

THE STRUCTURAL CHANGES OF CORPORATE NETWORKS IN FINLAND, 1900–1940

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Introduction

In this paper I will discuss the main features of corporate networks in Finland in the first decades of the 20th century. My research is an ongoing process and the final results will be published later as an article. Thus in this presentation I will point out some primary observations about the structure of corporate networks. I will also describe challenges of the project, e.g. definition of cohorts.

The development of the Finnish business life 1900–1940

During the first decades of the 20th century there were numerous changes in Finnish business life which left their mark on the corporate structure and image. However, the guidelines of business were drawn in the latter part of the 19th century, especially in the 1860s when the industrial boom started. The era of diversified trading houses had come to an end in the 1880s and 1890s, with the merchants concentrating their interests and resources on one or two lines of business.¹ Several law reforms that eased entrepreneurship were introduced during the period of 1850–1880. The introduction of the law of limited companies in 1864 made it possible to create companies with less capital. These reforms were manifestations of economic liberalism which labeled the Finnish economic policy from the 1850s onwards. The policy reached its peak in the beginning of the 1880s, when it was questioned due to the tightened toll regulations of the important trading partner Russia. This caused vigorous changes in trade cycle causing a long-lasting depression throughout the 1880s. Nonetheless liberalism remained as a economic guideline till the First World War, when it came to an end due to the export difficulties.²

The business life was favoured by continuous economic boom from the 1890s to the First World War. The most important branch of industry from the last quarter of the 19th century

was the wood processing industry. In the 1930s the significance of metal and textile companies grew.³ Despite the rapid development the share of manufacturing industry and construction of the GDP of Finland was 25 per cent in 1913 and 30 per cent in 1938. Thus Finland was largely an agricultural country till the end of the 1940s.⁴

The field of banking and insurance grew intensively during the latter part of the 19th century and the first commercial banks were founded in the 1860s. Already in the 1870s the commercial banks granted more credits than the Finnish Bank and the State of Finland. Commercial banks were also the main lenders of business life whereas the savings banks and co-operative banks concentrated mainly on individual loan markets. The banking sector was very tumultuous especially in the 1910s and 1920s, when due to hard competition, stop-go economic trends and inflation several of the new commercial banks went bankrupt or were emerged.⁵

The co-operative movement gained ground in Finland in the turn of the 19th and 20th century especially in commerce and finance. The central co-operative bank was founded in 1903. New co-operative societies SOK (in 1903), Hankkija (in 1905) and OTK (in 1917) became powerful trading factors. Besides wholesale and retail trade, through their ample production plants both SOK and OTK were among the top 30 of industrial enterprises.⁶

A turning point in the evolution of business management occurred in the beginning of the 1900s. During the first period of oppression (1899–1905) many of the higher officials with mainly Swedish-speaking burgher or noble background resigned from their posts and went into business. Universal suffrage introduced in 1906 weakened the political status especially of the businessmen, who had had a very strong position among the representatives of the bourgeoisie in the parliament. Further, several political parties were formed in the first two decades of the 1900s, which strengthened the ability of the lower classes to increase their political power. This also affected directly to the structure of boards of the state-owned companies, because the members of the boards were appointed on the political grounds; many ministers and parliament members were chosen to these boards.⁷

Soon after Finland became an independent state in December 1917 the first state-owned industrial companies were created. The reason for national ownership of companies was to secure the economic independency of the new republic. Also several foreign entrepreneurs

got off from Finland during the wartime, and thus it was easier for the state to establish a foothold in industry. The state-dominated companies operated mainly in wood processing and metal industry. The idea to increase domestic production was even more catalyzed by the political changes in the eastern neighbor Russia/the Soviet Union.

