

CSRD - Burdening Regulation or Opportunity for CSR Communication? A Qualitative Study on the Influence of the Corporate Sustainability Reporting Directive on Large German Companies

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Imprint

Sound or Silence? Current Developments in Organizational
Communication

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CSRD – Burdening Regulation or Opportunity for CSR Communication?

A Qualitative Study on the Influence of the Corporate Sustainability Reporting Directive on Large German Companies

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Moritz Sauer, Lara Wegmann

Abstract

The recently implemented Corporate Sustainability Reporting Directive (CSRD) of the EU Commission fundamentally changes previous reporting practices. In this context, this study examines to what extent the CSRD influences the CSR communication of large German companies. To answer the research question, 14 qualitative interviews were conducted with communication experts from companies that are either already reporting or will be required to report in the future, as well as with consultancies. The research results provide indications of organizational changes due to the CSRD, which are reflected in the growing interest of management and the associated hierarchical repositioning of CSR communication within the company. Resource-specific and structural challenges arise particularly for companies that will be required to report in the future. In addition, the long-term handling of external service providers is generally unclear for companies. The study results suggest an increasing demand for communication experts in the future, which represents an opportunity for CSR communication. Ultimately, this study recommends the use of alternative communication channels, in addition to the sustainability report. Collected indicators should be prepared and disseminated in a channel-specific manner in order to reach a broader audience.

Keywords: CSR communication, CSRD, sustainability report, sustainability reporting, Corporate Sustainability Reporting Directive

Introduction

On January 5, 2023, a new directive of the EU Commission came into force that will fundamentally change sustainability reporting (European Commission, 2023). The so-called Corporate Sustainability Reporting Directive (CSRD) is intended to lead to more corporate transparency by setting precise standards. Furthermore, it aims to provide more comparable and relevant information on sustainable business activities for external stakeholders (European Commission, 2023).

The new directive increases both political and societal pressure on reporting companies to pay more attention to sustainability issues and to participate in the sustainability discourse (Lee & Cho, 2020, p. 436). This emphasizes the importance of CSR communication for companies, as it helps to engage the public in discussions about sustainability. The CSRD further increases the significance of sustainability reporting, which plays a crucial role in CSR communication by providing important information and by taking on an appeal function (European Council & Council of the European Union, 2022; Heinrich & Schmidpeter, 2018, p. 4; Fifka, 2018, p. 142). This suggests that the new guideline not only affects how companies report on sustainability, but also influences their CSR communication. However, there is currently no research available on the influence of the CSRD on CSR communication. Due to the actuality of the directive, the focus of research so far has been on the general impact on companies (e.g., Baumüller, 2022; Lanfermann & Baumüller, 2022). At this point, there is a clear gap in scientific research, which this paper aims to fill. Therefore, the research interest lies in investigating the communicative changes resulting from the planned CSRD to find out what influence they have on the CSR communication of companies. This research-related claim can be concretized by the following overarching research question:

RQ: To what extent do the planned regulations of the European Commission's "Corporate Sustainability Reporting Directive" (CSRD) influence the CSR communication of large companies in Germany?

Due to the low research density in the context of this paper's topic of interest, the research question will be investigated with the help of qualitative interviews. For this purpose, it is necessary to illuminate the theoretical background. Therefore, a theoretical overview of CSR communication and the CSRD of the EU Commission will be provided first. After a description of the methodology, the research findings will be presented, discussed, and interpreted based on the literature. Finally, the present work will be critically reflected, limitations will be presented, and a conclusion will be drawn.

Literature Review

CSR communication

CSR communication is based on the concept of sustainability communication, which, following the sustainability concept, is understood as the social process of understanding the careful use of resources (Godemann & Michelsen, 2011, p. 6; WCED, 1987, p. 37). As a subfield of corporate communications, CSR communication deals with the corporate contribution to the social sustainability discourse (Brugger, 2010, p. 95; Prexl, 2010, p. 147). With the focus on public relations (PR), the function includes all external communicative actions of profit-oriented companies that deal with the topic of sustainability in terms of content and thus touches social, governmental, and ecological aspects (Brugger, 2010, p. 3).

The main task of CSR communication is to inform stakeholders about activities and developments in the context of corporate sustainability actions (Heinrich & Schmidpeter, 2018, p. 4; Prexl, 2010, p. 149). The aim is to make sustainability concepts known to the public as well as to gain social legitimacy (Brugger, 2010, p. 95). It also supports the identification, internalization, and processing of relevant issues as well as the corporate influence on social development (Brugger, 2010, p. 95).

In line with its objectives, CSR communication is considered to play a significant role in highlighting the value-adding contribution of corporate

sustainability practices, with which the function contributes to corporate success (Heinrich & Schmidpeter, 2018, p. 2). Through the positive influence of these practices on corporate image, corporate reputation, stakeholders, legitimacy, corporate risk, and innovation potential, support for financial goals can be derived (Crane & Glozer, 2016, pp. 1232-1233; Vishwanathan, van Oosterhout, Heugens, Duran & van Essen, 2020, pp. 316-318).

