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Executive Summary

This paper provides a detailed study of H&M's strategic orientation, with an emphasis on the Hong Kong market and the alignment of the company's Vision, Mission, and Values (VMV) and business strategy. Using PESTAL analysis, important external variables influencing H&M's market position were discovered, including political tensions in Hong Kong, altering consumer behavior toward sustainability, and environmental laws. The Value Chain Analysis identified strengths in digital innovation and brand awareness, as well as limitations in ethical sourcing and staff turnover. The investigation reveals H&M's difficulty in reconciling rapid fashion with sustainability requirements, notably in Hong Kong's ecologically sensitive market. The Balanced Scorecard examination highlighted the need for improved e-commerce capabilities, supply chain transparency, and consumer happiness. A three-year implementation plan with KPIs and monthly reviews is recommended to ensure strategic objectives are accomplished, as well as contingency planning for any market disruptions.

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Strategic Analysis and Recommendations for H&M

Possessing a distinct and well-defined strategic direction is essential for business success in the fiercely competitive global market of today. The significance of Vision, Mission, and Values (VMV) as fundamental components that influence an organization's strategic orientation was highlighted (Dragomir and Dumitru, 2022). These elements aid in defining a company's identity and set it apart from rivals, enabling it to effectively convey its goals to internal and external stakeholders. A company's vision gives it a sense of purpose and direction by outlining its long-term objectives. The mission statement outlines the organization's main goals and the outcomes it hopes to accomplish through its activities.

In the meantime, values are the moral guidelines and standards that impact business culture and decision-making. When combined, these components help an organization's strategic activities reflect its goals and fundamental identity. Businesses can increase morale, productivity, and engagement by uniting people around a single goal using a well-articulated VMV framework. Externally, it builds the company's trust and improves its reputation by informing partners, investors, and customers about its goals and promises (Dragomir and Dumitru, 2022). Businesses without a clear VMV run the danger of losing focus and direction in the quickly evolving and increasingly connected business landscape, which makes it more difficult to set themselves apart from rivals.

Employing H&M as a case study, this research seeks to evaluate the relationship that exists between a company's VMV and its strategic direction. Michael Porter's Five Forces, PESTAL, Value Chain, and other strategic analysis models will all be used to analyze H&M's approach. The Balanced Scorecard framework will then be used to evaluate the company's plans. The analysis will conclude with suggestions for H&M's competitive positioning, growth, and sustainability going forward. Thus, it is vital to investigate the relationship between Vision, Mission, and Values (VMV) and strategic direction utilizing H&M as a case study and several strategic analysis methods and frameworks.

Vision, Mission, and Values in Strategic Direction

Leading the shift in the fashion industry towards a more sustainable one is at the core of H&M's ambition. By encouraging eco-friendly fashion methods, minimizing environmental effect, and fostering a circular economy within the fashion industry, this forward-thinking

strategy seeks to create change (Dragomir and Dumitru, 2022). The company's goal to encourage and change the industry toward responsible production and consumption is reflected in the vision. The goal of H&M is to provide quality and fashion in an eco-friendly manner at the lowest possible cost. The company's basic business strategy, which focuses on offering high-quality, reasonably priced apparel while incorporating sustainability throughout the whole supply chain, is encapsulated in the statement above (Bocken and Konietzko, 2023). The mission emphasizes the necessity of striking a balance between ethical and ecological behavior and monetary achievement.

The principles of H&M are inclusivity, sustainability, teamwork, and ongoing development. These guiding concepts affect how the business approaches innovation, customer interactions, employee engagement, and ethical sourcing. Transparency and cooperation are highly valued, both within the organization with colleagues and outside with vendors, clients, and society (Bocken and Konietzko, 2023). Furthermore, the business is still dedicated to creating an inclusive work environment and providing goods that appeal to a wide range of consumers.

The vision, mission, and values of H&M continue to be closely reflected in the company's strategic orientation, which establishes a uniform structure for decision-making across the board. One important aspect of H&M's value chain is sustainability, which is demonstrated by the company's continuous efforts to integrate eco-friendly techniques (Bocken and Konietzko, 2023). The goal of spearheading industry change is supported by strategic initiatives like the use of sustainable materials, the integration of renewable energy sources into manufacturing processes, and the encouragement of recycling and reuse.

