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Leading the Digitalization of Sustainability Reporting: Change Management Strategies for Readiness under the Corporate Sustainability Due Diligence Directive

A case study of Volvo Group

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Abstract

Keywords: Change management, Digital transformation, Sustainability, Corporate Sustainability Due Diligence Directive, industrial management.

The upcoming sustainability framework Corporate Sustainability Due Diligence Directive (CSDDD) are increasing the regulatory demands on organization when it comes to sustainability reporting. To be able to facilitate readiness for this upcoming directive, improvements for digital tools are seen as one aid to enhance efficiency in the reporting process. To contribute to the current research on digitalization and compliance in sustainability reporting, this thesis explores how industrial leaders can apply change management strategies to prepare their organizations for upcoming frameworks such as the CSDDD. By examining the intersection of change management and digital transformation within the context of sustainability this thesis addresses the following research question: *How can change management strategies enhance the digitalization of sustainability reporting to support organizational readiness for the CSDDD?* This research question was examined through applying a qualitative case study approach to the industrial organization Volvo Group. The research question was analyzed based on the phases of framing, focusing, mobilizing and sustaining derived from the synthesized theoretical perspectives from Kotter (2012) eight step change model and Westerman et al (2014) theory of digital transformation.

The findings of this thesis indicate that successful change management strategies for digital transformation require aligning vision with sustainability goals for the organization, fostering the right stakeholder engagement through iterative communication and anchoring new behaviors in a developing culture that consist of both digitalization and sustainability. To successfully achieve a digital improvement for sustainability reporting leaders should understand the specific organizational context where this change is taking place, enable cross functional collaboration, highlight early tangible result in connection to the set vision but also acknowledge that the change process for digital sustainability reporting is a continuous process. Importantly, this thesis finds that the digitalization of sustainability reporting should be guided by the sustainability initiative, rather than digital initiative to guide the sustainability agenda, to not lose initial purpose behind the change process.

By exploring the research question, this thesis contributes both practically and theoretically by examining how leaders manage digital improvements in sustainability reporting in response to upcoming and evolving sustainability regulations. The practical contribution of this thesis is that leaders that stand in the forefront of a change process, to digitally improve sustainability reporting in the context of upcoming regulations, can use the findings and the structured process presented in this thesis to enhance the success of their change initiatives. Theoretically this thesis contributes by revealing the importance of contextualization, communication alignment and acknowledging the developing nature of sustainability and digitalization in managing change initiatives.

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Max Andreas Banck

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1.Introduction

This introduction presents first a background to this thesis scope and why the chosen subject is relevant. Secondly, a problem statement for the background is presented along with identified gaps in the existing literature. Lastly, the scope of the thesis and research question are presented along with delimitations of this study.

1.1 Background

Industrial companies operational landscape has changed significantly in the last decade by increasing demand for sustainability and growing reliance on data (Bronzini et al., 2024). This change has raised expectations when it comes to reporting progress and ensuring compliance with existing frameworks and policies. Today these types of companies need to integrate sustainable practices into the business process to stay relevant, as stakeholders increasingly expect that operations are done in a more sustainable manner (Matakanye et al., 2021).

Furthermore, industrial companies also operate in an era where efficiency requires the constant enhancement of digitalization (Duraivelu, 2022). Where digitalization refers to the broader process of transforming various aspects of organizational practices through the adoption and integration of digital technologies (Brennen and Kreiss, 2016; Iveroth and Hallencreutz, 2020). When it comes to the area of sustainability the demand for digital transformation is no exception. Companies increasingly rely on sustainability data to make more informed decisions that support both social and environmental sustainability while simultaneously driving better business outcomes (Schaltegger and Burritt, 2018). Digital tools are set out to enable organizations to collect, analyze and report sustainability metrics more efficiently which is improving both internal decision making and external accountability (Du Toit, 2024), and as regulatory demands increase, the demand for digitalization in sustainability reporting also increases.

One such regulatory development shaping the current demand for sustainability reporting is the Corporate Sustainability Due Diligence Directive (CSDDD), initial agreed to set to take effect in 2027 but now postponed to 2028 (EU, Omnibus proposal, 2025). The CSDDD is set to ensure that companies not only report on their efforts to reduce social and environmental impacts, but instead also describe what the actual impacts have been and what actions that has been taken (European Union, Directive 1760, 2024). The CSDDD introduces mandatory due diligence obligations that require companies to identify and mitigate potential risks related to human rights and the environment both within own operations and value chains. It also places responsibilities on corporate leaders to ensure sustainability is integrated into business strategies and decisions. The directive will initially target large companies with more than 1000 employees or a net turnover exceeding 450 million euros, with a successive staggered implementation phase to smaller companies that will be fully applied by July, 2029 (European Union, Directive 1760, 2024).

1.2 Problematization

The evolving digital landscape and new sustainability directives comes with challenges. The CSDDD introduces a new paradigm for corporate sustainability by ordering companies to not only report on their social and environmental impact but also demonstrate actionable steps to identify and mitigate potential risks within their operations and value chains (Hurt et al., 2023). Compared to earlier frameworks, the CSDDD significantly strengthens the due diligence obligations of organizations by requiring them to integrate comprehensive assessments of both human rights and environmental risks across their entire supply chains (Hurt et al., 2023). Unlike previous regulations, the CSDDD mandates the implementation of detailed risk assessments as well as the creation of doable action plans to address identified impacts (EU Directive Directive 2019/1937, 2022). Furthermore, the CSDDD also enforces stricter reporting requirements by obligating companies to provide annual sustainability disclosures that align with the European Union corporate sustainability reporting directive (CSRD) (European Commission, n.d.). This includes a clear obligation to demonstrate transparency regarding efforts to prevent or mitigate human rights abuse and environmental degradation (European Commission, 2022). In contrast to more limited national frameworks that exist, the CSDDD also broadens accountability by holding organizations responsible to higher standards and applying penalties for noncompliance to the directive. This comprehensive approach aligns with the European Unions broader goals of sustainability and corporate responsibility. Furthermore, this approach is seeking to harmonize due diligence practices across all member states to ensure that businesses contribute to global human rights and environmental goals (European Commission, n.d.).

To strengthen the process and ensure proactive compliance with the CSDDD demanding reporting requirements organizations need to enhance their sustainability reporting processes and align them with other internal procedures such as financial reporting (Du Toit, 2024). To achieve this, the digitalization and standardization of tracking and documentation of sustainability data are important (Du Toit, 2024). Digital tools have the potential to streamline the collection and analysis of sustainability (GRI and ERM, 2020), which are required under these regulations. Furthermore, the digital transformation of sustainability reporting can offer key advantages, such as automated risk assessments and enhanced tracking of supply chain dynamics (European Commission, 2022). However, the adoption of these digital solutions requires a careful assessment of cost efficiency trade offs (European Financial Reporting Advisory Group, 2022) as companies must balance their investment in advanced technologies with the need to remain compliant with increasingly demanding sustainability regulations. The complexity and scale of supply chains today, together with the amount of data required for reporting (European Financial Reporting Advisory Group, 2022), underscore the importance of selecting to enhance and to develop previous non digital reporting tools that can meet CSDDD compliance without imposing excessive costs for the organization. Therefore, it becomes important for organizations to assess which reporting processes require strengthening and development to identify the most appropriate digital tools to optimize the sustainability reporting efforts.

To facilitate a successful transformation and integration of digitalization of these reporting tools it is important to understand the change management strategies and process of digitalization that leaders can apply proactivity to facilitate the desired change initiative. Therefore, this thesis aimed to contribute to the theoretical sphere by explaining which change management strategies leaders can apply to improve digitalization within the context to prepare to stay compliment with the CSDDD. By contributing to the research with this new context dependent perspective, this thesis aimed to give insight on how leaders manage digital transformation to proactively integrate sustainable reporting processes, something that has not been covered yet. Additional, the findings in this research will focus on how change management strategies occur inside larger industrial organizations. Even if earlier research has explored both digital transformation and change management independently the theoretical problematization of this thesis indicates that it remains a need to better understand how leaders work to drive digital improvements for sustainability reporting in response to upcoming and evolving sustainability regulations. Therefore, this thesis scope was to examine how leaders are using proactive change management strategies for digital improvements to facilitate readiness in the context of CSDDD.

1.3. Research purpose and question.

This thesis aims to explore how leaders in the industrial sector drive digital improvements and transformation of sustainable reporting within the context of CSDDD, by specific looking into the global industry company Volvo Group. Therefore, this thesis seeks to contribute to the research by examining how change management strategies foster change and adaption to a evolving operational landscape related to both digitalization and sustainability. Furthermore, this thesis also aims to create practical guidance for leaders who are faced with the problem of driving digital improvement of sustainability reporting in the context of evolving regulations. To address this theoretical and practical goal, this thesis therefore aims to answer the following research question:

How can change management strategies enhance the digitalization of sustainability reporting to facilitate readiness for the Corporate Sustainability Due Diligence Directive?

1.3 Delimitations

The scope of this study is set to be only exploring the change management strategies used to improve the digitalization of sustainability reporting within the Volvo Group, focusing specifically on leaders different strategies for integrating sustainability and digitalization to ensure compliance preparedness with CSDDD. This thesis will not extend into other organizations or broader industry comparisons. Additionally, the scope of this study will not include a detailed analysis of the regulatory aspects of the CSDDD, such as how leaders ensure compliance or the timeframes for legislation and the legal interpretations of the framework. The scope of this thesis has instead been to examine the change management strategies that leaders utilize in driving the digitalization of sustainability reporting within the context of CSDDD implementation.

2. Literature review

This chapter presents the reviewed literature. Firstly, leadership and change management strategies will be presented. Secondly, the leadership role in driving changes within the context of sustainability will be reviewed. Thirdly, the role of leadership in driving digital transformation will be discussed.

2. 1 Leadership and change management strategies

Strategy and leadership are important elements in achieving organizational success and driving change. While the term strategy is widely used and can have various interpretations depending on the context, this thesis will refer to strategy as defined in **Table 1**:

Strategy definition	Source
"S*trategy is the means by which individuals or organizations achieve their objectives. [...] strategy involves setting goals, allocating resources, and establishing consistency and coherence among decisions and actions."*	Grant, 2019. p.14
"A cohesive response to an important challenge."	Rumelt, 2011, p.7

Table 1. *Definition for strategy which this thesis will use. The table was self created by the author (2025).*

For a strategy to be effective and successful it must be grounded in a profound understanding of the competitive environment, a realistic appraisal of resources and also be followed by an robust implementation (Grant, 2019). A strategy cannot stand alone, instead it requires leadership to guide its implementation (Grant, 2019). Likewise the term strategy, leadership also has many definitions. Due to the purpose of this research leadership will be defined according to the interpretations in **Table 2**.

Leadership Definition	Source
"Leadership is an observable, learnable set of practices."	Kouzes and Posner, 2006, p.4
"Leadership is a mix of cognitive, spiritual, emotional, and behavioral qualities."	Gill, 2002, p.308

Table 2. *Definition for leadership which this thesis will use. The table was self created by the author (2025).*

A successful strategy must be supported by a successful leadership which requires a diverse set of competencies, including motivating teams, cultivating a sense of purpose and fostering adaptability in this rapidly changing business world (Grant, 2019). These combined elements help shape the future of organizations and influence their capacity to navigate challenges and achieve long term goals. Even if the importance of a coordinated strategy is recognized, many organizations often fail to align their change actions effectively. Instead they pursue disconnected or conflicting objectives, which undermine overall performance of the strategy (Rumelt, 2011). To overcome these obstacles this literature review will examine how these challenges have been addressed by presenting leadership strategies for managing change, power dynamics and different leadership traits.

2.1.1 Leadership strategies for managing change

Leadership is essential for managing change, especially in initiatives that are implemented over an extended period. Gill (2002) emphasizes that effective leadership strategies which are based on values, empowerment and visions, are crucial for sustaining change over a longer time. Utilizing these types of strategies help leaders engage employees, inspire commitment and maintain focus throughout the change process. While leadership has been identified to be fundamental to initiating and guiding change, change managers on the other hand also play a vital role in carrying forward and building support for the initiative (Gill, 2002). This distinction between change managers and change leaders underscores the critical role of leadership in the context of change as leaders are those that are ultimately responsible for driving and effectuating the change process (Gill, 2002). Higgs and Rowland (2009) further highlight the importance of the leader to impose change initiatives, by saying that the role of the leaders is important to implementation of change and balance between trade off that can occur. While Gill (2002) and Higgs and Rowland (2009) emphasize the central role of leadership in initiating, implementing and sustaining change, other scholars are challenging the idea that charismatic or top down leadership is always the most effective approach. Landrum (2000) argues that while charismatic leadership may still facilitate transformation, team led strategic change may be better suited to the future of business, particularly in dynamic industries. This perspective contrasts with Gill (2002) and Higgs and Rowland (2009) who maintain that the top down leadership remains essential for sustaining change over time. Ultimately, the effectiveness of leadership versus team based change may depend on the organizational context, industry demands and the complexity of the change initiative. Caldwell (2003) adds to the discussion of change leaders and managers by further differentiates between these two roles, with managers focused on the operational aspects of change, while leaders drive the transformative process. These definitions and findings strengthen the importance of leadership attributes of driving and succeeding with the operational change identified by Gill (2002) and Higgs and Rowland (2009).

Furthermore, research also underscores that leadership is the primary driver of successful change. In fact, leadership has been mentioned to be one of the factors in 92 percentages of cases for successful change initiatives, which also makes it the most important factor (Gill, 2002). This highlights that while managers ensure the practical execution of change, it is the leadership and the strategies applied that determines the long term success of these change efforts. Franken et al. (2009) further stress the importance of aligned leadership in successful strategy execution. For strategies to be effectively implemented leadership must be cohesive and aligned with organizational goals to ensure that all efforts are coordinated toward shared objectives within the organization (Franken et al., 2009). Without this alignment between leadership and organizational goals, even planned strategies can fail to produce the desired change outcomes.

2.1.2 Collaborative leadership and power dynamics in change management

Change is not happening in isolation, it needs to be supported and managed with a cross functional way to where multiple stakeholders are involved. Denis et al. (2001) highlight that strategic change requires collaborative leadership between different functions, rather than

hierarchical structure. Strategic change management are successfully embedded in an organization when the change process are aligned with all the leadership teams, communicated to all the internal stakeholders and also aligned with external regulations and industry forces. Denis et al. (2001) further stress that change in lager organizations tends to be driven by ad hoc initiatives and are therefore unpredictable by nature and these initiatives are also affected by the individual leaders actions and positioning. While Denis et al. (2001) are highlighting the unpredictability of change, Day (2023) instead suggests that leaders of change can enhance the effectiveness of change initiatives within a collaborative context by facilitating a shared understanding of the process and thereby highlighting the need for a degree of sensemaking in connection to the collaborative context.

Friedrich et al. (2016) adds to this discussion by exploring the importance of collective leadership for influencing, while also highlighting the need for a formal leader in driving change in these types of contexts. A leader can facilitate the conditions to collective leadership by establishing communication as a central process and setting norms for interactions and feedback sessions. Friedrich et al. (2016) further stress the importance of network development and team leader information exchange, where the internal network is important to leverage the expertise to succeed where the informational exchange between the teams are crucial for setting responsibilities and empowering the individual expertise within the group. However, Friedrich et al. (2016) acknowledge that collective leadership is related to the individual leader and problem context, similar to what Denis et al. (2001) highlights. Like Friedrich et al. (2016), Amis et al. (2004) emphasized that communication is crucial when building capacity for the change initiative. In organizations that faces resistance to change, the individual leader must be able to manage and navigate power structures to ensure a successful change management. To be able to navigate in these types of contexts, Amis et al. (2004) introduces that stakeholders have different interests and thereby the rise of interest conflict occurs. To overcome these challenges with different interests, it is important to build on the leadership commitment, structures and communication (Amis et al., 2004).

2.1.3. Leadership role in an systematic change approach and emotional awareness

Change management is not all about leadership or collaboration, it also requires a strategical structural implementation efforts. Change must be systematically embedded into the organization to be successful (Franken et al., 2009; Shu, 2022). Franken et al. (2009) emphasize that successful change is driven in a semi structured way that consist of key elements such as managing interdependency between different change initiatives and embedding accountability and aligning different leadership teams. On the other hand, Shu (2022) identifies that successful change processes are driven by structured leader perspective. Leaders who first articulate the need for change to create an understanding for the process, secondly are embedding the change into the organization to create a bottom up perspective on the change rather than a top down process. Shu (2022) also indicates that leaders that drive change should reinforce and strengthen wished outcomes to create a sustaining change transformation over time. Even if these perspectives are slightly different, they both advocate for a structured process when driving change in an organization. Brunch et al (2005) further strengthen this by highlighting that the decision making process for change management also needs to be handled in a structural way.

For the change initiative to be truly successful the prior step, which is including decision making on what change initiative that should be preceded with, needs to be handled in a structural way. To do so change leaders need to ask themselves two questions according to Brunch et al (2005). Where the first question is: Which change is needed? And the second question are: How should it be implemented? By asking these question the change initiative have a higher change of achieving the critical factors of acceptance, attention, momentum and sustainable change effects which are needed to secure a successful change process (Bruch et al., 2005).

The alignment of these structural processes with the organizational systems and culture is essential for sustaining change. Dzwigol et al. (2009) on the other hand shows that leadership is important at all the change stages, but its effectiveness is relying on management systems and the structural capabilities to support, much similar to what was emphasized by Franken et al. (2009), Shu (2022) and Brunch et al (2005). Leadership alone cannot ensure change, it need to be aligned with existing structures and decision making process within the organization to optimize the effectiveness (Dzwigol et al., 2019). Higgs and Rowland (2009) extend this discussion on the importance of having a structural process for change by comparing how lager organizations cope with change by comparing the effect of localization and globalization. Where localization is being able to respond to local demands, and globalization how well the implication can be standardized. They found that for locally adjustment the change process can be more free, but for change to happen in the global context it needs to follow the organizational structure and that the organization stay firm to processes. In this context the leadership role is to act as an enabler while articulating the strategy (Higgs and Rowland, 2009).

The success of change processes depends not only on structural alignment but also on how they are communicated and adapted to organizational culture. To be effective, leaders must combine both charismatic and instrumental management styles. Graetz (2000) identifies these styles as essential for managing complex change processes, where charismatic leadership inspires and motivates, while instrumental leadership provides the necessary direction and structure which is needed in the change process. Sanchez-Burks and Huy (2009) contrast this by highlighting the need for emotional aperture, emphasizing that leaders who recognize and respond to collective emotions foster acceptance and reduce resistance. Large scale transformations create uncertainty and leaders must act as emotional regulators to ensure that communication is both clear and responsive to employees concerns to build acceptance for the change initiative (Sanchez-Burks and Huy, 2009). Beyond emotional awareness, Denning (2006) argues that storytelling is a powerful leadership tool in combination with the structural processes, as change is not just about giving instructions but about framing a compelling narrative that makes transformation meaningful. The effective storytelling which inspires commitment and fosters a shared purpose reinforcing Sanchez-Burks and Huy (2009) view that leadership must make change resonant and personal in combination with existing processes. In a global context, Lane (2014) stresses that cultural awareness is crucial for change implementation. While standardized strategies ensure consistency (Higgs and Rowland, 2009; Lane et al., 2014), local cultural dynamics shape how change is perceived and adopted. Cultural resistance can hinder transformation, making it essential for leaders to adapt communication and engagement strategies accordingly. This complements Denning (2006) argument as effective storytelling must also be culturally tailored to have an impact.

2.2 Sustainability

Organizations must continuously adapt to sustainability directives to remain competitive and relevant in today´s evolving business landscape. While the concept of sustainability has been widely recognized for many decades, its definition varies depending on the context in which it is examined. To establish a clear foundation for this thesis, it is essential to define sustainability within the scope of this study. In this thesis the term sustainability term will be examined under the definition which are presented in **Table 3**.

Definition of Sustainable	Source
"[…] sustainability can accordingly be defined as meeting the needs of a firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc), without compromising its ability to meet the needs of future stakeholders as well.	Dyllick and Hockerts 2001, p.131
"The ability to make development sustainable, to ensure that it meets the needs of the present without compromising the ability of future generations to meet their needs."	United Nations, 1987

Table 3. *Definition for leadership which this thesis will use. The table was self created by the author (2025)*

These definitions highlight the multifaced nature of what sustainability are, encompassing environmental, economic and social dimensions which are all important. In the context of this thesis, sustainability will further be examined through the lens of corporate sustainability reporting and the leadership strategies necessary for organizations to align with regulatory frameworks such as the CSDDD.

