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**Title: “The Impact of CSR on Financial Performance:
Evidence from H&M Group”**

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Declaration Form.

I, Kaiyum Ahmed, declare that this dissertation has been composed by myself, that the work contained herein is entirely my own except where explicitly stated otherwise in the text, and that this work has not been submitted for any other degree or qualification, in whole or in part, except as specified.

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ABSTRACT

This paper has examined the strategic CSR communication of H&M. The study will attempt to comprehend the role of CSR acts, disclosure, and stories in generating trust and long-term value. It relied on the H&M reports of 2020-24 publicly available. It examines a qualitative document analysis in an inductive manner. The analysis is done through four research questions. How does H&M represent CSR? Which are the storeys which link CSR with finance? What is the role of CSR in creating competitiveness? What are some of the insights into communication? The results indicate that it has four major themes. Results revealed that there was an evident emphasis on social practices and environment. The second theme is on worker welfare and ethical supply chains. The next theme, transparency, is an important mediator noted to be strategic. The last theme is how CSR helps in enhancing financial reputation in terms of brand value, investor trust and competitive strength. Stakeholder Theory is reinforced with the help of Themes. Transparency response can be explained by the Legitimacy Theory. This is also in line with the Resource-Based View (RBV). The concept of circularity is a useful intangible resource. The findings have demonstrated that CSR communication is strategic and ethical to H & M. The study offers a framework for brand legitimacy management. It has weaknesses such as the focus on single cases. Multi-brand comparison should be done in future research. The study positively impacts the knowledge about the CSR communication in the fast fashion industry and provides recommendations to managers to enhance financial reputation.

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CHAPTER 1: INTRODUCTION

1.1 Background and Context

Corporate social responsibility refers to the responsibilities of a company to society and the environment (Maome and Zondo, 2024). Every company operates in a social system, where the people, place and environment are included. Companies generate profit from society, which creates a responsibility for the company to benefit them as well. Nowadays, CSR has become a management concept. It is a part of a company and integrated with its business operations (Md. Nahid-Ull-Islam, 2025). Companies not only make a profit from society, but also, in many cases it harm the environment. Especially after globalisation, the supply chain system of global companies affects the environment. This complex supply chain system also raised public awareness. Back in the 1990s, to guide corporate behaviour to the society and environment, the UN Global Compact and ISO 26000 types of global frameworks were introduced. At first, CSR efforts were practised as charity. Afterwards, it becomes a strategic imperative. It is not a cost to the company; rather, it can ensure long-term value for the company. Around 90% of the global companies issue their sustainability reports every year (Tuong Vy and Thanh, 2025).

The fast fashion industry is based on rapid production and low cost. It is very common to focus on profit over ethical practices in this industry. The industry also prioritises work over employees' health and safety. Dangerous labour practices also become a concern to global investors in this industry (Montgomery, 2024). Supply countries like Bangladesh and Vietnam, workers receive minimum wages. There is also a lack of safety in the work settings. Side by side, this industry is the world's second-largest water consumer. Water pollution and textile wastes affect the natural environment. To produce one cotton T-shirt, there needs 27000 litres of water are needed (Zervoudi, Moschos and Christopoulos, 2025). These types of sustainability concerns create pressure on the fast-fashion industry. It was reported that only 1% of the textile products are recycled or reused globally into new clothing (Fares et al., 2023). The rest of them became a waste to the environment. Most of the global companies in this industry are moving towards a circular economy model due to investor and stakeholder pressures. Companies now focus on recycling, repairing and reusing textile products or by-products to reduce their carbon

footprint on the environment. In recent years, companies have been accused of “greenwashing” by the stakeholders, including governments (Martin and Demren, 2024). Greenwashing means they are hiding actual information about their CSR efforts and environmental responsibilities. CSR communication becomes vital for these companies to build trust among stakeholders. There remain challenges in disclosing all supply chain information that has an environmental impact. Companies are trying to rank in the top 250 companies in the Fashion Transparency Index. Companies are struggling with traceability and accountability of their own CSR efforts.



Figure 1: Stakeholders in the Fast-fashion Industry

Source: (Martin and Demren, 2024)

Stakeholders in this industry are demanding ethical and transparent corporate behaviour from companies. Consumers like Gen Z and Millennials are concerned about ethical sourcing and sustainability (Minelli, 2025). Governments are enforcing restrictions and laws on environmental damage. Side by side, shareholders and investors also demand ESG reports of companies to understand their impact. ESG stands for Environmental,

Social and Governance. Poor CSR efforts reflect financial risk to the investors. Non-governmental organisations also pressure companies in this industry by exposing poor CSR practices. They use public campaigns regarding the failure of CSR efforts that harm the public image of companies. This makes CSR a mandatory license to operate a business in this industry.

1.2 Overview of H&M

H&M is the world's famous clothing brand that operates in over 74 countries. It has around 4000 stores and online sales in 60 markets (H&M Group, 2024). H&M generates more than \$20 billion annually. There are around 171,000+ employees around the world who work for H&M. The competitors of H&M are Inditex by Zara, Zalando, Asos, Primark, Uniqlo, Gap and Shein. All of these competitors also have global operations. H&M is the second-largest global clothing retailer in the market. They have around 6% to 8% market share in the apparel market.

As a global company, this kind of global reach of H&M, shows the impact of its CSR decisions. H&M also have some significant commitments to the environment and society. They are aiming for climate neutrality by 2040. They committed to achieving 100% sustainable materials by 2030 (H&M Group, 2024). As a global company, H&M also has global influence, and its CSR policies have become a global benchmark. However, as H&M belongs to the fast-fashion industry, it also faces criticism for greenwashing. There still remain supply chain risks due to large volume production across multiple countries. With high visibility and strong environmental commitment, H&M is relevant to this study.

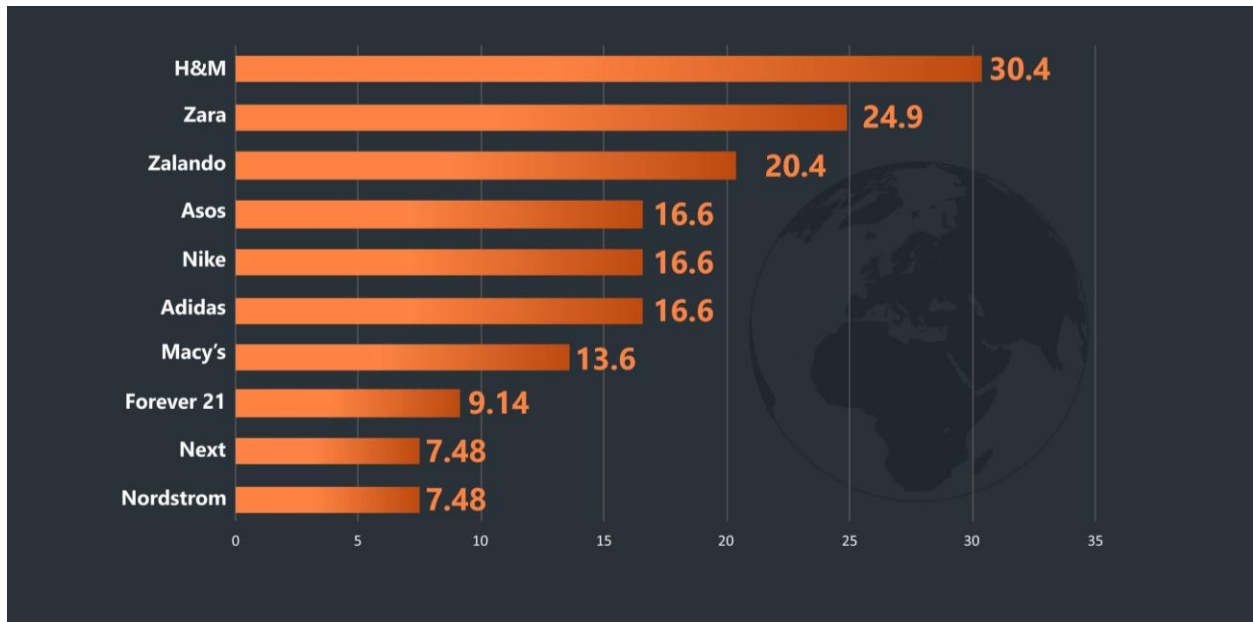


Figure 2: Global Average of Monthly Search on the Fashion Industry

Source: (H&M Group, 2024)

1.3 Research Problem

H&M is a huge international store chain operating within the fast-fashion sector. H&M is an active promoter of its Corporate Social Responsibility (CSR). The company has concentrated on good engagements on climate action, recycling, and fair labour. In 2023, 85% of the materials in H&M were reused or obtained in a sustainable manner. It further adds that its policy is to achieve net-zero by 2040. Nonetheless, the immediate monetary advantage to this expenditure is not clear to the stakeholders. Although the profit has grown by 145% over the year, the connection between CSR and financial performance cannot be indicated directly (H&M Group, 2024). H&M does not always sell its products and generate profits in accordance with its CSR promises. There were also years when the profit margins decreased due to heavy promotion of CSR. This leaves the question of the impact of CSR on financial results in doubt. Several research practitioners suggest that measurements of CSR messages might not be related to performance. Untrust can also be lessened in that H&M is accused of greenwashing by some the critics.

The communication strategies concerning CSR of H&M do not match the actual financial effect. This critical disconnect is the main research issue. The success stories provided by most of the reports are not clear as to how CSR can bring about profitability. Numbers that most past studies utilise include ROA, ROE or stock returns. These figures are trending numbers, which fail to reveal the intentions behind CSR messages. In particular, managerial framing is not clear.

These gaps require a qualitative study. Heartened CSR may affect financial reputation in the way H&M is framed in CSR reports. It can demonstrate the way H&M presents CSR to have an impact on investors and customers. It is able to demonstrate the concealed relationships among the communications of CSR and financial plausibility. This study will focus on this requirement by examining the 2020 2024 H&M CSR and annual reports. It has dealt with the requirement to derive the effect of CSR on the financial performance within the fast-fashion industry.

1.4 Rationale of the Study

This study has high academic value. Previous CSR-related studies are quantitative. They tend to use ROA, ROE, or stock price trend. Such approaches do not state how the managers can strategically relate CSR to finance. For example, a study by Jaworska (2018) shows how UK CSR reports establish financial and social importance. A study by Ferjančič et al. (2024) uses linguistic analysis on CSR reports to directly analyse word patterns and their financial performance impact. Another study by Landrum and Ohsowski (2018) uses a qualitative approach on global sustainability and CSR reports from around 85 global companies. It examines four corporate worldviews in CSR narratives. The number of studies that adopt a qualitative procedure to explain meanings in CSR reports is very low. The detailed analysis of CSR communications may be trying to point out unsuspected interconnections, which may be related to financial results. The messages applied by firms can be demonstrated by a qualitative review, and not only by numbers. It can also reveal the reason behind firms associating CSR with financial objectives. This literature style adds value to the world of learning.

Fast fashion is heavily criticised on the grounds of low social and environmental impacts (Minelli, 2025). Regulators and society put a lot of pressure on this industry. The waste in

the textile industry is more than 92 million tonnes per year throughout the world. Fashion generates 10% of carbon emissions across the world. The poor working conditions are always audited by labour groups. This has brought up the issue of ethics and sustainability. H&M, being a popular fast fashion brand, has been under intense pressure to be responsible. Knowing the public stories of H&M provides knowledge to the whole industry.

