

# **The Emergence of the International Business School and the University Foundation in Jönköping**

A personal account

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By Charlie Karlsson





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## **Preface**

In 2019, Jönköping International Business School (JIBS) celebrated its 25-year jubilee. Located in a region with a relatively low level of education, relatively far from economic and political power, and without either a long history or a strong owner base, JIBS has, in less than a quarter of a century, grown from nothing to being one of Sweden's leading business schools.

As Dean and Managing Director of JIBS since the fall of 2016, I have often asked myself how this school has become so successful. What strategic choices were made historically, and how have these affected the path we take today? As a researcher with a theoretical home in evolutionary economics, I am convinced of the influence of path dependence on the development trajectory of both humans and organizations. For this reason, I believe that history should be told and preserved. Almost everything we experience today can be explained by what has happened historically.

When the story of Jönköping International Business School is told, the focus is usually on the past 25 years, i.e., from 1994 onwards. It is a great story that deserves to be told, but even that story has a past story. This publication tells the story of what happened in the years before 1994, the formative years leading to JIBS and the Jönköping University Foundation.

Through Professor Charlie Karlsson's personal notes, we get to know the history behind the formation of the business school, the considerations that led to its focus on entrepreneurship, which still forms the core of the foundation college's profile and the game behind the university's location in a cohesive city campus.

Readers will probably recognize some central Swedish politics and administration figures during the 1980s and 90s. Many of these have left the public sphere today, and some of them are no longer alive, but the path they tread continues to characterize the small business school at the southern tip of Lake Vättern. We who work at JIBS today are shaped by history and are further developing a legacy from these pioneers. This is Charlie Karlsson's story – it deserves to be told and preserved!

Professor Jerker Moodysson

Dean and Managing Director of Jönköping International Business School

## Author's foreword<sup>1</sup>

On behalf of Jerker Moodysson, Dean and Managing Director of JIBS, I have, to the best of my ability, tried to tell the story behind the creation of Jönköping International Business School and Jönköping University Foundation. One might ask why this unique story in Swedish higher education has not been documented before. My explanation is that no one has previously seriously urged me to do such documentation. Since JIBS's inception, I have been more than fully occupied with other tasks.

This is my story. It is based on my memory, and it is quite possible that others involved at some points have a different recollection. I have tried to give as "true" a picture as possible of what happened in terms of higher education in Jönköping in the years 1988–1994. I did not keep a diary during the years in question, so I apologize in advance if my memory fails me or if I am engaging in retrospective rationalization at some point. I feel that my recollection of the years in question is better than that of the years to follow, which may result from growing older. After all, we are talking about events 25–31 years ago.

Many people, both inside and outside Jönköping County, contributed in several different ways to the process that led to the establishment of the International Business School in Jönköping. It is not practically possible to mention them all here, so instead, I extend a collective thank you to everyone who, in one way or another, contributed to a successful process.

Finally, I would like to thank Jerker Moodysson for asking me to document my memories of the process. I am also grateful to him and my wife, Eva Karlson, for their constructive comments on this text.

Gothenburg, November 2019

Charlie Karlsson

Professor Emeritus

former CEO and project manager of the Jönköping International Business School Foundation

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<sup>1</sup> I thank Dr Elisabeth Wennö for all her efforts to correct my English.

## 1. Introduction

In the mid-1980s, knowledge was central to the debate about regional economic growth in Sweden. The university regions were places of new growth. This debate was closely followed in Jönköping County, and the lack of a university in Jönköping was, to say the least, noted. The concern for the future was great, and a decision was made to call in an expert on the subject to get advice on what could be done in the county. Although three people have claimed credit in interviews, it is still unclear who the original initiator of this suggestion was.

Wisely, the initiative led to the recruitment of Åke E. Andersson, a professor in regional economics, as an adviser. Åke E. Andersson was at that time Sweden's foremost expert on regional development and director of the Institute for Futures Studies in Stockholm. After a few meetings and deliberations in Jönköping in the spring of 1988, Åke E. Andersson received a consulting contract within the framework of the consulting company Temaplan AB to present a proposal in the spring of 1990 for what should be done to get Jönköping county on the knowledge train.

The purpose of this report is to give an insight into the process initiated, which ended with the start of a university foundation in Jönköping with the formation of an international business school in 1994.

## 2. The consulting phases

At the beginning of June 1988, Åke E. Andersson and I had lunch in the student canteen at Karlstad University College. At this lunch, he said to me, "Charlie! You will (!) participate in a consulting project in Jönköping. They want a business school." At this time, I was employed at Karlstad University College and had known Åke E. Andersson for several years.<sup>2</sup> It was not hard to persuade me. A consulting assignment suited me well because my doctoral thesis was approved for defence at Umeå University in October of the same year. I felt that I needed new challenges. From January 1972, I worked at Gothenburg University's affiliated branch in Karlstad and then from 1977 at Karlstad University College, increasingly feeling that the economics group had stagnated in a collective ageing process that I experienced very negatively. In addition, it was not a bed of roses for me as an economist to be head of a department consisting of work science, business administration and economics.

We began intensive work involving many long discussions. Based on these discussions, we wrote our consultants' report.<sup>3</sup> At the end of 1989, a preliminary version of our report was ready and read by, among others, Governor Gösta Gunnarsson. Initially, he did not

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<sup>2</sup> Professor Åke E. Andersson was at this time, in addition to being director of the Institute for Futures Studies in Stockholm, employed as a visiting professor of economics at Karlstad University College within what was called the "Karlstad model for research", which also included the visiting professors Börje Johansson, Sören Wibe and Tönu Puu.

<sup>3</sup> A chapter on the profitability of investments in higher education in Sweden was written by two researchers at KTH. In addition, Ingvar Holmberg, associate professor, and David E. Andersson, assistant, participated in the preparation of the report.

like our proposal and thought we should emphasize that Jönköping needed a university. In this case, we were probably unusual consultants. We did not listen to the client's wishes but argued that it would not be taken seriously if Jönköping also joined the queue of higher education institutions aspiring to be Sweden's next university. Wise as he was, the governor listened to our arguments.

The final version of our consultants' report. "Regional revitalization: An analysis and vision for Jönköping County", comprising 136 pages, was completed in the winter of 1990. It contained two parts: an analysis section titled "the new arena" and a part with policy recommendations titled "strategies for regional revitalization". The analysis part contained five chapters: (i) the Swedish social development, (ii) the region's long-term development and economic structure, (iii) the region's internal structure, (iv) infrastructure and economic development in Jönköping County, and (v) the knowledge society and the demand for education. In addition to a short introduction entitled "regional development in the new arena", the policy recommendations contain two chapters: (i) a knowledge strategy for Jönköping County and (ii) cultural policy for regional development.

