THE FINANCE FUNCTION’S ROLE IN EU TAXONOMY WORK

A CROSS-SECTIONAL STUDY ON HOW SUSTAINABILITY AND FINANCE FUNCTIONS ARE ORGANIZED AROUND THE EU TAXONOMY

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Master Thesis

Stockholm School of Economics

2022

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Abstract

This paper aims to fulfill three interrelated purposes by examining (i) how sustainability and finance functions are organized around EU Taxonomy work, (ii) what perspective the finance function has towards their potential involvement and role, and (iii) what the interactional dynamics between the two functions are. Through a qualitative cross-sectional case study, where the analysis is framed by Abbott's (1988) theory of inter-professional settlements and concept of jurisdictions, we contribute to the relatively underexplored research areas of organizations' sustainability work in general and the role of the finance function within such work in three main ways. Firstly, we find four different jurisdictional arrangements in which the sustainability and finance functions are organized around EU Taxonomy work, across which there is a spectrum of finance function involvement levels and roles. Secondly, our findings suggest that the finance function's perspective towards their potential role in EU Taxonomy work is that they should fully employ the type of role that they regularly take in other work. Thirdly, we find that the interactional dynamics within the jurisdictional arrangements build upon collaboration rather than conflict. Thus, our findings suggest an increasing finance function involvement in sustainability reporting with the new EU Taxonomy.

Keywords:

Finance function, professional roles, jurisdictional arrangements, sustainability reporting, EU Taxonomy

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Master Thesis
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Acknowledgements

Firstly, we would like to extend a special thanks to all interviewees who participated in this study for providing thoughtful discussions and valuable insights. Without you, this thesis would not have been possible.

Further, we would like to express our profound gratitude to our supervisor, Marek Reuter, Assistant Professor at the Department of Accounting at Stockholm School Economics, for his continuous engagement and his immensely valuable input and guidance throughout the whole thesis process.

Moreover, we would like to thank Lukas Goretzki, Professor at the Department of Accounting at Stockholm School of Economics, for fruitful discussions and his support in the qualitative research process.

Finally, we want to express our appreciation to family and friends for their support.

Stockholm, December 2022

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1. Introduction

The UN’s 1987 Brundtland report’s definition of sustainable development (Drolet, 2015) can be seen as the first step in working towards a more sustainable world. Since then, several international actors have pushed to drive the sustainability agenda forward, with several milestones being reached since the release of the report (UN, 2022). Perhaps, the most important one in recent times is the Paris agreement of 2015 signed by 194 parties (UNFCCC, 2022). In light of this, firms increasingly experience pressure from several stakeholders to become more sustainable, including investors (Spiliakos, 2018; De Smet et al., 2021) and regulators (Chirez, 2022). To cope with the increased pressure, managerial roles with responsibility for sustainability work and reporting have emerged (Wright et al., 2012). However, previous research has found that the sustainability managers responsible for the reporting often have limited experience in preparing such reports while also receiving limited support from other organizational functions (Farooq and de Villiers, 2019). Though several scholars call for and encourage the involvement of accountants in sustainability practices (e.g. Davey and Coombes, 1996; Mathews, 1997), a small body of studies investigating their actual role has found it to be very limited or none at all (e.g. Campbell et al., 2012; Schaltegger and Zvezdov, 2015; Egan and Tweedie, 2018). At the same time, the sustainability frameworks that have been introduced for firms to communicate their sustainability impact often fail to convey the full picture, where companies have been proven to disclose only favorable information while excluding other potentially detrimental information (Adams, 2004; Diaz-Sarachaga, 2021).

To mitigate the aforementioned problems, and steer organizations’ activities and strategies towards being more sustainable, the EU Commission introduced the EU Taxonomy (EU Commission, 2021; Pettingale et al., 2022). This new sustainability reporting regulation provides a classification system outlining which company activities that can be considered sustainable, thus aiming to increase transparency to external stakeholders (EU Commission, 2021). Based on this, companies are to report on the percentage of sustainable activities across different financial KPIs (EU Commission, 2020). Thus, it creates a very strong link to finance that is unparalleled in previous sustainability reporting frameworks. As investors are expected to seek green investments, the EU Taxonomy aims to put pressure on companies to adapt their business strategies to attract capital (EU Commission, 2021). This attempt to pivot businesses’ strategy and redirect financial flows, in combination with the unique financial characteristics of the reporting, raise the question of what implications this will have for companies and how they work with sustainability reporting. As there is an increased need for new types of competencies due to the unprecedented nature of this type of close-to-business, monetary form of sustainability disclosure, there is reason to believe that companies now are forced to reorganize their sustainability reporting work. The financial elements of the EU

Taxonomy require financial expertise, which most likely imposes a challenge for the incumbent sustainability profession, whereas calling for an increased engagement from the previously lightly involved finance function. However, we still lack understanding about how sustainability and finance functions are organized around EU Taxonomy reporting as well as what potentially new role(s) the finance function takes within that. In light of this, this study aims to pursue three interrelated purposes, which are presented below.

Firstly, we aim to study how companies' sustainability and finance functions are organized around EU Taxonomy work, with a special emphasis on its implications for the role of the finance function. Whereas several scholars have examined the role of sustainability managers in sustainability work (e.g. Wright et al., 2012; Carollo and Guerci, 2018; Farooq and de Villiers, 2019), and some have started to look into the role of the finance function in sustainability work (e.g. Campbell et al., 2012; Williams, 2015; Egan and Tweedie, 2018), little is known about how these two professions are organized and interact in sustainability reporting. From the literature on professions, we do however know that there are different structures in which professions can be organized around tasks in the workplace (Abbott, 1988). Thus, the first research question that this study examines is:

1) *How are sustainability and finance functions organized around EU Taxonomy work?*

Secondly, as we seek to better understand the inter-functional structure and how this might develop going forward. Specifically, we study the finance function's perspective towards their potential involvement and role in the EU Taxonomy work and how it differs from the current situation. Previous research on this is scarce and presents conflicting views. Campbell et al. (2012) argue that there is a general level of skepticism towards getting involved in sustainability work within the finance function, whereas Williams (2015) finds that accountants believe they should be more involved than they currently are. To shed further light on this, the second research question that this study seeks to examine is:

2) *What is the finance function's perspective towards their potential involvement and role in EU Taxonomy work?*

Thirdly, the two aforementioned themes combined evoke a further question of interest to study, namely what the interactional dynamics between the sustainability and finance function in EU Taxonomy work are. As the two functions have been rather separated before (Farooq and de Villiers, 2019), and as their respective rationales might be hard to integrate (Deegan, 2013), it is of interest to see how they interact around EU Taxonomy work. The literature on professions suggests different forms of inter-professional encounters around tasks, where Abbott (1988) emphasizes conflict and contest over tasks, whereas Anteby et al. (2016) also shed light on the existence of collaborative actions. In light of this, the third research question to be examined is:

3) *What are the interactional dynamics between sustainability and finance functions in EU Taxonomy work?*

To answer these research questions, we draw on Abbott's (1988) theory of inter-professional settlements and his concept of jurisdictions. Abbott (1988) presents various types of settlements in which professions can be organized around tasks. Moreover, he defines a jurisdiction as control over a certain task area, which further allows us to analyze the role of the finance function in EU Taxonomy work. To answer our research questions, we employ a qualitative cross-sectional study where 16 different firms are interviewed. The interviewed firms primarily include firms covered by the regulation, but also some non-covered firms and expert firms working with the regulation. Interviewees were both from companies' finance and sustainability functions. This allows for broad insights into how firms work with the EU Taxonomy and what role the finance function plays in this.

We identify four different jurisdictional arrangements in which the sustainability and finance function are organized around EU Taxonomy work, and also suggest what implications this seems to have for the involvement and role of the finance function. In addition, our findings suggest that the finance function's perspective towards their potential role in EU Taxonomy work is related to their regular role in other work. Lastly, our findings outline the nature of the interactional dynamics between the sustainability and finance functions within the jurisdictional arrangements. With these findings, we contribute to the literature on organizations' sustainability work in general (e.g. Schaltegger, 2017) by suggesting how the sustainability and finance functions are organized and interact. Moreover, we contribute to the rather scarce literature on the finance function's role in sustainability work in general (e.g. Campbell et al., 2012; Williams, 2015; Egan and Tweedie, 2018) and in EU Taxonomy work in particular by providing for a more relational account as well as further investigating their perspective on what it should be.

The remainder of the thesis will be structured as follows: Section 2 outlines previous relevant literature, our chosen theoretical lens, and the theoretical framework. Section 3 outlines our methodology. In Section 4, our empirical analysis guided by the theoretical framework is presented and in Section 5 our findings will be discussed in relation to the previous literature. Section 6 concludes and presents limitations and suggestions for further research.

2. Institutional background and theoretical links

In this section, some institutional background and a review of relevant prior literature is presented. Section 2.1 presents information on the EU Taxonomy. Section 2.2 outlines a review of previous literature on organizations' sustainability work and the role of the finance function within such work. Section 2.3 presents our method theory, and Section 2.4 develops the theoretical framework.

2.1. The EU Taxonomy

In the past, firms reporting on their sustainability agenda and performance have had a large variety of different frameworks to choose from (O'Dwyer and Unerman, 2020; Blomme and Basha, 2021). One consequence of what has been referred to as an "alphabet soup" of frameworks (Blomme and Basha, 2021) is a low degree of standardization and difficulty to compare sustainability disclosures and performance across organizations and industries (Diaz-Sarachaga, 2021). Furthermore, the discretion in the choice of reporting framework and lack of standardization has also led to a possibility for firms to omit relevant information from their reports (Diaz-Sarachaga, 2021), and to a discrepancy between reported and actual sustainability performance (Adams, 2004). This has in turn led to greenwashing and non-complete information to stakeholders.

In light of this, the EU Commission has developed the EU Taxonomy regulation with the aim to transition investments into more sustainable assets, increase transparency in companies' sustainability reporting, and mitigate greenwashing (EU Commission, 2021). The EU Taxonomy is a classification system of what company activities that can be considered sustainable (EU Commission, 2021), where companies are obliged to report their share of sustainable activities over the three KPIs Revenue, Operational Expenditure (OpEx), and Capital Expenditure (CapEx) (EU Commission, 2020). As these are traditional financial KPIs, the EU Taxonomy introduces a clear link between sustainability reporting and financial figures, which has not been prevalent to the same extent in previous sustainability reporting frameworks. As investors are expected to seek green investments, the EU Taxonomy aims to put pressure on companies to adapt their business strategies to attract capital (EU Commission, 2021).

In detail, the EU Taxonomy presents activities over six different objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Within each objective, the EU Commission has provided a list of economic activities covered by the regulation. In their EU Taxonomy reporting, companies report their share of eligible and aligned activities using the three financial KPIs. EU Taxonomy eligibility is defined as to what extent a company's activities are included in the EU Taxonomy, while alignment requires firms to make a substantial contribution to at least one out of the six objectives while not doing significant harm to any of the other five, comply with the technical screening criteria and fulfill certain minimum social safeguards. (EU Commission, 2021) Complying with minimum social safeguards entails mitigating the risk of violation of human rights, bribery, and corruption, as well as complying with taxation laws and fair competition (EU Commission, 2022a). For 2021, companies have only been obligated to report on EU Taxonomy eligibility, but for 2022 both eligibility and alignment are to be reported (EU Commission, 2020). As the EU Commission only has released technical screening criteria for the first two objectives to date, reporting on the other four objectives is not yet on the agenda. Currently, it is only companies covered by the Non-Financial Reporting Directive (NFRD) that are obligated to disclose information regarding the EU Taxonomy. (EU Commission, 2021) The NFRD covers companies that are determined to be of public interest with more than 500 employees. Public interest companies include listed companies, banks, insurance companies, and other companies as determined by local authorities. (EU Commission, 2022b)

2.2. Sustainability work and the role of the finance function

2.2.1. Sustainability work in organizations

Corporate sustainability has no official definition but can be seen as the *"recognition of business as a global partner in sustainable development"* (Özsözgün, 2014, p.252). Corporate sustainability has since the Brundtland report in 1987 gained more and more importance (Özsözgün, 2014) and has over time evolved into a strategic topic rather than compliance only (Hoffman, 2001), thus becoming more and more important to corporations (Özsözgün, 2014). In light of this, integrating sustainability into operating models and strategy has become increasingly important (Spiliakos, 2018) which has led to the emergence of sustainability managers with the responsibility for sustainability work and reporting (Wright et al., 2012). Schaltegger (2017) shares this sentiment suggesting that sustainability management accounting has been largely developed and practiced in large companies, where sustainability managers have been at the forefront of the work so far. Several researchers have investigated this new type of role further (e.g. Wright et al., 2012; Carollo and Guerci, 2018; Farooq and de Villiers, 2019). Farooq and de Villiers (2019) showcase that sustainability managers often have limited experience preparing sustainability reports, and with little help from other organizational functions, implying quite silo-oriented work. Schaltegger (2017) further presents evidence showing that several business functions, apart from the sustainability function, have a rather low involvement in sustainability work. He does especially point out the low involvement of the finance function, which he argues to be the lowest among all business functions.

2.2.2. The role of the finance function in sustainability work

The role of the finance function and accountants in conventional accounting has been extensively researched by previous literature (e.g. Favaro, 2001; Friedman and Lyne, 2001; Burns and Baldvinsdottir, 2005; Järvenpää, 2007; Holmgren et al., 2018). Within this, there has been a trend in accountants going from a bookkeeping role towards more of a business partner role (Favaro, 2001; Järvenpää, 2007), where the latter entails a strategic close-to-business role. However, whereas this is the overall trend, other types of roles, such as hybrid roles, have also been identified (Burns and Baldvinsdottir, 2005; Holmgren et al., 2018). In contrast to this extensively researched field, limited attention has been paid to investigating the role of the finance function in sustainability reporting, accounting, and such initiatives in general (Schaltegger and Zvezdov, 2015; Schaltegger, 2017). The case for involving accountants in sustainability work has been made by several authors (e.g. Davey and Coombes, 1996; Mathews, 1997; Mistry et al., 2014; Adams, 2020). A common line of argument is that accountants possess the necessary skills and position within the company to be able to contribute to sustainability management practices (Mistry et al., 2014; Adams, 2020). For example, Adams (2020) presents arguments suggesting that finance professionals' focus on data collection, information analysis, internal controls, and providing information for corporate decision-making, among other things, makes them suitable to be involved in sustainability work. In their literature review, Schaltegger and Zvezdov (2015) summarize prior research on the topic noting that it provides both societal and business reasons for accountants to be involved in sustainability accounting, further arguing that *"whether for external (accountability and transparency) reasons or for internal (decision-making and performance management) reasons, collecting, managing and using social and environmental information call for the accountants' involvement"* (p.343).

