

# Legitimacy through disclosure: how Dutch coffee firms use sustainability reporting

*Exploring legitimacy strategies in the Dutch coffee sector under mandatory sustainability reporting*

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## Abstract

As sustainability reporting (SR) shifts from a voluntary practice to a mandatory regulatory requirement under the CSRD, companies face new challenges in constructing legitimacy. This study investigates how Dutch coffee companies use SR as a legitimacy mechanism in the context of mandatory disclosure. Based on legitimacy theory and the distinction between symbolic and substantive compliance, the study examines how companies pursue pragmatic, moral, and cognitive legitimacy through their legitimacy practices.

Using a qualitative design, this research combines document analysis of sustainability reports and newspaper articles with six semi-structured interviews with representatives from Dutch coffee firms. The findings show that mandatory SR has fostered internal changes, particularly by encouraging the use of quantitative indicators and formalising sustainability processes. While symbolic compliance remains present, its frequency declines as companies face stricter reporting expectations. Substantive compliance becomes more dominant, especially through role performance and regulatory adherence.

The findings of this study show that companies primarily aim for pragmatic legitimacy by aligning with stakeholder expectations, and moral legitimacy through ethical sourcing practices and procedural improvements. Cognitive legitimacy remains rare, as firms struggle with transparency challenges. Additionally, the study highlights doubt about the effectiveness of sustainability frameworks like Fairtrade, specifically for smaller firms, and raises questions about the communication value of SR in stakeholder groups such as the hospitality sector.

This research contributes to the sustainability disclosure literature by showing that reporting does not automatically grant legitimacy. Instead, it must be continuously constructed and maintained in response to regulatory, societal and internal expectations. These insights have implications for policymakers, stakeholders, and organisations navigating the shift to mandatory sustainability disclosure.

**Keywords:** Legitimacy, sustainability reporting, Dutch coffee sector, compliance, mandatory reporting, ESG, CSRD

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## List of abbreviations

EU	European Union
CSRD	Corporate Sustainability Reporting Directive
ESG	Environmental Social Governance
NFRD	Non-Financial Reporting Directive
SR	Sustainability Reporting

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# 1. Introduction

In recent years, SR has increasingly shifted from voluntary to mandatory for organisations (Ioannou & Serafeim, 2019; Jackson et al., 2020). For example, in September 2014, the EU adopted the NFRD (European Parliament and the Council of the EU, 2014). The NFRD requires large companies (more than 500 FTE) to disclose non-financial and diversity information. As of 2024, the CSRD has been introduced. The objective of the CSRD is to enhance transparency and comparability of ESG disclosures by EU-listed firms (Aboud et al., 2024). The CSRD aims to surpass the NFRD with stricter SR requirements and marks a milestone regulatory turning point for SR in Europe (Panfilo & Krasodomska, 2022; Pizzi et al., 2023). This regulatory shift underscores the growing importance of standardised and enforceable SR, ensuring that companies are held accountable for their ESG performance while providing stakeholders with more reliable and comparable ESG information.

By implementing mandatory SR, the EU aims to drive sustainable efforts. However, whether stricter SR is an effective way to drive sustainable efforts is debatable (Rusu et al., 2024; Tan, 2022). ESG disclosure improves an organisation's corporate image, creates a better understanding of its products and services, and improves its relationships with various stakeholders (Alsayegh et al., 2020). Regulations regarding sustainability disclosure typically include a "comply or explain" clause, providing firms with the option to not increase ESG disclosure. Instead, firms are allowed to briefly explain why they did not release ESG data (Ioannou & Serafeim, 2019). Understanding why companies engage in sustainable reporting requires a theoretical lens that explains why firms engage in these disclosures. Legitimacy theory can provide this lens (Ching & Gerab, 2017). Legitimacy theory maintains that firms must continuously ensure that society perceives them as functioning within norms (Deegan, 2009). With an increase in ESG awareness, ESG is an important legitimisation strategy that firms are pivoting to (Drempetic et al., 2019). As firms navigate the pressures of stricter SR requirements, they may strategically use ESG disclosures to comply with regulations and shape societal perceptions and reinforce their legitimacy.

Although the stricter SR requirements aim to drive sustainable efforts, they do not necessarily foster sustainability. Firms can apply strategies to obtain legitimacy (Ali et al., 2020; Michelon et al., 2019). By deciding what and how they publish their sustainability efforts, firms can either comply only symbolically or comply substantively (Crossley et al., 2021). If

firms comply only symbolically, they are not enhancing their sustainability performance. Therefore, critics of SR called it opportunistic, used for greenwashing, and lacking in authentic effort (Leung et al., 2015; Thorne et al., 2014). Firms could utilise SR strategically as a marketing tactic to gain legitimacy (Wu et al., 2020). Legitimacy comprises two essential factors. Firstly, the activities developed by companies must follow the social values of the society in which they operate. Secondly, these activities must be disclosed to society through the company's disclosures (Rouf & Siddique, 2022). A way to disclose sustainability performance is through SR. Most research on legitimacy theory in the context of SR has been done on voluntary disclosure. Research on mandatory reporting is relatively scarce (Christensen et al., 2021). This study will contribute to the evaluation of the potential of mandatory reporting by examining how companies apply legitimacy strategies in mandatory disclosure contexts.

For some industries, applying legitimacy strategies may be more common than others. Social and environmentally sensitive industries are likely to be more susceptible to their sustainability performance, such as ESG, than other industries (Ali et al., 2020). Coffee is one of the most appreciated beverages in the world (ICO, 2022) and is, as a consequence, one of the most produced and traded commodities. The production of coffee has a high impact on the environment: it requires high water usage, has a high carbon footprint, and causes deforestation (Sporchia et al., 2023; van Rikxoort et al., 2014; Chort & Öktem, 2022). Additionally, there are social issues regarding fair wages for coffee growers (Sachs et al., 2019). Climate change negatively impacts the production quality and quantity of coffee (Merga & Alemayehu, 2019). These negative impacts could affect the supply of coffee, which could lead to a higher coffee price for consumers. By mandating SR, the social and environmental impact will be transparent and adequate measures could be undertaken to mitigate the effects of climate change. The Netherlands is an important trade hub, re-exporting many different products, including significant amounts of coffee. In addition, the Netherlands is one of the leading roasted coffee exporters in Europe, thus having a sizeable industrial demand for green coffee (CBI, 2021). By SR becoming mandatory, Dutch coffee companies will have to publish about their ESG performance, which leads companies to engage more in legitimacy strategies (Zhang et al., 2023). Therefore, the Dutch coffee sector is deemed to be a relevant context for this research. The central research question in this study is:

*How does sustainability reporting function as a legitimacy strategy in mandatory disclosure contexts on the Dutch side of the coffee value chain?*

This study's objective is to gain insights into how SR is used as a legitimacy mechanism in mandatory disclosure contexts. The remainder of this thesis consists of four chapters. In the following chapter theoretical background will be provided. In this chapter, legitimacy theory will be discussed. Subsequently, more context around how sustainable reporting can be used as a legitimacy tool will be provided, concluding with an explanation of voluntary and mandatory disclosure. In the third chapter, the methodology of this chapter will be outlined. After this section, the results of the research will be presented. Finally, in the discussion chapter, the study's contribution to science and society will be given, concluding with the limitations of the research and suggestions for further research.

## 2 Theoretical background

### 2.1 Sustainability reporting

Companies can publish about their sustainability efforts voluntarily. Voluntary disclosure theory suggests managers voluntarily reveal sustainability information to improve transparency, accountability and financially impactful social and environmental performance (Nishitani et al., 2021). The effectiveness of voluntary disclosure may be limited since companies only release positive information at their discretion, therefore, the reports may lack full transparency (Christensen & Miguel, 2018). High-performing firms may engage in voluntary disclosure to signal their good performance (Cho et al., 2014). Low-performing firms may use voluntary disclosure as greenwashing and to enhance legitimacy (Clarkson et al., 2019). Voluntary disclosure has the risk of a skewed or blurry representation (Hahn & Lülfes, 2014). Additionally, voluntary disclosure may shape the expression of acceptable corporate behaviour that is nevertheless at odds with actual behaviour or performance (Vigneau & Adams, 2023). To increase the quality of reports, reporting on certain topics can be made mandatory.

