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"This Wonderful Sweet Spot Where You Make Money and Advance Sustainability." The Role of Producer Service Firms in Ensuring Green Profits for their Clients

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Summary

This paper examines the role of consulting firms in the sustainability transformation in Germany, with a particular focus on whether, to what extent and why large global producer service firms (PSFs) (such as the Big Four accountancy firms) are likely to become strategic players in this field in the future. The paper's key findings are: 1) While currently many companies perform the tasks associated with sustainability transformation still

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in-house, and of those that outsource these tasks, a significant proportion choose small, nationally operating companies, our research reveals that in particular large corporations with global operations seek out globally positioned consultancies. 2) Results also indicate that the global producer service firms will rapidly expand their market position, on the one hand because the globalisation of sustainability regulations will require service providers that can better master the resulting requirements due to their geographic organisation, and on the other hand because only large consulting firms can handle the interweaving of sustainability issues with the core business issues of companies, i.e. financial and legal issues. 3) Accordingly, sustainability services are becoming another area where global producer service firms are taking on strategic governance responsibilities for their clients.

Keywords: Sustainability transformation, global producer service firms (PSFs), green capitalism, Germany

Zusammenfassung

„Dieser wunderbare ‚Sweet Spot', an dem man Geld verdient und die Nachhaltigkeit fördert." Die Rolle von Produktionsdienstleistern bei der Sicherung grüner Gewinne für ihre Kunden

In diesem Text wird die Rolle von Beratungsunternehmen in der Nachhaltigkeitstransformation in Deutschland untersucht, mit besonderem Augenmerk darauf, ob, in welchem Ausmaß und warum große, global agierende, unternehmensorientierte Dienstleistungsunternehmen (wie z. B. die „Big Four" Wirtschaftsprüfungsgesellschaften) in Zukunft zu strategischen Akteuren in diesem Bereich werden könnten. Die wichtigsten Ergebnisse der Studie sind: 1) Während derzeit viele Unternehmen die mit der Nachhaltigkeitstransformation verbundenen Aufgaben noch intern erledigen und von denjenigen, die diese Aufgaben auslagern, ein erheblicher Anteil kleine, national operierende Unternehmen wählt, zeigt unsere Untersuchung, dass vor allem große, global agierende Unternehmen global aufgestellte Beratungsfirmen bevorzugen. 2) Die Ergebnisse deuten auch darauf hin, dass die globalen unternehmensorientierten Dienstleistungsunternehmen ihre Marktposition rasch ausbauen werden – zum einen, weil die Globalisierung der Nachhaltigkeitsregulierung Dienstleister erfordert, die aufgrund ihrer geographischen Organisation die daraus resultierenden Anforderungen besser bewältigen können, und zum anderen, weil nur große Beratungsunternehmen die Verflechtung von Nachhaltigkeitsthemen mit den Kerngeschäften der Unternehmen, das heißt, mit finanziellen und rechtlichen Fragen, bewältigen können. 3) Dementsprechend werden Nachhaltigkeitsdienstleistungen zu einem weiteren Bereich, in dem globale Produktionsdienstleister („global producer service firms", PSFs) strategische Governance-Verantwortung für ihre Kunden übernehmen.

Schlagwörter: Nachhaltigkeitstransformation, globale unternehmensorientierte Dienstleistungsunternehmen, grüner Kapitalismus, Deutschland

1 Introduction

"We focus on sustainability not because we're environmentalists, but because we are capitalists and fiduciaries to our clients."
(Larry Fink, CEO of BlackRock, Letter to CEOs, 2022)

The above quote from Larry Fink, co-founder, chairman and CEO of BlackRock, an American investment management corporation, is just one symbol of how sustainability has become a key topic in the business world. And this letter is not an isolated case: Since 2020, Fink's messages to CEOs have been focusing primarily on sustainability, climate change and the challenges he sees for companies as a result. Nor is Larry Fink an isolated case. The sustainability manager of a global corporation we interviewed recognises as a trend that "the invisible hand of the market becomes green" (interview 14), while Volkswagen, the automaker with the highest revenues and second-highest sales in the world (2024), was perceived by the automotive publishing company *Automotive World* (2023) as one of the beneficiaries of this trend: "Volkswagen Group taps into new profit pools with sustainable mobility". Bayer (2022), a German multinational pharmaceutical and biotechnology company, has integrated the fulfilment of measurable sustainability targets of the corporation into the remuneration systems of its managers, including its board, which fits in perfectly with Adigue's (2021) observation that companies' sustainability managers have reached the "C-Suite" (i.e. an organisation's senior executives) in form of the establishment of so-called Chief Sustainability Officers (see also Mazzucato and Collington 2023 p. 201f).

The fact that it has become common for companies like Volkswagen and Bayer to put their sustainability efforts (such as producing sustainability reports and setting carbon targets) on a pedestal in their self-presentation should show their readiness for, indeed leadership in, "greening capitalism". International organisations are also praising "green growth" as a panacea for the climate and other environmental crises (OECD 2012; World Bank 2012; UIBE et al. 2023), and the consulting industry has appropriated the topic of sustainability in a veritable flood of publications (Roland Berger 2011; WEF 2013; McKinsey 2021; WEF and McKinsey 2022; KPMG 2024).

However, the day-to-day business practices of corporations show no insight into the destructive growth logic of capitalism, let alone the desire to correct or even avert it. Andrew Winston (2021), according to his website the world's third most influential management thinker (*https://andrewwinston.com/about/*), states in the Harvard Business Review that while "sustainable business went mainstream in 2021", what big business is doing does not "equate with actual action to reduce emissions". Accordingly, CO_2 emissions (to name just one of the problems) continue to rise (interrupted only briefly by crises such as the financial and economic crisis of 2007/8 and Covid-19), and big business continues to be primarily responsible for this: Over 70 percent of these global CO_2 emissions can be attributed to just 78 corporate and state producing entities (Carbon Majors 2024). Critics therefore rightly argue that the notion evoked by the slogan "greening capitalism" that long-term economic growth and environmental sustainability are compatible is at worst a deception (usually referred to as "greenwashing"[1]), and at best is based on weak foundations, namely isolated and overly sporadic measures.

In no case, however, does "greening capitalism" do justice to the fundamental nature of change, which is required if one takes seriously the well-known definition of sustainability by the Brundtland Commission, namely "meeting the needs of the present without compromising the ability of future generations to meet their own needs" (cf. Hickel and Kallis 2020; Thiele 2019; Rammelt and Gupta 2021; Saquer 2022; Williams 2024). While we do not deny that even small improvements can be improvements, more radical changes are needed, because the ecological contradictions inherent to capitalism (Hornborg 2009; Patel and Moore 2018) are rapidly coming to a head, with the consequence that "their successful management, the maintenance of an always-fragile economic, environmental and social stability" (Thiele 2019, p. 121) is becoming increasingly difficult.

This presents companies, whose primary purpose is the pursuit of profit, with the challenge of adapting on several levels: to changing objective conditions (e.g. the approaching end of the fossil age or the ecologically induced increase in risks along the value chain), to new political conditions (e.g. new regulations) and to changing social moods (e.g. new consumer awareness). Companies must therefore act, in addition to, but going beyond, "untruthful sustainability marketing" (Williams 2024, p. 10).

