strategic manoeuvres in the competitive market were few. The business environment of Finnish firms can be labelled as static. Accordingly, the competitive strategy of Tampella was relatively inactive. Tampella made only few investments and most of them were aimed at maintaining the existing production capacity. The growth rate of the company was low. The amount of regulation started to decrease in the mid 1950s as the state interventions in controlling the prices and foreign trade were gradually liberalised. One of the first concrete acts towards a more liberalised economy was the Helsinki Club treaty in 1957.

##### *Fast expansion and increasing competition (1957–1967)*

During the second period the liberalisation process in the Finnish economy continued. Although the Finnish economy still remained essentially closed, more competitive elements emerged due to the liberalisation process. As a result, several branches of



industry that had been heavily dependent on domestic markets (such as the engineering and textile industries) faced more import competition and thus were forced to adapt to the new business environment.

During this period Tampella grew very fast and expanded to new market areas. It started to internationalise its operations dramatically by acquiring and establishing several foreign units. The expansion was most evident in the engineering and wood-processing divisions. The engineering division was especially successful in penetrating new export markets. On the other hand, the textile division had to defend its position vis-à-vis increased import competition on the domestic markets. However, the fast expansion also had negative outcomes. Many of the early foreign investments were unsuccessful, causing a rapid increase in the indebtedness of the company.

#### *Deep economic crises (1968–1977)*

The first signs of serious problems in Tampella's economic position emerged in the late 1960s. High financial costs deriving from the increased debt-equity ratio lowered the profitability of the company. The international oil crises and a consequent recession in the world market in the mid 1970s exacerbated the financial problems. In 1976, the financial basis of Tampella was in a very critical condition. Tampella was forced to streamline its operations and withdraw from several foreign investments. In this sense, Tampella returned to execute export-oriented internationalisation strategy.

The process of trade liberalisation proceeded as the free trade negotiations between Finland and the EEC were concluded in 1974. As a consequence, import competition increased, causing a further threat to the competitiveness of Tampella's textile division. On the other hand, the trade liberalisation provided more opportunities for expanding exports, especially in the engineering and wood-processing divisions.

The emerging left-wing radicalism in Finnish society during the 1970s posed a serious threat especially to the large corporations and to the capitalist system as a whole. The criticism of big business and its economic and political power increased remarkably.

Accordingly, the more critical political climate created new conditions for Tampella's political activity.

*Slow recovery and reorientation (1978–1986)*

By the late 1970s the turmoil in the business environment of Tampella was stabilised. The left-wing radicalism waned and the economic conditions improved. The industrial policy of the Finnish government became more supportive and facilitative. At the same time, Tampella was able to recover from the deep economic crises. It started to invest heavily at the turn of the 1980s, especially in the wood-processing division, by establishing a new paper mill in Anjala. In 1983 Tampella made a decision to withdraw from the textile division, which had been unprofitable for decades. Accordingly, Tampella concentrated on its two major business divisions, wood-processing and engineering. Regardless of this major reorientation Tampella continued to be a highly diversified company within the remaining business divisions.

In the early 1980s the regulative environment of Finnish business corporations changed dramatically, as the Bank of Finland started to deregulate the capital markets. The opportunities for obtaining foreign capital were improved. This increased the room for strategic manoeuvres in Finnish business. As a result, the amount number of mergers increased and several branches of industry started to consolidate.

*Turnaround and collapse (1987–1991)*

The rate of deregulation of the Finnish economy intensified towards the end of the 1980s. In 1987 Tampella became a part of the restructuring of Finnish industry, as the SKOP bank acquired the majority of Tampella's shares from the SYP bank. The new owner implemented an intensive turnaround process in the company. The first priority was to grow as fast as possible, because the prospects in the deregulated business environment were considered almost infinite. The new managing director, Pekka Salo, tried to rebuild the whole business culture of the company. The expansive strategy seemed to work well for the first few years. However, as the economic boom in Finland

turned into recession at the turn of the 1990s, the major investments of Tampella became unprofitable. At the same time, the economic position of the SKOP bank started to deteriorate. Accordingly, the Bank of Finland was forced to take over the SKOP bank and Tampella in 1991 in order to avoid bankruptcies of the both organisations.

## **6 EVOLUTIONARY PATTERNS OF TAMPELLA'S POLITICAL STRATEGY**

Besides the historical description of the evolution of Tampella's political activity and its business environment, I conducted an event data analysis in order to systematically examine the evolutionary patterns of Tampella's political and competitive activity over time. In particular, the purpose of the event data analysis was to determine continuity and change in the streams of Tampella's strategic actions. I begin by analysing the patterns of Tampella's competitive activity. The focus of the analysis is on the types of competitive actions that Tampella took. As a result, the general trends in Tampella's competitive strategy are identified. I then move on to a more detailed quantitative analysis of Tampella's political actions. I use both frequency analysis and co-occurrence analysis in order to reveal the patterns of political activity over time. Finally, I use the knowledge generated in the historical narrative in order to analyse the interrelationship between Tampella's political and competitive strategy. Moreover, I examine how the various contextual forces affected on the evolution of Tampella's political strategy.

### ***6.1. Quantitative analysis of competitive actions***

#### *6.1.1. Periodical patterns of competitive activity*

The level of competitive activity in 1944–1956 was very low: only few strategic actions were taken (Table 6.1.). The emphasis of Tampella's competitive strategy was on organic growth in the domestic market. This strategy was pursued by establishing new business areas, new companies and joint ventures (The shares of the different kinds of competitive actions can be seen in Appendix 5). The nature of the competitive activity corresponds well with the conditions of a highly regulated business environment. The relatively stable and protected environment did not require any major strategic moves in the competitive market. On the other hand, the scarcity of financial resources during the

period did not provide extensive opportunities for major strategic manoeuvres in the competitive market.

From 1957 to 1967 the amount of strategic actions increased remarkably compared to the preceding period. The competitive strategy focused strongly on internationalisation. A large part of the competitive actions was targeted at foreign operations, such as starting cooperation or establishing a new firm abroad. In addition, Tampella made several acquisitions in the home country. Overall, the emphasis was still on organic growth, although the number of company deals increased remarkably compared to the preceding period. In fact, the first company deals after the Second World War were made in 1964, as Tampella acquired the small forest industry companies *Syrjänen Oy* and *Aug. Eklöf Oy*. Company deals became more common in the late 1960s. Typically Tampella acquired small companies operating in its existing lines of business.

**Table 6.1.** Frequency of Tampella's competitive actions in 1944–1991

Period	Number of actions	Actions per year
1944–1956	8	0,6
1957–1967	31	2,8
1968–1977	52	5,2
1978–1986	48	5,3
1987–1991	52	10,4

During the period 1968–1977 Tampella sought a direction for its international strategy. The level of competitive activity increased remarkably, but the nature of the actions was not as expansive as they had been in the previous period. Tampella started several joint ventures abroad, but it also withdrew from many foreign operations that it had implemented in the mid 1960s. For example, Tampella sold its shares in two major wood-processing joint ventures in North America that had caused big losses for the company. The company sales were related to the financial crises of the company. In the home country the dominant strategy was to merge several small-scale subsidiaries with the corporation.

During the next period Tampella continued to reformulate its involvement in the international market. The major difference compared to the previous period was that Tampella did not seek to reduce its foreign operations. Although Tampella established and acquired several foreign units independently, the main idea in its international strategy was, however, still based on cooperation (i.e. joint ventures). Most of the new foreign operations were marketing offices, not production units.

During the period 1987–1991, Tampella was extremely active in the competitive market, executing over 10 competitive actions per year on average. The role of company deals became more prominent than before. Tampella was very active in acquiring several companies, both foreign and domestic. In that sense, Tampella relied on synthetic growth, whereas the emphasis had earlier been on organic growth. It also continued to pursue cooperative business operations abroad. Other frequently used strategic actions were divestments in the domestic base. Tampella, for example, relinquished its armaments production and sold it to a state-owned company.

#### *6.1.2. Evolution of competitive action in different business divisions*

Out of the three major business divisions of Tampella, the textile division was the most inactive in the competitive arena (Table 6.2). For example, during the period of high regulation in 1944–1956, the textile division executed no significant competitive actions. During the whole research period, two main competitive actions emerged in the textile division (Appendix 6). First, the division sought to terminate several business areas. However, this kind of activity was totally time-dependent. In other words, these actions were taken only during the period of 1978–1986, when Tampella finally decided to withdraw from the textile industry. Second, the textile division established many foreign units, especially during the 1960s. These actions were related to Tampella's overall tendency towards internationalisation at that time. The expansion to foreign markets can also be seen as a response to increased import competition that decreased the demand on the domestic markets.

During the first two periods (1944–1956 and 1957–1967) the strategic activity on the competitive market was also scant in the engineering division. However, during the subsequent periods the engineering division became very active in the competitive arena. During the whole research period, the strategic focus in the competitive activity was clearly on international expansion. The three most employed types of competitive actions were related to the establishing and acquisition of foreign units. Another distinctive pattern was the emphasis on cooperative operations in the internationalisation process. In fact, the establishment of joint ventures and other cooperative projects abroad was one of the most frequently used competitive actions during each of the research periods.

**Table 6.2.** Frequency of competitive actions of Tampella 1944–1991, by division

<b>Engineering</b>	<b>Actions</b>	<b>Actions per year</b>
<b>1944–1956</b>	5	0,4
<b>1957–1967</b>	8	0,9
<b>1968–1977</b>	18	1,8
<b>1978–1986</b>	30	3,3
<b>1987–1991</b>	34	6,8
<b>Wood-processing</b>	<b>Actions</b>	<b>Actions per year</b>
<b>1944–1956</b>	2	0,2
<b>1957–1967</b>	8	0,7
<b>1968–1977</b>	18	1,8
<b>1978–1986</b>	5	0,6
<b>1987–1991</b>	12	2,4
<b>Textile</b>	<b>Actions</b>	<b>Actions per year</b>
<b>1944–1956</b>	0	0,0
<b>1957–1967</b>	7	0,6
<b>1968–1977</b>	12	1,2
<b>1978–1986</b>	11	1,2

Like the engineering division, the most utilised competitive action in the wood-processing industry was to initiate cooperation in foreign markets (Appendix 6). Otherwise, however, the strategic focus was on competitive actions executed in the home country. The emphasis was on organic growth, i.e. the establishment of new mills or

major business areas. In addition, several actions were taken in order to reduce the scope of business operations by closing down factories that had gone out of date. The closed mills were typically operating in the declining sectors of the wood-processing industry, such as saw and pulp mills. Therefore, Tampella did not consider the modernisation of these mills to be economically viable, because the expected renewal costs were high and the expected benefits were low. Instead, Tampella started to focus even more on the production of paper and board.

The level of competitive activity was higher in the engineering division than in the wood-processing and the textile divisions during the whole research period. In fact, the number of the competitive actions in the engineering division was the highest during each of the periods. In this respect, it seems that the focus of competitive strategy was on the engineering division. However, the level of competitive activity does not provide the whole picture of the various emphases in the competitive strategy. For example, the wood-processing division was strategically at least as important for Tampella as the engineering division. In the wood-processing industry, the strategic actions were typically large-scale projects, such as a construction of a new mill. Accordingly, the growth rates of the business divisions indicate that Tampella allocated ample resources to the development of its wood-processing division during the whole research period. In fact, the wood-processing division grew even more rapidly than the engineering division in the 1970s and early 1980s (see, Figure 5.6.)

## ***6.2. Quantitative analysis of corporate political actions over time***

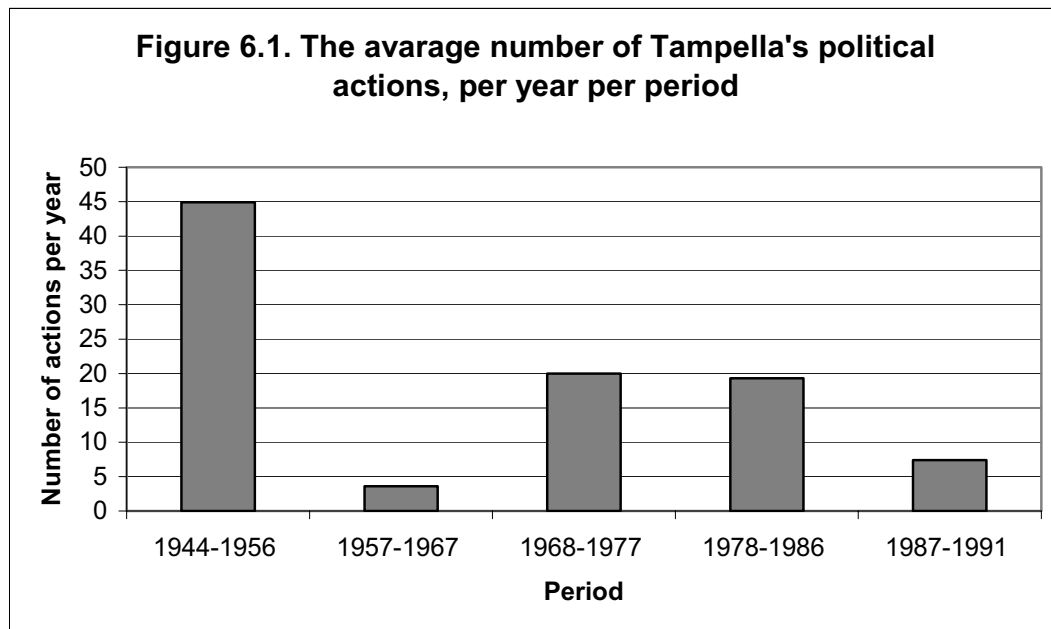
First, I examine the political activity of the whole company during the respective historical periods in order to identify the evolutionary patterns in corporate political activity. Second, I examine each business division of Tampella separately in order to detect the differences and similarities in the evolution of political activity between the business divisions over time. Consequently, the event data analysis enables the identification of strategic profiles (i.e., configurations) of Tampella and its business divisions during each historical period. Finally, the results of the quantitative analysis are



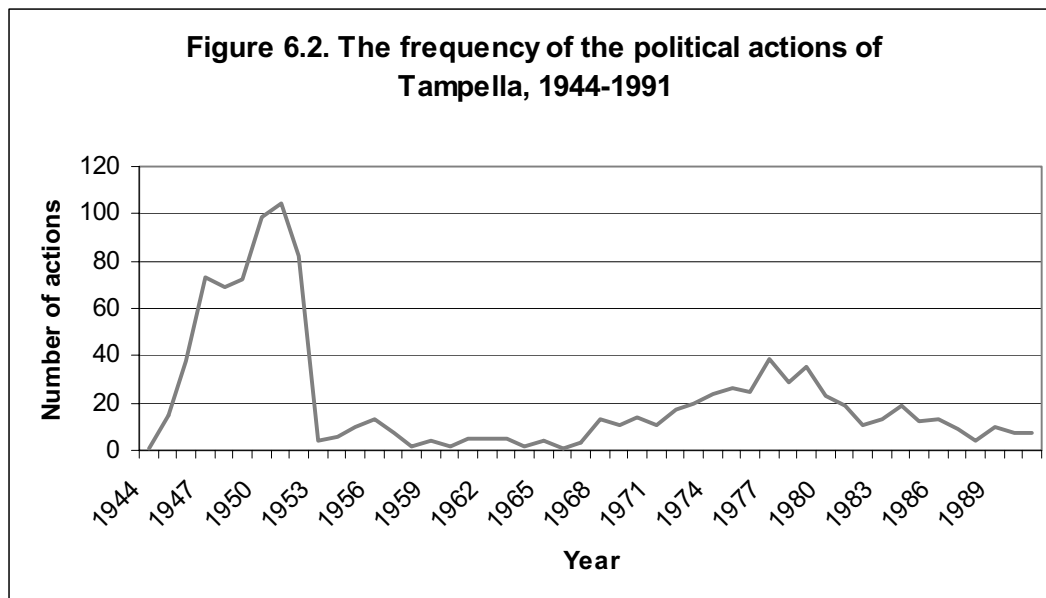
reflected against the knowledge generated in the historical narrative in order to assess the influence of intra-firm, industry-level and institutional-level factors on the evolution of Tampella's political activity.

### 6.2.1. The period of "Slow growth and high regulation" (1944–1956)

The level of Tampella's overall political activity fluctuated remarkably over time (Figure 6.1.). During the period of "Slow growth and high regulation" the number of political actions was extremely high. During that period Tampella took on average 45 political actions per year. Moreover, the level of activity changed within the period (Figure 6.2.). During the late 1940s and early 1950s the level of political activity increased very rapidly. A radical change took place in 1952–1953, when the level of activity fell even more rapidly than it rose in the late 1940s.



