

CHARITABLE PARTNERSHIPS AMONG TRAVEL AND TOURISM BUSINESSES:  
PERSPECTIVES FROM LOW FARES AIRLINES

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## SUMMARY

Responsibility has been advocated as a key concept for the future management and governance of the tourism sector, in particular the sustainable development of destinations, yet it has not been the subject of extensive empirical research among businesses and organisations. This paper addresses this knowledge gap by examining corporate philanthropy practises among low-fares airlines as an innovative and increasingly popular form of tourism stakeholder. An analytical framework is developed and applied. Corporate philanthropy is practised more widely than may have been anticipated by the low-fares business model. For studies of tourism, the paper points to the need for greater theoretical and conceptual urgency in research on CSR and corporate philanthropy if future practical action at the destination level is to match current advocacy.

## KEYWORDS

Low fares airlines, corporate social responsibility, corporate philanthropy, cause-related marketing, tourism and transport.

## **1. INTRODUCTION: TOURISM, RESPONSIBILITY AND SUSTAINABLE DESTINATIONS**

Responsibility has recently emerged as a key concept in the governance and management of tourism destinations. In an increasingly neo-liberal world where the state is unwilling and/or unable to regulate travel and tourism, voluntary relationships among stakeholders are

considered to be vital in mediating sustainable development in destinations (Mowforth et al 2007; Frey and George 2010). Stakeholders play basic citizenship roles (Coles 2008), such that their rights to engage in particular activities are followed by the expectation that they will behave in a responsible manner towards the destination and other stakeholders. The benefits of responsibility extend beyond contributing to the vitality of destinations and associated product offers. For instance, as recent work on poverty alleviation and empowerment argues (Hall 2007; Timothy 2007), through the activities of various stakeholders acting either alone or collaboratively, tourism can be a significant force in social change. It is therefore somewhat surprising that there has been little extensive research on charity and philanthropy in the tourism sector, how tourism businesses interact with local communities and citizens in this regard, and how they are embedded in tourism business models and functions.

Charitable partnerships can be one of the most positively-perceived and most visible business activities in society and the community (Brønn and Vrioni, 2001). Commercially, corporate philanthropy and cause-related marketing have become effective means to improve public image, create better brand visibility, and to increase sales (File and Prince, 1998, Porter and Kramer, 2002, Pracejuset *al.*, 2003). For corporations involved with charities, motives and expectations can vary markedly both between and within sectors (Kotler and Lee, 2004; Jenkins, 2004). Individual businesses may have quite different goals in mind from their philanthropic activities as well as diverse understandings of how they should be implemented (Varadarajan and Menon 1988: 59). The purpose of this paper is to make the first examination of the charity component of corporate social responsibility (CSR) activity among low-fares airlines (LFAs) flying to and from the United Kingdom (UK). The proliferation of the low-cost, low-fares business model in aviation has been one of the most radical and extensive innovations within travel and

tourism (Franke 2004; Groß and Schröder 2007). Not surprisingly, LFAs have divided opinion regarding the extent to which they contribute to the sustainable development of destinations where they exercise their rights to fly (ELFAA, 2004; Graham and Shaw 2008).

Missing within this dominant discourse is a more substantial and nuanced examination of how LFAs understand their socio-cultural responsibilities and, in particular, how these are manifested through their charitable activities. This paper makes a first attempt to fill these gaps and it begins by outlining the relationship between corporate philanthropy and contemporary CSR. Although philanthropy and CSR are regularly misperceived as the same thing (Crane *et al.*, 2008), this is not the case, and there are several different ways in which businesses engage in philanthropic activity and with charities. A conceptual framework is established on which the subsequent empirical analysis is based. Background on LFAs and the methodological approach are discussed prior to presentation of the main findings. Although the lean production model of LFAs may imply a probable diffidence towards charity and philanthropy, their scope and spread are more widespread than may have been anticipated.

## **2. CONTEMPORARY CSR AND CORPORATE PHILANTHROPY**

There are almost as many definitions of CSR as authors working in the field (cf. Dahlsrud, 2008). However, in general terms, the concept of CSR recognises that corporations have a wider range of responsibilities than merely to generate profits for their investors; rather, they have responsibilities to the numerous stakeholders they impact, and they have to acknowledge their position in society, local communities and on the environment (e.g. CEC, 2006; Brammer and Pavelin, 2004; Freeman and Velamuri, 2008). Corporate philanthropy is, likewise, a contested term with its own debated and sometimes questionably-defined terminology (e.g. Lafferty and

Goldsmith, 2005; Henderson and Malani, 2008). Corporate-charity partnerships take many forms from one-off donations to long-standing support, and from corporate monetary gifts to donations of staff time and expertise, marketing platforms, and business resources (Varadarajan and Menon, 1988; Campbell *et al.*, 2002; Henderson and Malani, 2008; Pelozo *et al.*, 2009). Much like debates about CSR, both past and current discourse on corporate philanthropy revolves around whether an ethical mandate for corporate philanthropy exists and what differentiates strategic philanthropy from altruistic philanthropy (cf. Campbell *et al.*, 2002; Porter and Kramer, 2002; Pelozo *et al.*, 2009; Varadarajan and Menon, 1988). Some commentators (e.g. Wright, 2001; Friedman and McGarvie, 2003) have argued that there are subtle etymological differences between 'philanthropy' and 'charity'; however, the majority of commentators use these terms interchangeably (e.g. Pelozo *et al.*, 2009; Patten, 2008; Varadarajan and Menon, 1998; Henderson and Malani, 2008; Moon, 2004). In this paper, 'corporate philanthropy' and 'corporate charitable giving' are used as umbrella terms that encompass all forms of corporate-charity partnerships, and take the view that 'strategic philanthropy' includes any charitable activities that are motivated or partially motivated by business goals.

