



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

The financial crisis of 2007-2008 and the increasing demand for sustainability

How, and if so, why, have these events influenced Swedish listed large-cap firms' voluntary disclosure, as well as their usage of measurements and goals during the years 2007 – 2015?

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Preface

We would like to thank our advisor Johan Åkesson for the suggestion of continuing his study, as well as for the help and recommendations that we have received throughout the making of this thesis. Furthermore, we want to thank our classmates, their advisor Viktor Elliot, and Tom Rudeké for the invaluable feedback.

Gothenburg the eighth of January 2017.

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Abstract

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Advisor: Johan Åkesson

Title: The financial crisis of 2007-2008 and the increasing demand for sustainability. *How, and if so, why, have these events influenced Swedish listed large-cap firms' voluntary disclosure, as well as their usage of measurements and goals during the years 2007 – 2015?*

Background and problematization: Åkesson (2008) studied the non-regulated part of the annual report in 16 large-cap firms listed on NASDAQ Stockholm during the years 1965-2004, in order to describe and explain, in general, the development of financial – and non-financial measurements and goals. We partially continued this study, by examining mostly the same firms, but during the time-period 2007-2015, and instead of focusing on all possible explanations for the development of financial – and non-financial measurement and goals, we chose to partially study the adoption of IFRS, the financial crisis of 2007-2008 and the increased demand for sustainability's possible influence on the measurements and goals.

Purpose: The purpose of this study is to describe, and compare, which financial – and non-financial goals and measurements that large-cap firms listed on NASDAQ Stockholm presented during the period of 2007-2015. After that has been done, we are going to try to explain and identify, in general, how, and why, the financial crisis of 2007-2008, and the increasing demand for sustainability has influenced/affected the development of the non-regulated part of the annual report, in the aforementioned category of companies. How, and if, the adoption of IFRS has had an impact on the volume of voluntary disclosure, will also be examined.

Delimitations: We only examined large-cap Swedish companies that have been listed during the years 2007-2015, more specific, we tried to use the firms that Åkesson (2008) used in this Licentiate paper "Financial measurements and goals in public Swedish firms 1965 – 2004".

We focused exclusively on how the financial crisis in 2007-2008 and the phenomenon sustainability have influenced the design of the voluntary disclosure in Swedish large-cap firms listed on NASDAQ Stockholm, and how, and if, the adoption of IFRS has had an impact on the volume of voluntary disclosure.

Method: We used two different analysis designs in this study. The first one is a data-based approach which focuses on a specific section of financial data, which in our case consist of data extracted from the non-regulatory part of the annual reports. In order to give a complementing description of the data-based approach, and to explain it, a text-based part was included in the study. This data consists of management commentaries obtained from the non-regulated part of the annual reports, as well as an interview with one of the examined firms former CFO.

Results and conclusions: The financial crisis of 2007-2008 seems to have had a large impact in the usage of measurements, as well as the volume of voluntary disclosure at large. The reason for this seems to be connected to the firms' strife of staying/becoming legitimized. The increasing demand for sustainability seems to have had a large impact on the way firms act and report. It is hard to argue that this behavior can be explained by information asymmetry theory, on the contrary, being seen as legitimate relative your competitors, seems as the more likely explanation. The adoption of IFRS seems to had no, and in some cases even a negative impact on the non-regulatory volume.

The various measurement popularity in 2007 compared to 2015 has changed for all different categories of measurements. Measurements of return, employee, investments and value based have decreased in popularity, while measurements like stock, capital structure, unprocessed, and sustainability have increased in popularity. Margin measurements popularity did not change during the examined years.

Suggestions for future research: One part of the studies purpose was to describe how the occurrence and the number of financial- and non-financial goals and measurements changed over time in Swedish public companies' financial reports. We wondered why these changes, in both individual measurements and in the categorized measurements, occurred. Therefore, it would be interesting to try to explain the changes in popularity of these measurements in depth, instead of generally like we did in this paper.

Another interesting research area would be to examine all measurements and goals that firms in Sweden have presented during the years 1965 to 2015. Then you would be able to describe the development of measurements and goals over time, and see when new measurements and goals are introduced.

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1 Introduction

In this chapter, we will first and foremost introduce causes to why the subject is relevant and interesting, as well as the purpose of the study. The chapter is then concluded with a description of the delimitations as well as a disposition of the study.

1.1 Background

The initial event that sparked our interest for annual reports may be located back to when we started buying stocks, which was in upper secondary school. Even though we did not read and analyze the annual reports as critically and thoroughly as we do today, we still found the fact that firms choose to present and focus on different measurements and goals over time, very interesting.

This fascination has increased severely the last couple of months, mainly because the recent courses has focused on this area. After some case studies was done, and Åkesson presented us with the opportunity to continue his study about public Swedish firms' goals and measurements, the choice of thesis subject was obvious.

Åkesson's (2008) study involved Swedish firms that have been publicly listed at least from 1965 until 2004. The purpose of his paper was to describe and explain the appearance and development of financial measurements and goals, in the non-regulated part of the annual reports. He chose the non-regulated part since this section exclusively contains information that firms choose to disclose.

The study concluded that the voluntary disclosure, as well as the presentation of financial measurements and goals had increased during the examined time-period. This development could be separated into two time-periods, 1965 – 1990 and 1990 – 2004. The development in the first period could mainly be explained by the huge influence that professor Sven-Erik Johansson and his research team had, the heavily limited liberty that larger firms in Sweden had in the capital market, and the social and political pressure regarding firms profit. Put differently, institutional pressure and heavy regulations may explain this development.

During the second time-period, regulations regarding the capital market was not as strict as before, therefore enabling the firms to obtain funds from foreign investors. This lead to firms becoming more influenced by international regulations and praxis's, which made the firms more internationalized in their reporting. The increase of professional investors may also be a contributing factor to this development, since these investors wanted information regarding the firms' efforts of creating value for their shareholders. In other words, internationalization and new shareholder demand may be explanatory factors for the development that occurred during this second time-period.

1.2 Problematization

After some research, we concluded that events, that may have influenced firms non-regulatory reporting, was; the introduction and new legislation regarding the regulated part of the annual report, i.e. IFRS, the financial crisis that took place in 2007 and 2008, and the increased demand for sustainability.

All firms that are listed on NASDAQ Stockholm must, after 2005, follow the regulations and recommendations that are stated in the IFRS. Even though these only regard the regulated part of the annual report, studies, like the one made by Broberg, Tagesson & Collin (2010) claims that the voluntary disclosure has increased after the adoption of IFRS. Since we did not examine comparability or transparency in this thesis, we chose to only partially examine if the adoption of IFRS has possibly influenced the volume of voluntary disclosure.

The financial crisis of 2007-2008 may have affected the formulation of the voluntary disclosure. In times of turbulence, the financial risk tends to increase, due to market uncertainty (Manela & Moreira, 2017). Some studies claim that in times like this, a demand for more information, from the shareholders, is created (Đurić, Knežević & Rakočević, 2011; Haji & Ghazali, 2011). This is why we chose to examine how, and if so, why the financial crisis of 2007-2008 has possibly influenced the non-regulated part of the annual report.

Since Sweden in December of 2016 adopted a sustainability reporting act, sustainability could be looked at as a very important subject from a Swedish perspective. Studies also claim that shareholders value firms that act sustainable, and report about it (Friedman & Miles, 2001; El Goul *et al.*, 2011), and that Swedish firms increased their sustainability reporting substantially from 1998 – 2008 (Erlandsson & Oliander, 2009) as well as in 2006 – 2010 (Ernfjord & Gustafsson, 2015). Therefore, we chose to examine if, and how, the increasing demand for sustainability has influenced firms voluntary reporting.

1.3 Purpose of the study

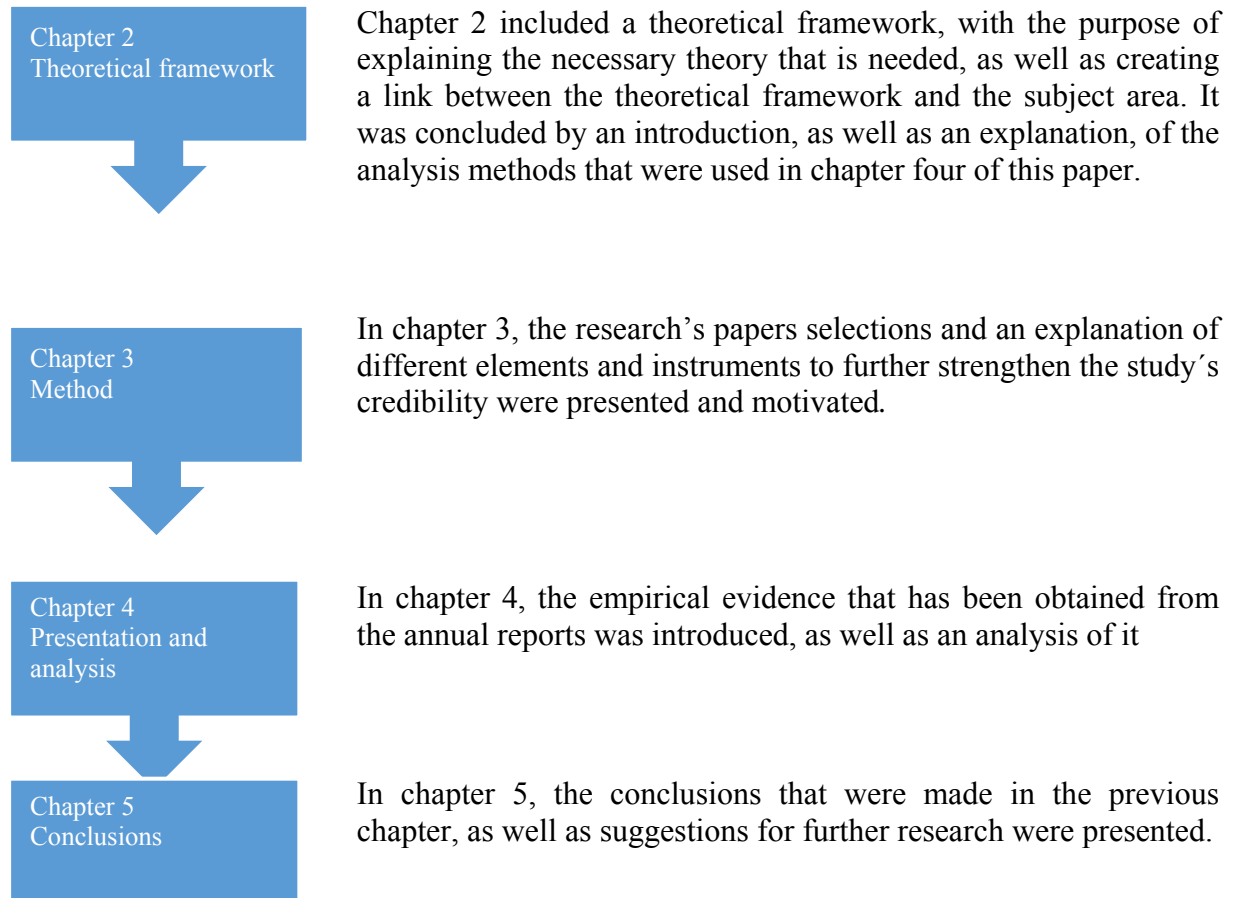
The purpose of this study is to describe, and compare, which financial – and non-financial goals and measurements that large-cap firms listed on NASDAQ Stockholm presented during the period of 2007-2015. After that has been done, we are going to try to explain and identify, in general, how, and why, the financial crisis of 2007-2008, and the increasing demand for sustainability has influenced/affected the development of the non-regulated part of the annual report, in the aforementioned category of companies. How, and if, the adoption of IFRS has had an impact on the volume of voluntary disclosure, will also be examined.

1.4 Delimitations

We only examined large-cap Swedish companies that have been listed during the years 2005-2015, more specific, we tried to use the firms that Åkesson (2008) used in this Licentiate paper “Financial measurements and goals in public Swedish firms 1965 – 2004”.

We focused exclusively on how the financial crisis in 2007-2008 and the increasing demand for sustainability have influenced the design of the voluntary disclosure in Swedish large-cap firms listed on NASDAQ Stockholm, and how, and if, the adoption of IFRS has had an impact on the volume of voluntary disclosure.

1.5 Disposition



2 Theoretical framework

Here will scientifically relevant articles be presented for the reader, where the goal is twofold. Firstly, to cover theoretical and regulatory related ignorance, followed by a connection between the theoretical framework and the subject area. The process of retrieving these articles will be described in the method chapter.

2.1 Formal regulation of annual reports

In order to understand how firms, formulate their non-regulated part of the annual report, we need to know what is in the regulated part. Therefore, we have chosen to present, in a thorough way, what companies have to present in the annual report. In this paper, we refer to both IFRS and IAS when using the term IFRS.

The annual report is regulated by the bookkeeping act (BFL) (1999:1078) and the annual accounts act (ÅRL) (1995:1554). BFL gives indicative and guiding regulations how to correctly account information, for companies in Sweden. BFL (1999:1078) also regulates which types of companies that are obligated to create an annual report.

In July 2002, the European parliament and the council passed new regulations concerning international accounting standards, which meant that companies had to follow both International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). (Finansinspektionen, 2006). But it was not until the first of January 2005, that International Financial Reporting Standards (IFRS) was introduced in Sweden. Listed companies include companies that are active in specific financial markets. In Sweden are those markets Nasdaq OMX Stockholm AB and Nordic Growth Market NGM AB.

Companies on these lists have to follow the IFRS standards. SOU 2003:71 states that:

“the purpose of the regulation is that it, through its demands for uniform accounting principles within the EU, will help to create an efficient, cost effective and functioning capital market. The EU Regulation reinforces the freedom of movement of capital in the internal market and create conditions for companies in the communion to compete on an equal terms for financial resources available on the communion capital market, as well as in the global markets.”

The introduction of IFRS in Sweden led to changes in ÅRL (1995:1554), introduced new requirements on how to report and leave notes in the annual reports and presented new regulations on already existing information. All of these changes made it mandatory for companies to include new and more specific information in the annual reports, especially information regarding corporate groups, financial instrument and the valuation of them, valuation of intangible and tangible assets, depreciation of intangible assets, and goodwill. (SOU 2003:71; ÅRL 1995:1554; SFS 2004:1173; Finansinspektionen 2006).

As earlier stated, these changes were made mainly to further harmonize how companies in EU provide information to stakeholders and thereby increase the comparability between different markets within the EU (EG nr 1606/2002).

Lang & Stice-Lawrence (2015) concluded that companies that adopted IFRS provided longer annual reports, and that the companies with the greatest increases in quantity disclosed, due to implementation of IFRS, benefited more compared to companies who did not increase their disclosure. Broberg, Tagesson and Collin (2010) concluded that companies active on Stockholm stock exchange disclosed more voluntary information, especially share-related information, after the mandatory introduction of IFRS.

ÅRL (1995:1554) states that the annual report has to include four parts. A balance sheet, a result sheet, notes and a management report. The balance sheet, have to contain the company's assets, equity and liabilities, whereas the results sheet should cover all incomes and costs. The third requirement is corporate disclosure, which is presented in the form of notes. These notes must show calculations and further explain the outcomes in the balance and result sheets. The last required part of the corporate disclosure is a management report. This report gives an overview of the company as well as additional information that is not described in the prior parts.

They must also present information that is related to the company's position on the market, occurrences during the year that has had essential importance to the company, the expected development in the future, R&D and branches overseas (6 chapter. 1 § ÅRL) "A complete financial report must contain; a report of the financial situation, a report of the total return, a review of the changes in equity, cash flow analysis and notes."

Banks and securities companies is further regulated by (1995:1559). This law regulates specifically banks and financial companies trading in securities. 2 chapter. 1 § states that banks and securities companies is required to include a capital adequacy additionally to the regulations in ÅRL.

Specific complementary rules apply for credit institutions, securities companies (1995:1559) and insurance companies (1995:1560), they have to also include the parts regulated by IAS 1 pt. 10 (International accounting standards).

IAS 1 demands that firms include, in their annual report, the following:

-
- (a) a statement of financial position as at the end of the period;*
 - (b) a statement of comprehensive income for the period;*
 - (c) a statement of changes in equity for the period;*
 - (d) a statement of cash flows for the period;*
 - (e) notes, comprising a summary of significant accounting policies and other explanatory information; and*
 - (f) a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy*

retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

For companies on NASDAQ OMX Stockholm specific formal rules apply beyond the formal legislation in ÅRL (1995:1554) and BFL (1999:1078). Companies that is actively traded on this market must follow the set of rules specified by OMX Stockholm, through the document “Regulations for issuers”. (OMX Nordic Exchange, 2015)

The general clause, in this document, stated that all information that can change the price of the shares should be included and presented to the market, either through statements or through the annual report. (OMX Nordic Exchange, 2013)

During 2015 the general clause changed, chapter three states in “Regulations for issuers” that companies active on OMX Stockholm have to disclose all insider information (3.1). What is considered as insider information is stated by article 17 in MAR (No 596/2014). It states that the information has to contain continuous changes that affect the company, and that the company have to share relevant information to the market, such as data that may affect the share price.

This regulation is further complemented by the finance inspectorate law (FFFS 2007:17) (10 chapter. 3 §) which states that all information that is essential to create a clear picture of the company has to be presented, therefore all information that may affect the overall picture of the company, or the share price, has to be presented.

2.2 Information asymmetry

“The Market for Lemons”: Quality Uncertainty and the Market Mechanism, is a study made by George A. Akerlof in 1970. The purpose of the study was to shed light on how asymmetric information, as a risk variable, contributes to problems in the market.

This study is one of the cornerstones of what we nowadays call information asymmetry theory. This theory focuses on the problem, that Akerlof described in his paper, which is that the seller will always have more information than the buyer, and since there is an incentive for the seller to be untruthful, because then he may sell something for more than it actually is worth, the buyer will not know for sure if the product for sale is actually in the condition that the seller claims it is. Therefore, a demand for more information, from the buyer’s side, is created, since they know that there are incentives for the seller to be untruthful, or at least for him to not disclose information that will perhaps reduce the value of the product for sale. In our case, the buyer is the shareholders, and the seller is the firms.

2.2.1 Voluntary disclosure

The annual report is traditionally divided into two parts, a regulated – and a non-regulated part. The non-regulated part exclusively contains information that the firms wants to present, i.e. voluntary information. In this part of the theoretical framework, different studies regarding why firms chose, or do not choose, to disclose this kind of information, will be presented.

2.2.1.1 Competitions influence on voluntary disclosure

Braam & Borghans (2014) concluded in their study that the social relationship between firms may affect what, and how, firms choose to voluntarily disclose. They claim that firms will likely present similar information, if the relationship between them is healthy. The reason for this behavior could be that firms, that have a healthy relationship, discuss what kind of information they will present, especially in the cases when the data regards information that could possibly be hurtful for the companies.

By doing this, they may present complex, possibly hurtful, information, without taking a large individual blow. Since it's very possible that some financial analytic will find this damaging information, it's in the firm's best interest to present it themselves, thereby giving them the opportunity to explain this "behavior" (Braam & Borghans, 2014).

A study made by Jin (2005) regarding the voluntary disclosure of HMOs stated that these kinds of firms use voluntary disclosure to differentiate from competitors. That means that they used the non-regulated part as a communication tool, and they therefore chose to present information that their customer segment, i.e. persons or institutes that may invest in the firm, required. Jin also concluded that the level of competitiveness influenced the magnitude of disclosure. In highly competitive markets, companies chose to disclose less than when the competition was low. A possible reason for this behavior is that it is harder to differentiate in highly competitive markets, since competitors may copy your strategy. So, to summarize, this study suggested that competition does not necessarily lead to better, more comprehensive, provision of voluntary disclosure, rather the opposite.