The high level of political activity during the late 1940s and early 1950s is largely explained by the special characteristics of the regulated economy at that time. The regulation was the most evident in foreign trade and domestic market prices. With the emerging deregulation in the economy Tampella's political activity started to decline. The end of the war indemnities in 1952 provided more financial resources for the state, thus paving the way for deregulation. In 1953, the regulation of domestic prices in most commodities was liberalised. Thus, it seems evident that the frequency of Tampella's political activity was closely related to the level of regulation in the economy.



The main target of Tampella's political activity was government agencies (Table 6.3.). Over 80 per cent of all political moves were targeted at government agencies, out of which the *Foreign Trade Licence Office* (Lisenssivirasto) was the dominant one. Connections to ministries were also relatively important (11 per cent), but all other channels of influence were used only occasionally.

**Table 6.3.** Targets of political actions of Tampella, 1944–1991, per cent of the actions (N = 1007)

Period	President	Cabinet	Memb. of Parliam.	Public financier	Ministry	Government agency	Foreign government	Compe titor	Total
1944–1956	0	3	1	1	11	84	1	1	100
1957–1967	5	35	0	5	41	3	8	3	100
1968–1977	1	20	0	5	55	10	9	0	100
1978–1986	4	20	2	4	34	9	25	2	100
1987–1991	0	56	0	6	21	6	12	0	100

Note: The shaded areas in Tables 6.1.– 6.4. indicate the dominant features of political activity in each period.

Related to the strictly regulated business environment, most of the political moves were connected to different kinds of petitions. In fact, almost all of the actions (92 per cent) were petitions to ministries or government agencies (Table 6.4.). In addition, Tampella used petitions for different kind of purposes, such as applying for privileges, trade quota, monopoly right, deregulation or market protection. The strong emphasis on petitions was partly due to necessity, because the logic of the economic regulation system was heavily based on different licences that firms had to apply for. However, the system was not automatic or obligatory. In other words, Finnish firms did not automatically obtain licences; on the contrary, licences were in short supply and thus firms had to compete intensively for getting them. Therefore, during the era of regulation the licences were a critical source of competitive advantage for firms. A company that was successful in securing an import licence, for example, for new machinery could improve its production capacity. The great importance of the licences is evident in the petitions that Tampella sent to the Foreign Trade Licence Office in the late 1940s. In some of the petitions Tampella stated that it would be forced to shut down a production line if the licence

petition were rejected. Moreover, Tampella renewed several petitions for a specific purpose because earlier petitions had been rejected.

Although even occasionally putting strong pressure on government, Tampella’s typical attitude towards government can be described as neutral and reactive (Table 6.5.). This means that the main purpose of the political actions was to comply with the existing legislation and to adapt to the prevailing political environment. Tampella relied only occasionally on more anticipatory or proactive political responses that were targeted at creating a new kind of political environment or changing the existing political environment. Moreover, Tampella did not pay very much attention to creating or improving any cooperative relationship with the government.

**Table 6.4.** Political tactics of Tampella, 1944–1991, per cent of actions (N = 1015)

Period	Negotiation	Petition	Public statement	Executive lobbying	Government relations	Total
1944–1956	2	92	1	4	1	100
1957–1967	5	46	31	8	10	100
1968–1977	4	61	14	9	13	100
1978–1986	4	33	10	7	46	100
1987–1991	15	18	42	3	21	100

Note: The shaded areas in Tables 6.1.– 6.4. indicate the dominant features of political activity in each period.

Corporate political activity, like many other activities of business organisations, can be seen as a goal-oriented activity. In other words, a firm becomes involved in political activity in order to achieve something that it considers valuable for its current or future business operations. In this sense, corporate political activity has a certain strategic objective, some market-based motivation giving reason for the political involvement. During the period of “*Slow growth and high regulation*” the main strategic aim of

Tampella’s political activity was to enhance production conditions (mainly securing a supply of up-to-date technology and raw materials). Over 80 per cent of the actions were taken to serve this strategic goal, whereas only a small part of the actions was aimed at promoting financial or expansive intentions (Table 6.6.). Thus, the main purpose of the political activity was to stabilise the market position of the company, not to challenge the domestic or foreign rivals in the competitive market.

**Table 6.5.** Type of approach and response of Tampella’s political actions 1944–1991 (N = 1038)

Periods	Response				Approach			
	Reactive	Proactive	Anticipative	Total	Neutral	Cooperative	Challenging	Total
1944-1956	80	11	10	100	71	11	18	100
1957-1967	40	10	50	100	33	35	33	100
1968-1977	50	11	40	100	51	29	20	100
1978-1986	27	8	65	100	51	34	16	100
1987-1991	11	8	82	100	21	32	47	100

Note: The shaded areas in Tables 6.1.– 6.4. indicate the dominant features of political activity in each period.

### 6.2.2. The period of “Fast expansion and increasing competition” (1957–1968)

During the period of “Fast expansion and increasing competition” the frequency of Tampella’s political activity was extremely low. On average, Tampella took only four political actions per year, which was less than one tenth compared to the previous period (Figure 6.1.). At the same time, the first steps towards gradual trade liberalisation were taken in Finland, creating a whole new business environment for the Finnish firms. Import competition increased significantly, which imposed threats especially to those

firms that operated mainly on the domestic market. However, trade liberalisation also provided opportunities for export expansion, as the multilateral reductions in import tariffs lowered the entry barriers to foreign markets. Concurrently, Tampella started to expand rapidly to the foreign markets by increasing exports and acquiring foreign units.

In addition to the major change in the level of political involvement, the whole nature of political activity changed during this period. In other words, Tampella totally changed its political strategy. Although the level of activity diminished remarkably, the political activity became more anticipatory and aggressive. Also, the variety in the political involvement increased. For example, Tampella used all three types of approaches towards government almost equally (Table 6.5.). The use of political tactics diversified to some extent, although petition still remained the most essential tactic. Tampella started to pay attention to public relations by issuing public statements and enhancing government relations to a greater extent than before (Table 6.4.). Interestingly, it was in the early 1960s when the first discussions took place on the importance of employing a public affairs manager in the company. Clearly, the increased understanding of the need for consistent management of public and government affairs within the company had an effect on the practises in the political activity, although the company did not yet employ a public affairs manager.

**Table 6.6.** Strategic objectives of Tampella’s political actions 1944–1991 (N = 987)

Periods	Market protection	Market expansion	Geographic expansion	Product diversification	Profitability	Production conditions	Total
1944–1956	2	5	4	1	7	81	100
1957–1967	31	19	39	6	6	0	100
1968–1977	8	21	30	26	13	2	100
1978–1986	9	34	19	18	17	2	100
1987–1991	12	36	9	0	42	0	100

Note: The shaded areas in Tables 6.1.– 6.4. indicate the dominant features of political activity in each period.

In terms of strategic objectives, the changes in the political activity were dramatic. Enhancing production conditions, which had been the strategic backbone of the political activity during the preceding period, was no longer strategically important. On the contrary, the strategic emphasis shifted to supporting geographic expansion and protecting existing markets, mainly in the home country (Table 6.6.). Although these goals might seem contradictory, Tampella managed to incorporate them to support the competitive endeavours of its various business divisions. Thus, it seems that Tampella used political activity as a complementary part of its competitive strategy. First, the increasing focus on market protection was clearly related to the emerging trade liberalisation and intensifying import competition. It was in Tampella's economic interest to resist increasing import competition and seek alternative forms of protection, because two out of its three main business divisions were still heavily dependent on domestic markets. Second, the strategic aim of geographic expansion in the political activity was clearly related to the goals of competitive strategy that focused on internationalisation and penetration of new market areas.

### 6.2.3. *The period of "Deep economic crises" (1968–1977)*

After being relatively inactive in political issues for a decade, Tampella became more politically active in the late 1960s. This change in the level of activity took place simultaneously with the emerging financial problems of the company and intensifying left-wing radicalism in society. Accordingly, during the periods of "*Deep economic crises*" Tampella was very active in political issues, taking annually 20 political actions on average (Figure 6.2.). Within this period, the most politically active year was 1977, when Tampella took almost 40 political actions (Figure 6.1.). Interestingly, the economic performance of the firm during the period was at its lowest ebb in 1976, when Tampella made losses of almost ten million marks and the operating profit was only 7 per cent. Thus, it seems that Tampella's reaction to its poor economic performance was to put more emphasis on its government relations by increasing the level of political involvement.

Tampella continued to increase its connections to the ministries (Table 6.3.). Over half of the political actions were targeted at different ministries. This partly reflects the growing importance of the public sector in Finnish society, as Finland took its first steps towards welfare society during the 1960s. The involvement of public administration in directing the development of the society became more and more visible and pervasive. In terms of industrial policy, the role of *Ministry of Trade and Industry* was the most significant. Accordingly, Tampella started to increase its connections with the highest level officials, especially in this ministry. Another crucial ministry was *Ministry of Foreign Affairs*, because it coordinated Finnish foreign trade policy. Thus, most of the connections within the ministry were made to the *Department of Trade Policy*. The biggest issues that needed the involvement of the Ministry of Foreign Affairs were related to export licences for Tampella's armaments and Tampella's quotas in the Soviet trade.

In terms of political tactics, Tampella returned to relying heavily on petitions, as about 60 per cent of political actions were petitions (Table 6.4.). To a large extent, this can be explained by the changes in institutional conditions. During the late 1960s Finnish governments increased the support for Finnish industry by creating public financing systems, such as the public subsidies for export promotion and for research and development aimed at developing new products for export markets. The purpose of these systems was to enhance and facilitate the internationalisation of Finnish industrial firms. Tampella was active in applying for these subsidies. In fact, the top management team recommended every business division to pay particular attention to take advantage of these options. For this purpose, Tampella decided to increase the personal connections to the officials making the decisions on subsidies (TA, Meeting of the board of executives, January 28, 1975). The effects of this development are also evident in the increased number of contacts to government agencies during this period (Table 6.3.).

Tampella's general attitude towards government did not change very much. The nature of responses continued to be anticipatory and reactive, and the dominant way of approaching the government was neutral (Table 6.5.). However, the strategic goals of the actions were manifold. Mostly Tampella pursued geographic expansion, product diversification and market expansion, but enhancing profitability and market protection



were also used to some extent. Although there was no single dominant strategic motivation, the purpose of most of the actions was to expand the operational boundaries of the firm (Table 6.6.).

#### *6.2.4. Period of “Slow recovery and reorientation” (1978–1986)*

At the end of the 1970s the frequency of Tampella’s political involvement increased remarkably, but started to decrease at the turn of the 1980s (Figure 6.1.). On average, the level of political activity remained high during the period (Figure 6.2.). The most severe financial problems of the company were temporarily mitigated at the turn of the 1980s, but the basic problems of low profitability and high debt-equity ratio persisted. The most evident change in the business environment during this period was the emerging deregulation of financial markets. In the early 1980s the Bank of Finland started to gradually deregulate the tough restrictions on the supply of foreign loans. In other words, the terms for obtaining a foreign loan capital were relaxed, which improved the chances of Finnish firms to make competitive and strategic manoeuvres.

The ministries and the cabinet remained the main targets of Tampella’s political activity (Table 6.3.). However, the scope of the contacts widened compared to the preceding periods. Contacts to the representatives of foreign governments became especially more prevalent (one fourth of all the contacts). Most of these contacts were ministries and high-level officials of the Soviet Union. At that time, the terms of Finnish-Soviet trade were changing. The amount of trade had increased at an extremely fast pace after the Second World War. Moreover, the trade had almost constantly shown a deficit for the Soviet Union. In the early 1980s the Soviet Union started to pressure Finland by requiring more balanced trade. This meant that if Finland did not increase its imports from the Soviet market, the Soviet Union would decrease its purchases from Finland. This posed a serious threat, especially to companies like Tampella, which were more or less dependent on exports to the Soviet Union. Thus, the greater number of contacts to Soviet politicians and officials can be seen as a response to secure the company’s favourable position in the Soviet trade. Moreover, Tampella used the connections with

high-level Finnish authorities in order to handle the situation. For example, managing director Grotenfelt contacted the CEO of the Bank of Finland, Ahti Karjalainen in 1982 and emphasised the importance of the continuity of Tamrock's quota in the Soviet trade (TA, Grotenfelt's correspondence, Grotenfelt to Karjalainen, February 25, 1982). Karjalainen was a crucial target of influence, because he was the chairman in the Finnish-Soviet cooperation commission (*Suomalais-neuvostoliittolainen yhteistyökomissio*).

In terms of political tactics, the greatest change took place in the enhancing of government relations (Table 6.4.). Before the late 1970s, the promotion of government relations was not paramount among Tampella's political tactics. In this period, however, it became the most frequently used tactic. This tactic included putting more emphasis on building and maintaining personal connections to high-level politicians and officials, especially by inviting them to visit Tampella's premises. The relative importance of using petitions decreased, but maintained its position as another prevalent political tactic. The use of other political tactics was rare.

The way of approaching the government remained neutral, although there was a slight tendency towards a more cooperative approach. In Tampella's political activity, this became evident in the increased emphasis on managing the political issues in cooperation with government rather than seeking confrontation. Accordingly, the mode of response became more anticipative (Table 6.5.), denoting an attempt to gain more control and predictability in emerging political issues.

The strategic goals of the company's political activity became more diversified than in the earlier period (Table 6.6.). The main objective was to increase the market shares in the company's existing markets, but the objectives of enhancing geographic expansion, product diversification and profitability were also often pursued through political actions.

#### *6.2.5. The period of "Turnaround and collapse" (1987–1991)*

During the period of "*Turnaround and collapse*" the frequency of Tampella's political activity decreased compared to the two preceding periods (Figure 6.2.). The new owners

and the new top management implemented a turnaround process in which the focus was clearly on competitive actions. The company started to grow very rapidly by acquiring mostly foreign firms and production units.

The general profile of the period was exceptional compared to other periods. In terms of political contacts, over half of the political actions were targeted at the cabinet (Table 6.3.). This was partly related to the use of public statements as a key tactic (Table 6.4), because public statements were generally targeted at the ruling cabinet as a whole, not at any specific minister or ministry. In terms of political tactics, however, Tampella did not rely entirely on public statements. Instead, the range of political tactics used by the company increased more than before. The number of contacts to public financiers was not significant (only 6 per cent of the actions), but their relative significance became more critical, especially in 1990–1991, as the economic problems of the company became extremely severe.

The general attitude towards the government also changed (Table 6.5.). The dominant mode in political response was anticipative, reflecting Tampella's increased efforts to create new rules of the game in its political environment. In addition, Tampella adopted a more challenging approach to the government. Also, the strategic aim of the political activity was more clearly related to the improvement of the company's profitability (Table 6.6.). Related to the expansive competitive strategy of the period, the expansion in the existing markets was the other key aim in Tampella's political activity. Similarly, the absence of product diversification in the strategic goals of political activity seems to run parallel with the aims of the competitive strategy, which was to focus on a few key business areas.

#### *6.2.6. The profiles of corporate political strategy*

As shown in the periodical analysis, Tampella employed a wide variety of political actions during the whole research period. It created and maintained connections to various policy decision-makers, employed various tactics, adopted various attitudes

towards government and pursued a range of strategic aims. However, particular characteristics of political activity were dominant during each of the periods. By combining the different characteristics of corporate political actions, it is possible to distinguish the profiles of political strategy. In addition, by comparing the strategic profiles of each of the periods, it is possible to reveal the temporal continuity and change in the patterns of political strategy and therefore to analyse the evolution of the corporate political strategy.

As Table 6.7. demonstrates, Tampella did not follow a consistent path of political activity over the whole research period. There was a clear variation in the profiles of political strategy. Also, the pace of change varied across periods. There were periods of radical change, such as in the late 1950s and in the late 1980s, when Tampella changed its dominant mode of activity in most of the categories. In the late 1950s, Tampella significantly altered its level of political activity. More importantly, the characteristics of strategic actions changed in many ways. The political activity became more anticipatory and aggressive, which can be seen in the change of strategic aims. Also, the variety of actions increased as Tampella switched to a path of more diversified political strategy. A similar comprehensive strategic change took place in the late 1980s. A typical feature in both of these radical changes was that Tampella also simultaneously changed the focus of its competitive strategy.

During the late 1960s and early 1980s the changes in corporate political strategy were more incremental. In fact, there was certain stability and continuity in the political strategy at that time. Moreover, there was more diversity in the political activity than in the periods of rapid change.

By focusing on temporal variation in the certain characteristics of political activity it is possible to reveal long-term evolutionary paths. In terms of political tactics, Tampella evolved from using mostly non-personal petitions to employing more communicative tactics as government relations and public statements. The target of activity changed from the government agencies to ministries and the cabinet. The strategic aims of the political actions became more variable over time. The general attitude towards government and

managing the political issues evolved from reactive and neutral towards more anticipative and challenging.

