University of Exeter
Centre for Sport, Leisure and Tourism

Corporate Social Responsibility among Low-Fares Airlines: Current Practices and Future Trends

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There has been considerable public discourse recently on the emergence of low-fares airlines (LFAs) such as Ryanair, easyJet and Flybe flying to and from the United Kingdom (UK). Much of this has focused on sustainable development, their alleged environmental impacts, and the extent to which LFAs act in a socially-responsible manner.

Low-fares aviation and CSR

Corporate social responsibility (CSR) is an approach to business that takes into account issues associated with society and the environment in addition to the more traditional business concerns of shareholders and profits. As a voluntary approach to business, CSR is strongly advocated by the UK government and EU. CSR offers the potential to contribute to sustainable development without greater regulation.

The aim of this report

This report examines current practices and future trends in CSR among low-fares airlines flying to and from the United Kingdom. It presents the state-of-the-art as revealed by documentary analysis of the CSR communications of 22 LFAs and interviews with 11 LFA managers on their airline's CSR implementation.

The analysis is situated by a discussion of the characteristics of LFAs and their business models, as well as recent progress in understanding CSR implementation in business. The latter offers several frameworks against which to gauge recent CSR activity among LFAs.

This report is the second output of a programme of work funded by the Economic and Social Research Council (ESRC) in the UK under the title *Social Responsibility among Low-fares Airlines: Current Practices and Future Trends* (RES 185-3-0046). The research for this report was conducted from October 2008 to July 2009.

Main findings

Low-fares airlines use business models that espouse lean production and cost reduction. Although CSR generates overheads, LFAs practise CSR in their current operations, but not all activity is visible to external audiences.

Most LFAs do not have a formal policy, strategy or detailed implementation plan to guide their CSR practices. They do not have CSR 'champions' and targets are not set, monitored or evaluated.

LFAs can do well by doing good. The general ethical and business cases for CSR were understood and accepted. In crude cost-benefit terms, the benefits were perceived to outweigh the costs of CSR. Cost-savings were considered to be the greatest advantage of acting more responsibly. Costs were much easier to identify and to price more definitively than benefits, with the notable exception of cost savings.

Based on existing analytical frameworks, CSR among LFAs may be categorised as 'elementary' or at best 'engaged'. It is also practised largely for more defensive reasons to protect brand and reputation. In general, LFAs communicate an unbalanced view of CSR — putting greater emphasis on either their environmental or societal impacts. For CSR to develop further among LFAs, several barriers must be overcome. These include: knowledge gaps among senior managers and employees; the lack of a co-ordinated approach within LFAs; difficulties in making the case for greater CSR resources; and a lack of knowledge transfer inside the business and across the LFA sector.

Implications

There are four main implications at the interface of policy and practice in the area of CSR and sustainable aviation:

1. There are important knowledge gaps among LFAs on the business issues surrounding CSR that currently preclude its future development.
2. Leadership both internally inside the business and externally on behalf of the sector is vital for the future development of CSR in low-fares aviation.
3. More widespread adoption of CSR among LFAs would add greater weight to their claims to be able to self-regulate to deliver sustainable development.
4. Sustainable aviation is more fully understood when perspectives — internal *and* external to the business — are integrated within the analysis.

Section 1
Introduction

1.1 Background: the low-cost revolution.

One of the most significant recent developments in aviation has been the emergence of so-called 'low cost carriers' (LCCs). Based on ideas pioneered by Southwest Airlines in the United States during the 1970s, their business models centre on reducing costs by using innovative methods in order to be able to offer cheaper ticket prices than their competitors (Groß and Schröder 2007; Franke 2004, 2007). As recognition of their product offer, recently LCCs are also referred to as 'no frills airlines' and 'low-fares airlines' (LFAs). Some are even starting to describe themselves as 'regional airlines' to acknowledge the geographical scope of their operations for the stakeholders they serve.

With the progressive opening of the skies, the European Union has been at the heart of the so-called 'low cost revolution' (ELFAA 2004). Today, low-fares airlines like Ryanair, easyJet, Air Berlin and Flybe account for an estimated 35% of all scheduled intra-European traffic (ELFAA 2009), largely due to the liberalisation of aviation in the 1980s and 1990s (York Aviation 2007: i). This restructuring of air passenger markets at the expense of traditional flag carriers and charter airlines has been accompanied by debate in policy circles and in the popular media about its desirability in the context of sustainable development. Mostly, this has centred on the environmental impacts of the growth of (cheaper) aviation and its role in contributing towards dangerous climate change (Gibbons 2008; Mann 2004; Sinclair 2007). At the crux of this debate is whether airlines are acting in a responsible manner by offering cheaper aviation in the short term allegedly with little apparent regard for the environmental consequences in the medium- to long-term (ECI 2005; Treasury 2008).

1.2 Aims and objectives of this report

Of course, the debate is not quite as straightforward as some commentators may suggest, and such positions are hotly contested by the airlines and their trade bodies (Gössling and Peeters 2007). They counter such claims by contending that they are acting in more environmentally-responsible manner through such measures as innovative winglets, investment in new, more efficient fleets, and ecolabelling schemes that allow customers more data to inform their travel choices (Flybe 2008a; Ryanair 2008a; easyJet 2008). Without demand for their offers, LFAs would not have flourished. Consumer choice, a willingness among leisure travellers to fly, and the suspension of sustainable behaviours in travel decision-making and behaviour should all be acknowledged (Barr, *et al* 2009; Surrey 2007).

The purpose of this report is not to present a full exposition of the pros and cons of LFAs in delivering sustainable development either from a theoretical perspective or based on an extensive review of the extant evidence (cf. ELFAA 2004; York Aviation 2007; Groß and Schröder 2007). Rather, the aim is to examine and to situate current practices and future trends in corporate social responsibility (CSR) among low-fares airlines flying to and from the United Kingdom.

It sets out to achieve this by presenting the results of empirical research conducted between October 2008 and July 2009. Documentary analysis of CSR-related texts online and in hard-copy was accompanied by a programme of interviews with airline CSR managers. The report adds to our knowledge base on CSR and LFAs in three main ways, namely by:

- Examining current CSR activity in a previously neglected sector;
- Identifying the prospects for, and barriers inhibiting, future CSR activity; and
- Contributing to debates about sustainable aviation by taking a firm-based view of the 'triple bottom line'.

1.3 CSR and sustainable development

A great number of definitions of CSR exist (cf. Blowfield and Murray 2007; Dahlsrud 2008). In essence, CSR is a voluntary approach to business administration that recognises the needs of the community and environment and strives to benefit them, both now and in the future, while maintaining profitable and sustainable operations. The connections to sustainable development are obvious, if not convenient in so far as the latter is routinely defined as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (UNWCED 1987).

Sustainable development across all forms of activity is a major policy priority both for the European Union (CEC 2006) and the UK government (HMG 2005), and broad-brush policies advocate the ability of CSR to contribute to sustainable development in business (CEC 2006; DTI 2004). As a voluntary approach to business administration, one of the apparent advantages of CSR is that it would appear to avoid the need to legislate further — or excessively, potential critics may argue — in order to encourage more responsible management practices.

Nevertheless, CSR and sustainable development are not one and the same thing; rather, CSR is better conceptualised at the level of the individual business or organisation as a means of delivering the higher aspiration of, and collective action necessary to achieve, sustainable development (Plume 2008: 21ff). Like sustainable development, CSR is concerned with how the 'triple bottom line' of the economic, social and environmental is affected by the operations of a business or organisation. Clearly the CSR of a business or organisation extends to its external stakeholders in the form of its customers, its suppliers, or the communities in which it is located. Importantly, though, a CSR approach requires business and organisations to question the extent to which internal operations and stakeholders subscribe to and deliver sustainable development.

These are important distinctions and this report recognises the need for more balance in discourses on sustainable aviation. Recently, these have tended to concentrate heavily on the environmental at the relative expense of the economic and, in particular, the social (ECI 2005; Omega 2008; Sustainable Aviation 2009; Oxford Economics 2009); that is, the 'triple bottom line' has been acknowledged, but in an almost *de facto* manner, greatest weight has been ascribed to the environmental. A CSR approach should require a careful consideration of all three pillars, as well as a more informed perspective that interrogates sustainable behaviour both internally as well as externally to the business or organisation. Current perspectives on aviation tend to focus on the externalities associated with LFAs and they are highly dependent on secondary data sources 'beyond the firm', as it were.

1.4 Partnership research: business and higher education

This report is the outcome of an award made by the Economic and Social Research Council (ESRC, www.esrc.ac.uk) in the United Kingdom as part of its Business Engagement Scheme under the title *Social Responsibility among Low-fares Airlines: Current Practices and Future Trends* (RES 185-3-0046). Among the aims of the Business Engagement Scheme are to:

- Promote the transfer and exchange of knowledge between social science researchers and business sectors and staff within them;
- Respond to the knowledge needs of business;
- Expand the networks for business sectors into academia and vice versa; and

- Provide business sectors with research-informed evidence to develop and review operational and management practices.

This work has been conducted at the Centre for Sport, Leisure and Tourism Research (www.ex.ac.uk/slt) in the University of Exeter Business School in partnership with the regional airline, Flybe (www.flybe.com). The period of the collaboration was 1 August 2008 to 31 July 2009. The University of Exeter team comprised Prof Tim Coles, Dr Claire Dinan and Emily Fenclova, while Niall Duffy, Head of PR and Public Affairs, supported the work at Flybe. The opinions expressed in this report are those of the university research team alone and do not necessarily reflect those of the ESRC, University of Exeter or Flybe.

1.5 Reporting context

The primary aim of this programme as a whole has been to understand CSR among LFAs flying to and from the UK. Its main outcome is an enhanced understanding of the implementation of CSR by LFAs, as well as the issues related to the future development of CSR-related activity in the sector. In this latter respect, the programme has some important and transferable lessons associated with furthering a CSR approach in travel and tourism businesses, as well as in other sectors.

This is the second in a series of three reports to be published from the programme, and all three should be read in conjunction. The third builds on the findings of this report to explore practical business issues regarding the implementation and development of CSR strategy among LFAs and the possible role a trade association could play in the process. The first report examines the policy context driving CSR, sustainable development and aviation at the EU and UK scales. It reveals that policy in these three areas is for the most part siloed. Although the three areas are conveniently conflated in policy circles and public discourses in the popular media, very little substantive connection is made between them in policy statements or strategy documents. This lack of 'joined-up' policy in part reflects and further perpetuates an emphasis on the environmental impacts of aviation.

1.6 Structure of the report

This report comprises six further sections. In Section 2, the concept of corporate social responsibility is examined. This review discusses several recent major academic contributions on how CSR is implemented and managed in businesses and organisations.

It introduces analytical frameworks through which current and future CSR activity in the LFA sector is assessed later.

The emergence and key operating characteristics of the low-fares business model are examined in Section 3. Emulation, it is said, is the sincerest form of flattery and several LFA innovations have made their way into the operations of scheduled carriers (or 'flag carriers' or 'legacy carriers', e.g. British Airways, Air France-KLM, Lufthansa) as well as former charter airlines as they have hybridised their business models. A key role of this section is to establish the parameters we applied to collect documentary evidence and first-hand accounts from senior managers on how CSR is conducted in their airlines. Our data collection and analytical methods are discussed in Section 4, while the results of the documentary analysis and interviews are presented in Sections 5 and 6, respectively. The final section of the report presents the main findings and their implications for both policy and practice.