2.2.1.2 Information asymmetries relation to voluntary disclosure

Falschlunger, Eisl, Losbichler & Greil (2015) claim that firms in Europe usually use graphs, key financial variables, and non-key financial variables to exaggerate positive trends, rather than using them in accordance with the principles demanded by the IASB, which is that information should be presented so that it gives the reader a true and fair view of the company. But since IASB, FASB or any other standard setter have not released any specific rules about how this information should be presented, this area is up for wild interpretations. Even though IFRS only regards the regulated part, Mark & Lorien (2015) claim that after the adoption, the non-regulated part became larger, more transparent, and more comparable.

Since the management commentary is a part of the voluntary report, this concerns it as well. Jonäll (2006) found in her study that the CEO's letter to stakeholders usually present a very positive picture of the company. Companies used this letter to represent themselves as a fantastic company, by presenting a brighter picture of the company, than what reality would show.

These earlier stated studies presented explanations for why firms would increase the information asymmetry, but there are incentives for reducing it as well. Studies has shown that disclosure regarding risk, is positively associated with systematic - and financing risk and risk-adjusted returns (Elshandidy, Fraser & Hussainey, 2013), put differently, if the quality of the report is high, i.e. the information asymmetry is low, then the firm should have a lower cost of capital (Herlitz & Nilsson, 2011).

Another possible incentive for disclosing this kind of information, is that investors nowadays expect it, in the form of management commentary and/or operating and financial reviews, in

the non-regulated part of the annual report (Elshandidy *et al.*, 2013). They also concluded that firms who fails to provide data that reduces the information asymmetry, will have to pay for it, likely in terms of increased cost of capital, since investors wants to be compensated for the additional risk.

Elshandidy's *et al.* (2013) study also indicated that firms, which are publicly noted in the UK, are motivated to disclose risk information, since it will likely lead to a lower cost of obtaining external funds. Their research concluded that the data in the non-regulated part mainly contains information that is related to risk. Even though this disclosure has reduced the cost of capital, which suggests that readers believe what the companies present, there is a rising demand from the investors that this part should be audited, in order to enhance the reliability of the information.

A study made by Wang & Hussainey (2013) about factors that may influence the volume of voluntary disclosure in UK firms concluded that:

We find, in the UK context, that board size and board composition (the proportion of non-executive directors) are related positively to the level of voluntary earnings disclosures. Director ownership and role duality have a negative relationship to the level of voluntary forward-looking statements.

Firms' characteristics such as dividend propensity, firm size, profitability, leverage, and industry type affect the volume of forward-looking statements disclosed in the narratives of annual reports. Furthermore, we find that the voluntary disclosure of forward-looking statements related to corporate governance helps investors to better anticipate future earnings. The forward-looking statements unrelated to corporate governance, however, have no impact on the share price anticipation of future earnings.

To summarize these findings:

- 1.) Less non-executive directors on the board leads to higher level of voluntary earnings disclosures
- 2.) Firm characteristics affect the volume of forward-looking statements
- 3.) Voluntary disclosure of forward-looking statements related to corporate governance helps investors to better anticipate future earnings

Studies suggests that firms that produce large and complex annual reports, tend to disclose more voluntary information. The reason is that they try to minimize the negative effects that complexity creates, by further explaining and simplifying it in the non-regulated part of the annual report (Guay, Samuels & Taylor (2016).

Even the stakeholders have started to demand more information. Đurić, Knežević & Rakočević (2011) found in their study that stakeholders have started demanding more voluntary disclosure, financial information and even a higher frequency of released reports.

An important part of the voluntary disclosure is the CEO's letter to stakeholders. The main objective of this letter is to give the stakeholders a deeper understanding of what the company is trying to achieve, as well as to further explain some, or all, complexities that exist in the annual report (Jonäll, 2009) and (Adamzon & Wettlegren, 2010).

2.3 Legitimacy theory

Legitimacy theory is, in simple terms, about that firms want to provide the voluntary disclosure that the market demands, in order to be legitimized (Adamzon & Wettlegren, 2010). In this part of the theoretical framework, studies suggesting why firms would want to be legitimized, will be presented.

2.3.1 Turbulence/Uncertainty

Haji & Ghazali (2011) concluded that during recession and turbulence, companies have increased pressure to be active in social activities, mainly to legitimize the existence of the company. The public have higher expectations of the companies to provide more information, during times when the financial risk is high. To reduce this legitimacy gap, companies increase the extent of voluntary disclosure. Haji & Ghazali also suggest that the amount of voluntary disclosure increased significantly after the last financial crisis.

Studies, like the ones made by Clatworthy & Jones (2003) and Guay, Samuels & Taylor (2015) suggest that a possible explanation for the annual reports magnitude, is the current state of the reporting firm's performance. Firms that have declining performance, usually produce shorter reports than the ones with improving performance. The reasons could be that firms that are doing well, want to show this for the shareholders, which leads to more information being produced, while the ones who are not doing so well, focus more on the information that is required, and therefore minimize their voluntary reporting.

One study suggests that firms report similarly at the end of recessions or financial crisis, i.e. when the uncertainty decreases. At this time are investors, in general, more concerned about safe investments, therefore, companies tend to focus more on sustainable growth, than on investments that may perhaps result in high short-term returns (Khurshid, 2016).

2.4 Management commentary

Adamzon & Wettlegren (2010) concluded that there are three psychological theories that may explain how the CEO's letter to the stakeholder's is designed. These are impression management, attribution theory and legitimacy theory.

Impression management is when the management of the company chose to present information that put the company in good favor with the stakeholders, and tries as much as possible to either hide the bad information or to explain it in a complex way (Brennan, Guillamon-Saorin & Pierce, 2009).

Attribution theory is about how firms tend to blame bad performance on external factors. Adamzon & Wettlegren (2010) and Karlsson & Rutgersson (2014) stated that firms attributed all negative aspects of the firm on the financial crisis, even though some of them were not related to it.

Legitimacy theory covers that companies want to provide the voluntary disclosure that the market demands, in order to be legitimized. When firm is seen as legit, they will seem to be less risky, which should entitle the firm a lower cost of capital (Adamzon & Wettlegren, 2010).

2.5 Setting financial – and non-financial goals

Some researchers claim that there is no existing relationship between the financial - and non-financial goals, and that many firms set non-financial goals, without regards to how it will affect the financial ones. Elmassri, Harris & Carter (2016) says that firms tend to set non-financial goals without even trying to calculate the profitability, and that this leads to cost ineffective management, and that the explanation is that the social, political, and economic pressure is so high, that managers think that not setting a non-financial goal, is even worse than setting a terrible one.

For non-financial goals to be value creating, Boman & Johansson (2003) suggest that they should be seen together with the financial ones. To optimize the non-financial targets, they should be set so that they may be used as a stepping stone to achieve the financial ones.

But some studies, like the one made by Ordóñez, Schweitzer, Galinsky & Bazerman (2009) suggest that there are many negative aspects that goals may bring, different from the one presented above, that firms tend to ignore. They exemplify this by showing that side-affects, like “narrow focus that neglects non-goal areas”, “unethical behavior”, “unhealthy risk preferences”, and “corrosion of organizational culture and reduced inner motivation”, are products of setting unreasonable, as well as too many, goals.

Another possible big influence for managers, when they formulate goals, are how these goals will reflect the company. Falschlunger *et al.* (2015) concluded in their study that firms choose goals that will make them appear better than they are.

2.6 Sustainability

According to Friedman & Miles (2001), sustainability is a concept that shareholders value highly, but their study suggests that there seems to be investors that invest in firms which are sustainable, even though the investor is not interested in sustainability. Friedman & Miles (2001) suggests that a possible explanation for this behavior may be that the market expects sustainable firms to have an increased growth in the future.

There seems to be a high demand for sustainable firms, which may explain why companies have started to act sustainable, and also to report about it, in the form of CSR and sustainability reports (Friedman & Miles, 2001). Axelsson & Johansson (2012) claims that firms in Sweden originally looked at GRI and sustainability as just another reporting strain, but that after a while, it became a reporting praxis. This is in line with the results that Ernfjord & Gustafsson (2015) presented, which were that sustainability reports in Sweden has increased a lot from 2006 – 2010, which could, according to El Goul, Guedhami, Kwok & Mishra (2011) be explained by that firms who follow the sustainability trend gains a higher firm value, as well as they lower their financial and operational risk.

Cormier, Ledoux & Magnan (2010), Seong, Cheol & Pfeiffer Jr (2013) and Hung, Shi & Wang (2015) claim that if firms lower the information asymmetry, regarding sustainability, they may reduce the shareholders' investment risk, which in theory should entitle the company to a lower cost of capital. All information that reduces the information asymmetry, both negative and positive sustainability information, should in theory actively entitle the firm to a lower cost of capital.

The previously presented authors also suggest that sustainability information, that regards negative information, reduces the information asymmetry even more than positive information does, and that the magnitude of the reductions also is connected to the receiver's knowledge of the subject.

2.7 Models

As stated before, this study is partially a continuation of Åkesson's (2008) licentiate paper, therefore we used the empirical model that he developed. Since this is only partially a continuation, we created a new analysis model. In this chapter, we, in general, will explain how we used these models.

2.7.1 The empirical model

All of the primary data regarding the measurements were registered in an Excel-file to make the processing of the data easier. After the registration was done, we used Excel to facilitate the design of various diagrams.

We used a joint form for the complementing qualitative text information that continuously was used for all firms. In connection with the processing and presentation of the data-based part, the text-based part, that consists of notes about the firm's goals and measurements, was presented in order to complement the diagrams with textual information about the development. In the cases where the data from Åkesson's (2008) study were comparable, we included it in the graphs since it may be interesting, even though it is not relevant for this study.

The textual information was exclusively obtained from management commentary, which consists of data from the CEO's letter as well as the chairman's letter. When this information was presented, we chose to not divide these comments, since they both were non-regulated, and both of these positions implies that they were on the board.

We chose to exclusively use management commentary, and not any of the other voluntary information, due to reasons that studies on this subject present. Jonäll (2006) and Adamzon & Wettlegren (2010) claim that an important part of the voluntary disclosure is the CEO's letter to stakeholders. The main objective of this letter is to give the stakeholders a deeper understanding of what the company is trying to achieve, as well as to further explain some, or all, complexities that exist in the annual report.

Clatworthy & Jones (2003) concluded that there is no significant difference in the number of pages dedicated to chairman's statement between improving and declining performance, but that all companies included a chairman's statement, even though it's not mandatory. The CEO's letter to stakeholders includes the information that most investors read, but professional investors overall ranked the CEO's letter to stakeholders second highest, which

means that companies find the chairman's letter as the most important one to stakeholders (Jonäll, 2006).

We used this model to answer the first part of the purpose, which is to describe, and compare, which financial – and non-financial goals and measurements that large-cap firms listed on NASDAQ Stockholm presented during the period of 2007-2015.

2.7.2 The analysis model – in general

The aforementioned studies, which mainly present different points of view of information asymmetry and legitimacy theory, were mixed together with the empirical evidence, which consists of management commentary, data regarding the non-regulated part of the annual reports, and an interview with a former CFO from one of the examined firms. This created an environment where we could compare these different kinds of data, in order to present possible explanations for the development of voluntary disclosure. Put more simplistic, we used legitimacy – and information asymmetry theory to present conceivable solutions for the results that the empirical evidence showed i.e. possible explanations for why the firms behaved like they did.

This model was used to answer the second part of the purpose, which is to try to explain and identify, in general, how, and why, the financial crisis of 2007-2008, and the increasing demand for sustainability has influenced/affected the development of the non-regulated part of the annual report, in large cap firms listed on NASDAQ Stockholm. How, and if, the adoption of IFRS has had an impact on the volume of voluntary disclosure, will also be examined.

3 Method

In this part of the report we will first present and explain the choice of analysis methods, as well as the research papers selections. The models that we used to answer the research questions will be explained and motivated, as well as what arrangements we have made to strengthen the papers credibility.

3.1 Choice of analysis methods

We used two different analysis designs in this study. The first one is a data-based approach which focuses on a specific section of financial data, which in our case consist of data extracted from the non-regulatory part of the annual reports. Since it is possible that new measurements had been developed during the examined time-period, we chose to not use the same checklist that Åkesson (2008) used. Instead, we examined all goals and measurements that were presented in the non-regulated part of the annual reports.

To be able to give this thesis further depth, in the sense of describing and explaining development over time, we chose to include non-financial measurements. The reason is that unprocessed and non-financial measurement are connected, and therefore influence each other (Åkesson, 2008). Companies usually presents measurements that are unprocessed, like different kinds of results or amount used for investment, and non-financial measurements, like sustainability indexes and/or customer satisfaction. It is notable to point out that the examination of non-financial goals and measurements was very limited. Sustainability - measurements and goals are a good example of this. Even though there were various types of sustainability measurements and goals, like using more sustainable fuel, lowering the consumption of unsustainable materials or investing in developing more environmental friendly products, we chose to categorize all of these below the caption sustainability. The reason is that we were interested in examining the popularity of sustainability overall, not individual types of it.

One of the standard setters in Sweden, when it comes to financial measurements, is the Swedish financial analytics association (Sveriges finansanalytikers förening (SFF)) and we chose, with some adjustments, to follow their categorization of measurements (SFF, 2015). We chose to include the categorizations that Nilsson, Isaksson & Martikainen (2002) use, since it gives us categorizes that we feel that SFF missed.

- Measurements of return

(ROC, ROTC and ROCE)

- Stock measurements

(Ownership structure in %, earnings per share, total dividend, dividend per share, market capitalization, equity per share, P/E, return per share, cash flow per share, number of shares and number of shareholders)

➤ Employee measurements

(number of employees, average number of employees, salaries, pension benefit level.)

➤ Unprocessed measurements from financial reports

(sales, results, cash flows, depreciation/devaluation, minority interest)

➤ Margin measurements

(All different kinds of margin measurements)

➤ Capital structure measurements

(Solidity, leverage, Net debt, Net savings, debt and depositions that are interest bearing)

➤ Measurements of investment

(Investments in tangible assets, investments in intangible assets, total investments, investments in R&D, Investments for streamlining R&D, Acquisitions, Streamlining of product range)

➤ Value based measurements

(EVA, Market value, increase in market value, Brand value changes)

➤ Sustainability

(All different kinds of sustainability measurements)

In addition to measurements and goals, complementing data from the annual reports were presented. This was to give the reader a picture of possible general changes that the annual reports had gone through over time. The possibilities for further analyses increased when more background information about the subjects were retrieved. Relatively more pages or words about a particular section may in analyses be related to increased interest for some stakeholders (Åkesson, 2008). The following general data was retrieved from every annual report:

- Number of pages
- Number of pages that contain non-mandatory information
- Number of pages that specifically contains information about the company's stock
- Possible occurrence of value added analysis's.

In order to give a complementing description of the development, and to explain it, a text-based part was included in the study. This approach was a textual analysis of the non-regulated part of the annual report, which is where the goals and measurements, that we retrieved, were stated. We understand that textual analysis is a big area and that there are multiple ways to do it. We chose to use a content analysis, since the secondary purpose is to

describe which goals and measurement firms choose to present over time (Åkesson, 2008). In the cases when goals could not be retrieved from a specific caption or table, this method was used to extract goals from the text. This means in practice that the initial pages, with captions like “CEO has the word” and “Financial overview”, were studied extra carefully.

3.2 The papers selection

In this part of the thesis, the different selections, that we made, will be motivated, and explained. These are divided into six areas: Annual reports, time-period, selection of companies, selection of measurements, selection of evaluation method of the measurements, and selection of method for other primary – and secondary data gathering.

3.2.1 Annual reports

A longitudinal study requires relevant documents and/or access to significant persons that has worked closely with the companies. We chose to use annual reports to describe the development over time. When we talked about annual reports we refer to the full document, which is divided into a regulated and revised part, and a non – regulated and non – revised part.

We used annual reports as the base of this study, mainly because they are a central part of firm’s financial reporting, which according to Jonäll (2006) results in a lot of people studying these. Our understanding is that if companies want to present information about their financial goals and measurements, then the non-regulated part of the annual reports is the place where they will do it. The reason is that financial goals and measurements are clearly related to the regulated part of the annual reports. That is why we found the non-regulated part of the annual reports as a sublime base to study financial goals and measurements.

Since the non-regulated part of the annual reports is, as the name states, not regulated, all the information in this part is information that the companies choose to present. Every year the people in charge of the annual report, make decisions of what to present. These people may have been influenced by external consultants or other external factors regarding what and how information should be presented (Åkesson, 2008). It is the results of these choices that we described and analyzed.

3.2.2 Time-period

Because this study is partially a continuation of Åkesson’s (2008) paper, we chose to examine the time-period 2007 – 2015. Since Åkessons paper studied the year 1965 to 2004, we simply continued where he left of, and by using the three-year interval that he used, we continued from 2007.

3.2.3 Selection of companies

The selection of companies is based on the fact that this study is partially a continuation of Åkesson’s (2008) paper, that is why we, to the utmost extent, tried to use the same companies that he used. In practice are publicly noted companies the only type of companies that really focuses on what and how presentations of goals and measurement, in the non-regulated part, are declared. The choice of study objects may be consolidated by the fact that other

researchers have used publicly noted companies because they usually are predecessors (Åkesson, 2008).

Company	Branch of industry				
	Wholesale	Manufacturing	Forest	Shipping	Bank,
ABB		x			
Atlas Copco		x			
Electrolux		x			
Ericsson		x			
Gotlandsbolaget				x	
Investor					x
Holmen			x		
Ratos					x
SCA			x		
SEB					x
Handelsbanken					x
SKF		x			
Trelleborg	x	x			
Volvo		x			

Table 1: Examined companies and their industry affiliation

There are four companies that Åkesson (2008) studied which we could not examine. These were AGA, Esselte, Skandia and Sydkraft. AGA, Esselte and Sydkraft had been bought by foreign investors, and therefore stopped producing Swedish annual reports in the sense that they used to. The ones they now made in Swedish are compressed, and were therefore not viable to examine. In Skandia's case, they divided their annual report into business areas, and therefore made a consolidated account statement containing only the required parts.

Since we could not use four of the firms that Åkesson (2008) examined, we chose to include two new ones. SKF was included because we felt that we needed another manufacturing firm, and Handelsbanken replaced Skandia, since we thought that it would be a good idea to include another firm that we could put in the bank, insurance, and securities category. We chose to only include two more firms, even though we lost four. The reason for this is that we felt that the 14 companies that we examined were enough to represent the different industries, and since we did not compare the usage of measurement and goals between different industries, like Åkesson (2008) did, there were no reason to further include firms.

