



SCHOOL OF  
ECONOMICS AND  
MANAGEMENT

## **Inside ESG Consulting's Black Box**

A Study Exploring How ESG Consultants Interpret the Term ESG and How This Impacts  
Their Role and Their Knowledge of the Term ESG

By

Noa van der Pot & Michelle Vos

May 2023

Master's Program in Managing People, Knowledge, and Change

**Supervisors:** Stephan Schaefer & Rachel Waldo

**Examiner:** Daniel Hjorth

## **Abstract**

<b>Title</b>	Inside ESG Consulting's Black Box. A Study Exploring How ESG Consultants Interpret the Term ESG and How This Impacts Their Role and Their Knowledge of the Term ESG.
<b>Date</b>	19th of May 2023
<b>Course</b>	BUSN49 Degree Project in Managing People, Knowledge & Change
<b>Authors</b>	Noa van der Pot & Michelle Vos
<b>Supervisors</b>	Stephan Schaefer (PhD) & Rachel Waldo (PhD)
<b>Word Count</b>	25.259
<b>Purpose</b>	The purpose of this research is to provide theoretical insights of how ESG consultants interpret the term ESG, what impacts ESG consultants' knowledge of the term ESG and how ESG consultants' interpretations impact their role.
<b>Theoretical perspective</b>	The theoretical perspective reviews the background and importance of the term ESG, displaying already discovered interpretations of the term ESG. Furthermore, showing an understanding of the role of ESG consultants and identifying factors influencing their interpretations and knowledge of the term ESG.
<b>Methodology</b>	Our qualitative study follows an interpretivist epistemology and adopts an abductive approach on a cross-case analysis. The empirical data consists of semi-structured interviews of thirteen ESG consultants.
<b>Contributions</b>	Our study found new interpretations of the term ESG, and the interconnectedness of some interpretations that have not been established before. Furthermore, our findings reveal that ESG consultants learn on the job and share knowledge through their Communities of Practice, because they have a lack of knowledge of the term ESG, interpreting that they cannot be an expert. Besides, we add to previous literature that ESG consultants adopt the role of a teacher when assisting clients to achieve the desired positive impact.
<b>Key words</b>	ESG (Environmental, Social, Governance), ESG consultants interpretations, knowledge, role

## **Acknowledgements**

We would like to take this opportunity to express our thanks to all the people who supported us during the process of writing this thesis. First of all, we would like to thank our supervisors Rachel Waldo and Stephan Schaefer, who provided us with guidance and support throughout the process of this thesis. A special thanks to Rachel Waldo, who's honest opinion and critical perspective were highly beneficial in the writing process. Thank you for all the time and effort you put into constructing valuable feedback and meeting with us.

Much gratitude towards the ESG consultants who invited us with open arms to their offices and took the time to talk to us. Thank you for your honesty, it was a great pleasure to explore the profession ESG consultant.

Further, we would like to recognize and thank our family and friends. With a special thank you to both James and Peter, who spent hours proofreading our study and provided us valuable insights.

We would like to thank each other. Dear Michelle, thank you for your motivational words, your perseverance and your positive vibes. I could not have wished for a better thesis partner, someone who I can actually call my friend now. I cannot wait to see you in the Netherlands again! Dear Noa, your astuteness, punctuality and trust when I wanted to scribble along made me feel much at ease. Above all, your unconditional sense of humour made this thesis journey one I will cherish for a lifetime. Not often can one say that after working together day in and day out, a good friendship has developed.

Finally, we want to express our gratitude towards Lund University. We are certain that this Master in Managing People, Knowledge and Change provides us with the foundation to successfully launch our professional career.

Kindest regards,

Michelle Vos & Noa van der Pot

Lund, 19th of May 2023

## Table of Contents

<b>1. Introduction</b>	<b>5</b>
1.1 Background	5
1.2 Problem statement	7
1.3 Research purpose and research questions	7
1.4 Thesis outline	8
<b>2. Literature Review</b>	<b>10</b>
2.1 ESG	10
2.1.1 Background and importance	10
2.1.2 Understanding of the term ESG	11
2.2 ESG consultants	15
2.2.1 Their role and importance	15
2.2.2 Factors influencing their role	17
2.3 Chapter summary	19
<b>3. Methodology</b>	<b>20</b>
3.1 Philosophical grounding and research approach	20
3.2 Data collection	22
3.3 Data analysis	25
3.4 Reflexivity & limitations	29
3.5 Chapter summary	31
<b>4. Analysis</b>	<b>32</b>
4.1 ESG is much more than what lies on the surface	32
4.1.1 ESG consultants interpret ESG as transformative ideology	32
4.1.2 ESG consultants interpret ESG as a revised version of CSR/sustainability	34
4.1.3 ESG consultants interpret ESG as a 'order qualifier' for organisations	37
4.1.4 ESG consultants interpret the term ESG as the letters E, S and G	39
4.2 Lack of knowledge of the term ESG	44
4.2.1 ESG consultants only learn about the term ESG after starting to work as ESG consultant	45
4.2.2 External pressure as new regulations result in lack of knowledge	47
4.2.3 ESG consultants' need to continuously learn and do this by learning on the job	48
4.2.4 ESG consultants need each other's knowledge, because no one is an expert on ESG	50
4.3 How interpretations influence their role as ESG consultant	53
4.3.1 ESG consultants adopt the role of a teacher toward their clients	53
4.3.2 ESG consultants interpreted the need to create urgency for ESG towards clients	56
4.3.3 ESG consultants want to create impact and become internal ESG ambassadors	59
4.3.4 ESG consultants interpreted their role as secure for the future	61
4.4 Summary of the findings	62
<b>5. Discussion</b>	<b>64</b>
5.1 ESG consultants' interpretations of the term ESG	64

5.1.1 Interconnectedness between ESG interpretations: Transformative ideology and revised version of CSR & sustainability	64
5.1.2 New interpretations of the term ESG: Order qualifier and the letters E, S and G	66
5.2 <i>ESG consultants deal with lack of knowledge of the term ESG</i>	68
5.2.1 Dealing with their own lack of knowledge of the term ESG	68
5.2.2 Dealing with clients' lack of knowledge of the term ESG	70
<b>6. Conclusion</b>	<b>73</b>
6.1 <i>Answering our research questions</i>	73
6.2 <i>Theoretical contribution</i>	74
6.3 <i>Limitations</i>	76
6.4 <i>Opportunities for further research</i>	77
<b>References</b>	<b>79</b>

# 1. Introduction

*“ [Deloitte Survey:] 99% of Public Companies Expect to Invest in ESG... ” (Segal, 2022)*

*“Here’s why ESG adoption is a must for businesses” (Rodriquez, 2023)*

*“ESG investing faces challenges from all sides. Can it survive?” (Clarke, 2022)*

## 1.1 Background

Environmental Social Governance (ESG) concerns the sustainability and ethics of an organisation's current and long-term impacts. (Li, Wang, Sueyoshi & Wang, 2021; Pollman, 2022). Taking the letters apart, ‘Environmental’ considers to what extent an organisation focuses on the preservation of natural resources, including factors such as power consumption and carbon footprint (Barman, 2018). Secondly, ‘Social’ concerns how organisations manage their stakeholders; for instance, taking care of employees and being transparent towards their customers or suppliers (Pollman, 2022). Thirdly, ‘Governance’ addresses to what extent an organisation focuses internally on adhering to rules and policies, such as performing adequate audits of their internal operations (Pollman, 2022).

Referring to the newspaper headers at the beginning of this chapter, the latest trends in ESG seem promising, yet uncertain. The term ESG, introduced in 2004 through the United Nations' report “Who Cares Wins”, has been rapidly growing (De Lange, Busch & Delgado-Ceballos, 2012). Today, ESG has emerged as one of the most significant trends in corporate governance, management, and investment (De Lange et al., 2012; Pollman, 2022). Despite this growing interest in the term ESG and corresponding literature, clarity or a universally accepted definition remains unsettled (Pollman, 2022). As a result, there is a broad range of interpretations of the term ESG within literature (Murray, 2023; Pollman, 2022).

In the last century, Corporate Social Responsibility (CSR), was the buzzword for capturing sustainability in organisations (Lutkevich, 2023). CSR is a strategy that drives investments that focuses on an organisation's social, environmental, operational, and economic benefits to society (Jones, Parker & Ten Bos, 2005; Bowen, 1953). Some argue that ESG is a synonym of

CSR to quantify strategy, and provide transparency and responsibility to an organisation's environmental and social implications (Dathe, Dathe, Dathe & Helmold, 2022; LoPucki, 2021; Pollman, 2022). Others state that ESG is interpreted as the precursor of CSR, because according to them, CSR is being replaced by the term ESG (Dathe et al., 2022).

Increasing ESG regulatory scrutiny, awareness of the long-term advantages of sustainable practices, and appreciation of the importance of sustainability and social responsibility are all factors driving the demand for experts that have ESG knowledge (De Lange et al., 2012; Murray, 2023). Nowadays, organisations are expected to identify opportunities such as reducing emissions or waste and improving energy efficiency, and divest from those that are not ESG-appropriate (Liao, Bezemer & Vellema, 2019). In case organisations lack knowledge of ESG, ESG consultants are hired to help clients to identify ESG risks and opportunities (De Lange et al., 2012). ESG consultants are professionals who advise external organisations on how to integrate ESG into their operations and meet regulatory requirements related to sustainability disclosure (Liao et al., 2019). They create ESG-friendly policies and processes, measure their ESG performance, and report it (Barton & Davies, 2018; Soh & Martinov-Bennie, 2015). By recognizing and implementing these ESG practices in organisations, ESG is proven to improve performance, long-term sustainability and competitiveness (Liao et al., 2019).

Our interest in this research field has its origin in our shared interest in working for a consultancy firm after obtaining our master degree. During a master's course in CSR, we first heard the term ESG and our curiosity for ESG was sparked: What is the added value above and beyond known terms such as CSR and sustainability? To what extent can ESG solve issues that strategies for sustainable development cannot capture? Moreover, when we heard interesting stories from a friend implementing ESG strategies in the consulting firm he works for, the choice of consultancy firms as a research area was quickly made. We connected with several ESG consultants who were from the start enthusiastic about the subject of our study, which allowed us to analyse this new and upcoming role of ESG consultants. This thesis enables us to further develop our knowledge regarding consultancy and the connection to ESG, broadening the theoretical knowledge gained during our master's program.

## **1.2 Problem statement**

With the growing demand and the lack of clarity of the term ESG, previous research on ESG studied the background and interpretations of the term ESG to grasp understanding (Clementino & Perkins, 2021; Dathe et al. (2022); Eccles, Lee, & Stroehle, 2020; Li et al., 2021; LoPucki, 2021; Sætra, 2021; Pollman, 2022). Where the research of Pollman (2022), in which she studied the background and some interpretations of the term ESG, does not focus on a group of individuals or a specific role, we refined our research to the dynamic role of ESG consultant where the term ESG is prominent. ESG consultants play a crucial role in advising organisations on ESG, because clients expect consultants to have an extensive base of sector knowledge (Everts & Menkhoff, 2008; Fincham, Clark, Handley & Sturd, 2008).

ESG within consultancy hails many unexplored research areas; we did find some research about internal ESG auditors interpretations of the term ESG and their role (Eulerich, Bonrath & Kasper, 2022; Rydell & Leucht, 2020; Soh & Martinov-Bennie, 2015). Notwithstanding, we found no studies of consultants interpretations, let alone those of ESG consultants. Therefore, it is to our knowledge unexplored how ESG consultants interpreted the term ESG.

The significance of understanding ESG consultants' interpretations of the term ESG lies in uncovering how these interpretations shape their role and knowledge of the term ESG. Our research aspires to contribute to the existing literature of the term ESG by shedding light on different interpretations of ESG consultants working with the term ESG and investigating how these interpretations impact their role as ESG consultants and how knowledge has an impact on their role as ESG consultants.

## **1.3 Research purpose and research questions**

The primary aim of this study is to delve into the role of the ESG consultants with regard to their interpretations of the term ESG and how they acquire knowledge of ESG, particularly how their role relates to dealing with clients. While Li et al. (2021) explains that most ESG-related studies adopt a quantitative study and focus on finding relations between ESG and organisations' performance, we want to take a step back and research the theoretical basis of what the term ESG means to groups in society such as ESG consultants.



The purpose of this research is to provide theoretical insights of how ESG consultants interpret the term ESG. This includes exploring what impacts ESG consultants' knowledge of the term ESG and how ESG consultants' interpretations impact their role. This leads to the following research questions:

- *What are the interpretations of ESG consultants working in the ESG consultancy field of the term ESG?*
- *What impacts ESG consultants' knowledge of the term ESG?*
- *How do ESG consultants' interpretations of the term ESG impact their role?*

To answer these research questions and to accomplish our purpose, we will carry out qualitative research, adopting an abductive approach with interpretivist epistemology. The medium of collecting data is through semi-structured interviews with ESG consultants.

#### **1.4 Thesis outline**

Throughout this paper, our focus will be on analysing and discussing the interpretations of ESG consultants of the term ESG, what impacts their knowledge of the term ESG and how their interpretations impact their role as ESG consultants. Our thesis is divided into six chapters. In this first chapter, we have introduced the problem statement and reason for research, while also outlining the research questions that we aim to answer.

The remainder of this paper is structured as follows: In chapter two, we will review existing literature on our main topics of ESG and ESG consultants. We first examine the background, importance and general understanding of the term ESG. Additionally, we dive into the role of ESG consultants and the factors influencing their role, such as knowledge. The third chapter provides the methodological foundation on which our research is built. We use a cross-case analysis, adopting an abductive approach with an interpretivism research epistemology to understand the unique interpretations of our participants. As a result, our qualitative study adopts the method of semi-structured interviews. The fourth chapter exhibits the sorted, reduced and argued collected data to draw out empirical findings. In chapter five we combine

our empirical findings and literature review and discuss surprising outcomes. The final chapter summarises the main outcomes of our study, outlines the theoretical contribution, shows awareness of the study's limitations and makes suggestions for future research.

## **2. Literature Review**

This chapter serves as a foundation for our research, providing an overview of the theoretical principles. It will define the key theoretical principles pertinent to our research. The purpose of the literature review is to review the background, importance and interpretations of the term ESG, to display already discovered interpretations of the term ESG, show an understanding of the role of ESG consultants and identify factors influencing their interpretations and knowledge of the term ESG. Furthermore, a closing paragraph follows to summarise the key literature and with that a research question derived. This literature review will, later on, allow us to identify the contributions of our empirical findings.

### **2.1 ESG**

In the following section we discuss the background and importance of the term ESG and how literature defines the term ESG, which will establish an understanding of the current literature.

#### **2.1.1 Background and importance**

The term Environmental Social Governance (ESG) was first coined in 2004 when the United Nations promoted the report “Who Cares Wins” to large financial stakeholders to encourage incorporating long-term objectives in their strategies (United Nations, 2004). This report was the outcome of a letter addressed to 55 CEO’s of the world’s leading financing organisations, in which the Secretary General of the UN, Annan (2004) invited them to join a new effort.

The interest in the term ESG and ESG literature are rapidly growing; Google Trends (2023) shows that the search for ESG increased by 1000% over the last five years. Furthermore, in 2022 there was a respective increase of 123% articles published on ESG (32.900 articles) than in 2021 (26.700 articles) (Google Scholar, 2023). The Global Sustainable Investment Alliance (2020) states that ESG gained significant momentum from 2012 onwards, equally to the rising climate change. Over the past half century, the environment and social issues have become increasingly important to organisations and communities (De Lange et al., 2012). However, whether it is due to intrinsic motivation or due to hopping on the ESG trend is uncertain, as Bikhchandani, Hirshleifer and Welch (1992) state that individuals or organisations adopt

certain things simply because they believe it is popular, even if they have different personal preferences.

Environmental Social Governance (ESG) is a framework that has become increasingly important for organisations to implement in their strategy (Pollman, 2022). Taking the letters of the ESG acronym apart, ‘Environmental’ considers to what extent an organisation focuses on the preservation of natural resources, including factors such as power consumption and carbon footprint (Barman, 2018). Secondly, ‘Social’ concerns how well organisations manage their stakeholders; for instance, taking care of employees and being transparent towards their customers or suppliers; organisations that prioritise stakeholders are often seen as more trustworthy (Pollman, 2022). Thirdly, ‘Governance’ addresses to what extent an organisation focuses internally on adhering to rules and policies, such as performing adequate audits of their internal systems (Wang et al., 2021). Overall, by focusing on ESG, organisations can enhance their performance and build stronger stakeholder relationships (Barman, 2018; Pollman, 2022).

When analysing the literature on the term ESG, Pollman (2022) states how there is a lack of clarity on what the term ESG entails:

“ESG as an acronym for ‘Environmental, Social, Governance’ is a common denominator of the discourse... but a deeper examination reveals little beyond that understanding is fixed” (p.4).

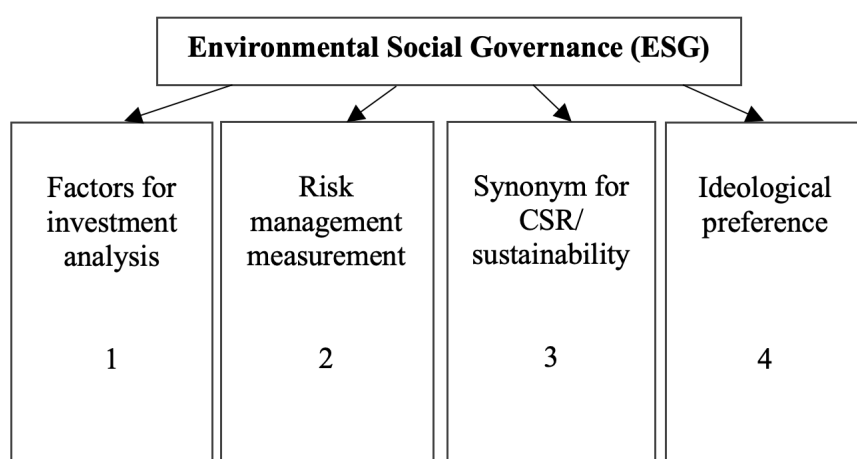
The quote by Pollman (2022) implies that the term ESG is not fully developed or widely accepted. This is confirmed by Li et al. (2021) as they argue that, despite the fact that ESG has been presented by the United Nations in 2004, there is no precise definition. Sætra (2021) elaborates, declaring that the term ESG, therefore, is often replaced with the older term CSR. The result is a broad variety of interpretations and usages of the term ESG (Pollman, 2022; Li et al., 2021).

