

Regulatory Pressure and Corporate Sustainability: How Policy Changes Influence Business Strategies and Profitability

Tuğçe Uysal

¹UCAM Universidad Católica San Antonio de Murcia, Av. de los Jeronimos, 135, 30107 Guadalupe, Murcia, Spain

ARTICLE INFO

Original paper

Received: 08th of September, 2025

Revised: 27th of September, 2025

Accepted: 01st of October, 2025

doi:10.7251/JOCE2509079U

UDK 339.138:347.77/.78(497.6)

Keywords: Corporate sustainability;
Corporate Reporting;
Business Strategy,
Regulatory Framework
JEL Classification: M14, Q56, G38, L51

ABSTRACT

This study explores how evolving regulatory frameworks influence corporate sustainability strategies and financial performance. Against the backdrop of the EU's Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, and the German Supply Chain Due Diligence Act, the research investigates how companies adapt strategically and operationally to increasing regulatory demands. Using a qualitative methodology based on expert interviews across diverse industries, the study reveals that while regulatory compliance often imposes short-term financial and organizational burdens, it can also catalyze innovation, strategic repositioning, and long-term value creation. The findings highlight the heterogeneity of corporate responses, shaped by internal governance, industry context, and leadership commitment. The study concludes with practical recommendations for both policymakers and corporate leaders, emphasizing the need for clearer regulatory guidance, robust ESG data infrastructures, and the cultural integration of sustainability within organizations.

©CC BY-NC-ND 4.0.

*Corresponding author, M.A., PhD candidate, e-mail address: tuysal@alu.ucam.edu (T. Uysal). Published online first 11 of October 2025. Published by the Republic of Srpska Association of Economists „SWOT“, Bosnia and Herzegovina. This is an open-access article under the CC BY-NC-ND 4.0. license (<https://creativecommons.org/licenses/by-nc-nd/4.0/>).

1. Introduction

In recent years, the pressure on companies to operate more sustainably has increased significantly due to regulatory requirements and political initiatives (Douglas et al., 2017; Schiederig et al., 2012). At both the European and global levels, companies are increasingly being mandated to incorporate environmental, social, and governance (ESG) considerations into their business strategies and to report transparently on their sustainability performance (Kotsantonis et al., 2016). The introduction of the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, and the Supply Chain Due Diligence Act are just a few examples of policy changes that are driving a fundamental transformation in corporate behavior (European Commission, 2025; Bundesministerium für Arbeit und Soziales (BMAS), 2021).

This regulatory shift presents new strategic challenges for businesses, but it also offers opportunities for innovation, reputational benefits, and long-term value creation (Eccles & Klimenko, 2019; Porter & Kramer, 2011). Against this background, a key research problem arises: how do political changes specifically influence corporate strategies, and what effects do these changes have on business profitability? While sustainability is often regarded as a moral imperative or a matter of corporate responsibility, the question increasingly arises as to whether sustainable business practices are also compatible with economic success, particularly under the influence of regulatory frameworks. The academic relevance of this topic lies at the intersection of sustainability research, strategic management, and performance analysis.

The aim of this paper is to analyze how regulatory pressure affects companies and how political measures influence their sustainability strategies and profitability. The study is guided by the following research questions:

- (1) How do political and regulatory changes influence the strategic orientation of companies regarding sustainability?
- (2) What is the relationship between adapting to regulatory requirements and business profitability?

To answer these questions, a qualitative methodological approach is adopted. Expert interviews are conducted with senior managers, sustainability

officers, and policymakers. The data will be analyzed using qualitative content analysis according to Mayring (2022), combining deductive and inductive coding strategies. The study aims to develop a deeper understanding of how regulatory mechanisms impact corporate behavior and to derive practical recommendations for both companies and political actors. The paper is structured as follows: after the introduction, chapter two outlines the theoretical and conceptual framework. Chapter three presents the methodological approach. Chapter four discusses the empirical findings. Finally, chapter five summarizes the key results and offers an outlook on future research directions.

2. Literature Review and Theoretical Framework

This chapter outlines the theoretical and conceptual foundations of the study. It begins by defining key concepts such as corporate sustainability and profitability and explores their interrelationship. This is followed by an overview of key sustainability regulations and their implications for corporate practice. Finally, the chapter reviews the existing body of research on regulatory pressure, innovation incentives, and financial performance to provide a solid foundation for the present study.

2.1. Corporate Sustainability and Profitability: Conceptual Foundations

The concept of corporate sustainability has evolved over recent decades into a central guiding principle for responsible business conduct. It encompasses not only the reduction of negative environmental impacts but also a holistic understanding of sustainable corporate management that integrates environmental, social, and economic dimensions (Elkington, 1998; Lozano, 2013). The aim is to create long-term value, both for the company itself and for its stakeholders and society at large. Sustainability is therefore not seen as a contradiction to profitability but rather as a strategic framework within which companies can act more resiliently, innovatively, and with a future-oriented mindset (Eccles et al., 2012). Profitability, understood as a company's ability to generate long-term profits, remains one of the most important goals of business activity. From a traditional business perspective, profitability is closely linked to efficiency, cost optimization, and market growth. Within this context, sustainability has long been regarded as a potential cost factor, one that might

