

Corporate social responsibility in british airways management essay

[Environment](#), [Air](#)



Introduction

This assignment concerns with an examination of business ethics in British Airways (BA) and in particular an event that happened in August, 2005, with its catering contractor, Gate Gourmet.

The objectives of this assignment are;

To examine BA's approach towards CSR.

To find out whether Gate Gourmet employees are part of BA's stakeholders.

To explain the negative outcomes.

To explore ethical issues involved in the particular of outsourcing.

The objective of this assignment will be achieved by using the theories, concepts of business ethics.

This assignment discusses about a number of interesting conclusions on how BA handles CSR and the particular problem with Gate Gourmet.

(2. 1) Introduction about British Airways (BA)

The British Airways group consists of British Airways plc and a number of subsidiary companies including British Airways Holidays Limited.

British Airways is one of the world's leading airlines with a network that provides passenger and freight services to 149 destinations in 72 countries.

In 2004/05, British Airways carried over 35 million passengers and nearly 900, 000 tonnes of cargo. Its airline network is centred on the United

Kingdom, where 85% of its 47, 500 workforce is based. The main activities of British Airways Plc and its subsidiary undertakings are the operation of international and domestic scheduled air services for the carriage of passengers, freight and mail and the provision of ancillary services.

British Airways airline network generates economic value by meeting the demand for business travel, by offering vital arteries for trade and investment, as well as providing leisure travel opportunities for individuals and families.

There vision is to become the world's most responsible airline and they have recognized that this is best achieved by ensuring their flying activity is sustainable. They have developed a series of strategic goals and plans to deliver that vision.

There are several reasons why British Airways chose to engage in CSR. The first is because it is a tool to help achieve the company's long term strategic goals in providing growth opportunities around Heathrow airport. Secondly, improving business efficiency and reducing costs through waste and energy programmes provided a strong business case for CSR. The company also thought CSR could help them with risk management by identifying risks to health, safety and environment that could hinder its opportunity to attract investors and grow the business. Lastly, it recognised that it needed to act to enhance its corporate reputation, and customer feedback (both corporate and from the general public) revealed that they expected British Airways ' to do the right thing'.

Its approach has also been influenced by the recognition that airlines generate major social and economic benefits, but also have significant impacts on the environment (for example, through noise and air quality) and on communities around airports.

In developing its Climate Change Programme, British Airways has had to overcome several challenges, some of which still remain. The political environment in which the company operates harbours many different views on climate change and there are different levels of awareness surrounding the topic. This means that airlines take different views, as do governments. In the UK the government (through its White Paper on aviation) has made it clear that expanding the aviation industry will mean that the industry has to deal with environmental issues. However, the governments of many European countries have not gone through such detailed consultation and analysis and may not have such clarity on the issue. Another challenge to the company was the cost implication of taking action when others within the industry were not

Ref: www.britishairways.com

2. 2. Triple Bottom Line Concept (TBL)

Triple bottom line was introduced by Elkington in 1999. Triple bottom line is a unique approach to community development that integrates environmental stewardship, sustainable development and social justice. The triple bottom line is made up of “ social, economic and environmental” the “ people, planet, profit” phrase was coined for shell by sustainability.

Triple Bottom Line efforts are as varied as the organizations and communities in our state wide network. This approach is flexible and innovative, creating new economies that protect, enhance and restore natural, cultural, historic and community resources.

The Triple Bottom Line standards for:

Economic - (Profit).

Social - (People).

Environment - (Planet).

Economic (Profit)

This is more about making a honest profit than raking a profit at any cost - it must be made in

harmony with the other two principles of People and Planet. While many major corporations used to sneer at the idea of a Triple Bottom Line reporting system. With a positive flow on effect to their suppliers. Because supply chains are also accountable to the overall impact of a company.

A narrow concept of economic sustainability focuses on the economic performance of the

corporation itself: the responsibility of management is develop, produce and market those

products that secure long-term economic performance for the company. This includes a focus

on strategies that lead to a long term rise in share price, revenues and market share rather than short term explosions of profits at the expense of long term viability.