Section 2
CSR: analytical frameworks

2.1 Introduction

CSR is currently one of the most extensively discussed subjects in the field of business and management and the result is an extensive body of knowledge. It is not the intention of this report to provide an extensive review of the topic (cf. Burchell 2008; Blowfield and Murray 2008; Crane, *et al* 2008), but to present a series of key ideas from the cutting-edge research literature that will facilitate the analysis, contextualisation and benchmarking of CSR activity among low-fares airlines discussed later in this report. Far from a static concept, CSR and understandings of it have evolved over time. Several frameworks based on diagnostic questions and characteristics offer one means to contextualise recent progress as do micro-level practices and features, often connected to establishing the business case for CSR.

2.2 The basic building blocks of CSR

The first challenge for any analysis of CSR is, therefore, defining precisely what is meant by the term. It seems almost as though there are as many definitions of CSR as practitioners, policy-makers and scholars working in the field. Orthodoxy alone is not a compelling reason for adoption. However, in one of the more commonly used and recognised current definitions, according to the European Commission CSR is a 'concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis' (CEC 2006: 5). Definitions like this almost inevitably have their limitations. However, they are important because they stress the voluntary nature of responsibility. More importantly, they reveal the multifaceted nature of the concept and how the constituent components lead to differences in interpretation and understanding between users. Causing additional confusion, generally-accepted concepts of CSR are also badged as corporate responsibility (CR), social responsibility (SR), corporate citizenship, company stakeholder responsibility and corporate sustainability management (cf. Blowfield and Murray 2007; Brammer and Pavelin 2004; Mirvis and Googins 2006; Freeman and Velamuri 2008). Furthermore, although CSR as a concept is generally accepted to be more than just corporate philanthropy, the distinction, especially in older texts, is not always made.

Therefore, instead of searching for an all-encompassing meta-statement, identification of the constituent elements can be more fruitful. In an examination of 38 statements published online, Dahlsrud (2008) has noted five common components in most, if not all definitions:

- Stakeholder engagement;
- Social dimensions;
- Economic dimensions;
- The voluntary aspect;
- Environmental dimensions.

Not every component is evident in each statement, and definitions of CSR are context-specific, tending to vary based on the nature of the application. For Ketola (2006), the relative importance of the thematic components within corporate responsibility is highly important. In many instances, the 'balance' between the economic, social and environmental is falsely assumed or implied to resolve equally among the three. In fact, she identifies eight potential permutations which she develops into 'responsibility profiles' (Table 1) based on a view of organisational psychology. 'Responsibility profiles' are, she contends, initial diagnostics to situate counselling senior managers and executives on future behaviour.

2.3 Origins and development of CSR

Definitions of CSR and theoretical positions have shifted over time to reflect common understandings of the term and shifts in society, culture and polity (Garriga and Mele 2004; Cochran 2007; Lee 2008). Early debates centred on what should be considered CSR and why businesses should even consider embarking on CSR activities, with the biggest issue being whether businesses really have a moral and ethical responsibility to society above and beyond their normal business concerns (Lee 2008). Milton Friedman (1970: 32) captured the essence of the early 'anti-CSR' position, calling it 'pure and unadulterated socialism' and claiming that:

> there is one and only one social responsibility of business — to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud (Friedman 1970: 126).

However, in contrast to his position, corporate philanthropy was already a widely-accepted business practice, and the strategic increase of profits through CSR activities was acknowledged (Carroll 1999).

Table 1: Ketola's CSR Profiles

Category	CSR emphasis	CSR characteristics
1. Suicidal	min. economic = social = ecological	Fails to fulfil needs of shareholders and stakeholders alike. Shows no regard for sustainability or the needs of any stakeholders. Solely profit-focused.
2. Ideal	max. economic = social = ecological	Maximises economic, social and ecological responsibilities. Conscientious and innovative.
3. Plutocentric	economic > social = ecological	Emphasises economic gain over considerations of environmental and social impacts. Happy to subscribe to the status quo of the market economy.
4. Anthropocentric	social > economic = ecological	Focuses primarily on maximising positive social impacts. Could be for-profit, but most often are charities.
5. Biocentric	ecological > economic = social	Emphasises environmental and ecological responsibilities. Often rely on similarly-minded volunteers, although can find business opportunities to supplement ideological activities.
6. Patriarchal	economic = social > ecological	Feels the need to manage closely the economic and social issues in local communities. Formally found during the industrialisation of Western countries, though still present in developing countries.
7. Technocentric	economic = ecological > social	Accept and act upon economic and environmental responsibilities, but unwilling to take on more social responsibility than allocated by regulation. Believe that technology will mitigate environment impacts.
8. Matriarchal	social = ecological > economic	Places more emphasis on social and environmental responsibilities than on economic ones. Not very common, though occasionally supported by special interest groups.

Source: adapted from Ketola (2006).

As the business case for CSR became more widely accepted, the debate shifted from *why* to *how to* behave in a responsible manner (Lee 2008). As a key development in CSR theory, Carroll's (1991: 41) 'Pyramid of Corporate Social Responsibility' proposed that companies have a hierarchy of responsibilities, ranging from the mandatory to discretionary, made up of economic, legal, ethical, and philanthropic responsibilities.

While Carroll (1991) viewed CSR responsibilities as necessarily discretionary and unequal (a hierarchy of responsibilities), one of the most widely accepted components of CSR is that of the 'triple bottom line' (a linear understanding of responsibilities); that is, taking into account social and environmental gains and losses along with the economic ones (O'Rourke 2003: 683; Moneva, *et al* 2006: 122; Dodds and Joppe 2005: 9). With this linear conceptualisation of CSR accountancy, additional weight is not explicitly given to the economic aspects of business. As Ketola (2006) points out, some organisations might view all three concerns with the same weight. Even if economic concerns are given additional weight, the 'triple bottom line' shows a dramatic shift from a profit-and-shareholder approach to business to an appreciation of impacts-and-stakeholder. At the same time, the voluntary dimension of CSR is still considered key, and the understanding in all majorly accepted definitions of CSR is that the onus of conscience lies with the business.

2.4 Mapping progress in CSR

Within the organisation, the CSR emphases may shift over time (Ketola 2008) depending on operating parameters, conditions in the external environment (Dahlsrud 2008), and the precise array of stakeholders connected to the business (Welford, *et al* 2007; Trebeck 2008). Several schemes have purported to document shifts with businesses and organisations. These vary from attempts to look at how broad concerns for the economic, social and environment balance or shift (Ketola 2008) to how deeply integrated CSR is across a range of practices (Mirvis and Googins 2006).

As a starting point, though, answers to a series of general diagnostic questions can often reflect the stages of implementation within a business or organisation or, indeed, a sector (Holton, *et al* 2008; Table 2). Very reminiscent of 'gap analysis' in strategic planning, the nature of the questions shifts from 'why?' to 'how?' to reflect the level of maturity and implementation of CSR. As these questions also indicate, the more extensive the level of activity, the greater the costs of implementation and the greater the level of organisation required to manage CSR. Relatively simple diagnostics of this nature are, however, limited because they offer only broad indications of progress and multiple attributes are covered by each question.

Table 2: CSR strategic questions

Lesson	Strategy Question
1	Who is the strategy for?
2	What is the purpose of the strategy?
3	Have all impacts been considered?
4	Has the strategy been formulated to meet its purpose?
5	How will the strategy be implemented?
6	How will progress be measured and reported?

Source: adapted from Holton, *et al* (2008: 40-41)

An alternative approach is to gauge the level of corporate responsibility by examining progress across a series of management dimensions (Mirvis and Googins 2006; Blowfield and Murray 2008: 104-106). A more nuanced approach presents a fuller, more structured and systematic framework to benchmark current progress and appraise future plans. Mirvis and Googins (2006) identify five stages of behaviour in terms of corporate responsibility from the early 'Elementary' and 'Engaged' stages to the later 'Integrated' and 'Transforming' as originally revealed by seven dimensions of business activity. These have been conflated in Table 3. One of the limitations of models of this type is that they do not suggest how long each stage of behaviour may last or whether an organisation must graduate through all stages sequentially. Similarly, they are not overtly prescriptive about the qualification criteria: for instance, the stage boundaries for each dimension are relatively fluid; they imply a majority of activity across the dimensions in order for a particular stage to be obtained; and they are less able to deal with greater levels of inter-dimensional variability. For these reasons, such complex frameworks are best distilled to offer workable diagnostics.

Table 3: Scale of CSR implementation

Stage/Issue	Elementary	Engaged	Innovative	Integrated	Transforming
Strategic Intent	Legal Compliance	License to Operate	Business Case	Value Proposition	Market Creation or Social Change
Degree of Transparency	Flank Protection	Public Relations	Public Reporting	Assurance	Full Disclosure
Issues Management	Defensive	Reactive, Policies	Responsive, Programs	Proactive Systems	Defining

Source: adapted and abridged from Mirvis and Googins 2006: 108.

Other sequential models exist, including Clarkson's (1995) 'reactive', 'defensive', 'accommodative' and 'proactive' stages of corporate responsibility. As Blowfield and Murray (2008: 104) point out, such models are important in so far as they signify a change in CSR attitude and what a company aims to achieve from CSR as much as they characterise operations. Kramer and Kania (2006) have noticed that it is important to distinguish between 'defensive' and 'offensive' corporate responsibility. In the former, CSR is viewed as an antidote to risks and exposures a company has encountered during its operations; while the latter is seen as a proactive attempt to engage with issues or problems which companies may have had no role in creating. The relationship between CSR and a company's standing is therefore pivotal. Defensive CSR may be able to protect reputation but cannot be used to differentiate it. In contrast, offensive CSR allows a company the means to differentiate itself but may provide little in the way of insurance against damaging events (cf. Kramer and Kania 2006: 25).

2.5 'Doing well by doing good'

Although there has been much discussion about the evolution of CSR and the context-specific application of the term, a commonly-recurring theme is the need to justify CSR within a business, usually from economic perspectives. For Falck and Heblich (2007: 247), there has to be a 'win-win' situation such that 'practising CSR is not altruistic do-gooding, but rather a way for both companies and society to prosper'. The chances of a successful coincidence are enhanced where CSR is conceived of as a long range commitment. Weber (2008: 248-249) has identified five main overlapping areas of CSR benefits to incentivise business:

- Positive effects on company image and reputation;
- Positive effects on employees' motivation, retention and recruitment;
- Cost savings;
- Revenue increase from higher sales and market share; and
- CSR-related risk reduction or management.

CSR offers the opportunity to build a good reputation but it should be tailored in line with a firm's size and the nature of its principal business activity (Brammer and Pavelin 2004). 'Strategic CSR' can connect with a progressive reputation management programme. For instance, inappropriate corporate actions can damage or destroy brand image among external stakeholders and a form of 'CSR brand insurance' may be developed by leaders who are willing to develop an organization-wide commitment to CSR (Werther and Chandler 2005). CSR activity must, however, fit closely with the firm's mission, the values of the senior management, and its brand values. A poor fit may actually be damaging to performance as may a high-fit strategy that is gives the impression to customers of being profit-motivated and reactive (Becker-Olsen, *et al* 2006). In general, strategic CSR is more successful where:

- CSR activities are fully embedded in a firm's operations (as usual) and not perceived as 'bolt-on' extras (Mirvis and Googins 2006; Porter and Kramer 2006);
- economic gains are maximised and the mitigation of environmental and societal impacts are seen as key to success (cf. Ketola 2006)
- realistic, achievable and properly researched targets are set (Husted 2003);
- there are clear CSR champions within an organisation (Ketola 2008), especially among its senior management;
- CSR messages are communicated clearly and proactively to enhance corporation-stakeholder relationships (Clark 2000); and
- explicit connections are made between investment and outcomes, especially as this relates to proper monitoring and evaluation (Knox and Maklan 2004; Weber 2008).