Trust is also greatly influenced by its communication of CSR. Financial reputation requires the element of trust (Miettinen, 2024). Definitive CSR communications would escalate the loyalty of customers. Martin and Demren (2024) also claim that miscommunication may result in a high level of stock volatility. This correlation can be used to explain performance in the long term. H&M would also be the best choice in this research due to its international presence and elaborate sustainability reporting. It is the second-largest universal fashion retailer. Its size renders its CSR assertions very conspicuous. Waste and greenwashing are also criticised in the brand. Such a combination of glorification and disparagement qualifies H&M as the target of study.

The study is useful to the managers by demonstrating how effective brand image and financial performance can be achieved through the effective communication of CSR. Managers will have a better opportunity to commit resources to effective CSR stories. The policymakers will be better placed to know the way firms utilise the CSR messages. This research, thus, has its function on my side as a model of theory and as a working company strategy.

1.5 Research Aim

The aim of this research is to examine the qualitative relationship between CSR and financial performance at H&M Group.

1.6 Research Objectives

- To find out how H&M Group communicates its CSR efforts in the Annual Sustainability Report.
- To understand how its CSR practices are framed in relation to its financial outcomes.

- To identify emerging themes that link CSR efforts with long-term financial reputation.
- To interpret insights for understanding the strategic role of CSR in H&M's financial performance.

1.7 Research Questions

- ✓ How does H&M represent CSR initiatives in its public reports?
- ✓ What are the narratives that link CSR with financial performance at H&M?
- ✓ How CSR efforts at H&M are positioned for long-term competitiveness and sustainability?
- ✓ What are the insights for H&M's CSR communication impact on financial performance?

1.8 Scope of the Study

The given research is limited to the H&M Group. It does not feature any other fashion brands. It evaluates both the CSR and annual reports of the company of 2020-2024. The five-year period illustrates relevant transitions in the sustainability action of H&M. The information retrieved is through the official CSR reports of the company and the Annual Reports. They also discuss the post-COVID-19 era in which CSR came into the limelight.

The paper will be analysing the strategic framing and presentation of the H&M CSR activities. The paper employs a qualitative approach. It does not employ figures in gauging financial outcomes. It does not do statistical tests on the relationships between CSR and profit. It touches upon such themes as the importance of transparency, interaction with stakeholders, and sustainability communication. It also examines the extent to which the messages promote the financial reputation of H&M. The reason is due to the fact that it is documentary analysis of secondary sources. This publicly available data is richly contextualised. Surveys, interviews or direct financial analysis of primary data are not used. The study concentrates on communication, perception and strategic frame work. It examines the way H&M connects the concept of CSR with the brand value and competitiveness.

1.9 Dissertation Structure Overview:

Chapter	Title	Description
Chapter 1	Introduction	Chapter 1 presents the background of the research, problem, rationale, objectives, and scope.
Chapter 2	Literature Review	It is a review of previous studies concerning CSR and financial performance is taken. It additionally discusses major literature gaps and theories.
Chapter 3	Research Methodology	Describes the qualitative approach to the study, the data sources, and methods of data analysis using reports of H&M in 2020-2024.
Chapter 4	Findings	Provides the results of thematic analysis of CSR communications. It pays close attention to language and communication strategies of H&M Group.
Chapter 5	Discussion	The findings are discussed regarding both theoretical and academic and managerial findings.
Chapter 6	Conclusion	The final chapter has the conclusion of the work where the study was summarised, limitations were mentioned, and future research was suggested.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction to Chapter

This chapter is a literature review of the research done on CSR and financial performance. The chapter begins by describing the definition of CSR and its development. It outlines the ethical, social and governance aspects of this idea. There are also global reporting regulations such as the GRI and the UN Global Compact. Then it evaluates CSR within fast fashion, labour and the trend of circular economy. It abstracts the available scholarly literature on CSR and fast fashion. One tenth of the carbon emissions in the world is generated in this industry. It consumes masses of water and energy as well. Here, there are also greenwashing allegations of major brands. It forms the framework on which to learn about the use of CSR by H&M in their reports. Then, the chapter examines connections between CSR and financial outcomes. There is a strong indication that brand valuation is positively related. The results of previous research are inconsistent. Four theories applied in this study are also explicated in the chapter. Such theoretical frameworks are Stakeholder Theory, Legitimacy Theory, RBV and Triple Bottom Line. The emphasis on the qualitative analysis of communication is justified by the existence of gaps in the literature. Lastly, it puts forward an intellectual framework that relates CSR communication to competitiveness

2.2 Understanding Corporate Social Responsibility

Corporate Social Responsibility refers to how a firm behaves with regard to the society and the environment. It consists of three major aspects, which include Environmental, Social, and Governance (ESG). CSR does not just end up as charity or mere philanthropy. It should be associated with the fundamental business of the company. It is a model of business nowadays. The initial manifestation of CSR was in the 1950s, when it was a mere concept that was associated with charity (Fares et al., 2023). CSR was first defined by Howard Bowen, whose view was that businesses should eliminate social ills. Most companies at that time made donations, yet very little to alter their business trend. This original idea has been developed over decades. During the 1970s and 1980s, the world began to be more worried about environmental pollution and forced labour. CSR has also increased in fast fashion following the Rana Plaza failure in 2013, which claimed 1,134

lives. Increased regulations were being brought about by governments (Sahlén, 2025). This made firms become more responsible. Among the 250 largest companies in the world, over 90% issued a CSR report (Baena, 2024). Companies began to create sustainability reports and have common objectives that are publicly stated. A large number of investors are risk-averse based on CSR information. In 2007, H&M began to report on a formal basis about CSR (Akther, 2025). CSR has now been associated with business objectives by the company.

Most frequently, CSR is characterised in terms of three dimensions, i.e. environmental, social and governance. The term, which is an abbreviation, is ESG. Environmental encompasses reducing the type of pollution and the use of resources. It incorporates climate effect, pollution, water consumption, energy consumption, and waste (Zaborek and Nowakowska, 2024). This is a particularly crucial area in fashion. Fast fashion consumes 93 billion cubic metres of water each year on cotton (Tubic and von Jutrzenka, 2024). Emission cuts, which were 41% between 2019 and 2023, enabled H&M to cut back on emissions (Miettinen, 2024). The social dimension is centred on people. It includes rights of the workers, fair wages, health and safety, equality, and community. It examines the way in which an organisation affects its staff. 40% of employees in fast fashion make a living wage (Sahlén, 2025). H&M audited 1,200 factories in 2023. Good social CSR incorporates supplier auditing, training programmes and fair labour. The Governance aspect deals with the leadership of companies. It involves anti-corruption regulations, board framework, transparency and adherence. Good governance enhances trust and minimises the risks of greenwashing. Three-quarters of G250 companies report their governance using GRI. There is high accountability and transparency in good governance.

Companies implement CSR out of various reasons. There are firms that are motivated by ethics (Maome and Zondo, 2024). Ethical motivation is motivated through moral duty. Their action is because they think it is the right thing to do. This will imply that the company merely thinks that it is the right thing to do. CSR is viewed as an ethical responsibility by 68% of executives (Zaborek and Nowakowska, 2024). Ethical CSR might not pay off immediately in terms of financial gains; however, it can create a culture of internal trust

and a solid culture (Md. Nahid-Ull-Islam, 2025). Positive corporate culture is created because of ethical motives. Workers tend to have a feeling of purpose. Other companies are strategically driven. They employ CSR in order to enhance business performance in the long term. The shared value theory deals with CSR as a factor in creating competitive advantage, espoused by Porter. CSR would help in saving energy and wasting less. It has the ability to design new products, reinforce supply chains and promote innovation. It assists the company in acquiring a competitive advantage. Strategic CSR reduces risks in the supply chain by a quarter (Akther, 2025). Findings of numerous studies indicate that CSR has the potential to improve the financial performance, although the outcome might differ across industries. Brand image is safeguarded by reputational motivation. CSR assists companies in creating a favourable image in society. Research indicates that approximately one-third of customers will choose brands that have high sustainability principles. Good CSR serves as a shock to a crisis. Investors are drawn towards reputational gains. This can result in greenwashing oppression. Companies have to strike a balance between reputation, honesty, and transparency.

CSR involves international standards to do reporting. One of such standards is the Global Reporting Initiative (GRI). GRI is based on economic, social and environmental impacts. It is very popular and provides specifications on reporting on emissions, labour rights, human rights and governance. GRI Standards are the most popular reporting system in the world. GRI standards are applied in more than 10,000 organisations (Baena, 2024). The other helpful framework is the United Nations Global Compact (UNGC). UN Global Compact (UNGC) contains 20,000 plus companies that are devoted (Zaborek and Nowakowska, 2024). Based on its annual report, the members codify an annual report known as the Communication on Progress. It upholds 10 human rights, labour, and environmental principles. This is what has made it the biggest CSR initiative in the world. The SDGs, or the UN Sustainable Development Goals, give the world targets. Fast fashion aims at SDG 12, which is Responsible Consumption (Sahlén, 2025). They are also housed on SDG 8 (Decent Work) and SDG 13 (Climate Action) (Tubic and von Jutrenka, 2024). Businesses adopt the GRI and UNGC reports in order to make reports on their contributions to SDGs. These standards assist companies in organising their reports, being transparent, and creating trust.

CSR communication creates credibility and affects perceptions. The stakeholders are unable to notice the CSR activities directly, hence they rely on effective communication (Islam et al., 2021). Effective communication assists companies to create trust, reinforce reputation and demonstrate devotion (Kim et al., 2019). It is no longer limited to annual reports. The tools are in the form of websites, social media, and product labelling. It is also minimising the uncertainty among the investors and customers. Other companies release consolidated reports which contain both financial and sustainability reports. CSR data is also shared by many firms in ESG rating platforms. The CSR messages have the potential to influence the financial future of a company in the judgment of the stakeholders (Barcik, 2024). A central part of CSR communication is that of transparency. Stakeholders require straightforward information, quantifiable goals and frequent changes. Audits by third parties or independent audits contribute to raising of trust. Transparency is lacking, and this may result in greenwashing allegations in a very short time. Greenwashing causes much negative publicity to a company. Claims that are rough or vague are criticised in many fashion companies. It loses 20% of its reputation after scandals due to poor communication (Miettinen, 2024). In general, high CSR communication contributes to legitimacy and long-term competitiveness.

2.3 CSR in Fast Fashion and Textile Industry

The impact of the fast fashion industry on the environment is very large. The industry generates 10% of carbon emissions in the world. This is combined with all international shipping and flights. It is a significant source of pollution in the world. It manufactures super-fast and high-volume clothing. This places a lot of strain on the natural resources. Water is required in large volumes to grow cotton. It takes as much as 20,000 litres of water to make one kilogram of cotton (Brewer, 2019). It renders the industry to be among the most water-consuming industries in the world. Waste is also a major issue. The world discards over 92 million tons of textile wastes every year (Nguyen et al., 2021). Companies are forced to decrease their footprint in terms of water and chemicals. UN estimates that of the used clothing, less than 1% is converted to new clothing (Fares et al., 2023). Due to these issues, fashion firms have been given relevance to environmental CSR.

