



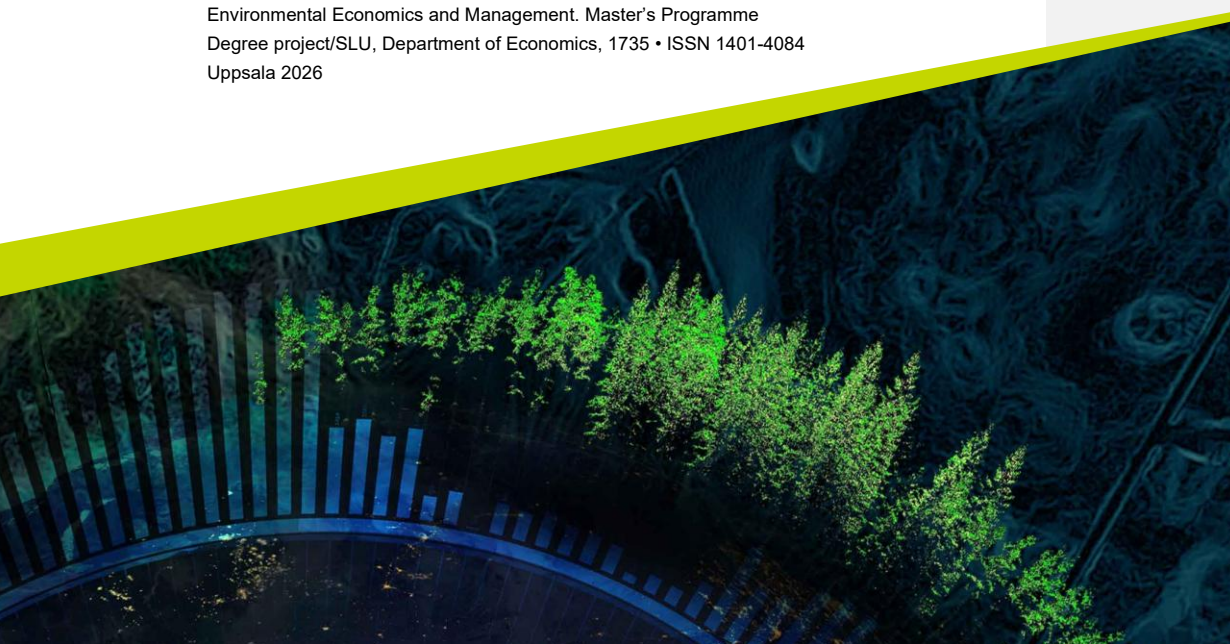
# Service innovation in the context of Sustainability consultancies

A case Study on Worsley Consultancy, SA.

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Alexandra Pladevall

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Faculty of Natural Resources and Agricultural Sciences/Department of Economics  
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Alexandra Pladevall

**Supervisor:** Per-Anders Langendahl, Swedish University of Agricultural Sciences, Department of Economics

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**Swedish University of Agricultural Sciences**  
Faculty of Natural Resources and Agricultural Sciences  
Department of Economics

## **Abstract**

This study examines service innovation in sustainability consulting in response to emerging regulatory frameworks, focusing on the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). Adopting a practice-based analytical perspective, the thesis analyses how service innovation develops through everyday consultancy work. Based on a qualitative case study combining participant observation and interviews, the findings show that service innovation emerges through the translation of regulatory requirements, coordination with clients, and iterative methodological development under conditions of uncertainty. The study further shows that sustainability consultancies act not only as intermediaries between regulation and organisations, but also as active knowledge constructors that shape tools, methods, and implementation practices. It concludes that service innovation in sustainability consulting is an emergent, practice-based, and regulation-driven process.

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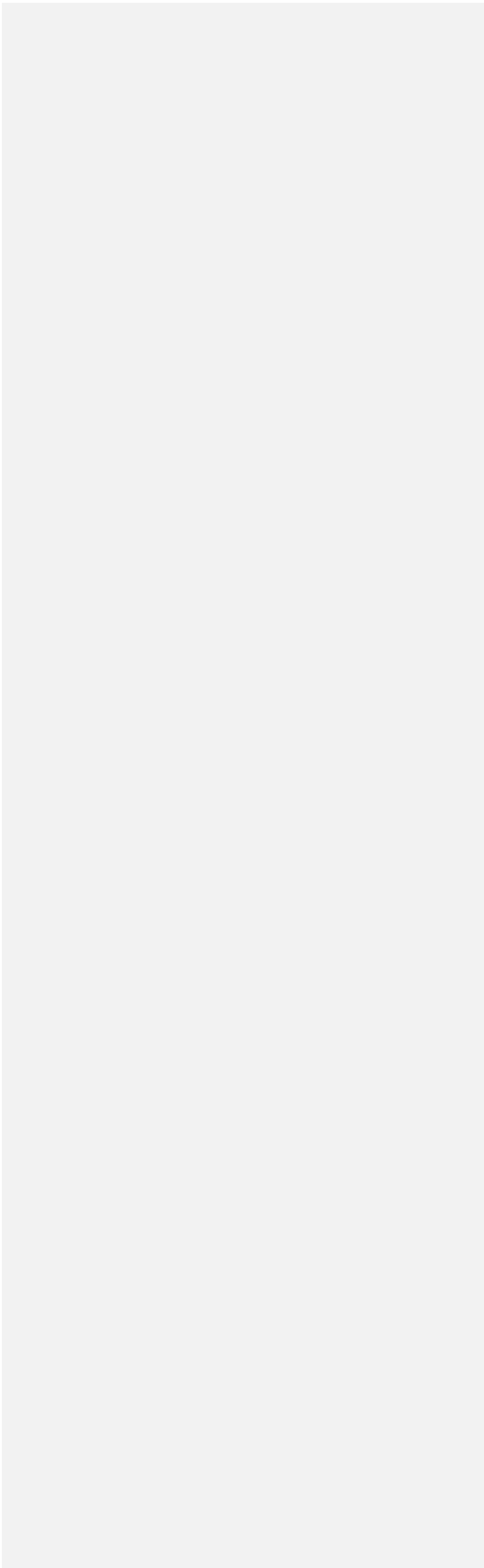
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## 1. Introduction

Sustainability has become a central challenge for contemporary organisations, as companies are increasingly expected to respond to environmental degradation, social inequality, resource constraints, and broader pressures for responsible business conduct. In this context, corporate sustainability is no longer only a matter of voluntary commitment or reputational positioning, but increasingly a question of how organisations understand, manage, and account for their impacts on society and the environment. This shift has contributed to the growing importance of sustainability reporting as a mechanism through which companies disclose sustainability-related information, demonstrate accountability, and respond to stakeholder and regulatory expectations.

In the academic literature, sustainability reporting has evolved from a largely voluntary exercise linked to corporate social responsibility into a more formal mechanism of accountability, transparency, and stakeholder engagement (KPMG, 2020; Hahn and Kühnen, 2013). In the European context, this shift is particularly significant, as sustainability reporting is increasingly shaped by institutional pressures rather than by voluntary corporate initiatives alone. Institutional theory is especially useful for understanding this development, as it explains how organisational practices emerge and become consolidated in response to regulatory frameworks, professional norms, and societal expectations (DiMaggio and Powell, 1983; Scott, 2014). From this perspective, sustainability reporting can be interpreted as an institutionalised practice through which organisations seek legitimacy, respond to external pressures, and align with dominant expectations in their environment. This interpretation is especially relevant in the European Union, where the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) have made sustainability reporting more formal and important within corporate reporting. They also place **double materiality** at the centre of the process, meaning that companies must report both on how sustainability issues affect the company financially and on how the company affects people and the environment (European Parliament and Council, 2022; EFRAG, 2023). As a result, sustainability reporting is no longer seen only as a way to improve reputation or communication, but increasingly as a governance tool that shapes how organisations identify, evaluate, and manage sustainability-related impacts, risks, and opportunities.

### 1.1. Sustainability reporting: evolution and institutionalisation

Research on sustainability reporting has shown that it has evolved from a mainly voluntary practice linked to corporate social responsibility into a more formal mechanism for accountability, transparency, and stakeholder engagement (Hahn and Kühnen, 2013; KPMG, 2020). This evolution has been shaped by voluntary and multi-stakeholder initiatives such as the Global Reporting Initiative (GRI), which introduced common principles for reporting environmental, social, and governance information, and by later frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD), which strengthened the connection between sustainability information, governance, risk management, and decision-making.

In the European context, this development has been reinforced by growing regulatory intervention. Institutional theory helps explain this shift, as it shows how organisational practices become established in response to regulatory frameworks, professional norms, and social expectations (DiMaggio and Powell, 1983; Scott, 2014). From this perspective, sustainability

reporting can be understood as an increasingly institutionalised practice through which organisations respond to external expectations and demonstrate accountability.

### 1.2. European Union sustainability reporting context: CSRD/ESRS and regulatory volatility

Building on this institutionalisation process, sustainability reporting in the European Union has undergone a major regulatory escalation through the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). Directive (EU) 2022/2464 expands reporting obligations and positions sustainability reporting as part of corporate reporting infrastructure rather than as an optional disclosure practice.

A central feature of the CSRD/ESRS framework is the move toward mandatory and standardised sustainability reporting requirements, intended to make sustainability information more comparable, reliable, and usable for decision-making. The framework requires companies to disclose sustainability-related impacts, risks, and opportunities, and places double materiality at the centre of the reporting process. This means that companies must consider both how sustainability issues affect the company financially and how the company affects people and the environment (European Parliament and Council, 2022; EFRAG, 2023).

Beyond disclosure outputs, CSRD/ESRS also reshapes organisational work. Sustainability reporting increasingly requires systematic data generation, cross-functional ownership, documentation, internal controls, and assurance-readiness. In practice, this shifts sustainability reporting from a communication-oriented activity towards a governance process connected to finance, risk, management, and organisational routines.

Importantly, the regulatory environment remains unstable. Recent policy developments, including the “stop-the-clock” Directive and the proposed “Omnibus” package, have introduced uncertainty regarding timing, scope, and future reporting obligations. This regulatory volatility is particularly relevant for sustainability consultancies, as their services depend not only on the content of regulation, but also on how stable, clear, and operational these requirements are in practice.

### 1.3. From reporting to organizational implementation: the empirical challenge of CSRD/ESRS

The implementation gap constitutes the empirical problem addressed in this thesis: companies are increasingly required to respond to sustainability reporting regulation, but often lack the internal capabilities, data structure, responsibilities, and interpretive knowledge needed to operationalise these requirements in practice.

Although CSRD/ESRS is formally presented as a reporting requirement for corporations, putting it into practice usually forces companies to build new internal capabilities, not simply to “write a report”. Companies that are subject to CSRD/ESRS need to understand what the standards require, decide what information is relevant and material, and then set up the practical way to collect, validate, and document that information across departments. They also need to connect these reporting requirements with how the company already works: its data systems, its internal responsibilities, its governance routines, and its decision-making processes.

Sustainability reporting in response to the ESRS does not only require companies to understand what must be disclosed; it also requires them to translate abstract regulatory requirements into concrete organisational routines, procedures and responsibilities. In practice, this means determining who is responsible for each datapoint, what evidence is needed to support it, how the

data is generated, what internal controls are applied, which assumptions are considered acceptable, and how consistency is maintained across the process. This translation work is essential because disclosures are only useful if they are reliable, comparable, and capable of withstanding internal review and, where relevant, external assurance. In this sense, sustainability reporting is not simply a matter of compliance, but also of building the internal structures, routines, and governance mechanisms necessary to make disclosure operational. This is not only a technical exercise; it also involves professional judgement and trade-offs under real constraints (limited time, incomplete data, unclear ownership, and resource limitations).

This empirical problem helps explain why sustainability consultancies become relevant actors in the CSRD/ESRS context, as they support companies in translating regulatory requirements into workable organization processes.

#### 1.4. Why consultancies matter: professional service firms and innovation in service work

The implementation difficulties described above help explain why sustainability consultancies become relevant actors in the CSRD/ESRS context. If companies are required to translate sustainability reporting regulation into internal routines, responsibilities, data processes, and governance structures, many of them need external support to interpret what the regulatory requires and how it can be operationalised in practice. Sustainability consultancies therefore enter the analysis not simply as external service providers, but as professional actors involved in shaping how regulatory requirements are translated into organizational practices.

Consultancies occupy a prominent position in contemporary organisational life, especially when organisations face uncertainty, specialised knowledge demands, or institutional change (Fincham, 1999; Sturdy et al., 2013). As professional service firms, they are typically characterised by high knowledge intensity, relatively low capital intensity, and a professionalised workforce (von Nordenflycht, 2010). Their prominence is particularly visible in contexts where organisations must interpret ambiguous demands, respond to external pressures, and implement change under conditions of uncertainty, since consultants often act as carriers, translators, and legitimators of new organisational practices (Suddaby and Greenwood, 2001; Sturdy et al., 2013).

The professional service firm perspective is relevant for this thesis because it highlights the organisational conditions under which consultancy work takes place. Consultancies create value primarily through specialised expertise, depend on credibility and legitimacy to sustain client relationships, and organise much of their work through project-based delivery structures (von Nordenflycht, 2010). These characteristics are especially important in the context of CSRD/ESRS implementation, where consultancies are required to interpret evolving regulatory requirements, develop service methodologies, and support clients in producing credible and potentially assurance-ready sustainability reporting practices.

A substantial body of literature has examined innovation in service and professional contexts, particularly in sectors such as consulting, law, accounting, healthcare, and engineering, where organisations create value primarily through specialised expertise and client interaction (Miles, 2005; von Nordenflycht, 2010). Within this field, commonly referred to as service research, innovation is not limited to the development of new products. Instead, it also includes changes in the service concept, the value proposition, the delivery system, and the organisational routines and resources that underpin service provision (Gustafsson, Snyder and Witell, 2020; Gallouj and Weinstein, 1997).

This service innovation perspective is particularly relevant for the present study because it allows innovation to be analysed in a way that reflects the knowledge-intensive, relational, and project-based nature of consultancy work. In a professional service firm such as a consultancy, innovation may therefore take the form of a new assessment methodology, a revised reporting process, a digital client interface, or a different way of organising project teams and knowledge flows. In the context of sustainability consulting, such innovation is often embedded within delivery work and expressed through the development of new methods, templates, diagnostic routines, workshop formats, and assurance-ready documentation practices.

Sustainability consultancy can be understood as a specialised segment within the broader consulting industry, in which firms support organisations on issues such as sustainability strategy, ESG (Environmental, Social, and Governance) governance, reporting, materiality assessment, climate transition, and regulatory compliance. More broadly, consultancy constitutes a heterogeneous professional field that encompasses multiple knowledge-intensive advisory domains, rather than a single uniform occupation (von Nordenflycht, 2010). Within this broader consulting field, sustainability consultancy has emerged as a comparatively recent and rapidly evolving area of practice. While organisations increasingly rely on external advisors to address sustainability-related challenges, academic work explicitly examining the characteristics and content of sustainability consulting services has historically been relatively limited compared to more established consulting domains (Kipping and Clark, 2012; Kneipp et al., 2019).

This is particularly relevant in the current European context, where sustainability consultancies are facing a new configuration of demands. These demands include regulatory pressure to comply with CSRD/ESRS requirements, client demand for practical implementation support, growing expectations around assurance-readiness, and the need to translate sustainability reporting into internal data, governance, and management processes.

At the regulatory level, sustainability reporting is becoming increasingly formalised and institutionalised through frameworks such as the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). These frameworks move sustainability reporting from a largely voluntary practice towards a mandatory and standardised component of corporate reporting, with clearer disclosure requirements and increasing expectations of reliability, comparability, and assurance.

However, this regulatory institutionalisation does not mean that implementation is fully settled in practice. While CSRD/ESRS define what companies are expected to disclose, organisations still need to interpret how these requirements should be operationalised within their specific contexts. This includes decisions about materiality assessment, data ownership, evidence collection, internal controls, documentation, and governance arrangements. Sustainability reporting therefore remains characterised by interpretive flexibility at the level of organisational implementation.

This combination of regulatory formalisation and practical uncertainty creates a dynamic context in which sustainability consultancies become particularly relevant. Their role is not only to explain regulatory requirements, but also to help organisations translate them into workable processes, methodologies, and routines. This is where the present thesis situates its theoretical and empirical problem: while existing research has examined sustainability reporting regulation and its implications for companies, less is known about how sustainability consultancies contribute to the development, uptake, and practical implementation of these reporting practices through service innovation.

### 1.5. How sustainability is understood here: a contested concept with an operational boundary

Although “sustainability” is often used in business as if its meaning were self-evident, academic literature shows that sustainability is a contested concept. Different actors attach different meanings to it depending on their values, priorities, and organisational contexts (Jacobs, 1999). This matters for research because competing interpretations influence what organisations define as “real” sustainability action, which topics receive attention, and how changes are justified as evidence of sustainability improvement.