In addition to opportunities for corporate success, CSR communication also entails various communicative risks. First, the low level of social awareness of the sustainability mission statement and the high complexity of sustainability issues make communication difficult (Brugger, 2010, p. 187; Prexl, 2010, p. 184). Within the company, internal sustainability awareness, internal coordination processes and the process of information procurement and evaluation can also inhibit CSR communication (Prexl, 2010, pp. 187-188; Brugger 2010, pp. 170-176). Further challenges are the problem of social attention and of credibility (Prexl, 2010, p. 191). In addition, as communication increases, so does stakeholder attention, which maximizes the pressure on companies (Weder, Einwiller & Eberwein, 2019, p. 200). The diverse stakeholder expectations further amplify this pressure, so that successful CSR communication faces various hurdles (Prexl, 2010, p. 186; Karmasin & Apfelthaler, 2017, p. 245).

Based on existing literature, CSR communication is usually located in special CSR departments, corporate communications, or PR (Bruhn & Zimmermann, 2017, p. 8). The survey by Pollach, Johansen, Ellerup Nielsen and Thomsen (2012), which is one of the only empirical studies on the organization of CSR communication, confirms similar findings. The results show that CSR activities are often located in separate CSR departments, but there is close consultation with corporate communications (Pollach et al., 2012, p. 211). CSR activities are thus integrated into corporate communications, "but not vice versa" (Pollach et al., 2012, p. 213). Furthermore, the results illustrate that communication

departments are less involved in sustainability reporting. They are more likely to be involved in advertising and sponsorship (Pollach et al., 2012, p. 210). Regarding reporting channels, it becomes clear that in half of the cases the CEO is responsible for CSR issues, so that the CEO is strongly involved in the internal coordination processes (Pollach et al., 2012, p. 211).

A central instrument that contributes to fulfilling the information function of CSR communication is the sustainability report (Fifka, 2018, p. 139). The publication reports on events, strategies, and goals in accordance with applicable laws and guidelines (Schach, 2015, p. 184). Sustainability reporting has been gaining relevance for years and is encountering various guidelines and regulations, which further emphasize the importance of CSR communication (Golob, Verk & Podnar, 2017, p. 170). This also applies to the recently published CSRD of the European Commission. Before examining the influence of the CSRD on CSR communication, a brief insight into the contents of the CSRD and its impact on the companies concerned will be provided.

Corporate Sustainability Reporting Directive

The CSRD, which came into force in January 2023, is considered a revised, improved version of its predecessor, the Non-Financial Reporting Directive (2014/95/EU), short NFRD. The NFRD obliged large public interest entities to provide information on environmental aspects, social issues, corruption prevention and diversity measures at management and control levels (European Commission, 2023). According to its own statements, the EU Commission allowed the companies concerned a great deal of freedom in the implementation and design of the NFRD (Europäische Kommission, 2017). To increase company transparency and the comparability of information in the future, the NFRD was comprehensively revised (The European Parliament & the Council, 2022, p. 14). The aim was to adopt a mandatory set of guidelines which defines the information to be published from the sustainability categories of environment, social affairs, and governance as well as the integration of

the sustainability report into the management report (Wulf & Velte, 2022, p. 232; The European Parliament & the Council, 2022, p. 31).

The fundamental driver behind the comprehensive reporting required under the CSRD was the European Green Deal, which sealed the climate neutrality target by 2050 with its set of measures (The European Parliament & the Council, 2022, p. 2). As part of this package, the CSRD supports the achievement of the target by obliging large companies and listed small and medium-sized enterprises (SMEs) to comply with detailed and standardized sustainability reporting in the future (The European Parliament & the Council, 2022). The number of reporting companies will thus be increased to approximately 50,000 (European Commission, 2023). In addition, the CSRD puts sustainability reporting on an equal level with financial reporting through its mandatory integration into the management report (Wulf & Velte, 2022, p. 232).

The CSRD standards define the information to be published from the sustainability categories of environment, social and governance (The European Parliament & the Council, 2022, p. 31). These include, for example, a description of the relevant business model and strategies, the companies' plans for a more sustainable economy, and of the companies' time-bound sustainability objectives (The European Parliament & the Council, 2022, p. 91f.). Furthermore, information on social factors must be provided, explaining the influence and impact of the company on people and human health (The European Parliament & the Council, 2022, p. 52).

According to the EU Commission, the new CSRD will primarily offer affected companies enhanced opportunities to access the capital market and engage in more effective stakeholder communication. This, in turn, can lead to a positive reputation boost for the companies involved (The European Parliament & the Council, 2022, p.14). The existing literature also shows that the integration of sustainability aspects in companies can contribute to securing their license to operate (Baumüller, 2022, p. 67). Furthermore, the CSRD enables business models to be transformed and

reported on according to sustainability criteria (Lanfermann & Baumüller, 2022, p. 2755).