Putting a precise value on the impact of CSR on a firm's balance sheet is therefore clearly desirable for proponents of CSR, and the strength of the case may go some way towards directing the CSR governance choices (Husted 2003). To date, however, there is no universal agreement on precisely which methods and/or practices should be used to examine the level of CSR practised by a business or organisation. An array of both quantitative and qualitative measures allows a variety of monetary and non-monetary values to be ascribed to CSR activity. As Weber (2008) observes, there are essentially three main sets of methods in quantitative studies: portfolio studies, comparing the performance of environmentally and socially proactive companies; event studies, examining market responses after CSR-related events and initiatives; and multiple regression studies, which, for instance, use stock market valuation as the dependent variable and attempt to look at how this is driven.

Quantitative methods are often favoured in business practices over qualitative research because they deliver narratives based on 'hard facts' that can be monitored and managed more easily. All too often, though, it has been problematic to produce a fully-informed case for CSR or indeed a precise estimation of 'return on investment' in CSR. Attribution of (additional) turnover and/or profit (exclusively) to CSR activity is problematic.

Cost implications of different CSR approaches and packages of activity tend to be overlooked. Nevertheless, charitable contributions, in-house programmes, and relationship building with internal and external stakeholders all generate overheads. As a result, CSR choices tend to be driven by compromises between the degree of centrality – closeness of fit between firm mission and CSR activity set against their specificity – and the share of the profit stream generated by its investments in CSR as they relate to motivation and co-ordination costs (Husted 2003: 489ff). Not only is it methodologically tricky to identify and measure the costs and benefits of CSR activity, but in some cases this is made all the more difficult because they are deliberately obscured. As Moneva, *et al* (2006) warn, the use of metric-based approaches can lead to the perverse outcome whereby some businesses deliberately hide away their unsustainable practices, carefully camouflaged out of sight.

Finally, by virtue of the lack of methodological agreement, precise comparisons between studies and hence between particular CSR approaches and activities are problematic because of the range of variables and selective application of assessment measures (Szekely and Knirsch 2005; Salzman, *et al* 2007). Several attempts have been made to develop standardised methodological toolkits for assessment in order to facilitate greater comparability (Salzman, *et al* 2007; Weber 2008). By attempting to introduce greater structure to analysis, these mimic more rigid reporting structures in the area of 'green accounting' (Fleischman and Schuele 2006). Other formalised reporting structures such as the Global Reporting Initiative (GRI), the AA1000 Series, the GoodCorporation Standard and the FTSE4Good Index set out to assess more than just the 'green' credentials of organisations, but conversely have been criticised for their reliance on qualitative measures and self-reporting (Moneva, *et al* 2006; Blowfield and Murray 2007).

2.6 Summary

CSR has evolved dramatically from a concept that was considered almost synonymous with corporate philanthropy to one that takes into account all of the environmental and social impacts alongside the economic bottom line (the so-called 'triple bottom line'). Exact definitions of CSR vary. A summary of current definitions of CSR is that:

> Corporate social responsibility is a voluntary approach to business administration that recognises the needs of the community and environment and strives to benefit them, both now and in the future, while maintaining profitable and sustainable operations.

Ideal CSR balances environmental and societal impact mitigation with maximum economic gains; however, this ideal is not always practiced (Ketola 2006), and CSR implementation varies greatly, from little more than legal compliance to transforming the whole organisation (Mirvis and Googins 2006). Successful CSR implementation can lead to benefits for PR, staff motivation and retention, cost savings, increased sales and market share, and CSR-related risk reduction (Weber 2008). These benefits are difficult to quantify, although several nationally and internationally-recognised schemes have been developed in recent years to address this objective.

Section 3

Low-fares airlines

3.1 The low-fares sector in Europe

Accounting for an estimated 35% of all scheduled intra-European traffic (ELFAA 2009), low-fares airlines have been simultaneously praised for increasing affordable mobility (ELFAA 2004; York Aviation 2007; Oxford Economics 2009) and condemned for their contribution to climate change (Gibbons 2008; Mann 2004; Sinclair 2007; Oxford Economics 2009). European LFAs offered 5.8 million seats per week and had a load factor of 81% in 2008 (compared with 77% for full service airlines) (DLR 2009). In spite of rocketing fuel prices in 2008 (Walker 2009), the 25 largest LFAs saw a 14% seat increase (DLR 2009). However, the LFA sector is turbulent. Since August 2008, airlines have variously collapsed (eg Icelandic LFA, Sterling; BBC 2008), merged (eg Clickair and Vueling; Reuters 2009a), filed for creditor protection (eg SkyEurope; Reuters 2009b) or suspended flights (eg Myair.com, disputes over taxes and tariffs; ENAC 2009). Currently, the market is largely dominated by the four biggest LFAs in the EU in both number of seats and number of flights, namely: Ryanair, easyJet, Air Berlin and Flybe (DLR 2009).

3.2 The low-fares business model

As Table 4 reveals, the recent success of low-fares airlines is based on the principle of lean management; that is, the use of cost-savings and the encouragement of greater cost-efficiencies in management by concentrating on the core competencies of the business (Groß and Schröder2007: 34). These savings and efficiency gains can be passed on to consumers in the form of cheaper air travel. When all the processes in three sets of management functions — supply chain management, process management, and marketing — operate together, LFAs are able to deliver cost advantages of up to 50% over network carriers (Franke 2004: 15).

The term 'low cost carrier' and 'low-fares airline' tend to be used interchangeably by many commentators. Here we use the term 'LFA' because it is used by the majority of major sector operators and it reflects their principle marketing proposition. 'LCC' may capture how the business model delivers the proposition, but it is not used by several

Table 4: Major features of the low-fares airline business model

Management Function	**Focus**	**Distinctive Practices**
Procurement / Supply chain management	Aircraft	Standardized fleets (i.e. savings on training, qualifications, inventory) Fleet investment (i.e. more efficient, favourable deals)
	Airports	Secondary airports (i.e. turnaround) Less expensive airports (i.e. landing fees)
	Outsourcing	Reduce fixed costs in passenger handling, servicing and repairs, and ground services.
Process Management	Network	High aircraft utilization Point-to-point, No connections, interlining.
	Scheduling	Optimal route density Shorter flights (i.e. up to 2-3.5 hours) Turnaround optimization Return-to-base (i.e. aircraft, personnel)
	Personnel	Downsize workforce to minimum Reduced training costs (i.e. fleet) Labour productivity gains (i.e. smaller cabin crew required) Leaner corporate governance structures
Marketing	Pricing	Low-fares Simplified pricing strategy / fare structure Prices increase closer to departure
	Yield management	High load factors High seat density No freight No overbooking
	Product	Standardized (i.e. no booking classes) No seat reservation Charges for food & drink and luggage. Incremental revenue through ancillary services (e.g. car hire, hotel reservation).
	Distribution	Online (or telephone) purchase Direct purchase from airline Costs for credit card payment E-tickets Increasing use of online check-in
	Communications	Highly visible public relations work Aggressive advertising in daily newspapers Not part of airline alliances New revenue streams from advertising inside and outside planes.

Source: adapted from Groß and Schröder (2007: 34ff), Dobruszkes (2006) and Francis, *et al* (2006).

operators because, in the past, consumers have (imprecisely) associated low cost with low quality and low safety.

3.3 Variations on a theme

Of course there are distinct variations in the models and practices used by each LFA as they attempt to maintain their competitive advantage and market position (Francis, *et al* 2006). For instance, Ryanair has been at the forefront of innovation by unbundling the product and production processes to identify cost-savings and generate value. Earlier innovations were in the (now commonplace) use of secondary airports, labour practices and outsourcing (Barrett 2004) while more recent proposals have included charges for checked baggage and in-person check-in at the airport (Holloway 2008). Principles from the low-fares business model have been selectively adopted and in some cases adapted by other types of carriers (cf. Dennis 2005; Dobruszkes 2006; Francis, *et at* 2006). Innovation in this manner has been consistently identified as a potential means by which scheduled carriers and charter airlines may regain profitability (Franke 2004; 2007). LFAs exposed the weaknesses in their 'business as usual' scenarios and have pointed to the virtues of lean processes and a simple product at an aggressively low price.

Rather than viewing LFAs and scheduled carriers as binary opposites, airlines are better situated on a continuum between the 'basic' and 'budget' low-cost airlines at one end with 'standard' and 'premium' product, full service carriers at the other (Bjelicic 2007: 13). Such a perspective is more dynamic and reflective of fluidity in the sector and the responses among scheduled carriers to LFAs. For instance, through its 'economy basic' product Lufthansa reformed its short haul services in Europe to compete with LFAs and lessen their competitive advantage, while — because of the intense local competition from Ryanair — Aer Lingus has transformed itself practically into a low-cost carrier (Bjelicic 2007: 14; Franke 2007: 26). Another approach has been to develop 'airlines within airlines' whereby a particular brand or arm of the company operates under the same principles as LFAs (Dennis 2007; Francis, *et al* 2006). Germanwings, now a Lufthansa subsidiary, may be described as a low-cost, budget airline offering few frills, and which offers regional flights to connect main hub and regional spoke destinations (Bjelicic 2007). The Australian flag carrier, Qantas, operates a multi-brand approach that includes Jetstar, a budget airline that is primarily positioned for short-haul, domestic leisure travellers (Franke 2007).

Hybridisation is important here because it points to the need both for precision and caution when drawing the sample for analysis in two respects (see Section 4). First, it raises the question of 'when is a low-fares airline actually a low-fares airline?' (Dobruszkes 2006; Francis, *et al* 2006; Mason and Miyoshi 2009). From a purely semantic perspective, several airlines have conveniently used the terms 'low cost', 'low-fares' or variants thereof in their marketing and promotional work; this is notwithstanding they may not necessarily adopt the principles of the low-fares business model either exclusively or for the most part. For instance, among (former) charter airlines, price is seen as a major differentiating factor and positioning strategy (Teckentrup 2007), and consumer perceptions of lower prices among LFAs represents a major threat. Although they may selectively adopt several of the practices in Table 4, they remain distinct from the LCC business model in its strictest sense.

Second and connected, extensive competition means that LFAs no longer necessarily offer the cheapest prices on certain routes. Mystery shopper research for travel magazines based on hypothetical scenarios of routings and timings often demonstrates that LFAs are not necessarily the cheapest when compared to scheduled carriers and charter airlines (Sunday Times 2008; cf. Dennis 2007). Studies covering a longer timeframe have confirmed this (Maglihetti, *et al* 2009). Findings of this nature have been noted by the European Commission and LFAs themselves. While the latter launched an enquiry into pricing in 2007 (EC 2008), the LFAs have responded by adjusting their own descriptions of themselves in their public relations and marketing. For instance, despite its low-fares emphasis, Flybe now describes itself as 'the UK's largest regional airline' (Flybe 2008).

Section 4

Research methods

4.1 The research programme

To investigate the current CSR practices and likely future trends among LFAs, an analysis of CSR texts in the public domain was accompanied by a series of interviews with airline managers. The empirical work was conducted from October 2008 to July 2009. It coincided with one of the most turbulent periods in recent aviation history. An unprecedented rise in oil prices in summer 2008 put considerable pressure on operating costs (DLR 2009) and was compounded by the effects of recession in the UK and EU on consumer demand. As a result, interviews were more difficult to secure. One airline failed before its manager could be interviewed. Sterling, at the time a member of the European Low Fares Airlines Association (ELFAA), went into administration in October 2008 as a consequence of the Icelandic Banking Crisis (BBC 2008).

4.2 The sample

One major issue was to establish which airlines to include. As noted in Section 3, the identification of low-fares airlines has become somewhat problematic. Thus, this study was limited to the 10 members of ELFAA that fly to and from the UK as well as 12 additional airlines (Table 5). The latter were determined by a process of empirical verification such that they utilised the 'low-cost' or 'low-fares' tag line in their marketing and/or appeared to adopt many of the operating characteristics of LFAs (Table 4). They also had to fly to at least one UK destination (Table 5). Among these airlines were Air Southwest, flyglobespan, and Air Berlin (a former member of ELFAA).