The fast fashion supply chain is concerned with labour issues. The majority of the clothes are manufactured in the low-income countries with very low wages (Agnut Asfir, 2025). A lot of employees work at less than a living wage. There are terrible working conditions among workers. Exploitation among the developing countries that outsource production is a normal phenomenon. The Rana Plaza in Bangladesh's collapse in 2013, in which over 1,100 workers lost their lives, revealed how massive the issue was. Suppliers are pressurised because of the emphasis of fast fashion production that requires very fast production. The CSR activities are aimed at enhancing the welfare of workers by conducting audits, training, and promising decent wages. The issue of social responsibility to businesses such as H&M is significant, as the society requires the companies to treat the workers fairly. Nevertheless, there are still some issues with tracking the sophisticated supply chains.



Figure 3: H&M recycle 100 million T-shirts

Source: (Nast, 2017)

An increase in pressure towards a circular economy in the textile industry is reported (Nguyen et al., 2021). This model focuses on minimising waste through reuse and recycling of materials. A circular system aims at reusing, minimising waste, and prolonging product life (Nast, 2017). This circular strategy should be able to prolong the life of products and reduce their environmental impact. A great number of fashion

products get discarded after being used a few times. Recycling programmes are used to get old clothes collected at the company. Not even 1% of all textile fibres are successfully reused into a new garment (Baena, 2024). Circular fashion is underdeveloped. It needs new technology, superior supply chains and stricter control. H&M has a fibre separation investment (Nast, 2017). Circular claims are said by critics, however, to be greater than performance.

Greenwashing damages the fast-fashion image. Greenwashing implies the use of false statements. Most brands are applying the terms eco-friendly, green, or sustainable without any solid evidence. In 2022, H&M was sued due to product scorecards (Miettinen, 2024). The European Commission determined in 2022 that 42% of the green claims companies in all industries were exaggerated or false (Baena, 2024). H&M terminated scorecards in response to criticism. Here, regulators are retaliating. Under the rules introduced in the EU, the companies will have to demonstrate the validity of their claims of sustainability. In the case of CSR, it implies that companies will have to be more cautious and transparent.

The fast fashion industry is beginning to make CSR a competitive tool. Consumers are more and more loyal to moral brands and sustainably make decisions in favour of them. The surveys reveal that approximately 70% of consumers are looking at sustainability in their purchasing (Zaborek and Nowakowska, 2024). Gen Z and other younger consumers are much more ethical in choosing brands. Sustainability communication will build reputations and draw investors. It also helps reduce risks. ESG ratings are used by investors to determine stability and value in the prospects. This has the potential to enable the brands to sell at a higher price.



BACKLASH & GREENWASHING ACCUSATIONS

In 2019, the Norwegian Consumer Authority **ruled H&M's claims about sustainability and recycled content were misleading**. Investigations found little transparency and vague data about actual recycled material percentages. Critics accused H&M of **"greenwashing"—using eco claims for marketing, not measurable impact**.

Figure 4: H&M accused of Greenwashing

Source: (Nast, 2017)

H&M is regarded as the leader in the field of sustainability in fast fashion. The firm introduced its Conscious line at an early stage. It presents sustainability reports in finer detail annually. By 2030, it plans to utilise 100% recycled or sustainable raw materials. It operates one of the biggest lines of garment collections in the world. However, it has been accused of greenwashing and continued labour problems in the supply chain. Research revealed that not all of the sustainable announcements regarding the Conscious Collection by H&M were straightforward or descriptive. In 2022, the company was investigated in Norway on the issue of greenwashing (Akther, 2025). An audit of 2021 revealed that many of the claims were not based on real data. H&M is not immune, as it has had problems with labour in the past, in the form of poor salaries in supplier companies. Such ambivalent perceptions make H&M a tricky situation. It is precisely this dualism of H&M that makes it a good example of investigating the ambiguity of the realities of CSR in fast fashion today.

2.4 CSR and Financial Performance.

There is controversy over the connection between CSR and profit. There are other studies where the effect is evidently positive. Other studies indicate that the relationship is neither positive nor negative probably neutral. It has also been found that the firms that appear

to be good in the environment are likely to incur fewer costs. They also consume less power, produce less waste and avoid penalties. This assists them to increase their profit margins. Organisations that have good CSR usually win the confidence of customers (Kim et al., 2019). One of the significant studies was based on tracking Standard and Poor 500 companies. Companies that had a good CSR had their market value increased by 4% (Kim et al., 2019). This was in a period of ten years. According to a Journal of Business Ethics study, the good CSR firms performed more favourably on the stock market in the long run. In the case of fashion brands, CSR is able to lure conscious consumers. Approximately 70% of the younger generation of buyers tend to spend on sustainable products.

Other studies have shown neutral or negative effects of CSR. This is due to the fact that CSR benefits are, in many cases, long-term. They might not be reflected in short-term financial period. A business can experience a one-quarter reduction in profit of 2% (Timbate and Park, 2018). This is required in long-term sustainable operations. The prohibitive costs of audits and sustainability reporting might be a challenge to smaller firms. The manufacturing industries enjoy less in terms of benefits when it comes to implementation costs. This may damage their economic performance. Other research papers indicate varied outcomes due to the differences in industries. CSR that is not done well does not yield returns. In their case, CSR can be a temporary consumption of funds. The need to create at a low cost in the fast fashion industry may suppress the influence of CSR. Other companies engage in corporate social responsibility and still engage in negative activities (Salvi et al., 2018). Fashion companies display ambiguous performance when they are experiencing rapid growth. In general, CSR is not what assures better financial outcomes. CSR financial impact is dependent on context. A high ESG score increases investor confidence. Funds that deal with ESG currently control more than 30 trillion investments. CSR also helps in the establishment of improved relations with employees. The responsible companies are able to get talented employees and minimise turnover. These mechanisms combine to generate financial value in terms of reputation, trust and risk reduction.

CSR ought to be considered as an intangible asset. CSR helps increase brand equity in the market. Morale of employees increases by 25% in CSR-active companies (Kim et al., 2019). This goodwill builds a strong reputation for the company. Reputation is an effective resource in that it can hardly be imitated by the competitors. The intangible assets are not put in the balance sheet. Nonetheless, they play a crucial role in the survival in the long run. It also insures companies in times of crisis. CSR also establishes skills, systems and partnerships that bring in long-term value. High social capital will enable a firm to take licenses easily. The most valuable intangible assets are in the Resource-Based View. They assist companies in crowding out in the markets. CSR results in turning social activities into business value.

Perception is also a big factor in CSR and its influence on financial results. Stakeholders would perceive CSR positively when it is communicated. Strong CSR efforts do not work in case people are not aware of them. Effective communication forms an impression of the firm to the customers and the investors. Absence of transparency is commonly regarded as dishonesty. Such an impression may result in greenwashing accusations. Bad perception leads to a degraded reputation (Timbate and Park, 2018). Favourable image will boost sales and shareholder attention. Firms that have been accused of greenwashing experience a sharp drop in their stocks. Social media is another source of influencing the masses. One negative post can target millions of individuals. That is the reason CSR communication should be sincere and open. When the companies have good CSR perceptions, there is less boycotting and public attacks.

CSR is very critical in the highly visible brands. H&M is a worldwide brand that has stores in most countries. Millions of customers track its activities. H&M is perceived to be the trailblazer of sustainable fast fashion. Nevertheless, the brand is criticised as well. The model of H&M's business is based on high volume and fast fashion. By being in this form, there are inherent challenges to the environment. Certain claims presented on sustainability have not been well received. These are the problems that influence the perception of the masses. Hence, H&M should invest much in sustainability. For H&M, CSR is not optional. It has a direct impact on competitiveness, loyalty and financial image. CSR is an essential strategic need in the case of H&M.

2.5 Theoretical Foundations

2.5.1 Stakeholder Theory



Figure 5: Stakeholder Theory by Freeman

Source: (Calvo and Calvo, 2018)

The stakeholder theory provides that an organisation should take into consideration the interests of all categories of parties that influence or are influenced by an organisation. It implies that there are numerous groups that a company will have to serve. Freeman developed it in 1984 (Calvo and Calvo, 2018). The stakeholders are customers, employees, suppliers, communities and investors. It claims that when business enterprises have a good relationship with stakeholders, companies tend to perform better. CSR satisfies their varied needs by taking ethical measures. It demonstrates the concern for people, the environment and ethical behaviour. Managers should strike a balance between all the stakeholders' interests. Negligence of any group poses a threat to business (Awa et al., 2024). Stakeholders keep a close check on the activities of a company. Consumers desire quality products and equitable work practices. Labourers desire high pay and healthy working environments. These standards are provided through

CSR policies. This enhances morale and work performance. Shareholders desire low risk and predictable long-term returns. The regulators desire companies to adhere to regulations. The citizens and non-governmental institutions want their environment to be safeguarded (Calvo and Calvo, 2018). Societies desire to have less pollution and communal care. By companies meeting these needs, conflict is minimised, and trust is created. In the management approach of this balance is CSR. It keeps in mind that all groups are taken into account in decisions. Through the fulfilment of the stakeholder, the firm upholds its future.

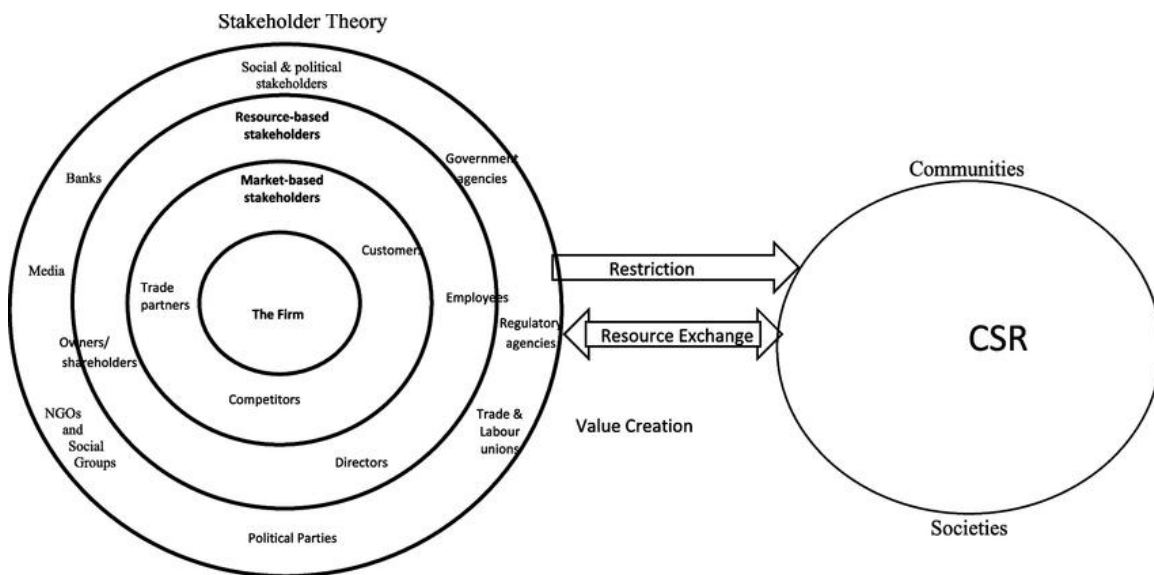


Figure 6: Relationship between stakeholder theory and CSR

Source: (Calvo and Calvo, 2018)

H&M applies this theory well. The company interacts with 1,200 suppliers on an annual basis (H&M Group, 2023). They performed internal audit to ensure labourers are treated well. This forms numerous groups of stakeholders. H&M is greatly dependent on employees as a stakeholder group. The media constantly keep a watch on their working conditions. H&M relies on CSR to deal with expectations. The stakeholder discussions of H&M influence sustainability objectives (H&M Group, 2020). This generates intergroup trust. It oversees plants, determines wage targets and reports the environmental development. It imposes tough supplier codes of conduct. One of its communication tools is the annual sustainability report. Another important group is that of the customers of

H&M. They are also very values-oriented and usually young. It also minimises the NGO risks and regulators. Another important stakeholder is the governments. They control garbage and the consumption of resources. H&M should be able to adhere to environmental policies in the world. Concisely, stakeholder theory serves to give meaning to all these communications made by H&M about CSR. It also demonstrates how CSR can facilitate its financial reputation and success in the long term.