The depression of the 1930s hit Finland quite hard. The overcapacity in wood processing industry and construction was evident a couple of years earlier. Already in the latter part of the 1920s before the depression several greater industrial enterprises run into dominance of banks due to big debts and the influence of finance sector increased in business life. Many times the financial difficulties were a direct reason to mergers of the bigger companies, which occurred especially in saw mills industry.⁸

Foreign ownership in Finnish companies had diminished notably in the 1880s, but there were still some of the top 30 industrial companies with a dominant foreign ownership in the 1930s. The owners were mostly from other Nordic countries. Even so, the share of foreign ownership diminished furthermore the interwar period. Due to the unstable political situation which was considered as a economic risk, foreign ownership in Finnish firms was forbidden by the law in 1939.⁹

Main hypotheses and questions

As a small and peripheral economy Finland is an interesting country for network analysis due to the prominent possibility to discover inter-firm networks. Although directorship has been one of the main interests of the Economic Studies in Finland, it has been very scarcely studied in a historical perspective longitudinally.¹⁰

In this more an empirical than a theoretical study I will firstly discuss the various definitions of directorship and boards. Secondly I will describe the challenges caused by the uneven source material and statistics. After that the general features of the management and boards as well the frequency of interlockings are analyzed. In the final part I will present notions about some focal elements – state-owned companies, finance and language – and their influence to corporate networks.

The criteria of the sample: companies and boards

I have chosen in around 60 companies from various branches of Finnish economy: industry, finance and insurance, utilities, transport and trade extending over three benchmark years 1912/13, 1926/1927 and 1937/1938. The sample includes data of directors (managing directors, managing vice-directors) and board members of the biggest joint-stock companies and co-operatives.¹¹ Also the international companies are included in the sample, but there were quite few non-Finnish firms operating in the country.¹²

The company data before the WWII is uneven and thus it complicates the making of the sample. The most uniform and accessible data is the share capital of the company, which has been used as a criterion in some official publications.¹³ The industrial companies are mainly outlined based on the study of Riitta Hjerpe including the thirty biggest industrial firms of Finland¹⁴ in which the criteria for the sample is number of employees. The industrial sample has been supplemented by the companies chosen by their share capital.¹⁵ The “utilities” companies¹⁶ and transportation were selected based on the share capital, while insurance companies were selected on the basis of total assets. The difference of the criteria does not form a problem, because e.g. the comparison between the industrial company’s employment value and share capital revealed that there were few distinctions in the top companies of the two groups.¹⁷ A couple of companies had to be left out due to the insufficient data.¹⁸

The most difficult branch to analyse is commerce. The structure of trade changed radically in the latter part of the 19th century, when many affluent trading houses turned to industry. Thus there were no bigger trading companies operating in the late 1930s that had started their business before the 1860s. In the turn of the 1800s and 1900s the first co-operatives gained ground and many of those long-lasting firms in wholesale or retail trade operating still in the 1930s were established. The statistics of trading companies are very scarce before WWII. To the official statistics included only the figures of foreign trade and the compilation of statistics on domestic commerce started in 1942.¹⁹

Also the information about directors is challenging. Sometimes only the managing director is mentioned in literary sources. The structure of directorship varied significantly by company. For instance, in an insurance company there were besides a managing director also five vice

managing directors in the late 1930s.²⁰ If the executives changed during the sample years (e.g. in 1937) the previous and the new member of management are included in the sample, while both of them affected to the company strategy and network.²¹

Although the national legislation necessitates only one board, Finnish firms generally adopted a two board system including an executive and an advisory board. Some firms mainly in co-operative movement and insurance could also have three boards.²² The system of advisory board was adopted in a greater extent after the WWI and mainly in the state-owned companies, where the advisory board was appointed partly on political grounds. Thus many politicians could sit in several boards of the big enterprises at the same time.²³

The two-board system was used in the finance sector in the last quarter of the 19th century. Instead in industry and trade only one (administrative) board was the typicality still in the late 1930s and the two-board system was enforced nearly solely in co-operative societies and state-owned companies.²⁴ The composition of the boards varied significantly. In the finance sector it was common the board included only the operative directors whereas in industry the board structure was very heterogenous with the CEO, biggest owners and a representative of the prime financier. It was also quite common, that managers were not included in the boards. For instance in the sample of 1937/1938 20 percent of the industrial enterprises did not have the managing director in their board. Also the deputy board members were included in the sample while they could have their say in the decision making every now and then.²⁵