However, previous literature also reveals various challenges for reporting companies. Establishing new processes to comply with the reporting obligation results in major corporate changes, which in turn lead to massive investments, especially in human resources (Baumüller, 2022, p. 67; Lanfermann & Baumüller, 2022, p. 2754). According to a study by Zülch, Schneider and Thun (2021), this affects a large proportion of companies. Especially for those companies that have not reported yet, the introduction of reporting will be a challenge (Zülch et al., 2021, p. 456). Regarding the audit of the reports, which will be expanded in scope by the CSRD to a reasonable assurance audit, Zülch et al. (2021, p. 456) also assume extremely high efforts and high costs. They will be particularly high for those companies that have not provided the non-financial reports audited so far (Zülch et al., 2021, p. 456).

The new reporting obligation resulting from the CSRD will fundamentally change corporate sustainability reporting and thus also CSR communication. Due to the recent publication of the CSRD and the lack of research especially in the field of sustainability communication, the objective of this study is to gain an overview of the influence of the CSRD on CSR communication. For this purpose, the investigation of opportunities and challenges is particularly appropriate.

From the perspective of the European Commission, the CSRD presents a promising opportunity for corporate success, highlighting the growing importance of sustainability and its impact on CSR communication. Consequently, it is crucial to explicitly examine the opportunities of CSRD in the context of CSR communication. This leads to the following question:

RQ1: What opportunities does the CSRD offer for CSR communication?

In addition to opportunities, the current literature primarily discusses challenges that the CSRD will pose to the companies concerned in the

coming years. In this context, it is interesting to research challenges explicitly concerning CSR communication:

RQ2: What communicative challenges arise because of the CSRD?

Furthermore, the CSRD is accompanied by structural changes in companies. The extent to which these changes also affect the organization of CSR communication will be answered in the context of the following research question:

RQ3: How is the organization of CSR communication changing in light of the CSRD?

Methodology

To effectively address the purpose of this research and to be consistent with the epistemological focus, a qualitative research approach was applied. Semi-structured guided interviews were conducted with experts in CSR communication to gather specific insights on the subject of inquiry. The interviews are based on an interview guide that incorporates the theoretical base and the research question, providing preformulated narrative stimuli. To design the interview guide, the SPSS principle of Helfferich (2011) was used. As a result of this principle, the six topic blocks *Organization of CSR communication*, *Importance of sustainability reporting*, *CSRD in companies*, *Organizational changes*, *Opportunities* and *Challenges* were developed.

Two interview guides were developed based on a sample that included communication experts and external consultants. The first interview guide is intended for professionals from CSRD reporting companies. The second interviewing guide is made for communication consultants, who support companies in the process of fulfilling the CSRD. Each guide consists of four sections. To provide a common ground, the introduction of the interview included a definition of the crucial term "CSR communication". In the second section, background data on the industry and the structure of CSR communication are gathered to portray the status quo. Questions

about potential changes in the workplace, the organization of CSR communication, as well as advantages and disadvantages related to the CSRD were covered in the main section. Finally, the last section requested an outlook on the impact of the CSRD on CSR communication.

To ensure the intentional selection of representative cases, predetermined criteria were established for the sample selection. On the one hand, the sample consists of experts from (future) CSRD-reporting companies and, on the other hand, of experts who assist these companies in sustainability reporting as external consultants. The total sample includes two groups: Firstly, communication managers who are specialized in sustainability and employed by large German companies (§267 HGB) that are obligated to report according to the CSRD guideline. Secondly, communication consultants from consulting firms assisting major German enterprises with CSRD reporting. Expert selection criteria encompassed both organizational and individual factors. 14 of the 67 experts contacted agreed to participate in an interview. Therefore, 14 experts make up the sample (n=14). Table 1 shows the sample composition:

Table 1
Sample Composition

Type of enterprise and reporting obligation	Part of the sample	Sector	E.g. professional positions
DAX companies (already reporting and the first group to be CSRD-reportable)	4/14	Chemical and pharmaceutical industry; Insurance; Fashion	<ul style="list-style-type: none"> • Lead Sustainability Communications • Senior Manager Sustainability Communications
Future CSRD-reporting large German companies	6/14	Energy; Consulting; Finance; Construction; IT; Food industry	<ul style="list-style-type: none"> • Media Spokesperson Sustainability • Sustainability Manager • Head of Sustainability, Recruiting and Employer Branding • Head of Sustainability
Communications consultancies (supporting function regarding reporting obligations)	4/14	Communications Consulting	<ul style="list-style-type: none"> • CEO • Senior Associate • Managing Director

The sample division allows a comprehensive and multifaceted exploration of the research topic. Considering the unique experiences shared by the interviewees, the order of the interview guide's questions was modified to facilitate deeper insights. Furthermore, additional follow-up questions were asked to delve further into the discussions. The 14 interviews were conducted by only two interviewers to enhance data comparability. With the experts' consent, the interviews were audio-recorded for transcription. Subsequently, the interviews were anonymized and transcribed verbatim.

Mayring's (2015) method of qualitative content analysis was adopted for the examination of the collected data material. A category system with main categories and subcategories was developed to filter the contents. This system was documented as a coding guide, which includes detailed descriptions, coding rules, and anchor examples for each category. The purpose of the coding guide is to ensure the effectiveness and precision of the categories. The main categories were deductively developed based on the theoretical framework. The category system consists of the following 15 main categories: structures; use of external service providers; resources; relevance; value contribution; visibility of importance; structural change; corporate policy changes; changes in tasks; changes in the use of external service providers; challenges; stakeholder communication; increase of relevance; increase of value contribution; outlook. The category "challenges" was inductively split into the following nine subcategories: overload of human resources; data collection; internal processes; competences of communicators; standards; transparency; scope of reporting requirements; auditing; public perception.