## **2.1 Historical Perspectives**

Both the concepts of CSR and corporate philanthropy are often traced to the Industrial Revolution, when individual business owners invested in the wellbeing of their staff to improve productivity and achieve greater social goals (Searle, 1993; Lee, 2008). Such strategies were uncommon, and early attempts to engender CSR were viewed as incompatible with Capitalism by shareholders, the courts, and commentators (Cochran, 2007). Suspicion of CSR and charitable donations persisted well into the 20<sup>th</sup> century (Fry *et al.*, 1982). Friedman (1970: 126) famously attacked the idea that managers should be responsible to anyone other than the

company's shareholders, claiming that 'there is one and only one socially responsibility of business – to use its resources and engage in activities designed to increase its profits'.

Carroll (1991), among others (e.g. Carroll, 2008; Cochran, 2007), famously countered Friedman's profit-only view by pointing out that businesses have legal and ethical responsibilities. In parallel, government legislation and public opinion shifted during the mid-20<sup>th</sup> century to recognise the wider social and environmental impacts of business (Carroll, 1991). As a result, CSR began to make more sense for business organisations as means of safeguarding profit against negative public relations and corporate image (Werther and Chandler, 2005; Weber, 2008). By the end of the 1970s, the debate shifted from *whether* CSR was necessary to *how* it could best be implemented (Cochran, 2007).

## **2.2 The Charity Component of CSR**

The development of discourse on CSR since the publication of Friedman's remarks is important here in two respects. First, as the issue domain of CSR has widened to include a fuller range of social and environmental considerations, the importance of corporate philanthropy as a major manifestation of CSR has been contested. For several commentators (e.g. Werther and Chandler, 2005; Blowfield and Murray, 2007), CSR had to progress beyond corporate philanthropy, not least in order to be able to demonstrate that businesses could indeed be a much wider force for change as critics of Friedman maintained. Second, in parallel to the downgrading in importance of corporate philanthropy, there was a *de facto* relegation because academic thinking on CSR progressed into new areas of enquiry. Innovations in CSR practices in the 1970s and 1980s combined with different speeds of implementation created the need to be able to benchmark progress within businesses and across sectors. For instance, several

frameworks were devised that allowed analysts to locate the current level of implementation across a range of CSR-related activities (philanthropy included) as well as across historical trajectories. The development and importance of such schemes persists today (Mirvis and Googins, 2006; Blowfield and Murray, 2007).

However in practice, philanthropic activities have remained a significant part of CSR activity within businesses, with charitable giving and charity involvement often making up most of the 'social' component of the 'triple bottom line' (Phillips, 2006). Thus, as counter-current, some commentators have continued to develop conceptual frameworks to facilitate understanding of corporate philanthropy. In one of the more versatile and enduring, Varadarajan and Menon (1988: 58-59) have, for instance, recognised that the motivation for, and expectations of, corporate charitable involvement are complex and varied. For them, cause-related marketing was originally the next step on an evolutionary model of corporate charitable involvement ranging from '*voluntarily doing good*' to '*doing better by doing good*'.

### **2.3 The Charity Component of CSR in Travel and Tourism**

Corporate philanthropy and CSR are becoming key issues in the management of travel and tourism (Mowforth *et al.*, 2007; Travel Foundation, Undated). A recent survey demonstrated that 27% of corporate travel executives would prefer to source from organisations that have a CSR policy (ACTE, 2009). Yet, despite this apparent interest, there has been relatively limited research on CSR in travel and tourism -less still on corporate philanthropy-when compared with the burgeoning body of knowledge stemming from other sectors of economic activity (cf. Crane *et al.*, 2008 and Blowfield and Murray, 2007). Studies of CSR in travel and tourism have examined tour operators (van Wijk and Peterson, 2006; Gurney and Humphreys, 2006), hotels (Garcia

Rodriguez and del Mar Armas Cruz, 2007; Henderson, 2007; Smith and Henderson, 2008; Holcomb *et al.*, 2007; Tsai et al 2010), cruise companies (Weaver and Duval 2008), and airlines (Gupta and Saxena, 2006; Phillips, 2006; Lynes and Andrachuk, 2008; Tsai and Hsu, 2008). The majority of these present detailed, in several instances single, case studies of responsibility in practice. In only a few instances (e.g. Dodds and Joppe, 2005; Kim and Miller, 2008; Goodwin *et al.*, 2009) have there been attempts to make comparisons among different types of businesses. With one notable exception (Holcomb *et al.*, 2007), these have been made on the basis of thick descriptions and there has been a general failure to engage with theory and method from the mainstream body of knowledge. For instance, while the intention of these studies would appear to be to benchmark progress moving forward, this is done without reference to rigorous analytical frameworks of the type developed from conceptual and empirical work in other sectors (e.g. Mirvis and Googins, 2005; Porter and Kramer, 2005; Blowfield and Murray, 2007).