While the advisory boards were excluded in the sample, it has to be noted that many members of them belonged to the key persons of business life. This “grey eminence” had much influence to the decision-making and strategies of the company.²⁶

The main sources of the research are publication series of joined-stock companies and official statistical publications. The information has been supplemented by the archival material of the companies and also company histories.²⁷

Structure of management and boards: general features

Total amount of firms analyzed in the three sample years is around 60 varying from 57 (1912/1913) to 62 (1937/1938).²⁸ As seen on the Appendix 1, around 50 percent of the

companies operated in industry, while 13–15 firms were financial firms. The slight decline of the financial firms is due to the above mentioned mergers and bankruptcies in the commercial bank sector.

During the period the board size grew but the augmentation of board members was quite scarce. In the 1910s the median size of a board was six and in the following two decades seven. The share of average-sized boards (5–7 members) diminished from 63 % in 1912/1913 to 48 % in 1937/38 while the share of the biggest boards (8 members minimum) rose at the same time from 9 % to 31 %. The boards with at least ten members were exceptional. In the earliest sample there was not a single one of them while both in the 1920s and 1930s three could be found. The biggest board had Tapio insurance company in 1937 with 13 members. Most rapidly grew the boards of banks: the median rose from four in the 1910s to seven in the 1930s. The growth in the banking sector was caused due to challenging monetary markets of the 1920s and 1930s and the need of economic expertise.²⁹ The smallest boards were in commerce and transportation, including in average five members. The augmentation of the board size was inevitably a means for the company to acquire advantageous contacts in the economic as well in official circles.

A majority of firms were included in the sample the whole period of analysis. Of the 57 companies of 1912/13 were still 36 in the following two cohorts. The change was most prominent in the dynamic sectors of business, trade and utilities, where in the latter only one company remained among the biggest the whole period through. Moreover, five companies were merged to other firms of the cohort during the period and thus were missing in the latter sample. The reason for the others to be left out from the cohort was their diminished relative significance. While 17 out of the 28 industrial firms of the 1910s were still among the top in the late 1930s, the dominance of wood processing industry was broken by the rise of consumer goods production.³⁰

How many persons formed the management?³¹ Due to the rise in the number of the firms one could expect an upswing in the amount of the executives (Table 1). The number of different individuals rose 29 percent from the 1910s (272) to 1930s (351). The rate of change was high: in the cohort of the 1920s three out of four persons (78 %) and in the 1930s 57 % were not among the management in the previous cohort. Only 31 (11 %) of the persons mentioned in the beginning of the 1910s were also in the last cohort. In all there were 738 separate

individuals among the executives. Thus the management changed radically during the period. The number of individuals in proportion to the amount of companies rose significantly between the 1910s and the 1920s, when in the first there was 4,8 and in the latter 5,9 persons per company.

Table 1: *The management of Finnish top companies 1912/13, 1926/27 and 1937/38*

Year	Companies	Executives ¹	Newcomers ²	Executives/ company	Positions	Positions/ company
1912/13	57	272	..	4,8	344	6,0
1926/27	58	340	265	5,9	401	6,9
1937/38	62	351	201	5,7	433	7,0

1 Number of different individuals

2 Individuals not mentioned in the earlier time cohort

The total number of relations was 344 in 1912/13, 401 in 1926/27 and 433 in 1937/38.

The mean value of lines per individual remained quite similar during the period ranging between 1,18 and 1,26.

Interlockings of the corporate management

The share of persons with multiple executive directorships was in the 1910s 17 %, in the 1920s 13 % and in the 1930s 18 %. Only 3–5 % of all persons had at least three directorships and five or more positions were rarities.

