

# Institutional Theory & Corporate Social Responsibility: A comparative case study on ESG integration, Ethical disclosure and ESG Risk of Unilever and Boohoo

Samira Iltaf  
Pavan Chakravarthula  
Birmingham City University

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## Keywords

Corporate Social Responsibility (CSR), Institutional Theory, Corporate Governance, Environmental, Social and Governance (ESG), Symbolic Vs Substantive CSR, Ethical Business Practices, Corporate Financial Performance, Stakeholder Trust.

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## Abstract

Amid the growing demand for transparency in corporate reporting globally, companies started using Corporate Social Responsibility as a strategic mechanism for fostering stakeholder trust and achieving long-term sustainability. This study adopts a comparative case study approach to critically examine how companies are leveraging their CSR narratives to win trust and secure institutional investment. Focusing on Unilever and Boohoo, the research examines the CSR integration and its authenticity with the company's actual practices. A genuine alignment of CSR with operational conduct exemplifies the creation of social value. Whereas questions posed on the credibility of a company's ethical claims, public commitments, and social responsibility act as a destroyer of the company's value. Drawing on Institutional Theory, the research applies normative, coercive, and mimetic pressures to assess the influence of institutional expectations on corporate behaviour. The study employs qualitative methods, analysing secondary data, to explore the relationship between CSR communication, Corporate Governance policies, and actual practices. The study offers critical insights into a transparent integration of CSR into a company's strategy and operational practices for investors, scholars and regulators interested in CSR accountability. The study followed a case study approach which revealed that Unilever demonstrated substantive CSR engagement whereas Boohoo exhibits symbolic CSR practices. This resulted in higher ESG score and lower ESG risk metrics of Unilever with a positive correlation between their CSR practices and improved corporate financial performance. In Boohoo, despite their policies and efforts to improve ESG rankings, the financial performance has declined over the period of last five years demonstrating the nature of their CSR practices and lack of alignment of the same with operational practices and corporate strategy. The research contributes to the discourse on institutional legitimacy and CSR authenticity offering critical insights for corporations, investors, regulators, and academics interested in transparent CSR practices and integration of the same into corporate strategy and governance.

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## Introduction

Corporate Social Responsibility (CSR) remains one of the most discussed and contested evolving topics in corporate world. According to Okoye, (2009), there is no universally accepted definition of CSR although it is widely agreed as a broad phenomenon that reviews environmental suitability, legal compliance, and workforce rights related to human welfare for internal and external stakeholders (Blowfield and Dolan, 2008). CSR has evolved over the years and has become an essential element of modern business strategy, encompassing distinct themes, domains, and geographic locations globally (Waheed and Yang, 2019). There has been a growing demand for transparency in financial reporting and decision-making among stakeholders and therefore the notion of organisations making positive contributions to society has gained considerable impact over the past few decades (Lee, 2008). Society nowadays expects organisations to go beyond profit-making and act responsibly towards the environment, economy, and society. For example, stakeholders' expectations include being socially engaged with authentic contributions and not just "greenwashing" (Delmas and Burbano, 2011), ethical

supply chains rather than unethical labour practices, and consumers' informed choices rather than mistrust and deception leading to the distortion (New, 2021). Stakeholder expectations have become a global challenge in the realm of corporate governance and financial reporting, and organisations are facing regulatory pressures. Also, stakeholder demand is increasing towards greater accountability and transparency with CSR disclosures forming heart of non-financial reporting (Ginige et al., 2018). In the UK, there are growing concerns about institutional environments regarding sustainability, labour practices, and social impact stemming from both individual actions and institutional behaviours.

Embedding Corporate Social Responsibility helps companies build a positive corporate image for businesses that operate within a framework that creates sustainability of operations and supports achieving long-term success. Therefore, every organisation is in some way, or another involved in CSR activities to win both internal and external stakeholder trust (Skudiene and Auruskeviciene, 2012). Institutional legitimacy and ethical behaviour are interlinked, steering the need for rigorous professional scrutiny within the field of accounting. Institutional theory provides a framework that highlights the external expectations and the adapted structures, policies, and practices which is adopted by organisations in response to external expectations. The institutional theory framework provides a valuable lens to understand the influence of social, cultural, and regulatory expectations around CSR disclosure and ethical accountability for organisations (Scapens and Varoutsas, 2010). The theory argues that organisations do not operate by free will but instead are subject to institutional forces that push them towards adopting these structures, norms, and behaviours (DiMaggio and Powell, 1983). According to the institutional theory, organisations often adopt CSR into their core business strategy to meet external expectations to gain legitimacy, mitigate risk, and align with expectations of regulators, stakeholders, investors, and society rather than a genuine commitment towards ethical conviction (Marquis, et al., 2017). While some organisations genuinely embed an ethical culture and integrate these principles within their operations, others may only engage in 'decoupling' practices, where policies may only exist to window dress with little impact on their business operations (Ginige et al., 2018).