By making reporting mandatory, organisations are forced to share their sustainability performance. Research by Ioannou and Serafeim (2019) shows that mandatory disclosure regulations significantly increase the quality and quantity of reports. Indicators of SR quality

are the use of quantitative indicators, stakeholder involvement, and reference to frameworks (Boiral et al., 2019; Torelli et al., 2020; Zrnic et al., 2024). Mandating non-financial disclosure has also improved comparability between countries (Mion & Adai, 2020). Only announcing that disclosure will become mandatory has an impact on the sustainability performance of firms, since firms need time and effort to change their performance (Wang & Bansal, 2012). Additionally, mandatory disclosure mitigates information asymmetry between the general public and corporate efforts on sustainability issues, enabling stakeholders to identify firms with unsatisfactory sustainability performance (Chen et al., 2018). Therefore, mandatory disclosure seems an effective way to increase reporting quality.

The effectiveness, however, is debatable. Although quality increases after disclosure becomes mandatory, the quality remains quite low (Chauvey et al., 2015). Within mandatory reporting, voluntary disclosure is still present in specific areas. Consequently, organisations still have the discretion to disclose information regarding future corporate performance (Murgolo et al., 2023). Therefore, it is relevant to research how organisations apply legitimacy strategies in mandatory disclosure contexts. This study examines how companies apply legitimacy strategies in the context of CSRD regulations and what kind of legitimacy they aim to achieve.

## 2.2 Legitimacy Strategies

Publishing on sustainability performance also provides opportunities for firms. Firms may use SR as a legitimacy tool (Elrazaz et al., 2024). SR can be defined as *“the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organisational performance towards sustainable developments”* (GRI, 2021). Reporting non-financial performance through appropriate disclosure, such as SR, is essential to demonstrate substantive changes in corporate strategies to align with societal expectations and norms (Manes-Rossi et al., 2018; Michelon et al., 2019). Companies communicate with their stakeholders to manage their legitimacy (Deegan, 2019). By reporting, organisations have a one-way communication channel to their stakeholders (Deegan, 2019). Corporate sustainability management has linked externally reported sustainability performance to internal management efforts of the company (Maas et al., 2016; Schaltegger & Wagner, 2006; Silva et al., 2019). However, SR does not necessarily provide a good representation of the company's sustainability efforts.

Firms can decide what they disclose about their sustainability performance. Ashforth and Gibbs (1990) identified two legitimacy strategies: substantial compliance and symbolic compliance. To this day, these strategies are being used in SR (Crossley et al., 2021; Khan et al., 2020; Khatri & Kjærland, 2023). Substantive compliance requires significant changes in core practices and goals, and may potentially bring out real changes in the firm's performance (Ashforth & Gibbs, 1990; Berrone et al., 2009). Role performance entails that organisations simply meet the performance expectations of those societal actors upon which they depend (Ashforth & Gibbs, 1990). Another form of substantive compliance is a coercive isomorphism, which means conforming to institutional values, norms and regulations (Ashforth & Gibbs, 1990). An example of how organisations want to show their sustainable development is through sustainability frameworks such as Fair Trade. Fair trade provides guidelines for sustainable consumption. However, the mechanisms in place behind the delivery of good, sustainable standards are underexplored (Ribeiro-Duthie et al., 2021). Therefore, the effectiveness of these certifications is unclear.

Showing that organisations attained certifications could also be a symbolic way of showing the sustainability efforts of a company. Several studies on substantive and symbolic views have shown that sustainability disclosure is often symbolic (Khatri & Kjærland, 2023). Companies appear to comply, but in reality, this compliance is only superficial. The appearance rather than the fact of conformity is often sufficient for the attainment of legitimacy (Walker & Wan, 2012). Organisations engage in symbolic compliance through espousing socially acceptable goals, denial and concealment, and redefining means and ends (Ashforth & Gibbs, 1990). Espousing socially acceptable goals means that organisations may espouse socially acceptable goals, whilst they pursue less acceptable ones. Another way organisations might engage in symbolic compliance is by suppressing information regarding activities or outcomes likely to undermine legitimacy. A final way of symbolic compliance is through redefining means and ends. Management is often able to affect how reality is constructed and could provide new justifications as values change (Ashforth & Gibbs, 1990). Symbolic compliance can be seen as simply changing the representation and portrayal of the organisation, putting more emphasis on reputation than actual changes (Perez-Batres et al., 2012). Although SR may initially evolve symbolically, over time it appears to become substantive as the quality of SR increases (Khan et al., 2020). Which legitimacy strategies are used may depend on how the organisation views legitimacy.

SR presents several challenges. For example, sustainability reporting is often selective and inconsistent (Christensen et al., 2021), which suggests that current extant regulatory approaches vary, with some being more stringent and others more lenient. A narrow approach aims to give investors what they want and focuses on investors' information needs. This affects the extent to which ESG issues could financially impact the firm. The other approach addresses all stakeholders and aims to drive change with sustainability reporting. The idea is that increased transparency incentivises desirable behaviour and increases accountability (Christensen et al., 2021). However, increased transparency does not necessarily lead to desirable behaviour.

Through mandatory disclosure, firms are forced to share data on their sustainability performance. Although firms disclose data on their sustainability performance, this data does not guarantee accountability (Torre et al., 2020). Firms can apply different legitimacy strategies. Organisations that engage in substantive disclosure actions tend to rely on higher quality and verifiable disclosures that demonstrate how they have concretely revised their internal processes and mindset to address current social and environmental issues (Romero et al., 2019; Tashman et al., 2019). For example, by using quantitative indicators, valuable information is provided and decision-makers are better informed (Popovic et al., 2018). However, organisations can also engage in symbolic compliance in sustainable reporting. Through symbolic compliance, organisations aim to bolster or protect their reputation but not necessarily improve environmental performance (Rodrigue et al., 2013). By mandating disclosure on certain topics, companies might not be able to opt for symbolic compliance.

## 2.3 Legitimacy Theory

By applying legitimacy strategies, firms strive to achieve legitimacy. Prior research suggests that SR is legitimacy-driven, with firms adopting different strategies to maintain stakeholder confidence (Deegan, 2002). Legitimacy can be defined as *“a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”* (Suchman, 1995, p.574). Therefore, legitimising implies that organisations constantly engage in conscious acts that accord with society's norms (Dube & Maroun, 2017). As a consequence, organisations are subject to continual assessments, which will result in public actions and judgments such as

“acceptance” and “endorsement” (Bitektine, 2011) when an organisation is considered legitimate. For organisations, legitimacy is essential and can improve their performance (Li et al., 2019). To better understand how organisations build and sustain legitimacy, it is important to distinguish between the different forms it can take.

### 2.3.1 Pragmatic legitimacy

In addition to legitimacy strategies, Suchman (1995) identified three dimensions of legitimacy: pragmatic, moral, and cognitive legitimacy. Suchman’s (1995) view on definition is still the basis for current legitimacy studies (Chen, 2025). Pragmatic legitimacy is often used to justify sustainable reporting standards (Khan et al., 2020). From this perspective, business actions are based on cost-benefit analysis and reflect the business case for sustainability (Searcy & Buslovich, 2014; Suchman, 1995; Weerasinghe et al., 2024). Suchman (1995) distinguishes three types of pragmatic legitimacy: exchange, influence, and dispositional legitimacy. Exchange legitimacy is the simplest form, and it implies that there needs to be support for an organisational policy based on the policy’s expected value to a particular set of constituents (Suchman, 1995). In the case of influence legitimacy, constituents support the organisation not necessarily because they believe it provides favourable exchanges, but rather because they see it as a response to their larger interests (Suchman, 1995). Finally, dispositional legitimacy entails that firms are increasingly being viewed as autonomous, coherent, and morally responsible actors (Suchman, 1995). These attributions may prove essential in extrapolating positive evaluations of specific organisational acts into generalised perceptions of organisational legitimacy (Suchman, 1995). To survive, firms seek support from powerful stakeholders that will help ensure the firm's survival. An overemphasis on the business case may cause managers to only focus on win-win opportunities, which may lead to a suboptimal form of sustainability. Pragmatic legitimacy might be only symbolic in SR and could hinder the achievement of genuine long-term sustainability (Hahn & Lülfes, 2014; Thomas & Lamm, 2012). While pragmatic legitimacy is based on instrumental reasoning and stakeholder benefit, organisations may also justify their actions by aligning with broader societal norms and expectations. This is where moral legitimacy comes into play.

