



MBA International Business

Dissertation - LCMB7035

Dissertation Proposal

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

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1. Introduction:

1.1 Background and Context:

Corporate Social Responsibility (CSR) has become an important part rather than just an option for this industry. Stakeholders like consumers, investors, and regulatory bodies are now demanding responsible and transparent options. The global textile industry is a significant contributor to the world economy. In recent years, due to environmental impact, unfair labour practices and supply chain ethics, this industry is facing criticism (Md. Nahid-Ull-Islam Zoya, 2025). H&M Group is the world's largest fashion retailer. As a global company, it makes a contribution to the economic and environmental systems. This group actively promotes sustainability, ethical sourcing with carbon reduction goals. H&M also faces criticism for its environmental impact and the transparency of its CSR efforts.

1.2 Research Problem

H&M promotes sustainability and participates in the UN Global Compact and the Sustainable Apparel Coalition. It also publishes annual sustainability reports every year (H&M Group, 2024). Though the commitment is strong, there is uncertainty about how these CSR efforts influence financial performance at H&M. There needs research to understand how H&M communicate CSR and use it strategically to improve financial performance.

1.3 Rationale of the Study

Responsible practices by H&M improve reputation, trust, and loyalty among stakeholders. Through this, H&M can ensure long-term sustainability with good financial performance. Though there are quantitative studies related to CSR and financial performance, there need a study to understand the narratives of presenting CSR efforts in sustainability reports. This will help H&M to find how the overall contribution of CSR improves stakeholders' trust and long-term profitability.

1.4 Research Aim

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

1.5 Research Objectives

1. To find out how H&M Group communicates its CSR efforts in the Annual Sustainability Report.
2. To understand how its CSR practices are framed in relation to its financial outcomes.
3. To identify emerging themes that link CSR efforts with long-term financial reputation.
4. To interpret insights for understanding the strategic role of CSR in H&M's financial performance.

1.6 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?

2. Literature Review:

2.1 Introduction:

This literature review will primarily focus on four theories such as Stakeholder Theory, Legitimacy Theory, Triple Bottom Line theory, and Resource-Based View (RBV). These theories will explain how and why CSR affects financial performance.

2.2 Theoretical Foundations

Stakeholder Theory was introduced by Freeman in 1984, which talks about balancing the interests of all business stakeholders (Awa et al., 2024). This theory is relevant to this study as this will help to understand how companies communicate CSR in reports to gain the trust of their stakeholders. Legitimacy Theory claims that a firm must operate within society's values (Meyer and Tse, 2025). At H&M Group, criticism of pollution and unethical labour practices is common. This theory will help to understand how this group frames CSR and why companies disclose CSR information.

The interpretivist philosophy for this research aligns with Stakeholder Theory and Legitimacy Theory. These theories focus on understanding meaning, perception and communication rather than direct cause-and-effect relationships. Stakeholder theory helps to interpret H&M's CSR actions on stakeholders' expectations and interests. It frames CSR as a response to stakeholders' pressures. On the other hand, legitimacy theory completes this framework by explaining how H&M uses CSR communication to get societal approval. This theory justifies H&M's operations within the norms and values that the broader community holds. These theoretical lenses will help to interpret the CSR report and understand strategic narratives to enhance H&M's legitimacy and stakeholder relationships. These theories guide the thematic coding process of this research. These help in identifying themes related to transparency, reputation management and stakeholder dialogue.

The Resource-Based View (RBV) theory explains some unique and valuable resources for a business that are hard to copy and help to gain a competitive advantage (Mailani et al., 2024). It is relevant because it will interpret CSR as a strategic investment in sustainability. Finally, the Triple Bottom Line (TBL) conceptual framework was introduced

by Elkington in 1997. It focuses on people, planet and profit. This framework is not directly relevant to this study, but it helps to build a concept of CSR activities (Bhatti et al., 2025). Through this framework, it becomes easy to ensure balanced focus on ethical, ecological and financial outcomes.

2.3 CSR at H&M Group

In this textile industry, CSR actions include sustainable materials, waste management and fair wages. Brands like H&M, Patagonia and Levi promote CSR as brand identity. This improves investors' confidence and customer loyalty, which indirectly affects financial performance. H&M is a global leader in the textile industry. They are committed to their H&M Sustainability Report 2024. They also focus on Circular Fashion and ensure supply chain transparency (H&M Group, 2025). Yet, they face criticism for greenwashing concerns and production waste. There are arguments on the business model with mass consumption and the authenticity of CSR commitments. This makes H&M a perfect case for examining how CSR communication influences financial performance.

2.4 Gaps in Literature

Many studies, such as Waheed and Zhang (2022), Coelho, Jayantilal and Ferreira (2023), Nguyen et al. (2021), find CSR as a tool for improving trust, reputation and long-term profitability for a firm. There were many studies that explain the correlations using quantitative data. There is a need for exploring CSR's role as a strategic tool beyond just financial numbers. Few studies are available on how companies justify their CSR's financial importance. Most of the studies find that there is a positive link between CSR and profitability. There are also a few studies on CSR's negative or neutral impact. Some studies also find that CSR effects depend on company size, market conditions and CSR type. Using a qualitative approach, this review will examine the content and strategic framing of CSR in detail at H&M Group.