This study aims to critically evaluate the environmental, social and governance (ESG) principles and practices disclosed and operationalised in two UK consumer companies, Unilever PLC and Boohoo Group PLC. The extent to which these practices are integrated into the operations and strategy defines the nature of their CSR practices such as symbolic and substantive ESG practices. Grounded in institutional theory, this paper investigates motivations behind CSR disclosures and evaluates the extent to which Boohoo and Unilever align their practices to non-financial reporting. The analysis contributes to the broader disclosures on CSR authenticity, institutional legitimacy and the role of embedding ESG in shaping corporate brand identity.

### Research Questions:

To achieve the primary research aim, the following Research Questions have been developed.

1. *How do Unilever and Boohoo align their CSR policies with operational practices, and what does this reveal about their authentic CSR engagement?*
2. *What is the relationship between symbolic versus substantive CSR practices and ESG performance outcomes in Unilever and Boohoo as interpreted through Institutional Theory?*
3. *What is the relationship between ESG ranking and Corporate Financial Performance in Boohoo and Unilever, and how does this reflect integration of CSR practices in their business model?*
4. *To what extent do discrepancies between CSR communication and corporate governance practices influence stakeholders trust and investor behaviour?*

### Literature Review

Institutional influences on CSR policies and practices have been widely examined in scholarly discourse. Campbell (2007) provides empirical evidence for institutional theory and argued that an institutional framework can lead to a strong socially responsible corporate behaviour. Bansal (2005), through a longitudinal study on Canadian firms highlighted that organisations engage in CSR for ethical and regulatory reasons in early stages, but resource-based capabilities drive their CSR practices to institutional adaption over time. Margolis and Walsh (2003) conducted a meta-analysis of 100 empirical studies to explore the relation between corporate social performance (CSP) and corporate financial

performance (CFP). While acknowledging the primary focus on the profitability as a prerequisite for CSR, they argued that corporates bear a broader social responsibility and address human needs beyond financial imperatives. Maignan and Ralston (2002) highlighted the impact of national and cultural contexts on CSR practices with a comparative analysis of US and European firms. Their study revealed that U.S. firms predominantly emphasize legal, regulatory and economic responsibilities whereas European firms are more inclined towards Stakeholder-oriented approaches. They called for greater attention to institutional mechanisms suggesting that corporations are required to adapt CSR practices to meet legitimate demands of stakeholders particularly regulators. Marquis et al. (2017) further reinforced this view by emphasizing the strategic integration of stakeholders and institutional pressures with corporate behaviour and reporting practices. On the one hand, Waddock and Graves (1997), through a regression analysis, found that an increase in corporate financial performance was positively associated with an increase in corporate social responsibility. Whereas McWilliams and Siegel (2000) argue that CSR is an investment and found no positive or negative significance between firm-specific characteristics. Organisations tend to adopt structures and practices to gain legitimacy within their social, cultural, and regulatory environments (Scott, 2014). Although processes and mechanisms that influence the CSR behaviours of organisations have been studied over time, little is known about the effectiveness of CSR practices (Yin, 2017) and its impact on corporate financial performance (McWilliams and Siegel, 2000).

### **Institutional theory**

Institutional theory offers invaluable insights into how organisations become institutionalised (Aronson and LaFont, 2022) and three key mechanisms coercive, normative and mimetic pressures influence organisations to align their financial and non-financial reporting practices with stakeholder expectations (Dimaggio and Powell, 1983). Coercive pressures arise from legal and regulatory requirements, government policies that compel organisations to comply with certain standards such as compliance with Modern Slavery Act etc. Normative pressures are driven by industry standards and societal expectations. These encourage organisations to go beyond compliance and align their practices with ethically appropriate CSR initiatives that reflect in sustainability, social justice and equity (Schons and Steinmeier, 2016). The third set of pressures known as mimetic pressures emerge in times of uncertainty, where organisations imitate practices of perceived leaders or industry benchmarks to gain legitimacy and continue to be competitive in markets. This form of institutional isomorphism leads firms to replicate CSR strategies that are seen as successful or reputable within their industry, even if the adoption is more symbolic than substantive (David et al., 2019). Together, these institutional forces shape how organisations conceptualise and implement CSR, influencing whether their engagement is authentic or strategically motivated to secure legitimacy (Scott, 2008). Systematic reviews over time have found that organisational regulatory or stakeholder demands tend to improve reportage, but such enrichments are not always accompanied by ethical practices (Unerman and Bennett, 2004).