The fact that the term "sustainability" has become fashionable in the business world therefore also reflects the desire of companies to secure profits in this changing environment (in both senses of the word, the "natural" and the business environment). This means that they "address sustainability issues in ways that facilitate continuous capital accumulation" according to Ponte (2019, p. 17). He goes even further elsewhere (Ponte 2020, p. 82), postulating that the "(s)ustainability management is emerging as a fourth key capitalist dynamic in addition to cost minimisation, flexibility and speed".

We are sticking with Ponte's concept of sustainability management because it captures the approach of companies better than the term "transition" which, after all, implies, "a fundamental transformation towards more sustainable modes of production and consumption" (Markard et al. 2012, p. 955). Yet, even in this slimmed-down form of sustainability, changes will be necessary. The question therefore arises of how companies will deal with them and safeguard their own production and profits. Our contention is that they will – and will have to – rely on the support of producer or business service firms (henceforth PSFs), which, as is often argued, have become strategic players in global commodity or value chains (henceforth GVCs).

The argument goes that the advice and assistance of accounting, financial, law and other consultancies has become mandatory not only for the smooth functioning of the GVCs of transnational corporations (TNCs), but increasingly also for their governance (Sassen 1991; Brown et al. 2010; Taylor et al. 2013; Bassens and van Meeteren 2015; Parnreiter 2015). Accordingly, PSFs have become strategic players involved in the man-

[1] "Greenwashing" is defined as the attempt by a company to create a sustainable image, particularly through communication and marketing measures, without systematically implementing corresponding activities.

agement and control of the relations between different companies along a GVC, but also of the relations between companies and the state and actors such as trade unions.

However, while the influential role of accountancy, financial and law firms as strategic actors in GVCs is increasingly being acknowledged, we note with regard to the sustainability management that their activities remain an under-researched area. We want to begin to close this research gap with this paper. Based on a systematic assessment of the relevant literature and our own empirical research using questionnaires to companies (n = 57) and a total of 14 interviews with companies or their consultants, we argue that that PSFs – and increasingly especially the large, globally operating ones in the accounting and management consultancy sector – are gaining significant influence. This influence extends to the definition and implementation of a kind of "sustainability transformation", which at best brings gradual, potentially useful changes, and at worst amounts to pure "greenwashing". *In any case,* the primary aim of these changes remains enabling companies to continue to make – and ideally increase – profits in a business environment that is shifting due to objective conditions, legislation and public pressure.

This paper is organised as follows: In the first section, we delineate aspects of the current economic, political and regulatory background in which issues related to sustainability have moved from a topic for eco-activists to business management. Based on this, we lay out how this might affect the organisation of GVCs and their governance through sustainability management by lead firms. We then argue that companies that want to successfully integrate the management of sustainability issues into their overall strategy need the help of PSFs for several reasons. After outlining our research design, in the sixth section we will present the empirical findings from questionnaires and interviews in which we investigated to what extent global consultancies and accountancies play a role in the sustainability management of large German companies. We find that while the use of sustainability services is rising and PSFs do play a significant role in this, smaller, mostly national sustainability consultancies still have a significant market share. Nevertheless, indications are that the role of global PSFs vis-à-vis these boutique consultancies will grow. Finally, we look at how PSFs influence the governance decisions of lead firms through their services, thereby becoming potential actors of sustainability governance in GVCs.

2 Sustainability: From a Topic for Eco-Activists to Business Management

Sustainability, which in the 1970s and 1980s was more of a fringe issue for activists, has now moved to the centre of corporate strategies – albeit as sustainability *management*. Management must be understood in the literal sense (after all, the word does not just mean administering but also controlling or manipulating): It is a matter of implementing a new understanding of sustainability, namely from a demand for fundamental change towards a strategy of earning money with small or even fictitious changes. As the political and resulting regulatory pressure to respond to the environmental crisis has increased, large corporations began to take on a more active role in shaping the global agenda of "sustainable growth", first through voluntary measures, self-regulation and market mechanisms, and then by using sustainability debates to get competitive advantages over competitors. As a result, by the mid-2000s, sustainability defined in this way and economic growth were not perceived as an irresolvable contradiction anymore, but as a way to enhance profits (Dauvergne and Lister 2013; Ponte 2019).

There were numerous reasons for companies to take the issue more seriously (for the following see Dauvergne and Lister 2013; Ponte 2019): First, ecological efficiency was deemed to lower costs through saving energy and resources. Second, tools such as tracing, life-cycle-assessment, auditing and certification allowed lead firms to enhance control over suppliers, product quality and mitigate value chain risks, what in turn can, third, bring a better reputation and increase brand loyalty. Fourth, new "sustainable" products open new markets, adapting to shifting consumer preferences. Fifth, transparency and disclosing information on environmental, social, and governance (ESG) topics lead to advantages on the capital market, as more and more financial market participants regard sustainability features essential to secure their assets and future investments. Sustainability also gains importance for pricing and valuation for initial public offerings in the process of listing at stock exchange (EY 2022). Finally, on the labour market, companies with a sustainable image are more attractive to the younger, well-educated labour force (Aziz 2020) and this image even increases worker productivity (Henisz et al. 2019).

In the 2010s, prompted by, among other things, the "Paris Agreement" of 2015, the era of new regulations regarding sustainability dawned, putting further pressure on companies to respond. The most important regulatory developments revolve around issues of transparency, reporting and accounting. In the European Union (EU), for example, a newly introduced instrument is the "EU-Taxonomy", which serves as a higher-level classification system to label certain economic activities as sustainable. The classifications of the Taxonomy also feed into new sustainability reporting requirements such as the "Corporate Sustainability Reporting Directive" (CSRD) in which information has to be disclosed according to newly developed "European Sustainability Reporting Standards". Thereby, information becomes more comparable for financial market participants – according to the European Parliament (2022) an initial step to put non-financial reporting on an equal footing with financial reporting. Next to reporting requirements, in July 2024 the "Corporate Sustainability Due Diligence Directive" came into force in the EU, which, according to the EU, should focus on human rights issues and thus foster sustainable corporate behaviour in companies' GVCs. Under this new law, non-compliant companies risk fines and even lawsuits by victims for caused damages, what poses not only reputational, but also financial risk for companies.

Important private regulatory efforts concerning the harmonisation of sustainability-related disclosure standards have also been made in the United States under the umbrella of the "IFRS Foundation", which also set the rules for "International Financial Reporting Standards" (IFRS). This is a result from demands from investors and other financial market participants, who longed for more transparency and comparability of ESG-Metrics. It is worth emphasising that different private standard-setting organisations are working together to establish a common global sustainability reporting standard, such as the "International Accounting Standards Board" of the IFRS Foundation, the "Climate Disclosure

Standards Board", the "Value Reporting Foundation", the "Task Force on Climate-related Financial Disclosures", as well as the "Big Four" (the world's leading accounting firms [Deloitte, EY, KPMG, and PwC]). Importantly, the reporting framework only requires disclosing information that is material to the company's financial performance and therefore relevant to investors, and it focuses on climate aspects only, leaving human rights and social issues out (Ruggie 2020).

It remains to be seen how effective the development and harmonisation of global standards for sustainability reporting will be in the various areas and whether this will have any real effects beyond greenwashing. Furthermore, only publicly listed and hence very few companies have been directly affected by new regulations so far (e.g. the CSRD for now only applies to 0.2 percent of all companies in the EU). Yet, a broad range of companies and their production networks will be affected indirectly when large companies and financial market participants integrate sustainability demands into their investment, lending or sourcing decisions (Hoffmann 2022).