3.2.4 Selection of measurements

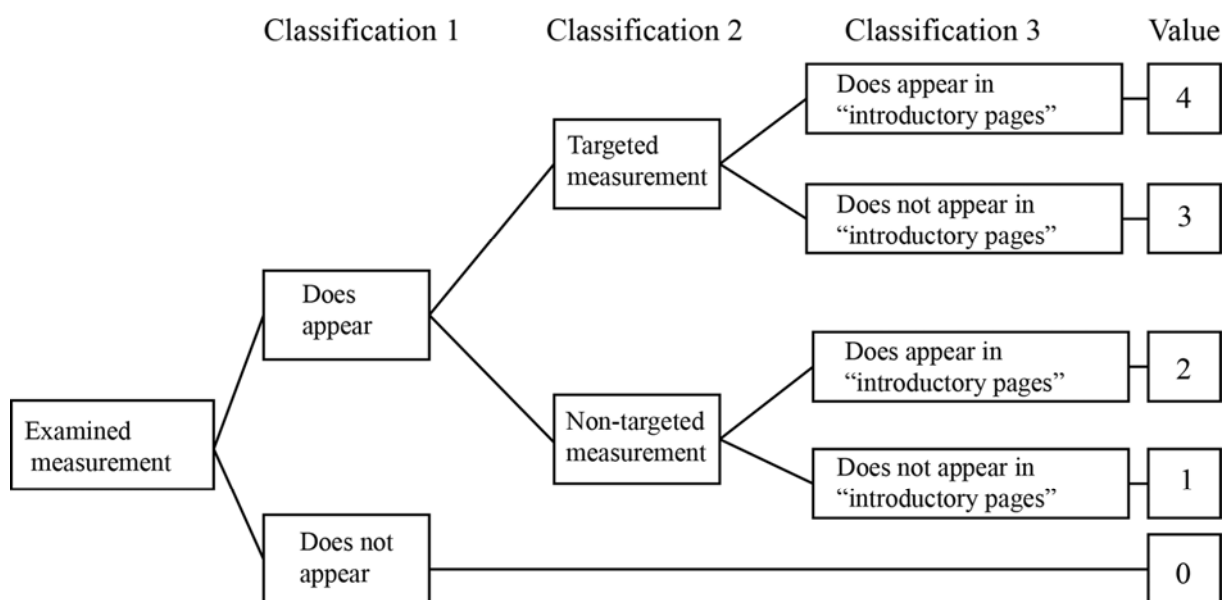
Part of the purpose of the study is to map which financial goals and measurements firms chose to present in the non-regulated part of the annual reports, in other words, what voluntary financial information they chose to disclose. We only examined the non-regulated part, which were usually in the beginning of the annual reports. Many different captions were used, but since they were pretty similar, there was not a problem to find them.

As stated before, the possibility that new measurements had been developed was too high to ignore. Therefore, we examined all measurements presented in the non-regulated part, instead of following the checklist that Åkesson (2008) used.

3.2.5 Selection of evaluation method of the measurements

Financial – and non-financial measurement that do not appear in the non-regulated part of the annual report got the value 0. In the next step, we classified presented measurements in two groups, target measurements and non-targeted measurements.

Measurement that were not targeted, either get the value 1 or 2, depending on if they were presented in the “introductory pages” or not. The same goes for the targeted measurements, which got the value 4 if they appeared in the “introductory pages”, and the value 3 if they did not. Practically this meant that we made a part of the analysis in direct connection to the measurements. Gathered in a scheme we classified all the goals and measurement using this model.



Model 1: Measurement and goal classification model

3.2.6 Selection of method for other primary – and secondary data gathering

To gain a better understanding for what factors that influenced the people in charge of setting and presenting financial – and non-financial goals and measurements, we chose to interview a former CFO from one of the firms that we examined.

The interviewee shared some sensitive information with us, and is therefore anonymous in this paper. The interview was conducted in a semi-structured fashion. This means that we made a list of questions beforehand, a so-called interview guide, but we followed it loosely.

This implicates that we asked one of our questions, but then let the interviewee speak freely. The main reason for doing these kinds of interviews is that it reduced the risk of leading the interviewee to conclusions that fit well with our study, thereby reducing the objectivity (Bryman & Bell, 2008). We also chose to not take notes during the interview, since this may affect the interviewees answers (Bryman & Bell, 2008). Because if we only noted some, or part of the answers, the interviewee perhaps felt that those are the only subjects that he should talk about, and that the other information is not relevant. The transcript of the interview may be found in the second appendix.

The theories and studies that we present in the theoretical framework were mainly, but not exclusively, obtained from the data base Business source premiere. The reason is that we wanted, to the utmost extent, to use papers that had been peer reviewed, since those kinds of papers usually have a higher validity. When these kinds of papers could not be retrieved, we used books and non-peer reviewed papers.

3.3 The papers trustworthiness

High validity and reliability is of utmost importance, since the purpose of this study is to generalize the results that we present. In this part of the study, we will present the arrangements that we made to increase the validity and reliability, as well as scientific problems that our choice of method creates.

3.3.1 Validity

Researchers usually divide validation into two different areas, these are internal and external. *Internal validity* is about how we define what is interesting to study. This affected, in our case, how we defined companies' financial goals and measurements. In order to increase the internal validity, we refer to Åkesson (2008) who claim that companies' financial goals and measurements are comparatively easy to define, and that there is a lot of business administrative research about financial goals and measurements.

Due to study technical reasons, we made some major limitations in the theoretical framework, as well as in the choice of which events to study. We understand that our knowledge of the subject may have affected these selections.

The *external validation* was harder to secure. Our strife of creating good material for future research resulted in multiple questionable choices. In the selection of firms and time-period, we did not see any other clear option other than the fact that we could have used more companies in our selection. The firms that were included in the selection represents important companies in different branches of industry (Åkesson, 2008). Many of these have won awards for their financial reports, and are role models for other firms. We examined the selected firms' annual reports with a three-year separation, which Åkesson (2008) claim is a viable interval to secure valid results.

3.3.2 Reliability

Reliability is about creating and using the correct parameters, which creates the possibility that no matter who do the study, the result will be the same (Bryman & Bell, 2011). This means, in general, that we needed to be objective and consistent throughout the study. The greatest problem is that we cannot ignore our subjectivity which means that our own values will affect the choices we make. To minimize this problem, efforts in the form of

classifications were made, which created guidelines that we had to follow. We also chose to study all annual reports over time that a firm has published, in one session, which gave us an insight and understanding for the way they present information (Åkesson, 2008). At the same time as we gathered the quantitative data, we also wrote down qualitative information.

Another reliability challenge was the analytical part of the study. In this part of the study exists a clear risk of subjectivity, since our experience and know how in the area may affect what we choose to enlighten (Bryman & Bell, 2011). Just as Åkesson (2008), did we not expect to find causation, rather was finding and explaining indirect factors that influence firm's annual reports the focus of this study.

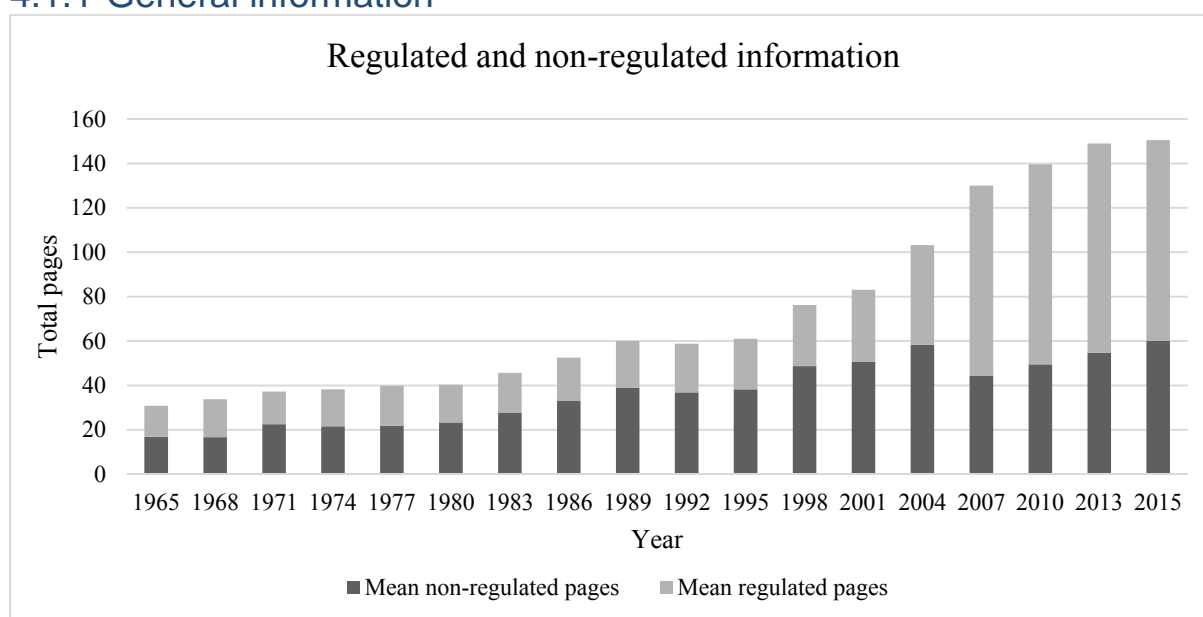
4 Presentation and analysis of the empirical material

In this chapter, the data that have been collected through annual reports and a interview, combined with an analysis of it, will be presented. We will in the first part present and describe the data, and in the second one, we will use the model of analysis to try to describe, in general, the data that was presented in the first part.

4.1 Presentation of financial measurements and goals

In this part of the paper, all the previous classifications of measurements, and how their usage has changed over time, will be described. This will be divided into two parts, in the first part, the measurements and goals will be described, while in the second part, the management commentary will be presented.

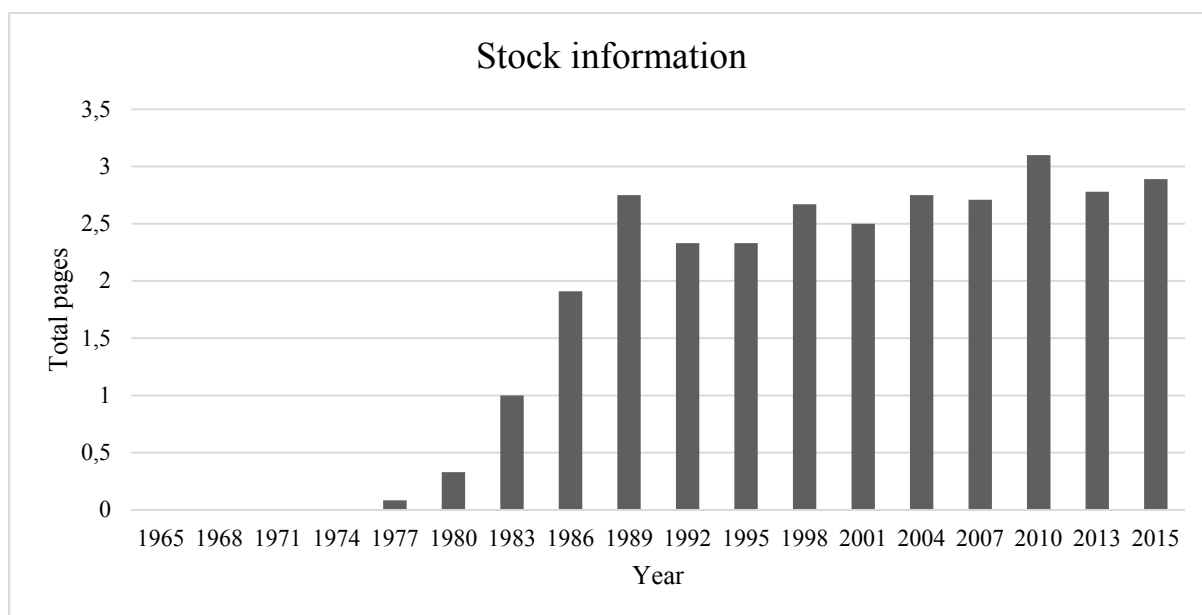
4.1.1 General information



Graph 1: Average number of pages of regulated and non-regulated information.

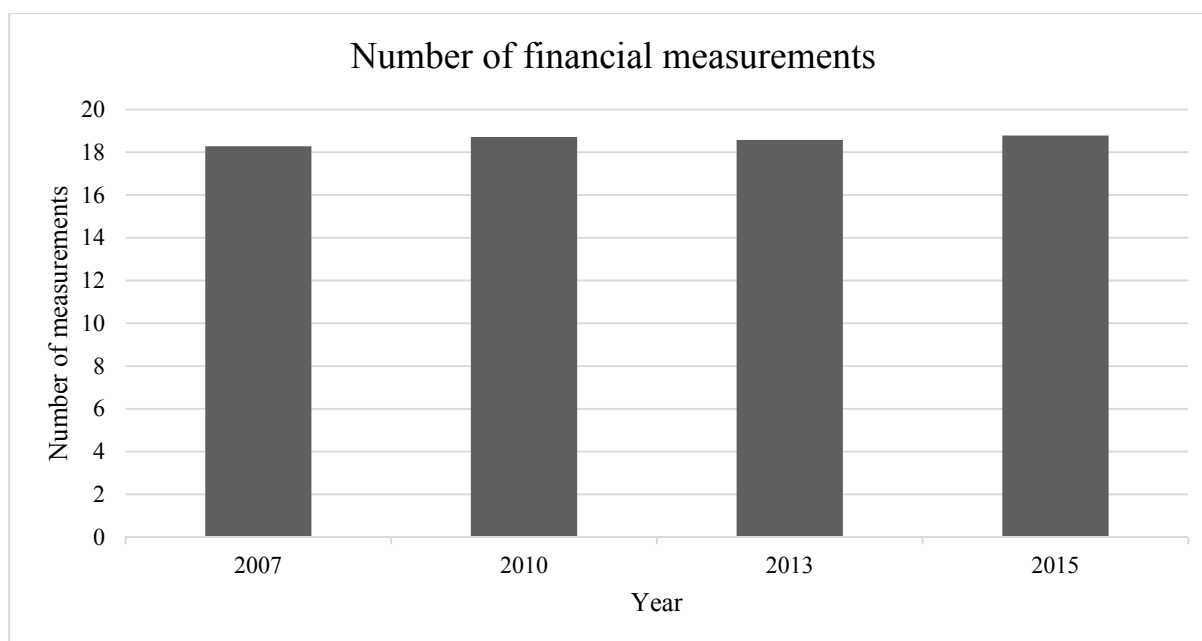
The graph shows the total number of pages, as well as how the pages are divided between the regulated and the non-regulated part, and its development over time. The length of the annual report has been growing steadily over the last 50 years, from 30 pages 1965, to over 150 pages 2015

During the first 40 years, the ratio between the regulated and non-regulated parts kept relatively stable at 1:1, meaning that the regulated and non-regulated part of the annual report were around the same length. From 2004 to 2007 the mean of regulated pages almost doubled in size from 44.95 to 85.57 pages, while the non-regulated part was reduced from 58.25 to 44.43 pages. During the years 2007 – 2015 the non-regulated part grew more than the regulated part. From being the size of 51,9 % of the regulated part in 2007 to 66,5 % in 2015.



Graph 2: Mean total pages of stock information.

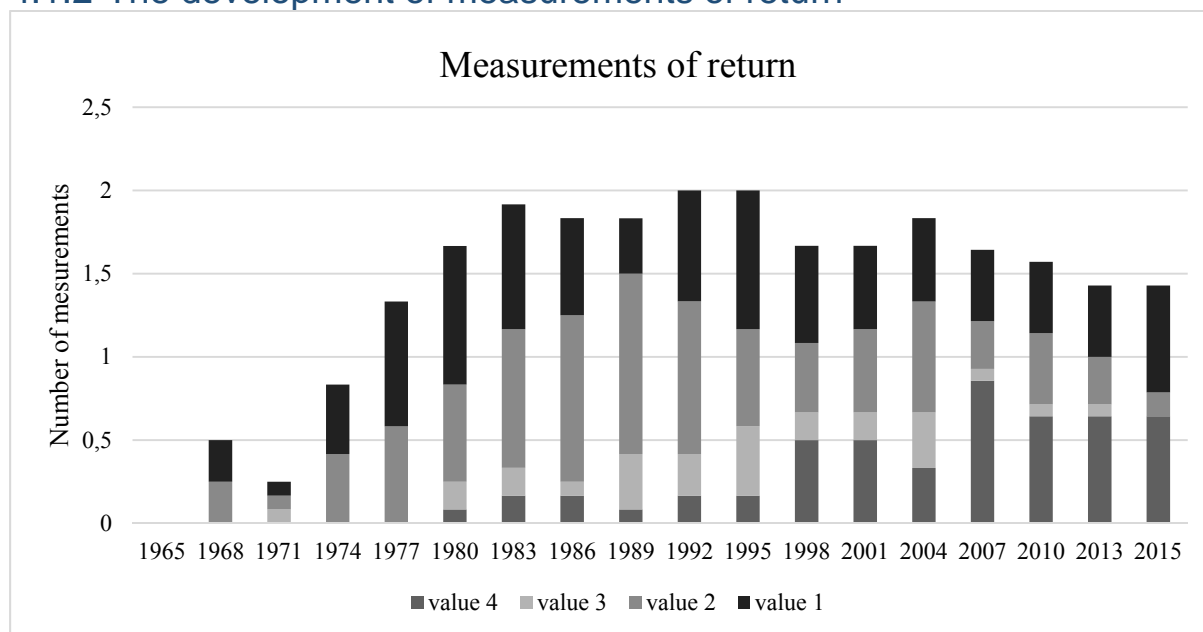
This graph shows the development over time regarding how many pages, in average, that are exclusively dedicated to stock information. This is something that was non-existent until 1977. Before the examined period, the mean of stock pages has been a bit volatile, but has remained at approximately 2,5 pages since 1989. During the examined time-period, the mean reached its highest point in 2010, which is two years after the financial crisis ended.



Graph 3: The average number of financial measurements per company per year.

This graph covers the numbers of financial measurements per company per year, i.e. how many financial measurements the companies' included in their voluntary disclosure. From 2007 to 2015, the usage of measurements only increased slightly.

4.1.2 The development of measurements of return



Graph 4: Average number of measurements of return per company: ROC, ROTC, and ROCE

The usage of return measurements has been steadily growing from 1971 to 1992, except for the time-period 1983 to 1989. After 1995, the popularity of these measurements seems to be reducing, until 2013, with the exception of 2004. In 2013 companies presented an average of 1,42 measurements, which stayed unchanged in 2015.

The first time a return measurement got targeted was in 1971, but that did not start what was later to become an increasing trend. After 1971, not a single firm targeted any of these measurements until 1980, but from that year, until 2010, the popularity of targeting return measurements increased, from 0,25 in 1980 to 0,95 in 2007. In 2010 the frequency started to reduce, and this has been the trend ever since.

4.1.2.1 Management commentary regarding measurements of return

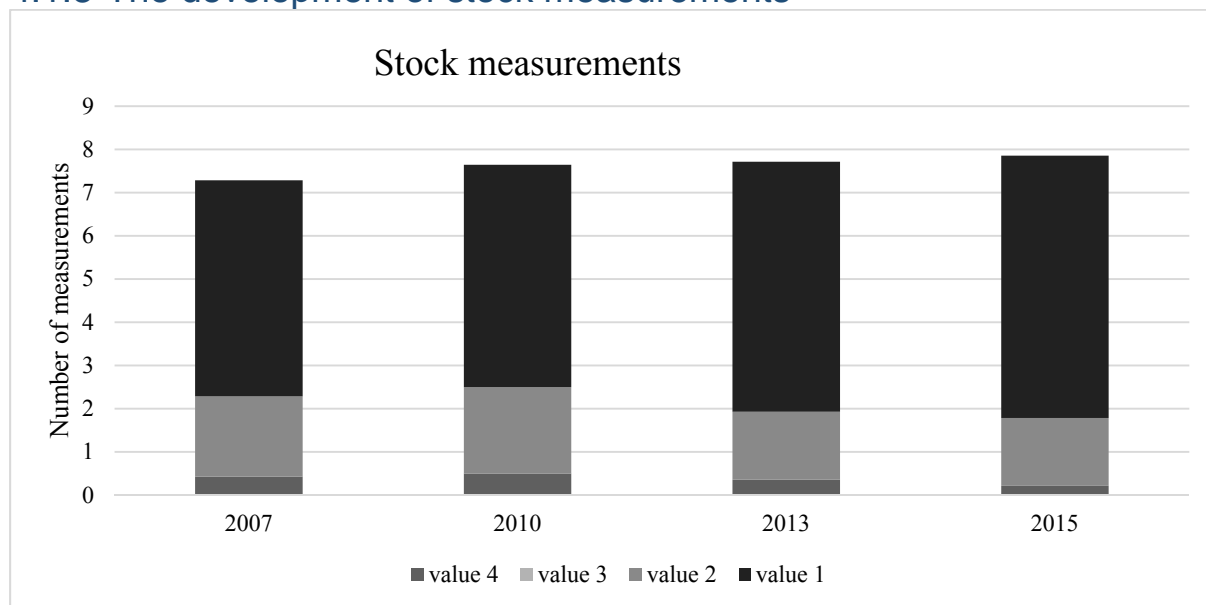
In 2007 only two of the 14 examined firms discussed or mentioned return measurements. Trelleborg talked about how they could increase their return by actively managing their portfolio (Trelleborg, 2007), while Holmen mentioned various arrangements that may increase their return (Holmen, 2007).