According to Gray et al., (1995) accounting plays a critical role in CSR disclosure, enabling standardisation, comparability, and accountability. The development of integrated reporting frameworks, such as the Global Reporting Initiative (GRI), allows stakeholders to understand how the organisation is meeting social and environmental responsibilities. There is the International Integrated Reporting Council (IIRC), which promotes a framework going beyond financial and non-financial metrics (Eccles and Krzus, 2014). Conversely, Rinaldi et al., (2018) argue that these frameworks may facilitate impression management if not braced by independent assurance and rigorous internal processes, then it can lead to the discovery of a gap between the organisational impression and its true reality (Simnett and Huggins, 2015). Integrated reporting has often emphasised the stakeholder dialogue and materiality, yet critics have argued that CSR disclosures generally overemphasise positive impacts while moderating other factors such as risks and grievances (Michelon et al., 2015).

### **Symbolic vs Substantive CSR Initiatives**

Existing literature exhibits a distinguishing theme between symbolic and substantive Corporate Social Responsibility practices (Schons and Steinmeier, 2016). Symbolic CSR involves superficial and performative activities that are often limited to reporting whereas substantive CSR reveals the real changes

in an organisation's processes and its outcomes. Marquis et al., (2007), extend institutional theory by arguing that these policies are also shaped by local community-level pressures in order to gain legitimacy. It is stated that symbolic practices are often seen as satisfying external stakeholder expectations by performing highly visible actions whilst having a lower impact, in contrast, substantive practices embed ethical values within decision-making within their organisational culture (Schuman, 1995). Porter and Kramer (2006) introduced the concept of "Creating Shared Value" where companies enhance competitiveness and advance social and economic conditions in the communities in which they operate. Empirical studies have highlighted that leading multinational organisations, especially those with a history of sustainability, tend to demonstrate more substantive CSR, likely due to stronger internal governance and stakeholder integration. Eccles et al., (2014) contribute to the literature by providing strong empirical evidence through a study on 90 US firms over an 18-year period, concluding that high sustainability firms outperformed low sustainability firms in stock market and resulted in higher organisational performance.

CSR regulation has evolved through a combination of mandatory requirements, one being the institutional investors' codes, where environmental, social, and governance (ESG) factors are integrated to not only evaluate an organisation's financial performance but environmental impact too. Professional accountancy bodies are advocating ethical accounting within their ongoing training (Gray, 2010). Clarkson et al., (2008) state that UK firms often engage in greenwashing or selective disclosure, which is evident through scholarly research. This indicates a structural misalignment, where demands push for transparency, and where many organisations practice symbolic compliance rather than substantive change. Thus, Humphrey et al., (2017) found that the UK institutional context demonstrates how coercive and normative forces prompt reporting, but not necessarily ethical practice. Cross-case reviews suggest that institutional legitimacy is more stable and credible when CSR is embedded in organizational logic rather than deployed at moments of public pressure (Deephouse et al., 2017; Marquis et al., 2007). CSR accounting under institutional theory thus depends not only on external expectation and regulation but on internal commitment and capability (Dillard et al., 2004).

### Research Gap

Despite the growing body of research on CSR and ESG, several critical gaps remain such as lack of longitudinal studies that compare and contrast symbolic vs substantive CSR interventions (Bebbington & Unerman, 2018). This limits our understanding of how CSR evolves over time and how symbolic gestures transform into substantive commitments. (Michelon et al., 2015). Second, there is a need for more empirical assessment of assurance practices in relation to credibility of CSR disclosures. While third-party audits and sustainability certifications are increasingly becoming popular, their actual impact on stakeholders trust remains underexplored. Finally, there is limited research across cultural contexts and specific industries which constrains generalisation of CSR findings and disclosures. Studies such as Maignan and Ralston (2002) highlighted national and cultural differences in CSR emphasis and a cross-sectional analysis is needed to understand how these shape CSR authenticity and organizational legitimacy.

