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# *Integrating Sustainability Practices into Business Strategies of Consulting Firms*

*How is sustainability integrated into the business strategies of consulting firms in Germany?*

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**V. List of Abbreviations and Acronyms**

AI	Artificial Intelligence
BCG	Boston Consulting Group
CO2	Carbon Dioxide
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
EU	European Union
GRI	Global Reporting Initiative
IT	Information Technology
KPIs	Key Performance Indicators
KPMG	Klynfeld-Peat-Marwick-Goerdeler
NGO	Non-Governmental Organization
PwC	PricewaterhouseCoopers
SDGs	Sustainable Development Goals
TBL	Triple Bottom Line
UN	United Nations
US	United States

## VI. Abstract

**Design/Methodology/Approach:** The investigation examines the roles of leadership commitment, client engagement, strategic relationships, market trends, regulatory compliance and employee involvement in promoting sustainability through qualitative interviews and a case study. **Findings:** Key findings highlight the importance of strategic alliances for accessing expertise, the challenges of handling complex regulations and the important role of leadership in initiating sustainability projects. Benefits include cost reduction, increased customer value and increased stakeholder trust. **Research Limitations/Implications:** The study provides useful insights but is limited by its sample size and geographic focus. Future research could assess the long-term impact of sustainability initiatives and explore practices in diverse regulatory environments. **Practical Implications:** Consulting firms play an important role in promoting sustainable practices. The study offers practical advice for enhancing sustainability strategies, such as boosting leadership commitment, forming strategic alliances and effectively managing regulatory challenges. **Social Implications:** By adopting sustainable practices, consulting firms contribute to broader societal goals like social responsibility and environmental protection and they help set industry standards for sustainability. **Originality:** This study provides new insights into how consulting firms can adopt sustainability practices, based on nine interviews and a case study from PwC. **Keywords:** Sustainability, consulting firms, leadership commitment, employee involvement, strategic partnerships, regulatory compliance, client preferences, market trends, stakeholder trust. **Category:** Master Thesis.

**Design/Methodologia/Abordagem:** Entrevistas qualitativas e um estudo de caso. **Resultados:** Alianças estratégicas são cruciais, desafios regulatórios são significativos, e a liderança é essencial para projetos de sustentabilidade. Benefícios incluem redução de custos, aumento do valor ao cliente e maior confiança dos stakeholders. **Limitações/Implicações da Pesquisa:** Limitado pelo tamanho da amostra e foco geográfico. Pesquisas futuras devem avaliar impactos de longo prazo e explorar diferentes ambientes regulatórios. **Implicações Práticas:** Firms de consultoria devem aumentar o compromisso da liderança, formar alianças estratégicas e gerenciar desafios regulatórios. **Implicações Sociais:** Práticas sustentáveis contribuem para responsabilidade social e proteção ambiental. **Originalidade:** Novos insights sobre práticas de sustentabilidade em firmas de consultoria, baseados em nove entrevistas e um estudo de caso da PwC. **Palavras-chave:** Sustentabilidade, firmas de consultoria, liderança, envolvimento dos funcionários, parcerias estratégicas, conformidade regulatória, preferências dos clientes, tendências de mercado, confiança dos stakeholders. **Categoria:** Dissertação de Mestrado.

## **1. Introduction**

### **1.1. Background and Context**

The modern business environment is changing dramatically in favor of sustainable practices and consulting firms are essential to this development. The global sustainability consulting market was valued at 8788.7 million US dollars in 2022, according to the "Sustainability Consulting Market Report" published by Business Research Insights. From 2023 to 2028, the market is expected to grow at a compound annual growth rate of 24.2%. The demand for sustainability consulting services and the growth of the market indicates how the business landscape is shifting in favor of sustainable practices (Sustainable Review, 2024). Organizations are realizing more and more how important it is to include sustainability into their basic strategy as concerns about social justice, environmental degradation and economic viability grow on a worldwide scale. The McKinsey report emphasize the growing importance of environmental, social, and governance (ESG) criteria. Businesses are increasingly utilizing these principles to manage externalities and preserve their social license. This trend is in line with an understanding that social justice, environmental degradation and economic viability are growing concerns. For that incorporating sustainability into basic business strategies is important (McKinsey, 2022).

The consulting industry, known for its flexibility and influence, sits at the crossroads of various industries, helping firms handle problems. It becomes important to comprehend how consulting firms integrate sustainable practices for the benefit of the industry as well as the range of businesses they service (Sustainability Magazine, 2023).

This study explores how sustainability has been integrated into consulting businesses and influencing their strategy. The current situation is characterized by increasing regulatory demands, evolving client preferences and an increasing recognition of the significance of internal corporate culture and leadership in cultivating viable business models. Research from Deloitte Global shows that businesses are starting to view sustainability as a key factor in ensuring longevity and success (Deloitte, 2023).

With Germany, a well-known center for consulting services, serving as the study's focus point, the analysis goes beyond theoretical models. Examining sustainable strategies via important perspectives like as legal compliance, client-centric impacts and internal culture alignment is necessary. This study aims to close the knowledge gap between theoretical frameworks and

practice by illuminating the ways in which German consulting firms handle sustainable integration.

This research is important because it adds to the body of knowledge on sustainability in academia and provides useful advice for consulting businesses looking to improve their influence on the environment, society and economy. It also aims to provide a comprehensive knowledge of the opportunities, successes and challenges faced by consulting businesses as they move towards sustainability through an examination of real-world practices and experiences.

The research objectives, guiding questions, methodology and examination of consulting firms' sustainability strategies will all be covered in detail in the parts that follow.

## 1.2. Relevance of the Research

With the current climate of increased social and environmental awareness, this study contributes to the study field of sustainability integration in consulting businesses. According to research, between 2022 and 2023, the proportion of executives worldwide who comprehend the business case for sustainability tripled. Corporate executives are investing more in sustainability initiatives because of realizing the return on investment (ROI) that sustainability offers (World Economic Forum, 2024). With a focus on Germany, a major hub for consulting services, the study offers insightful information about an issue that is still largely unexplored yet has practical implications. Inside the European Union (EU), Germany represents the biggest and worldwide the third biggest consulting market.

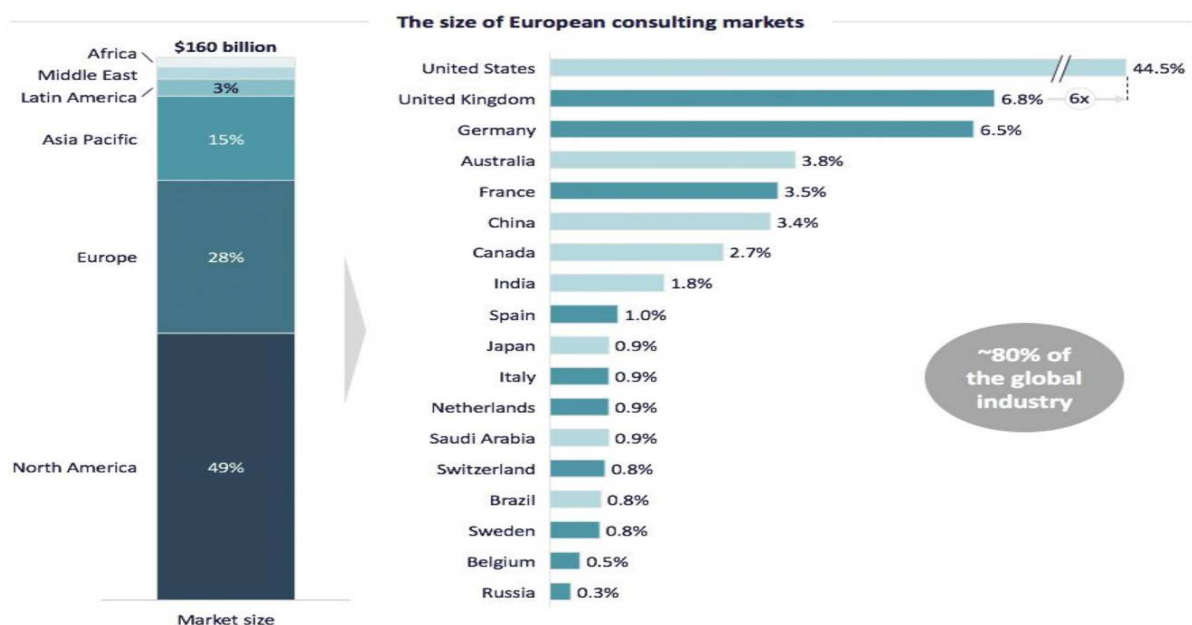


Figure 1: Size of Consulting Markets on a worldwide Scale (Consultancy EU, 2020).

Consulting firms can immediately benefit from this research as it provides practical insights in the face of changing regulatory environments, rising client expectations and internal firm cultures.

The study intends to close the gap between theoretical understanding and practical application by creating qualitative interviews and a case study, thereby benefiting the consulting industry as well as the larger conversation on sustainability. The goal of this research is to strategically adapt to a more sustainable future by promoting educated decision-making and acting as a catalyst for positive change.

The research may contribute practical frameworks for firms to handle legal requirements effectively, align sustainability practices with client demands and advance an internal culture that insert sustainable initiatives. Insights derived from this research may inform the development of best practices, aiding firms in various industries to adopt more sustainable business models. Conducting this investigation aims to contribute to the ongoing discussion on sustainable business practices by providing useful information to academics and business professionals. Research outcomes of this study could also influence policymakers and regulatory bodies, providing evidence on the practical effects of legal frameworks and shaping future sustainability-related legislation. The emphasis on client-driven sustainability initiatives may contribute to the evolution of corporate social responsibility (CSR), creating a more responsive and adaptive approach to environmental and social issues.

In the existing body of literature, sustainability integration in consulting firms has frequently been examined with a predominant focus on economic feasibility or environmental impact. While these factors are undoubtedly important, this research shifts the spotlight towards three underexplored dimensions: legal considerations, client-centric dynamics and internal corporate culture.

### **1.3. Objective of the Study**

This study's main objective is to investigate sustainability integration in consulting businesses in detail, with a particular emphasis on Germany. The following objectives are the focus of the study:

- (1) Inquiring on the influence of legal requirements on sustainability practices and exploring how legal compliance is integrated into overall sustainability approaches within consulting firms.

- (2) Inquiring on the alignment of sustainability strategies with client preferences, assessing the integration of sustainability into CSR initiatives and business strategy and investigating the direct impact of client demands on sustainability decisions.
- (3) Inquiring on the influence of internal culture and leadership on sustainability practices, assessing leadership's direct role in sustainability integration and examining how employee engagement and cultural values contribute to sustainability.

#### **1.4. Research Question and Guiding Questions**

Research Question: How is sustainability integrated into the business strategies of consulting firms in Germany?

This is the set of questions that will guide the analysis, exploring the subject through the following inquiries.

- (1) How do legal requirements shape sustainability strategies within consulting firms, particularly in the German context?
- (2) How do client preferences and market trends influence sustainability practices and how are these preferences integrated into CSR initiatives and overall business strategy in consulting firms?
- (3) What is the role of internal cultural factors and leadership in shaping sustainability practices within consulting firms and how does employee engagement contribute to sustainability integration?

This study is based on qualitative research, which means that the following three guiding questions represent the function of a preliminary assumption that are used as a guidance. These questions will be answered qualitatively to gain an understanding of the phenomenon under study.

<b>Guiding Questions</b>	<b>Supposition</b>
First Guiding Question - Connection with Regulatory Compliance (Germany)	Consulting firms operating in regions with stringent legal requirements and regulatory frameworks tend to demonstrate sustainability integration.

<b>Guiding Questions</b>	<b>Supposition</b>
Second Guiding Question - Client-Centric Influence (Germany)	Consulting firms responsive to client demands and aligned with market trends tend to integrate sustainability into their business strategies.
Third Guiding Question - Internal Cultural Alignment (Germany)	Consulting firms advancing an internal corporate culture that values sustainability, coupled with effective leadership, tend to demonstrate sustainability integration.

Table 1: Guiding Questions Overview (Own representation).

## **2. Literature Review**

### **2.1. Definitions and Models of Sustainability in Business Strategies**

Sustainability in corporate strategies encompasses various models and frameworks, each contributing to an understanding of organizational sustainability.

The following frequently cited works reflect the current state of research in this field. Elkington (1997) presented the idea of the "Triple Bottom Line" (TBL), highlighting how economic, social and environmental factors are intertwined when making business decisions. This approach encourages firms to evaluate their effects considering societal and environmental ramifications in addition to financial gains. Elkington helps readers comprehend how sustainability factors are interrelated with one another when making strategic decisions (Elkington, 1997, pp. 66-94).

In their study "The Triple Bottom Line, Does It All Add Up: Assessing the Sustainability of Business and CSR," Henriques and Richardson (2004) examine sustainable business practices and assess the TBL framework's efficacy. Their analysis examines the opportunities and difficulties involved in implementing sustainable practices, closely examining the coherence and significance of the TBL approach (Henriques & Richardson, 2004, pp. 1-26).

Understanding how businesses can use environmental strategy to advance innovation, create value and gain a competitive edge is provided by Winston and Esty (2006). The business opportunity of combining environmental responsibility with financial success is highlighted in their book, "Green to Gold: How Smart Firms Use Environmental Strategy to Innovate, Create Value and Build Competitive Advantage.". This section demonstrates how environmental responsibility can be a strategic asset and acts as a road map for consulting firms (Esty & Winston, 2006, pp. 65-122, 237-283).

In his work "Sustainability Strategies: When does it Pay to be Green?" Orsato (2009) explores financial consequences of sustainability strategies and illuminates the circumstances in which eco-friendly proceed yield profits for firms, highlighting the interaction between ecological accountability and commercial feasibility. Orsato gives readers a better understanding of the financial side of sustainability by looking at the relationship between environmental responsibility and economic viability. This is useful information for consulting firms looking to incorporate green practices (Orsato, 2009, pp. 3-40, 193-207).

PwC (2003) introduced the "Integral Business" framework, which highlights the incorporation of sustainability into a business strategy. PwC promotes a strategy that incorporates sustainability into organizational procedures, making the firm more accountable and resilient. PwC's framework makes sustainability and business strategy alignment accessible to consulting firms by providing concise definitions and practical steps (PwC, 2003, pp. 2-16).

Hitchcock and Willard (2006) provide practical guidance in "The Business Guide to Sustainability: Practical Strategies and Tools for Organizations." Their insights cover a range of topics, including life cycle assessment, activity-based costing and life cycle costing. They provide organizations with practical tools to integrate sustainability into their financial decision-making. It functions as a practical tool that helps consulting firms incorporate sustainable practices into their financial strategies (Hitchcock & Willard, 2006, pp. 11-26, 213-229).

Newer studies have built upon earlier research by investigating approaches to assessing the viability of business models. Götze, Höse and Süß (2022) carried out a literature review in which they identified and categorized different evaluation methods into four main categories: single indicators, simulation-based evaluations, indicator systems/frameworks and multi-criteria decision-making approaches. This analysis emphasizes how important it is to evaluate business model sustainability performance using integrated methodologies. Single indicators, such as water usage or financial pressures in urban water management, concentrate on specific metrics pertinent to the business model. A perspective is provided by indicator systems and frameworks, such as the Balanced Scorecard, which use a variety of indicators to assess the connections between sustainability targets and criteria. Dynamic models are used in simulation-based evaluations to comprehend the interdependencies among business models and offer insights into long-term sustainability effects. Evaluations are made easier by multi-criteria decision-making techniques like the Analytical Hierarchy Process, which consider several criteria and their relative weights. These more recent methods allow for more contextualized evaluations, which helps to overcome some of the shortcomings of the earlier models. They emphasize that to achieve true sustainability, businesses must implement strong and adaptable assessment frameworks (Süß, Höse, & Götze, 2022, pp. 1-15).

The aspects of legal requirements, client preferences, market trends and internal cultural factors can be thought of as contextual factors or influences rather than isolated indicators. Single indicators relate to measurements or metrics that are employed in an assessment framework.

The recommendations made by Anderson, Fowler and Placet (2005) for the cement industry during a practical study conducted in Arizona, US provide useful information about how well-established industries can adopt sustainability. Through the focus on issue-oriented strategies and enabling processes, including resource productivity, business integration of sustainable development and climate protection, it provides practical guidelines for industries looking to advance towards sustainability. The significance of tackling environmental and societal issues while maintaining market competitiveness is emphasized by these suggestions. Arizona's approach emphasizes the potential for sustainable economic growth at a regional level by utilizing natural resources, sustainability challenges and current competencies. This study provides insightful insights on how to adapt sustainability strategies to contexts and emphasize the value of stakeholder collaboration. Also, the complexity of incorporating sustainability into business strategies is clarified by the discussion of the advantages and disadvantages of sustainability-focused innovation. Through an examination of the challenges that firms attempting to innovate sustainably may encounter, like breaking through market uncertainty and inertia, this conversation highlights the importance of having a strong leadership team and long-term goals. It also highlights the possible benefits of sustainability-focused innovation, such as increased revenue and resiliency (Placet, Anderson, & Fowler, 2005, pp. 32-41).

The suggestions from that study can be used by consulting firms to help them advise clients on how to put issue-oriented strategies into practice and enable processes that are customized for a certain industry context. It also can be used by them to show their clients the possible advantages of sustainability initiatives on a local level and to help them comprehend the opportunities and practical implications of sustainable economic growth. In addition, the advantages and disadvantages of innovation with a sustainability focus are discussed, emphasizing how important risk management is for consulting firms and their customers. Consulting firms should also be able to help clients by handling uncertainties and develop strategies to mitigate risks while capitalizing on opportunities by having an understanding of the potential challenges and rewards associated with sustainability-focused innovation. With a sustainability approach the consulting industry can prove their worth to clients by providing insights, best practices and strategic guidance that helps them meet sustainability objectives while staying competitive in the market.

Various sustainability theories, including the conception of shared value creation, stewardship theory and stakeholder theory, are analyzed by a research paper from Rezaee (2018). It offers a strong basis for comprehending how firms think about and implement sustainability.

By incorporating these theories, the study shows that the theoretical foundations of sustainability in business strategies are understood. The integration of ESG sustainability dimensions is also emphasized, which highlights how various sustainability initiatives are within business strategies. According to this viewpoint, different sustainability aspects are interconnected and it is important to create strategies that consider the interests of various stakeholders. Diffusing the idea that sustainability is a static goal, the continuous performance improvement discussion emphasizes how dynamic sustainability initiatives are within business strategies. With its emphasis on continuous adaptation and improvement, this viewpoint demonstrates an understanding of how sustainability practices are changing over time. A comprehension of the significance of transparency and accountability mechanisms in advancing sustainability is demonstrated by incorporating this discussion into the literature review. Also, the research paper emphasizes the importance of sustainability reporting and assurance for advancing transparency, accountability and stakeholder trust (Rezaee, 2018, pp. 60-87).

With the inclusion of environmental, social and legal factors, this collection of works offers an understanding of sustainability in corporate strategies. The various perspectives and practical tools outlined in these texts contribute to a sophisticated understanding of how organizations can integrate sustainability in their core strategies.

## **2.2. Scientific Trends in the Integration of Sustainability Practices in Firms**

To comprehend the fundamental ideas that propel businesses to incorporate sustainability practices, Schaltegger and Burritt's (2015) examination of various ethical motivations in corporate engagement with sustainability is important. The research offers insights into the core principles that direct consulting firms in coordinating their strategies with sustainability goals by distinguishing the ethical motivations underlying sustainability initiatives. Comprehending the ethical foundations of sustainability integration in consulting firms requires this understanding (Schaltegger & Burritt, 2015, pp. 241-259).

The relationship between sustainability performance, business competitiveness and economic performance is a focal point in the work by Schaltegger and Wagner (2006). This study's emphasis on the interdependence of these factors is important in clarifying the business case for sustainability. Consulting firms looking to include sustainability into their strategies must comprehend how it relates to both competitiveness and financial success. It helps consulting firms create strong business cases by offering a framework for gauging the effect of

sustainability initiatives on business outcomes (Schaltegger, Lüdeke-Freund, & Hansen, 2006, pp. 96-113).

Consulting firms handling the terrain of ethical business practices will find Bansal and Song's analysis of the differences between corporate sustainability and corporate responsibility to be useful. This study helps to make terminological subtleties more understandable by providing consulting firms with a more demanding understanding of the various aspects of their sustainability practices. The information is useful in defining specific sustainability objectives in the larger framework of CSR (Bansal & Song , 2017, pp. 105-131).

The report on ESG Sustainability Strategy Consulting Services by International Data Corporation (2023) offers a recent analysis of the vendor market. This "Market Scape" report provides consulting firms with a strategic outlook on the competitive environment and the dominant trends in ESG consulting services. Comprehending the vendor landscape is imperative for consulting firms seeking to strategically position themselves and match their offerings to the changing needs of clients and the industry (International Data Corporation, 2023, pp. 1-4). ESG can be used as a fundamental framework for evaluating and integrating sustainability practices within consulting businesses.

The research conducted by Ghadiri, Brèsand Gond (1991) explores the identity work of CSR consultants and the difficulties that these experts encounter when balancing social responsibility and profit. This study offers a sophisticated perspective on the identity- and cognitive-related facets of incorporating sustainability into consulting practices. This study provides insights that consulting firms can use to better understand the internal dynamics and difficulties that their professionals may face when coordinating business strategies with sustainability goals (Brès, Gond, & Ghadiri, 2015, pp. 1-24).

In the larger context of sustainability, CSR can be understood as a major area of focus. It entails a business's dedication to conducting business morally, making a constructive social and environmental impact and taking these factors into account. According to the pyramid of Carroll (1991) of CSR, philanthropy is the highest level of corporate responsibility, while economic viability is the base. This suggests that corporate responsibility is progressive. Businesses

should build on each stage, beginning with financial accountability and moving up to more moral and socially conscious behavior (Carroll, 1991, S. 39-48).

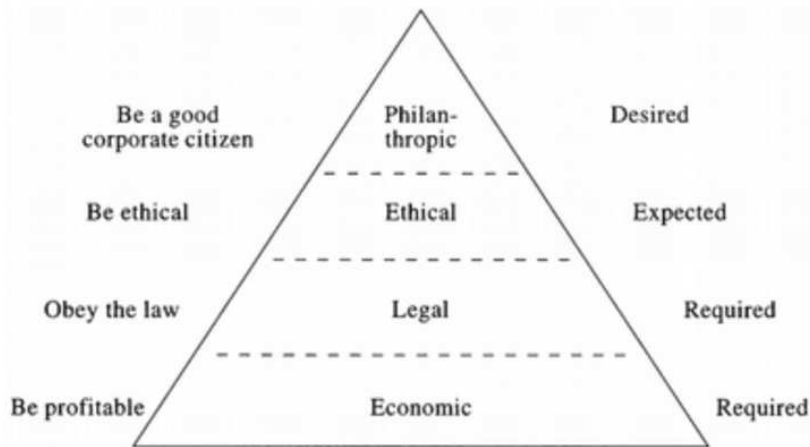


Figure 2: Carroll's Pyramid of CSR (Young, 2018, p. 36).

The literature review by Bateh, Horner, Broadbent and Fish (2014), along with their suggested approach for a theoretical integration of sustainability, provide a combination of previous research. A theoretical framework for comprehending the complex effects of sustainability on organizational growth and development is supplied by this seminal work to consulting firms. An approach to sustainability integration is made possible by its assistance in placing sustainability practices within the larger organizational strategy (Bateh, Horner, Broadbent, & Fish, 2014, pp. 35-40).

### 2.3. Theoretical Foundations and Frameworks

Carballo-Penela and Castromán-Diz's (2014) study reveals several relevant findings for integrating sustainability into consulting firms. They contend that different levels of pressure are applied to consulting firms by stakeholders, such as governments, clients, staff and communities, to implement sustainable practices. One way to find important motivations for incorporating sustainability into business strategies is to analyze the pressure from stakeholders. The adoption of sustainability practices in consulting firms is heavily influenced by the attitudes and motivations of their managers. Sustainability is tend to be incorporated into the firm's strategic planning and decision-making processes by managers who place a high priority on environmental responsibility. For consulting firms, it is important to strike a balance between short-term financial performance and long-term environmental sustainability goals. Understanding the trade-offs and opportunities between environmental responsibilities and economic goals can be gained by evaluating the influence of short-term performance expectations on sustainability initiatives. Finding ways to use environmental initiatives to gain

a competitive edge is part of a strategic approach to sustainability. To improve their competitive positioning and long-term viability, consulting firms need to strategically align their sustainability efforts with market demands, regulatory requirements and emerging trends. The ability of consulting firms to adopt sustainable practices may vary depending on their size. Even though larger firms might possess more resources and capabilities, smaller firms might be more adaptable and agile when it comes to implementing pioneering sustainability solutions. Comprehending the influence of firm size on sustainability integration is important when customizing approaches for firms with varying sizes (Carballo-Penela & Castromán-Diz, 2014, pp. 802-815).

The Matrix Map method of Zimmerman & Bell (2015) provides a methodical framework for making decisions. Consulting firms can systematically integrate sustainability into their strategic decisions by visually mapping out sustainability considerations alongside conventional business factors. Programs in the Heart Quadrant have a significant financial impact but also call for cost-containment measures. The Money Tree Quadrant concentrates on lower-impact programs that generate surplus and calls for efforts to increase impact. The Star Quadrant, on the other hand, holds high-impact and financially successful programs, emphasizing investment and growth. The Stop Sign Quadrant points out low-impact programs that are losing money and recommends their discontinuation or redesign with an eye toward innovation. Using this approach guarantees that sustainability is integrated into the core of the business strategy, rather than being handled as a stand-alone concept (Zimmerman & Bell, 2015, pp. 1-31, 131-176).

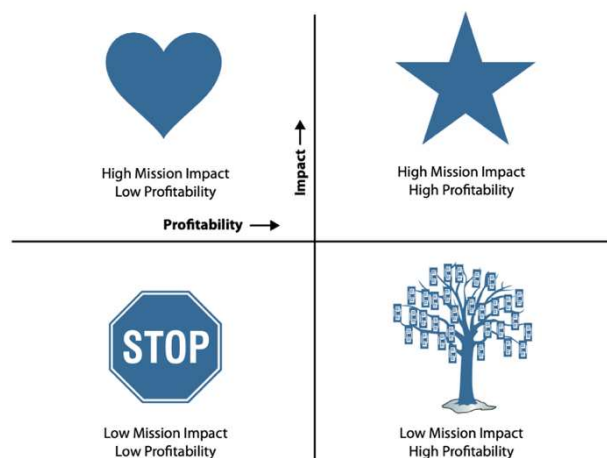


Figure 3: The Matrix Map Approach (Zimmerman & Bell, 2015, p. 16).

Understanding how consulting firms can successfully integrate sustainability is explained on Freeman's Stakeholder Approach (1984). Consulting firms can create strategies that support larger social objectives by identifying and attending to the interests of different stakeholders, such as clients, employees and the society at large. Using a long-term relationship and sustainable practices that benefit all stakeholders, this approach encourages businesses to look beyond a profit-driven focus, encouraging enduring bonds and sustainable operations that benefit all parties involved (Freeman, 1984, pp. 22-45, 52-80).

Hart and Milstein's (2003) concept of creating sustainable value directly aligns with the overarching goal of consulting firms. Integrating sustainability practices is not just about compliance, it's about generating enduring value for the firm and society. Consulting firms can make sure that their operations benefit society and keep a competitive edge in the market by taking social and environmental concerns seriously and actively incorporating them into their strategies (Hart & Milstein, 2003, pp. 56-65).

A study from Owen (2021) provides insight into how private firms support public regulations through his analysis of the environmental consulting industry. Within the framework of the study on consulting firms, this research offers useful perspectives on the cooperative function these firms perform in coordinating their operations with regulatory requirements. Consulting firms can more easily handle and integrate sustainability practices when they have a better understanding of the dynamics of the private sector's involvement in the development and implementation of regulations (Owen, 2021, pp. 226-239).

