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Management Control Systems Under Pressure

A qualitative study on MCS adaptation during the first wave of a binding sustainability regulation

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Abstract

This thesis investigates how a large European company (HotelCo) adapts its management control systems (MCS) in response to the first wave of the Corporate Sustainability Reporting Directive (CSRD). A qualitative analysis of 8 interviews was conducted utilising Malmi & Brown's (2008) package framework as a coding tool and institutional theory concepts as an analytical lens. Our thesis has three core findings. Firstly, CSRD regulatory pressure leads to the creation of a CSRD mini-package. This is a small set of administrative and planning controls concentrated in the sustainability function (new structures, DMA process, emerging governance), with the majority of core planning, reward, and business-performance controls elsewhere within the MCS package remaining largely unchanged. Secondly, this results in policy-practice decoupling. Sustainability and CSRD become more visible in strategy and formal structures, but everyday metrics, incentives, and planning controls are still largely financially-oriented. Lastly, we suggest that cybernetic controls are simultaneously the first place where CSRD-oriented changes occur and the most likely site for future coupling, because sustainability has started to become financially consequential for managers.

Keywords: Management Control Systems, CSRD, institutional theory, sustainability, sustainability reporting

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1.0 Introduction

“In fact, the implementation of this CSRD is hell for companies. I believe that the European Union as a whole has realized that it has gone a little too far” – Sophie Primas, French Government Spokesperson, January 2025.

1.1 Problem Background

Over the last three decades, the relationship between corporations and their natural environment has witnessed fundamental change. Corporate sustainability reporting began as a voluntary practice, which was adopted by a small number of top firms, but with time has transitioned to one of the top priorities for corporations.

The pressures driving this transformation are well documented. Since the early 1990s, firms were motivated to engage with their environmental impact for reasons like competitive advantage, compliance-seeking, and ecological responsibility, among others (see, for example, Dowling & Pfeffer, 1975; Bansal & Roth, 2000). Sustainability reporting emerged as a response to the pressures stemming from these concerns. Firms were expected to demonstrate environmental accountability. In doing so, they would increase their standing in the eyes of stakeholder groups (Dowling & Pfeffer, 1975). However, pure compliance-driven behaviour does not singlehandedly explain the trajectory of sustainability reporting as a field. Societal and regulatory pressures have steered firm responses to become more homogenous, with industry best practices being established around common frameworks (see, for example, DiMaggio and Powell 1983). This standardisation process has produced mixed results. Lin et al. (2024) showcase that although the volume of environmental and social disclosure has increased by a large margin over the past two decades, such disclosure has become both more generic and less specific over time.

1.2 From Voluntary to Mandatory Sustainability Reporting

Terms such as *“sustainability”* and *“sustainability development”* were rarely used in corporate sustainability reports in the early 1990s (Milne & Gray, 2013). Later on, the release of the Global Reporting Initiative (GRI) marked a significant progress within the field. Larrinaga and Bebbington (2017) argue that the GRI played a decisive role in the institutionalisation of sustainability reporting when the reporting guidelines were first launched in 1999. This is due to them actively shaping what the reporting should look like and establishing clear expectations across the field. Gokten (2020) identifies this period

(1999-2016) as a unique standardisation period, with the empirical work of Lin et al (2024) documenting an accelerating increase in environmental and social disclosure, with the pace of adoption closely correlating with the development of regulations.

While these global frameworks relied heavily on voluntary adoption, the European Union decided to pursue an increasingly legally binding trend. Early EU legislation, namely the 2003 Modernisation Directive and the 2014 Non-Financial Reporting Directive, incrementally expanded non-financial reporting requirements for European firms. This was driven by the 2008 financial crisis and reinforced by the 2015 Sustainable Development Goals and Paris Agreement (Baumüller & Sopp, 2021). Consequently, the Corporate Sustainability Reporting Directive (CSRD) goes on to replace the NFRD by transforming sustainability reporting into a more comprehensive mandatory requirement for a broader scope of European companies (Hummel & Jobst, 2024). It differs from its predecessors in three following ways: CSRD involves reporting in accordance with European Sustainability Reporting Standards (ESRS); requires firms to disclose Scope 1, 2, and 3 emissions; and introduces the double materiality analysis (DMA) which entails that firms must assess not only how sustainability issues affect their financial performance, but also how their activities affect the environment and society (Baumüller & Sopp, 2021; Oll et al., 2025).

However, the implementation of this mandatory regulation has been a very turbulent process. At the start, it faced significant pushback regarding administrative burden, which resulted in the EU entering a period of regulatory reorientation. In 2025, the Stop-the-Clock Directive postponed reporting deadlines for most companies by two years, while at the same time, the Omnibus I package simplified the framework by raising employee thresholds and reducing reporting burdens by 25% for large companies and 35% for SMEs (European Commission, 2025). For firms like IKEA, Bosch, and many others, this presents an ambiguity since the deadline pressure has eased, but the underlying regulatory requirements alongside the organisational adaptations that are already set in motion, remain.

1.3 The Organisational Challenge: Management Control Systems Under Pressure

The manner in which firms structure, govern, and report their sustainability performance can be explained with the Management Control Systems framework. There is a whole internal architecture to bridge the gap between formal mandates and the final output. Understanding

how this architecture is configured, adapted, and used under CSRD pressure is the central concern of our research.

Management controls (MCs) are “*systems, rules, practices, values, and other activities management put in place in order to direct employee behaviour*” (Malmi & Brown, 2008, p. 290). If they are complete systems, instead of simple rules, they become Management control systems (MCS). Malmi & Brown (2008) define them as a package with planning controls, cybernetic controls, reward and compensation controls, administrative controls, and cultural controls, which all operate simultaneously and iteratively. This implies that MCS is an adaptive instrument. For example, Chenhall (2003) demonstrates that the design of this package reflects contextual factors such as strategic priorities, among others, and determine what information is produced, aggregated, and ultimately acted upon. Whenever those strategic priorities shift, the existing MCS package is pressured to reconfigure.

The integration of sustainability into MCS has been a growing research concern since the early 2010s. Systematic and structured reviews of the literature (Traxler, Schrack & Greiling, 2020; Rahi et al., 2022) cite a sizable body of work that examines how organisations use control systems in order to execute on sustainability. Traxler et al. (2020) study both the effect of MCS on sustainability reporting and the use of it within MCS. One of the main findings is that the integration of sustainability into MCS is neither automatic nor straightforward.

In a similar vein, organisations face what Schäffer, Strauss and Zecher (2015) describe as institutional logics. Their case study shows how different organisational members used “*selective coupling of different MCS components and compartmentalizing MCS components to deal with clashing institutional logics*” (p. 395). For many firms, existing MCS components have historically been configured around financial performance, which raises the question of how well they are positioned to meet the sustainability requirements introduced by CSRD. The complex and specific demands of CSRD challenge this notion in at least two ways that are underexplored in the existing literature. Firstly, the Double Materiality Assessment requires firms to conduct a systematic internal process for identifying, prioritising, and delegating sustainability impacts, risks, and opportunities. This process in turn, demands coordination between compliance functions, operational systems, and data infrastructure (EFRAG 2024). Secondly, the requirement to disclose Scope 3 emissions introduces data collection obligations that most current cybernetic control systems are not designed to handle.

1.4 Research Gap and Purpose

Despite the growing body of work on sustainability and MCS, the extant literature has not yet examined how firms adapt their management control packages in response to the specific and novel demands of CSRD implementation in practice. Existing studies have concentrated their analysis on voluntary sustainability integration (Gond et al., 2012; Arjaliès & Mundy, 2013; Beusch et al., 2022), on broader regulatory compliance featuring CSRD as a part of a broader compliance package (Demaret & Molinari, 2025), and supply chain binding regulation (Rasaei, 2026). However, they have not focused on the concrete organisational processes through which firms embed the double materiality process and control systems or manage the data architecture required for Scope 3 reporting. This initial phase of CSRD adoption is a unique empirical opportunity. A legally binding pressure that is producing strenuous reporting requirements that existing frameworks were simply not prepared to handle.

Our thesis aims to address this gap through the examination of a large European firm within the hospitality industry. Through an in-depth qualitative case study of HotelCo, this thesis aims to contribute both to the literature on MCS-sustainability integration and to a practical understanding of what CSRD compliance demands of the control architecture at an organisational level. With this aim in mind, we have formulated the following research question: *How does one large European hospitality group begin to adapt their management control systems to meet new binding sustainability requirements of the Corporate Sustainable Reporting Directive?*

In order to position this research question within the existing literature and empirical context, the following section outlines the specific regulatory demands of CSRD that HotelCo operates under. This framing is necessary to situate the organisational response examined in the study.

1.5 CSRD Framework

To understand the tangible nature of the pressures experienced by companies in the wake of CSRD, a clarification of the framework itself is required. It is intended to replace and build on the old non-financial reporting directive (NFRD), forcing large EU undertakings to report in line with European Sustainability Reporting Standards (ESRS) (Corporate Governance Institute, 2025). The ESRS are composed of 12 standards: ESRS1 and ESRS2, which are mandatory and interdisciplinary and ten topical standards that are environmental, social and

governmental in scope. Our thesis in particular examines the DMA, a key starting point of CSRD, which was introduced in ESRS1 and clarified in ESRS2.

As part of the DMA, companies are required to examine “*impact materiality*”, which is the effects on people and the environment, as well as “*financial materiality*”, which are sustainability factors affecting Enterprise Value. The results of this assessment determine which of the ten topical ESRS standards and data points they are obligated to provide (United Nations Environment Programme Finance Initiative, n.d.). All sustainability information must be included as part of the management report. This information must include, at a minimum, governance around sustainability, the way that sustainability is integrated into the business model and strategy, data including metrics and KPIs (most notably scope 3 emissions from suppliers) and concrete policies and targets. This sustainability section should also be released in tandem with financial statements, increasing compliance and reporting work two fold in this manner. The formatting and extensive laundry list of requirements in the DMA, however, are not the only requirements that pose issues for firms. CSRD is heavily intertwined with other EU instruments, notably with sustainable finance regulations such as the EU taxonomy and the Sustainable Finance Disclosure Regulation (SFDR) (EY, 2022). These require companies to provide additional taxonomy-related KPIs and data that investors may need for their own disclosures. Practically, for HotelCo, this will change daily operations by diverting resources to meet these standards and to create and overhaul data infrastructure.

2.0 Theoretical Framework

2.1 Domain Theory: MCS and Sustainability Integration

We have established in the introduction that the CSRD creates new and specific demands on firms’ internal control tools. This section therefore examines more closely how management control systems are used, adapted, and reconfigured in sustainability contexts.

