



Legitimacy on a Budget:

External Pressures, Internal Constraints and
Sustainability Reporting in Swedish SMEs

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Degree project/Independent project • 30 credits

Swedish University of Agricultural Sciences, SLU

Faculty of Natural Resources and Agricultural Sciences/Department of Economic

Environmental Economics and Management

Degree project/SLU, Department of Economics, 1640 • ISSN 1401-4084

Uppsala 2025



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Supervisor: Gustav Johed, Stockholm University
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Credits: 30 Credits
Level: Master's level, A2E
Course title: Master Thesis in Business Administration
Course code: EX0904
Programme/education: Environmental Economics and Management
Course coordinating dept: Department of Economics
Place of publication: Uppsala
Year of publication: 2025
Title of series: Degree project/SLU, Department of Economics
Part number: 1640
ISSN: 1401-4084

Keywords: CSRD, sustainability reporting, SMEs, legitimacy, institutional pressure, dialectic institutional change, emotional burden, hybrid legitimacy strategies

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Abstract

The Corporate Sustainability Reporting Directive (CSRD), while primarily targeting large firms, it exerts significant indirect pressure on small- and medium-sized enterprises (SMEs) as its influence trickles down through value chains and investors, even though these smaller entities are not legally bound to comply. This cascading demand for sustainability data has made sustainability disclosures a crucial “hygiene factor” for maintaining legitimacy. However, SMEs face considerable challenges due to inherent financial and human resource constraints.

This multiple case study, employing a qualitative and inductive approach, investigates how Swedish SMEs experience and respond to these CSRD-related pressures. Drawing on legitimacy theory, institutional isomorphism, and a dialectic perspective, the study explores how these pressures shape SMEs’ internal sustainability disclosure strategies. The empirical data were collected through semi-structured interviews with SME representatives and relevant stakeholders who influence their sustainability reporting practices. The data were analyzed thematically.

The empirical findings indicate that Swedish SMEs experience substantial pressures. Resource constraints and regulatory uncertainty lead to institutional contradictions and personal burdens for individuals within these firms. Consequently, SMEs adopt hybrid legitimacy strategies, often focusing on pragmatic, minimum viable compliance through simplified tools and templates to signal conformity at a low cost. The study concludes that despite resource limitations and uncertainty, SMEs are compelled to engage in sustainability reporting due to indirect CSRD pressures, utilizing hybrid strategies, and their collective praxis contributes to reshaping institutional norms and the broader regulatory landscape. Theoretically, the study highlights how emotional burden interacts with institutional dynamics. Practically, it identifies the need for simplified supportive reporting tools to reduce the burden on resource-constrained SMEs.

Keywords: CSRD, sustainability reporting, SMEs, legitimacy, institutional pressure, dialectic institutional change, emotional burden, hybrid legitimacy strategies

Table of contents

List of tables	7
List of figures.....	8
Abbreviations	9
1. Introduction.....	10
1.1 Background	10
1.2 Problem Statement.....	11
1.2.1 Empirical Problem.....	11
1.2.2 Theoretical Problem.....	13
1.3 Aim and Research Question	15
1.4 Delimitations	15
1.5 Structure of the Study.....	16
2. Conceptual Framework	17
2.1 Legitimacy Strategies	17
2.2 Institutional Pressure	18
2.3 Dialectic Perspective on Institutional Change	20
2.4 Theoretical Synthesis	22
3. Method	24
3.1 Research Philosophy and Design.....	24
3.2 Literature Review	25
3.3 Data Collection.....	26
3.3.1 Sampling Method.....	26
3.3.2 Interview Sample	27
3.4 Data Analysis.....	29
3.5 Ethical Consideration.....	30
3.6 Quality Assurance	32
3.6.1 Credibility	33
3.6.2 Dependability	33
3.6.3 Transferability.....	33
3.6.4 Confirmability	34
4. Empirical Findings	35
4.1 Organizational Context	35
4.2 Institutional Pressures and Legitimacy Expectations.....	37
4.3 Internal Constraints and Strategic Legitimacy Challenges	40
4.4 Institutional Contradictions and Legitimacy Trade-offs.....	42
4.5 Organizational Praxis	43
4.6 Summary of Findings.....	46

5.	Analysis and Discussion	47
5.1	Pressures and Contradictions	47
5.2	Seeking Legitimacy	49
5.3	Praxis and Field of Change	51
5.4	Discussion.....	Fel! Bokmärket är inte definierat.
6.	Conclusion	55
6.1	Limitations	55
6.2	Future Research	56
	References.....	58
	Acknowledgements	62
	Popular science summary	63
	Appendix 1.....	64

List of Tables

Table 1. Legitimacy and Institutional Coherence	19
Table 2. Overview of Interviewees and Interview Details	29
Table 3. Overview of Codes and Themes	30

List of Figures

Figure 1. Multi-level Conceptual Framework for SME responses to emerging sustainability pressures. 23

Abbreviations

CSRD	Corporate Sustainability Reporting Directive
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standard
EU	European Union
NFRD	Non-Financial Reporting Directive
SMEs	Small- and Medium-sized Enterprises

1. Introduction

This chapter provides the background of the study to help the reader understand the context of the study's topic. It also explores the empirical and theoretical issues, following with the study's aim and research question. Lastly, this chapter presents a description of its delimitations and overall structure.

1.1 Background

Sustainability reporting has transitioned from a voluntary initiative to a regulatory necessity within the European Union (EU), driven by the Corporate Sustainability Reporting Directive (CSRD) (European Union 2022). Introduced to address the inconsistencies of sustainability disclosures under the previous Non-Financial Reporting Directive (NFRD), CSRD mandates standardized and comparable sustainability disclosures across the EU (Hummel & Jobst 2024). The shift from NFRD to CSRD marks a fundamental change in regulatory ambition, with the latter enforcing legal accountability, digital tagging, and third-party assurance to enhance the reliability and comparability of sustainability data (European Union 2022). Furthermore, CSRD introduces standardized reporting under the European Sustainability Reporting Standards (ESRS) (Hummel & Jobst 2024) and a key innovation in the directive is the concept of “double materiality assessment,” which requires companies to report not only on how sustainability risks affect them but also on how the company impacts society and the environment (ibid).

While CSRD formally targets large firms and listed small- and medium-sized enterprises (SMEs) (European Union 2022), the directive exerts indirect pressure for non-listed SMEs, as investors, supply chain partners, and financial institutions are increasingly demanding environmental, social, and governance (ESG) data from their value chains (Setyaningsih et al. 2024; Allgeier & Feldmann 2023). This creates a ripple effect, making ESG disclosure a requirement even for firms not directly covered by the directive (Allgeier & Feldmann 2023; Alsahali & Malagueño 2021).

This growing pressure creates significant challenges for SMEs, who often lack the financial, technical, and human resources needed to meet the evolving expectations (Setyaning et al. 2024). At the same time, they must maintain legitimacy with key stakeholders, such as investors, customers, and regulators, who are increasingly expecting credible sustainability commitments (Guidi et al. 2024; Crossley et al. 2021). This creates a tension between demonstrating compliance and securing long-term business growth, as failing to meet stakeholder expectations could lead to

reputational risks and loss of market access (Guidi et al. 2024). In response to these challenges, SMEs often adopt legitimacy-seeking strategies, such as emphasizing qualitative rather than quantitative disclosures, aligning with industry sustainability initiatives, or leveraging digital tools to enhance transparency while minimizing costs (Guidi et al. 2024; Crossley et al. 2021).

Amid this shift, the regulatory landscape remains fluid. On February 26, 2025, the European Commission introduced the Omnibus 1 proposal, which aims to ease the administrative burden and exempts approximately 80 percent of companies from mandatory CSRD reporting (EU Commission 2025). While this may reduce pressure for some, it introduced renewed uncertainty for SMEs that have already invested in compliance preparations and raises questions about the future of sustainability reporting and the credibility of voluntary disclosures (Guidi et al. 2024).

1.2 Problem Statement

This section is divided into two parts: the empirical and the theoretical problem. The empirical problem focuses on the practical challenges that SMEs face in relation to sustainability reporting under indirect regulatory pressure, especially considering the CSRD, while the theoretical problem addresses the limitations of existing research frameworks in explaining how SMEs respond to such pressures, particularly given their distinct resource constraints and stakeholder dynamics. Together, these perspectives lay the foundation for the study's aim and research question.

1.2.1 Empirical Problem

SMEs are the backbone of the European economy, accounting for 99 percent of all businesses in the EU's non-financial sector (European Commission 2024; Setyaningsih et al. 2024). Although individual SMEs may not cause significant pressure on the environment, collectively, they contribute to industrial and environmental degradation and thus play a crucial role in achieving sustainability goals (Santos et al. 2022). Their essential role is evident in their contributions to industry development and employment across all sectors (Setyaningsih et al. 2024). With the EU's emphasis on enhancing sustainability through the CSRD (Hummel & Jobst 2024), SMEs have a unique opportunity and obligation to lead in fostering sustainable practices.

However, as companies navigate the rapidly changing landscape of sustainability reporting, a staggering 64 percent of business leaders now feel the pressure to obtain assurance for their disclosures, transforming what was once a competitive advantage into a critical necessity (KPMG 2023). Although not all SMEs are immediately subjected to the directive, they face growing indirect pressures to align with CSRD from large firms, investors, and institutions that require sustainability disclosures throughout their value chains (Allgeier & Feldmann 2023; Alsahali & Malagueño 2021). This trickle-down effect results in an obligation for non-listed SMEs to report on sustainability issues in accordance with CSRD to maintain business opportunities. In fact, approximately 39 percent of SMEs have already published sustainability reports in 2019, and the increasing regulatory and stakeholder pressure signifies that more companies are now undergoing a transformation process (Benameur et al. 2024). However, as these SMEs often have limited financial and human resources than larger firms, their ability to produce sustainability reports remains constrained (Setyaningsih et al. 2024), making it essential to understand how they navigate these challenges.

As SMEs attempt to balance regulatory adaptation with strategic positioning, the introduction of Omnibus 1 has further reshaped the sustainability reporting landscape (European Commission 2025). The Omnibus proposal refers to a legislative package introduced by the European Commission, aimed at easing sustainability reporting obligations by delaying deadlines and reducing requirements for certain companies, especially for SMEs. While this reduces administrative burden, it raises new concerns about credibility and marketing positioning (Guidi et al. 2024). Without a reporting requirement, SMEs need to decide whether to continue sustainability reporting voluntarily to reassure stakeholders or shift their focus elsewhere, potentially risking their credibility in the market (European Commission 2025; Setyaningsih et al. 2024).

Beyond this compliance, Omnibus 1 also puts lighter assurance requirements on sustainability reports, which means that there might be differences in how these reports are verified (European Commission 2025). While this might save SMEs from bureaucratic burdens and money in the short term, it might introduce long-term uncertainty about the credibility of the disclosures. Without assurance, SMEs face the risk of having their reports viewed with skepticism, which could undermine their efforts to demonstrate sustainability commitment and limit their competitive advantage (Guidi et al. 2024). Additionally, the "value-chain-cap" implies that larger companies are prevented from requiring SMEs to report beyond what is legally required for them to do (European Commission 2025). This amendment aims to protect SMEs from excessive trickle-down pressure by restricting what demands larger companies and more powerful actors can place on them, taking

some pressure off SMEs for now. However, this can lead to limited opportunities for SMEs to work with actors that prioritize sustainability (Guidi et al. 2024).

The increasing demand for sustainability reporting due to regulatory pressure (Alsahali & Malagueño 2021; KPMG 2023) has led SMEs to reassess their reporting strategies. Historically, sustainability reporting has been largely voluntary, raising concerns about the sustainability reports' reliability and transparency. While the CSRD introduces stricter reporting obligations for specific companies, many SMEs still face uncertainty in effectively structuring their disclosures (Santos et al. 2022). One key challenge is the lack of internal resources and expertise to develop comprehensive and accurate sustainability reports (Galkiewicz & Gaßner 2023; Pizzi & Coronella 2024; European Commission 2025), leading to simplified disclosures that may not fully capture their sustainability efforts (Santos et al. 2022; Setyaningsih et al. 2024). Hence, many rely on standardized templates and brief, non-integrated reports (Pizzi & Coronella 2024), which can result in inconsistencies between reported sustainability performance and actual business practices, affecting the credibility of disclosures (Baret & Helfrich 2019). This highlights a broader issue that has received limited attention in the current literature (Alsahali & Malagueño 2021; Benameur et al. 2024; Guidi et al. 2023; Pizzi & Coronella 2024; Benameur et al. 2024), which are the practical challenges SMEs face in implementing sustainability reporting requirements. Although existing literature has identified that SMEs often lack the necessary resources and expertise to comply with evolving regulations, such as the CSRD, most of this research has focused on large firms adopting a broad, cross-national approach (Benameur et al. 2024). Hence, a significant gap exists in understanding how limited resources impact SMEs' ability to implement CSRD or how their internal processes evolve in response to the changing regulatory landscape of sustainability reporting (Pizzi & Coronella 2024; Setyaningsih et al. 2024; Guidi et al. 2023).