### Methodology

The current study employs a comparative case study approach to critically examine the strategic integration of Corporate Social Responsibility in the operational practices of two UK based companies: Unilever and Boohoo. The case study approach is well suited for this research as it enables context-rich exploration of how Sustainability and governance practices are shaped by institutional pressures within specific organisations allowing a nuanced in-depth understanding of CSR strategies and comparison of practices between companies like Unilever and Boohoo. (Fatima and Elbanna, 2022) The research is grounded in Institutional Theory which provides a strong conceptual framework for analysing how organisations respond to external pressures in shaping their CSR practices, disclosures and operations. (Scott, 2021; Brammer et al., 2022). The rationale for choosing Unilever and Boohoo for this case study is the contrast in reputational and operational profiles of these two companies as Unilever is widely recognised for its long-standing commitment to ethical leadership, governance and sustainability evidenced by its Sustainable Living Plan (SLP) and embedding ESG metrics into its corporate strategy,

operational practices and performance indicators. Whereas Boohoo, by contrast, has faced material criticism, legal and regulatory scrutiny over their labour practices, supply chain transparency particularly during Leicester garment factory scandal (BBC, 2020). The contrast between the profile of these two companies enables a critical exploration of how institutional pressures influence CSR policies and practices and whether these narratives align with actual operational conduct of companies.

The data collection is primarily based on published secondary sources, including annual reports, sustainability disclosures, regulatory findings, media coverage and investigations. This approach is highly effective given the focus on publicly communicated CSR strategies of these companies and institutional signalling integrated within these CSR strategies (Silva et al., 2020). A study of longitudinal perspectives that identifies the shifts in CSR disclosures and institutional responses over a period of time is possible using secondary data. An analytical framework is structured around thematic analysis of the secondary data of these two companies guided by three pillars of institutional theory namely normative pressures, societal expectations and coercive pressures. In the study, normative pressures have been examined through the alignment of CSR disclosures with the expectations of key stakeholders such as commitments to sustainability, climate actions, diversity, ethical sourcing etc. Coercive pressures are measured through compliance with legal requirements, regulatory frameworks, key enactments such as Modern Slavery Act and Corporate Governance Code by the Financial Reporting Council (FRC). Mimetic pressures are identified in the implementation and adaptation of CSR practices across the industry participants driven by benchmarking and reputational concerns (Oware et al., 2022). The study employs triangulation of cross-referencing corporate disclosures with media reports, third party evaluations and academic commentary for enhancing the validity and credibility of findings. This approach mitigates the risk of bias inherent in CSR data reported by the corporates and allows critical assessment of the authenticity of ethical and sustainability claims (Wijen, 2021). For instance, Boohoo's ethical claims have been analysed along with investigative journalism to assess the extent of substantive change versus symbolic compliance.

For the current research, we used the ESG database of London Stock Exchange Group (LSEG) which is widely used in research. The database is rich due to its breadth and depth of covering 90% of market capitalisation of corporations globally with more than 870 internal metrics (LSEG, 2025). ESG score is weighted average of three scores individually calculated as Environmental pillar, Social pillar and Governance Pillar. Under Environmental three items or categories have been used, Resource use, Emissions and innovation. Social pillar comprises workforce, human rights, community and product responsibility whereas Governance pillar is made of Management, Shareholders and Corporate Social Responsibility (CSR) strategy. ESG score is further extended to include ESG controversies across all ten categories aggregated in one category score. This makes ESG score into ESGC score including controversies which provides a comprehensive scoring of a company's ESG performance from ESG pillars which is discounted based on the negative media stories. When companies are involved in one or more ESG controversies falling in any of the above ten items falling in Environmental, Social and Governance pillars, the ESGC score is calculated as the weighted average of ESG and ESG controversies reported in the fiscal period. In case of those companies not involved in any ESG controversies, the ESGC score is equal to its ESG Score. From the point of view of key principles, ESG scoring methodology is designed to enhance materiality, transparency and credibility. LSEG's ESG database is the largest database in the world with over 600 content research analysts trained to collect ESG data with local language expertise and operating across the world. The data is collected from various published sources highly reliable including Stock Exchange Filings, company's annual reports, company's websites, NGOs and third-party websites, and international news sources.