The question therefore arises of the manner in which corporate philanthropy is practiced by businesses in the tourism sector, and how to examine and interpret the type of activities. As noted above, thick description and case-studies offer one inductive means by which to develop greater (initial) understanding. However, such approaches present static snapshots of progress, and they say little about the relative level of philanthropic activity or the prospects for the future. A more powerful alternative is to adopt a comparative conceptual framework, and here we propose a visualisation with updated characterisations based on the categories of practical corporate philanthropy of Varadarajan and Menon (1988) (Figure 1).

[Insert figure 1 near here]

The scale sets out to capture the degree to which a corporation expects to benefit financially from philanthropy based on the type and range of activities it conducts and the relationships it maintains. As with the original model, corporate philanthropy is understood as encompassing a range of activities from pure altruism to profit-focused, and these broad behavioural types are defined by the strategies, intentions, and expectations inherent in the corporate charitable involvement (Figure 1). First on the scale, *corporate giving* could be considered the most altruistic form. In this case, a business—possibly motivated by a conscientious CEO or board member (Szekely and Knirsch, 2005; Henderson and Malani, 2008) or by a precedent of ‘we’ve always done this’—voluntarily donates money or services to a charity ‘just to do good’. No underlying commercial benefit is sought, and, while the charitable giving may be tied to strategic goals for the charity or society at large, no strategic links are made between business and beneficiary. The customer base may be intended recipients of the charitable benefit; however, a strong connection between charitable engagement and public relations is not made. This form of charitable partnership, divorced from benefits for the corporation, was what concerned Friedman (1970) the most.

*Strategic philanthropy*, in contrast, is tied to strategic business benefits, albeit predominately of secondary importance. Organisations that engage in strategic philanthropy expect to receive at least a minimal degree of positive return on investment, ranging from increased brand reputation and visibility to greater employee morale and motivation. These benefits may be difficult to quantify in monetary terms, although the tax benefits of corporate donations could be considered a primary, bottom-line benefit. Strategic philanthropy might form part of a CSR, public relations or public affairs policy, although a company may expect its philanthropy to fulfil its CSR obligations, public relations or public affairs goals even without a formalised policy.

Finally, *cause-related marketing* has the clearest direct link to bottom-line benefits. Although occasionally used to describe long-standing relationship marketing through a charity (File and Prince, 1998), the term also refers to a portion of a specific product's revenue being donated to a charitable organisation (Pracejus *et al.*, 2003; Varadarajan and Menon, 1988; Lafferty and Goldsmith, 2005). Cause-related marketing is often traced back to the American Express Company's promotional programme in 1983, when the company promised to donate a penny for every transaction and a dollar for every newly-issued credit card to the Statue of Liberty restoration fund (Pracejus *et al.*, 2003; Varadarajan and Menon, 1988). As charitable giving is directly linked to sales and product marketing, the primary anticipated benefit to the business is an increase in sales of a specific product - although secondary benefits, such as improved corporate image, could also be a strong motivating factor. The business benefits are also easier to quantify and observable in performance of the business (though, of course, this may overlook secondary benefits).

Varadarajan and Menon's (1988) categories were presented as an evolutionary model: from *voluntarily doing good* to stakeholder-driven *mandated corporate social responsibility* to what they viewed as a modern, business-focused trend of *doing better by doing good*. The final category was divided into two parts: efforts tied directly to marketing and those that were strategic, but not tied to a specific marketing strategy. Our research, as well as other recent studies, suggested that *mandated corporate social responsibility* – that is, CSR activities 'forced' upon businesses – was often practiced strategically to have positive business benefits. As a result, the concept of *mandated CSR* has been combined with the non-specific marketing subcategory of *doing better by doing good*. Furthermore, while Varadarajan and Menon (1988)

present their categories as broadly evolutionary, the model presented here is not necessarily intended as a linear progression. Corporations may begin their corporate philanthropy with a cause-related marketing effort, whilst others may have comprehensive and well-developed strategic philanthropic partnerships without deciding to embark on any cause-related marketing. This model offers a means to compare businesses or organisations cross-sectorally at a given point or to monitor change over time. Like so many diagnostic models, it is broadly indicative of the current state and is more useful to assess general categorisations of corporate philanthropic activity.

