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When CSRD Rewrites the Rules, How Do Boards Rewrite Meaning?

An Exploratory Study of Board Sensemaking and Sensegiving under CSRD Across Varying Degrees of Regulatory Exposure

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Abstract: Corporate boards have become central actors in sustainability governance following the introduction of the Corporate Sustainability Reporting Directive (CSRD), which assigns formal responsibility for sustainability reporting to boards and executive management. This responsibility has since been complicated by the Omnibus 1 package, which narrowed the directive's scope and left boards to navigate regulatory uncertainty. Yet the interpretive processes through which boards construct meaning around these evolving regulatory demands have received little empirical attention. This study explores how boards make sense of and respond to CSRD across varying degrees of regulatory exposure and how they translate the directive into organisational practice. Drawing on sensemaking and sensegiving (Sandberg & Tsoukas, 2015; Weiser, 2021; Hoppmann et al., 2023), alongside institutional pressures (DiMaggio & Powell, 1983) and Oliver's (1991) typology of strategic responses, the study adopts a qualitative and exploratory research design. Data were collected through 21 semi-structured interviews with board members across mandated, dropout and voluntary companies in a Swedish context. The findings reveal three distinct board responses across regulatory exposure groups: a *compliance-oriented response* in mandated companies, a *divergent response* in dropout companies and a *selective response* in voluntary companies. Underlying these responses, a shared three-phase sensemaking trajectory unfolded: *disruption, elaboration and stabilisation*, taking on a different character in each group. Boards translated CSRD into organisational practice through three sensegiving mechanisms: *discursive, substantive and multi-context board member*s. Contrary to the busyness hypothesis in governance research, multi-context board members emerged as critical information bridges, carrying CSRD interpretations across organisational contexts. The study contributes to opening the 'black box' of board research by illuminating the micro-level processes through which corporate boards translate regulatory mandates into organisational practice over time and by bridging institutional theory and sensemaking research.

Keywords: Sustainability Reporting, Corporate Sustainability Reporting Directive (CSRD), Omnibus 1 package, Corporate Boards, Sensemaking, Sensegiving, Regulatory Exposure, Isomorphism, Board Responses

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Definitions

Term	*Definition*
Sustainability Reporting	Sustainability reporting refers to the disclosure of non-financial information regarding an organisation's environmental, social, and governance impacts, enabling stakeholders to assess its sustainability performance and accountability (Ali et al., 2021; Hahn & Kühnen, 2013).
Corporate Sustainability Reporting Directive (CSRD)	The European Union directive adopted in 2022, which establishes mandatory sustainability reporting requirements for in-scope companies regarding their environmental, social, and governance impacts (European Commission, 2022).
European Sustainability Reporting Standards (ESRS)	The set of mandatory reporting standards developed by EFRAG that operationalises the CSRD's reporting requirements, specifying which sustainability information companies must disclose (European Commission, 2023).
Omnibus I package	A legislative package introduced by the European Commission on 26 February 2025 that significantly raised the thresholds for CSRD applicability, removing an estimated 90 percent of companies originally in scope (European Commission, 2025; Aktuell Hållbarhet, 2026). It entered into force as the EU Omnibus Directive (Directive (EU) 2026/470) on 19 March 2026 (Council of the European Union, 2026).
Corporate Board Members	An individual serving on a company's corporate board, the governing body ultimately responsible for overseeing management, setting strategic direction, ensuring regulatory compliance, and safeguarding the interests of shareholders and other stakeholders (Asahak et al., 2018).
Sensemaking	The process through which individuals strive to construct a coherent and credible understanding of ambiguous, equivocal, or uncertain issues, events, or situations, thereby enabling action (Brown et al., 2015).
Sensegiving	Sensegiving refers to deliberate efforts to shape and influence others' meaning construction toward a preferred redefinition of organisational reality (Logemann et al., 2019), serving as a key mechanism for translating and communicating change within organisations (Gioia & Chittipeddi, 1991).
Isomorphism	The process by which organisations pursue legitimacy by aligning their structures and practices with prevailing coercive, normative, and mimetic institutional pressures (DiMaggio & Powell, 1983; Mangiuc & Kagitci, 2025).
Regulatory Exposure	In this study, regulatory exposure refers to companies' relationship to CSRD following the Omnibus I package, distinguishing between mandatory, dropout, and voluntary engagement.

1. Introduction

This chapter introduces the study, beginning with the Background (1.1), followed by the Purpose and Expected Contribution (1.2), the Research Questions (1.3) and the Delimitations (1.4).

1.1 Background

Corporate sustainability reporting has long been characterised by voluntary participation, fragmented standards and limited comparability across companies (Borglund & Sweet, 2025). While early frameworks such as the Global Reporting Initiative (GRI), introduced in 1997, provided organisations with tools to communicate their sustainability impacts, disclosure remained discretionary and inconsistently applied (Christensen et al., 2021). An early attempt to address these shortcomings through regulation, the 2014 Non-Financial Reporting Directive (NFRD), fell short of expectations due to its lack of standardisation, resulting in inconsistency and incomparability of reported information (Breijer & Orij, 2022). Against this backdrop, the European Union introduced the Corporate Sustainability Reporting Directive (CSRD) in 2022, marking a decisive shift from selective, voluntary disclosures to comprehensive, mandatory sustainability reporting (FAR, 2026).

CSRD significantly reshapes sustainability reporting across five interconnected dimensions (Borglund & Sweet, 2025). One dimension is particularly significant for board governance: responsibility for sustainability reporting is, for the first time, formally assigned to the board and executive management, elevating it to a central governance issue. Under CSRD, boards are responsible for preparing, approving and submitting sustainability reports, aligning these obligations with annual financial reporting (Oskarsdottir et al., 2025).

The regulation has attracted considerable media attention and has been deeply contested (IESE Business School, 2026). It has been described as a looming ‘board shock’, reflecting the rapid pace of regulatory change while many boards remain insufficiently aware of the extent and implications of their expanded responsibilities (Bolter, 2023). If boards are indeed in a state of shock, understanding how they make sense of, respond to and translate these new demands becomes not only a scholarly concern, but an urgent practical one.

CSRD has been subject to several regulatory changes, concerning both scope and reporting requirements. Initially, the directive followed a phased implementation across four categories of companies, with the first reporting obligations scheduled for 2025 and 2026 (FAR, 2026). However, in late February 2025, the European Commission introduced the Omnibus 1 package, which revised the scope of companies subject to the regulation and simplified several reporting requirements (European

Commission, 2025). The package was formally adopted as Directive (EU) 2026/470 and entered into force on 18 March 2026 (European Parliament and Council of the European Union, 2026). These alterations created a regulatory landscape in which companies found themselves in fundamentally different positions: some mandated to comply, others suddenly removed from scope, while some chose to engage voluntarily (European Commission, 2025).

Previous research on sustainability reporting, corporate governance and CSRD, highlights several important limitations and empirical gaps, underscoring the need for further exploration. Despite the growing recognition of sustainability reporting as a managerial decision-making instrument (Chiucchi et al., 2018), the implications of the newly introduced CSRD remain underexplored, particularly in relation to the evolving responsibilities of board members. Moreover, prior studies have predominantly examined board composition and outcomes, while overlooking the micro-level processes and interactions through which regulatory requirements are interpreted, navigated and translated into board-level governance practices (Yuriev & Boiral, 2024). Consequently, insight into how board work unfolds in practice remains limited, echoing Huse's (2005) call to open the 'black box' of boardroom dynamics through more behavioural and process-oriented approaches, a gap that persists largely unaddressed in the recent literature (Engbers et al., 2024). In addition, despite growing academic attention to sustainability regulation, empirical understanding of how interpretive processes unfold in response to regulatory mandates is scarce (Zaccone, 2025) and existing contributions addressing the directive's implications for boards are primarily theoretical in nature (Oskarsdottir et al., 2025).

1.2 Purpose and Expected Contribution

The purpose of this study is to explore how corporate boards in Swedish companies make sense of, respond to and translate CSRD into organisational practice across varying degrees of regulatory exposure. Adopting an exploratory and process-oriented perspective, the study explores how boards navigate and interpret CSRD over time and how they translate the directive into organisational practice. Theoretically, the study contributes to governance research by shedding light on the interpretive and temporal dynamics of board-level processes in response to regulatory change, thereby 'black box' of board behaviour. From a practical perspective, the study offers insights into how boards at varying degrees of regulatory exposure approach implementation, which may inform both board practice and regulatory design.

1.3 Research Questions

To achieve the stated purpose of this study, the following research questions are formulated:

RQ1*: How do corporate boards make sense of and respond to CSRD across varying degrees of regulatory exposure?*

RQ2*: How do corporate boards translate CSRD into organisational practice?*

1.4 Delimitations

First, the analysis is confined to Sweden, recognising that the national implementation of CSRD may produce cross-country variation that falls outside the scope of this study. Second, the analysis is limited exclusively to the corporate board level. While managerial and operational implementation processes are acknowledged as integral to how CSRD unfolds within organisations, this study centres on boards as the primary arena of governance and strategic oversight, where formal responsibility for the directive resides. Third, data collection is limited to one board member per company, recognising that it does not capture potential variation in interpretations within boards.

2. Literature Review

This chapter reviews the literature on Sustainability Reporting (2.1), Corporate Boards (2.2) and Responses to Regulatory Change (2.3), before presenting the Synthesis and Research Gap (2.4).

2.1 Sustainability Reporting

2.1.1 The Foundations and Evolution of Sustainability Reporting

Sustainability reporting refers to the disclosure of non-financial information regarding an organisation's environmental, social and governance impacts, enabling stakeholders to assess its sustainability performance and accountability (Ali et al., 2021; Shygun & Bezverkhyi, 2026). Sustainability reporting has undergone a significant transformation, shifting from a voluntary practice to an increasingly formal and regulated one (Borglund & Sweet, 2025). Growing demands for standardisation and comparability prompted the development of a range of formal frameworks. The GRI, introduced in 1997, established the first widely adopted global standard for communicating sustainability impacts. At the regulatory level, the EU's NFRD of 2014 mandated large public-interest entities to disclose environmental, human rights and anti-corruption information, marking a pivotal shift towards binding requirements (Laković et al., 2025; Mangiuc & Kagitci, 2025).

Despite these developments, the effectiveness of both voluntary and mandatory approaches remains contested. Mandatory frameworks have been criticised for weak enforcement and susceptibility to corporate influence, while voluntary programmes have raised concerns about their actual impact on corporate behaviour (Aragón-Correa et al., 2020). Against this backdrop, the European Union introduced CSRD in 2022, marking a decisive shift from selective, voluntary reporting to comprehensive, mandatory sustainability reporting (FAR, 2026).

2.1.2 The EU Corporate Sustainability Reporting Directive

Adopted by the European Union in 2022, CSRD constitutes a significant regulatory milestone for sustainability reporting in the European context (Laković et al., 2025). Enacted to establish a cohesive reporting framework by aligning standards and guidance, the directive aims to reduce fragmentation, simplify reporting procedures and increase transparency across member states (Contipelli, 2024). In doing so, it obliges companies to assess and manage financial and non-financial impacts related to environmental, social and ethical business practices, as part of the broader European Green Deal (Mangiuc & Kagitci, 2025).

Borglund and Sweet (2025) identify five dimensions that characterise CSRD's extended reporting requirements: an expanded value chain perspective encompassing suppliers and customers; mandatory disclosure of double materiality, including both financial and sustainability dimensions; a comprehensive indicator system through the European Sustainability Reporting Standards (ESRS); mandatory audit and inclusion in the director's report and board-level accountability for sustainability reporting. The fifth dimension is of particular relevance to this study, since it, for the first time, elevates sustainability reporting to a central governance issue.

2.1.3 CSRD Implementation and Scope Over Time

The implementation and scope of CSRD have undergone several revisions since its adoption in 2022. Initially, companies meeting at least two of the following three criteria were brought within the scope of the directive: more than 250 employees, a turnover exceeding €50 million, or a balance sheet total above €25 million (European Commission, 2023; FAR, 2026). At this time, CSRD followed a phased implementation across four waves of categories: public-interest entities, large companies, listed SMEs and subsidiaries and branches of third-country groups with a significant presence in the EU. The first reporting was scheduled for 2025 and 2026 (FAR, 2026).

However, in February 2025, the European Commission introduced the Omnibus 1 package, which significantly reduced the scope of entities subject to the regulation and simplified several reporting obligations (European Commission, 2025). These adjustments were designed to reduce the administrative requirements and mitigate cost pressures on companies (PwC, n.d.). Following the Omnibus 1 package, the thresholds were significantly raised to only include companies with more than 1,000 employees and a net turnover exceeding €450 million (Council of the European Union, 2026). As a result, approximately 90 percent of the companies initially expected to be covered by CSRD no longer fall within its scope (Aktuell Hållbarhet, 2026). In addition, the Omnibus 1 package puts an end to the phased implementation system (Crowell & Moring, 2026).

2.2 Corporate Boards

2.2.1 The Corporate Board in Context

Corporate boards play a central role in corporate governance, holding formal responsibility for strategic direction and ensuring long-term performance (Judge & Talaulicar, 2017). Although key governance actors (Halme & Huse, 1997), boards operate within a decision-making context that differs fundamentally from that of other internal actors. Recognising these differences is essential for understanding how boards interpret and respond to regulatory change. First, boards operate at the

governance level rather than the operational level, providing strategic direction and monitoring management rather than implementing decisions themselves (Forbes & Milliken, 1999). Second, board interactions are temporary and episodic. Board members typically meet only a limited number of times per year (Bezemer et al., 2014), relying on condensed information prepared by management and engaging with issues through periodic deliberation. Third, boards are characterised by power asymmetries and information dependencies: although formally superior, they rely on management for information and expertise (Boivie et al., 2016), creating tension between their monitoring role and their reliance on management.

2.2.2 Board Responsibilities in Sustainability and Under CSRD

Boards play a crucial role in integrating sustainability measures within organisations (Yuriev & Boiral, 2024) and the literature on boards and sustainability has expanded rapidly over the last few decades (Afeltra et al., 2022; Chams & García-Blandón, 2019). Existing research can be broadly categorised into two streams: one focusing on how board composition influences sustainability disclosure practices (Rai, 2012; Velte, 2017) and another examining the consequences of board decisions on sustainability outcomes (Afeltra et al., 2022; Naciti et al., 2022). Comparatively little attention, however, has been paid to the micro-level processes through which sustainability considerations are translated into concrete board decisions (Yuriev & Boiral, 2024).

The introduction of CSRD formally places boards at the centre of the sustainability agenda. Under CSRD, boards and executive management are responsible for preparing, submitting and approving sustainability reports, similarly to their role in annual financial reporting (Oskarsdottir et al., 2025). Borglund and Sweet (2025) argue that this development makes sustainability reporting a more prominent board-level issue than before.

