



JÖNKÖPING UNIVERSITY

*Jönköping International
Business School*

” Driving Sustainability through Regulation: A Case Study of CSRD Implementation in Companies.”

BACHELOR PROJECT THESIS WITHIN: *Business
Administration*

NUMBER OF CREDITS: *15 hp*

PROGRAMME OF STUDY: *Sustainable Enterprise
Development*

AUTHOR: *Jari Renz & My Romé*

JÖNKÖPING *May 2023*

Bachelor Thesis Project in Business Administration

Title: Driving Sustainability through Regulation: A Case Study of CSRD Implementation in Companies.
Authors: Jari Renz and My Romé
Tutor: Miguel Gil
Date: 2024-05-18

Key terms: Sustainability Reporting, CSRD, Double Materiality, Stakeholder Theory, Institutional Theory

Abstract

Background: The European Commission has released the Corporate Sustainability Reporting Directive (CSRD) to make Europe the first climate-neutral continent, targeting a 55% reduction in greenhouse gas emissions by 2030. The directive shifts sustainability reporting from a voluntary to mandatory framework, significantly expanding the range of companies to report. The implementation has gradually started in 2024.

Purpose: The study aims to investigate how Swedish consultancy firms are implementing the CSRD regulations among their clients and how the new regulations are communicated. Understanding this implementation phase can provide insights to manage stakeholder relationships and institutional pressure to remain competitive.

Method: Adopting an interpretivist paradigm, this case study uses Stakeholder and Institutional Theory to explore CSRD implementation among consultancy firms, clients, and other stakeholders. Qualitative interviews were conducted, followed by thematic analysis to identify key mechanisms for implementing the new reporting standards.

Conclusion: The findings conclude that sustainability reporting has transitioned from a strategic choice to an institutional requirement. Companies now depend on sustainability consultants to develop strategies for complying with CSRD. Additionally, stakeholder engagement within companies becomes improved with the implementation of CSRD.

Acknowledgement

As authors of this thesis, we want to express our gratitude to our tutor, Miguel Gil, for his exceptional guidance, dedication, and support throughout our thesis development. With his insightful feedback and profound expertise in research methodology, Miguel has generously shared invaluable knowledge, surpassing all expectations to enhance the efficiency and comprehension of the research process. We are deeply grateful for his mentorship.

Additionally, we would like to show our appreciation to Axjo, Hållbarhetsteamet, and the Big-4 firm for their invaluable time and insights, particularly during the interview process. Their contribution has enabled this study and significantly enriched our understanding and strengthened the quality of our thesis.

Furthermore, we express our sincere gratitude to all those who have supported the development of our thesis. Your input, comments and encouragement have been extremely valuable in shaping our thesis.



Jari Renz



My Romé

Table of Contents

.....	1
Introduction	1
1.1 Background	1
1.2 Problematization	2
1.3 Purpose	4
2.0 Literature Review	6
2.1 Method.....	6
2.2 Sustainability Reporting	8
2.3 Theoretical Background.....	14
Methodology	21
3.1 Research Philosophy and Approach.....	21
3.2 Methods of Data Collection.....	23
3.3 Method of Data Analysis.....	25
3.4 Trustworthiness	27
3.5 Ethical Considerations	29
Findings	31
4.1 Governance	32
4.1.1 Board Governance & Transparency	32
4.1.2 CSRD: Keeping up with Changes.....	33
4.2 Stakeholder	35
4.2.1 Operational Concerns.....	35
4.2.2 Stakeholder Perception	36
4.3 Organisational Strategies	38
4.3.1 CSRD Process Development	39
4.3.2 Resource Allocation.....	40
4.3.3 System Use	41
4.4. Interrelations between Governance, Stakeholders, and Strategy.....	43
4.4.1 Interrelation between Governance and Stakeholder.....	43
4.4.2 Interrelation between Stakeholder and Strategy.....	43
4.4.3 Interrelation between Strategy and Governance.	44
Discussion & Analysis	46
5.1 Consultancy Guidance for Compliance.....	46
5.2 Regulatory Compliance over Strategic Choice	48
5.3 Strategical Implications for CSRD Implementation	49
Conclusion	52
6.1. Brief Summary	52
6.2 Theoretical Contributions.....	52
6.3 Practical Contributions.....	53
6.4 Societal Contributions.....	54
6.5 Limitations	54
6.6 Future Research.....	55

Reference list	56
-----------------------------	-----------

Figures

Figure 1 PRISMA-model for literature review

Figure 2 Overview most important mechanisms for CSRD implementation

Figure 3 Thematic Coding Process (an example)

Figure 4 CSRD Information Flow

Figure 5 Updated Overview important mechanisms for CSRD implementation

Tables

Table 1 Table of the participants in the interviews.

Appendix

Appendix A Tables for Publication Spread and Geographical Spread of Articles

Appendix B Sources for Frame of Reference and Literature Review

Appendix C Original Interview Guideline

Appendix D Improved Interview Guideline

Appendix E GDPR Consent

Appendix F AI Declaration

Introduction

The first chapter of our study introduces the new mandatory sustainability reporting standard established by the Corporate Sustainability Reporting Directive (CSRD). The chapter outlines the problematization surrounding the directive and explains the purpose of this study.

1.1 Background

Human activities are placing immense pressure and stress on our planet. To ensure the thriving of our planet, Johan Rockström has identified nine planetary boundaries. These planetary boundaries serve as critical thresholds, surpassing them can trigger tipping points and irreversible processes, such as environmental degradation. As of September 2023, six of these nine boundaries were identified to be in unstable, dangerous stages, pushing the Earth to its limits (Stockholm Resilience Centre, n.d.). Consequently, there is a global demand for organizations to acknowledge and address their environmental impact, particularly concerning waste production and pollution damages (Amoako et al., 2021). This pressure has led to a rapid increase in organizations' interest in sustainability reporting practices over the past decade, encompassing both listed and unlisted companies, as well as SMEs (Kolk, 2003).

In 2014, the European Commission decided to release a non-financial directive focusing on social and environmental information. The aim was for organizations to assume more responsibility, which was seen to ultimately lead to reduced costs and improved performance in the long run (European Commission, n.d.). However, up until 2020, sustainability reporting standards were established by private institutions such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) (European Commission, 2021). This resulted in a complex regulatory environment where requirements vary for each standard, making it difficult to compare sustainability performance among companies (Villiers, 2022).

In 2022, the European Commission released a new directive aimed at becoming one of the most significant components in achieving financial goals, with the objective of making Europe the first climate-neutral continent setting targets to reduce greenhouse gas emissions by 55% by 2030, based on 1990 levels (European Commission, 2021). The Corporate Sustainability Reporting Directive (CSRD) is intended to be implemented gradually, starting with listed large companies for the fiscal year of 2024 and publishing the first reports in 2025. Subsequently, unlisted large companies will implement CSRD in 2025 and disclose their reports in 2026. SMEs will implement the directive in 2026 and disclose for 2027 (Grant Thornton, 2023). This means that approximately 49,000 organizations will now be required to report, compared to 18,500 previously (Villiers, 2022; Greiling & Bauer, 2023). The reports will be structured with common standards known as European Sustainability Reporting Standards (ESRS) to increase comparability and transparency between organizations (European Commission, n.d.). ESRS standards are divided into four subcategories: general requirements, which are mandatory for all organizations subjected to CSRD, and three other categories tailored to specific industries (European Commission, 2023).

The absence of mandatory standards previously led to incomparable and non-audited sustainability reports in the EU, causing concerns and uncertainty among investors (European Commission, 2023). Over the past decade, the corporate sector has increasingly recognized the importance of sustainability reporting. Stakeholder interest in non-financial disclosure has grown and investors demand non-financial data for their risk management (Benvenuto et al., 2023). With the implementation of CSRD, the EU aims to achieve a significant milestone in sustainability reporting. The intention is to assess corporations' impact on the environment and society, enabling stakeholders and investors to evaluate their performance on risks and opportunities arising from climate change and other related sustainability issues (European Commission, n.d.).

1.2 Problematization

In the field of sustainability reporting, the main theories that drive it include Institutional Theory and Stakeholder Theory (Benvenuto et al., 2023). These theories are fundamental to our understanding of how organisations respond to institutional pressures and stakeholder demands. DiMaggio & Powell (1983) developed Institutional Theory

focusing on the influence of external forces such as laws, regulations, and norms in shaping organisational behaviour. Institutional Theory examines how organisations conform to institutional pressures, seek legitimacy, and establish routines and practices based on the institutional norms and expectations building upon social power forces that drive voluntary changes within organisations (Amran & Haniffa, 2011). These power drivers are known to be regulatory (laws and regulations), culture (norms and values), and mimetic (strategies from successful peers or competitors). These three drivers of organisational change are called Isomorphism, a key concept within Institutional Theory (DiMaggio & Powell, 1983).

However, with the mandatory adoption of CSRD regulations, the sustainability reporting environment is undergoing significant changes, shifting from voluntary to mandatory standards for companies. This shift challenges the traditional views on Isomorphism, as the transition from voluntary to mandatory sustainability reporting standards may render some of these concepts less valid. This means that organisations of all-sizes must now re-evaluate their operations, routines, and norms to prepare for this paradigm shift.

Aureli et al. (2020) criticised Institutional Theory for the limited consideration of how organisations' adaptation to regulations and standards impact their internal cultures, focusing primarily on the impact of external values on adoption. This perspective on Institutional Theory may be challenged by the introduction of CSRD, which emphasises on the need for organisations to align their internal practices with external reporting standards. Further, under CSRD reporting, measuring from an outside-in perspective becomes crucial where the existing limitations of Institutional Theory in understanding internal cultural dynamics present challenges to meeting the objectives of CSRD.

Stakeholder theory is widely used within the context of business, accounting, and management, providing a framework for understanding how organisations consider stakeholder interests and their impact on business objectives (Fyall et al., 2012). Stakeholder Theory brings a holistic framework to organisations, incorporating the wants and needs of all stakeholders rather than solely focusing on shareholders (Mahajan et al., 2023). In the research field of Stakeholder Theory and sustainability reporting, sustainability reporting was primarily a voluntary activity aiming to enhance transparency, accountability, and sustainability. However, the introduction of CSRD

regulations may present a paradigm shift (Lange & Bundy, 2018). Stakeholder Theory must adapt to these new regulatory requirements, introducing compliance and legal dimensions beyond ethical consideration emphasised in earlier literature.

Moreover, as sustainability accounting and reporting continue to evolve, there is a growing need for more fundamental research to understand how Stakeholder Theory can effectively contribute to these fields. This highlights the importance of theorising and conducting empirical research to address emerging challenges and opportunities in CSRD reporting (Hörisch et al., 2020). Benvenuto et al. (2023) noted that the corporate sector has recognized the importance of sustainability reporting, and stakeholder interest in non-financial reporting has increased. However, research in the fields of accounting, reporting, and Stakeholder Theory remains limited (Posadas et al., 2023).

In conclusion, the criticism directed towards Stakeholder Theory and Institutional Theory underscores significant gaps in our understanding of organizational behaviour and stakeholder relationships, especially within the context of sustainability reporting under CSRD regulations. Firstly, the unique setting of CSRD requires a deeper exploration of its impact on companies. Without this understanding, there is a risk of oversimplified decision-making. Secondly, it is crucial to establish a critical understanding of how stakeholders are impacted and engaged in the context of CSRD to comprehend how responsibilities are allocated in the implementation phase. Addressing these gaps will create a better understanding of the transition from voluntary to mandatory reporting practices associated with institutional pressure and to identify the implication for various stakeholders.

1.3 Purpose

The purpose of this study was to investigate how consultancy firms and their clients behave and navigate under the new sustainability reporting standards (CSRD). The aim was to uncover the underlying mechanisms driving CSRD adoption and identify potential challenges. Using Stakeholder Theory, the study assessed how consultancy firms communicate the new regulations and whether stakeholders become prioritised. Additionally, Institutional Theory was employed to examine whether institutional

pressure (coercive isomorphism) influences organisational behaviour and conformity to institutional norms (normative isomorphism).

This study holds practical relevance by providing insights on how consultancy firms handle, implement, and manage the complexities associated with new sustainability regulations set by the CSRD with their clients. By understanding their strategies for managing stakeholder relationships and responding to institutional pressures can offer valuable knowledge for competitiveness in similar environments. Through an abductive approach, the study aimed to provide a nuanced understanding of these dynamics, thereby contributing to more effective stakeholder management practices. To achieve the study's purpose, the following research question has been applied:

“How do Swedish consultancy firms manage the implementation of the new CSRD standards among their clients?”

Literature Review

This chapter provides a theoretical background on what has been driving sustainability reporting since the 1970s. Additionally, it provides an overview of voluntary sustainability guidelines and concepts. Further, some important aspects of what Institutional and Stakeholder Theory assumes in the context of sustainability reporting is provided.

2.1 Method

A systematic literature review was conducted to select relevant literature on sustainability reporting from a theoretical perspective. Following the PRISMA framework, the review involved Identification, Screening, and Disclosure of the selected literature (Hiebl, 2021).

Through the search for literature, the electronic search engine Scopus was utilized. The following keywords were applied: CSRD, Reporting, Corporate Sustainability Reporting Directive, Sustainability Reporting, Institutional Theory, Sustainability Reporting, Stakeholder Theory, Sustainability Disclosure Europe, Corporate Governance, CSR reporting, ESG reporting, and Sustainability. The keywords were mainly chosen from other authors' publications on Scopus for the purpose of consistency in assessing relevant literature in the same field (Hiebl, 2021). Also, 'Boolean` operators have been used in the form of "AND" and "OR" to combine keywords to increase or decrease the search. One example of how Boolean operators have been applied is CSRD "AND" Sustainability Reporting.

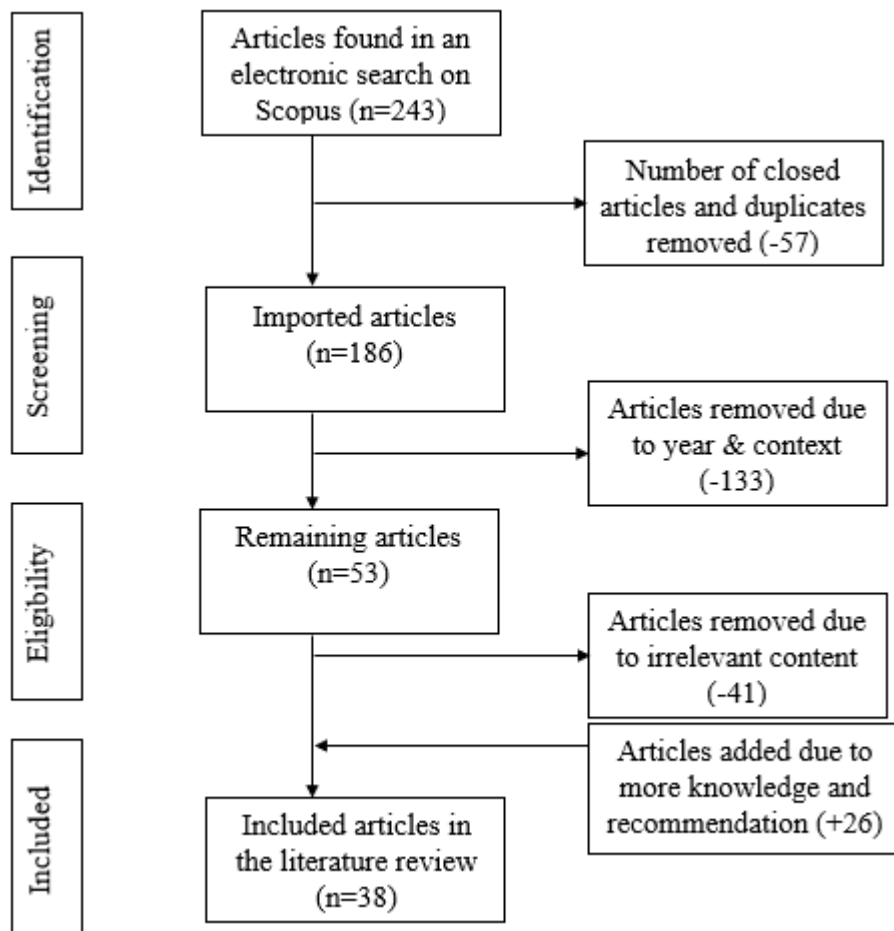
The search primarily focused on articles and books, articles retrieved from Scopus, and book chapters from Springer Link or Taylor & Francis Group. Conference papers or thesis work were excluded in the literature review to avoid grey literature for validity and transparency (Kraus et al., 2020). Only open-access journal articles and books were included to ensure transparency for all readers, with a preference for English publications to streamline the search process. The quality of the 38 selected articles in the literature

review was assessed using the Academic Journal Guide 2021. Out of these, 34 had a minimum of 1, while four were not listed but were still considered after comparison with other listed journals.