2.1.1 Management Control Systems in Organisations

The definition of MCSs has evolved over the years. Earlier conceptions focused primarily on the “*provision of more formal, financially quantifiable information to assist managerial decision*” (p. 129), whereas more recent perspectives claim that MCS “*embrace a much broader scope of information*” (Chenhall, 2003, p.129). This includes producing external, non-financial, predictive information and a broad array of decision support mechanisms.

Drawing on Malmi & Brown (2008), we interpret an organisation's MCSs as an interrelated system or "*package*" of control types, which are cultural, planning, cybernetic, reward and compensation, and administrative. Each control type is a category of tools that together, form the system. Under each control type, concrete control mechanisms are grouped. A good illustration of this line of thinking is the green loan at HotelCo. In our study, a green loan that connects sustainability performance directly to interest cost serves as a specific control mechanism that belongs to the reward and compensation control type. Furthermore, these control types are not static in nature but are rather influenced by distinct organisational priorities and the conditions under which they are applied. Chenhall (2003), in line with the longstanding traditions of management control, argues that the design of the MCSs is heavily influenced by the context in which they operate. That context includes factors such as the environment, technology, size, structure, strategy and national culture (Chenhall, 2003). These arguments together imply that when new organisational demands emerge, such as those associated with sustainability, existing control types within the MCS package are placed under pressure to adapt.

2.1.2 The current state of MCS-sustainability integration

While MCS are well-established within organisations, their integration with sustainability is a different story. Sustainability-oriented controls, where they exist at all, tend to sit alongside rather than inside the MCS's package. For example, Gond et al. (2012) find that organisations may adopt sustainability rhetorically in external reporting, while at the same time leaving the control systems loosely connected to sustainability objectives. In such configurations, the sustainability system is used to signal external accountability, rather than to inform innovation or strategic renewal. Furthermore, Rahi et al.'s (2022) literature review shows that research often treats sustainability reporting and management control separately. This kind of separate treatment reflects a parallel risk, where sustainability control systems operate alongside management control systems, with sustainability potentially remaining symbolic (Gond et al., 2012; Bromley et al., 2012)

On top of that, sustainability-related controls coverage within extant literature, tends to be fragmented across different control types and units of the organisation (Traxler et al., 2020). This means that sustainability ends up being managed through separate indicators, reporting processes and organisational units that do not necessarily talk to each other. By examining a growing body of literature on both sustainability reporting and MCS, Traxler et al. (2020)

show that research on the interaction between those two remains at an early stage, and that existing practices reflect a rather poorly connected set of control mechanisms than an integrated system. Where sustainability has been incorporated into MCS, the coverage tends to be uneven. Traxler et al. (2020) find that, on average, existing studies only deal with half the management control components, with only a third addressing four or more. Administrative controls, on average, receive the most attention. In contrast, the relationship between sustainability reporting and reward and compensation systems remains, in their words, “*grossly under-researched*” (Traxler et al., 2020, p. 15). This implies that even in organisations where sustainability has gained a foothold in the control package, it tends to focus on measurement and monitoring within the cybernetic control type, while leaving other parts of the control architecture largely untouched.

2.1.3 Empirical Insights on MCS-Sustainability Integration

We have selected four studies that help show what uneven and incomplete integration looks like in practice. They move from work on voluntary CSR strategy through the long-term integration of sustainability into control systems to the MCSs adaptation under regulatory pressure, and MCSs adoption under a legally binding German supply chain regulation.

Arjaliès and Mundy (2013) examine how organisations use MCS to manage their CSR strategies. Their study drew on data from 36 out of 40 of France’s largest listed companies contacted, all members of the CAC 40. The authors used Simons’ (1995) Levers of Control framework as a theoretical lens for their research and examined the four levers together influenced firms’ pursuit of strategic renewal. CSR was often framed in terms of risk because that framing was more likely to garner attention from senior management. Most firms in the study had centralised the coordination of their CSR reporting under dedicated departments. MCS were shown to have more use than passive recording tools. They actively shaped how firms understood and pursued sustainability.

Beusch et al. (2022) further develop the topic by extending Gond et al. (2012). They researched how the integration of MCS and sustainability control systems unfolds over time. In their results, integration proved gradual and uneven. The design of the study involved conducting a longitudinal case study which followed a Swedish multinational industrial firm across a fifteen-year period, examining integration along dimensions such as technical (whether financial and sustainability metrics share the same systems), organisational (whether sustainability sits within existing functions or in a separate department), and cognitive

(whether managers across the organisation share an understanding of what sustainability means for the business). Consequently, they found that the tensions were identified and managed through a dialogue, but never fully resolved. Senior managers, especially the CEO, approached sustainability as an inseparable area from business success by adopting a collaborative business case frame; however, tactical-level managers tended to focus on incremental improvements, operating from a responsible business case frame. Also, strategic-level management worked actively on moving sustainability responsibility out of the specialist function, with the sustainability director's goal being explicitly to make themselves redundant. Lastly, when it came to operations, the firm made genuine progress in reducing the environmental impact stemming from them, but struggled to sell sustainability-oriented products to its customers when they did not see value in them.

Another study akin to our thesis is Demaret and Molinari (2025), who examined how Energeco, a leading French energy company, adapted its management accounting and control systems to meet sustainability reporting regulations between 2021 and 2023. They discovered that Energeco did not build a new control system. Instead, they broadened planning controls to standardise data collection processes. At the same time, administrative controls were adjusted, which facilitated clarifying data responsibilities, and cultural controls, such as training programmes. These were later used for the purposes of building competence across departments that had previously never interacted with sustainability reporting. It is also notable that departments which have had no prior history of coordinating with each other faced challenges. Other two challenges that MACS were addressing included resource allocation and adaptation of existing tools. Most importantly, their study showed how organisations use “*defining, educating and vesting strategies for institutionalising MACS to address sustainability reporting challenges*” (p. 829).

Demaret and Molinari (2025) confirm that MCS play an active role in shaping how sustainability reports are actually produced. However, they do not examine the specific demands of the CSRD. Furthermore, Demaret and Molinari's (2025) case firm operated under regulation within a sector with decades of environmental reporting. It did not capture the Double Materiality Assessment as a novel internal process, the Scope 3 data-collection challenge, or the detailed ESRS disclosure requirements.

Rasaei (2026) examines how MNCs adapted their MCSs in response to a binding supply chain regulation. We want to emphasise that we arrived at a similar design before its publication in February 2026. They employed a qualitative, multiple-case design,

interviewing 14 professionals from 11 German MN companies. The authors used the Malmi & Brown (2008) package alongside Gond et al. (2012) model of sustainability integration in order “*to analyse concrete mechanisms through which adoption occurs*” (Rasaei, 2026, p. 2). Furthermore, they drew on institutional theory (DiMaggio and Powell, 1983) and contingency theory (Chenhall, 2003) as complementary lenses to theorise these adaptations. Their findings show that firms respond to the regulation in both uniform and hybrid ways, while also being “*influenced by their internal structures and practices, revealing distinct adaptation logics across control types and integration mechanisms*” (Rasaei, 2026, p. 8). Cybernetic controls constituted part of the package where adoption was most visible. Firms introduced robust controls directed at “*technical integration*”, where compliance was operationalised through formal routines that were embedded in digital tools and planning processes. However, the effectiveness of these tools was constrained by data infrastructure limitations.

All in all, earlier studies have focused on voluntary contexts (Arjaliès & Mundy, 2013; Beusch et al., 2022), leaving the regulatory dimensions unexplored. Demaret & Molinari (2025) moved toward studying that gap, but their case firm operated in a sector with decades of reporting history, and CSRD was not used as an analytical lens. Rasaei (2026) came closest to the context we examine, yet the study captured firms mid-adoption rather than the moment before reconfiguration began. None of these studies have, as of yet, examined the earliest stages of CSRD engagement specifically. This is the moment when a firm first tackles the demanding regulations, including the double materiality assessment, Scope 3 data collection and similar. It begins to map what its existing MCS package can and cannot handle. This is the gap our present study addresses, and it matters because how firms handle this first encounter will likely shape how seriously the CSRD is taken in practice.

2.2 Theoretical Perspective

The domain theory has identified what the existing literature had previously revealed about MCS and sustainability. This section describes the analytical means through which we view the empirical material in this thesis. In order to deconstruct the HotelCo’s MCS for the analysis, we have chosen structures that correspond to those identified in Malmi and Brown’s (2008) MCS as a package framework. Despite not being initially developed for sustainability purposes, research has emphasised the analytical value of the MCS package framework for studying sustainability-related controls (Rasaei, 2026). Thus, management control systems as a package will be used as a way to structure our empirics and to break down the complex

package into distinct control types. The CSRD does not put pressure on just one, single control; it creates demands with implications for all five control types. By using Malmi and Brown's (2008) framework, our thesis can identify and explain which parts of HotelCo's control package are under pressure, which may experience potential adaptation, and which remain unchanged. The framework illustrates what the control system looks like and how it functions. It does not, however, explain why the organisation responds to external pressure in a particular way. Therefore, these findings will be interpreted through institutional theory. Part of this perspective is to talk about different ways of thinking that sometimes have to be referred to as institutional logics. We are inspired by this term in our discussion, despite not utilising the explicit vocabulary. To this end, this thesis draws on three concepts from institutional theory.

The first is developed by Schäffer, Strauss and Zecher (2015), who utilise the concept of institutional logics to describe situations where an organisation encounters multiple *"taken-for-granted social prescriptions, understood as shared understandings"* (p.396) at the same time. Their study examined a German medium-sized firm navigating the transition from a family logic to a stakeholder logic before eventually arriving at shareholder logic, with each logic bringing with it differing expectations regarding how MCS should be structured and used. Their core finding was that organisational members tended to respond via selective coupling, engaging in practices from different logics in different parts of the MCS package as well as through compartmentalisation, keeping actors in line with different logics elsewhere within the organisational structure. In our study, HotelCo's existing MCS is largely constructed for financial performance or voluntary reporting. With the introduction of CSRD, there are now sustainability-oriented control types that demand different metrics, data flows and forms of coordination. Understanding how the firm deals with this dichotomy, even at the planning stage, is central to our study.