**Table 6.7.** Profiles of Tampella’s political strategy in 1944–1991

Period	Frequency*	Tactic**	Contact**	Strategic aim**	Response***	Approach***
1944–1956	Very high	Petition	Government agency	Production conditions	Reactive	Neutral
1957–1967	Very low	Public statement + Petition	Ministry + Cabinet	Geographic expansion + Market protection	Anticipative + Reactive	Mixed
1968–1977	High	Petition	Ministry	Mixed	Anticipative + Reactive	Neutral
1978–1986	High	Government relations	Mixed	Mixed	Anticipative	Neutral
1987–1991	Low	Public statement	Cabinet	Profitability + Market expansion	Anticipative	Challenging

\* The level of activity is determined by counting the yearly averages of political actions during each period. The criteria for classification were as follows: Very low = 1 – 5, Low = 6 – 10, Moderate = 11–15, High = 16–20, Very high = over 20.

\*\* The strategic profiles of each period are determined using the following criteria: Only the dominant characteristic is shown if its share of the actions exceeded 50 per cent in a category. Two dominant characteristics are shown if the share of the most frequent characteristic did not exceed 50 per cent of the actions, but the combined share of the two most frequent characteristics exceeded 70 per cent of the actions. In all other cases the characteristic of a category is labelled mixed.

\*\*\* Due to the small number of variables (3) within the category, the strategic profiles of each period are determined using the following criteria: Only the dominant characteristic is shown if its share of the actions exceeded 60 per cent in a category. Two dominant characteristics are shown if the share of the most frequent characteristic did not exceed 60 per cent of the actions, but the combined share of the two most frequent characteristics exceeded 80 per cent of the actions. In all other cases the characteristic of a category is labelled mixed.

### **6.3. Comparison of the political actions between business divisions**

In this section, I analyse how the patterns of Tampella’s political strategies of various business divisions varied over time. The analysis is based on the same event data and the same event categorisation as the analysis of corporate-level political strategies. Thus, I was able to generate the strategic profiles of political activity in each division that were comparable to each other.

It should be noted, however, that not all political actions were directly related to the activities of a certain business division. Instead, a large number of actions were taken to improve the corporate level interests. In particular, out of 103 political actions, 138 actions (13 per cent) were that kind of corporate level actions. Over time, the amount of political actions that were aimed at promoting company-level interest instead of sector-specific interest increased remarkably. For example, during the 1970s and 1980s over one third of the political actions were connected to the general level interests of the firm (Table 6.8.).

**Table 6.8.** Shares of Tampella's political actions, by division, 1944–1991 (N=1038)

Periods	Corporation	Textile	Engineering	Wood-processing	Total
<b>1944–1956</b>	3	85	6	7	100
<b>1957–1967</b>	18	40	25	18	100
<b>1968–1977</b>	23	16	52	11	100
<b>1978–1986</b>	30	13	45	12	100
<b>1987–1991</b>	46	0	49	5	100

### 6.3.1. Profile of political strategy in the textile division

During the entire research period, the textile division was the most politically active business division. Over half of the all political actions (566 out of 1038) were related to the textile division. In particular, the level of the textile division's political activity was extremely high during the late 1940s and the early 1950s, after which the frequency of political activity lowered remarkably (Table 6.9.). In fact, almost 90 per cent of all of the division's political actions were taken during the period of "*Slow growth and high regulation*" (1944–1956).

In general, the strategic profile of the textile division shows that the division followed a consistent strategy path in its political involvement. The characteristics of political activity remained relatively stable. In terms of tactics, the political activity of the textile

division was heavily based on sending petitions to government. The only exception was the period of “*Fast expansion and increasing competition*” (1957–67), when public statements were used as another key tactic. All the other tactics were quite rarely used (Table 6.7.).

**Table 6.9.** Profile of political strategy in the textile division, 1944–1991

Period	Frequency*	Tactic**	Contact**	Strategic aim**	Response***	Approach***
1944–1956	Very high	Petition	Government agency	Production conditions	Reactive	Neutral
1957–1967	Very low	Petition + Public statement	Cabinet + Ministry	Market protection + Geographic expansion	Reactive	Mixed
1968–1977	Low	Petition	Ministry + Cabinet	Geographic expansion + Market protection	Reactive	Neutral
1978–1986	Low	Petition	Ministry	Geographic expansion + Market protection	Reactive	Neutral

\* The level of activity is determined by counting the yearly averages of political actions during each period. The criteria for classification were as follows: Very low = 0–2, Low = 2–4, Moderate = 4–6, High = 6–8, Very high = over 8.

\*\* The strategic profiles of each period are determined using the following criteria: Only the dominant characteristic is shown if its share of the actions exceeded 50 per cent in a category. Two dominant characteristics are shown if the share of the most frequent characteristic did not exceed 50 per cent of the actions, but the combined share of the two most frequent characteristics exceeded 70 per cent of the actions. In all other cases the characteristic of a category is labelled as mixed.

\*\*\* Due to the small number of variables (3) within the category, the strategic profiles of each period are determined using the following criteria: Only the dominant characteristic is shown if its share of the actions exceeded 60 per cent in a category. Two dominant characteristics are shown if the share of the most frequent characteristic did not exceed 60 per cent of the actions, but the combined share of the two most frequent characteristics exceeded 80 per cent of the actions. In all other cases the characteristic of a category is labelled as mixed.

Accordingly, the textile division adopted a reactive and neutral approach in its political activity practically throughout the research period. Again, the only exception to this trend was the period of “*Fast expansion and increasing competition*” (1957–1967), when the textile division temporarily adopted a more challenging approach to government. Equally, the strategic aim of the political activity shifted from enhancing the production

conditions to protecting the firm's position in its markets and facilitating expansion to new market areas (Table 6.9.).

### *6.3.2. Profile of political strategy in the engineering division*

The political activity of the engineering division was relatively modest between the mid 1940s and the late 1960s. The division typically took only a few political actions in a year. After the late 1960s, however, the engineering division became more involved in political issues. In fact, the division was very active in political issues during the 1970s and the early 1980s, conducting annually about ten political actions on average (Table 6.10.).

Like the textile division, the engineering division used petitions as a primary political tactic. However, the dominance of petitions was not as clear as it was in the textile division. The engineering division also relied on many other political tactics, such as negotiation, executive lobbying and government relations. The centrality of negotiation and executive lobbying were very exceptional during the entire research period (Table 6.10.). The relatively strong emphasis on negotiation in the period of "*Slow growth and high regulation*" (1944–1956) was largely related to the negotiations of how much the state should allocate its resources to purchasing the locomotives that Tampella produced. Another central issue that was negotiated between Tampella and Soteva concerned the allocation of war indemnities. On the other hand, the use of executive lobbying as a focal political tactic during the period of "*Fast expansion and increasing competition*" (1957–1967) implies the more extensive use of personal contacts, especially to the Finnish ambassadors abroad. At that time the engineering division started to utilise the Finnish ambassadors to explore the possibilities for expanding to new market areas.



**Table 6.10.** Profile of political strategy in the engineering division, 1944–1991

Period	Frequency*	Tactic**	Contact**	Strategic aim**	Response***	Approach***
1944–1956	Low	Petition + Negotiation	Government agency + Ministry	Mixed	Anticipative	Cooperative + Challenging
1957–1967	Very low	Petition + Executive lobbying	Ministry	Geographic expansion	Anticipative	Cooperative + Neutral
1968–1977	Very high	Petition	Ministry	Product diversification + Geographic expansion	Reactive	Neutral
1978–1986	Very high	Petition + Government relations	Ministry + Foreign government	Market expansion + Product diversification	Anticipative	Neutral + Cooperative
1987–1991	Low	Mixed	Cabinet + Ministry	Market expansion	Anticipative	Cooperative

\* The level of activity is determined by counting the yearly averages of political actions during each period. The criteria for classification were as follows: Very low = 0–2, Low = 2–4, Moderate = 4–6, High = 6–8, Very high = over 8.

\*\* The strategic profiles of each period are determined using the following criteria: Only the dominant characteristic is shown if its share of the actions exceeded 50 per cent in a category. Two dominant characteristics are shown if the share of the most frequent characteristic did not exceed 50 per cent of the actions, but the combined share of the two most frequent characteristics exceeded 70 per cent of the actions. In all other cases the characteristic of a category is labelled mixed.

\*\*\* Due to the small number of variables (3) within the category, the strategic profiles of each period are determined using the following criteria: Only the dominant characteristic is shown if its share of the actions exceeded 60 per cent in a category. Two dominant characteristics are shown if the share of the most frequent characteristic did not exceed 60 per cent of the actions, but the combined share of the two most frequent characteristics exceeded 80 per cent of the actions. In all other cases the characteristic of a category is labelled mixed.

During the whole research period, over half of the political actions in the engineering division were targeted at various ministries, The Ministry of Foreign Affairs and the Ministry of Trade and Industry being the most central ministries. Accordingly, the ministries were one of the dominant targets of political activity during each of the periods. During the period of “*Slow recovery and reorientation*” (1978–1986) the connections to the representatives of foreign governments became significant (Table 6.10.). In practice, this reflected the increased contacts to the authorities of the Soviet

Union. The engineering division was more dependent on the Soviet trade than the other divisions. Thus, repeated connections to Soviet ministries and officials were considered important, especially in the 1980s, when the continuity of the lucrative Soviet trade was being questioned by the Soviet Union.

The general attitude of the political activity was anticipative and cooperative. In other words, the engineering division actively sought to control its political environment and respond to emerging policy issues before they became topical. Simultaneously, it tried to pursue its political interests in collaboration with the government.

### *6.3.3. Profile of political strategy in the wood-processing division*

The wood-processing division remained relatively inactive in the political arena during the whole research period. Altogether, the wood-processing division took 89 political actions in 1944–1991. Due to the relative small number of political actions, the results of the analysis of the strategic profiles in the division's political activity are tentative at best. In this regard, especially the periods of “*Fast expansion and increasing competition*” (1957–1967) and “*Turnaround and collapse*” (1987–1991) are problematic because of the low level of the political activity. In general, the wood-processing division exercised relatively diversified political strategy. There were only few single dominant characteristics in the political involvement. In other words, the wood-processing division pursued a diversified political strategy. For example, the strategic responses on political issues varied from reactive to anticipative over the periods. Therefore, it is difficult to distinguish any particular strategic path in the division's political activity.

On the contrary, it seems that the political strategy was constantly changing depending on the business conditions and government interventions. The only consistent pattern in the political activity can be seen in the use of political tactics. Between the 1940s and 1960s the petitions were the most frequently used tactics. After the 1960s, however, the division started gradually to employ public statements and government relations as the main political tactics.

**Table 6.11.** Profile of political strategy in the wood-processing division, 1944–1991

Period	Frequency*	Tactic**	Contact**	Strategic aim**	Response***	Approach***
1944–1956	Low	Petition	Government agency	Production conditions	Reactive	Neutral
1957–1967	Very low	Petition + Public statement	Cabinet	Mixed	Anticipative	Mixed
1968–1977	Low	Petition + Public statement	Mixed	Mixed	Reactive + Anticipative	Mixed
1978–1986	Low	Government relations	Mixed	Profitability + Market expansion	Anticipative	Neutral
1987–1991	Very low	Public statement	Cabinet	Profitability	Reactive + Anticipative	Neutral + Cooperative

\* The level of activity is determined by counting the yearly averages of political actions during each period. The criteria for classification were as follows: Very low = 0–2, Low = 2–4, Moderate = 4–6, High = 6–8, Very high = over 8.

\*\* The strategic profiles of each period are determined using the following criteria: Only the dominant characteristic is shown if its share of the actions exceeded 50 per cent in a category. Two dominant characteristics are shown if the share of the most frequent characteristic did not exceed 50 per cent of the actions, but the combined share of the two most frequent characteristics exceeded 70 per cent of the actions. In all other cases the characteristic of a category is labelled mixed.

\*\*\* Due to the small number of variables (3) within the category, the strategic profiles of each period are determined using the following criteria: Only the dominant characteristic is shown if its share of the actions exceeded 60 per cent in a category. Two dominant characteristics are shown if the share of the most frequent characteristic did not exceed 60 per cent of the actions, but the combined share of the two most frequent characteristics exceeded 80 per cent of the actions. In all other cases the characteristic of a category is labelled mixed.

#### **6.4. Co-occurrence analysis of Tampella’s political actions**

The frequency analysis reveals the occurrence of certain characteristics of Tampella’s political actions over time and across business divisions. That way it was able to identify the general strategic profiles of Tampella’s political activity. However, the frequency analysis is not able to show whether these typical characteristics of activity occurred in

the same actions. Therefore, the results of the frequency analysis were complemented by conducting a co-occurrence analysis of the political actions.

The co-occurrence analysis reveals the action characteristics that typically co-occurred in Tampella's political involvement. I investigated the typical action characteristics during each of the periods in Tampella's development in order to identify the temporal changes in the political activity (Appendix 7)<sup>59</sup>. Moreover, I examined the co-occurrences of action characteristics across different business divisions in order to identify the intra-firm similarities and differences in the political activity (Appendix 8).

#### *Temporal changes in the action characteristics*

During the period of “*Slow growth and high regulation*” (1944–1956) the most co-occurring action characteristics were petition, government agency, enhancing production conditions, reactive and neutral. In other words, the most common type of political activity during this period was to send petitions to government agencies in order to maintain or enhance the production conditions of the firm. In addition, Tampella typically reacted to the existing regulatory and legislative environment in a neutral way. Moreover, this mode of action was especially characteristic for this period and it was only rarely employed in the subsequent time periods. Besides government agencies, Tampella had frequent connections to various ministries. In these political actions, Tampella typically used petitions in order to enhance its profitability, the way of response being proactive.

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<sup>59</sup> In the co-occurrence analysis, a 25 x 25 matrix F consisting of the 25 facets on both axes (characteristic of an action  $i$ :  $a_i$  and dichotomous 0–1 variable number  $j$ :  $x_j$ ) was constructed by first initializing all elements  $F_{ij}$  as zero. Subsequently, every article in matrix K was read for the presence of each facet. If variable  $x_j$  appeared on the same row with variable  $x_k$ , the corresponding matrix element  $F_{jk}$  was increased by one. Variable  $j$  assumed values 1, 2, ..., N and variable  $k$  values  $j+1, j+2, \dots, 25$ . This procedure was repeated for all actions. The resulting matrix F displays the times that each facet (i.e. characteristic of an action) appeared together in the data consisting of the 1038 analysed actions. The help of Henri Suur-Inkeröinen (Tampere University of Technology) is gratefully acknowledged in executing the co-occurrence analysis.

During the period of “*Fast expansion and increasing competition*” (1957–1967) Tampella started to send petitions to ministries in order to support the geographic expansion of the firm. In other words, the target and the tactic remained the same compared to the previous period, but the strategic aim of the dominant action mode changed. Moreover, the typical attitude in these actions was anticipative and neutral. Another frequently used mode of action was a public statement targeted at the cabinet. The strategic objective of these actions was typically to safeguard Tampella’s competitive position in its existing markets. On several occasions, the approach was reactive but challenging.

During the period of “*Deep economic crises*” (1968–1977) Tampella continued to send petitions to the ministries. This time, however, the strategic aim of the petitions was mainly to expand into new market areas and to develop new products. Accordingly, the type of response changed from anticipative to more reactive. This mode of action also remained the dominant one during the next period (1978–1986). Another typical mode of action during this period was the contacts with the representatives of foreign governments. Typically, the strategic aim of these connections was to expand existing markets (i.e., to achieve new business contracts abroad). Moreover, when contacting the foreign governments, the attitude of political action was typically anticipative and cooperative. This mode of action was also dominant in the connections with the foreign governments during the preceding time period. This implies that although the frequency and significance of certain kinds of actions differ over time, the basic characteristics of these actions remain relatively unchanged.

During the last period in 1987–1991, the most typical mode of political action was public statements intended to influence the cabinet’s decision-making. The strategic aim of these actions was to enhance the profitability of the firm. The general attitude of the actions was anticipative and challenging.

The results of the co-occurrence analysis confirm several findings made in the frequency analysis. It indicates that Tampella employed a few dominant modes of political action during each of the periods. Moreover, the dominant modes of action changed over time. Most importantly, however, it implies that the certain kinds of action

modes remain unchanged over time. Only their relative significance and importance in the arsenal of corporate political actions may vary over time. In other words, certain modes of corporate political actions are not time-specific. Rather, they endure over a long period of time.

### **6.5. *Embeddness of corporate political strategy***

As the results of the event data analysis show, the patterns of Tampella's political activity changed remarkably over time and across the business divisions. The pace of change was sometimes rapid, but in most cases incremental. In other words, the changes took place over a relatively long period of time. In the following, I conclude by analysing the evolutionary patterns of Tampella's political strategy in relation to its competitive strategy and to the overall evolution of its business environment. Thus, the purpose of the analysis is to assess how the various contextual forces of business environment affected the evolution of Tampella's political strategy over time and across the business divisions.