Eight of 14 firms discussed, or at least mentioned, return measurements in the management commentary section of the annual report in 2010. Some of the firms focused on growth, and how to grow while maintaining a high level of return. Atlas Copco commented that: “Beyond this point, our focus will be to grow, while preserving a high profitability, as well as a high ROCE.” (Atlas Copco, 2010). Electrolux’s CEO commented that: “The fact that we have been able to obtain 25 % ROC shows that we, in a successful way, managed to combine a strong result with an effective asset turnover ratio.” (Electrolux, 2010).

In 2013 only four of 14 firms discussed, or mentioned, return measurements. SEB commented: “Our most important objective is to create value for our customers, and thereby create sustainable return to our shareholders” (SEB, 2013).

In 2015 was there a slight increase in the popularity of return measurements. Five of 14 firms discussed, or mentioned, return measurements. Two of these were banks, and they were the only ones who did not use the measurement ROCE, instead they used ROC (SEB, 2015) (Handelsbanken, 2015).

4.1.3 The development of stock measurements



Graph 5: Average number of the stock measurements used per company; ownership structure in %, earnings per share, total dividend, dividend per share, market capitalization, equity per share, P/E, return per share, cash flow per share, number of shares and number of shareholders.

The usage of measurements has grown slowly but steadily. The increase in stock measurements can mainly be explained by the increase in value 1. In 2015 value 1 accounted for 6.07 out of the total 7,7.

The targeting of stock measurements has not been especially popular during the examined time-period. In 2007 the average was 0,42 and it increased to 0,5 in 2010, which also was the highest mean during this time-period. After 2010, the popularity has only decreased, to finally end up at the mean 0,21 in 2015.

4.1.3.1 Management commentary regarding stock measurements

Six out of 14 companies discussed or mentioned stock measurements in 2007. Most companies discussed different kinds of stock measurements. SCA did not specifically cover share information in management commentary but had pages on share information directly connected to the management commentary (SCA, 2007). ABB talked about earnings per share and SKF disclosed an increase in dividend per share (ABB, 2007; SKF, 2007). Volvo spoke about how long-term profitability creates share value (Volvo, 2007). Ratos overall had a good year and did not feel the effects of the upcoming financial crisis in 2007, therefore discussing the increase in share return (Ratos, 2007). Investor on the other hand was more affected by the financial crisis and talked about how tough the year had been for their shareholders (Investor, 2007).

10 out of 14 companies discussed or mentioned stock measurements in 2010. Six companies focused on dividend per share and five companies disclosed earnings per share. SKF and

Handelsbanken discussed both dividend per share and earnings per share (SKF, 2010; Handelsbanken, 2010). Ratos had a tough year and talked about how their share was unpopular, due to the fact that the market had systematic shortcomings while evaluating the companies owned by them (Ratos, 2010).

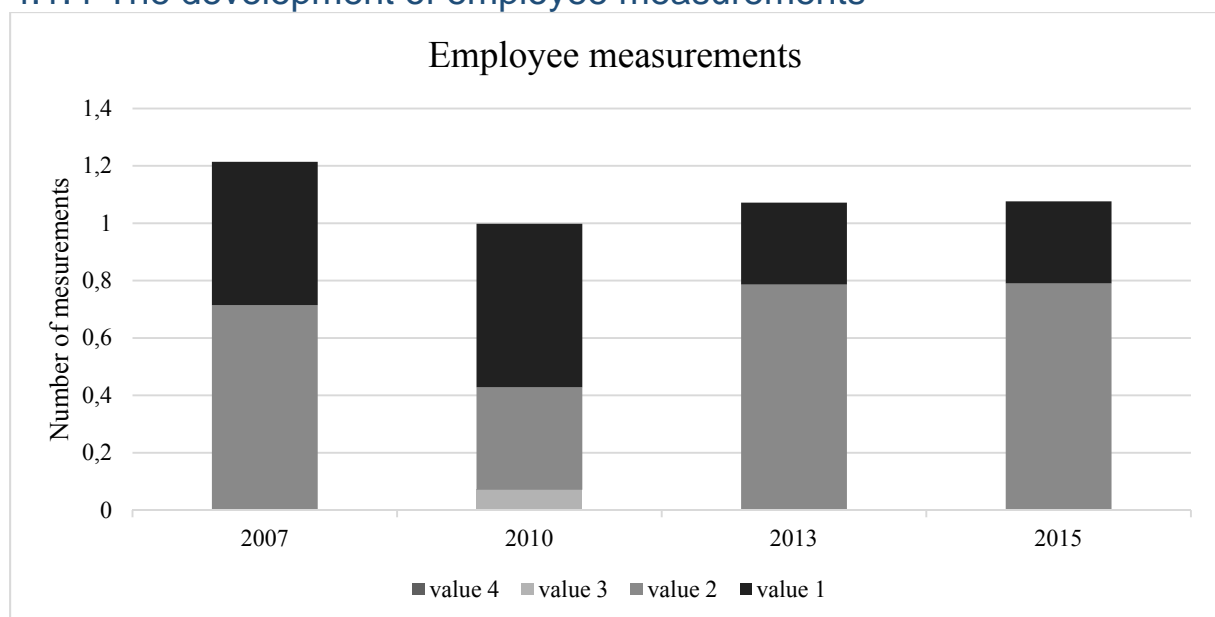
Electrolux (2010) had a whole part where they covered share information and stated:

“Our intensive efforts in recent years to reduce tied up capital and improve cash flow has contributed to a stronger future so that we may focus on both faster growth and a continued high dividend rate. Over the past ten years, we have given our shareholders a total return of an average of 26 percent per year, compared to the average 11 percent on OMX Stockholm”

In 2013, Seven companies discussed or mentioned stock measurements. Four of them covered information about dividends per share. The rest used various stock measurements, for example Ericsson used earnings per share (Ericsson, 2013), ABB used yield per share and Investor used both total dividends and dividends per share (ABB, 2013; Investor, 2013).

Six companies discussed or mentioned stock measurements in 2015. Three companies used dividends per share, two yield per share, and the rest of the companies used different stock measurements. Ericsson kept the same measurements as in 2013, earnings per share (Ericsson, 2015). ABB changed the measurements from 2013 and used total dividends and dividends per share (ABB, 2015). Handelsbanken used the measurements earnings per share and dividends per share (Handelsbanken, 2015).

4.1.4 The development of employee measurements



Graph 6: Average number of employee measurements used per company; number of employees, average number of employees, salaries, pension benefit level.

The overall trend is that firms use these measurements less and less, since the usage of the measurements decreased from 1,22 in 2007 to 1,12 in 2015. The year with least usage is 2010. Value 1 is the most used value in 2010. During 2013 and 2015 value 2 is more than twice as high than value 1.

4.1.4.1 Management commentary regarding employee measurements

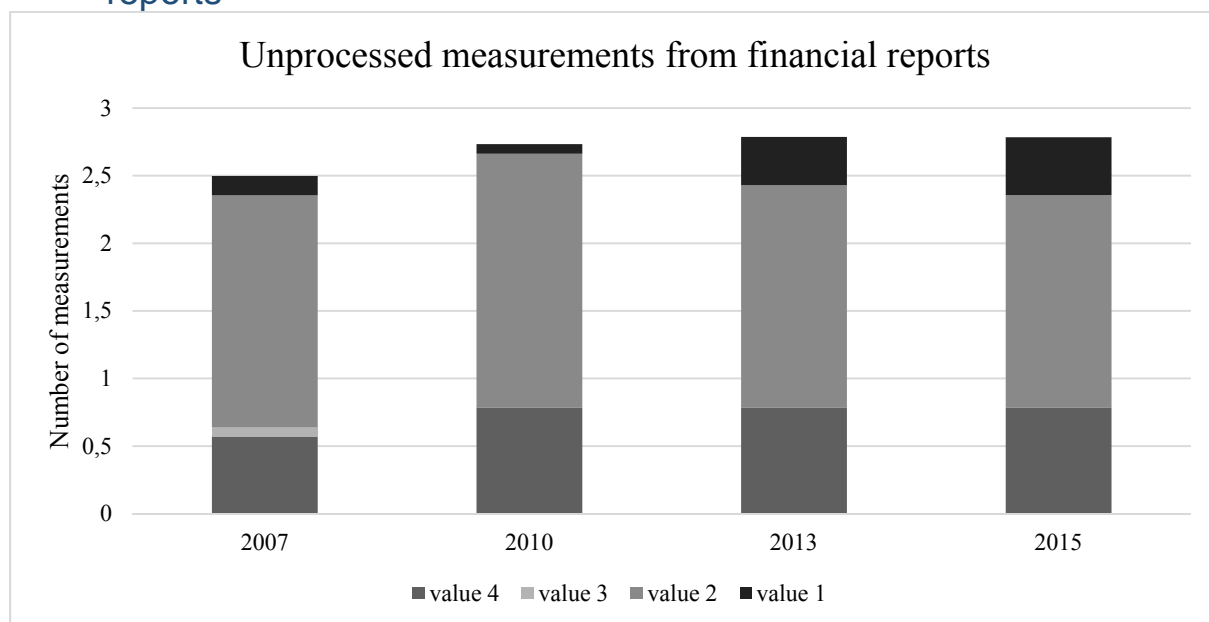
In 2007, two out of 14 companies discussed or mentioned employees. Investor stated that “Competent employees are the foundation of our value creation” (Investor, 2007) while SEB stated “In tough times, it is important to have employees of the highest quality and to encourage creativity. These are areas of priority for the board.” (SEB, 2007).

Two out of 14 companies discussed or mentioned employees in 2010. SKF claimed that the employees were a big reason for the strong results the company had (SKF, 2010). Atlas Copco expanded their business, hired 3000 new employees, and held education programs for them (Atlas Copco, 2010).

In 2013, five companies discussed or mentioned employees. Two of them held education programs for their employees. Handelsbanken stated that: “We will also expand our recruitment base, not only to bring in new kinds of skills to meet new kinds of challenges - but also in terms of diversity, so that we become a bank whose employees reflects the society in which we operate” (Handelsbanken, 2013). Ratos stated that “operational experience of industrial advisors is an important prerequisite for value creation” (Ratos, 2013). Holmen had a tough year and had to lay off employees in some business areas (Holmen, 2013).

Two out of the 14 companies discussed or mentioned employees in 2015. Ericsson held an educational conference with 250 of the company’s senior executives (Ericsson, 2015). Atlas Copco expanded the service division of the company, to further help the customers. Atlas Copco also stated that: “Our skilled staff makes all the difference, so investment in their skills are critical” (Atlas Copco, 2015).

4.1.5 The development of unprocessed measurements from financial reports



Graph 7: Average number of unprocessed measurements from financial reports used per company: sales, results, cash flows, depreciation/devaluation, minority interest,

In 2007, the average usage was 2,5. In 2010, these measurements popularity increased, followed by a slight increase in usage in 2013. The usage stayed at the same level in 2015, as it was in 2013.

The popularity of targeting these measurements increased from 2007 to 2010 and has then stayed at the exact same level.

4.1.5.1 Management commentary regarding unprocessed measurements from financial reports

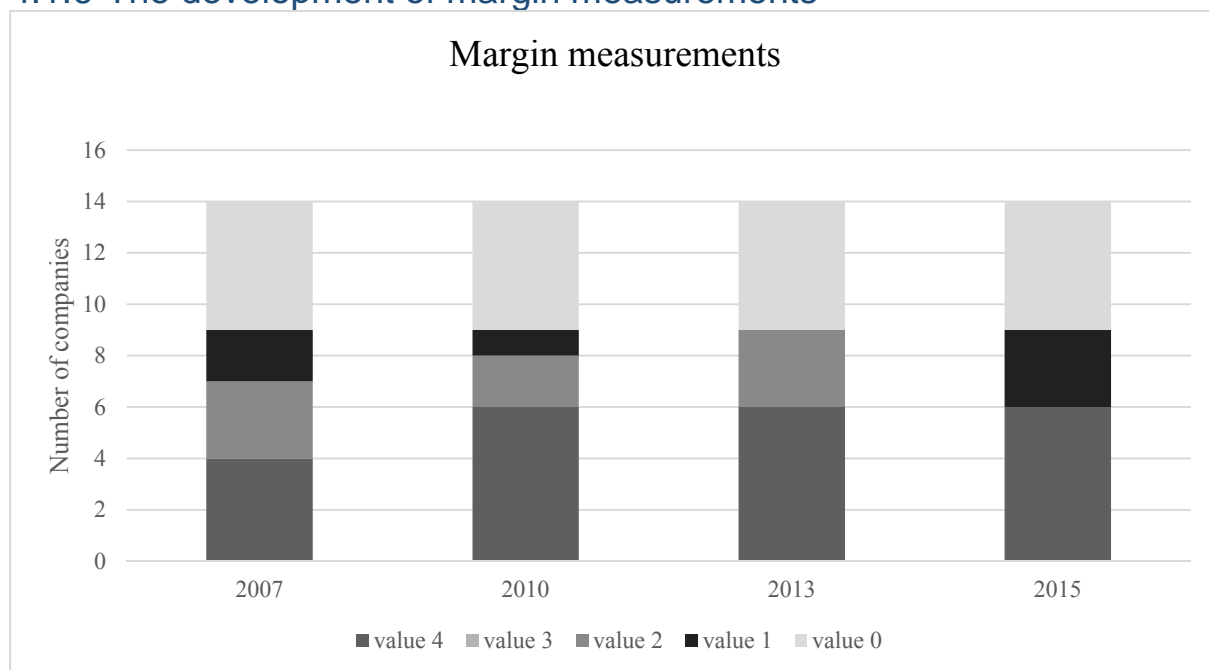
In 2007, seven out of 14 companies discussed or mentioned these measurements. Operating profits was the most discussed measurement. SKF talked about operating profits and cash flow (SKF, 2007). Volvo were the only company discussing total sales (Volvo, 2007), and Atlas Copco discussed cash flow and operating profits (Atlas Copco, 2007).

Nine out of 14 companies discussed or mentioned these measurements in 2010. The most discussed measurement was operation profits, which nine companies talked about. Two companies discussed information regarding cash flows. SKF were the only company to discuss increased sales (SKF, 2010).

In 2013, eight out of 14 companies discussed or mentioned these measurements. Just as the prior years, the most discussed measurement was operation profits, which six companies talked about. Two companies mentioned cash flows. Ericsson discussed growth in total sales, and Volvo talked about depreciation (Ericsson, 2013; Volvo, 2013).

Nine of the 14 companies discussed or mentioned these measurements in 2015. The most popular measurement was operation profits, which 4 companies discussed. Two companies talked about cash flow.

4.1.6 The development of margin measurements



Graph 8: Number of companies that presented some type of margin measurement

There were always nine firms that presented margin measurements during the examined years. The only thing that changed was how they presented it, i.e. if it was in the introductory pages or not, and if it was targeted or not.

The targeting of margin measurements only changed one time, and that was from 2007 to 2010, where six firms, instead of four, targeted this measurement. Since 2010 have always six firms target this kind of measurement.

4.1.6.1 Management commentary regarding margin measurements

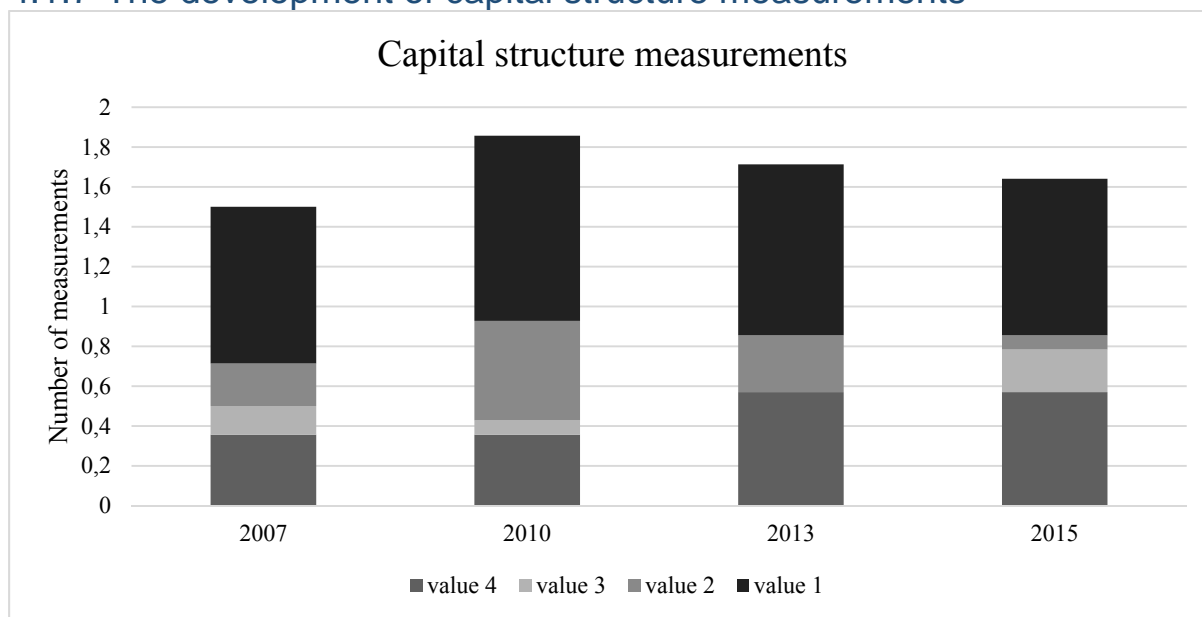
In 2007, four firms discussed or mentioned margin measurements. Trelleborg discussed that better operation effectivity led to better operating margin (Trelleborg, 2007).

In 2010, six firms discussed or mentioned margin measurements. Two firms discussed EBITDA margins, and Ericsson, ABB and Electrolux discussed operating margin (Ericsson, 2010; ABB, 2010; Electrolux, 2010).

Only two firms discussed margin measurements in 2013. These were SKF and Electrolux, and they both discussed operating margins (SKF, 2013; Electrolux, 2013)

In 2015, four firms discussed or mentioned margin measurements. Electrolux, Trelleborg and SKF discussed operating margins, while ABB mentioned EBITDA margin (Electrolux, 2015; Trelleborg, 2015; SKF, 2015; ABB, 2015).

4.1.7 The development of capital structure measurements



Graph 9: Average number of capital structure measurements per company: Solidity, leverage, Net debt, Net savings, debt and depositions that are interest bearing.

In 2007 the average use was 1,5 measurements per company and increased to 1,83 in 2010. The usage decreased both 2013 and 2015. In 2015 the average usage was 1,62 measurements per company.

In 2007 the mean of setting capital structure goals was 0,5 measurements per company, and this decreased to 0,43 in 2010, but after 2010 the goals set on these kinds of measurements has only increased, and in 2015 the targeting has roughly doubled in popularity in comparison to 2007.