### 2.3.2 Moral legitimacy

In contrast to the instrumental focus of pragmatic legitimacy, moral legitimacy is more grounded in ethical considerations. Moral legitimacy is more concerned with “normative approval” based on whether an organisation's behaviour is right or wrong (Kuruppu et al., 2019). Moral legitimacy helps convince stakeholders of the ethical acceptability of their business and may give companies a social licence to operate (Melé & Armengou, 2016). Suchman (1995) distinguishes three processes through which moral legitimacy can be evaluated: consequential, procedural, and structural legitimacy. Consequential legitimacy entails that an organisation is evaluated based on what is accomplished (Suchman, 1995). Procedural legitimacy means that organisations will be evaluated based on their procedures (Suchman, 1995), for example, adopting sustainable practices in the production process. Structural legitimacy is based on the organisation’s structural characteristics, such as having a sustainability department (Ali et al., 2024). Without government regulations, firms can seek to maintain their moral legitimacy by adhering to voluntary standards established and monitored by various organisations that certify sustainability (Bernstein & Cashore, 2007). While both pragmatic and moral legitimacy are commonly observed in sustainability contexts, cognitive legitimacy is the most embedded form and is harder to attain.

### 2.3.3 Cognitive legitimacy

It reflects the deepest level of societal acceptance, where organisations are seen as inherently appropriate and rarely questioned. Cognitive legitimacy is viewed as the most powerful form of legitimacy, as it is formed by actors collectively evaluating that an entity is appropriate for its context (Tost, 2011). Cognitive legitimacy entails that an object has achieved such a strong status that its legitimacy is rarely questioned (Suchman, 1995; Tost, 2011). Two variants of cognitive legitimacy are particularly significant: comprehensibility and taken-for-grantedness (Suchman, 1995). Comprehensibility in legitimisation generally portrays the world as a chaotic cognitive environment, in which participants must struggle to make their experiences into coherent, understandable accounts (Suchman, 1995). Taken-for-grantedness entails that in a state of cognitive stability, where organisational norms are so deeply embedded within societal frameworks that they are perceived as natural, inevitable and beyond question, evolving through gradual integrative shifts rather than abrupt disruption (Suchman, 1995). However, only a few entities can reach cognitive legitimacy, since legitimacy is not a stable

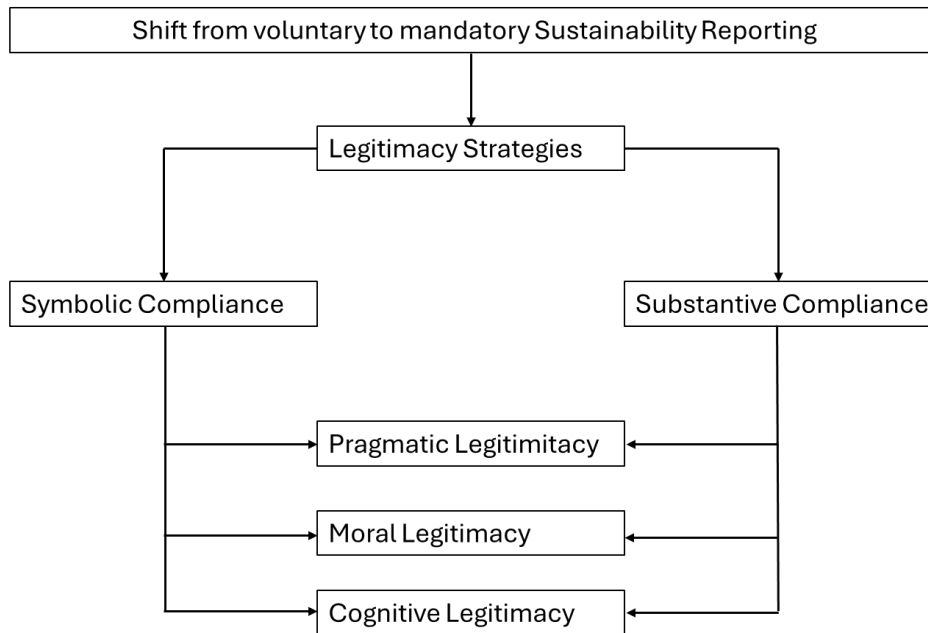
condition, but an ongoing process that is continuously negotiated by various evaluators as the field matures (Suddaby et al., 2017). For companies, mainly pragmatic and moral legitimacy play a key role (Mocciaro Li Destri et al., 2024). Hence, it is essential to examine how firms use SR to construct and communicate legitimacy, particularly under new regulatory pressures. The importance of legitimacy is particularly visible in mature markets. Mature markets, such as the European one, observe a higher preference for speciality coffee for which buyers pay premium prices (ICO, 2022; Pascucci, 2018; Reinecke et al., 2012). For this reason, buyers are motivated to deploy sustainability initiatives mainly to face competition due to legal requirements and policies, because of stakeholder expectations, or to get closer to important suppliers or local communities (Karlsen et al., 2013). Therefore, legitimacy strategies may be applied to get closer to these stakeholders.

## 2.4 Theoretical framework

In Figure 1, a visual representation of the theoretical framework is displayed. SR is becoming increasingly mandatory (Jackson et al., 2020). Making SR mandatory is aimed at increasing the quality of these reports and decreasing information asymmetry, resulting in better comparability (Chen et al., 2018; Ioannou & Serafeim, 2019; Mion & Aduai, 2020). However, to maintain or gain legitimacy through SR, organisations apply legitimacy strategies (Crossley et al., 2021; Khan et al., 2020; Khatri & Kjærland, 2023). Companies comply either symbolically or substantively to keep or gain pragmatic, moral and cognitive legitimacy. In SR, companies can choose what and how they report. For example, companies can report only activities that have made a positive change in their ESG performance, whilst there might also be activities that negatively impact ESG performance (Vigneau & Adams, 2023), this would be symbolic compliance. However, companies might also substantively comply with regulations to show their good performance (Cho et al., 2014). Both forms of compliance might have different forms of legitimacy as the goal. It could benefit the business case of the organisation (pragmatic legitimacy) (Searcy & Buslovich, 2014; Suchman, 1995; Weerasinghe et al., 2024), convince stakeholders of the ethical acceptability of their business and may give companies a social licence to operate (moral legitimacy) (Melé & Armengou, 2016), or to achieve a strong status that its legitimacy is rarely questioned (cognitive legitimacy) (Tost, 2011). The theoretical framework allows for the identification of which legitimacy strategies companies apply in SR and what kind of legitimacy they aim to achieve with these strategies.

**Figure 1**

*Visual representation of the theoretical framework*



### 3 Methodology

#### 3.1.1 Design

The focus of this study is on the Dutch coffee sector. The coffee sector is relevant because it is facing environmental and social issues (Sporchia et al., 2023; van Rikxoort et al., 2014; Chort & Öktem, 2022; Sachs et al., 2019). In the past years, climate change has negatively affected coffee production in Brazil and Vietnam, two of the largest coffee producers in the world. (Pessoa & Durbin, 2024), causing a significant increase in the price of coffee. These developments highlight the coffee industry as a relevant context for researching legitimacy strategies in SR. To explore these legitimacy strategies, this study employs a qualitative research approach.

Qualitative methods fit well with the objective of this study to uncover the reasoning and framing of underlying organisational sustainability practices (Miles & Huberman, 1994; Nasreen et al., 2023). Moreover, a qualitative research design allows for exploration of complex concepts, facilitating the generation of new theoretical knowledge by collecting and analysing phenomena based on real-life observations (Pfeifer & Dolan, 2023). In the context

of mandatory reporting, a phenomenon that is underexplored in academic literature (Christensen et al., 2021), this new theoretical knowledge is necessary.

To explore how Dutch coffee companies use SR to gain or maintain legitimacy, an explorative descriptive approach was employed. Prior research mainly focused on SR in voluntary disclosure contexts; this study aims to gain insights into how companies use SR in mandatory contexts. Since this study adds to existing theoretical frameworks in underexplored contexts, an explorative-descriptive approach was deemed appropriate to research legitimacy in the new context of mandatory reporting (Bleijenbergh et al., 2023). By applying this approach existing literature can be extended while also generating context-specific and in-depth insights into how coffee companies use legitimacy in SR. In line with the qualitative, explorative-descriptive nature of this study, an abductive approach was adopted (Vennix, 2019). Through applying an abductive approach, elements of deductive and inductive reasoning are combined by combining theoretical concepts such as legitimacy strategies and legitimacy while remaining open for insights that differ from theory (Bleijenbergh et al., 2023). The most important advantage of this approach is that it enables the research to remain open-minded during data analysis, allowing for refinement of theoretical operationalisation iteratively, strengthening the possibilities to generate new insights (Bleijenbergh et al., 2023). Therefore, adopting an abductive approach allows for the capturing of valuable insights through a responsive framework guided by empirical findings.