Most of the literature collected is from 2013 and onward, taking into consideration the rapid development in the field of sustainability reporting (see Appendix A, Table 1). However, a few articles from the early and mid-2000s were included to provide a fundamental understanding of the historical development of sustainability reporting. Articles from before 2000 contain information regarding Stakeholder Theory and Institutional Theory. The subject area is mainly consistent with business management but also includes a few articles addressing law. The search had a geographical focus on Europe. However, relevant literature from other continents was also taken into consideration if relevant (see Appendix A, Table 2).

The initial search on Scopus resulted in 243 identified articles, which were then exported to an Excel file (see Appendix B). Of these, 57 articles were removed due to duplications or lack of public unavailability. During the screening stage, the abstracts of the remaining 186 articles were reviewed. Out of these, 133 were excluded based on context or publication relevance. However, some older articles were retained if they provided relevant insights for the research. The remaining 53 articles were read in full, resulting in the exclusion of 41 articles found not to be relevant. Additionally, after completing the systematic literature review, 26 more articles were identified through insights gained during the review process or via citation tracing (Easterby-Smith et al., 2021).

Figure 1 PRISMA-model for literature review.



2.2 Sustainability Reporting

Introduction to sustainability reporting

Sustainability reporting, also known as non-financial reporting, can be traced back to the early 1970s when companies began to consider environmental and social aspects leading to what is known as the triple bottom line reporting (Hahn & Kühnen, 2013). Initially, non-financial reporting focused primarily on social aspects, where environmental disclosures was included under the social aspects. Social reporting detailed a company's annual social activities, aligning with their financial and economic performance. By disclosing social information, companies were able to communicate their sustainability objectives with stakeholders, enhancing transparency between their economic and social

aspects (Tenuta & Cambrea, 2022). Sustainability reporting follows various terms, including corporate social reporting, non-financial reporting, and Environmental, Social and Governance (ESG) reporting. Due to its voluntary nature, a variety of labels have emerged for these reports, such as Sustainability Development Report, Corporate Citizenship Report, Corporate Social Responsibility Report, and many others (Hahn & Kühnen, 2013). The primary aim was to communicate an organization's impact on the environment, their employees, and other stakeholders (Aluchna et al., 2023). In addition, an emerging trend in this field is integrated reporting, which combines financial and sustainability reports into a single document (Hahn & Kühnen, 2013). Schreck & Raithel (2015) argue that sustainability reporting has become more professionalized and a mainstream practice. However, they also note that companies voluntarily disclosing sustainability reports are typically those that are already recognized for strong social performance.

The role of non-financial reporting and sustainability reporting

Sustainability accounting involves using information management and accounting methods to generate accurate data, which facilitates decision-making regarding a corporation's sustainability performance. This internal data forms the foundation for sustainability reporting (Hahn & Kühnen, 2013). With these measurements and environmental tools, organizations can communicate their resource use and the impact of their activities to stakeholders (Tenuta & Cambrea, 2022). By adopting non-financial reporting practices, organizations enable stakeholders to gain insights into their social and environmental aspects, demonstrating their commitment to sustainability and enhancing trust and credibility among external stakeholders (Di Chiacchio et al., 2024). In the 1990s, accounting and reporting on pollution and costs became crucial for organizational performance and management, providing insights into the external impact on communities and the environment (Tenuta & Cambrea, 2022). However, due to the lack of standardization and guidelines in sustainability reporting, regulations have had limited impact (Hahn & Lülfs, 2013). Another issue lies in the terminological inconsistency of sustainability reports, where reports often address only isolated aspects of sustainability. To be genuinely considered a sustainability report, all three dimensions (environmental,

social, and economic) must be incorporated in the report. Otherwise, important information can be excluded (Hahn & Kühnen, 2013). Additionally, companies often employ disclosure strategies that involve releasing extensive amounts of data, which can overwhelm readers and obscure what is relevant and important (Di Chiacchio et al., 2024). Hahn & Lülfs (2013) identify an upward trend in disclosing sustainability data. However, the disclosure of negative aspects is often ignored whilst positive aspects are prioritized. Reporting negative aspects can harm an organization's legitimacy if ecological and social performance is perceived as unfavourable or not meeting societal norms and beliefs (Hahn & Lülfs, 2013).

Stakeholder perspectives on sustainability reporting

Stakeholders, as Hahn and Kühnen (2013) assert, have diverse expectations regarding the environmental, social, and economic activities of an organization. One effective way to meet these expectations and achieve organizational success is through sustainability reporting. This practice enhances transparency, legitimacy, and data disclosure, allowing for benchmarking against competitors. Additionally, sustainability reporting serves as a platform for organizations to communicate their sustainability practices more openly, addressing a key demand from stakeholders (Hahn & Lülfs, 2013).

GRI voluntary sustainability guidelines

Since the establishment of the Global Reporting Initiative (GRI) in 1997, it has been considered one of the most essential forces in sustainability reporting and voluntary standardization, particularly following the release of their sustainability reporting standards in 2000 (Friske et al., 2023). GRI standards are designed to help organizations understand their impact on the economy, society, and environment. To enhance transparency and accountability in sustainability reporting, stricter regulations and guidelines are necessary, which is an issue that GRI has been striving to address (Hahn & Lülfs, 2013). The GRI standards aim to tackle the problem of incomplete and non-standardized sustainability reports through their so-called de facto standards, thereby

improving the standardization of sustainability reporting (Hahn & Kühnen, 2013). As most widely adopted framework among existing reporting frameworks, GRI brings acceptance and legitimacy to organizations (Friske et al., 2023). These standards meet the criteria to be recognized as comprehensive sustainability reports. Organizations voluntarily apply these standards to disclose their non-financial performance, with GRI providing a consistent language for clear and transparent communication regarding sustainability (Hahn & Kühnen, 2013). However, Laufer (2003) argues that GRI guidelines and other voluntary reporting initiatives fall short in addressing corporate accountability, as reporting decisions are often driven by strategic motivations. Hahn and Kühnen (2013) suggest that the adoption of sustainability reporting positively influenced by the size of the corporation, with larger companies having a greater impact and receiving higher visibility, thus leading to increased scrutiny from stakeholders. While GRI has promised improved profits and new opportunities for audit firms, they have faced criticism for lacking detailed information in the data reported, which stakeholders require (Levy et al., 2009). Laufer (2003) argues that the GRI guidelines and other voluntary reporting initiatives fail to address corporate accountability adequately, as reporting decisions are often driven by strategic motivation rather than genuine transparency and responsibility.

ESG reporting

Sustainability reports, including those following GRI standards, can improve the quality and credibility with ESG (Environment, Social, and Governance) data. ESG reported data helps organizations to understand their impact on the economy, society, and the environment, making it essential for sustainability reporting (Friske et al., 2023). ESG has become a key indicator for sustainability performance globally, aiming to continuously enhance companies' performance (Lagasio & Cucari, 2019). However, the disclosure of ESG information has varied significantly across reports, making it difficult for stakeholders to evaluate them effectively. Sustainability reporting has been criticized for “cherry-picking”, where ESG metrics are chosen that present the company in the best light (Friske et al., 2023). One reason for this, according to Clementino and Perkins (2020) is the potential negative consequences of unfavourable assessment results, which

can impact both employees and investments. Without consistency and transparency of ESG information, stakeholders struggle to assess organization's societal impact accurately (Friske et al., 2023). Due to the inaccuracies and lack of comparability in voluntary ESG assessments, some countries have moved towards mandatory reporting to enhance credibility (Aureli et al., 2020). This shift aims to standardize ESG reporting, ensuring that stakeholders have access to reliable and comparable data across different companies.

CSR reporting

Corporate Social Responsibility (CSR) reporting involves disclosing an organizations' ethical, social, and environmental activities. Based on social theory, organizations are viewed as having obligations to society (Reynolds & Yuthas, 2007). Organizations have increasingly communicated their CSR efforts, with two main drivers for voluntary reporting: corporate social performance and legitimacy pressure (Schreck and Raithel., 2015). By disclosing their CSR activities, organizations aim to influence stakeholder decision-making and enhance their credibility. However, the objective of enhancing credibility has sometimes led to mistrust among stakeholders. CSR reports have been criticized for providing low-quality data which undermines their credibility (Lock & Seele, 2016). Michelin et al. (2015) argue that CSR reporting can be subject to impression management, with voluntary social disclosure used to gain legitimacy rather than provide transparent information. CSR reports can either be stand-alone documents or integrated with economic, social, and environmental aspects in annual reports, encompassing codes of conduct and other related information (Lock & Seele, 2016). However, stand-alone CSR reports are often criticized for including selective positive social and environmental disclosures, which can mislead stakeholders and increase the risk of greenwashing (Mahoney et al., 2013). Lock & Seele (2016) argue that adopting GRI standards can strengthen an organization's credibility and moral legitimacy. The mission of GRI is to improve the relevance and quality of sustainability reporting to a level comparable with financial statements (La Fuente et al., 2017). By adhering to these standards, companies can reduce the risk of selective disclosure and provide more comprehensive and trustworthy information about their social and environmental impacts.

Double Materiality

Materiality bridges financial and non-financial information, enabling strategies that influence corporate plans, organizational behaviour, and priorities (Mejía et al., 2024). The concept of double materiality was first introduced in the non-financial disclosure guidelines released by the European Commission in 2017. Double materiality aims to provide accounting recommendations for assessing companies' performance regarding climate change in the annual reports (Baumüller & Sopp, 2021). According to Abhayawansa (2022), the European Commission defined double materiality as the impact companies have on external operations, with a primary focus on the financial aspects of value creation. However, the Commission did not provide clear guidelines on how to apply the concept, to engage stakeholders and gather information, which has hindered sustainability performance (García-Torea et al., 2019).

In the new sustainability reporting directive, double materiality is a key requirement, along with the connection between non-financial information to financial statements (Baumüller & Sopp, 2021). Conducting a materiality analysis results in themes and strategies for organizational sustainable development (Pizzi et al., 2022). The updated concept of double materiality proposes two perspectives on evaluating sustainable disclosure (Luque-Vílchez et al., 2023). Impact materiality refers to the "inside out" perspective, which focuses on an organization's impact on the external environment and its stakeholders. At the same time, financial materiality refers to the "outside-in" perspective, considers the environmental and social aspects that could potentially impact the operations and the value-creation process (Mejía et al., 2024). The European Commission imposed the inclusion and application of double materiality as part of Directive 2022/2464, also known as the Corporate Sustainability Reporting Directive (CSRD). Under this directive, companies must disclose their sustainability performance, with mandatory reporting starting in 2025 for the year 2024 fiscal year (Mejía et al., 2024).

2.3 Theoretical Background

Stakeholder Theory

Stakeholder Theory, introduced by R. Edward Freeman in 1984 with the publication of the book “Strategic Management”, advocates for a stakeholder approach in business. Freeman argued that traditional business theories often separate ethical decisions from business operations, emphasizing solely interest of shareholders (Freeman et al., 2010). Mahajan et al. (2023) further explains that Stakeholder Theory provides a holistic framework to organizations by incorporating all the wants and needs of all stakeholders, rather than focusing exclusively on shareholders. In addition, Stakeholder theory recognizes that companies have extensive and interconnected sets of stakeholders to whom they have responsibilities and obligations (Sweeney & Coughlan, 2008). Stakeholder Theory examines how organizations consider their stakeholder's interests and how stakeholders are affected by the organization's business objectives (Mahajan et al., (2023). According to Freeman et al. (2010), stakeholders are defined as 'any group or individual who can affect or is affected by the achievement of a corporate purpose. Additionally, Stakeholder Theory is viewed as a tool for information sharing to gain support and enhance reputation to reach further stakeholder groups, which could support the organization to stay and thrive in the business (Feneir, 2021).

Stakeholder theory and sustainability reporting

Stakeholder Theory has seen extensive adoption across various sectors, including businesses, marketing, accounting, and management, over the past three decades (Mahajan et al., 2023). Its principles emphasizing the importance of considering the interests of all stakeholders, rather than focusing solely on shareholders, in organizational decision-making processes. As highlighted by Benvenuto et al. (2023), this broader perspective has led to increased recognition within the corporate sector of significance of sustainability reporting which is reflecting a growing interest among stakeholders in non-financial disclosure. However, there has been limited research at the intersection of

accounting, reporting, and Stakeholder Theory. In sustainability reporting, Stakeholder Theory serves as a rational tool to determine which economic, environmental, and social factors an organization should include in their reports (Hörisch et al., 2020). Aluchna et al. (2023) argues that in sustainability reporting, organizations engage not merely for symbolic gestures or to meet external stakeholder expectations, but rather as a pragmatic response aligned with the company's long-term self-interest.

Integration thesis

The integration thesis, a significant aspect of Stakeholder Theory, bridges shareholder value with ethical considerations by highlighting the ethical impact of organizational actions (Freudenreich et al., 2019). This perspective challenges the notion of separating business decisions and ethical content, advocating instead for their integration as important components of value creation. When applied to accounting for sustainability, the integration thesis recommends avoiding the separation between financial, social, and environmental reports. Instead, it encourages organizations to adopt an integrated approach that consider all aspects of value creation among stakeholders (Hörisch et al., 2020)

Legitimacy and salience in stakeholder theory

Fyall et al. (2012) discusses two contentious issues within Stakeholder Theory. Focusing on the concepts of salience and legitimacy concerning specific stakeholder groups. Legitimacy implies to the extent to which a particular group impacts the organization's decision-making, contingent upon the group's power to compel the organization to consider their interests. On the other hand, salience denotes the level of equal treatment among all stakeholder interests in the organization's decision-making. Aluchna et al. (2023) states that with increased disclosure of sustainability reports, organizations are responding to stakeholder pressure, which in turn helps to improve legitimacy and improves the company's reputation. However, Hörisch et al. (2020) argues that there is an ongoing debate on what defines a stakeholder, specifically regarding legitimacy and salience. This debate revolves around how organizations should handle stakeholders who may not have direct influence or decision-making power, but whose stakes are deemed

urgent. Fyall et al. (2012) highlights previous literature questioning the legitimacy of stakeholder theory, suggesting that some important stakeholder groups may have more influence on organizational decisions, potentially leaving other stakeholders with lower priority. Additionally, Aluchna et al. (2023) argues that companies often prioritize reporting on certain aspects of sustainability to gain legitimacy, which may lead to inadequate measures and a disconnect between the organization and their stakeholders' interests (Aluchna et al., 2023). Fyall et al. (2012) comments that this behaviour raises questions regarding the legitimacy of organizational decisions and whether organizations are working in the company's interest or of a few selected stakeholders.

Stakeholder Theory, throughout the literature, is to be seen as being driven by ethical approaches and considerations such as corporate social responsibility (CSR) (Lange & Bundy, 2018). However, this, in turn, may be challenged with the CSRD reporting standards, introducing compliance and legal dimensions, moving beyond the ethical dimensions applied throughout earlier literature. In addition, Hörisch et al. (2020) suggests that with the development of sustainability reporting and accounting, more simplified and fundamental research has to be conducted to theorize and identify how Stakeholder Theory generally can contribute to sustainability accounting and reporting practices. Hörisch et al. (2020) remarks that it becomes essential to develop further research on the perspectives of which stakeholders benefit from improved sustainability performance. Furthermore, it is crucial to specify the stakeholders to whom a company should be accountable, for advancements or setbacks.

Institutional theory

Alongside Stakeholder Theory, literature frequently draws parallels between Institutional Theory and sustainability reporting practices. DiMaggio & Powell (1983) laid the foundation for Institutional Theory by focusing on the creation and understanding of what shapes organizations, through laws, regulations, norms and cultures. Institutional Theory explores how organizations respond to external pressures from institutions, seeking legitimacy and establishing routines and practices aligned with institutional norms and expectations. According to Friske et al. (2023), adapting to the institutional environment

is crucial for an organization's survival. Aureli et al. (2020) further argues that organizations' responses to institutions can vary depending on various factors such as social and political dynamics, as well as the power and interest of stakeholders involved.