In the analysis part, we showed that Jönköping County, in the mid-1980s, had a population with a strikingly low level of education and a severe lack of higher education opportunities in mainly two areas. Technology (71% below the national average) and administrative, economic, and social education (69% below the national average). In the report, we discussed strategically which of these two areas should be prioritized in the first phase. Either regional investment in establishing a technical college or a college with administrative, economic and social education and primarily a business school. This discussion resulted in our recommendation that Jönköping County should primarily invest in establishing a business school for the following reasons:

- Economic education would be focused on developing the commercial and entrepreneurial functions that are the basis for the development of business.
- Buying technical skills on the market would have been easier than commercial and entrepreneurial skills.
- An investment in qualified economic education in Jönköping would complement Linköping University, which was relatively less developed in economics than technical education.<sup>4</sup>

We also emphasized that the establishment of a business school with postgraduate education would be associated with several significant positive effects for Jönköping County in the form of

- Improving the quality of prevalent economic education programs
- Producing people with qualified training at the bachelor, master and PhD levels that could benefit businesses, organizations and the public sector,

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<sup>4</sup> Andersson, Å.E. & C. Karlsson (1990), *Regional revitalization: An analysis and vision for Jönköping County*, Jönköping County Administrative Board, Jönköping, p. 98.

- increasing the capacity of industry, organizations, and the public sector to benefit from university-trained researchers as consultants,
- creating compelling internal career opportunities for parts of the new school's staff, and
- incorporating Jönköping County into the international network of knowledge production and distribution that the research world constitutes.<sup>5</sup>

In the consultants' report, we outlined different organizations for a business school with different levels of activity. The most ambitious organization was an international business school run as a foundation with the business community and the state as founders, for which we proposed the name "International School of Economics and Management" (ISEM). This approach is described as follows in our report:

"The education is proposed to be equivalent to that given at business schools abroad, up to master's level. To cope with this, a total training period of five years is required. A five-year education provides space for two major written projects, one of which should be a degree project at the master's level. The specializations offered here to the students all have a clear international orientation. There is also a clear connection to the business community in Jönköping County, which has a marked international focus. Jönköping County's central place in the Swedish logistics system is also highlighted through a specialization with a focus on international logistics. At the same time, the international focus is clearly connected to Swedish business in general, characterized by strong internationalisation. An internationalisation expected to increase during the 1990s because of the advent of the EC's internal market and the increased openness in Eastern Europe."<sup>6</sup>

We outlined that at ISEM, there would be fifteen professors, forty-five senior lecturers, and five centres focusing on international management, international marketing, international financial management and finance, international logistics and international economics. I do not know how we arrived at this intense focus on internationalization. What I know is that we were inspired by the surveys of 19-year-olds' values conducted at this time by the Institute for Future's Studies. From these, it was clear that there was a large group of young people with an international orientation who dreamed of doing part of their studies abroad and of pursuing an international professional career. We also sketched an action plan for how our proposal could be implemented, starting in the spring of 1990 and focusing on a decision by the Swedish parliament in 1993.

In the spring of 1990, County Governor Gösta Gunnarsson invited the leading representatives within politics and business in Jönköping County to a dinner at the residence where Åke E. Andersson and I would present our consultants' report. This dinner was held on April 24 (which incidentally is my wedding anniversary, the choice of this date was, I suspect, disapproved of by my wife)). Our presentation received an outstanding positive

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<sup>5</sup> Andersson, Å.E. & C. Karlsson (1990), *Regional revitalization – An analysis and vision for Jönköping County*, Jönköping County Administrative Board, Jönköping, p. 98.

<sup>6</sup> Andersson, Å.E. & C. Karlsson (1990), *Regional revitalization – An analysis and vision for Jönköping County*, Jönköping County Administrative Board, Jönköping, p. 105



reception from the political and business leaders. The sceptics could be counted on the fingers of one hand. The dinner ended in broad agreement that we must act, and many argued that if we did not take the chance now, there would be a great risk that some other region would steal this idea. Many thought that we should have an international business school in Jönköping. Several people said we should raise money, form a foundation with a strong board, and recruit a project manager.

### **3. Project initiation**

After the dinner at the residence, the county administration quickly got to work. I was instructed to make a budget for a three-year project. Unsure of their deep pockets, I presented a budget proposal of SEK six million. When County Councillor Forss saw my suggestion, he said I should increase it by 50 per cent. Nine million SEK was collected, half from the business community and half from the public sector. A foundation was established – the Jönköping International Business School Foundation. Interestingly, this name was established without further thought or discussion. It just took off.

The chairman was County Governor Gösta Gunnarsson, with SAAB Combitech Director Per Risberg as vice chairman. Other positions were divided between representatives of the county's business community and the county public sector, including the principal of Jönköping University College, Lars Amtén. In addition, Professor Åke E. Andersson was a member of the foundation board with Professor Börje Johansson as deputy.

The offer to become a project manager was given to me without any actual job interview. No one checked my not overly extensive CV at the time, which showed that, in addition to reserve officers' training and a basically completed doctorate, I had worked as a military instructor, academic teacher, doctoral student, subject representative, director of studies, head of a department and chair of the board of directors for the programme board for administrative, economic, and social education and as an expert on work controlled enterprises for the Ministry of Industry. I could not present any experience in lobbying or designing higher education institutions. Interestingly, no one asked what I knew about lobbying and what experience I had with lobbying, or about my experience in designing higher education institutions in general or business schools. It was Åke E. Andersson who, with his great ability to speak, vouched for me to complete the project. I stated my terms of employment in advance to Per Risberg. He found my demands for a computer, an extra telephone line with a fax machine in the home and a hands-free mobile phone in my car completely natural. When he mentioned this to the foundation board, the university college's principal reacted sharply. He could not for the life of him understand what I, as a project leader, was going to do with a mobile phone.

It was an offer that was difficult to refuse. Despite the probability of the project succeeding being very low, it was, at the same time, a unique job with unique challenges. In retrospect, I have been thinking a lot about why I accepted to become a project manager. I lacked knowledge and experience of the job I took on. Apart from my education as a reserve officer and a few years in a political student union, my experience was limited to my own

studies, mainly in economics and work as a university teacher, doctoral student, director of studies, head of department and working chairman of an education programme board for three years from 1977 in connection with the formation of Karlstad University College.

Even in terms of family, it was a great challenge to move to Jönköping with a family of four children, aged 18, 16, 14 and 9, but my wife and I quickly agreed that we should make the move. One of our children disagreed with us but later admitted that, in retrospect, he thought it was good that we did move. I started working on October 15, 1990, and the family moved to Huskvarna in mid-December. The eldest child did not come with us but became a lodger in Karlstad to finish upper secondary education there. My wife received no help finding new employment, but after two weeks of vacation and two weeks of unemployment, she found a new job.

I got an office at the Chamber of Commerce at Elmia in Jönköping. This was a clear indication that this was very much a business project. The director of the Chamber of Commerce, Göran Kinnander, and the other employees was of great help in matters big and small. Together with Birger Yttermyr from the County Administrative Board and Evert Båfelt from the county council, he ran an informal group serving as my sounding board. He helped me learn more about Jönköping County. One person who quite informally came to give important advice on marketing and management of the media was the then head of information at Elmia – Ingemar Pettersson (IP). Another secretary was hired at the Chamber of Commerce to assist me with practical things, not least the travel bookings.

#### **4. Project phases**

Once in place, it was now a matter of analyzing the priority tasks and setting a timetable. After discussing and consulting with the foundation board, my work was focused on (i) consulting and selling the project in the county and among politicians at a national level, (ii) concretizing the idea of the international business school and writing a "business plan", (iii) initiating high-quality academic activities, mainly international research workshops in Jönköping to highlight the academic ambitions and (iv) establishing a "board of international advisors".