conflict with short-term returns (Friedman, 1970). However, this view has shifted considering growing awareness of environmental risks, societal expectations, and increasing regulatory demands (Kotsantonis et al., 2016). Recent discourse emphasizes that sustainable business practices do not necessarily conflict with profitability. On the contrary, numerous studies indicate that companies integrating ESG (environmental, social, governance) criteria into their strategic planning tend to perform better in the long run (Friede et al., 2015; Khan et al., 2016). Contributing factors include improved access to capital, stronger customer loyalty, reduced reputational risks, and greater capacity for innovation (Clark et al., 2014). Especially in the context of tightening regulations, sustainability is becoming a competitive factor that not only mitigates risks but also opens up new opportunities (Porter & Kramer, 2011). Nonetheless, the relationship between sustainability and profitability remains complex. It is significantly influenced by company-specific factors such as industry, size, strategic orientation, and corporate culture (Eccles & Klimenko, 2019). In addition, the time horizon plays a crucial role: while investments in sustainability often pay off in the medium to long term, short-term performance goals still dominate corporate practice (Cheng et al., 2013). This is precisely where the present study positions itself by examining how regulatory pressure, as an external driver, influences the connection between sustainable strategy and financial performance.

2.2. Key Sustainability Regulations and Their Corporate Implications

In response to global climate change, resource scarcity, and increasing societal expectations, sustainability-related regulation has gained significant momentum in recent years. Both at the international level and within the European Union, comprehensive legal frameworks have been introduced to steer companies towards more sustainable business practices. These regulations aim to increase transparency regarding the environmental and social impacts of corporate activities, to promote investment in sustainable business models, and to reduce negative externalities. For companies, these developments not only entail expanded reporting obligations but also require a strategic realignment of internal processes, products, and entire value chains. One of the most pivotal instruments in this regard is the Corporate Sustainability Reporting Directive (CSRD), which replaces the former Non-Financial

Reporting Directive (NFRD) as of 2023. The CSRD extends reporting requirements to a much wider group of companies, including a wide range of medium-sized enterprises. Furthermore, the directive increases both the depth and breadth of sustainability disclosures. Companies must now report on environmental and social impacts, governance structures, strategies, risks, and the actual or potential financial effects of sustainability-related topics.

These reports must be prepared in accordance with the European Sustainability Reporting Standards (ESRS) and will be subject to mandatory external assurance (European Commission, 2025; KPMG, 2022). As a result, companies are faced with substantial challenges in terms of data management, internal coordination, and the integration of sustainability into corporate strategy. Another key regulatory mechanism is the EU Taxonomy Regulation, in force since 2022. This regulation introduces a classification system for environmentally sustainable economic activities, with clearly defined technical criteria, e.g., for climate change mitigation, biodiversity protection, and pollution prevention. Companies must disclose the extent to which their turnover, capital expenditures (CapEx), and operating expenditures (OpEx) align with the taxonomy's environmental objectives. The aim is to prevent greenwashing and to channel capital flows into genuinely sustainable sectors (European Commission, 2020). This requires businesses to embed sustainability not only into their communication strategies but also into their core operations and financing decisions. Complementing these measures is the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG), which came into effect in 2023 and is expected to be succeeded by an EU-wide regulation. The act imposes legally binding due diligence obligations on companies above a certain size threshold, requiring them to identify and mitigate human rights and environmental risks throughout their global supply chains and to publish annual reports (Bundesministerium für Arbeit und Soziales (BMAS), 2021). This increases the pressure on companies to ensure sustainability not only within their own operations but also among suppliers, thereby generating strategic and organizational implications. In addition to binding legislation, international frameworks such as the United Nations Sustainable Development Goals (SDGs), the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights

also influence corporate sustainability practices. Although these instruments are not legally binding, they increasingly serve as normative foundations for regulatory developments and are gaining relevance in the eyes of investors and other stakeholders (United Nations, 2015; OECD, 2011).

Together, these regulations lead to a deeper institutionalization of sustainability within business conduct. Companies are required to adapt their strategic objectives, control systems, and reporting practices to meet evolving requirements. This shift demands not only technical know-how but also a transformation in how value creation, risk management, and stakeholder communication are understood. At the same time, regulatory change offers opportunities for companies to position themselves as sustainable market players, tap into innovation potential, and attract sustainability-focused capital.

2.3. Previous Research on Regulatory Pressure, Innovation Incentives, and Financial Performance

The relationship between regulatory pressure, corporate innovation, and financial performance has been a central theme in recent business and sustainability research. For several decades, scholars have investigated how external requirements and political frameworks influence corporate behavior and what economic outcomes can be expected from regulatory interventions. A key line of research focuses on the so-called Porter Hypothesis, first introduced in the 1990s. It posits that stricter environmental regulations do not necessarily lead to higher costs or competitive disadvantages. Rather, they can trigger innovation processes that improve resource efficiency and ultimately strengthen competitiveness (Porter & Van der Linde, 1995). This hypothesis has been the subject of extensive empirical testing, with mixed results. While some studies confirm the innovation-stimulating effect of environmental regulation (Ambec et al., 2011), others point to variations depending on industry, company size, or national context (Costantini & Mazzanti, 2011).

In the context of modern sustainability regulations such as the CSRD or the EU Taxonomy, recent research has increasingly examined whether mandatory disclosure requirements or classification systems incentivize investment in green technologies, sustainable business models, or responsible supply chains. Studies suggest

that transparency obligations can positively influence sustainability-related innovation activities, particularly when linked to reputational benefits, market positioning, or improved access to capital (Flammer, 2015; Ioannou & Serafeim, 2011). At the same time, it has been observed that regulatory pressure may lead to symbolic compliance or resistance when companies perceive regulations as merely bureaucratic burdens (Delmas & Toffel, 2008).

