

MINI REVIEW



Risk management frameworks in Swedish multinational companies: A mini review of practices and global standards

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ABSTRACT

Risk management is increasingly recognised as a strategic function within multinational corporations, particularly in light of growing global uncertainties. Swedish multinational companies (MNCs), known for their strong governance, sustainability orientation, and transparency, provide a unique context for examining how global risk management frameworks are applied in practice. This mini review explores the adoption and adaptation of international standards, such as ISO 31000 and COSO ERM, within the operations of leading Swedish MNCs. Drawing on published reports and existing literature, the review identifies common practices, emerging trends, and areas where Swedish approaches align with or diverge from international norms. Notably, companies demonstrate a shift toward integrated risk thinking, with increasing attention to digital, environmental, and supply chain-related risks. While the overall standard of risk governance is high, there remains variability in framework implementation and reporting depth across industries. The findings highlight the relevance of Swedish practices in shaping future global risk discourse and suggest the need for continued alignment with evolving international risk governance standards.

KEYWORDS

Risk management frameworks; Swedish multinational companies; ISO 31000; COSO ERM; ESG integration; Global risk governance

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Introduction

In today's global business environment, companies face a growing spectrum of risks that require proactive and strategic responses. Risk management has shifted from a reactive or compliance-based role to one that is embedded in governance, decision-making, and long-term business planning [1].

Swedish multinational companies (MNCs) provide a relevant context for examining risk management frameworks due to their strong emphasis on corporate governance, transparency, and sustainability [2]. Firms such as Volvo Group, H&M, Ericsson, and IKEA are known for integrating risk thinking into broader environmental, social, and governance (ESG) strategies [3]. This integration reflects both Sweden's institutional environment and its culture of stakeholder accountability.

International frameworks like ISO 31000 and COSO ERM offer structured guidance for enterprise-wide risk management [4]. However, their application can vary based on industry, organisational culture, and national context. Swedish MNCs often adapt these frameworks to align with their values and operational priorities [5].

This mini review aims to explore how global risk management frameworks are adopted and applied within Swedish MNCs. By reviewing available literature and corporate disclosures, the paper highlights common practices, emerging trends, and gaps in implementation. The objective is to provide insight into how Swedish companies interpret global standards and contribute to the evolving discourse on effective and sustainable risk governance [6].

Overview of Global Risk Management Frameworks

Risk management frameworks serve as essential tools for guiding organisations in identifying, assessing, and responding to various internal and external risks [7]. In multinational environments, these frameworks help ensure consistency, accountability, and resilience across geographically dispersed operations.

COSO ERM framework

The COSO Enterprise Risk Management (ERM) framework, developed by the Committee of Sponsoring Organizations of the Treadway Commission, provides a structured model linking risk to strategy and performance [8]. Its five components, Governance and Culture, Strategy and Objective-Setting, Performance, Review and Revision, and Information, Communication, and Reporting, enable companies to embed risk awareness into all levels of decision-making [9]. COSO is widely used by multinational corporations to align risk with enterprise goals and improve transparency.

ISO 31000 standard

The ISO 31000 standard, issued by the International Organization for Standardization, offers a flexible, principle-based approach to risk management [10]. Updated in 2018, it focuses on integrating risk into existing business processes and promoting a culture of continuous improvement [7]. ISO 31000 is valued for its adaptability across industries and its compatibility with other ISO standards such as ISO 9001 (quality) and ISO 14001 (environment) [11]. It is especially

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popular in multinational settings for its scalability and ease of adoption.

FERMA model and other standards

The FERMA framework, created by the Federation of European Risk Management Associations, promotes a consistent risk management language across Europe and focuses on aligning risk practices with ethical and sustainable governance [12]. While less globally dominant, FERMA is influential among European corporations, including many based in Sweden [13]. Other sector-specific standards, such as Solvency II (insurance) and Basel III (banking), are also relevant in specialised contexts [14].

Use in multinational corporations

In practice, MNCs often adopt a hybrid approach, combining elements from multiple frameworks to meet diverse operational and regulatory needs. Swedish MNCs, known for strong governance and a high degree of ESG integration, often align global frameworks like COSO and ISO 31000 with local values of trust, transparency, and sustainability [15]. This balanced approach strengthens both internal risk governance and external accountability.

Application in Swedish Multinational Companies

Swedish MNCs are recognised for their strong corporate governance, commitment to sustainability, and stakeholder transparency [16]. These values significantly influence how risk management frameworks are adopted and applied in practice. A review of public reports, sustainability disclosures, and academic literature reveals a growing alignment with global frameworks such as ISO 31000 and COSO ERM, though implementation varies across firms based on industry, operational complexity, and strategic focus [17].