2.2.1 Sustainability in the context of the CSDDD

From an organizational perspective, sustainability directives and legal requirements help establish a unified and actionable definition of sustainability (Hristov and Searcy, 2025). The triple bottom line focusing on people, planet and profit provides a useful framework for understanding sustainability from a corporate point of view. The triple bottom line approach is also embedded within the CSDDD, which mandates that organizations integrate environmental, social and governance considerations into the operation.

The CSDDD is the first region wide due diligence legislation, building upon earlier frameworks such as the UN Guiding Principles on business and human rights and the Paris Agreement, which aims to limit global warming to 1.5 degrees Celsius (CAN, Europe, 2024). The directive requires organizations to assess and mitigate the impact of their activities on both human rights and the environment, extending accountability beyond their immediate operations (Bueno et al., 2024). One of the key advancements of the CSDDD, compared to earlier directives, is the upcoming requirement for downstream due diligence which obligates organizations to take full responsibility and report the impact for their entire supply chain rather than focusing only on direct operations (Hogan and Reyes, 2023). Additionally, the CSDDD directive also indicating to further strengthen corporate accountability in sustainability reporting and are requiring

organizations to follow more formalized accounting standards and due diligence processes to ensure transparency and comparability with other organizations (Partiti, 2024).

As the CSDDD comes to effect in June 2028 large corporations with over 1000 employees or an annual turnover exceeding 450 million Euros will need to adopt new processes to meet with the requirement (Bueno et al., 2024). To comply, companies must evaluate and integrate new systems that enhance their reporting structures and ultimately improve their environmental and social impact. In this transformation the leadership plays a pivotal role both in navigating upcoming compliance challenges and in leveraging sustainability as a strategic advantage (Wiengarten et al., 2017). To succeed with this upcoming alignment leaders must balance regulatory demands with broader sustainability ambitions by integrating new reporting mechanisms while fostering a corporate culture that prioritizes sustainability. The following sections in this chapter will therefore examine leadership strategies for sustainability transformation to explore how strategic and managerial approaches can drive sustainable change and organizations preparedness for CSDDD compliance.

2.2.2 Transforming leadership for sustainable change

The transformation toward sustainability requires a unique leadership approach that extends beyond traditional managerial roles (Bendell et al., 2017; Ferdig, 2007). Sustainable leadership is often not confined to formal leadership positions, this instead involves a self organizing approach where individuals across all levels contribute to sustainability initiatives (Ferdig, 2007). This perspective challenges the conventional top down leadership model, presented by Gill (2002) and Higgs and Rowland (2009) in *2.1.1 Leadership strategies for managing change,* and instead emphasizes that collective responsibility is more suitable in driving sustainable change. Bendel et al. (2017) further contrast this by argue that earlier beliefs that leaders alone are responsible for driving sustainability can slow progress and that traditional leadership assumptions often hinder transformation. Instead, Bendel et al. (2017) propose that sustainable leadership should shift from a controlling role to an enabling role instead of foster fairness and long term equality. To overcome the existing unsustainable leadership practices, leaders must instead explore the purpose of their actions and recognize the wider impact of change (Bendel et al., 2017).

Further, sustainable transformation requires leaders to function as catalysts for change. Brown (2012) suggests that leaders should focus on setting a greater vision, fostering supportive environments and challenges existing perspectives to enable innovative sustainability initiatives. This perspective by Brown (2012) is strengthening the arguments of Bendell et al. (2017) and Ferdig et al. (2007) who also argue for challenging perspectives on old leadership perceptions. Brown (2012) perspective further align with Metcalf and Benn (2013) who argue that successful sustainable leaders must be able to navigate complexity and foster collaborative dialogue. In addition to these perspectives, stakeholder engagement are also seen as important within sustainability leadership criteria. Latham (2013) highlights that leaders must continuously align transformation efforts with stakeholder needs to ensure that sustainability efforts are both strategic and inclusive. Haney et al. (2020) further emphasize that sustainability leadership is connected to soft leadership skills such as ethical decision making, value driven motivation and a long term commitment to sustainability, which resonate with Metcalf and

Benn (2013) and Latham (2013) perspective on stakeholder engagement. However, some researchers argue that the current economic system conflicts with sustainability leadership. Hiezman and Lui (2018) suggest that the heroic leadership narrative often undermines sustainability efforts. Hiezman and Lui (2018) describes that individual leadership can lead to leaders perceiving to attempting to solve environmental challenges on their own rather than promoting collaborative and systemic change. Similarly to Hiezman and Lui (2018), McCann and Holt (2010) highlight the relevance of servant leadership, which prioritizes empathy, listening, and stewardship as essential qualities for sustainable leadership.

There is also an ongoing debate in the literature on whether leadership alone is sufficient for sustainability transformations. Tabassi et al. (2016) found that while motivating and empowering leadership strategies can fosters engagement, but this engagement does not directly impact sustainability outcomes unless combined with practical managerial abilities. This suggests that leaders must balance visionary leadership with practical management skills to achieve sustainable project success. Contradictory to Tabassi et al. (2016), Robertson and Barling (2012) argue that transformational leadership is the most effective approach in promoting sustainable behaviors. They emphasize that strategies such as inspiration, motivation and reinforcement play an important role in shaping employees sustainability behaviors. While transformational leadership focuses on influencing and inspiring change, Tabassi et al. (2016) examined its role in the implementation phase, making their findings not fully comparable with the argument of Robertson and Barling (2012). But this comparison indicates that sustainable leadership is highly influenced by the context which the change initiatives are taken place in and that different stages of transformation perhaps require different leadership strategies. This is also contrasted by Lenssen et al. (2013) who found that in the early stages of sustainability transformation the top down visionary leadership strategies are important to overcome resistance to the change initiative. In these settings the employees are more likely to struggle with change, and clear direction setting leadership is crucial to overcome this challenge. However, as sustainability becomes more embedded in the organization, leadership strategies should transition toward a more inclusive and decentralized approach (Lenssen et al., 2013). Similarly to Lenssens et al. (2013) perspective, Rauter et al. (2017) highlight that leadership plays a pivotal role in embedding sustainability within organizational strategy which is emphasizing the need for structured leadership strategies that integrate sustainability into the core business processes.

2.2.3 Sustainability as a strategic and managerial driver

The increasing pressure from stakeholders has forced organizations to integrate sustainability beyond just economic performance and integrate environmental, social and governance considerations (Wiengarten et al., 2017). Lozano (2015) and Wiengarten et al. (2017) both argue that companies now must balance profitability with sustainability. In this case balance between the profitability aspects and sustainability are responding to both external drivers, such as regulatory requirements, consumer expectations and internal drivers which include profitability, risk management, reputation and leadership commitment. While Wiengarten et al. (2017) further stress the role of external forces like competition benchmarks and legal requirements, Lozano (2015) instead points out that internal leadership commitment is the most influential

factor for sustainability transformation since leaders are the primary drivers of organizational change. The importance of leadership and corporate reputation as a sustainability driver is further reinforced by Lozano (2015), who suggests that organizations prioritizing sustainability tend to enhance their public image and stakeholder trust over time. This argument is supported by Ginnarkis et al. (2018) who indicates that companies with strong sustainability performance also excel in accurately presenting sustainability data, indicating that transparent reporting and sustainability efforts go hand in hand.

Furthermore, several studies also highlight the importance of leadership structures in sustainability initiatives as a drive for sustainable change. Wiengarten et al. (2017) and Islam et al. (2020) both emphasize that having an assigned sustainability leadership role within the organization improves an organizations financial performance in the long term even if this is not the main objective for the manager responsibility for sustainability. Wiengarten et al. (2017) also stresses that firms with clear sustainability responsibilities at the leadership level perform better than those without structured roles, as the accountability ensured continuity in sustainability efforts over time. Islam et al. (2020) adds to this discission by highlighting that ethical leadership plays a key role in fostering sustainability behaviors across the organization for such roles. Islam et al. (2020) findings further reveals that when individual employees possess strong sustainability values, the impact of sustainability leadership is further strengthened which is reinforcing the idea that sustainability requires both top down commitment and bottom up engagement from the leader that wishes to drive sustainable transformations.

While sustainability leadership is described to be important to drive sustainable transformation, understanding how the power of making decisions is distributed across the organization are as equally important. Stoughton and Ludema (2012) and Siebenhuner and Arnold (2007) both express that different levels of leadership in sustainability transformation within the organization exist. Stoughton and Ludema (2012) found that in U.S. organizations senior leaders are responsible for setting sustainability goals and shaping company culture, while functional managers which are usually less experienced break down these goals into actionable strategies for all employees in the organization. Siebenhuner and Arnold (2007) further contrasts this by highlighting that middle managers act as key change agents as they bridge the gap between top level strategies and daily operations. Their ability to influence both organizational behavior and culture makes these leaders essential in driving sustainable change. Ballard (2005) adds to this perspective by emphasizing that collaborative leadership environments can further enhance sustainability efforts. Like Stoughton and Ludema (2012), Ballard (2005) argues that building connections within the organizations processes and structure is critical for successful sustainability initiatives. Ballard (2005) further argue that fostering engagement and awareness among employees will increase individual incentives to participate in efforts connected to sustainable change and thereby increase the chance for a successful change initiative. Ballard (2005) also stress that collaboration to be particularly important in the early stages of sustainability transformations. Connected to the initial stages of an transformation initiative, both Delmas et al. (2019) and Ballard (2005) highlight the importance of strong leadership in the adoption phase of sustainability initiatives. Delmas et al. (2019) emphasizes that without a committed leader driving sustainability incentives efforts may be

losing momentum before they become embedded in organizational processes. Similarly to Delmas et al. (2019), Ballard (2005) stresses that leaders should facilitate collaboration and build organizational awareness early on to create lasting change. Both of these arguments aligns with Stoughton and Ludema (2012), who argue that sustainability adoption varies across different organizational levels and cultural contexts.

2.3 Digital Transformation

Digitalization has become essential for organizations to maintain competitiveness by enhancing data capture and improving reporting quality (Sui et al., 2024). Furthermore, embracing digital transformation allows organizations to foster innovation to optimize processes and make data driven decisions. When optimizing processes, digitalization can be defined as the transition from analog to digital services involving a change in delivery methods and the addition of a technological channel (Mergel et al., 2019). But digital transformation can also encompass broader changes in strategic processes, than just moving from analog to digital. Therefore, the terminology of digital transformation for this thesis will be understood as the combination of the definitions presented in **Table 4.** to reflect both the technological shift and the strategic changes in organizational processes.

Definition of Digital Transformation	Source
"*The conversion of information or data from analogue to digital format*"	OECD, 2017, p. 18.
"It refers to the integration of digital technologies in business processes.	Liu et al. 2024
"Emphasize the cultural, organizational, and relational changes that we highlight in the outcomes section in order to differentiate better between different forms of outcomes."	Mergel et al. 2019

Table 4. *Definition for digital transformation which this thesis will use. The table was self created by the author (2025).*

2.3.1 Leadership role in driving digital transformation

Leadership and management skills play an important role in driving successful digital transformation initiatives (Gilli et al., 2024). Saihi (2023) identified leadership as the second most important factor among 47 examined traits, underscoring the importance of leadership in navigating digital complexities. However, the evolving digital landscape has created a debate about the necessity of traditional leadership roles when it comes to driving digital improvements. Gilli et al. (2024) first assume that many upper level functions, where the traditional leadership role has been seen as important, can now be automated or replaced by digital support. Gilli et al. (2024) argument are leading to questioning whether leadership is as crucial as before, previously described by Saihi (2023). Yet, Gilli et al. (2024) findings ultimately contradict their own assumption by revealing that leadership remains important in all digital transformation processes. Instead their findings indicate that organizations still require active leaders who can strategically manage technological change and foster digital adoption (Gilli et al., 2024), and that these cannot be automated. Instead, Gilli et al. (2024) stress that leaders must possess strategic digitalization knowledge to effectively guide transformation processes and align these types of initiative with organizational goals to be truly effective.

While the importance of leadership is being acknowledged in literature, there is another debate about which leadership strategies are most effective for managing digital transformation. Torrtoella (2023) examines different leadership approaches in digital change and argue that task oriented leadership plays an important role in driving successful digital transformation, particularly in industrial sectors where structured processes are essential to establish these digital initiatives. However, Torrtoella (2023) also underscores that leadership strategies that were change oriented was found to positively influence digital transformation outcomes as well. Torrtoella (2023) result also revealed that relationship building leadership styles has a negative impact which suggests that the focus on interpersonal relationships may undermine the efficiency of the digital transformation efforts within the organization. Instead of relationship building, Torrtoella (2023) findings underscore the importance of structured leadership development that align leadership abilities with digitalization goals to ensure that organizations effectively allocate resources and maintain a competitive positioning. Contradicting to Torrtoella (2023) perspective that relationship oriented leadership styles hinder digital transformation, Tagascherer and Carbon (2024) argue that a balanced leadership approach is necessary to foster digital transformation. Their study finds that successful digital transformation is not just a technological shift but also a cultural and organizational change which requires leaders to actively engage employees and foster collaboration. Tagascherer and Carbon (2024) stress that leaders must balance cognitive and strategic leadership skills to navigate the digital transformation effectively. Tagascherer and Carbon (2024), contradictory findings compared to Torrtoella (2023), instead suggests that process oriented and change driven approaches are important as leaders must also use interpersonal skills to facilitate collaboration and overcome resistance to digital change.

2.3.2 Overcoming resistance and enabling successful digital transformation

Resistance to digital transformation is a well documented challenge in organizational change literature. The resistance to new digital improvements is often driven by fear of change, uncertainty about new technologies and a lack of digital skills that are perceived needed (Kotter, 2012). While digital transformation offers opportunities for efficiency it also requires shifts in organizational processes and behaviors. This shift can meet resistance at both leadership and employee levels within an organization. One factor influencing this shift in digital resistance is the alignment between individual values and the transformation goals (Nasir et al., 2022). Building upon the individual values are Bagrationi and Thuner (2023) who highlight that managers who prioritize tradition, conformity, security and power are more resistant to digital change as they are deeply attached to existing routines that exist in the current environment. In contrast, Bagrationi and Thuner (2023) also present that managers who demonstrate open mindedness, independence and stimulation of values are more open to embracing digital transformation. These findings underscore the importance of addressing leadership mindsets and individual values when managing digital resistance.

Another important factor to understand resistance to digital transformation is leadership commitment. Ko et al. (2022) argue that digital transformation cannot be treated as a standalone initiative, instead digital transformations require a strong collaboration between business and information technology (IT) departments. In the collaboration process Ko et al. (2022) stresses

that leaders must take the role to as an enabler of communication and bridge communication gaps between these areas within the organization. Piero and Martinez (2022) strengthen the importance of cross collaboration by highlighting that traditional leadership styles such as command and control are inefficient in managing digital transformation, which also resonates with Tagascherer and Carbon (2024) argument of cross functional collaboration earlier presented. Piero and Martinez (2022) instead argue that leaders should foster collaboration and respect boundaries between teams to prevent overwork caused by digital connectivity. Furthermore, Piero and Martinez (2022) stress that the trait of lifelong learning is important for leaders to stay ahead of the rapidly evolving digital landscape and to be able to facilitate the desired collaboration that is needed.

Beyond leadership commitment, strategic alignment and adaptability are also indicated to be important for overcoming resistance to digital improvements. Lui et al. (2024) argue that companies facing uncertainty due to external pressures should develop a digital strategy to enhance their ability to recognize, adapt and integrate new technologies. Lui et al. (2024) further argue that senior leaders must define a clear digital vision and align technology with business goals to facilitate the digital transformation in an efficient way to reduce the resistance. Daxbacher et al. (2024) further reinforce these arguments by demonstrating that successful digital transformation is not just about technology, it also requires alignment between strategy, leadership and the organizational culture. In their study on the Brazilian automotive industry they identify leadership abilities, strategy and organizational innovation as the important success factors for digital transformation projects (Daxbacher et al., 2024). Daxbacher et al. (2024) findings aligns with Ko et al. (2022) and Piero and Martinez (2022), by confirming that digital transformation requires more than just technological implementation, it also demands strong leadership to integrate the initiative into the long term business objectives. However, Daxbacher et al. (2024) add an important dimension to the discussion by emphasizing that cultural readiness is equally as important when it comes to digital transformation. Daxbacher et al. (2024) continues to argue that without a supportive corporate culture, even well planned digital initiatives may fail. Furthermore, Daxbacher et al. (2024) also highlights the need to balance innovation with operational sustainability, a challenge that Piero and Martinez (2022) also acknowledge in their findings on employee motivation during the digital transformation. The insights, from both Daxbacher et al. (2024) and Piero and Martinez (2022), reinforce that leadership in digital transformation extends beyond the traditional decision making process and instead involves creating an organizational culture that is aligning cross functional teams to ensure that digital strategies are embedded into the organization. Ko et al. (2022) and Kringelum et al. (2024) further stress this theme by arguing that leaders must also create a culture where technology adoption plans are shared in advance rather than just enforcing a top down directive. Moving beyond the organizational culture in the context of resistance to digital change, Antony et al. (2023) highlights an important factor that leaders must have digital competence and an understanding of the transformation process itself. Antony et al. (2023) argue that only supporting digital transformation with resources is not enough to drive digital improvements. Instead, leaders who want to succeed with digital transformation must also be actively engaged in understanding the technological and strategic aspects to manage these digital transformations in the best way (Antony et al., 2023).

2.3.3 Sustainability in the digitalization process

Leadership plays an important role in guiding organizations through sustainability focused digital transformation. As organizations embrace digital initiatives to increase efficiency, it becomes essential for leaders to ensure that sustainability goals are seamlessly integrated with these digital initiatives. Kohnek (2016) highlight that leaders must foster a digital mindset while prioritizing environmental and social considerations to ensure that the transformation to digital technologies does not come at the cost of sustainability. This argument aligns with Nasiri et al. (2022) who points out that transformational leadership, by inspiring innovation and creating a shared vision, plays a crucial role in ensuring that digital transformation efforts align with the long term sustainability objectives. Within the context of digitalization, leaders should help the organization navigate the complexities of integrating new technologies by ensuring that sustainability is not only a concern in the outline but rather act as an central guiding principle (Nasir et al., 2022).

Kohnek (2016) are also highlighting the importance of adapting change management strategies to align with the sustainable digital age. Kohnek (2016) argue that the traditional models are no longer sufficient and leaders must drive the evolution of organizational culture to integrate digital technologies in a way that aligns with sustainability goals. Kohnek (2016) perspective share similarities with the findings from the digital leaderships indicated by Daxbacher et al. (2024), Ko et al. (2022) and Piero and Martinez (2022), indicating that leadership needs to adjust to the new organizational environment. The perspective on sustainable digitalization leadership capabilities also resonates with the perspective of Duarte and McDermot (2024), who argue that effective leadership are important in integrating sustainability practices for an organization. Duarte and McDermot (2024) further resonate that leaders must provide transparency, define clear strategies and foster a culture of participation and decision making to be able to integrate digital sustainable efforts successfully. Duarte and McDermot (2024) also stress that through clear communication and strategic direction leaders can guide their organizations through the challenges of digital transformation and therefore ensure that sustainability remains central to the process. All these perspectives merge to the perspective that leadership is central to navigating the intersection of digital transformation and sustainability. Even if there are some different views, the reviewed literature agrees that leaders must ensure that their organizations are not just adopting new technologies but doing so in a way that is aligned with broader environmental and social goals.