In the Swedish context, this responsibility is further reinforced by the Swedish Companies Act (SFS 2005:551, Ch. 8, §§ 4 & 29), which stipulates that the board is legally responsible for the company's accounts and administration, including the sustainability report. Failure to disclose relevant information may expose boards to regulatory sanctions, legal liability and potentially result in a loss of investor trust (Oskarsdottir et al., 2025).

Research on board responsibilities under CSRD remains limited. Oskarsdottir et al. (2025) highlight ambiguity regarding the scope and substance of these responsibilities, noting that while CSRD assigns boards formal responsibility for sustainability reporting, it offers little explicit guidance on their broader governance role. The indirect implications are nonetheless substantial: expanded reporting requirements heighten the need for board-level oversight to ensure complete sustainability disclosures

(Oskarsdottir et al., 2025). Baumüller and Grbenic (2021) similarly argue that CSRD compels deeper board engagement with sustainability matters, underscoring these indirect effects.

2.3 Responses to Regulatory Change

2.3.1 Institutional Perspective

Prior research conceptualises organisational responses to sustainability reporting through an institutional lens, particularly drawing on isomorphism (DiMaggio & Powell, 1983). Isomorphism refers to the process by which organisations seek legitimacy by aligning their structures and practices with prevailing institutional pressures. Voluntary sustainability reporting has been associated with normative isomorphism, driven by societal expectations and investor preferences, whereas the introduction of CSRD represents a shift towards coercive isomorphism through state-enforced compliance (Mangiuc & Kagitci, 2025). Under conditions of uncertainty, organisations also tend to model themselves on peers, giving rise to mimetic isomorphism (DiMaggio & Powell, 1983).

Institutional theory has traditionally explained responses to binding regulation through coercive isomorphism, implying relatively uniform and compliance-oriented responses. Oliver (1991) challenges this view, proposing that organisations may respond to the same regulatory pressure in varied strategic ways. This is captured through five strategic responses: acquiescence, compromise, avoidance, defiance and manipulation. Yet while Oliver's typology is valuable in identifying variation in strategic responses, it primarily operates at the level of response categories and leaves unresolved questions about how meaning is constructed around regulatory demands. Jensen et al. (2009) point in this direction by calling for a combination of institutional theory and sensemaking theory, arguing that linking macro-level pressures with micro-level interpretive processes is necessary to understand how regulation is enacted in practice. This points towards the need for an analytical framework that can capture the dynamic, interpretive processes through which boards make sense of and respond to regulatory change.

2.3.2 Process Perspective

To address these limitations, scholars increasingly point to the need for a process-oriented perspective on how boards navigate change (Huse, 1998). Within behavioural governance research, Huse (2005) argues for opening the 'black box' of board behaviour by examining boardroom interactions and learning processes through which boards actually function. Engbers et al. (2024) extend this argument, noting that despite calls for greater attention to board processes, the internal dynamics through which boards construct meaning and respond to novel demands remain largely unexamined.

From this view, board responses to regulation need to be examined as evolving processes embedded in specific organisational contexts.

Sensemaking theory offers a process-oriented lens for examining how actors interpret ambiguous environments, construct meaning and enact responses through ongoing interaction (Weick et al., 2005). The perspective directs attention to the social and cognitive processes that shape organisational action rather than focusing solely on observable outcomes (Weick, 1995). Within this perspective, the concept of sensegiving has emerged to denote the influence-oriented dimension of meaning construction. Whereas sensemaking refers to how actors interpret ambiguous environments, sensegiving captures deliberate efforts to shape and guide others' interpretations, functioning as a key mechanism for translating and communicating change within organisations (Gioia & Chittipeddi, 1991).

While sensemaking has been widely applied in studies of organisational change, its application to binding regulatory change in sustainability governance remains scarce (Den Nieuwenboer et al., 2025). A notable exception is Zaccone (2025), who found that CSRD did not produce a single shared interpretation but multiple coexisting ones, shaped by actors' professional backgrounds, prior reporting exposure and emotional orientations. The directive also functioned as an identity-relevant event through which professionals repositioned themselves in relation to evolving expectations.

2.4 Synthesis and Research Gap

The literature review reveals three interrelated research gaps concerning how board members make sense of, respond to and translate CSRD into organisational practice.

The first gap concerns the limited attention devoted to the actual operations and practices of board members. Prior research has largely emphasised composition and outcomes, overlooking the micro-level activities and processes through which sustainability considerations are translated into board decisions (Yuriev & Boiral, 2024). Similarly, Huse (2005) calls for opening the 'black box' of boardroom dynamics through more behavioural and process-oriented approaches, a gap that recent scholarship confirms remains unaddressed (Engbers et al., 2024).

The second gap concerns the limited integration of institutional theory and sensemaking theory in explaining how actors respond to binding regulatory change. Although scholars have called for linking macro-level institutional pressures with micro-level interpretive processes (Jensen et al., 2009), research has yet to capture how this interplay unfolds in practice, particularly under conditions of binding regulation (Den Nieuwenboer et al., 2025).

The third gap concerns the level of analysis. While emerging research has begun to explore sensemaking in response to sustainability regulation, few studies have examined how such processes unfold at the level of boards (Zaccone, 2025). As a result, existing research provides limited insight into how the specific dynamics, responsibilities and power relations within boardrooms shape sensemaking under CSRD.

These gaps underscore the need for process-oriented, board-level research that bridges institutional and interpretive perspectives. This study responds to that need by exploring how boards make sense of, respond to and translate CSRD into organisational practice across varying degrees of regulatory exposure.

3. Theory

This chapter introduces the literature on Sensemaking (3.1) and Sensegiving (3.2), before integrating these perspectives into the Conceptual Framework and Assumptions (3.3) that underpin the analysis.

3.1 Sensemaking

3.1.1 Conceptual Foundation of Sensemaking

Sensemaking encompasses the processes through which individuals strive to construct a coherent and credible understanding of issues or situations that are ambiguous (Brown et al., 2015). Organisational disruptions, referred to as 'organisational shocks' initiate sensemaking processes, as interruptions to established routines destabilise systems and prompt individuals to make sense of the situation. This often leads individuals to rely on familiar scripts and habitual responses that appear most plausible to them (Helms Mills et al., 2010). Regulatory transitions that redefine normative expectations or reporting obligations represent such sensemaking moments, as they compel actors to navigate unfamiliar demands (Zaccone, 2025).

Sandberg & Tsoukas (2015) argue that sensemaking unfolds through three interrelated processes: *creation, interpretation and enactment,* which occur between the moment an ongoing activity is disrupted and the point at which it is satisfactorily restored. The first, creation, is initiated through bracketing, noticing and cue extraction, whereby actors construct an initial sense of the disrupted situation. The second, interpretation, entails elaborating this preliminary understanding into a more comprehensive and coherently structured narrative. The third, enactment, involves acting upon this developed interpretation to assess the extent to which it restores or stabilises the activity. While Sandberg and Tsoukas (2015) conceptualise sensemaking as three interrelated processes, they note that empirical studies rarely address all three simultaneously.

Organisational sensemaking research has expanded considerably, examining how meaning is constructed within organisations and how it shapes core processes such as strategic change and decision-making (Maitlis & Christianson, 2014). Sensemaking is increasingly understood as a coevolutionary process involving the ongoing interplay between individual cognition and collective interpretation (Cristofaro, 2022; Maitlis & Christianson, 2014), shaped by factors such as context, language, identity, emotions and politics (Sandberg & Tsoukas, 2015).

3.1.2 Characteristics of Sensemaking

Weick (1995) identifies seven characteristics of sensemaking. While the seven properties were initially treated as equally central, their relative importance may vary by context (Weick et al., 2005).

First, sensemaking is grounded in *identity construction*, as individuals' sense of who they are, influences how they interpret and engage with the world.

Second, sensemaking is *retrospective*, actors construct meaning by looking back on past events. However, this retrospective orientation has been contested; sensemaking may also be prospective, as actors envision and enact anticipated futures to enable more transformative responses (Gephart et al., 2010; Gioia et al., 1994). In dynamic regulatory environments, these orientations are not mutually exclusive, as actors may integrate retrospective reflection with prospective interpretation (Li & Liu, 2026), aligning with temporal sensemaking: the ongoing, non-linear reconfiguration of past, present and future through which meaning is continuously reconstructed (Dawson & Sykes, 2019; Wiebe, 2010).

Third, sensemaking is *focused on and shaped by extracted cues*: actors selectively attend to certain elements of their environment while disregarding others to sustain coherent interpretations. Prior experiences, norms and regulations influence which cues are deemed salient, while anticipations of future states may equally shape what actors attend to (Weick, 1995).

Fourth, sensemaking is *driven by plausibility rather than accuracy*. Actors do not rely on objective perception; instead, attention gravitates towards cues that render interpretations plausible, potentially distorting or excluding information that challenges prevailing assumptions (Weick, 1995).

Fifth, sensemaking is *enactive of the environment*, actors shape the contexts they interpret rather than merely responding to it and these enacted elements constrain future sensemaking, reinforcing prior interpretations and the sensemaker's credibility (Weick, 1995).

Sixth, sensemaking is *social*, emerging through engagement with others. Organisational rules, routines and language frame shared norms and scripts that orient interpretation and behaviour (Weick, 1995).

Seventh, sensemaking is *ongoing*, a continuous, sequential process through which flows of experience and interpretation remain constant and ultimately do not terminate (Weick, 1995).

3.2 Sensegiving

3.2.1 Conceptual Foundation of Sensegiving

Sensegiving refers to deliberate efforts to shape and influence others' meaning construction towards a preferred redefinition of organisational reality (Logemann et al., 2019), serving as a key mechanism for translating and communicating change within organisations (Gioia & Chittipeddi, 1991). As such, it carries significant implications for strategic direction and the ongoing processes through which organisational change unfolds (Maitlis, 2005; Maitlis & Lawrence, 2007). The effectiveness of sensegiving depends, however, on leaders' expertise, authority, legitimacy and opportunity (Hoppmann et al., 2023).

3.2.2 Sensegiving Mechanisms

Sensegiving research has predominantly focused on *discursive mechanisms*, emphasising how interpretations are shaped through communication and framing (Logemann et al., 2019; Sandberg & Tsoukas, 2015). However, emerging research suggests that sensegiving can also be enacted through *substantive mechanisms*, tangible organisational changes that guide how members interpret priorities (Weiser, 2021). Rather than treating these as mutually exclusive, recent research highlights the value of combining discursive and substantive mechanisms during strategic change (Weiser, 2021).

3.2.2.1 Discursive

Discursive mechanisms emphasise how interpretations are shaped through communication and linguistic constructs (Logemann et al., 2019; Sandberg & Tsoukas, 2015; Weiser, 2021). Research has demonstrated how leaders use *framing* and *narratives* to influence the sensemaking of others (Maitlis & Christianson, 2014). Framing refers to the deliberate use of specific keywords, metaphors and idiomatic expressions to construct an interpretive lens through which organisational change can be understood (Gioia & Chittipeddi, 1991). In contrast, narratives present a storyline that connects past and present developments to a desired future state (Cornelissen & Werner, 2014).

A prominent framework is provided by Hoppmann et al. (2023), who identify three core mechanisms of discursive sensegiving. The first sensegiving mechanism, *revealing*, involves disclosing and communicating novel information. The second mechanism, *reframing*, involves presenting information, whether novel or familiar, in ways that resonate with a specific audience and prompt shifts in frames. The third mechanism, *relating*, entails strategically connecting novel information to existing knowledge structures to illustrate and reinforce its perceived relevance.

3.2.2.2 Substantive

Substantive mechanisms are defined as actions that produce tangible and observable changes in organisational structures, processes or practices (Weiser, 2021). Instead of communication, it uses observable physical referents, such as personnel transfers, new reporting lines, or performance tools, as cues for interpretation. When discursive mechanisms are perceived as unconvincing, organisational structures may prompt reinterpretations that communicative efforts alone cannot achieve. Substantive mechanisms are not merely complementary to discursive ones, but may carry greater sensegiving weight under certain conditions (Weiser, 2021). Closely related to substantive mechanisms, prior research highlights procedural facilitators as key enablers of sensegiving (Maitlis & Lawrence, 2007). These refer to practices and structures that give organisational actors time and opportunity to engage in sensegiving. By structuring how interactions unfold and how attention is directed, these facilitators create the conditions under which sensegiving can occur.

3.3 Conceptual Framework and Assumptions

Building on the preceding chapters, this study develops a conceptual framework to explore how boards make sense of, respond to and translate CSRD into organisational practice across varying degrees of regulatory exposure (see Figure 1).

The framework positions sensemaking and sensegiving as the main theoretical focus, with institutional theory (DiMaggio & Powell, 1983) and Oliver's (1991) typology of strategic responses serving as supporting perspectives.

Sensemaking directs attention to how boards construct meaning in response to regulatory uncertainty. The framework draws on Sandberg and Tsoukas's (2015) conceptualisation of sensemaking as unfolding through three interrelated processes, complemented by Weick's (1995) seven properties, which guide the analysis of how board members make sense of and respond to CSRD. Sensegiving captures how boards shape meaning and translate it into organisational practice. The framework distinguishes between discursive mechanisms (Hoppmann et al., 2023) and substantive mechanisms, (Weiser, 2021).

These perspectives are combined because each captures a different dimension of board engagement with CSRD: institutional theory provides the broader regulatory context; sensemaking and sensegiving foreground the interpretive processes through which boards construct meaning and translate it into organisational practice; and Oliver's (1991) typology offers a vocabulary for the strategic responses that may emerge. Together, they provide a layered lens for exploring board

engagement with CSRD as an ongoing process situated within an institutional context and reflected in the responses boards adopt.

The framework rests on four key assumptions. First, the introduction of CSRD prompts sensemakings, since it is understood as an 'organisational shock' that creates uncertainty at the board level. Second, sensemaking is assumed to be ongoing, unfolding continuously as boards interpret and reinterpret regulatory developments over time. Third, sensemaking is context-dependent, shaped by variations in regulatory exposure. Fourth, boards are active, interpreting and shaping the meaning and implications of CSRD rather than simply receiving and complying with its requirements.

The conceptual framework functions as a sensitising device that structures the interpretation of empirical material around sensemaking and sensegiving, while remaining open to refinement where the material pointed to dimensions not fully captured by the framework, consistent with the abductive logic of this study. The unit of analysis is individual board members' accounts of board-level sensemaking and sensegiving, capturing how board members interpret these processes rather than the processes themselves.