Table 2: *Interlocks among corporate management in Finland*

Directorships	1912/13	1926/27	1937/38
1	226	296	287
2	32	34	52
3	9	7	8
4	2	2	2
5	2	0	2
6 or more	1	1	0
Total	272	340	351

The image of long-lasting position reaching over several decades in the lead of a big business enterprise is quite illusional. There were just five managing directors which remained in the

lead during the whole period. Three of them, Wilhelm Rosenlew, Jakob von Julin and Sölve Thunström, operated in industry while both Birger Kurtén and Vilho Ahola belonged to the management of Kaleva insurance company. The multiple leaderships in the utmost top were exceptional. There were only three persons who hold the CEO position simultaneously in two firms and all of them occurred in the 1930s.³²

Among those with multiple directorships it was common to have positions in two lines of business. The most usual combinations were industry and trade or industry and banks. The structure of these multiple positions did not change significantly during the period. The share of multi-traders among interlockers was in 1912/13 and 1926/27 61 % and in 1937/38 66 %. In each cohort there were only two or three persons contributing to three of lines of business. These “three-traders” cannot be typecast: while all of them operated in industry, their other links varied.³³ The connections to the banks and commerce were slightly more common than to the other branches.

The foreign ownership and leadership was rather scarce in Finnish business life between 1900 and 1940. The share of foreigners diminished even more during the WWI the great difficulties of export. The biggest industrial company during the interwar period, Enso-Gutzeit was formed in 1918 after a massive trade of stocks between its Norwegian owners and the State of Finland. The only top 30 industrial firm in foreign ownership from the 1920s on was Diesen Wood, a saw mill and pulp company. It reached its height in the 20s, but in the turn of the next decade it fell into economic difficulties and was taken over by its financier. The few foreign-born CEOs in the biggest 30 industrial enterprises were already well established in the Finnish society and thus can be considered as part of the domestic interlocking network.³⁴

Just before the WWI the Finnish business elite consisted nearly thoroughly persons with noble or bourgeois background. The parvenus³⁵ were rarities among the highest crust of the business circles and they were mainly in co-operative firms. Only one of them (E.V. Sellgren) was an interlocker. In 1912/13 one quarter (12) of the interlockers were noblemen and their share was even bigger in the 1920s being nearly one third (14/44). The social diversity began to creep in the 1920s when the first interlockers of lower social background appeared.³⁶ By the 1930s the change in the social background of the management was evident due the march of Finnish-speaking individuals. They were especially anchored to state-

dominated companies, co-operatives and also through the other big commercial bank, Kansallis-Osake-Pankki.³⁷ Also the proportion of nobility had radically diminished to 17 percent (11/64) among the interlockers.

Emergence of state-owned companies

The foothold of the Finnish state in industry started in 1918, when the majority of capital stock of three companies (W. Gutzeit & Co, Tornator and Jokkis gård) was transferred to the ownership of the state. Before WWI the state ownership in economy had concentrated to railroad system (Valtion rautatiet, founded in 1862) which was among the ten biggest industrial employers in the country throughout the first decades of the 1900s due to its engineering works. By the mid-1930s the state had reached a quite influential position in Finnish business life. Due to the railroads it had a major share in transportation and freight by land, and four of the 30 biggest industrial enterprises (Enso-Gutzeit, Tornator, Veitsiluoto and Oulu) were state-dominated. State became a significant energy producer by founding and electricity company Imatran Voima Oy in 1932.

Although each of these companies had an administrative board, it is probable that they were heavily controlled by the state due to the supervisory boards, where several seats were usually occupied by representatives of the highest administration (both prevailing and former ministers and members of the parliament). There were several members of the administrative boards who were interlockers between state-owned and private sectors. For instance Väinö Tanner, CEO of the co-operative Elanto and at the time minister of the public funds sat in the administrative board of the co-operative OTK and in four out of five supervisory boards of the aforesaid state-owned companies. Also the world of finance was linked to the state-dominated companies via commercial bank directors Risto Ryti and Juhani Arajärvi. The densest interlocker in the whole cohort of the 1930s was Yrjö Pulkkinen, an ombudsman of The Central Chamber of Commerce, a former bank manager and minister. He sat in the boards of Arabia, Vaasan Puuvilla, Oy Strömberg Ab and G.A. Serlachius, the commercial house of Stockmann and in the supervisory boards of four state-dominated enterprises.