2.4 Insights and identification of frameworks from the literature

The insights gained from the literature review in this thesis on the subject of *2.1 Leadership and change management strategies* advocates that change management strategies needs to be supported by a resilient leadership and a clear vision that is empowering and guiding the change incentive among all stakeholders (Grant, 2019; Rumelt, 2011). The change management strategies that leaders can apply becomes essential in all stages of the change initiative and is driven by empowerment and vision (Gill, 2002; Caldwell, 2003; Higgs and Rowland, 2009). Furthermore, successful change management strategies seems to build on collaboration and

shared understanding for the change, where leaders that wishes to be successful with in these contexts need to navigate power structures and stakeholder conflicts effectively (Denis et al., 2001; Amis et al., 2004; Friedrich et al., 2016; Day et al., 2023). A leader that wishes to successful drive a change initiative also need to consider emotional and cultural awareness (Denning, 2006; Lane et al., 2014; Sanchez-Burks and Huy, 2009). To handle the change management process the literature further indicated a need for a structural and systematically process (Bruch et al., 2005; Dzwigol et al., 2019; Franken et al., 2009; Shu, 2022).To summarize the findings from the literature review, from section *2.1 Leadership and change management strategies,* and apply a theoretical framework that integrates all the key aspects identified, Kotter (2012) eight step change model will be used for this thesis. This framework will be further developed and explained in chapter *3. Theoretical framework.*

What is further evident from the reviewed literature is that digital enhancement stretches and covers more areas than just technology. Instead, the digitalization process requires fundamental strategic and operational changes (Liu et al., 2024; Mergel et al., 2019). To overcome and bridge the resistance to enhancement of digital processes leaders that drive change must rethink their current perception and embrace the ambiguity that the digital transformation comes with. What is also evident from the reviewed literature is that the best way to implement a digitalization process and make it successful is to stay committed to the change (Ko et al., 2022). Further to succeed with the digitalization efforts the reviewed literature in this thesis advocates that the digitalization process should be aligned and adapted to the strategy and the existing leadership capabilities (Daxbacher et al., 2024; Liu et al., 2024). Furthermore, there is a consensus that digital transformation should not be viewed solely as the adoption of new technologies. Instead it should be understood as a broader process where digital tools are integrated within the broader context of other organizational goals such as sustainability. (Daxbacher et al., 2024; Ko et al., 2022; Piero and Martinez, 2022). To further examine this, the digital transformation compass by Westerman et al. (2014) will be used as a theoretical framework for this thesis, together with the eight step change framework. These theoretical frameworks will be examined and synthesized in the next chapter, *3. Theoretical framework.*

3. Theoretical framework

This chapter outlines the theoretical frameworks used to address the research question in this thesis. Firstly, the eight steps of change framework will be applied to analyze change management in relation to the scope of the thesis. Secondly, the digital transformation compass framework will be presented to understand the process of digitalizing organizational processes. Finally, this chapter will conclude by synthesizing the two theoretical frameworks, exploring their interrelationship and discussing their implications for the thesis.

3.1 Eight step change framework

The eight step change framework was developed by John Kotter in 1996 as a response to the challenges organizations faced in implementing successful change initiatives (Kotter, 2012). The framework provided a structured leadership driven approach to navigating organizational changes by addressing gaps in earlier models that struggled with insufficient commitment and lack of engagement. One of these models where the three step change model by Lewin (1947) which were focusing on overcoming resistance to change by unfreezing existing behaviors. However, this framework was criticized for lacking a comprehensive structure for sustained organizational change. Kotter´s framework built upon foundational ideas of the three step change framework by emphasizing the proactive role of leadership in creating urgency, forming coalitions and guiding the change process through a structured approach. Additionally, the eight step change framework by Kotter builds on organizational development theories, which emphasize the role of culture and human behavior in change (Argyris, 1991; Schein, 2004). These theories focused on incremental change but lacked frameworks for complex environments, which were incorporated into eight step change framework by Kotter (2012). Kotter model has had a significant impact on the field of change management and has been widely applied across various organizational contexts (Appelbaum et al., 2012). The frameworks focus on engagement and commitment to the change process has been cited as a key reason for its success (Armenakis and Bedeian, 1999). Kotter´s model has further been praised for its practical applicability in real world scenarios, especially in leading organizations through technological, cultural and strategic shifts (Kotter and Cohen, 2004). And its enduring popularity reflects its broad applicability and the value it provides in framing change management efforts (Higgs and Rowland, 2009).

Kotter´s eights step change model incorporates elements such as vision and communication, while advocating for a structured approach to managing change. The application of this model in this thesis will enable an analysis of how leaders navigate various stages of the change process and assess the effectiveness of their implementation. The eight step change model provides a structured approach for managing organizational change (Kotter, 2012), and are consisting of the following steps summarized from Kotter (2012) as illustrated in **Figure 1**:

Step 1 Establishing a sense of urgency: Urgency helps to create attention to the change initiative. Change cannot happen when status quo is acceptable and therefore urgency can help to create a need for the change process, if urgency is created the aftercoming steps are much more likely to succeed (Kotter, 2012). **Step 2 Creating the guiding coalition**: A powerful force is needed to sustain the change initiatives over time. It is therefore important to create a strong

coalition which consist of trust, shared goals and organizational culture to overcome the resistance to change (Kotter, 2012). **Step 3 Develop a vision and strategy:** Change can not be led by authorization or micromanagement, instead it needs to be handled by a clear vision that creates a direction and common sense. The development of a strategy ensures execution and alignment with the vision (Kotter, 2012). **Step 4 Communicating the change vision:** Change can be led by a vision, but the initiative takes form when a shared sense of the desired outcome is communicated to all stakeholders. Without communication the previous steps may not have any impact in the end (Kotter, 2012). **Step 5 Empowering employes for broad based action**: Remove clear obstacles for the change initiative by providing resources, training and the support needed to enable employers engagement to the change process (Kotter, 2012). **Step 6 Generating short term wins:** Progress and a sense of success builds momentum for the change initiative and motivates all stakeholders to see the impact of the initiative early in the process (Kotter, 2012). **Step 7 Consolidating gains and producing more change**: after generating early wins, step 6, leaders must ensure that the change initiative is continuing and that there is still a sense of urgency. Without this factor the change initiative may lose its momentum due to acceptance of current status quota (Kotter, 2012). **Step 8 Anchoring new approaches in the culture:** For the change initiative to last, the newly developed behaviors and processes must become a part of the organizational culture to be able to sustain over time (Kotter, 2012).

Figure 1: *Theoretical framework for eight step change model (self created by the author 2025, based on; Kotter, 2012)*

3.2 The digital transformation compass

Building on the insights from the reviewed literature, the digital transformation compass framework proposed by Westerman et al. (2014) will be used to explore the research question of this thesis. This framework bridges the gap between the reviewed literature in this thesis research question by offering a structured approach to digital change initiatives. The digital transformation compass developed by Westerman et al. (2014) helps organizations manage digital transformation complexities (Westerman et al., 2014). The theory aligns digital initiatives with business strategies, emphasizing the integration of digital technologies into core business processes (Westerman et al., 2014). This framework further addresses gaps in earlier models by providing clearer guidance on implementing digital technologies in complex and evolving environments. One of the foundational theories that the digital transformation compass framework builds upon is the technology, organization and environment (TOE) framework which suggests that technological, organizational and environmental factors influence the adoption of new technologies (Tornatzky and Fleischer, 1990). The digital transformation compass builds upon this by introducing a more holistic view that focuses on four key organizational areas which are customer experience, operational processes, business models and culture (Westerman et al., 2014). When managed collectively, these areas help organizations assess their current state and align digital initiatives with strategic goals, as Westerman et al. (2014) argue that successful digital transformation requires not only the adoption of new technologies but also a shift in organizational culture to adapt to digital changes. The usage of the digital transformation compass over the TOE framework are also motivated by Parkash (2025) who mention that the TOE framework highlights the need to consider multiple factors when adopting technology, but it lacks the actionable steps necessary for comprehensive digital transformation. Furthermore, the digital transformation framework emphasizes that successful digital transformation requires more than just the adoption of new technologies and instead it necessitates a broader strategic and operational shift. The digital transformation compass framework comprises to four phases “Frame”, “Focus”, “Mobilize” and “Sustain”. Where each of these phases are playing an integral role in achieving a successful digital transformation. These pieces of the digitalization process are illustrated in **Figure 2** and are summarized based on Westerman et al (2014) description in the following section.

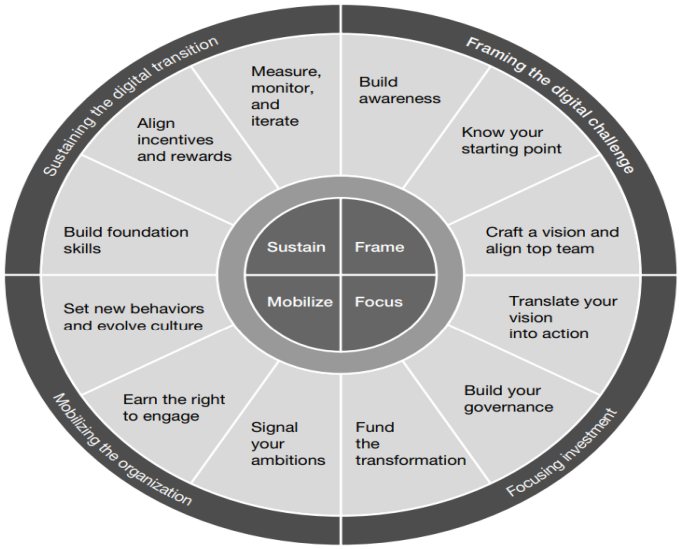

Figure 2: *The digital transformation compass, (Westerman et al., 2014, page 174)*

Framing the Digital Challenges: The initial phase of digital transformation involves building awareness, assessing the organization´s starting point and creating a shared vision. For leaders it is important to fully comprehend the risks and opportunities presented by digital technologies. At the same time, the organization must evaluate their current digital competencies and strategic assets to identify areas of strength that can facilitate the transformation. Furthermore, it is important to align leadership around a unified vision for the company´s digital future to drive a successful and cohesive transformation (Westerman et al., 2014). **Focusing the Investment:** The next piece consists of translating the digital vision into actionable steps. This requires converting the vision into clear strategic goals and developing a detailed roadmap for all initial activities. This phase also includes the establishment of governance structures to ensure that the transformation is guided effectively and aligns with the organization's objectives. Securing funding is also essential and is requiring the creation of a balanced digital investment portfolio and identifying the necessary funding mechanisms to support the transformation (Westerman et al., 2014). **Mobilizing the Organization:** The mobilization piece focuses on communicating the ambitions and benefits of digital transformation clearly to the entire organization to engage and create acceptance. Earning the right to engage involves building momentum by co creating solutions and involving those who will be responsible for implementing change. Another aspect of mobilization is to encourage a cultural shift where digital technologies are leveraged to transform the way people work and collaborate within the organization (Westerman et al., 2014). **Sustaining the Transition:** The next piece, sustaining digital transformation involves developing core capabilities such as improving digital skills, establishing a strong digital platform and building effective business relationships. Aligning reward structures is also important to ensure incentives and recognition support the organizational transformation goals. Lastly, tracking and adjusting progress through measurement and monitoring is essential for the long term success of the digital transformation process (Westerman et al., 2014).

3.3 Integration and interrelationship of the theoretical frameworks

To address this thesis research question, on how leadership and change management strategies can enhance the digitalization of sustainability reporting to facilitate readiness under the CSDDD, the theoretical framework are synthesizing two theories that were identified as important according to the reviewed literature. The chosen theoretical frameworks are each contributing to a distinct perspective on leadership, change management and digital transformation which are important to the analysis for this thesis. Furthermore, the integration of these frameworks aims to construct a holistic approach to understand how leadership can facilitate the digitalization of sustainability reporting processes in accordance with the upcoming directive.

Firstly, the eight step change model outlines a clear and stepwise process for leaders to effect change by emphasizing elements such as the establishment of urgency, the creation of a guiding coalition and the embedding of new behaviors within the organizational culture. This framework is particularly applicable for examining how leadership can mobilize the organization to embrace the digitalization of sustainability reporting in response to the CSDDD. Complementing the eight step change model is the digital transformation compass. This model offers a strategic and operational approach to the digital transformation process by presenting four different phases. These four phases of the digital transformation compass, which consist of framing, focusing, mobilizing and sustaining, align with the eight step of change model and thereby provide a deeper understanding of the technological and operational considerations involved in digital transformation initiatives. The integration of Kotter (2012) eight step change framework with Westermans (2014) digital transformation compass provides an approach to exploring digital enhancement of sustainability reporting. By combining these two frameworks, this thesis aims to offer a structured and actionable model that addresses both the leadership driven change process and the strategic organizational steps required for successful digital improvements.

An approach to synthesizing these frameworks is through a phase based integration with iterative feedback loops, where a new change process is initiated. Although these change loops are not explicitly represented in the digital transformation model, they have been included as a component given that change is not a static process moving from A to B and then being completed, but rather a continuous and evolving phenomenon (Denis et al., 2001; Higgs and Rowland, 2009). By adding this component the synthesized model for this thesis further underscores the dynamic nature of digital transformation where ongoing updates and technological advancements are critical for progress and adaptation (Liu et al., 2024). As organizations move through the phases of the digital transformation compass each phase triggers specific steps in eight step change model. This creates a cyclical relationship between leadership change management strategies that can be utilized at each step and organizational processes of the change initiative at each step. After completing a full cycle, the process when assessed through the lens of the digital transformation theory indicates that the change process has resulted in an enhancement of the digital initiative. This sets the stage for a new iteration to start as new needs for change emerge either due to evolving requirements, such as a new

directive or a perceived necessity for initiating further transformation to increase efficiency further. The synthesizing of the frameworks is visualized in **Figure 3**.

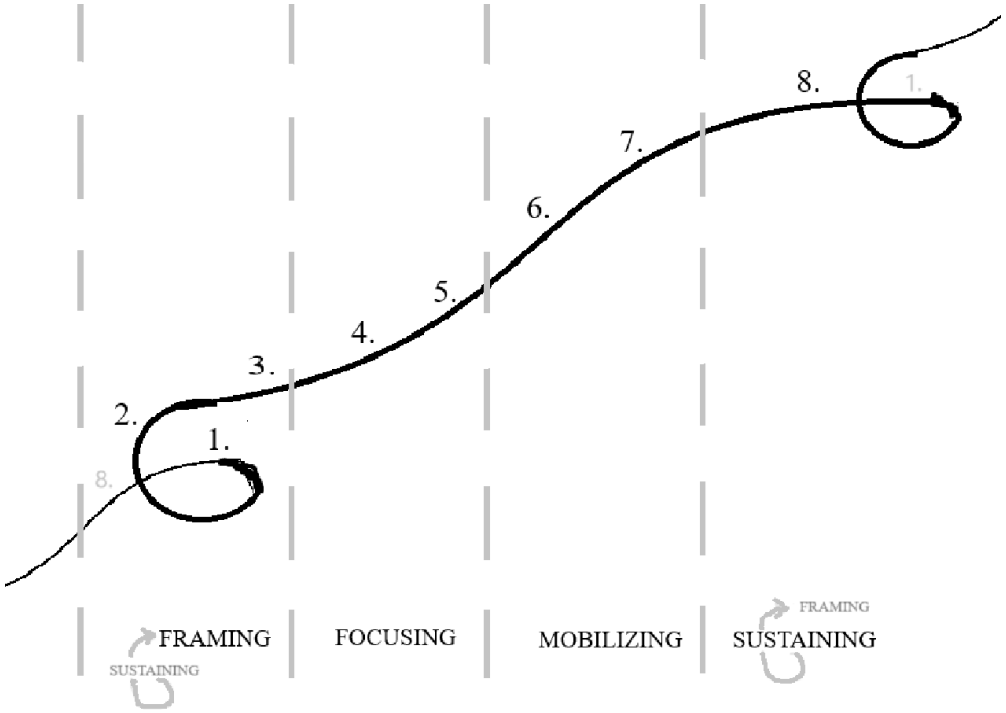

Figure 3*: Stepwise synthesized framework based on Kotter s (2012) eight step change model and Westerman's digital transformation compass (2014), self created by the author 2025.*

3.3.1 Framing the digital enhancement.

In the context of digital transformation compass, framing the digital challenges serves as a foundational activity that shapes how an organization perceives the urgency, scope and strategic necessity of change. This step consists of building awareness, knowing the starting point for the digital initiative and crafting a vision that is aligning the team (Westerman et al., 2014). Furthermore, the framing process serves as a basis for the initiative by framing in this regard identifying external pressures and also involves a deliberate process of sensemaking (Westerman et al. 2014), interpreting complex signals from the external and internal environments and converting them into shared meanings and narratives that mobilize organizational action.

Kotter (2012) **first step in the change process**, *creating a sense of urgency* aligns directly with this framing phase. The digital age introduces dynamic and often ambiguous challenges, such as rapid technological development and shifts in customer expectations (Ko et al., 2022). Organizations that fail to recognize the significance of these signals risk to misaligned strategies (Kotter, 2012). By creating a sense of urgency change agents help stakeholders reframe these abstract technological shifts into concrete opportunities. Kotter (2012) further emphasizes in his first step that urgency is not panic or fear mongering but instead functions as a realistic evidence based awareness of the need for change. In a digital setting urgency may emerge from

declining performance metrics, disruptive innovations in the industry or new regulatory frameworks that demand rapid adaptation.

Closely following is the **second step,** *building a guiding coalition*. Once urgency is framed and recognized the next step is to bring together a committed group of individuals with enough influence, credibility and expertise to drive the change forward (Kotter, 2012). In digital transformation efforts, this coalition is often interdisciplinary and may include executives, IT and data strategists, managers and external partners (Ko et al., 2022). The framing of an urgency from the first step helps define the coalition´s purpose and legitimacy it. In that sense the urgency is generating an answers why the coalition exists and what problems it is set to address (Kotter, 2012). Importantly the guiding coalition is not just a steering group it also functions as a symbolic and operational anchor of the change process (Kotter, 2012). It must maintain and reinforce the urgency by continuously referring back to the framed digital challenges. If the coalition does not share a common understanding of the problem from the start it may become divided or agreed without real commitment (Kotter, 2012).

The framing phase also aligns closely with Kotter's (2012) **third step,** *forming a strategic vision and initiatives*. A clear and compelling vision serves as a bridge between the recognition of external digital pressures and the internal drive to act (Kotter, 2012). In digital transformation contexts this vision must do more than inspire it must also provide guidance in navigating ambiguity and complexity (Higgs and Rowland, 2009). The vision defines the desired future state enabled by digital change, while strategic initiatives outline how the organization will get there. The vision also needs to resonate across functions and all levels to offer a shared language and reference point that aligns technological goals with business value and customer impact (Westerman et al., 2014)

3.3.2 Focusing the investment:

Focusing the investment in the digital transformation compass marks a phase where the organization translates awareness and urgency into concrete strategic direction and mobilization of resources (Westerman et al., 2014). This phase is not only about financial or technological investment, but also about investing in people, translating the vision and organizational capability (Westerman et al., 2014). The goal for this phase is to create clarity around what needs to be transformed or changed and why it matters. This phase emphasizes the inclusion and engagement of stakeholders and is highlighting how individuals throughout the organization can contribute to the process (Westerman et al., 2014).

This phase in the digital transformation compass aligns closely with the **fourth step** in Kotter´s (2012) framework, *communicating the change vision* which becomes important for focusing and engaging the early change acceptance. A vision by itself will not drive transformation unless people are emotionally and intellectually invested in it (Kotter, 2012). Therefore, a clear and consistent communication to affected stakeholders becomes important when driving digital improvements (Westerman et al., 2014). In digital transformation initiatives, this often requires reaching a broad population of employees who are willing to contribute feedback and take ownership of specific transformation streams (Westerman et al., 2014).

However, true momentum is only possible when organizations follow through with **fifth step** in the eight step change framework, *empowering employees for broad based action*. This means removing structural and psychological barriers that inhibit change (Kotter 2012). In digital initiatives, such barriers can include rigid hierarchies, outdated processes, lack of digital skills or risk averse mindsets that hinder the change initiative to start (Westerman et al., 2014). Empowerment in this context involves equipping employees with the necessary training and autonomy to act on the digital vision (Kringelum et al., 2024). This step also requires fostering an environment of trust where experimentation is encouraged, and failure is seen as a source of learning rather than blame (Kotter, 2012). Empowering employees is not simply a matter of delegation it is about creating enabling conditions for transformational leadership (Ferdig, 2007). This often involves flattening decision making processes by implementing agile work methods and leveraging on transparency and collaboration (Mergel et al., 2019). When employees feel supported and capable they are also more likely to engage actively with the transformation and are initiate their own contributions that is helping sustain the momentum needed to carry the change forward (Franken et al., 2009). By combining steps four and five in the change model, organizations can move beyond alignment and begin to generate a shared ownership of the digital agenda.

3.3.3 Mobilizing the organization

The next phase, mobilizing the organization in the digital transformation compass is where strategic plans and early investments are translated into tangible outcomes and scaled across the organization (Westerman et al., 2014). At this stage, the transformation effort moves beyond planning and alignment into visible action, experimentation and iteration. In this stage momentum becomes a key resource and leaders must work actively to nurture it. Mobilizing, therefore, is about signaling the ambitions, earn the right to engage, set new behaviors and evolve culture (Westerman et al., 2014).

In this phase Kotters **sixth step**, *generating short term wins*, will be synthesized for this thesis since these wins can be considered used to signal ambitions and also generate the engagement desired. Furthermore, in the context of digital transformation compass, where the change can be disruptive and resource intensive short term wins can play a role in validating the strategic direction (Westerman, et al., 2014). These short term wins serve as proof points by offering evidence that the change is not only possible but already delivering value (Kotter, 2012). Internal wins should be visible and directly attributable to the digital initiative (Kotter 2012), whether they involve improved operational efficiency through streamlined internal processes or enhanced data driven decision making within the organization. These milestones further provides a psychological and political reinforcement for the change by boosting morale among stakeholders and providing justification for continued investment (Kotter, 2012). In the digital context, the visibility of wins also helps counteract skepticism by showing that transformation is not an abstract ideal but an achievable reality.