After coding, the categorized data material was paraphrased and summarized.

Findings

Organization of CSR Communication

To answer RQ3, the interviewees were asked about the organization of the CSR communication in general. The interviews show that CSR communication and thus also sustainability reporting are located in different departments of the companies, such as corporate communications, finance departments, in a staff unit of the executive board or in marketing. Some companies have already established their own sustainability departments, where the sustainability report is done. In those cases, the communication department acts in a supporting role and is primarily responsible for the external communication of the sustainability report. This was mainly observed in companies already subject to reporting requirements. Many future reporting companies state that CSR communication is a sub-area of corporate communications. Consequently, in these companies it could be observed that sustainability reporting is, to a large extent, the task of corporate communications. Another task of corporate communications is to prepare the sustainability report contents for external and internal communication. Some companies organize the preparation of the report by setting up project teams with experts from different departments. The interviewees generally stated that the preparation of the sustainability report requires cooperation with different departments, such as investor relations, public affairs, PR, and marketing, and that they work with a variety of interfaces. A very important interface for the communicators interviewed is the one to the sustainability department, as that is where the thematic expertise lies. On behalf of the other interviewees, one respondent reported: "We work very closely [...] with the sustainability colleagues. That means we always work as tandems or in teams and so on. That works well".

In most of the surveyed companies, sustainability reporting is positioned as a strategic topic at board level, typically within DAX companies and voluntarily reporting entities. A similar pattern applies to corporate communications, with most DAX companies directly reporting to the

management board. The following statement exemplifies this: "So the communication is connected in such a way that it reports directly to the CEO. And the Chief Sustainability Officer, who leads the sustainability department, also reports to the CEO".

The interviews also showed that external service providers play an important role in CSR communication. While only half of the DAX companies surveyed consider using these services, future reporting companies are more likely to use external service providers. One of the external service providers stated: "So two essential streams are simply advice on setting up a sustainability management system and the necessary structures. And number two is actually the implementation of individual CSR communication measures from sustainability reporting to stakeholder dialogue or CSR communication". Different companies and consultancies stated that external service providers are also used for the following reasons: external editing, coaching, stakeholder communication, digitalization, conducting materiality analyses, and graphic design.

According to some interviewees, the companies rely on external service providers due to a shortage of personnel in their teams. Future reporting companies mentioned that their sustainability and CSR communication teams are relatively small. While these companies believe they have inadequate human resources, most companies that already comply with reporting requirements consider their resources to be sufficient. Overall, respondents appear to be satisfied with the available financial resources.

Relevance and Value Contribution of CSR Communication

As emerged from some interviews, corporate sustainability action is generally gaining a lot of relevance, which can be attributed, among others, to the publics' increased sustainability expectations. Therefore, companies set high sustainability targets, integrate sustainability into their overall business strategy and report on their sustainability activities partly on a voluntary basis. One of the respondents illustrated this as follows:

"We believe that in the future you can only survive and be successful as an organization, as a company, no matter in which industry, if you have integrated sustainability into your business model accordingly". This also implies the external communication and the reporting of the companies' sustainability goals. Consequently, this influences the stakeholder management and creates transparency, which has a particularly positive effect on customers, the employee market, and the exchange with NGOs. Furthermore, the experts reported that the topic of sustainability also has an impact on the economic value of the company. For investors and shareholders, sustainability rankings are already decisive indicators for orienting themselves in the market. Sustainability criteria also play an important role when granting bank loans and for sales partners. Additionally, the majority of the interviewees indicated that CSR communication has a significant impact on corporate success. Within the company, the importance of CSR communication becomes visible to the respondents through the increase in human and financial resources.

CSRD in Companies: Corporate Policy Changes

After the brief overview of the status quo of CSR communication in large German companies, the effects of the CSRD are presented: Firstly, the CSRD places new demands on sustainability reporting, which leads to changes in corporate policy, according to the interview partners. These include, for example, the development of a stable sustainability management system, the allocation of new responsibilities, and the establishment and expansion of control systems. In general, the experts assumed that some companies would have to restructure and align even closer with the topic of sustainability. Respondents from companies already reporting stated that the existing structures are sufficient for writing the report according to CSRD.

CSRD as an Influencing Factor of CSR Communication: Organizational Changes

Based on all interviews conducted, the new CSRD will have an impact on the structures, the use of external service providers and the distribution of tasks by the companies concerned. Previous structures must be questioned and rethought. In addition, it became clear that the organizations and processes responsible for the sustainability report, as well as the personnel and external service providers involved, need to be adapted to meet the comprehensive requirements of the CSRD in companies.