Ethical considerations are central to the research design. Although, the study does not involve human participants as no primary data is collected, it adheres to the principles of academic integrity, critical reflection, and transparency. The aim is not to indict specific companies, but to provide a balanced approach with evidence-based evaluation of how institutional dynamics shape CSR practices in the context of UK Corporates.

### **Analysis**

For evaluating the effectiveness of CSR practices of both the companies and studying the correlation between the ESG scores with the financial performance, we have considered 5 years data from 2020 to

2024. The data relating to revenue, net income, EPS and ESG score of both companies has been extracted from Eikon Refinitiv with an institutional licence.

| Year | Boohoo  |            |        |           | Unilever |            |      |           |
|------|---------|------------|--------|-----------|----------|------------|------|-----------|
|      | Revenue | Net Income | EPS    | ESG Score | Revenue  | Net Income | EPS  | ESG Score |
| 2024 | 1,461.0 | (137.8)    | (0.11) | C         | 60,761   | 5,744      | 2.30 | C+        |
| 2023 | 1,768.7 | (75.6)     | (0.06) | B-        | 59,604   | 6,487      | 2.58 | B-        |
| 2022 | 1,982.8 | (4.0)      | 0.00   | C         | 60,073   | 7,642      | 3.00 | C+        |
| 2021 | 1,745.3 | 90.7       | 0.07   | C-        | 52,444   | 6,049      | 2.33 | B+        |
| 2020 | 1,234.9 | 63.7       | 0.05   | C-        | 50,724   | 5,581      | 2.13 | C+        |

Table 1: Revenue, Net Income, EPS and ESG score of Boohoo and Unilever for 5 year period from 2020 to 2024

It is evident that Unilever follows a substantive CSR practice with institutional legitimacy whereas Boohoo has symbolic CSR practices resulting in organisational fragility. Unilever’s ESG policies and commitments are deeply embedded in its operational and strategic policies that coincide with robust financial performance. From an institutional theory perspective, Unilever appears to adapt normative and cognitive institutional pressures aligning its practices with industry norms and stakeholders’ expectations. This enhances the organisational legitimacy, builds investor confidence, transparency and trust. The convergence of ESG performance suggests that the company’s CSR initiatives are not just reputational tools but are substantively embedded into the value creation process that reinforces institutional credibility. In contrast, Boohoo’s financial performance reflects the patterns of its ESG score as the CSR practices serve as a façade to defend external scrutiny but not to drive internal transformations. Over the period, the ESG score is consistently low that coincides with sharp financial decline year to year. Although the ESG score shows improvements in the year 2023, the revenue witnessed a sharp decline from £1.98 billion in 2022 to £1.46 billion in 2024 with a reversal of net income into a net loss of £137.8 million. In terms of the institutional theory, this is a case of decoupling where CSR policies are adopted to gain legitimacy and handle pressures superficially without corresponding application into the practice. Boohoo’s inability to embed ESG principles and CSR practices with its operations undermined its legitimacy which resulted in deteriorating financial performance due to superficial compliance and failing stakeholders’ expectations.