Institutional Theory and Sustainability Reporting

Over the past two decades, there has been a notable evolution in institutional norms surrounding sustainability and corporate social responsibility. Business leaders and academics now place increasing emphasis on ensuring that economic growth aligns with environmental and social considerations (Friske et al., 2023). However, Pizzi et al. (2023) argue that companies' motives behind disclosing sustainability information often lean more towards managing regulatory pressure associated with voluntary or mandatory reporting practices rather than genuine commitments to sustainability development. This phenomenon can be attributed to the insights by Chithambo et al. (2020) and Deegan (2002), who suggest that according to Institutional Theory, managers adapt practices and make decisions in response to external institutional pressures to gain social legitimacy. This pursuit of legitimacy often leads to homogeneity in practices and structures across organizations. Amran & Haniffa (2011) support this view, meaning that organizations primarily adopt sustainability disclosure as a public relations strategy aimed at influencing stakeholders, ensuring market reputation, and gaining competitive advantages. This pattern of behaviour known as institutional isomorphism (DiMaggio & Powell, 1983) encompass three categories of institutional pressure that impact companies' decision-making: mimetic, coercive, and normative. These pressures shape organizational responses, driving companies to conform to prevailing institutional norms and expectations on their respective industries.

Institutional Isomorphism: Mimetic, coercive, and normative

Di Chiacchio et al. (2024) explains that the standardization of sustainability reporting practices has been driven by institutional isomorphism, not only by business competitiveness but also by institutional and societal pressures. Dimaggio & Powell

(1983) states that uncertainty serves as a powerful driver in mimetic isomorphism, enabling imitative behaviour among companies seeking to address uncertainties in development or outcomes. To mitigate the risk of losing legitimacy, companies utilize sustainability reporting to enhance processes and stay competitive by imitating successful peers (Benvenuto et al., 2023). Furthermore, Di Chiacchio et al. (2024) elaborate that Institutional Theory suggests adopting voluntary reporting standards to mirror competitors and other companies operating in similar environments.

Coercive pressure, as stated by DiMaggio & Powell (1983), is derived from regulatory environment. Regulations and requirements like laws and sanctions drive organizations adoption of disclosure practices and are expressed to be an essential factor for developing sustainability reporting (Posadas et al., 2023). Moreover, Amran & Haniffa (2011) argue that pressure from influential stakeholders such as regulators, competitors, and customers are considered to be drivers that enable imitative behaviour. In this context with the implementation of CSRD imitative behaviour could be challenged.

Normative isomorphism, on the other hand, suggests that adoption is driven by an organization's internal standards, norms, and values (DiMaggio & Powell, 1983). In the context of sustainability reporting, normative pressure is believed to positively impact the quality of disclosure within organizations. This implies that organizational norms and values drive a willingness to advance sustainability initiatives and disclose more information than the minimum required (Posadas et al., 2023).

While theoretically, more comprehensive disclosure within sustainability information may seem solely a response to external pressure (Chithambo et al., 2020). DiMaggio & Powell (1983) argue that institutional change or transition can be driven by one individual within an organization with the right ambition, purpose, or interest. Aureli et al. (2020) further elaborates that organizational adoption and reactions to adoption can be understood from perspectives beyond these three types of isomorphism. Organizational dynamics, for instance, are one perspective to be addressed, which means that adopting

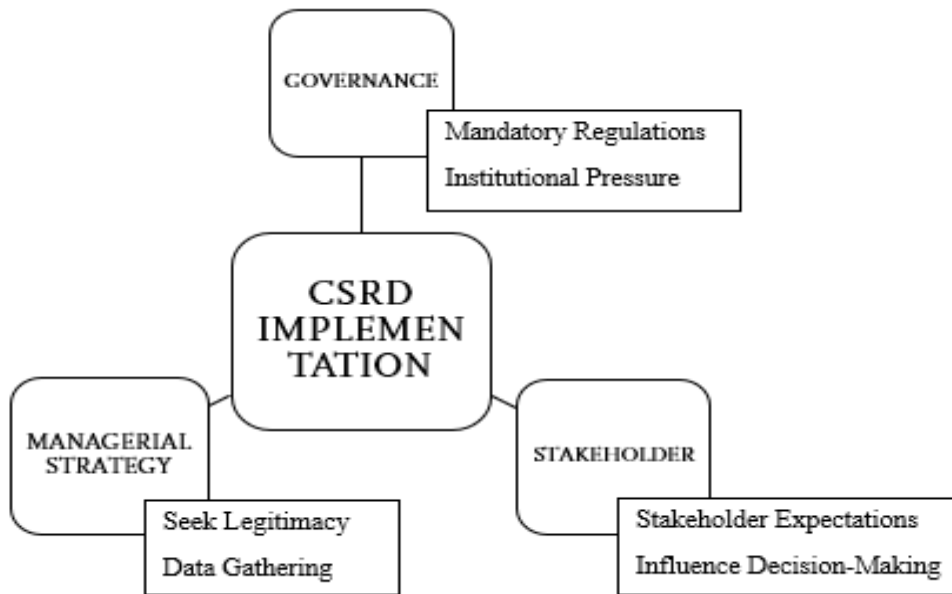
new regulations, in this case, sustainability reporting practices, could impact organizational culture, values, and routines, which act as a foundation for some organizational change decisions.

To conclude, Amran and Haniffa (2011) explain that under coercive isomorphism, organizations adapt their institutional practices in response to formal and informal pressures from stakeholders on whom they depend, which is closely tied to political influence and Stakeholder Theory. For instance, companies may utilize sustainability reporting to address the economic, social, ethical, and environmental concerns of stakeholders who hold significant power over an organization. Coercive mechanisms originate from regulations and pressures, including diverse socio-economic and political institutions (Amran & Haniffa, (2011).

Summary of mechanisms enabling the implementation of CSRD.

According to previous literature, several mechanisms have more or less potential to drive regulations, such as mandatory sustainability reporting, among companies. The three main precise mechanisms we have identified are governance, stakeholder, and managerial strategy. However, even though these mechanisms are functioning as enablers, they also contain constraints in the form of the risk of decreased trustworthiness, legitimacy, and transparency. This model will be assessed as a fundamental guideline for our empirical findings.

Figure 2 Overview of the most important mechanisms for CSRD implementation



Methodology

The following chapter presents the research philosophical and methodological approach that has been applied throughout this study. Then, the research design is introduced with a qualitative case study, and the process of data collection and analysis is explained. Further, the trustworthiness of the research is assessed, followed by ethical considerations in the research.

3.1 Research Philosophy and Approach

In conducting this study, we carefully considered the nature of the research to adopt a strategic philosophical approach. The study aimed to understand the social phenomenon among consultancy firms, their clients, and other stakeholders regarding the implementation of the disclosure of the Corporate Sustainability Reporting Directive (CSRD). The primary focus was to bring clarity to the dimensional interpretation of mandatory sustainability disclosure, concentrating on social reality to facilitate the development of new knowledge. Thus, we followed an interpretivist paradigm where reality is seen as socially constructed (Saunders et al., 2019). This paradigm acknowledges the existence of diverse and multidimensional realities, where interpretations shape our understanding of the world enabling. Adopting this philosophical paradigm enables an exploration of how different stakeholders perceive and navigate their constructed environments within sustainability reporting (Saunders et al., 2019). Throughout the research, numerous philosophical assumptions were made, from both ontological and epistemological perspectives, investigating how consultancy firms and their clients manage the implementation.

Ontology is concerned with the nature of reality, guiding researchers in shaping their understanding of existence and the ways in which reality influences their research inquiries (Easterby-Smith et al., 2021). Ontology served as an important perspective for the assessment of information within our research. In our study we perceive the world of sustainability reporting within consultancy firms and their clients as socially structured,

where norm and regulations influence how these firms operate and interpret the standardization of the CSRD. We recognize the socially constructed nature of sustainability reporting with the complex interplay of factors, including stakeholder expectation, organizational culture, and regulatory compliance. Our research aimed to uncover how these social structures shape the strategies, processes, and outcomes of consultancy firms assisting their clients in complying with the CSRD standards (Saunders et al., 2019).

Epistemology is concerned with the underlying nature of knowledge and validation, how it is communicated, and how it is acquired (Easterby-Smith et al., 2021). We recognize that different perspectives exist regarding what constitutes valid and knowledgeable and how to effectively communicate it to others. Following a subjective interpretivist approach, we acknowledge that legitimacy and validity are context-dependent and shaped by individual interpretations. This perspective recognizes the importance of human knowledge in understanding perceptions from different stakeholders. The aim with subjective epistemology was to gain insights on the diverse ways in which consultancy firms and their clients perceive, communicate and interpret the CSRD regulations, contributing to a more comprehensive understanding of sustainability reporting practices and their implications for organizational decision-making (Saunders et al., 2019).

Research Approach

Research can be conducted under one the three approaches: inductive, deductive or abductive. Choosing the right approach is crucial as it influences data collection and utilization (Saunders et al., 2019). Whilst a deductive approach tests hypotheses against existing theories, an inductive approach creates a conceptual framework by identification of themes and patterns. An abductive approach, on the other hand, studies phenomena, identifies themes and patterns, situates them within a conceptual framework, and tests it with further data collection. aims to identify themes and patterns. situate them within a conceptual framework and test it with further data collection. Given the dynamic

interaction between theory and data in our research we applied an abductive approach (Saunders et al., 2019).

For our data collection, we considered quantitative, qualitative or mixed methods approaches. In alignment with our philosophical assumption a qualitative approach was applied. A qualitative approach is most suitable for our aim to data collect data from participants, enabling us to identify the meaning, relationship, and motivations behind CSRD reporting. However, it is argued that since the study relies on participants' words, there is a risk of misinterpretation, unclarity and the potential for multiple meanings (Easterby-Smith et al., 2021). To overcome this obstacle in the best way semi-structured interviews were conducted, allowing the author to overcome these issues by asking to follow up questions and to ask for clarifications if needed (Saunders et al., 2019).

3.2 Methods of Data Collection

Research Design

In order to answer the research questions in alignment with the research philosophy, we decided to conduct an in-depth case study to study the phenomenon of CSRD implementation in the real-life context between consultancy firms and their clients. With the application of conducting an in-depth case study, we were able to generate a more profound understanding, gain insights from participants, and make interpretations (Saunders et al., 2019). In addition, for the identification of both soft and hard mechanisms for implementing CSRD would have been difficult to address through a survey. An in-depth case study, therefore, is more suitable for this research approach.

Sampling

To select the required samples for the research, a mixture of purpose and snowball sampling was applied. Purposive sampling is a method commonly used in case studies, where specific cases are selected to help the authors answer the research question, while snowball sampling is a technique where participants participate on a voluntary basis. This

method is more commonly applied when it is difficult to identify the most relevant population (Saunders et al., 2019).

Since earlier, one of the us had contact with Hållbarhetsteamet, one of the consultancy firms, and identified them as a relevant participant and enquired about their interest in participation. Through Hållbarhetsteamet, we received contact with one of their clients, Axjo. Axjo was identified to be relevant for the study because they were implementing CSRD, making them a key participant. The other consultancy firm, one of the Big-4, that enquired to be anonymous, was selected under the conditions of snowball sampling. One of us met an employee of the Big-4, working in the insurance department, who said that they had good relations with the sustainability department, which was currently working on the CSRD implementation with their clients. They forwarded our contact details, and one of the employees working in the sustainability department reached out and showed their interest in participation. In addition, at the end of each interview, the participants were asked if they would recommend another person who could be relevant to the research. Through that, three further participants were identified.

Interviews

With the adoption of an interpretivist philosophy for this case study, we used semi-structured interviews to answer the research questions. Semi-structured interviews allowed us to understand the meaning of how participants perceive the implementation of CSRD from various perspectives, enabling depth of data collection (Saunders et al., 2019). With the three themes identified from the literature review, interview questions were prepared and put into an interview guide (see Appendix C & D) addressing the three themes with the aim of structurally guiding the interview to answer the research question (Saunders et al., 2019). The aim was to systematically go through each theme with each participant individually to be able to compare the different responses they were providing throughout the semi-structured interviews (Saunders et al., 2019).

In table 1, specific information is provided about the interviews. The interviews were conducted between 2024-03-19 and 2024-04-02, and the duration of the interview was, on average, 48 minutes, with the highest being 58 minutes and the lowest being 30

minutes, which was a follow-up interview. For ethical reasoning, the names of participants have been removed. However, work positions were eligible and represented the corresponding position of the participant. With the geographical spread across Sweden of the participants, the interviews were either conducted through Microsoft Teams or Zoom except for one interview where we had the opportunity to have a face-to-face interview with Hållbarhetsteamet, located next to the University at Science Park.

Table 1 Table of the participant in the interviews.

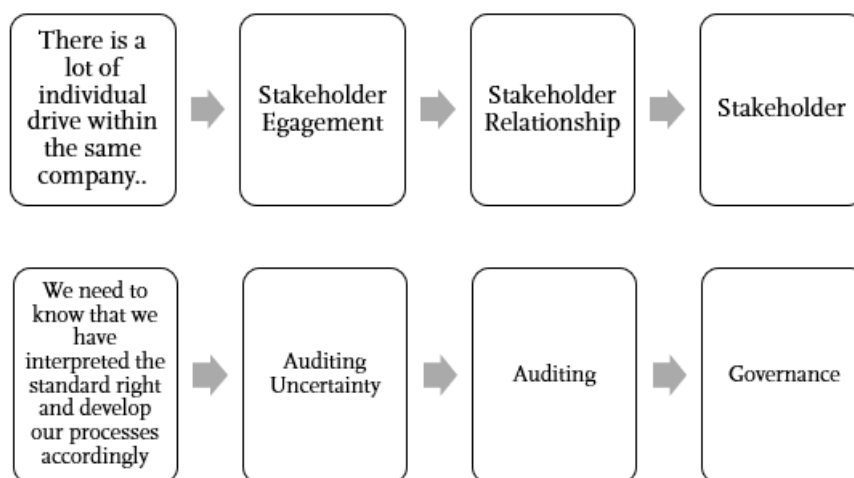
Name:	Company:	Position:	Technique:	Language:	Duration:	Date:
Participant 1	Axjo AB	Sustainability Developer	Teams	Swedish	43 min + 30 min	19-03-24 + 27-03-24
Participant 2	Axjo AB	CEO and Owner	Teams	Swedish	58 min	11-04-24
Participant 3	Axjo AB	CEO Assistant	Teams	Swedish	58 min	11-04-24
Participant 4	Big-4	Sustainability Consultant	Zoom	Swedish	45 min	25-03-24
Participant 5	Big-4	Sustainability Consultant/Specialist	Zoom	Swedish	43 min	25-03-24
Participant 6	Hållbarhetsteamet	Sustainability Consultant	Teams	Swedish	53 min	21-03-24
Participant 7	Hållbarhetsteamet	Sustainability Consultant	Face-to-face	Swedish	56 min	22-03-24

3.3 Method of Data Analysis

Through the process of semi-structured interviews, the interviews were recorded and transcribed at the same time. After each interview was finished, we listened to the

recorded audio and compared it to the transcription to check for grammar and language as well as because written and spoken language can provide differences (Saunders et al., 2019). To analyse the significant amount of data collected through interviews, the method of thematic analysis is seen to be relevant and, therefore became applied, allowing us to conduct a flexible but systematic analyse. The purpose of thematic analysis is to identify themes and patterns, and the reader has to code the qualitative data for identification (Saunders et al., 2019). Saunders et al. (2019) recommend conducting thematic analysis by following four elements: becoming familiar with the data, coding the data, searching for themes, and recognizing relationships, refining themes, and testing propositions. This approach was followed by us. While reading the transcripts we colour-marked citations that seemed to be relevant. Different colours were used depending on which perspective or mechanism the citations were related to. These citations were then transferred into Excel, where the data was coded. Coding is the process of labelling a data unit, where a code summarises the meaning of the data (Saunders et al., 2019). Each citation that was transferred into the Excel sheet received a code. Codes were categorized into categories to narrow down the broader data and help us identify patterns and relationships in the search for themes. Thereafter, the categories were summarised one more time, leading us to three identified themes. Each theme identified received an individual Excel sheet, creating a well-structured analytical framework that will be relevant to the analysis process (Saunders et al., 2019).

Figure 3 Thematic Coding Process (an example)



3.4 Trustworthiness

In the field of qualitative research, according to Adler (2022), the researcher can be seen as the research instrument itself. Therefore, when other researchers do not find the researcher trustworthy, the whole study becomes questionable. Lincoln and Guba (1985) underpin that trustworthiness is not measured with scientific approaches such as reliability and validity but instead evaluated on credibility, transferability, dependability, and confirmability (Adler, 2022). Therefore, we have applied Lincoln and Guba's perspective on trustworthiness.