This research was conducted by performing document analysis of sustainability reports, newspaper articles, and semi-structured interviews. Document analysis helps uncover patterns in sustainability disclosures, while interviews provide insight into managerial expectations and stakeholder expectations, providing a comprehensive understanding of legitimacy behaviour (Elo & Kyngäs, 2008). By incorporating the analysis of newspaper articles, it captures how external stakeholders and media interpret organisational claims. The combination of analysing sustainability reports, newspaper articles and semi-structured interviews provides a triangulated approach. These methods complement each other, strengthening the validity of this study (Carter et al., 2014). The aim is to examine how organisations in the Dutch coffee sector construct legitimacy through SR. This context is particularly relevant due to the recent implementation of the CSRD, which forces more companies to publish on their ESG performance and puts additional legitimacy pressures on companies to justify their sustainability claims.

### 3.2 Data collection

To ensure theoretical generalizability, this study employed purposive sampling, covering firms that have already engaged in SR, either through an integrated report or through a sustainability section on their website. The companies were selected based on being members of “Koffie & Thee Nederland”, the trade organisation for coffee and tea companies in the Netherlands. Three out of the 45 companies solely traded tea and were therefore not deemed relevant. Out of the remaining 42 companies, 12 have already published an integrated report. 20 out of the remaining 30 companies had a section on sustainability on their website. These 32 combined companies that disclosed information on their sustainability performance were asked to participate in this study through e-mail, LinkedIn, or phone. Five companies were willing to cooperate. Company A has published one report thus far and is in preparation for compliance with the new regulation. Company B has been publishing reports on their sustainability efforts for multiple years. Company C has been publishing reports for several years as well. Company D has not published a report on their sustainability performance, but it publishes information on its website. Company E has published 1 sustainability report thus far. The sample companies that contributed to the analysed reports have been published between 2018 and 2024. In total, 6 interviews, 14 sustainability reports, and 43 newspaper articles were analysed. The main interview questions are presented in Appendix D. Table 1 provides an overview of the participants and their job titles.

**Table 1**  
*Overview of participants*

<b>Company</b>	<b>Respondent</b>	<b>Job title</b>
<b>A</b>	1	Business Controller
<b>A</b>	2	Sustainability Manager
<b>B</b>	3	Sustainability Manager
<b>C</b>	4	Sustainability Manager
<b>D</b>	5	Co-owner
<b>E</b>	6	Sustainability Manager

The interviews took place in April and May 2025, following participant consent procedures. All company names have been anonymised to protect respondent identities.

### 3.3 Data analysis

The analysis was performed using a qualitative approach. The interviews, sustainability reports, and newspaper articles were thematically coded using a deductive codebook based on Suchman's (1995) typology of legitimacy and the compliance strategies described by Ashforth and Gibbs (1990). This resulted in 16 codes grouped into three central themes: adjusting to sustainability reporting, legitimacy strategies, and forms of legitimacy. The reports were analysed based on the language and framing of sustainability disclosures (Boiral, 2013; Michelon et al., 2019), the use of quantifiable sustainability indicators, stakeholder engagement and the mentioning of sustainability frameworks (Torre et al., 2020). The information from these reports and articles was complemented by primary data gathered through interviews with employees of the companies that published the sustainability reports. These reports are intended to inform stakeholders about the company's performance or impact. Since this research aims to understand the rationale behind certain strategies, interviews are an appropriate method to provide these insights (Hahn & Lülfs, 2014). The employees interviewed held various roles within the sustainability reporting process. Sustainability managers provided insight into internal sustainability strategies and goal setting, whilst business controllers elaborated on the challenges and technical aspects of meeting mandatory compliance. How the constructs are measured is shown in Table 3. Additional codes, such as *stakeholder involvement*, *use of quantitative indicators*, and *reference to frameworks*, were added to reflect analytical nuances across cases. During the coding process, no major deviations from the theoretical framework were found. However, the analysis remained open to emerging insights, and minor refinements to existing codes were made necessary to better reflect the data. Using this approach to coding allows for the development of theory-driven arguments while also integrating themes that emerge organically from the interviews (Campbell et al., 2013). Although this study follows a qualitative research design, it includes basic quantitative elements such as code frequencies and co-occurrence analysis. These tools support the qualitative interpretation by indicating the prevalence and relationships of certain themes across sources (Onwuegbuzie, 2025). Executing this analysis helped determine if firms engage in substantive or symbolic efforts, supporting the legitimacy framework.

**Table 2***Operationalisation of concepts*

<b>Construct</b>	<b>Dimension</b>
<b>Sustainability reporting</b>	<i>Use of quantitative indicators</i>
	<i>Reference to frameworks</i>
	<i>Stakeholder involvement</i>
<b>Symbolic disclosure</b>	<i>Espousing socially acceptable goals</i>
	<i>Denial and concealment</i>
	<i>Redefining means and ends</i>
<b>Substantive disclosure</b>	<i>Role performance</i>
	<i>Coercive isomorphism</i>
<b>Pragmatic legitimacy</b>	<i>Exchange legitimacy</i>
	<i>Influence legitimacy</i>
	<i>Dispositional legitimacy</i>
<b>Moral legitimacy</b>	<i>Consequential legitimacy</i>
	<i>Procedural legitimacy</i>
	<i>Structural legitimacy</i>
<b>Cognitive legitimacy</b>	<i>Comprehensibility</i>
	<i>Taken-for-Grantedness</i>

**Table 3***Indicators of dimensions*

<b>Dimension</b>	<b>Indicator</b>	<b>Source</b>
<i>Use of quantitative indicators</i>	Mentioning measurable KPI's	(Zrnica et al., 2024)
<i>Reference to frameworks</i>	Referring to sustainability frameworks	(Boiral et al., 2019)
<i>Stakeholder involvement</i>	Mentioning the involvement or participation of internal or external stakeholders	(Torelli et al., 2020)
<i>Espousing socially acceptable goals</i>	Espouse socially acceptable goals, whilst pursuing less acceptable ones.	(Ashforth & Gibbs, 1990)
<i>Denial and concealment</i>	Suppressing information	(Ashforth & Gibbs, 1990)
<i>Redefining means and ends</i>	Construct new justifications as values changes	(Ashforth & Gibbs, 1990)
<i>Role performance</i>	Meet the performance expectations of those societal actors upon which it depends critical resources	(Ashforth & Gibbs, 1990)
<i>Coercive isomorphism</i>	Compliance with regulatory pressures	(Ashforth & Gibbs, 1990)
<i>Exchange legitimacy</i>	Stakeholders support the organisation because receive direct benefits	(Suchman et al., 1995)
<i>Influence legitimacy</i>	Stakeholder believe the organisation is responsive to their broader interest	(Suchman et al., 1995)
<i>Dispositional legitimacy</i>	Stakeholder believe the organisation as having desirable attributes such as being trustworthy or competent	(Suchman et al., 1995)
<i>Consequential legitimacy</i>	Evaluation of the organisations outcomes and their alignment with societal values	(Suchman et al., 1995)
<i>Procedural legitimacy</i>	Assessment of the organisation's processes and whether they follow socially accepted procedures	(Suchman et al., 1995)
<i>Structural legitimacy</i>	Perception that the organisation's structures are appropriate and necessary for its functions	(Suchman et al., 1995)
<i>Comprehensibility</i>	The extent to which stakeholders understand the organisation's actions and find them predictable	(Suchman et al., 1995)
<i>Taken-for-Grantedness</i>	The degree to which the organisation's existence is unquestioned and accepted as a given	(Suchman et al., 1995)

### 3.4 Limitations and Ethics

Due to the qualitative, context-specific nature of this study, generalisability is limited. Another limitation of this study is response bias. Interviewees may be influenced by social desirability in their answers, which could lead to their answers not reflecting the actual situation. A further limitation relates to potential researcher bias. As qualitative analysis is interpretative by nature, the researcher's background, assumptions and theoretical orientation may have influenced coding choices and the interpretation of data. While the use of a theory-informed coding analysis helped maintain analytical consistency, complete objectivity cannot be guaranteed. This study adheres to strict ethical research principles. Participants will receive a detailed information sheet outlining the study's objectives, confidentiality measures, and their right to withdraw at any stage. Before participation, individuals must provide informed consent, ensuring they are aware of their rights and the study's purpose. Confidentiality is maintained by anonymising interview data, preventing readers from linking responses to specific individuals. The findings of this study will be presented objectively and neutrally, without favouring any particular viewpoint. All data, including recordings, transcripts, and documents, will be securely stored, ensuring it is inaccessible to unauthorised individuals. Secondary data will be used only with explicit permission and properly cited following ethical guidelines (Rubin & Rubin, 2005; Yin, 2003). Furthermore, the researcher is committed to honest, transparent, and ethical research practices, avoiding any fabrication, manipulation, or misrepresentation of data.