Another major area of research addresses the link between sustainability performance and financial outcomes. The meta-analysis by Friede et al. (2015), which synthesizes findings from over 2,000 empirical studies, concludes that the majority report a positive or neutral relationship between ESG performance and financial performance. This indicates that sustainability, especially under regulatory pressure, is not inherently at odds with profitability. In fact, the ability to anticipate and proactively implement regulatory requirements can be seen as a competitive advantage (Eccles et al., 2012).

However, the state of research remains fragmented in certain areas. There are still gaps concerning small and medium-sized enterprises (SMEs) as well as sector-specific dynamics in industries such as manufacturing or finance. Moreover, it remains unclear how the interactions between regulatory pressure, innovation behavior, and financial performance evolve over longer periods. Recent studies aim to address these complexities through more nuanced approaches, including the use of mediator and moderator variables or qualitative case study methods.

3. Research Methodology

This chapter outlines the methodological approach of the present study. The aim is to explain the qualitative research design, justify the selection and composition of interview participants, and provide a transparent account of the data collection and analysis process. Finally, the quality criteria of qualitative research are discussed to ensure the trustworthiness and credibility of the findings.

3.1. Qualitative Research Design Using Expert Interviews

This study adopts a qualitative research design based on the use of expert interviews. This methodological approach is particularly suited to exploratory

research questions that seek to gain in-depth insights into complex interrelationships, subjective assessments, and strategic logics within organizational contexts. Given that the central research interest lies in understanding how regulatory changes influence corporate sustainability strategies and their economic implications, the perspectives of experienced professionals with relevant knowledge of organizational transformation processes are of critical importance. Expert interviews make it possible to access both implicit knowledge and organization-specific interpretations that are often overlooked in standardized survey formats. The term “expert” in this context is not limited to an academic definition but refers to individuals who possess specific contextual or experiential knowledge that is essential for answering the research question (Meuser & Nagel, 2009). In this study, such experts include sustainability officers, members of executive management, CSR managers, strategy consultants, and policymakers involved in the implementation or evaluation of sustainability-related regulations. The decision to employ a qualitative approach also reflects the aim of capturing not only surface-level opinions but also the interpretative frameworks, argumentation patterns, and strategic responses of the interviewees. Semi-structured interviews were conducted using an interview guide to ensure a certain degree of comparability, while still allowing for individual emphasis and in-depth follow-up questions. This approach achieves a balance between structure and openness, an essential characteristic of qualitative interviewing (Helfferich, 2011).

The qualitative methodology enables the study to capture the complex interplay between regulatory pressure, corporate strategy, and financial performance in its organizational context. Through the systematic analysis of interview data using qualitative content analysis, the study generates both theoretically grounded and practice-relevant insights that contribute meaningfully to academic discourse and corporate decision-making alike.

3.2. Selection Criteria for Interview Participants

The selection of suitable interview participants is a key element of qualitative research, as the quality and relevance of the data collected largely depend on the expertise and diversity of perspectives among the respondents. The aim of this study was to identify individuals with in-depth knowledge,

practical experience, and strategic insight in the areas of sustainability, corporate management, and regulatory compliance. For this purpose, a theoretical sampling approach was applied (Glaser & Strauss, 2009), meaning that participants were selected based on their relevance to the research question rather than statistical representativeness.

The following selection criteria were defined. First, participants were required to hold a central role in relation to corporate strategy, sustainability reporting, regulatory implementation, or business development. This included positions such as Chief Sustainability Officer, CSR Manager, Head of Strategic Development, Compliance Officer, or members of executive management.

Second, to provide well-informed and reflective insights on the development and impact of regulatory measures, a minimum level of professional experience was required. Most interviewees had several years of experience in ESG management or corporate strategy and had been actively involved in organizational transformation processes.

Third, to capture a range of perspectives and industry-specific challenges, a deliberately heterogeneous sample was chosen. Participants came from a variety of sectors, including manufacturing, financial services, consumer goods, energy, consulting, and public institutions. This diversity allowed for a comparative analysis of how different industries respond to regulatory pressure.

Forth, another key criterion was the participants’ knowledge of relevant political and regulatory developments, such as the CSRD, the EU Taxonomy, or the Supply Chain Due Diligence Act. This was verified during the recruitment phase and served as a prerequisite for conducting focused and in-depth interviews.

Lastly, as qualitative research relies on the participants’ ability and willingness to reflect and share authentic insights, openness was a crucial selection factor. This was encouraged through trust-based communication and a respectful interview setting.

In total, five experts were interviewed, all selected based on the criteria above. This targeted sampling approach ensured the creation of a rich and diverse database that captures both strategic and operational perspectives on the research topic. Table 1 provides an overview of the interviewees, their roles, organizational context, industry experience, and specific characteristics relevant to the study.

Table 1*Overview of interviewees*

Interview	Role	Organization	Industry Experience	Key Characteristics
1	Sustainability Reporting Manager	Central Sustainability Department	>10 years	Focus on ESG assessments, centralized implementation, low strategic integration
2	Sustainability Manager (ESG Department)	ESG department with strategic steering committee	7 years	Strong governance structure, focus on product sustainability and hydrogen sector
3	Procurement Sustainability Specialist	Sustainability integrated into procurement	1.5 years	Focus on supply chain, risk evaluation, supplier audits
4	ESG Lead at Business Unit (reports to CEO)	Networked organization with segment/BU-level roles	5 years (2.5 years in direct responsibility)	Responsible for strategy, regulatory monitoring, new business model development

Notes. Author's presentation.

