

FROM GLOBAL TO LOCAL CONCEPTS

Translation Processes of ESG in the Danish industry

Studying the Corporate Sustainability Reporting Directive's influence on local organisational practices.

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ABSTRACT

This study investigates the potential of the EU's Corporate Sustainability Reporting Directive (CSRD) to drive organisational change towards sustainability. Despite its growing prominence, the impact of the CSRD on internal organisational practices remains underexplored. Through qualitative research, we examine how the directive influences local practices within Danish companies. By talking with 12 practitioners actively involved in CSRD work, we uncover the varied interpretations and implementations of the directive. We show how the CSRD brings about sustainability reporting with greater institutional force than ever, giving agency to the employees responsible for its implementation. Drawing on Scandinavian Institutionalism, we reveal three scenarios of CSRD implementation: The Compliance exercise, The Strategic tool, and the Catalyst for change. These scenarios differ depending on the CSRD employees' abilities to leverage their newfound agency, and consequently, the local translations and materialisations of the directive. Therefore, we argue that the directive's potential to drive real change depends on the employees responsible for its implementation, and their socio-political skills and competencies in leveraging agency. This research contributes to the academic discourse on sustainability reporting by providing novel insights into the local effects of mandatory reporting regimes and offers practical recommendations for leveraging the CSRD in promoting organisational change for sustainability.

Key words: CSRD, Organisational Change, Sustainability, Scandinavian Institutionalism, Dissensus, Sustainability Reporting.

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INTRODUCTION

EU's Corporate Sustainability Reporting Directive (CSRD) is increasingly gaining traction both in academia and the corporate world - however, little attention is directed to its influence on organisational changes. As part of the EU Green Deal, the directive mandates all large and all listed companies to disclose non-financial information and, establishing the European Sustainability Reporting Standards (ESRS), defines the hard facts of when what and how companies should disclose their sustainability information. As we later will show, these "hard law" aspects of the directive pose demands for new knowledge and competencies, novel relations, networks, processes, and technologies, giving rise to changes in organisational structures, professional identities, and topics of concern. A growing market encompassing concepts, experts, consultants, auditors, tools, software, webinars, and in-house CSRD responsible employees are on the rise. Corporate sustainability work is changing with the vigorous institutional force of the CSRD - yet how these pressures influence the lo-

cal practices in organisations and the values and concerns of individuals remains an underexposed topic.

BACKGROUND AND MOTIVATION

The lack of attention to the organisational changes is evident in the existing body of literature studying sustainability reporting. Ever since "corporate sustainability" became a topic sometime during the 90s, the exercise of non-financial accounting - "CSR" (Corporate Social Responsibility), "ESG" (Environmental, Social, Governance), "EHS" (Environmental, Health and Safety) or similar concepts - has not only been a well-known exercise for companies globally but their financial and economic effects are also reflected in an extensive body of literature. Most prior literature focuses on the external aspects of reporting practices, such as how the various reporting concepts come about through isomorphic processes, how reporting serves a financial function, or the practice of reporting about politics, societal trends, and communities of practice. A series of these studies pose critique on voluntary sustainability reporting regimes, showing how these practices

are "legitimacy strategies" instead of "real action" (Cerioni et al., 2023; Doni et al., 2020; Driver et al., 2023). As such, most scholars broadly agree that the exercise of sustainability reporting should be a mandatory, standardised, and an audited practice following financial reporting (Christensen et al., 2021; Driver et al., 2023; Gerwing et al., 2022) for it to have a significant effect.

In the meantime, only three studies have been found, studying sustainability reporting's influence on local practices. This research points to how organisational changes occur because of sustainability reporting practices. However, these studies investigate the effect of *voluntary* reporting regimes - so, what happens when sustainability reporting becomes *mandatory* qua EU's CSRD?

As this study will later show, the immediate reaction to the directive is that CSRD compliance - and how, what, and when an undertaking reaches it - is the prominent concern in the Danish industry. Achieving compliance requires extensive effort and is described by practitioners as "the green tsunami", "a huge bureaucratic bur-

den" and "a paradigm shift" in corporate sustainability work. As such, there is a rising concern amongst critics and practitioners themselves questioning whether the CSRD leads to change for sustainability, or if the directive merely steals hours from performing "real" sustainability action. By talking with practitioners working with the directive, we find that these "CSRD responsible employees" (from now on referred to as CSRD REs) are indeed motivated and driven – both professionally and in private – by working with sustainability, seeking to bring about change in their respective organisations. Here, this study reveals an interesting discourse among practitioners' meanings of "compliance" and "change". When asked about their opinion of the directive, the CSRD RE are mainly positive to it arguing that it (finally) "legitimises" sustainability-related work qua the CSRD, without having to "knock down doors anymore". They find the directive "ambitious", however, in the sense that CSRD compliance requires extensive work in a short time and that the baseline for sustainability *data* is significantly heightened from status quo.

Furthermore, one of the main points

of critique from practitioners is the nature of the legislation, mandating reporting according to very specific standards but not sustainability performance per se which remains up to the companies themselves. Instead, the CSRD has become - we quote - "a huge administrative burden" where many CSRD RE admit that they wish for their company to reach "beyond compliance" because that would then indeed be "ambitious" in terms of sustainability. The discourses in the practitioners' meanings of "compliance" and "change" found in this study thus uncover how CSRD compliance does not necessarily bring about "real sustainable change" in an organisation, and instead, achieving such a change depends on how organisations translate the CSRD locally in their organisation. In short - we witness that the practitioners under study themselves are eager to leverage the CSRD to bring about sustainable change but also concerned of it being a great bureaucratic task without further impact.

We here define concepts of "change", "real change" and "compliance" drawing on Scandinavian Institutionalism. We will elaborate upon this theoretical framework later (see chapter

Theory) however, a short introduction to its basic assumptions and theorisations is in place. Drawing on the work of Czarniawska (Czarniawska & Joerges, 1995; Czarniawska & Sevón, 1996) we define "change" as local translations, materialisations, and institutionalisation of ideas, that in turn give rise to new ideas, novel practices, and processes of institutionalisation. In the matter of the CSRD, we combine the definition of change with the insight from practitioners to define "change for sustainability" - or "real change". These notions are thus defined as the processes of spreading and maturing ideas about sustainability internally in organisations, institutionalising the idea and giving rise to new ideas of how sustainability can be addressed across different communities and professions, ultimately making sustainability a common concern across the organisation. We define sustainability as "the balanced integration of economic performance, social inclusiveness, and environmental resilience, to the benefit of current and future generations" (Geissdoerfer et al., 2017, p. 766).

In contrast, we define "compliance" as the state in which a company accurately discloses ESG data in a standardised

manner as prescribed by the directive. As we will elaborate, achieving compliance involves organisational changes. As such we will show that compliance entails institutionalising sustainability *reporting* through changes in established software, tools, or experts. On the other hand, “real change” occurs when ideas about *sustainability* are institutionalised and become a common concern throughout the organisation.

The objective of this study is thus to investigate how the implementation of the CSRD can exceed its primary role as a transparency tool. We seek to support the intrinsic motivation of the employees responsible for the CSRD implementation, enabling them to drive real change for sustainability. Consequently, we pose the following research question:

How does the CSRD influence local practices in organisations and how can employees responsible for compliance leverage the directive to catalyse organisational change for sustainability?

To answer the research question, we will investigate local translations and materialisations of the CSRD and how

they may contribute to “real change” for sustainability. With Grounded Theory as our methodological approach, we gather, code and analyse empirical material by performing design dialogues with “CSRD responsible employees” in 11 different production companies operating in Copenhagen, during the spring of 2024. We will present novel findings on the local practices of CSRD implementation, that later will be analysed through the lens of Scandinavian Institutionalism, revealing translation processes, examples of materialisations and traces of institutionalisation. From this analysis and our definitions of “change”, real change” and “compliance”, we build our theory and identify three distinct scenarios of CSRD implementation and their respective potential in terms of “real change”: (a) The compliance exercise, (b) The strategic tool, and (c) The catalyst for change. These three scenarios mainly differ on how the directive, or parts of it, are translated and materialised in the interactions between the CSRD RE and “data owners” - meaning their non-sustainability colleagues that provide required data from their respective departments. Their accounts reveal how the difference between achieving “compli-

ance” or “real change” depends on the translation and framing competencies of the CSRD RE. As such, these scenarios will reveal how the CSRD influences organisational change and potentially enable “real change”. Here, “The Catalyst for Change” scenario demonstrates ‘best practice’ in terms of the CSRD REs’ competencies in leveraging her newly found agency and employing the directive as – indeed – a catalyst for change. With the intention of the EU Green Deal and the CSRD REs’ motivation for driving “real change for sustainability”, we thus see a necessity for growing the prevalence of this implementation scenario.

In turn, we call for a shift of focus in the current CSRD debate into addressing the rigour of the CSRD RE’s socio-political skills and competencies. With the novel theory as a basis, we will design an intervention besides the focus on “hard law” requirements of the CSRD and seek to improve the directive’s “soft” prerequisites of organisational change and implementation. Drawing on the three scenarios, we will build a self-diagnostic tool by defining seven dichotomies that act as indicators for organisational responses to the CSRD. On a scale, these dichotomies charac-

terise and demonstrate the scenarios' distinct differences. This self-diagnostic tool can help CSRD REs to identify what type of change they may achieve in their current implementation process, and what they can do if they want to leverage the CSRD to bring about real change for sustainability.

SOCIO-POLITICAL STANCE OF THE RESEARCHERS

For our study, we find it necessary to elaborate upon our socio-political stance - meaning our basic assumption of society and social change.

A subjectivist approach

The subjects of this study are the CSRD REs, meaning the professionals who are practising the implications of this new directive. Therefore, we argue that the study of organisational changes arising from the CSRD calls for an ideographic approach to research. Until now, nomothetic studies dominated the current body of research and reveal an overrepresentation of objectivist perspectives to sustainability reporting. These basic assumptions about the Nature of Social science define how a topic is problematised and investigated, and ultimately shapes the result

of a study. Here, objectivism employs methodologies where the social world is treated as a "hard", "external", "objective reality" (Burrell & Morgan, 1979), hence approaches the topic of sustainability reporting as something that can be investigated, measured, and understood objectively and factually. In previous studies on sustainability reporting, objectivist research is conducted by reviewing and analysing data published by companies in their sustainability reports, data available in standard sustainability indices or the fines a company has received for environmental transgressions. However, such nomothetic methodologies offer limitations in terms of how these reports, indices and fines are defined, identified, and qualified as representative adequate elements for studying sustainability reporting. Furthermore, objectivists focus on testing hypotheses and analysing the "end results" of some change, e.g. metric GHG emissions, and not the processes, relations, or topics relevant to actually "get there". While this approach may be applicable for studying the *reports*, it falls short in investigating the practice and processes of *reporting*.

Subjectivism - the antipode of objec-

tivism - however, perceives the creation of knowledge as a product of personal experiences and understandings (Burrell & Morgan, 1979). The focus is on individuals as unique and on an understanding of their reality rather than general tendencies. Researchers seek to "get inside" of the subjects' everyday life by analysing their accounts gathered from first-hand interventions (Burrell and Morgan, 1979). Thus, in this study on the local translations and organisational changes that arise with the CSRD, the subjectivist approach allows us to perceive the CSRD through the lens of practitioners - "the CSRD responsible employees" - who are dealing with the directive. We acknowledge the free will and wish of these practitioners who are passionate about driving sustainability and seek to help them in employing the CSRD as a catalyst for change. As such, the subjectivist approach provides us with the insights necessary to understand, problematise and define central elements and topics of concern related to the directive through ideographic studies of CSRD implementations.

The dissensus perspective

For decades, sociologists have debated how the social world may be un-

derstood, studied problematised and approached, revealing different sets of basic assumptions. In turn, different schools of thought within social sciences entail different worldviews, ultimately shaping how researchers perceive, understand, diagnose and address society and social change - often unconsciously. In regular politics, a right-wing and a left-wing politician rarely agree upon matters because their worldviews are so fundamentally different that they have contrasting perceptions of social issues (if they at all problematise the same topics as *issues*) and consequently how these should be addressed. This discourse grounded in fundamentally different worldviews also applies to the ongoing so-called "order-conflict debate" between researchers of contrasting socio-political stances. Here, the opposite poles represent "consensus" on one side and "dissensus" on the other. The former is characterised by stability, integration, cohesion, and cooperation, and assumes that normative structures of shared values are stabilising elements of social systems and that processes of change can be planned and controlled. Organisations and societies are perceived as static and accordingly perform social sciences from

a "planned perspective" by studying the "end result" (e.g. a report, quantitative numbers, etc.) (Burrell & Morgan, 1979). The latter, however, sees coercion, conflict, disintegration, and continuous change as the status quo, assuming that conflict, deprivation, emancipation and domination shape society and social change (Burrell and Morgan, 1979). Dissensus researchers approach social sciences from a "process perspective", not investing in the "end result" but how we "got there".

In the existing body of literature on sustainability reporting, consensus studies dominate, which we argue critically limits current research and its results. Two of the subjectivist studies on organisational change in sustainability reporting practice (Adams & McNicholas, 2007; Larrinaga-González et al., 2001) both approach the topic from a consensus perspective, drawing on Lewin's model for planned change. Lewin (1951) perceives organisations as "balanced" and "coherent", theorising change as processes of "unfreezing, change and freezing" of people's perceptions. Ironically, both studies show how change occurs due to *hurcles* and *tensions* that arise during the reporting processes and that planned

change also leads to unexpected changes and as such cannot be controlled in full. As such, this perspective on change uncritically ignores how the "status quo" and its "normative values" and "stable structures" come about. In terms of environmental and social issues then, this "planned perspective" of the consensus approach neglects the dynamic processes of sustainability – and consequently the practice of sustainability reporting - as wicked problems of conflicting interests, discourses, and potentiality. Thus, we find the consensus perspective unfitting when studying the CSRD's influence on local practices and potential in regard to "real change".

In turn, we argue, that the nature of this study calls a dissensus approach. Dissensus theorists such as Alvesson & Deetz (2002) and Czarniawska & Sevón (1996) perceive organisational change as a continuous reproduction of shared and contested meanings, focusing on how individuals understand and relate to particular topics bringing about change on different levels (individual, groups, etc.), rather than what is passively done to them (Alvesson & Deetz, 2002). In this study, the dissensus perspective acknowledges the

dynamics, instability and probability of yet unknown elements that currently shape CSRD work, recognising that there are neither simple answers nor consensus to how the directive should be implemented. As such, emphasis on instability and contradictions is essential when studying how the CSRD is translated into local practices.

Furthermore, the overrepresentation of consensus studies researching sustainability reporting - and organisational changes hereto reveals a need for more studies researching the topic from a dissensus perspective. We problematise the consensus approach when studying change as it assumes that change can be planned in a top-down linear manner, while we argue that change needs to be studied from a dissensus perspective, acknowledging its processual nature. Furthermore, a consensus approach would argue that discourses and contradictions in statements are traces of “lies” and therefore neglect them in consensus research, while the dissensus perspective views these discourses as rich insights and information of the complex reality that our participants are situated in (Hansen & Dorland, 2016). As such, the dissensus perspective is highly valuable

in identifying practitioners’ discourses and contradictions when defining processes of “compliance”, “change” and the overall impact of the directive. In turn, from our socio-political standpoint, we see humans as goals, not as means. We are studying the people who are working with the directive and are interested in their understanding, translations, agency, and will to bring about change for sustainability in their organisations. We argue that seeing the CSRD responsible employees as goals, enables us to see them as active agents of their surroundings and as such with our study, we aim to support them in their sustainability work.

Practicalities Around Our Study

This study investigates the potential of the CSRD in regard to bringing about “real change”, by employing ideographic methodologies from a dissensus perspective. With Grounded Theory as our methodological approach, the empirical material is gathered through design dialogues with 12 CSRD responsible employees in 11 different production companies operating in Copenhagen during the spring of 2024. Through four phases of conversations, analysis, and coding, we present novel findings on the local

practices of CSRD implementation.

Overview of the Chapters

To assist in navigating through this article, this section provides a brief overview of each chapter. By guiding through the structure and main themes, we aim to ensure a coherent and insightful reading experience.

After explaining the regulatory requirements of the CSRD, a literature review critically examines existing research on sustainability reporting frameworks and identifies key gaps in the literature. We then explain the research methodology employed in this study, grounded in Gioia’s adaptation of Grounded Theory and informed by the methodological stance of Scandinavian Institutionalism. In the findings chapter, we present the empirical findings derived from conversations with the CSRD REs. It sheds light on the practical challenges and opportunities these organisations face in working with the CSRD in their local contexts. Drawing on these findings, we identify three different implementation scenarios: compliance exercise, strategic tool, and catalyst for change, and the chapter discusses the competencies necessary for employees to leverage

the directive effectively. In the analysis chapter, we provide an analysis of the empirical findings through the theoretical lens of Scandinavian Institutionalism. We explore the processes of translation, materialisation, and institutionalisation of CSRD implementation within organisations. Based on our findings, we propose a solution - a self-diagnostic tool - which is to be tested with the practitioners. We then discuss our findings and the solution in the discussion chapter. A conclusion synthesises key insights from the research, answers the research question, and offers recommendations for practitioners and academia.

Anonymisation and citations

This study builds on extensive qualitative research, encompassing rich empirical material. When citing our participants (the CSRD REs), we refer to the company the CSRD RE works at, anonymising her with a letter descending the alphabet according to the order in which we met, e.g. Company A (CSRD RE from the company in the first meeting) Company B (CSRD RE from the company in the second meeting), etc. Appendix A provides the full transcripts of the 11 conversations with the participating production companies.

Due to the comprehensiveness of our research, we will cite the participants using their anonymised names and refer to a page number in Appendix A. For example, *"companies can kind of cherry-pick what they want to disclose"* (Company K, appx. A, p. 258).

Contributions of our Study

There are several contributions of this study. Firstly, we provide novel insights into the existing body of literature on sustainability reporting. While research on sustainability reporting is extensive, there is a significant gap regarding the local effects of sustainability reporting and organisational change. Furthermore, little knowledge is produced on the effects of mandatory sustainability reporting regimes as the CSRD is the first of its kind. Thus, this study offers novel insights into how the CSRD as a mandatory sustainability reporting concept is translated into local practices and accordingly its potential for driving change and "real change".

Secondly, we provide employees responsible for the CSRD in organisations with a design intervention to self-diagnose their implementation process of the CSRD. This self-diagnostic tool allows them to identify the potential of

their CSRD implementation processes in terms of "real change", and what they can work on to get there. As such, this study helps CSRD REs who have an intrinsic motivation to bring about real change for sustainability to employ the directive as a catalyst for change rather than just "an administrative burden".

Lastly, the theoretical framework of this study enriches the existing body of literature on sustainability reporting's influence on organisational change by studying local translation processes. As such, it departs from the dominant theoretical lenses of American Neo Institutionalism, Stakeholder Theory, and Legitimacy Theory seen in previous studies on sustainability reporting, shifting focus from external pressures to local changes. In turn, this study offers insights from an underrepresented socio-political stance, studying sustainability reporting practices from a dissensus perspective. We acknowledge CSRD implementation as a 'wicked problem' with no straightforward answer and perceive the CSRD employees as active actors rather than passive recipients.