Once early wins are established, organizations must transition into **Step seven,** *consolidating gains and produce more change*. Here, the danger lies in complacency by assuming that the achievement of initial goals means the transformation is complete (Kotter, 2012). However, digital transformation is inherently continuous and iterative, as presented under *3.3.1 Framing*

the digital enhancement. Sustaining momentum therefore requires that organizations maintain a sense of urgency while also institutionalizing adaptive learning mechanisms (Kotter, 2012). Connecting this to the organizational perspective in the digital transformational compass, this often involves building agile feedback loops, fostering cross functional collaboration and developing internal capabilities that support ongoing innovation (Westerman et al., 2014).

3.3.4 Sustaining the digital transition

The final phase of the digital transformation compass, sustaining the digital transition is concerned with ensuring that the changes initiated throughout the transformation process are not only maintained but deeply embedded into the culture of the organization (Westerman et al., 2014). This stage represents a shift from mobilization to institutionalization, where digital becomes not just a strategy but rather a norm (Westerman et al., 2014). It requires a conscious effort to align structures, processes, values and behaviors with the new digital initiative (Westerman et al., 2014), making this phase an important part of how the organization operates and develops.

This phase is closely aligned with the **eight step** in Kotters framework**,** *anchoring new approaches in the culture*. Transformation and change efforts often fail in the long term because the changes are not rooted in the organizational culture which are defined by the shared beliefs and behaviors (Kotter, 2012). In digital transformation efforts this risk is pronounced. While new tools, systems and structures may be implemented but the underlying mindsets, such as aversion to risk or fear of experimentation can remain intact which is ultimately undermining progress of the transformation (Kohnke, 2016). Anchoring change in culture involves making the new digital ways of working visible, repeatable and rewarded (Auvinen et al., 2019). It means integrating digital thinking into performance evaluations, leadership development and everyday decision making to strengthen the digital culture. These cultural reinforcements are crucial because they signal to employees that digital is not a temporary project but instead a long term commitment (Westerman et al., 2014). Another important element in this phase is storytelling repeatedly communicating the journey, the wins and the ongoing vision in a way that links the digital transformation to the organization´s identity and purpose (Denning, 2006). By aligning with Kotter (2012) eighth step, this phase highlights the importance of cultural reinforcement and leadership persistence in the digital transformation. Without cultural anchoring the risk of regression or stagnation for the change initiative remains high especially as organizational attention shifts elsewhere (Kotter, 2012). Sustaining the digital transition therefore is not about maintaining momentum alone but rather about creating the conditions in which momentum becomes the new organizational default.

4. Methodology

This chapter outlines the chosen methodology for this thesis. First the empirical context is presented. Next, the strategy and design for conducting the study is presented. Afterwards, the method for gathering both primary data and conducting this thesis literature review, along with the techniques used for data processing will be explained. Finally, the last section concludes this chapter with a discussion on the implications of primary data collection.

4.1 Empirical Context

This thesis was based on the company Volvo Group. Volvo Group are an industrial company that offers sustainable transport and infrastructure solutions within the business areas of trucks, buses, construction equipment, power solutions for marine and industrial applications, financing as well as services that are increasing customers productivity (Volvo Group company presentation, 2025, p.3 and p.17). The company has multiple brands within these business areas and operates worldwide with sales in approximately 180 markets. The company produces their products in 17 different countries and has a workforce that exceeds 100 000 employes (Volvo Group company presentation, 2025, p.4). The net sales 2024 for Volvo Group was 527 billion SEK, Swedish krona, with a adjusted operating margin of income of 12,5 percent (Volvo Group company presentation, 2025, p.33-34). The scale of Volvo Groups operations, both in terms of workforce and turnover, makes them applicable to comply with the upcoming regulation of CSDDD.

4.2 Research strategy and design

This thesis adopted a qualitative exploratory research strategy to investigate how leadership and change management strategies drive the digitalization of sustainability reporting to facilitate readiness for the CSDDD. A qualitative approach is most suitable for exploring perceptions, context dependent phenomena that required understanding rather than numerical analysis (Bell et al., 2022; Creswell, 2009), this study therefore adopted the qualitative research strategy to achieve a more comprehensive understanding of leadership strategies and organizational dynamics.

In addition to the qualitative research strategy, an exploratory case study was chosen as the research design. An exploratory research design is appropriate when there is limited prior research of the chosen context to study (Collis and Hussey, 2014), thus making the exploratory nature of this study appropriate since there had been limited prior research on the intersection of leadership, digitalization and sustainability reporting in the context of the CSDDD framework. Furthermore, the exploratory approach is allowing for flexibility in data collection and analysis and ensuring that emerging themes and patterns are captured (Saunders et al., 2023). These were important factors to enable a comprehensive analysis based on the research questions nature. The opposite of an exploratory design would have been a descriptive or explanatory research design, these types of research designs instead aims to define characteristics or establish causal relationships between already existing well noticed variables in a predefined context (Creswell, 2009). However, since this thesis focused on exploring

leadership strategies rather than confirming predefined hypotheses the exploratory design was chosen to be more appropriate as the research design for this thesis.

Besides the exploratory design, a single case study research design was selected for this thesis to enable an investigation of how leadership strategies were implemented in a real world organizational setting. The case study approach provides a detailed understanding of a subject in its natural context by offering insights that other methods might overlook (Yin, 2014; Creswell, 2009). Furthermore, the case study approach is especially useful for exploring complex issues where variables are difficult to isolate by allowing the researchers to examine processes and events with a holistic view. This method also allows for the exploration of "how" and "why" (Yin, 2014). Based on these aspects, the case study design is well suited to the purpose and the research question of this thesis. Additionally, the single case study is particularly useful for exploring contemporary issues in their natural context, especially when the boundaries between the phenomenon and its environment are not clearly defined (Saunders et al., 2023). This made the single case study an appropriate choice for this research since the digitalization of sustainability reporting is connected to all the other activities happening within the specific organizational context.

Furthermore, this thesis followed an abductive research approach which aligned with the exploratory nature of the study. Abductive research is used when the research aims to develop or refine theories by identifying the most likely explanations for the empirical findings, when existing theories do not fully account for observed patterns in the new context (Bell et al., 2022). Given the evolving nature of sustainability reporting and digital transformation under the CSDDD the abductive approach ensured that the research remained open to new insights and supported the development of theory through interactions between the gathered data and earlier theoretical contributions. In terms of philosophical positioning this thesis was grounded in pragmatism. Pragmatism focuses on practical context driven insights and prioritizes solutions to problems that exist (Saunders et al., 2023; Creswell 2009). This research approach was chosen as relevant for this thesis since it enabled the research to be set around understanding the actual problem. Thus, this philosophical stand allowed this thesis to be flexible in both methodology and theory development, to best suit the research question of this thesis.

A summary of the presented research strategy and design in *4.2 research strategy and design* are summarized in **Table 5.**

Aspect	Chosen	Justified by
Research Strategy	Qualitative	This thesis explores leadership and change management in the digital sustainability reporting change and is therefore requiring in depth understanding rather than numerical analysis.
Research Design	Exploratory single case study	Given the limited available research on this topic an exploratory single case study allows for an deeper understanding of the chosen research question and the connection to the real world context.
Research Approach	Abductive	Since there are limited hypothesis tested in this area of research the abductive approach for this thesis lets findings to emerge from

		empirical data supported by earlier theory that are most appropriate for this research specific context.
Philosophical positioning	Pragmatism	This philosophical positioning was chosen from its focus on the practical insights in relation to the research question of this thesis.

Table 5. *Summary of research strategy and design for this thesis. The table was self created by the author (2025).*

4.3 Literature review

This thesis incorporates previous findings through a literature review to establish a foundation based on existing research and to identify key themes relevant to this study's scope. Conducting a literature review is important since it allows to build the conducted research upon previous studies and minimizes biases on themes (Bell et al., 2022). To create a comprehensive literature review it is beneficial to approach the process in a structured manner to ensure that all relevant literature is identified and given the opportunity examined. Even if there are no singular defined approach to conducting a literature review it is beneficial to utilize a systematic method to identify and assess the existing literature (Creswell, 2009).

Thus, the collection of previous findings for this thesis was conducted throughout a structured process. This process initially began with a broad scan of academic literature to identify relevant studies related to the research topic. This step involved using general keywords such as "digitalization," "leadership," and "sustainability," which were later refined through keyword combinations for more targeted searches. The second step involved defining the study's scope, based on the knowledge gained from the initial scan of literature, and selecting specific keyword combinations to better target certain academical areas that were chosen to be relevant. The chosen keyword and their combinations where for example "Leadership AND Strategic Change," "Digitalization AND Strategy AND Leadership," and "Sustainability AND Reporting AND Digitalization." The key word refinement ensured that the research remained focused on the intersection of leadership, digital transformation and sustainability reporting which were of this thesis scope. To ensure the quality and relevance of the academic sources, searches were conducted in established databases, including Scopus, the Gothenburg University Library and LUISS Library. Inclusion criteria required that articles to be peer reviewed, published after 2000 for leadership, sustainability and change management topics. For those articles that had a theme of digitalization the year of 2018 and after was chosen as appropriate to better target this evolving theme. Additionally, only articles written in English were considered as relevant for this thesis. The final step involved systematically reviewing the selected articles. To do this, the abstracts were initially scanned to determine relevance, followed by a detailed evaluation of the full texts to see if the articles were within the scope of this study. From the initial search results 278 articles were identified as potentially relevant based on the abstract, and after closer examination 63 articles were selected as key sources for this study. The main findings from the literature review are presented in chapter *2. Literature Review* and serve as a foundation for structuring the theoretical framework, presented in chapter *3. Theoretical framework,* and strengthen the analysis of the primary data in the discussion section, chapter *6. Discussion,* of this thesis.

4.4 Data

This thesis uses primary data which was obtained from semi structured interviews. The retrieved data in this study were analyzed using a thematic coding analysis based on temporal brackets. The primary data in this thesis has been used to get in depth knowledge of the chosen subject from leaders within Volvo Group.

4.4.1 Primary data

The primary data for this thesis was collected through qualitative semi structured interviews with leaders across different business areas, described in *4.1 empirical context*, within Volvo Group. Semi structured interviews are a qualitative research method that combines predetermined questions with the element of flexibility to further explore subjects that arise during the interview (Bell et al, 2022; Creswell, 2009). The semi structured interview offers flexibility by allowing the researcher to adapt the interview to the conversation by exploring emerging topics and clarify responses, thus the semi structured method is applicable for dynamic and qualitative research (Creswell, 2009). Furthermore, the open ended nature of the semi structured interview process, which take on the exploratory nature, can encourage the participances to provide detailed and context based insights which can lead to a deeper understanding of the chosen topic of the research (Brinkmann and Kvale, 2015). As this thesis examined leadership and change management in the digitalization of sustainability reporting the semi structured interviews were chosen to be the appropriate data gathering process since it offered a balance between open discussion and structured comparability across all the responses.

With the interview method established, careful consideration was given to selecting participants who could provide relevant and credible insights into this thesis. To achieve this, the population for collecting primary data was first identified based on its alignment with the research question. The population consists of individuals or elements with characteristics relevant to the study, clearly defining this group is important for ensuring the research validity and credibility (Creswell, 2009), thus the participants for this thesis population were therefore selected based on their expertise and involvement in leadership, digital transformation and sustainability reporting within Volvo Group.

To further strengthen the relevance for this population in accordance with the research question, the thesis had three different inclusion criteria to determine if an employee at Volvo Group should be determined to be a part of the population. In order for an individual to be included in the population, all three inclusion criteria had to be met. Only then was the participant deemed eligible for inclusion in the population. The inclusion criteria required for this thesis are presented in **Table 6** with a short description justifying the criteria in relation to the thesis purpose and scope.

Inclusion criteria for the interviews	Justification of the criteria
Criteria 1: Managerial or leadership position within Volvo Group working at a global support function for the sites.	Ensured that participants had strategic oversight and influence over corporate initiatives and making their insights relevant for understanding leadership in digital sustainability transformation.
Criteria 2: Had experience with sustainability reporting and/or digital transformation initiatives.	Verified that participants had direct experience with the subject related to this thesis purpose of examination.
Criteria 3: Involved in the decision making processes related to sustainability and compliance with regulatory frameworks.	Ensured that interviewees had an understanding in shaping organizational responses to the CSDDD and similar regulations, making their perspectives important to this thesis.

Table 6. *Criteria for the chosen population for this thesis. The table was self created by the author (2025)*

Based on these three criteria the possible population consisted of approximately 86 individuals within Volvo Group. However it should be noted that there are a some uncertainties since the role description, used to determine if the individual fulfilled the three criteria, often did not cover special details if the person was responsible for the criteria 3. Here some general assumptions, such as compliance manager should have some knowledge about the sustainability framework even if this is not explicit communicated in the found role description, was made based on the other positioning description that has found available in the organizational chart published at the intra network at Volvo Group.

Based on the given population, a purposive sampling strategy was applied to identify participants with the most relevant expertise in the determined population. The purposive sampling strategy is effective when the research aims to gather targeted information from individuals who possess specific characteristics or experiences that align with the research objectives (Bell et al., 2022), thus employing this non random technique to select participants with the potential to provide detailed and meaningful insights this thesis ensured a relevant sample capable of offering perspectives on the research subject was chosen. In addition to purposive sampling, this thesis also embedded the method of snowball sampling which is another non random sampling method into the purposive technique. The snowball sampling method is a sampling technique in which initial participants refer the researcher to others possible participants who meet the study's criteria (Creswell, 2009). This method is generating a chain referral process that expands the sample size and the technique is particularly useful for accessing hard to reach populations since it leverages existing social networks among participants to identify suitable participants (Creswell, 2009). Since this study requires respondents with certain expertise, this method in combination with the purposive technique were chosen to be applicable for this thesis. This approach was also particularly beneficial as it leveraged respondent networks to facilitate participant recruitment and enhance the credibility of the interviews through referrals from previous participants. The initial interview sampling method and the order of interview persons were invited to participate are illustrated below in **Figure 4.**

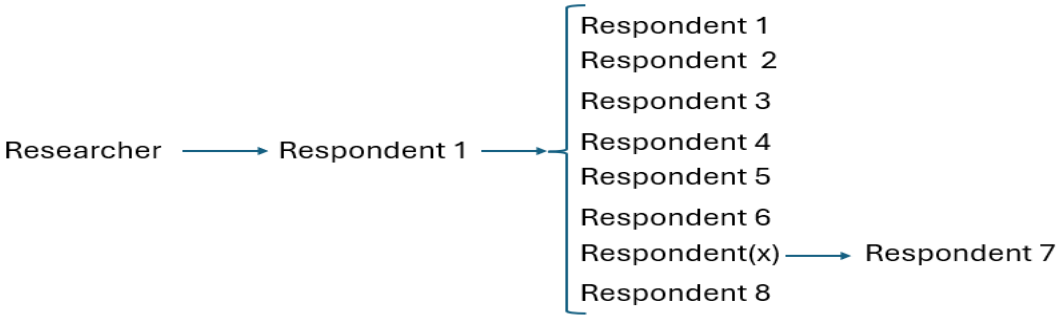

Figure 4. *Illustrating interview invitations, acceptance status and completed interviews*, *self created by the author 2025.*

As illustrated in **Figure 4**, this thesis asked nine individuals to participate from the total identified population of 86 individuals. Of those invited, eight individuals agreed to participate. Given time constraints and data saturations from the gained responses in the primary data in this thesis concluded to consist of the eight conducted interviews. Information regarding each interview can be reviewed in **Table 7** which consists of respondent number, professional tile, duration and date of the interview and the forum where the interview was taking place at.

Interviewee	Professional title	Date and duration	Forum
Respondent 1	VP Internal control and sustainability	8 April 2025 – 53 minutes	In person
Respondent 2	Global Sustainability Director	8 April 2025 - 50 minutes	Teams
Respondent 3	CFO and SVP Business office	17 April 2025 - 61 minutes	In person
Respondent 4	Corporate responsibility director	23 April 2025 - 59 min	Teams
Respondent 5	Head of Ent. Arch & Data Security	22 April 2025 - 46 min	In person
Respondent 6	CSO & SVP corporate responsibility	23 April 2025 - 52 minutes	Teams
Respondent 7	Director, CSRD Reporting controller	29 April 2025 56 minutes	Teams
Respondent 8	Head of sustainability	30 April 2025 49 minutes	Teams

Table 7. *Overview of the interviews, including the participant's name, business area, professional title, interview duration, date and the forum in which the interview was conducted. Self created by the author (2025)*

To maintain consistency across all interviews while allowing for flexibility an interview guide that suited the semi structured design was developed. Creating an interview guide is important for ensuring consistency across interviews while also providing the flexibility to accommodate participant responses (Creswell, 2009). A structured interview guide ensures that all relevant themes related to the research question are systematically addressed in the interview session

and thereby enhancing the reliability and comparability of the collected data (Creswell, 2009). Furthermore, it also minimizes interviewer bias by providing a framework while still enabling respondents to elaborate on their perspectives which is leading to richer qualitative insights (Creswell, 2009; Bell et al,. 2022). This thesis interview guide was guided by the theoretical framework presented in under the chapter *4.Theoretical framework* and consisted of open ended questions covering the following key themes: 1. *Framing* (how the leaders are preparing to frame the reporting initiative and its connection to CSDDD) 2. *Focusing* (how leaders focus the digitalization efforts of sustainability reporting) 3. *Mobilizing* (how leaders support the digitalization of sustainability reporting with strategies) 4. *Sustaining* (how leaders are preparing to sustain digitalization efforts to be ready for CSDDD). The interview guide was also iteratively refined based on one initial test interview, which was conducted prior to the start of the primary data collection, to ensure clarity and depth in the questions asked. The interview guide used to gather the primary data is available under **Appendix 1.** Additionally, participants were given the opportunity to expand on any aspects they deemed important in the interview session. This allowed the study to capture unexpected insights that may not have been anticipated in the interview guide.

4.4.3 Data analysis

The data collected through the semi structured interviews was analyzed using thematic analysis method for each temporal bracket. The thematic analysis method is a widely used method for identifying and interpreting patterns within qualitative data (Clarke and Braun, 2017). This method facilitates the systematic organization of qualitative data by initially allowing the researcher to familiarize themselves with the collected information, followed by categorizing the data into themes based on predefined codes (Clarke and Braun, 2017). This process helps in clarifying and identifying patterns within the data, which may be highly subjective or personal (Bell et al., 2022). The thematic coding method was therefore chosen for this thesis since it allowed for both an explicit content analysis and the discovery of underlying themes, making it suitable for exploring leadership strategies in digital sustainability reporting. The thematic coding method was further supported by structuring the different areas by using a temporal bracketing method. Where each phase in the *3.3 Integration and interrelationship of the theoretical frameworks* functioned as a bracket for the thematic coding process. Applying a temporal brackets method can help trace how coded themes evolve over time and how codes in one phase are alike or different from another phase (Langley, 1999). The temporal bracketing method can be considered to be appropriate when the research tries to understand on how a process develops over time and to create clarity linkages between the brackets (Langley, 1999). Since this thesis aimed to understand the strategy leaders are using to enhance the digitalization of sustainability reporting through a change process analysis the choice of temporal bracketing was seen as an appropriate method that further strengthen and supported the thematic coding process.

To make the coding process of the semi structured interviews easier all interviews were recorded and transcribed to preserve details and contextual understanding to ensuring accuracy and minimizing recall bias in the data. Notes were also taken during all the interviews to capture key observations and reduce dependency on the recordings solely in the coding process. The

transcription process was conducted and controlled manually but a rough draft was created by assistance of Microsoft Teams inbuilt transcription software, to enhance efficiency while ensuring accuracy in this process. After transcription, an initial read through of the data was performed to familiarize the researcher with the responses. Following this, open coding was applied, where key phrases, concepts, and patterns were identified. These codes were then categorized into broader themes, aligning with both theoretical insights and empirical findings. Furthermore, an inductive coding approach was employed given the exploratory nature of this thesis. An inductive coding approach is categorized by data itself to shape the emerging themes rather than being constrained by predefined categories and are more suited for the exploratory research design (Bell et al., 2022), thus making this method suitable for this thesis purpose. The coding process of the processed transcripts were facilitated using the qualitative data analysis software Nvivo which enabled efficient data organization and pattern identification. The program Nvivo assisted in structuring the vast amount of textual data and thereby ensuring a systematic and transparent analysis of the primary data. The results from the coding process and the different order of codes can be found in the temporal bracketing of the thematical codes under **Appendix 2.**

4.5 Primary data implications

Ethical considerations have been carefully addressed to enhance the quality of this thesis. Quality parameters such as reliability and validity have been examined to strengthen this study´s quality throughout the process. Furthermore, certain limitations inherent to this research have been acknowledged and systematically addressed throughout the research process to ensure clarity regarding the impact of the result and conclusion.

