The construction of top management as a good steward

A study of Swedish annual general meetings

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Abstract

Purpose – The aim of this paper is to investigate how top management is constructed as a good steward of its company at the annual general meeting (AGM) and how accounting is used in the course of this process.

Design/methodology/approach – To meet these aims the authors attended 36 AGMs of Swedish listed companies. The interactions that occurred at the AGMs were analysed, using the theory of translation.

Findings – One-third of all questions dealt with financial accounting issues, while the majority of the questions concerned non-financial aspects of stewardship, i.e. company's efforts regarding environmental, equality and ethical issues.

Research limitations/implications – There is some concern that the complexity of accounting information may make shareholders feel remote from the company. However, AGMs provide a setting where the financial accounts can be complemented with verbal explanations and visual aids. This contextualizes the financial accounts and makes them understandable to an audience that includes many private investors. This contributed to the fact that accounting was discussed, questioned and referred to. Hence, accounting enables the stewardship function of the AGM.

Practical implications – Although AGMs have been the subject of criticism, they are still an important part of the corporate governance system. Since AGMs are live events, shareholders are able to pursue a topic with further questions, an option that is not available to other modes of corporate communication.

Originality/value – Whereas the AGM has been in the foreground in government inquiries and codes of conduct, it has been largely neglected in accounting research.

Keywords Accounting, Sweden, Annual general meetings, Investors

Paper type Research paper

Introduction

The annual general meeting (AGM) has recently been prominent in national and international policy documents and government reports (DTI, 1999; Kodgruppen, 2004;

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OECD, 2004). It has been emphasised in these contexts that the AGM of a public company provides an important forum where shareholders can evaluate top management's administration of the company. The importance of the AGM's to an effective corporate governance system has been highlighted by the reports on-and the response to-the many financial scandals (Kodgruppen, 2004; OECD, 2004). According to such reports the AGM provides a useful forum where public companies can demonstrate their efforts to ensure that assets are not being mismanaged, thus promoting transparency and upholding accountability. In the context of corporate governance the importance assigned to the AGM can thus be said to lie in its potential for reducing the agency conflict between managers and owners (Jensen and Meckling, 1976).

The particular importance of the AGM is demonstrated by the special legal framing of its agenda. Although there are international differences in the AGM agenda, all AGMs under a Western corporate governance system do appear to contain the following items on their agenda: shareholders elect/re-elect the board, shareholders elect/re-elect the auditor, and the shareholders sanction the financial accounts. According to Strätling (2003) these three items of the agenda fulfil the normative claims regarding the AGMs, as given in policy and regulatory texts. That is to say, to provide information about the financial performance of the company and about the stewardship function, and to gain the approval for future business strategy (Strätling, 2003). In this way the legal framing of the AGM's agenda seeks to ensure that shareholders have the opportunity to evaluate the way their funds have been and are going to be managed. Despite the attention paid to it in corporate governance reports, and although the AGM sanctions the financial accounts, the AGM itself has remained in the background when it comes to accounting research (Hodges *et al.*, 2004).

That the AGM is a disregarded forum for stewardship becomes evident from a comparison with other forums used by public companies to explain and justify their performance to both their current and their prospective shareholders. In examining what is broadly referred to as stewardship, previous research has focused on the various ways in which top management meets the public's demand for information: in its annual report, at internet-based stakeholder forums and at investor meetings (Carnaghan *et al.*, 1996; Catasús, 2000; Unerman and Bennett, 2004; Roberts *et al.*, 2006). Unlike annual reports and internet-based forums, the AGM is a real-time event that allows shareholders to ask and pursue questions on the spot as they arise, thus challenging what is often a rehearsed and edited corporate message. According to Gray *et al.* (1988) corporate communications tend to give priority to the interests of major owners. However, the AGM may acts as a counterweight to this since it is open to all shareholders, who are also entitled to ask any questions they want to. Such meetings are thus open to the many shareholders who are not invited to other meetings that are arranged between institutional investors and top management (Roberts *et al.*, 2006). The present paper belongs to the sociological branch of accounting research (Hopwood, 1976), which is concerned with the way accounting contributes to the social organization of what is understood as economic phenomena. We report from a study of participation in 36 Swedish AGMs, and focus on the way top management justifies and explains its performance – interpreted here as a process of translating a diversity of interests with a view to closing the black box of accounting (Callon, 1986; Latour, 1987). Our specific aims are to investigate the construction of top management as a good steward for its company at the AGM, and to study the way in which accounting is used in that process.

The AGMs of Swedish companies are of interest in a stewardship context because it is compulsory for Swedish shareholders to vote on the question of discharging the CEO and board of directors from responsibility for the past financial year (Johansson, 1990). This decision carries important legal implications, in that it affects the possibility of shareholders raising claims against the board on behalf of the company. Unlike the situation in the UK where the AGM has been described as a ritual disconnected with any other forms of corporate governance (Jones, 2003; Hodges *et al.*, 2004) it can be claimed that the legal framing of the AGM in Sweden together with the publicity attaching to such meetings make it less likely that stewardship issues are avoided. At least three reasons can be cited in support of such a claim. First, unlike other corporate governance systems, Swedish shareholders need possess only one share to have the right to debate stewardship issues at an AGM (Nilsson and Hassel, 2004), which potentially paves the way for a variety of issues to be debated at these meetings. Secondly, the importance of AGMs is underlined by the fact that FAR (2003) (the professional institute for authorised public accountants) recommends that auditors should attend the AGM and should be prepared to discuss the audit process and to answer questions from shareholders. This is not the case in the UK, and it offers a rare opportunity for shareholders to get a real glimpse into the black box (Latour, 1987) of the audit (Power, 1992). Thirdly, the Swedish Shareholders Association (SSA), which represents 85,000 members and is commonly regarded as the most influential independent organisation concerned with corporate governance issues, has long been attending AGMs. They follow developments in the same companies year after year in order to protect the interest of the small investors. The risk of the AGM becoming a "one-off" corporate promotional event may thus be avoided, particularly since SSA's activities are extensively quoted in the media. AGMs that are subject to the Swedish regulations thus offer many shareholders a rare opportunity for meeting important actors such as auditors, top management or major shareholders, actors who for the most of the year remain anonymous to many shareholders.

The rest of the paper is organised as follows. In the second section, some legal aspects of the AGM in Sweden are presented. The third section introduces the theory of translation that is used in analysing the field material. The fourth section is concerned with some methodological considerations. In the fifth section, the theory of translation is applied to an analysis of the interactions at AGMs. The final section offers some conclusions and contributions of the study.

Legal aspects of the AGM in Sweden

The Swedish Companies Act prescribes the decisions that have to be taken at the AGM. Legally, the three main decisions concern:

(1) approving the accounts;

(2) approving the board's proposal for the disposal of the profit/loss; and

(3) discharging responsibility on the part of the CEO and the board of directors.

The AGM decision regarding the discharge of responsibility for the CEO and the board of directors is a distinctive feature of Swedish and Finnish corporate governance systems. In the UK and the USA, the term "discharge" does not have the same significance as it has in Sweden or Finland. Further, UK Law actually prohibits any option to decide on discharging the directors of responsibility or in any way freeing top management from its legal liabilities (Johansson, 1990).