3.3. Data Collection and Analysis Process

The data was collected through guideline-based, semi-structured expert interviews. This method was chosen to gain an in-depth understanding of individual perspectives and company-specific experience in dealing with regulatory sustainability requirements. The interview guide was developed based on the central themes of the research question and informed by relevant academic literature as well as current regulatory developments (e.g., CSRD, EU Taxonomy, German Supply Chain Due Diligence Act). The format allowed for follow-up questions and spontaneous probing, enabling both pre-structured and emerging relevant topics to be captured. A total of five experts were interviewed, all of whom possess substantial knowledge in the strategic or operational implementation of sustainability within the corporate context. With the participants' consent, all interviews were audio-recorded in full and subsequently transcribed. The transcription followed a verbatim protocol while ensuring clarity and consistency across the data.

The analysis of the collected data was conducted

using qualitative content analysis according to Mayring (2022). This systematic, rule-based method allows for the structured and theory-driven evaluation of large volumes of text. A deductive-inductive category system was developed for the analysis: main categories were defined in advance based on theoretical considerations (e.g., the role of sustainability in the company, relevant regulatory developments, implementation and challenges), while subcategories were derived inductively from the empirical material. This combined approach ensures both theoretical alignment and openness to newly emerging aspects within the interview data.

The coding process was supported by the qualitative data analysis software MAXQDA, which enabled a structured, transparent, and traceable examination. Each coding step was documented and substantiated with appropriate quotations from the interview transcripts. The coded data was then analyzed in terms of thematic similarities, differences, and recurring patterns of reasoning. The overall aim of the analysis process was to identify key meaning structures, practical challenges, and actionable recommendations regarding

regulatory sustainability from a business perspective, thereby contributing to answering the central research question.

3.4. Quality Criteria for Qualitative Research

Ensuring scientific quality is also a central concern in qualitative research. Unlike quantitative research, which often emphasizes the criteria of objectivity, reliability, and validity, qualitative research applies adapted quality criteria that account for the interpretive and context-specific nature of the methodology. According to Mayring (2022), key quality criteria include process documentation, proximity to the subject, communicative validation, triangulation, reflexivity, and relevance. In the present study, the following measures were implemented to ensure research quality. The research process, from the selection of interviewees to the development of the interview guide and the subsequent coding and analysis, was systematically documented and presented in a traceable manner. This also included disclosure of the category development process and the presentation of exemplary coding. By conducting guideline-based, semi-structured interviews with experts from corporate practice, a high degree of depth and contextual understanding was achieved. The interview format allowed for responsiveness to individual experiences and patterns of interpretation. During the interviews, the statements of the respondents were actively mirrored, questioned, and contextualized. This mutual clarification supported shared understanding and minimized potential misinterpretations.

The researcher's role was critically reflected upon throughout the entire process, particularly in terms of possible biases in the interpretation of data. Through continuous reflection on personal assumptions and expectations, an open and unbiased approach to the data was pursued. The category system was developed both deductively, i.e., based on theoretical assumptions, and inductively, i.e., derived from the empirical material. This ensured that the results were grounded in both theory and practice. The selection of interviewees and the development of the interview guide were closely aligned with the research question. The collected data thus make a focused contribution to answering the research question and generating relevant

insights into the field of study. These measures serve to enhance the credibility and transparency of the qualitative analysis and uphold the academic rigor of the research.

4. Findings

The following chapter presents the key findings of the qualitative content analysis in a systematic manner and reflects upon them in the context of existing academic literature. The structure is aligned with the main thematic areas of the research question and is divided into strategic adaptations, financial impacts, a comparison with existing findings, and practical as well as theoretical implications. The aim is to provide a nuanced understanding of how companies respond to regulatory sustainability requirements and to derive well-founded conclusions from these insights.

4.1. Strategic Adaptations to Sustainability Regulations

The interviews reveal that companies respond to sustainability regulations in different ways, with the degree of strategic adaptation depending on factors such as organizational structure, regulatory pressure, and the specific roles and goals of those interviewed. Interviewee 2 emphasizes the increasing strategic relevance of product life cycle assessments (LCA). Initially, these assessments were not considered a key business driver. However, due to regulatory developments and growing expectations around product sustainability, they have gained strategic importance: *"The topic of product LCA [...] was not much seen as a key driving force for the business, but once we have key product sustainability data or assessments [...] it became more important"* (Pos. 22). Interviewee 4, the ESG lead of a business unit who reports directly to the CEO, describes a more transformative strategic response. Her company actively uses regulatory requirements as an opportunity to develop new business models. One example is the creation of a digital service offering that delivers CBAM-relevant emissions data to clients in third countries: *"We are now working on a business model that provides CBAM relevant data generated by sensors [...] and integrate it into the digital services provider"* (Pos. 33). Interviewee 5 points out that regulatory pressure has at least led to incremental strategic goal adjustments.

While these changes have not yet resulted in a comprehensive strategic overhaul, specific goals and measures were added to give regulatory expectations a concrete operational foundation: “We have definitely added further goals in individual areas to substantiate the regulatory requirements with concrete measures” (Pos. 23).

Overall, the findings suggest that sustainability regulations can act as a strategic catalyst, triggering innovation, goal-setting, and in some cases, the development of entirely new business models. While some companies integrate regulatory demands reactively into existing processes, others use them proactively to expand their strategic scope and future-proof their operations.

