

## **CSR and Environmental Responsibility: Ethics and/or Obligation? – H&M** **Case Study**

**By**

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### **ABSTRACT**

The area of responsibility in business today includes Corporate Social Responsibility (CSR) and environmental responsibility that are part of business ethics and increasingly the expectations of stakeholders. In its analysis this paper seeks to examine the question of whether the given practices are motivated by ethical concerns or regulatory requirements with the study of the H&M Group as a case study. Using a secondary research and sustainability reports, this paper considers the efforts that H&M makes to ensure sustainability of materials, supply chain transparency, and waste management. The results show sign of mixed motivation as the ethical branding is coupled with compliance to environmental regulations. Although H&M has shown quantifiable progress in the realms of circular fashion and transparency, the fact that fast fashion still has to pay its environmental toll shows inadequacy of the existing CSR models. It also has an implication of political policy and business executives to include ethics in deeper environmental policies Also helps to comprehend the dual nature of CSR.

**Keywords:** CSR, environmental responsibility, business ethics, fast fashion, sustainability, H&M

### **1. INTRODUCTION**

The way Corporate Social Responsibility (CSR) has developed is that it was once purely a voluntary action, a kind of charity performed at the option of the business, but now has taken on the status of strategic and regulative need of modern businesses. As environmental issues, in the form of degradation, climate changes, and sustainability, continue to be brought to light, the idea of the environmental responsibility has proven to be one of the most important aspects of CSR (Carroll, 1991; Elkington, 1997). Environmental CSR activities have become an

essential business-sustaining and business-winning activity to many corporations, in which environmental friendliness cannot be treated as a peripheral exercise.

In India, the trend of CSR has been developed differently since the Companies Act, 2013 stipulated that all companies with the capacity to do so must invest at least 2 percent of average profits to their CSR projects and activities which include environmental initiatives (Ministry of Corporate Affairs, 2014). At the global level, the same type of regulatory pressure exists in the European Union, Japan, and other regions, although there is a large debate of whether these decisions are meant to be ethical or are mainly focused in compliance.

This article addresses that very dilemma using the example of the H&M conscious collection, which the retailer presents as an indicator of its devotion to the planet. H&M, which is one of the largest representatives of fast fashion, has also done its best to create the image of being environmentally friendly. According to critics, however, most of this is simply greenwashing, or, in other words, the appearance of discussing sustainability without making fundamental changes to operations that the latter really demands (Joy et al., 2012; de Freitas Netto et al., 2020). Comparing the strategies employed by H & M with other works, the study presents the simple but effective question: Is H & M a sincere environmental decision or rather a deliberate response to guidelines, consumer preferences and meeting the expectations of the world to view oneself as respectable?

## **2. LITERATURE REVIEW**

### **2.1 CSR and Environmental Responsibility: Ethical Foundations**

The ethical foundations of CSR lies on the belief that companies must strive more than mere money-makers in the society (Carroll, 1991). As a subcategory of corporate social responsibility, environmental responsibility reflects the notion that companies should exclude environmental degradations, minimize the negative impacts, and pursue the model of sustainable use of resources (Elkington, 1997). The Triple Bottom Line method stands out as the ethical component in that the social and economic goals should work hand in hand with the goal of protecting the environment in a green manner.

#### **2.2.2 Regulatory Mandates and Compliance**

Regulatory compliance is the other significant pillar of Corporate Social Responsibility (CSR), despite the fact that ethical ideals constitute one of the robust pillars of CSR. Laws put in place

by governments all over the world, which compel businesses to contribute to social and environmental activities, are not without force, reasons being that they are not allowed to choose or wish as dictated by the law. The aim of these regulation systems is to ensure that the firms make measurable efforts to their actions and any failure to fulfil this may often lead to financial penalties, legal charges or some form of damaged reputation.

In India, corporate social responsibility (CSR) spending demands were established when in 2013 the historic Companies Act 2013 was passed, which specifically required qualified companies to include investing in social and environmental welfare initiatives. Non-Financial Reporting Directive (NFRD) of European Union requires businesses in Europe to disclose detailed information about governance, social and environmental performance. Such policies aim at the promotion of accountability and openness, although in reality it is much more complex according to research. According to research like Gatti et al. (2019), the main incentive of many companies to participate in CSR activities is the fulfilment of the legal aspects and not the inner philosophical commitment. Stated differently, obedience ceases to be an expression of a genuine moral devotion, but becomes a ticking-the-box exercise.