THE CSRD

This chapter briefly outlines the Corporate Sustainability Reporting Directive (CSRD) as a background of this study. Even though this research does not focus on the specifics of the directive in itself but on its broader implications for practitioners, we here provide a brief description of the directive's requirements.

Compliance Requirements

Consequently, for companies reporting under the CSRD, compliance involves reporting detailed ESG information using the ESRS for standardised, "high-quality" disclosures. This includes conducting Double Materiality Assessments (DMA) to report both the financial impact of sustainability issues on the company and the company's impact on the environment and society. Companies must provide forward-looking information, such as sustainability targets, ensure all data is digitally tagged per the European Single Electronic Format (ESEF), and have the information audited by an external third party (European Union, 2022, 2023).

The Corporate Sustainability Reporting Directive (CSRD)

Directive (EU) 2022/2464, also known as the Corporate Sustainability Reporting Directive (CSRD), is adopted to enhance transparency and accountability in sustainability reporting. The CSRD is a component of the EU Green Deal and builds on the foundation laid by the Non-Financial Reporting Directive (NFRD) (EU, 2022). The European Commission has emphasised that the CSRD "helps investors, civil society organisations, consumers, and other stakeholders to evaluate the sustainability performance of companies, as part of the European Green Deal" (European Commission, 2023). As such, these stakeholders may either be affected by the activities of an organisation or use the information for decision-making.

The CSRD became effective as EU law on January 5, 2023. EU member states, including Denmark, have until July 2024 to incorporate the CSRD provisions into their national laws. The Danish Parliament passed the amending act on May 2, 2024, which incorporates the CSRD into several pieces of Danish legislation, including the Danish Financial Statements Act, the Danish Public Accountants Act, and the Danish Companies Act (Deloitte, 2024).

The directive introduces mandatory European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG), which outline the specific ESG metrics companies must report (EU, 2022). The ESRS framework is comprehensive, detailing specific disclosure requirements and including a total of 82 specific disclosure requirements and 1.144 data points that companies must address in their sustainability reports. These data points provide the details on the type of information that needs to be disclosed (EU, 2022) (See figure 1).

An organisation must identify which of these topics are relevant to their respective operations and collect and disclose data accordingly.

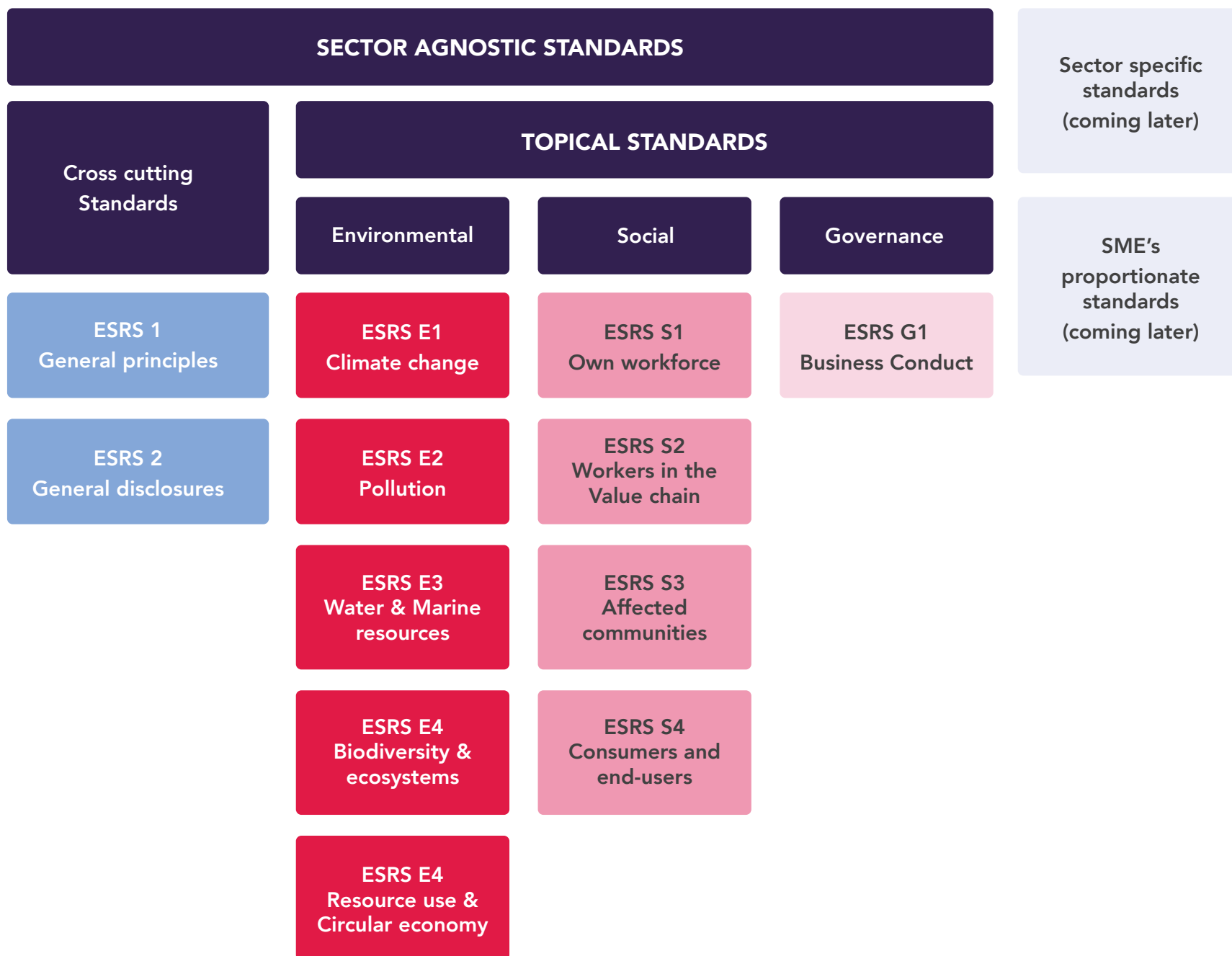


Figure 1: Overview of the ESRS.

LITERATURE

Adopted in 2022 and finally in Denmark in May 2024 (during this research), the CSRD is a novel sustainability reporting concept for both practitioners and academia. Hence, little knowledge is produced about the CSRD. Therefore, we draw on existing research on sustainability reporting in general and the potential such reporting may have in terms of organisational change. By situating our research within the broader field of sustainability reporting and organisational change, this review provides context to this research.

Literature Search

The primary objective of the literature research is to investigate and draw learnings from existing knowledge related to the CSRD, sustainability reporting, and organisational changes hereof. Using multiple academic online databases including Scopus, Primo, and JSTOR, we applied key search terms such as; "sustainab*", "EU", "Green deal", "CSRD", "Corporate Sustainability Reporting Directive" and "ESG", "report*", "implement*", "translat*", "process*", "concept", "framework", "change", "impact" and

"compliance". Examples of search phrases could then be "CSRD implementation" or "sustainability reporting".

Only peer-reviewed journal articles were included to maintain quality. Titles and abstracts were initially screened for relevance, followed by full-text reviews. Insights were summarised in a spreadsheet, ensuring alignment with research objectives (see Appendix B). Additional literature was identified through a snowballing technique by reviewing references of key papers. The programme Mendeley was used to organise and manage references.

LITERATURE REVIEW

General introduction to reporting

The CSRD marks a 'paradigm shift' within corporate sustainability work. The exercise of non-financial reporting has appeared and reappeared as a "novel" trending concept in the corporate world for several decades – just under different names. Today, "ESG reporting" and "sustainability reporting" are the dominant and 'correct' terminologies used for describing the non-financial reporting of corporations. However, previous tendencies

such as "CSR reporting" (Corporate Social Responsibility), "Health and Safety", and "Social and Environmental Accounting" are examples of ascendent concepts entailing non-financial reporting of corporate activity (Hahn & Kühnen, 2013). Consequently, the literature on sustainability reporting has grown extensively, ever since "corporate sustainability" became a topic sometime during the 90s (Driver et al., 2023; Gray, 2010; Hahn & Kühnen, 2013), and in turn reflects this inconsistency in terminology (Hahn & Kühnen, 2013). From a historical perspective, we thus question whether the CSRD truly brings about as big of a change as scholars imply, or whether it is yet another rebirth of a familiar concept. However, much can be learned from the existing body of literature, and therefore the following section dives into prior studies on sustainability reporting as a perspectivation and historical background for the topic under study.

Dominant themes in sustainability reporting

Scholars studying sustainability reporting broadly represent different academic fields and socio-political backgrounds, yet only a handful of topics

and theories dominate the field of sustainability reporting research. Most commonly, we find studies investigating the financial aspects of sustainability reporting, such as Christensen et al. (2021); Chung et al. (2024); Schreck & Raithel (2018), and van Bommel et al. (2023), the quality or extent of such reporting, such as Aboud et al. (2024); Comyns (2018); Schreck & Raithel, (2018) and the underlying objective of this exercise (Borgstedt et al., 2019; Christensen et al., 2021; Gray, 2006; Schreck & Raithel, 2018; van Bommel et al., 2023).

Dominant theories and methods in existing literature

The socio-political standpoints scholars investigate sustainability reporting, are reflected in the theories and methodologies in the reviewed studies. A few theoretical lenses dominate, such as the American tradition of neo-institutionalism following the works of DiMaggio & Powell (1983) and Meyer & Rowan (1977) and studies from (Aboud et al., 2024; Borgstedt et al., 2019; Comyns, 2018; Contrafatto, 2014; De Villiers & Alexander, 2014; Etzion & Ferraro, 2010; Higgins et al., 2018; van Bommel et al., 2023), Stakeholder theory (Borgstedt et al.,

2019; Cooper & Owen, 2007), and legitimacy theory (Aboud et al., 2024; Borgstedt et al., 2019; Haffar & Searcy, 2020; Hengst et al., 2020; Schreck & Raithel, 2018). While the two latter theories are mostly employed to investigate the external aspects of sustainability reporting (such as stakeholders, investors, or company reputation) the former theory –the American tradition of neo-institutionalism – is mostly used to study how external factors and pressures contribute to the institutionalisation of sustainability reporting as an established practice in corporate work.

In terms of methodology, the literature reveals different approaches to researching sustainability reporting. The ontological and epistemological assumptions in these studies reveal that most scholars have a functionalist approach to their research (Aboud et al., 2024; Borgstedt et al., 2019; Chung et al., 2024; Comyns, 2018; Jackson et al., 2020; Schreck & Raithel, 2018). As revealed in the literature investigating reporting's effect on sustainability performance, a series of studies are based on hypotheses, positivist assumptions on data representation or desktop reviews. Some studies are made by reviewing and coding articles, other

texts or frameworks (De Villiers & Alexander, 2014; Driver et al., 2023). Only a few have solely applied qualitative methodologies to investigate the field of sustainability reporting (Contrafatto, 2014; Higgins et al., 2018; Larrinaga-González et al., 2001), while some choose to combine extensive desktop research or analysis with qualitative research (Adams & McNicholas, 2007; Etzion & Ferraro, 2010; Haffar & Searcy, 2020; Hengst et al., 2020; van Bommel et al., 2023).

The shift from voluntary to mandatory reporting

Initially, most research on sustainability reporting studies the practice as voluntary regimes - and some of these pose heavy critique on its voluntary nature. For example, Gray (2010) establishes, quite boldly, that there is a lack of impact from reporting exercises; “most business reporting on sustainability and much business representative activity around sustainability have little, if anything to do with sustainability” (p. 48). Schreck & Raithel (2018) contribute to this criticism, claiming sustainability reporting practices to be “symbolic legitimacy management” (p. 770), like “window dressing”(p. 766) and “an

imperfect indicator of firms' attitudes toward sustainability" (p. 770). They suggest that managers prioritising their interests may withhold negative information to safeguard their careers and only disclose what looks good to the outside (Schreck & Raithel, 2018). To avoid these opportunistic reporting practices, the authors suggest that sustainability reporting should follow mandatory standards and be assured by a third-party auditor (Schreck & Raithel, 2018).

In turn, many researchers point to the necessity of making sustainability reporting mandatory. Following Christensen et al. (2021) and Driver et al. (2023), the voluntary nature of corporate sustainability reporting allows organisations to choose frameworks and communicate sustainability initiatives to their liking, leading to that "these disclosures are not necessarily credible" (Christensen et al., 2021, p. 1206). These authors, as proponents of mandatory reporting, argue a mandatory nature of reporting would provide credibility. A standardised approach may lead to more transparency, more reliable data, and ultimately, better support for global sustainability goals (Christensen et al., 2021; Driver et al.,

2023; Gerwing et al., 2022).

In later years, more scholars have directed their attention to the potential effects of mandatory regimes (Aboud et al., 2024; Cerioni et al., 2023; Christensen et al., 2021; Driver et al., 2023). Some scholars specifically study the effect of a particular legislation mandating sustainability reporting. For example, Aboud et al. (2024) investigate the impact of the NFRD on EU-listed firms, and how country-level enforcement plays a role in this relation while Driver et al. (2023) state that the NFRD "has not resulted in improved reporting quality" (Driver et al., 2023, p.10). Following this research, the European Commission (2021) concludes that "these guidelines have not sufficiently improved the quality of information companies disclose pursuant to the NFRD" (European Commission, 2021, 1) and proposed that the NFRD must be amended, including several criteria; (1) extending the scope of the reporting requirements to additional companies, including all large companies and listed companies; (2) requiring assurance of sustainability information; (3) specifying more detailed the information that companies report, and requiring them to report in line with mandatory

EU sustainability reporting standards; and (4) ensuring that all information is published as part of the companies' management reports, and disclosed in a digital, machine-readable format. (European Commission, 2021). Thus, this proposal led to the adaptation of the EU CSRD, all-encompassing those four principal novelties.

Debating mandatory sustainability reporting

At the same time, some literature, such as Cerioni et al. (2023) and Doni et al. (2020) criticise mandatory sustainability reporting "because of the delicate issue of 'responsibility' which should be a voluntary and not obligatory choice for companies" (Doni et al., 2022 as cited in Cerioni et al., 2023, p. 322), pointing out how such exercises may become a 'burden' where companies report poor quality data because they are obliged to. Also, scholars state that "hard law" might be the only way one can ensure that sustainability reporting takes place, which in turn is essential for investors and other citizens to determine a company's sustainability performance (Cerioni et al., 2023). Research also discusses how such legislation is shaped, as legislation with a low level of detail makes comparability

between companies' reports difficult (Bini et al., 2017; Hübner, 2007; Jackson et al., 2020) as cited in (Cerioni et al., 2023) and legislation of a high detail-level "limits the discretion of the management" (Baldwin et al., 2011) as cited in (Cerioni et al., 2023, p. 323). Driver et al. (2023) propose a 'hybrid approach' combining soft (no strict legal constraints) and hard (strict legal constraints) governance, where organisations "comply or explain" (Driver et al. 2023, p. 11) meaning that companies either disclose information or provide reasons for not doing so. These authors furthermore propose policy recommendations for mandatory reporting such as establishing mandatory minimum reporting requirements as well as the concept of double materiality (Driver et al., 2023). Thus, their proposals are mirrored in the CSRD's requirements.

Sustainability reporting from a "planned perspective"

A portion of the research on sustainability reporting investigates the effects this exercise has on companies' sustainability performance - negative, positive, or if there are any at all (such as Gray, 2010; Schreck & Raithel, 2018; Jackson et al., 2020; Aboud et

al., 2024). Most of these studies assume that companies' sustainability performance is correctly represented through voluntary sustainability indices, the companies' published sustainability data or based on the number of environmental transgressions fines a company has received (Hahn & Kühnen, 2013). For example, Jackson et al. (2020) measure the influence of mandatory reporting on CSR performance based on Thomson Reuters Asset4 ESG database that collects "information from company reports, company websites, and other sources, such as newspapers and non-governmental organisations and "functions as a financial intermediary providing investment information related to environmental, social, and governance (ESG) issues" (Jackson et al., 2020, p. 328). Other studies such as Aboud et al. (2024) measure the "ESG gap" between performance and disclosure using databases and ESG score systems.

Influence on Organisational Change

Despite these studies on the various "impacts" of non-financial reporting, only very few scholars have investigated its influence on internal organisational work, such as (Adams & McNicholas, 2007; Dey, 2007; Haffar

& Searcy, 2020; Larrinaga-Gonza Ález et al., 2001). For example, Adams & McNicholas (2007) performed in-depth studies on sustainability reporting's impact on organisational change. Using an "action research" approach, they conducted a case study investigating "the corporate processes of sustainability reporting", and point out that hurdles and tensions in this process bring about organisational change – a point that is also addressed by Christensen et al. (2021) and Haffar & Searcy (2020). Adams & McNicholas (2007) draw this conclusion based on Lewin's (1951) model for planned organisational change, and thus from a consensus perspective assume that change may be achieved through "unfreezing, change and freezing" of people's perceptions. Similarly, Larrinaga-Gonza Ález et al. (2001) studied the relationship between sustainability reporting and organisational change in nine Spanish corporations. They draw on Laughlin's (1991) model of planned change and Gray et al.'s (1995) combined work on organisational change and sustainability accounting which both are founded on an integrationist perspective assuming that "organisations are normally balanced and coherent" (Larrinaga-Gonza Ález et al.,

2001, p. 215).

A third study, by Dey (2007), exemplifies the impact of non-financial reporting exercises on organisational change. Dey explores how social, functional, and political pressures can transform organisations by challenging established practices. His research highlights that the introduction of 'social bookkeeping' - defined as "a process of identifying, collecting, and collating the data necessary to formally account for the state of the company's accountability relationships with its stakeholders" (Dey 2007, p. 428) - in a British company had unexpected and profound effects. This implementation did not only lead to a new way of measuring and representing the organisation's impact but also acted as a catalyst for organisational changes, such as new interpretations of the company's internal principles. This demonstrates that concepts, such as social bookkeeping, can drive substantial and sometimes unforeseen changes within organisations (Dey, 2007).

We conclude that the research on sustainability reporting's impact on internal organisational changes is limited but relevant. The findings of Adams &

McNicholas (2007) and Larrinaga-González et al. (2001) show how reporting practices (mandatory or not) *do* bring about organisational change - however, through conflicts. As such, these studies show how models for planned change do not capture the complexities of internal dynamics of change processes, and instead demonstrate the relevance of the dissensus perspective in the current study. As Gray (2010) points out; "sustainability is not only a complex and elusive notion but one which is fraught with potential contradiction" (Gray 2010, p. 59). Therefore, Dey's (2007) study using a deinstitutionalisation perspective offers a valuable alternative, highlighting how external pressures can trigger unforeseen and significant internal transformations within organisations.

However, his approach and theoretical framework do not provide knowledge on how sustainability reporting arrives in organisations, how it is translated into local practices and how - or if - this elicits changes in the organisation in terms of their sustainability work. As such, we identify a gap in research highly necessary to pursue, especially with the CSRD on the rise. Furthermore, these studies on organisation-

al change investigate the effect of sustainability reporting as a voluntary regime - so, what happens when sustainability reporting becomes "hard law"? Previous studies have called for legislation and standardisation of sustainability reporting, but what effect does it have when reporting is finally made mandatory by the EU's CSRD as it has been called for decades?