4.5.1 Ethics

To ensure confidentiality and integrity of all participants, ethical considerations have been carefully addressed throughout all the processes of this research. The word ethical refers to the realm of considerations relevant to determining what is good or bad, right or wrong within the research process (Hammersley and Traianou, 2012). Ethical considerations in qualitative studies involve ensuring informed consent, confidentiality and respect for participants autonomy and should be integrated into every stage of the research process to strengthen both the validity and trustworthiness of the findings while protecting the rights and well being of participants (Bell et al., 2022). Given the qualitative nature of this thesis, which involved direct interactions with individuals at Volvo Group, ethical principles of informed consent, anonymity and data protection were prioritized. Informed consent was obtained before each interview, with participants receiving detailed information about the study's purpose and how their data would be handled and processed. Consent was given either verbally, in the interview session at the beginning, or written, in those cases when it had been clarified prior to the interview session. To maintain the anonymity and confidentiality of each participant no personally identifiable information has been included in the thesis and participants have instead been referred to by *Respondent 1*, *Respondent 2* and so on. To further ensure data security, all recordings and transcripts were stored securely and only accessible to the author's computer. Once the study

was completed all recordings were deleted and only the anonymized transcripts were retained for analysis purpose.

4.5.2 Research quality

Ensuring research quality was crucial for maintaining the credibility and reliability of this thesis. To achieve this, key aspects such as reliability and validity, triangulation and research bias have been carefully considered throughout the research process.

Reliability within the context of research refers to the consistency and replicability of the research findings, while validity ensures that the study accurately captures the investigated phenomenon (Crewell, 2023; Bell et al., 2022). To enhance reliability this thesis followed a structured research process including a clearly defined interview guide, documented systematic data handling and a transparent coding framework which all can be reviewed in this methodology section or in the appendix. Furthermore, the use of a semi structured interview guide ensured a balance between flexibility and consistency across all the interviews and completing the study today with the same interview guide would probably yield the same results if everything else is held constant. The validity on the other hand was strengthened by aligning the research design, data collection process and analysis in a way that suited this thesis purpose to ensure that findings accurately reflect leadership strategies in digital sustainability reporting. Respondents were for example chosen in a structured way, see chapter *4.2.1 Primary data*, to ensure that the findings of this thesis were valid and of value to the thesis. Additionally, participant validation was further strengthened by letting the respondents review and confirm their transcripts if they wanted to avoid misinterpretations in the data.

To improve the credibility of this thesis methodological triangulation was applied for this thesis. methodological triangulation involves the use of multiple data sources, methods, or theories to enhance the validity and reliability of research findings (Bell et al., 2022), thus in this thesis the usage of integrating both primary data and findings from earlier academical papers was prioritized to strengthen the credibility. The primary data provided direct insights into leadership strategies and organizational challenges, while findings from academic papers offered a broader contextual understanding. Moreover, the established framework in chapter *3. Theoretical framework* where also consisting of different areas to strengthen the credibility of the findings for this thesis. By further cross referencing findings from multiple sources and also contrasting different opinions and conclusions this thesis ensured a more well rounded and reliable discussion and conclusion.

Furthermore, the implication of research bias was constantly referred and handled carefully in this thesis. Research bias in qualitative studies may emerge from factors such as subjective interpretations of data and the use of leading questions during data collection (Saunders et al., 2023), and to minimize these biases a structured coding process was applied, see chapter *4.3.3 data analysis,* to ensure that themes were developed based on actual patterns in the data rather than preconceived assumptions from the author of this thesis. Furthermore, clarification questions were asked during interviews to ensure that responses were accurately understood to further reduce the biases in the data collection process. Lastly, the research process was carefully documented, and direct quotes from respondents were included in the results to further

maintain transparency and to reduce the interpretations. The use of data triangulation also helped reduce bias by verifying insights through multiple perspectives rather than relying on a single viewpoint in both the secondary and primary data.

4.4.3 Limitations

Although this study offers valuable insights into leadership strategies for driving the digitalization of sustainability reporting, one limitations to this thesis must be acknowledged. The limitations faced in the research process comes from an methodological design constrain. This identified challenge have been carefully addressed and managed to mitigate the influence on this thesis outcome.

The identified limitation of this study is its single case study design. Single case studies, which allows for an in depth analysis, also pose a limitation when it comes to the generalizability of the findings to other context (Yin, 2014). In this case, the findings may not be applicable to other organizations and industries since leadership practices and digital transformation strategies may vary across different sectors. The results might not be directly transferable to the multitude of different sectors and generalization of this thesis findings should mainly be done with organizations similar to Volvo Group. However, to strengthen the applicability of the findings this thesis incorporated insights from secondary data sources and compared multiple perspectives within the selected case to prove that some generalization for the findings could be done in a broader context.

5. Results

This chapter presents the result of the primary data which were retrieved thought the conducted semi structured interviews. This chapter takes the structure of the identified codes from the temporal bracketing based on the result of all the interviews. Firstly, the framing of sustainability reporting and CSDDD compliance will be presented. Secondly the focusing strategies for digitalization are examined. Thirdly the leadership and change management adoptions strategies will be presented followed by a section on sustaining digital change. Lastly the themes that emerged during the interviews will be presented.

5.1 Framing sustainability reporting and CSDDD compliance

The first section of the interview explored how the digitalization of sustainability reporting is framed and influenced by the CSDDD compliance shift for Volvo group, based on the structure of the interview questions. Across all eight interviews a common narrative emerged regarding compliance with the new regulatory benchmarks imposed by the CSDDD. All respondents shared a joint perspective that Volvo Group´s sustainability commitment is not solely driven by the new sustainable regulation, but instead more deeply rooted in the company's vision and the individual commitment of its leaders. *Respondent 2* noted that: "*Sustainability is core to our identity, it's not just about meeting regulations. […] Our leadership has always been deeply committed to this*". This sustainability identity driven approach that Volvo Group has undertaken was highlighted in all interviews, reflecting a deeper cultural alignment with a high degree of sustainable corporate responsibility. However, respondent *2* and *3* also stressed the importance of business value when framing the meaning behind being sustainable and improving the digitalization of sustainability reporting. They suggested that sustainability reporting should be enhanced with the understanding that it will ultimately generate business value both for internal purpose, but also external market value. *Respondent 5* expressed that "*the challenge is aligning sustainability with business strategy. It has to drive value for the company, not just be a regulatory checkbox for us*". This perspective was shared with respondent *2* and *6* who both noted that digitalization of internal and external reporting and communication under the CSDDD should focus more on driving value than communicating merely compliance with the upcoming regulations.

Despite the high sustainability agenda and vision at Volvo Group, there was a shared awareness among respondents that the current model for sustainability reporting is becoming relatively insufficient in relation to facilitate readiness upcoming CSDDD, and other upcoming frameworks. Respondents *2, 5, 6 and 7* described that the current process is largely handled manually and is highly person dependent. This makes the current reporting structure fragmented and dependent on who reports the values. *Respondent 7* also mentioned that a lot of the current sustainable data that are followed within Volvo Group have a qualitative nature which require an manual assessment process, before it can be confirmed. The majority of the respondents, *1, 2, 4, 6, 7 and 8*, further mentioned that current data collection for sustainability reporting is handled through Excel or disconnected systems, with knowledge often residing within individuals rather than being stored in structured centralized platforms. This fragmentation was noted by respondents *2*, *4* and *6* to create vulnerabilities but also sometimes inconsistency on

how each fraction is reported. This was something that were considered to be urgent to establish a new process for, especially as Volvo Groups scope and demanded frequency of reporting now expand with the proactive alignment with CSDDD.

Even if the urgency for this described problem was somewhat repeated through all the interviews the sense of urgency varied, most interviewees agreed that change is needed. *Respondent 5* described the current digital systems as "*we can not continue with this fragmented system, it's unsustainable. Data needs to be integrated into a central system so that everyone who should have access can access the data*". In some other cases, the digital improvements of sustainability reporting was framed as a strategic investment that must be built gradually implemented. In others, it was considered a pressing issue, with existing processes described as unsustainable. Respondents *1, 3, 5 and 7* also highlighted the risk of a reactive approach rather than proactive, pointing to increasing demands from stakeholders and growing data complexity as reasons why the broader digital transformation for sustainability data can no longer be delayed. *Respondent 3* pointed out that, "*we have been talking about transformation for years, but the reality is, the data complexity and demands from stakeholders are too great to ignore any longer"*. At the same time, respondents discussed the challenges of framing sustainability reporting, in relation to digitalization, in a way that ensures consistency and comparability across all business areas within Volvo Group. This issue was discussed from various perspectives, depending on the respondent's role and the type of data required for CSDDD reporting that each respondent disused. Furthermore, the majority of respondents noted that the high volume of data that needs to be processed presents a significant challenge when determining which data that needs to be collected and analyzed at the organizational level. In this context, the digitalization of reporting tools could act as a catalyst for improving these processes but the actual usability and understanding of such tools is difficult to define right now, especially as the outcomes for these tools may be uncertain. As stated earlier, the respondents also emphasized that the digitalization process must account for not only the complexity of data collection but also the frequency with which reporting needs to be updated. Respondents *4* and *5* highlighted the need to frame reporting frequency within the context of digitalization, so that the frequency of reports are aligned with new regulatory expectations. This process was noted to require adjustments to existing systems within Volvo Group. As *respondent 4* stated that "*The frequency of reporting needs to be aligned with regulatory expectations, but we also need to ensure our systems can handle it without overwhelming the teams that are currently handling the data processes*".

Within the framing phase *respondent 1* expressed the importance of aligning and clearly communicating the organizational vision and particularly in relation to enhancing the sustainability reporting process. This respondent highlighted the need to approach sustainability through a more digitally integrated lens, viewing it as an important component of driving broader transformation within the organization to be able to prepare for alignment with upcoming sustainability frameworks. A similar perspective was echoed by *respondent 2* who stressed that digitalization of sustainability reporting should be embedded within Volvo Groups vision rather than approached solely as a compliance driven task that needs to be done. This approach presented for strategic framing can foster a more cohesive and purpose led

transformation that are understood by a broader group of employees. As *Respondent 2* elaborated:

> *"It's not just about digital tools or compliance [with sustainable frameworks]. it's about communicating the vision clearly to everyone involved. If the vision is communicated well, it inspires action and ensures we are all moving in the same direction. […] I can understand the legislation and framework in detail, but this is not what I should communicate, I need to communicate the purpose behind, why we do this and which impact we, as Volvo Group, has on society." - Respondent 2*

This emphasis on vision was further echoed by respondents *3, 4, 5, 6, 7 and 8* who noted that a clear and shared understanding of the transformation journey helps to align the entire organization and the involvement of teams in the organization. Furthermore, all of the respondents acknowledged that regulatory frameworks like the CSDDD plays an important role in guiding sustainability efforts by setting standards on what should be reported and how. All of the respondents also underscored that leadership in communicating a coherent vision is a major driver of successful transformation. This was a consistent theme among all the respondents and throughout all the phases within the change process. The respondents emphasize that while regulation plays an important role, the internal commitment and the ability to communicate the vision of sustainability were seen as equally important to making meaningful progress of framing where Volvo Group wants to be in a couple of years and why.

The importance of aligning employees from different teams around a shared understanding of what digitalization means in the context of sustainability reporting was also discussed. While some interviewees felt that this shared vision is starting to form, others described it as still under development. In many cases the current transformation for Volvo Group is taking shape through specific initiatives rather than through a company wide roadmap. As Respondent 4 noted: "*There are isolated efforts underway, but a full vision for the whole Volvo Group is still forming. […]. It's going to take time to get everyone on the same page*". As a result the narrative around why the digitalization of sustainability reporting is important, and what it should look like, is still evolving according to the *respondent 4*.

5.2 Focusing strategies for digitalization of sustainability reporting

Building on the framing efforts elaborated above, the respondents shared their processes for focusing a digitalization effort of sustainability reporting to prepare alignment with CSDDD. While the overall digital strategy within Volvo Group is still being developed all of the respondents emphasized that work has already begun at the business unit and at cross functional levels to enhance a digital solution to solve the previous problem described in *5.1 Framing sustainability reporting and CSDDD compliance*. The respondents pointed out that local teams and leaders are moving beyond conceptual discussions and are focusing on operationalizing digitalization through a more digital solution of sustainability reporting with pilot projects and governance activities.

A concrete focus across the interviews was the prioritization digitalization of climate related indicators, especially tracking and reporting Scope 1 and Scope 2, which are CO2 emissions from own operations. Respondents *2, 4, 5, 6, and 7* reported that these areas were prioritized because they are comparatively easier to measure, the methods are well established and there is a strong foundation of internal knowledge for this type of sustainable data since it has been followed throughout many years. Compared to social or supply chain related metrics, emissions data was seen as a natural starting point for the sustainable digitalization initiatives. As *respondent 4* explained, *"It's a logical place to begin. We already measure our emissions, and it's more straightforward to build automated digital tools around that compared to things like human rights risks in the supply chain […] The supply chain data requires a more manual procedure and assessment of qualitative data rather the quantitative".* Working with digital tools was also an integrated part of the mobilization process, since systems such as PowerBI, ULPure, SuccessFactors and internal dashboards were frequently mentioned by the all of respondents as central to current digitalization efforts for sustainability reporting. However, respondents *2 and 5* noted that the current available toolset is fragmented and not fully tailored for sustainability reporting needs since these system was explained to not currently handle real time data that could be used for proactive decisions within the group. In response to this, teams in the organization have adopted a proactive approach by making small improvements to existing systems while testing new digital solutions through pilot projects. *Respondent 5* described how early testing helped drive progress and showcase the actual business value that more digitized reporting system can have for Volvo group as a whole. This was described by respondent 5 as,

> *"We started with a small initiative to demonstrate progress toward sustainability, testing with just two values and developing a digital data product to support the Head of Sustainability. It wasn't just about reporting, we wanted to show how improved data quality and automation through a data lake could unlock broader use cases. […] At the time the maturity to separate reporting from the underlying data in UL Pure wasn't fully there. But once you start thinking that way, everything becomes easier."* – Respondent 5

Further in the focusing phase the resources and knowledge development were a recurring theme from the interviewees. Several respondents, *3, 4, and 7,* described the importance of not only having the right digital tools for sustainability reporting but also developing the organizational capability to use them effectively to understand their meaning for the compliance with CSDDD. *Respondent 5* elaborated on initiatives such as creating a shared sustainability glossary and a data dictionary, which were mentioned as critical for building a consistent knowledge base across business areas. These foundational efforts aimed to ensure that different functions, that were included in the cross functional way of working, could interpret sustainability requirements in a unified way. This was also something that was further expressed by all the respondents as something crucial for scaling digitalization efforts correctly for sustainability reporting.

Leadership engagement also emerged as a important resource during this stage of the change process, not primarily through communication, which was elaborated under *5.1 Framing sustainability reporring and CSDDD compliance,* but through strategic alignment and support. All the respondents emphasized that leaders played a crucial role in ensuring sustainability reporting digitalization initiatives were aligned with business objectives, where given the right resources and visibly supported in the business area and backed by the management. Respondent 3 emphasized the role of leadership in building the right conditions:

> *We create space on the agenda to talk about how we are working with this […] I make sure to help, coach, and lead the team to advance this work with raising awareness about digitalization. I ensure they have the right conditions to do so. […] What I can do in my role is to make sure that we lead the work in a way that provides the right conditions. […] My role is to ensure that we are all working in the same direction and to catch any potential initiatives that might not align with what we are doing centrally."* – Respondent 3.

Connected to the leaders ability to set up the right resources, the stakeholder engagement was also emphasized as important to focusing the transformation. Respondents *2, 3, 4, 5, 6 and 7* all described ongoing efforts to engage teams at different levels of the organization, using workshops and inviting different teams and stakeholder to dialogues. These efforts were explained to aimed to foster a shared understanding of the purpose of digital sustainability reporting and the benefits it could bring. Nevertheless, conceptual challenges connected to these collaboration were still described to remain. Respondents *2, 4, and 5* noted that Volvo Group is still working toward a common definition of what "digital sustainability reporting" truly means, and that continued dialogue is necessary to bridge existing gaps in understanding this. Concrete contributions from employees were highlighted in connection to this as important for pushing the transformation forward in the right direction.

5.3 Mobilizing leadership and change management adoption

As digitalization efforts around sustainability reporting gain traction within Volvo Group, leadership were emerging as a central enabler of change even for the mobilizing phase. Across the eight interviews, all respondents emphasized that mobilizing transformation is not solely about formal structures or top down decisions but rather about creating engagement, trust and cross functional collaboration to build momentum to better prepare for CSDDD. Rather than positioning digitalization as a directive, the participants shared a view that enhancing sustainability reporting is a shared journey requiring broad participation, continuous dialogue and knowledge sharing among all involved business areas. As respondent 2 describes it; *"You can't just say it once. You have to repeat the goals, the reason why we are doing this, and make sure that it's connected to something concrete in the daily work".* Leadership was further highlighted as important in setting the foundation for mobilization. Respondents *1, 2, 3, 5, and 6* described how their leadership and others within the organization can play an active roles by

exploring new solutions, asking critical questions and communicating across departments to encourage engagement in the transformation process. Their actions were described to help establish legitimacy for new initiatives and fostered a culture more open to experimentation. As *respondent 5* expressed, *"You have to choose the focus area and repeat the communication".* This view was strengthened by all the other respondents who expressed that consistent messaging around goals and purpose was vital for mobilizing engagement over time and ensuring that the initiative remained relevant across different teams and business areas. Another essential mobilization strategy identified by respondent *2, 4, 5 and 7* was the creation of cross functional teams. These respondents consistently described how digital pilots and reporting initiatives were often driven by informal but committed teams, spanning between sustainability, finance, IT-data and architecture and other business functions. These coalitions emerged through mutual interest and a shared sense of urgency rather than formal mandates. Empowering teams to take initiative and experiment without waiting for exhaustive approvals was viewed as essential to maintaining momentum and driving progress. This was also further strengthened by *respondent 3* who emphasized that the change process should be mobilized and empowered at the points in the organization where the greatest knowledge and expertise exists.

The mobilizing process for digitalization of sustainability reporting to prepare for CSDDDD was further described as a continuous and iterative process. Respondents *5 and 7* emphasized that achieving early progress through pilot projects and dashboards, which are described in the *5.2 focusing strategies for sustainability reporting*, was important for maintaining the momentum for the transition. Respondents *2, 4, 5 and 6* also pointed out that the strategic focus must be continuously reinforced through learning and visible progress to gain the desired momentum to establish change incentives in a broader context, extending even outside the digitalization of sustainability reporting. Also stressing this point was *respondent 2* that meant that the digitalization of sustainability reporting requires active and intentional scaling, rather than assuming that momentum for these initiative will occur naturally. Respondent 2 expressed the concern for the mobilization phase by saying that,

> *I still strongly believe that for digitalization to really gain momentum, we need to recognize that it won't just happen on its own. It is easy to assume that just because something is part of a digitalization journey, it will naturally fall into place, but that's not the case. With that in mind, we need to focus on learning from the small wins. When something works well, we should aim to replicate that success across other [business] areas. I believe much more in that approach, scaling up proven, practical solutions, rather than trying to develop large, complex systems that might be perfect for a small group*. - Respondent 2

While all respondents expressed a positive attitude toward enhancing the digitalization of sustainability reporting, respondents *2, 4, 5, 6, and 7* also consistently highlighted challenges related to mobilization. Resistance to change, while not always explicit, appeared in the form of skepticism or competing priorities. The majority of respondents also highlighted that digital sustainability reporting could often feel abstract which was making it harder for teams that

focused on operational or financial outcomes to fully commit since the value of having a such system in place was not fully explained yet. According to the respondents, the already high workload among employees who would benefit from adopting more digital ways of working further intensified this challenge. This was also comment on by *respondent 6* how said, *"It's not that people are against digitalization. It's just that they already have so much to do". Respondent 4* also comment on this by saying that "*I've gotten used to it, maybe I'm even a bit of the resistance to digital changes myself"* meaning that even those personally engaged in digital projects sometimes struggled with internal doubts since the effect of implementing these digital solutions can be hard to understand before they are tested.