However, in contrast to the aforementioned literature calling for the finance function's involvement in sustainability management practices (e.g. Davey and Coombes, 1996; Mathews, 1997), prior research investigating their role indicate that they only have limited involvement, if any at all, in such work (e.g. Bebbington et al., 1994; Davey and Coombes, 1996; Mathews, 1997; Wilmshurst and Frost, 2001; Campbell et al., 2012; Schaltegger and Zvezdov, 2015; Egan and Tweedie, 2018; Adams, 2020). Schaltegger (2017) argues that though sustainability management accounting has been increasingly practiced in large companies, management accountants and controllers have had a very low level of involvement in such practices. Similar findings are presented by Schaltegger et al. (2013), as they find that accounting, management control, and finance departments are the least involved functions in sustainability management practices. A limited role is also displayed by Schaltegger and Zvezdov (2015), who argue that accountants primarily take a gatekeeping role between providers of sustainability information and top management. When discussing the rationale behind this low level of involvement, Schaltegger (2017) suggests that one potential reason is the incapacity of traditional management accounting methods to incorporate sustainability issues. Nevertheless, he argues that accountants could play a valuable role in sustainability management practices, and therefore should be more involved. To enable that, Schaltegger (2017) calls for training of accountants to be able to transcend traditional accounting to address sustainability topics.

Egan and Tweedie (2018) investigate how accountants engage with sustainability practices driven by non-accountants by providing a more relational account. In their study, they evaluate how interactions between accountants' habitus, capitals (including social relations), and organizational field affect their engagement in sustainability work. They conclude that "good" sustainability accountants are difficult to find, as accountants' professional habitus might discourage them from doing more than just collecting data. Further, Egan and Tweedie (2018) suggest that accountants tend to show aversion towards engaging with corporate sustainability practices due to their concern with maintaining a distinct domain of professional expertise as well as the discomfort that most likely follows from a sudden shift in the organizational field. Nevertheless, Egan and Tweedie (2018) also point out that accountants' professional habitus also can bring value to sustainability work, and that there are "good" sustainability accountants who are able to engage with staff from other functions and drive reporting process improvement.

In line with previous researchers such as Schaltegger (2017) and Egan and Tweedie (2018), Campbell et al. (2012) argue that the finance function tends to be under-involved in sustainability work despite their crucial expertise. In light of extensive literature calling for accountants' involvement in sustainability practices (e.g. Davey and Coombes, 1996; Mathews, 1997; Schaltegger, 2017), the low level of involvement among accountants that prior research reveals raises the question of what the finance function's attitude towards sustainability actually looks like. Campbell et al. (2012) provide an answer to this question, as they point out that skepticism towards sustainability and sustainability reporting within the finance function is common. The authors identify seven potential factors driving this negative attitude, which, among other things, include the difficulty in connecting sustainability measures with financial outcomes, the difficulty in aggregating sustainability measures due to various types of scales and measures, and the lack of a generally accepted standardized sustainability framework. Campbell et al. (2012) argue that it is essential that the finance function changes their attitude and goes from commonly being agnostic, passive observers to taking a more leading role in sustainability initiatives, as they have *"the required knowledge and expertise in performance measurement and strategic planning to lead the organization's integration of sustainability efforts and reporting into its normal routines"* (p.67). Hence, their line of argument suggests that accountants should play a more active role in sustainability work which they are not willing to take on today.

However, Williams (2015) presents findings that stand in contrast to Campbell et al.'s (2012) findings on the finance function's attitude. Exploring the accountants' perspective towards their current and potential role in sustainability reporting, she finds that accountants believe that they should have a significantly higher level of involvement than they currently do. Thus, Williams (2015) suggests the existence of an "execution gap". Hence, her findings indicate that accountants are actually supportive of involvement, as opposed to being skeptical as Campbell et al. (2012) suggest. In Williams' (2015) study, the accountants had the perception that sustainability reporting will be forced upon them sooner or later and that it is important for them to be involved to be able to influence how that reporting is developed. Further, Williams (2015) observes that accountants' current involvement in sustainability reporting mostly relates to non-strategic tasks such as providing financial information and costings as well as providing a bookkeeping role. These are also the type of roles that accountants want to be the most involved in going forward (Williams, 2015).

Williams (2015) further investigates potential reasons for the identified "execution gap", where she, among other things, highlights accountants' poor understanding of sustainability and a lacking skill set. In line with previously mentioned literature (Campbell et al., 2012; Schaltegger, 2017; Egan and Tweedie, 2018), Williams (2015) argues that accountants, with their analytical skills, technical expertise, and reporting competencies, still play an important role in the advancement of sustainability reporting. In light of this, she encourages education and further up-skilling of accountants in sustainability, where she emphasizes a need for accountants *"to consider the bigger picture inclusive of the social and environmental sphere and to move away from the traditional economic focus that currently dominates accounting practice and education"* (p.282). Hence, Williams (2015) encourages training of accountants to get them more involved in sustainability work, in line with Schaltegger (2017). Still, she also implicitly highlights the complexity within that course of action as she pronounces the underlying tension between sustainability and the traditional economic focus that dominates the accounting profession. The conclusion can be drawn that this tension, which makes up a potential obstacle, is something that Williams (2015) believes accountants can overcome.

In contrast to Williams' (2015) optimistic view on accountants' capability to change fundamental aspects of their own profession, Deegan (2013) presents a more pessimistic view on the accounting profession's likelihood to take on the responsibility for social and environmental reporting going forward. He argues that though financial reporting is efficient in providing financial information to stakeholders with an interest in such figures, it has *"too many central assumptions and conventions that make it a highly inappropriate vehicle for providing information about corporate social and environmental performance"* (p.457). Thus, he argues that seeking to modify the financial reporting framework by incorporating social and environmental aspects is illogical and deemed to fail. This means that in contrast to Williams (2015), Deegan (2013) does not seem to have faith in the accounting profession's ability to move away from their inherent economic focus. Though most scholars seem to agree on the need for involving accountants in sustainability work, it is important to point out that there are also critics, like Deegan (2013), arguing that accountants should be excluded from such work as they lack either the capability or will to support sustainability advancement. For example, Cooper and Gallhofer (1992) share the standpoint of Deegan (2013) as they argue that accountants should not do environmental accounting since any initiative reducing profits will then meet resistance. This underlines the notion that accountants' involvement in sustainability practices is far from unproblematic.

2.2.3. Identified needs for further research in the literature

Prior literature calls for further research exploring the role that the finance function takes in sustainability work (e.g. Williams, 2015; Egan and Tweedie, 2018). As this area of research is currently relatively underexplored, we aim to contribute to it. The conflicting narratives that extant literature presents of what role the finance function could, should, and want to take in sustainability work, as well as the discrepancy between some of those arguments and the role that they actually seem to take, further motivates why it is of interest to do additional research within this field. In addition, it is of relevance to research the more recent involvement levels and roles of the finance function, as the external environment in relation to sustainability is under rapid development (Spiliakos, 2018; EU Commission, 2020; Chirez, 2022).

Exploring the role of the finance function in the work around the new EU Taxonomy regulation specifically is something that, to the best of our knowledge, is unprecedented in the literature. Due to the unique characteristics of the new sustainability reporting regulation, the role that the finance function takes is most likely different compared to their prior involvement in sustainability reporting and accounting. As elaborated upon in Section 2.1, the EU Taxonomy has a stronger link to finance than previous sustainability frameworks, as the reporting is done in financial figures. Hence, it is of interest to see whether the finance function is more involved in the EU Taxonomy reporting compared to their involvement in sustainability work that prior literature suggests. There is reason to believe that sustainability managers that traditionally have been driving such work (Schaltegger, 2017; Farooq and de Villiers, 2019) lack the necessary financial expertise and thereby require the finance function's involvement, thus resulting in reorganization of firms' sustainability reporting work. If so, it is also of interest to see whether the finance function takes on new types of tasks that traditionally have been performed by sustainability professionals. In addition to its clear link to finance, the EU Taxonomy also differentiates itself from other frameworks as it is mandatory and aims to serve as a standardized framework for the business community to rely on (EU Commission, 2021). This could potentially further affect the role that the finance function takes in the EU Taxonomy reporting. In light of this, we aim to examine the finance function's level of involvement and type of role in EU Taxonomy work.

Another aspect that, to the best of our knowledge, is missing in previous literature is how companies' sustainability and finance functions are organized around sustainability work and how they are interacting within that. Though the literature suggests that the sustainability function has been the most involved function, whereas the finance function has been the least involved (Schaltegger, 2017), there have not been explicit investigations of their relationship in connection to sustainability work. Given the integration of financial rationales into sustainability reporting, this is of extra high relevance and interest to examine now that the EU Taxonomy has been introduced. The fact that the two functions often have been working in silos before (Farooq and de Villiers, 2019) and the different natures of their respective professional rationales (Deegan, 2013) make the interaction between them of extra interest to study. The relational aspect is relevant to understand in itself, as it provides for a better understanding of organizations' sustainability work in general. In addition, a better understanding of the finance functions' relation and interaction with the sustainability function within sustainability work provides for a deeper and more nuanced understanding of their role. As Egan and Tweedie (2018) underline in their calls for future research, it is important to take a relational perspective that takes the organizational context in which the accountants operate into account. Thus, we aim to contribute to the literature on sustainability work in organizations in general (e.g. Schaltegger, 2017) as well as on the finance function's role in sustainability work (e.g. Campbell et al., 2012; Williams, 2015; Egan and Tweedie, 2018) by investigating how the sustainability and finance functions are organized and interact around the EU Taxonomy work, with a special emphasis on what implications this has for the role of the finance function. To enable such investigation and leverage the insights from the analysis, there is a need for a theoretical lens that not only incorporates perspectives on how a function or profession works in isolation but also on how functions or professions are organized and interact around tasks.

Moreover, there is only scarce literature on the finance function's willingness to support and general attitude towards sustainability work, where the limited literature that exists also presents conflicting views (see Campbell et al., 2012; Williams, 2015). Getting an enhanced understanding of this could help improve our understanding of why the sustainability and finance functions are organized as they are and how the set-up might evolve going forward. The discrepancy between the extensive literature calling for the finance function's involvement in sustainability practices (e.g. Davey and Coombes, 1996; Mathews, 1997) and the consensus among previous researchers on their limited actual involvement (e.g. Campbell et al., 2012; Schaltegger and Zvezdov, 2015; Egan and Tweedie, 2018) further motivates why the finance function's perspective is of interest to further explore. Thus, we aim to further contribute to the literature on sustainability work in organizations in general (e.g. Schaltegger, 2017) as well as on the finance function's role in sustainability work (e.g. Campbell et al., 2012; Williams, 2015; Egan and Tweedie, 2018) by examining the finance function's perspective towards their potential involvement and role in EU Taxonomy work and how this differs compared to the current situation.

2.3. The interplay of professions and the concept of jurisdictions

To guide the empirical analysis, we employ Abbott's (1988) theory of settlements and his concept of jurisdictions. Abbott (1988) argues that settlements outline various ways in which professions can be organized around tasks (p.69), while a jurisdiction is the link between a profession and its work (p.20). Thus, settlements are a result of how various professions make jurisdictional claims against each other. Whereas Abbott (1988) emphasizes conflict in the formation of settlements, Anteby et al. (2016) also present a more collaborative view of how professions interact. Thus, we also introduce Anteby et al. (2016) and their relating lens into our method theory to provide for a more nuanced understanding of how different professions might co-work and interact around tasks.

Abbott (1988, p.59) argues that jurisdictional claims can be made in three different arenas, consisting of the public, legal and workplace arena. The public arena is the public's opinion on what tasks a profession should perform, the legal arena is the legal obligation of a profession to perform certain tasks, and the workplace arena refers to professions' claims of tasks within companies. In the scope of this thesis, the latter is the arena of relevance, which means that it will guide how we interpret and use Abbott's (1988) theories. Within the workplace arena, Abbott (1988, p.64) presents a jurisdiction as *"a simple claim to control certain kinds of work"*. Further, Abbott (1988, p.64) elaborates on what a jurisdiction means in the workplace by saying that *"there is usually little debate about what the tasks are or how to construct them…the basic question is who can control and supervise the work and who is qualified to do which parts of it"*. Thus, he suggests that jurisdictions within the workplace are a result of who possesses the authority and the right type of knowledge. In summary, Abbott's (1988) line of argument suggests that it is the control over a "task area" that makes up a profession's jurisdiction, where a task area is a set of tasks that a profession performs (p.64).

The exact boundaries between professions' claims of tasks in the workplace are often not definite, resulting in a need for professions to continuously make and maintain their jurisdictional claims against other professions (Abbott, 1988). Thus, changes in jurisdictions are a result of an interplay between different professions. In light of this interdependence, Abbott (1988, p.279) argues that professions should not be studied in isolation, but rather as part of a system of professions as *"Professions evolve together. Each shapes the other."*. Within such a system of professions, Abbott (1988) suggests that inter-professional conflicts over tasks are natural and a central part of how professions evolve and change. According to Abbott (1988, p.71), professions seek to guard their own task area, thereby defending their jurisdiction, but they also want to continuously extend it. The outcome of such conflicts is something Abbott (1988, p.69) defines as *"settlements of jurisdictional disputes"*. Abbott (1988, p.69) argues that there are various types of such settlements. These include full domination of a task area, formal splitting of work, and various forms of subordinate or advisory functions. The four main settlement types, which also are the ones of relevance for this study, are the full claim settlement, the subordination settlement, the division of labor settlement, and the advisory settlement. The dominant profession as well as the inter-professional relations and interdependencies vary across these. Each of the four will be further described below.

Firstly, there is the full claim settlement. Abbott (1988) describes that this is when one profession has full jurisdiction over a task area and does not share it with any other profession. A full claim to a jurisdiction is founded on what Abbott (1988) calls *"the power of the profession's abstract knowledge to define and solve a certain set of problems"* (p.70) and elaborates that all profession aims to have a *"heartland of work over which it has complete, legally established control"* (p.71), thus indicating that this settlement is the primary goal for professions.