This thesis adopts a pragmatic but reflexive position towards the concept of sustainability. It does not attempt to resolve philosophical debates about what sustainability should ultimately mean. Instead, it studies how sustainability becomes operationalised within a specific professional and institutional setting: sustainability consultancy services developed in response to EU sustainability reporting regulation.

Accordingly, sustainability is framed here through the CSRD/ESRS logic of reporting on sustainability-related impacts, risks, and opportunities, and through implementation processes such as materiality determination, data production, governance, documentation, and assurance preparation. However, the focus of the thesis is not only on the regulation itself, but on how sustainability consultancies translate these regulatory expectations into client-facing services, methodologies, deliverables, and routines.

The contested nature of sustainability is therefore not ignored; rather, it is treated as a background condition that shapes how consultancies define credible sustainability work, how services are packaged, and how “good practice” is negotiated between consultancies and client organisations engaging with CSRD/ESRS-related requirements.

### 1.6. Sustainability consultancies under CSRD/ESRS: service innovation under regulatory disruption

Sustainability consultancies are increasingly relevant in the CSRD/ESRS context because many organisations need external support to interpret and implement sustainability reporting requirements. As discussed above, CSRD/ESRS does not only create disclosure obligations; it also requires companies to develop internal processes, data structures, responsibilities, and documentation practices. This creates a practical space in which consultancies may support companies by translating regulatory requirements into workable organisational processes.

At the same time, sustainability consultancies operate in a context marked by regulatory change and uncertainty. The requirements associated with CSRD/ESRS are becoming more formalised, but their practical implementation remains open to interpretation. Companies need to understand not only what must be reported, but also how reporting processes should be organised, documented, and prepared for possible assurance. For consultancies, this means that their services cannot be understood as simple applications of fixed regulatory templates. Instead, they are likely to involve ongoing adaptation in response to changing rules, client needs, and practical implementation constraints.

This makes sustainability consulting a relevant empirical context for studying service innovation. In this thesis, service innovation refers to changes in both what consultancies offer—for example, service components, methodologies, tools, and deliverables—and how these services are delivered—for example, client interaction, project routines, coordination practices, and

documentation processes. The CSRD/ESRS context is therefore useful for examining how consultancy services are developed and adapted when regulatory requirements are still evolving and organisational implementation remains uncertain.

However, while existing research has examined sustainability reporting regulation and its implications for companies, less is known about how sustainability consultancies respond to these changes through the development and adaptation of their own services. This thesis addresses this gap by examining how service innovation in sustainability consulting unfolds in practice in response to CSRD/ESRS-related regulatory change.

### 1.7. Research gap: sustainability consultancies as intermediaries and service innovators under institutional change

Recent studies and institutional reports have begun to examine how organisations are responding to the implementation of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). This emerging body of work has mainly focused on reporting companies themselves, particularly on the organisational, methodological, and governance challenges involved in implementing the new requirements. For example, research has highlighted the complexity of double materiality assessments, increased data requirements, inconsistencies in assessment approaches, and risks of selective disclosure (Dunfjäll, 2025). Other studies point to uneven levels of organisational readiness, especially among smaller firms that may face constraints related to resources, expertise, and internal capabilities (Leal Filho et al., 2025). In addition, reports by institutions such as EFRAG and ESMA provide insight into how companies are structuring early implementation processes and into the quality of initial sustainability disclosures (EFRAG, 2024; ESMA, 2025).

However, this body of work remains predominantly focused on reporting entities themselves. As a result, it provides only a partial understanding of how sustainability reporting becomes operational in practice. In many cases, organisations do not implement CSRD/ESRS requirements independently. Instead, they rely on external actors, including sustainability consultancies, to interpret regulatory demands, structure implementation processes, support data collection, and help develop reporting practices. Despite this practical relevance, academic research has provided limited insight into the specific characteristics, content, and development of sustainability consulting services (Hannemann, 2019).

This gap is important because consultancies may influence not only how companies understand sustainability reporting requirements, but also how these requirements are translated into organisational routines, methodologies, and deliverables. In this sense, sustainability consultancies can be understood as intermediary actors operating between external regulatory frameworks and internal organisational practices. Intermediary theory is useful here because it draws attention to the bridging role of actors who translate, coordinate, and support the adoption of emerging practices across organisational boundaries. Recent contributions suggest that sustainability consultants may act as intermediaries who help transform abstract sustainability ambitions or regulatory expectations into concrete organisational action (Weissbrod, Dijkstra-Silva and Bocken, 2024). However, empirical evidence on how these intermediary roles are enacted in everyday consultancy work remains limited, especially in the context of CSRD/ESRS implementation.

At the same time, there is limited understanding of how sustainability consultancies develop and adapt their own services in response to regulatory change. Service innovation in professional

service firms has been widely studied, but less is known about how consulting services are designed, modified, and delivered in contexts characterised by evolving standards, regulatory uncertainty, client heterogeneity, and increasing expectations of credibility and assurance. This is particularly relevant in the CSRD/ESRS context, where consultancies may need to configure both what they offer — such as methodologies, tools, service components, and deliverables — and how they deliver these services — such as client interaction, coordination routines, project roles, and documentation processes.

The research gap addressed in this thesis is therefore twofold. First, there is limited empirical understanding of how sustainability consultancies contribute to the practical implementation of CSRD/ESRS by interpreting, translating, and supporting emerging reporting practices. Second, there is limited insight into how these consultancies develop, adapt, and innovate their services under conditions of regulatory change. Addressing this gap requires analysing sustainability consultancies not only as external service providers, but as intermediary actors whose service innovation practices shape how sustainability reporting requirements become operational within organisations.

### 1.8. Aim and research questions

The aim of this thesis is to understand how service innovation emerges and develops in sustainability consultancies under conditions of regulatory change and implementation uncertainty related to CSRD/ESRS.

**RQ1.** How are CSRD/ESRS-related sustainability consulting services structured and configured?

**RQ2.** How do sustainability consultancies develop and adapt these services under conditions of regulatory change and implementation uncertainty?

**RQ3.** How are these services delivered to support organisations in operationalising CSRD/ESRS requirements in practice?

### 1.9. Delimitations and thesis structure

This thesis is delimited in several ways. First, it focuses specifically on service innovation in sustainability consulting in relation to CSRD/ESRS implementation. It does not examine sustainability consulting as a whole, nor does it analyse all types of sustainability services offered by consultancies. Instead, the focus is on services developed to support organisations in responding to emerging sustainability reporting requirements.

Second, the thesis does not assess whether companies comply correctly with CSRD/ESRS, nor does it evaluate the technical quality of sustainability reports. The interest is not in measuring reporting performance, but in understanding how consultancy services are developed, adapted, and delivered in response to regulatory change and implementation challenges.

Third, the study is based on a single qualitative case study of one sustainability consultancy. The aim is therefore not to produce statistically generalisable findings, but to develop an in-depth, theory-informed understanding of how service innovation unfolds in a specific professional and regulatory context. The findings are intended to support analytical generalisation by contributing to discussions on intermediaries, professional service firms, and service innovation under regulatory uncertainty.

Finally, the thesis focuses primarily on the consultancy perspective. Although client needs and interactions are considered, the study does not provide a full client-side analysis of CSRD/ESRS implementation. The empirical focus remains on how the consultancy interprets regulatory requirements, structures service offerings, adapts delivery routines, and supports clients in operationalising sustainability reporting practices.

The thesis is structured as follows. Chapter 2 develops the conceptual framework, drawing on intermediary theory and service innovation literature to analyse the role of sustainability consultancies under regulatory change. Chapter 3 presents the methodology, including the qualitative case study design, data generation methods, analytical strategy, ethical considerations, and limitations. Chapter 4 presents the empirical findings, focusing on how intermediary work and service innovation are enacted in practice. Chapter 5 discusses the findings in relation to the literature, answers the research questions, and outlines the theoretical and practical implications of the study. The thesis concludes with a final reflection on the role of sustainability consultancies in the evolving CSRD/ESRS context.

## 2. Conceptual framework

This chapter develops the conceptual framework used to analyse **service innovation in sustainability consulting** in the context of CSRD/ESRS implementation. In line with the focus of the thesis, the framework examines how sustainability consultancies **develop, adapt, and deliver services** in response to evolving sustainability reporting requirements.

The framework focuses on two interconnected dimensions. First, it examines the role of sustainability consultancies as intermediary actors operating between regulatory requirements and organisational practices. Second, it analyses how consultancy services are developed, adapted, and delivered in practice. Together, these dimensions make it possible to examine service innovation as something that emerges through everyday consultancy work under conditions of regulatory change and implementation uncertainty.

The conceptual framework provides a set of sensitising concepts for examining how service innovation emerges in sustainability consultancies under conditions of regulatory change and implementation uncertainty. Rather than identifying fixed variables or testing hypotheses, the framework supports an interpretive analysis of how consultancy practices, service adaptation, and intermediary work unfold in practice. This is particularly relevant in consultancy settings, where work is often informal, project-based, and continuously evolving, and where changes in services are not always explicitly labelled as “innovation”.

The framework is structured around two main perspectives. First, intermediary theory is used to understand sustainability consultancies as actors that connect external demands — such as regulatory requirements and reporting standards — with internal organisational practices. This perspective helps analyse how consultancies translate, interpret, coordinate, and legitimise CSRD/ESRS-related requirements in ways that make them workable for organisations.

Second, service innovation literature provides a lens to analyse how consultancies develop and modify their services. In this thesis, service innovation is examined through changes in **what is offered**, such as service components, methodologies, tools, and deliverables, and **how it is delivered**, such as roles, routines, client interaction, coordination practices, and documentation processes.

Before introducing the two analytical perspectives used in this thesis, it is important to clarify the role of institutionalisation within the analytical framework. This thesis examines service innovation in the context of the institutionalisation of sustainability reporting in the European Union. As discussed in the introduction, sustainability reporting has evolved from a relatively voluntary and heterogeneous practice into a more standardised and regulated reporting framework through the introduction of CSRD/ESRS. This development creates new expectations regarding what companies should disclose, how sustainability-related information should be documented, and how reporting practices should become more reliable, comparable, and assurance-ready.

However, institutionalisation does not automatically explain how regulatory requirements become operational inside organisations. CSRD/ESRS may define reporting expectations, but companies still need to interpret these requirements, organise internal responsibilities, collect and validate data, develop documentation practices, and connect reporting obligations to existing organisational routines. This creates a practical implementation gap between policy requirements and organisational reporting practices.

**Kommenterad [PL1]:** This does not accord with the thesis aim. The term innovation or service innovation is not mentioned in the aim. If service innovation is the phenomena an sustainability consulting is the context where you aim to create a better understanding of service innovation - perhaps your aim should reflect this?

**Kommenterad [PL2]:** Good - this relates to your analytical choice of framing service innovation. So the aim is to create insight on service innovation and you have selected a conceptual framework to do so in the context of sustainability consulting.

This implementation gap is the condition under which sustainability consultancies become relevant. Consultancies may support companies in making regulatory requirements understandable and workable, while also developing and adapting their own services in response to this emerging demand. For this reason, institutionalisation is treated in this thesis as the broader regulatory and organisational setting within which service innovation emerges, rather than as a separate analytical pillar.

The analytical framework therefore focuses on two connected perspectives. Intermediary theory is used to analyse how consultancies operate between regulatory requirements and organisational practice through translation, coordination, and legitimisation. Service innovation literature is used to analyse how consultancies develop and adapt the methodologies, tools, routines, templates, workshops, and client-facing deliverables through which this intermediary work is performed.

## 2.1. Intermediaries in sustainability-related processes

### 2.1.1. Intermediaries as boundary actors in complex systems

Intermediaries are commonly understood as actors that operate between different organisations, domains, or institutional spheres, facilitating connections and exchanges across boundaries (Howells, 2006; van Lente et al., 2003). They have been studied in several empirical contexts, including technology transfer organisations that connect research institutions and firms, innovation agencies that support firms in adopting new technologies, incubators that help start-ups access networks and resources, agricultural extension services that translate scientific knowledge into farming practices, and transition intermediaries that support sustainability-oriented change across sectors. These examples show that intermediaries are not defined by belonging to one specific sector, but by the boundary-spanning functions they perform.

This position is not merely structural but functional. Intermediaries do not simply transmit information from one actor to another; they actively shape how knowledge, requirements, and practices are interpreted, translated, and applied. In innovation studies, for example, innovation intermediaries may help organisations identify relevant knowledge, connect with external expertise, adapt technologies to local needs, or develop new practices. In sustainability transitions, intermediaries can support the circulation of emerging ideas, coordinate actors across fragmented systems, and contribute to the stabilisation of new practices (Kivimaa et al., 2019).

In settings characterised by complexity and uncertainty, intermediaries become particularly relevant. Organisations are often required to respond to demands that are not fully specified and that require interpretation across regulatory, technical, organisational, and managerial domains. In these situations, intermediaries help bridge gaps between external expectations and internal organisational capabilities, enabling organisations to act despite ambiguity.

This perspective is relevant for analysing sustainability consultancies in the context of CSRD/ESRS implementation. In this thesis, sustainability consultancies are understood as specialised professional service actors that support organisations in interpreting, structuring, and implementing sustainability-related practices, particularly sustainability reporting requirements. Sustainability consultancies operate between evolving regulatory frameworks and the internal practices of client organisations, supporting companies in translating sustainability reporting requirements into organisational processes, methodologies, documentation practices, and reporting activities. In this sense, they can be understood as intermediary actors in sustainability reporting processes.

In this thesis, intermediary work is analysed through three interconnected practices: translation, coordination, and legitimisation. Translation refers to making regulatory requirements understandable and actionable within organisational settings. Coordination refers to connecting consultancy methodologies with client-side knowledge, organisational structures, departments, data, and responsibilities. Legitimation refers to making interpretations, methodologies, and reporting practices credible, defensible, and aligned with evolving regulatory and professional expectations. Together, these practices help explain how sustainability reporting requirements become workable in practice.

This process can also be understood as a form of operationalisation, through which abstract regulatory requirements are transformed into concrete organisational practices. In the context of CSRD/ESRS, operationalisation involves activities such as interpreting disclosure requirements, identifying impacts, risks and opportunities, organising data collection processes, assigning responsibilities, developing documentation practices, and preparing reporting outputs. Sustainability consultancies contribute to this process by developing and adapting methodologies, tools, routines, and client-facing deliverables that support implementation in practice.

However, the focus of this thesis is not primarily on whether sustainability consultancies generate innovation within client organisations. Rather, the thesis examines how service innovation emerges within sustainability consultancies themselves as they develop, adapt, and deliver services in response to evolving sustainability reporting requirements. The intermediary perspective is therefore used to understand the role consultancies play between regulation and organisational practice, while the service innovation perspective is used to analyse how consultancy services evolve in response to this intermediary role.

A key implication of this perspective is that intermediaries are not neutral actors. Their position allows them to influence how problems are framed, how solutions are developed, and how reporting practices become stabilised over time. As such, sustainability consultancies play an active role in shaping how sustainability reporting requirements are interpreted and implemented in practice.

#### 2.1.2. Core functions of intermediaries: translation, coordination and legitimisation

The literature on innovation intermediaries and sustainability transition intermediaries identifies several functions through which intermediaries support change across organisational and institutional boundaries (Howells, 2006; van Lente et al., 2003; Kivimaa et al., 2019). Although different studies use different typologies, three functions are particularly relevant for this thesis: translation, coordination, and legitimisation. These functions are useful for analysing how sustainability consultancies support organisations in making CSRD/ESRS requirements understandable, workable, and credible in practice.

In this thesis, intermediary work is analysed through three interconnected practices: translation, coordination, and legitimisation. Table 1 summarises these intermediary practices and their relevance in the context of CSRD/ESRS implementation.

Table 1. Intermediary practices in sustainability reporting implementation

Intermediary practice	Description	Relevance in the context of CSRD/ESRS
<b>Translation</b>	Translation refers to the interpretation and adaptation of regulatory requirements, reporting standards, technical guidance, and professional knowledge to specific organisational settings. It involves transforming abstract sustainability reporting requirements into concrete procedures, definitions, responsibilities, data requirements, and documentation practices.	In the context of CSRD/ESRS, translation helps organisations make evolving reporting requirements understandable and actionable within existing organisational routines and constraints.
<b>Coordination</b>	Coordination refers to the alignment of actors, departments, knowledge domains, and organisational processes involved in sustainability reporting implementation. Intermediaries facilitate collaboration across organisational units and help structure responsibilities, workflows, and communication processes.	In CSRD/ESRS implementation, coordination becomes important because sustainability reporting requires collaboration across multiple departments, including sustainability, finance, operations, procurement, HR, and management.
<b>Legitimation</b>	Legitimation refers to the construction of practices, methodologies, and outputs that are perceived as credible, appropriate, and aligned with regulatory and professional expectations. This includes the development of documentation and reporting practices capable of withstanding internal governance processes and external scrutiny (van Lente et al., 2003; Kivimaa et al., 2019).	In the CSRD/ESRS context, legitimation helps organisations and consultancies establish reporting practices that are considered reliable, defensible, and assurance-ready.