The identified gaps in existing literature and the newness of the directive call for ideographic studies on sustainability reporting and its influence on organisational change from a dissensus perspective and as such we are setting the stage for our methodological approach.

RESEARCH DESIGN

This chapter outlines the research design and methodologies of this study in defining and addressing the research question; ***How does the CSRD influence local practices in organisations and how can employees responsible for compliance leverage the directive to catalyse organisational change for sustainability?***

From a dissensus subjectivist perspective, we employ Grounded Theory as our main methodological approach, supported by the methodological stance of Scandinavian Institutionalism as well as Design dialogues and Boundary Objects as supplying elements.

METHODOLOGY

Grounded Theory

As the literature review demonstrates, sustainability reporting practice's influence on local changes in organisations remains an underexposed field. Due to the novelty of the CSRD, even less knowledge is available on its effects on corporate sustainability work or organisational changes in general. This calls for Grounded Theory, a qualitative method to study phenomena that facilitates the development of new theories and the construction of novel knowledge from qualitative empirical material (Howard-Payne, 2016). We draw specifically on Gioia et al.'s (2013) refined Grounded Theory, where a particular emphasis is placed on study participants being "knowledgeable agents" (Gioia et al. 2013, p. 17) within their fields, aiming to capture their real-time and past

experiences without imposing preordained assumptions of their position, knowledge, and sensemaking – a role later obtained by researchers after the collection and analysis of empirical material. Thus, the aim is to obtain past and real-time experiences from the individuals directly experiencing the phenomenon of interest. As such, Grounded Theory allows us to investigate and acquire knowledge from a dissensus perspective. This inductive methodological framework allows us to analyse and acknowledge the importance of discourses, coercion and identify emerging patterns regarding practitioners' opinions, experience of the directive and their understanding of concepts such as "change" and "compliance".

Methodological Stance of Scandinavian Institutionalism

In addition, our method is informed by Czarniawska & Sevón's (1996) approach to Scandinavian Institutionalism (SI). Even though Scandinavian Institutionalism is mainly introduced as the theoretical framework of this paper, it also offers a methodological stance that adheres to the dissensus perspective and subjectivist approach of this study. Therefore, we find it important

to remark on the relevance of Scandinavian Institutionalism in terms of our design research, while later elaborating upon the theoretical frame in the chapter *Theory*.

Scandinavian Institutionalists Czarniawska & Sevón (1996) advocate that researchers listen closely to organisational actors and engage in a dialogue with them. Rorty (1982), as cited in Czarniawska & Sevón (1996), further proposes that social scientists should act as interpreters to facilitate conversations between groups who do not share the same language. Researchers, according to Rorty (1982), should not see themselves as omniscient but rather as having the unique opportunity to observe various contexts, see patterns over time, and produce serialised accounts of their observations (Czarniawska & Sevón, 1996).

Moreover, Czarniawska & Sevón (1996) emphasise the importance of understanding change by listening to practitioners: "Once in the field, researchers search to understand changes, observing events as they develop, listening to the accounts provided by the actors who, often wondering about what is happening, do not mind doing it

aloud, sharing their doubts and reflections with the researcher" (Czarniawska & Sevón 1996, p. 2). This perspective supports our approach to studying change through organisational actors' real-time and reflective accounts.

Incorporating these perspectives, our methodological approach combines the grounded theory focus of Gioia et al. (2013) with the interpretive, dialogical stance advocated by Czarniawska & Sevón (1996). This combination offers a dissensus perspective, allowing us to deeply understand the experiences and sensemaking of organisational actors, while also reflecting critically on these accounts to uncover broader patterns and insights.

COLLECTING EMPIRICAL MATERIAL

Design dialogues

We conducted our conversations with the study participants as design dialogues. Discourse analysis plays a crucial role in this form of intuitive inquiry (Lopes, 2006). Discourses "represent a storehouse of information, capable of enlightening the researcher in understanding the patchwork of complex, fragmented and often contradictory

ideas" (Hansen & Dorland, 2016, p. 46). As such, we are attentive to the discourses in our study.

Drawing on Lopes (2006) the meetings were unstructured, open conversations where both parties shared ideas and assumptions to reach a better understanding. According to Lopes (2006), this can lead to discovering new aspects, questioning initial thoughts, and potentially even acting together on a solution (Lopes, 2006). Drawing on Hansen & Dorland (2016) we argue that this open form of a conversation allows for a co-authored outcome where the "interview is conceived as

a complex social situation affected by the people involved, the interview context, as well as the metaphors, vocabularies and discourses invoked by the researcher and the respondent" (Hansen & Dorland, p. 45). As such we follow our dissensus perspective and use the word "conversations" to describe what is commonly known as "interviews".

Boundary Object

We held the conversations primarily in person at the respective offices, with two held online. During the physical meetings, a Boundary Object (BO) - a large paper scroll with coloured pens

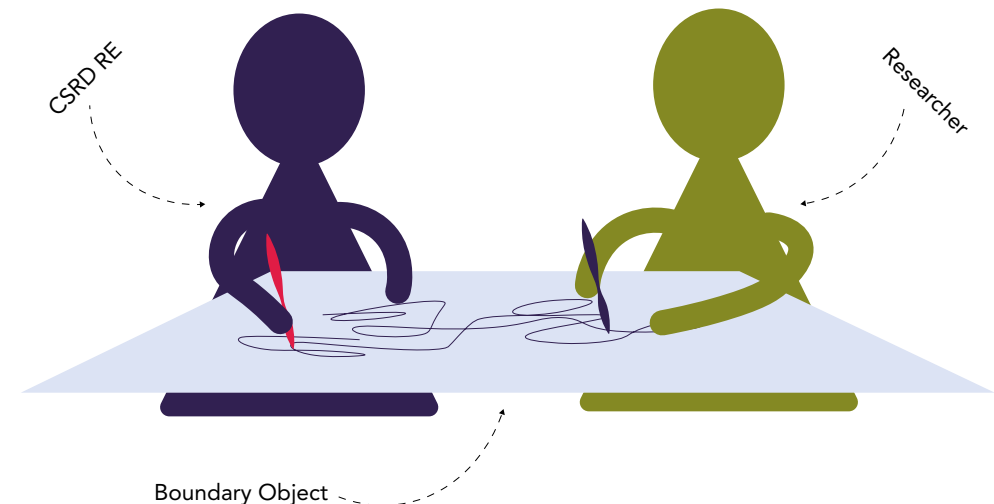


Figure 2: Illustration of Boundary Object applied in our Design Dialogues.

- facilitated discussions (see figure 2). Boundary Objects are *“objects that work to establish shared context that ‘sits in the middle’”* (Star, 1989, p. 47) as cited in Carlile (2002, p. 451). They facilitate knowledge sharing across boundaries, and ultimately help in *“co-operating to create ‘good science’”* (Carlile 2002, p. 451). The BO in this study allowed participants to visualise and communicate their experiences and opinions, ensuring knowledge sharing and mutual understanding. The use of a BO furthermore allowed us to use *“their terms, not ours, to help us understand their lived experience”* (Gioia 2013, p.19) as an essential part of our subjective approach. Some participants used the BO to explain their experiences, mostly illustrating the organisational structure and where CSRD work takes place, while others refer to our notes, pointing to illustrations and words on paper. The BOs of each conversation can be found in Appendix C. Each conversation varied based on the participant, and as such our research process was influenced by the direction of discussions. Their experiences, perceptions and knowledge, as well as the non-verbal factors of our meetings such as discourses, tone of voice and physical gestures, are subjects of anal-

ysis. In turn, enabling the BO allowed us to make sense of our empirical material, enabling us to analyse what they mean about what they say they do. Consequently, the collection of empirical material, analyses and identification of key findings are products of our ontological and epistemological assumptions.

Participants of the Study

The study is based on conversations with 16 companies in Copenhagen from various industries, conducted over four months in Spring 2024. 11 companies are involved in production or sourcing and have sustainability departments based in Sealand. The companies differ in size, running from 1.700 to 40.000 employees or fulfill other criteria so that they fall under the reporting obligation qua CSRD by 2025 or 2026. These companies are currently progressing in their CSRD work, experiencing its effects in practice. As such, the employees responsible for the CSRD work in these companies - the *“CSRD responsible employees”* due to simplicity, referred to as CSRD RE - are the main contributors to this study, comprising seven women and five men with varying roles and responsibilities related to the CSRD.

One of the companies participated with two employees; otherwise, all conversations were held with one employee working with ESG or sustainability, resulting in a total of 11 companies and 12 participants. Four participants are heads of their sustainability or ESG teams; two are the only employees in their company dealing with the CSRD; and six work with the CSRD as part of larger ESG teams. Of these, six participants solely work with data in relation to the CSRD or ESG reporting if the CSRD is not fully implemented yet. These have either been specifically hired to perform CSRD work or ended in this position due to reorganisation as a consequence of the CSRD. The 12 participants are the main contributors to our research, informing our study, perspectives on the CSRD, and our main problematisation.

The remaining four companies participating in our study are professional interest organisations or consulting businesses working with ESG and the CSRD indirectly through their members or clients. Learnings from these companies are not part of our main empirical findings but contribute to our overall understanding. We will therefore only refer to the participants from the pro-

duction companies in the rest of this article, unless otherwise specified.

Briefing and discussed topics

The discussions and content of each meeting differed while the research methodology of approaching a participant remained the same. Before the meetings, the participants did not receive any briefing, and the initial emails merely informed the participants that we were in the process of investigating how ESG regulations/concepts affect Danish Companies and that we had an interest in how it might lead to a change towards sustainability. We started all our meetings by briefly explaining our field of study and the theme of research followed by asking them to elaborate upon their organisation, role, and ESG work in the organisation. Furthermore, we orally asked for consent to use their insights and quote them in our article, offering to present them our research findings after finishing the project.

Preservation of empirical material

The collected empirical material is preserved as recording and transcripts. The conversations were recorded and accordingly transcribed using the transcription tool *Good Tape*. Other ob-

servations regarding the physical setting, our relation to the participant, their perception of us, our knowledge and the CSRD, the vibe of the meeting, their use of the BO and other comments were discussed and noted after each meeting. Furthermore, the BO remained as a physical representation of the discussions (Appendix C).

Relation between researchers and study participants

We contacted 38 organisations while only 16 responded and agreed to meet. Our relationship with the participants influenced our research; we knew five individuals previously through Sustainable Change Makers - a Copenhagen-based network for people working in sustainability. Three meetings took place due to a relationship with the participants' colleagues, and three companies participated without any prior relationship. The fact that most of our relationships with the participants stem from a sustainability network indicates that the participants are intrinsically motivated to drive sustainability forward.

Of the 22 companies we contacted but did not meet with, several acknowledged the project's relevance

but declined due to a lack of resources and time to handle the CSRD. Furthermore, three companies felt they were "behind in their CSRD work" and thus felt "not suitable" to contribute. This illustrates the legislation's prominence and the industry's need for knowledge, competencies, and resources. Otherwise, we interpret the positive commitments to our study requests because of both our connection and the significant relevance of the topic. The anonymised respondents, their industry sector and size, and their position within the organisation are detailed in Appendix D.

ANALYSIS OF EMPIRICAL MATERIAL

Analysis followed a three-step process, leaning on Gioia et al.'s (2013) adaptation of Grounded Theory: 1st order (identifying initial terms and statements), 2nd order (applying theoretical knowledge to cluster codes), and aggregate dimensions (developing broader categories).

The gathered empirical material was revisited shortly after the meetings, where we marked interesting findings and quotes and discussed the dis-

THE DESIGN PROCESS

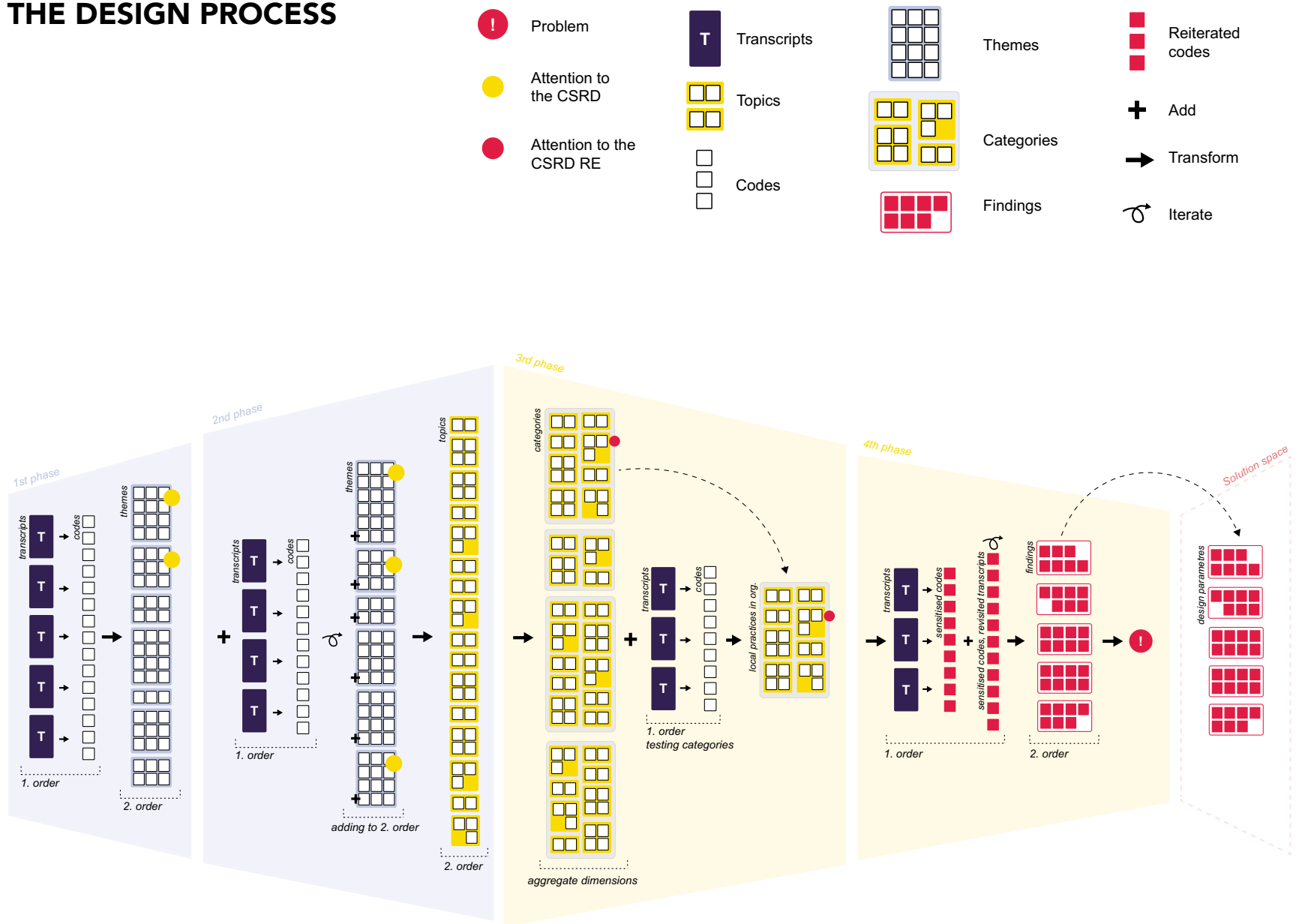


Figure 3: The design process from initial meetings to designing a Self-diagnostic tool.

courses observed in the conversations. This continuous process makes the distinction between collecting empirical material and analysis fluid as they inform and refine each other iteratively (Gioia et al., 2013; Howard-Payne, 2016). In other words, the revising of one conversation affected our questions, perceptions, and the topics we were attentive to when meeting the next participant. As such, our analysis went through several steps of refinement, where we started our research by exploring the broad topic of ESG from a practitioner's perspective, refining the research focus towards the competencies and work processes of the CSRD RE and ultimately the CSRD's impact on organisational change. This process is visualised in figure 3 (p. 24).

CODING

First phase

The Grounded Theory of Gioia et al. (2013) consists of three iterations of analysis; *1st order*, *2nd order* and *aggregate dimensions*, founding the basis of a '*data structure*'. In this study, the 1st order analysis is the identification of initial terms, statements, keywords, and implicit meanings from

each meeting. This 1st order analysis is performed by revisiting transcripts and using open coding techniques. We highlighted quotes and remarks from the meetings and noted them on physical Post-it notes. These became our *1st order codes* adhering to the terms and vocabulary of the participants.

The 2nd order analysis was accordingly performed after the fifth conversation. In the 2nd-order analysis we applied our knowledge and words to describe a cluster of codes from the 1st-order analysis. This process was performed by clustering the > 500 1st-order codes into 17 2nd-order *themes* by discussing each code at a time (see table 1). The 2nd order analysis required sufficient empirical material to see patterns of similarities, discourses and non-verbal elements across a series of meetings with participants. The boundary objects, as physical remnants of the meetings supported this process of analysis. As such, the analytical link between the 1st-order codes and 2nd-order themes is based on the participants' accounts, emotions when talking, expressions and tone of voice, the frequency and timing of mentioned topics, the interactions with the

boundary object, and other observations that we as researchers were attentive to due to our epistemological background.

After the first phase of collecting and coding the five initial conversations, we identified the CSRD as a prominent topic of concern amongst the participants. The CSRD and related processes, became topics we were attentive to in the subsequent conversations, while still allowing for the exploration of broader ESG concerns.

Second phase

In the second phase of collection and analysis, these two happened simultaneously and iteratively as a fluid process. Here, we performed an additional four meetings, which are immediately transcribed, and 1st-order analysed into codes. After the ninth meeting, these new sets of codes were added to the 2nd order themes consequently recoding and refining these (see table 1 and figure 3). As of this point, the *CSRD barriers*, *CSRD strengths* and *CSRD neutral* were the most dominant 2nd-order themes and thus we identified the CSRD as the most prominent concern when it comes to ESG work.

Table 1: Themes, topics, categories and findings of the four phases of coding.