Taticchi and Demartini's (2021) guide for corporate sustainability in practice offers a roadmap for consulting firms. It links theoretical frameworks with practical steps and it is specifically designed for strategy development and implementation. This manual can be used by consulting firms to convert abstract ideas into workable, realistic strategies. The manual makes sure that sustainable business practices are integrated into consulting firms' regular operations rather than just remaining in theoretical conversations (Taticchi & Demartini, 2021, pp. 3-41, 143-185).

A unifying framework is provided by Rezaee's (2016) theoretical perspective study. This work offers consulting firms an integrated understanding of sustainability by incorporating aspects like ethics, governance, social responsibility and environmental performance. These dimensions are interconnected, which highlights the fact that sustainability is a multifaceted

integration into the business's operations rather than a single aspect. Consulting firms can advantage this integrated perspective to provide a well-rounded and effective incorporation of sustainability into their overarching business strategies (Rezaee, *Business Sustainability Research: A Theoretical and Integrated Perspective*, 2016, S. 48-64).

Despite the wealth of literature on sustainability in consulting firms, some topics have not received enough attention. More study is required to determine how regulations affect sustainability practices and how consulting firms incorporate legal compliance into their strategies. Further research on client-centric dynamics is also necessary, especially on how client demands and preferences affect sustainability choices. Besides, while leadership, employee engagement and cultural values are acknowledged roles, more research is needed to understand their unique contributions to the incorporation of sustainability into internal firm cultures in consulting firms. Filling in these gaps may lead to an understanding of the ways in which consulting firms can successfully incorporate sustainability into their operations. The purpose of this research is to explore and close these gaps to providing useful information that consulting firms can use to create long-term, profitable business strategies.

### **3. Methodology**

#### **3.1. Research Design**

This study's research design offers a qualitative perspective of sustainability integration in consulting firms. Using a qualitative methodology, the study explores the complex interaction between sustainability practices and this evolving industry through interviews and a case study analysis.

The realization that sustainability integration is a complicated phenomenon led to the decision to adopt a qualitative approach. Qualitative approaches, like interviews and case study analysis, provide an important way to record the breadth of viewpoints, experiences and contextual subtleties related to sustainability practices in consulting firms. Qualitative methods are effective at collecting complex and various viewpoints, as the Michigan Sustainability Cases initiative has shown. This is especially true in industries that include transdisciplinary issues and real-world problem-solving (Wagner, Kusano, Hardin, & Matney, 2021).

A case study approach will be used to explore the guiding questions put forth in this research empirically. This investigation will center on a single consulting firm, PWC, that operates in the German context. For this study, the choice of a case study methodology has various benefits. Examining the subtleties and complexities of integrating sustainability in a practical setting through a case study offers insightful information about the contextual variables at work. This methodology enables a comprehension of sustainability integration by analyzing various aspects, including internal cultural alignment, client-centric dynamics and legal compliance, all within the context of a single firm.

In the appendix of this master's thesis only the relevant content is reproduced. Likewise, words of thanks and notes on anonymity and data protection that were discussed during the telephone interviews are not part of the transcription. This decision was made to focus on the relevance of the telephone interviews and to make transcription more efficient.

All telephone interviews were conducted in German. After each interview was conducted, a translation into English format was prepared. It is important to note that a 1:1 translation from another language is never accurate. Nevertheless, care was taken to transfer the contents and meanings as accurately as possible to provide the integrity of the data and provide the comparability of the results.

### 3.2. Sample Selection

To represent the diversity, present in the consulting industry, a sampling technique was employed in the selection of the criteria of consulting firms for the interviews. The selection criteria for consulting firms are crafted to guarantee a investigation of sustainability integration from various angles. The sample comprises entities of varying sizes, spanning from boutique firms to large multinational corporations, to represent the spectrum of consulting firms. This diversity recognizes that depending on the size and capabilities of the consulting business, sustainability practices may appear differently.

Apart from the interviews, a single case study was carried out with PwC to offer a targeted analysis of sustainability initiatives implemented by a worldwide operating consulting firm. This two-pronged strategy enables an understanding of sustainable integration in the consulting industry.

High-caliber executives in the sample for the interviews are given priority. These individuals include decision-makers, sustainability officers, senior executives and specialists from various departments. These individuals hold significant knowledge regarding the establishment of sustainability initiatives, the evolution of businesses over time and the strategic factors that impact the integration of sustainability. In this master's thesis, the designed interview questions were asked depending on the specialist area of the respective interview partner. This approach was taken to provide that the questions were tailored to the respondent's competence and expertise. It should be noted that an exception was made for the senior management interviewee. It was assumed here that he has a range of knowledge and accordingly no specific restriction on the questions was necessary. This approach was chosen to provide that the interviews enabled data collection to be as effective as possible and relevant insights could be gained from different professional perspectives.

For this study, the interviews were conducted with representatives from nine worldwide operating consulting firms, including the 'Big 4' firms, top-tier global management consulting firms such as McKinsey, Bain, and BCG (referred to collectively as 'MBB'), as well as Roland Berger and Horváth. These firms were selected because of their significant stature and influence within the consulting industry, particularly within the German market. This initial phase of the research aimed to gain an understanding of consulting practices, trends and challenges within the German context. By engaging with representatives from these consulting entities, the study sought to obtain insights into the subject under investigation. This strategic selection of firms

provided a spectrum of consulting expertise was represented, ranging from general management consulting to specialized services in areas such as strategy, operations, and technology. By encompassing this various array of perspectives, the study aimed to capture an understanding of the consulting landscape in Germany and the key factors shaping its evolution. It is worth noting that the chosen firms are not only distinguished by their size and market presence but also by their track record of delivering innovative solutions and thought leadership in response to the dynamic needs of clients in a developing business environment. Thus, their participation in this research proceed adds significant depth and credibility to the findings and analysis presented in this thesis.

A strategic tool for streamlining the qualitative interview process is the department-focused table. In total nine interviews were conducted from influential consulting firms.

<b>Department</b>	<b>Consulting Firm</b>
Sustainability / Corporate Responsibility	PWC & BCG
Senior Management / Leadership	E&Y
Project Management / Client Services	Deloitte & McKinsey
Human Resources	Horváth & Roland Berger
Legal / Compliance Department	Bain & KPMG

Table 2: Consulting Firms and Departments (Own representation).

The chosen consulting firms are seen as representative microcosms of the consulting landscape. Since sustainability practices are dynamic and subject to both internal and external influences, it is anticipated that the study's conclusions will provide useful information for a variety of consulting firms that work in a variety of settings. The incorporation of firms with various sizes improves the applicability of the results, facilitating a deeper comprehension of how sustainability practices change and adapt in various organizational settings.

The case study investigates into the sustainability strategies employed by PwC. PwC's valued reputation, approach to sustainability and expertise in consulting make it an ideal subject for exploration. Utilizing the investigation case method, this study aims to uncover the

relationships between legal requirements, client preferences, market trends and internal corporate culture and their impact on PwC's sustainability practices. The investigation case method allows for an examination of specific areas identified within the research question. The case study is employed to investigate the integration of sustainability within consulting firms' operations. This method is chosen for its qualitative nature, which allows for an exploration of real-world scenarios. By analyzing concrete, the case study approach enables an understanding of the dynamics at play within the industry. Unlike quantitative methods, the case study method prioritizes depth over breadth, providing rich insights into the challenges and opportunities faced by consulting firms in integrating sustainability practices (Flyvbjerg, 2011, pp. 301-315).

### **3.3. Data Collection Methods**

The methodological framework for qualitative research is explained in this section, with particular attention to data collection techniques, which include qualitative interviews and a case study. The perspectives of scientists provide guidance for the development and implementation of these research components.

Weiss (1995) offers an analysis of the skill and methodology involved in conducting qualitative interview studies in "Learning from Strangers.". The work highlights how important it is to establish a good rapport, formulate thought-provoking questions and control the interviewer-interviewee dynamic. Weiss's emphasis on the iterative nature of the process serves as a compass, influencing subsequent exchanges (Weiss, 1995, pp. 69-85, 92-97).

Kvale and Brinkmann (2008) provide a useful guide for honing the art of conducting qualitative research interviews in "InterViews" Guidance on using open-ended questions and encouraging a reflective attitude during the interview process are noteworthy additions (Kvale & Brinkmann, 2008, pp. 14-31, 238-240).

Tracy (2020) provides a guide covering the gathering of evidence, creating analyses and clearly communicating findings in "Qualitative Research Methods.". The text assumes relevance in managing the shift from unprocessed data to insightful analysis and afterwards communicating conclusions that have consequences (Tracy, 2020, pp. 137-145).

In "Doing Interview Research," Flick (2022) offers useful advice and guidelines for carrying out interview research successfully. The insights from this work are helpful in handling the complexities of the interview process, including possible obstacles, practical problem-solving techniques and interpretation of interview data (Flick, 2022, pp. 3-38, 75-84, 334-336).

The approach Meloy (2001) takes in "Writing the Qualitative Dissertation" covers interview procedures as well as important factors like committee selection, power dynamics, emotional aspects and integrating personal and research lives. In light of Meloy's observations, a methodological framework can be developed (Meloy, 2001, pp. 5-8, 29-51).

In a research paper published in 2022, Taherdoost claims that interviews enable the investigation of a variety of subjects, such as experiences, opinions, knowledge, feelings and demographics. The main questions of the questionnaire address the goal of the study and then there are planned and unplanned follow-up questions to elicit answers and clarifications. The questions are meant to be flexible. Relevance, clarity, simplicity and the use of prompts and probes to encourage elaboration are important factors to take into account. Appropriate participant selection supports the goals of the study. In qualitative research, the sample size usually ranges from 10 to 60 people. Giving interview subjects background information about the study improves their comprehension and comfort level. Interviewers need to be impartial, good at asking follow-up questions and skilled listeners. Timing, venue and the interview procedure must all be considered for an interview to be managed effectively. Participants should be made to feel at ease and free from interruptions (Taherdoost, 2022, pp. 39-51).

Interviews as a method in qualitative research were covered in a 2020 Journal of Management Studies article, which focused on interviews with influential individuals in the business world. It addresses various of topics pertaining to interviewing elites, such as difficulties, recommended procedures and potential avenues for further study. Addressing concerns about informants' reputations and ensuring their comfort are two challenges in conducting interviews. This is interviewing people in neutral settings to minimize tension and make the most of schedules. Maintaining relevance, being non-threatening and adjusting to the conversation are key to keeping informants interested. Methods such as empathy, reasoning and flexibility are used to improve the relevance and stimulate further discussion of answers. When in-person interviews are not feasible, remote interviewing is investigated as a potential useful solution. Although it increases participation and provides flexibility, the lack of nonverbal cues may lower the quality of the research. When feasible, video interviews are suggested to be used. It is stressed that concluding interviews are an important stage in which open-ended discussions confirm the accuracy of the information and solicit potential referrals. It's important to establish expectations for follow-up communication and additional research. Getting follow-up interviews is difficult but necessary. Techniques include staying in touch, setting up follow-up interviews and providing value to informants. Addressing dependability and credibility is a

necessary step in ensuring the reliability of research. To increase credibility and dependability, it is advised to triangulate, look for cases that contradict one another and report in a transparent manner. Prospective methodological research avenues encompass investigating power dynamics in diverse cultural contexts, customizing group interviewing approaches for elite settings and investigating the influence of cultural variances on interview processes (Solarino & Aguinis, 2020, pp. 649-666).

A study conducted by Crowe et al. in 2011 underline the importance of case studies as a flexible research strategy that can offer understandings of phenomena in real life scenarios. To capture the richness of the phenomenon being studied, they emphasize the significance of clearly defining the case, choosing cases with purpose and using a flexible approach to data collection. Also, they emphasize that to arrive at significant conclusions, careful data analysis and interpretation are required. The authors encourage the methodical and open conduct of case studies, highlighting the potential for them to produce insightful information with ramifications for practice and theory development (Crowe, et al., 2011, pp. 1-9).

The American Journal of Qualitative Research published in 2021 an additional empirical study that offers a description of case study techniques in qualitative research. It highlights the use of case studies as an effective research technique, especially when delving deeply into studies of research phenomena in their natural environments. It describes the common procedures used in case study research for design, data gathering and analysis. To produce contextualized data, it is important to choose relevant research locations, carry out fieldwork and combine data from various sources. The text addresses case study research's advantages, including its capacity to offer descriptions and its capacity for theoretical generalization. It does acknowledge certain drawbacks, such as questions regarding the representativeness of some cases and generalizability. In case study research, the focus is on guaranteeing validity and reliability through methods such as triangulation, extended fieldwork and taking procedural reliability, contextual validity and transferability into account. To inform the research design and data analysis as well as to facilitate theoretical generalization, the study emphasizes the significance of theory in directing case study research. It offers case study methods as a strong methodology for qualitative research (Chowdhury & Shil, 2021, pp. 190-203).

The research of integration of sustainability in consulting firms is a complex phenomenon that is impacted by numerous internal and external factors. According to the cited references, qualitative interviews offer the freedom to explore the complexities of these factors, enabling a

sophisticated comprehension of the ways in which sustainability is conceived, carried out and integrated into organizational strategies. The examination of the contextual factors that influence sustainability practices is made easier by the qualitative method. Consulting firms work in a variety of settings, each with its own opportunities, challenges and regulatory environments, going beyond simple quantitative indicators. These contextual details can be captured through interviews, resulting in a contextually grounded analysis. Many aspects of sustainability can be quantified, but this thesis focused on qualitative research to capture the context-specific insights and experiences that numerical data alone cannot transfer. The practices of sustainability are dynamic, since sustainable practices experience changing regulations, market trends and client needs. Qualitative interviews enable a dynamic examination of changes over time. Through probing and clarification, the researcher can customize questions for a qualitative interview based on the interviewee's responses. When examining complex topics, this adaptive approach is important because it guarantees an examination of aspects, clarifies ambiguities and bring up unexpected insights that might be overlooked in a typical survey format.

### **3.4. Ethics and Data Privacy**

Participants in this study will be informed about the goals, methods, possible risks and advantages of the investigation. They are free to stop participating at any time without facing any repercussions and to ask questions. Participants' information will all be handled in the strictest confidence. To preserve people's privacy, personal identifiers will be anonymized or pseudonymized. Strong security protocols will be put in place to protect research data. Entire voluntary participation in the study is required. There are no consequences if a participant chooses to leave the study or decline to answer any questions. The study places a high priority on participant dignity and well-being while hoping to provide insightful new information to the academic community. There will be less risk and more opportunity for gain. The decision to conduct interviews anonymously was made for several reasons. The main reason is that without it the interviews could not have been carried out and research would accordingly not have been possible. Maintaining the confidentiality of sensitive information about strategies, projects and clients was important to my interlocutors. Consulting firms usually work with highly sensitive business secrets and the anonymity of interviewees is a safeguard to provide that the information is not inadvertently disclosed. Also, anonymity promotes the impartiality of interviewees, as they can feel free to express honest opinions and feedback without having to worry that their statements could be reflected on them. This is important to the authenticity of

the data collected and the credibility of this research. Another important aspect is protection against influence. The anonymity of the respondents allows them to give acquittal without having to worry about being influenced by superiors or other people. This provides the objectivity of the information collected and prevents distortions caused by external influences. Anonymous interviews also serve research purposes by providing objective and unbiased data for analyzing trends, client needs and potential opportunities for improvement.

	A	B	C	D	E	F	G
1	<b>Firm</b>	<b>Name</b>	<b>Age</b>	<b>Time Inside Firm</b>	<b>Position</b>	<b>Location</b>	<b>Date Interview</b>
2	Horváth		30	around 3 years	HR	Stuttgart	19.02.24
3	Deloitte		28	around 2 years	Project	Frankfurt	20.02.24
4	PWC		32	around 5 years	CSR	Stuttgart	22.02.24
5	Bain		38	around 7 years	Compliance	München	26.02.24
6	KPMG		35	around 4 years	Compliance	Frankfurt	26.02.24
7	BCG		30	around 3 years	CSR	Düsseldorf	27.02.24
8	E&Y		43	around 14 years	Senior	Eschborn	29.02.24
9	McKinsey		33	around 4 years	Project	Berlin	04.03.24
10	Roland Berger		31	around 2 years	HR	München	06.03.24

Table 3: Biometric Data of the Interview Partners anonymized (Own representation).

## **4. Sustainability Practices in the Consulting Industry**

### **4.1. Overview of the Consulting Industry and its Peculiarities**

The business strategy of consulting firms is important in helping other businesses to perform better by providing knowledgeable guidance and services. Management, operations, technology, sustainability and many other business dimensions are included in their strategic focus. These businesses are incorporating sustainability practices more and more into their daily operations, forming a symbiotic relationship in which they both internalize and advocate for sustainability on the outside, according to the Harvard Business School (Stobierski, 2021).

The changing nature of the economy has caused a reassessment of consulting positions. Eliasson's study from 2005 offered useful information regarding the need to reevaluate consulting roles because of the changing economy. Firms that struggle with operational effectiveness look to advice on how to adjust to changes in the market. Advisors support adaptability, negotiating capital markets and putting agile plans into action. By filling the gap between conventional models and the intricacies of the modern business environment, they support firms in thriving in the face of uncertainty and change. Consultants help businesses handle strategic shifts, promote innovation and cope with the uncertainties of today's business environment (Eliasson, 2005, pp. 428-450).

Nissen (2019) emphasize the significance of consultants offering deep knowledge, emphasizing data collection, problem-solving and implementation support. To meet the varied needs of clients, flexibility in business models and delivery methods becomes important. It is recommended that consulting firms set themselves apart not only by their technical prowess but also by their ability to work in tandem with clients. More differentiation is required, with a focus on making knowledge bases, tools and methodologies accessible. The author also stresses the value of visibility, reputation and brand. The book ends with a discussion of the consultants that have succeeded, emphasizing that adaptability is an important quality for success. The future of this industry will be determined by its capacity to adjust to changing client needs, whether the firms are agile smaller firms or large multi-specialists. Sustainability strategies are thought to be important for long-term economic growth and to be consistent with the economic, ecological and social considerations that form the basis of the TBL concept. Environmental laws, sustainability reporting requirements and emerging global standards are examples of external regulations and standards that may compel consulting firms to integrate ecological and social factors into their strategies. A key factor is the growing client awareness of and demand

for sustainable practices. Clients may look for advisory services that incorporate social and ecological factors in addition to economic efficiency to fulfill their own sustainability objectives or stay up to date with shifting consumer demands. A dedication to sustainability can be advanced by consulting firms' internal cultures, which are shaped by employee perspectives and leadership values. A firm's internal culture that places a high priority on social and environmental responsibility will probably have an impact on how sustainability strategies are developed and implemented (Nissen, 2019, pp. 229-247, 253-272).

The consulting industry has experienced tremendous change because of changing client demands and dynamic business environments, as reported in the Forbes Magazine (Garcia, 2021). Demographic shifts and technological advancements have transformed how firms and talent interact, making consulting a component of success in the future. Biech (2019) claims that there has been a noticeable change in consulting paradigms toward more strategic and individualized services. The book highlights responsiveness to technological advancements by highlighting how consultants incorporate pioneering solutions into their service offerings. This evolution is evident in the customization of consulting engagements to align with the specific needs of clients (Biech, 2019, pp. 1-29, 301-318).

Poufelt and Olson (2018) offer a modern viewpoint on consulting, which adds to the overview. The consulting landscape is explained, which also detail the challenges and dynamics of the industry. The consulting industry has rapidly evolved because of client demand and innovative consulting firms. The book emphasizes professionalism within consulting, defining standards and practices. It also covers various consulting practice areas, including IT management, strategy, trust-based selling, operations and human resources. It explores ethics, manager-client relationships and entrepreneurship in consulting. Consultants should observe to professional standards and prioritize the best interests of their clients. Also, a professional perspective on the direction of consulting, illuminating new patterns that further delineate the specific characteristics of the industry is explained (Poufelt & Olson, 2018, pp. 5-36, 118-140).

#### **4.2. Historical Development of Sustainability Practices in the Consulting Industry**

Prioritizing ESG in business strategies is a component of sustainable business practices. By considering the effects on the environment and future generations, these practices seek to create long-term value for society as well as for businesses. It all comes down to striking a balance

between purpose and profit. The historical evolution of consulting firms and the theoretical underpinnings outlined in Kiechel's "Lords of Strategy" are closely related to each other. This study clarifies the role consulting firms have played in influencing corporate strategies over the course of the 20th century. The book chronicles the rise and stumbles of several well-known consultancies, primarily BCG, Bain and McKinsey, as they, Professor Michael Porter and a few others "invent" the concept of strategy over the course of about six decades. The author highlights the lasting accomplishments of the pioneering consultants he calls the Lords of Strategy and the tools they developed like the experience curve and the BCG matrix. Knowing this intellectual background is important to understanding the strategic foundations that drive consulting firms in today's business environment (Kiechel, 2010, pp. 1-22, 47-105, 117-125).

The book "The World's Newest Profession" by McKenna offers fundamental understanding of the evolution of management consulting over time. The author argues that the rise of management consulting has been driven by a few factors, including the increasing complexity of business operations, the need for specialized knowledge and expertise and the desire for objective and impartial advice. The book also explores the role of management consulting in shaping public policy and how consultants have worked with governments and other organizations to address a range of social and economic issues. The book describes how consulting became a separate profession in the 20th century and emphasizes the driving forces behind its expansion. The foundation for comprehending the strategic positioning of consulting firms within the larger business context is laid by McKenna's investigation of the professionalization of consulting (McKenna, 2006, pp. 1-85, 245-251).

Galea's "Consulting for Business Sustainability" examines the relationship between consulting and sustainability over time, adding a distinctive perspective to the summary. The book provides examples of how consultants actively help organizations integrate sustainable practices into their strategies. The concept of sustainability in development refers to the process of meeting present needs without compromising the capacity of future generations to meet their own needs. The author highlights the visible influence that consultants can have in promoting constructive environmental and social change in the business industry by offering specific instances of how they have influenced decision-making processes to include sustainability considerations. A position tool help as a basement for further strategic practices for the integration of sustainability (Galea, 2009, pp. 65-75, 236-54).



Figure 4: Position Tool of Sustainability Strategy in a Business (Galea, 2009, p. 71).

#### 4.3. Factors Influencing the Integration of Sustainability

Manninen and Huiskonen's (2022) analysis of the variables impacting the adoption of an integrated corporate sustainability and business strategy adds useful context to the investigation of sustainable business practices and consulting strategies. It provides a basis that encompasses both steady states and dynamic activities that influence the application of an integrated approach. This makes it easier to comprehend the different facets that businesses must consider and interact with successfully incorporate sustainability into their operations. The study mentions as an example of how rules in some regions classify recycled materials as waste, which limits their use in new products, inadvertently addresses this factor. This demonstrates how regulatory frameworks and legal requirements affect the integration of sustainability. Consulting firms must take these regulations into account when creating and putting into practice their sustainability strategies. The discussion revolves around market-related factors that impact the implementation of strategies, such as the necessity of sustainable products' functionality and the significance of sustainability's legitimacy in various market segments. Consulting firms can stay competitive by aligning their strategies with market expectations by understanding sustainability-related market trends and client demands. The significance of organizational culture and internal activities in promoting sustainability implementation is emphasized in the text. It discusses how internal activities can advance cooperative relationships with employees and how organizational culture supports sustainability management. To successfully integrate sustainability practices into business strategies,

consulting firms must cultivate a culture that values sustainability and demonstrate strong leadership commitment. In consulting firms, leadership is important for establishing the tone and advancing the sustainability agenda, as well as for influencing employee engagement and the execution of strategies (Manninen & Huiskonen, 2022, pp. 343-354).

The "Green to Gold Business Playbook" by Esty and Simmons gives the study of sustainable business practices a more grounded perspective. The book provides concrete methods and approaches for putting sustainability principles into practice that improve financial performance across a range of corporate operations. The book explores techniques and strategies that have been shown to lower expenses, lower risks, increase revenue and improve business performance rather than concentrating on environmental ideology. Although the book covers a range of sustainability-related topics, the authors stress that because of growing energy costs, limited natural resources, regulatory pressures, investor demands and consumer preferences for environmentally friendly goods and services, sustainability is now a business imperative rather than a choice. The significance of comprehending and abiding by legal and environmental regulations is emphasized throughout the book. It is imperative for businesses to remain up to date on relevant laws, permits, reporting requirements and compliance standards. Clients' preferences are moving toward sustainable goods and services, according to Esty and Simmons. Consumers are looking for products that are made ethically, socially and environmentally. Businesses that take a proactive approach to sustainability issues benefit from a competitive advantage and increased client loyalty. The writers understand that organizational sustainability begins on the inside. It's important to have a strong corporate culture that prioritizes environmental stewardship. Initiating sustainability initiatives is largely the responsibility of leaders. They must stand up for the cause, make specific strategies, allot funds and promote an innovative and constantly improving culture. When employees of all levels embrace sustainability, it becomes part of the organization's core values (Esty, 2011, pp. 268-296, 340-357).

#### **4.3.1. Legal Requirements and Regulatory Frameworks**

Hörisch (2017) outlined how legal compliance, which includes abiding by rules, laws and industry standards, is the cornerstone of ethical business conduct in a study titled "Legal Systems, Internationalization and Corporate Sustainability: An Empirical Analysis of the Influence of National and International Authorities.". It means carrying out business operations in compliance with relevant laws, rules and court rulings. Noncompliance may lead to legal

obligations, monetary fines and reputational harm, endangering the organization's sustainability. Firms must provide relevant data, such as financial statements, environmental impact assessments and corporate governance procedures, to regulatory bodies. The regulatory environment is dynamic and always changing in reaction to changes in society, technology and the economy. Firms need to incorporate compliance measures into their risk management and strategic planning procedures to stay alert and responsive to regulatory changes (Hörisch, Burritt, Christ, & Schaltegger, 2017, pp. 861-875).

According to additional research by Costigane and Guthrie from 2013, regulatory frameworks and legal requirements have a big impact on whether consulting engineering firms adopt sustainable practices. The reasons for giving sustainable development top priority are influenced by external factors like societal expectations and governmental regulations, in addition to corporate commitment. In the discussion of how businesses view and operationalize sustainability, the importance of adhering to rules and fulfilling legal obligations is implied (Costigane & Guthrie, 2013, pp. 330-336).

The first guiding question in this study is "Consulting firms operating in regions with stringent legal requirements and regulatory frameworks tend to demonstrate sustainability integration." The observed region is in Germany.

Although Germany is a member of the EU, it closely complies with EU regulations in many areas, especially when it comes to environmental and sustainability policy. In many environmental and sustainability-related areas, the EU member states have established common objectives and guidelines. While some regulations allow for national adaptation, others must be directly implemented at the national level by the EU. There are frequently EU directives pertaining to sustainability and the environment that member states must implement into national law. The member states also have the flexibility to modify the rules to fit their unique circumstances. The most relevant regulations are the UN's Sustainable Development Goals (SDGs), which the EU and its member states have committed to implementing. The SDGs address a range of issues, including poverty, environmental protection, social justice and economic growth. The CSR Directive mandates that certain firms submit reports on environmental, social and employee matters as well as on respect for human rights and the fight against corruption. Certain large firms, including management consultancies, are required to disclose non-financial information about environmental, social and employee matters, as well

as information about the defense of human rights and the fight against corruption, in accordance with the EU's CSR Directive and the UN's SDGs (German Federal Government, 2021, S. 1-22, 76-83).

Through openly disclosing their contributions towards accomplishing these directives and objectives, they can exhibit their dedication to sustainability and social accountability. The Global Reporting Initiative (GRI), which improves organized CSR communication, is also based on the SDGs. Laws pertaining to sustainability and the environment can also be used by management consultancies to reduce risk. Consulting firms can minimize the risk of legal violations and related financial penalties by incorporating SDG and CSR aspects into risk management. This allows the firms to identify potential risks related to ESG factors at an early stage (Shayan, Mohabbati-Kalejahi, Alavi, & Zahed, 2022, S. 1-17).

Reporting and transparency serve as measurable indicators of sustainability integration. Analyzing the reporting and communication practices of consulting firms regarding their sustainability initiatives can analyze the ways in which their operations are impacted by external factors and legal requirements. The techniques employed by corporate social responsibility (CSR) consultants are examined in the research paper "Designing the Tools of the Trade" by Gond and Brès. According to the authors, consultants should even expect that reporting requirements will continue to spread beyond regulators to include investors, clients and the market. The way that sustainability initiatives are incorporated into organizations could be influenced by tools from this study (Gond & Brès, 2019, S. 1-20).

