**Living in Lund, Sweden**

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1. Sweden

Sweden, officially known as the Kingdom of Sweden, is a Nordic country on the Scandinavian Peninsula in Northern Europe. Sweden is one of the largest countries in Europe, with great diversity in its nature and climate. It is a sparsely populated country, characterized by its long coastline, extensive forests and numerous lakes. It is one of the world’s northernmost countries.

According to The World Factbook, there are 9,119,423 inhabitants in Sweden as of July 2013. The Swedes are descendants of the seafaring warriors known as Vikings who explored, raided and colonized areas from North America to Russia. Vikings are remembered as brave and great explorers who had no use for hierarchy and perhaps laid the foundation for the values of individualism and egalitarianism in northern Europe.

Sweden is a constitutional monarchy in which King Carl XVI Gustaf is head of state. The head of state is primarily a ceremonial position. Actual power resides in the Swedish Parliament. The daily affairs of the government are managed by a prime minister who is typically the leader of the largest political party in the legislature. The prime minister together with a cabinet of ministers form the executive branch of the government. The nation's legislative body is the Riksdag (Swedish Parliament), with 349 members, which chooses the Prime Minister. John Fredrik Reinfeldt is the Prime Minister of Sweden, incumbent since 2006.

Sweden has been a member of the European Union since 1995 and is a member of the OECD. Swedes have rejected the euro in a popular vote and Sweden maintains its own currency, the Swedish krona (SEK).

Most of Sweden has a temperate climate, with four distinct seasons and mild temperatures throughout the year. Sweden is much warmer and drier than other places at a similar latitude, and even somewhat further south, mainly because of the Gulf Stream. For example, central and southern Sweden has much warmer winters than many parts of Russia, Canada, and the northern United States.

The primary language of Sweden is Swedish but the majority of Swedes understand and speak English.

1. Lund

Lund is a small city in the province of Scania, southern Sweden, located close to the rest of continental Europe. The town is home to 82,800 inhabitants as of 2010. Lund has a vibrant culture, characterized by the younger generation who attend Lund University.

During the 1940s, Lund was a relatively small city with few large-scale industries, covering only about a quarter of the current urban area, and dominated by the cathedral and the university. Despite being a small town, thanks to its geographical position, Lund has great connections both to continental Europe and to the rest of Sweden. This makes it a very viable place to start a business.

1. Why live in Sweden?

## Low Population Density

Sweden has a very attractive ratio of population of people per sq. km of land area. It has a total of 9.2 million inhabitants in July 2013 according to the World Bank, with about 85% living in the southern half of the country. The country has a low population density of 21 people per km² compared to the average world population density of 51.6 people per km².

1. **Standard of Living**

Sweden is one of the world's most highly developed post-industrial societies. The countryperforms exceptionally well in overall well-being, as shown by the fact that it ranks among the top countries in the Better Life Index released by the Organization for Economic Cooperation and Development (OECD). The OECD is a prestigious international economic organization that analyzes wellbeing in 34 industrialized nations, weighing up factors including income, education, housing and security, life satisfaction, and health, and then rates each country on a 10-point scale. Its Better Life Index is widely used as a standard in measuring the quality of life of a country.

Sweden has consistently been part of the top 10 countries in the Better Life Index Ranking of the OECD. For 2013, it emerged second place, next to Australia. In general, the people living in Sweden are more satisfied with their lives than the OECD average of 80%, with 85% of people saying they have more positive experiences in an average day (feelings of rest, pride in accomplishment, enjoyment) compared to negative ones (fear, worry, sadness, pain).

1. **Effective Tax System**

At 30%-40% depending on the city where you work in, Sweden is noted for its high personal taxes. For businesses, the state income tax is 20% for part of your earned income that exceeds SEK 413 200. If your taxable earned income exceeds SEK 591 600 you must pay state income tax of an additional 5% on the portion exceeding SEK 591 600.