### **2.3 Greenwashing and Consumer Scepticism**

The coining of the term “greenwashing” has been on the rise both in the academic and popular arena. The issue of concealing a facade of environmentally-friendly practices in branding the business and advertising without any substantial changes in the business operations that would actually protect the environment actually takes place when branding and advertising this way is called greenwashing (Delmas & Burbano, 2011). It may be a tempting business strategy since it enhances reputation without the need to change dramatically.

Research warns us of the perils in the longer term. According to Testa et al. (2018), customers and the stakeholders are becoming clever at detecting inconsistencies between the talk of the company regarding its sustainability and actual practice. The closeness and trust in brands can be damaged by the aftermath of the announcement of such gaps. This risk is made apparent greatly in the fashion industry, since fast production and short product cycles are inherently anti-sustainable according to the principles of sustainability (Joy et al., 2012). Consequently, the environmental price of fast consumption and green advertising stories of marketing-related green stories are in continuous conflict.

## **2.4 Stakeholder Theory and CSR Legitimacy**

It is well understood that the behaviour of companies is affected by stakeholders. Freeman (1984) views the Stakeholder Theory as companies focusing on the purpose needs, and expectations of all the relevant groups such as consumers, employees, investors, regulators and the general population instead of merely focusing on shareholder profitability. In such a view, environmental friendliness becomes a way of winning the approval of these various circles.

Suchman (1995) goes further to explain that the notion of legitimacy is not only a moral trait but a tactical advantage. The social license to operate of businesses is enhanced when the practices of businesses are aligned with the values of their stakeholders. Yet legitimacy can be worn out so easily. That social licence may be lost just as rapidly in case the stakeholders feel that the CSR initiatives are empty or ostentatious. As far as environmental responsibility is concerned, it implies that the programs must be backed by measurable, actual outcomes besides appearing to be sustainable.

## **2.5 CSR in the Fashion Industry**

The fashion industry is a rather interesting subject of investigation of corporate social responsibility due to its latent paradoxes. Superficially, most companies are showing their green interests by supporting the cause of recycling, using recycled materials or organic textiles, and highlighting the ethical sourcing processes (Henninger et al., 2016). They often play a prominent role in any marketing campaigns because they show a company is committed to the environment.

Nevertheless, such goals are often compromised by the quick fashion model of business that involves a rapid production process, low wages, and various trends. Ecological thinking, the need to reduce the consumption because of the environment, is in direct opposition to this idea of stimulating consumption in a greater amount and more often. This hypocrisy poses society with a critical question of whether these CSRs are really done at the basis of moral duty, or most of them are just an effort to remain relevant and passionate to the consumers.

## **2.6 Gaps in Existing Research**

Environmental responsibility, ethics and regulatory requirement are three issues that have met very minimal academic consideration even though corporate social responsibility (CSR) has become a topic that has generated numerous research findings. This is more so with regards to

the international fast fashion companies that are involved in dealing with multiple legal jurisdictions and cultures. The mix of the global coverage, industry problems of sustainability, and the diversity of the systems of regulation means that the topic also constitutes a deep study that has been underserved.

The Conscious Collection offered by H&M is the major case study of this essay that is trying to bridge that gap. It also contrasts what the company claims to do regarding sustainability with what it actually does in terms of environmental practices both in the context of ethical, and that of compliance driven approach. The location of the analysis alongside the rest of literature on CSR makes it possible to achieve a subtle understanding of how the interaction of duty and ethical approach influences the corporate environmental strategy.

### **3. RESEARCH METHODOLOGY**

#### **3.1 Research Design**

Duty and ethics have been shown to have a complex relationship in the operations of environmental CSR qualitative case study methodology is used in this study to analyze this relationship. Case studies are particularly suitable to fulfill the purpose of the study as Yin (2018) promotes the use of case studies to conduct in-depth research into the existing problems within their contexts. Narrowing the focus on the Conscious Collection launched by H&M, the current study provides an insight into the opponents and critics of the campaign as well as into the environmental goals outlined by the company. These results are later contextualized to the broader concept within academia about sustainability and corporate social responsibility.