4.2. Financial Impacts of Regulatory Compliance and Innovation Incentives

Regulations rarely come without cost but they can also unlock value. The interviews paint a nuanced picture of how sustainability-related regulations affect financial structures and decision-making processes across different industries. While some participants report increased resource demands and short-term financial burdens, others see emerging incentives and long-term strategic opportunities linked to innovation and positioning. For several companies, regulatory compliance has led to measurable financial outflows, particularly in the form of staffing, data systems, and reporting infrastructure. Interviewee 5 emphasizes that the CSRD, despite still being in early implementation stages, has already created resource pressures within the organization: “We definitely have a resource problem and a data availability problem” (Pos. 35). Interviewee 1 describes how companies are now expected to establish “real programs, real initiatives, budgets that go to those topics” (Pos. 25). This signals a shift from symbolic ESG communication to cost-bearing operationalization. Such internal funding reallocations inevitably influence the broader budgeting landscape. Despite these financial burdens, several interviewees highlight the innovation incentives embedded in regulatory frameworks, especially when companies adopt a proactive stance. A prime example comes from Interviewee 4, ESG lead and direct report to the CEO, who describes the monetization potential of regulatory data: “We are now working on a business model that provides CBAM-relevant data generated by sensors [...]

and integrate it into our digital service offering” (Pos. 33). Similarly, Interviewee 3 explains that ESG metrics are now integrated into supplier evaluation and risk management processes. While these efforts initially demanded financial and human resources, they are increasingly viewed as risk-mitigating measures that may prevent costly supply chain disruptions in the future.

In summary, while regulatory compliance undeniably introduces short-term financial burdens, it also creates strategic incentives to invest in innovation, data infrastructure, and new business models. The companies that succeed in transforming regulatory demands into value-adding initiatives, rather than treating them as mere obligations, appear better positioned for future competitiveness.

5. Discussion

The insights gained through the interviews can be meaningfully linked to the existing academic literature on the strategic and operational management of regulatory sustainability requirements in companies. Overall, the statements made by the experts confirm many theoretical assumptions while simultaneously expanding them through practice-oriented perspectives and concrete case examples. A key finding from the empirical analysis is the heterogeneous strategic response of companies to regulatory demands. This observation aligns with the work of Delmas and Toffel (2008), who argue that companies interpret sustainability regulations either as a compliance obligation or as a strategic opportunity, depending on factors such as organizational openness, resource availability, and innovation orientation. This duality is also evident in the interviews: while some companies merely react to legal requirements (Interviewee 5), others use regulation proactively to develop new business models (Interviewee 4). Similar parallels emerge regarding the cost-benefit perception of regulation. Studies such as Porter and van der Linde (1995) suggest that environmental regulations can stimulate innovation and contribute to long-term competitiveness.

This view is supported by interviewees who highlight the emergence of digital business models, efficiency gains, or improved reputational effects. At the same time, however, and consistent with the literature, regulatory requirements are still often perceived as bureaucratic and resource-intensive in

the short term. Another important aspect relates to internal governance and the organizational anchoring of sustainability. The literature emphasizes that the effectiveness of ESG strategies strongly depends on structural factors such as clearly defined responsibilities, management support, and internal networks (Eccles et al., 2012). This is confirmed by several interviewees, who point to a lack of top management backing or power struggles during organization-wide implementation (Interviewee 4). In terms of data availability and reporting requirements, the empirical findings are also consistent with existing research, which identifies the availability and quality of ESG data as a central challenge (European Commission, 2025; KPMG, 2022). While participants recognize digital tools as a potential lever for increasing efficiency, they also emphasize current technical and staffing limitations.

The findings of this study on corporate responses to regulatory sustainability requirements can be interpreted in both practical and theoretical terms. They provide concrete recommendations for business practice while also offering impulses for the further development of conceptual frameworks in the field of sustainability and regulatory research. From a practical management perspective, the results show that early and structured engagement with regulatory sustainability requirements can yield strategic advantages. Companies that perceive ESG topics not merely as reporting obligations but as opportunities for innovation and strategic positioning are better equipped to translate regulatory pressure into future-oriented business models. This was particularly evident in the statements of interviewees who described how regulatory demands were actively integrated into digital services, product innovations, or new offerings. At the same time, the study highlights ongoing implementation barriers, such as issues of data availability, internal coordination, and resource allocation. These insights point to several concrete areas of action for corporate management.

First, strengthening ESG data infrastructure and robust ESG data management is essential for effective reporting and strategic decision-making. Organizations should invest in automated data collection systems, digital platforms, and employee training to improve data quality and availability. This not only supports compliance but also enables deeper analysis of sustainability performance and identification of improvement areas. Moreover, enhancing internal governance and clear allocation

of roles and responsibilities is vital for successful ESG strategy execution. Companies should define governance structures that empower sustainability officers and ensure accountability at all levels. Integrating ESG objectives into performance reviews and business unit targets can reinforce their strategic importance. Also, companies should move beyond reactive compliance and engage proactively with regulatory developments. Early anticipation of new requirements enables organizations to integrate sustainability into strategic planning, identify innovation opportunities, and avoid last-minute resource bottlenecks. Establishing dedicated cross-functional ESG teams can facilitate horizon scanning and ensure that regulatory changes are systematically monitored and addressed.

Another fact is that sustainability should be anchored in the organizational culture, supported by transparent communication, continuous learning, and incentive systems. Leadership commitment is critical because top management must visibly champion ESG initiatives and allocate resources to support their implementation. Regular internal workshops and open forums can foster buy-in and encourage cross-departmental collaboration. Rather than viewing regulation solely as a constraint, companies should treat it as a catalyst for innovation. The development of new business models, such as digital services for emissions data or sustainable product offerings, can create competitive advantages and open new markets. Collaboration with external partners, including technology providers and research institutions, can accelerate innovation and implementation.