#### **4.3.2. Client Demands and Market Trends**

Pereira, Jerónimo and Ramos (2017) address how consulting firms continuously innovate their service portfolio to maintain or gain a competitive advantage and better respond to market trends in "Management Consulting Business Models a Perspective of Sustainability." It draws attention to the fact that the most frequently cited catalyst for innovation is a firm's client base, which is frequently fueled by the strong bonds forged during projects. It also mentions that some businesses take a proactive approach to service development, believing that innovation is ingrained in their DNA. Regarding service offerings specifically within the sustainability context, it does offer insightful information about the mechanisms underlying service innovation that can be applied to offerings with a sustainability focus. It is said of consulting firms that they organize their business to respond to outside forces like market trends and client demands. The businesses discussed in the text are portrayed as having changed their

organizational structures several times to stay competitive. One can find opportunities to introduce sustainability-focused consulting services by learning how consulting firms identify market demands, develop new services and integrate them into their current portfolio. This could entail utilizing internal knowledge, market research and client relationships to develop and provide services that help clients with sustainability-related problems. Consulting firms are portrayed as having a flexible approach to their clients, tailoring their strategies to each individual client's particular realities. This flexibility is thought to be important for maintaining client relationships over time. As businesses put meeting changing client needs and maintaining their competitiveness in the market first, sustainability integration may happen naturally (Pereira, Jerónimo, & Ramos, 2017, pp. 29-34).

An important starting point for comprehending the relationship between sustainability and consumer preferences is the research done by White, Habib and Hardisty (2019) on how to change consumer behavior toward sustainability. According to the text, consulting firms that are in tune with market trends and responsive to client demands tend to incorporate sustainability into their business strategies. To encourage sustainable actions, it describes a structure known as SHIFT that places a strong emphasis on understanding consumer behavior factors like social influence, individual self, feelings and tangibility. When developing sustainability strategies, firms that are receptive to client demands are likely to take these psychological aspects into account. They do this by using social norms, emotions and observable results to motivate sustainable behavior. Businesses that follow market trends will be aware of the increasing demand for sustainability and will use a variety of strategies to successfully meet these new needs (White, Habib, & Hardisty, 2019, pp. 22-38).

The second guiding question in this study is “Consulting firms responsive to client demands and aligned with market trends tend to integrate sustainability into their business strategies.”

A study from DeCastro (2017) highlighted the consulting industry, where client satisfaction is important, the role that client demands play in influencing business decisions. Retaining long-term relationships and competitive advantage is largely dependent on consulting firms' ability to comprehend and satisfy the needs of their clients. In a constantly changing market, firms that prioritize client demands show that they are committed to providing value and remaining relevant. For consulting firms to stay competitive and take advantage of new opportunities, they must stay in line with market trends. Driven by evolving consumer preferences, changing regulations and increased awareness of environmental and social issues, sustainability has

grown in importance across industries. Clients' expectations of businesses and their decisions to buy are changing because of their increased awareness of social and environmental issues. Consulting firms can show leadership in a market that is changing quickly by proactively incorporating sustainability into their business strategies. This shows foresight and flexibility. It recognizes the relationship that exists between market trends, client demands and sustainability initiatives. Consulting firms that are aware of market trends and consumer preferences tend to understand the value of sustainability to their clients and adjust their service offerings accordingly. The incorporation of sustainability into business strategies is a strategic reaction to evolving market dynamics and bolsters the firm's standing as a reliable advisor equipped to tackle modern-day obstacles (DeCastro, 2017, pp. 3-30).

#### **4.3.3. Internal Corporate Culture and Leadership**

A study by Lozano (2013) makes the case that leadership and internal corporate culture are important for incorporating sustainable practices into business strategies. It highlights how important leadership is in propelling business sustainability initiatives. In this sense, leaders are recognized as trustworthy knowledge sources. Proactive leadership, business case development, firm culture, sustainability reports and employee demand about the firm's CSR efforts are some of the internal drivers found in consulting firms. These factors play an important role in determining how the firm approaches sustainability. The emphasis is on firm culture as a key internal motivator. Consulting firms' commitment to sustainability may be influenced by their organizational culture, which may have an impact on how sustainability practices are incorporated into business strategies. The text recognizes the difficulties and constraints associated with interviewing top executives, including resource constraints and hierarchical bias. On the other hand, it implies that leadership viewpoints discovered through interviews can offer insightful information about enhancing sustainability performance and pinpointing sustainability drivers. The article makes the case that, despite obstacles, internal factors like corporate culture and leadership can help consulting firms proactively incorporate sustainability practices into their business strategies. Advancing organizational change that is focused on sustainability requires this proactive approach (Lozano, 2013, pp. 32-42).

Denison and Mishra (1995) found during their research that cultural values and employee engagement are important factors in creating a social organization. Cultural values that support sustainability efforts could include things like mission, consistency and adaptability. For example, uniform application of sustainability practices is provided by consistency and organizations can effectively respond to evolving sustainability trends through adaptability.

Employees tend to actively participate in sustainability initiatives when they have a clear mission and direction related to sustainability. Organizations can increase their effectiveness and help create a more sustainable future by encouraging employee engagement and advancing cultural values that prioritize sustainability (Denison & Mishra, 1995, pp. 204-221).

The scope and values of sustainability management theories are covered in a research paper by Starik and Kanashiro (2013). The authors stress the importance of a multilevel approach that considers sustainability management at the macro (societal), meso (organizational) and micro (individual) levels. It recommends that businesses consider incorporating sustainability practices into all facets of their operations, from strategic choices to the actions of specific employees. The evaluation criteria for sustainability management theories inclusivity, connectivity, equity, caution and security are discussed. Businesses could evaluate the efficacy of their sustainability strategies using these standards, making sure that they are secure in their long-term viability, equitable in the distribution of benefits, connected with wider systems, of a variety of stakeholders and prudent in their use of resources. By having more deep discussions about sustainability management with internal and external stakeholders, businesses can help to advance sustainability. This entails creating and putting into practice sustainability strategies as well as continuously enhancing and perfecting them over time. The significance of integrating sustainability into all facets of human activity is emphasized in the paper's conclusion, which also advocates for group action to address urgent environmental and social issues. This may suggest that consulting firms need to prioritize sustainability as a core value and incorporate it into routine operations and decision-making processes. It may also suggest the need for strong leadership and a supportive corporate culture (Starik & Kanashiro, 2013, pp. 1-26).

The third guiding question in this study is "Consulting firms advancing an internal corporate culture that values sustainability, coupled with effective leadership, tend to demonstrate sustainability integration."

It makes the argument that consulting firms with strong leadership and an internal corporate culture that values sustainability tend to show successful integration of sustainability practices. It emphasizes how leadership and internal cultural factors within consulting firms are important in determining how these firms approach sustainability and then incorporate it into their daily operations. Internal cultural factors are the fundamental cornerstones that support an organization's sustainability-related norms, values and practices in consulting firms.

Developing a mindset that places a high priority on social and environmental responsibility is necessary to cultivate a culture that values sustainability. This cultural orientation affects how resources are allocated, how decisions are made and how the organization feels about sustainability initiatives. When firm's core values are in line with sustainability, it becomes an integral part of the brand, influencing both strategic decisions and day-to-day operations. The importance of internal cultural factors is further increased by effective leadership, which gives sustainability initiatives vision, direction and accountability. By promoting sustainability, funding sustainability projects and creating an environment that encourages creativity and cooperation, leaders set the standard for sustainability integration. Leaders encourage employees to accept sustainability as a common organizational objective and provide them with the tools they need to make a significant contribution to its realization through their behavior and communication. In consulting firms, employee engagement is a key driver of sustainability integration. Employee engagement increases the likelihood that they will actively participate in implementing and advancing the organization's sustainability practices and be dedicated to its sustainability goals. Their engagement is various, ranging from coming up with concepts and strategies to advocating for sustainability in their jobs. A sense of accountability and ownership is advanced by employee engagement, which promotes innovation and ongoing improvement in sustainability strategies (NTT DATA UK Limited, 2022, pp. 22-63, 80-97, 128-134).

## 5. Assessment of Sustainability Integration

### 5.1. Legal Compliance and Regulatory Environment Analysis

Drawing from the information acquired from interviews with Bain, KPMG and E&Y representatives, legal and regulatory frameworks have a substantial impact on the development of sustainability practices in consulting firms, especially in areas with strict mandates like Germany and the EU. The main conclusions from each interview are examined in this analysis, which also offers more information about the implications for sustainability integration.

#### Key Points from the Interview with Bain

The compliance specialist from Bain said: "In compliance, we are not just talking about regulations and rules, we are talking about a movement that is literally taking over the thinking of firms and their stakeholders. The understanding of compliance has changed significantly in recent years. It is high time that firms not only meet sustainability requirements but exceed them. This isn't just an obligation, this is our biggest opportunity to do something great together" (Bain, 2024, p. 8 Transcript).

The EU's CSR directive, which requires big firms to publish non-financial information, has a significant impact, according to the Bain compliance specialist. Firms are encouraged to improve their sustainability reporting and allocate resources to initiatives to comply with this directive. Following sustainability guidelines is important and this is further reinforced by the possibility of fines for non-compliance. The compliance specialist also emphasizes the severe consequences for breaking the CSR directive, which can amount to fines of up to 10 million euros and are determined by a firm's sales and profits in accordance with German law. Bain's track record of compliance demonstrates its commitment to adhering to legal requirements and reducing sustainability risks. To detect and manage possible sustainability risks, the firm has put strong risk management procedures in place, further incorporating sustainability into its daily operations. The foundation for incorporating sustainability into business practices is laid by legal requirements, which offer a framework that motivates businesses to implement sustainable practices and improve performance. The establishment of well-defined protocols and benchmarks by regulatory entities establish a methodical framework for firms to observe, propelling the uptake of sustainability initiatives throughout various sectors and industries. Legal requirements force firms to consider the wider impact of their operations on society and the environment by requiring compliance with specific ESG criteria. This proactive strategy encourages businesses to go above and beyond simple regulatory compliance and pursue

excellence in sustainability performance by advancing a culture of corporate responsibility and accountability. The quantity and quality of data as well as the complexity of reporting standards present obstacles to compliance with reporting requirements. To comply with these requirements, firms might have to make investments in information technology and internal reorganization. Bain recognizes that ensuring compliance requires specialized knowledge and technological investment, as well as a complex set of reporting requirements. But the firm sees these obstacles as chances to stand out from the competition by improving risk management, transparency and reporting quality. Bain hopes to improve its standing as a pioneer in sustainability consulting by gaining stakeholders' trust and enhancing its reputation using technology and knowledge. Adherence to sustainability regulations is perceived as a step towards sustainable business practices, rather than merely fulfilling legal requirements. According to the aforementioned factors, consulting firms operating in these regions are likely to give priority to sustainability integration in their compliance strategies, which is consistent with the first guiding question (Bain, 2024).

#### Key Points from the Interview with KPMG

The compliance specialist from KPMG said: "As you can see, these guidelines influence all aspects of our work at KPMG, from internal management to our external consulting services. We have observed how our sustainable approach drives firms to develop innovative tools and make their business models more sustainable. Since then, many firms have been investing in sustainable projects, but I am not allowed to go into more detail about them here" (KPMG, 2024, p. 10 Transcript).

The compliance specialists from KPMG reported that legal mandates like the EU CSR directive, the German Sustainability Strategy 2030 and the SDGs have a big impact on KPMG's sustainability practices. Beyond just fulfilling legal requirements, compliance initiatives actively support especially SDG 16, which places a strong emphasis on moral and just business conduct. Transparent reporting on environmental, social and employee issues is required by regulatory obligations, particularly under the EU CSR Directive. This encourages businesses to report on their sustainability performance truthfully by advancing a culture of accountability and transparency. Consulting firms such as KPMG in Germany actively participate in these regulatory frameworks, guaranteeing legal compliance and advancing sustainable development objectives like environmental stewardship and ethical business practices. There are other nations that struggle to integrate sustainability because of lax legal requirements. These

consulting firms help businesses integrate sustainability into their business strategies and stay in compliance with regulations by providing a range of compliance services such as auditing, training and consulting. KPMG has identified the incorporation of sustainability into risk management procedures as an important component. The firm understands how important it is to pinpoint sustainability risks, mitigate them and maintain legal compliance while maximizing long-term value creation for clients. KPMG's strategy for sustainability management includes data gathering, analysis and reporting, which demonstrates the firm's dedication to openness and responsibility. Understanding and implementing various regulatory frameworks can be difficult when it comes to compliance, particularly for multinational corporations. More challenges lie ahead in data collection and verification, emphasizing the need for strong reporting frameworks and sustainability management know-how. Stricter regulations can make it difficult to implement internal controls and gather reliable data, but they also present opportunities for businesses to improve their reputation, forge enduring bonds with the community and gain government support by actively engaging in sustainability initiatives. The firm can boost its standing and competitiveness in the market by supporting sustainability initiatives and offering reporting. Consulting firms prioritize sustainability integration in their services and operations because of the presence of strict legal requirements and regulatory frameworks in regions such as Germany. This advances a culture of responsible business conduct and contributes to the goals of sustainable development (KPMG, 2024).

#### Key Points from the Interview with E&Y

The senior from E&Y said: "Legal requirements can help to anchor sustainability in firms by setting clear guidelines and standards. They can also create incentives to invest in more sustainable technologies, products and processes" (E&Y, 2024, p. 16 Transcript).

In a similar vein, E&Y recognizes the influence of laws in Germany and the EU. They have made a major impact on how businesses are developing sustainable practices. Sustainability strategies are shaped by these regulatory frameworks, which include national laws like Germany's Supply Chain Act and directives like the EU CSR directive. For example, the Supply Chain Act requires businesses to follow stringent environmental and human rights guidelines across their supply chain. The consequences of adhering to these legal requirements frequently call for significant adjustments to corporate procedures. Firms are forced to put new systems in place, like reporting tools and audits, to keep an eye on supply chains' adherence to sustainability requirements. Firms may make investments in the creation and implementation

of more environmentally friendly technologies, goods and procedures to satisfy the growing requirements of regulatory compliance. Nonetheless, adhering to regulatory mandates poses certain difficulties. Businesses need to manage the challenges of gathering and evaluating large amounts of data to make sure that sustainability regulations are being followed. Also, it is important to guarantee the transparency and accuracy of reporting. Building trust with stakeholders like investors, clients, staff and the public, through transparent reporting is important to empowering them to make knowledgeable decisions regarding a firm's sustainability initiatives. Even though complying with regulations can be difficult, there are some clear benefits to legal requirements when it comes to integrating sustainability. These regulations' precise norms and guidelines aid in establishing sustainability within businesses. Regulatory frameworks also provide businesses with incentives to invest in sustainable practices. For example, tax breaks for renewable energy encourage businesses to create and implement eco-friendly technology. The interview with the E&Y Senior highlighted how closely business strategy, sustainability practices and legal requirements all interact within consulting firms. Adherence to regulations promotes innovation, risk management and competitive advantage in addition to guaranteeing compliance with legal requirements (E&Y, 2024).

The first guiding question that consulting firms operating in regions with strict legal requirements tend to demonstrate sustainability integration is supported by the findings from the interviews. They solve issues with reporting and compliance, establish incentives for sustainable investment and offer clear guidelines. Notwithstanding the difficulties involved, following these regulatory frameworks is important to promoting a sustainable culture and guaranteeing ethical and open business practices.

## **5.2. Market Dynamics and Client Expectations Review**

Drawing from insights gathered from interviews with representatives from Deloitte, E&Y and McKinsey it's evident that client preferences and market trends significantly influence sustainability strategies in consulting firms. These firms recognize the increasing importance of sustainability considerations in meeting client expectations and remaining competitive in the market.

### Key Points from the Interview with Deloitte

The project specialist from Deloitte said: "We respond flexibly to client needs and market trends in the area of sustainability by continuously adapting our services and developing innovative solutions to meet changing requirements" (Deloitte, 2024, p. 5 Transcript).

Deloitte's strategy for incorporating sustainability into its business operations is heavily impacted by market trends and client preferences. To keep its sustainability initiatives current and effective, Deloitte keeps a close eye on market trends and client demands. The project manager highlights the value of industry analysis in keeping abreast of market developments, which enables the firm to proactively adjust its strategies and spot expansion prospects. They will actively engage with key stakeholders, including industry experts, NGOs and governmental bodies, to further increase their sustainability strategy in addition to focusing on market trends and client demands. This will allow them to gain insights into emerging ESG criteria, shifts in consumer behavior and technological advancements that are shaping market dynamics. When it comes to modifying its sustainability strategies to satisfy client demands and follow industry trends, Deloitte exhibits adaptability and responsiveness. The firm consistently pioneering solutions to meet evolving needs, like digital strategies for traditional retail businesses. Deloitte finds ways to incorporate sustainability into business operations, encouraging creativity and producing favorable results for clients and the environment through close client collaboration. Deloitte finds ways to incorporate sustainability into business operations, encouraging creativity and producing favorable results for clients and the environment through close client collaboration. For example, Deloitte recently developed a digital strategy that included introducing an online sales channel and leveraging data analytics to personalize the shopping experience during a consultation with a conservative retail firm. The integration of renewable energy sources into the digital infrastructure is indicative of Deloitte's dedication to environmental sustainability. With time, Deloitte's sustainability strategy has expanded to include a strategy with ESG considerations. Even though Deloitte had already implemented sustainability practices in the early 2000s, the firm has since stepped up its efforts because it understands how important sustainability is to its clients, staff and the community at large. A strong alignment between sustainability and corporate culture and business practices has resulted from Deloitte's focus on sustainability, which has raised employee awareness and involvement in sustainability initiatives. By emphasizing sustainability and incorporating ESG principles into its offerings, Deloitte sets itself apart from other consulting firms. Although regulations mandate specific factors of sustainability, Deloitte's corporate culture advances

creativity and adaptability in the development of sustainability programs. The firm's approach to sustainability may be different from that of other consulting firms because it reflects a range of social responsibility and environmental sustainability focuses and methods (Deloitte, 2024).

#### Key Points from the Interview with E&Y

The senior from E&Y said: "The direction of sustainability strategies is significantly influenced by client preferences and market trends. Our clients increasingly value environmental friendliness, social responsibility and ethical business practices. The leading trends in the areas of CSR and ESG play a fundamental role in our corporate strategy at E&Y. We recognize that clients are increasingly favoring service providers that actively promote sustainability and ethical business practices" (E&Y, 2024, p. 15 Transcript).

Client preferences and market trends have a big impact on E&Y's sustainability strategies, which shows the firm's dedication to staying in line with changing industry norms and societal expectations. To meet client demands and maintain market competitiveness, the senior manager stressed the importance of environmental friendliness, social responsibility and ethical business practices. The firm's dedication to incorporating trends like CSR and ESG practices into its business strategies is motivated by this understanding. E&Y is aware of how important ethical business practices and sustainability are becoming to stakeholders and clients. Proactivity is a defining feature of E&Y's approach to sustainability, with an emphasis on constantly enhancing offerings to satisfy changing client demands and industry trends. The senior manager positions sustainability as a catalyst for business success by highlighting the firm's dedication to sustainability as a major area for innovation. The firm's ability to adapt to changing market conditions and client demands is demonstrated by its partnership with a retail establishment that aims to improve its sustainability and transparency. Because of this strategic alignment, E&Y can draw in and keep clients that value ethical behavior and sustainability in their business relationships. For example, they created sustainability strategy in partnership with a well-known retail client to meet the growing demand from consumers for sustainable products and environmental practice transparency. This strategy called for strengthening ESG policies throughout all business divisions, encouraging recycling programs and enforcing stronger environmental standards in the supply chain. Over the course of several years, E&Y's approach to incorporating sustainability into its business practices has gradually changed. Although the firm first concentrated mostly on environmental issues, it has since realized that sustainability also includes social and governance issues. The adoption of social responsibility programs, like

promoting diversity and inclusion and governance procedures, like setting up an Ethics Committee and a Code of Conduct, are the results of this approach. The senior manager emphasized that E&Y is dedicated to constantly enhancing its offerings to satisfy changing client demands and industry trends. E&Y establishes itself as a reliable partner and advisor for clients looking to improve their sustainability performance and achieve long-term success by staying ahead of industry developments and utilizing its expertise (E&Y, 2024).

#### Key Points from the Interview with McKinsey

The project manager from McKinsey said: "We respond flexibly to client needs and market trends by using our expertise and resources to develop innovative solutions. You can think of it like this: we have a kind of innovation laboratory. The way it works is that we work with experts from various fields such as science, technology, business and design to research and develop new ideas and technologies that can have a positive impact on the environment, society and the economy. It serves as a platform for knowledge exchange and collaboration between different actors to create synergies and support the scaling of sustainable innovations" (McKinsey, 2024, p. 20 Transcript).

Client preferences and market trends have a significant impact on McKinsey's sustainability strategies, which reflect their knowledge of changing industry dynamics and societal expectations. The project manager at McKinsey emphasized the rising demand from clients for sustainable solutions as well as the growing significance of ESG factors in corporate decision-making. The project manager highlights that McKinsey modifies its offerings in response to the increasing demand for consulting services with a sustainability focus. The firm exhibits adaptability in meeting client demands and industry trends by utilizing its knowledge to create pioneering solutions that tackle sustainability issues. McKinsey's strategic focus on sustainability is driven by client preferences for ethical business practices and sustainable solutions. Sustainability and social responsibility are becoming more and more important to firms and McKinsey is changing its services to meet these changing demands. McKinsey is known for its flexibility, creativity and dedication to creating specialized solutions that meet challenges. These attributes demonstrate the firm's responsiveness to market trends and client demands. The firm runs an innovation laboratory that provides a forum for the study and creation of innovative concepts and technological advancements that benefit the economy, society and environment. The creation of a ground-breaking technique to incorporate artificial intelligence (AI) into businesses' sustainability strategies is one example given. This creative

solution seeks to improve data gathering, analysis and decision-making procedures to assist clients in more successfully achieving their sustainability objectives. Early on, McKinsey identified sustainability as a strategic priority and started incorporating sustainability ideas into its operational procedures. The firm's sustainability programs have changed over time in response to several variables, such as shifts in the geopolitical landscape, changes in the population, alterations in the law and advancements in technology. To accomplish its sustainability goals, McKinsey has modified business models, updated sustainability goals and forged alliances with other organizations. In keeping with its sustainability goals, McKinsey has also taken steps to lessen its carbon footprint. This includes electrifying all the firm's fleet of vehicles and using green electricity at its locations. These actions show the firm's proactive approach to minimizing its environmental impact and are consistent with its commitment to environmental sustainability. McKinsey's industry-leading efforts to promote best practices and standards demonstrate the firm's proactive approach to sustainability. Through active involvement in research initiatives, industry associations and public forums, McKinsey helps shape the global sustainability agenda and encourages the adoption of sustainable business practices (McKinsey, 2024).

The second guiding question that consulting firms responsive to client demands and aligned with market trends tend to integrate sustainability into their business strategies is supported by the findings from the interviews. To stay competitive, they create innovative solutions, prioritize ESG factors and regularly modify their procedures. Their proactive and client-focused strategy highlights their dedication to sustainability and guarantees that they satisfy changing client demands and industry norms.

### **5.3. Corporate Values Alignment and Leadership Evaluation**

Based on insights gathered from interviews with representatives from Horváth, E&Y and Roland Berger, it's evident that advancing an internal corporate culture that values sustainability, coupled with effective leadership, significantly influences the integration of sustainability within consulting firms. These firms recognize that embedding sustainability into their corporate culture and leadership initiatives is important for achieving long-term success and meeting client expectations in an increasingly competitive market.

### Key Points from the Interview with Horváth

The HR specialist from Horváth said: "Our leaders recognize that employee engagement and well-being are important to the success of our sustainability initiatives. If you don't take the workforce along or convince them, there is only a small chance of a successful adaptation. That's why we place great importance on creating a supportive and motivating work environment where employees feel valued and heard" (Horváth, 2024, p. 2 Transcript).

Horváth's internal cultural values and leadership initiatives are closely linked to the firm's sustainability practices. The HR specialist underlined the need of developing a corporate culture that prioritizes commitment, responsibility and teamwork. All of which serve as the foundation for long-term initiatives throughout the firm. Because of Horváth's emphasis on values like commitment, teamwork and responsibility, sustainable action can flourish in this environment. To emphasize the value of sustainability and increase employee awareness, the firm hosts internal events and training sessions. To provide that every team member is involved in the sustainability process and has their voices heard, open communication and idea exchange are highly encouraged. Supervisors are important in developing a workplace where staff members support and actively participate in sustainability objectives. Staff members become more knowledgeable and proficient in sustainability through regular training and workshops. Employee contributions to ideas and suggestions for bettering sustainability practices are encouraged by a culture of open communication and dialogue. By equipping managers with the skills and resources they need to successfully execute sustainability objectives, Horváth's leadership program positions managers as sustainability leaders. Employee engagement and well-being are given top priority by leaders, who understand that these factors are important to the accomplishment of sustainability goals. Through feedback programs, employee engagement and satisfaction can be continuously monitored, allowing for responsive action to address needs and concerns. Investing in work-life balance initiatives improves employee wellbeing and encourages harmonious work-life integration. Employee commitment to sustainability grows as a result, both within the organization and when providing client advice. Long-term success is fueled by this alignment with corporate culture and competent leadership, which guarantees that sustainability is embedded in the organization's DNA. Horváth's focus on leadership initiatives and internal corporate culture highlights the significance of employee engagement and well-being in promoting sustainability. Horváth creates an environment where sustainability is firmly integrated into the corporate strategy by empowering managers as

sustainability leaders and cultivating a culture of responsibility, collaboration and commitment (Horváth, 2024).

#### Key Points from the Interview with E&Y

The senior from E&Y said: "I see the clear communication of values and goals in relation to sustainability as being most effective. If we as E&Y are regularly informed about our long-term sustainability goals and these are firmly integrated into the firm's overall strategy, this creates awareness of the importance of these topics and motivates employees to actively participate in them" (E&Y, 2024, p. 17 Transcript).

At E&Y, internal cultural factors like accountability and teamwork are important in determining sustainability practices. Managers and other senior leaders play a key role in establishing the firm's sustainability culture by modeling sustainable practices and incorporating them into their decision-making procedures. When executives show their own dedication to sustainability, it encourages staff members to do the same, creating a sustainable action culture across the entire firm. To increase awareness and incorporate sustainable practices into regular operations, it is imperative that a firm firmly establish sustainability as one of its core values and missions. To inform staff members about sustainability issues and inspire them to take sustainable action, E&Y's leadership initiatives are centered on awareness and training campaigns. Employee participation in sustainable initiatives is encouraged by reward and recognition programs, which help to create a culture that values and celebrates sustainability. Employees who actively encourage sustainability within the organization, for example, by exchanging information, inspiring peers and using channels of communication to report progress, are recognized and given rewards for their efforts. Employee commitment to sustainability is increased when there is open communication about sustainability goals, developments and difficulties. The significance of effectively communicating sustainability values and objectives that are incorporated into the firm's overarching strategy is emphasized by senior leaders. Employees are motivated to actively participate in sustainability initiatives when they receive regular updates on long-term sustainability goals. Including employee input in decision-making procedures guarantees that organizational support for sustainability initiatives is used and that they are in line with employee viewpoints. This approach increases employee commitment and ownership while also improving the effectiveness of sustainability initiatives. E&Y incorporates sustainability into its fundamental business processes by cultivating a climate of cooperation, accountability and sustainability in addition to strong leadership initiatives. This

strategy makes sure that sustainability permeates the organization's culture, encouraging meaningful participation and having a beneficial effect internally and externally (E&Y, 2024).

### Key Points from the Interview with Roland Berger

The HR specialist from Roland Berger said: "In my opinion, internal corporate culture and leadership are the most important factor in integrating sustainability. Why? They create an environment in which sustainability is perceived and implemented as a central component of the corporate strategy. This can then be continued by other factors. We have special teams made up of employees from different departments and hierarchical levels who voluntarily come together to drive sustainable initiatives within the firm. This is where ideas are collected, existing processes are reviewed and new sustainable practices are designed" (Berger, 2024, p. 22 Transcript).