However, what is also already clear in any case is that the tightening of the regulations is laying new grounds for companies' economic strategies – reporting and accounting are clearly becoming more demanding, more complex and thus more than just a technical exercise (if they ever were). Since what is considered as material and what contents need to be disclosed will affect how companies manage sustainability demands, reporting and accounting regulations "are important, because they deal with a key potentially transformative part of the global economy – the question of how investors and corporate managers attribute value to sustainability aspects of their investments/corporate decisions. Their effect and importance are thus arguably more profound than other areas of private environmental governance such as product certification or standard setting." (Thistlethwaite and Paterson 2016, p. 1197).

3 Sustainability Management and Producer Service Firms (PSFs)

In order to ensure "*continuous* capital accumulation" (Ponte 2019, p.20, emphasis added) in an environment in which objective conditions, legislation and public pressure prevent companies from continuing with business as usual, GVC governance must face up to the new challenges. For lead firms this means that new tasks lie ahead, not just at one location, but along the entire GVCs. Ponte (2019) points out that both the selection of suppliers and the regions where investments (and disinvestments) are made will increasingly be based on sustainability management criteria.

To cope with these challenges, companies first began to apply hands-on approaches (Ponte 2019, p. 17f), e.g. using sustainability training, stakeholder-engagement and contracts (Villena and Gioia 2018, p. 80). This eventually led to a reduction and concentration of suppliers, as, for example, in the case of Tchibo (a German coffee retailer, which also sells a range of non-coffee products) which reduced its suppliers from 3,000 to 700 over the last decade (Dohmen 2016). In an interview, Tchibos Chief Sustainability Advisor emphasises the importance of having a manageable supplier base to enable a "sustainable and efficient governance of global supply chains" (Lenzen 2018, own translation).

Another measure is that classical instruments for obtaining information such as voluntary reporting or labels and certifications are being complemented by new technological, mainly digital solutions such as traceability platforms, self-disclosure-information systems, supplier scorecards, footprint calculators and other (digital) mechanism for gathering, evaluating, modelling and disseminating supply chain data (Freidberg 2014; Freidberg 2015; Gardner et al. 2019; Ponte 2019). At the heart of many of these efforts is transparency. Initially a tool for NGOs and consumers to unveil unsustainable practices along GVCs, it is increasingly used by powerful GVC actors (such as lead firms) for their own advantage and to enhance profits (Mol 2015, p. 155; Gardner et al. 2019; p. 172; Ponte 2019; 2020).[2)]

The fact that sustainability is moving "from morals to markets" (Meyer et al. 2015) confronts companies (especially large, globally operating ones) with new, extensive and complex tasks that, as we will show, can increasingly no longer be managed by the company itself (i.e. in-house). Instead, they are increasingly being outsourced to specialised service providers. While this development is well-known – since the 1980s, especially non-routine activities (emerging, for example, from new business areas or geographical expansion in new markets) are outsourced to highly specialised companies in the areas of financial, legal and management consulting, accounting or advertising (e.g. Sassen 1991; Bryson and Daniels 2007; van Meeteren and Bassens 2024) –, evidence suggests that sustainability is about to develop into a major business area for PSFs, too. For example, most of global PSFs' podcasts, webcasts, newsletters, etc. that pick up on the sustainability topic started or took place since 2020.

More importantly, the establishments of specialised departments or dedicated centres and "trademarks" for sustainability related services at the Big Four accountancy companies, as well as investment in education and training of staff concerning sustainability and climate-related topics fall within this period. The most common way to build the necessary knowledge for sustainability services was originally to rely on internal capacities, as indicated by an informal conversation with a German employee of a global accountancy. However, according to an interview statement of PwC's Global Chairman the expansion of workforce trained in this field in more recent times also comes from mergers and acquisitions, as well as hires from competitors (DiNapoli 2021). Verdantix, too, reports an up-rise in mergers and acquisitions of mostly smaller sustainability consultancies by global producer service firms. According to this research and advisory firm, there have been 13 acquisitions in 2021, compared to four in 2020 and one in 2019 (Renshaw and Knickle 2022). Our own research in business blogs suggests that there might have been even more acquisitions than stated by Verdantix, among them also global PSFs acquiring smaller sustainability consultancies. For example, in 2020 KPMG acquired the Australian arm of "Action Sustainability Asia Pacific", while McKinsey & Company acquired "Vivid

[2)] However, this does not mean that it is the goal of lead firms to ban opacity from their GVCs altogether. As Serdijn et al. (2021, p. 624) point out, opacity in GVCs might persist despite transparency requirements because "what could emerge are parallel value chains in industries: 'frontstage' ones managed by lead firms and other actors so as to increasingly conform to societal and regulatory expectations of CSR and transparency, and 'backstage' ones where both buyers and intermediaries can continue to operate in a situation of relative opacity".

Economics", and "Material Economics and Planetrics" in 2021, while Accenture acquired "Zestgroup" in the same year.

Mazzucato and Collington (2023, p. 200) forecast that the global climate change consulting market will grow up to USD 8.5 billion by the end of 2028, and Verdantix, a London-based independent research and advisory firm specialised in ESG and sustainability consulting markets, estimates that the global sustainability consulting market will grow from USD 6 billion in 2021 to USD 16 billion in 2027 – a compound annual growth rate of 17 percent (Molero 2022). For Germany, the "German Federal Association of Business Consulting" (BDU e.V.) reports a continuous growth of the market for Corporate Sustainability Reporting (CSR) since 2015 (BDU 2016, 2017, 2018, 2019, 2020, 2021; Consulting.de 2022). Our own research confirms this trend, showing that 81 percent (60 contracts) of the 74 contracts recorded between client companies and global PSFs[3)] between 2011 and 2021 have been awarded in 2017 or later, and even 41 percent in the years of 2020 and 2021 (see below). However, this growth in the market for sustainability consulting is not only significant because a new business segment is emerging for PSFs, but also because their role as strategic actors in GVCs is being further strengthened by this development.

4 Producer Service Firms as Governance Actors in Global Value Chains (GVCs)

In the course of globalisation and, in particular, financialisation processes, producer service firms (PSFs) have become strategic economic players (van Meeteren and Bassens 2024). They have successfully managed to sell themselves as authorities – and be widely perceived as such – who master the know-how to navigate unknown, opaque or complex environments (cf. Bassens and van Meeteren 2015). Even if the economic success of the solutions proposed (and sold) by PSFs cannot be objectively assessed (Mazzucato and Collington 2023), for which reason PSFs might have something of a Potemkin village, the literature on global cities (Sassen 1991; Brown et al. 2010; Taylor et al. 2013; Bassens and van Meeteren 2015; Parnreiter 2015) convincingly claims that the service firms have become strategic economic actors.

The central argument is that their services encompass control elements, making PSFs firms' strategic partners of their clients, influencing or even pre-structuring their decision *by means of the services provided*. Accordingly, financial, legal or tax services are more than just practical support that satisfies a "technical" need arising from specific organisational requirements resulting from the complexity of globalised production. They carry decision-making potential, for which reason PSFs have become actors in the governance of GVCs. However, these governance functions are not exercised directly; rather, as Sassen (2010, p. 158) puts it, they are a matter of "embedded governance", embedded "in the lawyering, the accounting and the investment choices of the firm [...]. [Servicing] entails command functions that are distributed across those operations."