### **2.1.2 Understanding of the term ESG**

The term ESG can be best understood when discussing the four ESG interpretations of Pollman (2022). We believe that it is important to explain these interpretations because it is one of the

only studies that we identified with different interpretations of the term ESG. One paper did execute research on ESG literature and concluded that ESG literature hails various shortcomings; it is often specific or tends to be from the perspective of internal governance (Li et al., 2021).

Pollman (2022) wrote a working paper titled: “The Making and Meaning of ESG”, where she identified evolving and varied interpretations of the term ESG in the corporate sphere as follows: (1) As factors for investment analysis, (2) a risk management measurement, (3) as synonyms for CSR/sustainability and (4) as an ideological preference (see figure 1).



*Figure 1. The Four Interpretations of ESG, outlined by Pollman (2022)*

To embark on the findings of Pollman (2022), she explains that in the primary context, the term ESG was invented by the United Nations (2004) for the financial industry, where it has been defined as a consideration factor for investing analysis. The UN report heavily stresses the importance of integrating ‘Environmental Social Governance issues’ in the operations of organisations (United Nations, 2004). However, Eccles, Lee, and Strohle (2020) state that ESG found its roots in 1960 when South African divestment initially promoted to oppose the country's apartheid regime. Here, the type of information similar to ESG was already being used for socially responsible investment (SRI) strategies. This challenged the conventional capital market's perspective of Friedman (1970), who accepts that an organisation's obligation is solely to its shareholders, which precludes the adoption of ethical standards in addition to financial returns.

Notwithstanding, the term ESG evolved and became multi-interpretable, depending on the context in which it was used (Pollman, 2022). For example, in the field of risk management, ESG is viewed as a set of standards that can be used to evaluate and control the internal potential risks of an organisation (Clementino & Perkins, 2021; Pollman, 2022). Extensive analyses were performed on more than 2300 organisations, and researchers did find positive relations between organisations financial and ESG performance (Atz, Liu, Bruno & Van Holt, 2020). Thus, in the field of risk management, ESG became a separate business within organisations, which focused on assessing the possible risks an organisation could face (Gadinis & Miazad, 2020). In recent years, these standards became increasingly important and gained awareness from both investors -who are factoring them into their decision making processes- and the public -whose opinion has become more focused on sustainability and social responsibility- (Serafeim, 2020).

The third interpretation of the ESG term is interpreting ESG as a synonym of Corporate Social Responsibility (CSR) and sustainability (Pollman, 2022). CSR, first coined in 1953, is a strategy that drives investments focused on an organisation's social, environmental, operational, and economic impacts on society (Jones et al., 2005; Bowen, 1953). The European Commission has defined CSR as: “the responsibility of enterprises for their impact on society and, therefore, it should be company led.” (European Commission, 2011, p.6). When connecting the term ESG to CSR, Pollman (2022) argues that CSR concerns being as responsible as society currently demands of us to be, however, ESG states that we need to prepare ourselves for the major future challenges. Moreover, Dathe et al. (2022) interprets CSR as the precursor to ESG, because according to them, CSR is being replaced by the term ESG. ESG is based on its connection to the organisation's operations and business model, whereas CSR tends to match with and support an organisations’ values (Pollman, 2022). Stated differently by LoPucki (2021) who interprets ESG as a tool to achieve CSR: “CSR is adherence to the actual value of corporate stakeholders, and ESG is a set of measurements from which conclusions about CSR can be drawn” (p.1448).

When connecting the term ESG to sustainability, it can be found that, while the notion of sustainability was well recognized, it was not officially established until the Brundtland Report (World Commission on Environment and Development, 1987). The term sustainability can be

adopted in various ways, which could lead to confusion (Rydell & Leucht, 2020). For this research, sustainability is defined and examined from a corporate perspective. In the corporate sphere, Kuhlman and Farrington (2010) define sustainability as a universal term that speaks about operating ethically for the long term. The term corporate sustainability is widely recognized (Campbell, 2007; Mittal, Sinha, & Singh, 2008). According to Steurer et al. (2005), corporate sustainability is one of the most commonly used terms for the majority of company operations related to the sustainability industry. When looking for literature on the interconnectedness to ESG, Pollman (2022) only briefly discusses the fact that ESG is a variant of sustainability, with ESG and sustainability being ‘cousins’. Some organisations elaborate on this difference between ESG and sustainability, by describing ESG as a component of the broad umbrella term sustainability (GEP Worldwide, 2023; Lutkevich, 2023).

The fourth prominent interpretation visualises ESG as some sort of ideological preference, where stakeholders refer to organisations that ‘do ESG’, or ‘are ESG’ (Eccles et al., 2020; Pollman, 2022). Ideological preference in this context refers to a set of beliefs, values, and principles that influence how individuals interpret the world (Gerring, 1997). Bell (2000) states that ideology has been used too often, with as a result that it is losing its meaning. On the contrary, an ideology is explained by Coelho-Lima, Varela & Bendassolli (2021) as something that serves as a foundation on which values are based, which is the foundation for intrinsic motivation. In the end, how an ideology is interpreted depends on the environment in which it is used as well as the values and beliefs of the individual involved (Gerring, 1997). Pollman (2022) explains how organisations aim to align their actions with a reflection of their values, as ESG is a moniker that loosely denotes awareness of problems beyond the financial. In this context, it is conceivable to hear that an organisation is or is not ‘very ESG’ and that it is feasible to ‘do ESG’ (Levine, 2022). Hence, this led to some interpreting ESG as something ethical or as an ideological desire to have a positive impact on the world (Corsalini, 2023). Organisations doing ESG sounds promising, however, is it possible to achieve the desired profits (“doing well”) and act sustainable (“doing good”) simultaneously? (Matos, 2020). Boltanski and Thévenot (2006), argue that one can only prioritise one value above the other, which he named in his framework "orders of worth"; it provides a theoretical understanding of how individuals interpret and rank different values based on their norms of social contexts or "orders of worth". Edmans (2011) affirms that achieving the utopia Matos (2020) touched upon

is ambitious, since the different interpretations prohibit consensus on what ESG entails. As confirmed by LaBella, Sullivan, Russell & Novikov (2019) and Pollman (2022), a precise established definition of the term ESG remains unsettled.

This subchapter discussed the background, importance and different interpretations of the term ESG. It describes how over the past decades, ESG has grown significantly. There are multiple interpretations of the term ESG, which Pollman (2022) identified as 1) factors for investment analysis, 2) a risk management measurement, 3) a synonym for CSR/sustainability, and 4) an ideological preference. Recognizing these interpretations is important, since the term ESG and the literature is quickly expanding, yet an established definition remains unsettled (LaBella et al., 2019). Therefore, we seek to research if interpretations of the term ESG are fitting within one or more of the interpretations by Pollman (2022) or if they hail different interpretations, with the dynamic population of ESG consultants.

## **2.2 ESG consultants**

As we discussed the background, importance and understanding of the term ESG through interpretations and started composing our research question, we want to funnel to a dynamic role where ESG is prominent: the role of ESG consultants.

### **2.2.1 Their role and importance**

The demand for ESG consulting services is rapidly growing, driven by heightened ESG regulatory scrutiny, a growing recognition of the long-term benefits of sustainable practices (Murray, 2023) and organisations increasing understanding of the value of sustainability and social responsibility (De Lange et al., 2012).

An ESG consultant is a professional who advises external organisations on how to integrate ESG into their operations and to meet regulatory requirements related to sustainability disclosure (Liao et al., 2019). They assist organisations in identifying and addressing ESG risks and opportunities, developing policies and procedures that promote ESG, and measuring and reporting on their ESG performance (Barton & Davies, 2018; Soh & Martinov-Bennie, 2015).



ESG consultants operate in a rapidly transforming field, since they have to acquire all ESG-related knowledge and keep up with the constant flow of new regulations (Murray, 2023). Within knowledge management, this concerns exploiting the knowledge assets to contribute to the furthering organisational objective (Hislop, Bosua & Helms, 2018). In the role of consultants, an objective is sharing the obtained knowledge with clients, in return for financial compensation (Sherman, 2020). For professional service firms as consultancy firms, the highly educated employees whose outputs are intangible services encoded with complicated knowledge are therefore the primary assets (Greenwood, Li, Prakash & Deephouse, 2005). Evers & Menkhoff (2004) agree that consultants are expected to bear a large base of knowledge. As Fincham et al. (2008) state, clients want consultants to provide sector knowledge, which they refer to as strong knowledge.

According to Chrusciel (2004), consultants are brought in when an organisation does not possess the resources and the knowledge of a certain topic. Soh and Martinov-Bennie (2015) argue that ESG consultants advise on ESG to organisations that need to make changes in their operations, mindset or cultural shift. Changing is vital, because an organisation keeps a competitive edge via change (Collins, 2002; Fiorina, 2002). Chrusciel (2004) investigated the role between a consultant and their client and argued for the consultant to be a teacher. He urges that because the emphasis in the consultant role is on change, consultants need to become closely involved with the client to have an impact (Chrusciel, 2004). Adding Maister, Green & Galford (2000) sees the working with clients- relationship as consultants being a "trusted advisor", where an ESG consultant earns trust to give valuable advice.

ESG consultants can do this by sensemaking, a model of Weick (1995), which is the social process of developing understanding, interpretation, and meaning of knowledge and context (Rouleau & Balogun, 2011). Taking it further, Weick (1995) discusses how individuals, in this study ESG consultants, can influence interpretations by the technique of adopting narratives. These strategic narratives are the vocabulary that individuals employ to interpret reality (Rouleau & Balogun, 2011). Auvinen, Lämsä, Sintonen and Takala (2012) note that adopting convincing strategic narratives bears the potential disadvantage of becoming manipulative when imposing an interpretation.

As we defined the role of an ESG consultant and noted how ESG consultants influence clients' knowledge by providing advice as teachers, trusted advisors or sense makers. This opens the door for further research on how ESG consultants' interpretations impact their role as ESG consultants.

### **2.2.2 Factors influencing their role**

Having defined the role of ESG consultants, we would like to discuss possible factors that could influence their role as ESG consultants, as these may affect their interpretations of the term ESG.

Instead of research on ESG consultants in particular, we found research on auditors' internal interpretation of the role of ESG (Eulerich et al., 2022, Rydell & Leucht, 2020; Soh & Martinov-Bennie, 2015). Internally, the role of ESG is focused on incorporating sustainability concerns into an organisation's core business operations and decision-making processes to create long-term value generation and support sustainable growth (Rydell & Leucht, 2020).

Two quantitative studies asked internal ESG auditors through a survey scale how they interpreted their skills and competencies concerning ESG issues (Eulerich et al., 2022; Soh & Martinov-Bennie, 2015). The conclusions were that there was a need for further professional development of the skillset and that resources needed to be devoted to this learning (Eulerich et al., 2022; Soh & Martinov-Bennie, 2015). Greiner and Ennsfellner (2010) confirm and elaborate that there is a discrepancy between the requirements and actual qualification of consultants, and that consultants have to accept ownership of enhancing their skills beyond on-the-job learning and focus on further education. Maister et al. (2000) affirm that most new ESG consultants acquire knowledge on the job, following the cliché of "learning at the expense of clients". Notwithstanding, the studies of Eulerich et al. (2022) and Soh and Martinov-Bennie (2015) lack the qualitative perspective of the interpretations of the internal ESG auditors, opening areas for further research to study what impacts ESG consultants' knowledge of the term ESG.

To keep up with ESG-related knowledge, ESG consultants share knowledge by speaking with individuals beyond the organisation that share a common interest or skill in a certain field

(Pastoors, 2007). These informal relations are referred to as Communities of Practice (CoPs) (Leonard & Sensiper, 1998; Wenger & Snyder, 2000; Wenger, McDermott & Snyder, 2002). These CoPs are essential in the dynamic role of the consultant, whose primary asset is knowledge on comprehending topics, that are often widely scattered (Alvesson, 2004). Interpersonal knowledge sharing is therefore popular within consultancy firms (Pastoors, 2007).

An advantage of CoPs within consulting is the opportunity to develop a common knowledge of client objectives and issues (Pastoors, 2007; Wenger & Snyder, 2000). CoPs have been recognised as valuable for successful knowledge creation and sharing, facilitating the integration of fresh hires, the ability to react quickly to client demands and a decrease of time spent "reinventing the wheel" (Lesser and Storck, 2001). By bringing together practitioners from different areas of organisations, CoPs provide a broader perspective on client challenges and aid in the identification of innovative solutions that draw on the collective expertise of the whole (Alvesson & Kärreman, 2001). However, CoPs have the restriction of not being controlled because they are unpolished and unregulated ecosystems (Roberts, 2006).

When looking further at factors influencing the future role of ESG consultants, it became apparent that climate change, part of the "E", is a major factor for ESG consultancy as businesses aim to reduce carbon emissions and other environmental concerns (Barman, 2018; Liao et al., 2019). Even though this currently compasses the biggest part, the "S" of social, including labour standards, diversity and inclusion, participation is increasingly becoming important in ESG consulting (Serafeim, 2020). In contrast, Strine, Brooke, Diamond and Parker (2022) state that it is time to focus on the G, while they do recognize that at the moment ESG is mostly about the E and the S. Notwithstanding, all confirm that ESG will develop because of the rapidly growing demand (Barman, 2018; Liao et al., 2019; Serafeim, 2020; Strine et al., 2022). As a result of rapidly growing demand, consultancy firms introduce departments focussed specifically on ESG, therefore changing the role of ESG consultants. (PwC, 2023). Taylor (2022) on the other hand predicts that the ESG department as a whole will not survive, and that instead different departments focusing on either the "E", "S," or "G" will emerge. Summarising, literature is inconclusive which letter will dominate the future of the ESG, therefore making it unclear for ESG consultants what to focus on.

When examining studies on ESG consultant's interpretation of the term ESG, we found no studies on the subject. This opens up areas for further research where we seek to study what influences ESG consultants' knowledge of the term ESG and what factors influence their role as ESG consultant,

### **2.3 Chapter summary**

In our literature review we pointed out different concepts that are interrelated to the topic of ESG and ESG consultants. We outlined how the term ESG was first introduced in 2004 through the United Nations' report "Who Cares Wins". And how despite this growing interest, there remains a lack of clarity and a lack of a universally accepted definition (Pollman, 2022; Li et al., 2021). Furthermore, we researched the understanding of the term ESG, where we examined the interpretations of the term ESG from Pollman (2022). When examining studies on ESG consultants' interpretation of the term ESG, we found no studies on the subject. Therefore, we will research if interpretations of the term ESG are fitting within one or more of the interpretations by Pollman (2022) or if they hail different interpretations, with the dynamic population of ESG consultants.

We then defined the role of ESG consultants, identified possible factors influencing their role and noted how ESG consultants acquire knowledge and influence clients' knowledge in their role. However, studies lacked the qualitative perspective and focused on internal ESG auditors, providing a unique opportunity for our study in which we will explore what impacts ESG consultants' knowledge of the term ESG and how ESG consultants' interpretations impact their role.

### **3. Methodology**

In the following chapter, we explain the methodological framework on which our research is built, providing a clear outlook of the used method, the type of research performed, and a description of the data collection and analysis process. We carried out qualitative research, following an interpretivist epistemology with an abductive approach to obtain a deeper understanding of how ESG consultants interpret the term ESG, what impacts their knowledge of the term ESG and how their interpretations impact their role as ESG consultants. Furthermore, we discuss our reasoning for the performed cross-case analysis and how we selected our sample. We elaborate on acquiring empirical data through semi-structured interviews and explain how we reduced, sorted, and argued the empirical data. Finally, we critically evaluate the trustworthiness and credibility of our study and show awareness of the limitations.

#### **3.1 Philosophical grounding and research approach**

This study aims to explore the interpretations of ESG consultants of the term ESG, what impacts their knowledge of the term ESG and how their interpretations impact their role as ESG consultants. To reach this goal, we chose to perform qualitative research, since we encompassed questions to develop an understanding of the meaning and experience aspects of social sciences and humanities (Fossey, Harvey, McDermott & Davidson, 2002). Qualitative research aspires to uncover hidden connotations buried in social interactions to identify how certain characteristics of behaviour, practice, and meaning might be interpreted in a given context (Rennstam & Wästerfors, 2018). Furthermore, accurate qualitative research is signalled by coherence between the used research methods and the paradigm that informs the research question (Fossey et al., 2002). Practically, we gathered and analysed non-numerical data to better comprehend interpretations and generate insights for future research (Verhoeven, 2012).

First, we discuss the adopted epistemology, which concerns how we shape knowledge and how we justify the explained knowledge (Creswell & Poth, 2017). This entails ours and the participants' subjective interpretations of the studied subject, but also how we rely on the empirical data (Gray, 2014). We seek to research how our sample interprets the term ESG,

what impacts their knowledge of the term ESG and how their interpretations impact their role as ESG consultants, by adopting the epistemological interpretivism. The interpretivist approach is based on the premise that we, the researchers, are a part of the research as we interpret the data, hence could never be completely impartial and distanced from the research (Gray, 2014). This theoretical perspective stresses the importance of understanding the subtleties and complexities of the situation, while noting the background of the studied subject (Creswell & Poth, 2017). As claimed by epistemological interpretivism, we assume reality is subjectively produced around context and meaning when we make sense of the interpretations in the interviews of the ESG consultants (Prasad, 2018). When talking about interpretations of ESG consultants, we refer to the process of making the meaning that individuals attribute to experiences, whether from stimuli from the outside world or thoughts and concepts from their minds (Zulhernanda, 2017). Interpretations are essential to make sense of our surroundings and interact with them successfully (Solomon, Bamossy, Askegaard & Hogg, 2006).

Furthermore, a sub-component we adopt from interpretivism is the phenomenology approach, which enables a deeper understanding of the subjective experiences of individuals and how these experiences are shaped by the broader context (Moon & Blackman, 2014; Prasad, 2018). We recognize that in our study the meaning of ESG and the influence of ESG consultants' individual interpretations are influenced by a socially constructed reality's interpretation and sensemaking (Prasad, 2018; Weick, 1995). The underlying idea is that the findings capture a range of interpretations of reality rather than one fixed reality (Bell, Bryman & Harley, 2019). According to the phenomenological assumption, the essence of reality is created via first-person interpretations (Husserl, 2013). Therefore, the phenomenology approach will help uncover ESG consultants' interpretations of the term ESG.