1.2.2 Theoretical Problem

With the adoption of the ESRS under the CSRD, sustainability reporting has become a central part of corporate regulation in the EU (European Commission 2023). Although SMEs are not legally required to comply, they are increasingly expected to improve transparency (Guerrero-Baena et al. 2024). However, most theoretical insights into sustainability reporting come from studies on larger firms (Boiral et al. 2019; Alsahali & Malagueño 2021) that often have dedicated teams, formalized systems, and established external communication or sustainability reporting structures, which are rarely present in smaller businesses (Setyaningsih et al. 2024). As a result, much of the existing theoretical work struggles to capture the

unique dynamics faced by SMEs fully, particularly when it comes to how they respond to indirect regulatory pressures or attempt to demonstrate sustainability in resource-constrained environments (Setyaningsih et al. 2024; Guidi et al. 2024; Santos et al. 2022). Thus, the current frameworks that are developed around larger firms do not accurately capture how SMEs build legitimacy when regulatory compliance is indirect rather than mandatory, highlighting a critical theoretical gap in the growing sustainability pressures SMEs face (Gałkiewicz & Gaßner 2023).

Legitimacy theory has commonly been used to explain why organizations disclose non-financial information, suggesting that sustainability reporting functions to align with societal and institutional expectations (Crossley et al. 2021). Although this provides a valuable lens for understanding corporate sustainability disclosures, its role as a key driver for SMEs remains contested, mainly because prior studies have focused on large companies that voluntarily disclose to manage external perceptions (Guerrero-Baena et al. 2024). SMEs operate under different internal and external conditions compared to large firms, and it remains unclear how they engage in legitimacy-seeking behavior in response to indirect pressure stemming from new frameworks such as CSRD (Stefanescu 2022). Given SMEs' limited resources and distinct stakeholder dynamics (Setyaningsih et al. 2024; Gałkiewicz & Gaßner 2023; Guidi et al. 2023; Guerrero-Baena et al. 2024; Santos et al. 2022), existing legitimacy theory requires further refinement to accurately describe SMEs' legitimacy strategies (Ruffo et al. 2020). Specifically, it remains unclear how SMEs utilize pragmatic, moral, or cognitive legitimacy strategies (Suchman 1995) to maintain credibility when pressured indirectly rather than through formal compliance mandates. Addressing this theoretical gap is essential to extend legitimacy theory beyond large-company contexts and deepen understanding of SMEs' strategic adaptations under indirect sustainability pressures.

Institutional theory complements this perspective by examining how external norms, regulations, and professional standards shape organizational behavior (DiMaggio & Powell 1983). While institutional theory has been applied to explain sustainability reporting trends in larger companies, fewer studies have examined how SMEs experience and respond to such pressures (Allgeier & Feldmann 2023). Recent work by Stefanescu (2022) and Pizzi et al. (2023) has shown how sustainability reporting practices across Europe have become increasingly standardized due to regulatory and normative influences. However, these studies often treat organizations as homogenous actors and rarely consider how institutional pressures affect smaller firms differently, especially those not yet legally bound to report under CSRD (Posadas et al. 2023; Amoako et al. 2021; Santos et al. 2022). By exploring SMEs' responses to indirect sustainability expectations, this study contributes to institutional theory by investigating how

resource constraints, limited professional expertise, and indirect regulatory pressures shape SMEs' institutional adaptations.

Thus, a deeper theoretical understanding is needed to explain how SMEs adapt to evolving sustainability norms and reporting frameworks when formal compliance remains voluntary or indirectly enforced (Allgeier & Feldmann 2023; Santos et al. 2022). This research applies legitimacy and institutional theories to uncover how SMEs interpret external demands, maintain credibility, and restructure internal practices under constrained conditions. By doing so, it extends existing theoretical frameworks by clarifying how SMEs' legitimacy-seeking behaviors and institutional adaptations differ fundamentally from those theorized for large firms.

1.3 Aim and Research Question

This multiple case study investigates how SMEs navigate indirect regulatory pressure stemming from CSRD, despite not being legally required to comply. It focuses on how these firms maintain legitimacy and how the dynamic institutionalistic pressure is influencing SMEs to adapt their internal processes and reporting practices. By analyzing both the internal adjustments within SMEs and the influence of key stakeholders, the study aims to provide insights into how SMEs respond strategically to evolving sustainability expectations and balance the tension between external demands and internal resource constraints. This leads to the following research question:

What external pressures triggered by the CSRD do Swedish SMEs experience, and how do these pressures shape their internal sustainability-reporting strategies?

1.4 Delimitations

Previous research has explored sustainability reporting challenges for large corporations (Benameur et al. 2024; Alsahali & Malagueño 2021; Guidi et al. 2024; Pizzi & Coronella 2024). However, this study focuses specifically on how SMEs are influenced by indirect institutional pressures stemming from CSRD. Rather than examining sustainability reporting from a mandatory compliance perspective, this research investigates how SMEs adapt their internal processes, develop legitimacy strategies, and respond to stakeholder expectations within an evolving regulatory environment. The researchers deliberately excluded large corporations and public regulators but included advisors and investors who work closely with SMEs, because these actors shape how reporting trickles down the value chain (Allgeier & Feldmann 2023; Alsahali & Malagueño 2021).

The study's geographical focus is limited to Sweden to keep the institutional conditions consistent and ensure comparability across cases. In terms of temporal scope, the study was conducted when CSRD was legislated for large companies, but before listed SMEs are required to comply, and while non-listed SMEs still only face indirect CSRD-related pressure (European Union 2022; Hummel & Jobst 2024; Guidi et al. 2024). This allows the researchers to capture SMEs' early adaptation phase to the evolving regulatory landscape. This delimitates the study to a transitional period where strategies and pressures are shaped more by anticipations and expectations than by formal regulatory obligations.

The theoretical scope is also limited to legitimacy theory, institutional isomorphisms, and a dialectical view of institutional change, which serve as the primary interconnected conceptual framework. The study does not aim to provide a comprehensive evaluation of all sustainability reporting frameworks but rather focuses on CSRD-related institutional influences and how they affect SMEs' internal behavior.

1.5 Structure of the Study

The study consists of six parts. The first chapter presents the background of the study, followed by a description of empirical and theoretical problems. Next, the study's purpose and research questions are outlined, along with the delimitations made. The second chapter presents the theoretical framework, which includes relevant theories such as legitimacy theory, institutional pressure, and a dialectical perspective on institutional change, concluding with a theoretical synthesis. The third chapter describes the chosen methodology, outlining the study's research design, data collection, and analysis methods. This chapter also includes a discussion on ethical considerations and quality assurance. Chapter four presents empirical findings based on semi-structured interviews with SME representatives. In chapter five, the empirical findings are analyzed and discussed in relation to the theoretical framework, placing the study's results in a broader context. The final chapter summarizes the study's key conclusions and presents suggestions for future research.

2. Conceptual Framework

This chapter introduces the study's conceptual frameworks, legitimacy theory, institutional pressures, and the dialectic perspective on institutional change, providing a comprehensive understanding of their foundations. The following chapter presents a theoretical synthesis, highlighting the relevance and interconnectedness of these frameworks to the study.

2.1 Legitimacy Strategies

Legitimacy theory holds fundamental significance in explaining why organizations strive to demonstrate legitimacy by aligning their sustainability disclosures (Juusola & Srouji 2022) with societal norms and expectations, thereby strengthening their social acceptance and trust among stakeholders (Dowling & Pfeffer 1975; Suchman 1995). To accurately describe how organizations utilize legitimacy strategies when pressured indirectly to maintain credibility, Suchman (1995) presented three different types of legitimacy: (1) pragmatic, (2) moral, and (3) cognitive.

Pragmatic legitimacy is based on the tangible benefits that stakeholders can expect from an organization's actions (Suchman 1995; O'Dwyer et al. 2011; Juusola & Srouji 2022). It reflects the pressure on organizations to engage in practices that meet stakeholders' interests and expectations, such as disclosing sustainability information, an essential aspect of the organization's survival and success (Juusola & Srouji 2022; O'Dwyer et al. 2011). Moral legitimacy is based on positive normative evaluations (Suchman 1995). It reflects whether an action is perceived as ethically appropriate and if the action is "the right thing to do" (Suchman 1995 P.579). As stakeholders increasingly demand accountability and ethical practices (O'Dwyer et al. 2011; Benameur et al. 2024), SMEs can enhance their reputation and trustworthiness by voluntarily adopting ethical reporting standards that reflect their commitment to social and environmental responsibilities (Juusola & Srouji 2022). Cognitive legitimacy, also known as the taken-for-granted perspective, reflects the perception that an organization's actions and existence are aligned with deeply embedded cultural and institutional frameworks (Suchman 1995). When sustainability practices, including reporting, become fully integrated into core activities and are taken for granted by society, they are seen as the natural and appropriate way to conduct responsible business (Suchman 1995; Juusola & Srouji 2022).

SMEs are often resource-constrained, which shapes their ability to achieve and maintain legitimacy (Ruffo et al. 2020; Crossley et al. 2021). Some firms invest in

detailed, externally validated sustainability disclosures to reinforce credibility (Boiral et al. 2019), while others rely on basic, symbolic compliance due to financial and technical limitations (Crossley et al. 2021). These resource disparities lead to different legitimacy-seeking strategies that are influenced by various stakeholder expectations, regulatory demands, and internal capabilities (ibid). To manage these competing demands, SMEs often adopt simplified disclosure strategies, collaborate within industry networks, or use digital tools to reduce the administrative burden associated with ESG data reporting (Gałkiewicz & Gaßner 2023; Guidi et al. 2024; Ruffo et al. 2020). Such solutions represent a form of incremental legitimation, enabling SMEs to signal progress and gradually build stakeholder trust while postponing more resource-intensive changes (Gałkiewicz & Gaßner 2023). However, rising regulatory demands threaten to exhaust the limits of this strategy. This shift highlights the need to understand not only how firms seek legitimacy, but also the institutional forces that increasingly constrain and shape their strategic choices.

2.2 Institutional Pressure

Institutional theory explains how SMEs internalize these legitimacy pressures. As cultural values and regulatory requirements shift towards being more sustainable, firms must respond by meeting these expectations in order to maintain legitimacy, mirroring what society deems as appropriate or acceptable behavior (DiMaggio & Powell 1983). Institutional theory identifies specific mechanisms through which organizations become more similar over time in response to shared pressures, called isomorphisms (DiMaggio & Powell 1983). DiMaggio and Powell (1983) identify three different types of isomorphisms: (1) Coercive, (2) Mimetic, and (3) Normative.

Coercive isomorphism arises from formal and informal pressures exerted by actors of power, such as customers, regulators, or financiers, to adopt specific structures, behaviors, or practices (DiMaggio & Powell 1983). Even though SMEs are not legally bound, they still feel pressure from regulatory frameworks like CSRD and Omnibus 1 (Stefanescu 2022), and Posadas et al. (2022) note that the EU's move to make sustainability information mandatory for more firms acts as a classic coercive mechanism, pushing firms towards greater transparency. Stefanescu (2022) likewise highlights how such pressure often compels firms to align their disclosures with established standards to avoid legal repercussions and partly to satisfy stakeholders who view disclosure as a normal business practice (Stefanescu 2022; Posadas et al. 2022). Mimetic isomorphism refers to the uncertainty or ambiguity within organizations' acts, leading them to model themselves after other organizations that they perceive to be successful or legitimate (DiMaggio & Powell

1983). Copying practices often reduce the perceived risk and offer a faster route to legitimacy than developing unique approaches (DiMaggio and Powell 1983; Posadas et al. 2023). In sustainability reporting, SMEs often imitate successful practices used by larger, well-established firms to navigate ambiguous standards and stakeholder expectations, and Posadas et al. (2023) highlight that mimetic pressure is strongest in environmentally sensitive industries, where intense scrutiny drives companies to adopt best practices from their peers (Posadas et al. 2023). Normative isomorphism stems from professional norms and shared standards, often diffused through education, consultancy networks, or industry associations, pushing firms to adopt similar practices and structures that are seen as legitimate (DiMaggio and Powell 1983). As sustainability standards like the ESRS become more embedded in industry best practices, SMEs are exposed to normative expectations, advisory services, and peer interaction (Amoako et al. 2021)

These three mechanisms show how legitimacy pressures do not merely influence whether SMEs act but also how they act, shaping both the form and context of their sustainability disclosures. Table 1 summarizes how different types of legitimacy needs commonly correspond to institutional mechanisms through which SMEs experience indirect CSRD pressure.

Table 1. Legitimacy and Institutional Coherence

Legitimacy Type	Institutional Mechanism	Sources of Pressure
Pragmatic	Coercive	Customer, regulators, financiers demand
Moral	Normative	Industry Guidelines, advisors and professional associations
Cognitive	Mimetic	Peer practice and competitor benchmarking

Understanding these mechanisms provides the study a foundation for investigating how SMEs navigate the complex landscape of institutional pressures. However, while institutional mechanisms offer insights into what rules and norms pressure SMEs, they can fall short of explaining how companies adapt when faced with misalignments between regulations and their operation.

2.3 Dialectic Perspective on Institutional Change

Institutional theory sheds light on rules and norms in a system but says little about how companies respond or adjust when regulations do not align perfectly. Organizations often find themselves operating within multiple institutional logics, the overarching belief systems that shape how firms interpret their values and responsibilities as well as guide what is considered an appropriate course of action (Besharov & Smith 2014). Two such logics often conflict in the sustainability domain. Market logic emphasizes financial performance, competition, and efficiency, driving decisions aimed at reducing operational costs or delivering short-term financial gains. Sustainability logic, which is grounded in ethical responsibility, environmental stewardship, and social accountability, leading companies to prioritize practices that enhance long-term social welfare (ibid). These competing logics pull firms in opposite directions, setting up the very tensions that Seo and Creed (2002) identify as the engine of their dialectic cycle where contradictions increase actors' awareness and prompt the practical and political strategies utilized to adapt, oppose, and innovate. Over time, praxis feeds back to reshape the field itself.