[3)] Most of the global producer service firms (PSFs) referred to here are either accountancy or general business consultancy firms.

What is important about this line of reasoning is that governance is not understood in terms of transaction cost economics as the coordination of different actors, but in a political-economic understanding as the "authority and power relationships that determine how financial, material and human resources are allocated and flow within a chain" (Gereffi 1994, p. 97). Accordingly, the focus on PSFs directs analytic attention towards „the *practice* of global control" (Sassen 1991, p. 325; emphasis in original), i.e. the production of the capabilities to exercise economic power along GVCs (Bair 2008).

In recent years, several aspects of how PSFs exercise this power for the benefit of their clients – and themselves – have been highlighted: financialisation and its impact on the distribution of value amongst different actors of GVCs (Gibbon 2002; Milberg 2008; Palpacuer 2008; Baud and Durand, 2012); unequal exchange and South-North transfers of value (Parnreiter 2019); tax evasion (Wainwright 2011; Wójcik 2013; Cooke 2024); creating profit-increasing monopolies (Durand and Milberg 2019); and influencing labour relations to the detriment of workers (Parnreiter 2024, chapter 5).

A common denominator found in all these studies is that PSFs' power is not as exercised over their clients, but together with them, in order to achieve a better position vis-a-vis business partners, unions or governments. To put it more conceptually: Wealth transfers, whether with the vertical antagonism between capital and labour, or in the horizontal antagonism between the peripheries and the centres of the world economy, do not happen automatically, but result from deliberate interventions. PSFs are key actors in this. They are primarily committed to maximising their own profits and those of their clients, the latter both directly (e.g. through advocating "downsizing", i.e. layoffs) and indirectly, through lobbying for deregulation or regulation that is as toothless as possible (Mazzucato and Collington 2023).

However, sustainability as an aspect of PSFs' shaping of GVC governance has not yet received the attention appropriate to the importance of the topic. References in this regard can be found in recent regulatory governance literature which covers a wide range of thematic areas. Sustainability issues is just one of them, and a broad range of potential intermediaries are assessed, including, for example, certification companies, accounting firms, and credit ratings agencies, but also civil society groups, governmental bodies and international organisations. While the intermediary literature gives important insights to the roles of PSFs as actors in value chain-oriented sustainability governance, it focuses on their role in *regulatory regimes* and how intermediaries influence either the development or the outcome of *regulation* (Abbott et al. 2017). PSFs therefore play a dual role: They advise public institutions on the development and formulation of regulations, which they then implement for their clients. Mazzucato and Collington (2023) have pointed out the resulting conflicts of interest, but also that PSFs do not simply ignore it, but even capitalise on it. PSFs are in and out of the backrooms of political power as well as the boardrooms of the companies affected by the legislation negotiated, which is why they also can sell access to the legislature.

Outside the intermediary literature, but within the transnational governance literature, Bouteligier (2011) undertook an exploratory study of the agency and authority of specialised global environmental consultancies, like ERM or Arcadis, in earth system governance, taking into account their advisory services for both public actors and business. She concludes that these consultancies "participate substantively in earth system governance, mainly by facilitating other actors' agency" which is why "Global ECFs [environmental consultancy firms] have the potential to prescribe (global) behaviour since they are involved in implementation activities" (Bouteligier 2011, pp. 57f). Though the role in facilitating business activities towards sustainability is taken into account, the study focuses on the environmental outcomes of consultancies' counselling, but not on *how exactly* they facilitate business actors' agency that in turn could influence GVC governance.

However, the involvement of consulting companies in sustainability governance is seen by some authors as part of the problem and not as a step towards a solution. Cooke (2024, pp. 7f) uses three prime examples of environmentally destructive economic activities – fast fashion, cruise tourism, climate killer architecture – to show the "pernicious effects of globally-active KIBS management consultancies in the destruction of this planet's sustainable condition" and to identify them "as drivers of [...] dystopia".[4] In what PSFs advertise and sell as sustainability management, Cooke (2024, p. 9) mockingly (or resignedly) notes, the reader searches tirelessly, but unsuccessfully, for "any meaningful sustainability discourse other than the most superficial, meaningless or unchallenging 'greenwash'". In a similar vein, Mazzucato and Collington (2023, pp. 195, 202, 216) detect "an existential threat" in the way PSFs promote market-driven climate governance, precisely because of the way this governance looks. They note that, while the language PSFs use to describe the climate crisis "wouldn't be out of place in a Greenpeace report", the measures recommended – and sold – to clients, such as the implementation of ESG frameworks, are a "dangerous distraction" as they do not have "any real-world environmental or social impact", according to the former sustainable investing chief officer of BlackRock, an American investment company which sold precisely these ESG frameworks, quoted by the authors.

The unmistakable prioritisation of profits through sustainability management can be seen nowhere more clearly than in the reports of the consulting firms themselves. One example is an article published on the website of the World Economic Forum (a Swiss lobbying organisation for "clean" capitalism). Under the heading "Why sustainability is crucial for corporate strategy", Rafi (2022) lists numerous reasons, from meeting "investor pressure" and "consumer demand", over new "regulatory requirements" and "talent acquisition" to finally "ensure higher productivity". However, the fact that sustainability should also (or even primarily) have something to do with stopping the destruction of the earth is not mentioned. One of the latest brochures on sustainability from KPMG (2024), one of the world's largest auditing firms, reads very similarly: "Is sustainability good for financial performance?" asks the consultancy firm, but only in a rhetorical sense, because of course it is (otherwise KPMG would not be able to sell any related services): "Our findings provide a series of coefficients that quantify the relative magnitude of improvement in profit margins that tend to correlate with unit improvements in each sustainability indicator." Business leaders are therefore well advised (preferably by KPMG, of course), "to integrate sustainability into their business strategy to gain a competitive advantage" (ibid., pp. 3f).

[4] KIBS are knowledge intensive business services.

5 Research Design

To explore the use of global PSFs' sustainability services and to scrutinise economic governance functions possibly carried out thereby, qualitative and quantitative data were collected. We focused on PSFs and their client firms in Germany, concentrating in particular companies of those industries we assumed to be foremost affected by the requirements of the new regulations regarding sustainability (e.g. because of dispersed production networks or high emissions) and which are target industries of PSFs' advisory services, concerning sustainability or generally.