The first step in the project was to produce a logo for the foundation. This was essential to show that the foundation existed and was more than an idea on paper. The assignment went to the designer Torulf Löfstedt in Jönköping. He really proved his creative talent. Based on the well-known Jönköping matchbox with its three stars, he created a logo for the foundation, the International Business School in Jönköping, consisting of a curved pipe with three stars out of which a fourth star was fired – the new international business school in Jönköping. When the International Business School in Jönköping was started, it was a matter of course that it would take over this ingenious logotype. That the board of Jönköping University Foundation later came up with the idea to scrap this logo is completely incomprehensible.

#### 4.1 The lobbying processes

The question of getting the project approved at the county and the national level rose to many lively discussions in the foundation board. Per Risberg emphasized many times that marketing begins at home. This part was primarily managed by presenting the project at Rotary Club lunch meetings and meetings held by the political parties in the county. Furthermore, the Board of the County Administrative Board and the Board of Jönköping University College, among others, were, of course, informed.

As for the campaign at the national level, Director Gunnar Randholm on the board had experience with the "4th October movement" lobbying campaign. A lobbying expert who helped this movement and worked in the Cabinet Office during the centre-right government from 1976 to 1982 was invited to give strategic and practical advice. Some basic advice he gave was that you should always meet the politicians to inform and influence them in private. Doing so allowed them to share their personal reactions without exposing themselves politically to their party colleagues.

The lobbying campaign at the national level consisted of two parts. Firstly, we tried to take advantage of the fact that there were parliamentary elections in September 1991. Contact was established with the parliamentary ombudsmen in Jönköping County. They were very cooperative and ensured that when national politicians visited Jönköping County, I could inform them about our business school project. I do not know how many national politicians I have been able to inform this way. Still, I will never forget the sincere interest that Anne Wibble showed when I told her in a meeting room at the Chamber of Commerce in Jönköping. Afterwards, I received a long letter of thanks.

A second part of the lobbying process at the national level was that I booked meetings with individual MPs to inform them of the project. This resulted in countless trips to the Houses of Parliament in Stockholm. I will later explain what these meetings meant for the choice of profile areas highlighted in the business plan. A couple of times, I was faced with an interesting reaction from members of the parliament. "What a fantastic idea to set up an international business school. But it cannot be founded in Jönköping. It can only be set up in Stockholm or possibly in Gothenburg". These statements made clear that there was an uphill struggle ahead of us.

An interesting event showing that our lobbying campaign was attracting attention was a newspaper interview with the vice-chancellor of the Stockholm School of Economics, Professor Staffan Burenstam-Linder. In the interview, he commented on the plans in Jönköping. Interestingly, he did not dismiss the plans but stressed that if a new business school were to be started, it was important that it became a high-quality business school.

Of course, I was not the only one lobbying. The members of the Board were also very active in this work, not least Gösta Gunnarsson and Per Risberg.

## 4.2 Concept development and the business plan

Developing the concept and writing a business plan was based on extensive literature studies and personal visits to<sup>7</sup> 39 foreign universities and business schools in Europa and the United States to get ideas and inspiration. The concept development was also influenced by the reactions I received from the MPs I informed. For the literature review, I went through the international literature on business schools, focusing on the time after 1980, the problems and opportunities highlighted in terms of the outside world, and the external changes that could be observed. Similarly, I penetrated literature on Swedish business education and discussed the market for higher economic education in Sweden. I also reviewed the emergence of business schools historically since the days of the Hanseatic League and the driving forces behind this, which resulted in a book chapter.<sup>8</sup>

The universities and business schools I visited are listed in an appendix to the main report I wrote. The two visits that made the biggest impression were the visit to Professor George Bain, the principal of London Business School (LBS), and Professor Peter Lorange, the head of IMD Business School in Lausanne. The interest and time they put in for this unknown visitor from Sweden were deeply impressive. George Bain was surprisingly very interested in meeting me. He asked me to reschedule my flight home to Sweden to allow for a gap in his calendar when we could meet. When we did meet, he went through LBS' strategic plan in detail, and on leaving, I took a copy with me back to Sweden.

At the end of 1992, the literature studies and visits abroad resulted in a report, "The International School of Business, Economics and Law in Jönköping – Background report," which ran to about eighty pages. In addition to a short introductory chapter, the background report included the following four chapters: (i) the world around us and its changes, (ii) the new situation of business schools, (iii) Swedish economic education, and (iv) the markets for higher economic education and economic research.

Of course, the literature studies and visits abroad were also important sources of inspiration for developing concepts and writing the main report, i.e., the business plan for "The International Business School in Jönköping". It was completed at the end of 1992. In addition to a summary, the main report included four chapters: (i) Sweden needs a new business school, (ii) the international business school in Jönköping – a basic business idea, (iii) the international business school in Jönköping<sup>9</sup> – education and research, and (iv) the international business school in Jönköping – capacity, resources, and organization.

The business plan was also very significantly influenced by the reactions I encountered when I was briefing members of the National Assembly. After several meetings with its

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<sup>7</sup> The literature list in the background report contains sixty-nine references,

<sup>8</sup> Karlsson, C. (1994), From Knowledge and Technology Networks to Network Technology, in Johansson, B., C. Karlsson & L. Westin (Eds.), *Patterns of a Network Economy*, Springer-Verlag, Berlin, 207-228

<sup>9</sup> In this chapter, several factual reasons are presented as to why Jönköping is a suitable location for a new international business school with entrepreneurship as one of its three profile areas, such as Jönköping County offering a unique entrepreneurial environment and being a potential growth region.

members, I was able to note that our lobbying efforts had generated ripples or, if you like, a "buzz" in the parliament. Several people I met had already heard about our plans. A member of parliament who had heard about our project came to play a crucial role in profiling the International Business School. Before we sat down, he said, "I've heard you are doing exciting things in Jönköping. It has to be about small and medium-sized enterprises." 'Oh no,' I thought. 'Not another business programme with a focus on small business administration'. Such programmes already existed in Umeå, Karlstad and Växjö at this time.

Given the business structure in Jönköping County, I immediately understood that there was an obvious risk that many would expect the new business school in Jönköping to focus on the economics of small businesses. Back at my office in Jönköping, my thoughts started to race. How could I match this with something far more interesting and exciting? I began to search for current trends in universities and business schools internationally that could serve as a more up-to-date specialization. Suddenly, I saw a trend pattern that could provide a solution. This trend pattern was about a growing focus on entrepreneurship in the US, reflected in an apparent increase in the number of courses in entrepreneurship not only at business schools but also at technical colleges, and an apparent increase in the number of professorships in entrepreneurship, and an apparent increase in the number of scientific journals focusing on entrepreneurship, etc. When I presented my proposal to the project board that entrepreneurship should be one of the profile areas of the new business school, it won direct acceptance. No one thought that small business should be an area of focus.

Notably, in 1992, small business research dominated entrepreneurship research. A search on Google Scholar on October 10, 2019, showed that in 1992 there were 11% more hits for the concept of "small business" compared to the concept of "entrepreneurship". Only in 2001 were there as many hits for the concept of "entrepreneurship" as for the concept of "small business".<sup>10</sup> One can probably say that through the choice of entrepreneurship as a focus area, we were entrepreneurial and proactive in a way that we did not understand then. 10-15 years later, Jönköping International Business School came to be regarded as the foremost research environment in entrepreneurship in Europe outside of the UK.