The goal of offering fashionable clothing at an accessible price is a key factor in determining H&M's strategic direction. The organization can maintain inexpensive rates while guaranteeing the quality and sustainability of its products thanks to cost-effective sourcing strategies and operational efficiency. The company's goal is well aligned with its market positioning thanks to its ongoing innovation, which enables it to satisfy the growing need for fashionable, reasonably priced, and environmentally responsible solutions (Primožič and Kutnar, 2022). Collaboration, inclusivity, and constant improvement are ideals that H&M upholds in all its business dealings, personnel development programs, and consumer interaction tactics.

Even with H&M's VMV framework's advantages, there are still certain obstacles in the

way of completely coordinating its strategic orientation with these ideas. The apparel industry's fast-paced character and the strong demand for periodic styles can occasionally clash with the ecologic objectives of a business (Primožič and Kutnar, 2022). Finding a way to balance long-term environmental obligations with business is still a major concern.

External Analysis of H&M with PESTAL Method

The political, social, and environmental aspects of H&M's activities in Hong Kong will be thoroughly examined in this external analysis in order to determine their impact on the company's operations and strategy within the area (Chavan, 2020). Leading the fast fashion sector globally, H&M competes in a dynamic and extremely dynamic market where outside influences play a crucial role in determining the company's business plans.

The political climate in Hong Kong is essential to H&M's business. Operating under the "one country, two systems" approach, Hong Kong, a Special Administrative Region of China, has certain autonomy in its legal and administrative frameworks. But as politics get more complicated, H&M is affected in several ways, most notably by adjustments to government rules, labor laws, and trade policies. H&M, an international retailer, is primarily dependent on global supply networks to sustain its quick product turnover and cheap prices (Chan *et al.*, 2020). Hong Kong is a desirable market for H&M because to its prominence as a financial and commercial hub.

H&M's supply chain may be greatly impacted by changes to international trade agreements or tariff regimes because Hong Kong serves as a gateway for Chinese goods. Concerns over Hong Kong's long-term stability as a corporate hub are also raised by the unpredictability surrounding its future political relationship with mainland China (Schrage and Gilbert, 2021). H&M may encounter regulatory obstacles as China exercises more authority over the SAR, including heightened oversight of company operations and compliance with regional legislation.

H&M's activities in Hong Kong are heavily influenced by political stability. Recent political upheaval, especially the pro-democracy demonstrations in 2019 and 2020, produced an unstable atmosphere that affected retail sales and store traffic (Schrage and Gilbert, 2021). Operations can be disrupted by political unrest in several ways, including retail closings, delayed supply chains, and decreased customer spending because of market instability. Moreover, adjustments to regional labor rules may have an impact on H&M's operating expenses (Schrage

and Gilbert, 2021). When compared to other locations, Hong Kong is renowned for having labor laws that are rather lax.

Stricter social and environmental laws, particularly those that encourage sustainable corporate practices, are being progressively implemented by the Hong Kong government. These regulations are in line with international programs such as the Paris Agreement, which mandates that businesses lower their carbon footprint and disclose their environmental effects more fully. These changing requirements must be complied with by H&M's activities in Hong Kong, which may result in extra expenses for supply chain transparency, sustainability reporting, and eco-friendly operations (Kumar and Majumdar, 2022). H&M's resolute worldwide commitment to sustainability, exemplified by its initiatives to curtail carbon emissions and guarantee ethical sourcing, facilitates the company's adherence to these requirements.

Social norm shifts have a big impact on the fashion business, and Hong Kong is no exception. The secret to H&M's ongoing success in the market is its capacity to handle these changes and match its products with Hong Kong consumers' tastes. Hong Kong's consumer behavior has changed dramatically in the last several years due to growing consciousness of ethical manufacturing, sustainability, and the damaging effects of fast fashion on the environment (Niinimäki *et al.*, 2020). Hong Kong customers are starting to care more about the social and environmental effects of the things they buy, in line with general global trends. In response to this trend, H&M debuted its "Conscious Collection" in Hong Kong, a line of clothes composed of organic and recycled materials. Hong Kong's environmentally minded consumers also connect strongly with the company's aim of being entirely circular by 2030, which would include sourcing all materials sustainably or recycling them (Niinimäki *et al.*, 2020). In addition to improving H&M's reputation, this campaign establishes the company as a progressive merchant in a market that is becoming more and more cutthroat.