Nr.	Kind of company	Industry	Position
1	Global PSF	Accountancy and Advisory	Managing Director Sustainability Services Germany
2	Global PSF	Strategy Consulting	Senior Knowledge Expert for Sustainability
3	Global PSF	Accountancy and Advisory	Head of Sustainability Services Germany
4	Global PSF	Strategy Consulting	Managing Director Sustainability Services DACH Region
5	Potential client company	Food industry	Manager Sustainability, Environment and Energy
6	Potential client company	Manufacturing industry	Senior Sustainability/ESG Data and Reporting Advisor
7	Potential client company	Manufacturing industry	Manager Sustainability, Environment and Energy
8	Potential client company	Food industry	Senior Sustainability Manager
9	Potential client company	Manufacturing industry	Senior Manager Corporate Responsibility
10	Potential client company	Energy supply	Climate Protection Officer
11	Potential client company	Energy supply	Senior Sustainability Manager
12	Potential client company	Energy supply	Environmental Management Officer
13	Potential client company	Energy supply	Press Officer, Corporate Communications and Energy Policies
14	Potential client company	Manufacturing industry	Senior Vice President Public Affairs and Sustainability

Source: Own survey

Table 1: Interviewees by sector and position

We conducted four semi-structured interviews with consultants of global accountancies – which generally are also advisory firms – and global management consultancies, and we sent out a standardised online questionnaire to the 500 companies with largest sales revenues (2017–2020) in the sectors mentioned. The return rate was 11 percent. From the pool of responding firms, ten follow-up interviews (semi-structured) were granted (autumn 2021). All 14 interviews were conducted and recorded via Zoom. The recordings were fully transcribed and the transcripts were analysed using content-structuring qualitative content analysis according to Kuckartz (2018) with the help of MaxQDA. The quotes were translated by the authors and the English translation was sent to the interviewees for authorisation.

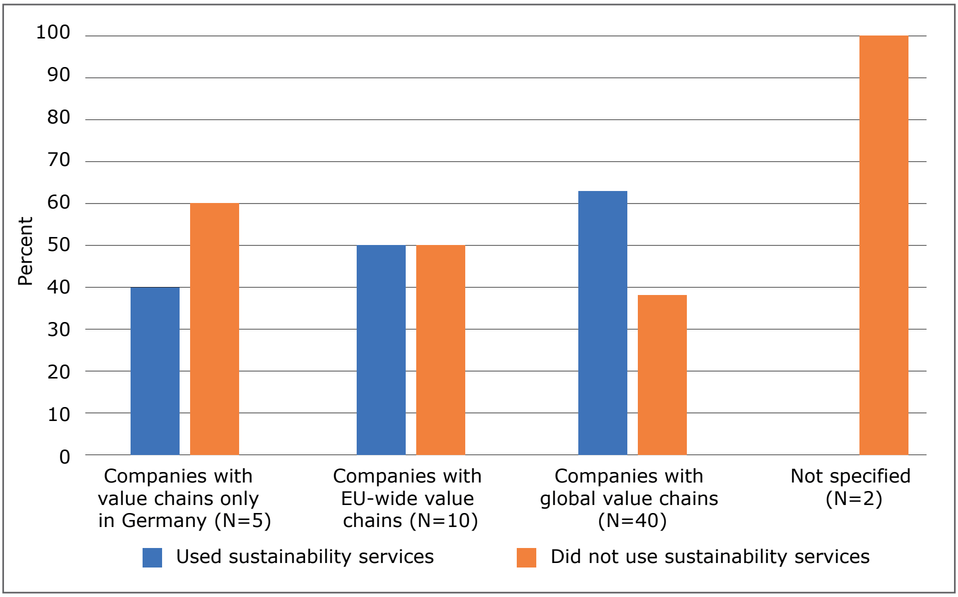
6 The Use of Sustainability Consulting Services in Germany

While there is, as said, strong evidence that the market for sustainability services is growing, worldwide as well as in Germany, relatively little is known about the use of these services and the relationship between PSFs and their clients. In the following we present the patterns emerging from our research. Of the 57 companies which completed the questionnaire, 32 companies (56 %) have already used sustainability services that went beyond the audit of sustainability reports. Two more companies have had concrete plans to use them in the future and further 12 companies (21 %) at least considered it. Given the speed with which new sustainability regulations are being introduced and the rapid expansion of advertising for sustainability services, the finding that 44 percent of the responding firms have so far not contracted any external sustainability service comes as a surprise. A study carried out in 2022 by the German consulting and market research company Lünedonk (Hossenfelder 2022) comes to similar conclusions. On the other hand, both this study and our own research reveal that a rising demand of sustainability services is expected by both the providers and the purchasers of these services.

The first noticeable pattern that our survey reveals is that the more globally a company has organised its GVCs, the more frequently it uses the services of external providers of sustainability services: While nearly two thirds (63 %) of the companies with global operations have hired a sustainability consultant at least once, this proportion was significantly lower for companies with exclusively EU-wide value chains (50 %), and lower again for companies with value chains only in Germany (40 %; see Figure 1). It is interesting to note that the degree of globality turns out to be the only factor that makes a difference between companies in terms of their tendency not to provide sustainability services in-house but to buy them in externally: Our research indicates that neither the type of industry, nor the number of employees, nor the legal form of the firm appear to have any influence on the use of external sustainability services.

However, the use of external sustainability services does not necessarily mean that the services of the major global players in this field are being sought. In fact, of the 32 companies in our sample, merely four (12,5 %) contracted *global* PSFs only for their sustainability services. Another nine companies have used both PSFs' and other consulting companies' (such as Southpole and Guidehouse) sustainability services (28 %), while 16 companies (50 %) named specialised consulting firms – mostly of smaller size with only

German presence, but in a few cases some with global presence, too (such as ERM and Afry). Thus, while global consulting firms definitively play a crucial role in the field of sustainability consulting in Germany, smaller, non-global companies still have a notable presence in the market. As the managing director of sustainability services of a global PSF observes: “I always have the impression that in Germany, the consultancy industry is more fragmented. Also in the sustainability realm, there is an incredibly diverse field of service providers. I have the feeling that people here buy support for their transformation in a more patch-worked way than they do in England, for example” (interview 1).

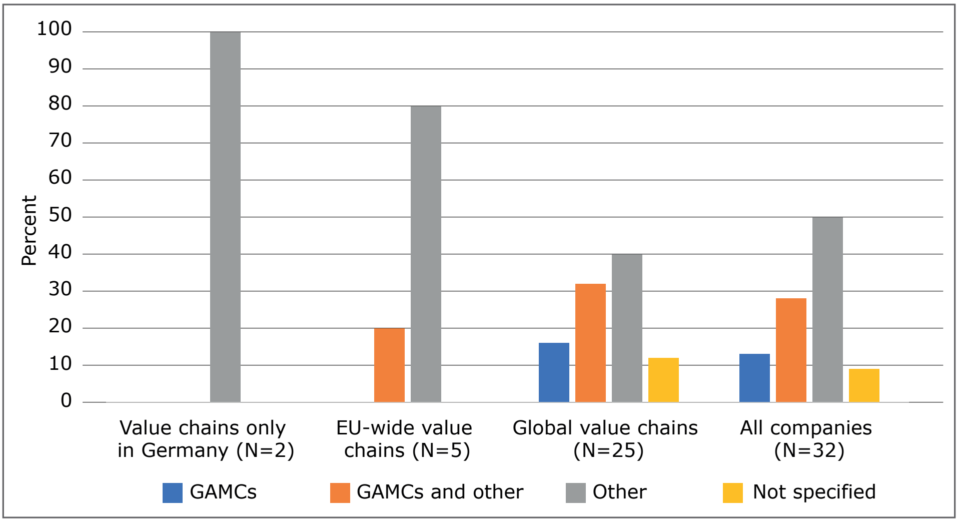


Source: Own survey

Figure 1: Use of sustainability services by value chain length

However, as with the question of the use of external sustainability services in general, it is also clear that the global or not-global character of the client firm plays an important role in the choice of the service provider: The biggest company in our sample, a DAX-listed corporation, not only made the most use of sustainability services in the last ten years, but also gave contracts to global PSFs. Overall, our data indicate that the probability to hire global PSFs is higher among those companies with *global* value chains – 48 percent of them contracted either global PSFs only or them and other consultants. This share was only 20 percent among those companies with only EU-wide GVCs and none among those whose value chains only span German-wide (see Figure 2).