Likewise, according to the experts, a sustainability department should be set up in companies if it does not yet exist. In addition, many of the interviewees pointed out that new interfaces must be created, and the corresponding responsibilities defined. About one third of the interviewees stated that the departments must work closely together in the future and should be even better connected. The importance of one special interface was reported as well: "I just see this as a very important one [...] that there is a very close exchange between communication and sustainability, if this is not already integrated with each other in a department anyway". Resource allocation should also be reconsidered in view of the increased reporting requirements. In the interviewed DAX companies, strong structures already exist. Therefore, they do not expect any major changes due to the CSRD.

The CSRD also impacts the utilization of external service providers, which varies among the interviewed companies: From the perspective of the consultancies, companies would increasingly seek support for both advisory and operational tasks because of their expertise for CSRD. Most of the companies interviewed, primarily those with a reporting obligation in the future, agreed with this. Additionally, respondents indicate that the CSRD not only necessitates organizational, process, and personnel adjustments at the company level but also leads to changes in corporate communications. Especially the unprecedented transparency and comparability between companies will have an impact on the tasks of CSR

communication, according to the experts. The consultants interviewed highlighted that communicators should therefore expand their knowledge of sustainability in general, sustainability management and reporting, and inform themselves about the CSRD.

CSRD as an Influencing Factor of CSR Communication: Challenges

The survey highlighted challenges that companies and consultancies face in CSR communication because of the CSRD. These challenges demand significant effort and adaptability from both companies and communicators, who are confronted with new expectations, requirements, and risks. Limited human resources emerge as one of the key challenges, with both mid-sized companies and reporting companies expressing the need for additional resources on the side of future reporting companies. Moreover, the lack of skilled personnel is a recurring concern, attributed to insufficient professional experience among communicators. Another major challenge, highlighted by nearly half of the respondents, is data procurement. Obtaining as well as preparing and presenting the necessary data proves to be a particularly significant obstacle. Internal processes also present challenges for CSR communication considering the CSRD. Most consultancies and companies interviewed, that are forced to report in the future, acknowledged the CSRD's influence on internal processes. This includes the efficient adaptation of internal processes to comply with the new directive and the need to raise awareness within company divisions. Especially inexperienced companies face an additional obstacle if they have not yet established certain structures for and knowledge about detailed sustainability reporting. The impact on communication and internal time budgets was also mentioned as a difficulty.

Disclosure of grievances was identified as a fundamental threat to companies by a large number of respondents. Problematic information that should not be made public could come into focus. Another major impact of increased transparency cited by one third of the respondents was the greater vulnerability of the company and the increased potential for critical inquiries. The following statement illustrates this: "As a company, I

become more vulnerable. I have to reveal more in terms of numbers, statements, and messages, which will be critically scrutinized. Consequently, it is possible that I may provide more vulnerability and become a target for attacks.” In addition, according to the statements of half of the future reporting companies, public perception could be highlighted as another challenge: On the one hand, there could be misinterpretations due to a lack of knowledge on the part of the public, and on the other hand, due to the amount of information, the public could be overwhelmed by. Respondents also noted that the public is hardly interested in the topic and is not expected to read the sustainability reports.

According to the interviews, the scope and length of the CSRD report are responsible for a profound change. The extent of this change was illustrated representatively by one of the consultants: "Sustainability reporting is changing fundamentally. That's causing a lot of concern and a lot of work for all of us and our clients right now. [...] So this is a complete upheaval. Really a world change that is coming our way." In addition to the scope of the report, the interviews highlight the auditing of the sustainability report according to the CSRD guidelines. Almost as many companies as those that saw an audit as a challenge stated in the interviews that they were already well prepared due to a previous audit. Future reporting entities also face challenges regarding the selection and implementation of reporting standards. They fear, for example, that the high reporting effort will lead to the neglect of other sustainability measures, that no sufficient reportable changes will occur within a reporting cycle, and that they will face hurdles in working out the requirements of the CSRD.

CSRD as an Influencing Factor of CSR Communication: Opportunities

Besides the challenges, the companies and consultancies surveyed also reported about opportunities for CSR communication through the CSRD. One third of the interviewees viewed the reporting obligation under the CSRD as an opportunity to enhance the quality and quantity of content

and data for both internal and external communication. This was further affirmed by four interviewees from different companies who highlighted the significant impact of the CSRD on CSR communication. They specifically mentioned the reporting obligation and the disclosure of key figures as contributing factors. Two companies currently obligated to report and one company that will be obligated to report in the future emphasized the growing significance of CSR communication due to the CSRD, particularly at the management level.

Most of the prospective reporting companies also anticipated that resources allocated for reporting and communication would be augmented or reorganized due to the implementation of the CSRD. They acknowledged the accompanying increase in workload because of the reporting obligation, leading to the expectation of additional resources being dedicated to these tasks. Some interviewees saw these circumstances as opportunities for CSR communication. For example, one respondent from a future reporting company declared: "So, I believe that this increases the importance of CSR communication because reporting has now transitioned from being optional to mandatory." Another expressed factor was the public pressure for organizational transformation: The emphasis of the CSRD on the importance and resulting transparency drives the need to integrate sustainability into corporate strategy, compelling companies to actively pursue transformative change. Four interviewees also referred to a higher measurability and quantifiability of the company's contribution through sustainability issues, resulting from the higher amount of valid data for CSR communication.