Overall, during the period of "*Slow growth and high regulation*" (1944–1956) the political activity of Tampella was very consistent but also very constricted. There was only little variance in the use of different tactics or channels of influence. Moreover, the strategic focus of the political activity was heavily based on defending the existing position in the market. There were only a few political actions that were targeted at improving the market conditions, such as attempting to use political activity as a tool to enhance profitability or market expansion. In a way, Tampella was stuck on repeating the same patterns of political activity. However, the patterns of political activity were consistent with the competitive strategy of the firm. Only few competitive actions were taken during the period. The business environment remained relatively stable, because of the high regulation and the scarcity of resources to employ any major strategic manoeuvres in competitive market. Accordingly, this stable competitive environment did not compel Tampella to employ a proactive political strategy.

The spread of the deregulation process from trade policy to financial policy had certain effects on Tampella's political activity. These effects had been emerging already during the period of "*Fast expansion and increasing competition*" (1957–1967), but became even more evident during the period of "*Deep economic crises*" (1968–1977). During the era of high regulation in the 1940s and 1950s Tampella's connections to government were typically formal and non-personal. In other words, although Tampella executed a high number of political actions, the dominant attribute of this activity was neutral, characterising a relatively clinical relationship between Tampella and government. However, as the process of deregulation advanced, the nature of Tampella's political actions changed. Beginning in the late 1970s Tampella increased its direct connections to high officials and politicians. The company's political activity became more informal, based on personal relationships and personal connections with the officials and politicians. Building and enhancing government relations became one of the central political tactics. Accordingly, the political responses became more anticipative than the previous periods. In this sense, the significance of the personal networks improved in the deregulated business environment. Also, the relationship between business and government in general became more intimate and cooperative in Finland<sup>60</sup>.

There were certain similarities in the strategic profiles of the periods of "*Fast expansion and increasing competition*" (1957–1968) and "*Turnaround and collapse*" (1987–1991). During both periods the focus of competitive strategy was on aggressive growth and internationalisation. Accordingly the level of political activity was relatively low during both periods. Thus it seems that during the periods of expansive market growth the amount of political activity of Tampella was far more modest than during the other periods. As the managing director Pekka Salo stated in the interview, the strategic emphasis on competitive issues was so overwhelming in the turbulent years of the late

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<sup>60</sup> This view was also emphasised by Tampella's former managing director, Leo Vatanen, in the interview. He stated that before 1970s there was a lack of mutual trust between business and government in Finland. The relationship changed during the 1970s as both sides started to communicate with each other more openly than earlier. The increase in communication and information sharing helped to build trust between business and government. This led to more close and informal connections between politicians and business managers. Interview with Leo Vatanen, September 2, 2003.

1980s that there was practically no time to develop a serious effort in the management of the public policy issues (Interview of Pekka Salo, December 2, 2003).

It seems that the variation of political activity across the business divisions was related to the specific industry characteristics. In general, the level of political activity in the business divisions varied considerably over time. The textile division was extremely active in the 1940s and 1950s, whereas the engineering division became the most active division in the 1960s. On the other hand, the wood-processing division remained relatively inactive during the entire research period. Accordingly, the characteristics of the political activities were different in the various business divisions. The textile division followed a more consistent and invariable strategy path, whereas engineering and wood-processing divisions had more variety in their political involvement. Thus, it seems that the industry characteristics had an impact not only on the level of political activity but also on the ways the various business divisions operated in the political environment.

The textile division adopted a reactive and neutral approach in its political activity during the entire research period. This can be explained by the textile industry's weak bargaining power in the Finnish economy and society in general. Due to the weak bargaining position, the textile division had to adjust using a reactive and neutral approach. The only exception to this trend was the period of "*Fast expansion and increasing competition*" (1957–1967) when the textile division temporarily adopted a more challenging approach to government. This can be explained by an altered market situation in the Finnish textile industry caused by the emerging deregulation. The increased import competition threatened the very existence of the whole industry, which forced Tampella to appeal for compensation from the government to secure and protect the competitiveness and continuity of the textile industry. Tampella realised quite soon that the government would no longer provide significant protection for the textile industry. Thus, the textile division decided to adjust to the new market requirements and started to develop its textile industry. It started to expand its business operations abroad by establishing many foreign sales offices in the 1960s. In addition, the strategic goals shifted towards focusing on special products and finding new markets for them abroad.



At the same time, the strategic aim of the political activity in the textile division changed. The focus shifted from maintaining production conditions to geographic expansion and market protection. This change in political activity was clearly related to the competitive strategy of the division. The geographic expansion was a response to the deteriorating domestic market because of increased import competition. However, the domestic markets remained important, especially for some mass products of the textile industry such as basic fabrics and yarns. Tampella needed to intensify and transform its political strategy into a more challenging mode. This became evident in the increased amount of public statements where Tampella required more government support for textile industry.

The political strategy of the engineering division was clearly related to the competitive strategy of the division. It seems that the political actions were taken to support the competitive endeavours of the division. Accordingly, the focus of political strategy was on enhancing geographic expansion during the 1960s and 1970s, as the division was heavily expanding and seeking for new export markets. Since the late 1970s the emphasis of political strategy shifted towards market expansion (Table 6.10.). By that time, the engineering division had established its position in the new market areas. As a consequence, it started to expand its market shares in the established market areas.

The relatively low level of political activity in Tampella's wood-processing division might be explained by the industry characteristics. The collective bargaining power of the wood-processing industry in the Finnish society was significant, because it was the biggest branch of industry and it had a well established central trade association that promoted its collective interests. Thus, Tampella's wood-processing division may have relied more on collective political activity and made fewer individual manoeuvres in the political arena. Tampella's top managers had a central position in the trade association, although their salience gradually decreased over the decades (Table 5.3.). They had good opportunities for influencing the policy decisions of the trade association. In addition, many of Tampella's managing directors had a previous working experience in the collective industry associations (Nykopp, Grotenfelt, Summa). These managing directors had first hand experience of how the collective organisation worked. In other words,

Tampella had created a body of tacit knowledge over decades that could be utilized in the collective political activity.

Another factor that may have influenced the level of political activity in the wood-processing division was the relatively stable competitive environment in the Finnish wood-processing industry during the whole research period. This was due to the fact that the domestic competitors engaged in close cooperation with each other through sales cartels (Tainio et al. 1989; Skippari et al. forthcoming). The wood-processing firms faced fierce competition only in the export market, and under circumstances of non-fixed exchange rates, the most salient political issue for the international competitiveness was the exchange rate of the Finnish mark. Accordingly, many of the political actions of Tampella's wood-processing division were related to this policy issue. Typically, Tampella used public statements as a tool to express its concern about the overvalued currency, and thus indirectly required a devaluation of the currency. To conclude, it can be argued that a stable and predictable business environment in the home country did not force Tampella's wood-processing industry to become heavily involved in political issues.

The reason for the close cooperation in the Finnish wood-processing industry was partly historical and partly structural. The co-operation stemmed from the early 20<sup>th</sup> century, when the sales cartels were established in response to the threatening market situation caused by Finnish independence and the subsequent loss of the Russian market in 1917. Over the decades, the cooperation proved beneficial, since it provided the relatively small-scale Finnish firms with economic bargaining power in the export markets. As a cartel with a joint sales network Finnish firms were able to act as a big player in the international markets. On the other hand, the continuity and persistence of the cooperative mode in the Finnish wood-processing industry was related to the institutional environment in Finland. As the financial markets were regulated up to the early 1980s, the firms had little incentive or opportunity to grow synthetically (i.e., by acquiring or merging other companies). The resources for such large operations were very restricted. As a consequence, Finnish wood-processing firms remained relatively small up to the 1980s (Skippari et al., forthcoming).

In the preceding analysis I have emphasised the patterns of political activity that were most frequently used by Tampella. However, it is equally interesting to look at the types of actions that were not frequently utilised and try to find explanations for the rareness of these actions. For example, Tampella's contacts with the Members of Parliament were very few during the whole research period. This implies that Tampella considered the importance of Parliament to be peripheral for its political strategy. Such behaviour might be related to the nature of the institutional setting in which Tampella operated. Parliament was not considered as an important target of political activity because most of the legislation and regulation in Finland was prepared by the ministries and the cabinet. Therefore, Tampella's connections to these two institutions were far more frequent than to the Parliament.

Another political actor that Tampella contacted quite rarely was the President of the Republic (Table 6.1.). However, unlike Parliament, the role of the President in directing and controlling Finland's foreign policy was dominant, especially during the era of President Kekkonen. Thus the strategic importance of these connections was high. In the 1970s, for example, Tampella had continuous and regular connections to President Kekkonen. In the early 1980s, when Mauno Koivisto succeeded Urho Kekkonen as President, Tampella did not lose its connections to the highest political authority in the country. Tampella's managing director, Leo Vatanen, had already created a close relationship with Koivisto during the late 1970s, when Koivisto was CEO of the Bank of Finland (Interview with Leo Vatanen, September 2, 2003).

The strategic importance of contacts with the President is revealed by looking at the characteristics of these actions. In the cases where Tampella contacted The President of the Republic, the action was typically anticipative and cooperative, targeted at market expansion. Typically, Tampella's connections with the President involved foreign trade issues. Tampella, like many other large-scale Finnish industrial companies, tended to ask especially the President Kekkonen to promote their pending business endeavours during his international visits. It seems, however, that Tampella was not as active as some other firms (e.g., Wärtsilä and Valmet) in using their contacts with the President (UKA, 22/11–42, the President's state visits in 1968–1978).

## 7 DISCUSSION

The study of corporate political activity has received increasing interest in organisation and management research during the last few decades. In comparison to other research (e.g. the new political economy, sociology, stakeholder management), which focuses on business and society relations, CPA literature explicitly scrutinises the business-government relationship from the perspective of the firm and its goals. Earlier CPA literature has analysed which firms are politically active and why they are so, what the impact of different institutional environments has been on political strategies, what the means of political action have been, and how political and competitive strategies have complemented each other (Getz, 1997). In particular, earlier research has centred on three major concerns: to study the determinants of corporate political activity, the effects of corporate political activity on public policies and the effects of public policies on firm performance (Schuler, 2002).

The predominant perspective in the earlier research has been to examine what kind of firms engage in corporate political activity and which factors could explain the political activity of certain kinds of firms. Methodologically, the research on corporate political activity has been dominated by three distinctive characteristics which are strongly interrelated: 1) the use of cross-sectional data-analysis, 2) the focus on one or few political issues at a time, and 3) data aggregated from several firms. Although these methods have been useful in answering the dominant questions in the field, the methodological choices have led to evident gaps in scholarly knowledge, ignoring the evolutionary and processual perspectives to corporate political activity. As noted by Getz (1997), the question concerning changes in corporate political activity over time has received little attention in the earlier literature (Getz, 1997).

In this study, I employed a historical single-case study in order to complement the knowledge base and to narrow the existing gaps in the research field. By focusing on the long-term intra-firm political activities I was able to detect the evolutionary patterns of corporate political strategy over time. In addition, I was able to illuminate the dynamic embeddedness of the corporate political strategy on the various contextual factors.

Moreover, the results of the study captured the dynamics of business-government relations by stating that the conditions for political strategy decision-making evolve over time, and that these processes are path-dependent. In particular, the changes in the conditions of corporate political activity can appear either at the societal, industry, or firm level. The results suggest that a firm confronts a constantly changing environment across its own history, which in turn affects the opportunities and ways of a firm to become politically active.

Although it is generally acknowledged that firms employ a large range of diverse political tactics and are involved in various political issues, the existing empirical studies have typically examined only one political issue (e.g. trade policy) and employed only one form of tactic as a proxy for political action (e.g. petitions to government) at a time (Lenway and Rehbein 1991; Lenway and Schuler 1991; Hillman, Zarkhoodi et al. 1999; Shaffer, Quasney et al. 2000). By focusing this study on the whole scale of the intra-firm political activity, I was able to construct a more comprehensive perspective on the corporate political activity. In addition, this more comprehensive approach revealed some deficiencies of using one or few type of activity as the proxy of corporate political activity. For example, several earlier studies have used the election funding as a single proxy for corporate political activity. The results of this study, however, indicate that there might be other types of political activity that are more important than election funding in the management of government relations. In the Finnish context, for example, the close connections of a managing director of a firm to the key policy decision-makers appeared to be the most crucial assets in the political involvement. Some scholars have made a similar kind of conclusion (e.g., Sabato 1984; Boies 1989, 825). As Sabato (1984) shows, managers with an abundant social network are able to contact directly with policy makers, and thus they do not necessarily need to use election funding in order to get an access to the policy makers.

One of the basic premises of the existing literature is that large firms are more likely to be politically active than the small ones. The intra-firm perspective employed in this study indicates that the level of political activity of a large-scale firm varies significantly over time. In other words, a firm changes the level of its political activity independently

of its size. Thus, it seems evident that together with the firm size there are various other contextual factors that affect on the choice of the level of political involvement of a firm.

The results of this study imply that the evolution of corporate political activity is closely embedded with firm-specific resources, industry-level characteristics and institutional-level factors. Moreover, the influence of the contextual factors was closely interrelated. In this sense, the co-evolutionary perspective adopted in this study highlights the reciprocal effects that political strategy of a firm and its internal and external environment have on each other. In the following, I explicate the various processes through which the political strategy of Tampella co-evolved with each of the contextual factors in order to provide theoretical insights of the evolution of intra-firm political strategy.

#### *Firm-specific factors*

The central role of managing directors in executing and co-ordinating the political activity of Tampella was partly explained by the societal structure of Finland. In a corporatist country in which all significant political and economic players knew personally each other, the personal relationship network of managing director was important for effective political activity. In addition, a central characteristic of the closed economy in Finland was that the economic life was highly regulated until the mid 1980s. Under these circumstances, the amount of significant political figures was relatively small and the managing director was able to orchestrate the political activities of a firm by himself. Therefore, Tampella was not forced to build wide army of lobbying specialists. In fact, before 1980s Tampella did not have a “professional”, formally educated public affairs manager. Moreover, *Henrik Lax*, who was considered as the first public affairs manager in the firm, was not specialised in lobbying issues by education, but by practice as an active politician.

In the earlier literature, several scholars have proposed that a firm with a governmental or public affairs unit should be more likely to engage in political activity. The findings of this study, however, imply that in a certain kind of country-specific institutional environment a presence of organisational political unit is not a necessarily a good proxy

for corporate political activity. Consequently, a firm does not necessarily have to have a formal political unit in order to be politically active.

Accordingly, it can be assessed that in a corporatist country the role of managing directors in executing and co-ordinating the political actions of a firm is more central than in pluralistic countries. Moreover, under the circumstances of a closed economy the role of managing directors in executing and co-ordinating the political actions of a firm might be more central than in the open economy characterised by free competition.

Although Tampella did not hire public affairs managers to manage the business-government relation in the home country, it hired several local lobbyists abroad, especially since the late 1970s. Tampella had own lobbyists that promoted the firms political interests abroad for example in the United States and in some Eastern Europe countries. In this sense, Tampella used different kinds of approaches in political activity in home country and abroad. This also indicates that the country-specific institutional factors affect on the ways a firm becomes involved in a political environment.

Hillman & Hitt (1999) distinguishes two generic approaches that firms can adopt in formulating their political strategy. They labelled these as transactional and relational approaches. The former approach refers to issue based and relatively short-term exchange relationships with government, whereas relational approach denotes a long-term exchange relationship through which a firm constantly attempts to build and develop its government relations. Hillman & Hitt suggests that a firm's decision to adopt a transactional versus a relational approach to political action is affected by the degree to which firms are affected by government policy, the degree of corporatism/pluralism within the country in which a firm is operating and the level of firm product diversification. The results of this study indicate some support to these views, especially in terms of government dependency and degree of corporatism. Moreover, this study provides some insights of how the relational approach to political action within a firm evolves over time, since Tampella adopted relational approach to political action during the entire research period. It is shown that the intensity of maintaining long-term relationships with government varies over time and a firm changes the target of connections according to its needs and the changes in its external environment.

The earlier literature indicates that a firm's dependence on government interventions (e.g., government purchases) affects on the level of its political activity. Accordingly, it seems that the more dependent a firm is on government interventions the more politically active it will be (Mitchell et al. 1997; Grier et al. 1994). A similar kind of connection is proposed to prevail on the industry level (Masters & Keim 1985; Rehbein & Schuler 1999). Moreover, Schuler et al. (2002) showed that the higher the dependence of a firm on government purchases is, the more likely it is to employ several political tactics simultaneously. The results of this study partly support these findings. For example, the textile and engineering divisions of Tampella that were clearly more dependent on government purchases than the wood-processing industry were more politically active during the whole research period.