While the finding that the global nature of a company plays a role both in the use of external consultants and in the character of their firm is not in itself a surprising result, it is nevertheless significant because it suggests that the market for sustainability services in



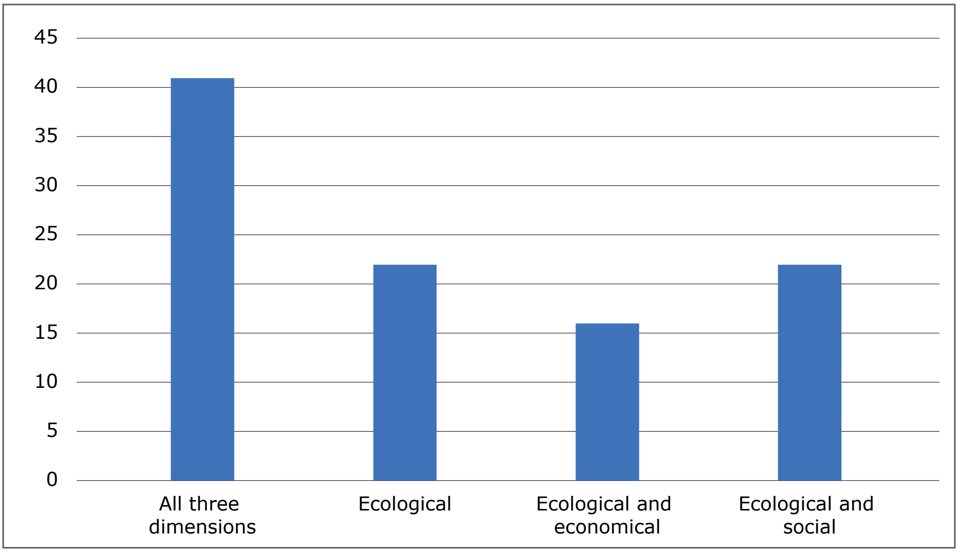
Source: Own survey

Figure 2: Choice of service provider for sustainability services by value chains length

which today smaller firms still have an important presence will likely concentrate on fewer companies in the near future (as was the case with accountancy or legal firms). The reason is simple: As the regulatory pressure to comply with sustainability criteria increases along the entire length of the GVCs, demand will also rise, especially from transnational corporations (TNCs), which not only run the global businesses, but also can more easily afford the high fees charged by the large, global consulting firms than small or medium-sized companies.

The third pattern that emerges clearly from our research is that of the three dimensions that make up sustainability (ecological, social and economic), the ecological dimension is the one that receives most attention (Figure 3). This was to be expected considering the shift to a paradigm where growth and accumulation have to be "green" and the accelerating climate crisis and the resulting new regulations have further increased the pressure to act. Ecological sustainability was subject in all of the 32 companies that used sustainability services, with being even the only dimension targeted in seven companies (22 %). Five companies also made efforts regarding the economic dimension, and seven the social one. Somewhat surprising is, however, that 13 companies (41 % of the respondents) have included all three dimensions in their service contracts. Within ecological sustainability, climate-related topics prevail, such as quantifying CO2 emission of the company, its supply chains and its products.

As to the specific services requested, most centre around topics of transparency (such as data-collection and their processing), setting priorities (such as in materiality analysis), preparation of reports and compliance with new regulations (EU-Taxonomy, German Supply Chain Act), building respective management-systems as well as developing strategies



Source: Own survey. Due to rounding, the percentages aggregate to 101 percent.

Figure 3: Dimensions of sustainability targeted in percent of companies having used sustainability services

and targets (own survey, interviews 1, 3, 6, 10, 12, 14). These results are in line with those of the German Federal Association of Business Consulting (BDU e.V.), which confirms that currently most sustainability services concern compliance-relevant reporting (Consulting.de 2022).

7 Growing Role of Producer Service Firms

We already mentioned that the analysis of our survey and market research suggests that sustainability consultancies are likely to gain a higher market share in the next years. Nevertheless, interviewees also raised aspects that point to possible limits to the expansion of global producer service firms (PSFs) in the sustainability services market (e.g. that companies try to do as much as possible in-house for cost reasons, or because they prefer medium-sized consultants with a more regional flair), and that boutique firms will be able to maintain a certain market share (especially with non-capital-market-oriented clients).

A *first* reason in favour of the expansion of global PSFs is that, if new regulations for sustainability reporting and its audit become incrementally binding for a growing number of companies, the market for consultancies (such as the Big Four accountancy firms) with much experience in advising clients on how to report or comply safely with regulations will grow. As one client company, which so far mostly hired smaller, national consultancy companies for sustainability projects, explained: “We work with [global] accountancies when it is about regulations. For the audit itself I need an accountancy, but it also makes sense to choose an accountancy for the preparation, in that case" (interview 9). Irrespective of new regulatory demands, the verifiability was also mentioned by another company as the pivotal factor for choosing a global accountancy to help them determine measurable sustainability goals (interview 14). As a sustainability consultant sums it up: "Also, consultants always get brought on board when you really want to make sure that all processes are watertight, also from a perspective of regulatory responsibilities, regulatory requirements" (interview 1).

To make all processes watertight, global PSFs are in a unique position, first and foremost because they are often already involved in designing the regulations whose compliance is then to be implemented. For example, the Big Four Companies were part of the "Technical Readiness Working Group" of the International Sustainability Standards Board's[5] (ISSB) Exposure Draft as part of the "Measuring Stakeholder Capitalism Initiative" of the World Economic Forum (WEF) and of the Project Task Force for the preparation of EU non-financial reporting standards. This dual function, or, as Havinga and Verbruggen (2017, p. 70) put it, the "chameleonic" character of global PSFs, guarantees a privileged access to (insider) knowledge, what constitutes a "unique selling point" for global PSFs vis-à-vis smaller firms present on one national market (Boussebaa and Faulconbridge 2019, p. 77; see also Mazzucato and Collington 2023).

Second, through new regulations, laws and accounting standards connected to the project of green growth, the link of sustainability to finance, risk management and compliance becomes stronger. It is in these fields that global PSFs have their greatest competitive advantage over smaller, more specialised "sustainability-only" consulting companies. As the sustainability manager of a client company said about these firms: "The problem that they have is that they are, so to speak, partially more limited and partially broader in their perspective, but they are not able to establish this link to the company's performance indicators that well […]. To ensure this link, we needed to follow the same logic as in the financial sphere […]; the two most important things I expect from a sustainability consulting service are […]: one thing is the measurability and auditability of metrics. And the other one is that you, so to speak, find innovative solutions where you, through a change in business strategy, hit this wonderful sweet spot where you a) make money and b) advance sustainability" (interview 14).

