

SWEDEN – THE BEST IN THE WORLD!

Alf Sandin

SUMMARY

“Sweden is back. Sweden: where high taxes meet economic competitiveness. Sweden: cool and cold”... Stryker McGuire (Newsweek, January 9th 2006), praising Sweden and the Swedish model. The Swedish model is a concept internationally well known and justly admired.

The Swedish model

The model was a model of negotiation between the social actors. The Swedish Trade Union Confederation (Landsorganisationen, LO) and the Swedish Employers’ Organisation (Svenska Arbetsgivarföreningen, SAF) had reached an important goal.

Solidarity in wage policy

An important contribution to the complex of the Swedish model is the so-called Rehn-Meidner model. The LO Congress 1951 dealt with a report called “The Trade Unions and Full Employment”. The report was a joint work at the analysis department of LO. It prevents rises in wages in highly profitable companies” (Erixon, 2003, page 104).

High profits in highly productive companies would produce growth and a good economy. Many companies in low-profit companies would not be able to pay the high wages and would be forced to disappear. The redundant workforce should be helped to new jobs through an active labour market policy.

Why did the model fail?

“There is a mixture of causes why the model failed.” (Elmbrant, 1993, page 324).

The basis of human values has changed. We no longer look for standard solutions; we want more freedom of choice. There is a rising scepticism towards the authorities.

The link to Social Responsibility and Sustainable Reporting

The Swedish model indicates that the social actors have clear-cut roles. What is in fact Social Responsibility?

“CSR (Corporate Social Responsibility) is often described as a voluntary responsibility above and beyond the demands of national laws, and which encompasses issues such as human rights, labour and environment”.

The unions point out that we have a traditional model of negotiations between the social actors. The traditional Swedish model of negotiation has no equivalent identity. The unions dispute the idea that the enterprises should produce welfare in society.

Regulation

The Swedish Annual Accounts Act (1995:1554) prescribes non-financial information in the Directors' Report, Chapter 6. The information must include indicators relevant to environmental matters. The Accounting Modernisation Directive 2003/51/EC has been implemented in the Swedish Annual Accounts Act. There are also international guidelines.

Sweden is behind

From a European perspective Sweden is behind regarding the number of companies practising Sustainability Reporting. Few reports are audited and verified. This is shown in a report from the European Sustainability Reporting Association for Sweden (Balans 2009).

The Swedish Government, the first in the world, has decided that from 2009 state-owned companies, of which there are over fifty, must make a separate sustainability report verified by an independent auditor.

Sustainability Reporting is now included on the agendas of financial analysts, accountants and other finance-related groups in Sweden (Lars-Olle Larsson, 2009)

In my doctoral thesis 1981 "Risk Management and Risk Information with a proposal for a Risk Balance" I advocated information of risks in the annual reports. "

Sweden – the best in the world!

By Alf Sandin

“Sweden is back. Sweden: where high taxes meet economic competitiveness. Sweden: a high-tech nirvana populated by fit armies of Internet explorers and early adapters unafraid of the next new thing. Sweden: cool and cold”...

“...with Germany and France stagnant and Britain heading for choppy waters, Europe is pining for the Swedish model as it did in the 1930s and again in the 1970s. It’s Sweden as object of desire: the way forward for European economies seeking to be both socialist and competitive in a free-market world. Think tanks can’t write enough about it, media dote on it and politicians pan it for policy gold” ...

“Right now the Swedish model, for all its shortcomings and no matter how heavily questioned at home, looks about as good as it gets.

Stryker McGuire (Newsweek, January 9th 2006), praising Sweden and the Swedish model. The paper continues to honor the country by pointing out that it is the country in the world where most people own a summerhouse or a boat and that it has some of the best universities in Europe. We are also reminded of big industrial brands: Volvo, Scania, Electrolux, Eriksson, IKEA.

However, the paper also reminds us that many Swedes focus on the weak points of the model society. "The model is showing visible cracks, says Klas Eklund, the Stockholm-based chief economist of the SEB bank."

Now we find ourselves three years later in time. The heading was probably not true when it was written and it certainly does not reflect the truth today. If there is such a thing as a “normal” time, we certainly do not have it now. The financial crisis has turned things upside down and figuratively speaking we are struggling to keep our heads above water.