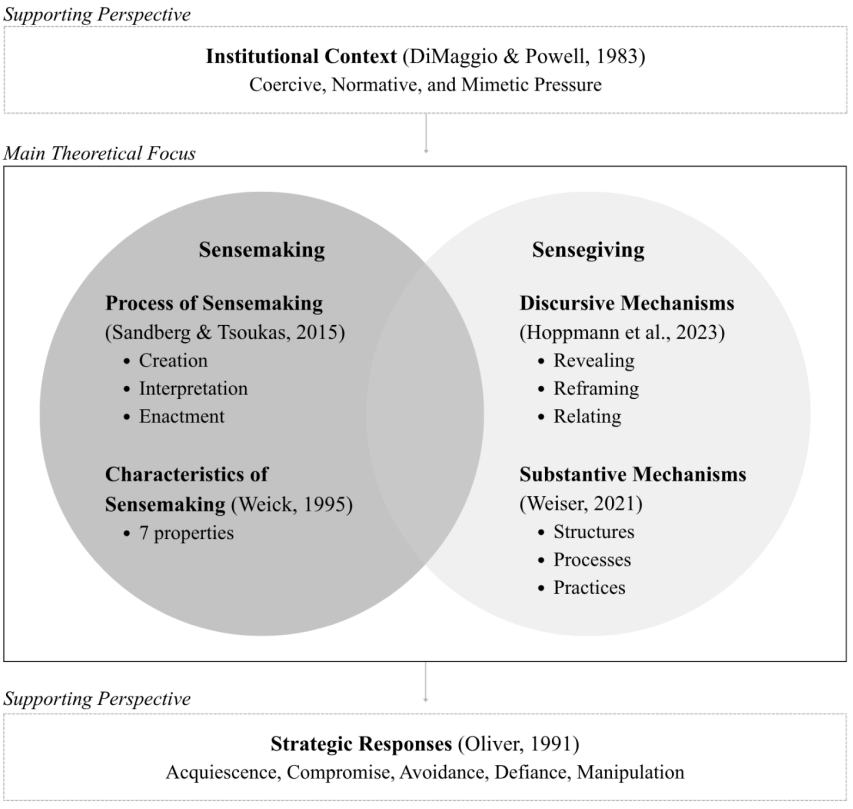


Figure 1. Conceptual Framework

4. Research Methodology

This chapter outlines the research Methodology, covering Methodological Fit (4.1), Data Collection (4.2), Data Analysis (4.3) and Quality of Study (4.4).

4.1 Methodological Fit

Given the nascent state of research on how CSRD is navigated and enacted within boards, a qualitative and exploratory research design was used. This approach is well-suited for developing an in-depth understanding of an insufficiently theorised phenomenon (Edmondson & McManus, 2007). Rather than aiming to confirm prior theoretical propositions, the study seeks to explore how board members make sense of, respond to and translate CSRD into organisational practice.

The study is grounded in a social constructionist ontological position, whereby reality is shaped through interactions between actors and continuously evolves over time (Bell et al., 2022). Board practices related to CSRD are therefore understood as shaped and evolving through board members' interpretations and discussions in response to regulatory change, rather than as a fixed, objective phenomenon. This is suitable since the sensemaking perspective is premised on the idea that organisational actors socially construct their realities (Weick, 1995).

Building on this ontological position, the study adopts an interpretivist philosophy. Rather than seeking objective causal relationships, it focuses on understanding how board members make sense of, respond to and translate CSRD, acknowledging that such processes may be interpreted differently across boards and organisational contexts. The study seeks to capture participants' interpretations and the processes through which meanings are ascribed to CSRD.

This study adopts an abductive approach, involving iterative engagement between theory and empirical material (Bell et al., 2022; Saunders et al., 2012). Given the study's focus on processes, this approach was deemed appropriate, as Langley (1999) argues that neither purely inductive nor purely deductive strategies are sufficient when theorising from process data. Initially, sensemaking and sensegiving theory served as the primary analytical lens. While sensegiving theory predominantly concerns discursive action, engagement with the empirical material revealed that board members' responses were more extensively characterised by substantive sensegiving, prompting its deeper development within the conceptual framework. The same iterative process led to the incorporation of isomorphism and Oliver's (1991) response strategies as supporting perspectives. This back-and-forth process enabled the analysis to remain open to emerging insights rather than confirming pre-existing theoretical assumptions (Bell et al., 2022).

4.2 Data Collection

4.2.1 Interview Sample

A purposive sampling strategy was used, meaning that interviewees were selected based on their relevance to the research questions (Bell et al., 2022). The sample was structured around three distinct groups of companies based on their relationship to the directive: *mandated, dropout and voluntary.*

The first group, mandated, consisted of companies that remained within the scope of CSRD following the Omnibus 1 package. These companies were identified using a list published by Aktuell Hållbarhet (2026, January 20) and comprised companies with more than 1,000 employees and a net turnover exceeding €450 million.

The second group, dropout, comprised companies that were originally within the scope of CSRD but were removed from its scope following the Omnibus 1 package. This group consisted of companies meeting at least two of the following criteria: more than 250 employees, net turnover above €50 million, or a balance sheet total above €25 million, verified through publicly available company-level data.

The third group, voluntary, consisted of companies that were not subject to CSRD either before or after the Omnibus 1 package, but that had nevertheless voluntarily chosen to engage with the directive. These companies were identified through a review of their sustainability reports, with particular attention to explicit references to CSRD-related work.

This three-group sampling design was chosen to reflect the differing degrees of regulatory exposure following the Omnibus 1 package, enabling exploration of how varying institutional pressures shape the processes through which boards make sense of, respond to and translate CSRD into organisational practice.

Subsequently, a list of companies was compiled using the Aktuell Hållbarhet list as a starting point, supplemented by independent desk research to identify relevant companies in the second and third groups. Companies were verified against the predefined criteria using publicly available information and the list guided the outreach process and selection of board members approached for participation. Interviewee sampling was conducted over three weeks, emerging iteratively during data collection. Furthermore, during interviews, interviewees were asked to suggest potential participants with experience relevant to the study, incorporating elements of snowball sampling (Bell et al., 2022). This approach was impactful since board members represent a hard-to-reach group. Board members were contacted primarily via LinkedIn or email. As CSRD assigns responsibility for sustainability reporting

at the board level, no additional role-specific selection criteria were applied. Similarly, no industry restrictions were imposed, reflecting CSRD's cross-sectoral scope. To capture variation across contexts, one member from several boards was interviewed rather than multiple members from a few boards. This approach, however, may overlook within-board nuances.

Lastly, elements of the grounded theory principle of theoretical saturation were applied, with sampling continuing until no new themes emerged and patterns recurred across the data (Bell et al., 2022). Saturation became evident after the 18th interview and was confirmed by three additional interviews (Strauss & Corbin, 1998). In total, 92 board members were contacted and 21 interviews were conducted. In addition to the board interviews, two expert interviews were conducted. The first, with an experienced sustainability consultant advising on CSRD implementation, providing cross-organisational insights into how the directive is navigated in practice. The second, with a CSO at a large CSRD-mandated company, offering insights into board-level engagement with the directive. Both expert interviews served as contextual rather than primary data sources (see Table 1).

Although the three groups are not equally represented, with mandated companies comprising the largest share, this imbalance is mitigated by interviewees' cross-context board memberships. As shown in Table 1, the majority of board members hold positions across mandated, dropout and voluntary settings, providing perspectives that extend beyond group boundaries. This embeddedness is thus treated as an analytical asset, enabling within-respondent comparisons and insights across regulatory contexts.

Interview ID	Primary Board Context	Industry	Additional Board Context	CSRD Exposure Type	Date	Duration (min)	Setting
E1	*Voluntary*	*Consulting*	*Voluntary*	*Voluntary*	*30/1/2026*	*49*	*In-person*
B1	Mandated	Pharmaceutical	Dropout	Multi-context	2/2/2026	49	Online
B2	Dropout	Real Estate	Dropout, Voluntary	Multi-context	4/2/2026	60	Online
B3	Mandated	FMCG	Dropout, Voluntary	Multi-context	4/2/2026	56	Online
B4	Dropout	Financial Services	Dropout, Voluntary	Multi-context	5/2/2026	47	Online
B5	Mandated	Industrial Manufacturing	None	Mandated	5/2/2026	32	Online
B6	Mandated	Construction	Dropout	Multi-context	5/2/2026	47	Online
B7	Mandated	Construction	Dropout, Voluntary	Multi-context	6/2/2026	35	Online
B8	Mandated	Agriculture	None	Mandated	6/2/2026	45	Online
B9	Mandated	Pharmaceutical	Dropout	Multi-context	9/2/2026	43	Online
B10	Voluntary	Insurance	None	Voluntary	9/2/2026	32	Online
B11	Dropout	Forestry	Mandated	Multi-context	10/2/2026	45	In-person
B12	Dropout	Forestry	Mandated, Voluntary	Multi-context	11/2/2026	38	Online
B13	Mandated	FMCG	Voluntary	Multi-context	11/2/2026	34	Online
B14	Mandated	Industrial	Dropout, Voluntary	Multi-context	13/2/2026	38	Online
B15	Mandated	Forestry	Dropout, Voluntary	Multi-context	17/2/2026	34	Online
B16	Mandated	Retail	Dropout, Voluntary	Multi-context	19/2/2026	33	Online
B17	Mandated	Insurance	Voluntary	Multi-context	23/2/2026	49	Online
B18	Voluntary	Logistics	None	Voluntary	24/2/2026	36	Online
B19	Mandated	Retail	Voluntary	Multi-context	24/2/2026	34	Online
E2	*Mandated*	*Telecommunications*	*None*	*Mandated*	*28/2/2026*	*42*	*Online*
B20	Dropout	Energy	Mandated, Voluntary	Multi-context	3/3/2026	45	Online
B21	Dropout	Professional Services	Mandated	Multi-context	13/3/2026	44	Online

Note: E1 and E2 denote expert interviews conducted to contextualise board member accounts. Duration rounded to nearest minute.

Table 1. Interview Sample

4.2.2 Interview Design

The interviews followed a semi-structured approach, allowing flexibility while remaining guided by the overarching themes of the interview guide (Bell et al., 2022). This approach enabled in-depth exploration of the interviewee's interpretations, perspectives and emotions (Bell et al., 2022), making it well-suited for exploring how board members make sense of, respond to and translate CSRD into organisational practice.

The interview guide (Appendix 1) comprised four themes: Sensemaking, Sensegiving, Tension and Temporality and Implications and Evolving Board Practices. Before the interviews, one pilot interview was conducted, after which the interview guide was refined by clarifying questions and adding follow-up prompts where needed (Bell et al., 2022).

Given the interviewees' demanding schedules and geographical dispersion, all interviews were conducted via Microsoft Teams, with the exception of two conducted in person at the participants' request. While this format enables access to otherwise hard-to-reach participants, it may limit

rapport-building compared to in-person interviews (Bell et al., 2022). To address this limitation, all online interviews were conducted in video format and initiated with warm-up questions. The interviews had an average duration of 42 minutes.

Interviews were conducted in Swedish to enable participants to express themselves in their first language. Each interview began with the researchers introducing themselves and the study, followed by assurances of anonymity and consent to audio-record. After a set of warm-up questions, the themes of the interview guide were addressed, with follow-up questions used to elicit rich and relevant insights (Bell et al., 2022). Both researchers attended each interview, with one leading and the other taking notes, reducing the risk of overlooking important insights.

4.3 Data Analysis

The empirical material captures processual dynamics, consisting of sequences of events, interpretations and actions unfolding over time (Langley, 1999). Analysing such data requires attention to both recurring patterns and temporal dynamics. To address this, the analysis combined thematic analysis (Braun & Clarke, 2006) to identify interpretive patterns, with process-oriented strategies (Langley, 1999) to structure temporal dynamics (see Figure 2). Specifically, two of Langley's (1999) process strategies were applied: temporal bracketing and narrative strategy.

Rather than applying a rigid coding structure, the thematic analysis was guided by sensitising concepts derived from sensemaking and sensegiving theory. Codes related to how board members interpreted CSRD were analysed through a sensemaking lens, while codes related to how they shaped and translated these interpretations were analysed through a sensegiving lens. The analytical process was abductive and iterative, progressing through four phases. The four-phase process reflects the thematic analysis procedure adapted from Braun and Clarke (2006).

In the first phase*, familiarisation with the data*, both researchers familiarised with the data through repeated readings of all 21 transcripts and interview notes. Interviews were transcribed within 24 hours after each session, which facilitated early immersion into the empirical material.

In the second phase, *generating initial codes*, each researcher independently went through the interviews one by one, extracting relevant quotations and assigning descriptive codes informed by the sensitising concepts of sensemaking and sensegiving. Working independently ensured multiple interpretations without mutual influence. Codes and quotations were documented in a spreadsheet, enabling systematic analysis.

In the third phase, *identifying broader themes*, the researchers jointly grouped the individually generated codes by examining patterns within and across the three sampling groups. To support this process, two scrutiny techniques outlined by Ryan and Bernard (2003) were employed: repetitions and similarities and differences. Repetitions were identified within each group by attending to ideas and topics that recurred across multiple interviews. Trends were then identified between groups to assess similarities and differences across levels of regulatory exposure.

In the fourth phase, *reviewing and defining themes,* themes were reviewed and defined through iterative discussion and repeated returns to the transcripts. The cutting and sorting technique (Ryan & Bernard, 2003) was used to arrange common patterns and each theme was discussed between the researchers to ensure it was sufficiently anchored in the empirical material. This interpretive process led to the construction of three overarching themes: *Board Responses Across Regulatory Exposure; The Process of Making Sense of CSRD Over Time;* and *Board Translation of CSRD Into Organisational Practice.* An illustrative extract of the thematic analysis is provided in Appendix 3.

Following the development of the three themes, Langley's (1999) process strategies were applied to structure the *Process of Making Sense of CSRD Over Time* theme into temporal phases. Temporal bracketing organised the data into three successive phases: *Disruption, Elaboration and Stabilisation*, derived from Sandberg and Tsoukas's (2015) sensemaking framework and applied to shifts in how board members described their engagement with CSRD. Narrative strategy was then used to reconstruct these phases into coherent process accounts, capturing how boards experienced, interpreted and responded to the directive over time.