This different approach to discharging of responsibility affects the shareholders' chances of claiming damages from the board of directors. If an AGM in Sweden frees the board of directors from responsibility, then the shareholders cannot press charges against the board, on behalf of the company. This is considered to be more effective and less costly than individual attempts to call the company to account (Johansson, 1990). If the AGM refuses to discharge the board of directors from responsibility and a new board is elected, it is up to this new board to decide whether or not to claim compensation for damages from the old one. The discharging of responsibility is only applicable to the board of directors and does not include the auditors, for example. The auditors can thus still be held legally responsible for any wrongdoing after the members of the board of directors have been discharged of responsibility (Johansson, 1990).

It is the duty of the CEO and the board of directors to inform the AGM of on any events that might affect the shareholders' assessment of any points on the agenda. However, the listing agreement of the stock exchange forbids top management to communicate any new value-relevant information at the AGM. Since, participation at AGMs is limited to the present shareholders, new value-relevant information would in effect mean insider information (Stockholmsbörsen, 2004). Nevertheless, it is possible for any shareholder-even those only possessing one share-to submit proposals or to ask questions at the AGM – a possibility that is not available in all corporate governance systems (Nilsson and Hassel, 2004). However, according to the Swedish Companies' act, the CEO and the board of directors do not have to answer questions that might harm the company. Further, they have the option of postponing their answers (Chapter 9: §11).

Construction of facts and the theory of translation

When the shareholders vote to sanction the financial accounts and to elect or re-elect management, means that management and the shareholders have agreed on the previous year's financial history of the company and have agreed to assign to management power and responsibility over the company's assets for the year to come. We suggest here that the process whereby top management is constructed as a good steward, in both a formal legal sense and an "informal" sense, can be interpreted as a translation process (Callon, 1986; Latour, 1987). The theory of translation (Callon, 1986) has its origins in the sociology of science and technology and occupies a central position in what is referred to as actor-network theory (ANT) (Callon, 1986; Latour, 1986, 1987, 2004). Although the theory of translation and ANT originated in the field of science and technology, it has also been applied to such diverse areas as accounting (Miller, 1991; Robson, 1991, Preston *et al.*, 1992; Chua, 1995; Catasús, 2001; Mouritsen *et al.*, 2001), psychology (Brown and Capdevila, 1999), organizational studies (Czarniawska, 2000) and studies of the fishing industry (Holm, 2001).

Although ANT does not offer a panacea for the study of AGMs in an accounting perspective there are certain features of the theory that make it attractive to the present investigation. The first such feature of ANT in our present context is its symmetrical treatment of humans and non-humans. In this light, what distinguishes an actor is whether or not it acts upon other actors, not any a priori ontological assumptions about the subject/object (Latour, 1987). Thus, on a general level accounting, is an important actor because it not only affects the organisation directly but also constructs the organisation and renders it visible (Hopwood, 1987; Hines, 1988; Morgan, 1988; Power, 1992). As argues Hopwood (1987), accounting is one of the crucial means whereby the company translates into the stakeholder sphere. Thus, as well as knowing Volvo for its cars, the Swedish people also know it through various "accounting artefacts" such as reported profits or the promise of increased profits or dividends. But there is more to the story than simply announcing that accounting makes the organization visible. There is also a story about the input of the auditor, for example, in producing the accounts, so that any attempt to challenge the black box of the accounts might unsettle the association between the auditor and top management[1]. That is to say, challenging management means challenging management's network of allies. Nor are the financial accounts of a company simply a neutral scorecard presenting the intended audience with an independent reality (Morgan, 1988; Miller, 1994), which can then be used as evidence of good stewardship. This means that as well as illustrating the multiplicity of interests associated with the financial accounts, accounting artefacts also have a "pedagogical" aspect, whereby top management need to connect these artefacts with qualitative company factors. For instance, a figure indicating lower profit margins could suggest an increase in competition or new investments necessary for meeting future demands. Depending on which of these arguments prevails the shareholders' assessment of top management will differ. In this way an accounting artefact such as the return on capital employed, becomes an argument that needs to refer to some qualitative company characteristic such as a growth company or a non-growth company, which in turn may convince (or fail to convince) the shareholders that management has attended to its' stewardship relation. For accounting to become an argument in this way, top management need allies who agree upon the qualitative characteristics of the company that accounting refers to. This is here understood as a translation process (Callon, 1986) that occurs before, during and after the AGM.

Secondly, the theory of translation pertains to the process whereby facts come into being, exemplified in our case by the argument that top management needs to win the support of the shareholders so that they will sanction the financial accounts. Here, the financial accounts are a fact no different from any other scientific fact, in that they have become accepted as a unitary entity and are thus perceived as inseparable. This is often expressed in terms of the fact being a "black box" (Latour and Woolgar, 1986). Here, we are interested in the way financial accounts are black boxed when shareholders are invited to ask questions about them and about management's stewardship before these financial accounts are approved. Formally, actors at the AGM approve the financial accounts, thus black boxing them. But as Latour (1987) tells us, black boxes are leaky and questions from shareholders can challenge top management's actor network, which means that top management strives to keep the black box closed. Regarded in this way the AGM no longer appears as a one-off meeting, as several authors critical of the AGM have contended (Jones, 2003; Hodges *et al.*, 2004), but can be understood rather as part of a continuous process in which events take place before and after the AGM in its literal sense. In other words, in order to translate the interests of auditors, major owners and shareholders in line with management's own interest there is work to be done before, during and after the meeting itself to prevent any challenge to the financial accounts.

In the present paper, Callon's (1986) four "moments" of the translation process has been employed to describe the process whereby top management is established as a good steward of its company. Callon calls the first moment *problematization*. To construct a fact is to impose oneself, and one's own definition of a situation, on others. The aim of problematization is thus to become the indispensable actor in a drama. It means negotiating an "obligatory passage point" that convinces the other actors that their interest lies in following the programme prescribed by the actor responsible for the problematization. The second moment is interessement, in which the actor seeks "to lock the other actors into the roles that had been proposed for them" (Callon, 1986, p. 196). The third moment, designated enrolment, involves activities with which the locked actors are being "manipulated" to act according to the programme. It consists of the strategies whereby the roles assigned to other actors are adjusted and interrelated with one another. The fourth moment is called mobilisation. It is "a set of methods used . . . to ensure that supposed spokesmen for various relevant collectivities [are] properly able to represent those collectivities and not betrayed by the latter" (Callon, 1986, p. 196)[2].

Methodological considerations

Using the theory of translation to analyse the way top management is constructed as a good steward of its companies means obeying the injunction of ANT; namely to arrive before the facts are black boxed (Latour, 1987). Attendance at AGMs has given us an advantage over earlier writings on this topic as few of these have claimed that their arguments are based on participation at such meetings. Thus, as in all participant observational research; we address the question what is going on in this context? (Bryman, 1988; Silverman, 2001). For the research team to gain access to the AGMs, a formal invitation from the companies was needed. We arranged this by sending a letter to the Investor Relations Department, explaining the purpose of the study and giving the name of the researchers. About 40 companies were initially contacted and 36 gave us permission to attend their AGM. Although formal permission to participate was given, the Swedish Companies Act prescribes that on the day of an AGM it is the shareholders who ultimately decide whether or not non-shareholders can participate. As it turned out, the shareholders of all 36 AGMs granted us the right to attend.