Most notably the state-owned companies offered the Finnish-speaking businessmen a means for advancement to the top of the economic world from the 1910s onwards. One of them was

the Yrjö Pulkkinen (1875–1945), an embodiment of a businessman-politician, who served as minister of public funds in the mid-1920s and remained active in the politics till the end of the decade. He was an eager supporter of economic liberalism, but also thrived to improve the worker's conditions by suggesting a compulsory medical insurance for industrial workers, which came true only in the 1960s.³⁸ The direct participation of businessmen to the state politics diminished towards the end of the 1920s while the indirect way of lobbying was practised more common.

In spite of the relative growth of the participation and ownership of the state of Finland during the interwar period, it seems that direct effect of the state to business life remained quite marginal. The most important channel of influence were the numerous interlockings the persons operating in state-dominated enterprises had to the private sector.

The world of finance

As previously said the financing system of Finland evolved quickly in the last quarter of the 19th century, when the two leading commercial banks of the 20th century Suomen Yhdys-Pankki (1862) and Kansallis-Osake-Pankki (1889) were founded. The shortage of domestic capital was still a problem for the economy still in the turn of the century and loans from abroad were acquired by several big industrial firms. The commercial banking sector was very concentrated due to numerous bankruptcies and mergers. In 1934 three biggest banks had the share of 92 percent of the market share of commercial banks.³⁹

The interlocking between banks and industry was quite strong already in the 1910s, because in several company boards sat a representative of the financier.⁴⁰ One of the core figures of the corporate networks was Johan Osvald Wasastjerna (1861–1938), director of the Pohjoismaiden Yhdys-Pankki, who sat in the 1910s and 1920s in several of the enterprises in question. Besides the financial sector he sat in the boards of various industrial companies (W. Gutzeit & Co Oy, Yhdistyneet Villatehtaat Oy, Enson puuhiomo) and trading enterprises (Agros).

The banks intervened to the company's operations and policy usually only in the serious time of crisis. The intervention of the financiers usually led to alterations in the management. This

happened for instance in one of the biggest industrial companies Enso-Gutzeit (then named W. Gutzeit & Co) in the beginning of the 1920s, when notice of appeal from the financier Pohjoismaiden Yhdys-Pankki caused by company's funding difficulties led to the change of the CEO.⁴¹

The state control towards the banks was very mild in the first decades of the 20th century. The bureau of bank inspection aimed for commercial banks was founded in 1922 due to the tumultuous economy and the difficulties in the financial sector.⁴² Due to various difficulties of the commercial banks the issue of state control emerged in the beginning of the 1930s. As a consequence of the debate the new bank law was introduced in 1934. Its main issue was to secure the capital adequacy and liquidity. To minimize the influence of foreign capital the positions in the management were restricted solely to Finnish citizens. To establish a branch office one needed a permission from the Council of State. While the law was quite mildly restrictive, the most important feature was to block out foreigners and thus increase the domestic inclusion of the corporate networks.⁴³

The role of language

One focal feature in the structure of the Finnish corporate network was language and culture. In the last decades of the 19th century, especially in the 1880s, the language polarity between the Finnish-speaking majority and Swedish-speakers also sharpened in business life, which was nearly monopolized by the latter group. Many of the leading business families had their roots in iron mills or wealthy trading houses founded and managed by families with Swedish or German as their mother tongue. The strain between the Finnish and Swedish language groups continued in the 1920s and 1930s especially on a university level.⁴⁴

At the turn of the century especially trade became a battleground between the language groups. The wealthiest merchants operated in the export and wholesale trade, which was dominated by the traditional Swedish-speaking traders, many of whom had entrepreneurial roots in the trading houses. The first assembly of merchants uniting both Finnish and Swedish speaking merchants was organized first in 1907. This polarity could be also noticed in the policy of the two major commercial banks. Kansallis-Osake-Pankki was founded in 1889 to

improve the financing markets and acquisition of capital of the Finnish-speaking entrepreneurs.⁴⁵