One person who also directly influenced the focus areas proposed in the business plan for the new business school was the member of parliament and later EU commissioner, Anita Gradin. When I presented our vision, she said, "I don't care how you are doing it in Jönköping. I represent Stockholm, but if you can focus on European issues, you have my support, as Europe is important". Consequently, the business plan suggested that Europe should be one of the focus areas of the planned business school.

Finally, the vision for the new business school was formulated as follows:

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<sup>10</sup> See Karlsson, C. & B. Hammarfelt (2019), David Audretsch, A Bibliometric Portrait of a Distinguished Entrepreneurship Scholar, in Lehman, E. & M. Keilbach (Eds.), *From Industrial Organization to Entrepreneurship: A Tribute to David B. Audretsch*, Springer, Cham, 177-192

"The main task of the Jönköping International Business School is to conduct economic research and education of well-qualified students, emphasising a limited number of profile areas. The activities will be permeated by the four basic perspectives of professionalism, internationalization (with a European focus), integrated work and innovation/entrepreneurship. Research and education must be of such quality that it gains international recognition. Emphasis shall be placed on training leaders and entrepreneurs for small and medium-sized enterprises and organizations."<sup>11</sup>

One question I constantly wrestled with during the work on the business plan was how to present a concept perceived as sufficiently exciting and bold to the politicians in Stockholm without being perceived as too ambitious to be possible to implement in Jönköping. As a result, the work came to be characterized by countless compromises, and I was very concerned that we could not find the right ones. Our vision was quite far from what Åke E. Andersson and I presented in our consultants' report. Still, this is where we ended up after completing the product development work, including literature studies, visits to foreign universities and business schools, lobbying contacts and, not least, the views of the project board. Furthermore, Per Risberg had many views on what should characterize the new business school. Not even the name from the consultants' report remained. Now the new business school would be called Jönköping International Business School. Early in the project, there was uncertainty about whether we should use "Business School" or "School of Management". After consulting Professor David Storey, who at the time was working at the University of Warwick in the UK, we got clear arguments as to why we should use the term "Business School". It corresponded much better with the type of business existing in Jönköping County.

County Governor Gösta Gunnarsson and I handed over the business plan and background report to the Minister of Education, Per Unckel, during a petition delivery in early January 1993. This was an extraordinary experience; we were received as if we had undertaken the investigation on his behalf. As the audience ended, Per Unckel asked for a cover letter. I knew nothing about bringing a missive to a petition delivery, and the county governor had obviously not thought about this either. As a result, the governor had to write a short text on the third page of the business plan and sign it, which had to serve as our missive.

### **4.3 International research workshops**

The project board regarded the organization of international research workshops in Jönköping as an essential part of the project. The workshops would (i) show that the future international business school had high ambitions in terms of research quality, (ii) put Jönköping on the international research map, not least in the profile area of entrepreneurship, and (iii) contribute to creating an international research network to the benefit of the new

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<sup>11</sup> *Jönköping International Business School*, Jönköping International Business School Foundation, Jönköping, p.1.

international business school once it was established. Organizing these research workshops was my responsibility, and I organized several of them in Jönköping between 1991 and 1994. Some were organized with financial support from the Carl-Olof and Jenz Hamrin Foundation and Saab Combitech, respectively.

The ambition was that these research workshops would result in international research publications, but on that score, I failed. The time and effort proved not enough, but three of the workshops were documented in this way:

Karlsson, C., B. Johannisson & D. Storey (Eds.), *Small Business Economics. International, National and Regional Perspectives*, 1993, Routledge, London

Batten, D.F. & C. Karlsson (Eds.), *Infrastructure and the Complexity of Economic Development*, 1996, Springer, Berlin

Storey, D.J. & C. Karlsson (Eds.), Special Issue on Innovation and Entrepreneurship in Small and Medium-Sized Enterprises, *Small Business Economics*, Issue 1, Volume 10, 1998

Among the participants in these workshops, two persons came to play a significant role in the development of the International Business School over the years, namely Professor David Audretsch and Professor Roger R. Stough.<sup>12</sup> During the early 1990s, Audretsch worked at the Wissenschaftszentrum, Berlin and Stough at the School of Public Policy, George Mason University, Fairfax, VA. Both were later appointed honorary doctors at Jönköping University for their contributions to the International Business School.

#### **4.4 Board of International Advisors**

A priority task early in the project was establishing a "board of international advisors". Åke E. Andersson and Per Risberg emphasized the importance of strengthening the project in this way. The purpose was to give the project an international profile and a sounding board against which to test ideas. I feared that this would be a difficult task for me. After all, we had nothing to show except an ambitious vision and a newly started project. To my surprise, all respondents accepted. I succeeded much easier than I thought in recruiting 12 professors specializing in management in the broad sense and economics from, among others, the University of California, Berkeley, University of Warwick (David Storey), Rotterdam School of Management, Christian-Albrechts-Universität zu Kiel, the Norwegian School of Economics, Bergen, and Hanken School of Economics in Helsinki. The group was supplemented by three professors from Harvard Business School recruited by Per Risberg. Today, it is embarrassing to admit that all fifteen were men!

The group was invited to two annual meetings in Jönköping for discussions with the project board. I think these discussions helped to create a sense of security among the board members that the project was on the right track. Although the international advisory group members did not know each other before, a very good atmosphere was quickly established.

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<sup>12</sup> Professor Roger R. Stough sadly passed away on September 6, 2019.

This created an excellent, albeit on some points critical, debate climate. They were even invited to bring their wives on a couple of occasions. At several of these meetings, the dinners were sponsored by either the business community or the public sector in Jönköping County.

## **5. The foundation processes**

In the autumn of 1991, Sweden got a new centre-right government. In his government statement, Prime Minister Bildt declared, among other things, that several higher education institutions would be transformed into foundations as soon as possible. In the project, we took note of this. Still, we took it for granted that this was something for the universities, including the technical universities and did not discuss the possible potential of the declaration. Later in the autumn, our lobbying consultant heard an interview with the Minister for Education, Per Unckel, in which he lamented the lack of interest among universities and colleges in gaining the freedom that a transition to a type of foundation would entail. Our lobbying consultant let us know this, and then it occurred to us that there might be an opening for our project here. County Governor Gösta Gunnarsson arranged a time for an audience with the Minister of Education. In early January, he and I went to Stockholm to meet with the minister to inform him that if we got money to start an international business school in Jönköping, we promised to deliver a foundation university. How we would manage this had never been discussed except that Åke E. Andersson and I had suggested in the consultants' report that the International Business School, in its most ambitious form, should be organized as a foundation.

The focus of the work in the project was now the idea that the international business school in Jönköping should be run as a non-profit foundation. The idea that the existing university college in Jönköping would be transformed into a foundation did not exist in the mind of anyone except for one person; the principal of Jönköping University College at the time. He raged when he realized the intention was not to include Jönköping University College. He threatened to sink the entire business school project if a foundation formation should not cover the whole university college. The project faced a major crisis. Two board members with great negotiating experience – the CEOs Per Risberg and Stig Fredriksson – were tasked to negotiate with the principal. Despite a long all-night negotiation, they did not manage to make him budge a millimetre. The project board was forced to accept that it was Jönköping University College that was to be transformed into a foundation.