### **3. LOW FARES AIRLINES AND CORPORATE PHILANTHROPY**

The low fares model pioneered by Southwest in the US is based on a desire to streamline processes and have 'minimal complexity in products' (Alves and Barbot, 2007: 116), resulting in cost-savings that can then be reflected in ticket prices (Hansson *et al.*, 2003; Groß and Schröder, 2007). Sometimes referred to as the 'no-frills' or 'low-cost' model, the biggest simplifications in the business model are in procurement and supply chain management (e.g. standardising aircraft types, using secondary airports), process management (e.g. point-to-point service instead of the tradition 'hub', minimising ground staff), and marketing (e.g. primarily online, simplified pricing strategy, ancillary revenue) (Groß and Schröder, 2007; Franke, 2004; Dobruszkes, 2006). As the skies around the world have been progressively deregulated, LFAs have proliferated (ELFAA, 2009). Their rise has sparked much controversy, as well as advocacy. Detractors have claimed LFAs are a major driver behind increased greenhouse gas emissions, encourage 'trivial travel', and create unsustainable influxes of seasonal tourists (Gibbons, 2008; Mann, 2004; Sinclair, 2007). Supporters have welcomed the new affordability of air travel,

claiming it increases quality of life by allowing even the less privileged to experience new destinations, and they have applauded the LFAs' focus on regional and traditionally under-serviced areas (ELFAA, 2004; York Aviation, 2007; Oxford Economics, 2009).

LFAs clearly divide opinion but they comprised an estimated 35% of all scheduled intra-European air travel in 2008 (ELFAA, 2009). Despite soaring fuel prices (Walker, 2009), the 25 largest LFAs in the EU offered 14% more seats than in 2007 (DLR, 2009). However, the growth was not universal across the sector, with the four largest airlines (Ryanair, easyJet, Air Berlin, and Flybe) expanding their market share (DLR, 2009) while many of the smaller airlines were facing problems. Between August 2008 and July 2009, Sterling collapsed (BBC, 2008); Clickair and Vueling merged (Reuters, 2009a); SkyEurope filed for creditor protection (Reuters, 2009b); and Myair suspended flights (ENAC, 2009). Turbulence in the sector has therefore led some critics to question the extent to which LFAs are able to contribute consistently in the long-term to sustainable development in the destinations to and from which they fly (Graham and Shaw, 2008). As we have noted above, discussion of the contribution has very much issues of emphasised regional economic development and environmental impacts; that is, just two aspects of the 'triple bottom line'. In other words, assessment has been stilted without a fuller consideration of the social pillar of sustainable development, a gap which this paper seeks to fill through the critical analysis of just aspect, corporate philanthropy, in what follows. In particular, the paper explores countervailing views around the contention that, at first inspection, LFAs may not appear to be fertile ground for corporate philanthropy. Monetary or in-kind (i.e. staff) contributions to charitable activities may appear inconsistent with business models based on cost reduction and resource utilisation and hence difficult to justify to their investors in the form of both shareholders and customers. Notwithstanding these dominant

operating characteristics, like other travel and tourism businesses, they are well-positioned potentially to practice corporate philanthropy because they have high contact with customers, and there is often a large potential income difference between hosts and travellers (Goodwin *et al.*, 2009). Moreover, airlines may be ideal partners for charities because they have static audiences and messages can be conveyed in a number of media such as their lounges, in-flight magazines and announcements, and on websites.

#### **4. METHODS**

The empirical research on which this paper is based, was part of a wider programme on social responsibility among low-fares airlines flying to and from the United Kingdom (Coles *et al.* 2009). A layered sampling strategy was employed to filter eligible airlines. First, all aircraft operators who have permission to fly in the European Union were identified (CEC, 2009). As this research was only concerned with airlines flying to and from the UK, airlines without a UK destination were excluded. Second, airlines were selected that described themselves as LFAs or low-cost carriers, or who used the language of the low-fares business model in their external communications: for example, Germanwings used the marketing strapline that it is 'Germany's most successful Low-Cost Carrier [sic]' while Flybe was a member of the European Low Fares Airline Association (ELFAA) although it has recently started to describe itself as a 'Regional Airline'. There has been much debate as to what precisely constitutes a LFA. There are some notable variations in the application of the principles of the business model (Dobruszkes, 2006; Francis *et al.*, 2006; Mason and Miyoshi, 2009) while some LFAs do not provide the lowest fare on certain routes (Oliveira and Huse, 2009). So, finally, airlines were deemed to be 'low fare' or 'low cost' if they applied most of the key indicators of the business model described above.

Adherence was verified through secondary data sources. In total, 22 airlines were identified through this filtering for further inspection (table 1).

[Insert table 1 near here]

Data were collected in two overlapping and connected stages between September 2008 and July 2009. In the first stage, an audit was undertaken of LFA websites, press releases, annual reports and corporate social responsibility strategies and policies for mentions of CSR and, more specifically in this respect, charitable involvement. Secondary sources have been routinely used to document and provide an initial benchmark of the type and extent of CSR activity among tourism businesses and those in many other sectors. A Content Analysis of CSR activities among LFAs was conducted based on a framework developed by Holcomb et al (2007), the detailed results of which are presented elsewhere (Coles et al 2009). A particular task within this analysis was to identify philanthropic activities to inform the second stage, a programme of semi-structured interviews with 'CSR Managers'. In fact, the documentary analysis detected significant opportunities for investigation in the interviews. For instance, during the period of study, Flybe changed its corporate charity after a three-year association with *Make a Wish to Cancer Research UK*.