Institutional Contradictions

Contradictions are fundamental tensions that arise within and between social systems (Seo & Creed 2002). For SMEs operating in an environment of internal constraints, external expectations, and complex evolving regulations, navigating sustainability disclosure often unveils various contradictions that challenge their institutional stability. For instance, when seeking legitimacy, the resulting generalized disclosures often tend to conflict with their need for cost-efficient, tailored processes, which creates a tension between reputational benefits and the high costs of data collection and assurance (Seo & Creed 2002; Setyaningsih et al. 2024; Guidi et al. 2024; Baret & Helfrich 2019). Similarly, constantly adapting to new regulations can become counterproductive. Seo and Creed (2002) highlight that this creates a contradiction where immediate adaptation prevents their ability to adapt to unforeseen requirements. Multiple studies have discussed this phenomenon around SMEs' dilemma of committing to initial reporting frameworks that may soon become outdated, potentially leading to resource inefficiencies (Setyaningsih et al. 2024; Guidi et al. 2024; Baret & Helfrich 2019). Tension can also occur when different parts of an organization conform too rigidly to shared norms (Seo & Creed 2002). Guidi et al. (2024) emphasize that while EU transparency norms and regulations encourage organizations to disclose as much information as possible, the Omnibus 1 proposal can create challenges because it introduces new guidelines that conflict with existing norms (European Commission 2025). Lastly, Seo and Creed (2002) highlight that when organizations within the same industry grow too similar in their practices, they can therefore unintentionally

silence their distinct priorities and create a tension between the desire to fit in and the need to stand out. This tension is further exemplified in the current context where investors expect comprehensive sustainability disclosures (Setyaning et al. 2024; Benameur et al. 2024), yet many SMEs struggle to meet these demands (Setyaning et al. 2024), highlighting the ongoing conflict between institutional pressures for transparency and the resource constraints faced by smaller firms (Guidi et al. 2024).

Praxis and Organizational Response

People within organizations are crucial because they make decisions and take action (Seo & Creed 2002). Praxis refers to the tangible efforts individuals make to address problems or push for improvement. Their actions are influenced by perceived conflicts, and they can either seek to ease tensions or capitalize on them, making organizational change more likely. In the context of evolving sustainability disclosure regulations, one common response is accommodation, meaning that firms simplify CSRD indicators and adopt low-cost digital tools to meet value-chain expectations (Stefanescu 2022; Ruffo et al. 2020). Another response is selective or symbolic compliance, in which SMEs issue narrative reports that check the boxes for external stakeholders but avoid more costly and rigorous audit processes (Crossley et al. 2021; Alsahali & Malagueño 2021). Together, these examples illustrate how organizational actors engage in practices not only within the firm, but also in the broader institutional arenas, and are actively negotiating the boundaries for more flexible and context-sensitive regulatory approaches.

Feedback and Incremental Change

Seo and Creed's (2002) final step is the feedback loop in which repeated praxis begins to bend the rules that first generated the tension. One emergent feedback loop is template diffusion, in which standardized checklists and questionnaires from value-chain partners become the de facto sustainability-reporting mechanism for SMEs (Gałkiewicz & Gaßner 2023; Stefanescu 2022; Pizzi & Coronella 2024; Guidi et al. 2024). Over time, as more firms adopt and reproduce the same templates, this praxis becomes embedded into the institutional field as a "taken-for-granted" legitimate practice and thereby can reshape the expectations that generated the original tension for providing various ESG data and sustainability reporting (Seo & Creed 2002). This feedback loops show that SMEs' praxis does not merely absorb pressure but is instead gradually rewriting the norms that once seemed unyielding.

2.4 Theoretical Synthesis

To investigate how SMEs respond internally to emerging sustainability reporting pressures from CSRD despite not being legally required to comply, this multiple case study employs a multi-level theoretical framework that integrates legitimacy theory, institutional isomorphism, and a dialectic perspective. Together, these lenses trace the progress by which external pressures and internal constraints create organizational tensions, leading SMEs to seek legitimacy through adaptive practices, which contribute to a broader field level of change, which is illustrated in Figure 1.

The core of Figure 1 presents a dialectical process, beginning with either external pressures (e.g., CSRD-related stakeholder expectations) or internal constraints (e.g., limited resources). This contradiction compels SMEs to engage in legitimacy-seeking behavior. In turn, SMEs develop praxis, strategic responses that reconcile institutional demands within firm capabilities (Seo & Creed 2002). Over time, this praxis may accumulate and contribute to the field of change. Thus, this multi-level theoretical framework not only helps explain current strategic responses but also the role of SMEs in navigating the future sustainability reporting landscape.

Thus, legitimacy theory explains firms' underlying motivations, while institutional isomorphism maps how external demands become embedded into everyday routines, and the dialectal lens captures the dynamic process by which SMEs both enact and transform their institutional context. By integrating these three perspectives, the study aims to capture how the evolving sustainability regulations are influencing SMEs to adapt their internal processes and reporting practices to maintain legitimacy.

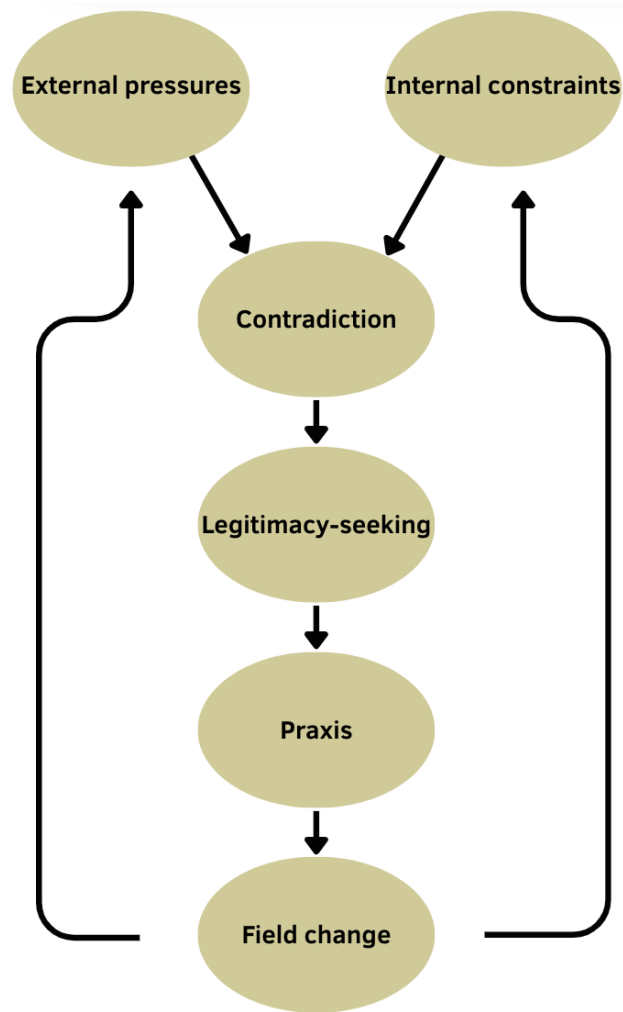


Figure 1. Multi-level Conceptual Framework for SME responses to emerging sustainability pressures.

3. Method

This chapter outlines the methodological approach of the study. It begins with a discussion on research philosophy and design, followed by a review of relevant literature. The chapter then details the data collection process, including the sampling method used. Furthermore, it describes the procedures for data analysis and addresses ethical considerations. Lastly, the chapter explains how the study ensures quality through credibility, dependability, transferability, and confirmability.

3.1 Research Philosophy and Design

This multiple case study employs a qualitative research method combined with an inductive approach to investigate how Swedish SMEs experience and respond to indirect sustainability reporting pressures stemming from CSRD. Qualitative research method is often used to interpret and gain a deeper understanding of a specific phenomenon (Bryman et al. 2019; Farquhara et al. 2020). Unlike quantitative methods, which focus on measurement and generalization. Qualitative research aims to uncover the underlying meanings and individual experiences (Bryman et al. 2019), which is essential for understanding how legitimacy strategies are formed, where decision-making is closely tied to individual experiences and interpretations (Farquhara et al. 2020). Since this multiple case study investigates how SMEs navigate indirect regulatory pressure stemming from the CSRD, despite not being legally required to comply, a qualitative approach is well-suited for capturing the participants' perceptions, reasoning, and adaptive strategies. Thereby, enabling a nuanced investigation of how these firms interpret and react to such pressures. Rather than relying on predetermined assumptions, this study explores the phenomenon within a firm's specific social and institutional context that allows for the discovery of deeper meaning that would be difficult to measure quantitatively (Bryman et al. 2019; Farquhar et al. 2020). An inductive approach is particularly fitting for this study, as it focuses on generating theory and understanding by observing and analyzing specific cases or situations (Bryman et al. 2019). This approach allows for a rich, in-depth understanding of SMEs' internal constraints, decision-making processes, and adaptation strategies. Thus, an inductive approach facilitates the research to uncover adaptation patterns that may inform broader theoretical and practical insights by analyzing SMEs' responses to these pressures.

The study is grounded in an interpretivist epistemology, which focuses on understanding the subjective meanings and experiences of individuals (Bryman et al. 2019). It emphasizes the idea that reality is not an objective, external entity but

is instead socially constructed through individuals' interpretations and interactions. This perspective acknowledges that SMEs' actions are driven by their perceptions of legitimacy, which may differ from one organization to another based on their context, resources, institutional setting, and relationships with stakeholders, and provides the necessary framework to understand how SMEs' internal practices evolve, and how they respond to external pressures to maintain legitimacy.

The research employs a multiple case study design, which is useful for examining how different SMEs adapt their internal processes and manage legitimacy with stakeholders. A multiple case study design allows for a comparative approach and facilitates context-specific exploration (Bryman et al. 2019) of the legitimacy strategies, which can vary by industry or company size. Thus, this approach allows for a deeper, more comprehensive analysis of how SMEs manage sustainability reporting in response to CSRD.

3.2 Literature Review

A literature review was conducted to explore theoretical and empirical perspectives on sustainability reporting among SMEs, with a particular focus on how firms experience institutional pressure, develop legitimacy strategies, and respond to the resulting contradictions. This process aims to map existing knowledge, highlight conceptual gaps, and provide a foundation for developing the study's theoretical and methodological approaches.

The literature review was carried out using academic databases such as PRIMO and Google Scholar to identify relevant literature for the study. Searches included combinations of keywords such as "SME*", "Small and medium-sized", "Sustainability reporting", "Non-financial reporting", "Corporate sustainability", "European Union", "Sustainability", "Legitimacy", "Institution*", "CSRD", "Corporate Sustainability Reporting Directive", "Omnibus", and "Strategy". The selection process focused on peer-reviewed journal articles published within the past ten years and highly cited foundational texts.

The literature review served two primary purposes. First, it guided the formulation of the research question by identifying a lack of focus on SMEs affected by indirect regulatory pressures, and secondly, it informed the creation of the conceptual framework. Overall, the literature review provided the necessary conceptual foundation for the study that complements the inductive research design, enabling the study to remain responsive to emergent themes while being informed by existing scholarly debates.

3.3 Data Collection

The primary data has been collected through semi-structured interviews. This method is suitable to capture in-depth insights into how SMEs perceive and respond to the regulatory pressures imposed by the CSRD and sustainability reporting requirements. The semi-structured interview format involves a set of core open-ended questions to ensure all topics are covered while also allowing for flexibility to ask follow-up questions based on the representatives' responses, thereby enabling a deeper exploration of the respondents' experiences, perceptions, and strategies (Bryman et al. 2019). An initial pool of open-ended questions was drafted based on our conceptual framework (legitimacy strategies, institutional pressure, and dialectic change), and then a pilot interview was conducted. However, the first interview revealed that the current questions template would not translate well to all the different types of firms that were to be interviewed because the participants speak from very different vantage points. At the same time, the introduction of the Omnibus 1 proposal presented new uncertainties among the interviewees about the future relevance of sustainability reporting and its potential impact on SMEs' strategic positioning. Consequently, it became necessary to investigate how institutional pressures are influencing SMEs to adapt their internal processes and reporting practices. To capture these emerging issues, additional questions were added regarding the continuously changing regulatory landscape. As a result of the pilot interview and the regulatory changes, researchers of this study developed three aligned question templates: one for SMEs, one for advisors, and one for investors (Appendix A). Core questions remained the same across the templates for comparability, but follow-ups were rephrased for relevance. This flexibility is essential for understanding the context-specific responses of SMEs, advisory firms, and other stakeholders influencing SMEs reporting behavior, especially considering how SMEs manage their limited resources (Setyaningsih et al. 2024) with internal constraints and external pressures they face (Gałkiewicz & Gaßner 2023; Guidi et al. 2024), while still maintaining their legitimacy.