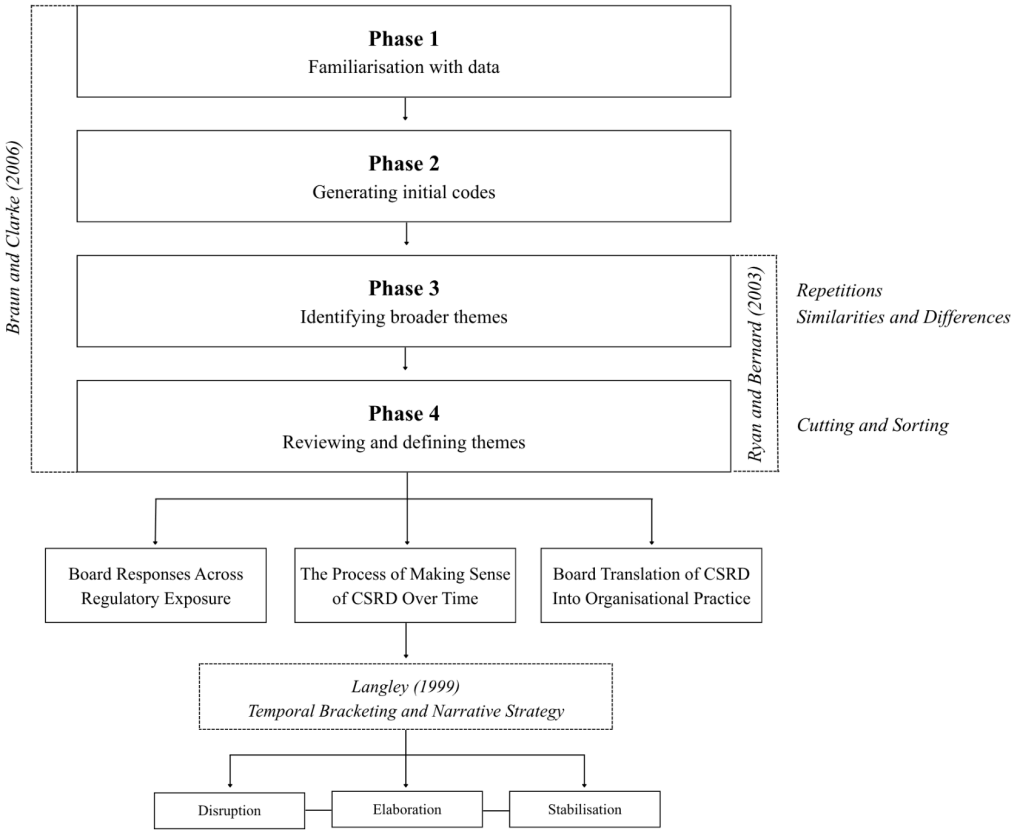


Figure 2. Data Analysis Process, adapted from Braun & Clarke (2006), Ryan & Bernard (2003) and Langley (1999)

4.4 Quality of Study

Research quality is evaluated in line with Lincoln and Guba's (1985) trustworthiness framework, encompassing *credibility, transferability, dependability and confirmability*.

4.4.1 Credibility

Credibility, the extent to which findings reflect participants' experiences and are deemed trustworthy (Nowell et al., 2017), was strengthened through several measures. Semi-structured interviews with open-ended questions allowed participants to elaborate freely (Kallio et al., 2016) and transcription within 24 hours preserved contextual integrity (Bell et al., 2022). Both researchers attended all interviews, ensuring that multiple perspectives informed the analysis, while preliminary findings were continuously verified against the transcripts (Lincoln & Guba, 1985). These steps addressed the researchers' active role in thematic analysis, strengthening theme validity (Braun & Clarke, 2006; Ryan & Bernard, 2003). Certain limitations nonetheless affect credibility. The use of sensitising concepts provided analytical direction but may have influenced what the researchers attended to in the

material (Braun & Clarke, 2006). Further, the multi-context embeddedness of many interviewees occasionally complicated the precise attribution of insights to a single regulatory group.

4.4.2 Transferability

Transferability concerns the applicability of findings beyond the research context (Bell et al., 2022). Rather than claiming generalisability, the findings are explicitly situated within the specific CSRD context, enabling readers to assess their relevance to other regulatory settings. Transferability was further supported through thick description of board practices across the three regulatory groups (Lincoln & Guba, 1985). Although CSRD applies across EU member states, the findings may be less transferable beyond the Swedish context. Sweden's established sustainability reporting tradition may shape board engagement differently from countries with less developed practices. Moreover, as the regulatory landscape evolves, the findings reflect a specific point in time and may become less applicable as implementation matures.

4.4.3 Dependability

Dependability denotes the transparency and documentation of the research process, enabling others to follow how the study was conducted (Bell et al., 2022). To enhance dependability, detailed and systematic documentation of the research process was maintained throughout the study. Codes and quotations were organised in a spreadsheet and the abductive, iterative analytical process was made transparent by documenting how themes emerged across the four analytical phases. In addition, systematic note-taking during the interviews reduced the risk of retrospective alterations to participants' accounts (Nowell et al., 2017; Timmermans & Tavory, 2012). Nevertheless, the abductive and iterative analytical process poses an inherent challenge to dependability, as the back-and-forth movement between theory and empirical material is difficult to fully document and replicate (Lincoln & Guba, 1985).

4.4.4 Confirmability

Confirmability reflects the extent to which the findings are grounded in the data rather than shaped by the researcher's personal values or theoretical predispositions (Lincoln & Guba, 1985). To limit potential bias, the initial analysis was conducted independently by researchers, followed by a comparison of findings to identify and reflect on individual biases (Timmermans & Tavory, 2012). While confirmability is commonly associated with limiting the influence of researchers' personal values (Bell et al., 2022), this study's constructionist ontology rejects the idea of value-free research. Consistent with an interpretivist stance, the researchers therefore acknowledge their subjectivity as an inherent aspect of the research (Saunders et al., 2012). To address this, reflexivity was applied through ongoing reflection on the researchers' values and theoretical assumptions, with interpretations actively

questioned and alternative readings considered before themes were finalised (Sætre & Van De Ven, 2021).

4.4.5 Account of Ethics

Given the sensitive nature of board members' roles and the associated reputational accountability, several measures were implemented to address potential ethical challenges (Bell et al., 2022). Interviewees were informed in advance about the purpose and scope of the study and explicit informed consent was obtained for both participation and audio recording. All recordings were stored in a secure, access-restricted environment accessible only to the authors and permanently deleted once no longer needed. The identities of all participants and their organisations were kept strictly confidential and anonymised, with particular care taken to avoid disclosing information that could expose them to reputational risk.

5. Empirical Findings

This chapter presents the empirical findings, organised around three main themes emerging from the data: Board Responses Across Regulatory Exposure (5.1), The Process of Making Sense of CSRD Over Time (5.2) and Board Translation of CSRD Into Organisational Practice (5.3).

5.1 Board Responses Across Regulatory Exposure

This section presents how boards responded to CSRD across varying degrees of regulatory exposure. The findings are structured around the three groups: *Mandated, Dropout* and *Voluntary*.

5.1.1 Mandated

Compliance-Oriented Response: A 'Good Enough' Approach

Among mandated companies, compliance emerged as the dominant response strategy. While only a small number of interviewees expressed an ambition to become best-in-class, the majority emphasised that their primary concern was to meet the required standards without exceeding them. Several interviewees highlighted that they were reluctant to allocate more time and resources than necessary, largely due to the administrative burden associated with the directive. As a result, many companies adopted a 'good enough' approach, focused on remaining in line with peers rather than outperforming them.

'Many feel that we don't need to be top reporters, but we should not be at the bottom. We need to be in line with our peers.' – B3

Benchmarking Under Uncertainty

Interviewees repeatedly emphasised the high degree of uncertainty surrounding the implementation of the directive. To manage this uncertainty, boards commonly looked to benchmarking. Interviewees expressed how external reference points were sought across organisations to understand how peers interpreted and implemented CSRD requirements and to determine what level of ambition was appropriate for their own reporting.

'Then you talk to others outside the company who have references across multiple companies. That's how you figure out what is a reasonable level of ambition…what is reasonable to expect.' – B6

5.1.2 Dropout

Continuing or Pulling the Handbrake

Among dropout companies, interviewees described two paths following the Omnibus 1 package. Most continued working with CSRD despite no longer being required to do so, while a smaller group 'pulled the handbrake' and paused their efforts.

'Companies that don't see the business value in sustainability pull the handbrake, while those that do continue to drive the work forward.' – B12

'Many companies that had come a long way chose not to pause but to keep working and finish and then decide afterwards whether to publish it or not.' – B9

Learning Oriented Response with Reduced Administrative Burden

Among companies that chose to continue, several interviewees explained retaining selected elements of CSRD while leaving aside others. Many used terms such as 'shadow reporting', 'dry runs' or 'CSRD-inspired reporting' to describe how they engaged with the directive.

'We're running a kind of shadow reporting. We produce a CSRD-type report on the side, but we don't include it in the official annual report.' – B12

External Stakeholder Expectations

Several interviewees described how external stakeholder expectations influenced decisions on whether to continue CSRD-related work, with reporting driven not only by regulation but by stakeholder expectations.

'Many stakeholders still require this type of reporting because they need the data themselves. As a result, companies not formally subject to the directive often choose to report in accordance with CSRD anyway.' – B21

5.1.3 Voluntary

Selective Response

Among voluntary companies, interviewees explained a selective approach to CSRD engagement. Rather than implementing the full set of reporting requirements, these companies retained the 'golden eggs', which they perceived as the most valuable elements, while leaving aside those viewed as primarily administrative. Most commonly, interviewees identified the Double Materiality Assessment (DMA) and the stakeholder analysis as these 'golden eggs'.

'When you are not formally covered, it becomes easier to make that choice, which parts actually give us something and which parts are perhaps more of a paperwork exercise. We tried to find a way forward where we pick the good parts.' – B10

Internal Motivation and Market Pressure Driving Continuation

Multiple interviewees explained that companies that continued their work with CSRD were typically those where sustainability was already integrated into the core of the business.

'But those are the companies that take the issue seriously and do not need a whip to make them act. They do it anyway. There is an internal drive to work with these kinds of issues.' – B17

Beyond internal motivation, interviewees highlighted market pressure from external actors as a reason companies continued reporting.

'That's where market forces come in. If you look at MedTech companies, they are often connected to public procurement in healthcare systems and if those actors start imposing these requirements, it will happen automatically - companies will simply have to comply. In that sense, it is driven by market forces.' – B14

5.2 The Process of Making Sense of CSRD Over Time

While the previous section highlighted variation in board responses across regulatory exposure, this section traces how boards came to make sense of the directive over time. The process is presented in three phases: *Disruption, Elaboration and Stabilisation.*

5.2.1 Disruption

Shock, Uncertainty and Emotional Responses

The introduction of CSRD was referred to as prompting a broad spectrum of emotions among board members, such as shock, confusion and uncertainty.

'At first, I think there was shock and a lack of understanding; it was also very difficult to oversee what this implied.' – B18

The Role of Prior Experience

Interviewees explained how previous experience with sustainability and financial reporting affected how they first approached the directive. Some described it as a continuation of existing reporting practices, while others noted it as a fundamentally new undertaking.

For many mandated companies, interviewees emphasised CSRD as building on existing reporting practices, as these boards had often been reporting against frameworks such as GRI for years. Several saw CSRD as a formalisation of work that was already underway rather than a fundamentally new demand.

'In the end, it's still pretty much the same as the work we've done before.' – B7

In voluntary companies, typically smaller and without prior reporting experience, interviewees outlined CSRD as genuinely new and often overwhelming.

'In smaller companies that are still developing, CSRD feels somewhat artificial. It doesn't quite belong in that stage yet.' – B13

Personal Values and Sustainability Orientation

Interviewees described how their personal relationship with sustainability informed their initial reaction to the directive. Those with a long-standing personal commitment to sustainability tended to welcome the CSRD as a long-awaited development.

'For me personally, I was very happy when the CSRD process began. I have worked with sustainability issues for 30 years and I have been waiting for there to be legislation to relate to.' – B18

Those without such a commitment, by contrast, commonly noted CSRD as an overwhelming bureaucratic burden.

'I was quite overwhelmed and didn't really know. What kind of bureaucratic monster is this? What is this going to lead to?' – B3

Compliance Requirement or Strategic Opportunity

Interviewees pointed to varying starting points in how they approached the purpose of the directive. For mandated companies, CSRD was primarily understood as a compliance requirement.

'Initially, the directive was purely a compliance issue.' – B5

Voluntary companies described a different starting point. Without formal regulatory requirements to guide them, these boards engaged with CSRD strategically from the outset, focusing on elements perceived as valuable for their own strategic purposes.

'We took a step back and asked: which parts should we take with us? When you are not formally covered, it becomes easier to make these choices. Which parts actually give us something?' – B10

5.2.2 Elaboration

Information Gathering

Following the initial phase, board members described how they actively gathered information to build their understanding of CSRD, drawing on both internal and external sources.

'We have engaged external training providers, typically consulting companies working with CSRD or sustainability, to help us understand what these requirements mean in practice. Another important aspect is trust in the organisation's own ability to manage these demands.' – B9

Interviewees commonly explained how all actors, including external advisors, were simultaneously navigating a steep learning curve. The quality of available guidance was therefore often highlighted as limited and several interviewees expressed scepticism towards external providers, noting that even established experts were still developing their own understanding of the directive.

'It's somewhat like the blind leading the blind, since no one really has a clear answer. There hasn't really been anyone to hold your hand in this - everyone is a beginner.' – B11

Despite this scepticism, engaging external providers was described as having an important function. Several interviewees noted that consulting recognised expertise gave board members a sense of reassurance and protection, even when the guidance itself had been limited.

'I think external providers sometimes played on this: use our services, let us verify you and then you can sleep well at night and always have someone else to blame. It's a double-edged sword.' – B4

In voluntary companies, information gathering was often individually driven rather than collective. Engagement with CSRD tended to be worked through by a single board member before being brought to the boardroom.

'I initially raised the issue. Given my work in this area, I explained that the legislation was forthcoming. None of the other board members were aware of it.' – B18

Anchoring CSRD in Existing Governance Structures

As boards structured their understanding of the CSRD, interviewees commonly described integrating it into existing governance arrangements rather than creating dedicated sustainability committees. Most often, responsibility was placed within the audit committee, which interviewees emphasised as a natural fit given its alignment with financial reporting and oversight.

'My experience is that it often ends up in the audit committee, because this is about quantitative reporting, follow-up and structures that share certain similarities with what you typically deal with in an audit committee.' – B6

Competing Interpretations and Contestation

This phase was marked by divergent viewpoints within boardrooms. Interviewees described how board members brought different backgrounds and experiences and how these differences were reflected in how CSRD was understood and approached.

'One thing was clear within the boardrooms: everyone saw it differently. Some thought, "just assign someone to take care of this." Others felt, "finally, a level playing field." And then some just thought, "what is this even about?"' – B3

The extent of these disagreements, however, varied markedly across groups. In mandated companies, board members noted broad agreement that compliance was non-negotiable. Discussions were described as focusing on how to implement the directive rather than whether to engage with it at all.