These intermediary practices highlight that sustainability consultancies do not simply support implementation, but actively shape how sustainability reporting practices are interpreted, operationalised, and justified within organisational settings.

### 2.1.3. Sustainability consultancies as intermediaries

Sustainability consultancies can be conceptualised as a specific type of intermediary operating in the context of sustainability-related organisational change. Drawing on intermediary theory, they can be understood as actors that operate between regulatory and standard-setting environments, on the one hand, and the organisational practices of client companies, on the other. In the case of CSRD/ESRS implementation, this means that consultancies may support organisations in interpreting reporting requirements and making them workable within specific organisational contexts.

This interpretation is grounded in the broader intermediary literature, which highlights the role of intermediaries in translating knowledge, coordinating actors, and supporting the stabilisation of emerging practices across organisational boundaries (Howells, 2006; van Lente et al., 2003; Kivimaa et al., 2019). Applied to sustainability consulting, this perspective suggests that

consultancies may contribute to the operationalisation of sustainability reporting requirements by helping organisations connect regulatory expectations with internal processes, responsibilities, and documentation practices.

In the CSRD/ESRS context, this intermediary perspective directs attention to activities such as:

- interpreting reporting requirements and standards;
- structuring implementation processes, including materiality-related work;
- supporting data collection and validation across organisational functions;
- clarifying roles, ownership, and responsibilities;
- developing documentation practices aligned with reporting and assurance expectations.

These activities are not presented here as empirical findings, but as theoretically informed sensitising concepts that guide the analysis. They help identify where and how sustainability consultancies may perform intermediary work in the implementation of CSRD/ESRS. The empirical chapters then examine how these roles are enacted in practice within the case study.

#### 2.1.4. Intermediary work as dynamic and context-dependent

Intermediary work is not static but evolves in response to changing institutional environments, stakeholder expectations, and implementation challenges. Rather than performing fixed functions, intermediaries continuously adapt their practices, tools, and modes of engagement to emerging circumstances (Kivimaa et al., 2019). Their role therefore depends on the specific regulatory, organisational, and market contexts in which they operate. This perspective is particularly relevant for sustainability consultancies working with CSRD/ESRS implementation, where regulatory requirements, client needs, and reporting practices remain subject to ongoing development and interpretation.

#### 2.1.5. Relevance of intermediary theory to this thesis

For this thesis, the concept of intermediaries provides the conceptual basis for understanding the role of sustainability consultancies in CSRD/ESRS implementation. It allows the analysis to move beyond a view of consultancies as simple service providers and instead understand them as actors that connect regulatory demands with organisational practices.

This conceptual perspective directs attention to how consultancies:

- interpret and translate regulatory requirements;
- coordinate implementation processes within organisations;
- construct approaches to sustainability reporting that are seen as credible and legitimate

It also highlights that these activities are not static, but evolve over time in response to changing conditions. This creates a direct link with the second component of the conceptual framework, namely service innovation, which helps explain how these intermediary activities are developed, adapted, and stabilised in practice.

## 2.2. Service innovation in professional services

### 2.2.1. Sustainability consulting as a professional service activity

The professional service firm perspective is useful for this thesis because it highlights the specific conditions under which consultancy work is produced. Consultancies create value primarily through specialised expertise, professional judgement, client interaction, and project-based delivery (von Nordenflycht, 2010). In such settings, innovation is not usually expressed through the development of a stable physical product, but through changes in methods, service concepts, routines, client interaction patterns, and knowledge-based deliverables.

Previous research on consulting also shows that credibility and legitimacy are central to consultancy work, because consultants depend on being perceived as knowledgeable, authoritative, and capable of producing valid solutions in contexts of uncertainty (Fincham, 1999; Sturdy et al., 2013). In the context of sustainability reporting, this issue becomes particularly relevant because consultancy outputs are connected to regulatory requirements, methodological choices, documentation practices, and, increasingly, assurance expectations. Credibility is therefore not only reputational; it is also linked to whether interpretations of standards are defensible, whether methods are applied consistently, and whether outputs can withstand internal review and potential external assurance.

This is relevant when sustainability consultancies are analysed as intermediaries. Intermediary literature suggests that actors positioned between different domains may influence how knowledge, requirements, and practices are interpreted and stabilised (Howells, 2006; van Lente et al., 2003; Kivimaa et al., 2019). In the CSRD/ESRS context, this perspective helps analyse how consultancies may connect regulatory and standard-setting requirements with the organisational realities of client companies. Service development in consulting may therefore become visible through the creation and refinement of artefacts such as templates, checklists, workshop formats, guidance documents, and delivery routines that help make consultancy work repeatable across projects.

However, while consultancy firms have been analysed more broadly as knowledge-intensive service providers and, in some cases, as innovation intermediaries or co-producers of innovation (Den Hertog, 2000; Howells, 2006), less is known about how sustainability consultancies perform this role in the specific context of CSRD/ESRS implementation. This limitation is important for the thesis, because it supports the need to examine how service innovation unfolds in sustainability consulting under evolving reporting requirements.

### 2.2.2. Service innovation as an emergent and practice-based process

Service innovation in professional service firms differs from innovation processes typically associated with product development or formal research and development structures. In consultancy settings, innovation often emerges through everyday project work, client interaction, and the continuous adaptation of methodologies and service practices (Gallouj & Savona, 2009). Rather than developing entirely new products, consultancies frequently innovate through changes in how services are developed, adapted, and delivered in response to evolving client and regulatory demands.

In this thesis, service innovation refers to the development and adaptation of consultancy services through changes in methodologies, tools, templates, workshops, documentation practices, routines, and client-facing deliverables. Service innovation is therefore

understood as an emergent and practice-based process shaped through ongoing consultancy work rather than through structured innovation processes.

In this thesis, service innovation is closely connected to the intermediary role of sustainability consultancies. Intermediary theory helps explain why consultancies become relevant in the context of CSRD/ESRS implementation: they operate between regulatory requirements and the organisational practices of client companies. Service innovation literature, in turn, helps explain how this intermediary role is enacted through the continuous development and adaptation of consultancy services.

From this perspective, service innovation is analysed through two interconnected dimensions:

**(1) Service concepts and packages (“what is offered”).**

This refers to the consultancy’s service bundle as presented to the market and delivered to companies: the scope of activities, deliverables, tools, and sequencing that constitute the CSRD/ESRS implementation service. In service innovation literature, changes in what is offered are commonly understood as changes in the service concept, service characteristics, value proposition, and knowledge-based outputs through which value is created for clients (Gallouj and Weinstein, 1997; Den Hertog, 2000; Gustafsson, Snyder and Witell, 2020). In the CSRD/ESRS context, this may include, for example, structured double materiality processes, ESRS datapoint mapping and gap analysis, implementation roadmaps, and documentation approaches designed for assurance-readiness..

**(2) Delivery routines and roles (“how it is delivered”).**

This refers to how the consultancy organises delivery: team role configurations, client interaction patterns, methods for coordinating across functions, routines for quality control, and internal processes for capturing and reusing learning. In PSFs, innovation often appears here because delivery systems are repeatedly adjusted to address feasibility constraints, client capacity, timeline pressure and methodological uncertainty (von Nordenflycht, 2010).

This “what/how” distinction is central to the thesis because it mirrors the dual nature of consultancy work as both a service provider and an intermediary: services must be defined in terms of what is offered, but also continuously adapted in terms of how they are delivered in order to translate external requirements into workable organisational practices.

### 2.2.3. Service-dominant logic, Co-production and Boundary-spanning practices

Service innovation in consulting is typically not produced in isolation; it is shaped through interaction with clients. Service-dominant logic provides a useful theoretical underpinning for this view, as it argues that value is not simply delivered by the provider but co-created through interaction and resource integration between providers and clients (Vargo and Lusch, 2004). In the context of consultancy work, this means that services are not fully produced before they reach the client. Rather, they are developed, adapted, and made valuable through the interaction between consultants’ expertise and the client’s organisational knowledge, data, constraints, and needs.

For CSRD/ESRS implementation, this co-production is particularly relevant because sustainability reporting requires cross-functional participation inside the company, including finance, sustainability, risk, HR, operations, procurement, and other organisational functions. Consultancies may provide methodological expertise and regulatory interpretation, but client

organisations hold the internal information needed to identify impacts, risks and opportunities, allocate responsibilities, and produce reliable data. As a result, consultancy services are shaped through interaction between external expertise and internal organisational knowledge.

Consequently, sustainability consultancies frequently operate as boundary-spanning actors. They help translate reporting requirements into workable internal arrangements by clarifying data ownership, facilitating materiality discussions, aligning definitions, and designing routines that connect disclosure requirements to organisational realities. In this sense, co-production is closely linked to the intermediary role described in the previous section: consultancies do not simply deliver a predefined service, but work with clients to interpret requirements and develop implementation practices.

#### 2.2.4. Analytical dimensions of service innovation

To analyse how service innovation emerges in sustainability consultancies, this thesis focuses on several analytical dimensions through which changes in consultancy services become empirically visible. These dimensions do not represent fixed variables or sequential stages of innovation. Rather, they provide an analytical structure for examining how consultancy services evolve through everyday project work and regulatory adaptation.

Because the term innovation can refer to different phenomena, it is important to clarify how it is used in this thesis. The thesis does not understand innovation primarily as technological invention, product development, or the launch of an entirely new service to the market. Instead, it adopts a **service innovation perspective**, where innovation refers to changes in service concepts, service offerings, delivery systems, routines, roles, and knowledge-based outputs through which value is created with clients (Gallouj and Weinstein, 1997; Den Hertog, 2000; Gustafsson, Snyder and Witell, 2020).

In this thesis, the specific phenomenon under study is service innovation in sustainability consulting. This means examining how sustainability consultancies develop, adapt, and stabilise their own services in response to CSRD/ESRS regulatory requirements, client needs, and implementation uncertainty. Innovation may therefore be incremental rather than radical, and it may appear through changes in methodologies, templates, workshop formats, documentation practices, client interaction routines, or the sequencing of project activities.

This definition is closely connected to the intermediary perspective developed above. Sustainability consultancies may act as intermediaries between regulatory requirements and client organisations, but they perform this role through concrete services. Service innovation is therefore analysed as the way consultancies adjust **what they offer** and **how they deliver it** in order to translate, coordinate, and legitimise CSRD/ESRS-related implementation work.

Because service innovation in professional service firms is often incremental and embedded in everyday delivery work, it may be difficult to identify if the analysis focuses only on formal “new service launches”. The analytical framework therefore focuses on several dimensions through which service innovation becomes empirically visible in sustainability consulting. These dimensions do not represent fixed variables or sequential stages of innovation, but rather provide an interpretive structure for analysing how consultancy services evolve through project work, client interaction, and regulatory adaptation:

Table 2. Analytical dimensions of service innovation in sustainability consulting

Analytical dimension	Description	Empirical indicators in sustainability consulting
Modifications to service offerings	Changes in the composition, scope, or structure of consultancy services and deliverables.	Additions or removals of service components, changes in reporting outputs, restructuring of project scope, or new combinations of sustainability services (Gustafsson, Snyder and Witell, 2020).
Evolution of delivery routines	Adaptation of internal processes and service delivery practices.	Changes in workshop formats, sequencing of project activities, documentation requirements, internal review procedures, and QA practices.
Shifts in role configurations	Changes in how responsibilities and expertise are distributed across consultancy and client teams.	Redistribution of tasks between consultants and clients, increased specialist involvement, or new coordination patterns between junior and senior consultants (von Nordenflycht, 2010).
Boundary-spanning practices	Activities that connect regulatory requirements with organisational implementation processes.	Translation of regulatory requirements into organisational roles, data flows, reporting structures, and decision-making processes, often through co-production with clients (Vargo and Lusch, 2004).
Stabilisation of innovation	Processes through which temporary or project-specific solutions become repeatable organisational practices.	Development of codified templates, internal guidance documents, training materials, standard proposal language, or repeated use across projects.

Together, these analytical dimensions make it possible to examine service innovation as an emergent and practice-based process shaped through ongoing consultancy work rather than through discrete or formally separated innovation activities.

#### 2.2.5. Relevance of service innovation to this thesis

Service innovation provides a useful lens for understanding how sustainability consultancies develop, adapt, and stabilise their service offerings in response to evolving CSRD/ESRS requirements. Rather than viewing innovation as a discrete organisational process, this thesis examines how new service configurations emerge through everyday consultancy practices, client interactions, and responses to regulatory uncertainty.

### 2.3. Integrating the framework: intermediaries and service innovation under institutionalisation

The research problem addressed in this thesis relates to the increasing institutionalisation of sustainability reporting under CSRD/ESRS and the difficulties organisations face in translating evolving regulatory requirements into concrete organisational practices. As discussed in the introduction, companies are increasingly expected to operationalise sustainability reporting requirements, yet these requirements often remain complex, evolving, and difficult to implement in practice. This creates a situation in which sustainability consultancies become relevant actors, not only because they support companies in interpreting regulation, but also because they develop and adapt their own services in order to make these requirements actionable for clients.

To address this research problem, the analytical framework developed in this chapter combines intermediary theory and service innovation literature. These two theoretical perspectives help explain different but interconnected aspects of how service innovation emerges in sustainability consultancies under conditions of CSRD/ESRS-related regulatory change.

Intermediary theory helps explain how sustainability consultancies operate between regulatory requirements and organisational practice through processes of translation, coordination, and legitimisation (Howells, 2006; van Lente et al., 2003; Kivimaa et al., 2019). Service innovation literature, in turn, helps explain how consultancy services evolve through changes in service offerings, delivery practices, routines, roles, methodologies, and client interaction (Gallouj and Weinstein, 1997; Den Hertog, 2000; Gustafsson, Snyder and Witell, 2020).

These two perspectives are combined because the thesis examines sustainability consultancies not only as actors that support organisations in responding to sustainability reporting requirements, but also as organisations that continuously develop and adapt their own services in order to perform this support. Intermediary theory therefore helps analyse the role consultancies play in linking CSRD/ESRS-related regulatory requirements with sustainability reporting practices in firms. Service innovation literature complements this perspective by examining how this intermediary role is enacted through the ongoing development and adaptation of consultancy services.

In this framework, intermediary work and service innovation are understood as closely connected. Sustainability consultancies perform their intermediary role through the consultancy services they develop, adapt, and deliver to clients. Activities such as translation, coordination, and legitimisation therefore take place through concrete consultancy practices, including methodologies, workshops, documentation processes, templates, coordination routines, and client-facing deliverables.

From this perspective, service innovation refers to how consultancies continuously adapt their services and practices in response to evolving regulatory requirements, client needs, and implementation challenges related to CSRD/ESRS.

Applied to the implementation of CSRD/ESRS, the analytical framework directs attention to how sustainability reporting requirements are interpreted, operationalised, and incorporated into organisational reporting practices. While CSRD/ESRS establishes regulatory expectations

regarding sustainability disclosures, these requirements still require interpretation, coordination, and organisational adaptation in practice.

The framework therefore makes it possible to analyse how sustainability consultancies support organisations in responding to these implementation challenges, while simultaneously developing and adapting their own consultancy services in the process.

As clarified at the beginning of this chapter, institutionalisation is treated as the broader institutional setting of the thesis rather than as a separate analytical pillar. The increasing standardisation of sustainability reporting through CSRD/ESRS creates pressure for organisations to develop more structured reporting practices, but it does not by itself explain how these practices become workable in organisational settings. For this reason, the analytical perspective developed in this chapter focuses on intermediary theory and service innovation as complementary lenses for examining how sustainability reporting requirements are translated, coordinated, legitimised, and operationalised in practice.

The empirical analysis is organised around three interconnected dimensions. First, it examines the types of services sustainability consultancies develop in response to CSRD/ESRS-related regulatory requirements. Second, it analyses how these services are adapted under conditions of regulatory change and implementation uncertainty. Third, it examines how consultancy services support organisations in operationalising sustainability reporting requirements in practice.

Within this perspective, intermediary activities such as translation, coordination, and legitimisation are treated as analytical categories, while consultancy services and delivery practices are treated as the practical means through which these activities are performed. This distinction makes it possible to connect the intermediary role of sustainability consultancies with the ongoing development and adaptation of consultancy services.

Finally, service innovation is not conceptualised as a linear process in which regulation creates pressure, consultancies develop services, and organisations subsequently implement them. Rather, service innovation is treated as an iterative and relational process shaped through interactions between regulatory requirements, consultant interpretation, client needs, implementation constraints, and emerging professional practices.

Figure 1 summarises the analytical perspective developed in this chapter. It illustrates the intermediary position of sustainability consultancies within the implementation of CSRD/ESRS-related reporting requirements and the relationships examined throughout the thesis.