2.5.2 Legitimacy Theory

It is according to the Legitimacy Theory that firms operate under a social contract. Suchman defined it in 1995 (Lanis and Richardson, 2012). Acceptable behaviours help companies to gain legitimacy. It is in the interest of the firm that its behaviour conforms to social values and norms, thereby gaining legitimacy. When the public feels that a particular company is being responsible, they will support the company. In the event that people or the environment are hurt by the company, society becomes disillusioned. Companies have to fight to uphold this acceptance at all times. There can be severe sanctions concerning loss of legitimacy. CSR reports reveal social congruency. CSR is the most actively used in industries that come under fire. Companies will always have to struggle to keep this acceptance. Deprivation of legitimacy may attract very harsh punishment. Companies release sustainability information to indicate that they observe social regulations. This can assist them in minimising criticism and save their image (Torelli et al., 2020). Boycotts are cushioned by legitimacy. Fast fashion has a high level of legitimacy pressure. The sector leads to excessive pollution, excessive wastage and an unsafe working environment. Contact reporting is a prerequisite to this theory. Different disclosures help the firms to be legitimate. This compels brands to adopt CSR communication to rationalise their behaviours. The other reason behind reporting is that it prevents punitive action by a government. According to the theory of legitimacy, companies speak more when they are surrounded by pressure from the population.

The most applicable theory in the criticised industries is the Legitimacy Theory. The criticism of fast fashion requires unceasing effort. This is a very challenging environment in which H&M operates. H&M employs CSR to respond to the NGO campaigns. It is highly present in the community and is under constant scrutiny by the media and NGOs. H&M

publishes sustainability reports at least once a year, which are highly detailed. After the criticism, these reports describe emissions, energy use, recycling activities and supply chain audit (H&M Group, 2024). One of them is the huge recycling programme for garments at the firm (H&M Group, 2024). This programme is used to sustain social legitimacy. H&M tends to be more open when it is criticised. As in the case of 2022, when the brand was accused of greenwashing, the brand enhanced its communication and eliminated ambiguous statements (H&M Group, 2023). The need for transparent, continuous improvement is motivated by the legitimacy theory. H&M relies on CSR in order to keep social support and save its financial image.

2.5.3 Resource-Based View (RBV)

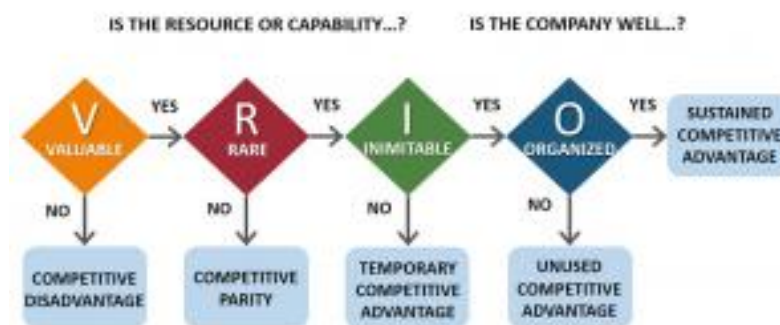


Figure 7: Resource-Based View (RBV) VRO Concept

Source: (Islam et al., 2021)

The resource-based view pays attention to internal resources. It provides that companies benefit because they are able to build special resources that cannot be replicated by competitors. The VRIO framework by Barney was developed in 1991 (Islam et al., 2021). The resources have to be Valuable, Rare, Inimitable, and Organised. The resources should be Valuable, Rare, Inimitable, and Non-substitutable (VRIO). The CSR can be such a resource where it generates long-term advantages that others cannot be able to equal. Uniqueness of sustainability leads to special capabilities (Islam et al., 2021). CSR is not a cost centre or PR tool. CSR is an investment that develops precious internal skills. It enhances clean technologies and transparency systems, and supply chain management. Strategic resource CSR develops brand equity. They are also proponents

of innovation. Numerous companies come up with some new materials, recycling procedures or labour programmes. It results in excellent operation procedures. Ethical supply chains minimize the risks. These bring about good reputations and satisfied customers. All these factors turn out to be resources of strategy.

The technology of recycling used by H&M is unparalleled. It is putting funds into recycling technologies, circular design, as well as supplier training. H&M has 200,000 workers who are trained on ethics annually (H&M Group, 2022a). This provides it with experience, which other brands might lack. In 2017, H&M recycled almost 100 millions of garments products (H&M Group, 2022a). These competencies, with time, form a part of its competitive advantage. This develops organisational culture. Policies are replicated by competitors, rather than profound capabilities. RBV justifies the sustainability leadership claims by H&M. It appeals to environmentally conscious customers. This group of customers is inelastic. These patrons can offer reliable sources of revenue. They enhance business by making it efficient and eliminating risks, and enabling it to achieve long-term growth. RBV assists in the explanation of the fact that CSR is not only a moral decision. CSR, therefore, can help in generating sustainable competitive strength. It may also be a strategic business property.

2.5.4 Triple Bottom Line (TBL)

Triple Bottom Line is not a theory. It is a financial system of accounting performance. It outlines that the measure of business success must be in three facets: people, planet, and profit. Elkington introduced it in 1997 (Pan et al., 2020). TBL defines success that is not financial. This is usually referred to as the three Ps of sustainability. TBL provides a systematic means to reason out CSR.

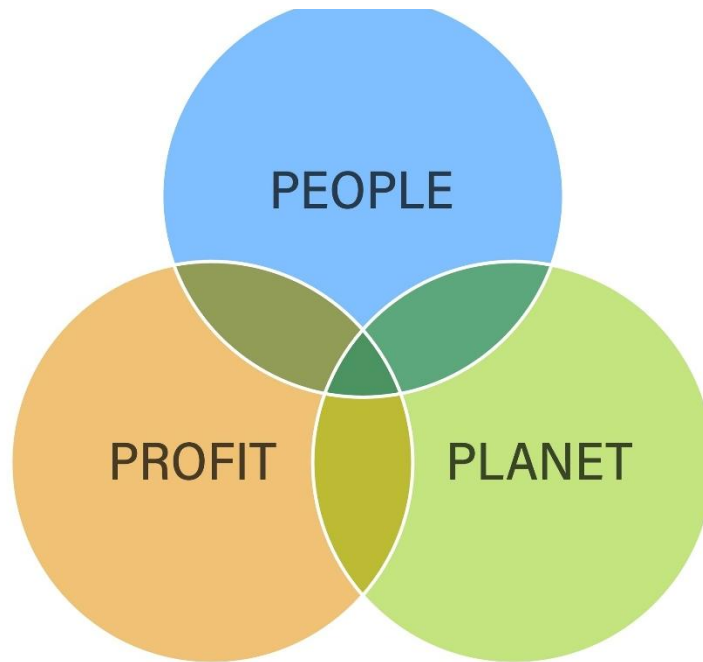


Figure 8: The Triple Bottom Line (TBL) Model

Source: (Hole, 2022)

People dimension deals with the social welfare, rights of workers and benefits of the community (Hole, 2022). It incorporates the employees and the local community of the firm. Some of them are community giving, diversity and worker safety. The living wage programmes of H&M are a part of the People dimension (H&M Group, 2022b). Planet dimension is an aspect that extends into environmental protection, waste management, and resource consumption. It addresses the use of resources and waste management. Some of the measures are carbon emissions, water consumption, and recycling. H&M has an objective of having 100% recycled materials, which is a Planet measure (H&M Group, 2020). The profit aspect considers the financial performance and long-term value. It is a measure of economic value that is produced by the company. Profitability and financial well-being come with high performance. This will help the firm to maintain its investment in People and Planet. TBL frameworks equal economic gains, which are realised by 76% of the firms (Hole, 2022). It informs the decision on materials, supply chains, labour policies and reporting.

The fashion industry has embraced the TBL model due to the fact that it experiences all three pressures. Workers face low wages. Factories cause pollution. Brands will be required to remain profitable, but minimise harm. H&M will be able to keep a systematic track of its impact by implementing TBL. TBL aids the company in justifying the strategy in a straightforward manner. It also contributes to transparency and demonstrates the way CSR is related to financial performance.

2.6 Gaps in Literature

The CSR research is a big one. Nevertheless, some of the key gaps still exist. The gaps in the current studies regarding the CSR and financial performance are evident. The quantitative approach is used in most of the CSR-financial performance studies. These researchers tend to quantify CSR through numerical scores or ESG ratings. This is a strategy which is correlated, rather than causal. These scores are associated with financial performance like ROA, ROE or stock returns. These are miscommunication stories and strategic framing. The numbers do not reflect the explanations of CSR work by companies. They also fail to demonstrate how companies influence the masses by influencing them through communication (Zaborek and Nowakowska, 2024). It has to be analysed in a more detailed way.

The CSR communication stories are under-researched. Sustainability reports are used to describe the values of many firms. These reports have storeys, themes and strategic narratives. Patterns of stakeholder influence can be determined through narrative analysis. Majority of the studies use measurement of CSR as opposed to messaging strategies. The language of the sustainability report is examined in less than 10 per cent of the research. Trust can be strongly influenced by the language. This is the gap, as trust and reputation are matters of communication.

Fast fashion does not have quality CSR analysis. Environmental and social issues are a cause of great concern in the industry (Fares et al., 2023). It contributes to 10% of the world's carbon emissions and huge amounts of waste. The peculiarities of fast fashion compel particular study. Greenwashing scandals need narrative research. This superficiality is one of the severe blindsights. There is a greater need for legitimacy in fast-fashion firms.

And, lastly, case-specific analysis is required. High-profile companies such as H&M are well-known internationally. Global presence provides H&M with valuable data. There is no qualitative analysis of its 2020-2024 reports by any significant research. A targeted case study gives detailed information. It has the ability to relate theory to actual strategy. The targeted qualitative research will be able to answer how the company positions itself and connects it with its financial reputation.