We were now suddenly faced with a strategic situation quite different from our discussions with Education Minister Unckel. Could the government accept that a small regional higher education institution should be converted into a foundation? It was clear that both KTH and Chalmers had registered an interest in becoming foundation universities. Umeå University had dropped out when its principal understood they would not receive the foundation capital needed to run the university on the capital returns.



Now the board of Jönköping University College and its principal had become much more central players. The only problem was that after the principal's actions, the project foundation board felt great uncertainty about the position of the principal and his board. To ensure better transparency and correct information to the university college's board about the location, development and ambitions of the business school project, the project board decided to advocate that the project manager (i.e., me) be co-opted onto the university college's board. The principal refused utterly, but the politicians, who were in the majority and strongly supported the business school project, overruled the principal. I became a permanent co-opted member of the university college board. The project board's suspicion of the principal came true at several meetings, and I had occasion to correct his reporting on the business school project on several points.

Now it was a matter of taking a belts and braces approach. We had understood that the Centre Party was moderately interested in turning higher education institutions into foundations. Here was our point of attack. County Governor Gösta Gunnarsson, with a background as head of the Centre Party's office in the Swedish parliament until the centre-right government took office in 1976 and then as state secretary until 1982, used his contacts with his old party. Soon we started discussions with the Centre Party's state secretary in the Prime Minister's coordination office. These discussions resulted in the Centre Party taking the position that if higher education institutions were to be converted into a foundation, this reorganization should include a large and a small higher education institution to see where a foundation organization worked best. The point was that since no other small university college had shown interest, Jönköping could confidently lean back and watch the struggle between KTH and Chalmers. We were convinced that there would be a conversion into the foundation of a couple of higher education institutions, given the importance the Moderate Party attached to such a development. No change would mean a great loss of prestige for them.

In May 1993, a hearing was held in the Education Committee on the foundation issue at which various higher education representatives were asked to give their views. In June 1993, the Swedish parliament authorized the government to convert two higher education institutions into foundation organizations. In September 1993, the government decided that Chalmers University of Technology in Gothenburg and Jönköping University College should undergo this transformation.

## **6. The start-up process**

When in the spring/early summer of 1993, it was clear that Jönköping University College would be transformed into a university foundation and that the government would provide funds to start the International Business School, the project foundation soon shouldered the responsibility to prepare and plan for the start-up without any directives from the government or Jönköping University College. In fact, the government either did not consider

the matter or assumed that the project foundation would take responsibility. Jönköping University College was currently not operational since its principal had unexpectedly resigned. The deputy principal, Agne Boeryd, became head of the university college's economics and business administration. Within the university college, there was a lack of available human resources and, not least, financial resources for the start-up.

Thus, the responsibility for the implementation lay with the project board, whose members addressed the task with the entrepreneurial spirit that had characterized its work from the start. Admittedly, the original project money that had been collected was used up. Still, thanks to a quick campaign, a sum close to SEK three million was raised from the county's business community and the public sector. However, this amount was insufficient to fund the start-up work. Fortunately, from the project's perspective, Sweden had an economic crisis with a high unemployment rate across the general population, especially among new graduates. The County Labour Board in Jönköping County was, therefore, prepared to finance several temporary jobs, which made it possible to staff a campaign organization. Several of those employed this way later got permanent jobs at the newly started business school. Campaign premises were rented in an office building at Östra Torget, a square in the centre of Jönköping.

The project board instructed me to lead the start-up work. As with the previous position, my appointment was not preceded by any interviews or assessment of my suitability for the job regarding necessary knowledge and experience, my views, and how I intended to proceed. In retrospect, I find this highly remarkable. The fact that I managed to develop a business plan and run a lobbying campaign was certainly no guarantee that I could start a new business school. Oddly enough, I have no recollection of being hesitant in accepting the job, which, in retrospect, I probably should have been.

A closer look at the job at hand revealed that I needed to work on many fronts at the same time, including (i) making the brand known and attractive in the student market, (ii) recruiting high-level academic staff to ensure the quality of education and to get research going, (iii) developing a new economics programme with suitable syllabi, (iv) encouraging efforts to acquire partner colleges and partner universities willing to accept our students for studies abroad; (v) securing the recruitment of sponsor companies; (vi) securing access to premises for the new trade school; (vii) working on the organizational design of the new foundation-based university in Jönköping, and (viii) participating in discussions about the recruitment of the vice-chancellor of the new foundation-based university in Jönköping.

## **6.1 Establishment of the brand**

On a coffee break at the Department of Economics at Jönköping University College shortly after the final government decision in September, the young Niclas Stenwret, who worked as an assistant in business administration, focused on marketing, spoke with great enthusiasm. He said, "Now we have to do market research, develop a marketing plan, produce marketing materials, recruit staff for marketing and then start marketing". At this

point, I thanked my lucky star that I had gained extensive experience in good time management through my reserve and staff officer experience and my service as a specialist in military logistics. So, I answered, "My dear Niclas, if we were to follow the textbook model, we would not have time to recruit a single student before the application period expires on April 15. We must do all the things you propose in parallel. We must work on the principle of 'concurrent engineering'."

It was thus on this principle that we proceeded. Thanks to the temporary staff the county labour board made available, I could recruit many highly motivated new graduates<sup>13</sup> to work on the marketing campaign. Even though we basically lacked marketing material and closer knowledge of our target group from the beginning, we immediately sent our marketers to upper secondary schools with theoretical programmes throughout the country from Ystad in the south to Kiruna in the north and later also to the educational fairs that were organized around the country. In the absence of marketing material, they initially had to concentrate on selling the vision of the international business school in Jönköping represented by our fantastic logotype and as described in our business plan. They were well received everywhere, and many potential students showed interest and showered our marketers with questions, most of which they initially lacked answers to. The questions were written down, and once they were back in the office, answers to these questions were prepared, and a FAQ binder was dynamically developed for further marketing tours. This way, we ensured that everyone who asked a specific question received the same answer. The work was coordinated by all those working with marketing and those responsible for recruiting sponsor companies. In meetings over coffee every Friday at 15.00, we tried to solve all remaining unclear issues, share experiences gained during the past week and inform each other about how the start-up work was progressing.

In parallel with sending out employees to spread the word about the new international business school, other employees began a more extensive survey study to gain better knowledge about our target group. We used a calibrated questionnaire, namely the one that the Institute for Futures Studies used in their studies of high school students' values. We also supplemented this with several specific questions of our own. To distribute the survey, we contacted social studies teachers across the country. We asked them to distribute it among their students and then return the completed questionnaires to us. This way of getting answers to our survey worked far beyond expectations. Many social studies teachers apparently took the opportunity, when distributing the surveys, to have discussions with their high school students about the issues and problems associated with making and interpreting surveys. When the survey answers were returned to us, the answers were compiled and analyzed, and yes, there was our special target group.

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<sup>13</sup> This group included Katarina Andersson (Stenwreth), Safina-Desiré Chouhan, Joakim Falkäng, Daniel Gunnarsson, Katarina Harryson (Blåman), Mats Jacobsson, Niklas Stenwreth, Urban Wigert, and Kristian Ördell with our secretary Gunnel Davidsson as a fixed point at home.