Over time, the phenomenology approach evolved and incorporated various interpretive traditions, including hermeneutics, dramaturgy, dramatism, ethnography, and symbolic interactionism (Prasad, 2018). Our research corresponds with the symbolic interactionism tradition (Blumer, 1986); The symbolic interactionism assumes that each individual has a unique meaning and interpretation of an occurrence that might be subjective and influenced by social settings (Blumer, 1986; Prasad, 2018). In our situation, the subjective opinion of ESG consultants and how their interpretation is constructed by the environment. The interaction

between our researched population is crucial, since they create meaning through sharing knowledge of the term ESG. The critique towards symbolic interactionism is that it does not address the large questions that the other phenomenology approaches do (Meltzer, Petras & Reynolds, 2020). It researches the interactions between individuals, yet it provides some insight into understanding the interpretations of our population. Therefore, we see symbolic interactionism as supplemental to the phenomenology approach, rather than the dominant approach.

The studied literature showed that there was an opportunity to research the interpretations of ESG consultants of the term ESG, what impacts their knowledge of the term ESG and how their interpretations impact their role as ESG consultants. Because of the scarcity of already performed qualitative research, an abductive approach was appropriate as this research combines pre-established ESG knowledge and obtained ESG consultants' interpretations to discover new insights into their potential connection (Alvesson & Kärreman, 2011; Dubois & Gadde, 2002). The abductive research process involves a method combining the inductive approach, creating meaning from empirical data, and the deductive approach, researching existing theories (Bell et al., 2019). This led to an alternating dialogue with the literature, as well as taking into account the social environment as a source of empirical data for theoretical notions (Bell et al., 2019). Alvesson and Sköldbberg (2018) affirm this continuous dialogue between theory and empirical data, by adding that this impacts the interpretation of each other successfully. As a result, we went into the interviews with a certain foundation of knowledge of the literature on the term ESG. Notwithstanding, within this abductive process, we aspired to be open to surprises, as Alvesson and Kärreman (2011) assert: "Surprise is often a sign of interesting phenomena and may be seen as an invitation to explore the unknown" (p.63). Therefore, we alternated between the literature and the empirical findings to further understand the studied subject, while being open to surprises in the data collection process.

### **3.2 Data collection**

#### *Cross-case analysis*

Since we were researching the specific role of ESG consultants, we were not restricted to one organisation or a single case. On the contrary, we seek to gather a sample as wide as possible within the given time frame. Therefore, we chose a cross-case analysis to yield rich and

nuanced insights into ESG interpretations. A cross-case analysis is a research method in which multiple cases, such as individuals, are compared and contrasted to identify patterns, similarities, and differences (Khan & VanWynsberghe, 2008). Accordingly, a cross-case analysis provides a more comprehensive understanding than a single-case study, since we could compare data from multiple cases (Ryan, 2012). This method where different sources are used is called data triangulation, which can assist to increase the trustworthiness and credibility of the findings, since it helps to overcome the bias of a single method (Noble & Heale, 2019; Golafshani, 2003; Mohamad, Sulaiman, Lai & Salleh, 2015).

One thing to be aware of when performing a cross-case analysis is that it could be resource-intensive, implying that it can cost time and effort (Ryan, 2012). Nonetheless, we aimed to interview more than one individual within organisations, as this developed in more interpretations of the term ESG. This resulted in retrieving data from five organisations; once we found an ESG consultant who wanted to participate in the study, we had fairly easy access to a larger pool of potential participants within the same organisation.

### *Sampling*

The reasoning behind performing the interviews with ESG consultants from different consultancy organisations is that we wanted to grasp many interpretations of the term ESG. The choice of the participants was based on purposive sampling, a type of non-probability sampling, since we consciously addressed possible participants according to criteria that meet the research objective (Saunders, Lewis & Thornhill, 2019). The established criteria for our sample was that an individual was required to currently operate as a consultant in the ESG field and advise external organisations about ESG.

Finding participants went as follows; our search started through searching for consultancy firms that provide ESG consulting and displayed this on their online webpage. Thereafter, we used LinkedIn to search for employees at those firms. We specifically searched for employees which are employed as ESG consultants, those talking about ESG or the ones which displayed ESG in their bios. Additionally, we found other suitable participants when we narrowed the research down by including a city within travel distance, in case they would be open to meet in person. We retrieved mail addresses or sent direct messages through LinkedIn to fifteen consultants who had ESG in their bios. When we received a response, we told the ESG consultants about the topic, but kept it vague to not interfere with the research prior to the



interviews. Furthermore, we asked the participants after the interview if they had colleagues or contacts in their network that match our targeted population. This method is called snowball sampling, where, like a snowball sliding downhill, involvement spreads through a community of connected individuals (Sharma, 2017). A total of nine participants were established through this method. Ultimately, the total timespan of the data-collecting period was six weeks.

The study is based on a cross-case analysis of thirteen ESG consultants, divided over five consultancy organisations advising other organisations on ESG. The distribution of the number of participants per organisation can be viewed in figure 2:

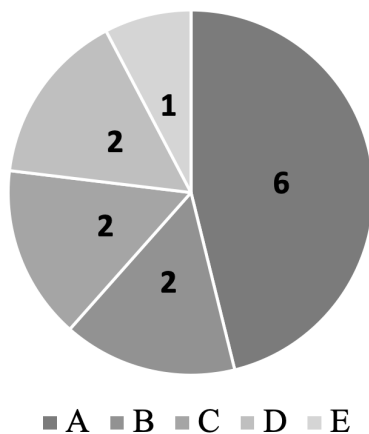


Figure 2. Number of participants per consultancy firm (A-E)

#### *Semi-structured interviews*

To collect valuable knowledge to answer our research questions, data was gathered by executing interviews. As stated by Kvale (1996, p.2) an interview is literally an “inter view”, a discussion about a topic of shared interest between individuals. The conversation is a basic mode of human interaction; thus, an interview is essentially a conversation with a set agenda and purpose (Kvale, 1996). Because of interpretivist epistemology, which seeks to understand the social environment via investigation of how participants interpret the term ESG, what impacts their knowledge of the term ESG and how their interpretations impact their role as ESG consultants. (Bell et al., 2019). Furthermore, most questions we asked the participants started with ‘how’ to grasp the interpretations of them, further adhering to our symbolic interactionist approach (Prasad, 2018). Additionally, we wanted to understand their created interpretations, acknowledging the phenomenological approach, which we put to practice by deliberately using silences to encourage participants to reflect before responding.

We choose to execute semi-structured interviews. Semi-structured interviews are a qualitative research approach in which open-ended questions are asked in a structured fashion. The interviewer has a series of questions that they wish to ask the participant, but they also have the possibility to ask follow-up questions or explore new topics that occur during the interview. We selected this method, firstly because it allowed us to gather in-depth information about participants' experiences and interpretations. This data was used to develop a more detailed understanding of the research topic. Secondly, semi-structured interviews provided flexibility, allowing participants to express themselves freely, which could lead to the discovery of surprising empirical findings.

In the semi-structured interviews, we explored the following main themes: their interpretations of the term ESG, the different letters E, S and G, when they first heard, their role as ESG consultants and factors impacting their interpretations. More detailed, we asked the ESG consultants: a) about their own experience with the term ESG and motivation to become an ESG consultant, b) how they interpret the term ESG, also in relation to existing terms such as CSR and sustainability, c) how they interpret opportunities and challenges within their role, and d) if there are factors influencing their interpretations of the term ESG.

All participants agreed on their voices being audio-recorded. To ensure privacy, the participants agreed beforehand to anonymise their names; we refer to them with fictional names throughout the thesis. The timespan of each interview was between 30 and 45 minutes and was held in English. Since English is widely used in the countries where our participants worked and in the consulting field in particular, it was assumed that the participants were able to communicate properly in English, which lessens the impact of misunderstanding. However, there is a small change that could have impacted credibility, since the majority of our participants were not native English speakers. As a result, the ability to communicate words and thoughts may have been different in their native language, leading to divergent interpretations (Bryman & Bell, 2003).

### **3.3 Data analysis**

We seek to make sense of the extensive amount of empirical data we inherited after conducting the thirteen semi-structured interviews. Although we both operate in a highly systematic manner, Rennstam and Wästerfors (2018) point out that:

“Even an ever-so-structured researcher doing his or her best to “sort in the field” has to accept a certain degree of disorder as the material grows in volume” (2018, p.69).

Prasad (2018) affirms and adds that in qualitative studies it could be overwhelming to choose from the enormous variety of possibilities. Accordingly, we transcribed all our recordings in text; the recordings allowed us to maintain the conversations alive while discovering new elements which we were unaware of throughout conducting the interviews (Kreuz & Riordan, 2018). We used coding techniques to interpret meaning. This qualitative data analysis approach includes categorising the data into themes by using the sorting-reducing-arguing framework of Rennstam and Wästerfor (2018).

### *Sorting*

When sorting, Rennstam and Wästerfor (2018) recommend exploring categories beyond the commonly used ones and looking for surprising data. Thus, we decided to code open-minded towards the empirical findings to continually be open for surprises. We did this by taking our time with this step of the process to make sure we thoroughly understood and grasped the participants' interpretations.

The computer program Nvivo assisted in sorting the enormous amount of collected empirical data. We inserted our transcribed interviews in the application, which allowed us to group our material in one or multiple codes and highlight surprising remarks. According to the grounded coding theory of Strauss and Corbin (1998) this is referred to as open coding and axial coding. These steps entail doing preliminary data exploration by breaking down the text into components and finding categories, as well as investigating the context in which they occur. We created the final categories as well as their subcategories by using axial coding to compare and contrast all open codes (Strauss & Corbin, 1988). In addition, we naturally denote labels to fragments of text to provide a way to easily refer to and organise the data, also referred to as the concept of denoting (Strauss & Corbin, 1988). In the end, we adopted an inductive coding approach, however, one could argue it should be labelled as an abductive coding approach, since we already acquired knowledge on ESG from writing the literature (Ryan & Bernard, 2003).

### *Reducing*

After coding each interview, we had over twenty categories. The reduction step, in which certain data parts are purposefully omitted to create a more workable and theoretically relevant set of empirical data, was vital to make sense of our data (Rennstam & Wästerfors, 2018, p. 109). The application Nvivo assisted in obtaining an organised overview of our categories, yet the reduction process had to be done manually. We reduced the categories adhering to the symbolic interactionist approach, by focusing on codes where the subjective experience and interpretation of the participants was shown (Rennstam & Wästerfors, 2018). Furthermore, we considered whether there were codes agreeing or opposing with previously performed research of the term ESG, adhering to the abductive research approach.

Consequently, we created overarching themes as well as incorporating some new codes to construct a cohesive theory, referred to as selective coding (Strauss & Corbin, 1988). We reduced the themes to three apparent themes with sub-themes: 1) ESG is much more than what lies on the surface 2) Lack of knowledge of the term ESG, and 3) How interpretations influence their role as ESG consultants, visible in table 1:

<b>Theme</b>	<b>Sub-theme</b>
1) <i>ESG is much more than what lies on the surface</i>	<ul style="list-style-type: none"> <li>- ESG as transformative ideology</li> <li>- ESG as a revised version of CSR/sustainability</li> <li>- ESG as order qualifier</li> <li>- ESG as the letters E, S, and G</li> </ul>
2) <i>Lack of knowledge of the term ESG</i>	<ul style="list-style-type: none"> <li>- First learn about the term ESG</li> <li>- External pressure as new regulations</li> <li>- Continuously learn and learning on the job</li> <li>- Expert on ESG</li> </ul>
3) <i>How interpretations influence their role as ESG consultants</i>	<ul style="list-style-type: none"> <li>- Role of a teacher</li> <li>- Need to create urgency for ESG</li> <li>- Creating impact as internal ESG ambassadors</li> <li>- Role as secure</li> </ul>

*Table 1. Final themes with sub-themes*

### *Arguing*

We reflected on our conducted interviews to interpret statements and ensure data are well-spoken (Styhre, 2013). We aspired to be open to new ideas and to continuously look back on our interpretations of the empirical material, by establishing the dialogue between our empirical findings and the literature (Alvesson & Kärreman, 2011). The analysis of the findings follows the excerpt-commentary units structure by Emerson, Fretz and Shaw (1995). This structure selects a theme and uses this as the starting point. We included analogies which the participants coined or which we created, so the reader can draw parallels to known concepts (Rennstam & Wästerfors, 2018). This is then followed by an orientation that introduces the empirical excerpt, which could be one or more quotes of the obtained empirical data sample. We want to show the different interpretations as a dialogue, and therefore the excerpts are the most prominent part of our findings (Rennstam & Wästerfors, 2018). Lastly, we connected the excerpts with

analytical commentary, often related to academic studies, which we included in the discussion part, as we want to minimise the deductive inferences in the findings (Emerson et al., 1995). We used this excerpt-commentary unit structure repeatedly with each sub-theme, but sometimes alongside each other, resulting in a coherent framework.

### **3.4 Reflexivity & limitations**

Before proceeding to the findings of our cross-case analysis, we should note that to establish the reliability of our research, it is crucial to show that we are conscious of factors that could hinder the credibility and trustworthiness of our study.

The first limitation that we would like to address is that one cannot generalise the empirical findings; we positioned our study within an interpretive research tradition, to be precise the phenomenology epistemology and the symbolic interactionism. This implies that we research comprehending the subjective meanings of our sample.

Whilst taking on a cross-case analysis we remained reflexive; cross-case analysis often entails evaluating numerous cases, and the analysis may be less in-depth than a single-case study. This is due to a creased emphasis on the details of each case (Gustafsson, 2017). However, we do not experience this as a limitation of our study, since our goal is not to give an in-depth examination, but rather a more holistic understanding (Whittemore, Chase, & Mandle, 2001). Notwithstanding, we argue that this data triangulation, where we include data from different individuals working at different organisations, increases trustworthiness and credibility (Noble & Heale, 2019; Golafshani, 2003).

We bear awareness of our selection process in choosing participants for our interviews ourselves, which could lead to selection bias. However, even though we approached the participants, they could decide whether or not to reply and participate in our study. Therefore, the people who eventually responded did of their own accord. This might indicate that they were interested in the topic of ESG and felt passionate about it resulting in a self-selection bias (Saunders et al., 2019). Consequently, the answers we received might have a more positive outlook than those from a randomised sample. To minimise the bias, we did not tell the participants beforehand about our research purpose (Saunders et al., 2016).

Furthermore, prior knowledge, experiences and interpretations impact how one approaches an issue and perceives findings. Therefore, researchers' background and prior knowledge can impact the interpretation of data (Alvesson & Sköldbberg, 2018). Researchers with strong expertise in a certain topic are more likely to interpret results in a manner consistent with their already existing knowledge and experience. They might be more prone to concentrate on particular aspects of the material while ignoring others (Hancock, Ockleford & Windridge, 2001). Therefore, a researcher needs to be aware of their own biases to remain open to different interpretations (Alvesson & Sköldbberg, 2018). Since we both have an interest in the ESG topic, but were not familiar with the particular term yet, it can be stated that in this research we were open to various inputs to get to our results. Besides, working in a pair was used as an advantage to consider possible different interpretations of the empirical findings. This is an example of investigator triangulation, since we are multiple researchers to collect data for our research separately (Flick, 2004). Triangulation aids in gaining a deeper comprehension of a topic (Noble & Heale, 2019). If just one researcher is gathering and interpreting data, the possibility of a biased observer might be present. Thus, the likelihood of a biased observer is reduced by using investigator triangulation (Oppermann, 2000).

Although the data collection is completely anonymous, the participants could feel the need to provide socially desirable answers (Ritchie, Lewis & McNaughton Nicholls, 2013). Various confidentiality measures were taken to minimise the likelihood of social desirable answers, thus enhancing the credibility of our study. Firstly, the participant was told beforehand that their name and position would be altered. Secondly, we tried to ensure that the interview was held in person, preferably outside the office environment, to create a safe environment to talk freely and openly about the term ESG. Conversing face-to-face enriches the data quality to a higher extent than meeting virtually does, which is due to hesitancy towards participant privacy and managing data (Carter et al., 2021). In the case of interviews being held virtually through Zoom, it can be debated whether our interviews lacked a personal connection. Meeting via a digital platform restricts the possibility to interpret and observe body language (Archibald, Ambagtsheer, Casey & Lawless, 2019). We experience the contrary, as we experience that this kind of interviewing has time advantages, and digital meetings have become considerably more usual due to the pandemic (Lund, Madgavkar, Manyika & Smit, 2020).

### **3.5 Chapter summary**

For our qualitative research, we adopted an interpretivist epistemology to understand the subjective interpretations of the ESG consultants and used the phenomenology and the symbolic interactionism tradition to provide a nuanced and holistic understanding of first-person interpretations from the ESG consultants (Prasad, 2018). Our abductive approach allowed us to be open-minded and discover new insights into ESG consultants' interpretation, while having a dialogue with our literature study. Through semi-structured interviews, data were collected from thirteen ESG consultants from different consultancy organisations, a so-called cross-case analysis. To maintain credibility and trustworthiness, measures were taken to ensure confidentiality and awareness of possible biases. The analysis of the collected empirical data was conducted using a sorting-reducing-arguing framework of Rennstam and Wästerfor (2018), which was enhanced by the reflexivity of the limitations of this research.



## **4. Analysis**

In this chapter we shall share our empirical material. We will first show how participants interpret the term ESG and what it means for them touching upon different interpretations. We will also highlight the lack of knowledge ESG consultants hold of the term ESG and analyse how they try to overcome this lack of knowledge. Finally, we will present how their interpretations influence their role as ESG consultants touching upon factors that result from this, including the need to create urgency and feeling of a secure future. It is crucial to note that the interpretations of ESG are unique per individual and influenced by a variety of elements such as the ESG consultants' background, knowledge and the projects they work with. Thirteen interviews with ESG consultants from five different consultancy firms encompass the empirical material.

### **4.1 ESG is much more than what lies on the surface**

In this subchapter we will touch upon the interpretations of ESG consultants of the term ESG. ESG consultants showed that they interpret the term ESG in various ways, aligned with the interpretivist research approach. In order to investigate ESG consultants' interpretations, we asked the ESG consultants open-ended questions such as "What is ESG for you?" and "How do you see the added value of the term ESG?". We will touch upon the interpretations of ESG as; 1) an ideology, 2) a revised version of CSR/sustainability, 3) an order qualifier and 4) the interconnectedness between the letters E, S and G.