To overcome these challenges and to successfully mobilize and digital improvements for sustainability reporting, respondents once again pointed to the importance of showing tangible progress early in the transformation journey. Demonstrating capabilities such as improved dashboards, reduced manual processes or faster data reporting helped make the benefits of digitalization real and relatable. As *respondent 5* explained, *"You need to show early progress to build momentum and hope for digitalization".* Visible improvements not only validated the digital initiatives but also reassured employees that digitalization would ease their workloads rather than add new burdens. In connection to this *respondent 3* pointed out that by automating sustainability data collection that are for example done on a monthly basis on routine, could lead to employees shifting focus from time consuming data entry to more strategic analysis. Respondent 3 expressed it as,

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"Instead of spending time on gathering numbers, we can start focusing on interpreting and improving." – Respondent 3

Connected to mobilization was also an awareness of internal power structures and work related political dynamics. *Respondent 5* emphasized that introducing digital solutions sometimes affected established workflows or knowledge ownership which could provoke a resistance, by saying that *"If someone's power position is affected by [the digital] changes, then resistance often grows".* Acknowledging these dynamics and involving influential stakeholders early was seen as essential to secure broad support and avoid hidden barriers to the implementation. To help navigate such complexities and sustain the mobilization, agile working methods emerged as a key strategy. Respondents described using iterative feedback loops, the discussed pilot projects and frequent checks to maintain flexibility while keeping transformation efforts on track. The agile approach was pointed out to enabled teams to adjust priorities quickly in response to feedback or changing circumstances as respondent 2 reflected: *"You have to let the journey take time. It is a learning process, to talk to each other, express what you want and negotiate a common standpoint".*

5.4 Sustaining the digital change

When the respondents were asked the questions related to how to sustain the digitalization of sustainability reporting within the Volvo Group, all the respondents described it as a multifaceted challenge by expressing the importance of an innovative organizational culture and strategic clarity from the management. All eight respondents mentioned the important role of culture in maintaining momentum for the digital transformation of sustainability reporting. The respondents also acknowledged that while the organizational culture to act sustainable within Volvo Group is strong there are still gaps in understanding how digitalization aligns with sustainability goals and reporting practices. Respondents *1, 2, 6* and *8* expressed that a strong culture of sustainability is already present within Volvo Group but needs to be more integrated into the digitalization process to better create a joint perspective and understanding from both of the functional perspectives. This view was also shared by *respondent 5* who noted that the existing culture of sustainability is a strong driver but clarity in the strategy for implementing digital tools is needed to sustain progress and to see the bigger picture on how this can help to ensure compliance with CSDDD. Connected to the culture theme from the sustaining phase, *respondent 2* further emphasized that the challenge lies not in the culture itself but in how it is aligned with the goals of digitalization. *Respondent 5* explained it as, *"While our culture allows everyone to contribute, there is still a significant gap when it comes to understanding how digitalization fits into the larger picture of sustainability reporting. We need more clear direction to bridge this gap and ensure that sustainability and digitalization are truly aligned"*. In contrast, respondents *1, 2, 3, 4, and 7* emphasized that organizational culture alone is not sufficient, it must be supported by management and guided by a clear vision to become established over time. These respondents all stressed the importance of aligning actions with initial communication, since without this consistency the envisioned culture risks falling short and failing to become a recognized norm within the organization. In relation to this, *respondent 1* expressed the importance of proactive leadership and making sustainability reporting a priority at the management level to ensure that digital initiatives are sustained. In the context of sustaining *respondent 1* further described its perspective of management's focus on long term value as a key driver that guided by the reporting requirements of the CSDDD.

Another theme that emerged was the role of strategy and processes in sustaining the digitalization process. Respondent *2 and 6* pointed to the lack of a clear strategy for anchoring digital initiatives within sustainability. *Respondent 6* specifically highlighted that sustainability rather than digitalization itself should be the driving force behind these efforts, suggesting that a strategy rooted in sustainability would better sustain the digitalization journey than the other way around. This contrasts with *respondent 3*, who expressed that digitalization should be viewed as part of the broader innovation and engineering mindset that is already existing within Volvo Group. For *respondent 3* the tone of communication from management and the encouragement of a curiosity driven culture were described as critical to sustaining the adoption of new digital systems. This respondent stressed that while leadership needs to invest in education and communicate the value of these changes, employees also need time to experiment and balance new tools with existing processes. Respondent 3 shared an example of how the board took action to create a more cohesive leadership approach towards digitalization and described that *"The board recognized that we needed more than just technological change; we*

needed a cultural shift. They sent all of our leaders to a specialized training course to help us understand the broader vision behind these changes. It wasn't just about the digital tool it was about helping us align with the mindset of continuous innovation and fostering that curiosity across the company." On the other hand, *respondent 5* raised a perspective about the bottom up perspective, suggesting that successful sustaining of digitalization depends not only on top down management but also on acceptance and engagement from all employers. *Respondent 5* emphasized that the culture of sustainability must be stronger at all levels of the organization and that clear processes for implementing digital solutions are essential to sustain the efforts over time. This idea of combining top down leadership with bottom up involvement was seen as crucial by respondents *1, 2, 4, 6, 7, and 8* as well. *Respondent 5* further elaborated on the need for clear processes and how this could enhance the long term success of digital transformation efforts by saying that,

> *"In our case, it's essential to have clear strategies for how we implement and process digital solutions. Without a clear plan, you risk losing momentum. You also need to ensure that the digitalization process aligns with the company's sustainability culture, which is strong, but we need more clarity on how that gets translated into actionable steps."* – Respondent 5

While *Respondent 4* did not provide direct input in this section, the other respondents highlighted that sustaining the digitalization of sustainability reporting depends on maintaining engagement and aligning the digital tools with core business goals and vision on new directions. The interviews also pointed to the idea that, while Volvo Group has made a great progress so far, there is still a long way to go to better implement solutions that ensure compliance with CSDDD reporting more proactively.

5.5 Emergent themes

Beyond the structured topics of the interview guide respondents were also given the opportunity to reflect more broadly on sustainability reporting, the value of digitalization and key future directions for change management in relation to CSDDD implementation within Volvo Group to ensure that areas that were not covered in interview guide were captured. In this section of the interview session *respondent 3* emphasized that sustainability reporting should not be reduced to a compliance or administrative task but rather be understood as a strategic tool for improvement of the organization. By highlighting the importance of using data development, *respondent 3* emphasized that the digitalization of this area could lead to identify trends, support decision making and enable impactful actions for Volvo Group. Furthermore, *respondent 3* also pointed to the value of a "helicopter perspective" in coordinating efforts along the whole process of enhancing the digitalization of sustainability reporting and ensuring that those in central roles are empowered not only to track but to influence progress. Similar to the importance of the "helicopter perspective", *respondent 4* reflected on the importance of methodological clarity in digital initiatives. In this case *respondent 4* described a situation in which extensive precision in reporting, such as trying to account for a small percentage of

energy use, could lead to inefficient outcomes unless the method is well defined. By emphasizing that digital tools should follow the logic of the reporting method, not override it, *respondent 3* said.

Furthermore, *respondent 5* offered reflections on the emotional and temporal aspects of digital transformation. This interviewee spoke about the perseverance required to drive such change, especially during the early stages when vision and alignment are still forming. "*It really required effort and persistence to keep going and stay focused on reaching the goal. There has to be some fire behind it".* This perspective underscored the importance of long term commitment and internal motivation, especially when organizational change is gradual and resource intensive. Continuing, *respondent 6* raised the need for professionalization in sustainability work. While certain parts of Volvo Group´s sustainability processes were described as established, others were still evolving, particularly when it came to integrating digital tools. "*Digitalization is a key to that professionalization*," *respondent 6* said while also bringing attention to the emerging importance of artificial intelligence (AI) in managing sustainability data across complex supply chains. With the extensive amount of suppliers that Volvo Group has, respondent 6 envisioned AI playing a growing role in enabling early warning systems for environmental or human rights risks as well as increasing upstream transparency. "*We're not just talking about [sustainability] reporting here, but also about being able to follow up and make improvements*," *respondent 6* added, pointing toward the future of digitalization beyond compliance that where earlier explained by all respondent under the framing phase.

6. Discussion

In this chapter the result will be analyzed in relation to the synthesized theoretical framework and the findings from the reviewed literature to answer how change management strategies can drive readiness for the CSDDD. First, the temporal and empirical context will be discussed shortly. Secondly the integration of the empirical data for each stage within the synthesized theoretical framework will be examined in detail. Lastly, the contribution of this thesis additional findings in a broader perspective will be discussed.

6.1 Temporal and empirical context

This thesis was conducted during a proactive stage of organizational change for the implementation of CSDDD. Even if the directive has been postponed and are not legally enforced yet the empirical material of this thesis indicates that the upcoming requirements were already shaping strategic process around the future role of sustainability reporting. This is strengthening the importance of understanding pre change preparations when managing changes to improve digitalization of sustainability reporting. In contrast to much of the existing reviewed literature, which has focused on the implementation phase of change or retrospectively analyzes the factors contributing to its success or failure (Antony et al., 2023; Brown, 2012; Bruch et al., 2005; Daxbacher et al., 2024; Denis et al., 2001; Dzwigol et al., 2019; Franken et al., 2009; Heizmann and Liu, 2018; Ko et al., 2022; Kotter and Cohen, 2004; Kringelum et al., 2024; Lozano, 2015; Nasir et al., 2022; Saihi et al., 2023; Tortorella et al., 2023; Wiengarten and Lam, 2017), this thesis empirical data has instead explored how change is perceived during the earlier pre change initiative stage. Where the focus has been on how leaders understand and prepare for change before formal actions begin.

This temporal positioning of the empirical context for this thesis can be disused to have an implication for how the change is understood and theorized. For instance, the synthesized theoretical framework of Kotter (2012) eight step change model with Westerman et al. (2014) digital transformation theory, which has been used for this thesis, is focused on the ongoing change perspective in a structured way. This framework is assuming that the pre stage has to some degree already been taking place. However, the empirical context of this thesis extends this framework and instead focuses on the earlier and more interpretive stage where leaders are not yet in the change initiative but instead constructing the perception and readiness for the change. Considering this perspective, the empirical result in this thesis suggests that change is not only a matter of execution but also of strategic sensemaking and alignment which is leading up to the tangible change processes. Understanding this phase in relation to the structured synthesized framework helps expand the practical and theoretical relevance of change frameworks, especially in complex regulation driven contexts such as examined area of sustainability reporting for proactive compliance.

6.2 Integrating empirical observations with theoretical perspectives

Placing the empirical result in relation to the synthesized theoretical framework, structured around the phases of framing, focusing, mobilizing and sustaining reveals that digital improvements in sustainability reporting are supported by several aspects that facilitate organizational readiness for the CSDDD. Furthermore, the result can be analyzed to indicate

that this transformation is best understood as an incremental change process where small steps are taken across all phases to stepwise prepare the organization for digital improvements. What emerges from this proactive context is that readiness is not only built through linear progression but also through contextual interpretation and continuous sensemaking. When analyzed through the reviewed literature of Day et al (2013) and others, the empirical findings highlight the importance of supplementing process oriented theories with more adaptive and interpretive strategies, particularly in proactively change stages. While the synthesized change theories used in this thesis provide useful guidance, they may not fully capture the aspects of how readiness evolves in preparation of regulatory change. To explore this further, the following sections will discuss each phase of the transformation process by integrating the empirical insights with the synthesized theoretical framework.

6.2.1 Framing change readiness through leadership strategies

Analyzing the framing phase of digital transformation through the perspective of proactive preparedness, the empirical results reveal that leaders are articulating both a clear vision and a compelling sense of urgency for the digitalization of sustainability reporting. This early stage of change is characterized by leadership strategies aimed at preparing the organization in advance for the requirements set by the CSDDD. The thematically analyzed data indicates several themes that are important for organizational readiness for digital sustainability reporting, which can be seen as additional findings that are strengthening the used framework. What are identified are that leaders demonstrate a commitment to raising digital awareness and optimizing internal processes. Furthermore, there is an important effort to align sustainability objectives with the broader strategic vision of the organization. This preparatory perspective of the framing phase is visually represented in **Figure 5** which maps these empirical insights with the theoretical framework developed in this thesis and further elaborated below.

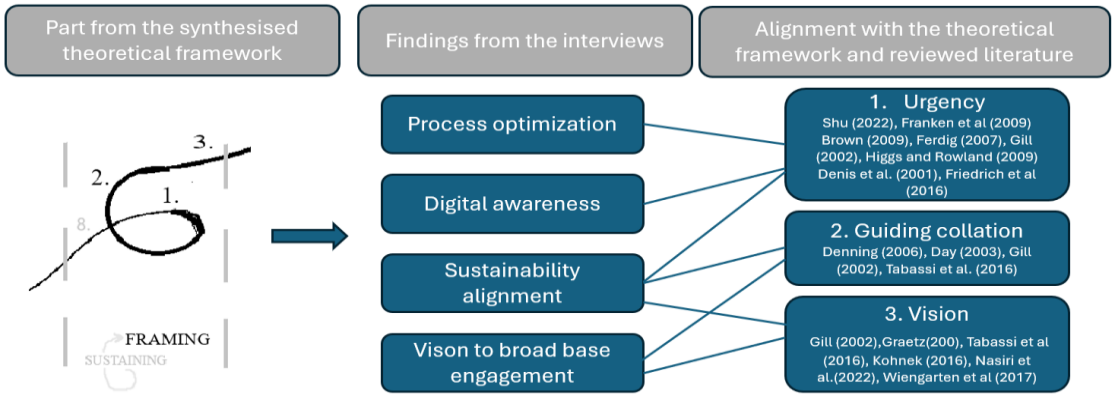

Figure 5: *Visualization of the main findings from the framing phase and how they are related to the synthesized theoretical framework and the reviewed literature. Self created by the author (2025).*

The upcoming CSDDD was identified as an external force not primarily perceived as a compliance burden but rather as a strategic direction shaping the broader target of digitalization within sustainability reporting. Instead of triggering urgency through fear of noncompliance, with upcoming regulatory frameworks such as the CSDDD, the urgency is reframed through a long term strategic view that is positioning digitalization as a proactive enabler to future proof the organization and reinforce responsibility. This proactive perspective on change can be

disused to reflect Kotter (2012) perspective that urgency must be grounded in credible and contextually relevant narratives, but it also offers a new insight on how to drive change through urgency. Kotter (2012) emphasizes urgency as a change tool that assumes a need for change has already been identified. The proactive framing seen in this thesis empirical data instead highlights a different temporal dynamic where urgency is framed as a strategic opportunity before external demands are enforced. This perception connects to Shu (2022) view that change should be built through structured and forward looking messaging rather than reactive requirements. Since Shu (2022) work share similarities with this thesis context, by being grounded in case studies of an established firm, it strengthens the idea that proactive communication and leadership positioning are central for long term alignment in this thesis context. While Shu (2022) centers on narrative alignment, Franken et al. (2009) extends and points out the importance of understanding and aligning leadership with organizational goals by arguing that urgency is not only a trigger but an important part for strategy execution. While Franken et al. (2009) focus on execution, which are examine post change, the relevance of their insight can be extended to this proactive stage as well by reinforcing how framing urgency effectively can set the foundation for later success. Furthermore, Brown (2012) perspective that sustainable leadership must involve contextualization and the ability to challenge existing assumption becomes additional components of the proactive readiness analyzed in this thesis when understanding the framing perspective of urgency.

Zooming out from both the empirical context and the theoretical framework, this suggests that urgency as a strategic driver is evolving. Rather than treating regulatory demands like the CSDDD as isolated compliance events, organizations can be argued to internalize them as foundational drivers for broader improvements of digitalization of sustainability. This reflects Ferdig (2007) idea of self organizing leadership where people across the organization help with sustainability efforts not just by following orders from the top but by sharing responsibility together. Similarly, Gill (2002) and Higgs and Rowland (2009) argue that while top down leadership remains essential for sustaining long term change, values driven and empowering strategies are necessary in the early stages of change to generate lasting commitment. These aspects add in an additional perspective to the synthesized theoretical framework, which is taking a leader and change oriented perspective, by highlighting the need for more soft change management strategies. Furthermore, the temporal pre change perspective in the framing phase also poses a challenge to the used traditional change theory, which is advocating for a structural sequencing in the change process. The suggestion of a structural process may undermine the interpretive and emotional dimensions of change which can be analyzed within this thesis empirical context to be important when improving digitalization for sustainability reporting in relation to urgency. To strengthen this additional perspective, Denis et al. (2001) argument that pluralistic organizations depend on informal coalitions and negotiation rather than top down decisions to build momentum can be used to better understand the framing process. The additional perspectives of Friedrich et al. (2016) which indicates that leadership should be viewed as collective behavior embedded in networks, thereby seems to become especially relevant for digital improvements of sustainability reporting.

From a proactive perspective the empirical findings also suggest that building a solid foundation for digital sustainability reporting requires involving a broad range of stakeholders and securing

majority support for action. Once that majority is established, the framing process must consistently reinforce the purpose and rationale behind the initiative in order to maintain momentum and guide the coalition effectively. This perspective can also be identified to reflect Kotter (2012) step to build a guiding coalition in the synthesized theoretical framework. But the empirical data in this thesis also, to some degree, extends and adds some additional perspectives to this step when driving digital and sustainable change by indicating the need for contextualization and understanding. The empirical data suggests that this step is more important than described in the synthesized framework and that it needs to be carefully evaluated to better know which stakeholders that should be involved and at which stages of the change initiative. However, this perspective of understanding the contextualization may not be considered particularly revolutionary as it largely extends and builds upon the existing reviewed change management literature examined in this thesis. For example, Gill (2002) highlights the need to inspire early commitment through meaningful engagement. While, Day (2023), Amis et al. (2004) and Denning (2006) all indicates the importance of the contextualized communication to better engage the right stakeholders. However, leaders that are implementing change management strategies to improve digitalization of sustainability reporting should be aware of this perspective.

Furthermore, in terms of internal framing the empirical data highlighted the importance of shifting sustainability reporting away from a backward looking and a compliance oriented activity toward a more integrated strategic function through creation of a vision. This narrative aligns with the idea of creating a shared vision for the change initiative in Kotter (2012) third step where leaders shape a shared meaning by outlining a future position that is not only desirable but also achievable. Early framing efforts were important for initiatives such as digital traceability and dashboards, which were indicated in the empirical context to establish the purpose and benefits of the transformation by linking the digitalization of sustainability reporting to the organization broader vision. This alignment with the broader vision, together with an envisions of which benefits an improved digital transformation of sustainability reporting could mean for the organization was constantly repeated in the empirical data for this thesis. This part of the result could be further considered to be consistent with Westerman et al. (2014) perspective that framing involves assessing the digital starting point and crafting a common vision to support cross functional alignment. However, an additional perspective to the aligned theory when constructing the vision in a pre change was identified. The empirical context of this thesis also revealed that the framing process for digital improvements of sustainability reporting was not only top down, but instead also distributed within organization. While some leaders played a key role in setting direction, the empirical data indicated how framing occurred through discussions and informal coalitions in the organization. This reflects a more emergent and dialogical approach to framing the vision where meaning is constructed together rather than prescribed by a few individuals at the top of the organization, which the synthesized theoretical framework indicates. In addition, this perspective extends and challenges both Graetz (2000) argument that leadership plays a role in building support and practically establishing a structure for the vision. As well as strengthens Gill (2002) discussion that an empowering leadership style, one that clearly articulates the vision, is preferable for inspiring long term commitment to the change initiative from the beginning.

Analyzing the involvement of stakeholders early in the process and the vision generation for the framing of digital sustainability improvements from a broader perspective indicates that the change initiative is more connected to the organization, rather than being driven solely by an individual leader. Previous discussions indicate that stakeholder engagement is not something that can be initiated in one phase and expected to remain. Instead, building a guiding coalition requires continuous reinforcement of the shared purpose. Contrasting this together with Tabassi et al. (2016) argument that sustainable leadership is highly contextual and different phases of change demand different leadership strategies further strengthening this perspective. This highlights this thesis contribution in showing the importance of constantly maintaining a strong and adaptable coalition over time, which is highly overlooked in the current change models. Furthermore, this broader perspective suggest that leaders aiming to drive digital improvements for sustainability reporting cannot solely rely on crafting a vision and then expecting engagement. Instead, the investigated empirical context indicates that these efforts must be built on collaboration and rooted in the organizations collective identity. This perspective can be further related to Kohnek (2016) and Nasiri et al. (2022) who argue that successful digital sustainability leadership requires a digital mindset aligned with social and environmental goals. Leaders must act in relation to the vision to inspire innovation and framing the desired change initiative. The additional aspects of Wiengarten et al. (2017) who point out that external pressures of legal requirements still play an important role to shaping organizations, are further supporting the additional idea that leaders must not only respond to these pressures but constantly integrate them into a shared strategic vision to ensure meaningful framing of transformation.