4.1.7.1 Management commentary regarding capital structure measurements

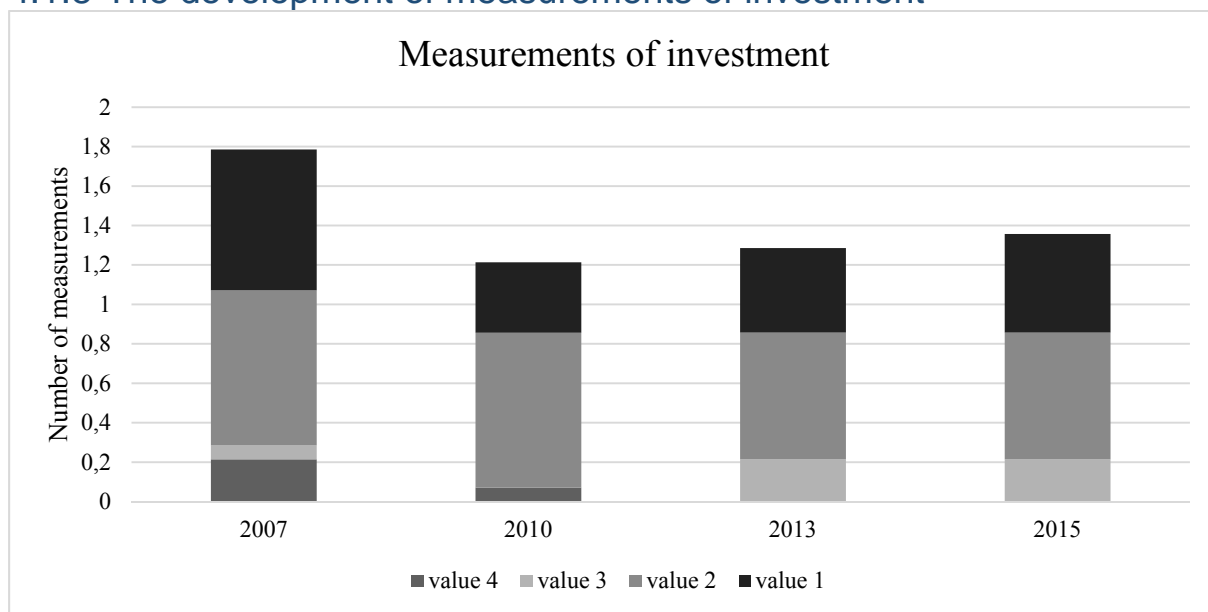
Four of 14 companies discussed or mentioned capital structure measurements in 2007. Handelsbanken, SEB and Investor talked about turbulence, and that they had decreased their leverage, because of the financial crisis (Handelsbanken, 2007; SEB, 2007; Investor, 2007).

Five of 14 firms discussed or mentioned capital structure measurements in 2010. Electrolux stated that: “Our increased work the last year, regarding lowering our leverage, has contributed to our forthcoming focus on faster growth, as well as a continued high dividend.” (Electrolux, 2010). The other firms talked about their efforts for reducing costs and lowering their leverage.

Only two of 14 firms discussed or mentioned capital structure measurements 2013. Both of them talked about future and current plans for maintaining a low financial risk.

In 2015, Four of 14 firms discussed or mentioned capital structure measurements. Once again, financial risk and improvements of leverage was the main topic of discussion. SKF even discussed their leverage goal, and how to achieve it (SKF, 2015).

4.1.8 The development of measurements of investment



Graph 10: Average number of investment measurements per company: Investments in tangible assets, investments in intangible assets, total investments, investments in R&D, Investments for streamlining R&D, Acquisitions, Streamlining of product range.

Investment measurements were quite popular in 2007. The mean in 2007 was 1,79, but then decreased in 2010 to 1,2. But after 2010, investment measurements has slowly started to increase in popularity again.

Of all the examined years, 2007 was the one where targeting investment measurements were most popular. In 2010, it is not only less popular, it was only set as a goal by one firm. In 2013 firms started targeting investment measurements again, but there were only a few companies that did it, since the average usage is 0,2. The same average is seen in 2015.

4.1.8.1 Management commentary regarding investment measurements

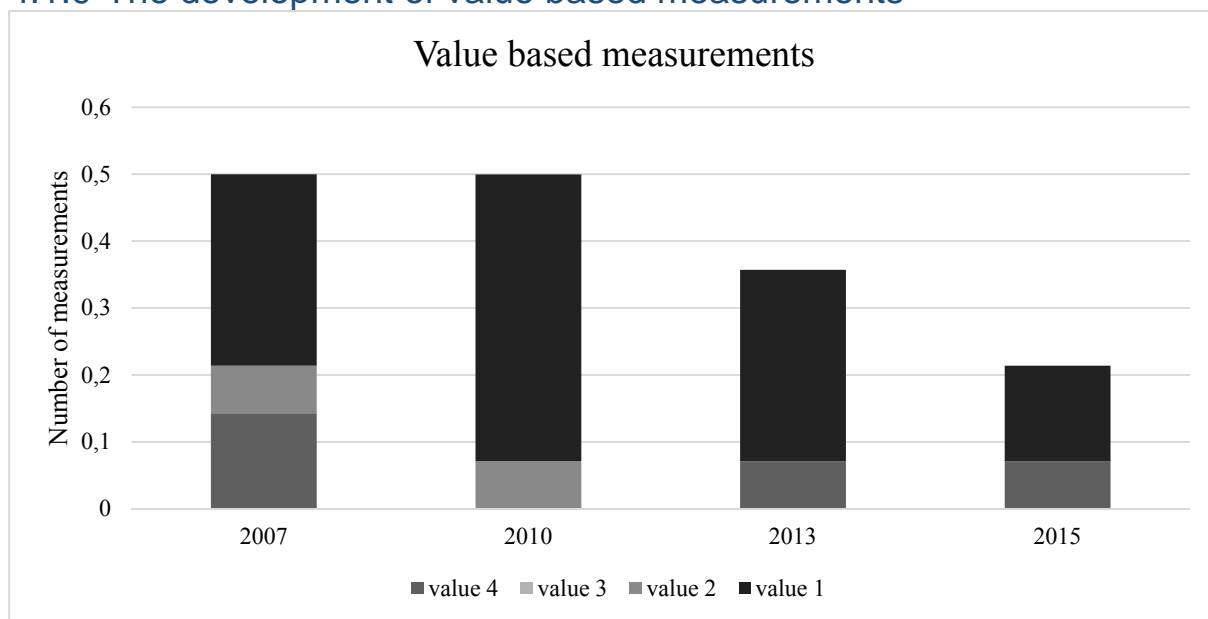
Nine of 14 firms discussed or mentioned investment measurements in 2007. Four of these talked about R&D, and the rest, except one, discussed different types of acquisitions. The one firm that were not talking about R&D or acquisitions is SCA. They instead focused on investments with the sole purpose of strengthening their brand. (SCA, 2007).

In 2010, 10 of 14 firms discussed or mentioned investment measurements. Eight of those talked about R&D, while the rest, except one, discussed different types of acquisitions. The company that did not talk about acquisitions is SKF, they discussed investments in streamlining the production (SKF, 2010).

10 of 14 firms discussed or mentioned investment measurements in 2013. All ten of these firms talked about R&D and two of these also discussed acquisitions.

In 2015, 10 of 14 firms discussed or mentioned investment measurements. All ten firms talked about R&D, and three of them also talked about acquisitions.

4.1.9 The development of value based measurements



Graph 11: Average number of value based measurements per company: EVA, Market value, increase in market value, Brand value changes

Value based measurements were not very popular during the examined time-period. In 2007 and 2010, the average usage was 0,5 measurements per company. In 2013, the mean decreased to 0,35, and decreased even further in 2015, resulting in an average usage of 0,21.

The development of targeting value based measurements did not follow the progress of the total usage of the measurements. In 2007, the average targeting of value based measurements was 0,14, but even though the mean regarding the presentation of these measurements did not decrease in 2010, so did the goal setting. Not a single firm targeted value based measurements in 2010, but both in 2013 and 2015 one firm targeted one of the measurements.

4.1.9.1 Management commentary regarding value based measurements

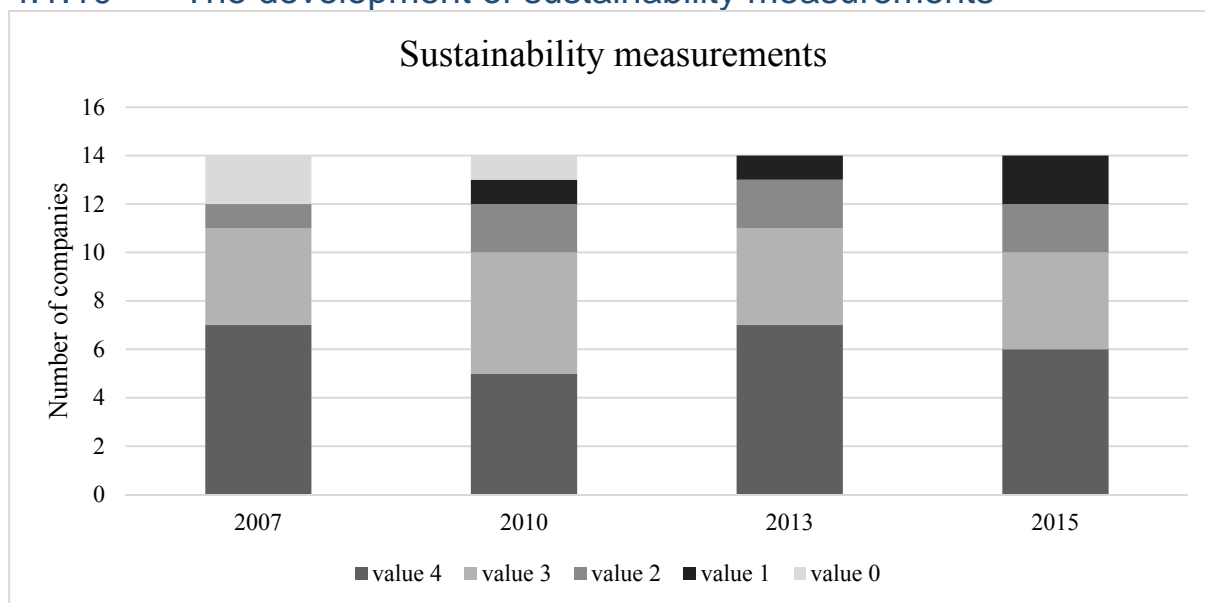
There is not a lot of companies that discussed or mentioned value based measurements in their management commentary. In 2007, only Investor mentioned one of these measurements, and that was market value (Investor, 2007).

In 2010, two firms mentioned these kinds of measurements. Electrolux talked about market value changes in their brand, and Investor, once again, talked about the market value of their assets (Electrolux, 2010; Investor, 2010).

In 2013, both Investor and SCA discussed one of these measurements, Investor talked about market value (Investor, 2013), and SCA stated that: “SCA has a lot of strong global and regional brands that contributes to mediate who we are and what we stand for” (SCA, 2013).

Investor was the only company that discussed any of the value based measurements in 2015. Once again, market value was the topic of discussion (Investor, 2015).

4.1.10 The development of sustainability measurements



Graph 12: Number of companies that presented a sustainability measurement.

Sustainability measurements have been highly popular during the examined time-period. In 2007 and 2010, 12 respective 13 firms reported a sustainability measurement, which indicate that almost all firms discussed or mentioned sustainability in their report. In 2013 and 2015 all firms talked about sustainability.

Even though sustainability goals are very popular, they have not increased during the examined time-period, which the presentation of it did. Still, the targeting has stayed at a high level.

4.1.10.1 Management commentary regarding sustainability measurements

Nine of 14 firms discussed or mentioned sustainability in their management commentary in 2007. In 2010, seven of 14 firms discussed or mentioned sustainability. Electrolux stated that: “Of all the trends that has driven the demand the last years, the customers increased environmental awareness has been the strongest one” (Electrolux, 2010). The other firms discussed topics like reducing the environmental damage, increased social responsibility, creating sustainable value and so on.

In 2013, 12 of 14 companies discussed or mentioned sustainability in their management commentary. The topics were pretty much the same as earlier year, which may be concluded from quotes from SCA respective Volvo: “Innovation and sustainability is what pursues the business” (SCA, 2013) and “Sustainability focus will give us the maneuvering space that we require to continue our investments in product development, growth in new markets and in the end, fulfill our vision of becoming the world leader in sustainable transportation solutions” (Volvo, 2013).

In 2015, all firms, except SEB, discussed or mentioned sustainability in their management commentary. Once again, the topics were the same. Electrolux state that: “Sustainability is the main topic on our agenda” (Electrolux, 2015) and Investor say that: “Sustainability is a fundamental prerequisite for long-term profitability (Investor, 2015).

4.2 Analysis of financial goals and measurements

In this part of the paper, the earlier stated events will be discussed and analyzed by using the model presented in 2.7.2. Important to note is that even though the financial crisis of 2007-2008, the increasing demand for sustainability, and their influence on voluntary disclosure overall will be analyzed, the first part, which regards the adoption of IFRS, will only focus on IFRS: s influence on the volume of voluntary disclosure.

4.2.1 IFRS influence on the volume of voluntary disclosure

In 2005, IFRS is introduced in Sweden. At the same time as it was introduced, it also became mandatory for firms notated on NASDAQ Stockholm to follow and incorporate these new regulations and recommendations. Even though this legislation only affect the regulated part of the annual report, studies suggest that the introduction also had effects on the non-regulated one.

Mark & Lorien (2015) states that the non-regulated part has become larger, more transparent, and more comparable. But if we look at the empirical evidence, we see that the pages of non-regulated information have decreased from 2004, i.e. before IFRS was adopted, to 2007, after adoption. In 2004, the mean of non-regulated pages was 58.25, and in 2007 it decreased to 44.43 pages. These findings are in accordance with the information received during our interview, where the interviewee stated that their voluntary disclosure had not been influenced by the adoption of IFRS standards, nor did he think that any other large-cap company had been (Appendix 2).

Worth noting, however, is that, ever since 2007, the amount of voluntarily disclosed information has steadily increased. Compared to 2004, the average number of pages was 60.1 in 2015, which is equivalent to a pre-adoption increase. The implication is that even though there was no increase at the time of the introduction, the average number of pages of voluntary disclosures has, in fact, increased since the adoption of IFRS. However, it is important not to confuse correlation with causation.

One study, which examines the affect IFRS have had on voluntary disclosures, made on companies listed on NASDAQ Stockholm, showed that the number of non-regulated pages, in average, increased in 2005, compared to 2002 (Broberg, Tagesson & Collin, 2010). Why our empirical evidence tells a very different story, may be due to the fact that we only examined firms in the large-cap region, where as the aforementioned study observed firms from all different classification regions. Hence, it may be possible that firms, who are listed on NASDAQ Stockholm, overall, increased the amount of voluntarily reported information, but that large-cap firms did not.

While the number of voluntary pages has increased significantly overall, the empirical evidence show that the number of measurements, during the examined time-frame, only increased by 0.5. This suggests that the increase in voluntarily disclosed information is not due to an increase in measurements. Instead it could be due to a perceived need to disclose more non-regulated information, caused by other factors, such as those described by legitimacy theory, and information asymmetry.

4.2.2 The financial crisis of 2007-2008

Studies suggest that when firms are subjects of turbulence, society will increase their demand of information, mainly because of the increased financial risk (Đurić, Knežević & Rakočević, 2011; Haji & Ghazali, 2011; Wang & Hussainey, 2013). Haji & Ghazali (2011) also claimed that after the last financial crisis, voluntary disclosure increased. Possibly in order to decrease the information asymmetry, and thereby gaining a lower cost of capital (Herlitz & Nilsson, 2011). This is in line with the empirical evidence, since the mean increased from 44.43 in 2007, to 49.5 pages in 2010.

Even though studies suggest that firms mainly tend to discuss positive aspects (Falschlunger *et al.*, 2015; Jonäll, 2006), they do also touch upon some of the negative ones. However, when they do, many of them blame negative outcomes on the recent years of economic turbulence. For example, management commentaries, addressing these issues, present depictions in the following manner: “The decreased demand is due to the state of the market” (Electrolux, 2010), “Toward better times after years of macroeconomic challenges” (SEB, 2010), “Still great uncertainty in the capital markets” (Handelsbanken, 2010), “Unpopular share due to systemic errors in the market” (Ratos, 2010), “Weak markets” (Gotlandsbolaget, 2010), and “Bad year for our investors due to turbulence” (Investor, 2007). This behavior is in line with attribution theory (Adamson & Wettlegren, 2010; Karlsson & Rutgersson, 2014), and the results from the study made by Clatworthy and Jones (2003), which are that firms tend to take credit for the positive aspects, while blaming bad ones on externalities. Clatworthy and Jones (2003) further state that firms, on average, produce more voluntary disclosure when they improve their performance. Taking this into account while analyzing company statements from 2010 – where comments such as: “Back to our targeted capital structure” (Investor, 2010), “Strengthened competitiveness” (ABB, 2010), “The year of recovery” (Atlas Copco, 2010), “A very strong year” (SKF, 2010), and “Great prerequisites for 2011” (Trelleborg, 2010) can be found – we may conclude that 2010, indeed, was a year of performance recovery. As companies, on average, increased their voluntary disclosure in the same year as increased performance was a subject of discussion, it implies that companies increase the amount of disclosed non-regulated information parallel to an increase in performance (Clatworthy & Jones, 2003).

10 of the 14 examined firms discussed growth in their management commentary in 2010. Most of them presented similar information, like development, operational profit, and investments. This is in harmony with Khurshids (2016) study, where he claims that firms show identical behavior, putting emphasis on firm growth toward an ending of a financial crisis, the reason being that investors are concerned about long term returns. However, when firms engage in this type of behavior, it is likely that they mainly focus on positive outcomes, and even exaggerating positive trends, even though the reality can be far from pleasant (Jonäll, 2006; Falschlunger *et al.*, 2015). The implication is that firms may use the non-regulated part of their annual report as a form of communication tool, conveying what they think are marketable information (Jin, 2005). That the non-regulated part of the annual report is used as a strategic way of marketing the company is further supported by the interviewee, who stated that, in times of turbulence, the firm chose to focus on marginal measurements, instead of growth or sustainability in return (Appendix 2).

Some studies, like the one made by Brennan *et al.* (2009) states that firms do not only try to present positive information, but also tries to hide the bad information or explain it in a complex way. The latter is in direct conflict with answers given by the interviewee, who

stated that even though they did not focus on the negative aspects, they at least tend to explain possible complexities, not create them. No matter which of the two behaviors are more generalizable, common practices for both is to not focus on the negative aspects of the business. Since multiple studies (Cormier *et al.*, 2010; Seong *et al.*, 2013; Hung *et al.*, 2015) have found that presenting negative information reduce information asymmetry far greater than presenting positive information, it is not a forgone conclusion that companies communicate to reduce risk, originating from asymmetric information. Being sure not to stretch the logic, why companies would focus on presenting positive information could be the context in which their presented information would be analyzed. Presenting negative information while competitors present positive information could put the business in a negative spotlight relative to the competitors (Braam & Borghans, 2014).

This seems like a reasonable explanation, since Khurshid (2016), as earlier stated, claim that firms report similarly at the end of financial crisis, which is in accordance with the empirical evidence. The interviewee stated that in times of turbulence, they started to target margin measurements instead of return measurements, which we see that the examined firms have done as well. The targeting of return measurements decreased by approximately 23,1 % between 2007 and 2010, while the targeting of margin measurements increased by 14,3 % between 2007 and 2010. During the interview, the interviewee stated that, in times of turbulence, the company also focused more on capital structure measurements. Our empirical findings support this statement, showing an increase in capital structure measurements of 23,8 %, between 2007 and 2010; which was also the year that capital structure measurements achieved its highest popularity.