#### **4.1.1 ESG consultants interpret ESG as transformative ideology**

During the analysis of our empirical material, the interpretation emerged that ESG is interpreted as an ideology; ESG consultants interpret the term ESG as a foundation for their intrinsic motivation to work with ESG; as they mentioned words and concepts regarding 'values', 'beliefs', 'ethics' and 'morality'; we clustered this theme as transformative ideology. Transformative because ESG consultants interpret ESG as a guide for transformation; an essential puzzle piece for their desired ideology. The mention of morality suggests that Jan recognizes the importance of aligning projects with ethical principles: "*ESG is not only about profit, you also touch upon morality*" (Jan). We conversed with Hanna concerning ethics,

where she stated how she interprets ESG as something that gives her hope for a future aligned with her beliefs:

*“For me, it’s almost giving up [on a sustainable world]; How can I do good? That is why I am excited about ESG. I hope it will enable us to make good decisions.” (Hanna)*

Furthermore, many ESG consultants stated that they interpret the term ESG as similar to their values: *“ESG has been pretty aligned with my own values.” (Nina)*. Rose also touched upon how she thinks it is important that they align: *“My values are really reflecting with the term ESG and the area that I am working” (Rose)*. Peter furthermore explained that he interprets ESG as a driver for intrinsic motivation: *“I think that there is an inherent need to try to combine work with something I believe in and something that I find interesting, that is ESG for me” (Peter)*.

Chloe demonstrated the desire for personal and professional alignment in terms of values and a commitment to ESG. Interpreting ESG as an ideology plays a significant role:

*“I don’t want to work a certain way and then go home and behave a different way. I want them to be aligned and that there is no dissonance between them.... I like to live without the dissonance.” (Chloe)*

Jan is positive about the future and stated how the term ESG is a vision or belief where the organisations' business model is based on:

*“New businesses are built around it; a start-up is born as a circular company or is born with ESG at the core. Basically, if you take ESG out they don’t exist.” (Jan)*

Continuing on his interpretations of ESG, he indicated how ESG entails more than the commonly known sustainability practices and interprets it as linked to values:

*“You want to have a holistic approach, you want to look at all letters and not just the old idea of sustainability. Companies have started to do that by looking at why, and*

*what the impact on local communities was, in the old days “the triple-bottom-line.”*  
(Jan)

Hanna even stated that ESG encompasses everything. The excerpt highlights her interpretation that ESG is an ideology that drives organisational transformation:

*“Businesses are ever-changing. It [ESG] is becoming a drive for the business, for the change and for the transformation rather than being something fluffy and going in the aspects basically, because ESG covers everything in a way.”* (Hanna)

Chloe also emphasised the subjective nature of ESG, implying that people can take a personalised interpretation to the term ESG depending on what they stand for:

*“You have to think which definition works for you, which is the most relevant and you can relate to. As a company, but also as an individual how you define it.”* (Chloe)

In this subchapter, it became clear that ESG consultants interpret the term ESG as an ideology that serves as a basis for their intrinsic motivation to work with the term ESG. We categorised this interpretation as "transformative ideology", as ESG consultants see ESG as guiding transformative actions and consider it a crucial aspect of their desired ideology.

#### **4.1.2 ESG consultants interpret ESG as a revised version of CSR/sustainability**

Another interpretation that emerged is that the term ESG helps set up actions towards the aforementioned desired vision to have CSR, sustainability or positive impact. Therefore, ESG consultants interpret ESG as a revised version of CSR/sustainability. Some ESG consultants claimed that the terms ESG and CSR are linked and formed the interpretation that CSR could not make a significant difference, while the term ESG is seen as a more specific and demanding practice. Youri stated it as that it has the potential to achieve more than CSR ever actualized:

*“We also implemented ESG in our CSR policy to do something for society in a socially and environmentally sustainable way... You can have a CSR policy as a company just fine without being interested in how you are focusing on your ESG targets... You can*

*make a page as a CSR and policy by saying we donate 1 ton to poor countries and have 5 employees do volunteer work at the food bank. ESG is different because in this area you have to commit to targets and how you stick to them." (Youri)*

When asking others how they interpret the additional value of ESG next to the already existing CSR and sustainability, Peter stated a similar point of view:

*"I feel that ESG is the same sense and rebranding and instead of saying 'be responsible' it says 'show us how you are responsible'. Show us what you are doing, what you are doing in terms of social and in terms of governance. They upped the game with ESG. How CSR affects ESG, I mean it puts more pressure on companies than the term itself. A general word as sustainability is a pretty vague concept. That needs these types of conceptual innovation [like ESG] in order to survive. From a world with a very short tension span I reckon." (Peter)*

Later in the interview, Peter felt the notion to summarise how he interprets ESG as a revised version of CSR: *"I feel like ESG is more of an upgrade of CSR. I have seen a pretty similar trajectory on the CSR transformation and [CSR] sort of evolved to ESG" (Peter)*. Youri stated similar and further elaborates how ESG encompasses more than CSR, implying that he sees ESG as a revised version as well:

*"ESG is a step further [than CSR] because that is more comprehensive about business activities and to what extent they meet the ESG condition. " (Youri)*

Chloe and Peter even displayed criticism of CSR claiming that CSR is outdated. Both excerpts speculate that CSR is an outdated concept that has evolved into ESG. They both seem to suggest that ESG is an evolution of CSR, and that ESG is a more comprehensive and effective way for companies to approach sustainability issues: *"CSR is like this old concept that people and companies that have not evolved use. ESG evolved out of CSR" (Chloe)*.

However, Peter also expressed some scepticism about the longevity of ESG as a buzzword, implying that it could end up in the "conceptual graveyard" like CSR. This is a metaphorical

place where concepts or ideas that are no longer relevant or popular are abandoned and forgotten. In the context of the quote, Peter suggested that the term CSR is no longer widely used or relevant, and that ESG may also eventually fall out of favour as a popular term for describing sustainability practices:

*"Where CSR is like a concept of the 90s and 00s where it was very hostage taken by the corporate and they realised it was not enough. Similarly to ESG as a response to the unfulfilled millennial goals... The lifetime of these sorts of buzzwords are decreasing every decade. It could be that ESG will end up in the conceptual graveyard. If you look at CSR it is like dead right." (Peter)*

Furthermore, ESG consultants linked ESG to sustainability in many ways; Youri mentioned that it can capture sustainable practices: *"For me, it's a classification of sustainability efforts"* (Youri), whereas Rose interpreted ESG as straightforward and perhaps superficial measurement, with an arguable negative connotation:

*"There is a big difference between sustainability and ESG. ESG is very much for investors and the financial sector to just tick boxes to make sure that there are processes in place to work across the environment and the sustainability side." (Rose)*

This contradicts the interpretation of Nina, who interpreted ESG as a significant part of sustainability, where making a positive impact is central. Nina's perception of sustainability seems to have been formed early on in her life, and this perception likely influenced her interpretations of the meaning of sustainability, which she describes as creating a better world. This interpretation, in turn, seems to inform her understanding of ESG, as an holistic framework for tackling sustainability. When taking the stand of Nina, the interpretation of Rose that 'ESG is ticking the boxes' may be viewed as small-minded. Nina interpreted ESG as ticking boxes when an organisation is going through the motions of meeting ESG criteria:

*"For me, sustainability has always been natural since I was younger, like creating a better world. Just like ESG it is about everything from creating a better environment to of course social injustices... What I like about the ESG terms is that it encompasses so*

*many aspects of sustainability... I haven't really looked at sustainability before as I look at it now, from a more theoretical approach." (Nina)*

Rose agreed with Nina that ESG consultants want to make a positive impact, but asserts that ESG might not be the solution. Her interpretation suggests that ESG consultants interpretate ESG as an addition or bonus next to sustainability. In her argument, impacting the planet concerns sustainability, whereas ESG assists in this process of getting that desired impact, but should step away from being a measurement:

*"We [ESG consultants] want to positively impact the planet and climate. ESG is not really capturing that, but it is complimenting sustainable work and sustainability. It should support the companies without tracking how they are processing." (Rose)*

In contrast, Anna interpreted that the measuring and creating a positive impact can go hand in hand:

*"Which regarding climate and neutrality and so one, so it is a mix of measuring and believing the importance of it and wanting to live in the kind of world where sustainability is meaningful." (Anna)*

This sub-finding displayed that ESG consultants see the term ESG as a revised version of CSR/sustainability, taking a more comprehensive and effective approach to sustainability issues. There was some scepticism about the longevity of ESG as a buzzword, with participants suggesting that, like CSR, it could eventually fall out of favour.

#### **4.1.3 ESG consultants interpret ESG as a 'order qualifier' for organisations**

From our empirical data it became apparent that ESG consultants interpret the term ESG as an "hygiene factor" or the description of it. Throughout the data, ESG is described as a hygiene factor, in other words, a hard criterion that an organisation needs to operate successfully. The concept of hygiene factor is in line with Hill's (2000) theory of order winners and order qualifiers. In this theory, Hill (2000) shows that an order qualifier is a basic requirement that a product or service must meet to be considered by a customer. These are the minimum standards that a customer expects from a product or service. Order winners, on the other hand, are the

features that differentiate a product or service from the competition and give it a competitive advantage. Customers prefer one product or service over another because of order winners.

We found that the ESG consultants interpret the term ESG as a hygiene factor that shifted from an order winner to an order qualifier: *“I think it is much more shifting to a hygiene factor if I can say it like that, something that is needed” (Henrik)*. Jan provided an illustrative example with the analogy of how a toilet is an order qualifier for a restaurant, which is vital when operating:

*“It has moved to being a hygiene factor; not having it is negative, while a few years ago, maybe it was a positive differentiator, now it’s like a toilet in a restaurant. If you don’t have it, you’re screwed.” (Jan)*

Organisations must keep up with incorporating ESG, like Olivia stated: *“Today you kinda need it [ESG] to be relevant as a company” (Olivia)*. Jan’s excerpt tells us that as a organisation, you need to prioritise ESG rather yesterday than today to remain competitive and to stay attractive to both clients and employees:

*“It’s a demand that’s coming from clients, it’s a demand that’s coming from people who want to work for the firm. And to be honest now I think you are actually too late to be at the front of the wave. You should have done that 3 or 4 years ago at least. If you start getting into it now it is a hygiene factor.” (Jan)*

Various participants stated how they interpret that it is necessary to implement ESG, because otherwise they will not prevail and become extinct. Even the word “die” is used:

*“You probably will see some companies really struggling and disappearing because they can’t figure it out. The requirements keep rising and at some point you might become illegal.” (Jan)*

Organisations need to recognize ESG as an “core issue and opportunity”, since failure results in negative consequences such as becoming irrelevant. Likewise, Chloe told us that it is important for clients to change their attitude towards ESG if they do not see the need for it yet:

*“We have those older clients that are really in their comfort zone, I think too much. Those are the hardest clients. The ones that are ok to die out and that maybe are not worth saving... if you don't realise that ESG is a core issue or an opportunity for you and then you die if you don't do something with it.” (Chloe)*

The quotes indicate that organisations that fail to incorporate ESG into their strategies and operations could face negative consequences, including legal difficulties and trouble acquiring and maintaining clients. Furthermore, there is a growing recognition that implementing ESG is not just a ‘nice-to-have’ or a passing trend, but rather an essential consideration for companies to address if they want to remain competitive and sustainable. The excerpt of Jan shows that he interpreted that ESG will become the norm in organisations:

*“I think in the grand scheme of things we will probably stop talking about it in a few years because it's just been, we don't remember a time when it wasn't a part of everything. So it becomes ingrained in everything that you do.” (Jan)*

In this sub-theme, we demonstrated that ESG consultants interpret ESG as a hard criterion, a so-called 'order winner'; without ESG, you cannot operate successfully. Some participants even argue that you die, become extinct or do not survive; thereby exaggerating the influence of ESG for organisations.

#### **4.1.4 ESG consultants interpret the term ESG as the letters E, S and G**

The following sub-theme describes interpretations of the letters Environmental, Social and Governance in the term ESG. Some participants explained their interpretations after the question "What is ESG to you?", while others needed a bit of direction, resulting in the question "Is there a letter of ESG that is most your expertise?". The latter question originated later during data collection, when we started receiving responses that piqued our interest in exploring participants' deeper understanding of the term ESG. Our empirical material showed that some



participants have a clear expertise or preference for one of the letters over others, while others work with all three. This confirms that there is no uniform interpretation among the ESG consultants that we interviewed.

When zooming in, Rose stated how she works mostly with the letter E, “...*the environmental side. That is where I come in and be able to contribute to the topic*” (Rose). Youri, on the other hand, talked about how he appreciates all three letters, but in the end, mostly works with the letter E: “*The S and G both have 30%, the E component 40% because I have the most affinity with that*” (Youri). Looking further, Bas also declared how he has the most affiliation with the letter E:

*“E, by far. It’s what I do essentially, I get some involvement in the G I guess, and I have very little involvement in the S. But definitely, the E because it is climate and environmental issues.” (Bas)*

Interestingly, although Rose, Youri and Bas affirmed that they mostly work with E, Youri and Bas both recognized the interconnectedness between the letters: When we questioned Bas on his reasoning for his foremost interest in the letter E, he expanded by telling us how E is much more than people often think and that the different layers is what makes it exciting to work with E:

*“I think a lot of people, myself included, default to climate (E) because you kind of know something about it. Or forests, and things like that, but there is much more to explore, so many more aspects that are so interesting.” (Bas)*

Henrik also pointed out that, within the letter E, people tend to forget the different layers: “...*it is not only about the climate crisis, there is biodiversity as well which is just as critical, but not as much talked about*” (Henrik).

The ESG consultants also mentioned how they found middle ground in E and S. Interpretations play a role in how Chloe understands and prioritises different aspects of ESG. Chloe, with her background in environmental issues (the E in ESG), perceived the middle ground between

environmental and social issues (the S in ESG) as her main interest: *“my interest is in the middle ground, between E and S” (Chloe)*. On the other hand, Jan, who is less familiar with the G aspect of ESG, perceived the social aspect as a ‘nice to have’, affirming the importance of making sense of the environmental aspect in a profitable way. This leads to his interpretation that ESG is about the dialogue between profitability with environmental concerns:

*“The G part I haven’t been in touch with, the S part is more of a nice to have in some cases and the E part needs to make sense. And it is a negotiation between we need some hard requirements and we want to be profitable. So it’s not as broad as I would like to see it.” (Jan)*

Some ESG consultants provided a strong preference for the letter S, the G, or a combination of the two. This stems from their individual preferences and interests, like many participants confirmed. Anna for instance, declared she has a passion for S, but G is more accessible to work with for her checking numbers:

*“My heart is in S, but I feel like reporting [to some degree the letter G] is something I have a good personality for, checking numbers and checking facts. I like that.” (Anna)*

More employees had affiliation with the S, which resulted in being able to work with the G: *“We get the G, because it is so connected with the S factor so yes, the G was also included.” (Nina)*. This tells us that, although ESG consultants have an interest in one specific letter, when starting to work as a ESG consultant you will work with all the letters of the term.

Working with all three letters was also noted throughout the interviews *“That’s what I like about this topic, they all fit me” (Youri)*. This tells us that participants interpret the term as broad but like to see it as one entity with different opportunities within, which was already prominent during the interviews. Olivia agreed with ESG being one big term:

*“I think it’s so incorporated today that no I would not say that there is one letter I work more with. Because today you look more at it as an entity. So there are different aspects of it... So I think I would say all, all three letters.” (Olivia)*

This excerpt shows that some interpret ESG as an entity and do not differentiate between the letters, instead considering all three as equally important aspects of sustainability. This is highly visible in the following excerpt: *“It is a good way to separate them, but also to see the overlap between them. It makes it a bit more concrete to understand what it means.”* (Chloe). Chloe is an advocate of an holistic approach to the term ESG, where all three letters are taken into consideration and not viewed in isolation. When asked how she interprets interconnectedness and if she can provide an example, Chloe expanded on her previous comments by illustrating the complex and interconnected nature of ESG and how it cannot be fully understood by simply focusing on one letter alone; she highlights how the letters E and S often experience dissonance and that by separating them, one might miss out on a larger system that has an influence on society:

*“...between E and S. I feel that they overlap and are quite interesting. Interesting clashes often arise between the two. If you refurbish a house or an apartment block in social housing, of course, you want to fit a good environment because of less energy cost and better isolation, but perhaps increase prices of buildings and then tenants cannot live there anymore. I think they work together and we have our social people, form the social team [Letter S], some others are on the climate team [letter E], when that overlap is not connected, you might miss out on a bigger system impacting your business. Especially in the neighbourhood. This is like a sustainable neighbourhood, but yeah it is a super expensive neighbourhood. That is my exception to picking a letter.”* (Chloe)

Nina explained this needlessly and contributes by describing her perception of how the conceptual framework differs from the practical implication; she interpreted the term ESG as not a static practice, but rather one that evolves and changes over time, requiring a continuous effort to understand and adapt to its complexities:

*“But also what I think is important is that ESG is so much more connected. When you read about it it sounds theoretical, but when you work with it, it is super connected. And that’s why I think it is important that we work with it from all these angles.”* (Nina)

Moreover, some ESG consultants stated that one of the drawbacks of the term “*ESG, is it narrows your mindset into E, S, G (Tess)*”, which she explained as a limitation which encourages shortsighted thinking and forgetting the bigger picture:

*“If you have a closer look, it is the way to systematise your way of thinking and talking. And it makes it easy to understand where the conflict shows up, and what falls in between the E, the S and the G. Also, how you can bridge those three to complement them.” (Tess)*

Nina also realised the interconnectedness when talking about the term ESG from a theoretical perspective:

*“The funny thing, I haven’t even realised this before, many things [letters] go hand-in-hand... For example, we did a risk management project that is focussing on the E aspect, but what they wanted me to help with was with the S aspect.” (Nina)*

Hanna interpreted that by focusing on social sustainability (S), other aspects such as environmental sustainability (E) will improve as well. She demonstrated the interconnectedness of the different letters of the term ESG and how addressing one can lead to positive outcomes in others:

*“There is much focus on the E, but if you focus more on the S a lot of the E stuff is going to be better. For instance, when we focus on S and increase women's influence, there are a lot of positive aspects... We would treat the animals better and reduce our waste. A lot of things would happen.” (Hanna)*

Some consultants said that addressing one letter of ESG is not enough on its own; a more integrated approach is needed to achieve a successful project that touch upon all the letter, like Peter stated that:

*“You also see how everything is so connected if you have a great S society, but you still see tensions and conflicts arising from a poor climate [E], then you cannot do anything with it anyway” (Peter)*

However, when ESG consultants consciously think about the ESG term, they begin to see the interconnectedness, labelling and interpreting the interconnectedness as important. For instance, the expert of Olivia shows that the interconnectedness between the letters of ESG can be overlooked from a first glance:

*“I think for me it is also the holistic view of it that I do appreciate. I think that you have to view it from all the letters, every single time, to get the full picture. So I think that the utility of it is what interests me today.” (Olivia)*

The sub-theme "letters E, S and G" offered a comprehensive analysis of participants' interpretations of the meaning and importance of the three letters in ESG, as well as their expertise in different aspects of the term. Overall, the distribution of ESG consultants and their relationship to the letters E, S and G appears to be diverse, with individuals having varying degrees of expertise and preference for each letter depending on their background and/or natural interests. Moreover, some state that they work with some of the letters of the three but contradict themselves when they say it is important to see them together, or state that the letters E, S and G are interconnected.