2nd order themes	2nd order topics	2nd order categories	2nd order findings
CSRD strenghts	CSRDs potential in driving organisational changes	Influencing local practices in organisations	Organisational restructuring
CSRD barriers	Educate people in sustainability		The role of the CSRD REs
CSRD neutral	Companies decentralised ESG work		Other involved actors
DMA	ESG (reporting) moved to finance		The directive through the lens of practitioners
Data	CSRD calls for a cross-organisational approach		Interactions
Internal Work	Impact of CSRD		Interpretation and framing skills
Organisational structures / processes	CSRD is clearly legitimising sustainability work internally - a great help for sustainability employees		Leveraging agency
Financial aspects	Companies create dedicated ESG teams		
Stakeholders	Sustainability strategies are formed/ shaped by CSRD exercises		
Supply Chain	There is great dissonance in opinions, statements, needs, etc. about CSRD		
Ressources (employees with ESG knowledge)		Data processes	
Interpretations	CSRD as sustainability KPIs - how CSRD is made operateable internally		
Complexity / confusion	Consultants - no one does not use consultants to do their DMA or Gap analysis		
Lobbyism	How to approach the DMA?		
ESG evolvement	The DMA is not foolproof - companies risk blind spots.	Challenges and Risks of CSRD Implementation	
ESG general	Data data data		
ESG initiatives			
	The CSRD is a great challenge for the affected SMEs		
	The CSRD is up for interpretation, which is perceived as a problem		
	Complexity of value chains makes CSRD challenging		
	Disalignment between auditors (assuring data) which is perceived as a problem	Institutionalising processes in the field	
	Time as an issue, and companies' reflexion hereof		
	Big problem from companies is defining where to stop (when working with everything related to CSRD)		
	We are risking that the CSRD is a lot of paperwork without action		
	Involvement of external stakeholders		
	Industry calls for concrete guidelines		
	The trickle down affect (suppliers are CSRD compliant before themselves)		
	The greater financial intentions behind the CSRD		
	ESG as a topic in politics		
	CSRD burdening value chains		
	Which EU ESG initiatives (other than the CSRD) companies talk about		
	Expanding ESG teams		
	Knowledge sharing between organisations about how to handle the CSRD is happening and a necessity		
	Biodiversity is ("suddenly") identified as a pressing topic		
	CSRD result of lobbyism		

A second round of 2nd-order analysis was performed due to the vast amount of empirical material. After the ninth meeting, our empirical material

consisted of over 500 1st-order codes (post-its) coded in the 17 2nd-order themes, yet these 2nd-order themes became too "large", as they encom-

passed an unmanageable amount (>500) of 1st-order codes that in turn presented new patterns. Therefore, we chose to perform another 2nd-or-

der analysis, and recoded the 1st-order codes yet again into 42 2nd-order *topics* (see table 1 and figure 3). In other words, the additional four meetings in the second phase of collection and analysis, revealed a deeper pattern of findings in our empirical material, that we were able to identify through a second round of 2nd-order analysis.

Third phase

Having constructed the 42 2nd-order findings revealed *aggregate dimensions* of our empirical material, namely 2nd-order *categories* (see table 1 and figure 3). The following categories are made; (a) influencing local practices and organisations; (b) data processes; (c) Challenges and risks of the CSRD; and (d) Institutionalising processes of the CSRD. The process of creating categories as *aggregate dimensions* revealed how the CSRD both influences and requires organisational changes and how the concept arrives with institutional pressure.

In the third phase of material collection and analysis, the CSRD is the main focus. We performed meetings with three more companies, where the 42 2nd-order findings and the adhering *aggregate dimensions* were confirmed,

by being attentive to what effect the CSRD has on organisational structures and processes. Due to our professional interests and the prominence of discourses in this area, we chose the category *influencing local practices and organisations* for further investigation, addressing organisational processes in relation to the CSRD as our main topic under study. Furthermore, the BOs revealed that this is a significant concern for our participants, as evidenced by the fact that all BOs contained drawings of organisational structures, which served as a basis for discussions on these structures.

Several important 2nd order topics contributed to this interest (see table 1). In particular how (1) the CSRD requires cross-organisational work; (2) companies decentralise ESG work in the company which in turn (3) calls for upqualification of non-sustainability employees. We also find that (4) the CSRD forms and shapes sustainability strategies and (5) (finally) legitimises sustainability work within the organisation. In turn, we identified (6) the CSRDs potential for driving organisational change.

Fourth phase

In the fourth phase of collecting empirical material, we arrived at our main problematisation. We talked with five more participants focusing on the organisational structures and processes taking place due to the CSRD. We continued to perform a 1st order analysis of the material shortly after these meetings and identified codes. Meanwhile, we revisited transcripts and recordings from previous meetings, being attentive to the chosen category of how the *CSRD influences local practices and organisations*. Here, we identified two activities performed by the CSRD RE that are essential in their implementation work. Firstly, interpreting the legislation from “Bruxelles language” (Company K, appx. A, p. 253) to something understandable for themselves, and secondly transforming relevant parts of the directive into being relatable for “data owners” (the employees in departments such as HR, logistics, procurements, etc. required to provide the CSRD RE with data). While the former mostly entails a linguistic interpretation of the directive, the latter concerns the CSRD RE’s actions and considerations in framing their interactions with data-owners - from 1:1 meet-

ings and larger on-boarding sessions, to mails, templates and spreadsheets. We identified that the more effort the CSRD RE puts into framing the compliance activities, the more she succeeds in getting the data-owner “on-board” her project. We thus realised how the success of implementing the CSRD, and its potential in relation to bringing about change or “real change”, relies

on how the CSRD RE facilitates compliance activities.

Finally, once our material was collected, we performed the last recoding of the empirical material. This analysis was performed on the 1st-order codes adhering to the category *influencing local practices and organisations*, resulting in a set of 2nd-order *findings*

(see table 1 and figure 3). The findings are; Organisational restructuring; The CSRD employee; Other actors involved; The directive through practitioners’ lens; Interactions; Interpretations and framings; and leveraging agency. We will further discuss each of these findings in chapter *Findings*.

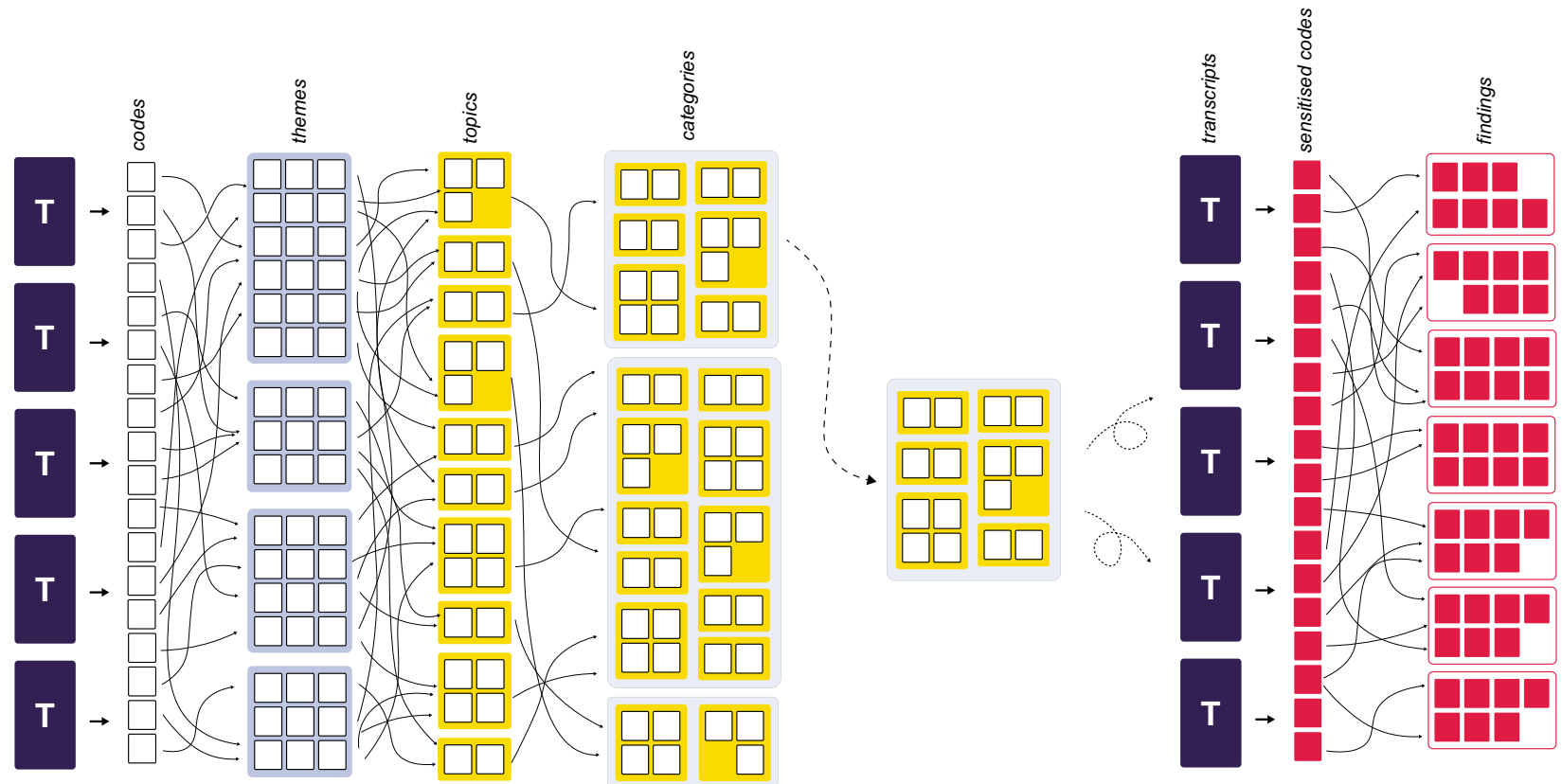


Figure 4: Data structure (following Gioia et al. (2013)). An overview of 1st-order, 2nd-order and aggregate dimensions.

Discussing Grounded Theory and Coding

Grounded Theory allowed us to iteratively collect and analyse empirical material on the CSRD's influence on the organisations under study. With this ideographic approach, we were able to collect the CSRD REs' experiences, actions and opinions related to the directive. Providing us with a process-based approach to studying local changes and practices in organisations, Grounded Theory allowed us to observe elements of change, coercion and discourses that we would not have been able to identify otherwise and with a consensus perspective. Through four phases of collection, analysis and coding of fragmented empirical material, we recognised an emerging pattern pointing to the prominence of the CSRD. In turn, this allowed us to identify how the success of implementing the CSRD, and its effect on bringing about organisational change, relies on the CSRD RE. As such, the ideographic methodology of Grounded theory enabled us to construct new knowledge and theory regarding CSRDs influence on organisational change, problematising the CSRD employees' skills and competencies in interpreting the directive and framing interactions with

data owners, as a key differential factor. This novel knowledge is, in turn, defined and divided into seven core findings that show the effects of the CSRD on organisational change and thus pose representative implications to what effect sustainability reporting practices have when made mandatory.

FINDINGS

The seven findings identified through the four phases of gathering, coding and analysing empirical material show how the CSRD influences *local practices and organisations*. In this chapter, we elaborate on these findings and accordingly discuss their newness and relevance to the topic under study.

Organisational Restructuring

The immediate effect of the CSRD is its influence on organisational structures. All participating companies show how processes of restructuring take place as a response to the directive. Firstly, most companies hire new employees to be able to handle the amount of work the CSRD requires, either to specifically work with the CSRD, or to handle other sustainability tasks as the overall workload has increased for ESG and sustainability teams. Company H

explicitly mentioned that she *"was actually hired to ensure that we would be compliant with CSRD"* (Company H, appx. A, p. 194) and so did Company J who *"got hired a year ago in order to prepare the organisation to CSRD"* (Company J, appx. A, p. 234), highlighting the growing regulatory push from the directive.

Furthermore, many of the companies rearrange their organisation, or alternatively start new teams, placing the employees working with the CSRD under the finance department. For some, the entire ESG team is moved to finance, while for others, the *"real"* sustainability work - mainly referring to strategic work regarding sustainability - remains the same place in the organisations, however, the employees working with sustainability reporting were moved. Company H addressed this by stating *"I think to be honest, my task is not doing the difference. It's [colleagues name] who will be performing that"* (Company H, appx. A, p. 212) highlighting that her job (as the CSRD RE placed in finance) is data and complying. Others choose to reorganise the company in a way where sustainability is *"decentralised"* in the organisations, having one employee

working on the CSRD and/ or sustainability and otherwise giving the “sustainability hat” to non-sustainability employees in other departments. The participant from Company D described this as “satellite functions” (Company D, appx. A, p. 83) across the organisation, collaborating with a central sustainability department. How to structure CSRD work is a popular topic of discussion amongst industry peers and professional networks and are evident products of the institutionalisation of sustainability reporting.

The Role of the CSRD Responsible Employees

A range of people are involved in the organisations’ local CSRD work. The main drivers are the CSRD responsible employees (REs) who either work on the CSRD alone, or as a part of smaller teams ranging from one to three employees. Eight of the CSRD REs have an educational background from a school of economics, while the remaining four CSRD REs are educated in social science or science. However, regardless of their educational background, most of the CSRD REs were employed in sustainability-related job positions before working with the CSRD. Furthermore, all but one of these CSRD REs express

directly, or by discovering discourses, their ambitions and wish for bringing about change in their organisation, and how sustainability is a driver for their professional work. Furthermore, many of the CSRD REs referred to their leader as the main driver behind the CSRD, praising her (they are all women) for their internal work and negotiations towards setting sustainability on the company’s agenda.

Other involved actors

At least one employee from each department is - to some extent - involved in the CSRD work. These are referred to as “data owners” and the non-sustainability employees providing the CSRD RE with specific data from their respective departments to be used in the CSRD reporting. Management is often one of the departments, however, it is also a requirement for the di-

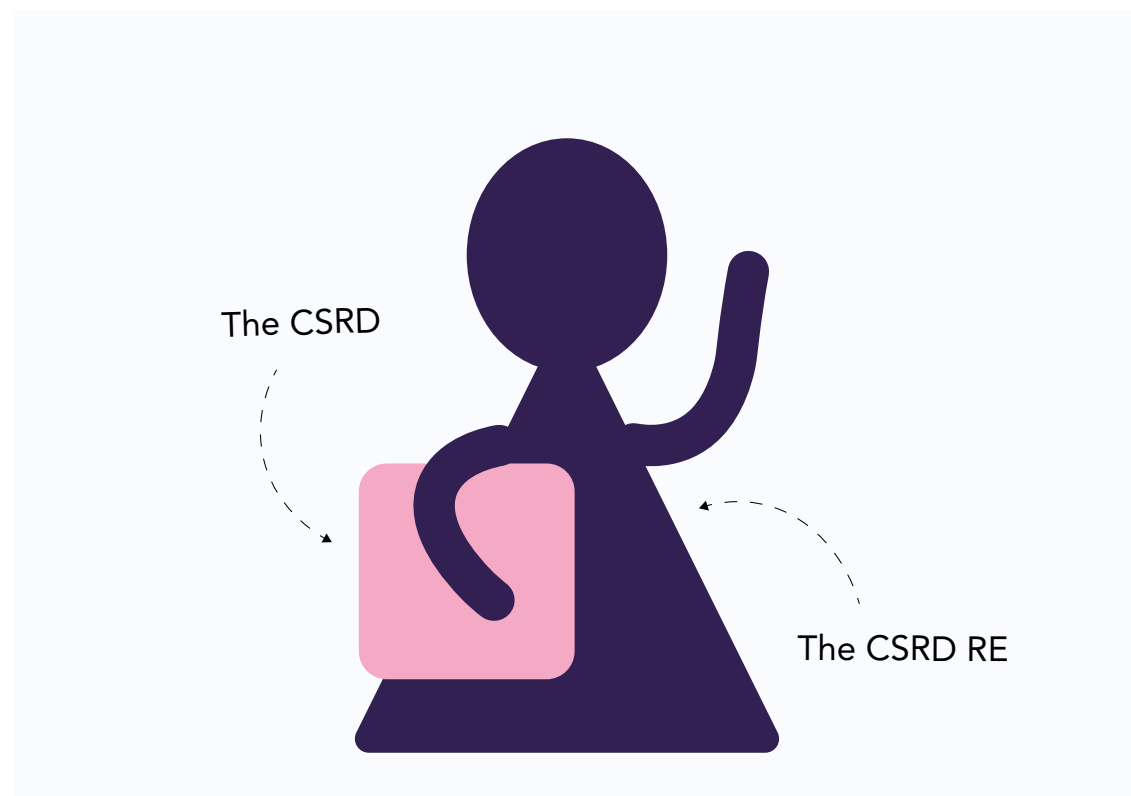


Figure 5: The CSRD RE

rective to include management as an active part of the CSRD process. Lastly, consultants play an important role in the local translations of the CSRD in these companies. Except for one, all companies hire external consultants to help the CSRD REs, especially in the *Double Materiality Assessment* (DMA) and the *Gap analysis*. Meanwhile, data collection, organisational restructuring and actual reporting are handled in-house.

The directive through the lens of practitioners

The CSRD REs are overall positive towards the CSRD. Like the scholars studying the topic of reporting, the CSRD REs critique the previous concepts of voluntary sustainability reporting as being an exercise where companies could *“kind of cherry-pick what they want to disclose”* (Company K, appx. A, p. 258). However, with sustainability as a driver, they applaud the CSRD for bringing about action and precedence for reporting on non-financial parameters. Furthermore, Company B feels that coming from the EU, the directive legitimises sustainability work related to the CSRD *“because this is actually the EU institutions that we trust, that decided that*

now we need to do something about things” (Company B, appx. A, p. 41). In turn the great institutional force qua the EU acquires them with significant “buy-in” and support from management levels. Furthermore, many of the CSRD REs see strengths in the CSRD as a strategic exercise, helping the organisation to identify gaps and potentials for improvements. In turn, these learnings from processes such as the DMA and gap analysis are discussed and potentially fed into the company’s sustainability strategy. Referring to the requirements of the directive itself, it states that an organisation has to report on “how the undertaking’s strategy and business model interact with its material impacts, risks and opportunities, including how the undertaking addresses those impacts, risks and opportunities” (European Union, 2022, p. 6). Still, this part of the directive does not impose how an undertaking involves other non-material aspects in a strategy, following a ‘comply or explain’ approach, meaning that an organisation either reports on a topic or discloses argumentation why it is not material to them (European Union, 2022). Some practitioners on the other side involve topics in their strategy that they do not consider material, such as

in this example with Company E who conducted

“a mapping of our biodiversity impacts, which is more than compliant with CSRD. And then also provide a transition plan and report in the manners that CSRD requires us to do. But now it’s not even a material topic, but we’re still doing the analysis, which means that CSRD was used as a driver for actually starting the work with biodiversity, even though it wasn’t required to” (Company E, appx. A, p. 123).

However, as professionals working with the directive, the CSRD REs find the directive an enigma and a burden to work with, calling it a *“love-hate relationship”* (Company F, appx. A, p. 145). The nature of the CSRD offers ambiguity and room for interpretation on one hand and mandates specific procedures, metrics or processes on the other. For example, in the DMA, the companies themselves define what is material to them and thus what to report on, however how and when this is to be disclosed is already defined in the directive. In turn, this fosters frus-

tration and confusion among practitioners. As Company K says;

“very much in the beginning it was a monster - it took some time to understand it because it was new; it was Bruxelles language and so it took some time to interpret what does this actually mean?” (Company K, appx. A, p. 253).

Company B shared this opinion saying how *“it is difficult for normal human people to understand”* (Company B, appx. A, p. 42). She also shared how they (in the company) sometimes joke about the consultants’ involvement in creating the CSRD, and *“that they’ve deliberately made it difficult to understand so that we have to pay them afterwards to understand and make it happen in our businesses”* (Company B, appx. A, p. 42).

As such, the CSRD REs share concerns on the directive’s effect on sustainability work. As Company F puts it:

“I do worry sometimes if it just becomes this huge bureaucratic exercise with lots of people making lots of money of it. And then

what value is it at the end of the day, right? How are we helping them? The people, the environment, ultimately?” (Company F, appx. A, p. 154).