Interestingly however, Swedes are known to accept higher taxes because they are confident that it pays for a largely fair and well-functioning society, with decent public services and a universal safety net. In fact, the Swedish word for tax is *skatt*, which has another meaning: treasure.

*Skatteverket*, the agency that watches over Sweden’s “treasure”, is what they call the Swedish Tax Agency. *Skatteverket*, surprisingly, unlike its foreign counterparts (i.e., the American Internal Revenue Service) is really popular among its constituents. Consistent poll ratings show that the agency is highly trusted and respected by the Swedes.

Among the many benefits od Sweden’s effective tax system are as follows: individual taxation of spouses has promoted female labor participation, universal daycare makes it possible for all parents to work, student loans are offered to everyone without means-testing and the elderly do not depend on the goodwill of their children.

1. **Comprehensive Social System**

Swedes pride themselves in upholding high standards of honesty and integrity in business life. A strong governance system is credited for minimizing instances of bribery and corruption in the private and public sectors alike.

One of the typical drivers of corruption is inequality in a society. The high value placed on egalitarianism in Sweden is supported by the social welfare model, which ensures a decent level of welfare for all registered inhabitants. Thus, there is little incentive to engage in corrupt practices. Sweden also has vigilant journalists, and media often plays a primary role in the prevention of corrupt practices in the political and administrative spheres.

State subsidies make living in Sweden affordable, and many benefits are free of charge.Foreigners with a valid residence permit are entitled to the same health care and social benefits as all Swedes.

Sweden boasts of its 5 weeks of mandatory paid vacation and an unlimited number of sick days, meaning that you can focus on your health whenever you need to. Eighteen months of paid parental leave are offered per child, with job security when you return to work. Parents in Sweden also enjoy free daycare for their children.

Studying at a University or at a vocational school is cost free. Students even receive a stipend while they are studying. Everyone who newly moves to Sweden also receives free Swedish classes.

Sweden also has a low rate of homelessness. When people find themselves in trouble financially, the Swedish social system does well in supporting them in various matters like loans and housing.

1. **Swedish Health Care**

Swedish health care is heavily subsidized, making it affordable for every citizen. There is an annual fee of 2,200 SEK for medicines regardless of type and amount and the rest of the costs are paid by the government for the rest of the year. All pharmacies are network-connected so medicines can be obtained from any pharmacy in the country. The prescription is sent through internet to the pharmacy network, which also stores information on previous medications obtained and relevant medical history of the person, at which point one will only need to produce identification to acquire the medication.

There is also a limit on health-care fees per year. After 1,100 SEK have been paid, health-care for the rest of the year will be provided free of charge. When visiting a hospital, the fee covers all doctor and specialist fees, ambulance services, lab tests, x-rays, MRIs, surgery operations and so on. In addition, there is free dental care for everyone below 19 years of age.

1. **Environment**

Swedes are very proud of their country's natural beauty and the government's efforts towards conservation. Many Swedes are committed to recycling and doing everything they can to protect the environment.

**Nature**

There are thousands of lakes and thousands of kilometers of forests scattered all around Sweden. In Lund, specifically, there is skiing in the winter, swimming and camping in the summer, hiking all-year, boating most of the year.

In 1910, Sweden became the first European country to establish national parks, mainly in the mountainous districts of Norrland. This helped save part of ­Europe’s last wilderness from exploitation. Numerous nature reserves and cultural heritage areas have also been established across the country.

### The Right of Public Access

Under the Right of Public Access (*Allemansrätten*), anyone is entitled to hike through forests and fields and pick berries and mushrooms, without asking the landowner’s permission, but this right also carries with it an obligation to respect the natural environment and private property.

1. **Green Living**

Sweden has many environmental laws to protect itself. Not only are there many laws, but many people actively protect the environment because they appreciate having clean cities and green forests.