However, the results of this study also demonstrate what kind of outcomes a firm's dependence on government interventions can have in the long run. The high dependence of Tampella's engineering division on the Soviet trade indicates that successful political activity may lead to market power but not necessarily to economic efficiency. This is the case when corporate political activity leads to and enhances the conditions of a regulated market. Due to the protected position in the Soviet market (that was achieved by successful political activity, such as creating close and confidential connections to both Finnish and Soviet politicians that decided on bilateral trade policies) Tampella's engineering industry was not motivated to modify and develop its business operations. As a consequence, the business division faced serious economic problems since the early 1970s. This implies that a business strategy based heavily on successful political activity can lead to negative outcomes in the firm performance in the long run. In this sense, this finding contradicts the assessment of Boddewyn & Brewer (1994, 134) that a successful corporate political activity resulting in raised prices, competition elimination, and favourable regulations is "a real source of competitive advantage in domestic and international markets".



### *Industry-specific factors*

The level of industry regulation is generally seen as a basic determinant of corporate political activity. In other words, the more regulated a firm's industry, the more likely the firm is to be politically active (Mitchell et al. 1997; Grier et al. 1994). Moreover, the room for strategic manoeuvres in competitive actions of a firm is limited in a regulated industry. For example, a firm may not be allowed freely to decide its pricing policies. Strategic choices such as customer selection and market entry and exit are controlled by regulation. Also, rewards for successful strategy implementation are typically limited (Mahon & Murray 1981). In the case of Tampella, during the era of high regulation, there was more of a focus on political strategic actions rather than competitive strategic actions especially in the textile division. In this sense, the importance of political actions became more central in adapting to and controlling the regulated environment.

The relationship between high levels of regulation and corporate political activity is not, however, as simple as the previous research indicates. It is true that the high regulation in an industry seems to increase the amount of political activity. Nevertheless, it does not shed light on *the nature of political activity* that is used in a highly regulated environment. The results of this study demonstrate that the corporate political activity in the highly regulated business division (i.e., textile division) was more of a routine-based activity and less strategic than in the other business divisions that were operating in more competitive industry environments. High regulation provides a company stable business environment that reduces political uncertainty because the impact of certain political actions (both government and competitors) is more predictable.

Moreover, it seems that a highly regulated business environment tends to create certain kind of political responses. In the case of Tampella, the most prevalent political tactic in each of the business divisions during the period of high regulation (1944–1956) was to send petitions to government. Accordingly, the use of petitions in the engineering division increased during the late 1960s and early 1970s, when the state interventions in subsidising the exports and R&D operations of the engineering industry increased.

The industry characteristics seem also to have an effect on the continuity in the political actions of a firm. The political strategy of Tampella's textile division remained

practically unchanged during the whole research period, whereas the other divisions changed their political strategies often. This implies that in the stable and declining industry a firm is not encouraged to pursue various political strategies, but instead rely on established and customary action modes. Over time, these permanent ways to manage government relations become entrenched social structures that are hard to change. On the contrary, a firm that is operating in a turbulent and rapidly changing business environment is forced to diversify and change its political strategy according to the new requirements of the environment.

The in-depth investigation of Tampella's textile division reveals how certain historical path dependencies may influence the evolution of corporate political strategy. The decade-long persistent resistance to the divestment of the textile industry reflected the political activity of the textile division. As the detachment from the unprofitable textile industry was considered impossible because of high exit costs and concerns of social responsibility, the intensified political involvement to seek government protection became one of the few remaining strategic alternatives for the business division. In this sense, it can be argued that a firm can use political activity as a substitute for downsizing. Schuler (1996) made a similar finding when examining the corporate political strategies in the U.S. steel industry. This finding highlights also a basic premise of the evolutionary perspective of organizational change arguing that the historical path of a specific organization imposes significant constraints on the activities and goals of the organization. Moreover, individual organizations are constrained not only because of their own history but also because they exist in larger social environments that impose additional limits on the directions an organization can take (Aldrich 1999, 200–222).

#### *Country-specific institutional factors*

A basic premise of strategic management is that changes in the institutional environment, such as deregulation, impose dramatic challenges for a firm's strategy (Mahon & Murray 1981; Smith & Grimm 1987; Reger et al. 1992; Russo 1992). This was also evident in the case of Tampella. The changes in the regulative environment posed institutional pressures on the political activity. Tampella changed the forms of its

political strategy as a consequence of emerging deregulation in the late 1950s. The target of political activity changed from government agencies to ministry officials and the members of cabinet. At the same time, the approach of Tampella's political activity started to transform from reactive towards more anticipative attitude. Accordingly, the emergence of deregulated financial markets in Finland in the early 1980s resulted in more heterogeneous political involvement in Tampella. In other words, Tampella was forced to change and diversify its political activities, because the practices adopted during the subsequent period of high regulation did not prove efficient and suitable in the new environment.

The political environment in Finland remained relatively stable during the research period. The constitution and the relative strength between various political institutions endured unchanged. There were, however, two distinctively turbulent periods in political arena (the late 1940s and the early 1970s) that increased the uncertainty and insecurity in the Finnish business circles. During both of these periods the political activity of Tampella increased remarkably. This implies that a firm becomes more politically active in the situation, when the actions of political decision-makers become more unpredictable.

It seems evident that the contextual forces were also interrelated to each other. In other words, the changes in Tampella's political strategy were caused by the dynamic interrelationship of firm-level, industry-level and institutional level factors. For example, the institutional change in the late 1950s (i.e., the deregulation of foreign trade) caused changes in industry conditions. The position and prospects of the textile industry became threatened because of the increased import competition, whereas the multilateral tariff reductions created more possibilities for export expansion in engineering and wood-processing industry. The changes in industry conditions reflected on the strategic position of Tampella's business divisions. Accordingly, Tampella changed simultaneously its competitive and political strategies in order to adapt to the new environmental conditions.

To conclude, a co-evolutionary perspective on intra-firm political activity developed in this study suggests that the evolution does not necessarily imply progress or improvement, but rather cumulative and transmissible change. Therefore, the evolution of

corporate political strategy is highly dependent on the history of a particular firm. The new practices and ways of political activity come about by changing and recombining existing things. In other words, they do not appear from scratch. Moreover, the practices and routines of a firm's political activity will change and evolve through a process in which the existing practices are found ineffective or inappropriate.

## **8 CONCLUSIONS**

### ***8.1. Contributions of the study***

In this study I employed an evolutionary perspective to examine intra-firm political activity through in-depth historical analysis. The purpose of the study was to move toward a dynamic and more comprehensive perspective in order to increase our understanding of the temporal variations in the intra-firm political activity.

I generated an analytical framework to study the long-term patterns of corporate political strategy. In particular, I analysed the influence of three general contextual forces in shaping the evolution of corporate political strategy. These forces included firm-specific factors, industry-specific factors and institutional-specific factors. The firm-specific factors included both the tangible and intangible resources of a firm. In particular, I took into account the economic performance of a firm, the organisational structures of a firm (managerial hierarchies in the management of government relations), and the personal capabilities of the managing directors. On the industry level I analysed the effects of industry characteristics (such as concentration, economic bargaining power of an industry) on the evolution of corporate political strategy. On the institutional level I concentrated on the major structural changes in the institutional environment (such as deregulation, new forms of regulation).

The results of the historical case study indicate that the patterns of corporate political strategy co-evolve with the contextual forces. However, no single factor is the main driver of the evolution of corporate political strategy. Instead, it is the dynamic interplay within the set of conflicting contextual factors that determines the evolutionary path. Accordingly, it is suggested that the specific impact of these contextual factors will differ across firms and over time. Thus, the interaction of the factors will determine a unique pattern of evolution in each firm (cf. Noda & Collis 2001).

This study demonstrates the importance of deep case studies in the field of corporate political activity research. In fact, this is the first study, at least to the best of my

knowledge, in which the intra-firm political actions are systematically examined. In-depth historical case study illustrates the complex nature of corporate political activity and business-government relations. It shows the potential benefits of focusing on the individual political actions of a firm instead of examining commonalities of political activity in a large sample of firms. Thus, it is evident that the knowledge generated by an inter-organisational level of analysis can be complemented by focusing on intra-organisational political actions. Accordingly, the intra-organisational level of analysis can reveal the whole complexity and multiplicity of corporate political activity. Corporate political activity should not be treated merely as an accumulation of “impersonal” political actions but as a set of multifaceted actions with different characteristics and goals. Clearly, more research is needed in which this complex nature of corporate political activity is recognized.

Moreover, this study is one of the early attempts to operationalise the interconnection of a firm’s political and competitive strategy. This was done by analysing the strategic aims of the individual political actions of a firm. The strategic profiles of the political activity were then compared to the patterns of competitive actions of a firm. This analysis revealed the close connection of political strategy to the competitive strategy of a firm. The temporal variations in the corporate political strategy seemed to be parallel to the changes in competitive strategy.

The study has certain practical implications. By concentrating on the long-term processual perspectives of the intra-firm political activity, the study provides a profound understanding of the processes through which corporate political activity evolves. The identification of the contextual forces and their influence on the corporate political decision-making could help firms to develop their political strategies and government relations. Although the empirical evidence of the study is from a single company operating in a specific country environment, I argue that the general-level mechanisms by which corporate political strategy co-evolves with the contextual factors can be generalised to other firms and to other country environments. Moreover, a profound understanding of the long-term dynamics of the political activity might help practitioners to become aware of the constraints and possible negative long-term outcomes of CPA, and thus affect the long-term competitive performance of firms.

## **8.2. Validity of the research**

In this study I employed an unstructured research method (cf. Mintzberg 1973, 226–227), based on inductive inquiry, having some resemblance to the grounded theory approach. Correspondingly, a main weakness of the study is related to the method and the scope of the data. A researcher is not able to detect all individual political actions promoted by managers without intensively interviewing or observing the managers. In historical research, observing managers is not possible and retrospective interviews are problematic, because people tend to remember and interpret past events differently. Correspondingly, the data collected by interviews is a reconstruction of reality interpreted by an interviewee in retrospect (cf., Goodman & Pryluck 1974; Goodman & Kruger 1988). Thus, an extensive investigation of primary documents is the only way to achieve more or less objective data. For example, the archival data of Tampella, such as the correspondence of managers and minutes of the board, illustrate what managers actually did at the time of actual event. Moreover, one is able to interpret the intentions of individual strategic (both competitive and political) actions, i.e., what business goal has motivated each action.

A common weakness in the studies that classify individual actions is that the actions are treated equally (Peterson 1998). This means that the relative importance of each action is assumed to be equal. This weakness also applies to this study. In analysing the patterns of Tampella's political activity, each action has weighted similarly (i.e., an occurrence of a specific kind of action is given a value of 1). For example, a decision to petition a government subsidy worth, say, FIM 50 millions is considered comparable to a petition worth FIM 5 millions. Anyway, the assessment of the importance of each action would be difficult given the nature of the data. It would be highly problematic to evaluate certain kinds of political actions, such as inviting a political decision-maker to visit the company premises or sending a birthday present to the President's wife.

Another problem pertains to the fundamental nature of corporate political activity. First, managers may be reluctant to openly discuss about some of the sensitive issues

relating to corporate political activity (for example, election funding), because these issues may be a potential threat to the legitimacy of a firm. Second, a remarkable share of the political action is taken in an informal manner (i.e., in undocumented personal conversations between business managers and policy-makers), and thus these actions are not detectable in historical inquiry based on documentary data (cf. Tainio et al. 1989). In this respect, however, examining historical events has a certain benefit. Before the Internet age began in the 1990s, business managers (at least in Finland) used correspondence and telegrams as their main way of communication. This becomes evident when examining the historical archives of Finnish firms. Accordingly, the historical correspondence of Tampella's top management includes an extensive evidence of the connections between managers and policy-makers during the research period.

Furthermore, I attempted to overcome the problem of data limitations by relying on multiple data sources. This way I was able to triangulate facts and inferences. For example, newspaper and magazine articles containing the comments of Tampella's managers on some specific policy issue provided additional information. However, following the recommendation proposed by Yin (1994, 81) I assessed every piece of evidence carefully and from a critical point of view. This is especially important in a study relying extensively on archival sources. Due to their inherent political and residual features, archival materials often provide incomplete or contradictory evidence for an interpretation (Ventresca & Mohr 2002). Moreover, some government documents may be deliberately edited before being printed in their final form. Accordingly, many of the documents prepared by organisations might be intentionally targeted at some external stakeholders, and thus they do not necessarily represent the true values and intentions of actors.

To conclude, it is most likely that I was not able to detect all the political actions of Tampella during the research period. However, by utilizing an extensive and multiple data sources, I believe that I have been able to reveal all types of political actions and the general trends of Tampella's political actions.



### **8.3. Implications for future studies**

In this study I combined the qualitative and quantitative methods to examine the evolution of intra-firm political activity through a historical single case study. Thus, I attempted to achieve a profound understanding of the long-term processes through which corporate political strategy evolves over time. In the following I propose some ideas of how the analytical framework and the methodology used in this study could be utilised more broadly in future studies on corporate political activity and what kind of contributions it would possibly offer to the research field. Moreover, I develop some ideas on how the research field of corporate political activity should be developed on a more general level.

One of the focal challenges of the field of study is the integration of competitive and political strategies on the analytical level. In this study I employed event data analysis in order to systematically examine the interrelations between competitive and political strategy. However, the classification schemas generated from both competitive and political actions were not entirely consistent. Thus more sophisticated analytical frameworks are needed to systematically compare these decidedly overlapping areas of business strategy.

It has been argued that the research of corporate political activity needs more international perspectives (Getz 1997; Schuler 2002; Skippari, Eloranta, Lamberg, Parvinen, forthcoming; Meznar 2002). Although there is a well-established research stream focused on the relationship between governments and multinational companies (Blumentritt & Nigh, 2002; Boddewyn, 1975, 1988; 1995; Brewer 1992; Hadjikhani, 2000; Hillman 2003; Lenway & Murtha, 1994; Mitchell, Hansen & Jepsen, 1997; Rugman & Verbeke 1998a, 1998b), I argue that the real challenge of the field in terms of international perspective is to systematically compare the political activities of different firms in different country environments. The analytical framework based on event data analysis used in this study is a potential tool for such comparisons. Accordingly, the use of event data analysis based on the individual political actions of firms in a comparative study could enable the identification of different evolutionary patterns of corporate

political activity in various institutional contexts. Moreover, it could provide a framework for comparing patterns of political involvement in politically active and inactive firms operating in the same industry. This again could enhance the diversity of the knowledge in the field, because one of the dominant features of the existing research has been the focus on politically active firms. Such research settings could facilitate the understanding of why some firms are more inactive in political arena than others. Overall, a solid theory of corporate political activity should be based on empirical evidence from several different institutional environments in order to increase the generalizability of the theory.

The research framework could also be used in comparing the patterns of political activity in different forms of organisations, such as family-owned firms, state-owned firms and privately owned firms. In fact, very little research has been conducted to date to analyse the interrelationship of organisational forms and corporate political activity.

In this study, the empirical data was gathered from a firm that operated in a western democracy. In fact, this is the institutional context to which almost all of the existing research has been applied. However, as indicated by Pearce (2001), firms may face several different formal institutional environments that require different corporate strategies and organisational forms. Pearce made a distinction between facilitative and non-facilitative environments that governments can provide for business. Thus, it may prove fruitful to examine the evolution of corporate political activity in a more authoritarian society, such as the East European countries at the time of transition from the communism. This could improve our understanding of the role of institutional environment in creating incentive structures for corporate political activity.

In general, there are different kinds of institutional forces that constrain the activities of firms. Institutional theorists have divided these forces into coercive, mimetic and normative pressures that motivate firms to conform to or become isomorphic with social and regulatory expectations (DiMaggio & Powell 1983; Scott 1995). In this study, I examined mainly the effects of coercive institutional pressures on corporate political activity. This has also been the dominant focus in most of the studies in the field. In the future studies, more emphasis should be put on examining the effects of mimetic and

normative pressures on corporate political activity, both on the firm and industry level of analysis.

Another potential way to generate comparative knowledge would be, for example, to apply a dyadic research model based on event data analysis (Barr et al. 1992; Chen 1996; Ferrier et al. 1999; Ferrier 2001) to the study of corporate political activity. This approach would enable the comparison of the evolution of the corporate political actions of two main competitors in an industry. Thus one could determine the competitive implications of the political activity in an industry.

Overall, the processual and evolutionary perspectives have been rare in the research field of corporate political activity. One potential benefit related to the longitudinal and processual perspective is the different time scope vis-à-vis cross-sectional and short-term perspectives. As noted by Daneke (1985), a firm that seeks short-term profit maximization through government regulation may gradually convert into a sociopathic organisation which is constantly struggling for its protected position rather than trying to adapt its business operations to free competition. This may ultimately precipitate organisational decline (cf. Nelson & Winter, 1982, 403). In CPA literature, a large part of the existing research has linked itself with explicit instrumentalism that in fact promotes “sociopathic” practices. Yoffie and Bergenstein (1985) already argued “... that companies develop political strategies to be effective in politics” (p.124) and “... that the goal of the political entrepreneur is ... to influence policy, and enhance the profitability of business operations” (p. 126). Taking into consideration the recent wave of corporate scandals, it is somewhat surprising that researchers have not taken into account the possible negative effects of CPA. It seems that the lack of criticism in CPA research is a logical consequence of the dominance of research designs that apparently overemphasize the short-run effects of CPA.