6.2.2 Focusing sustainability goals with digitization strategies

In the focusing phase the empirical material reflects how leaders in a proactive temporal context are reflecting upon translating strategic meaning into prioritized areas of action. Rather than responding to externally enforced change, leaders are proactively shaping the internal discussions around digital sustainability reporting to facilitate readiness for the CSDDD. This forward looking approach is preparing the organization by identifying where to act, how to allocate resources effectively and which stakeholder to involve early in the transformation journey. The highlighted themes from this phase retrieved from the thematic analysis of the empirical data in relation to the synthesized theoretical framework are visualized in **Figure 6** and further elaborated below.

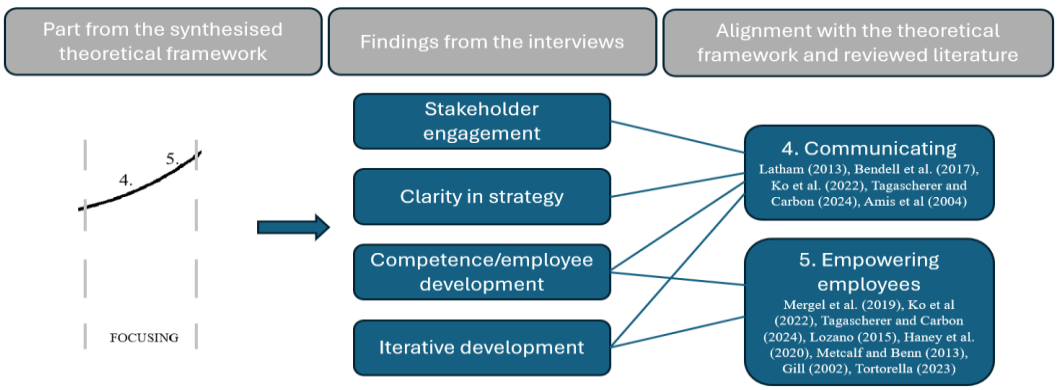

Figure 6: *Visualization of the main findings from the focusing phase and how they are related to the synthesized theoretical framework and the reviewed literature. Self created by the author (2025).*

The pre change perspective of the focusing phase reveals that leadership is not simply about initiating projects but instead it is about engaging in sensemaking to determine the most suitable starting points for digital improvements for sustainability reporting. The empirical data suggests that areas with established measurement methods and available data should be prioritized first. This perspective regarding prioritization reflects Westerman et al. (2014) emphasis on targeting initial investments where the business case is the strongest. In this empirical context the use of dashboards and digital platforms, such as Power BI and environmental dashboards, served not only functional purposes but also symbolic ones. By making data more accessible and transparent these digital tools can help with communication and coordination by reinforcing strategic focus for the digitalization of sustainability reporting. In this case the empirical data also indicates that the digital tools developed in a post change perspective in the focusing stage are not only implemented to meet reporting needs, but also to serve as symbolic artifacts by demonstrating commitment and direction across all business areas. This dual role adds an additional aspect to the theory by indicating that digitalization in this context is as much about internal communication and alignment as it is about compliance. In this regard, leadership ability to focus the change initiative contributes directly to building confidence in the change process while also managing the natural ambiguity that exists for change. This is perspective are strengthen by Latham (2013) who highlights the need for sustainability leadership to remain closely aligned with stakeholder expectations. The proactive focus on iterative development found in the empirical material of this thesis, starting with manual tracking and moving toward automation, can be discussed to reflect a learning oriented and adaptive leadership approach. Rather than positioning digital tools as fully mature change initiatives, leaders that want to manage an improvement of sustainability reporting should advocate a stepwise methodology that enables exploration and scaling that are based on feedback. From a change management perspective, this iterative strategy can be argued to support employee empowerment and reduces resistance by minimizing the perceived risk of failure which is expressed by Kotter (2012) in the fifth step. However, this thesis context and temporal position further reveals that empowering employees is best done through agile work methods and thereby adding on an additional perspective to the used theory. The use of agile work methods can be further strengthened by Mergel et al. (2019) who describe the agile process in the literature as a more flattered decision making method which is improving the communication and empowerment of employees to contribute.

What further distinguishes this thesis empirical context from the synthesized theoretical framework is that prioritization and empowerment of stakeholders are framed as interconnected activities. Analyzing this from a broader perspective suggests that leaders must understand the symbolic weight of early choices, as what gets digitized first often signals strategic direction for the change initiative. Unclarity or miss stepping in this proactive preparation phase risk weakening internal commitment and the communication. Therefore, effective communication around prioritization serves both a functional and motivational role. This reinforces Bendell et al. (2017) argument for shifting from control to enabling leadership, but also adds a contrast by showing that enabling approaches are most effective when paired with clear strategic framing and alignment. These additional perspectives to change in the context of sustainability and digitalization extend the argument of Ko et al. (2022) who emphasize the leaders role in

bridging gaps between IT function and the business functions. This argument is further supported by Tagascherer and Carbon (2024) who stress the importance of cocreation of dialogue in digital change. This indicates an important aspect in addition to the well recognized theoretical models used in this thesis that need to be considered when preparing for improving digitalization of sustainability reporting. Continuing to reflect on this, Amis et al. (2004) argument that stakeholder alignment cannot be taken for granted as digital change often reveals competing interests across departments are adding an additional perspective to the discussion. To overcome these challenges presented in the literature, this thesis context indicates that leaders in a pre change position must not only communicate direction but also build shared structures that enable cooperation. This emphasis on cross functional structures underscores the findings of Lozano (2015) who highlights leadership commitment as the most influential driver of sustainable transformation. This thesis adds to this by demonstrating how leaders, in a proactive context, use prioritization not to enforce direction but to align interests through the focusing phase of improving digitalization for sustainability reporting.

Furthermore, the proactive leadership behaviors mentioned in the empirical section such as coaching and creating knowledge development suggest that empowerment of employees in this early stage is not simply about removing barriers as Kotter (2012) fifth step would suggest. Instead this suggests that importance of preparing teams intellectually and emotionally for an new and improved future. This adds depth to the synthesized theoretical framework by showing that in pre change contexts empowerment must be proactive rather than reactive. This resonates with Haney et al. (2020) and Metcalf and Benn (2013) who argue that inclusive and ethically grounded leadership is important for sustaining employee engagement and trust. This additional perspective when driving changes for sustainability reporting can be further strengthened by Gill (2002) who noted that commitment built early through value based leadership is more resilient over time in a change process. However, this additional perspective should be carefully generalized as it offers an opposite perspective to Tortorella (2023) who argues that relationship oriented leadership may hinder digital progress.

However, placing both the theoretical framework and the empirical observation into a larger perspective, it can be further argued that the context that this thesis has been conducted could have an impact on these analytical parts when it comes to the engagement of stakeholders within the framing phase. The theoretical context for this thesis, being Volvo Group a large industrial organization, could be perceived to require a well balance collaboration between its different functions and business areas. This perspective on the theoretical framework could impose that the importance of a well balance on knowledge structures and cross collaborations is not as merely prominent for all digital improvements of sustainability reporting. This perspective could indicate that it is instead extremely important as a leader to understand the context where the digital improvements are being handled within to better frame the upcoming desired change. By first understanding the context, the imposed importance of stakeholder engagement could be more effectively targeted with engaging the right type of knowledge instead of broadly involving various groups based on the assumption that this cross functional participation will drive the desired digital improvements alone. This wider perspective indicates that the context of which the focusing phase is taking place should be considered first, only then leader can truly engage the right type of stakeholders by applying more effective empowerment of employees.

6.2.3 Managing organizational mobilization

Following the initial framing and focusing efforts, the mobilizing phase from a pre change perspective reflects a period where strategy is turned into visible and engaging organizational action. In alignment with the mobilization phase of Westerman et al. (2014) digital transformation compass, this part of the transformation centers on securing broader understanding through further collaboration across functions and maintaining momentum through progress visibility and agile engagement. **Figure 7** presents how the key themes emerging from in the mobilization phase align with the synthesized theoretical framework followed by a discussion of the different themes.

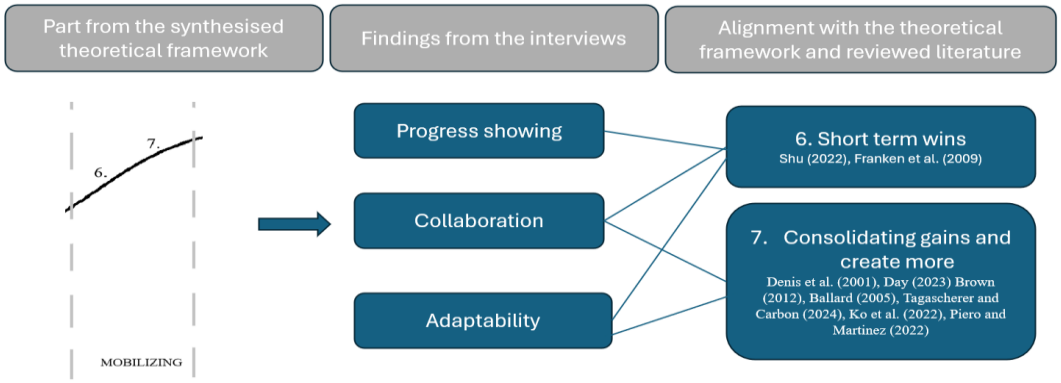

Figure 7: *Visualization of the main findings from the mobilizing phase and how they are related to the synthesized theoretical framework and the reviewed literature. Self created by the author (2025).*

Establishing early credibility for the change initiative through tangible results emerged as a central strategy in the empirical material regarding pre change perception on the mobilization phase. The progress showing of these early use cases serve both technical and symbolic functions by demonstrating reinforcing commitment. As Kotter (2012) theory suggests generating short term wins can act as a psychological reinforcer that builds trust in the process and reduces skepticism. These outcomes support change not just through progress, but through the meaning attached to that progress. The analyzed empirical observation indicates that showing of progress early in this phase can help turn abstract goals into visible and actionable successes, which adds into the framework of Kotter (2012). This interpretation can be argued to find additional support in Shu (2022) who point out the importance of reinforcing and strengthening desired outcomes to sustain transformation over time. While these perspectives highlight the importance of short term wins and messaging for mobilizing pre change, it misses that analytical perspective that these result can enhance the communication which was brought up in this empirical context. The empirical context, being improving digitalization of sustainability reporting to proactively comply with upcoming frameworks, add in to this discussion by indicating that early results help to motivate people and bring different efforts together by showing that progress is being made in a coordinated way. This perspective is also to some degree supported by Franken et al. (2009) who indicates that successful transformation depends on managing interdependencies between initiatives and embedding accountability across multiple leadership teams. This thesis empirical context was indicating that these early initiatives were deliberately small in scope which was allowing for a structured yet flexible change process. This identifies approach can be argued to find support by connecting Franken et al. (2009) less structured leadership perspective with Shu (2022) structured narrative

reinforcement for large established firms. Continuing and analyzing this from a broader perspective indicates that early tangible results and tests of digital tools function as a symbol for the change. This symbol does not only demonstrate the technical aspects of what the possible future may look like, they also function as an important communication to generate a meaning making instrument for the change instrument itself. Furthermore, this means that by showing success in a tangible way this change instrument can help build up a feeling of ownership and reduce resistance that may exist among the involved parts.

Connected to the process of creating tangible and early results to build momentum for the change initiative is the need for functioning cross collaboration between teams. The empirical context in the case of digital improvements for sustainability reporting, indicates that multiple functions within each business area must be involved and be able understand the early processes that can be initiated. This highlights that successful mobilization efforts are not solely dependent on formal structures or top down decisions, which the synthesized theory may indicate. Instead, progress during the mobilization phase seems to rely on interpersonal trust, shared goals and effective cross functional collaboration. Even if these perspective are not explicitly stated in Westerman et al. (2014) digital transformation compass, this theory still suggests that momentum is generated through co creating solutions and involving those responsible for implementing change. However, this perspective in the empirical observation still adds on an important perspective by highlighting the leadership strategy of co creation and sense making in the mobilization phase. The importance of the collaboration theme is further emphasized in digital change management literature, where authors such as Denis et al. (2001), Day (2023) Brown (2012), Ballard (2005), Tagascherer and Carbon (2024), Ko et al. (2022) and Piero and Martinez (2022) identify organizational collaboration as a key structure needed to drive change. Even if these studies are all investigating the post influence of change, they still underscore the importance of the contribution of understanding the meaning behind cross collaboration in this thesis temporal context. Furthermore, cross functional collaboration and the visibility of early wins can also help overcome resistance and internal power dynamics. Additionally to this, the empirical context indicates the importance of creating a safe environment for engineering innovation when developing new digital solutions for sustainability reporting. To best facilitate this the empirical observations indicated that implementing agile working methods serves as the best change management approach to maintain flexibility and foster collective learning. Even though these methods are not explicitly linked to the mobilization phase, they can be connected to some extent with Kotters (2012) sixth and seventh step, generating short term wins and consolidating gains. Agile ways of working can be argued to support a model where progress builds over time and lessons from early efforts guides a broader scaling, which aligns with the seventh step. These agile practices can also be seen to help the organization manage uncertainty by allowing teams to test ideas and adjust their approach without needing complete clarity from the start which are contributing to the creation of tangible results, as represented by the sixth step.

Adopting a more holistic perspective to these results and the theoretical framework, this could be interpreted to mean that for an organization to be able to mobilize a digital improvement of sustainability reporting leaders must do more than just lead from the top and setting up structural processes. Instead, this means that for digital improvements to be successfully

embedded in the organization they need to be connected to shared understandings and interpersonal trust, which are important parts to succeed with an agile method and collaboration. This perspective are indicating that mobilizing change of digital improvements for sustainability reporting further require a dual focus, which indicates that these technical improvements must work both well when it comes to technicalities but also fit into the context within the overall organization. Understanding the context therefore becomes important for leaders when embedding and mobilizing the desired digital improvements for sustainability reporting.

6.2.4 Governing sustainable change

While the earlier phases of driving digital change laid the foundation for how management strategies can enhance the digitalization of sustainability reporting, the empirical findings suggest that the sustaining phase when analyzed from the proactive perspective are important for ensuring long term strategic stability. In this phase the themes of culture, strategy, knowledge development and clarity emerged as key aspects of sustaining change. These findings in relation to the synthesized theoretical framework are visualized in **Figure 8** and further discussed below.

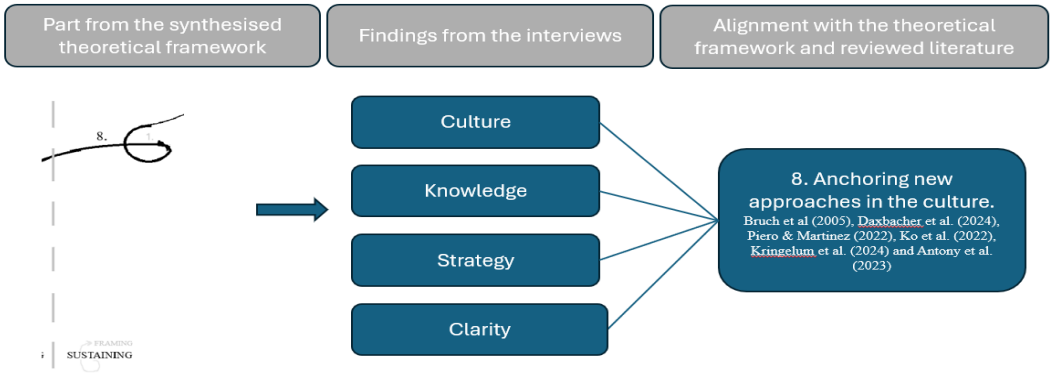

Figure 8: *Visualization of the main findings from the sustaining phase and how they are related to the synthesized theoretical framework and the reviewed literature. Self created by the author (2025).*

A recurring theme from the empirical data was that organizational culture is important for supporting an ongoing digital and sustainable transformation. For this thesis the empirical context indicated that innovative and engineering culture helps to accelerate the digitalization efforts for sustainability reporting to stay in the forefront for larger industrial organizations. However, the observations also indicates that culture of organizational sustainability and digitalization should be seen as shared responsibilities and not isolated from each other. This perspective is strengthening the arguments of Nasir et al (2022) and Kohnek (2016) who argue that sustainability should be a guiding principle when doing improvements related to this area. Furthermore, this result also indicates the importance of including both sustainability and digitalization as perspectives in the organizational culture to build stronger effect of these initiatives in the long term. This aspect can be argued to align with both Westermans (2014) theory, who points out that embedding digital values into the core of the organization culture is needed for sustaining the transformation, and Kotter (2012) eight step, which highlight the necessity of anchoring new approaches in the culture as a way to reinforce the long term behavior of the change initiative. However, it also adds an aspect to the synthesized theoretical

framework by emphasizing the importance of aligning these two areas when driving change for improving sustainability reporting. The role of the culture in sustaining the change, identified in the empirical context, is further represented in the reviewed literature were Bruch et al (2005), Daxbacher et al. (2024), Piero and Martinez (2022), Ko et al. (2022), Kringelum et al. (2024) and Antony et al. (2023) all argue that the change process should be supported by systems and culture for successful change. This further indicates the importance for a leader to be able to understand how these two areas are intertwined with each other.

Connected to the necessity of organizational culture of innovative and engineering culture were also the ability to learn and to develop new knowledge. The role of knowledge in the sustaining phase can be discussed to be perceived as an enabler to sustain and develop new digital transformation processes within the organization. The empirical context of this thesis advocated a continuously learning to keep industrial organizations up to date with reporting requirements such as the upcoming CSDDD. This perspective of constant development is not particularly adding anything additional to the synthesized framework in this phase. Instead it aligns with Westerman et al. (2014) who point out that the sustain phase involve building systems for continuous learning and aligning incentives with transformation goals. Moreover, this perspective also emphasizes with the findings of continuously learning for leaders to stay at the front of change described by Piero and Martinez (2022). But this perspective in the empirical observation is still indicating the importance of acknowledging this perspective as a leader that aims to drive digital improvements for sustainability reporting. Another important point, connected to continuous knowledge development identified in the empirical material was the role of employee contribution and recognition in keeping the change alive. This suggests not only cultural and strategic tasks but instead also highly dependent on fostering the culture once again where individuals feel that their thoughts are valued and empowered by those that lead these initiatives.

Placing this analysis of the empirical context in a broader perspective indicates that embedding the organizational culture of sustainability with the culture of digitalization is important to be able to succeed with digital improvements. As a leader it then becomes important to understand how these two cultural domains within the organization can be merged together in a correct way. Furthermore, this process also becomes essential to match with the first part of the digital change process which indicates that sustainability is moving away from compliance driven to instead organizational identity which were discussed under *6.2.1 framing change readiness through leadership strategies*. This shift in organizational culture when driving digital improvements becomes important for leaders to understand and to effectively sustain a transformation process in the broader perspective. To do so, the adaptive leaning loops which were reflected upon in chapter *6.2.3 managing organizational mobilization* can be seen as an enabler to understand and form the fusion of these new cultural shifts. From a wider perspective this also suggests that sustaining a digital improvement of sustainability reporting requires leaders to accept that the process will take time and that the change process cannot be longer viewed as a liner process. This perspective is to some degree adding an perspective to the synthesized theoretical framework by questioning the naive approach of both Westerman et al. (2014) and Kotter (2012) that change happen in step wise approach.

Further within the sustaining phase the empirical context of this thesis is indicating sustaining digitalization efforts for sustainability reporting to be compliant with CSDDD requires more than culture and technological initiatives. The sustaining phase was also described in the empirical and temporal context to require a strategic foundation that is in line with the broader organizational sustainability goals. This thesis indicates that digitalization must be rooted in sustainability objectives to remain relevant and resilient over time, and not vice versa. This strategic anchoring helps ensure that digital tools support the purpose rather than overshadow the broader sustainability agenda. Moreover, the empirical data also indicated how important it is to connect the strategy with the operational processes and bridging the gap between vision and execution of change. Lack of a clear strategy and implementation plan can thereby be perceived as a risk for losing momentum, particularly in a large organization where bottom up engagement is perceived to be important. These additional insights given by the empirical observation are further strengthened by Ko et al. (2022), Kringelum et al. (2024) and Antony et al. (2023) who point out that a strategy to create an organizational wide change requires structures and empowerment rather than only directives from the top of the organization. These insights regarding sustaining a digital transformation of sustainability reporting to comply with CSDDD thereby suggest that digital transformation efforts depend on a two sided effort, which brings together leadership from the top with clear processes that involve people from different teams and levels. Acknowledging this as a leader in the sustain phase of digital improvements for sustainability reporting becomes an additional important aspect to the used framework.