When it comes to recycling, Sweden is incredibly successful. All but 4% of the trash produced in Sweden bypasses the landfill and is either recycled or used as fuel in their waste-to-energy programs.  Sweden is able to generate 20% of the energy they need to heat the country and also provide electricity for 250,000 homes.  **Sweden has gotten so good at recycling that it no longer produces enough waste to fuel the waste-to-energy program.** As a solution, Sweden has recently begun to import about eight hundred thousand tons of trash from the rest of Europe per year to use in its power plants. Countries like Norway are paying them to take their waste, since it’s more expensive for them to burn the trash in their own country and they lack recycling programs that Sweden has.

**Renewable Energy**

Sweden consumes a substantial amount of electricity per capita (15,000 kWh per person/year). Few countries consume more energy, yet Swedish carbon emissions are low compared with those of other countries. The average Swede releases 5.1 tons of carbon dioxide per year into the atmosphere, compared with the EU average of 7.9 tons and the US average of 19.1 tons.

The reason for this low emission rate is that about 78% of electricity in Sweden comes from renewable energy sources such as wind, solar, geothermal or wave power, biofuels or small-scale hydroelectric plants.  Sweden targets to have a totally fossil-free vehicle fleet by 2030.

1. **Transportation**

The public transportation is very good in Sweden, with many buses, subways, and trams going to all parts of the city and its suburbs at all times of the day. Sweden is a big, bike-friendly country with a well-developed network of cycle paths in and around its towns and cities and well-marked cycle routes around the country.

In Lund, 60% of the population bikes or takes public transport to go about their daily tasks. Lund has been praised for its cycling infrastructure. There are 5000 bike parking spaces in the town, including a multi-storey parking facility and 160 km of cyclepaths. There has been no increase in car usage for the past 10 years.

1. **Culture**

**Lagom**

Swedes approach nearly everything they do with a certain degree of moderation. Work is balanced with home life, emotions are reserved, dress standards are neither casual nor formal, and everyone is equal. The Swedes refer to these moderate tendencies as *lagom*, "just enough." The *lagom* mentality is seen by some as that trait which gives the Swedish society its characteristic stability. This value is also related to the well-known Swedish propensity toward diplomacy.

People strive for balance in all facets of life. Work *lagom, p*lay *lagom and s*pend *lagom* are common terms that could be heard all around Sweden*.* In short, Swedes try to live “lagom”.

**Life-long learning**

Swedish people love to go to night school and weekend seminars. They learn everything from Basket-Weaving to Macro Economics. It is common for Swedes of any age to take random classes in Art, Business German, Jazz-Improvisation, Philosophy, Tile-laying all in their lifetimes. Lund is home to Lund University, the biggest university in all of Sweden and provides classes and vocational courses that are subsidized by the government.

**Consensus**

People in Sweden do not like conflict. Sweden’s last official war was a minor skirmish with neighboring Norway in 1815. Besides sending some peace-keeping forces to Afghanistan, Sweden is generally extremely averse to open conflict. In fact, Sweden is known throughout the world for its neutrality.

Conflict is seen as a failure by all participating parties. In Sweden, conflict is viewed as barely an option. This holds true at the international level and at the micro-level in Swedish homes and in the workplace.

1. **Accessibility to the rest of Europe**

Once you become a resident of Sweden, you can easily travel to other European Union countries with a visa that will allow you to live and work there. This flexibility opens you up to travel and do business with the rest of the countries of the EU.

1. Andra Hem Subletting Business in Lund, Sweden

Global competition is exerting pressure on people's mindset and corporate behavior and people are realizing more than ever the importance of investments in maintaining global competitiveness. The Swedish government has also done a great deal to encourage business investment since the country's entry into the European Union in 1995.

One of the greatest challenges Swedes face is finding a place to live in. Sweden is an immigrant-friendly nation and there is a sizeable number of people coming here from all parts of the globe. Unfortunately, there are not enough houses/apartments available to sustain the demand. The city of Lund particularly, consists mostly of students who are unable to pay high rental costs of an entire apartment/house.