However, increased adoption does not always result in increased engagement. Institutional theory establishes the concept of decoupling, which is the rift between the formal structures of an organisation and the operational reality beneath it (Meyer and Rowan, 1977). This line of reasoning was developed further in Bromley et al.'s (2012) symbolic adoption and symbolic implementation. Symbolic adoption (policy-practice decoupling) details a situation where a practice is nominally adopted, but its implementation in reality is inadequate. They find that the lack of management rationale is a necessary condition for symbolic adoption. Moreover, they also admit that *"there are varied and unintentional reasons that organizations do not*

implement plans, such as lack of resources or foresight” (p. 488), meaning that structural constraints may also produce decoupling. Symbolic implementation (means-ends decoupling) represents an opposite situation where the policy is implemented in day to day operations; however, its relation to the organisational core goals is tenuous at best. Oliver (1991) suggests that when faced with institutional pressures, organisations can implement new reporting practices while simultaneously continuing the use of established practices. She argues this is part of a larger typology of strategic responses, including acquiescence, defiance, compromise, avoidance and manipulation. It becomes clear that the extent to which sustainability reporting has moved past being token in nature to being genuinely adopted in organisational contexts is an ongoing debate. Thus, decoupling is highly relevant for the study of HotelCo in the initial throes of CSRD implementation. We can assess whether it has permeated within the organisation, and if so, the responses that are taking shape.

The analytical framework for this thesis is a combination of the building blocks described above into a single tool for structuring and interpreting the empirical material. It operates on two levels.

Malmi and Brown (2008) argued that management control systems should be understood not as individual tools but as a package of interrelated controls operating simultaneously. The strength of this model for the study is that it treats the control system holistically, while also allowing us to isolate specific mechanisms. Furthermore, this “*approach supports a structured analysis of how diverse controls interact to meet strategic goals*” (Rasaei 2026, p. 5). Demaret and Molinari (2025) and Rasaei (2026) have both applied it in regulatory compliance contexts, which further highlights its analytical suitability for our context.

At the second level, the institutional theory concepts form the interpretive logic. After mapping the MCS package, the analysis poses three questions. Firstly, where do competing control-type orientations manifest? More specifically, where in the package do the financial control types and the sustainability control types interact, and how are they navigated? The analysis searches for evidence of selective coupling or compartmentalisation across the control components (Schäffer et al., 2015). Secondly, is there evidence of decoupling? Similar to Bromley et al. (2012), the analysis also examines whether the firm’s early CSRD preparations constitute substantive engagement or whether they remain merely symbolic in nature. Lastly, where are future CSRD capabilities most likely to develop within the control package?

This two-tiered approach is designed to match the empirical reality of the case. HotelCo is at the very earliest stage of CSRD engagement. Currently, no controls have undergone full reconfiguration yet. Hence, a model designed with the intent to evaluate finalised adaptations would find little to analyse. Instead, this framework is built to capture the starting conditions. These include the current state of the MCS package, the relevant points of pressure, as well as the early signals of how the organisation is beginning to respond. Our contribution lies not in documenting a finished transformation but in displaying what the first encounter with the CSRD reveals about the interaction between regulatory pressure and organisational control architecture.

3.0 Research Design

The primary aim of our thesis is to outline how a firm's management control systems are structured and implemented in the early stages of CSRD implementation. HotelCo was selected as our case firm since it is going through these aforementioned early stages. Given that our question focuses on organisational dynamics and internal processes as opposed to statistical relationships, we have decided that conducting a qualitative study would be appropriate. In line with Ahrens and Chapman (2006), in undertaking qualitative field research, we distinguish between method and methodology, where the latter shapes what counts as valid data and what kind of contributions we make. Ahrens and Chapman (2006) argue that positivists often reduce methodology to method and leave assumptions about reality unexamined, reducing the value of certain qualitative studies because they fail to see reality as emergent and potentially constructed. In recognition of these ontological grounds, we seek to approach research accordingly. Additionally, with the CSRD only just unfolding, its impact on management control systems cannot yet be measured at scale. We have been presented with the unique opportunity to observe first-hand the novel ways in which an organisation initially responds to pressure.

Our paper is centred around a single case study for several reasons. As Dubois and Gadde (2002) argue, there is often more value to be gained in going deeper into one case rather than simply accumulating a greater number of case studies. In particular, there is much value to be derived in learning from a specific case that is “*conditioned by the environmental context*” because the “*interaction between a phenomenon and its context is best understood through in-depth case studies*” (p. 554). This line of thinking governs our research process. In observing how one firm tackles the challenges raised by the freshly introduced CSRD, we

obtain an intimate understanding of how the firm will cope, which could otherwise be unavailable to us if multiple case studies were studied. We also subscribe to the notion developed by Dubois and Gadde (2002) regarding systematic combining. We have decided to take an iterative approach to our thesis, where our framework and understanding change throughout our research process, following an abductive logic. Through this conscious combination of theory, research and openness, we aim to achieve an enhanced understanding that allows us to consider as many factors as possible. Our interview design takes inspiration from Malmi and Brown (2008).

3.1 Data Collection

Our primary data collection method was through semi-structured interviews. Qu and Dumay (2011) suggest that qualitative interviews should be considered more than instruments of measurement, but as a useful social interaction. This is intended to allow for nuance, ensuring the accuracy of the interviewee's perspective.

In preparation for every interview, an interview guide based on the 5 control components of Malmi and Brown's (2008) aforementioned MCS as a control package. Questions were intentionally tailored to allow for an adequate exploration of current system capabilities, if and how CSRD generates pressure and the extent to which employees understand their role in the compliance process. More practical questions concerning day-to-day operations were also asked. These corresponded to themes drawn from institutional theory, including cross-functional coordination, data availability and leadership engagement with sustainability.

We have conducted 8 interviews between March and April 2026. We interviewed people in departments such as finance, business performance, and sustainability. Interviews lasted between 38 and 60 minutes, with an average duration of 53 minutes. All interviews were conducted in English and were recorded with the interviewee's written consent and transcribed verbatim afterwards.

To complement the primary data, we also collected secondary data sources that we considered useful to the study. This helped us obtain an understanding of the more mundane, daily tools that operate in the background of HotelCo's compliance procedure. Ethical considerations were addressed and strictly followed at every stage of the interview process. We ensured the interviewees were fully aware of the study's purpose, their ability to withdraw from the study

at any given point and that their anonymity was guarded. The real name of the case firm is anonymised, and details that could lead to identification in the interviews have been removed.

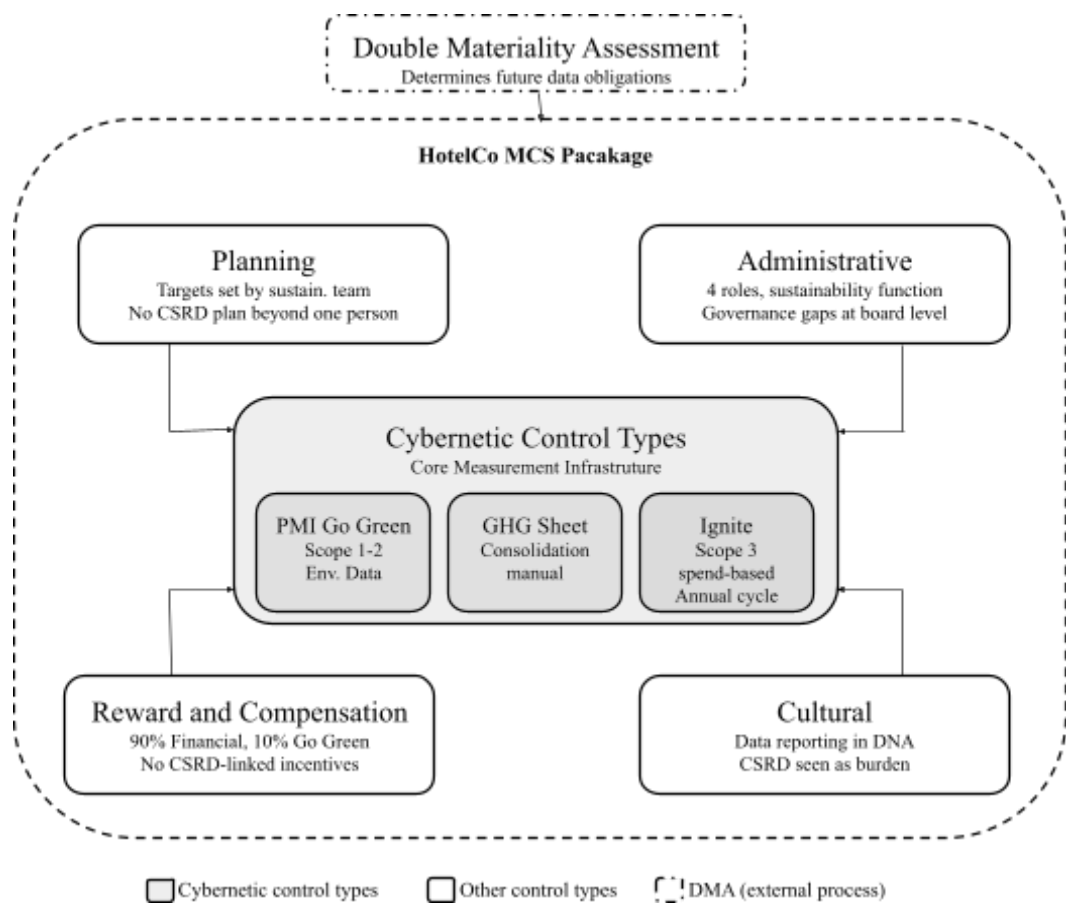
3.2 Data Analysis

The Malmi and Brown (2008) framework, which provides the categories for organising the observations systematically, is used to map the existing MCS package at HotelCo. Each interview corresponds to the control types most relevant to that interviewee's role and responsibilities. Following this, we read each interview transcript thoroughly and arranged the findings according to the relevant control type. Patterns across the package were then viewed through an institutional theory perspective, as outlined in section 2.2. Control types, where CSRD activity was concentrated, received the bulk of the attention, which helped to understand whether early adoption was substantive or symbolic, and which control types showed first signs of adoption.

4.0 Findings

Throughout this section, for anonymity's sake, we refer to interviewees by their official title within the organisation. Interviewees outside the organisation are referred to by their profession. The roles held, interview duration, and interview date are displayed in Appendix 2.

Figure 1: HotelCo's sustainability-oriented MCS package at the time of data collection



In the following sections, we expand on the summarised findings from Figure 1, organised around the cybernetic control types.

4.1 HotelCo and the CSRD Implementation Context

GroupCo is a family-owned investment company. It includes a Real Estate Arm, Capital Management Arm, and Art & Design Arm. Crucially, it also includes the Hospitality Arm (HotelCo), which is the flagship division of the Group. The division operates a substantial number of hotels and restaurants across the Nordics and Baltics. The firm manages both hotel chains and independent brands, while also possessing a large total employee headcount.