The anticipation between the language groups was not so visible in industry probably due to the heavy dominance of the Swedish-speaking. By the 1910s the Finnish-speakers had succeeded to gain ground in saw mill industry. As a proof of existence of the language polarity is the aftermath of the sale Kajaaniyhtiö in 1922. When the leading industrial family of the Finnish-speaking background, the Paloheimos, due to financial difficulties sold their wood processing company Kajaaniyhtiö to a Swedish-speaking ownership group around the company Uleå Ab it was considered nearly as an act of deception in the pro-Finnish circles.⁴⁶

The importance of the state companies and co-operative firms as important pathways for Finnish-speaking individuals even with a humble background to reach the top of business life can be noticed through the analysis of the Finnish-speaking executives. Still in 1912/13 only ca 10 percent (6/57) of the managing directors were Finnish-speaking, while in 1927 it had risen to 18 and in 1937/38 to 24 (39 percent). In every line of business the share of the Finnish-speaking CEOs grew, but the pace of trends varied. In trade they already dominated in the 1930s, while the grip of the Swedish-speaking was most rigorous in transportation and industry. Of the 30 biggest industrial enterprises in 1927 six were led by a Finnish-speaking director, and in 1937/38 it had risen to ten. Yet in 15 companies the management was solely in the hands of the Swedish-speakers. Their relative influence was even more significant while nine of the enterprises belonged to the top 15.

The notable rise in the number of Finnish-speaking directors just after the WWI can be explained partly through the emergence of the state-dominated companies and the focal role of the co-operative movement. Yet the interlocking was more uncommon among the Finnish-speakers. For instance in 1937/38 there was only two Finnish-speaking individuals among the twelve interlockers with more than two directorships.⁴⁷

Conclusion: The structural change of corporate networks (1900–1940)

The study of the Finnish corporate networks in the 1970s pointed out the central role of banks in the group composition. This phenomenon can easily be noticed already in the 1920s and

1930s. Already before WWII there were ample interlockings between banks, insurance companies and other branches of business.⁴⁸ In various boards of companies there was a representative of the most important financier. The interlocking seemed to be the strongest between industry and banks.

The effect of legislation remained quite exiguous. After the WW1 the economic policy of Finland can be described as a form of "selective liberalism". The national regulation of entrepreneurship was accepted to some extent, but basically Finland was a market economy based on initiative and enterprise. The best results were estimated to be reached by a minimal intervention of the state. Although there was not a clear line of industrial national policy, the industrial organisations were in close co-operation with ministries and their opinions were taken into consideration in the making of commercial treaties.⁴⁹ The era of strong state control started after the WWII because of the rise of the metal industry due to the massive war indemnities to the Soviet Union.

In the beginning of the First World War the executives of biggest companies of Finland had almost exclusively middle class or upper middle class roots and many of them came from long line of businessmen. Within a decade a notable metamorphosis occurred among the interlockers. Thus the period 1900–1940 can be divided into two phases. The abovementioned "*old money era*" lasted to the beginning of the 1920s. The appearance of state ownership in industry, the rising significance of co-operative movement and the increased education level generated a notable change in the composition of top business managers in the first years of the 1920. In the "*new blood era*" (ca 1925 onwards) more Finnish-speaking individuals from variable (also from lower middle class and working middle class) backgrounds gained gradually ground in the business elite and were chosen as directors and board members in a greater extent. The greatest structural and social change happened in commerce, where the influence of the Finnish-speakers was dominant by the late 1930s.

This study showed that the language was the most focal factor for the structure of the networks before WWI. Although the strains between the Finnish and Swedish language groups were alleviated by the 1930s the differences in language and partly in business culture affected both directly and indirectly to the corporate network, e.g. through ownership, directorship, choice of board members and the formation of interest groups. Industry was in

the 1930s still in the reign of the experienced Swedish-speaking business families. Mainly the best possibilities for career advancement for the newcomers were offered by state-owned companies and co-operatives. The state companies and co-operatives had an important role in “the blending process”, the gradually increased co-operation of the two language groups.