The Swedish model is a concept internationally well known and justly admired. What is it all about? Let’s have a look at that.

OBJECTIVE

The aim of this article is to give an explanation of the Swedish model and a broad overview of state-of-the-art Swedish environmental reporting. Did the praised model lead to broadly accepted and developed Sustainability Reports? Or is Sweden behind other countries in reporting? We will answer these questions and give some examples of reports.

I have avoided including material that can be looked up, such as UN Global Compact, IAS, 26 000, EU-directives etcetera.

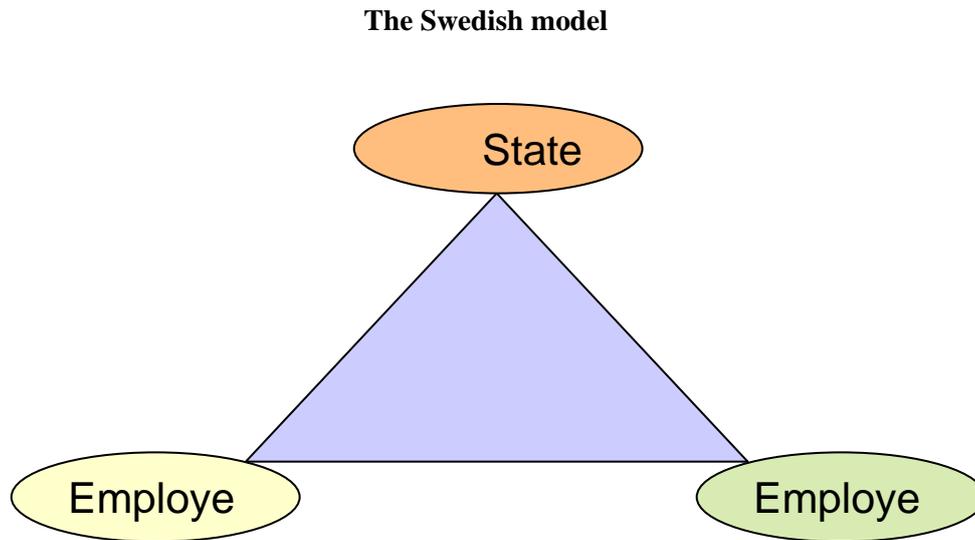


Figure 1. *The model was a model of negotiation between the social actors. The organisations of employees and employers deliberated without the intervention of the state. There was a sense of consensus.*

THE BEGINNING

“There was a cold wind blowing along the Strömkajen (Stream Quay) in Stockholm and the snow was whirling up in the faces of the men who stepped out of the cars and entered the Swedish Employers’ Organisation (SAF, Svenska Arbetsgivarföreningen) at Blasieholmen.” (Freely translated from Elmbrant, 1993).

It was a little before 1.30 a.m. on Tuesday, 20th December 1938. The Swedish Trade Union Confederation (Landsorganisationen, LO) and the Swedish Employers’ Organisation (Svenska Arbetsgivarföreningen, SAF) had reached an important goal. They were going to sign an agreement whose negotiations had started at the Grand Hotel in Saltsjöbaden a few years earlier. The agreement was a main contract and came to be called the “Main Agreement” or the “Saltsjöbaden Treaty” for years to come.

This was the concluding point of a process that had started several years earlier where co-operation and belief in progress had replaced warfare and pessimism – that was the foundation for what we call the Swedish Model.

Both the presidents wore waistcoats with their suits to celebrate the important moment. To the right of the employers’ president, Sigfrid Edström, sat the president of the labour unions, August Lindberg.

In the autumn of 1938 we could see signs of the coming war in Europe. Jewish refugees were abundant and a well-known Swedish newspaper criticised the generosity with which they were received.

One of the photos from the signing was speeded to New York to be placed in the Swedish exhibition case at the World Fair. The idea was to express a model of co-operation in a world with growing mistrust. In Sweden several social layers realized that what the model represents was the necessary step to take. (Thus far freely translated from Elmbrant, 1993).

It must have been totally impossible for the signing “fathers” to imagine that their document would be the subject of so many articles, books and doctoral theses in various languages worldwide.