In terms of stakeholder communication, CSRD was found to lead to greater comparability among companies. This provides stakeholders with better access as well as tracking of information, thus facilitates transparency. Consultancies commented on the inclusion of stakeholders. Half of the interviewees addressed the importance of CSRD in the capital market and among investors. All consultancies interviewed understood

capital market players as stakeholders. They also emphasized that investors were increasingly concerned with environmental, social and governance issues and would use the sustainability balance sheet and reports as a basis for investment decisions. It was also underscored that increased capital market interest in sustainability information was driving increased interest in sustainability data among Chief Financial Officers and investor relations departments. Not only institutional investors but also private investors have an increased interest in sustainability data.

Transparency in reporting plays a significant role in stakeholder communication, as some respondents confirmed. Three of them emphasized that transparency is perceived positively by the public, as companies and their actions become more comprehensible, open, and clear to them. More open and comprehensible communication is brought about by the fact that the CSRD standardizes sustainability reporting. Closely linked to a company's transparency is its credibility. According to one consultancy, credibility for stakeholders would increase due to the focus on relevant issues and greenwashing accusations would decrease. A respondent from an already reporting company expressed positivity regarding the CSRD's mandate for companies to address sustainability in the future: "CSR communication has always been said to be authentic, credible, and ideally substantiated. And now, with the CSRD, we are getting all of that". The significance of niche companies being impacted by this obligation was also highlighted, as the CSRD would result in comparable information within the competitive landscape of CSR communication.

A high impact of the CSRD on corporate and CSR communication was predicted by some representatives of future reporting companies. Also, a couple interviewees emphasized the issue of greenwashing as an important aspect in the increase in value, which was decreasing or phasing out because of CSRD. In addition to the aforementioned increase in relevance, the interviews point to an increase in the value of CSR communication as a result of the CSRD: Almost all DAX companies as

well as two future reporting companies suspected that CSRD will have an impact on a company's corporate reputation and/or credibility.

The interviewed companies and consultancies gave a personal assessment of the future impact of the CSRD. They predicted an impact of the CSRD on the measurement and evaluation of metrics, fact-based and rational communication on sustainability, corporate rethinking, and the importance of necessary resources for communicating sustainability issues. Also, the CSRD would affect the need for qualified personnel, the elevation of sustainability reporting to a level with financial reporting, and the scrutiny of sustainability efforts by politicians and NGOs.

These implications show that the CSRD can bring about a fundamental shift in CSR communications that presents both challenges and opportunities for companies and communicators.

Discussion

RQ 1: What opportunities does the CSRD offer for the CSR communication of organizations?

As opportunities are arising from the new reporting obligation for CSR communication, three key aspects were addressed in the guideline interviews: The increase in relevance and value as well as the positive influence on stakeholder communication.

As the theory implies, there were already signs of an increase in the relevance of CSR communication before the introduction of the CSRD. The finalization of the directive continues this process, which is also perceived by the experts surveyed. According to their observation, the increase in importance is reflected, for example, in the fact that the general visibility of the sustainability topic is increasing in some companies and a rise in importance is also apparent on a management level. In addition, companies with a future reporting obligation expect more resources to be available for reporting and communication, which also reflects the increased relevance of CSR communication. It is interesting to note that

the greater importance of the topic has not yet translated into general internal acceptance of the subject, as stated by almost half of the companies surveyed. Nevertheless, a prospective increase in internal acceptance can be expected, which goes hand in hand with the rising relevance of CSR communication.

Another opportunity highlighted was the value added to CSR communication by the introduction of the CSRD. While previous research attributes a contribution to both corporate image and reputation to CSR communication, companies already subject to reporting requirements primarily mentioned only the impact on corporate reputation. From this it can be concluded that in practice, it is primarily the effect of CSR communication on the collective judgment of the company that is seen as significant and interpreted as a possible opportunity. In addition to reputation, some respondents mentioned the increasing credibility of CSR communication as a positive consequence of the CSRD. In particular, the improved comparability of data for investors as well as the constant, standardized and transparent reporting would pay off in terms of credibility. The sustainability communicated and the sustainability practiced by the company are easier to compare and greenwashing is identified more easily. It can thus be concluded that sustainability as a pure PR measure without reference to actual corporate activities will be used less in the future. At the same time, it can be assumed that the basic skepticism of stakeholders toward corporate sustainability efforts identified in the literature can be countered with the help of the CSRD.

Regarding the relationship between companies and their stakeholders, various opportunities can be derived from the respondents' answers. For example, the aforementioned widespread collection of sustainability indicators can not only contribute to the credibility of CSR communication, but also offers the potential to better inform stakeholders about CSRD content. Among these, investors represent a particularly important stakeholder group, who show an increased interest in sustainability reports. Besides, capital market-oriented companies noted

that a company's sustainability is no longer only of increasing relevance to institutional investors, but also to private investors. According to the respondents, existing as well as potential employees also represent important stakeholder groups on which a company's sustainability strategy and thus also its communication can have a positive influence. In particular, the respondents see great potential in the recruitment of young talent and in employee retention, which can be seen as an opportunity for the whole company beyond CSR communication.