Secondly, Abbott (1988, p.71-73) outlines the subordination settlement. In this settlement, there is a superordinate and another subordinate profession. The incumbent or dominant profession is a clear leader of the work, and the subordinated profession has claimed tasks that support the incumbent. More precisely, the subordinated profession performs tasks that are *"absolutely necessary to successful practice"* for the dominant profession (Abbott, 1988, p.72). To maintain this settlement in the workplace, Abbott (1988, p.73) argues that the dominant profession needs to employ both acts of exclusion and coercion towards the subordinated profession, otherwise risking the stability of the settlement. His clearest example of such a settlement in practice is that of doctors and nurses, where the nurses are subordinate to the doctors and act upon their orders without being informed on all detailed aspects of the doctors' job. Compared to the full claim settlement, the incumbent profession has a weaker form of control over the task area.

Thirdly, Abbott (1988) presents the division of labor settlement. He elaborates that a contest of jurisdiction can result in a "standoff" where the jurisdiction is split into *"functionally interdependent but structurally equal parts"* (p.73). Within this settlement, the involved parties have clear areas of responsibility. Abbott (1988, p.73) claims that this is an outcome that commonly involves professions that have held full jurisdictions of distinct task areas before, where those are forced to work independently as the "*objective quality of tasks force together professions that had been apart*". Abbott (1988, p.73) exemplifies this through the set-up used in building construction, where architects are responsible for designing the building and overseeing the project, while other professions, such as engineers, are involved to construct the building. In this, the involved professions are interdependent on each other for successful completion of the task at hand.

Lastly, there is the advisory settlement. Abbott (1988, p.75) describes this as when a profession starts to provide advice to an incumbent profession that officially holds a full jurisdiction within a task area. According to Abbott (1988, p.75), this is a result of the former profession seeking "*a legitimate right to interpret, buffer or partially modify actions another takes within its own full jurisdiction*" (Abbott, 1988, p. 75).

None of these settlements are permanent, but they are rather "temporary stabilities" in the ongoing inter-professional competition, where some are more stable than others (Abbott, 1988, p.84). Thus, the settlements can be seen as more or less temporal resolutions. Abbott (1988, p.89) argues that changes in settlements are induced by some type of "system disturbance". A system disturbance has two main sources of origin. Firstly, it could be a result of an external force creating or impairing a task area available for professions to claim, such as regulatory change. Secondly, it could be due to a profession claiming existing task areas already occupied by another incumbent profession, thus starting a jurisdictional conflict. (Abbott, 1988, p.89)

Anteby et al. (2016) shed light to also other views on inter-professional interactions. In their article, they introduce three lenses by which occupations and professions can be understood, including the becoming lens, the doing lens, and the relating lens. The authors argue that Abbott's (1988) view on professions can be considered as a part of the doing lens. A key part of the doing lens is the competition between professions over certain tasks, with a focus on professions' obsession over their own jurisdiction and its accretion. Furthermore, a "*fixed pie of tasks*" is a central aspect of the doing lens, which indicates that to expand a jurisdiction, one profession must claim it from another (Anteby et al., 2016, p.200). However, the authors also go beyond that perspective and introduce the relating lens, which emphasizes collaborative relations, underlining that professions can work together to perform tasks without elements of dispute. Within this lens, the authors do, among other aspects, present the lens-filter called "relating as coproducing". Doing this, they outline the phenomenon of coproduction, where professions can expand the "pie" through collaborative action. This suggests that by combining different professions' expertise, they can achieve a higher level of influence. (Anteby et al., 2016)

2.4. Theoretical framework

In this section, we present our theoretical framework, which outlines how we aim to use the theoretical lens of Abbott (1988), with some additional input from Anteby et al. (2016), to respond to the problematization of the literature on organizations' sustainability work in general (e.g. Schaltegger, 2017), and the role of the finance function within that (e.g. Campbell et al., 2012; Williams, 2015; Egan and Tweedie, 2018) in particular. As the EU Taxonomy regulation incorporates both sustainability and financial aspects, the question arises whether it is the sustainability or finance function that takes the responsibility for the various tasks included in the reporting. The newly introduced regulation can be considered what Abbott (1988) describes as a *system disturbance* to the system of the sustainability and finance professions in the workplace. This might not only affect the jurisdictions of the two functions in isolation but could potentially also affect the relationship between them. We aim to use Abbott's (1988) concept of jurisdictions and his theory on how jurisdictions' interplay in claiming tasks results in *settlements* in two main ways. Firstly, we use it to better understand how the sustainability and finance functions are organized around EU Taxonomy work, by looking at their respective *jurisdictional claims* of EU Taxonomy tasks and how those interplay. Secondly, we seek to deep dive into the role of the finance function by investigating their *jurisdictional claims* more thoroughly.

To enhance our understanding of how the sustainability and finance functions are organized around EU Taxonomy work, we will apply Abbott's (1988) concept of *settlements*, which outlines various forms of *jurisdictional claims* over tasks. The main settlements that he mentions that we will use in our analysis are the *full claim settlement*, the *division of labor settlement,* the *subordination settlement,* and the *advisory settlement.* These all differ in terms of which is the *dominant profession* as well as what the relationship between the involved professions looks like. Thus, we will see which of these apply to the sustainability and finance functions' claims of EU Taxonomy tasks. Through an improved understanding of which *settlements* are brought into play by the sustainability and finance functions in the EU Taxonomy work, we do not only aim to understand the sustainability work in organizations in general better, but also intend to broaden our understanding of the role of the finance function in sustainability work better as we provide for a more relational perspective on their role.

The *jurisdictional claims* of tasks are central in Abbott's (1988) theory, as they shape not only jurisdictions but also the *settlements*. To be able to analyze the role of the finance function in sustainability work more thoroughly, we will zoom in on the finance function's *jurisdictional claims* of EU Taxonomy tasks. Thus, to improve our understanding of the finance function's current role as well as their perspective towards their potential involvement and role in the EU Taxonomy work, we seek to investigate the finance function's *current claim of tasks* as well as their perspective towards their *potential claim of tasks*. Moreover, to further broaden our understanding of the finance function's *current* and perceived *potential claim of tasks*, we aim to analyze the implications for the finance function's jurisdiction at large. That is, we seek to understand whether the tasks that the finance function currently or potentially takes on in EU Taxonomy work imply an extension of their jurisdiction compared to before the introduction of the new regulation. Hence, we will use Abbott's (1988) concept of jurisdictions. As Abbott (1988) suggests that control over a certain task area makes up a jurisdiction, a more explanatory formulation of a jurisdiction would be a *controlled task area.* Thus, to make the empirical analysis more explicit, we will make use of that particular wording. To contrast the finance function's *current* and *potential claim of tasks* with their regular jurisdiction prior to the introduction of the EU Taxonomy, we contrast the finance function's *current claim of tasks* as well as *potential claim of tasks* to their *regular controlled task area*. Such contrasting will not only inform us about whether the finance function already has extended or seeks to extend their jurisdiction but will also provide insights into potential future *settlements* for the finance and sustainability profession in EU Taxonomy work.

As we seek to better understand how the sustainability and finance functions are organized around EU Taxonomy work as well as what the finance function's perspective towards their potential involvement and role is, it is also of interest to understand the interactional dynamics between the two functions. As Abbott (1988) puts a large emphasis on inter-professional battle and conflict, we also adopt Anteby et al.'s (2016) relating lens as a part of our theoretical framework to open up for the possibility of a more collaborative nature between the sustainability and finance function within the *settlements*. Thus, by having both Abbott's (1988) conflict lens and Anteby et al.'s (2016) relating lens in mind, we are able to analyze whether the *settlements* include elements of *conflict*, as according to the former, or elements of *collaboration*, as according to the latter.

The above-discussed theoretical lens of Abbott (1988), with some additional perspectives from Anteby et al. (2016), serves to guide our empirical analysis of how the sustainability and finance function are organized and interact around the EU Taxonomy work, with a special emphasis on the role of the finance function within that. Thereby, it will help us answer the following three research questions:

1) *How are sustainability and finance functions organized around EU Taxonomy work?*

2) *What is the finance function's perspective towards their potential involvement and role in EU Taxonomy work?*

3) *What are the interactional dynamics between sustainability and finance functions in EU Taxonomy work?*

3. Method

This section outlines the research methodology and design. In Section 3.1, the chosen research design is presented and motivated. Section 3.2 outlines the empirical setting, followed by Section 3.3 presenting the data collection process. In Section 3.4, the data analysis process is outlined. Lastly, Section 3.5 presents an assessment of the data quality.

3.1. Research design

To fulfill the purpose of our thesis, which is to study how sustainability and finance functions are organized and interact around EU Taxonomy work and the current and potential role of the finance function within that, we have performed a cross-sectional study using a qualitative methodology. Employing a qualitative methodology allows us to gain deeper insights compared to if a quantitative methodology had been employed since the qualitative track allows us to make interpretations and answer how-related research questions (Vaivio, 2008; Pratt, 2009). Further, we decided to draw upon a case study method based on the reasoning of Eisenhardt (1989). She argues that employing a case study research method allows the researcher to gain insights into specific factors driving the studied phenomenon. This method was deemed to be appropriate given our research purpose in order to improve our understanding of how the sustainability and finance functions are organized around EU Taxonomy work as well as the role of the finance function in that. Furthermore, Eisenhardt (1989) references Yin (1984) as she underlines that when basing research upon a case study method, researchers can conduct analysis on several levels. In our study, we chose the organizational level as we found it to be appropriate given our research questions and purpose.

While researchers employing a case study method can choose both from a single or multiple case study (Eisenhardt, 1989), we chose the latter. Of course, there are pros and cons to both methods. However, the multiple case study option allows us to identify similarities and differences across firms in terms of how the EU Taxonomy work is structured and the role that the finance function takes, which would not have been possible if a single case study were chosen (Eisenhardt, 1991; Lillis and Mundy, 2005). Furthermore, Lillis and Mundy (2005) also argue that while a multiple case study does not allow for the same depth as a single case study, it can lead to an improved theorization. In addition, a cross-sectional study can *"enhance the credibility and generalizability of field-based theory refinement"* (Lillis and Mundy, 2005, p.3). Thus, to strengthen our theorization and thereby our contribution to the literature, we found the cross-sectional study method useful.

In their article, Edmondson and Mcmanus (2007, p.1155) claim that methodological fit is *"an overarching criterion for ensuring quality field research"*. They suggest that this entails consistency between the chosen research questions, prior literature on the area, research design, and contribution to literature. We argue that our thesis has a satisfactory level of methodological fit for several reasons. Firstly, our research design is a good choice to answer our research question as it allows for a broad understanding of how sustainability and finance functions can be organized in the work around the EU Taxonomy compared to if a single case study had been employed. A single case study would not allow us to identify differences between firms in terms of how they structure the work, nor differences in the current role of the finance function or their view on their potential role. Secondly, previous literature within the role of the finance function domain in general and the role of the finance function in sustainability work in particular use a variety of methods to contribute to the domain. Some studies have chosen a single case method (see Burns and Baldvinsdottir, 2005; Egan and Tweedie, 2018) while others have employed a multiple case method (see Schaltegger and Zvezdov, 2015). There is also previous literature that has employed a combination between a multiple case study and surveys (see Mistry et al., 2014; Williams, 2015) as well as only surveys (see Wilmshurst and Frost, 2001; De Loo et al., 2011). In light of this, it seems to be suitable for this type of study to include several objects of study. Thus, we argue that the chosen method of a cross-sectional case study is in line with previous literature.

3.2. Empirical setting

Our empirical setting is companies that in some way work with the EU Taxonomy, either as they are covered by the regulation, uncovered but have voluntarily started to apply it, or by being external expert firms providing advice on EU Taxonomy reporting. 16 companies were included in the sample, of which eleven were covered by the EU Taxonomy, two were not covered by the EU Taxonomy, and three were expert firms. We chose to interview covered, non-covered as well as expert firms to capture all relevant aspects of the chosen research question. Furthermore, to get more generalizable results, the companies included in the sample had a varying degree of EU Taxonomy eligibility (see Appendix A) to ensure that the results were not skewed towards a certain level of EU Taxonomy eligibility, as the level of eligibility reasonably could influence how organizations work with the EU Taxonomy.

To not only ensure a broad sample, but also comparability among the interviewees, we set up some requirements for companies to be included in the sample. These included that all firms should have a designated finance function and preferably also a sustainability function, and they should not be financial companies, meaning no hedge funds nor banks, as those are covered by a different type of EU Taxonomy regulation. Moreover, all covered firms, which are the main objects of study for our empirical analysis, have their headquarters in Sweden and are listed on the Nasdaq Stockholm Exchange. This entails that they are subject to similar types of organizational design and culture as well as regulations and external pressures, which otherwise could have affected the sample comparability and thus our results. Further, it should be noted that whereas we reached out to a large number of suitable firms, the selection of companies was dependent on the companies' willingness to participate. Thus, the sample of companies was somewhat subject to convenience.

3.3. Data collection

In order to get a good understanding of how companies' sustainability and finance functions are organized around the EU Taxonomy work and what implications it has for the role of the finance function, interviewees in the non-expert firms were both from the finance function and the sustainability function. In this study, the finance function is defined as the organizational function which is responsible for the financial reporting within an organization, whereas the sustainability function is defined as the organizational function which has the overall responsibility for sustainability-related issues within an organization. Furthermore, a financial manager is defined as an employee with a managerial responsibility who works within the finance function, and likewise, a sustainability manager is defined as an employee with a managerial responsibility who works within the sustainability function. All interviewees were categorized according to their official functional belonging, except for one. One of the employees that we classified as a sustainability manager officially belonged to the finance function. However, she explained that she identified herself as a sustainability professional and had responsibility for all the sustainability-related issues, and the reason for her being within the finance function was that the company did not have a separate sustainability function but rather wanted to have it integrated into other business functions. Hence, she was not working operationally with finance-related matters, and her role and responsibilities did not differ from other sustainability managers. In fact, the interviewee from the finance function at the same company spoke about her as a separate sustainability function. Therefore, we classified that specific interviewee as a sustainability manager belonging to the sustainability function (see Interview 7, Company 5 in Appendix B). Conducting interviews with people holding similar roles across different companies ensures that the data we can collect from the different interviews are similar. This ensures that a coherent analysis can be made and that interviews can be compared in a relevant way.