The final 36 companies (from nine different industries) represent a convenience sample from approximately 290 listed companies in May 2004. Appendix contains full descriptive data regarding company size, industry, number of employees, attendance and number of shareholders. Since, the companies vary considerably in size and type of operations, they are not representative of Swedish companies in general. From this, it follows that the output of this research approach consists in the production of local accounts of the way top management and shareholders interact at these particular AGMs, and no claim is made to general findings (Atkinson and Hammersley, 1994). Our approach answers Lukka and Kasanen's (1995) call for pragmatic research approaches that seek to understand the role of accounting in various settings on basis of strong local accounts.

The risk attaching to participant observation research, according to Silverman (2001, p. 69) is that the insight gained from being present at the site of action can generate a "mass of data, full of insightful observations of mainly anecdotal nature" when researchers subsequently report on their studies. We tackled this problem by our particular way of choosing examples for the analysis, as follows. First, we chose examples that are representative in view of the foci (stewardship and how accounting is used) of our study rather than describing everything that happened at the AGMs. We see our chosen examples as arguments leading us to a conclusion, the examples themselves being backed up by descriptive data on the AGMs, while claiming the descriptive data as evidence supporting our argument (Asplund, 1970). The arguments thus are representative for our study and justified by the descriptive data, but we do not claim that our field material is representative of other contexts. Second, we also use events that are unique to our field material when these represent something that we consider to be peculiar to the AGM context, and we indicate when we are doing so. Third, since many of the events in the analysis are interlocked events (or are part of a chain of translation) we decided to use a limited number of companies (seven) for exemplification. By using fewer but more detailed cases rather than the other way round, our aim was to familiarise the reader with a view to achieving better validation of our interpretation of the events concerned (Silverman, 2001). In this way we seek to combine the uniqueness arising from participant observation with rigour in the way we generate knowledge from our study.

Because seven researchers were involved in collecting the field material, it was necessary that notes be taken according to a consistent pattern. Audio recording was not allowed at the AGMs, so we decided to use a uniform protocol for following the agenda of the AGM. For each point on the agenda, the researchers recorded who was speaking and what accounting issues were being discussed. The time spent on each point was also recorded. To test the protocol all seven researchers attended one AGM, taking notes independently according to the protocol. After that AGM the field notes were compared to check that notes had been taken on the same issues and that the times recorded for each issue matched. After the AGMs the CEO addresses were available online (sometimes even given to participants as they left the AGM), so that the field notes could be checked against the transcript. As satisfactory correspondence was found, it was concluded that the protocol would be a reliable research tool. Further, experience from the trial round led to a decision to include episodes of a more anecdotal character in our notes, something that later proved to be a useful aid in interpreting the deliberations at the AGM (calls for "rich empirical descriptions" Laughlin, 1995; Ahrens and Dent, 1998).

One direct advantage of being present at an AGM is that any spoken explanations complementing the financial accounts themselves can also be recorded. Several authors have suggested that "narratives" of this kind are an integral part of the financial accounts simply by helping to make sense of them (Boland and Schulze, 1996; Roberts, 1996; Lindholm, 2003). In the section on theory above we noted that financial key ratios should refer to some qualitative characteristic of the company in order to be convincing. But there is also a more practical side, since surveys have shown that private investors may not be capable of understanding the financial accounts because of their complexity (Lee and Tweedie, 1975a, b, 1976; Epstein and Freedman, 1994; Bartlett and Chandler, 1997). Bartlett and Chandler (1997) suggest that the growing complexity of accounting reports may be one reason why large groups of investors do not actively involved themselves in the company's operations. A common solution to this problem has been to distribute simplified annual reports. The AGM, however, provides another way of overcoming this remoteness, namely by complementing the financial accounts with narratives and visual aids that help to link the accounts with the company's "real-life" operations.

Another advantage of attendance at an AGM compared with relying on secondary data is that it allows for recording questions and answers that are not included in the minutes of the AGM. In attempting to give a general view of the questions asked we have organized these under four categories:

(1) financial accounting;

(2) social issues;

(3) business issues; and

(4) corporate governance.

The first of these arises from the annual report and consists of four sub-categories: key ratios, share prices, performance/financial strategy and dividends/repurchases. The first sub-category covers questions concerning financial key ratios. Performance/financial strategy includes questions concerning profit or loss (i.e. EBIT, EBITDA). Financial strategy was added to encompass questions about strategy such as the way new markets may impact on future profit. It was then possible to differentiate between financial strategy and strategies concerned with sales and competitors under which issues unconnected with the financial accounts were grouped together. The second main category, social issues, follows Gray *et al.* (1995) in seeking a research tool to categorise social and environmental discourses. These authors in turn build on a review of a vast array of social and environmental accounting articles. Unerman and Bennett (2004) have recently made use of this categorisation. In the third category, business issues, covers questions regarding strategy and products. Typical questions here concerned the way companies should respond to competition from foreign companies, how products were selling in different markets and whether they should continue to grow in foreign markets. Unlike the financial strategy sub-category, these questions did not link corporate strategy to any explicit financial metrics. The last category, corporate governance, reflects the current debate on corporate governance in which a special sub-category was included for the auditor, in recognition of the fact that Sweden is one of the few countries where the auditor actually has an appointed role at the AGM. The categorisation is so designed that a question can be recorded in one category only. A problem connected to this approach is that 11 questions were concerned with shortage of women representatives on the board. This is a question about equality as well as about the composition of the board. For the sake of consistency, these 11 questions have been recorded regarding board composition. The reason for this is that it was generally the chairman of the board who answered this question. The full overview of the questions is later used in the analysis.

The construction of top management as a good steward

For the AGM to be able to contribute to the construction of top management as a good steward of the company, the AGM has to be made an "obligatory point of passage" (Callon, 1986) for all relevant actors. This is an issue of problematizing the AGM.

Problematization: the AGM as the obligatory point of passage for stewardship

Much of the academic debate on AGMs deals with the pros and cons of the AGM as a forum for corporate governance (Charkham and Simpson, 1999; Mallin, 2001; Nilsson and Hassel, 2004). Transparency is a key concept in the defence of the AGM, either as an event at which management can be formally held accountable by the way of voting system or as an opportunity for raising questions that would otherwise be difficult to draw attention to (Strätling, 2003). It has actually been suggested that voting at the AGM is a "fiduciary responsibility" (Mallin, 2001). Stephen Smith, chairman of the Australian Parliamentary Joint Committee on Corporations and Securities, even claims that institutional owners have "a clear moral, if not legal, obligation" (Mallin, 2001, p. 120) to exercise their voting rights. Private US pension funds are actually mandated to vote (Mallin, 2001). The Swedish debate runs on similar lines. Government inquiries and reports from market supervisors have both expressed concern about the decline in public confidence in the stock market and both have stressed the importance of a revival in public confidence (FI, 2003). In these reports and in the draft for a Swedish code of conduct the AGM is assigned an important role in satisfying public demands for greater transparency on the part of listed companies (SOU, 2004). In other words academics and regulators both regard the AGM as the prime mechanism whereby companies should promote transparency and shareholders can exercise their rights.