## 4 Results

### 4.1 Adjusting to Sustainability Reporting: Organisational Responses

Four of the five companies in this study had already published sustainability reports before being legally obligated to do so. Participants 1, 2, and 3 indicated that their companies engage in SR, often driven by intrinsic motivations, such as transparency, values, and long-term impact, as well as external stakeholder expectations (I1, April 28, 2025, Appendix B; I2, May 6, 2025, Appendix B; I3, May 7, 2025, Appendix B). What is published depends on both internal and external relevance. A quote from participant 1 illustrates this: "Sometimes it's a matter of weighing whether we consider it important to mention, and whether the reader will also find it relevant and interesting to read. That's the kind of judgement we make." (I1, April

28, 2025, Appendix B). This quote illustrates that what was reported was subjective to the company.

Sustainability is an important value for the companies in this study. Company A finds sustainability important, but at the end of the day, selling coffee has the priority, even though it was decided that sustainability would be a big priority (I2, May 6, 2025, Appendix B). Balancing strategic priorities is a challenge for companies, as on the one hand, they value sustainability, but on the other hand, they must also focus on other critical business goals. However, sustainability and achieving other business goals can go hand in hand, due to SR becoming mandatory for more companies, companies felt the urge to invest in becoming more sustainable. Company B is listed, which means that they already have to comply with CSRD standards. This forced them to make sure their ESG performance was not a liability, otherwise, investors would see this as a liability (I3, May 7, 2025, Appendix B). These investments have paid off, not only by the companies becoming more sustainable, but also more efficient (I3, May 7, 2025, Appendix B). By aligning sustainability efforts with investor expectations to avoid reputational and financial risks, pragmatic legitimacy is pursued. Besides these efficiencies, SR has also impacted the attitude towards sustainability. Sustainability reporting has created a flywheel within the organisation, where people are genuinely motivated to contribute to their role (I3, May 7, 2025, Appendix B). This indicates that SR can drive substantive change within companies.

The respondents also mentioned the practical challenges they came across while creating the sustainability report. For example, Company A indicates that it is difficult to decide what to report on, since the company does not have a policy yet for each aspect of the CSRD requirements (I2, May 6, 2025, Appendix B). For the topics they do have policies for, gaining insight into sustainability performance further across the supply chain and gathering data in order to meet CSRD standards is also challenging (I2, May 6, 2025, Appendix B). The respondent indicated that these problems are specifically for smaller companies. Another challenge is the resources that are required to create sustainability reports. Especially time, efforts, and human resources that are required can be demanding for companies in order to comply with regulatory standards (I3, May 7, 2025, Appendix B; I5, May 16, 2025, Appendix B). Additionally, the administrative burdens increase, which, especially for smaller firms, can be challenging (I4, May 14, 2025, Appendix B; I5, May 16, 2025, Appendix B).

These findings suggest that the shift from voluntary to mandatory reporting has intensified internal reflection and investment in sustainability. Intrinsic motivations, such as long-term impact and transparency, exist alongside extrinsic pressures from investors and other stakeholders. Although SR has simulated more substantive engagement and internal motivation, it also presents challenges. Especially for smaller companies, policy gaps, data accessibility issues, and the resource demands of regulatory compliance pose difficulties. Overall, SR appears to function both as a driver of organisational change and a source of strain, highlighting the role of regulation in enabling and constraining sustainable business practices.

## 4.2 Legitimacy strategies

### 4.2.1 Symbolic compliance

Regarding legitimacy strategies, both symbolic and substantive compliance were observed. Symbolic compliance, where companies aim to appear aligned with societal expectations without implementing substantive changes, was observed through companies espousing socially acceptable goals, employing slick communication techniques, and relying on certifications to demonstrate their sustainability efforts. Symbolic efforts were observed in the use of certification schemes. Multiple companies questioned whether certifications like Fairtrade represent sustainable practice. Due to costs, administrative burdens and limited consumer interest, (small) companies opt out of formal schemes while continuing to communicate about their sustainability efforts. (I4, May 14, 2025, Appendix B; I5, May 16, 2025, Appendix B).

A quote from Company D illustrates this:

“The same if you look at Fairtrade, for instance. You have to pay quite a bit to have certification for that. You also have to pay per farmer. We now have coffees from five countries, with more to come. And then also different farmers. Then you all have to apply for certification separately. Then you come to a point. On the one hand, what are the costs, and what does it get me? And what we notice is when we tell the story to the consumer. Then that is already clear enough. So they don't care about that certification at all, actually. Then we can also explain why we are not certified” (I5, May 16, 2025, Appendix B).

Over the years, the symbolic compliance was less frequently observed, and reporting quality has increased. A quote that illustrates this is: “You do see clearly the transformation from sort of an unguided document to integrated report, which is GRI aligned to a CSRD report.” (I3, May 7, 2025, Appendix B). The analysis of the sustainability reports of Company B shows a similar result. Company B has been publishing reports for 7 years, over the years *Espousing socially accepted goals* occurred less frequently in the sustainability reports as the introduction of mandatory reporting approached. Simultaneously, the *use of quantitative indicators* and *reference to frameworks* increased.

Besides being legally forced to publish on topics, Company B also indicated that using SR as a marketing tool would have little to no effect: “If you were to do a survey, how many consumers actually read an annual report from a company, it’s really zero.” (I3, May 7, 2025, Appendix B). Additionally, companies indicated that their customers, especially the catering industry, are little interested in their sustainability efforts, so that using SR as a marketing tool would have little effect (I3, May 7, 2025, Appendix B; I4, May 14, 2025, Appendix B). However, consumers who buy their coffee directly from the companies value sustainability (I5, May 16, 2025, Appendix B; I6, May 23, 2025). This implies that there are differences in how businesses and consumers value sustainability.

**Table 4**  
*Frequency of codes in sustainability reports of Company B over time*

	2018	2019	2020	2021	2022	2023	2024
<b>Espousing socially acceptable goals</b>	25	28	20	5	6	7	4
<b>Use of quantitative indicators</b>	24	33	31	30	59	113	92
<b>Reference to frameworks</b>	5	8	7	7	9	16	22

Although less dominant than substantive compliance, symbolic compliance was still identified across all analysed reports (n=108), mainly through *espousing socially acceptable goals* (n=101) (see table 6). To conclude, symbolic compliance is still observed, although less frequently compared to when SR was voluntary.

#### 4.1.2 Substantive compliance

Substantive compliance involves making actual changes in practice and policies to meet sustainability standards. Several companies indicated that they engage in SR, also before it was mandatory, because transparency is an important value for them (I1, April 28, 2025, Appendix B; I3, May 7, 2025, Appendix B; I6, May 23, 2025, Appendix B). The analysis of the reports under review: the most frequently observed substantive compliance code was *role performance* (n=177). The co-occurrence analysis showed that *role performance* most frequently co-occurred with the *use of quantitative indicators* (n=164), suggesting that measurable outcomes accompany substantive efforts.

Whether having certifications that imply sustainable performance leads to better overall sustainability is debatable. Multiple coffee companies indicated that they doubt that having certifications is an effective way to present a company's sustainability towards stakeholders (I3, May 7, 2025, Appendix B; I6, May 23, 2025, Appendix B). Company C has integrated sustainability in their way of doing business, but does not necessarily meet the requirements or have the funding to acquire certifications (I4, May 14, 2025, Appendix B). A quote from Company E represents the struggle regarding certifications:

“Because if, for instance - and that makes it a bit more difficult - if you want to have both skull certification, i.e. organic certification, and fair trade, for instance, that combination, then there is already less coffee available. So then it may be a risk for the company. But that also comes, so actually its, and a lot of the coffee may then be kind of fair trade. But again, sometimes it's difficult for farmers to get that certification” (I6, May 23, 2025, Appendix B).