Thus, more concerted efforts to employ historical and longitudinal perspectives on corporate political activity would supplement the existing knowledge by linking the actions and performance of corporations with the changes in their political and institutional environments and in societal welfare. By utilising historical analyses that focus on the entire life-cycle of political systems and firm development, researchers

could be able to focus also on other factors influencing CPA, and to explicate the long-term consequences of political actions. Moreover, historical analysis helps one observe political behaviour that would otherwise be difficult if not impossible to scrutinise.

As I see it, there is far too little variation in the theoretical and methodological basis of the field. As noted by Hillman (2002), this kind of adherence to a few dominating paradigms is not intrinsic to other areas of management and organisation literature (cf. Bartunek, Bobko, & Venkatraman, 1993; McKinley, Mone, & Moon, 1999; Pfeffer, 1993). However, several studies have noted that multiparadigm approaches that integrate disparate theoretical and methodological perspectives are essential in developing new insights into the organisational realm (Gioia & Pitre, 1990; Lewis & Grimes, 1999; Poole & Van de Ven, 1989). In fact, a large part of the existing research has concentrated on researching corporate political activity with cross-sectional quantitative data. Moreover, the dominant research design in the field includes an inter-organisational level of analysis in a country-specific environment. According to Shaffer (1995) this monotony in research design is largely explained by the limits of available data. Especially in the United States, large and easily accessible government records have induced scholars to construct research methods based on statistical analysis. Simultaneously, in-depth case studies requiring access to firm-level data have been rare, partly because the data is more difficult to access due to the secretive attitude of firms towards issues of corporate political activity.

Despite these impediments, I argue that the field needs more research utilising longitudinal, firm-specific data. In this respect, historical studies based on company archives could be one possible solution to overcome the problem of data limitation. Moreover, studies focusing on processual and co-evolutionary approaches could increase scholars' knowledge of the dynamic aspects of corporate political activity. Moreover, if we intend to examine how political strategies actually evolve within firms and which contextual factors influence the process, cross-sectional research methods are inadequate since they lump together data on several firms.

In general, I believe that an increased diversity in the field has implications for both academia and practitioners. The former will gain new theoretical and empirical insights

into corporate political behaviour, and the latter will benefit from the diversity because both business managers and public policy decision-makers need multiple lenses in the interpretation of complex and turbulent environments.

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Hemmilä, Rabbe, December 3, 2003

Lax, Henrik, September 8, 2003

Lehmus, Aake, August 22, 2003

Mattila, Jaakko, August 29, 2003

Mattinen, Esa, August 29, 2003

Miesmäki, Kai, August 19, 2003

Salo, Pekka, December 2, 2003

Summa, Timo, January 2, 2004 (telephone interview)

Vatanen, Leo, September 2, 2003

APPENDIX 1: Classification schema for political actions

Category	Description of a category	Variables	Description of a variable
<b>Tactic</b>	Political tactic used for influencing government policy decision making	Negotiation Petition Public statement Executive lobbying Government relations	Formal discussions of the direction of ongoing or emerging policy issue Sending formal petition to government or officials Public communications, an attempt to affect on public opinion Using direct, informal contacts to politicians or officials for requesting a favour Enhancing relations to politicians or state officials, e.g., hosting government officers; having representatives in state committees
<b>Target</b>	A person or institution to which a firm has contacted in political issues	President of the Republic The Cabinet Member(s) of the Parliament Public financier Ministry Government agency Representative of foreign government Competitor	
<b>Response</b>	A general way to respond to policy issues	Reactive Proactive	Responding to an existing legislation or regulation, playing by the existing "rules of the game" An attempt to reshape or prevent a pending policy issue, to change the existing "rules of the game"
<b>Approach</b>	A general attitude towards government	Anticipative Neutral Cooperative Challenging	Responding before policy issue is being formally discussed, an attempt to create new "rules of the game" Building trust and confidential relationship with government, emphasizing reciprocal benefits Having a neutral stance on government, typically a non-personal connection to government without any particular requirement Aggressive stance on government, pressure-like expressions, extending an ultimatum to government
<b>Strategic objective</b>	The primary strategic aim of an action in competitive sense	Market protection Market expansion Geographic expansion Product diversification Profitability Production conditions	Promoting policy decisions that would protect and secure a firm's position in the markets (domestic or foreign) in which it is operating at the time of the action Promoting policy decisions that would increase the business opportunities in the markets (domestic or foreign) in which a firm is operating at the time of the action Promoting policy decisions that would increase the opportunities for penetrating to new market areas Promoting policy decisions that would enhance the opportunities for penetrating new product markets and extending the product portfolio Promoting policy decisions that would increase the profitability of a firm Promoting policy decisions that would help a firm to maintain its production capability or secure the supply of technology and raw materials

## APPENDIX 2: Classification schema for competitive actions

Types of actions:

A1 = establishment of a new major business area in domestic base

A2 = establishment of a new major business area abroad

A3 = closure of a new major business area in domestic base

A4 = closure of a new major business area in domestic base

B1 = acquisition of a new major business area in domestic base

B2 = acquisition of a new major business area abroad

B3 = divestment of a major business area in domestic base

B4 = divestment of a major business area abroad

C1 = establishment of a new mill or company in domestic base

C2 = establishment of a new mill or company abroad

C3 = closure of a mill or company in domestic base

C4 = closure of a mill or company abroad

D1 = acquisition of a new mill or company in domestic base

D2 = acquisition of a new mill or company abroad

D3 = divestment of a mill or company in domestic base

D4 = divestment of a mill or company abroad

E1 = combining of companies in domestic base (merger)

E2 = combining of companies abroad

E3 = demerger of companies in domestic base

E4 = demerger of companies abroad

F1 = starting a cooperation in domestic base (joint ventures, acquiring the majority of shares in a company)

F2 = starting a cooperation abroad

F3 = closure of a cooperation in domestic base (closing down a joint venture, selling the majority of shares in a company)

F4 = closure of a cooperation abroad



Appendix 3: Codification of Tampella's political actions 1944–1991

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1944	negotiation about government purchase	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0
1945	attempt to affect trade negotiations	Co	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0
1945	petition for a privilege from Soteva	Co	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1945	petition for purchase permission	Co	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0
1945	petition for purchase permission	Co	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0
1945	petition for import licence	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1945	resistance of Soteva's delivery conditions	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0
1945	attempt to restrict domestic competition	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0
1945	petition of export licence for ammunition	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0
1945	attempt to avoid export restrictions	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0
1945	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
1945	attempt to affect trade negotiations	D3	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1945	attempt to affect trade negotiations	D3	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1945	petition of import licence for machine	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1945	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1945	petition for export price subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1
1946	petition for advance payment from Soteva	Co	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	Co	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for higher prices	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for higher prices	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for export quota	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0
1946	petition for higher quota	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	request for abandoning export ban	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1946	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1947	petition for higher prices	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1947	petition for import licence	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1947	request for more government purchases	D2	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D2	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition of export licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1947	petition for purchase permission	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	attempt to affect trade negotiations	D2	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1947	petition for import licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for purchase permission	D2	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	appeal for low-interest loan from the state	D2	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1
1947	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	1







Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1948	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1
1948	petition for abandoning regulation	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0
1948	petition for export quota	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1948	petition for import licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1948	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1948	petition for abandoning regulation	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1948	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1948	petition for extended export quota	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1948	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1948	petition for exemption from duties	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D1	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D1	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D1	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D1	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D1	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	request for devaluation	D1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for export licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1949	petition for import licence	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0





















Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1954	appeal for eliminating foreign competition	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1	1	0	0
1954	appeal for tax reduction	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	1	0	0
1954	appeal for support to domestic production	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1954	petition for state credit for Soviet export	D3	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	1	0	0	0	1	0
1955	negotiations for receiving export loans	Co	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0
1955	petition for import and export liscense	D1	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	1	0
1955	Request for special treatment	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1955	negotiation about government purchase	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1955	petition for privilege	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1955	attempt to receive a trade quota	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	1	0	0
1955	attempt to increase domestic market protection	D3	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0
1955	attempt to increase domestic market protection	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0	0
1955	petition for export liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1
1955	petition for import liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0
1956	lobbying to affect legislative bill	D1	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1956	public statement on the conditions of export industry	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1	0	0
1956	negotiation about government purchase	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1956	attempt to facilitate the ammunition export	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
1956	petition for import and export liscense	D3	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0
1956	petition for import liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	1	0	1	0
1956	petition for import liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1	0	1	0
1956	negotiations for bigger currency quota	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
1956	petition for import liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1
1956	petition for import liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1
1956	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1
1956	petition for import liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1
1956	petition for import liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1
1956	petition for import liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1
1956	petition for import liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1
1956	petition for import liscense	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1
1957	attempt to receive devaluation	Co	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1957	opposing the export fees	D1	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
1957	attempt to receive price subsidy	D1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1957	application for government loan	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	1	0
1957	attempt to affect trade negotiations	D2	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0
1957	attempt to receive trade quota	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0
1957	attempt to expand trade quota	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0
1958	application for government loan	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0
1958	petition for export quota	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0
1959	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0



Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1959	initiation of PR project	Co	0	0	0	0	1	0	0	0	0	0	0	0	1	0	1	0	0	0	0	1	0	0	1	0	0
1959	statement for increasing government purchases	D2	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1959	complaint over the rise of import competition	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0
1960	negotiation with government	D2	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0	0	1	0	0
1960	complaint over the rise of import competition	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0
1961	participating in trade commission	Co	1	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0
1961	opposing duty free import of paper machines	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0	0
1961	complaint over the rise of import competition	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0
1961	complaint for dumping	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0
1961	petition for export licence	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0
1962	initiative for improvement of PR	Co	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1962	negotiations of government purchases	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1962	petition for delivery credit system	D2	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1962	complaint over the rise of import competition	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0
1962	petition for tulliperuutus	D3	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	1	0	0
1963	donation to U. Kekkonen foundation	Co	0	0	0	0	1	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0
1963	initiative for improvement of PR	D1	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0
1963	petition for export licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1
1963	petition for export licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1
1963	complaint over the rise of import competition	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1
1964	attempt to affect trade negotiations	D2	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1
1964	complaint over the rise of import competition	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1
1965	petition for logging rights in Canada	D1	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1
1965	complaint over the rise of import competition	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0
1965	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1
1965	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1
1966	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1
1967	improving export promotion	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	1	0	0
1967	opposing export fees	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0
1967	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1
1968	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	1	0	0	0	1
1968	statement for negative outcomes of devaluation	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	1	0	0	0	1
1968	complaint over the high export fees	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1
1968	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1
1968	statement for stable price conditions	D2	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0
1968	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1
1968	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1968	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1
1968	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1968	petition for export licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1968	petition for extension of export licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1968	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1968	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1969	complaint over price regulation	D1	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	1
1969	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1969	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1969	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1969	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1969	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1969	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1969	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1969	petition for export licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0
1969	statement for negative policy outcomes	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1969	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1969	application for investment loan	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	1	0
1970	initiative for improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	1	0	0	1	0
1970	improving public relations	Co	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0
1970	improving public relations	Co	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0
1970	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1970	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1970	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1970	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1970	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1970	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1970	petition for extension of export licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1970	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1970	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1970	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1970	opposing price regulation	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1
1970	opposing price regulation	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1
1971	opposing increased taxation	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0
1971	statement for negative policy outcomes	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0
1971	petition for privilege	D1	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	1	0	0
1971	statement for negative policy outcomes	D2	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	1	0	0
1971	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1971	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1971	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1971	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1971	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1971	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1971	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1971	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1972	government official visit	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	1	0
1972	supporting EEC agreement	Co	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1972	attempt to increase domestic market demand	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0
1972	petition for privilege	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	1	1	0	0
1972	application for export promotion subsidy	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1972	application for export promotion subsidy	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1972	application for investment loan	D1	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	1
1972	negotiations for government subsidy	D1	0	1	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	1	0	0	0	1
1972	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1972	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1972	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1972	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1972	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1972	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1972	attempt to increase government purchase	D2	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	0
1972	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1972	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1973	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	1	0	0	1
1973	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	1	0	0	1
1973	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	1	0	0	1
1973	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	1	0	0	1
1973	application for export promotion subsidy	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1973	negotiations for government subsidy	D1	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1
1973	negotiations for government subsidy	D1	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1
1973	petition for government subsidy	D1	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1
1973	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1
1973	petition for delivery guarantee	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	1
1973	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1
1973	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1
1973	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1
1973	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1
1973	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1
1973	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1
1973	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1973	petition for customs concession	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	1	0	0
1973	petition for customs concession	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	1	0	0
1973	opposing price regulation	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	1	0	0
1973	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1974	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1974	improving public relations	Co	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1974	government official visit	Co	0	0	0	0	1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1974	government official invited to visit	Co	0	0	0	0	1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1974	government official invited to visit	Co	0	0	0	0	1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1974	government official visit	Co	0	0	0	0	1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1974	government official visit	Co	0	0	0	0	1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1974	applying for permission for foreign loan	Co	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	1	0	0	0	1	0
1974	improving public relations	Co	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0
1974	improving public relations	Co	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0
1974	using government official in export promotion	Co	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0
1974	government official visit	D2	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0
1974	negotiations for government purchase	D2	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0
1974	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	1
1974	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	1
1974	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	1
1974	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	1
1974	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	1
1974	government official invited to visit	D2	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0
1974	government official invited to visit	D2	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0
1974	petition for higher prices	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0
1974	statement for increased import competition	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1
1974	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1
1974	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1
1974	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1
1974	attempt to receive trade quota	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
1975	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	1	0	0	0	1
1975	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1
1975	government officials invited to visit	Co	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1975	enhancing government relations	Co	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0
1975	government official invited to visit	Co	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0
1975	petition for government subsidy	D1	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1975	application for R&D subsidy	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1975	petition for customs concession	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1975	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1
1975	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1
1975	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1975	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1975	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1975	petition for export licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1
1975	attempt to affect trade negotiations	D2	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1975	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1975	using government official in export promotion	D2	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1975	petition for increased export credit	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1975	attempt to affect trade negotiations	D2	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1975	attempt to receive trade quota	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1975	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1975	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1975	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1975	application for R&D subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1975	statement of negative policy	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1975	attempt to increase government purchase	D3	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1976	application for government loan	Co	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1976	statement for government subsidy	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1976	statement for changing government policy	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	1
1976	government official invited for visit	Co	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	1
1976	attempt to affect trade negotiations	Co	0	0	0	0	1	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1
1976	application for government loan	Co	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1976	negotiation with politician	D1	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1976	attempt to receive devaluation	D1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1976	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1976	petition for export subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1976	statement for domestic market protection	D2	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1976	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1976	government officials invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1976	attempt to receive trade quota	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1976	negotiating for government purchase	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1976	application for export promotion subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1976	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1976	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1976	attempt to affect trade negotiations	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1976	attempt to receive trade quota	D2	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	1	0
1976	attempt to receive trade quota	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	1	0	1	0
1976	government officials invited to visit	D2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1976	petition for export licence	D2	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0
1976	complaint over duty free import	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0
1976	application for R&D subsidy	D3	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1976	government official invited to visit	D3	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1977	improving public relations	Co	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1977	improving public relations	Co	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1977	improving public relations	Co	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1977	improving public relations	Co	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1977	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1
1977	attempt to protect domestic market	Co	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1
1977	application for government loan	Co	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1977	negotiations for improving export conditions	Co	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1
1977	attempt to affect on trade negotiations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	attempt to affect on trade negotiations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	attempt to affect on trade negotiations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	attempt to affect trade negotiations	Co	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	politician invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	statement for changing government policy	Co	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	request for devaluation	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0
1977	application for R&D subsidy	D1	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	improving public relations	D2	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	attempt to affect trade negotiations	D2	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
1977	attempt to affect on government purchase	D2	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	application for government loan	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	application for delivery guarantee	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	petition for subsidy	D2	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	petition for trade quota	D2	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	petition for export licence	D2	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	attempt to affect trade negotiations	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1977	attempt to affect on government purchase	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1977	attempt to affect trade negotiations	D2	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	1	0
1977	attempt to affect trade negotiations	D2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1977	petition for export licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
1977	attempt to affect trade negotiations	D2	0	0	1	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0
1977	attempt to protect domestic market	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0
1977	attempt to protect domestic market	D3	0	1	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1977	attempt to affect on government purchase	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1977	attempt to protect domestic market	D3	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1977	attempt to protect domestic market	D3	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1977	attempt to protect domestic market	D3	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1978	attempt to affect on trade negotiations	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	1	0	0
1978	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	0	1
1978	attempt to affect on trade negotiations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1978	attempt to affect government policy	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1978	attempt to affect on government policy	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1978	attempt to affect on government policy	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1978	attempt to protect domestic market	Co	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0
1978	attempt to protect domestic market	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
1978	attempt to affect on trade negotiations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1978	attempt to affect on government purchase	Co	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0	0	0	0	1
1978	attempt to affect on government policy	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1978	application for R&D subsidy	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1978	application for government subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1978	application for government loan	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1978	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1978	petition for export licence	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1978	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1978	attempt to affect on trade negotiations	D2	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1978	attempt to affect on government policy	D2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1978	attempt to affect on trade negotiations	D2	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1978	application for government subsidy	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0
1978	attempt to protect domestic market	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0
1978	application for export promotion subsidy	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
1978	application for government subsidy	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
1978	application for government subsidy	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
1978	application for R&D subsidy	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
1978	government official invited to visit	D3	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1
1978	application for export promotion subsidy	D3	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1
1979	negotiations with politician	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1979	politician invited to visit	Co	0	0	0	0	1	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1979	application for government subsidy	Co	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1
1979	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	1	0
1979	attempt to affect on tax rate	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	1	0	0
1979	government official invited to visit	D1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	1	0
1979	application for R&D subsidy	D1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	attempt to affect on trade negotiations	D2	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0	0	0	0	1	0	0	1	0	0
1979	politician invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	1	0
1979	attempt to affect on trade negotiations	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0
1979	application for government loan	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	application for government loan	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	application for government loan	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	negotiation for government purchase	D2	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1979	improving public relations	D2	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0
1979	attempt to affect on export conditions	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0
1979	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	attempt to affect trade negotiations	D2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1979	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1979	petition for delivery guarantee	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
1979	attempt to affect on trade negotiations	D2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0
1979	attempt to receive government subsidy	D2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0
1979	application for government subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0
1979	application for government subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0
1979	attempt to affect on trade negotiations	D2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0
1979	attempt to affect on government purchase	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1979	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0
1979	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0
1979	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0
1979	application for R&D subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0
1979	application for export promotion subsidy	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0
1980	hiring a foreign lobbyist	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1	0	0	1	0	0
1980	improving government relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1980	improving government relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1980	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0



Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1980	improving government relations	Co	0	0	0	0	1	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1980	resistance of change in public policy	Co	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0
1980	application for government subsidy	D1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1980	statement for change in public policy	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	1	0	0
1980	negotiations about government purchases	D1	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0	0	1	0
1980	government official invited to visit	D2	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0
1980	attempt to affect on government purchase	D2	1	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1980	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1980	attempt to affect on trade negotiations	D2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1980	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1980	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1980	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1980	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1980	application for government subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1980	using state official for scanning business opportunities	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	1
1980	export promotion subsidy received	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1980	export promotion subsidy received	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1980	export promotion subsidy received	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1980	export promotion subsidy received	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1980	export promotion subsidy received	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1980	export promotion subsidy received	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1
1981	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1981	attempt to affect on trade negotiations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1981	government official invited to visit	Co	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1
1981	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1981	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1981	attempt to affect on trade negotiations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1981	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1981	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1981	government official invited to visit	D1	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1
1981	improving government relations	D1	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1
1981	government official invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1981	government official invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1981	politician invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1981	R&D subsidy received	D2	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0
1981	attempt to affect trade policy	D2	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0
1981	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0
1981	attempt to affect on trade negotiations	D2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0
1981	attempt to affect on government policy	D2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0
1981	application for R&D subsidy	D2	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0
1981	attempt to affect on government policy	D2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1981	export promotion subsidy received	D3	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1
1982	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0	1	0
1982	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	1	0
1982	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	0	1
1982	attempt to affect on export conditions	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1982	request for devaluation	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	1	0	0
1982	request for devaluation	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	1	0	0
1982	improving public relations	D1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	1
1982	politician invited to visit	D1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	0	1
1982	politicians invited to visit	D1	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	1	0	1	0	0
1982	attempt to affect on government purchase	D2	0	1	0	0	0	0	1	0	0	0	1	0	0	0	1	0	0	0	0	1	0	0	1	0	0
1982	attempt to affect on government purchase	D2	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1983	politician invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	0	1
1983	politician invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	0	1
1983	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	0	1
1983	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	0	1
1983	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	0	1
1983	attempt to affect on trade negotiations	Co	0	0	0	0	1	0	0	1	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1983	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1983	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1983	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1983	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1983	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1983	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1983	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1983	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1983	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1983	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1983	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1983	application for government subsidy	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1
1983	government official invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1
1983	government official invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1
1983	government official invited to visit	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0
1984	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1
1984	visit of a politician	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1
1984	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1
1984	government official invited to visit	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1
1984	attempt to affect trade negotiations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1984	attempt to affect trade negotiations	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1984	visit of a government official	Co	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1
1984	visit of a politician	D1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1
1984	visit of a politician	D1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1
1984	union member invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1984	politician invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1984	government official invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1984	politician invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1984	politician invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1984	politicians invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1984	government official invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1984	attempt to affect trade negotiations	D2	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	1	0	0
1984	attempt to get more government purchases	D2	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	1	1	0	0
1984	government official invited to visit	D2	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1984	attempt to affect trade negotiations	D2	0	0	0	1	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1984	attempt to affect trade negotiations	D2	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	1	0
1984	complaint over subsidies provided to a competitor	D3	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	0
1985	politicians invited to visit	Co	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1985	government official invited to visit	Co	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1985	government official invited to visit	D1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1985	government official invited to visit	D1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1
1985	improving public relations	D2	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	1
1985	visit of a politician	D2	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	1
1985	petition for government subsidy	D2	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0	0	1
1985	petition for government subsidy	D2	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1
1985	attempt to affect trade negotiations	D2	0	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1985	negotiations about government purchases	D2	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	1	0
1985	attempt to abandon export ban	D2	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
1986	visit of a politician	Co	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	1
1986	visit of a politician	Co	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	1
1986	attempt to affect trade negotiations	Co	0	0	0	0	1	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1986	government official invited to visit	D1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1
1986	government official invited to visit	D1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	1
1986	politician invited to visit	D1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	1
1986	request for devaluation	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0
1986	government official invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	1
1986	negotiations about government purchases	D2	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	1	0
1986	government official invited to visit	D2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1986	government official invited to visit	D2	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	1
1986	attempt to increase export quota	D2	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0
1986	attempt to increase export quota	D2	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0
1987	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1987	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1987	visit of government officials	Co	0	0	0	0	1	0	0	1	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1
1987	visit of a government official	Co	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	1
1987	visit of a government official	Co	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	1
1987	visit of a government official	Co	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	1
1987	visit of a politician	D2	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	1	0	0	0	1	0	0	0	0	1

Appendix 3 continues

Year	Action	Div.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1987	visit of a government official	D2	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1987	negotiations about government purchases	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1987	request for government subsidy	D2	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1988	improving public relations	Co	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1988	attempt to avoid export restrictions	D2	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	1	0	0	1	0	0
1988	petition for government subsidy	D2	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0
1988	negotiations about government purchases	D2	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1989	improving government relations	Co	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0
1989	statement of negative outcomes of revaluation	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0
1989	statement for abandoning export ban	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0
1989	petition to increase foreign ownership in the company	Co	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0
1989	request for lower taxes	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0
1989	attempt to affect public policy	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0
1989	statement of negative outcomes of revaluation	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0
1989	attempt to affect trade negotiations	D2	0	0	0	1	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1989	negotiations about government purchases	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0
1989	statement for abandoning export ban	D2	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0
1990	statement of negative outcomes of revaluation	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0
1990	statement for the need of devaluation	Co	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0
1990	petition for government subsidy	D2	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1990	visit of a politician	D2	0	0	0	0	1	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
1990	petition for government subsidy	D2	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
1990	negotiations about government subsidy	D2	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0
1990	attempt to affect trade negotiations	D2	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1
1991	statement about negative policy outcomes	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0
1991	attempt to affect government policy	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0
1991	attempt to affect government policy	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0
1991	attempt to affect government policy	Co	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0
1991	request for devaluation	D1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0
1991	request for lower wages	D2	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0
1991	application for government subsidy	D2	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0
1991	attempt to affect government policy	D2	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0

Divisions:

Variable

s:

- 1 = Negotiation, 2 = Petition, 3 = Public statement, 4 = executive lobbying, 5 = government relations,
- 6 = president, 7 = cabinet, 8 = Member of Parliament, 9 = public financier, 10 = ministry, 11 = government agency, 12 = foreign government, 13 = competitor, 14 = market protections, 15 = market expansion,
- 16 = geographic expansion, 17 = product diversification, 18 = profitability, 19 = production conditions,
- 20 = anticipative, 21 = reactive, 22 = proactive, 23 = challenging, 24 = cooperative, 25 = neutral

- Co = Corporation
- D1= Wood-processing
- D2 = Engineering
- D3 = Textile

Appendix 4: Codification of competitive actions of Tampella, 1944–1991

Year	Event	Division	A 1	A 2	A 3	A 4	B 1	B 2	B 3	B 4	C 1	C 2	C 3	C 4	D 1	D 2	D 3	D 4	E 1	E 2	E 3	E 4	F 1	F 2	F 3	F 4	
1946	Partnership in Polttoöljy Ltd.	Co	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1947	Co-operation with foreign dealers	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1948	The founding of Metex	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1952	The beginning of papermachine production	D2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1953	The beginning of rockdrill production	D2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1953	The opening of new pulp mill	D1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1954	The closing of pulp mill	D1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1956	The opening of new boiler mill	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1958	The beginning of diesel locomotives production	D2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1959	The closing of lathe production	D2	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1959	The closing of airplane engine production	D2	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1959	The beginning of tarpaulin production	D3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1960	The beginning of cardboardbox production	D1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1960	The opening of a fluting mill	D1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1961	The founding of research center	Co	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1961	The founding of joint sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1961	The founding of joint sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1963	The founding of sales office	D2	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1963	The divestment of shares in Vaasan Puuvilla	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1964	The founding of joint sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1964	The aquisition of Oy Aug. Eklöf Ab	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
1964	The aquisition of Syrjänen Ltd.	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
1964	The founding of joint board mill	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1964	The opening of neopren-tarpaulin mill	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1965	The founding of joint sales office	D2	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1965	The founding of joint sales office	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1965	The founding of joint sales office	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1965	The founding of sales office	D3	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1966	The aquisition of Eralki Ltd.	D4	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
1966	The aquisition of Latexteollisuus Ltd.	D4	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
1966	The merger of Lainapeite Ltd.	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1966	The founding of warehouse for design products	D3	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1966	The founding of rental company	D3	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1967	The founding of Tehdaspuu Oy	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1967	The merger of Latexteollisuus with Eralki	D4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1967	The aquisition of Kalvuote	D4	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
1967	The opening of neopren-tarpaulin mill	D3	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1967	Beginning of production of paper cloth sacks	D3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Appendix 4 continues

Year	Event	Division	A 1	A 2	A 3	A 4	A 1	A 2	A 3	A 4	B 1	B 2	B 3	B 4	B 1	B 2	B 3	B 4	C 1	C 2	C 3	C 4	D 1	D 2	D 3	D 4	E 1	E 2	E 3	E 4	F 1	F 2	F 3	F 4						
1969	The founding of daughter company Tamco Ltd.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
1969	The beginning of TVW co-operation	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
1969	The acquisition of shares in Onduval board mill	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
1969	The acquisition of Espanola board mill	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
1969	The merger of Syrjänen Ltd.	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
1969	The founding of joint sales office	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
1969	Eräki Oy fuusioitiin Tampellaan	D4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
1969	The merger of Kalvotuote Ltd.	D4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1969	The beginning of co-operation in textile markets	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1969	The opening of non-woven -fibrefabric mill	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1970	The opening of joint board mill	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1970	The opening of joint board mill	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1970	The opening of joint sales office	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1971	The closing of diesel locomotives production	D2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1971	The founding of joint sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1971	The acquisition of Baker Hughes Inc	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1971	The opening of rockdrill mill	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1971	The founding of joint sales office	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1972	The acquisition of Bauer-Tamrock	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1972	The founding of joint sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1972	The merger of Teknognass	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1973	The beginning of co-operation in papermachine production	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1973	The divestment of shares in Pineville	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1974	The acquisition of minority shares in Finntec	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1974	The divestment of shares in Adela	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1974	The founding of Tamrock Bergwerksmaschinen Ltd.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1974	The merger of Lainatekstiili	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1974	The merger of Vitivalko	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1974	The divestment of Lainatekstiili Ltd.	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1975	The closing of joint sales office	Co	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1975	The closing of shares in Strömberg	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1975	The closing of drill production	D2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1975	The closing of portable compressor production	D2	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1975	The divestment of shares in Tamrock Italiana	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1975	The founding of joint sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1975	The agreement on co-operation with CompAir	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1975	The divestment of shares in Eurocan	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Appendix 4 continues

Year	Event	Division	A 1	A 2	A 3	A 4	B 1	B 2	B 3	B 4	C 1	C 2	C 3	C 4	D 1	D 2	D 3	D 4	E 1	E 2	E 3	E 4	F 1	F 2	F 3	F 4	
1981	The end of co-operation with Bofors-Nohabbin	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1981	The merger of Scanturbin Ltd.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1981	The acquisition of Tammertool Ltd.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1981	The opening of a mine car factory	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1982	The beginning of new board grade production	D1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1983	The end of water turbine production in USA.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1983	The founding of sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1983	The divestment of plastic division	D4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1983	The beginning of diaper production	D3	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1983	The divestment of shares in Suomen Trikkoo Ltd.	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1983	The acquisition of tarpaulin rental business	D3	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
1984	The founding of joint product development unit	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1984	The founding of sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1984	The founding of sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1984	The beginning of new paper grade production	D1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1984	The end of tarpaulin production	D3	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1984	The divestment of cotton production	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1984	The beginning of co-operation in decorative textiles	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1985	The opening of special product unit	D1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1985	The merger of Lainapeite Ltd.	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1986	The end of TVW-marketing co-operation	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1986	The founding of sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1986	The beginning of export co-operation	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1986	The acquisition of assembly line in rock drills	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1986	The acquisition of sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1986	The founding of sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	The merger of Anjalankosken Voima Ltd.	Co	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	The beginning of paper machine production	D2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	The founding of joint sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	The founding of sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	The acquisition of Outokumpu Ltd.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	The acquisition of Drilltech Inc.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	The beginning of new paper grade production	D1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	The closing of board mill	D1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	The founding of new board mill	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	The divestment of Lainapeite Ltd.	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988	The acquisition of paper machine works	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988	The founding of joint sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Appendix 4 continues

Year	Event	Division	A 1	A 2	A 3	A 4	B 1	B 2	B 3	B 4	C 1	C 2	C 3	C 4	D 1	D 2	D 3	D 4	E 1	E 2	E 3	E 4	F 1	F 2	F 3	F 4	
1988	The acquisition of an engineering office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988	The acquisition of shares in Lapuan Metalli Ltd.	D2	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
1988	The divestment of Tammecc -unit	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
1988	The founding of joint company	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
1988	The acquisition of ARA Ltd.	D2	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
1988	The acquisition of business area in rock drills	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988	The acquisition of Essette Well Ab	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1988	The acquisition of saw mill	D1	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
1989	The divestment of Tampella Tamen Ltd.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
1989	The acquisition of Telatek Ltd.	D2	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
1989	The founding of sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989	The founding of research center	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989	The acquisition of Dorr-Olivier Keeler	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989	The acquisition of Baker Hughes Inc.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989	The beginning of co-operation with Sandvik	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989	The founding of joint rock drill factory	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
1989	The acquisition of Carta Cartoni Cellulosa board mill	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1989	The founding of joint company Tamion Ltd	D3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
1990	The divestment of power plants	Co	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	The divestment of war material department	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	The founding of sales office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	The acquisition of engineering office	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	The divestment of shares in Tamrock	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	The acquisition of Secoma S. A.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	The acquisition of E. M. France Loader	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	The merger of part of EIMCO	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	The acquisition of Ruoveden Pakkaus	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1990	The founding of foreign box mill	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	The closing of assembly line	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	The closing of assembly line	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	The closing of assembly line	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	The acquisition of Sandy Hill Inc.	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	The closing on of Tamrock Ltd.'s mills	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	The closing of a joint company	D2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	The divestment of a business area	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	The divestment of IK-Kotelo	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	The closing of Askolin's saw	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	The founding of joint sales office	D1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Appendix 4 continues