Up to this point it all seems like a very beautiful story. In the background there was also a threat that the state would interfere with legislation if the parties did not agree. “The political pressure, the threat of legislation, was directed against the labour unions, not the employers’ unions” (Svenska Dagbladet, October 26th 2003).

THE MAIN CONTENT

The parties were to settle their problems without the interference of the state. In the agreement is described how to negotiate regarding salaries and other conditions. The possibility of resorting to strikes and lockouts considered harmful for society or for those individuals or parties who were not affected by the negotiations was restricted. Instead of fighting each other, the social parties shared power. Some things were laid down in the agreement but in part it was an unwritten social contract.

The trade union representatives agreed to the conclusive importance of growth for the economy. They promised to co-operate regarding rationalization since better trade and industry would give higher wages and work for unemployed fellow union members. The unions were no longer a brake mechanism.

The employers would no longer use strike-breakers, accepted the unions’ right to make agreements, and supported the idea that the state should actively fight against unemployment and construct a welfare system.

The state was prepared to let the parties take care of the labour market and abstain from power over trade and industry. It promised to give capitalism favourable conditions provided it gave the governments a growth possible to share in the form of public welfare.

SOLIDARITY IN WAGE POLICY

An important contribution to the complex of the Swedish model is the so-called Rehn-Meidner model. The LO Congress 1951 dealt with a report called “The Trade Unions and Full Employment”. It was a complete economic-political and wage policy programme for full employment, price stability, growth

and justice. The report was a joint work at the analysis department of LO. Gösta Rehn was the main person responsible for the parts dealing with finance policy and Meidner the main architect behind the sections regarding wage policy and labour market policy.

The meaning of the term “solidarity in wage policy” seems to have shifted. Does it mean the same wages for any kind of job or does it refer to the same wages for similar jobs? The latter interpretation has prevailed.

“Solidarity in wage policy – call for joint wage negotiations – means that employees with identical jobs receive the same wages regardless of the companies’ profits... It prevents rises in wages in highly profitable companies” (Erixon, 2003, page 104).

Many companies in low-profit companies would not be able to pay the high wages and would be forced to disappear. High profits in highly productive companies would produce growth and a good economy. The redundant workforce should be helped to new jobs through an active labour market policy.

The Social Democrats came to govern Sweden for almost half a century. They understood not to cut off the branch they sat on – wealthy enterprises. Therefore they gave private industry very good working conditions in that they introduced extensive tax advantages. It was for a long time possible to build a ship, for example, and write it off immediately it was taken in use.

Stocks at the end of year, valued to 100 m.u., for example, could be written down to 38 m.u., thus giving a latent tax. For a small bank deposit, a larger sum, 100 m.u., for example, could be deducted for tax purposes before an investment was made. Machinery and equipment could be written down in a few years. In certain cases they could be depreciated by 120 per cent. The time for depreciation is still shorter than expected life.

Many European CEOs, working in countries with right-wing governments have envied their Swedish “socialist” counterparts for their understanding government.

WHY DID THE MODEL FAIL?

“There is a mixture of causes why the model failed.” (Elmbrant, 1993, page 324).

The basis of human values has changed. We no longer look for standard solutions; we want more freedom of choice. There is a rising scepticism towards the authorities.

The external world is different from before. Globalisation is one factor. Some actors try to destroy the model, “The strategy of SAF is one example (Elmbrant, 1993, page 324). The deregulation of the financial market is another.

Ideological impulses from abroad have played a role, such as Thatcher’s England and Reagan’s USA.

Here only a few factors are mentioned. There is an abundant literature on the subject.

It is also claimed that LO has sunk the model since it demanded laws giving the employees the right to participate in the boards of their companies (October 29th, 2006, Historia, Politik, Ekonomi).

“I want the model back” says Per Eriksson, director-general of Vinnova, an institute for innovations.

“Interplay does not always mean that you collaborate. It is a question of understanding each one’s role. But it is far away. Everyone is running their own race. ... It was different in the 1960s and 1970s. Then politicians, leaders of industry and researchers joined together to discuss the evolution and competitive strength” (Per Eriksson, Forska, 2005-02-11, Susanne Glennegård).