Nevertheless, there are limitations associated with the exclusive use of secondary sources as a means by which to develop detailed understandings of CSR and charitable activities in the tourism sector (Bohdanowicz and Zientara 2008; Coles et al 2009; Dodds and Kuehnel 2010). Published for specific audiences and constituencies, they often present partial representations of the full extent of activities being conducted within and by businesses. As a result, interviews

with key actors inside tourism businesses are necessary in order to establish and fill any gaps as well as to illicit fuller explanations of how and why CSR is practised. Eleven interviews, each lasting 58 minutes on average, were conducted with LFA managers with CSR in their remit. Frequently, CSR was one among several responsibilities (most often marketing, public affairs and public relations)for these relatively senior managers. The interviews were designed to reveal explanations for CSR activity as well as to triangulate the information provided in the publically-available texts (Coles et 2009). Specifically with respect to corporate philanthropy (n.b. the interviews also covered other aspects of LFA CSR), the interviews offered the scope to explore such issues as: which charity or charities the airline was currently supporting;the reasons for their support;how the relationship between airline and charity arose;how the airline selects particular charities; and how important the relationship was in terms of the airlines overall CSR activity. For reasons of ethics and, in particular, confidentiality in a small community of practice, below their responses are presented anonymously.

Within the wider research programme, the principles of Grounded Theory (Strauss and Corbin, 1990) were employed to inform and verify the content analysis of the texts (Hall and Valentin,2005) as well as the semi-structured interviews. For this paper and its particular focus, a further round of thematic, coded analysis of content was performed on the documents while selected narrative responses have been drawn from the interview transcripts to exemplify the analysis and interpretation presented in the next section.

[Insert table 2 near here]

## 5. CHARITY, PHILANTHROPY AND CAUSED-RELATED MARKETING AMONG LFAs

Of the 22 LFAs in the sample, 13 reported some engagement with a charitable organisation (table 2). Many of the charity-active LFAs supported more than one charity, and interviews revealed that not all charity relationships were reported publically. Interviews also revealed that single departments within an airline might choose to support a charity or charities and *ad hoc* charitable involvement was common rather than strategic selection.

So, it is hardly surprising therefore that LFAs support a wide range of charitable organisations (table 2). These organisations fall into three main groups: environmental charities; charities intended to raise awareness and support for a specific sickness or disease; and charities aimed at helping children who are afflicted by poverty and/or unspecified illnesses. In the case of the latter, the emphasis would appear to be on the children, such as the *Stichting Peter Pan Vakantieclub* (the Peter Pan Holiday Club), which provides holidays to chronically-ill children. Supported charities included local, national, and international organisations. Charity partners ranged from globally-recognised charities (e.g. UNICEF), to local charities (e.g. Más Árboles, Children's Hospice Association Scotland) and even company-specific charities (e.g. The Stichting Peter Pan Vakantieclub). The length of partnerships ranged from one-off promotions, such as Ryanair's donation of the proceeds from its charity calendar to the *Dublin Simon Community* (Ryanair, 2008), to extended partnerships, such as Air Berlin's 14-year long relationship with the *Christiane Herzog Foundation* (Air Berlin, 2009). Only three airlines claimed to have supported an individual charity for five years or longer.

Brammer and Pavelin (2004) found that the most successful corporate philanthropy (from a public relations perspective) addressed the negative impacts of the corporation's operations,

(e.g. environmentally damaging corporations investing in environmental charities), and that consumers were more likely to have negative perceptions of organisations whose charitable partner seemed far divorced from their business operations. Considering the critics of LFAs most often point to their negative environmental impacts (Gibbons, 2008; Mann, 2004; Sinclair, 2007), it would seem LFAs may be able to reap most benefit through partnering with an environmentally-focused charity. However, only two airlines (Clickair and TUifly) claimed to support environmental charities. Five airlines partnered with charities deemed to focus on sickness or disease. A further five airlines supported children-focused charities. Finally, one airline (Ryanair), reported partnering with a wide range of charities without denoting a primary charity. None of the charities with which Ryanair had a relationship focused on the environment. Thus, social issues dominated the types of charities chosen at a rate of eleven to two.

Few airlines explained in any depth publically why their particular charity partnership was formed. Instead, communications focused on the importance of the charitable cause in general, such as easyJet's support for the Anthony Nolan Trust because Alzheimer's is 'a devastating condition that robs people of their lives' (easyJet, 2009: Online) and Flybe's partnership with Cancer Research UK because cancer is 'a disease that touches almost all of us' (Flybe, 2009: Online). A few commented on not just the importance of the cause, but also the charity itself, particularly bmibaby, who remarked, 'we feel [BBC Children in Need] is such a [sic] amazing charity' (bmibaby, 2008: Online).

Slightly more information was provided by the charities themselves. In a press release announcing their partnership with Myair, the *Fondazione per la Ricerca sulla Fibrosi Cistica*

(Foundation for Cystic Fibrosis Research) noted that the CEO of Myair has supported cystic fibrosis charities personally for three decades (FFC, 2006). Similarly, the *Stichting Peter Pan Vakantieclub* detailed on its website that it was founded by transavia.com employees – a fact that was only briefly touched upon by transavia.com texts (SPPV, Undated; transavia.com, 2008). The link between employee - and especially CEO or higher-level manager - personal interest and charity selection was highlighted in the interviews, with over half of the interviewed managers mentioning its role. Only a few managers cited a formal procedure that lead to the chosen charity's selection, and some of the selections were more strategic than others. One manager suggested jokingly that their selection process involved pulling a charity out of a hat. At the other end of the spectrum, only one manager outlined a detailed set of strategic objectives that had decided which charity his airline supported. No other evidence was presented in the interviews to suggest that structured selection processes were employed by the LFAs to ensure strategic fit between the airlines and the charities.