Although the various normative discourses see the AGM as the crucial forum for stewardship issues, concern has also been expressed about the way AGMs work in practice: it is noted that the full potential of the AGM as a forum for communication between shareholders and top management remains largely unrealised (DTI, 1999; Kodgruppen, 2004). Jones (2003) goes so far as to describe the AGM as little more than a ritual at which the address by the CEO and chairman are mere promotional gimmicks. Doubts about the view of the AGM as a "good" forum for stewardship have been raised in various quarters, based on at least two major causes of criticism. First, researchers have observed a lack of interest among institutional owners to vote at the AGM, and also found that critical issues between major owners and top management are not debated at all the AGM (Mallin, 2001; Strätling, 2003). Instead, such critical issues are settled before the AGM by way of proxy voting or at private meetings between top management and various major shareholders (Grünberg, 2002; Strätling, 2003; Roberts *et al.*, 2006). The second doubt concerns the growing complexity of financial reports and the fact that some companies fail to distribute annual reports to all their shareholders, both of which factors mean that certain group of shareholders do not in fact participate in stewardship issues (Bartlett and Chandler, 1999; Nilsson and Hassel, 2004). Jones and Shoemaker (1994) have surveyed a number of readability studies and have found that most such studies regard annual reports as being too to complex for the general readership. That is, accounting becomes an obstacle in the way of discussing stewardship rather than a mean for doing so. Despite these criticisms there are also international examples of companies, which have successfully managed to increase the participation of their shareholders. Aggarwal (2001), for instance, reports that Wal-Mart's 2001 AGM was held in an arena seating 15,000 people and that it attracted shareholders in great numbers.

The most common argument for retaining AGMs despite the negative criticism they have received is that it does provide a unique opportunity for the shareholders to meet top management face-to-face. The benefit of a face-to-face setting was emphasised in the response to a Company Law Review discussion where it was noted that:

> the body language of directors as well as of shareholders gives an indication of the gravity of an issue raised as well as of the honesty and confidence of a statement" (Strätling, 2003, p. 79).

Thus, AGMs provide an opportunity to exchange information for top management and shareholders and a platform from which shareholders can raise a variety of issues. This argument touches a proposition in Roberts and Scapens' (1985) that any impact on stewardship depends on the relations between the actors involved and the setting in which their interaction occurs. Their argument is that when interactions are close (e.g. face-to-face) explanations can be questioned or challenged (Lindholm, 2003), whereas answers given to more "distant" actors call for more homogeneous information which may then become too streamlined (Roberts and Scapens, 1985).

In terms of problematization the AGM is legally the obligatory point of passage for top management since it is at this event that managers are elected or re-elected. (This applies to auditors as well.) The possibility for the shareholders to hold top management legally responsible has positioned the AGM as a central and indispensable actor in the network. In addition to its legal status, the AGM also provide a unique opportunity for shareholders to meet top management and to question them in person on any issues they choose-something that does not apply to other sites or forms of corporate communication (i.e. the annual report, internet forums or investors' meetings). Its central role in the legislation suggests that a lot of effort has been put into making the AGM to a crucial forum for the whole question of stewardship. Also, as auditors and major shareholders are both present, there is pressure on these actors to demonstrate the value of their work and prestige to be won from doing so before this audience. At all the 36 AGMs in our study the auditors were present. The audit firm represented most frequently in our sample was PWC (18 AGMs) followed by E&Y (7), KPMG (7) and Deloitte (3)[3]. Although only 1 per cent of all possible shareholders generally attend the AGM, 58 per cent of all shares were represented on average (median 43 per cent), and 49 per cent all votes were represented (median 48 per cent), the difference between shares and votes being due to the fact that in Sweden not all shares represent one vote (See the Appendix for a complete overview). The presence of all these various actors, suggests – to put it in ANT terms – that the AGM is a nexus of diverse actors whose different interests need to "pass through" the AGM (Callon, 1986). It is thus no surprise to read the statement of the UK Company Law Review Steering Group that "AGMs are the key mechanism for promoting transparency and accountability in the management of company affairs" (Company Law Review Steering Group, DTI, 1999, p. 1). It seems fair to say that the problematization of the AGM has gone further in Sweden than in other countries because:

- it is mandatory to vote on the discharge of responsibility and there are important legal implications linked to this decision; and
- shareholders are able to ask any question they choose, regardless of the number of shares they hold.

Thus, if top management wants to be perceived as a good steward of its company, it has to be discharged of responsibility by its owners at the AGM. Likewise, if the SSA wants to maintain its ability to influence corporate governance policies and to recruit new members, it needs to be present at the AGM and to ask critical questions. If auditors want to retain the public's trust in their profession they need to be able to demonstrate their competence for the shareholders. Further, if the shareholders are to prosper, they need a top management team that is a good steward of the company. This, too, is settled at the AGM, where the board of directors is either elected or is held responsible by not granting them discharge of responsibility. Essentially, the AGM is an obligatory point of passage for stewardship not only for top management but also for their actor network – auditors, major owners, private shareholders and the SSA with whom they need to become associated with if they are to be perceived as good stewards of their company.

Interessement: crystallising the actors

According to Callon (1986, pp. 207-10):

> Interessement is the group of actions by which an entity . . . attempts to impose and stabilize the identity of the other actors it defines through its problematization. Different devices are used to implement these actions . . . The interessement, if successful, confirms (more or less completely) the validity of the problematization and the alliance it implies.

The first part of the translation process, the problematization, positioned the AGM as an obligatory point of passage, one through which many actors need to pass, either because formal regulation requires it or that actors perceive it to be useful for their purposes. The second step concerned with the way top management seeks to enrol these actors in order to present itself as a good steward to the shareholders is denoted interessement. Needless to say, the AGM is not only a model of stewardship constructed by formal legislation; it is also a model for stewardship where in legislation and shareholder rights are enacted. The first important item on the agenda whereby top management seeks to demonstrate actively that shareholder interests is in line with top management's is the CEO's address to the meeting. One way of evaluating top management's efforts is by looking at the time devoted to the different points on the agenda. Such examination demonstrates that the CEOs' addresses occupy the most time on the agenda[4]. On average, 27 per cent of the total time was dedicated to the CEO's addresses (Table I). Here, a parallel to the annual report suggest itself. One frequent finding in studies of annual reports is that the CEO's letter to the shareholders is the section that is mostly read (Segars and Kohut, 2001). This is commonly explained with argument that it is understood to contain useful forward-looking information whereas the financial accounts are thought to be historical. In much the same way, we interpret the observation that the CEO's addresses occupies the most time of all items.

In terms of content, the CEOs' addresses are very similar to one another and also often close to identical to the CEO's letter in the annual report. Hence, in their addresses

Table I.
Time dedicated to the individual points on the agenda

Time devoted to individual points on the agenda	Percentages of total time
CEOs' addresses	27
Questions from shareholders	18
Chairmen of the boards' addresses	11
Auditors' addresses	7
Election and presentation of board members	6
Decision about equity offerings	3
Other points on the agenda[a]	28

Note: [a]All the other 15 points concerned formalities such as opening and closing the meeting and updating the voting register, etc the CEOs gave their view of the previous year and of the opportunities and risks in the coming year. Typically, the CEO addressed changes in strategy, the result of the group, over- and under-performers within the group, the state of the market, costs, margins, profitability, growth and cash flows. The CEO address is presented before the decision of discharge and is directed to the shareholders with the aim of retaining their trust. This excerpt from the speech by Anders Larsson, CEO of Johnson Pump, a profitable company that produces pumps for industrial and marine applications, is typical:

> No matter what happens in the world around us, we will continue our change-programme with the aim of making Johnson Pump to a still better company and thereby we hope to win the continued trust of our shareholders (Anders Larsson, CEO of Johnson Pump).