In summary, it can be said that our target group came from more well-educated and more internationally oriented families, including those where one or both parents worked abroad for some period and where sometimes the whole family had lived abroad. Our target group was also more positive toward immigrants and moving from their hometown for studies. Likewise, they were interested in doing some of their studies abroad as exchange students.

As we increased our knowledge through visits to high schools and educational fairs, the results of our survey study were completed. At the same time, the programme for the new business education was developed at the International Business School in Jönköping. With these two cornerstones, it gradually became possible to produce new marketing material with increasingly rich content, including marketing accessories such as roll-ups. No explicit marketing plan was ever written down. Instead, the marketing plan was implicit, vibrant, and dynamic and consisted of rough guidelines that were amended as the marketing process progressed. It also meant great openness when new, unexpected opportunities presented themselves. As for the goal of the marketing campaign, it was always evident. We would ensure that enough upper secondary school students applied to the new business administration programme in Jönköping.

So come April 15, 1994. The anticipation was excruciating from that day on, but then the application numbers came in, and the relief was immense. We made it! As a gesture of gratitude for the fantastic work done by all staff, including those who worked with the sponsor company recruitment, I took the initiative to invite everyone on a weekend trip to Amsterdam where we could socialize under less stressed conditions and share our experiences of the campaign.

## **6.2 Recruitment of academic staff**

Except for Carl-Martin Roos, Professor of Law, the economics department at the former Jönköping University College lacked staff at a higher academic level. It became my mission to begin the recruitment of such personnel. I started right after the government's decision in September 1993. The first person I called was Per Davidsson, who at that time was an associate professor of business administration at Umeå University and Sweden's most brilliant researcher in entrepreneurship. I told Per immediately that it was now time to come to Jönköping. He replied, "why didn't you call a week ago?". It turned out that he had just bought a new house in Umeå. I told him to sell the house and buy one in Jönköping and that I would make up the difference if he sold at a loss. So, he sold up and moved to Jönköping with his family upon receiving his employment contract. In the discussions with him, I had made it clear that once he was employed at the International Business School, he could apply for promotion to professor and undergo the customary evaluation when his research qualifications met the requirement. The agreement with Per Davidsson was my most strategic recruitment.

Shortly after this recruitment, something very interesting happened. Seven (!) well-established Swedish professors of business administration got in touch as a group. They wanted to come to Jönköping and work at the new business school. We then understood

that we counted as genuine academic players. Although we had no intention of hiring them as a group, we invited everyone to a dinner in Jönköping to create relationships with them and with the idea of perhaps later recruiting one or two of them.

When recruiting for positions requiring a doctorate, the faculty is usually involved. This ensures quality control by appointing independent experts to assess candidates' qualifications in teaching and research expertise and rank them objectively. The problem for us was that there was no faculty in Jönköping. Previously, appointments at the former Jönköping University College were referred to the faculty at the University of Linköping. Academic appointments often take a very long time. Sometimes, the appointment period is extended by giving applicants who have not been proposed for the post in question the possible appeal. We certainly did not want to get into any lengthy academic appointment processes. We wanted the first professors in place when the new international business school opened its doors after the summer of 1994.

We produced the ingenious idea that our "board of international advisers", consisting solely of highly qualified and well-regarded professors, should serve as our temporary faculty. However, at a meeting in Jönköping, it was clear, to our disappointment, that they were not prepared to take on this task as well. Time was running out to find an alternative solution, and the result was that I had to work as a faculty and search for, negotiate with and make agreements with the first professors. This was a practical and entrepreneurial solution that, in retrospect, may seem strange. I was not a professor at this time. It was not until the spring of 1994 that I was appointed as an unpaid associate professor in regional planning at KTH in Stockholm. Let us say that necessity, in this case, had no law.<sup>14</sup>

I returned to the group of professors of business administration who, in the autumn of 1993, expressed interest in working in Jönköping. I decided that Professor Leif Melin in Linköping had a profile and drive that would suit our needs in Jönköping. This contact led to a series of phone calls. Still, in the end, I answered all his questions, and we agreed that he would start working as a professor of business administration at the business school.

The next recruitment was Börje Johansson, who was currently working as a professor at KTH in Stockholm. I have known him since the early seventies in Gothenburg. We had worked closely together when he lived in Karlstad and worked as a visiting professor at the university for some time in the early eighties. We applied for research funding together and received, among other things, a substantial research grant from Riksbankens Jubileumsfond<sup>15</sup>. This and other grants allowed me to reduce my teaching duties at Karlstad University. With Börje Johansson as my supervisor, I wrote the thesis in the doctoral programme in economics that I started back in 1971. From the mid-1980s, we co-authored several articles and books.

In several ways, Börje Johansson was the ideal recruit as a professor at the International Business School. He was a hardworking and good researcher, teacher and supervisor. Börje had international experience from, for instance, Australia and Austria, an extensive

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<sup>14</sup> The actual technical contract writing was managed by the administrative manager at Jönköping University.

<sup>15</sup> The research foundation of the Swedish central bank.

international network, and international recognition, including the presidency of the European Regional Science Association (ERSA) in the early 90s. Not at least he was a good person who could be trusted. So, I felt no hesitation when I contacted Börje and asked if he was interested in a professorship at the new international business school in Jönköping, and he was. Behind the recruitment of Börje Johansson was also the idea that he and I, who worked well together, could probably build a high-quality research environment and postgraduate education in our special area of regional economics at the new business school. This idea came true, and a little over a decade later, the regional economic research environment was regarded as the foremost in Europe, north of the Netherlands. By this time, this research environment had also been strengthened by the presence of Professor Åke E. Andersson.<sup>16 17</sup>

It was emphasized in the business plan that the International Business School in Jönköping would have Europe as one of its profile areas. To realize this, a professor of political science was needed. My eyes then turned to Benny Hjern, who at the time was a professor at Umeå University, where he held a personal professorship funded by the Social Science Research Council. I did not know him well, but we had met several times over the years in different contexts. This was a real bargain because the personal professorship and associated funding would be moved to Jönköping. So, we could get a professor for free, except for the relocation cost. It turned out that Benny Hjern was interested in coming to Jönköping, and we quickly agreed. However, something suddenly went wrong. I contacted the administrative manager at Jönköping University College to arrange the formal details, and I clarified that Benny Hjern had agreed to move his own professorship to Jönköping. In retrospect, it turned out that the only thing that was moved was the research grant, in addition to the funding of Benny Hjern's professorship at Umeå University. Why things went wrong was never clarified. It is quite possible that I had somehow been unclear in my instructions. Still, it is also quite possible that the administrative manager misunderstood my instructions.

With the recruitment of Benny Hjern, my role as faculty was completed.

There were also some other recruitments, which were handled entirely by the head of economics and business administration, Agne Boeryd. These roles included a coordinator of the mandatory language training and modern language teachers for the new economics programme.

### **6.3 Syllabus for the new business programme**

Developing a syllabus for the new business programme starting in the autumn of 1994, which was to be taught in English, was urgent. Some of the business administration teachers in the existing economics department reacted very strongly when notified that they would be teaching in English. After all, they were not employed because they would also

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<sup>16</sup> Interestingly, I had the honor of holding this position during the period 2009-2013.