Credibility

In the field of qualitative research, credibility refers to the trustworthiness of the data collected, ensuring its accuracy and truthfulness (Aurini et al., 2021). For the creation of credibility throughout our study, interviews were held semi-structured, enabling follow-up questions and leaving the interviews open-ended, allowing the interviewer to ask about specific things when they needed to be clarified which is seen according to (Aurini et al., 2021) to increase credibility of the research. To further enhance the credibility and trustworthiness of the study, we took into consideration the techniques of member checking, which includes the transcribing of the interviews by verifying the completeness of the recorded transcripts from the participants, where the aim is to give participants the opportunity to review what has been said and if the information is incomplete or if they want to add further information for the completeness of the research (Ahmed, 2024). This also leads to confirming data interpretation, to avoid misinterpretation and accuracy in the research (Ahmed, 2024). With data collection from various sources, we conducted cross-validation of data. This method is applied in interpretive research and is known as triangulation, which helps identify whether findings are consistent (Adler, 2022). Triangulation is seen to decrease the researchers' biases and self-interest or preferences. With peer debriefing, we made sure to gain alternative perspectives and construct criticism on the research, enhancing trustworthiness (Aurini et al., 2021). Additionally, the data collection and analysing process was conducted by both of us to ensure that

interpretations made were not misleading or falsely interpreted, which according to Aurini et al. (2021), can be seen to strengthen the trustworthiness of the research.

Transferability

Transferability focuses on providing the reader an overview on if the research is applicable in other contexts and hence requires a detailed description (Curtin & Fossey, 2007). To ensure transferability throughout the research, we have provided a detailed description of the participants, the surrounding environment (how interviews took place), and other procedures. The data collection process was described in detail to provide explicit information on how the raw data was collected, how it then has been reduced, coded, transformed and analysed to establish consistency and repeatability of the study. Findings and interpretations are well presented and discussed to ensure that other researchers interested in the study could take over the data and come to similar findings, conclusions, and interpretations (Ahmed, 2024). Also, a detailed, informative table with the companies, participants, and in what language the interviews were conducted are enhancing the transferability of our study.

Dependability

According to (Shenton, 2004), dependability refers to the stability and consistency of the findings over time and across different contexts. This means that if an external researcher applies the same methods, data, and context, the researcher will obtain similar results (Aurini et al., 2021). To ensure dependability, we provided detailed information about the purpose of the study, in what way the participants were chosen, as well as why, a detailed description of how the data was collected, and how data was reduced throughout the coding process (Thomas & Magilvy, 2011). In addition, we explained and discussed the research findings and interpretations. With the adoption of this structure and detailed information of the research process, we provide an audit trail for readers aiming to improve trustworthiness (Thomas & Magilvy, 2011).

Confirmability

According to Ahmed (2024), confirmability refers to ensuring that findings remain impartial and objective. The findings are to be unaffected by any biases or preferences of us. To further enhance confirmability and reassure the audience about the research's impartiality, we worked together on the coding process and data collection. This collaborative approach ensured that personal biases were minimized, and the interpretations of the data were based on the findings of the interviews and not on personal interpretations and assumptions. Although qualitative research requires subjectivity, it should not follow a personal agenda. Within confirmability, we have to emphasize the methodological approach of triangulation of data again. Throughout the data collection from different sources, the study is based on diverse perspectives and is not impacted by individual bias (Shenton, 2004). In addition, throughout the research, no conflicts of interest occurred between the two of us, further reinforcing the research's objectivity.

3.5 Ethical Considerations

Ethics in a qualitative study aims to create a respectful and truthful environment for the interview participants and not expose them to risks (Brinkmann & Kvale, 2005). Our supervisor revised and approved the topic and research question for the case study, declaring that there is no direct risk of causing harm.

Before conducting the research, precautions were taken to ensure the avoidance of indirect risks following Bryman & Bell (2007) principles. Bryman & Bell (2007) introduced ten ethical principles in business and management research, which we adopted throughout the process. The first principle refers to the fact that *under no circumstances are participants harmed* in any way, which was maintained by introducing the participants to the nature of our research, obtaining informed consent, and a clear outline of the purpose of the research. To respect the *dignity* of the participants, we acknowledged the participant's autonomy and were informed that withdrawal from the research is possible at any time. The third principle refers to the participants having

fully *informed consent* Bryman & Bell (2007). This was ensured by providing a GDPR form (see Appendix E), including a purpose statement explaining their rights and how data will be handled. The participant's names were anonymized and removed from all transcripts to protect the researcher's privacy. The fifth principle addresses the *confidentiality* of the collected research data, which was assured by saving the transcripts in a security database where all names became anonymized (Bryman & Bell., 2007). For the six principles, to ensure the *anonymity* of the participants, their names were replaced with the positions they held in the company. One of the companies became anonymous after request. To *avoid deception*, the participants were informed that they should address any question or concern at any time to generate a collaborative environment. All interviews were conducted under voluntary agreements to avoid *conflicts of affiliation and interest*, and there was no conflict between the interviews and the two of us Bryman & Bell (2007). To ensure that the research was communicated honestly and transparently, we introduced ourselves to the participants, who they were, and what the purpose of the research was. Lastly, the transcripts were sent back to the participants for confirmation to avoid *misleading or false interpretations* or reporting of the data. Also, in all interviews, both of us were present, and the interpretations and findings were reviewed and discussed with three external researchers (Bryman & Bell, 2007).

Findings

In this chapter the empirical findings are derived from the semi-structured interviews. Important or relevant citations are directly taken from the interviews and provided below each paragraph to support the findings. The findings are divided into three main themes, each with subcategories.

Introduction to Consultancy Firms and Company

Big Four Consultancy Firms

The first consultancy firm asked to remain anonymous. However, we were allowed to inform the readers that they are one of the Big Four Consultancy Firms, a globally represented consultancy firm that provides business advisory services. Through their expertise in sustainability consulting, they offer both insights and a crucial understanding of the evolving landscape of CSRD reporting within the corporate sector. In this study will refer to Big-4, representing one of the Big Four Consultancy Firms.

Hållbarhetsteamet

Hållbarhetsteamet is a Swedish consultancy firm located in Jönköping that was founded in 2016 and became restructured in 2020 to Hållbarhetsteamet i Sverige AB. As of 2022, 10 consultants focus on companies' sustainable development, specifically CSR and CSRD (Hållbarhetsteamet, n.d.). With their strong interest in sustainability, they provide valuable knowledge and expertise in the field of sustainability reporting and CSRD.

Axjo

Axjo AB was founded in Gislaved, Sweden, in 1965. They are a global company operating in more than 30 countries and have manufacturing facilities in Sweden, China, Portugal, and the USA. Axjo manufactures drums, spools, and reels made of green polymer compounds (*Axjo - Innovations for Tomorrow*, n.d.). Axjo is implementing CSRD reporting into their daily operations with assistance from Hållbarhetsteamet. Axjo provides valuable insights into how the implementation of CSRD impacts their day-to-day operations and what opportunities and challenges they identify.

4.1 Governance

The transition from voluntary to mandatory sustainability reporting under the Corporate Sustainability Reporting Directive presents both challenges and opportunities for consultancy firms, companies and their audit firms. Hållbarhetsteamet and Big-4 highlighted the importance of the board involvement and the implications of uncertainty among auditors.

4.1.1 Board Governance & Transparency

Big-4 explains that companies' boards must be kept updated on the implementation of CSRD processes since they will be signing off on the CSRD report. Hållbarhetsteamet recommends that not only project teams and managers but also the board of directors should be involved in the CSRD training sessions because they are responsible for the report and the work that has been conducted in their company. Therefore, the board of directors should be involved from the beginning of the CSRD implementation, so they have sufficient knowledge to understand what they are signing. This brings the board into the loop and involves them during the development of CSRD reports, which has further implications. Hållbarhetsteamet expresses that before CSRD came into place, only a certain number of people were preparing sustainability reports, and these did not require much input from other departments. In contrast, CSRD reporting is to be integrated throughout a company's entire operations, including employees. It also impacts the company's business strategies and by that, the board of directors. Participant 7 Hållbarhetsteamet states that with the help of the new directive, companies must provide more structured information that is more fact-based and well-argued, which, in turn, helps

to avoid greenwashing. However, it is a wait-and-see process to see what the actual results of this will be.

“But the next step is to conduct training, and we want not only the project team to attend but also representatives from the management group and the board. After all, the board is responsible for the report and the work, so they need to have knowledge from the outset to understand what it is that we need to do.” – Participant 6 Consultant at Hållbarhetsteamet

Axjo´s CEO assistant explained that compared to their annual financial report, the board has become much more involved and carries further responsibility, which must be incorporated into both their strategic work and ongoing reporting process. In addition, one thing that is currently difficult for them to understand is the lack of clear guidelines and regulations on how to respond and answer specific questions, or how to handle and interpret data that has been collected for the CSRD reporting.

“The only thing that's difficult for us to understand is that there's no clear regulatory framework on how to respond to or handle incoming data. How should one interpret it?” – CEO Assistant at Axjo

4.1.2 CSRD: Keeping up with Changes.

Moving from a voluntary to a mandatory framework will indeed make things more explicit, highlighting which companies excel and which ones may lag behind in their reporting practices, as expressed by both consultancy firms. Big-4 and Hållbarhetsteamet state that with the continued adjustments and updated regulatory framework of CSRD, they are finding themselves in a continuous educational training process to keep up with the latest information. New legal requirements, directives, and other evolving approaches within sustainability are rapidly emerging, which, from Hållbarhetsteamet´s perspective, is a major challenge, states Participant 6 Hållbarhetsteamet. Participant 4 Big-4 adds that they cannot yet tell exactly how the CSRD reports will look because they have not reached that stage in the process. Additionally, Sweden has been behind in translating the directive into Swedish legislation, whereas many other EU countries have already done so.

” And there are legal requirements after legal requirements and directive after directive, and new approaches are emerging constantly in the field of sustainability” – Participant 6, Consultant at Hållbarhetsteamet

4.1.3 Auditing

Big-4 expresses that they provide advisory services, which includes consultancy and taxation. Currently, they are transitioning the audit function into assurance. This means that those who perform financial audits will also begin conducting sustainability audits. While they are still conducting audits this year, they anticipate a shift away from this practice in the coming year. Participant 6 Hållbarhetsteamet complements that there is a considerable difference from auditing requirements before CSRD in terms of sustainability reporting. Previously, auditors mainly needed to check if the sustainability reports had certain elements in place without needing to specify details. Now, companies are required to disclose exactly what policies are in place, including certain elements, and must demonstrate their follow-up processes to the auditors. Companies need to be able to argue how effective their measures have been and how they are reflected in their KPIs. Additionally, who in Sweden will get the allowance to audit the CSRD reports has to be clarified. The current proposal states that auditors who conduct the audit must be certified. Participant 6 Hållbarhetsteamet states that it is difficult currently to know if the available data will meet the requirements that the auditors will demand later.

“But the auditors haven't gotten into detail, perhaps haven't formed an opinion on how ambitious the goals are set, or how things have been monitored or managed. It's going to be a big difference now that you need to report what policies you have in place and those policies need to contain certain elements.”
– Participant 6, Consultant at Hållbarhetsteamet

Axjo's sustainability developer expresses that it is not the board that decides if the organization has done a valid job; the auditors confirm it by putting their stamp of approval on the report. However, it remains uncertain what the requirements and background sources auditors will demand. Axjo has always maintained a close relationship with their auditor regarding financial reporting and received support when

needed. However, regarding CSRD reporting, Axjo's audit firm is also uncertain how to audit the sustainability reports and on which level they will verify them.

“...and the auditors themselves have a bit of work to do over the coming year, I think, to know what they actually need to audit when these sustainability reports come out according to the new standards.” – CEO Assistant at Axjo

To conclude, in the process of transitioning to mandatory sustainability reporting practices in the context of CSRD, both consultancy firms share similar challenges and emphasize how board governance plays a crucial role in understanding and overseeing the CSRD implementation. With Axjo’s insights, the findings reveal that companies adapt to the new regulations and integrate sustainability into their operations, making board engagement essential. Additionally, the role of audits remains unclear regarding how and what to report.

4.2 Stakeholder

The empirical findings from the interviews regarding stakeholders revealed various concerns and perspectives consultancy firms and their clients encounter while integrating CSRD in their daily operations.

4.2.1 Operational Concerns

When it comes to implementing CSRD, Participant 4 Big-4 states that some of their clients are excited about the process because they see an opportunity to improve their business models and generate more revenue. On the other hand, other clients are more concerned about the process and the extra costs the CSRD implementation brings to their operations. Companies have expressed that they need to bring in consultants and conduct analyses, which in turn, will take time, cost money, and clash with daily operations.

” And it really depends a lot on how we adapt to the customer, what they want, and how much they're willing to pay.” – Participant 4, Consultant at Big-4

Participant 7 Hållbarhetsteamet complements the fact that many companies experience that the implementation of CSRD is costly, highlighting all the extra expenses that must

be considered. Simultaneously, customers remain primarily interested in the final price of the product or service. Participant 6 Hållbarhetsteamet adds that the frustration from companies is understandable, as extensive documentation is involved, while business leaders are eager to drive their business forward. Companies also question why they must take responsibility for their suppliers as mandated by CSRD regulations. They often argue that it should suffice as long they purchase products or service from Swedish first-tier suppliers. However, overlooking the impact beyond first-tier suppliers, it is crucial to recognize the responsibility that must be taken.

But then there's also the financial aspect, of course. Many feel that implementing this is a significant expense, and the question arises, why should we invest money in this? – Participant 7, Consultant at Hållbarhetsteamet

Axjo explained that they focused on streamlining as much as possible to actually be able to allocate time to both their daily operations and CSRD implementation. They also stated that resource allocation and time management could become a company's main challenge. Companies must identify the right balance between CSRD implementation and daily tasks.

”Someone shouldn't just spend time on this, and of course, there's always the daily operations. We still have to manufacture a product; we have to deliver it on time” – Sustainable Developer at Axjo

4.2.2 Stakeholder Perception

The perception among stakeholders varies regarding the CSRD regulations, as stated by both consultancy firms. Some clients perceive it as their responsibility to lead the way, recognizing that a lot of work for the common good must be committed. In contrast, others need to understand why the responsibility of reporting has to be conducted overall. Participant 7 Hållbarhetsteamet explained that their clients are not worried about the CSRD regulations but rather see it as troublesome.

”So, they are prepared to do what is necessary in some way to be compliant and to manage the reporting, but where the ambition differs, I would say, is more about whether it's seen as something that must be done just to become compliant

rather than something that must be done to save the world” – Participant 5, Consultant at Big-4

Axjo’s CEO assistant expresses that they not only want to be a supplier but also want to become partners with their clients so they can bring more innovative products to the market together. However, in contrast to sustainability and CSRD reporting, stakeholders in Axjo have different perceptions of what is important. For instance, clients are inquiring whether the products are 100% recyclable, while no one is enquiring about ISO 26000 or other newer more relevant standards.

“Our sustainability developer still receives questions during customer visits. So, do you manufacture your products with 100% recycled material?” “Yes, we have been doing that since 2003.” – CEO Assistant at Axjo

4.2.3 Stakeholder Relationship

Participant 6 Hållbarhetsteamet explained that they had to clarify to some of their clients that they were not attempting to sell them anything, but rather that these requirements and tools needed for the implementation of CSRD come directly from the directive. Both consultancy firms have received a lot of information from major audit firms that echo their sentiments, indicating that this is the new norm and that it is essential to get started on the reporting. Participant 5 Big-4 indicates that many of their clients are very open about their limited understanding when it comes to sustainability. Other clients find CSRD reporting vague, and therefore, the management team has to become more deeply involved in further inputs so that reporting practices are taken seriously. It is important that this is a collaborative process. Usually, the client decides how much they want to be guided and how much freedom they provide to shape materiality.

” Our mentality is always to make the customer independent. How it will exactly look in CSRD, I don't know” – Participant 5, Consultant at Big-4

Participant 7 Hållbarhetsteamet asserts that it is important to them to deliver what the customers need rather than what they think they should have, thereby creating value for their business. In addition, Participant 7 Hållbarhetsteamet expresses that one of the biggest challenges they have experienced is getting companies to understand the importance of CSRD reporting. It involves recognizing different individuals within

companies who may have different interests and motivations, which are to be understood. Generally, companies express that they want to carry out the double materiality analysis by themselves to save money. However, in the end, they often contact Hållbarhetsteamet because they see that they need help with the understanding and implementation.