2.5 Conclusion and Research Aim Connection

Most studies focus on quantitative methods for understanding CSR effort with financial performance using ROA, ROE or stock returns (Waheed and Zhang, 2022). These studies lack deeper meanings and motives behind CSR disclosure among the textile

industries. How CSR contributes to financial reputation remains untouched. This research will find the connection between CSR and financial performance at H&M Group.

3. Methodology

3.1 Research Philosophy and Approach

As this research will explore the meanings, perceptions and communications of CSR practices by H&M Group, it will be based on interpretivist philosophy. This research follows the Research Onion model to have a systematic foundation for methodological design (Saunders, Lewis and Thornhill, 2019). The philosophy layer of this research reflects an interpretivist stance. It focuses on understanding meanings within CSR communication. The approach layer of this research reflects an inductive approach. It allows themes to generate naturally from reports of H&M rather than testing hypotheses. The strategy used in this research is qualitative and exploratory. It utilises thematic analysis of secondary data. The time horizon for this research is cross-sectional. It only focuses on a defined period of CSR reporting by H&M Group. The data were collected from industry reports using a document analysis technique. This study is a subjective understanding of how H&M communicates CSR and how it is related to financial image and reputation.

3.2 Research Design

This research uses a quantitative research approach. The primary aim of this research is to understand the narratives and key patterns in CSR communication at H&M Group. How this company discloses and presents its CSR activities to affect its financial performance is the main objective of this research.

3.3 Data Collection Method

For this, the study will use secondary data analysis from secondary sources such as H&M company sustainability reports, annual reports, academic studies, and industry publications. The study uses samples from H&M Group's Annual and Sustainability Reports from 2020 to 2024. These recent years are selected because they capture H&M's latest strategic responses. Side by side, over these years, CSR communication has become an important aspect, especially after the pandemic situation. Not only the reports

from H&M Group but also other academic and industry sources within this timeframe will be reviewed. To validate findings, these will be reviewed with recent articles. This sampling is purposive and contextual. It ensures that the selected documents represent the most current CSR strategies from H&M Group and its performance narratives. This method is used as it fits with limited access and time-cost considerations.

3.4 Data Analysis Method

This study will use a thematic analysis to identify the key narratives and patterns in CSR communication. It will include reviewing H&M's sustainability and annual reports, with relevant academic and industry publications.

The study will adopt Barun and Clarke's (2006) thematic analysis framework. There are 6 steps for thematic analysis. The first step is to familiarise oneself with data by repeated reading and review. The second step is to generate initial codes by identifying key statements related to CSR, sustainability and financial performance. The third step is to search for themes such as stakeholder engagement, transparency and legitimacy maintenance. After that, the fourth stage is reviewing themes to find a connection to the research objectives. The fifth stage is to define themes to represent distinct dimensions for CSR communication. The final step is to produce the report by integrating theoretical interpretation with textual evidence.

3.5. Credibility and Validity

All the secondary sources are publicly available and reliable, which ensures accuracy. The triangulation method is employed to compare information from multiple sources. To enhance the dependability of this research, clear documentation of coding and development of themes will be conducted. These measures ensure that the qualitative analysis of this research remains academically credible and transparent. The sources are selected based on data richness and relevance.

3.6 Ethical Considerations

Ethical consideration will be maintained by respecting data privacy. This will use only publicly available information. There is no risk of informed consent issues or privacy violation issues.

4. Expected Findings:

The primary aim of this research is to understand the narratives and key patterns in CSR communication at H&M. It is expected that CSR initiatives at H&M positively influence financial performance.

It is expected that this study will reveal how the H&M Group use CSR communication to enhance legitimacy and stakeholders' trust. It will show how CSR narratives are constructed and why certain themes are more focused. This study will showcase efforts to align with sustainability standards. It will highlight partnerships and initiatives among stakeholders to maintain trust. Academically, this study will contribute to CSR communication literature. It will show how corporate reporting serves as a strategic narrative for maintaining legitimacy and stakeholder alignment. From a managerial perspective, this study will offer actionable insights to link CSR with financial performance.