*Figure 1. The intermediary position of sustainability consultancies in the CSRD/ESRS implementation process*

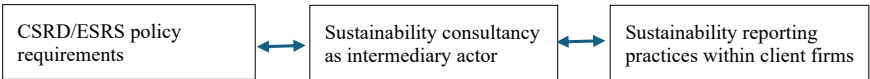


Figure 1 illustrates the intermediary role of sustainability consultancies within the implementation of CSRD/ESRS-related sustainability reporting requirements. On the left, CSRD/ESRS policy requirements represent the regulatory expectations established at the European level regarding

sustainability disclosures and reporting practices. On the right, sustainability reporting practices within client firms represent the organisational processes, structures, and routines through which these requirements are interpreted and operationalised in practice.

Sustainability consultancies are positioned between these two domains as intermediary actors. They support organisations through activities such as translation, coordination, and legitimisation, helping companies interpret regulatory requirements, organise reporting processes, develop methodologies, and produce reporting outputs aligned with emerging expectations.

The bidirectional arrows indicate that these relationships are not linear or one-directional. Sustainability consultancies do not simply transfer regulatory requirements into organisational practices; they also adapt their own services and methodologies in response to client implementation challenges, evolving reporting expectations, and emerging professional practices. This reflects the iterative and relational character of intermediary work and service innovation in sustainability consulting.

Figure 2 presents the integrated analytical framework developed in this thesis. The framework combines intermediary theory and service innovation literature to examine how sustainability consultancies operate between CSRD/ESRS-related regulatory requirements and sustainability reporting practices within client organisations.

Figure 2. Integrated analytical framework: Service innovation as intermediary practice in CSRD/ESRS implementation

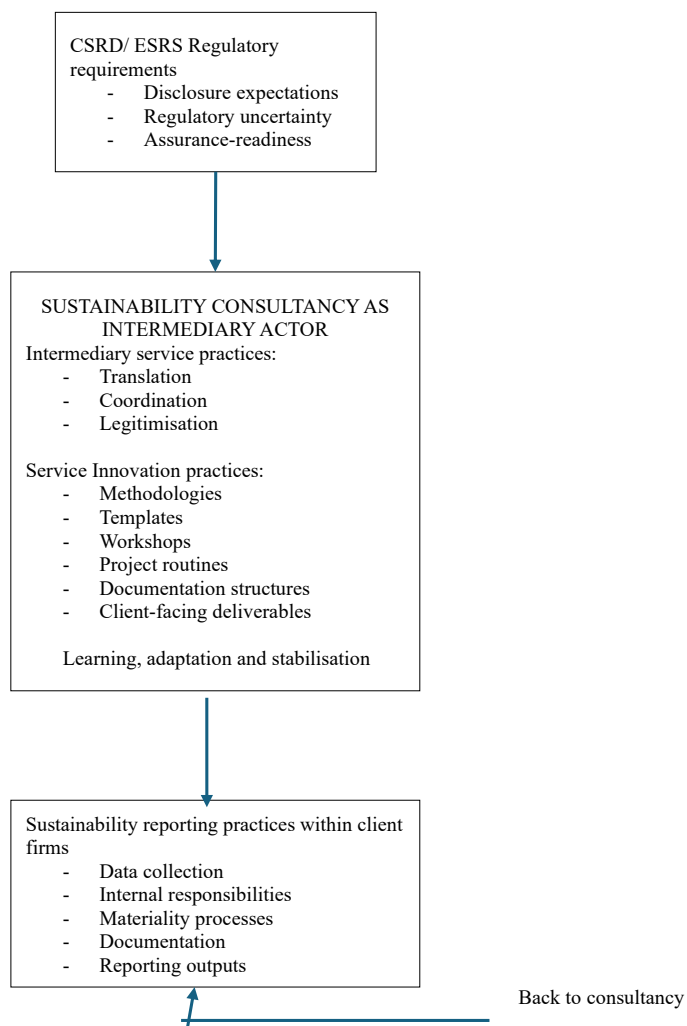


Figure 2 illustrates the analytical framework used in this thesis. The framework conceptualises sustainability consultancies as intermediary actors positioned between CSRD/ESRS-related regulatory requirements and sustainability reporting practices within firms. Regulatory requirements include disclosure expectations, implementation uncertainty, and assurance-related pressures, while reporting practices refer to the organisational processes through which these requirements are operationalised, such as data collection, responsibility allocation, documentation, materiality assessment, and reporting outputs.

The intermediary role of consultancies is analysed through translation, coordination, and legitimisation. These practices are carried out through concrete service practices, including methodologies, templates, workshops, project routines, documentation structures, and client-facing deliverables. In this way, the framework combines intermediary theory with service innovation literature.

The framework should therefore be understood as dynamic rather than linear. It directs attention to how consultancy services evolve through interactions between regulatory requirements, consultant interpretation, client needs, implementation constraints, and emerging professional practices.

## 3. Methodology

### 3.1. Research approach and methodological rationale

This thesis adopts a qualitative, exploratory and process-oriented research approach. While different methodological approaches could be used to study sustainability reporting implementation—such as quantitative analyses of disclosure practices or survey-based studies of organisational readiness—this research selects a qualitative approach in order to capture how consultancy work unfolds in practice.

The research question concerns how a sustainability consultancy develops and redevelops services that support companies in implementing CSRD/ESRS requirements. Addressing this question requires access to practices, interactions, routines and artefacts through which implementation support is produced in everyday work. A qualitative approach is therefore particularly appropriate, as it allows for an in-depth examination of processes, meanings, and context-specific dynamics that would be difficult to capture through more structured or quantitative methods.

Accordingly, the study combines a single-case study design with an ethnographically informed field strategy (focused ethnography). Focused ethnography is appropriate when the research targets a specific phenomenon within a bounded setting and timeframe, enabling intensive and time-concentrated data generation without the long immersion typical of classical ethnography (Knoblauch, 2005). Within this design, participant observation is used to capture service redevelopment ‘in the making’—for example, in meetings where methods and templates are discussed, in internal coordination, and in client-facing preparation moments.

The empirical material is analysed in dialogue with the conceptual framework developed in this thesis. The analysis therefore combines (i) inductive attention to what is observed in practice with (ii) theory-informed interpretation, in which empirical patterns are examined through the lenses of intermediary theory and service innovation in professional service firms. This means that the analysis remains open to unexpected practices and meanings emerging from the case, while also using theory to guide the interpretation of how consultancies mediate between regulatory demands and organisational practices, and how they develop and adapt their services in that role. This approach is consistent with case-study logic, which treats theory both as a guide to data collection and as an analytical resource for pattern-oriented explanation (Yin, 2018).

### 3.2. Research design

#### 3.2.1. Case study strategy

This study adopts a qualitative, process-oriented single-case study design focused on sustainability consultancy work in the context of CSRD/ESRS implementation. The case study is conducted within Worsley Acceleration Services, a boutique consultancy specialising in sustainability and innovation-related advisory services. The organisation was selected because it provides an empirically relevant setting for examining how sustainability consultancies develop, adapt, and deliver services in response to evolving sustainability reporting requirements.

The study is based on an embedded research position within the case organisation. The researcher initially joined the consultancy as an intern and later transitioned into a junior consultant role within the sustainability department. This position provided access to everyday consultancy practices, including internal coordination processes, methodological discussions, project

development activities, and selected client-related work connected to CSRD/ESRS implementation support.

A single-case design is appropriate because the study seeks to develop an in-depth understanding of a contemporary organisational phenomenon situated within a specific professional and regulatory setting. Rather than aiming for statistical generalisation, the study follows an analytically oriented case study approach in which empirical observations are interpreted through intermediary theory and service innovation literature (Yin, 2018). The purpose is therefore to generate theoretically informed insights into how service innovation emerges through consultancy practices under conditions of regulatory change and implementation uncertainty.

The process-oriented character of the study is particularly important because the thesis examines consultancy work as dynamic and evolving rather than static. The study focuses not only on what consultancy services consist of, but also on how they are continuously interpreted, adjusted, stabilised, and delivered through ongoing project work and interaction with clients, regulatory requirements, and organisational constraints.

### 3.3. Unit of analysis and analytical focus

The unit of analysis in this study consists of the consultancy practices through which sustainability consultancies develop, adapt, and deliver CSRD/ESRS-related implementation support. In line with the analytical framework developed in Chapter 2, these practices are examined through two interconnected dimensions: (i) intermediary activities related to translation, coordination, and legitimisation; and (ii) service innovation practices related to how consultancy services are developed, adapted, and delivered in practice.

The study focuses on consultancy activities connected to sustainability reporting implementation, including methodological development, workshop preparation, project coordination, documentation practices, reporting support, and interactions related to double materiality and CSRD/ESRS operationalisation. Particular attention is given to situations in which regulatory requirements are interpreted, consultancy approaches are adjusted, responsibilities are negotiated, or implementation challenges emerge during project work.

To analyse these practices as evolving processes, the study pays specific attention to empirical episodes in which consultancy services or methodological approaches are modified, refined, or stabilised over time. Examples include revisions of double materiality workshop structures, adjustments to datapoint-gap assessment methodologies, changes in documentation routines linked to assurance-readiness, and the development of reusable templates or delivery procedures. Focusing on these episodes makes it possible to reconstruct how consultancy practices evolve through interaction between regulatory requirements, client needs, organisational constraints, and professional interpretation.

This analytical focus allows the study to examine not only how sustainability consultancies support organisations in operationalising CSRD/ESRS requirements, but also how consultancy services themselves evolve through ongoing intermediary work and service adaptation processes.

### 3.4. Data generation and sources

#### 3.4.1. Participant observation

Participant observation constituted the primary method of data generation in this study. The method was deployed during a ten-month period between June 2025 and May 2026 within a sustainability consultancy involved in CSRD/ESRS-related advisory work. During this period, the researcher attended and observed approximately 6 internal and project-related meetings focused on sustainability reporting implementation, methodology development, client coordination, and service delivery activities.

Observations concentrated on situations where consultancy practices related to service innovation and intermediary work were likely to become visible. These included methodology discussions, proposal and scoping meetings, internal quality review sessions, project coordination meetings, workshop preparation activities, and delivery retrospectives. Particular attention was given to situations where regulatory requirements were interpreted, consultancy methods were adapted, reporting processes were discussed, or responsibilities between consultants and clients were negotiated.

Following principles of focused ethnography, the observation strategy prioritised intensive observation of “high-leverage” situations involving methodological choices, artefact revisions, coordination across actors, justification of reporting approaches, and discussions related to implementation challenges (Knoblauch, 2005). These situations were selected because they provided insight into how sustainability consultancies perform intermediary activities such as translation, coordination, and legitimisation, while simultaneously adapting and developing consultancy services in practice.

The researcher participated in meetings primarily as an observing participant, while also engaging in everyday consultancy activities when appropriate within the organisational setting. Field notes were written immediately after observations and included descriptions of settings, participants, discussions, decisions, tensions, and references to relevant artefacts or methodological changes.

In addition to contemporaneous field notes, some observational notes were reconstructed retrospectively shortly after participation in consultancy activities, based on meeting discussions, project involvement, organisational documents, and recurring practices observed during the fieldwork period. These retrospective notes were used to capture recurring dynamics, methodological adaptations, coordination challenges, and implementation discussions that were relevant to the analytical framework of the study.

Observation outputs included:

- Field notes documenting meetings, interactions, decisions, tensions, and methodological discussions.
- An observation log including meeting type, duration, participants, and relevance to intermediary activities and service adaptation processes.
- Non-confidential artefact snapshots, including anonymised template revisions, process sketches, workshop structures, and documentation examples where organisational access permitted their use.

#### 3.4.2. Interviews and informal conversations

Semi-structured interviews and informal conversations complemented participant observation by providing access to participants' reflections on consultancy practices, methodological choices, service adaptation, and implementation challenges that were not always fully observable during meetings and project activities.

One formal semi-structured interview was conducted with a senior consultant involved in CSR/ESRS-related advisory work and service development. The interview lasted approximately 20 minutes and focused on the evolution of consultancy services, methodological adaptation, regulatory uncertainty, and organisational implementation challenges related to sustainability reporting.

In addition to the formal interview, the study also relied on multiple informal conversations conducted during the fieldwork period. These conversations took place before and after meetings, during project coordination activities, and throughout everyday consultancy work. Informal interviewing was used to clarify terminology, discuss observed situations, and better understand decisions, interpretations, and methodological adjustments emerging during ongoing projects. These interactions were documented through field notes and retrospective observational memos shortly after they occurred.

Interview sampling was purposive and focused on roles involved in both intermediary activities and consultancy service development. This included senior consultants, project leads, consultants involved in implementation activities, and specialists contributing to methodological interpretation or reporting processes.

The interview guide and informal discussions focused on:

- i. consultancy services related to CSR/ESRS implementation;
- ii. interpretation and operationalisation of regulatory requirements;
- iii. examples of service adaptation and methodological change;
- iv. triggers for change, including regulatory developments, client needs, and delivery constraints;
- v. consultancy routines, artefacts, and coordination practices; and
- vi. how revised practices became stabilised and reused across projects.

#### 3.4.3. Documents and artefacts

Documents and artefacts provide complementary evidence of how consultancy practices are structured, justified, and stabilised over time. Where access and confidentiality permitted, the study collected internal templates, anonymised deliverables, process maps, training materials, proposal language, and internal guidance documents. These materials are treated as working artefacts through which regulatory requirements are interpreted, consultancy approaches are standardised, and practices become repeatable across projects. As such, they are relevant not only for understanding how consultancy services are developed and delivered, but also for examining how intermediary activities become embedded in methods, tools, and documentation practices.

#### 3.4.4. Linking empirical work and theory

In addition to empirical data generation, theoretical interpretation remained active throughout the study. The conceptual framework provided analytical categories that guided both observation and the interpretation of empirical material. For example, intermediary theory directed attention to practices of translation, coordination, and legitimisation, such as how consultants explained

CSRD/ESRS requirements to clients, organised cross-functional workshops, or justified methodological choices. Service innovation literature, in turn, helped identify changes in consultancy services and delivery practices, for instance when a consultancy modified a double materiality workshop format, introduced new documentation templates, or reassigned roles within a project team.

At the same time, empirical observations informed how theoretical concepts were interpreted and applied throughout the analysis. For example, a practice initially interpreted as service adaptation could also reveal an intermediary function when it involved translating regulatory ambiguity into an actionable client process. This iterative relationship between empirical material and theoretical interpretation is consistent with qualitative research approaches that treat data generation and analysis as interconnected rather than strictly sequential (Bowen, 2006).

A detailed overview of the empirical material, including interviews, observation-based material and organisational artefacts, is provided in Appendix 1. The empirical material combines interview accounts, participant observation and selected internal artefacts, supporting triangulation across different forms of consultancy practice. Together, these sources provide insight into how sustainability consultancies interpret regulatory requirements, adapt consultancy services, and operationalise CSRD/ESRS-related implementation support in practice.

The empirical material combines interview accounts, observation-based evidence, and organisational artefacts, supporting triangulation across different forms of consultancy practice. Together, these sources provide insight into how the consultancy interpreted regulatory requirements, adapted its services, and operationalised CSRD/ESRS-related implementation support in practice.

### 3.5. Data management and audit trail

Data were organised in a case study database including observations, interviews and documents. Materials were anonymised and linked to coding and analytical memos to maintain a chain of evidence (Yin, 2018)..

Data management procedures include:

- **Assigning unique identifiers** to each observation, interview, and document (e.g. OBS-01, INT-03, DOC-07).
- **Storing raw and processed materials separately**, distinguishing between original notes or transcripts, cleaned and anonymised versions, and analysis outputs.
- **Maintaining a reflexive research diary** to record the researcher's role, assumptions, and potential influence on access, observation, and interpretation.

### 3.6. Data analysis

Data analysis proceeded iteratively through repeated engagement with field notes, interview material, informal conversations, and organisational artefacts. Initial coding focused on identifying recurring consultancy activities, implementation challenges, methodological adjustments, coordination processes, and references to regulatory uncertainty. These initial descriptive codes were subsequently interpreted through the analytical framework developed in Chapter 2.

For example, empirical observations describing how consultants revised workshop formats or adjusted reporting templates in response to evolving ESRS expectations were initially coded as “methodological adjustments” or “service changes” and later analysed as forms of service adaptation and service innovation. Similarly, situations where consultants explained ambiguous reporting requirements to clients or coordinated sustainability-related responsibilities across departments were interpreted through the intermediary practices of translation and coordination.

Examples of the coding process and the connection between empirical material and analytical categories are provided in Appendix 2. The analysis combined descriptive coding with theory-informed interpretation, allowing empirical observations to be examined through the lenses of intermediary theory and service innovation. Rather than treating intermediary work and service innovation as separate phenomena, the analysis focused on how consultancy practices simultaneously involved processes of translation, coordination, legitimisation, and service adaptation.