“It's important that, as mentioned, we deliver what the customers actually need. Not just what we think they should have” – Participant 7, Consultant at Hållbarhetsteamet

Axjo's sustainability developer explained that they are already working at various stages with their suppliers, focusing more on climate impact and sustainability, where they also will conduct supplier evaluations and assessments. As they advance in the CSRD implementation process, they anticipate gaining more inspiration on how to collaborate effectively with their suppliers. Axjo's approach is to assist and raise awareness among their suppliers regarding CSRD implementation, intending to increase knowledge for both customers and suppliers, moving forward together with their value chain.

“We won't just stop cooperating with suppliers just because they can't answer a question the first time. Instead, it's more about whether we can somehow help and increase their knowledge, just as we want to increase knowledge among our suppliers” – Sustainability Developer at Axjo

In conclusion, the stakeholder section provides insights into diverse stakeholder perspectives surrounding the Corporate Sustainability Reporting Directive. Big-4 and Hållbarhetsteamet expressed stakeholder concerns regarding the financial burdens of compliance and the need for more straightforward regulatory frameworks. Axjo shared their experience, stakeholder engagement, and mutual learning.

4.3 Organisational Strategies

The empirical findings in this section encompass the development of the CSRD process and its influence on the internal strategies of Axjo as they comply with CSRD, as well as the consultancy firms guiding them.

4.3.1 CSRD Process Development

Both consultancy firms expressed the challenge of understanding and interpreting the new regulatory environment while simultaneously steering their clients to comprehend the new comprehensive mandatory reporting requirements.

“No one decides what is right or wrong at this point. There are no released reports to follow or any template, we will have to do our best with guidance by Hållbarhetsteamet.”- Sustainability Developer at Axjo

Through the interviews both consultancy firms have shown a similar structure to work with the implementation of CSRD among their clients. Firstly, the consultancy firms' clients attend an educational introduction session regarding CSRD where they explain the different steps that need be conducted. Secondly, the clients' data collection begins by mapping their stakeholders, value chain, risks, and opportunities in a future climate scenario. According to Big-4, the most significant difference between earlier voluntary reporting standards, such as GRI, emphasising the substantial increase in the number of data points required for CSRD, where Hållbarhetsteamet supports the statement. Clients often express stress about the amount of data that has to be collected, an experience where they need more control or resources and mandates to delve into the value chains of their companies. This is also why companies seek help from consultancy firms, primarily not because they want to know their impact, but because of the legal requirements to report. Third, all gathered data is combined in a process called "Double Materiality Analysis," where the outcome provides information on which ESRS standards are most essential for the company. From this point, a gap analysis is conducted to identify the missing data. Lastly, the consultancy firm will establish an action plan for further processes. To the current state this is approximately how far companies have reached in the process of implementing CSRD with the help of consultancy firms, according to Participant 5 Big-4.

“The next step is the transformation journey, which means adapting the organisation to gather necessary data and tracking the essential data points. I don't think anyone has reached this far yet... I think it takes a couple of months for companies to realise they need help to the point where we try to hold their

hand and guide them further. The whole industry is moving forward together.” – Participant 5, Consultant at Big-4

Ordinary materiality analysis maps how companies impact the environment. However, the double materiality analysis considers both the traditional perspective and how the environment impacts the company. Therefore, the data-gathering preparations for this step are vital for understanding the company's operational impact and validating the essential reporting questions generated. This step is referred to as DMA-analysis by Big-4 and IRO-analysis by Hållbarhetsteamet. Mapping the value chain and the impact connected to it is a new experience for many companies, according to Big-4. As Hållbarhetsteamet mentioned, while many companies have mapped their first-tier suppliers, they have not gone further. However, in this regulation, mapping is an essential part of selecting the most essential questions in the Double Materiality Analysis.

“The connection with the whole value chain needs to be understood. Refer their activities to their operations from the beginning of suppliers to the businesses end-customer.” – Participant 4, Consultant at Big-4

4.3.2 Resource Allocation

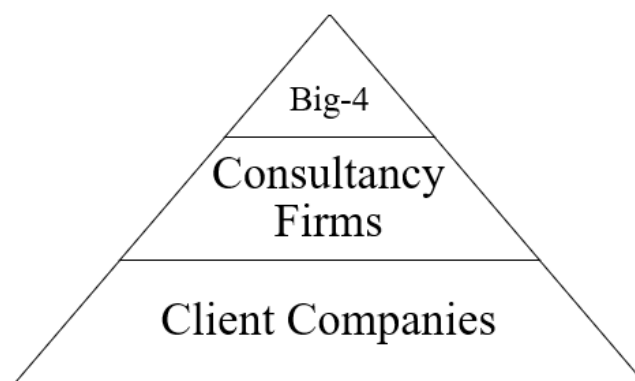
Our findings demonstrate that CSRD has affected both employees of the consultancy firms and their clients. For example, Participant 5 Big-4 explained the development of a new business section called “Sustainability,” which increased the number of employees over the past year. Participant 6 Hållbarhetsteamet expressed that they assigned a team of employees to follow the CSRD development and create useful tools and frameworks for clients. Axjo decided to hire another sustainability developer in order to keep working towards CSRD and developing their sustainability journey.

“We have released a position as Sustainability Developer to extend that section. It will not be a temporary employment while XX is on maternity leave, on the contrary it will be two full-time employment.” - CEO Assistant at Axjo

In the empirical findings, there is a flow of information. According to both consultancy firms, Sweden needs to catch up with the implementation of the directive. Big-4 has been collaborating with their international European colleagues, especially those who are further in the process of implementation. The information received from their

international colleagues is transferred into tools and processes, which have been communicated in free webinars for participants all over Sweden. Hållbarhetsteamet expresses that they have received inspiration and information for the implementation from these webinars, among other Big-4 webinars. With this information, Hållbarhetsteamet further developed their tools and processes based on what has been communicated in the EU directive. These processes and tools are becoming integrated into companies and their entire operational structure. In Axjo's case, they communicate and present their sustainability journey with customers and suppliers to inspire others.

Figure 4 CSRD Information Flow



“At a European level, we have confirmed a common interpretation of the CSRD impact on companies. This internal international community has a committee assigned to share information about the interpretations to all countries within the organisation.” – Participant 5, Consultant at Big-4

4.3.3 System Use

When it comes to the application and use of software programs for the development of CSRD process, both consultancy firms use similar software programs. Hållbarhetsteamet uses the Microsoft Office package, including Word, PowerPoint, and Excel, as their primary tools. In contrast, Big-4 utilises the corresponding functions within the Google package, such as slides, documents, presentations, and communication channels.

“We are trying to establish a red line through all our tools so one feel that they belong together in a fresh package, we are also developing these continuously after ever custom assignment where we receive feedback and are able to keep

developing if there were any misleading part or if anything needs more clarification etc.” – Participant 5, Consultant at Hållbarhetsteamet

For Axjo to effectively communicate and describe their progress in sustainability, it they need to own the tools containing the data and process. From a consultant’s perspective, both Big-4 and Hållbarhetsteamet emphasize on the importance of transferring the ownership of the tools to their clients. After transferring the tools and completing processes, if further assistance is needed, the consultants take on the role of assistants when minor questions arise. This approach allows them to utilize their human resources more efficiently to provide assistance on a broader scale than if they were solely dedicated one company indefinitely. However, Axjo's sustainable developer explained that all their information would be transferred into a Position Green which is a software providing an overview of the company's most essential question from the Double Materiality Analysis (Position Green., 2024). This platform helps companies measure emissions, comply with the CSRD, and provide Supplier Assessments that correspond to Axjo's needs.

“Primarily for CSRD but also for EcoVadis we decided to collaborate with Position Green. It is more of a support system we will use from this point forward for GHG and carbon accounting as well as the ESRS standards and report on the most essential questions.” – Sustainability Developer at Axjo

EcoVadis is another tool designed to collect all the sustainability data gathered by a company into one platform. Depending on your performance the reporting companies can receive four different medals if their sustainability progresses are in the top percentages of those companies reporting on the same platform. The medals correspond to bronze, silver, gold, and platinum (EcoVadis., n.d.). All information imported into the platform is audited by a third party to ensure validity. Hållbarhetsteamet assists several companies to report in EcoVadis, and simultaneously, as they are helping Axjo to comply with CSRD, Axjo is also aiming to receive a medal in EcoVadis.

To summarise, there is a mutual understanding of the difficulty of navigating and creating strategies in this new regulatory environment. Both Big-4 and Hållbarhetsteamet, as well as Axjo, have decided to employ more workers since the CSRD process will be time-consuming, both in the guiding processes and in being guided. Additionally, open

information sharing has contributed to the development of tools and further developed organizational strategies have been established to align with the CSRD standardisation.

4.4. Interrelations between Governance, Stakeholders, and Strategy.

The interplay between governance, stakeholders, and strategy within the context of the CSRD unveils a complex environment shaped by evolving regulatory frameworks, stakeholder engagement, and strategic responses. This section investigates the dynamic relationships between governance structures and stakeholders' involvement as companies navigate the implementation of CSRD reporting standards.

4.4.1 Interrelation between Governance and Stakeholder.

The EU decided to implement the new CSRD reporting standards across all member countries. This entails a comprehensive new structure with a significantly increased number of data points that must be selected and verified through the Double Materiality process. However, neither the consultancy firms nor the companies themselves have received a description from the EU regarding how this process will be executed. Both consultancy firms have, attempted through their clients, to reach out to the client's auditors to inquire about the requirements for compliance with the regulations. However, there are no clear answers regarding what the “end product” in the sense of CSRD report will look like or what is required to comply properly.

“We are in close contact with our accountant about the financial statements which is a supportive relationship. However, we have experienced that the accountant company today is not really certain on how this is going to proceed and at which level.” - Sustainability Developer at Axjo

4.4.2 Interrelation between Stakeholder and Strategy.

CSRD emphasizes the inclusion of more stakeholders than in other reporting standards. The Corporate Sustainability Reporting Directive acknowledges the significance of the outside-in perspective, where the environment's impact on businesses has not been previously accounted for. This approach provides a more comprehensive understanding of resilience in the value chain.

“I would say that the European Union has not given any support at all, however the organisation that developed ESRS (EFRAG) has released several guidelines and documents for interpretation. But the European Union has not released any tools or similar, from what I know of.” – Participant 5, Consultant at Hållbarhetsteamet

However, these extended reporting requirements also require additional human resources for companies and consultancy firms, leading to rearranging work descriptions. Moreover, they demand more holistic tools for scoring essential questions and large systems for data gathering to facilitate through the analyses.

“This is a form of internal training as well. It is the core in our business to be able to present this. It is enough if there is one customer who are doing a tour here and the Operation Manager doesn't know the facts. So, this is a great way to educate the organisation”. - CEO at Axjo

The information gathered in every CSRD report for each company becomes later communicated to various stakeholders. Axjo recognizes that the actual report will be too detail oriented. Therefore, Axjo has decided to release two reports, one detail-oriented and one easily readable stakeholder-oriented. The latter report will be released under their own self-developed concept, the Greenology Concept. This concept covers a condensed version of all sustainability actions undertaken by Axjo, along with goals and aims for the future (Axjo., n.d.).

4.4.3 Interrelation between Strategy and Governance.

An auditor is required to audit every report for every compliance company. However, both consultancy firms stated that the implementation pace in Sweden is delayed. Also, it must be clarified what type of auditors will be responsible for auditing reports or what education is needed. Hållbarhetsteamet believes that this will be a challenge since there are two different types of competencies. Sweden is voting on this subject on July 1, 2024.

“With the help of the new directive there might be more structure behind what to disclose and then it is only to hope that companies are assessed in a rightful way.” – Participant 7, Consultant at Hållbarhetsteamet

CSRD was established as a strategy for investors to direct capital toward green investments in the future. As it requires a higher level of proof-based transparency, Hållbarhetsteamet, for example, hopes they could prevent and reduce the practice of greenwashing. Axjo also mentions that since they have already made investments in a circular business plan, they are hoping that the reporting will function as a marketing strategy among their competitors.

“From voluntary to mandatory it will be more clear which companies that excel in a positive way as well as a negative way.” – Participant 6, Consultant at Hållbarhetsteamet

In conclusion, the interrelations between governance, stakeholders, and strategy underscore the multiple challenges and opportunities in complying with CSRD reporting standards. As companies must deal with the demands of increased transparency and stakeholder engagement, the need for strategic alignment and resource allocation becomes crucial. Through collaborative efforts and strategic adaptation Axjo strives to leverage sustainability practices, foster stakeholder trust, and drive competitive advantage.

Discussion & Analysis

This chapter discusses the findings derived from the literature review in alignment with the empirical findings from the semi-structured interviews. First, we will investigate and discuss perspectives on Stakeholder Theory followed by an exploration of Institutional Theory. In the final section of the discussion, we will adapt a more practical perspective.

5.1 Consultancy Guidance for Compliance

Aluchna et al. (2023) argues that businesses engage in sustainability reporting practices for symbolic gestures and as a pragmatic response aligning with the company's long-term self-interest. This perspective aligns with stakeholder concerns highlighted in our findings, where some clients from the Big-4 perceive CSRD as an opportunity to improve business models and generate further revenue, which is indicating an alignment with long-term self-interest and strategic considerations.

Further, Hörisch et al. (2020) emphasizes the importance of further research in identifying which stakeholders benefit from sustainability performance improvements and specifying stakeholders to whom a company should be responsible. Our empirical findings have identified significant stakeholder engagement, how they are sharing perspectives to navigate the complexities of CSRD implementation. For example, Axjo prioritized stakeholder relationships and mutual learning, motivated to ensure alignment with stakeholder interests. These findings are suggesting that stakeholder engagement is not only driven by regulatory compliance but also by strategic considerations and long-term sustainability goals.

Fyall et al. (2012) explains that in the context of Stakeholder Theory, legitimacy is often contingent upon how stakeholder groups are treated, with some groups being more likely to have a significant impact on decision-making processes at the board level compared to others. This unequal treatment raised concerns about the legitimacy of organisational decision-making and whether company goals adequately represent the interests of all stakeholders. However, with our empirical findings we observed that with the implementation of CSRD there is an expansion of stakeholder engagement and involvement. Both consultancy firms and Axjo explained that before the introduction of

CSRD, sustainability concerns were typically addressed by a few stakeholders. With the integration of CSRD into companies, there was a notable increase in attention from new stakeholder groups, as each department within a company like Axjo became responsible for reporting on their sustainability performance. This shift indicates a broader recognition of the importance of sustainability across various stakeholder groups and suggests a move towards more inclusive decision-making processes.

Furthermore, Feneir (2021) stated that certain stakeholder groups might be more important in terms of information sharing than others, which in turn provides a more substantial reputation and support for organizational well-being. This, however, challenges the assumption of equality embedded in the holistic framework of Stakeholder Theory (Mahajan et al., 2023). Our empirical findings support Feneir's statement to a certain extent. Since the release of CSRD from the European Commission, regulatory bodies have assumed a more prominent role in gathering information on companies' operations, finances, and sustainability performance. However, the European Commission has not provided sufficient guidance regarding information gathering, which has been identified to be an issue for consultancy firms implementing CSRD among their clients explained by both Big-4 and Hållbarhetsteamet.

Moreover, our findings indicate a shift in strategy and competition among larger consultancy firms, as explained by one of the Big-4, which are now offering seminars and guidance to smaller firms on establishing structured procedures to assist their clients. However, companies require guidance from consultancy firms for the implementation of CSRD, opening opportunities for consultancy firms to expand their client base. This transformation indicates a power shift between consultancy firms and their clients, with consultancy firms taking a more central role in guiding their clients through the process of CSRD reporting. Consequently, this shift is challenging the assumption of the holistic framework suggested by Mahajan et al. (2023).

5.2 Regulatory Compliance over Strategic Choice

Under Institutional Theory, Posadas et al. (2023) states that coercive isomorphism is driven by regulations and requirements, promoting the adoption of sustainability reporting practices among companies. Specifically, our empirical findings support the argument made by Posadas et al. (2023), that regulations and requirements support the development of sustainability reporting by moving from voluntary to a mandatory standard as Axjo explained. However, it is important to note that while mandatory reporting may enhance transparency and consistency of reporting practices, it does not necessarily translate to improved sustainability performance. Therefore, while regulations and requirements play a crucial role in driving the development of sustainability reporting, it does not mean that companies engage in sustainability practices beyond the requirements set by the institutions.