'This is a regulation. You don't have to have an opinion about it - you just have to comply with it.' – B11

In dropout companies, disagreements took a different form. The Omnibus 1 package brought renewed uncertainty about what would ultimately be required and when, reopening debate not just about how to proceed, but whether to engage with the directive at all.

'There were many discussions about how to proceed. The lawyers said: "No, we should wait." But I disagreed, we had already prepared and will report in accordance with CSRD: "we're not going to step back." That led to further discussions.' – B11

From Confusion to a Defined Project

As understanding developed through iterative education, discussion and hands-on engagement, board members emphasised that what had initially felt overwhelming became increasingly manageable. Boards shifted from asking what CSRD is to how to act on it.

'After that initial feeling - here comes another complicated regulation - you start to understand what it actually means for us and then you become a bit more positive…' – B8

Rather than an abstract regulatory unknown, the directive was increasingly treated as a defined project with designated responsibilities and timelines.

'It went from a broad educational question, what is this, we need to understand the landscape, to becoming more of a project.' – B9

Taking on this project required boards to engage more operationally than usual, dedicating extra sessions, deep dives and hands-on engagement with the directive's requirements. A shift several board members described with frustration. Interviewees nonetheless noted this as a temporary departure from normal board work, driven by the novelty and complexity of CSRD.

'New and complex issues first require education and operational work to establish a framework, but over time they become more stable once embedded in governance.' – B11

Several board members highlighted how this administrative focus took precedence over strategic discussion.

'When CSRD comes, which is fundamentally about reporting, the focus has shifted to reporting rather than the strategic sustainability goals previously pursued.' – B13

Even as boards engaged more deeply with CSRD during this phase, the directive remained one issue among many on the agenda and board members described their role as one of broad oversight rather than detailed specialisation on any single topic.

'As board members, we are expected to have fairly broad knowledge so that we can speak to all topics. We do not need to be specialists.' – B20

5.2.3 Stabilisation

Shift in Sentiment

Across boards, interviewees described how earlier feelings of uncertainty, frustration and unease gave way to greater confidence as members developed a clearer sense of what CSRD meant for them and how to engage with it. Increased familiarity came with a stronger sense of direction.

'Right now, there's a sense of confidence. There's no longer any worry or frustration. It's more a feeling of: let's do this. We've mobilised that mindset and there's a strong sense that now we're actually doing something good with this.' – B7

Embedding into Routine

Among mandated companies, board members described CSRD as having become a routine part of board work. The directive was consistently present on the board agenda, with established routines for measurement, follow-up and discussion, though the level of engagement and ambition continued to vary across boards.

'But gradually, all boards have it on their agenda today. You measure, you follow up, but you do it with slightly different levels of engagement.' – B2

As boards became more familiar with the directive, several interviewees described a process of clarification. Rather than introducing entirely new activities, CSRD often made visible and structured work that companies were already performing, particularly in relation to their value chains.

'Most had a fairly good understanding of their value chain and had explained it before. When they then started to see what falls under sustainability, it became somewhat less dramatic. It was more like: we are already doing a lot of this, we just haven't brought it together under one umbrella.' – B12

For most interviewees, this routinisation was seen as making room for more strategic engagement. Once the initial implementation phase had been completed, attention could shift towards forward-looking work focused on improvement and broader business considerations.

'What's happening now, after getting through that heavy push, is progress. And then it's about how we can improve.' – B15

A few interviewees, however, described CSRD's place on the agenda as established but procedural, marked more by formal review than by strategic discussion.

'Honestly, it's a bit like going to the dentist, good for you, but it becomes a tick-the-box thing. When CSRD comes up, it's just about checking we've done everything.' – B19

A Cautious Stabilisation

For dropout companies, stabilisation was shaped by the Omnibus 1 package. Most boards continued working with CSRD in some form, while a smaller group paused or scaled back. What defined this phase was that the continued work was approached with greater caution. Repeated regulatory changes had weakened trust in the directive, creating uncertainty about future developments. Several boards

described holding back on new investments, waiting to see how the regulatory framework would evolve.

'You lose some trust in this kind of directive, because it can change again. Should we hold off a bit before we start the big drum again?' – B9

'Yes, we'll see. There will probably just be more changes. So we're keeping a low profile and perhaps not investing as much as we initially planned.' – B2

The Continuity of an Already Settled Approach

For voluntary companies, board members highlighted continued selective engagement throughout. With no formal obligation, these boards focused on the elements of CSRD they found valuable and the directive did not become embedded as a governance routine to the same extent as for mandated companies.

'We can really think about what is value-creating and the rest we can ignore.' – B10

5.3 Board Translation of CSRD Into Organisational Practice

This section presents the findings related to how boards translated CSRD into organisational practice. The findings reveal three recurring mechanisms through which this translation occurs: *Board Communication, Structural Arrangements and Multi-context Board Members.*

5.3.1 Board Communication

Emphasising Business Value over Compliance

In the early stages of implementation, CSRD was often communicated in compliance-oriented terms.

'The message has often been: "We have to do this." And people respond that they don't have time, but the answer is: "We have to." In that sense, it has been more of a compliance-oriented effort, especially early on.' – B15

As the work progressed, board members described that framing CSRD purely as a compliance requirement had made it harder to get colleagues on board and began emphasising its strategic and business value instead.

'I would rather frame it as a strategic opportunity. If you talk about risk and compliance, engagement tends to drop. Of course, you can still keep in mind that it is a regulatory framework, but I actually think you need to look beyond that, otherwise it becomes too heavy.' – B14

This shift was most pronounced among mandated and dropout companies, where board members explicitly contrasted their earlier compliance framing with a later strategic one. Voluntary companies, by contrast, framed CSRD in strategic terms from the outset.

Linking CSRD to Existing Practices

Another recurring pattern involved board members linking CSRD to already established practices in order to position it within a familiar and legitimate frame of reference. Interviewees drew parallels to financial reporting, presenting CSRD as a natural extension of existing frameworks rather than a fundamentally new requirement.

'Just as organisations have always worked with financial reporting, they must now approach sustainability reporting in the same way.' – B3

5.3.2 Structural Arrangements

Board members frequently described their role in CSRD as primarily structural rather than involving direct engagement with the organisation. Several interviewees explained focusing on establishing the structures for CSRD work.

Directing CSRD Through Management

Several interviewees described how they, as board members, worked with CSRD by directing it through management rather than engaging with the organisation directly. They highlighted assigning tasks to the CEO, setting targets and leaving the execution of CSRD-related work to management.

'The board does not go into the organisation and decide what should be done in detail. Instead, we assign tasks to the CEO, sometimes formally, sometimes verbally. It is the responsibility of management to carry this out.' – B2

Structuring the Work Under the Audit Committee

Board members described reorganising and reallocating responsibility for sustainability reporting. A majority of interviewees described how CSRD-related work was structured under the audit committee.

'As it became clear that this would be audited, it was clearly placed under the audit committee. This reflects an internal shift within organisations.' – B9

Allocating Resources and Building Competence

Interviewees described how boards allocated resources and built competence to support the implementation of CSRD. By directing budget decisions towards CSRD, boards signalled to the organisation that the directive is real and carries genuine organisational priority.

'A board that makes budget allocation decisions aligned with this shows that it is real and that it matters.' – B3

'I would say it comes down to the level of competence. If you can raise the overall level of competence, you can also improve how these regulations are perceived.' – B17

Keeping CSRD on the Board Agenda

Several interviewees emphasised the importance of consistently placing CSRD on the board agenda, describing this as a way to signal its importance within the organisation.

'I think it is absolutely crucial that it is discussed, that it is on the agenda.' – B3

Goal Setting and Following Up

Multiple interviewees described how boards set targets and ensured regular follow-up on CSRD-related work. Targets were continuously revisited and discussed within the board.

'The board sets priorities and targets, but its role is not to ensure that these are implemented throughout the organisation. The board decides, sets targets and follows up.' – B1

5.3.3 Multi-context Board Members

Several interviewees pointed to the particular role of board members holding multiple board positions. Those who had encountered CSRD in other boardrooms were seen as more knowledgeable and influential in discussions, even without a formal sustainability background.

'Some board members sit on multiple boards and having encountered CSRD in earlier board meetings, you become a more knowledgeable and competent member that others listen to, even if you don't have an established long-term background in the subject.' – B1

Numerous interviewees also described how they carried knowledge of CSRD between the boards they served on, drawing on what had been learned in one boardroom to inform discussions in another.

'*Some of us on the board don't just sit on one board; we have something to compare with. We are often operationally senior in another company that is also affected by the legislation. So I have benefited a lot from this.*' – B9

6. Analysis and Discussion

This chapter analyses the empirical findings in relation to the study's conceptual framework, covering Board Responses Across Regulatory Exposure (6.1), The Process of Making Sense of CSRD Over Time (6.2) and Board Translation of CSRD Into Organisational Practice (6.3). The first two jointly address RQ1, while the third addresses RQ2.

6.1 Board Responses Across Regulatory Exposure

The findings indicate that boards responded to CSRD in fundamentally different ways across varying degrees of regulatory exposure (see Figure 3). These responses can partly be understood through Oliver's (1991) typology, used here as an interpretive lens rather than a strict classification, acknowledging that variation also exists within groups.

6.1.1 Mandated

Among mandated companies, the findings point to a predominantly *compliance-oriented response*. Several interviewees highlighted that organisations were reluctant to allocate more time and resources than necessary, largely due to the administrative burden associated with the directive. As a result, 'good enough' approach. In Oliver's (1991) terms, this can be interpreted as *acquiescence*, the most passive form of response, where organisations conform to institutional pressures without resistance. This reflects the strong *coercive* pressure (DiMaggio & Powell, 1983) faced by mandated companies, where compliance was perceived as non-negotiable.

While acquiescence emerged as the dominant response strategy, a small number of companies adopted a more proactive stance, aiming to become best-in-class in their CSRD reporting. This proactive orientation does not map neatly onto Oliver's (1991) typology, which spans passive conformity to active resistance but does not capture engagement that exceeds regulatory requirements. Such variation, occurring under identical regulatory pressure, highlights the limits of typological classification and points to sensemaking as a complementary lens.

Mandated companies relied heavily on benchmarking, looking to peers to calibrate what an adequate response looked like. This behaviour reflects elements of *mimetic* isomorphism (DiMaggio & Powell, 1983). Faced with limited guidance on how to implement the directive, boards modelled their approach on peers, using peer practice as a proxy for compliance.

6.1.2 Dropout

Among dropout companies, the findings indicate *divergent responses* following the Omnibus 1 package. A clear divide emerged between companies that continued their engagement and those that 'pulled the handbrake'. Among those that continued, the findings point to a learning-oriented response with reduced administrative burden. Practices such as 'shadow reporting' reflect how companies engaged with the directive in a flexible and selective manner, focusing on elements perceived as strategically relevant. In Oliver's (1991) terms, this can be interpreted as a form of *compromise*, where companies partially conform to institutional pressures while adapting them to their own priorities. These companies selectively adapted the directive to fit their own context. In contrast, companies that chose to pause their efforts can be seen as reflecting elements of *avoidance*, distancing themselves from institutional pressure.

This divergence can be understood in the context of reduced coercive pressure following the Omnibus 1 package. While coercive pressure weakened, *normative* pressures (DiMaggio & Powell, 1983), such as external stakeholder expectations, continued to shape engagement with the directive. The removal of coercive pressure thus did not eliminate institutional pressure but shifted its basis, resulting in more heterogeneous responses.

6.1.3 Voluntary

Among voluntary companies, the findings indicate a predominantly *selective response* to CSRD. Rather than fully embracing the directive, companies engaged with it on their own terms, retaining the elements they perceived as genuinely valuable, the so-called 'golden eggs', while setting aside requirements viewed as primarily administrative. This cherry-picking logic reflects how the directive was filtered through internal assessments of relevance, with companies prioritising elements perceived as strategically value-creating rather than compliance-driven. In Oliver's (1991) terms, this selective response can be understood as a form of *compromise*. Rather than complying fully with all requirements, companies actively chose which elements to engage with, balancing external expectations against internal evaluations of value and feasibility.

Among voluntary companies, engagement with CSRD can be explained by two main drivers. First, *normative* pressures (DiMaggio & Powell, 1983), such as customer demands and procurement requirements, created expectations around sustainability reporting, sustaining institutional pressure despite the absence of formal regulation. Second, in companies where sustainability was already embedded in the organisational identity, engagement did not require external pressure; the drive came

from within. These findings suggest that in the absence of coercive pressure, responses are shaped primarily by how companies interpret the value and relevance of the directive.

6.1.4 Overview: Board Responses Across Regulatory Exposure

While Oliver's (1991) typology is useful for classifying board responses across regulatory exposure groups, the findings reveal three limitations. First, the best-in-class orientation observed in a small number of mandated companies falls outside a typology centred on conformity and resistance rather than over-conformity. Second, variation persisted among boards facing the same regulatory exposure, suggesting responses are shaped not only by regulatory exposure but also by differences in sensemaking. Third, the typology captures *what* responses organisations enact but says little about *how* boards arrive at them and how those responses develop over time: the interpretive and temporal processes through which a directive is understood and acted upon. Understanding this variation, therefore, requires moving beyond classification to the interpretive and temporal processes through which responses are constructed, as analysed in 6.2.

Figure 3 illustrates the distinct response patterns across the three regulatory exposure groups, structured by response strategy, Oliver's (1991) typology, isomorphic pressure and enacting mechanism. The patterns reflect dominant tendencies within each group rather than exhaustive descriptions of all responses observed.

	Mandated *Fully within the scope of CSRD*	**Dropout** *Removed from scope by Omnibus 1 package*	**Voluntary** *Never within scope, engaging voluntarily*
Response Strategy	Compliance-oriented Response: A good enough approach	Divergent Response: Continuing or pulling the handbrake	Selective Response: Cherry-picking the "golden eggs"
Oliver's (1991)	Acquiescence	Compromise or Avoidance	Compromise
Isomorphism	Coercive and Mimetic	Normative	Normative
Mechanism	Benchmarking: Peer practices as proxy	Shadow Reporting: Learning-oriented with reduced administrative burden	Selective Retention: Value-creating elements

Figure 3. Board Responses Across Regulatory Exposure

6.2 The Process of Making Sense of CSRD Over Time

Building on the response patterns identified in 6.1, this section addresses the sensemaking dimension of RQ1 by exploring how those responses took shape. The findings reveal a processual trajectory, for which Sandberg and Tsoukas's (2015) processual account of sensemaking offers a fitting analytical

lens. The analysis is structured around three phases informed by their account: *Disruption, Elaboration and Stabilisation* (see Figure 4).