THE LINK TO SOCIAL RESPONSIBILITY AND SUSTAINABLE REPORTING

“The aim of a human being is to be happy and the state is charged to deliver this right”.

Plato

It may be permitted to substitute happiness for welfare.

The Swedish model indicates that the social actors have clear-cut roles. The employers procure work and income, the employees perform their duties at work and the state is responsible for the welfare.

In connection with Social Responsibility the picture becomes more complicated. What is in fact Social Responsibility? All do not agree on a common international definition. Let’s look at the following:

The factual actions taken by an enterprise

- The minimal actions prescribed in law

= Social Responsibility

“CSR (Corporate Social Responsibility) is often described as a voluntary responsibility above and beyond the demands of national laws, and which encompasses issues such as human rights, labour and environment”.

As we can see, the company goes voluntarily beyond the duty of giving work and payment. This new role is not undisputed. The trade unions in Sweden have some observations regarding “business” as procurer of welfare (Frostensson, Borglund, 2006).

1. There might be a risk of pure arbitrariness
2. It lacks democratic control
3. Welfare service is a public duty and should be decided in a democratic manner and financed by public funds.

The unions point out that we have a traditional model of negotiations between the social actors. In connection with the conceptions of Social Responsibility they lack a clear-cut relation with the central role the enterprises have as employers.

The employers are doubtful about some new ideas put forward in the EU in which enterprises are supposed to play a more proactive role. The traditional Swedish model of negotiation has no equivalent identity.

They stress that the Swedish legislation already includes central values in the UN Global Compact. The employers strongly support the ideas in the latter.

The Swedish employers are not favourable regarding the ISO discussions. The ISO does not have authority and legitimacy to issue standards and social obligations.

“The Advisory Group also agreed that if ISO should proceed with this work, it should focus on a guidance document, and not a specification document against which conformity can be assessed.” June 2004,

Position Paper of the Confederation of Swedish Enterprise on an ISO instrument for Social Responsibility

There is an interesting employers’ view about Social Responsibility.

Employers criticize: “those who would not force Greenpeace and the Salvation Army to generate a profit should not force businesses to take responsibilities outside their area of expertise”. (From a conference).

THE QUESTION OF REPORTING

Double-entry bookkeeping recently, in 1994, celebrated 500 years. As we well know, there have blown many winds since the time of Paccioli, and we find all kinds of national laws on reporting, even international, EU, for example, and international agreements on recommendations, such as IAS. Let’s take several steps forward and not only talk about one bottom line but a triple bottom line, TBL.

- Definition
- In practical terms, triple bottom line accounting means expanding the traditional company reporting framework to take into account environmental and social performance in addition to financial performance.
- ...coined by John Elkington, in 1994.

In connection with Social Responsibility, it is most self-evident that a company, voluntarily doing something good to the society around it, wants, and even should, report on it. However, it is claimed that enterprises in Sweden far from always report according to these TBL ideas.

It must be pointed out that Sweden has probably for a long time been the most open society in the world. In 1766 was established as a basic law what is called in Swedish “Offentlighetsprincipen”, the

principle of public access to official records. Thus, any man, as well as a journalist, has the right to see of most of the authorities' material.

The Swedish claim for the same openness in the EU as in Sweden causes problems in the legislative harmonisation between the EU and Sweden.

After the Second World War there was a demand for more openness in accounting, for example. At the time the turnover did not have to be published. A company could publish according to the following: Turnover

1 000 minus goods sold 200 gives a type of "Gross Income" 800. The published annual report started with:

Gross income 800

Costs.

Wages

Electricity

Telephone

and so on

xxx

Net profit

yyy

Turnover has now been published for about fifty years.

Internationally, as well as in Sweden, the need for actions on environmental protection and reporting has grown. A lot is done voluntarily but legislation has seemed unavoidable. I presume this known and proceed to the Swedish case.

REGULATION

The Swedish Annual Accounts Act (1995:1554) prescribes non-financial information in the Directors' Report, Chapter 6. The information must include indicators relevant to environmental matters. The Accounting Modernisation Directive 2003/51/EC has been implemented in the Swedish Annual Accounts Act.