4.2.3 Sustainability

One of the most influential organizations, regarding sustainability, is the Global Reporting Initiative (GRI), which was founded in 1997. GRI states on their website that: “GRI provides the world’s most widely used standards on sustainability reporting and disclosure, enabling businesses, governments, civil society and citizens to make better decisions based on information that matter. In fact, 92 % of the world’s largest 250 corporations report on their sustainability performance.” (Globalreporting, 2016). The UN global compact is also a large influence in the sustainability reporting community (Unglobalcompact, 2016). Since Sweden in December of 2016 adopted a sustainability reporting act, sustainability could be looked at as a very important subject from a Swedish perspective. The newly adopted law states that the regulations and recommendations, for example from organizations such as GRI and UN global compact, are suitable when formulating a sustainability report (6 chapter. § 10 ÅRL 1995: 1554). What is important to note here is that the aforementioned law was not in place during the time-period examined by this study.

As 12 of 14 firms presented sustainability measurements, and 11 of these also had targeted measurements, you can say that sustainability measurements, and hence also sustainability related goals, have been very popular. Every firm presented sustainability measurements during the years 2013 and 2015, but the frequency in targeting had its peak in 2007 and 2013. Yet, why sustainability measurements are high in demand is everything but a forgone conclusion.

Some studies suggest that shareholders value sustainability, and that firms that are, or act sustainable gains higher firm value, as well as lowered financial and operational risk. As demand for sustainable firms has increased, it was not hard to understand that the willingness

to provide information accordingly (Friedman & Miles, 2001; El Goul *et al.*, 2011), which the study made by Ernfjord & Gustafsson (2015) claim that firms in Sweden have done.

Since sustainability has not been regulated, but in contrast has been characterized by a pluralistic supply of recommendations and reporting standards, it is easy to understand that someone who is not familiar with the subject, perceive sustainability as a subject of analyze which is complex. Nevertheless, even if sustainability clearly can be perceived as difficult to understand, it can still be identified as something important. Thus, as Cormier *et al.* (2010), Seong *et al.* (2013), and Hung *et al.* (2015) states: firms which accomplish to lower the sustainability related information asymmetry, reduces shareholders' investment risk and, hence, also the firm's cost of capital. They uniformly state that the asymmetry at hand is reduced even further if the receiving part, i.e. investors and shareholders, are knowledgeable of the subject. Using the non-regulated part of the annual report to "educate" the receiving part, in order to reduce the information asymmetry even further, could be an explanation of the increased size of voluntary reporting.

We also conclude that sustainability was one of the main topics in many of the managerial commentaries. This conclusion was drawn from statements like: "Of all the trends that has driven the demand the last years, the consumers increased environmental awareness has been the strongest" (Electrolux, 2010), "We strive to reduce our environmental impact" (ABB, 2010), "Our goal is to become the leading environmental firm in our industry" (Electrolux, 2015; Volvo, 2013; Volvo, 2010), and "Our customers trust our company to be engaged in social responsibility, as well as long term sustainable mind-sets" (Trelleborg, 2013). Some of these firms address subjects, stating that they were "working in accordance with the UN:s Global Compact regulation and recommendations", "engaged in human rights activities", and "acting socially, and environmentally responsible." (Holmen 2015).

In contrast to findings presented in earlier studies, Emassri *et al.* (2016), for example, claim that firms set non-financial goals, not because of the possibly reduced cost of capital, but because the demand from shareholders, as well as the social, political, and economic pressure, is so high. Because of this, managers think that not setting non-financial goals is even worse than setting terrible ones. Since studies suggest that non-financial goals only should be set if they may be used as a stepping stone to achieve the financial ones, this can – since the goals merely are set for the firm to be considered as legitimate – possibly be damaging for the firm (Boman & Johansson, 2003). If these goals are not correctly set, which might be the case when talking about external pressure, the non-financial goals may not only be hard, but impossible to achieve if firms engaged in these types of activities are not ready to sacrifice other activities, or higher levels of profitability. Put differently, it may be unfeasible to try to reach both the financial, and non-financial goals simultaneously (Ordóñez *et al.*, 2009; Tammemagi, O'Hora & Maglieri, 2013).

During our interview, sustainability was a topic which was brought to attention more than once. The interviewee stated that: acting sustainable, and offer products which are environmental friendly, are great sales arguments. He further stated that even though there are not any legal requirements, shareholders and customers expect firms to act sustainable. The interviewee stated that:

“In the beginning, no one cared about sustainability, but there was still some interest in the subject. But all of a sudden, when others start to care about it, it becomes popular, and suddenly, you are not in the loop, if you do not catch on to the trend. This kind of development, let us call it informal demands, of course matters. Equality was also such a phenomenon. Since everyone else was reporting about it, it became natural for us to do it as well.”

The comment suggests a behavior that is in harmony with what studies have claimed about sustainability increasing in popularity due to demand from shareholders, as well as companies' pursuit to become/stay legitimized. It is also in line with Axelsson & Johansson's (2012) results, where they claimed that originally, firms looked at sustainability reporting as a burden, but when the concept became established, firms thought this kind of reporting was something positive.

5 Conclusion

This part will include a short summary of the conclusions made in the prior chapter. Finally, suggestions for future research will be presented.

5.1 Analytical conclusions

How, and why, in general, has the financial crisis of 2007-2008, and the increasing demand for sustainability, influenced/affected the development of the non-regulated part of the annual report, in large cap firms listed on NASDAQ Stockholm, and how, and why, has the adoption of IFRS had an impact on the volume of voluntary disclosure?

Our study suggests that the introduction of IFRS has not created an identifiable gap in the voluntary disclosure. Even though the adoption of IFRS has preceded an increase in the non-regulatory information disclosure, in terms of volume, the empirical evidence does not imply causation. On the contrary, our findings suggest that the adoption of IFRS standards has had no, and in some cases a negative impact on the non-regulatory volume. Analogically, we argue that the adoption of IFRS has not had an impact on the usage of measurements.

In contrast to the impact IFRS seems to have had, the financial crisis of 2007-2008 seems to have had a large impact on the usage of measurements, as well as the volume of voluntary disclosure at large. The identifiable gap, in this case, is the increased uncertainty that the financial crisis created, which seems to have had an effect on the shareholders' demand for information related to this issue (Đurić, Knežević & Rakočević, 2011; Haji & Ghazali, 2011; Wang & Hussainey, 2013). One possible explanation could be that, due to uncertainty, the information asymmetry, or perceived information asymmetry, had increased. Hence, in order to reduce the increased risk, firms disclosed more information related to the issue at hand. However, the increased information asymmetry could create a contextual framework where disclosures, related to the financial crisis, were regarded as legitimate. If that was the case, firms would, hence, disclose information, not because of the perceived increase in asymmetric information, but due to the fact that being the only one, or one of the few, who did not present such information, could be bad.

After the crisis, the examined firms started to produce longer annual reports, and once again returned to their original area of focus, i.e. growth and long term returns. This follows the tendencies reported by a study made by Clatworthy & Jones (2003) where they claim that annual reports increase in size as a firm starts to improve their performance.

The increasing demand for sustainability seems to have had a large impact on the way firms act and report. The identifiable gap here seems to be that shareholder increasingly values sustainability higher and higher (Friedman & Miles, 2001; El Goul *et al.*, 2011). Firms seem to have responded to the increased demand for sustainability related information, implied by the topics of managerial commentaries, as well as by the interviewee (Appendix 2), by increasingly talk about, and report upon the subject. One explanation could be that an increased demand of sustainable businesses caused an increase in the information asymmetry in terms of sustainability. Not coping with this new demand trend could mean increased costs of capital (Cormier *et al.*, 2010; Seong *et al.* 2013; Hung *et al.*, 2015), as well as investor-leakage, either to competing firms who disclose more information, or to other industries. Put differently, the increase in non-regulated disclosures could be due to companies fearing to miss out on crucial investments, or increased costs of such investments. Nevertheless,

increasing a company's sustainability presence could be due to factors involving the legitimacy theory. If being sustainable has nothing to do with actual practices, and more to do with strategic, as well as superficial marketing, not engaging in such communication could mean being regarded as an inferior alternative, relative your competitors (Adamson & Wettlegren, 2010). This latter conclusion could be seen as strengthened by the fact that studies have clearly established negative information as more risk reducing than positive. As earlier studies (Jonäll, 2006; Falschlunger *et al.*, 2015), as well as the empirical evidence, in addition to the interview (Appendix 2) presented in this paper, agree on that firms focus on presenting positive information, it becomes hard to argue that this behavior can be explained by information asymmetry theory. On the contrary, being seen as legitimate relative your competitors, seems as the more likely explanation.

5.2 Empirical conclusions

How has the occurrence and the number of financial- and non-financial goals and measurements changed over time in large cap firms listed on NASDAQ Stockholm's non-regulated part of the annual reports?

Measurements of return decreased in popularity, as well as the targeting of them. Stock measurements slightly increased in popularity, and so did the targeting of them. Employee measurements decreased in popularity, and were only targeted in 2010. Unprocessed measurements from financial reports increased slightly in popularity, and so did the targeting of them. Margin measurements did not increase nor decrease in popularity, but the targeting of it did.

Capital structure measurements increased in popularity in 2010, but have since then decreased in popularity. But the targeting of these measurements decreased in 2010, and then increased in 2013. Measurements of investment were quite popular in 2007, but decreased by 33,3 % in 2010. After this year, the measurement has slowly grown in popularity once again, the same trend goes for the targeting of them. Value based measurements have not been popular, neither has the targeting of it. Sustainability measurements have been extremely popular. Almost all examined firms presented such measurements, and the majority of them targeted a sustainability measurement as well.

5.3 Suggestions for future research

One part of the studies purpose was to describe how the occurrence and the number of financial- and non-financial goals and measurements changed over time in Swedish public companies' financial reports. We wondered why these changes, in both individual measurements and in the categorized measurements, occurred. Therefore, it would be interesting to try to explain the changes in popularity of these measurements in depth, instead of generally like we did in this paper.

Another interesting research area would be to examine all measurements and goals that firms in Sweden have presented during the years 1965 to 2015. Then you would be able to describe the development of measurements and goals over time, and see when new measurements and goals are introduced.

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7 Appendixes

In this chapter, the transcription of the interview, as well as the interview-guide that we used, will be presented.

7.1 Transcription

Former CFO in a large cap company listed on OMX Stockholm.

JS: Julius Sundström

JÅ: Johan Åkesson

RS: Robin Svedberg

Interviewee: X

JS: Vi fortsatte bara där Johan slutade, han slutade 2004 så nu har vi kört därifrån till 2015. Egentligen är det samma studie, vi kollar från hur många sidor det är, det ser man ju överlag att sidantalet ökar bara, det blir bara mer och mer i årsredovisningen. Så det är väl, egentligen att fortsätta med det, försöka ta reda på det, du hade (JÅ) varför målen formulerade på det sättet från 1965 till 2004 och nu försöker vi egentligen ta reda på om det är samma anledningar eller finns det andra anledningar nu varför målen ser ut som de gör. Vilka mål var i fokus då, och vilka mål är i fokus nu?

JS: Vi har ju en hel del stickfrågor men det överlag är det inte några väldigt stora frågor, så du får känna efter lite, var du själv vill börja så vi flika in om det är något vi funderar mer på. Så egentligen är första största frågan är, vilka var det centrala val som gjordes när ni framställde, när ni formulerade de finansiella målen?

X: Nu pratar vi om finansiella mål som står i årsredovisningarna som man kör externt va. [Ja]. Sen är det ganska många företag som har inte nödvändigtvis precis samma mål internt. Utgångspunkten är att det ska hänga ihop och stödja varandra, men man får betrakta det externa som lite överordnade möjligtvis. Först ur styrningssynpunkt så går man ofta ett steg länge, utvecklar det hela på något sätt. På [Large cap company] till exempel, nu ska vi se måste tänka efter, det har gått några år, så jag måste tänka efter vilka mål vi hade. Vi ändrade över årens lopp men det byggde princip på rörelsemarginal, tillväxt och kapitalanvändning. Return capital employed hade vi också, ja juste precis det diskuterade vi. Jag har inte förberett mig, det har gått tre år.

Så de målen använde vi externt, och de var ju basen för hur vi ville utvecklas och styra företaget, vad vi ville uppnå naturligtvis. Vad vi kommunicerade till aktieägare och alla andra. Internt utvecklade vi detta till en styrmodell som byggde på, vi kallade den, en EVA modell. Vi kallade den för TVA bara för att inte använda exakt samma uttryck som användes externt. Den byggde också på en rörelsemarginal som vi hade en schabloniserad kapitalkostnad som var hyggligt professionellt framräknad, men inte på decimalerna precis, på olika valuta och sådana där saker. Så fick man ett EVA eller TVA som var det som vi använde som det interna styrmålet som vi satte budgetar utifrån, gjorde investeringsbedömningar, gjorde incentive

program och så vidare utifrån. De externa målen var av nödvändighet måste de vara lite enklare kan man säga för man klarar inte kommunicera med hela omvärlden om en teoretisk modell om man uttrycker så. Den som följer det måste kunna se i rapporten om man är framme eller inte om man uttrycker det så utifrån redovisningen. Det finns andra företag som gör på precis samma sätt, jag sitter i styrelsen på [Large financial company] till exempel. Där kör de också, det är en mer finansorienterad verksamhet kan man säga, där har de en vinst per aktie tillväxt som primärmål, som det externa primärmålet, men internt jobbar man med en EVA modell. Med ett rörelseresultat minus en cost of capital, så det är bara som en liten bakgrund. Så vad var ni frågan, hur vi kom fram till de här målen?

JS: Ja exakt, vilka som var valen som gjordes när man formulerade målen. Du har nämnt ett här till exempel här att det måste vara enkelt, det måste vara lätt att förstå, jämförbart helt enkelt.

X: Absolut, det måste vara lite långsiktigt, man måste känna att det här är någonting som man inte behöver ändra om ett, två eller tre år. Sen någon gång ska man ändra det men det får inte gå för fort. Det måste vara lite långsiktigt, det också viktigt och då kan man fundera hur man ska uttrycka det i termer av att man ska uppnå ett givet mål om tre år, eller fem år eller någonting sådant där. Eller ett mål som ska gälla över en konjunkturcykel som vi ska sträva mot, då blir det lite vagare med en gång kan man säga. Vi körde nog i [Large cap company] alltid med ett mål som vi såg, vi uttryckte inte det som ett mål över en konjunkturcykel men det var en målnivå som vi ville ligga på och finnas runt omkring om man uttrycker det så. Skälet till det var att man kanske inte ville bli fastnaglad vid ett givet år när man är ett konjunkturberoende företag, där det trots allt går lite upp och ner. Satte man då ett mål för 2020, och det visade sig vara ett risigt år på grund utav världsekonomin så, ska man svara på den fråga också om man uttrycker det så, det är bättre att sätta ett mål för den typen av företag i varje fall som siktar mot en nivå som man vill uppnå och ligga kring. Hur gick det till när vi satte våra mål, det beror på, vi gjorde ett antal omgångar. Vi kan ta ett senare år, slutet på 90-talet, när [Large cap company] var i en liten kris man vi kalla det, minikris i varje fall, det var inte riktigt stor kris men en liten minikris sådär 97/98 i varje fall, vid sparkades, ny vid kom in. Det fanns behov att göra en hel del omstruktureringsaktiviteter och sådant där, i varje fall fick man göra sig av ett par dåliga bitar, men sålde även ett par bra bitar.

JÅ: Var det då [subsidiary] såldes?

X: Det var det år [Subsidiary] såldes ja, det var den bra biten. I vårt fall så tittade man på ok, hur ser vår affär ut, vad är förutsättningarna, vad är det vi kan åstadkomma nu de närmaste 2-3 åren. Det var ungefär den horisonten lade vi, vid den tidpunkten när nya VD hade kommit in. Vi diskuterade vilken typ av mål vi skulle ha, men vi var ganska tidigt överens att marginalmål är det som passar bäst. Då tror jag vi bara hade marginalmål och ett return on capital employed. Jag tror inte vi pratade tillväxt i det läget, för att då var läget lite annorlunda, då handlade det om att krympa ihop och konsolidera snarare än att expandera. Vi formulerade då 8% rörelsemarginal, för då hade vi varit nere på 0 och en liten förlust med omstruktureringskostnad, 8% rörelsemarginal och så en return och capital employed som jag inte kommer ihåg nu men som kanske var 20 eller något sådant där. Det baserades på det arbete vi gjorde, top-down och bottom-up, där man går igenom vad har vi för förutsättningar, vad kan vi åstadkomma med den här verksamheten i marknaden efter omstruktureringsaktiviteter och under normala förutsättningar så lade vi fast det. Så nådde vi de målen kanske kvickt, jag skulle gissa på redan 2000 eller 2001 möjligtvis. Så då fanns det

anledning, vi såg att vi fick momentum, verksamheten utvecklades väl på olika sätt, på alla sätt nästan. Det gick bättre och bättre. Så då fanns det anledning att revidera de där målen, för vad som händer när man når en målnivå man satte upp på 8% och kommer nerifrån, det är ju att alla, analytiker, aktieägare och andra fråga, ska ni inte bli bättre, vad ska hända framöver och sådant där. Då kan man säga att man ligger kvar på denna nivå, men tror man att man har förbättringspotential finns det nog anledning både externt och internt att sätta upp något nytt som man vill uppnå, nytt strategiskt arbete som vi naturligtvis gjorde vart eller vart annat år. Så såg vi väl förutsättningarna för att kunna lyfta den där mål nivå till 10%, vilket vi då gjorde. Det var inte konstigare än så, det var samma process, man tittar på förutsättningarna, man ser vad man kan, tror kan göra och åstadkomma. Man har diverse olika idéer, projektidéer och så vidare om förbättringar och aktiviteter och strukturomvandlingar i branschen och all vad det nu är för någonting och så lägger man det i målet. Så den där 10an nådde vi kanske 2003 eller något sådant där, 2002-2003. Så var det VD byte, så gjorde vi om processen igen kanske 2003-2004 i varje fall och då formulerade vi 12% som marginalmål, för vi hade förbättrat verksamheten och förutsättningarna fanns. Så jobbade vi efter det i ett antal år, och låg runt 12% sträcket, några år i varje fall. Vi gjorde väl en dipp naturligtvis i krisen 2008, men var snabbt tillbaka och var väldigt lyckosamma i återhämtningen sen, gjorde några bra förvärv och blev väl lite för kaxiga och sa att 15% kan vi nog nå. För då hade vi legat runt 13% ett par år tror jag om jag minns rätt, eller i varje fall mer än ett, efter ny process så landade vi i alla fall på 15% marginalmål, jag tror vi hade 25% på return on capital employed och då hade vi också, det gjorde vi kanske även 2004 då lade vi till ett tillväxt mål som var runt, jag kommer inte ihåg vad det var då men om det var 5-7% eller någonting sådant där. Det har vi med oss hela vägen, justerade kanske någon procentenhet men då 2004 blev det tillväxt och marginal i kombination. Så var det, de 15% nådde vi kanske något kvartal men vi nådde det inte helhetsmässigt, jag tror faktiskt att de har dragit tillbaka det till 12% men jag är inte riktigt säker på det just nu. Men de ligger runt 12% nivån. Så har det hela sett ut över tiden och processerna har varit på det sättet. Det är enkelt, det handlar egentligen om att ha utgångspunkten att förstå var man befinner sig och försöka se vad man kan åstadkomma med verksamheten med organiska förbättringar, investeringar, förvärv eller den väg man väljer så att säga. Sen kommunicerar man det och så har man då, så säger man att man ska nå 12% så har man naturligtvis planer att man ska nå 13%, så man har lite kudde i det, ur ren självbevarelsesynpunkt kan man väl säga. Men ungefär så går en process till i de flesta företag tror jag, så jag gissar att ni hör samma story om ni pratar med andra eller något liknande i varje fall.