Roland Berger's sustainability practices are shaped by leadership initiatives and internal cultural factors. The HR Manager highlights the significance of cultivating a culture of excellence and unity in which sustainability is integrated as a core factor of the business strategy. Employees with an open communication culture tend to collaborate and generate ideas across departments and hierarchical levels by sharing their thoughts and concerns about sustainability. The importance of having strong and visionary leadership is emphasized to incorporate sustainability into the firm's culture. Managers set an example for others by making sustainable decisions and acting accordingly. They show a personal commitment to sustainability goals by actively participating in sustainability events and discussions. Managers set personal sustainability goals that encourage and motivate staff members to participate in sustainable projects. There are several ways in which leadership involvement in sustainability initiatives is apparent. Incorporating sustainability goals into performance evaluations and goal setting, managers establish specific targets for implementing sustainable practices within their departments. Through internal channels like newsletters and intranets, they engage staff members directly by communicating sustainability initiatives. Employee involvement in sustainability initiatives is encouraged by this open communication, which shows the leadership's dedication to sustainability. Through the implementation of initiatives like work-life balance, health programs and flexible working hours, the HR Manager further emphasizes the promotion of employee voice and well-being. Leaders who put employee well-being first advance an environment where workers feel appreciated and empowered to participate in

sustainability projects. Employee pride and a sense of belonging are cultivated as a result, strengthening their dedication to a sustainable future (Berger, 2024).

The third guiding question that consulting firms advancing an internal corporate culture that values sustainability, coupled with effective leadership, tend to demonstrate sustainability integration is supported by the findings from the interviews. They advance environments of commitment, responsibility and teamwork, ensuring sustainability becomes a core value. Leadership programs empower managers as sustainability leaders, promoting employee engagement and well-being. This alignment of corporate values and strong leadership drives long-term success and meets client expectations in a competitive market.

#### **5.4. How is Sustainability Integrated**

The purpose of this section is to give readers a better understanding of how consulting firms handle sustainability and incorporate it into their business practices and advisory services. It isn't specifically linked to any of the guiding questions, but it does collect opinions on sustainability practices from leaders in the industry, such as Deloitte, PwC, BCG, E&Y and McKinsey. This section's inclusion enables an investigation of sustainability in the consulting industry by providing viewpoints from several firms with various practices and strategies. It is feasible to obtain important insights into each firm's sustainability practices, community engagement initiatives and measurement techniques

##### Key Points from the Interview with Deloitte

The project specialist from Deloitte said: "We firmly believe that sustainable action is not only ethically and morally right, but also promotes business success. We are accordingly committed to promoting sustainability in all areas of our firm and integrating it into our consulting services" (Deloitte, 2024, p. 3 Transcript).

Deloitte approaches sustainability integration from a certain perspective, firmly believing that taking sustainable action not only makes sense morally and ethically, but also helps businesses succeed. Incorporating sustainability into its consulting services and advancing it throughout all facets of its operations are priorities for the firm. The effort to lower carbon emissions by encouraging virtual work environments and cutting back on business travel is one sustainability practice at Deloitte. The firm's objective of reducing its environmental impact and leaving a positive ecological footprint is in line with this practice. The degree of success that internal sustainability initiatives achieve is measured key performance indicators (KPIs) like the

percentage of renewable energy in the energy mix and the carbon footprint of each employee. In a similar vein, Deloitte uses sustainability techniques for outside consulting projects to lower carbon emissions and leave a more favorable environmental impact. KPIs for external projects include keeping tabs on the decline in business travel, tracking carbon savings from online consultations and assessing the share of energy derived from renewable sources. Deloitte also promotes digital documentation and recycling to cut down on paper usage and waste in external consulting projects. To guarantee that sustainability practices offer clients additional value, Deloitte also incorporates sustainability criteria into client satisfaction ratings. The Program to Promote Educational Opportunities for Disadvantaged Youth is one of the firm's high-impact CSR initiatives. The firm actively participates in several CSR activities. This program aims to improve the prospects for underprivileged youth by providing them with financial support, mentoring, coaching and career guidance. It also addresses social injustices. Apart from spearheading CSR efforts, Deloitte also contributes to the advancement of educational projects and initiatives with the goal of raising the standard of education across the board and creating innovative strategies to advance educational opportunities. At Deloitte, sustainability integration includes internal procedures as well as outside consulting services, with an emphasis on social impact, environmental responsibility and commercial success (Deloitte, 2024).

#### Key Points from the Interview with PwC

The CSR specialist from PwC said: "At PwC, we see sustainability not only as an obligation, but also as a huge opportunity to create and live good values, both inside the firm and outside with our encounters with our clients. Integrating sustainability into consulting projects for our clients is important and in demand, but it is not enough; we also have to further develop sustainability within our firm" (PWC, 2024, p. 7 Transcript).

The PwC CSR specialist gave insights into how the firm's consulting services are integrated with sustainability, demonstrating an approach that considers ecological, social and economic dimensions. PwC assists its clients in creating sustainability strategies that take social responsibility, resource efficiency and environmental management into account. Through the integration of ecological, social and economic factors, PwC helps businesses reduce their environmental footprint while advancing long-term value creation and stakeholder confidence. The CSR specialist highlighted PwC's dedication to international sustainability objectives, such as the SDGs and the Paris Climate Agreement's 1.5°C target. PwC's environmental strategy prioritizes issues like recycling and biodiversity in addition to lowering emissions, in line with

larger sustainability goals. PwC uses a range of KPIs to assess the effectiveness of sustainability initiatives, such as metrics pertaining to CO2 emissions per employee and the quantity of hours spent on sustainability-related training. With the help of these KPIs, PwC can monitor its progress, spot areas for development and show how successful its sustainability initiatives are. PwC actively engages in CSR and community events, concentrating on projects that have the biggest effects, like diversity and inclusion initiatives. By taking part in these initiatives, PwC shows that it is dedicated to improving society and bringing about constructive change, especially in areas where social challenges or inequalities may exist. The CSR specialist highlighted that sustainability is not just seen as a duty at PwC, but also as a major chance to establish and maintain moral principles. While incorporating sustainability into consulting projects is important, PwC also understands how important it is to advance sustainability within the firm. PwC hopes to contribute to a more sustainable future on the inside as well as the outside by stepping up its sustainability initiatives (PWC, 2024).

#### Key Points from the Interview with BCG

The CSR specialist from BCG said: "According to my observations, employees, clients, investors and also governments are increasingly attaching importance to social and ecological responsibility. Firms that proactively integrate sustainability aspects into their strategy can gain strategic advantages, strengthen their reputation and be successful in the long term. The efforts in my department in the area of CSR not only contribute to the positive development of society and the environment, but also strengthen the competitiveness and long-term success of our firm" (BCG, 2024, p. 12 Transcript).

The BCG CSR specialist gave insights into how the firm's consulting services are fundamentally infused with sustainability, stressing an approach that considers social, ecological and economic factors. BCG assists its clients in creating customized sustainability strategies that put social and environmental concerns and economic performance first. According to the firm's own research, increasing profit margins and improving economic performance are the results of incorporating sustainability into business strategy. BCG helps businesses develop resilience, handle significant changes and position sustainability as a differentiator. Analysis, strategy formulation, resource distribution, change management, advancing a culture of innovation, measurement and reporting are all included in this. Initiatives in industries like automotive, food, finance, energy and supply are prime instances of sustainable practices. In these areas, BCG primarily works on strategy formulation, business

model innovation and tackling issues like switching to renewable energy, enhancing energy efficiency and supporting sustainable packaging and agriculture. BCG uses a range of KPIs to assess the effectiveness and impact of its sustainability initiatives. Internally, the promotion of electric vehicles and home office options, the decrease of CO2 emissions and energy efficiency in building management are important metrics. Social effects like the creation of jobs, better working conditions and assistance with neighborhood projects are also considered. To evaluate the effect on profitability, savings and sales growth, financial performance is examined. Important success indicators include client satisfaction with implemented sustainability measures and willingness to support additional initiatives. BCG works with neighborhood nonprofits to address needs and advance social projects and it actively engages in CSR and community events. The community is directly impacted by environmental initiatives like recycling programs, carbon footprint reduction and environmental education, which highlight BCG's dedication to corporate responsibility (BCG, 2024).

#### Key Points from the Interview with E&Y

The senior from E&Y said: "When designing our sustainability strategy, we attach particular importance to ensuring that it does not just exist on paper but is actively integrated into our daily practices and consulting services. This means that we not only pay attention to finding sustainable solutions for our clients, but also constantly question and improve our own business processes in order to minimize our ecological footprint and act in a socially responsible manner. We believe that true sustainability can only be achieved through integration into all aspects of our business" (E&Y, 2024, p. 13 Transcript).

The E&Y senior provides an overview of how sustainability is ingrained in their firm's culture and operations. He emphasizes that their approach to sustainability goes beyond words, demanding that it be actively incorporated into routine operations and interactions with clients. This involves not only coming up with environmentally friendly and socially responsible solutions for their clients, but also continuously reviewing and improving their own business procedures. Their dedication to sustainability is demonstrated through specific instances. For example, they have put energy-saving measures in place in their office buildings, using automated systems to maximize the use of air conditioning and lighting. Their main objectives of reducing environmental effect and mitigating climate change are in line with this practice. Also, they place a high priority on inclusion and diversity in their workforce, putting in place programs for talent development and recruitment that cater to a range of backgrounds. This

enhances their ability to innovate and provide consulting services, while also promoting a more equitable society. When assessing the effectiveness of their sustainability programs, the senior emphasizes the importance of KPIs. These include data on workforce diversity, CO2 emissions per business unit, energy consumption per employee and client satisfaction with sustainable consulting services. These KPIs are regularly assessed and analyzed to monitor advancement, improve performance and guarantee alignment with sustainability goals. The senior stresses the impact and quality of initiatives over participation when it comes to CSR and community engagement. E&Y draw attention to projects that improve and preserve natural areas, like neighborhood cleanups and tree-planting drives. They also plan community-wide events that support health, develop friendships and encourage active lifestyles. In keeping with E&Y's dedication for sustainability practices, these initiatives not only improve community ties but also contribute to societal well-being (E&Y, 2024).

#### Key Points from the Interview with McKinsey

The project manager from McKinsey said: "Our consulting projects are designed to develop tailored solutions that meet our clients' specific sustainability goals and challenges. We combine industry-specific expertise with innovative thinking and an understanding of current trends and developments in the area of sustainability. By continually investing in the development of our own employees, we provide that they have the necessary skills and knowledge to best support our clients in achieving their sustainability goals" (McKinsey, 2024, p. 18 Transcript).

The project manager at McKinsey emphasized how deeply sustainability is ingrained in the business's strategy and offerings, highlighting its dedication to sustainability both internally and in recommendations given to clients. Several pillars make up McKinsey's sustainability strategy, which includes internal initiatives to lessen environmental impact, encourage diversity and inclusion and assist charitable causes. Externally, McKinsey assists businesses in creating and putting into practice sustainable business strategies by utilizing pioneering techniques and resources to spur innovation and expansion. In addition, McKinsey actively participates in industry associations, research projects and public discussions to advance sustainability best practices and standards. Advising businesses on how to incorporate environmental factors and risks into financial analysis is one example of a specific sustainability practice that encourages long-term sustainable investments. McKinsey uses both internal and external KPIs to assess the performance of its sustainability initiatives. Metrics like diversity metrics, CO2 emissions per

employee and employee satisfaction surveys are tracked internally. Important metrics are assessed externally, including the quantity of client sustainability projects and the financial effect on clients. McKinsey regularly takes part in CSR events and community events, offering pro bono consulting services, accelerator programs, mentorship and financial support to support social enterprises, non-profit organizations and start-ups. McKinsey supports social change and sustainable development in the communities it works in by funding research, knowledge sharing and public discourse on societal issues (McKinsey, 2024).

The interviews have demonstrated how deeply Deloitte, PwC, BCG and McKinsey, among the top consulting firms, integrate sustainability. Sustainability is given top priority by Deloitte in both client projects and internal operations, including CSR efforts like educational initiatives. PwC takes an approach, focusing on a variety of metrics to evaluate impact and aligning with global sustainability goals. BCG supports clients in a variety of industries and gets involved in community projects. It highlights sustainability as a driver of economic performance. McKinsey actively participates in CSR events and supports social enterprises, integrating sustainability into its core strategy both internally and in client advisory services. Collectively, these businesses represent a strategy for sustainability in all facets of their client services and operations.

## **6. Case Study**

### **6.1. Analysis of Sustainability Strategies of PwC**

In this case study, PwC's sustainability practices, specifically those in Germany, are examined with a qualitative analysis and data exploration. It seeks to identify the main forces behind PwC's sustainability initiatives and assess how well they work to meet sustainability objectives. The inquiry will consider how PwC's sustainability strategies are affected by regulatory requirements, client preferences, market trends and internal corporate culture. Other consulting firms can gain knowledge from PwC's sustainability initiatives and best practices.

PwC was selected for the case study on sustainability strategies because of its history as a top consulting firm, especially in Germany. For its strategy and proficiency in sustainability advisory, PwC provides a perspective that corresponds with the subject matter of the case study. They are established and well-known in that industry, providing a range of services that are consistent with the case study's sustainability theme. To comprehend how PwC approaches sustainability consulting, it is important to look closely at how internal corporate culture, market trends, client preferences and legal requirements affect the firm's sustainability strategies. The choice of PwC for the case study enables an examination of a well-known German consulting firm with a solid grasp of sustainability-related issues and a proven track record of producing workable solutions in this area. This case study's objectives include an analysis of PwC's sustainability policies, with a special emphasis on its activities in Germany. The objective is to determine the main forces behind PwC's sustainability initiatives and assess how successful they are in reaching sustainability objectives through qualitative analysis and investigation of relevant data provided by the firm.

PwC has a 160-year history and a strong commitment to the future. The firm has operations in 152 nations and roughly 328,000 professionals working for it worldwide. PwC's mission is to solve significant issues and advance societal trust. The firm focuses on providing clients with innovative, high-quality work that will help them achieve long-term results. Financial services, industrial manufacturing, consumer markets, technology, media, telecommunications, government and public services, energy, utilities, health industries, private equity and sovereign investment funds are just a few of the industries in which PwC provides a range of services. The firm helps clients create long-lasting success in a world that is changing quickly by providing solutions to challenging strategic problems. 84 percent of Fortune Global 500 firms, 84 percent of Fortune 500 firms, 88 percent of FTSE 100 firms and sizable portions of other

important indices like S&P Latin America, S&P Europe 350 and S&P Asia are just a few of the many clients that PwC serves. Globally, the firm serves a range of sectors and industries. PwC is regarded as one of the world's top consulting and auditing firms. PwC, which has more than 10,600 committed professionals spread across 21 locations and generated €2.09 billion in revenue in Germany alone, is well-known for its understanding of the industry, high standards of quality, dedication to innovation and global network that spans 158 nations. The firm's market presence and client relationships are evident in its financial performance (PwC, 2022).

### Legal Requirements Analysis

PwC must recognize and abide by all applicable legal requirements and regulations governing sustainability practices to uphold its commitment to ethical behavior and compliance. Many legal frameworks in different markets, including Germany, dictate sustainability practices. PwC's commitment to ethical business practices is demonstrated by its strict adherence to these rules. PwC maintains a Global Third-Party Code of Conduct to support its compliance efforts and ethical standards. This code places a strong emphasis on integrity and accountability when interacting with external stakeholders, emphasizing the value of ethical behavior and compliance throughout PwC's operations. PwC guarantees that its actions, especially in cross-border operations, comply with legal requirements, professional codes of conduct and internal rules and standards by upholding these standards. These values act as important "guardrails," directing PwC employees in their day-to-day tasks and decision-making procedures and strengthening the firm's dedication to moral behavior and legal compliance (PwC, 2021).

It is anticipated that the impending EU Corporate Sustainability Reporting Directive (CSRD) will drastically raise the bar for compliance for businesses, including PwC's subsidiaries in Germany and other European nations, and completely change the corporate value creation agenda. Corporate sustainability reporting is greatly impacted by the CSRD, which was completed in December 2022. It necessitates reporting on ESG issues. The CSRD specifically seeks to improve the reliability, comparability and transparency of sustainability data among EU businesses. The CSRD signifies a significant change in the way firms reveal their social and environmental impact. The directive aims to address growing concerns about social inequality, corporate governance and climate change by requiring reporting on ESG matters. With its focus on "double materiality," businesses will have to consider the effects of their operations on people and the environment in addition to how sustainability issues affect their operations. Beyond current frameworks like the International Sustainability Standards Board

and SEC proposals, this directive establishes a high standard for sustainability reporting. It offers sector-specific standards, streamlined standards for various kinds of entities and the European Sustainability Reporting Standards (ESRS) to provide a customized approach to reporting while preserving consistency and comparability. Firms must begin preparing early because of the CSRD's scope and strict reporting requirements. Legal advice should be consulted right away to manage the difficulties associated with compliance. To ascertain reporting requirements, important issues pertaining to entity size, market listing, turnover and exemptions must be addressed. To guarantee the dependability and accuracy of their disclosures, businesses will need to invest in internal controls and data collection procedures. Challenges could arise from this, particularly for firms that have not previously disclosed sustainability metrics or subsidiaries that function at a sub-consolidated level. Besides, the requirement for independent assurance over CSRD reporting will complicate compliance efforts even further. Over time, assurance requirements will change, requiring non-EU group teams and EU-based assurance teams to coordinate (PwC, 2023).

Regarding the legal requirements on sustainability, PwC's operations in Germany are anticipated to be greatly impacted by the CSRD. This will probably result in a rise in the need for PwC's services to assist clients in meeting the reporting requirements of the CSRD. PwC might have to modify its current services and create new ones to help clients deal with the challenges of CSRD compliance. To guarantee compliance with legal requirements, close coordination with German legal counsel will be necessary. Also, PwC might have to spend money teaching and training its German employees on the subtleties of the CSRD. To guarantee uniformity and adherence to changing assurance standards under the CSRD, coordination with EU-based teams, including assurance teams, will also be required. All things considered, PwC anticipates that the CSRD will require resource investment, cooperation and adaptation in order to properly assist clients in fulfilling their sustainability reporting requirements in Germany.

Regarding Germany, PwC's integration of sustainability practices is greatly influenced by the Supply Chain Act (Lieferkettengesetz). The Lieferkettengesetz requires businesses to make sure there are no environmental or human rights violations in their supply chains. It is a German law that was approved by the Bundestag (German parliament) and went into force in 2023. This forces PwC to carefully evaluate its supply chain partners and put policies in place to handle any hazards that are found. Being in line with moral principles, compliance helps PwC reduce risks to its reputation and legal standing. Firms, including PwC, are required by law to make sure that their supply chains do not violate human rights or negatively impact the environment.

This implies that to guarantee compliance with the law, PwC will need to conduct an internal review of both its own operations and those of its supply chain partners (PwC, 2022).

PwC will need to set up internal procedures and controls to evaluate its supply chain partners and accomplish their legal compliance. Due diligence, audits and risk assessments may be necessary to find and address any possible infractions or hazards in the supply chain. In addition, PwC might have to put internal policies and processes in place to reduce risks and guarantee legal compliance. This could involve creating sustainability policies for supplier agreements, employee training initiatives and procurement procedures to encourage moral sourcing and conscientious business practices across the board. Being morally right, adhering to the Lieferkettengesetz also helps PwC reduce the legal and reputational risks that come with non-compliance. As a result, the law affects PwC's internal operations and necessitates taking preventative actions to guarantee compliance and advance sustainability across its supply chain.

In addition, the SDGs provide a global framework for sustainability when examining different corporate documents. They place a strong emphasis on performance-oriented methodologies and quantifiable measurements and they require firms, including PwC, to match their strategies with these goals. To comprehend changing legal requirements and incorporate them into sustainability strategies, this calls for proactive engagement with governments and stakeholders. As a result, PwC needs to modify its strategies and practices to comply with sustainability standards set forth by German legislation. This entails incorporating sustainability factors into planning, decision-making and business operations procedures. To maintain compliance, PwC might have to make investments in sustainable practices like the use of renewable energy and ethical sourcing. Besides, maintaining abreast of regulatory updates and promoting ethical business practices require cooperation with stakeholders, such as governmental organizations, regulatory bodies, non-governmental organizations and local communities. By adhering to legal requirements, PwC strengthens its standing as a sustainable business leader in Germany and shows its dedication to good corporate citizenship (PwC, 2017).

Although PwC is a worldwide organization, it understands the significance of state, federal and local laws. PwC keeps a careful eye on sustainability-related legal developments in Germany and other relevant markets. Laws pertaining to social responsibility, labor rights and environmental protection fall under this category. PwC guarantees compliance with legal requirements by remaining informed. PwC manages sensitive data, such as client details. It's

important to abide by data protection laws. PwC guarantees private practices and safe data handling. PwC is aware of its influence on the environment. It considers regional environmental laws, rules governing emissions and eco-friendly practices. PwC helps create a greener future by incorporating environmental responsibilities into its operations. PwC's dedication to sustainability and legal compliance goes beyond simple adherence, it informs strategy, sways judgment and promotes good outcomes. PwC contributes to an ethical business environment by managing legal requirements and embracing sustainability. Through the integration of its regulatory expertise, worldwide presence and integrated legal and sustainability services, PwC can assist clients in integrating sustainability into their business strategies and day-to-day operations, all while managing the developing and legal landscape. The analysis demonstrates that PwC complies with legal requirements in several markets, including Germany. They consider laws, norms, and regulations at the local, state and federal levels. Standards, policies, employee screening and communication are all included in PwC's compliance program. PwC manages legal responsibilities in a variety of markets by considering regional laws, financial regulations and environmental standards as well as local codes and standards pertaining to data privacy.

The results of the legal requirements interviews and the examination of PwC firm documents indicate a recurring theme about the significant impact of legal requirements on sustainability strategies in consulting firms. The documents examine a few legislative frameworks, including the Supply Chain Act, the EU CSR directive, the German Sustainability Strategy 2030 and the SDGs, showing how these frameworks have a big impact on these firms' sustainability practices. The enormous pressure placed on consulting firms to guarantee adherence to these legal mandates while strategically coordinating their operations with sustainability goals is one clear trend. Businesses must handle the legal requirements as a framework, which shapes how they approach sustainability integration. Following these mandates is important for businesses that want to preserve their competitiveness in the market and uphold ethical standards, not just to comply with regulations. Also, consulting firms are incentivized to invest in sustainable practices by the legal mandates. Regulations such as the Supply Chain Act and the EU's CSR directive, for example, require businesses to act for human rights and environmental protection, requiring them to invest in sustainability projects to comply with compliance requirements. These regulations encourage businesses to take a proactive stance toward sustainability, realizing how closely related morality and legal requirements are to one another. Besides, it emphasizes how opportunities for consulting firms to stand out in the market are provided by

stringent legal requirements. Businesses can improve their reputation and competitiveness by doing well in areas like risk management, transparency and high-quality reporting. Within consulting firms, proactive compliance with legal mandates stimulates innovation and leads to the creation of strong sustainability strategies that go beyond simple regulatory compliance. To provide the accurate collection, analysis and reporting of sustainability data, compliance with reporting requirements frequently necessitates investments in information technology and internal reorganization. Consulting firms demonstrate their commitment to allocating resources for sustainability integration by acknowledging the significance of specialized knowledge and technological investment in ensuring compliance. It is now evident that international sustainability frameworks, like the SDGs and the EU CSR directive, have a significant impact on legal requirements. These frameworks serve as the foundation for regulatory standards, which incentivize consulting firms to harmonize their operations with more sustainability objectives delineated globally. As part of their compliance strategies, consulting firms operating in regions with strict legal requirements give priority to sustainability integration, aligning with global frameworks' sustainability objectives.

#### Client Preferences & Market Trends Impact

PwC's leadership in sustainability consulting can be attributed to its dedication to comprehending and meeting stakeholder and client expectations. A strict feedback loop and proactive stakeholder engagement define their approach, which guarantees that sustainability strategies are not only successful but also in line with changing client needs and larger societal imperatives. PwC believes that getting client feedback on their sustainability consulting services is important. This feedback loop is a tool for figuring out what the needs, preferences and areas for development of the client are. PwC can improve and customize their services to better meet client expectations and accomplish desired results by aggressively seeking feedback from clients. This emphasis on client feedback demonstrates PwC's commitment to providing value-added solutions that specifically address the goals and challenges of each client (PwC, 2021).

Acknowledging the interdependence of sustainability concerns, PwC actively interacts with stakeholders to shape their sustainability consulting methodology. This engagement encompasses a range of stakeholders, including advocacy groups, community leaders and industry experts, going beyond traditional client relationships. PwC obtains important insights into new trends, legislative changes and public expectations around sustainability through

working with stakeholders. By taking an stance, PwC can customize their services to meet the needs and preferences of a range of stakeholders, guaranteeing that sustainability strategies are not just technically sound but also socially and environmentally conscious. PwC's client-centric approach is centered on matching client expectations and needs with sustainability strategies. PwC makes sure that their consulting services are sensitive to the needs and preferences of their clients by actively listening to their feedback. PwC can deliver solutions that are both relevant and effective through this iterative process of feedback and refinement, which eventually leads to positive outcomes for stakeholders and clients alike. PwC exemplifies a proactive approach to sustainability consulting by prioritizing collaboration, innovation and continuous improvement through their dedication to comprehending and meeting client needs (PwC, 2023).

PwC's operations in Germany are shaped by the expectations of its clients. A growing number of clients are looking for sustainability consulting services, including strategy creation, implementation, monitoring and reporting. PwC's dedication to comprehending and adapting to client preferences guarantees that its offerings continue to be applicable and beneficial to German clients. A key component of PwC's strategy is its strict feedback loop, which actively seeks out client feedback. This feedback mechanism is especially relevant in the German market, where careful business practices are well-known. By integrating client feedback into its service delivery, PwC can better meet the unique needs of its German clientele and become more competitive in the market. Another important factor affecting PwC's operations in Germany is stakeholder engagement. German firms have a history of interacting with a range of stakeholders, such as local communities, NGOs and government agencies. Because of PwC's approach to stakeholder engagement, it has been able to learn more about how German sustainability expectations and regulations are changing. Because of this, PwC can customize its offerings to meet the particular requirements and tastes of the German market.

PwC takes a proactive approach to keeping up with sustainability trends because it understands how important they are in the modern business environment. The firm conducts analyses of societal, technological and market developments to obtain an understanding of how the sustainability landscape is changing. Sustainability is no longer just a nice-to-have, according to PwC. It now plays an important role in corporate decision-making and stands for long-term economic success. Understanding how a firm's operations affect society and the environment is the main concern. This knowledge impacts firm sustainability strategies and business models. Nowadays, a firm's ability to stay competitive in the market depends entirely on its corporate sustainability. Stakeholders anticipate that businesses will take accountability by addressing

social and environmental impacts in addition to financial results. As part of this commitment, PwC Germany keeps a close eye on reports from well-known industry analysts, obtaining insightful insights on new developments, industry best practices and obstacles related to the sustainability consulting space. In addition, the firm makes use of information from other sustainability-focused consulting firms, which promotes a cooperative approach to knowledge sharing and industry advancements. Also, PwC Germany highlights the importance of fundamental sustainability frameworks like CSR principles and ESG criteria. PwC Germany guarantees a grasp of sustainability issues by incorporating these frameworks into their analyses, which enables them to offer their clients strategic and informed advice. PwC Germany can provide relevant and significant sustainability consulting services that effectively address the changing needs and obstacles faced by businesses in the region because of its dedication to staying informed and adjusting to market dynamics (PwC, 2024).