6.2.1 Disruption

The introduction of CSRD triggered a sensemaking process characterised by ambiguity, uncertainty and emotional disruption. This process corresponds to what Sandberg and Tsoukas (2015) describe as *creation*, where actors bracket, notice and extract cues from a disrupted environment to form an initial sense of what is occurring. The board's work at this phase can be characterised as *orienting*, building an initial understanding of the directive rather than acting on it. What became evident, however, is that what gets bracketed is not determined by the disruption itself but by what actors bring to the situation, both the cognitive frameworks shaped by prior experience and the personal values that inform how regulatory change is received.

While all boards encountered the same directive, CSRD was experienced in fundamentally different ways depending on prior experience. Because the Omnibus 1 package had not yet been introduced, companies that would later drop out engaged with CSRD as mandated actors at this phase; the analytically relevant contrast in the disruption phase is therefore between mandated and voluntary companies. For mandated companies, CSRD represented a continuation of existing reporting logic; boards with prior experience of frameworks such as GRI could draw on internalised cognitive templates, making the directive recognisable if demanding. For voluntary companies, the same directive constituted something fundamentally new, lacking the internalised cognitive templates that would render it immediately meaningful. This asymmetry could be explained by the retrospective nature of sensemaking (Weick, 1995): boards interpreted CSRD through prior experience, which voluntary companies largely lacked. This is consistent with Zaccone (2025), whose findings show that prior reporting exposure shaped how actors interpreted CSRD.

Board members' personal sustainability orientations also shaped initial sensemaking across all three groups. Those with long-standing personal engagement in sustainability tended to interpret CSRD in value-laden rather than purely regulatory terms. They often perceived it as a long-awaited legitimation of commitments they had pursued for decades. This aligns with Weick's (1995) argument that sensemaking is grounded in identity construction: what a directive means depends on how individuals understand themselves and what they care about. For these board members, CSRD did not appear as an external imposition, but rather as an alignment between personal values and institutional context, which attenuated the sense of disruption observed among others within the same group.

Temporal orientation at this phase diverged sharply across groups. Initial sensemaking in mandated companies was predominantly retrospective (Weick, 1995), anchored in prior reporting frameworks

and compliance logic: CSRD was constructed as a requirement to fulfill rather than an opportunity to explore. Voluntary companies, by contrast, engaged in prospective sensemaking (Gephart et al., 2010; Gioia et al., 1994) from the outset. Without coercive pressure dictating what to attend to and without a deep retrospective history of reporting experience to fall back on, these boards could ask which elements of the directive offered genuine strategic value and which felt primarily administrative. This pattern illustrates that retrospective and prospective sensemaking are not mutually exclusive orientations (Li & Liu, 2026), but differentially available depending on the interpretive context in which boards operate.

6.2.2 Elaboration

Following the initial phase of disruption, boards entered a more interpretive phase in which efforts were directed towards elaborating and structuring their understanding of CSRD. This corresponds to what Sandberg and Tsoukas (2015) describe as *interpretation*, where preliminary understandings are elaborated into more coherent narratives. The findings reveal four interrelated dimensions of this work: information gathering, anchoring in existing governance frameworks, negotiating competing interpretations and gradually formalising the directive as a defined project.

Boards initially oriented towards information gathering, seeking to establish a basic understanding of what CSRD entailed in practice. The findings suggest, however, that this process was shaped less by a pursuit of accurate understanding than by a search for plausibility, a sufficiently credible account to act on (Weick, 1995). This was particularly evident in how boards related to external expertise. Despite scepticism towards the quality of available guidance, engaging established external actors served a legitimising function in addition to (or instead of) an educational one. Reassurance that recognised procedures had been followed appeared to matter more than the depth of understanding gained. External expertise thus functioned as a resource for constructing confidence as much as competence. This extends existing sensemaking research by suggesting that under conditions of widespread uncertainty, where even recognised experts lack established knowledge, external input may serve primarily as a legitimising resource rather than a genuine source of meaning. This dynamic appeared most pronounced in mandated companies, where compliance pressure made the need for legitimacy especially acute. In voluntary companies, by contrast, information gathering was more individually driven, often dependent on a single board member with prior sustainability experience who initiated engagement before bringing it to the boardroom.

Alongside information gathering, boards sought to structure their understanding by anchoring CSRD within existing governance arrangements. In the absence of clear external guidance, boards defaulted to internalised cognitive frameworks, interpreting the directive through the logic of financial reporting, control and oversight, most commonly embedding it within the audit committee. This was

not a deliberate strategic choice but a cognitive default (Sandberg & Tsoukas, 2015); boards drew on the most readily available interpretive resources to construct a workable understanding of the directive. Yet in doing so, they appeared to narrow the interpretive field. By positioning CSRD primarily as a compliance and reporting matter, the directive's potential as a strategic concern remained largely out of reach, a plausible interpretation, but not necessarily a generative one. This narrowing appeared most pronounced in mandated companies, where compliance deadlines reinforced the financial reporting logic and left little room for alternative framings to take hold. In voluntary companies, the absence of coercive pressure appeared to leave more interpretive space, seemingly enabling more direct engagement with CSRD's strategic dimensions from the outset.

The elaboration phase was further complicated by competing interpretations within boardrooms. Board members brought different experiences and professional identities to the table, producing divergent understandings of what CSRD meant, reflecting the inherently social and identity-shaped character of sensemaking (Weick, 1995). The intensity and character of this contestation, however, differed across regulatory exposure groups. In mandated companies, contestation was comparatively contained: the non-negotiable nature of the directive meant disagreements centred on how to implement CSRD rather than whether to engage with it, with compliance functioning as a shared frame. In voluntary companies, the absence of coercive pressure appeared to shift the nature of contestation: boards seemingly had more interpretive space to negotiate which elements of the directive were worth engaging with at all. In dropout companies, however, contestation appeared to be most pronounced. The Omnibus 1 package reopened interpretive conflict that coercive pressure had previously contained, with some board members urging withdrawal and others urging continuation. The pattern across these groups suggests that coercive pressure does not eliminate disagreement but takes certain questions off the table: when compliance is required, there is no point in debating whether the directive is worth following. The consensus observed in mandated companies may therefore not reflect genuine agreement about CSRD's value, but the absence of a debate that has no purpose under mandatory compliance.

As interpretive work progressed, boards gradually shifted from asking what CSRD is towards how to take it on, structuring the directive as a defined project with designated responsibilities and timelines. The findings suggest that this shift involved a temporary but significant departure from the structural conditions that normally characterise board work. Boards typically operate at a governance rather than operational level, engaging episodically and relying on management for information and expertise (Bezemer et al., 2014; Forbes & Milliken, 1999). CSRD appeared to disrupt this logic: its novelty and complexity meant that limited established templates existed to rely on, seemingly pushing boards into a more operational mode of engagement than their role would ordinarily require (Boivie et al., 2016).

This suggests that regulatory novelty may temporarily alter the nature of board work itself, reducing the distance between governance and operational engagement.

The elaboration phase also reveals a gradual shift from retrospective to prospective sensemaking (Hernes & Obstfeld, 2022; Kaplan & Orlikowski, 2013; Weick et al., 2005). This shift appeared most evident in mandated and dropout companies, which had initially been anchored in compliance logic and only gradually began to look forward, anticipating what the directive would require in terms of data needs, governance adaptations and necessary competencies. In doing so, these boards appeared to engage in temporal bridging, constructing a path from their current position towards a future state in which CSRD becomes operational (Hernes & Obstfeld, 2022; Kaplan & Orlikowski, 2013; Weick et al., 2005). Voluntary companies, by contrast, had engaged prospectively from the outset. This suggests that sensemaking under conditions of regulatory uncertainty is not only backward-looking but also involves actively envisioning and enacting anticipated futures (Hernes & Obstfeld, 2022; Kaplan & Orlikowski, 2013; Weick et al., 2005) and that the temporal orientation boards adopt may itself be shaped by the nature of the regulatory pressure they face.

6.2.3 Stabilisation

As boards became more familiar with CSRD, sensemaking entered a more stable phase in which the directive was increasingly enacted and institutionalised within governance practices. This process corresponds to what Sandberg and Tsoukas (2015) theorise as *enactment*, wherein actors begin to act on their interpretations, develop routines and assess the extent to which these practices stabilise the interrupted situation. The findings suggest, however, that what counted as stabilisation differed markedly across the three groups.

As sensemaking stabilised, boards were able to step back from the operational mode that the complexity of CSRD had temporarily demanded and return to their strategic role. As operational demands declined and routines became established, CSRD work was increasingly delegated, reflecting what Sandberg and Tsoukas (2015) describe as the restoration of absorbed coping: where actors no longer rely on effortful interpretation but operate through established routines. This created space for the strategic dimensions of CSRD to resurface, dimensions that had been crowded out by administrative demands during earlier phases. Yet enactment also generated insights that had not been accessible earlier. Through sustained engagement, boards came to recognise that much of what CSRD demanded was work already being performed and that it could enable closer alignment between sustainability and financial performance. While Sandberg and Tsoukas (2015) conceptualise enactment primarily as a process in which actors assess whether their interpretations stabilise the interrupted activity, the findings suggest that enactment can also surface new understanding not available during interpretation.

In mandated companies, stabilisation appeared as most institutionalised: CSRD had become consistently present on board agendas, with established routines for measurement, follow-up and integration into annual planning cycles. For most interviewees, this routinisation freed attention for forward-looking engagement with the directive's strategic dimensions, reflecting what Gephart et al. (2010) and Gioia et al. (1994) describe as prospective sensemaking, where attention reorients from making sense of what has happened towards anticipating what may come. Yet for some interviewees, the same routine practice was experienced as procedural rather than substantive, a 'tick-the-box' exercise that had settled into the agenda without generating strategic engagement. That this divide emerged within the most institutionalised group suggests that routinisation may be a necessary but not sufficient condition for prospective sensemaking.

In dropout companies, stabilisation took a different form, shaped by the Omnibus 1 package that had removed formal reporting requirements mid-process. Most boards continued the work, but with a deliberate caution that distinguishes their stabilisation from absorbed coping. Boards described holding back on new investments and waiting to see how the regulatory direction would develop before committing further. This points to a dimension of enactment less developed in Sandberg and Tsoukas's (2015): the role of regulatory stability in enabling absorbed coping. When the regulatory environment itself remains in flux, sensemaking cannot fully recede into routine.

For voluntary companies, stabilisation was shaped by the absence of coercive pressure that might otherwise have drawn them into a compliance-driven project phase. With no formal obligation to routinise CSRD, these boards continued to engage selectively with the elements they found valuable. This suggests that disruption alone does not produce routinisation and that the restoration of absorbed coping may take fundamentally different forms depending on whether engagement is driven by obligation or by choice.

6.2.4 Overview: The Process of Making Sense of CSRD Over Time

Taken together, the findings show that board sensemaking of CSRD follows a processual trajectory, though its form varies markedly across groups. This variation reflects the coevolutionary nature of sensemaking (Cristofaro, 2022; Maitlis & Christianson, 2014): what constitutes disruption, how interpretation unfolds and what stabilisation entails are shaped by the interplay of cognitive frameworks, institutional pressures and evolving regulatory conditions. This aligns with Zaccone (2025), who finds that CSRD generates multiple coexisting interpretations shaped by actors' backgrounds and prior experience, a pattern the present findings extend to the board level. The sensemaking analysis thus addresses the limitations identified in 6.1 by illuminating the interpretive and temporal processes through which board responses are constructed.

Figure 4 summarises the processual trajectory of board sensemaking across the three phases of disruption, elaboration and stabilisation, corresponding to Sandberg and Tsoukas's (2015) processes of creation, interpretation and enactment. It captures what is common and what varies across groups and the board's role in each phase.

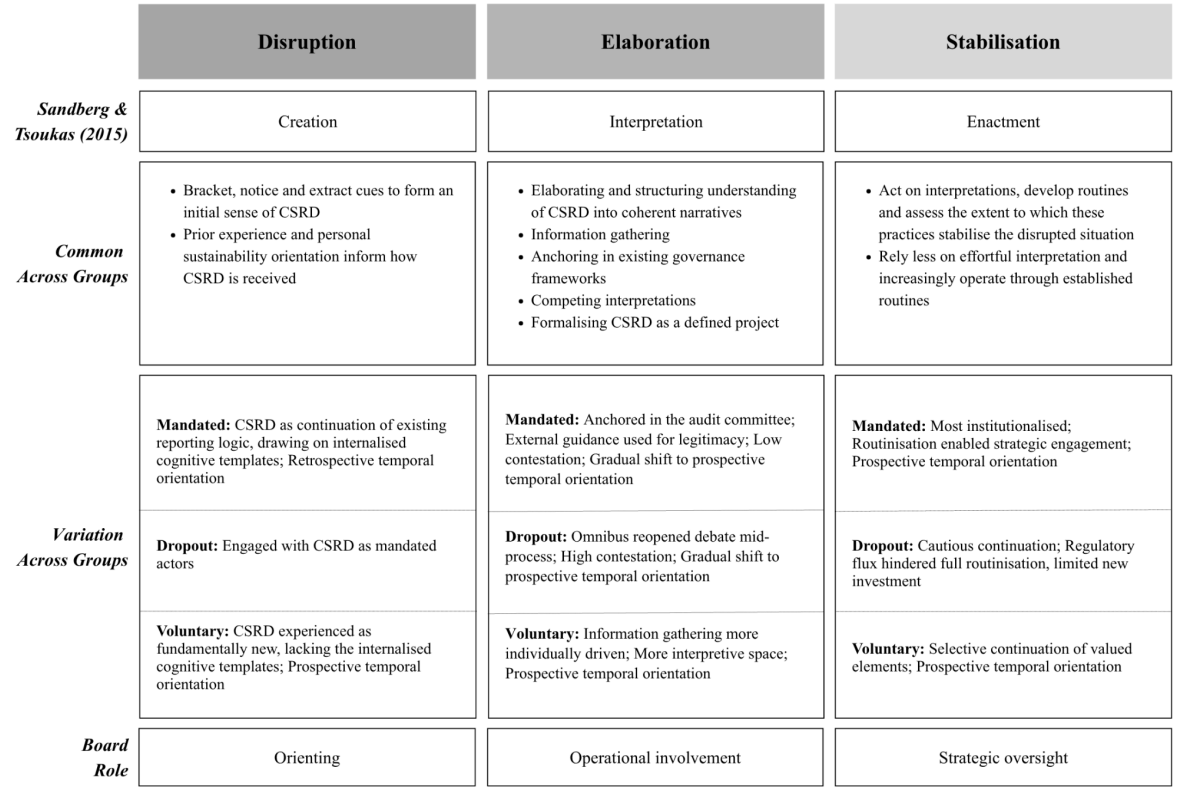


Figure 4. The Process of Making Sense of CSRD Over Time

6.3 Board Translation of CSRD Into Organisational Practice

Whereas 6.1 and 6.2 analysed how boards responded to and made sense of CSRD, this section turns to RQ2: how boards translated CSRD into organisational practice. Since sensegiving captures the active, influence-oriented dimension of how boards shape meaning, it offers a fitting lens for exploring this translation. The findings reveal three broad sensegiving mechanisms: *Discursive*, whereby boards construct meaning around CSRD through communication and framing; *Substantive*, through which that meaning is embedded into organisational routines and governance practices; and *Multi-context Board Members,* who serve as information bridges across organisational contexts (see Figure 5).