### 3.6.1. Analytical strategy overview

The analysis combines thematic analysis with an iterative and theory-informed interpretation of empirical material. The analytical process followed four interconnected steps: (1) identifying how CSRD/ESRS-related services were structured and delivered in practice; (2) examining how consultancy practices and service elements evolved over time; (3) developing themes that captured recurring patterns, drivers, tensions, and implementation challenges; and (4) interpreting these patterns through the conceptual framework developed in Chapter 2.

The thematic structure was developed through a combination of deductive and inductive approaches. Initial analytical categories were informed by the conceptual framework—particularly intermediary activities (translation, coordination, and legitimisation) and service development dimensions related to what consultancies offer and how services are delivered. These categories were subsequently refined through iterative engagement with the empirical material.

As a result, the final themes represent a theoretically informed and empirically grounded interpretation of consultancy practices related to CSRD/ESRS implementation. These themes directly inform the structure of Chapter 4 and support alignment between the conceptual framework, coding process, and empirical analysis.

The analysis was guided by five main analytical categories: translation, coordination, legitimisation, service adaptation, and stabilisation. These categories were derived from the conceptual framework and used to interpret how consultancy practices connected CSRD/ESRS requirements with client implementation processes. Although analytically distinguishable, the categories frequently overlapped in practice during consultancy activities. (see Appendix 3)

### 3.6.2. Coding approach and codebook development

Coding follows an iterative and transparent approach. First-cycle coding generates an initial set of codes capturing activities, routines, roles, artefacts, and decision points. Second-cycle coding consolidates these into higher-order categories and explanatory patterns. This two-cycle logic aligns with widely used qualitative coding guidance (Saldaña, 2021).

The codebook combines deductive and inductive elements. Deductive codes are derived from the conceptual framework’s core dimensions, particularly intermediary activities (e.g. translation, coordination, legitimisation) and service development dimensions (e.g. what is offered and how

it is delivered). Inductive codes capture unexpected practices or locally meaningful categories that emerge from observation and interviews. The codebook is revised through analytic memos documenting why codes are added, merged, or redefined (Saldaña, 2021).

### 3.6.3. Thematic analysis procedure

Theme development follows the phases of reflexive thematic analysis: familiarisation with the dataset, generation of initial codes, search for candidate themes, review of themes, definition and naming of themes, and writing of the report (Braun and Clarke, 2006). Themes are developed at the intersection of empirical recurrence (patterns across observations, interviews, and artefacts) and analytical relevance to the research questions, particularly how consultancies perform intermediary roles, how services are structured and delivered, and how these practices evolve in response to CSRD/ESRS requirements.

### 3.6.4. Pattern matching and theory comparison

The study also uses pattern matching to compare observed patterns with theory-informed expectations. Pattern matching is a recognised case study analytic technique used to strengthen explanatory inference by confronting theoretical propositions with observed empirical configurations (Yin, 2018). In this thesis, this step supports refinement of the conceptual framework by identifying where intermediary theory and service innovation concepts fit the observed reality of CSRD/ESRS implementation support, and where additional mechanisms, relationships, or adaptations are needed.

## 3.7. Trustworthiness and research quality

Research quality is addressed using trustworthiness criteria associated with naturalistic inquiry, namely credibility, transferability, dependability, and confirmability. In addition, the study draws on Tracy's (2010) "big-tent" criteria, such as worthy topic, rich rigor, sincerity, credibility, and meaningful coherence, as a practical checklist for qualitative quality.

Key strategies include:

- **Triangulation across sources** (observation, interviews, and documents) to reduce single-source bias.
- **Maintaining an audit trail** (case database, codebook versions, analytic summaries, and analytic memos) to support dependability and confirmability.
- **Reflexivity through a research diary** documenting positionality, access constraints, and interpretive decisions.
- **Member reflection on factual** reconstructions where feasible, without requiring participants to endorse the researcher's interpretations.

## 3.8. Ethical considerations

This study was conducted within an organisational setting in which the researcher held an embedded professional role. Ethical considerations were therefore central throughout the research process, particularly regarding informed consent, confidentiality, commercially sensitive information, participant identifiability, and the methodological implications of insider research.

The study is based on a situated case analysis of Worsley Acceleration Services, a boutique consultancy specialising in sustainability and innovation-related advisory work. The organisation

is named in the thesis because the empirical setting is analytically relevant for understanding the consultancy context in which the research was conducted. However, naming the organisation also creates a potential risk of indirect identification, particularly because the firm is relatively small and some participants may be recognisable through their professional roles, responsibilities, or involvement in specific projects.

To reduce this risk, the study applies a partial anonymisation and confidentiality strategy. While the case organisation is identified, individual participants and client organisations are protected. Research participants are not identified by name and are referred to through generic identifiers such as INT-01. Client organisations are not named, and client-specific information has either been removed, generalised, or described at a higher level of abstraction. Commercially sensitive information, proprietary methodologies, confidential internal documents, and non-public client materials are not reproduced in the thesis.

Only non-confidential empirical material has been included in the analysis. Where internal artefacts, templates, or consultancy practices are discussed, they are described at a level of abstraction sufficient to support analytical interpretation without compromising organisational confidentiality or commercial sensitivity.

Informed consent was obtained from the participant involved in formal interview activities and from relevant organisational actors connected to the research process. Participants were informed about the academic purpose of the study, the use of empirical material, and the measures implemented to protect confidentiality and anonymity. Particular care was taken to avoid including unnecessary empirical details that could indirectly identify individuals within the organisation.

The researcher's dual role as both employee and researcher also required continuous reflexive attention throughout the study. This embedded position provided valuable access to everyday consultancy practices, including internal discussions, coordination processes, methodological adaptation, and selected client-related activities that would likely have been difficult to observe through external access alone. At the same time, this position also created potential risks related to over-familiarity, role conflict, selective interpretation, and the possibility of taking organisational assumptions for granted.

To address these challenges, the study sought to distinguish clearly between observation-based material, interview accounts, documentary evidence, and the researcher's own analytical interpretations. Reflexivity was used throughout the research process to consider how the researcher's organisational position may have influenced access, interpretation, interaction with participants, and representation of empirical material. Rather than treating the researcher's position as neutral or external, the study makes this embedded role explicit and treats it as both a source of empirical insight and a methodological limitation requiring ongoing critical reflection.

These ethical and methodological considerations are particularly important given the situated and practice-based nature of the study. The thesis therefore aims to preserve the analytical value of an embedded organisational case study while protecting individual participants, client organisations, and commercially sensitive information.

### 3.9. Limitations

The study uses a single-case design, which allows for in-depth analysis but limits the extent to which findings can be broadly generalised. Findings are therefore presented as analytically generalisable insights rather than statistically representative results. Access constraints may limit observation of some client-facing activities, and the presence of the researcher may influence participants' behaviour. These limitations are mitigated through triangulation, transparent documentation of access and constraints, and careful interpretation of what can and cannot be concluded from the available evidence.

## 4. Empirical findings and analysis

### 4.1. Introduction to the empirical case

This chapter presents the empirical findings of the study based on fieldwork conducted within Worsley Acceleration Services, a boutique consultancy specialising in sustainability and innovation-related advisory services. The chapter examines how sustainability consultancies develop, adapt, and deliver CSRD/ESRS-related implementation support through intermediary work and service innovation practices.

Worsley Acceleration Services operates at the intersection of sustainability and innovation consulting, supporting organisations in areas such as sustainability strategy, ESG assessment, double materiality analysis, sustainability reporting, CSRD implementation, and broader organisational sustainability processes. The consultancy works with organisations of different sizes and sectors, including both companies directly affected by CSRD requirements and organisations seeking to strengthen sustainability-related governance, reporting, and strategic positioning.

The empirical material presented in this chapter focuses particularly on consultancy activities related to CSRD/ESRS implementation support. These activities included methodological development, workshop preparation, project coordination, reporting support, documentation practices, and interactions related to the operationalisation of sustainability reporting requirements. Particular attention is given to situations where regulatory requirements were interpreted, consultancy approaches were adapted, implementation challenges emerged, and reporting practices were coordinated across organisational functions.

The chapter is organised around the analytical dimensions developed in Chapter 2. It examines how sustainability consultancies perform intermediary activities such as translation, coordination, and legitimisation, while simultaneously adapting and developing consultancy services in response to evolving regulatory requirements, client needs, and implementation uncertainty.

### 4.2. Overview of the empirical findings

The empirical analysis presented in this chapter is based on participant observation, interview material, informal conversations, and selected organisational artefacts collected during the fieldwork period. The analysis focuses on consultancy practices related to CSRD/ESRS implementation support, including methodological development, workshop preparation, reporting coordination, documentation practices, and interactions related to sustainability reporting operationalisation.

Rather than examining consultancy services as fixed or standardised offerings, the chapter analyses how these services are continuously interpreted, adapted, and stabilised through everyday consultancy work. Particular attention is given to situations where regulatory requirements were translated into organisational practices, consultancy approaches were modified, implementation challenges emerged, or reporting processes required coordination across organisational functions.

The chapter is organised around two interconnected analytical dimensions derived from the conceptual framework developed in Chapter 2. Section 4.3 examines how sustainability consultancies perform intermediary activities through translation, coordination, and legitimisation practices. Section 4.4 then analyses how these intermediary activities are connected to service adaptation and service innovation processes, particularly under conditions of regulatory uncertainty and evolving implementation requirements.

Throughout the chapter, empirical excerpts from observations, interviews, and organisational artefacts are used to illustrate how consultancy practices evolve in response to client needs, implementation constraints, and changing regulatory expectations.

### 4.3. Intermediary role in practice

This section examines how sustainability consultancies perform intermediary activities within CSRD/ESRS-related implementation projects. The analysis combines empirical description with analytical interpretation in order to examine how consultancy practices are shaped through everyday project work, client interaction, and regulatory implementation processes.

Drawing on the analytical framework developed in Chapter 2, the section focuses on three interconnected intermediary activities: translation, coordination, and legitimisation. These analytical categories are used to interpret empirical material derived from observations, interviews, informal conversations, and selected organisational artefacts.

The findings show that intermediary activities are not performed as isolated or sequential tasks. Rather, translation, coordination, and legitimisation frequently overlap in practice through workshops, methodological discussions, reporting routines, documentation processes, and interactions between consultants and client organisations. The section therefore examines how intermediary work becomes embedded in concrete consultancy practices related to CSRD/ESRS implementation.

#### 4.3.1. Translating CSRD/ESRS into actionable services

Consultants within the case organisation frequently described CSRD/ESRS implementation as a process characterised by interpretation, uncertainty, and methodological adaptation rather than straightforward regulatory application. During the interview, the consultant explained that the consultancy began developing CSRD/ESRS-related services at a time when “the regulation had not yet been finalised” and when uncertainty remained regarding which companies would ultimately fall within the scope of the directive (INT-01). Rather than waiting for regulatory clarification, the consultancy began developing simplified service offerings that could be adapted to different types of clients and levels of reporting readiness.

##### *Observation memo – Internal service discussion*

During an internal discussion, consultants debated whether CSRD-related services should be framed as compliance-oriented or as broader sustainability strategy support. This led to a clearer differentiation between double materiality analysis, voluntary reporting, and full CSRD implementation services.

Each of these services addressed different levels of client readiness, regulatory exposure, and organisational capacity. Rather than offering a single standardised CSRD solution, the consultancy adapted its service structure to reflect the uncertainty surrounding both the regulation itself and the varying needs of client organisations.

The double materiality analysis was positioned as an entry-point service that could support both regulatory preparation and broader sustainability strategy development. According to the consultant, many companies were interested in understanding their sustainability-related impacts, risks, and opportunities even when they were uncertain about whether full CSRD reporting obligations would eventually apply to them (INT-01). In practice, this allowed the consultancy to frame double materiality not only as a compliance requirement, but also as a flexible strategic exercise relevant to a wider range of organisations.

#### *Observation memo – Internal methodology discussion*

During an internal meeting, consultants discussed how double materiality workshops should be positioned for companies uncertain about future reporting obligations. The discussion resulted in framing the workshops as both regulatory preparation and strategic sustainability exercises.

The consultancy also developed a voluntary reporting service aligned with the VSME framework. According to the interview material, this service became increasingly relevant for smaller companies seeking to respond to growing sustainability expectations from customers, investors, or supply-chain partners without being directly subject to full CSRD reporting obligations (INT-01). In practice, the service provided a lighter and more accessible sustainability reporting format for organisations with lower regulatory exposure and fewer internal reporting resources. Analytically, this can be understood as a form of translation through which broader sustainability reporting expectations were adapted to the capacities and needs of smaller organisations.

Finally, the consultancy offered full CSRD reporting support for companies expected to comply directly with the directive. However, the interview material also suggests that demand for this service remained more limited within the consultancy's existing client base, which consisted primarily of SMEs and organisations at earlier stages of sustainability reporting development. As a result, the consultancy adapted its service portfolio to reflect not only regulatory requirements, but also its interpretation of market demand and client readiness.

Taken together, the empirical material suggests that translation operated as a practical intermediary activity through which evolving regulatory requirements were transformed into consultancy services that clients could understand, engage with, and implement in practice. Translation therefore involved not only explaining regulation, but also adapting sustainability reporting requirements into differentiated service offerings, methodologies, and client-oriented processes.

#### 4.3.2. Coordinating implementation within client organisations

Beyond translating regulatory requirements into service offerings and methodologies, the intermediary role is also enacted through the coordination of implementation processes with client organisations. The empirical material shows that coordination is not simply a matter of project

management or communication. Rather, it involves bringing together different forms of knowledge: the consultancy's regulatory and methodological expertise, and the client organisation's operational and contextual knowledge.

In this context, methodological expertise refers to the consultancy's ability to transform CSR/ESRS-related requirements into a workable process. This includes defining the sequence of activities, preparing templates and data collection tools, structuring workshops or meetings, guiding the identification of impacts, risks and opportunities, clarifying what information is needed, and turning client inputs into a coherent deliverable. The consultant therefore contributes expertise on how the process should be organised and documented, while the client contributes knowledge about its own activities, data sources, departments, responsibilities, and operational realities.

The empirical material shows that this coordination often depends on the establishment of a structured communication channel within the client organisation. In the interview, the consultant explained that the consultancy normally asks "for there to be one spokesperson, who acts as the company coordinator," while the consultancy supports that person throughout the process (INT-01). This client-side coordinator becomes central to the implementation process because they connect the consultancy's methodological requests with the people and departments inside the organisation that hold the necessary information.

This suggests that intermediary work is not performed only by the consultancy. Instead, coordination operates through a layered form of intermediation, in which the consultancy and the client-side coordinator jointly create the conditions for implementation. The consultancy provides the regulatory and methodological structure, but the coordinator helps make this structure actionable within the client organisation. They identify who needs to be involved, where relevant data may be located, how internal information should be gathered, and how responses can be consolidated.

This finding complicates a simple distinction between "external" consultancy expertise and "internal" organisational knowledge. The implementation process does not consist of the consultancy transferring knowledge to a passive client. Nor does it consist of the client simply providing data to an external expert. Rather, the intermediary role is co-created through interaction between individuals located in different organisational positions. The consultant and the client-side coordinator together form an intermediary link between regulatory requirements and organisational practice.

This is particularly visible in the delivery of double materiality and reporting-related services. The consultant explained that these services require "direct contact" and "continuous validation" with the client (INT-01). This is because the consultancy cannot independently identify all relevant impacts, risks and opportunities without access to the client's operational knowledge. At the same time, the client often needs guidance to understand what information is relevant, how questions should be interpreted, and how data should be organised. Coordination therefore becomes a process of mutual adjustment, where the consultancy's methodological structure is adapted to the client's organisational context.

The same dynamic appears in voluntary reporting services. According to the interview material, the consultancy begins by providing initial training and preparing a document to help clients identify the data they need to collect. However, the process then requires almost continuous follow-up through emails, calls, and clarification exchanges, because clients may have doubts, may not interpret questions correctly, or may not know where to obtain the required data (INT-01). This shows that coordination involves more than assigning tasks. It requires supporting the client in navigating its own organisation and connecting reporting requirements with existing data, responsibilities, and internal routines.

Analytically, this can be understood as a co-created intermediary practice. The consultancy's role is to provide methodological direction: defining the process, clarifying requirements, structuring tools, and supporting validation. The client-side coordinator's role is to mobilise organisational knowledge: identifying relevant departments, gathering information, clarifying internal responsibilities, and ensuring that the process fits the company's operational reality. The intermediary function therefore emerges between these actors, rather than belonging exclusively to one of them.

This insight is important for the broader argument of the thesis. It shows that the operationalisation of CSRD/ESRS requirements depends not only on consultancy expertise, but also on the client's capacity to participate in the process. Service delivery is therefore shaped by the interaction between regulatory knowledge, methodological expertise, and organisational knowledge. In this sense, coordination is not a secondary activity after translation; it is one of the main ways through which translation becomes implementable in practice.