IKEA

IKEA integrates risk management into its sustainability and operational decision-making processes. While the company does not explicitly cite one single framework, its disclosures reflect key ISO 31000 principles such as embedding risk into governance and strategic planning [18]. IKEA pays particular attention to supply chain risk, environmental risks, and human rights due diligence, with strong links to ESG reporting. Its risk governance is decentralised yet coordinated across its global operations, with a notable emphasis on circular economy goals and social responsibility [19,20].

Ericsson

Ericsson adopts a structured risk management approach aligned with the COSO ERM framework [21]. The company's annual and sustainability reports emphasise governance-led risk oversight, with risk categories mapped against strategic objectives. Ericsson places a strong focus on cybersecurity, geopolitical risk, and digital transformation risks, given its position in the telecom and technology sector [22]. It integrates risk management into its enterprise performance and compliance structures, while also engaging in scenario planning to adapt to rapid industry changes.

H&M group

As a global fashion retailer, H&M uses a mix of ISO 31000-inspired principles and sector-specific standards. The

company has institutionalised risk management within its sustainability governance model, with a clear focus on climate-related risks, ethical sourcing, and labour rights [23]. H&M's reports indicate strong cross-functional risk committees and internal audit mechanisms that track ESG-related risks. It increasingly links risk disclosures to TCFD (Task Force on Climate-related Financial Disclosures) recommendations, signalling an alignment with emerging global practices.

Volvo group

Volvo Group follows a formalised risk management structure influenced by both COSO ERM and ISO 31000. Its reports show systematic identification of financial, operational, environmental, and reputational risks. A distinguishing feature is Volvo's integration of risk analysis into product development and logistics systems, especially for supply chain and environmental impact risks [24]. In recent years, Volvo has enhanced its risk oversight to reflect the importance of climate goals, aligning them with sustainability reporting and EU regulatory requirements.

Emerging trends and observations

Across these companies, several common trends are evident. First, risk management is increasingly integrated with sustainability and ESG reporting, reflecting a shift toward long-term value protection. Second, digitalisation has led to a stronger emphasis on cyber risks and data protection, particularly in firms like Ericsson. Third, companies are tailoring global frameworks to fit their operational realities, demonstrating flexibility while still adhering to core risk management principles [25].

In conclusion, Swedish MNCs demonstrate a sophisticated, values-driven approach to risk management. While frameworks like COSO and ISO 31000 provide structural guidance, local governance culture, stakeholder engagement, and ESG priorities shape their real-world implementation.

Challenges and Gaps

Despite the generally strong governance and risk awareness among Swedish multinational companies (MNCs), several challenges and gaps remain in the adoption and implementation of risk management frameworks. One notable issue is the inconsistency in framework adoption. While many firms reference global models such as COSO ERM or ISO 31000, the depth and structure of their application vary significantly. Some companies fully integrate risk frameworks into strategic planning, whereas others treat them as operational checklists, limiting their effectiveness.

Another challenge is the variation in reporting transparency. While Swedish MNCs are often praised for openness, there is still inconsistency in how risks are disclosed in annual and sustainability reports. Key risks such as supply chain disruption, cybersecurity threats, and geopolitical exposure are not always reported with the same level of detail or forward-looking analysis, making comparative evaluation difficult.

Furthermore, there is a limited body of academic literature that focuses specifically on how Swedish MNCs adapt global risk frameworks to local values and operational contexts. This

lack of research hinders the ability to evaluate the effectiveness of existing practices or benchmark performance across sectors. Finally, emerging risk areas, including cybersecurity, AI ethics, and geopolitical volatility, pose new challenges that current frameworks may not fully address. While some companies are beginning to adapt, there is a need for more agile and proactive risk strategies to keep pace with global uncertainty and technological disruption.

Conclusions

This mini review highlights how Swedish multinational companies are engaging with global risk management frameworks, particularly ISO 31000 and COSO ERM, while integrating their own values of sustainability, transparency, and governance. Firms such as IKEA, Ericsson, H&M, and Volvo Group demonstrate a growing maturity in aligning risk practices with strategic objectives and ESG commitments. However, variations in framework adoption and reporting depth suggest room for improvement.

Standardised and transparent risk management is increasingly vital in navigating complex global challenges, including digital disruption, geopolitical shifts, and environmental risks. To enhance resilience and comparability, more structured adoption of recognised frameworks and integration into enterprise strategy is essential.

There is also a clear need for further comparative academic research and more consistent, detailed risk reporting across sectors. Swedish MNCs are well positioned to lead in this area by refining their practices and contributing to global risk management standards.

Disclosure Statement

The authors declare that they have no competing interests.

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