#### **3.2 Case Selection Rationale**

The choice of H&M to be the focus of study is due to three interrelated factors:

International Importance: Sustainability claims and corporate social responsibility (CSR) measures are closely followed by customers, industry specialists and regulators across the globe because H&M is one of the largest and most influential fast fashion retailers.

Controversial Positioning: Some of the business activities of the company like recycling programs of clothing have gained it some praise but there is the evil of greenwashing, which this company has been accused of which presents a mixed narrative worth examining.

Regulatory Complexity: As a global company, H&M faces not only a requirement to conduct environmental reporting that is based on the laws, but also faces voluntary opportunities in CSR, which could form the foundation of extensive academic background to study the interaction between ethics and obligation.

### **3.3 Data Collection**

The research only involves secondary data to enable a multi-perspective scrutinization of the research. H 82 cultivation annual reports, 2015 2023 H&M (20152023) sustainability annual reports legitimate news reports about business directional news and corporate releases.

The company is criticized in the news articles and reports provided by NGOs which investigate journalists who make allegations of unethical behavior against the company. The issue of environmental responsibility, corporate social responsibility and the sustainability of fashion industry within with academic research and Inquiry has been carried out. The CSR disclosures in the companies act 2013 in India and the NFRD in EU are all relevant regulatory documents

Triangulation of the corporate stories with independent evaluations and regulatory standards is carried out using secondary data to enhance the reliability and validity of the findings (Saunders et al., 2019).

There are two pillars on which CSR is founded; namely regulatory obligation and ethical reasoning. Many nations have ensured they have enforced CSR-related legislative frameworks, and the market is being coerced into complying with these frameworks, or incurring fines. There are prescribed social and environmental investments that are put in place under The Companies Act of 2013 in India. Proving in same light, the European Union has issued an obligation on environmental reporting within it directive into the Non-Financial Reporting Directive (NFRD). Research indicates that the primary reason why businesses engage in CSR programs is to fulfil the legal demands and not necessarily because of their moral desire to be ethical (Gatti et al., 2019).

### **3.4 Analytical Framework**

Triple Bottom Line framework (Elkington, 1997) and Carroll CSR Pyramid (1991) are two famous models applied in the study of CS that will be used in this study. All of these frameworks can be pooled together which provides a formal system of coding and understanding business sustainability efforts.

Economic responsibility: The basic role of any business is to generate profits and ensure that the business is on good financial grounds.

Legal requirements: Satisfying requirements of mandatory reporting practice, regulatory rules and laws of the environment.

This voluntarily crucially results in moral principles and social awareness that surpasses the legal requirement and it is called ethical responsibility.

Charity, otherwise referred to as philanthropic responsibility is discretionary acts carried out solely to benefit the society.

With the aim of refining these models, Stakeholder Theory (Freeman, 1984) was employed as a framework through which the various and often competing demands of the H&M stakeholders such as customers, workers, investors, regulators, non-governmental organization as well as local communities could be understood better with regards to how H&M manages them. This theory is useful in assessing whether the organization knows the true sense of being ethical in its approaches to the environment, or whether efforts correspond more as strategies to avoid lawsuits and to gain a healthy image.

### **3.5 Data Analysis Process**

There are three systematic analytic steps that involved theoretical mapping coupled with critical assessment:

1. Content Analysis: The marketing materials, H&M sustainability reports, and the corporate communications of the organization were examined to point to the same themes, the environmental statement and the boasts of the self achievement.

2. Critical Cross-Referencing: these corporate statements were cross-referenced with the independent audits, investigative journalism, reports by NGOs and scientific critiques to look out for discrepancies or exaggerations.

3. Theoretical Mapping: The evidence was compared to the CSR theory and the environmental responsibility literature in order to determine whether the activities shown represented an ethical responsibility or mere compliance.

In as much as the advantages of using secondary data are its vastness and provision of a variety of opinions, its disadvantages exist too. The selective disclosure can be used when it comes to the corporate communication and main interviews or insider information might be not included. Moreover, due to the fact that this study targets a single company, its results could be considered specific to a particular case; however, through this, detailed and context-specific findings into the ethics-versus-obligation debate of environmental CSR could be obtained, which can also be used as basis toward the actualization of its universal condition.

## 4. FINDINGS

The conclusions incorporate information from two primary sources:

H&M's own sustainability claims, which are derived from official announcements, campaign materials, and company reports.