#### **4.2 Lack of knowledge of the term ESG**

In this chapter, we first show empirical evidence on how ESG consultants did not learn about the term ESG until after they started as ESG consultants. We then look at how external pressures and new regulations affect (the lack of) knowledge of the term ESG. Moreover, we identified two solutions to how ESG consultants try to overcome the lack of knowledge; they constantly learn and do so by learning on the job or they accept that no ESG consultant can be an expert and use each other's knowledge of ESG.

#### **4.2.1 ESG consultants only learn about the term ESG after starting to work as ESG consultant**

One of the first questions we asked ESG consultants during the interview was when they had first heard of the term ESG. Almost all ESG consultants replied that they had heard of ESG no more than five years ago, and that they learned about the term ESG throughout their work. Nina commented that, even though she works with ESG daily, *“ESG is a pretty new topic”* (Nina) yet to be further discovered. She further emphasised the role of interpretations by saying that: *“Even if we are very well read in the topic, it is still a new topic in its entirety and I think that everything hasn’t really been decided yet”* (Nina).

Another ESG consultant highlighted how it is described as a trendy new thing when we asked her what her job entails: *“But then there are always new things popping up, and one of them is ESG”* (Hanna). She continued explaining how it is a new field in her area, which mostly resembles the letter G in the term ESG. Thus, we asked her and others when they first heard the term ESG. Like Hanna, many stated how they first got in contact with the term when they started working: *“That was quite a few years ago, I don’t remember, but the first time I heard those letters and then it was like hmm what is that”* (Hanna).

For instance, Peter noted that when he applied for his job, he had heard of CSR before, but the term ESG was relatively unknown to him:

*“When I applied for the job (laughing) ... I knew about CSR before, but ESG, maybe I read about it but did not pay any attention to it. ESG ok so it means something like sustainability, let me read up on it.”* (Peter)

Similarly, Nina first learned about the term ESG when she was contacted by an organisation for the position of ESG consultant:

*“Honestly? I think it must have been April 2022 [when receiving a call to work as an ESG consultant]. I got contacted by organisation A, and I just googled it! The typical google search.”* (Nina)

Both excerpts from Peter and Nina describe the initial lack of knowledge of ESG and their subsequent need to research or educate themselves about the term. This was also prominent during other interviews. They show a certain degree of vulnerability by stating ‘honestly?’ or laughing about what they said. They state it as some form of confession, implying that they should have known earlier.

Moreover, some participants described that they never used the term ESG prior to starting their job but did experience similar terms during their education or previous work. Youri his excerpt illustrates that ESG was not yet an important term when he studied sustainability or something similar, he has only known about it since the last 2 or 3 years:

*“I think 2 or 3 years ago. I finished sustainable business and innovation 7 years ago, and ESG was not mentioned then. Then you had CSR and sustainability, but no ESG yet.” (Youri)*

Bas added on this by stating that ESG was just not a common term and they used sustainability: *“That was probably like 4 years ago maybe, I’d say in the space that I worked in previously ESG was not a super common term, you talk about sustainability” (Bas)*. Jan stated that he had a similar experience with knowing about the term sustainability, but not ESG:

*“I’ve heard variations of ESG, but if you look at sustainability, that was long ago. ESG as a term probably about 5 years ago, in a professional context as part of the corporate ambitions.” (Jan)*

These three excerpts suggest that the term ESG is a relatively new term in the context of corporate sustainability. Reviewing all data within this theme, it shows that most of the ESG consultants in the sample were not familiar with ESG before starting to work with it. They had heard from Sustainability and CSR in the context of their previous work or in their education, but not the term ESG. Only one of the thirteen interviewed consultants knew about ESG more than five years ago: *“ESG, I have known about it all the time”*. (Tess)

This is a contrary response from the other participants. After this comment, we asked Tess if she could name a specific date, to which she replied with "around 2...", but then continued on about topics of interest to her, such as capital markets, human rights and political scandals. Throughout the interview, she avoided more questions. It was thus already clear during the interview that Tess wanted to give the socially desirable answer that an ESG consultant is expected to be an expert on ESG.

This sub-finding showed that most ESG consultants, although they accepted a position in the field of ESG, had no real knowledge of what the term ESG meant before they started working as ESG consultants.

#### **4.2.2 External pressure as new regulations result in lack of knowledge**

With more and more stakeholders demanding that organisations prioritise ESG, organisations are turning to ESG consultants for guidance. The increased demand for ESG consulting services is causing ESG consultants to focus on obtaining knowledge on the latest developments of the term ESG. Rose illustrated the pressure that her client's organisations experience from stakeholders to engage with ESG:

*“All companies now feel the pressure from multiple stakeholders and from a regulatory policy perspective or from a loyal employee perspective to engage investors. They all get the push and the benefits, but it is the very view that figured out how to get that. There are stricter policies around branding and strategies. Companies are afraid to get in the backfire so green washing etc. is interesting.” (Rose)*

Additionally, Nina acknowledged the increasing role of regulations in shaping ESG: *“The EU comes with new regulations every year. There are new things coming all the time” (Nina)*. The positive outcome of the external pressure from authorities is that it promotes transparency and encourages organisations to take ESG seriously, as Nina declared:

*“And what is good with the ESG in Europe is that we have a lot of new legal frameworks connecting this. This makes the whole industry a lot more transparent and companies really start to understand like okay you can't just write 'we do sustainability, we help*



*a football team blablabla' you actually have to have the data, which I think is good."*  
(Nina)

Chloe on the other hand, highlighted that some organisations will not integrate ESG "for the most humble of reasons"; she perceives how some may emphasise ESG for legal reasons at first, but interprets that they might do it for boosting their reputation and brand image:

*"Maybe some companies will not do it for the most humble of reasons, but more from a business side. But with the regulations coming in, we have to do this because otherwise they will have to get fined. Not because they want to, but because they need to."* (Chloe)

Peter affirmed how some organisations may have previously believed they were doing enough to address ESG, only to discover that they are not fulfilling the new higher criteria. This conveys that organisations need to take a more comprehensive and proactive approach to ESG: *"They thought they had everything under control and then with the new regulations they are not as on course they thought they were"* (Peter).

In this subchapter, we noted that the increased demand for ESG consulting services is prompting ESG consultants to focus on gaining knowledge about the latest developments of the term ESG. External pressures, such as new regulations and stakeholder expectations, influence how ESG consultants and organisations interpret the term ESG.

#### **4.2.3 ESG consultants' need to continuously learn and do this by learning on the job**

To overcome the lack of knowledge about the term ESG, ESG consultants are constantly educating themselves to successfully assist their clients. ESG consultants explain that this is a challenge because, as our interviews showed, ESG is a relatively new topic for almost all of them. Therefore, they are required to gain knowledge in the course of their work. Olivia told us that her knowledge of the term ESG increases with each project: *"You learn so much in a very short time, because you do so many different things for so many different clients, that the learning curve is amazing."* (Olivia)

The rapid pace of change within the ESG term makes it challenging to keep up with, but Anne stated it is also an unique opportunity for ESG consultants to professionally develop and grow:

*“It feels like the only words they use at consultancy firm A is “be curious”. I guess you have to really be willing to learn new things all the time and don’t be afraid.” (Anna)*

It was prominent during the interviews that there is a sense of uncertainty around the term ESG; ESG consultants must be able to adapt quickly, continuously build their skills and be curious and willing to take the jump, like Anna and Hanna mentioned, to be effective in their roles. Then Hanna argued that it will be double, making the comparison to CSR:

*“No one knows, because no one has done it before. That makes it seem like climbing Mount Everest or sailing the Atlantic; looking back, we can see that [CSR] was not too bad.” (Hanna)*

Jan agreed and provided a suitable analogy that learning about ESG *“it is like assembling a car while you drive it”* (Jan). He stressed how he expands his knowledge and stays up-to-date with the latest developments, during and because of the work he performs at his clients. Since ESG is relatively new and fast expanding, there is no universally accepted definition. This tells us that building knowledge for addressing ESG projects is challenging, because ESG consultants require learning on the job: *“So there is the challenge that we need to build skills ourselves... Because, you are supporting people in doing it, while learning yourself”* (Jan).

We asked the ESG consultants how they interpreted the current status of the letters and the possible development. Their answers tell us that it depends on the projects they work with to what they think is going to be the next focus. For instance, Hanna works most with the letters S and G, notwithstanding she sees the current trends in E: *“E is the biggest topic at the moment, there is much focus on it ... therefore, I am expanding my competence”* (Hanna). Furthermore, Peter said that he started with S and later on G, while E is still an area he wants to discover further:

*“Social sustainability [S] caught me quickly; the letter S the most and I understand S the best. To some degree the G as well. I am now in a moment of my life where I try to understand the E better.” (Peter)*

On the contrary, Bas his interest lies in the E, yet he interpreted that S will hold much more attention in the future. This tells us that there is a shift in focus on different letters:

*“I also think that it will because the regional development within the E space is fairly well developed, there is a lot of regulation on environmental requirements and climate and so on. The S space, there is still a way to go, and that is starting to come now... there will be a much greater focus on the S.” (Bas)*

This trend is confirmed by Hanna: *“The S... it feels that it still has not caught up to the level it could” (Hanna)*. These different interpretations are based on their individual interpretations of the importance of the letters of ESG and how they relate to their specific areas of interest and expertise. This is because ESG consultants hold knowledge and feel confident on one letter, but do not hold much knowledge on the other letter(s) and thus find it noteworthy to focus on the other, because they do not want to miss out. As Henrik confirmed this struggle: *“It is a lot about the environment... Of course it is a big thing, but there are 2 major letters in ESG as well” (Henrik)*.

In this sub-finding, we have noted that ESG consultants interpret that the rapid changes in the ESG field are difficult to keep up with, but that they also present opportunities for professional development. Continuous learning accentuates the need for ESG consultants to engage in ongoing training to stay up-to-date to deepen their interpretations of the term ESG.

#### **4.2.4 ESG consultants need each other's knowledge, because no one is an expert on ESG**

During the interviews, ESG consultants explained that they need each other in their work because it is challenging to gather all the knowledge and become an expert themselves, so going to their colleagues to gather knowledge solves this problem. Moreover, ESG consultants realise that they cannot be experts when they start working with ESG. For example, Nina

argued that it is important not to overwhelm yourself by trying to learn all the knowledge, but that ESG consultants should find the knowledge that applies to them:

*“For someone completely new, I see the benefit of keeping it simple. Maybe just highlighting the one or two things that might be relevant for them. I think it is more of a tailoring situation.” (Nina)*

Henrik mentioned likewise and clarifies that while wanting to focus on the broad ESG term, consultants experience difficulties concerning not being able to keep up with all the knowledge and tasks. Henrik's excerpt shows that ESG consultants face many choices about what knowledge to gather in the limited time they have:

*“It was key for me to not get stuck in the details. What you might understand from both talking about ESG, you can go down that rabbit hole, already on the letter E, you can spend weeks on that. In the beginning it is better to get a grasp and not get too hung up on every detail.” (Henrik)*

Henrik even expressed that people in the consultancy field endure intense stress when learning they cannot know everything about the term. Saying that as an ESG consultant there is high pressure to acquire a large body of knowledge on ESG:

*“You will not understand everything [about ESG] and that is just the way it is. Learning that you don't know everything and that you cannot know everything about it. That could break people pretty fast. I had friends who stopped working in consultancy because of that. They could not keep up with all the information and that took their toll on them.” (Henrik)*

Because of all the challenges associated with not having the knowledge, several ESG consultants say that it is important to stay true to yourself, because you simply cannot be an expert on everything ESG consists of. Chloe for example, talked about being honest about your limitations, where rather than claiming to know everything, it is OK to acknowledge when you do not understand something or raise question:

*“Be that person in the room that says I don't understand. There is often another person in the room that says I don't understand either. It is about asking those questions, not because you are stupid or something.” (Chloe)*

Therefore, ESG consultants need each other's knowledge. Jan for instance, said that you cannot know all, thus when clients need expert knowledge on something that he does not have, he reaches out to other ESG consultants who have different in-depth knowledge:

*“I make sure when I talk to my clients there are things I know and there are things when they want to talk about it. I'm happy to give them my lame man opinion, but if they want to have a deep conversation, I will have to connect them to someone else.” (Jan)*

When it comes to handling knowledge of the term ESG, more ESG consultants suggested being a generalist. Jan shared the interpretation that it is acceptable to be a generalist when you know where to find experts that are willing to share the knowledge you need: *“...most people accept that there are certain things they don't know, and then they refer to others” (Jan)*. Youri explained that you do not need experts, but that as a generalist you can help the client to find the expert knowledge: *“...if you just put the smartest minds together, then you can also start thinking around” (Youri)*. Hanna explained in her interview that she sees the advantage of being a generalist above being an expert in ESG and states that: *“You can choose a niche [expert] or be a generalist. I am a generalist” (Hanna)*. Moreover, Bas showed he is a generalist, and adds that he will not be able to provide an informed response outside of his expertise. This highlights the importance of recognizing their own shortcomings and being honest and transparent about this:

*“In a credible fashion, I can speak broadly about the other ones as well, but to anyone that actually knows anything they are able to ask questions to which I won't be able to reply.” (Bas)*

It again emphasises the importance of seeking experts in specific areas within ESG when needed. Similarly, Rose admitted that she is a generalist and shows in this excerpt that she is

not an expert of the term ESG: *“I am not an expert on all topics [within ESG]; I can talk about the umbrella and talk around the environmental side and deep dive there”* (Rose).

Interestingly, while Rose stated to be a generalist, she contends that generalists are no longer required, implying that she thinks her knowledge of the term ESG is not enough at the moment. According to Rose, experts are needed to address complicated challenges:

*“How the consultants happened back in the days is that they fostered generalists. That is not the case anymore. No one needs a generalist. We need a person with expertise to solve complex problems. what we see is that it goes to the generalist, but how can we combine that with people that have really deep knowledge within that area.”* (Rose)

In conclusion, ESG consultants interpreted that they do not need to be experts in all aspects of ESG. A generalist with a broad interpretation is sufficient, as long as experts are available when needed. ESG consultants state that they should be eager to learn new things. They do caution against getting too caught up in details and stress the need, to be honest about their knowledge to clients.

### **4.3 How interpretations influence their role as ESG consultant**

Interpretations play a role in how ESG consultants interact with and advise their clients on Environmental, Social and Governance issues. In this subchapter we analyse how ESG consultants adopt the role of 1) a teacher, 2) a creator of urgency, 3) an internal ambassador and 4) how they interpret their role as secure for the future.

#### **4.3.1 ESG consultants adopt the role of a teacher toward their clients**

If consultants see ESG as an important part of organisations' sustainability and understand its impact on an organisation's reputation and financial success, they are more likely to emphasise ESG to their clients and advocate certain ESG solutions. The interpretations of ESG consultants of the term ESG impact how they adopt their role towards their clients, in this case, the role of a teacher. They adopt this role because ESG consultants and clients interpret the term ESG differently. Clients consciously choose to outsource ESG and are thus open to hearing from ESG consultants what they should do.

Out of the interviews, it became apparent that ESG consultants interpret that the clients want to be told what to do, saving them the work of figuring it out. Using the metaphor ‘teaching’, it is critical to create a balance between discipline and encouragement. Teachers give their students advice and critical comments to educate them. Anna suggested that some clients may be less concerned with the details of ESG and are simply happy to have someone else provide advice on the topic:

*“I think they are just happy that someone else is doing it. That someone else is going through these different regulations and reading all the papers to find the exact things to do, as long as we can just give the advice.” (Anna)*

Olivia indicated that she enjoys taking on the teacher role of clients who are unfamiliar with the term ESG and have a different interpretation and understanding of it. This is because in her role as an ESG consultant, she can contribute to major growth within these organisations:

*“They didn’t realize it also needs a significant impact in order to actually matter. I feel that those clients are more challenging, but they are also where you can make a great impact. So personally, I would say that the worst it is, almost the better, because then you know the outcome will be very good”. (Olivia)*

Bas is positive about adopting the teacher role by educating clients and telling them what to do. During the interview he made clear that he recognizes that some clients do not have a clear interpretation and knowledge of the term ESG. He touched upon seeing value in ESG consultants taking the educating role in order to increase the clients’ competency:

*“I think we have to sometimes educate without being condescending but to extend their knowledge based on ESG issues. Because they don’t know and it is now always easy. Then there is us, we actually know those things, and we can contribute to raising their competence levels in some respect and also just point them in the right direction by saying this and that is important for those reasons.” (Bas)*

Chloe agreed on the teaching role but believes that clients are best engaged to learn through exposing the clients' soft spot, for instance their market position. This is telling us that appealing to the client's competitive instincts is an effective way to engage clients in ESG, similar to a demanding or almost manipulating teacher that stimulates their students to perform better:

*“Some clients are not aware of what their competitors are doing and so if you say your closest competitor is best in class and you are dragging at the bottom... it hurts them (laughing). If you put them on the red box, they don't like it and say ‘how do I get to the yellow box’. Simple things but it really is hitting their ego. That is the best way to engage them.” (Chloe)*

Peter has a contrasting interpretation and sees the value in having conversations as two adults rather than the teacher-student relationship, by having an two-way conversation as equals to align their interpretations of the term ESG.

*“When you are an ESG consultant, you get to discuss with the big world and your world view is challenged a lot. It is not fruitful to convince them by being very true to your own facts. It is better in my experience to have a meaningful conversation with them and let them expand on how they see it and then you can see a type of thing. You know. Rather than having a preaching conversation.” (Peter)*

Touching upon the metaphor of teaching, when teachers are overly critical, their students may feel inadequate and unmotivated and do the opposite of what their teacher tells them. Anna stated similar to Peter, by explaining that it is important to strike a balance between telling them what they do well and giving them critical feedback. They need to provide constructive feedback and encourage organisations to make improvements without making them feel overwhelmed or criticised. Anna showed that she needs to show empathy when addressing the clients:

*“You don't want to scare the clients, and you don't want to make them feel like they are not doing anything good, you have to level how much you criticise them and how much*



*you ask them to change. You want to make them feel like they want to change and they are good. And not us being the bad guy telling them that they are not good enough... Since there are so many new regulations coming, I feel like we don't want to be too hard on them right now, because they have to work really hard in the upcoming years.”*  
(Anna)

During the interview with Jan, he made clear that if ESG consultants are too critical or strict with their clients, they risk compromising their potential for effective constructive change. However, if ESG consultants are too lenient on their clients and fail to set their expectations or give precise assistance on ESG, their clients struggle to build effective sustainability plans and lose out on possibilities to enhance their ESG performance. Therefore, Jan demonstrated that his consulting approach on ESG is different per client, taking into account their needs and wants: *“It is good to understand how we can advise companies to disclose and to behave to be the better self and to transform to a better ESG savvy organisation”* (Jan).