Due to CSRD being prescriptive, it creates fewer opportunities for companies to decide for themselves what they want to publish (I3, May 7, 2025, Appendix B). Sometimes companies may be forced to publish about topics, even though they are not relevant: “Deforestation is not

a very big problem, relative to, say, soy or to beef or to timber, or palm oil. But because we are on the list at EUDR with coffee, that means that yes, we have to have a deforestation program, and therefore we also have to write a deforestation piece in it in the annual report.” (I3, May 7, 2025, Appendix B). This quote illustrates coercive isomorphism, where companies do not have a choice but have to comply.

**Table 5**

*Frequency of types of compliance across all analysed sustainability reports*

Espousing socially acceptable goals	101	Role performance	193
Denial or concealment	5	Coercive isomorphism	13
Redefining means and ends	2		
<b>Symbolic compliance</b>	<b>108</b>	<b>Substantive compliance</b>	<b>206</b>

4.3 Forms of legitimacy

4.3.1 Pragmatic legitimacy

Pragmatic legitimacy is based on the self-interested calculations of stakeholders and includes exchange, influence, and dispositional legitimacy. Pragmatic legitimacy is the most observed form of legitimacy (n=201) times, with dispositional dominating (n=136), followed by exchange (n=56) and influence (n=9). Dispositional is mainly observed through companies showing that they are competent. Companies show how they contribute to a more sustainable world through case examples of how they fostered sustainable change across their supply chain, or how they are a reliable partner. For example, Company A mentions that they have partners with whom they have worked together for over 70 years (I2, May 6, 2025, Appendix B). Exchange legitimacy is often showcased by how coffee farmers benefited from initiatives from the companies, such as receiving education or infrastructure. Influence legitimacy is the least observed form of pragmatic legitimacy. Companies want to show stakeholders more clearly how they directly benefit from their actions, rather than taking a broader perspective. A quote from Company C illustrates this: “So actually directly our supply chain deserves sustainability. Better to put the time and money into that than in a nice social project in the

chain” (I4, May 14, 2025, Appendix B). However, company C experiences resilience in the process of improving sustainability across its supply chain. When they wanted to improve the sustainability of their packing materials, they came across lobbying initiatives from the plastic industry, making it more difficult to switch to sustainable packaging materials (I4, May 14, 2025, Appendix B). In the newspaper articles that were analysed, pragmatic legitimacy was also the most observed form of legitimacy, indicating that companies want to emphasise that they are responsive to stakeholder demands.

**Table 6**  
*Indicators observed in newspaper articles*

Influence legitimacy	1
Exchange legitimacy	3
Dispositional legitimacy	33
<b>Pragmatic legitimacy</b>	<b>37</b>
Consequential legitimacy	5
Procedural legitimacy	1
<b>Moral legitimacy</b>	<b>6</b>

**4.3.2 Moral legitimacy**

Moral legitimacy was observed 126 times, represented by procedural (n=86), consequential (n=29), and structural legitimacy (n=11). Procedural legitimacy was commonly pursued through practices such as direct supply chain engagement and the use of certified coffee. An example of procedural legitimacy is that Company A visits the coffee farms to review the working circumstances (I2, May 6, 2025, Appendix B). Additionally, companies choose to buy certified coffee to ensure that their coffee is sustainable (I1, April 28, 2025, Appendix B).

Companies also highlight ethical initiatives, such as local social impact projects, signalling adherence to accepted societal norms.

Several stakeholders, such as consumers or the catering industry, are not demanding in companies' quality of sustainability reporting (I2, May 6, 2025, Appendix B; I3, May 7, 2025, Appendix B; I4, May 14, 2025, Appendix B). If stakeholders do not value the quality of SR highly, companies will also not have to demonstrate that they are implementing structures to guarantee this quality. This could explain why consequential legitimacy was not observed frequently. Structural legitimacy was observed only 11 times. Respondent 3 indicated that there are currently too few feedback mechanisms to evaluate sustainability performance; an explanation for this could be that there is insufficient urgency in the sector to become more sustainable. If only individual companies would implement these mechanisms, they would have little effect. It should be implemented industry-wide (I3, May 7, 2025, Appendix B). Respondents from smaller companies indicated that they have set up a few mechanisms, but they are still in the early stages of setting up these mechanisms (I2, May 6, 2025, Appendix B; I4, May 14, 2025, Appendix B; I5, May 16, 2025, Appendix B). While moral legitimacy is pursued through ethical sourcing and social impact initiatives, the limited demands from stakeholders regarding high-quality SR hinder widespread implementation of more structures that could substantiate their claims.

### 4.3.3 Cognitive legitimacy

Cognitive legitimacy was the type of legitimacy that was mentioned the least (n=16), with only comprehensibility (n=12) and taken-for-grantedness (n=4) being coded. Organisations face challenges in achieving cognitive legitimacy, particularly in verifying outcomes such as fair wages for farmers. One participant indicated that these challenges arise due to the unavailability of data throughout the supply chain and being dependent on third parties to verify information: “And when they ask the coffee farmer himself how much do you earn on a 1 kg coffee? You don't really get an answer from them either that they avoid that question themselves so, that's very difficult to find out what they really earn.” (I1, April 28, 2025, Appendix B). This quote illustrates the challenge companies face in presenting themselves as fully transparent and comprehensible in their sustainability practices. Without information being verified, SR struggles to be taken for granted.

**Table 7***Frequency of legitimacy codes across all analysed sustainability reports*

Exchange legitimacy	56	Consequential legitimacy	29	Comprehensibility	12
Influence legitimacy	9	Procedural legitimacy	86	Taken-for-grantedness	4
Dispositional legitimacy	136	Structural legitimacy	11		
<b>Pragmatic legitimacy</b>	<b>201</b>	<b>Moral legitimacy</b>	<b>126</b>	<b>Cognitive legitimacy</b>	<b>16</b>

The findings show that companies in the Dutch coffee sector predominantly pursue pragmatic legitimacy by emphasising dispositional attributes as competence and reliability. Moral legitimacy was also actively sought, mainly through procedural practices regarding sourcing. Cognitive legitimacy emerged as the least frequent form of legitimacy, largely due to challenges in data availability and verification. These patterns suggest that although companies are increasingly aligning their reports with legitimacy expectations, their strategies are uneven across legitimacy types.

#### 4.4 Synthesis of results

With SR becoming increasingly mandatory, companies were urged to invest and become more sustainable. Mandatory SR motivated companies to make changes in internal processes regarding environmental and social performance. Mandatory SR has required companies that had already been voluntarily publishing sustainability reports to formalise their practices and comply with regulatory standards. These standards are challenging for smaller companies due to the limited resources available.

Symbolic compliance was observed through companies espousing socially acceptable goals, using slick communication techniques, and referencing certifications like Fairtrade. Especially smaller companies indicated that certifications are not a fair representation of how sustainable a company is. Companies with fewer resources may not have certifications, but can still be sustainable. The frequency of symbolic strategies decreased over time. A longitudinal analysis of company B's reports showed that vague goals framing declined, while references to

quantitative indicators and frameworks increased. This shift suggests a gradual move towards substantive compliance in response to the CSRD's prescriptive requirements.

Companies most frequently pursued pragmatic legitimacy, specifically through dispositional and influence legitimacy. Companies want to make sure that they meet stakeholders' expectations. This reflects how companies align their reporting with stakeholders' demands to signal competence. Though less dominant, moral legitimacy was also present. Companies referred to ethical sourcing principles and local community partnerships to demonstrate alignment with societal norms. Examples are mentioning sustainable packaging and donating to local initiatives. Cognitive legitimacy was rarely observed. Companies indicated that they struggle to be transparent about their sustainability performance due to the complexity of their supply chain and data availability. As a result, it is difficult to create a complete report.

## 5 Discussion and conclusion

### 5.1 Discussion

#### 5.1.1 Contribution to science

This study contributes to the academic literature on SR and legitimacy theory by examining how companies in the Dutch coffee sector respond to mandatory SR. Contrary to most prior research focusing on voluntary reporting (Hahn & Lülfes, 2014; Nishitani et al., 2021), this study demonstrates that mandatory reporting can drive substantive compliance. Especially when companies have less choice in what to report on, as is the case with CSRD.