RQ 2: What communicative challenges arise because of the CSRD?

Challenges mentioned in the interviews relate to the resources available, data procurement and the transparency that will be created. A majority of the DAX companies see the problem regarding human resources for the report preparation primarily on the side of the previously inexperienced companies. They themselves feel adequately staffed for future requirements, but face other challenges with resources, such as the additional burden on communication and time budgets. This point was not explicitly mentioned by future reporting companies, but it can be assumed that it also applies here. The increasing amount of sustainability-related data to be obtained was also mentioned as a difficulty by respondents. In line with the challenges for the procurement already identified in the literature, evaluation and provision of sustainability-related data, interviewed representatives of the companies described the preparation and playout of data as particularly challenging. A congruence between theory and practice is also evident regarding the predicted risks that increased transparency entails for companies. According to the interviewees, transparency is not only seen as an opportunity, but could also contribute to the disclosure of grievances and thus promote critical inquiries and the vulnerability of companies. Thus, the increased communication of sustainability aspects leads to increased observation by different stakeholders. When publishing content, potential risks must already be identified beforehand and thus be minimized. Additionally, standardized response processes for critical queries should be established.

The conversion of internal processes changed the competence requirements for communicators and the specification of a reporting standard are primarily seen by future reporting companies as challenges associated with the CSRD. They also increasingly report challenges regarding the scope of the reporting obligation and the auditing of the reports. In the interviews, they attributed the changed competence requirements to the large number of new tasks that communicators will have to deal with in the future. In some cases, they reported a lack of competencies on the part of those responsible for communications, which is also taken up in the literature as an effect of the CSRD. Lanfermann and Baumüller (2022), for example, predict a need for training and further education that will affect all corporate levels in the long term.

Furthermore, future reporting entities are concerned about choosing and applying reporting standards that may require high reporting effort, be repetitive and complex under the CSRD. A challenge for both companies already reporting and those that will be required to report in the future is the readership of sustainability reports. Interviewees addressed a knowledge deficit among the public that could lead to misinterpretation of sustainability information. Derived from this, the complexity of the topic should be reduced by experts to such an extent that there is as little room as possible for misinterpretation. In addition, respondents mentioned a possible overload due to the amount of information and the fact that it is more difficult for sustainability measures to stand out in the public eye due to the standardization of reports. It can therefore be deduced that topics with a particularly high priority for the general public should be communicated in an easily understandable way in addition to the sustainability report via alternative communication channels if the company wants to achieve awareness among the broad public.

RQ 3: How is the organization of CSR communication changing in light of the CSRD?

Aligning with existing research findings, the interviews showed that sustainability reporting is hierarchically high in many companies, as it is created in consultation with the management level. In some of the companies surveyed, the communications department is also closely linked to the management level. The organizational positioning of CSR communication varies among the examined companies: Departments responsible for CSR communication and reporting are found not only within corporate communications but also within other corporate departments like finance or sustainability departments. This distribution of responsibilities largely aligns with recommendations of previous research. Furthermore, the findings showed the importance of interfaces between those responsible for reporting and the specialist departments across companies.

The findings also revealed differences regarding the role of corporate communication in the preparation and publication of sustainability reports. The interviewed DAX companies only utilize corporate communications for disseminating report content through external communication measures. However, companies that will be subject to reporting requirements in the future involve corporate communications earlier and more closely in the sustainability domain: While the relevant metrics are still collected separately from corporate communications, the overall process of report creation is predominantly managed by the corporate communications department. This is because the interviewed companies perceive CSR communication as an organizational subset of corporate communications. Meanwhile, DAX companies express concerns about maintaining these structures in the context of the CSRD, given larger reporting volumes, stricter audits, and potential consequences for inaccurate reporting.

Considering these factors, external service providers and companies that will be subject to reporting requirements in the future predict an increased

relevance and the emergence of entirely new interfaces with the CSRD, especially between the communication and the sustainability departments. Expectations for sustainability communicators also rise within these companies: Communicators must be trained in the field of sustainability to understand and translate CSRD-related topics. Additionally, they need to be able to independently derive communicative and strategic themes from the sustainability report. These requirements indicate a specialization within the field of communication that could experience a strong demand in the job market in the short to medium term, offering long-term job prospects. DAX companies did not express these expectations towards future communicators and mostly stated that they already have sufficient structures in place to handle the scope of CSRD reporting. Furthermore, most of these companies do not anticipate any changes in their responsibilities due to the CSRD for the time being. The self-assessment of these companies is interesting, as previous research claimed that only one in ten companies from DAX, MDAX, and SDAX are adequately prepared for the changes brought about by the CSRD (Zülch et al., 2021, p. 456).