For our purposes, it is crucial to establish where the company stands in terms of sustainability integration. A few years ago, the firm made its Scope 1, 2, and 3 commitments officially public. Their aim is to achieve zero emissions in Scope 1 and 2, and to cut Scope 3 emissions by 50% within the next 5 years. This is linked to the green loan arrangement, where, in failing

to achieve a Go Green Index average of 8 within 5 years and a considerable food waste reduction target, HotelCo risks paying back higher interest rates.

The sustainability branch consists of a small and focused team of 5 employees in total, with 2 on parental leave. The responsibilities span a wide range, from operating platforms and handling data and system infrastructure to working with CSRD and the DMA. Nonetheless, the focus of the team lies in climate and “*planet*” topics. Biodiversity, circularity, and social sustainability receive little attention due to the “*carbon tunnel vision*”, as admitted by the VP Sustainability. The term implies a narrow vision which focuses on carbon emissions, while leaving other important aspects out of the sustainability function. Furthermore, the VP SSC Finance, admits the gap between sustainability and financial reporting, estimating that the sustainability reporting practices are “*two to five years away*”.

Within HotelCo, the sustainability function sits outside the executive committee, yet it carries formal strategic weight. It is included in one of the three strategic pillars (people, planet, profit). Since sustainability sits at this core strategic intersection, this position grants legitimacy to the function. At the same time, the DMA results require executive committee approval before advancing the CSRD preparation process.

With CSRD, the company was initially expected to report on it in fiscal year 2025. The Stop-the-Clock Directive changed that, giving the team more time and allowing them to “*work under more sensible conditions*” (Sustainability Specialist) rather than rushing for compliance. At the time of the interviews, HotelCo was finalising the Double Materiality Assessment, which is explained in detail in section 4.2.

4.2 Organising the Double Materiality Assessment

We do not treat DMA as a control type in itself, but it determines which ESRS data points are material to HotelCo and therefore which parts of the organisation will face new data collection obligations. Thus, it deserves a dedicated section, and we have placed it just outside the MCS package in Figure 1.

The Sustainability Specialist joined HotelCo in 2024 to lead both DMA and CSRD processes. They describe their role as lying at the intersection of strategic work, project management and production work, admitting that balancing them is difficult. The Sustainability Specialist worked with external consultants to facilitate the progress, but all the responsibility falls on

them. As the Green Tech Manager confirmed, they have been working on the process themselves for the past six months and have just started dragging the Green Tech Manager into the next phases.

In order to conduct the DMA, the Sustainability Specialist ran workshops with internal stakeholders from various departments, including HR, finance, procurement, and climate. These stakeholders provided crucial inputs, which the Sustainability Specialist translated into ESRS-compliant IROs (Impacts, Risks and Opportunities). Each IRO provides context, scoring, and documentation of the process. The Sustainability Specialist clarified that IROs differ from the data points which will be reported eventually. They identify what is material, while data point mapping, that will happen after DMA finalisation, identifies specific metrics, targets, actions, and policies that have to be reported for each material topic. However, the latter step has not begun yet. The sustainability specialist described the DMA process as bidirectional, with some stakeholders drafting the IROs independently and only needing to review and update. Others provided raw information, which they processed more fully. Nevertheless, they acknowledge that this structure, with ESRS expertise concentrated in one person, is unsustainable for the reporting phase. Therefore, they recognise the need to establish contacts within every department that is responsible for developing their respective ESRS areas. They also mentioned that a materiality analysis existed before, but since it was not CSRD-compliant, it was not used as a foundation for DMA.

A CSRD-specific steering committee involving representatives from all Group holdings and departments does not exist yet. The Sustainability VP confirmed that it is being set up, with the first meeting planned for May 2026. A climate-specific committee has existed since 2023, but it does not fall under the CSRD governance. Therefore, all the cross-departmental communications take place through the Sustainability Specialist's workshops and other channels, but not through formal structures.

The Green Tech Manager mentioned that they were in “wait mode” all this time. Their planned involvement covers the stakeholder dialogue and gap analysis, which they perceive as naturally fitting into their responsibilities around data infrastructure and system management. However, the Sustainability Specialist mentioned that it is currently unclear which data points will be required after the publication of Omnibus I. They are waiting for the final confirmation from the EU Commission, which is expected to happen before summer. Only after that can the data point mapping stage begin. This regulatory uncertainty has affected

internal planning at HotelCo since the firm cannot prepare for the data collection until it knows exactly what data is required from them.

Going forward, the Sustainability specialist's plan until the end of the year consists of finalising the DMA process, building the structure for the ESRS report and beginning data point mapping, delegating data points to corresponding departments in Q3 and Q4 of fiscal year 2026 and conducting a dry run report. They specifically position the dry run as a learning exercise in order to understand what does and doesn't work before starting the formal reporting year, so that the organisation can improve its processes. These observations indicate that existing control types can be altered, leading to further changes of the control package as a whole.

4.3 Cybernetic Control Types As the Core Infrastructure

In line with Malmi and Brown's (2008) typology, Rasaei (2026) defines cybernetic controls as mechanisms which set performance targets, monitor deviations, and trigger corrective actions. At HotelCo, a sustainability-oriented management control package is constructed primarily around cybernetic controls. On the business performance side, the cybernetic controls are financially oriented within the company, where they monitor KPIs such as RevPAR occupancy, gross operating profit, and EBITDA. However, within the sustainability measurement infrastructure, cybernetic controls consist of three distinct systems, which were built at different times, designed for different purposes, and have no integration between themselves. These cybernetic controls form the core infrastructure upon which other control elements depend, which is represented in Figure 1, with cybernetic controls prominently placed at the centre.

4.3.1 PMI Go Green as a legacy consolidation tool

PMI Go Green is the platform HotelCo uses to gather consumption data from individual hotels, measure emissions, and track costs connected to sustainability work. As Figure 1 shows, it currently sits as a concrete control within the cybernetic core. It is supplied by an external company, and the Sustainability Manager is the link that connects HotelCo to that company. PMI Go green is becoming a key element of HotelCo's sustainability-oriented control mini-package that is a combination of both cybernetic and administrative structures (Malmi and Brown 2008). The platform covers energy (electricity, heating, district cooling, gas, oil), water, waste, chemicals, towels and linen, food waste, refrigerants, and fuel for company vehicles. Furthermore, it includes a guest satisfaction score, which is pulled from

another external provider. The overall Go Green Index is calculated based on five components, which are Plan (17%), Do (28%), Monitor (6%), Evaluate and Learn (38%), and Guest Satisfaction Score (11%). Such quantified indicators are examples of specific cybernetic controls that support planning and performance evaluation as described by Malmi and Brown (2008).

With regards to the automation of the inputs, the Sustainability Manager notes that most of the cockpits are almost fully automated, while fuel and refrigerants remain largely manual. Nevertheless, they were recently added to the PMI Go Green platform. Previously, hotels submitted this data manually, and an AI bot was built in order to read it and extract relevant data. However, the refrigerant data has been unreliable because it varies by country, making it difficult to interpret. This suggests that in a phase of improvement, cybernetic controls can become temporarily less reliable as more sustainability dimensions are put into the measurement system.

For electricity, HotelCo uses a central supplier agreement covering around 80% of all individual hotels. 11% of the hotels cannot be measured through the platform since they have separate agreements with their landlords. Meanwhile, the rest of the hotels still have data collected, but through other energy suppliers.

Furthermore, the Go Green Index, which is calculated for each hotel, is publicly mentioned on their website and is linked to the green loan of HotelCo. The failure to achieve an average score of 8 within 5 years would result in financial penalties. Also, since general managers' bonuses are tied partly to the score (approximately 10% of the bonus), it is sometimes used competitively between hotels. Therefore, the Go Green Index ties cybernetic, reward and compensation controls together since sustainability performance has financial consequences for managers.

The system was designed for voluntary reporting and green loan compliance. The platform is just beginning to introduce mandatory documentation requirements for manual inputs.

According to the Sustainability Manager, this is driven by new regulatory requirements: *"It is part of the new regulations that when we get an audit afterwards, they need to have this sort of audit trail so that they can follow wherever this... can we trust the data?"* What remains to be seen is whether the shift from voluntary to mandatory CSRD documentation will be sufficient to meet the new requirements. The Sustainability Manager feels pessimistic about

the platform's future, citing regulatory pressure and uncertainty about whether the index methodology can be verified by a third party: "*The sustainability rating or Go Green index, I don't think that will survive in the way we have it today*". Such uncertainty could indicate that current sustainability controls centred around PMI Go Green may not be suitable going forward in the nascent institutional context, leading to further reconfigurations of the package. This is similar to Gond et al. (2012), who view sustainability controls as constantly evolving and institutionally embedded practices rather than static and established technical tools.

4.3.2 GHG spreadsheet: consolidating Scope 1-3 in a legacy tool

The Green Tech Manager is responsible for managing GHG data. Since HotelCo doesn't have a dedicated GHG reporting system, they rely on a massive Google Sheets spreadsheet that acts as a base for everything GHG-related. Just like PMI, it sits within the cybernetic core as a specific control, as seen in Figure 1. It has been in place for approximately four years. The spreadsheet contains separate tabs for each energy type: electricity, district heating, district cooling, gas, oil, and refrigerants. It also contains a master sheet for emission factors, their sources, and annual updates. A hotel database tracks which suppliers each hotel uses, which market-based emission factors apply, and which location-based factors apply. Data from PMI Go Green and Ignite (Scope 3) is first exported and then imported into this spreadsheet. The Green Tech Manager's responsibilities include verifying and making sure that it is complete and accurate before the calculations begin. The VP Sustainability further confirmed that the spreadsheet exists and that the climate calculations are produced annually and distributed to the hotels.

However, such a workflow comes with shortcomings. "*I mean, it's time-consuming to work this way, it's prone to errors. But the more important thing is external pressure when it comes to CSRD and reporting: standards and the requirements to be auditable*" (the Green Tech Manager). Additionally, VP SSC Finance, who is responsible for the financial shared services centre, confirmed that from a financial controls perspective, the way the spreadsheet currently operates presents significant audit risks: "*...you cannot follow the audit trail. The transaction is born here, we are following it there, and so on and it is posted here. That will be the main problem.*" Nonetheless, the Green Tech Manager highlights that this is a practice from which they are planning to move away in the near future. As evidence, they point to the fact that they began building a prototype themselves: "*I kind of envisage building a complete GHG*

system for us that is tailored to us, our reality that is also aligned with CSRD, double materiality and so on.”