Furthermore, the analyzed empirical data points to a need for clarity in the direction of the strategy and communication, which was a highlighted theme even for the framing phase. Even if this perspective is similar for the sustaining phase, referring to clear and continuality in the communication and strategy, it shared some new insights. The new insights were that focus shifted from initiating a shared understanding to creating clarity within the strategy itself. Here clarity referred not just to how the strategy is shared but also to how well it is planned and carried out across the organization. The connection between the two phases also shows that the need for clarity does not disappear as digital improvements of sustainability reporting progresses. Instead it can be disused to indicate a more well connected process that become more connected to the real world operational setting in comparison view in the synthesized theoretical framework of Westerman et al. (2014) and Kotter (2012)

Viewing this in a broader perspective can suggest that clarity can act as a bridge between initial creation of the vision and the success of a long term implementation in the context of digital improvements. Thus, this can indicate that sustaining the digital transformation of sustainability reporting to proactively comply with CSDDD requires returning to and also reinforcing principles that were established in the initial proactive framing phase. This broader perspective of the change process points to a more cyclical understanding of change, where the final step of sustaining is not disconnected from the first framing phase, but rather builds upon and feeds back into it. This more cyclical pattern is also reflected in how clarity must be maintained and reestablished as conditions evolve with the regulation of sustainability reporting and as new digital systems are integrated. From a strategic perspective this further shows the importance of treating transformation not as a linear journey with a clear endpoint. Instead, the change of digital improvements for sustainability reporting should be seen as a continuous loop, which

indicates that the synthesized theoretical framework illustrated form of a new change iteration that starts at the end where the current processes just are starting to anchor are to some degree accurate. In this loop, where the last phase continues to be a new beginning of continuous digital improvement, clarity in communication and strategy forms a central managerial methodology which anchoring both the initiation and the long term success of change of digitalization of sustainability reporting.

6.3 Interpreted meaning in a broader context

The insights from this discussion, based on eight leader interviews and the synthesized theoretical framework, allow this thesis to identify how change management strategies for digital improvements for sustainability reporting can facilitate readiness for upcoming sustainability reporting frameworks. Analyzing the perspective discussed in chapter *6.2 Integrating empirical observations with theoretical perspectives* from a broader perspective by going beyond the empirical context of this thesis, could indicate some broader perspectives that could be generalized for leaders who aim to manage digital improvements for sustainability. The broader findings of this thesis, that extends on the used synthesized theoretical framework, indicates that leaders should adopt a proactive framing approach rather than a reactive one. Furthermore, managing change requires an understanding of the context in which digitalization efforts take place along with the flexibility to continuously adapt to evolving circumstances. The empirical context has also indicated that vision for sustainability reporting should shift from a compliance driven focus to a perspective more grounded in empowerment and engagement to better be able to facilitate a sustainable oriented change initiative. Leaders that are preparing for change should also consider to prioritize and iteratively choose which areas of digitalization to improve by recognizing that not all efforts can be pursued simultaneously. Furthermore, communication should be contextualized and early results should be seen not only as achievements but also as symbols of change that help reinforce the change initiative momentum. This thesis also identified that it is important to foster trust and thereby allowing individuals to feel safe experimenting and contributing to new outcomes. Change processes for digital improvements of sustainability reporting should also be seen as iterative and continuous, rather than linear.

However, these additional perspectives, retained when analyzing change through the synthesized frameworks of Kotter (2012) and Westerman et al. (2014), should first be considered within a context similar to the empirical setting of this thesis. With that said, taking a step further and reflecting on these insights from a broader perspective may suggest that digital improvements in sustainability reporting, particularly those aimed at complying with upcoming frameworks, reveal additional findings that could hold relevance beyond the specific context studied in this thesis. For instance, a summary of these additional perspectives from this thesis advocates that leadership behavior, cultural context and communication quality may determine the success for the change initiative more than following any formal change model. This underscores the significance of soft factors described under each phase in chapter *6.2 Integrating empirical observations with theoretical perspectives*, which are difficult to fully capture and structure in stepwise change frameworks. These soft values in combination with the structured framework can and should therefore be considered to play an important role in enabling successful digital sustainability change initiatives in any context.

To capture the main points derived from the discussion into a hands on practical model, which can be used to structure a change management plan in coordination with the identified soft values, this thesis constructed the "Proactive Change Management Model for Improving Sustainability Reporting Through Digitalization" visualized in **Figure 9**. This practical model can be used as a guidance for leaders who want to understand and structure change management strategies to improve sustainability reporting through digitalization to proactively comply with upcoming demands. The model describes essential aspects that need to be considered for each phase of the change initiative, but also that a leader should be working with this process in an iterative way by reexamining earlier steps if the change initiative is not progressing as expected. The model was developed by extending each phase in the synthesized theoretical framework of Kotter (2012) and Westerman et al. (2014) with the main discussion points. Within each phase the main discussion points from the temporal context have been summarized into two to three different aspects that should be considered for the specific phase. The arrows in the model indicate that the change initiative can move forward once these aspects have been considered and applied. Furthermore, the model also captures the iterative discussed aspect of change by implementing arrows that are circling back. These arrows in the proposed model showcase that change should not be seen as a failure if right responses are not received from the beginning, instead these arrows indicates that earlier phases should then just be reviewed and adjusted. The model also highlights the soft values of communication, leadership behaviors and cultural context, which were identified in this chapter as aspect that are decisive in all the phases of change independent of the context.

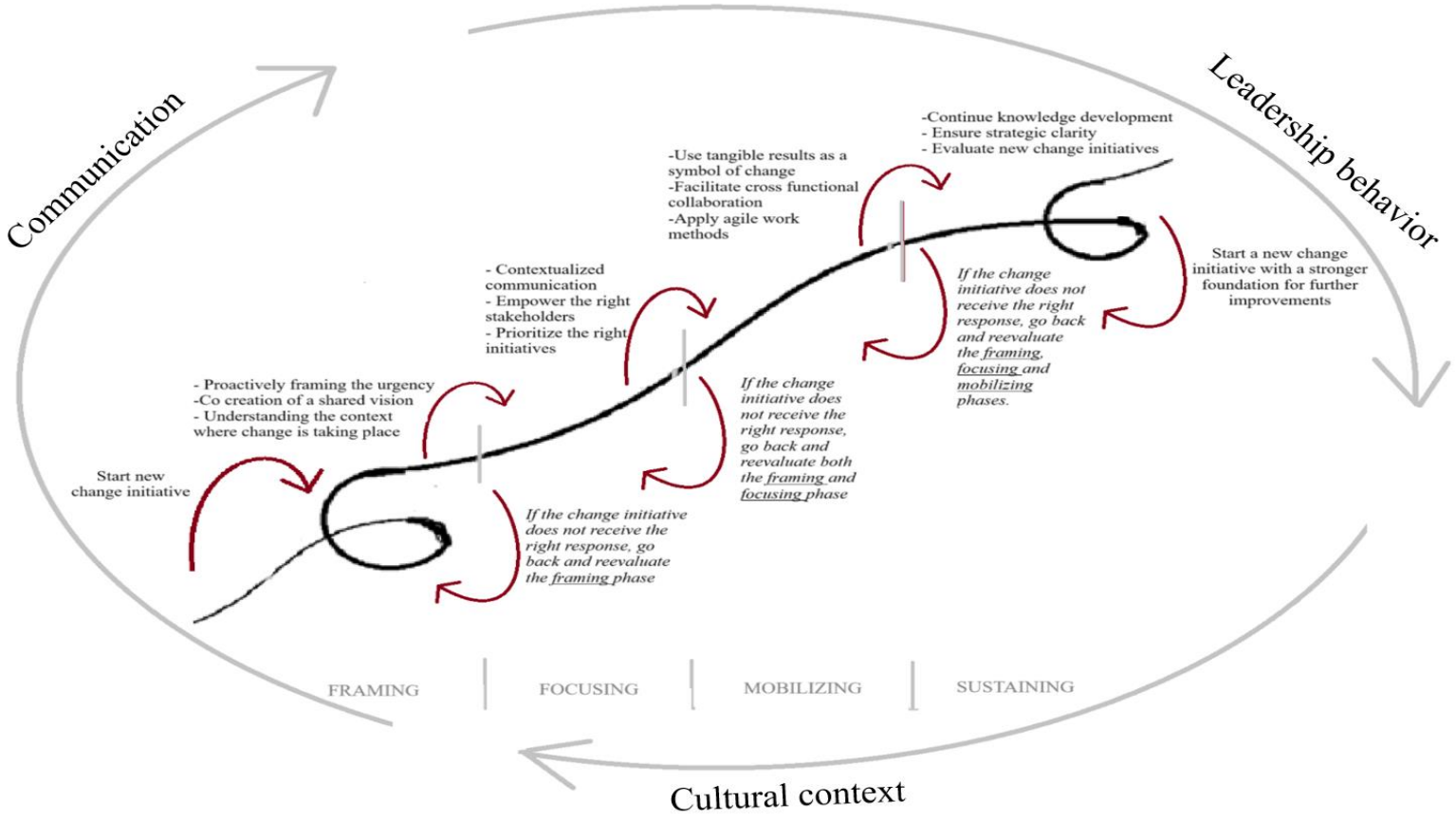

Figure 9: *Proactive change management model for improving sustainability reporting through digitalization. Self created by the author (2025)*

7. Conclusion

In this last chapter of this thesis the research question will be answered. Secondly the theoretical and practical contribution of this thesis will be discussed. This chapter also ends with suggestions for further research which would extend the research field within change management for digital improvements for sustainability reporting.

7.1 Response to the research question

With the conducted qualitative case study of Volvo Group, this thesis set out to answer the following research question: *How can change management strategies enhance the digitalization of sustainability reporting to facilitate readiness for the Corporate Sustainability Due Diligence Directive?* Based on the result and the discussion of this thesis the answer to this questions is that change management strategies can improve the digitalization of sustainability reporting by co creating a vision in the right context of change, align communication to foster trust and collaboration between functions but also acknowledge that this process is iterative and thereby apply agile work method to best support the prosses. Change management strategies should also be adaptive and agile in nature to better be able to respond to evolving requirements.

The empirical observation showed that leaders within Volvo Group are creating this transformation process by actively applying both structured and adaptive strategies for change management. Fundamentals of the conclusions for the thesis have been the synthesized theoretical framework of Kotter (2012) and Westerman et al (2014) where the digital transformation process were analyzed throughout the phases of *framing*, *focusing*, *mobilizing* and *sustaining*. What was evident from the empirical data and the discussion was that the digital transformation of sustainability reporting to facilitate readiness for new regulatory frameworks are following these change management phases. However, broader and additional perspectives to the stepwise theoretical framework within each phase were also identified and should be taken into consideration when driving a sustainable digital transformation process as a leader.

In the *framing* process for a digital improvement for sustainability reporting the utilization of a sense of urgency, engagement of stakeholders and creation of an common vision was acknowledge as important change management strategies. However, in this phase it also becomes important to understand the context where these tools are used to better contextualize them to drive a more impactful digital improvement. Building upon the contextualization of the proactive framing process, the result also indicates that the components of the framing phase should always be carefully reinforced and adjusted throughout the process to enable the upcoming stages in the change process. If this is done, these change strategies can then be expected to gain a greater outcome to facilitate readiness for upcoming regulatory frameworks. For the *focusing* phase, the steps of communication and empowerment of right employees were seen as factors that leaders should consider. The findings from this thesis indicated that change strategies for focusing digital improvements involved prioritization of initiatives and internal knowledge development. Additionally to these aspects, an iterative leadership mindset is also important for successfully driving the desired change initiative. The empirical context further indicated that the iterative and adaptive approach in framing helps teams to learn and gradually build competences which are important structure for proactive readiness for upcoming

sustainability frameworks. When moving into *mobilization* for the digital change process the aspects of showing tangible results and generating more momentum for the already initiated improvements were important parts of the change management strategies applied. In this case of improving digitalization for sustainability reporting to enable readiness for upcoming frameworks, the tangible results are demonstrating the possible outcome and should act as a symbol of the whole change progress. The findings further suggest that results themselves can become engagement tools when demonstrated value and relevance in the daily work. This symbol of change is important in addition to the structured determined change process that exists within the organization. In the *sustaining* phase this thesis identified change management strategies focusing on organizational culture development for both sustainability and digitization, as well as structuring clarity in the whole process as important factors for those leaders that wish to steer organizations to a proactive compliance with regulatory frameworks. Furthermore, sustaining a digital improvement for sustainability reporting also demonstrated how the end of one cycle connects back to the beginning of a new change management process. In this way, sustaining and framing are interconnected as both phases require ongoing alignment between vision, values and operations over time. This finding indicated that change management strategies can drive digital improvements for sustainability reporting to facilitate readiness for regulatory demands if they are supported with clear communication and continuous improvement systems.

Taken together, this thesis suggests that the most important change management strategies that spans over all these phases to enhance the digitalization of sustainability reporting lie in proactive leadership, contextual awareness and continuous reinforcement. Effective change management strategies depends not only on structured models, such as the framework used for the analysis, but also on adaptive mindsets that promote iterative learning and soft values. Leaders who balance strategic clarity with cultural sensitivity and who integrate sustainability objectives with digital tools early in the process are better positioned to steer an organization toward regulatory readiness.

7.2 Implications of the thesis

Through the synthesized theoretical framework, combining digital transformation and change management theory, this thesis provides insights into how digital improvements are managed in the context of sustainability reporting, particularly in preparation for compliance within a changing regulatory landscape that CSDDD are. The findings of this thesis contribute both theoretically and practically by offering new perspectives on how digitalization can be effectively managed and successfully implemented in a real business setting.

7.2.1 Theoretical contributions

In response to the identified need to better understand how leaders work to drive digital improvements for sustainability reporting in response to upcoming and evolving sustainability regulations, this thesis has contributed with new perspectives on how leaders within a large industrial firm facilitate the change process. This thesis has also contributed by extending the theory of change management and digital transformation into the sphere of sustainability

reporting by indicating factors that are relevant to understand when managing the proactive change process for this area. This thesis has shown that structured change management model are to some degree aligned with how leaders are managing a sustainable and digital change process but has further highlighted that these models need to be highly contextualized for the change strategies to work effectively. Moreover, this thesis has also indicated the importance in strategic iterative work methods and communication alignment when it comes to the area of digital improvements for sustainability reporting. In addition to the used framework, this thesis has also notified the continuous pattern in the change process related to the integrated area of digitalization, sustainability and developing regulation which is highlighting that change could never be perceived as completed. Instead, the change process for digitalization of sustainability reporting needs to be perceived as ongoing and evolving. The findings concluded in this thesis have also contributed by functioning as a foundation for further research within this area, where the change strategies analyzed in this thesis could be broader to a wider industry perspective or other areas of digitalization for further validating the identified factors of driving sustainable digital change processes.

7.2.2 Practical contributions

The practical contribution of this thesis is that leaders interested in managing digitalization initiatives for sustainability reporting can utilize the synthesized framework model and insights derived from the empirical context as a guide through the initial phases of their own processes. This includes understanding how to manage digitalization efforts that are influenced both by evolving regulatory requirements and the need for improvements in process efficiency enabled by digital improvements. Additionally, the findings highlight the importance of collaboration and vision setting as well as viewing the transformation process as continuously evolving. Managers are thus encouraged to align their own perspectives early on, in order to develop a deeper understanding of the change process and how they wish to proceed with the implementation of digital improvements for sustainability reporting. Furthermore, this thesis has also contributed practically by providing the practical "*Proactive change management model for improving sustainability reporting through digitalization"* presented under chapter *6.3 interpreting meaning in a broader context*. This change management model is contributing by structuring the specific factors needed for managing change initiatives related to digital improvements of sustainability reporting. Furthermore, this model also incorporates the perspective that change is iterative and that is something that needs to be handled as a continuous process.

7.2.3 Reflection of the thesis conclusion connected to the delimitations

A reflection on the delimitations of this thesis comes from the context in which the study was conducted. This thesis was based on a single case, which makes the findings primarily relevant to organizations that share similarities in structure and operational structure. Extending the conclusions, such as how digital improvements for sustainability reporting can proactively align with upcoming sustainability frameworks like the CSDDD, to other firms operating in different contexts may not be fully appropriate. However, the central findings regarding collaboration, the framing of problems and the principle that sustainability should serve as the primary purpose rather than digitalization for its own sake, represent general implications that managers and

employees across various sectors can consider to better understand the change process for improving any sustainability related activity through digital transformations. Another delimitation of this thesis was its focus on sustainability reporting and efficiency improvement through digital tools. This delimitation raises a question of whether the same findings, earlier mentioned, would apply to other types of digital transformation initiatives as well. Therefore, the conclusions of change management strategies presented in this thesis should primarily be considered within the context of digital sustainability reporting improvements as well.

7.3 Future research

Given that the context of this thesis has focused on the Volvo Group the findings are tied to that particular organizational setting and structure. Therefore, it would be valuable for further research to explore whether the insights and the practical framework for managing change related to digital improvements in sustainability reporting apply similarly in other organizational environments based on the same concepts used in this thesis. For instance, it could be of interest to compare an industrial organization with a technology based firm that offers digital services to examine whether they share similar perspectives when navigating and enhancing sustainability reporting in a changing operational landscape. Another relevant perspective would be to maintain the industrial context but conduct an intra industry comparison focused on the perceived management of change keeping all factors constant except for company size. Such study could investigate whether small and medium sized industrial companies approach digital transformation initiatives in a manner similar to large enterprises as the regulatory landscape eventually also are aimed to cover these organizations as well.

Furthermore, this study has focused on leadership strategies and higher organizational approaches to managing digital change. To further extend the research within the area of digital improvement of sustainability reporting, future research could benefit from an exploration of employee perspectives. Investigating how individuals within organizations perceive, respond to and are motivated by these change strategies would offer valuable insights into the behavioral dimensions of digital transformation and a further extension to the concepts used in this thesis. This could include examining factors such as specific employee engagement drivers, learning processes in relation to sustainability and digitalization and the role of communication in shaping employee adaptation for digital improvements.

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Appendixes

Appendix 1: Interview guide

Background

My thesis explores how leaders within Volvo Group are driving the digitalization of sustainability reporting to facilitate readiness for the Corporate Sustainability Due Diligence Directive. The purpose of this interview is to gain insights from your experience and perspectives regarding sustainability reporting and digital transformation within Volvo Group. Your input will be highly valuable for my thesis. I just want to inform you that your responses will remain confidential and no personally identifiable information will be included in the final presentation of the thesis. Before we begin do you have any questions about the study or the interview process overall?

Introduction

- Q1: Is it okay if I record this interview? It will only be used and accessible by me to enable the transcription process. The recording will be deleted once the transcript is done and has been checked by me.
- Q2: Can you tell me about your role at Volvo Group and how you are involved with sustainability reporting?

Current practices and readiness

- Q3: Can you describe how sustainability reporting is currently handled at Volvo Group?
    - What tools or systems are being used now?
- *Q4:* Have you already started implementing any changes related to digitalization within this area?
    - If so, when did this begin?

Framing the Transformation

- Q5: What is driving the need for digitalizing sustainability reporting at Volvo Group?
- Q6: How is the CSDDD influencing your current reporting approach?
    - How urgent is this transformation perceived to be according to you?

Focusing the initiative

- Q7: How are you building awareness around the digital transformation internally?
- Q8: What role does leadership play in this process of building awareness?
    - Are there any specific change management strategies being used to build awareness?
- Q9: How are you prioritizing which areas to focus on first when it comes to digital improvement for sustainability reporting?

    - How do you plan to keep engagement high for an improved digital initiative of sustainability reporting?

Mobilizing the organization

- Q10: What steps are being taken to mobilize the Volvo Group for digital enhancement?
- Q11: How do you ensure that the change initiative is receiving support across different levels of the company?
- Q12: Are you encountering any resistance to these digital changes of sustainability reporting?
    - If so, how are you addressing it?

Sustaining the digital improvement

- Q13: What role does organizational culture play in sustaining this transformation of sustainability reporting?
- Q14: Are there any processes or behaviors that help embed these digital changes in the long term for sustainability reporting to proactively align with upcoming regulations?

Outro:

- Q15: Is there anything we have not covered that you think is important in relation to change management, digitalization or sustainability reporting?
- Q16: Would you be open to a follow up conversation if I have any further questions or I need to clarify something?
- Q17: Would you like to review the transcript once it is done to confirm that I have captured your perspectives correctly?

Appendix 2: Bracketing of thematical codes