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Appendix 1: Classification industries

Year	Number of firms	1	2	3	4	5	6
1912/1913	57	15	28	4	8	0	2
1926/1927	58	14	28	6	8	0	2
1937/1938	62	13	32	7	8	0	2

1 Financial

2 Industry

3 Utilities

4 Trade

5 Service

6 Shipping & Transport

¹ E.g. Karonen 2004, 365.

² Rasila 1982, 18.

³ Hjerppe 1979, 174–175.

⁴ See Hjerppe & Pihkala 1977, Laurila 1977.

⁵ Blomstedt 1989, 290–291, 327–328.

⁶ Hjerppe 1979.

⁷ E.g. Kuisma 2008.

⁸ Among big entrepreneurial mergers included for instance the assimilation of Enso Aktiebolag to W. Gutzeit & Co in 1927. The new company Enso-Gutzeit Oy was the greatest industrial company in Finland already in the year of the merger. Hoving 1958; Hjerppe 1979.

⁹ The notable companies with foreign domination were in the 1910s Oy W. Gutzeit Ab, Halla, Saastamoinen, in the 1920s Diesen Wood Co Ab and in the 1930s Oy Strömberg Ab.

¹⁰ Fellman 2000; Heiskanen & Johanson 1985. One of the few publications is Susanna Fellman's thesis about the emergence of managerial profession between 1900 and 1975, in which she analyzes the education and career background of the industrial managers. The company boards have been left even more in the shadow, while there are no longitudinal studies about the formation and structure of the boards. The only study referring to the role and structure of boards was done by I. Heiskanen and E. Johanson in their study of interlockings in the biggest Finnish firms in the singular year of 1976. The analysis revealed that most of the main institutional groups centered around banks or co-operatives. They also pointed out several deeper sectoral interests and ideological factors which reflected in the composition of these groups, for instance language. For Nordic research see Ottosson 1993.

¹¹ While this study forms a part of the research of Finnish corporate networks extending through the whole 20th century with the data collected by using eight benchmark years (1912/13, 1926/1927, 1937/1938, 1957/58, 1972/73, 1982/83, 1992/93 and 2002/03), this paper is concentrated to the first three cohorts.

¹² The influence of foreigners had diminished in industry due to the slump of the 1880s and the foreign insurance companies had lost their markets due to the emergence of the domestic insurance companies. There are some foreign-owned and dominated companies in the sample, but their status was dramatically changed due to the ban of foreign ownership in Finnish companies just before WW2 (in 1939). The influence of foreign firms began to grow slowly during the interwar period due to technical upswing. The notable offshore companies operated in fuel and motor vehicle business. See *Finlands banker och aktiebolag 1937*.

¹³ For instance *Finlands Banker och aktiebolag*.

¹⁴ Hjerppe 1979.

¹⁵ Hjerppe 1979, 170–173; *Finlands Banker och aktiebolag 1927, 1937*.

¹⁶ The utilities group includes enterprises of water, oil, electricity, gas and communication.

¹⁷ See *Banker och aktiebolag 1937*.