For example, PwC collaborated with GEA Group, a German engineering firm, to assist them in methodically analyzing risks and opportunities associated with climate change and incorporating them into enterprise risk and opportunity management initiatives. One of the biggest system suppliers to the food, beverage and pharmaceutical industries worldwide is GEA. As a result, GEA was able to strengthen its decarbonization strategy, create a business model and raise its profile among investors, rating firms and sustainability rankings. In 2023, PwC's efforts on this project in Germany earned them a "Best of Consulting" award. Long-term success depends on businesses incorporating sustainability into their strategy as pressure to address environmental issues grows. PwC's proficiency in this domain not only bolstered GEA's decarbonization approach but also amplified its legitimacy among important stakeholders, including investors, rating agencies and sustainability rankings (PwC, 2024).

An important trend is the incorporation of AI into sustainability initiatives, particularly for consulting firms. PwC's investigation into generative AI demonstrates how useful it is for advancing environmental initiatives. PwC illustrates through case studies how generative AI helps businesses prove the financial benefits of sustainability, handle changing sustainability regulations and obtain data for decision-making. Consulting firms benefit from this integration in several ways, including improved decision-making, regulatory compliance, financial benefit analysis, data access and customized solutions that help them stand out in the market and have a positive environmental impact. (PwC, 2024).

The strategies of consulting firms are shaped by market trends and client preferences in the dynamic business environment of today. Market trends and client preferences, particularly in sustainability, have an impact on PwC's operations in Germany. A development in the business world is the increased emphasis on ESG factors. Since businesses are prioritizing sustainability more and more to comply with regulations, draw in investors and maintain good reputations, PwC is well-positioned to take advantage of this trend. PwC was established as a leader in sustainability consulting. PwC's proficiency in sustainability consulting not only corresponds with current market trends, but also signifies a proactive stance in tackling worldwide issues. PwC can support clients in implementing sustainable practices that promote resilience and long-term value creation by drawing on their understanding of ESG principles. Strengthening PwC's standing as a reliable advisor, this strategic positioning helps the firm build lasting relationships with clients who share its commitment to improving the environment and society.

The analysis of PwC documents and interviews with Deloitte, E&Y and McKinsey representatives offer insightful information about how market trends and client demand impact sustainability strategies in the consulting industry. All these firms acknowledge that market trends and consumer preferences have a big influence on how they approach sustainability. For example, Deloitte stresses that to guarantee the efficacy and applicability of its sustainability initiatives, it is important to remain current with market trends and client demands. The firm's ability to adjust and react quickly to changing client needs, for example, by creating digital strategies for conventional retail businesses, demonstrates how dedicated it is to provide sustainable services. In a similar vein, E&Y recognizes that market trends and consumer preferences have an impact on its sustainability strategies, especially when it comes to issues like environmental responsibility and moral business conduct. The firm's proactive approach to sustainability highlights its adaptability to market dynamics, as it is motivated by a commitment to fulfilling evolving client demands and industry standards. McKinsey emphasizes the growing need for sustainable solutions and the increasing importance of ESG factors in corporate decision-making. The firm also aligns its sustainability strategies with market trends and client preferences. The firm's adaptability, inventiveness and commitment to developing customized solutions demonstrate how attentive it is to market developments and client needs. Also, PwC's active involvement with stakeholders and strict feedback loop demonstrate the firm's dedication to comprehending and accommodating client preferences. Through proactive client feedback and stakeholder collaboration, PwC makes sure that its sustainability strategies are in line with changing consumer needs and societal expectations. Businesses tend to integrate sustainability

into their business strategies if they are attentive to client needs and in line with industry trends. Through this alignment, businesses can maintain their positive reputations, remain competitive in the market, observe to regulations, draw in investors and have a positive impact on the environment and society.

### Internal Corporate Culture and Leadership Influence

PwC's corporate culture, with values engrained in the firm's strategy, is the driving force behind its sustainability journey. Whether they are in Germany or another nation, global corporations such as PwC typically have guiding values and principles that direct their operations globally.

The firm's culture is shaped by guiding principles such as integrity, teamwork and making a positive impact on society, which are not just slogans. A key factor in developing and maintaining this culture and guaranteeing alignment with PwC's goal, purpose and vision is leadership communication. PwC leaders play an important role in creating a culture that values sustainability by highlighting the connections between social, environmental and economic goals. Beyond words, PwC's dedication to sustainability is demonstrated by its active employee engagement programs, which inspire staff members to act as a group. PwC encourages a sense of ownership and accountability in its workforce by giving them the tools they need to meaningfully contribute to sustainability goals. This encourages creativity and teamwork among its various teams. PwC advances a culture of engagement wherein staff members actively participate in advancing sustainability both within the firm and in the larger community through programs like volunteering, sustainability workshops and diversity and inclusion initiatives. A key factor in advancing PwC's sustainability agenda is leadership commitment. Leaders at PwC promote sustainability as a strategic imperative, integrating it into organizational strategies and decision-making processes from the executive suite to frontline managers. PwC's leadership exemplifies a forward-thinking strategy that goes beyond immediate financial gain by coordinating business objectives with sustainability goals. The firm's support of the SDGs is indicative of its commitment to solving global issues and generating long-term benefits for society. By 2030, the firm wants to have zero net greenhouse gas emissions. Ensuring organizational resilience and competitive advantage, the alliance between an effective leadership style and a sustainability-focused culture positions PwC as a catalyst for positive change within the larger business community. PwC encourages industry peers to embrace sustainability as a pillar of corporate strategy through advocacy, collaboration

and knowledge sharing. This advances efforts towards a more sustainable and prosperous future (PwC, 2023).

It is obvious that leadership and internal cultural factors play an important role in determining how consulting firms like PwC implement sustainable practices. Global decision-making at PwC is guided by an organizational culture centered around values like integrity, teamwork, and societal impact. Leadership communication emphasizes sustainability as a core value and serves to reinforce this culture by bringing it into line with the firm's mission and vision. PwC executives embrace sustainability, incorporating it into strategies and decisions that go beyond immediate financial gain. In consulting firms, employee engagement improves sustainability integration even more. PwC provides its employees with the tools they need to make a significant contribution to sustainability goals by promoting diversity and offering volunteer opportunities. Employee accountability and ownership are encouraged by this engagement, which promotes teamwork and creativity. PwC guarantees that sustainability becomes embedded in daily operations, boosting organizational resilience and competitive advantage, by actively involving employees in sustainability initiatives. It is unlikely that a firm will concentrate sufficiently on sustainability if internal culture and strong leadership are not given top priority. There is no clear framework to direct decision-making toward sustainability goals in the absence of a strong corporate culture shaped by values like integrity and societal impact. To instill these values and make sure they are incorporated into the firm's culture, leadership is important. Also, in the absence of leadership dedication, sustainability might not be seen as central to the firm's goal and vision, which would lead to a lack of strategic direction and a preference for short-term gains over long-term sustainability initiatives. If leadership does not support and encourage employee engagement in sustainability initiatives, employee engagement may also suffer. One of the biggest obstacles to a firm using sustainability initiatives to effectively address environmental, social, and economic challenges is a weak internal culture and ineffective leadership.

Examining PwC's sustainable corporate report as well, it reports that firms that prioritize sustainability internally and have strong leadership tend to demonstrate integration of sustainability into their business strategies. The report outlines three primary strategies for achieving sustainable corporate governance: incorporating sustainability into the corporate mission, creating a dedicated ESG department and integrating sustainability into management systems. One factor that stands out is leadership. Forward-thinking executives prioritize sustainability as part of their firm's mission, support innovation and push for stronger laws and

regulations. The report also emphasizes how important it is to integrate sustainability throughout the entire organization, suggesting that sustainability officers be appointed to each department to oversee sustainability-related tasks. The goal of this decentralized strategy is to integrate sustainability into all facets of the business's operations and culture. To avoid "sustainability silos" from forming and to guarantee that sustainability initiatives are coordinated, it is stressed how important it is for sustainability officers from various departments to collaborate and communicate on a regular basis. The report also recognizes that sustainability is dynamic and that businesses must constantly adapt to change, keeping up with the most recent advancements, laws and practices (PwC, 2023).

The analysis of PwC's documents and the interviews with representatives from consulting firms like Horváth, E&Y and Roland Berger offer insights into the patterns, trends and connections between sustainable strategies, effective leadership and internal corporate culture in consulting firms. These results clarify whether, as predicted, consulting firms with strong leadership and an internal corporate culture that values sustainability tend to demonstrate sustainability integration. Consistent themes emerged from the interviews concerning the role that strong internal corporate cultures and capable leadership play in promoting sustainable practices in consulting firms. The importance of creating a firm culture that gives sustainability-related values like dedication, accountability, responsibility and teamwork top priority is one of the main ideas. This shows that there is a movement in favor of acknowledging the fundamental part that cultural values play in encouraging long-term behavior within organizations. It is emphasized that integrating sustainability within consulting firms requires effective leadership. The promotion of sustainability, setting an example through their actions and coordinating business goals with sustainability objectives are all attributed to leaders. This pattern suggests a direct correlation between sustainability integration and leadership commitment. The interviews also highlight the significance of employee involvement, with programs designed to raise awareness, promote involvement and develop a sense of accountability and ownership among staff members. This points to a trend wherein successful sustainability integration is seen to depend on employee engagement. These conclusions are further supported by PwC's sustainable corporate report, which emphasizes the significance of leadership commitment and cultural integration. It emphasizes how important it is for visionary leaders to support stronger standards and legal frameworks, align business goals with sustainability objectives and advocate for sustainability. This validates the connection between sustainability integration and leadership commitment found in the interviews. To instill sustainability into the organizational

culture at all levels, the report suggests designating sustainability officers in each department and integrating sustainability throughout the business. This supports the trend toward cultural integration of sustainability within consulting firms and is consistent with the emphasis on cultural values noted in the interviews. The report also recognizes that sustainability is dynamic and that it is important to proactively adapt to new opportunities and challenges. This pattern supports the idea that firms that cultivate an internal corporate culture that values sustainability tend to integrate sustainability practices into their business strategies by indicating that consulting firms recognize the need to be flexible and responsive to changes in the sustainability landscape. The results of the interviews and the sustainable corporate report support the theory that consulting firms with strong leadership and an internal corporate culture that values sustainability tend to demonstrate sustainability integration.

### PwC Sustainability Initiatives

Through case studies, client projects and collaborations, PwC illustrates the value of their firm's strategy for tackling sustainability issues and providing clients with value. These illustrations show PwC's proficiency, problem-solving abilities and effective results. PwC sets itself apart from rivals and gains credibility by showcasing real-world success stories. Successful results from their client projects highlight PwC's ability to solve problems and its knowledge of how to handle sustainability-related issues.

An important first step toward sustainable business practices in the face of growing climate challenges is PwC's "Climate Excellence" tool. By providing a solution to analyze and visualize the financial impacts of climate-related transition and physical risks, this pioneering tool aims to empower businesses across all industries. Climate Excellence acts as a cornerstone for well-informed decision-making and strategic planning by giving businesses a platform to measure climate risks and opportunities, test strategies and effectively communicate their findings. Climate Excellence's partnership with Solvay, a well-known German chemical firm, is one noteworthy application. By means of this collaboration, Climate Excellence enabled the evaluation of Solvay's climate-related hazards and prospects, emphasizing its pragmatic applicability in actual situations. This success story highlights the observable advantages of incorporating Climate Excellence into corporate operations, allowing businesses to take the lead in addressing climate-related issues and seizing new opportunities. Incorporating sustainability into its own operations and client advisory services, PwC shows its commitment

to sustainability by offering businesses a solution to evaluate and manage climate risks and opportunities (PwC, 2022).

The automotive industry, for example, is facing both opportunities and challenges at this connection in the face of growing climate-related uncertainty. Aware of the need for preventative measures, clients gave PwC an assignment, carrying out an evaluation of physical risks in about 30 locations spread across 11 countries. This assessment sought to identify and assess potential physical risk exposures within the client's operations and supply chain. It was carried out in accordance with the most recent regulations of the EU taxonomy DNSH 2 criteria. PwC used geolocation-specific climate scenario data to identify material risks associated with acute and chronic physical hazards in accordance with the EU Taxonomy Climate Change Mitigation Act. Potential risks were determined in the first phase using thresholds specific to specific hazards that were based on science. In the second phase, vulnerability aspects related to the client's business model and current adaptation measures were considered, which made it possible to derive additional adaptation solutions to improve resilience. The assessment's findings demonstrated the extent of the client's challenges, with 97% of the locations under analysis possibly impacted by physical risks. The client was able to efficiently track and manage these risks at different organizational levels by incorporating the findings into their enterprise risk management framework. The risks that were identified were combined into an adaptation strategy that allowed the client to track their progress and keep strengthening their defenses against threats related to climate change. Given the quickly changing business environment of today, this case study is relevant. For long-term sustainability and business continuity, proactive risk management and adaptation strategies are important as climate change continues to put pressure on industries around the globe. Firms can obtain important insights into their exposure to climate-related risks and take proactive steps to lessen their impact by working with PwC and utilizing tools like Climate Excellence. In the end, this improves operational resilience and establishes businesses as pioneers of sustainable business practices, resulting in favorable effects on the environment and society (PwC, 2023).

PwC's commitment to supporting sustainable corporate development and compliance with changing ESG reporting standards is demonstrated by their partnership with Envoria, a top German software firm. PwC Germany and Envoria have formed a strategic alliance to provide businesses with a solution that includes PwC's skilled consulting services and Envoria's sustainability reporting software. The goal of this partnership is to help businesses comply with legal requirements like the German Supply Chain Due Diligence Act and the EU Taxonomy,

as well as different ESG reporting standards like GRI and ESRS. Through the integration of PwC's consulting expertise with Envoria's scalable and audit-proof SaaS solution, the partnership offers an integrated approach to sustainability reporting, data management and compliance. Firms can successfully incorporate ESG criteria into their business strategies by streamlining data collection, management, monitoring and reporting procedures. This collaboration demonstrates PwC's capacity to use its consulting experience and work with pioneering technology suppliers to deliver sustainability solutions. PwC stays at the forefront, enabling businesses to embrace a more sustainable future and handle the complexities of sustainability reporting as regulatory and market demands for sustainable business practices grow (PwC, 2024).

PwC's sustainability initiatives are centered on generating value for the economy, society, and people. The three main goals of sustainability are to create a values-driven society, a sustainable economy and a healthier planet. Their mission has evolved to include solving significant issues and advancing social trust. PwC has committed internally to reaching net-zero emissions by 2030, cutting emissions from Scope 1 and 2 by 50%, reducing emissions from business travel by 50%, switching to 100% renewable electricity in all regions (focusing on lowering environmental impact through programs like waste management and energy efficiency in LEED-certified buildings), guaranteeing that 50% of suppliers have established science-based targets for reducing emissions and offsetting residual emissions with premium carbon credits in order to reach 100% carbon removals by 2030. They have matched their activities to the SDGs of the UN, concentrating especially on five of the SDGs. (PwC, 2022).

PwC helps public sector organizations for sustainability client projects by optimizing operations and ecosystems while setting the standard by setting sustainability goals and putting targeted actions into action. Developing sustainability strategies, incorporating sustainability into corporate governance and operations, digitizing value chains, putting smart city projects into action and creating sustainable procurement procedures are just a few of the consulting services they provide. To generate long-term value, increase societal trust and contribute to a more sustainable future, PwC customizes its sustainability solutions for a range of industries. Transportation and Logistics: they optimize logistics for sustainability / Retail and Consumer: they promote circular economy practices / Pharmaceuticals and Life Sciences: they balance innovation with environmental impact / Real Estate: they advance green building practices / Automotive: they address emissions reduction and sustainable mobility / Chemicals: they address responsible production and supply chains / Energy Sector: they support the transition

to renewable energy / Financial Services: they integrate ESG considerations into financial decision-making / Industrial Production: they increase resource efficiency / Public Sector: they drive sustainable policies (PwC, n.d.).

PwC incorporates pioneering approaches to corporate sustainability through thought leadership, outlining roles, responsibilities and procedures to guarantee successful execution. They cooperate with international organizations, publish research and insights on sustainability and climate change issues and publish annual Sustainability and TCFD Climate Reports in accordance with accepted principles and standards. To improve all employees' knowledge of sustainability and ESG issues, they have started an "ESG Academy."

PwC disseminates analysis and research on climate change and global sustainability. Supply chain optimization, energy consumption, generative AI, climate technology and other issues are covered. These publications are useful because they give interested parties data and analysis that can help with decision-making regarding sustainability and efforts to mitigate climate change. PwC helps to address global environmental challenges by promoting awareness, encouraging dialogue and driving positive change through the sharing of research and insights (PwC, 2023).

These strategies demonstrate that PwC has integrated sustainability as a key component of its global strategy and is making substantial efforts to lessen its own environmental impact, improve the skills of its personnel and assist clients from a variety of industries in addressing sustainability-related issues.

There is a strong correlation between the results of the PwC case study analyses and the interviews with executives from Deloitte, PwC, BCG, and McKinsey. The results of the interviews highlight the strategy for sustainability integration used by consulting firms such as Deloitte, PwC, BCG, and McKinsey. These businesses place a high priority on sustainability in terms of the environment, society and economy, demonstrating a dedication to sustainable practices. To provide accountability and track advancement toward sustainability goals, they use KPIs to assess the success of sustainability initiatives both internally and externally. Consulting firms also actively participate in CSR initiatives with the goal of improving society. This includes programs that alleviate social injustices, encourage environmental responsibility, and assist young people from disadvantaged backgrounds. To effectively address sustainability challenges, strategic collaboration and innovation are also used. Examples of this include creating tailored sustainability strategies for clients, encouraging innovation in sustainable

practices, and utilizing technology to promote sustainability. The case study's PwC sustainability initiatives demonstrate a dedication to generating value for society, the environment, and the economy. PwC's approach covers a range of sustainability goals, such as creating a values-driven society, supporting a sustainable economy, and making the world healthier. PwC has made internal commitments to switching to renewable electricity, lowering Scope 1 and 2 emissions, and reaching net-zero emissions by 2030. Externally, PwC provides industry-specific consulting services to help clients in a variety of industries tackle sustainability challenges. Creating sustainable strategies, incorporating sustainability into corporate governance, digitizing value chains and implementing sustainable procurement procedures are some of these initiatives. PwC publishes research and insights on global sustainability and climate change issues, emphasizing knowledge sharing and thought leadership in sustainability. The case study demonstrates PwC's commitment to sustainability even more.

PwC evaluates risks associated with climate change, creates strategies for sustainable business operations and helps clients comply with ESG reporting requirements. Examples include collaborations with businesses to assess physical risks in supply chains and operations, as well as partnerships with software vendors to expedite data management and sustainability reporting. PwC's proactive strategy for mitigating climate-related risks and advancing sustainable business practices is consistent with the industry trends mentioned from the interview including the use of KPIs for assessment and measurement, active participation in CSR initiatives and innovative and strategic collaboration. The case study supports and increases the conclusions drawn from the interviews. PwC has a commitment to sustainability that aligns with industry standards and best practices. This commitment is demonstrated by the firm's approach, measurement through KPIs, active engagement in CSR, strategic collaboration and innovation. Accordingly, the conclusions drawn from PwC's sustainability initiatives are in line with patterns seen in consulting firms, highlighting the importance of sustainability integration and strong leadership in the consulting industry.

## **6.2. Challenges, Successes and Recommendations**

This Investigation case method enables an exploration of real-world scenarios, providing insights into the challenges and opportunities faced by a consulting firm in integrating sustainability into their operations. The information gathered for the case study results from firm reports, financial statements, press releases and industry publications of PwC.

Throughout the case study, several key challenges and successes emerged, offering useful lessons for both PwC and other consulting firms seeking to increase their sustainability initiatives. One of the primary challenges identified was the need to handle complex regulatory landscapes across different regions. Consulting firms like PwC operate in various markets with varying sustainability regulations, requiring them to stay abreast of developing legal mandates. This challenge necessitates substantial investments in information technology and internal reorganization to provide accurate data collection, analysis, and reporting. The impact of legal requirements on sustainability strategies cannot be overstated. Compliance with regulatory standards, such as the SDGs and the EU CSR directive, serves as a foundation for sustainability initiatives, incentivizing consulting firms like PwC to align their operations with global sustainability objectives. Handling various regulatory landscapes across regions presents a significant challenge, requiring substantial investments in technology and organizational restructuring.

Client preferences and market trends influence the strategies of consulting firms, as highlighted by PwC's proactive approach to understanding and meeting stakeholder expectations. By actively engaging with clients and stakeholders, PwC provides that its sustainability strategies remain aligned with evolving market demands and societal imperatives. Incorporating client feedback into sustainability initiatives leads to improved client satisfaction, as PwC can better meet the expectations and preferences of its clients, resulting in higher levels of satisfaction and loyalty. Also, client engagement advances a culture of innovation within PwC, encouraging the exploration of new ideas and approaches to sustainability challenges, thereby driving continuous improvement and differentiation in the market. There are also challenges associated with this approach. Balancing the various expectations and priorities of clients and stakeholders can be challenging, particularly in a global context where cultural and regulatory differences may exist. Besides, actively engaging with clients and stakeholders requires significant time, effort, and resources, which may strain organizational capacities, particularly for smaller consulting firms. Market trends and client preferences are constantly evolving, requiring consulting firms to remain agile and adaptable in their approach to sustainability, which can pose challenges in terms of strategic planning and resource allocation.

PwC's internal corporate culture and leadership influence play an important role in driving sustainability initiatives forward. By instilling values like integrity, teamwork, and societal impact, PwC advances a culture of sustainability throughout the organization. This has resulted in increased employee engagement and ownership of sustainability goals, leading to more

effective implementation of sustainability strategies across the organization. Leadership communication and employee engagement programs further reinforce this culture, empowering staff members to contribute meaningfully to sustainability goals. Through regular communication and engagement initiatives, PwC's leadership has been able to mobilize employees around sustainability goals and empower them to act. This has led to a culture of innovation and continuous improvement, with employees actively contributing ideas and solutions to sustainability challenges. PwC's leadership in sustainability consulting is further exemplified by its commitment to innovation and continuous improvement. Through collaborations with clients like GEA Group, PwC demonstrates its ability to provide tailored solutions that address specific sustainability challenges, such as climate change mitigation and decarbonization. These success stories not only showcase PwC's expertise but also highlight the tangible benefits of integrating sustainability into business strategies. One challenge is ensuring consistent buy-in and commitment to sustainability goals across all levels of the organization. While PwC's leadership may be committed to sustainability, ensuring that these values are effectively communicated and implemented throughout the organization can be challenging, particularly in larger and more complex organizations. Another challenge is maintaining momentum and sustaining employee engagement over time. While initial enthusiasm for sustainability initiatives may be high, sustaining this momentum over the long term requires ongoing effort and investment in employee engagement and communication. Handling competing priorities and balancing short-term business objectives with long-term sustainability goals can be challenging, particularly in industries where profitability is still the primary focus.

PwC's strategic partnerships and initiatives, such as the collaboration with Envoria to provide sustainability solutions, demonstrate its commitment to supporting clients in their sustainability journeys. By leveraging pioneering technology and expertise, PwC helps businesses handle complex ESG reporting requirements and address sustainability challenges effectively. PwC has demonstrated success in integrating sustainability into its operations through strategic partnerships, innovative initiatives, and client collaborations. By leveraging technology and expertise, PwC helps businesses handle complex ESG reporting requirements and address sustainability challenges effectively. The effectiveness of PwC's sustainability initiatives emphasizes the importance of agility, innovation, and collaboration in driving sustainable practices within consulting firms. Challenges such as regulatory complexities and changing client preferences necessitate ongoing adaptation and improvement.

Successful aspects of PwC's approach include the demonstrated effectiveness of its sustainability initiatives in integrating sustainability into its operations. By partnering with industry leaders like Envoria, PwC has been able to advantage innovative solutions to help clients meet their sustainability goals. These initiatives showcase PwC's agility and ability to adapt to changing market dynamics, positioning the firm as a leader in sustainability consulting. PwC's emphasis on collaboration emphasizes the importance of partnerships in driving sustainable practices within consulting firms. By working closely with clients and technology partners, PwC can develop tailored solutions that address the specific sustainability challenges faced by businesses. This collaborative approach has proven successful in helping clients achieve tangible results and demonstrates PwC's commitment to driving positive change. There are also challenges associated with PwC's strategic partnerships and initiatives. One challenge is handling regulatory complexities, particularly in industries where ESG reporting requirements are constantly evolving. Keeping abreast of regulatory changes and ensuring compliance can be a resource-intensive process, requiring ongoing investment in training and development. Changing client preferences and market trends present challenges for consulting firms like PwC. As clients increasingly prioritize sustainability in their business operations, consulting firms must continually adapt their service offerings to meet evolving client needs. This may require investment in new technologies, expertise, and capabilities, as well as ongoing market research to stay ahead of emerging trends.

The case study of PwC's sustainability initiatives highlights the interconnected nature of challenges and successes in integrating sustainability into consulting operations. By addressing regulatory complexities, understanding client preferences, advancing a culture of sustainability, and leveraging strategic partnerships, PwC exemplifies best practices in sustainable consulting. As the business landscape continues to evolve, consulting firms must remain agile and proactive in their approach to sustainability, embracing innovation and collaboration to drive positive change. Moving forward, consulting firms must remain agile and proactive in their approach to sustainability, embracing innovation and collaboration to drive positive change. Potential avenues for future research include further exploration of the impact of technology on sustainability integration and the role of stakeholder engagement in driving sustainable practices.

Based on the nine interviews and the analysis conducted on PwC's sustainability initiatives and their alignment with industry trends and best practices, six recommendations emerge to strengthen sustainability integration efforts from consulting firms in Germany. These are

practical implications of the findings for consulting firms and it demonstrates how they can use this research to improve their sustainability integration into their business strategies.

<b>Recommendations</b>	<b>Description</b>
<p>1. Strengthening Leadership Commitment</p>	<p>A key component of a successful integration of sustainability is a strong commitment from the leadership. At the highest levels of leadership, consulting firms should place a strong priority on sustainability, making sure that executives show a resolute and unambiguous commitment to these objectives. This entails supporting sustainability initiatives and getting involved in them, acting to show how important sustainability is, and clearly communicating the importance of sustainability to every employee. A sustainable culture within the firm can be established by the leadership of the firm by integrating sustainability into the strategic vision and operational priorities. Improving the leadership's dedication to sustainability is important to successfully implementing organizational change. To align leadership priorities and promote a sustainable culture, this recommendation may involve an initial time and resource investment, the long-term advantages outweigh the drawbacks.</p>
<p>2. Enhancing Employee Engagement</p>	<p>For an organization to adopt sustainable practices, employee engagement is important. By funding and offering training programs, workshops and chances for participation in sustainability projects, consulting firms can further encourage employee engagement in sustainability initiatives. By leveraging the combined skills, knowledge, and creativity of its workforce to address complex sustainability challenges, employers can cultivate a culture of innovation, ownership and accountability by encouraging staff members to contribute ideas and solutions to sustainability challenges.</p>

<b>Recommendations</b>	<b>Description</b>
3. Implementing Sustainability Reporting	<p>Monitoring the advancement of sustainability objectives and guaranteeing accountability require transparent and sustainability reporting. Strong sustainability reporting systems that comply with international frameworks like the Task Force on Climate-related Financial Disclosures (TCFD) and the Global Reporting Initiative (GRI) should be developed and implemented by consulting firms. To do this, it is necessary to create KPIs pertaining to sustainability metrics, gather and examine relevant data and present findings in an understandable and transparent way. Even though putting in place strong reporting mechanisms may need upfront expenditures for tools for data collection, analysis and reporting frameworks, the long-term advantages outweigh the costs. Through reporting, the firm can improve accountability and transparency, win over stakeholders and show that it is a leader in sustainability. It also makes risk management, performance monitoring and well-informed decision-making possible. The firm can gain trust, draw in investors and set itself apart in the market by giving stakeholders accurate and timely information on sustainability performance.</p>
4. Expanding Client Advisory Services	<p>Consulting firms that extend their client advisory services to a range of industries and sectors can greatly increase their impact on sustainability. To effectively address sustainability challenges, this entails creating customized sustainability solutions for clients, incorporating sustainability considerations into corporate governance and operations and utilizing pioneering technologies. Although there may be costs associated with hiring, training and market research, there could be significant returns from following this advice. They can assist firms in handling the shift to sustainable business practices and seizing opportunities for growth and innovation by offering clients strategic advice and workable solutions. Including sustainability consulting in the firm's client advisory services expansion offers a big chance for revenue growth and competitive</p>

<b>Recommendations</b>	<b>Description</b>
	<p>advantage. Consulting firms can develop new revenue streams, strengthen client relationships and establish themselves as a reliable source of advice on sustainability-related issues by providing clients with sustainability solutions. By growing their advisory services, they can better utilize their knowledge and skills to tackle the urgent sustainability issues that firms in all industries are facing.</p>
<p>5. Strengthening Strategic Partnerships</p>	<p>Promoting sustainable practices in consulting firms requires cooperation with strategic partners. To improve its sustainability offerings, they should keep fortifying their alliances with research centers, technology firms and business titans. The advantages of forming and sustaining partnerships outweigh the expenses, even though they may call for investments in teamwork, technology integration and relationship-building. They can use pioneering solutions and knowledge to assist clients in their sustainability journeys by working with partners like Envoria. Through strategic partnerships, organizations can gain access to specialized knowledge, resources and capabilities that increase their own expertise. This can lead to innovation in sustainability consulting and improve the value proposition for clients. Consulting firms can broaden their clientele, reduce risks and provide clients with solutions that cater to their changing sustainability requirements by cultivating strategic partnerships.</p>

Recommendations	Description
6. Handling Regulatory Complexity	<p>Consulting firms that operate in various markets with a range of sustainability regulations face a significant challenge in handling regulatory complexity. It is recommended that consulting firms allocate resources towards the establishment and upkeep of resilient systems and procedures that can effectively handle regulatory obligations and guarantee adherence to changing sustainability guidelines and reporting standards. This entails rearranging internal procedures to expedite compliance efforts, investing in information technology for data collection and analysis and performing routine assessments of legal requirements. Although this suggestion might necessitate expenditures for information technology, legal knowledge and compliance monitoring systems, the possible repercussions of non-compliance outweigh the costs. By being proactive in meeting regulatory requirements, they can show their commitment to moral and responsible business practices while avoiding penalties, legal ramifications and reputational harm. Consulting can protect its reputation, gain the trust of stakeholders and keep a competitive edge in the market by keeping up with regulatory changes and putting strong compliance measures in place.</p>

Table 4: Six Recommendations for Consulting Firms in Germany (Own representation).