4.3.3 Ignite: automating Scope 3 spend-based data

Another platform Green Tech Manager designed is Ignite. It is the last control that sits within the cybernetic core, as seen in Figure 1. It is used to calculate Scope 3 emissions, with the Green Tech Manager responsible for implementing integrations and data sources. They described themselves as being central to the process of setting it up, now remaining actively engaged only once a year for the annual Scope 3 reporting cycle. The platform analyses all the invoices that pass through it, applying spend-based emission factors for by-category Scope 3 calculations. Nonetheless, the data isn’t updated in real time, with some inputs like employee travel and commute data taking longer to gather. According to the Green Tech Manager, this makes it difficult to include Scope 3 data in the PMI Go Green dashboard even if they wanted to, because the update cycles are far too long.

Furthermore, Ignite is not integrated with PMI Go Green, which results in no communication between the two systems. The Sustainability Manager confirms the lack of integration and expresses aspirations to showcase Scope 3 data in PMI Go Green, but there are no plans in place to fix it. Additionally, the spend-based nature of Scope 3 emissions means that those calculations reflect financial reality rather than actual physical consumption. This limitation is being addressed by adding activity-based data where possible.

The VP of Sustainability describes HotelCo’s approach to collecting Scope 3 data as spend-based, with as much activity data added as possible. They note that it is impossible for a company of this size to avoid spend-based estimates entirely. Areas where actual data has been added include franchise hotels, waste, and business travel expense systems. Food and beverage remains the largest remaining gap and has historically been spend-based only: *“one tricky part was food and beverage... if we increase our costs for food and beverage, then we're going to increase our emissions...”*. However, one of the milestones achieved this year was that they have finally secured actual emissions data from the food supplier portal.

The Green Tech Manager adds that *“we have set it up so that in Ignite, we just automatically analyse all the bills, basically, all the invoices that go through the company are automatically analysed. Yeah. So we get the numbers automatically.”* Consequently, Scope 3 data collection

doesn't require chasing after individual departments, which they describe as the easiest part of data collection compared to manual inputs.

Altogether, PMI Go Green, the GHG spreadsheet, and Ignite constitute the core of HotelCo's sustainability cybernetic controls. The fragmentation we observe across all three systems is consistent with Traxler et al.'s (2020) findings, that sustainability controls operate as a loosely connected set of mechanisms. Each system was developed for different purposes (voluntary reporting, Nordic Swan certification, green loan compliance) and only partially aligns with CSRD's auditability and data-point requirements. This creates structural tension, as CSRD implementation must initially adapt to legacy measurement infrastructure rather than the other way around. The following subsections show how administrative, planning, reward and cultural controls overlap with and are constrained by this cybernetic core.

4.4 How other controls interact with the cybernetic core

4.4.1 Administrative–cybernetic overlap: roles around Go Green, GHG and Ignite

Positioned in the top right of Figure 1, the administrative controls are defined as the structural, procedural tools that formalise responsibilities, standardise practices, and coordinate internal processes (Malmi & Brown, 2008, cited in Rasaei, 2026). Regarding the administrative controls in place at HotelCo, four key roles are delegated to handle sustainability data within the organisation. These include the VP of sustainability, the Sustainability Specialist, and the narrower Sustainability and Green Tech Manager. These roles work in tandem to create the structures and routines that permit successful compliance with CSRD regulations, and each is tightly linked to the measurement systems described in 4.3.

The VP Sustainability monitors sustainability efforts and specifically CSRD at a group level. Their responsibilities include “*bringing up the results from the CSRD work*” to the executive team “*at least 5 times a year*”. This work consists of “*gathering all of the data, updating emission factors*”, which assists in the creation of strategies that help steer the group towards achieving its sustainability goals. By coordinating sustainability efforts with executive management, the VP of sustainability role is typical of an administrative control since it is a formal, structural arrangement that allocates responsibilities to channel decision-making towards CSRD adherence.

In our interviewee's words, the role adopted by the Sustainability Specialist aligns with the “*iterative nature*” of CSRD reporting. Daily, they help “*finalise the DMA*”, acting as a bridge between organisational expertise and the formal requirements of CSRD. This includes “*updating the value chain analysis, conducting stakeholder dialogue and management*” in “*meetings, workshops*”. According to Malmi and Brown (2008), we consider such meetings to be administrative controls given that they create formal procedures and routines within the organisation. Once stakeholder input from these meetings is obtained, the DMA process is updated based on this data. This is also used in combination with IRO (Impact, Risks and Opportunities) data that helps streamline the DMA process further. In short, the CSRD coordinator currently leads the DMA process virtually in its entirety, ensuring that the relevant data and capabilities are updated, recorded and utilised effectively. Through the coordination of these activities, this role operates as an administrative control through the formalisation of DMA responsibility and allocating organisational knowledge to CSRD-compliant processes, which will define future requirements for the cybernetic systems.

The Sustainability and Green Tech Manager work in parallel and sits directly on top of the systems described in 4.3. The Green Tech Manager is “*responsible for the technical set-up*” and data quality of Scope 1, 2 and 3 emissions, ensuring the “*data is complete and correct*” from their suppliers. They are also responsible for monitoring the GHG protocol data in the spreadsheet, importing data from PMI Go Green (for Scope 1 and 2) and Ignite (Scope 3), and enhancing the accuracy of the data. This is a formalised role that is one of the administrative controls responsible for systematically compiling and organising CSRD-relevant data. In the parallel capacity, the Sustainability Manager ensures compliance with “*the environmental certification of their hotels (Nordic Swan)*” through the combination of cost, consumption and emissions data in one platform (PMI Go Green). This formalised compliance process serves as an administrative control that monitors anomalies in data and corrects them according to certification standards.

Many managers frequently use training and onboarding to educate new personnel at the hotels, reinforcing how staff should interact with the cybernetic systems. The Sustainability Manager hosts formal onboarding and training sessions with “*5 to 25 people participating each month*”. Similarly, the sustainability specialist held “*workshops with internal stakeholders*” to ensure CSRD requirements are understood.

Despite the multitude of administrative controls in place, there are notable gaps around CSRD. The sustainability specialist stressed that being the only person leading DMA was unsustainable in the long run. This is exacerbated by their budget being the sole CSRD budget, formalising their role as its only driver. No other departments are allocated a dedicated CSRD budget. They advocate for having *“one appointed person within HR who is their contact person, and this appointed HR person knows ESRS and has ownership over their parts in the ESRS within their department”*. A structured functional network or committee linking each department to CSRD activities does not currently exist, leaving CSRD coordination fragmented. This links to what Demaret & Molinari (2025) observe in their study: cross-departmental coordination was one of the most challenging aspects of regulatory compliance.

At a board level, the sustainability specialist claims, *“They’re not very involved at the moment. They know it and of course it’s something that needs to be done...they’re basically trusting us to handle this”*. The board itself does not engage or create formal CSRD processes; instead, it delegates all responsibilities down the chain of command. This leads to a lack of coordination between Business Performance and Sustainability. The two functions are *“autonomous and self-served”*, and the VP Business Performance was barely aware of the CSRD since the regulatory requirements from their department were not clearly communicated. At the same time, VP SSC Finance introduces a different perspective. They state that the direct interaction between their function and the sustainability team is limited, but the cooperation with the procurement team is much stronger since they are working on vendor data together. Regarding CSRD, they have heard about it a few times and are also aware of Ignite and the EU taxonomy, although they are formally involved in neither of them. Interestingly enough, when asked about where the CSRD reporting practice should sit, they mentioned the finance department, explaining that they understand *“how it goes into the books and that is the basis for all kinds of reporting.”*

Furthermore, there does not appear to be a formal internal CSRD administrative system. Everything is managed ad hoc through various spreadsheets, meetings and workshops. Current administrative controls centred around CSRD are underdeveloped at a Group level, with sporadic coordination. This is partially related to the fact that CSRD is currently the biggest concern in the HotelCo arm of the Group and has largely remained concentrated there. This is similar to Schäffer et al.’s (2015) notion of compartmentalisation, where the CSRD-oriented control package remains highly localised within the sustainability function,

rather than being evenly distributed across the organisation. Overall, it becomes clear that the existing administrative infrastructure that would enable CSRD implementation is concentrated in the HotelCo arm of the Group and is currently insufficient for cross-implementation across all arms once the gaps in capability are identified and more responsibility is delegated.

4.4.2 Planning—cybernetic overlap: targets, green loan and CSRD timelines

In the top left of Figure 1 are the planning controls. At present, target setting within the organisation occurs at the Group level, but is closely tied to the indicators embedded in HotelCo's cybernetic controls. The VP Sustainability confirms that the *"sustainability team was approved by the executive team"* when setting climate targets and that they now *"are making updates to the strategy and part of that is also making updates to the targets"*. The sustainability team makes suggestions which are then accepted by the executive committee, rather than the executive committee itself establishing formal targets. These targets are operationalised and tracked through the systems described in Section 4.3 and are contractually linked to the green loan, which requires an average Go Green score of 8 and a significant food waste reduction by 2030.

The original basis for some planning targets raises concerns. The VP Sustainability acknowledges that the 50% reduction in Scope 3 by 2030, one of the firm's two public commitments, *"is not based on anything really"*. This connects to Beusch et al. (2022), who state that sustainability targets and operational planning usually occur on different tracks, with dialogue across management levels being the mechanism that eventually bridges them. They describe that as one of their first tasks upon joining the organisation was assessing whether the target is even achievable and building an implementation plan around it. This illustrates how numerical ambitions were initially set somewhat independently of the underlying measurement infrastructure and are now being retrofitted to the cybernetic systems as CSRD requirements tighten.

A similar observation can be made when it comes to CSRD planning. The sustainability specialist confirmed that *"my plan is the plan for the company, there is no other plan for CSRD"*. No other budgets have been allocated to the departments besides the one that the Sustainability Specialist currently operates. This confirms that all the power and responsibilities that relate directly to CSRD sit within one person, and no integration with broader organisational planning exists. At the same time, CSRD planning is heavily

constrained by the readiness of the measurement systems: HotelCo cannot begin data point mapping or design data collection processes until the DMA is approved and the final CSRD data point requirements are confirmed post-Omnibus I, at which point they will need to be translated into the existing systems (PMI Go Green, Ignite and the GHG spreadsheet).

HotelCo can also be said to engage in multi-level planning. The VP Sustainability posits that *“we have plans on different levels. So we have one overall plan with certain must-have items. So, for example, all of the operations, the hotel needs to purchase renewable electricity...”* Concurrently, they have also *“made a separate strategy for each of the hotel chains and then we have one specific strategy for each or like an implementation plan, action plan for each specific hotel”*. Planning controls, therefore, exist at the chain-specific and hotel levels, and often hinge on indicators and thresholds defined in the cybernetic systems. There is also a degree of decentralisation and local autonomy given to hotels. For instance, when it comes to renewable energy, there are certain guidelines, but then *“it’s up to the hotels to plan”*. Hotels follow a centrally delineated plan, but exercise individual discretion in how they execute it.

