



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





# Executive Summary

## **Low-fares aviation and sustainable development**

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.





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