JS: Jag tänkte i den här processen, är det just CFO och Vd:n som har mest att säga till om eller är styrelsen in där också och har?

X: Styrelsen kommer naturligtvis in i bilden, och det kan alltså vara olika, i olika företag. Det kan vara en styrelse som är pådrivande, och det kan också vara så att det sker i företagsledningen. I [Large cap company]s fall var det alltid i företagsledningen kan man säga, och vi ville väl ha initiativet kring de här frågorna, man jobbar igenom sin process, man pratar med styrelsen att ni håller vi på med detta och så får vi se hur det kommer ut, och så beskriver man sina tankegångar för styrelsen och har genomgångar om sin strategi, vad man ska kunna åstadkomma de närmaste åren, och som en följd av det har vi fastnat för att vi vill kommunicera följande mål också till marknaden. Sen så hur man sköter det internt är de inte lika noga med, men det är klart att en styrelse är väldigt angelägen att de mål man kommunicerar till marknaden är genomtänkta och fungerar, sen kan det vara olika hur man

driver det. I vårt fall var det väldigt mycket i, hela arbetet skedde i ledningen med styrelsens gillande om man uttrycker det så.

JS: Var det mycket stridigheter, att de vill skicka en viss signal men medans ni kände att det här är lite att ta i...

X: Nej aldrig varit så, det har varit väldigt, det blir någon sorts interaktiv process. Man kör normalt sett i det flesta företag ett strategiarbete varje eller vart annat år. Oftast är det så att man gör en stor strategiplan i något läge, det är en förändrad situation, det har gått lite dåligt och man behöver ruska om det, eller det kanske händer något på marknaden, eller kanske bara, en ny vd till exempel, då är det också naturligt, eller nya styrelseledamöter för den delen också. Lite det för man det väl ändå vart tredje år, stort arbetet där man verkligen går igenom förutsättningarna, marknader, konkurrenter, vad finns det för möjligheter och så vidare. Så uppdaterar man i regel den där planen en gång om året, möjligtvis vart annat beroende på lite grann hur, vad det är för typ av bransch, hur snabbväxande saker och ting är. Efter ett sådant strategimöte, då har man styrelsen men de vet ju om att man tänker göra en sådan plan, man beskriver lite grann tankegångarna inför det, styrelsen säger förhoppningsvis att det låter ju bra, tänk på följande, titta på det men det är sällan något bråk om sådana saker. Sen landar den där planen upp då, efter ett halvår eller något sådant igen i styrelsen, då presenterar man grundligt, så här har vi tänkt och jobbat igenom, så här ser det ut, det är det här vi vill göra de närmaste åren och vi tror vi kan leverera följande resultat och därmed vill vi sätta följande mål, man kan lika gärna säga att vi vill inte ändra våra finansiella mål därför att de fortfarande är giltiga, eller någonting sådant och det kan ju ett sådant läge som vi var inne på tidigare, kan ju också att man säger att styrelsen skulle kunna vilja att man sätter ett givet marginalmål för ett givet år och sådant där, men i vårt fall har det aldrig varit några problem, vi har aldrig haft något bråk eller några problem runt egentligen. När det går hyggligt om man uttrycker det så, man levererar på de mål man satt upp och allting så blir det ju sällan några problem, då är styrelsen i regel nöjd. Hur det gick till nu 2014, jag tror de sänkte sitt mål till 12% och hur den processen gick till vet jag inte riktigt, men jag tror inte det var något större väsen om det, man har nog konstaterat att förutsättningarna ser lite annorlunda ut, vi var lite för optimistiska då 2011/2012 när de förra målen sattes.

JS: Så det är ingen större skillnad vem som sitter i styrelsen eller vem som är vd, processen ser ofta ganska likadan ut?

X: Ja det tror jag, skillnaden kan naturligtvis vara om det är, det kan vara spänningar mellan styrelse och ledning naturligtvis som gör att det blir på ett annat sätt, det kan vara väldigt olika från företag till företag. Det kan också vara så att ett företag som har underlevererat lite grann under några år och kanske gått lite halvknackigt och så kommer det några in nya styrelsemedlemmar, ny ordförande, ny vd kanske som höjer kraven, och då kan det ju bli lite skarpare diskussioner, men det där är normala processer. Styrelsens jobb är att ledningen är på tårna, och ledningen ska se till att styrelsen nöjd, i princip kan man säga. I sista ändan blir inte aktieägarna nöjda heller om styrelsen inte är nöjd så att det handlar ju om någonting om alla egentligen stävar efter i grund och botten.

JS: Tittar ni också mycket på konkurrenterna, liksom vilka finansiella mål de använder, är det lätt att man använder samma just för att de använder det och för att aktieägarna vill ha jämförbarhet, eller hur går det till?

X: Vi tittar alltid på konkurrenterna naturligtvis, inte så mycket ur den här aspekten, vad de hade för mål dels för att det inte var någon perfekt grupp, några japanska företag med väldigt låga marginaler och sen fanns det egentligen bara ett börsnoterat företag till av våra huvudkonkurrenter. Det är klart vi tittar på konkurrenter men det var inte det avgörande i målsättningsarbetet.

JS: Det var inte så ifall ni såg att ni satte ett mål på 10% och de satt ett mål på 15%, nu måste vi...

X: det hade varit lite jobbigt hade man kunnat säga, men situationen var inte , i ett par andra företag om man tar, ofta är det ju så att man är i en marknad där man inte har exakta konkurrenter, man jobbar med flera olika produktområden eller vad det är . Ofta har man inte en konkurrent som är precis jämförbar utan det är väl ofta lite blandat, men om vi tar [large financial company], som är i en bransch där det finns ett par andra spelare med liknande förutsättningar, där tittar vi nog lite mer till konkurrenterna och hur vi förhåller oss till de och så vidare. Att man presterar lika eller bättre. Så det är lite olika jag tror det beror väldigt mycket på bransch till bransch, har man bra jämförelseobjekt eller inte.

JÅ: Får jag sticka in en stickfråga där, om man nu tänker sig såhär att eftersom det känns ju nu som den viktigaste biten är att ens egen historik ungefär, höjdhopparen vill alltid hoppa lite högre. Då tänker man så här att, ett alternativt mål i en sådan bransch, som [Large cap company] och andra företag är i , är att bli mer marknadsdominerande, man vill bli större. För att ta marknadsandelar, om vi sänker våra mål, då blir investeringar mer lönsamma och sänker vi marginaler kan vi också ta marknadsandelar organiskt. Fanns det någon sådan diskussion i det hela för att det är klart att man skjuter upp målet till 15% för då måste vi hålla de här priserna i Bulgarien och då kommer vi inte kunna ta marknadsandelar från konkurrenterna, gjorde man sådana trade offs?

X: Nja, lite grann har man det kanske. Mer och mer har i de verksamheter gått från det tänket, att man ska sänka priser för att ta marknadsandelar fungerar väldigt sällan. Det var en av drivkrafterna kan man väl säga i 90-tals övningen på [Large cap company], när vi kom i den här lilla minikrisen. Då var det exakt det som skedde, man prioriterade upp tillväxt ambitionerna och det ledde bland annat till, det var inte uttalat att man skulle sänka priser för att ta marknad, men det blev en konsekvens om man säger som så, och det var det som drog oss ner under några år. De resonemang vi sen kom in i, var i stället att vi måste flytta oss så att säga, förhållande till kund och affär och göra vår produkt mer kvalificerad och inte slåss om pris. Klart att priset alltid kommer ha betydelse men vi måste ha bättre produkter och mer avancerade produkter som ger mer värde för kunden för att kunna hålla bra prisnivåer och ta till och med bättre betalt. Vi hade alltid på [Large cap company] en strävan att kunna höja priserna lite grann hela tiden, inte på en given enkel produkt utan göra produkten lite mer sofistikerad och därmed få lite bättre betalt. IKEA däremot ligger helt annorlunda, jag tycker det här är intressant. Jag har i hela mitt liv, alla år på [Large cap company] i alla fall så har vi efter 90-tals eran hela tiden jobbat med utgångspunkt, mer värde till kund och bättre marginal. Bättre marginal kan man ju få större volym och lägre pris naturligtvis också men det fungerar bara i väldigt, det fungerar inte i marknader där du har få spelare. Att prisutveckling på våra produkter var viktigt på [Large cap company], att de skulle upp någon procent om året, på grund att vi gjorde bättre grejer och kunden skulle vara beredd att betala. På IKEA är det precis tvärt om, när man pratar prisutveckling så pratar man hur mycket man kan sänka priser, det är med en annan utgångspunkt som är helt kulturell om man uttrycker det så.

Möbelbranschen är naturligtvis oerhört mer fragmenterad än [product] och de produkterna som [Large cap company] håller på med, med begränsat antal spelare. Möbler håller tusentals spelare på med, det blir en annan dynamik där, men IKEA har byggt under alla år på större volymer, man har inte egen tillverkning, i varje fall i väldigt liten utsträckning, 10% av det man säljer tillverkar man själv. Det handlar om att man har underleverantörer som man kan få att sänka sina priser för att de får större volymer och sen så låter man det gå hela vägen ut till kund. Så är man effektiva och de större volymerna ger skalfördelar och därmed kan man växa vilket man gjort rätt framgångsrikt kan man säga. Så att den kulturen och den affärsmodellen sitter stenhårt i IKEA och det var nog den kulturen som [Large cap company] då trodde på i mitten av 90-talet att man skulle kunna anamma, den affärsmodellen. Bättre volymer, skalfördelar, lägre pris till kund, ytterligare bättre volymer som kommer ur att kunden köper mer. Men i den sortens industri eller verksamhet som [Large cap company] var eller är räcker det inte att sänka priset med ett par procentenheter, vi möter konkurrenterna direkt, 5% till och med eller vad som helst. Det blir ett priskrig istället och det skadar alla, så är det. Men nu ska vi se, tillväxt kan vi komma tillbaka till för att när vi införde tillväxtmål 2003/2004 så var det ju också med utgångspunkt från den drivkraften men ändå att växa resultatet, det var alltid primärmålet. Resultatmålet går före tillväxtmålet, men får du upp volymen och har en given marginal så får du ut bättre siffra längst ner så det är liksom en naturlig kombination, och det här med kapitalavkastning också kunna göra det på ett kapitalsnålt sätt. Tillväxtmålet kom till för att det var en drivkraft i att förbättra resultatet i absoluta tal över tiden. Det är mycket roligare att växa förstås, all verksamhet vill normalt sett utveckla i att bli större, fler kunder, fler affärer så att säga, det är det det handlar om.

JÅ: De är också en stickfråga, för det är en av de teorierna som man kallar företagsledningsmodeller, att det är en oerhörd drivkraft för många liksom för det skapar en högre status, vi blir större, trädet blir större...

X: Jag tror inte man ska tänka så mycket termer status, det finns säkert med också naturligtvis så att man vill hellre att om man har en given verksamhet att den ska omsätta 10 miljarder än 7 miljarder, allt annat lika det finns ju ingen baksida, allt annat lika. Men det är också väldigt mycket det, man lever med sin marknad, sina kunder, sin affär. Det är en framgång att man får fler kunder, fler kunder som är beredda att betala mer, det är ett sätt att mäta hur duktig man är, hur konkurrenskraftig är, vill kunderna inte köpa dina grejor så är det inte så bra antagligen, inte tillräckligt mycket värde. Det är ju a och o, kan man inte sälja någonting blir det inget tillslut, så enkelt är det ju.

JS: Jag tror nog att du lyckats svara på de flesta av frågorna om formulerandet av finansiella mål, för det var just lite det här hur ni influeras av trender men det sa du ju att ni tittar på konkurrenter men det är inte avgörande i processen, sen gick du också in hur ni formulerar mål när det är turbulens, just att ni hoppar över tillväxtmålen då, istället tog med kortsiktiga mål. Det var just finansiella mål vi tänkte fråga, sen gå in på själva innehållet i årsredovisningen, hur det ser ut där. Var det något mer om finansiella mål du tänkte på eller så?

RS: Jag tänkte lite om det skett lite om det skett någon förändring att ägarna har vissa krav vad de vill se i själva årsredovisningen, men det kommer sen också, eller intressenter överlag, i stort

X: Det kan man ju uttrycka i form av storägare, eller i form av aktieanalytiker. Aktieanalytiker vill alltid ha mer, det kan man alltid säga generellt sätt. Det vill förstå varför man sätter vissa mål. Generellt sätt kan man säga att de var väldigt nöjda med marginalmål, ett tillväxtmål och ett kapitalavkastningsmål. Det ger allt som aktiemarknaden och den sortens intressenter är intresserade av i alla fall. Sen är det, också intressant för de externa målen, kanske ligger utanför vad ni håller på med, men de passar inte 100% bra för marginalmål är aldrig några problem, inget av de är egentligen något problem, men det är bättre om man internt sen kan omsätta det där i något som väldigt tydligt och lätt kommer ut i den interna rapportering som varje enhet har och att då omsätta det i en EVA modell, tyckte i alla fall jag och I [Large cap company], alla tyckte faktiskt det. Det blev väldigt framgångsrikt, var bra. Då landade man tillslut i ett mål som täckte allting, när du en TVA förbättring, du kan ju göra det genom att sälja mer med samma marginal, vara lika med samma kapital, men du kan jobba på alla de parametrarna och det kondenseras ner i en enda siffra till slut. Så att som intern styrmodell är det väldigt bra att göra så, folk ska ha inte det för krångligt när det ska driva affärer utan de ska vara enkelt, det är jätteviktig grej, annars funkar det inte så bra i verkligheten.

JÅ: Jag kan ta en stickfråga innan ni går in på årsredovisningsdesign kanske då, och det är egentligen då redovisningsreglernas betydelse. Du har varit med en ganska lång period när man har ändrat i redovisningsreglerna och IFRS genomförande och sådana saker. För det är också en sådan förståelsefråga från de som läser, är ett kapitaleffektivitet alltså räntabilitetsmål samma sak idag som före IFRS, och det är ju inte riktigt det. Tog ni hänsyn till sådana saker eller diskuterade ni då, ni ser ju egentligen samma saker när ni går in i TVA modellen, är den också utsatt för redovisnings...

X: Man kan säga när man har den sortens mål som är ändå ganska generella, ett marginalmål, påverkades nog aldrig de tror jag inte. Det är klart att det här med, har man höga goodwill avskrivningar tidigare, sen försvann det och blev något annat och skrev av det på andra materiella tillgångar men inte på goodwill och så vidare så påverkade. Men för [Large cap company] var det aldrig någon fråga, men för andra företag skulle det kunna vara det, företag som varit väldigt förvärvstunga. Men då löser man oftast det genom att man pratar om EBITA mål istället. Kapitalsidan, ändrade pensionsredovisningen, det har betydelse men oftast var det inte så mycket så att det fanns anledning att göra justering på grund av det utan det kom i så fall när man gjorde den större justeringen något år senare eller när det nu blev.

JS: Det var inget mer ni tänkte på med finansiella mål.

JÅ: Det var en liten stickfråga, det är ju egentligen då, för du har ju en sådan där sak som också har diskuterats ganska mycket medialt nu, inte minst senaste 5 åren, handlar ju om det här med i och med att ränteläget sjunkit i hela vår omvärld och så, så skulle man kunna tänka sig att liksom att herregud alla de här avkastningskraven går ju ner nu liksom, nästa tvåprocentiga tal i vissa lägen. Det låter ju inte alls på dig som att det är, ni har fortsatt mer, ni ska vi hoppa högre, nu ska vi hoppa högre och det är klart, när man börjar närma sig ett avkastningskrav på 25% på sysselsatt kapital så inser man också vad det blir till eget kapital, vänta nu. Den här klassiska modellen hur man bygger upp ett avkastningskrav på eget kapital stämmer ju plötsligt inte då.

X: Nej det gör det inte, men det där tar nog han som sig själv därför att vi sänkte avkastningskravet på sysselsatt kapital efter förvärv, man kunde inte köpa företag med

utgångspunkt på 20–25% avkastning på det utan det kröp ju neråt. Kapitalmålet justerades då i ett par omgångar tror jag, om jag minns rätt nu. Med utgångspunkt från de, inte med utgångspunkt från ränteläget egentligen, av det enkla skälet att även, nu har det hänt väldigt mycket senaste åren, för när jag fortfarande var aktivt var räntor ändå ett par procent. Jag vet att när sista större uppgången vi gjorde då lånade vi för 1,8% på 7 år, det tyckte alla var fantastiskt. Nu tror jag att man kan låna under 1%, eller det kan de rättare sagt. För ändå var det så att i avkastningstankarna så låg också vad är aktiemarknadens krav på avkastning, och den steg ju lite grann och riskkomponenten steg lite grann kan man säga också. Man försökte göra en liten WAC bedömning så var det inte så stor skillnad som man kunde tro, det var en ganska modest skillnad. Det gjorde väl en liten grann men ingen dramatiskt.

JÅ: Vad hade ni för upplåningskostnad om du nu backar tillbaka 10-15 år?

X: Ja då var det väl säg runt 2004/2005 var kan det varit då, det kanske var runt 5% eller något sådant där. Jag minns inte säkert, 5–6 I den storleksordningen. 90-talet var den såklart ytterligare högre, kanske runt 10. Men vi lånar i olika valutor beroende på mixen såg ut.

JS: Men då hoppar vi vidare till själva årsredovisningen, då tänkte vi just också nu igen kommer en jättestor fråga, men hur ser processen ut när man väljer vad som ska vara I den icke reglerade delen av årsredovisningen.

X: Pratar du specifikt om målen nu eller talar du allmänt?

JS: Allmänt om icke reglerad information. Vi har sett nu att det är en trend, hela vägen från 1965 ser man ju det att storleken på den icke reglerade delen bara ökar och ökar. Varför väljer man att, varför valde ni att ännu mer krut på den biten?

X: Egentligen kan man säga att det är väl två drivkrafter, det ena är att man vill beskriva mer om företaget, berätta vad vi håller på med för att öka förståelsen hos aktieägare och andra intressenter som läser den, hur våra marknader ser ut, konkurrentavsnitt lade vi in kom jag ihåg till exempel, produktområdesbeskrivningar och sådana där saker, och i vårt fall var det ganska bra utveckling av det skälet att folk kan inte så mycket om [product], vad det finns för olika [product] eller andra produkter runt omkring som gör att maskiner fungerar bättre. Det är väl något som rullar tänker man, lite så enkelt är det ju inte. Det var ju ett sätt att utbilda aktieägare och andra, och sen är finns det alltid ett säljelement kan man säga, man vill sälja sitt företag på ett positivt sätt. Man vill gärna skriva om saker som man tycker man gör bra och som man vill lyfta fram, det kan vara sustainability, det kan vara vad som helst, det som man tycker man är framgångsrik på. Sen skrev man inte alltid lika mycket på sådant som inte var så bra på, av naturliga skäl. Egentligen var det väl det, utbildning, information och sälj om man nu uttrycker det så. Sälja företaget som koncept och som företaget betraktat, varumärkes byggande och så vidare.

JS: Där måste ändå trender påverka mycket, för man ser ju nu speciellt från 2004 och framåt att alla har hållbarhet. Alla har mycket information, många har egna bilagor om hållbarhet.