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- ¹⁸ Among them were e.g. Hackman & Co and F. Sergejeff Co, who were family companies. Also the industrial enterprises of the city of Helsinki were excluded due to insufficiencies.
- ¹⁹ Statistical Yearbook of Finland 1942.
- ²⁰ This occurred in Vakuutusyhtiö Suomi.
- ²¹ There are several cases, where directors changed during the sample year. In 1927 the previous managing director gave way to a new one in the industrial firms of Ab Uleå Oy and Sörnäs Oy.
- ²² Heiskanen & Johanson 1985, 171.
- ²³ Among these active or former politicians serving as board members were e.g. Väinö Tanner (1881–1966), Yrjö Pulkinen (1875–1945) and Osvald Severin Wasastjerna (1864–1935).
- ²⁴ One of the few companies in private ownership with the two-board system before the WWII was the quite recently (in 1918) established sugar production company Suomen Sokeri (Urbans 1970).
- ²⁵ The inclusion of deputy board members causes some unevenness in the sample while some firms don't announce them.
- ²⁶ The presence of the grey eminence can be noticed in the advisory boards of state-owned companies and the transportation firm Suomen Höyrylaivaosakeyhtiö.
- ²⁷ E.g. Finland Banker och aktiebolag, Statistical Yearbook of Finland.
- ²⁸ One of the biggest firms, Hackman & Co, was a limited partnership with no information about the board.
- ²⁹ There were also exceptions. For instance, when a board member was chosen as a bank director in Kansallis-Osake-Pankki in the 1920s, the directorate diminished because no one replaced the former board member (Blomstedt 1989).
- ³⁰ Hjerpe 1979.
- ³¹ All those relations where the director also sat in the board of the same company were excluded. The only ones internal relations included were in the co-operative firms (SOK and OTK) with separate industrial and trade sectors.
- ³² Persons holding multiple CEO positions were Lauri Forsblom (a technical director in Osakeyhtiö Abborfors Aktiebolag and CEO in Etelä-Suomen Voimaosakeyhtiö, both of them electric companies in the town of Porvoo), V.A. Kotilainen (CEO in mainly state-owned firms Enso-Gutzeit and Tornator) and Hugo Vasarla (CEO of the co-operative SOK and its industrial enterprises).
- ³³ One of the three-traders was Karl Stockmann (1865–1938), a commercial counsellor and an owner of a department store who in the 1930s sat in the directorates of an industrial firm (Tampereen Rauta- ja Pellavateollisuus Oy) and an electricity company (Etelä-Suomen Voimaosakeyhtiö).
- ³⁴ The group of foreign-born CEOs included e.g. Gustav Schütt of Wilh. Schauman Ab and Finn Feiring of Yhtyneet Villatehtaat.
- ³⁵ Parvenu = a newcomer of the elite usually with a lower middle class or peasant background.
- ³⁶ Among them belonged e.g. Amos Anderson, an editor-in-chief, CEO and board member of the Stockmann trading enterprise and Kaleva insurance company. Anderson was Swedish-speaking.
- ³⁷ Julius Alanen, CEO of the big co-operative OTK and son of a blacksmith was the first person with working class background who got the honorary title of mining counsellor. Also the long-time CEO of another co-operative SOK, Hugo Vasarla, was from a lower middle class family, an offspring of a foreman (Kallenaatio 2008; Määttä 2008).
- ³⁸ Vesikansa 2008.
- ³⁹ Blomstedt 1989, 328.
- ⁴⁰ See e.g. Blomstedt 1989; Pipping 1962, 333–335, 363–365. The greatest commercial banks tended to focus towards certain branches of industry which also moulded their spheres of interest and power. Kansallis-Osake-Pankki operated in saw mill industry, while Pohjoismaiden Yhdys-Pankki dominated in textile, metal and paper industry.
- ⁴¹ Hoving 1958. When the deeply indebted family firm Saastamoinen Ltd fell to the control of Kansallis-Osake-Pankki in the beginning of the 1930s, the owners were forced to leave the management and the board was formed by the trustees of the financier. See Paaskoski 2005.
- ⁴² See Blomstedt 1989. The direct effect of the bureau of bank inspection was marginal to the operations of banks partly due to economic upswing of the 1920s.
- ⁴³ Pipping 1962, 108–109.
- ⁴⁴ Heiskanen & Johanson 1985.
- ⁴⁵ Paavilainen 2005.
- ⁴⁶ Keskisarja 2006, 299–301; Ahvenainen 2008.
- ⁴⁷ The Finnish-speaking interlockers of the 1930s were Yrjö Pulkinen and V.A. Kotilainen.
- ⁴⁸ Heiskanen & Johanson 1985.
- ⁴⁹ See Ahvenainen & Vartiainen 1982, 178–183.