To fulfill our research purpose, we conducted 19 interviews with 22 interview partners spread across 16 firms during the period of September-October 2022. In the three expert companies, we interviewed one expert each. Those interviews served as pilot interviews to enhance our understanding of the empirical field and will thus not be included in the empirical analysis. From the 13 non-expert companies, we interviewed a total of eleven financial managers and eight sustainability managers. In some of those interviews, there were several representatives attending from the same function. In nine of the 13 companies, we interviewed either the sustainability or the finance function. In the remaining four of the 13 companies, both the finance function and the sustainability function were interviewed. In three out of the four bi-function companies, this was done in separate interviews, whereas in the fourth, both functions were represented at the same time. No interview partners from any of the 16 firms were interviewed twice. The interviews with experts lasted between 30-65 minutes, with an average length of 48 minutes. Interviews with company representatives lasted between 58 and 81 minutes, with an average length of 67 minutes. All except two interviews were conducted in English. The other two interviews were conducted in Swedish, and any quotes included in the empirical analysis from these interviews have been translated by the authors. See Table 1 for an initial overview of the interviews and which interviewees participated in each, and Appendix B for a more detailed overview of this. Note that all companies and roles have been given pseudonyms as a part of an anonymization process. Therefore, all companies will henceforth be called Company 1-16, all finance function interviewees will be called financial manager (FM) and all sustainability function interviewees will be called sustainability manager (SM). If two interview partners from the same function attended an interview, these are marked by a number following their title.

Table 1. Overview of interviews and interviewees

Type	Company	Interview	Interviewee(s)
Covered	Company 1	Interview 1	FM & SM
	Company 2	Interview 2	FM
		Interview 3	SM
	Company 3	Interview 4	SM
	Company 4	Interview 5	FM
	Company 5	Interview 6	SM
		Interview 7	FM
	Company 6	Interview 8	SM
	Company 7	Interview 9	SM
	Company 8	Interview 19	SM
		Interview 11	FM1 & FM2
	Company 9	Interview 12	FM1 & FM2
	Company 10	Interview 13	FM
	Company 11	Interview 14	FM
Non-covered	Company 12	Interview 15	SM
	Company 13	Interview 16	FM
Experts	Company 14	Interview 17	Expert
	Company 15	Interview 18	Expert
	Company 16	Interview 19	Expert

Both in-person and online interviews were conducted, where the format depended on the geographical location of the interviewees as well as interviewee preferences. The online tool used was Microsoft Teams and all interviews, regardless of format, were recorded using the interviewers' audio recorder. Both researchers attended all interviews, where one held the interview and the other took notes. At the beginning of each interview, we informed the interviewees about anonymity in order to lay the ground for an open and transparent discussion. After each interview, we had detailed discussions and walk-throughs of the notes taken during the meeting. All interviews were also transcribed, which together with the researchers' notes were included in the empirical material. In addition, the empirical material also includes companies' annual reports, sustainability reports, and other information on companies' websites, which were reviewed prior to each interview to provide ourselves with context and initial insights into each company's EU Taxonomy work.

All our interviews were of a semi-structured nature. The semi-structured interview is an interview method that is in between the fully structured and unstructured methods. The interview dialog is based on questions written by the researchers prior to the interview and revolves around central themes relevant to the study. However, as opposed to a fully structured interview, the chosen structure allows for follow-up questions from the researchers if they should arrive. (Qu and Dumay, 2011) This was deemed as an appropriate method to employ as the flexibility enabled us to ask more company-specific questions which were not included in the interview guide and to follow up on emerging interesting themes. Three different interview guides were used depending on if the interviewee was an expert, SM or FM. For the latter, the interview guide started with questions regarding the interviewee's background, followed by their role in the EU Taxonomy work, interactions around the EU Taxonomy, and lastly their attitude towards the EU Taxonomy. See Appendix C for a shortened version of an FM interview guide outlining the themes and example questions within each, as well as why these were of interest to our study. For the SMs and experts, the guides were slightly different but focused on the same four themes, however, the questions were adapted to their specific roles. Following the logic of Dubois and Gadde (2002), the interview guides were updated when interesting empirical themes could be identified. This was mainly done after the expert interviews, which were among the first ones to be conducted and served as pilot interviews. This was regarded as appropriate as the experts provided practical insights into how organizations work around the EU Taxonomy, whereas the first versions of the interview guide were based upon previous literature within our domain with lacking empirical insights. After the initial updates of the interview guide, only minor changes were implemented to allow for similar data to be extracted from all interviews. This was deemed necessary due to the cross-sectional nature of the study.

3.4. Data analysis

Simultaneously as we conducted the interviews, we began the data analysis process. In the data analysis, we followed an abductive research process. The abductive method lies in between the inductive and deductive processes. Following this process, we went back and forth between the studied phenomenon and the chosen theoretical framework. More precisely, we started from the empirical perspective and used relevant theory to drive further explanations and theorize the findings. (Dubois and Gadde, 2002; Lukka and Modell, 2010) Thus, how this process would progress was not known to us prior to the process, but rather we had to stay open and investigate several tracks at once in order to generate relevant findings (Dubois and Gadde, 2002). Lukka and Modell (2010, p.467) formulate it well as they state that "*abduction is about developing (''inventing'') theoretically informed explanations to new, and often surprising, empirical observations"*. This is exactly what we did in our study, which will be explained further in the forthcoming paragraphs. We deemed the abductive process as the most appropriate for the purpose of our study, as opposed to the other more linear processes, as it allowed us to stay open to empirically emerging themes and better leverage theory to further drive insights from our empirics.

Our abductive process started during the interview process when tweaks were made to the interview guides to include interesting topics that emerged in interviews. Whereas we initially had an institutional theory lens in mind, where we aimed to better understand how the role of the finance function responds to new forms of institutional logics, we did at a rather early stage identify other interesting phenomena that drew our attention. More precisely, we got an increased understanding that there were very different ways in how companies' sustainability and finance functions were organized around the EU Taxonomy work and that it seemed to imply different types of roles for the finance function. Moreover, there was a common theme that the finance function thought they should be more involved in the future.

After all interviews were concluded, we started with an open coding process in Microsoft Excel to identify common themes across all 13 companies working with the EU Taxonomy. Several parameters were included in the coding process, and we aimed to identify common themes within these across the interviews (see Appendix D for a list of all parameters). The patterns of interest that we found concerned which of the sustainability or finance function that was driving the EU Taxonomy work and what role the finance function assumed depending on that, as well as how the role that the finance function currently takes and wants to take in EU Taxonomy work in the future relate to their regular role in other work. See Appendix E for an overview of these coding insights. In terms of the type of role the finance function assumed or wanted to assume in EU Taxonomy work, we developed different labels for different types of roles. The labels that emerged were *trainee, advisor, financial specialist, data provider, reporting owner*, *business partner,* and *dependent leader*. These empirically driven terms will be used for theorization throughout the empirical analysis, and definitions of these can be found in Table 2 below.

Table 2. Identified EU Taxonomy roles of the finance function

Role	Definition
Trainee	*This role implies no formal responsibility over tasks, but rather the sustainability function educates the finance function about the EU Taxonomy and informs about future needs*
Advisor	*This role implies providing input to the sustainability function where they lack the necessary expertise*
Financial specialist	*This role implies being responsible for interpreting the regulatory definitions of the three financial KPIs to be reported*
Data provider	*This role implies providing data to the sustainability function, who leads the work, when requested*
Reporting owner	*This role implies being responsible for the reporting structure, systems and conducting the EU Taxonomy reporting. The role can also include follow-ups and controls of reported data*
Business partner	*This role implies an extension of the reporting owner role, where the finance function also is strategically involved as they conduct data analysis and provide decision-support*
Dependent leader	*This role implies a leading role with responsibility for all tasks required for the EU Taxonomy reporting, but where the finance function is dependent on advice in the interpretation of the social and environmental criteria of the regulation*

After having done the open coding, we conducted a literature search looking for theories on how different functions are organized and interact in the workplace. This was done as we wanted to enhance our understanding of how the sustainability and finance functions are organized and interact around EU Taxonomy work and to better understand the role of the finance function within that. In this process, we found Abbott's (1988) theory of settlements as well as his concept of jurisdictions (see Section 2.3). Abbott's (1988) theory of settlements helped us identify and develop the concept of different jurisdictional arrangements, meaning different arrangements in how the sustainability and finance function are organized around EU Taxonomy work. The jurisdictional arrangements are a result of a theorizing process where Abbott's (1988) theory of settlements was merged with the empirical findings. We chose to label them as jurisdictional arrangements rather than using Abbott's (1988) wording of settlements for two reasons. Firstly, we wanted to make them more self-explanatory to the reader, and secondly, we wanted to separate our identified arrangements from Abbott's settlements, as we found that the interactional dynamics within them were different compared to what Abbott suggested. Thus, we will theorize our empirical material according to the jurisdictional arrangements, where Abbott's (1988) theory of settlements will be used to help explain those. To be able to make plausible theorization, we did in this stage decide to exclude the two non-covered firms from the analysis as they were not comparable with the other eleven companies actually covered by the EU Taxonomy, as they did not fully comply with all aspects of the regulation. Thus, these two companies will be excluded from the empirical analysis, meaning that we will base our empirical analysis on the interviews conducted with the eleven covered companies, Company 1-11 (see Appendix B). For the eleven covered firms, however, four jurisdictional arrangements could be identified, which we label as (1) *sustainability-led full claim arrangement*, (2) *sustainability-led subordination arrangement*, (3) *joint effort arrangement,* and (4) *finance-led advisory arrangement*. These were constructed based on which function is leading the EU Taxonomy work, the role that the other function takes, and the relationship between the two functions. The labels will also be used throughout the empirical analysis.

In order to categorize all interviewed covered companies according to the developed arrangements and further build upon the identified patterns in the open coding, we once again coded the empirics. This time, we leveraged the four jurisdictional arrangements and Abbott's (1988) theory of settlements, as well as the identified roles of the finance function outlined in Table 2. When looking at the role of the finance function, we both looked at their current EU Taxonomy role, their perspective towards their potential EU Taxonomy role, as well as how these relate to their regular role in other work. To further enhance our understanding of the role of the finance function, we also leveraged Abbott's (1988) concept of a jurisdiction being a controlled task area. Moreover, as we found that the interactional dynamics within the jurisdictional arrangements were different compared to what Abbott (1988) suggested, we also introduced the relating lens as presented by Anteby et al. (2016) within the second round of coding to help theorize identified patterns of collaboration. This second round of coding was done using Microsoft Word, where different indicators in the empirics were coded in different colors. Based on this process, we developed the empirical analysis as it is presented in Section 4. For an overview of the abductive process and how we merged insights from the empirics and Abbott's (1988) and Anteby et al.'s (2016) theories, see Appendix F.

Note that when developing the empirical analysis, insights from the interviews with all eleven covered firms were used to get a better understanding of how the sustainability and finance functions are organized around EU Taxonomy work and the role that the finance function currently takes within that. However, only the insights from the FM interviewees were used when analyzing the finance function's perspective towards their potential role in EU Taxonomy work. Furthermore, note that the jurisdictional arrangements in a few instances include not only the finance and sustainability functions but also external sustainability consultants. The use of external sustainability consultants was brought up by several interviewees, but only in a few cases was the use of them so extensive that it affected the jurisdictional arrangements. Therefore, the use of sustainability consultants is analyzed when it affected the arrangement and not considered when they had a minor role. As the consultants used are experts in sustainability, these are classified as a part of the sustainability profession and thus treated similarly to the internal sustainability function.

3.5. Data quality

In all research, it is important to assess and ensure high data quality. Lukka and Modell (2010, p.464) argue that *"authenticity lies at the core of validating the defining elements of any IR research, namely rich descriptions, whilst plausibility is relevant for assessing the credibility of the explanations being developed"*. Therefore, we employ these two concepts to assess our data quality.

According to Lukka and Modell (2010), authenticity is built by the researchers providing comprehensive descriptions of their studied phenomenon and empirics. These descriptions should be detailed enough for the readers to understand that the researchers have actually performed the study as they claim, thus adding to the validity of the study. One important step to further enhance the authenticity is to present data that show a full picture, thereby convincing the reader that the researchers are true to their empirics and not only present data that fit the chosen narrative. We have in our study aimed to provide detailed examples and descriptions throughout the empirical analysis, as well as to have made it well-nuanced by including the relevant input from the full range of our empirical sample, thus including several people's perspectives, and looking at the issue from different angles.

Plausibility is built by making sure that the explanations and arguments provided by the researchers make sense (Lukka and Modell, 2010). Lukka and Modell (2010, p.475) argue that one way of building plausibility is to employ abductive reasoning while also showing that *"''truths" are theory-related and not reducible to a single way of representing the world."*. As suggested by the authors, we employ the abductive research process to guide our interview process and empirical analysis. Furthermore, detailed descriptions of this abductive research process are included in Section 3.4 to strengthen the plausibility. In conclusion, we argue that the validity of our study is high as both authenticity and plausibility are ensured throughout the study.

4. Empirical Analysis

In this section the empirical material is analyzed using the theoretical lens of Abbott (1988) and Anteby et al. (2016). Section 4.1 presents the jurisdictional arrangements in which the sustainability and finance function are organized around the EU Taxonomy work as well as the implications for the role of the finance function. Section 4.2 presents the finance function's perspective towards their potential involvement and role as well as how that differs compared to the current situation. Lastly, Section 4.3 presents the interactional dynamics within the jurisdictional arrangements.

4.1. Jurisdictional arrangements and the role of the finance function

Prior to the introduction of the EU Taxonomy, the finance function's level of involvement in sustainability reporting was rather low across all companies, and in many cases the finance function had never been involved in such work. This was clearly communicated by the FM1 at Company 8 as she said that: *"[The finance function] has not been involved in sustainability-related matters, no, so this is the first time."*. As shown by this quote, Company 8's finance function has started to become more involved as a consequence of the EU Taxonomy, and this is a trend that can be identified in most firms, more precisely ten out of eleven of the covered companies interviewed. Several of the interviewees underlined the importance of having the finance function involved because of the financial elements in the EU Taxonomy. When discussing this aspect, the FM in Company 5 made this very clear as he said that *"it's natural that we will get more involved"*. The introduction of the new regulation has also resulted in an increased level of interaction between the sustainability and finance functions in almost all firms. Whereas they often worked in silos or only had occasional points of interaction before, they now often work together on this on a more continuous basis.

