

Corporate social responsibility

Business



The aim of the essay is to discuss the extent to which an organization's Corporate Social Responsibility (CSR) objectives can serve as a guide to managers in an airline industry. European Commission defines Corporate Social Responsibility as: " A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. " Therefore, I understand CSR as a way of taking responsibility by large organizations for the impact of their actions on marketplace, workplace, community and environment.

Managers of the airline companies play an important role in implementing CSR activities which have a positive influence on a company's image in a very competitive airline market. The Department of Trade and Industry explains the importance of CSR: " Business operates today in a new market place. More, than ever before, stakeholders demand that business functions in a responsible way. While pressures to make profits are unseeing, stakeholders expect ever-increasing standards of accountability and transparency.

Business responsibility - and its relationship to the community in which it operates and seeks to serve - is more important than ever. " CSR sets standards for a company to act responsibly. Carroll name writes about these CSR standards in a book called *Toward the pyramid of corporate social responsibility*. Carroll's pyramid of CSR suggests that there is a hierarchy of relation between different responsibilities. The main responsibility of the company is to be profitable and obey the law. Another responsibility is to be ethical and avoid harm.

The last but not the least, is a philanthropic responsibility which stands for being a good corporate citizen and improving the quality of life. (Carroll, 1991) I aim to discuss the most common CSR objectives which reflect a company's responsibilities in the afore mentioned areas. First of all, the most important objective for a company is to obey the law and the ethical business conduct. Companies should always deliver their promises to customers and suppliers and treat them fairly. Recently, Ryanair was reprimanded by the British Advertising Standards Authority after the publication of misleading information on flight prices.

While advertising 'the cheapest flights' Ryanair did not mention that the taxes and airport fees were not included in the price of advertised tickets. Many customers were very disappointed that they had to pay the higher price for their flights. (Business Respect [online] 2003) It is very unethical to be dishonest with customers by using unknown for them marketing techniques to sell a product. Aviation companies should use techniques which provide for their passengers and crew the highest health and safety standards.

They should warn passengers about the health risk of flying and give them more room for their legs especially on long-haul flights. (BBC [online] 2000) Some of the low-cost airlines do not care about health risks and the comfort of their passengers and are trying to make more profit by squeezing the maximum number of seats on the aircraft. Welcome aboard toxic airlines is a documentary that proves that for nearly fifty years: " Passengers and crews have been supplied with unfiltered air to breath, taken directly from the

engines, even though it is known that this air supply contain neurotoxins, carcinogens and other hazardous chemicals.

The airline industry did not warn their customers about those health and safety issues. The Aerotoxic Association is an organization which continues to raise awareness about this dangerous 'air policy' since the scandal was revealed 2007. (Aerotoxic [online]2007) Aviation companies in addition to obeying the law should act ethically in the situations when the law is not specified. Another objective is to avoid unethical business conduct like accepting bribes for example gifts or other illegal methods of payments and favours.

Five years ago a massive criminal conspiracy at London's Heathrow airport was discovered by a Human Smuggling Unit investigation. The Guardian article reports: " Corrupt security guards employed by airlines are being bribed to allow asylum seekers, criminals and even terrorist suspects to pass through checkpoints unchallenged, making a mockery of measures introduced in response to the 11 September terror attacks. " (The Guardian, 2002) It is important that managers create a work environment which promotes honest and ethical behaviour.

Employees should work as one team and most importantly respect the rights of other people. All employees ought to be judged by their qualifications, skills and achievements. It is unethical to reward an employee for reasons other than work related performance. (United Airlines [online] 2006)

Managers have to respect an equal employment opportunity rule with regard to race, sex, age, religion, disability or other characteristics. Malaysian

Airlines failed to meet this objective. The company made redundant stewardesses over the age of forty.

Mohammedan Abdullah, a General Manager said: " Customers prefer to be served by young, demure and pretty stewardesses, especially Asian ladies. "(Susdorf, 2003) On the other hand, employees are not allowed to use corporate property, data information or position for personal gain and from competing with the Company or to obtain any personal benefits for themselves, their families or for their friends. (Continental airlines [online] 2004) Due to the nature of the airline business every company should make sure that the quality of local community life is protected.

In order to be a good neighbor for the local communities some companies are involved in charity work like fundraising or volunteering. British Airways (BA) has a partnership with UNICEF to support education in poor countries like Pakistan or Kenya. BA also helps local communities by contributing financially into the conservation projects around the world. (BA [online] 2004) The other CSR target is to improve in performance on environmental issues, for example to raise awareness of air and noise pollutions issues.

Airlines are obligated by the government to cut their carbon emissions and energy consumption. Sir Richard Branson, the Chairman of Virgin Atlantic promised to invest \$400 million into producing green fuel. (Guardian, [online] 2007) Other airlines are investing into new technology which will enable them to lower the impact of noise and aircraft emissions. Green campaigners are opposed to the expansion of airports. By being proactive airlines can

create better relations with the public and pressure groups as well as get a positive coverage of their activities in media.

Companies which are social responsible can expect benefits like an increase of their brand reputation and therefore increase their sales. Scandinavian Airlines are trying to reduce their usage of energy by implementing biofuels and a recycling policy. The company is trying to use electronic surveys instead of paper ones to cut down on the amount of used paper. They also offer their customers to offset carbon dioxide emissions by putting on their website a calculator which enable customers to check their usage of CO₂ on a selected journey.

Green passengers can then pay in compensation for the CO₂ emissions caused by their flight. This money is invested in projects for renewable energy in developing countries (SAS [online] 2007) British Airways is the other company well known for reducing the impact on the environment. In fact, BA is the only airline in the world that has taken part in a carbon trading scheme. BA has achieved a significant improvement in fuel efficiency since 1990, cutting 60 million tonnes of carbon dioxide from the atmosphere (BA [online] 2007)

In order to improve quality of the air BAA has introduced a car sharing scheme where employees are asked to make travel arrangements with other staff members to get to work and back home. The scheme makes a positive contribution to reducing the impact on environment. It has been estimated that on 44 million kilometers 9.3 tones of the CO₂ emission is cut and 4.7 million liters of fuel is saved. (Redington, 2005) In conclusion, business is

not only a way of making money. Companies have power and should use it together with CSR techniques to change the world for better.