3.3.1 Sampling Method

The study used a purposive and snowballing sampling method to capture a diverse range of perspectives on sustainability reporting among SMEs and their stakeholders. This study's purposive sampling refers to the intentional selection of unit of observation based on predefined criteria that aligns with the research objectives, thereby, ensuring that the findings suit well to address the research question (Bryman et al 2019). Allgeier and Feldmann (2023), Alsahali and Malagueño (2021), and Setyaningsih et al. (2024) justify that the most essential actors that impact SMEs' strategies and reporting practices are stakeholders that

pressure SMEs towards conducting sustainable reporting initiatives. Therefore, in the initial stage, purposive sampling was used to select companies that either:

- 1) qualified as SMEs, defined in terms of having fewer than 250 employees and an annual turnover not exceeding €50 million (European Commission 2022), or
- 2) companies that work closely with SMEs, such as advisors, investors, or industry associations, due to their influence on SMEs sustainability practices and legitimacy responses.

This approach ensured that the selected cases were relevant and represented different groups that influence SMEs' sustainability reporting practices.

To expand the sample beyond initial contacts and reach participants who might be harder to access directly, the study used a snowball sampling method as well. According to Bryman et al. (2019), using a snowballing sampling method indicates that the study prioritized reaching a broad and varied set of participants, even those difficult to access through traditional methods. Hence, the study started with a few initial contacts from identified SMEs and stakeholder groups. These contacts were asked to suggest other organizations that met the study's criteria. For example, initial contacts from Almi and LIF recommended other relevant organizations, which helped expand the sample size and diversity. This approach allowed the number of cases to grow organically, incorporating a diverse range of participants.

While snowballing helped expand the sample, it also presented some challenges. Since the method relies on referrals from initial participants, it may introduce bias and reduce sample diversity because participants are often embedded in similar networks (Bryman et al 2019). In order to mitigate this risk, the study maintained consistent sampling criteria throughout the snowballing process, ensuring that the additional cases remained relevant to the research objectives. This flexible yet criteria-driven approach allowed the study to remain responsive to stakeholder insights while ensuring that diverse perspectives of SMEs' challenges related to sustainability reporting and the strategies they employ are captured.

3.3.2 Interview Sample

In total 6 participants were interviewed for this study representing both SMEs and organizations that support or influence SMEs sustainability communications. The units of observation for this study include the following organizations, each providing unique perspectives on SMEs' sustainability reporting and their challenges.

- *Saltå Kvarn*: Provides primary insights into how SMEs handle sustainability reporting, the challenges they face, and why they choose to report (or not). The focus is on their sustainability reporting practices, challenges, and strategic adaptations.
- *Almi Företgaspartner*: Offers an advisory perspective and can shed light on how SMEs are guided through sustainability requirements and strategies. The focus is on the support and guidance provided to SMEs in their sustainability efforts.
- *LIF - Läkemedelsindustriföreningen*: Contributes an ideological perspective, illustrating how industry organizations or other actors influence the sustainability discussion and drive development. The focus is on the industry's role and impact on sustainability reporting.
- *Spiltan Fonder*: Provides an investor's perspective on sustainability. Although they do not engage in sustainability reporting themselves, their investment strategies can influence SMEs' incentives to adapt to sustainability requirements.

The focus is on how sustainability affects investment decisions and the perception of SMEs that do not engage in sustainability reporting. The participants in the study held various relevant roles, such as sustainability engineers, sustainability and procurement managers, as well as sustainability consultants, experts, and advisors. An overview of the participants, their affiliation, and interview length is provided below in Table 2.

Table 2. Overview of Interviewees and Interview Details

Interviewee	Company	Role	Industry	Date	Interview Length
Camilla Callenmark	Saltå Kvarn	Head of Procurement, Quality, and Sustainability	Food	2025-04-11	29 min
Anette Wigholm	Saltå Kvarn	Sustainability Engineer	Food	2025-04-11	29 min
Kristin Teleman	Almi Företaspartner Skåne AB	Sustainability Expert	Finance and Business Development	2025-03-26	27 min
Bengt Mattson	Läkemedels-föreningen (LIF)	Chief of Sustainability	Pharmaceutical	2025-03-25	39 min
Anna Gustavsson	Spiltan Invest	Sustainability Analysis	Investment	2025-03-25	27 min
Erik Axelsson	Almi Företagspartner Uppsala AB	Sustainability Advisor	Finance and Business Development	2025-03-25	26 min

3.4 Data Analysis

Qualitative research generates complex datasets from unstructured sources, such as interviews or reports, making analysis challenging. Unlike quantitative methods with clear rules, qualitative analysis relies on flexible, iterative approaches such as thematic analysis and grounded theory to interpret data while also shaping its collection (Bryman et al. 2019). The study explores how the participants subjectively experience and interpret SMEs' sustainability reporting pressure and their strategic responses, which makes thematic analysis particularly well-suited. This method is useful for identifying patterns and themes within qualitative data and systematically interpreting this study's respondents' perspectives and experiences (Bryman et al. 2019).

A crucial step in thematic analysis is familiarization with the data, which allows the researchers to become comfortable with the material to ensure a nuanced understanding before coding begins (Bryman et al. 2019). Instead of using a pre-

established coding framework, open coding was applied, allowing themes to emerge organically from the data. The process of identifying themes was by following Bryman et al. (2019) recommendation, looking for repetitions that relates to the study's aim and research question. As themes became clearer, they were refined and grouped into broader categories, reflecting key aspects of how SMEs experience indirect CSRD-related pressure, respond to institutional expectations, and adjust internal processes to maintain legitimacy. For instance, codes such as "customer pressure", "investor expectations", and "procurement influence" were grouped under the theme *Institutional Pressure and Legitimacy Expectations*, which reflects how external stakeholders shape SMEs sustainability reporting behavior. The resulting codes and themes are presented in Table 3 below to illustrate the progression from initial coding to final thematic categories.

Table 3. Overview of Codes and Themes

Codes	Themes
Investor Expectation	Institutional Pressures and Legitimacy Expectations
Customer Pressure	
Public Procurement Influence	
Transparency	
Voluntary Assessment Influence	
Limited Resources	Internal Constraints and Strategic Legitimacy Challenges
Reporting Fatigue	
Lack of Expertise	
Misalignment	
Omnibus	Institutional Contradictions and Legitimacy Trade-offs
Regulatory Uncertainty	
Shifting Expectations	
Strategic Sustainability Communication	Organizational Praxis
Values	
Internal Sustainability Planning	

3.5 Ethical Consideration

Ethical consideration plays a crucial role in research and ensures that studies are conducted responsibly and with respect for their participants. Many fundamental ethical principles need to be considered, encompassing various dimensions of participants' well-being. These fundamental ethical principles Bryman et al. (2019) have identified are:

“Whether there is harm to participants, whether there is a lack of informed consent, whether there is an invasion of privacy, whether deception is involved” (Bryman et al. 2019 P.114).

Safeguarding participants from harm includes the researchers carefully considering the respondent's psychological distress, physical injury, damage to self-esteem, and potential negative repercussions for future career opportunities (Bryman et al. 2019). Researchers must, therefore, be observant by identifying these possible risks that are associated with respondents' participation in the study. To protect the participants, each interview began with an explanation of the purpose of the study and the participants were informed of their right to withdraw from the study at any point without needing to provide any justification. The researchers also asked for consent to record and transcribe the interviews.

Another ethical requirement in research is obtaining informed consent (Bryman et al. 2019). This entails that the researchers of the study must be transparent and provide comprehensive information about the objectives of the study. This necessary ethical requirement is important for the respondents' safety in the matter that the participants may be unable to assess the implications of their involvement accurately. For this study, each participant received a consent form that outlined the objectives of the study, their right to withdraw at any given moment, their anonymity preferences, and information regarding data handling and storage.

Additionally, ethical research practices require prioritizing the confidentiality and anonymity of participants (Bryman et al. 2019). Researchers shall implement measures to secure personal and sensitive information, ensuring that no identifying details are shared without explicit permission. During the interview, the participants were reminded of the aforementioned information from the consent form and were also asked once again about their preferences regarding anonymity, specifically whether they would like to remain anonymous or if they permitted the researchers to use their name, company affiliation, or professional title in the paper. If anonymity or confidentiality is requested, researchers have an ethical duty to uphold these assurances, fostering trust and encouraging candid participation (Bryman et al. 2019).

While ethical considerations safeguard a study's integrity, ensuring the trustworthiness of findings requires quality assurance aspects. As Bryman et al. (2019) advocated, a study must meet specific quality criteria; therefore, the next chapter will present these quality assurance aspects.

3.6 Quality Assurance

In this study, qualitative research design was utilized to achieve these aims, fostering rigor and trustworthiness throughout the research process. When evaluating the quality of research, it is crucial to consider methodological rigor and the relevance of the research within its specific context (Reynolds et al. 2011). This involves ensuring that the methods that are employed align with the underlying epistemological framework and that the results are validated through appropriate strategies such as triangulation, member checking, and reflexivity (Bryman et al. 2019). However, critics argue that these methods can occasionally be used in a way that lacks critical reflection, resulting in a checklist mentality that fails to address the complexities inherent in qualitative research (Reynolds et al. 2011). This means that meeting these criteria may not ensure the authentic quality of procedures used in the research process. In order to mitigate this, researchers should emphasize how they interpret the underlying principles and foster methodological awareness. Furthermore, instead of relying on a less rigid checklist, researchers can accommodate more flexible guidelines to encourage consideration of the specific context and appropriateness of various techniques used in their qualitative studies (ibid).

Generalization and the measurability of variables are fundamental aspects of what quantitative research aims to deliver. By employing structured methods, quantitative research seeks to establish clear relationships and test hypotheses through statistical analysis (Bryman et al. 2019; Reynolds et al. 2011). This approach is particularly useful in quality assurance, as it enables organizations to systematically measure performance, identify deviations from standards, and implement data-driven improvements to enhance overall reliability and efficiency (Slater & Hasson 2024). In contrast, interpretation and comprehension are what qualitative research considers (Bryman et al. 2019). Aiming to understand meanings and respondents' experiences within their social context. Given the focus on how SMEs manage sustainability reporting and adapt internal processes to maintain legitimacy with key stakeholders in response to indirect regulatory pressures such as the CSRD, a qualitative research design is well-suited for this study.

Bryman et al. (2019) outlined four key quality assurance criteria that researchers can adopt to enhance trustworthiness: credibility, dependability, transferability, and confirmability. In this multiple case study, credibility, dependability, and confirmability were specifically employed to ensure the study's overall trustworthiness.

3.6.1 Credibility

Credibility is a key factor in determining the trustworthiness of research, especially in studies that explore different perspectives on social reality using multiple interpretations of a social phenomenon (Bryman et al. 2019). The validity of a researcher's conclusions, therefore, depends on how well-supported they are. To ensure credibility to the research, this study followed Bryman et al. (2019) techniques on strengthening the credibility. Through respondent validation and member checking, the researchers presented their findings to participants to confirm that their interpretations aligned with the participants' realities. Another important technique that strengthens this research is triangulation, which involves using multiple sources of data and methodologies or theoretical perspectives to cross-check and strengthen the study's conclusions (ibid). However, this study has specifically used a qualitative methodology, which lacks the methodological aspect of triangulation, as it relies solely on a qualitative approach. Despite this, credibility is still ensured through careful adherence to qualitative research principles and respondent validation, which helps confirm the accuracy and trustworthiness of my findings.

3.6.2 Dependability

Dependability is a key criterion for ensuring the trustworthiness and quality of research. It involves an auditing process in which researchers systematically document each stage of their work, including data collection, analysis, and decision-making (Bryman et al. 2019). This process is closely linked to the guidance of a research supervisor, who provides oversight and ensures that proper procedures are followed. In this study, the researcher has benefited from the support and supervision of an advisor, helping to maintain the rigor and reliability of the research. Additionally, this study is undergoing a peer-review process, where at two key stages of the research timeline, the authors will engage in discussions with peers and supervisors to assess the thoroughness and accessibility of the work.

3.6.3 Transferability

Bryman et al. (2019) emphasize that transferability refers to the extent to which findings can be applied to other contexts or settings. Since qualitative research tends to often focus on the unique context and significance of the social aspects being examined, the research findings are not meant to be universally generalizable. Instead, researchers enhance transferability by providing thick descriptions, which entails that the authors provide a detailed description of context to allow others to assess applicability to different settings (Bryman et al. 2019). To ensure transferability in this multiple case study, the authors have provided a detailed

documentation of the research process, allowing others to assess whether the findings may apply to their contexts. This detailed documentation of respondents can be found in chapter 3.4.1 and 4.1, which outline the selection process, participant backgrounds, and their relevant experiences. These sections provide insights into how the study was designed and conducted, ensuring transparency and offering sufficient context for readers to determine the potential applicability of the results to similar research settings.

3.6.4 Confirmability

To ensure confirmability, researchers must base their findings on data rather than personal biases or assumptions. However, as Bryman et al. (2019) note, achieving complete objectivity in business research is impossible. Therefore, to maintain a high possible degree of objectivity in this multiple case study, the authors have implemented processes to minimize personal biases and ensure that conclusions are grounded in the data. One such approach is reflexivity. This entails that the researchers are actively reflecting on their own potential biases and how these opinions might influence the research process. To address this, the researchers engaged in self-reflection to mitigate any subjective influence on the study. This self-reflection consists of the researchers documenting potential biases throughout the research process. After the interview process, the researchers reflected on whether their personal opinions or assumptions influenced the semi-structured interview follow-up questions. This multiple case study's researchers also discuss the findings with colleagues and supervisors to gain alternative perspectives on the interpretation's subjectivity. Lastly, to verify the accuracy and sufficiency of the transcribed findings, the researchers reached out to the respondents to ensure that their perspectives were accurately represented.