> "My view is that now or at least earlier, it's been pretty separate so that sustainability has been one area and finance has been one. But it's clear, with all these new regulations coming down, it's more and more getting connected to each other and linked in one way or another." - SM, Company 7

The changes to the interactions between the sustainability and finance functions, and the addition of tasks to be performed as a result of the new regulation, indicate what Abbott (1988) describes as a *system disturbance* to the system of the two professions. The response to the *system disturbance* and the *jurisdictional claims* of the new tasks varies across the companies. In fact, the ultimate responsibility for the new regulation is placed within both the sustainability and finance function across the different companies interviewed. However, the interviews revealed that due to the dual nature of the EU Taxonomy incorporating both sustainability and financial aspects, it was not always clear to the companies in the beginning who should be ultimately responsible for the new regulation. In many cases, this led to internal discussions, as exemplified by the SMs in Company 2 and 3:

> "Of course, we understood that it's a financial regulation, we need to couple this with the financial roles in the organization. So quite early, we started off by having those discussions between our CFO and the Head of Sustainability on what function should be taking the lead on exploring this and what it means." – SM, Company 2

> "This is kind of related to both finance, of course, and sustainability. We are both into this, I would say, it's interlinked, which is why we both could have started the process. But now it was us that did it." – SM, Company 3

Throughout the interviews, we have identified four different jurisdictional arrangements of the sustainability and finance function around EU Taxonomy work. These are the *sustainability-led full claim arrangement,* the *sustainability-led subordination arrangement,* the *joint effort arrangement,* and the *finance-led advisory arrangement.* Moreover, the choice of jurisdictional arrangement seems to have implications for the main role taken by the finance function in the EU Taxonomy work. These main roles are *trainee, data provider, reporting owner,* and *dependent leader*, respectively. Thus, there is a spectrum of involvement levels and role types across the jurisdictional arrangements. The four jurisdictional arrangements identified as well as the main role that the finance function takes within those are presented below.

4.1.1. Sustainability-led full claim arrangement and the trainee role

There was one company within our study that applied the *sustainability-led full claim arrangement*, namely Company 1. In this arrangement, the sustainability function is clearly the *dominant profession* as they have the overall responsibility for the EU Taxonomy reporting and are doing all the required tasks themselves. Thus, this jurisdictional arrangement aligns with what Abbott (1988) describes as a *full claim settlement*, where the sustainability function has a full *jurisdictional claim* over all tasks. However, while control over the tasks is retained by the sustainability function today, the finance function is still involved in the EU Taxonomy work by taking a *trainee* role, where the sustainability function updates and educates them on what the EU Taxonomy is about to get them involved going forward.

The low involvement of the finance function in Company 1 could potentially be explained by the companies' eligibility levels. As they have zero percent eligible activities today (see Appendix A), they have not had to report on the three EU Taxonomy KPIs so far, which has led to them not seeing a need to distribute any areas of responsibility to the finance function yet. However, the SM at Company 1 clearly stated that the finance function will need to be involved going forward:

> "We are not eligible for taxonomy reporting yet other than writing one sentence in the annual report that we're not eligible (...) and I've started to tell the finance team that they will need to be involved and must ensure that they have these numbers ready when we become eligible." - SM Company 1

To prepare the finance function for getting involved in the future, the sustainability function has started informing the finance function about the new regulation and what might be needed from them in the future. Thus, the finance function takes a *trainee* role around the EU Taxonomy work.

> "The sustainability department has quite a leading role in the taxonomy, which includes tracking what's happening and explaining to us in finance what is going on." – FM, Company 1

4.1.2. Sustainability-led subordination arrangement and the data provider role

The most observed jurisdictional arrangement among the interviewed organizations is the *sustainability-led subordination arrangement*. It is adopted by six out of the eleven covered organizations, namely Company 2-7. In this arrangement, the sustainability function is driving the work around the EU Taxonomy, thereby being the *dominant profession*, whereas distributing selected areas of responsibility to the finance function. Thus, this arrangement aligns with what Abbott (1988) describes as a *subordination settlement*. The main area of responsibility given to the finance function across all six firms that have this arrangement is collecting data and providing it to the sustainability function, implying that they mainly take the role of *data providers*.

In all companies that have a *sustainability-led subordination arrangement*, it is clear that the main responsibility for the EU Taxonomy work lies within the sustainability function and that they have ownership over the tasks. The FM at Company 2 made this clear by saying that *"[The SM] in group sustainability has been driving. She's the owner of everything."*, where the SM further supported this sentiment by saying *"We are the ones driving this, so no decisions would happen without my participation."*. Though it was not always clear from the beginning where the main responsibility for the EU Taxonomy work would end up, as discussed in Section 4.1, the sustainability profession is evidently the *dominant profession* within these organizations today. This was often motivated by the fact that the EU Taxonomy reporting is part of the sustainability report and not the financial report, hence making it a responsibility of the sustainability function as they are held responsible for that part of the reporting.

Though the sustainability function is leading the work around the EU Taxonomy, they are also involving the finance function by giving them the responsibility for certain tasks. The key role that the finance function takes in this jurisdictional arrangement across all six organizations is to be *data providers*. Whereas the sustainability function is ultimately responsible for the EU Taxonomy, they rely on the finance function to provide the financial data necessary for the reporting to them. As a result, the finance function makes a *jurisdictional claim* on the task of collecting and reporting data to the sustainability function.

> "When we found what [subsidiaries] were eligible, then we involved finance to get this data from them. Maybe they were not eligible 100%, maybe only parts of what they did, and then we needed to collect the right data. Then the finance department was really involved." - SM, Company 6

In some of the organizations that present this jurisdictional arrangement, the finance function does not only take on the role of being *data providers*. In addition to their main role, they also happen to be subordinate to the sustainability function as *financial specialists*, meaning that they are responsible for understanding the EU Taxonomy-specific definitions of the three KPIs to be reported according to the regulation. In some companies, the finance function is also subordinate as *advisors*, providing general input on topics where they have valuable knowledge. Most often, the sustainability function's subordination of tasks is a result of them not sitting on the required authority or knowledge. It is the finance function that controls the financial data and has the financial expertise. The SM at Company 2 emphasized this notion as she said that the sustainability function found it difficult to understand the three KPIs to be reported as they are not accountants, *"so all these IFRS references and such, it's a different domain"*, explaining why they needed help from the finance function.

The element of *coercion* that Abbott (1988) outlines as prevalent in *subordinate settlements* in the workplace can be seen within the *sustainability-led subordination arrangement*. Throughout the interviews, it is clear that the sustainability function is giving orders to the finance function to provide them with certain data. They are the ones *"explaining for the [finance function] what they should report and how they should report it"* (SM, Company 7). This means the sustainability function is explicitly presenting their requirements to the finance function as well as providing guidelines and templates on how the reporting should be done. Moreover, the second prevalent element of *exclusion* (Abbott, 1988) is also identifiable in some of the organizations. For example, in Company 3, the SM who is driving the work was clear on the fact that the sustainability function wants to do the interpretation of the regulation themselves, hence leaving out the details in the communication with the finance function and instead *"ask the question that you are actually wanting an answer on"*. Thus, in this jurisdictional arrangement, the finance function is clearly hierarchically subordinate to the sustainability function in the EU Taxonomy work.

Just as Abbott (1988, p.72) emphasizes is the case for the *subordination settlement*, the subordinate finance function within this jurisdictional arrangement becomes *"absolutely necessary to successful practice"* by the superordinate sustainability function. This sentiment was very well communicated by the SM at Company 5 when she said that *"We can't really report on the taxonomy without the finance controllers. We're not able to do that because they sit on the knowledge."*. Hence, whereas Company 1 which had the *sustainability-led full claim arrangement* could report without the finance function's input today as they had zero eligibility and thereby had no need for financial input, this is not the case for the companies within this arrangement. Instead, the finance function plays a vital role because of the financial elements in the regulation.

4.1.3. Joint effort arrangement and the reporting owner role

One of the covered companies interviewed, Company 8, had the *joint effort arrangement*. As opposed to the other jurisdictional arrangements, this arrangement has no *dominant profession*. Rather than having one leading function, there is a formal splitting of work between the finance and sustainability function, without one being subordinate to the other. In this arrangement, both functions have a clearly defined area of responsibility within the EU Taxonomy work, thus creating an interdependence between the two functions in order to complete the EU Taxonomy reporting. This *joint effort arrangement* aligns with what Abbott (1988) describes as the *division of labor settlement*, where professions split the responsibility for tasks by making interdependent *jurisdictional claims*. In this jurisdictional arrangement, the finance function is mainly taking the role of *reporting owner.*

In Company 8, the responsibility for the EU Taxonomy reporting was divided among three organizational functions, including the finance function, the sustainability function, and the legal department. All functions had clear responsibility areas which together constituted the different tasks that needed to be completed to report on the EU Taxonomy. This created what Abbott (1988, p.73) describes as *"functional interdependent but structurally equal parts"* around the EU Taxonomy work. Hence, in this arrangement the sustainability and finance functions were not superordinate or subordinate to each other, but rather on the same hierarchical level focusing on their own area of expertise.

> "You have three different parts as we see it. We have the minimum [social] safeguard, we have the finance part, and we have the do no significant harm part, so we kind of organized ourselves in three different work streams." – FM1, Company 8

In Company 8, the legal and sustainability functions were responsible for the social and environmental aspects by taking responsibility for the minimum social safeguards and "do no significant harm" criteria, whereas the finance function was responsible for the reporting. Thus, the finance function is mainly taking on a *reporting owner* role in this arrangement. Being *"responsible for the figures"* (SM, Company 8), the finance function is responsible for providing reporting guidelines and education to the relevant people within the organization, adapting the reporting systems to incorporate the new reporting as well as consolidating the EU Taxonomy figures reported from the business areas.

> "We set up all the systems and provide guidance. It's not like traditional reporting, it's totally new, so how to do it and how to coordinate the overall organization to achieve that is mainly our task."
> - FM2, Company 8

Whereas the sustainability and finance functions traditionally have been *"quite silo oriented"* (SM, Company 8) in Company 8, there is now closer cooperation between the two because of the EU Taxonomy regulation. Just as Abbott (1988) argues is often the case for the *division of labor settlement*, the two previously separated professions that hold a full jurisdiction of other tasks have been forced together as the objective qualities of sustainability reporting tasks have changed. Thus, they work together on these new tasks in a joint effort to leverage each profession's area of expertise. Such a *division of labor arrangement* was needed due to the complexity of the tasks, which Abbott (1988) also underlines as a potential cause behind the *division of labor settlement*. The FM2 at Company 8 argued that as the EU Taxonomy reporting is *"not only the financial reporting, it's also involved with lots of assessments"*, there was a need for both the finance and sustainability function to be involved. This arrangement results in a higher involvement and stronger form of control of EU Taxonomy tasks for the finance function than in the sustainability-led arrangements.

4.1.4. Finance-led advisory arrangement and the dependent leader role

Three of the interviewed covered companies have the *finance-led advisory arrangement*, namely Company 9-11. This arrangement is led by the finance function, where they are the *dominant profession* responsible for driving the work. However, they are more or less reliant on others' sustainability expertise. Such sustainability expertise might either come from the internal sustainability function or from external sustainability consultants, and advice is given in areas where the finance function lacks the relevant knowledge to successfully perform the task on their own. As the sustainability experts do not have their own area of responsibility but rather serve as advisors to the finance function, who thus has a full *jurisdictional claim* on all EU Taxonomy tasks, this arrangement aligns with what Abbott (1988) describes as an *advisory settlement.* In this arrangement, the finance function takes the role of a *dependent leader*.

Within this arrangement, the finance function is the *dominant profession* with the full responsibility for leading and managing the work around the new regulation. Their areas of responsibility include educating the organization, making interpretations of the eligibility and alignment criteria and applying these to the business activities, making interpretations of the definitions of the three financial KPIs that the companies are required to report, and reporting and consolidating the numbers. Moreover, they are responsible for analyzing the figures and providing decision-support, though such analysis is not very extensive as of today as there are still very early days of the regulation. However, the finance function is not capable of fully executing all required tasks themselves. More precisely, they lack the necessary knowledge and expertise to make the interpretations of the eligibility and alignment criteria and apply those to the business activities. Since the EU Taxonomy regulation is rather immature and not yet fully developed, it contains a lot of uncertainty and leaves a lot of room for interpretation by the reader, which all interviewees emphasized. Thus, they must employ sustainability experts, either from the internal sustainability function or in the form of external sustainability consultants, to be able to fully execute their responsibilities. In Company 11, the sustainability function served as experts that could be consulted when needed, whereas the finance functions in Company 9 and 10 heavily relied on input from external consultants to be able to finalize the EU Taxonomy report. As the FM at Company 10 put it, they *"have had external consultancy help since [they] are no experts"*. Thus, the finance function takes the role of being *dependent leaders* within this jurisdictional arrangement. Hence, it is within this arrangement that the finance function has the highest level of involvement and strongest form of control over the EU Taxonomy tasks.

Though the exact reasons as to why the finance function was taking the lead in the EU Taxonomy work were different between the companies, the notion of the financial nature of the regulation being a motivator was reoccurring in the interviews. The FM at Company 11 stated that she had worked with sustainability reporting before to some extent, and now took the lead on the EU Taxonomy work as there is a focus on accounting and reporting in the new regulation. Further, she argued that they *"view the EU Taxonomy as more of a financial reporting than a sustainability reporting"*. In Company 9, on the other hand, the finance function had never been involved in sustainability reporting before. Nevertheless, they became the *dominant profession* as they viewed the EU Taxonomy reporting as financial:

> "I think the reason why this is a task for the finance organization is that you report in Swedish Kronor, not carbon emissions. This is financial reporting, that is the reason why finance is involved." – FM1 at Company 9

This line of argument is of interest, as the companies that have sustainability-led arrangements commonly provided a corresponding argument as to why the sustainability function was driving the work, though referring to sustainability reporting instead of financial reporting. Hence, this indicates that because of the dual nature of the EU Taxonomy regulation, it can be viewed in different ways.

4.2. The finance function's claim of tasks

4.2.1. The finance function's current claim of tasks

Common for the involvement and role of the finance function across all four jurisdictional arrangements is that their *current claim of tasks* in EU Taxonomy work mainly is in line with tasks that they traditionally do in their job. The EU Taxonomy tasks they do builds upon their regular professional knowledge and authority and are similar to the tasks they usually perform within their *regular controlled task area*. However, the finance function tends to avoid unfamiliar tasks that lie outside their *regular controlled task area*.

To start with, while inferring a very low involvement level, the *trainee* role that the finance function takes in the *sustainability-led full claim arrangement* can be argued to build upon their *regular controlled task area* as they are informed on how they might be needed in the EU Taxonomy work in the future, where future tasks include providing data and similar which the finance function is used to do in their regular role. Next, the main role of being *data providers* in the *sustainability-led subordination arrangement* also aligns with their *regular controlled task area*, as providing and collecting data are tasks that the finance function has expertise in and usually does in their job. As the SM in Company 5 stated, *"[the finance function] knows the data, they know the net sales, they know how much the spendings are, they know where their data is"*. The additional, less central roles of *financial specialist* or *advisor* on financial topics that might be taken on by the finance function within the *sustainability-led subordination arrangement* also aligns with their *regular controlled task area* as they are financial per definition and builds upon their regular professional knowledge. Likewise, the finance function's role of being *reporting owner* in the *joint effort arrangement* constitutes tasks that the finance function is used to doing, as reporting is a central part of their role.