The final sample group varies markedly in size and scale of operations. In 2008, Ryanair carried nearly 58 million passengers (Ryanair 2009), it added 201 routes throughout Europe (Ryanair 2008), and it had more seats on offer per week in 2008 than British Airways (DLR 2008). Internationally, Ryanair ranks 24th in the world for revenue passenger kilometres (DLR 2008). In contrast, Norwegian Air Shuttle carried just under 9.2 million passengers (mainly from Scandinavian countries) on the 170 routes it operated in 2008 (Norwegian 2008).

Table 5: LFA sample group details

Airline	Fleet Size	UK destinations	HQ	Ownership
Air Baltic Corporation	31	London-LGW	Latvia	Latvian State (52.6%) and Baltijas aviācijas sistēmas SIA (47.2%)
Air Berlin	131	London-STN, Manchester	Germany	Publically listed
Air Southwest	5	Bristol, Glasgow, Guernsey, Jersey, Leeds-Bradford, London-City, London-LGW, Manchester, Newcastle, Newquay, Plymouth,	UK	Subsidiary of Sutton Harbour Group
Aurigny Air Services	11	Alderney, Bristol, East Midlands, Guernsey, Jersey, Manchester, London-LGW, London-STN, Southampton	UK	State of Guernsey (100%)
Blue1	13	London-LHR	Finland	SAS Group (100%)
bmibaby	20	Aberdeen, Birmingham, Cardiff, Edinburgh, East Midlands, Glasgow, Jersey, Manchester, Newquay	UK	Subsidiary of British Midland Airways
easyJet*	165	Aberdeen, Belfast, Birmingham, Bournemouth, Bristol, East Midlands, Edinburgh, Glasgow, Inverness, Liverpool, London-LGW, London-STN	UK	Publically listed
Flybe*	77	Aberdeen, Barra, Belfast City, Benbecula, Birmingham, Bristol, Campbeltown, Cardiff, Derry, Doncaster Sheffield, Dundee, Edinburgh, Exeter, Glasgow, Guernsey, Inverness, Islay, Isle of Man, Jersey, Kent, Kirkwall, Leeds Bradford, Liverpool, London-LGW, London-LTN, London-Southend, Manchester, Newcastle, Newquay, Norwich, Southampton, Stornoway, Tiree, Wick	UK	Rosedale Aviation Holdings Ltd (69%), British Airways (15%), staff (16%)
flyglobespan	14	Aberdeen, Belfast, Edinburgh, Glasgow, London-LGW, Manchester	UK	Globespan Group (100%)
Germanwings	27	Edinburgh, London-STN, Manchester	Germany	Deutsche Lufthansa AG (100%)

Continued overleaf.

Table 5, *cont*: LFA sample group details

Airline	Fleet Size	UK destinations	HQ	Ownership
Jet2.com*	30	Belfast, Blackpool, Edinburgh, Jersey, Leeds Bradford, Newcastle, Newquay, Manchester	UK	Subsidiary of Dart Group plc
MyAir.com*†	8	London-LTN, Manchester	Italy	Flyholding, S.p.A.
NIKI	12	Manchester	Austria	Private investors, Air Berlin (24%)
Norwegian Air Shuttle*	40	Edinburgh, London-LGW, London-STN	Norway	Publically listed
Ryanair*	190	Aberdeen, Belfast City, Birmingham, Bournemouth, Bristol, Doncaster, East Midlands, Edinburgh, Glasgow, Leeds, Liverpool, London-LGW, London-LTN, London-STN, Manchester, Newcastle, Newquay	Ireland	Publically listed
SkyEurope*	15	London-LTN, Manchester	Slovakia	Publically listed
transavia.com*	34	London-LTN	Netherlands	Subsidiary of KLM
TUIfly	44	Manchester, Newcastle	Germany	Subsidiary of TUI AG
Vueling ‡ / Clickair*‡	35	London-LHR	Spain	*Merged in 2009*, part owned by Iberia (45%)
Wind Jet	12	London-LGW, London-LTN	Italy	Finaria Group (100%)
Wizz Air*	26	Doncaster-Sheffield, Glasgow-Prestwick, Liverpool, London-LTN	Hungary	Private investors

* ELFAA member

† Flights suspended as of 21 July 2009

‡ Airlines merged late in the research and were analysed separately

nb, some EU LFAs, such as ELFAA member Sverige Flyg, were not included as they did not have a UK destination

(Sources: full bibliographical details provided in the reference list)

4.3 Documentary analysis

As a first step, an attempt was made to gauge through their external communications the extent to which LFAs practice CSR. The nature and type of communications is a useful initial indicator of progress (Mirvis and Googins 2006; Blowfield and Murray 2008). For instance, businesses or organisations at an elementary or engaged stage are more likely to make more ad hoc, uncoordinated communications about their CSR work whereas the more advanced may be more systematic, with dovetailing policies, strategies and indicators.

While such a mapping exercise provides valuable opportunities to benchmark progress, it is also not without some limitations. First, there are the questions of which communications to include and how widely to search for texts? Documentary analysis is, therefore, unlikely to reveal the full or total extent of CSR activity, rather it indicates the extent of CSR across the range of texts surveyed and as limited by editorial decisions made by their authors. A full survey implies a complete register of activity and, as we note below, this is rarely possible, not least because those responsible for CSR are not in possession of all the evidence. Moreover, CSR is not always the subject of dedicated reports or exclusive sections within reporting documents. Instead, much work related to CSR is frequently reported indirectly under other headings and straplines in policies, strategies, reports, press releases and the like. Thus, it is important to search widely for CSR-dedicated and CSR-related documentation.

In this research documents were sourced from the WWW and directly from the airlines in hard-copy from October 2008 to July 2009. Searches identified four types of media which were routinely used by LFAs to communicate CSR. These were: web-pages; press releases; annual reports; and policies (see Table 6; Section 5). A broad interpretation of CSR was used and this research included any texts that mentioned an LFA's activities in the areas of the environment, charities, ethical codes / reporting, sustainable procurement, and membership of or connections to ethical and/or CSR-focused NGOs. Also included, where published, was information about staff (i.e. how the company benefits employees) and about communities (i.e. how the company benefits society in a not-profit-oriented way). Thus, communications were included that covered typical CSR behaviours in business and at least one of Dahlrud's (2008) five categories of CSR-activity (Section 2).

The substance of these texts was examined in more detail by means of a Content

Analysis (Strauss and Corbin 1990; Hall and Valentin 2005; Table 9). A framework was devised based on the search parameters, as well as precedents from other sectors (Coupland 2006; O'Connor and Spangenberg 2007; Holcomb et al 2007) and other aspects of aviation communications (Kemp and Dwyer 2003). A preliminary database to record the content was devised and, as is standard practice, was discussed, appraised and adjusted as the research progressed. Results from the database are presented in Tables 6-10 below.

Documentary analysis is, therefore, indicative rather than definitive. While it may not always fully reveal the range and depth of CSR practices (Holcomb et al 2007), it has further value in so far as it is highly suggestive of how organisations value their respective CSR activities and what groups they want to make aware of them. As a final element here, the CSR texts were assessed for their accessibility and intended audience/s (cf. Esrock and Leichty 2007); to focus exclusively on content without considering the audience would limit the quality of the analysis (Guimarães-Costa and Pina e Cunha 2008) because the type of message is indicative of the purpose of CSR and hence the general level of progress (Kramer and Kania 2006; Mirvis and Googins 2006; Blowfield and Murray 2008; Section 2).

4.4 Semi-structured interviews

In parallel to the documentary analysis an overlapping series of interviews with senior managers responsible for CSR was conducted. The purpose of the interviews was twofold: to add greater detail to the documentary analysis by learning more about the (published and covert) CSR activities of the LFA; and to develop a deeper understanding of the drivers, processes and operational practices associated within the LFA business model (Section 3). The latter offers some clues as to the likely future trends for CSR in the sector.

A snowball sampling strategy was employed. Initial requests for interviews were sent to managers in all the LFAs in Table 5, with telephone follow-ups. Contact details were verified by several prominent managers at early interviews, as well as through contact with the ELFAA secretariat. Early interviewees also helped facilitate later interviews with those in their community of practice.

An interview schedule of 20 questions was devised to address the dual objectives of this step (Appendix 1). This was informed by the earlier findings of the documentary analysis as well as extant studies of CSR in business. Nine core questions (denoted in bold) were put to each interviewee at some point in the discussion, and their purpose was to facilitate comparisons between the LFAs. The other questions were intended as follow-ups and additional probes, and were not always used depending on the course the interviews took. The questions were not always posed in the sequence they are presented in Appendix 1. Where possible, technical terms and jargon were avoided, but in some cases they were deliberately retained to reveal the levels of, and variations in, understandings of key ideas to contextualise current progress and future development. For instance, the existence of a common understanding of CSR or standard practitioner definitions and approaches would be suggestive of stronger foundations for deeper future implementation. Moreover, the term 'corporate social responsibility' is a 'fuzzy concept' (Markusen 1999) in so far as it is highly contested and defies single, universal definition (Section 2). Thus, significant discrepancies in interpretation and understanding can emerge between interviewer and interviewee that may constrain the ability of face-to-face encounters to deliver data that is meaningful to the research subject (Coles et al 2009). To counteract this, interviewees were encouraged where at all possible, to offer examples or specific cases to reinforce their responses.

Eleven managers offered interviews which lasted on average 58 minutes. All but two were taped and transcribed. In order to preserve the anonymity of the respondents and airlines they represented, verbatim quotations in Section 6 have not been directly attributed and, as is often the case, pen portraits of the respondents have not been included. Two other airlines declined interviews but in later correspondence provided data that has been incorporated into the analysis. The sample size may be regarded as acceptable for three main reasons: the small community of practice; macro-economic conditions mediated against further co-operation; and qualitative methods do not seek to establish representativeness, but rather deeper understanding based on the identification of consensus and dissonance among the data.

Section 5

CSR in 'black and white'

5.1 Basic CSR communications

Searches for CSR documentation revealed four main types of textual media are used by LFAs (Table 6). Of the 22 LFAs examined, six (Air Baltic, Aurigny Air Services, Niki, Vueling, Wind Jet and Wizz Air) did not communicate any CSR-related activities through these media; this not to say that 32% of LFAs do not practice CSR or act in a socially-responsible manner but rather that they simply did not record it in these types of texts. For instance, one interesting but disappointing feature is that during the course of the research Vueling and Clickair merged since when information about the latter's support for a local environmental charity has been removed from its website.

In contrast, over two-thirds of LFAs (68%) communicate about CSR. The most frequently-used medium is the webpage (used by 11 LFAs, 50%), closely followed by entries in an annual report (10 LFAs, 45%). Less popular were press releases (8 LFAs, 36%) and policy statements related to one or more aspect of CSR (8 LFAs, 36%). Just four of the airlines (Blue I, easyJet, Flybe and Ryanair) employed each of the four modes of communication to varying degrees. With the exception of Air Berlin, this means that, of the four largest LFAs, three use all four media (Table 5). This is suggestive of greater relative resource to devote to CSR and acknowledgement of CSR as a major business issue among larger enterprises.