There are no legal restrictions on foreigners renting or buying property in Sweden. However, the lenient regulations and restrictions in the rental market means that waiting lists are extremely long.

There are two forms of rental contracts in Sweden. A **first hand contract** is one in which the tenant takes out directly with the owner of the property gives the tenant a high level of security. The **second hand contract** is a sublet by someone who has a first hand contract and doesn't want to loose it so he rents it out, as a whole or partially, to somebody else.

The idea of subletting is common practice in Sweden, and is preferred by most Swedes and tourists since it provides them more affordable places to live in. Subletting is subject to the same laws as a first hand contract. **Andra Hem** will be a service-oriented business, focusing on subletting apartments in Lund. Apartment units with multiple bed and baths will be leased via first-hand contracts and each room will be further rented out as separate second-hand contracts.

An average fully-furnished apartment located in the city center of Lund will be equipped with a bed; a sofa; sufficient lighting; heating/electricity; potable water; cooking pans; gas connection; basic kitchen appliances, utensils and cutlery; washing and drying area; cable television and internet; iron/table; bathroom furnishings; and cabinets. The size of the space, the area one lives in and the level of furnishing in an apartment decides the pricing of the rental. The prices are inclusive of any association our housing fees.

In Lund, the range for a single room with access to a bathroom, living room and kitchen in a fully furnished 85m² apartment is 10,500-14,000 SEK per month within the city center and for a single room of the same size within the same area is from 5,000-8,000 SEK per month.

The rental process in Sweden is swift and easy. It initially involves the negotiation of a rental agreement and a property survey occurs. Once an agreement is reached and the property has been ‘cleared’ by the previous tenants, a rental contract is signed by both the owner and new tenant. The tenant then provides a deposit of 3 months of the rental. In Sweden, the rental of a residential property usually proceeds with only a broker’s or an agent’s services and does not necessarily involve the services of a lawyer. It takes an average of four to five weeks to complete the entire process.

Subletting goes through the same process as a first-hand rental contract, however, the first-hand tenant should ask the permission of the owner. In most cases, a verbal contract is legally binding and the first-hand tenant may begin subletting some rooms or the entire place.

1. SWOT Analysis and Matrix

**Strengths:**

* **Cheaper accommodation**: I will be providing students, backpackers, and visitors to Lund with the opportunity to rent accommodation short or long-term that is cheaper than other alternatives.
* **Safe environment:**Students can feel confident in knowing that I am providing them with safe housing opportunities.
* **Alternative to University accommodation:**Students will have an alternative to University provided accommodation.
* **Low cost set-up:**As the business is a second-hand contract, there will be minimal set-up costs to begin.
* **Accommodation within the city center:**I will be seeking out rental accommodations located within a 5km radius of the Lund University.

**Weaknesses:**

* **Startup business:** As the business is new to the market, it has not yet able to develop a reputation. The business is a service, therefore intangible, so a reputation cannot be built until we have satisfied customers.
* **Limited accommodation available for rent:**Within the selected 5km radius, there will only be a certain amount of accommodation available for rent and there will be a long waiting list for the residential units.

**Opportunities:**

* **International students:**The Lund University has an abundant population of international students each semester, so there is a large amount that will require accommodation.
* **Locals who seek affordable accommodation:**Locals such as students or residents form other parts of Sweden will also require accommodations within the city center.
* **Backpackers, tourists and various visitors:** Visitors who are travelling on a budget look for safe and affordable accommodations during their stay in Lund.

**Threats:**

* **Pre-existing accommodations:**Other sublet accommodations, hostels, budget hotels are already established in the industry. Dormitory rooms are also provided

for free by the government.

* **Unreliable tenants:**Although contracts will be signed, there is always a change of unreliable tenants.