On the policy level, the findings also suggest important implications. Several interviewees expressed the need for practical, clearly worded, and less bureaucratic regulatory guidelines. As such, regulatory authorities could place greater emphasis on implementation support, sector-specific guidance, and digital standards to not only impose requirements but also enable companies to manage transformation effectively. From a theoretical perspective, the findings contribute to the refinement of existing concepts related to regulation and corporate strategy. The heterogeneity in strategic responses observed across the interviews underscores the relevance of context-sensitive theories such as Contingency Theory and the Dynamic Capabilities approach, which emphasize that organizational adaptation is highly dependent on internal capabilities, culture, and external conditions. Moreover, the findings lend support to the Porter Hy-

pothesis, which posits that stringent environmental regulations can stimulate innovation, though this appears to hold true primarily when companies have sufficient resources and strategic flexibility. The interviews further suggest that regulatory change should not be seen merely as an external constraint but rather as a catalyst for internal transformation, which is a perspective that has often been underrepresented in prior research.

Lastly, given the resource-intensive nature of regulatory compliance, companies should explore opportunities for process optimization and external support. Shared service models, outsourcing of non-core ESG activities, and participation in industry consortia can help mitigate resource challenges. Therefore, organizations should establish mechanisms for regular review and adaptation of sustainability strategies. Feedback from ESG reporting, stakeholder engagement, and regulatory audits should inform iterative improvements. Benchmarking against industry peers and participation in sustainability networks can provide valuable external perspectives.

These recommendations, derived from both empirical findings and theoretical frameworks, aim to support organizations in transforming regulatory pressure into strategic opportunity and long-term value creation. By adopting a holistic, forward-looking approach, companies can not only meet compliance requirements but also drive meaningful sustainability transformation.

6. Conclusion and Implications

This final chapter summarizes the key findings of the empirical study and derives concrete recommendations for both policymakers and corporate practitioners. In addition, the methodological limitations of the research are reflected upon, and suggestions for future research are presented. The aim is to place the insights gained into a theoretical context while also making them applicable to the practical development of sustainability strategies.

6.1. Summary of Key Findings

This study examined how companies respond to increasing regulatory pressure in the field of sustainability and what strategic, operational, and financial consequences arise from this development. At its core, the research addressed the question of how political frameworks, such as the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, or the German Supply

Chain Due Diligence Act, serve as drivers of organizational change and whether they trigger innovation processes or structural challenges. The qualitative content analysis of five guideline-based expert interviews revealed a nuanced picture. On the one hand, the findings highlight the heterogeneity of strategic responses to regulatory requirements. While some companies primarily interpret sustainability regulation as a bureaucratic obligation and limit their actions to reactive measures, others actively use regulatory impulses to realign their business models, develop digital services, or position themselves strategically in the market. Another key finding is that sustainability-related regulations are increasingly influencing financial and investment decisions, though with a time lag and varying across companies. In the short term, compliance costs and resource constraints are particularly prominent. At the same time, however, some companies demonstrate how regulatory requirements can be transformed into medium- to long-term competitive advantages through enhanced reputation, risk reduction, or improved access to sustainability-oriented capital. The study also identified numerous challenges in practical implementation, particularly regarding ESG data collection, internal governance structures, and the availability of personnel and technology. These implementation barriers represent key obstacles on the path from regulatory compliance to meaningful sustainable transformation. Lastly, the findings support established theoretical frameworks such as the Porter Hypothesis (regulation as a stimulus for innovation), Contingency Theory (context dependency of strategic responses), and approaches related to the role of dynamic capabilities in transformation processes. The interviews clearly illustrate that successful sustainability strategies require a combination of regulatory foresight, internal coordination, digital competence, and cultural openness.

6.2. Policy and Managerial Implications

Based on the empirical findings, targeted recommendations for both policymakers and corporate decision-makers can be derived. The interviews clearly show that regulatory sustainability requirements act as an ambivalent force: on the one hand, they open up strategic opportunities; on the other hand, they present companies with significant implementation and resource-related challenges. An effective transition toward sustainable business practices therefore requires coordinated interaction between clear regulatory frameworks, strategic entrepreneurship, and opera-

tional implementation capabilities. Several recommendations can be made for policymakers to improve the effectiveness, clarity, and practical applicability of sustainability regulations in corporate contexts. Companies need reliable and long-term regulatory frameworks. Ambiguous terminology, short-term adjustments, and a lack of sector-specific differentiation hinder implementation. Regulatory authorities should therefore place greater emphasis on consistency, clarity, and the early communication of new requirements. Moreover, the demand for practical interpretation aids, best practices, and industry-specific examples was mentioned in several interviews. Regulatory institutions should intensify their dialogue with the business community and provide practical support tools such as digital solutions, FAQ platforms, or standardization guidance. Many companies face technological limitations when it comes to ESG data collection and processing. Government funding programs, grants for digital ESG systems, and targeted training opportunities could help alleviate this burden, particularly for small and medium-sized enterprises. Furthermore, a number of recommendations can also be formulated for corporate practice to enhance the strategic integration, operational implementation, and cultural anchoring of sustainability within organizations. Regulatory requirements should not be viewed in isolation but embedded in strategic planning.