As DiMaggio & Powell (1983) explains that organizations conform to external institutional pressures to gain legitimacy and establish routines aligned with institutional norms. Our findings are in align with this perspective, as we observed companies adapting to institutional pressure from the EU Commission to comply with mandatory CSRD. For example, both consultancy firms implemented new reporting practices and procedures to align with CSRD requirements for their clients, demonstrating their responsiveness to institutional pressure. Similarly, Friske et al. (2023) underscores the importance of organizational adaptation to the institutional environment for survival. Our findings support this argument, highlighting the significance of conforming to external norms and expectations for organizational competitiveness.

DiMaggio & Powell (1983) proposes that mimetic isomorphism, driven by uncertainty, serves as a powerful driver for imitative behaviour, among organizations facing uncertain development or results. Amran & Haniffa (2011) argue against mimetic isomorphism, stating that for change to occur, stakeholders must exert pressure, implying that coercive isomorphism influences mimetic behaviour. Our empirical findings present a nuanced perspective that does not fully support either argument.

While both consultancy firms and Axjo, expressed uncertainty regarding how and what to report under the CSRD implementation, they did not identify specific organizations to

mimic due to the novelty of the reporting requirements. However, Hållbarhetsmet reportes joining seminars, seeking inspiration and information from larger consultancy firms, such as the Big-4, in implementing CSRD among their clients. This partially supports DiMaggio & Powell's argument, suggesting that mimetic isomorphism may indeed be a powerful driver under conditions of uncertainty. However, the lack of clear mimetic behaviour underscores the limitations of existing theories in fully explaining organizational responses to uncertainty.

In addition, Amran & Haniffa (2011) argue that coercive isomorphism influences imitative behaviour among organisations, implying that organisations have to adapt to regulatory pressures such as the CSRD regulations. However, our findings imply that while organisations acknowledge the need to comply with CSRD, there is a limited ability to mimic other organisations due to the uniform status of CSRD implementation across companies. Furthermore, Amran & Haniffa (2011) explains that the main driver for organisations to adopt to sustainability reporting was associated as a public reputation strategy to influencing stakeholders and gain competitive advantages. However, under the CSRD regulations, where sustainability reporting has become mandatory, the argument for adopting sustainability reporting as a strategic choice for reputation enhancements loses its validity. With our empirical findings we have identified that the shift to mandatory reporting under CSRD has reshaped organisations' motivations for sustainability reporting, emphasizing compliance with regulatory requirements over strategic reputation management.

5.3 Strategical Implications for CSRD Implementation

In the final section of our discussion, we shift the focus from a theoretical perspective more towards a practical perspective of materiality in the context of CSRD reporting. We explore why materiality is a critical concern, examining its significance and challenges, and outline strategic approaches to align companies plans and objectives.

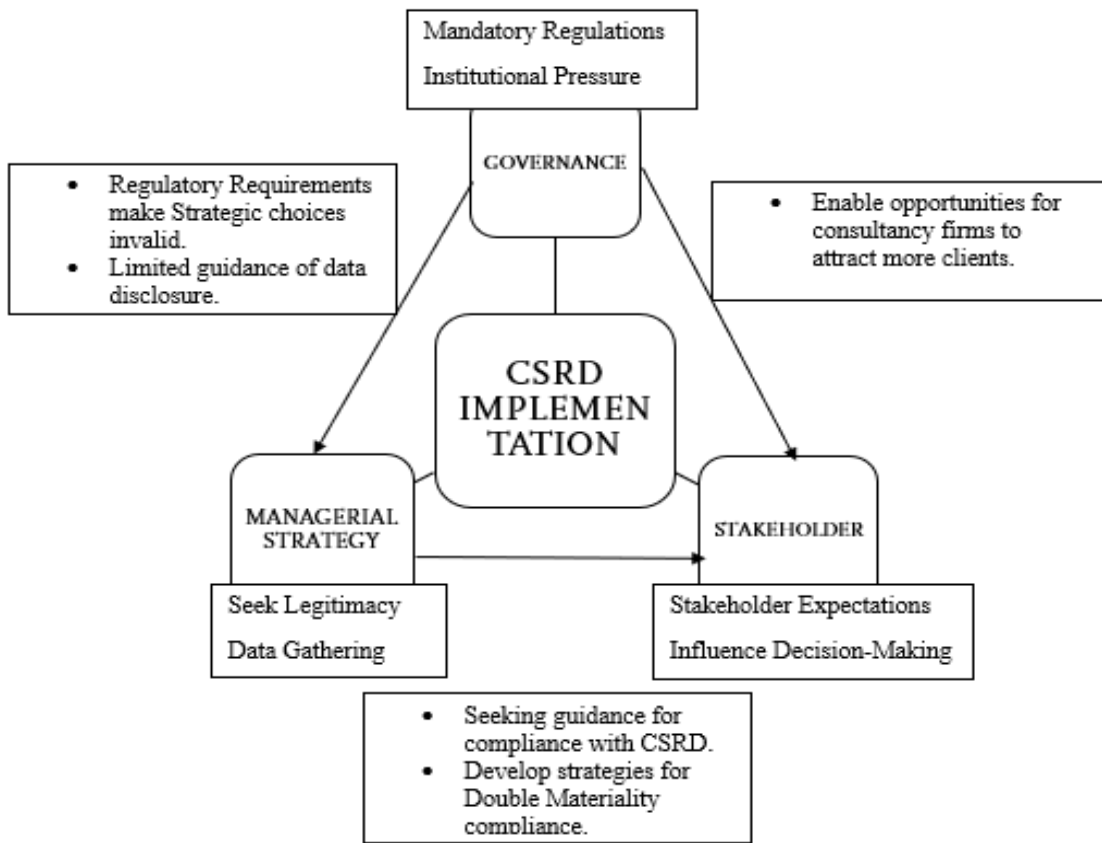
As highlighted by Mejía et al. (2024), materiality serves as a critical link between financial and non-financial information, creating the foundation for prioritization and

guiding companies' behaviours to align with strategic objectives. Through our empirical findings we identified that while the connection between non-financial and financial information is emerging, it is not fully developed. In the case of Axjo, our observations revealed that the preparatory work and data gathering have facilitated a materiality assessment, enabling the identification of relevant actions for disclosure. During our last interview with Axjo, they explained that they were anticipating an action plan provided by Hållbarhetsteamet. This plan aims to help Axjo prioritize tasks and develop strategies to ensure compliance with CSRD regulation, indicating that the findings are in align with Mejias et al. statement.

The concept of materiality assessment, both since earlier in GRI reporting and in general, remains an unclear topic for many companies regarding what information the assessment should contain and how the information should be evaluated (Garcia-Torea et al., 2020). Our findings support this argument even if the statement primarily concerns GRI standards. According to both consultancy firms, one of the main changes from voluntary reporting standards to the mandatory CSRD disclosure is the double materiality assessment. When considering the outside-in perspective, which evaluates how the environment and society impact the company, all participants expressed challenges in determining what factors should be measured and how to prioritize them for assessment.

To address the challenges associated within materiality assessment and data collection in an accountable way, Hall et al., (2015) underscores the importance of developing and implementing new techniques and tools. Our studies findings align with this perspective, as both consultancy firms and Axjo have described the development of such tools and strategies. These tools are specifically designed to contain materiality information for evaluation and subsequently serve as the basis for new reporting strategies in accordance with CSRD. For instance, companies like Axjo adopt tools developed by Position Green, enabling them to collect materiality data and information in one centralized platform including supplier assessments, key performance indicators (KPIs), and strategies for further development.

Figure 5 Updated Overview of the most important mechanisms for CSRD implementation



Conclusion

In this final chapter, we offer a comprehensive overview of our study. We begin by summarizing our research journey, followed by an exploration of the theoretical contributions. Thereafter, we examine the practical implications of our study and discuss the societal contributions. Finally, we reflect on the limitations and future research possibilities.

6.1. Brief Summary

The aim of this study was to explore how Swedish consultancy firms are managing the implementation of the new Corporate Sustainability Reporting Directive (CSRD) among their clients. To understand the underlying mechanisms driving adoption, we conducted a comprehensive literature review, extracting relevant insight forming the foundation of our qualitative case study. The research approach involved conducting semi-structured interviews with two consultancy firms and one of their clients implementing the CSRD regulation. All gathered data underwent thematic analysis, examining the impact of institutional pressure, such as regulatory mandates on stakeholders through the lenses of Stakeholder and Institutional Theory.

In conclusion, our analysis revealed that sustainability reporting is no longer a managerial strategic choice to gain validity and reputation; instead, institutional pressure mandates compliance. Secondly, our findings identified a power dynamic wherein companies rely on consultancy guidance to navigate CSRD compliance. Lastly, adhering to CSRD means a continuous ongoing data collection process, prompting strategic decision on measuring tools and workforce allocation, and the integration of new reporting standards.

6.2 Theoretical Contributions

Our study contributes to certain streams of literature by delving into the understanding of coercive and mimetic isomorphism within Institutional Theory, particularly focusing on the drivers behind adopting sustainability reporting practices. Drawing insights from Posadas et al. (2023), our study affirms that mandatory reporting standards and regulations play a significant role in promoting sustainability reporting, marking

transition from voluntary to mandatory practices under institutional influence. Additionally, we found that companies not mandated to report under CSRD in 2024 are compelled to adopt CSRD reporting to maintain competitiveness, aligning with DiMaggio and Powell's (1983) perspective on mimetic isomorphism. However, it is important to note that mimetic behaviour is constrained as companies implemented the CSRD standards for the first time having no company to fully mimic. Furthermore, our study revealed the influence of stakeholders in pressuring companies to disclose sustainability information, supporting Amran & Haniffa's (2011) argument against pure mimetic isomorphism. Therefore, the synthesis clarifies the complex interplay between coercive and mimetic isomorphism in driving sustainability practices under the CSRD.

In addition, our study contributes to certain streams of literature regarding normative isomorphism within institutional and stakeholder theory by examining the influence of companies' values and cultural engagement on the implementation of CSRD regulations. In alignment with Amran & Haniffa (2011), the study finds that normative isomorphism drives companies to engage further in sustainability initiatives based on the company's cultural values and social responsibility. However, the mandatory CSRD regulations are challenging the voluntary nature of normative isomorphism, where it can be argued that there is a certain tension between regulatory, compliance and cultural engagement. Overall, our study contributes to literature and theoretical understanding in the fields of Institutional Theory and Stakeholder Theory by providing insights into drivers, challenges, and implications CSRD reporting is bringing to consultancy firms and their clients.

6.3 Practical Contributions

From a practical perspective, this paper contributes to the understanding of CSRD and the implementation process, which could support managerial strategy development regarding the utilization of external support, such as consultancy firms, and guide investment decisions related to data collecting tools to streamline sustainability performance within companies. Another practical contribution for managerial insights is the recognition of how integrated CSRD needs to be within a company, impacting resource allocation as managers integrate and measure sustainability performance across all departments, not just within a dedicated sustainability unit. Furthermore, consultancy

firms can leverage this information to attract clients who fall within the target range for annual reporting.

6.4 Societal Contributions

Moving on to the societal contribution, our study contributes to the understanding of the social uncertainty surrounding the implementation of sustainability reporting mandated by the CSRD. More guidance from regulators in this area would benefit society by providing clarity and reducing uncertainty for companies affected by the new regulations. Additionally, the transparency and accountability promoted by CSRD through detailed sustainability reporting will enable society to gain valuable insights into a company's sustainability performance. This increased transparency will not only allow society to learn about various sustainability efforts but also support the ability to benchmark companies, identify those lagging in sustainability, and make informed decisions that promote a sustainability future. Thus, our findings underscore the societal benefit of enhanced regulatory guidance and transparent sustainability reporting.

6.5 Limitations

In our study, we explored the implementation of CSRD reporting among consultancy firms and their clients. However, our exploration encountered several methodological boundaries which may have influenced the scope and depth of our research.

Firstly, our study's sample size was limited, focusing solely on the two consultancy firms and one of their clients. As a result, the findings may only be fully generalizable within our specific sample size. A larger sample size could contribute to improved credibility; however, diversification of interviews was provided in the research. Despite this limitation, the focused sample size allowed for a comprehensive examination of the selected participants.

Moreover, it is worth noting that all interviews were conducted in Swedish and subsequently translated into English by us, who relied on their knowledge and understanding. While every attempt was made to ensure accurate translation, the possibility of misinterpretation remains.

Lastly, our research was geographical focused on Swedish consultancy firms and their clients, providing valuable insights into the implementation of the CSRD within Sweden. However, it is important to acknowledge the limitations of the geographical concentration. Variations in regulatory frameworks, cultural norms, and economic conditions across different countries may impact the implementation of CSRD differently than observed in Sweden, potentially limiting the generalizability of our findings to other EU member states.

6.6 Future Research

Based on the limitations identified in our research, there are several future possibilities for continued research on CSRD implementation among companies. One possibility is to conduct a comparison study involving one of the Big-4 consultancy firms, examining how their approaches to CSRD implementation vary across EU member states to gain insights into the regional differences.

Furthermore, future research could include investigating the post-implementation phase of CSRD and its implications for power dynamics and clients. Understanding how roles, responsibilities, and decision-making authority may shift once the implementation phase is over providing insights into the long-term relationships between firms and their clients. Lastly, since our research was based on Stakeholder Theory and Institutional Theory, it would be interesting to see future research with Agency Theory. With Agency Theory researchers could examine the relationships between principles and agents within consultancy firms and their clients, focusing on potential agency conflicts that may arise in the context of CSRD implementation.

Reference list

- Abhayawansa, S. (2022). Swimming against the tide: back to single materiality for sustainability reporting. *Sustainability Accounting, Management and Policy Journal*, 13(6), 1361–1385. <https://doi.org/10.1108/sampj-07-2022-0378>
- Ahmed, S. K. (2024). The pillars of trustworthiness in Qualitative research. *Journal of Medicine Surgery and Public Health*, 100051. <https://doi.org/10.1016/j.gmedi.2024.100051>
- Adler, R. H. (2022). Trustworthiness in qualitative research. *Journal of Human Lactation*, 38(4), 598–602. <https://doi.org/10.1177/08903344221116620>
- Aluchna, M., Roszkowska-Menkes, M., Jastrzębska, E., & Bohdanowicz, L. (2023). Sustainability reporting as a social construct: the systematic literature review within socio-political view. *Social Responsibility Journal*, 19(8), 1535–1554. <https://doi.org/10.1108/srj-06-2022-0231>
- Amoako, G. K., Adam, A. M., Arthur, C. L., & Tackie, G. (2021). Institutional isomorphism, environmental management accounting and environmental accountability: a review. *Environment, Development and Sustainability*, 23(8), 11201–11216. <https://doi.org/10.1007/s10668-020-01140-y>
- Amran, A., & Haniffa, R. (2011). Evidence in development of sustainability reporting: a case of a developing country. *Business Strategy and the Environment*, 20(3), 141–156. https://onlinelibrary.wiley.com/doi/abs/10.1002/bse.672?casa_token=Iqb1KgmXYHoAAAAA%3A6PCakcYm4WEpmZ7lvakiVS1mMeUcXOjO1XUSHLfmQfYuUobDycBmr6YAYyAPZefJQxrt48DY5DDEcg
- Aureli, S., Del Baldo, M., Lombardi, R., & Nappo, F. (2020). Nonfinancial reporting regulation and challenges in sustainability disclosure and corporate governance practices. *Business Strategy and the Environment*, 29(6), 2392–2403. <https://doi.org/10.1002/bse.2509>
- Axjo. (n.d.). AXJO – Greenology Concept. Axjo. <https://greenology.axjo.com/>

- Axjo. (n.d.). *Innovations for tomorrow*. Axjo. <https://www.axjo.com/>
- Baumüller, J., & Sopp, K. (2021). Double materiality and the shift from non-financial to European sustainability reporting: review, outlook and implications. *Journal of Applied Accounting Research*, 23(1), 8–28. <https://doi.org/10.1108/jaar-04-2021-0114>
- Benvenuto, M., Aufiero, C., & Viola, C. (2023). A systematic literature review on the determinants of sustainability reporting systems. *Heliyon*, 9(4), e14893. <https://doi.org/10.1016/j.heliyon.2023.e14893>
- Brinkmann, S., & Kvale, S. (2005). CONFRONTING THE ETHICS OF QUALITATIVE RESEARCH. *Journal of Constructivist Psychology*, 18(2), 157–181. <https://doi.org/10.1080/10720530590914789>
- Chithambo, L., Tingbani, I., Afrifa, G. A., Gyapong, E., & Damoah, I. S. (2020). Corporate voluntary greenhouse gas reporting: Stakeholder pressure and the mediating role of the chief executive officer. *Business Strategy and the Environment*, 29(4), 1666–1683. <https://doi.org/10.1002/bse.2460>
- Clementino, E., & Perkins, R. (2020). How Do Companies Respond to Environmental, Social and Governance (ESG) ratings? Evidence from Italy. *Journal of Business Ethics*, 171(2), 379–397. <https://doi.org/10.1007/s10551-020-04441-4>
- Curtin, M., & Fossey, E. (2007). Appraising the trustworthiness of qualitative studies: Guidelines for occupational therapists. *Australian Occupational Therapy Journal*, 54(2), 88–94. <https://doi.org/10.1111/j.1440-1630.2007.00661.x>
- Deegan, C. (2002). Introduction. *Accounting, Auditing & Accountability/Accounting Auditing & Accountability*, 15(3), 282–311. <https://doi.org/10.1108/09513570210435852>
- Di Chiacchio, L., Vivian, B., Cegarra-Navarro, J. G., & García-Pérez, A. (2024). The evolution of non-financial report quality and visual content: information asymmetry and strategic signalling: a cross-cultural perspective.