In this subchapter, we analysed how consultants adopt the role of teachers. We found numerous teaching styles ESG clients adopt: the teacher who solves problems for the client, who exposes the weak spot to make the clients work harder, the cautious teacher who wants to show how they can help and the teacher who listens to the client. Therefore, we found that ESG consultants strive to provide support to their clients while enabling them to learn from their mistakes and experience the consequences of their decisions.

#### **4.3.2 ESG consultants interpreted the need to create urgency for ESG towards clients**

By interpreting the term ESG, ESG consultants see the need for clients to implement it. But because ESG is a term that clients do not understand, clients do not feel the urgency to implement ESG. Consequently, it is up to ESG consultants to create that urgency among clients. This affects their work because they have to actively lobby for ESG. This became clear when asked in the interviews about challenges they see within ESG Consultancy, Bas indicated that organisations do not yet see the urgency, telling us that dealing with clients can be difficult: *“There are definitely issues where you need to engage them; oftentimes, companies underestimate the complexity of the issue”* (Bas).

Moreover, multiple ESG consultants voiced that especially old fashioned clients are less likely to see the urgency of working with ESG. Henrik mentioned the difficulty dealing with these stubborn clients in multiple ways by coining the following analogies throughout the interview: “*find common view*”, “*look at the same page*”, “*share a burning platform*”, “*getting everyone on board*” and “*get everyone inside*” (Henrik). During his interview it became apparent that old fashioned clients require more education to convince them of the value of ESG and the risks of failing to prioritise. The following quote of Henrik resembles the creating urgency needlessly:

*“It is hard to break through in a traditional organisation on a bigger level to actually make the bigger things happen. So I think that is one of the major challenges. Getting everyone on board, stakeholders, and all necessary people, decision-makers or whoever it is.” (Henrik)*

Our empirical findings show how Henrik faced great difficulty to perform the work the client hired him for, because he is dependent on the knowledge of the client’s departments. Knowledge the clients’ employees do not share in abundance, because they do not see the urgency. When asked to elaborate, Henrik provided another example by stating how, although being aware of alternatives, the client is the customer who asks for input: “*At the end they buy services and products from us... though we might feel it is not completely the best way to do it... but it is give and take sometimes*” (Henrik).

When interviewing Sofie she argued similarly; as an ESG consultant, you are obligated to share all necessary information, yet the client is the decision-maker. Hence, even though ESG consultants try their best to create urgency for ESG within the clients they work for, in the end it is up to the clients what they do and do not implement. While augmenting this, she clarified using her hands on different heights to describe two bars: “*...they decide whether they go for the best [one hand higher] or the good enough option [another hand lower]*” (Sofie).

Despite these challenges, ESG consultants keep trying to create a sense of urgency with their clients. Peter stated how some clients are more willing to prioritise ESG while others are only

interested in meeting the minimal requirements. This declares that, even if not all clients are equally ambitious, ESG consultants continue to provide clients with ESG practices anyways:

*“What I see is there are passionate individuals in a sense that sort of demand, either in power they can change a lot or a bit. There are clients that like to just help us get the minimum requirements... that is one client to work with.” (Peter)*

Nina highlighted how she has been fortunate enough to only have worked with clients that are genuinely interested in working with ESG. However, she recognizes, that this could not always be the case:

*“Of course, I want them to do even more with sustainability than they already do. I would love to get them to have a higher ambition. But so far we have worked with companies that actually are interested in creating a more sustainable world which is fantastic... but I have heard that can be the other way around as well.” (Nina)*

Creating urgency for the term ESG can be a challenge for ESG consultants, particularly working with clients who may not see the value of implementing ESG, like stated before. Henrik however, found a solution for creating urgency where he sees the value of preparing beforehand to make sure that all stakeholders have a clear understanding of the matter:

*“That could be avoided IF you would just take that extra day in the beginning maybe and make sure that everyone is aligned and that you have the right people in the projects from the start.” (Henrik)*

Youri complemented this by stressing the importance of creating common ground with clients and including a personal component to make them more engaged. He prioritises collaboration to implement ESG successfully:

*“Kicking them hard doesn't help, so I don't impose on them what I think is right to improve the world. I am also quite pragmatic. I see if there is some kind of common ground. I also try to include a personal component. It is almost unheard of for them to do nothing in their private lives to live a bit more sustainably.” (Youri)*

Anne stated something similar by saying ESG consultants should plant seeds and broaden clients' minds to drive more urgency:

*“Ask the right information and maybe just plant seeds. This is something that we heard and those kinds of things. Get them to broaden their minds and drive more sales obviously (laughing).” (Anna)*

Henrik, Youri and Anna's approach to solving the challenge of creating urgency overlaps as they prioritise building relationships with clients, finding common ground and aligning their approach with clients' needs and values.

In this subchapter, ESG consultants stated that creating urgency for ESG is an important aspect of their work; ESG consultants should continuously encourage client organisations to prioritise ESG practices.

#### **4.3.3 ESG consultants want to create impact and become internal ESG ambassadors**

In conducting the interviews, we find that some ESG consultants feel a sense of responsibility around the term ESG. Precisely that they want to encourage their colleagues to know what the term means and create awareness, or to aspire to ESG initiatives. These tasks are not part of their direct job description, but they feel the intrinsic motivation to promote ESG. Therefore, these individuals can be portrayed as internal ambassadors of the term ESG within their organisations. Henrik explained that he became an ESG consultant because he wanted his job to have a purpose:

*“Feeling that the work you do, since you are working a lot of hours during your day and in your life, it feels like it has to mean something to me. And that it is something that is worth doing, more than just making money.” (Henrik)*

Olivia's interpretation aligned with Henrik's, explaining how contributing to a better world was a major motivator for her to become an ESG consultant: *“The great impact that we are creating, I do love when I know that I have contributed to a better world, obviously, that is why I work within ESG.” (Olivia)*

Interviewed ESG consultants stated that they see importance in having an impactful role in their job and also want to be seen as internal ESG ambassadors, by promoting and integrating the term ESG into the organisation's strategy and culture. Tess has a rather passive take on promoting ESG within her organisation: *“I am really happy to get questions from my colleagues. Happy supporting my colleagues, changing their mindset”* (Tess), whereas Hanna talked about pro-actively creating internal communication and awareness around the term ESG and to support ESG initiatives:

*“It is sort of like doing everything and internally making people aware of what we can do in this field and support, creating internal communication and awareness and supporting others ‘so you can use this as a pitch’ and people who know the area better can come in at a later stage... Maybe we are not printing flyers’, maybe it is a QR code, maybe it is going to be incorporated in the RD production because you want to minimize waste and have more eco production.”* (Hanna)

Youri is also an internal ESG ambassador as he contributed to an implemented ESG strategy in his organisations, for instance in their recruitment and on-boarding process: *“I made sure we made ESG as part of our strategy and implemented it in the onboarding to indicate to new employees that we think it's important”* (Youri).

Furthermore, Bas is an internal ESG ambassador as he explained the need for collaboration between different generations in his group of colleagues to enable a flow of sharing knowledge of the term ESG. He reasoned how they aim to include all age groups within the organisation to know about the term ESG:

*“That means that my age group, which has a lot of experience [on ESG], has been around for the last 35 years, knows how the society works; we are not here to coach our younger colleagues enough. Good that we are enrolling a bunch of young people that can bring new knowledge [of the term ESG], but it is also a drawback that you don't have aged people that can support them. You should collaborate.”* (Bas)

Furthermore, Nina stated how ESG consultants can contribute and be the face of ESG within their organisations: *“I think we have the chance to actually form what will become the norm in sustainability” (Nina).*

In conclusion, several participants showed an internal motivation and responsibility to be a so-called internal ESG ambassador to promote awareness about the term ESG, create opportunities to start a knowledge flow and implement ESG initiatives. This requires internal communication and cooperation from their colleagues, as well as a willingness to learn. This internal sense of responsibility among ESG consultants is remarkable because it is not part of their job description, and yet they feel inclined to do so.

#### **4.3.4 ESG consultants interpreted their role as secure for the future**

We asked participants how they see the future of the term ESG and they see the future of the ESG consultant position as secure. According to them, the demand for ESG consultants will increase in the future as more and more organisations realise the importance of the term ESG. Or as Jan displayed that organisations are not meeting the ESG requirements: *“Companies don’t have their house straight. There will be a big demand for consultants in the next few years” (Jan).* Rose added to this since it became prominent in her interview that she sees this as a positive outlook: *“It is a very new and exciting field and I’m sure there is going to be plenty of work ahead” (Rose).* Anna shared this positive outlook and further explains how the career choice she made provides job security:

*“I am very happy that I work in ESG, because I feel like I did it right on time with everything that is happening regarding all the new laws coming. Since almost every company will have to do something, for me, this feels like where you should be in regard to having projects and having clients and having something to do in the future as well.” (Anna)*

It became clear from our empirical findings that ESG consultants interpreted their role in the ESG consultancy industry as a secure future. ESG consultants imply the interpretation that ESG is no longer seen as a separate issue or trend, but rather an essential part of organisations strategy and decision-making. Moreover, several ESG consultants share the interpretation that

ESG will be integrated into the whole organisation. Chloe saw this as an upcoming movement: *“Slowly it is integrated into organisations and it should not be ESG and the rest kind of thing”* (Chloe), whereas Henrik stated it is already present: *“It is rather part of all kinds of departments instead of like one department or community of practice”* (Henrik). Hanna gave an example where she links ESG to the evolution and standardisation of Information Technology (IT). The analogy ‘like IT and technologies back in the days’ shows how technology was small but is now enormous and cannot be unseen if you want to operate in the current and future world:

*“I don't think ESG is a subject in itself. It is horizontal and incorporated into the whole business. like IT... going back 20 years ago, people talked about digital first, mobile first. No one talks about that anymore. It is normalised. You don't have an IT department because someone has to install the computers and you know be the supporters when something happens, but it is not like the IT are the ones using the IT it is everywhere. ESG is not going to be a department, it is going to be incorporated in everything that we do.”* (Hanna)

ESG consultants interpreted the future of their work as secure and positive, and believe there is still much work to be done. ESG consultants see the future of ESG as a fully integrated part of an organisation's strategy and operations, similar to the evolution of technology in recent decades. They interpreted ESG as an essential part of an organisation's success and recognised the growing demand for ESG consultants to help organisations integrate ESG.

#### **4.4 Summary of the findings**

We analysed our empirical material using the excerpt-commentary structure and examined ESG consultants' interpretations of the term ESG. We conducted open-ended interviews with ESG consultants, asking questions about their understanding of ESG and the added value. The consultants gave different interpretations of ESG, including as an ideology, a revised version of CSR/sustainability, an order qualifier, and the interconnectedness between the letters E, S and G. Our empirical findings also showed that many ESG consultants learned about the term ESG only after they started their work as consultants, resulting in a lack of knowledge when they started as ESG consultants. Moreover, the lack of knowledge can be attributed to external pressures and new regulations that are constantly changing the ESG landscape. To overcome

this challenge, ESG consultants are constantly learning and relying on each other's knowledge in Communities of Practice. ESG interpretations play a crucial role in how ESG consultants interact with and advise their clients on environmental, social and governance issues. Our empirical findings point to four roles ESG consultants occupy, including those of teacher, creator of urgency, internal ambassador and certain future interpreter. Understanding these roles is essential for clients to get the best ESG advice and guidance.



## **5. Discussion**

In this chapter, we reflect on how our empirical findings relate to existing theory by referring to our literature review. First, we will discuss interpretations of the term ESG (Environmental Social Governance). Second, we will argue the importance of knowledge about ESG and analyse how ESG consultants deal with this lack of knowledge.

### **5.1 ESG consultants' interpretations of the term ESG**

Taking an interpretive approach to this study, different interpretations arose from our empirical data. Additionally, we found interpretations of the term ESG in the literature. We want to emphasise that no interpretation of the term ESG can be considered "better". Our study identified that ESG consultants interpret the term ESG as 1) as transformative ideology, 2) as a revised version of CSR/sustainability, 3) as an order qualifier, and 4) as separate letters E, S, and G. In this section, we will elaborate on this by discussing the interconnectedness between two interpretations: 1) transformative ideology and 2) a revised version of CSR and sustainability.

#### **5.1.1 Interconnectedness between ESG interpretations: Transformative ideology and revised version of CSR & sustainability**

Pollman (2022) clarifies interpretations that are present within the current research of the term ESG, where one of them is how stakeholders interpreted ESG: 1) as a synonym to CSR and sustainability; and 2) as an ideological preference. Our research contributes to Pollman's (2022) literature by exhibiting these two interpretations in a broader light.

LoPucki (2021) and Mura, Longo, Micheli, and Bolzani (2018) argue that the concept of sustainability in organisations has been evolving from the buzzword CSR to the current trend of the term ESG, while Dathe et al. (2022) interpret CSR as the precursor to ESG since CSR is being replaced by the term ESG. Similarly, in our findings, ESG consultants interpreted the term ESG as a revised version of CSR/sustainability. They noted that the term sustainability can be (too) broad and that both CSR and sustainability are considered obsolete, implying that these limitations can be resolved with the term ESG. Our empirical findings align with

Pollman's (2022) interpretations of the term ESG as CSR/sustainability, however, she discusses them as being synonyms, rather than a revised version.

Pollman (2022) also recognizes that ESG is interpreted as an ideological preference, where organisations can actively “do ESG” or are “very ESG” (Eccles et al., 2020). Concerning ideological preference, Bell (2000) identifies ideology as something that has been used so often that it loses its meaning. On the other hand, Coelho-Lima et al. (2021) explain ideology as something that serves as a foundation on which values are based, which is the basis for intrinsic motivation. Our findings align with Coelho-Lima et al. (2021), therefore we enhance the literature of Pollman (2022) by displaying that ESG is interpreted as a transformative ideology. It arose from our empirical findings that ESG includes values and the belief in a better future.

Additionally, we established that the ESG interpretations as a transformative ideology and a revised CSR/sustainability are linked to each other, which is to our knowledge an addition to ESG literature. In contrast, Pollman (2022) displays these interpretations of the term ESG as distinct from each other. The interconnectedness between transformational ideology and revised CSR/sustainability derived from our analysis; we found that ESG consultants' interest in working with ESG, CSR, and sustainability (revised version of CSR/sustainability) stemmed from their values and belief to bear a positive impact on the world (transformative ideology). Matos (2020) explains this finding as a utopia when he raises the question if it is possible to achieve profits (“doing well”) and act sustainably (“doing good”) simultaneously. Boltanski and Thévenot (2006) endorse this when drawing upon their theory that improving one order of worth can enhance the other. The theory of Boltanski and Thévenot (2006) supplements our existing knowledge about ESG consultants wanting to positively impact the world.

Interestingly, even though ESG consultants interpreted ESG as a transformative ideology and revised version of CSR/sustainability, our findings showed that they still prefer to talk to their clients about CSR or sustainability rather than ESG. According to the ESG consultants, nobody uses the abbreviation ESG. The fact that it is not common to use the term ESG corresponds to literature, as LaBella et al. (2019) shows that there is a lack of solid data on what ESG actually entails, which Pollman (2022) sees as the reason that it is multi-interpretative. This translates in our findings when ESG consultants state that they have to create urgency for ESG,

confirming Bikhchandani et al. (1992) who sees that individuals adopt certain things simply because they believe it is popular, even if they have different personal preferences.

Although our findings show that using terms such as CSR and sustainability are more popular with clients who have little knowledge of ESG, offering ambitious ESG options allows ESG consultants to unleash their intrinsic motivation to make a positive impact on the world. This contradicts Friedman (1970), who argues that organisations should forget about secondary objectives such as ethical standards and solely focus on generating profit.

In conclusion, for ESG consultants, the answer to adhering to the values of their ideology of making a positive impact on the world is to ensure that organisations adopt ESG practices. ESG consultants achieve this by packaging ESG to more recognisable terms such as CSR or sustainability, making it a revised version instead, which contributes to Pollman's (2022) literature on the interpretations of the term ESG as a synonym of CSR/sustainability,

Although our findings show that using terms such as CSR and sustainability are more popular with clients who have little knowledge of ESG, offering ambitious ESG options allows ESG consultants to unleash their intrinsic motivation to make a positive impact on the world. This contradicts Friedman (1970), who argues that organisations should forget about secondary objectives such as ethical standards and solely focus on generating profit.

In conclusion, for ESG consultants, the answer to adhering to the values of their ideology of making a positive impact on the world is to ensure that organisations adopt ESG practices. ESG consultants achieve this by packaging ESG to more recognisable terms such as CSR or sustainability, making it a revised version instead, which contributes to Pollman's (2022) literature on the interpretations of the term ESG as a synonym of CSR/sustainability.

### **5.1.2 New interpretations of the term ESG: Order qualifier and the letters E, S and G**

The literature demonstrates that Pollman (2022) clarifies interpretations that are present within the current research of the term ESG, where additionally we found two different interpretations. With this discovery, we enhance Pollman's (2022) interpretations of ESG; our study also

identified that ESG consultants interpreted the term ESG: as 3) as an order qualifier, and 4) as the letters E, S, and G.

Our findings demonstrate how ESG consultants interpreted the term ESG as an order qualifier; participants even argued that you do not survive if organisations do not take into account the term ESG. Murray (2023) confirms these findings by signifying the growing demand for ESG consulting services. Furthermore, De Lange et al. (2012) affirm and add that organisations have an increasing understanding of the value of sustainability and social responsibility.

ESG consultants further illustrated the significance of taking the abbreviation of the term ESG apart as the letters E, S, and G. Our empirical material showed that some participants have a clear expertise or preference for one over the others, while other ESG consultants work with all three at the same time. Moreover, some state that they work with some of the letters of the three but contradict themselves when they say it is important to see them together, or state that the letters E, S, and G are interconnected. Clementino & Perkins (2021) state that ESG is a 'set' of standards, you should see ESG as an entity and cannot work with them separately. We were unable to find other literature that states whether to see ESG as a whole or to recognize the letters E, S, and G apart from each other. Barman (2018) does elaborate on what the different letters contain but does not clarify if the letters can be interpreted on their own or only as the entity ESG. Strine et al. (2022) suggest focusing on one letter for the future, implying that they see the letters ESG as separate. Taylor (2022) elaborates on Strine et al. (2022) by predicting that the ESG acronym will not survive and that differentiated strategies focusing on either the E, S or G will emerge instead. Our empirical findings find agreeing and opposing arguments, where some state that ESG will grow into separate departments for one letter each, while other ESG consultants talk about how ESG will be interwoven in the whole organisation, similar to the rise of IT.

