

# **Communication Through CSR: Is It Sustainable?**

## **- The Case of H&M**

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### **TEACHING NOTES**

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The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

# Teaching Plan

The teaching plan is designed to assist and support the instructor when presenting the case to the students. The learning outcomes are described in detail and linked to the case issues and relevant literature. The main learning objectives are further summarized in a step-by-step circular figure (5), explaining the case-solving process and what learning objective(s) each step represents. The instructor is also provided with a suggestion on how to present the case in an interactive manner, including several discussion questions and a detailed time- and board plan. This teaching plan will thus serve as a guide on how to, in the most effective way, reach the main objectives of this case study.

## Case Synopsis

The H&M Group has through several campaigns clearly shown that it is a corporate organization working extensively with CSR and sustainability. This might also have been their fallback, with media constantly trying to find ways to prove them wrong. Literature has stated that the more companies emphasize a commitment to CSR, the more critical attention they draw, and the more people may think they are trying to hide something (Roper & Fill, 2012). This has certainly been confirmed in the case of the H&M Group, as media has regularly criticized their poor working conditions, safety violations, child labour and other CSR-related issues dating more than 20 years back. The H&M Group has reacted to the incidents in different ways, going from being vague, then defensive, transparent, and lastly working in an interactive way. The issue lies in that the media criticisms keep coming back as seen in the action/reaction plan, disrupting the image of the H&M Group each time. Even though the company is doing well today, there is a risk that repeated negative media exposure would hit the brand essence and cause serious damage of the H&M Group's reputation. Therefore, there is a question of what H&M as a corporate should do, in order to cope with this situation.

## Learning Objectives

By presenting the case of H&M Group and their communication- and marketing activities regarding Corporate Social Responsibility, there are a couple of learning outcomes which are presented in the following part. The case audience will have the opportunity to reflect upon and discuss various aspects of corporate brand- and reputation management. The H&M Group's complex situation, and the reflection on their communication strategy, allows for this broad debate, including understanding the current situation and image, learning from past actions, the subject of corporate reputation, as well as managerial decisions. In its essence, the main objective is to learn how to successfully adjust one's corporate CSR communication to the business.

## Corporate Brand Management and Corporate Social Responsibility

Corporate brand management, focusing on the whole organisation rather than the products as in product brand management, has been argued to be the new way of branding. One argument is that all stakeholders, not just customers, are important to consider as they all contribute to the reputation of an organisation. Further, it can be cost effective in terms of marketing communications, as the corporate acts as an umbrella covering all brands (Roper & Fill, 2012).

The use of CSR can have different backgrounds and reasons. Porter and Kramer (2006) identified them as *Moral obligations*, *Sustainability*, *License to operate* and *Reputation*. When looking at the case of H&M Group and their use of CSR, a reputational background can be identified. Companies are increasingly using CSR for building or improving their corporate reputation. Especially in recent years CSR has become an important tool to create reputational capital with stakeholders and build trust between customers and companies (Hur, Kim and Woo, 2014). In addition, the competitive advantages that can be created through a successful CSR strategy are pointed out several times in corporate reputation management literature (Roper & Fill, 2012). As H&M Group clearly states that they want to be in the leading role when it comes to CSR in the fast-fashion industry and promote it in campaigns, the aspect of building reputation and therefore competitive advantages can be identified as the main reason H&M Group follows a CSR strategy.

The strong communication of CSR can also bring risks for a company and their reputation. Ashforth and Gibbs (1990) state that the more a company talks about CSR the more it can also be criticized by not living up to the expectations they create. In addition to that, an outstanding communication of CSR can by customers and other stakeholders be interpreted as a tool for trying to hide something (Brown & Dacin, 1997). It is important for a company to keep in mind that there are risks when it comes to CSR and to plan ahead of it. H&M had to face different incidents, which endangered their reputation and were connected to CSR. The communication, action and the reactions after the incidents are showing a lot about the true meaning behind a CSR strategy of a company.