Consulting firms can strengthen their position as leaders in sustainable consulting practices in Germany by giving priority to these recommendations and coordinating their sustainability initiatives with industry best practices.

## **7. Discussion**

### **7.1. Interpretation of Results**

This thesis reveals several recurrent themes and strategic imperatives that illuminate the complex interactions that occur in the consulting industry between client engagement, leadership commitment, market trends, sustainability integration and strategic partnerships. One of the main conclusions is that leadership commitment plays an important role in propelling sustainability initiatives in consulting firms. The talk emphasizes the importance of strong leadership at the top, not just in supporting but also actively promoting sustainability goals through practical actions and well-thought-out communication. Leaders establish a culture of sustainability by integrating sustainability into the firm's strategic vision and operational priorities. This encourages employee engagement and a sense of ownership over sustainability objectives across the entire organization.

Consulting firm strategies have a significant impact on their clients' businesses, pushing them to integrate sustainability more deeply and strategically align with ESG goals. Consulting firms enable organizations in various industries to effectively handle sustainability challenges, adopt creative solutions, and capitalize on sustainable growth prospects by means of client engagement and advisory services. Making it easier to accomplish sustainability objectives, this client-centric strategy advances a positive feedback loop by empowering clients to advocate for sustainability in their own spheres of influence. Consulting firms can make sure that their sustainability initiatives stay in line with changing market demands and societal imperatives by actively seeking out and incorporating client feedback. To increasing client satisfaction, this client-centric strategy encourages innovation within consulting firms, which promotes ongoing development and competitive advantage.

The disclosure also emphasizes how partnerships play a strategic role in promoting sustainable practices in consulting firms. Through partnerships with academic institutions, technology firms and business executives, consulting firms can gain access to specialized knowledge, resources and capabilities that increase their core competencies. By advancing innovation in sustainability consulting and strengthening the value proposition for clients, these strategic alliances establish consulting firms as reliable sources of information on sustainability-related issues. These collaborations promote innovation, ease the flow of knowledge and quicken the pace of sustainability advancement both inside and outside the consulting industry.

It also emphasizes how important sustainability reporting is for monitoring the advancement of sustainability objectives and guaranteeing accountability. Consulting firms can improve transparency, gain stakeholder trust and show their dedication to sustainability leadership by putting in place strong reporting systems that are compliant with global frameworks. Consulting firms show their commitment to morality and responsible business practices by putting in place strong reporting mechanisms that are in line with international standards. These mechanisms also give stakeholders important information about the sustainability performance of the firm. This open approach advances innovation and ongoing sustainability practice improvement in addition to increasing investor trust and credibility.

It is evident that this sustainable strategy, which is marked by a strong commitment from the leadership, client engagement, strategic partnerships and reporting, acts as a catalyst to bring about positive change and influence the direction of sustainability in the consulting industry going forward. Consulting firms' use of this strategy is important to the industry's advancement of the sustainability agenda. Consulting firms lead by example by making sustainability a core value and incorporating it into organizational strategies and decision-making procedures. This is evident in how they interact with clients and with their peers. This leadership dedication encourages the industry to adopt sustainable practices and cultivates a sustainable culture within consulting firms.

Future trends that might result from these strategic initiatives must be considered when evaluating how consulting firms' business strategies affect sustainability practices. The examination of the business strategies used by consulting firms offers insightful information about how the industry's sustainability practices are changing and offers a look at possible future directions.

Deeper integration of sustainability considerations into core business operations and decision-making processes is one significant future trend that might materialize. We anticipate a greater focus on integrating sustainability metrics and objectives into KPIs, performance reviews and incentive schemes if consulting firms maintain their position as a strategic imperative. The consulting industry will probably experience increased accountability and transparency because of this move toward mainstreaming sustainability within organizational frameworks.

Also, we see a greater emphasis on pioneering technology and digital solutions to solve sustainability-related issues. AI, blockchain and data analytics are among the technologies that consulting firms are using more and more to improve sustainability performance, maximize

resource usage and support well-informed decision-making. In the upcoming years, it is anticipated that this digitalization trend will pick up speed, allowing consulting firms to provide their clients with more scalable, effective and efficient sustainability solutions.

The creation of new service offerings and business models designed to meet market demands and emerging sustainability issues is another trend to keep an eye on in the future. Specialized sustainability services like climate risk assessments, circular economy strategies and ESG performance benchmarking are being added to the ever-expanding portfolios of consulting firms. The increasing awareness of the interconnectedness of sustainability issues is reflected in the diversification of services offered, which gives consulting firms a chance to stand out in a crowded market.

In addition, we see a greater focus on strategic alliances and teamwork to promote group sustainability initiatives. To take advantage of complementary skills, exchange best practices and spark systemic change, consulting firms are more frequently forming partnerships with other businesses in the industry, governmental bodies, non-profits and academic institutions. Through these collaborations, consulting firms can reach a wider audience, scale their sustainability programs and tackle sustainability issues that cut across organizational boundaries.

Finally, we anticipate that the consulting industry will place more of an emphasis on training, capacity building and knowledge sharing. There will be an increasing need for qualified individuals with experience in digital technologies, data analytics and sustainability consulting as sustainability becomes more and more integrated into business strategy and decision-making. Consulting firms will probably spend money on workshops, certifications and training courses to give their staff members the tools they need to successfully handle the changing sustainability landscape.

The analysis of sustainability practices in consulting firms provides insightful information about how these practices might change in the future, as well as about the opportunities and problems that might arise. The increasing sophistication and integration of sustainability metrics and objectives into the strategic decision-making processes of consulting firms is one evolution that can be anticipated. We predict that approaches to sustainability management will become more integrated as sustainability is ingrained in organizational frameworks. The progression towards sustainability objectives can be monitored through the creation of

transparent accountability systems, the improvement of sustainability performance metrics and the creation of sustainability frameworks.

In addition, there is a growing understanding of the necessity of using cross-sectoral, cooperative approaches to solve challenging sustainability issues. To create strategic alliances, encourage multi-stakeholder collaboration and promote group action on sustainability-related issues, consulting firms are probably going to be important. This shift toward increased cooperation and partnership is necessary to promote innovation, increase impact and propel systemic change in a variety of sectors and industries. But there are difficulties with this evolution. The need to handle complicated regulatory environments and changing sustainability standards is one major challenge. To guarantee compliance and successfully reduce regulatory risks, consulting firms need to stay up to date on evolving regulations, reporting standards and industry best practices. Also, consulting firms face a range of opportunities and challenges because of the swift advancement of technology. While innovations in technology like AI, blockchain and big data analytics have the potential to improve sustainability performance and spur innovation, they also bring up issues with data security, privacy and ethics.

Consulting firms may encounter difficulties in attracting and retaining talent as sustainability becomes an increasingly important component of business strategy and decision-making. The market for qualified talent is becoming more competitive as there is an increasing need for experts in digital technologies, data analytics and sustainability consulting. To effectively attract and retain top talent, consulting firms need to make investments in training programs, talent development initiatives and employee engagement strategies.

Despite these challenges, consulting firms have a lot of chances to stand out from the competition and promote innovation in the sustainability consulting market. Through the adoption of collaborative approaches, strategic partnerships and the embracement of emerging technologies, consulting firms can establish themselves as reliable advisors and thought leaders within the sustainability domain. Also, there are chances for consulting firms to broaden their service offerings, break into new markets and increase revenue as a result of the rising demand for sustainability services.

Apart from the legal requirements, client preferences, and internal corporate culture that were the main subjects of this thesis, it is imperative to consider plausible economic factors that could impact the integration of sustainability practices in consulting firms. Gaining insight into the

factors that promote and hinder sustainability in the consulting industry requires an understanding of the economic dynamics that shape sustainability practices.

A noteworthy economic variable that may impact the integration of sustainability in consulting firms is the dynamically changing landscape of investor preferences and market dynamics. Consulting firms are under increasing pressure to show their dedication to sustainability and ethical business practices as investors give greater weight to ESG considerations when making investment decisions. Businesses that don't meet ESG standards run the risk of losing their reputation, having less access to financing and being less competitive. As such, consulting firms have an incentive to incorporate sustainability into their operations to draw in capital, reduce risk and improve the generation of long-term value.

Shifting market trends and client preferences may encourage consulting firms to integrate sustainability. Clients are demanding products and services that are consistent with their moral and ethical standards as they become more socially and environmentally conscious. By satisfying client demand for sustainable products, services and corporate procedures, consulting firms that provide solutions with a sustainability focus can profit from this trend. Consulting firms may use sustainability as a source of competitive advantage to set themselves apart in the market and draw in environmentally conscious clients as it becomes more and more important to managing brand identity and reputation.

Also, integrating sustainability may result in cost savings, which could provide financial incentives for consulting firms. Consulting firms can increase profitability, decrease operating costs and improve resource efficiency by implementing energy-efficient technologies, optimizing resource utilization, and minimizing waste generation. Further encouraging sustainability integration are sustainability initiatives like supply chain optimization, waste reduction, and the adoption of renewable energy. These can open new revenue streams and business opportunities for consulting firms.

Integrating sustainability within consulting firms is also hampered by economic factors. Sustainability initiatives that involve significant upfront costs and resource allocations, like technology upgrades, employee training and process improvements, may require initial investments. To justify these costs and guarantee long-term sustainability performance, consulting firms must carefully assess the economic viability and ROI of sustainability initiatives.

Last but not least, the uncertainty of the economy and fluctuations in the market can make it challenging for firms to focus on sustainability alongside other pressing business needs. During times of financial hardship, consulting firms may feel the need to prioritize immediate financial goals over long-term sustainability aims. Finding a balance between economic concerns and sustainability requirements necessitates strategic planning, risk assessment and engagement with stakeholders to provide that business interests are in line with sustainability objectives.

## **7.2. Limitations**

There are a few limitations to this study that must be acknowledged to properly contextualize the results and comprehend the scope of the research.

First off, there may be a common understanding of sustainability among the consulting firms that are taking part. Although it is assumed that these firms have a common understanding of sustainability, there might be differences in how different firms interpret the concept. During the interview process, this presumption makes it easier to draw insightful conclusions and make relevant comparisons. Neglecting possible disparities in comprehension may restrict the breadth of comparative study and sophisticated comprehension of sustainability integration in the industry.

Second, it is necessary to consider the reliability of self-reported information gleaned from qualitative interviews. For the study to be reliable and the qualitative findings to be deep, interview subjects must offer sincere and genuine insights. The research attempts to capture perspectives and experiences by concentrating on interviews. On the other hand, reporting errors or biases can undermine the reliability of the information gathered.

Another factor to consider is the sample's representativeness. The sample may not be as representative as it could be, despite efforts to choose consulting firms that are relevant and representative of the diversity within the industry. This may influence how well the conclusions drawn from the interviews apply to the larger consulting industry context.

The distinct features of the consulting firms that were interviewed might limit the generalizability of the study's conclusions. Although the information obtained from these firms is useful, care must be taken when generalizing findings to the larger consulting industry. It's possible that the unique setting and conditions of every firm don't accurately represent the patterns and behaviors observed in the industry.

Also, one inherent limitation of qualitative insights gained through interviews is subjectivity. Qualitative data can be subject to interpretative biases even though it permits a rich exploration of viewpoints. To provide an understanding, measures were taken to address subjectivity through an analysis and triangulation of findings. But it's important to recognize that interpreting qualitative data may be biased.

Response bias is another possible drawback that may exist in interviews. Because of the inherent characteristics of participating firms, interviews may be biased. To minimize this bias, thoughtful interview design and analysis were employed. It's important to recognize the potential for bias in participant responses, though.

Besides, consulting firms' sustainability practices are fluid and subject to modification. The study acknowledges that the results may not reflect ongoing developments because it uses interviews to capture a specific point in time. The findings of the study may not be as relevant or applicable in the future because of changes and advancements in industry sustainability practices.

Finally, access to internal firm data was restricted, which limited the scope of the study. The analysis's depth and the suggestions it made may have been impacted by the fact that it was based on information that was made publicly available. Additional insights into the sustainability practices and initiatives of the consulting firms under investigation might have been obtained through access to internal firm data.

Comparative studies between consulting firms in different countries with different regulatory environments are necessary to effectively address the first guiding question of this study. It might be required to include consulting firms from other nations with differing levels of regulatory strictness, like those outside the EU. This strategy would enable a grasp of the variables influencing sustainability practices within the industry by illuminating the ways in which legal requirements affect sustainability integration differently depending on the context.

To support the second guiding question, further industry-specific research that explores the variables influencing sustainability integration in consulting firms is required. It would be more valid to draw conclusions based on an understanding of sector-specific opportunities and challenges, as well as a more understanding of sustainability practices in the industry. Examining how organizational culture, leadership philosophies, and stakeholder engagement strategies affect sustainability integration could be one way to investigate this guiding question

further. Research comparing firms with different internal dynamics could provide insight into what motivates sustainability efforts in consulting firms.

In reference to the third guiding question, carrying out case studies with consulting firms other than PwC would provide a viewpoint on the efficacy of sustainability efforts. This comparative analysis would add to a knowledge of sustainability practices in the consulting industry and offer more solid evidence to support or refute the guiding question. Subsequent investigations may concentrate on the interaction between financial performance in consulting firms and sustainability integration. Studies with a longitudinal design that monitor financial metrics in addition to sustainability initiatives may analyze the connection between organizational success and sustainability initiatives.

The identified limitations emphasize the importance of evaluating the validity and reliability of the study's findings.

### **7.3. Comparison with the Literature**

There are both similarities and differences between the study's results and the literature review. The study's results are consistent with several findings that have been published in the literature. Like earlier studies, this one emphasizes the role that leadership commitment plays in advancing sustainability initiatives in consulting firms. But while client involvement is frequently cited in the literature as an important component, our findings also highlight the equally important role that strategic alliances play in advancing sustainable practices. This departure from conventional wisdom could be attributed to the changing nature of the consulting business as well as the growing complexity of sustainability issues. The varying aims and purviews of the reviewed literature and this study may be the cause of the variation in emphasis. The literature might have concentrated more on theoretical debates, but the goal of this study was to use empirical research to offer useful insights into sustainability integration in consulting firms. Also, although previous research and this study have predominantly concentrated on Western environments, there exists a deficiency in understanding the consulting industry in other global regions. This could offer distinct perspectives on regional variances in sustainability integration, illuminating the sophisticated strategies employed by firms functioning in heterogeneous regulatory environments.

The study's findings are consistent with the theoretical frameworks covered in the literature review, especially when it comes to how client engagement and leadership commitment affect sustainability initiatives. The study does also highlight subtleties that might call for alterations

or additions to the current frameworks. For example, this study emphasizes the significance of external factors like strategic partnerships in advancing sustainability efforts, whereas the literature has mostly focused on the role of internal factors like leadership and employee engagement. This indicates that a range of influences on sustainability integration within consulting firms should be included in theoretical frameworks.

Unlike earlier research, our approach combines case analysis with qualitative interviews to provide a view of sustainability integration in consulting firms. Previous research has frequently only used qualitative or quantitative methods, our approach allows an investigation of the organizational dynamics and contextual factors that affect sustainability practices. There are inherent limitations because of the reliance on self-reported data and the restricted access to internal firm information. This emphasizes the importance of triangulation and the cautious interpretation of findings.

This research methodology uses interviews with important consulting firm stakeholders to expand on earlier findings. This method has some limitations even though it permits a rich exploration of viewpoints and experiences. For example, participant responses might be biased, and the sample's representativeness might be called into question. This study also illustrates the benefits and drawbacks of each methodology by drawing comparisons with earlier research that used surveys or case studies, for example. Notwithstanding its constraints, the research methodology utilized in this study offers significant perspectives on the pragmatic factors of integrating sustainability in consulting firms. The study's practical implications increase the literature's recommendations, especially regarding consumer preferences, market trends, leadership commitment, employee engagement, and sustainability reporting. But the study also offers fresh suggestions that improve on current practices in that research area, like how important it is to handle regulatory complexity. This research helps to improve and broaden current approaches to sustainability integration within consulting firms by comparing the findings with suggestions from the literature. This provides practitioners with a useful set of guidelines.

Our study has identified several limitations, such as the potential for a lack of consistency in how sustainability is understood among the firms involved and the reliance on self-reported data. While these limitations are in line with what has been seen in previous studies, our research has revealed new obstacles, like the importance of balancing economic concerns with sustainability goals and handling complex regulations in various markets. These findings

highlight the necessity for further research into the complex nature of sustainability integration in the consulting industry and addressing new challenges. By recognizing these limitations and comparing them to previous studies, our research contributes to an understanding of the obstacles and opportunities linked to sustainability integration in consulting firms, providing a strong basis for future research and practice in this area.

## **8. Conclusions**

### **8.1. Summary of Key Findings**

It becomes clear that incorporating sustainability practices into consulting firms' business strategies is a complex process that involves both internal organizational operations and external client advisory services.

First and foremost, it is impossible to overestimate the importance of leadership commitment. As it sets the tone for sustainability initiatives across the organization, strong leadership at the top of consulting firms is important. This implies that senior managers need to actively support sustainability initiatives in addition to endorsing them. Their dedication sets the standard for the entire firm and communicates to stakeholders and workers the significance of sustainability goals. It is imperative that leaders exhibit resolute commitment to sustainability goals, proactively endorsing initiatives, and proficiently taking their significance to all relevant parties. Without unwavering commitment from the top down, sustainability initiatives may lack focus and backing, which would make it difficult to enact significant organizational changes.

It becomes clear that a key component of sustainability integration is client engagement. To guarantee alignment with changing market demands, consulting firms should proactively seek out and integrate client feedback into their sustainability strategies. Consulting firms can increase client satisfaction and stimulate innovation within their own ranks by encouraging open communication and collaboration with clients. Also, through proactive client involvement in the sustainability process, consulting firms can guarantee that their offerings are in line with changing client demands and market demands. The consulting firm and its clients benefit from improved outcomes because of this engagement, which cultivates trust and collaboration.

The advancement of sustainability offerings is aided by strategic partnerships. Research centers, tech firms, and business executives collaborate with consulting firms to give them access to specialized skills, resources and knowledge. These alliances give access to specialized skills, resources, and knowledge that might not be found within. Through the utilization of outside partners' expertise, consulting firms can improve their sustainability solutions, boost client value propositions, stimulate innovation and solidify their leadership position in sustainability consulting.

A major challenge for consulting firms is handling complex regulatory environments. Enforcing sustainability laws and regulations, like the EU CSR directive and the SDGs,

necessitates large IT and organizational restructuring expenditures. Consulting firms can show their dedication to ethical business practices and reduce regulatory risks by guaranteeing accurate data collection, analysis and reporting. Consulting firms can reduce regulatory risks and show their dedication to ethical business practices by keeping up with regulatory requirements and putting strong systems for compliance in place.

Another important factor in the integration of sustainability is employee engagement. Consulting firms need to provide their employees with opportunities for participation in sustainability projects and training programs to advance a culture of innovation, ownership and accountability. Consulting firms can effect significant change from within by giving staff members the freedom to participate in sustainability initiatives.

Gaining the trust of stakeholders, monitoring progress and guaranteeing accountability all depend on sustainability reporting. To enable transparent communication of sustainability performance and to demonstrate their commitment to moral and responsible business practices, consulting firms need to build strong reporting systems that observe to international frameworks. Consulting firms can establish credibility and trust in their commitment to moral and responsible business practices by giving stakeholders timely and accurate information about their sustainability initiatives.

Consulting firms can increase their sustainability impact by diversifying their client advisory services to encompass a wider range of industries and sectors. Consulting firms can help clients handle the transition to sustainable business practices by offering customized sustainability solutions, integrating sustainability considerations into corporate governance and utilizing the best developed technologies. Positive change and value creation for clients and society at large can be achieved by consulting firms.

For consulting firms, integrating sustainability practices can result in cost savings and financial incentives, even though there may be upfront costs. Energy-efficient technology implementation, resource optimization and waste reduction can boost consulting firms' profitability, cut operating expenses, and create new revenue streams. By putting energy-efficient technologies into practice, maximizing resource use and reducing waste production, businesses can boost profits, cut expenses, and create new revenue streams. Consulting firms can invest in sustainability to lower their environmental impact, increase profitability and become more competitive in the market.

Nonetheless, in their attempts to integrate sustainability, consulting firms encounter several challenges and constraints. Among the issues that need to be resolved are handling regulatory complexities, guaranteeing buy-in at all organizational levels and striking a balance between short-term financial concerns and long-term sustainability objectives. To overcome these challenges, one must be committed to ongoing improvement, communicate effectively and plan strategically.

Anticipated future trends include the development of new service offerings and business models aimed at addressing emerging sustainability issues, a greater emphasis on pioneering technology and digital solutions and a deeper integration of sustainability considerations into core business operations. Consulting firms can establish themselves as pioneers in sustainability consulting and effect positive change in the years to come by staying ahead of these trends.

All things considered, the results of this thesis emphasize how important it is for consulting firms to integrate sustainability, and they offer practical advice for improving sustainability programs. Consulting firms can contribute to the creation of a more sustainable future by putting a high priority on leadership commitment, client engagement, strategic partnerships, employee engagement and regulatory compliance. All these factors will benefit clients, stakeholders and society at large.

## **8.2. Contribution to Research**

This thesis improves understanding of sustainability practices in the consulting industry and makes a substantial contribution to academic discourse. This research adds significant insights into the integration of sustainability within consulting firms by utilizing an approach that combines qualitative interviews and a chosen case study.

A grasp of the complexities associated with sustainability integration is provided by the qualitative interviews that were carried out with important stakeholders in consulting firms. First-hand accounts of the difficulties, chances, and strategies used by consulting firms to integrate sustainability into their business models are given in these interviews. The interviews also clarified the significance of employee engagement, strategic partnerships, leadership commitment, client engagement, and regulatory compliance in promoting sustainable practices in consulting firms.

The chosen case study also provides an analysis of a consulting firm's sustainability initiatives, enabling an investigation of the real-world application of sustainability strategies. This study

reveals the distinctive strategies and industry best practices used by consulting firms to tackle sustainability issues through the case study. Besides, the case study provides a useful example of how theoretical frameworks and strategic recommendations from the literature are applied in practice.

A grasp of sustainability practices in consulting firms is provided by the combination of qualitative interviews and a chosen case study, which offers insights that support theoretical frameworks and real-world applications. Also, this study highlights how important interdisciplinary viewpoints are for tackling sustainability issues. This thesis provides an understanding of sustainability integration within consulting firms by fusing insights from environmental science, business management, and corporate social responsibility.

The case study and qualitative interviews provide empirical evidence of sustainability practices in consulting firms, adding to the body of knowledge already available on sustainability management. This study offers actionable advice for consulting firms looking to improve their sustainability initiatives by highlighting success factors and best practices. The theoretical understanding of sustainability integration within the consulting industry is advanced in this thesis through the synthesis of empirical findings and theoretical frameworks. This study presents a viewpoint on sustainability issues and solutions by combining knowledge from several fields, such as environmental science and business management. This research offers an understanding of the challenges involved in sustainability integration and offers useful suggestions for future research and practices in that area through qualitative interviews, a chosen case study and interdisciplinary analysis.

### **8.3. Recommendations for Future Research**

Future research should examine the practices of consulting firms in nations with differing degrees of regulatory strictness to definitively evaluate the influence of regulatory environments on sustainability integration within consulting firms. An understanding of how legal requirements impact sustainability strategies in various cultural and economic contexts would be gained from this comparative analysis.

Although this study offers an analysis of sustainability integration in consulting firms, more research could concentrate on specific industry sectors to identify opportunities and challenges unique to those industries. Examining how consulting firms modify their sustainability strategies to satisfy the requirements of various industries would improve our knowledge of industry-specific best practices.

Researching the long-term effects of sustainability initiatives through longitudinal studies would provide important insights into how consulting firms' sustainability practices have changed over time. Researchers can find trends and patterns in sustainability strategies that may not be seen in cross-sectional studies by looking at how these strategies change in response to shifting market dynamics and regulatory environments.

It may be possible to determine the primary factors that contribute to consulting firms' successful integration of sustainability by using qualitative comparative analysis techniques. It is possible for researchers to identify the key factors that lead to sustainability success by contrasting the experiences of businesses that have successfully incorporated sustainability into their business models with those that have not.

Given the speed at which technology is developing, more research should examine the ways in which pioneering tools like data analytics, blockchain and artificial intelligence are being applied to improve sustainability integration in consulting firms. Examining how technology can support data-driven decision-making and predictive analytics may reveal creative practices for managing sustainability.

Examining the function of stakeholder engagement in sustainability integration within consulting firms in more detail may analyze how important it is to establish cooperative relationships with partners, clients and other stakeholders. Best practices for gaining support and buy-in from stakeholders may benefit from an investigation into how consulting firms successfully involve stakeholders in sustainability initiatives.

The business case for sustainability could be strengthened by carrying out impact assessment studies to assess the observable results of integrating sustainability within consulting firms. Through the quantification of sustainability initiatives' financial, social and environmental benefits, researchers can offer empirical support for the value proposition of sustainability to consulting firms.

The study's conclusions, taken as a whole, emphasize the significance of sustainability integration in consulting firms and draw attention to the complexity of sustainability opportunities and challenges. There is an urgent need for more research to deepen our understanding of sustainability practices in the consulting industry as consulting firms struggle with changing market dynamics, shifting regulatory environments and rising stakeholder expectations. Through the consideration of the suggestions, researchers can make a useful

contribution to the current discussion on sustainability management in consulting firms and offer practical advice to professionals looking to improve their sustainability programs. In a world where sustainability is becoming more and more important, the effective integration of sustainability into consulting firm operations is important for both addressing global environmental and social challenges and guaranteeing long-term business success.