2.7 Conceptual Framework



Figure 9: Conceptual Framework: From CSR to Competitiveness

The theoretical model is used to detail the connection between CSR and financial results in a series of steps. This example demonstrates the way in which CSR brings about business value. It begins with corporate behaviour. It is terminated with competitiveness. CSR activities are the starting point of the model. Such acts like minimising the emissions, enhancing labour policies, and augmenting transparency are included. These are the various actions that are inputs into the system. The sustainability programmes of H&M generate activities (H&M Group, 2023). The second one is that of communication. This includes press releases and sustainability reports. In this, transparency is of great essence. Communication, hence, serves as the mediator between stakeholder knowledge and CSR practices. Directly, Communication has an effect on Stakeholder Perception (Lanis and Richardson, 2012). Individuals make judgments about a firm depending on the information they get. Ethical and environmental behaviour is a concern to the customers. When the story appears to be a fake one, then it becomes terribly perceived. Investors seek stability and reduction of risks in the long term. Employees are seeking equitable terms. Favourable perception will give Legitimacy. Favourable opinions

provide social approval. Sustainability reports enable H&M to obtain legitimacy. The aspect of legitimacy shields the firm against the pressures of the community and mitigates reputational risk (Lanis and Richardson, 2012). The Financial Reputation is enhanced with the help of legitimacy. The high level of legitimacy in a company makes it look more stable and moral. It is considered to be less risky for investors. Lastly, competitiveness is a result of Financial Reputation. The advantage of a firm over its competitors is its good financial reputation and the trust of the stakeholders. In the case of such brands as H&M, this route indicates how CSR may become an advantage of the strategy.

CHAPTER 3: METHODOLOGY

3.1 Introduction to Chapter

This chapter presents the methodology of the research work in this study. It indicates the procedures adopted in researching the process of how H&M communicates its CSR practices and how the messages connect with financial performance. This chapter starts with the description of the philosophical stance that will lead the study. The research design makes the findings rigorous and valid. Research design is document analysis of the qualitative type. It follows an interpretivist perspective since the study concentrates on meanings, narratives, and perceptions and not numbers. The chapter goes further to describe the inductive approach. This enables the data to form themes rather than subjecting data to a fixed hypothesis. Lastly, the chapter deals with crucial considerations. It addresses ethical issues of the usage of the available data. The chapter concludes by showing how credibility, dependability and confirmability are used to ensure that trustworthiness is established. Credibility is about trust, which is certain using strict approaches. This research design fits the purpose of the study.

3.2 Research Philosophy: Interpretivism

The proposed study will adopt a research philosophy of interpretivism. The type of philosophy used in this study is the interpretive philosophy. It perceives reality as being socially constructed (Ryan, 2018). The world is not perceived the same by all people. They perceive events in the light of their values, experiences and beliefs. Interpretivism does not believe in objective truths, as opposed to positivism (Ryan, 2018). Instead, researchers understand subjective meanings. Due to this, interpretivism is concerned with the narratives of people. It attempts to understand how human beings and groups accord meaning to information, language and behaviour. This philosophy suits well with the qualitative research. It permits extensive excavations of human significance.

The meanings created by the society make interpretivist thinking. The term sustainability, ethics, and responsibility, among others, are not defined definitively. CSR stories are found in social settings. H&M reports are a mirror of the company's values and the perception of the stakeholders. It is up to the people to evaluate whether H&M does well or not. These similar backgrounds determine corporate legitimacy. An NGO can consider

CSR to be a reaction to pressure. These varying significances cannot be determined using just numbers.

The approaches of the interpretive lens are favoured compared to positivist (Ryan, 2018). It is not all about the number of initiatives that the company carried out. It is the intention to learn how the company deploys language, themes and frames to connect CSR and financial performance. The documents that are used in this study include sustainability reports, annual reports, and publications in the industry. Qualitative methods are also favoured by interpretivism. The approach can assist the researcher in getting themes like transparency, legitimacy, or strategic value.

3.3 Research Approach: Inductive

The research approach used in this study is inductive. This refers to the fact that the study shifts to some general theories as opposed to particular data (Azungah, 2018). An inductive method enables the data to provide the ideas and patterns. It does not start with predetermined theories or hypotheses. But rather, it starts with the H&M reports which are in detail. We perceive patterns right in the text. This is applicable when dealing with an issue that has complex human meanings. CSR communication is rich in values, decisions, and understandings. Patterns are identified without any preconceptions among the researchers.

In inductive research, the researcher discovers themes that are based on the data. Qualitative research has common use of inductive research (Azungah, 2018). An inductive approach is used in this paper to reveal the themes of H&M's CSR communication. In this paper, H&M Annual reports are taken from 2020 to 2024. It also examines more than 500 pages of company records. As an example of it, we can mention the themes like transparency, trust of the stakeholders, or minimisation of risk, which are the result of frequent patterns within the documents. Why apply an inductive approach is another question of the nature of CSR and financial perception. CSR has an indirect connection with financial performance. It relies on the interpretation, communication and the judgement of the people. This bulk of reading needs a free mind. Through an inductive approach, the study can develop insights which explain how H&M enjoys CSR narratives to impact on financial reputation.

3.4 Research Design: Qualitative Document Analysis

The research design is the qualitative analysis of the documents. The qualitative design would be appropriate since the study will investigate meanings, narratives and interpretations of CSR communication (Myers, 2025). It can be used to analyse social meanings abundantly. Case study design is very suitable for interpretive philosophy. It enables knowledge of CSR strategies. It is not concerned with measurement or statistical correlation. Rather, it pays attention to the manner in which H&M expresses its CSR initiatives in the form of written documents. H&M is the perfect epitome of fast fashion. This study discusses the delicate legitimacy process. This can hardly be measured by mere numbers. H&M is very appropriate toward this design. The company also releases comprehensive sustainability reports on a weekly basis of 120 pages each year (H&M Group, 2024). It is a company which trades in over 70 markets and publishes a lot of CSR information. The corporation possesses extensive CSR reporting. This gives rich longitudinal data. It has its applause and criticism on its greenwashing. Greenwashing is under scrutiny of H&M. The operational problems of the firm are referred to as a demonstration of the challenges of the theory. Such ambivalent opinions qualify H&M as a perfect example when it comes to the analysis of CSR communication.

In this study, secondary data is suitable. Public reports have the authentic voice of the company. The primary source will include the official reports of H&M. The intended communication strategy of the firm is expressed in this data. These are H&M Sustainability Reports of 2020-24, annual reports, and publications in the industry. Secondary data is commonly employed in the studies of CSR since firms report on sustainability by providing formal reports. Public documents do not present any ethical concerns. Several reports give the possibility of comparing patterns over the years. These pieces of writing are ideal for discourse analysis. Thus, the best strategy and design to use in this study is to analyse the documents qualitatively.

3.5 Data Collection

This research employs secondary information as its primary source of information. The official reports of H&M are used as the primary source. This involves their Sustainability Reports (2020-2024). There are five reports that give longitudinal data on the evolution

of communication. Such reports discuss the environmental, social and governance activities in detail. Financial performance narratives are added through H&M Annual Reports. Annual reports are relevant since they are referred to by investors. They offer an understanding of the way CSR helps the company to remain competitive in the long term. This predisposes them to studying the variations in communication over time.

In this research, documents from Industry and NGO publications are also gathered. They contain reports of other organisations like the Ellen MacArthur Foundation, the UN Global Compact, and fashion sustainability organisations. Fashion Revolution and Clean Clothes Campaign are the critics of H&M's practices.

The CSR-financial performance context is established through academic journals. They offer both theoretical and empirical data on empirical evidence of CSR communication and financial performance. They assist in benchmarking the communication at H&M. They assist in relating the results to scholarly arguments.

In this research paper, data are obtained via purposive sampling. It is a non-probability sampling method. The documents used are relevant, detailed and official. The aim is to rely on the documents indicating the means through which H&M communicates its activities in the area of CSR. Storeys are permanently recorded in papers. The most important communication artefacts are these reports. The breaking of these documents assists in finding patterns, themes and messages.

3.6 Data Analysis: Thematic Analysis

In this research, thematic analysis is applied to analyse data. The six-step process was created by Braun and Clarke (Byrne, 2021). Their model is highly recognised and applied in most areas. It is a definitive and structured method of qualitative data analysis.

The initial one is familiarisation. All documents are read repeatedly by the researchers. This stage requires the researcher to make some basic notes concerning important ideas (Byrne, 2021). The second element involves coming up with preliminary codes. Systematic coding divides text into significant text units. They may include such notions as transparency, stakeholder trust, or risk reduction. The third stage is the search for the themes. The codes are grouped into possible themes. Rather similar concepts cluster.

This task is going to be the grouping of codes and comparing them. Theme review is in the fourth step. After validation, four themes were narrowed down. Defining and naming themes is step five (Byrne, 2021). Content essence is reflected on descriptive names. These may be such examples as Legitimacy Building, Stakeholder Alignment, or CSR as Strategic Value. The last thing is the report writing. An analytic narrative is interwoven with themes. This forms a vivid account of the usage of CSR messages by the company.

The coding method applies descriptive and interpretive methods. The process of coding is manual in nature and is performed with the help of structured notes. Surface meanings are reflected on descriptive codes. Strategic intent is discovered in interpretive codes. Coding manually would assist the researcher in being near the data. Pattern saturation goes on to theme identification. The research will seek to know how H&M communicates about CSR and the relationship between CSR and financial performance, and the way in which these communications are perceived. All these questions are answered using each theme. Thematic analysis is ideal in terms of the inductive design. This helps in the general objective of the study.

3.7 Ethical Considerations

In this study, there are proper ethical guidelines that are followed. The data in this study are confined to publicly available data. H&M reports are also found on official websites. It is due to this that no personal or secret information is employed. The research is not based on human subjects. Direct participation of human subjects is absent. Companies are researched by their documents, but not people. This eliminates the risks associated with consent, privacy or damages.

During the research, academic honesty is upheld. All of the used sources are cited. Direct quotes are well referred to. Direct quotes give H&M reports due credit. The use of a systematic process of analysis helps in the reduction of researcher bias. One of the journals, the Reflexivity Journal, documents individual assumptions. The researcher does not impose his or her views in the analysis. Bias is also minimised using numerous data sources.

3.8 Trustworthiness

The qualitative research should be trustworthy. The credibility makes the findings sound true. The research will rely on the official H&M reports, industry documents, and scholarly articles. These are credible sources and are well known. Patterns are ensured through triangulation of annual and sustainability reports. Systematic validation is very high and brings credibility (Myers, 2025). Dependability can be seen as the stability of the research process. Whatever decision has been made is documented in the audit trail. All the stages of the research design are described. The other researcher may take the same steps and make the same conclusions. Confirmability is a distinction between findings and the bias of the researcher. Coding of the documents is done methodically by the researcher. The choices on themes are made through recurring patterns in the text. Transferability enables the applicability of the findings. These findings can be compared by other researchers to other related brands. The context, sources of data used and how they are explained are clear. Trustworthiness is more suited to qualitative as compared to quantitative validity. Although the study was done on H&M, the information can be applicable to other giant fashion industries that depend on CSR communications.

CHAPTER 4: FINDINGS

4.1 Introduction to Chapter

This chapter is a summary of the thematic analysis of H&M reports. The results indicate the pattern of communicating the activities of H&M concerning the subject of CSR and the way in which the messages influence the perception of stakeholders. These trends are a direct reference to the primary research question. What the question entails is the way H&M communicates CSR. The analysis had come up with four primary themes. The former is based on the principles of environmental sustainability and circularity. Theme 2 is on the social responsibility practices. Such are labour standards and factory audits. Theme 3 is the theme of transparency, accountability, and legitimacy. The fourth theme is how CSR is a strategic value which affects the financial results. These four themes are elaborated in the following sections.