[Insert table 3 near here]

LFAs reported supporting their chosen charities in a variety of ways (table 3). Charitable support mainly took the form of (in-kind) resource rather than monetary donations. Only two airlines, Norwegian Air Shuttle and Air Berlin, reported donating company profits to a charitable cause (Norwegian, 2008; Air Berlin, 2008). Similarly, only Ryanair and easyJet reported engaging in what could be considered cause-related marketing. In practice, the number may be higher; however, only these two airlines explicitly noted that an unspecified percentage of profits from a particular product (in both cases, scratch cards) would be donated to charity (easyJet, 2008; Ryanair, 2008). A year prior to the research, both airlines' charitable scratch cards came under fire in *The Times* newspaper when it was discovered that easyJet donated as little as 1% of

scratch card profits to charity and Ryanair declined to give an exact figure (Sandy, 2007).

According to Pracejus *et al.* (2003), the few examples of cause related marketing among LFAs are not as effective as they could be: vague and minimal donations are much less effective than calculable, concrete percentages (ie 25% of the ticket price) for the purpose of public relations and consumer preference.

The most popular resource to donate was access to customers, with ten LFAs claiming to support charities through onboard and online solicitations for donations. Onboard solicitations took the form of cabin crew announcements and collections in the cabin. Online solicitations ranged from providing links to the charity's own donation page (Clickair) to incorporating an option to donate a specified amount during the booking process (Myair). Five airlines acted as gatekeepers to their staff as well, listing internal fundraising as an example of their charitable support. The popularity of this form of activity was unsurprising because it has little direct negative impact on the bottom line (and it is latent in end of year accounts).

Other forms of charitable engagement were considerably more resource-intensive but they were only practised in a few instances. Three airlines renamed an aircraft and branded the livery with an advertisement for their selected charities (bmibaby, 2008; Flybe, 2008; Norwegian Air Shuttle, 2007). None of the airlines detailed the costs to the business of this form of donation publically, although one manager mentioned in an interview that this included not only the cost of livery printing, but also potential lost revenue from the advertising space. Three LFAs (bmibaby, transavia.com, and Flyglobespan) sponsored and organised trips for chronically-ill children while the production, advertising, and printing costs of Ryanair's 2009 charity calendar were supplied by Ryanair (Ryanair, 2008). Such highly-visible forms of advertising charitable

support were viewed by many of the interviewees as a strategic move. As one manager explained regarding publically-advertised charity support:

‘people see that and think, “[This LFA] is doing something positive.” [...] I think the benefit is that hopefully people see us as an ethical airline, a good airline.’

## **6. DISCUSSION**

Corporate philanthropy, then, does seem to be present in the low fares airlines sector.

Interviews revealed that besides emissions-reducing measures, most managers viewed charity support as their most important CSR activities. However, expectations for the two main CSR priorities of the airlines were decidedly different. LFA environmental efforts centred on reducing fuel consumption, which many interviewees acknowledged had bottom-line driven, as well as ethical, motivations. In contrast, direct bottom line benefits from charity support were not mentioned as an expectation. Instead, interviewees focused on the secondary business benefits – primarily brand image perception of both customers and staff. One manager admitted that he could not quantify how significant his airline’s charity partnership was, but that a key benefit was,

‘the ability to better connect - [to demonstrate] that we really do care about a number of things. It is a great benefit to us, the acceptance of the society that makes up our customer base.’

Staff motivation through positive corporate image was also mentioned as an important benefit.

'I have to motivate a staff base,' an interviewee said,

'and if they feel that we are doing things that are local and they are hearing from their friends and neighbours that we are doing all these things to help [we've been successful].'

Hence, publicised charity support activities leaned heavily towards secondary benefits, with minimal monetary commitment. However, there were notable exceptions. Towards the more profit-driven end of the scale, easyJet and Ryanair's scratch cards were the only two explicitly-communicated examples of cause-related marketing. Evidence exists of more altruistic activities where LFAs donated full holidays for children but they did not publicise their activities proportionately to the investment they made. For instance, Air Berlin's only mention of the treatment holidays they help provide with the *Christiane Herzog Foundation* is one sentence in their annual report and a similar sentence in a press release (Air Berlin, 2008; Air Berlin, 2009). Once more, the main intended benefit would appear to be improved staff morale.

Thus, most of the LFAs' activities could best be described as *strategic philanthropy* (figure 1). Although the LFAs had expectations from their charitable partnerships, few interviewees reported having formal strategies in place to nurture such relationships and no formal charity strategies were available publically. Therefore, only a few charities were selected for their particular fit with the airline. There is no substantive evidence to suggest that LFAs set out to exploit systematically or to the fullest extent the commercial gains that may be possible through charitable partnerships. On the one hand, this is somewhat surprising because LFAs are

recognised for their ability to generate significant ancillary revenues from strategic alliances, for instance with hotel and car hire groups, in order to augment ticket sales. On the other, the predominance of this approach is more understandable. In view of the low-fares business model, it is extremely difficult for LFAs to be more altruistic because of tight operating margins and lean production.