Although the level of enthusiasm differed among the CEOs, their addresses to the meeting were a variation of the same message: the future is bright and it belongs to us (the company) provided, we (top management) can renew our mandate. Not surprisingly, because all companies face continual challenges that have to be met by having superior visions, missions and goals. Sven G. Oskarsson, CEO of Opcon, an unprofitable company that produces engine parts, devoted considerable time to explaining how the company was going to show growth in sales in the future. Behind him were slides with headlines telling shareholders that "Lower costs" "Turning to profitability" and a "Platform for the future" would help to pave the way for a profitable future. In summing up, he shared his confidence with the shareholders with the following words:

> With the already undertaken, and here reported, activities I am convinced that we will reach our overall goal to make the Opcon group profitable in 2004 (Sven G. Oskarsson, CEO of Opcon).

Callon (1986) argues that during the process of interessement the aim is to stabilise the earlier problematization. Those invited to the AGM have not been invited to ask questions that might challenge the company's message, before the CEO's address they are subject to the programme laid out by top management. The CEO has addressed the audience and the message is clear: the link between the shareholders and a bright future is top management. Some actors at the AGM have other agendas, so that when the shareholders are invited to ask questions, the scene is set for the subsequent trials of strength that will eventually determine the strength of the problematization (Callon, 1986). A clear example of an actor with a different agenda than that of top management arose when Greenpeace questioned Nordea (a bank) on their decision to grant a loan to a nuclear power plant in Finland[5]:

> This question is about Nordea's financing of a nuclear power reactor in Finland. How does Nordea relate to its own environmental policy? I must point out that, according to Nordea's policy, a credit worthiness test must include a consideration of the environmental effect of the activity the seeker of the credit intends to use the credit for. But at this decision no such consideration has been taken (Spokesperson for Greenpeace at Nordea's AGM).

By focusing on the environmental aspect of Nordea's credit policy, Greenpeace turned both business and their environmental concerns against the bank. With this move, Greenpeace had introduced a new actor, the environment, as a compelling argument against top management's character as a good steward. Greenpeace argued that nuclear power is not only dangerous to the environment, but also that by granting a loan to a nuclear plant they were increasing the bank's business risk. A similar policy issue came up at the same AGM, namely Nordea's equality policy. Sisu, a shareholder club that invests exclusively in companies that have equality programmes and an environmental policy, made the following claim:

> Nordea is an unequal employer! How come you do not disclose your environmental policy or your equality plan in the simplified annual report? (Spokesperson for Sisu at Nordea's AGM).

Another example of an actor with an agenda that is rarely in line with top management is the SSA. At the AGM of Atlas Copco (an engineering and tool company), the SSA representative expressed misgivings about the company's high return on capital employed:

> Is not the high rate of capital employed in fact a result of the company's different way of accounting for goodwill? Is it in line with a true and fair view? (Spokesperson for SSA at Atlas Copco's AGM).

The issue of Atlas Copco's goodwill is a continual subject of debate in Sweden. Before the IAS/IFRS, the company has resisted depreciating its goodwill over a 20-year period, as would have been in line with Swedish GAAP. Instead, the company has insisted on a depreciation period of 40 years, claiming that they would otherwise be at a disadvantage in the international competition and that 40 years would increase their comparability *vis-à-vis* international competitors. In the preparations for the IAS/IFRS the company had carried out impairment tests in which some of the goodwill had been written down. Despite this extensive work, the answer was brief:

> The impairment tests have been thoroughly scrutinised by the auditors. And by the way, impairment tests are not decided upon with regards to the return of capital employed but on future cash flows (Gunnar Brock, CEO of Atlas Copco).

While the first stage in a translation process, the problematization, means that actors are invited because they are needed for a decision on discharge to be reached, the interessement maps the different actors and their roles in the process of translation. The CEO delivered a speech that, typically promised a bright future and made it clear that in order to achieve this the shareholders should support top management's proposed programme. For management the moment of interessement is intended to corner the actors that need to be convinced, and for some of them to present a worldview different from that of management in order to make the black box fragile. The niche shareholder club SISU, Greenpeace and the SSA are the opponents that have to become top management's allies in order to close the black box of accounting, and to keep management looking like a good steward of the company at the close of the AGM.

Enrolment: more arguments and in the end less controversy

> Interessement achieves enrolment if it is successful. To describe enrolment is thus to describe the group of multilateral negotiations, trials of strength and tricks that accompany the interessements and enable them to succeed (Callon, 1986, p. 211).

In general, the period while the shareholders put their questions occupied 18 per cent of the total time, which made it second only to the CEO's address (Table I). Returning to Nordea AGM and their controversy with Greenpeace, Callon points out two strategies for neutralising any attempts by an opponent to disrupt an earlier *ally*: use coercion or seduce the adversary. The Nordea CEO used a combination of these two strategies.

In an attempt to convince the shareholders that the decision about financing the Finnish power plant was not a controversial one, the CEO insisted that nuclear power is a cleaner energy source than coal and that Nordea was actually the biggest financier of wind power in Scandinavia. Then he added emphatically:

> We do not make business decisions in conflict with our environmental policy! The construction of the nuclear power plant was made after a decision of the Finnish parliament. We cannot put ourselves above the will of the Finnish people (Lars G Nordström, CEO of Nordea).

This comment was greeted with applause from the floor. Greenpeace failed to affect Nordea's decision. Admittedly, given the stakes, such a result would have been spectacular. As the Greenpeace representative told us afterwards, the AGM had helped them to raise a matter that concerned them. Greenpeace could put the case for their environmental concerns by questioning the bank's environmental policy and its business decisions. Noticeably on the defensive after the Greenpeace controversy, Sisu's question about the absence of an environmental policy or an equality plan in the simplified annual report, Nordea's CEO declared that the relevant information had been disclosed. Even so, the shareholder insisted that the information had not been included in the simplified annual report. After making a thorough check, the CEO failed to find any information on environmental policy or equality, but did promise that the policies would be disclosed in the following year's report. The next question returned to the credit policy already mentioned:

> Regarding the credit losses, are they estimated or factual? In the annual report you say in the foreword that the credit losses have decreased, whereas in the income statement they have increased! Why is there this disparity? (SSA representative at Nordea's AGM).

After first having tried to answer the question himself, the CEO turned to the CFO in the front row of the audience and, after some consultation with him, Nordea's CEO responded hesitantly:

> Well, . . . we only account for realized credit losses. The reason why the information differs is due to a mistake by us. The correct information is that the credit losses have increased (Lars G. Nordström, CEO of Nordea).

To reveal making a mistake, as Nordea's CEO did regarding credit losses, is one way of enrolling hesitant actors. The vote of a single shareholder may not be important, but judging from the thorough consultation in this particular example the CEO seemed to find it necessary to prevent the financial accounts from being used as an argument against top management. In this case top management expressed its consent with the SSA by not presenting a counterargument[6]. Top management took questions about the financial accounts seriously. Generally, top management accepted their mistakes in order to show their best intent and thus avoided losing the financial accounts as an important ally. An overall inspection of the questions (Table II) shows that most questions concerned financial accounting (87 questions) and corporate governance issues (87 questions) and that the SSA asked most questions (141) followed by private shareholders (115). That institutional investors only asked seven questions is consistent with other studies, suggesting that institutional investors exercise their rights elsewhere (Strätling, 2003).