The population of Hong Kong is varied and cosmopolitan, and this diversity of cultures is mirrored in the fashion tastes of its customers. To accommodate a diverse range of body shapes, gender identities, and cultural backgrounds, H&M has modified its product offers. For instance, the brand's larger size ranges and gender-neutral apparel lines have proven popular in the Hong Kong market, where customers are becoming more and more concerned with inclusion (Niinimäki *et al.*, 2020). In addition, H&M highlights diversity in their marketing efforts in Hong Kong by showcasing models from many ethnic origins and advocating for inclusivity.

The emergence of digital platforms and social media has had a significant impact on Hong Kong consumers' purchasing habits. Hong Kong's tech-savvy populace has led to a rise in internet purchasing, especially via mobile devices. In a very competitive industry, satisfying consumer expectations such as prompt delivery, easy online purchasing, and tailored suggestions is essential to maintaining customer loyalty (Niinimäki *et al.*, 2020). To satisfy these needs, H&M has made large investments in its digital infrastructure. Offering a smooth omnichannel experience, the company's physical shops and e-commerce platform in Hong Kong are connected (Das and Jebarajakirthy, 2020). Furthermore, H&M personalizes shopping experiences for its consumers by using AI-driven technology to generate suggestions that are specifically catered to their interests and past purchases.

Concern over the fashion industry's environmental effects is spreading around the world, and this is especially true in Hong Kong, where people are becoming more conscious of sustainability-related concerns. There is growing pressure on fast fashion companies like H&M to embrace more environmentally friendly business methods, cut waste, and lessen their environmental impact (Lanzolla and Markides, 2021). Due to increased criticism of the fashion industry's role in pollution, resource depletion, and carbon emissions, businesses such as H&M have been forced to reconsider their business strategies.

Customers in Hong Kong are growing more concerned about the environment and are putting more pressure on fashion firms to be more transparent about their production methods and environmental effects. Due to this change in customer behavior, H&M has been compelled to make considerable progress toward sustainability. As part of its long-term plan to address environmental problems, the corporation has committed to employ solely materials that are recycled or supplied responsibly by 2030 (Peirson-Smith and Craik, 2021). Apart from their "Conscious Collection," H&M has initiated other programs in Hong Kong aimed at advancing eco-friendly fashion (Peirson-Smith and Craik, 2021). One such effort is the clothing recycling program, which allows consumers to recycle or resell their used clothing through H&M Rewear, the company's second-hand marketplace, by bringing them into H&M stores.

A major concern to global supply chains, including H&M's, is climate change. Natural resources like cotton, water, and electricity are vital to the fashion business, and any disturbance in their availability can directly affect manufacturing schedules and prices. For instance, climate change-related extreme weather events like droughts and floods might interfere with the

availability of raw materials, delaying production and driving up prices (Das and Jebarajakirthy, 2020). By making investments in sustainable sourcing methods and lowering its dependency on limited resources, H&M has taken action to lessen these risks. The business is investigating substitutes for traditional cotton, such as lyocell and other plant-based textiles, and has expanded its usage of recycled materials, such as polyester. These initiatives are a part of H&M's larger plan to lessen its effect on the environment and strengthen its supply chain.

Stricter environmental laws are being introduced by governments all over the world, including Hong Kong's, to battle climate change and advance sustainability. H&M has taken a proactive approach to sustainability by harmonizing its operations with international norms like the Paris Agreement in reaction to these regulatory demands. The corporation has pledged to use renewable energy in its operations, minimize the use of water and chemicals during production, and reduce its carbon emissions (Lanzolla and Markides, 2021). For H&M to continue to be regarded as a socially conscious company, it is imperative that it adhere to these rules.