4.2 Thematical Analysis

4.2.1 Theme 1: Environmental Sustainability & Circularity

H&M is extremely interested in environmental discourses in its reports. The company poses as a climate action and circular fashion leader. This attention is required in its fast-fashion business model. The papers indicate that there is a heavy emphasis on mitigating environmental awareness during production, materials and waste management. This is the primary theme in the strategy of legality of the firm. Environmental work is reported as a financial opportunity. H&M employs this theme to demonstrate progress, responsibility and commitment in the future. The reports point out targets, investments and partnerships.



Figure 10: H&M Aims to be Climate Positive by 2040

Source: (H&M Group, 2024)

In its sustainability reports, H&M outlines their climate objectives. It aims primarily to be climate positive in 2040 (H&M Group, 2024). It also intends to cut absolute emissions on its supply chain. They are also adherent to the Science-Based Targets initiative (SBTi) (Akther, 2025). This standard encompasses the three scopes of emissions. The climate pledges would enable the company to demonstrate that they are aware of the international environmental pressure. They can also make H&M look as a responsible and future-oriented brand. It even offers them a huge absolute reduction in emissions by 2030. They project a decrease of 56% in the absolute emissions by that date (H&M Group, 2023). This helps in the image of the company as it is environmentally and serves to boost stakeholder trust.

Waste Reduction

One of the major communication strategy pillars is waste reduction. H&M emphasises optimisation of the supply chain. Reports describes how it seeks to minimise this through bettering its production activities (Miettinen, 2024). The company does lots of advertising regarding the global garment collection programme. This is a famous recycling programme that is present in more than 3,300 stores (Sahlén, 2025). It is also outlining collaborations with recycling organisations. Such collaborations enable H&M to dispose of waste in a more sustainable fashion.



Figure 11: Circular Culture of H&M

Source: (H&M Group, 2020)

The switch to the use of circular materials is a constant requirement. By 2030, the company will utilise 100% recycled or sustainably obtained materials (H&M Group, 2020). The reports indicate that a lot has been made in this direction. By 2024, an already significant standard, about 84% of materials would be up to the same standard (H&M Group, 2024). Such steps promote H&M as the leader in a circular fashion. Cyclic materials assist in the operation of reducing virgin resources. The circular storey is a powerful strategic positioning. It is an indication of innovation to the other fashion players.

In climate change, waste emission, and circular materials, H&M offers quantifiable information. They indicate that environmental sustainability is not merely a declaration, but a process. The theme fits perfectly with the TBL Planet dimension. The results are in favour of Legitimacy Theory by proactive disclosures.

4.2.1 Theme 2: Social Responsibility & Ethical Supply Chains

H&M reports emphasise greatly on social responsibility greatly. In thousands of countries, the company collaborates with suppliers. Due to this fact, the core of its sustainability agenda is based on labour rights and ethical sourcing. Storeys places H&M in a position

of a good employer amidst labour accusations (Barcik, 2024). It has been widely documented that factory work was done. H&M focuses on working with labour unions. The reports point to the efforts to enhance the welfare of workers, be more transparent and assist local communities. Such messages can guide H&M to react to the social outcry over the working conditions in the fast fashion sector.

Worker Welfare



Figure 12: New wage management systems at H&M

Source: (H&M Group, 2022b)

The welfare of workers is given much focus every year. There are around 100,000 direct employees of H&M and around 1.5 million supply chain workers (H&M Group, 2024). H&M has worker welfare as its significant aspect of its supply chain strategy. One of its priorities is the adoption of a fair living wage (H&M Group, 2022b). H&M regularly communicate with suppliers within the company to ensure fair wages and safe working conditions among workers (H&M Group, 2022b). Its sustainability reports indicate that wage programmes access over one million employees in supplier factories. The company also had a target of 80% of its suppliers to have better wage systems (H&M Group,

2022b). It talks about the way it cooperates with labour unions and the various labour groups to enhance wage structures.

There are factory managers who are specifically trained. They refer to the number of workers trained in the areas of fire safety and workplace protection. Welfare is a business priority using narrative. They have almost zero accidents in their high-ranking supplier manufacturing plants. It assists H and M to address criticism directed explaining labour issues in the fashion industry.

Transparency in Audits

Supplier audits in H&M are used to control labour standards. H&M takes public disclosures to provide a complete list of its suppliers. It has a base of one thousand seven hundred production facilities all over the world. They also indicate the percentage of suppliers who passed the needed labour standards. H&M employs a supplier rating based on colours. In the case of an example, 85% of the factories were rated as good or excellent in 2023 (Tubic and von Jutrzenka, 2024). Most of the common problems identified during audits are also recorded in the reports. These can be examples of the working hours, wages and health and safety gaps. To resolve such issues, H&M describes the relationship with suppliers. With such plans, any cases of non-compliance would be taken care of. According to H&M, 95% of the key problems are resolved in six months (H&M Group, 2020). When such information is published, this boosts the level of transparency. It demonstrates that H&M does not conceal the issues of its supply chain.

Community Initiatives



Figure 13: Promoting women's entrepreneurship by H&M Foundation

Source: (Akther, 2025)

H&M accentuates the community efforts as well in the CSR communication. Such programmes are located way beyond the factory gates. As an example, in support of a low-income country, H&M Foundation finances the initiatives that assist women entrepreneurs (Akther, 2025). H&M invests around \$15M among women entrepreneurs, and with these, they successfully trained 167,500 women (Candid, 2017). Similarly, they invested around \$20.5M in children's education under their global factory area programs (Candid, 2017). They finance vocational training for the young people in the area. Community programmes contribute to the creation of a desirable social footprint. It is noted in partnership with UNICEF on child protection. They also enhance ties between the company and the local stakeholders.

4.2.3 Theme 3: Transparency, Accountability & Legitimacy

The key elements of H&M's CSR communication are transparency and accountability. The industry in which the company operates is highly criticised. Extreme pressure is exerted on the fast-fashion sector. It requires the reports to demonstrate responsible behaviour of the firm (Baena, 2024). Due to this reason, H&M employs close-up reporting to display transparency and accountability. The sustainability and annual reports show signs of disclosure, response to criticism, and attempts to sustain the validity. The

defensive and proactive strategies are brought out in this theme. These will assist in covering the brand against negative awareness and gain confidence among the stakeholders.

Disclosure Practices

The general disclosure of H&M is very wide. The reports are registered based on the Global Reporting Initiative (H&M Group, 2024). The company is consistent in all the documents. Such alignment brings the reporting of this firm a lot more credibility. The reports contain information about the emissions, the waste, the water use and the supply chain history (Miettinen, 2024). The third-party verification is also effective in H&M. Auditing of the environmental data is done by external auditors. The risks that are connected to sustainability are also published by H&M (H&M Group, 2023). These hazards are presented in the annual report and indicate the impact of CSR issues on financial performance. This is done to indicate that they have goodwill to the stakeholders. They also favour rightfulness by demonstrating accommodation to international norms.

Response to Criticisms

The external criticism is often recognised in the reports. The issues that the firm has to deal with include overproduction, labour challenges, and greenwashing. When such issues are encountered, H&M deals with them using extra communication (Sahlén, 2025). As an illustration, they address the labour atrocities of the past. This method takes a confession marketing strategy. Learning and improvement were reflected through this disclosure of the company. In one case, H&M changed the approach to marketing after the criticism of its Conscious Collection (H&M Group, 2024).

H&M also addresses the issues of labour by reporting corrective plans of action. They describe new audit procedures as soon as issues occur (Miettinen, 2024). The NGO critics are frequently referred to as such in the documents of H&M. The company also outlines measures that are implemented in situations where suppliers have failed to deliver satisfactorily. Such positioning presents the critics as important partners. H&M is accountable for reporting these actions.

Legitimacy Maintenance

Transparency allows H&M to be legitimate in a difficult industry. H&M will strive to maintain its social licence to operate. Interest of stakeholders is highlighted in the reports. H&M also puts the emphasis on cooperation with sustainability organisations (H&M Group, 2022a). These are the Sustainable Apparel Coalition and innovators of textile recyclable. H&M intends to demonstrate the correspondence to the societal standards. In the narrations, obedience to all local labour laws is emphasised.

Long-term engagements aid in demonstrating consistency and duty. H&M also makes long-term communication. Both the factual and the symbolic claims are employed in legitimacy maintenance (Barcik, 2024). They also have congruence with the international objectives, like the UN Sustainable Development Goals. The company uses massive amounts of resources to ensure that it deals with this perception.

4.2.4 Theme 4: CSR as Strategic Value Influencing Financial Reputation

Here is the theme under which H&M employs CSR as one of the strategic approaches to enhance its financial image. Sustainability brings about a competitive advantage. Brand value, perception in the market, and appeal of the investors prevail (Fares et al., 2023). H&M demonstrates that the work on sustainability enhances brand image, market perception, attracts investors, and competitive advantage. Such framing is imperative in regard to drawing in the capital. It transforms CSR into a strategic asset rather than a cost centre. CSR is treated as the heart of the business model of the company, and not an independent operation.

Brand Value



Figure 14: H&M's Conscious Collection

Source: (Zaborek and Nowakowska, 2024)

H&M is employing CSR as a way of enhancing its brand value. Customer loyalty is a feature that is stressed in the sustainability reports. According to them, consumers are now inclined to make ethical decisions. Research in the fashion industry reveals that over three-quarters of the young consumers are attracted to brands that have clear sustainability objectives (Zaborek and Nowakowska, 2024). H&M takes advantage of this trend to make itself a responsible brand. The story presents the "Conscious" line as a financial success. It employs words such as positive with goodwill correlation. H&M brings out CSR as the source of trust and loyalty (H&M Group, 2023). As soon as the customers observe sustainability, their trust in the brand increases. The brand value of H&M was maintained throughout the period. This helps in the long-term customer relationship and empowers the market.

Market Perception

CSR influences the perceptions of the market towards H&M. This incorporates both the investor and the consumer perceptions. H&M also makes sure that the reports can be

made available to every audience. H&M emphasises the recycled material, the Projects of circularity, and the spending on green innovations (H&M Group, 2023). Such activities affect the mass opinion. The story brings out the leadership of the firm in the market. H&M documents positive environmental performance in terms of transparency, audits of suppliers, as well as climate reporting (H&M Group, 2022b). It asserts that H&M leads in terms of sustainability initiatives. High perception enhances the publicity of the stock. It is reported that high performance on CSR helps the firm in preserving its reputation even when it is under criticism.

Investor Attractiveness

H&M employs CSR reporting as a way of attracting and reassuring investors. Environmental, Social, and Governance (ESG) scores have become highly utilised by investors. The reports of H&M are in accordance with the global guidelines like GRI and the UN Global Compact. This assists investors in assessing the risk management of the company. Now, global ESG funds have more than 30 trillion assets (Baena, 2024). The cost of capital of the firm is reduced significantly by the high ESG scores. This is due to the regularity of reporting by H&M and the long-term sustainability objectives of H&M, which enhance investor confidence. This helps in building its financial reputation.

CSR as Competitive Asset

CSR is being facilitated as part of the core competitive strength. H&M also poses sustainability as a source of innovation. The company invests in circular innovation, new materials and recycling technologies. Such investments assist the firm in coming up with specific capabilities. The competitors find it difficult to imitate the circularity initiatives. The company invests in new, environmentally friendly raw materials on a regular basis (H&M Group, 2020). This is in favour of the Resource-Based View, which claims that unique resources generate long-term advantage. These measures allow H&M to stand noticed among the other players in this world. They also contribute to the formation of a good and positive financial reputation. This resource secures the survival of the firm over several decades. Making CSR part and parcel of the company helps to enhance the competitiveness and supports long-term development (H&M Group, 2020).