Company E shared this concern stating *“the flip side of CSRD is, that it’s very big and it’s very bureaucratic and it can take focus away from doing the right thing”* (Company E, appx. A, p. 124). Most of the CSRD REs offer similar perspectives on the CSRD and its risks; *“becoming reactive rather than proactive”* (Company I, appx. A, p. 222) and that it’s *“more talking than actually trying to make a positive difference over here”* (Company D, appx. A, p. 92).

Interactions

The CSRD requires companies to work across departments when collecting a wide range of data points. This process is handled by the CSRD REs who must interact with data owners and other non-sustainability employees to acquire the necessary information for the directive. However, *how* this cross-functional approach looks, more explicitly, how the interaction itself between the CSRD responsible and ‘data owners’ - such as HR, logistics, or pro-

curement, takes place - varies among the practitioners.

The exercise of collecting data ranges from sending templates in Microsoft Word, corresponding about data through emails and gathering data points in shared Excel (or similar) sheets to physical one-on-one meetings, larger onboarding sessions with more data-owners, and monthly follow-up video calls. This latter approach can be exemplified by Company I’s words; *“whenever I approach a division or a new person that I need data from, I always spend quite a lot of time setting the scene”* (Company I, appx. A, p. 227)”. Company J shared these experiences from data collection:

“have some onboarding which is essential for the departments and suppliers, which consists of getting them to understand why we’re doing this. It’s a meeting - one or more meetings [...] because there is also a cultural difference and that’s one of our biggest issues [...] also in terms of our professions [...] they literally have nothing to do with sustainability and they have never

heard about anything about it. They just construct or they just produce steel. So it's also to like try to talk, like translate the sustainability requirements into the different departments. I think it's super, super important and it's super, super hard" (Company J, appx. A, p. 240).

These two companies highlight the importance of close interaction and creating a mutual understanding across the organisation of the CSRD and their intention behind it. Company I can furthermore see the positive effects of this;

"experiencing that you have some colleagues that you don't normally work with closely day-to-day, but that you engage with in the different reporting exercises and then understanding that this is something that they value privately and they really want to make an impact" (Company I, appx. A, p. 230).

Furthermore she realised

"whenever I frame it as to why do we need to do this [...] almost

always do I get a positive response back and people actually think that they can actually see that their work is delivering into the realisation of our targets, and that is really positive" (Company I, appx. A, p. 224)

witnessing that people can understand and see their efforts in sustainability related work. Other companies, such as Company K

"invite the data owners for an introduction to the documentation track. We send them a small slide deck explaining what is the CSRD; where are we in the process; how does the process work; how does the process look [...] and we also attach the templates to say 'these are the templates that we will need from you'" (Company K, appx. A, p. 264),

talking about Word templates which the CSRD responsible pre-fills with existing information and sends to the data owners to fill out the missing data points. We see a similar approach in other organisations, thus highlighting that they strive for time and resource efficiency. Even though they see it also

"very important that they understand the data points that they are assigned to document" (Company K, appx. A, p. 264), less emphasis is put on an in-depth onboarding as it takes place by sending *"a small slide deck"* (Company K, appx. A, p. 264).

A couple of larger companies have existing governance structures in place to pull data from. Company H, for example, mentioned *"much of it could be extracted from group level. So we didn't have to talk to anyone [...] So that was, I think, very good. Because otherwise it would have taken a lot more time"* (Company H, appx. A, p. 197). Company G, who works as the only ESG responsible in a 1200 people company and thus is solely responsible for the CSRD, shared

"so it would be me asking for better data quality. It would also be me approaching them and say like, okay, I can see peers are doing this and this, and then I go back to them and say like, okay, can you go to the machine room or to your Excel sheet and have a look what can we do to perform better on these metrics

or why are we having such a bad quality of data when I can see some of our peers are doing way better, and then we are collaborating in that way” (Company G, appx. A, p. 169).

Thus, while the previous examples from Company I and Company J exemplify in-depth interactions with data owners, Company H, Company K and Company G pose interactions that can be characterised as sending transcribed information back and forth. The key is how the CSRD REs frame these interactions. Company F exemplifies this;

“some people we spoke to several times, they now know the lingo and they start talking about sustainability in the organisation [...] and it’s giving them ownership, making it understandable [...] if you don’t do it well, you can have 10 meetings with someone about CSRD, you wouldn’t get any further. Because you don’t make it, as concrete as it needs to be for them to actually understand what they need to get on with” (Company F, appx. A, p. 161).

As such, we identified different levels of engagement from the CSRD REs, which in turn affect the efficiency and quality of their interactions with the data owners. As Company J puts it *“the data quality will be dependent on the human skills to interact”* (Company J, appx. A, p. 250). In this sense, high level of engagement entails frequent interactions with the data-owners such as meetings - often physical - where the CSRD RE focuses on onboarding their colleague and on translating the directive into something relatable for the data-owners specific field of work. Here, data collection and the improvement of “sustainability performance”,

“the data quality will be dependent on the human skills to interact”

becomes a collective effort and the focus is on *“cultivating an environment”* (Company D, appx. A, p. 89) for sustainability work. Meanwhile low-level of engagement entails IT systems, digital templates or Excel sheets where there is less (if any) focus on on-boarding data-owners or making the directive relatable for different departments.

Interpretation and Framing Skills

Furthermore, many CSRD REs point to the importance of interpreting and framing the directive. To put it in their own words; *“So I think a lot of our job is communication [...] making these complex things understandable”* (Company F, appx. A, p. 157), *“break down these concepts and make them relatable for people”* (Company B, appx. A, p. 43), and to *“translate the sustainability requirements into the different departments”* (Company J, appx. A, p. 241). The directive itself is considered to be difficult to understand for the CSRD REs themselves, so if they only

provide data-owners *“whose everyday job it is to run a factory”* (Company F, appx. A, p. 160) with the CSRD standard, *“90% of people are just gonna get lost”* (Company F, appx. A, p. 160). In turn, they state that thorough framing leads to data of good quality or at least elicits the data-owners’ motivation to improve the data-quality and

sustainability performance in their field of work.

Leveraging Agency

The findings point to an interplay of skills and factors of how the CSRD REs work when implementing the directive. The institutional forces of the directive acquire the CSRD REs with agency, however, qua their interactions and communication work, their abilities in leveraging this new-found agency differ greatly. For most, the hard aspect of the directive is utterly enveloping where the focus is on complying with the directive. Meanwhile, a few other CSRD REs see the opportunity of leveraging this long-awaited agency to bring about greater changes in their organisation, equally focusing on the “soft aspects” of the directive. As Company I puts it; “[I] have the hat on that says ‘this (the CSRD) is real change’” (Company I, appx. A, p. 227). She also stated, “in order to transform your business into something that just is a bit more sustainable that what you came from, you need to upskill the entire organisation” (Company I, appx. A, p. 226) thus stressing the importance of getting the organisation - the people - on board. The difference between the CSRD REs’

implementation processes can thus be identified through their level of reflection and perhaps knowledge about organisational work, and the socio-political skills necessary to perform such work.

Summary of Key Findings

These seven findings show implications of how the arrival of the CSRD, mandating sustainability repointing, influences local practices and change in organisations. The CSRD REs are motivated by sustainability in their professional work, and they are largely positive to the directive as it legitimises CSRD-related work, which in turn entails sustainability. They perspectivise their positive opinion by criticising previous voluntary regimes as *cherry picking* (as e.g. Company K, p. 258, Company F, p. 145, appx. A) - much like the criticism of “window dressing” in previous literature. In the meantime, they also point to the limitations, e.g. that it is difficult to understand, ‘not made of normal humans’ and a huge ‘administrative burden’. As such, we recognise that the risks pointed to in some of the previous literature on sustainability reporting, is indeed valid criticism of the CSRD. We see their positive attitude to the directive as

satisfied reaction to the fact that the EU is (finally) legislating sustainability in one way or another, while remaining sceptical to the CSRD’s actual impact on sustainability, as exemplified by Company I;

“We didn’t manage to do anything by ourselves, Denmark as a whole. And now mom Ursula has come and said ‘now you need to do this, and here are the rules’. And I’m like, this is actually changing something really significantly. This is driving businesses to become concerned about their own impact” (Company I, appx. A, p. 222).

Nevertheless, some immediate organisational changes are evident. For example, organisational restructuring placing ESG departments under finance, decentralising ESG work or splitting sustainability in two; “reporting” and “performing”. This reveals the need for new relations, new knowledge and new technologies. Therefore, from these findings, we see that organisational changes do happen - without yet posing any claims on what or to which extent or quality these changes take place.

In the meantime, the problematisation of the CSRD RE and her interactions with data-owners implies that deeper organisational changes may happen. This implication calls for a closer investigation of our findings and the CSRD REs' work through the theoretical lens of Scandinavian Institutionalism. This theoretical framework theorises change from a subjectivist dissensus perspective as the spreading, translation, materialisation and institutionalisation of ideas. Therefore, we will in the following chapter, elaborate this theoretical framework, and accordingly apply it to further analyse our empirical findings.

THEORY

THEORETICAL FRAMEWORK

Scandinavian Institutionalism

The Scandinavian tradition of Institutional Theory offers a theoretical framework to investigate change. Institutionalists of this tradition seek to investigate how institutional pressures are perceived within an organisation, and how these pressures affect the organisation's everyday practices (Boxen-

baum & Strandgaard Pedersen, 2009, p. 187). While other traditions within institutionalism emphasise isomorphic processes, homology, and standardisation, the Scandinavian tradition employs the notion of translation and as such draws on Actor-Network Theory (Callon, 1986; Latour, 1987). Thus, Scandinavian Institutionalism theorises change as multiple micro-processes of translation, materialisation and institutionalisation of ideas shifting focus from external pressures to internal practices.

Furthermore, other traditions of neo-Institutional theory view institutions from a consensus perspective, as static entities where "stability, not change, was the norm" (Czarniawska & Sevón, 1996, p. 4). Scandinavian institutionalism, on the other hand, perceives institutions from a dissensus perspective, as constantly evolving entities characterised through "identity formation and deconstruction, rule establishment and rule-breaking, institutionalization and deinstitutionalization" (Czarniawska & Sevón, 1996, p. 5). Scandinavian Institutionalists pose a voluntaristic stance, emphasising the local and even micro-processes of change happening on the level of

individuals. By emphasising how organisations - and individuals within organisations act as "translators" adapting concepts to their local contexts, Scandinavian Institutional Theory provides a framework for understanding the "how" of local change processes acknowledging individuals' agency in local processes of institutionalisation. This is in clear contrast to the rather pessimistic assumption of other traditions of neo-institutionalism, where individuals are seen as victims of institutional powers, forced to converge. As such, we argue that Scandinavian Institutionalism is a suitable framework to study how the CSRD arrives and brings about changes in organisations. The notions of translation, materialisation and institutionalisation allow us to analyse the gathered empirical material and identify traces of change.

Here *translations* refer to the processes in which existing knowledge and new ideas meet (see figure 6, p. 38). As Czarniawska & Joerges (1995) put it, "an idea re-arranges our beliefs and purposes as we translate it; the act of discovery creates a new idea and a new actor" (Czarniawska & Joerges, 1995, p. 28) and refers to Rorty's metaphors of "reweaving our web of

beliefs” and “recontextualization” (Rorty 1982, as cited in Czarniawska & Joerges, 1995, p. 28). However, for the translation of novel ideas to take place, an idea must relate to individual existing knowledge, as “we cannot

translate what is wholly unrecognizable” (Czarniawska & Joerges, 1995, p. 28). As such, the translation of an idea depends on how it is presented - and how this presentation relates to individuals’ existing knowledge - rather

than the idea’s “content” or “inherent properties”. In turn, when multiple translations take place translocally (meaning at the same time/ space), an idea may be institutionalised. Czarniawska & Joerges (1995) thus talk about

Key Theoretical Concepts

Translation

The concept of translation originally stems from Actor-Network Theory (Callon, 1986; Latour, 1987). In Scandinavian Institutionalism, “Translation refers [...] to the modification that a practice or an idea undergoes when it is implemented in a new organizational context.” (Boxenbaum & Strandgaard Pedersen, 2009, p. 191). Furthermore, when individuals engage in organisational activities, ideas are translated (Czarniawska & Joerges, 1995).

Materialisation

Abstract ideas become tangible objects and actions. This process is necessary for understanding how organisational changes take place and become institutionalised over time as an ideas’ “materialization causes change: unknown objects appear, known objects change their appearance, practices become transformed” (Czarniawska & Joerges 1995, p. 20).

Translocal

Refers to the interconnectedness of localised time and space, emphasising the continuity between local and global. Translocal time/space means that local and global are not separate or oppositional but rather exist on a continuum, where local experiences/ideas are part of a larger network of interconnected places and times and ideas spread simultaneously (Czarniawska & Joerges, 1995).

Institutionalisation

Over time, these translated and materialised ideas become embedded in organisational practices. These new ideas and practices are either institutionalised or discarded and thus they revitalise existing institutional orders (Czarni-

awska & Joerges, 1995).

Change

These processes of translation, materialisation, and institutionalisation are central in understanding how Scandinavian Institutionalism conceptualises change. This perspective sees change as a continuous process driven by interactions rather than a linear, top-down implementation. Local actors play a significant role in these processes, ensuring that the ideas are relevant within their specific contexts and organisation (Czarniawska & Sevón, 1996).

Agency

Drawing on Czarniawska's (1995; 1996) work, Scandinavian Institutionalism emphasises the active role of humans as central in the translation of ideas and practices. Thus, agency refers to the capacity of individuals to make their own free choices. This emphasises the active role of individuals highlighting that they are not passive recipients of institutional pressures but can shape and transform them through their actions. Nevertheless, we argue in this study that several resources act as agency giving to the CSRD responsible employees. Such as the CSRD itself with its regulatory nature; the buy-in from top-management level; their responsibility to achieve compliance. Furthermore, it requires skills and competencies to leverage this agency.

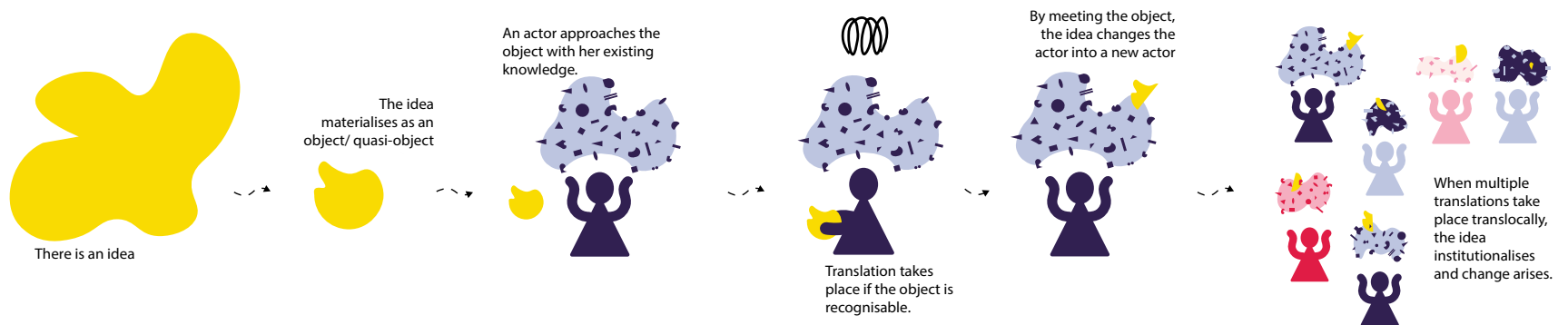


Figure 6: Illustration of translation, materialsation and institutionalisation of ideas, drawing on Czarniawska & Joerges (1995)

maturing ideas within groups of individuals for the idea to become natural, recognisable and, ultimately, institutionalised (Figure 6).

Defining change and “real change”

This theoretical lens offers a definition and way of studying, understanding, and analysing change. According to Scandinavian Institutionalism, change arises translocally – meaning in many places at the same time – due to translation, materialisation, and institutionalisation of ideas, which in turn give rise to new ideas, novel practices, and processes of institutionalisation. As this study concerns change for sustainability, we consequently define “real change” or “change for sustainability” as the institutionalisation of sustainability as a concern. Furthermore, in Scandinavian Institutionalism, change may be studied through “little narratives” or “partial interpretations” that are “patched together in search for understanding” and “theoretical collages” (Czarniawska & Sevón 1996, p. 3). Concerning the CSRD, change and “real change” can be observed by identifying traces of institutionalisation, meaning translations, materialisations, and objects - or perhaps novel ideas - relating to sustainability as a

concern across different communities and professions in the same organisation.

“Real change”

We define “change for sustainability” or “real change” as the institutionalisation of sustainability as a concern.

PREVIOUS STUDIES

Neo-Institutional Theory

As previously mentioned in the *Literature review*, neo-Institutionalism is a frequently used theoretical lens in existing studies on sustainability reporting. In our review, all except one study enable neoclassical institutionalism of the American tradition, drawing on researchers such as DiMaggio and Powell (1983). They typically emphasise the process of isomorphism in the institutionalisation of sustainability reporting. Some of these studies have the institutionalisation of sustainability reporting itself as the main topic (Comyns, 2018; van Bommel et al., 2023). For example, Higgins et al. (2018) investigate the institutionalisation of sus-

tainability reporting, focusing on the interaction patterns that non-reporting companies have and thus attempting to “isolate” institutional processes. Contrafatto (2014) also points to how sustainability reporting has through institutionalisation become an established “taken-for-granted social fact”. He, however, exclusively enables two specific lenses of American neo-institutionalism, namely institutional sociology and old institutional economics.

Other scholars combine neo-institutionalism with other theories or different academic fields in their studies. For example, Comyns (2018) combined neo-institutionalism with international business theory in her study on multinational organisations’ struggles with institutional duality because of their sustainability reporting. She points to how “the pressure to maintain legitimacy both in the local institutional environment as well as within the MNC organisation” (Comyns 2018, p. 67) affects and influences these companies’ reporting practices. Van Bommel et al. (2023) on the other hand support institutional theory with Commensuration studies, showing how technical commensuration such as standards played an important role in the institutional-

sation of sustainability reporting. Their findings point to how this practice of sustainability reporting is increasingly detached from personal morals and values and instead becomes a strategic exercise of value creation for the firm. They also specifically point to how the “objectification and marketization” of sustainability reporting has given rise to a “crowding out of morality” within corporate sustainability and a standard business practice that is taken for granted (van Bommel et al., 2023). By combining neo-institutionalism with alternative theories or academic fields, scholars perceive sustainability reporting practice through various theoretical lenses. In turn, they contribute novel perspectives on the topic while contributing significantly to the diversity of literature on sustainability reporting.