Ultimately, a multifaceted combination of political, social, and environmental issues impacts H&M's business operations in Hong Kong. H&M faces both problems and possibilities due to the current political context, especially regarding the changing connection between Hong Kong and mainland China. The company's product offers, and marketing techniques are being adjusted due to social considerations, such as evolving customer desires for inclusion and sustainability. The last reason H&M is being forced to embrace more sustainable business methods is environmental concerns like climate change and regulatory pressure (Youn and Jung, 2021). H&M can sustain its growth in the dynamic retail sector of Hong Kong by capitalizing on its worldwide experience in sustainability and digital innovation.

Internal Analysis of H&M with the Value Chain Model

Fast fashion leader H&M uses an integrated value chain to build and maintain competitive advantages. The analysis that follows looks at H&M's internal operations, with a focus on the Hong Kong market, using Porter's Value Chain Model as a lens. The assessment of main and supporting activities, strategies for converting activities into long-term competitive advantages, benchmarking procedures, and the creation of an internal factor evaluation (IFE) matrix are all included in this. Purchasing raw materials from various foreign vendors is a part of H&M's inbound logistics process (Arrigo, 2020). These suppliers support H&M's sustainability objectives by providing eco-friendly materials including recycled polyester and organic cotton.

Diversifying your sources reduces costs and increases flexibility, all of which are critical for controlling supply chain risks (Yeung and Hui, 2020). Reliance on foreign suppliers, however, presents difficulties, especially with regard to source countries' moral labor standards.

Fast fashion is the foundation of H&M's business strategy, which allows the firm to create, develop, and introduce new trends to the market in a few of weeks (Youn and Jung, 2021). Although this quick turnover contributes to environmental waste by producing unsold inventory, it also maintains the product choices appealing to Hong Kong's fashion-conscious shoppers. These programs support Hong Kong's increasing focus on environmental responsibility and assist H&M in lessening the drawbacks of the fast-fashion business model. A multi-channel distribution network, comprising both physical stores and online platforms, is employed by H&M to optimize convenience and expand its consumer base. With e-commerce growing in Hong Kong, this strategy puts H&M in a position to adapt to changing customer tastes. Nonetheless, there are difficulties in effectively handling logistics, particularly with relation to shipping expenses and refund rates (Youn and Jung, 2021). In order to meet the needs of the region's environmentally sensitive customers and further its sustainability strategy, H&M has been investing in the simplification of these procedures and the investigation of eco-friendly packaging options.

The core of H&M's marketing strategy is creative advertising campaigns that engage consumers with the brand. Celebrity and designer partnerships generate publicity and increase sales. Digital marketing is very important in Hong Kong. H&M uses influencer relationships and social media to reach younger people (Youn and Jung, 2021). The fast-fashion model has been criticized for its negative environmental effects despite these attempts, and it is still difficult to strike a balance between marketing campaigns and moral messaging.

For H&M, offering top-notch customer service is essential because it improves the entire shopping experience. The business provides a variety of avenues for communication with customers, such as online chat, a user-friendly website, and in-store assistance. But delivery schedules and return guidelines continue to be a source of worry in Hong Kong, which might affect client satisfaction (Lanzolla and Markides, 2021). H&M is concentrating on customizing service and satisfying customers' increasing demands for convenience and promptness to increase client loyalty.

H&M's procurement department prioritizes sustainability and ethical sourcing. In

countries like Hong Kong, where customers are aware of ethical business practices, the company's brand is strengthened by its tight collaboration with suppliers to guarantee that raw materials are supplied properly (Thoradeniya et al., 2021). The intricacy of upholding moral principles over a worldwide network of suppliers, however, continues to be a major obstacle. It takes ongoing audits and observation to make sure H&M's sustainability objectives are fulfilled.

The secret of H&M's competitive edge is innovation. The corporation has made significant investments in technology that boost e-commerce capabilities, inventory management, and supply chain efficiency. H&M has a competitive advantage in Hong Kong because of its use of data analytics to forecast demand and cut excess inventory (Lanzolla and Markides, 2021). In Hong Kong, digital innovation is essential to company success. H&M can more effectively adapt to operational requirements and customer preferences by utilizing technology innovations.