<sup>17</sup> He was familiar with the project because he was deputy member for Åke E. Andersson on the project board.

teach this language. One disappeared relatively quickly, but there were probably also health reasons involved. Otherwise, 'operation persuasion' started. We explained that for a couple of years, the second and third years of the programmes already running would continue as before and, for obvious reasons, were exempted from certain courses in accounting and law. As far as I know, the computer economics programme continued with Swedish as the language of instruction. At the same time, everyone understood that teaching in English was necessary to admit exchange students from abroad.

An exciting thing that happened when it became common knowledge that the new business school in Jönköping was planning to give an economics programme in English was that Swedish Radio got in touch and invited me to a radio debate in Stockholm with the then permanent secretary of the Swedish Academy, Sture Allén. During the debate, Sture Allén was far from embracing the idea of providing higher education in Sweden in a language other than Swedish. He was utterly impervious to arguments and probably thought that the foreign students who came to Sweden to study should learn Swedish first. International student exchange was not a priority for him.

When it came to developing a programme syllabus for the new economics programme and the course syllabi, I avoided taking on the whole thing. Magnus Holmström, a senior lecturer at the Department of Economics, led this process with great energy and strength. My participation was largely limited to attending a few overnight workshops focusing on general guidelines. Several other teachers also participated enthusiastically in this process. The department head, Agne Boeryd, ensured with his usual efficiency that the programme and course syllabi were duly approved.

#### **6.4 Recruitment of partner colleges and universities**

A critical issue was the recruitment of partner colleges and partner universities for student exchange. In our marketing, we had promised the students who chose the new business school in Jönköping that they would not only be able to study one semester abroad but two. In the fall of 1993, the situation was challenging. The foreign partners of the old business administration and economics department could easily be counted on the fingers of one hand. I am not even sure if that hand's fingers were needed.

Once again, I was lucky enough to get assistance. Fortunately, the economics department had Johan Wiklund and Johan Thor, who, with strong motivation and great interest, had started a very active recruitment campaign. For natural reasons, it was not finished when the new students began their studies in the autumn of 1994. However, when it was time for them to start studying abroad in the autumn of 1996, all students who wanted one got a study place abroad.

There was, however, a severe problem. Many of the partner institutions that existed and were recruited partly through Erasmus networks and partly in direct contracts were insufficient. This included, for example, higher education institutions in the Netherlands that provided vocational training in a more school-like format with a great many teaching hours per week. It also turned out that when exchange students from these universities

came to Jönköping, several had difficulty coping with their academic studies. The end, however, had to justify the means. Quantity was more important than quality at the beginning. It was no easy task for Johan and Johan, representing a small unknown university, to enter the upper echelons of academic student exchange. Later, when JIBS began to be a little more well-known, purposeful and successful efforts were made to ensure that the quality of the partner universities with which JIBS had student exchanges was satisfactory. I had the privilege of "coaching" that process from 1994-2000.

### **6.5 Recruitment of sponsor companies**

In my business plan, I emphasized that the new business programme at the International Business School would be characterized by, among other things, 'practical problem connection'. This implied that studies would be conducted in close cooperation with both private industry and the public sector and that the education would have a strong problem-solving orientation. One of the proposals I made for this goal to be achieved was that all students in the first two years should have a sponsor company, in which they had the opportunity to study how the issues that they learned theoretically would be handled in practice. Technically, the students would be divided into small groups, each assigned a sponsor company. For each course during the first two years, they would visit their company and study how, for example, marketing was organized and conducted.

However, I had deeper motives than practical problem-solving orientation when introducing the proposal to potential sponsor companies. An initial assumption was that only a limited number of the students could be expected to have a background in entrepreneurial families and thus have closer insights into what entrepreneurship involved. Many could be expected to come from families where perhaps both parents worked in the public sector. Even if the parents worked in the private sector, it was not certain that extensive knowledge of how private companies worked was transferred to the children. However, the most crucial starting point was the deep economic crisis in Sweden in the early 1990s. Many students had never had summer or evening, or weekend jobs.

Since we strongly emphasized this to sponsor companies, we were concerned that we could not recruit enough companies for the start in the autumn of 1994. In this urgent situation, we were fortunate enough to recruit Mats Dahlin with Ingegerd Berghäll as an assistant with the support of the County Labour Board. They were a little older than those who worked in the marketing team. Mats had several years of business experience and knew well how Småland entrepreneurs' minds worked. Mats and Ingegerd succeeded in selling the sponsor company idea to more than enough companies in the county, and all the students who began their economics studies in the autumn of 1994 could get a company to work with. This was a fantastic achievement.

### **6.6 The facilities issue**

As early as 1992 or possibly early 1993, the issue of the need for new facilities for the business school was raised by the principal of Jönköping University College, undoubtedly



because of the ongoing business school project but also the principal's wish to gather all higher education activities in one place in Jönköping. At this time, teacher training was conducted on premises at the square, Västra Torget, in Jönköping, where the principal's office and the university college's administration were also located. The economics and engineering programmes were conducted on premises adjacent to Erik Dahlbergs' high school at Östra Torget in Jönköping. The principal wished to gather everything in one premise at Västra Torget. However, this was completely opposite to what Jönköping municipality wanted. An expansion in connection with teacher training would require the use of the existing parking spaces adjacent to the square and possibly also part of the square itself. What the principal did not understand was that Västra Torget was basically sacred ground in Jönköping with its large and unique Saturday markets.

When the principal at the time initiated an architectural competition that included Västra Torget, he was thus not very responsive to the needs of Jönköping municipality. Two possible locations for construction were indicated: in connection with the existing teacher training at Västra Torget and Munksjöparken. When this became known in Jönköping, I was contacted by Gustaf Hållen, an architect and owner of Arkitekthuset in Jönköping. He was very concerned because the architectural competition put a spanner in the works of the 55+ accommodations he was involved in planning near Västra Torget. "Why don't you put efforts into the JMW site, which is empty?" he said. JMW (Jönköping's Mechanical Workshop) was a large empty industrial premise housing Scanpump. Gustaf Hållen and Arkitekthuset made principal drawings illustrating how the large industrial premises could be rebuilt to accommodate university activities. In parenthesis, I should say that the drawings they presented were very exciting. Thanks to Gustaf Hållen's revelation, the focus now gradually shifted to the JMW site as a suitable location for the university. At this time, the real estate company Klöverm owned the site. In this situation, the ongoing architectural competition was a godsend because it gave the impression that the university college had no interest in the JMW plot. This could mean that Klöverm would be prepared to sell the JMW site at a lower price. After all, due to the economic crisis in the early nineties, business was not going well for real estate companies.

The architectural competition ended, and a winner was chosen – the proposal for construction in Munksjöparken. The winning architectural firm was initially very happy and then extremely upset when they realized their winning proposal would never actually materialise. Starting an architectural competition with such loose outlines was unethical. I was delighted not to have been involved in any decision-making. Before the start of the International Business School, Jönköping University College was renting premises in the office building "Ansvarhuset" in the eastern part of Jönköping. Premises for the International Business School, the School of Engineering, and the Rector's Office were to be built on the JMW site with occupancy after the summer of 1997. Still, in this matter, I was not involved, except for being a part of a group assessing the various building proposals for the business school.