In conclusion, Pollman (2022) does not mention anything concerning the term ESG being interpreted as an order qualifier, or interpreting the letter E, S, and G as separate entities. Therefore, our study contributes to the existing literature of Pollman (2022), by finding two interpretations of how ESG consultants interpret the term ESG.

## **5.2 ESG consultants deal with lack of knowledge of the term ESG**

In this section, we will elaborate on the previous section by discussing how (a lack of) knowledge and Community of Practice (CoP) influence ESG consultants' interpretations of the term ESG.

### **5.2.1 Dealing with their own lack of knowledge of the term ESG**

The literature demonstrates that consultants are expected to have a large body of knowledge on the topic they advise on (Evers & Menkhoff, 2004; Fincham et al., 2008). In response to increased regulatory scrutiny, the demand for organisations that are seeking the expertise of ESG consultants is growing (De Lange et al., 2012; Pollman, 2022). Sherman (2020) states, knowledge is essential for professional service firms like consultancy firms because consultants make a profit by selling knowledge to clients. Therefore, the primary asset of ESG consultants is knowledge (Greenwood et al., 2005).

In our study, the ESG consultants confirmed that the clients do not want to acquire all ESG knowledge and prefer to pay ESG consultants for their knowledge, believing that they have expert knowledge. However, our empirical findings show that ESG consultants interpreted that they are no experts of the term ESG, even though that is what clients hire them for. Greiner & Ennsfellner (2010) agree and argue that there is still a large gap between the requirements and actual qualifications of consultants. Maister et al. (2000) contradict our findings, arguing that self-interested consultants claim that there is no problem with their expert knowledge. Thus, our research contributes by providing an undiscovered insider perspective of how ESG consultants deal with this (lack of) knowledge.

Our study reveals three identified sources that cause the ESG consultants to have the interpretation that they are no experts of the term ESG: 1) ESG consultants only learn about ESG when they start their role as ESG consultants, 2) ESG encompasses too much to be an expert on, and 3) the continuously updated regulations from external forces as the government makes it harder for ESG consultants to become an expert. These three reasons give ESG consultants the interpretation that becoming an ESG expert is like a utopia.

According to the literature by Greiner & Ennsfellner (2010), a consultant has a complex role,

because they must have knowledge of different sectors (E, S & G on the term ESG) and be effective in working with clients and relationships. Maister et al. (2000) call this role the "trusted advisor". Most new ESG consultants learn on the job, fulfilling the cliché of "learning at clients' expense" (Maister et al., 2000). Hislop et al. (2018) elaborate that knowledge can be acquired while performing the job, which in this case ESG consultants are obligated to do because they do not possess ESG knowledge before starting their job. Our empirical findings align with Hislop et al. (2018), displaying that ESG consultants try to overcome this lack of knowledge by learning on the job.

Another solution that ESG consultants adopt to overcome their lack of knowledge about the term ESG, is to use colleagues in their Community of Practice (CoP). This is to retrieve knowledge when needed and share their piece of 'expert' knowledge with other ESG consultants. This mutual sharing of knowledge enables ESG consultants to remain a generalist of the term ESG, which aligns with the literature on CoP by Alvesson and Kärreman (2001); The idea of CoP is practically relevant in ESG consultancy, as they provide a framework for informal knowledge sharing among practitioners with similar interest and expertise (Alvesson & Kärreman, 2001; Hislop et al., 2018). More precisely, it emerged from our interviews that ESG consultants acquire knowledge on one letter and when they need expertise on another letter of ESG, they identify which colleague they can go to. Roberts (2006), however, acknowledges limitations towards CoPs and stated that it is important to note that CoPs can be limited by their unregulated nature. Therefore, this spread of ESG knowledge in their community makes the ESG consultants dependent upon each other, as they have to trust each other to provide expert knowledge when the client's projects demand it.

In conclusion, we found that the lack of knowledge impacts ESG consultants' interpretation of the term ESG. ESG consultants who are hired by clients to provide expertise of ESG, do not consider themselves experts for several reasons: learning about ESG only when starting their role as ESG consultants, the vast scope of ESG, and the continuously updated regulations. To overcome this, ESG consultants employ different strategies, such as learning on the job and using their CoPs to share knowledge and learn from colleagues. However, this approach may be limited by the unregulated nature of CoPs, as noted by Roberts (2006). Our research contributes to the existing literature by providing an insider's perspective on how ESG

consultants deal with this lack of knowledge and sheds light on the challenges they face in providing ESG consulting services to their clients.

### **5.2.2 Dealing with clients' lack of knowledge of the term ESG**

Fincham et al. (2008) state that clients want consultants to provide sector knowledge (i.e. strong knowledge), in this case knowledge of ESG. Our empirical findings align with the argument of Fincham et al. (2008), since ESG consultants revealed that the underlying problem of lack of knowledge about ESG is that clients seek experts of ESG as they do not possess it themselves. Gable (1996) agrees and argues that the reason for clients selecting consultants is based on the understanding that consultants will be able to live up to expected outcomes. This makes ESG consultants obligated to learn ESG expert knowledge. However, as Fincham et al. (2008) note, that is not what consultancy is about. According to Fincham et al. (2008), consultancy is about possessing weak knowledge, such as persuasive and networking skills to facilitate the creation of strong knowledge.

From our analysis it appeared that clients often possess little knowledge of ESG, even though interviewed ESG consultants acknowledge that external regulations apply pressure on organisations to engage in ESG practices. This is especially precarious, as Murray (2023) and The Global Sustainable Investment Alliance (2020) contend that ESG is a trending term. When talking about ESG being a trending term, ESG consultants coined the analogy 'hygiene factor', which we categorised as an 'order qualifier'. This illustrates how ESG is a requirement in organisations that creates dissonance when absent (Hill, 2000; Zhang, Small, Dran & Barcellos, 2000). This is confirmed by Vogel (2005) and Lyon, Delmas, Maxwell, Bansal, Chiroleu-Assouline, Crifo, Durand, Gond, King, Lenox, Toffel, Vogel and Wijen (2018), who discuss the expectation that organisations should go beyond generating profit and implement sustainable practices.

The literature on the role of an (ESG) consultant shows that clients expect a professional service in which consultants work extensively with clients to understand their processes and identify and integrate (sustainable) business opportunities (Liao et al., 2019; Soh & Martinov-Bennie, 2015). Adding to these common tasks, Chrusciel (2004) investigates the role between a consultant and their client and argues for the consultant to be a teacher. His argument for a

teacher-learner relationship is that, because the focus in their role is on significant change, consultants must become intimately involved with the client to be effective (Chrusciel, 2004). Notwithstanding, the study of Chrusciel (2004) has the limitation of a single-case study and that it is outdated.

This is where our study contributes to Chrusciel (2004), as we confirm that his findings are still credible as we have a similar outcome with our performed cross-case analysis that specifically researches the ESG consultant role. Elaborating on the study of Chrusciel (2004), who interprets the consultant as a teacher, our findings advance his study by demonstrating how ESG consultants aspire to tackle the lack of knowledge of the client by creating urgency for them, which they do by taking on the role of a teacher. Our analysis expresses strategies the ESG consultants use when convincing the clients, acting on the role as a ‘teacher’ in several ways: 1) the teacher that guides the clients in solving the problems, 2) the teacher that exposes the weak-spot of the client, aiming to make the client work harder, 3) the teacher that wants to show with empathy how they can help, and 4) the teacher that takes the time to actively listen to what the client has to say.

Drawing upon the work of Rouleau and Balogun (2011) concerning sensemaking will assist in understanding the ESG consultants’ role as a teacher more thoroughly. Sensemaking, which refers to the social process of creating meaning out of complex or ambiguous knowledge, is a key component of both ESG consulting and teaching (Rouleau & Balogun, 2011). Teachers often use strategic narratives to engage and influence their students' interpretations of complex topics (Chrusciel, 2004). As Fincham et al. (2008) argue, clients want consultants to make an interpretation for them, and our findings confirm that ESG consultants try to impose their interpretation of the term ESG on that of the clients. The empirical findings enhance Fincham et al. (2008) their statement by arguing that ESG consultants go a step further in the sensemaking process and engage in a concept that Weick (1995) names projective sensemaking. Adopting this theory of Weick (1995), ESG consultants use strategic narratives toward clients, because they seek to influence clients’ interpretations of the term ESG to make the desired positive impact. This aligns with our findings on how ESG consultants create urgency by taking the role of a demanding or almost manipulating teacher that stimulates their students to adopt ESG practices. Auvinen et al. (2012) affirm that strategic narratives can be



manipulative, which is usually considered unethical. However, as our ESG consultants noted, teachers need to balance the forcing of their interpretation with encouraging critical thinking to form an independent interpretation in their client. Likewise, some ESG consultants stated how they allow this when having a meaningful two-way conversation about the interpretations of the term ESG.

In conclusion, our findings reveal that ESG consultants interpret that clients often possess little knowledge of ESG, which creates a problem for them as external regulations put pressure on organisations to engage in ESG practices. Consequently, clients hire ESG consultants, expecting them to be experts, making ESG consultants obligated to acquire knowledge of the term ESG. Building on the study of Chrusciel (2004), we found that ESG consultants' interpretations impact the way they work in the sense that they take the role of a teacher and use various strategies to convince clients, such as educating without condescending, exposing weak spots, showing empathy, and actively listening to what clients have to say.

## 6. Conclusion

In this qualitative study, we sought to research the interpretations by ESG consultants of the term ESG, what impacts their knowledge of the term ESG and how their interpretations impact their role as ESG consultants. We value the information and insights offered by our participants. To illustrate that we reached our goals and provided a response to our research questions, we shall answer our research questions and highlight our theoretical contributions. Finally, we will discuss the limitations of our research, after which we discuss opportunities for further research of ESG.

### 6.1 Answering our research questions

We refer to our research questions in the following, by mentioning and answering them.

- *What are the interpretations of ESG consultants working in the ESG consultancy field of the term ESG?*
- *What impacts ESG consultants' knowledge of the term ESG?*
- *How do ESG consultants' interpretations of the term ESG impact their role?*

In our research, we identified that ESG consultants interpret the term ESG in various ways: 1) as a transformative ideology, 2) as a revised version of CSR/sustainability, 3) as an order qualifier, and 4) as separate letters E, S, and G. Furthermore, we found that ESG consultants interpreted the interpretations of transformative ideology and revised version of CSR/sustainability as interconnected. The interconnectedness is that ESG consultants believe in their transformative ideology to have a positive impact on the world, therefore they package ESG into more recognisable terms to clients: as CSR/sustainability, to increase the likelihood that clients adopt ESG. ESG consultants also interpreted the term ESG as an order qualifier, something that is necessary to operate successfully, by arguing that you do not survive without ESG. Moreover, we found that they interpreted the term ESG as separate entities as E, S, and G from the term ESG, but contradict themselves when they say it is important to see them together and/or that the letters E, S, and G are interconnected.

We found factors impacting ESG consultants' knowledge of the term ESG, resulting in a lack of knowledge: ESG consultants interpret that they are not and do not need to be experts in all aspects of ESG, even though they are hired by clients to provide expertise of ESG. This is due to learning about the term ESG only when starting the role of ESG consultant, the vast scope of ESG, and continuous external pressure from new regulations. To overcome the lack of knowledge of the term ESG, ESG consultants employ strategies such as learning on the job and using their Communities of Practice to share knowledge and learn from colleagues.

As ESG consultants have interpretations of the term ESG, these interpretations impact their role in different ways. We found how ESG consultants interpreted that clients have little knowledge of the term ESG, even when external regulations put pressure on organisations to engage in ESG practices. Therefore, our empirical findings show how ESG consultants adopt the role of a teacher, hoping to convince clients to adopt ESG. However, ESG is a term that clients are not familiar with, thus clients do not feel the urgency to implement it. Consequently, it is up to ESG consultants to create urgency for ESG among clients. We found this affects their role because they have to actively lobby for ESG. Furthermore, we found that most ESG consultants expressed a strong sense of responsibility to act as internal ESG ambassadors within their organisations, impacting their role by performing tasks outside their job description. Moreover, ESG consultants interpreted the future of their role as secure and positive, and believe there is still much work to be done in their role.

## **6.2 Theoretical contribution**

Throughout a cross-case analysis, adopting an abductive approach and interpretivist epistemology, this study uncovers various interpretations of ESG consultants of the term ESG, what impacts their knowledge of the term ESG and how their interpretations impact their role as ESG consultants.

While the demand for ESG is rapidly growing (De Lange et al., 2012; Murray, 2023; Pollman, 2022), literature affirms that there is still a lack of clarity on what the term ESG entails (Li et al., 2021; Sætra, 2021; Pollman, 2022). Accordingly, researchers study the background and interpretations of the term ESG to grasp understanding (Clementino & Perkins, 2021; Dathe et al. (2022); Eccles et al., 2020; Li et al., 2021; LoPucki, 2021; Pollman, 2022). Some research

on how operating ESG is interpreted internally by ESG auditors (Eulerich et al., 2022, Rydell & Leucht, 2020; Soh & Martinov-Bennie, 2015). On that note, we dived into the dynamic role of ESG consultants (Barton & Davies, 2018; Liao et al., 2019) and found that (ESG) consultants have to acquire an extensive amount of knowledge about ESG (Evers & Menkhoff, 2004; Fincham et al., 2008; Murray, 2023; Sherman, 2020) and execute their role in a certain way (Chrusciel, 2004; Maister et al., 2000). Besides, we discussed possible factors that could impact the role of ESG consultants (Barton & Davies, 2018; De Lange et al., 2012; Murray, 2023; Pollman, 2022). However, we were unable to find literature on interpretations of ESG consultants of the term ESG. Thus, this creates opportunities to explore insights and contributions to the academic field of ESG consultants.

With our qualitative study hailing an interpretivist approach, our study contributes to uncover interpretations of ESG consultants of the term ESG. We contribute to Pollman's (2022) literature, by exhibiting two interpretations in new light and showing their interconnectedness; 'ideological preference' interpreted by ESG consultants as 'transformative ideology' and the 'synonym of CSR/sustainability' interpreted by ESG consultants as 'revised version of CSR/sustainability'. ESG consultants believe their transformative ideology to have a positive impact on the world, therefore they package ESG as a term recognisable to clients: as CSR/sustainability. Furthermore, our study identified two interpretations of ESG consultants of the term ESG additional to the current interpretations of Pollman (2022); she did not mention the term ESG being interpreted as an order qualifier (necessity), or how the letters E, S and G are interpreted separately.

We also demonstrated how our research contributes to the existing literature of Eulerich et al. (2022), Rydell & Leucht (2020), and Soh & Martinov-Bennie (2015), who performed quantitative studies on how the term ESG is interpreted internally by ESG auditors. We presented an insider's perspective on how ESG consultants interpret that they are not experts on the term ESG; we found that ESG consultants deal with (the lack of) knowledge about the term ESG by acquiring knowledge on the job and using their Community of Practice to gather and share knowledge with their colleagues.

Finally, our study affirms the literature of Chrusciel (2004) on consultants taking the role of a teacher. We confirm that his findings are still credible after all these years, as we have a similar outcome with our cross-case analysis. The insights we obtained show that ESG consultants' interpretations impact their role as ESG consultants, namely taking on the role of teacher towards clients to create urgency for ESG.

### **6.3 Limitations**

Before turning to the possible further research resulting from our thesis, we will acknowledge some limitations, as all studies, including ours, are characterised by limitations. Methodological limitations were already mentioned in section 3.4. Therefore, this section focuses on the general limitations of the overall study that are worth mentioning.

We originally intended to perform research within one consultancy firm. Many firms showed interest in our research and were willing to participate. However, during the process of contacting these firms, they did not have the time to provide us with a minimum of ten interviews. Therefore, we sought to interview some ESG consultants from different consultancy firms, which they agreed to.

We reached out to possible participants at an early stage of our research when we had not established our final research question yet. When we contacted the participants, we gave them a little preview of our research, but also told them that we were still determining what our research within the term ESG would be. Since we had not communicated the final research question in advance, each participant went into the interview without knowing exactly what our objective was and what we were going to ask about ESG. Therefore, participants could have been better prepared for the question if this had been clear beforehand. This would have given us more thoughtful responses because they would have had more time to develop a well-underpinned answer. However, the spontaneity did produce genuine responses that added to the surprise element of this study.

Finally, we are conscious that our research includes a relatively small sample size of ESG consultants, which does not adequately represent the expansive ESG consultant population. Besides, all our participants work for consultancy firms in a Scandinavian country. Time might

also be a constraint, because this research took place in two and a half months. The outcome of our study could have potentially been different from the current moment in time if the timespan of gathering empirical data or the sample would have been extended. In light of this, it is not our intention to generalise our findings; rather, we want the reader to be able to assess how well this research applies to their context.

#### **6.4 Opportunities for further research**

Our study aims to provide insight into the interpretations of ESG consultants of the term ESG, what impacts their knowledge of the term ESG and how their interpretations impact their role as ESG consultants. During the course of our research, we noted several interesting directions of research that we did not pursue. Therefore, we address this subchapter for opportunities for future research to gain an even more comprehensive understanding of the term ESG in combination with ESG consultants.

The first suggestion would be to investigate the same topic within one consultancy firm, taking on a single-case study, since we did a cross-case analysis. This could potentially better grasp details that are sometimes overlooked when doing a cross-case analysis. Furthermore, a different choice on themes and sub-themes in our empirical findings could result in other interpretations for the discussion and outcomes of the study. We would also suggest that in further research this research could be conducted in different countries, as our study only focused on a sample from a Scandinavian country. Interpretations like order qualifier could be interpreted differently in countries with opposing cultural values. Therefore, different interpretations would result in different impacts on the role of ESG consultants—for instance not taking the role as a teacher, which can lead to totally different answers and results.

Furthermore, we touched upon what impacts ESG consultants' knowledge about ESG. In our research, we found that ESG consultants interpret that they have to acquire a substantial body of knowledge of the term ESG for their role as ESG consultant, even though ESG is undefined and growing rapidly. Hence, we believe that it would contribute to the ESG (consultancy) field to settle a universally accepted definition of the term ESG. Additionally, we believe that ESG literature benefits from further exploring how ESG consultants acquire knowledge of the term ESG. Through a qualitative study using the social constructivist epistemology, one could

analyse the collaborative nature and culture associated with ESG consultants' Community of Practice and learning on the job.