## VII. Glossary

1. **Sustainability:** The capacity to fulfill current demands without endangering the capacity of future generations to fulfill their own needs. In the context of consulting firms, sustainability includes social, environmental, and economic factors.
2. **Consulting Firms:** Businesses and other organizations that offer professional advice and support in a range of areas, such as operations, strategy, management, and sustainability.
3. **Business Strategy:** An action plan created to fulfill a certain organizational goal or set of goals.
4. **Sustainability Practices:** Intern and extern concepts pertaining to socially, economically, and environmentally responsible actions with the goal of reducing adverse effects on the Earth and all of its inhabitants in the present, and future.
5. **Environmental, Social, and Governance (ESG):** A set of standards by which corporate governance, social responsibility, and environmental stewardship of a firm are measured. ESG factors are becoming more and more significant to stakeholders and investors.
6. **Corporate Social Responsibility (CSR):** The practice through which businesses incorporate social and environmental issues into their business strategies with stakeholders and their operations. CSR includes programs pertaining to ethics, sustainability, philanthropy, and community involvement.
7. **Sustainable Development Goals (SDGs):** The United Nations has adopted a set of 17 global goals aimed at addressing social, economic, and environmental challenges and advancing sustainable development on a global scale.
8. **Triple Bottom Line (TBL):** A fundamental concept that assesses how well a firm performs in relation to its effects on the social, environmental, and financial dimensions.
9. **Strategic Partnerships:** Cooperative partnerships between consulting firms and other institutions, including technology firms, research centers, and business executives, with the goal of improving knowledge, resources, and capacities to handle sustainability challenges

10. Regulatory Compliance: Ensuring consulting firms comply with relevant laws, regulations, and sustainability-related reporting standards, including the EU's Corporate Social Responsibility directive and the SDGs.
11. Leadership Commitment: The organization-wide tone, focus, and priorities for sustainability initiatives actively support and promote sustainability goals.
12. Client Engagement: The engagement of consulting firm's clients in sustainability strategies and initiatives, encompassing feedback gathering, teamwork, and joint development of solutions customized to meet client requirements and expectations.
13. Employee Engagement: The development of an innovative, accountable, and owner-driven culture among consultants, along with opportunities for participation in sustainability projects and training programs.
14. Sustainability Reporting: The creation of reliable reporting systems that observe to global standards, facilitating the open sharing of sustainability performance and highlighting the dedication of consulting firms to ethical and responsible business conduct.
15. Global Reporting Initiatives (GRI): Global sustainability reporting guidelines that offer structures and protocols to help firms openly disclose their governance, social, environmental, and economic performance.
16. Cost Savings and Financial Incentives: The possible financial gains from integrating sustainability, such as higher profitability, lower operating costs, and the creation of new revenue streams with resource-efficient technologies, waste reduction, and energy-efficient technology.
17. Stakeholder Engagement: The participation and cooperation of different stakeholders in sustainability initiatives, such as clients, partners, staff members, investors, and communities, to promote cooperation, trust, and improved results for all parties.
18. Regulatory Complexity: The difficulties consulting firms encounter when managing the many regulatory environments and sustainability-related compliance requirements. These include the need for technological investments, organizational reorganization, and constant monitoring regarding legal requirements.

19. **Interdisciplinary Perspectives:** The approach that consulting firms take to addressing sustainability challenges and solutions through the integration of insights from various disciplines, such as environmental science, business management, and CSR.
20. **Emerging Technologies:** The acceptance and application of pioneering technologies like blockchain, data analytics, and artificial intelligence to improve sustainability performance, make data-driven decision-making easier, and encourage innovation in consulting firms.
21. **Impact Assessment Studies:** To prove the business case for sustainability integration, consulting firms must conduct evaluations that quantify the observable results of sustainability initiatives, including benefits to the environment, society, and economy.
22. **Longitudinal Studies:** Methodologies for conducting research that document how sustainability practices have changed over time within consulting firms and offer insights into the long-term effects of industry trends and sustainability initiatives.
23. **Comparative Analysis:** To find trends, best practices, and variables influencing sustainability integration, researchers should examine how consulting firms operate and perform in various nations, industries, or situations.
24. **Circular Economy:** An economic system that contributes to sustainability goals by designing goods, services, and processes to be restorative and regenerative to minimize waste and maximize the use of resources.
25. **Task Force on Climate-related Financial Disclosures (TCFD):** A framework that offers recommendations for how businesses should disclose climate-related risks and opportunities in their financial reports, assisting stakeholders and investors in assessing the effects of climate change on corporate performance.

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## **IX. Appendix**

### **Questionnaire**

#### Sustainability Concept and Integration

1. Please describe your firm's approach to sustainability and how it is embedded in your consulting services.
2. Provide specific examples of sustainability practices and explain how they fit with overall goals. How does your firm measure the success or impact of its sustainability initiatives?
3. How often does your firm participate in community events or CSR activities, and which initiatives have the greatest impact?

#### Legal Requirements

4. Have legal requirements in Germany or from the EU influenced the development of sustainability practices? If yes, name a specific case. Can you please provide specific examples where compliance with legal requirements has shaped sustainability strategies?
5. How do legal requirements positively influence the integration of sustainability? Please give examples and discuss challenges or opportunities in complying with these requirements (especially in reporting and contributing to transparency)?

#### Client Preferences and Market Trends

6. How do client preferences and market trends influence your firm's sustainability strategies? Please explain how these factors influence CSR initiatives such as community engagement.
7. How is your firm responding to client needs and market trends in relation to sustainability? Please discuss adjustments or innovations in sustainability strategies based on these factors. Are there specific instances where client demands, or market trends have led to adjustments or innovations in sustainability strategies?
8. When did your firm start actively integrating sustainability into its business practices? Have you observed any changes or evolutions in your sustainability strategies over time?

### Internal Corporate Culture and Leadership

9. What internal cultural factors and leadership initiatives influence your firm's sustainability practices?

10. How do internal corporate culture and leadership contribute to the integration of sustainability? Please give examples of cultural or leadership initiatives that play a role. Can you please provide examples of leadership commitment influencing the overall integration of sustainability within the firm, especially in terms of employee engagement and well-being?

### **Transcriptions of Interviews**

#### 1. Interview Horváth

#### **Translated Interview:**

Me: “First, I would like to know what internal cultural factors and leadership initiatives influence your firm’s sustainability practices.”

HR specialist: “At Horváth, our sustainability practices are closely linked to our corporate culture and the initiatives promoted by our leaders. Our internal cultural dynamic is characterized by a deep rooting of values such as responsibility, collaboration and commitment. These values are key to promoting a culture of sustainable action that is embedded at all levels of the organization. For example, we regularly organize internal events and training to raise awareness of sustainability and emphasize the importance of sustainable practices for our employees. We also place a high value on open communication and the exchange of ideas to provide that all team members are included in the sustainability process and their voices are heard.”

I understand. And how exactly do internal corporate culture and leadership contribute to the integration of sustainability? Can you provide examples of cultural or leadership initiatives that play a role?”

HR specialist: “Our managers are actively committed to creating a work environment that enables employees to identify with our sustainability goals and to actively contribute to them. An example of this is our focus on employee rights and their emotional state. To this end, I also maintain a lively exchange with my department and employees. Our managers also support regular training and workshops on the topic of sustainability to strengthen the awareness and skills of our teams in this area. In addition, they promote a culture of openness and dialogue in

which employees are encouraged to contribute their ideas and suggestions to improve our sustainability practices. Another example I would like to give is our leadership program, which is specifically designed to empower managers in their role as sustainability leaders and to equip them with the tools and resources they need to successfully implement our sustainability goals.”

Me: “Very exciting. Could you provide further examples of leadership engagement influencing the integration of sustainability within the firm, particularly in relation to employee engagement and wellbeing?”

HR specialist: “Of course. Our leaders recognize that employee engagement and well-being are important to the success of our sustainability initiatives. If you don't take the workforce along or convince them, there is only a small chance of a successful adaptation. That's why we place great importance on creating a supportive and motivating work environment where employees feel valued and heard. This also means that they take the needs and concerns of our teams seriously and actively work to incorporate them into our decision-making processes. An example of this is our regular employee feedback program, which allows us to continually monitor the engagement and satisfaction of our teams and provide we are responding to their needs and supporting them wherever possible. This allows us to respond to concrete suggestions and bring about positive changes. By combining numerical ratings and free text comments, we can capture both quantitative and qualitative aspects that provide us with important insights. In addition, our managers invest specifically in programs and initiatives to promote well-being in the workplace, such as work-life balance measures, to provide that our employees can develop both personally and professionally and have a balanced work-life integration. Since then, we have noticed that our employees are increasingly committed to sustainable issues in our firm, as well as to sustainable issues when advising our clients.”

Me: “Thank you for these insights. Is there anything else you would like to add before we end the interview?”

HR specialist: “Yes, I would like to emphasize that the active participation of our managers and the promotion of an open corporate culture contribute significantly to firmly anchoring sustainability in our corporate strategy. We are firmly convinced that sustainable growth and long-term success are only possible through joint efforts and the support of all employees. Sustainability requires the involvement of everyone, regardless of the organization.”

## 2. Interview Deloitte

### **Translated Interview:**

Me: “Can you please tell me how your firm approaches sustainability and how it is integrated into your consulting services.”

Project specialist: “At Deloitte we have viewed sustainability as essential for several years. We firmly believe that sustainable action is not only ethically and morally right, but also promotes business success. We are accordingly committed to promoting sustainability in all areas of our firm and integrating it into our consulting services. We help firms minimize climate-related risks and identify opportunities. We also offer a lot of services, for example, from non-financial reporting to financing sustainability investments to improving sustainability in operational functions.”

I understand. Can you provide specific examples of sustainability practices and explain how they fit into your overall goals? How does your firm measure the success or impact of its sustainability initiatives (specific KPIs)?”

Project Specialist: “Sure. I'm telling you this specifically for the internal area of our firm. An example of a sustainability practice at Deloitte is our initiative to reduce carbon emissions by promoting virtual work environments and reducing business travel. Since Corona, home office and virtual consultation appointments have increased significantly. This practice fits with our goal of leaving a positive ecological footprint and minimizing our environmental impact. When it comes to measuring internal success, we use specific KPIs such as carbon footprint per employee and the proportion of renewable energy in our energy mix to assess the effectiveness of our sustainability efforts. For external consulting projects, we use similar sustainability practices to reduce CO<sub>2</sub> emissions and leave a positive ecological footprint. The KPIs we use to measure the success of such external sustainability efforts include monitoring business travel reduction by tracking the number of business trips before and after implementing virtual consultations and measuring the associated carbon savings. We track the proportion of renewable energy used in external projects to reduce the carbon footprint. We pay attention to reducing paper consumption and waste in external consulting projects by promoting digital documentation and implementing recycling. We evaluate the sustainability of partners in external projects based on criteria such as CO<sub>2</sub> emissions, social responsibility and

environmental standards. Finally, we integrate sustainability criteria into client satisfaction ratings to provide that sustainability practices also provide added value for clients.”

Me: “How often does your firm participate in community events or CSR activities, and which initiatives have the greatest impact?”

Project Specialist: “As far as I know, Deloitte regularly engages in various CSR activities to make a positive contribution to our society and community. A high-impact initiative is the Program to Promote Educational Opportunities for Disadvantaged Youth, which aims to improve young people's future prospects while combating social inequalities. As part of this program, we not only offer financial support, but also mentoring, coaching and career advice for disadvantaged young people. This holistic support is intended to help them develop their full potential and start successfully into their future. In addition, Deloitte is actively engaged in the further development of educational initiatives and projects that aim to improve the overall quality of education and develop innovative approaches to promote educational opportunities.“

Me: “Very good. How do client preferences and market trends influence your firm's sustainability strategies? Please explain how these factors influence CSR initiatives such as community engagement.

Project specialist: “Client preferences and market trends play an important role. I am also very happy and find it exciting that you are asking me this. We continually monitor our clients' needs and expectations, as well as developments in the markets in which we operate, to provide that our sustainability efforts are relevant and impactful. Industry analysis helps us stay informed about the latest market trends. By keeping a close eye on industry developments, we can proactively tailor our strategies to these industries to take advantage of new opportunities. We also try to identify unused potential and growth opportunities in order to evaluate the position in the market and formulate further goals for individual advice. These factors also influence our CSR initiatives as they help us better understand and respond to the needs and priorities of our stakeholders.”

Me: “How does your firm respond to client needs and market trends regarding sustainability? Please discuss adjustments or innovations in sustainability strategies because of these factors. Are there specific cases where client needs or market trends have led to adjustments or innovations in sustainability strategies?”

Project specialist: “We respond flexibly to client needs and market trends in the area of sustainability by continuously adapting our services and developing innovative solutions to meet changing requirements. One example of this is our development of tailored sustainability strategies for clients that address specific challenges. During a consultation last month, this involved developing a digital strategy for a previously conservative retail firm. This included introducing an online sales channel and using data analytics to personalize the shopping experience. The use of renewable energy sources for the digital infrastructure was determined. Through this close collaboration and understanding of client needs, the firm can develop innovative solutions that benefit not only clients but also the environment. These adaptations and innovations are made possible through close collaboration with our clients and an understanding of their needs and goals.”

Me: “When did your firm start actively integrating sustainability into its business practices? Have you observed any changes or developments in your sustainability strategies over time?”

Project Specialist: “I have only been at Deloitte for 2 years, but I know from colleagues that Deloitte had already shown a strong commitment to sustainability in the early 2000s and had already begun to increasingly integrate sustainability into its business practices. I still think that it certainly wasn't as much of a focus as it is today. Since I have been here, we have developed a holistic approach to sustainability, which primarily concerns the ESG aspects, which you should have learned about as part of your studies. We have also seen an increase in employee awareness and involvement in our sustainability efforts, which has led to a strong alignment of sustainability into our corporate culture and business practices. As part of our service, it must also be said that certain things are prescribed by regulation, but the corporate culture is excluded from this and can largely be freely designed. Differences to other consulting firms are conceivable in the area of sustainability. Other consultants may pursue diverse focuses or approaches related to environmental sustainability and social responsibility.”

### 3. Interview PwC

#### **Translated Interview:**

Me: “How does your firm approach sustainability and how is it integrated into your consulting services?”

CSR specialist: “At PwC we take sustainability seriously and integrate it into our consulting services. We support our clients in developing sustainability strategies that take ecological,

social and economic aspects into account. From environmental management consulting to sustainability assessment, we help firms minimize their environmental impact, optimize resource efficiency and promote social responsibility. We also support firms in transparently communicating their sustainability efforts to strengthen stakeholder trust and promote long-term value creation. Through our holistic approach, we help firms strengthen their competitiveness in an increasingly sustainable economy.”

Me: “Can you provide specific examples of sustainability practices and explain how they fit into the overall goals? How does your firm measure the success or impact of its sustainability initiatives (specific KPIs)?”

CSR specialist: “Sure. On this point, I would highlight that our commitment to the SDGs and the 1.5°C target of the Paris Climate Agreement shows our determination to make a positive contribution to addressing global challenges. We not only focus on reducing our emissions, but also firmly anchor issues such as recycling and biodiversity in our environmental strategy. We are constantly striving to reduce our CO2 emissions per employee. I am happy to say that this has happened and despite this, our sales are continuously increasing after the pandemic. Sustainability is not a hindrance factor of economic interest. We also see this in many client projects, that economic growth and environmental protection can go hand in hand. We also want to switch to 100 percent renewable energy at all of our locations in Germany as quickly as possible. We use various KPIs to measure the success of our sustainability initiatives, but I am not allowed to tell you all of them. I hope you understand this. What I can tell you, is that we often measure the number of hours of training on sustainability topics to measure the success of our initiatives and identify opportunities for improvement.”

Me: “No problem! How often does your firm participate in community events or CSR activities, and which initiatives have the greatest impact?”

CSR specialist: “We regularly take part in community events and CSR activities to make our contribution to society. Our involvement varies depending on the needs of the community and the opportunities that arise. Initiatives that have the greatest impact often include diversity and inclusion programs. I don't want to bring in a political component here, but if you look at the current political situation in Germany, especially in eastern Germany, I see these programs as even more important. PwC is cosmopolitan and for us all people are equal, regardless of their origin, sexuality or religion. It is important to us to make a positive contribution and bring about positive changes in society.

Me: “Thank you for the great statement. Do you want to say anything at the end?”

CSR specialist: “At PwC, we see sustainability not only as an obligation, but also as a huge opportunity to create and live good values, both inside the firm and outside with our encounters with our clients. Integrating sustainability into consulting projects for our clients is important and in demand, but it is not enough; we also have to further develop sustainability within our firm. We are accordingly proud to contribute to a more sustainable future and will continue to strengthen our efforts in this area. PwC was one of the first large firms to focus intensively on issues such as ESG.”

#### 4. Interview: Bain

##### **Translated Interview:**

Me: “To begin with, I would be very interested to know whether legal requirements in Germany or the EU have influenced the development of sustainability practices? If yes, please provide a specific case. Can you share specific examples where regulatory compliance has shaped sustainability strategies?”

Compliance specialist: “Yes, legal requirements from Germany and the EU definitely have an influence on the development of sustainability practices, especially in my area of compliance. What comes to mind in particular is the EU CSR directive, which requires large firms to disclose non-financial information. This has led to firms improving their sustainability reporting and investing more in sustainability initiatives to meet demands. I can tell you that this is also taken extremely seriously. The penalties for non-compliance with the CSR guidelines can be very high. According to German law, fines can be imposed as part of an administrative offense and can amount to up to 10 million euros. These fines are typically calculated based on the firm's sales and profits. As Bain & Firm, we have never received a penalty for non-compliance with the EU CSR Directive. The firm is strongly committed to sustainability and social responsibility, as evidenced by various awards that can be viewed on our website. The EU CSR Directive emphasizes the identification and disclosure of risks related to environmental, social and governance factors. We have accordingly improved our risk management processes to identify and assess potential sustainability risks and implemented risk mitigation and avoidance measures to comply with legal requirements.”

Me: “How do legal requirements positively influence the integration of sustainability? Please provide examples and discuss challenges or opportunities in complying with these requirements (particularly in relation to reporting and transparency contribution)?”

Compliance specialist: “As already mentioned, legal requirements are an important building block in promoting the integration of sustainability in every firm. By setting clear guidelines and standards, they create a framework that encourages firms to implement sustainable business practices and improve their performance. The EU CSR Directive's disclosure requirement promotes transparency and enables stakeholders to evaluate and compare a firm's sustainability performance. It's good that you also ask about the challenges, because these are also there. In particular, the quality and quantity of data as well as the complexity of the reporting requirements require specialist expertise. For many firms, meeting these requirements requires significant internal restructuring and investment in information technology to provide that all relevant data can be collected and analyzed. Unfortunately, to date there are no uniform standards for reporting, which can make it difficult to compare the sustainability performance of different firms. In return, I see it as an opportunity to further strengthen our already very good reputation and thus gain even more trust from stakeholders. We could differentiate ourselves from other consulting firms by focusing on improving the quality and quantity of data as well as meeting key points of reporting requirements. We also want to take advantage of the opportunity to optimize internal processes and invest in technology to become more efficient and transparent. Despite the promise of anonymity, I cannot tell you how we plan this in detail because of competitive interests.”

Me: “Of course I understand. Your comments helped me a lot, and you're welcome to say something at the end.”

Compliance specialist: “In compliance, we are not just talking about regulations and rules, we are talking about a movement that is literally taking over the thinking of firms and their stakeholders. The understanding of compliance has changed significantly in recent years. It is high time that firms not only meet sustainability requirements but exceed them. This isn't just an obligation, this is our biggest opportunity to do something great together!”

## 5. Interview KPMG

### **Translated Interview:**

Me: “First I would like to know whether legal requirements in Germany or the EU have influenced the development of sustainability practices? If yes, please provide a specific case. Can you share specific examples where regulatory compliance has shaped sustainability strategies?”

Compliance specialist: “There are some important guidelines that we are bound by here in Germany. In addition to the EU CSR directive, there are the SDGs and the German Sustainability Strategy 2030. Would you like me to address all of them, or one in particular?”

Me: “I know you don’t have much time, can you please tell me something about the influence of the SDGs and the 2030 Sustainability Strategy in your firm? Another interviewee had already explained to me more about the EU CSR directive. However, if you have time, feel free to say something about anything.”

Compliance specialist: “No problem. I actually have some time today. The SDGs are an important reference point for us at KPMG to provide that our business practices and services are in line with the global Sustainable Development Goals. In the area of compliance, the SDGs play an important role by serving as a reference framework for us to provide that our compliance efforts not only meet legal requirements but also contribute to promoting sustainable development. Of particular interest to my area of responsibility is SDG 16, which states that firms should not only comply with the law, but also actively contribute to acting fairly and ethically and promoting clean business practices. Firms can contribute by implementing compliance programs that promote compliance with laws and regulations and provide the integrity of their organization. We offer a wide range of compliance services, including consulting, training and auditing, to provide organizations act in accordance with relevant regulations. We help firms identify risks, develop policies and procedures, and monitor and enforce compliance standards. We also use such systems within our firm. In general, we certainly have fewer problems in this area in Germany than in other regions of the world. Especially when I think of South America or parts of Asia. Now to the EU CSR directive. This also sets out the framework for transparent reporting on environmental, social and employee issues. At KPMG, we help firms comply with this guideline by helping them develop their sustainability strategies, collecting and analyzing data and providing reports to create reports

that provide stakeholders with transparent insight into their sustainability performance. As an example, we help our clients create sustainability reports that meet the requirements of the EU CSR Directive. This includes identifying relevant key numbers and preparing reports in accordance with internationally recognized standards such as the Global Reporting Initiative or the SDGs mentioned above. Now just the German sustainability strategy for 2030. You have to imagine this as a kind of guideline in order to understand and meet the specific requirements and expectations of the German market. We are actively engaged in the discussions and initiatives to implement this strategy and work with our clients to develop innovative solutions that contribute to achieving the goals. As you can see, these guidelines influence all aspects of our work at KPMG, from internal management to our external consulting services. We have observed how our sustainable approach drives firms to develop innovative tools and make their business models more sustainable. Since then, many firms have been investing in sustainable projects, but I am not allowed to go into more detail about them here.”

Me: “Thank you for this detailed answer. You have already answered part of my second question, so I would just like to ask you to give me examples and discuss what challenges or opportunities exist in complying with these requirements, especially with regard to reporting and transparency contributions?”

Compliance specialist: “I will go over the respective guidelines again in relation to your first question. Firms supporting SDG 16 may face the challenge of implementing internal controls and compliance mechanisms to achieve such goals, which can be difficult without appropriate expertise. The chances are that firms that stand up for ethics can strengthen their reputation and build long-term sustainable business relationships. The EU CSR Directive requires certain firms to disclose non-financial information such as environmental, social and employee issues. A challenge here is that firms may struggle to collect and verify relevant data, especially if they have complex supply chains. The opportunities are that the directive will force firms to rethink their sustainability practices and report more transparently on their impacts, which can increase stakeholder trust. The challenge with the German Sustainability Strategy 2030 is that firms may have difficulty understanding and implementing the requirements of the strategy, especially if they operate in multiple countries and are subject to different legal frameworks. The respective guidelines that firms in different countries are subject to are challenging and have a major influence on sustainability practices, including for us at KPMG. The opportunities are that firms that actively participate in the implementation of the strategy can benefit from government support and a positive image that positions them as responsible players in the market.

Me: “Yes, that is very consistent with what I suspected. Would you like to make a statement at the end?”

Compliance specialist: “I think I have mentioned everything relevant and hope that it will be useful for your master’s thesis.”

## 6. Interview BCG

### **Translated Interview:**

Me: “First, I would like to know how BCG approaches sustainability and how it is integrated into your consulting services.”

CSR specialist: “Absolutely. We do not view sustainability as an isolated initiative, but rather it is integrated into the core of our consulting services. A central aspect is our work on tailor-made sustainability strategies for firms. We help our clients develop strategies that take not only economic aspects into account, but also ecological and social aspects. We have commissioned our own studies which show that firms that integrate sustainability aspects into their strategy achieve better economic performance and have higher profit margins. We support firms in designing transformations, surviving resilience and prioritizing sustainability as competitive factors. Our focus here is on analysis and strategy development, resource allocation, change management and culture promotion as well as measurement and reporting.”

Me: “Can you provide specific examples of sustainability practices and explain how they fit into the overall goals? How does your firm measure the success or impact of its sustainability initiatives (specific KPIs)?”

CSR specialist: “I can tell you a lot about this. Major projects I have been involved in over the last 3 years is the automotive industry, which is transforming from the production of internal combustion engines to electric vehicles and other alternative drives. The food industry, which focuses on sustainable agriculture, packaging and supply chain to reduce environmental impact. The financial services industry, which consists of banks, insurance firms, investment firms and other financial institutions, needs changes in business processes, risk management, digital transformation and compliance. Right now, a lot is being transformed in the energy and supply sectors with our participation. This industry faces challenges such as transitioning to renewable energy, improving energy efficiency and addressing climate change. For this purpose, we offer specific services for strategy development and business model innovation. The transformation

of the energy and supply sector towards a sustainable energy supply is of great social, economic and ecological importance for Germany. In relation to the KPIs you mentioned, we use CO2 reduction internally as measurement criteria. Energy efficiency in areas of building management at all of our locations is also important. The general sustainability audit is also often measured based on internal measures such as the proportion of electric vehicles and the promotion of home office options. The social impacts such as the creation of jobs, improvement of working conditions or support for community projects are also relevant. We also measure financial performance by conducting analyzes of the financial impact of our sustainability initiatives on profitability, savings or sales increases. If we want to measure our clients' practices, then it is essential for us that clients are satisfied with the sustainability measures implemented and their willingness to support further initiatives. That was a lot, I hope you were able to take it all with you."

Me: "No problem, I wrote everything down, thank you very much! You touched on that briefly, but can you go into more detail about how often your firm participates in community events or CSR activities, and which initiatives have the greatest impact?"

CSR specialist: "Very much. At BCG, we value our participation in community events and CSR activities. Our participation varies depending on the region and the specific needs of the community, but in general we are regularly involved in various initiatives. Some of our most significant activities include working with local nonprofit organizations to help those in need in the community and promote social projects. We are committed to environmental actions such as reducing carbon footprints, promoting recycling programs and supporting environmental education initiatives. These initiatives have a tangible impact on the community, improving the lives of many people while emphasizing our corporate responsibility to society."

Thank you. Anything else you want to add at the end?"

CSR specialist: "According to my observations, employees, clients, investors and also governments are increasingly attaching importance to social and ecological responsibility. Firms that proactively integrate sustainability aspects into their strategy can gain strategic advantages, strengthen their reputation and be successful in the long term. The efforts in my department in the area of CSR not only contribute to the positive development of society and the environment, but also strengthen the competitiveness and long-term success of our firm."

## 7. Interview E&Y

### **Translated Interview:**

Me: “First, I would like to know what your firm’s sustainability strategy looks like and how it is integrated into your consulting services.”

Senior: “Thank you for your question. When designing our sustainability strategy, we attach particular importance to ensuring that it does not just exist on paper but is actively integrated into our daily practices and consulting services. This means that we not only pay attention to finding sustainable solutions for our clients, but also constantly question and improve our own business processes in order to minimize our ecological footprint and act in a socially responsible manner. We believe that true sustainability can only be achieved through integration into all aspects of our business.”

Me: “Can you provide specific examples of sustainability practices and explain how they fit into the overall goals? How does your firm measure the success or impact of its sustainability initiatives (specific KPIs)?”

Senior: Absolutely, gladly. A concrete example of a sustainability practice in our firm is the implementation of energy efficiency measures in our office buildings. We have introduced systems to automatically control lighting and air conditioning to optimize energy consumption and reduce emissions. This practice supports our overall goal of reducing our environmental footprint and minimizing our contribution to climate change. Another example is our strategy to promote diversity and inclusion in our work environment. We have implemented programs to recruit and develop talented employees from diverse backgrounds to promote a diverse and inclusive firm culture. This not only contributes to a fairer society, but also strengthens our ability to innovate and provide world-class consulting services. When it comes to measuring success, we use a variety of KPIs to monitor the impact of our sustainability initiatives. These include, for example, energy consumption per employee, CO2 emissions per business unit, workforce diversity and client satisfaction with our sustainable consulting services. By regularly reviewing and analyzing these KPIs, we can track our progress, improve our performance and provide we meet our sustainability goals.