Targets are also set between the executive team and the hotels. The VP Business Performance describes two models where *“the one model is what is the current performance over a year or rolling 12 months. And then based on that and sort of the closeness and insight that the management has into that either market or hotel, then it's adjusted up and down, generally up.”* Hotels provide input, but targets ultimately remain centrally set. At the same time, the VP Business Performance added that sustainability goals and incentives are made completely separately from where the work is actually happening, framing it as a disconnect that makes it difficult for top management to relate. This suggests that planning controls are partly decoupled from operational realities, even as they rely on data produced by the core measurement systems.

4.4.3 Reward–cybernetic overlap: Go Green incentives without CSRD incentives

Located in the bottom left of the control package depicted in Figure 1, Reward and compensation controls at HotelCo are closely connected to the Go Green Index, underscoring the central role of cybernetic controls in shaping incentives. Both the VP Business Performance and C confirm that approximately 10% of the hotel's General Manager's bonus is linked to the PMI Go Green Index score. The Sustainability Manager further describes that hotels react emotionally when scores drop because bonuses are then at risk: *“I get mails directly from 10 to 20 hotels screaming out that what is happening to our score? This is not*

our fault. You need to do something today or my bonus is gone.” The Go Green score functions not only as a diagnostic indicator of environmental performance but also as a key lever in the formal reward system.

Furthermore, a distinct financial control mechanism at HotelCo is the green loan. Besides the GM bonus, failure to reach the average PMI Go Green score of 8 and a significant reduction in food waste by 2030 at a company level would result in higher interest rates on billions in loans that the company holds. In this way, the cybernetic infrastructure described in Section 4.3 directly influences the organisation’s cost of capital. However, the sustainability specialist and VP of Business Performance confirm that no compensation is linked to CSRD compliance as such. Taking a more strategic stance, the VP Business Performance notes that *“it’s obviously profit”* when financial and sustainability targets conflict. Another important observation made by the VP Business Performance is: *“Generally we, if we don’t grow and don’t have profit, we don’t have any guests and employees or sustainability issues. So we always start with the growth, growth and profit. So they are weighted much heavier than the other ones.”*

Informal incentives also exist and partly reinforce these dynamics. The VP Business Performance described public recognition at the annual winter conference and on internal and external online channels as a mechanism for rewarding proactive sustainability behaviour by general managers. They noted that if a GM does something *“memorable and marketable”* on sustainability, they receive visibility and recognition. These informal incentives are still rooted in the visible achievements that can be communicated through existing metrics and narratives, but they remain subjective rather than systematic. Taken together, the reward and compensation controls are strongly tied to one specific cybernetic device, the Go Green Index, while CSRD implementation itself is not yet embedded in formal incentive structures. This connects to Traxler et al. (2020), who noted that the reward and compensation component is one of the most under-researched in the MCS-sustainability integration literature. Despite the mandatory regulatory pressure, HotelCo has not reconfigured it, and it is most likely to be the last component to integrate sustainability.

4.4.4 Cultural–cybernetic overlap: data “DNA” and anticipated CSRD fatigue

Culturally, managers describe a strong reporting heritage that is closely tied to the cybernetic systems, as seen by its position in the bottom right corner of Figure 1, alongside emerging scepticism about CSRD-related demands. Green Tech Manager reveals that *“there is not*

necessarily resistance when it comes to collecting data...it's in everyone's DNA". There is a heavily ingrained data reporting culture at HotelCo, inherited from financial reporting norms already present. For CSRD, this means that different departments are accustomed to providing appropriate data on demand for reporting purposes and feeding systems like Go Green and Ignite.

At the same time, the entrepreneurial culture is perceived ambivalently. The VP Business Performance acknowledges HotelCo's entrepreneurial culture, but believes that *"structured processes and controls are really boring, so it doesn't really help"*. By contrast, VP SSC Finance claims that the entrepreneurial culture helps the processes and emphasises that HotelCo employees are *"...very positive, they want to make a change, they want to contribute to something more, ..."*. These accounts suggest that the existing culture can both support and hinder the standardised, audit-oriented use of the measurement systems.

Looking ahead, several interviewees anticipate resistance as CSRD-driven changes increase the demands placed on the cybernetic infrastructure. With regards to the extra internal requirements for data that are to be demanded from other departments, the VP Sustainability thinks *"they will hate us...I feel that for us, we have a clear understanding of the positive things about CSRD"*. Stiff resistance is anticipated from HR and operations staff when CSRD data requests are issued. Furthermore, the sustainability specialist believes that CSRD is framed solely as a legal obligation and therefore does not build genuine compliance. Green Tech Manager seems to agree, describing CSRD as a *"bureaucratic burden"*. The perception of CSRD has deteriorated with time, which may have repercussions for its successful implementation through the systems described in Section 4.3.

At present, sustainability is not communicated proactively as it perhaps should be. The VP of Sustainability is personally invested in the issue of sustainability and tries to communicate this need to senior management. When discussing senior management engagement, Green Tech Manager states that *"they're interested to a degree that they know it has to be done. But they are not the ones driving it. We are the ones driving it"*. Current CSRD efforts, therefore, seem to be bottom-up, with no concrete guidance or mission statements coming from management itself. Senior leadership regards CSRD as another obligation, which sharply contrasts with the VP Sustainability's perception of sustainability. Furthermore, the VP Business Performance, who operates outside of the sustainability function, admits that *"sustainability is something that needs to be managed"* rather than a strategic priority. This

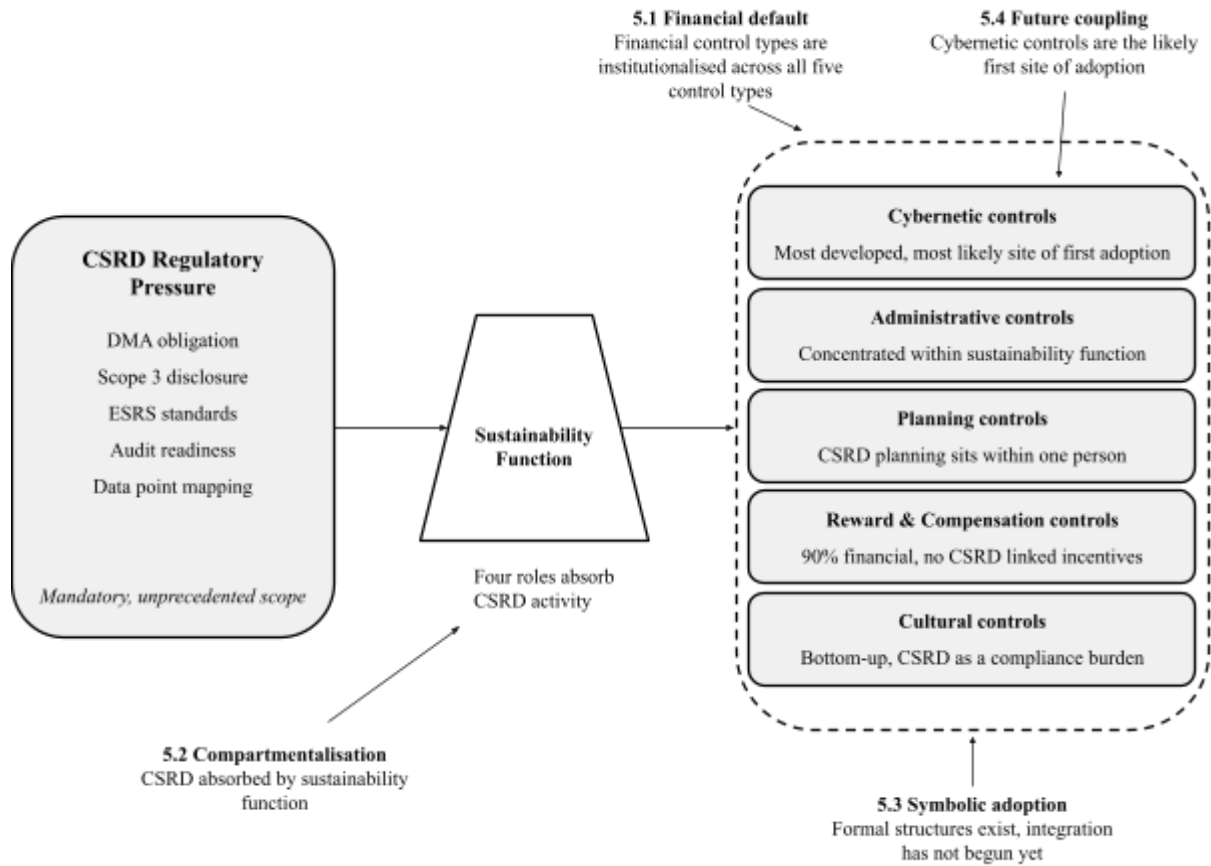
cultural configuration simultaneously normalises data reporting while weakening the perceived strategic importance of the new CSRD-aligned cybernetic controls.

Across these findings, HotelCo's CSRD implementation emerges as a package centred on a legacy cybernetic core. PMI Go Green, the GHG spreadsheet and Ignite are the primary devices through which sustainability performance is measured, monitored and linked to both internal bonuses and external financing. Administrative roles, planning processes, reward structures and cultural norms all overlap with, and are constrained by, these systems. At the same time, the cybernetic infrastructure was originally designed for voluntary reporting, certification and green loan purposes, and now has to be adapted to CSRD's stricter auditability and data-point requirements. This misalignment creates tensions that the organisation is beginning to address through new roles, committees, plans and training, but which remain unresolved at the time of the study. Similar inter-departmental tensions have been found in other case studies, such as Beusch et al. (2022) and Demaret and Molinari (2025), where incremental sustainability integration into a firm's MCS was studied. However, this concrete misalignment arises for HotelCo in light of CSRD.

5.0 Discussion

The figure below is a visual representation of the way that institutional theory is applied to our findings from Figure 1 located in Section 4.0.

Figure 2: CSRD Regulatory Pressure and HotelCo's Financially Oriented MCS



The following section discusses HotelCo's initial engagements with the first wave of CSRD implementation, and how this affects the use and design of its MCS package, elaborating on what is shown in Figure 2. Section 5.1 examines the current configuration of HotelCo's MCS, highlighting how financially oriented controls are a structural default across the package. 5.2 explores how HotelCo responds to emerging CSRD pressures, with a focus on the arising compartmentalisation. Section 5.3 utilises policy-practice decoupling to analyse the early stages of CSRD adoption, and 5.4 proposes where closer alignment between CSRD and the MCS package will likely emerge.