4.3 Coding Table and Model

In this research, thematic analysis was used to study CSR communication at H&M. It includes sustainability and annual reports of H&M from 2020 to 2024. After studying these reports, some initial codes were generated, and those codes were grouped into categories afterwards. Important to note that these initial codes were generated from repeated phrases, narratives, and statements from annual and sustainability reports at H&M from 2020 to 2024. Categorised codes were then refined into 4 major themes. The coding structure follows a hierarchical relationship between codes and themes. (See Appendix A for Code Tree). The table below shows a summary of the coding process. The full coding table is attached in Appendix B. Thematic relationships between codes and themes are visualised using a theme map (See Appendix C).

Table 0.1: Summary of Coding Table

Theme	Key Categories
Environmental Sustainability & Circularity	Sustainable materials, circular economy practices
Social Responsibility & Ethical Supply Chains	Supplier audits, worker welfare
Transparency, Accountability & Legitimacy	CSR reporting, legitimacy repair
CSR as Strategic Value Influencing Financial Reputation	Brand trust, CSR influencing financial outcomes

4.4 Summary of Key Findings

The main findings are summarised in this section. This chapter has discussed the communication of H&M with its stakeholders on its CSR activities and the manner in which the message influences stakeholder perception. Theme 1 has great emphasis on environmental commitments. H&M plans to become climate positive by the year 2040, somewhere along the line. The documents provided measurable evidence, including reduction in emissions and an increase in recycled fibre usage. The second theme was the social responsibility and ethical supply chains. Worker welfare programmes are reported often in detail. Supply chain audit is now very critical in terms of transparency.

This is evidence that the company exploited to demonstrate that it is managing labour risks in the global supply chain of the company. Theme 3 elaborated on the accountability mechanisms employed in full. The disclosures made by H&M were based on the global reporting standards. The company also acted on the same by responding to the criticisms that people gave the company through corrective measures. Theme 4 puts CSR directly in the relationship with financial success. H&M associated sustainability with brand strength, investor confidence and competitive advantage. This communication is essential in the long-term viability. The intended original conceptual framework has been well supported by the findings.

CHAPTER 5: DISCUSSION

5.1 Introduction to Chapter

In this chapter, the meaning of the findings is revealed, and it is related to the research questions. H&M reports centred on four themes that were identified using thematic analysis. The intention is to give all the findings a full interpretation. The major concern is the maintenance of corporate legitimacy. The findings are also correlated with the major theories in the chapter, including the Stakeholder Theory, Legitimacy Theory, and the Resource-Based View and Triple Bottom Line. This brings the analysis to the original objectives. These theories can be used to understand why H&M is able to communicate CSR in the manner it does and how such practices are beneficial to its financial reputation. The qualitative gaps in fast fashion CSR are filled with academic contributions. Lastly, it gives would-be managers viable suggestions of how they can utilise CSR communication to achieve trust, risk minimisation, and competitiveness. In this discussion, the importance of transparency as a factor in financial reputation is established.

5.2 Linking to the Research Questions

5.2.1 How does H&M represent CSR initiatives in its public reports?

The results indicate that H&M introduces CSR in a strategic and organised manner. There are four primary themes applied by H&M in its reports. Supply chains have high levels of transparency, as reported. The company has very specific categories like transparency, environmental action and ethical supply chains. H&M has formally 1,700 production plants worldwide. This disclosure develops key stakeholder confidence, as in this disclosure, H&M acknowledging their footprints (Fares et al., 2023). Indicatively, H&M discloses annual emissions and updates on the way to long-term climate targets (H&M Group, 2023). It equally indicates the extent of sustainable material it uses per year. The communication is very strategic and factual. It has third-party cheques to enhance credibility. This fact assists in defending its responsibility message. H&M places emphasis on social activities as well. H&M is a business that seeks to become climate positive in the long run by 2040. This information is useful to portray the company as honest and accountable. Such excessive dependence on data creates an effective factual legitimacy.

All in all, H&M can convey CSR in three different ways, namely, by numbers, storeys, and long-term promises.

5.2.2 What are the narratives that link CSR with financial performance at H&M?

According to the analysis, H&M connects CSR to financial performance using a number of stores. H&M also associates CSR with finance through strategic value. According to the reports, ethical brands are preferred by customers, and the building of trust is achieved through sustainability (Zaborek and Nowakowska, 2024). Business conduct ethics safeguard the brand value. The other story is reduction of risk. H&M demonstrates how climate action, supplier audit and transparency will minimise operational and reputational risks. They emphasise participation in the key ESG indices (Tubic and von Jutrenka, 2024). Environmental, social and governance evaluation helps H&M to ensure financial stability. Another linkage of CSR by the company is investor confidence. This is a great position to reduce the risk profile of H&M. CSR is regarded like an intangible core asset. This value that is not tangible safeguards the market capitalisation of the firm. Through these storeys, H&M offers CSR as an instrument of supporting the financial health, diminishing uncertainty, and enhancing long-term value.

5.2.3 How are CSR efforts at H&M positioned for long-term competitiveness and sustainability?

CSR made impossible competitiveness value at H&M. The reports emphasise the issues of the use of innovation in the circular design, the use of recycled fibres, and cleaner methods of production. Their target is a 56% absolute emission cut in 2030 (H&M Group, 2022a). These have been termed as future growth investments. Rivals can hardly replicate this differentiation. The supply chain programmes offered by H&M also come as long-term commitments. It describes the way a great relationship with suppliers will enhance stability and lower risks. High CSR assists the firm in gaining the top new talent (Barcik, 2024). Firms that are responsible for an average of half the staff turnover. The other aspect, as emphasised by the company, is the partnerships with international networks on sustainability. New innovations and knowledge sharing are supported by these partnerships. This helps to cut down on expenditures and enhances efficiency.

5.2.4 What insights explain H&M's CSR communication impact on financial performance?

The results indicate that CSR communication assists in the creation of financial reputation. The practice and positive results will be mediated by transparency. Climate action, transparency, and worker welfare should be communicated in a positive way to create a sense of trust with the stakeholders (Kim et al., 2019). Confidence and risk minimisation through trust. Dishonesty can be disastrous in a very short time. The reports of H&M indicate their development and the suitability within the international reporting standards. This increases credibility. The perceived risk to investors is reduced significantly with authentic reporting. It makes the cost of capital of the firm less expensive. Communication is also used in dealing with criticism. When H&M reacts to the challenges, it makes its brand immune to reputational harm. CSR has to be perpetually communicated in a bid to generate financial wealth.

5.3 Linking Findings to Literature

The results substantiate the Stakeholder Theory, which emphasises on the value creation among all stakeholders (short of shareholders only). In their reports, H&M pay apparent attention to numerous stakeholders. These are the customers, suppliers, workers, investors and the regulators. To illustrate this, a review of 1200 factories and 1.8 million workers shows that the welfare of the employee is taken into consideration (Nguyen et al., 2021). The sustainable reports outline the activities which address the expectations of the stakeholders. To illustrate, H&M claims to be making climate strides owing to the reduced environmental concerns anticipated by the customers and the regulators. According to the surveys, over 70% of younger consumers make their preference on sustainable brands (Zaborek and Nowakowska, 2024). Capital providers are addressed in investor-oriented disclosures, such as better scores on ESG. The sustainability actions are associated with risk management, as reported. This coincides with the needs of the stakeholders in stability and transparency (Awa et al., 2024). The aim is to control all the expectations. Such a multi-focus plan guarantees survival and profitability. The results thus greatly motivate the Stakeholder Theory as a guideline to the communication of CSR at H&M. This is an extremely strategic approach of a global brand.

The Legitimacy Theory is an appropriate explanation of the overall motive of H&M. The reporting of 95% of the GRI indicators and the publication of factory audits by H&M are proactive in the youthfulness of legitimacy maintenance (H&M Group, 2024). Fast fashion has been highly criticised on the basis of environmental and labour issues. According to the reports, the manner in which H&M reacts to these pressures is through disclosure (Akther, 2025). The company adequately responds to criticisms, such as greenwashing allegations, and remediation rates are greater than 78. They have long-term commitments such as being climate positive by 2040. This is a strong message to society. According to the Legitimacy Theory, when there is a shift in social expectations, firms should also shift their communication (Torelli et al., 2020). The activity of H&M is based on this point. The strategy of confession used by H&M is successful as well. They do not ignore their historical incompetencies, like labour. Long-term commitments are also reported. With ties between CSR disclosures and operational and financial information, legitimacy is strengthened in a systematic manner (Lanis and Richardson, 2012). The results indicate that H&M employs communication, which not only means reporting but also serves to sustain acceptance in a critical industry.

Results are agreeable to RBV because they position CSR as a distinctive, inimitable asset that leads to competitiveness. Sustainability is an intangible asset accorded by H&M. Such an asset is Valuable, Rare, Inimitable and Non-substitutable (VRIN). The results indicate that H&M builds CSR-related competencies that can be characterised in this perspective. As an illustration, the company makes an investment in circular innovation. It partners with technology firms in recycling to enhance fibre-to-fibre recycling (H&M Group, 2022b). Circular design capability cannot easily be duplicated by the competitors. Such a CSR direction creates a high competitive advantage (Theme 4). Supply chain is also another aspect that H&M develops. These are the highly developed audit systems and protracted supplier relations. This competitive advantage as a CSR strategic perspective concurs with the main points of RBV (Dao et al., 2011). H&M is a company that comes up with detailed and consistent annual reports. This will increase its financial image and build more trust. This shields the market value of the firm tremendously (Islam et al., 2021). This goes in line with the RBV concept that organisations can leverage CSR as a strategic value.

The Triple Bottom Line (TBL) model combines elements of the environment, social and economic, which is evident in the reporting of H&M. According to the findings, the Planet aspect is considered in Theme 1. Environmental Sustainability, used by H&M. In it are worker welfare, audits and community projects (Hole, 2022). The actions by H&M are well-communicated, and this demonstrates a concern for social sustainability. Social Responsibility as a Theme 2 is a theme that is concerned with people. It comprises the welfare of the workers, audits, as well as community projects. H&M is socially responsible because it has been able to communicate these actions. The Profit motive is in theme 4 of CSR as Strategic Value. H&M does not just view CSR as ethical but also good for the long-term financial performance. It demonstrates the ways in which CSR enhanced brand value, investor confidence and competitiveness (Pan et al., 2020). All three elements are now fully merged in the strategic communication. The CSR model H&M describes entails is the one that better the society, safeguards the environment, and enhances the financial reputation.

The results correspond with numerous previous research works. Scholars have been able to validate in academic literature that high CSR results in reduced risk. The low risk is equivalent to a lower cost of capital of the firm. As a case in point, supply chain audits are comparable to the studies that indicate that ethical sourcing enhances stability (Nguyen et al., 2021). This mechanism is strongly validated by the fact that H&M pays attention to ESG indices. Repeat audit programmes are supportive in the results of the significance of supply chain monitoring in fast fashion. There are studies that say CSR enhances financial performance. This is also supported by the findings of H&M, as the association of sustainability and brand value and investor interest is made by the company. Nonetheless, there are certain contradictions. In some studies, fast fashion companies tend to make exaggerations about their sustainability (Fares et al., 2023). The results indicate that H&M was subjected to a greenwashing issue. The amount of data that is used by H&M is enormous. This is against the fact that CSR communication always creates trust. Rather, it demonstrates that communication should be transparent and constant. According to some studies, claims of the circular economy are usually overstated. The analysis results indicate that H&M has goals but struggles with the level of recycling. This implies that the sustainability objectives have barriers in fast fashion.