H&M promotes diversity in its workforce by placing a high value on a cooperative and welcoming work environment. The organization provides comprehensive training programs that link staff growth to its sustainability objectives. But labor problems still exist, particularly in supplier nations where worker rights need to be more effectively upheld (Peirson-Smith and Craik, 2021). Upholding ethical standards in the Hong Kong market and preserving H&M's brand depend heavily on ensuring fair labor practices across the supply chain.

With effective governance, a clear organizational structure, and capable leadership, H&M's solid infrastructure underpins its global operations. The business has created systems to oversee its global operations while negotiating regulatory obstacles and difficult markets (Peirson-Smith and Craik, 2021). To be competitive, cultural variances and regional laws in Hong Kong need to be properly maintained. H&M uses innovation, sustainability programs, and brand loyalty to turn its value chain operations into competitive advantages.

Investments in technology improve operational effectiveness, and human resource management guarantees a motivated staff. H&M establishes a reputation for being an ethical brand by implementing sustainable practices into its operations and successfully promoting them. This is especially important in Hong Kong, where ethical and environmental issues have a big impact on consumer behavior. Despite criticism for overconsumption, H&M's fast-fashion business strategy nevertheless benefits from its agility in adapting to shifting trends (Peirson-Smith and Craik, 2021). By using benchmarking, H&M can evaluate its operations in relation to

rivals such as Zara and Uniqlo. H&M sets the standard for sustainability in the fast-fashion sector with its industry-leading recycling programs and usage of recycled materials.

However, Uniqlo's slower fashion strategy and emphasis on quality over quantity appeal to customers looking for more lasting items, while Zara's speed to market is superior. In Hong Kong, H&M must outperform these rivals by enhancing the caliber of its products and finding more efficient ways to deal with environmental issues (Arrigo, 2020). H&M's strengths and weaknesses are assessed using the Internal element Evaluation (IFE) Matrix, which rates and weights each element according to how it affects the company's operations in Hong Kong.

Table 1.

Factor Evaluation (IFE) Matrix

Internal Factors	Weight	Rating	Weighted Score
Strong brand recognition	0.15	4	0.60
Efficient supply chain	0.10	4	0.40
Commitment to sustainability	0.15	3	0.45
Diverse product offerings	0.10	4	0.40
Challenges in ethical sourcing	0.15	2	0.30
High employee turnover	0.10	3	0.30
E-commerce capabilities	0.15	4	0.60
Marketing effectiveness	0.10	3	0.30
Total	1.00		3.65

Based on the Internal Factor Evaluation (IFE) Matrix, H&M performs well in important categories including supply chain efficiency, e-commerce capabilities, and brand awareness, with a total weighted score of 3.65. Since of these advantages, the business is positioned as a leader in the fast-fashion sector and can successfully compete in the very competitive Hong Kong market (Arrigo, 2020; Liu et al., 2021). The brand's efficient supply chain and quick response to changing market trends help it appeal to a wider range of consumers.

Exploring Hong Kong's Casual Wear Industry by Michael Porter's Five Forces Analysis

The Five Forces model developed by Michael Porter offers a thorough framework for evaluating an industry's competitive environment. The present analysis focuses on the salient features of the Hong Kong casual wear business that impact competitiveness and appeal to well-established firms such as H&M (Das and Jebarajakirthy, 2020). This analysis is especially pertinent to the casual wear market because of how quickly client tastes and patterns are changing. Given the low entry barriers in Hong Kong's casual wear market, there is a danger from new competitors. With comparatively little initial investment, new fashion firms can flourish, especially considering the growth of e-commerce platforms that enable direct-to-consumer sales without the requirement for physical shops (Das and Jebarajakirthy, 2020). Innovative ideas and specialized brands are encouraged to enter the marketplace by this availability.

Nonetheless, H&M has a significant advantage over new competitors thanks to its well-known brand and extensive worldwide reach. The business enjoys economies of scale, which allow it to run profitably and provide competitive pricing. Furthermore, H&M's devoted clientele and well-known brand have grown over time, making it difficult for new competitors to take market share (Das and Jebarajakirthy, 2020). Potential rivals are repelled by H&M's capacity to use its supply chain, logistics, and marketing capabilities.