5.1 Financially Oriented Control Types As a Structural Default

As indicated by the “*financial default*” annotation in Figure 2, mapping the findings against the Malmi & Brown (2008) framework reveals that HotelCo's MCS has largely been configured around and dominated by financially oriented controls. Our findings show that sustainability-oriented structures do exist, but are fragmented across the 5 control types. This

initial configuration of control types is vital to our study because it influences how HotelCo copes with CSRD-related demands with its existing package.

This asymmetry is most apparent within the cybernetic controls, which are presented in the top box in Figure 2. The financial performance data operates through an integrated infrastructure, closely monitoring KPIs such as RevPAR occupancy, gross operating profit, and EBITDA. They are all tracked through the BI dashboards and PMI Go Green platform, which makes it highly accessible to managers and the business performance team. The VP Business Performance confirms that pulling together a view of a hotel's financial and operational metrics is "*easy, it's available*". At the same time, the VP SSC Finance, who oversees 90 employees and all the hotels within the HotelCo, also describes infrastructure as mature and integrated. In contrast, sustainability data is spread across three systems, and they all were built for different purposes, at different times, and by different people; none of these systems communicate with each other. Thus, the conclusion can be made that the financial side of the cybernetic control was built in the form of a dedicated infrastructure, while the sustainability side of it emerged as a gradual combination of "*work arounds*".

Similar patterns can be observed within the administrative controls. All the four delegated sustainability roles sit within the exact same function. Despite CSRD posing a serious regulatory pressure, no similar responsibilities exist outside of the sustainability team. The VP Business Performance admitted that finance and sustainability functions are "*autonomous and self-served*", and interact only occasionally. They were barely aware of the CSRD regulation and had hardly received any formal communication on what it would require from their department. Nonetheless, the board is aware of the importance that the regulation carries, but no governing structures with a comparable rigour to the financial one that would assist in coordinating the matter exist in place. In the sustainability specialist's own words, "*basically trusting us to handle it*".

Cultural controls further reinforce this asymmetry, with the corresponding box in Figure 2 summarising how sustainability is communicated bottom up and can be perceived as a compliance burden. Sustainability is recognised as one of the three strategic pillars that grant it legitimacy. However, based on the outside-the-function perspectives, this legitimacy can be characterised as nominal. Outside the sustainability function, senior leadership treats it as an obligation, rather than a strategic driver. Within the organisation, sustainability is communicated bottom-up by the sustainability team itself rather than top-down by the

leadership. Arjaliès and Mundy (2013) found that sustainability was usually framed as a risk to gain management attention. However, our findings reveal that this has not even occurred at HotelCo outside of the sustainability function. This suggests that the importance of sustainability has become normalised by cultural controls, but is yet to be positioned as a strategic driver in the same manner as financial performance objectives.

Planning controls resemble a similar pattern. When setting the sustainability targets, they were proposed by the sustainability team and then approved by the executive committee instead of coming from top management. The VP Sustainability acknowledged that the Scope 3 target *“is not based on anything really”* and that building an implementation plan to assess whether they are feasible or not was one of their first tasks upon joining the company. Additionally, all the CSRD responsibilities currently sit within one person, the sustainability specialist, who states that *“my plan is the plan for the company. There is no other plan for CSRD”*. This is represented by the *“planning controls”* box which emphasises that all roles sit within this specialised role. Building on this, they mentioned that no CSRD-related budgets have been allocated, except for the one she manages. Therefore, despite the systematic development of planning controls for financial performance, CSRD planning is still ad hoc and overly dependent on specific people.

The reward and compensation controls are also representative of this bias. The planet pillar constitutes approximately 10% of the general managers' bonus, and it is tied to the Go Green Index, while the remaining 90% is linked to the other financial pillars. We include this split explicitly in the *“Reward and Compensation Controls”* box in Figure 2. When asking the VP Business Performance about what happens when sustainability and financially oriented controls conflict, he directly stated that *“...it's obviously the profit goal”* that comes first. He also added that *“...we always start with growth, growth and profit. So they (are) weighed much heavier than others.”* This incentive structure reinforces the financially oriented control. Notably, there is no compensation mechanism that is directly tied to CSRD compliance, and barely one that is tied to sustainability as a general concept. Reward controls reinforce financial performance as the main measure for evaluation, leaving sustainability incentives effectively sidelined.

In line with Traxler et al.(2020), sustainability control practices are still extremely measurement-oriented. In our case study, the first attempts at CSRD implementation through the planning of redesigned indicators will improve Scope 3 data aggregation and auditing

abilities but have only been planned within the cybernetic controls. Taking Malmi and Brown's (2008) package perspective into account, this is an example where only one control type within the package is reconfigured, with all else remaining unchanged. Our study contributes to MCS literature by highlighting that in the first wave of CSRD, cybernetic controls are the first site of change and implementation, where sustainability requirements become financially significant. Other control types require more time to adapt.

5.2 Compartmentalisation as an Organisational Response

This section examines how the organisation is responding to the CSRD pressure that the company is starting to experience. As represented on the left side of Figure 2, CSRD regulatory pressure is channelled into the sustainability function, where nascent CSRD controls become concentrated rather than evenly distributed across the MCS package. Based on the findings, we conclude that the nascent CSRD controls are compartmentalised within the sustainability function. CSRD-oriented activities are focused mostly around a small set of roles concentrated within planning and administrative controls, forming a CSRD mini-package that is presented in Figure 2 as a narrow sustainability “*node*” that sits between regulation and the control types. However, core planning, reward and cybernetic controls elsewhere in the package continue to be unchanged.

This becomes evident due to all the CSRD activity being concentrated only within the sustainability team. Outside of the four roles detailed in the findings section, the regulation has not reached anyone meaningfully within the organisation.

This is further confirmed by the evidence gathered outside of the function. The VP Business Performance reports to both the CFO and COO. He mentioned that the notion of CSRD had “*barely*” come up in his work and had not been formally communicated by the sustainability team. Likewise, they do not expect any changes to this phenomenon to arrive in the near term, noting that Business performance and sustainability functions are “*autonomous and self-served*”. Given that their team manages the balanced scorecard and controls the incentive structures, the omission of CSRD from their day-to-day processes highlights that this identified emerging CSRD mini-package is developing separately from the financially oriented MCS package depicted on the right-hand side of Figure 2.

This is not to say that connections are not emerging, they are just few and far between. VP SSC Finance notes a limited, but monthly interaction between their team and the procurement

function, which is adjacent to the sustainability. Moreover, they were aware of CSRD, EU taxonomy, Ignite and also recognised that the group accountant is already involved to some extent with CSRD. Despite this, there is still no dedicated CSRD steering committee yet, even though there is a climate steering committee in place since 2023, reinforcing the “*compartmentalisation*” label in Figure 2. Another important finding is the fact that the board is simply “...*trusting us (sustainability function) to handle this (CSRD).*” This implies that they are not concerned with actively creating distinct governance structures that would facilitate the delegation of responsibility top-down, but rather treat it in a laissez-faire manner. Most of the coordination across departments happens through the informal workshops and conversations set up by the sustainability specialist for the DMA’s sake, instead of employing formal tools and structures. Finally, no CSRD-linked budget exists except for the sustainability specialist’s own, and no ESRS responsible person has been established at different departments, such as HR, finance, procurement, and others, yet.

On the one hand, CSRD work sits entirely within one department of the organisation. On the other hand, the remainder of the control package is characterised by structured processes and formal governance structures focused on financial performance, which are largely unchanged. This reveals that the new CSRD-oriented administrative and planning controls are concentrated within a mini-package instead of evenly distributed across the entire package. Unlike Beusch et al. (2022), our study captures a situation where strategic-level management is not leading an active dialogue of moving the CSRD responsibilities out of the specialist’s function. This shows how CSRD forces a firm to create a compartmentalised mini-package purely for sustainability purposes, where expertise around ESRS and other responsibilities sits within a single coordinator. This current configuration appears fragile to us because when CSRD requirements intensify, the overreliance on one person is unsustainable going forward. This will create barriers to implementation that current literature has yet to examine.

5.3 Emerging Symbolic Adoption

Already in the early stages of CSRD adoption, formal structures are crystallising, but their integration into operational control processes has yet to begin. This corresponds to Bromley et al.’s (2012) concept of policy-practice decoupling, where formal policies have been adopted but do not alter day-to-day activities to any serious extent, leading to symbolic adoption of sustainability practices in our case. Figure 2 denotes this as “*symbolic adoption*”, with the sustainability function and selected administrative controls formally aligned with CSRD,

while the core financial control controls are mostly unaffected. HotelCo alters its existing management control package on paper via formal adoption of structures that encourage sustainability, but real operational change still does not occur.

This formal adoption can be seen in many of the steps HotelCo has already taken to begin CSRD implementation. Notably, this includes further development of sustainability, which is one of its 3 strategic pillars. As highlighted in section 4.1, HotelCo has also been vocal about its public commitments to sustainability. This has included the use of green loans, where failure to meet certain sustainability criteria results in higher loan repayments. Sustainability has become a formal part of HotelCo's business strategy, while the adoption of green loans alters the financial controls of the organisation by making CSRD-related failure costly.

Furthermore, the sustainability specialist's role exists with a formal mandate and the ability to drive change. The DMA is already in progress, and the creation of a steering committee for CSRD implementation across departments is being planned, with an avenue for Board approval being established. Within the organisation there are already five formal roles dedicated to sustainability that have clear responsibilities. These roles represent the creation of administrative controls that form the core of CSRD implementation and are summarised on the left of Figure 2, labelled as the "*Sustainability Function*" through which pressure flows. It becomes apparent that HotelCo is planning to alter pre-existing financially-oriented and administrative controls in tandem with establishing new formal structures that will support CSRD. The success of these structures in creating meaningful change in practice remains ambiguous.

Despite the establishment of formal structures, it becomes clear that the integration of CSRD into operational processes still has a long way to go. VP SSC Finance, for example, estimates that the sustainability reporting practices are "*two to five years away*" from the same level as their financial peers. A reflection of this is the fact that no CSRD-centred cybernetic controls have been established. Additionally, the PMI Go Green and Ignite systems, which manage Scope 1, 2 and 3 data correspondingly, remain disconnected from each other, meaning there is no way to see a consolidated emissions overview. Altogether, this suggests that HotelCo's measurement systems are outdated and fragmented. Another indicator of limited integration is the fact that CSRD does not seem to be a factor in wider planning. 4.6 underscores that no current planning process incorporates CSRD data point requirements, with CSRD planning delegated entirely to the sustainability specialist. As it stands, CSRD has yet to be integrated into HotelCo's planning controls, leaving much of the organisation's practices unaffected by

it. This corresponds to the content of Figure 2, where planning controls and reward controls are still financially oriented and loosely connected to the sustainability function.