As mentioned earlier, one frequent argument against active shareholder participation is that the complexity of accounting reports make shareholders feel remote from the

Table II.
Questions asked at the 36 AGMs

Main category	Sub-category	Total questions	Private shareholders	NGOs	Institutional investors	Swedish shareholders association
Financial accounting						
	Financial key ratios	42	12			30
	Share price	3	1			2
	Performance/financial strategy	33	11[a]		1	21
	Dividends/repurchase	9	4			5
	Sum financial accounting	*87*	*28*	*0*	*1*	*58*
Social issues						
	Environmental	10	5	2		2
	Employees	14	8			6
	Equality	13	13			
	Sum social issues	*37*	*26*	*2*	*0*	*8*
Business issues						
	Strategy/competition/products	55	26		4	25
	Sum business issues	*55*	*26*	*0*	*4*	*25*
Corporate governance						
	Remuneration	39	13		1	25
	Board composition/ownership structure	45	22[b]			23
	Auditor	3			1	2
	Sum corporate governance	*87*	*35*	*0*	*2*	*50*
	Total questions	*266*	*115*	*2*	*7*	*141*
	Percentage of total	*100*	*43*	*1*	*3*	*53*

Notes: [a]Two of these questions were not answered, [b]one of these questions was not answered company (Epstein and Freedman, 1994; Jones and Shoemaker, 1994; Courtis, 1995). The 115 questions from private investors constituted 43 per cent of all questions. Although questions on corporate governance issues were the most frequently presented questions for this particular group of participants, Table II shows that questions from private shareholders concerned financial accounting matters such as key ratios (12 questions) and the performance/financial strategy of the firm (11 questions). Further, private shareholders asked the board of directors or the CEO 13 questions regarding remuneration and 22 questions about the composition of the board. These 22 questions included several request about a board representative on board for the minor shareholders. Private shareholders, rather than debated about the financial accounts, asking for clarification on specific accounting matters. Such questions would generally be on lines similar to the following:

> According to the annual report, there are new accounting regulations which open up for different ways of accounting for your real estate. Now you say [referring to the CEO's address] that you are considering altering the way you account for the real estate. Can you tell us what you are considering doing on this matter? (Private shareholder at Heba's AGM).

In the case of private shareholders, questions pertaining to social issues (37 altogether of which 26 were asked by private shareholders) were almost as common as questions about the financial accounts. Securitas's CEO had said that the company's personnel was its most valuable asset. One shareholder asked if this were true:

> How come your personnel turnover is still high? And what measures will be taken to reduce personnel turnover? (Private shareholder at Securitas's AGM).

The CEO replied that this key ratio had started to improve, and added:

> The lower turnover of personnel is in part due to the situation on the labour market; in essence, people are less likely to change jobs. However, we have also improved on this matter and especially we have learned to take better care of the personnel in companies that we acquire (Thomas Berglund, CEO of Securitas).

Although the above quotation does not tell the shareholders anything about the exact measures taken to improve the employees' situation, the CEO does show that mastering the "facts" about his company has been effective in enrolling the actors and that there was an interest in explaining further what was behind the figures. Top management usually answered questions. In fact of a total of 266 questions, only three questions were answered. But, the length of the answers varied. However, a question about poor growth in sales of Heba, a real estate company, provided an opportunity to boost the CEO's character by connecting the micro-events in the company with macro-politics of the country. The CEO asserted that the poor sales figure was due to the poor working market for rental apartments. In such a market:

> Unserious actors can obtain large economic values by illegal second-hand rentals and swaps of apartments. The consequence of this is that only a few percent of all rental apartments ever enter the market … This unacceptable situation means that the real estate owner will see money go to other people [other than the property owners] because of low rents. In the short perspective this means that many property owners are tempted to sell their estate to a tenant-owners' society and replace high sales revenue with better financial investments … This is a serious threat to the continued existence of rental apartments (Nils Hedberg, CEO of Heba).

In addition, an apparently firm conviction that the illegal trade in contracts strips his company of revenue led him to use this argument to explain why the company had failed to expand. The shareholder who had asked about the company's poor growth was clearly annoyed, pointing out that similar companies were showing an increase in sales. Referring to Heba's strategy and financial accounts, the CEO replied:

> Our strategy is to grow, but not outside of Stockholm. Those real estate companies that increase their results do so by an expansion outside of Stockholm (Nils Hedberg, CEO of Heba).

Heba's CEO argued that selling part of its real estate in order to increase profit was not on the cards:

> We will not sell off our real estate because the gap between the book value and the market value is too high; it would only result in paying too much tax (Nils Hedberg, CEO of Heba).

The CEO further explained that for many real estate companies the big differences between market value and book value represent an obstacle to growth through the acquisition of newly constructed real estate. Because newly constructed real estate receives state subsidies, real estate companies are unwilling to sell it because the subsidies create a gap between market value and book value, which means that much of the profit would be lost to taxes.

In the case of Heba a substantial part of the Swedish housing market becomes an actor in the CEO's rhetoric, in the sense that the market was compressed into an argument in which accounting provided a link between politics and the company's operations. To enrol the shareholder who put the questions about growth, Heba's CEO had to bring in remote actors to explain that the reason for the slow growth was a consequence of the company's conscious efforts to give return on shareholders' invested capital. He thus spent considerable time explaining how political complications in the real estate sector had affected the company's results. He further explained how macroeconomic issue, such as inflation, increase the rents the company charges, but without any real improvement in results.

The most usual questions from private shareholders were concerned with getting more information or with clarifying the financial and social operations of the company. On its part, the SSA asked questions of a more critical nature, but after putting its questions the SSA eventually became allies of top management as well. We can summarise the third stage in Callon's translation process as follows: after the last question has been asked and answered, the negotiations regarding meaning are over, and few doubts remain about whether the credit decision did actually conflict with Nordea's environmental policy, whether Atlas Copco's high return on capital employed was due to insufficient write-downs of goodwill, or whether Securitas took better care of its staff today than it had done before. The list can be extended, but the point is that any doubts that had aroused had been settled, and these earlier controversies no longer challenged top management's agenda. However, this is not to suggest that top management has had an easy task. Rather, the idea of a fact-making process in which everyone is invited to join can be described as a collective sense-making process (Weick, 1995), in which even small actors have an opportunity to influence the outcome. After all, one reason why Nordea disclosed its equality and environmental policy in its simplified annual report for the financial year 2005, was perhaps because the issue had been raised at the AGM the year before. Thus, questions asked at the AGM may in fact affect the company's agenda.

Mobilisation: acting as a good steward

> These chains of intermediaries which result in a sole and ultimate spokesman can be described as the progressive mobilisation of actors who render the following propositions credible and indisputable by forming alliances and acting as a unit of force (Callon, 1986, p. 216).

With all the negotiations, trials of strength and tricks behind them, top management leaves the AGM formally discharged of responsibility for the past year and with responsibility for the coming year. It is not within the scope of this paper to follow the chain of translations before and after the AGMs. Nevertheless, it might be instructive to take a closer look at the AGM at Intrum Justitia, where top management was formally discharge of responsibility but where their stewardship had been seriously called in question. And we can also look at Skandia, where top management was not discharged of responsibility. The questions asked at these two AGMs differed substantially from the other 34 AGMs because they were generally hostile in tone, and this hostility was reflected in the debate later in the press. The two companies demonstrate, that if we regard the AGM as part of a translation process, it means that we are looking at an open-ended process in which the spokesperson needs to be work constantly at keeping the network in line (Callon, 1986).