Whereas the finance function is staying within their *regular controlled task area* across all the three aforementioned jurisdictional arrangements, tasks outside of their *regular controlled task area* are done by others. One example of such a task, which plays a central role in the EU Taxonomy reporting, is the interpretation of the criteria for eligibility as well as alignment in the regulation. None of the finance functions within the concerned companies have done such types of tasks before. Across all three jurisdictional arrangements, the sustainability function has taken on the responsibility of doing the interpretative work.

In the *finance-led advisory arrangement*, however, the role of *dependent leader* mostly aligns with the respective finance function's *regular controlled task area*, but in some cases even goes slightly beyond that. Most tasks included in the role are similar to tasks that the respective finance functions traditionally do, such as educating the organization, interpreting financial definitions in the regulation, reporting and consolidating the numbers as well as analyzing the figures, and providing decision support. The FM at Company 10 emphasized this notion as she contrasted her involvement in the EU Taxonomy work with her regular role and said that *"it's just different kinds of data, and different kinds of decision-support, but it's still the same"*. However, the interpretation of the eligibility and alignment criteria as well as the application of those to the business activities are not tasks that all finance functions are used to be responsible for. In Company 11, the finance function had been involved in sustainability reporting before, and therefore such regulatory interpretations of environmental and social nature were something that they were used to being involved in, although together with the sustainability function, meaning that the interpretations actually aligned with their *regular controlled task area*. The FM in Company 11 underlined this as she said that there was no difference in the type of tasks, she does now compare to what she has done before. In Company 9 and 10, however, the finance function was not used to be responsible for such work, as they had never been involved in sustainability reporting before. Nevertheless, it is important to point out here that those finance functions were not capable of successfully completing the interpretation of the eligibility and alignment criteria on their own but rather were heavily reliant on sustainability expertise in this aspect, either from the internal sustainability function or from external sustainability consultants. In light of this, the departure from their *regular controlled task area* was not that extensive.

Though the tasks that the finance function performs across all four jurisdictional arrangements mostly are in line with their respective *regular controlled task area*, it should be noted there are still slight differences in the tasks compared to the tasks they are used to doing. For example, the definitions of CapEx and OpEx in the EU Taxonomy reporting are different. As the FM at Company 2 put it: "*Just because you're part of a group finance team, it doesn't mean you know everything. And especially now when we're talking about the terminology of the taxonomy, it doesn't always go hand in hand with our business type of terminology.".* Moreover, several interviewees mentioned that it is nonetheless a new kind of reporting, meaning that the finance function still needs education in what they are reporting on, how to do it and why. However, while the EU Taxonomy tasks that the finance function does are new and slightly different compared to their regular tasks, the tasks are of the same nature as the tasks they regularly do. Thus, one can conclude that the EU Taxonomy tasks still fit into the finance function's *regular controlled task area.*

4.2.2. The finance function's perspective towards their potential claim of tasks

Although our empirics indicate that the finance function mainly operates within their *regular controlled task area*, as outlined in the previous section, they also indicate that most finance functions do not fully deploy their regular role. However, looking at the finance function's perspective towards their potential involvement and role, they believe that they should take a role in EU Taxonomy work in which they fully deploy their *regular controlled task area*. Thus, though the finance function generally is more involved in EU Taxonomy reporting than they have been in other sustainability reporting before, as described in Section 4.1, they believe they should be even more involved going forward. However, there seem to be boundaries to their perspective towards their potential role and involvement, as they do not want to extend their *controlled task area* by taking on completely new types of tasks. Hence, the finance function's perspective towards their *potential claim of tasks* in EU Taxonomy work aligns with the tasks they take on in their regular role (see perceived potential EU Taxonomy role versus regular role in Table 3).

As previously mentioned, the EU Taxonomy regulation was introduced to organizations very recently. Hence, several interviewees emphasized that it has only started to affect the role of the finance function, where the full effect is yet to be seen.

> "The role is under development. It's a new role, and it's really under development. (...) It's not only the role, it's the whole scope that is new and it's changing. We use to say that the only thing we know about the taxonomy is it's going to change." – FM1, Company 8

This was further underlined by the SM in Company 5 who stated that *"this is something that isn't yet really integrated into the role as a finance controller".* As a result of the early days of the regulation, the finance function is often taking a role that is much more limited compared to the width of tasks they are used to doing. This is something that the finance function is not always in harmony with. This was clearly exemplified by the SM at Company 3 who discussed the finance function's discontent with not working with numbers in the way they are used to as she said that *"Of course, for [the finance function] that is just asked to provide data, there is nothing fun about that to start with.".* All the interviewed financial managers were clear on the fact that they should extend their level of involvement going forward. In some cases, the reason for this was a will to contribute to the sustainability agenda, whereas in other cases it was more of an understanding from the finance function's side that they will be needed in the EU Taxonomy work. The latter was shown by the FMs at Company 1 and 4:

> "I think the finance function will have a much bigger role in the future because we will have to deliver the numbers and do the reporting." - FM, Company 1

> "This is just the first step of the launch of the taxonomy. We believe that finance people will need to be more involved." - FM, Company 4

Common for all the interviewed finance functions, across all jurisdictional arrangements, is not only that they think they should be more involved, but also that they want to take on a role in the EU Taxonomy work that aligns with the role they take in their regular work. Thus, they want to fully deploy their *regular controlled task area.* For all arrangements except for the *finance-led advisory arrangement*, this does not only imply a higher level of involvement but also a different type of role compared to today. Among the five interviewed finance functions in the three arrangements that are not finance-led, being Company 1, 2, 4, 5, and 8, the latter four believe that they should have a role as *business partners* in EU Taxonomy work, as that is the role they regularly take in other work. The one remaining finance function in Company 1, on the other hand, believes they should take on a role as *reporting owner*, which is in line with the bookkeeping role they serve in their regular job. For the *finance-led advisory arrangement*, however, the finance function wants to take the same role of *dependent leaders* as today, though with a higher analytical involvement going forward as that becomes relevant for the business. This aligns with their strategically involved regular role, but the role is labeled as *dependent leader* rather than *business partner* as they are in the lead of the EU Taxonomy work. See

Table 3 in Section 4.4 for an overview of all finance functions' perspectives towards their potential role and how that aligns with their regular role in other work.

In Company 2, 4, 5, and 8, the finance function normally takes on a strategically involved role, where they are responsible for reporting the figures, analyzing them, and providing decision support. Hence, in light of such a strategically involved regular role, they want to become *business partners* in EU Taxonomy work going forward. The FM at Company 4 clearly explained how she believes that the finance function should take a role in the EU Taxonomy work that is similar to the role they take in other work. Her situation clearly exemplifies what it looks like for all the four companies mentioned. When describing her regular role in relation to other tasks than the EU Taxonomy, she said that she is "*leading a team that is finance business partners, also known as controllers"*. She further explained that her function's main focus in their regular job is to do analysis and communicate the figures to the management and board of directors, as well as to advise them in the decision-making on how to improve the business. Hence, they *"work a lot more with that instead of just typing reports"*. When later describing the finance function should take in EU Taxonomy work, she emphasized that the finance function *"need to have a better understanding and be able to do more analysis connected to [the taxonomy]"* so that they are not *"just sending out figures without really understanding how they will be used"*. In that way, she believes that they should use and communicate the EU Taxonomy data that they are gathering to *"push the business in the right direction"* and incorporate it into their joint decision-making on which projects to go for. Thus, the finance function's perspective towards their *potential claim of tasks* implies full deployment of their *regular controlled task area*, where they seek to take on a *business partner* role.

In Company 1, the finance function normally takes on a non-strategic, bookkeeping-like role. This is also the role they believe they should take on in EU Taxonomy work going forward. When describing their regular role, the FM of Company 1 said that the finance function *"is a support function that should be as little as possible"* and that their value add is that they *"deliver the correct numbers to investors so they know what they are investing in"*. When discussing her perspective towards the finance function's potential involvement and role, she claimed that they should take on the responsibility for the reporting. This means that they believe that they should be *reporting owners*. Thus, their perspective towards their strategic involvement in the EU Taxonomy tasks seems to differ from the aforementioned four companies as it is also different in their regular job.

In the *finance-led advisory arrangement*, the finance function aims to take the same role of *dependent leader* as they do today, given that they already more or less employ a role where they fully deploy their *regular controlled task area*. However, as the analysis of the EU Taxonomy figures has not been that extensive yet, they hope to be even more analytically involved in the future.

Throughout all interviews, the financial managers put a large emphasis on the importance of integrating the EU Taxonomy reporting into existing reporting systems. Whereas the companies have used a variety of different tools in order to fulfill the requirements of the EU Taxonomy now in the beginning, there is a consensus within finance functions that it needs to be integrated into the current financial systems in order to fully operationalize the EU Taxonomy reporting. More specifically, several interviewees emphasized the need for additional data labels in the existing financial reporting systems. For example, the FM at Company 4 elaborated on this saying that "*the controllers in the business need to rethink the categorization".* Such system integration could arguably help to integrate the EU Taxonomy reporting into the regular role of the finance function and thus enabling them to fully deploy their *regular controlled task area.*

Though the finance functions across all jurisdictional arrangements believe that they should take a role in EU Taxonomy work that aligns with their regular role and thereby fully deploy their *regular controlled task area*, they tend to be clear that they do not want to go beyond that. Thereby, we understand that they do not want to extend their *controlled task area*. The main task required as part of the EU Taxonomy reporting that actually lies outside all finance functions' *regular controlled task area* except for Company 11 is the interpretation of the eligibility and alignment criteria. Across all jurisdictional arrangements except the finance-led one, where the sustainability function is responsible for doing this task, the finance function seems very content with the distribution of that specific task. The FM at Company 2 argues that *"I think [the sustainability function] is very good at doing it themselves"* and there are also several finance function interviewees suggesting that they do not sit on the necessary expertise. This indicates that those finance functions do not want to extend their *controlled task area* to include such work going forward.

> "It's been key to have [the sustainability function] who actually understands the standards from the environmental perspective. (...) I'm not sure if that kind of detailed competence can be expected from the finance professionals." - FM, Company 4

As previously discussed, the finance function in Company 9 and 10 are responsible for the interpretations today, even though it lies outside their regular control task area. However, they make it clear that they aim to increase their reliance on input from sustainability experts in this aspect going forward. The FM at Company 10 said that they want to do less of such work themselves going forward, instead handing over more of it to the external consultancy firm, whereas the finance function at Company 9 wants to get one or two colleagues from the sustainability function more involved. The FM2 at Company 9 further provided his view on the finance function's role saying that: *"We focus on our traditional areas of responsibility and expertise."*. This suggests that they are not planning on extending their *controlled task area* to acquire the necessary expertise themselves going forward, but rather hope to avoid doing so. As mentioned, for the finance function in Company 11, the responsibility of doing the interpretations lies within their *regular controlled task area* and thus does not imply an extension of it. In light of the above, there seem to be boundaries to the finance function's perspective towards their *potential claim of tasks*, as they want to take a role that aligns with their regular role but not more than so, thereby avoiding going beyond their *regular controlled task area.*

To summarize, the finance function's perspective towards their *potential claim of tasks* in the EU Taxonomy work is to take a role where they fully deploy their *regular controlled task area,* and thus be more involved, but with the boundary of not doing more than so. However, it should be noted that the interviews revealed that this future higher involvement that the finance function aims for might lie far ahead in the future. In many companies, there has not yet been any analysis at all of the EU Taxonomy figures at managerial levels due to the immaturity and lack of experience around the regulation, which results in difficulties to benchmark. In addition, several interviewees emphasized that the system integration could very well take some time as it partly depends on the regulation developing and becoming more standardized.

4.3. The interactional dynamics within the jurisdictional arrangements

In all interviewed companies, across all jurisdictional arrangements, the absence of *conflict* between the finance and sustainability function is evident. Instead, there seems to be a prevalence of *collaboration* in the interactional dynamics between the two professions, just like Anteby et al. (2016) emphasize in their relating lens.

All interviewees underline how the amount of *conflict* between the finance function and the sustainability function is virtually non-existent. Instead, the general attitude on the effect of the EU Taxonomy is that "*it has only had a positive impact on our relationship"* (FM, Company 4).

> "I think it works extremely well. My perception is that all of us are really good team players, and we want to make the best out of it and support each other." - SM, Company 2

In general, it seems that both functions actually want to contribute to the EU Taxonomy reporting where they sit on the necessary expertise, alternatively understand that their help is needed. As emphasized in Section 4.2.2, the finance function believes that they should claim tasks that fully deploy their *regular controlled task area*. Likewise, the sustainability function seems to find it important to help where they can and have the necessary expertise, such as in *"understanding what kind of criteria [the organization] does need to meet up against"* (SM, Company 6). Instead of making *jurisdictional claims* within each other's *controlled task area*, both functions appear to request one another's support and show gratitude for it when it is given. The FM at Company 4 captured the general attitude among the finance functions well, as she referred to their sustainability function saying that *"we are so privileged to have this fantastic function of people who actually have [doing environmental classifications] as their core competence"*. Similarly, the interviewees belonging to sustainability functions clearly expressed that they appreciate that the finance function is helping with the financial parts of the reporting, as it lies outside their area of expertise.

> "[The finance function] knows the numbers, that's very valuable. Anyone working with sustainability on a strategic level doesn't work with finance or financial controls. They work with totally different types of tasks. So to have that knowledge, for someone that works with sustainability, it's very valuable." - SM, Company 5

Besides being grateful for the finance function's current involvement in the EU Taxonomy work, several people in the sustainability function express their wish to have the finance function take on a role similar to their regular role also with regard to the EU Taxonomy reporting. Thus, they support the finance function's own perspective towards their potential involvement and role as discussed in Section 4.2.2. For example, the SM at Company 2 wants their finance function to start embedding the EU Taxonomy in their internal follow-ups and analyze the figures to be able to support the business unit heads in making strategic decisions and provide their input on the next steps to take. Hence, rather than striving to extend their own jurisdiction, the sustainability function welcomes a higher level of involvement from the finance function.

Altogether, it seems that both the sustainability and the finance function are respecting, and even appreciating, the other party's *regular controlled task area* and that they focus on making *jurisdictional claims* of tasks where they can leverage their own function's previous knowledge and authority rather than stepping into the other one's *regular controlled task area*. The SM at Company 6 highlights the absence of *conflict* over tasks saying that *"it was just a matter of what you know and feel confident in working with, and then it just solved itself"*, further explaining that *"I am not that interested in the financial details, but the finance department was, so I think it just came naturally"*.