The findings align with Wang & Bansal (2012), showing that mandatory SR urges companies to invest in becoming more sustainable, by reducing their carbon footprint and optimising water usage. Additionally, companies have made changes in their internal processes regarding social and environmental performance (Romero et al., 2019; Tashman et al., 2019). Therefore, mandatory disclosure has contributed to companies becoming more sustainable.

Both symbolic and substantive disclosure strategies are used in SR. However, ahead of SR becoming mandatory, symbolic disclosure decreased and substantive disclosure increased (Ioannou & Serafeim, 2019; Wang & Bansal, 2012), indicating that companies respond to the regulatory pressure by substantiating their efforts. Companies still use SR as a marketing tool, mainly by showcasing socially desirable achievements (Wu et al., 2020). Also, the CSRD

guidelines gave companies less space to apply symbolic disclosure, increasing comparability between companies (Mion & Adau, 2020). By showcasing that increased regulatory requirements lead to more substantive action, this study contributes to the existing literature on legitimacy strategies in mandatory disclosure contexts. Furthermore, this study questions the extent to which frequently used sustainability frameworks, such as Rainforest Alliance or Fairtrade, provide a valid representation of sustainability performance. Companies use these frameworks to demonstrate alignment with sustainability norms. However, several interviewees indicated that the costs, administrative burden, and limited stakeholder interest make these certifications less meaningful. This suggests that while these frameworks may serve a symbolic role, their substantive role is questionable. These findings align with recent literature about the effectiveness of certifications (Ribeiro-Duthie et al., 2021).

In addition to what legitimacy strategies are used, this study provides insight into what types of legitimacy are pursued through SR. Companies mainly use SR based on cost-benefit analysis and to search for normative approval, indicating that pragmatic and moral legitimacy are the most targeted forms of legitimacy. This can be explained by Mocciaro Li Destri et al. (2024), who state that these types of legitimacy play a key role in stakeholder evaluations. Since SR is used to inform stakeholders (Deegan, 2019), companies want to inform them in the best way possible. By targeting pragmatic and moral legitimacy, they meet the needs of stakeholders.

### 5.1.2 Contribution to society

Besides the contributions to science, this study also has societal impacts. The results of this study show that mandatory reporting has urged companies to improve their sustainability practices, indicating that mandatory disclosures are an effective way to foster sustainability practices. By adding to the literature on mandatory reporting, the effectiveness of this measure becomes clearer (Christensen et al., 2021). Policy makers can use these insights by considering implementing mandatory reporting in other areas of sustainability besides ESG. Additionally, this study highlights that not all stakeholders are interested in ESG disclosures, which raises questions about the effectiveness of SR as a communication tool towards stakeholder groups (Alsayegh et al., 2020). Companies can use this information to adjust their communication strategy.

Mandatory reporting has urged companies to become more sustainable. With stricter guidelines, companies had fewer opportunities for symbolic actions. Additionally, mandatory reporting has forced firms to disclose substantive actions, often through referring to frameworks. Whether these frameworks are a good representation of sustainability, however, is debatable. Companies mainly engage in SR out of pragmatic or moral considerations. Policymakers should consider these insights for new policies aimed at fostering sustainability.

### 5.1.3 Methodological reflections

The methodological approach in this study, combining document analysis, interviews, and newspaper articles, allowed for an effective way to research the complexities in SR on the Dutch side of the coffee value chain. Due to the triangulated approach, the validity of the findings is strengthened (Carter, 2014). The qualitative approach allowed for a deep exploration of the motivations behind the legitimacy strategies adopted by the companies, which might not have been fully captured by quantitative methods.

However, this study also has its limitations. The relatively small sample size, consisting of five companies, may limit the generalisability of the findings. Additionally, the analysis of SR and interviews relied on company representative perspectives, potentially introducing response bias. Also, companies that were willing to participate in this study were all willing to share which strategies they applied in SR. Companies that did not want to participate in this study might apply different strategies in their SR, but might not want to share this information if they use SR for greenwashing (Clarkson et al., 2019). Another limitation could be that this research took a deductive approach, whereas an inductive approach might allow for deeper exploration. Further research could also aim to include companies that currently do not share their practices publicly, to gain insight into their motivations not to share this information.

## 5.2 Conclusion

### 5.2.1 Concluding remarks

The primary objective of this study is to examine how companies use SR to gain or maintain legitimacy in the context of mandatory disclosure. The research question that is answered in this paper is:

*How does sustainability reporting function as a legitimacy strategy in mandatory disclosure contexts on the Dutch side of the coffee value chain?*

The findings of this study reveal that mandatory SR drives organisational change, especially when frameworks like CSRD give little room for discretion. While symbolic compliance remains present, mandatory reporting caused a shift to substantive compliance by greater transparency and internal alignment. Companies primarily pursue pragmatic legitimacy by aligning SR with stakeholder expectations and moral legitimacy by embedding ethical practices into operations. Cognitive legitimacy was rarely observed, reflecting challenges in full transparency and structural acceptance.

Additionally, this study highlights limitations in the perceived value of certification frameworks, especially for smaller companies. While frameworks like Fairtrade are used to demonstrate sustainability, they are considered costly, inaccessible, or ineffective in driving real performance change. Moreover, many stakeholders, particularly in the hospitality sector, show limited interest in SR, raising questions about its communicative function.

Altogether, this study shows that legitimacy is not guaranteed through disclosure alone. Legitimacy must be actively constructed and maintained, especially as prescriptive regulatory requirements increase. This calls for further research on how legitimacy tools are used and how they can better represent sustainability efforts in practice.

## 5.2.2 Suggestions for further research

The methodology provides a broader understanding of how regulatory frameworks, like CSRD, can shape corporate strategies regarding SR. However, future research could build on these findings by including a larger sample size or comparing companies across different industries. Coffee is a social and environmentally sensitive industry. With these industries being more susceptible to their sustainability performance than other industries, the results in other industries might differ. By comparing different industries, the impact of mandatory reporting on both business performance and stakeholder perceptions can be further explored. Especially the hospitality sector would be interesting to research, as multiple respondents indicated that sustainability demands from this sector are low. Research could also delve into the effectiveness of frameworks, especially regarding smaller companies.

At the time this study was conducted, only a few companies had been publishing SR for multiple years. A longitudinal study could examine the evolution of SR practices over time, particularly in the context of increasingly stringent regulations. By performing a longitudinal study, it can be researched to what extent mandatory reporting leads to substantive changes in corporate behaviour. For example, whether companies change their internal practices, or if reporting quality increases over time.

Finally, it would be valuable to include more external stakeholders, such as NGOs, suppliers or investors, in further research. This study only focuses on the perspective of coffee companies. By incorporating other stakeholders in further research, a broader understanding of how the coffee sector views sustainability reporting can be achieved. With these insights, the requirements for mandatory reporting can be adjusted so that all stakeholders needs are met.

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## Appendix A: Information sheet and consent form

### Information sheet and consent form

Legitimacy through disclosure: how Dutch coffee firms use sustainability reporting  
Kars Bieleman  
Nijmegen School of Management

Thank you for considering participating in this study, which will take place [insert approximate date].

#### **1. What is the research about?**

This research explores how Dutch coffee firms use sustainability reporting as a legitimacy-seeking mechanism under the new Corporate Sustainability Reporting Directive (CSRD). The study investigates how companies strategically report their environmental, social and governance performance and how these disclosures impact their legitimacy with stakeholders. This research involves document analysis of sustainability reports from multiple Dutch coffee companies and semi-structured interviews with key employees involved in sustainability reporting.

#### **2. How can you benefit?**

Your participation will contribute to a better understanding of how companies in the Dutch coffee industry utilise sustainability reporting to gain legitimacy, particularly in

light of mandatory regulation like the CSRD. The results of this study will inform industry practices and provide insights into how transparency in sustainability disclosures can enhance business performance and reputation. While there is no financial compensation for your participation, your contribution will help guide the development of best practices in sustainability reporting.

### **3. What will your involvement entail?**

Participation involves a one-time interview that will last approximately 60 minutes. During the interview, we will discuss your company's sustainability practices, motivations for reporting, and the challenges encountered in implementing sustainability disclosures under the CSRD. You will also be asked about how these disclosures affect your company's legitimacy with key stakeholders. Participation is voluntary, and the interview will be conducted either in person or online, depending on your availability and preference. There are no significant risks or inconveniences associated with participating in this study, though the interview may involve discussing sensitive aspects of your company's operations. If any questions make you feel uncomfortable, you are free to skip them.