Environment, Development and Sustainability.
<https://doi.org/10.1007/s10668-024-04779-z>

DiMaggio, P. J., & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48(2), 147–160.
<https://www.uio.no/studier/emner/matnat/ifi/INF9200/v10/readings/papers/DeMaggio.pdf>

EcoVadis Medals and Badges: Recognizing our Customers' Achievements. (n.d.).
EcoVadis Medals and Badges: Recognizing Our Customers' Achievements.
<https://resources.ecovadis.com/ecovadis-solution-materials/ecovadis-medals-and-badges>

European Commission. (n.d.). *Corporate sustainability reporting.* Finance.
https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

European Commission. (2021, July 14). *The European Green Deal.*
https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

European Commission. (2023, July 31). *Question and Answers on the Adoption of European Sustainability Reporting Standards.*
https://ec.europa.eu/commission/presscorner/detail/en/qanda_23_4043

Feneir, I. M. (2021). Corporate Social Responsibility Disclosure (CSR). In *Contributions to Finance and Accounting* (pp. 265–292).
https://doi.org/10.1007/978-3-030-72624-9_12

Freudenreich, B., Lüdeke-Freund, F., & Schaltegger, S. (2019). A Stakeholder Theory Perspective on Business Models: Value Creation for Sustainability. *Journal of Business Ethics*, 166(1), 3–18. <https://doi.org/10.1007/s10551-019-04112-z>

- Friske, W., Nikolov, A. N., & Morgan, T. (2023). Making the grade: An analysis of sustainability reporting standards and Global Reporting Initiative adherence ratings. *Corporate Social-responsibility and Environmental Management*. <https://doi.org/10.1002/csr.2686>
- Fyall, A., Garrod, B., & Wang, Y. (2012). Destination collaboration: A critical review of theoretical approaches to a multi-dimensional phenomenon. *Journal of Destination Marketing and Management*, 1(1–2), 10–26. <https://doi.org/10.1016/j.jdmm.2012.10.002>
- García-Torea, N., Souto, B. F., & De La Cuesta González, M. (2019). CSR reporting communication: Defective reporting models or misapplication? *Corporate Social-responsibility and Environmental Management*, 27(2), 952–968. <https://doi.org/10.1002/csr.1858>
- Grant Thornton. (2023, August 9). *CSRD reporting: What you need to know*. Grant Thornton. <https://www.grantthornton.com/insights/articles/esg/2023/csrd-reporting-what-you-need-to-know>
- Greiling, D., & Bauer, P. (2023). Sustainability Reporting of State-Owned Enterprises. In *Routledge eBooks* (pp. 431–445). <https://doi.org/10.4324/9781003345497-30>
- Hahn, R., & Kühnen, M. (2013). Determinants of sustainability reporting: a review of results, trends, theory, and opportunities in an expanding field of research. *Journal of Cleaner Production*, 59, 5–21. <https://doi.org/10.1016/j.jclepro.2013.07.005>
- Hahn, R., & Lülfs, R. (2013). Legitimizing negative aspects in GRI-Oriented Sustainability Reporting: A Qualitative analysis of Corporate Disclosure Strategies. *Journal of Business Ethics*, 123(3), 401–420. <https://doi.org/10.1007/s10551-013-1801-4>

- Hall, M., Millo, Y., & Barman, E. (2015). Who and What Really Counts? Stakeholder Prioritization and Accounting for Social Value. *Journal of Management Studies* 52(7), 907-934. <https://core.ac.uk/download/pdf/35435663.pdf>
- Hiebl, M. R. W. (2021). Sample selection in Systematic Literature Reviews of Management Research. *Organizational Research Methods*, 26(2), 229–261. <https://doi.org/10.1177/1094428120986851>
- Hållbarhetsteamet. (n.d.). *Om oss*. Hållbarhetsteamet. <https://hallbarhetsteamet.se/om-oss/>
- Hörisch, J., Schaltegger, S., & Freeman, R. E. (2020). Integrating stakeholder theory and sustainability accounting: A conceptual synthesis. *Journal of Cleaner Production*, 275, 124097. <https://doi.org/10.1016/j.jclepro.2020.124097>
- Kolk, A. (2003). Trends in Sustainability Reporting by the Fortune Global 250. *Business Strategy and the Environment*, 12(5), 279–291. <https://www.proquest.com/docview/213772766?fromopenview=true&pq-origsite=gscholar&sourcetype=Scholarly%20Journals>
- Kraus, S., Breier, M., & Dasí-Rodríguez, S. (2020). The art of crafting a systematic literature review in entrepreneurship research. *International Entrepreneurship and Management Journal* (2020). <https://doi.org/10.1007/s11365-020-00635-4>
- La Fuente, J. a. C., García-Sánchez, I., & Lozano, M. B. (2017). The role of the board of directors in the adoption of GRI guidelines for the disclosure of CSR information. *Journal of Cleaner Production*, 141, 737–750. <https://doi.org/10.1016/j.jclepro.2016.09.155>
- Lagasio, V., & Cucari, N. (2019). Corporate governance and environmental social governance disclosure: A meta-analytical review. *Corporate Social-responsibility and Environmental Management*, 26(4), 701–711. <https://doi.org/10.1002/csr.1716>

- Lange, D., & Bundy, J. (2018). The Association between Ethics and Stakeholder Theory. In *Advances in strategic management* (pp. 365–387). <https://doi.org/10.1108/s0742-332220180000038019>
- Laufer, W. S. (2003). Social Accountability and Corporate Greenwashing. *Journal of Business Ethics*, 43(3), 253–261. <https://doi.org/10.1023/a:1022962719299>
- Levy, D. L., Brown, H. S., & De Jong, M. (2009). The contested politics of corporate governance. *Business & Society*, 49(1), 88–115. <https://doi.org/10.1177/0007650309345420>
- Lock, I., & Seele, P. (2016). The credibility of CSR (corporate social responsibility) reports in Europe. Evidence from a quantitative content analysis in 11 countries. *Journal of Cleaner Production*, 122, 186–200. <https://doi.org/10.1016/j.jclepro.2016.02.060>
- Luque-Vílchez, M., Cordazzo, M., Rimmel, G., & Tilt, C. (2023). Key aspects of sustainability reporting quality and the future of GRI. *Sustainability Accounting, Management and Policy Journal*, 14(4), 637–659. <https://doi.org/10.1108/sampj-03-2023-0127>
- Mahajan, R., Lim, W. M., Sareen, M. L., Kumar, S., & Panwar, R. (2023). Stakeholder theory. *Journal of Business Research*, 166, 114104. <https://doi.org/10.1016/j.jbusres.2023.114104>
- Mahoney, L. S., Thorne, L., Cecil, L., & LaGore, W. (2013). A research note on standalone corporate social responsibility reports: Signaling or greenwashing? *Critical Perspectives on Accounting*, 24(4–5), 350–359. <https://doi.org/10.1016/j.cpa.2012.09.008>
- Mejía, D. a. C., García, J. a. C., & Benau, M. a. G. (2024). Analysis of double materiality in early adopters. Are companies walking the talk? *Sustainability Accounting, Management and Policy Journal*. <https://doi.org/10.1108/sampj-07-2023-0469>

- Michelon, G., Pilonato, S., & Ricceri, F. (2015). CSR reporting practices and the quality of disclosure: An empirical analysis. *Critical Perspectives on Accounting*, 33, 59–78. <https://doi.org/10.1016/j.cpa.2014.10.003>
- Pizzi, S., Principale, S., & De Nuccio, E. (2022). Material sustainability information and reporting standards. Exploring the differences between GRI and SASB. *Meditari Accountancy Research*, 31(6), 1654–1674. <https://doi.org/10.1108/medar-11-2021-1486>
- Pizzi, S., Principale, S., Fasiello, R., & Imperiale, F. (2023). The institutionalisation of social and environmental accounting practices in Europe. *Journal of Applied Accounting Research*, 24(5), 816–838. <https://doi.org/10.1108/jaar-07-2022-0190>
- Posadas, S. C., Blanco, S. R., Souto, B. F., & Tarquinio, L. (2023). Institutional isomorphism under the test of Non-financial Reporting Directive. Evidence from Italy and Spain. *Meditari Accountancy Research*, 31(7), 26–48. <https://doi.org/10.1108/medar-02-2022-1606>
- Position Green. (2024). *Solve the ESG Reporting Puzzle with Ease*. Position Green. <https://www.positiongreen.com/esg-solutions/>
- Reynolds, M. A., & Yuthas, K. (2007). Moral Discourse and corporate Social Responsibility reporting. *Journal of Business Ethics*, 78(1–2), 47–64. <https://doi.org/10.1007/s10551-006-9316-x>
- Schreck, P., & Raithel, S. (2015). Corporate social performance, firm size, and organizational visibility: distinct and joint effects on voluntary sustainability reporting. *Business & Society*, 57(4), 742–778. <https://doi.org/10.1177/0007650315613120>
- Shenton, A. K. (2004). Strategies for ensuring trustworthiness in qualitative research projects. *Education for Information*, 22(2), 63–75. <https://doi.org/10.3233/efi-2004-22201>

- Stockholm Resilience Centre. (n.d.). *Planetary boundaries*.
<https://www.stockholmresilience.org/research/planetary-boundaries.html>
- Sweeney, L., & Coughlan, J. (2008). Do different industries report Corporate Social Responsibility differently? An investigation through the lens of stakeholder theory. *Journal of Marketing Communications*, 14(2), 113–124.
<https://doi.org/10.1080/13527260701856657>
- Thomas, E., & Magilvy, J. K. (2011). Qualitative rigor or research validity in qualitative research. *Journal for Specialists in Pediatric Nursing*, 16(2), 151–155.
<https://doi.org/10.1111/j.1744-6155.2011.00283.x>
- Villiers, C. (2022). New directions in the European Union’s regulatory framework for corporate reporting, due diligence and accountability: the challenge of complexity. *European Journal of Risk Regulation*, 13(4), 548–566.
<https://doi.org/10.1017/err.2022.25>

Books

- Aurini, J. D., Heath, M., & Howells, S. (2021). *The how to of qualitative research*. SAGE.
- Bryman, A., & Bell, E. (2015). *Business research methods*. Oxford University Press, USA.
- Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & De Colle, S. (2010). *Stakeholder Theory: The State of the Art*. Cambridge University Press.
- Saunders, M. N. K., Lewis, P., & Thornhill, A. (2019). *Research methods for business students*. Pearson Higher Ed.
- Tenuta, P., & Cambrea, D. R. (2022). ESG measures and non-financial performance reporting. In *SIDREA Series in Accounting and Business Administration* (pp. 27–57). https://doi.org/10.1007/978-3-031-11491-5_3

Appendix A

Table 2 Publication Spread of Articles

Publication Spread of Articles	
Time Periods	No. of studies
Pre-1990	1
1990-1994	0
1995-1999	0
2000-2004	2
2005-2009	3
2010-2014	6
2015-2019	8
2020-2024	18

Table 2 Geographical Spread of Articles

Geographical Spread of Articles	
Continents	No. of studies
Europe	21
Unknown	7
Oceania	5
North America	4
South America	1

Appendix B – Sources for Frame of Reference and Literature Review

Appendix Literature Review and Frame of Reference Sources

Author	Title	Journal	Academic Journal Guide 2021 (ranking)
Included Articles from the Structured Literature Review			
Abhayawansa, S. (2022)	Swimming against the tide: back to single materiality for sustainability reporting	Sustainability Accounting, Management and Policy Journal	2
Aluchna, M., Roszkowska-Menkes, M., Jastrzębska, E., & Bohdanowicz, L. (2023)	Sustainability reporting as a social construct: the systematic literature review within socio-political view	Social Responsibility Journal	1
Amran, A., & Haniffa, R. (2011)	Evidence in development of sustainability reporting: a case of a developing country	Business Strategy and the Environment	3
Aureli, S., Del Baldo, M., Lombardi, R., & Nappo, F. (2020)	Nonfinancial reporting regulation and challenges in sustainability disclosure and corporate governance practices.	Business Strategy and the Environment	3
Baumüller, J., & Sopp, K. (2021).	Double materiality and the shift from non-financial to European sustainability reporting: review, outlook and implications.	Journal of Applied Accounting Research	2
Benvenuto, M., Aufiero, C., & Viola, C. (2023)	A systematic literature review on the determinants of sustainability reporting systems.	Heliyon	?
Chithambo, L., Tingbani, I., Afrifa, G. A., Gyapong, E., & Damoah, I. S. (2020)	Corporate voluntary greenhouse gas reporting: Stakeholder pressure and the mediating role of the chief executive officer.	Business Strategy and the Environment	3
Clementino, E., & Perkins, R. (2020)	How Do Companies Respond to Environmental, Social and Governance (ESG) ratings?	Journal of Business Ethics	3

Deegan, C. (2002)	Introduction.	Accounting, Auditing & Accountability/Accounting Auditing & Accountability	3
Di Chiacchio, L., Vivian, B., Cegarra-Navarro, J. G., & García-Pérez, A. (2024)	The evolution of non-financial report quality and visual content: information asymmetry and strategic signalling: a cross-cultural perspective.	Environment, Development and Sustainability	?
DiMaggio, P. J., & Powell, W. W. (1983)	The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields.	American Sociological Review	4*
Feneir, I. M. (2021).	Corporate Social Responsibility Disclosure (CSR).	Contributions to Finance and Accounting	?
Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & De Colle, S. (2010)	Stakeholder Theory: The State of the Art.	Cambridge University Press.	?
Freudenreich, B., Lüdeke-Freund, F., & Schaltegger, S. (2019)	A Stakeholder Theory Perspective on Business Models: Value Creation for Sustainability.	Journal of Business Ethics	3
Friske, W., Nikolov, A. N., & Morgan, T. (2023)	Making the grade: An analysis of sustainability reporting standards and Global Reporting Initiative adherence ratings	Corporate Social-responsibility and Environmental Management	1
Fyall, A., Garrod, B., & Wang, Y. (2012)	Destination collaboration: A critical review of theoretical approaches to a multi-dimensional phenomenon.	Journal of Destination Marketing and Management	1
García-Torea, N., Souto, B. F., & De La Cuesta González, M. (2019)	CSR reporting communication: Defective reporting models or misapplication?	Corporate Social-responsibility and Environmental Management,	1
Hahn, R., & Kühnen, M. (2013).	Determinants of sustainability reporting: a review of results, trends, theory, and opportunities in an expanding field of research	Journal of Cleaner Production	2

Hahn, R., & Lülfs, R. (2013)	Legitimizing negative aspects in GRI-Oriented Sustainability Reporting: A Qualitative analysis of Corporate Disclosure Strategies	Journal of Business Ethics	3
Hörisch, J., Schaltegger, S., & Freeman, R. E. (2020)	Integrating stakeholder theory and sustainability accounting: A conceptual synthesis	Journal of Cleaner Production	2
La Fuente, J. a. C., García-Sánchez, I., & Lozano, M. B. (2017)	The role of the board of directors in the adoption of GRI guidelines for the disclosure of CSR information.	Journal of Cleaner Production	2
Lagasio, V., & Cucari, N. (2019)	Corporate governance and environmental social governance disclosure: A meta-analytical review	Corporate Social-responsibility and Environmental Management	1
Lange, D., & Bundy, J. (2018)	The Association between Ethics and Stakeholder Theory.	In Advances in strategic management	2
Laufer, W. S. (2003)	Social Accountability and Corporate Greenwashing	Journal of Business Ethics	3
Levy, D. L., Brown, H. S., & De Jong, M. (2009)	The contested politics of corporate governance	Business & Society	3
Lock, I., & Seele, P. (2016)	The credibility of CSR (corporate social responsibility) reports in Europe. Evidence from a quantitative content analysis in 11 countries	Journal of Cleaner Production	2
Luque-Vilchez, M., Cordazzo, M., Rimmel, G., & Tilt, C. (2023).	Key aspects of sustainability reporting quality and the future of GRI.	Sustainability Accounting, Management and Policy Journal,	2
Mahajan, R., Lim, W. M., Sareen, M. L., Kumar, S., & Panwar, R. (2023)	Stakeholder theory	Journal of Business Research	3
Mahoney, L. S., Thorne, L., Cecil, L., & LaGore, W. (2013)	A research note on standalone corporate social responsibility reports: Signaling or greenwashing?	Critical Perspectives on Accounting,	3
Mejía, D. a. C., García, J. a. C., & Benau, M. a. G. (2024)	Analysis of double materiality in early adopters. Are companies walking the talk?	Sustainability Accounting, Management and Policy Journal.	2

Michelon, G., Pilonato, S., & Ricceri, F. (2015)	CSR reporting practices and the quality of disclosure: An empirical analysis.	Critical Perspectives on Accounting,	3
Pizzi, S., Principale, S., & De Nuccio, E. (2022)	Material sustainability information and reporting standards. Exploring the differences between GRI and SASB	Meditari Accountancy Research	1
Pizzi, S., Principale, S., Fasiello, R., & Imperiale, F. (2023).	The institutionalisation of social and environmental accounting practices in Europe.	Journal of Applied Accounting Research	2
Posadas, S. C., Blanco, S. R., Souto, B. F., & Tarquinio, L. (2023)	Institutional isomorphism under the test of Non-financial Reporting Directive. Evidence from Italy and Spain	Meditari Accountancy Research,	1
Reynolds, M. A., & Yuthas, K. (2007).	Moral Discourse and corporate Social Responsibility reporting.	Journal of Business Ethics	3
Schreck, P., & Raithel, S. (2015)	Corporate social performance, firm size, and organizational visibility: distinct and joint effects on voluntary sustainability reporting Do different industries report	Business & Society	3
Sweeney, L., & Coughlan, J. (2008)	Corporate Social Responsibility differently? An investigation through the lens of stakeholder theory	Journal of Marketing Communications	2
Tenuta, P., & Cambrea, D. R. (2022)	ESG measures and non-financial performance reporting.	In SIDREA Series in Accounting and Business Administration	?