4. Empirical Findings

This chapter presents the empirical findings of this multiple case study based on the data collected through semi-structured interviews. The findings are structured around key themes that emerged during the coding, reflecting the perspectives of the different participants. These insights provide a foundation for the subsequent discussion and contribute to answering the study's research question.

4.1 Organizational Context

This study used a multiple case study approach in order to examine how SMEs manage sustainability reporting in response to evolving regulatory requirements, despite not being legally required to comply with CSRD. By adopting this approach, the study explores the role of external actors in shaping SMEs' sustainability strategies and reporting practices. Through analyzing both the internal adjustments within SMEs and the influence of key stakeholders, the study aims to provide insights into how SMEs respond strategically to evolving sustainability expectations and balance the tension between external demands and internal resource constraints. Furthermore, this multiple case study will present each respondent and their organization's involvement in SMEs' sustainability reporting practices, offering a comprehensive view of the dynamics at play.

Saltå Kvarn

Saltå Kvarn is a Swedish company that produces and sells organic food products (Saltå Kvarn n.d). It is a small company with a revenue of 182 798 tkr in 2024 and around 48 employees (Alla Bolag 2025). The core of Saltå Kvarn's business is quality (Saltå Kvarn n.d). All their products are organic, and their operations focus on sustainable, responsible sourcing and high-quality production. Callenmark has worked at Saltå Kvarn for nine years, starting as a purchaser and is now head of procurement, quality, and sustainability (Callenmark 2025), and Wigholm has worked at Saltå Kvarn for about three years and is a sustainability engineer (Wigholm 2025). Due to the company's small size, her role spans multiple areas closely tied to its core focus on organic products and sustainability (ibid).

Läkemedelsindustriföreningen (LIF)

LIF is the trade association for research-based pharmaceutical companies in Sweden (LIF n.d). LIF promotes high-quality healthcare and improved access to medical innovation by strengthening the Swedish life science sector in collaboration with healthcare providers, policymakers, patient organizations, and both large and smaller firms (ibid). Mattson is Head of Sustainability at LIF and

brings over 30 years of experience in the pharmaceutical industry (Mattson 2025). He has worked with sustainability issues throughout his career, focusing on environmental protection, health, and sustainable development. In addition to his role at LIF, he also serves as Chair of the European Pharmaceutical Industry Associations (ibid).

Almi Företagspartner

Almi Företagspartner is a state-owned organization that supports SMEs in Sweden through financing and business development services (Almi n.d). Almi AB is the parent company of a group that includes 16 regional subsidiaries and Almi Invest. The regional subsidiaries are 51 percent owned by the parent company and 49 percent by regional stakeholders, offering loans and business advisory services (ibid). Axelsson, based at Almi Företagspartner in Uppsala, is a business advisor specializing in innovation, internationalization, and sustainability (Axelsson 2025). He supports companies by providing guidance in these areas. Teleman, a sustainability expert at Almi Skåne, highlights Almi's mission to promote sustainable growth among SMEs through both financing and advisory services (Teleman 2025).

Spiltan Fonder

Spiltan Fonder is a Swedish fund management company managing approximately SEK 100 billion across nine funds (Spiltan Fonder n.d:a). The company primarily focuses on the Swedish market, with some Nordic exposure via its bond funds. All funds are classified the Sustainable Finance Disclosure Regulation (SFDR), meaning they promote environmental and social characteristics. Spiltan Fonder integrates sustainability into its investment processes and has a particular fond for SMEs (Spiltan Fonder n.d:b). Gustavsson has worked as a Sustainability Analyst at Spiltan Fonder since August 2023, supporting the Head of Sustainability as part of the sustainability team (Gustavsson 2025). Her work involves developing tools and processes for sustainability analysis, engaging in active ownership dialogues, and managing sustainability reporting (ibid).

These organizational profiles illustrate the unique contexts in which each SME operates, highlighting the diversity of their structures, values, and sustainability orientations.

4.2 Institutional Pressures and Legitimacy Expectations

The interviews revealed that SMEs are subject to a variety of external pressures that strongly influence their sustainability practices, even though they are not legally required to report. A key source of pressure identified in the interviews is the role of value chain expectations. Axelsson from Almi described how many SMEs feel compelled to align with the sustainability standards of their larger business clients. Axelsson noted that such expectations are often communicated implicitly through procurement demands and long-term partnership requirements.

"The larger actors fall under the CSRD requirements, and within their networks they will pose these questions to their SME suppliers. When the directive came into force, the companies realized they would indeed receive these questions, and they therefore must be able to deliver in order to keep the customer" (Axelsson 2025).

Many smaller companies are either suppliers or connected to larger multinational corporations, placing them in dependent positions where aligning with the expectations of dominant actors becomes essential for maintaining business relationships and market access. This creates an environment where SMEs must adapt to various expectations and requirements, which can be difficult to manage without clear guidelines. As Mattson from LIF explained:

"It is quite reasonable to believe that many of the expectations and pressures on the large companies then trickle down to the smaller firms...many smaller companies in the pharmaceutical sector are, in one way or another, either supplier or otherwise connected to one of these large multi corporations...and of course, the more order you have in place from a governance perspective, the more likely it is that one of the multinationals will want to acquire you, and the price naturally increases" (Mattson 2025).

In addition to customer-driven pressure, investor expectations emerged as a consistent theme across the interviews. Mattson emphasized how sustainability practices are increasingly tied to long-term business strategy. Demonstrating good governance and clear sustainability efforts is not only a response to current client demands but can also strengthen their attractiveness for future partnerships or acquisitions. In this sense, sustainability becomes a part of how companies build trust, signaling professionalism and increasing their value in the eyes of stakeholders. Gustavsson from Spiltan Fonder explained that while her firm does not demand flawless ESG performance, it does expect a clear trajectory and willingness to engage with sustainability. This pressure often involves ESG questionnaires and ongoing dialogue with portfolio companies.

"We need to gather information on the company's sustainability work. And if we can't find information on these critical points, such as how the company works with human rights, how we can ensure they comply with the OECD guidelines and the UN Global

Compact. If we simply can't verify it based on their sustainability disclosures, then we may choose not to invest" (Gustavsson 2025).

Gustavsson's perspective highlights how sustainability disclosure is no longer a "nice-to-have", it is becoming a practical threshold for access to capital. If information is missing or unclear, it signals a risk for investors and thus impacts SMEs' ability to secure investments. This dynamic is particularly pronounced in regulated or highly structured sectors. For instance, in the pharmaceutical and healthcare industries, Mattson from LIF described how SMEs connected to larger corporations or public sector frameworks must meet rising governance and sustainability standards, regardless of whether formal mandates apply. Thus, these pressures extend beyond operational practices and into communication and signaling. Sustainability reporting was highlighted as a key tool SMEs use to demonstrate legitimacy across the interviews. While many SMEs are not formally obliged to report, the act of sharing data is increasingly expected by stakeholders. When Mattson reflected on the regulators' demands and the role of legitimacy, he explained that sustainability has become a basic requirement for all companies operating in the market and emphasized the reputational importance of communicating good governance.

"But I usually say that I don't think it's reasonable for a public authority to request a bunch of information that they then don't really use in their decision-making. Of course, you should treat your employees fairly. You shouldn't be cutting corners with this, that, and the other. And just like those are basic hygiene factors, I think sustainability and environmental considerations are today an obvious hygiene factor for any company operating in the market" (Mattson 2025).

Just as companies are expected to meet basic ethical and legal standards, they are increasingly expected to demonstrate environmental and social responsibility, even when the data is not used in direct decision-making. This reflects how sustainability has become a part of the unwritten rules of doing business, influencing how customers, regulators, investors, and society at large judge the firm. Axelsson from Almi further emphasizes this point, stating that SMEs feel pressure from customers and investors to show sustainability, even when they are not legally required to report under CSRD. External stakeholders are increasingly expecting SMEs to be transparent about their sustainability practices, and this expectation can influence business relationships and funding decisions. Gustavsson echoes this reasoning and highlights that investors are increasingly analyzing sustainability practices before deciding to fund SMEs. She further notes that investors want to see that SMEs are taking sustainability seriously and have processes in place to manage their operational impacts on the environment.

Callemark and Wigholm from Saltå Kvarn described similar external pressures. While the company is not formally required to comply with CSRD, it anticipates

growing demands from its customers to provide sustainability-related data to other companies that do have to report according to CSRD, which creates indirect pressure to provide information throughout the value chain. In addition, Saltå Kvarn is already experiencing a lot of supplier questionnaires from clients requesting information on sourcing practices, risk assessments, and ethical standards, but are expecting to receive more questions about concrete data in the near future.

"We receive a lot of inquiries where they ask many questions about how we ensure our supply chain, what code of conduct we have, how we uphold the code, and what risk assessments we carry out, and so on. So far, they haven't asked much about pure sustainability data, but we can see that's coming" (Wigholm 2025).

While these requirements do not yet mandate formal sustainability reports, they highlight the role of larger organizations in shaping smaller firms' data practices and sustainability priorities through contractual or relational expectations. Callenmark noted that many large customers prefer suppliers to conform to standardized reporting formats, such as certifications or target frameworks because it aligns with their internal compliance structures. This suggests that the form of reporting used by SMEs is often influenced by the internal processes of larger firms. Additionally, Wigholm highlighted that their strong sustainability brand often draws suppliers who wish to associate with them, even when the commercial volume may be small. This further illustrates how external expectations can also take the form of reputational value that motivates SMEs to maintain visible sustainability efforts to meet partners' branding interests. Axelsson extended this idea further, suggesting that sustainability serves as a form of legitimacy that extends beyond regulatory or contractual obligations. In business-to-business relationships, it serves as a requirement for maintaining client trust and continuing partnerships. However, he also points out that this type of legitimacy differs from what firms' need in consumer-facing markets, where visibility and brand reputation are more directly shaped by public perception.

"Maintaining legitimacy is always something we find important... in a business-to-business setting, when it comes to sales between companies it is crucial... but that may not be as important when dealing with direct consumers.... you can see how different firms approach these issues and communicate them... and I find that legitimacy with consumers is actually more significant than business-to-business legitimacy" (Axelsson 2025).

While external expectations shape how SMEs present themselves to partners, investors, and consumers, these efforts often collide with internal constraints. Even when firms recognize the strategic value of sustainability, their ability to act on it heavily depends on available time, resources, and expertise, which will be explored in the next chapter.

4.3 Internal Constraints and Strategic Legitimacy Challenges

The increasing demand for sustainability reporting, driven by regulatory developments such as the CSRD, places significant administrative and financial pressure on companies, particularly SMEs. Gustavsson from Spiltan Fonder highlights the practical challenges smaller firms face in this context. She observes that while investor expectations around sustainability are intensifying, meeting these demands is far from straightforward. Gustavsson notes:

"You may have heard that investors are becoming even more demanding when it comes to pushing SMEs or companies on sustainability. But it's also difficult, because it's very costly for companies to invest in more sustainability functions. Not everyone has the time or the resources for that. As a result, the responsibility often falls on a CFO or someone in charge of communications. In the end, it all comes down to resources. But I definitely think they feel the pressure, because they are constantly being asked about sustainability" (Gustavsson 2025).

Gustavsson's reasoning reflects another significant barrier, which is the cost of implementing sustainability initiatives. These expenses often compete with other essential business priorities. Gustavsson points out the financial strain involved in hiring sustainability consultants or investing in sustainability initiatives. For many SMEs, finding the budget for sustainability efforts can be challenging, as these costs often compete with other essential business expenses. Balancing operational needs with sustainability goals can make it hard for SMEs to prioritize these investments. Teleman echoes Gustavsson's reasoning and notes that most SMEs lack a dedicated sustainability manager. This means, in practice, that sustainability tasks often fall to existing staff who are already juggling multiple responsibilities.

"It often ends up with the CFO, or HR, or the CEO, or some other poor soul who's already doing everything else" (Teleman 2025).

This "poor soul" is not only a symbol of overburdened workers, but it also reveals how sustainability work risks becoming a tiresome, unstructured process and heavily dependent on individual initiative. Without dedicated roles or formal processes, sustainability tasks are often added on top of existing responsibilities, leading to disjoint efforts and unclear ownership. This makes sustainability initiatives more vulnerable to staff turnover, shifting priorities, and burnout. Teleman's observation points to a deeper issue. Even when SMEs are committed to sustainability in principle, their organizational capacity to manage it effectively is often limited, tuning a long-term goal into an ad hoc burden.

In response to these challenges, both Teleman and Axelsson emphasized the importance of structured guidance and long-term thinking to make sustainability more manageable less dependent on individual effort. Teleman described Almi's sustainability dialogues, which are grounded in ISO 26000, as a way to guide companies through prioritization processes and help them focus on what is most relevant for their operations. This view was echoed by Axelsson, who noted that sustainability is integrated into every customer dialogue and is framed not as a regulatory burden but as a future-oriented asset.