While there seems to be an absence of *conflict* within the jurisdictional arrangements, one can see elements of *collaboration*. The interviewees seem to be in consensus on the high importance of the finance and sustainability function working together around the EU Taxonomy reporting. The FM at Company 4 means that it is *"key that we work together"*, and the SM at Company 6 further develops this thought by saying that *"it's good that we see it from our different angles and can work together on that"*. The general perception seems to be that both functions' expertise is needed and that they need to cooperate and support each other to solve the tasks that the EU Taxonomy embodies. Some interviewees even argue that such *collaboration* leads to a better outcome in the end:

> "I think it's really good to discuss this with [the finance function] who has other perspectives because then you land in a better result" - SM, Company 6

The FM at Company 2 shares this view, as he explains that though there have been discussions between their function and the sustainability function, those are fruitful discussions rather than bottlenecks. This *collaboration* between the two functions reminds of what Anteby et al. (2016) describe as *relating as coproducing*. By combining their respective areas of expertise, the two professions enable completion of a complex task through *coproduction*, where the outcome even might be enhanced as a result of the cooperation. Hence, the influence of both professions could potentially be stronger thanks to the *collaboration*, rather than one profession gaining at the other's expense.

4.4. Summary of empirical analysis

In Table 3 presented below, we have summarized our key findings presented throughout this section. The table outlines the key parameters for all eleven covered companies. To start with, it outlines the jurisdictional arrangement as well as the main role the finance function takes in the EU Taxonomy work within that. Thereby, it showcases what implications the jurisdictional arrangements have for their role. Moreover, the table shows what role the finance function perceives they should have in EU Taxonomy work, as well as how this aligns with the regular role of the finance function in other work.

Table 3. Summary of empirical analysis

Company	Jurisdictional arrangement	The finance function's role		
		Current EU Taxonomy role	**Perceived potential EU Taxonomy role**	**Regular role**
1	Sustainability-led full claim	Trainee	Reporting owner	Bookkeeper
2	Sustainability-led subordination	Data provider	Business partner	Strategic analyst
3	Sustainability-led subordination	Data provider	N/A*	N/A*
4	Sustainability-led subordination	Data provider	Business partner	Strategic analyst
5	Sustainability-led subordination	Data provider	Business partner	Strategic analyst
6	Sustainability-led subordination	Data provider	N/A*	N/A*
7	Sustainability-led subordination	Data provider	N/A*	N/A*
8	Joint effort	Reporting owner	Business partner	Strategic analyst
9	Finance-led advisory	Dependent leader	Dependent leader	Strategic analyst
10	Finance-led advisory	Dependent leader	Dependent leader	Strategic analyst
11	Finance-led advisory	Dependent leader	Dependent leader	Strategic analyst

**Finance function not interviewed*

5. Discussion

In this section, the findings from our empirical analysis are discussed in relation to the literature reviewed in Section 2. Section 5.1 discusses our findings on how the sustainability and finance functions are organized around EU Taxonomy work. Section 5.2 discusses our findings on the finance function's perspective towards their potential involvement and role. Lastly, Section 5.3 discusses our findings on the interactional dynamics within the jurisdictional arrangements.

5.1. A spectrum of finance function roles across jurisdictional arrangements

Several scholars have studied the emerging roles of sustainability managers (Wright et al., 2012; Carollo and Guerci, 2018; Farooq and de Villiers, 2019), and it has been pointed out that these often operate with limited involvement from the finance function (Schaltegger, 2017; Farooq and de Villiers, 2019). We complement this literature on organizations' sustainability work by shedding light on how the sustainability and finance functions are organized around sustainability work, which to the best of our knowledge has not explicitly been done to date. Due to the financial characteristics of the EU Taxonomy, the finance function seems to be more involved in sustainability reporting than before, and surprisingly even leading the work in some cases. Using Abbott's (1988) theory of *settlements* as a theoretical lens, we find four different jurisdictional arrangements adopted by organizations, namely the *sustainability-led full claim arrangement,* the *sustainability-led subordination arrangement,* the *joint effort arrangement,* and the *finance-led advisory arrangement*. Within these, the function driving the EU Taxonomy work and the inter-professional relationship differ. Moreover, we identify that the finance function seems to take on different types of roles within the four jurisdictional arrangements. The main roles that the finance function takes on in our study are *trainee, data provider, reporting owner*, and *dependent leader* respectively. Thus, we also extend the rather scarce literature on the role of the finance function in sustainability work (e.g. Campbell et al., 2012; Schaltegger, 2017; Egan and Tweedie, 2018) by suggesting that the choice of jurisdictional arrangement has implications for the role of the finance function and that there is a spectrum of involvement levels and role types across the jurisdictional arrangements.

The spectrum of roles implies both lower and higher levels of involvement. The *trainee* role found in the *sustainability-led full claim arrangement* implies the lowest level of involvement. This aligns with the marginal role of the finance function within sustainability work that prior research suggests (e.g. Campbell et al., 2012; Schaltegger and Zvezdov, 2015; Egan and Tweedie, 2018). The next role on the spectrum is the role of *data provider*, which is the main role taken on by the finance function within the *sustainability-led subordination arrangement*. This type of role also implies limited involvement, and similar roles have also commonly been observed by prior researchers (e.g. Williams, 2015; Egan and Tweedie, 2018). However, we complement the literature by also shedding light on the more rarely observed roles comprising higher levels of involvement. At the upper end of the spectrum, we identify the roles of *reporting owner* as well as *dependent leader* within the *joint effort arrangement* and *finance-led advisory arrangement* respectively. We find that such high involvement levels of the finance function in EU Taxonomy work to a large extent were motivated by the financial and monetary nature of the three KPIs to be reported.

5.2. The finance function's support of involvement and its boundaries

The literature on the finance function's perspective towards involvement in sustainability work is rather scarce and also presents conflicting views. Campbell et al. (2012) argue that the finance function tends to be skeptical towards sustainability, whereas Williams (2015) suggests that there is an "execution gap", meaning that accountants believe they should be more involved than they are. We support Williams' (2015) findings by suggesting that the finance function's perspective towards their potential involvement and role in EU Taxonomy work is that they should be more involved going forward than they currently are. According to our observations, the finance function seems to believe that they should go from only partially deploying their *regular controlled task area* in EU Taxonomy work, as most often is the case, to fully deploying it, though without extending it by claiming completely new types of tasks. In light of this, we do not only support Williams' (2015) line of argument but also extend it in three ways. Firstly, we provide contextuality as our findings point towards an alignment between the finance function's perspective towards their potential role and their regular role in other work. Secondly, interrelated with the aforementioned extension, we propose that there are boundaries to their perceived potential involvement in terms of their *regular controlled task area*. Thirdly, we suggest that these boundaries in the context of sustainability work have been pushed as a result of the EU Taxonomy reframing certain sustainability reporting tasks as financial.

Our findings suggest that the finance function plans on taking a more engaged role within the EU Taxonomy reporting that aligns with the role they are regularly taking in other work. However, they do not seem to want to extend their *controlled task area* by taking on completely new types of tasks, such as doing interpretative work. Thus, their *regular controlled task area* makes up boundaries for their perspective towards their potential involvement and role in EU Taxonomy work. This aligns with Egan and Tweedie's (2018) suggestion of accountants being concerned with maintaining a distinct domain of professional expertise. However, Egan and Tweedie (2018) argue that because of this concern, accountants tend to show aversion towards engaging with corporate sustainability practices, resulting in a "good" accountant being hard to find. In contrast, our findings suggest that finance functions can be involved in the EU Taxonomy reporting while still feeling that they maintain a distinct domain of professional expertise and stay within their *regular controlled task area*. It seems that the integration of financial elements into the EU Taxonomy reporting has reframed some of the sustainability reporting tasks as financial rather than sustainability-related, thereby enabling this. Whereas just collecting data (Egan and Tweedie, 2018) might be the only activity aligned with the domain of professional expertise for finance managers within previous types of sustainability reporting, a broader range of activities including analysis and decision support might be considered financial in the EU Taxonomy reporting as the reporting is done through financial KPIs in monetary figures. Thus, when reframing sustainability reporting tasks as financial, a "good" sustainability accountant might not be as hard to find as Egan and Tweedie (2018) think. Given the financial elements of the EU Taxonomy, the boundaries for the finance function's perspective towards their potential involvement seems to have been pushed compared to previous sustainability reporting, now allowing for higher involvement levels while still maintaining a distinct domain of professional expertise and staying within their *regular controlled task area*. Because of this reframing of sustainability reporting tasks as financial, the need for training of the finance function in sustainability to get them involved in such work, as emphasized by Schaltegger (2017) and Williams (2015), might be somewhat undermined. However, though some of the tasks that traditionally have belonged to the sustainability function could be considered financial today, such as reporting ownership, analysis, and decision support, it seems that some tasks such as interpretation of environmental and social criteria still are seen as sustainability tasks and therefore avoided by the finance function.

Williams (2015) suggests that the roles in which accountants want to be the most involved going forward include tasks such as providing financial information and costings and providing a bookkeeping role. However, she does not provide explicit explanations as to why accountants want to take on these different roles. We extend Williams' (2015) findings in three ways. Firstly, our findings suggest that the finance function's perspective towards their potential role is not random, but rather builds upon the role that the finance function regularly takes in other work and thus their *regular controlled task area*. Secondly, we extend Williams' (2015) findings by suggesting the existence of boundaries to the finance function's perspective towards their potential role, where they do not seem to want to be more involved today than what their *regular controlled task area* allows for. Thirdly, we propose that these boundaries have been pushed due to the EU Taxonomy having reframed certain sustainability reporting tasks as financial. We find that the finance function mainly intends to take on roles implying higher levels of involvement than the most commonly observed by Williams (2015). While Williams' (2015) study underlines data-providing and bookkeeping roles, we find that the majority of finance functions, more precisely seven out of eight, want to be strategically involved in the EU Taxonomy work going forward, either as *business partners* or *dependent leaders*. Their perspective towards higher involvement levels going forward seems to be a result of the reframing of some sustainability reporting tasks as financial, as discussed in the previous paragraph, which thus has pushed the boundaries, even though previously implicit, for the finance function's perception of their potential involvement in sustainability reporting.

In light of our findings suggesting that the finance function already can be and also seeks to be more involved in EU Taxonomy work going forward, we also enhance the understanding of the discrepancy between the many scholars calling for accountants' involvement in sustainability work (e.g. Davey and Coombes, 1996; Mathews, 1997; Schaltegger, 2017) and their previously reported limited involvement (e.g. Campbell et al., 2012; Schaltegger and Zvezdov, 2015; Egan and Tweedie, 2018). Our findings suggest that this discrepancy might be an effect of the lack of financial elements in previous types of sustainability reporting, thus deterring the finance functions' involvement as they are reluctant to depart from their *regular controlled task area*. Moreover, we see that the finance function is or wants to be involved in EU Taxonomy for similar reasons as the literature calling for their involvement argues for, which is to leverage their previous knowledge, authority, and position within the business (Adams, 2020).

5.3. The absence of jurisdictional battle

Abbott (1988) argues that there is an inherent element of *conflict* in jurisdictional *settlements*, where professions seek to both defend as well as extend their *controlled task area* by making *jurisdictional claims* towards other professions. However, Anteby et al. (2016) provide nuances to this, also underlining the possibility of *collaboration* between professions through their relating lens. We find that there seems to be an absence of jurisdictional *conflict* between the sustainability and finance functions within the jurisdictional arrangements, whereas there rather are elements of *collaboration* between them around EU Taxonomy work. While we find that the finance function seeks to claim their *regular controlled task area* also in the EU Taxonomy reporting, there is no notion of contest within this, as one would expect from Abbott's (1988) line of argument. Furthermore, there are no signs of any function seeking to extend their *controlled task area.* Thus, we shed a different light on Abbott's (1988) view on the interactional dynamics in inter-professional claims of tasks. As previous literature suggests a low, if any, involvement of the finance function in sustainability work (e.g. Campbell et al., 2012; Schaltegger, 2017; Egan and Tweedie, 2018), this raises the question as to why there is now an element of *collaboration* as well as an absence of *conflict* around sustainability work. Our findings suggest that this is a result of the clear splitting of tasks in line with each function's *regular controlled task area*, which has been enabled by the reframing of certain sustainability reporting tasks as financial.

According to Abbott (1988), professions seek to defend their jurisdiction and guard their *controlled task area.* In one sense, there is evidence of such behavior in our empirics, as the finance function wants to claim the tasks that align with their *regular controlled task area* also in the EU Taxonomy work going forward. Likewise, the sustainability function is claiming tasks that belong to their *regular controlled task area*, such as doing interpretations of environmental and social criteria. However, an important difference is that there is no sign of *conflict*, as opposed to what one would expect according to Abbott's (1988) theory. From what we find, there is rather a matter of wanting to help where you have the necessary knowledge or expertise alternatively understanding that your help is needed, rather than fiercely guarding your *controlled task area* against potential intruders. As there is no threat of intrusion from the other function either, no intense guarding is really needed.

Though one could argue that there are signs of defensive *jurisdictional claims* in our empirics, there are no signs of professions seeking to extend jurisdictions, as Abbott (1988) suggests. Whereas Abbott (1988) describes task area boundaries as something that you want to guard against others, here it is rather an emphasis on not wanting to depart beyond the task area boundaries yourself, thereby suggesting a different meaning to the concept of task area boundaries. It seems that neither the finance nor the sustainability function wants to extend their *controlled task area* and thereby their jurisdiction. Thus, in contrast to Abbott's (1988) line of argument, our findings suggest that professions might avoid making *jurisdictional claims* of some tasks on purpose.

In contrast to the elements of competition and *conflict* within *settlements* that Abbott (1988) argues for, we find that the jurisdictional arrangements rather involve elements of *collaboration*. Both the sustainability and finance functions seem to agree on the importance of them working on the EU Taxonomy reporting together as both functions have valuable input to provide. As mentioned in Section 4.3, the *collaboration* between the two functions resembles what Anteby et al. (2016) refer to as *relating as coproducing*. Thus, the influence of another jurisdiction must not always be seen as a threat or something negative, as according to Abbott (1988), but can also be something enabling, such as what seems to be the case in companies' EU Taxonomy work. Likewise, the outcome of professional interaction must not always be a battle but can rather build upon *collaboration* and achieving something together.