Appendix C – Original Interview Guideline

Interview Guideline Original

Structure and purpose of the interview.

The following questions are designed to address various perspectives of government, management strategy, and stakeholder relationships and engagement concerning implementing and communicating the Corporate Sustainability Reporting Directive (CSRD) within organizations and between their stakeholders. With the questions asked, the aim is to gain insights and understand the implications of implementing the CSRD among the different parties involved.

Structure:

- Before the interview, we will send a GDPR agreement for all the participants to sign.
- Starting the interview by thanking the participant for wanting to participate and giving us the time to do the interview. Followed by introducing ourselves, the interview's purpose, and if they prefer the interview to be in English or Swedish.
- We will ensure that the participant has the right to withdraw from the meeting at any time, skip questions, and remain anonymous.
- Continuing with asking if we have permission to record the interview.
- Ensure that the practice follows GDPR and that all gathered data is stored in our personal OneDrive accounts and deleted as soon as the report is done.
- Before we begin the interview, we will ask if the interviewee has understood their rights and if they have further questions.
- We will start the recording and ask their permission to re-record the interview.

Intro-Questions

Could you please introduce yourself and briefly overview your organizational role and responsibilities?

How long have you been involved in your organization's sustainability initiatives or corporate reporting?

Governance

- Did your organization conduct voluntary sustainability reporting practices before implementing the CSRD? If yes, could you provide the name of the reporting standards the organization committed to?
- Can you provide an overview of how your organization understands the Corporate Sustainability Reporting Directive (CSRD) and its governance implications?

- How does your organization perceive the role of governance in driving sustainability reporting practices?
- What measures has your organization taken to ensure alignment between CSRD requirements and existing governance structures?
- How does your organization involve the board of directors in overseeing sustainability initiatives and compliance with the CSRD?
- How will the CSRD impact the composition, responsibilities, and training of the board and management teams regarding sustainability matters?
- How will the CSRD influence your organization's risk management and compliance monitoring approach?
- How will you ensure that internal stakeholders understand their roles and responsibilities in implementing CSRD requirements?
- What mechanisms are in place to review and update internal policies and procedures to reflect changes in CSRD regulations?
- How does your organization plan to obtain external assurance or audit services to validate sustainability reporting under the CSRD?
- What criteria will you use to select assurance providers and ensure their independence, competence, and credibility?
- How will you communicate external assurance or audit process outcomes to stakeholders and regulators?

Management Strategy

- How does your organization plan to integrate CSRD reporting requirements into its overall business strategy and objectives?
- What strategies will you employ to align CSRD reporting with your organization's long-term sustainability objectives and materiality assessments?
- How will the CSRD influence your organization's decision-making processes and resource allocation?
- What challenges do you anticipate in complying with the CSRD requirements, and how do you plan to address them?
- What systems and processes does your organization have in place for collecting, managing, and analysing sustainability data required for CSRD reporting?
- How will you ensure the accuracy, completeness, and reliability of data used in CSRD reporting?
- What steps will you take to address data gaps or limitations identified during the implementation of CSRD reporting?

- How does your organization currently measure and track sustainability performance, and how will this evolve with CSRD reporting requirements?
- What key performance indicators (KPIs) or metrics will you prioritize in CSRD reporting to demonstrate progress towards sustainability goals?
- How will you set targets and benchmarks to improve sustainability performance and reporting continuously?
- How will your organization allocate financial, human, and technological resources to support CSRD compliance and reporting?
- Have any budget considerations been made for investing in technology, training, and external support services for CSRD implementation? – If yes, please explain by example.
- Has the organization received any external financial means to support the budget for implementing CSRD? – If yes, please explain which external sources have been used.
- How will the CSRD reporting obligations impact your organization's resource allocation, budgeting, and strategic decision-making?

Stakeholder

- How does your organization plan to integrate CSRD reporting into their client's overall business strategy?
- How did the stakeholders react to the implantation of the CSRD?
- Have you identified stakeholders that were more impacted than others?
- Were you in need of identifying new stakeholders?
- Did you identify stakeholders that are unable to meet the CSRD standards?
- How does your organization currently engage with stakeholders regarding sustainability matters, and how will this engagement evolve with CSRD reporting?
- What mechanisms exist for identifying and prioritizing stakeholder interests, expectations, and feedback related to CSRD reporting?
- How will you ensure that stakeholder engagement processes are transparent, inclusive, and meaningful?
- What communication channels and platforms does your organization use to disseminate sustainability information to stakeholders, and how will these be utilized for CSRD reporting?
- How do you plan to tailor communication messages and content to different stakeholder groups to ensure relevance and resonance?

- How will you ensure transparency and accountability in CSRD reporting to build trust and credibility with stakeholders?
- What steps will you take to address stakeholder concerns or criticisms about sustainability performance and reporting?
- How do you plan to communicate progress, achievements, challenges, and lessons learned in CSRD reporting to foster stakeholder trust and confidence?
- How does your organization determine material sustainability issues and prioritize them for reporting under the CSRD?
- Are there any mechanisms for soliciting stakeholder input and feedback on materiality assessments and reporting priorities?
- How will you ensure that CSRD reporting adequately addresses the interests and concerns of key stakeholders and enhances the relevance of sustainability information?
- How will your organization capture and respond to stakeholder feedback and input received through CSRD reporting processes?
- Will there be any mechanisms for ongoing dialogue and engagement with stakeholders to address their information needs, concerns, and expectations?
- How will you demonstrate responsiveness and accountability in incorporating stakeholder feedback into CSRD reporting and decision-making processes?

Finishing Section

- At the current state, have you identified any significant differences compared to reporting and after the adoption of CSRD that you would like to share with us?
- Is there anything you think we are missing out on that you would like to discuss?
- From your perspective, what will be the most significant challenge for the organization throughout this year?
- What are your perspectives on the future of CSRD?
- Is there anyone else that you would recommend us to talk to that could be relevant to our research?

After Interview:

- We will stop the recording and again point out the interviewee's rights and the right to change the answers whenever they want.
- Followed by asking if we have the possibility to reach out to the interviewee if there are any further questions on the subject.
- We will ask if they want us to send the transcript after it has been processed.
- Again, show gratitude for allowing us to conduct the interview.

Appendix D – Improved Interview Guideline

Interview Guideline Original

Structure and purpose of the interview.

The following questions are designed to address various perspectives of government, management strategy, and stakeholder relationships and engagement concerning implementing and communicating the Corporate Sustainable Reporting Directive (CSRD) within organizations and between their stakeholders. With the questions asked, the aim is to gain insights and understand the implications of implementing the CSRD among the different parties involved.

Structure:

- Before the interview, we will send a GDPR agreement for all the participants to sign.
- Starting the interview by thanking the participant for wanting to participate and giving us the time to do the interview. Followed by introducing ourselves, the interview's purpose, and if they prefer the interview to be in English or Swedish.
- We will ensure that the participant has the right to withdraw from the meeting at any time, skip questions, and remain anonymous.
- Continuing with asking if we have permission to record the interview.
- Ensure that the practice follows GDPR and that all gathered data is stored in our personal OneDrive accounts and deleted as soon as the report is done.
- Before we begin the interview, we will ask if the interviewee has understood their rights and if they have further questions.
- We will start the recording and ask their permission to re-record the interview.

Intro-Questions

- Would you like to present yourself, your position and describe your role in the company?
- How do you view your position (as owner, CEO, consultant, etc.)?
- How does your position connect to CSRD?
- Can you describe your sustainability interest connected to the company?

Intro-Questions

- What does the corporate history of sustainability reporting look like? Which standards have been followed?

- How has the process involving the board and management team looked like? Will the group change with the implementation of CSRD?
- Which mechanisms have been most prominent in the governance of the company?
- How will your business strategy be affected by the implementation of CSRD? And what challenges do you foresee?
- How does your organization plan to seek advice regarding the reporting? Through consultants or auditors?
- How will resources be allocated to implement and maintain the reporting standard? Financially, socially, and environmentally? Challenges?
- Has external help been sought for financing the implementation?
- How have you been influenced by your stakeholders through CSRD or general sustainability issues?
- How have you influenced/will you influence your stakeholders through CSRD or general sustainability issues? (role as a leader in the value chain?)
- How far have you come in the implementation of CSRD?
- What system do you use for data collection for all data points?
- Which material issues and key performance indicators have been identified? Was there anything surprising?

Finishing Questions

- What will be the biggest challenges with CSRD for your organization moving forward?
- What positive ripple effects do you anticipate for your organization?
- Is there anything we missed discussing that you feel we should address?
- Is there anyone you would recommend us to talk to?

After Interview:

- We will stop the recording and again point out the interviewee's rights and the right to change the answers whenever they want.
- Followed by asking if we have the possibility to reach out to the interviewee if there are any further questions on the subject.
- We will ask if they want us to send the transcript after it has been processed.
- Again, show gratitude for allowing us to conduct the interview.

Appendix E – GDPR Consent



JÖNKÖPING UNIVERSITY
Jönköping International
Business School

Participant Information Sheet template

You are being invited to take part in a bachelor thesis study. Before you decide whether or not to take part, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully.

We are two students from Jönköping University and are currently writing our bachelor thesis for the program Sustainable Enterprise Development. The purpose of the interview is to contribute to the developing discussion regarding CSRD reporting standards and to explore the implications of the regulatory environment on both businesses and consultancy companies. By gathering insights from stakeholders, we seek to foster deeper understanding of the institutional pressure that is associated with the standardisation and how stakeholders are impacted by these regulations.

'It is entirely up to you to decide whether or not to take part. If you decide to do so, you will be given this information sheet to keep and will be asked to give your consent.' All the information that we collect about you during the course of the research will be kept strictly confidential. You will not be able to be identified in any ensuing reports or publications.'

Under GDPR you have the following rights over your personal data:

- **The right to be informed.** You must be informed if your personal data is being used.
- **The right of access.** You can ask for a copy of your data by making a 'subject access request'.
- **The right to rectification.** You can ask for your data held to be corrected.
- **The right to erasure.** You can ask for your data to be deleted.
- **The right to restrict processing.** You can limit the way an organisation uses your personal data if you are concerned about the accuracy of the data or how it is being used.
- **The right to data portability.** You have the right to get your personal data from an organisation in a way that is accessible and machine-readable. You also have the right to ask an organisation to transfer your data to another organisation.
- **The right to object.** You have the right to object to the use of your personal data in some circumstances. You have an absolute right to object to an organisation using your data for direct marketing.
- **How your data is processed using automated decision making and profiling.** You have the right not to be subject to a decision that is based solely on automated processing if the decision affects your legal rights or other equally important matters; to understand the reasons behind decisions made about you by automated processing and the possible consequences of the decisions, and to object to profiling in certain situations, including for direct marketing purposes.

You should also know that you may contact the data protection officer if you are unhappy about the way your data or your participation in this study are being treated at dpo@ju.se



JÖNKÖPING UNIVERSITY

*Jönköping International
Business School*

GDPR Thesis Study Consent Form

GDPR Consent for "Driving Sustainability through Regulation: A Case Study of CSRD Implementations in Organizations".

Please tick the appropriate boxes

Yes No

Taking part in the study

I consent to JIBS processing my personal data in accordance with current data protection legislation and the data delivered. Yes No

I consent voluntarily to be a participant in this study and understand that I can refuse to answer questions and I can withdraw from the study at any time, without having to give a reason. Yes No

My signature below indicates that I choose to take part in the thesis study and consent to JIBS treating my personal data in accordance with current data protection legislation and the data delivered.

Name of participant [IN CAPITALS]

Signature

Date

Thesis contact details for further information

[Jari Renz, 0725752071, reja21hg@student.ju.se]

[My Romé, 0761927080, romv21vo@student.ju.se]




JÖNKÖPING UNIVERSITY

Jönköping International
Business School

Thank you for reading this information sheet and for considering whether to take part in this research study.'

Contact details for further information

Thesis supervisor  _____ E-mail miguel.gil@ju.se

Thesis student  _____ E-mail. romy21vo@student.ju.se

Thesis student  _____ E-mail. reja21hg@student.ju.se

Appendix F – AI Declaration

Allowed to use AI

1. It is allowed to use AI chatbots to improve the text by finding errors or suggesting improvements, but you must explain how the AI chatbot was used.
2. It is allowed to use AI tools to generate unique tasks, but you cannot copy or use predetermined solutions.
3. It is allowed to use AI tools to find information and substantiate your reasoning, but you must include proper citations.
4. It is allowed to use AI tools to get an overview of subject areas, but you must make your own judgement and process the results.
5. It is allowed to use AI tools to debug code, but you must explain what actions you have taken and what changes you have made.
6. It is allowed to use AI tools to analyse data and generate visualisations, but you must be able to interpret and explain the results yourself.
7. It is allowed to use AI tools to create images and graphics, but you must be able to describe and justify the choices you have made.
8. It is allowed to use AI tools to translate texts, but you must ensure that the translation is accurate and appropriate to the context.

Not allowed to use AI

1. It is NOT allowed to submit an AI-generated text as your own, this is considered cheating.
2. It is NOT allowed to use AI tools to generate answers or solutions without demonstrating your own knowledge and reasoning.
3. It is NOT allowed to copy answers or texts directly from AI tools without indicating the source.
4. It is NOT allowed to use raw results from AI tools in peer feedback or peer assessment or opposition.

Declaration to be included in the thesis:

DECLARATION

We hereby declare that this thesis represents our own work.

We declare that we have obtained the necessary ethical approval (e.g., GDPR) and acknowledged our obligations and the rights of the participants/respondents in the research.

We have read and applied the Jönköping University's current research ethics guidelines with regards to the use of artificial intelligence (AI) tool in this work as presented in the Course Guide. During the preparation of this work the authors used the following AI tools and the purpose for their use. (Please **list** all ways in which you have used AI in the space below).

- Grammarly – Check spelling and improve sentence structure.
- ChatGPT – Check spelling, improve sentence structure, translating interview questions from Swedish to English and vice versa, also utilized as inspiration in the beginning of the thesis for the identification of emerging topics.

As authors, we have reviewed and edited the content as needed and take full responsibility for the content of the thesis.

Signature: _____

Date: _____

Signature: _____

Date: _____