"We address sustainability as part of our advisory meetings. It's a requirement for us to discuss sustainability with our clients. And then we try to inform them that this is not just a risk, it can be an opportunity. It is a business opportunity for you" (Axelsson 2025)

However, Axelsson further explains that many SMEs struggle to understand how sustainability fits into their business and often do not know where to start. While there are templates and guidelines available, Axelsson points out that these are rarely tailored to the specific needs of smaller companies, and hiring consultants is often too costly. This reality is clearly illustrated by Saltå Kvarn, where sustainability reporting becomes a shared responsibility among the employees and an additional task handled alongside other responsibilities. For SMEs like Saltå Kvarn, limited resources make it difficult to allocate time and workforce specifically for sustainability work. Callenmark described their approach:

"We support each other, Anette and I, with sustainability issues since we don't have a full-time position for sustainability in our organization" (Callenmark 2025).

Without a dedicated workforce, sustainability efforts can become inconsistent or incomplete, as those responsible may lack the time or expertise needed to handle these complex tasks effectively. For some, this results in smaller and more proportional approaches to sustainability efforts, considering the company's size. Wigholm highlights the financial constraints and reflects on the struggle to balance resource limitations with stakeholder expectations.

"We have developed a sustainability report, but it's quite basic compared to what larger companies produce. We're constantly trying to develop it and make it more in line with what our customers want" (Wigholm 2025).

This illustrates how SMEs often adopt an incremental and adaptive approach to sustainability reporting. Rather than attempting to replicate the detailed standards of larger firms, they prioritize continuous improvements and responsiveness to stakeholder feedback. Wigholm's comment also reflects a practical mindset, where the goal is not to achieve perfection but to demonstrate progress and engagement in a way that is realistic for smaller companies to achieve.

These internal limitations are compounded by a dynamic and sometimes unclear regulatory environment, which adds another layer of complexity to SMEs' sustainability efforts.

4.4 Institutional Contradictions and Legitimacy Trade-offs

Evolving sustainability regulations and the sudden Omnibus Proposal have created a fresh wave of uncertainty for SMEs who must constantly calibrate their disclosure efforts without clear guidance. One example of this regulatory uncertainty is evident in Saltå Kvarn. Being a smaller company with limited resources, these external expectations are having a direct impact in conjunction with their internal capacity restraints. This tension is captured well by Wigholm, who highlights how SMEs often struggle to meet increasing sustainability reporting demands and often lack the resources to meet the high bar that the big companies set. This means sustainability tasks often fall to existing staff who are already juggling multiple responsibilities.

"We don't have the kind of budget where we can bring in consultants and attend loads of courses like the big companies do. They often have people working full-time just on sustainability who can attend all kinds of training. And if that's not enough, they hire a consultant who comes in several days a week and helps them map biodiversity and all that... They've even bought digital tools and developed their own agri-app to measure climate impact. We simply don't have those resources as a small company. So that's a challenge. And the big companies also set a pretty high bar because they have the means to do so. They kind of raise the bar for everyone else. And for us, it's hard to keep up" (Wigholm 2025).

Wigholm's statement illustrates how structural pressures manifest as individual burdens. In the absence of resources to hire external consultants or allocate dedicated staff to manage sustainability processes, the responsibility is often added to the workload of existing workforce. This echoes the description in Chapter 4.3, the mentioning of the "poor soul" resurfaces here as a metaphor for the trade-offs SMEs make in their pursuit of legitimacy. Sustainability tasks are commonly assigned to individuals without a formal mandate or sufficient capacity, yet these individuals are still expected to produce legitimacy signals that demonstrate alignment with external expectations. This individualization of responsibility becomes even more problematic in the context of an unstable regulatory environment. As the regulatory landscape continues to evolve, it adds an additional layer of uncertainty, making it difficult for SMEs to assess whether their sustainability efforts are effective or even aligned with current expectations. The respondent continues to emphasize that the constant changes in the regulatory landscape make it harder for SMEs to comply, leading to some disorientation regarding whether their implementation of resources has been futile or not. While

reporting is crucial for transparency and accountability, it should not overshadow the substantive work required to achieve genuine sustainability goals and harm the core business. Wigholm comments on the regulatory uncertainty, stating:

"The Omnibus proposal came a bit out of the blue, and we're still trying to understand how it will affect us" (Wigholm 2025).

Emphasizing how sudden regulatory changes can leave SMEs in a state of uncertainty, complicating decision-making and resource allocation. For firms with limited resources, this instability may lead to hesitancy in committing to sustainability initiatives and highlights a broader institutional contradiction. SMEs are expected to keep pace with regulatory development to maintain legitimacy, yet the instability of these policies makes strategic compliance difficult. Building on this, Teleman reflects on the broader challenge of aligning SME operations with regulatory frameworks that may be temporary.

"Yesterday, I met a company with 100 employees and 160 million in revenue. They are small and unlisted, but they have gone through the entire process and conducted a double materiality analysis together with 2050 and are now set to produce a climate statement... When I then asked about the omnibus proposal, they were really affected because they had already invested and were ready. The proposal caused a delay and sparked frustration." (Teleman 2025).

Teleman explains that many SMEs are unsure about what exactly is expected of them in terms of sustainability reporting and that this uncertainty is compounded by the fact that reporting requirements can change, leading to a constant need to adapt operational processes. At the same time, frequent regulatory changes make it difficult for SMEs to align their strategies. The introduction of the Omnibus proposal has created a climate of uncertainty among SMEs that have already made significant investments in preparing for CSRD compliance. This is evident in the experiences of those working with SMEs.

Together, these challenges reflect a broader struggle among SMEs to find clarity and balance in their sustainability strategies under limited resources and shifting expectations. By navigating these challenges requires SMEs to make strategic decisions that align with both their operational capabilities and the evolving landscape of sustainability expectations.

4.5 Organizational Praxis

This section explores the strategic choices SMEs make in response to these external expectations. The interviews highlighted that while some firms adopt a proactive approach, aligning their internal practices ahead of legal requirements by

anticipating customer and investor needs, investing in internal processes, or using sustainability as a market differentiator, others take a more cautious path and are waiting for clearer guidance from regulators or market actors. Telemann from Almi noted that some SMEs have already begun conducting double materiality assessments and developing sustainability roadmaps despite not being formally covered by CSRD. For many SMEs, sustainability initiatives are not seen as an external requirement and are driven by compliance, but instead as part of their strategic foresight. This sentiment was echoed by Gustavsson at Spiltan Fonder, who emphasizes the link between proactive sustainability work and long-term competitiveness:

“If we look at the climate issue, are we going to reach the Paris Agreement goals by 2050? Then companies will have to transition. Whether they choose to report on it or not, to remain a viable business case in the future, I believe they need to have a transition plan or sustainability efforts in place... Attracting investments is also a crucial part of this” (Gustavsson 2025).

Gustavsson’s comment reflects a broader understanding among investors that sustainability is not simply about meeting requirements but also about preparing for the inevitable changes ahead. The reference to the Paris Agreement signals that a transition is not optional but a matter of future survival. This also highlights that investors are evaluating companies on their trajectory and credibility in managing environmental and social risks over time, and not just on current performance. Similarly, Mattson from LIF noted that businesses looking to acquire or secure long-term partnerships increasingly understand the need to establish strong internal governance structures and clear sustainability narratives early on. According to him, these efforts are not merely driven by reporting requirements but are instead seen as strategic business decisions. This view aligns with how investors, such as Spiltan fonder, view that sustainability can be understood in multiple ways. Gustavsson explained that there is no single definition of what it means to be “sustainable”. Therefore, companies are assessed based on how credibly they position themselves in relation to environmental and social issues. For example, Spiltan acknowledges that both firms offering future-oriented solutions, such as electric chargers, and those focused on improving existing processes are valid and investable. This flexibility in definition allows SMEs to position themselves more strategically according to their capabilities and market context. It also indicates that proactivity may not look the same across sectors but can still signal long-term orientation.

Furthermore, Saltå Kvarn exemplifies how sustainability can be deeply embedded in an SME’s identity and strategic direction. Callenmark described how the company’s core operations are rooted in sustainability, regardless of external mandates.

“Our entire business model is built on sustainability, all our products are organic”
(Callenmark 2025)

Although the company is not required by law to report under CSRD, they have voluntarily developed their own sustainability report and are continuously adapting based on input from customers and partners. Wigholm explained that they are trying to make improvements step by step and adapt the report based on what is realistic for a company of their size is able to handle. This proactive stance is supported by internal values, but also by the belief that being transparent is increasingly expected. For Saltå Kvarn, sustainability is not a compliance obligation but a core aspect of its mission and the company’s identity.

“We’re not doing it because of reporting, it’s about who we are” (Wigholm 2025).

This reinforces how sustainability is a guiding principle that informs daily decisions and long-term strategies for some SMEs. By voluntarily producing sustainability reports, Saltå Kvarn signals transparency and leadership to stakeholders. Their approach reflects how values and business goals align, making sustainability a competitive advantage rather than a compliance task. Wigholm’s emphasis on step-by-step improvement further shows how SMEs can tailor sustainability practices to fit their scale without losing credibility. However, the ability to act strategically is not only a matter of internal motivation or market positioning, but it also depends on access to the right support. Several interviewees emphasized the importance of tools and guidance in helping SMEs navigate sustainability in practice. Gustavsson further reinforced this idea, noting that transparency in ESG matters is increasingly viewed as a competitive advantage, regardless of legal requirements.

“We also tend to distinguish two types of sustainable companies: solution providers, like those making charging stations, because they drive electrification... and then there are the industrial firms that are transparent with great sustainability reports but still among the largest emitters in their sector... so you have to consider truly sustainable. These are two different perspectives at play” (Gustavsson 2025)

Gustavsson’s distinction between solution providers and transparent emitters highlights a key nuance, that sustainability is not a one-size-fits-all. Companies can contribute in different ways, either by offering green solutions or by improving their current operations and being transparent about their challenges. This flexibility is particularly important for SMEs, as it allows them to position themselves credibly even if their operations are not inherently low-carbon.

While formal reporting remains optional for many SMEs, the respondents noted that clear internal and external communication is becoming an essential part of how sustainability is strategically leveraged. As Mattson put it:

“Firms that define their own sustainability agenda tend to gain legitimacy and perform better over time” (Mattson 2025).

Mattson’s remark highlights the importance of taking ownership of a company’s sustainability direction. Firms that set their own agenda and communicate clearly are more likely to build trust and remain resilient over time.

4.6 Summary of Findings

Today, SMEs find themselves caught between powerful but informal mandates and their own limited capacity. Large firms that go under CSRD and investors are effectively pushing SMEs that are not legally required to disclose through procurement clauses and ESG screenings. At the same time, sustainability reporting has become a hygiene factor, shifting the baseline of legitimacy so that transparency is now expected even when no legal obligations exist.

The rising demand for sustainability reporting that is driven by regulatory developments such as CSRD, place intense administrative and financial pressures on SMEs. Constrained budgets, internal role overload and lack of knowledge of how sustainability fit into their businesses often force SMEs into basic or simplified reporting approaches. Navigating these challenges makes balancing day-to-day operations with increasingly complex sustainability expectations particularly challenging.

However, As SMEs invest in building sustainability reporting capacity, shifting regulations upend their efforts without warning, like the sudden omnibus proposal. This creates an unpredictable cycle where firms are preparing to comply but are having to rethink and recalibrate how they should proceed, which creates frustration, but at the same time, drives creative adaptation in how SMEs approach sustainability disclosure.

SMEs find themselves continuously challenged by shifting and uncertain regulatory landscape, such as the sudden introduction of the omnibus proposal that complicates their ability to strategically plan their sustainability disclosure efforts. In response, SMEs typically adopt two different types of tactical responses based on their internal capacity. They are either proactively engaging in becoming more transparent to stay ahead of the regulatory and stakeholder expectations or cautiously wait for the shift to happen before committing resources. However, their capability to respond strategically is not driven solely by motivation or competitive goals but is dependent on having reliable access to appropriate guidance and support.

5. Analysis and Discussion

This section presents an integrated analysis of the empirical findings in relation to the theoretical framework guiding this study. Drawing on the lenses of isomorphisms, legitimacy, and the dialectical perspective, the chapter examines how the four key themes (institutional pressure and legitimacy expectations, internal constraints and strategic legitimacy challenges, institutional contradictions and legitimacy trade-offs, and organizational praxis) reflect underlying institutional dynamics and strategic responses among the studied cases. The chapter concludes with a broader discussion that situates these insights within the wider literature context, thereby contributing to answering the research question.

5.1 Pressures and Contradictions

Seo and Creed (2002) argue that institutional isomorphism, through its coercive, mimetic, and normative mechanisms, generates contradictions as firms struggle with external pressures and internal constraints (DiMaggio & Powell 1983; Posadas et al. 2022). Building on this framework, normative pressure, which is driven by professional norms and support networks (DiMaggio & Powell 1983; Amoako et al. 2021), shapes how SMEs internalize and implement sustainability practices and often occurs among SMEs through collaboration with intermediaries like Almi, sector associations like LIF, and advisors offering sustainability-related tools, such as ISO 26000 or the CSRD.