Companies benefit when they proactively anticipate regulatory developments, integrate them into innovation processes, and use them as a lever for differentiation. Moreover, clear allocation of roles, involvement of top management, and the establishment of cross-functional ESG teams are key success factors. In particular, the integration of sustainability into procurement, controlling, product development, and communications should be structurally anchored. The ability to efficiently collect, analyze, and report ESG-relevant data is becoming a competitive factor. Companies should therefore invest in automated systems, data management platforms, and the training of their employees. In addition to technical and structural measures, a cultural shift is also necessary. Sustainability should be embedded in the corporate culture and supported through transparent communication, continuous learning, and incentive systems in everyday operations.

6.3. Study Limitations and Suggestions for Future Research

As with any empirical investigation, this study is subject to certain limitations that should be considered when interpreting the findings. The qualitative design of the research allowed for in-depth insights into individual perspectives, strategic assessments, and organizational practices, but it does not claim to be representative. The selection of five interview participants was intentionally based on a theory-driven, purposive sampling approach, which enhanced the depth of the analysis but simultaneously limited the generalizability of the results to other industries, company sizes, or regional contexts. Another limiting factor lies in the temporal perspective of the study. At the time of data collection, some regulatory developments such as the CSRD or the European Supply Chain Act had not yet been fully implemented or operationalized. As a result, several assessments were based on anticipated impacts or preparatory strategic responses. It is therefore likely that companies' perceptions and actions may evolve significantly as the regulations take full effect. There are also methodological limitations to consider. While guideline-based interviews enabled systematic coverage of comparable themes, they restricted the extent to which unexpected or spontaneous topics could be explored in depth.

Moreover, despite careful transcription and coding, some degree of subjective interpretation cannot be ruled out, especially regarding implicit statements or company-specific language. These limitations open up several avenues for future research. First, it would be useful to conduct a quantitative follow-up study to validate key findings, such as perceived challenges, investment implications, or implementation strategies, within a broader sample and using statistical analysis. Second, longitudinal studies could help capture the evolution of corporate responses to regulatory demands over time, especially before and after the enforcement of specific disclosure requirements. Third, it would be valuable to include the perspectives of additional stakeholders such as investors, NGOs, or customers in order to gain a more holistic understanding of how sustainability regulation influences corporate decision-making. Finally, comparative international studies could yield important insights, as regulatory environments, implementation pathways, and cultural contexts differ significantly across countries. Such

research could help identify country-specific success factors and assess the effectiveness of regulatory approaches in a more differentiated global context.

Author Contributions: Conceptualization, methodology, software, validation, formal analysis, investigation, resources, data curation, writing – original draft preparation, writing – review and editing, visualization, and supervision were all performed by the author. The author has read and agreed to the published version of the manuscript.

Funding: This research received no external funding and is part of the author's PhD studies.

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Not applicable.

Data Availability Statement: The data used in the research are from the primary source of conducting interviews.

Conflicts of Interest: The author declares no conflict of interest.

References

- Ambec, S., Cohen, M. A., Elgie, S., & Lanoie, P. (2011). The Porter Hypothesis at 20: Can environmental regulation enhance innovation and competitiveness? *Resources for the Future*. Retrieved April 08, 2025, from <https://media.rff.org/documents/RFF-DP-11-01.pdf>.
- Bundesministerium für Arbeit und Soziales (BMAS). (2021). *Lieferkettengesetz*. Retrieved April 07, 2025, from Webseite Des Bundesministerium für Arbeit und Soziales: <https://www.bmas.de/DE/Service/Gesetze-und-Gesetzesvorhaben/Gesetz-Unternehmerische-Sorgfaltspflichten-Lieferketten/gesetz-unternehmerische-sorgfaltspflichten-lieferketten.html>.
- Cheng, B., Ioannou, I., & Serafeim, G. (2013). Corporate social responsibility and access to finance. *Strategic Management Journal*, 35(1), 1–23. doi:10.1002/smj.2131
- Clark, G. L., Feiner, A., & Viehs, M. (2014). From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance. *SSRN Electronic Journal*. doi:10.2139/ssrn.2508281.
- Costantini, V., & Mazzanti, M. (2011). On the green and innovative side of trade competitiveness? The impact of environmental policies and innovation on EU exports. *Research Policy*, 41(1), 132–153. doi:10.1016/j.respol.2011.08.004
- Delmas, M. A., & Toffel, M. W. (2008). Organizational responses to environmental demands: opening the black box. *Strategic Management Journal*, 29(10), 1027–1055. doi:10.1002/smj.701.
- Douglas, E., Van Holt, T., & Whelan, T. (2017). Responsible Investing: Guide to ESG Data Providers and Relevant Trends. *Journal of Environmental Investing*, 8(1). Retrieved April 07, 2025, from <https://cbeyyale.edu/sites/default/files/Responsible%20Investing%20-%20Guide%20to%20ESG%20Data%20Providers%20and%20Relevant%20Trends.pdf>.
- Eccles, R. G., & Klimenko, S. (2019). The Investor Revolution. *Harvard Business Review*, 97(3), 106–116.
- Eccles, R. G., Ioannou, I., & Serafeim, G. (2012). The impact of a corporate culture of sustainability on corporate behaviour and performance. *NBER Working Paper Series*. Retrieved April 08, 2025, from https://www.nber.org/system/files/working_papers/w17950/revisions/w17950.rev0.pdf.
- Elkington, J. (1998). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Capstone.
- European Commission. (2020). *EU taxonomy for sustainable activities*. Retrieved April 08, 2025, from Finance: https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en.