In light of previous researchers suggesting that the finance function has a very low, if any, involvement in sustainability work (e.g. Campbell et al., 2012; Schaltegger, 2017; Egan and Tweedie, 2018), concerns are raised as to why the finance function now actually collaborates with the sustainability function in the EU Taxonomy work, as well as why there is so little evidence of *conflict*. The observed interactional dynamics seem to be a result of the intuitive splitting of tasks based on each profession's *regular controlled task area.* While previous sustainability reporting frameworks might not have allowed a similar type of task distribution, the reframing of certain tasks as financial in the EU

Taxonomy reporting has led to a different division of labor. This reframing does not only explain the collaborative nature of the interactional dynamics per se but also why we observe the jurisdictional arrangements in the first place.

6. Conclusion

Being subject to increased external pressures around sustainability in general (Chirez, 2022), companies are now faced with a fundamental change in the structure of sustainability reporting as financial characteristics are introduced in such reporting through the EU Taxonomy regulation (EU Commission, 2020). In light of this, companies' traditional way of working with it, where sustainability managers have been in charge (Wright et al., 2012) with little involvement from the finance function (Schaltegger, 2017), is challenged due to the need for financial expertise to achieve successful completion of the reporting. Drawing on the findings of a qualitative cross-sectional case study, we explored three interrelated questions: (i) how sustainability and finance functions are organized around EU Taxonomy work, (ii) what perspective the finance function has towards their potential involvement and role, and (iii) what the interactional dynamics between the two functions are.

We contribute to the literature on organizations' sustainability work in general (e.g. Schaltegger, 2017) as well as on the role of the finance function in sustainability work (e.g. Campbell et al., 2012; Williams, 2015; Egan and Tweedie, 2018) in three main ways. Firstly, we find four different jurisdictional arrangements in which the sustainability and finance functions are organized around EU Taxonomy work, where the choice of jurisdictional arrangement seems to have implications for the role of the finance function. Due to the financial characteristics of the EU Taxonomy, the spectrum of roles across the jurisdictional arrangements includes higher levels of involvement than what previous literature has most commonly observed (e.g. Campbell et al., 2012; Schaltegger and Zvezdov, 2015; Egan and Tweedie, 2018), where the finance function at times is even driving the work. Secondly, our findings suggest that the finance function's perspective towards their potential role in EU Taxonomy work is that they should fully employ the role that they regularly take in other work. This implies that the finance function wants to be more involved in EU Taxonomy work compared to what scholars have suggested for previous forms of sustainability reporting (Campbell et al., 2012; Williams, 2015). This seems to be a result of the EU Taxonomy regulation reframing certain sustainability reporting tasks as financial, thereby allowing the finance function to increase their level of involvement in sustainability reporting while still maintaining their professional domain of expertise. Thirdly, another consequence of the financial reframing of certain sustainability reporting tasks seems to be that it allows for an intuitive splitting of tasks between the sustainability and finance functions within the jurisdictional arrangements, thereby reducing the risk of conflict and instead enabling collaborative interactional dynamics.

Our findings imply that the integration of financial elements into sustainability reporting through the newly introduced EU Taxonomy has resulted in organizations reorganizing their sustainability reporting work. Whereas sustainability managers have been driving such work with little, if any, involvement from the finance function before (Schaltegger, 2017), the finance function now seems to play an increasing role. If not leading the work already today, one can expect finance functions to work with EU Taxonomy reporting as they do with traditional financial reporting in the future. The increasing involvement from the finance function could have important implications for companies' sustainability reporting work, as it has the potential to fundamentally change its nature and rationale in the future. On the one hand, it could make it more effective by building it into the normal routines of the finance function, thereby leveraging their expertise and influence on the business. On the other hand, it could transmit traditional economic assumptions and conventions into sustainability reporting (Deegan, 2013), and thereby severely reduce the effectiveness of sustainability reporting as a tool to drive the sustainability agenda.

Our study also has important practical implications. Firstly, our findings can be of help to companies in organizing their EU Taxonomy work, both for designing a roadmap or for evaluating their current set-up. Secondly, our thesis provides important insights for current and aspirational finance professionals into how the profession might evolve, which can guide them in their career choices and professional development. Thirdly, our findings are of interest to external advisors and consultants, as they might help to bring clarity on how companies work around the EU Taxonomy and how they best can tailor their offerings to fit organizations' needs. Lastly, our findings can be of interest to regulators designing sustainability reporting frameworks, as they suggest that the framing of sustainability reporting frameworks plays a vital role in involving the finance function, which might be of importance to maximize the impact of sustainability reporting.

Finally, we acknowledge that our thesis is subject to some limitations. Firstly, our sample is partly convenience-driven, thereby impacted by a willingness to participate. This could have skewed our results as such willingness might be a result of a positive attitude towards the EU Taxonomy, which might have implications for the companies' set-up of their EU Taxonomy work. Secondly, as elaborated upon in Section 3.1, the choice of a cross-sectional study might have affected the depth of the analysis and thereby the results. Thirdly, all covered firms interviewed in this study have their headquarters in Sweden. Though this was favorable for the research design and sample comparability, it might have affected the geographical generalizability negatively, hence limiting the results to Sweden as organizational design and culture might vary across countries. Lastly, due to the limited scope of this thesis, we have refrained from explicitly theorizing the current and potential role of the sustainability function. Nevertheless, this might limit our findings, as we might then have missed out on important information to fully understand the jurisdictional arrangements and how they might evolve going forward. Still, the risk of omitting the sustainability function's perspective has been mitigated by including sustainability managers in the sample.

In light of these limitations, we call upon further research. Firstly, it is of relevance to conduct additional studies looking at other companies working with the EU Taxonomy than we did, as this could potentially shed light to also other types of jurisdictional arrangements than what our convenience-biased sample showed. Secondly, it is of interest to complement our study with also single-case studies to capture more detailed aspects of how the sustainability and finance functions are organized around sustainability work and the role of the finance function within that. Thirdly, we encourage researchers to conduct similar studies looking at firms with headquarters outside of Sweden. This could help determine whether our findings hold true also outside of Sweden and thus bring a more nuanced picture of sustainability work and the role of the finance function within such work. Lastly, additional research into the role of the sustainability function specifically could shed additional light on the jurisdictional arrangements and the inter-professional relation between the sustainability and finance function. This would contribute to a more complete picture of sustainability work in organizations.

Moreover, to further enhance the understanding of organizations' sustainability work in general and the role of the finance function within that in particular, there are some aspects not included in the scope of our thesis that we encourage future researchers to investigate. To start with, it is of relevance to examine whether the increasing involvement of the finance function in sustainability reporting actually implies honest efforts to drive the sustainability agenda, or whether sustainability reporting then is captured by financial ideals that eliminate the purpose of such reporting, as Deegan (2013) and Cooper and Gallhofer (1992) suggest. Furthermore, we call upon further research that more explicitly studies the reason behind the finance function wanting to be more involved in sustainability work going forward. Such research could for example draw upon power theory, as did Schaltegger and Zvezdov (2015) when studying the role of accountants in sustainability reporting, to investigate whether the finance function wants to fully employ their regular role to sustain their organizational power and influence, or alike. This could be done in combination with the aforementioned research proposal.

In general, there will be a need for further research within this field, as the EU Taxonomy is still in the very early stages. Thus, complementary research when the EU Taxonomy regulation has developed further could help bring a more complete and up-to-date understanding of organizations' sustainability work and the role of the finance function within that.

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8. Appendix

Appendix A. Company details

Type	Company number	Industry	Market place	Eligibility*		
				Revenue	OpEx	CapEx
Covered	1	Telecommunications	Small Cap Stockholm	0%	0%	0%
	2	Technology, design and advisory	Large Cap Stockholm	48%	0%	2%
	3	Furniture	Mid Cap Stockholm	0%	0%	0%
	4	Construction and development	Large Cap Stockholm	56%	N/A	90%
	5	Engineering consultancy	Large Cap Stockholm	35%	34%	42%
	6	Technology and industrial acquisitions	Large Cap Stockholm	1%	0%	2%
	7	Heating and energy solutions	Large Cap Stockholm	49%	41%	39%
	8	Automotive	Large Cap Stockholm	53%	78%	79%
	9	MedTech	Large Cap Stockholm	0%	0%	4%
	10	Engineering solutions	Mid Cap Stockholm	0.4%	0%	0%
	11	Forest	Large Cap Stockholm	7%	24%	13%
Non-covered	12	Property	Large Cap Stockholm	99%	100%	100%
	13	Industrial-consumer conglomerate	NYSE	N/A	N/A	N/A
Experts	14	Management consulting	N/A	N/A	N/A	N/A
	15	Audit and advisory services	N/A	N/A	N/A	N/A
	16	Finance	N/A	N/A	N/A	N/A

**Eligibility for the fiscal year 2021*

Appendix B. Interview and interviewee details

Type	Company number	Interview number	Forum	Duration	Date	Role	Actual title
Covered	1	1	Online	61 min	21/10 -2022	FM	CFO
						SM	Regulatory and Compliance Manager
	2	2	In-person	60 min	20/10 -2022	FM	Head of Business Control
		3	In-person	60 min	20/10 -2022	SM	Director of Sustainability
	3	4	Online	58 min	18/10 -2022	SM	Sustainability Specialist
	4	5	In-person	66 min	18/10 -2022	FM	SVP Financial Support & Analysis
	5	6	Online	61 min	26/10 -2022	FM	Country Financial Manager
		7	Online	71 min	17/10 -2022	SM	Group Sustainability Manager
	6	8	Online	61 min	13/10 -2022	SM	Head of Sustainability
	7	9	Online	87 min	11/10 -2022	SM	Sustainability Controller
	8	10	Online	81 min	21/10 -2022	FM1	Director Sustainability Reporting & Control at Group Finance
						FM2	Sustainability Controller at Group Finance
		11	Online	70 min	13/10 -2022	SM	Corporate Responsibility Director
	9	12	Online	65 min	11/10 -2022	FM1	Group Chief Accountant
						FM2	VP Corporate Risk Management
	10	13	Online	67 min	19/10 -2022	FM	Business Unit Controller
	11	14	Online	63 min	19/10 -2022	FM	Head of Business Improvement & Business Control
Non-covered	12	15	Online	65 min	20/10 -2022	SM	ESG-Controller
	13	16	Online	78 min	4/10-2022	FM	Controller Team Lead Nordic
Experts	14	17	Online	32 min	26/9-2022	Expert	Partner, Financial Services
	15	18	In-person	49 min	26/9-2022	Expert	Manager, Assurance & Sustainability Services
	16	19	Online	62 min	10/10 -2022	Expert	AVP European Regulatory Strategy

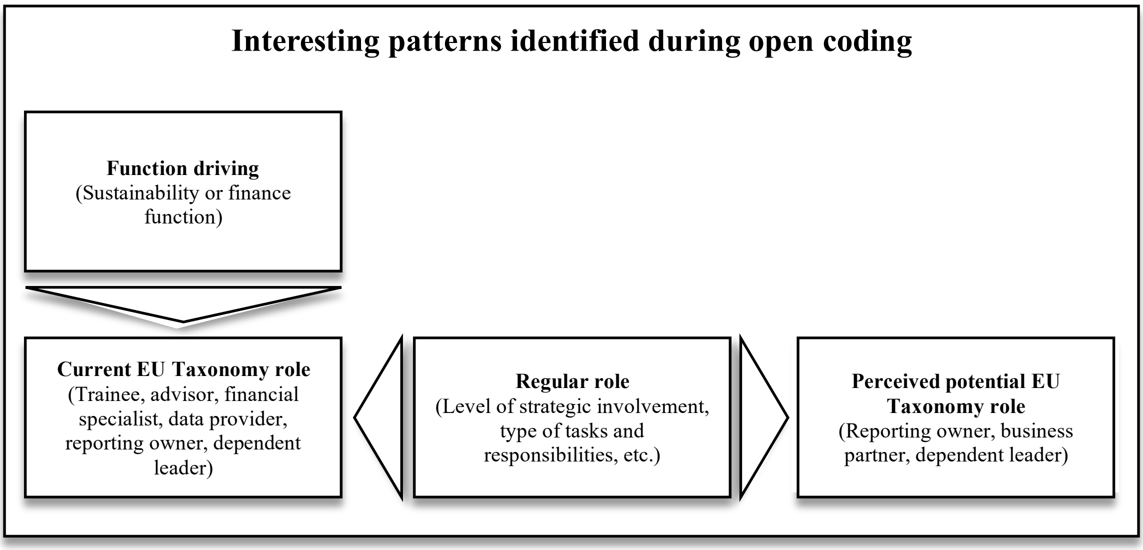
Appendix C. Overview of FM interview guide design

Theme	Example question(s)	Interest
Background	- Please describe your current role and your background both within and outside the company	To get a background of the interviewee and their previous knowledge and positions held
Role	- Please describe and exemplify the sustainability-related work you did prior to the introduction of the EU Taxonomy - What is your current role in connection to the EU Taxonomy? - How involved are you in the strategic work around improving the EU Taxonomy figures? Is there a difference compared to traditional financial figures? - When there is a need for assumptions (for example due to uncertainty in the interpretation of the EU Taxonomy or lack of guidance in the regulation), are you involved in making those? - How well does your role in EU Taxonomy work align with your regular role in other types of work? - Please describe the role you believe you should take in relation to the EU Taxonomy	To get an understanding of the finance function's current and potential role
Interactions	- Please describe how you work with other functions/managers around the EU Taxonomy and how this differs compared to before. Who is responsible and held accountable for what? - Could you describe a situation, if any, where there has been a conflict between your function's view and the view of another function/manager in relation to the EU Taxonomy?	To get an understanding of the interactions across functions and management
Attitude	- What is your perception of the EU Taxonomy and the relevance of it? How does that align with the rest of the organization's view?	To get an understanding of the finance function's attitude towards the EU Taxonomy

Appendix D. Open coding parameters

- Function driving the EU Taxonomy work
- Main role of finance function within EU Taxonomy work
- Perceived potential role of the finance function within EU Taxonomy work
- Firm covered by the EU Taxonomy regulation (Yes/No)
- Eligibility (High/Medium/Low)
- Regular role of the finance function
- Perceived management interest (from interviewee's point of view) (High/Medium/Low)
- Explicitly stated alignment between the EU Taxonomy objectives and the company's regular sustainability agenda (Yes/No)
- The finance function's perception of the EU Taxonomy (Good/Moderate/Uncertain)
- Reliance on external sustainability consultants (High/Medium/Low)
- Number of employees (High/Medium/Low)

Appendix E. Illustration of patterns found in open coding



Appendix F. Illustration of the abductive integration between empirical findings and method theories