Alongside these normative pressure, SMEs are also exposed to coercive pressure, especially from financial stakeholders. As highlighted by Gustavsson (2025), SMEs are increasingly facing increasing demands from investors to demonstrate stronger commitments to sustainability. This reflects a kind of coercive pressure, as described by DiMaggio and Powell (1983), where powerful stakeholders influence organizational behavior through access to critical resources such as capital. While such investor-driven pressure can encourage SMEs to adopt more professionalized practices, it also exposes their limited internal capacity, such as a lack of workforce, reporting infrastructure, or limited financial resources, to meet these growing demands. This kind of contradiction becomes particularly evident when SMEs are pushed to adopt standardized sustainability practices, often modeled after larger firms. A clear example of this is seen in how coercive pressures work in practice, especially in the relationship between large firms and SMEs, where SMEs are forced to conform to sustainability standards due to their dependence on the resources provided by larger firms. Several participants experienced that requests for ESG disclosures are becoming more integrated into supplier and investor

expectations. The perceived importance of meeting these demands is often linked to continued access to funding or supply chain partnerships and, thus, often serves as unofficial mandates. According to this study's findings, this pressure from large firms often leads SMEs to adjust their reporting practices to align with external expectations. DiMaggio and Powell (1983) formulate a hypothesis that supports this: *"The greater the dependence of an organization on another organization, the more similar it will become to that organization in structure, climate, and behavioral focus"* (DiMaggio & Powell 1983, P.154). This is particularly evident when SMEs' resource dependence on large firms becomes central to their operations, which is also noted by DiMaggio and Powell (1983) and Posadas et al. (2022).

While coercive isomorphism accounts for much of the external influence observed, it also exposes internal contradictions within the firm. External demands can force SMEs to adopt sustainability practices to meet the demands of larger customers, it can also lead to internal tensions (Seo & Creed 2002). The findings of this research and prior studies (Setyaningsih et al. 2024; Galkiewicz & Gaßner 2023; Guidi et al. 2023; Guerrero-Baena et al. 2024; Santos et al. 2022) indicate that SMEs generally struggle to adopt these practices due to limited resources. Specifically, SMEs like Saltå Kvarn face challenges in terms of limited financial and human resources. This conflict between external pressures and internal constraints creates intense frustration, as SMEs must rely on the existing workforce, who are already managing multiple responsibilities. The frustration can, as is evidenced by the findings, be understood as the direct result of contradictions emerging, as Seo and Creed (2002) underscore how external pressures and internal constraints constitute such a contradiction.

These contradictions do not just result in operational strain but also manifest as a deeply personal and emotional burden for these SMEs. As described by Seo and Creed (2002), institutional contradictions invade actors' everyday experiences and reshape their consciousness. A telling example comes from Teleman, who described that sustainability reporting tasks often fall to *"the CFO, or HR, or the CEO, or some other poor soul who's already doing everything else"* (Teleman 2025). This perspective captures the emotional and practical burden of navigating competing demands with insufficient resources. It highlights how external sustainability pressures are often absorbed informally by individuals who already carry multiple roles, creating a sense of institutional overload. Seo and Creed (2002) note that efforts to change institutional practices can be actively resisted because *"they threaten individuals' sense of security, increase the cost of information processing, and disrupt routines"* (Powell 1991 see Seo & Creed 2002, P.227). For SMEs, where just a handful of people often carry most of the workload, this kind of pressure hits even harder, as illustrated by Teleman's example, by disrupting

routines, slowly eroding the sense of security, and generating resistance that only add to the emotional stress that comes with trying to adapt to institutional change.

The emotional strain is further intensified by regulatory ambiguity, as evidenced by the Omnibus 1 proposal, which adds a sense of disorientation and triggers mimicry rather than a strategic response. SMEs that have invested resources in compliance preparation show frustration at new proposals holding up the process. This is further emphasized by the study's respondent, Wigholm (2025), regarding the confusion about how the proposal will affect them, and if their efforts were wasted or pointless. This constant uncertainty about what is required contributes to frustration and disorientation, aligning with what DiMaggio and Powell (1983) highlight as a key driver of mimetic isomorphism under organizational uncertainty. DiMaggio and Powell (1983) underscore that when organizations face situations where technologies are poorly understood, they tend to mirror themselves after other organizations that are perceived as successful, resulting in imitation as a response to the uncertainty of the external pressure. This contradiction between the external pressure, such as the omnibus 1 proposal, and the internal constraints of uncertainty can thus drive SMEs to mimic the practices of more established organizations to maintain legitimacy, which this multiple case study will delve into in next section.

5.2 Seeking Legitimacy

Pragmatic legitimacy refers to actions taken to satisfy the self-interest of key stakeholders (Suchman 1995). For SMEs, this often materializes in efforts to meet the particular expectations of investors, value chain partners, and customers, especially when these actors demand ESG disclosure as a condition to continue engagement. The case of Spiltan exemplifies this logic. As sustainability analysts at the investment firm state, they do not require perfect ESG performance but expect companies to show a clear direction: *"If we cannot verify [compliance with OECD and UNGC principles]... we may choose not to invest"* (Gustavsson 2025). This pressure often compels SMEs to develop KPI dashboards and track specific indicators, even without complete reporting systems. From a legitimacy standpoint, these actions are not driven by intrinsic values but by perceived survival imperative, fulfilling stakeholder expectations to preserve market access and financial support (O'Dwyer et al. 2011; Juusola & Srouij 2022). Moreover, this form of legitimacy often reinforces power asymmetries. SMEs are dependent on larger firms or investors and therefore have limited leverage to resist such demands. As a result, they adopt selective disclosure practices despite capacity constraints. As highlighted in section 5.1, this pressure can induce frustration, especially when sustainability becomes a basic requirement that firms must demonstrate to remain

eligible for contracts or funding. In these instances, legitimacy is less about values and more about fulfilling instrumental roles in value chains.

While pragmatic legitimacy is rooted in utility, moral legitimacy reflects alignment with broader societal norms and ethical values (Suchman 1995). For SMEs, reporting is about satisfying stakeholders and expressing their identity and responsibility. This is particularly evident in Saltå Kvarn's case. As a producer of organic food, Saltå Kvarn views sustainability as central to its brand. Callenmark (2025) explained, "*We want to be able to show [our commitment] in a transparent and structured way*", reinforcing that their sustainability disclosures were tied to their mission and not external mandates. This aligns with Boiral et al. (2019), who argue that morally driven firms use disclosures to reinforce their authenticity and ethical orientation. In such cases, legitimacy is not simply a reaction to stakeholder demands but an extension of organizational values. Similarly, Crossley et al. (2021) found that SMEs often derive reputational capital from value-based transparency, particularly when environmental stewardship and ethical sourcing are core to their competitive identity. Furthermore, the influence of normative isomorphism (DiMaggio & Powell 1983) is visible in professional networks and industry associations where SMEs are exposed to sustainability norms that elevate moral legitimacy. These norms shape not only what is being disclosed but also how SMEs conceptualize "the right thing to do", resulting in reporting behaviors that exceed formal requirements.

Cognitive legitimacy arises when actions are perceived as natural, expected, or inevitable (Suchman 1995). In the case of sustainability reporting, many SMEs adopt templates and frameworks not because they necessarily believe in them deeply but because "*that is just what firms do*" (Axelsson 2025). This reflects the institutionalization of reporting practices. Over time, ESG checklists and supplier questionnaires have become routine, and failing to participate marks a firm as unprofessional or illegitimate. This behavior is shaped by mimetic isomorphism (DiMaggio & Powell 1983), whereby SMEs model their practices after those of more established organizations, especially under conditions of uncertainty. In the case of Saltå Kvarn, Wigholm (2025) noted that while current stakeholders' demands are largely qualitative, they can see that quantitative ESG data is soon required, prompting a proactive adaptation of standard reporting tools. As shown by Galkieqicz and Gaßner (2023), the widespread use of templates, especially those aligned with CSRD, reflects the diffusion of standardized reporting norms that become embedded in daily routines. Pizzi and Coronella (2024) further argue that SMEs often adopt these tools to signal competence and reduce ambiguity, even if they lack the capacity to generate detailed metrics. Over time, this leads to a form of legitimacy that is no longer questioned, and reporting becomes a naturalized expectation within the institutional field.

Together, these three forms of legitimacy illustrate how SMEs strategically respond to indirect sustainability pressure. While pragmatic legitimacy reflects utility-driven adaptation to stakeholder demands, moral legitimacy is grounded in ethical commitments, and cognitive legitimacy emerges through the normalization of reporting practices. These strategies are not static or mutually exclusive. Instead, SMEs often combine them in hybrid ways by disclosing them selectively for pragmatic reasons, drawing on ethical values when they resonate with identity or stakeholder expectations, and relying on templates as default tools under uncertainty.

5.3 Praxis and Field of Change

While legitimacy-seeking behavior helps SMEs navigate institutional pressures, these strategies produce broader effects over time. Seo and Creed (2002) argue that contradictions between institutional pressure and organizational constraints generate praxis, the process by which organizations adopt and may reshape the institutional field. In this study, SMEs' pragmatic, moral, and cognitive legitimacy strategies manifest in forms of praxis that range from strategic accommodation to symbolic compliance and field-level feedback. Despite their limited capacity, these practices reveal how SMEs act as both carriers and challengers to sustainability norms.

These practices of selective response and institutional adaptation among SMEs echo previous research on incremental and adaptive compliance (Ruffo et al 2020; Pizzi & Coronella 2024). Notably, this study's findings revealed that SMEs respond to sustainability pressure not by fully adopting comprehensive ESG systems but by modifying or simplifying practices to meet expectations with minimal strain. This type of accommodative praxis involves adopting tools that simulate compliance, such as dashboards, checklists, and externally developed templates, without undergoing a complete internal transformation. For example, several SMEs, with support from intermediaries like Almi, are implementing ISO 26000 guidelines or double materiality analysis that allow them to map and track basic sustainability metrics without building robust reporting infrastructures. This approach reflects what Ruffo et al. (2020) describe as incremental compliance, an adaptive strategy that constrained firms use to signal engagement while conserving resources. As noted in section 5.2, the legitimacy gained from these tools is often sufficient to meet investor or customer expectations, particularly in contexts where symbolic signals are accepted as good-faith efforts. These adaptive strategies illustrate Seo and Creed's (2002) dialectic cycle, showing that SMEs do not passively absorb pressure but respond selectively and are shaping practices that work within their limitations. This results in a form of institutional accommodation where legitimacy

is achieved through minimum-viable compliance mechanisms, which are increasingly tolerated across the field.

Beyond material tools, some SMEs engage in symbolic praxis, issuing sustainability statements or value-driven narratives without developing formal ESG systems. These disclosures often emphasize ethical intention or alignment with broader goals, such as SDGs, but lack detailed metrics or third-party validation. This form of symbolic compliance serves as a narrative control, allowing SMEs to position themselves as responsible without incurring the full cost of institutional compliance. Crossley et al. (2021) argue that this is a common tactic for smaller firms seeking to maintain reputational legitimacy through discursive strategies. Alsahali and Malagueño (2021) similarly note that sustainability reports often function rhetorically, conveying moral positioning rather than measurable performance. In this study, SMEs like Saltå Kvarn not only tied reporting to ethical values but also constructed narratives around transparency, quality, and stakeholder engagement. These stories align with their brand identities and help frame the absence of full ESG reports as a deliberate value-based choice. This type of praxis reflects an intermediate response, where firms meet stakeholder expectations through storytelling, not systems.

Over time, even small-scale practices can contribute to broader institutional change. Repeated use of simplified templates, lobbying by SME associations, and normalizing "good enough" reporting tools illustrate how SME praxis contributes to institutional feedback loops. For instance, widespread reliance on structured questionnaires and pre-designed dashboards has led to their institutionalization in certain sectors, as observed by Gałkiewicz and Gaßner (2023). These tools, which were initially designed to simplify compliance, are increasingly being treated as acceptable forms of sustainability reporting, particularly in supply chains. This mirrors what Pizzi and Coronella (2024) describe as template institutionalization, where field actors collectively redefine what constitutes legitimate reporting. Moreover, field-level praxis is evident in political processes. SME federations across Europe have voiced concerns about CSRD timelines and proportionality. Their advocacy contributed to Omnibus 1, a regulatory delay and adjustment proposal, demonstrating how even small firms can shape the institutional landscape through coordinated feedback (Guidi et al. 2024; European Commission 2025). This underscores Seo and Creed's (2002) point that praxis is adaptive and can generate transformative influence, particularly when local responses accumulate into system-level adjustments.

5.4 Discussion

This multiple case study set out to answer what external pressures triggered by the CSRD do Swedish SMEs experience and how these pressures shape their internal sustainability reporting strategies. To address this, the researchers have applied a conceptual framework combining legitimacy theory, institutional isomorphisms, and a dialectic perspective on institutional change to interpret how SMEs respond and navigate to external pressures and growing indirect regulatory demands.

This study's findings have shown that Swedish SMEs experience significant and tangible indirect external pressures related to the CSRD, primarily from large firms in their value chains and from investors. First, this study has demonstrated that these pressures manifest through mechanisms like demanding sustainability information via procurement clauses, conducting ESG screenings, and linking sustainability efforts to access to financing or acquisition prospects. This creates "unofficial mandates" or "hygiene factors" that compel SMEs to respond, even without direct legal obligations under the CSRD. These expectations impose real requirements on SMEs to engage in sustainability reporting activities. However, the expectations often exceed SMEs' restricted internal capabilities in terms of workforce, time, and resources. This is consistent with the existing literature by Guerrero-Baena et al. (2024), Pizzi and Coronella (2024), Santos et al. (2022), and Setyaningsih et al. (2024), who consistently identify resource constraints as key barriers to sustainability reporting.