### **4. Voluntariness of your participation.**

Participation is fully voluntary. You do not have to take part if you do not want to. If any questions during the interview make you feel uncomfortable, you do not have to answer them. You can withdraw from the study any time until May 14<sup>th</sup> 2025, without giving any reason. Withdrawing from the study will have no effect on you. If you withdraw from the study, we will not retain the information you have given thus far, unless you are happy for us to do so.

### **5. Confidentiality of your participation**

The records from this study will be kept as confidential as possible. Only Kars Bieleman and Sjors Witjes have access to the files and any audio tapes. Your data will be anonymised – your name will not be used in any reports or publications resulting from the study. All

digital files, transcripts and summaries will be given codes and stored separately from names or other direct identification of participants. Any hard copies of research information will be kept in a locked files at all times.

**6. Data protection and privacy notice.**

The privacy of the participant is protected according to applicable European law (European General Data Protection Regulation (GDPR)).

**7. What if you have a question or complaint?**

If you have any questions regarding this study please contact Kars Bieleman at [kars.bieleman@ru.nl](mailto:kars.bieleman@ru.nl). If you have any concerns or complaints regarding the conduct of this research, please contact the [secretarisrec@science.ru.nl](mailto:secretarisrec@science.ru.nl).

I have taken notice of the above information and give my consent to take part in this study:

Name:  
.....  
.....

Date: ..... (dd/mm/yy)      Place:  
.....

**Appendix B: Personal communication list**

- Interview 1, personal communication, April 28, 2025
- Interview 2, personal communication, May 6, 2025
- Interview 3, personal communication, May 7, 2025
- Interview 4, personal communication, May 14, 2025
- Interview 5, personal communication, May 16, 2025
- Interview 6, personal communication, May 23, 2025

## Appendix C: Translation quotation interviews.

Quotations from the interviews are translated from Dutch to English before being integrated into this thesis. Including the original Dutch text of the interview quotes in this appendix is aimed at minimizing interpretation discrepancies that might arise from translating.

### Interview 1

**Quote p.20 of this thesis:** “Sometimes it’s a matter of weighing whether we consider it important to mention, and whether the reader will also find it relevant and interesting to read. That’s the kind of judgement we make.” Original text in Dutch: “Maar soms is het dan een beetje de afwegingen van vinden we het zelf belangrijk om te vermelden en vindt de lezer het ook belangrijk en interessant om te lezen? Dus dat is dan de afweging die we maken.” (see I1, April 28, 2025, p 7, Appendix B)

**Quote p.27 of this thesis:** “And when they ask the coffee farmer himself how much do you earn on a 1 kg coffee? You don't really get an answer from them either that they avoid that question themselves so, that's very difficult to find out what they really earn.” Original text in Dutch: En als zij dan ook aan de koffieboer zelf vragen van hoeveel verdien je nou aan een 1 kg koffie? Krijg je ook van hun eigenlijk geen antwoord dat die vraag vermijden ze zelf dus, dat is heel lastig om erachter te komen wat ze echt verdienen.(I1, April 28, 2025, Appendix B).

### Interview 3:

**Quote p. 23 of this thesis:** “You do see clearly the transformation from sort of an unguided document to integrated report, which is GRI aligned to a CSRD report” Original text in Dutch: “Je ziet duidelijk de transformatie van een soort ongeleid document naar een geïntegreerd verslag, dat is afgestemd op GRI, naar een CSRD-verslag.”

**Quote p. 23 of this thesis:** “de to do a survey, how many consumers actually read an annual report from a company, it’s really zero.” Original tekst in Dutch: “Als je een onderzoek zou

doen, hoeveel consumenten daadwerkelijk een jaarverslag lezen van een bedrijf, dan is dat echt nul.” (see I3, May 7, 2025, Appendix B).

**Quote p. 24 of this thesis:** “Deforestation is not a very big problem, relative to, say, soy or to beef or to timber, or palm oil. But because we are on the list at EUDR with coffee, that means that yes, we have to have a deforestation program, and therefore we also have to write a deforestation piece in it in the annual report.” Original text in Dutch: “Ontbossing is niet zo'n heel groot probleem, relatief aan bijvoorbeeld soja of aan aan beef of aan aan timber, of palmolie. Maar omdat wij op de lijst staan bij EUDR met koffie betekent dat dat wij ja een een ontbossing programma moeten hebben en daarom moeten wij dus ook een een ontbossingstuk schrijven in het in het jaarverslag.” (see I3, May 7, 2025, Appendix B).

#### Interview 4:

**Quote p. 25 of this thesis:** “So actually directly our supply chain deserves sustainability. Better to put the time and money into that than in a nice social project in the chain.” Original text in Dutch: Dus eigenlijk direct onze supply chain duurzaamheid verdient. Kunnen we daar beter de tijd en het geld in steken. Dan in een mooi maatschappelijk project in de keten.”

#### Interview 5:

**Quote p.22 of this thesis:** “ The same if you look at Fairtrade, for instance. You have to pay quite a bit to have certification for that. You also have to pay per farmer. We now have coffees from five countries, with more to come. And then also different farmers. Then you all have to apply for certification separately. Then you come to a point. On the one hand, what are the costs, and what does it get me? And what we notice is when we tell the story to the consumer. Then that is already clear enough. So they don't care about that certification at all, actually. Then we can also explain why we are not certified. Original text in Dutch  
Hetzelfde als je naar bijvoorbeeld Fairtrade kijkt. Je moet best wel flink betalen om daar een certificering voor te hebben. Dat moet ook per boer. Wij hebben nu koffies uit vijf landen en daar komen nog meer landen bij. En dan ook nog verschillende boeren. Dan moet je allemaal apart de certificering aanvragen. Dan kom je op een punt. Aan de ene kant, wat zijn dan de kosten en wat levert het mij op? En wat wij merken is als wij het verhaal aan de consument

vertellen. Dan is dat al duidelijk genoeg. Dus die geven helemaal niks om die certificering eigenlijk. Dan kunnen wij ook toelichten waarom we niet gecertificeerd zijn” (see I5, May 16, 2025, Appendix B).

#### Interview 6:

**Quote p.24 of this thesis:** “Because if, for instance - and that makes it a bit more difficult - if you want to have both skull certification, i.e. organic certification, and fair trade, for instance, that combination, then there is already less coffee available. So then it may be a risk for the company. But that also comes, so actually its, and a lot of the coffee may then be kind of fair trade. But again, sometimes it's difficult for farmers to get that certification.” Original text in Dutch: “Want als je bijvoorbeeld, en dat maakt het gelijk wat lastiger, als je én een skull-certificering, dus de biologische certificering wil hebben, én bijvoorbeeld fair trade, die combinatie, dan is er alweer minder koffie beschikbaar. Dus dan mag het een risico voor het bedrijf. Maar dat komt ook, dus eigenlijk zijn, en veel van de koffie zijn dan misschien wel soort van fair trade. Maar is het soms ook voor boeren weer lastig om die certificering te halen.”

## Appendix D Interview questions

Main interview questions:

### *1. Integration of sustainability into core business*

How does your company integrate sustainability efforts into core business operations, and what measures have been taken to ensure alignment with regulatory requirements and societal trends (e.g. climate change and social justice)?

### *2. Adjusting to mandatory sustainability reporting*

What motivated your company to adopt sustainability reporting, and how has the introduction of mandatory reporting requirements influenced your approach to sustainability practices and disclosures?

### *3. Stakeholder Engagement and Legitimacy*

How does your company use sustainability reporting to meet the interests and expectations of key stakeholders, such as investors, consumers and regulatory bodies?

### *4. Symbolic vs substantive compliance*

How does your company ensure that its sustainability reporting reflects both effective efforts to improve practices and compliance with regulatory requirements?

### *5. External pressures and legitimacy*

What role do external pressures play in shaping your company's sustainability strategies, and how do you balance these pressures with your internal sustainability goals to ensure legitimacy?

### *6. Long-term sustainability and ethical practices*

How does your company assess its sustainability practices and performance? What evaluation systems or feedback mechanisms are in place to ensure continuous improvement and transparency in sustainability efforts, while maintaining long-term legitimacy with stakeholders?