Intrum Justitia is Europe's leading supplier of credit management services. In 2003, the company had to announce that its British subsidiary had come close to total collapse, due to a lack of internal controls. The problems were connected with 2002 as well as with previous years. Payments had been accounted for twice, and in many cases payments received had not been allocated to the correct customer account. As a result, earnings had been overstated. At the time of the AGM, there was agreement that the financial accounts had been manipulated; however, whether this manipulation was "intentional or unintentional" (*sic*!), as the Signing Auditor, Michael Bengtsson of PWC put it, remained to be determined.

The SSA representative addressed the auditor directly, claiming that the latter had not fulfilled his duty of carrying out an audit according to generally accepted auditing standards. Several questions were directed at the auditor:

> Have you been there [referring to the English subsidiary]? Have your instructions been faulty? You don't seem to have much self-criticism for this matter! Who is responsible for this! I am looking forward to your response! (Lars Erik Forsgård, Spokesperson for the SSA at Intrum Justitia's AGM).

The auditor:

> Clearly, one needs to be self-critical. However, I cannot comment on what went wrong. We have to await the legal examination. Yes, I have visited the English company on several occasions. Regarding faulty instructions, we have a uniform audit process. Further, concerning the issue of responsibility, this has to be determined by the legal process (Michael Bengtsson, Signing Auditor PWC at Intrum Justitia's AGM).

Next, the SSA representative turned to the chairman of the board:

> You neither seem to have much self-criticism. Has the board met its duties? Why hasn't the parent company discovered this earlier? (Lars Erik Forsgård, Spokesperson for the SSA at Intrum Justitia's AGM).

The chairman of the board of directors explained what had gone wrong and admitted that the company's routines had failed to prevent (possibly) fraudulent behaviour. And yet he assured the shareholders that top management had taken its responsibility seriously and investigated the matter. Actually:

> . . . the costs for the investigations themselves are witnesses of that (Bo Ingemarson, Chairman of the Board of Directors of Intrum Justitia).

Despite this assurance, SSA decided not to vote in favour of a formal discharge of responsibility for top management for the financial year in review. At this point, however, one of the institutional owners stepped into end the debate. It is worth nothing that this was one of only three occasions in the present study that a representative of an institutional owner openly defended top management:

> We have bought shares after the debacle. We do not agree with Lars Erik Forsgård [the SSA representative]. We feel that the 35 MSEK spent on the investigation signals that the company has taken this issue seriously (Fund Manager, Lannebo Funds at Intrum Justitia's AGM).

Despite the various controversies, the auditor recommended the discharge of responsibility. The auditor took the opportunity to explain his decision, aware that it might seem confusing to many shareholders:

> How can the auditor's report be "clean"? If we had published it at the same time as the press release of the annual report, it wouldn't have been. We knew that the income statement was wrong! But the faults related to 2002 and that was dealt with at last year's AGM, therefore this year we can recommend discharge of responsibility for the board. We will be replaced. Thank you! (Michael Bengtsson signing Auditor from PWC at Intrum Justitia's AGM).

Intrum Justitia's top management thus had the necessary allies (i.e. the auditor and the large institutional investors) on its side. Nonetheless, not all the actors could be mobilised, since SSA and many private shareholders failed to support a vote to discharge top management of its formal responsibility. Thus, in this case, top management was not held formally accountable, but its status as a good steward of its company was seriously damaged. According to the CEO's statement in the 2004 annual report the company is still seeking to improve its public image (Intrum Justitia, 2004). Top management was discharged of financial liability but was still not perceived as a good steward.

In the case of Skandia, where the CEO and the board were both denied discharge, too many allies were lost. The company had a controversial accounting policy known as "embedded value". According to this policy, future profit and losses from insurance contracts are discounted and reported in the balance sheet at their net present value. Apart from the criticism of the embedded value method, namely that it overstated the company's assets, there were also some questionable inter-group transactions that were regarded as unfavourable to pension savers. Moreover, Skandia had made some poor business investments, with the result that the US subsidiary nearly brought the whole Skandia group down. At the same time, top management was being accused of misusing the company's assets by using them to pay for the refurbishing of private apartments. And in addition to all this there were incentive programmes for top executives that had not been properly disclosed or authorised[7].

By the time of Skandia's AGM in 2004, the accused CEO and board members had already been dismissed. Several legal processes had also been set in motion and were still going on. The responsible directors were thus in no position to enrol or mobilise the necessary actors at the AGM. Instead, the fate of the former top management was in the hands of the new one, which needed in turn to mobilise the assembled network if they themselves were to be perceived as good stewards. In this particular case, it was necessary to the take account of actors outside the AGM. The new directors had to look after Skandia's financial interests, and they felt that not discharging the former directors of responsibility was the best way for the new board to raise claims against the old one. The new directors also had to consider the media aspect since the whole thing had become front-page news in the country.

Conclusion and contributions

The Intrum Justitia and Skandia cases show that the vote regarding the discharge of responsibility is part of a larger actor network that provides several occasions for evaluating public companies. The chain of translations prior to the AGM seems to be so long that it takes a major scandal for top management not to be discharged of responsibility. That the top management of a company of Skandia's standing fails to be granted discharge of responsibility is unique in Sweden (Andersson, 2004; Lundell and Palutko Macéus, 2004)[8]. Consequently, the construction of top management as a good steward is rarely unsuccessful at the AGM in a formal legal sense.

The AGM is an important actor in the larger actor-network that constructs top management as a good steward. Stewardship is communicated on several occasions during the year. As earlier research has shown, a company's performance in this context is reviewed in internet-based stakeholder forums, in annual reports and at investor meetings. The emphasis in this paper on the interaction between top management and the shareholders at the AGM demonstrates top management's efforts to contextualise the financial accounts with the help of narratives and visual aids in an arena that is open to every one of the company's shareholders. In this process, the numbers are discussed and questioned in a way that enables accounting's stewardship function as well as enabling the AGM to reduce the agency conflict because the face-to-face setting introduces tension to stewardship (Roberts and Scapens, 1985).

The role of accounting at the annual general meeting

When the CEOs address the meetings the abilities of top managements as good stewards are presented in token form, as in return on investments, reduction in costs and similar other signs of success, which signal that top management is taking the necessary steps to make the company successful. As regards the way accounting is used by shareholders in the translation process, we found that a third of all questions raised by SSA or by private shareholders dealt with financial accounting issues. However, the majority of the questions were concerned with non-financial aspects of stewardship, i.e. the company's way of addressing ethical, equality and environmental issues.

One practical implication of the study has a direct bearing on the debate in professional journals in which the AGM has been painted as a devalued forum for corporate communication (Jones, 2003). Criticism of this kind may stem partly from the fact that those studying the AGM have not themselves attended such meetings. The reason for our more positive tone is that we found much of the stewardship function to be based on the possibility that any shareholder has the opportunity to ask questions and that this possibility to speak up is clearly exploited. The AGM is not merely a public relations event, it is also a forum where issues can be brought up and questions raised. The Greenpeace and Sisu cases are nice illustrations of this. The AGM gives top management an opportunity to enrol and mobilise those shareholders who do not necessarily have to be "won over" so that management can be discharged of responsibility, but who are nonetheless needed for the perception of management as a good steward.