Me: “How often does your firm participate in community events or CSR activities, and which initiatives have the greatest impact?”

Senior: “In my opinion, the number of CSR activities is less important than the quality. One initiative that has a big impact on us and the community is local clean-up initiatives or tree plantings to protect and improve the natural environment in our communities. We also organize events to promote health and wellbeing in the community, such as health days or sporting events. We offer a range of health programs specifically for our employees, such as advice on stress management/well-being. These activities bring people together, strengthen community bonds and promote a healthy and active lifestyle.

Me: “Interesting, I’ve never heard that before. On another topic. Have legal requirements in Germany or the EU influenced the development of sustainability practices? If yes, name a specific case. Can you please provide specific examples of how regulatory compliance has shaped sustainability strategies?”

Senior: “Of course, while I am happy to provide you with an overview of the impact of regulatory requirements on sustainability practices, I would like to point out that this is not my area of expertise and accordingly I can only offer superficial insights. In addition to the CSR directive, there are other legal frameworks in Germany and the EU that influence the development of sustainability practices. For example, Germany has passed the Supply Chain Act, which requires firms to comply with human rights and environmental standards throughout their entire supply chain. Similar initiatives also exist at EU level, such as the Sustainable Financing Initiative, which aims to direct investments into sustainable projects and improve disclosure of environmental, social and governance criteria. Compliance with these various legal requirements often requires firms to make major changes to their business practices. For example, we help our clients implement new audits and reporting systems to monitor compliance with standards along their supply chain. They are also investing in more sustainable products and processes in order to meet increasing requirements.”

Me: “Ok. I understand that this is not your area of expertise, but could you tell me how legal requirements positively influence the integration of sustainability? If yes, please provide examples and discuss challenges or opportunities in complying with these requirements (particularly in reporting and contributing to transparency).”

Senior: “Legal requirements can help to anchor sustainability in firms by setting clear guidelines and standards. They can also create incentives to invest in more sustainable technologies, products and processes. For example, tax incentives for renewable energy can encourage the development and deployment of such technologies. This could make it easier for

firms to define sustainability goals and take measures to achieve them. Compliance and reporting on regulatory requirements can also present challenges, such as the need to collect and analyze extensive data and ensuring reporting accuracy and transparency. This transparency of reporting is important so that stakeholders, such as investors, clients, employees and the broader public, can have confidence in a firm's sustainability efforts and make informed decisions.”

I understood. On to the next topic. How do client preferences and market trends influence your firm's sustainability strategies?”

Senior: “I can tell you more about this. The direction of sustainability strategies is significantly influenced by client preferences and market trends. Our clients increasingly value environmental friendliness, social responsibility and ethical business practices. The leading trends in the areas of CSR and ESG play a fundamental role in our corporate strategy at E&Y. We recognize that clients are increasingly favoring service providers that actively promote sustainability and ethical business practices. Accordingly, we have adapted our sustainability strategies to meet these client needs. By integrating CSR and ESG practices into our business strategies, we have been able to not only improve our image and brand reputation, but also increase the trust of our clients. Our commitment to sustainability and social responsibility helps build a loyal client base, as many firms enjoy working with service providers who share their values and are committed to making a positive social impact. In addition, considering CSR and ESG trends has helped us minimize risks related to environmental pollution, labor rights violations and other ethical issues. By reacting and adapting to these developments early on, we can gain a competitive advantage and reduce our risk of regulatory sanctions. CSR and ESG trends are also influenced by legal regulations and regulatory developments. Firms that respond and adapt early to these developments can gain a competitive advantage and reduce their risk of regulatory sanctions.

Me: “How does your firm respond to client needs and market trends related to sustainability? Please discuss adjustments or innovations in sustainability strategies because of these factors. Are there specific cases where client needs or market trends have led to adjustments or innovations in sustainability strategies?”

Senior: “As a senior manager at E&Y, it is important to me to closely monitor and respond to the dynamics of the sustainability area. Our strategy for adapting to client needs and market trends in the area of sustainability is characterized by proactivity. Our goal is to continually

improve our services to meet ever-changing needs. E&Y's sustainability strategy is designed to provide that business works for sustainability and vice versa, with sustainability viewed as a key innovation opportunity. A concrete example of how client requirements and market trends have led to adjustments in sustainability strategies is the collaboration with a large and very well-known retail firm, which I cannot explicitly mention here. This firm is committed to improving its sustainability goals and reporting more transparently on its environmental impact. This client experienced growing consumer demand for sustainable products and transparency regarding environmental practices. To meet these client needs and remain competitive, the firm recognized the need to increase its sustainability efforts and communicate more transparently about its progress. Working closely with us, the retailer developed a sustainability strategy that included both internal processes and external communication practices. This included introducing stricter environmental standards in the supply chain, promoting recycling initiatives and implementing ESG policies across all business areas. We also assisted the client in developing a sustainability report that included detailed information on environmental performance metrics, social responsibility and governance practices. This report was used to improve transparency and increase consumer trust in the firm. This shows how growing consumer demand for sustainability and transparency can lead firms to adapt their sustainability strategies and develop innovative solutions to meet their clients' needs. We are proud to say that we were the ones who helped this major client develop and implement these strategies.”

Me: “When did your firm start actively integrating sustainability into its business practices? Have you observed any changes or developments in your sustainability strategies over time?”

Senior: “Our firm began actively integrating sustainability into its business practices several years ago. I've been at E&Y for 8 years now, when I started here there were already sustainability practices in place. This has been a gradual evolution that has intensified over time as we have recognized the importance of sustainability for our clients, our employees and society at large. We have observed a number of changes and developments in our sustainability strategies over the years. Initially we focused mainly on environmental aspects and reducing our ecological impact. Over time we have realized that sustainability is much broader and also includes social and governance aspects. You could say that we have only focused on the E of ESG for too long, while S and G have been neglected. Accordingly, we have further developed our sustainability strategies to take this holistic perspective. We have increased our efforts to assume social responsibility by committed to promoting diversity and inclusion and actively engaging with the communities in which we operate. We have also implemented governance

practices through the establishment of an Ethics Committee and a Code of Conduct for all employees to provide that our firm is run transparently and ethically.”

Me: “What internal cultural factors and leadership initiatives influence your firm’s sustainability practices?”

Senior: “Internal cultural factors such as collaboration and responsibility are essential in shaping our sustainability practices. The managers, of whom I am one, are essential and set the tone for sustainability in our firm through their role model behavior. When they are personally committed to sustainable practices and demonstrate this in their decisions, it motivates employees to adopt similar practices. I've noticed this several times. In addition, anchoring sustainability in our corporate values and mission is necessary in order to raise awareness of the importance of sustainability practices and integrate them into everyday work. Through training and awareness programs, employees can be made aware of sustainability issues and motivated to commit to sustainable action. Reward and recognition programs for employees who are particularly committed to sustainability create incentives and increase motivation to participate in sustainable initiatives. For example, employees can help raise awareness of sustainability within the firm by sharing information about the importance of sustainability practices, motivating and informing colleagues, and using internal and external communication channels to report progress and successes. Transparent communication about sustainability goals, progress and challenges strengthens employee commitment. In the long run, it is important that these factors and initiatives are continually monitored, evaluated and adjusted to provide that the firm achieves its sustainability goals and is successful in the long term.”

Me: “How do internal corporate culture and leadership contribute to the integration of sustainability? Please provide examples of cultural or leadership initiatives that play a role. Can you provide specific examples of leadership engagement that influences the overall integration of sustainability within the firm, particularly in relation to employee engagement and well-being?”

Senior: “As already mentioned before, I see the clear communication of values and goals in relation to sustainability as being most effective. If we as E&Y are regularly informed about our long-term sustainability goals and these are firmly integrated into the firm's overall strategy, this creates awareness of the importance of these topics and motivates employees to actively participate in them. A concrete step in this direction is that we managers regularly obtain employee feedback and incorporate this into decisions to further develop the firm's

sustainability strategy. By taking employees' needs and perspectives into account, it provides that the firm's sustainability efforts receive broad approval and support and can accordingly be implemented more effectively. Also, clients will probably be more willing to accept recommendations and advice from a firm that has implemented sustainable practices and is actively promoting the topic.”

## 8. Interview McKinsey

### **Translated Interview:**

Me: “First, I would like to know what your firm’s sustainability strategy looks like and how it is integrated into your consulting services.”

Project Manager: “As a leading consultant, McKinsey places great value on sustainability and integrates it deeply into its strategy and services. Our sustainability strategy is based on various pillars. First, we are deeply committed to sustainability internally by implementing measures such as reducing the environmental footprint of our offices, promoting diversity and inclusion, and supporting charitable initiatives. Second, sustainability is an integral part of our client advice. We support firms in developing and implementing sustainable business strategies by helping them reduce their environmental impact, assume social responsibility and promote long-term value creation. We rely on innovative approaches and tools to help our clients use sustainability as a driving force for innovation and growth. Third, as an industry leader, we strive to advance best practices and standards in sustainability. We are actively involved in industry associations, research projects and public discussions to help provide that sustainability plays a central role in the global economy. Our consulting projects are designed to develop tailored solutions that meet our clients’ specific sustainability goals and challenges. We combine industry-specific expertise with innovative thinking and an understanding of current trends and developments in the area of sustainability. By continually investing in the development of our own employees, we provide that they have the necessary skills and knowledge to best support our clients in achieving their sustainability goals.”

Me: “Can you provide specific examples of sustainability practices and explain how they fit into the overall goals? How does your firm measure the success or impact of its sustainability initiatives (specific KPIs)?”

Project Manager: “Sure. McKinsey helps firms develop and implement sustainable business strategies. The success of these consulting initiatives can be measured using KPIs such as the

total number of client sustainability projects, financial impact on clients, and the rate of implementation of sustainability strategies. For example, I often advise large banks and financial institutions on developing strategies to minimize risk and maximize their returns. One sustainability practice is to include environmental aspects and risks in financial analysis and advice. This means that environmental factors such as climate change risks, environmental impact of firms and sustainability performance are also taken into account when evaluating investments or lending decisions. By integrating environmental considerations into financial analysis, banks and financial institutions can make better-informed decisions and promote long-term sustainable investments. This practice can be measured using metrics such as the proportion of sustainable investments in the client's overall investment balance. To measure the success of our sustainability initiatives, we use both internal and external KPIs. Internally, KPIs such as CO2 emissions per employee, diversity metrics and employee satisfaction surveys are regularly monitored and evaluated. Success is measured externally using key numbers such as the number of client projects carried out in the area of sustainability, the financial impact on clients and the public perception of the firm. As McKinsey, we take a complete approach to assessing its sustainability progress, including both quantitative and qualitative metrics, which are regularly reviewed to provide set goals are met.”

Me: “How often does your firm participate in community events or CSR activities, and which initiatives have the greatest impact?”

Project Manager: “We very often take part in CSR activities. We are increasingly committed to advising social enterprises and non-profit organizations to help them strengthen their capacity, maximize their impact and develop more sustainable business models. By providing pro bono consulting services, we help social enterprises achieve their goals more effectively and create positive change in their communities. We also support start-ups and innovative firms that develop solutions to social challenges through initiatives such as accelerator programs, mentorship and financial support. By promoting entrepreneurship and innovation, we help promote new ideas and solutions that can have a positive impact on society. We also invest in research and knowledge exchange on relevant societal issues and share insights and best practices through publications, events and partnerships with other organizations. By promoting knowledge exchange and discussion, we help advance public debate on important social issues and contribute to the development of solutions. These specific initiatives are examples of how McKinsey, as a leading consultant, is making a unique contribution to driving social change

and sustainable development by leveraging our expertise, resources and network to drive positive change in the communities in which we operate. to effect.”

Me: “Great. How do client preferences and market trends influence your firm's sustainability strategies? Please explain how these factors influence CSR initiatives such as community engagement.”

Project Manager: “Client preferences and market trends are important drivers for our sustainability strategies. More and more clients are demanding sustainable solutions and expect firms to assume social and environmental responsibility. These factors, such as ESG and many others, are key indicators of the increasing importance of sustainability in the business world. We have known for years that firms that use the services of consulting firms like ours are increasingly placing sustainability and social responsibility as important criteria when selecting their business partners. McKinsey accordingly considers the growing demand for consulting services in the area of sustainability and adapts its offerings accordingly.”

Me: “How does your firm respond to client needs and market trends related to sustainability? Please discuss adjustments or innovations in sustainability strategies because of these factors. Are there specific cases where client needs or market trends have led to adjustments or innovations in sustainability strategies?”

Project Manager: “We respond flexibly to client needs and market trends by using our expertise and resources to develop innovative solutions. You can think of it like this: we have a kind of innovation laboratory. The way it works is that we work with experts from various fields such as science, technology, business and design to research and develop new ideas and technologies that can have a positive impact on the environment, society and the economy. It serves as a platform for knowledge exchange and collaboration between different actors to create synergies and support the scaling of sustainable innovations. We are currently trying to develop a revolutionary method that will help integrate AI into firms' sustainability strategies. This method could help firms collect, analyze and use data in real-time to make informed decisions and achieve their sustainability goals more effectively. Implementing this innovative solution would allow us to significantly expand and deepen our advisory services by providing our clients with access to pioneering tools and analytics. The details of this solution cannot be explained in detail for confidential reasons, I am sure you understand.”

Me: “Of course but thank you very much for giving me some insight into this, that sounds very exciting! Just the last question: When did your firm start actively integrating sustainability into its business practices? Have you observed any changes or developments in your sustainability strategies over time?”

Project Manager: “McKinsey recognized sustainability as a strategic focus early on and began integrating sustainability principles into its business practices. The exact time when our firm started this integration varies and I honestly cannot say exactly as sustainability initiatives are always introduced according to Steps. Over time, we have certainly observed changes and developments in our sustainability strategies. It would have been strange if that wasn't the case. The changes may have been influenced by a variety of factors, including geopolitical changes, demographic shifts, cultural trends, changing client needs and expectations, new regulatory requirements, technological advances and growing awareness of environmental and social issues. We have revised the sustainability goals or set them even more strictly, adapted business models and formed partnerships with other organizations in order to achieve our sustainability goals. For example, we have been using only green electricity at our sites for several years, and we are also pursuing a multi-pronged approach to reducing the carbon footprint, including electrifying firm-owned vehicles across the entire fleet and reducing travel costs per employee.”

## 9. Roland Berger

### **Translated Interview:**

Me: First, I would like to know what internal cultural factors and leadership initiatives influence your firm's sustainability practices.

HR Manager: “In the role as HR Manager at Roland Berger in Germany, it is necessary to identify the internal cultural factors and leadership initiatives that influence our sustainability practices. At Roland Berger we attach great importance to a culture of excellence and cohesion. These values form the basis of our sustainability efforts. First, we promote an open communication culture that allows our employees to express ideas and concerns related to sustainability. Second, we rely on clear and inspiring leadership that emphasizes the importance of sustainability and anchors it as an integral part of our corporate strategy. Our managers act as role models who promote awareness of sustainability through their own actions and decisions. We also invest in training and programs on the importance of sustainability to

strengthen our employees' understanding and commitment. This enables them to use their skills and resources specifically for sustainable initiatives.”

Me: How do internal corporate culture and leadership contribute to the integration of sustainability? Please provide examples of cultural or leadership initiatives that play a role. Can you provide specific examples of leadership engagement that influences the integration of sustainability within the firm, particularly in relation to employee engagement and well-being?

HR Manager: “In my opinion, internal corporate culture and leadership are the most important factor in integrating sustainability. Why? They create an environment in which sustainability is perceived and implemented as a central component of the corporate strategy. This can then be continued by other factors. We have special teams made up of employees from different departments and hierarchical levels who voluntarily come together to drive sustainable initiatives within the firm. This is where ideas are collected, existing processes are reviewed and new sustainable practices are designed. As previously mentioned, our managers also regularly attend sustainability events and actively participate in discussions about sustainability issues. In addition, our managers also formulate personal goals related to sustainability as inspiration and motivation. An example of the commitment of our managers is the promotion of employee voice and their performance through the introduction of flexible working hours, health programs and measures to promote work-life balance. Our main consideration here was that when employees have access to these benefits, they are typically better able to take care of their own needs. This can lead to them feeling better overall and having more energy for other aspects of their lives, including engaging in sustainability initiatives. Employees told me that at Roland Berger we offer an environment that tends to be more concerned with sustainability because, thanks to it, employees develop a greater appreciation for long-term values and concerns. This makes me very happy and I think that if they see that their employer cares about their well-being and takes an approach to promoting a balanced lifestyle, they might be more inclined to also think about the long-term impact of their actions on the environment.”

Me: “I think you have already partially answered this, but I would like to clarify it again using examples. Please give me an example of leaders who are committed to sustainability initiatives, particularly around employee engagement and well-being.”

HR manager: “Sure. Managers integrate sustainability goals into performance assessments and goal setting. This could be reflected, for example, in setting concrete goals for introducing sustainable practices in their work areas. By regularly providing information about

sustainability initiatives via internal communication channels such as newsletters, intranets or firm events, managers create a direct connection with employees. This direct communication from leaders shows employees that sustainability is a priority at the highest firm levels and that their leaders are personally behind these initiatives. Regular information and encouragement from managers motivate employees to actively participate in sustainability efforts. This can create a sense of belonging and pride as employees see that they are part of a firm that is actively committed to a sustainable future. In addition, direct communication from managers helps promote an open and transparent corporate culture in which employees feel heard and valued. This, in turn, can strengthen employee engagement and well-being by creating an environment in which employees can actively contribute and fulfill their potential.”

**Contribution to Literature**

The main articles and theories used in the construction of this research, along with the analysis of whether this study contradicted, added to, or confirmed the theory is mentioned in the following tables. The references in the table are from the 2. part of the thesis: “Literature Review”.

<b>Author of the Article, Year</b>	<b>Article Title</b>	<b>Brief Summary</b>	<b>Adds/Confirms/Contradicts</b>	<b>Justification</b>
<b>Elkington (1997)</b>	Triple Bottom Line	Elkington's Triple Bottom Line emphasizes the importance of considering economic, social and environmental factors when making business decisions.	Confirms and Adds	According to Elkington's Triple Bottom Line thesis, the research shows how companies are integrating economic, social, and environmental issues into their business strategies. It enriches by providing actual business examples and strategies for integrating TBL into daily operations.
<b>Henriques &amp; Richardson (2004)</b>	Assessing the TBL Framework	This research evaluates the TBL framework's effectiveness as well as opportunities and challenges of putting sustainable principles into practice.	Confirms and Adds	The study validates the primary challenges and opportunities noted by Henriques and Richardson for implementing sustainable practices. By providing actual information from interviews and a case study conducted within consulting companies, it strengthens their work by identifying success factors and best practices.
<b>Winston &amp; Esty (2006)</b>	Green to Gold	They talk about how environmental strategy can provide a business a competitive advantage, encourage innovation, and create value.	Confirms and Adds	Based to the study, environmental responsibility can be a strategic advantage, as suggested by Winston and Esty. It further demonstrates how environmental strategies are being used by consulting firms to innovate and generate value for their clients, giving them a competitive advantage.

<b>Orsato (2009)</b>	Sustainability Strategies	The financial consequences of sustainability initiatives and the duration required to adopt green practices are illustrated by Orsato.	Confirms and Adds	The research confirms Orsato's analysis that sustainability can lead to financial benefits. It details specific financing options such as savings through energy efficient technologies and new ways of sustainable practices identified in consulting firms.
<b>PwC (2003)</b>	Integral Business Framework	This framework reflects the integration of sustainability into business strategy.	Confirms and Adds	The study confirms the PwC framework of how consulting firms integrate sustainability into their strategic operations. It contributes to providing practical steps and insights from consultancy on how sustainability strategies can be better aligned within the business strategy.
<b>Hitchcock &amp; Willard (2006)</b>	Practical Strategies and Tools	This guide provides practical strategies and tools for organizations to integrate sustainability.	Confirms and Adds	Research confirms the effectiveness of the practical strategies and tools outlined by Hitchcock and Willard. It contributes to the presentation of needs to consultancies and emphasizes the role of employee engagement and strategic partnerships in sustainability integration.
<b>Götze, Höse, &amp; Süß (2022)</b>	Business Model Sustainability Evaluation	This study review categorizes methods for evaluating business model sustainability.	Confirms and Adds	The study confirms the importance of comprehensive evaluation methods for business model sustainability. It adds by illustrating how consulting firms use various evaluation frameworks and tools to assess and improve their sustainability practices.
<b>Anderson, Fowler, &amp; Placet (2005)</b>	Practical Study on Sustainability in Cement Industry	This study provides practical guidelines for industries to adopt sustainability.	Confirms and Adds	The research confirms the practical guidelines provided by Anderson, Fowler and Placet for adopting sustainability. It adds by showing how consulting firms apply these guidelines to various industries, emphasizing issue-oriented strategies and stakeholder collaboration.
<b>Rezaee (2018)</b>	Theories of Sustainability	This paper analyzes sustainability theories such as shared value creation, stewardship theory, and stakeholder theory.	Confirms and Adds	The study confirms the relevance of sustainability theories like shared value creation, stewardship, and stakeholder theory in business strategies. It adds by highlighting their practical application in consulting firms, showing how these theories support continuous performance improvement and transparency in sustainability initiatives.

<b>Schaltegger &amp; Burritt (2015)</b>	Ethical Motivations in Corporate Sustainability	This research examines the ethical motivations driving corporate engagement in sustainability.	Confirms and Adds	The study confirms the importance of ethical motivations in integrating sustainability by demonstrating how consulting firms align their strategies with sustainability goals. It adds by providing specific examples of how ethical considerations are operationalized within consulting firms.
<b>Schaltegger &amp; Wagner (2006)</b>	Sustainability Performance, Competitiveness, and Economic Performance	This work explores the relationship between sustainability performance, business competitiveness and economic performance.	Confirms and Adds	The research confirms the interdependence of sustainability performance and competitiveness. It adds by offering a detailed analysis of how consulting firms create business cases for sustainability that enhance both financial success and competitive advantage.
<b>Schaltegger, Lüdeke-Freund, &amp; Hansen (2006)</b>	Sustainability Performance, Competitiveness, and Economic Performance	This study emphasizes the interdependence between sustainability performance, business competitiveness, and economic performance. It provides a framework for understanding how sustainability initiatives affect business outcomes.	Confirms and Adds	The research confirms the critical linkage between sustainability initiatives and business competitiveness, asserting that effective sustainability practices can lead to enhanced economic performance. It adds by offering a detailed analysis on how consulting firms can build robust business cases for sustainability, specifically by measuring and demonstrating the positive impacts of sustainability initiatives on financial and competitive performance.
<b>Bansal &amp; Song (2017)</b>	Corporate Sustainability vs. Corporate Responsibility	This study analyzes the distinctions between corporate sustainability and corporate responsibility.	Confirms and Adds	The study confirms the terminological distinctions and practical overlaps between sustainability and corporate responsibility. It adds by showing how consulting firms use these distinctions to set specific sustainability objectives within their broader CSR frameworks.
<b>International Data Corporation (2023)</b>	ESG Sustainability Strategy Consulting Services	This report provides a strategic outlook on the vendor market for ESG consulting services.	Confirms and Adds	The research confirms the strategic importance of understanding the competitive ESG consulting landscape. It adds by showing how consulting firms position themselves and tailor their services to meet evolving client and industry demands, using ESG as a core framework.

<b>Ghadiri, Brès, &amp; Gond (1991)</b>	Identity Work of CSR Consultants	This study explores the challenges CSR consultants face in balancing social responsibility with profit.	Confirms and Adds	The research confirms the identity-related challenges faced by CSR consultants. It adds by providing insights into how consulting firms support their professionals in aligning business strategies with sustainability goals, addressing both internal and external dynamics.
<b>Carroll (1991)</b>	Pyramid of CSR	Carroll's pyramid outlines the progressive levels of corporate responsibility from economic viability to philanthropic responsibility.	Confirms and Adds	The study confirms Carroll's model by showing how firms incorporate economic, legal, ethical and philanthropic responsibilities in their sustainability strategies. It adds by illustrating how these firms help their clients progress through these stages to achieve comprehensive CSR.
<b>Bateh, Horner, Broadbent, &amp; Fish (2014)</b>	Theoretical Integration of Sustainability	This literature review provides a theoretical framework for understanding sustainability's impact on organizational growth.	Confirms and Adds	The research confirms the necessity of integrating sustainability into broader organizational strategy. It adds by offering practical examples and detailed strategies consulting firms use to embed sustainability into organizational development and growth processes.
<b>Carballo-Penela &amp; Castromán-Diz (2014)</b>	Stakeholder Pressures and Sustainability Integration	This study explores the pressures from various stakeholders that compel firms to adopt sustainable practices, highlighting the influence of managers' attitudes and motivations and the trade-offs between short-term financial performance and long-term sustainability goals.	Confirms and Adds	This research confirms the influence of stakeholder pressures on the adoption of sustainability practices in consulting firms. It adds by providing specific insights into the role of managerial attitudes and the importance of balancing short-term and long-term goals, which are consistent with the findings in the thesis regarding leadership commitment and the strategic alignment of sustainability initiatives.

<p><b>Zimmerman &amp; Bell (2015)</b></p>		<p>The Matrix Map method provides a systematic framework for integrating sustainability into strategic decisions by categorizing programs based on their financial impact and sustainability considerations.</p>	<p>Adds</p>	<p>This framework adds a practical tool for consulting firms to visually map and prioritize their sustainability initiatives, supporting the thesis's emphasis on strategic planning and the integration of sustainability into core business operations.</p>
<p><b>Freeman (1984)</b></p>	<p>Freeman's Stakeholder Approach</p>	<p>Freeman's approach emphasizes the importance of addressing the interests of various stakeholders, advocating for sustainable practices that benefit all parties involved.</p>	<p>Confirms</p>	<p>The thesis confirms Freeman's stakeholder approach by highlighting the need for consulting firms to engage with clients, employees and other stakeholders to promote sustainable practices and achieve long-term benefits for all parties.</p>
<p><b>Hart &amp; Milstein's (2003)</b></p>	<p>Concept of Creating Sustainable Value</p>	<p>This concept focuses on generating enduring value for both the firm and society by integrating social and environmental concerns into business strategies.</p>	<p>Confirms and Adds</p>	<p>The thesis confirms this concept by emphasizing that integrating sustainability is not just about environmental part but also about creating long-term value with governance and social courage. It adds by detailing specific strategies and practices consulting firms can use to achieve this integration, such as leadership commitment and strategic partnerships.</p>
<p><b>Owen (2021)</b></p>	<p>Private Firms and Public Regulations in Environmental Consulting</p>	<p>This study examines how private consulting firms support public regulations, offering insights into their cooperative role in aligning operations with regulatory requirements.</p>	<p>Confirms</p>	<p>The thesis confirms Owen's findings by discussing the importance of regulatory compliance and the role of consulting firms in helping clients handling regulatory complexities, thereby integrating sustainability into their business practices.</p>

<b>Taticchi &amp; Demartini (2021)</b>	Corporate Sustainability in Practice	This guide provides a roadmap for translating theoretical sustainability frameworks into practical strategies and actions.	Adds	This study adds practical steps and tools that consulting firms can use to implement sustainability initiatives, complementing the thesis's emphasis on actionable strategies and the integration of sustainability into daily operations.
<b>Rezaee's (2016)</b>	Theoretical Perspective on Business Sustainability	Rezaee offers an integrated perspective on sustainability, incorporating ethics, governance, social responsibility and environmental performance.	Confirms and Adds	The thesis confirms Rezaee's integrated perspective by acknowledging the multifaceted nature of sustainability. It adds by providing empirical evidence and specific case studies that illustrate how consulting firms can integrate these dimensions into their strategies.
<b>Rezaee (2018)</b>	Theoretical Foundations of Sustainability in Business Strategies	This research paper analyzes various sustainability theories, such as shared value creation, stewardship theory and stakeholder theory. Emphasizing the importance of transparency, accountability and continuous performance improvement.	Confirms and Adds	The thesis confirms the theoretical foundations discussed by Rezaee, particularly the emphasis on transparency and accountability. It adds by offering practical recommendations for consulting firms to enhance their sustainability programs, such as strategic partnerships and employee engagement.