### Crisis Management

If following the rules of crisis management by Greyser (2009), authenticity is the most important factor in order to keep the trust and brand loyalty of stakeholders. He defines four contexts of authenticity and argues that communications play a major role within all four of them. What connects them is the importance of substance. The four contexts are: *Talking authentic*, which is the actual communication; *Being authentic*, the corporate behaviour based on the core values; *Staying authentic*, referring to the stewardship of the core values, and lastly *Defending authenticity*, linked to times of crises and the conditions for the corporate to handle it. The more trust the corporate has generated over time, the stronger “reputational reservoir” the organisation has built up and the easier it is to overcome crises (Greyser, 2009). Reflecting upon where H&M is situated in terms of perceived authenticity of the stakeholders and the strength of their reputational reservoir is a key in understanding their situation and how to handle it.

## The Corporate Brand Identity and Reputation Matrix

The Corporate Brand Identity Matrix (CBIM) regroups different elements that are necessary in order to understand the connection from the theory of brand management with its practical issues. The CBIM was created in 2013 by Mats Urde and expanded to the CBIRM in 2016 by himself and Stephen A. Greyser. The CBIM is an attempt to structure, describe and integrate nine 'brand identity elements' into a three-by-three matrix (Urde, 2013). The nine 'brand identity elements' are: *the mission & vision, the culture, the competences, the personality, the position, the relationships, the value proposition, the expression and the core*. Furthermore, the matrix is divided into three sections: Internal elements (lowest row), internal & external elements (middle row) and the external elements (highest row) (see figure 1). This matrix has the specificity to interconnect all its elements and hence form an organised entity, where the content of each element reflects that of the others, keeping the core as the centre square of the framework (Urde, 2013).

The CBIM initially differs from other corporate brand frameworks by having a core as a structural hub. However, it does not include the reputation or the communication dimensions (Urde, 2013). This is the reason why the CBIRM was created in order to reinforce the framework of elements and linkages (Urde & Greyser, 2016). It is intended to serve as a tool for an organisation's management of its corporate brand identity and reputation, including communications. By identifying the perceived view of the corporate, eventual gaps between the identity and reputation can be identified and thus be bridged. The additional elements of the CBIRM are linked to each previous elements of the CBIM as it can be seen on figure 1 below:

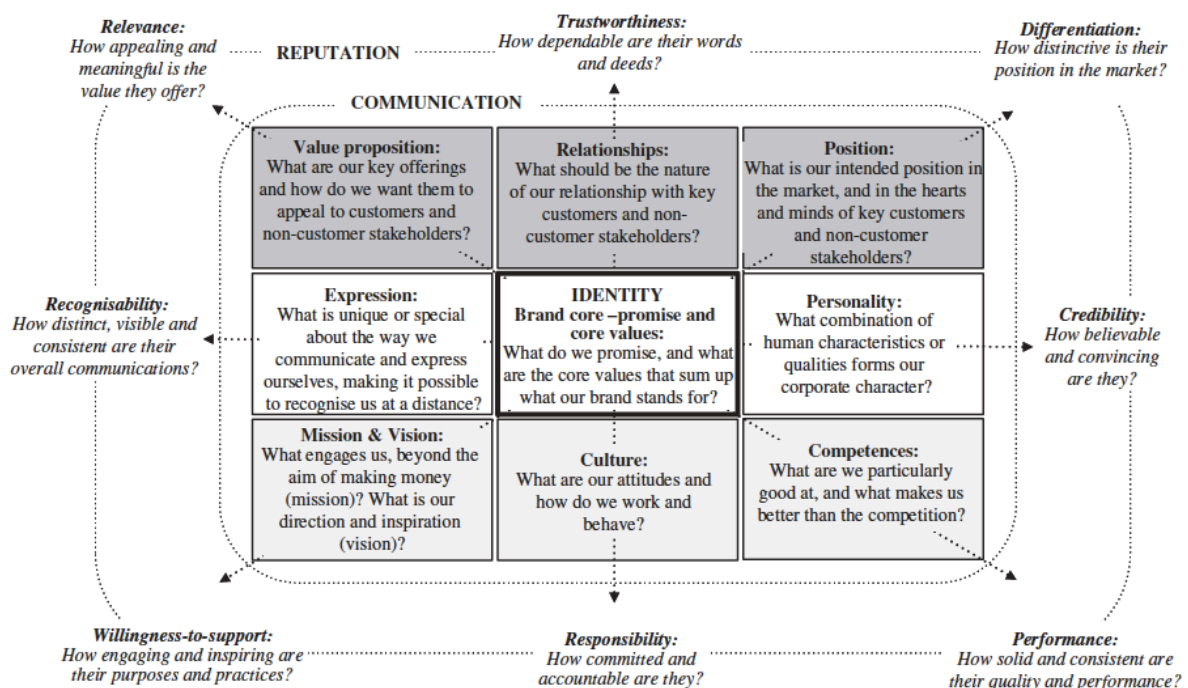


Figure 1: The Corporate Brand Identity and Reputation Matrix (Urde & Greyser, 2016)

H&M Group claims to be a sustainable corporate, however the reputation of a corporate brand like H&M is influenced by multiple internal and external stakeholders' perceptions, such as the customers, the H&M community, the investors, and their employees. Furthermore, the corporate brand reputation of H&M is closely related to the image concept, with reputation being an accumulation of images over time. In that case the diverse scandals are considered as damaging for H&M's general reputation. Nevertheless, Corporate brand reputation is most strongly influenced by corporate behaviour, and therefore a brand's image may change more rapidly than its reputation. Lastly, In order to avoid "identity and reputation mismatches" H&M has to ask themselves the following questions: what is H&M, what does H&M say it is, what do the customers think it is?

### *Summary*

The learning outcomes can be summarized into the three theoretical categories CSR, Crisis Management and CBIRM. Firstly, we want the audience to get an understanding of the deep links between corporate reputation and CSR activities. A positive aspect is that CSR can lead to competitive advantages, brand awareness and brand equity; it can increase sales and customer loyalty and a positive reputation. On the contrary, communicating CSR in a promotional way can put pressure on the corporate due to the focus stakeholders put on the CSR activities. Organisations with CSR communication are in the spotlight and therefore have to handle criticism and crises more often. Secondly, corporates have to be aware of their perceived authenticity and reputational reservoir in order to handle crises without losing trust and loyalty or appear as liars. Lastly, and perhaps the most important learning outcome is to understand the CBIRM and how it can be used as a tool in crisis management.

## Discussion Questions

The following questions will help guiding the discussion and are relevant for this case. They are divided into one main question and three assisting questions. The assisting questions will help guiding throughout the discussion in order to trigger the audience.

### Main Question:

- *What CSR communication strategy should H&M Group have in consideration to The Situation?*

### Assisting Questions:

- *What influence would it have if we speak less about sustainability (to seem more realistic/keep the media critics away)?*
- *What influence would it have if we speak more about sustainability (to be ahead of media)?*
- *What influence does it have that H&M Group is only communicating CSR through H&M and not the other daughter brands?*

## Teaching Suggestions

The following chapter will guide through the process of how to present and teach the case in front of an audience. A time plan to demonstrate the structure of the presentation as well as a board plan to present how the white board could look like and what methods could be used to capture the results of the discussion will be provided.