X: Kraven har i och för sig växt också, även på den icke reglerade delen tror jag. Inte så att det finns formella lagkrav utan att det finns förräntningskrav vad som ska finnas där. Du har det här med hållbarhetsredovisning, som ju ofta nu är integrerad i årsredovisningarna. Från

början, var det väl ingen som brydde sig om det överhuvudtaget tänkte jag säga, men det här var ju lite intressant och helt plötsligt när andra gör det blir det stort, och så helt plötsligt så är man inte med på banan om man inte har det och så vidare. Den sortens utveckling, låt oss kalla det informella kravet spelar också en roll naturligtvis. Jämlikhet var en annan sådan där sak, hur ser det ut i koncernen med kvinnliga chefer och allting sådant där, blev också naturligt ämne att ha med för att alla andra gör det, de flesta andra.

JÅ: Vilka sneglade man på då, när man säger alla andra. Var det så att ni hade någon som satt och läste och tittade lite vad gör de andra?

X: Dels så läser man ju årsredovisningar när man är i branschen, men det är ju kommunikationsavdelningar, marknadsavdelningar, det där föll in på olika sätt på de som faktiskt var ansvariga för att producera årsredovisningen.

JÅ: För ansvaret låg på dig?

X: den låg både hos kommunikation och CFO tillsammans, för att det är ett kommunikationsdokument. Men det där jobbar man, men tar fram en idé under hösten, vad ska man ha nästa år. Kanske till och med på våren när den andra var ute. Hur blev det här, så pratade man, vad ska man satsa på nästa år. Många gånger vill man göra ett professionellt arbete så man hade klart allting, och sen lade man upp en riktlinje för hur den skulle se ut nästa år. Sneglade naturligtvis ett antal andra, titta på trender, utgå från vad är viktigt att berätta om det vi håller på med nu och för [Large cap company] till exempel tror det var 2010 just på sustainability sidan gjorde vi väldigt stora ändringar av det enkla skälet att vi tog interna steg som var väldigt viktiga, både i arbetet internt och i de produkter vi har, [product] bidrar till minskad energianvändning, jättebra säljargument, hur rätt i tiden som helst. Klart vi måste driva på och jobba med det, sätta mål kring det och så vidare och så vidare. Det blev en väldigt naturlig konsekvens att också skriva om det i årsredovisningen naturligtvis, för att det var viktigt för företaget och för affären framöver. Trend som vi hakar på eller var med och utvecklar är samma.

JS : Jag tänkte också på de första sidorna, ni har kört mycket på att ha nyckeldata. Ni har en sådan lista. Varför valde ni just de nyckeltalen för vi såg ibland att de ändras från år till år. Det skulle vara en sak om det var samma sak hela tiden, men ibland byttes vissa nyckeltal ut mot andra.

X: Det kan jag inte svara riktigt på, det var väl mer att ha en sådan kort uppställning, jag tror vi ofta i alla fall, jag har gjort några årsredovisningar under årets lopp. Ofta hade man en väldigt kort sammanfattning, vad är [Large cap company]. Produkter, produktområden, kunder, marknader och lite sådant där och lite nyckeltal som sagt. Det var väl snap-shot, bra att kunna ge en överblicksbild av det som man uppfattas som viktigast just nu, varför man ändrade talen just där kan jag inte svara på. Det ändras över tiden, vad som man tycker är viktigt.

JS: Jag tänkte just, om det var att man ville presentera de måtten man lyckats med absolut bäst det året.

X: Det kan det ju ha varit, men jag tror nog att det var någon konsistens över åren, jag tror inte vi bytte. Det minns jag faktiskt inte, det kan jag inte riktigt relatera till. Vi gjorde alltid en väldigt liten, en sådan här liten broschyr, eller vad den nu heter på svenska. [Large cap company] in a nutshell hette den nog. Läste man den fick man ett väldigt bra begrepp, den var inte mer än kanske, 8 sidor, i den storleken. Jag vet inte om de gör den fortfarande, den är jättebra. Lite bolagsinformation, lite finansiell fakta, hade du den visste du vad var de för företag i grund och botten. Sen hade 160 sidiga årsredovisningen något att tillföra gissningsvis, men ändå.

JS: Dock så där i början så kommer VD har ordet, jag tänker på själva utformningen där, är det enbart vad VDn vill säga eller är det just att ni sätter er ner, det här borde vi diskutera?

X: Hos oss var det lite olika, men i regel var det att VD skrev sitt utkast så var vi några stycken som hade synpunkter. Si eller så istället, man diskuterade på det sättet, nästan alltid kan jag säga så kom VD ordet från VD men sen bearbetades det på vägen utav sådana som jag och kommunikationsfolk. Det finns säkert olika vägar att göra detta i olika företag.

JÅ: Hur många VDar upplevde du?

X: Fyra

JÅ: Var de olika i såg i sådana saker?

X: Just VD ordet tror jag alla ville skriva själva.

JÅ: Hade ni någon gång att ordförande skrev en sådan sak med? Det noterade jag i min studie att det trender på 90-talet.

X: Jag tror vi hade det ett par år när det gick sämre, då är ju det ett sätt för styrelsen att visa att man är på det. Det var inte så populärt kan jag säga. Det var väldigt länge sedan.

JS: Sen är det lite det här som jag har funderat mycket på, om det är någon uppföljning på själva årsredovisningen. Det känns som det börjar bli oerhört stora, finns det någon process för de är otroligt tidskrävande och kostsamma att göra nu när det börjar komma upp i 200 sidor, det är ett otroligt arbete. Finns det någon uppföljning om det faktiskt är någon som läser det, om det är faktiskt vad intressenterna vill ha, eller är det just för att det är trender, man har gjort så förut?

X: Jag måste meddela att jag kommer inte ihåg, vi gjorde uppföljningar och jämförelser på olika sätt. Man fick ju också från omvärlden, i Sverige fick man från aktiespararna och ytterligare någon institution som gjorde, rankade årsredovisningar utifrån innehåll och kvalitet, jag minns inte riktigt vilka det var.

JÅ: Det var inte de som gjorde bästa årsredovisningen du tänkte på där?

X: Jag minns faktiskt inte nu, men det tittade vi naturligtvis på. Tyckte de att vi var dåliga på det avsnittet så får vi väl skärpa oss till nästa år, men sådant här är typiskt, personligen tyckte jag vi gjorde för mycket, för omfattande årsredovisningar av det enkla skälet att det finns

ingen som orkar läsa. Många årsredovisningar från många företag, det blir lätt en tendens att man vi ha med allt, man vill berätta allt, bland annat för att får poäng i sådana här undersökningar så att kommunikationschefen kan får pris, eller vad det nu är. Jag tycker det är blandat, jag tycker att det är lite för mycket. Kostnad spelar inte så stor roll i och för sig, 40 sidor till när man ändå gör 160 gör inte så mycket, distributionskostnaden spelar mindre roll efterhand, nu är det inte så många som skickas ut som man gjorde förr. Förr skickades årsredovisningar till alla aktieägare, det gör man inte längre i regel, om man inte begär att få så får man inte.

JS: Turbulens måste väl också påverka vad ni väljer att ta upp i den delen, jag tänker på finanskrisen, kanske lätt att man går mer mot kapitalstruktur och mer diskuterar sådant?

X: Absolut, det är klart. Det syns säkert redan i ett VD ord att, speglar läget, vad är det som händer och vad gör vi så att säga, utan tvekan.

JÅ: Får man ta ett litet stickord som en sådan här grej som vi har pratat om här på avdelningen. För då är VD har ordet och sen har du egentligen den reglerade delen som är förvaltningsberättelsen och förvaltningsberättelse är egentligen samma sak, nu har jag förvaltat verksamheten under ett år. Förvaltningsberättelsen ligger ju närmare din del egentligen skulle man kunna säga, hur mycket sådan diskussion hade man där man jämförde lite grann, vad är det egentligen du tar upp nu i VD har ordet och vad skrivs i förvaltningsberättelsen?

X: I grund och botten ska man känna igen sig, att det är samma företag man pratar om. Sen är förvaltningsberättelsen mer tillbakablickande och vd har ordet mer framåtblickande. Det har jag alltid tyckt att det är viktigt, att inte hålla på, ofta kunde det bli så att man haft utkast sen årsredovisningen eller även i slutprodukten att VD ordet skriver om en sak, sen har man de olika divisionerna till exempel, att en divisionschef skriver om precis samma sak utifrån sin horisont. Kanske inte i samma ordalydelse, sen kommer det i förvaltningsberättelse. Att samma grej står på många olika ställen, det kände jag alltid, det är fel, det ska vi inte göra, vi ska skriva om en sak en gång eller möjligtvis två, men att hålla på att upprepa samma ämne, det hör hemma någonstans men det är sällan vettigt att skriva på flera ställen. Det bidrar också till omfånget. Man måste känna igen sig hela vägen, det är viktigt. Man måste se det som en helhetsprodukt, sen produceras den på olika ställen men någon måste hålla ihop det och ha synpunkter på helheten.

JÅ: För revisorerna läser väl förvaltningsberättelsen och går igenom den?

X: Absolut, de kommenterar mest siffror, att siffror är korrekta och att man inte gör statements som är helt felaktiga. Men I grund och botten kollar revisorerna att siffrorna är rätt.

JS: Vi märkte att många har inte en rubrik som heter förvaltningsberättelse, utan istället så har man det här som tidigare var den icke-reglerade delen utan istället så lägger de lite färg och så skriver de på introsidan , det här är förvaltningsberättelsen. Tror du att det handlar om att öka validiteten, nu är den här också granskad, all den här informationen. Att öka förtroendet för informationen.

X: Så är väl, sen är det väl så att en årsredovisning som man publicerad är ju inte den man lämnar in hos den legala myndigheten, hos bolagsverket I Sverige, där måste det nog stå förvaltningsberättelse. Det är ju inte de glossy one utan det är vanligt papper, vanligt A4 utskrivet rätt upp och ner utan bilder.

JÅ: Om ni sitter där och funderar lite grann, lite grann om man återvänder till det där hållbarhets, det är ändå den stora trenden om man nu skulle ta de här senaste och jag förstår att det du refererar till här är beyond zero tänkandet. Nu är du ju inte kvar med de nya lagarna, men hur mycket inspirerades man av de olika modellerna som fanns, nu vet inte jag om ni, hakade ni på någon av de här tripple-bottom line eller skapade ni mer en egen modell hur ni ville hållbarhetsredovisa?

X: Vi följde ju modeller som var etablerade av det enkla skälet att vi hade revision på de. Sen hur mycket som, kommer jag inte riktigt ihåg. Jag lade inte så mycket kraft på den delen om man säger så utan ville bara se att det hängde ihop med resten, men den producerades, den delen av årsredovisningen av andra människor. Men vi följde ju officiella modeller.

JÅ: För det jag tänker lite på att det är en debatt som finns idag också, att skulle kunna ställa emot det finansiella. Det finansiella driver åt ett håll och hållbarhetsgrejerna driver åt ett annat håll och på något sätt kan dessa mötas på något sätt. Nästan så att man skulle kunna tänka sig att vi sänker vissa mål för att vi vill ta större ansvar, ok det får kosta lite mer, men kom man så långt i diskussioner hos er?

X: Vi såg nog inte det så överhuvudtaget, det är klart att åtgärder för att förbättra verksamheten, investera i mer reningsanläggningar att det är klart att det kostar pengar men på något vis, men när man sätter upp mål för hur man ska minska utsläpp så allokerar man också vissa investeringar för det och tänker ungefär så här ser vi framför oss att det här kommer att kosta. Man kan säga att tar man på sig hatten , eller attityden att nu vill vi vara ett föredöme och driva en affär som är hållbar så har man inte så mycket val, sen kan man vara lite mer eller lite mindre men i princip så var det aldrig någon nisch, bortsatt från att vi , dels behöver vi göra det nu eller kan vi vänta något år till. Den stora grejen hos oss i det sammanhanget var ju också att man samtidigt kunde visa hur våra produkter bidrar till en bättre värld, mindre energianvändning. Vi tog fram [product] som var mer energieffektiva än de som fanns tidigare till exempel. Många andra produkter som bevisligen kunde visa att de ger bättre effektivitet ur ett energihänseende än de som finns på marknaden idag, så blir det ju en affärspositiv aktivitet som bidrar, hela det där får man se tillsammans på något sätt. Vi såg det alltid som att det här är en affärsmöjlighet som vi måste driva på och så får man se till att man sköter sitt eget hus i linje med det. Det kostar någonting, men totalt sett är det en bra affär. Dessutom så är det väl så, det finns alltid vad man har för bakgrund eller sådär, men ansvarsfulla företag har i regel, vill i regel inte komma i en situation där man får problem med utsläppsfrågor eller annat, för det är inte bra för varumärket för det kan skada affärerna helt enkelt.

JÅ: Jag passar på med en stickfråga till. Ni är ju ett extremt globalt företag, hur mycket hänsyn när det gäller styrning. Jag tänker nu när du pratar TVA-modellen som jag förstår också är global. Hur mycket hänsyn I övrigt har man tagit till att det ändå är ganska olika kulturer, det är lite det jag har stött på lite grann nu här I executive utbildningen för controllers, jätteskillnader, några från Sydamerika, några från Indien som gillar att lyda regler. Jag vet att när jag pratat med one att det ska vara på samma sätt, hur känner ni?

X: Det är ändå one på något sätt, inte naturligtvis 100% eller fullt ut, kulturer och människor är olika. Det kan vara olika mellan Göteborg och Katrineholm beroende vilka människor som sitter på respektive ekonomichef på respektive ställe om vi nu pratar ekonomisidan, och det är klart att det ser annorlunda ut mellan länder men ändå så har jag aldrig tyckt att det varit ett stort problem. Är man på [Large cap company] i Indien eller Malaysia eller USA eller vad som, det är så mycket som hänger ihop, det är så mycket som är gemensamt. Ekonomispråket blir väldigt gemensamt, sen att man gör på lite olika sätt har jag aldrig tyckt varit något större problem. Jag känner inte att vi hade svårigheter med det, men [Large cap company] var så oerhört globalt sen sedan så lång tid. Sedimenterad tanke i organisationen. Det var ingen som tyckte det var konstigt att en indier som jobbade i England eller i Sverige, eller att svenskar jobbar där, eller tyskar i Japan eller vad som helst. Det är väldigt naturligt, koncernspråket sedan 50-talet. Det sitter i generna ordentligt. Det märker man när man är ute på andra företag som inte är lika globalt etablerade. Bara det att man talar om moderbolag och dotterbolag till exempel, det fanns aldrig någon som pratade om dotterbolag på [Large cap company], det fanns inte det uttrycket ens, man såg på sina enheter. Det var jätteskillnad, att ha den etablerade globala kulturen och inte ha det.

JÅ: Men upplever du att olika enheter, om man nu tänker sig TVA-modellen. Responderade man olika på den, upplevde du att det var mer driv på vissa ställen?

X: Inte på grund av att det var något specifikt land eller så, utan det var väl i så fall olika människor. Men såg det aldrig som något problem.

JÅ: Det är lite intressant, för det pratar man om ibland . Folk har olika drivkrafter, hur många mer sådana individuella incentivsystem eller ska man ha mer kollektiva, och det är mycket sådana diskussioner men du känner inte att det var?

X: Inte på grund utav olika former av incentivesystem. Det kan man alltid diskutera om man ska ha TVA eller något annat men jag såg aldrig att det hade med kultur och land i grund och botten, utan det kan vara olika professionella uppfattningar så att säga. Nej inte på [Large cap company]. Det är en jätteskillnad att se de här företagen som har en globalt etablerad kultur och driver verksamheten utifrån det jämfört med de som sitter i Sverige och kör sina dotterbolag i där ute.

JÅ: Om jag förstår dig rätt så hade ni en mycket större förståelse för agerandet i hela koncernen?

X: Jag tror alla hade större förståelse, de som fanns i Indien var [Large cap company]are lika mycket som de var indier om man nu uttrycker det så, om man förenklar det lite grann. Om du tar ett annat företag som inte har den etablerade kulturen och sättet att jobba och tänka, så sitter man i Sverige så sätter man upp ett dotterbolag i Indien så skickar man dit en svensk så växer det lite grann. Det tar många år innan det där blir en naturlig del, ofta blir det de mot vi. Vi moderbolaget och dotterbolaget. Så fort jag hör när jag i styrelser när någon säger uttryckligen dotterbolag reagerar jag alltid. För det i sig själv är ett tecken att man inte tänkt igen på hur man vill driva sina affärer eller också har man, man har väl inte kommit så långt helt enkelt.

JS: Jag tänker på den icke-reglerade, samma fråga som finansiella mål. Har styrelse mycket att säga till om där?

X: Men nej, om jag minns rätt nu så var vår process i regel så här att årsredovisningen skriver styrelsen på, den formella delen, skriver under förvaltningsberättelsen tillslut. Den skickas ut ordentligt före styrelsemötet, presenteras och inte säker att alla läste den heller i och för sig, men de skrev i alla fall på. Sen så, den här andra delen kom ofta efteråt och så fick man alltså reagera som en styrelseledamot om man inte tyckte någonting var bra eller hade synpunkter, det förekom ju, men när man skriver på årsredovisningen åtminstone i [Large cap company] var det så, det är lite olika hur de här processerna ser ut i olika företag när man skriver på, då var ofta den delen kanske inte riktigt lika långt framme, så att den var ute på trycket så att säga.

JS: Vad har du för synpunkter? Var det några vanliga?

X: Nja, det kunde vara vad som helst, allt från någon som ville korrigera något enstaka ord, till språkliga saker, till är det här klokt att skriva på det här sättet, borde inte vinkla det så istället, så det varierar.

JS: Tänkte också, IFRS vi diskuterade hur det har påverkat de finansiella målen, men har det påverkat den icke reglerade delen?

X: Nej det tror jag inte, i så fall är det marginellt.

JS: Då skulle jag säga att vi har ställt alla frågor, om du inte kommer på något mer.

7.2 Interview-guide

- 1.) Vilka var de centrala val som gjordes när ni formulerade finansiella mål? Vilka är intressenterna?
 - a.) Har styrelsen stor makt i denna process?
 - b.) Beror friheten i formulerandet av finansiella mål mycket på vilken slags VD/Ordförande som är verksam?
 - c.) Har det skett en maktförskjutning över tid till ägare istället för styrelsen?
- 2.) Hur ser processen ut när ni väljer vad som skall presenteras i årsredovisningen?
 - a.) Vad avgör om nyckeltal placeras i "top ten" eller inte?
 - b.) Har styrelsen stor makt i denna process?
- 3.) På vilket sätt influerar konkurrenternas årsredovisningar er när ni utformar er egna rapport? D.v.s. hur influeras ni av trender?

- 4.) Finns det någon slags uppföljning på hur ”bra” eller ”effektiv” tidigare årsredovisningar har varit, och i sådant fall, hur går den till?
- 5.) Vad är det som avgör om information placeras i den reglerade eller icke-reglerade delen av årsredovisningen?
- 6.) Hur ser processen ut när information väljs som skall presenteras i ”VD har ordet”.
 - a.) 2007 valde ni att presentera samtliga finansiella mål i ”VD har ordet” medan ni 2010 presenterade dem separat innan ”VD har ordet”. Varför valde ni att göra så?
 - b.) 2010 presenteras först samtliga finansiella mål väldigt tydligt innan ”VD har ordet”, sedan presenteras samtliga igen i ”VD har ordet”. Hur såg processen ut när detta val gjordes?
- 7.) Hur påverkade kravet på att följa IFRS utformandet av den icke-reglerade delen av årsredovisningen?
- 8.) Hur påverkar turbulens, såsom t.ex. finanskrisen 2008, utformandet av årsredovisningen?