External assessments, including those conducted by NGOs, independent studies, and academic research. The analysis shows where H&M's stated commitments and reality diverge by contrasting these viewpoints side by side.

### 4.1 H&M's Sustainability Claims

H&M has positioned itself as a pioneer in sustainable fashion, often highlighting flagship initiatives such as:

**Conscious Collection** – Marketed as garments containing at least 50% sustainable materials, such as organic cotton or recycled polyester.



**Garment Recycling Program** – Allows customers to return unwanted clothing in exchange for vouchers, with assurances that the items will be reused or recycled.

**Climate Positive Goals** – Public commitments to significantly reduce greenhouse gas emissions and achieve “climate positivity” by 2040.

**Circular Business Model Vision** – An ambition to source 100% of its materials from recycled or sustainably sourced inputs by 2030.

These initiatives form the backbone of H&M’s sustainability narrative, framing the brand as forward-thinking and environmentally responsible—though, as later sections reveal, the reality behind these claims is more nuanced.

**Table 1: H&M’s Key Environmental CSR Initiatives and Stated Outcomes**

S. No	Initiative	Year Introduced	Claimed Outcome	CSR Category (Carroll, 1991)
1	Conscious Collection	2012	50%+ sustainable materials per garment	Ethical
2	Garment Recycling Program	2013	Millions of garments collected annually	Ethical/Philanthropic
3	Climate Positive Goal	2018	Net positive environmental impact by 2040	Ethical
4	Circular Materials Goal	2017	100% recycled/sustainable materials by 2030	Ethical/Legal

## 4.2 External Evaluations and Criticism

External sources present a more nuanced picture. Investigations have raised concerns about **greenwashing**, **low actual recycling rates**, and **continued high production volumes** that contradict sustainability goals.

**Table 2: Independent Assessments of H&M's CSR Practices**

Source	Key Criticism	Evidence
Changing Markets Foundation (2021)	Misleading sustainability marketing	Found only a fraction of garments met claimed sustainability criteria
Clean Clothes Campaign (2022)	Labor and environmental issues are intertwined	Reported continued overproduction and water-intensive fabrics
The Guardian (2022)	Low recycling rates in garment collection	The majority of returned items are downcycled or incinerated
Academic Study – Wiederhold & Martinez (2018)	Greenwashing risk in fashion CSR	Found consumer skepticism increases when transparency is low

### 4.3 Comparative Analysis with Literature Review Findings

The results are consistent with trends from previous research. For example, as was the case of Zara investigated by Turker & Altuntas (2014), H&M's CSR communication relies greatly on voluntary ethical positioning, but environmental impact when production levels are taken into account is doubtful.

In addition, a study by Joy et al. (2012) on fast fashion points out the contradiction between encouraging sustainability and having low-cost, high-turnover business models — a contradiction also reflected in the operations of H&M. In H&M's case, the dissonance is particularly visible when comparing marketing narratives of “conscious” consumption to the operational drive for frequent product launches and trend-driven sales cycles. The contradiction is not incidental — it is embedded in the very structure of fast fashion economics.

### 4.4 The Ethics–Obligation Balance

Morally, H&M appears progressive, embracing lofty sustainability targets — for example, climate-positive ones and a business model that is completely circular — years in advance of

when they are obligated to do so by law. These actions are similar to a company motivated by a genuine moral purpose to save the world.

But on closer inspection, much of this activity is also in conformity with anticipated regulatory directions. So, for instance, activity around the subject of environmental reporting and reducing climate impacts appears to be set to put the company at the forefront of the European Union's upcoming Corporate Sustainability Reporting Directive (CSRD). This indicates that, as well as ethical necessity, there is also a strategic component focused on being ready for compliance and protecting brand reputation in the face of increasing environmental regulation.

The gap between the public declarations of H&M and the less ambitious quantifiable goals implies that its CSR agenda has a dual motivation: establishing a reputation for sustainability leadership and positioning itself for, and hedging against, future regulation. This compliance versus values-led activity tension renders it difficult to describe the company's environmental responsibility as purely altruistic.

## **5. CONCLUSIONS, LIMITATIONS, AND IMPLICATIONS**

### **5.1 Conclusions**

This research set out to examine whether environmental responsibility within Corporate Social Responsibility (CSR) should be understood primarily as a reflection of ethical conviction or as an unavoidable business obligation. Using H&M as a case study, the analysis reveals a nuanced reality in which both forces are at work.