There is a separate law governing companies obliged to have a permit to operate their activities, Environmental Act (Miljöbalken).

The Swedish Accounting Standards Board (Bokföringsnämnden, BFN) has given general guidelines for accounting, estimating and giving information regarding environmental aspects as a part of the obligations laid down by law, 14.1.2003. These guidelines are not laws but belong to the sphere of Good Accounting Practice. If it is Good Accounting Practice to report on environmental matters, then they have the force of law. The guidelines are, by their nature, interpretations of Good Accounting Practice in the relevant area.

The guidelines start from the European Union Recommendation on accounting, estimating and giving information in the Financial Statements and Directors' Report regarding environmental matters (2001/453/EU) the Official Publication 13.6.2001.

The guidelines give references to IAS nos 1, 16, 36, 37 and 38.

Further, the guidelines contain excerpts from Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 2002. Other extracts are from EMAS, the Eco-Management and Audit Scheme. The contents of these sources have been left out on the assumption that they are known to the reader of this report.

The rules do not seem different from what we are used to in cost or financial accounting. Costs are defined according to those drawn up by the EU Statistical Office, Eurostat. The Swedish Statistical Office has in turn prepared sector-specific guidelines with some national content.

Eurostat has prepared SERIEE (European System for the Collection of Economic Data on the Environment) which is a system built on an economic and statistical base containing common international definitions regarding what is to be considered protection of the environment. The system also describes what are regarded as financial flows related to that protection.

There are various forms of advice in SERIEE. If, for example, a company is considering starting to use ABC, (Activity Based Costing), it is recommended to include environmental costs from the beginning, since it requires time-consuming interviews of staff. Källa: SCB, Industrins miljöskyddskostnader – Vad, varför och hur?

In the guidelines we find the same concepts as in general accounting. Thus we have Costs for the year, Capitalized costs and Depreciations, Debts, Appropriations and Contingencies.

We should be well aware of the extensive work done in international organisations: the United Nations, (UN), the International Federation of Accountants, (IFAC), the International Accounting Standards Board (IASB), the Global Reporting Initiative (GRI), the European Federation of Accountants (EFA) and many others, such as trade organisations and national accounting institutes. Particularly for Sweden, there is a voluntary association, Globalt Ansvar (Global Responsibility).

The deletion of members once devoted to sustainability reporting principles is a measure to improve the observance of the principles. The United Nations Global Compact office has delisted 630 companies, including 39 Indian companies, as part of its Integrity Measures for failing to communicate progress in following its principles on social and environmental responsibility. (UN, August 2008).

SWEDEN IS BEHIND

From a European perspective Sweden is behind regarding the number of companies practising Sustainability Reporting. Few reports are audited and verified. This is shown in a report from the European Sustainability Reporting Association for Sweden (Balans 2009).

“Since many companies lack competence to handle sustainability development, they are vulnerable to new scandals” Larsson, Dagens Miljö, 2006-01-16).

At present there are two opposing forces relevant to Sustainability Reporting. The climate change, environmental awareness in general and a marketing perspective have increased the interest in reporting and using the Global Reporting Initiative (GRI), Guidelines for Sustainability Reporting. The Swedish Government, the first in the world, has decided that from 2009 state-owned companies, of which there are over fifty, must make a separate sustainability report verified by an independent auditor.

However, the financial crisis has led to a decrease in both the frequency and standard of non-financial reporting. “A couple of participating countries have already started to notice a decline in reporting levels following the credit crisis...” (European Sustainability Reporting Association (ESRA) News Release, 12 March 2009).

In spite of this negative trend there is reason to believe that Sustainability Reporting will be substantially improved. A session of sustainability is included in the yearly financial reporting awards at FinForum, organised by FAR SRS, the professional institute for authorised public accountants, Financial Analysts Organisation, IREV, which is an accounting education institute and Nasdaq. Sustainability Reporting is now included on the agendas of financial analysts, accountants and other finance-related groups in Sweden (Lars-Olle Larsson, 2009). A modernised recommendation from the FAR SRS makes it easier to audit and certify also sustainability reports.