The central ground of strategic philanthropy would appear to represent a compromise. In several interviews, it was explained that the LFAs participated in philanthropic activities because 'this is what we do'. This evidence of assumed behaviour is emblematic of 'knowledge spillovers' and the activities of certain employees as 'boundary spanners' (Shaw and Williams, 2009), such that CSR practices and traditions –including corporate philanthropy–were transferred by some employees from their previous businesses and organisations. In this regard, the knowledge transfers appear to have been especially effective from major 'flag' or 'legacy' carriers to LFAs as newer airlines. For instance, transavia.com is a subsidiary of the Dutch full-service carrier, KLM, which, with its partner Air France, publishes extensively on its CSR activities (Air France-KLM, 2008, 2009). Many former staff from BA Connect were employed by Flybe after it took over the regional arm of British Airways, which itself has an extensive and long-standing commitment to CSR (British Airways, 2008, 2009).

## **7. CONCLUSION**

Recent discourses have argued that charity is a vital force for good and an effective aspect of a responsible approach to business in travel and tourism (Goodwin *et al.*, 2009). Although this is an important and valid aspiration, this paper has demonstrated that there is some way to go in

order to develop the evidence base on which to develop future policy and practice in this regard. Without a clear empirical foundation such calls will be hollow rhetoric, however well-intentioned. While there has been some welcome initial progress on understanding CSR in travel and tourism, attention has been fragmented and limited in scope. In order to enhance the performance of the sector in CSR more generally and corporate philanthropy in particular, more comparative research among businesses and organisations is necessary as is greater engagement with theory and concept developed in the mainstream body of knowledge. By adopting precisely this approach, this paper has demonstrated that there is significant charitable activity being conducted by low-fares airlines, mainly in the form of strategic philanthropy. Moreover, by using multiple methods, it is clear that there is more activity being conducted than the business model may have initially implied or is obvious from documentary evidence alone.

Clearly, there is a need to conduct further research on corporate philanthropy in the tourism sector more widely, not only among LFAs as an especially popular and widely-discussed innovation. Our understanding of the extent to which businesses across the entire tourism sector perceive and perform their corporate social responsibility is still relatively elementary. The research reported in this paper was just one modest step towards addressing these gaps which had three important limitations. First, it was restricted to European airlines and additional perspectives from LFAs in other regions of the world and airlines in other markets would be welcome. The idea of responsibility is, after all, socially- and culturally-constructed and hence varies around the world. As a second limitation, 'CSR managers' were exclusively invited to participate in the interviews. However, CSR was not always their sole or predominant responsibility. Their role as gatekeepers as well as the selectivity by which CSR-related information is published, suggest that there may even be more charitable activity being

conducted by LFAs than this research was able to detect. Corporate philanthropy clearly involves employees in several divisions and departments. As a consequence, future research has to access their views and experiences which are vital to developing a deeper understanding of how corporate philanthropy functions, what it means within and to businesses, and how particular decisions are made and processes unfolded. The third and final limitation was that it did not directly interface with the charities with which the LFAs engage. For tourism to become more responsible through voluntary behaviours like charitable activities, further investigation is required in order to understand how and why participating (and prospective) charities become involved with, and select businesses in, the tourism sector. Detailed empirical research from the charities' perspectives may offer other essential insights on how relationships start and unfold, and the charities' goals and perceptions of the relationships.

There are three wider implications of this work. First, it suggests it is important to recast the role of LFAs in sustainable development, delivering as they do a number of positive social outcomes. Second and more practically, it points to a notable initial level of activity connected to social responsibility but also to the need for more careful planning and thorough strategising around corporate philanthropy if LFAs are to be able to deliver further significant change. Taken together, these findings suggest that LFAs have the potential through their voluntary charitable activities to make a more extensive and enduring contribution to sustainable development in tourism destinations. Finally, conceptual frameworks developed in other sectors offer important analytical opportunities for empirical investigations of travel and tourism in the broad area of CSR research. Not always are such frameworks immediately 'fit for purpose' and this paper has presented an adaptation of previous work which offers the prospects of benchmarking current activity and making recommendations for the future.

Feedbacks from tourism studies to management and business studies are important. Although empirical research on CSR in travel and tourism may not be as developed as other sectors, corporate philanthropy is certainly by no means a relic of the past.