Overall, the analysis shows that coordination in CSRD/ESRS-related projects is relational, distributed, and co-produced. The consultancy does not simply act as an intermediary between regulation and the client organisation as a whole. Rather, intermediary work is performed through a chain of interaction involving the consultant, the client-side coordinator, and the departments or individuals who hold relevant organisational knowledge. This layered form of intermediation helps explain how abstract regulatory requirements become connected to concrete organisational practices.

#### 4.3.3. Legitimising sustainability practices and outputs

The third intermediary activity observed in the case consultancy concerned the legitimisation of sustainability practices, methodologies, and reporting outputs. During the interview, the consultant repeatedly referred to the importance of ensuring that sustainability-related work appeared credible, defensible, and sufficiently aligned with both regulatory expectations and emerging professional practices. In particular, legitimacy became especially relevant in situations where CSRD/ESRS requirements remained open to interpretation or where formal implementation practices had not yet fully stabilised.

According to the consultant, one important way of strengthening credibility was by grounding consultancy methodologies directly in the regulation itself. As the consultant explained, the consultancy tried to ensure consistency by "always trying to base it on the law" (INT-01). Even when the regulation did not provide a detailed step-by-step implementation methodology, regulatory language and disclosure expectations were used to justify why specific topics, indicators, or reporting processes were included in consultancy services.

#### Observation memo – Internal methodology review

During an internal review discussion related to a double materiality project, consultants debated whether certain impacts and reporting categories could be sufficiently justified according to ESRS requirements. Participants repeatedly referred back to the wording of the regulation to validate methodological decisions and discussed how specific assessment criteria could later be explained to clients or external reviewers. The discussion focused not only on technical accuracy, but also on ensuring that the methodology could be defended if questioned during future assurance processes.

In practice, this was particularly visible in the consultancy's double materiality methodology. Although the consultancy developed its own matrices, workshop structures, and assessment procedures internally, these tools were continuously linked back to the regulatory logic of identifying sustainability-related impacts, risks, and opportunities. The methodology was therefore not presented as an arbitrary consultancy exercise, but as a process derived from CSR/ESRS reporting expectations.

Legitimation also occurred through alignment with emerging professional practices outside the consultancy itself. During the interview, the consultant explained that the organisation regularly reviewed publicly available examples from "other companies or auditors that had published information" (INT-01). These examples were used as reference points when evaluating or adjusting internal methodologies and reporting approaches.

#### Observation memo – Internal reporting discussion

Consultants reviewed public CSR/ESRS-aligned reporting examples to compare formats, materiality structures, and documentation practices, assessing whether the consultancy's own outputs were robust and aligned with emerging reporting expectations..

This process became particularly important because many CSR/ESRS implementation practices were still evolving and lacked fully stabilised industry standards. In this context, legitimacy was constructed not only through direct reference to regulation, but also through alignment with practices perceived as becoming accepted within the broader reporting and assurance field.

A third mechanism of legitimation involved audit-readiness and internal verification procedures. The consultant explained that even when sustainability reports were voluntary and not formally subject to mandatory assurance, the consultancy still prepared outputs "so that they could be audited" and carried out internal review processes before final delivery (INT-01). These reviews involved checking data consistency, validating documentation sources, and ensuring that reporting outputs appeared sufficiently traceable and defensible.

#### Observation memo – Internal QA discussion

Before delivering a sustainability report, consultants reviewed inconsistencies between indicators and supporting documentation, focusing on data verifiability, traceability, and whether the report would remain defensible under external review.

Rather than functioning as a final verification stage only after service delivery, these legitimacy-building practices appeared throughout the consultancy process itself. Regulatory interpretation, benchmarking against external examples, internal quality reviews, and audit-oriented documentation practices were continuously embedded within project work and methodological development.

Taken together, the empirical material suggests that legitimation operated as an ongoing intermediary activity through which sustainability consultancy outputs were made credible, defensible, and professionally aligned within an evolving CSR/ESRS implementation environment. Legitimation therefore involved not only compliance with formal regulatory

requirements, but also the construction of methodologies and reporting practices capable of withstanding organisational, professional, and potential assurance-related scrutiny.

#### 4.3.4. Synthesis: intermediary work as embedded and multi-dimensional

Taken together, the findings show that intermediary work in CSRD/ESRS-related consultancy projects was embedded in everyday consultancy practices rather than performed through separate or sequential functions. Translation, coordination, and legitimisation frequently overlapped in methodological discussions, client interactions, documentation processes, and reporting outputs.

The consultancy translated regulatory requirements into differentiated services and practical methodologies, coordinated implementation through interaction with client-side actors and internal data owners, and legitimised its outputs through references to regulation, emerging professional practices, and audit-oriented documentation. These activities show that sustainability consultancies do not simply transfer regulatory requirements to organisations. Rather, they actively shape how sustainability reporting becomes understandable, workable, and credible in practice.

Overall, intermediary work operated both between regulation and client organisations and within the practical construction of sustainability reporting processes themselves.

#### 4.4. Service development and innovation in practice

While the previous section examined how the intermediary role is enacted in practice, the empirical material also reveals how these practices are closely intertwined with processes of service development and innovation. Rather than emerging as a separate, internally driven activity, innovation in this context unfolds through ongoing engagement with regulatory requirements, client needs, and project delivery. This aligns with practice-based perspectives on innovation, which emphasise its situated and emergent character within organisational activities (Orlikowski, 2002; Nicolini, 2012). This section explores how sustainability consulting services are designed, adapted, and stabilised in response to the evolving CSRD/ESRS landscape.

##### 4.4.1. Designing services under regulatory uncertainty

Consultants within the case organisation frequently described CSRD/ESRS-related service development as taking place under conditions of uncertainty regarding regulation, implementation requirements, and future client demand. During the interview, the consultant explained that the consultancy began developing sustainability reporting services at a moment when “the regulation had not yet been finalised” and when it remained unclear which companies would ultimately fall within the scope of CSRD requirements (INT-01).

##### *Observation memo – Internal service positioning discussion*

Consultants discussed how to position CSRD-related services for different client types, noting that many SMEs were interested in sustainability reporting but unlikely to implement full CSRD structures in the short term.

Rather than postponing service development until the regulatory environment became more stable, the consultancy began adapting and restructuring its services in response to these

uncertainties. According to the interview material, the consultancy attempted to “simplify the regulation so that the largest possible number of companies would want to purchase the service” (INT-01). In practice, this involved reorganising CSRD/ESRS-related requirements into differentiated services adapted to different levels of client readiness, reporting maturity, and regulatory exposure.

This approach became visible in the consultancy’s development of three distinct sustainability reporting services: double materiality analysis, voluntary reporting aligned with the VSME framework, and full CSRD reporting support. These services were not designed simply as direct reproductions of regulatory requirements. Instead, they reflected ongoing interpretations of which types of reporting support clients were likely to understand, request, and implement in practice.

#### *Observation memo – Internal methodology adaptation*

During workshop preparation, consultants discussed simplifying the reporting process for SME clients by reducing datapoints and reframing activities around strategic sustainability priorities while maintaining regulatory alignment.

The interview material also suggests that market considerations played an important role in shaping service development decisions. According to the consultant, demand for full CSRD reporting support remained relatively limited within the consultancy’s existing client base, which consisted primarily of SMEs and organisations at earlier stages of sustainability reporting development (INT-01). As a result, the consultancy adapted its services not only in response to regulatory developments, but also according to its interpretation of client capabilities, expectations, and willingness to engage with different levels of reporting complexity.

Regulatory uncertainty continued to influence service development over time rather than functioning only as an initial background condition. The interview material indicates that later Omnibus-related developments required the consultancy to reassess aspects of its service structure and target market positioning. Services initially designed around broader CSRD implementation expectations were subsequently adjusted as regulatory discussions evolved and uncertainty regarding the final scope of reporting obligations persisted.

#### *Observation memo – Internal strategic review*

Consultants discussed whether existing CSRD-related services still matched the consultancy’s SME-oriented client base, considering a shift towards lighter reporting services and strategic sustainability advisory work.

Taken together, the empirical material suggests that regulatory uncertainty functioned as an important driver of service adaptation and innovation within the consultancy. Uncertainty did not prevent service development; rather, it created a situation in which consultants continuously interpreted evolving regulatory expectations, reassessed client demand, adjusted methodologies, and reconfigured sustainability reporting services in response to changing implementation conditions. Service innovation therefore emerged not through formal innovation processes, but through ongoing consultancy work shaped by interaction between regulation, client needs, market positioning, and practical delivery challenges.

#### 4.4.2. Structuring sustainability services

Rather than developing a single standardised CSRD/ESRS service, the consultancy gradually organised its sustainability reporting offering into several interconnected service areas adapted to different types of clients and reporting situations. During the interview, the consultant explained that the organisation structured its sustainability reporting activities around “three main services”: double materiality analysis, voluntary reporting aligned with the VSME framework, and full CSRD reporting support (INT-01).

##### *Observation memo – Internal service portfolio discussion*

Consultants discussed how sustainability reporting services could be differentiated according to client capacity, regulatory exposure, and reporting readiness, ranging from impact and risk assessment to voluntary reporting and CSRD implementation support.

Rather than functioning as isolated offerings, these services were closely connected to the same evolving regulatory environment while remaining adaptable to different organisational contexts. Consultants repeatedly referred to differences in client size, reporting experience, internal sustainability resources, and expected regulatory exposure when discussing how services should be positioned and delivered.

The first service area focused on double materiality analysis. According to the interview material, this service often functioned as an entry point for companies beginning to engage with CSRD-related sustainability reporting requirements (INT-01). In practice, the service was not limited to strict compliance preparation. It was also used by organisations seeking to better understand sustainability-related impacts, risks, and opportunities or to support broader sustainability strategy development.

##### *Observation memo – Workshop preparation discussion*

Consultants discussed how to adapt a double materiality workshop for a client with limited reporting experience, simplifying technical ESRS concepts while maintaining alignment with CSRD-related reporting logic.

A second service area focused on voluntary sustainability reporting aligned with the VSME framework. According to the consultant, this service became particularly relevant for SMEs and organisations that were not clearly subject to mandatory CSRD reporting obligations but still faced increasing sustainability-related expectations from customers, investors, or supply-chain actors (INT-01). In practice, this allowed the consultancy to provide a lighter and more accessible reporting structure for organisations with fewer internal resources or lower reporting maturity.

The consultancy also offered full CSRD reporting support for organisations expected to comply directly with mandatory reporting requirements. However, the interview material suggests that demand for this service remained relatively limited within the consultancy’s existing client base, which was more strongly composed of SMEs and organisations seeking preparatory or voluntary sustainability support. As a result, consultants frequently discussed how sustainability reporting services could remain commercially relevant and practically feasible for organisations operating outside full CSRD scope.

#### *Observation memo – Internal strategic discussion*

Consultants discussed whether full CSRD implementation support matched the consultancy's main client segments, considering more phased and flexible reporting services aligned with evolving regulatory developments.

Taken together, the empirical material suggests that service innovation emerged through the structuring and differentiation of sustainability reporting services into multiple levels of engagement. Rather than treating CSRD/ESRS implementation as a single linear consultancy pathway, the organisation developed a more flexible service structure that could be adapted to varying forms of client readiness, organisational capacity, and regulatory exposure.

Importantly, this service structure was not predefined by the regulation itself. While CSRD/ESRS established reporting obligations and disclosure expectations, the organisation itself decided how these requirements would be reorganised into consultancy services that could be communicated, scoped, delivered, and adjusted across different projects. In this sense, service innovation emerged not through the creation of entirely new services from nothing, but through the practical restructuring of regulatory requirements into differentiated consultancy offerings adapted to evolving market and implementation conditions.

#### *4.4.3. Methodological construction and experimentation*

The development of the consultancy's double materiality methodology emerged as a recurring topic throughout both the interview material and observation-based evidence. Rather than applying a predefined procedure, consultants frequently discussed how regulatory requirements should be translated into a practical process that clients could understand and implement.

According to the consultant, the organisation developed its methodology "based on the regulation" because "the regulation itself does not provide the steps to follow" (INT-01). While CSRD/ESRS establishes the requirement to conduct a double materiality assessment, it does not prescribe how consultants should organise workshops, identify impacts, risks and opportunities, engage stakeholders, or structure the final deliverables.

#### *Observation memo – Internal methodology development discussion*

Consultants discussed how impacts, risks, and opportunities should be assessed in a double materiality process, noting that the regulation defines what must be assessed but not how the process should be organised in practice.

As a result, consultants were required to make a series of methodological decisions regarding how the service would actually be delivered. These decisions included determining the sequence of workshop activities, defining stakeholder engagement processes, establishing assessment criteria, deciding how impacts, risks, and opportunities should be categorised, and creating supporting tools such as materiality matrices and documentation templates.

#### *Observation memo – Workshop design review*

Consultants reviewed workshop materials and discussed how to simplify activities, adjust facilitation techniques, and modify templates to generate clearer inputs from organisations with limited sustainability reporting experience.

The empirical material also suggests that these methodologies were not treated as fixed procedures. During the interview, the consultant explained that the consultancy operated in a context where “there are no final examples or results” and where methodological approaches continued to evolve as experience accumulated through projects (INT-01).

This iterative development became visible through repeated adjustments to workshop structures, templates, documentation formats, and assessment procedures. Rather than implementing a fully stabilised methodology from the outset, consultants continuously refined their approach in response to client feedback, implementation challenges, and practical delivery experiences.

*Observation memo – Methodology refinement after project delivery*

After a client project, consultants reviewed challenges related to data availability, stakeholder participation, and impact/risk interpretation, identifying adjustments to future workshops and documentation templates to improve consistency.

Across the empirical material, methodological development therefore appeared as an ongoing process of testing, adjustment, and learning. Consultants experimented with different ways of organising activities, presenting information, collecting inputs, and documenting results. Some approaches were retained and reused across projects, while others were modified when they proved difficult to implement or did not generate the expected outcomes.

Taken together, the findings suggest that methodological construction formed an important dimension of service innovation within the consultancy. The organisation's services did not consist solely of providing expertise on CSRD/ESRS requirements, but also of developing practical processes through which those requirements could be operationalised in diverse organisational settings. Methodologies were therefore continuously shaped through interaction between regulatory interpretation, client engagement, project experience, and practical learning. This illustrates how service innovation emerged through everyday consultancy work rather than through separate or formalised innovation activities.

#### 4.4.4. From experimentation to standardisation

The empirical material suggests that methodologies initially developed through experimentation gradually became more stable and repeatable over time. Rather than emerging from predefined best practices, standardisation developed through repeated use across projects and the accumulation of practical experience.

During the interview, the consultant explained that a methodology began to be considered “standard” when “it works and the client is satisfied with the final result” (INT-01). This indicates that methodological approaches were evaluated primarily through their practical effectiveness in client projects rather than through formal internal validation procedures.

*Observation memo – Internal methodology reflection*

After a double materiality project, consultants identified workshop activities, templates, and facilitation approaches that had produced consistent outputs and could be reused while remaining adaptable to different client contexts.

The empirical material also shows that consultants increasingly relied on previous project experience when designing new engagements. According to the interview, the consultancy sought

to “follow the same steps” across projects while adapting the process to the specific characteristics of each client (INT-01). Over time, this led to the development and reuse of templates, reporting structures, workshop formats, and documentation practices that helped create greater consistency in service delivery.

#### *Observation memo – Template reuse discussion*

Consultants reviewed templates from previous projects and discussed how they could be adapted to the new client context while maintaining a consistent methodological structure.

At the same time, the empirical material suggests that standardisation remained partial rather than complete. Consultants continued to modify methodologies in response to differences in client size, reporting maturity, organisational structure, and sustainability objectives. Standardisation therefore did not eliminate adaptation; instead, it provided a foundation from which services could be adjusted more efficiently.

Taken together, the findings suggest that standardisation emerged as a gradual outcome of practice rather than as a predefined objective. Methodologies initially developed through experimentation became increasingly stabilised through repetition, learning, and reuse across projects. However, because sustainability reporting implementation continued to vary across organisations, these standardised practices remained dynamic and adaptable rather than fixed or rigid. This illustrates how service innovation in the consultancy evolved from experimentation towards stabilisation while remaining embedded in ongoing project work and client interaction.

#### 4.4.5. Regulatory change as a trigger for service redesign

The empirical material suggests that service development was influenced not only by ongoing methodological adaptation and experimentation, but also by changes in the wider regulatory environment. A particularly important example concerned the impact of the Omnibus-related regulatory developments on the consultancy’s sustainability reporting services.

During the interview, the consultant explained that the organisation had initially developed a comprehensive CSRD-related service covering the reporting process “from beginning to end” (INT-01). However, subsequent regulatory developments altered expectations regarding which companies would ultimately be required to comply. As the consultant explained, “the companies that were required to comply were not our target” (INT-01).