**Table 1. Andra Hem SWOT Matrix**



1. Financial Projections

Table 2 shows a 5-year projection of expenses and revenues of the Andra Hem Subletting business in Lund. With a starup a capital of $50,000 or approximately 332,465 SEK, Andra Hem will rent five 3-bedroom apartments located within the city center of Lund. This will cost approximately 14,000 SEK per month for each apartment. The rent will be inclusive of any association of housing dues. The landlord will also be responsible for the maintenance of the apartment unit, however, any destruction or misplaced items will be deducted in the one month deposit or will be shouldered by Andra Hem.

In Sweden, there are registration fees involved for the rental business, and each apartment will be charged 2,000 SEK yearly. Andra Hem will also be hiring one housekeeper who will be responsible for cleaning the apartment units three hours a day four times a month. The housekeeper will be paid 57 SEK per hour which is the minimum wage in Sweden.

Andra Hem’s revenue will come from subletting each of the rooms in the five apartments. The cost of the rental will be 200 SEK per day, inclusive of utilities and housekeeping. Andra Hem will require one month’s deposit from the lessees. Swedish law requires at least 3 months notice before a lessee vacates a rented unit.

The following were taken into consideration in solving for the projected income:

\* For businesses, the state income tax is 20 percent on that part of your taxable earned income that exceeds SEK 413 200. If your taxable earned income exceeds SEK 591 600 you must pay state income tax of an additional 5 per cent on the portion exceeding SEK 591 600.

\* The minimum wage in Sweden is approximately 56.52 SEK per hour.

**Table 2. Andra Hem Five Year Financial Projection**



1. Conclusion:

The Andra Hem subletting business will be incurring a loss of approximately 108,400 SEK on the first year of its operation. This is normal since the company is just staring up. The financial projection assumes that only twelve out of the fifteen rooms will be completely filled up for the entire year however, all five apartments will be incurring their regular expenses. It is also during the first year that Andra Hem will be incurring a one-time expense for Business Registration Fees and Licenses.

On the second year of its operation, Andra Hem will already be gaining a Net Profit of approximately 129,752 SEK. The gain of the company came from an addition of one more apartment unit and the absence of the one-time Business Registration Fees and Licenses. This profit however, is not enough, since this would only mean a monthly income 10,812.67 SEK which is 50% below the average monthly salary in Sweden.

On its third year, Andra Hem will be gaining momentum and will be earning a total net income of 107,960 SEK with an 11% ROI. This income came from an addition of one more unit that produces a revenue of 216,000 SEK per year.

On the fourth and fifth year, Andra Sek will already be an established rental company and will be projected to have enough earnings to add ore apartment units to be subleased which will in turn provide an increasing profit per year.

**Sources:**

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**Energy Use in Sweden** http://sweden.se/society/energy-use-in-sweden/

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**OECD Better Life Index** http://www.oecdbetterlifeindex.org/countries/sweden/

**Sweden Data http://data.worldbank.org/country/sweden**

**The 10 best reasons to move to Sweden** http://www.muchissaidinjest.com/2010/09/28/10-reasons-to-move-to-sweden/

**Business to support:**

Among the businesses presented in class, I would choose to support the Recycling Business because of the advocacy for making Marikina a clean and environmentally friendly city. There aren’t a lot of businesses in the Philippines that are into waste recycling that’s why I think this particular business has a lot of potential to grow and help the Philippines become a greener nation. I like the fact that the EKEA company will reaching out to the local Marikina community and conduct seminars and trainings that will empower and educate the constituents on what it means to live sustainably.

Since the business involves producing quality eco bags using recycled materials, the startup capital that is needed will not be too big. I will be willing to give an initial investment of P50,000 to the company to help them produce simple lightweight, expandable cotton net bags that will be able to provide additional income for the women in Marikina. I must also add that EKEA should ensure that the eco-bags will be produced in socially responsible environments and will strictly adhere to labor laws (no-one under the age of 18 is employed, proper ventilation & working conditions).