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Figure 1: Scale of Corporate Philanthropy Motivation

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	<b>Corporate Giving</b>	<b>Strategic Philanthropy</b>	<b>Cause Related Marketing</b>
<b>Strategic business imperative</b>	wholly discretionary / precedent based	tied to CSR/PR/PA goals	tied to specific product promotion strategies
<b>Primary business motivation</b>	intended to improve society	intended to bolster public image	intended to boost sales
<b>Primary anticipated benefits</b>	no return on investment expected	secondary business benefits anticipated	increase in specific product's sales expected

Source: authors, developed from Varadarajan and Menon (1988)

(Attached as separate .TIFF file)

Source: authors, developed from Varadarajan and Menon (1988)

top  
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Figure 1

Table 1: Sample of European Low Fares Airlines, 2008-09

Airline	Fleet Size (2008)	Headquarters	Communicated charity support	Communicated CSR-related policy
Air Baltic Corporation	31	Latvia	X	No
Air Berlin	131	Germany	Yes	No
Air Southwest	5	UK	X	No
Aurigny Air Services	11	UK	X	No
Blue1	13	Finland	X	SAS Group's environmental policy, sustainable development strategy
bmibaby	20	UK	Yes	No
Clickair*‡	23	Spain	Yes	No
easyJet*	165	UK	Yes	Environmental policy, charity policy, ethical code
Flybe*	77	UK	Yes	CSR policy
flyglobespan	14	UK	Yes	No
Germanwings	27	Germany	X	Lufthansa's corporate policy, corporate environmental policy
Jet2.com*	30	UK	Yes	No
MyAir.com*†	8	Italy	Yes	No
NIKI	12	Austria	X	No
Norwegian Air Shuttle*	40	Norway	Yes	No
Ryanair*	190	Ireland	Yes	Ethical code
SkyEurope*	15	Slovakia	Yes	Ethical code
transavia.com*	34	Netherlands	Yes	CR policy
TUIfly	44	Germany	Yes	TUI Group's environmental policy
Vueling ‡	20	Spain	X	No
Wind Jet	12	Italy	X	No
Wizz Air*	26	Hungary	X	No
* ELFAA member				
† Flights suspended as of 21 July 2009				
‡ Merged late in the research and were analysed separately				

Sources: Air Baltic (Undated), Air Berlin (2008, 2009), Air France-KLM (2008, 2009), Air Southwest (Undated), Aurigny Air Services (Undated), Blue1 (2008), bmibaby (2008, 2009a, 2009b), Clickair (2008), DLR (2009), easyJet (Undated, 2008, 2009a, 2009b), ELFAA (2009), ENAC (2009), Flybe (2008, 2009), FFC (2006), germanwings (Undated a, Undated b), Jet2.com (2009a, 2009b, 2009c, 2009d, 2009e, 2009f), Lufthansa (2008a, 2008b), Myair.com (2008a, 2008b), Niki (Undated), Norwegian Air Shuttle (2007, 2008, 2009), Reuters (2009a, 2009b), Ryanair (2008, 2009), Sky Europe (2008), SPPV (Undated), transavia.com (2008, 2009), TUI Group (2008), TUI fly (Undated), Vueling (2009).

Table 2: Primary LFA-charity partnerships, 2008-2009

<b>Airline</b>	<b>Charity</b>	<b>Type</b>	<b>Length of Partnership</b>
Air Berlin	Various, including Christiane Herzog Foundation	Sickness/ Disease	14 years
bmibaby	BBC Children in Need	Children	5 years
Clickair	Más Árboles	Environmental	Less than 1 year
easyJet	The Anthony Nolan Trust	Sickness/ Disease	1 year
Flybe	Cancer Research UK	Sickness/ Disease	1 year
flyglobespan	Children's Hospice Association Scotland	Children	Less than 1 year
Jet2.com	Cancer Research UK	Sickness/ Disease	Not stated
MyAir.com	Fondazione per la Ricerca sulla Fibrosi Cistica (Foundation for Cystic Fibrosis Research)	Sickness/ Disease	1.5 years
Norwegian Air Shuttle	UNICEF	Children	2 years
Ryanair	Various community/etc	Various	Less than 1 year
SkyEurope	'different institutions such as orphanages and playschools'	Children	Not stated
transavia.com	The Stichting Peter Pan Vakantieclub (Peter Pan Holiday Club)	Children	12 years
TUIfly	Various environmental	Environment	Not stated

Sources: Air Berlin (2008, 2009), bmibaby (2008, 2009a, 2009b), Clickair (2008), easyJet (Undated, 2008, 2009a, 2009b), ENAC (2009), Flybe (2008, 2009), FFC (2006), Jet2.com (2009a, 2009b, 2009c, 2009d, 2009e, 2009f), Myair.com (2008a, 2008b), Norwegian Air Shuttle (2007, 2008, 2009), Ryanair (2008, 2009), Sky Europe (2008), SPPV (Undated), transavia.com (2008, 2009), TUI Group (2008), TUI fly (Undated), Vueling (2009).

Table 3: Breakdown of LFA's charitable support, 2008-2009

<b>Airline</b>	<b>Online collection</b>	<b>Onboard collection</b>	<b>Staff donations</b>	<b>Plane naming/design</b>	<b>Other resource donation</b>	<b>Percentage of product sales</b>	<b>Monetary donation</b>
Air Berlin	x	x			x		x
Bmibaby	x		x	x	x		
Clickair	x	x	x				
easyJet		x				x	
Flybe		x	x	x			
Flyglobespan					x		
Jet2.com			x				
MyAir.com	x						
Norwegian Air Shuttle		x	x	x			x
Ryanair		x			x	x	
SkyEurope					x		
transavia.com		x			x		
TUIfly	x	x					

Sources: see table 2