First of all, the presenter needs to make sure to use different media to keep the presentation diversified and interactive. Therefore, it is recommended to combine a PowerPoint presentation and the whiteboard as tools. The suggested presentation starts with a quick introduction of H&M to give the background information needed. After that, the CBIM of H&M (Urde, 2013) is presented on the whiteboard (will be prepared beforehand) and the audience is asked to add the reputational elements to transform it into the CBIRM (Urde & Greyser, 2016). Potential answers for the reputational elements are also prepared beforehand and can be found under potential current reputation below this chapter (figure 2) to guide the discussion. At this point the audience has not yet been informed about the action/reaction plan to capture their uninfluenced opinions and perceptions. This process is done to demonstrate the actual consumer perspective of the reputation of H&M, and everything is demonstrated on the whiteboard. Afterwards the CBIRM with the ideal reputational elements is shown on the PowerPoint presentation (see figure 3). After the CBIRM part is concluded the instructor will present one incident of H&M, where the lack of CSR can be observed. Afterwards the theoretical tool of the action and reaction plan will be demonstrated. The plan should be presented in the form of a

quick but detailed enough summary so that the audience understands how the reactions of H&M developed.

Before the case discussion starts the audience has the chance for final questions in terms of the case background. This is followed by the presentation of the main discussion question. The question should be visible on the PowerPoint presentation throughout the whole discussion phase. The debate is guided by the instructor to maintain effective discussion and to make sure the conversation keeps going but without taking sides or giving opinions him/herself. To change perspectives and give the class more input for a deeper and on-going discussion the initiatives of H&M regarding sustainability are not presented until after a short while. The assisting questions can also be used later on by the instructor in case the discussion gets stuck.

The class will not be divided into groups so everyone in the audience will be included in the discussion from the same point of view. Nevertheless, if the discussion will develop into two clearly contradictory opinions the instructor should spontaneously decide to split class and let them debate against each other.

To conclude the whole discussion the main points will be written down on the second whiteboard using the discussion tool of challenges, alternatives and actions. The tool includes dividing the whiteboard into three columns respectively, where the instructor has the task of documenting the audience's discussion in terms of the challenges of H&M Group (column 1), the alternatives (column 2) and the actions that should be taken (column 3). Finally, the raise your hand principle will be applied on the audience to come to a democratic decision to answer the concluding questions, which are the following:

1. *Should H&M Group communicate more or less about their CSR activities?*
2. *Should H&M Group communicate through the brands or only the H&M brand?*

Making sure that the audience understands that the concluding questions should guide towards answering the main question. If any aspect of the CSR communication strategy arises during the debate that is not covered by the two concluding questions, they should be added as well. The management decision of the external consultancy agency will be presented for the audience at the end to close the case and to compare with the audience results.

In the following figures the CBIRM of H&M Group are presented in two parts: First with "proposed current reputation" that can be used by the instructor to give input if the audience does not move forward with ideas in the discussion. The second figure portrays the ideal CBIRM, where reputation matches identity perfectly.