Suppliers have little negotiating power when it comes to H&M. The organization procures products from several vendors located in various regions, in order offering flexibility and mitigating reliance on a solitary source. H&M's ability to negotiate advantageous terms and, if needed, replace suppliers is bolstered by its wide network of suppliers (Arrigo, 2020). Nevertheless, this dynamic now faces problems due to recent trends. If they adhere to more stringent guidelines and standards, some suppliers may have more clout as demand from consumers for products that are ethically and sustainably sourced rises.

Supplier talks may also be impacted by rising raw material costs, especially when it comes to eco-friendly materials and textiles. Despite these obstacles, H&M maintains a positive relationship with its suppliers thanks to its strategic approach to supply chain management, which includes efforts to increase sustainability. In the casual clothing market, purchasers have a significant amount of bargaining power (Arrigo, 2020). Because there are so many options available, consumers can quickly switch brands, and a growing number of criteria, including

price, quality, and ethical considerations, affect their purchasing decisions. Consumer expectations have changed because of increased knowledge of sustainability and ethical business practices, pushing companies like H&M to innovate and improve their products.

H&M has to continuously adjust to consumer demand for affordable, ethically manufactured apparel. To attract environmentally concerned customers, the company has made major achievements in its sustainability initiatives, such as its Conscious Collection and recycling programs. However, the need for ongoing innovation is vital, as failing to fulfill these changing expectations may result in client churn (Arrigo, 2020). H&M's capacity to sustain its market dominance is strongly dependent on recognizing and responding to consumer preferences, emphasizing the critical role of buyer authority in influencing the company's tactical path.

The casual wear sector in Hong Kong faces a moderate threat from replacements. Consumers are increasingly turning to second-hand clothing, rental fashion services, and custom-made items as alternatives. Thrift store shopping and clothes rental services are becoming increasingly popular, particularly among younger generations, and offer attractive alternatives to traditional fast fashion. H&M understands this transition and has implemented proactive environmental steps to counter the threat posed by synthetic substitutes (Arrigo, 2020). H&M aims to position itself as an ethical choice for consumers who are becoming increasingly concerned about their impact on the environment by supporting eco-friendly activities and providing recycling opportunities. Furthermore, the brand has pursued relationships with designers and celebrities to develop distinctive collections that appeal to fashion-forward consumers, further distinguishing itself from competitors in the fashion sector.

The casual clothing sector in Hong Kong is highly competitive, with several big global and regional competitors contending for market dominance. Zara, Uniqlo, and local firms that take advantage of rapid fashion trends and shifting consumer preferences are among the most notable competitors. The competition is distinguished by aggressive pricing strategies, short product development cycles, and an emphasis on brand loyalty. H&M's competitive edge stems from its blend of affordability and sustainability (Arrigo, 2020). The company's commitment to environmental policies, such as employing sustainable materials and pursuing circular fashion initiatives, appeals to an increasing number of environmentally conscious consumers.

Evaluation of H&M's Strategic Effectiveness with Balanced Scorecard Approach

Hong Kong's retail scene has changed tremendously, especially in the fashion industry, where customers now have much more of an affinity for digital interaction and sustainability. As a leader in fast fashion worldwide, H&M has to overcome these obstacles while evaluating its strategy efficacy using the Balanced Scorecard (BSC) method. Four viewpoints are used in this technique to assess an organization's performance: learning and growth, internal business processes, customers, and finances (Liu *et al.*, 2021). H&M may evaluate its present tactics and pinpoint opportunities for development by utilizing the BSC framework as it looks to stay competitive in the ever-changing Hong Kong market.

The financial performance of H&M in Hong Kong has encountered difficulties, particularly in the aftermath of the worldwide pandemic and evolving consumer trends. The move to online buying has made large investments in e-commerce infrastructure necessary. The firm has invested a significant amount of money in improving its digital capabilities, but there is still a difficult balance to be struck between short-term expenses and long-term revenue development (Javed *et al.*, 2020). These market swings, along with growing operating expenses and supply chain problems, have affected H&M's sales growth in Hong Kong.