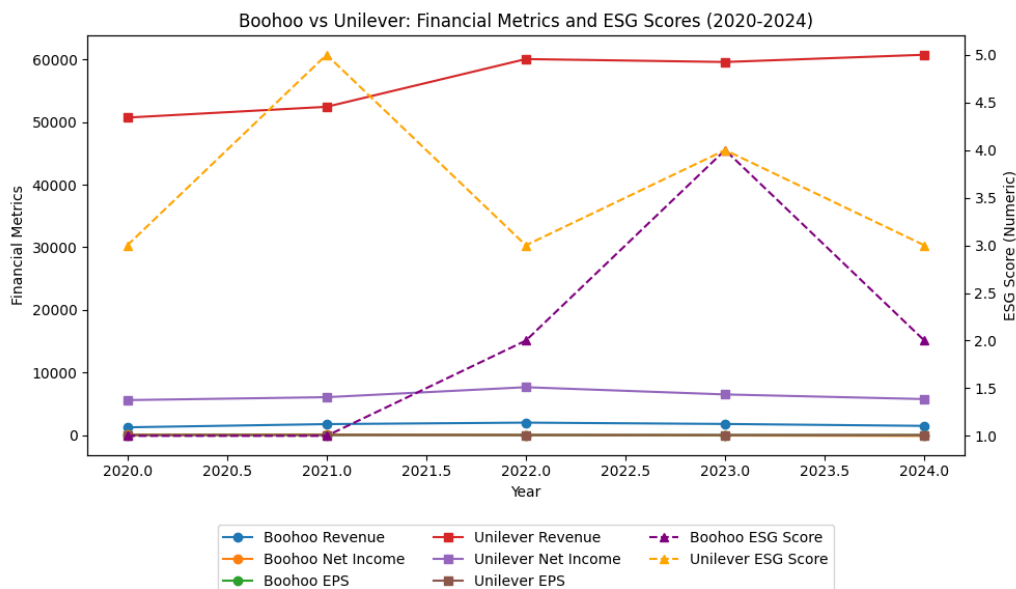


Figure 1: A comparison of Financial Metrics, ESG scores of Boohoo and Unilever

From the data obtained from Sustainalytics, a comprehensive ESG risk rating scores of Unilever and Boohoo is made to compare the risk profiles that reflect divergent levels of sustainability integration into operations and the corresponding reputational exposure of the company. Unilever with a clear A- ESG score has achieved high ratings in all the three pillars that resulted in low ESG risk posture. The company is able to demonstrate a very low ESG rating risk with a 19.6 score making it one of the best performers in the decile of household products industry. The primary reason attributed to the success of Unilever in terms of highest ESG scoring and low ESG risk rating are its substantive CSR practices making it 9<sup>th</sup> safest company to invest out of 104 companies in the industry. In contrast, Boohoo exhibits a significantly higher ESG risk with a rating of 35.1 placing the company as the worst performer in the industry standing last among 450 players within its industry. The score symbolises the history of ESG controversies, the pattern of symbolic CSR practices with sustainability efforts performative rather than transformative. The disparity in ESG risk between the two firms underscores the importance of authentic, embedded ESG strategies in mitigating reputational and operational vulnerabilities in contemporary corporate governance.

| <b>BOOHOO GROUP PLC (DEBS.L)</b>          |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
|   | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| ESG Report Auditor Name                   | --          | --          | --          | --          | --          |
| ESG Combined Score                        | C           | B-          | C           | C-          | C-          |
| ESG Score (Weight 100.0%)                 | C+          | B-          | C+          | C-          | C-          |
| Environmental Pillar Score (Weight 19.1%) | A-          | A-          | B+          | B-          | C           |
| Social Pillar Score (Weight 42.6%)        | D+          | C-          | C-          | C-          | C-          |
| Governance Pillar Score (Weight 38.3%)    | B-          | B           | C           | D+          | C           |
| ESG Controversies Score                   | C           | B+          | C-          | A+          | A           |
|   |             |             |             |             |             |
| <b>UNILEVER PLC (UL)</b>                  |             |             |             |             |             |
|   | <b>2024</b> | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> |
| ESG Report Auditor Name                   | KPMG LLP    | PWC LLP, UK | PWC LLP, UK | PWC LLP, UK | PWC LLP, UK |
| ESG Combined Score                        | C+          | B-          | C+          | B+          | C+          |
| ESG Score (Weight 100.0%)                 | A-          | A           | A           | A           | A           |
| Environmental Pillar Score (Weight 25.4%) | A           | A-          | A           | A           | A-          |
| Social Pillar Score (Weight 49.3%)        | A-          | A           | A           | A+          | A+          |
| Governance Pillar Score (Weight 25.4%)    | A-          | A           | A+          | A           | A           |
| ESG Controversies Score                   | D-          | D+          | D-          | C+          | D           |

**Table 2: ESG rating of Boohoo and Unilever**

ESGC scores provide a rounded and comprehensive scoring of a company's ESG performance, based on the reported information pertaining to the ESG pillars, with the ESG controversies overlay captured from global media sources. The main objective of this score is to discount the ESG performance score based on negative media stories. It does this by incorporating the impact of significant, material ESG controversies in the overall ESGC score. When companies are involved in ESG controversies, the ESGC score is calculated as the weighted average of the ESG scores and ESG controversies score per fiscal period, with recent controversies reflected in the latest completed period. When companies are not involved in ESG controversies, the ESGC score is equal to the ESG score