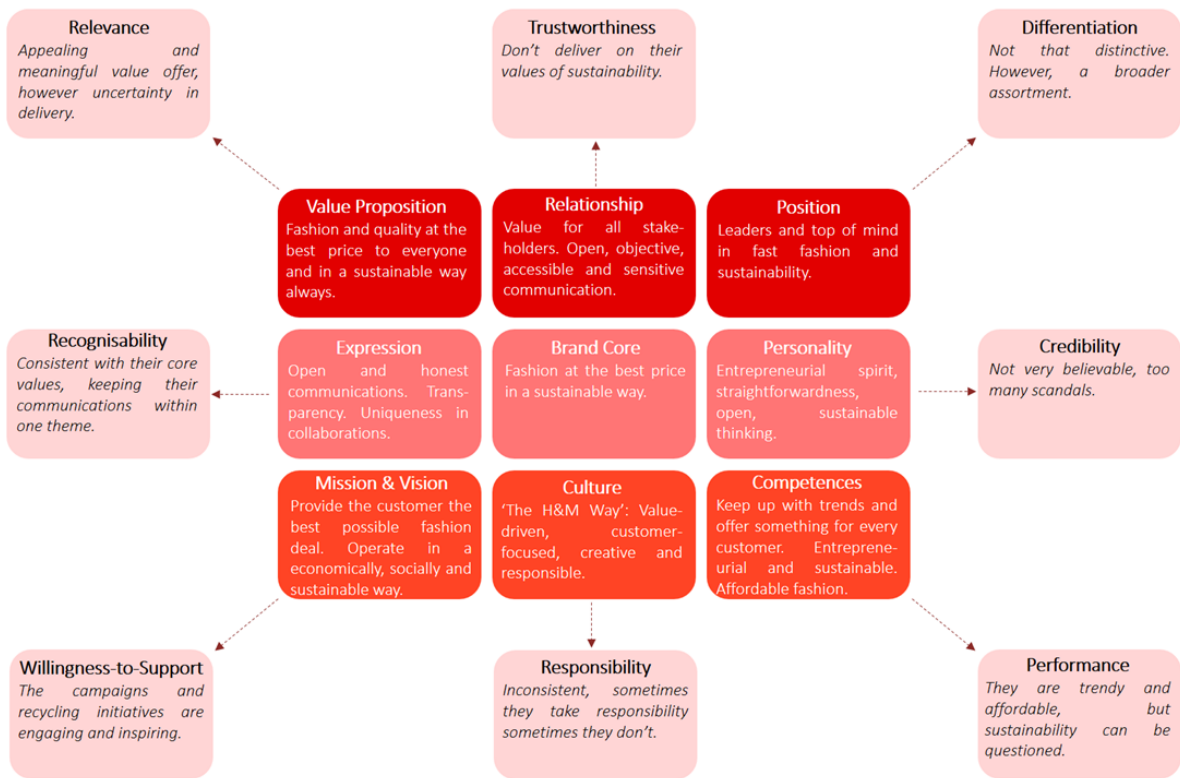


Figure 2: The proposed current CBIRM (with backup reputational elements)