Ultimately, another area for further research is to explore how consultants interpret the dimension of power when working with clients on ESG, since we found that ESG consultants have to create urgency for ESG. Specifically, the study could focus on the challenges that ESG consultants face when influencing clients and how they can effectively communicate the benefits of adopting ESG to different stakeholders. This study could shed light on how ESG consultants can navigate power dynamics in client engagements and overcome resistance to ESG.

## References

- Alvesson, M. (2004). *Knowledge work and knowledge-intensive firms*, Oxford: Oxford University Press
- Alvesson, M. & Kärreman, D. (2001). Odd Couple: Making Sense of the Curious Concept of Knowledge Management, *Journal of Management Studies*, vol. 38, pp.995-1018
- Alvesson, M. & Kärreman, D. (2011). *Qualitative Research and Theory Development: Mystery as Method*, Thousand Oaks: Sage Publications
- Alvesson, M. & Sköldberg, K. (2018). *Reflexive methodology: new vistas for qualitative research*, 3rd edn, Thousand Oaks: Sage Publications
- Auvinen, T., Lämsä, A.M., Sintonen, T. & Takala, T. (2012). Leadership Manipulation and Ethics in Storytelling, *Journal of Business Ethics*, vol. 116, no. 2, pp.415-431
- Archibald, M., Ambagtsheer, R.C., Casey, M.G. & Lawless, M. (2019). Using Zoom Videoconferencing for Qualitative Data Collection: Perceptions and Experiences of Researchers and Participants, *International Journal of Qualitative Methods*, vol. 18, pp.1-8
- Atz, U., Liu, Z., Bruno, C., & Van Holt, T. (2020). Does Sustainability Generate Better Financial Performance?, Review, Meta-analysis, and Propositions, *Journal of Sustainable Finance and Investment*, vol. 13, pp.1-24
- Barman, E. (2018). *Doing Well by Doing Good: A Comparative Analysis of ESG Standards for Responsible Investment, Sustainability, Stakeholder Governance, and Corporate Social Responsibility (Advances in Strategic Management)* Emerald Publishing Limited, Bingley, vol. 38, pp.289-311
- Barton, M.C., & Davies, A.J. (2018). *ESG-Integrated Investment Consultancy: A Survey of Current Practices*, Paris: OECD
- Bell, D. (2000). *The end of ideology: on the exhaustion of political ideas in the fifties*, Cambridge, Massachusetts and London: Harvard University Press



Bikhchandani, S., Hirschleifer, D. & Welch, I. (1992). A Theory of Fads, Fashion, Custom, and Cultural Change as Informational Cascades, *Journal of Political Economy*, vol. 100, no. 5, pp.992-1026

Blumer, H. (1986). *Symbolic Interactionism: Perspective and Method*, Los Angeles: University of California Press

Boltanski, L., & Thévenot, L. (2006). *On justification: Economies of worth*, New Jersey: Princeton University Press

Bowen, H.R. (1953). *Social Responsibilities of the Businessman*, Iowa: University of Iowa Press

Bryman, A., & Bell, E. (2003). *Business Research Methods*, Oxford: Oxford University Press

Chrusciel, D. (2004) Consultant as teacher or teacher as consultant: what is the relationship?, *Leadership & Organization Development Journal*, vol. 25, no. 8, pp.663–677

Clarke, L. (2022). ESG investing faces challenges from all sides. Can it survive?, Available online: <https://fortune.com/2022/12/19/esg-investing-faces-challenges-from-all-sides-can-it-survive/> [Accessed 20 February 2023]

Coelho-Lima, F., Varela, V. & Bendassolli, P.F. (2021). Ideology, sense and meaning: A theoretical-methodological approach, *Culture & Psychology*, vol. 27, no.1, pp.152-171

Collins, D. (2002). Climbing Bridalveil Falls: organization change, process and re-engineering. *Strategic Change*, vol. 11, no. 2, pp.81-93

Corsalini, M. (2023). ESG Capitalism from a Law and Religion Perspective, *Religions*, vol. 14, no. 3, pp.418

Clementino, E., Perkins, R. (2021). How Do Companies Respond to Environmental, Social and Governance (ESG) ratings?, *Journal of Business Ethics*, vol.171, pp.379–397

De Lange, D.E., Busch, T. & Delgado-Ceballos, J. (2012). Sustaining Sustainability in Organizations. *Journal of Business Ethics*, vol.110, pp.151–156

Dathe, T., Dathe, R., Dathe I. & Helmold, M. (2022). Corporate Social Responsibility (CSR), Sustainability and Environmental Social Governance (ESG), Approaches to Ethical Management, Berlin: Springer

Eccles, R.G., Lee, L.-E., & Strohle, J.C. (2020). The Social Origins of ESG: An Analysis of Innovest and KLD. *Organization & Environment*, vol. 33, no. 4, pp.575–596

Edmans, A. 2011. “Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices.” *Journal of Financial Economics*, vol. 101, no. 3, pp.621–640

Emerson, R.M., Fretz, R.I. & Shaw, L.L. (1995). Writing Ethnographic Fieldnotes, Chicago: University of Chicago Press

Eulerich, M., Bonrath, A., & Kasper, V.I.L. (2022). Internal Auditor’s Role In ESG Disclosure And Assurance: An Analysis Of Practical Insights, *Corporate Ownership & Control*, vol. 20, no. 1, pp.78-86

European Commission (2011). Communication from The Commission to The European Parliament, The Council, The European Economic and Social Committee and The Committee of The Regions. A renewed EU strategy 2011-14 for Corporate Social Responsibility, Available at: <https://eur-lex.europa.eu/legal-content/TXT/PDF/?uri=CELEX:52011DC0681> [Accessed 21 February 2023]

Evers, H.D & Menkhoff, T. (2004). Expert knowledge and the role of consultants in an emerging knowledge-based economy, *Human Systems Management*, vol. 23, no. 2, pp.123-135

- Fiorina, C. (2002), Mastering change, *Executive Excellence*. vol. 19, no. 6, pp.10-11
- Fincham, R., Clark, T., Handley, K., & Sturd, A. (2008). Configuring expert knowledge: the consultant as sector specialist, *Journal of Organizational Behaviour*, vol. 29, pp.1145–1160
- Flick, U., (2004). Triangulation in qualitative research, *A companion to qualitative research*, vol, 3, pp.178-183
- Friedman, M. (1970). The social responsibility of business is to increase its profits, New York: The New York Times Magazine
- Fossey, E., Harvey, C., McDermott, F., & Davidson, L. (2002). Understanding and evaluating qualitative research, *Australian & New Zealand Journal of Psychiatry*, vol. 36, no. 6, pp.717-732
- Gadinis, S., & Miazad, A. (2020). Corporate Law and Social Risk, *Vanderbilt Law Review* vol. 73 no. 5, pp.1401-1415
- GEP (2022). The Difference Between ESG And Sustainability And Why It Matters, Available online: <https://www.gep.com/blog/strategy/esg-vs-sustainability-differences> [Accessed 20 February 2023]
- Gerring, J. (1997). Ideology: A Definitional Analysis, *Political Research Quarterly*, vol. 40, no. 4, pp.957-994
- Global Sustainable Investment Alliance (2020). Global Sustainable Investment Review 2020. Available online: <http://www.gsi-alliance.org/wp-content/uploads/2021/08/GSIR-20201.pdf> [Accessed 20 February 2023]
- Golafshani, N. (2003). Understanding Reliability and Validity in Qualitative Research, *The Qualitative Report*, vol. 8, no. 4, pp.597–607
- Gray, D. E. (2014). Doing research in the real world, London: Sage Publications

Greenwood, R., Li, S.X., Prakash, R., & Deephouse, D.L. (2005). Reputation, diversification, and organizational explanations of performance in professional service firms, *Organization Science*, vol. 16, no. 6, pp.661-673

Greiner, L. G. & Ennsfellner, I. (2010) Management consultants as professionals, or are they?, *Organizational Dynamics*, vol. 39, pp.72-83

Gustafsson, J. (2017). Single case studies vs. multiple case studies: A comparative study, *Halmstad University*

Hancock, B., Ockleford, E., & Windridge, K. (2001). An introduction to qualitative research, London: Trent focus group

Hislop, D., Bosua R., Helms, R. (2018). Knowledge Management in Organizations: A Critical Introduction, Oxford: University Press

Jones, C., Parker, M., & ten Bos, R. (2005). For Business Ethics (1st ed.), London: Routledge

Khan, S. & VanWynsberghe, R. (2008). Cultivating the Under-Mined: Cross-Case Analysis as Knowledge Mobilization, *Forum: Qualitative Social Research*, vol. 9, no. 1, p.34

Kuhlman, T. & Farrington, J. (2010). What is Sustainability?, *Sustainability*, vol. 2, no. 11, pp.3436-3448

Kreuz, R.J. & Riordan, M.A. (2018). The Art of Transcription: Systems and Methodological Issues, in A. H. Jucker, K. P. Schneider & W. Bublitz, *Methods in Pragmatics*, Berlin/Boston: De Gruyter

Kvale, S. (1996). Interview Views: An Introduction to Qualitative Research Interviewing, California: Sage publications

LaBella, M.J., Sullivan, L., Russell, J., & Novikov, D. (2019). The Devil is in the Details: The Divergence in ESG Data and Implications for Sustainable Investing, *Computer Science*, pp.1-11

Lesser, E. & Storck, J. (2001), Communities of practice and organizational performance, *IBM Systems Journal*, vol. 40 no. 4, pp.831-841

Levine, M. (2022). Everyone Wants to Do ESG Now. Also block trades, nickel, mutual fund taxes and non-corporeal beings, Available online, <https://www.bloomberg.com/opinion/articles/2022-03-21/everyone-wants-to-do-esg-now#xj4y7vzkg> [Accessed 24 February 2023]

Liao, S.C., Bezemer, M., & Vellema, D.L.J. (2019). Determining the Impact of ESG on Investment Performance: A Systematic Review of the Literature, Stockholm: KTH Royal Institute of Technology

Li, T., Wang, K., Sueyoshi, T., & Wang, D. (2021). ESG: Research Progress and Future Prospects, *Sustainability*, vol. 13, no. 21, pp.11663

LoPucki, L.M. (2021). Repurposing the Corporation Through Stakeholder Markets, *University of California Davis Law Review*, vol. 55, pp.1445-1512

Lutkevich, B. (2023). ESG vs. CSR vs. sustainability: What's the difference?, Available online: [techtargget.com/whatis/feature/ESG-vs-CSR-vs-sustainability-Whats-the-difference](https://techtargget.com/whatis/feature/ESG-vs-CSR-vs-sustainability-Whats-the-difference) [Accessed 30 April 2023]

Lund, S., Madgavkar, A., Manyika, J. & Smit, S. (2020). What's next for remote work: An analysis of 2,000 tasks, 800 jobs, and nine countries, Available online: <https://www.mckinsey.com/featured-insights/future-of-work/whats-next-for-remote-work-an-analysis-of-2000-tasks-800-jobs-and-nine-countries> [Accessed 30 April 2023]

Lyon, T., Delmas, M., Maxwell, J., Bansal, P., Chiroleu-Assouline, M., Crifo, P., Durand, R., Gond, J., King, A., Lenox, M., Toffel, M., Vogel, D., & Wijen, F. (2018). CSR Needs CPR: Corporate Sustainability and Politics, *California Management Review*, vol. 60, no. 4, pp.5-24

Matos, P. (2020). ESG and responsible institutional investing around the work: A critical review, Virginia: CFA Institute Research Foundation

Maister, D.H., Green, C.H. & Galford, R.M. (2000). *The Trusted Advisor*, London: Simon & Schuster

Meltzer, B., Petras, J., & Reynolds, L. (2020). *Symbolic Interactionism (RLE Social Theory): Genesis, Varieties and Criticism*, London: Routledge

Mohamad, M.M., Sulaiman, N., Lai, C.S. & Salleh, K.M. (2015). Measuring the Validity and Reliability of Research Instruments, *Procedia – Social and Behavioral Sciences*, *Procedia - Social and Behavioral Sciences*, vol. 204, pp.164–171

Moon, K., & Blackman., D. (2014) A Guide to Understanding Social Science Research for Natural Scientists, *Conservation society*, vol. 28, no. 5, pp.1167-1177

Mura, M., Longo, M., Micheli, P. & Bolzani, D. (2018). The Evolution of Sustainability Measurement Research, *International Journal of Management Reviews*, vol. 20, no. 3, pp.661-695

Murray, S. (2023). Demands and dilemmas grow for sustainability consultants, New York: *Financial Times*

Noble, H., & Heale, R, (2019). Triangulation in research, with examples, *Evidence-Based Nursing* vol. 22, no. 3, pp.67-68

Oppermann, M. (2000). Triangulation—a methodological discussion, *International Journal of Tourism Research*, vol. 2, no. 2, pp.141-145

Pastors, K. (2007). Consultants: Love-hate relationships with communities of practice, *The Learning Organization*, vol. 14, pp.21-33

Prasad, P. (2018). *Crafting Qualitative Research: Beyond Positivist Traditions*, 2nd edn, New York: Routledge

Pollman, E. (2022). The Making and Meaning of ESG, *European Corporate Governance Institute*, working paper, no. 659, pp.1-46

PwC (2023). ESG services and strategy: Create value through ESG, Available online: <https://www.pwc.com/us/en/services/esg.html> [Accessed 22 March 2023]

Rennstam, J. & Wästerfors, D. (2018). *Analyze! Crafting Your Data in Qualitative Research*, translated by R. Ehnsjö, vol. 1, Lund: Studentlitteratur

Ritchie, J., Lewis, J., & McNaughton Nicholls, C. (2013). *Qualitative Research Practice*, 2nd edn, California: Sage publications Ltd

Roberts, J. (2006). Limits to Communities of Practice, *Journal of management studies*, vol. 43, no. 3, pp.623-639

Rodriquez, M.A. (2023). Here's why ESG adoption is a must for businesses: Investing in ESG initiatives not only aligns with responsible business practices but also sets companies apart from their competition, Available online: <https://gulfbusiness.com/heres-why-esg-adoption-is-a-must-for-businesses/> [Accessed 22 March 2023]

Rouleau, L. & Balogun, J. (2011). Middle Managers, Strategic Sensemaking, and Discursive Competence, *Journal of Management Studies*, vol. 48, no. 5, pp.953-983

Ryan, C. (2012). Cross-case analysis, in K.F. Hyde, C. Ryan, A.G. Woodside (Eds.) *Field Guide to Case Study Research in Tourism, Hospitality and Leisure*, vol. 6, pp.543-558

Ryan, G.W. & Bernard, H.R. (2003). Techniques to Identify Themes, *Field Methods*, vol. 15, no. 1, pp.85–109

Rydell, A. & Leucht, A. (2020). Looking behind the curtain: Exploring the role and context of ESG in M&A Due Diligence, *Uppsala Universitet*, pp.1-70

Saunders, M.N.K., Lewis, P., Thornhill. A. (2019). *Research Methods for Business Students*, 8rd. Pearson Education

Sætra, H.S. (2021). A Framework for Evaluating and Disclosing the ESG Related Impacts of AI with the SDGs, *Sustainability*, vol. 13, no. 15, pp.1-16

Sharma, G. (2017). Pros and Cons of Different Sampling Techniques, *International Journal of Applied Research*, vol. 3, pp.749-752

Serafeim, G. (2020). Social-Impact Efforts That Create Real Value, Available online: <https://hbr.org/2020/09/social-impact-efforts-that-create-real-value> [Accessed 03 May 2023]

Sherman (2020). What Are the Duties & Responsibilities of a Consulting Firm?, Available online: <https://work.chron.com/kind-job-can-person-mba-strategic-management-26911.html> [Accessed 22 March 2023]

Segal, M. (2022). 99% of Public Companies Expect to Invest in ESG Reporting Tech & Tools in Next 12 Months: Deloitte Survey. Available online: <https://www.esgtoday.com/companies-ramping-sustainability-reporting-efforts-as-regulatory-deadlines-approach-deloitte-survey/> [Accessed 22 March 2023]

Soh, D.S., & Martinov-Bennie, N. (2015). Internal auditors' perceptions of their role in environmental, social and governance assurance and consulting, *Managerial Auditing Journal*, vol. 30, no. 1, pp.80-111

Solomon, M., Bamossy, G.J., Askegaard, S. & Hogg, M.K. (2006). *Consumer Behaviour : A European Perspective*, 3rd edn, London: Prentice Hall



Strine, L.E., Jr., Brooke, J.L., Diamond, K.M. & Parker, D.L., Jr. (2022). It's Time to Focus on the "G" in ESG, *Harvard Business Review*, Available online: <https://hbr.org/2022/11/its-time-to-focus-on-the-g-in-esg> [Accessed 3 May 2023]

Styhre, A. (2013). *How to Write Academic Texts: A Practical Guide*, Lund: Studentlitteratur

Taylor, A. (2022) Alison Taylor on Environmental, Social & Governance, *HumanRisk* Podcast audio, Available online: <https://www.humanriskpodcast.com/alison-taylor-on-environmental-social-governance> [Accessed 3 March 2023]

United Nations (2004). *Who Cares Wins, Connecting Financial Markets to a Changing World*, Available online: [https://www.unepfi.org/fileadmin/events/2004/stocks/who\\_cares\\_wins\\_global\\_compact\\_2004.pdf](https://www.unepfi.org/fileadmin/events/2004/stocks/who_cares_wins_global_compact_2004.pdf) [Accessed 31 January 2023]

Verhoeven, N. (2012). *Doing Research: The Hows and Whys of Applied Research*, 3rd edn, Chicago: Lyceum Books

Vogel, D.J. (2005). Is there a Market for Virtue? The Business Case for Corporate Social Responsibility, *California Management review*, vol. 47, no. 4, pp.19-45

Wenger, E.C. & Snyder, W.M. (2000). Communities of Practice: The Organizational Frontier, *Harvard Business Review*, no. 78, pp.139-145

Wenger, E., McDermott, R. & Snyder, W.M. (2002). *Cultivating Communities of Practice: A Guide to Managing Knowledge*, Boston: Harvard Business Press

World Commission on Environment and Development (1987). *Our Common Future: Report of the World Commission on Environment and Development*, New York: Oxford University Press

Weick, K.E. (1995). *Sensemaking in Organizations*, Thousand Oaks: Sage Publications

Zhang, P., Small, R., Dran, G. & Barcellos, S. (2000). A Two Factor Theory for Website Design. Former Departments, Centers, Institutes and Projects, *Proceedings of the 33rd Hawaii International Conference on System Sciences*