Other institutionalists have focused on specific elements shaping the process of institutionalisation. Amongst these, Etzion & Ferraro (2010) show how sustainability reporting practices are shaped, promoted and institutionalised through analogies. They point to how “language and discourse are key components in the institutional entrepreneur’s arsenal” (Etzion & Ferraro

2010, p. 1093) and emphasise how institutionalisation takes place through language and metaphors. Others, such as De Villiers & Alexander (2014) investigate which strategies are employed in sustainability reporting, and if this has any relation to the geographic locations of companies. Their findings show that the process of institutionalisation takes place through professionalisation and not geographically as the same “templates” for reporting are enabled regardless of where the company is situated. Thus, the findings of Etzion and Ferraro (2010) and De Villiers and Alexander (2014) help unveil how concepts arrive at an organisation and which elements play a role where the process of institutionalisation takes place.

Scandinavian Institutionalism

Similarly to Etzion & Ferraro (2010), Frandsen & Johansen (2011) focus on the role of language. However, they draw on the distinct tradition of Scandinavian Institutionalism in their investigation of how car producers in Denmark balance their “corporate identity” and external stakeholders before, during, and after the institutionalisation of sustainability. They enable Scandinavian institutionalism to an-

swer the question; “Do organisations, in the course of time, become what they claim to be?” - and their results reveal that a process of institutionalisation is happening indeed. Drawing on Scandinavian Institutionalism they show how the organisations actively translate new rules, norms, and ideas into their local contexts. In turn, they identify a novel vocabulary that spreads and evolves in their organisations and that these are traces of institutionalisation (Frandsen & Johansen, 2011). The authors also acknowledge how the process of institutionalisation should be studied for a longer period (Frandsen & Johansen, 2011).

Furthermore, Dey (2007) draws on the model of deinstitutionalisation by the Scandinavian Institutional Oliver (1992) in his study on ‘social bookkeeping’. Oliver (1992) defines deinstitutionalisation as “the process by which the legitimacy of an established or institutionalised organisational practice erodes or discontinues” (Oliver, 1992 as cited in Dey 2007, p. 426). As such, Dey (2007) demonstrates the relevance of the dissensus perspective offered by Scandinavian institutionalism when studying change related to non-financial reporting. In turn, the studies of

Dey (2007) and Frandsen & Johansen (2011) demonstrate how Scandinavian institutionalism is a capable theoretical lens for studying how concepts of sustainability reporting arrive, are translated and institutionalised as local practices in organisations.

Evidently, a series of studies demonstrate the applicability of Neo Institutional Theory when studying sustainability reporting. The literature drawing on American Neo-Institutionalism offers valuable insights into how sustainability reporting evolves through external pressures and mimetic processes. However, it tends to overlook the local translations and the agency of individual actors, neglecting internal conflict and power struggles as processes of change. In turn, as demonstrated by Dey (2007) and Frandsen and Johansen (2011), Scandinavian Institutionalism's theorisation of change through translation, materialisation and institutionalisation of ideas offers a framework to study how local changes are brought about in organisations. We thus stand on the shoulders of Scandinavian Institutionalism when identifying elements of change in our empirical findings. In the following chapter, we will elaborate upon the traces of

institutionalisation stemming from the CSRD in the local context of the organisations and revealed by analysing the accounts of our study participants.

ANALYSIS

Scandinavian Institutionalism allows us to identify traces of institutionalisation in the empirical material. These signs are elements of translation, materialisation, and institutionalisation drawn from the accounts of the CSRD REs', their discourses, their body language and tone of voice. In this chapter we elaborate upon the analysis of the gathered empirical material and subsequently present a novel theory of how the implementation process of the CSRD, and its potential in pursuing "real change", takes place in three different ways.

Lingo and Shared Understanding

One sign of institutionalisation is the adoption of a common language or "lingo" around sustainability. Employees across different departments start to understand and use sustainability terminology, reflecting a deeper integration of sustainability concepts. For

example, Company F noted, *"So some people we spoke to several times, they now know the lingo and they start talking about sustainability in their organisation, right?"* (Company F, appx. A, p. 161). Similarly, an employee from Company H observed, *"And also if you ask people in the hallways, they know what it is."* (Company H, appx. A, p. 204), furthermore echoed by Company E who talk about people across the organisation *"So people are actually, yeah, thinking themselves"* (Company E, appx. A, p. 120).

This shared understanding extends beyond the sustainability teams. As Company I pointed out,

"If you have 20 people sitting in the ESG department, the only thing you will achieve is that you have an entire team of 20 people in a great organisation and that ESG team will move in the right direction. But that is the only thing that will move - the ESG team. But if you have 20 to 30 people across the organisation - you are building their ESG capacity, then you have an entire

organisation that will move in the right direction” (Company I, appx. A, p. 226).

A similar notion is pointed out by Company E, stating that;

“The tactics behind this organisation is [that] we want sustainability to be integrated in the strategy and integrated in how people work in Company E. So you don’t get more sustainable by having a big sustainability department. You get more sustainable if you can get all the divisions to integrate sustainability. So when they buy things, they are thinking about how can we buy sustainable products, for example. And in the HR, how can we support diversity?” (Company E, appx. A, p. 110)

and as such confirms the necessity to establish a shared understanding of the ideas behind the CSRD.

Cross-Departmental Engagement

The engagement of colleagues who do not typically work closely with sustainability efforts also indicates institutionalisation processes. Company

I mentioned, *“experiencing that you have some colleagues that you don’t normally work with closely day-to-day, but that you engage with in the different reporting exercises and then understanding that this is something that they value privately and they really want to make an impact” (Company I, appx. A, p. 230).* This personal commitment from employees outside the core sustainability teams demonstrates the embedding of sustainability values across the organisation. Company D emphasised the importance of creating a supportive environment to

“make sure that we are sort of cultivating an environment where we soon can go out and tap people on the shoulder and say here is what you need to do, sort of, as we told you. so we don’t have to knock down doors in the same way because we have already informed some key stakeholders.” (Company D, appx. A, p. 89).

Networks and Knowledge Sharing

Networking and knowledge sharing among sustainability professionals also contribute to the institutionalisation of sustainability. Most of the CSRD REs

participate in networks such as Sustainable Change Makers, Dansk Erhverv, and Social Media groups where they exchange experiences, ideas, and insights regarding the CSRD implementation in their respective companies as Company A shared,

“I’m part of another network (besides SCM) too called strategy leadership and sustainability and I think we are represented by 15 or 16 different companies [...] if you have a challenge at work or anything you struggle with, you are able to bring it up in the forum and have great debate. So for the last year, a lot of the talks have been about the CSRD [...] so that’s been a great forum for knowledge” (Company A, appx. A, p. 21).

In turn, the spreading of ideas within these groups of people is evident in our analysis. For example, two CSRD REs working for different organisations however participating in the same network, both criticised voluntary reporting regimes calling it “cherry-picking”. Furthermore, we can assume that the few same “types” of organisational restructuring taking place in the or-

ganisations are the results of these networks. For example, placing ESG in finance is by many presented as a smart “new” idea, however, many organisations have performed the same restructuring processes this past year. This is particularly evident from a large chatgroup where several members (all CSRD responsables in big Danish organisations) discussed topics, such as how many employees are working on the CSRD and how are organisations organised? - followed by a vivid discussion and inputs from all parties in the chat.

Changes in Practices

Another sign of the processes of institutionalisation is the shift in practices. For example, in Company E the procurement department’s success criteria were based on cost savings. However, with the introduction of the CSRD, the CSRD RE noticed a shift:

“Because when you have a procurement department, I think for 35 years, all the people working there, their only task for 35 years has been to buy the cheapest possible. And all the success criteria have been how much money can we save for Compa-

ny E because that justifies that we have a big procurement department. So in order for them to pay more for something that they could pay less for, for example, has been kind of a turnaround.” (Company E, appx. A, p. 120).

This shift is further supported by the involvement of the financial department in the CSRD project.

“Sometimes it’s difficult in big organisations to make changes. But if you have also the financial department backing you up, then the financial department, they are used to having their fingers out in every corner. And they are also used to control that every corner of the business meets criteria. So we kind of have the experts of doing that task involved in the CSRD project.” (Company E, appx. A, p. 115).

Similarly, Company G highlighted the importance of fostering a culture of sustainability across the organisation, saying,

“So it’s going to be an interesting journey and I hope we can get as many people inside on this journey so we don’t need to have a big ESG team. I think it’s even nicer if it’s more coming like in general from employees who want to make a change. And we already see it’s like coming up with employees making nice initiatives.” (Company G, appx. A, p. 187)

Company E echoed this sentiment by viewing the legislation as a potential catalyst for sustainable change: *“I would say I view the legislation as a potential driver for sustainable change”* (Company E, appx. A, p. 123).

Identifying traces of change and “real change”

Through these traces of institutionalisation, we recognise how the CSRD implementation fosters institutionalisation of slightly different ideas. On one hand, we recognise that the institutionalisation of *sustainability reporting practices* takes place in all organisations, however only a few show signs of the institutionalisation of *sustainability as a common concern*. The difference lies in what idea is planted

and matures in the organisation, and consequently, which novel ideas may arise. The institutionalisation of *sustainability reporting practices* entails the necessary organisational changes to comply with the CSRD, such as organisational restructuring, employing new competencies, designing novel IT solutions or other platforms. In turn, 'complying with the CSRD' is a concern across organisations, where data owners come up with ideas for how to improve the reporting process - for example AI solutions using as few human resources as possible. On the other hand, the institutionalisation of *sustainability as a concern*, entails changes of values and perceptions of individuals across the organisations, regardless of profession. We thus speak of multiple micro-processes of incremental changes taking place translocally, bringing about "real change". As a result, the values of data owners may be changed towards sustainability suggesting ideas and novel practices to improve the company's sustainability work from their departmental standpoint. As such, we recognise how the sustainability reporting practice in itself does not necessarily lead to "real change", but relies on the skills and facilitation of the CSRD RE. Even though most of

the CSRD REs show an intrinsic motivation for bringing about "real change" and are furthermore provided with the agency. Nevertheless, only few of them are able to leverage this agency and drive real change.

Discussing the analysis

This analysis demonstrates how the CSRD brings about a series of evident organisational changes and reveals deeper elements of "real change" for sustainability. The adoption of a common language and shared understanding across departments; the cross-departmental engagement and personal commitment of employees, and strategic integration and changes in practices demonstrate how CSRD related topics are institutionalising as common concerns across the organisation. The CSRD shows effects on corporate sustainability practice, bringing about a series of immediate changes taking place translocally, and strong networks where ideas spread amongst peers. The directive - both as an idea in itself and as a quasi-object of sustainability - travels with a sufficient level of ambiguity, allowing for it to be translated and materialised. In turn, the CSRD demonstrates the potential of mandatory sustainability reporting regimes

previously pointed to in academic literature, as it effectively mandates companies to disclose sustainability information and ensures comparability and transparency of data. Therefore, by focusing on the micro-processes of translation, materialisation, and institutionalisation, we identified how the CSRD REs leverage the CSRD to facilitate real change, moving beyond mere compliance to foster shifts in organisational ideas and practices. In turn, a pattern of three scenarios for CSRD implementation emerges, demonstrating distinct differences in how and what change companies progress with their particular translation work.

THREE SCENARIOS of CSRD Implementation

Our use of Grounded Theory allowed us to identify three potential scenarios for implementing the CSRD. These scenarios are derived from our findings and analysis of the empirical material and collectively form a novel theory of how the CSRD influences local practices in organisations. Each scenario is characterised by a set of elements, which we consider as indicators of organisational responses to the CSRD, whether they aim for compliance or

furthermore change.

These scenarios reveal implications for the local translations necessary to bring about changes in the data owners' values and topics of concern regarding sustainability. We believe in the practitioners' motivation to "go beyond compliance" with the directive; however, the scenarios differ based on the CSRD REs' socio-political skills and competencies in leveraging their new-found agency qua the directive. Since the directive was adopted as of the same year this study was conducted, none of the companies went through the entire process and "achieved compliance" yet. Therefore, we assume that all three scenarios will eventually

reach compliance. This study focuses on the implementation process an organisation undergoes in their CSRD work and to what extent the respective scenarios pursue a state "beyond compliance", indicating traces of "real change for sustainability".

The Compliance Exercise

In this scenario, the CSRD REs focus on getting through it "as easy as possible" (Company G, appx. A, p. 186). Here, reaching "compliance" is the goal, focusing on acquiring data, being on time and - in the long run - optimising this process through AI or other IT tools, preferably without any human (inter)action. In other words, little emphasis is placed on onboard-

ing the data owners to the CSRD and the number of interactions is kept at the minimum (perhaps undeliberately). This approach can thus be characterised by a "data owners as means" approach, where the data owners are resources when collecting data and reaching compliance. The newness and complexity of the directive makes it an overwhelming task for the CSRD RE, who becomes a passive recipient of the directive, which in turn dictates her work. The CSRD is 'placed' in one department that advances its efforts in sustainability reporting. However, this does not alter the values and perceptions of other employees, which is necessary to drive the entire organisation forward. This department also forms

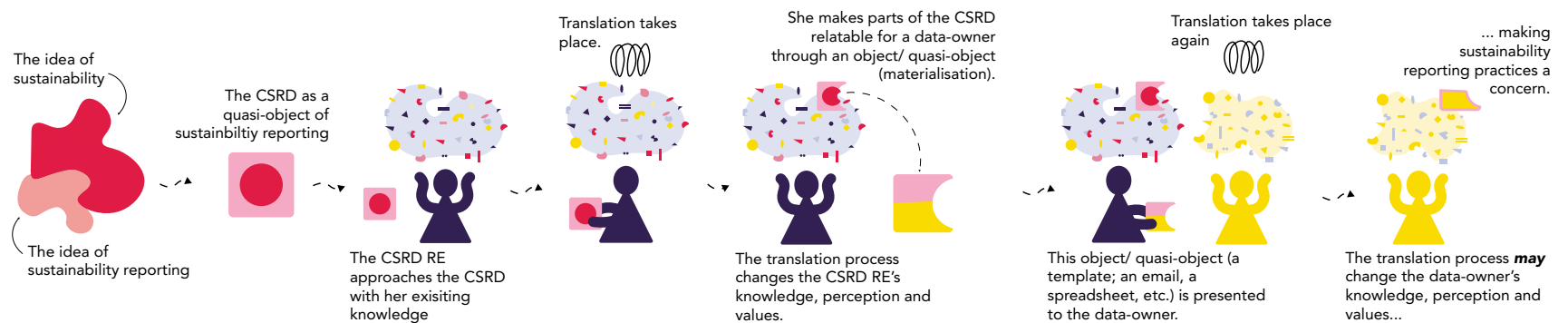


Figure 7: Process of translation, materialisation and institutionalisation in the Compliance Exercise scenario.

the company's sustainability strategy on how to proceed on their material topics identified in the DMA as required in the directive. This scenario thus entails organisational changes such as restructuring, new processes, tools and systems and job positions - however not "real change" for sustainability. Instead, such processes may lead to institutionalising the practice of "sustainability reporting" with the reporting practice in itself as concern. Though this, institutionalisation of reporting is not necessarily taking place, as it would require that the interactions between data owners and the CSRD RE are effective enough to change the values and perceptions of data owners into being concerned for compliance

and reporting practices. It is important to remark, that some CSRD REs from this scenario shared reflections on how the CSRD implementation "should" be performed to go beyond compliance, without showing signs of doing this. Therefore, we assume that the CSRD REs in the Compliance Exercise Scenario lack resources, reflection, awareness and/ or the ability to facilitate the compliance activities to drive "real change". The scenario is characterised as fast, with few resources to work on the directive, the use of templates or other seamless systems and accordingly low frequency and quality of interactions between the CSRD REs and other departments, which in turn leads to low level of attention internally from

other departments. A visualisation of the scenario can be seen in Figure 7.

The Strategic Tool

For the CSRD REs in this scenario, the directive serves as "tool" for the company's sustainability strategy and work. Here, companies perform similar processes and interactions for collecting data as companies in "the compliance scenario", however, they differ in terms of how other elements of the CSRD are employed and used to improve their strategic sustainability work. As Company K states;

"It's pretty silly if you've done this piece of work - which is a lot – it's

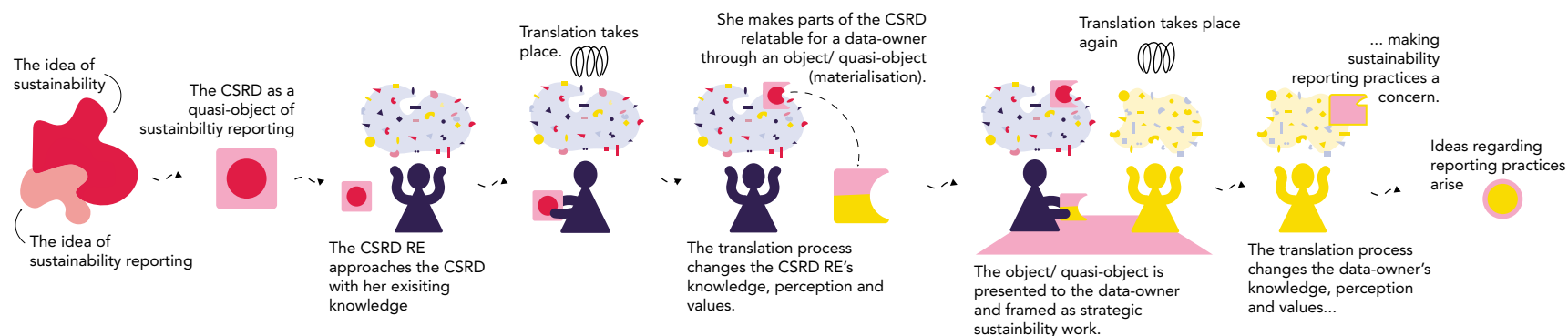


Figure 8: Process of translation, materialisation and institutionalisation in the Strategic Tool scenario.

pretty silly if you don't connect that to your strategy works afterwards so it's a great input before you get on with your strategy" (Company K, appx. A, p. 259).

In other words, this scenario's main focus is not only on becoming compliant, but the CSRD RE actively uses the directive to form a more thorough sustainability strategy where the ESRS serve to identify gaps in their current strategies. As previously mentioned in the *CSRD chapter*, the directive mandates companies to disclose goals for their material ESG topics and in that sense to present a sustainability strategy. However, companies in this scenario see the CSRD as a *strategic exercise*, where they identify topics of concern and include these in their strategic sustainability work, even though some topics may not be defined as *material* to them. In other words, they may not be required to disclose information on non-material topics to comply with the directive, but they *choose* to work with them. The scenario can be characterised as medium-paced to fast, with between one to three employees recognised as "CSRD responsible". Their data collection entails everything from templates to physical interactions

leading to *interactions* of low and medium frequency and quality. Finally, due to the nature of sustainability strategies and the CSRD requirements of management involvement, this scenario may lead to what we categorise as a medium level of attention internally from other departments.

Due to the operationalisation of the CSRD as a "*strategic tool*", this scenario fosters more attention around sustainability work. Drawing on Scandinavian Institutionalism, this brings about the translation, materialisation and institutionalisation of sustainability, however, mainly amongst the people that already share sustainability as a concern - namely Sustainability employees. Processes of the institutionalisation of sustainability may, to some extent, take place in "the next level" encompassing management and potentially some other departments such as HR or production departments, however, this depends on the quality and frequency of interactions taking place between CSRD REs and the other departments. Instead, the practice of sustainability reporting is dominantly institutionalised. Thus, organisational change takes place, however not "real change" for sustainability where

the concern of sustainability is spread and institutionalised throughout the organisation. See Figure 8 for a visualisation of the processes in the Strategic Tool scenario.