6.3.1 Discursive Mechanisms

The findings reveal two communicative patterns through which boards shaped how CSRD is understood within their organisations.

The first pattern concerns how boards *reveal and reframe* CSRD sequentially, shifting its framing from compliance to strategic value. Initially, most boards framed CSRD in compliance-oriented terms, making organisational members aware of the regulation and its requirements. This corresponds to revealing, as described by Hoppmann et al. (2023), which involves disclosing novel information to surface what CSRD entails. However, boards did not remain within this compliance frame, rather it appeared as an entry point, after which communication shifted towards emphasising CSRD's strategic value. This shift responded to organisational members' tendency to disengage when CSRD was framed as a compliance obligation, associating it with burden rather than value. Boards, therefore, reframed CSRD as a source of strategic value creation, aligning it with what the audience was already motivated by, corresponding to reframing as described by Hoppmann et al. (2023). Revealing and reframing thus operate sequentially: the former establishes awareness of CSRD as a regulatory fact, the latter repositions it as a strategic value. The pattern appeared most prominently among mandated and dropout companies, whose relationship to CSRD was initially defined by external pressure, making the reframing move particularly necessary.

The second pattern concerns how board members *relate* CSRD to already established practices, drawing explicit parallels to financial reporting and prior GRI work to anchor the regulation within familiar and legitimate frames of reference. This reflects relating as conceptualised by Hoppmann et al. (2023), where novel information is linked to existing knowledge to make its relevance apparent, thereby activating existing normative structures rather than merely explaining the regulation (Cornelissen & Werner, 2014). The analogy to financial reporting is particularly consequential, placing CSRD within a logic of rigor and accountability that organisations already take for granted and transferring legitimacy from an established practice to a potentially contested one. Relating thus fosters support not by changing how organisational members think, but by connecting CSRD to what is already recognised as legitimate.

6.3.2 Substantive Mechanisms

Beyond communication, boards also translated CSRD into organisational practice by establishing structures and routines through which the regulation is interpreted and engaged with.

These efforts can be understood as *substantive sensegiving mechanisms*, defined as actions that produce tangible and observable changes in organisational structures, processes and practices (Weiser, 2021). Across the findings, boards were consistently described as non-operational actors whose role is structural rather than operational, working through management rather than directly with the organisation. While the elaboration phase temporarily pushed boards into more operational engagement (see 6.2), their translation of CSRD into organisational practice nonetheless proceeded through structural rather than operational means: by directing CSRD through management, structuring

the work under the audit committee, allocating resources and building competence, keeping CSRD on the board agenda and setting targets while ensuring follow-up.

What makes these structural arrangements particularly powerful as translation mechanisms is that they operate on two levels simultaneously. On one level, they function as observable signals that communicate meaning and priority, what Weiser (2021) describes as physical referents as cues for interpretation. On another level, they create recurring opportunities under which sensegiving can continuously occur over time, functioning as what Maitlis and Lawrence (2007) describe as process facilitators. Rather than being separable logics, the findings suggest that these two dimensions tend to reinforce each other. Assigning CSRD to the audit committee signals its organisational importance while simultaneously establishing a recurring governance structure through which it is continuously addressed. Keeping it on the board agenda not only signals strategic priority but creates the organisational space within which sensegiving can repeatedly take place.

What is particularly noteworthy is that, given boards' non-operational nature, substantive mechanisms appeared to play a more central role in how boards translated CSRD into organisational practice than the dominant perspective in sensegiving research would suggest. While the sensegiving literature has largely conceptualised sensegiving as a predominantly discursive activity, the findings suggest that for boards, structural arrangements rather than communication constitute the primary channel through which CSRD is translated into organisational practice. This extends Weiser's (2021) argument that substantive mechanisms may carry greater sensegiving weight under certain conditions, demonstrating that boards represent one such condition.

6.3.3 Multi-context Board Members as Information Bridges

A recurring empirical finding concerns the particular influence of multi-context board members in translating CSRD into organisational practice. In contexts of uncertainty, these members were described as more knowledgeable and influential in discussions. Drawing on experiences from other board assignments, they functioned as information bridges, translating CSRD across boardrooms by transferring interpretations from one organisational context to another. This corresponds to what Maitlis and Lawrence (2007) identify as key enablers of sensegiving: expertise and legitimacy. However, in the context of novel regulation, these qualities are not simply given but actively accumulated through multi-context board experience, constituting a mechanism through which translation capacity is built and transferred across organisational contexts.

This stands in contrast to the conventional governance literature, which has built on the busyness hypothesis, associating multiple board positions with weakened governance and reduced monitoring

effectiveness (Tham, 2024). Rather than appearing overcommitted, board members with multiple assignments emerged as particularly effective translators of CSRD, lending support to the reputation hypothesis. While prior research has found knowledge spillovers to be especially pronounced for younger and IPO companies with high advising and financing needs (Tham, 2024), the findings suggest the phenomenon extends to contexts of high regulatory uncertainty, where multi-context board experience constitutes a valuable translation resource rather than a governance liability. This advances the reputation hypothesis beyond its conventional focus on reputational maintenance and knowledge transfer, suggesting that the value of multi-context board members lies not only in what they know but in how they translate novel regulation across organisational contexts.

6.3.4 Overview: Board Translation of CSRD Into Organisational Practice

Figure 5 illustrates the three mechanisms through which boards translate CSRD into organisational practice: discursive, substantive and multi-context board members. Together, these mechanisms show that board translation of CSRD occurs not only through what boards communicate, but through the structures they establish and the multi-context board experience they draw upon. The findings further suggest that, given the structural rather than operational role boards typically occupy, substantive mechanisms constitute the primary channel through which translation occurs, challenging the discursive emphasis that has dominated sensegiving research.

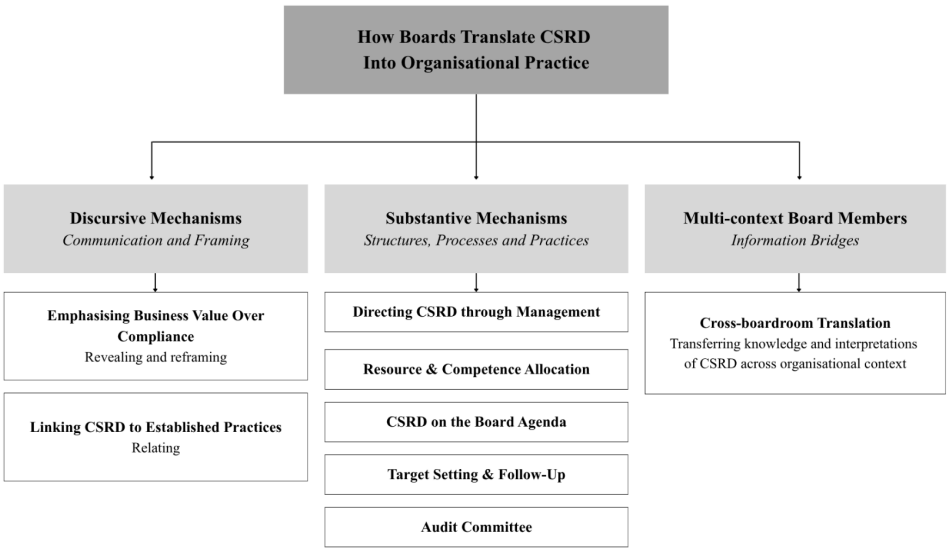


Figure 5. Board Translation of CSRD Into Organisational Practice

7. Conclusions

This chapter presents the Key Findings (7.1), outlines its Theoretical (7.2) and Practical Contributions (7.3), acknowledges its Limitations (7.4) and identifies directions for Future Research (7.5).

7.1 Key Findings

This study explored how boards in Swedish companies made sense of, responded to and translated CSRD into organisational practice across varying degrees of regulatory exposure.

With respect to RQ1, the findings reveal three distinct board responses: mandated companies adopted a *compliance-oriented response*, characterised by a 'good enough' approach; dropout companies adopted a *divergent response* following the Omnibus 1 package, either continuing with a learning-oriented approach under reduced administrative burden or pulling the handbrake; and voluntary companies adopted a *selective response*, cherry-picking the 'golden eggs'. While Oliver's (1991) typology classified the dominant responses, it could not explain how boards arrived at them, a gap the sensemaking analysis addressed by illuminating the interpretive and temporal processes through which responses are constructed.

The sensemaking analysis unfolded through a processual trajectory of *disruption, elaboration and stabilisation*, with shared patterns and group-level variation. In the disruption phase, prior reporting experience and personal sustainability orientations shaped initial sensemaking across all groups; mandated and dropout companies drew on internalised cognitive templates, viewing CSRD as a continuation of existing reporting logic, while voluntary companies encountered CSRD as fundamentally new. In the elaboration phase, boards anchored CSRD in existing governance structures, drew on expertise as a legitimising resource rather than a source of knowledge and temporarily assumed a more operational role. Yet contestation varied, comparatively contained in mandated companies where compliance functioned as a shared frame, high in dropout companies as the Omnibus 1 package reopened debate mid-process and more open in voluntary companies where interpretive space allowed broader debate. In the stabilisation phase, mandated companies reached the most institutionalised state with established routines; dropout companies remained in cautious continuation, as regulatory flux hindered full routinisation; and voluntary companies continued selectively with their most valued elements. Across the trajectory, mandated and dropout companies moved gradually from retrospective to prospective sensemaking, while voluntary companies engaged prospectively throughout. Taken together, these differences in sensemaking help explain the variation in responses observed across groups. Regulatory exposure thus did not determine board responses directly, but conditioned the interpretive processes through which those responses were constructed.

With respect to RQ2, the findings reveal three sensegiving mechanisms through which boards translate CSRD into organisational practice: *discursive, substantive and multi-context board members.* Through discursive mechanisms, boards reveal and reframe CSRD sequentially, shifting from compliance to strategic value and relate it to established practices to transfer legitimacy from familiar frames. Through substantive mechanisms, boards establish structural arrangements that operate both as signals of priority and as recurring opportunities for ongoing sensegiving, including directing CSRD through management, allocating resources and competence, placing CSRD on the board agenda, target setting and follow-up and embedding it within the audit committee. Multi-context board members function as information bridges, translating CSRD across organisational contexts through accumulated cross-board experience. Given boards' structural rather than operational role, substantive mechanisms emerged as the primary channel of translation, challenging the discursive emphasis that has dominated sensegiving research.

7.2 Theoretical Contribution

This study contributes to opening the 'black box' of board behaviour (Engbers et al., 2024; Huse, 2005). Prior board research has predominantly focused on compositional characteristics and governance outcomes, leaving the micro-level processes through which boards construct meaning and translate regulatory demands into practice largely unexamined. By tracing how boards made sense of, responded to and translated CSRD into organisational practice, this study illuminates the interpretive and temporal dynamics that shape board work, answering Huse's (2005) call for behavioural and process-oriented approaches to board governance.

The study also bridges macro and micro perspectives on regulatory change, responding to Jensen et al.'s (2009) call to combine institutional theory with sensemaking research in the underexplored context of binding sustainability regulation (Den Nieuwenboer et al., 2025). It demonstrates that regulatory exposure does not determine board responses directly but conditions the interpretive processes through which those responses emerge.

A further contribution lies in extending substantive sensegiving research. Where Weiser (2021) shows that substantive mechanisms can carry greater weight than discursive ones under certain conditions, this study identifies non-operational governance roles as one such condition: for boards, structural arrangements rather than communication constitute the primary channel through which regulatory mandates are translated into organisational practice.

Finally, the study contributes to the debate between the busyness and reputation hypotheses in board governance research (Tham, 2024). In the context of CSRD, multi-context board members functioned

as information bridges, carrying interpretive frameworks and emerging practices across the boards they served. This extends the reputation hypothesis by demonstrating that the value of such directors lies not only in reputational maintenance and knowledge transfer, but also in translating novel regulation across organisational contexts under regulatory uncertainty.

7.3 Practical Contribution

The findings have implications for how boards are composed in anticipation of regulatory disruption. During early CSRD engagement, multi-context board members were perceived as more knowledgeable and listened to more closely, not because of formal sustainability expertise, but because experience across multiple boards had equipped them with interpretive frameworks and emerging practices from other organisational contexts. In conditions of high regulatory uncertainty, this translation capacity can accelerate sensemaking where established guidance is absent. This suggests that board composition decisions should consider not only domain expertise but also cross-board experience.

Boards should attend to both their communicative approach to CSRD and the structural arrangements they put in place. Communicative efforts, such as framing CSRD as a strategic opportunity rather than a compliance obligation, foster engagement; structural arrangements, such as embedding it in the audit committee, carry greater weight in translating regulatory intent into organisational practice. Communication and structure should therefore be understood as complementary levers, with structure serving as the primary one.

Finally, the findings suggest that regulatory stability may shape whether boards can move from active interpretation towards routine engagement with regulation. Among dropout companies, the mid-process introduction of the Omnibus 1 package led boards to adopt a more cautious stance, preventing work from settling into routine. For regulators, this implies that frequent revisions to scope and requirements, even when intended to reduce burden, may prevent the development of stable routines through which regulation becomes embedded in governance practice.

7.4 Limitations

The study captures individual board members' retrospective interpretations of board-level sensemaking processes, rather than the processes as they unfolded, a distinction that carries important limitations. As the data consist of reconstructed accounts rather than observed processes, they are subject to post-hoc rationalisation. Consequently, the temporal phases of disruption, elaboration and stabilisation likely appear more deliberate than they were. The presence of multi-context board

members complicates attribution, as interpretations transferred from other board contexts are difficult to distinguish from those formed within the focal organisation.

Since sensemaking is theorised as a social process, a single account per board leaves the collective process unobservable. This implies that the study does not capture the interactive dynamics through which meaning is negotiated within the board, limiting the ability to characterise the board as a collective from individual accounts. A single account per board also risks capturing views that reflect a dominant or minority perspective rather than the board as a whole. Political contestation is likely underrepresented as a result, a tendency reinforced by board members' reluctance to comment on colleagues' contributions during interviews.

A further limitation concerns the sensitive nature of the research context. Board roles are characterised by high visibility and reputational accountability, which may have shaped how accounts were constructed. As a consequence, engagement with CSRD may be portrayed more positively than the reality warrants.