5.4 Academic Contributions

This research has several implications for scholarly research. To start with, it seals qualitative gaps in the research of fast fashion. It provides a more insightful knowledge of CSR communication within the fast-fashion industry. This thematic analysis brings narrations to where numbers are lacking. e. It demonstrates the processes of CSR message construction, framing and reporting in official reports. This assists to fill a gap in the literature that does not take into account narrative analysis most of the time. Second, the research provides new knowledge on the impact of CSR communication on the perception of the stakeholders. The results indicate that H&M relies on the detailed reports to develop trust, risk management and enhanced legitimacy. Third, intertwined theoretical dispensation is sound. The stakeholder Theory, Legitimacy Theory, RBV and TBL collaborate in explaining CSR-financial relationships. The strategies applied by H&M include circular innovation, supply chain, controls and transparency. Fourth, the H&M case is an eye-opener into the specifics of fast fashion. Numerous studies focus on issues within the industry, yet limited literature discusses the way of how brands express responsibility. The study is valuable in that it gives specific information on the reporting procedures, reactions to criticism, and narrative tactics. The results dispute assumptions that greenwashing is effective using empirical evidence. It assists future researchers to acquire clarity of how the financial perception is formed in the areas of high-risk the environments and social challenges.

5.5 Managerial Implications

The results of this research present a number of valuable individual managerial lessons. Radical transparency is the top priority that needs to be achieved by the managers. This entails the maintenance of the facility list of \$1,700 with publicity of all times (H&M Group, 2024). The stakeholders would want to get honest information regarding the environmental and social impact. Second, criticisms should be addressed on the frontlines. The H&M is direct on greenwashing with a 78% remediation rate (H&M Group, 2024). Managers are expected to give correct data, progress reports and achievable milestones. This assists in creating trust and minimising suspicion on greenwashing (Zervoudi, Moschos and Christopoulos, 2025). It is now time to take the initiative to

respond to criticisms. Managers must trace the connections to the extended business objectives through CSR actions. The research reveals that H&M trusts CSR to enhance brand value and financial reputation. It is effective in demonstrating of long-term goals. The managers must invest in open reporting. Transparency enhances a sense of credibility. A study by Lock and Seele (2016) confirms that transparency is linked to credibility by analysing 200+ European CSR reports. It is also used to make investors aware of the risk profile of the company. It will harm the brand irreparably in case of failure. The finance department must capitalise on high CSR ratings. Good ESG ratings reduce the total cost of capital (Zervoudi, Moschos and Christopoulos, 2025). This helps in investor confidence and enhances the financial image. Lastly, it should be communicative with a focus on innovation. These innovations can be applied by managers to make the brand stand out in the market (Pan et al., 2020). It motivates ethical conduct as well as sustainable fiscal profit effectively.

CHAPTER 6: CONCLUSION

6.1 Summary of Study

This paper has discussed how H&M has been communicating its CSR operations and what the effect of these messages to the financial perception of the company is. The reviewed qualitative document analysis considered the 2020-2024 sustainability and annual reports. The study paid much attention to legitimacy strategies. It was systematic Thematic Analysis. The paper analysed the way the company represents the environmental actions, social responsibility, and transparency. The results were connected with major scholarly theories. Such theories are Stakeholder and Legitimacy. The Triple Bottom Line and the Resource-Based View (RBV) were also used. The research has also revealed that CSR communication helps in upholding brand value, confidence of investors and reduction of risk. Research adds qualitative data to the literature of fast fashion CSR.

6.2 Key Findings

There were some objectives in this study which were met throughout the whole research. The first objective was to find out how H&M Group communicates its CSR efforts in the Annual Sustainability Report. This study analysed the sustainability and annual reports of H&M from 2020 to 2024. After analysing, it is found that environment, social and transparency were the three CSR communication areas. H&M Group strongly emphasises these areas in their sustainability commitments. The second objective was to understand how its CSR practices are framed in relation to its financial outcomes. CSR communication at H&M was analysed in parallel with brand trust and investors' perception. It was confirmed that CSR is used as a strategic tool not only for financial reputation but also for competitive advantage. The third objective was to identify emerging themes that link CSR efforts with long-term financial reputation. This research reviewed documentary data from sustainability and annual reports and applied thematic analysis. There found, four themes which were developed by coding data. These themes reflect environmental, social, transparency and strategic value at H&M. Finally, objective four was to interpret insights for understanding the strategic role of CSR in H&M's financial performance. It was found that transparency helps H&M to build trust among its

stakeholders. Effective CSR communication helps to build stakeholders' confidence and attract investors.

6.3 Contribution

This research would add value to scholarly literature in a number of ways. It offers a tactical plan of CSR communication. Transparency is an important mediator in the model at present. Numerous previous studies are based on quantitative figures. This study contributes in terms of the mode of crafting and disseminating CSR messages. It is a very good way of connecting social work to good financial returns. The results also show the connection between CSR capabilities and the Resource-Based View and the Triple Bottom Line. The paper is effective in applying the Legitimacy Theory to the fast-fashion companies. Fast fashion comes under heavy censure. However, there is not much research on how companies convey CSR to control risk and reputation. The given study is a worthy case study. It attests to the applicability of TBL in business strategy. This study provides an insight on reporting practices, strategic messaging and corrective response in detail.

6.4 Limitations

A single case study restricts generalisation. The results of H&M might be not relevant to smaller brands. The multi-case comparison would provide more general knowledge. Second, it relies on secondary data only. The discussion will be done using published materials, which in turn could be an image that the company would like to project. To some extent, this information might be biased by corporations. Reports are the voice of the company only. Strategic bias can be found in the public documents. Claims of transparency are a risk to greenwashing. Third, the data covers 2020-2024. CSR strategy is dynamic. This study might fail to capture new developments beyond this period. The restrictions do not diminish the worth of the study, but they demonstrate the spheres of research that should be filled in. Primary data collection should be used in future research. This may also involve face-to-face interviews with managers who matter.

6.5 Recommendations for Future Research

The scope of research should be increased in future studies. Primary data will be required in future research. Manager, worker or stakeholder interviews would give more insight

into the CSR decision-making. Research ought to be done on the comparison of H&M with other fast-fashion competitors. Interesting comparative data is Zara or Shein. It would also be applicable to a comparison across industries. A second implication is to examine the effect of long-term CSR communication on the financial performance. Further research in the future may look into whether transparency has any effect at all on profits, stock value or customer loyalty in the long run. Lastly, the digital CSR communication should be analysed in future. Analysis of social media is missing. Twitter CSR conversations affect the reputation. Multi-platform study is needed. Familiarising oneself with these channels would guide one towards describing how CSR messages are delivered to the young people.

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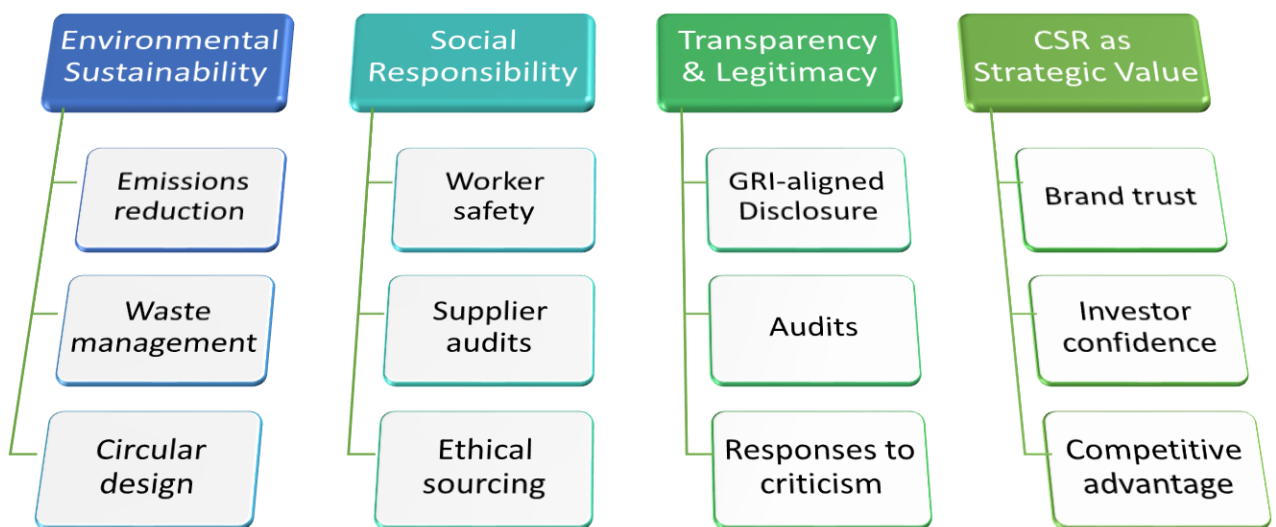
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Appendix A: CODE TREE



Appendix B: Coding Table

H&M Reports (2020–2024)	Initial Code	Category	Theme	Theoretical Lens
By 2030, it plans to utilise 100% recycled or sustainable raw materials (H&M Group, 2020).	Sustainable material commitment	Environmental targets	Environmental Sustainability & Circularity	Resource-Based View (RBV) and Triple Bottom Line
In 2017, H&M group collected the equivalent of 100 million T-shirts through its garment-collecting programme (H&M Group, 2022a).	Recycling initiative	Circular economy practices	Environmental Sustainability & Circularity	Resource-Based View (RBV)
Annually, H&M conducts regular audit on 1200 suppliers to ensure compliance with labour standards (H&M Group, 2023).	Auditing suppliers factories	Ethical supply chain management	Social Responsibility & Ethical Supply Chains	Stakeholder Theory

H&M and suppliers are working together to ensure fair wages and safety among workers (H&M Group, 2022b).	Worker welfare initiatives	Labour rights protection	Social Responsibility & Ethical Supply Chains	Stakeholder Theory
All reports on sustainability are published based on GRI standards at H&M (H&M Group, 2024).	Reporting on GRI standards	CSR disclosure practices	Transparency, Accountability & Legitimacy	Legitimacy Theory
After the criticism of sustainability claim, H&M's sustainability reports, describe emissions, energy use, recycling activities and supply chain audit with practical examples at	Response to CSR criticism	Legitimacy repair strategies	Transparency, Accountability & Legitimacy	Legitimacy Theory

H&M (H&M Group, 2024).				
H&M brings out CSR as the source of trust and loyalty (H&M Group, 2023).	Brand trust creation	Reputation management	CSR as Strategic Value Influencing Financial Reputation	Resource-Based View (RBV)
CSR performance helps to enhance the competitiveness and supports long-term development at H&M (H&M Group, 2020).	Strategic CSR value	Competitive advantage	CSR as Strategic Value Influencing Financial Reputation	Resource-Based View (RBV) and Stakeholder Theory

Appendix C: THEME MAP