Another pertinent issue is the absence of CSRD-linked rewards. Employees face no direct incentives in relation to CSRD outcomes, with the current rewards system still prioritising financial KPIs and Go Green rather than shifting encouragement to compliance with new regulations. This is shown in Figure 2's "*Reward and compensation controls*" box, which emphasises that 90% of incentives remain financial with no CSRD links. Lastly, the absence of a gap analysis indicates that HotelCo does not yet know what it can actually measure and what it cannot. Without such an analysis, HotelCo will struggle to identify shortcomings in its current control systems and effectively hinder the allocation of specific reporting functions across the organisation.

From a theoretical standpoint, this gap corresponds to what Bromley et al. (2012) identify as the policy-practice decoupling. Using control-type terminology, cultural and administrative controls now formally relate to CSRD, but cybernetic, planning and reward controls (which form the core of day-to-day operations) are still rooted in the legacy financial configuration, as Figure 2 underlines. This is reminiscent of Gond et al. (2012), who express concern that sustainability reporting can occur in parallel to internal control systems. Our case study advances this notion as it studies how such parallelism occurs across specific control types under the CSRD and by revealing which control types are the first to adapt and which are slow to do so.

However, this decoupling is not intentional greenwashing. Previous studies suggest that symbolic practices materialise within organisations when there is no management rationale in place (Bromley et al., 2012). However, it seems that the Sustainability Specialist and the Acting VP of the Sustainability are personally invested in implementing CSRD successfully, but they lack governance mechanisms, cross-functional coordination and potentially the data infrastructure required to even collect the data necessary to embed CSRD into the various control types. This is shown in Figure 2 with the actors within the sustainability function being mobilised, but the arrows with the rest of the package are weak. It becomes apparent that the symbolic adoption stems from structural rather than strategic shortcomings. Our discussion, therefore, connects MCS as a package to institutional decoupling theory by showing how regulatory pressures can result in symbolic adoption at the control type levels even if there are dedicated actors that are committed to regulatory compliance.

5.4 Cybernetic Controls as the Most Likely Site of Future Coupling

If genuine coordination between the CSRD requirements and HotelCo's management control package occurs, the evidence from this study indicates that it will first most likely take place within the cybernetic controls. Figure 2 captures this in its *"Future coupling annotation"*.

This is supported by findings such as the fact that at present, PMI Go Green functions as a bridge between sustainability performance, the green loan and the GM bonus. Sustainability metrics are directly coupled here with financial incentives and structures. Pre-CSRD, there has already been a partial transition past mere symbolic adoption, where sustainability and environmental practices have become financially tangible both externally and internally via reward structures. Furthermore, as highlighted in section 4.4.3, Hotels are prompted to respond immediately and emotionally to fluctuations in the Go Green score, given that bonuses are directly dependent on good performance in this category. The score has even become a point of competition between the various Hotel Chains. Such strong reactions to the score are indicative of greater behavioural change, where the score has become an informal social control and a formalised indicator of performance. This, in turn, garners attention at the Hotel level towards sustainability-related outcomes. Within Figure 2, these dynamics show how cybernetic controls at the top of the MCS box are already partially coupled to sustainability objectives and thus provide a natural entry point for CSRD.

Additionally, Green Tech Manager's prototype GHG system is being designed with the intent of being used for CSRD purposes. The development of such a prototype system shows that pre-existing data infrastructure can be improved in line with emerging regulatory demands.

Lastly, the planned implementation of an audit trail by the Sustainability Manager reveals that regulatory pressure is already steering the cybernetic controls away from informal reporting to CSRD-compliant reporting.

Our findings show that cybernetic controls are both the most promising area for CSRD integration into HotelCo's legacy financially-oriented control package and its largest constraint. This differs from what Traxler et al. (2020) identified in their systematic review. They claim that administrative controls tend to receive the most attention from researchers. Our results dispute this claim, where the first attempts at integrating CSRD have resulted in redesigned indicators such as scope 3 emissions and the audit trail. Taking Malmi and Brown's (2008) package perspective, these findings are indicative of a reconfiguration of a

specific control type within a static architecture, represented in Figure 2 by outlining only the cybernetic layer as connected to CSRD explicitly, while other control types remain unchanged. This indicates that in its first wave, CSRD creates changes in measurement rather than the redesign of planning or reward systems. Our contribution to MCS literature is therefore that in the wake of CSRD, cybernetic controls are the first most likely site of regulatory compliance, with other control types adapting slowly.

6.0 Conclusion

6.1 Summary

This thesis answers how HotelCo begins to adapt its MCS package during the first wave of CSRD implementation. Our findings show that the existing package is built around financially oriented controls as a structural default, CSRD pressure is being absorbed entirely within the CSRD function, and cybernetic controls are the first, most likely site of adaptation. To this end, our work produces three distinct contributions. Firstly, we find that the mandatory regulatory pressure produces a compartmentalised mini-package, contrasting with Beusch et al. (2022), who showed that cross-level dialogue gradually moved sustainability responsibilities out of the specialist's domain, and Demaret & Molinari (2025), who find pressure being directed through multiple control types. We capture HotelCo, where all the CSRD pressure is absorbed by four roles, concentrated within one person, and no cross-functional structures are in place. Secondly, we contribute to Bromley et al. (2012) by extending their work. We show that symbolic adoption can stem from structural incapacity, not only from the lack of management rationale that Bromley et al. identify as necessary. Thirdly, we extend Rasaei (2026), who studies firms mid-adoption. In our case, we managed to capture a pre-adoption moment which they could not observe.

6.2 Limitations

However, our study is not without limitations. Particularly, the findings explain how HotelCo begins to adapt its MCS in the first wave of CSRD. Therefore, we want to stress that our findings may not apply to companies that (i) are of a different size, (ii) operate in a different industry, and (iii) have a different governance structure. Additionally, CSRD is a relatively newly introduced regulation, and thus, following the company until after it starts collecting

data points in accordance with the ESRS requirements could produce more detailed and nuanced results.

6.3 Suggestions For Future Research

We recommend that future research picks up from where we left off, taking a longer time frame for CSRD and studying what occurs to the MCS package as the implementation deadline looms. There is also more regulatory uncertainty to come. The EU's Omnibus I package has suggested reductions in scope. Future research could focus on how this affects the pace of MCS adaptation, identifying if firms decouple further in the face of weakening regulatory pressure, or if the sustainability-oriented alterations stick. Furthermore, to address some of the limitations mentioned previously, and to verify the accuracy of our findings, there could be value in conducting a multiple-case study analysis. This would confirm whether the response to CSRD analysed here is unique to HotelCo or if it is an emerging cross-industry pattern.

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8.0 Appendix

8.1 PMI Go Green Input Automation

Electricity	~90%
Heating	~70%
District cooling	~70%
Chemicals	Close to fully automated
Water	~75%
Waste	~85%
Food waste	~90%+

Towels	Mostly automated
Linen	Mostly automated

8.2 Interview Table

Interview Number	Designation	Duration	Date of Interview
1	Manager for Sustainability	60 minutes	6 /3/26
2	Green Tech Manager	59 minutes	13/3/26
3	Sustainability Specialist - Reporting & Strategy	49 minutes	18/3/26
4	VP Sustainability	59 minutes	26/3/26
5	Sustainability Consultant	55 minutes	2/4/26
6	Senior Sustainability Consultant	52 minutes	10/4/26
7	VP Business Performance	38 minutes	15/4/26
8	VP Shared Service Centre (SSC) Finance	49 minutes	20/4/26

8.3 Interview Guide

The questions below are representative of the general topics we raised in our interviews. The specific questions varied slightly according to the interviewee's role at the time of the interview.

Opening

- Presenting the aim of the study
- Could you walk us through what a typical week looks like for you in practice?

CSRD

- Is there a formal project plan or roadmap for CSRD preparation, with milestones and deadlines? Or is the process more ad hoc at this stage?
- Given the EU's 'stop the clock' phase and the adjustments to the reporting scope, how has this revised timeline influenced your internal planning and delegation processes?

DMA

- Once you have identified a required data point through the DMA, what is your exact process for delegating that to the specific departments?
- With the IROs being managed across different departments, how do you plan to ensure the resulting data remains aligned and streamlined for the final consolidated report?

Data Systems and Measurement

- Because there is no single "CSRD System" right now, how heavily are you relying on manual workarounds like Excel, emails, or meetings to pull this fragmented data together?
- For the data points you've identified so far through the DMA, how many of them can you actually measure today versus how many are completely new?
- How do you currently track whether you are on schedule with your CSRD preparation? Is there any kind of progress monitoring?

Reward and Compensation

- Is anyone's performance evaluation or compensation currently tied to sustainability targets or CSRD readiness?

Culture

- HotelCo is known for its highly entrepreneurial and open culture. How are you framing the CSRD requirements to ensure they resonate well with the teams and are integrated smoothly into their daily routines?

- You mentioned earlier that communication regarding these updates is most effective when it comes from leadership. How is the executive team currently supporting the organisation's preparation for the new IROs?

Discrepancies Between Different Control Types

- When you present CSRD requirements to people in finance or operations, how do they typically react? Do they see it as relevant to their work or as something that sits outside it?
- Have you encountered situations where what the CSRD requires conflicts with how things are currently measured or reported financially?

Looking Ahead

- Looking ahead to the moment when the final IROs are officially distributed to the departments, what do you anticipate will be the most significant operational challenge, and how are you preparing the team for it?

Closing

- If you could change one thing about how the organisation is set up to deal with CSRD, what would it be?
- Is there anything else you think is important for us to understand that we haven't asked about?

8.4 AI Disclosure

Elicit AI by Elicit was used throughout February - April of 2026 for the purpose of searching for articles and related literature for our thesis. Claude by Anthropic alongside Perplexity AI by Perplexity was used throughout the whole semester. Furthermore, Grammarly by Superhuman was used for checking grammatical and spelling errors. Claude was mainly charged with assisting in exploring different formulations, improving the overall flow of the text, refining the structure of the paper, and helping to iterate on visual structure of Figure 1 and Figure 2, while the analytical content and interpretations are entirely ours. Perplexity was involved in searching for CSRD-related articles. The theoretical interpretations, analysis and conclusions are entirely ours and represent our own critical engagement with the material. Overall, all the suggestions by AI tools were carefully reviewed, refined, and rewritten before being included in the thesis. To protect confidentiality, no sensitive information was entered into public AI tools.