Indeed, resource appears to be an important explanatory variable. In addition to Blue I, easyJet, Flybe and Ryanair, three other LFAs (transavia.com, TUIfly and Germanwings) produced CSR-related policies. They are respectively owned by KLM-Air France, the TUI Group and Lufthansa as major airlines and transnational corporations. CSR-related policy statements varied dramatically in scope and substance. Parent company-produced policies had clear (i.e. group-related) goals and targets that were reported against in annual reports or dedicated CSR publications. Conversely, although called a 'CSR policy' in both the annual report and online, Flybe's had neither aspirations nor targets, and may be better classified as a review of the past year's activities.

Table 6: LFAs' CSR communications

Airline	Webpage/s related to CSR	CSR-related press release/s	CSR in annual report	Policy
Air Baltic Corporation	no	no	N/A	no
Air Berlin	no	yes	2006, 2007, 2008	no
Air Southwest	yes	yes	N/A	no
Aurigny Air Services	no	no	N/A	no
Blue1	yes	yes (last issued 2007)	Included in SAS's *Annual Report* 2004-2008	Environmental policy, SAS's sustainable development strategy
bmibaby	no	yes	N/A	no
Clickair	yes	no	N/A	no
easyJet	yes	yes	2006, 2007, 2008	Environmental policy, charity policy, ethical code
Flybe	yes	yes	2008	CSR policy
flyglobespan	yes	no	N/A	no
Germanwings	yes	no	Included in Lufthansa's *Sustainability Balance Report* 2006-2009, also in *Annual Report* 2002- 2008	CSR issues in Lufthansa's corporate policy, corporate environmental policy
Jet2.com	no	yes	no	no
MyAir.com	yes	no	N/A	no
NIKI	no	no	N/A	no
Norwegian Air Shuttle	yes	no	2007, 2008	no
Ryanair	yes	yes	2003-2008	Ethical code
SkyEurope	no	no	2007, 2008	Ethical code
transavia.com	no	no	2007/2008, 2008/2009	CR policy
TUIfly	yes	no	Included in TUI Group's *Annual Report* 2005-2008 and the bi-annual *Sustainability Reporting* 2006/2007	TUI Group's environmental policy
Vueling	no	no	N/A	no
Wind Jet	no	no	N/A	no
Wizz Air	no	no	no	no

*'N/A' indicates no annual report available

(Sources: full bibliographical details provided in the reference list)

5.2 Stakeholders and CSR

Such data are useful in establishing a broad view of how CSR features currently in the LFA sector. These data point to clear differences between the engagement of larger LFAs and those owned by a significant (parent) company and a comparatively more elementary approach among the smallest and/or youngest LFAs (cf. Mirvis and Googins 2006; Section 2).

Of course, a broad overview of the employment of particular modes of communication tells us little about the detail of the CSR activities *per se* or the intended audiences for CSR messages. CSR-related website communications are, as Guimarães-Costa and Pina e Cunha (2008) have observed, deliberately tailored for specific intended audiences; hence, to present listings of activities while ignoring the intended audiences would clearly decontextualise the analysis.

Annual reporting on CSR and CSR-related information was universally in 'investor relations' locations on LFAs' websites, and the intended audiences were primarily those with a (current and future) financial stake in the business (either as shareholders, financiers and/or customers). Press releases were, likewise, found in parts of the website aimed mainly at the (news) media (as conduits to the general public). Finally, information on the main website was accessible to all stakeholders, including media and investors; however, the information was often abridged or focused on different issues than the information in the annual reports and press releases. Hence, it was largely directed at current and future consumers.

For most airlines that were included in this research, gaps were present in communicating to all three major groups of stakeholders (Table 6). More than half of the sample group communicated their CSR-related activities to only one stakeholder audience group or to none at all. Seven airlines targeted only one stakeholder audience. Jet2.com and bmibaby only communicated their CSR-related activities to the media. Clickair, flyglobespan and MyAir.com only provided CSR-related information on their general website. SkyEurope and transavia.com limited their CSR communications to investors. Furthermore, it should be noted that the depth of communication to stakeholder groups varied. For instance, Norwegian Air Shuttle would have been included in the investor-only communicators were it not for a webpage entitled 'Corporate responsibility' the entire text of which read: 'Cooperation with Unicef [sic]. See UNICEF's webpage: www.unicef.com' (Norwegian 2009: Online).

5.3 Communications to the media

Environmental efforts, charity sponsorship and community initiatives dominated LFAs' press releases. Charitable support was mentioned by six of the seven airlines who published CSR-related press releases between 01 October 2008 - 01 July 2009 (Table 7). Flybe published far more CSR-related press releases than any of the other LFAs with 15 communiqués over the period. The next most active was Jet2.com with nine press releases.

The 'societal' component of the 'triple bottom line' dominates most media-directed communications, with six airlines reporting their charitable involvement and two airlines describing their support for local communities. Not surprisingly, none of the society-related press releases acknowledged any negative impacts on communities or society as a whole. Instead, a common enemy was presented, such as Alzheimer's, 'a devastating condition that robs people of their lives' (easyJet 2009: Online), or cancer, 'a disease that touches almost all of us' (Flybe 2009: Online). The sponsored charity's credentials were set out, along with the LFAs' commitment to that charity. Charity support was often presented in terms of a quantified monitory amount, although customers were sometimes expected 'to dig deep to support this important cause' (Flybe 2009: Online).

Table 7: CSR information in 2008/09 press releases

Airline	Environment	Charity	Other
Air Berlin	Technological improvements	4 sponsored charities	no
Air Southwest	no	no	Community support
bmibaby	no	Fundraising for Children in Need	no
easyJet	no	Sponsorship of Alzheimer's Society	no
Flybe	Technological improvement	Fundraising for Cancer Research UK	Football sponsorship Staff training Community support
Jet2.com	Technological improvements	Fundraising for Cancer Research UK	Football sponsorship Community support
Ryanair	no	Promise of charity donation	no

(Sources: full bibliographical details provided in the reference list)

Thus, LFAs took the position of a facilitator (and even a gatekeeper) between their passengers and charities.

Press releases relating to the environment had very similar content. All three of the most recent environment-related press releases reported how technological advancements (winglets, newer aircraft, new de-icing fluid, etc.) have been reducing their environmental impacts. Older environment-related press release detailed how customers could mitigate their environmental impacts through a carbon offset schemes and outlined official positions on environmental issues and legislation.

While environment-related press releases universally recognised the threat flying poses to the environment, the dangers were quickly downplayed. Some, as an older Jet2.com text typical of this genre indicates (2007: Online), sought to undermine criticism, with statements such as:

> '[w]e believe it is important that everyone is aware of the real facts concerning air travel and the environment. […] Instead people ignore these facts'.

Others focused more on the 'progressive' steps the company had taken to minimise environmental impacts, such as the 'easyJet ecoJet' which will 'incorporate the latest research by airframe and engine manufacturers from around the world' (easyJet 2007: Online). In all instances, the environmental press releases displayed a 'technocentric' conceptualisation of CSR, communicating the view that ultimately technological advancements will mitigate the environmental impacts of (low-fares) aviation (Ketola 2006; Section 2). Unlike society-related press releases, the financial implications of environmental issues were largely absent.

5.4 CSR communications to investors

Sections on CSR issues in annual reports implicitly recognise the link between responsible behaviour and financial results; that is, between doing good and doing well. For some organisations, in general the inclusion of CSR in annual reports is a means of attracting ethical investors and investment funds (Blowfield and Murray 2008). Although these links were not especially overt, Flybe's strapline of 'low cost but not at any cost' was emblematic of a common theme that commercial success could not be achieved without a recognition of other considerations.

The precise content among this type of communications did, nevertheless, vary greatly in subject and length (Table 8). Of the 22 airlines studied, ten included a section on CSR-related issues in their 2008 annual report. The longest by far, in both words and pages, was SAS Group's section on sustainability (with references to Blue1) which contains 12,454 words over 24 A4 pages. The shortest in words was SkyEurope's 388-word statement. The average number of words used was 3,026, although SAS Group's section was a clear exception. If only LFA-specific annual reports are included in the average, the average drops to 1,815 words. There are two likely and connected explanations: parent companies are potentially larger and have more activities to include in reports; and they have greater resources to compile CSR reports and strategies.

A matrix of CSR reporting based on Holcomb, *et al* (2007) indicates that environmental issues dominated, with nine out of ten annual reports reviewing LFAs' efforts to reduce their impact on the environment (Table 9). The other LFA, Norwegian Air Shuttle, included a section highlighting its compliance with environmental legislation. Some texts, such as Ryanair's, presented their environmental efforts as proof that further legislation on the part of national governments (in EU member states) is not necessary. The annual report statements took a largely 'technocentric' view of environmental impacts and this clearly echoed the environment-related press releases.

Workplace issues were also included in all of the annual reports, although SkyEurope's references were deemed to be too vague and general so as not to be included in the table (employees were included in a list of perceived stakeholders, but nothing more specific was mentioned). Employee-related entries ranged from a basic list of staff conditions and compliance with employment legislation to Lufthansa's concern for the satisfaction of the group's employees. The majority detailed the benefits staff accrued through working for the LFA, from primary benefits, such as staff flights, to secondary benefits, such as training and advancement opportunities. The emphasis on employees in the annual reports differentiated their content from the messages in press releases. The latter largely overlooked staff conditions, training, benefits and satisfaction. Put another way, press releases presented newsworthy stories that attempted to project LFAs in a positive light, especially to offset negative publicity from other major areas of public debate such as the environment and climate change. Conversely, information on charitable involvement was more comprehensive in the press releases and only abridged versions of that information was directed toward investors.

Table 8: CSR in 2008 annual reports

Airline	Parent company's report?	Number of A4 pages	Number of words	Key activities covered
Air Berlin	no	6	2,163	Staff conditions, charitable involvement, environmental efforts
Blue1	SAS	24	12,454	Environmental efforts, sustainable HR practices, sustainable partnerships, financial costs of CSR, CSR policy
easyJet	no	8	7,022	Safety, environmental efforts, staff development, charity involvement, ethical codes, environmental policy
Flybe	no	3	1,044	Staff training, charity involvement, environmental efforts, CSR policy
Germanwings	Lufthansa	3	2,153	Environmental efforts, staff satisfaction, staff training, sustainable economic development, environmental & CSR policies
Norwegian Air Shuttle	no	1	624	Environmental compliance, staff conditions
Ryanair	no	2	852	Environmental efforts, emissions trading/ environmental compliance, ethical codes, staff benefits,
SkyEurope	no	2	388	Environmental efforts, charity involvement, ethical codes
transavia.com	no	1	610	CR policy, responsible partnerships, environmental efforts, carbon offset, charity involvement, staff development
TUIfly	TUI Group	8	2,946	Staff development, staff benefits, environmental efforts, carbon offset, environmental commitments, community development, charity involvement, environmental policy

(Sources: full bibliographical details provided in the reference list)

Table 9: Matrix of CSR in 2008 annual reports

Airline	Community			Environment			Marketplace			Workplace			Vision	
	A	B	C	D	E	F	G	H	I	J	K	L	M	N
Air Berlin		x			x					x				
Blue1					x		x	x		x	x			x
easyJet		x			x				x		x		x	x
Flybe		x			x						x			x
Germanwings					x			x			x	x		x
Norwegian Air Shuttle						x				x				
Ryanair					x	x					x		x	
SkyEurope		x			x								x	
transavia.com		x	x		x		x				x			x
TUIfly	x	x	x	x	x						x			x

Table key

A-Community sponsorship/development, **B**-Charity involvement, **C**-Carbon-offset/environmental charity, **D**-Commitment to reducing environmental impact, **E**-Efforts to reduce environmental impact, **F**-Compliance with environmental legislation, **G**-Responsible partnerships, **H**-Economic aspects of CSR, **I**-Safety, **J**-Staff conditions, **K**-Staff benefits and training, **L**-Staff satisfaction, **M**-Ethical codes, **N**-CSR/environmental policy

(Sources: full bibliographical details provided in the reference list)

5.5 CSR communications to consumers

Websites can be powerful spaces through which organisations communicate CSR. Format, inclusion of images, comprehensiveness and accessibility all can affect the strength of online CSR communications and reveal organisational priorities for public consumption (Capriotti and Moreno 2007). As such, a connected indicator of the importance placed on communicating CSR to consumers is the prominence of CSR issues in the hierarchy of the website as a whole (Coupland 2006).