Co = Corporation  
D1 = Wood-processing division  
D2 = Engineering division  
D3 = Textile division  
D4 = Plastic division

A1 = establishment of a new major business area in domestic base  
A2 = establishment of a new major business area abroad  
A3 = closure of a new major business area in domestic base  
A4 = closure of a new major business area in domestic base  
B1 = acquisition of a new major business area in domestic base  
B2 = acquisition of a new major business area abroad  
B3 = divestment of a major business area in domestic base  
B4 = divestment of a major business area abroad  
C1 = establishment of a new mill or company in domestic base  
C2 = establishment of a new mill or company abroad  
C3 = closure of a mill or company in domestic base  
C4 = closure of a mill or company abroad

D1 = acquisition of a new mill or company in domestic base  
D2 = acquisition of a new mill or company abroad  
D3 = divestment of a mill or company in domestic base  
D4 = divestment of a mill or company abroad  
E1 = combining of companies in domestic base  
E2 = combining of companies abroad  
E3 = demerger of companies in domestic base  
E4 = demerger of companies abroad  
F1 = starting a cooperation in domestic base  
F2 = starting a cooperation abroad  
F3 = closure of a cooperation in domestic base  
F4 = closure of a cooperation abroad

## APPENDIX 5: Shares of Tampella's competitive actions in 1944–1991, per cent

Period	A1	A2	A3	A4	B1	B2	B3	B4	C1	C2	C3	C4	D1	D2	D3	D4	E1	E2	E3	E4	F1	F2	F3	F4	Total
1944-1956	25	0	0	0	0	0	0	0	25	0	13	0	0	0	0	0	0	0	0	0	13	25	0	0	100
1957-1967	10	0	7	0	0	0	0	0	10	17	0	0	17	0	0	0	10	0	0	0	3	23	3	0	100
1968-1977	2	0	6	0	0	0	0	0	8	4	8	0	2	6	6	0	13	0	0	0	2	26	6	13	100
1978-1986	6	2	12	2	0	0	0	0	4	18	6	0	4	10	4	0	0	2	0	0	4	20	4	4	100
1987-1991	4	0	2	6	0	2	0	0	4	8	4	0	14	20	12	0	2	2	0	0	4	14	0	2	100

A1 = establishment of a new major business area in domestic base

A2 = establishment of a new major business area abroad

A3 = closure of a new major business area in domestic base

A4 = closure of a new major business area in domestic base

B1 = acquisition of a new major business area in domestic base

B2 = acquisition of a new major business area abroad

B3 = divestment of a major business area in domestic base

B4 = divestment of a major business area abroad

C1 = establishment of a new mill or company in domestic base

C2 = establishment of a new mill or company abroad

C3 = closure of a mill or company in domestic base

C4 = closure of a mill or company abroad

D1 = acquisition of a new mill or company in domestic base

D2 = acquisition of a new mill or company abroad

D3 = divestment of a mill or company in domestic base

D4 = divestment of a mill or company abroad

E1 = combining of companies in domestic base

E2 = combining of companies abroad

E3 = demerger of companies in domestic base

E4 = demerger of companies abroad

F1 = starting a cooperation in domestic base

F2 = starting a cooperation abroad

F3 = closure of a cooperation in domestic base

F4 = closure of a cooperation abroad

APPENDIX 6: Shares of competitive actions in Tampella's business divisions in 1944–1991, per cent

Division	A1	A2	A3	A4	B1	B2	B3	B4	C1	C2	C3	C4	D1	D2	D3	D4	E1	E2	E3	E4	F1	F2	F3	F4	Σ
Textile	3	3	17	0	0	0	0	0	7	13	3	0	7	3	10	0	10	0	0	0	3	10	10	3	100
Engineering	4	0	6	4	0	1	0	0	5	15	2	0	6	14	4	0	0	2	0	0	3	27	1	5	100
Wood-processing	11	0	2	0	0	0	0	0	11	2	11	0	9	9	4	0	7	0	0	0	2	22	0	9	100

A1 = establishment of a new major business area in domestic base

A2 = establishment of a new major business area abroad

A3 = closure of a new major business area in domestic base

A4 = closure of a new major business area in domestic base

B1 = acquisition of a new major business area in domestic base

B2 = acquisition of a new major business area abroad

B3 = divestment of a major business area in domestic base

B4 = divestment of a major business area abroad

C1 = establishment of a new mill or company in domestic base

C2 = establishment of a new mill or company abroad

C3 = closure of a mill or company in domestic base

C4 = closure of a mill or company abroad

D1 = acquisition of a new mill or company in domestic base

D2 = acquisition of a new mill or company abroad

D3 = divestment of a mill or company in domestic base

D4 = divestment of a mill or company abroad

E1 = combining of companies in domestic base

E2 = combining of companies abroad

E3 = demerger of companies in domestic base

E4 = demerger of companies abroad

F1 = starting a cooperation in domestic base

F2 = starting a cooperation abroad

F3 = closure of a cooperation in domestic base

F4 = closure of a cooperation abroad

APPENDIX 7: Results of the co-occurrence analysis of Tampella's political actions, by periods

1944-1956

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	0	0	0	0	0	0	0	0	1	6	5	1	1	1	6	4	0	0	3	12	0	2	4	9	1
2	0	0	0	0	0	0	11	0	2	51	466	1	0	5	18	13	6	39	450	25	450	56	85	34	412
3	0	0	0	0	0	0	4	3	0	0	0	0	0	3	3	0	0	1	0	7	0	0	6	1	0
4	0	0	0	0	0	0	1	0	0	5	15	3	1	1	2	5	0	1	16	9	14	2	7	17	1
5	0	0	0	0	0	0	0	0	0	0	0	2	1	1	2	0	0	0	0	3	0	0	1	2	0
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0	3	5	0	0	7	1	9	1	6	13	2	1
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	3	0	0	2	1	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	2	0	3	0	0	0	3	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0	2	11	8	0	27	14	22	4	36	13	22	27
11	0	0	0	0	0	0	0	0	0	0	0	0	0	5	9	7	6	5	454	9	459	18	69	31	386
12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	4	0	0	0	7	0	0	3	4	0
13	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	2	0	0	0	3	0	0	3	0	0
14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	1	4	8	3	0
15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	5	7	11	12	8
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	4	7	8	10	4
17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	0	1	1	4
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	1	29	17	5	19
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	447	13	58	32	379
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25	26	5
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	56	25	383
22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22	12	26
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1 = negotiation, 2 = petition, 3 = public statement, 4 = executive lobbying, 5 = government relations,  
 6 = president, 7 = cabinet, 8 = Member of Parliament, 9 = public financier, 10 = ministry, 11 = government agency,  
 12 = foreign government, 13 = competitor, 14 = market protections, 15 = market expansion,  
 16 = geographic expansion, 17 = product diversification, 18 = profitability, 19 = production conditions,  
 20 = anticipative, 21 = reactive, 22 = proactive, 23 = challenging, 24 = cooperative, 25 = neutral

APPENDIX 7 continues

1957-1967

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	0	0	0	0	0	1	0	0	0	1	0	0	0	0	2	0	0	0	0	2	0	0	0	2	0
2	0	0	0	0	0	0	3	0	1	12	1	1	0	4	1	11	2	0	0	8	6	4	4	6	8
3	0	0	0	0	0	0	10	0	1	0	0	0	0	7	3	0	0	2	0	2	10	0	6	1	5
4	0	0	0	0	0	0	0	0	0	2	0	1	0	0	1	2	0	0	0	3	0	0	1	2	0
5	0	0	0	0	0	1	0	0	0	0	0	2	1	2	2	1	0	0	0	5	0	0	2	3	0
6	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	2	0	0	0	2	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0	9	2	0	1	1	0	4	9	0	8	1	4
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	1	1	0	0	1	1
10	0	0	0	0	0	0	0	0	0	0	0	0	0	1	3	10	1	0	0	7	5	3	2	6	7
11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0
12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	3	0	1	2	1	1
13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	1	0	0
14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	7	1	7	4	2
15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	1	0	1	6	2
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	6	3	2	4	8
17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	2	0	0
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	1	0	1
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	13	1
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	1	9
22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	3
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX 7 continues

1968-1977

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
1	0	0	0	0	0	0	0	0	1	1	2	3	0	0	3	2	0	1	1	7	0	0	1	5	1	
2	0	0	0	0	0	0	5	0	6	85	15	4	1	8	3	47	48	8	2	14	87	15	16	14	86	
3	0	0	0	0	0	0	24	0	0	1	0	1	0	6	7	1	0	12	0	8	13	5	17	3	6	
4	0	0	0	0	0	2	2	0	0	12	1	1	0	2	10	5	1	0	0	17	0	1	2	14	2	
5	0	0	0	0	0	0	7	0	2	2	0	9	0	9	21	1	0	4	0	34	0	1	4	22	9	
6	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	2	0	0	0	0	2	0	
7	0	0	0	0	0	0	0	0	0	0	0	0	0	10	12	3	0	13	0	19	13	6	20	11	7	
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	4	3	8	0	1	1	7	1	
10	0	0	0	0	0	0	0	0	0	0	0	0	0	1	9	47	42	2	0	16	76	9	6	18	77	
11	0	0	0	0	0	0	0	0	0	0	0	0	0	3	4	1	7	3	0	4	10	4	8	1	9	
12	0	0	0	0	0	0	0	0	0	0	0	0	0	2	8	5	0	3	0	16	1	1	0	17	1	
13	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	0	
14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16	5	4	13	6	6	
15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	39	3	2	8	26	10	
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	35	11	6	14	36	
17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	47	0	3	1	45	
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	10	4	10	9	6	
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	1	0	2	1	
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17	50	13	
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	2	88	
22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13	6	3	
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

APPENDIX 7 continues

1978-1986

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	0	0	0	0	0	0	0	0	0	0	0	7	0	0	5	2	0	0	0	7	0	0	0	7	0
2	0	0	0	0	0	0	7	0	1	37	6	4	0	4	4	14	25	6	2	9	41	5	6	2	47
3	0	0	0	0	0	0	14	0	0	1	0	1	0	4	2	1	0	9	0	5	6	5	12	1	3
4	0	0	0	0	0	0	2	0	0	9	0	1	0	1	3	8	0	0	0	11	0	1	0	11	1
5	0	0	0	0	0	7	10	3	6	10	9	32	3	17	41	6	1	9	8	80	0	2	8	37	37
6	0	0	0	0	0	0	0	0	0	0	0	0	0	2	4	0	0	1	0	7	0	0	0	7	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0	12	8	1	0	10	2	21	6	6	16	9	8
8	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	1	2	0	1	0	2	1	1
9	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	4	1	6	1	0	0	2	5
10	0	0	0	0	0	0	0	0	0	0	0	0	0	3	8	22	20	3	1	19	35	3	2	12	43
11	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	0	5	4	2	11	4	0	1	5	9
12	0	0	0	0	0	0	0	0	0	0	0	0	0	3	32	8	0	1	1	41	1	3	7	20	18
13	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	2	3	0	0	0	0	3
14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	1	6	8	9	9
15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53	0	2	9	29	17
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18	12	1	2	12	17
17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	25	0	0	1	25
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13	8	3	7	6	11
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	1	1	0	1	9
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	56	41
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	0	42
22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	2	5
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



APPENDIX 7 continues

1987-1991

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	0	0	0	0	0	0	0	0	0	4	1	0	0	0	3	2	0	0	0	4	1	0	0	5	0
2	0	0	0	0	0	0	3	0	0	1	1	1	0	3	2	0	0	1	0	4	1	1	1	4	1
3	0	0	0	0	0	0	13	0	1	0	0	0	0	1	0	1	0	12	0	10	2	2	12	0	2
4	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
5	0	0	0	0	0	0	2	0	1	2	0	3	0	5	6	0	0	1	0	12	0	0	5	2	5
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0	3	4	1	0	11	0	14	2	3	12	4	3
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	0	0	1	0	1
10	0	0	0	0	0	0	0	0	0	0	0	0	0	1	3	2	0	1	0	5	2	0	0	5	2
11	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	2	0	0	0	2	0
12	0	0	0	0	0	0	0	0	0	0	0	0	0	1	3	0	0	0	0	4	0	0	1	1	2
13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	0	2	6	2	1
15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12	0	0	1	8	3
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	2	0
17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	3	0	10	0	4
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16	10	5
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	3
22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	1	0
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX 8: Results of the co-occurrence analysis of Tampella's political actions, by business divisions

Textile division

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	0	0	0	0	0	0	0	0	0	2	1	0	0	0	1	0	0	0	2	3	0	0	0	1	2
2	0	0	0	0	0	0	12	0	0	78	432	1	0	9	16	37	10	31	420	22	454	47	81	30	412
3	0	0	0	0	0	0	19	0	0	0	0	0	0	15	1	0	0	3	0	2	13	4	14	0	5
4	0	0	0	0	0	0	0	0	0	3	14	0	0	2	1	0	0	0	14	3	13	1	4	13	0
5	0	0	0	0	0	0	1	0	0	1	0	0	0	2	0	0	0	0	0	2	0	0	0	2	0
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0	20	4	1	0	7	0	9	13	10	25	1	6
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0	2	10	31	4	27	10	19	34	31	11	17	56
11	0	0	0	0	0	0	0	0	0	0	0	0	0	4	7	5	6	0	425	4	433	10	63	28	356
12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	1
13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	12	7	19	3	4
15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	5	9	7	6	8
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	31	3	1	4	32
17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	9	0	2	1	7
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	4	25	13	2	19
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	419	8	57	30	349
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14	14	4
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	64	24	392
22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21	8	23
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1 = Negotiation, 2 = Petition, 3 = Public statement, 4 = executive lobbying, 5 = government relations, 6 = president, 7 = cabinet, 8 = Member of Parliament, 9 = public financier, 10 = ministry, 11 = government agency, 12 = foreign government, 13 = competitor, 14 = market protections, 15 = market expansion, 16 = geographic expansion, 17 = product diversification, 18 = profitability, 19 = production conditions, 20 = anticipative, 21 = reactive, 22 = proactive, 23 = challenging, 24 = cooperative, 25 = neutral

APPENDIX 8 continues

Engineering division

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	0	0	0	0	0	0	0	0	0	8	7	7	1	1	16	5	0	0	1	20	1	2	5	18	0
2	0	0	0	0	0	0	10	0	2	93	26	5	1	10	10	39	64	8	6	20	97	20	19	20	98
3	0	0	0	0	0	0	11	3	0	1	0	1	0	2	7	2	0	5	0	10	2	4	13	1	2
4	0	0	0	0	0	2	4	0	0	18	2	4	1	1	10	18	0	1	1	29	1	1	4	25	2
5	0	0	0	0	0	1	4	1	1	10	1	17	2	4	29	2	0	2	1	38	0	0	6	19	13
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	1	0	3	0	0	0	3	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0	7	12	3	0	6	1	20	4	5	16	10	3
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	4	0	0	2	2	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	1	0	2	1	0	0	2	1
10	0	0	0	0	0	0	0	0	0	0	0	0	0	3	20	52	53	1	1	39	76	15	9	38	83
11	0	0	0	0	0	0	0	0	0	0	0	0	0	2	10	2	10	6	6	12	19	5	10	8	18
12	0	0	0	0	0	0	0	0	0	0	0	0	0	4	22	7	0	1	0	31	1	2	7	20	7
13	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	0	0	1	5	0	0	3	0	2
14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13	2	3	9	6	3
15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	68	2	2	16	44	12
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26	22	18	13	27	26
17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	64	0	1	1	62
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	4	3	7	3	6
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	7	1	1	2	6
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	31	68	18
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	5	92
22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12	10	5
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX 8 continues

Wood-processing division

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1	0	0	0	0	0	0	0	0	1	0	0	2	0	0	0	1	0	1	1	3	0	0	0	3	0
2	0	0	0	0	0	0	5	0	4	13	29	4	0	5	1	8	7	10	24	11	33	11	10	10	35
3	0	0	0	0	0	0	14	0	0	0	0	1	0	0	4	0	0	12	0	6	8	2	11	2	3
4	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	1	0	0	0	1	0
5	0	0	0	0	0	0	1	1	2	0	4	4	2	2	4	0	0	3	5	13	0	1	1	4	9
6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	1	14	1	8	8	4	14	1	5
8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	1	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	3	2	7	0	0	1	5	1
10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	4	5	3	1	2	9	3	1	2	11
11	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	2	1	2	25	5	23	5	5	4	24
12	0	0	0	0	0	0	0	0	0	0	0	0	0	1	4	3	0	3	0	9	1	1	0	6	5
13	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	2	0	0	1	0	1
14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	0	2	4	2	1
15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	2	0	2	3	5
16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	5	2	1	3	5
17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	5	0	2	0	5
18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	7	8	12	7	7
19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	22	2	1	5	24
20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	15	10
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	3	32
22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	2	5
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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