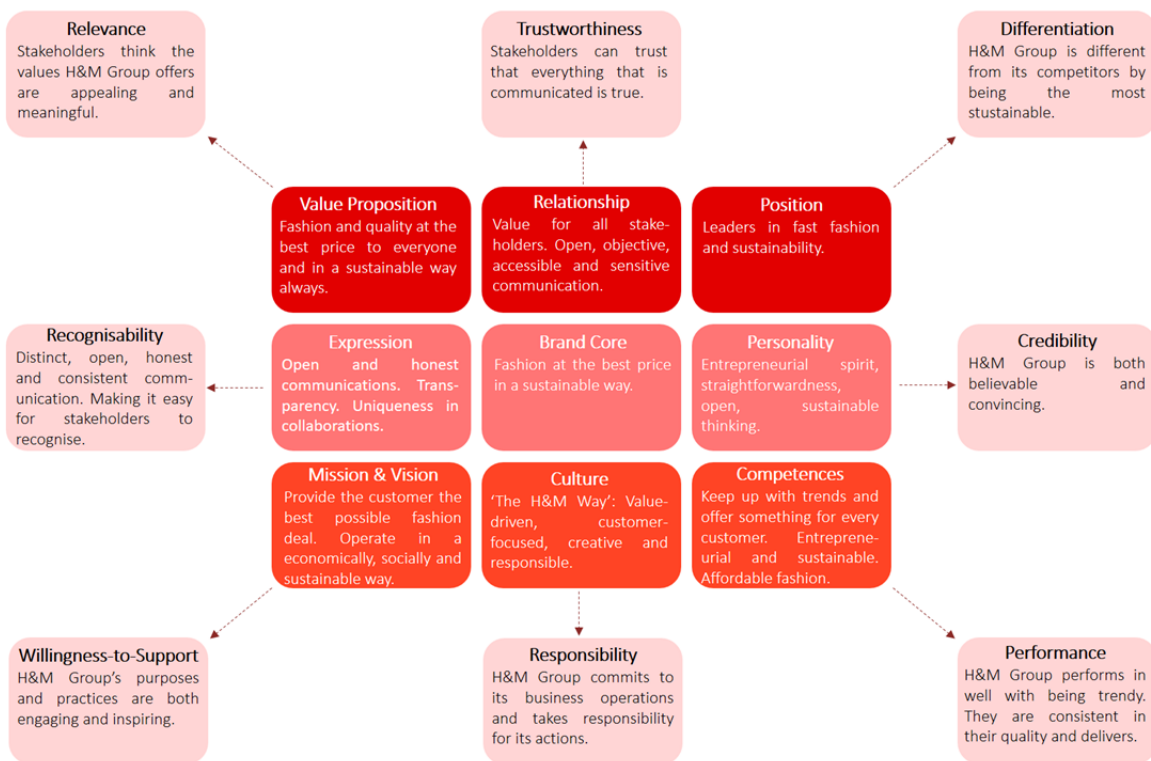


Figure 3: H&M Group's ideal CBIRM



## Time Plan

In order to make sure that there will be enough time attributed to each of the teaching sections a structured time plan is needed (see figure 4). Moreover, in complementary with the teaching suggestions it is important to provide precise information of the time allocation in order for the audience as well as for the instructor to keep an overview of the available time frame. With awareness of that the total time given for the case presentation can vary, the percentages of each part are presented in the time plan (see figure 4). However, based on a hypothesis that the presentation will last for 2 hours, the time allocation will look as follows:

In the first section (1) the H&M case will be introduced through the CBIM for about 18 minutes. After this brief introduction, the class will be asked to provide the current reputational elements of the H&M Group (2) as an extension of the CBIM with the CBIRM. Moreover, the ideal CBIRM will be prepared beforehand by the instructor and projected on the PowerPoint briefly after. This second part is intended to take around 18 minutes as well.

Now that the foundation for the discussion has been set and the explanations needed shown, the case discussion will be ready to start and final questions to the case will be answered. In order to start the discussion, the instructor will present one incident from the action/reaction plan more in detail (3). The action/reaction plan will quickly be previewed and as the discussion develops, initiatives of H&M Group resolving the different “scandals” within the action/reaction plan will be thrown into the discussion to keep the fire going. This part is planned to take 48 minutes. After the discussion, the class (and the instructor) will present the outcome of the discussion and the managerial decisions according to the questions and sub-questions presented in the beginning (4). This last part will take about 36 minutes.