We have already pointed out that the former – to make money – is clearly the focus of sustainability services, even when they go beyond greenwashing. Similar points about the competitive advantages of global PSFs are also emphasised by other sustainability consultants of global PSFs. One consultant explained that the unique selling point of companies like his is their ability to bring together know-how from specialists from fields of expertise that, while being different (such as accounting, controlling, IT, compliance and risk management), are nevertheless all part of the client company's "bloodstream" because they all ultimately speak the "language of a company", and that is the "language of finance" (interview 3). And he adds: "A pure sustainability consultancy often derives

[5] The ISSB is a standard-setting body established in 2021–2022 under the IFRS Foundation.

from communication, special environmental topics, but not the whole thing. You need to go through corporate management, corporate development and the financial sphere […]. We know the language of all important spheres”.

In a similar vein, another interviewee, the managing director of a global PSF sustainability services department explained that “we are naturally a little bit closer to core business [of our client]. Implementation also means to get out of the sustainability department and to go into procurement procedures, into production processes, into accounting. That is where the expertise of accountancy consultants and sustainability consultants is needed and, I believe, that is what we represent very well” (interview 4).

The *third* competitive advantage that large, broadly positioned consultancies have over smaller, specialised sustainability-only firms, is that the expertise and experience of global PSFs cover more areas. Bigger firm size implies that experts for a larger range of topics that might emerge in the context of sustainability management are available *within* a consultancy. This makes advisory processes more comprehensive, more trustworthy and, often crucially, faster and easier to handle because it offers clients the advantage of one-window shopping. This is particularly relevant if sustainability projects become more wide-ranging and in projects with a larger scale (both in terms of complexity and geographically).

The sustainability manager of a client company pointed out that global accountancies and management consultancies “have a large network, also internally, concerning thematic focuses. Thinking of the audit of our carbon footprint, there are special questions popping up again and again. The big ones are always able to virtually get someone in from somewhere who just can comment on the question” (interview 11). Another sustainability manager says that “employees with diverse expertise from somewhat different disciplines are rather available in a bigger, global company. So, when we talk about the sustainability realm, then it is not one topic only, but we talk about security, we talk about environment, we talk about climate, very different areas.” For her, it is more convenient to “work with just one office instead of three” (interview 6).

For the global PSF it is an advantage to be perceived as a kind of ‘One-Stop-Shop’. In addition, large companies can expand their knowledge base because they have more – and more diverse – clients. Working with clients with different business background creates experience, and accordingly “the consultant, he just knows how others do it, or how you do it practically. What are good examples and what are bad examples? And the company often does not know this in that moment, but it is confronted with a new challenge“ (interview 12).

The broad knowledge base that characterises global PSFs is also fed by knowledge that experts within the firms’ global networks contribute to. Globality is thus their *fourth key advantage:* “You have […] the possibility to access this global network and the global knowledge […] I can see all projects from San Francisco to Sydney […] that is an incredible advantage” (interview 2). Being able to tap into a global network of offices will become even more important as the sustainability management will require both significant changes and smaller adjustments at various points of the GVCs of a company, i.e. worldwide and not just in Germany. Being asked about reasons why client companies employ services from his firm, a consultant of a global PSF explains: “For global [client] companies we are positioned globally as well. Boutique consultancies cannot help with implementation. [But in our case] we speak about programmes where maybe 10, 20, 50 or even more consultants are engaged. […] Implementation always means rolling up sleeves, adapt processes, very detail-oriented" (interview 4).

Since all of this is time-consuming and requires a high input of man- and womanpower, big firms are clearly better positioned. Another consultant stresses the convenience of being a global service provider when tasks are required in another country under time pressure: „We have the advantage […] [that] we are an international partnership, we all work for the same pot [of money]. That is why I don´t have a problem to send colleagues into a factory in India, in China or elsewhere at short notice" (interview 3). In brief, the globality of a service provider is a key reason for companies that also operate worldwide to commission them: „Well, you choose a bigger company or a more global company for the reason that you expect employees of a globally operating company to have more experience in the handling and management of projects of globally operating corporations […]" (interview 6).

A *fifth factor* for the presumably growing role of global PSFs in the sustainability consulting market is their reputation. A good name gives a consultant of such a firm an authority that smaller and less known organisations do not possess. For an environmental management officer of a client firm it is an advantage „if you have a PwC-consultant on board, who wears his fancy tie and then pits himself against the auditor, this is something he can probably do better in such a situation than somebody from a very small company, somehow" (interview 12). If new strategies or delicate corporate policy topics need to be developed and implemented, the authority that comes from a big name is particularly beneficial because it helps to outsource the responsibility for decision-making or to protect the decision-makers within a company from criticism.

As the climate protection officer of a company states: „Because it is of course a different thing if somebody says 'there, KPMG said that' as if a small consultancy you don´t know says something. This also leads to the situation that topics with a corporate policy magnitude, strategically loaded topics […] are rather outsourced to big consultancies. […] Because if somebody asks 'who pulled that stunt?' then you can say 'well, KPMG did that' […] and the other person would not object to it" (interview 10). This is backed up by a consultant who explains: "If, for example, seniors in a company need support for decision-making, then they wish for a renowned organisation to identify and evaluate options […] and to give recommendations – in order to objectify the whole thing a little bit and to detach it from corporate policy" (interview 1).

8 Economic Governance through Sustainability Services

The last topic raised in interview 10, namely that "strategically loaded topics [...] are rather outsourced to big consultancies", leads to the last area we address here, namely the transfer of governance functions to the global producer service firms (PSFs) through the use of their sustainability services. While there is very little research on the governance of the sustainability management through external PSFs (but see Mazzucato and Collington 2023), we suppose that, with the growing importance of sustainability services, similar forms of assuming governance functions by consultancies will also expand. Just as companies hire lawyers to get the law interpreted in their favour (and to fight for this view in court if necessary), or tax consultants to find just barely legal, so-called "creative" solutions, so that as little of the profits as possible are taxed away, sustainability service providers will face the challenge of "find[ing] innovative solutions where you, through a change in business strategy, hit this wonderful sweet spot where you a) make money and b) advance sustainability", as stated by interviewee 14 quoted above.

This is precisely the direction in which the large consulting firms are marketing themselves. Their message is: if sustainability becomes a "business case", then we are the ones to help make it a financial success for you. McKinsey & Company (2022), for example, a US multinational strategy and management consulting firm and one of the largest of its kind in the world, notes with satisfaction that "(a)fter years of companies playing defense with sustainability, the landscape has shifted to an emerging growth opportunity – for those savvy enough to seize it". And the accountancy giant KPMG (2024, p. 4) advertises its services with a report stating that an increase in sustainability "appear[s] to have a significant relationship with GPM [gross profit margin]".

In general, we find a high level of agreement among our interviewees with regard to the assumption that PSFs are shaping strategic processes of their clients' business. "That's almost a no-brainer", says the managing director of sustainability services of a global PSF (interview 4), while another consultant outlines the dimensions in which the global PSF he is working for operates: "If the client wants to, he actually can let us run all his internal, administrative functions. There are stock-listed companies worth billions of dollars that almost only run their management functionalities still in-house. There are assignments […] where a consultancy can have 10-digit consulting contracts with a DAX-company and thereby employs many thousand people […] in Europe, India and Indonesia" (interview 1).