Particularly after the disruptions brought on by the worldwide pandemic and shifting customer behavior, H&M's financial performance in Hong Kong has encountered difficulties. Large expenditures in e-commerce infrastructure have become necessary as a result of the transition to online buying (Javed *et al.*, 2020). Although the organization has devoted significant resources to improving its digital capabilities, there is still a difficult balance between short-term expenses and long-term income development. In addition to growing operating expenses and supply chain problems, these market swings have affected H&M's sales growth in Hong Kong.

Notwithstanding these obstacles, H&M's dedication to environmentally friendly operations may improve its long-term financial outcomes. The launch of the Conscious Collection, which includes items created from recycled and organic materials, satisfies consumer desire for apparel that is more ecologically friendly. However, short-term profitability may be impacted by the initial expenses related to sustainable sourcing and production. H&M must make sure that its efforts in sustainability provide quantifiable returns in order to optimize financial results. It must also continuously improve its cost-management strategies in order to boost profitability (Javed *et al.*, 2020). Improving financial reporting transparency will also show that a

company operates ethically, which will increase confidence among both consumers and shareholders.

In Hong Kong, H&M's consumer strategy is focused on providing affordable clothes with a focus on sustainability. The brand appeals to those who give environmental concern first priority when making purchases, and it targets a broad consumer base (Javed *et al.*, 2020). However, issues with product quality and customer service have surfaced, which might weaken brand loyalty. Although H&M is known for its stylish products, customer feedback suggests that inconsistent product quality might negatively impact the entire brand experience.

Improving customer service experiences should be H&M's top priority in order to solve these issues. Putting money into thorough staff training programs will provide workers the tools they need to continuously provide great service. H&M may improve customer relations and brand reputation by enhancing the customer experience through customized marketing tactics and loyalty programs (Arrigo, 2020). Moreover, product offers may be informed by using data analytics to comprehend consumer preferences, ensuring that they satisfy the changing needs of the Hong Kong market.

Regarding internal business procedures, H&M must navigate the challenges of overseeing a worldwide supply chain while upholding its commitment to sustainability and moral principles. Although the corporation has made progress in improving ethical sourcing and supply chain transparency, problems with labor abuses and environmental sustainability still exist (Javed *et al.*, 2020). H&M needs to modify its internal procedures in response to shifts in the market in order to reduce the risk of supply chain interruptions and maintain moral labor standards.

By putting technology-driven solutions into practice, supply chains may become more visible and responsive, which will increase operational effectiveness. Systems for inventory management and advanced analytics can help businesses save waste, optimize workflows, and support sustainability objectives. H&M's commitment to ethical manufacturing practices and local sourcing may be strengthened by working together with these establishments as well as promoting community development. Building closer ties with suppliers will help H&M uphold its moral principles all the way through the supply chain, which will help it maintain its standing as a conscientious retailer in Hong Kong.

H&M is aware that investing in the training and development of its workforce is essential

to its long-term success. In order to provide its employees with the skills they will need for future success, the firm has launched a number of training programs that are centered on sustainability, product design, and digital transformation (Javed *et al.*, 2020). This emphasis on ongoing education supports the development of an innovative culture at H&M and is consistent with the company's larger strategic goals.

H&M has to provide an atmosphere that promotes creativity and innovation in addition to training. The business may improve the products it offers while lessening its environmental impact by investigating novel materials, production methods, and technological advancements. Innovation in the fashion sector may be further stimulated by collaborative efforts with academic institutions and groups that support sustainable fashion (Javed *et al.*, 2020). Employees will be empowered to express ideas and support H&M's sustainability goals by creating feedback channels and encouraging open communication, which will eventually position the company for future success.

Conclusion

Thus, H&M's strategic study identifies both substantial strengths and weaknesses in its business approach. While the firm has created a strong brand presence and made remarkable progress in sustainability measures, it still confronts issues in reconciling quick fashion with environmental responsibility, particularly in the Hong Kong market. The PESTAL study emphasized the significance of responding to changing political, social, and environmental conditions, whereas the Value Chain Model indicated operational opportunities for development, particularly in ethical sourcing and staff retention. The Balanced Scorecard examination emphasizes the importance of improved financial performance, customer happiness, and operational efficiency. Moving forward, H&M's performance will depend on its capacity to enhance digital skills, maintain openness in sustainability reporting, and adapt to changing customer tastes while honoring its commitment to ethical and sustainable practices.