Secondly, the complexity of existing reporting frameworks was highlighted by respondents as a factor that compounds these challenges, in line with findings by Guerrero-Baena et al. (2024) and Setyaningsih et al. (2024). This mismatch generates institutional contradictions, which often manifest as a combination of emotional strain and work overload for key individuals, a consequence not explicitly addressed in existing literature. While studies by Pizzi and Coronella (2024), Setyaningsih et al. (2024), Guidi et al. (2023), and Guerrero-Baena et al. (2024) acknowledge organizational difficulties related to sustainability reporting within SMEs, this study adds a new perspective by highlighting the emotional and practical burden for individuals navigating competing demands with insufficient resources, which are impacted by sustainability demands. This multiple case study's findings show that these constraints are further intensified by regulatory uncertainty and the continuous amendments to legislation, such as the Omnibus 1 proposal, which creates confusion and disorientation among SMEs on how to proceed. While the specific impact of the Omnibus 1 proposal is not addressed in the prior work (Hummel & Jobst 2024; Pizzi & Coronella 2024; Ruffo et al. 2020), this study contributes to the broader theoretical gap by examining how resource-constrained SMEs navigate increasingly indirect and uncertain sustainability

pressures. The Omnibus 1 proposal serves as a recent example of such pressures, adding to the complexity and ambiguity that SMEs must manage.

Thirdly, in response, SMEs apply varied strategies to preserve legitimacy (Suchman 1995) while coping with capacity limitations. The findings of this study show that SMEs adopt pragmatic approaches and adjust their practices just enough to meet stakeholder expectations, often through tools like dashboards and answering questionnaires. Additionally, others, such as Saltå Kvarn, show more moral legitimacy by integrating sustainability reporting as a reflection of the organizational identity. Cognitive legitimacy also plays a role, as some firms adopt templates and standards like ISO 26000 simply because such frameworks are perceived as the norm within their sector. However, these legitimacy strategies are not mutually exclusive (Pizzi & Coronella 2024), and most firms combine pragmatic, moral, and cognitive approaches to survive within constraints (Suchman 1995), creating a hybrid strategy that blends pragmatism, values, and conformity to cope with external demands. Instead of offering full compliance, these responses often represent minimum-viable compliance, using symbolic tools like checklists and templates to simulate alignment with CSRD expectations. These findings correlate with existing research (Boiral et al. 2017; Hummel & Jobst 2024; Pizzi & Coronella 2024), which emphasizes that organizations' decisions are frequently influenced to satisfy stakeholders' expectations "*as cheaply as possible*" (Boiral et al. 2017, P. 1114), leading to a checklist approach, or the use of templates that make reports similar across companies (Pizzi & Coronella 2024). This indicates that while SMEs strive to maintain legitimacy, their strategies often prioritize symbolic compliance over substantive change, which underscores the constraints in standardized reporting frameworks. However, for some SMEs where sustainability is already core to their identity, these pressures can reinforce existing genuine efforts or push them towards developing clearer strategies that could eventually translate into improved actual sustainability outcomes. While the pressure on SMEs aims to promote transparency and accountability, the reality for SMEs, given their constraints, results in practices that mainly serve symbolic or compliance purposes to maintain legitimacy. With substantive change being a slower and resource-intensive process, therefore, reporting often serves more to meet expectations than to reflect a significant transformational change.

6. Conclusion

This multiple case study centers on understanding how SMEs respond to and navigate the pressures related to sustainability reporting that are triggered by the CSRD. This is significant because these SMEs are not legally required to comply with the CSRD. The study specifically investigates how these firms manage to maintain the legitimacy with stakeholders in this evolving regulatory landscape, and how dynamic institutional pressures influence their internal processes and reporting practices. It seeks to shed light on how SMEs strategically deal with growing sustainability reporting expectations while balancing external demands against their inherent internal resource limitations. Stemming from the identified empirical and theoretical problems related to the practical challenges SMEs face under indirect regulatory pressure and the limitations of existing research framework in explaining their responses, the study aims to understand what external pressures triggered by the CSRD do Swedish SMEs experience, and how do these pressures shape their internal sustainability-reporting strategies.

This multiple case study concludes that Swedish SMEs face significant indirect pressure triggered by the CSRD through their value chains and investors, making sustainability reporting a necessity for maintaining legitimacy and market access, even without being legally required to report. This pressure, combined with inherent resource constraints and regulatory uncertainty, creates contradictions that SMEs navigate using hybrid legitimacy strategies. Their responses often involve pragmatic, minimum-viable compliance, such as using simplified tools and templates. The study contributes by shedding light on how resource constraints impact the implementation of sustainability reporting for SMEs and by highlighting the personal burden experienced by individuals managing these demands. Furthermore, it suggests that the collective responses of SMEs, their praxis are not merely reactions but actively contribute to reshaping institutional norms and regulatory landscapes for sustainability reporting.

6.1 Limitations

While this study offers valuable insights into how Swedish SMEs respond to indirect regulatory pressure stemming from CSRD, several limitations must be acknowledged. Firstly, the researcher included six interviews, only two participants represented actual SMEs. The remaining interviewees offered advisory, investor, or industry association perspectives. Although these stakeholders provide valuable insights, their perspectives may not fully capture the internal challenges and decision-making processes within SMEs. Another limitation of the study is that the

research is geographically limited to Sweden, which may limit the transferability of the findings to other national contexts within the EU that have different regulatory environments and institutional dynamics. Furthermore, the data was collected during a period of regulatory uncertainty since the Omnibus proposal was introduced and voted on during the writing of this thesis. The actual effect of Omnibus 1 will not be seen until after the Swedish government has taken into account and integrated Omnibus into the Swedish sustainability reporting legislation. Lastly, the research draws on legitimacy theory, institutional isomorphism, and a dialectical perspective on institutional change. Alternative theoretical frameworks such as stakeholder theory or resources-based-view may provide complementary insight into SMEs' responses to the emerging sustainability disclosure pressure.

6.2 Future Research

Based on the insights from this study, several promising paths for future studies have emerged. One interesting avenue is to integrate research on sustainability reporting with studies on human resource management and the work environment, addressing the emotional overload identified in this thesis. Considering that the study's findings highlight the emotional stress employees experience due to indirect regulatory pressure surrounding sustainability disclosures, future studies should explore how strategic improvements in human resource management and the work environment could influence SMEs' actual sustainability reporting performance. More specifically, the research could explore whether improved employee well-being and reduced emotional overload could lead to more authentic and substantive sustainability disclosures and outcomes for SMEs. By bridging human resource practices and employee well-being to sustainability efforts, such a study would enrich our understanding of sustainability disclosure practices for SMEs beyond compliance needs and towards genuine sustainable development.

Another interesting research avenue is to investigate a larger and more diverse sample of SMEs to capture variations in how firms with different sizes, sectors, and resources engage with sustainability disclosures under indirect pressure from CSRD. A broader sample could help researchers find patterns or differences in perceived pressure, legitimacy-seeking strategies, and emotional responses. Expanding the sample in this way could contribute to a deeper understanding of the contextual factors that shape SMEs' responses to sustainability disclosure related institutional pressure.

Lastly, a longitudinal study would also be interesting for tracing how SMEs' legitimacy strategies evolve as regulations and stakeholder expectations mature. As

frameworks mature, the dynamic regulatory landscape stabilizes, and stakeholder expectations increase, SMEs may shift from symbolic reporting strategies to more substantive ones by prioritizing deeper organizational change or vice versa. Therefore, tracing these changes in a longitudinal study could shed light on the temporal dynamics of organizational change for SMEs and contribute with knowledge regarding the durability and long-term impact of SMEs' current sustainability disclosure practices.

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Acknowledgments

We would like to express our sincerely gratitude to Camilla Callenmark, Anette Wigholm, Kristin Teleman, Bengt Mattson, Anna Gustavsson, and Erik Axelsson, who participated in this study. Their insights, reflections, and experiences have been instrumental in shaping the direction and depth of this research.

We also extend our appreciation to our supervisor, Gustav Johed, for his invaluable guidance, support, and thoughtful feedback throughout the course of this study.

Furthermore, we would like to thank our peers for their constructive criticism, helpful suggestions, and valuable feedback during seminars and opposition sessions. Their input has contributed a meaningful contribution to the refinement of our work.

Popular Science Summary

Sustainability reporting is becoming a key way for companies to earn trust. It means sharing how a business affects people and the planet and how these, in turn, affect the company. This kind of openness shows that they are taking responsibility and not just focusing on profit. In doing so, they gain legitimacy, meaning that people and other businesses see them as fair, responsible, and worthy of trust and support.

New European rules, like the Corporate Sustainability Reporting Directive (CSRD), are pushing large companies to be more transparent about their environmental and social impacts. While these rules do not directly apply to most Small- and Medium-Sized Enterprises (SMEs), the pressure is trickling down. Large companies and investors are increasingly demanding sustainability information from the SMEs they work with.

This study explores how Swedish SMEs experience this pressure and how they respond. Through interviews with business representatives, advisors, and investors, the researchers found that many smaller companies feel stuck between growing demands and limited time, money, and staff. Some feel anxious or overwhelmed. To keep up, many use checklists or templates to produce reports that “look good on paper” but do not always reflect deep internal change. However, SMEs are not just reacting, many are actively shaping how sustainability is understood in their industries. They are finding creative and low-cost solutions to build trust and show responsibility, even without formal rules.

This research shows that SMEs play an important role in the shift towards more sustainable business practices. But they need practical support and not just pressure to turn sustainability reporting into real impact instead of another bureaucratic burden.

Appendix 1

Interview Questions

1. Kan du kort beskriva ditt företag och din roll
2. Trots att ni inte är skyldiga att rapportera hållbarhet, hur viktigt är det för ert företag att visa ert engagemang för hållbarhet för intressenter?
3. Vilka intressenter anser ni vara mest påverkande i ert beslut att engagera er i hållbarhetsfrågor?
4. Har ni märkt något tryck från externa aktörer, som kunder eller leverantörer, att ta hållbarhetsfrågor på allvar, även utan formellt krav?
 - a. Hur hanterar ni detta tryck?
5. Har er hållbarhetsrapportering, även om det är frivilligt, haft någon påverkan på företagets rykte eller relationer med viktiga intressenter?
6. Vilka är de viktigaste intressenterna för ert företag när det gäller hållbarhetsfrågor, och hur påverkar deras förväntningar er strategi?
7. Hur kommunicerar ni hållbarhetsåtgärder till era intressenter, och varför har ni valt dessa metoder?
8. Vilka interna utmaningar har ni mött när det gäller att implementera hållbarhetsinitiativ, och hur har ni hanterat dessa utmaningar?
9. Hur ser ni på fördelarna och nackdelarna med att frivilligt rapportera om hållbarhet? Har ni haft några överväganden kring att börja rapportera på en mer formell nivå?
10. Vad ser du som den största utmaningen framöver för ert företag när det gäller hållbarhetsrapportering och efterlevnad av CSRD?

Almi

1. Kan du kort beskriva ditt företag och din roll
2. Vilka utmaningar upplever ni att SMEs oftast står inför när det gäller att rapportera hållbarhet?
3. Vilka lösningar och verktyg erbjuder ni för att hjälpa SMEs med detta?
 - a. Vilka typer av stöd är mest efterfrågade bland SMEs?
4. Hur tror du att SMEs påverkas av indirekta förväntningar (från kunder, leverantörer eller finansiella aktörer) att anpassa sig till CSRD, trots att de inte är juridiskt skyldiga?
 - a. Vilken roll tror du att behovet av att bibehålla legitimitet gentemot intressenter spelar här?
5. Har du sett exempel på SMEs som lyckats bra med att möta intressenternas förväntningar på hållbarhetsrapportering?
 - a. Vad tror du gjorde att dessa företag lyckades så bra?

6. Hur ser ni på utvecklingen framåt – tror ni att fler SMEs frivilligt kommer börja rapportera hållbarhet frivilligt utan formella krav?
7. Tror du Omnibus-förslaget kommer göra någon skillnad för hur SMEs resonerar kring rapportering?

Spiltan

1. Kan du kort beskriva ditt företag och din roll
2. Hur ser ni på hållbarhetsrapportering i SMEs – är det något ni aktivt letar efter vid investeringar?
 - a. Vad tittar ni främst på i rapporteringen?
3. Hur hanterar ni företag som arbetar hållbart men som saknar formella hållbarhetsrapporter?
 - a. Finns det något annat sätt som dessa företag kan visa sitt hållbarhetsarbete för er?
4. Skulle ni investera i ett företag som inte har någon hållbarhetsstrategi alls?
5. Även om ni främst följer SFDR, har införandet av CSRD påverkat hur ni ser på SMEs och deras hållbarhetsrapportering?
 - a. Ser ni att CSRD leder till förändringar i SMEs hållbarhetsarbete som påverkar era investeringsbeslut?
6. Tror du att SMEs, trots undantag från formella krav, ändå kommer känna sig pressade att rapportera hållbarhet framöver enligt direktivet (CSRD)?
7. Finns det vanliga misstag eller brister hos SMEs när det gäller hållbarhetsrapportering som gör er tveksamma till investeringar?
 - a. Vad hade dessa företag kunnat göra bättre?

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