Social (People)

This is also known as Human Capital. It really just means treating your employees right, but furthermore also the community where your business operates. In this part of the Triple Bottom Line model, business not only ensures a fair day's work for a fair day's pay; but also plods back some of its gains into the surrounding community through sponsorships, donation or projects that go towards the common good.

The key issue in the social perspective of sustainability is that of social justice . Despite the impressive advances in standards of living that many of us have enjoyed; there are growing disparities of income and wealth within many countries. In a more just an equitable world, living standards will lead to more economic prosperity.

Environment (Planet)

This is Natural Capital. A business will strive to minimize its ecological impact in all areas – from sourcing raw materials, to production processes, to shipping and administration. It's a “ cradle to grave” approach and in some cases “ cradle to cradle” i. e. taking some responsibility for goods after they've been sold – for example, offering a recycling or take back program.

The importance of Triple Bottom Line reports are:

Economic gains: Jobs created, Small businesses started or expanded, environmentally responsible industries engaged, Poverty reduced or alleviated.

Social improvements: people of collar or low-wealth engaged; educational systems improved; racism dismantled; power shared.

Environmental stewardship: land/water resources protected; working lands locally-owned; water quality improved; native plants and herbs propagated.

2. 3. Economic responsibilities of BA.

Aviation must be perfection within the overall climate framework with open access to cost-effective market-based instruments including carbon trading, Clean Development Mechanism(CDM) credits and potentially credits from Reducing Emissions from Deforestation and forest Degradation (REDD) in developing countries. British Airways is playing a leading role within the aviation industry in developing and promoting proactive solutions for post-Kyoto aviation policy, through the International Air Transport Association (IATA), Association of European Airlines (AEA) and a dedicated group of companies called Aviation Global Deal (AGD). The AGD proposal is a sector-wide policy based on carbon trading that requires all airlines to participate on an equal basis. Carbon allowances are allocated in part by auctioning, with the resulting revenue being collected by a UN body and directed to specific environmental projects in developing countries. In this way the proposal meets both the competitiveness and common but differentiated

responsibilities (whereby developed countries agree to take the lead on addressing climate change) principles.

2. 4. Social responsibilities of BA.

British Airways offer support in the form of funding, free flights, excess baggage, merchandise, cargo space and fundraising events. Our priorities for support are Education and Youth Development, Supporting our Colleagues, Environment, Sustainable Tourism and Heritage. The Community and Conservation started in 1984; they provide these projects in and around the world.

Many of BA staffs are involved in Charity work in and abroad as the part of the management they support their staffs in their charitable work.

Few charity services mentioned below.

- 1) The BA community volunteering awards.
- 2) BA giving scheme.
- 3) BA fun runs for Cancer research UK.
- 4) Action for street children volunteer programme.

Change for Good is promoted by onboard announcements and the showing of an onboard

video. There are nearly 2, 400 British Airways cabin crew members who coordinate the onboard collections from our customers. There are also

collection points across British Airways offices so our colleagues can also donate to the programme.

E. g.: UNICEF.

2. 5. Environment responsibilities of BA.

BA was the first airline to report to the Environmental performance. This can be called one of

the strategies of BA. They help in minimizing the cost travel more effectively.

They minimize their impact through the latest technology including airframes, engines and alternative fuels. To achieve this strategy they have developed a Comprehensive programme,

Climate change - there overall strategy is to ensure we fully contribute our share of global carbon dioxide emission reductions by 2050

Waste - there focus on reducing, reusing, recycling and responsible disposal of there waste

Noise - reducing our impact on local communities around the airports they serve.

Air quality - improving air quality for community's around the air ports they serve.

(2. 6) Conclusion

British Airways use the approach of CSR They truly believes now they have all the vital elements in place to deliver their overall vision of becoming the world's most responsible airline.

Ref: www.britishairways.com

BA's approach towards corporate social responsibility using Triple Bottom Line.

Triple bottom line was introduced by Elkington in 1999. According to him TBL represents the idea that business does not have just one single goal-namely adding economic value but that it has a extended goal set which necessitates adding environmental and social value too.

To understand the components of sustainability which represents it's necessary for to us to examine them separately. The components are divided into three.

Economic.

Social.

Environmental.