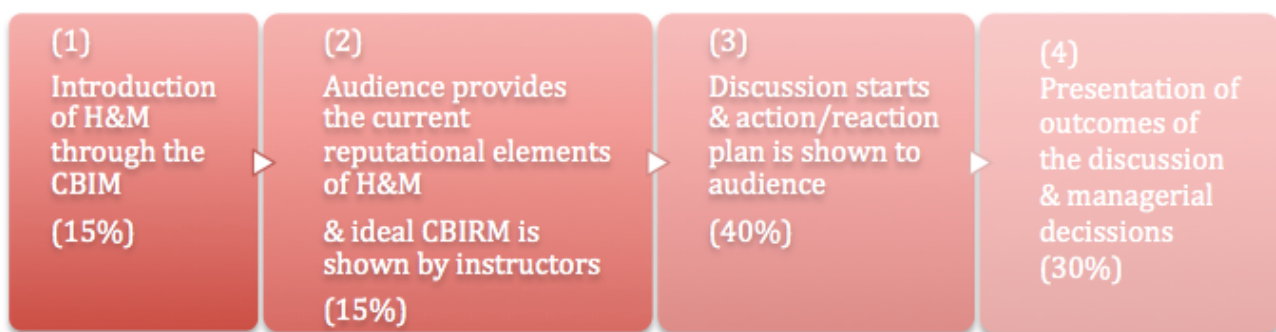


Figure 4: Time Plan

## Board Plan

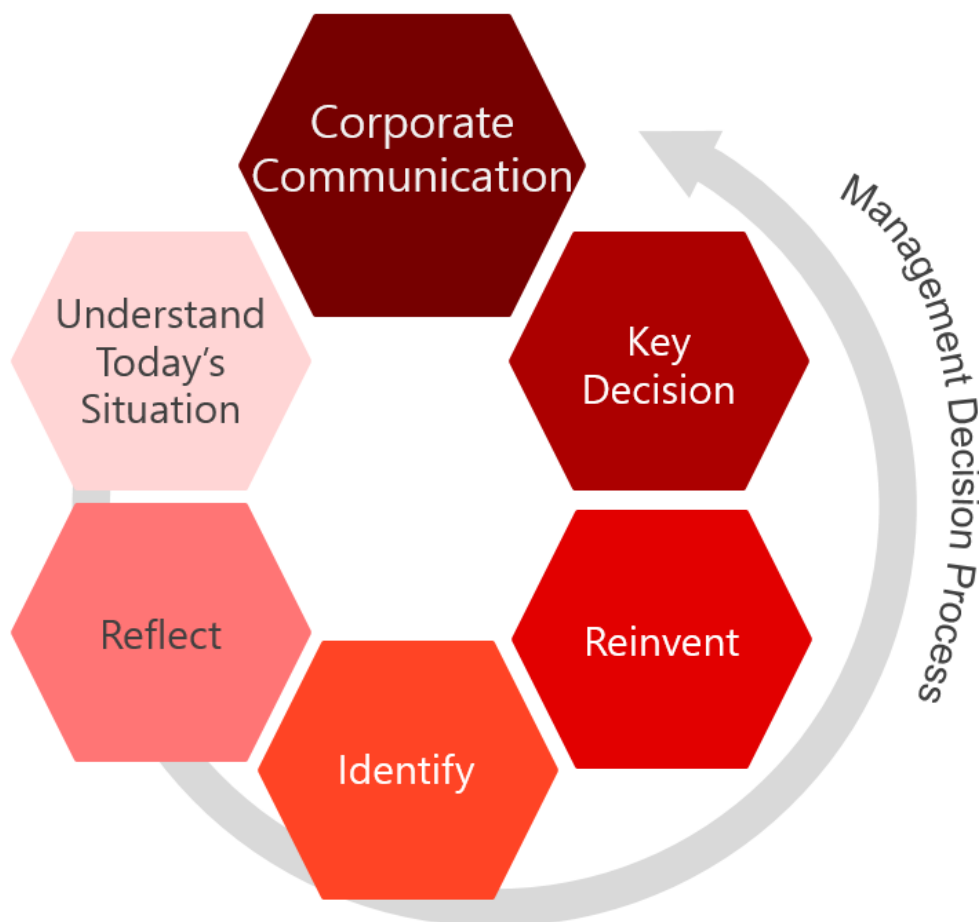
Both boards will be used during the presentation. On the right board the CBIRM of H&M will be presented (only the identity will be shown, the audience has to fill out the reputational elements as they are perceived now by the stakeholders, see figure 2). The left board will be split in two sections. In the first section, the

comments will be written down during the case discussion within the three different sections: Challenges (1), Alternatives (2) and Action plan (3). Furthermore, since the case is an open case, the second section of the board will be used to write down the managerial decisions to be taken at the end of the case, according to the concluding questions:

- *Should the H&M Group communicate more or less about their CSR activities?*
- *Should H&M Group communicate through the brands or only the H&M brands?*

## Overview of Key Learnings

To make the case discussion clear and structured, a visual process has been developed as presented in figure 5. It is a six-step process and represents each aspect of the case, including the main question to tackle as reflected in theory, theoretical learnings and the development of the case. Important to note, the questions should *not* be stated by the instructor but rather engaged in by the audience through the case discussion. The questions should instead be treated as an assisting tool for the instructor to understand what the key theoretical takeaways are.