There is a diversity of approaches:

- a separate sustainability report
- a report forming part of the annual report
- sustainability information included in the directors’ report

Over eighty per cent of the companies give the information in the financial statement or in a separate report. Some of them do both.

IS THERE CONFUSION?

Of course, we meet the same or similar sources of uncertainty in environmental matters as in other financial matters: the possibility of occurrence, levels of physical damage, level of goodwill damage, and so on.

Some questions will be raised. Is there a cost only if measures are taken to obey the law and conditions in permits? Is there a debt only if an investment is regulated by law or is it the same regarding voluntary actions? Is it a cost today or an asset for tomorrow?

From one point of view the Sustainability Reports in Sweden are bad throughout (Affärsvärlden 1998.09.30). They lack connection to the economy. How do various measures influence the Profit and Loss statement and the Balance Sheet?

According to the same source, accidents related to environment had not influenced share prices very much. Boliden, whose main owner is Trelleborg, had to reserve 34 million dollars in connection with the barrage bursting in Spain in the nineties. Their shares started to fall after the accident, but so did the shares for other mining companies due to falling prices of metal. A “barrage effect” could not be proven.

Furthermore, environmental costs and investments are limited in many companies, although they are substantial in some. Environmental investments in Electrolux, for example, are only one per cent of total investments. At Volvo investments related to environment and product development are 30 per cent (Affärsvärlden, 1998).

THERE ARE SOME GOOD ONES

Although there is a lot of criticism from within Sweden about the bad quality of Sustainability Reporting, there are many examples of reports that can be compared favourably with the best known internationally. One reason is that Sustainability Reporting now is included on the agendas of financial analysts, accountants and other finance-related groups in Sweden as mentioned above. We have also mentioned awards for good reporting practice. A handful of companies are front runners and deliver best-practice sustainability reports, award winning companies such as SAS, SCA and Scania. We will look at the reasons given for their awards. New rules for nomination meant that last year’s award winners (Trelleborg, Vattenfall, Green Cargo and SAS) could not take part in the competition in the following year. In the following we present the last three winners. Only for Sandvik is a report available in English.

EXAMPLES OF BEST PRACTICE

The FAR SRS, the professional institute for authorised public accountants, presented the awards for Sweden's best sustainability reports in 2007 at 'Finforum' on 4 November 2008. Four companies in three separate categories received awards: Sandvik (manufacturing), Vin & Sprit Group (manufacturing), Alltransport i Östergötland (transport) and Folksam (insurance). The following details reflect the jury's comments when granting the awards the Best Corporate Sustainability Reporting 2008 (reporting on operations in 2007)

- The prize in the category 'Best Sustainability Report 2007, listed companies, was awarded to Sandvik: 'Sandvik shows that it is possible to produce a concise report that presents performance indicators of the most essential sustainability aspects in a meaningful context'.
- The prize in the category, Best Sustainability report 2007, state-owned companies, was awarded to Vin & Sprit Group: 'A substantial, concise and independently verified sustainability report that reports on material issues in an exemplary manner'.
- The prize in the category, Best Sustainability report 2007, privately owned companies, was jointly awarded to Alltransport i Östergötland and Folksam.
- Alltransport's sustainability report is very ambitious and well-developed. Ambitions, activities and achieved results are clearly presented'.
- Folksam: 'A model sustainability report, well-arranged, concise, legible and independently certified, with a well-balanced structure that shows the essential indicators for the business'.
- The jury announced that next year's prize ceremony will also award the Best Sustainability report in the public sector. With the aim of highlighting the need for transparency in reports within the public sector, the jury awarded a special prize this year to Stockholms läns landsting (the Stockholm County Council): 'The Environmental Report for 2007 is a good example for others, where Stockholm County Council, in an independently verified report, captures the material elements of the organisation's effect on the environment'.

You will find Sandvik's report as an attachment: "Angela Sandvik Report 2007"

QUITE A CHANGE!

In my doctoral thesis 1981 "Risk Management and Risk Information with a proposal for a Risk Balance" I advocated information of risks in the annual reports. I quote:

"The traditional annual reports normally contain mainly financial information. Static risks are not mentioned at all or possibly on a small scale and in an unsystematic manner. The activities of the company affect society in different ways. Some participants are sellers and buyers and they are compensated for their collaboration. Others are only

participating as victims of smoke, intoxicated environment etc. They are not awarded any financial compensation for this burden. They have, however, *a right to know*, to be informed.” Page 203-204.