On the surface, H&M's sustainability portfolio — including the *Conscious Collection*, garment recycling schemes, climate-positive pledges, and a stated commitment to use only sustainable or recycled materials by 2030 — presents a narrative of proactive ethical leadership. These initiatives are framed as voluntary actions taken in the interest of environmental stewardship, suggesting that the brand aspires to go beyond what the law demands.

Yet, evidence from independent investigations, NGO reports, and critical academic studies paints a more complex picture. While certain improvements are undeniable, many of the company's headline initiatives have been criticised for overstating their impact or for failing to address the root causes of environmental harm in fast fashion — namely, overproduction and

accelerated consumption cycles. The gap between ambition and outcome indicates that H&M's sustainability work is influenced as much by brand management and regulatory foresight as by a sincere desire to reduce ecological harm.

This finding complicates the notion of CSR as a purely ethical undertaking. In practice, the motivations appear intertwined: ethics provide a moral rationale that enhances public appeal, while obligation — in the form of compliance with existing and anticipated regulations — ensures legal and operational security. The result is a hybrid form of CSR where genuine environmental commitments coexist with strategic, self-protective measures.

From a broader perspective, the H&M case exemplifies a systemic challenge faced by the fast fashion industry as a whole. True environmental responsibility cannot be achieved solely through material substitutions, recycling programs, or carbon-reduction pledges if these are layered on top of a high-volume, trend-driven business model. Without rethinking the underlying production and consumption logic, such measures risk being perceived as partial solutions at best, or as deliberate greenwashing at worst.

Ultimately, this study underscores the importance of critically evaluating CSR claims, especially in industries where structural contradictions between profitability and sustainability remain unresolved. For companies like H&M, the path to genuine environmental responsibility may require not only more ambitious targets but also a willingness to fundamentally alter how fashion is designed, produced, and consumed.

## 5.2 Limitations

While this study provides valuable insights, several limitations should be acknowledged:

1. **Case-specific focus** – The analysis is based solely on H&M's operations, which may not reflect the practices of all fashion retailers.
2. **Secondary data dependency** – Much of the evidence comes from publicly available reports, independent investigations, and academic studies. This reliance on secondary data limits the ability to verify claims firsthand.
3. **Dynamic policy environment** – Regulatory changes, especially in the EU, are ongoing and may alter the ethical obligation balance in future CSR strategies.

4. **Consumer perception gap** – The study does not include primary research into consumer attitudes, which could provide richer insights into the real reputational impact of H&M's CSR practices.

### 5.3 Implications for Practice

The findings offer several practical implications for corporate managers, policymakers, and stakeholders:

- **For Corporate Managers** – CSR communication must be transparent and backed by verifiable metrics. Aligning sustainability claims with measurable outcomes reduces the risk of greenwashing allegations and builds long-term trust.
- **For Policymakers** – Regulatory frameworks like the CSRD should include clear guidelines for sustainability reporting in fashion to prevent misleading marketing. Stronger enforcement mechanisms can bridge the ethics–obligation gap.
- **For Investors** – Environmental, Social, and Governance (ESG) metrics should be scrutinized beyond self-reported data. Investors can influence companies by prioritizing transparency and genuine impact in their portfolios.
- **For NGOs and Advocacy Groups** – Continuous monitoring of corporate environmental performance is essential to hold companies accountable and push them toward more substantive changes.

### 5.4 Future Scope of Work

Future research could expand in several directions:

- **Comparative Studies** – Examining multiple fast-fashion brands would allow for cross-case analysis of CSR strategies and their effectiveness.
- **Primary Data Collection** – Surveys or interviews with consumers, employees, and supply chain partners could provide a more nuanced understanding of CSR's ethical versus obligatory motivations.
- **Longitudinal Analysis** – Tracking a company's sustainability performance over time can reveal whether commitments translate into long-term change or fade as public attention shifts.

- **Impact Assessment Models** – Developing standardized tools to measure the real environmental benefits of CSR initiatives could help differentiate genuine progress from symbolic actions.

By integrating these future research avenues, scholars and practitioners can better assess whether CSR in environmental responsibility is a deeply held corporate value or merely a strategic response to external pressures.

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