LSEG's ESG scoring methodology rests on five key calculation principles designed to enhance materiality, transparency and credibility. First, unique materiality weightings (1–10 scale) align each metric's importance with industry-specific sustainability risks and opportunities, following frameworks such as the SASB Materiality Map (SASB Foundation, 2018). Second, transparency stimulation ensures that non-disclosure of highly material data materially penalises a company's score, incentivising complete and accurate reporting (Global Reporting Initiative, 2016). Third, an ESG controversies overlay applies severity weights – adjusted for market capitalisation – to magnify the impact of significant negative events on the overall score, thereby counteracting the bias that large firms often enjoy in aggregate ratings (Chatterji and Toffel, 2016). Fourth, data-point benchmarks at the industry and country levels facilitate peer comparison, supporting rigorous relative analysis (Kotsantonis, Pinney and Serafeim, 2016). Finally, a straightforward percentile-rank methodology eliminates hidden calculation layers, producing scores that are both transparent and easily interpretable by stakeholders (Clark, Feiner and Viehs, 2015).

### Conclusion

The study critically examined the Corporate Social Responsibility practices, ESG ratings and risks of Boohoo Plc and Unilever Plc through the lens of Institutional Theory. It is identified with evidence that Unilever has been benefitted with its CSR practices creating institutional legitimacy whereas Boohoo's symbolic CSR practices have resulted in organisational inability to withstand and recover from its failure. There is a positive correlation between CSR and operational practices and integrating CSR into strategy and operations enhance stakeholder confidence, transparency and trust. This is in line with the literature that stated that substantive CSR practices have a positive impact on the institutional performance and corporate image (Eccles et al., 2014). It is concluded that firms with high sustainability and better ESG integration have outperformed firms with low sustainability. It is crucial to understand how these organisations respond to the institutional pressures and share their environmental, social and governance requirements to build their corporate identity and gain legitimacy. By embedding long-term value-driven sustainability initiatives, Unilever demonstrated a strategic and integrated approach with proactive CSR strategies aligned with normative pressures. The company has adopted an agenda that is aligned with stakeholder expectations to create stakeholders trust and confidence. In contrast, Boohoo involved in multiple controversies subjected to external and media criticism with regulatory actions and scrutiny. This shows a symbolic compliance rather than a transformative and substantive change.

The research adopts a case study approach to examine the key characteristics of Institutional Theory that underpin the adoption of ESG policies of the two UK based retail companies to assess why, how and to what extent embedding these benefit the organisation to gain a constructed legitimacy. The theory reveals that CSR is not a moral compass to handle external pressures but sincerity of an organisation towards its CSR initiatives has a direct and latent impact on corporate financial performance and stakeholder confidence of an organisation. While both the firms under consideration in the study operate in similar institutional environments, there is a huge difference in strategic alignment and integration of CSR activities with core institutional practices.

### Recommendations

To enhance the effectiveness of CSR strategies, both Boohoo and Unilever must adopt differentiated approaches to align their initiatives with institutional expectations and stakeholder demands. For Boohoo, a strategic shift from reactive to a proactive CSR approach is imperative which involves embedding sustainability into its core operations, governance frameworks, supply chain, labour practices. Transcending beyond compliance, Boohoo must internalise stakeholder value by creating an organisational culture that is ethical, transparent which promotes integrity and accountability. Establishing robust governance and reporting structures is essential to meet societal expectations and rebuild stakeholder trust. Although Unilever is very well-positioned to lead the industry standards by using institutional pressures, it can further strengthen its position as a CSR leader by collaborating with regulatory bodies and civil society to shape sustainable markets. Unilever should leverage its leadership and promote higher CSR standards across the sector to shape industry norms.

Both Unilever and Boohoo should continue to improve governance models and real-time ESG disclosures, which would reinforce institutional legitimacy and public trust. Essentially, both companies should adopt a clear, consistent, and independently verified reporting on environmental and social impacts. Both companies should implement rigorous audit systems with inclusive oversight mechanisms to boost accountability and trust.

### Limitations

For companies like Unilever, having operations spread globally, it is possible to match CSR practices to local or regional contexts. As legitimacy is not universal, what is accepted in one region may not be accepted or perceived to be valuable in another. Localised strategies can help firms navigate diverse regulatory landscapes and meet stakeholder expectations effectively.

Future research should explore CSR across a wider range of industries, particularly in emerging economies where regulatory frameworks are not robust but normative pressures are increasingly evolving. Including micro small and medium enterprises in the study could reveal how institutional theory applies to small businesses. Also, longitudinal studies would help in understanding how institutional pressures shape the sustainability and governance practices over time. While Institutional Theory offers a strong framework for understanding CSR and ESG evolution, the true influence of these initiatives depends on organizational culture and context.

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