After that a format for a Risk Statement was presented.

RISK STATEMENT ...

1. General information

- a. Risk analysis, figures and other information
- b. Policy for handling risks
- c. Organization for handling risks
- d. Other matters

Notes 1)

- 1) Information regarding ... not published here has been given to ...(authority)

2. Accidents and damages during the year

- a. Personal injuries and their economic consequences for the company
- b. Occupational diseases
- c. Damages of various kinds and their consequences
- d. Damages caused by the company's product liability
- e. Near-accidents
- f. Environmental damage
- g. Other matters

Notes

3. Risks in production

- a. Materials used in production which according to ... may possibly cause occupational disease
- b. Material whose effect is uncertain and which are under investigation
- c. Other risks for occupational disease
- d. The amount of dangerous materials whose values do not conform with regulations are ... The norms will be attended in 20..
- e. Activities causing environmental risks
- f. Other matters

Notes

4. Safety measures taken with regard to:

- a. Reducing personal injuries
- b. Reducing the amount of dangerous materials
- c. Protecting plant
- d. Reducing product liabilities

LET US REMEMBER!

All this was written in 1980 when the scorn began!

At the end of 1980 I was invited to talk about my thesis at a big meeting with a dinner in Stockholm with CEOs and other representatives of the private sector. Before my talk they shook my hand and hoped I would stay for the dinner. Of course I intended to do so. During my speech their faces darkened. One representative asked, angrily looking around at the others. He said: - “Do we really want this?”

A well known CEO stood up, stretched his arms up in the air and cried:

“ Now, bloody hell, SAS can write in their annual report that everything may go to hell.”

The meeting ended. Everybody said good bye to me. Nobody asked me to stay for dinner. I had to take a hot dog in the street before taking the train back to my university.

It is an amusing coincidence that precisely SAS has for a number of years been a leader in the field of sustainability reporting and won the award for best report.

The SAS winning sustainability report will be enclosed as an attachment.

SUSTAINABILITY PHILOSOPHY – MISINTERPRETED AS POLITICS

The fight to establish a sustainability philosophy must be pursued vigorously and uninterruptedly. There is clear evidence that in certain circles, even presumably educated ones, advocacy of a sustainability philosophy is misinterpreted as politics.

A Swede started a consulting company to advise other enterprises on sustainability. The aim was clearly stated - a green step should be profitable for the enterprises that take it. All the relevant fields in an enterprise were investigated in order to be improved and profitable in line with sustainability philosophy – production, transport, waste, and so forth.

One of the staff of the consulting enterprise was very good and gained a considerable reputation. Therefore he was given a professorship at a university in Kansas, USA. He used to keep contact with a former customer and good friend in Sweden. For some time this friend did not hear from him, so he called the professor. The conversation went like this:

– “Hallo! How are you? I haven’t heard from you for some time. Hope you are well.”

– “I am fine.”

– “Wonderful.”

– “Well, I have to admit I have been in hospital for some time.”

– “In hospital?”

– “Yes, the students beat me up. They regarded me and my message as Communist.”

No comments are needed.

CONCLUSION

Even if reporting on CSR and sustainability reporting is valuable for the surrounding world, the question is, for whom is it most important – society or the company itself? Maybe the highest value is internal and not external. The preparation of a public report is cumbersome but raises a lot of questions and employs a lot of checkpoints. It touches risk management and gives chances to think through possible events and plan actions.

The future of reporting is possibly less bright than many has expected. The ISO 26 000 is not going to be mandatory and the primary role of business has not changed. Maybe just that is a healthy point. As we have seen above, a different role for the enterprise is questioned on the ground that welfare could be subject to arbitrariness and the company has to do other things than what it is competent for. There is something to this idea, but let us not forget all that far-sighted companies have done, at least in Sweden. They have supported lots of things that the public sector could not afford, sport, culture, creation buildings and so on.

It seems to be proved: companies with good sustainability reporting are good and wealthy companies.

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