The content of LFAs' webpages was similar to that of the press releases (Table 10). Information on environmental mitigation efforts and charity involvement dominated, and, in contrast to the annual reports, employee issues were absent. Two airlines (Clickair and TUIfly) hosted information about an environmental charity on their websites. Both included an acknowledgement of the environmental impact of aviation, as well as the nature of the LFA's support for the charity. As a result, these two pages were deemed to cover both categories (Table 10). No other pages on either of the LFAs' websites contained information about charitable involvement *and* environmental efforts simultaneously.

A few of the pages on CSR-related communications have titles such as 'Corporate responsibility' (Blue1 and Norwegian Air Shuttle), 'Corporate social responsibility' and 'Sustainability' (easyJet), demonstrating that there is at least some familiarity with the

Table 10: CSR information on websites

Airline	**Environment**	**Charity**	**Other**	
	Click through	Click through	Subject	Click through
Air Southwest	1	—	—	—
Blue1	2	—	Corporate responsibility [social, environmental, economic]	2
Clickair	[environmental charity] 2		—	—
easyJet	1	2	Sustainability	2
			CSR [redirects to online 2008 annual report]	3
Flybe	1	2	—	—
flyglobespan	1	2	—	—
Germanwings	—	—	Football sponsorship	3
MyAir.com	—	3	—	—
Norwegian Air Shuttle	—	—	Corporate responsibility [charity]	2
Ryanair	2	—	—	—
TUIfly	[environmental charity] 2		—	—

(Sources: full bibliographical details provided in the reference list)

terms in the sector, although there does not seem to be a consensus on a preferred term. Length of statements on websites ranged from eight words (Norwegian Air Shuttle) to 7,022 words (easyJet). Images were largely absent, although some basic data in the form of graphs and charts were presented to support the 'CSR case' (such as those on Ryanair's page, 'Ryanair and the environment'). Also, easyJet hosted an interactive flash image detailing the aspects of their environmental commitments, as well as a carbon offsetting scheme embedded in the purchasing system. Four other airlines (Blue1, Clickair, Flybe, and TUIfly) offered carbon offsetting through their websites.

As well as webpage content, the location of CSR activities was also analysed (Table 10). The number of mouse clicks required to reach a page on a CSR topic was recorded (cf. Coupland 2006). No home page hosted any direct CSR-related content. Some websites, such as Flybe's, had a link to a CSR-related page that was in a rollover list. As the link lead directly from the homepage to the CSR-related content, such pages were deemed 'one-click' pages, even though the link to the page was not immediately apparent on the homepage. Other content, such as flyglobespan's environmental efforts, was presented under a second-level subheading (requiring the viewer to scroll through the 'About Us' section). The data in Table 10 suggest that CSR has not to date been given a high level of prominence in web-based communication. It should, for instance, be noted that this contrasts with several large transnational corporations (e.g. Nestlé, Shell and British Petroleum).

The most prominently-displayed CSR-issue on LFAs' websites was the environment. Four airlines (Air Southwest, easyJet, Flybe and flyglobespan) had a link to information on the environment on their homepage (Table 10). Four other LFAs had environmental information two mouse clicks from their homepage. The average number of clicks required to find communications about the environment was 1.5 clicks.

Charitable information occurred less often and was presented less prominently on the websites. Three airlines (Air Southwest, Blue1 and Ryanair) that had taken the time to include environment-related information on their website did not include any charity-specific pages (Table 10), although Ryanair did set up a separate website, not currently linked to its main website, to promote its charity calendar. The one airline that only posted content about a charity on its website, MyAir.com, had the information three clicks away from the homepage. Charity information among Norwegian Air Shuttle's webpages could be equally difficult to find as it was listed exclusively under the title of

‘Corporate responsibility’. The average mouse clicks that customers would have to make to find information about LFAs’ charitable involvement was 2.14. Environment-related content, then, seems to have been perceived as more important to communicate to consumers than charity involvement and other CSR-related activities.

5.6 Summary of the main findings

From this documentary analysis, four key findings are evident.

- Low-fares airlines practise corporate social responsibility.

  Activities that are routinely associated with CSR in other sectors are evident among the LFAs surveyed as part of this research. The range of activities uncovered is encouraging because, contrary to opposing views in popular public discourse, LFAs acknowledge their CSR. The evidence points to LFAs as having achieved elementary or engaged levels of implementation. Larger LFAs have developed their CSR activity and reporting further than the smaller and/or younger LFAs.

- There is a difference between LFAs that have a full-service carrier parent company and LFAs that are not a subsidiary.

  LFAs that are subsidiaries of larger corporations communicate more in annual reports and separate publications. Subsidiaries have CSR-related policies as do three of the larger, more established LFAs albeit they do not have the same depth and indicators. Most of the CSR communications that reference subsidiary-LFAs seem to be driven and produced by parent companies. Nevertheless, LFAs that are subsidiaries do not seem to communicate as well as their parent companies on their own websites about their specific CSR activities.

- Gaps in communicating CSR activities to all stakeholders and across the full range of CSR activity are prevalent.

  Less than 20% of LFAs communicate a ‘triple bottom line’ to investors, media and customers. Six of the 22 airlines in this study do not communicate any CSR-related activities. Studies that adopt an exclusively external approach to data collection, reliant on secondary data sources are unlikely to detect the full extent of CSR being practised by an LFA.

- LFAs adopt a mainly defensive approach to communicating CSR.

  Critics of the role of LFAs in sustainable development most often point to their (alleged adverse) environmental impacts. Thus, environmental efforts and compliance with environmental legislation are the most prominent content in communications aimed at both investors and customers. Environmental pages are the only CSR-related issues to be directly linked to LFAs' homepages. This focus on the environmental aspects of CSR, coupled with the relative absence of formal CSR policies with indicators points to most CSR activities among LFAs as being defensive in nature. Perhaps not surprisingly then, LFAs demonstrate a mostly 'technocentric' view of CSR, although, as the next section will reinforce, 'plutocentrism' is also prominent (cf. Ketola 2006; Section 2).

Section 6

CSR: in-depth views

6.1 Introduction

Grounded Theory was used to drive the analysis of the interviews (Strauss and Corbin 1990). The interviews were transcribed and then subjected to multiple, thorough readings. Themes were suggested, appraised in subsequent rounds of reading, and adjusted where necessary to arrive at a set that best reflected the major issues surrounding CSR among LFAs. No sub-sample analysis was conducted. In the end, four macro-themes emerged that contribute to a fuller appreciation of current CSR activities and future prospects, namely: defining CSR, internal practices, the rationale for CSR, and knowledge exchange. Reporting in Section 6 is not linear, question-by-question but rather by theme to construct coherent strands of interpretation. In some cases, responses to particular questions were applicable to more than one theme. Overall, the interviewees were most engaged in discussions regarding the nature and definition of CSR (theme I) and the rationale for CSR (theme III). However, it is often the silences, brevity and imbalances of attention that contribute the value of qualitative research. In this regard, the fact that internal practices (theme II) and knowledge exchange (theme IV) were *not* discussed as extensively is instructive.

Documentary analysis offers an overview of the current CSR practices of LFAs as they wish to communicate them in public; however, there is often a disparity between what is communicated and what is going on in reality 'behind the scenes' (Clark 2000; Moneva *et al* 2006). Our interviews reinforced the broad assessment of the level of CSR activity identified in the previous section. Importantly, they offered additional insights into how CSR is both understood and practised among LFAs.

6.2 Theme I: defining CSR activities

All interviewees were asked to explain what the term 'corporate social responsibility' meant to them and/or the organisation on behalf of whom they were speaking. While this was a potentially difficult and technical question, no pointers or exemplifications were offered. This was to encourage spontaneous recall and because the interviewees had been identified as their businesses' CSR leaders. Every interviewee struggled to answer the question. Several respondents were cautious, even somewhat defensive, while others were hesitant, almost looking to the interviewers for reassurance that they had got the answer correct. Among the range of answers were:

> [I] don't care about the definitions. I think it's at least in part, about the difference between how an organisation spends its money, and how it earns it.

> I think as any organisation, really, you have an ability to influence society around you and to do some good things — also, some bad things. But, you have the ability to do some good things.

> I think everyone will say they have a corporate and social responsibility. I think it's how you act it out and what you actually do — that's what makes the difference.

> In reality, I think there are three axis of — of importance to us in terms of corporate social responsibility: the external, to — to the outside world, and one inwards, to — to the inside. The number one is the environment. Number two is the people — I'll come back to that. Third is staff.

Nobody was able to rehearse a polished standard answer either from their prior professional development or, for instance, from an association with a trade body or CSR accreditation scheme. On one level the responses demonstrated only partial understanding of the multi-dimensional nature of the concept; on another level, they were understandable because precisely because there is no universal agreement about, or single definition of, the term either in the LFA sector or in general (see Section 2). As one respondent put it:

> I would say that's a hard question to answer because I think it means different things to me than it does to [the airline sector as a whole] since I come from a different, more corporate background …I think, I think it's mainly been about philanthropy: add-ons to business that are CSR-related have mostly been philanthropy.

Instead of grand statements, CSR was understood and articulated on the basis of areas of activity which were perceived to connect with, or tangibly demonstrate an LFA's commitment to, CSR. These included: staff training; recruitment and retention; community projects; and charity involvement. Others attempted to describe CSR in terms of the airline's and the sector's contribution to the wider goals of sustainable development. Most responses rehearsed standard ideas about job creation, accessibility and opening of new markets which were very reminiscent of ELFAA's (2004) report. Some mentioned work with charities, community issues and sponsorship of groups, associations and clubs as manifestations of this ethos.

Two major sets of ideas were routinely perceived by almost every respondent to be connected to CSR, the first of which was charity and philanthropy. For instance,

> CSR is a bit of philanthropy, a bit of community, a bit of the way in which you earn your money. We did report on our CSR …. but it was really just two pages of philanthropy.

When set in context, this is a reasonably predictable response. As a concept, CSR has evolved from origins in corporate philanthropy (see Section 2). Although contemporary work by both academics and practitioners has stressed that CSR needs to go beyond corporate philanthropy (Crane, *et al* 2008), at a practical level within the firm charity is a highly visible means by which a business can relatively easily and tangibly demonstrate its commitment to its external stakeholders. As noted above (Section 5), charity is an easily understood concept, for instance, among the media and the general public.

Environmental activity was the second area that was frequently invoked. Like charity, environment is a major public relations topic for LFAs. Commitment to, or impact on, the environment may sometimes be viewed (falsely) as practically synonymous with CSR (see Section 2). Although the environment is a major concern of CSR, it is not an exclusive concern. As the environment has become a major element of the public discourse on LFAs, all the CSR managers took the opportunity to explain their approach to managing and mitigating impacts, for instance:

> On the environment, we feel that we are not exempt, even though we are a young airline and we have a nice, a fairly new fleet. We don't feel that

> we're exempt entirely from what we provide — or what we contribute — to….the environment.

Beyond charity work and the environment, documentary analysis revealed a variety of other initiatives and schemes which demonstrated a commitment to CSR (see Section 5). A similar breadth of knowledge was not always evident in the managers' recall even when probed further. One reason for this gap appeared to be that very few had conducted a systemic audit or appraisal of CSR activity within their business.

