

Long-term ownership and value creation in commercial foundations

Commercial foundations are very important to the Danish society. They own many of the largest and most successful companies in Denmark – for instance, Novo Nordisk, A. P. Møller-Maersk, Carlsberg, William Demant and COWI. Foundation-owned companies employ more than 100,000 employees in Denmark and twice as many abroad. Commercial foundations also play a large role in distributing funds to research, educational, cultural and social purposes, as much as DKK 10 billion a year.

The high importance of commercial foundations is a special characteristic of Denmark, even though large commercial foundations also exist in Germany, Sweden and other European countries.

Compared to other owners – e.g., equity consortia or financial investors – commercial foundations exercise a more long-term mindset, which provides them with special possibilities for investing and developing the competitive ability of companies.

The research project “Long-term ownership and value creation in commercial foundations” aims to study how commercial foundations best manages these possibilities. How can they create value for business and for the Danish society? What demands does this impose on the management of foundations and companies? When do foundation-owned companies perform best?

In that context, it is important not just to consider the financial yields of the companies, although that is also important (because it takes money to survive in business). The risks and capital base of the companies must also be considered to ensure that good results build on a sufficiently solid basis. We will also investigate the development in employment and employee productivity, which forms the basis for the competitive ability of the companies.

It is also important to study the donations of the foundations. Does the money benefit? How can foundations do the most use through their donations? Foundations are freer to choose the recipients of their donations than the public sector, which is restricted by political and administrative concerns. How to best utilise these possibilities?

We will not only explore conditions in Denmark, but also include the rest of Europe, which is home to talented and prominent foundation-owned companies such as Robert Bosch, Rolex, Ikea or the Swedish Wallenberg companies.

The project will provide more insight into the societal contribution and strengths of commercial foundations, while seeking to uncover any weak points. Do the foundations and their companies react quickly enough to new challenges? Do they possess sufficient technological strength, e.g., in terms of information technology? Do the foundation boards hold the right competencies?

Consequently, the project will also constitute useful reading to managements of commercial foundations.