*Figure 5: Case structure - The Management Decision Process*

The process both starts and ends at the top with *Corporate Communication*, this should be acknowledged, as it is the adjustment of the current communication to the future one. However, the H&M lecture case starts at (1) *Understand Today's Situation*: in this step the audience will tackle 'How are stakeholders perceiving the corporate brand?'. Doing this, the reputational aspect of the CBIRM is reviewed. The case action at this point is for the audience to fill out the reputation of the H&M Group in the CBIRM. Next step is (2) *Reflect*: the case discussion should revolve around 'How has the corporate brand acted previously?' and the aspect of reputational reservoir, by showing the ideal reputation and compare it to the action/reaction map of the H&M Group. The focus should be on the reaction to 'see the gaps'. The next step is closely related; (3) *Identify*: here the audience should answer 'what' the reputational gaps are reflecting upon once again the CBIRM of H&M Group and any misalignments. The case step will be to discuss the action/reaction map based on the developed CBIRM of H&M Group's current situation.

Step four and five also go hand-in-hand, these steps revolve around the main case debate with the challenges, alternatives, and actions discussion tool. (4) *Reinvent*: this is the step that answers 'what challenges and alternatives do we have?', using all literature relevant for the case: including CSR, communication, reputation and crisis management. Naturally, the case action will be step one and two of the discussion tool. While the third step of the discussion tool will be the case action in stage (5) *Key Decision*. Likewise, this stage reflects upon all relevant literature while answering 'what actions should be taken?'.

Lastly, (6) *Corporate Communication*: all theoretical takeaways should compound into the concluding questions to be answered. The audience will vote in order to make these decisions. Thus, the main question will be answered and the circle is complete.

## Epilogue

The aim of this case is to understand the influence of reputation on the brand perception in order to reduce the mismatch between how the H&M Group is viewed and how they see themselves. Interestingly, this case is an open case and as we (the case authors) do not have the right answer or the right way to "act", an inspiring discussion can be created and innovative ideas can be exchanged during the discussion. This case shows the importance of the right communication strategy especially when it comes to highly discussed topics like CSR. Furthermore, from a managerial point of view, helping companies from every kind with the implementation and communication of their CSR strategy is a general management topic that every company should take into consideration. Therefore, this case can be used as an example for other companies and is seen as an evergreen when it comes to communication strategies of CSR. However, it is not only about taking CSR into account for every step taken by the company, but also following up with the brand's reputation, in relation to CSR actions.

## Reflection

In the course Corporate Brand Management and Reputation (BUSN35) taught by professor Mats Urde in the Master's program International Marketing and Brand Management, the students were asked to write their own case based on a real business problem.

We (a group of four students) chose the case of the fashion retailer H&M Group and their communication regarding CSR. The interesting part of this case was that the expectation of brands usually is to emphasise their CSR activities, but in the case of H&M we felt that there might be a need to talk less about it. To look at a well-known concept like CSR communication from a different angle provided us with new insights into the field of CSR. In addition, the change of perspective from student to instructor and case writer was an exciting and challenging experience that opened up new ways of thinking for us. To put ourselves in the shoes of the audience made us reflect upon issues in a different way, for example possible scenarios of the discussion and how to cope with them. The aim was to present the case in a way that would be as interesting and diversified as possible for the audience. Therefore, the combination of theory with practical, real-life issues and the development of precise questions to secure an on-going and vibrant discussion was necessary. Moreover, the solution is sometimes not to constantly move forward, but more, to take a step back to reflect in order to progress. This learning is also visualized in the circular figure (5) that starts with the corporate communication, but also ends there. It shows that there is a need to step back and evaluate the current situation in order to move forward; it is surely an on-going circular process.

All in all, those presented points can be reflected on as the most important and insightful learning outcomes for us while developing this case. Lastly, the biggest challenge can be identified as the openness of the case, which means that there was no management decision yet and we had to come up with our own decision based on the case background and the theory we reflected upon.

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