Across companies, external service providers are also engaged in the creation of sustainability reports. Companies primarily perceive the support of consultants to be more operational in nature, while consultants emphasize the strategic value they bring. All surveyed consultancies report a significant increase in demand for their services, both at the operational and strategic level. Companies that will be subject to reporting requirements in the future express their intention to rely on external service providers in the long run. The expertise of external consultants is highly sought after, but only until companies can develop internal capabilities, structures, and allocate sufficient personnel and financial resources to handle report preparation internally. This presents a challenge for consultancies to remain relevant in the long term, while companies are confronted with the task of creating the necessary prerequisites to independently meet the scope of sustainability reporting.

Most companies that are already subject to reporting requirements indicated that they have sufficient personnel resources, whereas future reporting companies tend to observe the opposite. This self-assessment of the less experienced companies aligns with the evaluations of DAX companies, which critically view a potential lack of personnel resources in non-reporting companies. Considering the planned expansion of internal resources, it can be assumed that sustainability experts and communication professionals with knowledge in sustainability will become increasingly attractive to companies and will be in higher demand in the job market.

Limitations

It is important to note that the work is based on a narrow definition of CSR communication, primarily focusing on external communication activities. This limited perspective may not fully capture the complexity and nuances of CSR communication within organizations. Furthermore, the qualitative study was conducted at a very early stage regarding the decision of the EU Commission. As a result, there is limited literature available on the research topic, and many companies are only at the beginning of their preparations for the comprehensive reporting obligation. This could potentially impact the depth of insights and experiences gathered.

Methodologically, it should be mentioned that the sample selection was based on typical cases. Communication managers with prior experience in sustainability and knowledge of CSRD were specifically contacted. This selection method may introduce a bias and may not represent the full spectrum of perspectives and practices in CSR communication. Moreover, despite the research topic being classified under CSR communication, the interviewees often made statements on sustainability at the overall company level. While this provides valuable context, it may limit the depth of analysis specifically related to CSR communication activities.

Overall, these limitations highlight the need for further research and a more comprehensive examination of CSR communication, considering a broader range of organizations, timeframes, and perspectives.

Conclusion and Outlook

With the final resolution of the CSRD in November 2022, fundamental changes to corporate sustainability reporting in Germany were enshrined in law. The sustainability report is thus strengthened in its information and appeal function, which in turn can be transferred to its overriding field of action of CSR communication. However, there is a lack of scientific findings on the influence of the directive on CSR communication since its finalization was in the recent past. Therefore, in this respect, this paper provides an important first insight by focusing on large companies in Germany.

The expert opinions from companies already reporting as well as future reporting companies and consultancies partly overlap with theoretical assumptions from scientific literature, but in some cases unexpected results also emerged. In particular, the influence of the CSRD on corporate structures is currently difficult to predict according to expert assessments. This is largely due to the fact that CSR communication and reporting have been inconsistently anchored in companies so far. There are major differences between companies that are already obliged to report and companies that will be obliged to report in the future. Whether the introduction of the CSRD will lead to a unification of the organization of CSR communication in different companies is not yet clear. However, what can already be predicted is the high hierarchical level of CSR communication as well as the need for increased interconnectivity of different departments within the company. The future participation of external service providers in the creation of sustainability reports remains uncertain, as discrepancies were observed in the information provided by company representatives and consultancies.

An important finding regarding the first two research questions of this paper is that the CSRD is predominantly perceived as a "burdening regulation". In addition to opportunities such as the increase in relevance and value of CSR communication as well as the positive influence on stakeholder communication, the interviews frequently addressed challenges associated with the introduction of the CSRD. The directive seems to pose different difficulties for companies that are already obliged to report and for companies that will be obliged to report in the future. However, overlaps can also be found in challenges such as the resources available, data procurement and the newly emerging transparency of sustainability activities. From a communications perspective, the lack of human resources as well as specific competencies in the area of CSR communication is of particular interest. This was primarily mentioned by future reporting companies and points to a short- to medium-term increase in the need for experts in this area. Training communicators who already have the relevant skills when they start their careers will become the task of pertinent degree programs in the future, as well as other training opportunities for young talents. In addition, further training opportunities for experienced communicators should be promoted by companies. This is the only way to meet the new requirements for CSR communication in the long term.

With regard to communicating the information collected on corporate sustainability efforts, it is recommended not only to include it in the sustainability report, but also disseminate it through communication channels with broader coverage. In this way, it is possible to reach not only the audience of specialists or experts but also the general public so that their demand for more transparent corporate information can be met. However, the complexity of the content should be significantly reduced compared to the sustainability report. The task of CSR communication is to determine how this can be achieved without compromising the essential information. Additionally, it involves identifying the specific channels and formats that are appropriate for effectively communicating relevant CSR topics alongside the sustainability report.

Apart from implications for practice, this work also provides implications for further scientific research of the topic. It allows predictions about the possible influence of the CSRD on CSR communication, which should be quantified in subsequent studies. Due to the topicality and the early stage of the topic, long-term studies with selected companies would also be suitable in addition to a cross-sectional design in order to show the influence of the directive over time. This could help to determine how the corporate structure adapts to the reporting obligation in the long term and whether, after it has been successfully established in the companies, it is increasingly perceived as an opportunity or continues to be perceived as a challenge. During the process, it will become apparent to what extent companies that have not yet reported can catch up with the reporting and the associated know-how of companies that are already subject to reporting obligations.

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