The Catalyst for Change

In this scenario, CSRD compliance serves as a catalyst for driving organisational change towards sustainability. What differentiates this scenario from the two others is mainly the CSRD REs' approach and framing of interactions with data owners or other non-sustainability employees during data collection and other interactions with the rest of the organisation. In turn, the CSRD REs are active translators who use the CSRD to grow a culture where sustainability is a shared concern, regardless of their colleagues' departments or professions. We characterise this scenario by the CSRD REs' attention to translation work in which she makes the directive relatable for the different data owners so that they can translate it into their world of meanings and topics of concern. In turn, the values and perceptions of the data owners change, and they may produce "new" ideas of how sustainability can be addressed in their field of work.

In this scenario, the CSRD RE recognises the agency given by the directive and sees an opportunity to drive “real change”. As such she becomes an “active translator” of the directive. In turn, the company’s sustainability strategy is a part of her sustainability work as a materialisation of sustainability to travel within the organisation, across departments. Meanwhile, the process of constructing this sustainability strategy serves to perform continuous work for “real change” facilitating continuous sustainability discussion with data owners.

Furthermore, as performed in the “Strategic tool scenario”, these companies employ the mandatory CSRD processes such as the DMA and gap

analysis in building and restructuring their sustainability strategy. However, their approach to this strategic work differs too, as the “catalyst for change” companies emphasise the translations and materialisations of sustainability in individuals, while the “strategic tool” draws on a consensus perspective, building on the assumption that when a goal is set we will all (of course) work towards it.

We characterise this scenario as slow to medium-paced, with physical interactions between CSRD REs and other non-sustainability employees and where the adhering sustainability topics are discussed as a collective exercise. In turn, with the frequent in-depth interactions regarding the CSRD, sus-

tainability becomes a topic of concern across departments, however, each department focuses on only particular aspects of sustainability that relate to their specific field of work.

As such, the CSRD REs in the “catalyst for change” scenario pose a ‘data owners as goals’ perspective focusing on the individuals not only delivering data points but also understanding the meaning behind them and taking ownership. We thus recognise how this implementation scenario reveals the characteristics of what we defined as “real change” for sustainability through micro translations of the CSRD. Hence, sustainability work takes place by slowly spreading, materialising and ultimately institutionalising the

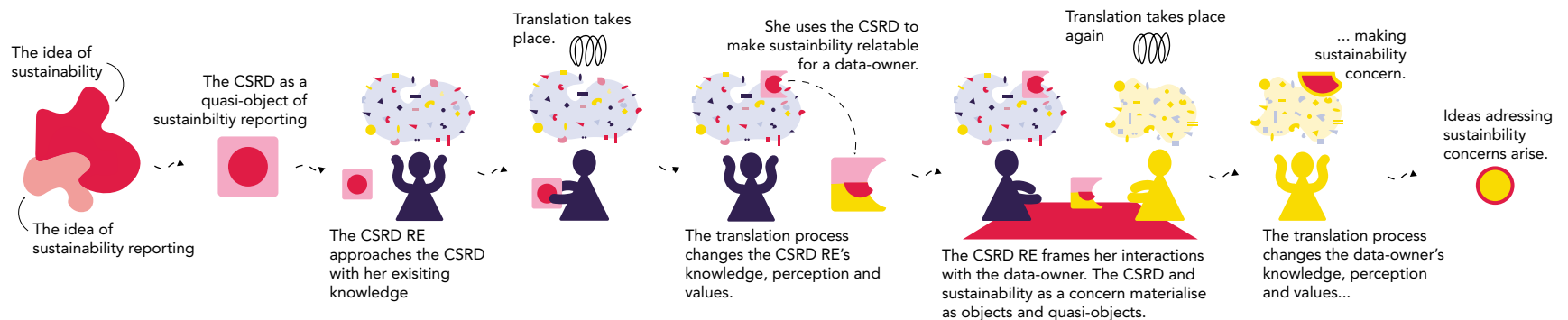


Figure 9: Process of translation, materialisation and institutionalisation in the Catalyst for Change scenario.

idea of sustainability as a common concern. A visualisation of the processes in the catalyst for change scenario can be found in Figure 9.

Discussing the three Scenarios

The key difference between the three scenarios lies in how the CSRD is translated and facilitated as a collective exercise. In the *"The Compliance scenario"*, the focus is on meeting the minimum reporting requirements. It's a passive approach with minimal internal impact concerning bringing about "real change". In *"The Strategic tool scenario"*, the focus shifts to using CSRD as a springboard for strategic planning. By analysing their data, companies identify sustainability priorities and integrate them into their long-term strategy. *"The Catalyst for change scenario"* goes beyond reporting. Here the CSRD is employed as a catalyst for organisational change - "real change", where the CSRD REs manage the "soft aspects" of the CSRD and not only the "hard facts". Other employees understand the data's meaning, take ownership, and integrate ideas and practices about sustainability into daily operations.

The difference here lies in the abilities

and reflections of the CSRD RE when performing data collection. As one of the CSRD REs from a "catalyst for change"-company puts it; *"[I] have the hat on that says 'this is real change' or you [would] have the hat on that says 'this is so boring compliance'"* (Company I, appx. A, p. 227) and thus emphasises her responsibility in terms of CSRD implementation and change for sustainability. Based on our findings, we can see that this change scenario carries the potential for "real" long-term organisational change for sustainability where ideas and practices mature over time and ultimately, sustainability can institutionalise as a common concern, for ideas and solutions to arise across different departments and professions in an organisation.

We recognise that the CSRD RE's competencies in framing interactions with data owners lack rigour in both "The compliance exercise scenario" and "The strategic tool scenario". However, as previously established, we know that the CSRD REs are driven by sustainability, as they want to go "beyond compliance" and ultimately want to bring about change. Furthermore, qua Scandinavian Institutionalism and a dissensus perspective, we see the

CSRD REs as translators - as active and powerful individuals - and not as passive victims of external powers.

Therefore, we believe that all CSRD employees have the same potential in driving "real change" and that it is their socio-political skills, leveraging agency and awareness that stand in the way. In turn, this is defined as the solution space in which we can design an intervention, enabling companies to move from the *Compliance* or *Strategic Scenario* to the *Catalyst for Change scenario*.

DESIGN SOLUTION

From our findings and analysis, we define seven dichotomies (p. 50-52) as indicators for identified organisational responses to the directive. These dichotomies are Compliance as Goal/ Compliance as Means; passive recipients / active translators; Main ownership in the ESG team/ Decentralised ownership; Data owners as Means / Data owners as goals; little emphasis on framing / high emphasis on framing; low level of interaction / high level of interaction; and strategy to ensure compliance/ strategy to drive change.

THE SEVEN DICHOTOMIES

Compliance as Goal

Reaching “CSRD compliance” is the goal, and the CSRD REs focus on acquiring data, being time efficient and - in the long run - optimising this process through AI or other IT tools.

Passive recipients

The CSRD RE sees herself as a relative passive recipient of the CSRD as a complex and overwhelming directive, that in turn prescribes her work.

Main ownership in ESG team

The responsibility of working with the CSRD is placed in one department without close work relations to other departments. As such they progress on their work but do not “move” the rest of the organisation in this regard.

Compliance as Means

The CSRD REs seek to bring about “real change” in the organisations. In doing so, they leverage compliance activities of the CSRD to grow a culture where sustainability is a shared concern, regardless of their colleagues’ departments or professions.

Active translators

The CSRD RE sees herself as an active translator, seizing the opportunity to leverage the agency she has due to the CSRD to drive “real change”.

Decentralised ownership

Sustainability/CSRD work is decentralised. The CSRD RE makes “allies” driving “real change” in each department. She moves the organisation, changing the perceptions (1st-hand) of data-owners and (2nd-hand) of other employees.

Data owners as Means

With the CSRD RE's focus on compliance, interactions with data owners are required actions to perform. The CSRD RE's focus in these interactions is to acquire correct and valid data points, where data owners serve primarily as "means".

Little emphasis on framing

CSRD RE place no or little effort in framing their interactions with data owners (i.e. onboarding the data-owners to CSRD work). The data owners encounter the CSRD for the first time by mail, requested work tasks, data collection templates or in a meeting where they meet to collect data.

Data owners as goals

The CSRD REs wish for the data owners to share sustainability as a concern. She wants to change their perceptions and values, so they come up with ideas how sustainability may be addressed in their respective departments. Her interactions with the data owners focus on how they learn and change on an individual level, so that they not only deliver data, but also take ownership and work with her in driving "real change".

High emphasis on framing

Interactions with data owners or other non-sustainability employees are framed to make sure that the respective employees know what, how and why they work with the CSRD and often relate it to sustainability as main goal.

Low level of interaction

The CSRD RE is in touch with the data owners only when collecting the data. These interactions are mostly digital and asynchrone.

Strategy to ensure compliance

According to the directive one has to outline how to plan to improve material topics identified in the DMA. The sustainability strategy is therefore a part of the required work in order to comply with the CSRD.

High level of interaction

The interactions of the CSRD RE and data owners are physical and frequent where they discuss adhering sustainability topics as a collective exercise. These interactions are continuous part of the CSRD REs work in driving "real change".

Strategy to drive change

Material topics identified in the DMA and adhering goals and the plan of proceeding these are addressed in the strategy. However, the CSRD RE and other sustainability employees use the making of this strategy and the strategy "itself" to continuously facilitate sustainability discussions in the organisation with the aim of achieving "real change". A sustainability strategy serves as materialisation of sustainability and their sustainability work - an object - that travels in the organisation and serves as a means in driving "real change".

The 11 companies on the scale

A clear pattern emerges by placing the 11 participating companies on the scales of these seven dichotomies (see figure 10). The dichotomies reveal similarities and distinctions between the different companies. In turn, this

allows us to characterise the three scenarios, illustrating how the CSRD influences local practices in organisations differently depending on how the implementation process is facilitated. As such, the dichotomies demonstrate what may be done differently, if a com-

pany wishes to move on the scale.

A SELF-DIAGNOSTIC TOOL

With these seven dichotomies, we design a “self-diagnostic tool” allowing companies to assess how and where

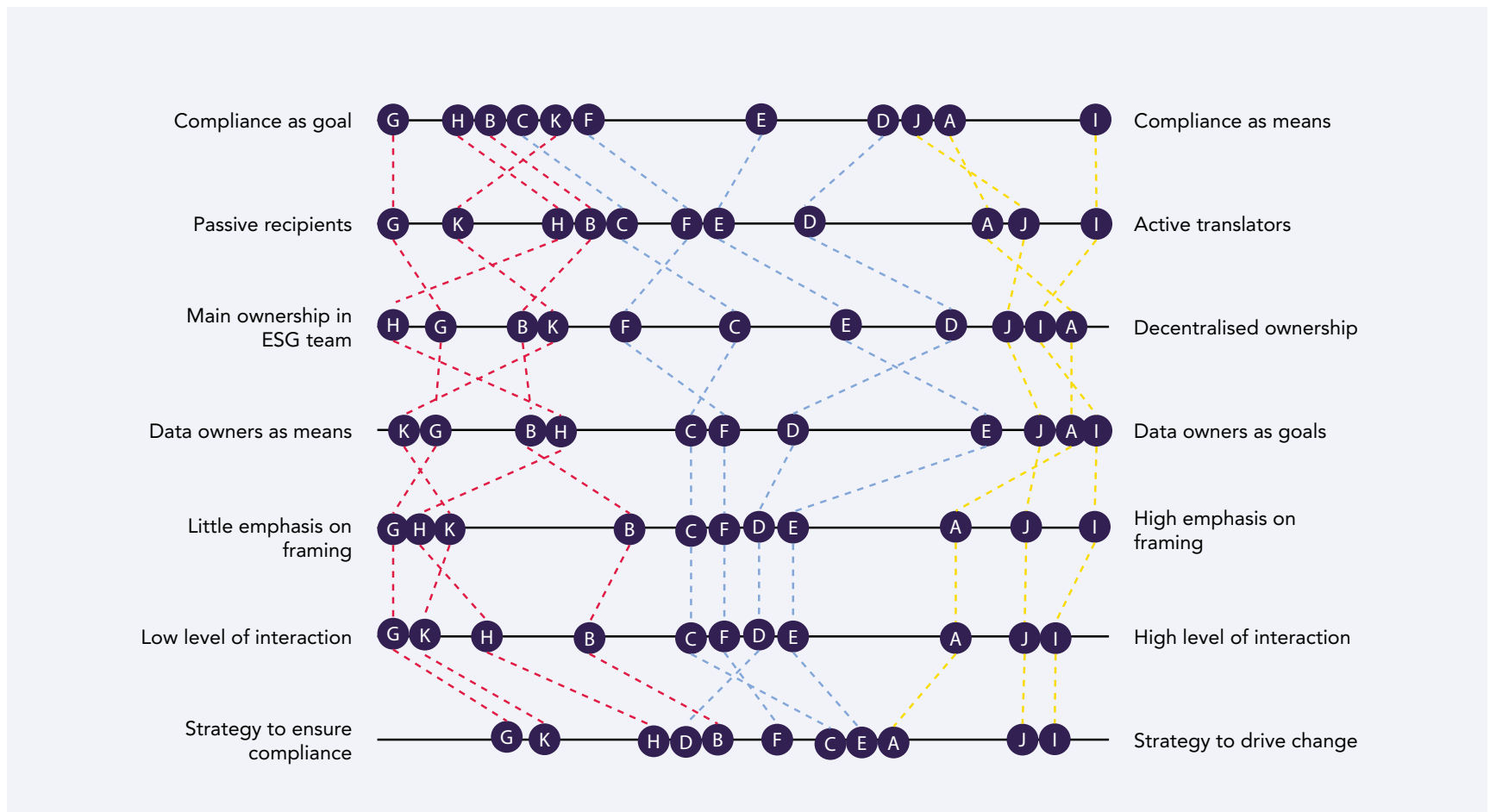


Figure 10: The 11 participating companies placed on scales of the seven dichotomies (based on accounts and analysis).

they are in terms of their CSRD implementation process. This design intervention aims to support companies in leveraging CSRD compliance exercises to bring about “real change” if they seek to do so. In our design of this self-diagnostic tool, we use the analysis of the 11 companies (see Figure

11) to draw out the range of what the three scenarios cover on each scale. The wordings of some dichotomies are changed from the analysis of the 11 companies, into being more neutral and descriptive making it easier for CSRD REs to “self-assess” where their respective organisation is on each

scale. The order of the dichotomies, however, remains the same. The right-hand side of the scale represents the Catalyst for Change scenario, whereas the left-hand side characterises the Compliance exercise and the middle section defines the Strategic tool scenario. As such, the characteristics on

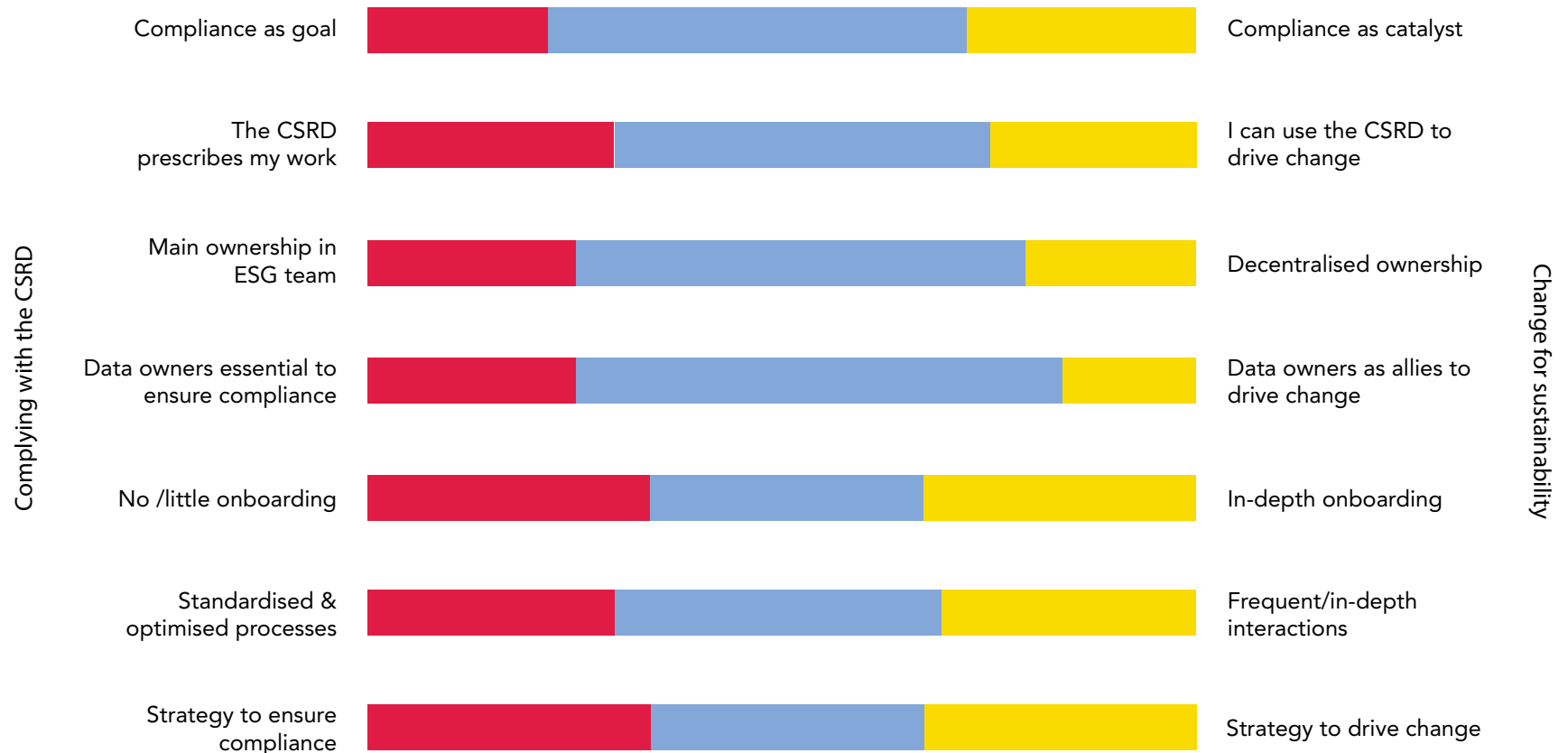


Figure 11: Sketch of the self-diagnostic tool.

the right-hand side of the scale are indicators of an implementation process pursuing “real change” for sustainability. With the seven dichotomies, the tool allows companies to diagnose their CSRD implementation process, while demonstrating the potential of the directive besides “mere compliance”. It assesses their current facilitation of CSRD compliance activities and shows what the CSRD RE can do differently to move the organisation on the scale.

Based on the subjects under study, the main findings of our analysis and the formal requirements of the CSRD, we assume this solution is applicable for other companies who must report under the CSRD by 2025 and 2026 with a sustainability office in Denmark and the CSRD RE having an intrinsic motivation to drive sustainability forward.