#### *Observation memo – Internal strategic review*

Consultants discussed whether CSRD-related services aligned with the consultancy’s SME-focused client base, considering how services could be repositioned in response to evolving regulatory and market conditions.

The interview material suggests that these developments prompted a reassessment of the consultancy’s sustainability reporting offering. Rather than continuing to prioritise a comprehensive CSRD implementation service, the organisation increasingly focused on services that were more closely aligned with the characteristics of its existing client base. In particular, double materiality analysis and voluntary reporting services gained greater prominence because they remained relevant for organisations seeking sustainability guidance regardless of their final regulatory obligations.

### *Observation memo – Service portfolio discussion*

Consultants discussed how sustainability reporting services could be adapted to clients facing uncertain reporting obligations, highlighting growing interest in double materiality assessments and voluntary reporting frameworks.

Rather than representing a minor adjustment to an existing service, these changes involved a broader reconsideration of how sustainability reporting support should be positioned and delivered. The consultancy not only adapted specific methodologies and service components, but also reconsidered which client segments it intended to serve and which sustainability-related needs were most relevant within the evolving regulatory landscape.

Taken together, the empirical material suggests that regulatory change functioned as an important trigger for service redesign. Rather than simply reacting to new regulatory requirements, the consultancy continuously interpreted how regulatory developments affected client demand, market opportunities, and the relevance of different service offerings. Service innovation therefore emerged not only through project-level experimentation, but also through strategic adjustments to the consultancy's overall service portfolio and value proposition in response to changing institutional conditions.

#### 4.4.6. Synthesis: service innovation as embedded and emergent

The findings suggest that service innovation in sustainability consulting was embedded in everyday consultancy work rather than organised through separate innovation processes. Innovation emerged through regulatory interpretation, methodological development, client interaction, project delivery, and the adaptation of tools, templates, workshops, and reporting approaches.

Regulatory uncertainty around CSRD/ESRS encouraged the consultancy to develop differentiated services, including double materiality analysis, voluntary VSME reporting, and full CSRD implementation support. These services were then refined through project experience, client feedback, and practical implementation challenges. Over time, some experimental approaches became more stabilised through the reuse of templates, delivery routines, and methodological structures.

Service innovation was therefore both embedded and emergent: embedded because it developed through routine consultancy activities, and emergent because it evolved through ongoing responses to regulatory change, client needs, and practical learning.

## 5. Discussion

### 5.1. Answering the research question

This study set out to explore how sustainability consultancies innovate their service offerings in the context of emerging regulatory frameworks, with a particular focus on CSRD/ESRS-related services.

#### **Regarding RQ1: How are CSRD/ESRS-related sustainability consulting services structured and configured?**

The findings indicate that CSRD/ESRS-related consulting services were structured as modular and adaptable service offerings rather than as standardised compliance packages. Consistent with intermediary theory, the consultancy translated regulatory requirements into practical methodologies, workshops, templates, and reporting processes that could be adapted to different organisational contexts. Service configuration was therefore shaped by the interaction between regulatory expectations, client needs, and implementation challenges. Rather than delivering regulation directly, the consultancy actively transformed regulatory requirements into operational and manageable forms for client organisations.

#### **Regarding RQ2: How do sustainability consultancies develop and adapt these services under conditions of regulatory change and implementation uncertainty?**

The findings suggest that service development occurred through continuous adaptation rather than through formal innovation processes. Regulatory uncertainty created a need for ongoing interpretation, experimentation, and methodological adjustment. Consistent with service innovation literature, new service configurations emerged through everyday consultancy activities, including project delivery, client interaction, and responses to evolving regulatory conditions. Service innovation therefore appeared as an embedded and emergent process shaped by both external regulatory developments and internal organisational learning.

#### **Regarding RQ3: How are these services delivered to support organisations in operationalising CSRD/ESRS requirements in practice?**

The findings show that service delivery involved more than the provision of technical expertise. Consultancies supported implementation through activities of translation, coordination, and legitimisation, helping organisations interpret requirements, organise responsibilities, and develop reporting processes. In this sense, consultancy services functioned as mechanisms through which regulatory expectations were connected to organisational practice. The implementation of CSRD/ESRS was therefore not a purely technical exercise but a collaborative process involving ongoing interaction between consultants and client organisations.

### 5.2. Discussion of analytical findings in relation to existing literature

This section discusses the analytical findings developed from the empirical case study in relation to existing literature on service innovation, intermediary theory, and regulatory uncertainty. The purpose is not to compare raw empirical data directly with theory, but to examine how the patterns identified in the case analysis confirm, nuance, or extend existing theoretical perspectives.

### 5.2.1. Innovation as emergent and practice-based

Some service innovation literature has analysed innovation through relatively structured dimensions or models, focusing on changes in service concepts, client interfaces, delivery systems, and technological or organisational options (Den Hertog, 2000). However, the empirical findings of this study suggest that innovation in sustainability consulting cannot be fully understood as a clearly bounded or linear process moving from idea generation to development and implementation. In the case analysed, innovation was not organised as a separate internal process. Rather, it unfolded through ongoing project work, client interaction, regulatory interpretation, and the gradual adjustment of methods and deliverables.

This aligns more closely with practice-based perspectives, which conceptualise innovation as situated within everyday organisational activities and shaped by context-specific interactions (Orlikowski, 2002; Nicolini, 2012). In the case examined, new services and methodologies are developed through iterative engagement with clients and regulatory requirements, often characterised by trial-and-error processes. Innovation is therefore embedded in practice, rather than planned in advance.

### 5.2.2. Intermediaries as knowledge constructors

Existing literature on sustainability intermediaries typically conceptualises these actors as facilitators of knowledge transfer and coordination between different stakeholders (Kivimaa et al., 2019). However, the findings of this study suggest a more active and generative role.

Rather than merely translating existing knowledge, the consultancy develops its own methodologies, particularly in areas where the regulation provides limited guidance, such as double materiality analysis. This indicates that intermediaries act not only as translators, but also as constructors of knowledge, shaping the very frameworks that they later implement.

This extends the understanding of intermediaries by highlighting their role in actively producing the tools, methods, and interpretations that enable regulatory implementation in practice.

### 5.2.3. Regulatory uncertainty as a driver of innovation

Institutional theory helps explain how organisations respond to regulatory pressure and how practices may become more similar over time through processes of isomorphism (DiMaggio and Powell, 1983). However, the findings of this study suggest that, in the case of sustainability consulting, regulatory uncertainty does not only operate as a constraint. It can also create space for interpretation, experimentation, and service innovation.

In the case analysed, regulatory uncertainty was visible in several ways. First, the consultancy began developing CSRD/ESRS-related services when the regulation was still evolving and when the scope of application for companies was not yet fully clear. As discussed in Chapter 4, the consultant explained that “the regulation had not yet been finalised” and that it was not yet known which companies would ultimately be required to comply. Second, uncertainty was methodological: while CSRD/ESRS established requirements such as double materiality, the consultancy experienced a lack of detailed procedural guidance on how to turn these requirements into a practical client-facing process. Third, uncertainty was commercial, because the consultancy had to assess which services would be relevant for its own client base, particularly given its work with SMEs and organisations not necessarily subject to full CSRD compliance.

What was missing, therefore, was not the existence of regulatory requirements, but a clear operational pathway for turning those requirements into client-facing services. The “lack of clarity” experienced by the consultancy concerned practical issues: which companies would ultimately fall within the scope of CSRD, whether the consultancy’s SME-oriented client base would require full CSRD reporting support, and how broad regulatory requirements such as double materiality should be translated into concrete methods, tools, and deliverables.

These uncertainties shaped service development. Rather than waiting for the regulatory context to become fully stabilised, the consultancy simplified and reorganised CSRD/ESRS-related requirements into three services: double materiality analysis, voluntary VSME-oriented reporting, and full CSRD reporting support. Instead of developing only one full CSRD reporting service, the consultancy designed a modular service structure that could be applied across different client segments and levels of regulatory exposure.

This finding adds nuance to institutional perspectives that emphasise regulatory pressure as a source of conformity. In this case, uncertainty did not only push the consultancy towards adopting existing templates or imitating established practices. It also created room for agency, judgement, and methodological construction. The consultancy had to decide how to make an evolving regulatory framework understandable, deliverable, and commercially meaningful for its clients.

Thus, regulatory uncertainty can be understood not only as a limitation, but as a productive condition for service innovation. In the case analysed, ambiguity around scope, methodology, and client demand became a driver for modular service design, methodological experimentation, and the adaptation of consultancy practices. This is consistent with perspectives that view uncertainty as a generative condition that allows for experimentation and new forms of organising (Garud et al., 2013).

#### 5.2.4. Service structuring and modularity

Service innovation literature highlights the importance of modularity and recombination in the development of new service offerings (Gallouj and Weinstein, 1997). The findings of this study support this perspective, showing how the consultancy structures its CSRD-related services into distinct components, such as double materiality analysis, voluntary reporting, and full compliance services.

However, the empirical case also extends this understanding by demonstrating that modularity is not only a design choice, but a response to regulatory fragmentation and client heterogeneity. Service structuring allows consultancies to address different levels of client readiness and regulatory exposure, making services more accessible and scalable.

#### 5.2.5. Co-production under condition of knowledge asymmetry

Service-dominant logic emphasises the co-creation of value between providers and clients (Vargo and Lusch, 2004). The findings of this study confirm the importance of co-production in sustainability consulting, as services are developed through continuous interaction and validation with clients.

However, the case also reveals important asymmetries. While consultancies provide methodological expertise, clients retain control over critical internal data and organisational knowledge. This creates a dependency that constrains the consultancy’s ability to independently identify impacts, risks, and opportunities.

This suggests that co-production in sustainability consulting is not a balanced process, but is shaped by structural asymmetries in knowledge and access to information.

#### 5.2.6. From experimentation to standardisation

The analytical findings also contribute to discussions on how service practices become stabilised over time. In the case analysed, methodologies did not appear as fully predefined best practices that were simply applied across projects. Instead, they became more standardised through repeated use, client interaction, and practical validation.

This was visible in the way the consultant described the development of methodologies. As discussed in Chapter 4, a methodology became more stable when it “worked” in practice and when the client was satisfied with the final result. Standardisation therefore emerged through project experience rather than through the prior existence of a fixed method.

This finding can be discussed in relation to evolutionary perspectives on organisational routines, where practices stabilise over time through processes of variation, selection, and retention (Nelson and Winter, 1982). In the case consultancy, different methodological elements were tested, adjusted, reused, or modified depending on their practical effectiveness in client projects.

The case therefore suggests that standardisation in sustainability consulting is not the opposite of experimentation. Rather, experimentation and standardisation are connected. New approaches are first developed and adjusted through project work; over time, those that prove useful become incorporated into templates, routines, and repeatable service structures. This contributes to understanding service innovation as an iterative process in which practices move gradually from ad hoc experimentation towards partial stabilisation.

## 6. Contributions and Future Research

### 6.1. Theoretical contribution

This thesis makes a theoretical contribution by connecting service innovation literature with intermediary theory in the empirical context of sustainability consulting under CSRD/ESRS-related regulatory change. The main contribution is to show that service innovation in this context is not best understood as a separate or clearly bounded organisational activity. Rather, it emerges through the intermediary practices by which consultants make regulatory requirements understandable, deliverable, and credible for clients.

First, the findings contribute to service innovation literature by showing how service innovation unfolds in a professional service context characterised by regulatory change and implementation uncertainty. Service innovation literature provides useful concepts for analysing changes in what is offered and how services are delivered, including changes in service concepts, delivery systems, client interaction, and organisational routines (Den Hertog, 2000; Gallouj and Weinstein, 1997; Gustafsson, Snyder and Witell, 2020). This thesis extends this perspective by showing how such changes develop in practice within sustainability consulting.

In the case analysed, innovation was not organised as a separate internal process detached from project delivery. Instead, it emerged through ongoing consultancy work: interpreting CSRD/ESRS requirements, structuring them into service offerings, developing methodologies, coordinating with clients, adapting deliverables, and learning from project experience. This suggests that service innovation in sustainability consulting is embedded in everyday professional practices rather than being limited to formal innovation processes.

More specifically, the case study analysis indicates that service innovation is closely connected to intermediary work. Consultants innovate when they translate CSRD/ESRS requirements into actionable service offerings, develop methodologies and tools such as double materiality matrices, coordinate implementation with client-side actors, and adapt outputs in response to client needs and regulatory change. Innovation is therefore visible not only in the creation of new services, but also in the gradual modification of methods, templates, routines, roles, client interaction processes, and documentation practices.

This supports practice-based perspectives on innovation, which emphasise that innovation is situated in everyday organisational activity and shaped through interaction, learning, and practical adjustment (Orlikowski, 2002; Nicolini, 2012). The contribution is therefore not to reject existing service innovation literature, but to refine it in the context of sustainability consulting by showing how innovation emerges through the practical work of operationalising regulation.

Second, the findings contribute to intermediary theory by showing that sustainability consultancies do more than transfer knowledge between regulation and client organisations. Building on literature that conceptualises intermediaries as actors involved in translation, coordination, and legitimisation (Howells, 2006; Kivimaa et al., 2019; van Lente et al., 2003), this thesis shows how these intermediary functions are enacted through concrete service practices.

The empirical case suggests that consultancies can act as active knowledge constructors. They do not simply communicate existing regulatory requirements to clients; they interpret ambiguous

requirements, develop methodologies, create templates, design processes, and construct tools that make implementation possible. In this sense, intermediary work is generative. It shapes how regulatory requirements are understood, how client organisations engage with them, and how sustainability reporting practices begin to take form.

Third, the study contributes to a more nuanced understanding of regulatory uncertainty in the context of service innovation. Rather than treating regulatory uncertainty solely as a constraint, the findings suggest that uncertainty can also create space for interpretation, experimentation, and service development. In the case analysed, uncertainty concerned the scope of CSRD application, the practical steps needed to deliver double materiality and reporting services, and the relevance of different services for the consultancy's client base.

This uncertainty encouraged the consultancy to simplify and reorganise CSRD/ESRS-related requirements into modular services, including double materiality analysis, voluntary VSME-oriented reporting, and full CSRD reporting support. Regulatory ambiguity therefore became a driver of service innovation because it required the consultancy to make strategic and methodological decisions about how to transform evolving requirements into client-facing services. This finding complements institutional perspectives on regulatory pressure and is consistent with literature that understands uncertainty as a condition that can enable experimentation and agency (Garud et al., 2013).

Finally, the thesis contributes by integrating these perspectives into a more process-oriented understanding of service innovation in sustainability consultancies. The findings suggest that service innovation in this context is emergent, practice-based, regulation-driven, and relational. It develops between regulatory requirements and client implementation realities through the work of translating, coordinating, legitimising, adapting, and stabilising consultancy services.

By integrating intermediary theory and service innovation literature, the thesis suggests that service innovation can be understood as the practical form through which intermediary work is performed. This provides a more nuanced understanding of how regulatory frameworks such as CSRD/ESRS become operational in organisational practice, highlighting the interdependence between regulatory interpretation, knowledge construction, service configuration, and client implementation.

## 6.2. Practical implications

The findings suggest that sustainability consultancies should adopt flexible and modular approaches to service design, particularly in contexts where regulatory requirements remain uncertain. Rather than waiting for full regulatory stability, consultancies can develop scalable services that respond to different levels of client readiness, reporting maturity, and regulatory exposure.

The study also highlights the importance of methodological development capabilities. As CSRD/ESRS provides reporting requirements but not always detailed implementation procedures, consultancies need to translate abstract regulatory concepts into practical tools, templates, documentation routines, and client-facing processes.

For client organisations, the findings underline the importance of internal coordination and data readiness. Effective implementation depends not only on external consultancy support, but also

on the client's ability to provide relevant information, assign responsibilities, and coordinate across departments.

Finally, both consultancies and client organisations should pay attention to credibility, traceability, and assurance-readiness, even in voluntary reporting contexts.

### 6.3. Limitations

This study has several limitations. First, it is based on a single case study of one sustainability consultancy, which limits statistical generalisability. The findings should therefore be understood as analytically generalisable insights rather than representative conclusions about the sector as a whole.

Second, the research was conducted from an embedded position within the organisation. While this provided valuable access to everyday consultancy practices, it also introduced potential biases related to interpretation and data selection. Reflexivity and triangulation were used to mitigate these limitations.

Third, the study captures an early and transitional stage of CSRD/ESRS implementation. As the regulatory framework becomes more established, consultancy practices and service innovation processes may evolve further.

### 6.4. Future research

Building on these limitations, several avenues for future research can be identified.

First, further studies could adopt a comparative approach, analysing multiple sustainability consultancies to examine how different organisational characteristics, such as size, market focus, or geographic context, influence service innovation processes. This would allow for a more comprehensive understanding of variation within the sector.