ECONOMIC PERSPECTIVE

When there was a dispute between Gate Gourmet's and BA's there were 100, 000 passengers

Whose flights were cancelled they suffered because the tickets which the passenger purchased were not reimbursed nor transferred to the other flights. The strike had cost almost £50 million which brought disturbance to more than 100, 000 passengers.

Thousands of employees who went on strike which caused disturbance to the passengers as the flights were cancelled. This was the season where the BA went on tremendous loss and decided to hire unofficial labour.

As this strike went on the middle of the summer season were in there were lot of passengers who had to travel back home and were N number of visitors coming in , this also could be a reason for BA to go under Bankrupt. The employees were aware of the situation and they had a upper hand to the situation.

There were few Employees who even argued “ We have a very hardworking and professional workforce, the current situation is very much an exception to that rule.” And the restructuring plan resulted in thousands of job losses. But the restructuring undoubtedly led to financial success. However, they have to still work on full loyalty of its employees to match its renewed financial success.

SOCIAL PERSPECTIVE

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3. Explanation about Gate Gourmet's is also part of BA's stakeholder? Using Corporate Social responsibility theory.

Before we discuss about this matter we should understand the definition of whom the employee is and who the contractor is. Employee is a person who is hired to provide services to a company on a regular basis in exchange for compensation and who does not provide these services as part of an independent business.

Contractor is a person or business which provides goods or services to another entity under terms specified in a contract. Unlike an employee, a contractor does not work regularly for a company.

Contractors are not a part of company shareholder, however it has been argued that contractor's are not legitimate shareholders of a client.

However, in order to find out whether this is the case; the concept of salience of stakeholders will be used.

Stakeholder is a Person, group, or organization that has direct or indirect stake in an organization because it can affect or be affected by the organization. <http://www.businessdictionary.com/definition/organization.html> HYPERLINK " http://www.businessdictionary.com/definition/organization.html" s actions, objectives, and policies. Stakeholders are shareholders, customers, creditors, suppliers, employees, government and community of an organization. Gate Gourmet is a food supplier for British Airways. This means they are the stakeholder of BA. Stakeholder plays a vital role for an organization. It is very important to assess stakeholder importance in order to manage these stakeholders. Mitchell et al (1997) suggest there are three key relationship factors likely to determine the importance of stakeholders. It also called ' Salience of Stakeholder';

Power - The conceived ability of stakeholder to influence organizational action.

Legitimacy - Whether the organization conceives the stakeholders' actions to be readable, proper or appropriate.

Urgency - the degree to which stakeholder claims are conceived to call for immediate actions.

Ref: britishairways.com & Pedro Longart, Lecture hand-outs, 2009

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4. Negative outcome of the Strike.

There were lot of negative outcomes arises due to this industrial disputes at British Airways (BA). In order to understand this problem we have to analyse about the shareholders.

In this dispute Gate Gourmet staff became key players. The negative outcomes of this strike are given below;

The British Airways had cancelled over 700 flights and lost an estimated £30 million as a result.

100, 000 passengers had their journeys disrupted. With some delayed for days.

It can be concluded BA strike happen because the importance of Gate Gourmet employee became key players. They were not put their attention. Because of that problem was arising.

Ref: britishairways. com

5. Ethical Issues involved in the modern practise of outsourcing

Ethical issues of involved in modern practice of outsourcing explained by sheffi in 2005 and Emmelhainz and Adams in 1999. Sheffi said that companies should never rely in contractor should either have used more than one creator. Otherwise, the relationship should be closer so that the companies knows more about what contractors is doing.

He also explained that some firms, like banks have been criticised for poor customer support from outsourced Indian called centers, also Nike and Gap have been attacked over the sweatshops allegedly operate by some of their suppliers.

He said outsourcing an activity does not mean it is no longer a firm's problem.

Emmelhainz and Adams said as there is a shift towards global supply and competition individual firms appear to be faced with the prospect of an extend chain of responsibility.

Once it was perfectly acceptable to argue that the ethics of a firm's suppliers, or a firm impact on its competitors, was simply not any of its business, this no longer seems to be the case. Hence, corporation have to take their ethical responsibilities much more broadly. Therefore the supply chain has to be used as a conduct for ethics management and regulations.

(Pedro Longart, Lecture hand-outs, 2009)