## 6.7 The organizational design of the University Foundation

Without knowing how it happened, I assisted the organizing committee under Per Risberg, whose duty was to transform Jönköping University College into a university foundation. One task that ended up on my desk was to design the organization of the new university foundation. Initially, the Ministry of Education was indecisive on what should be included in the new foundation: the new business school, or the new business school together with the engineering programmes or all the higher education activities? As is now well known, they decided to include all existing activities.

It is important to emphasize that a foundation is a self-owning organization and thus lacks any external stakeholders acting as principal body reviewing how a foundation board performs its mission. We can say that a foundation board is both the principal body and agent. The county administrative boards indeed supervise foundations, but this supervision cannot be compared with the supervision exercised by the shareholders of a limited liability company. Perhaps this is a minor problem in foundations that are only set to manage capital since they are under the supervision of the tax authority in cases where they want to achieve tax exemption. Operating foundations such as the Jonkoping University Foundation are an entirely different matter. Basically, foundations are not intended to be business-driven.

I do not know whether the centre-right government taking office in 1991 and declaring in its government statement that several higher education institutions should be transformed into a foundation organization ever reflected on the problems that a foundation entails in terms of a balance of power and control of power. Those of us involved in the start-up had to contend with this problem and had our hands tied by the foundation legislation and by the Ministry of Education, as would later become clear.

My sole focus was creating as decentralised an organization as possible because those are more efficient, innovative, and entrepreneurial than centralised organizations. My primary solution was a university foundation where the business would be conducted in four independent limited companies – three education and research companies (International Business School in Jönköping Ltd, School of Technology Ltd, and Teacher Education Ltd) and one service company – Academic Services Ltd – encompassing the service functions that could be outsourced and procured.<sup>18</sup> My proposed solution was thus based on the "school" model that is so common and successful at universities, not least in the US.

The actual foundation administration would be kept to a minimum, and the vice-chancellor of the university foundation would hand over operational responsibility to the heads of companies. Thus, the vice-chancellor would concentrate primarily on representing the university foundation externally. Vis-à-vis the state power and, together with the foundation's board, give directives, allocate resources to the education and research companies, and evaluate their activities. Each of the three education and research companies would be independently responsible for developing teaching and research and for

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<sup>18</sup> In retrospect, I came to realize it was a big mistake on my part to include the college library in the service company. This led to the library director having a far too hidden place in the organization. The library at a university is a central function for teaching and research to work.

hiring academic staff required for this. They would be free to build their own financial and staff management and administration for marketing, internationalization, etc. This was to provide the opportunity for independent action and efficient use of resources. Still, the model was also obvious, given that the three education and research companies focused on different educational markets. However, the most important thing about this organizational solution was that it created an opportunity to provide each of the education and research teams with their own independent board with specific competence for training and research areas that each company focused on in its operations.

My second focus was to secure the International Business School's independence from the foundation board. Therefore, I proposed that 11% of the shares should be owned by the Chamber of Commerce in Jönköping County. There should also be a consortium agreement between the Jönköping University Foundation and the Chamber of Commerce to guarantee the business school's independence and to limit and balance the power of the foundation board. However, this was too much privatization for the Minister of Education and his State Secretary, Bjarne Kirsebom. The result was that the university foundation came to own all the company shares in question. As a result, the education and research companies became wholly owned subsidiaries of the foundation. After all, there was a hope that these, with their board and CEO, could balance the great power gathered through the foundation board and the vice-chancellor lacking an external authority. The vice-chancellor gained extra power because the government decided that the foundation boards should be representational boards and not based on competence in how to build and develop higher education and research.

The fourth education company – the School of Health and Welfare – was later transferred over from Jönköping County Council.

### **6.8 Vice-Chancellor recruitment**

As an adjunct member of the organizing committee responsible for the transformation of Jönköping University College into a foundation-based university, I also became involved in the recruitment of the vice-chancellor of the new foundation-based university in Jönköping. The position was advertised, and the ad campaign resulted in two conceivable candidates. Both were professors, one from Lund University and the other from the Royal Institute of Technology in Stockholm. The recruitment turned out to pivot on two completely different personalities. One saw no problem whatsoever in starting up and getting the new foundation-based university up and running and was so eager to get the job that he offered to take the job on a short contract. The other was very analytical and produced a long list of all the problems facing the new university foundation. This ended in neither being considered suitable.

So, now they were back to square one. Per Risberg, was increasingly pressed for recruiting someone already a vice-chancellor and thus had experience. I remember pointing out to Per that he could hardly expect any of the vice-chancellors of the universities or technical colleges to resign and take the job of the new university foundation in Jönköping. So, the regional university colleges remained. Since a professor was required, I could inform Per

Risberg that only one person was Claes Wahlbin, the newly appointed vice-chancellor of Dalarna University College. He was so newly appointed that the family had not yet moved to Dalarna. Per Risberg invited him to Jönköping for a chat that became an all-night-long conversation, and the rest is history.

It should be noted, however, that Claes Wahlbin, as vice-chancellor, fully supported the decentralized organizational model for the foundation-based university in Jönköping. In addition, he fully understood the intentions of the centre-right government when it decided to transform two university colleges into foundation organizations. The basic intention was that the new university foundations, with their freer form – for example, they were not obliged to comply with the Higher Education Act – would function as experimental stations where new models for the activities and operation of universities and colleges were tested. This could give impetus to developing the higher education system in Sweden. Although Claes Wahlbin was vice-chancellor during a tough time with Minister for Education Carl Tham, who was extremely negative towards foundation-based universities, he worked to fulfil the intentions of the centre-right government's decision. Among other things, he decided, on my proposal, that the Jönköping University Foundation should (i) have an employment structure for doctoral staff corresponding to that of an American university with the levels "assistant professor", "associate professor," ("docent") and "professor" with corresponding separate salary levels, (ii) be able to recruit staff without competition to these levels if they were evaluated at another higher education institution, (iii) be able to internally promote academic staff through a traditional expert procedure,<sup>19</sup> and (iv) give all academic staff a bonus of 4% on the research and project funds they attracted. As the years have gone by, most of the basic intentions of the foundation organization have unfortunately faded into the background in Jönköping.

## **7. Conclusion**

And so came that last Friday in late May or early June 1994 with the final coffee break at 3 p.m. The team was now reduced, and the last employees had been given a leaving do. After the coffee break, they disappeared one by one, and only I was left in the end. I was overcome with a sudden sense of emptiness and sadness. I suppose separation anxiety gripped me. I enjoyed the operational role with its many balls in the air at the same time. However, it did not take long before this separation anxiety subsided. I could go home to the family in the house at Petersberg in Huskvarna as "the founding father of Jönköping International Business School".

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<sup>19</sup> This possibility was later introduced into the Swedish academic system in its entirety.



Clas Wahlbin



Charlie Karlsson



Åke E. Andersson



Börje Johansson



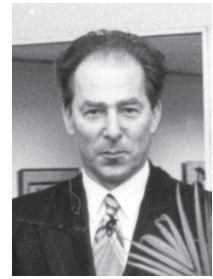
Per Risberg



Göran Kinnander



Torulf Löfstedt



Stig Fredriksson



Agne Boeryd



Niklas Stenwreth



Carl Martin Roos



Per Davidsson



Leif Melin



Benny Hjern



Magnus Holmström



Johan Wiklund



Johan Thor



Mats Dahlin