One of the distinctive features of LFAs is the number of communities they serve and hence to whom they should be socially responsible. Transnational corporations routinely face the challenge of implementing CSR in their home market as well as abroad in their external markets which sometimes have quite different regulatory expectations of CSR (Blowfield and Murray 2008; Crane, *et al* 2008; Burchell 2008). In almost all of the cases encountered here, the LFAs primarily concentrated their external CSR (i.e. charity work) activity in the states and regions in which their headquarters were located. This was explicitly couched in terms of the relative ease to administer CSR-related activities at home, but it was clear that most respondents had simply not thought through issues of international differences in expectation or delivery.

6.3 Theme II: internal practices.

All interviewees were, without fail, convinced of the need for their business to act in a responsible manner. This may be interpreted as a potential function of bias (in light of the interview request). Nevertheless, most managers conceded that their general intentions had not been translated into systematic behaviours and/or structured formal actions. Various reasons were advanced for this as well as the lack of CSR policies, strategies and reports produced in the sector. In some cases this concerned the relative youthfulness of the sector and the lack of 'institutional memory':

> We're a young company meaning the emphasis of our growth over the past few years has been to be born, to grow. And we as a management team, we're just beginning to feel now that we have the time now and the resources to deal with issues that would fall under corporate social responsibility.

Other respondents argued that current macro-economic conditions had forced the

LFAs to concentrate on their core operations and competencies:

> Should we be doing more? I think because of what we do in the company that we are, we already do a lot. And if other pressures thought we should do more, we would consider it. But, being here is the biggest priority.

Put starkly, one respondent noted that an LFA:

> should be profitable, because if you don't make a profit, you don't survive and there's not much you can do as an ex-airline. That is the start.

Other managers were concerned at the level and availability of human resources for strategic CSR. In the most effective strategies, CSR as an approach should be embedded in all activities across the business (Porter and Kramer 2006). Perhaps not surprisingly in the context of cost-cutting and lean production (Section 3), in several instances there was suspicion of the additional work and other overheads that a more extensive CSR programme may generate, and whether requests for additional resource would be justifiable or indeed agreed by senior management:

> ….being as leanly staffed as we are, obviously, we don't have the sort of comfort of being able to produce this sort of reports [sic].

> We couldn't afford it. We are thinking about creating a dedicated section on the website, but it — again, it would be very basic, probably using the language from the annual report and simply making it more easily available…. We want to make it more accessible to people but again, it's the limitations of a low cost organisation.

This view was not universally shared. Perhaps the most elegant counter-argument was:

> It's a bit like saying good design costs money. In architecture, a design of a new house shouldn't be any more if you add eco touches. The design doesn't cost more. I think the analogy is that good CSR practice shouldn't cost you more. It should save you.

Other respondents argued that activity was already being conducted in areas which are routinely identified with CSR like purchasing, employee relations, and community engagement. However, such initiatives were not currently or explicitly badged as such:

> I think it comes back to the issue of whether we do things or whether we talk about them. You know? When you analyse our performance and you look at the relationships with our staff or customers or shareholders and all that, we do tick boxes.

> We do it but we don't realise it. I do think we — through our everyday business practices — we support communities, train our staff, are environmentally responsible. I don't think we're in a position where we could write an annual CSR report.

Thus, one principal challenge moving forward appears to be to co-ordinate more extensive and efficient information-gathering and dissemination across the business of current activity. Another is to progress beyond the superficial and anecdotal to deeper levels of engagement which current operating systems and practices should facilitate. There was no doubt that there was a plethora of data which was already being produced for other (regulatory) reasons which could (additionally, without extra cost) be used to capture, monitor and evaluate CSR activity. For one respondent in particular, the lack of CSR reporting represented a major missed opportunity:

> The honest truth is, where is the benchmarking? Who knows? This is an industry where you can measure lots of things. I've never worked in an industry where everything is so measurable. The loads, the fuel. There's no benchmarking.

In several LFAs responsibility for CSR was shared across departments or divisions. A nominated lead typically fulfilled an almost informal co-ordinating role; however, delivery was typically tasked to individual division or department heads among whom CSR-related activity was not badged or regarded as such. Managers were routinely responsible for CSR as a fractional element of their job in addition to their other (principal) duties commonly in the areas of human resources, marketing, and public relations. As such, long-term views of CSR were not taken, CSR could be relegated behind other business concerns and not receive the additional time its further development clearly warranted:

> There is a person internally [who has] the remit of to formalise it. I have to admit that really what [s/he] is doing, is working on what needs to be done on a daily [ad hoc] basis with staff.

CEOs were singled out as key facilitators because they set the vision and objectives for the business, and CSR was expected to reflect and reinforce the goals and direction for the LFAs. For instance:

> If you look at our CEO, he's a very involved guy who's very, you know, he's concerned and he's — he's very responsible person… I think that can have a big effect in a big way and you can really see the benefits of these things.

In other instances, a much vaguer concept of a 'champion' was identified as a means to ensure CSR was properly factored-in to high level decision-making. None of the respondents mentioned formal target setting or mentoring and evaluation across a full range of activities which is customary practice in other business sectors (Blowfield and Murray 2008; Holton, *et al* 2008).

Prospects for future development beyond the elementary stages of CSR implementation did not appear not strong. Although a few of the airlines who declined to be interviewed did so on the grounds that they were developing CSR policies, these policies have yet to appear (and one airline admitted that their implementation target had disappeared). Likewise, none of the interviewees reported plans to appoint a manager or staff member with an exclusive CSR remit in the foreseeable future. This did not appear to be because of the current economic climate but simply because the idea had not yet featured in their business planning. In some cases, the justification of such a post was questioned. This centred not on financial overheads but whether CSR required the (time) resource of a full-time, dedicated position. Where future plans were mentioned, they largely related to the roll out and wider development of existing schemes and initiatives usually in the area of the environment.

The consensus view was that LFAs are at an early stage in their formalised CSR development. For this reason, many LFAs do not overtly broadcast their CSR activities or credentials. From a methodological perspective, this makes structured analysis of their activity patterns and level of engagement more difficult. Non-communication was sometimes a deliberate ploy but it was not an attempt to camouflage unsustainable behaviours (Moneva, *et al* 2006). In some cases, wider communication of CSR gains was simply just overlooked:

> We probably don't do a good enough job in terms of highlighting how — how green we really are, you know? We could do much more on that.

Some managers felt uncomfortable to communicate CSR activity because they had not fully audited activity or because they were unable to benchmark their progress within and outside the aviation sector. Moreover, as one explained lucidly, 'it seems to me that aviation gives you publicity. It's a sexy industry. It gets everyone talking…'. There was deep-seated suspicion of the press especially on the subject of the environment. As one respondent put it:

> I think there is a lot of paranoia, which — which targets low-fares airlines. And that's not only journalists, but also politicians in Europe, in more economically developed countries in Europe.

Irrespective of the merits of their cases which were in their view compelling and strong, the consensus was that they would not receive a fair hearing in the court of public opinion. Clearly, there are public relations gains to be made from CSR activity, for instance in the area of corporate philanthropy. Fearful that their other attempts to work positively would rebound in negative press coverage, much work connected to CSR and sustainable development remained covert and undisclosed.

6.4 Theme III: the rationale for CSR

Only one LFA pursued CSR activities as a proactive measure to respond to public debate about sustainable business in its home country. The LFA wanted to be recognised as a leader in the sector and to gain first mover advantage. While the latter may be interpreted as an 'offensive' approach to CSR, all other LFAs appeared to practise 'defensive' CSR (Kramer and Kania 2006). Stories about philanthropic and community work or the latest environmental initiatives offered the potential for shielding the image and defending the reputation of the airlines, especially where they had come under external scrutiny from the media, politicians and regulators.

Instead, among the majority of interviewees the case for CSR and the current level of activity was predominantly made in economic terms. As noted above, there was some scepticism about the human resources needed for CSR. Several other common perspectives emerged. First of all, the principles behind the low-fares business model were perceived to be inherently compatible with a CSR approach. This is because they espouse (resource) efficiency, greater competition that benefits wider sections of society, and enhanced awareness of stakeholders. For instance,

> [As our stakeholders,] you would consider our customers, our employees, shareholders, suppliers, and the wider public… And if you analyse how we interact with these groups, … you would come to the conclusion we do tick the CSR box, even though, you know, the general perception may be that we are irresponsible in some ways.

Second, there was clear agreement from crude cost-benefit 'calculations' that acting in a more responsible manner makes sound business sense in general terms. Overall, the perceived benefits far outweighed the costs. As noted above, the business case or CSR can be assessed by a variety of market and non-market measures compiled from quantitative and qualitative data sources (Weber 2008; Section 2). Investment in environmental performance (e.g. technological innovations, new fleets) offered not only irrefutable evidence of a commitment to greater responsibility, but also it generated significant savings -usually in the form of fuel burn- versus the 'business as usual' scenario:

> In our business model, [CSR] actually makes sense for us. If you become more environmentally efficient, you lower your costs per passenger, which is good for your business.

> It sounds expensive, but it really saves us money. It's about investment. Airlines that fly old crates, when the price of oil is low, fine, but when it's high, the added disbenefit is that they're pumping out more CO_2.

Here CSR may be interpreted as a convenient presentational spin on an activity that the airlines may have already been undertaking, and which overlooks the great increase in the total number of flights in the last decade. However, on several occasions it was made clear that environmental performance was a strong first step from which to lobby senior managers and/or board members of the merits of a deeper, future commitment to a responsible business strategy. Cost savings from environmental action considerably outweighed the overheads of managing CSR; investing in further CSR activities would, therefore, have little or no detrimental impact on the balance sheet, more likely the opposite effect.

A third feature was the difficulty of precisely identifying the full array of costs and benefits to factor-in to the equation. The environment through fuel costs and fleet investment dominated comments because they represent two of the most significant sources of costs for LFAs. Interestingly, the costs of reporting as well as monitoring and evaluation were identified although their magnitude was acknowledged to be much lower. Costs could be assessed in both market and non-market terms. For instance,

> I think of course there are costs — there is overhead costs [sic], there are risks associated with not selling correctly — both externally and internally — the actions that you take. There are risks of not communicating…. There are costs associated with the band-width, the cost of time required for the implementation of these issues…. the cost of the web, …. the web features, the costs of the tickets, all the meetings….

Benefits in terms of staff recruitment, retention and productivity were sporadically invoked. However, with the notable exception of cost savings through fuel (see above), benefits were more difficult to price accurately and, as a result, it was more difficult to attribute a return on investment connected to greater responsibility. Indicative comments from the interviews include:

> It's a very difficult financial statement to work out, because there is something that you can't really attribute: exactly what benefits — what was the final thing that caused that passenger to travel or what was the final thing that brought that about?

More often than not, general non-market assessments were made. Benefits were, for instance, identified in terms of marketing and projecting (more) positive brand image into which (both customers and institutional) investors may elect to buy:

> The benefit is that hopefully people see us as an ethical airline, a good

> airline, one that they feel agrees with their values, or they might think, 'You know, that's something I might like to support.'

Finally, there has been a noticeable shift of business travellers from scheduled carriers to LFAs (Mason 2001), and in some cases, corporate procurement agreements exist between LFAs and their regular corporate clients. The airline's position on CSR and how it connects to a procurement policy, may go some way towards determining whether future business is won or lost, as one respondent noted:

> Ultimately, if you are a publicly quoted company, the green investment industry or sustainable investment industry will choose to support you because of what you do…. How we are viewed is important when we talk to current or future customers. We have to fill in some ridiculous questionnaires. Who's to say that if in price it's a dead heat, and quality is the same, we might win on a tie-breaker question?