Second, future research could explore how service innovation evolves as the CSRD/ESRS framework becomes more established. Longitudinal studies would be particularly valuable in examining how practices shift from experimentation to standardisation over time.

Third, additional research could focus on the client perspective, investigating how organisations experience and engage with sustainability consulting services. This would provide insights into co-production processes and the development of internal capabilities.

Fourth, there is scope to further investigate the role of data and digital tools in sustainability consulting. As the findings suggest that data structuring is a central component of service delivery, future research could examine how digitalisation and data systems shape the evolution of sustainability services.

Finally, future research could further investigate the relationship between intermediary practices and service innovation across different professional service contexts beyond sustainability consulting. Such studies would help assess the broader applicability of the analytical framework developed in this thesis.

## 6.5. Concluding remarks

This thesis has explored how sustainability consultancies innovate their services in the context of CSRD/ESRS-related regulatory change. The findings show that service innovation is not a separate organisational activity, but emerges through everyday consultancy work: interpreting regulation, developing methodologies, coordinating implementation, adapting services, and constructing credible reporting practices.

Sustainability consultancies therefore do not simply transfer regulatory knowledge to clients. They actively shape how sustainability reporting requirements become operational by developing tools, templates, methodologies, and service structures that make implementation possible. Understanding service innovation in this context requires attention to the practical work through which regulation, professional expertise, and organisational realities are brought together.

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## Popular science summary

Sustainability reporting has become one of the most important challenges for companies in Europe. In recent years, new regulations such as the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) have transformed sustainability from a voluntary communication exercise into a formal and highly structured reporting obligation. Companies are now expected to disclose detailed information about their environmental, social and governance impacts, risks and opportunities. They must also explain how sustainability issues affect their business model, strategy, governance and financial performance.

For many organisations, this shift is complex. The new regulatory framework is technical, demanding and still evolving. Companies need to understand not only what the rules require, but also how to translate them into concrete internal processes, data systems, responsibilities and reporting practices. This is where sustainability consultancies play a key role. They act as intermediaries between regulatory requirements and business practice, helping companies make sense of complex standards and turn them into workable services, tools and processes.

This thesis explores how sustainability consultancies innovate their service offerings in response to emerging regulatory frameworks, with a particular focus on CSRD and ESRS-related services. Rather than looking at innovation as the creation of a completely new product, the study shows that innovation in this context is often more gradual, practical and adaptive. It happens through the continuous interpretation of regulation, the design of methodologies, the development of templates, the configuration of advisory services and the adjustment of client-facing processes.

The study is based on qualitative research, drawing on empirical observation within the context of sustainability consultancy work. This approach makes it possible to examine service innovation from the inside, focusing on how consultants actually respond to regulatory uncertainty in their everyday activities. Instead of treating consultancy services as fixed packages, the thesis analyses how they are shaped, tested and refined while consultants interact with clients, interpret standards and respond to changing market expectations.

One of the main findings is that CSRD and ESRS-related consultancy services are not created in a linear way. They do not simply move from regulation to service design to implementation. Instead, they are configured through an iterative process. Consultants interpret the regulatory framework, identify what clients need, create internal tools, test approaches in projects, and then adapt those approaches as new questions, difficulties and expectations appear. Service innovation therefore emerges through practice.

For example, a requirement such as double materiality assessment is not immediately transformed into a ready-made service. It first needs to be understood, broken down and operationalised. Consultants must decide how to explain the concept to clients, how to structure stakeholder engagement, how to identify impacts, risks and opportunities, how to assess their relevance, and how to document the process in a way that is credible and aligned with ESRS expectations. Each of these steps involves interpretation and professional judgement.

The thesis also shows that sustainability consultancies operate in a space of regulatory uncertainty. Although the CSRD and ESRS provide a formal framework, companies and consultants still face many practical questions about implementation. Some requirements are technically complex, while others leave room for interpretation. This uncertainty does not stop service development. On the contrary, it becomes one of the drivers of innovation. Consultants

innovate because they need to create practical answers before all aspects of the regulation are fully stabilised.

This makes sustainability consultants important intermediaries. They do not merely transmit regulatory information from policymakers to companies. They actively translate, simplify and operationalise that information. They connect policy requirements with organisational realities. In doing so, they help companies understand what sustainability reporting means in practice: what data must be collected, which departments need to be involved, how responsibilities should be distributed, and how sustainability information can be integrated into business decision-making.

Another important contribution of the thesis is that it challenges a narrow understanding of service innovation. In many cases, innovation is associated with new technologies, new products or radical market disruption. However, in sustainability consultancy, innovation often takes a different form. It may involve developing a new assessment methodology, redesigning a reporting process, creating a client workshop, adapting an ESG diagnostic tool, or building a framework to align regulatory requirements with company strategy. These innovations may not always be visible as stand-alone products, but they are essential for making complex sustainability regulations usable.

The findings suggest that service innovation in sustainability consultancies is strongly connected to learning. Consultants learn by doing, by interpreting regulation, by responding to client questions and by adjusting their methods across projects. Knowledge is not only acquired from official standards or guidance documents; it is also produced through practical experience. As consultants work with companies from different sectors, they accumulate insights about common challenges, sector-specific needs and effective ways to communicate complex sustainability concepts.

This has implications for how we understand the role of consultancies in the sustainability transition. Sustainability consultancies are often seen as external advisors that support compliance. While this is true, the thesis shows that their role is broader. They contribute to shaping how companies understand and implement sustainability requirements. Through their services, they influence how sustainability is measured, prioritised, documented and embedded within organisations.

The study also highlights certain tension. On the one hand, consultancies help companies navigate complexity and improve their sustainability reporting. On the other hand, the rapid growth of regulatory demand can create pressure to standardise services, accelerate delivery and respond to market needs quickly. This means that consultancies must balance rigour, adaptability and efficiency. They need to provide services that are technically robust, but also understandable and feasible for clients.

The thesis contributes to academic debates on service innovation by showing that innovation in professional service firms can be understood as a situated and practice-based process. It also contributes to research on sustainability transitions by showing how regulatory change is mediated by professional actors. CSRD and ESRS do not become business practice automatically. They are interpreted and enacted through the work of consultants, companies, auditors, regulators and other stakeholders.

For practitioners, the thesis offers a useful message: sustainability consulting services should not be treated as static products. They need to evolve as regulation, client needs and market expectations change. Consultancies that want to remain relevant must develop strong capabilities for interpretation, methodological design, knowledge management and client education. They

must also be able to transform complex requirements into services that support both compliance and strategic sustainability management.

For companies, the study shows why sustainability reporting should not be approached only as a technical reporting task. CSRD and ESRS require internal coordination, strategic reflection and organisational learning. Working with consultants can help companies navigate this process, but the value of consultancy depends on how well external expertise is connected with internal knowledge and decision-making.

Overall, this thesis shows that sustainability consultancies play a crucial role in turning complex EU sustainability rules into practical business services. Their work is not limited to explaining regulation; it involves translating uncertainty into action, designing methods, guiding clients and continuously adapting services in response to a changing regulatory environment. In this sense, service innovation in sustainability consultancy is not a one-time event, but an ongoing process of interpretation, operationalisation and learning.

As sustainability regulation continues to evolve, the role of consultancies is likely to become even more significant. They will not only help companies comply with new requirements, but also shape how sustainability is understood and implemented in practice. This makes their innovation processes an important area of study, both for academics interested in professional service firms and for practitioners working toward more meaningful corporate sustainability.

## Appendix

### Appendix 1

Appendix 1 summarises the main empirical sources used in the study, including interviews, observation-based material, and organisational artefacts collected during the fieldwork period. The table also indicates the analytical relevance of each source in relation to the empirical analysis presented in Chapter 4.

#### *Appendix 1. Overview of empirical material and analytical relevance*

Code	Type of empirical material	Description	Main analytical relevance
Interview 1	Semi-structured interview	Interview with a sustainability consultant involved in the design and delivery of CSRD-related services.	Provides explanations of service design, regulatory interpretation, methodological development, client interaction, and service redesign after regulatory changes.
Observation memo 1	Participant observation / field notes	Observation of internal consultancy work related to sustainability service development and CSRD/ESRS-related methodological discussions.	Shows how regulatory requirements are interpreted and transformed into practical service components during everyday consultancy work.
Observation memo 2	Participant observation / field notes	Observation of client-facing or client-preparation activities, including discussions about data needs, roles, responsibilities and follow-up processes.	Supports the analysis of coordination, co-production and knowledge asymmetry between the consultancy and client organisations.
Internal artefact 1	Internal artefact	Anonymised double materiality methodology, template, matrix structure or related working document.	Provides evidence of how abstract regulatory requirements are codified into tools, templates and repeatable methods.
Internal Artefact 2	Internal/client-facing document	Anonymised service structure, proposal language or commercial description of CSRD/VSME/double materiality services.	Shows how the consultancy modularises CSRD-related services into different offerings for different client needs and levels of regulatory exposure.
Internal Artefact 3	Internal working material	Anonymised reporting, data collection or audit-readiness checklist/template.	Supports the analysis of legitimisation, documentation practices and preparation of outputs that can withstand internal or external review.

The empirical material combines observation-based evidence, interview accounts, and organisational artefacts in order to support triangulation across different forms of consultancy practice. Together, these materials provide insight into how sustainability consultancies interpret regulatory requirements, adapt consultancy services, and operationalise CSRD/ESRS-related implementation support in practice.

## Appendix 2

Appendix 2 provides examples of how empirical material was coded and connected to the analytical framework.

### *Appendix 2. Examples of coding and analytical interpretation*

<b>Empirical material</b>	<b>Initial descriptive code</b>	<b>Analytical interpretation</b>
Revision of workshop structure following uncertainty regarding ESRS implementation requirements	Methodological adjustment	Service adaptation / service innovation
Consultants explaining reporting requirements to client teams	Regulatory interpretation	Translation
Coordination between sustainability, finance, and operations departments during reporting preparation	Cross-functional coordination	Coordination
Reuse of revised templates across multiple projects	Standardisation of practice	Stabilisation of innovation
Internal review discussions regarding assurance-readiness	Quality assurance adaptation	Legitimation

These examples illustrate how empirical material was interpreted iteratively through the analytical framework developed in Chapter 2. Rather than treating intermediary work and service innovation as separate phenomena, the analysis examined how consultancy practices simultaneously involved processes of translation, coordination, legitimation, and service adaptation. The coding process therefore supported an interpretive analysis focused on how sustainability consultancies developed and adapted consultancy services in response to CSRD/ESRS-related implementation challenges.

## Appendix 3

### *Appendix 3. Main analytical categories used in the empirical analysis*

<b>Analytical category</b>	<b>Definition in the study</b>	<b>Empirical focus</b>
Translation	Practices through which consultants interpret and operationalise CSRD/ESRS requirements	Workshops, methodological interpretation, reporting guidance
Coordination	Practices through which consultants align organisational actors, responsibilities, and reporting processes	Cross-functional meetings, data collection, project coordination
Legitimation	Practices aimed at making sustainability methods and outputs credible and defensible	QA routines, documentation practices, assurance-readiness
Service adaptation	Changes in consultancy services and delivery practices in response to implementation challenges	Template revisions, workshop redesign, methodological adjustments
Stabilisation	Processes through which revised consultancy practices become repeatable across projects	Internal guidance, reusable templates, standardised routines

These analytical categories guided the interpretation of empirical material throughout the analysis. While analytically distinguishable, the categories frequently overlapped in practice and

were often observed simultaneously during consultancy activities related to CSRD/ESRS implementation.

#### Appendix 4 – Interview transcript

##### **Section 1: Context and Role**

*Okay, so we'll start with the interview.*

*There are eight sections on different topics, but it should be more like a conversation and you can explain your experience, how you've lived it, etc.*

*So first, just to provide some context, what is your role in the organization?*

— I am a sustainability consultant.

*And how are you involved in projects related to the CSRD?*

— Um... I was the consultant who designed the new CSRD-related projects in my consultancy.

##### **Section 2: Service Offering**

*How would you describe Worsley's CSRD service offering?*

— Since the regulation had not yet been finalized and we didn't know the scope of application for companies, what we did was simplify the regulation so that as many companies as possible would want to purchase our services.

That's why we divided it into three main services:

the first being the first step of CSRD, which is the double materiality analysis, and this tool could be used both for reporting, if it eventually applies to them or not, and also for strategy, as a pilot for their sustainability strategy.

The second main line we developed through CSRD was the report for small and medium-sized enterprises, the VSME, which was recently mentioned in the Omnibus law as a recommended voluntary report.

And the third, although it has not had much demand, has been the final report strictly following the CSRD.

*Very good. So, what would you say are the main components of this service?*

— Well, in the first one, the double materiality analysis, which is based on the regulation but requires creating our own methodology, because the regulation itself does not provide the steps to follow. That is the first service.

The second service is a sustainability project manager for companies that lack internal resources, helping them identify the data and organize it according to regulatory requirements.

And the third is the final report. It is not very complex, but it involves following the regulation as closely as possible to deliver a standardized or auditable result.

*And what would you say are the typical deliverables?*

— Well, as I mentioned: the double materiality analysis, the VSME-based report, and the CSRD-based report.

**Section 3: Service Delivery**

*How is the service typically delivered in practice?*

— We usually start with a kickoff, as we call it, and in all projects we have several deliverables, follow-up meetings, and final meetings.

Across all three types of projects, we first need to understand the company in order to guide them and minimize the workload.

In the case of the DMA, the first step is identifying the knowledge we have gathered, always maintaining direct contact with the client and continuous validation, where the double materiality analysis is carried out jointly.

Then, from the consultancy side, we process the results and transform them into a double materiality matrix, which is not defined in the regulation. So we take the client's needs and structure it either according to the ESRS, the IROs themselves, or by subtopics that the company wants to highlight in the report or that align with its sustainability strategy.

For the voluntary report, it basically starts with an initial training and the preparation of a document to help them identify the data they need to collect.

After that, there is almost direct follow-up via email or calls, where the client usually has doubts, does not interpret the questions correctly, or does not know where to obtain the data, and we provide this direct support.

Then the final report is delivered after a small internal review and mini-audit to ensure that the data has been sourced correctly.

Regarding the full CSRD report, we have not yet completed one, but we follow the steps defined by the regulation: materiality analysis, stakeholder consultation, and then translating everything into mandatory metrics and developing them with data.

*Perfect. And what roles are involved in delivering the service?*

— Since there are no final examples or results, the methodology has to be created from scratch, interpreting what we currently have from the regulation and academic interpretations.

In the end, the report is designed to be done by the companies themselves. As a consultancy, we do not have all the internal information or knowledge that the company has, so it is difficult to correctly identify impacts, risks, and opportunities.

The main difficulty is working from that lack of knowledge and trying to make it as realistic and aligned as possible.

*And how do you interact with the client during the process?*

— Directly, through email, or if they have a major question, through video calls or phone calls.

#### **Section 4: Interpretation of CSRD/ESRS**

*How do you interpret CSRD requirements when working with clients?*

— We haven't reached that point. CSRD is more focused on large companies, while we work with SMEs. So we haven't reached a stage where we need to take the ESRS and translate them into data collection and reporting systems.

I haven't had to interpret CSRD at that level.

*What aspects of the regulation are more ambiguous or open to interpretation?*

— The double materiality analysis. There is guidance, but the methodology itself has to be created by you.

*And how do you explain or translate these requirements to clients?*

— By explaining the regulation in a simple and understandable way, and then explaining our internal methodology, making it clear that it is open to change.

*What are the main challenges?*

— Lack of experience, like with any new service. It's about practice and trial and error.

#### **Section 5: Coordination**

*How do you coordinate work across different departments within the client organization?*

— We usually ask for a single spokesperson who acts as the company coordinator, and we support that person. We only work through one intermediary.

#### **Section 6: Credibility and Validation**

*How do you ensure your approach is perceived as credible?*

— We try to base it on the regulation and also on practices from other companies or auditors that have made information publicly available.

***To what extent do audit requirements influence your work?***

— The mandatory report must be audited, the voluntary one does not. We prepare everything so it can be audited, but we haven't gone through an audit yet.

**Section 7: Service Development and Change**

***Have the services changed with the Omnibus law?***

— Yes, of course. We had designed a full end-to-end CSRD service, but with the Omnibus law it stopped working because the type of companies required to comply changed, and those were not our target.

So we redesigned everything towards SMEs, focusing on double materiality and the voluntary report.

***What has driven these changes?***

— The regulation.

***And how do you develop new methods?***

— By studying the regulation and conducting academic research.

**Section 8: Standardization**

***When does something become “standard” in your service?***

— When the methodology works and the client is satisfied with the final result.

***How do you ensure consistency across projects?***

— By following the same steps, adapting them to each client, learning from previous projects, and also using templates when developing deliverables.

***Anything else to highlight?***

— No, thank you very much for your time.

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