TESTING THE SOLUTION

The idea of this intervention is drawn from our findings, analysis and theoretical framework and needs to be tested. While the testing, evaluation, further conceptualisation, and finalisation of this solution are out of scope of this article, we shall outline how we plan

to proceed in this final phase of the project. We will commence by testing the concept with one to three CSRD REs - either participants from the study or people we have not talked with yet - which in turn will have implications for the shape and materialisation of the final solution. For the test, we will produce a low-fidelity prototype of the self-diagnostic tool as seen in Figure 11. Following Preece et al.’s (2002) definition, “a prototype is a limited representation of a design that allows users to interact with it and to explore its suitability (Preece et al. 2002, p. 241). Low fidelity in that sense refers to the rather simple physical nature of the prototype and with materials such as cardboard and paper (Brandt, 2007). This tangible mock-up will serve as a Boundary Object and a “thing-to-think-with” (Brandt 2007, p. 179).

Consequently, we will present and test our concept as a physical “tool”, entailing hand-made presentations of the three scenarios, with characterising narratives and the seven dichotomies. This prototype will then be presented to the CSRD REs allowing them to self-diagnose which scenario they currently proceed and on which elements of the dichotomies they could

improve if they aim to bring about “real change”. This approach allows us as researchers to “engage in a reflective conversation with the problematic situation” (Brandt 2007, p. 182) where we “work with a possible solution and let it ‘talk back’” (Brandt 2007, p. 182). As such, we will discuss and evaluate the concept and prototype with the CSRD RE along the way, from which we might alter the proposed solution and can draw concrete parameters for the final design. These parameters regard the content, wording, physical form, or setting in which it may be used and how the self-diagnostic tool may be promoted. As such, the prototype will act as a Boundary object for us to communicate our findings and idea of the solution and for the CSRD REs to participate in the final design of the solution providing feedback on the barriers and potentials they see with this solution.

DISCUSSION

In this section, we will discuss, reflect and perspectivise the design solution and other findings of this study. Drawing on Scandinavian Institution-

alism, our methodological work and socio-political standpoint, we pose direct claims based on our findings, shed light on the value of these findings, drawing parallels to previous literature and pointing to potential future research.

Summarising the study and findings

This study reveals how the CSRD brings about sustainability reporting practices with greater institutional force than ever. By drawing on the concept of travelling ideas by Czarniawska & Joerges (1995), we showed how 11 local translations and materialisations of the directive take place and how organisational changes inevitably arise for those who pursue CSRD compliance. Traces of an institutionalisation of sustainability reporting are on the rise; novel work processes, tailored technologies, yet unexplored collaborations between departments and a booming demand for employees with sustainability reporting competencies. In turn, all companies under study perform organisational restructurings to approach the directive and its new requirements. However, the “novel” organisational structures are far from unique, and similar types of structures are trending. This demonstrates how the directive as

an idea - and other ideas related to the directive - materialise translocally, and how CSRD REs join forces in networks spreading ideas on how to approach the directive. Thus, we demonstrated how the CSRD is institutionalising through professionalisation.

We also show how some organisations reveal deeper signs of change, where the CSRD implementation process is leveraged to move the company beyond compliance. From the three distinct implementation scenarios of the CSRD; the Compliance scenario, the Strategic tool and the Catalyst for change, we have concluded that the influence the directive has on an organisation and its effect in making sustainability a common concern depends on the CSRD RE. While all three scenarios show traces of institutionalisation of sustainability *reporting*, only the latter demonstrates institutionalising elements of *sustainability* in itself and how the CSRD brings about “real changes” in the organisation. This scenario, unlike the others, proceeds a path in which employees regardless of department or profession share the concern for sustainability, revealed through a new ‘lingo’, a shared understanding and changes in practices. In

turn, we characterised the three scenarios of CSRD implementation across seven dichotomies as design parameters, showcasing how a company can progress from one scenario to another. As such, our findings and analysis created the foundation of our design intervention - a self-diagnostic tool - for how companies can move from the state of pursuing compliance to the state of pursuing “real change” if they are intrinsically motivated to do so.

Why real change?

Here, we must offer some remarks on the CSRD and its intentions in relation to bringing about “real change” rather than (just) “change”. As previously elaborated, the primary objective of the CSRD is to align sustainability reporting and foster transparency and accountability for better decision-making for stakeholders. So why should a company seek to go “beyond compliance” and mirror an implementation of the CSRD as demonstrated in the Catalyst for change scenario? Firstly, the CSRD is a cornerstone in the EU Green Deal pathing the way of the green transition to reach climate neutrality. Here, qua our socio-political stance, our perspective on sustainability is that it necessitates multiple incremental chang-

es of values, beliefs, knowledge, and meanings - and all the smaller, larger, behavioural and technocratic solutions this brings about. Here, “real change” in organisations where sustainability becomes a common concern regardless of one’s profession is an essential step on the way. Secondly, based on our participants, most CSRD REs are passionate about driving sustainable changes (“real changes”!) and, seeing them as goals, not means, we find it important to support them in their efforts to do so and help them leverage their agency. However, with the extensive requirements of reaching compliance with the CSRD, they might risk using their time solely to lift an administrative burden.

REFLECTIONS ON THEORY AND METHODOLOGY

The relevance of Scandinavian Institutionalism

Scandinavian Institutionalism proved to be a valuable framework allowing us to observe how change may take place through the implementation of the CSRD. First, this lens allowed us to define “real change” as a state when the “data owners” in an organisation translate particular parts of the

CSRD into their world of thought, giving rise to their novel perhaps incremental ideas to address sustainability concerns within their particular field of work. The notions of translation, materialisation and institutionalisation of ideas offered a framework to identify emerging traces of institutionalisation of sustainability *reporting* in some organisations and the institutionalisation of *sustainability* as a concern in others. In turn, we were able to observe how “change” inevitably takes place when pursuing the CSRD, while “real change” arises depending on the implementation process facilitated by the CSRD RE.

As such, the theoretical lens’ emphasis on the presentation of ideas is an important aspect of translation work, allowing us to identify our main problematisation, the novel theory of the three implementation scenarios, and the solution space. In particular, its emphasis on the importance of how an idea is presented - particularly how it relates to people’s existing knowledge, for successful translations to take place, was central to this study. It allowed us to identify how the CSRD REs’ interactions and framing of the directive differ significantly, in turn

affecting whether, what and how the data owner translates the CSRD into their world of thought. In the *Catalyst for change scenario*, we identified that the CSRD REs paid particular attention to how they presented the directive to the data owners and how they employed the CSRD to facilitate sustainability discussions with the data owners. On the other hand, the CSRD REs in the *Compliance scenario* seem to pay little or no attention to framing the directive for the data owners, rather than focusing on gathering data as fast as possible. Data owners of the latter scenario might not understand the demands of the CSRD RE, and in turn, their ideas and practices may remain unchanged. However, the data owners in the *Catalyst for Change scenario*, according to the accounts of our study participants, seem to understand what the CSRD RE presents to them, and through translations, their concern changes to encompass sustainability in their ideas and practices. As such, Scandinavian Institutionalism acquired us with the necessary theoretical lens to understand the translation processes that do - or do not - take place in organisations in their CSRD implementations. In turn, we were able to identify the potential in the CSRD RE’s

presentation of ideas concerning the CSRD, and built our design intervention around this.

Therefore, Scandinavian Institutionalism not only shaped the analysis and findings of our study but also the final solution. Embedded in the theory is the perception of dissensus, modes of dominance and conflict as status quo in organisations, and how individuals are active “translators” of their own free will. From this socio-political stance, we were able to recognise discourses and meanings in the accounts of the CSRD REs, as well as their underlying ambitions and wishes. This perspective also applies to the solution. We acknowledge that we do not have the position to dictate what the “correct” implementation for each organisation looks like, but that it is up to them and the CSRD REs to choose whatever process they consider suitable.

Had we approached this study from a consensus perspective, we would have designed an AI system or IT platform to manage data collection and analysis for the CSRD REs - because this is what they told us they think they need in their CSRD work. However, this might not help them in driving change, which

- through their discourses - is evidently their goal. As such, Scandinavian Institutionalism allowed us to acknowledge the competencies and ambitions of the CSRD REs and recognise their will to bring about “real change”, while identifying their lack of necessary knowledge, skills, and awareness in doing so.

Discussing the solution through Scandinavian Institutionalism

In turn, we perspectivise our solution and its various potentials and limitations through the same theoretical lens. As our analysis showed, bringing about “real change” requires work and effort beyond a focus on compliance. We acknowledge that there might be economic limitations to CSRD implementation and in turn to the application of this design intervention. The directive evidently requires lots of resources, which is an investment prioritised within the companies. Some organisations might not have the resources to spend more time on the CSRD than the “bare minimum”, while other companies do, but it requires the CSRD employees to negotiate, gain, and leverage their agency. Here the framework (and study in general) can hopefully act as a materialisation -

an object - of the *Catalyst for Change* scenario, that may travel within organisations and as such be used in negotiations and legitimises sustainability work. Furthermore, the design solution has yet to be tested and therefore additional changes and implications might follow.

We claim that the characterisation of the three scenarios and design intervention apply to other organisations in the Danish industry. We assume that our findings apply to companies who must report under the CSRD by 2025 or 2026, have a sustainability office in Denmark and the CSRD responsible is intrinsically motivated to drive sustainability forward. This is drawn from the concept of translocality from Scandinavian Institutionalism and the signs of how the spreading of particular CSRD ideas takes place within professional networks. As the formal and informal networks in which these ideas spread are nationally based, we assume that the same processes of institutionalisation take place in the entire Denmark. Furthermore, the estimate for the size of these companies is based on the CSRD requirements and the participating companies of the study. We can therefore not make claims on larg-

er nor smaller companies, but based on our findings and theoretical framework, pose implications to those within this size frame.

Reflections on our Study and the Existing Body of Research

This study demonstrated several of the claims made in prior research on sustainability reporting practices.

From voluntary to mandatory reporting

For decades, scholars called for making sustainability reporting mandatory. Finally, the CSRD has arrived as a mandatory regime and entails many of the demands posed in literature. Since we did not investigate CSRD *reports*, also since they are currently being made, we cannot prove whether the often criticised “window-dressing” or “cherry-picking” are avoided by following the CSRD’s requirements. Nevertheless, our findings, based on the practitioners’ accounts, imply that superficial reporting practices are not possible anymore due to the CSRDs ‘comply or explain’ model. This thus accommodates some of the harshest criticism of scholars such as Grey (2010), and Schreck & Raithel (2018).

Research on organisational change

Furthermore, the current study arrives at the same conclusion as previous research - sustainability reporting brings about organisational change. However, the theoretical claims, proof and chains of arguments differ in this study compared to those of Adams & McNicholas (2007); Haffar & Searcy (2020); or Larrinaga-González et al. (2001). They point to how the tensions around reporting give rise to changes and ultimately form their sustainability work - meaning the employees disagree and arrive at compromises regarding what sustainability initiatives they should start and how. Here Scandinavian Institutionalism could have offered these authors a theoretical lens of how and why these particular “tensions” give rise to change, as we could present in this study. Furthermore, our theoretical lens allows us to distinguish between “change” and “real change”. We can therefore support the claim that sustainability reporting - at least as a mandatory regime - brings about organisational “change”, but we moreover offer insights on the interactions as important elements in various processes of change.

Reflections on our Findings

There are some limitations to the findings and proposed design solution. The gathered empirical material, which forms the foundation for identifying traces of institutionalisation and signs of change, is based on the accounts of employees in 11 Danish organisations. Consequently, we obtained “only” second-hand information. Even though our theoretical lens and methodology support our socio-political stance and allow us to analyse discourses and hidden meanings, we acknowledge that this setup has limited the depth of our insights since we mostly talked with only one employee from each company. The accounts of these employees formed the basis of our main claims, the problematisation of the CSRD REs’ skills, and the proposed design intervention. We recognise that first-hand information, such as being “inside an organisation” and observations in a longer period could have given us a better understanding of what is happening in a company’s implementation scenario or closer insights into the CSRD REs’ work, thereby enabling us to identify ourselves traces of institutionalisation processes. It is also important to note that the CSRD is still

new and as we study change from a process perspective, we can only pose implications regarding the directive's influence on organisational change and "real change".

Lastly, it is evident that resources are a limitation for the companies' CSRD work. Time, hands, and knowledge to perform the CSRD are lacking, and many CSRD REs are running fast to address the posed requirements. For some, the lack of resources has a direct consequence, ultimately degrading the quality of their sustainability work as they themselves mention. We assume this is a reason why some companies perform the "Compliance scenario" Still, we acknowledge that scarce resources is a factor influencing most companies' sustainability work - regardless of which scenario they proceed. We must therefore remark that perhaps this study could also have focused on our participants' managers instead, studying how we could help sustainability teams in negotiating more resources and time to perform the CSRD and other sustainability-related work. In turn, this would require conversations with managers and CSRD REs in the same companies, and perhaps drawing on other theoretical

lenses of discourses, negotiations, and agency. Nevertheless, we hope that our proposed solution and the current study may act to support in the CSRD REs' negotiations with managers, proving how more resources are needed to bring about "real change".

FUTURE RESEARCH

Our findings also point to potential future research within different academic fields. Firstly, a closer look at the CSRD responsible employees and the growing market of sustainability reporting positions is a relevant topic to investigate further. In this study, we revealed how the skills and socio-political competencies of such employees are key in bringing about "real change", but what other characteristics and competencies are needed for this position? For example, as previously mentioned, most of the CSRD REs in this study have an education or background from economic schools - does this have direct implications for their abilities to drive change? Furthermore, this field is dominated by young employees and many females - why - and is it relevant in terms of "real change"?

Furthermore, having identified gaps

in existing research on sustainability reporting, we point to several potential research areas - both topical and theoretical. In general, more research on organisational changes stemming from the CSRD or other EU initiatives is of great relevance seeing their great institutional influence on the Danish industry. Here we want to critically emphasise the need for subjectivist studies, more in-depth case studies investigating changes over a longer time. In turn, we see the relevance of enabling Scandinavian Institutionalism in such praxis-close studies of change, which in turn would benefit the existing body of research of this theoretical lens.

CONCLUSION

This study contributes to the existing literature on sustainability reporting by exploring the impact of the Corporate Sustainability Reporting Directive (CSRD) on organisational change within 11 Danish companies. The research provides several praxis-close insights and reveals interesting phenomena, exemplified by three different implementation scenarios; "The Compliance Exercise", "The Strategic Tool",

and “The Catalyst for Change”.

Ultimately, we can provide a comprehensive answer to the guiding question of this article: *How does the CSRD influence local practices in organisations, and how can employees responsible for compliance leverage the directive to catalyse organisational change for sustainability?*

Answering the first part of this question, our study enhances the understanding of how the CSRD functions as an institutional force, influencing organisational changes despite its primary objective being to foster transparency rather than directly bring about such changes. There is a growing demand for new employees with expertise in ESG reporting, driving organisations to hire new people to ensure compliance. Our research clearly shows that organisational restructuring takes place, with the implementation of new processes and work relations. Practitioners working with the directive are continuously seeking new technological solutions, such as data collection tools and AI software, to streamline their workflows and manage the high amount of required data points. Additionally, the rise of new tools, we-

binars, and experts offering their services to these organisations is evident. These companies rely heavily on consulting services to support their CSRD work. Ultimately, the mandatory nature of the CSRD brings sustainability and ESG topics into new focus within organisations, particularly at the top management level. This shift legitimises the work of sustainability employees, who no longer have to “knock down doors”.

The directive’s requirements for comprehensive reporting create significant internal changes, offering an opportunity for companies to drive sustainability forward in their respective organisations. We identified traces of “real changes,” indicating the CSRD’s potential to exceed expectations in influencing organisational change processes towards sustainability.

Our findings reveal that the local translations of the CSRD are essential. The employee responsible for CSRD compliance is a key actor who - with her intrinsic motivation and agency - can leverage the directive to foster real change for sustainability. This discovery challenges the consensus perspective typically seen in sustainability re-

porting studies, where little emphasis is placed on the active role of practitioners. Instead, we advocate for a dissensus perspective that acknowledges sustainability as a wicked problem and embraces internal conflicts and diverse motivations. Our approach especially allowed us to uncover and reveal the CSRD RE’s motivation to “go beyond compliance” and drive “real change.”

Referring to the second part of the research question, there are several key requirements and competencies the CSRD RE may have to leverage the directive and drive change. We argue that an intrinsic motivation to drive sustainability forward is necessary, as well as being aware and make use of the agency the CSRD provides. Furthermore, the CSRD RE needs resources and competencies to leverage that agency, which requires socio-political skills, especially in framing interactions with employees from other departments, and actively translating the directive’s requirements so that they integrate into their world of meanings. Consequently, the CSRD RE aims at making sustainability a common concern throughout the organisation, where ideas and practices around sustainability materialise and institution-

alise.

Furthermore, the CSRD RE should see compliance as a means to facilitate change rather than the ultimate goal. She should perceive herself as an active translator, seizing the opportunity to leverage the agency she has due to the CSRD to drive “real change”. Fostering individual change within data owners should be her goal in these compliance activities - meaning making sustainability a common concern for data owners, so they may practice their new ideas about sustainability in their respective departments. In doing so, the CSRD RE should place high emphasis on “setting the scene” of her interactions with these data owners, framing the compliance activities as shared sustainability work. Consequently, the level of interaction between the CSRD RE and data owners should be frequent and in-depth fostering mutual understanding regarding sustainability. Here, it we discovered the potential in decentralising the sustainability work and seeing data owners as “allies” that can drive “real change” processes within each department. This way, the CSRD RE would work on moving the entire organisation establishing sustainability

as a common concern, changing the values and perceptions of the data owners firsthand, and other non-sustainability employees secondhand through the data owners. Here, the CSRD RE may use their sustainability strategy from the compliance activities to facilitate ongoing sustainability discussions within the organisation. Thus, the sustainability strategy can act as a materialisation of sustainability “travelling” throughout the organisation and serve as a means to drive real change.

While the directive mandates extensive reporting, the actual impact on transparency and accountability was not the focus of this study and thus remains to be fully assessed. However, with the novelty of the CSRD, the current period in which practitioners are locally translating and implementing the directive is defining for future CSRD work. Therefore, for the CSRD REs who seek to bring about real change for sustainability, it is essential to establish and promote an implementation scenario which has the potential to do so.

Future studies could continue to explore this approach, investigating

the long-term effects of the CSRD on sustainability practices. By doing so, researchers can build on our findings and further study the directive’s role as a catalyst for change. Additionally, exploring the skill sets required for CSRD REs to facilitate these changes can provide deeper insights into fostering sustainable ideas and practices within organisations.

In conclusion, our study may lead to new discussions about the intrinsic and often overlooked resources within organisations, especially in the field of sustainability. By focusing on the agency, motivation, and skills of individuals, we highlight an unexplored potential that lies in the implementation of the CSRD. This study presents a plausible and enlightening assumption that with the “right” translation and implementation, the CSRD can indeed drive real change for sustainability in organisations.

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