6.5 Theme IV: knowledge exchange

The final theme to emerge was knowledge exchange; that is, how does information about CSR flow into, out from, and within LFAs? With whom is knowledge - perhaps in the form of hints, tips, experiences or other data- exchanged formally or informally in the LFA sector and beyond it?

External scanning of the CSR activities of other enterprises did appear to be a common practice among the LFA managers we interviewed. In some instances, the CSR situation within the LFA sector was contrasted in very broad terms with some high profile transnational corporations such as Nestle, Shell and British American tobacco. This was mainly as a means by which to contextualise the much greater level of resource available to, track record in, and necessity to manage, CSR programmes in these corporations.

Interestingly, there was a strong reluctance to identify examples of CSR best practice in companies outside the LFA sector. Other scheduled carriers were not identified in this category. Quite the contrary: although particular scheduled carriers give the impression of having more advanced CSR strategy and reporting, they were the subject of some strong views. Criticisms centred on the larger teams they had assembled for the task; the apparently much larger additional overheads they generated for what should be a core activity; and their CSR communications glossed over their allegedly less sustainable behaviour than LFAs, especially their environmental credentials.

A similar reticence was also evident when they were asked to identify best practice within the sector. The one exception was easyJet which was mentioned by several interviewees as a leader in the sector because of a series of highly visible recent initiatives:

> [easyJet] have an environmental section on their website, you can do carbon offsetting, and on and on and on. You know, they're very good performers as well, actually. I don't think they're trying to hide anything behind it.

This relative lack of awareness among respondents in what goes on beyond their business may have been indicative of the relatively low status afforded to CSR in the sector. As a likely result of incomplete knowledge, some of the respondents arrived at the conclusion that theirs must be exemplary practice. When asked to identify CSR best practice in other LFAs one response regarding a local-based community initiative was:

> I must say that at the risk of sounding extremely arrogant that the fact that we have been able to suggest the local link already puts us in the realm of best practice. And that easyJet communicates very well. Other than that, I'm sorry….

Just two of the respondents mentioned the use of external sources such as consultants, trade bodies or CSR associations to inform or guide their current approach. These were not, however, formally contracted. Likewise only one respondent declared prior knowledge of the subject from a previous post. Some interviewees noted that they had routine connections with scheduled carriers that have CSR statements. However, there had apparently been no exchange of knowledge or experiences on CSR. No communities of practice appeared to exist around CSR among CSR managers or leaders within the sector and within individual airlines. In the case of the latter, the closest thing appeared to be meetings to discuss particular initiatives or disseminate news and feedback from specific events or schemes.

6.6 Summary of the main findings

The interview findings present important additional perspectives to those presented in Section 5. In particular they confirm that LFAs are at the 'elementary' or at best 'engaged' stages of implementation (Mirvis and Googins 2006, Table 2). CSR is practised for more defensive reasons to protect brand and reputation rather than to nurture them proactively (Kramer and Kania 2006). Three further key findings are:

- Textual sources present a limited view of the practices and processes of CSR that are currently evident among LFAs.

  Webpages, reports, press releases and other documentation do not document the full extent of CSR in the LFA sector. Much more goes on 'beyond the page' and CSR appears to be a part of routine business activity among LFAs, not an additional post-hoc 'bolt on'. Auditing and editorial practices as well as perceived scepticism among managers means that much CSR-related activity remains covert and unreported in media aimed at external stakeholders. This does not represent a deliberate 'camouflaging' of unsustainable practices. Rather, it reflects partial understanding of the term, what may be reported legitimately as CSR, and underdeveloped systems for collecting, monitoring, evaluating and communicating CSR-information within LFAs.

- The general ethical as well as business case for CSR was understood and accepted.

  In fact, in general terms the LFA business model was argued to be more socially responsible by nature because of its guiding principles. Overall, in basic cost-benefit terms, the benefits of acting in a responsible manner were perceived to outweigh the costs. The main advantage was cost-saving, in particular resulting from enhanced environmental performance. Costs were easier to value. Benefits (and sometimes beneficiaries) were more difficult to identify, to attribute and they were mainly assessed in broad non-market terms.

- The future development of CSR in the LFA sector is unclear but it will depend heavily on greater knowledge exchange.

> Progress to date has been largely unplanned. Although future development will require more systematic, co-ordinated approaches to managing CSR, no plans were reported by managers in a sector (aviation) that often extols the virtues of self-regulation. If CSR is to move from the elementary stage, several barriers must be overcome, including: clearer understanding of the concept among key managers and employees; greater leadership from senior management and/or at board level; more effective information-gathering; clearer, more regular internal communications; and greater dissemination.

This final point is especially important. Co-ordination from a single, identifiable organisational lead dedicated to the task may generate additional but not prohibitive overhead when the business case is more fully examined. As lean operations, it would appear that CSR gets relegated because it features as a secondary concern in the portfolio of the CSR 'lead'. Knowledge exchange is also necessary beyond the business. Many of the CSR-related issues affecting LFAs have also been experienced by other airlines and businesses in other sectors. Lessons are transferable and a role exists for an industry body or trade association to facilitate greater learning for the sector.

Section 7
Conclusions

7.1 Main findings

CSR has been a prominent issue in business administration in recent years and it is viewed as a central means by which to deliver sustainable development. Although there are important differences in definitions and interpretations of CSR among policy-makers and academics, a CSR approach requires businesses and organisations to questions the extent to which their internal and externally-facing activities contribute to sustainable development. In the case of low-fares airlines, social responsibility should be a key concern because of recent calls to encourage more sustainable aviation and to respond to allegations of a dubious commitment to the environment (ECI 2005; Treasury 2008).

Low-fares airlines are based on business models that espouse lean production and cost reduction. Although systematic CSR generates overheads, it is not incompatible with the LFA model. CSR is being practised among LFAs and often as part of their core operations, albeit it is neither always explicitly badged as such nor immediately visible to external (and sometimes internal) audiences. Most of the activity that LFAs present as CSR takes the form of corporate philanthropy and environmental initiatives. Charity is a long-standing (and arguably stereotypical) form of CSR, while environmental responsibility has greater significance since the publication of the Stern Report in 2007.

CSR-related activity often goes unreported. This ‘covert sustainability’ is an outcome of caution rather than an attempt to camouflage unsustainable practices. Partial visibility is also a function of incomplete understanding and knowledge of CSR and the attendant issues in the LFA sector. Standardised approaches to CSR reporting as advocated in the wider body of knowledge, have been overlooked to date. The great majority of LFAs do not have a formal policy, strategy or implementation plan nor do they have single champions with sole or even primary responsibility for CSR. Targets are by and large not set, monitored or evaluated although the aviation industry is subject to a welter of regulation and data gathering that could be used for this purpose. Currently, CSR-related activity is only very loosely assessed in terms of its outcomes. Taken together these observations leave the impression of a lack of co-ordination and commitment moving forward.

CSR implementation among low-fares airlines is 'elementary' or at best (in certain dimensions) 'engaged' (cf. Table 2). CSR is practised for more defensive reasons to protect brand and reputation rather than to nurture them proactively (Kramer and Kania 2006). Currently, the economic and the environmental appear to be privileged among LFAs at the relative expense of the social. Hence, the current balance is suggestive of the predominance of technocentric, even plutocentric approaches to managing CSR in the LFA sector (cf. Ketola 2008).

For CSR to develop further among LFAs, several barriers must be overcome. These include: an incomplete understanding of the concept among key managers and employees more widely; the lack of a coordinated approach within organisations and a single point-of-contact; difficulties in making a formal case for dedicated resource; and a lack of systematic knowledge transfer both internally and externally. The general ethical as well as business case for CSR is understood and accepted. In fact, the LFA business model is perceived to be more socially responsible by virtue of its guiding principles and their apparent compatability with sustainable development.

LFAs can do well by doing good. Overall, in crude cost-benefit terms, the benefits were perceived to outweigh the costs of CSR. Cost-savings were considered to be the greatest advantage of acting more responsibly. Costs were much easier to identify and value than benefits, with the notable exception of cost savings (from environmental innovations and new fleet). There are further benefits to be secured. CSR is most effective where it is embedded in across an entire organisation (Porter and Kramer 2006). The establishment of monitoring and evaluation systems, as well as improvements in internal communications are vital next steps in employing CSR to leverage greater value.

7.2 Implications

There are four main implications of this research at the interface of policy and practice in the area sustainable aviation.

1. There are important knowledge gaps in the LFA sector that currently preclude the future development of CSR. These mainly relate to the range and depth of the business issues that more systematic and extensive CSR programmes would incorporate. Specifically, they relate to how to build CSR into all areas of the value chain so that CSR is predominantly viewed as a value-generating exercise,

not an additional (public relations) 'bolt-on' (Porter and Kramer 2006). Currently, communities of practice within and between LFAs do not exist to fill these gaps.

2. Leadership both internally and externally is vital for the future development of CSR in low-fares aviation. Internally, this relates to the vision for the business and the role of a champion in the senior management and/or at board level. Externally, space exists for an industry body or trade association like ELFAA to establish a vision for sustainable aviation or social responsibility for low-fares airlines to buy into.

3. Greater adoption and development of CSR as a voluntary approach among LFAs would afford greater credibility to their claims to be able to self-regulate to deliver sustainable development. Self-regulation is often advocated as the most appropriate means in aviation to address pressing issues of the day. CSR among LFAs currently represents a missed opportunity to put a stronger case. The term 'CSR' is often used synonymously with 'corporate *citizenship*' and citizenship traditionally entails strong notions of rights *and* responsibilities (Coles 2008). Future CSR activity would go some way to dispelling the external perception view that, while LFAs are willing to exercise their rights for their shareholders, there is not necessarily equivalent interest in social responsibilities to their wider stakeholder group.

4. Sustainable aviation is more fully understood when external *and* internal perspectives are integrated within the analysis. To date, policy debate and public discourse have been largely informed by empirical evidence from sources external to LFAs. Internal perspectives and primary data gathered from direct engagement with LFAs are preferable for methodological reasons. Secondary sources do not always cover the full range of CSR-related activities, some of which are not overtly publicised.

The first three implications are discussed in more depth in the third and final report to come from this programme of research.

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Appendix I

Outline questions for semi-structured interviews

[Preliminaries – notes about anonymity and confidentiality. Verify permissions status].

Corporate Social Responsibility as a Concept

1. **What does 'corporate social responsibility' mean to you / your organisation?**
2. Which business(es) — in any sector — would you point out for their CSR work and why?
3. What are the greatest challenges currently facing businesses that want to act in a socially responsible manner?

CSR and Airlines

4. **What are the costs and benefits to airlines acting in a socially responsible manner?**
5. Are there any reasons why airlines may disregard their CSR or not want to promote their CSR or have a CSR strategy?
6. What constitutes good / best practice in airline CSR and why?
7. **Which *other* airline CSR strategy/ies are good / best practice in your view?**
8. **What components should be included in an ideal aviation CSR strategy?**
9. How do your organisations' CSR activities / CSR strategy compare?
10. Do low-fares airlines experience distinctive CSR challenges?

CSR and Your Business

11. **Tell me more about how you practice corporate social responsibility?**
12. **What are the costs <u>and</u> benefits of acting in a responsible for your business?**
13. Why does your organisation practice CSR?
14. Does your organisation have a corporate social responsibility manager?
15. Does your organisation have a corporate social responsibility team?
16. **Do you have a formal corporate social responsibility statement?**
17. **What are main issues / challenges in compiling / managing / running strategy?**
18. Do you monitor and evaluate your strategy? i.e. collect data and metrics?
19. What are / have been the main barriers to the development / uptake / dissemination of CSR in your organisation?
20. **How have other stakeholders been involved in developing your CSR work e.g. in developing CSR strategy / monitoring and evaluation?**

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