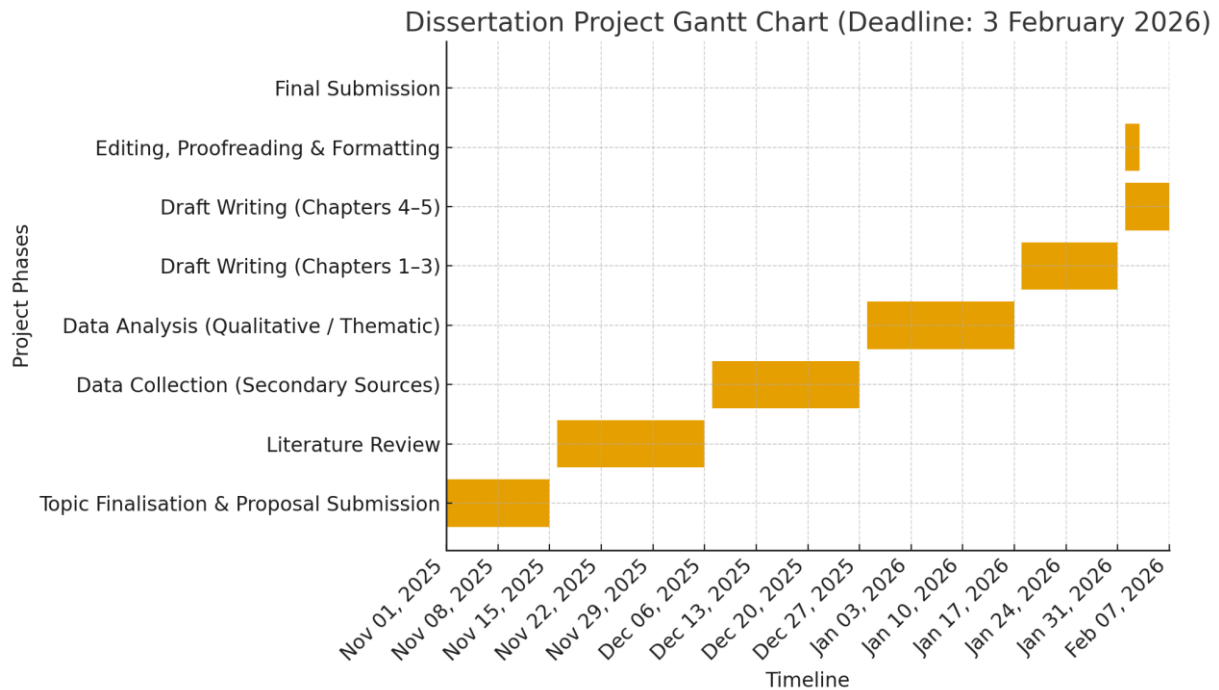
Based on the literature review, CSR not only enhanced stakeholders' trust but also enhanced reputation. It is anticipated that H&M's communication strategies shape stakeholders' perceptions positively and influence financial performance indirectly. It is also expected that other recurring themes, such as environmental responsibility and social legitimacy, act as drivers of business success at H&M. For the long-term competitiveness of this company, this study will help to strategically integrate and present CSR efforts to shape financial perception.

5. Limitation:

There are some constraints in this study that may limit its contribution and affect the research. First of all, this study uses only secondary data, which likely contains positive bias. It limits the depth of interpretive insights. Secondly, the sampling of secondary data collection is limited to textile firms. Thirdly, the qualitative approach may limit direct or statistical correlation between CSR efforts and financial performance. Fourthly, the time and resource constraints may limit the total number of reports and fully analysed. To mitigate these limitations, this study tries to focus on how companies frame CSR efforts rather than on whether the claims are true. Side by side, careful source selection, cross-

referencing multiple documents and thematic analysis will help to mitigate these limitations.

6. Timeframe:



Phase / Task	Key Activities	Duration	Revised Timeline
1. Topic Finalization & Proposal Submission	• Confirm research topic • Refine aim and objectives • Finalise proposal draft • Supervisor approval	2 weeks	Nov 1 – Nov 15, 2025
2. Literature Review	• Conduct an extensive review of CSR–financial performance link • Identify theories, models, and research gaps • Summarise findings	3 weeks	Nov 16 – Dec 6, 2025

3. Data Collection (Secondary Sources)	• Gather CSR reports of H&M • Collect sustainability statements, academic papers, and industry documents	3 weeks	Dec 7 – Dec 27, 2025
4. Data Analysis (Qualitative / Thematic)	• Apply thematic analysis to identify recurring patterns and themes from data	3 weeks	Dec 28, 2025 – Jan 17, 2026
5. Draft Writing (Chapters 1–3)	• Write Introduction, Literature Review, and Methodology sections	2 weeks	Jan 18 – Jan 31, 2026
6. Draft Writing (Chapters 4–5)	• Write Findings, Discussion, and Conclusion sections • Integrate analysis results	1 week	Feb 1 – Feb 7, 2026
7. Editing, Proofreading & Formatting	• Review structure, refine arguments, check references, and finalise formatting	3 days	Feb 1 – Feb 3, 2026
8. Final Submission	• Submit the completed dissertation	Submission	Feb 3, 2026

7. Conclusion:

The primary aim of this research is to find out the relationship between CSR and financial performance at H&M. The research uses secondary data analysis to understand how H&M presents and communicates its CSR efforts to build trust among stakeholders and customers. This approach seeks to uncover the patterns and narratives that link social responsibility with financial competitiveness. This study is worth undertaking as it not only helps the managers to link the CSR with positive financial outcomes but also frames CSR as a strategic advantage in this competitive textile industry. It is anticipated that the findings of this research will address the gap in qualitative understanding and offer actionable guidance for managers.

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