A final limitation concerns the study's relatively unproblematised treatment of sensegiving. In a governance context where boards act indirectly, sensegiving is likely mediated through management. The study therefore captures translation as it is initiated by the board, but not how it unfolds through management into wider organisational practice.

7.5 Future Research

First, future research should examine whether similar patterns of board sensemaking and translation of CSRD emerge across broader European contexts, particularly in institutional environments where sustainability reporting is less mature. Second, future research should seek to include multiple members from the same board, enabling a more comprehensive examination of how sensemaking and sensegiving unfolds within boardrooms, including how interpretations are negotiated, challenged and shaped through interaction, as well as how internal disagreement, power relations and political contestation emerge within board processes. Third, as this study captures sensegiving from the perspective of board members, future research should examine how management mediates board-level sensegiving and whether the mechanisms identified translate into wider organisational practice.

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9. Appendices

Appendix 1. Interview Guide - Board Members

Introduction

- Brief introduction of ourselves and our research topic.
- Inform about GDPR policies and anonymity and how data will be handled.
- Ask for permission to audio-record.

Warm-up Questions

- Could you briefly describe your role on the board and your professional background?
- How are the board working and organizing sustainability issues or demands?
    - Does the board currently have a sustainability committee at board level?
    - To what extent has the board's approach to sustainability changed over time?
- How and when did the company start to report on sustainability?
    - What were the main motivations for initiating sustainability reporting?
    - Which reporting standards have been used?
    - Was GRI used prior to the introduction of CSRD?
- To what extent is sustainability a strategic issue for the company?
- Before CSRD, how would you describe the board's engagement with sustainability issues?

Theme 1: Sensemaking

- When CSRD first came onto the board's agenda, how did the board initially interpret it?
    - At that stage, what felt most unclear or challenging for the board?
- Do you see CSRD as a continuation of the work you have already done, or as something fundamentally new for your organisation?
- How does the board typically gather information and signals related to CSRD?
  (e.g. management, internal reporting, auditors, advisors, peer boards)
    - Which roles or functions are typically responsible for bringing these topics to the board?

    - Which actors have been involved in supporting the interpretation and implementation of CSRD, such as external consultants?
- How have regulatory changes (Omnibus 1 package) and uncertainty around CSRD impacted your organisation's perspective on it?
    - Has this affected the extent to which CSRD is treated as a strategic priority?
- What role do board members' professional backgrounds and sustainability perspectives play in discussions of CSRD?
- How does the board today perceive its role and responsibility in relation to sustainability reporting under CSRD?
    - How does the board's responsibility burden today differ from the past?
    - What does this responsibility mean in practice for the board?
    - Has the board's understanding of its responsibility changed with the introduction of CSRD? If so, how?
- Were there differences in how board members initially understood CSRD?
        - If yes
            - Could you walk us through a specific meeting or discussion where these differing views became apparent? How did the board reach alignment on how to interpret the regulatory requirements?
- If you reflect on your experience, what emotions best capture the board's and your own reaction to CSRD?
        - Have these emotions changed over time?
        - How did these emotions (e.g., anxiety, frustration, enthusiasm) influence the speed or direction of your decision-making?

Theme 2: Sensegiving

- How do you see the board's role in influencing how CSRD is understood and acted upon in the organisation?
- How does the board aim to shape the understanding of sustainability and CSRD within the organisation?
    - What means are used?
        - Does the board rely more on formal channels (e.g., audit committees, written directives) or informal channels (e.g., mentoring or guidance to the CEO) to communicate this sustainability responsibility?
- How are expectations related to CSRD typically communicated from the board to management?

- Are there particular ways the board tends to frame CSRD when discussing it internally? *(For example as a compliance issue, a risk, or a strategic opportunity)*
    - Do you need to actively sell the importance of CSRD reporting internally, or is it already widely understood and accepted?

Theme 3: Tensions and Temporality

- What types of tensions, if any, arise between different board priorities as a consequence of CSRD?
    - When there are competing demands, how does the board typically prioritise or balance them in relation to CSRD?
- Have discussions about CSRD revealed tensions between short-term business priorities and long-term sustainability goals?
    - If yes
        - Can you describe a specific recent decision where CSRD requirements conflicted with a short-term financial objective? How was that specific conflict resolved?

Theme 4: Implications and Evolving Board Practice

- From your perspective, how has the introduction of CSRD influenced the nature and priority of discussions in the boardroom?
    - How do you personally experience the importance of these topics today compared to earlier periods?
        - *Are there differing views among board members on this?*
- To what extent do you see sustainability being treated as a strategic board-level issue, rather than mainly a regulatory or compliance matter?
    - *Are there differing views among board members on this?*
- How do you personally view what CSRD will mean for the company in the longer term?
- From a business perspective, what do you see as the main advantages and disadvantages of CSRD?
    - *Are these perceptions shared across the board, or do they vary?*

Concluding Questions

- Is there anything you want to add or believe is of importance that we have not yet talked about?
- Is there anyone in your network whom you believe would be suitable to interview for this study?

Appendix 2. Interview Guide - Experts

Introduction

- Brief introduction of ourselves and our research topic.
- Inform about GDPR policies and anonymity and how data will be handled.
- Ask for permission to audio-record.

Warm-up Questions

- Can you briefly describe your professional background and your experience with board work?
- In what way are you currently involved in issues related to boards, corporate governance, or sustainability?

Theme 1: Sensemaking

- From your perspective, how do boards generally approach CSRD today?
- How do boards interpret their role and responsibilities under CSRD?
- Which aspects of CSRD seem to create the most confusion or uncertainty at the board level?
- Do you see recurring differences in how different boards understand CSRD, for example depending on industry, level of maturity, or board competence?
- Do you see recurring differences in how individual board members understand CSRD, for example depending on background or interest in sustainability?
- Based on your experience, how do boards typically develop their understanding of CSRD (e.g., consultants, auditors, internal reporting, training)?

Theme 2: Sensegiving

- In what ways do you see boards attempting to influence how CSRD is understood and prioritised within organisations?
- Which tools or forums are most commonly used - formal (policies, committees, reporting requirements) or more informal (dialogue with the CEO, signaling priorities)?
- Do you see boards more often framing CSRD as a compliance issue, a risk issue, or a strategic opportunity?
- Do you have examples of how the board's way of discussing CSRD has actually influenced how the organisation acts?

Theme 3: Tensions and Temporality

- What types of goal conflicts do you see boards dealing with in relation to CSRD?
- Do tensions arise between short-term financial goals and long-term sustainability requirements?
    - How are these typically handled?
- Do you see CSRD crowding out other issues, or conversely being deprioritised when business pressure increases?

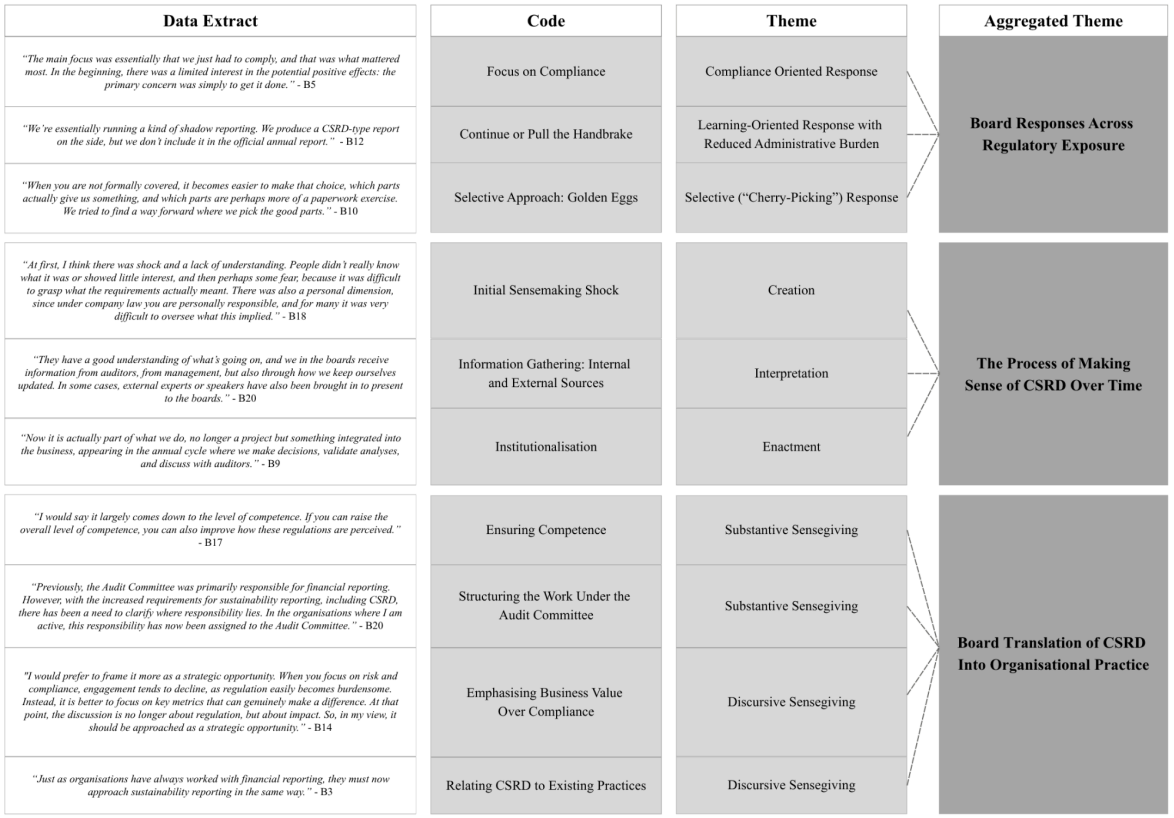
Theme 4: Implications and Evolving Board Practices

- Have you observed that CSRD has led to concrete changes in how boards operate (e.g., more committees, more frequent reporting, new competencies)?
- To what extent do you perceive that sustainability is now discussed strategically rather than purely from a regulatory perspective at the board level?
- Do you think CSRD will, in the long term, change what is expected of a competent board member?

Concluding Questions

- Is there anything you would like to add, or anything important that we have not covered during the interview?
- Given your experience with boards, are there any individuals or profiles you would recommend that we contact?

Appendix 3. Extract of Thematic Analysis



Appendix 4. Usage of AI

As part of the thesis writing process, four AI tools were utilised across different stages of the research. The following section details how each tool was used, their contributions to the quality of the work, associated risks and the measures taken to address them.

First, SciSpace was employed during the initial phase of the thesis to navigate and map the existing research landscape. By enabling efficient screening of academic literature, the tool helped establish a foundational understanding of relevant theories and prior studies, allowing the authors to identify key themes and gaps more systematically than a manual search alone would have permitted. This contributed to the quality of the thesis by ensuring that the literature review was built on a broad and structured foundation from an early stage, reducing the risk of overlooking central contributions to the field. A potential risk, however, is that algorithmic filtering may surface a skewed or incomplete selection of literature, inadvertently narrowing the scope of sources consulted. To mitigate this, SciSpace was used solely as a starting point and was supplemented with independent database searches to ensure breadth and balance in the literature review.

Second, Klang was used for the transcription of audio-recorded interviews. Klang was chosen as it is a Swedish, GDPR-compliant transcription tool that holds ISO 27001 certification for information security management and was developed for use in highly sensitive organisational contexts. Further, all its files are encrypted, the company does not train its models on customer data and when data is deleted from the system it is completely removed from the tool (Klang AI, 2026). Prior to each interview, all participants were informed of the recording and provided their explicit consent. The recordings were stored in a secure, access-restricted environment accessible solely to the authors and were permanently deleted once they were no longer needed for research purposes. The use of Klang improved the quality of the empirical material by producing verbatim transcripts, allowing for more precise engagement with the interviewees' responses during analysis compared to relying on handwritten notes alone. Following each upload, the authors carefully reviewed every transcription in full whilst listening to the audio recording, correcting any inaccuracies in wording or phrasing to ensure the transcripts accurately reflected what was said. The primary risk associated with automated transcription is the introduction of errors, particularly with industry-specific terminology, accents, or overlapping speech, which could compromise the integrity of the empirical data. This was addressed by conducting a thorough manual review of every transcript, cross-referencing it against the original recording.

Third, ChatGPT (GPT-5.5) was used as a writing aid and discussion partner throughout the writing process. It was employed to suggest alternative phrasings, improve clarity and precision of expression and assist with the translation of interview quotes. It also served as a sounding board for articulating

ideas that were already formed by the authors. Critically, it was not used to generate independent analysis, draw conclusions, or serve as a source of information. The tool contributed to the quality of the thesis by sharpening the language and ensuring that arguments were communicated with greater clarity and accuracy. The primary risk associated with this tool is the potential for inaccurate, superficial, or subtly misleading outputs, a limitation inherent to large language models. This was mitigated by treating all outputs critically, never relying on the tool as an authoritative source and consistently verifying any suggestions against the authors' own understanding and the underlying data.

Fourth, Claude (Claude Sonnet 4.6) was utilised as a linguistic aid and discussion partner throughout the writing process. This included suggesting rephrasing of sentences, identifying grammatical errors and serving as a sounding board to stimulate reflection and thought. The tool was further consulted for inspiration when considering how to visually present data and structure analytical figures, supporting the development of clearer and more accessible visual representations and helping to communicate complex findings in a more structured and pedagogical way. Furthermore, Claude was used to identify inconsistencies in the work by pasting sections of the text and prompting it to identify contradictions, gaps in argumentation and structural inconsistencies. Additionally, in order to adhere to the word limit, Claude was employed to condense and shorten content where arguments had become overly verbose. This was done by pasting sections of the text into Claude with instructions to reduce length, after which the condensed output was reviewed and reintegrated into the manuscript. Together, these uses contributed to strengthening the overall structure, flow and coherence of the thesis. The risk associated with this tool is that large language models may produce suggestions that appear well-suited but lack contextual accuracy or fail to align with the analytical logic of the research. To address this, all outputs were treated as a source of inspiration rather than direction and final decisions regarding language, structure and visual presentation remained entirely with the authors, always grounded in the substance and reasoning of the research itself.

The use of AI tools throughout the thesis writing process yielded important insights. A key observation was that AI-generated language tended towards verbosity and generic phrasing, often at the expense of analytical sharpness and precision. This experience underscored that the value of AI tools in academic writing lies not in their ability to produce ready-made text, but in their capacity to prompt reflection on how ideas can be expressed more clearly and precisely. Similarly, whilst AI was efficient in shortening content, the condensed outputs required careful review to ensure that valuable content, nuance and tone were not lost in the process. A further insight was that AI tools perform better when provided with more context. The quality of outputs improved noticeably when larger portions of the text were shared, enabling the tool to better account for the overall argument and structure rather than treating each section in isolation.

AI Sources

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