Recommendations

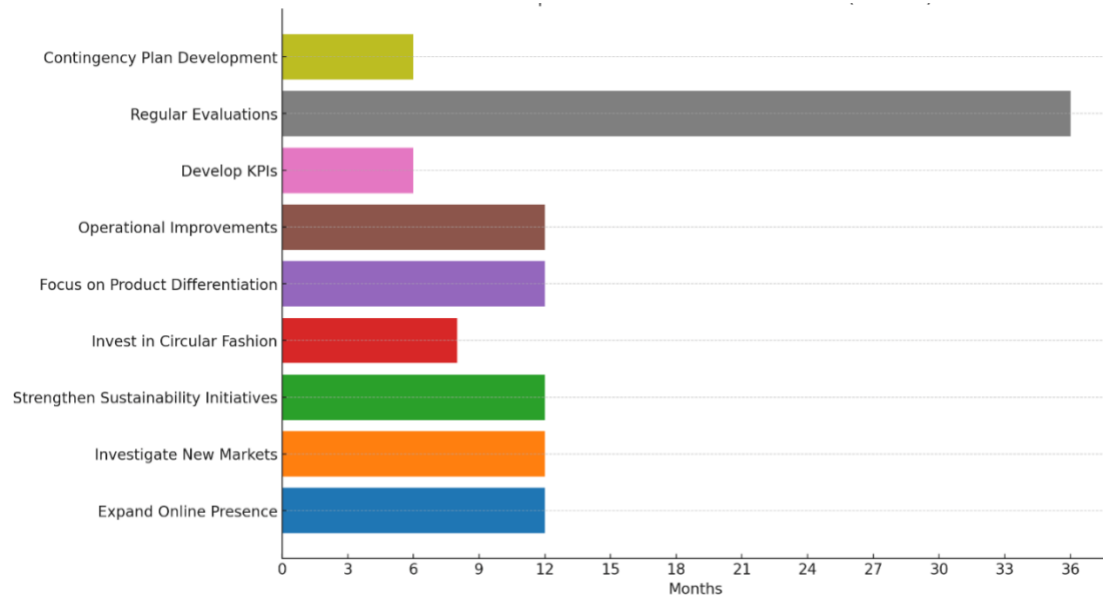
In order to continue expansion and sustainability, H&M ought to concentrate on broadening its digital footprint and exploring uncharted territories, particularly in Asia. The burgeoning middle class and increasing demand for reasonably priced clothes present significant development opportunities for Hong Kong and the larger China area (Fraser and Van der Ven, 2022). At the corporate level, H&M should prioritize the following strategies. Setting ambitious

environmental targets, increasing the transparency of its supply chain, and enhancing the reporting of sustainability advancements are all necessary ways for H&M to bolster its sustainability operations (Jiang, 2022). Investing in circular and second-hand clothes helps diversify revenue sources, attract eco-conscious customers, and lessen H&M's environmental effect. In order to maintain a competitive edge, H&M has to concentrate on product uniqueness by offering unique, exceptional, and environmentally responsible fashion options that satisfy the growing demand from customers in China and Hong Kong for eco-friendly goods.

Significant adjustments to operations are required, especially in e-commerce and logistics, in order to improve consumer satisfaction and lower return rates. Increasing efficiency and improving the general customer experience may be achieved by optimizing fulfillment processes and controlling inventories better (Wren, 2022). H&M should create a Gantt chart-based three-year implementation plan with defined tasks, accountable parties, and anticipated completion dates in order to carry out these initiatives. To gauge the success of these strategies, Key Performance Indicators (KPIs) will be developed with an emphasis on customer satisfaction scores, market share growth, financial performance, and sustainability objectives. Periodic assessments will guarantee that H&M continues to pursue its strategic objectives. H&M should develop a robust contingency plan that includes adaptable operational models, quick response procedures, and alternative sourcing strategies to guarantee resilience in order to manage possible risks like supply chain disruptions, shifts in customer demand, and regulatory changes (Jiang, 2022).

Figure 1.

Gantt Chart



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