With the help of ANT we have provided a social analysis of how accounting can affect the agency conflict between managers and shareholders as this is presented at the AGM. In particular, our analysis shows the AGM in its social and cultural context, without falling back on the common fallacies of economic analysis. This means that we have regarded the AGM here as socially enabled by a set of institutional and legal structures that make it concrete and give it form. Our study of AGMs is thus also a study of the way rules and legislation of the AGM are enacted by the participants at the meetings. One conclusion is that accounting is not simply the outcome of the AGM, but also is a socially and institutionally enabling practice (Miller, 1994). Accounting is part of a (negotiated) shared understanding that helps the participants at an AGM to make sense of what is going on there. Further, accounting guides and triggers action at such meetings by providing arguments for debating or promoting stewardship. To sum up, we have traced the way management is constructed as a good steward at the AGM, and seen how this construction depends mainly on two interrelated factors: rules and legislation of the AGM prescribe the issues that should be attend to, thus assigning the meeting an important (legal) role in evaluating the stewardship of public companies. However, fulfilment of such normative claim depends on the participants, and in particular on the way they use and discuss accounting to realise the AGM. So, to Hopwood's (1987) argument that accounting is one way through which the company translates into the public sphere, we add that the AGM is one way of supporting such translation process.

Notes

1. Most likely also discussed and accepted by major owners at private meetings as noted in the introduction.
2. This employment of the theory closely follows Jeacle (2003).
3. The total number of auditor firms represented was 42, because some companies have more than one firm.
4. For a number of reasons, this way of "measuring" importance may be problematic. However, our reasoning on this matter is a parallel to content analysis in which frequency or space devoted to an issue is meant to measure the importance assigned to an issue (Silverman, 2001).
5. We recorded only two events where NGOs had purchased shares so that they could take up an issue. The other one was Amnesty.
6. One possible explanation of the willingness to accept mistakes could be that top management was willing to listen to shareholders but by also saying that they should correct such mistakes can be seen as a way of preventing that shareholders would lose confidence and trust in their abilities. However, it cannot be ruled out that cultural differences would make top management of a company in another country (or another Swedish company) respond differently.

7. The case regarding the responsibility for authorisation of management's incentive programmes is being heard at the time of writing, and legally speaking still an open question.
8. Skandia was eventually sold to old mutual, a South African firm, after a hostile take-over.

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Appendix

Table AI.

Overview of the 36 companies

Company	Sector[a]	Turnover[b]	Reported result[b]	Employees	Shareholders present (percentage of total shareholders)	Total number of shareholders	Shares present (percent)	Votes present (percent)	Time	Chairman of AGM	Audit firm
Capona	Consumer discretionary	285.5	10	122	117 (2.5)	4,709	55	55	74	External	PWC
Mekonomen	Consumer discretionary	1,881.3	98.7	1,258	90 (1.5)	5,762	71	86	82	Chairman of Board	Deloitte
MTG	Consumer discretionary	6,331.3	289.9	1,520	100	N/A	N/A	N/A	86	External	PWC
Swedish Match	Consumer staples	21,841	1,558	924	376 (0.4)	94,860	16	16	154	External	PWC
Lundin Petroleum	Energy	1,082.1	930.2	292	300 (1)	33,011	54	54	64	Chairman of Board	PWC
Heba Fastigheter	Financials	196, 4	35.2	38	40 (3)	1,297	63	69	76	Chairman of Board	Lars Bauman AB/Deloitte
Kinnevik	Financials	5,660	373.1	8	125 (0.5)	24,639	46	78	60	External	E&Y and KPMG
Nordea	Financials	5,639 (Meuro)	149 (Meuro)	28,929	1,004 (0.2)	487,000	47	47	199	External	KPMG
Novestra	Financials	32.2	20.1	6	34 (0.9)	3,595	38	38	45	External	KPMG
Skandia	Financials	5,281.6	1,246.0	5,936	600 (05)	121,915	20	20	194	External	KPMG/E&Y/SET
AstraZeneca	Health care	18,849 (Mdollar)	4,202 (MDollar)	61,900	N/A	371,971	N/A	N/A	106	Chairman of Board	PWC
Biacore	Health care	515.5	44.3	350	25 (0.4)	6,370	52	52	78	External	PWC
BioGaia	Health care	35.7	− 13.1	33	85 (1)	8,434	48	42	61	External	Lindebergs Grant Thornton
BioPhausia	Health care	1.5	− 20.6	7	17 (0.15)	11,732	17	17	66	External	PWC
Gambro	Health care	2,613.3	1,422	21,193	468 (0.6)	73,485	45	53	125	Chairman of Board	PWC
Atlas Copco	Industrials	44,619.00	3,274	24,249	711 (1.8)	37,562	48	47	96	Chairman of Board	KPMG
Hexagon	Industrials	7,103.00	221	5,410	59 (1.1)	5,315	57	71	81	Chairman of Board	E&Y
Intrum Justitia	Industrials	2,864.6	− 180.2	2,870	60 (2)	3,458	61	61	146	External	PWC
Johnson Pump	Industrials	625.6	0.6	559	40 (0.8)	4,572	33	N/A	77	Chairman of Board	SET

(continued)

Table AI.

Overview of the 36 companies

Company	Sector[a]	Turnover[b]	Reported result[b]	Employees	Shareholders present (percentage of total shareholders)	Total number of shareholders	Shares present (percent)	Votes present (percent)	Time	Chairman of AGM	Audit firm
NCC	Industrials	45,252	−421	24,076	290 (1.2)	22,808	58	82	120	Chairman of Board	KPMG
Observer	Industrials	1,554.1	−226.1	2,425	55 (0.2)	25,300	21	21	92	Chairman of Board	E&Y
Opcon	Industrials	247	−18.9	140	35 (1.5)	2,232	50	50	77	External	PWC
Saab	Industrials	17,250	746	13,316	400 (1)	37,688	78	86	122	Chairman of Board	E&Y
Sandvik	Industrials	48,810	2,788	36,930	814 (1.3)	61,000	41	41	128	External	Deloitte/KPMG
Securitas	Industrials	58,858.3	1,242.3	200,000	317 (1.1)	27,677	60	60	100	Chairman of Board	PWC
Sweco	Industrials	2,211.4	83.8	2,437	250 (7.3)	3,411	60	76	49	Chairman of Board	PWC
WM-data	Information technology	6,532	253	6,015	282 (0.55)	50,903	44	65	91	Chairman of Board	E&Y
Cybercom	Information technology	309.1	−110.8	375	17 (0.3)	5,720	39	39	44	Chairman of Board	PWC
HiQ	Information technology	403	41	381	48 (0.6)	7,776	26	26	87	External	PWC
MSC Konsult	Information technology	41	−8.2	50	9 (0.7)	1,340	46	74	60	Chairman of Board	BDO Feinstein
Nocom	Information technology	151.5	5.2	76	13 (0.2)	5,682	22	44	72	Chairman of Board	PWC
Resco	Information technology	246.6	−13.2	254	12 (0.2)	4,859	49	31	60	Chairman of Board	E&Y
Softronic	Information technology	230.9	−17.7	254	25 (0.7)	3,731	62	77	40	Chairman of Board	Finnhammars/E&Y
ScanMining	Materials	1.1	−9.4	17	21 (0.8)	2,639	18	18	61	External	PWC
Tricorona	Materials	14.9	−10.3	15	27 (1)	5,413	39	39	53	Chairman of Board	PWC
Tele 2	Telecommunication	36,911	2,396	3,274	200 (0.3)	60,930	58	78	104	External	PWC
Median	78										
Average	90										

Notes: [a]GICS classification, [b]in MSEK, 1 SEK = approx. 9.2€