Even if the majority of respondents does not comment so directly on the strategic role of PSFs in sustainability management, there seems to be a consensus that it exists. Interviewee 14 from a global DAX-company, for example, confirms that the advice of external consultants was key for developing and implementing a respective strategy: "Of course, we needed strategic and conceptual support, because the company hadn´t set itself clear goals until then." Defining clear goals might be all the more difficult for companies as numerous regulations regarding sustainability have been implemented in a relatively short period of time. Accordingly, there is often simply a lack of knowledge, or, as Abbott et al. (2017, p. 22) put it, a lack of translation of the new legal procedures in practice: "Translation", however, is not a neutral process because it means "translation for my client's need", for which reason it implies prioritising some aspects over others. Only then can the client companies get orientation and this "orientation is a very, very, very important aspect […]. Most of the companies have a need for advice and support, because they feel utterly lost in the quantity of sustainability requirements, discussions, opportunities, standards and the like. […] For me as a consultant, as an auditor, the essential point is to have very, very, very much knowledge, about future developments, requirements, from all sides, actually

– legislation, capital market, NGOs and so forth. The task is to bring all this together and create a simplified solution for the companies. To provide guidance is important, to say: 'Okay, it is these points you need to take into account. If you take step one, two and three, then you meet the material requirements and will be able to operate. This, that and that, you can actually omit that, it is not relevant for you.' So, it is because of this guidance we give and certainly the trust put in us, that we maybe do take the right preliminary decisions, after all" (interview 3).

An environmental management officer of a client-company describes this kind of need for translation and guidance through a global consultancy in the process of implementing the environmental management system ISO 14001. Even though the necessity of an environmental policy and what it needs to contain is laid down in the norm, "there is just no black and white with such a standard's requirement. […] how the environmental policy looks like precisely in the end, there you can get very creative, if you want to" (interview 12).

While there is still much less experience (and hence evidence) with strategic sustainability consulting than with, for example, legal or tax consulting, a few long-term transformation projects do already exist, where external advisers' tasks range from developing a sustainability mission statement and targets, to their implementation, the development of specific metrics and performance indicators and even taking control of their management (interview 2). Looking more closely at such cases, one can perceive what Sassen (2010) means when she suggests that PSFs perform strategic governance functions, even if they are not immediately recognisable, because they are embedded into the services.

One service that typically looks very technical but is in fact very strategic is sustainability reporting, because of new regulatory requirements one of the services most demanded by client firms. Sustainability reports' strategic nature stems firstly from the fact that they contain information relevant for financial markets, what has become apparent when we looked at the different sustainability accounting standards that explicitly aimed at investors' needs, such as ISSB. However, this implies that what information is given or hidden will have impacts on share prices, investments and productive activities. Secondly, and because global PSFs are frequently active in all areas of regulation (their formulation, their implementation, supervising their compliance), after information has been collected and compiled by the companies (or the PSFs advising them) according to the needs of the financial markets, these data then return as a kind of "boomerang" to the companies themselves where they are used as a guideline for a company's sustainability strategy and as a means of corporate governance in this regard (interviews 5, 10).

As one interviewee summarises: "So for me, reporting doesn't just mean writing; it also means developing, setting goals and pursuing them. And that's what I mean by report. So not just the glossy brochure that is then read somewhere. For me, the report is the working medium for managing the company" (interview 5). Accordingly, reporting might influence financial flows in the capital market, based on ESG-ratings that are based on sustainability accounting and reports. Reporting might also be used as an entry barrier into a corporation's GVC and hence influence the latter's shape.

Indeed, what should be measured with the new sustainability reporting standards is defined by private standard setters and public regulators in the first place. Nevertheless, global PSFs do play a role here as well through being part of respective working groups established by regulators and standard-setters, due to their knowledge, experience and resultant authority. They participate in working groups for the development of the new sustainability accounting standards of the EU and the IFRS Foundation. This also gives PSFs the opportunity to influence these regulations. Before the EU and the IFRS Foundation started the development of sustainability accounting standards, the WEF in collaboration with the Big Four even launched their own proposition for consistent metrics to measure ESG-performance of companies. Indeed, they merely have compiled those metrics from existing standards such as the GRI, SASB and others. Nevertheless, through initiatives like that, they occupy a front row position in a growing and tightening field of regulation.

While the literature on PSFs governance in GVCs referred to above concentrates on *global* service providers, our interviews indicate that even smaller boutique firms servicing their clients in the sustainability realm do partially hold governance functions through 'technical exercise' as well (interviews 9, 11, 12), though these might be of a smaller scale. Moreover, the involvement of smaller, national consultancies in sustainability-related governance processes appears more temporary or partial than in the case of the big consultancies, and knowledge-transfer is more collaborative (interview 7, 9, 11).

9 Concluding Remarks

Based on the insight that sustainability has turned from "from morals to markets" (Meyer et al. 2015), in this paper we have presented our research on the shape and development of this market in Germany. The key findings are:

1) It is still the case that a significant proportion of the tasks that companies face in the course of the sustainability management are managed in-house – 44 percent of the companies surveyed manage without the help of external service providers.
2) However, the outsourcing to professional consultants is growing rapidly, although in Germany – presumably unlike in other countries – smaller, nationally oriented boutique firms are still very much in demand.
3) The more global a company is, the greater the likelihood that it will contract external sustainability consultants, and also that these will themselves come from the ranks of global producer service firms (PSFs) (predominantly accountancy firms and business consultancies).

Based on this, the literature and our general assessment of the importance of the service industry, we draw further conclusions:

4) PSFs will gain an increasingly important position in the sustainability market in the near and medium future, on the one hand because the globalisation of the respective regulations will require service providers that can better meet the demands of this globalisation through their geographic organisation than smaller, nationally oriented firms, and on the other hand because only large consulting firms can handle the

interweaving of sustainability issues with the core business issues of companies, i.e. financial and legal issues.

5) Sustainability services are becoming another area where global PSFs are taking on strategic governance responsibilities for their clients. On the one hand, this is because their holistic and global view of their clients' global commodity and value chains (GVCs) gives them a deep understanding of how new legal requirements and also consumer wishes can be implemented as advantageously (i.e. profitably) as possible, and, on the other hand, because their "chameleonic" (Havinga and Verbruggen 2017, p. 70) character (being service provider both in the development and in the implementation and monitoring of the new regulations) gives them a knowledge advantage not only over smaller competitors in the field of sustainability services, but also over their customers themselves.

However, we are aware that our research on the role of global PSFs in managing and controlling the sustainability management of their clients' GVCs still leaves many questions unanswered (and even unposed). Further research is needed on the impact of global PSFs on evolving regulations and standards and the implications for GVCs' lead firms and suppliers, and the picture will become clearer as sustainability issues will gain further weight. However, one topic seems particularly important to us: According to Ponte, the "sustainability transformation" as it is currently conceived and organised risks deepening global inequalities, particularly at the expense of suppliers in the peripheries of the world economy who are dependent on GVCs.

The organisational and technological changes underway provide lead firms with the possibility to "leverage additional cost information, extract value and push the extra cost of sustainability compliance and its related risks upstream" (Ponte 2019, p. 18) and thus capture the gains created through sustainability measures. And elsewhere (Ponte 2022, p. 819) the same author affirms that "[i]n the name of sustainability, a massive and stealthy transfer of value is taking place from the global South to the global North, from producers to global buyers and consumers, and from labour to capital". This contention ties in with critical debates within GVC and global city research that examine centripetal value transfers along value chains and the role of PSFs in them (e.g. Parnreiter 2019; Selwyn 2019). For these reasons, taking a critical look at sustainability discourses and the praising of green capitalism is a worthwhile task.

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