- European Commission. (2025). *Corporate sustainability reporting*. Retrieved April 07, 2025, from Finance: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en.
- Flammer, C. (2015). Does Corporate Social Responsibility Lead to Superior Financial Performance? A Regression Discontinuity Approach. *Management Science*, 6(11), 2549–2568. doi:10.1287/mnsc.2014.2038.
- Friede, G., Busch, T., & Bassen, A. (2015). ESG and financial performance: aggregated evidence from more than 2000 empirical studies. *Journal Of Sustainable Finance & Investment*, 5(4), 210–233. doi:10.1080/20430795.2015.1118917
- Friedman, M. (1970). *The social responsibility of business is to increase its profits*. The New York Times.
- Glaser, B. G., & Strauss, A. L. (2009). *The Discovery of Grounded Theory: Strategies for Qualitative Research*. Transaction Publishers.
- Helferich, C. (2011). *Die Qualität qualitativer Daten: Manual für die Durchführung qualitativer Interviews*. Springer.
- Ioannou, I., & Serafeim, G. (2011). The Consequences of Mandatory Corporate Sustainability Reporting. *SSRN Electronic Journal*. doi:10.2139/ssrn.1799589.
- Khan, M., Serafeim, G., & Yoon, A. (2016). Corporate Sustainability: First Evidence on Materiality. *The Accounting Review*, 91(6), 1697–1724. doi:10.2308/accr-51383.
- Kotsantonis, S., Pinney, C., & Serafeim, G. (2016). ESG Integration in Investment Management: Myths and Realities. *Journal Of Applied Corporate Finance*, 28(2), 10–16. doi:10.1111/jacf.12169.
- KPMG. (2022). *Get ready for European Sustainability Reporting Standards*. Retrieved April 08, 2025, from <https://kpmg.com/dk/en/home/insights/2022/12/get-ready-for-european-sustainability-reporting-standards.html>.
- Lozano, R. (2013). A Holistic Perspective on Corporate Sustainability Drivers. *Corporate Social Responsibility And Environmental Management*, 22(1), 32–44. doi:10.1002/csr.1325.
- Mayring, P. (2022). *Qualitative Inhaltsanalyse*. Weinheim: Julius Beltz GmbH & Co. KG.
- Meuser, M., & Nagel, U. (2009). The Expert Interview and Changes in Knowledge Production. In A. Bogner, B. Littig, & W. Menz, *Interviewing Experts* (pp. 17–42). ecpr.
- OECD. (2011). *Guidelines for MNEs - Organisation for Economic Co-operation and Development*. Retrieved April 08, 2025, from <https://mneguidelines.oecd.org/>.
- Porter, M. E., & Kramer, M. R. (2011). Creating Shared Value. *Harvard Business Review*, 89(1/2), 62–77.
- Porter, M. E., & Van der Linde, C. (1995). Toward a New Conception of the Environment-Competitiveness Relationship. *The Journal Of Economic Perspectives*, 9(4), 97–118. doi:10.1257/jep.9.4.97.
- Schiederig, T., Tietze, F., & Herstatt, C. (2012). Green innovation in technology and innovation management – an exploratory literature review. *R And D Management*, 82(2), 180–192. doi:10.1111/j.1467-9310.2011.00672.x.
- United Nations. (2015). *Transforming our world: The 2030 Agenda for Sustainable Development*. A/RES/70/1. Retrieved April 08, 2025, from <https://www.undp.org/ukraine/publications/tranforming-our-world-2030-agenda-sustainable-development>.

Tugce Uysal, PhD candidate is a lecturer at FOM University in Essen where she teaches academic writing with a particular focus on qualitative research methods. In her full-time role as Head of ESG & Sustainability at thyssenkrupp nucera she is responsible for developing and implementing the company's global sustainability strategy and reporting framework. Her professional background includes experience in sustainable corporate management, ESG reporting, and the strategic application of the EU Corporate Sustainability Reporting Directive (CSRD). She is currently pursuing her PhD at the Universidad Católica San Antonio de Murcia (UCAM) focusing on contemporary issues in sustainable business development.

Регулаторни притисак и корпоративна одрживост: како промјене политика утичу на пословне стратегије и профитабилност

Tuğçe Uysal¹

¹ UCAM Универзитет Антонио у Мурсији, Авенида де лос Херонимос 135, 30107 Гвадалупе, Мурсија, Шпанија

Кључне ријечи:

корпоративна одрживост;
корпоративно извјештавање;
пословна стратегија;
регулаторни оквир

JEL класификација: G20, O30, O15, D3

САЖЕТАК

Ово истраживање проучава како се промјениви регулаторни оквири одражавају на стратегије корпоративне одрживости и финансијске перформансе предузећа. У контексту Директиве ЕУ о корпоративном извјештавању о одрживости (CSRD), ЕУ таксономије и њемачког Закона о дужној пажњи у ланцу снабдијевања, истраживање анализира начин на који се компаније стратешки и оперативно прилагођавају све већим регулаторним захтјевима. Користећи квалитативну методологију засновану на интервјуима са стручњацима из различитих индустрија, студија показује да регулаторна усклађеност често доноси краткорочна финансијска и организациона оптерећења, али истовремено може дјеловати као покретач иновација, стратешког репозиционирања и дугорочне креације вриједности. Налази указују на хетерогеност корпоративних одговора, обликованих интерним управљањем, индустријским контекстом и посвећеношћу лидерства. Студија се закључује практичним препорукама за креаторе политика и пословне лидере, наглашавајући потребу за јаснијим регулаторним смјерницама, робуснијом ЕСГ инфраструктуром података и културном интеграцијом одрживости унутар организација.